

**HOUSING NEEDS ASSESSMENT
JASPER COUNTY, SOUTH CAROLINA**

July/August 2008

PREPARED FOR:

Mr. Andrew Fulghum
County Administrator
Jasper County, SC
651 Grays Road
Ridgeland, SC 29936

PREPARED BY:



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The Valuation Group
The Hospitality Group
The Residential Analytics Group

The Corporate and Investment Group
The Aviation Group

September 18, 2008

Mr. Andrew Fulghum
County Administrator
Jasper County
651 Grays Road
Ridgeland, SC 29936

Dear Mr. Fulghum:

GVA Marquette Advisors is pleased to present an assessment of the housing market in Jasper County, South Carolina. At your request, we have completed an analysis of the historic, current and projected market environment and have developed estimates of short-term (5 yrs) and long term (10 yrs) demand for housing by tenure and price/rent range in the county. In addition, we have evaluated overall housing affordability in the county, identifying a variety of impediments to housing affordability and barriers to the development of new affordable housing in Jasper County. Lastly, we have made recommendations with respect to appropriate locations for housing development within the county and have suggested strategies for reducing and/or eliminating the identified barriers to affordable housing production in the years ahead.

We appreciate the opportunity to assist you in understanding housing needs in Jasper County and developing a strategy to improve housing affordability. We remain available to answer any questions that may arise regarding the report.

Sincerely,

GVA MARQUETTE ADVISORS

A handwritten signature in black ink, appearing to read "Brent Wittenberg".

Brent E. Wittenberg
Vice President

A handwritten signature in black ink, appearing to read "Ricky Wong".

Ricky Wong
Assistant Vice President

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ADDENDA

Profile of GVA Marquette Advisors

INTRODUCTION

IMPETUS FOR THE HOUSING NEEDS ASSESSMENT

A number of economic, growth and development trends prompted Jasper County, SC to assess housing affordability within the County and to understand likely housing needs in years ahead:

- Located in southern South Carolina, Jasper County is facing a marked increase in development pressure stemming from major growth centers to its east and south, those being Beaufort County, which includes the rapidly expanding Hilton Head and Bluffton areas, as well as Chatham County, GA, which includes the Savannah area.
- Jasper County's population has historically been quite rural, with around 80% of the population residing in unincorporated areas of the county. The Jasper County population is also quite poor in comparison with neighboring communities. As both Chatham and Beaufort Counties face a depleted land supply, development pressure has begun to spill over into Jasper County, driving up the cost of land and housing.
- While statistics indicate that Jasper County has a relatively affordable housing stock in comparison with neighboring counties, the County has a number of housing units with major rehabilitation needs, some of which would currently be considered substandard. So while the units themselves may be considered affordable, some County residents face repair costs and major rehab needs which they simply cannot afford.
- According to the 2000 Census, more than half of the county's workforce commuted to jobs outside the county, mostly in Beaufort and Chatham Counties. The County is working diligently at implementing an economic diversification plan which will bring high quality jobs to Jasper County in the years ahead. One such project will be a new deep water port in the far southeastern portion of the County. The County would like to assure that there is an adequate supply of appropriate housing options to meet the needs of an expanding workforce within the County.
- Meanwhile, for a variety of reasons (most notably rising construction and land costs), the market has lagged in its production of housing at price points that are affordable to a growing share of the county's workforce. This is having a negative impact upon the local economy. An affordable housing supply is a critical component in economic development. In order for businesses to recruit, hire and retain employees, the community must offer a housing supply that is affordable at prevailing wages. Further, if an area is to recruit new industry, it must demonstrate its ability to provide housing for both workers and executives. Housing is now a part of the economic development equation. Therefore, communities that are effective in finding ways to increase the supply of housing at all price points have a leg up in economic development, business and employee recruitment.

STUDY AREA DEFINITION

We have segmented our analysis by submarket within Jasper County, based on our analysis of local housing market trends and commuting patterns. As well, we have also evaluated growth trends and housing economics in neighboring markets, including Beaufort County and Chatham County, GA (Savannah area), since growth and development in these markets has a direct impact upon Jasper County's economy, growth and housing situation.

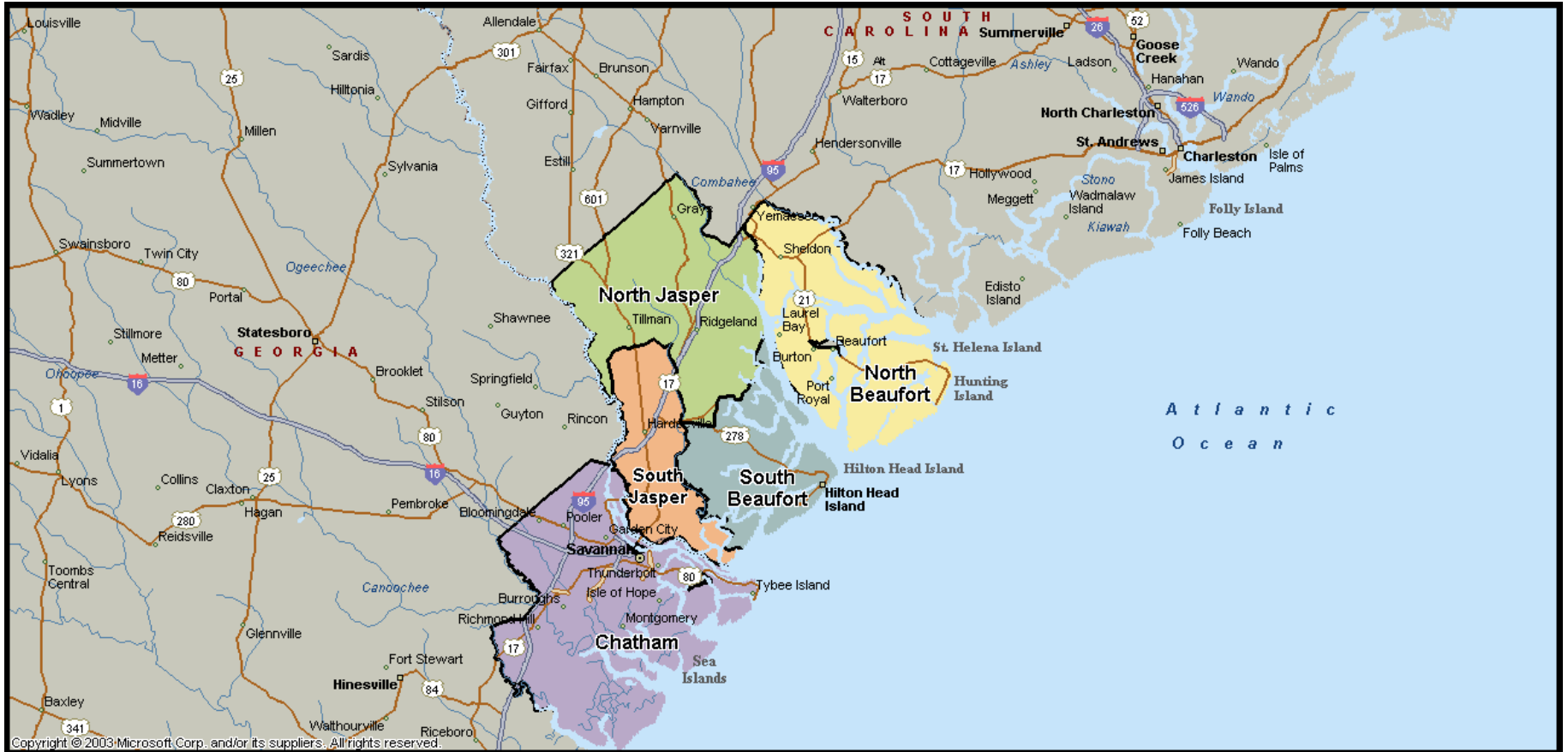
The following Jasper County submarkets were analyzed:

- **Hardeeville:** This area includes only the City of Hardeeville.
- **Ridgeland:** This area includes the town of Ridgeland. Ridgeland also serves as the county seat for Jasper County.
- **Rural Northern Jasper Co. (excluding Ridgeland):** The area includes the communities of Grays, Pineland, Tillman and other smaller communities, but not including Ridgeland. The Rural North submarket includes census tracts 9501 and 9502.
- **Rural Southern Jasper Co. (excluding Hardeeville):** This area encompasses the southern portion of Jasper County to the Georgia border. The Rural South submarket includes census tract 9503.

The following peripheral markets were also analyzed:

- **Southern Beaufort County:** This area encompasses the southern portion of Beaufort County, just southeast of Jasper County. This includes Hilton Head Island and the Town of Bluffton, as well as unincorporated areas extending north and south of U.S. Highway 278. Most of the county's resorts are located here.
- **Northern Beaufort County:** This area encompasses the northern portion of Beaufort County and includes county land north of the Broad River, including the towns of Beaufort and Port Royal. The region's three military installations are located in Northern Beaufort County, including MCRD Parris Island, MCRD Beaufort and Beaufort Naval Hospital.
- **Chatham County, GA:** This area is located just south of Jasper County in the state of Georgia and includes Savannah.

**JASPER COUNTY
HOUSING MARKET STUDY AREA**
(Includes Jasper, Beaufort and Chatham Counties)



SCOPE OF WORK

Demographics/Economics Analysis

The report first presents an overview of the characteristics of Jasper County as also each of the defined submarkets. This is followed by a review of relevant demographics and economic data, including population and household growth trends, employment growth, population age data, household incomes, and household tenure data. As well, we have analyzed the county and regional economic base and economic/business development trends in the area.

Apartment Housing Market Assessment

We present a summary of apartment market conditions from a survey of subsidized and market rate apartment communities throughout the county. We also discuss the status of current workforce housing subsidy programs in the county, including public housing and Section 8, as well as the Low-Income Housing Tax Credit program (Section 42 housing).

For-Sale Housing Market Assessment

We present a summary of the for-sale/ownership housing market, including an overview of historical home sales data from the area's multiple listing services (MLS), as well as review of active subdivision development throughout the county. We also identify and profile homebuyer assistance and production programs currently in place, such as those administered by Habitat for Humanity, the Lowcountry Council of Governments, and Jasper County Neighbors United.

Housing Demand Estimates

We then present our projections of future housing demand in Jasper County. Current demand is estimated from two primary sources: 1) the current number of households with an excess housing cost burden. This includes households currently paying more than 30 percent of their income toward housing. 2) Sub-standard housing replacement needs. Future demand estimates are based upon 5- and 10-year household growth projections by income range and by submarket within the County.

Impediments to Housing Affordability & Barriers to Development

Based on our review of market information, interviews with public and private sector housing professionals, city, county and regional planners, elected officials, developers, homebuilders, sales and leasing agents, we have identified a series of impediments to housing affordability and barriers to the development of new affordable housing units in Jasper County.

Recommendations

Finally, we suggest strategies for improving overall housing affordability throughout Jasper County.

**DEMOGRAPHICS &
ECONOMICS
ANALYSIS**

INTRODUCTION

In this section we present an overview of relevant demographic and economic data and a discussion of the impact of demographic/economic trends on the demand for housing in Beaufort County. We have segmented our analysis by submarket within Jasper County and also Beaufort County, recognizing the strong relationship between the Jasper and Beaufort economies and housing markets due.

Jasper County submarkets included:

- City of Hardeeville
- Town of Ridgeland
- Rural North Jasper County
- Rural South Jasper County

Adjacent, relevant submarkets outside of Jasper County included:

- North Beaufort County
- South Beaufort County
- Chatham County, GA

A map of the various submarkets is provided on the following page.

Jasper County Housing Market Area
(Includes Jasper, Beaufort and Chatham (GA) Counties)

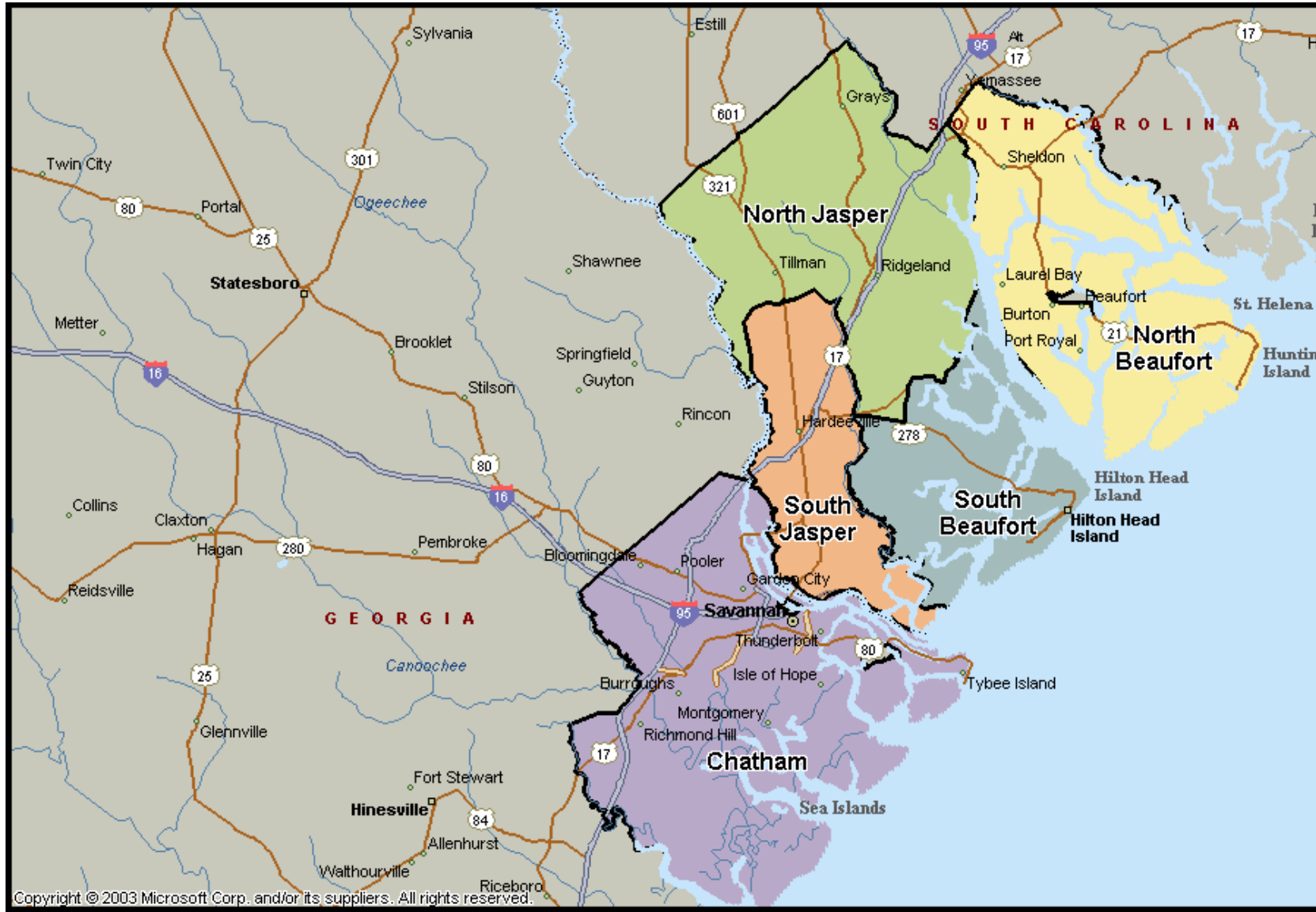


Table 1 on the following page presents a profile of the basic characteristics of each of the four submarkets within Jasper County, as well as northern and southern Beaufort County. The table also presents summary data for the State of South Carolina and the United States for comparison purposes. Demographics and economic data were obtained from the U.S. Census Bureau, South Carolina Data Center, the U.S. Bureau of Labor Statistics and ESRI Business Information Solutions, a nationally-recognized demographics and econometric data services firm. Population and household growth projections were developed by GVA Marquette Advisors based on a review of recent growth trends and also projections developed by other organizations, notably the South Carolina Data Center and ESRI.

- **Hardeeville:** The City of Hardeeville is the second largest city in Jasper County and is the primary commercial center in the southern portion of the County. Hardeeville has an estimated 2008 population of 2,100 persons and 830 households. The City has a median income of \$42,396. About 52 percent of the population is Black, while 46 percent is White. At \$116,440, Hardeeville has the highest median home value among the various Jasper County submarkets. Nonetheless, this remains relatively affordable in comparison with neighboring Beaufort and Chatham Counties and median values at the State and National levels. Given its location on I-95 and US 278 in close proximity to the rapidly growing Bluffton and Hilton Head areas of southern Beaufort County and also Savannah, GA (Chatham County), Hardeeville is poised to see a dramatic increase in housing development and population growth in the years ahead. In fact, major residential subdivisions have recently been approved. Considering the current state of the housing market, however, we expect relatively modest short-term growth, a more substantial increase in the pace of development beginning in a few years time. This issue is discussed in forthcoming sections of the report.
- **Ridgeland:** The Town of Ridgeland is the largest municipality in Jasper County and serves as a hub for commercial activity in the northern portion of the county. Ridgeland is also the County seat. Ridgeland has an estimated 2008 population of 2,700 persons and 620 households. Its median income is estimated at \$36,314, slightly lower than the Hardeeville and County-wide median incomes as estimated by ESRI Business Information Solutions. The estimated median home value is \$98,621, also slightly lower than the Hardeeville, County and Statewide median values. In Ridgeland, an estimated 38.9% of the population is Black, with 39.8% being White. Ridgeland too is poised for growth, considering its location on I-95. However, Ridgeland's growth is expected to lag that of Hardeeville due to its distance from major commercial development in areas such as Bluffton, Hilton Head and Savannah.
- **Rural Northern Jasper County:** The rural northern portion of Jasper County contains Census Tracts 6501 and 6502, excluding the Town of Ridgeland. Major transportation routes in this area include I-95 along with U.S. Highways 321, 278 and 17. Alt. 278 and Hwy. 170 also provide access to southern Jasper and Beaufort Counties. This area is home to an estimated 14,500 persons and 5,450 households in 2008. The median household income for 2008 is estimated at \$39,045, while the median home value is estimated at \$92,921, the lowest among the Jasper County submarkets.

Table 1

**Jasper County & Surrounding Market Area
Summary of Demographics & Growth Characteristics**

	United States	State of South Carolina	Jasper County	Hardeeville	Ridgeland	Rural Northern Jasper	Rural Southern Jasper	Southern Beaufort County	Northern Beaufort County	Chatham County (GA)
2008 Population:	309,299,265	4,479,461	25,800	2,100	2,700	14,500	6,500	79,500	80,000	252,150
2008 Households:	116,384,754	1,766,108	9,200	830	620	5,350	2,400	34,800	28,200	98,700
2000-2008 Population Growth:	27,877,359	467,449	5,120	307	115	2,895	1,738	26,049	12,514	20,102
2000-2008 Household Growth:	10,904,653	232,254	2,160	188	65	1,142	725	12,183	5,285	8,835
Projected 10-year Population Growth:	26,858,653	402,827	14,200	7,900	5,300	500	500	20,500	6,000	17,850
Projected 10-year Household Growth:	n/a	n/a	5,300	3,370	1,430	200	300	11,200	3,500	8,800
Estimated 2008 Employment:	135,371,408	1,891,354	7,991	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Unemployment Rate (2008):	5.7%	7.0%	6.4%	n/a	n/a	n/a	n/a	5.7%	5.7%	
Median Household Income:	\$54,749	\$48,173	\$40,033	\$42,396	\$36,314	\$39,045	\$42,606	\$75,516	\$50,238	\$48,003
% White:	72.3%	66.0%	41.0%	45.6%	38.9%	43.0%	41.1%	81.5%	55.1%	49.6%
% Black:	12.6%	29.4%	52.0%	39.7%	53.4%	53.8%	50.3%	11.0%	37.2%	45.0%
% Other Race:	15.1%	4.6%	7.0%	14.7%	7.7%	3.2%	8.6%	7.5%	7.7%	5.4%
Total Occupied Housing Units:	116,348,066	1,765,722	9,200	830	620	5,350	2,400	34,800	28,200	98,700
% Owner Occupied:	67.7%	71.8%	75.9%	65.7%	69.0%	79.0%	74.2%	79.1%	65.7%	60.1%
% Renter Occupied:	32.3%	28.2%	24.1%	34.3%	31.0%	21.0%	25.8%	20.9%	34.3%	39.9%
% Single Family Homes:	60.0%	61.0%	55.0%	62.0%	57.0%	53.0%	50.0%	55.0%	61.0%	62.0%
% Mobile Home/Trailer:	8.0%	7.0%	40.0%	13.0%	6.0%	44.0%	45.0%	6.0%	26.0%	6.0%
Median Home Value:	\$182,960	\$125,637	\$96,015	\$116,440	\$98,621	\$92,921	\$102,481	\$338,722	\$143,152	\$142,175

Sources: U.S. Census; ESRI Business Information Solutions; Lowcountry Council of Governments; State & Local Planning Documents; GVA Marquette Advisors

Rural Jasper County has seen a major influx of mobile homes over the past eight years. According to building permit data, a total of 1,736 mobile homes have been permitted within the County since 2000. We estimate that 800 to 1,000 of those units were placed in Rural Northern Jasper County.

- **Rural Southern Jasper County:** The rural southern portion of Jasper County contains Census Tract 6503, excluding Hardeeville. In particular, this area and the City of Hardeeville are beginning to experience considerable development pressure spilling over from southern Beaufort County (Bluffton and Hilton Head), as well as the Savannah area. Southern Jasper County is within a reasonable commuting distance from both markets, with I-95 and U.S. 278 providing easy access to both adjacent markets. Rural Southern Jasper County is home to an estimated 6,500 persons and 2,400 households in 2008. The median household income is estimated at \$42,606, with a median home value of \$102,481. This portion of the county is expected to see considerable growth in the coming years. Several large residential subdivisions are just getting underway here.
- **Southern Beaufort County:** Southern Beaufort County has seen major residential development and population growth over the past decade. Between 2000 and 2008 this area has seen its population swell by more than 26,000 residents. Household growth during this time was estimated at nearly 12,200. Much of the recent growth has been focused in the Bluffton area in huge developments along the U.S. 278 corridor. Southern Beaufort County is now home to an estimated 79,500 residents and 34,800 households. Its median household income is estimated at \$75,516, considerably higher than any of the other submarkets in this area. Meanwhile, the median home value in Southern Beaufort County is estimated at \$338,722, by far the highest among the various submarkets. Southern Beaufort County is home to several major resorts. Those resorts and the homebuilding industry have been the primary drivers of this area's economy for the past several years.
- **Northern Beaufort County:** Northern Beaufort County is home to an estimated 80,000 residents and 28,200 households in 2008. This area too has seen considerable growth over the past several years, adding an estimated 12,500 persons and nearly 5,300 households between 2000 and 2008. Beaufort is the major commercial hub in the northern portion of the county. The economy here is firmly rooted in military and other government related sectors. Tourism is also prevalent, although the northern portion of the County does not have the major resorts such as those found in Hilton Head. The median household income is estimated at \$50,238 in 2008, much lower than that of Southern Beaufort County but considerably higher than the median income in Jasper County. In Southern Beaufort County the median home value is estimated at \$143,152.
- **Chatham County:** The Savannah area is populated by an estimated 252,150 persons and 98,700 households in 2008, having added more than 20,000 persons and 8,800 households since 2000. At \$48,003, the median household income in Chatham County is somewhat higher than that of Jasper County (\$40,033). The median home value is also considerably higher, at \$142,175, compared to \$96,015 in Jasper County. According to the 2000 Census, an estimated 12% of the Jasper County workforce commuted to jobs in the Savannah metro

area. Jasper County has become popular among commuters due to the relatively easy commute along I-95 and the affordability of housing in Jasper County compared to metro Savannah.

POPULATION & HOUSEHOLD GROWTH TRENDS

Table 2 presents a summary of population and household growth for the Jasper County Market Area by submarket. The following are key points regarding the growth trends and projections for the market area. Five and ten-year growth projections were developed by GVA Marquette Advisors. These projections were based on our review of projections by other public agencies such as the South Carolina Data Center, the Jasper County Comprehensive Plan, as well as those developed by ESRI, a nationally-recognized demographics and econometric forecasting firm. Our projections also consider significant economic development activity (discussed in later sections), land use trends and a shrinking lot supply in neighboring Beaufort County.

- The Jasper County population grew from 20,678 in 2000 to an estimated 25,800 persons in 2008. This equates to an average annual growth rate of 3.1% during this timeframe. The household growth rate of 3.8% surpassed the population growth rate, with the County expanding from 7,042 households in 2000 to an estimated 9,200 households in 2008.
- Growth has slowed considerably over the past several months, tied to a sluggish economy and housing market. Unemployment rates have risen dramatically in Jasper and surrounding counties. As such, fewer jobs are being created locally, and thus corresponding housing demand is down at this time. Meanwhile, while South Carolina remains a popular destination for retirees, this growth too has slowed since many older adults are unable to sell their current homes at a reasonable price within the current market environment.
- Improvement in the regional economy and housing market will take time, likely at least one to two years. At that time, we expect much of the region's housing development will continue to be focused within Beaufort County, with development activity picking up considerably in Jasper County in three to five years. Our forecast shows Jasper County population growth of approximately 2.6%/year over the coming five years, compared to 7.4% annual growth from 2013 to 2018. We expect that the Jasper County population will grow from 25,800 presently to 29,200 in 2013 and approximately 40,000 in 2018. Meanwhile, the Jasper County household base is forecast to grow from 9,200 presently to 10,500 in 2013 and 14,500 in 2018. This reflects a 2.8% annual growth rate over the coming five years, increasing to 7.6% annually from 2013 to 2018.

Table 2

**Population and Household Growth Trends, 2000-2018
Jasper County & Surrounding Market Area**

	U.S. Census 2000	Estimate 2008	Forecast 2013	Forecast 2018	Annual Growth Rates					
					2000 to 2008		2008 to 2013		2013 to 2018	
					Number	Percent	Number	Percent	Number	Percent
Population										
Hardeeville	1,793	2,100	4,400	10,000	38	2.1%	460	21.9%	1,120	25.5%
Ridgeland	2,518	2,700	3,400	8,000	23	0.9%	140	5.2%	920	27.1%
Rural North	11,605	14,500	14,700	15,000	362	3.1%	40	0.3%	60	0.4%
Rural South	4,762	6,500	6,700	7,000	217	4.6%	40	0.6%	60	0.9%
Jasper County Total	20,678	25,800	29,200	40,000	640	3.1%	680	2.6%	2,160	7.4%
South Beaufort	53,451	79,500	89,000	100,000	3,256	6.1%	1,900	2.4%	2,200	2.5%
North Beaufort	67,486	80,000	86,000	92,000	1,564	2.3%	1,200	1.5%	1,200	1.4%
Beaufort County Total	120,937	159,500	175,000	192,000	4,820	4.0%	3,100	1.9%	3,400	1.9%
Chatham County	232,048	252,150	261,820	270,000	2,513	1.1%	1,934	0.8%	1,636	0.6%
Households										
Hardeeville	642	830	1,800	4,200	24	3.7%	194	23.4%	480	26.7%
Ridgeland	517	620	820	2,050	13	2.5%	40	6.5%	246	30.0%
Rural North	4,208	5,350	5,420	5,550	143	3.4%	14	0.3%	26	0.5%
Rural South	1,675	2,400	2,460	2,700	91	5.4%	12	0.5%	48	2.0%
Jasper County Total	7,042	9,200	10,500	14,500	270	3.8%	260	2.8%	800	7.6%
South Beaufort	22,617	34,800	39,500	46,000	1,523	6.7%	940	2.7%	1,300	3.3%
North Beaufort	22,915	28,200	30,500	34,000	661	2.9%	460	1.6%	700	2.3%
Beaufort County Total	45,532	63,000	70,000	80,000	2,184	4.8%	1,400	2.2%	2,000	2.9%
Chatham County	89,865	98,700	103,370	107,500	1,104	1.2%	934	0.9%	826	0.8%

Sources: U.S. Census Bureau; South Carolina Data Center; ESRI; GVA Marquette Advisors

- Based on our review of current development activity, planning and growth management policy, and infrastructure availability we expect that about 90% of residential growth over the next 10 years will occur within the cities of Hardeeville and Ridgeland. We expect that Hardeeville will capture approximately 75% of the county’s growth between 2008 and 2013, decreasing to about 60% of the county’s growth between 2013 and 2018. Meanwhile, Ridgeland is forecast to capture about 15% of the county’s growth between 2008 and 2013, increasing to about 30% of county growth between 2013 and 2018.

HOUSEHOLD SIZE

Table 3 illustrates the average number of persons per household for each submarket. The table clearly shows the trend toward a smaller average household size. This is consistent with a national trend and relates to the aging of the large baby boomer generation and declining birth rates. In 2008, the typical Jasper County household is comprised of an estimated 2.83 people, compared to 2.94 in 2000. By 2018, the average household size is forecast to be around 2.76 persons.

We note that the town of Ridgeland had an extremely high average of 4.15 persons per household in 2008, about 1.3 more persons than that County average. This could indicate that there is a major presence of larger families within Ridgeland and/or that there are potentially some issues of overcrowding within the current housing stock in this community.

Table 3				
Average Household Size Trends, 2000-2013				
Jasper County Market Area				
	Census 2000	Estimate 2008	Forecast 2013	Forecast 2018
<u>Avg. Household Size</u>				
Hardeeville	2.79	2.53	2.44	2.38
Ridgeland	4.87	4.35	4.15	3.90
Rural North	2.76	2.71	2.71	2.70
Rural South	2.84	2.71	2.72	2.59
Jasper County Total	2.94	2.80	2.78	2.76
South Beaufort	2.36	2.28	2.28	2.17
North Beaufort	2.95	2.84	2.84	2.71
Beaufort County Total	2.66	2.53	2.50	2.40
Chatham County	2.58	2.55	2.53	2.51

Sources: U.S. Census, SRC.

POPULATION AGE DISTRIBUTION

Table 4 presents population age distribution data for 2008 and 2013 for each submarket in Jasper County, as well as the neighboring counties. The following are key points from our analysis of population age data for the study area.

- A primary market for rental housing and entry-level (low cost) for-sale housing is generally comprised of young singles, couples and families under age 35. The table shows that in 2008, an estimated 24.9% of the Jasper County population is between the ages of 18 and 35. Between 2008 and 2013, an estimated 18.7% of the growth is expected to be in these age cohorts. One reason for this group comprising a lesser share of future growth is declining birth rates trailing the baby boomer generation. Another reason could be the relatively short supply of rental housing development within Jasper County. We believe that planned apartment developments could in fact result in a larger influx of younger persons to Jasper County in the coming five to ten years, particularly as new entry level and mid-level jobs are created within the local economy. These issues are discussed in latter sections of the report.
- Another significant trend to note is that of a growing older adult and senior population. While Beaufort County over the past several years has seen major in-migration of retirees from other markets, Jasper County has not. Nonetheless, Jasper County has a significant older adult population which is “aging in place.” The number of older adults ages 55 and over is expected to increase by 41.9% over the next five years. During this time, nearly 60% of that older adult growth is expected to be in the age 55 to 64 cohort. This is a time when some opt to downsize their housing, as their children have typically left home. They may also prefer the maintenance-free lifestyle of apartment, townhouse or condominium living. Over the long-term especially (5 to 10 years) we expect a more marked increase in demand for senior housing, ranging from age-restricted apartment housing with no services to assisted living facilities which offer meals and personal care services.
- It is also important to note the relatively low incomes of this growing senior population. Our analysis showed that nearly 40% of seniors age 65+ in Jasper County have annual incomes of less than \$15,000. While some of these residents may have substantial equity in their current homes which could be applied to future senior housing costs, many may in fact be residing in older, substandard housing of very little value.
- Although a detailed analysis of senior housing demand is beyond the scope of this assignment, further examination into this market may be warranted. In many markets, increasing the supply of senior housing has made more affordable existing single family homes available for purchase by younger families, as seniors sell their homes to younger buyers and then move into age restricted or assisted living type housing communities.

Table 4

**Population Age Distribution, 2008 and 2013
Jasper County & Surrounding Market Area**

2008	Jasper County		Hardeeville		Ridgeland		Rural North		Rural South		Chatham Co.		South Beaufort		North Beaufort	
Age	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
0 to 17	6,503	25.2%	596	28.4%	591	21.9%	3,603	24.8%	1,712	26.3%	58,751	23.3%	13,118	16.5%	20,320	25.4%
18 to 24	2,588	10.0%	221	10.5%	305	11.3%	1,300	9.0%	763	11.7%	27,989	11.1%	5,406	6.8%	11,840	14.8%
25 to 34	3,835	14.9%	330	15.7%	473	17.5%	2,021	13.9%	1,012	15.6%	36,310	14.4%	7,473	9.4%	12,320	15.4%
35 to 44	3,778	14.6%	315	15.0%	459	17.0%	2,109	14.5%	895	13.8%	33,284	13.2%	8,666	10.9%	9,680	12.1%
45 to 54	3,557	13.8%	279	13.3%	354	13.1%	2,024	14.0%	900	13.8%	34,292	13.6%	10,494	13.2%	9,600	12.0%
55 to 64	2,706	10.5%	174	8.3%	248	9.2%	1,672	11.5%	611	9.4%	27,737	11.0%	13,197	16.6%	7,360	9.2%
65 and over	2,833	11.0%	185	8.8%	270	10.0%	1,771	12.2%	608	9.3%	33,788	13.4%	21,147	26.6%	8,880	11.1%
Total	25,800	100.0%	2,100	100.0%	2,700	100.0%	14,500	100.0%	6,500	100.0%	252,150	100.0%	79,500	100.0%	80,000	100.0%
Total Age 18+	19,297	74.8%	1,504	71.6%	2,109	78.1%	10,897	75.2%	4,788	73.7%	193,399	76.7%	66,383	83.5%	59,680	74.6%
2013	Jasper County		Hardeeville		Ridgeland		Rural North		Rural South		Chatham Co.		South Beaufort		North Beaufort	
Age	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
0 to 17	7,300	25.0%	1,236	28.1%	748	22.0%	3,598	24.5%	1,717	25.6%	59,171	22.6%	14,062	15.8%	21,672	25.2%
18 to 24	2,906	10.0%	453	10.3%	394	11.6%	1,341	9.1%	718	10.7%	29,586	11.3%	6,141	6.9%	11,868	13.8%
25 to 34	4,079	14.0%	616	14.0%	510	15.0%	1,841	12.5%	1,112	16.6%	35,869	13.7%	8,633	9.7%	12,900	15.0%
35 to 44	4,086	14.0%	660	15.0%	551	16.2%	2,035	13.8%	840	12.5%	33,251	12.7%	8,277	9.3%	10,234	11.9%
45 to 54	4,134	14.2%	616	14.0%	459	13.5%	2,112	14.4%	947	14.1%	35,084	13.4%	11,837	13.3%	10,234	11.9%
55 to 64	3,380	11.6%	431	9.8%	367	10.8%	1,861	12.7%	721	10.8%	31,942	12.2%	15,397	17.3%	9,030	10.5%
65 and over	3,315	11.4%	387	8.8%	371	10.9%	1,912	13.0%	645	9.6%	36,917	14.1%	24,653	27.7%	10,062	11.7%
Total	29,200	100.0%	4,400	100.0%	3,400	100.0%	14,700	100.0%	6,700	100.0%	261,820	100.0%	89,000	100.0%	86,000	100.0%
Total Age 18+	21,900	75.0%	3,164	71.9%	2,652	78.0%	11,102	75.5%	4,983	74.4%	202,649	77.4%	74,938	84.2%	64,328	74.8%
Change	Jasper County		Hardeeville		Ridgeland		Rural North		Rural South		Chatham Co.		South Beaufort		North Beaufort	
Age	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
0 to 17	797	12.3%	640	107.3%	157	26.5%	-5	-0.1%	5	0.3%	420	0.7%	944	7.2%	1,352	6.7%
18 to 24	318	12.3%	233	105.5%	89	29.3%	41	3.1%	-45	-5.9%	1,597	5.7%	735	13.6%	28	0.2%
25 to 34	244	6.4%	286	86.8%	38	7.9%	-180	-8.9%	101	10.0%	-440	-1.2%	1,160	15.5%	580	4.7%
35 to 44	308	8.2%	345	109.5%	92	20.0%	-74	-3.5%	-55	-6.1%	-33	-0.1%	-388	-4.5%	554	5.7%
45 to 54	577	16.2%	337	120.6%	105	29.8%	88	4.3%	47	5.2%	791	2.3%	1,343	12.8%	634	6.6%
55 to 64	674	24.9%	257	147.4%	119	47.8%	189	11.3%	110	18.0%	4,206	15.2%	2,200	16.7%	1,670	22.7%
65 and over	482	17.0%	202	109.5%	101	37.3%	141	8.0%	37	6.1%	3,129	9.3%	3,506	16.6%	1,182	13.3%
Total	3,400	13.2%	2,300	109.5%	700	25.9%	200	1.4%	200	3.1%	9,670	3.8%	9,500	11.9%	6,000	7.5%
Total Age 18+	2,603	13.5%	1,660	110.4%	543	25.8%	205	1.9%	195	4.1%	9,250	4.8%	8,556	12.9%	4,648	7.8%

Sources: US Census Bureau; ESRI Business Information Solutions; GVA Marquette Advisors

HOUSEHOLD INCOME DISTRIBUTION

Table 5 on the following page shows the number of households by income range in the various Jasper County submarkets, and for Beaufort and Chatham Counties for 2000, 2008 and 2013, respectively. The table also shows the median income for each area by year. Household income data was obtained from ESRI Business Information Solutions and was adjusted to reflect household growth estimates developed by GVA Marquette Advisors. Household income data will be used later in this report to assess overall housing affordability in Jasper County and to calculate future demand for housing at a variety of price/rent levels. The following are key points from the household income data presented in Table 5.

- The ESRI income estimates indicate a Jasper County median household income of \$40,033 in 2008, up from \$30,837 in 2000. This represents an annual increase of approximately 3.7% over the past eight years. Later we will evaluate this increase in comparison with the increases in home pricing in the area in recent years.
- Comparatively, household incomes in Chatham and Beaufort Counties are considerably higher. The median income currently in Chatham County is estimated at \$48,003, with a median of \$64,201 in Beaufort County. The increase in the median income in Beaufort County in recent years relates in large part to rapid growth and in-migration of wealthy older adults to this area.
- The U.S. Department of Housing and Urban Development (HUD) defines “low income” households as those earning less than 80% of the area median income. HUD defines the median income for Jasper County as \$45,900, somewhat higher in comparison with the ESRI estimates. Utilizing the HUD median income of \$45,900, we estimate that nearly 47% of Jasper County households (4,283 households) have incomes below 80% of the County median in 2008, as follows:

"Low Income" Household Groups as Defined by HUD	Jasper County		Hardeeville		Ridgeland		Rural North		Rural South	
	No.	%	No.	%	No.	%	No.	%	No.	%
Extremely Low (0-30% of median)	1,766	19.2%	151	18.2%	125	\$0	1,011	\$0	478	\$0
Very Low Income (30-50%)	979	10.6%	92	11.1%	73	11.8%	556	10.4%	271	11.3%
Low Income (50-80%)	1,538	16.7%	208	25.0%	126	20.3%	850	15.9%	328	13.7%

We note that more than more than 84% of the “extremely low income” households reside in the rural portion of the County. In fact, more than 57% of the estimated “extremely low income” households reside in the Rural North submarket.

Table 5

Number of Households by Income, 2000-2013
Jasper County & Surrounding Market Area

2000														
	Jasper County		Hardeeville		Ridgeland		Rural North		Rural South		Chatham County		Beaufort County	
Household Income	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Less than \$15,000	1,746	24.8%	187	29.1%	145	28.0%	1,023	24.3%	436	26.0%	17,703	19.7%	5,343	11.7%
\$15,000-\$24,999	1,204	17.1%	96	14.9%	95	18.3%	741	17.6%	268	16.0%	12,941	14.4%	5,016	11.0%
\$25,000-\$34,999	901	12.8%	90	14.0%	55	10.6%	606	14.4%	159	9.5%	11,233	12.5%	5,833	12.8%
\$35,000-\$49,999	1,183	16.8%	96	15.0%	89	17.2%	749	17.8%	248	14.8%	15,007	16.7%	7,951	17.5%
\$50,000-\$74,999	1,225	17.4%	111	17.3%	64	12.3%	703	16.7%	318	19.0%	15,367	17.1%	9,398	20.6%
\$75,000-\$99,000	387	5.5%	48	7.4%	37	7.1%	173	4.1%	137	8.2%	8,268	9.2%	4,909	10.8%
\$100,000-\$149,999	246	3.5%	3	0.5%	20	3.9%	139	3.3%	67	4.0%	5,302	5.9%	3,950	8.7%
\$150,000-\$199,999	77	1.1%	3	0.4%	11	2.2%	34	0.8%	27	1.6%	1,528	1.7%	1,361	3.0%
\$200,000+	70	1.0%	9	1.4%	2	0.4%	42	1.0%	15	0.9%	2,516	2.8%	1,770	3.9%
Total Households	7,042	100.0%	642	100.0%	517	100.0%	4,208	100.0%	1,675	100.0%	89,865	100.0%	45,532	100.0%
Median Income	\$30,837		\$28,785		\$27,641		\$30,142		\$33,121		\$37,854		\$48,522	

Current Year Estimates (2008)														
	Jasper County		Hardeeville		Ridgeland		Rural North		Rural South		Chatham County		Beaufort County	
Household Income	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Less than \$15,000	1,766	19.2%	151	18.2%	125	20.2%	1,011	18.9%	478	19.9%	13,818	14.0%	5,230	11.5%
\$15,000-\$24,999	1,224	13.3%	115	13.9%	91	14.7%	696	13.0%	338	14.1%	10,758	10.9%	4,742	10.4%
\$25,000-\$34,999	1,122	12.2%	77	9.3%	84	13.6%	712	13.3%	235	9.8%	12,140	12.3%	5,866	12.9%
\$35,000-\$49,999	1,408	15.3%	146	17.6%	92	14.8%	861	16.1%	322	13.4%	14,213	14.4%	8,547	18.8%
\$50,000-\$74,999	1,638	17.8%	158	19.0%	110	17.8%	968	18.1%	410	17.1%	19,345	19.6%	12,856	28.2%
\$75,000-\$99,000	1,095	11.9%	93	11.2%	58	9.4%	615	11.5%	310	12.9%	15,002	15.2%	10,316	22.7%
\$100,000-\$149,999	635	6.9%	69	8.3%	47	7.6%	326	6.1%	204	8.5%	7,501	7.6%	8,147	17.9%
\$150,000-\$199,999	138	1.5%	12	1.4%	7	1.2%	70	1.3%	48	2.0%	2,468	2.5%	3,169	7.0%
\$200,000+	175	1.9%	9	1.1%	4	0.7%	91	1.7%	55	2.3%	3,455	3.5%	4,126	9.1%
Total Households	9,200	100.0%	830	100.0%	620	100.0%	5,350	100.0%	2,400	100.0%	98,700	100.0%	63,000	138.4%
Median Income	\$40,033		\$42,396		\$36,314		\$39,045		\$42,606		\$48,003		\$64,201	

Projections (2013)														
	Jasper County		Hardeeville		Ridgeland		Rural North		Rural South		Chatham County		Beaufort County	
Household Income	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Less than \$15,000	1,806	17.2%	292	16.2%	148	18.0%	911	16.8%	443	18.0%	12,094	11.7%	4,700	10.3%
\$15,000-\$24,999	1,208	11.5%	216	12.0%	102	12.4%	602	11.1%	308	12.5%	10,750	10.4%	3,722	8.2%
\$25,000-\$34,999	1,103	10.5%	151	8.4%	92	11.2%	602	11.1%	226	9.2%	11,784	11.4%	4,485	9.9%
\$35,000-\$49,999	1,470	14.0%	256	14.2%	124	15.1%	840	15.5%	263	10.7%	13,231	12.8%	9,324	20.5%
\$50,000-\$74,999	2,184	20.8%	385	21.4%	180	21.9%	1,154	21.3%	485	19.7%	19,847	19.2%	16,336	35.9%
\$75,000-\$99,000	1,281	12.2%	254	14.1%	74	9.0%	634	11.7%	332	13.5%	15,506	15.0%	10,727	23.6%
\$100,000-\$149,999	840	8.0%	162	9.0%	58	7.1%	385	7.1%	239	9.7%	12,715	12.3%	9,796	21.5%
\$150,000-\$199,999	326	3.1%	56	3.1%	33	4.0%	163	3.0%	81	3.3%	2,791	2.7%	4,395	9.7%
\$200,000+	284	2.7%	29	1.6%	11	1.3%	130	2.4%	84	3.4%	4,652	4.5%	6,517	14.3%
Total Households	10,500	100.0%	1,800	100.0%	820	100.0%	5,420	100.0%	2,460	100.0%	103,370	100.0%	70,000	153.7%
Median Income	\$46,025		\$49,134		\$42,073		\$44,941		\$49,460		\$54,130		\$72,752	

Sources: US Census Bureau; ESRI; GVA Marquette Advisors

- Household income estimates by ESRI indicate that the median household income in Jasper County is expected to increase to \$46,025 in 2013. This reflects an annual growth rate of about 3.0% over the next five years. Notably, the number of households earning between \$50,000 and \$75,000 per year is expected to increase by 546 between 2008 and 2013.
- Meanwhile, the number of persons in the lower income cohorts is expected to remain relatively stable over the coming five years. However, this will require a successful economic development strategy and growth in the number of higher paying jobs in the area. This effort must be paired with an education system that effectively trains lower income households so that they will be able to move into better paying jobs in the future. Otherwise, employers will be forced to import a skilled workforce from other markets while many workers now residing in Jasper County will remain “under-employed,” likely commuting to lower paying jobs in adjacent counties.

HOUSEHOLD TENURE

Table 6 on the following page presents data on household tenure (the number of owners and renters) for each of the various submarkets for 2000 and 2008. The following are key points from this analysis:

- In Jasper County, nearly 76% of the household base are homeowners, while 24% rent their housing currently. Comparatively, in Chatham County the homeownership rate is estimated at just 60%, while the Beaufort County homeownership rate is estimated at 73%.
- We note that only 477 out of the estimated 2,218 renter households in Jasper County reside in Hardeeville and Ridgeland. All of the county’s traditional rental apartments are located within these communities and thus one would expect a larger concentration of renters in these communities. However, in fact most of the County’s renters, 1,122 of them, reside in the Rural North submarket, mostly in mobile homes. Another 622 renters reside in the Rural South submarket.
- While the currently high homeownership rate in Jasper County is positive in many ways, one must also consider the quality and affordability of that housing stock. These issues are addressed later in the report. Meanwhile, we believe that after considering the household income data for Jasper County, the housing tenure data is actually reflective of a shortage of quality rental housing options within the County.

Table 6

**Household Tenure Data
 Jasper County & Surrounding Market Area, 2000-2008**

Area / Housing Type	2000		2008	
	No.	Pct.	No.	Pct.
Hardeeville				
Owner Occupied Units	371	57.8%	545	65.7%
Renter Occupied Units	271	42.2%	285	34.3%
Total Occupied Units	642	100.0%	830	100.0%
Ridgeland				
Owner Occupied Units	235	45.5%	428	69.0%
Renter Occupied Units	282	54.5%	192	31.0%
Total Occupied Units	517	100.0%	620	100.0%
Rural North				
Owner Occupied Units	3,339	79.4%	4,228	79.0%
Renter Occupied Units	865	20.6%	1,122	21.0%
Total Occupied Units	4,204	100.0%	5,350	100.0%
Rural South				
Owner Occupied Units	1,242	74.1%	1,781	74.2%
Renter Occupied Units	435	25.9%	619	25.8%
Total Occupied Units	1,676	100.0%	2,400	100.0%
Jasper County Total				
Owner Occupied Units	5,187	73.7%	6,982	75.9%
Renter Occupied Units	1,852	26.3%	2,218	24.1%
Total Occupied Units	7,040	100.0%	9,200	100.0%
Chatham County				
Owner Occupied Units	54,327	60.4%	59,287	60.1%
Renter Occupied Units	35,587	39.6%	39,413	39.9%
Total Occupied Units	89,914	100.0%	98,700	100.0%
South Beaufort				
Owner Occupied Units	17,754	78.5%	27,516	79.1%
Renter Occupied Units	4,873	21.5%	7,284	20.9%
Total Occupied Units	22,627	100.0%	34,800	100.0%
North Beaufort				
Owner Occupied Units	15,595	68.1%	18,530	65.7%
Renter Occupied Units	7,322	31.9%	9,670	34.3%
Total Occupied Units	22,917	100.0%	28,200	100.0%
Sources: US Census Bureau; ESRI; GVA Marquette Advisors				

EMPLOYMENT

We have also closely analyzed business/economic development and employment growth trends in Jasper County and the region as a whole, in an effort to better understand commuting patterns, prevailing wages and related housing needs. The following pages summarize this analysis.

Employment Growth Trends

Since employment growth generally fuels household growth, employment trends are a reliable indicator of housing demand. Typically, households prefer to live near work for convenience. However, housing is often less expensive in smaller towns and rural areas, making commuting from outlying communities to work in larger employment centers attractive for households concerned about housing affordability.

Recent employment growth trends for Jasper County are shown in Tables 7 and 8. Table 7 presents resident employment data for the County from 2003 through 2007. Resident employment data is calculated as an annual average and reveals the work force and *number of employed people living within the County*. It is important to note that not all of these individuals necessarily work within the County.

Table 8 presents *covered* employment in Jasper County from 2003 through 2007. Covered employment data is calculated as an annual average and *reveals the number of jobs actually located within the County*, which are covered by unemployment insurance. The data comes from the South Carolina Employment Security Commission.

The following are key trends derived from our analysis of employment data:

Resident Employment

- Jasper County has experienced an increase in the labor force of 1,354 workers since January of 2003. The County has also seen an increase of 1,215 employed persons during this time. However, at 6.4% unemployment in Jasper County reached its high point in several years in July of 2008.
- The recent increase in unemployment in Jasper County was surpassed by Statewide unemployment, which jumped to 7.0% in July of this year. The SC Employment Security Commission attributes some of the recent increase in unemployment to seasonal factors, such as the closing of schools during summer months, as well as recent layoffs in Manufacturing. They also noted a significant increase in the number of job-seekers re-entering the job market.
- At 6.4%, Jasper County unemployment ranks 37th highest among South Carolina counties. Neighboring Beaufort County unemployment was estimated at 5.7%, compared to 9.5% in Hampton County to the north of Jasper.

Table 7				
Resident Employment and Unemployment Trends				
Jasper County, 2003-2008				
Year	Labor Force	Employment	Unemployment	Unemployment Rate
2003	9,530	8,970	560	5.9%
2004	9,975	9,431	544	5.5%
2005	10,165	9,643	522	5.1%
2006	10,251	9,761	490	4.8%
2007	10,552	10,068	484	4.6%
2008 (July)	10,884	10,185	699	6.4%
Change, Jan 2003-Jul 2008	1,354	1,215	139	0.5%
	14.2%	13.5%	24.8%	
Source: South Carolina Employment Security Commission				

- From our analysis of ongoing and planned commercial developments in the area, we expect that the number of opportunities in Jasper County will undoubtedly increase over the next few years. This would suggest that the current unemployment rate of 6.4% would continue to decline, assuming that Jasper County residents are appropriately qualified to fill these jobs, and they are jobs which are desirable to these residents.

Covered Employment

- Table 8 shows that Jasper County added more than 2,700 jobs between 2003 and 2007, an average of approximately 680 new jobs per year. Construction and Education & Health Services were the fastest-growing sectors during this timeframe.
- A comparison of Tables 7 and 8 shows that in 2007, the number of in-county jobs (7,961, not including farm jobs and self employed persons) remained significantly lower than the number of employed people (10,068) in the County. This indicates that at least 20% of the County’s residents are commuting outside the county for employment. This is a concern, although markedly better than just eight years ago when according to the U.S. Census more than one-half of the Jasper County workforce commuted to jobs outside the County.
- The Construction sector experienced an increase of 1,183 jobs (+160%) between 2003 and 2007, accounting for more than 43% of county-wide employment growth. The result is that Construction’s share of total jobs increased from 14% in 2003 to 24% in 2007. The recent downturn in the housing market has had a significant impact upon the local economy and the unemployment situation. Clearly, though, solid long-term fundamentals underlying demand for housing in this area will drive a recovery in this sector and again create opportunities for construction-related employment throughout Jasper County and the larger region.

Table 8

Covered Employment, 2003-2007
Jasper County, South Carolina

Industry Description	2003		2004		2005		2006		2007		Change, 2003 -2007			
	Avg. Monthly Employment	Avg. Annual Wage	Avg. Monthly Employment	Avg. Annual Wage	Avg. Monthly Employment	Avg. Annual Wage	Avg. Monthly Employment	Avg. Annual Wage	Avg. Monthly Employment	Avg. Annual Wage	Employment No.	Pct.	Avg. Annual Wage No.	Pct.
Total Private Sector Employment	3,925	\$24,648	4,217	\$27,605	4,679	\$29,543	6,096	\$32,581	6,482	\$33,462	2,557	65.1%	\$8,814	35.8%
Agriculture, Forestry, Fishing, Hunting	115	\$27,303	127	\$30,095	147	\$32,899	163	\$33,647	179	\$34,492	64	55.7%	\$7,189	26.3%
Construction	740	\$26,935	808	\$28,396	869	\$30,956	1,762	\$37,678	1,923	\$37,441	1,183	159.9%	\$10,506	39.0%
Manufacturing	457	\$25,392	486	\$27,625	500	\$30,739	643	\$32,118	593	\$33,698	136	29.8%	\$8,306	32.7%
Trade/Transportation/Utilities	987	\$27,049	1,080	\$28,611	1,130	\$30,660	1,298	\$31,555	1,328	\$32,262	341	34.5%	\$5,213	19.3%
Financial Activities	93	\$25,922	117	\$44,752	124	\$51,129	133	\$51,777	143	\$53,694	50	53.8%	\$27,772	107.1%
Professional and Business Services	279	\$25,661	323	\$32,129	404	\$29,534	500	\$32,139	448	\$34,385	169	60.6%	\$8,724	34.0%
Education and Health Services	458	\$28,607	583	\$29,115	808	\$32,249	881	\$33,673	1,135	\$33,961	677	147.8%	\$5,354	18.7%
Leisure and Hospitality	637	\$13,580	539	\$16,760	521	\$14,575	545	\$14,645	571	\$17,213	-66	-10.4%	\$3,633	26.8%
Other Services	159	\$18,633	154	\$19,301	176	\$19,117	171	\$21,110	162	\$22,051	3	1.9%	\$3,418	18.3%
Total Government (Federal/State/Local)	1,309	\$27,923	1,333	\$29,532	1,376	\$29,432	1,411	\$30,849	1,479	\$32,759	170	13.0%	\$4,836	17.3%
Total Private and Government	5,234	\$25,452	5,550	\$28,060	6,055	\$29,519	7,507	\$32,258	7,961	\$33,331	2,727	52.1%	\$7,879	31.0%

Source: South Carolina Employment Security Commission

- The Education and Health Services sector added a total of 677 jobs between 2003 and 2007, an increase of 148%. About 38% (254) of these jobs were just added in the last year. Much of the recent growth in Health Services is tied to the new Carolina Coastal Medical Center near I-95 at Exit 8.
- All other sectors showed an increase in jobs between 2003 and 2007, with the exception of the Leisure and Hospitality sector, which lost 66 jobs since 2003. Although there was a decline, the Leisure and Hospitality sector has shown an increase in jobs over the past two years.
- According to covered employment data, the average annual wage in Jasper County was \$33,331 in 2007, up from \$25,452 in 2003. This reflects an impressive annual growth rate of about 7.75%. Nonetheless, household incomes on average remain well below those in adjacent Beaufort County and the state average, as documented in our previous analysis of income levels in the region.

ECONOMIC DEVELOPMENT

GVA Marquette Advisors interviewed city, county and regional planners and economic development officials as well as local business leaders and human resource professionals to gain an understanding of the current and potential future economic base and the relationship between housing availability and affordability and economic development. As well, we reviewed local comprehensive plans and the region-wide economic diversification plan. The following paragraphs outline key economic development & employment trends and the importance of housing related to these trends.

Employer Interviews

GVA Marquette Advisors interviewed representatives of large employers in Jasper and Beaufort Counties in August of 2008. The interviews covered topics such as recent trends in job growth, projected job growth by type of position, and employee earnings. Representatives were also asked about the housing needs of their employees and the issue of overall housing affordability in the area. Interviews with the area's largest employers not only provide data regarding commercial job growth, but also reveal employer attitudes and perceptions regarding housing demand in any given area. Table 9 on the following page shows the top 20 employers located in Jasper County.

The following are key points from the interviews with major employers.

- Most employers said that housing is not a typical concern for the employees that they hire. Most of the production type employees are from around the Jasper/Beaufort County areas and have already established a place in the community. One employer mentioned it was difficult to find affordable housing, there were not enough move-up homes, and that there were plenty of high-end homes.

Table 9	
Major Employers	
Jasper County, August 2008	
Name of Company	Total Employees
Malphrus Construction Company	520
Wal-mart	320
County of Jasper	277
Beaufort Jasper Comprehensive Health Services Inc	250
Jasper County School District	240
SC Department of Corrections	202
Cleland Site Prep Inc.	180
Coastal Carolina Medical Center	145
Razor Component Systems, Inc	101
Ridgeland Nursing Center Inc.	96
Duracase, LLC by Kwalu	80
Jasper County Board of Disabilities & Special Needs	75
Silver Star Trailers	75
Haven Homes Southeast Inc	75
Nimmer Turf & Tree Farm Inc	65
Atlantico Consolidated Manufacturing	54
SCE & G Jasper Generating Station	39
Carolina Asphalt Paving	37
Shaw Manufacturing's Wrought Iron Works Inc.	35
	2,866
Source: Individual Companies, Jasper County Chamber of Commerce	

- The five largest employers in Jasper County are Malphrus Construction (520 employees), Wal-mart (320 employees), Jasper County (277 employees), Beaufort/Jasper Comprehensive Health Services Inc. (250 employees), and Jasper County School District (240 employees).
- More than half of the employers interviewed mentioned that they expect to see an increase in their employment numbers over the next three to five years. The rest of the employers expect to remain relatively stable over this time in terms of their workforce.
- We broke down the major job types throughout the County into two categories: Professional/Managerial and Production/Support. Our interviews with the major employers revealed a range of 8% to 50% of the job types were considered professional/managerial, with an average of about 25%. Production/support jobs ranged from 50% to 92%, with an average of about 75%.
- Our interviews also revealed that the average salary among professional/managerial jobs (\$50,800) were just about double that of production/support jobs (\$25,500). Based on an allocation of 30% of household income towards housing, a professional managerial employee could afford a monthly rent/mortgage payment of roughly \$1,270, while a production/support employee could afford about \$640/month.

- All of the surveyed employers stated that the majority of their employees reside in Jasper or Beaufort County. A much smaller percentage of the local workforce resides in the Savannah area.
- About 1/3 of the employers surveyed mentioned that there were some production level employees expressing a difficulty in finding affordable housing. There seemed to be plenty of high-end homes. The remaining employers did not mention any difficulty finding housing.
- We also interviewed three major employers in Beaufort County, including two of the region's largest resorts, and it was mentioned that it was difficult to find affordable housing within Beaufort County. Cost of living is extremely high and is deterring potential employees from working and living in Beaufort County, thus many are commuting to/from Jasper County where housing costs are somewhat lower.
- One employer said they estimate that they lose 20-25 potential employees per year because of the lack of affordable housing and the high cost of living in Beaufort County.
- Employees are also saying that it is generally difficult to find rental properties, even single-family home rentals. Entry level employees, particularly those relocating to the Jasper//Beaufort area often prefer to rent for a period of time, even some of those will very well paying jobs, prior to making an investment in homeownership. Planned apartment developments in Jasper County are expected to alleviate some of this problem, although the apartment communities currently being developed will command top-of-market rents and are thus unaffordable for many production employees.

ECONOMIC DIVERSIFICATION

We have reviewed local and regional planning documents, most notably the **Low Country Economic Diversification Plan** (Sept. 2005), and interviewed planners and economic development professionals throughout Jasper County. The following are key points from our research:

- From our research, we note that Jasper County offers a strategic location due to its transportation infrastructure and its proximity to the growing Hilton Head/Bluffton market, Savannah, the existing port and potentially a new, greatly expanded port over the long-term.
- We concur that Jasper County is poised for both residential and commercial growth. Elected officials and local and regional economic development and planning professionals acknowledge that economic diversification is the key to the long-term economic health of Jasper County.

- **Moreover, we believe that the creation of more, higher paying jobs within the County is also a key ingredient to improving housing affordability. This is a very important point to be taken from this report. A comprehensive and complimentary approach to housing and economic development will be paramount to creating sustainable development and a “livable” Jasper County.**
- We understand that the City of Hardeeville is poised for major commercial developments near the I-95 and Hwy 278 Corridors (Okatie Crossing & Crescent Center). According to city economic development staff, these multi-use commercial developments are projected to bring between 1,500 and 2,000 “seasonal” jobs and as many as 2,000 permanent jobs over the next three years. “Seasonal” jobs are projected to pay minimum wage or higher while the 2,000 permanent jobs are projected to provide annual wages “equal to or higher” than the current average wage in Jasper County. From our analysis, we expect that these developments will support a number of jobs which pay in the range of \$20,000 to \$35,000 per year. If we assume an average of 1.5 jobs per household, we would expect that these commercial developments will generate significant demand for new housing units with a monthly cost of around \$750 to \$1,300. This monthly payment range would support a mortgage amount of about \$120,000 to \$200,000. We expect that it will be very difficult, if not impossible, for the market to produce new single family housing within the \$120,000 to \$150,000 price range. Therefore, a variety of higher density for-sale products will be required, along with affordable and market rate apartments. Later phases of Okatie Crossing are expected to include housing. We suggest that this is a development which should accommodate both market and affordable units.
- The **Lowcountry Economic Alliance** is a joint public effort in economic development between Jasper and Beaufort Counties, staffed by contract with private economic development professionals. We understand that primary objectives of the alliance are to promote economic development, workforce development and “workforce” housing. Jasper County brings a great deal of strategic land resources to this partnership. Beaufort County on the other hand has a depleted land supply, although it currently benefits from a deeper and more diverse economic base and greater financial resources. We believe that this partnership presents an opportunity for a pooling of resources to fund affordable housing programs that will benefit both counties by supporting and advancing economic development initiatives.
- The **Lowcountry Economic Diversification Plan**, prepared for the four-county region of Jasper, Beaufort, Colleton and Hampton Counties, discusses the over-dependence of the Jasper/Beaufort area upon industries where low-paying jobs predominate, especially tourism. Tourism-based businesses in southern Beaufort County provide much employment for Jasper County residents; however, a high percentage of those jobs are low-paying service positions. The plan calls for economic diversification, with a focus on key development zones throughout the region. Within Jasper County, the plan calls for economic development professionals to work to promote development especially

within two key zones.¹ The paragraphs below outline the recommended development zones and provide a synopsis of related housing needs.

- **Zone 1: Jasper County – I-95, Exits 5 & 8 (Hardeeville area and southern Jasper County):** Here, the plan calls for targeting industries which depend upon the Savannah port and may be interested in utilizing a new South Atlantic Marine Terminal. The plan suggests that this area should be marketed to construction/manufacturing, distribution/logistics and wholesale trade targeted NAICS companies as follows. We have also identified the approximate average salary range per job by NAICS according to Bureau of Labor Statistics data:
 - 42 (\$53,000) - Distribution
 - 44-45 (\$24,000) - Logistics
 - 3219 (\$28,000) – Wood product manufacturing
 - 3212 (\$30,000) – Veneer, plywood and engineered wood product manufacturing
 - 3323 (\$35,000) – Architectural and structural metals manufacturing

Based on the suggested target industries it appears that Zone 1, if developed as suggested, would provide employment opportunities with annual salaries mostly in the range of \$25,000 to \$35,000/year. This is roughly in line with the current salary average for Jasper County employment per our analysis of covered employment data. Nonetheless, this strategy would increase the number of job opportunities within Jasper County, thereby reducing unemployment and commuting to/from jobs elsewhere.

Assuming that most of the jobs created within Zone 1 have corresponding annual salaries within the range of \$25,000 to \$35,000, and assuming roughly 1.5 jobs per household, we believe that this economic development zone will necessitate demand for housing within a monthly cost range of approximately \$900 to \$1,300 per month, or homes generally priced between \$150,000 and \$200,000. It will become increasingly difficult for the private market to produce new, single family housing within this price range considering rising land and construction costs. Therefore, a mix of higher density for-sale products such as condos and townhouses should be considered along with rental apartments. This development should occur within close proximity to the developing commercial nodes and key transportation corridors.

- **Zone 2: Jasper County – I-95, Exits 18, 21, 22 & 28 (Ridgeland area and northern Jasper County):** The plan calls for targeting logistics/distribution oriented industries as well as medical and diagnostic laboratories, capitalizing on the area’s close proximity to the new Carolina Coastal Medical Center, Beaufort Memorial Hospital and the Keyserling Cancer Center. The report also suggests

¹ *Lowcountry Economic Diversification Plan*, pp. 38-41 (Sept. 2005), BBP Associates on behalf of LCOG.

that the area may be able to accommodate the development of a film studio within the former Battery Creek High School in Beaufort with “spill-over” facilities and motion picture/support industries within Jasper County. Here again we have identified the approximate average salary range per job by NAICS according to Bureau of Labor Statistics data:

- 42 (\$53,000) - Distribution
- 44-45 (\$24,000) - Logistics
- 6215 (\$46,000) – Medical and Diagnostic Labs
- 5121 (\$15,000) – Motion Picture Studios

Based on the suggested target industries it appears that Zone 2, if developed as suggested, would provide a somewhat more diverse range of employment opportunities with salaries in the range of \$15,000 to \$50,000+.

At the low end of this scale, sectors 44-45 and 5121 show an approximate average annual salary of \$15,000 to \$24,000. Assuming an average of 1.5 jobs per household, such jobs will likely necessitate an increase in housing with a monthly cost of approximately \$550 to \$900. Aside from mobile homes, the private market will in most cases be unable to produce new housing units within this affordability range, absent some form of public subsidy. Therefore, public-private partnerships will likely be required to ensure that a sufficient mix of housing options is available to support this potential increase in Jasper County employment. Here again, we would suggest that these units be constructed in close proximity to major employment nodes and transportation corridors.

APARTMENT MARKET ANALYSIS

INTRODUCTION

In this section we present a summary of rental housing market conditions from a survey of both subsidized and market rate rental apartment and townhouse communities throughout both Jasper and Beaufort Counties. We also discuss the status of various rental housing subsidy programs in the county, including Section 8 and Public Housing, as well as the Low-Income Housing Tax Credit program (a.k.a. Section 42 housing).

MARKET OCCUPANCY & RENTAL RATES

GVA Marquette Advisors surveyed both market rate and subsidized housing communities throughout both Jasper and Beaufort Counties in July and August of 2008. From this survey, we gathered information on unit mix, current vacancy rates and rental rates. In addition, we interviewed rental property owners, developers, managers and leasing agents regarding market trends and the demand for rental housing and assembled information on housing waiting lists when such information was available.

Market Rate Apartments

Table 10 on the following page contains summary information by unit type and property, according to our August 2008 survey of market rate rental communities.

- Summarized below are average market rents & vacancy rates by unit type according to our survey:

	<u>Avg. Rent</u>	<u>Vacancy Rate</u>
○ One Bedroom:	\$762	3.2%
○ Two Bedrooms:	\$843	13.5%
○ Three Bedrooms:	\$1,064	16.0%
○ <i>Overall Market Average:</i>	<i>\$848</i>	<i>11.3%</i>

- Our survey showed a market vacancy rate of **11.3%**. A 5.0% vacancy rate is generally indicative of a balanced market, meaning that there is sufficient vacancy to allow for normal turnover and consumer choice within the market. An 11.3% vacancy rate could be indicative of a temporarily “over supplied” market. However, the market vacancy rate is currently inflated due to the recent expansion at the Lakes @ Myrtle Park in Bluffton. That property contains nearly two-thirds of the vacant units within the subject market. If we exclude the Lakes @ Myrtle Park from our calculations, the remaining properties show a combined vacancy rate of just **5.0%**.

Table 10																	
Survey of Market Rate Rental Communities																	
Jasper & Beaufort Counties																	
Project Name	Location	Year Built	Number of Units	Number Vacant	Vacancy Rate	Monthly Rent			Unit Sizes (in SF)			Rent per SF					
						Low	High	Avg.	Low	High	Avg.	Range	Avg.				
One-Bedroom Units																	
Lakes @ Myrtle Park*	Bluffton	2000/2007	36	6	16.7%	\$910	-	\$910	\$910	779	-	779	779	\$1.17	-	\$1.17	\$1.17
Old South	Bluffton	1997	84	6	7.1%	\$825	-	\$855	\$840	750	-	750	750	\$1.10	-	\$1.14	\$1.12
The Reserve @ Woodbridge	Bluffton	2002	64	1	1.6%	\$795	-	\$825	\$810	667	-	732	700	\$1.13	-	\$1.19	\$1.16
The Oaks @ Broad River	Beaufort	2001	72	0	0.0%	\$720	-	\$840	\$780	660	-	934	797	\$0.90	-	\$1.09	\$0.98
The Preserve	Port Royal	2003	160	2	1.3%	\$720	-	\$805	\$763	693	-	850	772	\$0.95	-	\$1.04	\$0.99
August on Southside	Port Royal	1977	16	0	0.0%	\$650	-	\$650	\$650	664	-	664	664	\$0.98	-	\$0.98	\$0.98
Stuart Towne	Port Royal	1972	4	1	25.0%	\$600	-	\$600	\$600	850	-	850	850	\$0.71	-	\$0.71	\$0.71
Oakfield Apts.	Beaufort	1985	36	0	0.0%	\$600	-	\$600	\$600	660	-	660	660	\$0.91	-	\$0.91	\$0.91
Waterford Place	Port Royal	1970's	16	0	0.0%	\$575	-	\$575	\$575	665	-	665	665	\$0.86	-	\$0.86	\$0.86
Branchwood II	Hardeeville	n/a	16	0	0.0%	\$450	-	\$450	\$450	600	-	600	600	\$0.75	-	\$0.75	\$0.75
Total / Weighted Average			504	16	3.2%	\$450	-	\$910	\$762	600	-	934	743	\$0.71	-	\$1.19	\$1.03
Two-Bedroom Units																	
Old South	Bluffton	1996/98	160	3	1.9%	\$965	-	\$1,020	\$993	1,000	-	1,145	1,073	\$0.89	-	\$0.97	\$0.93
Lakes @ Myrtle Park*	Bluffton	2000/2007	264	115	43.6%	\$965	-	\$965	\$965	1,225	-	1,225	1,225	\$0.79	-	\$0.79	\$0.79
The Reserve @ Woodbridge	Bluffton	2002	128	2	1.6%	\$895	-	\$925	\$910	921	-	1,054	988	\$0.88	-	\$0.97	\$0.92
The Oaks @ Broad River	Beaufort	2001	120	0	0.0%	\$845	-	\$885	\$865	1,070	-	1,192	1,131	\$0.74	-	\$0.79	\$0.77
The Preserve	Port Royal	2003	240	0	0.0%	\$830	-	\$880	\$855	1,017	-	1,151	1,084	\$0.76	-	\$0.82	\$0.79
August on Southside	Port Royal	1977	64	11	17.2%	\$750	-	\$750	\$750	884	-	884	884	\$0.85	-	\$0.85	\$0.85
Stuart Towne (Flats/TH's)	Port Royal	1972	76	15	19.7%	\$700	-	\$750	\$725	1,050	-	1,100	1,075	\$0.67	-	\$0.68	\$0.67
Oakfield Apartments	Beaufort	1985	96	21	21.9%	\$700	-	\$750	\$725	860	-	960	910	\$0.78	-	\$0.81	\$0.80
Forest Park	Beaufort	1984	20	0	0.0%	\$675	-	\$675	\$675	1,100	-	1,100	1,100	\$0.61	-	\$0.61	\$0.61
Robins Roost	Hardeeville	n/a	24	8	33.3%	\$670	-	\$670	\$670	900	-	900	900	\$0.74	-	\$0.74	\$0.74
Waterford Place	Port Royal	1970's	56	3	5.4%	\$625	-	\$625	\$625	936	-	1,051	994	\$0.59	-	\$0.67	\$0.63
Dogwood Apts (2-level TH's)	Beaufort	1987	22	0	0.0%	\$625	-	\$625	\$625	950	-	950	950	\$0.66	-	\$0.66	\$0.66
Branchwood II	Hardeeville	n/a	16	0	0.0%	\$600	-	\$600	\$600	900	-	900	900	\$0.67	-	\$0.67	\$0.67
Sea Island	Port Royal	1950	50	2	4.0%	\$535	-	\$535	\$535	900	-	900	900	\$0.59	-	\$0.59	\$0.59
Total / Weighted Average			1,336	180	13.5%	\$535	-	\$1,020	\$843	860	-	1,225	1,065	\$0.59	-	\$0.97	\$0.79
Three-Bedroom Units																	
Old South	Bluffton	1996/98	56	9	16.1%	\$1,200	-	\$1,250	\$1,225	1,428	-	1,428	1,428	\$0.84	-	\$0.88	\$0.86
Lakes @ Myrtle Park*	Bluffton	2000/2007	60	26	43.3%	\$1,100	-	\$1,100	\$1,100	1,562	-	1,562	1,562	\$0.70	-	\$0.70	\$0.70
The Reserve @ Woodbridge	Bluffton	2002	22	1	4.5%	\$1,045	-	\$1,045	\$1,045	1,319	-	1,319	1,319	\$0.79	-	\$0.79	\$0.79
Stuart Towne	Port Royal	1972	13	1	7.7%	\$950	-	\$1,050	\$1,000	1,250	-	1,250	1,250	\$0.76	-	\$0.84	\$0.80
The Oaks @ Broad River	Beaufort	2001	56	0	0.0%	\$980	-	\$980	\$980	1,414	-	1,414	1,414	\$0.69	-	\$0.69	\$0.69
August on Southside	Port Royal	1977	16	0	0.0%	\$900	-	\$900	\$900	1,194	-	1,194	1,194	\$0.75	-	\$0.75	\$0.75
Branchwood II	Hardeeville	n/a	8	0	0.0%	\$750	-	\$750	\$750	1,000	-	1,000	1,000	\$0.75	-	\$0.75	\$0.75
Total / Weighted Average			231	37	16.0%	\$750	-	\$1,250	\$1,064	1,000	-	1,562	1,408	\$0.69	-	\$0.88	\$0.76
Grand Total / Weighted Average			2,071	233	11.3%	\$450	-	\$1,250	\$848	600	-	1,562	1,025	\$0.59	-	\$1.19	\$0.83
* Lakes @ Myrtle Park is still in its initial lease-up phase for 156 units completed in Spring 2007																	
* Market vacancy rate excluding Lakes @ Myrtle Park = 5.0%																	
Source: GVA Marquette Advisors																	

- Leasing agents noted that demand for rental housing has remained relatively strong throughout the market, in spite of a recent economic slowdown. Some agents noted that demand seems to be the strongest for one-bedroom units, with larger households opting to purchase homes. Also contributing to some current vacancy in larger two and three bedroom rentals is a slow-down in the housing construction industry. Hispanic workers comprised a significant percentage of that workforce and occupied large numbers of inexpensive two, three and four-bedroom rentals throughout the area. Many of these workers have left the area, thereby causing an increase in rental vacancy.
- We note that Jasper County contains just two market rate rental communities at this time, both in the City of Hardeeville. The first, Branchwood II is a former Sect. 8 property which was converted to market rate. The property continues to maintain full occupancy, with a waiting list. Management reported that approximately 25 out of the 42 units are occupied by residents receiving Section 8 vouchers. A second non-subsidized rental building in Hardeeville is Robins Roost. This property contains 24 two-bedroom units. The property manager noted that while it has historically maintained a very high occupancy rate, a recent exodus of Hispanic construction workers and their families has created significant vacancy at this property more recently.
- Jasper County will see the completion of several new market rate apartment communities over the next several months. In total, four developments are planned which will add just over 1,000 units in Jasper County, all within the City of Hardeeville. Of that total, three projects with 726 total units are currently under construction, while the fourth development is planned for a later phase within Hilton Head Lakes. A fifth development is underway in nearby Beaufort which will add another 240 units to this market. As shown on Table 11 on the following page, these new developments will feature “top-of-market” rental rates in comparison with existing rental options within the region. Rental rates at these new upscale apartment communities generally range from \$800 to more than \$1,400 per month.
- Developers are targeting middle to upper income households, noting recent and ongoing expansions within the area’s medical facilities and planned commercial developments along the U.S. 278 and I-95 corridors which are projected to bring significant job growth. While the planned rentals appear to be appropriately priced for high-end production workers and young professionals, these units will not be affordable for “low income” households earning less than 80% of the Jasper County median income, and thus the developments are not expected to accommodate demand for rental housing from these household groups. As such, we would expect sustained high occupancy rates among older, more affordable market rate rentals, subsidized rental communities and also consistent demand for trailer/mobile-home rentals throughout the county.

Table 11
Pending Rental Developments
Jasper & Beaufort Counties - August 2008

Project Name	Status	# of Units	Unit Mix	Monthly Rent			Unit Sizes (in SF)			Rent per SF		Notes	
				Low	High	Avg.	Low	High	Avg.	Range	Avg.		
Courtney Bend 321 Donegal Drive Hardeeville	Under Const.	254	84 - 1BR 18 - 1BR/D 132 - 2BR 20 - 3BR	\$910 - \$1,070 - \$1,130 - \$1,300 -	\$910 \$1,070 \$1,190 \$1,515	\$910 \$1,070 \$1,160 \$1,408	759 - 1,008 - 1,084 - 1,490 -	759 1,008 1,197 1,490	759 1,008 1,141 1,490	\$1.20 - \$1.06 - \$0.99 - \$0.87 -	\$1.20 \$1.06 \$1.02 \$0.94	8/14: 50 units have been completed, with 30 leased (12%) and 15 moved in. Avg. about 7-8 lease/week. Offering \$100/mo. for 1BR's, \$200/mo. for 2BR's & 3BR's (w/no garage). The 1BR/D's & some 3BR's (4) include a parking spot in rent.	
Fisherman's Cove Argent Blvd. Hardeeville	Under Const.	172										Market information not available at time of survey.	
Shops at Hilton Head Lake 321 Donegal Drive Hardeeville	Planned	280										Long-term development planned for Hilton Heads Lakes community in Hardeeville.	
Auston Chase (Phase I) Argent Blvd. Hardeeville	Under Const.	300	136 - 1BR 140 - 2BR 24 - 3BR	\$766 - \$926 - \$1,262 -	\$895 \$1,024 \$1,262	\$831 \$975 \$1,262	684 - 994 - 1,394 -	956 1,211 1,394	820 1,103 1,394	\$0.94 - \$0.85 - \$0.91 -	\$1.12 \$0.93 \$0.91	\$1.03 \$0.89 \$0.91	Began construction in June 2008 and expected to be completed in early 2009. Phase II has plans for an additional 120 units.
Ashton Pointe Apts. 100 Ashton Pointe Blvd. Beaufort	Under Const.	240	88 - 1BR 152 - 2BR	\$784 - \$936 -	\$821 \$1,040	\$803 \$988	699 - 931 -	777 1,136	738 1,034	\$1.06 - \$0.92 -	\$1.12 \$1.01	\$1.09 \$0.96	8/26: 1 building & clubhouse opening up in Oct. 2008. No leases yet. Plans are for 11 total buildings.
Total Units Pending		1,246											
Source: GVA Marquette Advisors													

- Moreover, with 1,200+ new high-end rentals expected to come online in Jasper and Beaufort Counties over the next several months, we caution that there will likely be a period of oversupply in this market with elevated vacancy rates, particularly if the area job market does not show a dramatic improvement. The long extended lease-up timeframe for the 2007, 154-unit expansion at the Lakes @ Myrtle Park is evidence that the market will not support a substantial increase in high-end rental supply in absence of sustained economic expansion and job growth.
- Commercial developments in Hardeeville are projected to add approximately 2,000 permanent jobs over the next two to three years. The success of the pending rental developments will hinge upon the timing and actual build-out of the commercial projects and the corresponding employment growth. Indications are that the Hardeeville commercial developments will bring a large number of jobs with annual salaries in the range of \$20,000 to \$35,000. Single-income households in this pay range will not be able to afford the majority of units within the area's new high-end rental communities.

Subsidized Rental Communities

Table 12 on the following page contains summary information by unit type and property, according to our August 2008 survey of subsidized rental communities. Our survey included a total of 786 affordable units in Jasper and Beaufort Counties.

- Our survey found average rental rates and vacancy for subsidized apartment housing by unit type as follows:

	<u>Avg. Rent</u>	<u>Vacancy Rate</u>
○ One Bedroom:	\$489	3.2%
○ Two Bedrooms:	\$522	3.2%
○ Three Bedrooms:	\$754	3.5%
○ Four Bedrooms:	\$527	0.0%
○ <i>Overall Market Average:</i>	<i>\$637</i>	<i>3.3%</i>

It is important to note the averages shown above do not factor in rental payments for public housing units, where payments are based on 30% of household income.

- It is interesting to note the much lower 2.7% vacancy rate. This is an indicator of much stronger demand for lower priced subsidized housing compared to market rate apartment housing. We note that several communities are running at or near 100% occupancy. Interviewees noted that residents come from all over the county. Many residents of subsidized housing in the Jasper County commute long distances to jobs in Bluffton, Hilton Head or Savannah.
- While our survey of market rate apartments did not indicate an immediate need for

substantial supply increases, we reach just the opposite conclusion from our subsidized market survey. The immediate demand appears to be the strongest among the lower-income household groups.

- The recent success of the Heron Crossing development in Ridgeland and Deerfield Village in Hardeeville are indicators of strong market demand. Deerfield Village, a Sect. 42 community of single-family home rentals, has maintained a 100% occupancy level for many months. The property was constructed by Jasper County Neighbors United in 2007 and now maintains a waiting list with 100 households. It is important to note that JCNU has stopped updating the waiting list due to overwhelming demand and a limited supply of units. Heron Crossing is another Sect. 42 rental apartment community which began leasing in February of 2008. The project leased up at an impressive rate of 18 units per month.

Table 12
Survey of Subsidized Rental Communities
Jasper & Beaufort Counties

Project Name	Location	Subsidy Program	Year Built	Number of Units	Number Vacant	Vacancy Rate	Monthly Rent			Unit Sizes (in SF)			Rent per SF					
							Low	High	Avg.	Low	High	Avg.	Range	Avg.				
One-Bedroom Units																		
Heron Crossing	Ridgeland	Sect. 42	2008	8	0	0.0%	\$346	-	\$425	\$386	750	-	750	750	\$0.46	-	\$0.57	\$0.51
Logan Lane	Ridgeland	USDA	1992	6	0	0.0%	\$395	-	\$550	\$473	775	-	775	775	\$0.51	-	\$0.71	\$0.61
Baytree	Ridgeland	USDA	1980	12	0	0.0%	\$473	-	\$625	\$549	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Baytree II (Age 55+)	Ridgeland	USDA	n/a	16	0	0.0%	\$552	-	\$627	\$590	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Deer Run	Hardeeville	USDA	n/a	16	2	12.5%	\$368	-	\$493	\$431	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Woodridge	Ridgeland	USDA	n/a	12	1	8.3%	\$385	-	\$385	\$385	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Deavenwood	Ridgeland	USDA	n/a	24	0	0.0%	\$436	-	\$608	\$522	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Total / Weighted Average				94	3	3.2%	\$346	-	\$627	\$489	750	-	775	761	\$0.46	-	\$0.71	\$0.56
Two-Bedroom Units																		
Heron Crossing	Ridgeland	Sect. 42	2008	20	0	0.0%	\$409	-	\$725	\$567	935	-	925	930	\$0.44	-	\$0.78	\$0.61
Logan Lane	Ridgeland	USDA	1992	26	4	15.4%	\$435	-	\$590	\$513	875	-	875	875	\$0.50	-	\$0.67	\$0.59
Deerfield Village	Hardeeville	Sect. 42	2007	10	0	0.0%	\$362	-	\$362	\$362	1,120	-	1,120	1,120	\$0.32	-	\$0.32	\$0.32
White Oak Apts.	Bluffton	Sect. 42	2007	52	2	3.8%	\$601	-	\$743	\$672	980	-	980	980	\$0.61	-	\$0.76	\$0.69
Bluffton House	Bluffton	Sect. 42	1998	84	2	2.4%	\$558	-	\$800	\$679	943	-	943	943	\$0.59	-	\$0.85	\$0.72
Baytree	Ridgeland	USDA	1980	18	0	0.0%	\$511	-	\$679	\$595	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Deer Run	Hardeeville	USDA	n/a	22	1	4.5%	\$447	-	\$572	\$510	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Woodridge	Ridgeland	USDA	n/a	12	0	0.0%	\$415	-	\$415	\$415	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Public Housing	Hardeeville	HUD	n/a	38	0	0.0%	---- 30% of Income ----			n/a	-	n/a	n/a	n/a	n/a	-	n/a	n/a
Total / Weighted Average				282	9	3.2%	\$362	-	\$800	\$522	875	-	1,120	952	\$0.32	-	\$0.85	\$0.66
Three-Bedroom Units																		
Heron Crossing	Ridgeland	Sect. 42	2008	12	2	16.7%	\$467	-	\$825	\$646	1,120	-	1,120	1,120	\$0.42	-	\$0.74	\$0.58
Logan Lane	Ridgeland	USDA	1992	4	0	0.0%	\$460	-	\$619	\$540	975	-	975	975	\$0.47	-	\$0.63	\$0.55
Deerfield Village	Hardeeville	Sect. 42	2007	10	0	0.0%	\$419	-	\$419	\$419	1,283	-	1,283	1,283	\$0.33	-	\$0.33	\$0.33
Simmons Cay Apts. & THs	Bluffton	Sect. 42	1998	88	6	6.8%	\$772	-	\$886	\$829	1,200	-	1,200	1,200	\$0.64	-	\$0.74	\$0.69
White Oak Apts.	Bluffton	Sect. 42	2007	20	1	5.0%	\$685	-	\$685	\$685	1,100	-	1,100	1,100	\$0.62	-	\$0.62	\$0.62
Vista View Apts.	Bluffton	Sect. 42	1998	72	0	0.0%	\$525	-	\$750	\$638	1,250	-	1,250	1,250	\$0.42	-	\$0.60	\$0.51
Bluffton House	Bluffton	Sect. 42	1998	188	5	2.7%	\$722	-	\$886	\$804	950	-	1,104	1,027	\$0.76	-	\$0.80	\$0.78
Baytree	Ridgeland	USDA	1980	8	0	0.0%	\$581	-	\$770	\$676	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Total / Weighted Average				402	14	3.5%	\$419	-	\$886	\$754	950	-	1,283	1,097	\$0.33	-	\$0.80	\$0.69
Four-Bedroom Units																		
Deerfield Village	Hardeeville	Sect. 42	2007	6	0	0.0%	\$453	-	\$453	\$453	1,331	-	1,331	1,331	\$0.34	-	\$0.34	\$0.34
Baytree	Ridgeland	USDA	1980	2	0	0.0%	\$623	-	\$877	\$750	n/a	-	n/a	n/a	n/a	-	n/a	n/a
Total / Weighted Average				8	0	0.0%	\$453	-	\$877	\$527	1,331	-	1,331	1,331	\$0.34	-	\$0.34	\$0.34
Grand Total / Weighted Average				786	26	3.3%	\$346	-	\$886	\$637	750	-	1,331	1,007	\$0.32	-	\$0.85	\$0.66
Source: GVA Marquette Advisors																		

Key Points from the Market Survey

Our market survey indicates particularly strong demand for affordable rental housing with monthly rents of approximately \$800 or less. This demand is generated by households earning roughly \$30,000 or less. There are very few units available below \$800 per month, according to our survey of both market rate and subsidized properties.

Meanwhile, the majority of market rate rental communities throughout the Jasper/Beaufort market area maintain occupancy levels of around 95% or better. However, a recently expanded luxury apartment community known as the Lakes @ Myrtle Park has struggled to attract new renters in midst of a regional economic slow-down. This is cause for concern, considering that more than 1,200 new high-end rentals are expected to come to market, competing head-to-head over the next several months in Hardeeville and Beaufort. Major commercial developments in Hardeeville should foster an increase in rental housing demand, as they are projected to bring 2,000+ permanent jobs to this area according to city economic development staff. However, the ultimate success of the various new apartment communities in Hardeeville will hinge upon their market positioning, timing and affordability relative to the job growth opportunities that commercial developments such as Okatie Crossing and Crescent Center will bring to the area.

SECTION 8 & PUBLIC HOUSING

Jasper County currently does not have its own housing authority. South Carolina Regional Housing Authority #3 (SCRHA3) manages the county's lone public housing facility in Hardeeville. That complex, with 38 units, is fully occupied. There is currently no project-based Section 8 housing within Jasper County. The regional housing authority also administers the Section 8 voucher program, which essentially provides housing cost assistance to low-income households. The Section 8 program provides rental assistance to bridge the gap between affordable housing payments (at 30% of income) and the monthly cost for a market rate apartment unit.

A total of 530 families are currently receiving assistance through this program throughout SCRHA3's 11-county area of coverage. Of that total, just 33 are located within Jasper County. This is not an indicator of low demand. Rather, the low number of certificates in Jasper County is related to the short supply of rental housing communities in the County.

The demand for public housing and Section 8 certificates is extremely high. Public housing in Hardeeville is always full. Meanwhile, according SCHRA3, more than 920 families remain on a waiting list for Section 8 vouchers throughout the region.

SECTION 42 HOUSING

Section 42, also known as the Low Income Housing Tax Credit Program (LIHTC) is the primary mechanism in support of affordable rental housing construction in the United States today.

Developers apply for tax credits (which are typically then sold to large corporations or investors), which are used to provide gap financing for new construction or acquisition/rehab of existing units. While the cost of construction is equal to that of a market rate apartment building, the developers are subsidized through the Section 42 program in order to make the construction financially feasible. Rents are then set below market, according to guidelines established by the state.

As previously mentioned, LIHTC rental communities such as Deerfield Village and Heron Crossing have been very successful recently in Jasper County, and maintain high occupancy levels as evidenced by our recent market survey (see Table 12). Considering the success of these developments paired with strong pent-up demand for affordable rental housing as evidenced by our market survey and in consideration of the expected surge in commercial development and employment growth, we believe that Jasper County demonstrates very strong potential for additional LIHTC developments. These developments should be positioned in close proximity to developing job centers, key transportation corridors, and future public transit.

SUMMARY: APARTMENT MARKET ANALYSIS

The following are key points from our review of the Jasper County market with respect to the current and future demand for rental housing:

- Our market survey revealed that there is strong current demand for apartment units with monthly rents below \$800, particularly two and three bedroom units, for households earning approximately \$30,000 per year or less. This is evidenced throughout the county by high occupancy levels for low-cost rental units at both market rate and subsidized apartment communities.
- Three new luxury apartment communities are planned in Hardeeville which will bring a total of 726 high-end rental apartments to market over the next several months. Rental rates will range from approximately \$800 to more than \$1,400 per month. We caution that a period of oversupply and excess vacancy will likely occur in the coming months if the pricing of these units is not in line with the jobs/salaries corresponding with commercial developments such as Okatie Crossing and Crescent Center.
- The region's public housing stock is at full capacity and the Section 8 program is insufficient to accommodate current demand. Long waiting lists exist for both programs.
- The Section 42 (LIHTC) program is the primary tool for increasing the supply of workforce rental housing. Existing LIHTC apartment communities have been very successful, and maintain high occupancy levels. Nonetheless, there have been few such projects built in Jasper County in recent years. We believe that Jasper County is ripe for the development of additional affordable rental housing, considering high occupancy levels sustained by existing affordable rental communities and also the expected surge in commercial development and increases in the number of entry-level employment positions.

- Lastly, we also note that Jasper County has very few rental housing options for seniors. Considering the aging of the local population base, we expect a marked increase in demand for both market rate and subsidized senior rental housing in the years ahead. The development of affordable housing for seniors will be a challenge, considering that more than 40% of Jasper County seniors have annual incomes of \$15,000 or less. Many of those currently reside in a home which they own, but may be structurally substandard and have a very low market value.

FOR-SALE HOUSING MARKET ANALYSIS

INTRODUCTION

In this section we present an overview of annual construction trends, historical home sales data and current listings from the county’s multiple listing services (MLS), along with a summary of for-sale housing market conditions from a survey of active subdivisions throughout both Jasper and Beaufort Counties. We also identify and profile production and homebuyer assistance programs currently in place, such as those administered by Habitat for Humanity, Low Country Council of Governments, Jasper County Neighbors United, and the Lowcountry Community Development Corporation.

BUILDING PERMITS

GVA Marquette Advisors obtained building permit information for Jasper and Beaufort Counties through the Low Country Council of Governments for the years 1998 through 2007. This data is presented below.

Table 13

**Residential Building Permit Activity, 1998-2007
 Jasper and Beaufort Counties**

	Jasper County				Beaufort County				Beaufort-Jasper Combined Totals			
	SF	MH	MF	Total	SF	MH	MF	Total	SF	MH	MF	Total
1998	70	0	0	70	2,060	0	113	2,173	2,130	0	113	2,243
1999	65	0	0	65	2,157	0	127	2,284	2,222	0	127	2,349
2000	63	0	0	63	1,911	0	50	1,961	1,974	0	50	2,024
2001	74	341	1	416	1,623	0	49	1,672	1,697	341	50	2,088
2002	79	331	0	410	2,317	0	22	2,339	2,396	331	22	2,749
2003	63	249	0	312	2,241	0	155	2,396	2,304	249	155	2,708
2004	111	247	0	358	3,319	0	222	3,541	3,430	247	222	3,899
2005	161	203	8	372	2,861	0	27	2,888	3,022	203	35	3,260
2006	227	228	2	457	3,096	0	246	3,342	3,323	228	248	3,799
2007	117	137	1	255	1,926	0	1,053	2,979	2,043	137	1,054	3,234
Total	1,030	1,736	12	2,778	23,511	0	2,064	25,575	24,541	1,736	2,076	28,353

SF= Single Family
 MH = Mobile Home
 MF = Multifamily

Source: Low Country Council of Governments

Permits were issued for a total of 28,353 new residential units in Jasper and Beaufort Counties during the past ten years. During this timeframe, Jasper County has accounted for about 9% to 10% of development, with Beaufort County accounting for about 90% of the new homes added. We expect that Jasper County will capture a growing share of housing construction in the years ahead, however, considering the current growth trend, the depleted land supply in Beaufort County and a marked increase in residential subdivision activity in Jasper County.

Single family homes comprised approximately 37% of the housing units permitted in Jasper County over the past 10 years, compared to nearly 92% in Beaufort County. During this time 1,736 mobile homes were permitted in Jasper County, accounting for more than 62% of the homes added in the county over the past 10 years. Much of the mobile homes permitted were in the rural northern portion of the county, including many on heirs property.

More recently, both Jasper and Beaufort Counties have seen a considerable increase in multifamily housing construction. Beaufort County has seen the development of several apartment communities over the past four years, some of which have since been converted to condominium housing. We also know that three sizable multifamily developments with a combined 726 units were approved in Jasper County in 2008.

We expect more multifamily development to occur throughout Jasper and Beaufort Counties in the years ahead for a variety of reasons, most notably the following:

- Limited land supply
- Rising land and construction costs, outstripping income growth
- Increasing popularity of multifamily housing for-rent or for-sale on the part of households due to affordability and lifestyle preferences

Meanwhile, the market has also shown steady demand for mobile homes, due primarily to affordability issues. City policy precludes the addition of mobile homes to the cities of Hardeeville and Ridgeland and therefore future mobile home additions will occur within the unincorporated portion of Jasper County.

REVIEW OF MLS DATA

GVA Marquette Advisors obtained data on home sales by price range for 2003 through 2007 and 2008 ytd through August. Data is from the area Multiple Listing Service (MLS) and was provided by Gina Scott Realty. This data is presented on the table on the following page. It is important to note that not all sales are recorded in the MLS system. In particular, new home sales are occasionally not recorded. Nonetheless, according to Gina Scott Realty the sales data as summarized on Table 13 is representative of the vast majority of sales in Jasper County over the past 5+ years.

From the data, it appears that there were 125 home sales in Jasper County at prices less than \$125,000 since 2003. These homes would be considered affordable to households earning less than 80% of the county median income as defined by HUD and the State of South Carolina. This equates to an about 30% of the sales reported to the county's Multiple Listing Service (MLS). In 2003 and 2004 more than 50% of the homes sold in Jasper County were a "affordable" price points. More recently, only about 20% of homes sold in Jasper County were priced below \$125,000.

Table 13														
Home Sales Summary, 2003-2007														
Jasper County, SC														
Number of Sales by Year, by Price														
Price Range	2003		2004		2005		2006		2007		2008 YTD (Aug)		Total	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
"Affordable" Housing*														
<\$50,000	8	34.8%	1	3.8%	4	9.5%	1	1.1%	2	1.7%	2	1.7%	18	4.2%
\$50,000-\$74,999	1	4.3%	5	19.2%	3	7.1%	7	7.4%	4	3.4%	4	3.4%	24	5.7%
\$75,000-\$124,999	3	13.0%	9	34.6%	9	21.4%	26	27.4%	18	15.1%	18	15.1%	83	19.6%
Subtotal	12	52.2%	15	57.7%	16	38.1%	34	35.8%	24	20.2%	24	20.2%	125	29.5%
\$125,000-\$149,999	3	13.0%	2	7.7%	5	11.9%	19	20.0%	20	16.8%	20	16.8%	69	16.3%
\$150,000-\$179,999	0	0.0%	1	3.8%	1	2.4%	10	10.5%	22	18.5%	22	18.5%	56	13.2%
\$180,000-\$224,900	0	0.0%	4	15.4%	4	9.5%	10	10.5%	24	20.2%	24	20.2%	66	15.6%
\$225,000-\$274,900	1	4.3%	0	0.0%	7	16.7%	9	9.5%	14	11.8%	14	11.8%	45	10.6%
\$275,000-\$324,999	0	0.0%	1	3.8%	2	4.8%	4	4.2%	4	3.4%	4	3.4%	15	3.5%
\$325,000+	7	30.4%	3	11.5%	7	16.7%	9	9.5%	11	9.2%	11	9.2%	48	11.3%
Annual Totals	23	100.0%	26	100.0%	42	100.0%	95	100.0%	119	100.0%	119	100.0%	424	100.0%
Median Sale Price	\$108,000		\$111,500		\$157,550		\$142,500		\$171,650		\$187,750			
* Affordable housing is that which is affordable to those earning less than 80% of the county median income, in accordance with the State of South Carolina definition.														
Source: Gina Scott Realty														

Our analysis shows that the median sale price increased from \$108,000 in 2003 to \$171,650 in 2007. Sales through August of 2008 indicate a median of \$187,750. These increases reflect a **15.8%** annual increase in home prices in Jasper County since 2003. Comparatively, our analysis of household income data showed that incomes have increased at a rate of just **3.7%** per year during this timeframe. Clearly, the increase in home prices is by far outstripping gains in personal income in Jasper County.

Table 14 below shows current for-sale listings in northern and southern Jasper County. As a whole, the current average list price within the County is approximately \$291,000. Homes currently for sale in the southern portion of the County show an average list price of \$327,000, compared to \$265,000 in the northern portion of the County. The higher average price in the southern portion of Jasper County relates in part to the quality of the housing stock, but also the development pressure from adjacent Bluffton and Hilton Head, where homes command considerably higher prices. Just 17 units currently listed for sale would be considered “affordable” to “low income” households earning less than 80% of the County median income.

Table 14							
Current Home Listings Jasper County, SC							
Number of Homes for Sale by Price							
Price Range	Northern Jasper Co.		Southern Jasper Co.		Total		
	No.	Pct.	No.	Pct.	No.	Pct.	
"Affordable" Housing*							
<\$50,000	0	0.0%	0	0.0%	0	0.0%	
\$50,000-\$74,999	1	1.0%	1	1.5%	2	1.2%	
\$75,000-\$124,999	9	9.4%	6	8.8%	15	9.1%	
Subtotal	10	10.4%	7	10.3%	17	10.4%	
\$125,000-\$149,999	9	9.4%	10	14.7%	19	11.6%	
\$150,000-\$179,999	18	18.8%	8	11.8%	26	15.9%	
\$180,000-\$224,900	17	17.7%	13	19.1%	30	18.3%	
\$225,000-\$274,900	15	15.6%	3	4.4%	18	11.0%	
\$275,000-\$324,999	8	8.3%	4	5.9%	12	7.3%	
\$325,000+	19	19.8%	23	33.8%	42	25.6%	
Annual Totals	96	100.0%	68	100.0%	164	100.0%	
Average List Price	\$265,380		\$327,100		\$291,000		
* Affordable housing is that which is affordable to those earning less than 80% of the county median income, in accordance with the State of South Carolina definition.							
Source: Gina Scott Realty							

ACTIVE RESIDENTIAL SUBDIVISIONS

GVA Marquette Advisors surveyed subdivisions currently marketing throughout Jasper and Beaufort Counties in July and August of 2008 in order to analyze current lot/home availability and pricing. Our survey was extensive and although it does not represent a 100% capture of active subdivisions in the both counties, we estimate that we have captured more than 90% of the subdivisions which are currently marketing lots/homes within Jasper County. Summary information on the surveyed subdivisions is contained on Table 15 on the following page. A map is also provided depicting the location of the surveyed developments. The following are key points from our analysis of new construction for-sale housing in and around Jasper County.

- Our survey included a total of 23 subdivisions in Jasper and Beaufort Counties with more than 18,000 lots, of which approximately 16,000 lots remain available for purchase. This includes 19 developments within Jasper County with a total of 15,500 lots, of which more than 14,800 remain available for purchase.
- Our analysis of annual permitting trends shows that an average of 369 permits/year have been issued for new homes (including mobile homes) in Jasper County since 2001 (see Table 13). If the recent pace of development continues in Jasper County, then the current 14,800 platted lots would require up to 40 years to be absorbed. Undoubtedly though, Jasper County will capture a considerably larger share of the new construction in the Beaufort/Jasper market, considering its supply of platted lots and a shrinking supply of land in Beaufort County. Nonetheless, we believe that the current lot supply in Jasper County will suffice for *at least* eight to ten years, considering the overall inventory, targeted price points and the ongoing market downturn. A recovery will take several months.
- **Moreover, the pricing of most lots & homes in Jasper County subdivisions is beyond affordability for much of the current resident base based on our analysis of household incomes.** This means that the developments will require homebuyers to relocate to Jasper County from another locale. This activity has slowed considerably within the current economy (sluggish job creation) and in-migration by empty nesters & retirees has also slowed as many are unable to sell their current homes in order to relocate.
- Hardeeville has three major developments ongoing which are actively selling lots at this time, including Hilton Head Lakes, The Tradition and Hampton Pointe. All are huge master planned communities offering primarily single family lots, although Hampton Pointe is also marketing a smaller number of townhomes and condos. Total remaining lot inventory in the three Hardeeville developments at the time of our survey was more than 11,200 lots.

Table 15												
Survey of Active Residential Developments												
Jasper County and Surrounding Market Area												
Development Name	Map #	Date Platted	Total Lots	Sales to Date	Remaining Lots	Product Mix (planned # of homes)			Price Range (Lot + Home)			
						SF	TH	Condo	Low	High	Avg.	
Hardeeville												
Hilton Head Lakes	1	Sept. 2007	900	70	830	900	-	-	\$400,000	-	\$700,000	\$500,000
The Tradition	2	Fall 2006	9,500	100	9,400	N/A	N/A	-	\$200,000	-	\$1,000,000	\$350,000
Hampton Pointe	3	2006	1,040	120	920	540	250	250	\$380,000	-	\$800,000	\$525,000
								Condos/TH's:	\$380,000	-	\$450,000	\$400,000
Ridgeland												
North Ridge	4	2005	109	103	6	109	-	-	\$165,000	-	\$270,000	\$200,000
Bees Creek Plantation	5	2006	72	52	20	72	-	-	\$159,000	-	\$199,650	\$180,000
Graham Hall	6	06/07	60	35	25	60	-	-	\$220,000	-	\$330,000	\$250,000
Augusta Heights	7	2006	17	10	7	17	-	-	\$210,000	-	\$300,000	\$250,000
Hamilton Woods	8	2006	31	0	31	31	-	-	\$325,000	-	\$375,000	\$350,000
Moultrie Plantation (Pending)	9	2009	2,600	0	2,600	1,500	600	500	\$200,000	-	\$350,000	\$275,000
The Grove (Pending)	10	2009	72	0	72	72	-	-	\$200,000	-	\$300,000	\$250,000
Wellington Plantation	11	1984	60	54	6	60	-	-	\$150,000	-	\$700,000	\$300,000
Honey Hill	12	1997	53	47	6	53	-	-	\$150,000	-	\$450,000	\$275,000
Mossy Oaks	13	1995	60	0	60	60	-	-	\$180,000	-	\$250,000	\$190,000
Rural South Jasper County												
Abbey Glen (TH/Condos)	14	Nov. 2006	46	39	7	-	-	46	\$200,000	-	\$330,000	\$280,000
Okatie Park	15	Oct. 2005	111	51	60	111	-	-	\$149,000	-	\$250,000	\$185,000
Osprey Lakes	16	2008	65	3	62	65			\$194,900	-	\$400,000	\$275,000
Telfair Plantation	17	Fall 2007	74	22	52	74	-	-	\$1,000,000+			\$1,000,000+
Rural North Jasper County												
The Settings of Mackey Point Phase 1	18	2008	134	0	134	134	-	-	\$400,000	-	\$1,000,000+	\$600,000
The Settings of Mackey Point Phase 2	18	2008	130	0	130	130	-	-	\$400,000	-	\$1,000,000+	\$600,000
Frampton Tract	19		403	0	403	403	-	-	n/a		n/a	n/a

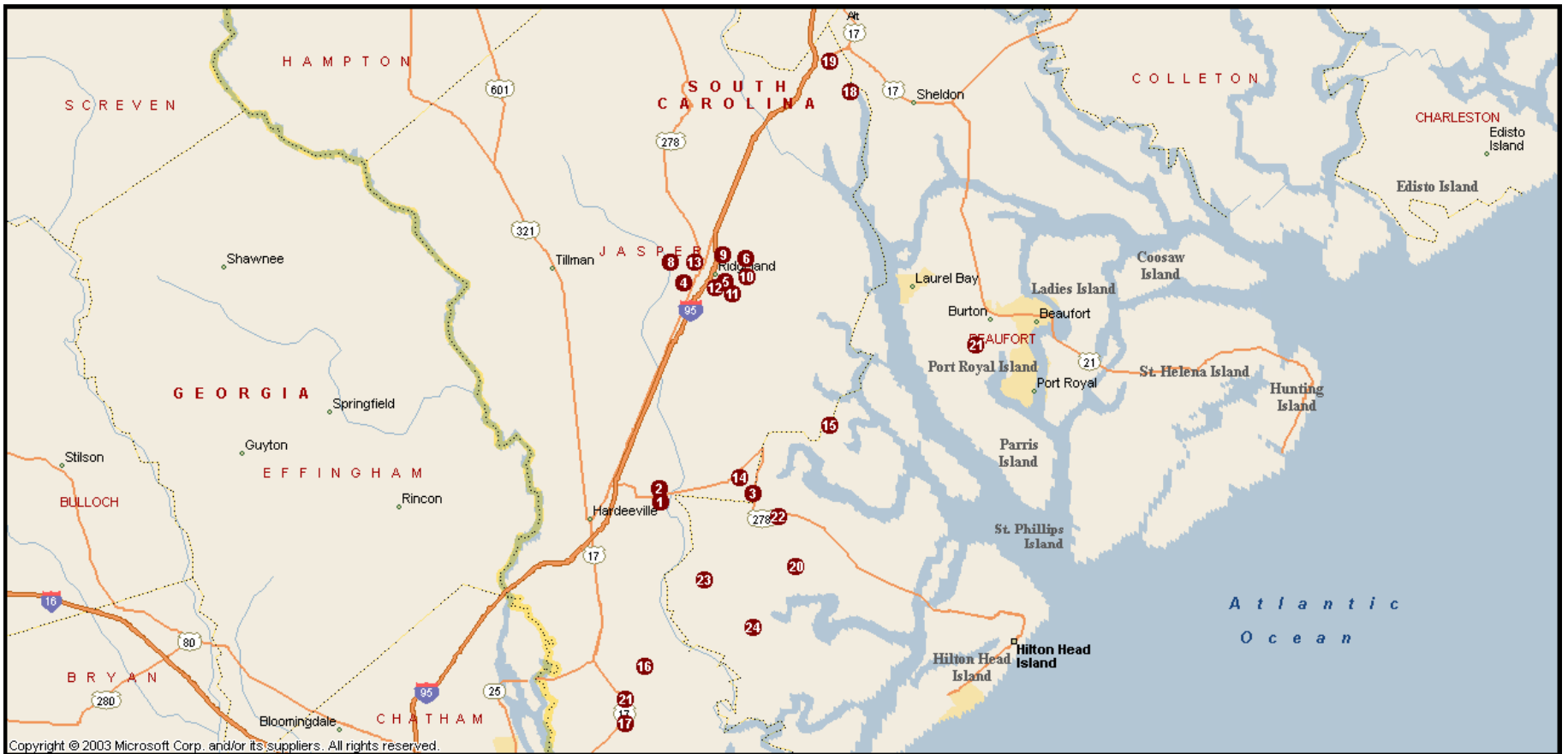
Table 15 (Continued)

Survey of Active Residential Developments
 Jasper County and Surrounding Market Area

Development Name	Map #	Date Platted	Total Lots	Sales to Date	Remaining Lots	Product Mix (planned # of homes)			Price Range (Lot + Home)		
						SF	TH	Condo	Low	High	Avg.

Beaufort County												
Hampton Hall	20	2001	850	850	0	850	-	-	\$400,000	-	\$1,000,000	\$550,000
Hampton Hall (TH's)	20	2001	100	100	0	-	100	-	\$350,000	-	\$500,000	\$425,000
Shadow Moss	21	11/6/2008	193	143	50	193	-	-	\$150,000	-	\$250,000	\$220,000
Baynard Park	22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$250,000	-	\$350,000	\$300,000
Parkside @ Baynard Park	22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$185,000	-	\$250,000	\$220,000
Pleasant Pointe @ Baynard Park	22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$300,000	-	\$400,000	\$350,000
Heritage at New Riverside	23	2005	904	29	875	896	8	-	\$150,000	-	\$300,000	\$240,000
The Haven at New Riverside	24	2006	500	100	400	500	-	-	\$240,000	-	\$421,000	\$330,000
Source: GVA Marquette Advisors												

Surveyed Subdivisions – Jasper & Beaufort Counties



- Home package prices (including home + lot) in the three Hardeeville developments range from the low to mid \$200,000s to more than \$1 million. Based on sales thus far in the three developments we estimate an approximate average price of new construction homes in Hardeeville of \$450,000.
- In Ridgeland, we assembled information on eight active developments plus two additional developments (Moultrie & The Grove) expected to begin marketing lots in the coming months. In total, the 10 Ridgeland developments offer more than 3,100 lots of which approximately 2,800 remain available. New home pricing in Ridgeland's subdivisions is somewhat less expensive compared to Hardeeville. New lot/home pricing in Ridgeland ranges from approximately \$150,000 to \$700,000, with an average price in the range of \$250,000 to \$275,000.
- The unincorporated portion of Jasper County has also seen a modest amount of residential development activity, with four active subdivisions. These developments have 180 lots remaining. Home pricing at Abbey Glen, Okatie Park and Osprey Lakes ranges from approximately \$150,000 to \$400,000, with the majority priced in the \$200,000 to \$300,000 range. Telfair Plantation is a very high-end development with full equestrian facilities.
- The rural northern portion of Jasper County has seen little development recently, although developments known as The Settings of Mackey Point and Frampton Tract are just getting underway. These developments offer a total of 667 lots, with lot/home prices ranging from \$400,000 to more than \$1,000,000.
- In Beaufort County, we surveyed four active developments. Here, pricing varied considerably. Hampton Hall (by Toll Bros.) is a high-end development where homes are priced from \$350,000 to more than \$1,000,000. We also identified several communities in southern Beaufort County in the Prichardville area which offer homes priced in the \$150,000 to \$400,000 range. Here again, the majority of home sales are in the \$250,000 to \$350,000 range.

To summarize, Jasper County is likely to see an increase in new home construction over the next several years, with a number of major developments and a huge lot supply. However, we have found that most of the developments are offering lot/home packages which are in fact not affordable for much of the current resident base. **We estimate that at least 90% of the current new home/lot availability within Jasper County is priced in excess of \$200,000, meaning that an annual household income of approximately \$50,000 or more is required to afford such a purchase. Within Jasper County, about 40% of the current household base could afford a new home priced at \$200,000 or higher.**

Therefore, the active developments within Jasper County will have to lure buyers from outside the immediate market, as has been done by several of the Bluffton/Hilton Head area developments. This will require two things: 1) substantial in-migration by empty nesters and retirees and 2) high quality job growth within the region with salaries considerably higher than

prevailing wages in today's Jasper County economy.

HOMEOWNERSHIP PROGRAMS & SUPPORT MECHANISMS

Funding Sources

The primary grant and funding sources for affordable housing production and homeownership support programs include the SC State Housing Finance and Development Authority, the South Carolina Housing Trust, the Low Country Regional Home Consortium. Each is described below, followed by a discussion of various non-profit development and housing advocacy groups which are currently engaged in affordable housing in Jasper County.

The **SC Housing Finance and Development Authority's (SCHFD)** responsibilities are "to investigate housing conditions; acquire, own, and lease personal property; construct, reconstruct, and operate housing developments; and aid in planning and constructing housing for members of the Beneficiary Classes. The Beneficiary Classes are individuals or families whose gross annual income falls within the low or moderate-to-low income limits as defined by State and Federal legislation."² The agency is self-sustaining, with no state appropriation. It has issued more than \$1.1 billion in tax exempt bonds that provide financing for affordable housing without the use of any tax generated revenues. SCHFD administers the Section 8 Housing Choice Voucher Program and the Low Income Housing Tax Credit program to support rental housing development. It also provides grants to support affordable housing development & preservation, below-market mortgage financing for low-income households through its First Time Homebuyer Mortgage Assistance Program, provides funding to offset down payment and closing costs for low-income buyers at or below 80% of the median income.

The **South Carolina Housing Trust** was created in 1971 and is funded primarily through a statewide real estate transfer tax which equates to \$0.20 per \$500 in real estate sold. Its annual budget varies depending upon statewide transaction activity, although Housing Trust executives indicated that annual Trust Fund allocations are likely to be in the range of \$10 to \$15 million statewide over the next several years. The Housing Trust provides grant funding to support homeownership acquisition, emergency repair & rehab, group homes, supportive housing and rental housing that is affordable to very-low and low-income households. Eligible recipients include units of state, regional and local government, as well as non-profit and for-profit housing developers and sponsors. Housing trust fund grant awards are typically used to leverage other public and private funding in support of affordable housing. Thus far the Housing Trust notes very few applications emanating from Jasper County. Clearly this is a source of funding that should be tapped in the future.

The **Lowcountry Regional HOME Consortium (LRHC)** is administered by the Lowcountry Council of Governments and covers a four-county region, including Jasper, Beaufort, Colleton and Hampton Counties. The Consortium provides funding for designated Community Housing

² South Carolina Housing Finance & Development Agency.

Development Organizations (CHDOs), which in Jasper County includes Jasper County Neighbors United and Lowcountry Habitat for Humanity. Funds are allocated to the four counties based upon the distribution of population and are used by CHDOs to support affordable housing development, rehab and emergency repairs and homebuyer programs, mainly down payment assistance.

Non-Profit Housing Sponsors

Jasper County Neighbors United (JCNU) was organized in 2000 and provides homebuyer education and down-payment assistance, in addition to rental development and assistance programs as described in our analysis of the local rental market. JCNU leverages HOME funds with grants from a variety of sources, including the Sisters of Mercy and the Federal Home Loan Bank, for the purpose of providing down payment assistance to low-income homebuyers. It has partnered with the USDA which provides below-market financing to qualified low-income homebuyers to purchase homes up to \$125,000.

The **Lowcountry Community Development Corporation (LCDC)** was organized in 1998 and provides homebuyer education and down payment assistance to low-income homebuyers in the four-county region. LCDC is funded through a block grant from the SC Housing Trust Fund. It has successfully leveraged these funds in receiving matching funds from the Federal Home Loan Bank and Wachovia Corp.'s Community Development Group.

Lowcountry Habitat for Humanity too provides homebuyer education for low-income households and constructs affordable single family homes in Beaufort and Jasper Counties. In Jasper County, Habitat serves households earning between 40% and 70% of the county median income. Habitat for Humanity relies on land donated or contributed at a nominal cost to support development of new homes for low income families. Infrastructure and home construction is funded through grants from a variety of sources. Recent funding sources have included HOME and CDBG funds, a HUD "SHOP" grant, the South Carolina Housing Trust and Federal Home Loan Bank. Habitat for Humanity constructs the homes with volunteer labor and then holds the mortgages on the homes, purchased by qualified low-income families. Habitat just finished its first four-home project in Jasper County and has plans for a second development with 10 homes in Ridgeland. Long-term, Habitat has major plans for Jasper County, having recently utilized a line of credit through Coastal States Bank to purchase a 51-acre parcel on county land near Rice Shire Road and Bees Creek Road. It also recently closed on a 161-acre tract in Hardeeville near Honey Hill Road and Highway 321 which was donated by local businessman Bobby Glover. Habitat is currently pursuing funding sources to support necessary infrastructure upgrades and home construction. Long-term, these developments could bring as more than 200 new affordable homes to Jasper County. This is very encouraging, although significant funding must obviously be secured for construction.

Primary impediments to local non-profit sponsors of affordable homeownership programs seem to be in qualifying prospective buyers, in terms of financial illiteracy and poor credit. Other impediments are a depleted supply of homes priced below \$125,000. Meanwhile, a growing share of the county's older, less expensive homes are in disrepair.

SUMMARY: FOR-SALE HOUSING MARKET ANALYSIS

The following are key points from our review of the Jasper County for-sale housing market.

- Our analysis shows that the median sale price increased from \$108,000 in 2003 to \$171,650 in 2007. Sales through August of 2008 indicate a median of \$187,750. These increases reflect a **15.8%** annual increase in home prices in Jasper County since 2003. Comparatively, our analysis of household income data showed that incomes have increased at a rate of just **3.7%** per year during this timeframe. Clearly, the increase in home prices is by far outstripping gains in personal income in Jasper County.
- From the data, it appears that there were 125 home sales in Jasper County at prices less than \$125,000 since 2003. These homes would be considered affordable to households earning less than 80% of the county median income as defined by HUD and the State of South Carolina. This equates to an about 30% of the sales reported to the county's Multiple Listing Service (MLS). In 2003 and 2004 more than 50% of the homes sold in Jasper County were a "affordable" price points. More recently, only about 20% of homes sold in Jasper County were priced below \$125,000.
- Although a review of MLS sales data, along with housing count estimates by value range from other sources indicates that the county has a large supply of low-cost housing, we know from our fieldwork, and from assessor's records, that the existing supply of older homes includes many which are in fact substandard. Therefore, while they may be affordable, many are in need of substantial repairs which buyers may not be able to afford. Some others have depreciated to the point where they should be replaced.
- Our survey included a total of 23 subdivisions in Jasper and Beaufort Counties with more than 18,000 lots, of which approximately 16,000 lots remain available for purchase. This includes 19 developments within Jasper County with a total of 15,500 lots, of which more than 14,800 remain available for purchase.
- Jasper County is poised to see a dramatic increase in new home construction over the next several years, with a number of major developments just coming to market with an enormous lot supply. However, we have found that most of the developments are offering lot/home packages which are in fact not affordable for much of the current resident base.
- We estimate that at least 90% of the current new home/lot availability within Jasper County is priced in excess of \$200,000, meaning that an annual household income of approximately \$50,000 or more is required to afford such a purchase. Within Jasper County, about 40% of the current household base could afford a new home priced at \$200,000 or higher. Therefore, the active developments within Jasper County will have to lure buyers from outside the immediate market, as has been done by several of the Bluffton/Hilton Head area developments. This will require two things: 1) substantial in-migration by empty nesters and retirees and 2) high quality job growth within the region

with salaries considerably higher than prevailing wages in today's Jasper County economy.

- Non-profits such as Habitat for Humanity, Jasper County Neighbors United and Lowcountry Community Development Corporation provide educational and technical assistance to low income households throughout the county and support the acquisition and/or development of affordable homes by these households. Each relies on grant funding from a variety of state and federal sources, funding through partner lending institutions, and donations by private individuals, foundations and businesses. In fact, each has been very creative in leveraging funds from a wide variety of sources. Nonetheless, primary impediments to their work in promoting homeownership throughout the County and the larger region include:
 - limited funding sources,
 - rising land and construction costs (including both infrastructure and housing costs), and
 - challenges such as financial illiteracy, lack of education and poor financial credit among prospective low-income homebuyers.

HOUSING DEMAND ANALYSIS

INTRODUCTION

In this section, we present our analysis of overall housing affordability and projected housing demand for Jasper County over the next several years. First, we assess the number of Jasper County households that currently have an excess housing cost burden. This includes households with current housing cost + utilities payments exceeding 30% of their monthly income. Secondly, we discuss the issue of substandard housing in the county and present estimates of the number of units needing replacement. Finally, we present our projections of short-term (within 5 years) and long-term (5-10 years) housing demand in Jasper County by submarket, based on projected household growth in the county by income level.

ASSESSMENT OF CURRENT HOUSING AFFORDABILITY

Table 16 on the following page presents a comparison of the number of households by income group with the supply of housing by value/rent range. A housing unit is deemed to be “affordable” to any given household if the monthly payments do not consume more than 30% of that household’s income. A household is said to have “excess housing cost burden” if they must allocate more than 30% of their income to their mortgage or rent payment.

The table shows the estimated number of households by income range for each submarket and for the county as a whole. It also shows the estimated number of housing units by affordability range (including owned and rented units), formulated by GVA Marquette Advisors based on our analysis of US Census data on housing, ESRI current-year estimates, assessor data on home values, and our analysis of home values per recent sales information and market rents in the area according to our survey.

Lastly, on the far-right column the table calculates the number of households with an excess housing cost burden. A negative number in this column indicates that there is actually a sufficient supply of homes which are affordable to households in that income group.

Interestingly, the data indicates that approximately 770 households earning between 100% and 150% of the Jasper County median income may have excess housing cost burden. This means that even many households earning between about \$45,000 and \$60,000 may be contributing more than 30% of their incomes toward their monthly mortgage or rental payments. The data shows that many of these households reside in the Rural North Jasper County submarket. In all likelihood, however, many of these households are actually occupying less expensive housing units within that area, which has many low-cost housing units.

Meanwhile, the data indicates that there is actually “excess” supply of units which are in fact affordable to households earning less than 80% of the median income (see lower right-hand column: $744 + 670 + 1,064 = 2,478$). The data is misleading, however. In fact, it is skewed by the fact that so many low quality and perhaps substandard units exist within the county, although they may be considered “affordable” based on the associated monthly cost.

Table 16
Estimated Current Households with Excess Housing Cost Burden
Jasper County, South Carolina

Household Income Groups	2008 Households by Income	Affordable Value Range	Estimated Unit Supply in 2008	Affordable Rent Range	Estimated Unit Supply in 2008	Total Units in Affordability Range *	Households with Excess Housing Cost Burden **
Hardeeville							
Extremely Low Income (0-30% of median)	151	<\$50,000	75	<\$325	125	200	(49)
Very Low Income (30-50% of median)	92	\$50,000-\$75,000	40	\$325 - \$525	76	116	(23)
Low Income (50-80% of median)	208	\$75,000-\$125,000	196	\$525-\$875	67	263	(55)
Lower Middle Income (80-100% of median)	88	\$125,000-\$150,000	99	\$875-\$1,100	16	115	(28)
Middle Income (100-120% of median)	71	\$150,000-\$180,000	37	\$1,100-\$1,325	5	42	29
Upper Middle Income (120-150% of median)	88	\$180,000-\$225,000	45	\$1,325-\$1,675	0	45	44
Ridgeland							
Extremely Low Income (0-30% of median)	125	<\$50,000	103	<\$325	68	171	(45)
Very Low Income (30-50% of median)	73	\$50,000-\$75,000	43	\$325 - \$525	90	133	(60)
Low Income (50-80% of median)	126	\$75,000-\$125,000	145	\$525-\$875	31	176	(50)
Lower Middle Income (80-100% of median)	55	\$125,000-\$150,000	52	\$875-\$1,100	3	55	(0)
Middle Income (100-120% of median)	47	\$150,000-\$180,000	24	\$1,100-\$1,325	0	24	23
Upper Middle Income (120-150% of median)	62	\$180,000-\$225,000	24	\$1,325-\$1,675	0	24	37
Rural North Jasper County							
Extremely Low Income (0-30% of median)	1,011	<\$50,000	1,095	<\$325	430	1,525	(514)
Very Low Income (30-50% of median)	556	\$50,000-\$75,000	579	\$325 - \$525	455	1,034	(478)
Low Income (50-80% of median)	850	\$75,000-\$125,000	1,268	\$525-\$875	169	1,437	(587)
Lower Middle Income (80-100% of median)	517	\$125,000-\$150,000	389	\$875-\$1,100	12	401	116
Middle Income (100-120% of median)	426	\$150,000-\$180,000	246	\$1,100-\$1,325	8	254	172
Upper Middle Income (120-150% of median)	542	\$180,000-\$225,000	211	\$1,325-\$1,675	0	211	332
Rural South Jasper County							
Extremely Low Income (0-30% of median)	478	<\$50,000	404	<\$325	211	615	(138)
Very Low Income (30-50% of median)	271	\$50,000-\$75,000	122	\$325 - \$525	244	366	(95)
Low Income (50-80% of median)	328	\$75,000-\$125,000	587	\$525-\$875	139	726	(398)
Lower Middle Income (80-100% of median)	193	\$125,000-\$150,000	226	\$875-\$1,100	17	243	(50)
Middle Income (100-120% of median)	169	\$150,000-\$180,000	106	\$1,100-\$1,325	6	112	57
Upper Middle Income (120-150% of median)	230	\$180,000-\$225,000	142	\$1,325-\$1,675	0	142	88
Jasper County Total							
Extremely Low Income (0-30% of median)	1,766	<\$50,000	1,677	<\$325	834	2,511	(744)
Very Low Income (30-50% of median)	979	\$50,000-\$75,000	784	\$325 - \$525	865	1,649	(670)
Low Income (50-80% of median)	1,538	\$75,000-\$125,000	2,196	\$525-\$875	406	2,602	(1,064)
Lower Middle Income (80-100% of median)	845	\$125,000-\$150,000	767	\$875-\$1,100	48	815	30
Middle Income (100-120% of median)	708	\$150,000-\$180,000	413	\$1,100-\$1,325	19	432	275
Upper Middle Income (120-150% of median)	917	\$180,000-\$225,000	422	\$1,325-\$1,675	0	422	495

Indicates that there is actually excess supply of "affordable" units for these household groups. **

This housing stock includes an unquantifiable number of "substandard" and very low quality units.

Indicates more than 800 households with incomes of 80-120% of the county median pay more than 30% of their incomes toward housing costs.

Definitions:
 Median Family Income: \$45,900 (per HUD)

Notes:

* GVA Marquette Advisors prepared estimates of existing ownership and rental housing units by value/rent range for each of the respective income ranges based upon a review of 2000 Census information on home values, County assessor value information, and 2008 estimates by ESRI Business Information Solutions, and our market analysis of current home pricing & rent levels.

** Excess housing cost burden means households must allocate more than 30% of their income toward housing. Calculations indicate excess supply of homes affordable to Jasper County low-income households. However, while there may in fact be an adequate number of units at low price points, this analysis does **not** account for the quality of housing and the significant number of substandard units in the county

SUBSTANDARD HOUSING

Our analysis of housing affordability in the case of Jasper County as presented on Table 16 does not accurately depict the real issue here. While the data suggests that there is an adequate supply of affordable homes for low income households, that data does not take into consideration the deteriorating quality of many of those lower cost units.

Although we were not able to obtain a count of substandard housing units through local sources, the 2000 Census of Housing indicated that 2.3% of the Jasper County housing stock had incomplete plumbing and/or kitchen facilities, while 1.8% were heated by wood alone or simply had no heat source. On this basis, we believe it is reasonable to estimate that as much as 3.0% to 4.0% of the County's housing stock is "sub-standard" based on the above criteria in 2008. This equates to about **280 to 380 units** countywide.

Moreover, from our fieldwork and analysis of market values, we believe that perhaps as much as one out of every three units with a market value of \$75,000 or less or monthly rents of \$325 or less are in need of major repairs, meaning \$20,000 or more, which many residents simply cannot afford. We conservatively estimate that there are **at least 1,000 such homes** throughout the county. A large concentration of those units are mobile homes located in the rural northern portion of the county.

JASPER COUNTY HOUSING DEMAND FORECAST, 2008-2018

We have segmented our demand analysis into short- and long-term forecasts. The five-year forecast assumes that an economic recovery will occur over the next 18 to 24 months, with job growth returning to the region during this timeframe, stimulating a marked increase in housing demand beginning in 2010. We expect a ramp-up in demand over the 5 to 10 year timeframe as commercial development takes hold within Jasper County and as development pressure continues to move westward from Beaufort County.

Tables 17 & 18 on the following pages present our forecast of housing demand by submarket, by tenure, and by price/rent range for 2008 to 2013 (short term) and 2013 to 2018 (long term). The following points summarize our demand projections.

- In total, we project demand for 5,300 new housing units in Jasper County over the next 10 years, including an estimated 1,300 new units between 2008 and 2013 and another 4,000 units between 2013 and 2018.
- Of the projected demand for 5,300 units, we segment that demand by 2,500 units of rental housing and about 2,800 ownership units.
- Based on our assessment of household incomes and projected job growth by industry sector, we expect that about 20% of overall market demand (about 1,050 units) will be for "affordable" units with prices/rents which are affordable to households earning less

than 80% of the County's median income. We fully expect that the market will develop an adequate supply of units as demanded by affluent households and those earning roughly 120% or more of the County's median household income. However, new units affordable to households at below 80% of the County median clearly will not likely be built absent significant public subsidy and the forging of creative public-private partnerships. Moreover, given rising land and construction costs it is already very, very difficult (in many cases impossible depending on the land cost and the allowed density) for the private market to produce *ownership* housing that is affordable to "middle income" households earning 80% to 120% of the median income (i.e. units priced at <\$180,000). Thus the market will be forced to produce higher density for-sale units (such as condos and townhomes) and rental apartments to accommodate demand from these household groups.

- In addition to demand from household growth, we have noted previously that at least 280 to 380 of the County's current housing units are clearly substandard based upon the lack of complete plumbing or kitchen facilities or heat source. We estimate that another 1,000+ units are in need of major repair work. The preservation and improvement of this existing stock of affordable units will be as important as the development of new units to accommodate growth in the years ahead. These existing units are currently housing a significant portion of the county's low-income residents, and the development of new replacement housing will be much more difficult and costly in comparison with rehab, considering rising land and construction costs in this market.
- We expect that the City of Hardeeville will add approximately 3,140 new households over the next ten years, compared to 1,650 in Ridgeland, 195 in Rural North Jasper County and 315 in Rural South Jasper County. Our projections assume that approximately 90% of new housing development will occur within the incorporated portion of the County. We expect more rapid growth in Hardeeville due to its proximity to the Hwy. 278 and I-95 growth corridors and related development pressure emanating from the Hilton Head/Bluffton and Savannah markets.
- Substantial public subsidy will be required to support the development of new affordable housing within the County. This will be extremely important, since an affordable housing supply will be required to house workers within an expanding economy. Absent those subsidies, we would expect a continued influx of low quality mobile homes, households residing in substandard and unsafe housing units, overcrowding of units, and an extension of commuting well beyond Jasper County. This issue is discussed in forthcoming sections of the report, along with suggested mechanisms for supporting the development of affordable housing construction.
- Considering the expected level of demand (5,300 total units over 10 years), there is clearly potential for over-supply of residential lots in Jasper County. Our survey indicates that more than 14,800 platted lots are currently available for purchase in Jasper County. We expect that large portions of these and other pending residential tracts may have to be re-platted for commercial development during this timeframe. Moreover,

rental housing development should be accommodated within these developments, or others which are convenient to major commercial/employment nodes, transportation corridors and transit centers as such may become available in future years.

Table 17					
"Short-Term" Housing Demand Forecast, 2008-2013					
Jasper County, SC					
	Hardeeville	Ridgeland	Rural North	Rural South	Jasper County Total
Estimated Household Growth by Income Range					
Extremely Low Income (0-30% of median)	60	40	0	0	100
Very Low Income (30-50% of median)	100	70	10	10	190
Low Income (50-80% of median)	80	50	5	5	140
Total "Low Income" Household Growth, 2008-2013	240	160	15	15	430
Lower Middle Income (80-100% of median)	90	50	5	5	150
Middle Income (100-120% of median)	120	70	5	15	210
Upper Middle Income (120-150% of median)	170	120	10	20	320
Upper Income (>150% of median)	120	50	10	10	190
Total Middle to Upper Income Household Growth, 2008-2013	500	290	30	50	870
Projected Total Household Growth, 2008-2013	740	450	45	65	1,300
Projected Rental Housing Demand					
"Affordable" Rental Housing Demand *					
< \$325/month	55	35	0	0	90
\$325 - \$525	90	60	0	0	150
\$525 - \$875	70	45	0	0	115
Total "Affordable" Rental Housing Demand	215	140	0	0	355
Market Rate Rental Housing Demand					
\$875 - \$1,100	70	40	0	0	110
\$1,100 - \$1,325	80	55	0	0	135
\$1,325+	60	40	0	0	100
Total Market Rate Rental Housing Demand	210	135	0	0	345
Projected Ownership Housing Demand					
"Affordable" Ownership Housing Demand by Price Range *					
<\$75,000	15	15	10	10	50
\$75,000 - \$125,000	10	10	5	5	30
Total "Affordable" Ownership Housing Demand	25	25	15	15	80
Market Rate Ownership Housing Demand by Price Range					
\$125,000 - \$180,000	60	25	10	15	110
\$180,000 - \$225,000	70	40	10	15	135
\$225,000+	130	100	25	20	275
Total Market Rate Ownership Housing Demand	260	165	45	50	520
* "Affordable Housing" is that which is affordable to households earning less than 80% of the county median income, as defined in the "South Carolina Priority Investment Act" in Section 6-29-510 of the SC Code of Laws.					
Source: GVA Marquette Advisors					

Table 18					
"Long-Term" Housing Demand Forecast, 2013-2018					
Jasper County, SC					
	Hardeeville	Ridgeland	Rural North	Rural South	Jasper County Total
Estimated Household Growth by Income Range					
Extremely Low Income (0-30% of median)	100	50	0	0	150
Very Low Income (30-50% of median)	150	100	15	20	285
Low Income (50-80% of median)	300	170	15	20	505
Total "Low Income" Household Growth, 2013-2018	550	320	30	40	940
Lower Middle Income (80-100% of median)	300	140	15	20	475
Middle Income (100-120% of median)	400	180	15	50	645
Upper Middle Income (120-150% of median)	550	320	30	70	970
Upper Income (>150% of median)	600	240	60	70	970
Total Middle to Upper Income Household Growth, 2013-2018	1,850	880	120	210	3,060
Projected Total Household Growth, 2013-2018	2,400	1,200	150	250	4,000
Projected Rental Housing Demand					
"Affordable" Rental Housing Demand *					
< \$325/month (in 2008 dollars)	90	45	0	0	135
\$325 - \$525 (in 2008 dollars)	130	85	0	0	215
\$525 - \$875 (in 2008 dollars)	220	125	0	0	345
Total "Affordable" Rental Housing Demand	440	255	0	0	695
Market Rate Rental Housing Demand					
\$875 - \$1,100 (in 2008 dollars)	230	115	0	0	345
\$1,100 - \$1,325 (in 2008 dollars)	270	140	0	0	410
\$1,325+ (in 2008 dollars)	230	130	0	0	360
Total Market Rate Rental Housing Demand	730	385	0	0	1,115
Projected Ownership Housing Demand					
"Affordable" Ownership Housing Demand by Price Range *					
<\$75,000 (in 2008 dollars)	25	25	15	20	85
\$75,000 - \$125,000 (in 2008 dollars)	35	35	15	20	105
Total "Affordable" Ownership Housing Demand	60	60	30	40	190
Market Rate Ownership Housing Demand by Price Range					
\$125,000 - \$180,000 (in 2008 dollars)	200	100	15	20	335
\$180,000 - \$225,000 (in 2008 dollars)	230	100	30	70	430
\$225,000+ (in 2008 dollars)	740	300	75	120	1,235
Total Market Rate Ownership Housing Demand	1,170	500	120	210	2,000
* "Affordable Housing" is that which is affordable to households earning less than 80% of the county median income, as defined in the "South Carolina Priority Investment Act" in Section 6-29-510 of the SC Code of Laws.					
Source: GVA Marquette Advisors					

**IMPEDIMENTS TO
HOUSING AFFORDABILITY**

INTRODUCTION

In this section we present a summary of impediments to housing affordability and the primary barriers to the development of new affordable housing in Jasper County, based on our analysis of market conditions and from insight gained from local professionals working in and around the housing industry. In an effort to gain local perspective on this issue, GVA conducted interviews with experienced local housing, business and government representatives.

GENERAL IMPEDIMENTS TO HOUSING AFFORDABILITY

The primary impediment to housing affordability in Jasper County is a significant gap between household incomes and the cost of housing in today's marketplace. In fact, gross housing costs in Jasper County are considerably lower when compared to other areas, such as neighboring Beaufort and Chatham County. Nonetheless, housing *affordability* is clearly an issue in Jasper County due to relatively low incomes and the rising cost of housing (and all consumer goods & services for that matter) in comparison with household income growth over the past several years. For example, while household incomes in Jasper County have increased at a rate of 3.7% per year, our analysis of housing sales indicate that the median sale price of homes in the County has increased at a rate of 15.8% per year.

The housing affordability gap must clearly be addressed at both ends of the spectrum, both in terms of household income growth and also through creative public and private partnerships on the housing development side.

Jasper County's current economic base does not provide a large number of high paying jobs. Thus many of the county's current residents are commuting to/from jobs in neighboring Beaufort and Chatham Counties. First and foremost, Jasper County must be diligent and successful in diversifying the local economy. The recent *Lowcountry Economic Diversification Plan* mapped out a strategy for attracting business growth within Jasper County that will create quality, well paying employment opportunities. The addition of quality jobs within the County, paired with improved educational opportunities for the local workforce should result in much needed household income growth and improved housing affordability, just as the affordability of all necessary goods and services should improve through local employment opportunities and income growth.

The second major impediment to housing affordability in Jasper County is a supply-side issue. The county has very few quality affordable rental housing units. In fact, the County has very few rental apartment communities whatsoever. Rental apartments are an attractive housing option for many low income households, even households with modest to high incomes who may prefer to rent their housing for a period of time prior to investing in a home of their own. Moreover, rental apartments are particularly important in an area with a developing economic base and expanding job opportunities. Considering the level of commercial development projected for the Hardeeville in the coming months, we expect that new apartment housing will be in high demand among workers migrating to this area to fill those new jobs. Three large

apartment developments are underway in Hardeeville and we expect that those units will be attractive to high level production workers and young professionals, given their quality, location and the range of amenities offered. Nonetheless, they will be priced beyond affordability for those in entry level production positions.

BARRIERS TO DEVELOPMENT OF NEW AFFORDABLE HOUSING

Through our own market research and interviews with local housing officials and market experts, as well as extensive analyses done previously by the Lowcountry Council of Governments, we identified what we believe to be the primary barriers to the development of affordable housing in Jasper County. Those barriers are identified as follows:

- **Rising Land and Construction Costs.** Because of strong market demand for high-end housing originating primarily in Beaufort County, land costs have risen dramatically throughout the region with developers paying a premium for well located tracts for the purpose of subdivision and sale of high-end homes. Land near major transportation corridors is also commanding high prices due to increasing demand for land to accommodate commercial development. The new Jasper Ocean Terminal project will drive land speculation to an even greater degree in the years ahead. Meanwhile, housing construction costs now approach \$100 psf. Thus it is usually not possible for the market to deliver new single family units at prices under \$200,000 and still generate a reasonable profit. Higher density product such as condos and townhouse units are likely to become more popular due to the cost savings associated with such development and projected demand for homes at entry-level price points.
- **Lack of Dedicated Public Funding for Affordable Housing.** Jasper County currently has no budget for housing, and it does not have a local housing authority. This relates in large part to a limited tax base and limited budget dollars, of course. Thus there is an insufficient focus of both professional attention and dollars on affordable housing. Obviously the importance of housing affordability is “on the radar” of elected officials and County/City staffers. This very analysis was commissioned for the purpose of documenting local housing market deficiencies and suggesting strategies for mitigating various problems. We have found that many counties and municipalities are unwilling or unable to allocate real dollars and professional staff time to implementing the development strategies which come out of analyses such as this one. Housing must be a priority and a local or appropriate joint-county housing authority with a real and substantial source of funding must be created in order to address housing affordability in Jasper County.
- **Insufficient Development Incentives.** Several major residential plans and development agreements have been approved recently throughout the county. Unfortunately, those development agreements provide no requirement or incentives related to affordable housing development.

RECOMMENDATIONS

INTRODUCTION

In this section we first present general development recommendations and suggestions for prioritizing various housing issues by submarket within the County. Next, we outline our recommendations to facilitate the creation of an implementation strategy to address current and future affordable housing needs in Jasper County.

GENERAL DEVELOPMENT RECOMMENDATIONS

Our research has led us to the following conclusions and recommendations regarding future housing development throughout the county.

Tables 17 and 18 segmented our housing demand projections by submarket. As shown on the table, **Hardeeville** is expected to generate the most demand for new housing, likely about 3,100 total units over the next ten years. This demand will correspond with an increase in development pressure moving outward from the Bluffton/Hilton Head and Savannah markets, as well as major commercial/employment centers planned in Hardeeville. High-end single family housing construction will occur within developments such as Hilton Head Lakes, The Tradition and Hampton Hall. We expect that these developments may also include higher density for-sale products such as townhomes and condos for-sale at entry-level to mid-market price points. Ideally, the City of Hardeeville should work to identify infill and redevelopment opportunities and seek out funding mechanisms to subsidize the construction of affordable housing development to house new workers. Section 42 (LIHTC) rental developments should be pursued both in Hardeeville and Ridgeland. Development should be targeted for locations which provide convenient access to job centers and key transportation arteries. Ideally, high-density housing development (for sale and for-rent) should be accommodated on sites near job growth and highways which provide linkages to jobs centers such as the developing Okatie Crossings and Crescent Center areas. We also suggest that affordable and market rate senior housing needs should be examined here, as Hardeeville would be an appropriate location for the construction of senior housing, including congregate and assisted living housing, due to the developing medical facilities in this area. Hardeeville's existing stock of affordable single family homes and multifamily communities should also be targeted with rehab.

In **Ridgeland**, we have projected demand for approximately 1,650 additional housing units over the next ten years. We expect that both single-family and condo/townhouse style for-sale products will be developed within already-platted developments in Ridgeland. We suggest that both market rate and affordable rental housing (such as Sect. 42 LIHTC developments) should also be accommodated within these residential areas if possible, as well as infill sites in the town of Ridgeland. As well, considerable focus should be given to housing rehab within the existing older housing stock in the town, which comprises a considerable number of the area's existing affordable units.

The rural northern and southern portions of the county are likely to continue to see low density, single family housing development, generally at high-end price points, particularly in the southern portion of the county. Meanwhile, we expect continued demand for mobile homes on heirs property throughout the unincorporated portions of the county. Many existing mobile homes and older stick-built homes in these rural areas are in fact substandard and/or in need of major rehab. We believe that the development of new affordable housing options within the cities of Ridgeland and Hardeeville will attract current residents of some of these substandard units as well as households migrating to the area, most likely for the purpose of a new job. However, it will be very important to focus significant housing rehab efforts throughout the rural parts of the county also, as such a program will be much more efficient and cost effective than providing new, replacement housing elsewhere in the county.

IMPLEMENTATION

The following paragraphs outline our recommendations to facilitate the creation of a program to improve housing affordability in the county and increase the production of new units which are affordable to households at lower income levels.

It is very important to understand that there simply is no “silver bullet” here which will solve the problems associated with unaffordable housing in Jasper County. Rather, the county, cities, developers and the full community must work collectively and strategically in a range of capacities to address the various impediments/barriers to affordable housing. Improvement will be incremental if some or all of the following strategies are applied, although the issue of affordable housing must have prominent status in all future policy discussions, budgetary considerations and planning at all levels.

Education

Education must occur on a number of fronts. First, the full community, including citizens, the private market and the public sector, must be educated with respect to the need for affordable housing development to support economic development and business growth in the county, as well as the real economic benefits associated with providing housing opportunities for households at all income levels. The economic prosperity of the county is dependent upon providing homes which are affordable to 100% of the workforce. Because of rising land and construction costs, and other barriers to development identified in this study, public-private development partnerships and the use of public subsidies will be required to produce new housing for the county’s low-income household base and for rehab to ensure the long-term livability of its existing affordable units. The County and its partner municipalities should work next at gaining the support of all of its citizenry and its elected officials by educating them with respect to the economic benefits of moving forward with such an initiative. People generally understand the importance of economic development, although few realize that housing is a critical piece to a successful economic development strategy.

We concur with the recently completed *Economic Diversification Plan* and the need to provide more and better employment opportunities within Jasper County. Economic diversification should

result in higher household incomes, which will in turn improve housing affordability. It will be very important, however, to ensure that current residents of Jasper County be provided every opportunity to benefit from these new employment opportunities. This too will require complimentary educational opportunities so as to ensure that existing residents can obtain the skills necessary to fill these jobs and advance within this expanding economy. The alternative, of course, is that employees will be forced to recruit workers from outside the area, which again places further stress upon the local housing market and promotes an extension of worker commuting.

Local and/or Regional Housing Authority

In most cases, direct subsidies will be required to support affordable housing development. Limited support mechanisms are in place already, through groups like Jasper County Neighbors United, Lowcountry Council of Governments and Habitat for Humanity. These programs alone, however, will not be sufficient to ensure the required level of affordable housing construction and general housing advocacy on the part of low income households in the coming years. Therefore, we recommend the establishment of a local housing authority with dedicated city and county funding to ensure that affordable housing issues are considered as a part of daily governance and planning throughout Jasper County. We believe that such a budget amount should approximate that of the city/county economic development budgets. The housing authority should be able to leverage additional funding through grants and various state and federal awards, the SC Housing Trust, and potentially a local or regional housing trust fund if one could be established.

Based upon our experience and interviews in this market we believe that the professionals at Jasper County Neighbors United are well positioned to manage such an agency, having the local experience and knowledge base to sufficiently operate a local housing authority on behalf of Jasper County. Sister Lupe, Mr. Tedd Moyd and Ms. Mary Charles Davis have a knowledge base and a passion with respect to the low income community and affordable housing needs which we found to be unmatched locally.

We also suggest that a regional housing authority could be considered, jointly with Beaufort County, recognizing the clear relationship between housing and economic development in the two counties.

Work Toward a Local or Regional Affordable Housing Trust Fund

We also recommend that the county consider establishing a housing trust fund to support affordable housing rehab efforts and the construction of new affordable housing in the county. An affordable housing trust fund could be used by the County (or a multi-county partnership) to provide buyer down payment assistance, homebuyer education, to assemble land, which could in turn be donated for the purpose of affordable housing construction, to make loans and/or directly subsidize new construction and of affordable housing. Funds could also be earmarked to support economic development by providing homebuyer or rental assistance to workers moving in to the county for a new job.

Because potential funding sources are quite shallow locally, considering the County tax base and limited real estate transaction activity, we recommend that Jasper County consider a regional trust fund with adjacent Beaufort County and perhaps others. It is often very difficult to get neighboring jurisdictions to pool resources for the purpose of addressing affordable housing needs. Nonetheless, regionalism has long been associated with affordable housing advocacy, because the connection between where one lives, drives to work, goes to school, and accesses services is all about geography.

A housing trust fund must have a dedicated source(s) of funding. Funding sources often include:

- Real estate transfer fees. We understand that the State of South Carolina has an established Housing Trust which is in fact funded primarily through a statewide real estate transfer tax equating to \$0.20 per \$500 in real estate sold. We would expect opposition from the local real estate community to any additional local pressure on transaction fees for a separate local or regional fund and thus alternative funding mechanisms should also be pursued.
- Document recording fees
- Building permit fees
- Interest on real estate escrow accounts
- Hotel, restaurant and sales tax allocations
- Contributions from businesses and wealthy individuals
- Developer impact fees. Some communities have established “linkage fees” which require commercial, hotel, retail and institutional development to pay a per-square foot fee to help fund affordable housing programs. In the past, commercial development was difficult to attract to Jasper County. This is changing, considering Jasper’s strategic location relative to major highways, the Savannah port and the expanding Hilton Head/Bluffton market. As such, the County will have a stronger negotiating position with prospective commercial tenants and should capitalize on this opportunity to advance its affordable housing initiatives. Businesses must too realize that their long-term viability will depend in large part upon the availability of a quality workforce, and those workers will require a place to live, preferably within close proximity to their place of work.

There are more than 30 county housing trust funds throughout the United States and less than a handful of regional examples. One such regional example is the nearby Lowcountry Housing Trust which serves the Charleston MSA and Charleston, Berkeley, and Dorchester Counties. This agency, formed in 2004, has an annual budget of \$500,000 to \$1 million, but does not have a dedicated funding source like most housing trusts. Rather, it is funded through city and county appropriations, grants and donations from private individuals and businesses. A variety of other county and regional housing trust funds is available through the “Center for Community Change.” This organization has assisted with the formation of several housing trust funds throughout the U.S. They have developed an extensive profile of housing trusts throughout the country, including their areas of focus and funding sources. This information is available through the organization’s Housing Trust Fund project which can be found at www.communitychange.org.

Offsetting the Need for Direct Subsidies

We also recommend the consideration of the following gap financing mechanisms and tools for improving the economic viability of affordable housing construction throughout the county. Several strategies should be considered which can in fact offset the need for direct subsidy to support new affordable housing construction.

- ***Tax Abatement***

A primary support mechanism for supporting affordable housing in many markets throughout the country is tax abatement. Tax abatement is an essential component of any public-private development partnership initiative. It is used to attract industry, and should also be applied in the case of workforce housing construction as well. The long-term economic and social benefits of providing workforce housing will offset by far any taxes abated for development. For example, the city of Portland, Oregon has a policy which provides 10 years of tax abatement in support of workforce housing development in its central city neighborhoods. The goal is to improve the long-term viability of the central city by diversifying its resident base through the construction of housing at all affordability levels.

- ***Tax Increment Financing (TIF)***

We recommend that the county and its municipalities consider Tax Increment Financing (TIF) for affordable housing development. When a TIF district is established, the base amount of property tax revenue is recorded based upon the existing real estate. Then, the governing body provides infrastructure improvements or provides funding (often through a bond issue) to a developer who provides the necessary capital improvements to support the development of affordable housing. The resulting development generates a significantly greater tax base as compared to the original base. The difference is the “increment,” which is utilized to reimburse the community for funding the various capital improvements.

We suggest that the county and municipalities actively promote affordable housing development by seeking out opportunities to acquire blighted property, then utilizing TIF to fund infrastructure improvements needed to support affordable housing. This could be done to support new affordable and mixed-income multifamily housing communities and perhaps for affordable single family neighborhoods in partnership with Habitat for Humanity. Here again, we suggest that this strategy be applied in locations which are close to job centers or are linked to job centers by highways and any public transportation which may become available in the future. As with each of the other strategies and financing mechanisms mentioned, TIF alone will not in most instances close the entire gap between development cost and project feasibility. Nonetheless, it is an effective tool which will offset to a considerable extent the amount of direct subsidy required.

- ***Inclusionary Zoning***

Inclusionary zoning is a policy which encourages *or requires* the inclusion of a certain percentage of affordable homes (at a pre-determined price/rent level) within a development which would otherwise include only market rate housing. Such a policy is typically implemented through a zoning ordinance or executive order.

The challenge here will be the fact that several development agreements have already been negotiated with developers which include no provision for affordable housing. Nonetheless, any re-negotiation on these developments and future such agreements should incorporate a policy of inclusionary zoning. Inclusionary zoning often works best within an area which has an already active housing market – this will clearly be the case in coming years within Jasper County. With inclusionary zoning, however, the city or county must make some concessions to a developer so that the developer doesn't have to build the affordable units at a loss. The most common concession is a density bonus, allowing the developer to build more units on the same parcel of land. Even modest increases in density can have an impact on affordability. And in today's marketplace there are several ways to design very attractive and high quality housing at higher densities. As well, developers should be allowed to provide affordable units at alternative sites, rather than within the subject development if they prefer. The county/city may also allow for payments-in-lieu of actual development of affordable units within the subject development. Such payments could go to support the development of affordable housing elsewhere or be allocated to a housing trust fund.

The county should consider implementing an inclusionary zoning policy, whereby a set percentage of the units in residential subdivisions must be affordable to households earning less than 80% of the median income. Considering rising land and construction costs and the clear need for housing at price points which are affordable to "middle-income" households, the county/cities should in fact consider a policy which includes mandates/incentives related to "affordable" units up to 120% of the county median income. Incentives should ramp-up, however, with the most significant incentives allocated to developers providing housing at the lowest income levels.

- ***Leverage the Business Community***

The location of Jasper County is truly strategic, considering its proximity to Savannah and its port activity, I-95 and Hwy. 278, and the rapidly growing Beaufort County area. As a result, Jasper County is ripening for commercial development. In fact, major developments are planned which will greatly increase the amount of retail, office and industrial development in the county, starting in the Hardeeville area. Because of its increasing appeal from a commercial standpoint, we believe that Jasper County will have an increasingly stronger negotiating position related to its growing business community. Some employers clearly understand that their workers require decent, affordable homes and that those homes should be within a reasonable commuting distance from their place of work, others simply

do not, or do not care, acknowledging that employees will come and go, and many who stay will be willing to live in substandard housing, housing which is too expensive, or commute long distances to housing which is affordable to them. Nonetheless, we believe that businesses choosing to locate in Jasper County due to all of its locational advantages will as such be more willing to contribute to affordable housing, indirectly through impact fees which can be allocated to the production of affordable housing or a housing trust fund. Commercial real estate developers and new businesses are accustomed to paying impact fees, often times to support related infrastructure upgrades and community facilities. Affordable housing must be accommodated within these agreements going forward, and in fact should often be granted priority status in comparison with other projects typically funded through impact fees.

- ***Affordable Housing Preservation & Rehab***

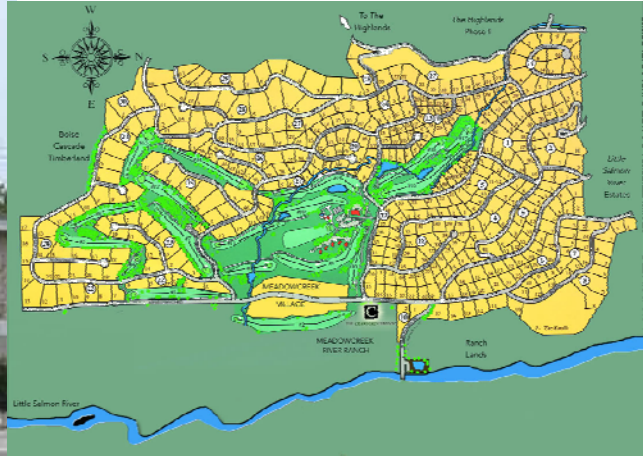
Clearly the county has an issue with unaffordable housing, particularly in providing new housing at affordable price points. Moreover, though, current low-income residents, while they may occupy a home which is affordable to them, do not have incomes which allow for them to repair and maintain those units over the long-term. As such, a significant number of affordable homes have fallen into disrepair throughout the county. Therefore immediate efforts and funds must be allocated to the preservation and rehabilitation of existing affordable homes. With land and construction costs rising, it will become increasingly difficult for the market to produce new replacement affordable units without deep public subsidy. The subsidy required to rehab a unit will almost always be less than the cost to replace that unit.

- ***Land Acquisition/Write-Down***

Habitat for Humanity has indicated that the biggest obstacle to their affordable housing production program is the lack of affordable land. Habitat relies on very low cost or donated land for development. Infrastructure costs can also be prohibitive to affordable housing development. There is no one developer in the county that can produce new affordable ownership housing at lower cost than Habitat for Humanity, but they need the land to do so. We suggest that the County and Cities should work to acquire land for the purpose of affordable housing development, on behalf of Habitat for Humanity and others. Land can then be “written down” substantially or even donated to the developer depending upon the level of subsidy required to make the development economically viable and depending upon the ultimate price/rent levels at which the new housing will be offered. Local government should be pro-active in land acquisition/write-down paired with TIF to support affordable housing development, even within mixed-use and mixed-income housing developments. We believe that if local government is pro-active in promoting/participating in such development it will find a willing private and no-profit

development community who will step up to participate in these public/private partnerships.

GVA Marquette Advisors *Real Estate Counselors*



The Residential Analytics Group



The Valuation Group
The Hospitality Group
The Residential Analytics Group

The Corporate and Investment Group
The Aviation Group

The Residential Analytics Group

The *Residential Analytics Group* of GVA Marquette Advisors is a national firm which provides market and financial feasibility analysis, along with a variety of consulting and advisory services on behalf of the real estate development industry. We offer a team of the industry's foremost market experts who are regularly called upon to assist property owners, developers, investors, lenders, designers and government officials in making intelligent decisions regarding the market potential and financial feasibility of residential and mixed-use communities.

GVA Marquette Advisors provides a focused analysis customized to meet the individual needs of our clients, as we strive to provide the right advice and solutions for every project on which we consult. Throughout our team's history, we have analyzed hundreds of situations, providing clear development advisory services and thoughtful answers to client questions and problems.

The Residential Analytics Group provides advisory services in the following areas:

- **Multifamily (for-sale & rental)**
- **Single-family & residential subdivision development**
- **Senior Housing**
- **Commercial Development**
- **Office/Retail Development**
- **Mixed-Use Development**
- **Community housing needs assessments**

FEASIBILITY STUDIES

All of our assignments are scoped according to the specific needs of the client. Our feasibility studies are regularly used to evaluate and guide real estate development projects ranging from acquisition/rehab opportunities, to free-standing new apartment or condominium developments, to complex mixed-use communities. Our feasibility studies typically evaluate both the market viability and financial feasibility of a development project. These reports are regularly used to secure financing. A GVA feasibility study typically includes each of the following components:

- Site Analysis
- Definition of Draw Area & Competitive Market Area
- Demographic Analysis
- Competitive Market Analysis
- Buyer/renter Profile Analysis
- Development Recommendations
 - (sizing, price/rents, amenities, design considerations)
- Demand Analysis and Absorption Forecasting
- Financial Feasibility

COMMUNITY HOUSING NEEDS ASSESSMENTS

Our community housing needs assessments and policy studies employ the disciplined methodology outlined above and focus on the needs of a particular geographical area – a city or a county, for example – to facilitate the strategic development of a variety of housing products. Our clients include, but are not limited to: municipalities, counties, non-profit affordable housing organizations, and downtown business associations.

ECONOMIC IMPACT ANALYSIS

GVA Marquette Advisors has developed a specialty in providing economic impact studies for residential development projects, as well as studies which analyze the economic impact of affordable and workforce housing shortages upon individual communities and entire regions.



DEVELOPMENT CONSULTING

As fee-paid developers, GVA Marquette Advisors have executed programs for large residential parcels, including development conceptualization, programming, planning and sale for those owners and investors who require professional assistance to enhance and maximize their residential property assets. We have recently worked on the behalf of property owners in advising and

assisting them in the evaluation of condominium conversion opportunities.



BUSINESS PLANS

GVA Marquette Advisors have developed business plans scaled for large single-family, multi-family and multi-use developments. We are expert at developing strategic plans required for successful implementation.

APPRAISALS

GVA Marquette Advisors offers a complete range of MAI appraisal products for all housing types throughout the country. Our valuations have been utilized to underwrite and support new developments, execute re-merchandising strategies, assist in workouts of problem projects and complete acquisitions.

GVA Marquette Advisors is an international real estate consulting firm providing a broad array of specialized real estate advisory services. GVA Marquette Advisors offers professional expertise to real estate developers, owners, and investors in the commercial, industrial, residential, and hospitality sectors throughout North America.

As the North American consulting partner of GVA Worldwide, GVA Marquette Advisors has a practice that is truly international in scope, allowing us to offer real estate advice and counsel virtually around the globe. We provide the global reach and local knowledge to bridge cultures, cross language barriers, and achieve the objectives of institutional and corporate clients whose real estate needs span the globe.

GVA Marquette Advisors is prepared to assist you in bringing innovative, value-added solutions to the complex issues surrounding the development, ownership, and management of your real estate investments.

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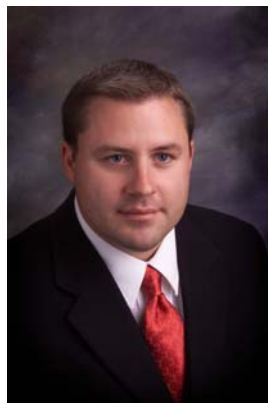
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Vice President



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President

PROFESSIONAL QUALIFICATIONS OF BRENT E. WITTENBERG

Vice President GVA Marquette Advisors

Brent E. Wittenberg is vice president of GVA Marquette Advisors, a Minneapolis-based firm providing comprehensive real estate consulting services to residential, retail, industrial, office, hospitality, gaming, entertainment and recreational developments.

Over his 11-year career, Mr. Wittenberg has experience both as a real estate consultant and in city and regional planning. Prior to joining GVA Marquette Advisors, he worked as a research analyst with Maxfield Research Inc., a Twin Cities real estate research firm. He has also worked in land use planning with Region Nine Development Commission in Mankato, Minnesota and in community development at the City of Spartanburg, South Carolina.

Mr. Wittenberg has a diverse background and has completed numerous consulting assignments for income producing real estate developments. He has completed assignments in 30 states and in Canada, including market analyses, feasibility studies, appraisals, and economic and fiscal impact studies. Brent is known as an expert in the field of real estate research. He has completed numerous consulting assignments related to single-family and multifamily housing developments, seniors housing, golf courses, casinos, hotels, industrial warehouse and manufacturing facilities, multi-tenant office buildings, medical office buildings, retail shopping centers and individual retail store operations, gas station/convenience stores, truck stops, community centers and health clubs, and aviation-related real estate operations such as corporate hangar facilities and FBOs. Brent has developed an expertise in providing feasibility studies for complex mixed-use projects, redevelopment projects, and downtown development.

Brent has also developed a specialty in providing affordable housing market analyses and needs assessments on behalf of cities, counties, regional and state planning agencies throughout the United States. Specifically, his studies have addressed the relationship between housing affordability and economic development. Recently, he has authored reports on this issue on behalf of clients in Minneapolis/St. Paul, Tallahassee, FL, Portland, OR and Beaufort County (Hilton Head), SC.

Brent has spoken at Urban Land Institute conferences and seminars sponsored by the Minnesota Multi-Housing Association and Institute of Real Estate Management. He has also been a guest lecturer at local universities. Mr. Wittenberg is regularly quoted in *The Business Journal of Minneapolis-St. Paul*, *Minnesota Real Estate Journal*, *Finance and Commerce*, *The Minneapolis Star and Tribune*, *The Saint Paul Pioneer Press*, *Heartland Business Real Estate*, *National Real Estate Investor*, and *Apartment Finance Today* regarding for-sale and rental housing market trends, and has provided articles for several of these publications. Brent has also served as a "Best in Real Estate" judge on behalf of The Twin Cities Business Journal in 2002 and 2003. Brent recently served on the Board of Directors of the Minnesota Multi-Housing Association and is currently active with several committees within that organization.

Mr. Wittenberg earned a Master of City and Regional Planning Degree (MCRP) from Clemson University, where he was recognized by the American Institute of Certified Planners (AICP) for outstanding attainment in the study of planning. He earned a Bachelor of Arts Degree in Local and Urban Affairs at St. Cloud State University.

PROFESSIONAL QUALIFICATIONS OF LOUIS W. FRILLMAN

President *GVA MARQUETTE ADVISORS*

Louis W. Frillman has been engaged in the real estate business nationwide since March of 1975. During this time, he has developed skills in all areas of real estate practice including the acquisition, disposition, asset management, development, leasing, sale, financing, and valuation of industrial, commercial, and residential properties, including all major types of income-producing real estate. . Currently, Mr. Frillman is President of GVA Marquette Advisors, a national commercial real estate consulting firm.

GVA Marquette Advisors currently operates a national real estate counseling practice with offices in Minneapolis and Seattle. GVA Marquette provides comprehensive solutions to complex real estate problems and is practiced at managing and overseeing large real estate consulting projects nationwide. Mr. Frillman formerly was Executive Vice President of Marquette Partners, a 490 employee firm that managed and oversaw 45 million sf of investment properties of all types, including regional and community shopping centers nationwide, office properties and industrial investment and corporate portfolios.

In 1973, Mr. Frillman graduated from the College of St. Thomas with a Bachelor of Arts Degree in Finance. He has completed courses sponsored by the Society of Real Estate Appraisers, including Introduction to Real Property Appraisal and Course 10-1. He has also completed over a five-year period, Course 1B, Course 6, and Course 2, all case study courses presented by the Appraisal Institute. Mr. Frillman regularly attends professional educational seminars and has completed courses in a variety of related subjects including market feasibility analysis, syndication structure and analysis, subdivision development, the valuation of industrial real estate, the valuation of multiple-family properties, analysis of deminimus PUDs, methods of joint venture financing, valuation of business enterprises, and others.

In addition to attending courses in real estate, Mr. Frillman has lectured and taught real estate valuation for the University of St. Thomas and has been a guest lecturer at numerous continuing education seminars for the Law Board, NAIOP, American Society of Real Estate Counselors, and NACORE.

Mr. Frillman is a licensed and bonded real estate broker in the State of Minnesota and is an affiliate member of the National Association of Industrial and Office Parks (NAIOP), and served on the Legislative Committee of that association. He has also served as judge for the NAIOP "Awards of Excellence".

PROFESSIONAL QUALIFICATIONS OF LOUIS W. FRILLMAN - Continued

His community activities include being a full member of the Greater Minneapolis Board of Realtors, an member of the Urban Land Institute, a member of the National Trust for Historic Preservation, the Ramsey County Historical Society, the Ramsey Hill Association, and the Riverfront Development Committee of the Downtown Council of Minneapolis.

Mr. Frillman is a member of the American Society of Real Estate Counselors, the real estate counseling affiliate of the National Association of Realtors. He is an elected member of the Appraisal Institute, has served on the MAI Demonstration Appraisal Reports Committee nationally, and was a member of the Board of Directors for the local Institute Chapter as well as on the local admissions committee. He has also served as Chairman of the Candidate Guidance Committee.

He is an invited member of both the Real Estate Counselors (CRE) and Lambda Alpha, the international Land Economics Fraternity.

His charitable activities include eight years as board director of Catholic Charities for the Elderly. In that capacity, he served as development coordinator of Marion Center, a skilled care and assisted living care facility. He was responsible for coordinating all aspects of development including facility design and review, construction management, marketing programming, and ongoing management supervision.

He has completed counseling assignments dealing with significant decisions regarding real property utilized for real estate tax petitions, market feasibility and absorption analysis studies, valuations and disposition of major business properties, and investment analyses for acquisition of property by major pension accounts.

He has developed all types of income properties, and in addition, has developed single family custom housing. Finally, he has provided counsel to real estate buyers, sellers, investors and lenders concerning virtually all types of real estate.

Currently, he resides at 24642 SE 36th Ct, Issaquah, Washington. He and his wife maintain a pied' a terre at 459 Portland in St. Paul, Minnesota. Mr. Frillman is married to the former Carol A Motsinger, and has four children.

PROFESSIONAL QUALIFICATIONS OF RICKY WONG

Assistant Vice President GVA Marquette Advisors

Ricky Wong is an assistant vice president with GVA Marquette Advisors, a Minneapolis-based firm providing comprehensive real estate consulting services to residential, retail, industrial, office, hospitality, gaming, entertainment and recreational developments.

Mr. Wong has worked for five years as a research analyst in the Twin Cities. He has completed numerous market feasibility studies for a variety of projects, including: single-family and multifamily housing developments, retail/office/commercial developments, senior housing (all levels), hotels, theatres, and mixed-use development projects.

Ricky's experience has led him to develop strong insight into the local and regional real estate markets, and his analytical skills allow him to thoroughly assess and interpret data in providing excellent consulting services. Ricky has also developed a specialty in the Twin Cities senior housing market.

Ricky is a member of the Minnesota Multi Housing Association (MHA) and the Young Leaders Group for the Urban Land Institute (ULI) and has attended and participated in many functions and events within both organizations.

Mr. Wong earned a Bachelors of Business Administration Degree in Marketing from the University of Wisconsin – Madison.

Ricky resides in the Uptown neighborhood of Minneapolis.

PARTIAL LISTING OF RECENT ENGAGEMENTS

RESIDENTIAL ANALYTICS GROUP

EXAMPLES OF OUR PUBLIC-SECTOR CLIENTS

PORTLAND, OREGON BUSINESS ALLIANCE AND PORTLAND DEVELOPMENT

COMMISSION: A comprehensive study of housing market trends and a 5-year demand forecast for housing by price point in downtown Portland, Oregon. The study identified several barriers to development of affordable workforce housing in downtown Portland, estimated the cost to develop affordable housing and the needed public subsidy to support new construction. Further, the analysis included an economic impact study which measured the economic benefits of increasing the supply of affordable workforce housing in downtown Portland, and then measured this impact against the needed subsidy to support new construction. The report documented the “return on investment” (workforce housing development subsidies and incentive programs) from the standpoint of local government.

THE FAMILY HOUSING FUND, THE MINNESOTA HOUSING FINANCE AGENCY, THE METROPOLITAN COUNCIL, AND THE MINNESOTA MULTI-HOUSING ASSOCIATION:

A study of the economic impact of the lack of affordable “workforce” housing in the Twin Cities Metropolitan Area. This study measured the current and future demand for affordable housing in the metro area, as well as cost to produce such housing, the level of subsidy required to support this construction, and the return on investment this investment.

BEAUFORT COUNTY, SOUTH CAROLINA:

Completion of a for-sale and rental housing needs assessment with detailed 5-year demand projections and development recommendations by price/rent and location for Beaufort County, South Carolina. This coastal South Carolina County includes the Hilton Head area, which has seen rapid resort and high-end residential development during the past five to eight years. Meanwhile, a growing share of the workforce is effectively being priced out of the local housing market, to the point where many of the Hilton Head area workforce is commuting long distances to more affordable housing in adjacent counties. GVA developed a demand forecast and development recommendations for Beaufort County over a five year period, assisted in identifying the primary barriers to development of affordable housing in the county, and suggested strategies for reducing or eliminating many of these barriers in support of affordable housing construction in the years ahead.

CITY OF ST. LOUIS PARK, MINNESOTA:

Market feasibility study and development recommendations for a proposed mixed-use redevelopment project at Excelsior Boulevard and France Avenue in St. Louis Park.

SHERBURNE COUNTY, MINNESOTA:

Retail market analysis and development forecast on behalf of Sherburne County. This study provided an assessment of population, household and employment growth trends, as well as consumer spending activity. GVA developed a forecast of retail and office space development and land absorption, which will be utilized by the County in developing land use plans and zoning throughout the County.

CITY OF HASTINGS, MINNESOTA:

Market feasibility study related to a proposed boutique hotel and banquet hall on a redevelopment site on the Mississippi River in downtown Hastings, Minnesota. GVA Marquette provided a thorough assessment of the market realities related to the potential for hotel and banquet hall construction, which was used by the Hastings HRA and downtown business association in developing a framework for the redevelopment of its historic downtown. In addition to providing a comprehensive market study, GVA led numerous public meetings, focus groups and presentations in the community.

CITY OF ST. PAUL, MINNESOTA:

Market study analyzing for-sale and rental housing in Downtown St. Paul. Market study projected demand for additional housing construction and recommended an appropriate housing mix to guide redevelopment planning by the St. Paul PED.

CITY OF MINNEAPOLIS, MINNESOTA: A feasibility study for a proposed luxury high-rise to be constructed in conjunction with a new library and planetarium in downtown Minneapolis, Minnesota.

CITY OF FRIDLEY, MN: A feasibility study for a proposed mixed-use redevelopment project on a site in Fridley, Minnesota. The proposed project included 50,000 square feet of street-level retail and restaurant space, with residential condominiums in the upper three stories of two proposed buildings.

CITY OF ANOKA, MINNESOTA: A study of residential and commercial real estate market trends in the Downtown Anoka area. Based on a review of demographic trends and the market situation, projected demand for additional retail and office space and housing units in Downtown and evaluated the redevelopment potential of Downtown and multiple sub-areas in Anoka.

WINONA AREA JOINT COORDINATION COMMITTEE, Winona, Minnesota: While employed by Maxfield Research Inc., Brent Wittenberg was the project manager and authored a comprehensive study of housing and economic/industrial development in Winona County. This included an analysis of residential and for-rent housing, as well as an assessment of housing demand emanating from Winona State University. The report recommended an appropriate housing mix for the County to support economic and employment growth. This included projections of residential and industrial land absorption and evaluated the appropriateness of sub-areas in the County for residential and industrial development.

ST. CLOUD REGIONAL PLAN: While employed by Maxfield Research Inc., Brent Wittenberg provided a comprehensive real estate market assessment spanning Stearns, Benton and Sherburne Counties. This included the development of residential and commercial real estate market forecasts, unit demand and land absorption at the county and sub-market level. Mr. Wittenberg facilitated focus groups with a variety of stakeholders in the St. Cloud region and made multiple presentations within the community.

AUSTIN HOUSING AND REDEVELOPMENT AUTHORITY, Austin, Minnesota: A feasibility study for a proposed rental housing development in Austin. In addition, an assessment of the for-sale housing market in Austin. Calculated demand for for-sale housing and recommended an appropriate mix of housing at various price points based on an evaluation of household incomes and business/employment growth trends in the community.

DEVELOPERS/INVESTORS/LENDERS

ROTTLUND HOMES, WELSH CO., & ROSEVILLE PROPERTIES: Market assessment and demand analysis for *Twin Lakes*, a proposed mixed-use redevelopment project at County Road C and Cleveland Avenue in Roseville, Minnesota. The proposed development program included 490 for-sale townhouse and condominium units, 240 units of senior housing, 317,000 square feet of retail and restaurant space and 221,000 square feet of office space. GVA Marquette Advisors provided an analysis current and projected market conditions, and provided a demand forecast for each of the proposed development components to determine whether there was sufficient market support for the project.

HINES INTERESTS: Market study and development recommendations for proposed 550-unit apartment community in downtown Minneapolis, Minnesota.

HANS HAGEN HOMES: Market study and consulting services regarding proposed rental townhomes and apartments within *The Lakes* of Blaine.

OPUS NORTHWEST, LLC: Market feasibility study and development recommendations for a proposed luxury apartment community within *The Bridges at Arbor Lakes* in Maple Grove, MN.

SHELTER CORPORATION: Market study, rent and occupancy projections for the Burnsville/Savage rental market and Shelter-managed apartment communities, *Dakota Station* and *Winfield Townhomes*.

DUKE REALTY: Preliminary market assessment and development recommendations for a proposed mixed-use redevelopment project on a site near the I-394/Hwy. 100 interchange in St. Louis Park,

Minnesota. Study included an analysis of for-sale and rental housing, hotel, retail and office development components.

T.E. MILLER DEVELOPMENT: Market study and development recommendations for a proposed 33-acre redevelopment project at I-35 and Penn Avenue. GVA provided a detailed assessment of residential, retail, office and lodging market trends and provided specific phased development recommendations for this prime site along the I-494 strip in the Twin Cities metro area.

JAS APARTMENTS: Market study and development recommendations for proposed 350-unit apartment community in downtown Minneapolis, Minnesota.

TURNSTONE GROUP: Market study, demand analysis and rental rate recommendations regarding a proposed acquisition/rehab apartment investment in south Minneapolis utilizing Section 42 LIHTC.

LUPE DEVELOPMENT PARTNERS: Downtown Minneapolis residential condominium market consulting and advisory services.

PEDEERSEN VENTURES: Market feasibility study and detailed development recommendations for a proposed mixed use residential and retail development in Apple Valley. This development, known as *The Village at Founders Circle*, is being designed as a new downtown for this suburban Twin Cities community.

JPI STUDENT HOUSING: A study of the market potential for a student housing project on a site near the campus of the University of Minnesota.

KMS PROPERTIES: A study of market rents and rental rate recommendations for an apartment community, subject to renovation and repositioning in the Uptown Minneapolis neighborhood.

AIMCO: Market study and due diligence consulting on behalf of AIMCO in evaluation of investment opportunity in Lake Calhoun area of Minneapolis.

K2 URBAN CORP: Market study, demand analysis and economic impact consulting for Evening Rose, a proposed for-sale townhouse community in Tallahassee, FL. GVA also provided due diligence and advisory services in support of a grant application submitted by K2 Urban to the State of Florida.

SHERMAN ASSOCIATES: Market feasibility study for proposed apartment development near St. Anthony/Main in Minneapolis.

LUPE DEVELOPMENT PARTNERS: Market feasibility study for proposed apartment development in the East Phillips Neighborhood in Minneapolis, MN.

ROSSLUND HOMES: Site assessment and expert opinion memorandum regarding the potential for retail development at 36th & Wooddale in St. Louis Park, Minnesota.

HARTMAN DEVELOPMENT: Market research and due diligence regarding the acquisition of a 360-unit apartment community in Brooklyn Park, Minnesota.

CENTRAL COMMUNITY HOUSING TRUST (CCHT): Market feasibility study for a proposed market rate apartment community in Rosemount, Minnesota.

EDINA DEVELOPMENT COMPANY: A market feasibility study and development recommendations for a master planned community of 550 homes on a site near Lake Pulaski in Buffalo, Minnesota.

KMS PROPERTIES: A study of market rents and rental rate recommendations for an apartment community, subject to renovation and repositioning in Woodbury, Minnesota.

CORNERSTONE GROUP: A feasibility study for *Kensington Park*, a mixed-use residential and retail development project in Richfield, Minnesota near the I-494/Lyndale Avenue interchange. The project includes retail and restaurant development, along with for-sale townhomes and loft-style condominiums.

DEL AMERICAN: A feasibility study for *Le Chateau Grand*, a proposed ultra-luxury apartment tower in Bloomington, Minnesota and an analysis of the potential for condominium conversion and pricing.

STATE TEACHERS RETIREMENT SYSTEM OF OHIO: A market assessment and demand forecast for 1) the Twin Cities regional apartment market, and 2) the downtown Minneapolis apartment market.

INSIGNIA DEVELOPMENT GROUP: A feasibility study for a proposed residential condominium project, involving the conversion of the Lowry Professional Building, an office building at 5th & St. Peter in downtown St. Paul, Minnesota.

MMA FINANCIAL, LLC: A feasibility study for a proposed luxury rental townhome development known as *Grandeville at Cascade Lakes* in Rochester, Minnesota.

MIDLAND MORTGAGE INVESTMENT CORPORATION, Clearwater, Florida: A feasibility study for a proposed rental housing project for seniors to be developed in Washington, DC through the Low-Income Housing Tax Credit program.

TRK DEVELOPMENT: Market feasibility study for a proposed Section 42 rental housing community in Delano, Minnesota.

ROTTLUND COMPANY, Osseo, Minnesota: Preliminary market overview for a proposed urban resort and golf course to be included in a suburban planned unit development.

CROCKETT ASSOCIATES, INC.: A feasibility study for a proposed mixed-use redevelopment project at the intersection of 48th and Chicago in south Minneapolis, Minnesota.

CENTEX MULTI-FAMILY, Dallas, Texas: A feasibility study for a proposed upscale rental housing development in Plymouth, Minnesota.

CENTEX MULTI-FAMILY, Dallas, Texas: An assessment of the market potential of luxury condominiums and townhomes in the proposed “Upper Landing” development adjacent to Downtown St. Paul and the Mississippi River.

HOLIDAY COMPANIES, Minneapolis, Minnesota: A feasibility study for a proposed apartment development in Bloomington, Minnesota. An analysis of potential mixed-use redevelopment options for a site in Bloomington.

BDC MANAGEMENT: Market value appraisals for six rental properties in Minneapolis and St. Paul.

US BANK: Market value appraisals for apartment property portfolio in Raleigh, NC.

PEDERSON GROUP: Market value appraisal of the Cedars of Edina, a 600-unit apartment community in Edina, MN.