



CITY OF AUGUSTA
THE SAND HILLS NEIGHBORHOOD
DEMOGRAPHIC AND REAL ESTATE MARKET ASSESSMENT



A RESIDENTIAL AND COMMERCIAL MARKET ASSESSMENT

Prepared For:
Sand Hills Community Development Corporation
Augusta Housing and Neighborhood Development Department

Prepared By:
F.A. JOHNSON CONSULTING GROUP, INC.
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November 1, 2004

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November 1, 2004

Mr. Tim Wilson, Director
Sand Hills Community Development Corporation
C/o Mr. Warren Smith, Director
City of Augusta Housing and
Neighborhood Development Department
One 10th Street, Suite 430
Augusta, Georgia 30901

Dear Messrs. Wilson and Smith:

On behalf of the Sand Hills Community Development Corporation, the Sand Hills Neighborhood Association, Inc., and the City's Housing and Neighborhood Development Department, we are pleased to submit this SOCIO-ECONOMIC AND REAL ESTATE MARKET ANALYSIS REPORT of the Sand Hills Redevelopment Project Area.

The SOCIO-ECONOMIC AND REAL ESTATE MARKET ANALYSIS REPORT is divided into three sections. The first section, which outlines the Socio-Economic and Demographic analysis, provides a description of population, age groupings, income, spending trends, education levels, and housing trends. It also describes how these factors may influence the future growth and development of the area. The second section is the Real Estate Market Assessment, which provides a description of the existing residential real estate trends in the project area. Importantly, the market assessment section also identifies potential catalyst sites, which require immediate attention to allow for successful revitalization of the remainder of the community. The third and final section of the report is a housing market study. It focuses on the current housing market describing the demand for housing, the current and proposed supply of housing, and examining the price limits for any new housing.

In short, this analysis provides an existing economic blueprint of the neighborhood. This information should be viewed both as a tool to assist you in the final preparation of the Sand Hills Master Plan, as well as a means of identifying catalyst projects within the community. The decision to pursue the creation of a master plan demonstrates strength, vision, and commitment on behalf of the community. You are to be commended for your organization's efforts.

As you review the attached report, please remember that as a practical matter, the primary purpose of creating a master plan is to provide a unifying methodology of addressing the blighting conditions present in the community. At the *F.A. JOHNSON CONSULTING GROUP, INC.*, we believe a development methodology should be instituted, which is based on market socio-economic demographics, economically feasible, and be able to be implemented through a specific action plan. In order to create a plan that will not simply sit on a shelf, the plan must be pragmatic, practical, and implementable.

Management/Development Consultants

**Sand Hills Redevelopment Area
Socio-Demographic and Real Estate Market Analysis
November 1, 2004**

To that end, a detailed plan of action must be developed for implementing the Redevelopment Master Plan when it is adopted. The analysis of the real estate market trend revealed the neighborhood has suffered from decline over several decades. Our analysis and inspections discovered multiple catalyst sites with potential for redevelopment to spur the long-term growth of this area. We use the term catalyst to mean a revitalization or development generator. The catalysts were chosen on the basis of their ability to firmly anchor a part of the redevelopment area and provide a stimulus to further development.

The identification of catalyst sites provides a necessary foundation for creating a road map for implementing the Master Plan, which is routed in the “real world.” Just as the catalysts provide a foundational real world point of beginning, the housing market study provides the framework for building. It describes the price point limitations and financial requirements of any proposed development. As a consequence, the SOCIO-DEMOGRAPHIC AND REAL ESTATE REPORT provides a feasible market based justification for successfully implementing your Redevelopment Master Plan.

Now that you are armed with this information, your next challenge is to take this SOCIO-DEMOGRAPHIC AND REAL ESTATE REPORT, along with your completed Redevelopment Master Plan, and translate them into a concrete *Financing Development Package*. This *Financing Development Package*, also referred to as your Business Plan, is a development plan with financing strategies.

The next step is for a **Pre-Development Program** to be carried out to create these financing strategies. The financing strategies should include a Budget, Pro-Forma, and Sources and Uses. If you require assistance, a development consultant should be retained to assist in preparing such a Business Plan. You should expect a development consultant to develop preliminary budget and draft pro-forma, provide estimates of probable construction costs, prepare final project budget and pro-forma, conduct preliminary subsidy layering review, provide program implementation recommendations, recommend a phasing strategy, and marketing plan. All of this will be combined to form your *Financing Development Package*.

As part of a concerted development strategy for a previously disinvested area, complementary tools, such as infrastructure improvements and the implementation of **Design Guidelines** should accompany other financial incentives. Existing residents need to be proactive in ensuring that such incentives are accompanied by equitable development strategies to ensure that they are not displaced by the resulting growth.

Sincerely,
F.A. Johnson Consulting Group, Inc.

Fred A. Johnson, II, Esq.
Managing Principal

cc: Darren Prickett, RLA, Johnson, Laschober & Associates

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PURPOSE

The purpose of the following analysis is to assist the Sand Hills Community Development Corporation, Inc. in analyzing socio-economic and real estate market trends, which may impact the potential for redevelopment and revitalization of the Sand Hills area. In addition, a housing market study will be provided. Both the positive and negative influences affecting the market will be considered in the analysis for the purpose of identifying opportunities to enhance declining areas and to capitalize on positive trends.

SCOPE OF ANALYSIS

The scope of this assignment includes an analysis of the socio-economic factors and real estate market trends that impact the potential for revitalization. The socio-economic factors to be analyzed include:

- § population and household growth rates;
- § housing type and value trends;
- § education and employment trends; and
- § income and expenditure trends by household.

The real estate factors to be analyzed include:

- § a general description of the existing residential and commercial real estate,
- § a general description of historical growth/development trends,
- § a brief analysis of supply and demand in the current economic climate,
- § identification of factors or areas that represent barriers to revitalization,
- § identification of factors or areas that represent “piggy back” opportunities to spur additional growth, and
- § projections for future growth patterns.

The impetus of the preceding analysis will culminate in the identification of potential catalyst sites, which could be utilized to spur revitalization and future private development. The Sand Hills Community Development Corporation, Inc. is committed to enhancing the existing residential housing and providing, or encouraging the private development of additional housing opportunities. While many of the potential catalyst sites may provide an opportunity for mixed-use developments, such as commercial and residential uses, the selection of potential catalyst sites will be oriented toward those sites providing maximum positive impact for the surrounding residential areas.

The purpose of the Housing Market Study is to assist the Sand Hills Community Development Corporation in creating a strategy for redevelopment within the Sand Hills sub-market, which will identify opportunities to capitalize on current demand and enhance the existing residential base within the sub-market. The Housing Market Study will include:

- § a demand analysis to identify demand generators and the positive and negative attributes of the sub-market;
- § a supply analysis to identify the existing and future housing inventory; and
- § recommendations regarding housing types, price points, location, and amenities for new housing designed to spur revitalization and generate new private investment.

EXECUTIVE SUMMARY

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SOCIO-ECONOMIC DEMOGRAPHIC ANALYSIS

The Sand Hills sub-market has been adversely impacted by several factors including:

- § a transition in the characteristics of the population base from family oriented households to households with increasing transitory characteristics;
- § a large percentage of households earning less than \$25,000 per year;
- § a large percentage of unemployed adults; and
- § a large percentage of population dependent on public transportation.

The socio-economic influences of this sub-market suggest the existing population base has the potential to participate in a market-based revitalization, but is unable to generate the revitalization without institutional support and guidance. The local population does not have the financial means to reverse the current decline of portions of Sand Hills sub-market without extensive assistance from a variety of sources.

REAL ESTATE MARKET ANALYSIS

The probability for rehabilitation of residential development within the Sand Hills district is quite high, and will require the following.

- a reversal of the current transition in population from family-oriented to transient
- capitalizing on increasing demand for residential housing in adjacent neighborhoods
- minimizing the impact of existing multi-family housing and restricting future development of multi-family housing

- restricting commercial development within the interior boundaries of the neighborhood
- enhancing public infrastructure by improving streets, installing sidewalks and signage and code enforcement
- capitalizing the unique architectural elements in the area to establishing a strong sense of neighborhood identity
- creating/nurturing a strong neighborhood association
- implementation of typical covenants, conditions and restrictions of a property owners association.

In addition, a redevelopment plan for Sand Hills area should ensure consistent zoning classifications are applied to facilitate private investors/developers as they begin to participate in the revitalization. A zoning overlay district or the implementation of more uniform zoning classifications would benefit the residential districts.

HOUSING MARKET STUDY

The target market for any potential new housing development was identified as the area bound by I-20, I-520, US 78, US 25 and the Savannah River. This area essentially comprises the urban core of Augusta.

The demand analysis revealed that the number of households within the target market is expected to increase over the next five years, despite the fact that many of the typical demand generators suggest no growth would be forthcoming. The increase in total households is partially attributable to the decrease in average household size, and to increasing population growth throughout the MSA. Demand for housing appears to be concentrated in the suburban areas of the MSA, suggesting any new housing in the Sand Hills district would need to capture a percentage of that demand.

The increasing demand for housing in the suburban markets has positively impacted building permit trends. The supply of new housing single-family detached housing has consistently increased in the Augusta – Richmond County market since 2000. The historical growth rate indicates 851 new households will be created within the target market by 2008. The existing inventory of vacant housing and any new housing developments within the Sand Hills district will be required to compete with other housing options throughout the target market for those new households.

The households identified as family units and those with children in residence are driving the demand for single-family detached units in the Sand Hills district. Non-family households also prefer single-family detached units, but are generally more flexible in housing requirements and would be more likely to consider alternative housing options. New single-family detached units would be suitable for the insulated residential portions of the Sand Hills district, such on the numerous vacant lots located throughout the eastern and western portions. Town home and other low to moderate density housing options should be provided in limited form along the fringes of the single-family areas and traffic corridors.

Typical neighborhood amenities should be identified and or attracted to the area to sustain the existing residential base and attract new residents. New infill housing should include the exterior and interior amenities associated with the chosen price range. A variety of financing options should be provided to attract home buyers from all income levels and encourage current renters to consider purchasing a home in the community.

SUMMARY AND CONCLUSION

The identified market area is nestled in the urban core of Augusta. The transportation routes throughout the area are adequate to serve the current traffic volumes. The analysis of real estate market trends revealed the neighborhood

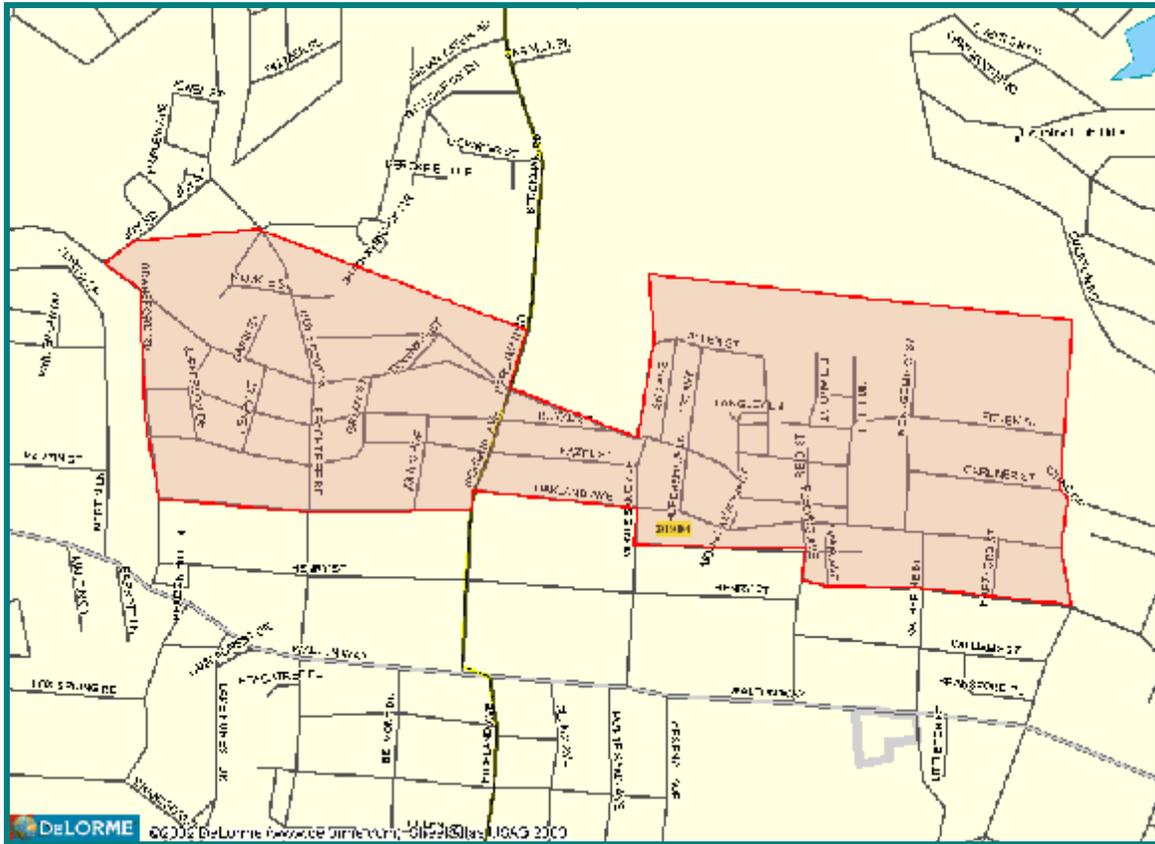
has suffered a continuous decline over several decades. The socio-economic influences of this sub-market suggest the existing population base is unable to generate a market-based revitalization. The local population does not have the financial means to reverse the current decline without assistance from a variety of sources. Our analysis and inspections revealed multiple catalyst sites with potential for redevelopment to spur the long-term revitalization of this sub-market.

SOCIO-ECONOMIC & DEMOGRAPHIC ANALYSIS

REGIONAL MAP



SAND HILLS SUB-MARKET MAP



SAND HILLS CENSUS BLOCK GROUP BOUNDARIES



IDENTIFICATION

Sand Hills area is comprised of the area located between Fitten Street, Summerville Colored Cemetery, and Augusta Country Club to the north, Johns Street to the east, Oakland Ave. and Cumming Road to the south/southeast and Bransford to the West. This sub-market is bisected by Monte Sano Ave and Berckmans Road. Please refer to the preceding maps for a visual representation of the sub-market boundaries as described above.

DEMOGRAPHIC ANALYSIS

In order to determine what types of development may be best suited for the Sand Hills sub-market, an analysis of the general demographics of the area is necessary. We have researched and reviewed various statistics regarding the population, age groupings, income levels, education levels, and housing trends. The smallest division of an area by the Census Bureau is the block group. The subject is comprised of five block groups that have been identified on the maps preceding this section. None of the block groups are located entirely within the boundaries of the Sand Hills district. As a result, some of the statistical data for the Sand Hills sub-market will include data for small areas outside the boundaries of the sub-market. Occasionally this data will skew the results, and when necessary, the impact of skewing will be identified in the following narrative. The analysis and resulting conclusions are discussed in detail in the following paragraphs.

Population, Household and Property Value Trends

Trends in population impact the demand for real estate. Typically, population growth benefits businesses, creates jobs and enhances all aspects of the local tax base. Population growth trends for the Sand Hills sub-market, Richmond County, the Augusta - Aiken, GA - SC MSA and Georgia are compared in the following chart.

HISTORICAL AND PROJECTED POPULATION GROWTH TRENDS

Area	1990	2000	% Change 1990-2000	Projected Year End 2008	% Change 2000-2008
Sand Hills Sub-Market	4,774	4,232	(11.35%)	3,955	(6.55%)
Richmond County	189,719	199,775	5.3%	192,773	(3.51%)
Augusta – Aiken, GA - SC	415,185	477,441	14.99%	502,964	5.35%
Georgia	6,478,221	8,186,453	26.37%	8,726,467	6.60%

Source: U.S. Census Bureau

Between 1990 and 2000, population growth trends were positive in every identified area, except the Sand Hills sub-market. In fact, the population in the sub-market is expected to continue decreasing through 2008. As of year-end 2003, the sub-market population was 4,119. The Richmond County population is also expected to decrease between 2000 and 2008, reflecting a trend of population growth in the rural and suburban areas of the Augusta – Aiken, GA – SC MSA, in particular Columbia County, GA and Aiken County, SC.

Population growth trends drive household growth trends. Household trends within the Sand Hills sub-market, Richmond County, the Augusta - Aiken, GA - SC MSA and the state are compared in the following chart.

HISTORICAL AND PROJECTED HOUSEHOLD GROWTH TRENDS

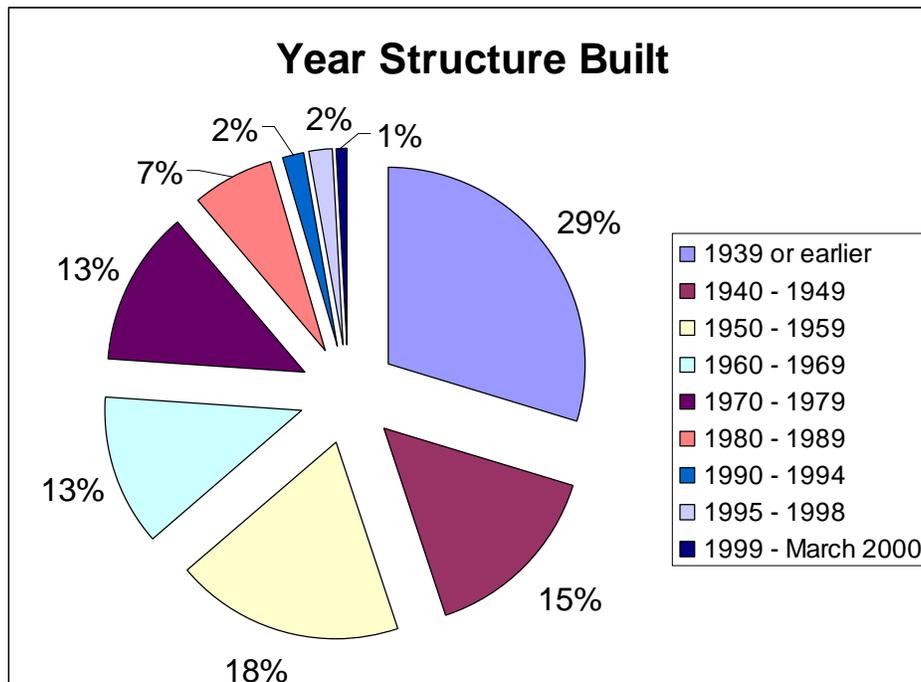
Area	1990	2000	% Change 1990-2000	Projected Year End 2008	% Change 2000-2008
Sand Hills Sub-Market	2,171	2,022	(6.86%)	1,932	(4.45%)
Richmond County	68,675	73,920	7.64%	72,823	(1.48%)
Augusta – Aiken, GA - SC	149,091	176,867	18.63%	192,552	8.87%
Georgia	2,635,407	3,281,737	24.52%	3,866,437	17.82%

Source: U.S. Census Bureau

The household growth trends essentially mirror population growth trends, as expected. Between 1990 and 2000, household growth trends were positive in

every identified area, except the Sand Hills sub-market. In fact, households in the sub-market are expected to continue decreasing through 2008. As of year-end 2003, the number of households in the sub-market totaled 1,986. Richmond County households are also expected to decrease between 2000 and 2008, reflecting a decreased demand resulting from population decline.

Within the Sand Hills sub-market only 4.5% of all existing residential dwellings were constructed after 1990. A physical inspection of the neighborhood suggests the number of residential dwellings constructed after 1990 should be lower than 4.5%. This statistic has been skewed by block groupings that include a relatively new neighborhood to the north of the sub-market along Berckmans Road. Construction of new residential units was relatively strong in the three decades between 1939 and 1959; however, between 1960 and 1979 residential construction began to consistently decline within the sub-market limits. The existing housing in the sub-market clearly supports this household growth trend.



The average household size in 2003 was reported to be 2.02. Since 1990, the

average household size in the Sand Hills sub-market has consistently decreased from 2.20 in 1990 to 2.09 in 2000 and 2.02 by 2003. By 2008, the average household size is expected to decrease to 1.99. The decrease in household size reflects a decrease in family-oriented households and generally results when the percentage of renter-occupied units increases in an area.

The potential stability of a population base can be measured by the percentage of housing units that are owner-occupied versus renter-occupied. A higher percentage of owner-occupied housing units is usually indicative of a stable population base, while a higher percentage of renter-occupied housing units tends to indicate a more transient population base. Historical and projected occupancy rates within the Sand Hills sub-market are summarized in the following chart.

HISTORICAL AND PROJECTED OCCUPANCY - SAND HILLS SUB-MARKET

	1990*	2000	2003	2008
Owner-Occupied	55.6%	51.8%	52.1%	52.7%
Renter-Occupied	39.1%	35.7%	35.3%	34.7%
Vacant	7.4%	12.5%	12.6%	12.6%

Source: U.S. Census Bureau

*May total more than 100% due to reporting anomalies.

These statistics reveal that the majority of existing housing is owner-occupied, while over a third of all existing housing is renter-occupied. The percentage for each has remained relatively stable since 1990 and is expected to change very little over the next five years. Vacancy rates among all housing types increased significantly between 1990 and 2000, but remained mostly level over the past three years.

The five block groups within the Sand Hills sub-market provided renter-occupied statistics ranging from a low of 13.8% to a high of 59.1%. Vacancy in all housing units ranged from 8.7% to 21.7%. The substantial statistical variations reflect the

skewing effect of neighborhoods included in the block groups, which are not located in the Sand Hills sub-market.

The percentage of renter-occupied housing units overall indicates the existing population base is relatively transient and increasingly likely to fluctuate over time. The transient nature of the local population has directly and adversely impacted the population growth rate over the past decade, and is likely to impact future growth rates as well. Normally, a high percentage of renter-occupants would be found in an area in which a significant number of the existing housing units are comprised of multi-family developments. Interestingly, there are very few multi-family residential developments within the identified market area. In fact, the vast majority of housing units are single-family residences.

The consistent and significant decrease in both population and number of households between 1990 and 2000, combined with the increase in overall vacancy reflects the decline of this sub-market. As the quality of available housing and neighborhood amenities has decreased, the demand for existing residential structures in the Sand Hills area has decreased accordingly.

However, the residential areas to the north and the south of the sub-market have maintained higher occupancy rates and generally increasing property values, which indicates latent demand for good-quality housing in the downtown market. The measurement of population and household statistics within the Sand Hills area does not reflect the untapped positive influence of these adjacent residential areas. The strength of these surrounding areas could be instrumental in the revitalization of the Sand Hills district area. The average property values in these areas are significantly higher than those within the Sand Hills district, which results in an economic barrier for much of the lower to middle income families interested in housing opportunities near the urban core of Augusta. A revitalization of the Sand Hills sub-market would attract the interest of those homebuyers.

Property values for owner-occupied housing in the sub-market are summarized in the following chart.

OWNER-OCCUPIED PROPERTY VALUES

Under \$20,000	0.8%
\$20,000 - \$49,999	24.2%
\$50,000 – \$99,999	19.4%
\$100,000 - \$149,999	13.8%
\$150,000 - \$199,999	15.9%
\$200,000 +	25.9%
Median Property Value	\$112,135

Source: U.S. Bureau of Census - 2000 Census

The chart indicates a disproportionate portion (55.6%) of owner-occupied homes had a reported value over \$100,000. In fact, nearly 26% had a reported value over \$200,000. These figures are skewed by the inclusion of neighborhoods the Augusta National Golf Club to the north of the Sand Hills sub-market.

To illustrate this skewing, the median property value in the sub-market is compared to that of the county, MSA and state in the following chart.

MEDIAN PROPERTY VALUE TRENDS

	1990	2000	% Change
Sand Hills Sub-Market	\$78,530	\$112,135	42.79%
Richmond County	\$58,411	\$73,501	25.83%
Augusta – Aiken, GA – SC MSA	\$63,087	\$80,743	28.00%
Georgia	\$71,138	\$100,386	41.11%

Source: U.S. Census Bureau

Based on the statistical data, the Sand Hills sub-market appears to have

generated the highest increase in owner-occupied property values of all four identified areas between 1990 and 2000; however, a physical inspection of this neighborhood does not support the statistics. The block groups provided median housing values as follows:

MEDIAN PROPERTY VALUES BY BLOCK GROUP

	1990	2000	% Change
Block Group One	\$87,789	\$77,220	(12.0%)
Block Group Two	\$71,429	\$118,363	65.7%
Block Group Three	\$40,000	\$71,919	79.8%
Block Group Four	\$98,274	\$258,866	163.4%
Block Group Five	\$83,243	\$105,106	26.3%

Source: U.S. Census Bureau

Four of the five block groups reported dramatic increases in median property values between 1990 and 2000. These increases outpace those reported for the County, MSA and State, overall.

In the year 2000, the median monthly contract rent within the Sand Hills sub-market was \$331, representing a 28.3% increase over the \$258 reported in 1990. The average contract rent in Richmond County was \$398. The MSA and state reported average contract rent of \$397 and \$506, respectively. Clearly, the median contract rent within the Sand Hills sub-market is lower than the other identified areas. Trends in the median contract rent for all five block groups are summarized in the following chart.

MEDIAN CONTRACT RENT BY BLOCK GROUP

	1990	2000	% Change
Block Group One	\$317	\$459	44.8%
Block Group Two	\$277	\$352	27.1%
Block Group Three	\$177	\$275	55.4%

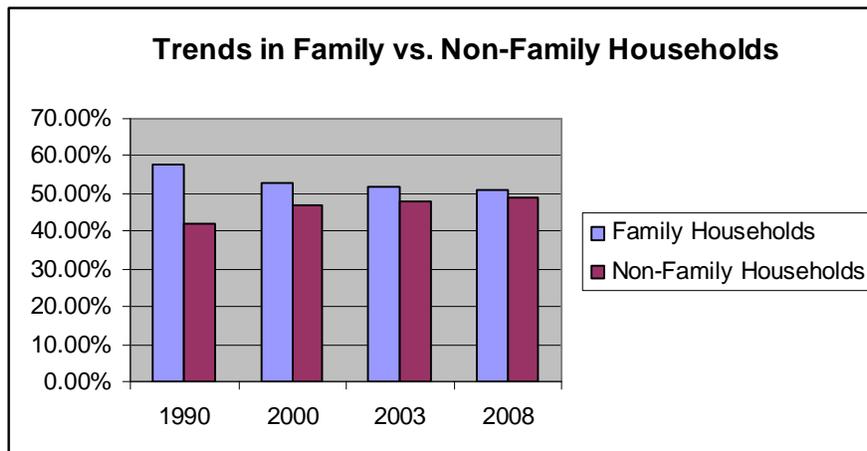
Block Group Four	\$230	\$361	57.0%
Block Group Five	\$194	\$203	4.6%

Source: U.S. Census Bureau

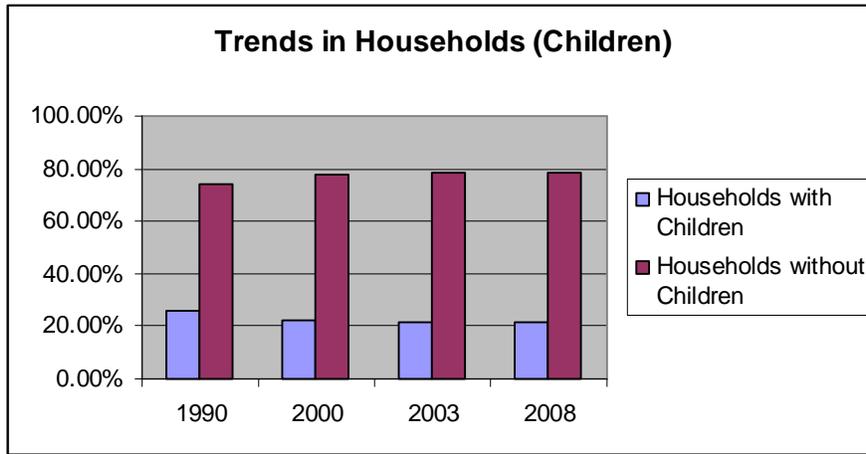
All five block groups reported increasing median contract rent between 1990 and 2000. While the increases are substantial, the indicated rate of increase was clearly slower than the appreciation in property values overall.

In 1990, 57.9% of all households had maintained consistent residency of five years or more. By 2000, the number of households maintaining a consistent residency of five years or more increased to 60.0%; however, by 2003 that percentage decreased to 50.1%. The significant decrease over the past three years is a clear indication of changing residential occupancy patterns in the sub-market. In 2003, the annual turnover among all housing units was 14.5%.

Within the Sand Hills sub-market, the total number of family oriented households has declined consistently since 1990 and is projected to continue decreasing through 2008. In 1990, the total number of family households was reported to be 1,252, or 57.7% of all households. By 2000, that figure had been reduced to 1,047 (53.1%), and by 2003 it was 1,032 (52.0%). In 2008, the total is projected to be only 983 households out of 1,932, or 50.9%.



Within the Sand Hills sub-market, the total number of households with children has declined consistently since 1990 and is projected to continue decreasing through 2008. In 1990, the total number of households with children was reported to be 536, or 25.8% of all households. By 2000, that figure had been reduced to 447 (22.1%), and by 2003 it was 434 (21.9%). In 2008, the total is projected to be only 414 households out of 1,932, or 21.4%.

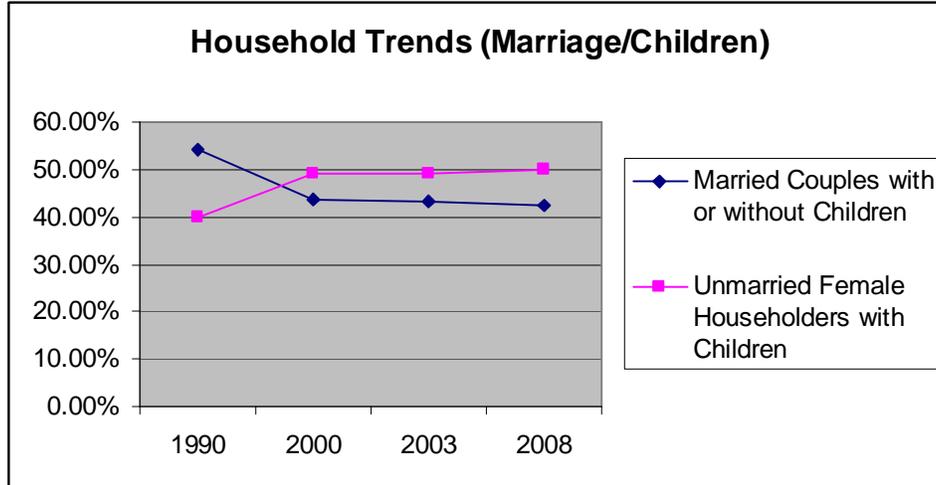


Between 1990 and 2000, the number of households comprising married couples with or without children within the market area decreased from 54.3% to 43.6%. In 2003, the percentage had declined minimally to 43.3%; however, by 2008 it is expected to decrease to 42.3%.

As the percentage of family households comprising a married couple with children has declined, the number of female-led households with children has increased. In 1990, female householders comprised 39.9% of all family households with children. By 2000, female householders comprised 49.0% and by 2008, they are projected to comprise 50.0% of all family households with children in the sub-market.

In family oriented households without children, married couples comprised 32.5% in 1990. By 2000, the number of family oriented households comprising married

couples without children had diminished to 29.0%. By 2008, only 27.3% of all family oriented households without children will comprise married couples.



In all other categories, female householders outnumber male householders consistently since 1990. For example, non-family households without children are predominantly comprised of unmarried female householders. In 1990, 37.8% of all households were characterized this way, and by 2000 that figure had increased to 38.7%. By 2008, 40.0% of all non-family household without children will be comprised of unmarried females. The number of non-family households without children with male householders have typically been half that of females since 1990.

Of all households, 48.1% are occupied by a single female with or without children. Typically, single mothers with children are one of the population groups least likely to own their own homes. Most often, this is due to financial limitations. The fact that 10.9% of the current households in this market are comprised of single mothers with children has clearly impacted the percentage of owner-occupied housing units.

Other destabilizing factors include the low number of family-occupied households, the percentage of households with two people or less, and the low

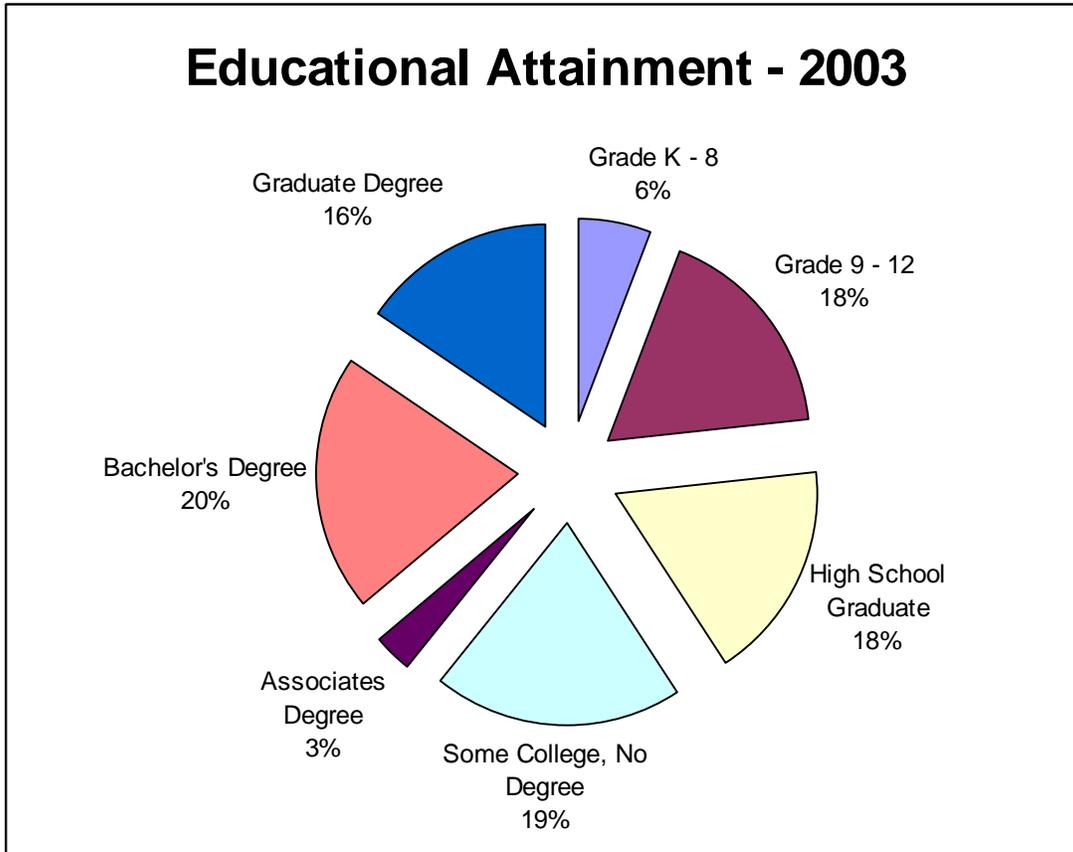
percentage of households with children under the age of 18. In particular, households occupied by a family of more than two people, and which contains children under the age of 18 are likely to be more stable and less transient.

Within the identified market area, only 52.0% of the total households are classified as family households, compared to the 48.0% classified as non-family. A substantial 43.6% of all households are occupied by one person and another 30.8% of all households are occupied by two people. Households containing two people or less comprise 74.4% of all households in this market.

Within the Sand Hills area, a total of 59.0% of the population are between the ages of 18 and 64, indicating that the majority of the existing population base represents the eligible workforce in this area. A total of 18.0% of the population is under the age of 17, and the remaining 23.0% of the population is 65 years or older. In 2003, the median age was 46.8 years. Between 1990 and 2000, the median age increased from 40.7 to 45.2 years. By 2008, the median age is projected to be 48.2 years.

Education and Employment Related Statistics

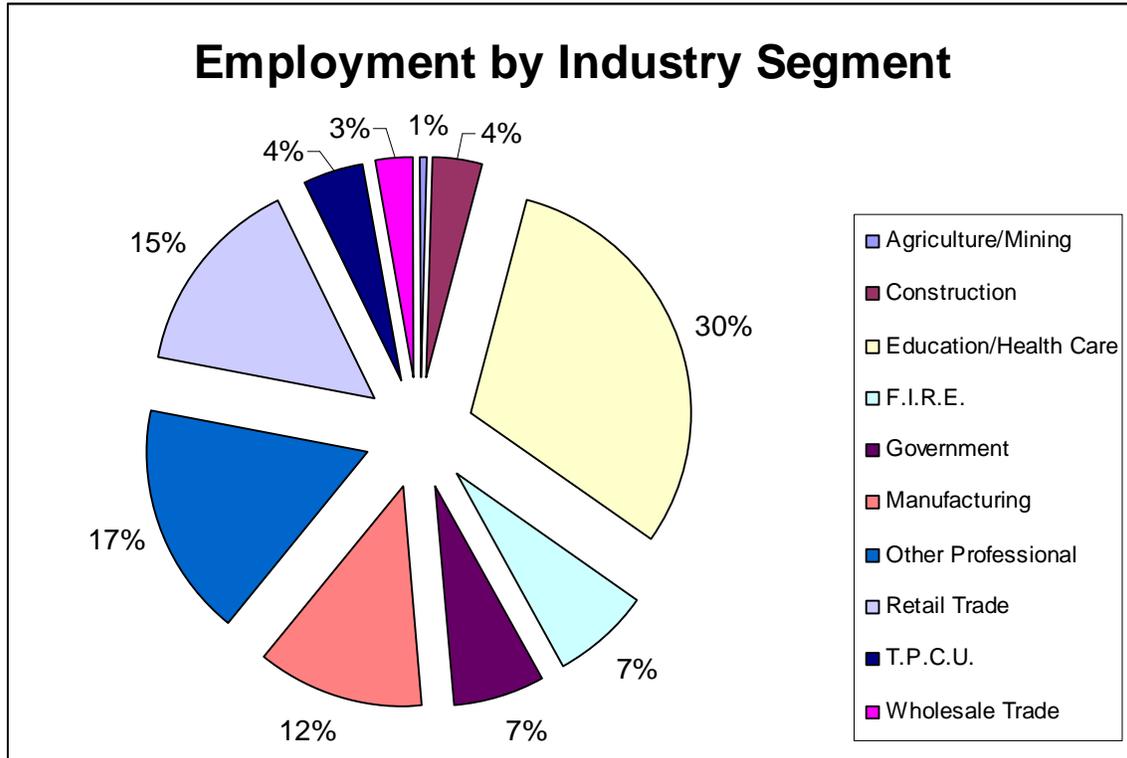
The level of education attained by a population will directly impact the quality of employment, income level, and standard of living that can be achieved by the population. In the Sand Hills sub-market, 79.3% of the current population over the age of 25 years has earned a high school diploma or GED. A total of 20.7% of the population has not earned a high school diploma or GED. Of the total population, 20.7% has attended college courses, but did not earn a degree of any kind. A total of 40.3% has earned a college degree, i.e., Associates, Bachelor's, Master's or Doctorate degree. A chart indicating the percentage of education attained by the Sand Hills sub-market population follows.



The percentage of population without a high school diploma or GED is relatively low, and is likely the result of neighborhoods outside the sub-market skewing the statistical findings.

Within Sand Hills sub-market, the population over the age of 16 that were reported to be employed in 2003 was 49.2%. The eligible workers that were classified as unemployed were 6.6%. Another 43.9% of the population over the age of 16 was not in the labor force. That group includes retired individuals and students. A total of 0.3% are in the armed forces. Of the total population, 72.8% are employed in white collar occupations, and 27.2% are employed in blue collar occupations. The percentage of unemployed in this area is higher than the Richmond County, state and national averages.

The diversity of employment within a region significantly impacts the stability of the local economy. Employment by industry segment is illustrated in the following chart.



Employment appears to be relatively diverse, which enhance the stability of the financial status of the Sand Hill residents.

A total of 81% of all households in the sub-market reportedly have between one and two vehicles. Only 19% of the reported households do not have a vehicle of any kind. As a result, around 7.5% rely on public transportation or walk to work. The remaining employed population relied on other methods of transportation such as car pooling or riding a bicycle. The limitation of transportation opportunities also limits employment opportunities. It is noted that the statistics provided for this category total more than 100%, which likely reflects respondents providing more than one answer to this portion of the Census form.

Household Income Trends

Stability and diversity in employment will significantly impact the income generated by a population bases. In turn, income levels will determine the quality of life enjoyed by that population, their effective buying power and their ability to attract retail and service providers. Historical income levels for the Sand Hills sub-market are compared to Richmond County, the MSA, state and nation in the following chart.

INCOME LEVELS – 2003

	Average Household Income	Median Household Income	Per Capita Income
Sand Hills Sub-Market	\$70,157	\$41,492	\$33,827
Richmond County	\$47,040	\$35,353	\$18,336
Augusta – Aiken, GA – SC MSA	\$53,022	\$41,039	\$20,329
Georgia	\$60,548	\$45,780	\$22,693

Source: U.S. Census Bureau

The preceding chart reveals income levels within the Sand Hills sub-market compare favorably with those of the county, MSA and state. The following chart illustrates growth trends in income levels within the Sand Hills sub-market.

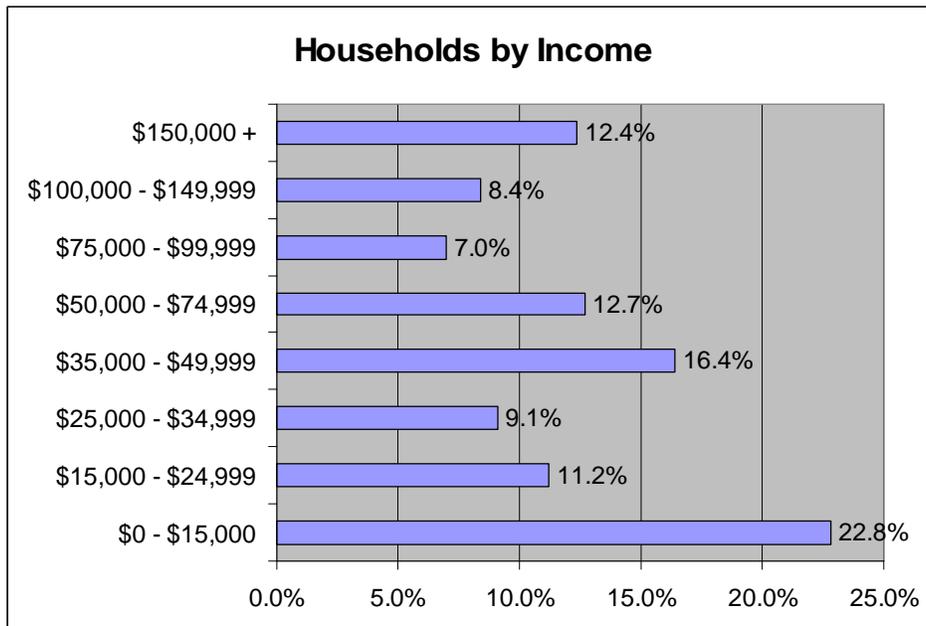
HISTORICAL AND PROJECTED INCOME GROWTH TRENDS

SAND HILLS SUB-MARKET

	1990	2000	2003	2008	% Change 2000 - 2008
Average Household Income	\$40,216	\$63,866	\$70,157	\$76,989	20.6%
Median Household Income	\$25,400	\$38,950	\$41,492	\$46,202	18.6%
Per Capita Income	\$18,268	\$30,792	\$33,827	\$37,483	21.7%

Source: U.S. Census Bureau

The preceding chart clearly indicates consistently increasing income levels in all three categories for residents of the Sand Hills sub-market. In 2003, a total of 34.0% of the households generated an income below \$25,000. Another 38.2% of households generated income between \$25,000 and \$74,999. Only 7.1% of households reported incomes between \$75,000 and \$99,999. The remaining 20.8% reported household incomes over \$100,000. The range of household income levels is illustrated in the following chart.



These statistics indicate a large portion of the population base is poverty-stricken. The largest percentage of population below the poverty level was

comprised of female householders, with or without children. The largest percentage of population above the poverty level was comprised of married couples, with or without children.

In the Sand Hills sub-market, the average annual household expenditure is \$54,123. The average annual retail expenditure is \$22,755. By 2008, those expenditures are projected to increase to \$57,676 and \$24,230, respectively. The median household disposable income in 2003 was \$36,334, and is expected to increase by 9.0% to \$39,602 in 2008. The sub-market expenditures and disposable incomes are compared to those of the county, MSA and state in the following chart.

HOUSEHOLD EXPENDITURES – 2003

	AVERAGE HOUSEHOLD EXPENDITURES	AVERAGE RETAIL EXPENDITURES	MEDIAN DISPOSABLE INCOME
Sand Hills Sub-Market	\$54,123	\$22,755	\$36,334
Richmond County	\$41,088	\$21,114	\$34,083
Augusta – Aiken, GA – SC MSA	\$44,464	\$18,669	\$35,759
Georgia	\$48,424	\$20,338	\$39,320

Source: U.S. Census Bureau

The sub-market statistics compare favorably to those of the county, MSA and state. These statistics are directly attributable to the income levels generated within the Sand Hills sub-market and clearly indicate a relatively high quality of life for residents.

Summary and Conclusion – Demographic Analysis

The Sand Hills sub-market has been adversely impacted by several factors including:

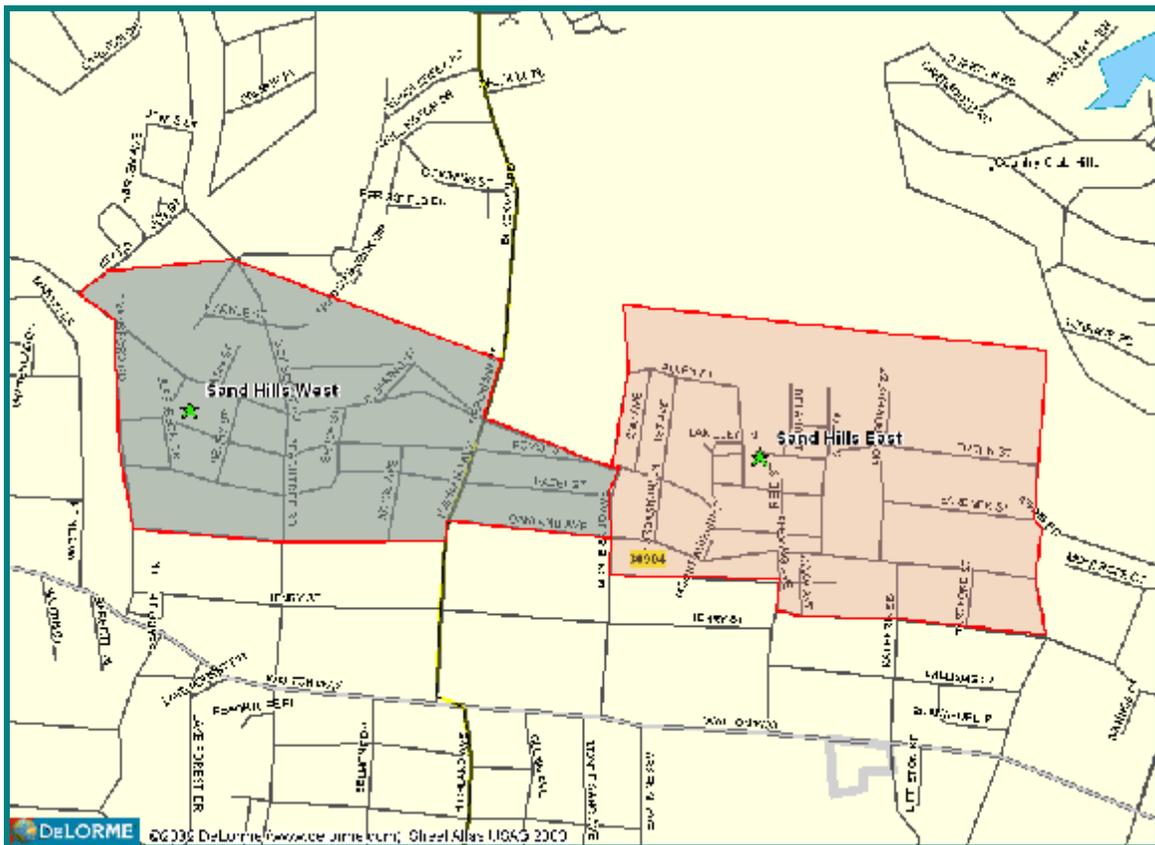
- § a transition in the characteristics of the population base from family oriented households to households with increasing transitory characteristics;
- § a large percentage of households earning less than \$25,000 per year;
- § a large percentage of unemployed adults; and
- § a large percentage of population dependent on public transportation.

The socio-economic influences of this sub-market suggest the existing population base has the potential to participate in a market-based revitalization, but is unable to generate the revitalization without institutional support and guidance. The local population does not have the financial means to reverse the current decline of portions of Sand Hills sub-market without extensive assistance from a variety of sources.

REAL ESTATE MARKET ANALYSIS

OVERVIEW

The Sand Hills area was originally known as Elizabethtown and is comprised of a predominantly residential district located just west of the central business district of Augusta and just north of the Summerville Historic District. Although the predominant development within the Sand Hills sub-market is residential with pockets of commercial development scattered along the primary arteries, the existing land uses and traffic corridors have combined to create two distinct neighborhoods. The differences in existing development and potential revitalization within these neighborhoods are significant enough to necessitate a division of the sub-market. For the purpose of the forthcoming analysis, the neighborhoods are identified as Sand Hills West and Sand Hills East. The natural dividing line between the neighborhoods is Monte Sano Avenue. The two neighborhoods are illustrated on the following map.



SAND HILLS WEST

Sand Hills West is serviced by three secondary roads that are designed to carry the majority of vehicular traffic. The secondary roads include: Bransford Road, Wheeler Road and Berckmans Road (aka Highland Road). The neighborhood is also serviced by four neighborhood roads that serve as connector routes to the more heavily traveled secondary roads. The neighborhood roads include: Oakland Avenue, Hazel Street, Royal Street, and Peachtree Road (aka Boy Scout Road).

The majority of existing commercial, residential and institutional development within the Sand Hills West area developed after World War II and is not considered to be historically significant. The development in this part of the neighborhood is relatively homogeneous in design, physical condition and utility. The aesthetic image of the neighborhood has declined over the past 30 years, along with many of the existing structures. The result is a stagnant and dated appearance for the neighborhood overall. The following paragraphs will address the three primary types of development in the neighborhood and their combined impact.

Residential Development

As noted previously, the residential development within this neighborhood is relatively homogeneous in design, physical condition and utility. The current supply of housing is comprised primarily of single-family dwellings. The existing multi-family development within Sand Hills West is minimal and mostly low-density; however, the majority of the existing multi-family development is not complementary or compatible with the predominant character of the neighborhood.

Single-family residences in this area generally range in size from a low of 1,000 to a high of 3,000 square feet. The median single-family residence size is approximately 1,600 square feet. Floor plans typically include three bedrooms,

one full bath, a living room/den, dining room and kitchen. Land to building ratios range from 5.0 to 15.0 to one, with an average lot coverage of approximately 20%. Most single-family residential lots have a front and rear yard and can accommodate off-street parking for two vehicles; however, relatively few have garages. Other site amenities typically include chain-link fencing, small exterior patios or rear porches, and mature landscaping. Those properties without a garage generally have a detached shed or storage building located in the rear yard.

The majority of houses in this area were built 40 - 60 years ago, and the physical inspection of this area revealed very little new construction in recent years. Although new construction activity has been limited, several properties appear to have been partially renovated and the effort to maintain most properties is apparent. While a few of these structures are no longer habitable and require demolition, most require only minimal renovation to enhance the overall appeal of the area.

As noted in the Demographic Analysis section, the overall vacancy in all housing units increased significantly between 1990 and 2000, indicating an overall decline in demand in the Sand Hills sub-market. By 2000, vacancy rates had leveled off at 12.5%, increasing only slightly to 12.6% in 2003. Vacancy rates are expected to remain level through 2008, suggesting the market has stabilized. However, it is noted that the five block groups provided vacancy rates ranging from 8.7% to 21.7%. These variations reflect the skewing of neighborhoods included in the block groups, which are not located in the Sand Hills sub-market. The overall vacancy rate provided by all five block groups appears to be a reliable indication for the sub-market. Yet, the variance in vacancy among the block groups suggests the demand in for residential development in the areas surrounding Sand Hills may offer opportunities on which the Sand Hills area can capitalize. By capturing a portion of the increasing demand for urban housing

from adjacent neighborhoods, the Sand Hills sub-market could generate a market-based revitalization.

Much of the decline of the Sand Hills West area is attributed to the percentage of owner-occupied housing. In 2003, only 52.1% of all housing units were owner-occupied, while 35.3% were renter-occupied. Between 1990 and 2000, the percentage of owner-occupied housing units declined from 55.6% to 51.8%. Renter-occupied units also decreased during that period, as the majority of occupancy losses in both categories were attributed to an overall increase in vacancy. By 2008, owner-occupied housing is projected to comprise 52.7%, while renter-occupied housing is projected to comprise 34.7%.

Normally, a high percentage of renter-occupied units would be found in an area in which a significant number of the existing housing units are comprised of multi-family developments. Interestingly, there are very few multi-family residential developments within the identified market area. Such a high percentage of renter-occupied housing units in what is predominantly a single-family residential district indicates the neighborhood is transitioning from a stable, family-oriented population base to a relatively transient population that is increasingly likely to fluctuate over time. This transition is the result of a decline in the neighborhood overall. As the aesthetic image of the neighborhood and the perceived amenities of its location diminish, the ability of the neighborhood to maintain a population base with the stability and financial strength to contribute to its long-term success diminishes proportionately.

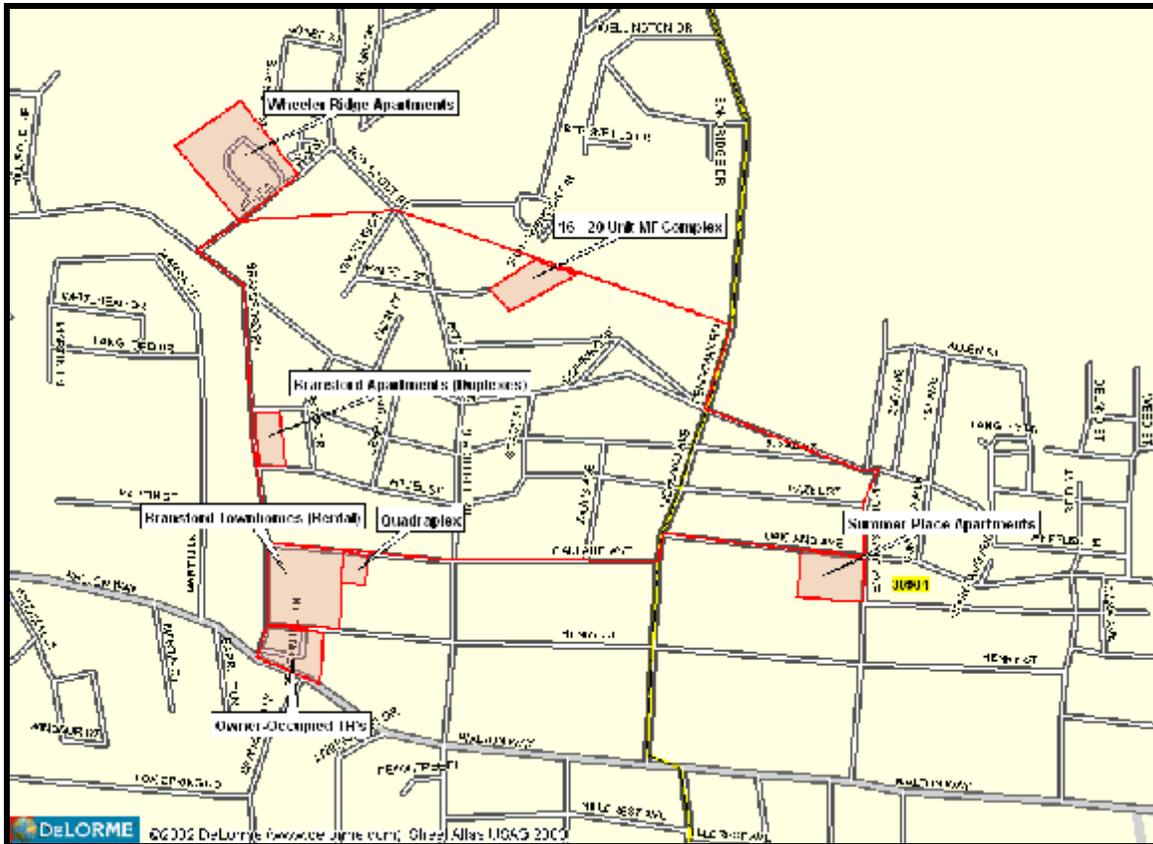
There are two multi-family developments located within the boundaries of Sand Hills West. In addition, there are a few multi-family developments located adjacent to the neighborhood. These adjacent developments impact the neighborhood and will be included in this portion of the analysis.

The Bransford Apartments are a series of eight duplexes located on Bransford Road between Royal and Hazel Streets. The architectural elements of the buildings are very similar to the surrounding single-family residential development; however, the overall quality and condition of the structures is clearly inferior to the adjacent development. The apartment units are compatible to the adjacent neighborhood, but not complementary. The location of the Bransford Apartments on the periphery of the neighborhood and along a road carrying moderately heavy traffic volumes mitigates their potential adverse influence.

The second multi-family development is located at the terminus of Blunt Street on the northern end of the neighborhood, and did not have an identified name. This development is comprised of a single, 16 – 20 unit building with a gravel and dirt parking lot and a fenced retention pond. The building is in dilapidated condition and is not compatible with or complementary to the surrounding residential development. Although it is not visible from any main thoroughfare, this apartment complex has adversely impacted the surrounding neighborhood and represents a barrier to revitalization in this area.

Other nearby multi-family developments include a quadraplex and the Bransford Townhomes on Oakland Avenue, the Wheeler Ridge Apartments on Bransford Road north of Wheeler Road and the Summer Place Apartments on the south side of Oakland Avenue at Monte Sano Avenue. The Bransford Townhomes was formerly an apartment complex and is currently vacant. The buildings are clearly in poor condition and are under-going substantial renovations. The development will remain a rental property upon completion of the renovations. An upscale townhome development is located at the corner of Bransford Road and Walton Way, within two blocks of Sand Hills West. This development is comprised of owner-occupied townhomes and is attractively designed. This multi-family development is compatible and complementary with the surrounding single-family district. The Summer Place Apartments comprises a small, multi-

family development with five buildings designed to face a central courtyard. The development has been designed to appear secluded and private. The buildings are at least 40 years old and in fair condition overall; however, the development does not adversely impact the adjacent neighborhood. The existing multi-family developments have been identified on the following map.



The existing multi-family developments were constructed between 25 – 40 years ago. No new multi-family development has been constructed in recent years, and none of the existing single-family housing appears to have been converted to multi-family in recent years. Overall, with exception of the apartments located at the terminus of Blunt Road, the impact of multi-family housing in the neighborhood has been minimal, and limited to the areas immediately surrounding the multi-family developments. Despite the minimal negative impact, the proliferation of multi-family development within the boundaries of Sand Hills

West would be a detriment to the potential revitalization of the neighborhood overall. Furthermore, the renovation and subsequent operation of Bransford Townhomes will substantially impact the southwest quadrant of Sand Hills West.

Commercial Development

The majority of existing commercial development is located along the secondary roads, and at intersection. There have been only minor encroachments of commercial development within the core residential district. The existing commercial development is generally comprised of low-intensity commercial uses and the encroachments into the residential district tend to be located within one or two blocks of the nearest intersection.

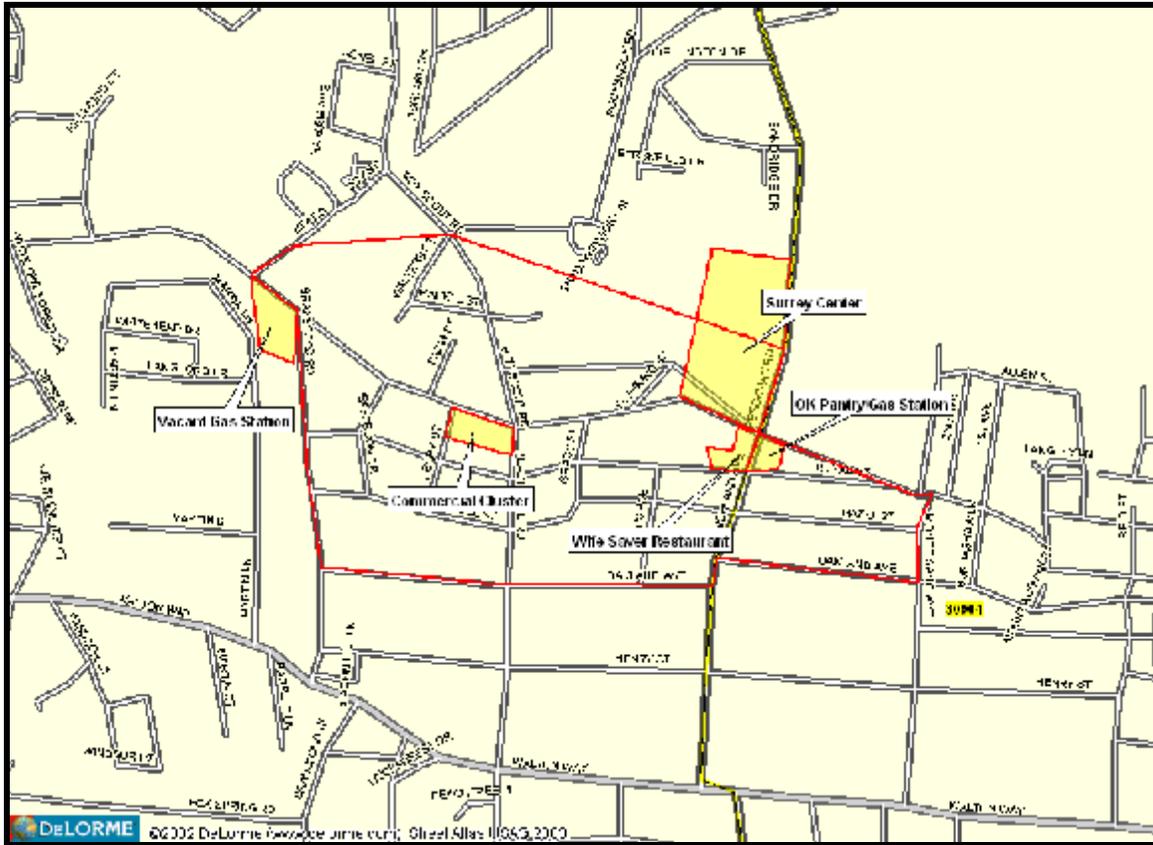
At the intersection of Bransford Road and Wheeler Road, the only commercial development is a vacant gas station located on the southwest quadrant. In addition, there is a large tract of vacant land on the northwest quadrant. The eastern quadrants are residential. The vacant gas station is an eyesore and has become dilapidated; however, the location of a gas station on this corner is not incompatible with the neighborhood. The redevelopment of this site with another compatible commercial use would enhance the area.

The largest concentration of commercial development is located at the intersection of Wheeler Road and Berckmans Road. The Surrey Center shopping center is a multi-tenant retail center comprised of upscale specialty shops and restaurants, including Talbots, and Ciao Bella. Other development at this intersection includes an OK Pantry/gas station, the closed WMC Fish Market and the Wife Saver Chicken & Seafood Restaurant. Berckmans Road and Wheeler Road are the most heavily traveled secondary roads within Sand Hills West. The proliferation of commercial development at their intersection is logical, well-designed and does not adversely impact the surrounding development.

In Sand Hills West, the primary encroachment of commercial development is located on the south side of Wheeler Road at Berry Street and includes Manny's Automotive Service Center, a two-tenant building containing a Chinese restaurant and a laundromat and a small multi-tenant office building. This development is located directly across the street from Big Oak Park, which is a city-owned and maintained recreation area. Although the structures have been reasonably well-maintained and are located on one of the most heavily traveled secondary roads, this commercial development is not complementary to the surrounding residential district. Further encroachments by commercial development into the core of the neighborhood would be detrimental to the future revitalization of the neighborhood. The traffic volumes on Wheeler Road are not sufficient to support additional commercial development, despite the proximity of Berckmans Road.

All of the existing commercial development in Sand Hills West is comprised primarily of structures built over 20 years ago. Few have been renovated or updated. Furthermore, there has been very little new commercial development within the past 20 years. With the exception of the Surrey Center, the remaining commercial structures have a worn and dated appearance.

The potential success of future commercial within Sand Hills West would be limited at best. Traffic volumes are not sufficient to support most general commercial uses. In addition, on-going new development in other more desirable areas would strong competition for retail dollars generated from those both outside and inside the neighborhood. The existing commercial development is identified on the following map.



Institutional Development

There are a number of non-residential developments in and around the Sand Hills West neighborhood that influence the surrounding residential and commercial development. These non-residential developments include multiple parks, cemeteries, schools, churches, Augusta State University, Fort Gordon US Army Signal Center and the August Country Club. Each will be briefly discussed in the following paragraphs.

There are two public parks located within the boundaries of Sand Hills West, including Big Oak Park and the Alexander B. Barnett Park. Both parks are city-owned and operated. Big Oak Park is the larger of the two and is located on the northwest quadrant of Wheeler Road at Boy Scout Road. The park amenities include a public gathering area and recreational equipment for children. Alexander B. Barnett Park is a small park located at the intersection of Wheeler

Street and Royal Street. This park is enclosed in chain-link fencing and is essentially a playground for children. It contains recreational equipment and picnic tables, but is not large enough to accommodate public gatherings.

The Westover Cemetery is located on the north side of Wheeler Road between Berckmans Road and Monte Sano Avenue. This attractive, well-maintained cemetery is enclosed in brick and wrought iron gating and comprises over fifty acres. The cemetery is a natural barrier to new development and effectively separates Sand Hills West from Augusta Country Club.

There are no schools or churches within the boundaries of Sand Hills West; however, a small elementary school is located just northwest of the area on Bransford Road and the Mt. Canaan Baptist Church is located on the northeast quadrant of Wheeler Road at Monte Sano Avenue. Mt. Canaan Baptist Church is located within the boundaries of Sand Hills East will be discussed in more detail in that forthcoming section.

Augusta State University (ASU) is located on an 80-acre campus two blocks south of the Sand Hills district. The university was chartered in 1783, and was originally known as the Academy of Richmond County. In 1925, the academy was renamed the Junior College of Augusta, and then Augusta College in 1958. Augusta State University achieved four-year accreditation in 1963.

ASU offers more than 50 programs of study leading to associate, bachelor, master and specialist degrees. Paralegal and cooperative doctorates are also offered. Special programs include the Honors program, Co-op Education, internships, study-abroad/exchange programs and ROTC. Student enrollment averages 5,000 students. The average age of undergraduates is 25, while the average age of graduate students is 35. Most students commute to school, as campus housing is limited. Full-time faculty totals 200, and 70% of the faculty hold doctoral degrees. Full-time staff totals 300. The student to faculty ratio is

20:1. With an average enrollment of 5,000 students, the majority of whom live off-campus, and another 500 faculty and staff, the proximity of ASU positively impacts demand for residential housing in the urban core of Augusta.

A division of the United States Army Signal Center is located adjacent to the campus of ASU, approximately two blocks south of the Sand Hills District. Fort Gordon provides year-round training for more than 60,000 reservists, as well as Army and Navy Reserve Officer Training Corps students. The garrison provides logistical and community services necessary for the day-to-day operation of the installation, such as buildings, roads, grounds, utilities, communications, food service, security, law enforcement, fire prevention and protection. The signal center is responsible for training doctrine, force integration and mobilization.

A cluster of state-of-the-art hospitals within the urban core of the city have turned Augusta into a regional healthcare center. Hospitals nearby include Augusta VA Medical Center, St. Joseph Hospital, the Medical College of Georgia and University Hospital.

Augusta VA Medical Center is divided into two divisions in the central core of Augusta. The downtown division is located at the intersection of Freedom Way and Wrightsboro Road, just south of the Sand Hills District, and is authorized for 155 beds. The uptown division is located near the Medical College of Georgia and is authorized for 285 beds. The center provides training to over 1,000 students and residents annually. The facility is designed for general medicine, surgery and neuro-psychiatry.

St. Joseph Hospital was founded in 1952 and a part of Ascension Health, the largest Catholic and non-profit health system in the country. The hospital is currently licensed for 231 beds, and employs over 1,000 people. Medical services provided include: emergency care, outpatient, cardiac care, home care,

hospice, neonatal intensive care, neurology, oncology, orthopedics, radiology, rehabilitation, surgery and endoscopy.

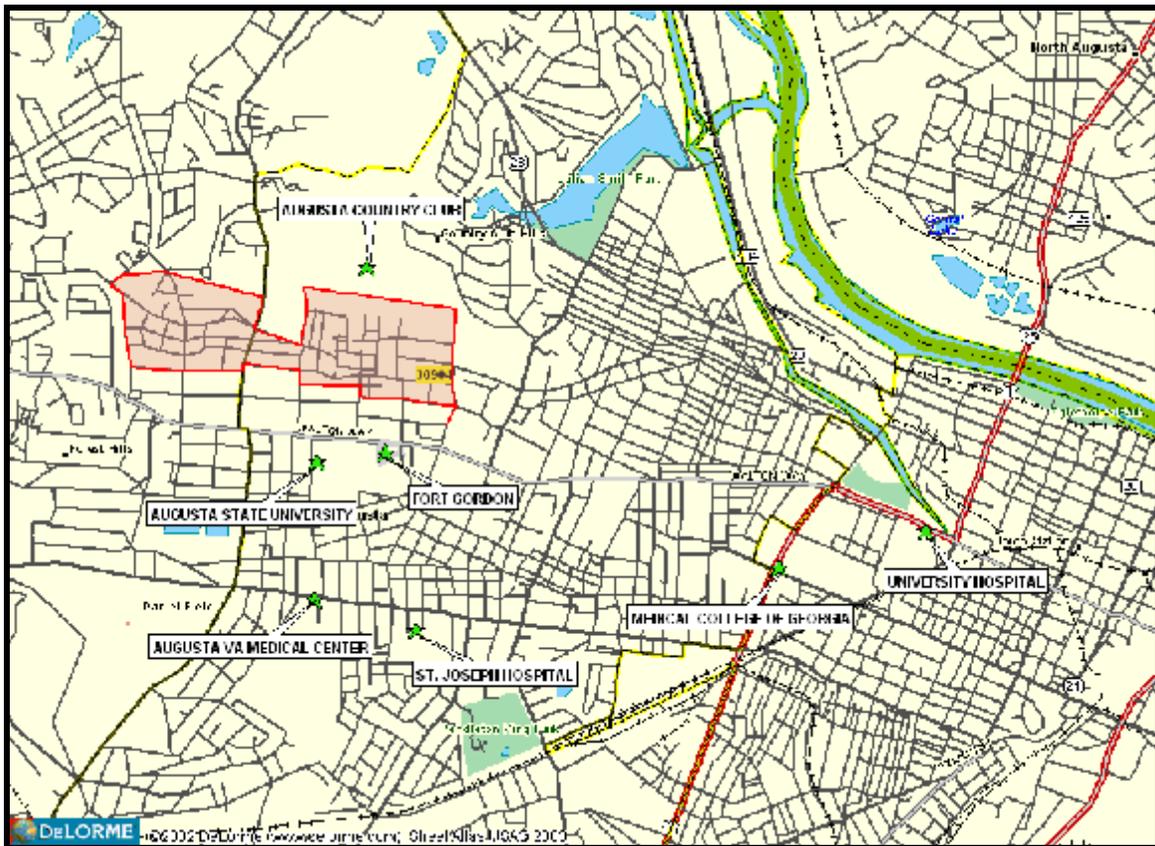
The Medical College of Georgia (MCG) is located on 15th Street, just southeast of the Sand Hills District. The college was chartered in 1828 and is currently accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award one-year and advanced certificates and degrees at the baccalaureate, masters, first professional and doctoral levels. Full-time faculty totals 625, while another 116 comprise part-time faculty and 1,155 volunteers provide additional services. In the fall of 2003, total student enrollment was 2,078. Student enrollment has increased consistently since 2000. Of the total 2,078 students enrolled, only 213 or 10.3% were housed on campus. The remaining 1,865 students lived off-campus and represent demand for housing in the urban core of Augusta.

University Hospital was established in 1818 and has been in consistent operation for over 185 years. The hospital was the first home for the Medical College of Georgia. The facility is located southeast of the Sand Hills district on 15th Street. The hospital is licensed for 551 beds, and has two adjacent nursing facilities licensed for a total of 249 beds. The hospital employs more than 3,000 people, including 450 independent, private physicians on active staff. Another 150 physicians consult with the hospital. The hospital generates 21,000 admissions and delivers over 3,000 babies each year.

Augusta Country Club is located just northeast of the Sand Hills district and is adjacent to Sand Hills East. This private country club is home to the world famous Master's Golf Tournament, which is held annually and draws thousands of visitors from around the world. The world's best golfers on the PGA tour are invited to participate in the tournament, which has become one of the most highly sought-after competitions in professional golf. The tournament was first held in 1934, and became an annual event in 1940. The tournament is typically held in

early April each year. Although the short-term boost of tourism has no real impact on the Sand Hills district, the location of a prestigious golf course in proximity to the neighborhood enhances the aesthetic image of the area.

Following is a map indication the location of major institutions impacting the Sand Hills district.



Areas of Opportunity

In Sand Hills West, one area requires immediate attention to allow for the successful revitalization of the remainder of the sub-market. The apartment complex located at the terminus of Blunt Street provides a substantial and adverse impact on the surrounding residential development. The most feasible solution to this problem would be the demolition and redevelopment of the site with an attractive, functional, medium-density multi-family housing community

that would be compatible with the surrounding low-density residential development. In any event, the demolition or complete rehabilitation of this property must be addressed in the early stages of the revitalization plan. The continued decline of this property will preclude the rehabilitation of the surrounding Sand Hills West area.

Summary and Conclusion – Development Trends

The probability for rehabilitation of residential development within the Sand Hills West sub-market is quite high; however, it will require:

- a reversal of the current transition in population from family-oriented to transient
- capitalizing on increasing demand for residential housing in adjacent neighborhoods
- minimizing the impact of existing multi-family housing and severely limiting future development of multi-family housing
- minimizing the impact of existing commercial development and limiting the encroachment of commercial development along interior corridors
- enhancing public infrastructure by improving streets, installing sidewalks and signage and code enforcement
- establishing a strong sense of neighborhood identity
- creating/nurturing a strong neighborhood association
- implementation of typical covenants, conditions and restrictions of a property owners association.

In addition, a redevelopment plan for Sand Hills area should ensure consistent zoning classifications are applied to facilitate private investors/developers as they begin to participate in the revitalization. A zoning overlay district or the implementation of more uniform zoning classifications would benefit the residential districts.

Catalyst Sites

The purpose of the preceding analysis is to identify the positive and negative real estate market trends and socio-economic factors that impact the potential for revitalization of each sub-market. In light of those variables, potential catalyst sites must be identified within each sub-market, which could be utilized to spur revitalization and future private development. The potential catalyst sites within Sand Hills West area are identified and described in the following paragraphs.

Selection Criteria

As noted previously, the Sand Hills Community Development Corporation, Inc. is committed to enhancing the existing residential housing and providing, or encouraging the private development of, additional housing opportunities in each of the sub-markets. While catalyst sites occasionally provide an opportunity for mixed-use developments, such as commercial and residential uses, the selection of potential catalyst sites will be oriented toward those sites providing maximum positive impact for the surrounding residential district.

In that regard, the selection criteria for a potential catalyst site includes:

- § primary and secondary access routes;
- § compatibility of surrounding development;
- § impact to existing development;
- § potential for successful redevelopment; and
- § long-term impact to neighborhood.

A potential catalyst site does not require direct access or visibility from a primary artery; however, adequate access is necessary. In addition, the type of access provided impacts the type of catalyst development to be considered.

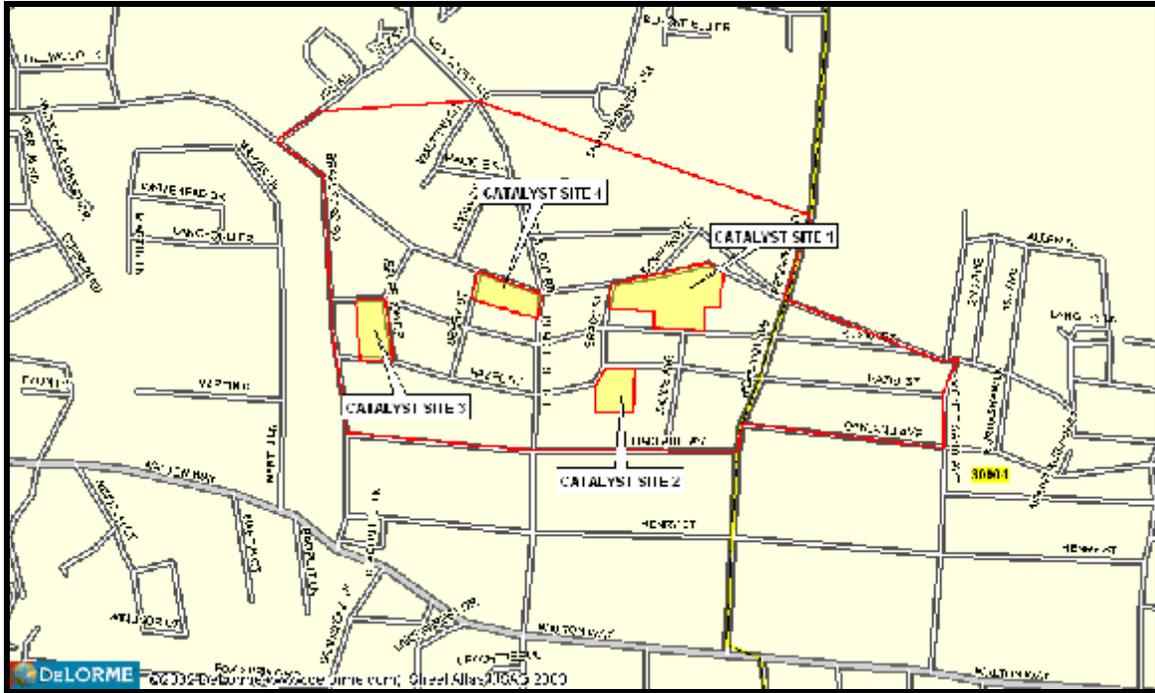
Any potential catalyst development must be compatible with the surrounding development to ensure its future success. For example, proposed housing options must address the existing architectural elements of the surrounding neighborhood that create its unique character. Capitalizing on those traits will enhance the aesthetics of existing structures and ensure the acceptance and support of the neighborhood residents. In addition to design, the quality and density of housing must be compatible.

In selecting potential catalyst sites, the impact to existing structures must be minimized. The demolition of some structures is unavoidable; however, the demolition of meaningful structures within the neighborhood, such as churches and/or historic properties, should be avoided when possible. Every attempt should be made to incorporate those structures within a proposed redevelopment plan, as long as they do not hinder the potential success of the plan.

In selecting a catalyst site, the potential for both the success of a redevelopment effort on an individual site and the impact to the surrounding neighborhood must be considered. A catalyst redevelopment plan must accomplish more than simply replacing existing sub-standard structures or fill holes in the existing development. The success of a catalyst redevelopment requires a broader impact to the neighborhood at large. As a result, sites and potential developments are selected that have the highest potential to capitalize on current positive trends, enhance the surrounding area, and attract future private development.

Identification of potential sites

Within Sand Hills area, four potential catalyst sites have been identified and will be described in the following paragraphs. At the conclusion of this analysis, the catalyst sites will be compared and ranked. A map indicating the location of the potential catalyst sites has been included on the following page.



Catalyst Site #1

This site is comprised of a group of vacant lots located on the south side of Wheeler Road and the north side of Royal Street. This site also has frontage on Grady Street. The total land area within this catalyst site is estimated to be roughly 4.0 – 5.5 acres and comprises approximately 17 lots. The physical attributes of this site include its frontage on one secondary street and two residential streets. The site is mostly level and at the grade of each road. This site has proximity to Surrey Center and Big Oak Park. This site would be ideal for a low-density townhouse development designed for owner-occupancy. Despite the proximity to commercial development and its location on Wheeler Road, a commercial use or mixed residential and commercial use of this site

would not be feasible. The townhouse development would allow for a slightly higher density of housing without taxing the amenities of the neighborhood or distracting from the predominantly single-family character of the area.

Catalyst Site #2

This site is essentially one large vacant lot on Hazel Street at the intersection of Grady Street. The total land area within this catalyst site is estimated to be roughly one acre in size and comprises one lot. The physical attributes of this site include its frontage on one residential street. The site is mostly level and at road grade. The site is surrounded by single family development and is ideal for in-fill single-family or cluster homes designed owner-occupancy. The in-fill housing would eliminate a vacant lot and may encourage additional new development on the remaining vacant lots located throughout Sand Hills West.

Catalyst Site #3

This site is comprised of a group of vacant lots located on the west side of Jefferson Drive between Royal and Hazel Streets. This site is located adjacent to the Bransford Apartments. It is roughly one acre in size and comprises four or five lots. The physical attributes of this site include its frontage on three residential streets. The site has a sloping topography, but appears to be at the grade of each road. This site would be ideal for in-fill single-family or cluster housing designed for owner-occupancy. The in-fill development would require the demolition of one or two small, dilapidated homes, but would also eliminate several unsightly vacant lots, and may encourage additional new development on the remaining vacant lots scattered throughout Sand Hills West.

Catalyst Site #4

This site is comprised of a group of vacant lots located on the south side of Wheeler Road between Berry Street and Peachtree Road. The site has frontage on all three streets. The total land area within this catalyst site is estimated to be roughly 2.0 – 2.5 acres and comprises approximately three lots. The physical

attributes of this site include its frontage on one secondary street and two residential streets. The site is mostly level and at the grade of each road. This site has proximity to Surrey Center and is directly across the street from Big Oak Park. This site would be ideal for a low-density townhouse development designed for owner-occupancy. Despite the proximity to commercial development and its location on Wheeler Road, a commercial use or mixed residential and commercial use of this site would not be feasible. The townhouse development would allow for a slightly higher density of housing without taxing the amenities of the neighborhood or distracting from the predominantly single-family character of the area. In addition, the redevelopment of these lots would allow for the demolition of multiple unsightly commercial structures that are not complementary or compatible to the surrounding neighborhood.

Overall Ranking

The sites identified for potential acquisition and redevelopment are summarized in the following chart.

	Site #1	Site #2	Site #3	Site #4
Size/Acres	4.0 – 5.5	1.0 ±	1.0 ±	2.0 – 2.5
# of Parcels to Acquire	17	1	4 – 5	3
Physical Attributes	Good	Good	Good	Good
Residential Potential	Good	Good	Good	Good
Commercial Potential	Limited	Poor	Poor	Limited
Mixed-Use Potential	Limited	Poor	Poor	Limited
Overall Impact Potential	Good	Moderate	Moderate	Good
Development Timing (Yrs.)	1 – 3	1 - 3	1 – 3	1 – 3
Overall Rank	1st	3rd	4th	2nd

SAND HILLS EAST

Sand Hills East is serviced by numerous neighborhood roads that serve as connector routes to the more heavily traveled secondary roads. The neighborhood roads include: Monte Sano Avenue, Mt. Auburn Street, Cummings Road, Johns Road, Wheeler Road and Fleming Avenue. There are no heavily traveled secondary streets within the boundaries of Sand Hills East.

Sand Hills East initially developed in the mid-1800's after the Civil War. It was added to the National Register of Historic Places in 1997. The development in this part of the neighborhood reflects unique architectural design trends relevant to the period of its origination. The aesthetic image of the neighborhood has declined, along with many of the existing structures. The result is a decayed and neglected appearance for the neighborhood overall. The following paragraphs will address the three primary types of development in the neighborhood and their combined impact.

Residential Development

The residential development within this neighborhood is relatively homogeneous in design, physical condition and utility, but clearly older and more architecturally significant than the western portion of the Sand Hills district. The current supply of housing is comprised primarily of single-family dwellings. The existing multi-family development within Sand Hills East is minimal and mostly low-density; however, the majority of the existing multi-family development is not complementary or compatible with the predominant character of the neighborhood.

Single-family residences in this area generally range in size from a low of 850 to a high of 3,500 square feet. The median single-family residence size is approximately 1,350 square feet. Floor plans typically include three bedrooms, one full bath, a living room/den, dining room and kitchen. Land to building ratios range from 5.0 to 12.0 to one, with an average lot coverage of approximately

35%. Most single-family residential lots have a front and rear yard and can accommodate off-street parking for one vehicle; however, relatively few have garages. Other site amenities typically include chain-link fencing, small exterior patios or porches, and mature landscaping. Those properties without a garage generally have a detached shed or storage building located in the rear yard.

The majority of houses in this area were built 80 - 100 years ago, and the physical inspection of this area revealed very little new residential construction in recent years. An inspection of the area indicated few properties have been renovated and many properties have declined substantially. There are a significant number of structures that are no longer habitable and require demolition. The demolition of dilapidated structures and clearing of vacant lots would significantly enhance the overall appeal of the area. The unique architectural elements and the land plan of the community have created an eclectic identity for Sand Hill East that should be nurtured, protected and strengthened by any proposed revitalization plan. In fact, the aesthetic character of this neighborhood provides an opportunity to capitalize on a strong community identity to spur revitalization.

As noted in the Sand Hills West description, the current overall vacancy in the Sand Hills district was 12.6% in 2003. Vacancy rates are expected to remain level through 2008, suggesting the market is stable. Despite variations among the five block groups, the overall vacancy rate provided by them appears to be a reliable indication for the sub-market. Yet, the variance in vacancy among the block groups suggests the demand in for residential development in the areas surrounding Sand Hills may offer opportunities on which the Sand Hills area can capitalize. By capturing a portion of the increasing demand for urban housing from adjacent neighborhoods, the Sand Hills sub-market could generate a market-based revitalization.

Much of the decline of the Sand Hills East area is attributed to the percentage of owner-occupied housing. In 2003, only 52.1% of all housing units were owner-occupied, while 35.3% were renter-occupied. Between 1990 and 2000, the percentage of owner-occupied housing units declined from 55.6% to 51.8%. Renter-occupied units also decreased during that period, as the majority of occupancy losses in both categories were attributed to an overall increase in vacancy. By 2008, owner-occupied housing is projected to comprise 52.7%, while renter-occupied housing is projected to comprise 34.7%.

Normally, a high percentage of renter-occupied units would be found in an area in which a significant number of the existing housing units are comprised of multi-family developments. Interestingly, there are very few multi-family residential developments within the identified market area. Such a high percentage of renter-occupied housing units in what is predominantly a single-family residential district indicates the neighborhood is transitioning from a stable, family-oriented population base to a relatively transient population that is increasingly likely to fluctuate over time. This transition is the result of a decline in the neighborhood overall. As the aesthetic image of the neighborhood and the perceived amenities of its location diminish, the ability of the neighborhood to maintain a population base with the stability and financial strength to contribute to its long-term success diminishes proportionately.

There are five multi-family developments located within the boundaries of Sand Hills East. The Summerville Place Apartments are located on Cummings Road at Hartford Road across from the Summerville Cemetery. This complex is comprised of a series of three multi-tenant unit buildings. The design of the buildings does not reflect the unique architectural elements of the surrounding single-family structures. This property is not complementary or compatible with the neighborhood.

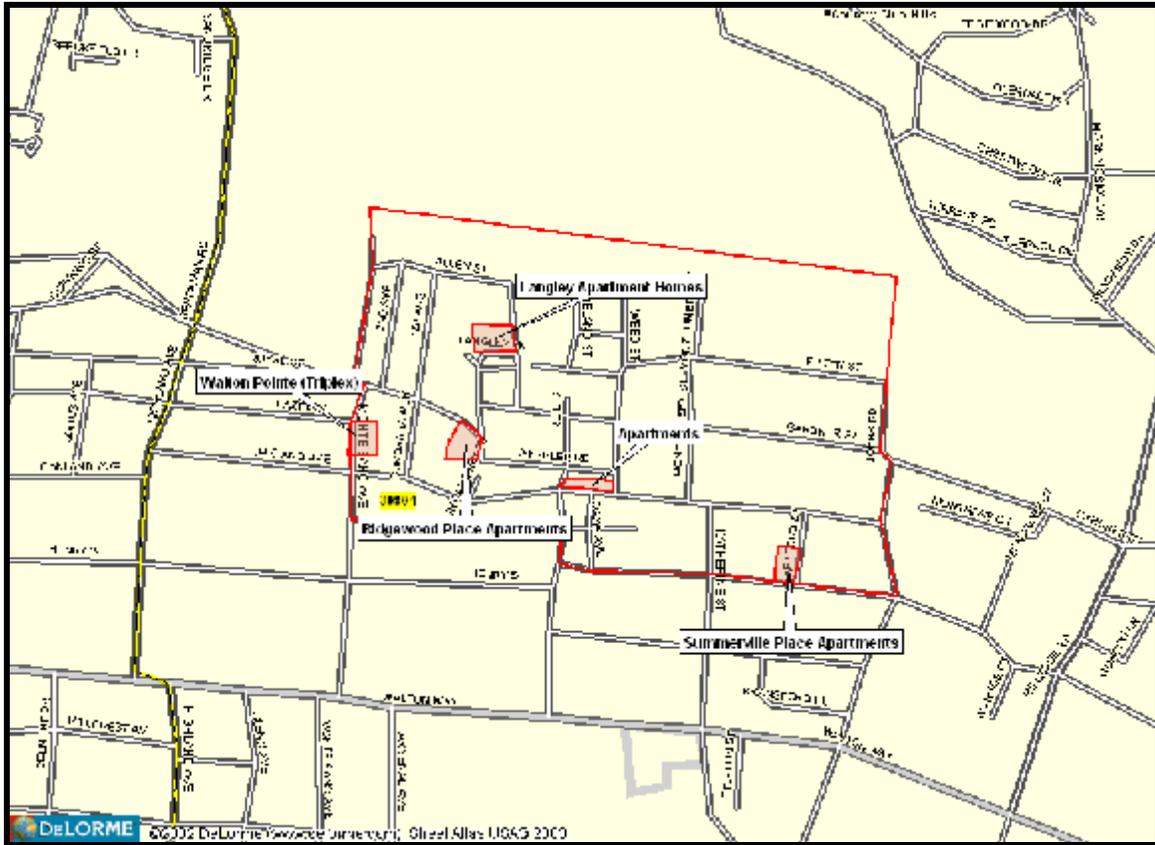
Walton Pointe is a triplex located on Monte Sano Avenue. This building appears to be relatively new and in good condition. Although it does not exhibit the neighborhoods typical architectural style, it is attractively designed and compatible with the adjacent single-family development.

A small, one-story, multi-unit building and a duplex are located on a site on the north side of Mt. Auburn Street between Fleming Avenue and Dana Street. The design of the buildings does not reflect the unique architectural elements of the surrounding single-family structures, and are in poor condition. This property is not complementary or compatible with the neighborhood.

The Ridgewood Place Apartments are comprised of three multi-unit buildings located on the south side of Wheeler Road at Porter Street. The design of the buildings does not reflect the unique architectural elements of the surrounding single-family structures, and are in poor condition. This property is not complementary or compatible with the neighborhood.

The Langley Apartment Homes is comprised of a relatively new building located on a fenced site on the northwest quadrant of the intersection of Langley Street and Fleming Avenue. The building contains five townhouse units and appears to be in good condition. Although the building is attractive, it is out of place in the neighborhood and does not contribute the appeal of the community.

The existing multi-family developments have been identified on the following map.



The existing multi-family developments were constructed between 5 – 30 years ago. Very little multi-family development has been constructed in recent years, and none of the existing single-family housing appears to have been converted to multi-family in recent years. Overall, the impact of multi-family housing in the neighborhood has been minimal, and limited to the areas immediately surrounding the multi-family developments. Despite the minimal negative impact, the proliferation of multi-family development not in character with the surrounding residential district would be a detriment to the potential revitalization of the neighborhood overall.

Commercial Development

The existing commercial development within Sand Hills East is minimal at best. There have been only minor encroachments of commercial development within the core residential district. The existing commercial development is generally

comprised of low-intensity commercial uses and the encroachments into the residential district tend to be located within one or two blocks of the nearest intersection.

The only existing commercial business is the Everlasting Granite Marble Company located at the intersection of Wheeler Road and Monte Sano Avenue, and across from the Mt. Canaan Baptist Church. This facility does not adversely impact the surrounding neighborhood. The remaining commercial structures are vacant and dilapidated. At the corner of Wheeler Road and Porter Street, there are two vacant commercial structures, and at the southwest quadrant of Mt. Auburn Street and Fleming Avenue, a former automotive service garage is now vacant and abandoned. At the intersection of Fleming Avenue and Wheeler Road, a series of small commercial buildings formerly occupied by the Sand Hill Grill and a barber shop are now vacant and decaying.

All of the existing commercial development in Sand Hills East is comprised of structures built over 50 years ago. None have been renovated or updated. Furthermore, there has been no new commercial development within the past 50 years.

The potential success of future commercial development within Sand Hills East would be limited to those uses that could be supported by the population base within the immediate area. Any commercial use requiring high volumes of vehicular traffic or the ability to attract the majority of customers from outside the Sand Hills district would probably not be feasible. Traffic volumes are not sufficient to support most general commercial uses. In addition, on-going new development in other more desirable areas would strong competition for retail dollars generated from those both outside and inside the neighborhood. The existing commercial development is identified on the following map.



Institutional Development

There are a number of non-residential developments in and around the Sand Hills East neighborhood that influence the surrounding residential and commercial development. These non-residential developments include multiple parks, cemeteries, schools, churches, Augusta State University, Fort Gordon US Army Signal Center and the August Country Club. The largest institutional developments impacting the entire Sand Hills district were discussed in detail in the analysis of Sand Hills West. In the following paragraphs, only those institutional uses within the boundaries of Sand Hills East will be identified and discussed.

In Sand Hills East, there is one public park known as Blount Park. This city owned and maintained park appears to be abandoned and provided minimal amenities. The current condition of this park renders it more of an eyesore to the

surrounding community than a benefit. Yet, a renovation of this park would clearly provide an amenity to the community and an area of opportunity for redevelopment.

A new community center with a fenced recreational park/playground has been constructed on a site bound by Wheeler Road, Fleming Avenue and Mt. Auburn Street. The community center is attractively designed and clearly represents an amenity to the neighborhood. Although it is not architecturally similar to the surrounding single-family development, it is compatible and does not detract from the character of the area.

The Sand Hills Psycho-Educational Vocational School is located on the north side of Mt. Auburn Street between Weed Street and Montgomery Lane. The school is a registered historic site and was once known as the "Old Weed School". The facility is still in operation. Although the buildings are architecturally significant, they are in declining condition, as are the site improvements. The renovation of this property would enhance the aesthetic image of the surrounding portion of the neighborhood.

There are two cemeteries within the boundaries of Sand Hills East. The Summerville Cemetery is located on the southeastern corner of the neighborhood and is bound by Cumming Road, Johns Road and Mt. Auburn Road. This attractively designed cemetery has been well-maintained and is clearly compatible with the character of the neighborhood. The brick and wrought-iron gating surrounding this cemetery provide both a secluded setting from the interior of the cemetery and a unique architectural element to the aesthetic image of the surrounding streets.

The second cemetery is known as the Summerville Colored Cemetery and is located on the northwest quadrant of Johns Road at Fitten Street. Although both cemeteries were created during the same period of time, the Summerville Colored Cemetery has fewer distinctive architectural elements and has not been

maintained. The chain-link fencing is unattractive and unsuitable for a cemetery of historical significance. The interior of the cemetery has not been landscaped or maintained consistently in many years. This cemetery abuts the Augusta Country Club, and if upgraded, would provide an attractive aesthetic element to the neighborhood, in addition to its historical significance.

There are four churches within the boundaries of Sand Hills East. The Mt. Canaan Baptist Church is located at the corner of Wheeler Road and Monte Sano Avenue. This church has an adjacent cemetery and assorted buildings that are in fair to average condition overall. The Rock of Ages CME Church and the Elim Baptist Church are located on the east side of the neighborhood in proximity to the Summerville Cemetery. The Tower of Refuge Church is located on Langley Street at the intersection of Porter Street. Although the church buildings and site improvements exhibit some decline in physical condition, they are compatible and complementary to the surrounding neighborhood.

Areas of Opportunity

In Sand Hills East, there no individual hot spots or areas that represent a barrier to revitalization of the remainder of the sub-market. The decline of this neighborhood is apparent throughout, and a successful revitalization plan will incorporate a wide ranging clean up strategy for dilapidated buildings and vacant sites, as well as a plan for catalyst development.

Summary and Conclusion – Development Trends

The probability for rehabilitation of residential development within the Sand Hills East sub-market is quite high, and will require many of the same actions as those identified for Sand Hills West. They are as follows.

- a reversal of the current transition in population from family-oriented to transient
- capitalizing on increasing demand for residential housing in adjacent neighborhoods
- minimizing the impact of existing multi-family housing and restricting future development of multi-family housing
- restricting commercial development within the interior boundaries of the neighborhood
- enhancing public infrastructure by improving streets, installing sidewalks and signage and code enforcement
- capitalizing the unique architectural elements in the area to establishing a strong sense of neighborhood identity
- creating/nurturing a strong neighborhood association
- implementation of typical covenants, conditions and restrictions of a property owners association.

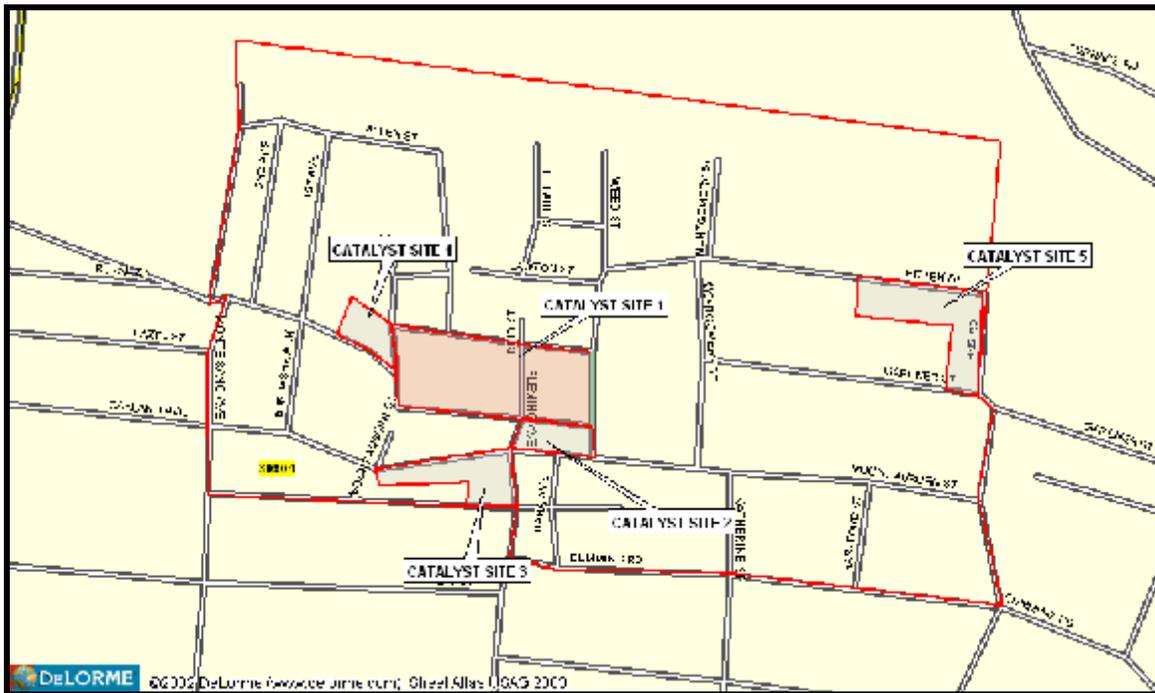
In addition, a redevelopment plan for Sand Hills area should ensure consistent zoning classifications are applied to facilitate private investors/developers as they begin to participate in the revitalization. A zoning overlay district or the implementation of more uniform zoning classifications would benefit the residential districts.

Catalyst Sites

The purpose and methodology for the selection of catalyst sites was discussed in detail in the analysis of Sand Hills West. The following paragraphs will focus solely on the identification and analysis of sites within Sand Hills East.

Identification of potential sites

Within Sand Hills area, five potential catalyst sites have been identified and will be described in the following paragraphs. At the conclusion of this analysis, the catalyst sites will be compared and ranked. A map indicating the location of the potential catalyst sites has been included on the following page.



Catalyst Site #1

This site is comprised of approximately 32 lots bound by Wheeler Road, Porter Street, and Weed Street. The total land area within this catalyst site is estimated to be roughly 7.0 – 9.5 acres. The physical attributes of this site include its frontage on three residential streets, its central location within Sand Hills East and at the terminus of Fleming Street, and the proximity of the new community

center. The site has a sloping topography, but is at the grade of all three roads. This site would be ideal for a mixed-use development involving limited commercial, such as boutique retail/restaurant and professional office, and low-density residential. Loft residential space could be incorporated above the commercial development, while single-family residential could be developed at the rear of the site along Porter Street. A mixed-use development would allow for the addition of limited commercial uses that would benefit the surrounding residential base and the inclusion of alternative residential housing compatible with the predominantly single-family character of the area.

Catalyst Site #2

This site represents a grouping of eight contiguous lots improved with five single-family residences, two apartment buildings and two vacant lots. The site contains 1.5 to 2.0 acres. It has frontage on and access from four residential streets, including Fleming Avenue and Mt. Auburn Street. The site is mostly level and the grade of all four roads. This site is located directly across Fleming Avenue from the new community center and adjacent to Catalyst Site One. The physical characteristics of this site would support a community oriented commercial use, such as a medical office, dental office or other health care facility. The redevelopment of this site would allow for the demolition of an unsightly apartment complex, and dilapidated single-family residences. The development of a health care related facility would be a benefit to the neighborhood and would be compatible with the surrounding area. Since this site is positioned between the community center, the vocational school and the proposed mixed-use redevelopment of Catalyst Site One, the conversion to a medically-related commercial use would not adversely impact the neighborhood.

Catalyst Site #3

This site represents a grouping of approximately 17 contiguous lots, some of which are improved with single-family residences and some vacant lots. The site contains approximately 3.5 – 4.0 acres and has frontage on Mt. Auburn Road,

Fleming Avenue and Cumming Road. The site is mostly level and at road grade. This site is located directly across Mt. Auburn Road from the new community center and in proximity to Catalyst Sites One and Two. The physical characteristics of this site would support a medium-density residential development designed for the elderly. The redevelopment of this site would allow for the demolition of an abandoned automotive garage and numerous dilapidated single-family residences. In addition, some overgrown, vacant lots would be incorporated. The demographic analysis revealed a significant percentage of elderly among the permanent population base, indicating an increasing need for elderly housing in the community. This site would allow residents immediate access to the proposed commercial and medical developments recommended for Catalyst Sites One and Two, and is physically accessible to the community center. The inclusion of a slightly higher density residential development designed for the elderly would not adversely impact the predominantly single-family character of the neighborhood and would complement the proposed development on adjacent sites.

Catalyst Site #4

This site is located on the northwest quadrant of Wheeler Road at Porter Street and is comprised of two contiguous lots. Both lots were formerly improved with commercial structures that have been abandoned and are in dilapidated condition. The site has frontage on two neighborhood streets and contains a total of approximately one acre. The site has a sloping topography, but is at the grade of both roads. It is located in proximity to the community center and across Wheeler Road from the Wheeler Ridge Apartments. This site is also in proximity to Blount Park, but does not have direct access to the park. This site would be suitable for a low density residential use or a complementary commercial use, such as a child care center. The redevelopment of this site would allow for the demolition of two unsightly commercial structures that are not complementary or compatible to the surrounding neighborhood.

Catalyst Site #5

This site represents a grouping of 18 contiguous lots improved with multiple single-family residences, many of which are in poor or dilapidated condition. Four of the lots appear to be vacant. The site contains 3.0 to 3.5 acres. It has frontage on and access from three residential streets. The site has a sloping topography and is at the grade of all three roads. This site is located directly across Fitten Street from the Summerville Colored Cemetery and directly across Johns Street from the Augusta Country Club. The insulated location of this site would suggest redevelopment with a low-density residential use, such as single-family, cluster housing or townhomes. The redevelopment of this site would allow for the demolition of numerous dilapidated residences and the clean up of overgrown vacant lots.

Overall Ranking

The sites identified for potential acquisition and redevelopment are summarized in the following chart.

	Site #1	Site #2	Site #3	Site #4	Site #5
Size/Acres	7.0 – 9.5	1.5 – 2.0	3.5 – 4.0	1.0	3.0 – 3.5
# of Parcels to Acquire	32	8	17	2	18
Physical Attributes	Good	Good	Good	Good	Good
Residential Potential	Good	Good	Good	Good	Good
Commercial Potential	Limited	Limited	Poor	Limited	Poor
Mixed-Use Potential	Good	Average	Poor	Poor	Poor
Overall Impact Potential	Good	Good	Average	Average	Good
Development Timing (Yrs.)	1 – 3	1 – 3	1 – 3	1 – 3	1 – 3
Overall Rank	1st	2nd	4th	5th	3rd

The combined redevelopment of Catalyst Sites One, Two and Three would create a focal point for community related development in the neighborhood.

SUMMARY AND CONCLUSION – REAL ESTATE MARKET ANALYSIS

As previously noted, the Sand Hills district is naturally divided into two distinct halves that are influenced by slightly different variables. As a result, the catalyst sites may impact only the portion of Sand Hills district in which it is located, while having no impact on an adjacent portion of the sub-market. The catalyst sites were selected based on a variety of characteristics that suggest the redevelopment of each site would positively impact the surrounding Sand Hills area over the long-term and spur future revitalization.

HOUSING MARKET STUDY

OVERVIEW

Real estate market analysis provides insight and guidance to those involved in real estate development, both in the public and private sectors. The goal of a market analysis is to minimize the risks and maximize the opportunities within a given market. It is an on-going process that provides information during the predevelopment, marketing and disposition of a property. In the preceding section, the relevant demographic factors and real estate market trends impacting the potential for revitalization of the Sand Hills district were examined. The following paragraphs will be focused on analyzing the current housing market as a basis for recommendations for new housing opportunities in the Sand Hills district. Unlike most housing market studies, the forthcoming analysis is not designed to result in recommendations for a specific site, or to determine the feasibility of a proposed development. Instead, the purpose is:

- to identify the positive and negative neighborhood attributes impacting demand,
- to analyze the impact of demand generators in the immediate and surrounding area for residential housing,
- to analyze the existing and future housing inventory, and
- to provide recommendations for new housing opportunities, including type, locations, amenities and pricing.

This residential market analysis seeks to answer the following questions:

- What is the demand for housing in the urban core of Augusta?
- What are the characteristics of those creating demand?
- What type of housing and amenities does the target audience require?
- How much of the demand is satisfied by current and proposed supply?
- What are the price point limitations and financial requirements of the target audience?

MARKET AREA IDENTIFICATION

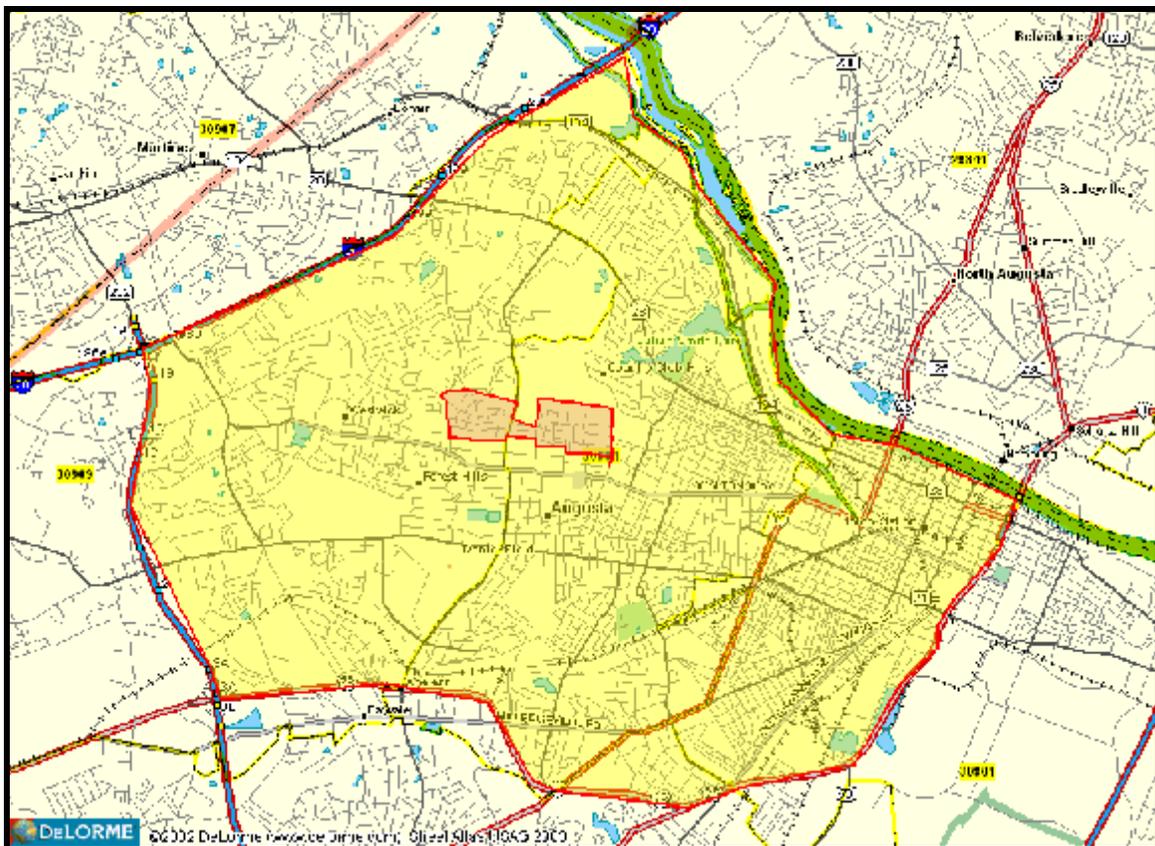
The first step is to identify the market area from which residential housing in the Sand Hills district will attract potential buyers or renters. The existing housing inventory in the Sand Hills district is designed to accommodate primary home owners and users, i.e., it is not designed to attract second home buyers, seniors/retirees or other special niches. Primary home buyers are typically employed in the area or planning a move to the area. Most of these households have school age children. As a result, they exhibit a preference for single-family detached homes in most markets.

The market area for primary home buyers usually centers on an employment center, a transportation corridor or a desirable location amenity. Consumers frequently focus their housing search on the following factors:

- Travel time to and from major employment centers,
- Availability of mass transportation facilities and highway links,
- Patterns of development (existing and anticipated),
- Socio-economic composition, and
- Political subdivisions, such tax jurisdictions, political jurisdictions, and school district boundaries.

Most residential development attracts between 50 – 75% of its buyers and renters from the existing local community; however, the market area will vary based on the type of development proposed. For example, infill housing projects generally attract nearly all residents from the immediate neighborhood, as existing residents take advantage of opportunities to move up in their preferred community. Yet, a second home community will typically draw residents from outside the local area. Any new housing development within the Sand Hills district would comprise infill housing, and as a result, would likely generate interest from the existing pool of residents in the urban core of Augusta. In

addition, it would also attract a portion of the new demand for housing generated by those seeking housing opportunities inside the city limits. As a result, the identified market area for any proposed infill housing development within the Sand Hills district would be within an approximate three mile radius. In particular, the market area would be bound by I-20 to the northwest, I-520 to the west, US 78 to the south, US 25 to the east and the Savannah River to the northeast. The approximate boundaries of the identified market area are illustrated on the map below.



DEMAND ANALYSIS

The Sand Hills district is located within the urban core of Augusta. The positive and negative attributes of the Sand Hills district and surrounding area have been discussed in detail in the preceding sections. Positive neighborhood attributes include proximity to the primary employment center for the region, major

transportation routes, and numerous community amenities, such as hospitals, universities, retail districts, public transportation and recreation areas. Negative neighborhood attributes include limited housing options, congested development with incompatible growth patterns, declining population growth and aging inventory among existing housing. The most influential of these attributes will be discussed in the following paragraphs as necessary.

Demand generators for residential housing typically include employment, household growth, household income and other specific demographic characteristics relevant to an area or region.

Employment generally drives population and household growth. If an area has an increasing employment base, new workers are likely to move to the local area, thereby creating demand for housing. Within the identified market area, there are eleven major employers, not including the armed services. Seven of these companies employ over 1,000 people each, while the remaining four companies employ between 500 and 999 employees each. Although there are several major employers within the identified region and total households have increased since 2000, population and employment trends have declined consistently since 1990. Those trends are illustrated in the following chart.

HISTORICAL AND PROJECTED GROWTH TRENDS

	1990	2000	2003	2008	% Change 2000 – 2008
Population (16+)	57,647	54,949	52,885	50,721	(-7.69)
Households	30,969	30,322	31,043	31,894	5.18
Total Labor Force	33,827	31,889	30,624	29,209	(-8.40)
Total Employed	30,682	27,851	26,584	25,234	(-9.40)

Source: U.S. Census Bureau

Consistent decreases in the total labor force and the number employed within the target market would suggest declining demand for residential housing. Normally, the number of households would decline as well. The increase in the number of households in the target market is partially attributable to the decrease in average household size. The number of households in Richmond County was projected to decrease by 1.48% between 2000 and 2008; however, throughout the Augusta-Aiken, GA-SC MSA, the number of households overall is projected to increase by 8.87% during that same period. The population within the MSA is also projected to increase.

These conflicting trends indicate population and household growth is occurring in the more suburban areas surrounding the urban core of Augusta. This trend in suburbanization is typical of most mid-size cities in the southeastern United States, and also explains labor force and employment declines in the target market. As the population moves to more suburban areas, employment bases tend to follow over time, creating mini-employment centers in suburban areas or sub-markets. Segmentation of the employment base by location tends to weaken the traditional employment centers within an urban core.

While it appears that the total labor force and the number of persons employed is declining in the target market, the regional economy overall is relatively strong and stable indicating employment and population growth. New employment growth in the target market is unlikely to occur at a significant pace in the coming decade because there are fewer opportunities and locations to develop in the urban core. Therefore, the key to residential revitalization is to market the existing housing inventory and any new infill housing to those already employed in the downtown market. In addition, it will be necessary to attract potential home owners or renters from residential districts immediately adjacent to the target market by offering competitive housing opportunities at affordable prices with distinctive physical and neighborhood features. Positive neighborhood

identification and niche marketing will be key to attracting those potential residents.

Household trends and the composition of typical households in a given market demonstrate both total demand and demand by market segment. As illustrated above, the number of households has declined since 1990 in the target area. A review of the demographics of the area indicates the household composition is also changing. The residential base in the target market is in transition, and the existing housing inventory has not been able to meet the demands of those residents sufficiently, which has contributed to the exodus of population to suburban areas.

Over the past few decades, the average household size had declines consistently. In the target market, the average household size has followed the national trend. In 1990, the average household size in the target market was 2.31 people. By 2003, the average household size had declined to 2.10 people and is expected to decrease slightly to 1.96 in 2008. It is interesting to note the decrease in average household size nationwide has not resulted in demand for smaller housing units. In fact, the opposite appears to be the case. As household size has declined over time, home size has increased. Therefore, the decline in average household size does not suggest an increased demand for housing units in the target market. This trend indicates the existing housing inventory in good condition is still marketable among these potential residents, and that any new housing should be comparable in size on a per unit basis.

In the mid-twentieth century, households consisted primarily of a married couple and their children. This type of household is now the minority among all household types. In the target market, household composition includes a broad array of non-traditional family and non-family households, including unmarried couples, single or divorced parents, childless couples, singles (all age groupings), and unrelated roommates. Each household type has specific

housing needs, providing opportunities for a variety of infill housing types. Household composition within the target market is summarized within the following chart.

HOUSEHOLD COMPOSITION

Household Characteristic	% of Total
<hr/>	
Household Size	
1 Person	36.3
2 People	31.2
3 People	15.8
4 People	9.6
5 People	4.8
6 People	1.6
7 People	0.9
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Family Households	56.6
Non – Family Households	43.4
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Male Householders	53.5
Female Householders	46.5
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Households with Children	30.8%

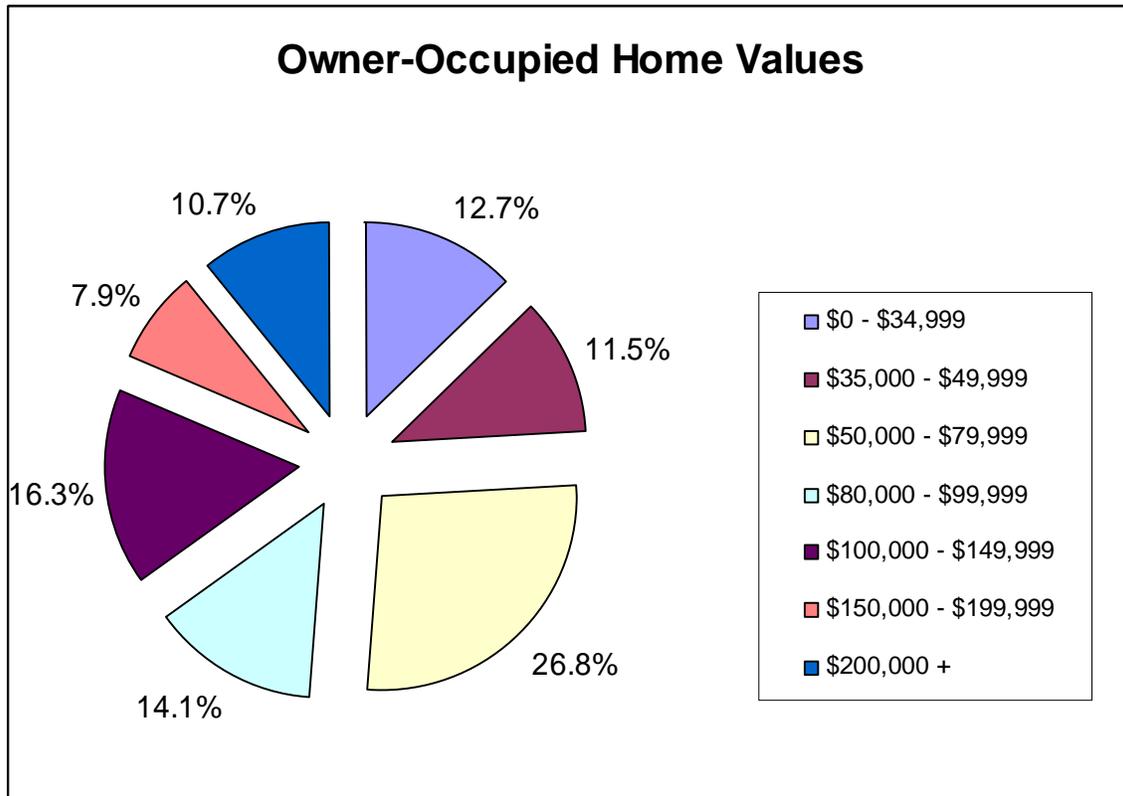
Source: U.S. Census Bureau

Just over 83% of all existing households contain less than three people. Within the target market 56.8% of all existing housing units were single-family detached units. Only 4.1% comprised single-family attached units. Another 25.8% of all housing units were multi-family properties containing 2 – 9 units total. The remaining 13.3% represented multi-family properties containing ten or more units.

In 2003, 41.4% of all housing units were owner-occupied in the target market. Renters occupied 46.9% of all housing units, and 11.7% were vacant. Among

the vacant housing units, 47.0% were for rent and 10.3% were for sale. The remaining vacant units were identified as seasonal or other uses.

The median home value was \$78,889, and the median cash rent was \$414 per month. The average monthly contract rent was \$386. Owner-occupied home values in 2000 are illustrated in the following chart.



The monthly contract rent for 40.2% of all rental housing units ranged from \$400 - \$599. Only 12.1% of all rental housing units reported a monthly contract rent over \$600. A total of 92.9% of all existing housing units were built prior to 1990. Construction activity within the target market has consistently decreased each decade since 1960.

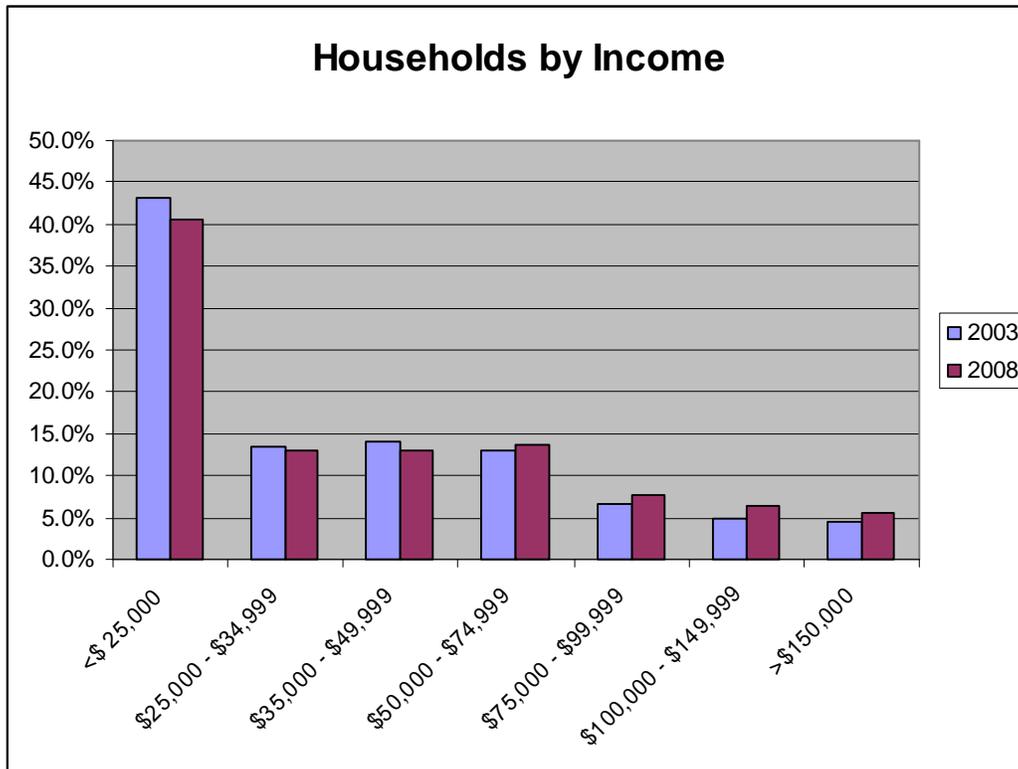
Household income is the key to determining pricing structure, affordability and marketability for residential development. Trends in income within the target market are illustrated in the following charts.

HISTORICAL AND PROJECTED INCOME GROWTH TRENDS

	1990	2000	2003	2008	% Change 2000 - 2008
Average Household Income	\$31,142	\$45,160	\$49,558	\$54,415	20.5%
Median Household Income	\$21,548	\$28,157	\$29,741	\$32,328	14.8%
Per Capita Income	\$13,231	\$19,634	\$22,893	\$27,034	37.7%

Source: U.S. Census Bureau

All income categories in the target market have consistently increased since 1990 and are projected to continue increasing through 2008. The percentage of households by income level are illustrated in the following chart.



The preceding chart reveals the majority (43.2%) of households in the target market currently have income levels under \$25,000. Another 40.5% have income levels between \$25,000 and \$75,000. Households generating income over \$75,000 represent the smallest portion of the population.

The chart also reveals a trend in income growth. Although the predominant portion of households are expected to remain clustered on the lower end of the income range in 2008, it appears the percentage of households in the lower income categories will decrease over time while the percentage of households in the upper income categories will increase. By 2008, 13.1% of the households are expected to generate an income between \$35,000 and \$49,999, while another 21.4% are expected to generate income between \$50,000 and \$74,999.

Conventional financing generally assumes the population can afford to spend no more than 30% of their income on housing. According to the U.S. Census Bureau, residents in the target market generally spend 17.4% on shelter costs and another 5.7% in mortgage interest each year. The total expenditure by homeowners for basic shelter is 23.1% in the target market. The housing affordability for those generating income levels between \$35,000 and \$75,000 can be calculated using the typical requirements for conventional financing. Conventional financing generally requires a 10% down payment and a 30 year term with a fixed rate of 6.0%. Based on those parameters, it appears that 34.5% of households in the target market can afford housing priced between \$110,000 and \$240,000. This method is not entirely accurate, as it does not consider the existing debt of residents in the target market. It merely provides a benchmark for determining affordability for a specific segment of the market.

In 2003, there were a reported 31,043 households in the target market. Of that total, 46.9% were renter-occupied and 11.7% were vacant. The remaining 41.4% (12,852) represent owner-occupied households, or those households containing residents willing and able to purchase a home. A total of 4,434 of those households could afford to purchase homes priced between \$110,000 and \$240,000.

Of the total households in the target market, 13.4% generate income levels ranging from \$25,000 to \$35,000, indicating 4,160 households. Within that income level, 1,722 households were homeowners. Using the methodology indicated above, those households could afford to purchase homes priced between \$80,000 and \$110,000.

SUPPLY ANALYSIS

In the target market, there are currently 35,160 housing units. Of that total, 14,550 are owner-occupied, 16,492 are renter-occupied and 4,117 are vacant. As previously noted, 56.8% of all housing units are single-family detached, while 39.1% are classified as multi-family units. Only 4.1% are single-family attached units. This data suggests homeowners prefer single-family detached units, and renters preferences are split between both housing types. Single-family attached units represent the smallest category, but do not necessarily generate the least demand.

Research revealed a limited amount of proposed development within the boundaries of the target market; however, new home construction activity in the region has been relatively strong in recent years. Activity is typically measured by the number of building permits issued and trends in those totals over time. Unfortunately, the number of building permits issued could not be attributed to one particular sector of Augusta, as they were compiled for the entire Augusta – Richmond County area. Historical permit activity is summarized in the following chart.

BUILDING PERMIT TRENDS – AUGUSTA/RICHMOND COUNTY

	SFR Permits	MF Permits	Total
2004*	587	0	587*
2003	649	6	655

Sand Hills Redevelopment Area

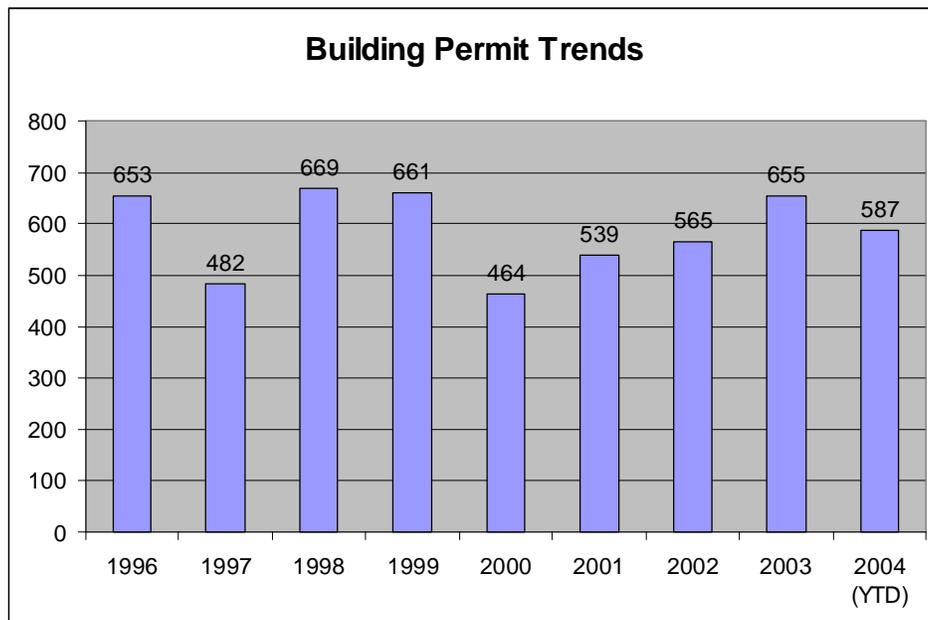
Socio-Economic and Real Estate Market Analysis

2002	537	28	565
2001	518	21	539
2000	464	0	464
1999	606	55	661
1998	653	16	669
1997	457	25	482
1996	632	21	653

*Year to date total through August 2004.

Source: U.S. Census Bureau

Between January and August of 2004, building permits issued averaged 73.4 per month. Assuming the remaining four months of 2004 generate a similar average, the total number of building permits issued could be as high as 881, which would be a substantial increase over the preceding years. As illustrated in the following bar chart, the number of building permits issued appears to have been increasing consistently since 2000.



Despite strong construction activity, there has been relatively little new construction within the boundaries of the target market and virtually none within the boundaries of the Sand Hills district. The majority of new construction is occurring on the fringes of the city limits and throughout the suburban areas.

This on-going construction activity is clearly attributable to the growth projected for the Augusta-Aiken, GA-SC MSA. Between 2003 and 2008, 15,685 new households are expected in the MSA. Assuming building permits averaging 700 per year are issued in the Augusta – Richmond County market, the market share for the region would be just over 22%, or approximately 3,500 new households.

The U.S. Census Bureau projected an increase of 851 new households in the subject's target market by 2008, which equates to only 24% of the total increase in projected households in the Augusta – Richmond County area. The annual average increase in households would be 170.

There are approximately 250 vacant housing units within the boundaries of the Sand Hills district. Of that total, roughly 147 are classified as single-family residential. Many of those vacant housing units are in poor condition or dilapidated. As a result, they have been unable to maintain occupancy and should be replaced with new housing. The current inventory of available single-family detached housing is aging and the neighborhood appears to be in a state of decline. In order to attract new households into the Sand Hills district, the most successful plan would include both a district wide clean-up of the existing inventory and the construction of new housing inventory offering a variety of housing options. Those housing options which may offer the best opportunity for success in the Sand Hills district will be discussed in detail in the following section.

RECOMMENDATIONS

The following recommendations for housing options within the Sand Hills district are based on the preceding analysis. The recommendations are designed to accommodate both the general need for additional housing in the neighborhood and opportunities for housing on the identified catalyst sites.

The majority of households (56.6%) within the target market are classified as family households, and 30.8% of all households have children under the age of 18 in residence. Family households, especially those with children, prefer single-family detached housing units in low-density neighborhoods. In order to attract those households to the Sand Hills district, infill housing within the various vacant lots in both Sand Hills East and West should be predominantly single-family residential detached unit similar to the existing housing inventory in size, design, amenities and architectural elements. The location of this housing type should be within the insulated portions of the neighborhood, i.e., those areas surrounded by similar development.

Non-family households represent 43.4% of the households within the target market and typically comprise single adults, unmarried couples and roommates. Just over 36% of all households in the target market are occupied by one person. Another 31.2% are occupied by two people. These statistics indicate 67.5% of all households are comprised of two people or less, and the majority of those households are classified as non-family. These non-traditional householders tend to be more flexible in their housing requirements and generally comprise the primary market for town home and other low-density owner-occupied housing options. Although these householders represent a large portion of the homeowners in the target market, it would be inaccurate to assume a substantial amount of single-family attached or low to moderate density housing would be feasible. The preference for single-family detached housing units in this market is clear. Yet, this segment of the market would be amenable to other housing options. As a result, small pockets of town home or cluster housing would be

feasible and would provide an alternative to single-family development throughout the neighborhood. These types of development should be located on the fringe of the single-family detached areas and typically along more heavily traveled corridors. Placement in these areas protects the low density required to preserve the single-family areas and acts as a buffer from more intense uses, such as commercial development and traffic corridors.

In order to ensure success of new infill housing, certain neighborhood elements would be considered desirable. For example, most people consider proximity to a grocery store, a dry cleaner, a café or restaurants, child care and schools, churches, retail districts and financial services important when searching for a new home and community. Other issues include security, cultural diversity, transportation routes, parking, and proximity to work.

Within the price ranges indicated previously, certain amenities would be considered standard among homebuyers. Those amenities generally include abundant landscaping, good quality construction materials, functional floor plans with at least three bedrooms and two full baths, architectural elements in character with the remainder of the neighborhood. Interior amenities would typically include central HVAC, a fireplace, washer/dryer connections, and modern kitchens.

The primary barrier to home ownership among most first time buyers and low to moderate income families is the required down payment. In order to maximize the success of any new residential development designed for owner-occupancy, a variety of financing options should be marketed. For example, a lease – purchase option would attract the attention of many first time home buyers, both outside the market area and among existing residents interested in switching from renting to owning.

SUMMARY AND CONCLUSION – HOUSING MARKET STUDY

The target market for any potential new housing development was identified as the area bound by I-20, I-520, US 78, US 25 and the Savannah River. This area essentially comprises the urban core of Augusta.

The demand analysis revealed that the number of households within the target market is expected to increase over the next five years, despite the fact that many of the typical demand generators suggest no growth would be forthcoming. The increase in total households is partially attributable to the decrease in average household size, and to increasing population growth throughout the MSA. Demand for housing appears to be concentrated in the suburban areas of the MSA, suggesting any new housing in the Sand Hills district would need to capture a percentage of that demand.

The increasing demand for housing in the suburban markets has positively impacted building permit trends. The supply of new housing single-family detached housing has consistently increased in the Augusta – Richmond County market since 2000. The historical growth rate indicates 851 new households will be created within the target market by 2008. The existing inventory of vacant housing and any new housing developments within the Sand Hills district will be required to compete with other housing options throughout the target market for those new households.

The households identified as family units and those with children in residence are driving the demand for single-family detached units in the Sand Hills district. Non-family households also prefer single-family detached units, but are generally more flexible in housing requirements and would be more likely to consider alternative housing options. New single-family detached units would be suitable for the insulated residential portions of the Sand Hills district, such on the numerous vacant lots located throughout the eastern and western portions. Town home and other low to moderate density housing options should be

provided in limited form along the fringes of the single-family areas and traffic corridors.

Typical neighborhood amenities should be identified and or attracted to the area to sustain the existing residential base and attract new residents. New infill housing should include the exterior and interior amenities associated with the chosen price range. A variety of financing options should be provided to attract home buyers from all income levels and encourage current renters to consider purchasing a home in the community.

SUMMARY AND CONCLUSION

SUMMARY AND CONCLUSION

The identified market area is nestled in the urban core of Augusta. The transportation routes throughout the area are adequate to serve the current traffic volumes. The analysis of real estate market trends revealed the neighborhood has suffered a continuous decline over several decades. The socio-economic influences of this sub-market suggest the existing population base is unable to generate a market-based revitalization. The local population does not have the financial means to reverse the current decline without assistance from a variety of sources. Our analysis and inspections revealed multiple catalyst sites with potential for redevelopment to spur the long-term revitalization of this sub-market.