



**BOWEN
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RESEARCH**

Market Feasibility Analysis

Grayson Manor
224 Nichols Drive
Independence, Grayson County, Virginia 24348

Prepared For

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Authorized User

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Effective Date

February 11, 2021

Job Reference Number

21-190 JP

Market Study Certification

NCHMA Certification

This certifies that Jonathan Kabat, an employee of Bowen National Research, personally made an inspection of the area including competing properties and the subject site in Independence, Virginia. Further, the information contained in this report is true and accurate as of February 11, 2021.

Bowen National Research is a disinterested third party without any current or future financial interest in the project under consideration. We have received a fee for the preparation of the market study. However, no contingency fees exist between our firm and the client.

Virginia Housing Certification

I affirm the following:

1. 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 (LIHTC) program in Virginia as administered by Virginia Housing.
4. Neither I nor anyone at my firm has any interest in the proposed development or a relationship with the ownership entity.
5. Neither I nor anyone at my firm nor anyone acting on behalf of my firm in connection with the preparation of this report has communicated to others that my firm is representing Virginia Housing or in any way acting for, at the request, or on behalf of Virginia Housing.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.

Certified:

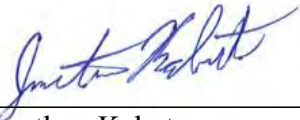


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I. Introduction

A. PURPOSE

The purpose of this report is to evaluate the continued market feasibility of the Grayson Manor apartment project in Independence, Virginia, following renovations using Low-Income Housing Tax Credit (LIHTC) financing. This study was initiated by Ms. Samantha Brown of Community Housing Partners and complies with the guidelines of Virginia Housing. This study conforms to the standards adopted by the National Council of Housing Market Analysts (NCHMA). These standards include the accepted definitions of key terms used in market studies for affordable housing projects and model content standards for the content of market studies for affordable housing projects. These standards are designed to enhance the quality of market studies and to make them easier to prepare, understand and use by market analysts and end users.

B. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

- The Primary Market Area (PMA) generated for the subject site is identified. The Site PMA is generally described as the smallest geographic area expected to generate most of the support for the subject project. Site PMAs are not defined by radius. The use of a radius is an ineffective approach because it does not consider mobility patterns, changes in socioeconomic or demographic character of neighborhoods or physical landmarks that might impede development.

PMAs are established using a variety of factors that include, but are not limited to:

- A detailed demographic and socioeconomic evaluation.
 - Interviews with area planners, realtors and other individuals who are familiar with area growth patterns.
 - A drive-time analysis to the site.
 - Personal observations of the field analyst.
 - An evaluation of existing housing supply characteristics and trends.
- A field survey of modern apartment developments is conducted. The intent of the field survey is twofold. First, the field survey is used to measure the overall strength of the apartment market. This is accomplished by an evaluation of unit mix, vacancies, rent levels and overall quality of product. The second purpose of the field survey is to establish those projects that are most likely directly comparable to the subject property. The information in this survey was collected through a variety of methods, including phone surveys, in-person visits, email and fax. The contact person for each property is listed in *Section XII: Field Survey of Conventional Rentals*.

- Two types of directly comparable properties are identified through the field survey. They include other Section 42 LIHTC developments and market-rate developments that offer unit and project amenities similar to the subject development. An in-depth evaluation of those two property types provides an indication of the potential of the subject development.
- Economic and demographic characteristics of the area are evaluated. An economic evaluation includes an assessment of area employment composition, income growth (particularly among the target market), building statistics and area growth perceptions. The demographic evaluation uses the most recently issued Census information, as well as projections that determine what the characteristics of the market will be when the subject property renovations are complete and after it achieves a stabilized occupancy.
- Area building statistics and interviews with officials familiar with area development provide identification of those properties that might be planned or proposed for the area that will have an impact on the marketability of the subject development. Planned and proposed projects are always in different stages of development. As a result, it is important to establish the likelihood of construction, the timing of the project and its impact on the market and the subject development.
- We conduct an analysis following Virginia Housing and NCHMA market study guidelines of the subject project's required capture of the number of income-appropriate households within the Site PMA. This analysis is conducted on a renter household level and a market capture rate is determined for the subject development. This capture rate is compared with acceptable capture rates for similar types of projects to determine whether the subject development's capture rate is achievable. In addition, Bowen National Research also compares all existing and planned LIHTC housing within the market to the number of income-appropriate households. The resulting penetration rate is evaluated in conjunction with the project's capture rate.
- Achievable market rent for the subject development is determined. Using a Rent Comparability Grid, the features of the subject development are compared item-by-item with the most comparable properties in the market. Adjustments are made for each feature that differs from that of the subject development. These adjustments are then included with the collected rent resulting in an achievable market rent for a unit comparable to the proposed unit.

C. SOURCES

Bowen National Research uses various sources to gather and confirm data used in each analysis. These sources include the following:

- The 2000 and 2010 Census on Housing
- American Community Survey
- ESRI
- Urban Decision Group (UDG)
- Applied Geographic Solutions
- U.S. Department of Labor
- Management for each property included in the survey
- Local planning and building officials
- Local housing authority representatives
- U.S. Department of Housing and Urban Development (HUD)

D. REPORT LIMITATIONS

The intent of this report is to collect and analyze significant levels of data to forecast the market success of the subject property within an agreed to time period. Bowen National Research relies on a variety of data sources to generate this report. These data sources are not always verifiable; Bowen National Research, however, makes a significant effort to assure accuracy. While this is not always possible, we believe our effort provides an acceptable standard margin of error. Bowen National Research is not responsible for errors or omissions in the data provided by other sources.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved. Our compensation is not contingent on an action or event (such as the approval of a loan) resulting from the analyses, opinions, conclusions in or the use of this study.

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II. Executive Summary

Based on the findings contained in this report, it is our opinion that a market exists for the renovations of the existing Grayson Manor rental property in Independence, Virginia utilizing financing from the Low-Income Housing Tax Credit (LIHTC) program. The following points support this conclusion:

The following is a summary of key findings from our report:

Project Description

The proposed project involves the renovation of the 32-unit Grayson Manor apartment property at 224 Nichols Drive in Independence, Virginia. Built in 1998, the project operates under the Rural Development (RD) 515 and Low-Income Housing Tax Credit (LIHTC) programs, with all units targeting senior households ages 62 and older and earning up to 60% of Area Median Household Income (AMHI). All units also receive Rental Assistance (RA), which allows tenants to pay up to 30% of their adjusted gross household incomes towards shelter costs (rent and utilities). According to management, the project is currently 100.0% occupied and maintains a ten-household waiting list.

The project will be renovated utilizing funding from the LIHTC program, which will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the project will target senior households (ages 62+) with incomes of up to 60% of AMHI with rents restricted to 40% and 50% of AMHI. Notably, the project will continue to operate under the RD 515 program and all 32 units of RA are expected to remain. All renovations are expected to be complete by November 2022. Additional details of the subject project can be found in Section III - *Project Description* of this report.

Site Evaluation

The subject site is located within a rural area of Grayson County. Surrounding land uses include single-family homes, multifamily homes, a middle school and high school and wooded land. The generally light traffic in the site area allows for convenient ingress and egress. In addition, the subject is within proximity of area arterial roadways, further enhancing accessibility of the subject site. While there are no fixed-route transportation services available in the Site PMA, deviated fixed-route public transportation is offered via Mountain Lynx Transit. This service is considered beneficial to the low-income population targeted at the subject site. Most essential services are located within 1.0 mile of the subject site, some of which are within walking distance. Overall, the site's surrounding land uses and proximity to community services will contribute to its overall marketability. Additional information regarding the subject site, surrounding land uses and the proximity of community services is included in Section IV - *Area Analysis*.

Primary Market Area (PMA)

The Primary Market Area (PMA) is the geographical area from which most of the support for the subject development is expected to continue to originate. The subject Site PMA includes all of Independence, as well as portions of Comers Rock, Elk Creek, Carsonville, Baywood and some of the surrounding areas of Grayson County. The boundaries of the Site PMA include Grayson County, U.S. Highway 21 and Spring Valley Road to the north; the New River, Delhart Road and the Meadow Creek to the east; the Virginia/North Carolina state line to the south; and U.S. Highway 58, Fox Ridge Road, Fox Creek Road and Flat Ridge Road to the west. A justification of this market area and a map illustrating the boundaries of the Site PMA can be found in *Section IV*, beginning on page *IV-9*.

Demographic Trends

Overall, population and households within the Independence Site PMA increased between 2010 and 2021, however, are projected to experience declines between 2021 and 2026. Despite these projected declines, senior households ages 65 and older are projected to experience notable growth, increasing by 99, or 8.3%, between 2021 and 2026. In addition, senior renter households are projected to experience modest growth during the same time frame. Although only 211 senior renter households are projected for the market in 2026, more than 63.0% of these renters are projected to earn below \$30,000. Overall, the demographic trends contained within this report demonstrate a generally stable base of current and potential support for the subject project. Detailed demographic trends are included in *Section IV*, beginning on page *IV-11*.

Economic Trends

The Grayson County economy was improving or stable each year between 2012 and 2019. However, between 2019 and 2020, the county declined by 181 jobs, or 2.3%, as the result of the COVID-19 pandemic, which caused many area businesses to experience a significant reduction in business activity, increasing unemployment and decreasing the county's employment base. This correlates with unemployment rate trends, as the county unemployment rate nearly doubled in 2020. Specifically, between February and April 2020, the monthly unemployment rate within Grayson County spiked by nearly eight percentage points; however, the county's unemployment rate has been generally trending downward since and is near levels reported before the pandemic. Nonetheless, several of the businesses impacted include those within the Retail Trade and Accommodation & Food Services sectors, which represent over 20.0% of the market's labor force and provide lower wage paying positions. The subject site will continue to provide a good quality affordable housing option in an economy where lower-wage employees are most vulnerable. Detailed economic trends are included in *Section IV*, beginning on page *IV-18*.

Overall Rental Housing Market Conditions

We identified and personally surveyed two conventional housing projects containing a total of 80 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 100.0%, an excellent rate for rental housing. The surveyed rental developments within the market broken out by project type are summarized in the following table:

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Tax Credit/Government-Subsidized	1	32	0	100.0%
Government-Subsidized	1	48	0	100.0%
Total	2	80	0	100.0%

As the preceding illustrates, we identified and surveyed just two rental housing projects in the rural Site PMA, both of which offer affordable units. The renovations to the subject site will preserve an affordable rental housing project that is in high demand.

Competitive/Comparable Tax Credit Analysis

As stated throughout this report, due to the rural nature of the market area, there are no non-subsidized Low-Income Housing Tax Credit (LIHTC) properties within the Independence Site PMA that we consider comparable to the proposed development. Due to the lack of non-subsidized LIHTC product within the Site PMA, we identified and surveyed four LIHTC properties outside the Site PMA, but within the region, in Pulaski, Virginia and Elkin, North Carolina and Mt. Airy, North Carolina. These properties offer unit types and target income (AMHI) levels similar to those at the subject project and three of the four properties are restricted to seniors, similar to the subject site. Note that these properties located outside of the Site PMA are not considered competitive with the subject development and have only been included for comparability purposes. Although located approximately 35 miles and 50 miles from the site, these are the nearest identified and surveyed comparable LIHTC properties in this rural area.

These four LIHTC properties and the proposed subject development are summarized as follows. Information regarding property address, phone number, contact name and utility responsibility is included in *Section XI – Comparable Property Profiles*.

Map I.D.	Project Name	Year Built/Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Grayson Manor	1998 / 2022	32	100.0%	-	10 HH	*Seniors 62+; 40% & 50% AMHI & RD 515
902	Atrium Bluegrass	1910 / 2000	39	100.0%	53.2 Miles	3 HH	Seniors 62+; 50% AMHI
904	Chatham Woods Senior	1948 / 2003	30	100.0%	38.4 Miles	None	Seniors 55+; 60% AMHI
905	Cooper Terrace	2015	56	100.0%	37.6 Miles	210 HH	Families; 50% & 60% AMHI
913	Whistler's Cove	2016	60	100.0%	38.2 Miles	10 HH	Seniors 55+; 50% & 60% AMHI

OCC. – Occupancy

HH – Households

900 Map IDs are located outside the Site PMA

*Rents restricted to 40% and 50%; income restricted to 60%

The four comparable LIHTC projects have a combined occupancy rate of 100.0% and three of the four properties maintain a waiting list for their next available units, the longest of which is a duration of 210 households. This is a clear indication of high and likely pent-up demand for affordable rental product in this region. The subject development will continue to alleviate a portion of this pent-up demand.

The gross rents for the comparable projects and the proposed rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)				Rent Special
		Studio	One-Br.	Two-Br.	Three-Br.	
Site	Grayson Manor	-	\$467/60% (5)* \$583/60% (27)*	-	-	-
902	Atrium Bluegrass	\$577/50% (2/0)	\$632/50% (37/0)	-	-	None
904	Chatham Woods Senior	-	\$450-\$475/60% (18/0)	\$543/60% (12/0)	-	None
905	Cooper Terrace	-	\$587/50% (4/0) \$704/60% (4/0)	\$725/50% (16/0) \$796/60% (16/0)	\$846/50% (8/0) \$926/60% (8/0)	None
913	Whistler's Cove	-	\$535/50% (17/0) \$635/60% (12/0)	\$633/50% (19/0) \$708/60% (12/0)	-	None

900 Map IDs are located outside the Site PMA

*Reflective of maximum allowable LIHTC rent (subsidized unit; contract rent exceeds max); Income restricted to 60%, rents restricted to 40% and 50%

The proposed subject gross rents of \$467 and \$583, will be very competitive when compared with those offered at the comparable LIHTC projects within the region targeting similar income levels. Given that all four LIHTC projects are 100.0% occupied, they could likely increase their rents without adversely impacting occupancy levels. Considering these high occupancy rates and the fact that the subject rents are competitively positioned, they are considered appropriate for this region.

Regardless, upon completion of renovations the subject project will continue to operate with a subsidy available to all 32 units allowing tenants of the site to pay only a portion of their income and not the rents in the preceding table. As such, the subject project is expected to represent a significant value to area low-income renters.

Comparable Tax Credit Summary

Based on our analysis, the subject project will continue to be marketable post LIHTC renovations. The four comparable LIHTC projects have a combined occupancy rate of 100.0% and three of the four properties maintain a waiting list for their next available units, the longest of which is a duration of 210 households. This is a clear indication of high and likely pent-up demand for affordable rental product in this region. The subject development will continue to alleviate a portion of this pent-up demand. The subject project will offer competitive unit sizes and amenities, as well as competitive gross LIHTC rents in the unlikely scenario the project operates without a subsidy. Regardless, the subject project will continue to operate with a subsidy allowing tenants of the project to pay only a portion of their income towards rent and will represent a significant value to area renters.

Perception of Value

Based on a HUD Rent Comparability Grid in *Section VI*, it was determined that the present-day achievable market rent for units similar to the proposed subject development is summarized as follows:

Bedroom Type	% AMHI	Collected Rent*	Achievable Market Rent	Market Rent Advantage
One-Bedroom	40%	\$369	\$545	32.3%
One-Bedroom	50%	\$485	\$545	11.0%

*Reflective of maximum allowable net LIHTC rent (subsidized unit; contract rent exceeds max)

Typically, Tax Credit rents should represent at least a 10% market rent advantage to be perceived as a value in the market and ensure a sufficient flow of qualified applicants. Therefore, the subject rents (assuming maximum allowable LIHTC rents) will likely be perceived as good values within the market, as they represent market rent advantages of 11.0% and 32.3%. Regardless, the subject project will continue to operate with a subsidy on all units, allowing tenants to pay up to 30% of their gross adjusted income towards housing costs. As such, the subject project will continue to represent a substantial value to low-income renters within the market.

Capture Rate Estimates

The following is a summary of our demand calculations assuming the subject property operates as anticipated, *with a project-based subsidy*:

Demand Component – Age 62+	Percent of Median Household Income
	60%/Overall
Net Demand	103
Proposed Units	32
Proposed Units / Net Demand	32 / 103
Capture Rate	= 31.1%

Utilizing this methodology, capture rates below 30% are considered achievable, though capture rates below 20% are considered ideal. As such, the subject’s overall subsidized capture rate of 31.1% is considered moderate, yet achievable. Considering the general lack of affordable age-restricted rental product in this market, it is anticipated that the subject development will attract a wider than typical share of age- and income-eligible households. Regardless, the subject project is currently 100.0% occupied with a waiting list and the existing tenants are expected to remain upon completion of renovations.

The following is a summary of our demand calculations assuming the unlikely scenario that the subject project operates exclusively as a LIHTC property, *without* any type of project-based subsidy.

Demand Component – Age 55+	Percent of Median Household Income
	Overall
Net Demand	31
Proposed Units	32
Proposed Units / Net Demand	32 / 31
Capture Rate	= > 100.0%

In the unlikely event the project-based subsidy was not secured, and the property had to operate *exclusively* under the LIHTC program, the subject project’s capture rate exceeds 100.0%. This is a good indication that the subject project would likely need to continue to operate with a subsidy to ensure there is a sufficient base of age- and income-qualified households.

Penetration Rate

As stated throughout this report, there are no non-subsidized LIHTC units within the Site PMA. The income-eligible range for the planned Tax Credit units is \$14,010 to \$29,880. Based on the Demographic Characteristics and Trends of household incomes for the Site PMA, there will be an estimated 115 households with eligible incomes. The 32 existing and proposed Tax Credit units represent a penetration rate of 27.8% of the 115 income-eligible households, which is summarized on the following table.

	Market Penetration
Number of LIHTC Units (Proposed and Existing)	32
Income-Eligible Households – 2022	/ 115
Overall Market Penetration Rate	= 27.8%

It is our opinion that the 27.8% penetration rate for the LIHTC units at the site is considered moderate to high and likely indicates that the subsidy is needed for the subject project to maintain a stabilized occupancy.

Absorption Projections

The subject project has, and is expected to maintain, Rental Assistance (RA), and all units will likely be rented to those households eligible under the RD 515 program. We also assume that most current tenants will remain at the site once renovations are complete. For the purpose of this analysis, however, we have calculated absorption estimates assuming that all of the units will be vacated and will need to be re-rented under the RD 515 program and then exclusively under the LIHTC program.

Subsidized

Assuming the subject project retains its subsidy on all units but is entirely vacated, we estimate that the 32 subject units can achieve a stabilized occupancy of 93% within three months of re-opening. This is based on a monthly absorption rate of approximately nine units per month.

Tax Credit

Assuming the subject project operated exclusively under the LIHTC program and was completely vacated, it is likely that the subject project would experience difficulties absorbing the vacant units in a reasonable timeframe due to the limited base of income-qualified support in this unlikely scenario.

For the purpose of this analysis, we assume the absorption period at the site begins as soon as the first renovated units are available for occupancy. We also assume that initial units at the site will be available for rent sometime in 2022. Changes to the project’s planned renovations or renovation timeline may alter our absorption projections.

III. Project Description

Project Name:	Grayson Manor
Location:	224 Nichols Drive, Independence, Virginia 24348
Census Tract:	602.01
Target Market:	Senior Age 62+
Construction Type:	Renovation of Existing Development
Funding Source:	LIHTC

The proposed project involves the renovation of the 32-unit Grayson Manor apartment property at 224 Nichols Drive in Independence, Virginia. Built in 1998, the project operates under the Rural Development (RD) 515 and Low-Income Housing Tax Credit (LIHTC) programs, with all units targeting senior households ages 62 and older and earning up to 60% of Area Median Household Income (AMHI). All units also receive Rental Assistance (RA), which allows tenants to pay up to 30% of their adjusted gross household incomes towards shelter costs (rent and utilities). According to management, the project is currently 100.0% occupied and maintains a ten-household waiting list.

The project will be renovated utilizing funding from the LIHTC program, which will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the project will target senior households (ages 62+) with incomes of up to 60% of AMHI with rents restricted to 40% and 50% of AMHI. Notably, the project will continue to operate under the RD 515 program and all 32 units of RA are expected to remain. All renovations are expected to be complete by November 2022. Additional details of the subject project are as follows:

Proposed Unit Configuration										
Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI*	Current Basic/Note Rent	Proposed Rents			Max. Allowable LIHTC Gross Rent
							Collected Rent	Utility Allowance	Gross Rent	
5	One-Br.	1.0	Garden	568	40%/RD	\$681	\$580	\$98	\$678	\$467
27	One-Br.	1.0	Garden	568	50%/RD	\$681	\$580	\$98	\$678	\$583
32	Total									

Source: Community Housing Partners

AMHI – Area Median Household Income (National Nonmetropolitan Rent and Income Limits; 2020)

RD – Rural Development

*Incomes restricted to 60% of AMHI

Note that tenants residing at the subject project will continue to effectively pay up to 30% of their adjusted gross household income towards gross rent due to the presence of the subsidy. The proposed and maximum allowable LIHTC gross rents reflected in the preceding table are the programmatic limits for these unit types. However, these rents would only apply in the unlikely scenario that the property did not provide a project-based subsidy to these units and they had to operate exclusively under the LIHTC program.

Building/Site Information	
Residential Buildings:	Four (4) one-story buildings
Building Style:	Single-story, garden-style
Community Space:	Stand-alone building
Acres:	3.96

Construction Timeline	
Original Year Built:	1998
Renovation Start:	March 2022
Begin Preleasing:	April 2022
Renovation End:	November 2022

Unit Amenities		
• Electric Range	• Central Air Conditioning	• Vinyl Flooring
• Refrigerator	• Emergency Call System*	• Window Blinds
• Dishwasher*	• Patio	

*To be added during renovation

Community Amenities		
• Laundry Room	• On-Site Management	• Community Room with Kitchen
• Pavilion	• Picnic Area	• Surface Parking Lot (41 Spaces)

Utility Responsibility							
	Heat	Hot Water	Cooking	General Electric	Cold Water	Sewer	Trash
Paid By	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant	Landlord
Source	Electric	Electric	Electric				

Current Occupancy Status			
Total Units	Vacant Units	Occupancy Rate	Waiting List
32	0	100.0%	10 Households

PLANNED RENOVATION:

The subject property will like include the following renovations:

- Replace all flooring
- Install new kitchen appliances, cabinets and countertops
- Paint the interior of all the units
- New bathroom fixtures, replace/refurbish tubs and tub surrounds as needed
- Install new mini-blinds at all windows
- Clean existing siding
- Repair all sidewalks to remove any trip hazards and updating accessible routes
- Repair, seal coat and re-stripe parking lots

FLOOR AND SITE PLAN REVIEW:

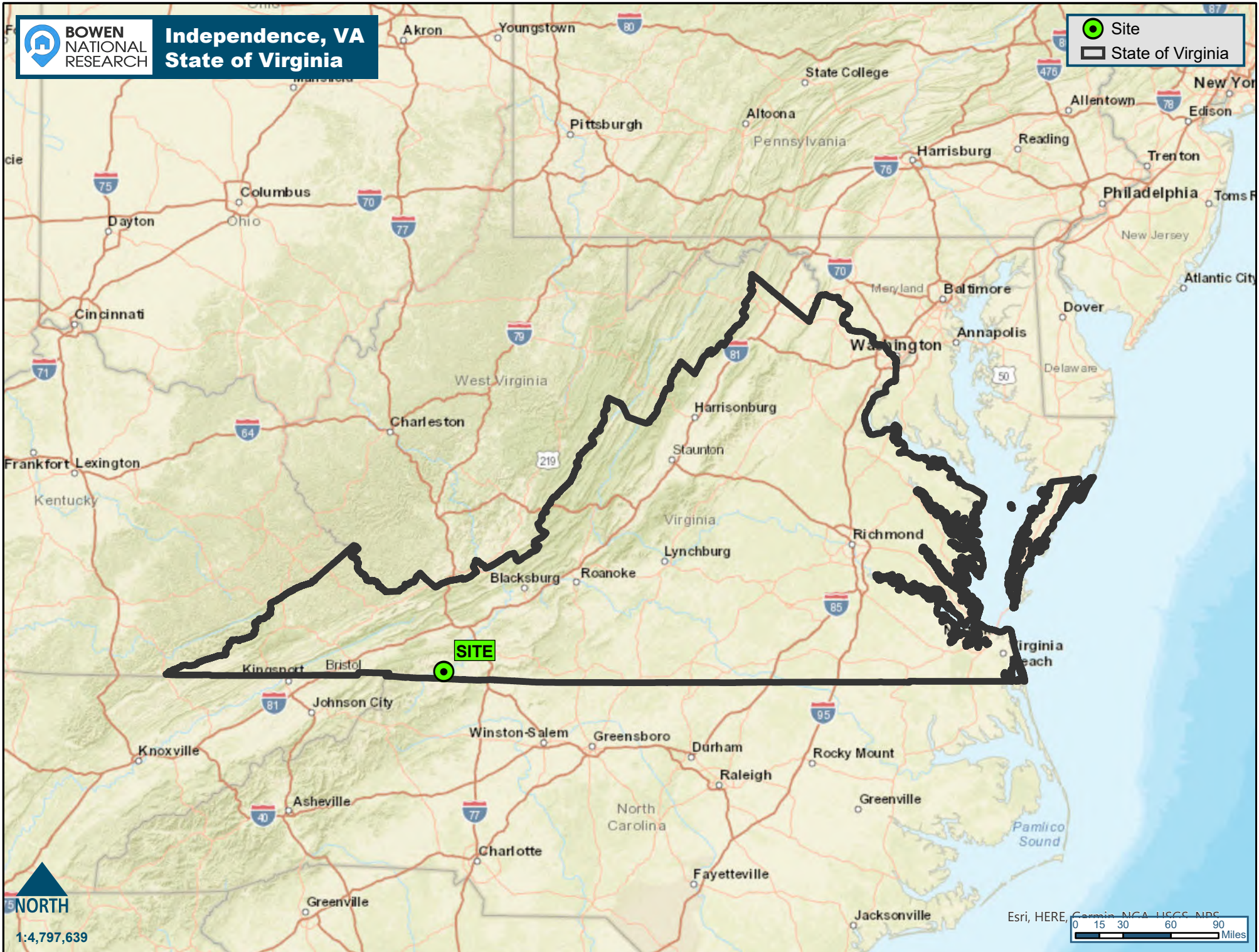
Floor and site plans were provided for the subject project at the time of this analysis. In addition, we conducted an on-site visit and evaluation of unit interiors of select units, the exterior of the subject buildings and property grounds. Based on our evaluation, the subject floor plans and subject buildings appear to be sufficient. The proposed renovations are expected to improve the general aesthetic appeal of the subject property and improve its overall marketability. Nonetheless, an in-depth comparable/competitive analysis is provided in *Section V*, to better determine the competitive position of the subject project.

A state map, an area map and a site neighborhood map are on the following pages.



Independence, VA State of Virginia

● Site
▭ State of Virginia



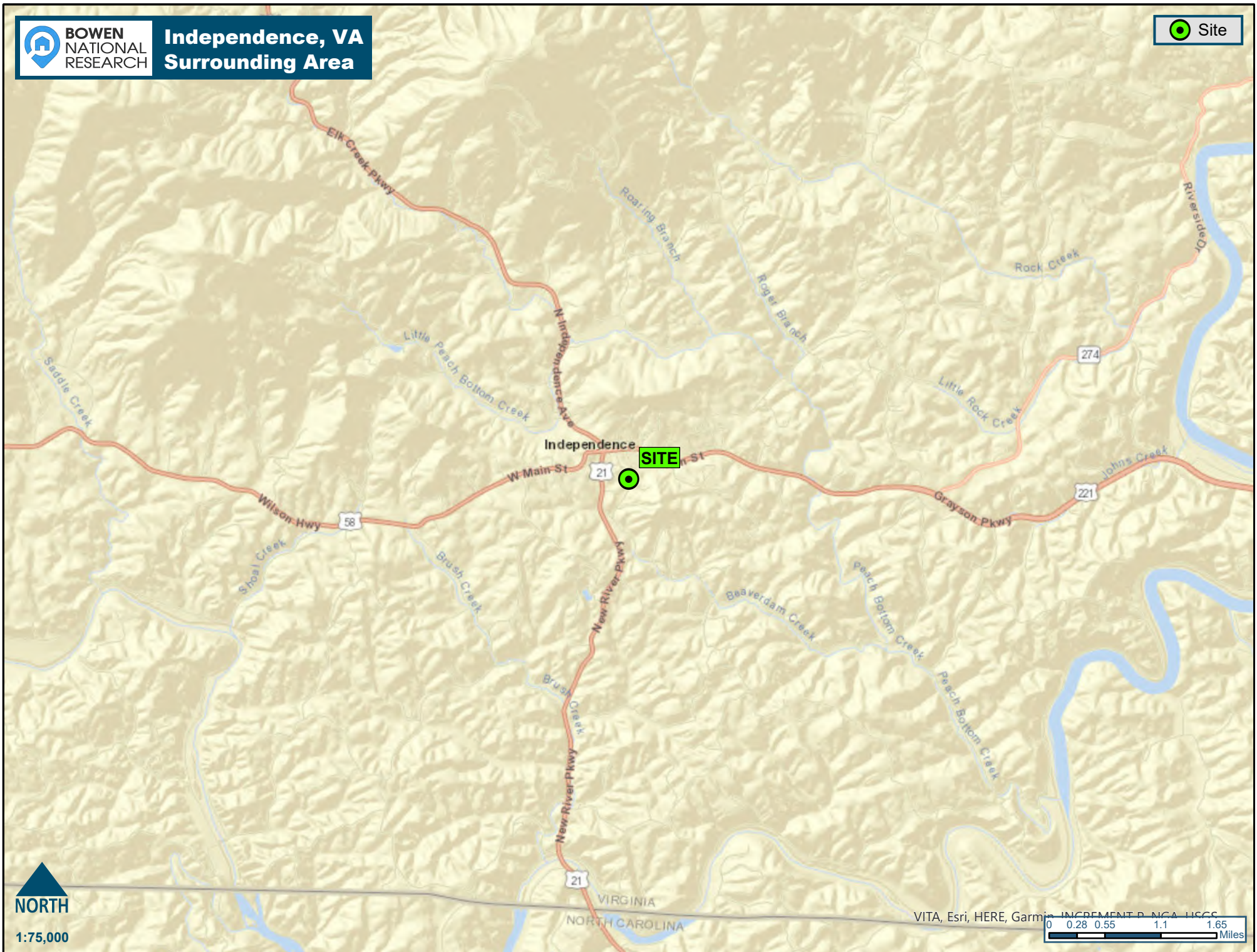
NORTH
1:4,797,639

Esri, HERE, Garmin, NGA, USGS, NPS
0 15 30 60 90
Miles



Independence, VA Surrounding Area

Site



1:75,000

VITA, Esri, HERE, Garmin, INCREMENT P, NCA, USGS
0 0.28 0.55 1.1 1.65 Miles



Independence, VA Site Neighborhood

Legend
Site Area



1:3,047



IV. Area Analysis

A. SITE DESCRIPTION AND EVALUATION

1. LOCATION

The subject site is the existing Grayson Manor, a Tax Credit and government-subsidized apartment community at 224 Nichols Drive in Independence, Virginia. Located in Grayson County, the town of Independence is situated approximately 4.0 miles north of the Virginia/North Carolina state line and approximately 13.0 miles west of Galax, Virginia. The subject site visit and corresponding fieldwork were completed during the week of February 8, 2021.

2. SURROUNDING LAND USES

The subject site is located within a rural area of Grayson County. Surrounding land uses include single-family homes, multifamily homes, a middle school and high school and wooded land. Adjacent land uses are detailed as follows:

North -	The northern boundary is defined by single-family homes in fair to good condition. Grayson County High School, Independence Middle School and West Main Street/U.S. Highway 58/U.S. Highway 221 (herein referred to as “U.S. Highway 58”), a lightly traveled two-lane highway, extend farther north of the site.
East -	The eastern boundary is defined by single-family homes in fair to good condition. Extending east are various community services anchored by a Food City grocery store and undeveloped wooded land.
South -	The southern boundary is defined by single-family homes in fair to good condition. Single-family homes in fair to good condition and undeveloped wooded/agricultural land extend south.
West -	The western boundary is defined by undeveloped land, which buffers the site from Penn Court (Map ID 2) and Independence Avenue/New River Parkway/U.S. Highway 21/U.S. Highway 221 (herein referred to as “U.S. Highway 21”), a moderately traveled two-lane highway.

The site is situated within a primarily residential portion of Independence and fits in well with the existing single-family and multifamily residential dwellings. Overall, the subject property fits well with the surrounding land uses and they should contribute to the continued marketability of the site. Photographs of the site can be found in *Section X* of this report.

3. VISIBILITY AND ACCESS

The subject site is clearly visible and unobstructed from both Nichols Drive and Hilltop Drive, two lightly traveled residential roadways. The site is not visible from the nearby U.S. Highway 58, a moderately traveled thoroughfare for the Site PMA. Per the Virginia Department of Transportation (VDOT), the average annual daily traffic (AADT) volumes for the portion of U.S. Highway 58 nearest to the site is 6,600 vehicles. This is among the highest AADT volumes for any roadway segment in the Site PMA, so visibility from passerby traffic can be improved by placing temporary signage along this roadway during lease-up. Overall, visibility of the site is considered good, which is evidenced by the site's 100.0% occupancy rate and waiting list.

The subject property derives vehicular access from Nichols Drive. Traffic was observed to be light along the adjacent roads, which allows for convenient vehicular ingress and egress. Nichols Drive and Hilltop Drive provide access to U.S. Highway 21 and U.S. Highway 58, two arterial highways that provides access to nearby services throughout the Site PMA. While there are no fixed-route transportation services available in the Site PMA, deviated fixed-route public transportation is offered via Mountain Lynx Transit. This service is considered beneficial to the low-income population targeted at the subject site. Overall, accessibility of the site is considered good and is expected to continue to positively impact its marketability.

4. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

The site is served by the community services detailed in the following table:

Community Services	Name	Driving Distance From Site (miles)
Major Highways	U.S. Highway 21	0.2 West
	U.S. Highway 58	0.2 North
Public Bus Stop	Mountain Lynx Transit	On-demand
Major Employers/ Employment Centers	Core Health & Fitness (Nautilus)	0.9 Northeast
	Key Logistics Solutions	1.0 West
Convenience Store	Quik Chek & Philip Pickett	0.4 North
Grocery	Food City	0.8 Northeast
Discount Department Store	Dollar General	0.8 Northeast
Shopping Center/Mall	Galax Plaza	15.6 East
Schools:		
Elementary	Independence Elementary School	1.2 East
Middle/Junior High	Independence Middle School	0.6 Northeast
High	Grayson County High School	0.5 North
Hospital	Twin County Family Care Center	0.3 Northwest
	Allegheny Memorial Hospital	10.8 South
Police	Grayson County Sheriff's Department	0.5 North
Fire	Independence Volunteer Fire Department	0.6 North

(Continued)

Community Services	Name	Driving Distance From Site (miles)
Post Office	U.S. Post Office	0.5 North
Bank	Skyline National Bank Carter Bank & Trust Skyline National Bank	0.6 Northwest 0.6 North 0.9 East
Senior Center	District Three Senior Services	14.4 Northeast
Recreational Facilities	Grayson County Parks and Recreation	2.1 Northeast
Gas Station	Rixey's Market Grayson Express	2.8 West 3.0 East
Pharmacy	Walter's Drug Woody's Pharmacy	0.7 Northeast 0.9 East
Restaurant	Rio Grande Independence Paul's Restaurant Aunt Bea's BBQ	0.4 Northwest 0.4 North 0.6 Northeast
Day Care	Rockn Robins Daycare	1.9 South
Community Center	Galax Recreation Center	14.6 West

As the preceding illustrates, most area services, such as dining/entertainment, shopping, employment and mass transit, are located within 1.0 mile of the subject site and are easily accessible given the site's proximity to U.S. Highway 21 and U.S. Highway 58, which serve as commercial corridors within the site area. Notable services within 1.0 mile of the subject site include, but are not limited to, pharmacies, banks, grocery stores, a family practice doctor's office, post office, discount shopping and several restaurants.

Public safety services are provided by the Grayson County Sheriff's Department and Independence Volunteer Fire Department. The Grayson County Sheriff's Department is located 0.5 miles north of the site, while the nearest fire station is 0.6 miles north of the site. The nearest full-service hospital with emergency services is the Allegheny Memorial Hospital, located 10.8 miles south of the site. While the site is situated in a rural portion of southwestern Virginia, additional services situated in Galax can be accessed through the Mountain Lynx Transit service.

5. OVERALL SITE EVALUATION

The subject site is located within a rural area of Grayson County. Surrounding land uses include single-family homes, multifamily homes, a middle school and high school and wooded land. The generally light traffic in the site area allows for convenient ingress and egress. In addition, the subject is within proximity of area arterial roadways, further enhancing accessibility of the subject site. While there are no fixed-route transportation services available in the Site PMA, deviated fixed-route public transportation is offered via Mountain Lynx Transit. This service is considered beneficial to the low-income population targeted at the subject site. Most essential services are located within 1.0 mile of the subject site,

some of which are within walking distance. Overall, the site’s surrounding land uses and proximity to community services will contribute to its overall marketability.

6. CRIME ISSUES

The primary source for Crime Risk data is the FBI Uniform Crime Report (UCR). The FBI collects data from each of roughly 16,000 separate law enforcement jurisdictions across the country and compiles this data into the UCR. The most recent update showed an overall coverage rate of 95% of all jurisdictions nationwide with a coverage rate of 97% of all jurisdictions in metropolitan areas.

Applied Geographic Solutions uses the UCR at the jurisdictional level to model each of the seven crime types at other levels of geography. Risk indexes are standardized based on the national average. A Risk Index value of 100 for a particular risk indicates that, for the area, the relative probability of the risk is consistent with the average probability of that risk across the United States.

It should be noted that aggregate indexes for total crime, personal crime and property crime are not weighted, and a murder is no more significant statistically in these indexes than petty theft. Thus, caution should be exercised when using them.

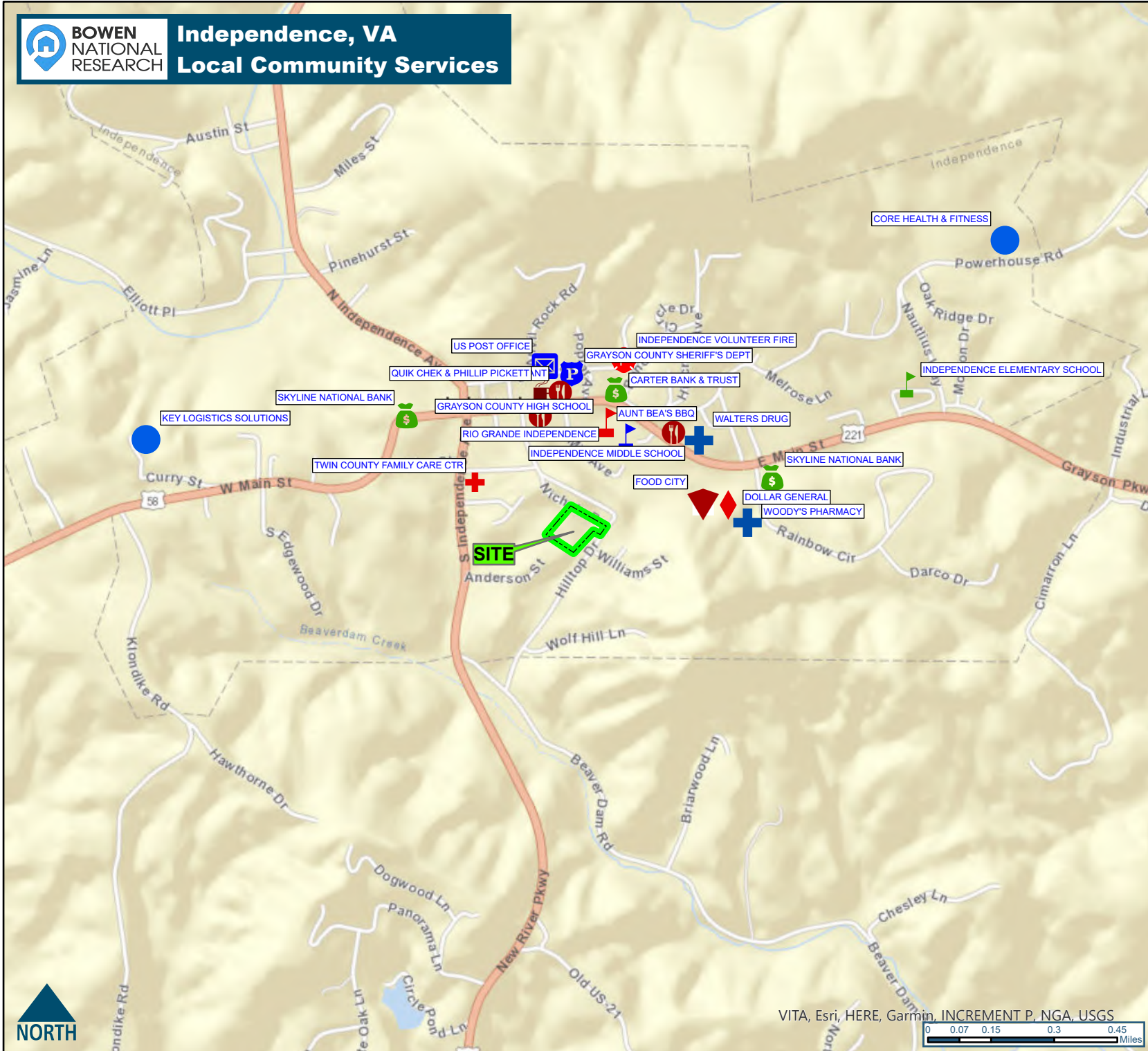
Total crime risk (84) for the Site ZIP Code is below the national average with an overall personal crime index of 64 and a property crime index of 87. Total crime risk (52) for Grayson County is below the national average with indexes for personal and property crime of 52 and 52, respectively.

	Crime Risk Index	
	Site ZIP Code	Grayson County
Total Crime	84	52
Personal Crime	64	52
Murder	147	95
Rape	71	96
Robbery	39	19
Assault	71	59
Property Crime	87	52
Burglary	69	53
Larceny	98	55
Motor Vehicle Theft	49	25

Source: Applied Geographic Solutions

As the preceding illustrates, the crime risk index for the site's ZIP Code (84) is higher than that reported for Grayson County (52) as a whole and both are below the national average of 100. These low crime indexes are expected to continue to contribute to the marketability of the site. In addition, most properties surveyed in the area report high occupancy rates, a good indication that crime has not adversely impacted rental properties in this market.

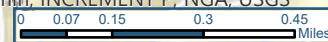
Maps illustrating the location of community services and crime risk are on the following pages.



- Legend**
- Site Area
 - Bank
 - Convenience Store
 - Elementary School
 - Fire
 - Grocery
 - High School
 - Medical Center
 - Middle School
 - Pharmacy
 - Police
 - Post Office
 - Restaurant
 - Shopping
 - Employer 1000-5000



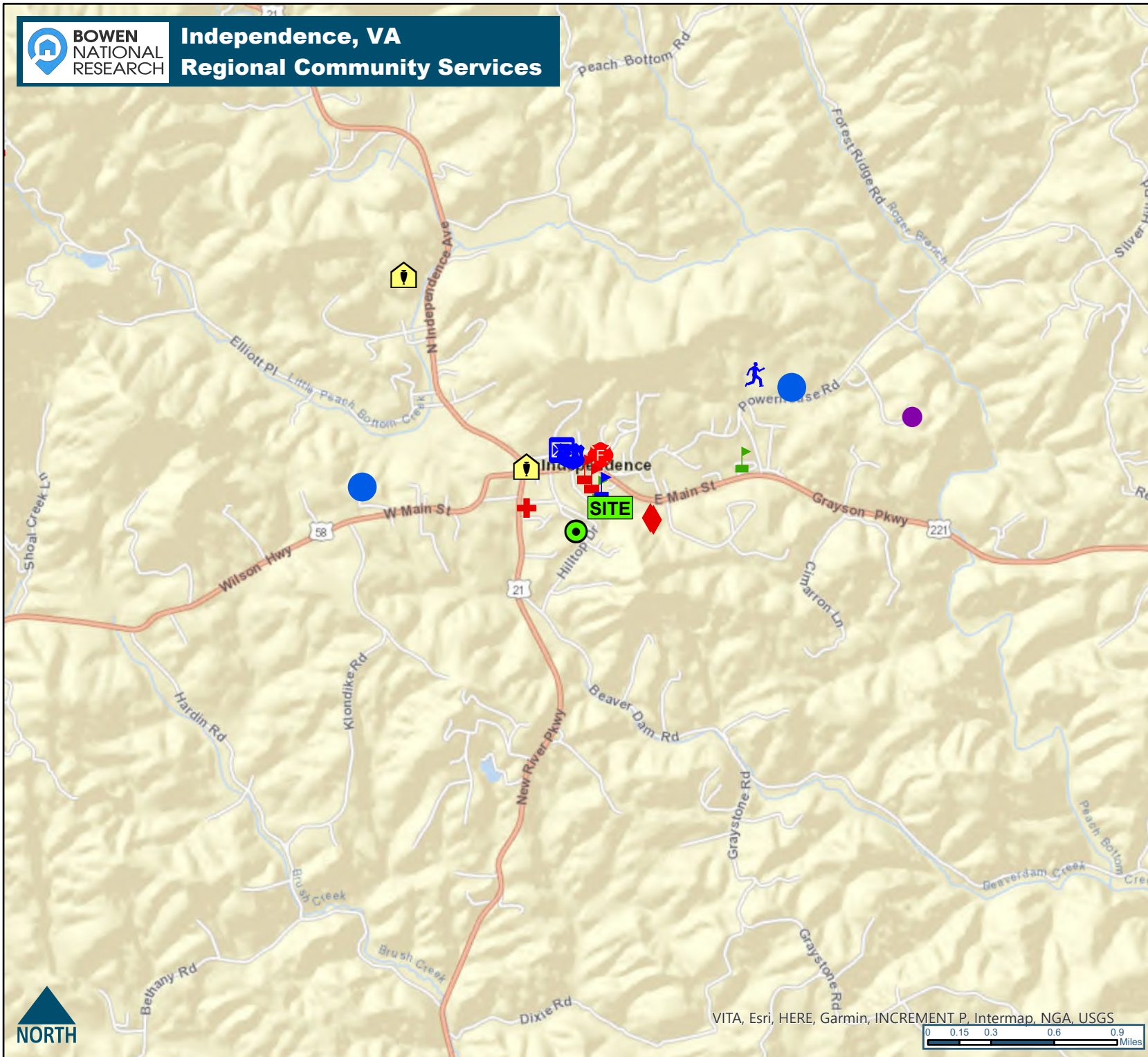
VITA, Esri, HERE, Garmin, INCREMENT P, NGA, USGS



1:20,000



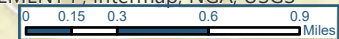
Independence, VA Regional Community Services



- Legend**
- Site
 - Elementary School
 - Fire
 - Fitness Center
 - High School
 - Medical Center
 - Middle School
 - Museum
 - Police
 - Post Office
 - Recreation Center
 - Shopping
 - Employer 1000-5000



VITA, Esri, HERE, Garmin, INCREMENT P, Intermap, NGA, USGS



1:40,000



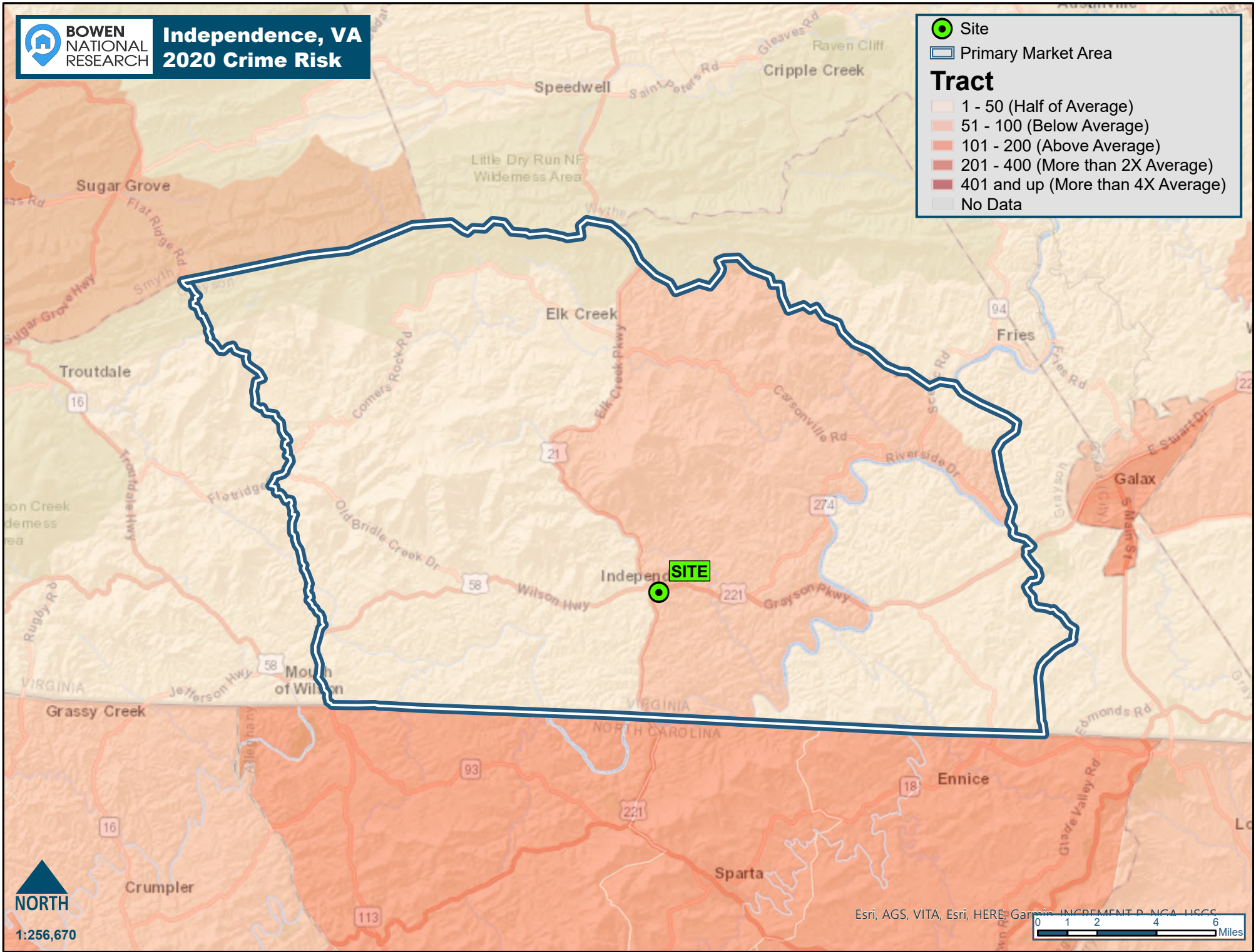
Independence, VA 2020 Crime Risk

Site

Primary Market Area

Tract

- 1 - 50 (Half of Average)
- 51 - 100 (Below Average)
- 101 - 200 (Above Average)
- 201 - 400 (More than 2X Average)
- 401 and up (More than 4X Average)
- No Data



NORTH
1:256,670

Esri, AGS, VITA, Esri, HERE, Garmin, INCREMENT P, NGA, USGS
 Miles

B. PRIMARY MARKET AREA DELINEATION

The Primary Market Area (PMA) is the geographical area from which most of the support for the subject development is expected to continue to originate. The Independence Site PMA was determined through interviews with management at the subject site, area leasing and real estate agents and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market and a demographic analysis of the area households and population.

The subject Site PMA includes all of Independence, as well as portions of Comers Rock, Elk Creek, Carsonville, Baywood and some of the surrounding areas of Grayson County. The boundaries of the Site PMA include Grayson County, U.S. Highway 21 and Spring Valley Road to the north; the New River, Delhart Road and the Meadow Creek to the east; the Virginia/North Carolina state line to the south; and U.S. Highway 58, Fox Ridge Road, Fox Creek Road and Flat Ridge Road to the west.

- Tanya Nixon is the Property Manager for Grayson Manor (subject site). Ms. Nixon confirmed the boundaries of the Site PMA, stating that nearly all of the current tenants at the site originated from within the boundaries of the Site PMA. Ms. Nixon added that of her property's 32 existing tenants, only three originated from outside of the Site PMA (less than 10.0%).
- Jennifer Garris is the Property Manager for Cooper Terrace, a comparable Tax Credit property located south of the Site PMA in Elkin, North Carolina. Given the rural nature of the region, the closest identified comparable properties are located relatively significant distances from the site. Ms. Garris stated that an affordable property in Independence, Virginia would not derive much support from Elkin, adding that most support for a property in Independence would likely generate the most support from within Grayson County.

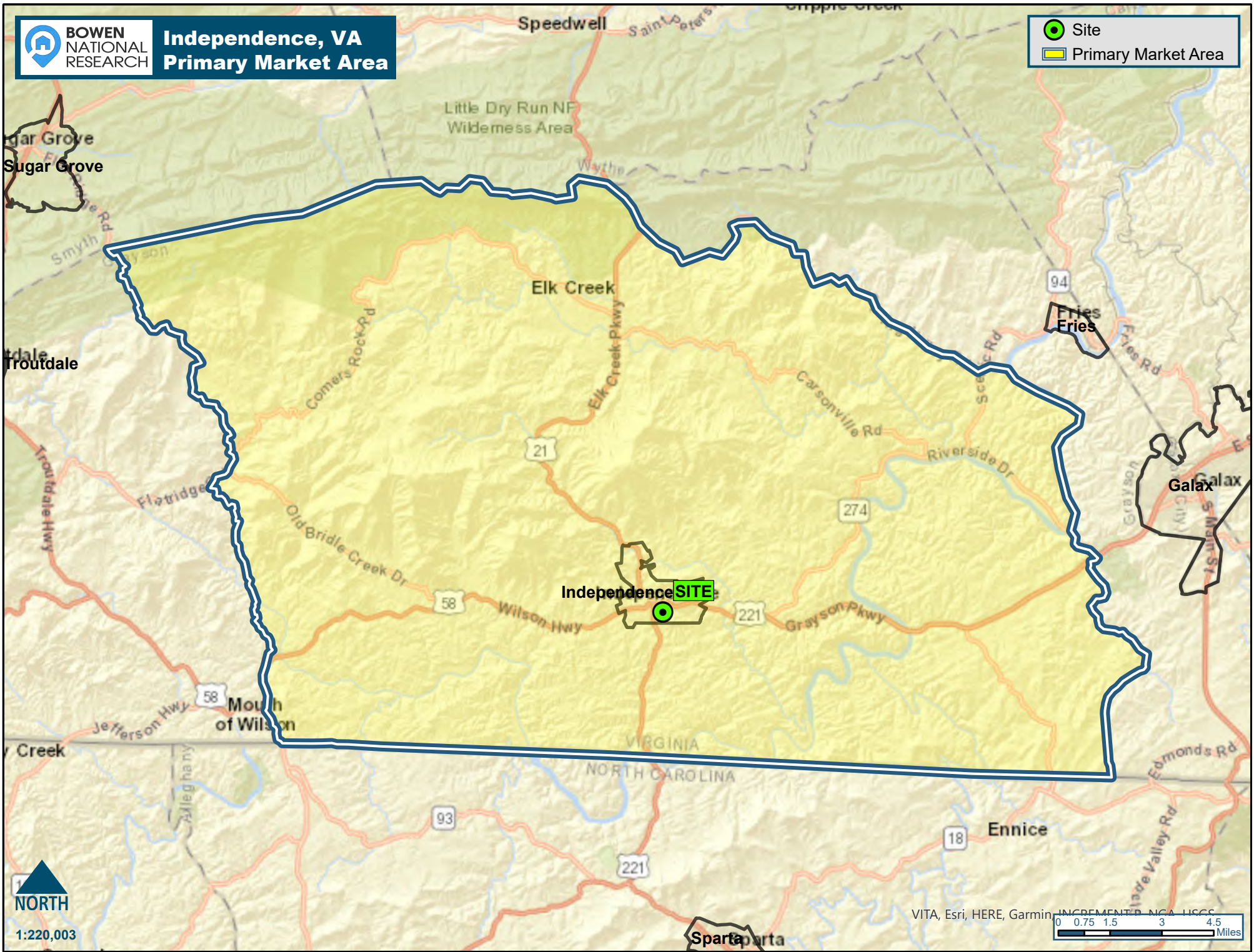
A small portion of support may originate from some of the outlying areas of the Site PMA; we have not, however, considered any secondary market area in this report.

A map delineating the boundaries of the Site PMA is included on the following page.



Independence, VA Primary Market Area

- Site
- Primary Market Area



NORTH
1:220,003

VITA, Esri, HERE, Garmin, INCREMENTAL, NGA, USGS

 0 0.75 1.5 3 4.5 Miles

C. DEMOGRAPHIC CHARACTERISTICS AND TRENDS

1. POPULATION TRENDS

The Site PMA population bases for 2000, 2010, 2021 (estimated) and 2026 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2021 (Estimated)	2026 (Projected)
Population	8,168	7,629	8,202	7,980
Population Change	-	-539	573	-222
Percent Change	-	-6.6%	7.5%	-2.7%

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The Independence Site PMA population base declined by 539 between 2000 and 2010. This represents a 6.6% decline over the 2000 population, or an annual rate of 0.7%. Between 2010 and 2021, the population increased by 573, or 7.5%. It is projected that the population will decline by 222, or 2.7%, between 2021 and 2026.

The Site PMA population bases by age are summarized as follows:

Population by Age	2010 (Census)		2021 (Estimated)		2026 (Projected)		Change 2021-2026	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	1,594	20.9%	1,389	16.9%	1,372	17.2%	-17	-1.2%
20 to 24	365	4.8%	427	5.2%	380	4.8%	-47	-11.0%
25 to 34	680	8.9%	1,072	13.1%	888	11.1%	-184	-17.2%
35 to 44	963	12.6%	1,008	12.3%	1,049	13.1%	41	4.1%
45 to 54	1,201	15.7%	1,143	13.9%	1,049	13.1%	-94	-8.2%
55 to 64	1,223	16.0%	1,239	15.1%	1,133	14.2%	-106	-8.6%
65 to 74	855	11.2%	1,106	13.5%	1,154	14.5%	48	4.3%
75 & Over	748	9.8%	818	10.0%	955	12.0%	137	16.7%
Total	7,629	100.0%	8,202	100.0%	7,980	100.0%	-222	-2.7%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, nearly 39% of the population is expected to be age 55 and older in 2021. This age group is the primary group of continued and potential support for the subject site and likely represent a significant number of the tenants.

2. HOUSEHOLD TRENDS

Household trends within the Independence Site PMA are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2021 (Estimated)	2026 (Projected)
Households	3,496	3,377	3,259	3,167
Household Change	-	-119	-118	-92
Percent Change	-	-3.4%	-3.5%	-2.8%
Household Size	2.34	2.26	2.21	2.20

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Within the Independence Site PMA, households declined by 119 (3.4%) between 2000 and 2010. Between 2010 and 2021, households declined by 118 or 3.5%. By 2026, there will be 3,167 households, a decline of 92 households, or 2.8% over 2021 levels. This is a decline of approximately 18 households annually over the next five years.

The Site PMA household bases by age are summarized as follows:

Households by Age	2010 (Census)		2021 (Estimated)		2026 (Projected)		Change 2021-2026	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 25	112	3.3%	84	2.6%	83	2.6%	-1	-1.2%
25 to 34	305	9.0%	358	11.0%	281	8.9%	-77	-21.5%
35 to 44	500	14.8%	401	12.3%	411	13.0%	10	2.5%
45 to 54	687	20.3%	556	17.1%	501	15.8%	-55	-9.9%
55 to 64	694	20.6%	659	20.2%	591	18.7%	-68	-10.3%
65 to 74	557	16.5%	669	20.5%	686	21.7%	17	2.5%
75 to 84	384	11.4%	401	12.3%	463	14.6%	62	15.4%
85 & Over	138	4.1%	130	4.0%	150	4.7%	20	15.4%
Total	3,377	100.0%	3,259	100.0%	3,167	100.0%	-92	-2.8%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Between 2021 and 2026, the greatest growth among household age groups is projected to be among those ages 65 and over, increasing by 99 (8.3%). This projected growth among senior households indicates that there will be an increasing need for housing for seniors in the market.

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2021 (Estimated)		2026 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	2,575	76.3%	2,396	73.5%	2,335	73.7%
Renter-Occupied	802	23.7%	863	26.5%	832	26.3%
Total	3,377	100.0%	3,259	100.0%	3,167	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2021, homeowners occupied 73.5% of all occupied housing units, while the remaining 26.5% were occupied by renters.

Households by tenure for those age 62 and older in 2010, 2021 (estimated) and 2026 (projected) are distributed as follows:

Tenure Age 62+	2010 (Census)		2021 (Estimated)		2026 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	1,104	86.3%	1,189	85.3%	1,262	85.7%
Renter-Occupied	175	13.7%	204	14.7%	211	14.3%
Total	1,279	100.0%	1,394	100.0%	1,473	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, senior renter households ages 62 and over within the market are projected to increase by seven (3.4%) between 2021 and 2026. Although modest growth, this illustrates that there will likely be an increasing need for age-restricted rental housing within the Site PMA.

The household sizes by tenure for age 62 and older within the Site PMA, based on the 2021 estimates and 2026 projections, were distributed as follows:

Persons Per Renter Household Age 62+	2021 (Estimated)		2026 (Projected)		Change 2021-2026	
	Households	Percent	Households	Percent	Households	Percent
1 Person	142	69.4%	146	69.1%	4	2.6%
2 Persons	29	14.4%	31	14.7%	1	5.1%
3 Persons	17	8.5%	18	8.4%	0	1.7%
4 Persons	10	5.0%	11	5.1%	0	4.2%
5 Persons+	6	2.7%	6	2.8%	0	5.6%
Total	204	100.0%	211	100.0%	6	3.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Persons Per Owner Household Age 62+	2021 (Estimated)		2026 (Projected)		Change 2021-2026	
	Households	Percent	Households	Percent	Households	Percent
1 Person	434	36.5%	459	36.4%	25	5.8%
2 Persons	435	36.6%	462	36.6%	27	6.2%
3 Persons	159	13.4%	171	13.5%	11	7.2%
4 Persons	101	8.5%	103	8.2%	2	2.4%
5 Persons+	60	5.1%	67	5.3%	7	11.0%
Total	1,189	100.0%	1,262	100.0%	73	6.1%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The one-bedroom units offered at the subject site will continue to house up to one- and two-person senior households, which comprised the majority of senior households in the market, based on size.

3. INCOME TRENDS

The distribution of households by income within the Independence Site PMA is summarized as follows:

Household Income	2010 (Census)		2021 (Estimated)		2026 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	320	9.5%	324	9.9%	264	8.3%
\$10,000 to \$19,999	584	17.3%	513	15.7%	436	13.8%
\$20,000 to \$29,999	513	15.2%	455	14.0%	400	12.6%
\$30,000 to \$39,999	453	13.4%	415	12.7%	387	12.2%
\$40,000 to \$49,999	407	12.1%	332	10.2%	337	10.6%
\$50,000 to \$59,999	280	8.3%	228	7.0%	245	7.7%
\$60,000 to \$74,999	346	10.2%	268	8.2%	295	9.3%
\$75,000 to \$99,999	220	6.5%	313	9.6%	346	10.9%
\$100,000 to \$124,999	140	4.1%	222	6.8%	236	7.4%
\$125,000 to \$149,999	50	1.5%	118	3.6%	141	4.4%
\$150,000 to \$199,999	23	0.7%	53	1.6%	57	1.8%
\$200,000 & Over	41	1.2%	18	0.6%	23	0.7%
Total	3,377	100.0%	3,259	100.0%	3,167	100.0%
Median Income	\$35,993		\$38,130		\$42,858	

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2010, the median household income was \$35,993. This increased by 5.9% to \$38,130 in 2021. By 2026, it is projected that the median household income will be \$42,858, an increase of 12.4% over 2021.

The distribution of households by income age 62 and older within the Independence Site PMA is summarized as follows:

Household Income 62+	2010 (Census)		2021 (Estimated)		2026 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	121	9.5%	97	7.0%	77	5.2%
\$10,000 to \$19,999	319	24.9%	290	20.8%	254	17.2%
\$20,000 to \$29,999	248	19.4%	238	17.0%	221	15.0%
\$30,000 to \$39,999	153	12.0%	216	15.5%	228	15.5%
\$40,000 to \$49,999	130	10.2%	170	12.2%	185	12.6%
\$50,000 to \$59,999	90	7.0%	75	5.4%	96	6.5%
\$60,000 to \$74,999	98	7.7%	97	6.9%	130	8.8%
\$75,000 to \$99,999	56	4.4%	99	7.1%	134	9.1%
\$100,000 to \$124,999	34	2.7%	61	4.4%	78	5.3%
\$125,000 to \$149,999	15	1.2%	30	2.2%	41	2.8%
\$150,000 to \$199,999	8	0.6%	15	1.1%	20	1.4%
\$200,000 & Over	7	0.5%	6	0.4%	9	0.6%
Total	1,279	100.0%	1,394	100.0%	1,473	100.0%
Median Income	\$28,044		\$33,350		\$38,100	

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2010, the median household income for households age 62 and older was \$28,044. This increased by 18.9% to \$33,350 in 2021. By 2026, it is projected that the median household income will be \$38,100, an increase of 14.2% over 2021.

The following tables illustrate renter household income by household size for 2010, 2021 and 2026 for the Independence Site PMA:

Renter Households	2010 (Census)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	52	38	23	13	8	133
\$10,000 to \$19,999	96	55	33	18	12	215
\$20,000 to \$29,999	62	42	25	14	9	153
\$30,000 to \$39,999	37	34	20	11	8	110
\$40,000 to \$49,999	27	25	15	8	6	82
\$50,000 to \$59,999	11	11	7	4	2	34
\$60,000 to \$74,999	14	13	8	4	3	42
\$75,000 to \$99,999	7	6	4	2	1	21
\$100,000 to \$124,999	2	2	1	1	0	7
\$125,000 to \$149,999	1	1	0	0	0	2
\$150,000 to \$199,999	0	0	0	0	0	1
\$200,000 & Over	1	1	0	0	0	2
Total	308	229	138	76	51	802

Source: ESRI; Urban Decision Group

Renter Households	2021 (Estimated)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	59	46	27	18	12	162
\$10,000 to \$19,999	100	53	31	21	14	220
\$20,000 to \$29,999	57	38	22	15	10	142
\$30,000 to \$39,999	41	28	16	11	7	103
\$40,000 to \$49,999	29	20	12	8	5	73
\$50,000 to \$59,999	11	10	6	4	3	34
\$60,000 to \$74,999	14	12	7	5	3	40
\$75,000 to \$99,999	17	16	9	6	4	53
\$100,000 to \$124,999	6	6	3	2	1	19
\$125,000 to \$149,999	3	3	2	1	1	10
\$150,000 to \$199,999	1	1	1	1	0	4
\$200,000 & Over	1	0	0	0	0	1
Total	339	234	138	92	61	863

Source: ESRI; Urban Decision Group

Renter Households	2026 (Projected)					Total
	1-Person	2-Person	3-Person	4-Person	5-Person+	
Less Than \$10,000	51	41	24	16	11	143
\$10,000 to \$19,999	90	46	27	19	12	195
\$20,000 to \$29,999	49	32	19	13	9	121
\$30,000 to \$39,999	39	24	14	10	7	94
\$40,000 to \$49,999	28	20	12	8	5	73
\$50,000 to \$59,999	12	11	7	5	3	38
\$60,000 to \$74,999	16	13	8	5	4	45
\$75,000 to \$99,999	27	23	13	9	6	77
\$100,000 to \$124,999	8	7	4	3	2	23
\$125,000 to \$149,999	4	4	2	2	1	14
\$150,000 to \$199,999	2	2	1	1	0	6
\$200,000 & Over	1	1	0	0	0	2
Total	328	223	131	90	60	832

Source: ESRI; Urban Decision Group

The following tables illustrate renter household income by household size for age 62 and older for 2010, 2021 and 2026 for the Independence Site PMA:

Renter Age 62+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	20	5	3	2	1	30
\$10,000 to \$19,999	53	11	6	4	2	75
\$20,000 to \$29,999	28	7	4	2	1	42
\$30,000 to \$39,999	9	3	1	1	0	13
\$40,000 to \$49,999	6	2	1	0	0	9
\$50,000 to \$59,999	1	0	0	0	0	2
\$60,000 to \$74,999	2	0	0	0	0	3
\$75,000 to \$99,999	0	0	0	0	0	1
\$100,000 to \$124,999	0	0	0	0	0	0
\$125,000 to \$149,999	0	0	0	0	0	0
\$150,000 to \$199,999	0	0	0	0	0	0
\$200,000 & Over	0	0	0	0	0	0
Total	119	27	15	9	4	175

Source: ESRI; Urban Decision Group

Renter Age 62+ Households	2021 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	18	4	2	2	1	26
\$10,000 to \$19,999	57	11	7	4	2	81
\$20,000 to \$29,999	26	5	3	2	1	37
\$30,000 to \$39,999	18	4	3	1	1	27
\$40,000 to \$49,999	12	3	1	1	1	17
\$50,000 to \$59,999	3	0	0	0	0	4
\$60,000 to \$74,999	4	1	0	0	0	5
\$75,000 to \$99,999	4	1	0	0	0	6
\$100,000 to \$124,999	1	0	0	0	0	1
\$125,000 to \$149,999	0	0	0	0	0	1
\$150,000 to \$199,999	0	0	0	0	0	0
\$200,000 & Over	0	0	0	0	0	0
Total	142	29	17	10	6	204

Source: ESRI; Urban Decision Group

Renter Age 62+ Households	2026 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	15	4	2	2	0	23
\$10,000 to \$19,999	53	10	6	4	2	76
\$20,000 to \$29,999	24	4	3	1	1	34
\$30,000 to \$39,999	19	4	3	1	1	29
\$40,000 to \$49,999	13	3	1	1	1	19
\$50,000 to \$59,999	4	1	0	0	0	5
\$60,000 to \$74,999	5	1	1	0	0	8
\$75,000 to \$99,999	9	3	1	1	0	13
\$100,000 to \$124,999	1	0	0	0	0	2
\$125,000 to \$149,999	1	0	0	0	0	1
\$150,000 to \$199,999	0	0	0	0	0	1
\$200,000 & Over	0	0	0	0	0	0
Total	146	31	18	11	6	211

Source: ESRI; Urban Decision Group

The following tables illustrate owner household income by household size for age 62 and older for 2010, 2021 and 2026 for the Independence Site PMA:

Owner Age 62+ Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	35	33	12	8	3	91
\$10,000 to \$19,999	95	86	30	22	10	244
\$20,000 to \$29,999	79	74	26	19	9	206
\$30,000 to \$39,999	49	54	18	13	6	140
\$40,000 to \$49,999	40	48	16	12	5	121
\$50,000 to \$59,999	28	34	13	9	4	88
\$60,000 to \$74,999	30	38	13	9	4	95
\$75,000 to \$99,999	18	22	8	5	3	55
\$100,000 to \$124,999	11	14	5	3	1	34
\$125,000 to \$149,999	5	6	2	1	0	15
\$150,000 to \$199,999	2	3	1	1	0	8
\$200,000 & Over	2	3	1	1	0	7
Total	393	416	145	103	46	1,104

Source: ESRI; Urban Decision Group

Owner Age 62+ Households	2021 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	26	26	9	6	4	71
\$10,000 to \$19,999	84	72	26	17	10	209
\$20,000 to \$29,999	79	70	25	16	10	201
\$30,000 to \$39,999	70	69	25	16	10	190
\$40,000 to \$49,999	53	57	21	13	8	153
\$50,000 to \$59,999	24	28	10	6	4	72
\$60,000 to \$74,999	30	35	13	8	5	92
\$75,000 to \$99,999	32	35	13	8	5	93
\$100,000 to \$124,999	19	23	9	6	3	60
\$125,000 to \$149,999	10	12	4	3	1	30
\$150,000 to \$199,999	5	5	3	1	1	15
\$200,000 & Over	1	3	1	0	0	5
Total	434	435	159	101	60	1,189

Source: ESRI; Urban Decision Group

Owner Age 62+ Households	2026 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	20	19	7	4	3	54
\$10,000 to \$19,999	71	61	23	13	9	178
\$20,000 to \$29,999	74	65	24	14	10	187
\$30,000 to \$39,999	77	71	25	16	10	200
\$40,000 to \$49,999	59	61	23	14	9	166
\$50,000 to \$59,999	30	35	13	8	5	91
\$60,000 to \$74,999	40	47	18	11	7	122
\$75,000 to \$99,999	41	46	17	11	6	121
\$100,000 to \$124,999	25	30	11	6	4	76
\$125,000 to \$149,999	13	16	5	4	2	40
\$150,000 to \$199,999	7	7	3	1	1	19
\$200,000 & Over	2	4	1	1	0	8
Total	459	462	171	103	67	1,262

Source: ESRI; Urban Decision Group

Data from the preceding tables is used in our demand estimates.

Demographic Summary

Overall, population and households within the Independence Site PMA increased between 2010 and 2021, however, are projected to experience declines between 2021 and 2026. Despite these projected declines, senior households ages 65 and older are projected to experience notable growth, increasing by 99, or 8.3%, between 2021 and 2026. In addition, senior renter households are projected to experience modest growth during the same time frame. Although only 211 senior renter households are projected for the market in 2026, more than 63.0% of these renters are projected to earn below \$30,000. Overall, the demographic trends contained within this report demonstrate a generally stable base of current and potential support for the subject project.

D. LOCAL ECONOMIC PROFILE AND ANALYSIS

1. LABOR FORCE PROFILE

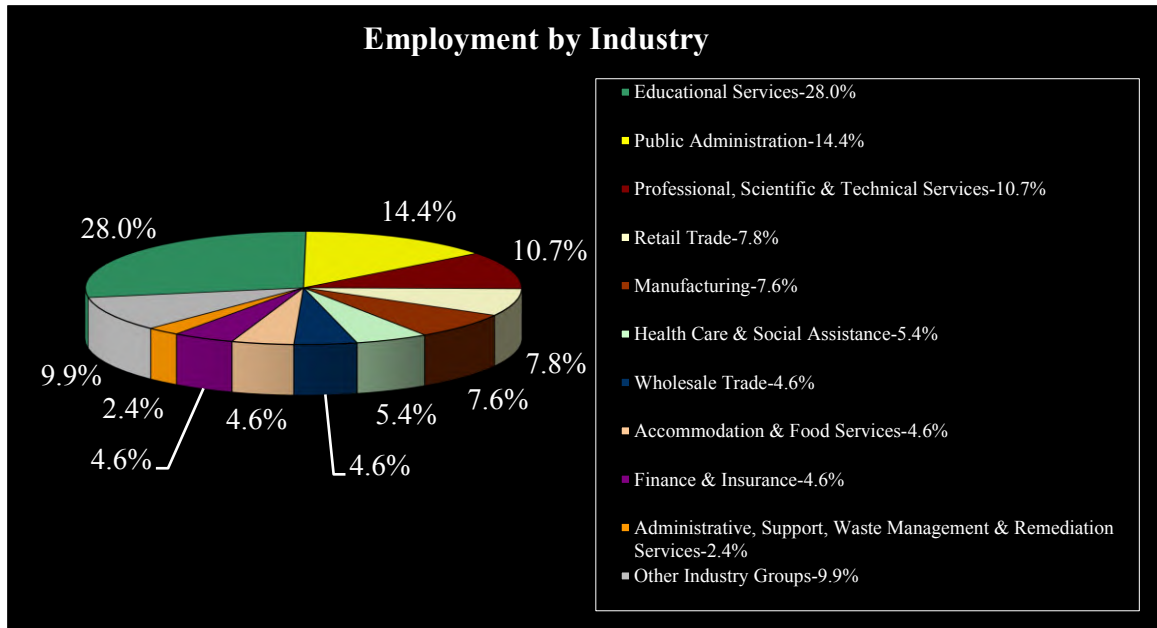
The labor force within the Independence Site PMA is based primarily in three sectors. Educational Services (which comprises 28.0%), Public Administration and Professional, Scientific & Technical Services comprise approximately 53% of the Site PMA labor force. Employment in the Independence Site PMA, as of 2021, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	6	2.7%	23	1.0%	3.8
Mining	1	0.4%	3	0.1%	3.0
Utilities	0	0.0%	1	0.0%	0.0
Construction	10	4.5%	29	1.2%	2.9
Manufacturing	12	5.4%	176	7.6%	14.7
Wholesale Trade	3	1.3%	108	4.6%	36.0
Retail Trade	33	14.7%	182	7.8%	5.5
Transportation & Warehousing	7	3.1%	28	1.2%	4.0
Information	3	1.3%	20	0.9%	6.7
Finance & Insurance	9	4.0%	106	4.6%	11.8
Real Estate & Rental & Leasing	15	6.7%	49	2.1%	3.3
Professional, Scientific & Technical Services	18	8.0%	249	10.7%	13.8
Management of Companies & Enterprises	1	0.4%	4	0.2%	4.0
Administrative, Support, Waste Management & Remediation Services	7	3.1%	57	2.4%	8.1
Educational Services	11	4.9%	651	28.0%	59.2
Health Care & Social Assistance	13	5.8%	126	5.4%	9.7
Arts, Entertainment & Recreation	6	2.7%	14	0.6%	2.3
Accommodation & Food Services	13	5.8%	107	4.6%	8.2
Other Services (Except Public Administration)	22	9.8%	55	2.4%	2.5
Public Administration	29	12.9%	335	14.4%	11.6
Nonclassifiable	5	2.2%	5	0.2%	1.0
Total	224	100.0%	2,328	100.0%	10.4

*Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

E.P.E. - Average Employees Per Establishment

Note: Since this survey is conducted of establishments and not of residents, some employees may not live within the Site PMA. These employees, however, are included in our labor force calculations because their places of employment are located within the Site PMA.



Typical wages by job category for the Southwest Virginia Nonmetropolitan Area are compared with those of Virginia in the following table:

Typical Wage by Occupation Type		
Occupation Type	Southwest Virginia Nonmetropolitan Area	Virginia
Management Occupations	\$92,790	\$139,610
Business and Financial Occupations	\$56,220	\$86,060
Computer and Mathematical Occupations	\$66,550	\$103,350
Architecture and Engineering Occupations	\$69,440	\$91,730
Community and Social Service Occupations	\$39,410	\$51,320
Art, Design, Entertainment and Sports Medicine Occupations	\$43,140	\$62,380
Healthcare Practitioners and Technical Occupations	\$61,720	\$82,840
Healthcare Support Occupations	\$25,150	\$30,170
Protective Service Occupations	\$38,830	\$48,380
Food Preparation and Serving Related Occupations	\$22,130	\$24,840
Building and Grounds Cleaning and Maintenance Occupations	\$23,760	\$29,210
Personal Care and Service Occupations	\$29,320	\$30,640
Sales and Related Occupations	\$31,160	\$42,290
Office and Administrative Support Occupations	\$31,180	\$41,160
Construction and Extraction Occupations	\$44,350	\$46,800
Installation, Maintenance and Repair Occupations	\$42,560	\$51,510
Production Occupations	\$33,530	\$39,640
Transportation and Moving Occupations	\$31,510	\$37,050

Source: U.S. Department of Labor, Bureau of Statistics

Most annual blue-collar salaries range from \$22,130 to \$44,350 within the Southwest Virginia Nonmetropolitan Area. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$69,344. It is important to note that most occupational types within the Southwest Virginia Nonmetropolitan Area have lower typical wages than Virginia’s typical wages. The area employment base has a significant number of income-appropriate households from which the proposed subject project will be able to draw renter support.

The ten largest employers within the Grayson County area are summarized in the following table:

Employer Name	Business Type
Select A Service LLC	Marketing Firm
Grayson County Correctional Center	Government
Grayson County School Board	Education
Independence Lumber Company	Lumber Store
Grayson County	Government
Grayson Nursing & Rehab Center	Health Care
The Grayson National Bank	Finance
McAllister Mills	Manufacturer
Oak Hill Academy	Education
Food City	Supermarket Chain

Source: Virginia Employment Commission, 2nd Quarter 2020

Despite multiple attempts, we were unable to receive a response from area economic development representatives regarding the current status of the local economy. The COVID-19 pandemic has impacted the local businesses. The town of Independence is administering programs for small business owners that have been impacted by the pandemic. The Small Business Administration is providing economic injury disaster loans, which are low-interest loans to help local businesses and homeowners recover from the disaster. The following are summaries of some recent and notable economic development activity within the Grayson County area based on our research at the time of this analysis.

- Grayson Natural Farms, located at 226 Industrial Lane in Independence, announced in December 2020, that it will invest \$1.5 million to expand its smokehouse and production operation. The company produces grass-fed organic meat snacks. The company will add 35,000 square feet to its existing manufacturing facility. The expansion is expected to create 40 new jobs.
- Metalworx, Inc., to be located in Independence, announced in June 2020, that it will invest \$7.6 million to relocate its headquarters and manufacturing facility to Grayson County. Metalworx is planning to occupy the former Core Fitness Complex that is currently vacant. The company makes components for several industrial and technology-based industries. The investment will create 59 new jobs.

- Tri-Area Community Health opened a new facility in Grayson Highlands in January 2021, which is expected to positively contribute the local Grayson County economy.

Infrastructure:

- Appalachian Power is introducing high-speed internet to some of the unserved areas in Grayson County. The project will lay middle-mile fiber-optic cables along power lines to provide internet service. The project started in December 2020 and is expected to be completed in 2024.

WARN (layoff notices):

WARN Notices of large-scale layoffs/closures were reviewed on February 24, 2021, and according to the Virginia Employment Commission there have been no WARN notices reported for Independence over the past 12 months.

2. EMPLOYMENT TRENDS

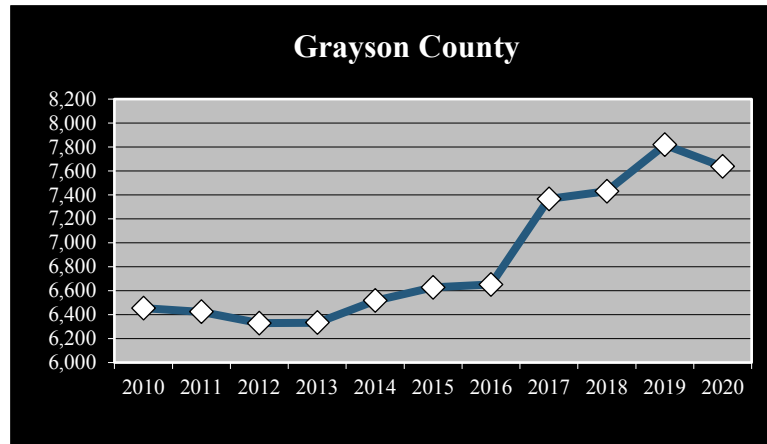
The following tables were generated from the U.S. Department of Labor, Bureau of Labor Statistics and reflect employment trends of the county in which the site is located.

Excluding 2020, the employment base has increased by 18.0% over the past five years in Grayson County, more than the Virginia state increase of 6.5%. Total employment reflects the number of employed persons who live within the county.

The following illustrates the total employment base for Grayson County, the state of Virginia and the United States.

Year	Total Employment					
	Grayson County		Virginia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2010	6,455	-	3,860,386	-	140,469,139	-
2011	6,424	-0.5%	3,934,326	1.9%	141,791,255	0.9%
2012	6,330	-1.5%	3,967,987	0.9%	143,621,634	1.3%
2013	6,334	0.1%	3,995,182	0.7%	145,017,562	1.0%
2014	6,517	2.9%	4,019,470	0.6%	147,313,048	1.6%
2015	6,628	1.7%	4,028,801	0.2%	149,500,941	1.5%
2016	6,652	0.4%	4,069,395	1.0%	151,887,366	1.6%
2017	7,367	10.8%	4,151,746	2.0%	154,160,937	1.5%
2018	7,430	0.9%	4,209,651	1.4%	156,081,212	1.2%
2019	7,819	5.2%	4,289,132	1.9%	158,102,439	1.3%
2020	7,638	-2.3%	4,086,176	-4.7%	147,888,051	-6.5%

Source: Department of Labor; Bureau of Labor Statistics

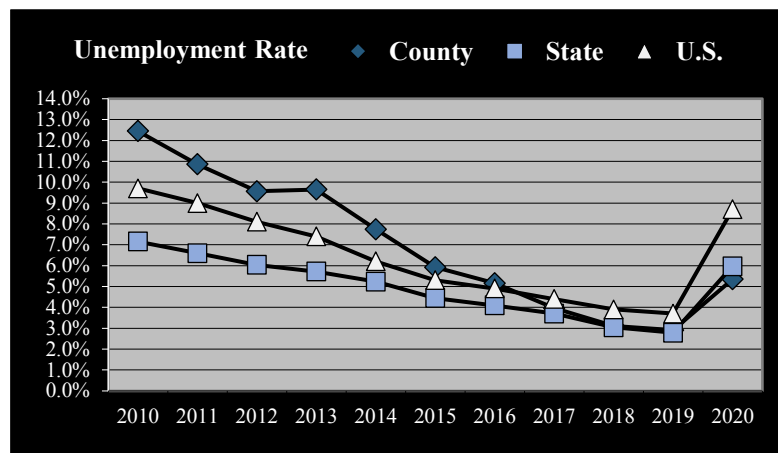


As the preceding illustrates, the Grayson County employment base improved or remained stable between 2012 and 2019, then experienced a significant decline between 2019 and 2020 due to the COVID-19 pandemic.

Unemployment rates for Grayson County, the state of Virginia and the United States are illustrated as follows:

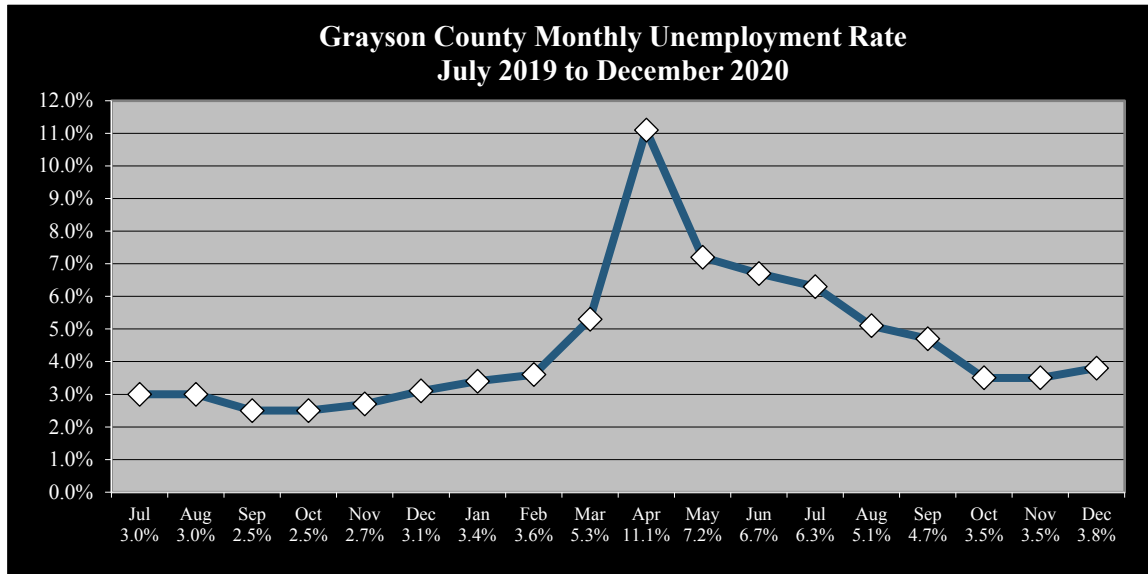
Unemployment Rate			
Year	Grayson County	Virginia	United States
2010	12.5%	7.2%	9.7%
2011	10.9%	6.6%	9.0%
2012	9.6%	6.0%	8.1%
2013	9.7%	5.7%	7.4%
2014	7.7%	5.2%	6.2%
2015	5.9%	4.4%	5.3%
2016	5.2%	4.1%	4.9%
2017	4.0%	3.7%	4.4%
2018	3.1%	3.0%	3.9%
2019	2.9%	2.8%	3.7%
2020	5.4%	6.0%	8.7%

Source: Department of Labor, Bureau of Labor Statistics



The unemployment rate in Grayson County generally declined between 2010 and 2019; however, it was adversely impacted as the result of the COVID-19 pandemic between 2019 and 2020.

The following table illustrates the monthly unemployment rate in Grayson County for the most recent 18-month period for which data is currently available.



As the preceding table illustrates, the monthly unemployment rate within Grayson County spiked by nearly eight percentage points between February and April 2020. On a positive note, the monthly unemployment rate in the county has generally declined since and is near levels reported from before the pandemic.

In-place employment reflects the total number of jobs within the county regardless of the employee's county of residence. The following illustrates the total in-place employment base for Grayson County.

In-Place Employment Grayson County			
Year	Employment	Change	Percent Change
2010	2,350	-	-
2011	2,325	-25	-1.1%
2012	2,333	8	0.3%
2013	2,336	3	0.1%
2014	2,490	154	6.6%
2015	2,554	64	2.6%
2016	2,650	96	3.8%
2017	2,875	225	8.5%
2018	2,980	105	3.7%
2019	3,217	237	8.0%
2020*	3,091	-126	-3.9%

Source: Department of Labor, Bureau of Labor Statistics
*Through June

Data for 2019, the most recent year that year-end figures are available, indicates in-place employment in Grayson County to be 41.1% of the total Grayson County employment. This means that Grayson County has more employed persons leaving the county for daytime employment than those who work in the county.

3. ECONOMIC FORECAST

The Grayson County economy was improving or stable each year between 2012 and 2019. However, between 2019 and 2020, the county declined by 181 jobs, or 2.3%, as the result of the COVID-19 pandemic, which caused many area businesses to experience a significant reduction in business activity, increasing unemployment and decreasing the county’s employment base. This correlates with unemployment rate trends, as the county unemployment rate nearly doubled in 2020. Specifically, between February and April 2020, the monthly unemployment rate within Grayson County spiked by nearly eight percentage points; however, the county’s unemployment rate has been generally trending downward since and is near levels reported before the pandemic. Nonetheless, several of the businesses impacted include those within the Retail Trade and Accommodation & Food Services sectors, which represent over 20.0% of the market’s labor force and provide lower wage paying positions. The subject site will continue to provide a good quality affordable housing option in an economy where lower-wage employees are most vulnerable.

4. COMMUTING PATTERNS

Based on the American Community Survey (2014-2018), the following is a distribution of commuting patterns for Site PMA workers age 16 and over:

Mode of Transportation	Workers Age 16+	
	Number	Percent
Drove Alone	2,622	85.5%
Carpooled	222	7.2%
Public Transit	17	0.6%
Walked	90	2.9%
Other Means	38	1.2%
Worked at Home	79	2.6%
Total	3,068	100.0%

Source: American Community Survey (2014-2018); ESRI; Urban Decision Group; Bowen National Research

Nearly 85% of all workers drove alone, 7.2% carpooled and only 0.6% used public transportation.

Typical travel times to work for the Site PMA residents are illustrated as follows:

Travel Time	Workers Age 16+	
	Number	Percent
Less Than 15 Minutes	869	28.3%
15 to 29 Minutes	1,002	32.7%
30 to 44 Minutes	695	22.7%
45 to 59 Minutes	248	8.1%
60 or More Minutes	175	5.7%
Worked at Home	79	2.6%
Total	3,068	100.0%

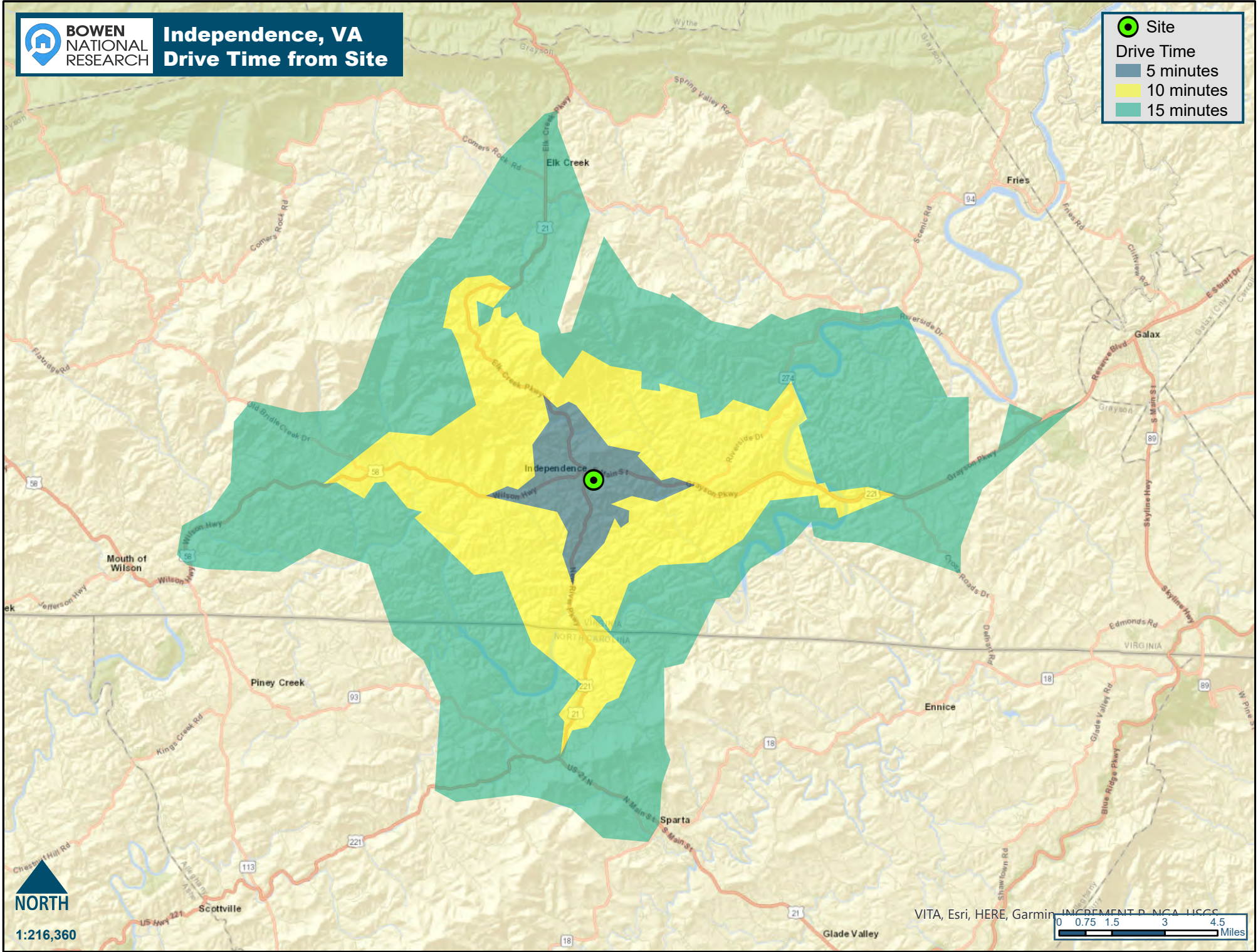
Source: American Community Survey (2014-2018); ESRI; Urban Decision Group; Bowen National Research

The largest share of area commuters has typical travel times to work ranging from 15 to 29 minutes. The subject site is within a 20-minute drive to most of the area's largest employers, which should contribute to the project's marketability. A drive-time map for the subject site is on the following page.



Independence, VA Drive Time from Site

● Site
■ Drive Time
■ 5 minutes
■ 10 minutes
■ 15 minutes



NORTH
1:216,360

VITA, Esri, HERE, Garmin, INCREMENT P, NCA, USGS
0 0.75 1.5 3 4.5 Miles

V. Rental Housing Analysis (Supply)

A. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Independence Site PMA in 2010 and 2021 (estimated) are summarized in the following table:

Housing Status	2010 (Census)		2021 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	3,377	72.8%	3,259	69.9%
Owner-Occupied	2,575	76.3%	2,396	73.5%
Renter-Occupied	802	23.7%	863	26.5%
Vacant	1,263	27.2%	1,402	30.1%
Total	4,640	100.0%	4,661	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Based on a 2021 update of the 2010 Census, of the 4,661 total housing units in the market, 30.1% were vacant. In 2021, it was estimated that homeowners occupied 73.5% of all occupied housing units, while the remaining 26.5% were occupied by renters.

Conventional Apartments

We identified and personally surveyed two conventional housing projects containing a total of 80 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 100.0%, an excellent rate for rental housing. The surveyed rental developments within the market broken out by project type are summarized in the following table:

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Tax Credit/Government-Subsidized	1	32	0	100.0%
Government-Subsidized	1	48	0	100.0%
Total	2	80	0	100.0%

As the preceding illustrates, we identified and surveyed just two rental housing projects in the rural Site PMA, both of which offer affordable units. The renovations to the subject site will preserve an affordable rental housing project that is in high demand.

Government-Subsidized

The government-subsidized units (both with and without Tax Credits) in the Site PMA are summarized as follows.

Subsidized Tax Credit					
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant
One-Bedroom	1.0	32	100.0%	0	0.0%
Total Subsidized Tax Credit		32	100.0%	0	0.0%
Government-Subsidized					
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant
One-Bedroom	1.0	15	31.3%	0	0.0%
Two-Bedroom	1.0	28	58.3%	0	0.0%
Three-Bedroom	1.0	2	4.2%	0	0.0%
Three-Bedroom	1.5	3	6.3%	0	0.0%
Total Subsidized		48	100.0%	0	0.0%

The subsidized Tax Credit units are 100.0% occupied and the government-subsidized units are 100.0% occupied. This high occupancy rate among all subsidized projects in the Site PMA indicates a strong market for low-income housing.

A complete field survey of all conventional apartments we surveyed within the market, as well as an apartment location map, is included in the *Field Survey of Conventional Rentals*.

B. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

As stated throughout this report, due to the rural nature of the market area, there are no non-subsidized Low-Income Housing Tax Credit (LIHTC) properties within the Independence Site PMA that we consider comparable to the proposed development. Due to the lack of non-subsidized LIHTC product within the Site PMA, we identified and surveyed four LIHTC properties outside the Site PMA, but within the region, in Pulaski, Virginia and Elkin, North Carolina and Mt. Airy, North Carolina. These properties offer unit types and target income (AMHI) levels similar to those at the subject project and three of the four properties are restricted to seniors, similar to the subject site. Note that these properties located outside of the Site PMA are not considered competitive with the subject development and have only been included for comparability purposes. Although located approximately 35 miles and 50 miles from the site, these are the nearest identified and surveyed comparable LIHTC properties in this rural area.

These four LIHTC properties and the proposed subject development are summarized as follows. Information regarding property address, phone number, contact name and utility responsibility is included in *Section XI – Comparable Property Profiles*.

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Grayson Manor	1998 / 2022	32	100.0%	-	10 HH	*Seniors 62+; 40% & 50% AMHI & RD 515
902	Atrium Bluegrass	1910 / 2000	39	100.0%	53.2 Miles	3 HH	Seniors 62+; 50% AMHI
904	Chatham Woods Senior	1948 / 2003	30	100.0%	38.4 Miles	None	Seniors 55+; 60% AMHI
905	Cooper Terrace	2015	56	100.0%	37.6 Miles	210 HH	Families; 50% & 60% AMHI
913	Whistler's Cove	2016	60	100.0%	38.2 Miles	10 HH	Seniors 55+; 50% & 60% AMHI

OCC. – Occupancy

HH – Households

900 Map IDs are located outside the Site PMA

*Rents restricted to 40% and 50%; income restricted to 60%

The four comparable LIHTC projects have a combined occupancy rate of 100.0% and three of the four properties maintain a waiting list for their next available units, the longest of which is a duration of 210 households. This is a clear indication of high and likely pent-up demand for affordable rental product in this region. The subject development will continue to alleviate a portion of this pent-up demand.

The following table identifies the comparable LIHTC properties that accept Housing Choice Vouchers as well as the approximate number of units occupied by residents utilizing Housing Choice Vouchers:

Map I.D.	Project Name	Total Units	Number of Vouchers	Share of Vouchers
902	Atrium Bluegrass	39	N/A	-
904	Chatham Woods Senior	30	6	20.0%
905	Cooper Terrace	56	5	8.9%
913	Whistler's Cove	60	12	20.0%
Total		146	23	15.8%

N/A – Number not available (units not included in total)

900 Map IDs are located outside the Site PMA

As the preceding table illustrates, there are a total of approximately 23 Voucher holders residing at the comparable properties for which this information was available within the region. This comprises just 15.8% of the 146 total non-subsidized LIHTC units offered among these properties. This is considered a low share of Voucher support and indicates that these properties do not rely heavily on support from Voucher holders. It can also be concluded that the gross rents at these properties are achievable as approximately 84.0% of the units offered among these properties are occupied by non-Voucher holders.

The gross rents for the comparable projects and the proposed rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

		Gross Rent/Percent of AMHI (Number of Units/Vacancies)				
Map I.D.	Project Name	Studio	One-Br.	Two-Br.	Three-Br.	Rent Special
Site	Grayson Manor	-	\$467/60% (5)* \$583/60% (27)*	-	-	-
902	Atrium Bluegrass	\$577/50% (2/0)	\$632/50% (37/0)	-	-	None
904	Chatham Woods Senior	-	\$450-\$475/60% (18/0)	\$543/60% (12/0)	-	None
905	Cooper Terrace	-	\$587/50% (4/0) \$704/60% (4/0)	\$725/50% (16/0) \$796/60% (16/0)	\$846/50% (8/0) \$926/60% (8/0)	None
913	Whistler's Cove	-	\$535/50% (17/0) \$635/60% (12/0)	\$633/50% (19/0) \$708/60% (12/0)	-	None

900 Map IDs are located outside the Site PMA

*Reflective of maximum allowable LIHTC rent (subsidized unit; contract rent exceeds max); Income restricted to 60%, rents restricted to 40% and 50%

The proposed subject gross rents of \$467 and \$583, will be very competitive when compared with those offered at the comparable LIHTC projects within the region targeting similar income levels. Given that all four LIHTC projects are 100.0% occupied, they could likely increase their rents without adversely impacting occupancy levels. Considering these high occupancy rates and the fact that the subject rents are competitively positioned, they are considered appropriate for this region.

Regardless, upon completion of renovations the subject project will continue to operate with a subsidy available to all 32 units allowing tenants of the site to pay only a portion of their income and not the rents in the preceding table. As such, the subject project is expected to represent a significant value to area low-income renters.

The unit sizes (square footage) and number of bathrooms included in each of the comparable LIHTC unit types offered in the region are compared with the subject development in the following tables:

		Square Footage			
Map I.D.	Project Name	Studio	One-Br.	Two-Br.	Three-Br.
Site	Grayson Manor	-	568	-	-
902	Atrium Bluegrass	590	659	-	-
904	Chatham Woods Senior	-	450 - 566	740 - 891	-
905	Cooper Terrace	-	718	1,052	1,198
913	Whistler's Cove	-	695	921	-

900 Map IDs are located outside the Site PMA

Map I.D.	Project Name	Number of Baths			
		Studio	One-Br.	Two-Br.	Three-Br.
Site	Grayson Manor	-	1.0	-	-
902	Atrium Bluegrass	1.0	1.0	-	-
904	Chatham Woods Senior	-	1.0	1.0	-
905	Cooper Terrace	-	1.0	2.0	2.0
913	Whistler's Cove	-	1.0	1.0	-

900 Map IDs are located outside the Site PMA

The proposed development will continue to be competitive with the existing LIHTC projects in the region based on unit size (square footage) and the number of baths offered.

The following tables compare the appliances and the unit and project amenities of the subject site with existing Tax Credit properties in the region.

Tax Credit Unit Amenities by Map ID

	Site* ♦	902 ♦	904 ♦	905	913 ♦
Appliances	Dishwasher	X		X	X
	Disposal			X	
	Icemaker			X	X
	Microwave			X	
	Range	X	X	X	X
	Refrigerator	X	X	X	X
	No Appliances				
Unit Amenities	AC-Central	X	X	X	X
	AC-Other				
	Balcony				X
	Deck / Patio	X		X	X
	Basement				
	Ceiling Fan			X	X
	Controlled Access		X	X	X
	E-Call System	X	X	X	X
	Fireplace				
	Furnished				
	Security System				
	Sunroom				
	W/D Hookup			X	X
	W/D				X
	Walk-In Closet			X	S
	Window Treatments	X	X	X	X
	Flooring	Carpet		X	X
Ceramic Tile					
Composite (VCT)(LVT)				X	X
Hardwood					
Finished Concrete					
Vinyl		X	X		
Wood Laminate / Plank					
Upgraded	Premium Appliances				
	Premium Countertops				
	Premium Cabinetry				
	Premium Fixtures				
	High Ceilings				
	Vaulted Ceilings				
	Crown Molding				
	Oversized Windows				
Parking	Attached Garage				
	Detached Garage				
	Street Parking				
	Surface Lot	X	X	X	X
	Carport				
	Property Parking Garage				
	Podium Parking				
	No Provided Parking				

♦ - Senior Property

* Proposed Site(s): Grayson Manor

X = All Units, S = Some Units, O = Optional with Fee

** Details in Comparable Property Profile Report

Continued on Next Page

Tax Credit Property Amenities by Map ID

	Site*◆	902◆	904◆	905	913◆	
Bike Racks / Storage						
Business Center **				X	X	
Car Care **						
Common Patio						
Community Garden						
Community Space	Activity / Craft Room					
	Chapel					
	Clubhouse			X	X	
	Conference Room					
	Community Kitchen	X				
	Community Room	X	X		X	X
	Dining Room - Private					
	Dining Room - Public					
	Rooftop Lounge					
	Study Lounge					
	TV Lounge					
	Concierge Service **					
	Convenience Amenities **					
Courtyard						
Covered Outdoor Area **	X			X	X	
Elevator			X		X	
Laundry Room	X	X	X	X		
Meals						
On-Site Management	X	X	X	X	X	
Pet Care **						
Recreation	Basketball					
	Bocce Ball					
	Firepit					
	Fitness Center			X	X	
	Grill			X	X	
	Game Room - Billiards			X		
	Hiking - Walking Trail					
	Hot Tub					
	Library					
	Media Room / Theater					
	Picnic Table / Area	X		X	X	X
	Playground				X	
	Putting Green					
	Racquetball					
	Shuffleboard					
	Sports Court					
	Swimming Pool - Indoor					
	Swimming Pool - Outdoor					
	Tennis					
Volleyball						
Security	CCTV			X	X	
	Courtesy Officer					
	Gated Community					
	Gated Parking					
	Police Substation					
	Social Services **		X			
	Storage - Extra				X	X
	Water Feature					
WiFi				X		

◆ - Senior Property

* Proposed Site(s): Grayson Manor

X = All Units, S = Some Units, O = Optional with Fee

** Details in Comparable Property Profile Report

The amenity package offered at the subject project is generally competitive with those offered among the non-subsidized Tax Credit properties surveyed in the region. The subject's amenity package is considered appropriate for the subject site, as illustrated by the subject's 100.0% occupancy rate. The subject project does not lack any key amenities that would adversely impact its marketability within the Independence region.

Comparable Tax Credit Summary

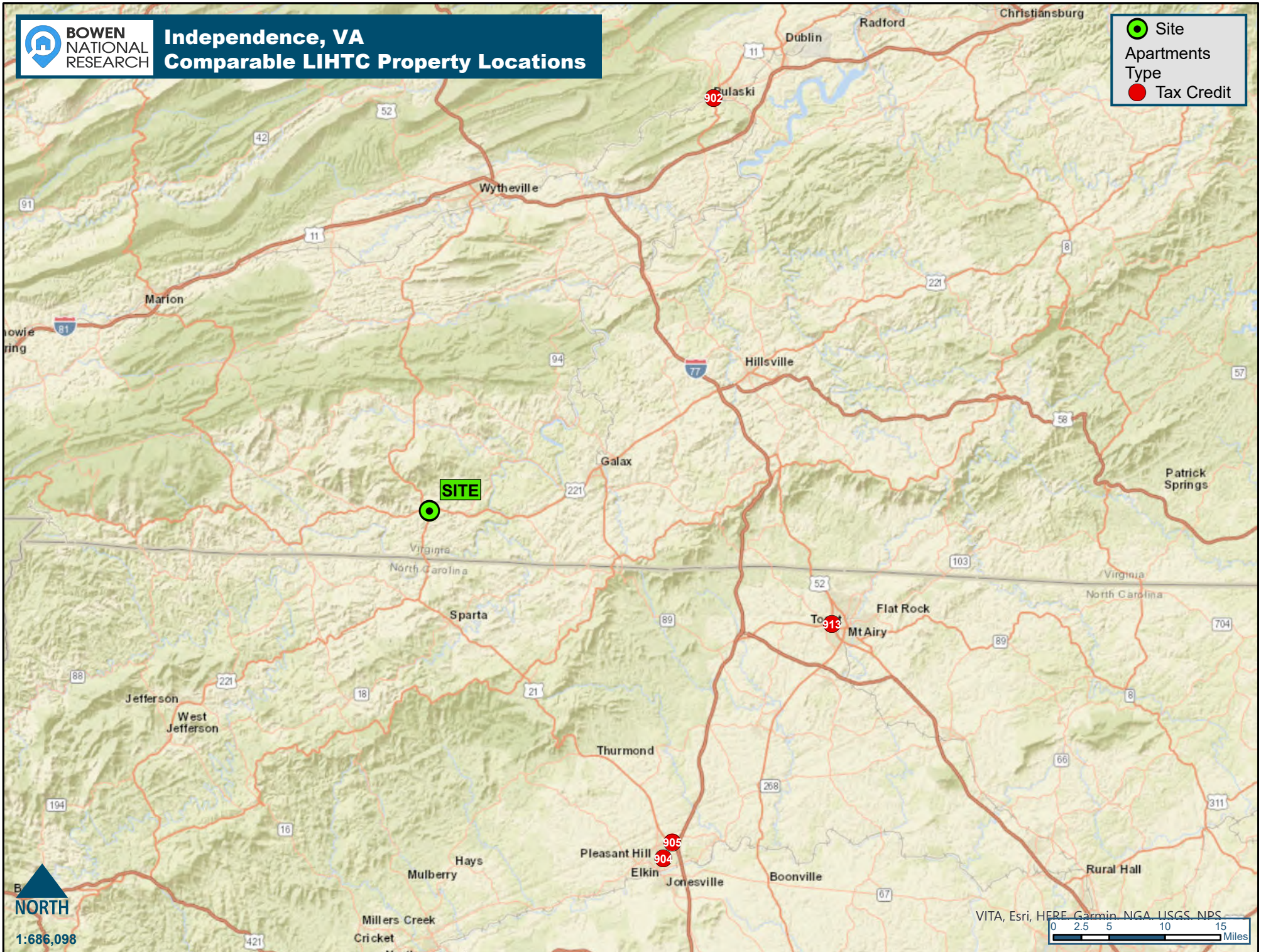
Based on our analysis, the subject project will continue to be marketable post LIHTC renovations. The four comparable LIHTC projects have a combined occupancy rate of 100.0% and three of the four properties maintain a waiting list for their next available units, the longest of which is a duration of 210 households. This is a clear indication of high and likely pent-up demand for affordable rental product in this region. The subject development will continue to alleviate a portion of this pent-up demand. The subject project will offer competitive unit sizes and amenities, as well as competitive gross LIHTC rents in the unlikely scenario the project operates without a subsidy. Regardless, the subject project will continue to operate with a subsidy allowing tenants of the project to pay only a portion of their income towards rent and will represent a significant value to area renters.

A map depicting the location of the most comparable LIHTC properties is included on the following page.



Independence, VA Comparable LIHTC Property Locations

- Site
- Apartments Type
- Tax Credit



C. PLANNED MULTIFAMILY DEVELOPMENT

Based on our interviews with local building and planning representatives, it was determined that there are no rental housing projects in the development pipeline within the Site PMA.

D. ANTICIPATED IMPACT ON EXISTING TAX CREDIT PROPERTIES

As stated throughout this report, there are no non-subsidized Tax Credit properties within the Site PMA. The subject site is the only property in the Site PMA that operates under the Tax Credit program and it is currently 100.0% occupied. In addition, the four comparable LIHTC projects located outside the Site PMA, but within the region, are 100.0% occupied. As such, it is not anticipated that the renovations to the subject site will adversely impact the occupancy rates of existing Tax Credit developments. In fact, the renovations to the subject project will preserve affordable rental product that is in high demand.

E. BUY VERSUS RENT ANALYSIS

According to ESRI, the median home value within the Site PMA was \$107,235. At an estimated interest rate of 4.5% and a 30-year term (and 95% LTV), the monthly mortgage for a \$107,235 home is \$645, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$107,235
Mortgaged Value = 95% of Median Home Price	\$101,873
Interest Rate - Bankrate.com	4.5%
Term	30
Monthly Principal & Interest	\$516
Estimated Taxes and Insurance*	\$129
Estimated Monthly Mortgage Payment	\$645

*Estimated at 25% of principal and interest

In comparison, the proposed collected rents for the subject property are all subsidized where residents pay up to 30% of their adjusted gross income towards housing costs. As such, residents are unlikely to be able to afford the monthly payments required to own a home. Therefore, we do not anticipate any competitive impact on or from the homebuyer market.

VI. Achievable Market Rent Analysis

A. INTRODUCTION

The achievable market rents are based primarily on comparable market-rate properties that we have identified within or near the Site PMA. These selected properties are used to derive market rent for a project with characteristics similar to the subject development and the subject property's market advantage. It is important to note that, for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents that can be achieved in the open market for the subject units without maximum income and rent restrictions.

The basis for the selection of these projects includes, but is not limited to, the following factors:

- Surrounding neighborhood characteristics
- Target market (seniors, families, disabled, etc.)
- Unit types offered (garden or townhouse, bedroom types, etc.)
- Building type (single-story, midrise, high-rise, etc.)
- Unit and project amenities offered
- Age and appearance of property

Since it is unlikely that any two properties are identical, we adjust the collected rent (the actual rent paid by tenants) of the selected properties according to whether or not they compare favorably with the subject development. Rents of projects that have additional or better features than the subject site are adjusted negatively, while projects with inferior or fewer features are adjusted positively. For example, if the subject project does not have a washer or dryer and a selected property does, then we lower the collected rent of the selected property by the estimated value of a washer and dryer to derive an *achievable market rent* for a project similar to the subject project.

The rent adjustments used in this analysis are based on various sources, including known charges for additional features within the Site PMA, estimates made by area property managers and realtors, quoted rental rates from furniture rental companies and Bowen National Research's prior experience in markets nationwide.

It is important to note that one or more of the selected properties may be more similar to the subject property than others. These properties are given more weight in terms of reaching the final achievable market rent determination. While monetary adjustments are made for various unit and project features, the final market rent determination is based upon the judgments of our market analysts.

The proposed subject development and the five selected properties include the following:

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)			
					Studio	One-Br.	Two-Br.	Three-Br.
Site	Grayson Manor	1998 / 2022	32	100.0%	-	32 (100.0%)	-	-
903	Birchwood Towne Community	1988	60	90.0%	-	12 (100.0%)	48 (87.5%)	-
908	North Bridge Street	1948 / 1985	5	100.0%	-	5 (100.0%)	-	-
909	Pine Ridge	1970	49	100.0%	10 (100.0%)	11 (100.0%)	24 (100.0%)	4 (100.0%)
910	Ron Hughes Rentals	1996	3	100.0%	-	1 (100.0%)	2 (100.0%)	-
912	Spring Valley	1985	114 + 12*	78.1%	-	32 (81.3%)	82 (76.8%)	-

Occ. – Occupancy

*Units under construction

900 Map IDs are located outside the Site PMA

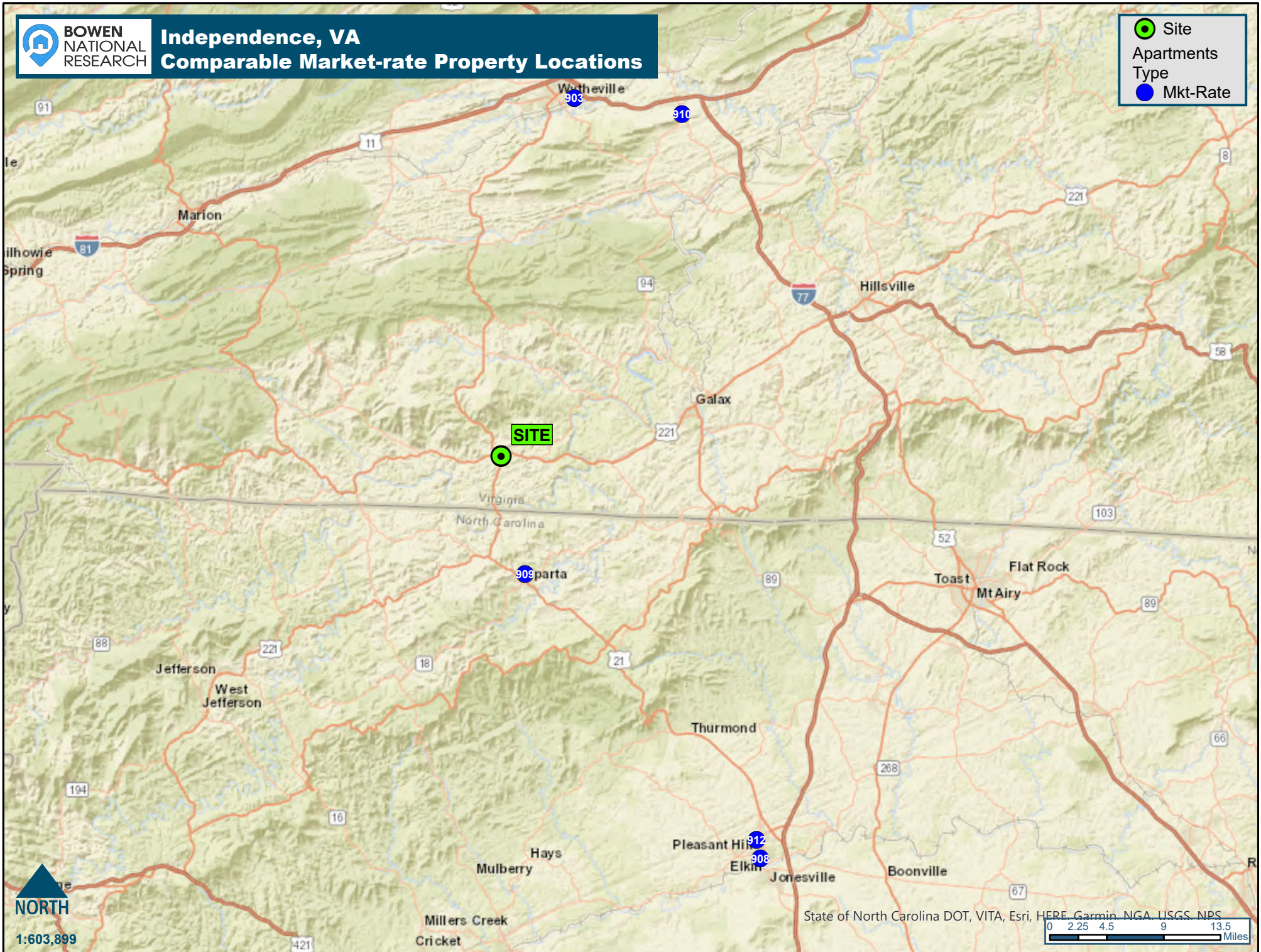
The five selected market-rate projects have a combined total of 231 units with an overall occupancy rate of 86.6%. It is important to note that this includes the vacant units at Spring Valley, which is undergoing renovations and many of these reported vacant units have recently become available. The high/stable occupancy rates of the comparable market-rate properties indicate that these projects will serve as an accurate benchmark with which to compare to the subject development.

The Rent Comparability Grid on the following page shows the collected rents for each of the selected properties and illustrates the adjustments made (as needed) for various features and location or neighborhood characteristics, as well as quality differences that exist among the selected properties and the subject development. Preceding the Rent Comparability Grid is a map of the location of the comparable market-rate developments in relation to the location of the subject site.



Independence, VA Comparable Market-rate Property Locations

- Site
- Apartments
- Type
- Mkt-Rate



NORTH
1:603,899

State of North Carolina DOT, VITA, Esri, HERE, Garmin, NGA, USGS, NPS
0 2.25 4.5 9 13.5 Miles

Rent Comparability Grid

Unit Type → **ONE-BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Grayson Manor		Birchwood Towne Community		North Bridge Street		Pine Ridge		Ron Hughes Rentals		Spring Valley	
224 Nichols Drive		395 Chapman Rd.		331 N Bridge St		47 Poplar St.		121 Lavender Dr		100 S Kirkland Ave	
Independence, VA		Wytheville, VA		Elkin, NC		Sparta, NC		Max Meadows, VA		Elkin, NC	
Data		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
A. Rents Charged											
1 \$ Last Rent / Restricted?		\$465		\$450		\$450		\$495		\$625	
2 Date Surveyed		Feb-21		Feb-21		Feb-21		Feb-21		Feb-21	
3 Rent Concessions		None		None		None		None		None	
4 Occupancy for Unit Type		100%		100%		100%		100%		81%	
5 Effective Rent & Rent/ sq. ft		\$465	0.72	\$450	0.64	\$450	0.87	\$495	0.96	\$625	1.04
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6 Structure / Stories	R/1	WU/3		TH/2		WU/2		WU/2		WU/1,2	
7 Yr. Built/Yr. Renovated	1998/2022	1988	\$22	1948/1985	\$43	1970	\$40	1996	\$14	1985	\$25
8 Condition/Street Appeal	G	G		F	\$15	G		G		P	\$30
9 Neighborhood	G	G		G		G		F	\$10	F	\$10
10 Same Market?		No		No	(\$23)	No		No		No	(\$31)
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11 # Bedrooms	1	1		1		1		1		1	
12 # Baths	1	1		1		1		1		1	
13 Unit Interior Sq. Ft.	568	650	(\$17)	700	(\$28)	515	\$11	515	\$11	600	(\$7)
14 Patio/Balcony	Y	Y		N	\$5	N	\$5	Y		N	\$5
15 AC: Central/Wall	C	C		W	\$5	W	\$5	C		C	
16 Range/Refrigerator	R/F	R/F		R/F		R/F		R/F		R/F	
17 Microwave/Dishwasher	N/Y	N/Y		N/Y		N/N	\$10	N/Y		N/Y	
18 Washer/Dryer	L	L		N	\$5	HU	(\$5)	HU	(\$5)	N	\$5
19 Floor Coverings	V	C/L		C/V		C		C/V		C/L	
20 Window Treatments	Y	Y		Y		Y		Y		Y	
21 Secured Entry	N	N		N		N		N		N	
22 Garbage Disposal	N	Y	(\$5)	N		Y	(\$5)	N		N	
23 Ceiling Fan/E-Call System	N/Y	N/N	\$5	N/N	\$5	Y/N		N/N	\$5	N/N	\$5
D Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24 Parking (\$ Fee)	LOT/\$0	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25 On-Site Management	Y	Y		N	\$5	Y		N	\$5	Y	
26 Security Features	N	N		N		N		N		N	
27 Community Space	Y	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
28 Pool/Recreation Areas	N	N		N		N		N		S	(\$3)
29 Computer/Business Center	N	N		N		N		N		N	
30 Picnic Area/Storage	Y/N	N/N	\$3	N/N	\$3	Y/N		N/N	\$3	N/N	\$3
31 Library	N	N		N		N		N		N	
32 Social Services	N	N		N		N		N		N	
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33 Heat (in rent?/ type)	N/E	N/E		N/E		N/E		N/E		N/E	
34 Cooling (in rent?/ type)	N/E	N/E		N/E		N/E		N/E		N/E	
35 Cooking (in rent?/ type)	N/E	N/E		N/E		N/E		N/E		N/E	
36 Hot Water (in rent?/ type)	N/E	N/E		N/E		N/E		N/E		N/E	
37 Other Electric	N	N		N		N		N		N	
38 Cold Water/Sewer	N/N	Y/Y	(\$49)	Y/Y	(\$49)	N/N		N/N		Y/Y	(\$49)
39 Trash/Recycling	Y/N	Y/N		Y/N		N/N	\$12	N/N	\$12	Y/N	
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40 # Adjustments B to D		4	2	9	2	6	2	7	1	8	3
41 Sum Adjustments B to D		\$35	(\$22)	\$91	(\$51)	\$76	(\$10)	\$53	(\$5)	\$88	(\$41)
42 Sum Utility Adjustments			(\$49)		(\$49)	\$12		\$12			(\$49)
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43 Net/ Gross Adjmts B to E		(\$36)	\$106	(\$9)	\$191	\$78	\$98	\$60	\$70	(\$2)	\$178
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44 Adjusted Rent (5+ 43)		\$429		\$441		\$528		\$555		\$623	
45 Adj Rent/Last rent			92%		98%		117%		112%		100%
46 Estimated Market Rent	\$545	\$0.96		← Estimated Market Rent/ Sq. Ft							

Once all adjustments to collected rents were made, the adjusted rents for each comparable were used to derive an achievable market rent for each bedroom type. Each property was considered and weighed based upon its proximity to the subject site and its amenities and unit layout compared to the subject site.

Based on the preceding Rent Comparability Grid, it was determined that the present-day achievable market rent for units similar to the subject development is as follows:

Bedroom Type	% AMHI	Collected Rent*	Achievable Market Rent	Market Rent Advantage
One-Bedroom	40%	\$369	\$545	32.3%
One-Bedroom	50%	\$485	\$545	11.0%

*Reflective of maximum allowable net LIHTC rent (subsidized unit; contract rent exceeds max)

Typically, Tax Credit rents should represent at least a 10% market rent advantage to be perceived as a value in the market and ensure a sufficient flow of qualified applicants. Therefore, the subject rents (assuming maximum allowable LIHTC rents) will likely be perceived as good values within the market, as they represent market rent advantages of 11.0% and 32.3%. Regardless, the subject project will continue to operate with a subsidy on all units, allowing tenants to pay up to 30% of their gross adjusted income towards housing costs. As such, the subject project will continue to represent a substantial value to low-income renters within the market.

B. RENT ADJUSTMENT EXPLANATIONS (RENT COMPARABILITY GRID)

None of the selected properties offer the same amenities as the subject property. As a result, we have made adjustments to the collected rents to reflect the differences between the subject property and the selected properties. The following are explanations (preceded by the line reference number on the comparability grid table) for each rent adjustment made to each selected property.

1. Rents for each property are reported as collected rents. These are the actual rents paid by tenants and do not consider utilities paid by tenants. The rents reported are typical and do not consider rent concessions or special promotions. When multiple rent levels were offered, we included an average rent.

7. Upon completion of renovations, the subject project will have an effective age of a project built in 2010. The selected properties were built between 1970 and 1996. As such, we have adjusted the rents at the selected properties by \$1 per year of effective age difference to reflect the age of these properties.

8. It is anticipated that the proposed subject project will have an improved appearance, once renovations are complete. We have made adjustments for those properties that we consider to be of inferior quality compared to the subject development.
9. Two of the selected properties are located in less desirable neighborhoods than the subject project. As such, we have made an adjustment to account for differences in neighborhood desirability among these projects and the subject project.
10. All of the comparable market-rate properties are located outside of the Site PMA. Two of the properties are located in the Elkin, North Carolina area. The Elkin market is considered slightly superior to the subject market in terms of median household income, median gross rents, and median home values. Thus, the two properties located in this market have been negatively adjusted by 5.0% to account for out-of-market differences. This adjustment is based on data obtained from the American Community Survey (ACS).
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar-for-dollar basis, we have used 25% of the average for this adjustment.
- 14.-23. The subject project will offer a unit amenity package generally considered competitive with those offered at the selected properties. We have made adjustments for features lacking at the subject project, and in some cases, we have made adjustments for features the subject property does offer.
- 24.-32. The subject project offers a limited project amenities package; however, it is generally considered similar to those offered among most of the selected properties. We have made monetary adjustments to reflect the difference between the proposed subject project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences in utility responsibility at each selected property. The utility adjustments were based on the local housing authority's utility cost estimates.

VII. Capture Rate Analysis

A. DETERMINATION OF INCOME ELIGIBILITY

The number of income-eligible households necessary to support the project from the Site PMA is an important consideration in evaluating the subject project's potential. Note that we have evaluated the subject project assuming two different scenarios. The first capture rate scenario has been calculated assuming that the project operates with a Rental Assistance (RA) subsidy through Rural Development (RD) available to all units. In this scenario, residents of these subsidized units pay up to 30% of their adjusted gross income towards rent. We also provided a capture rate scenario for the unlikely event that the subject project lost its project-based subsidy, thus requiring all units to operate exclusively under the Tax Credit guidelines, targeting households earning up to 60% of AMHI. Note that under the RD 515 program the subject project will be restricted to senior households age 62 and older. However, in the unlikely event the subsidy was lost, and all units had to operate exclusively under the Tax Credit program, the project would be open to senior residents age 55 and older.

Under the Low-Income Housing Tax Credit (LIHTC) program, household eligibility is based on household income not exceeding the targeted percentage of Area Median Household Income (AMHI), depending upon household size.

The subject site is located within the Grayson County, VA Metropolitan Statistical Area (MSA) which has a median four-person household income of \$47,900 for 2020. The project location, however, is eligible for the National Non-Metropolitan Income and Rent Floor adjustment. Therefore, the income restrictions for the subject project at 60% of AMHI are based on the national non-metropolitan four-person median household income of \$62,300 in 2020. The subject property is restricted to households with incomes up to 60% of AMHI, although rents will be restricted to 40% and 50% of AMHI. The following table summarizes the maximum allowable income by household size:

Household Size	Targeted AMHI Maximum Allowable Income
	60%
One-Person	\$26,160
Two-Person	\$29,880

1. Maximum Income Limits

The one-bedroom units offered at the subject site are expected to continue to house up to two-person senior households. As such, the maximum allowable income at the subject site is **\$29,880**.

2. Minimum Income Requirements

Leasing industry standards typically require households to have rent-to-income ratios of 27% to 40%. Pursuant to VHDA market study guidelines, the maximum rent-to-income ratio permitted for family projects is 35%, while elderly projects have a 40% rent-to-income ratio.

Since the subject project will continue operate with Rental Assistance (RA) available to all 32 subject units following renovations, the project will continue to be able to serve households with incomes as low as \$0. However, in the unlikely scenario that the units operate without RA, the proposed LIHTC units will have a lowest gross rent of \$467. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$5,604. Applying a 40% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement of \$14,010.

3. Income-Appropriate Range

Based on the preceding analyses, the income-appropriate ranges required to live at the subject project with units built to serve households earning up to 60% of AMHI, with and without RA is as follows:

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit w/Subsidy Overall	\$0	\$29,880
Tax Credit Only Overall	\$14,010	\$29,880

B. CAPTURE RATE CALCULATIONS

Per VHDA market study requirements, analysts are required to use net demand in calculating capture rates and the absorption period. Net demand is determined by subtracting the supply of vacant comparable units in the PMA, completed or pipeline, from Total Demand. Total Demand includes New Renter Household Growth and Demand from Existing Households (defined below).

The following are the demand components as outlined by Virginia Housing:

1. **Demand from New Renter Households.** *Determine demand for new units in the Primary Market Area based on projected rental household growth. This is to be determined using 2021 as the base year and projecting forward to 2022, per Virginia Housing guidelines. The projected population must be limited to the target group, age- and income-appropriate. Demand for each target group must be shown separately, as reflected in the market study requirements. In instances where a significant number of proposed units (more than 20%) are comprised of three- and four-bedroom units, the analyst must refine the analysis by factoring in the number of large households, typically four or more persons. Failure to account for this may result in overstated demand.*
2. **Demand from Existing Households:** *The sum of demand from rental household growth and demand from all components of existing households will constitute **Total Demand**. The demand components from existing households are detailed below:*

- a) **Rent overburdened households, if any, within the age group, income groups and renters targeted for the subject development.** *“Overburdened” is defined by Virginia Housing as households paying more than 35% of gross income (40% if elderly) for gross rent. Analysts are encouraged to be conservative in this regard.*

Based on the American Community Survey (ACS) 5-Year Estimates (Table B25074), 21.5% to 36.2% of households, depending upon income level, within the site PMA, are considered to be rent overburdened.

- b) **Households in substandard housing (i.e. overcrowded and/or lack of plumbing: Must be age and income group appropriate.** *Analysts must use their knowledge of the market area and the subject development to determine if demand from this source is realistic. Analysts are encouraged to be conservative in this regard.*

Based on the American Community Survey (ACS) 5-Year Estimates (Table B25016), approximately 1.3% of all households within the Site PMA are living in substandard housing. Considering the targeted low-income tenant base, this estimate is considered appropriate for the area.

- c) **Elderly Homeowners likely to convert to rental housing:** *This component may not comprise more than 20% of total demand. The analyst must provide a narrative describing how these numbers were derived. Analysts are encouraged to be conservative in this regard.*

Based on our experience in the Grayson County area as well as throughout markets across the country, we assume 5.0% of all income-eligible senior homeowners in this market may potentially be attracted to the proposed subject site. Considering the lack of affordable age-restricted units, it is likely that there are some senior homeowners within the Site PMA that wish to downsize to an affordable maintenance-free housing alternative, but have been unsuccessful due to the lack of availability of such product in the market. Given this lack of available affordable age-restricted rental alternatives in the market, we believe the subject project will be successful in attracting some senior homeowners, thus we believe a 5.0% homeowner conversion rate to be appropriate for this market.

- d) **Existing qualifying tenants likely to remain after renovations:** *This component of demand applies only to existing developments undergoing rehabilitations.*

This demand component was considered in our analysis.

The sum of demand from rental household growth and demand from all components of existing households will constitute total demand.

C. DEMAND/CAPTURE RATE CALCULATIONS

As stated, and discussed in the *Section V*, there are no non-subsidized age-restricted LIHTC properties within the Site PMA. Additionally, there are no additional age-restricted LIHTC properties currently in the development pipeline within the Independence Site PMA. Based on the preceding factors, we have not considered any directly comparable/competitive supply units in our demand estimates.

The following is a summary of our demand calculations assuming the subject property operates as anticipated, *with a project-based subsidy*:

Demand Component – Age 62+	Percent of Median Household Income 60%/Overall
Demand from New Rental Households (Age- and Income-Appropriate)	141 - 144 = -3
+	
Demand from Existing Households (Rent Overburdened)	144 X 36.2% = 52
+	
Demand from Existing Households (Renters in Substandard Housing)	144 X 1.3% = 2
+	
Demand from Existing Households (Elderly Homeowner Conversion)	478 X 5.0% = 20*
+	
Demand from Existing Households (Existing Qualifying Tenants Likely to Remain After Renovations)	32
=	
Total Demand	103
-	
Supply (Directly Comparable Vacant Units Completed or in the Pipeline)	0
=	
Net Demand	103
Proposed Units	32
Proposed Units / Net Demand	32 / 103
Capture Rate	= 31.1%
Total Absorption Period	3 Months

*Reduced to ensure homeowner support does not exceed 20% of demand

Utilizing this methodology, capture rates below 30% are considered achievable, though capture rates below 20% are considered ideal. As such, the subject's overall subsidized capture rate of 31.1% is considered moderate, yet achievable. Considering the general lack of affordable age-restricted rental product in this market, it is anticipated that the subject development will attract a wider than typical share of age- and income-eligible households. Regardless, the subject project is currently 100.0% occupied with a waiting list and the existing tenants are expected to remain upon completion of renovations.

The following is a summary of our demand calculations assuming the unlikely scenario that the subject project operates exclusively as a LIHTC property, *without* any type of project-based subsidy.

Demand Component – Age 55+	Percent of Median Household Income
	60%/Overall
Demand from New Rental Households (Age- and Income-Appropriate)	116 - 118 = -2
+	
Demand from Existing Households (Rent Overburdened)	118 X 21.5% = 25
+	
Demand from Existing Households (Renters in Substandard Housing)	118 X 1.3% = 2
+	
Demand from Existing Households (Elderly Homeowner Conversion)	377 X 5.0% = 6*
+	
Demand from Existing Households (Existing Qualifying Tenants Likely to Remain After Renovations)	0
=	
Total Demand	31
-	
Supply (Directly Comparable Vacant Units Completed or in the Pipeline)	0
=	
Net Demand	31
Proposed Units	32
Proposed Units / Net Demand	32 / 31
Capture Rate	= > 100.0%
Total Absorption Period	N/A

*Reduced to ensure homeowner support does not exceed 20% of demand

In the unlikely event the project-based subsidy was not secured, and the property had to operate *exclusively* under the LIHTC program, the subject project’s capture rate exceeds 100.0%. This is a good indication that the subject project would likely need to continue to operate with a subsidy to ensure there is a sufficient base of age- and income-qualified households.

Regardless, given the subject project is fully occupied and most tenants are expected to remain at the project following renovations, the subject project has an effective capture rate of 0.0%.

D. PENETRATION RATE CALCULATIONS

As stated throughout this report, there are no non-subsidized LIHTC units within the Site PMA. The income-eligible range for the planned Tax Credit units is \$14,010 to \$29,880. Based on the Demographic Characteristics and Trends of household incomes for the Site PMA, there will be an estimated 115 households with eligible incomes. The 32 existing and proposed Tax Credit units represent a penetration rate of 27.8% of the 115 income-eligible households, which is summarized on the following table.

	Market Penetration
Number of LIHTC Units (Proposed and Existing)	32
Income-Eligible Households – 2022	/ 115
Overall Market Penetration Rate	= 27.8%

It is our opinion that the 27.8% penetration rate for the LIHTC units at the site is considered moderate to high and likely indicates that the subsidy is needed for the subject project to maintain a stabilized occupancy.

E. SUPPORT FROM HOUSING CHOICE VOUCHER HOLDERS

According to a representative with Virginia Housing, there are approximately 68 Housing Choice Voucher holders within the housing authority's jurisdiction, and 333 people currently on the waiting list for additional Vouchers. The waiting list is closed and is expected to reopen in 2022. Annual turnover is estimated at eight households. This reflects the continuing need for Housing Choice Voucher assistance.

If the rents do not exceed the payment standards established by the local housing authority, households with Housing Choice Vouchers may be willing to reside at a LIHTC project. Established by Virginia Housing, the local payment standards, as well as the proposed subject gross rents, are summarized in the following table:

Bedroom Type	Payment Standards	Proposed Tax Credit Gross Rents (AMHI)
One-Bedroom	\$676	\$467 (40%)* \$583 (50%)*

*Maximum allowable LIHTC rent (subsidized unit; contract rent exceeds max)

As the preceding table illustrates, the proposed gross rents (assuming maximum allowable LIHTC rents) are below the payment standards for the region. As such, those who hold Housing Choice Vouchers will be eligible to reside at the subject site in the unlikely event it lost its current subsidy.

F. ABSORPTION PROJECTIONS

The subject project has, and is expected to maintain, Rental Assistance (RA), and all units will likely be rented to those households eligible under the RD 515 program. We also assume that most current tenants will remain at the site once renovations are complete. For the purpose of this analysis, however, we have calculated absorption estimates assuming that all of the units will be vacated and will need to be re-rented under the RD 515 program and then exclusively under the LIHTC program.

Subsidized

Assuming the subject project retains its subsidy on all units but is entirely vacated, we estimate that the 32 subject units can achieve a stabilized occupancy of 93% within three months of re-opening. This is based on a monthly absorption rate of approximately nine units per month.

Tax Credit

Assuming the subject project operated exclusively under the LIHTC program and was completely vacated, it is likely that the subject project would experience difficulties absorbing the vacant units in a reasonable timeframe due to the limited base of income-qualified support in this unlikely scenario.

For the purpose of this analysis, we assume the absorption period at the site begins as soon as the first renovated units are available for occupancy. We also assume that initial units at the site will be available for rent sometime in 2022. Changes to the project's planned renovations or renovation timeline may alter our absorption projections.

VIII. Local Perspective (Interviews)

We conducted numerous interviews with local sources familiar with the Independence area and the housing, economic and/or demographic characteristics that impact the need for affordable housing. These include, but are not limited to, interviews with local planning and building department representatives, local chamber of commerce and/or economic development officials, housing authority representatives, local real estate professionals and/or apartment managers.

Summaries of key interviews regarding the need for affordable rental housing within the area follow:

- Reid Walters, Independence Town Manager, stated there is a need for additional affordable housing in the area. Mr. Walters stated there is a need for affordable housing for seniors in the area as well. The current senior housing is aged and there is an aging population in the area as well.
- Jada Black, Grayson County Planning and Zoning Director, stated there is a need for additional affordable housing for seniors in the area. Ms. Black stated senior housing is in demand and the comprehensive plan for the county addresses the need for additional senior housing.
- Diana Crosswhite, Policy and Training Manager at Virginia Housing, stated there is a need for additional affordable housing in the area. Ms. Crosswhite stated the area lacks quality affordable housing and any new or renovated affordable housing would be beneficial to the community.

IX. Analysis & Conclusions

Based on the findings reported in our market study, it is our opinion that a market will continue to exist for the existing 32-unit Grayson Manor rental property, assuming it is renovated as detailed in this report and retains Rental Assistance (RA). Changes in the project's rents, amenities or renovation completion date may alter these findings.

The subject project will continue to be marketable in terms of age, unit mix, location, amenities and unit sizes. This is further evidenced by the subject's 100.0% occupancy and ten-household waiting list. The subject project will continue to offer a project-based subsidy available on all units, which will continue to represent substantial values to low-income renters within the market. We do not have any recommendations for the subject project.

Given the limited supply of affordable rental product in the Independence market, the subject project will continue to offer a housing alternative to low-income households that are likely underserved. As shown in the Project Specific Demand Analysis section of this report, the subsidized capture rate of 31.1% is considered moderate to high, yet achievable. Considering the general lack of affordable age-restricted rental product in this market, it is anticipated that the subject development will attract a larger than typical share of age- and income-eligible households. Regardless, the subject project is currently 100.0% occupied with a waiting list and the existing tenants are expected to remain upon completion of renovations. In addition, the subject project will not be introducing any new units to the Independence market. Therefore, it is our opinion that the subject project will not have an impact on any existing rental developments within the Site PMA.

In the unlikely event the subject project was completely vacated and all units had to be re-rented, the subject project should reach a stabilized occupancy of 93% within approximately three months, assuming it operated with its current subsidy. If the subject project lost its subsidy and had to operate exclusively under the LIHTC program, it would likely experience difficulties reaching and maintaining a stable occupancy level.

We do not have any recommendations for the proposed subject project.

X.

SITE PHOTOGRAPHS



View of site from the north



View of site from the northeast



View of site from the east



View of site from the southeast



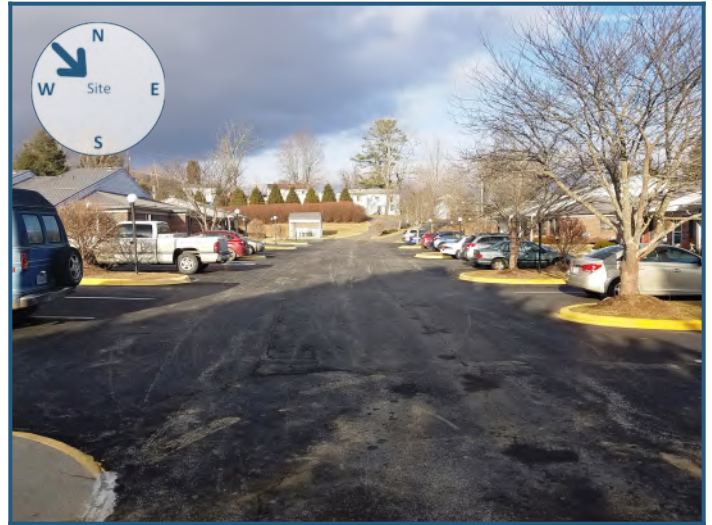
View of site from the south



View of site from the southwest



View of site from the west



View of site from the northwest



North view from site



Northeast view from site



East view from site



Southeast view from site



South view from site



Southwest view from site



West view from site



Northwest view from site



One-Bedroom (Living Room)



One-Bedroom (Kitchen)



One-Bedroom (Bedroom - View A)



Entry



One-Bedroom (Bathroom)

XI.

COMPARABLE
PROPERTY PROFILES

902 Atrium Bluegrass 53.2 miles to site



Address: 230 N. Washington St., Pulaski, VA 24301
 Phone: (540) 980-0992 Contact: Lori
 Property Type: Tax Credit
 Target Population: Senior 62+
 Total Units: 39 Year Built: 1910
 Vacant Units: 0 *AR Year: 2000
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 3
 Waitlist: 3 HH
 Rent Special: None

Ratings
 Quality: B
 Neighborhood: B-
 Access/Visibility: B+/B+

Notes: Tax Credit



Features And Utilities

Utility Schedule Provided by: Virginia Housing

Utility Type & Responsibility: Landlord pays Water, Sewer, Trash

Unit Amenities: Range; Refrigerator; Central AC; Controlled Access; E-Call System; Window Treatments; Flooring (Carpet, Vinyl)

Property Amenities: Community Room; Laundry Room; On-Site Management; Social Services (Meal Site, Wellness Center)

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
0	1	G	2	0	590	\$0.90	\$530	50%
1	1	G	37	0	659	\$0.86	\$567	50%

*Adaptive Reuse

*DTS is based on drive time

903 Birchwood Towne Community 31.6 miles to site



Address: 395 Chapman Rd., Wytheville, VA 24382
 Phone: (276) 228-5985 Contact: Erica (In Person)
 Property Type: Market Rate
 Target Population: Family
 Total Units: 60 Year Built: 1988
 Vacant Units: 6 *AR Year:
 Occupancy: 90.0% Yr Renovated:
 Turnover: Stories: 3
 Waitlist: None
 Rent Special: \$250 off 1st month's rent on a 12-month lease

Ratings
 Quality: B
 Neighborhood: B
 Access/Visibility: B/B

Notes:



Features And Utilities

Utility Schedule Provided by: Virginia Housing

Utility Type & Responsibility: Landlord pays Water, Sewer, Trash

Unit Amenities: Dishwasher; Disposal; Icemaker; Range; Refrigerator; Central AC; Balcony; Deck / Patio; Walk-In Closet; Window Treatments; Flooring (Carpet, Wood Laminate / Plank)

Property Amenities: Laundry Room; On-Site Management

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	12	0	650	\$0.72	\$465	Market
2	1	G	12	0	800	\$0.73	\$585	Market
2	1	G	24	3	850	\$0.71	\$605	Market
2	2	G	12	3	1,000	\$0.63	\$625	Market

*Adaptive Reuse

*DTS is based on drive time

904 Chatham Woods Senior 38.4 miles to site



Address: 230 Hawthorne St., Elkin, NC 28621
 Phone: (336) 835-9663 Contact: Tina
 Property Type: Tax Credit
 Target Population: Senior 55+
 Total Units: 30 Year Built: 1948
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated: 2003
 Turnover: Stories: 2.5 (w/Elev)
 Waitlist: None
 Rent Special: None

Ratings
 Quality: B
 Neighborhood: B
 Access/Visibility: B/C+

Notes: Tax Credit



Features And Utilities

Utility Schedule Provided by: Virginia Housing

Utility Type & Responsibility: Landlord pays Water, Sewer, Trash

Unit Amenities: Range; Refrigerator; Central AC; Controlled Access; E-Call System; Window Treatments; Flooring (Carpet)

Property Amenities: Clubhouse; Elevator; Laundry Room; On-Site Management; Recreation Areas (Fitness Center, Grill, Game Room-Billiards, Picnic Table / Area)

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	18	0	450 - 566	\$0.86 - \$0.72	\$385 - \$410	60%
2	1	G	12	0	740 - 891	\$0.62 - \$0.52	\$460	60%

*Adaptive Reuse

*DTS is based on drive time

905 Cooper Terrace 37.6 miles to site



Address: 259 PGW Dr., Elkin, NC 28621
 Phone: (336) 258-8880 Contact: Jennifer (In Person)
 Property Type: Tax Credit
 Target Population: Family
 Total Units: 56 Year Built: 2015
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 2
 Waitlist: 210 HH
 Rent Special: None

Ratings
 Quality: B+
 Neighborhood: B
 Access/Visibility: A/B

Notes: Tax Credit



Features And Utilities

Utility Schedule Provided by: Virginia Housing
 Utility Type & Responsibility: Landlord pays Trash

Unit Amenities: Dishwasher; Disposal; Icemaker; Microwave; Range; Refrigerator; Central AC; Deck / Patio; Ceiling Fan; W/D Hookup; Walk-In Closet; Window Treatments; Flooring (Carpet, Composite)

Property Amenities: Business Center (Computer); Clubhouse, Community Room; Gazebo; Laundry Room; On-Site Management; Recreation Areas (Fitness Center, Grill, Picnic Table / Area, Playground); CCTV; Extra Storage; WiFi

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	4	0	718	\$0.66	\$473	50%
1	1	G	4	0	718	\$0.82	\$590	60%
2	2	G	16	0	1,052	\$0.55	\$579	50%
2	2	G	16	0	1,052	\$0.62	\$650	60%
3	2	G	8	0	1,198	\$0.56	\$665	50%
3	2	G	8	0	1,198	\$0.62	\$745	60%

*Adaptive Reuse

*DTS is based on drive time

908 North Bridge Street 38.8 miles to site



Address: 331 N Bridge St, Elkin, NC 28621
 Phone: (336) 692-3806 Contact: Chris
 Property Type: Market Rate
 Target Population: Family
 Total Units: 5 Year Built: 1948
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated: 1985
 Turnover: Stories: 2
 Waitlist: None
 Rent Special: None

Ratings
 Quality: C-
 Neighborhood: B-
 Access/Visibility: B-/B

Notes:



Features And Utilities

Utility Schedule Provided by: Virginia Housing

Utility Type & Responsibility: Landlord pays Water, Sewer, Trash

Unit Amenities: Dishwasher; Range; Refrigerator; AC Other; Window Treatments; Flooring (Carpet, Vinyl)

Property Amenities:

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	T	5	0	700	\$0.64	\$450	Market

*Adaptive Reuse

*DTS is based on drive time

909 Pine Ridge 10.4 miles to site



Address: 47 Poplar St., Sparta, NC 28675
 Phone: (336) 372-8668 Contact: Ed
 Property Type: Market Rate
 Target Population: Family
 Total Units: 49 Year Built: 1970
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 2
 Waitlist: None
 Rent Special: None

Ratings
 Quality: B
 Neighborhood: B
 Access/Visibility: B-/B-

Notes: Rent range due to rehabbed units



Features And Utilities

Utility Schedule Provided by: Virginia Housing

Utility Type & Responsibility: No landlord paid utilities;

Unit Amenities: Disposal; Range; Refrigerator; AC Other; Deck / Patio; Ceiling Fan; W/D Hookup; Window Treatments; Flooring (Carpet)

Property Amenities: On-Site Management; Recreation Areas (Grill, Picnic Table / Area, Playground); Extra Storage

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
0	1	G	10	0	360	\$0.83 - \$1.19	\$300 - \$430	Market
1	1	G	11	0	515	\$0.83 - \$0.87	\$430 - \$450	Market
2	1	G	19	0	700	\$0.69 - \$0.74	\$480 - \$515	Market
2	1.5	T	5	0	775	\$0.66 - \$0.74	\$515 - \$575	Market
3	1	G	4	0	850	\$0.67 - \$0.68	\$570 - \$580	Market

*Adaptive Reuse

*DTS is based on drive time

910 Ron Hughes Rentals 33.4 miles to site



Address: 121 Lavender Dr, Max Meadows, VA 24360
 Phone: (276) 637-3796 Contact: Ron
 Property Type: Market Rate
 Target Population: Family
 Total Units: 3 Year Built: 1996
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 2
 Waitlist: None
 Rent Special: None

Ratings
 Quality: B
 Neighborhood: C
 Access/Visibility: B+/B+

Notes:



Features And Utilities

Utility Schedule Provided by: Virginia Housing

Utility Type & Responsibility: No landlord paid utilities;

Unit Amenities: Dishwasher; Range; Refrigerator; Central AC; Deck / Patio; W/D Hookup; Window Treatments; Flooring (Carpet, Composite)

Property Amenities:

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	1	0	515	\$0.96	\$495	Market
2	1 - 2	G	2	0	720 - 800	\$0.81	\$585 - \$650	Market

*Adaptive Reuse

*DTS is based on drive time

912 Spring Valley 37.7 miles to site



Address: 100 S Kirkland Ave, Elkin, NC 28621
 Phone: (336) 526-0193 Contact: Ivy
 Property Type: Market Rate
 Target Population: Family
 Total Units: 114 Year Built: 1985
 Vacant Units: 25 *AR Year:
 Occupancy: 78.1% Yr Renovated:
 Turnover: Stories: 1,2
 Waitlist: None
 Rent Special: None

Ratings
 Quality: D
 Neighborhood: C
 Access/Visibility: B/C

Notes: 12 units under renovation, ECD 5/2021

Features And Utilities

Utility Schedule Provided by: Virginia Housing
 Utility Type & Responsibility: Landlord pays Water, Sewer, Trash
 Unit Amenities: Dishwasher; Range; Refrigerator; Central AC; Ceiling Fan; Window Treatments; Flooring (Carpet, Wood Laminate / Plank)
 Property Amenities: On-Site Management; Recreation Areas (Basketball)
 Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	32	6	600	\$1.04	\$625	Market
2	1	G	70	17	725	\$1.03	\$750	Market
2	2	G	12	2	750	\$1.06	\$795	Market

*Adaptive Reuse *DTS is based on drive time

913 Whistler's Cove 38.2 miles to site



Address: 129 Whistlers Cove Ct., Mount Airy, NC 27030
 Phone: (336) 415-5906 Contact: Melinda
 Property Type: Tax Credit
 Target Population: Senior 55+
 Total Units: 60 Year Built: 2016
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 2 (w/Elev)
 Waitlist: 10 HH
 Rent Special: None

Ratings
 Quality: B+
 Neighborhood: B
 Access/Visibility: B/B



Notes: Tax Credit; Preleasing 3/2016, opened 6/2016, stabilized occupancy 2/2017

Features And Utilities

Utility Schedule Provided by: Virginia Housing
 Utility Type & Responsibility: Landlord pays Water, Sewer, Trash

Unit Amenities: Dishwasher; Icemaker; Range; Refrigerator; Central AC; Balcony; Deck / Patio; Ceiling Fan; Controlled Access; E-Call System; W/D Hookup; W/D; Walk-In Closet; Window Treatments; Flooring (Carpet, Composite)

Property Amenities: Business Center (Computer); Community Room; Gazebo; Elevator; On-Site Management; Recreation Areas (Picnic Table / Area); CCTV; Extra Storage

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	17	0	695	\$0.68	\$470	50%
1	1	G	12	0	695	\$0.82	\$570	60%
2	1	G	19	0	921	\$0.60	\$550	50%
2	1	G	12	0	921	\$0.68	\$625	60%

*Adaptive Reuse *DTS is based on drive time

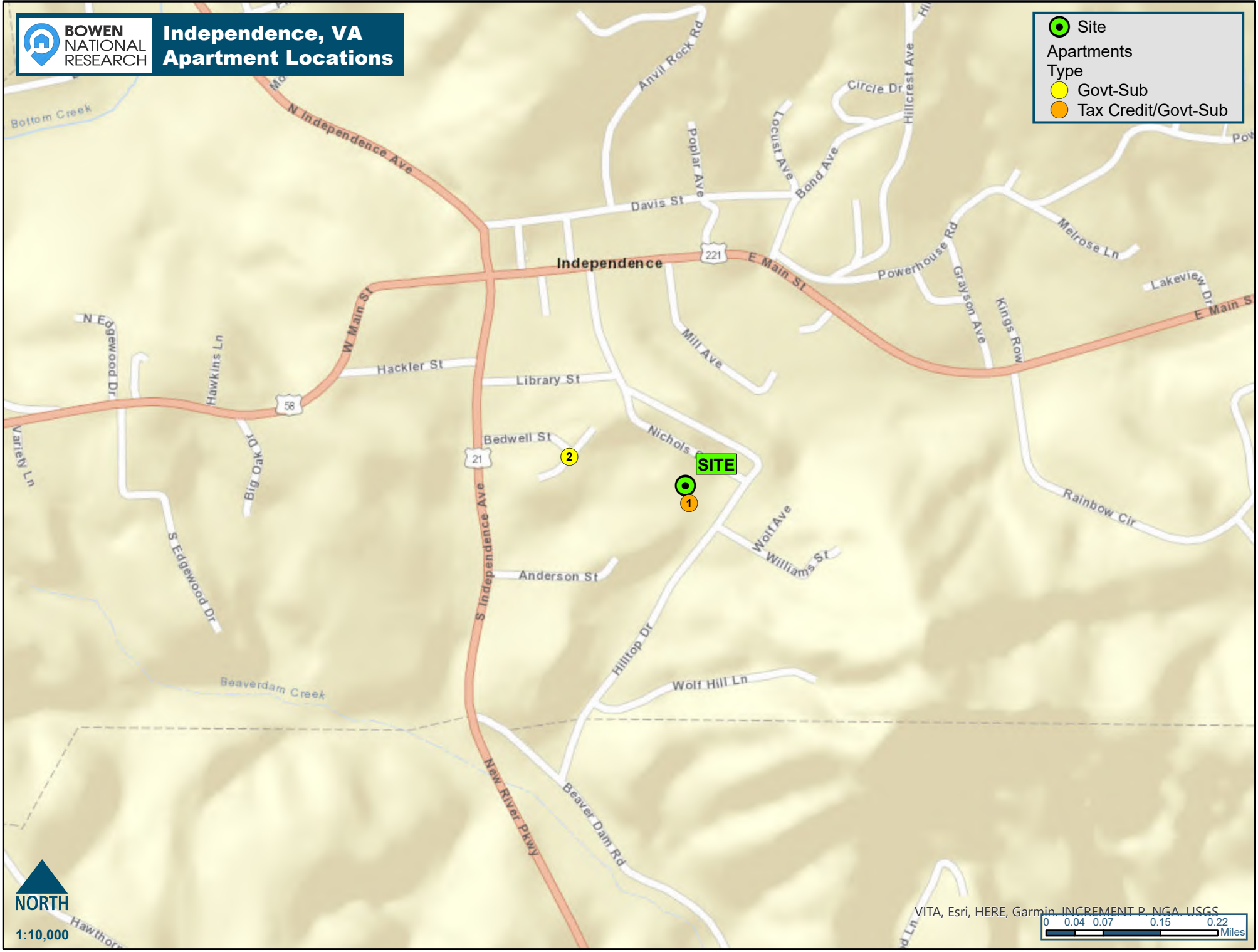
XII.

FIELD SURVEY OF CONVENTIONAL RENTALS



Independence, VA Apartment Locations

● Site
● Apartments
Type
● Govt-Sub
● Tax Credit/Govt-Sub





















NORTH
1:10,000


VITA, Esri, HERE, Garmin, INCREMENT P, NGA, USGS
0 0.04 0.07 0.15 0.22 Miles


Map ID	Property	Prop Type	Quality Rating	Year Built	Total Units	Vacant	Occ. Rate	Distance To Site*
1	Grayson Manor	TGS	B	1998	32	0	100.0%	-
2	Penn Court	GSS	B	1980	48	0	100.0%	1.0
902	Atrium Bluegrass	TAX	B	1910	39	0	100.0%	53.2
903	Birchwood Towne Community	MRR	B	1988	60	6	90.0%	31.6
904	Chatham Woods Senior	TAX	B	1948	30	0	100.0%	38.4
905	Cooper Terrace	TAX	B+	2015	56	0	100.0%	37.6
908	North Bridge Street	MRR	C-	1948	5	0	100.0%	38.8
909	Pine Ridge	MRR	B	1970	49	0	100.0%	10.4
910	Ron Hughes Rentals	MRR	B	1996	3	0	100.0%	33.4
912	Spring Valley	MRR	D	1985	114	25	78.1%	37.7
913	Whistler's Cove	TAX	B+	2016	60	0	100.0%	38.2


*Drive distance in miles


 Comparable Property	 (MIG) Market-Rate, Income-Restricted (not LIHTC) & Govt-Subsidized	 (TIG) Tax Credit, Income-Restricted (not LIHTC) & Govt-Subsidized
 Senior Restricted	 (TAX) Tax Credit	 (INR) Income-Restricted (not LIHTC)
 (MRR) Market-Rate	 (TGS) Tax Credit & Government-Subsidized	 (ING) Income-Restricted (not LIHTC) & Government-Subsidized
 (MRT) Market-Rate & Tax Credit	 (TMI) Tax Credit, Market-Rate, Income-Restricted (not LIHTC)	 (GSS) Government-Subsidized
 (MRG) Market-Rate & Government-Subsidized	 (TIN) Tax Credit & Income-Restricted (not LIHTC)	 (ALL) Tax Credit, Market-Rate, Govt-Subsidized & Income-Restricted
 (MIN) Market-Rate & Income-Restricted (not LIHTC)	 (TMG) Tax Credit, Market-Rate & Government-Subsidized	

	1 Grayson Manor 224 Nichols Dr, Independence, VA 24348		Contact: Tanya Phone: (276) 773-3500		
	Total Units: 32 UC: 0 BR: 1 Target Population: Senior 62+ Rent Special: None Notes: Tax Credit; RD 515, has RA (32 units)	Occupancy: 100.0% Vacant Units: 0	Stories: 1 Waitlist: 10 HH	Year Built: 1998 AR Year: Yr Renovated:	

	2 Penn Court 119 State Rte T 1136, Independence, VA 24348		Contact: Frank Phone: (276) 773-3782		
	Total Units: 48 UC: 0 BR: 1, 2, 3 Target Population: Family Rent Special: None Notes: HUD Section 8	Occupancy: 100.0% Vacant Units: 0	Stories: 2 Waitlist: 6 HH	Year Built: 1980 AR Year: Yr Renovated:	


	902 Atrium Bluegrass 230 N. Washington St., Pulaski, VA 24301		Contact: Lori Phone: (540) 980-0992		
	Total Units: 39 UC: 0 BR: 0, 1 Target Population: Senior 62+ Rent Special: None Notes: Tax Credit	Occupancy: 100.0% Vacant Units: 0	Stories: 3 Waitlist: 3 HH	Year Built: 1910 AR Year: 2000 Yr Renovated:	

	903 Birchwood Towne Community 395 Chapman Rd., Wytheville, VA 24382		Contact: Erica Phone: (276) 228-5985		
	Total Units: 60 UC: 0 BR: 1, 2 Target Population: Family Rent Special: \$250 off 1st month's rent on a 12-month lease Notes:	Occupancy: 90.0% Vacant Units: 6	Stories: 3 Waitlist: None	Year Built: 1988 AR Year: Yr Renovated:	


	904 Chatham Woods Senior 230 Hawthorne St., Elkin, NC 28621		Contact: Tina Phone: (336) 835-9663		
	Total Units: 30 UC: 0 BR: 1, 2 Target Population: Senior 55+ Rent Special: None Notes: Tax Credit	Occupancy: 100.0% Vacant Units: 0	Stories: 2.5 Waitlist: None w/Elevator	Year Built: 1948 AR Year: Yr Renovated: 2003	

✓ Comparable Property ♦ Senior Restricted (MRR) Market-Rate (MRT) Market-Rate & Tax Credit (MRG) Market-Rate & Government-Subsidized (MIN) Market-Rate & Income-Restricted (not LIHTC)	(MIG) Market-Rate, Income-Restricted (not LIHTC) & Govt-Subsidized (TAX) Tax Credit (TGS) Tax Credit & Government-Subsidized (TMI) Tax Credit, Market-Rate, Income-Restricted (not LIHTC) (TIN) Tax Credit & Income-Restricted (not LIHTC) (TMG) Tax Credit, Market-Rate & Government-Subsidized	(TIG) Tax Credit, Income-Restricted (not LIHTC) & Govt-Subsidized (INR) Income-Restricted (not LIHTC) (ING) Income-Restricted (not LIHTC) & Government-Subsidized (GSS) Government-Subsidized (ALL) Tax Credit, Market-Rate, Govt-Subsidized & Income-Restricted
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905	Cooper Terrace		Contact: Jennifer		
	259 PGW Dr., Elkin, NC 28621		Phone: (336) 258-8880		
	Total Units: 56	UC: 0	Occupancy: 100.0%	Stories: 2	Year Built: 2015
	BR: 1, 2, 3		Vacant Units: 0	Waitlist: 210 HH	AR Year:
	Target Population: Family			Yr Renovated:	
	Rent Special: None				
	Notes: Tax Credit				




908	North Bridge Street		Contact: Chris		
	331 N Bridge St, Elkin, NC 28621		Phone: (336) 692-3806		
	Total Units: 5	UC: 0	Occupancy: 100.0%	Stories: 2	Year Built: 1948
	BR: 1		Vacant Units: 0	Waitlist: None	AR Year:
	Target Population: Family			Yr Renovated: 1985	
	Rent Special: None				
	Notes:				




909	Pine Ridge		Contact: Ed		
	47 Poplar St., Sparta, NC 28675		Phone: (336) 372-8668		
	Total Units: 49	UC: 0	Occupancy: 100.0%	Stories: 2	Year Built: 1970
	BR: 0, 1, 2, 3		Vacant Units: 0	Waitlist: None	AR Year:
	Target Population: Family			Yr Renovated:	
	Rent Special: None				
	Notes: Rent range due to rehabbed units				




910	Ron Hughes Rentals		Contact: Ron		
	121 Lavender Dr, Max Meadows, VA 24360		Phone: (276) 637-3796		
	Total Units: 3	UC: 0	Occupancy: 100.0%	Stories: 2	Year Built: 1996
	BR: 1, 2		Vacant Units: 0	Waitlist: None	AR Year:
	Target Population: Family			Yr Renovated:	
	Rent Special: None				
	Notes:				



912	Spring Valley		Contact: Ivy		
	100 S Kirkland Ave, Elkin, NC 28621		Phone: (336) 526-0193		
	Total Units: 114	UC: 12	Occupancy: 78.1%	Stories: 1,2	Year Built: 1985
	BR: 1, 2		Vacant Units: 25	Waitlist: None	AR Year:
	Target Population: Family			Yr Renovated:	
	Rent Special: None				
	Notes: 12 units under renovation, ECD 5/2021				

Comparable Property	(MIG) Market-Rate, Income-Restricted (not LIHTC) & Govt-Subsidized	(TIG) Tax Credit, Income-Restricted (not LIHTC) & Govt-Subsidized
Senior Restricted	(TAX) Tax Credit	(INR) Income-Restricted (not LIHTC)
(MRR) Market-Rate	(TGS) Tax Credit & Government-Subsidized	(ING) Income-Restricted (not LIHTC) & Government-Subsidized
(MRT) Market-Rate & Tax Credit	(TMI) Tax Credit, Market-Rate, Income-Restricted (not LIHTC)	(GSS) Government-Subsidized
(MRG) Market-Rate & Government-Subsidized	(TIN) Tax Credit & Income-Restricted (not LIHTC)	(ALL) Tax Credit, Market-Rate, Govt-Subsidized & Income-Restricted
(MIN) Market-Rate & Income-Restricted (not LIHTC)	(TMG) Tax Credit, Market-Rate & Government-Subsidized	



913	Whistler's Cove		Contact: Melinda			
	129 Whistlers Cove Ct., Mount Airy, NC 27030		Phone: (336) 415-5906			
	Total Units: 60	UC: 0	Occupancy: 100.0%	Stories: 2	w/Elevator	Year Built: 2016
	BR: 1, 2		Vacant Units: 0	Waitlist: 10 HH		AR Year:
	Target Population: Senior 55+					Yr Renovated:
	Rent Special: None					
	Notes: Tax Credit; Preleasing 3/2016, opened 6/2016, stabilized occupancy 2/2017					

Comparable Property	(MIG) Market-Rate, Income-Restricted (not LIHTC) & Govt-Subsidized	(TIG) Tax Credit, Income-Restricted (not LIHTC) & Govt-Subsidized
Senior Restricted	(TAX) Tax Credit	(INR) Income-Restricted (not LIHTC)
(MRR) Market-Rate	(TGS) Tax Credit & Government-Subsidized	(ING) Income-Restricted (not LIHTC) & Government-Subsidized
(MRT) Market-Rate & Tax Credit	(TMI) Tax Credit, Market-Rate, Income-Restricted (not LIHTC)	(GSS) Government-Subsidized
(MRG) Market-Rate & Government-Subsidized	(TIN) Tax Credit & Income-Restricted (not LIHTC)	(ALL) Tax Credit, Market-Rate, Govt-Subsidized & Income-Restricted
(MIN) Market-Rate & Income-Restricted (not LIHTC)	(TMG) Tax Credit, Market-Rate & Government-Subsidized	

Source: Virginia Housing
Effective: 07/2020

Monthly Dollar Allowances

		Garden						Townhome					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas	9	14	17	21	26	30	9	14	17	21	26	30
	+Base Charge	0	0	0	0	0	0	0	0	0	0	0	0
	Bottled Gas	45	63	81	99	125	143	45	63	81	99	125	143
	Electric	19	26	34	42	53	61	19	26	34	42	53	61
	Heat Pump	0	0	0	0	0	0	0	0	0	0	0	0
	Oil	36	49	63	78	99	112	36	49	63	78	99	112
Cooking	Natural Gas	2	2	3	3	4	5	2	2	3	3	4	5
	Bottled Gas	8	11	14	17	21	24	8	11	14	17	21	24
	Electric	3	4	5	7	8	10	3	4	5	7	8	10
Other Electric	11	15	19	23	29	34	11	15	19	23	29	34	
+Base Charge	0	0	0	0	0	0	0	0	0	0	0	0	
Air Conditioning	5	7	9	12	15	17	5	7	9	12	15	17	
Water Heating	Natural Gas	4	6	7	9	11	13	4	6	7	9	11	13
	Bottled Gas	19	26	33	41	52	59	19	26	33	41	52	59
	Electric	9	13	16	20	25	29	9	13	16	20	25	29
	Oil	15	20	26	32	41	46	15	20	26	32	41	46
Water	16	22	29	35	45	51	16	22	29	35	45	51	
Sewer	19	27	34	42	53	61	19	27	34	42	53	61	
Trash Collection	12	12	12	12	12	12	12	12	12	12	12	12	
Internet*	20	20	20	20	20	20	20	20	20	20	20	20	
Cable*	20	20	20	20	20	20	20	20	20	20	20	20	
Alarm Monitoring*	0	0	0	0	0	0	0	0	0	0	0	0	

* Estimated- not from source

XIII. Qualifications

The Company

Bowen National Research employs an expert staff to ensure that each market study is of the utmost quality. Each staff member has hands-on experience evaluating sites and comparable properties, analyzing market characteristics and trends, and providing realistic recommendations and conclusions. The Bowen National Research staff has the expertise to provide the answers for your development.

Company Leadership

Patrick Bowen is the President of Bowen National Research. He has prepared and supervised thousands of market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing and student housing, since 1996. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

Desireé Johnson is the Director of Operations for Bowen National Research. Ms. Johnson is responsible for all client relations, the procurement of work contracts, and the overall supervision and day-to-day operations of the company. She has been involved in the real estate market research industry since 2006. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

Market Analysts

Craig Rupert, Market Analyst, has conducted more than 1,000 market feasibility studies throughout the United States since 2010, within both urban and rural markets as well as on various tribal reservations. Mr. Rupert has prepared market studies for numerous types of housing including market-rate, Tax Credit, and various government-subsidized rental product, for-sale product, senior living (assisted living, nursing care, etc.), as well as market studies for retail/commercial space. Market studies prepared by Mr. Rupert have been used for submittal as part of state finance agency Tax Credit and HUD 221 (d)(4) applications, as well as various other financing applications submitted to local, regional, and national-level lenders/financial institutions. Mr. Rupert has a bachelor's degree in Hospitality Management from Youngstown State University.

Jack Wiseman, Market Analyst, has conducted extensive market research in over 200 markets throughout the United States since 2007. He provides thorough evaluation of site attributes, area competitors, market trends, economic characteristics and a wide range of issues impacting the viability of real estate development. He has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, retail and office establishments, student housing, and a variety of senior residential alternatives. Mr. Wiseman has a Bachelor of Arts degree in Economics from Miami University.

Jeff Peters, Market Analyst, has conducted on-site inspection and analysis for rental properties throughout the country since 2014. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Peters graduated from The Ohio State University with a Bachelor of Arts in Economics.

Christopher T. Bunch, Market Analyst has over ten years of professional experience in real estate, including five years of experience in the real estate market research field. Mr. Bunch is responsible for preparing market feasibility studies for a variety of clients. Mr. Bunch earned a bachelor's degree in Geography with a concentration in Urban and Regional Planning from Ohio University in Athens, Ohio.

Lisa Goff, Market Analyst, has conducted site-specific analyses in both rural and urban markets throughout the country. She is also experienced in the day-to-day operation and financing of Low-Income Housing Tax Credit and subsidized properties, which gives her a unique understanding of the impact of housing development on current market conditions.

Ambrose Lester, Market Analyst, has conducted detailed research and analysis on a variety of residential alternatives, including rental and for-sale housing. She has conducted on-site research of buildable sites, surveyed existing rental and for-sale housing and conducted numerous stakeholder interviews. She has also conducted research on unique housing issues such as accessory dwelling units, government policy and programs and numerous special needs populations. Ms. Lester has a degree in Economics from Franciscan University of Steubenville.

Sidney McCrary, Market Analyst, is experienced in the on-site analysis of residential and commercial properties. He has the ability to analyze a site's location in relation to community services, competitive properties and the ease of access and visibility. Mr. McCrary has a Bachelor of Science in Business Administration from Ohio Dominican University.

Gregory Piduch, Market Analyst, has conducted site-specific analyses in both metro and rural areas throughout the country. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Piduch holds a Bachelor of Arts in Communication and Rhetoric from the University of Albany, State University of New York and a Master of Professional Studies in Sports Industry Management from Georgetown University.

Ron Pompey, Market Analyst, has surveyed both urban and rural markets throughout the country. He is trained to understand the nuances of various rental housing programs and their construction and is experienced in the collection of rental housing data from leasing agents, property managers, and other housing experts within the market. Mr. Pompey has a Bachelor of Science in Electrical Engineering from the University of Florida.

Nathan Stelts, Market Analyst, is experienced in the assessment of housing operating under various programs throughout the country, as well as other development alternatives. He is also experienced in evaluating projects in the development pipeline and economic trends. Mr. Stelts has a Bachelor of Science in Business Administration from Bowling Green State University.

Jonathan Kabat, Market Analyst, has surveyed both urban and rural markets throughout the country. He is trained to understand the nuances of various rental housing programs and their construction and is experienced in the collection of rental housing data from leasing agents, property managers, and other housing experts within the market. Mr. Kabat graduated from The Ohio State University with a Bachelor of Art in History and a minor in Geography.

Research Staff

Bowen National Research employs a staff of in-house researchers who are experienced in the surveying and evaluation of all rental and for-sale housing types, as well as in conducting interviews and surveys with city officials, economic development offices, chambers of commerce, housing authorities and residents.

June Davis, Office Manager of Bowen National Research, has been in the market feasibility research industry since 1988. Ms. Davis has overseen production on over 20,000 market studies for projects throughout the United States.

Stephanie Viren is the Research and Travel Coordinator at Bowen National Research. Ms. Viren focuses on collecting detailed data concerning housing conditions in various markets throughout the United States. Ms. Viren has extensive interviewing skills and experience and also possesses the expertise necessary to conduct surveys of diverse pools of respondents regarding population and housing trends, housing marketability, economic development and other socioeconomic issues relative to the housing industry. Ms. Viren's professional specialty is condominium and senior housing research. Ms. Viren earned a Bachelor of Arts in Business Administration from Heidelberg University.

Kelly Wiseman, Research Specialist Director, has significant experience in the evaluation and surveying of housing projects operating under a variety of programs. In addition, she has conducted numerous interviews with experts throughout the country, including economic development, planning, housing authorities and other stakeholders.

Addendum A – Member Certification & Checklist

This market study has been prepared by Bowen National Research, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard Definitions of Key Terms Used in Market Studies for Housing Projects*, and *Model Content Standards for the Content of Market Studies for Housing Projects*. These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts.

Bowen National Research is duly qualified and experienced in providing market analysis for housing. The company's principals participate in the National Council of Housing Market Analysts (NCHMA) educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. Bowen National Research is an independent market analyst. No principal or employee of Bowen National Research has any financial interest whatsoever in the development for which this analysis has been undertaken.



Patrick M. Bowen

President

patrickb@bowennational.com

Date: February 11, 2021



Jeff Peters (Primary Contact)

Market Analyst

jeffp@bowennational.com

Date: February 11, 2021

Note: Information on the National Council of Housing Market Analysts may be obtained by calling 202-939-1750, or by visiting <http://www.housingonline.com>.

ADDENDUM-MARKET STUDY INDEX

A. INTRODUCTION

Members of the National Council of Housing Market Analysts provide a checklist referencing all components of their market study. This checklist is intended to assist readers on the location content of issues relevant to the evaluation and analysis of market studies.

B. DESCRIPTION AND PROCEDURE FOR COMPLETING

The following components have been addressed in this market study. The section number of each component is noted below. Each component is fully discussed in that section. In cases where the item is not relevant, the author has indicated 'N/A' or not applicable. Where a conflict with or variation from client standards or client requirements exists, the author has indicated a 'VAR' (variation) with a comment explaining the conflict.

C. CHECKLIST

		Section (s)
Executive Summary		
1.	Executive Summary	II
Project Description		
2.	Proposed number of bedrooms and baths proposed, income limitations, proposed rents and utility allowances	III
3.	Utilities (and utility sources) included in rent	III
4.	Project design description	III
5.	Unit and project amenities; parking	III
6.	Public programs included	III
7.	Target population description	III
8.	Date of construction/preliminary completion	III
9.	If rehabilitation, existing unit breakdown and rents	III
10.	Reference to review/status of project plans	III
Location and Market Area		
11.	Market area/secondary market area description	IV
12.	Concise description of the site and adjacent parcels	IV
13.	Description of site characteristics	IV
14.	Site photos/maps	X
15.	Map of community services	IV
16.	Visibility and accessibility evaluation	IV
17.	Crime Information	IV

CHECKLIST (Continued)

		Section (s)
Employment and Economy		
18.	Employment by industry	IV
19.	Historical unemployment rate	IV
20.	Area major employers	IV
21.	Five-year employment growth	IV
22.	Typical wages by occupation	IV
23.	Discussion of commuting patterns of area workers	IV
Demographic Characteristics		
24.	Population and household estimates and projections	IV
25.	Area building permits	V
26.	Distribution of income	IV
27.	Households by tenure	IV
Competitive Environment		
28.	Comparable property profiles	XI
29.	Map of comparable properties	X
30.	Comparable property photographs	XI
31.	Existing rental housing evaluation	V
32.	Comparable property discussion	V
33.	Area vacancy rates, including rates for Tax Credit and government-subsidized	V
34.	Comparison of subject property to comparable properties	V
35.	Availability of Housing Choice Vouchers	V
36.	Identification of waiting lists	V & XII
37.	Description of overall rental market including share of market-rate and affordable properties	V
38.	List of existing LIHTC properties	V
39.	Discussion of future changes in housing stock	V
40.	Discussion of availability and cost of other affordable housing options including homeownership	V
41.	Tax Credit and other planned or under construction rental communities in market area	V
Analysis/Conclusions		
42.	Calculation and analysis of Capture Rate	VII
43.	Calculation and analysis of Penetration Rate	VII
44.	Evaluation of proposed rent levels	V & VI
45.	Derivation of Achievable Market Rent and Market Advantage	VI
46.	Derivation of Achievable Restricted Rent	N/A
47.	Precise statement of key conclusions	II
48.	Market strengths and weaknesses impacting project	II
49.	Recommendations and/or modification to project discussion	II
50.	Discussion of subject property's impact on existing housing	V
51.	Absorption projection with issues impacting performance	II
52.	Discussion of risks or other mitigating circumstances impacting project projection	II
53.	Interviews with area housing stakeholders	V

CHECKLIST (Continued)

Other Requirements		Section (s)
54.	Preparation date of report	Title Page
55.	Date of Field Work	Certification
56.	Certifications	Certification
57.	Statement of qualifications	XIII
58.	Sources of data not otherwise identified	I
59.	Utility allowance schedule	XII