NEED AND DEMAND ANALYSIS

FOR THE

SOUTHSIDE LOFTS APARTMENTS

IN

BLAIRS/PITTSYLVANIA COUNTY, VIRGINIA

Prepared for
Blairs School Apartments, LLC
for submission to
the Virginia Housing Development Authority

VHDA Application: 2019 - C - 84

As of February 20, 2019

T Ronald Brown: Research & Analysis
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Asheville, NC 28814-0441

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A. EXECUTIVE SUMMARY

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

The site of the proposed Southside Lofts Apartments is ithe Blairs Middle School, off East Witt Road in Blairs, in southern Pittsylvania County. There are no apparent physical, environmental, or other constraints upon the rehabilitation and marketing of the proposed project at this location.

Of the 55 unit total, there will be six units targeted to households with incomes up to 40 percent of the median and 49 units targeted at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

Employment in Pittsylvania County fell from 29,605 in 2008 to 27,543 in 2010. Since then, employment has grown - to 28,201 in 2017 (although levels did drop-off after 2015).

For Pittsylvania County, the current unemployment rate is 4.5 percent, down from 4.8 percent the previous year, and significantly lower than previous years. The rate was as high as 10.9 percent in 2010.

The market area for the proposed development is defined as southern Pittsylvania County and the City of Danville as defined by several census tracts.

The population of the market area is projected to decrease from 78,583 in 2019, to 77,545 in 2024. The number of households is projected to decrease, from 34,921 in 2019 to 34,248 in 2024. The number of renter households in the market area is projected to increase from 13,447 to 13,759 over the 2019 to 2024 projection period.

There are several apartment complexes located in the wider Danville area. These include a few conventional/ market rate properties, some properties financed with low income housing tax credits, and some subsidized housing for very low income households.

Based on our survey, there is a market-wide occupancy rate of 93.8 percent. Occupancy at the unsubsidized tax credit properties is currently 87.6 percent (reflecting the current, unrepresentative, occupancy at one project in particular).

The total net need for tax credit units, such as is proposed, in the southern Pittsylvania County area by 2024 is calculated to be for 920 units. Given the calculated need, the proposed 55-unit development amounts to 6.0 percent of the need, as calculated.

Consideration of the capture rate (6.0 percent) and the (0.9 percent) affordability analysis capture rate and (7.0 percent) penetration rate suggests that the proposed development is marketable, as proposed.

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated six-month period, or so.

The proposed development will not have an impact on existing housing in the area.

The proposed development is considered marketable and can be developed as proposed.

B. INTRODUCTION AND SCOPE OF WORK

This report is a professional market analysis of the need and demand for the proposed development.

The report is prepared for Blairs School Apartments, LLC, for submission to the Virginia Housing Development Authority.

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

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

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

The site of the proposed apartments was visited (on February 20,2019)

The site was visited by T. Ronald Brown.

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis. The President of the firm is T. Ronald Brown. Mr. Brown has a Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland. He has 35 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last three decades or so, Mr. Brown has produced more than 3,000 studies in at least 20 states, predominantly in the Southeast.
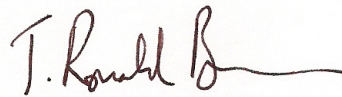
Mr. Brown is responsible for the analysis and write-up of this report – performing the role of both analyst and author.

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

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

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 18534
Asheville, North Carolina 28814-0441
919. 233.0670 or 919.612.5328

Date: March 12, 2019

C. PROJECT DESCRIPTION

The Southside Lofts Apartments will comprise 55 units - eleven one-bedroom units, 30 two- bedroom units, and 14 three-bedroom units. The project is the rehabilitation of an existing school.

The project is to be configured as follows:

	Units	sq. ft	Rent	Targeting*
1 bedroom/1 bath	2	762	$361	less than 40 percent
1 bedroom/1 bath	5	687-759	$470	less than 60 percent**
1 bedroom/1 bath	4	721-799	$580	less than 60 percent
2 bedroom/1.5 bath	2	873	$424	less than 40 percent
2 bedroom/1.5 bath	9	935	$555	less than 60 percent**
2 bedroom/1.5 bath	18	856-994	$687	less than 60 percent
3 bedroom/2 bath	2	1,286	$481	less than 40 percent
3 bedroom/2 bath	8	998-1,103	$633	less than 60 percent**
3 bedroom/2 bath	5	1,221-1,260	$785	less than 60 percent

* percent of local area median income
** affordable at 50 percent of the median

Of the 55 unit total, there will be six units targeted to households with incomes up to 40 percent of the median and 49 units targeted at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

Utilities (excluding trash collection) will be paid by the project - utility allowances are: $77 for the one-bedroom units, $102 for the two--bedroom units, and $126 for the three -bedroom units. Based on information supplied by the developer, the proposed apartments will meet VHDA energy standards.

The property will feature an existing single, two-story, building and with a brick exterior. There will be an elevator. Common area and site amenities include a community room, playground, computer room, in addition to an exercise room, and a picnic area, with grills. Unit amenities include washer/dryer hook-ups.

There are 144 parking spaces.

Representative architectural drawings are set out on the following pages.

It is understood that the construction program would commence in June 2020 and would be completed within 12 months, or so.

Site plan
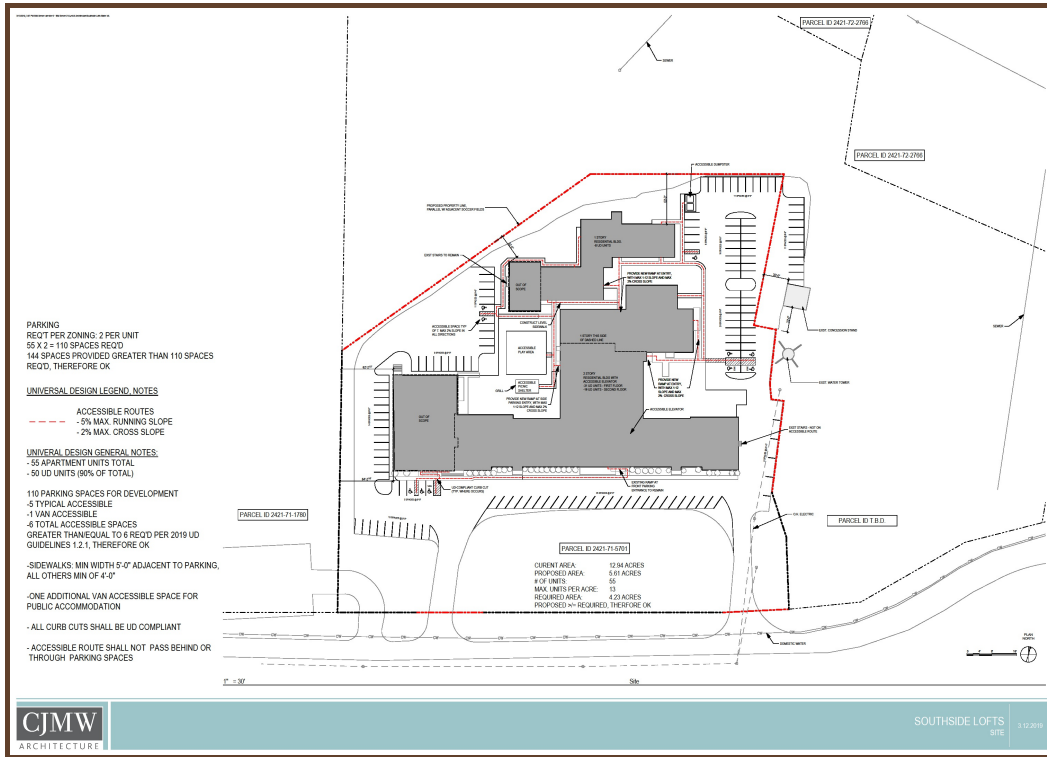
Floor plans

SECOND FLOOR - PART 1

SOUTHSIDE LOFTS
SECOND FLOOR PLAN

SECOND FLOOR - PART 2
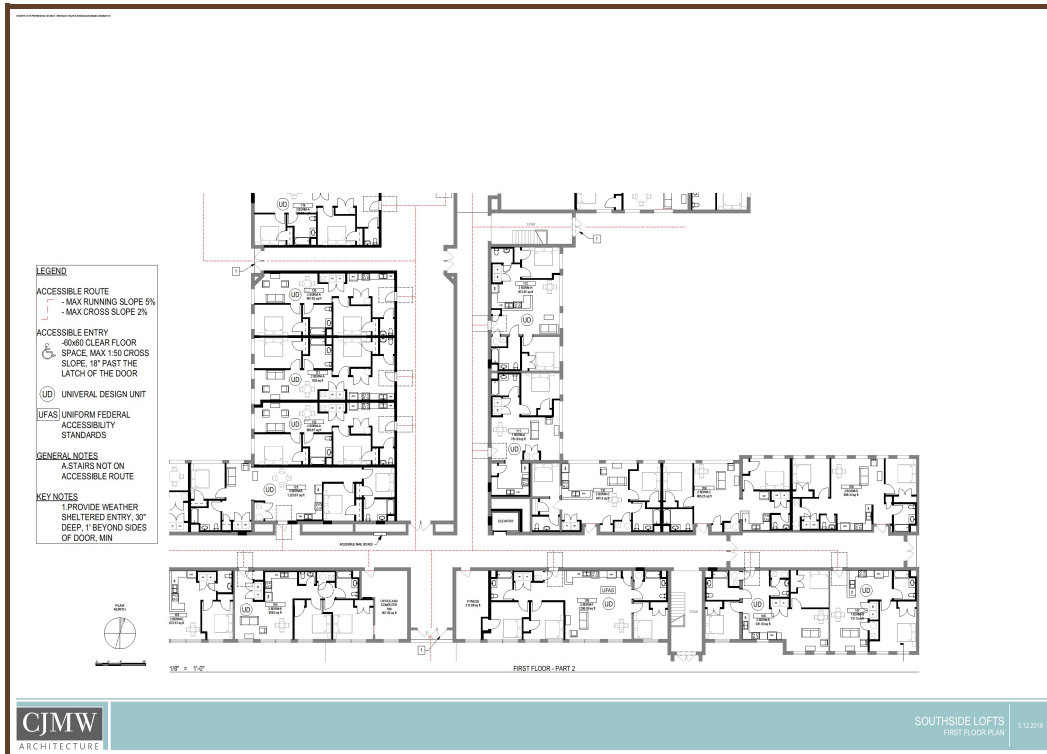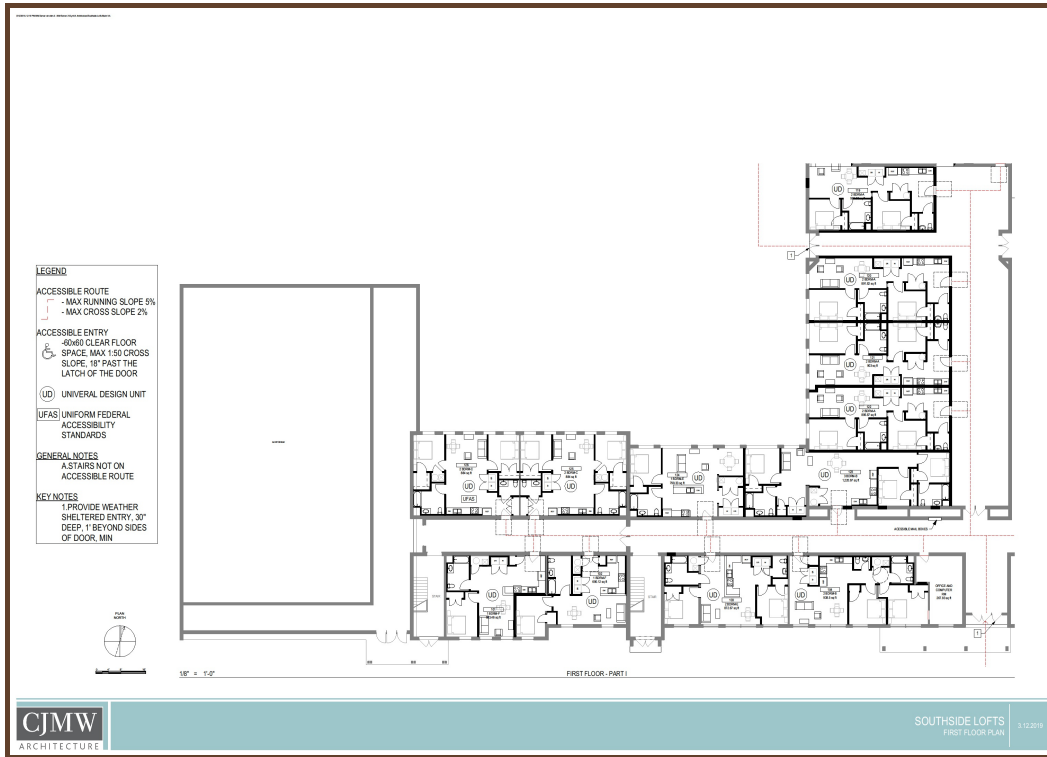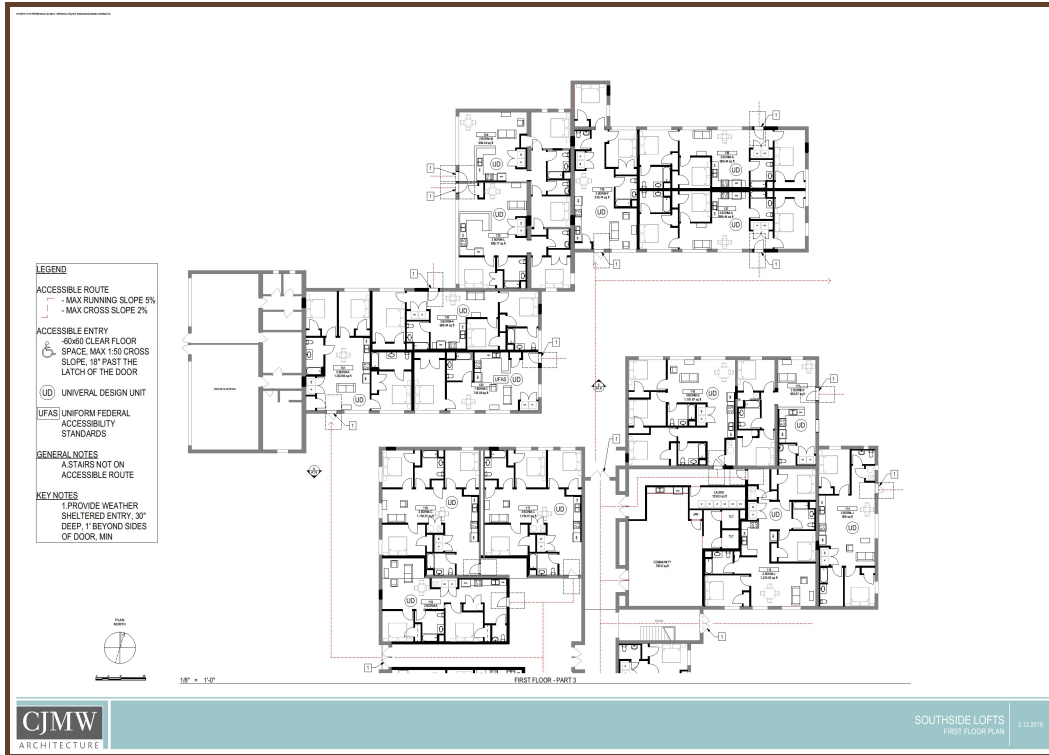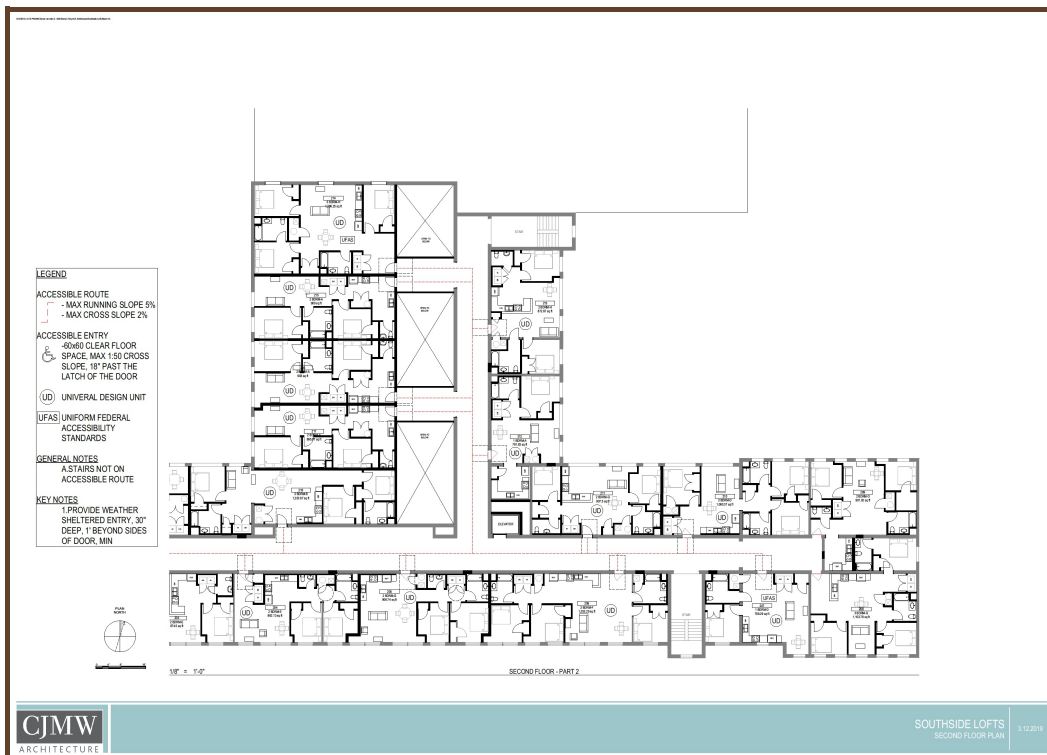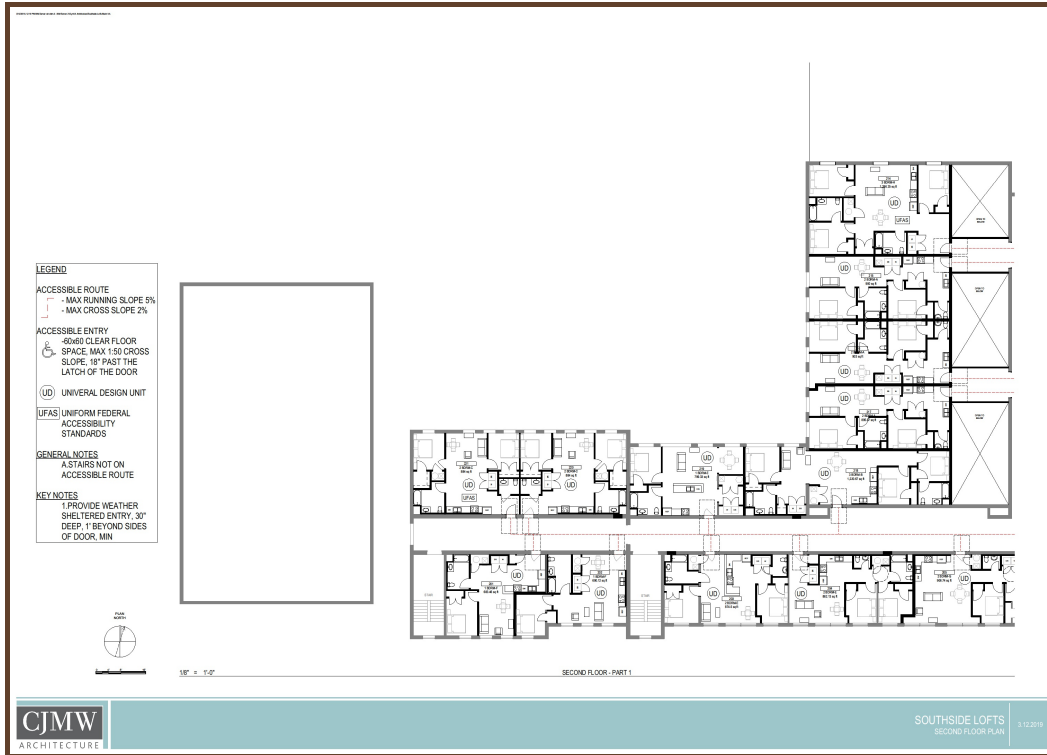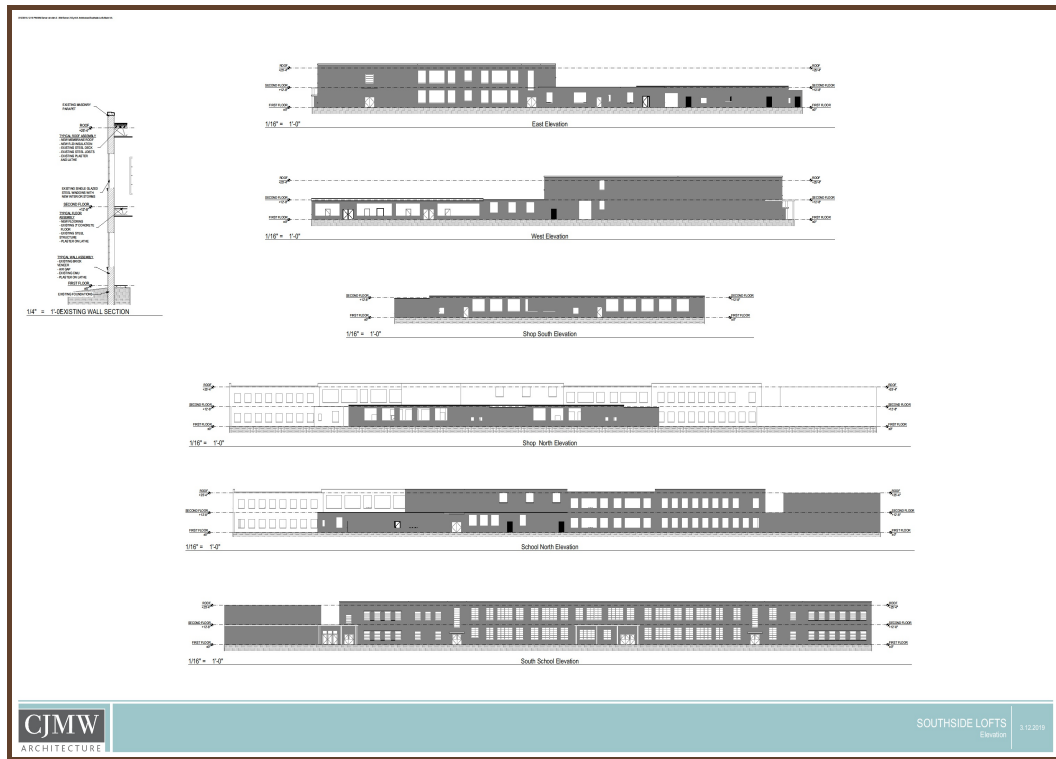
SOUTHSIDE LOFTS
SECOND FLOOR PLAN

Elevations

D. LOCATION

The site of the proposed Southside Lofts Apartments is ithe Blairs Middle School, off East Witt Road in Blairs, in southern Pittsylvania County. Adjacent properties include single-family homes, the Southside Elementary School, and undeveloped land.

View towards school, from E. Witt Rd.

View of front of school

View of front entrance

View of front of school

View of rear of school

View of side of school

View from rear of school

View from front of school, to Southside Elementary School

View from front of school

View west on E. Witt Rd., at site

View east on E. Witt Rd., at site

The site of the proposed Southside School is the Blairs Middle School off East Witt Road in Blairs, in southern Pittsylvania County. Access to the site is good.

Given the site location and its situation, the site is very visible in the immediate neighborhood.

Access from the site to major thoroughfares, shopping, and other local services is quite good, for a non-urban location.

The site is within one fourth of one mile of US 29, business, and is within one mile of the Danville Expressway/US 29.

The site is within three and one-third miles of a Food Lion grocery in the Mount Hermon community, and is four and one-third miles from a Food Lion store at the Market Square shopping center on Piney Forest Road, to the south. The site is within six and one-half miles of a Wal Mart neighborhood store and a Save-A-Lot store. The site is within eight miles or so of the concentration of shopping and other services in the vicinity of Mount Cross Road and Central Boulevard, north of the Dan River, to the south and west. The latter include the Danville Mall (which is anchored by a Belk Department store), a Target store, and a Wal Mart supercenter.

The site is adjacent to the Southside Elementary School, and is within six miles or so of both the Chatham Middle School and the Dan River High School.

The site is approximately three miles from the Mount Hermon branch of the Pittsylvania County Library, and is within one-third of a mile of the Blairs Post Office (on US 29, business).

There is a Sovah Family Medicine clinic in the Mount Hermon area - just under four miles from the site, and the Sovah Health Danville Hospital, and associated services, is between nine and ten miles of the site.

The site is within eight miles, or so, of the government, shopping, and other services located in downtown Danville.

The following table illustrates the noteworthy community amenities serving the site and the (driving) distance to the site.

Table 1 - Distance to Neighborhood and Community Amenities

Category	Neighborhood/Community Amenity	Distance (miles)
Highways	US 29, business	0.2
	US 29	0.9
Retail - Grocery	Food Lion (Mt. Hermon)	3.3
	Food Lion (Piney Forest)	4.3
	Wal Mart Neighborhood	5.0
	Save-A-Lot	6.3
Retail - Other	Dollar General	4.2
	Wal Mart	8.3
	Target	7.9
	Danville Mall	7.9
	CVS	4.4
Pharmacies *	Walgreens	4.5
Schools	Southside Elementary School	0.1
	Chatham Middle School	6.1
	Dan River High School	6.0
Post Office	Blairs	0.3
Library	Mount Hermon	3.1
Hospital	Sovah Family Medicine	3.9
	Sovah Health Danville	9.3

* excluding those in grocery stores, etc.

Source: T.Ronald Brown: Research & Analysis
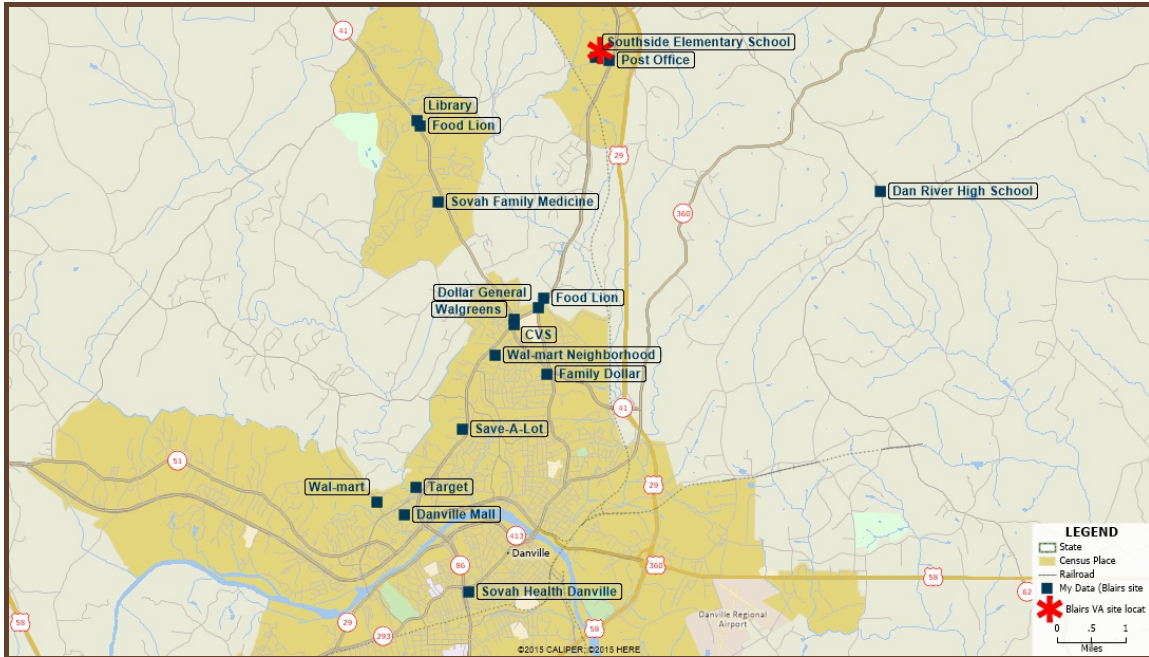
Based on our observations during our site visit, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area.

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

E. MARKET AREA DEFINITION

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

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

The proposed development is located in southern Pittsylvania County, north of the City of Danville, in south-central Virginia. The market area for the proposed development is defined as southern Pittsylvania County and the City of Danville as defined by several census tracts. This area is focused on the site of the proposed development and extends to up to an approximately five- to 20-mile hinterland. The market area, as defined, therefore is that which constitutes the area adjacent to the site of the proposed development and extends to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project.
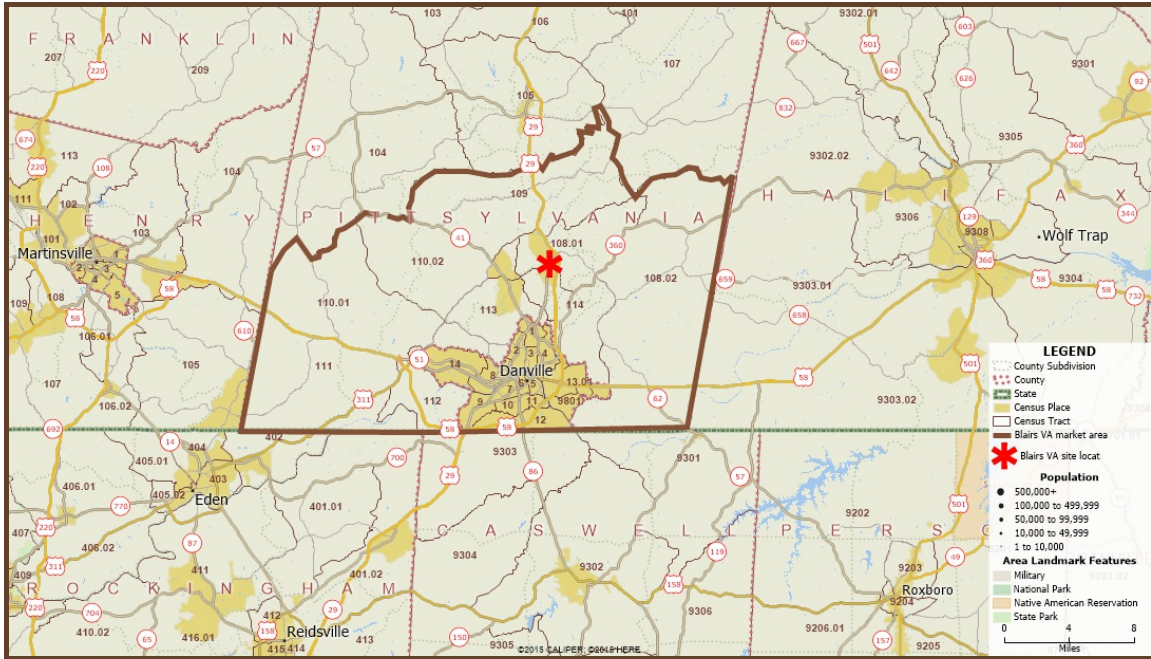
F. EMPLOYMENT AND ECONOMY

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general.

Employment trends

Employment trends for Pittsylvania County are illustrated in the table, below. Employment fell from 29,605 in 2008 to 27,543 in 2010. Since then, employment has grown - to 28,201 in 2017 (although levels did drop-off, slightly, after 2015).

Table 2 - Total Employment

		Change over previous year	
		number	percent
2008	29,605		
2009	28,432	-1,173	-4.0
2010	27,543	-889	-3.1
2011	28,329	786	2.9
2012	28,350	21	0.1
2013	28,299	-51	-0.2
2014	28,329	30	0.1
2015	28,472	143	0.5
2016	28,234	-238	-0.8
2017	28,201	-33	-0.1

Source: Virginia Labor Market Information

Employment trends, by sector

Information on employment, by industry for Pittsylvania County in 2017 and 2018 (the most recent data) is set out in Table 2, below. From this it is seen that, with respect to employment, the largest subsectors were construction, education, manufacturing, and health care - each of which employed at least 10 percent of the total, in the most recent quarter.

Table 3 - Employment, by sector

	2017		2018*		
	number	percent	number	percent	pct change
Accommodation and Food services	592	4.8	658	5.5	11.1
Administrative and Waste services	546	4.4	635	5.3	16.3
Agriculture, Forestry, etc	252	2.0	258	2.1	2.4
Arts, Entertainment, Recreation	95	0.8	116	1.0	22.1
Construction	1,205	9.8	1,228	10.2	1.9
Educational services	2,140	17.3	1,500	12.4	-29.9
Financial and Insurance	172	1.4	174	1.4	1.2
Health Care and Social Assistance	1,441	11.7	1,456	12.1	1.0
Information	45	0.4	46	0.4	2.2
Management	69	0.6	69	0.6	0.0
Manufacturing	1,815	14.7	1,857	15.4	2.3
Mining	n/a	n/a	n/a	n/a	n/a
Other Services	517	4.2	551	4.6	6.6
Professional and Technical services	190	1.5	213	1.8	12.1
Public Administration	657	5.3	632	5.2	-3.8
Real estate	118	1.0	119	1.0	0.8
Retail trade	1,085	8.8	1,128	9.4	4.0
Transp. and Warehousing	387	3.1	419	3.5	8.3
Unclassified	55	0.4	45	0.4	-18.2
Utilities	95	0.8	104	0.9	9.5
Wholesale trade	857	6.9	851	7.1	-0.7
Total	12,335		12,062		-2.2

* most recent quarter (data for previous year is for the same quarter)

Source: Virginia Labor Market Information

Unemployment trends

Unemployment trends for Pittsylvania County are illustrated in the table, below. Rates for Virginia and for the U.S as a whole are also shown, for reference. Here it is seen that the current unemployment rate is 4.5 percent, down from 4.8 percent the previous year, and significantly lower than previous years. The rate was as high as 10.9 percent in 2010.

Table 4 - Unemployment trends

	Pittsylvania County	Virginia	U.S.
2008	6.6%	3.9%	5.8%
2009	10.6%	6.7%	9.3%
2010	10.9%	7.1%	9.6%
2011	9.1%	6.6%	8.9%
2012	7.8%	6.1%	8.1%
2013	7.0%	5.7%	7.4%
2014	6.4%	5.2%	6.2%
2015	5.3%	4.5%	5.3%
2016	4.8%	4.1%	4.9%
2017	4.5%	3.8%	4.4%

Source: Bureau of Labor Statistics

Current levels of unemployment throughout Virginia are illustrated, below.
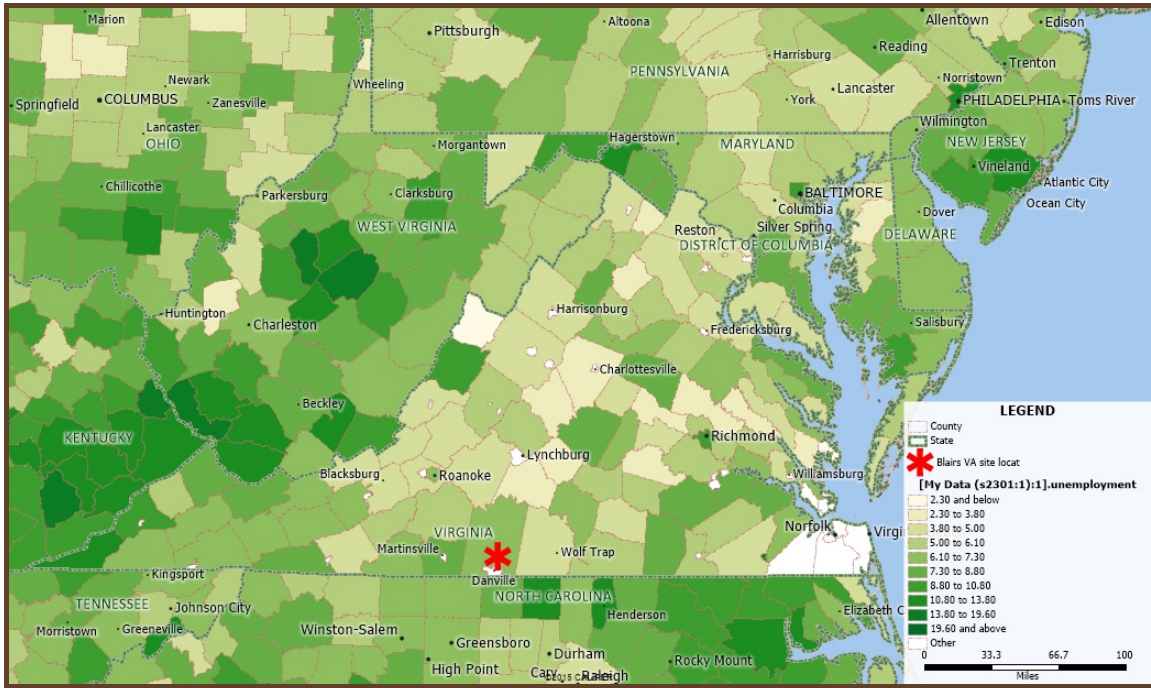
Major Employers

The major employers in the Pittsylvania County area are listed in Table 5, below. From this table it is seen that the area's largest employers include both manufacturing and non-manufacturing employers. The latter include the local schools and local government. Significant manufacturers include Goodyear - which employs more than 1,000 persons in Danville.

Table 5 - Major Employers

Employer	Product/Service	Employees
Pittsylvania County		
Pittsylvania County School Board	Educational Services	1000+
Unique Industries	Merchant Wholesalers, Nondurable Goods	250 to 499
Swedwood Danville LLC	Furniture and Related Product Manufacturing	250 to 499
Intertape Polymer Corp	Paper Manufacturing	250 to 499
Pittsylvania County Board	Local Government	250 to 499
Green Rock Correctional Center	State Government	250 to 499
Danville City		
The Goodyear Tire & Rubber Co	Motor Vehicle and Parts Dealers	1,000+
Danville City Public Schools	Educational Services	1,000+
City of Danville	Local Government	1,000+
Danville Regional Medical	Hospitals	500 to 999
Wal Mart	General Merchandise Stores	500 to 999
Adecco	Administrative and Support Services	500 to 999
Nestle U.S.A., Inc.	Food Manufacturing	250 to 499
Averett College	Educational Services	250 to 499
EBI LLC	Furniture and Related Product Manufacturing	250 to 499
Roman Eagle Memorial Home	Nursing and Residential Care Facilities	250 to 499
Gretna Health Care Center	Nursing and Residential Care Facilities	250 to 499
Food Lion	Food and Beverage Stores	250 to 499
Danville Pittsylvania Community Services Bd	Social Assistance	250 to 499
Danville Community College	Educational Services	250 to 499
Essel Propack America LLC	Plastics and Rubber Products Manufacturing	250 to 499
Unilin North America LLC	Wood Product Manufacturing	100 to 249
Danville Physician Practice	Ambulatory Health Care Services	100 to 249

Source: Virginia Economic Development Partnership

Virginia Economic Development Partnership reports 1,608 jobs lost at ten locations in Danville, and 1,117 jogs lost at ten locations in Pittsylvania County. With respect to new announcements and expansions, the Virginia Economic Development Partnership reports 636 new jobs added at four locations in Danville, and 284 jobs added at eight locations in Pittsylvania County.

It is understood that local authorities and others are pursuing the development of a large casino complex as part of the ongoing redevelopment and regeneration efforts in the Danville area. Were this project to come to fruition it will have a major impact on the area's economy (and beyond) and will create the need for more housing as a consequence. The impact of this potential development will necessarily not be factored-in to this study.

The proposed development is not located in a market - such as a resort area - that would need housing for employees in such a specific market. This may change with the potential development cited in the previous paragraph.

Wages by Industry Sector

Information on wages, by employment sector, for Pittsylvania County is set out in Table 6, below. Here, average wages show some variation - both between sectors and also over time - with average wages increasing, marginally, by 0.1 percent between 2017 and 2018.

Table 6 - Wages by Industry Sector

	2017	2018*	pct change
Accommodation and Food services	$296	$295	-0.3
Administrative and Waste services	$483	$488	1.0
Agriculture, Forestry, etc	$667	$598	-10.3
Arts, Entertainment, Recreation	$381	$338	-11.3
Construction	$838	$755	-9.9
Educational services	$575	$633	10.1
Financial and Insurance	$816	$770	-5.6
Health Care and Social Assistance	$490	$511	4.3
Information	$809	$931	15.1
Management	$1,390	$1,117	-19.6
Manufacturing	$1,019	$971	-4.7
Mining	n/a	na	n/a
Other Services	$546	$533	-2.4
Professional and Technical services	$893	$1,377	54.2
Public Administration	$798	$830	4.0
Real estate	$542	$555	2.4
Retail trade	$422	$431	2.1
Transp. and Warehousing	$983	$943	-4.1
Unclassified	$758	$378	-50.1
Utilities	$1,469	$1,795	22.2
Wholesale trade	$843	$811	-3.8
Total	$689	$690	0.1

* most recent quarter (data for previous year is for the same quarter)

Source: Virginia Labor Market Information

Commuting patterns

With respect to commuting, data from the American Community Survey, 73.0 percent of workers resident in Danville were employed there. The average driving time to work for residents of Danville was 20.1 minutes, and that for Pittsylvania County, 25.1 minutes.

Table 7 - Commuting Data

	number	percent
Total Workers	16,436	100.0
Worked in Place of residence	11,998	73.0
Worked in County of residence	11,998	73.0
Worked outside Place of residence	4,438	27.0
Worked outside County of residence	4,438	27.0
Mean travel time to work (minutes)	20.1	

Source: 2013 to 2017 American Community Survey; T.Ronald Brown: Research & Analysis

The most recent Census data for commuting patterns for persons who live and/or work in the wider Pittsylvania County area are illustrated, below.

Here it is seen that around 2,247 persons who work in Pittsylvania County commute into the County from Danville. On the other hand, a significant number of persons who live in Pittsylvania County commute to work in adjacent areas - notably Danville, Campbell County, and Lynchburg.

Table 8 - Commuting Patterns

Place of work	Place of Residence	Number of Workers
Pittsylvania County	Pittsylvania County	10,399
Pittsylvania County	Danville City	2,247
Danville City	Pittsylvania County	9,743
Campbell County	Pittsylvania County	2,060
Lynchburg City	Pittsylvania County	1,146

Source: US County to County Commuting Flows; T.Ronald Brown: Research & Analysis

While the current local economy remains relatively stable, from a historical perspective, the local economic conditions will not have a significant direct positive or negative impact on the subject property. As noted, the potential casino project will impact the housing market.

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2000, the population of Pittsylvania County was 61,745, and in 2010 the population was recorded as 63,506. Population projections for Pittsylvania County are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 62,971 by 2019, and to be around 63,137 by 2024.

In 2000, the population of the market area was 83,148, and in 2010 the population was recorded as 79,530. Population projections for the market area are based on the average of several small area population projection techniques using census tract trends for 2000 to 2010 in Pittsylvania County corrected for the official State Data Center numbers, and using those numbers for the City of Danville,. Based on these data, the population of the area is projected to be 78,583 by 2019, and to be around 77,545 by 2024.

Information on population trends and changes between 2000 and 2024 are set out in Table 9, below.

Table 9- Population Trends

	Danville	Market Area	Pittsylvania County
2000	48,411	83,148	61,745
2010	43,055	79,530	63,506
2019	42,108	78,583	62,971
2024	40,330	77,545	63,137
absolute change			
2000-2010	-5,356	-3,618	1,761
2010-2019	-947	-947	-535
2019-2024	-1,778	-1,038	166
annual change			
2000-2010	-536	-362	176
2010-2019	-105	-105	-59
2019-2024	-356	-208	33

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

Projections of the number of households for Danville, the market area, and for Pittsylvania County are set out in Table 10, below.

In 2000, there were 24,684 households in Pittsylvania County, and 26,183 in 2010. Based on the population projections set out, above, there will be around 26,856 households in 2019 and 27,440 in 2024.

There were 34,224 households in the market area in 2000 and 33,602 in 2010. Projections show around 34,921 and 34,248 households in 2019 and 2024, respectively.

The relatively smaller change in the number of households relative to the population as a whole reflects decreases in average household size over this period.

Table 10 - Household Trends

	Danville	Market Area	Pittsylvania County
2000	20,607	34,224	24,684
2010	18,831	33,602	26,183
2019	18,913	34,921	26,856
2024	18,373	34,248	27,440
absolute change			
2000-2010	-1,776	-622	1,499
2010-2019	82	1,319	673
2019-2024	-540	-673	584
annual change			
2000-2010	-178	-62	150
2010-2019	9	147	75
2019-2024	-108	-135	117

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

Population and household characteristics

Age distribution

The distribution of the population, by age, for Danville, the market area, and Pittsylvania County is set out in Table 11, below. These data are from the 2010 Census. Here it is seen that the median age of the population of Danville was 42.6 years, and that for Pittsylvania County was recorded as 44.2 years.

Table 11 - Age Distribution

	Danville		Market Area		Pittsylvania County	
	number	percent	number	percent	number	percent
Under 5 years	2,723	6.3	4,703	5.9	3,288	5.2
5 to 9 years	2,481	5.8	4,794	6.0	3,719	5.9
10 to 14 years	2,486	5.8	5,033	6.3	4,042	6.4
15 to 19 years	2,787	6.5	5,047	6.3	3,834	6.0
20 to 24 years	2,892	6.7	4,605	5.8	3,095	4.9
25 to 29 years	2,522	5.9	4,336	5.5	3,137	4.9
30 to 34 years	2,144	5.0	4,073	5.1	3,185	5.0
35 to 39 years	2,200	5.1	4,580	5.8	3,922	6.2
40 to 44 years	2,509	5.8	4,989	6.3	4,273	6.7
45 to 49 years	2,811	6.5	5,880	7.4	5,272	8.3
50 to 54 years	3,319	7.7	6,373	8.0	5,341	8.4
55 to 59 years	3,110	7.2	6,007	7.6	5,035	7.9
60 to 64 years	2,856	6.6	5,331	6.7	4,447	7.0
65 to 69 years	2,117	4.9	4,087	5.1	3,711	5.8
70 to 74 years	1,734	4.0	3,123	3.9	2,704	4.3
75 to 79 years	1,551	3.6	2,542	3.2	1,922	3.0
80 to 84 years	1,420	3.3	2,113	2.7	1,413	2.2
85 years and over	1,393	3.2	1,914	2.4	1,166	1.8
55 and older	14,181	32.9	25,117	31.6	20,398	32.1
65 and older	8,215	19.1	13,779	17.3	10,916	17.2
median	42.6		n/a		44.2	

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

Household size

Table 12 below, sets out household size, by tenure, for households in Danville, the market area, and Pittsylvania County.

Table 12 - Household Size

	Danville		Market Area		Pittsylvania County	
	owner	renter	owner	renter	owner	renter
1 person	3,211	3,658	5,634	4,735	4,798	2,138
2 person	4,025	2,188	8,694	3,105	8,107	1,663
3 person	1,455	1,356	3,573	1,903	3,564	961
4 person	833	828	2,334	1,239	2,402	715
5 person	336	455	2,334	641	907	320
6 person	136	169	313	233	295	108
7+ person	76	105	163	132	147	58
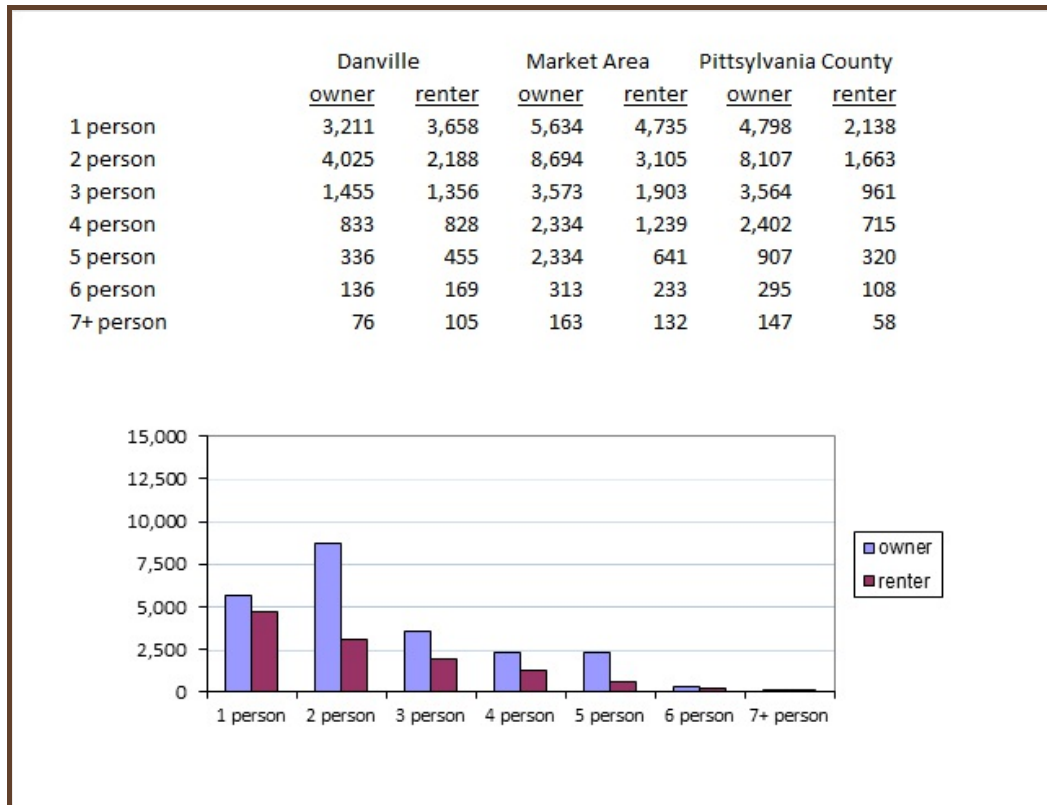
Source: 2010 Census; T.Ronald Brown: Research & Analysis

Tenure

Table 13, below, sets out the number and proportion of owner and renter households for Danville, the market area, and Pittsylvania County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 tenure trends. In 2010, 46.5 percent of households in Danville were renters, 35.7 percent of households in the market area were renters, and 22.8 percent in Pittsylvania County were renters.

Table 13 - Tenure

Danville	population	households	persons per household	Owner-occupied number	percent	Renter-occupied number	percent
2000	48,411	20,607	2.35	11,975	58	8,632	41.9
2010	43,055	18,831	2.29	10,072	53.5	8,759	46.5
2019	42,108	18,913	2.23	9,246	49	9,667	51.1
2024	40,330	18,373	2.20	8,477	46	9,896	53.9

Market Area	population	households	persons per household	Owner-occupied number	percent	Renter-occupied number	percent
2000	83,148	34,224	2.43	23,007	67.2	11,217	32.8
2010	79,530	33,602	2.37	21,614	64.3	11,988	35.7
2019	78,583	34,921	2.25	21,474	61.5	13,447	38.5
2024	77,545	34,248	2.26	20,489	59.8	13,759	40.2

Pittsylvania County	population	households	persons per household	Owner-occupied number	percent	Renter-occupied number	percent
2000	61,745	24,684	2.50	19,767	80.1	4,917	19.9
2010	63,506	26,183	2.43	20,220	77.2	5,963	22.8
2019	62,971	26,856	2.34	19,956	74.3	6,900	25.7
2024	63,137	27,440	2.30	19,902	72.5	7,538	27.5

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

Income Distribution

The distribution of household incomes for Danville, the market area, and Pittsylvania County are set out in Table 14, below. These figures are taken from the 2013 to 2017 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for Danville is around $34,951, and that for Pittsylvania County as a whole is seen to be $44,356.

Table 14 - Household Income

	Danville		Market area		Pittsylvania County	
	number	percent	number	percent	number	percent
less than $10,000	2,090	11.3	3,142	9.3	2,023	7.6
$10,000 to $14,999	1,662	9.0	2,670	7.9	1,915	7.2
$15,000 to $19,999	1,377	7.4	2,448	7.2	1,987	7.4
$20,000 to $24,999	1,467	7.9	2,328	6.9	1,499	5.6
$25,000 to $29,999	1,312	7.1	2,179	6.4	1,499	5.6
$30,000 to $34,999	1,361	7.4	2,269	6.7	1,642	6.1
$35,000 to $39,999	1,168	6.3	2,123	6.3	1,564	5.9
$40,000 to $44,999	879	4.7	1,668	4.9	1,430	5.4
$45,000 to $49,999	1,023	5.5	1,986	5.9	1,719	6.4
$50,000 to $59,999	1,155	6.2	2,563	7.6	2,393	9.0
$60,000 to $74,999	1,500	8.1	2,805	8.3	2,414	9.0
$75,000 to $99,999	1,540	8.3	3,565	10.5	3,248	12.2
$100,000 to $124,999	921	5.0	2,118	6.3	1,839	6.9
$125,000 to $149,999	393	2.1	850	2.5	662	2.5
$150,000 to $199,999	328	1.8	616	1.8	595	2.2
$200,000 or more	341	1.8	532	1.6	279	1.0
median income	$34,951		n/a		$44,356	

Source: 2013 to 2017 American Community Survey; T.Ronald Brown: Research & Analysis

Renter Income

The distribution of household incomes for renter households for Danville, the market area, and Pittsylvania County are set out in Table 15, below. These figures are also taken from the 2013 to 2017 American Community Survey.

Table 15 - Household Income, Renter Households

	Danville		Market area		Pittsylvania County	
	number	percent	number	percent	number	percent
less than $10,000	1,599	30.3	2,204	17.6	1,039	26.3
$10,000 to $19,999	1,800	34.1	2,416	19.3	1,317	33.3
$20,000 to $34,999	765	14.5	3,309	26.5	402	10.2
$35,000 to $49,999	275	5.2	1,976	15.8	220	5.6
$50,000 to $74,999	188	3.6	1,415	11.3	198	5.0
$75,000 to $99,999	624	11.8	668	5.3	682	17.2
$100,000 or more	20	0.4	514	4.1	96	2.4

Source: 2013 to 2017 American Community Survey; T.Ronald Brown: Research & Analysis

Building permit trends

Table 16 below gives details of residential construction in Pittsylvania County and in Danville since 2000. Where the data exist, it can be seen that a total of 2,838 units were added throughout Pittsylvania County, and 834 units added in Danville. No data exist for the market area.

Table 16 - Residential Construction Since 2000

	Pittsylvania County				Danville		
	Total	single-family	multi-family		Total	single-family	multi-family
2000	269	261	8		89	29	60
2001	274	260	14		32	32	0
2002	208	194	14		54	50	4
2003	246	213	33		82	64	18
2004	254	235	19		124	48	76
2005	280	253	27		30	30	0
2006	242	219	23		58	58	0
2007	158	148	10		130	26	104
2008	101	86	15		51	51	0
2009	92	67	25		35	16	19
2010	90	65	25		70	70	0
2011	118	63	55		24	24	0
2012	152	103	49		9	9	0
2013	184	139	45		12	12	0
2014	73	73	0		12	12	0
2015	0	0	0		13	13	0
2016	52	52	0		5	5	0
2017	45	45	0		4	4	0
Total	2,838	2,476	362		834	553	281

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

H. COMPETITIVE ENVIRONMENT

There are several apartment complexes located in the wider Danville area. These include a few conventional/ market rate properties, some properties financed with low income housing tax credits, and some subsidized housing for very low income households. These complexes were identified and surveyed, and where useful information was made available to us, this is presented, below.

Based on information from VHDA, the following are the significant (non-elderly), unsubsidized properties that have been financed with tax credits in the market area for the proposed development. It should be noted that tax credits have been issued for the acquisition and rehabilitation of HUD-financed projects (such as Southwyck Hills and Woodside Village), and also the Seeland Road, Grant Street Extension, and Blaine Square HUD HOPE VI redevelopments, and the Danville Family Home (single-family) redevelopment. The latter are not considered directly comparable to the proposed development.

Clear Pond (106 units)
Lynn Street Lofts (37 units)
North Pointe (168 units)
Sterling Trace (168 units)

Clear Pond is a 106-unit property that was originally developed in 1968, and was rehabilitated using tax credits in 2005/2006. There are 16 one-bedroom units renting for $465, 72 two bedroom (one bath) units renting for $543, and 18 three bedroom (one bath) units, renting for $615. There are reported to be six vacant units at present, with a typical occupancy of around 90 percent.

Lynn Street Lofts is a 37-unit historic rehabilitation in the River District. The property opened in 2008, and offers 25 two bedroom (two bath) units and 12 three-bedroom units. The two-bedroom units rent from $565 to $625, and the three-bedroom units are available for $675 to $700. Currently, one unit is vacant. There is a waiting list.

North Pointe is a 168-unit property that opened in 1996. There are 18 one-bedroom units, 108 two-bedroom(one and one-half bath) units, and 52 three-bedroom units. Rents range from $505 for a one-bedroom unit to $580 for a two-bedroom unit, to $670 for a three bedroom model. Currently, 19 units are reported to be vacant (89 percent occupied). The manager at this property notes that the vacancy rate reflects the impact of the change to a new management company (and as such does not necessarily reflect typical market conditions, *per se*). Typical occupancy is understood to be around 97 percent.

Sterling Trace has 48 units: an equal mix of two- and three- bedroom units. Rents are $590 and $660 for the two-, and three-bedroom units, respectively. The property is reported to be fully occupied, and is typically 98 percent occupied, with a waiting list.

The Hunters Run Apartments are a 138-unit market rate property that dates from 1972 to 1975. The units range from a 375 square foot studio unit to a 1,082 square foot three-bedroom (two bath) unit. The rent range for these is from $325 to $600. One vacant unit is reported at this property and it is reported to stay full on an ongoing basis.

In recent years several historic properties in downtown Danville and the River District have been rehabilitated as rental housing. These include the Prizery Lofts, Pace on Main, Burton Lofts, Pemberton Lofts, etc. These exhibit a variety of units sizes, amenities, and rent levels. Unfortunately, it was not possible to obtain reliable data on these properties from their respective management entities. However, information from various management websites does provide basic data as to the nature of these various properties. These various locations feature, for example, hardwood floors, exposed brick and wooden beams.

Pemberton Lofts and Continental Lofts are located on Craghead Street and offer units in the $850 to $1,750 rent range. A two bedroom (two and one-half bath) unit at the Burton property on Bridge Street is advertized at $1,250 per month. As is typical for these sites, rent includes water/sewer, gas, and parking. The Prizery Lofts on Loyal Street offer one- and two-bedroom units at $1,000 to $1,400 (including all utilities, cable, and internet). The Gentry Lofts comprise 21 units at 308 Craghead Street. Here, there is one one-bedroom unit (1,110 square feet), 19 two-bedroom units (965 to 1,353 square feet), and one, 2,017 square foot, three-bedroom unit. Rent includes water/sewer, electric, cable, internet, and parking.

Photographs of a sample of these properties are set out here.

Pemberton

Burton

Gentry

Ferrell

In addition to the above, there are several properties that are subsidized and available to low and very low income households. Purdum Woods comprises 180 HUD Section 8 units, built in 1974. Currently, six units are vacant. There is a waiting list at this location. The Southwyck Hills Apartments comprise 114 units of HUD Section 236/ Section 8 housing - built in 1976 and rehabilitated in 2008. Seven units are reported to be vacant at present, which is understood to be typical. The Woodside Village Apartments is a 160-unit HUD Section 8 complex, built in 1975. The manager at this property did not disclose the current number of vacancies as they are seen to be unrepresentative of the property. Typical occupancy is stated to be around 95 percent, with a waiting list.

Based on our survey, there is a market-wide occupancy rate of 93.8 percent. Occupancy at the unsubsidized tax credit properties is 87.6 percent (reflecting the impact of the current vacancy level at North Pointe). Occupancy at the market rate property in the market area is seen to be 99.3 percent. The occupancy rate for the subsidized properties in this market is seen to be 95.6 percent (excluding Woodside Village).

In order to determine market rents, a sample of comparable properties were identified. It should be noted that the Hunters Run complex in Danville is effectively the only market rate property in the market. Given its age and physical condition it is not included in this analysis. Thus, as VHDA market study guidelines require the inclusion of at least three developments to be included in the analysis, we surveyed additional market-rate properties in adjacent communities. Here, these projects were in Lynchburg. The projects selected were chosen on the basis of age, location, and bedroom mix. Information for these various properties is summarized below.

Table 17 - Market Rate Properties

Property	Year built	One-bedroom rents	Two-bedroom rents	Three-bedroom rents
Legacy at Linden Park	2008	$700-950	$800-1,000	$850-1,200
Overlook at Stonemill	2000	$745	$795-845	$935
Willowbrook	2001	$800-850	$915	$1,015

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

Legacy at Linden Park

Overlook at Stonemill

WillowBrook

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around $687 for a one-bedroom unit, $747 for a two-bedroom unit, $844 for a three-bedroom unit (where water, sewer, and trash pick-up is included in the rent).

These rents are seen to be above the proposed rents at the proposed development.

The various market area complexes surveyed are summarized as follows:

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Clear Pond	LIHTC	1968/2005/6	106	6	94.3
Hunters Run	market	1972-75	138	1	99.3
Lynn Street Lofts	LIHTC	2008	37	1	97.3
North Pointe	LIHTC	1996	68	19	72.1
Purdum Woods	HUD § 8	1974	180	6	96.7
Southwyck Hills	HUD § 236/ § 8	1976/2008	114	7	93.9
Sterling Trace	LIHTC	2001	48	0	100.0
Woodside Village	HUD § 8	1975	160	n/a	n/a

	0 br/1ba			1 br/1ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
subject				11	779	$361-580
Clear Pond				16	673	$465
Hunters Run	n/a	376	$325	n/a	672-750	$430
Lynn Street Lofts						
North Pointe				18	654	$505
Purdum Woods				36	700	boi
Southwyck Hills				18	609	boi
Sterling Trace						
Woodside Village						

	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
subject	30	912	$424-687			
Clear Pond	72	774	$543			
Hunters Run	33	776-856	$500			
Lynn Street Lofts				25	1	$565-625
North Pointe	108	880	$580			
Purdum Woods	108	825	boi			
Southwyck Hills	47	748	boi			
Sterling Trace	24	1,043	$590			
Woodside Village	92	887	boi			

	3 br/1-1½ ba			3 br/2 ba +		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
subject				14	1,052	$481-785
Clear Pond	18	981	$615			
Hunters Run				33	1,082	600
Lynn Street Lofts				12	1,600	$675-700
North Pointe				52	1,025	$670
Purdum Woods	36	900	boi			
Southwyck Hills	46	880	boi			
Sterling Trace				24	1,275	$660
Woodside Village	52	949	boi			

	4 br/1+ ba		
	number	size (sq. ft).	rent
Southwyck Hills	4	1,083	boi
Woodside Village	16	1,027	boi

Clear Pond

Location: 147 Levelton Street, Danville   Total units: 106
Year built: 1968, rehabilitated in 2005/06   Typical occupancy: 90%

	1 br/1 ba	2 br/1 ba	3 br/1 ba
Units:	16	72	18
Unit size (sq. ft.):	673	774	981
Rent:	$465*	$543*	$615*
Rent/sq. ft.:	$0.69*	$0.70*	$0.63*

Vacant units: 6, overall

Management: Intermark Management (Magdala 434.797.3653 [2/14])
                         Telephone: on site ☑/ management ☐ site visit ☐   other ☐

Utilities in rent: Water ☑   Sewer ☑   Trash ☑   Heat ☐   Electricity ☐

Amenities: Club House/fitness center ☐   Pool ☐   Tennis ☐   Playground ☐   Business Center ☑
                       Security gate ☐   Garages (   ) ☐   Carport ☐   Laundry ☑
Appliances: Refrigerator ☑   Range/oven ☑   Microwave ☐   Dishwasher ☐   Disposal ☐
                         Washer/Dryer ☐   Washer/Dryer Hook-up ☐
Unit features: Blinds/Drapes ☑   Carpet ☑   AC ☑   Fireplaces ($) ☐   Patio/balconies ☐

* Tax credit

Hunters Run

Location: 105 Crosland Avenue, Danville   Total units: 138
Year built: 1972-75   Typical occupancy: 100%

	0 br/1 ba	1 br/1 ba	2 br/1½ ba	3 br/2 ba
Units:	n/a	n/a	33	33
Unit size (sq. ft.):	376	672-750	776-856	1,082
Rent:	$325	$430	$500	$600
Rent/sq. ft.:	$0.86	$0.60	$0.61	$0.55
Vacant units: 1, overall				

Management: Sentinel Properties (Michelle - 434.836-8033 [1/31])
                  Telephone: on site ☑/ management ☐ site visit ☐   other ☐

Utilities in rent: Water ☑   Sewer ☑ Trash ☑   Heat ☐   Electricity ☐

Amenities: Club House ☐   Fitness center ☐ Pool ☑   Tennis ☑   Playground ☐ Business Center ☐
                  Security gate ☐   Garages ( ) ☐ Carport ☐   Laundry ☑
Appliances: Refrigerator ☑   Range/oven ☑ Microwave ☐ Dishwasher ☑   Disposal ☑
                  Washer/Dryer ☐ Washer/Dryer Hook-up ☐
Unit features: Blinds/Drapes ☑   Carpet ☑   AC ☐   Fireplaces ( ) ☐   Patio/balconies ☑

Lynn Street Lofts

Location: 614 Lynn St., Danville   Total units: 37
Year built: 2008   Typical occupancy: n/a (waiting list)

	2 br/2 ba	3 br/2 ba
Units:	25	12
Unit size (sq. ft.):	1,200	1,600
Rent:	$565-625*	$675-700*
Rent/sq. ft.:	$0.50*	$0.43*
Vacant units:	1, overall	

Management: Landmark Management (434.799.5898)
                  Telephone: on site ☑/ management ☐ site visit ☐   other ☐

Utilities in rent: Water ☑   Sewer ☑   Trash ☑   Heat ☐   Electricity ☐

Amenities: Club House ☐ Fitness center ☑   Pool ☐   Tennis ☐ Playground ☐ Business Center ☑
                  Security gate ☐   Garages ( ) ☐ Carport ☐   Laundry ☑
Appliances: Refrigerator ☑ Range/oven ☑ Microwave ☐ Dishwasher ☑ Disposal ☐
                  Washer/Dryer ☐ Washer/Dryer Hook-up ☐
Unit features: Blinds/Drapes ☑ Wood floorst ☑ AC ☑ Fireplaces ( ) ☐ Patio/balconies ☐

* Tax credit

North Pointe

Location: 100 North Pointe Lane, Danville   Total units: 168
Year built: 1996   Typical occupancy: 97%

	1 br/1 ba	2 br/1½ ba	3 br/ 2 ba
Units:	18	108	52
Unit size (sq. ft.):	643	880	1,025
Rent:	$505*	$580*	$670*
Rent/sq. ft.:	$0.79*	$0.66*	$0.65*

Vacant units: 19, overall**

Management: H and H Property (Lauren - 434.836.0277 [1/30])
                 Telephone: on site ☑/ management ☐ site visit ☐   other ☐

Utilities in rent: Water ☑   Sewer ☑   Trash ☑   Heat ☐   Electricity ☐

Amenities: Club House ☑   Fitness center ☑   Pool ☐   Tennis ☐   Playground ☑   Business Center ☐
                 Security gate ☑   Garages ( ) ☐   Carport ☐   Laundry ☑
Appliances: Refrigerator ☑ Range/oven ☑ Microwave ☐ Dishwasher ☑   Disposal ☐
                 Washer/Dryer ☐   Washer/Dryer Hook-up ☑
Unit features: Blinds/Drapes ☑   Tile ☑   AC ☑   Fireplaces ($) ☐   Patio/balconies ☑

* tax credit
** reported to reflect impact of change in management

Purdum Woods

Location: 1575 Richmond Blvd., Danville   Total units: 180

Financing: HUD § 8   Rental assistance

Year built: 1974   Typical occupancy: 97% (waiting list)

	1 br/1 ba	2 br/1 ba	3 br/1 ba
Units:	36	108	36
Unit size (sq. ft.):	700	825	900
Contract rent:	$534	$564	$641
Vacant units:	6, overall		

Management: F and W Management (Andrea - 434.799.5742 [1/30])

                   Telephone: on site ☑/ management ☐ site visit ☐   other ☐

Utilities in rent: Water ☑   Sewer ☐   Trash ☑   Heat ☐   Electricity ☐

Amenities: Club House/fitness center ☐   Pool ☐   Tennis ☐   Playground ☑ Business Center ☐

                   Security gate ☐   Garages ( ) ☐ Carport ☐   Laundry ☑

Appliances: Refrigerator ☑   Range/oven ☑ Microwave ☐   Dishwasher ☐   Disposal ☐

                   Washer/Dryer ☐ Washer/Dryer Hook-up ☐

Unit features: Blinds/Drapes ☑   Tile ☐   AC ☑ Fireplaces ( ) ☐   Patio/balconies ☐

Southwyck Hills

Location: 114 N. Hills Court, Danville　　　　　　Total units: 114
Financing: HUD § 236/ § 8　　　　　　　　　　Rental assistance: 44
Year built: 1976, rehabilitated 2008　　　　　　Typical occupancy: 93-94% (waiting list)

	1 br/1 ba	2 br/1 ba	3 br/1 ba	4 br/1 ba
Units:	18	47	46	4
Unit size (sq. ft.):	609	748	880	1,083
Market rent:	$408	$485	$624	$651

Vacant units: 7, overall

Management:　　Housing Management Resources (Stacey - 434.799.6202 [1/30])
　　　　　　　　Telephone: on site ☑/ management ☐ site visit ☐　　other ☐

Utilities in rent:　　Water ☑　　Sewer ☑　Trash ☑　Heat ☐　　Electricity ☐

Amenities:　　Club House/fitness center ☐　Pool ☐　　Tennis ☐　Playground ☑　Business Center ☐
　　　　　　　Security gate ☐　Garages ( ) ☐　Carport ☐　　Laundry ☑
Appliances:　　Refrigerator ☑　Range/oven ☑　Microwave ☐　Dishwasher ☐　Disposal ☐
　　　　　　　Washer/Dryer ☐　Washer/Dryer Hook-up ☐
Unit features:　　Blinds/Drapes ☑　Tile ☑　AC ☑　Fireplaces ($　) ☐　Patio/balconies ☐

Sterling Trace

Location: 224 Beavers Mill Road, Danville   Total units: 48
Year built: 2001   Typical occupancy: 98% (waiting list)

	2 br/1½ ba	3 br/2 ba
Units:	24	24
Unit size (sq. ft.):	1,043	1,275
Rent:	$590*	$660*
Rent/sq. ft.:	$0.57*	$0.52*
Vacant units:	0, overall	

Management: Edgewood Management (Mary - 434.836.1020[1/30])
                          Telephone: on site ☑/ management ☐ site visit ☐   other ☐

Utilities in rent: Water ☑ Sewer ☑ Trash ☑   Heat ☐   Electricity ☐

Amenities: Club House ☐ Fitness center ☐ Pool ☐   Tennis ☐ Playground ☑ Business Center ☐
                          Security gate ☐   Garages ( ) ☐ Carport ☐   Laundry ☑
Appliances: Refrigerator ☑ Range/oven ☑ Microwave ☐ Dishwasher ☑ Disposal ☐
                          Washer/Dryer ☐ Washer/Dryer Hook-up ☑
Unit features: Blinds/Drapes ☑ Carpet ☑ AC ☑ Fireplaces ( ) ☐   Patio/balconies ☑

* Tax credit

Woodside Village

Location: 1321 Piney Forest Road, Danville   Total units: 160
Financing: HUD § 8   Rental assistance
Year built: 1975   Typical occupancy: 95% (waiting list)

	2 br/1 ba	3 br/1 ba	4 br/2 ba
Units:	92	52	16
Unit size (sq. ft.):	887	949	1,027
Contract rent:	$538	$655	$730
Vacant units: n/a*			

Management: TRG Management Company (Suzanne - 434.836.4134 [1/30])
                  Telephone: on site ☑/ management ☐ site visit ☐   other ☐

Utilities in rent: Water ☑   Sewer ☑   Trash ☑   Heat ☐   Electricity ☐

Amenities: Club House/fitness center ☐ Pool ☐   Tennis ☐ Playground ☐ Business Center ☐
                  Security gate ☐   Garages (   ) ☐   Carport ☐   Laundry ☑
Appliances: Refrigerator ☑ Range/oven ☑ Microwave ☐ Dishwasher ☐   Disposal ☐
                  Washer/Dryer ☐ Washer/Dryer Hook-up ☐
Unit features: Blinds/Drapes ☑   Tile ☑   AC ☑   Fireplaces ☐   Patio/balconies ☑

* did not disclose - current vacancies are not representative

Location map
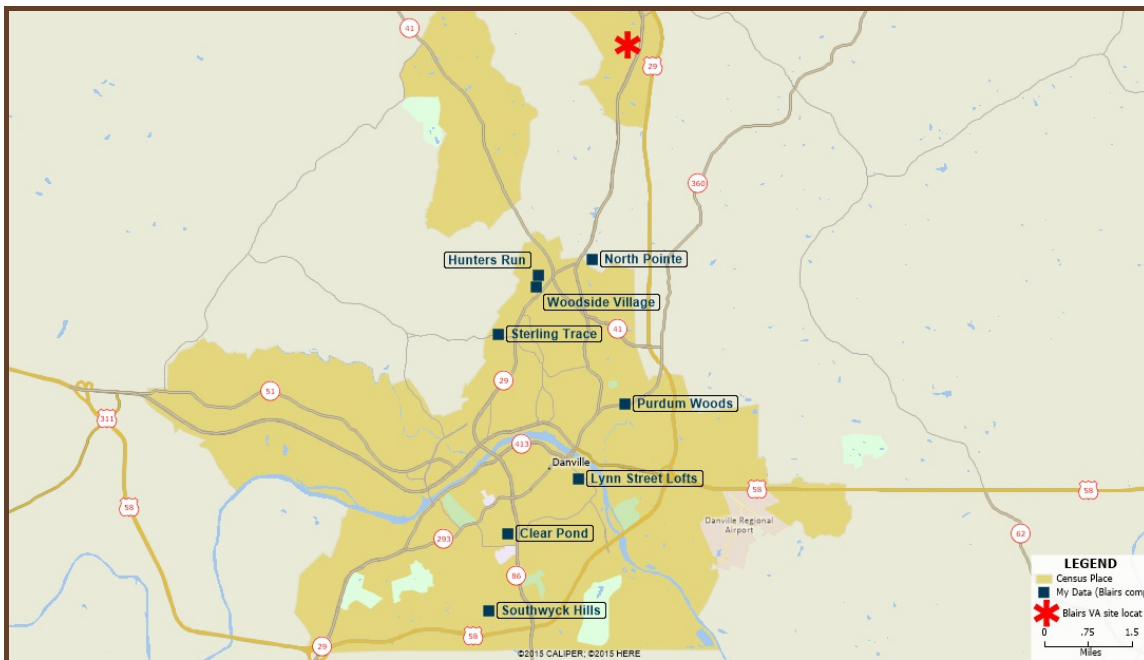
I. AFFORDABILITY ANALYSIS, DEMAND ANALYSIS, CAPTURE RATES, AND PENETRATION RATES

Demand Analysis

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

Income is a key variable in the analysis of housing markets. Of the 55 units proposed, six will be targeted to households with incomes up to 50 percent of the median, with 49 targeted at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

The HUD income limits for a rural site in Pittsylvania County are set out below. The median income for Pittsylvania County in 2018 is $51,3000 - having been $50,500 in 2017, and $46,800 in 2008. This represents a 1.6 percent increase over the previous year, and a 9.6 percent increase over the last decade (or an average of 0.92 percent per year).

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

Table 18 - Income Limits and Maximum Housing Costs

Income Limits			
	40 percent	50 percent	60 percent
1 person	$16,360	$20,450	$24,540
2 person	$18,680	$23,350	$28,020
3 person	$21,040	$26,300	$31,560
4 person	$23,360	$29,200	$35,040
5 person	$25,240	$31,550	$37,860
6 person	$27,080	$33,850	$40,620

Maximum Housing Costs			
	40 percent	50 percent	60 percent
1 bedroom	$438	$548	$657
2 bedroom	$526	$658	$789
3 bedroom	$608	$759	$911

Source: HUD

Information as to rents and income targeting are set out in Table 19, below

Table 19 - Rents and Income Targeting

proposed units and rent targeting

	40 percent	50 percent	60 percent	Total
1 bedroom	2	5	4	11
2 bedroom	2	9	18	29
3 bedroom	2	8	5	15
total	6	22	27	55

proposed units and income targeting

	40 percent	50 percent	60 percent	Total
1 bedroom	2	0	9	11
2 bedroom	2	0	27	29
3 bedroom	2	0	13	15
total	6	0	49	55

proposed rents

	40 percent	50 percent	60 percent
1 bedroom	$361	$470	$580
2 bedroom	$424	$555	$687
3 bedroom	$481	$633	$785

proposed rents as a proportion (%) of maximum

	40 percent	50 percent	60 percent
1 bedroom	100.0	99.9	100.0
2 bedroom	100.0	99.9	100.0
3 bedroom	99.9	99.9	100.0

Source: Applicant; T Ronald Brown: Research & Analysis

As noted, five, nine, and eight one-, two-, and three-bedroom units, respectively, are targeted to be affordable at the 50 percent level and targeted at the 60 percent level.

The utility allowances for the proposed development are $77, $102, and $126 for the one-, two–, and three-bedroom units, respectively.

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at the maximum allowable. This will serve to constrain the market.

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom. The qualifying income limits for four bedroom units are based on the proposed rents level relative to the maximum allowable. The qualifying income for the units targeted at 60 percent of the median are based on the weighted average of the proposed rents.

Table 20 - Qualifying Income Ranges

	40 percent	
	lower	upper
1 bedroom	$15,017	$17,520
2 bedroom	$18,034	$21,040
3 bedroom	$20,811	$24,300
	60 percent	
	lower	upper
1 bedroom	$20,430	$36,450
2 bedroom	$25,543	$31,560
3 bedroom	$30,003	$36,450

Source: Applicant; T Ronald Brown: Research & Analysis

The various qualifying income ranges, by bedroom mix and income targeting are illustrated, below. Any gaps and/or overlaps between these target income ranges will necessarily be taken into consideration in our calculations
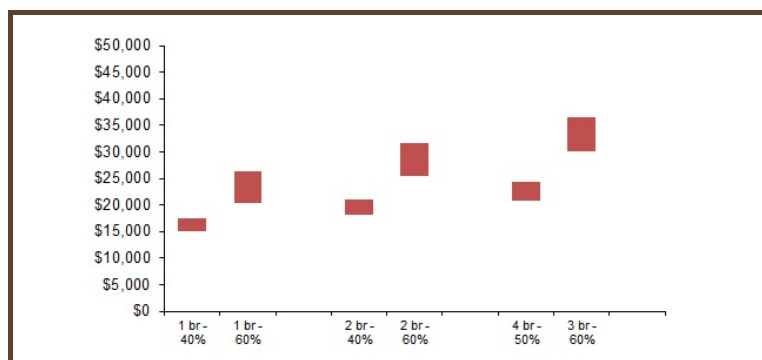
The major variables to be examined are tenure and income. These data are no longer available from the Decennial Census. Nonetheless, data can be extrapolated from the most recent American Community Survey - again, subject the limitations of those data. These data, for the market area for the proposed complex, are set out below.

Table 21 - Household Income, Renter Households

Income	All Renters Number	All Renters Percentage	Overburdened Renters Number	Overburdened Renters Percentage
Up to $10,000	2,204	17.6	1,598	35.4
$10,000 - $19,999	2,416	19.3	1,716	38.0
$20,000 - $34,999	3,309	26.5	1,093	24.2
$35,000 - $50,000	1,976	15.8	66	1.5
$50,000 - $75,000	1,415	11.3	42	0.9
$75,000 - $100,000	668	5.3	0	0.0
$100,000 and over	514	4.1	0	0.0
Total	12,502	100.0	4,515	36.1

Source: 2013 to 2017 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2013 to 2017 - and not for a specific year.

From this table it can be seen that 17.6 percent of the market area renter households have incomes less than $10,000, and a further 19.3 percent have incomes between $10,000 and $20,000. Around 26.5 percent of renters are seen to be in the $25,000 to $35,000 income range. Around 36 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 20 and the income distribution set out in Table 21, it is found that around 5.9 percent of market area renter households qualify for units at 40 percent of the median, and the corresponding figure for units at the 60 percent level is 10.1 percent.

Projections of need and demand are based upon a 2019 to 2024 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

Based on the projections set out in Table 13, a total of 312 new rental units are needed between 2019 and 2024. A total of 50 units will be for households eligible for the proposed project (18 with incomes qualifying at 40 percent of the median, and 31 qualifying at the 60 percent level).

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

Our calculations show that there will be a total of as many as 2,192 renter households in the qualifying income range in the project market area - 807 at the 40 percent level. and 1,386 households at the 60 percent level. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 48.9 percent of renters qualifying for units at 40 percent of the median are rent-overburdened. Likewise, 27.1 percent of those qualifying for units at the 60 percent level, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. This substandard housing component is based on an annual average rate of 0.9 percent of the rental housing stock. This rate is based on data from the HUD American Housing Survey publication "Components of Inventory Change:2007-2009" published in May 2011. Based on the number of rental units in the project market area, this translates to a need for an additional 100 units, total.

Total demand is therefore seen to amount to 920 units. These figures are based on a 2019 to 2024 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been added in the project market area over the projection period, nor have any others been funded or are under construction. The net need is therefore for 920 units

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

Table 22 - Demand Calculations

		40 percent	60 percent	Total *
(i)	income eligible new renter households	18	31	50
(ii)	income eligible existing renter households	807	1,386	2,192
(iii)	existing households, likely to move	395	375	770
(iv)	need from obsolete housing	37	63	100
	Total demand *(i)+(iii)+(iv)*	450	470	920
	Supply	0	0	0
	Net demand	450	470	920

* Excluding gap/overlap
note: totals may not add due to rounding

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 30 percent of the total, two-bedroom units should account for 42 percent of the total, and three-bedroom units should account for 24 percent of the total with four- or more bedroom units accounting for 4 percent.

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

Table 23 - Capture Rates

	40 percent	60 percent	Total*
Total demand			
1 bedroom	134	139	273
2 bedroom	188	197	385
3 bedroom	108	113	222
4 bedroom	19	20	40
Total	450	470	920
Supply			
1 bedroom	0	0	0
2 bedroom	0	0	0
3 bedroom	0	0	0
4 bedroom	0	0	0
Total	0	0	0
Net demand			
1 bedroom	134	139	273
2 bedroom	188	197	385
3 bedroom	108	113	222
4 bedroom	19	20	40
Total	450	470	920
Units proposed			
1 bedroom	2	9	11
2 bedroom	2	27	29
3 bedroom	2	13	15
4 bedroom	0	0	0
Total	6	49	55
Capture rates			
1 bedroom	1.5%	6.5%	4.0%
2 bedroom	1.1%	13.7%	7.5%
3 bedroom	1.8%	11.5%	6.8%
4 bedroom	0.0%	0.0%	0.0%
Total	1.3%	10.4%	6.0%

Excluding gap/overlap

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 55-unit development amounts to 6.0 percent of the total net need.

The capture rate, by bedroom, is determined to be 4.0 percent for the eleven one-bedroom units, 7.5 percent for the 29 two-bedroom units, and 6.8 percent for the 15 three-bedroom units.

The six units targeted at 40 percent of the median amount to 1.3 percent of demand at that target level, and the 49 units targeted at the 60 percent level amount to around 10.4 percent of demand at that level.

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

Affordability Analysis

Here, an affordability analysis addresses the total number of income eligible renter households in the market are relative to the size of the proposed development.

The minimum income is that associated with the rent for the least expensive unit offered, and the upper limit is based on the 60 percent limit (the highest target income range) for the largest unit size, by number of bedrooms. Here, the lower income is seen to be that for the proposed two-bedroom units that will be targeted to households at the 40 percent level. That is, $361 per month. Given a $77 utility allowance and a 35 percent rent-to-income ratio, the lower qualifying income is seen to be $12,377. The upper income is $36,450. Based on the income data set out in Table 21, there are found to be as many as 5,879 renter households in that range. Thus, the proposed 55-unit development corresponds to a 0.9 percent affordability analysis capture rate.

Penetration rate.

A penetration rate is defined, for the purposes of this analysis, as the proportion of income-eligible households needed to fill the proposed development, plus those in existing competitive units, plus any in competitive units that are approved and funded for future development.

The lower income limit for this analysis is the income needed to afford the least expensive competitive unit in the market (or the rent for the least-expensive proposed unit, if lower), and the upper income limit is the upper income limit for the competitive units (or the proposed units, if higher). Our survey of the existing, competitive inventory, shows that the lowest rents are those for the more deeply targeted units at the proposed development. Thus, given the rents for the proposed development, the target income range for this market is from $12,377 to $36,450. Thus, there are as, noted, 5,879 qualifying renter households in the market area. It is seen that 55 units are proposed, and there are four existing comparable tax credit properties units, and no projects under construction or funded for future construction. These existing properties - Clear Pond, the Lynn Street Lofts, North Pointe, and Sterling Trace - amount to a total of 359 comparable units, plus the proposed 55 units, yielding 414 units. Thus, the penetration rate - as defined - amounts to 7.0 percent.

Summary

Consideration of the capture rate (6.0 percent) and the (0.9 percent) affordability analysis capture rate and (7.0 percent) penetration rate suggests that the proposed development is marketable, as proposed.

J. LOCAL PERSPECTIVE OF RENTAL HOUSING MARKET

As part of the research for this market study, interviews were held with property managers, local government officials, and others with particular knowledge of the local housing market. The proposed development will offer and attractive, new, apartment complex - to be leased subject to the provisions of the Low Income Housing Tax Credit program. Property managers of existing complexes and/or other representatives of management companies were a potential source of information.

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages). The site manager at North Pointe, Lauren, is not sure about the need for another tax credit project. Mary, at Sterling Trace, states that a new project - in the Blairs area - would be successful as people are looking to be in the County as opposed to the City (Danville).

K. ANALYSIS/CONCLUSIONS

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated four- to-six- month period, or so. over an estimated six-month period, or so.

Based on the proposed development 's site, bedroom mix, amenities and features, utility provision and costs, the proposed development is considered marketable and should be accepted in this market.
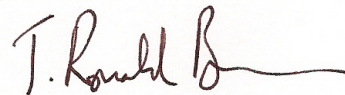
The proposed development should not have a negative impact on existing housing.

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

L. OTHER REQUIREMENTS

Statement and signature

I affirm the following:

1. that I have made a physical inspection of the site and market area.

2. The appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units.

3. To the best of my knowledge the market can support the demand shown in this study. I understand that any misrepresentation in this statement may result in the denial of participation in the Low Income Housing Tax Credit Program in Virginia as administered by the Virginia Housing Development Authority.

4. Neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity.

5. Neither I nor anyone at my firm nor anyone acting on behalf of my firm is representing VHDA or in any way acting for, at the request of, or on behalf of VHDA

6. Compensation for my services is not contingent upon this development receiving a reservation or allocation of tax credits.

Market Analyst

March 12, 2019

As affirmed in the Scope of Work, there is no identity of interest between the analyst and the entity for which the report has been prepared.

Similarly, the recommendations and conclusions are based solely on the analyst's experience, opinion, and best efforts.

Analyst Qualifications

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

The President of the firm is T. Ronald Brown. He has 35 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 3,000 studies in at least 20 states, predominantly in the Southeast.

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

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

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

List of sources

The foregoing report contains information from a variety of sources - those sources (such as contact numbers for property interviews) are cited at the appropriate place in the report itself. The major sources of data include:

The U.S. Census - 2000 and 2010, and the American Community Survey (2013-2017)
Virginia Housing Development Authority
U.S. Department of HUD
U.S. Department of Agriculture
Virginia State Data Center/Weldon Cooper Center for Public Service
Virginia Employment Commission
Virginia Economic Development Partnership
City of Danville
Pittsylvania County
U.S. Bureau of Labor Statistics
HUDUSER (e.g., SOCDS building permits database)

Market study checklist

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MARKET STUDY TERMINOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Concession - discount given to a prospective tenant to induce the tenant to sign a least. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).

Demand - the total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.

Effective rents - contract rent less concessions.

Household trends - changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.e. at marriage or separation), changes in average household size, and net *migration*.

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

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

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

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

Market area - *See primary market area.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Programmatic rents - See *restricted rents.*

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

Redevelopment - the redesign or rehabilitation of existing properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Terms

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

Area Median Income (AMI) - 1005 of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.

Attached housing - two or more dwelling units connected with party walls (e.g. townhouses or flats).

Basic rent - the maximum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.

Below Market Interest Rate program (BMIR) - Program targeted to renters with income not exceeding 80% or area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.

Census tract - a small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

Central Business District (CBD) - the center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

Community Development Corporation (CDC) - entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.

Condominium - a form of join ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

Contract rent - 1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).

Difficult Development Area (DDA) - an area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.

Detached housing - a freestanding dwelling unit, typically single-family, situated on its own lot.

Elder or senior housing - housing where (1) all units in the property are restricted for occupancy by persons 62 years of age order or (2) at least 805 of the units in each building are restricted for occupancy by households where al lease on household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tenant - one who rents real property from another.

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

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

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

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