

**NEED AND DEMAND ANALYSIS  
FOR THE SEELAND VALLEY APARTMENTS  
IN  
DANVILLE, VIRGINIA**

**Prepared for  
Seeland Valley Apartments, LLC  
for submission to  
Virginia Housing**

**Virginia Housing Application: 2022 - C - 82**

As of February 24, 2022

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A. EXECUTIVE SUMMARY

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

The Seeland Valley Apartments will comprise 52 units: - 34 one-bedroom units and 18 two-bedroom units, targeted to elderly households (55 years and older). Six units will be targeted to households with incomes up to 30 percent of the median, 20 units will be targeted to households with incomes up to 50 percent of the median, and 26 units will be targeted at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status. It is understood that renal assistance will be made available.

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

The market area for the proposed development is defined as the City of Danville and adjacent portions of southern Pittsylvania County.

In Danville, employment grew, slightly, from 17,894 in 2011 to 18,300 in 2019, but decreased to 17,397 in 2020, as a consequence of the COVID-19 pandemic.

In Danville, it is seen that the most recent annual average unemployment rate is 9.7 percent, up from 4.8 percent the previous year. The rate was 11.6 percent in 2011. The most recent monthly unemployment rate (December 2021) was 4.3 percent.

The population of the project market area is projected to decrease from 74,904 in 2022 to 73,235 in 2027. The number of households is projected to decrease from 32,927 in 2022 to 32,680 in 2027. The number of renter households is projected to increase, slightly, from 13,271 to 13,763.

The elderly population (55 years and older) of the project market area is projected to decrease, slightly, from 27,349 in 2022 to 27,157 in 2027. The number of older households is also projected to decrease, from 17,696 in 2022 to 17,573 in 2027. The number of older renters is projected to increase from 4,818 to 5,058 over this period.

There are several apartment complexes located in the Danville area that cater to seniors. These properties are typically established subsidized housing for very low income senior households and one property funded with low income housing tax credits. These complexes were identified and surveyed, and where useful information was made available to us, this is presented, below.

Based on our survey, there is a market-wide occupancy rate of 94.6 percent. The reported occupancy rate for the tax credit senior project is 82 percent and, as noted, the occupancy rate for the subsidized properties is 97.4 percent. Given the processing of new residents at the Westmoreland/Schoolfield property, the market-wide and tax credit occupancy rates should be closer to full occupancy in the near future.

The total net need for tax credit units such as is proposed in the Danville area by 2027 is calculated to be for 944 units. Given the calculated need, the proposed 52-unit development amounts to 5.5 percent of the need, as calculated. These calculations assume no rental assistance.

It is planned to have rental assistance available to the potential tenants at the proposed Seeland Valley Apartments. Replicating the demand calculations on the basis of the provision of rental assistance for older tenants with incomes up to 50 percent of the median, reveals a calculated demand for 1,918 units from that source .

Consideration of the capture rate (5.5 percent), the (3.6 percent) affordability analysis capture rate and (8.1 percent) penetration rate suggests that the proposed development is marketable.

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated six- month period, or so (assuming no rental assistance).

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

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

**B. INTRODUCTION AND SCOPE OF WORK**

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

The report is prepared for Seeland Valley LLC, for submission to Virginia Housing.

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

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

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

The site of the proposed apartments was visited (on February 24, 2022).

The site was visited by T. Ronald Brown.

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

Mr. Brown is responsible for the analysis and write-up of this report – performing the role of both analyst and author.

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**Report for the Seeland Valley Apartments in Danville, Virginia**

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

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

**Submitted, and attested to, by:**

T. Ronald Brown, President  
T. Ronald Brown: Research & Analysis  
P.O. Box 18534  
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919. 233.0670 or 919.612.5328



Date: March 7, 2022

**C. PROJECT DESCRIPTION**

The Seeland Valley Apartments will comprise 52 units: - 34 one-bedroom units and 18 two-bedroom units. The project is new construction.

The project is to be configured as follows:

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
1 bedroom/1 bath	4	684	\$588	less than 40 percent **
1 bedroom/1 bath	14	684	\$588	less than 50 percent **
1 bedroom/1 bath	16	684	\$588	less than 60 percent **
2 bedroom/2 bath	2	988	\$772	less than 40 percent **
2 bedroom/2 bath	6	988	\$772	less than 50 percent **
2 bedroom/2 bath	10	988	\$772	less than 60 percent **

\* percentage of area median income

\*\* rent assisted

Of the 52-unit total, all will be targeted to elderly households (55 years and older). Six units will be targeted to households with incomes up to 30 percent of the median, 20 units will be targeted to households with incomes up to 50 percent of the median, and 26 units will be targeted at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status. Rental assistance is to be made available.

Utilities (excluding trash collection) will be paid by the tenant - utility allowances are \$82 for the one-bedroom units and \$108 for the two-bedroom units. Based on information supplied by the developer, the proposed apartments will meet energy-saving standards (Earthcraft Gold and Energystar), both for construction and for appliances provided.

The property will feature a single-two story building and will have a brick and fiber cement exterior. There will be an elevator. Common area and site amenities include a multi-purpose community room, business center, and laundry. There will be an onsite management office. Community amenities include a picnic shelter, with table and grill. The property will offer planting gardens.

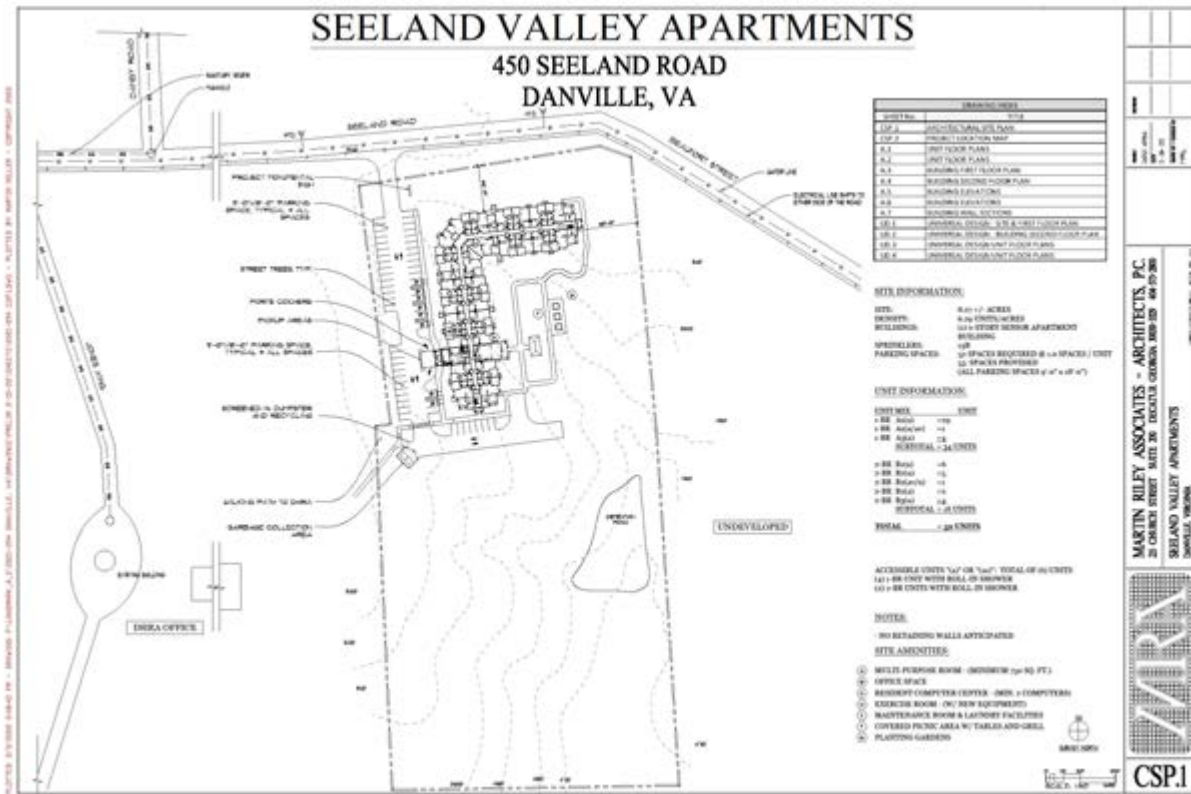
There are 53 parking spaces.

Representative architectural drawings are set out on the following pages.

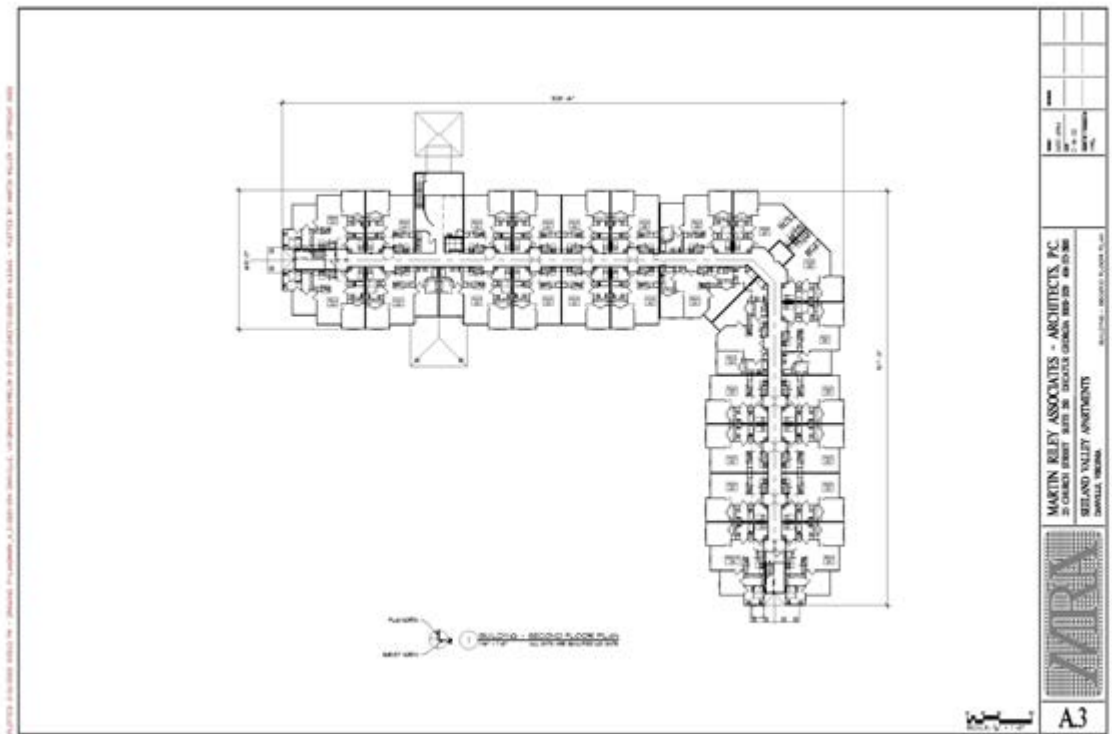
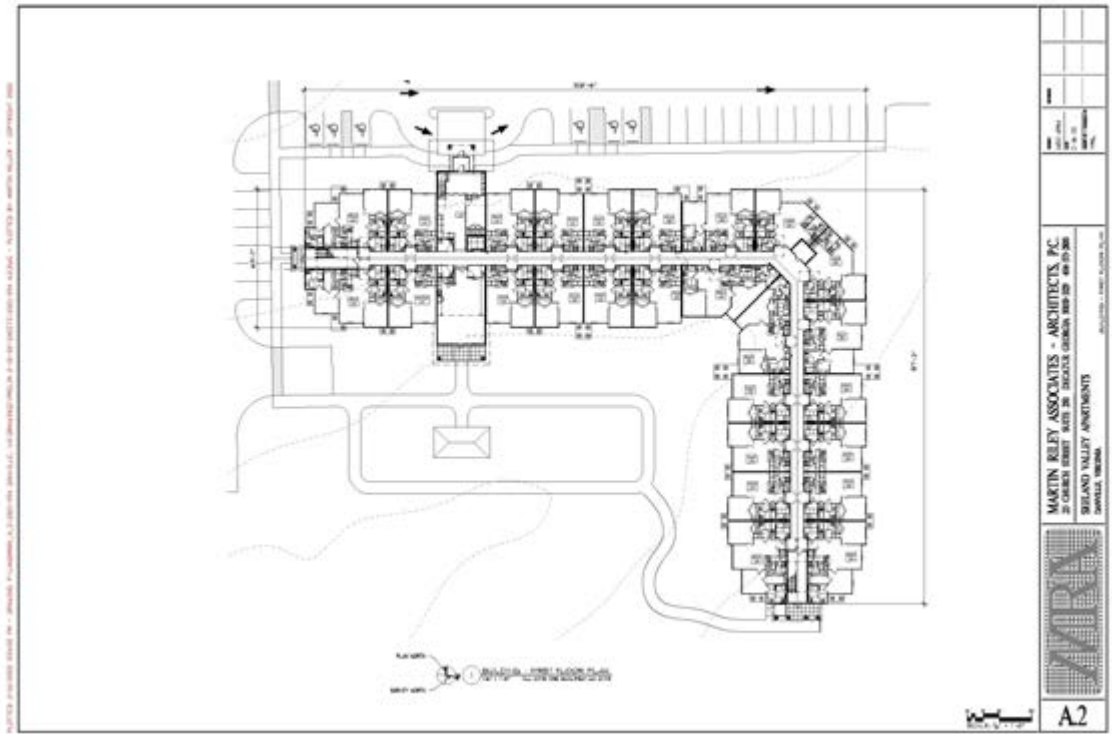
It is understood that the construction program would commence in mid-2023, and would be completed within 12 months, or so.



Site plan



Floor plan



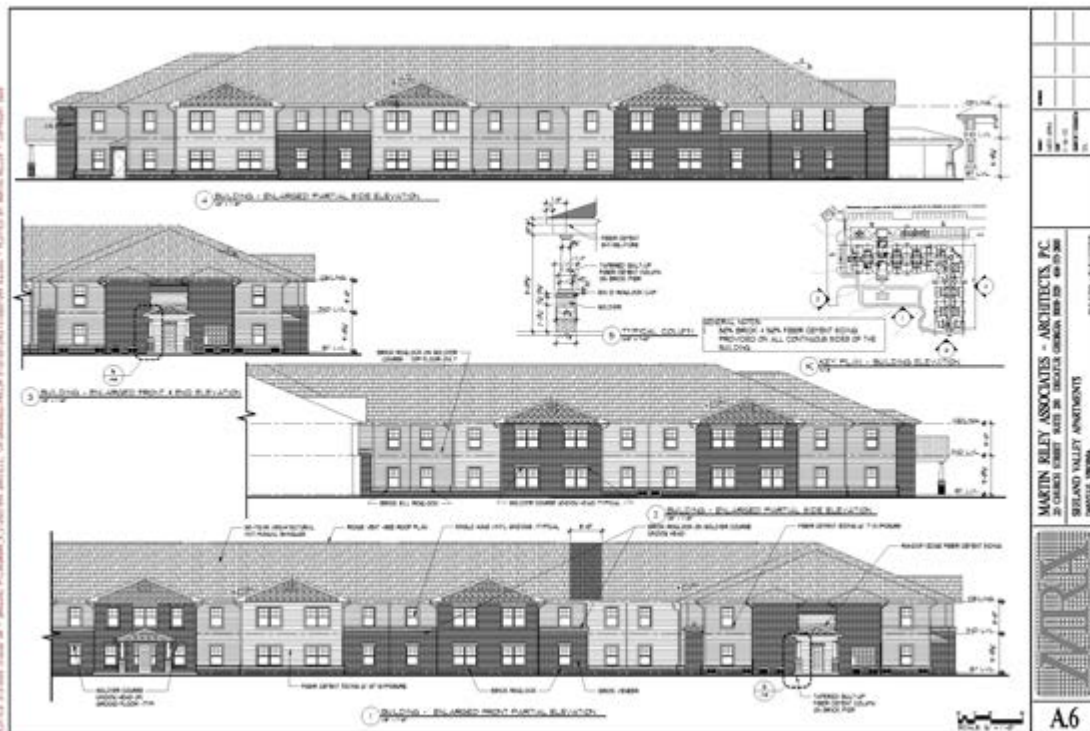
Report for the Seeland Valley Apartments in Danville, Virginia

Unit plans



Report for the Seeland Valley Apartments in Danville, Virginia

Elevations



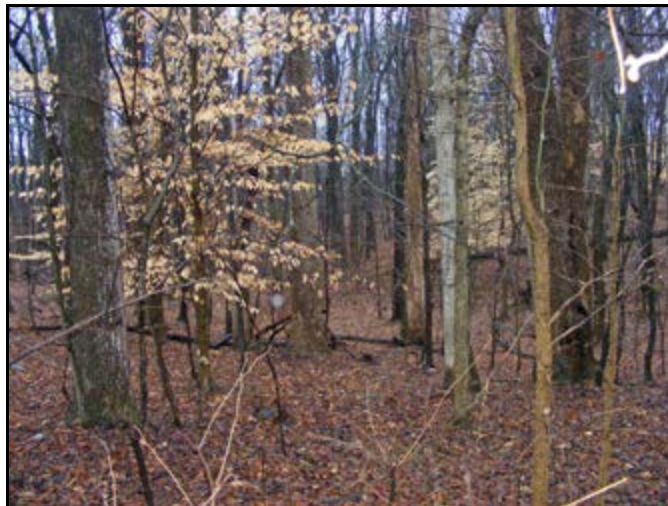
D. LOCATION

The site of the Seeland Valley Apartments is on the south side of Seeland Road, east of its intersection with Jones Crossing Road - in eastern Danville, in south central Virginia. Adjacent properties include small detached homes, the Danville Redevelopment and Housing Authority offices, and undeveloped land. The property is densely wooded, and slopes to the center of the property.





View onto site from Seeland Rd.



View on property



View east on Seeland Rd., near site



View west on Seeland Rd.



View across Seeland Road



Danville Redevelopment and Housing Authority



View onto site, from Housing Authority property



The site is on Seeland Road, north of the US 58, bypass, to the west of the Dan River, to the south of downtown Danville. Access to the site is quite good.

Given the site location and the siting of the residential building relatively near to Seeland Road, visibility will be good.

Access from the site to major thoroughfares, shopping, and other services is good.

The site is within one half-mile of the Danville Expressway (US 58, bypass), the major east-west route serving the area, which connects with US 29 - the major north-south route.

Regularly scheduled bus service is available on the Danville Transit System, with a stop within one-third of a mile of the site.

The site is within two and one-half miles of two Food Lion grocery stores - one on South Main Street and one on West Main Street - both significant commercial routes. Other retail outlets in those areas include, for example, a CVS drugstore, a Walgreen's drugstore, and a Dollar Tree. The site is within five miles of both a Wal Mart Supercenter and a Target store - both located north of the River.

The site is within two and one-fourth miles of the Sovah Health Hospital, and associated medical services.

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

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Report for the Seeland Valley Apartments in Danville, Virginia

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

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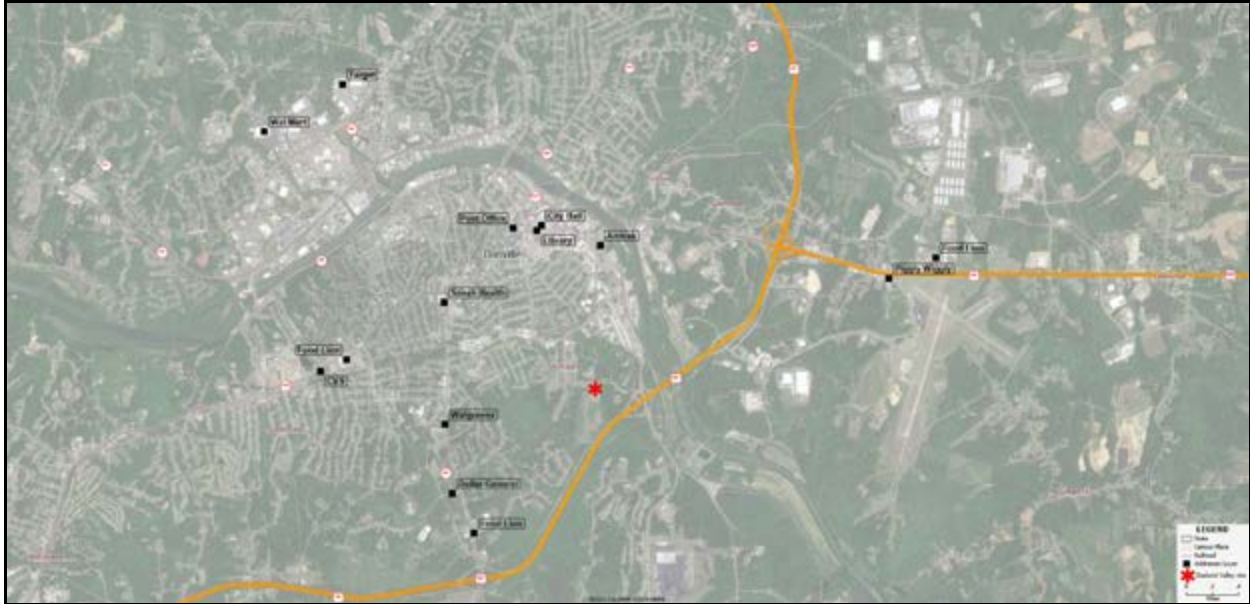
Table 1 - Distance to Neighborhood and Community Amenities

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<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	US 58, bypass	0.5
Bus service	Danville transit	0.3
Rail service	Amtrak	1.5
Retail - Grocery	Food Lion (S. Main St.)	2.5
	Food Lion (W. Main St.)	2.5
Retail - Other	Dollar General	2.5
	Wal Mart	4.4
	Target	4.7
Pharmacy	Walgreens	1.9
Health Care	Sovah Health	2.2
Post Office	Danville	1.9
City Hall	Danville	1.9
Library	Ruby B. Archie	1.9

Source: T.Ronald Brown: Research & Analysis

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There is regularly-scheduled public transportation available in Danville and Pittsylvania County, through the Danville Transit System.

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

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

The site is considered marketable.

**E. MARKET AREA DEFINITION**

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

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

Danville is an independent City located within southern Pittsylvania County in the central part of southern Virginia. The market area for the proposed development is the City of Danville and adjacent portions of southern Pittsylvania County (as defined by several census tracts). This area is focused on the site of the proposed development and extends to an approximately 17-mile hinterland to the west, up to ten miles to the north and east, and up to two miles or so to the State Line, to the south. The area excludes neighboring and potentially competing communities such as Martinsville and South Boston. This market area, as defined, therefore is that which constitutes the area adjacent to the site of the proposed development and extends to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project.



F. EMPLOYMENT AND ECONOMY

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

Employment trends

Employment trends for the City of Danville are illustrated in the table, below. Employment in 2011 was 17,894. Since then, employment levels have varied somewhat - increasing to 18,906 in 2017, for example - an increase of over 1,000 jobs over that period.

It should be noted that data - both nationally and locally - suggest that employment gains over the last decade or so have been significantly impacted with the onset of the economic disruption caused by the coronavirus pandemic. In Danville, employment decreased by 921 between 2019 and 2020 as a consequence of the COVID-19 pandemic.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2011	17,894		
2012	17,902	8	0.0
2013	17,895	-7	0.0
2014	17,976	81	0.5
2015	17,819	-157	-0.9
2016	17,984	165	0.9
2017	18,906	922	5.1
2018	18,672	-234	-1.2
2019	18,300	-372	-2.0
2020	17,379	-921	-5.0

Source: Bureau of Labor Statistics

Employment trends, by sector

Information on employment, by industry for the City of Danville in 2019 and 2020 (the most recent annual data) is set out in Table 3, below. From this it is seen that, with respect to employment, the largest subsector was healthcare - which employed almost 5,000 persons, or 24.4 percent of the total. Other significant subsectors were manufacturing, accommodation, and food services, and retail trade, each of which employed at least 10 percent of the total.

Table 3 - Employment, by sector

	2019		2020		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc					
Mining, etc.					
Utilities					
Construction					
Manufacturing	3,936	18.2	3,562	17.5	-9.5
Wholesale trade	580	2.7	567	2.8	-2.2
Retail trade	3,830	17.7	3,819	18.8	-0.3
Transp. and Warehousing	388	1.8	371	1.8	-4.4
Information	160	0.7	136	0.7	-15.0
Finance and Insurance	556	2.6	515	2.5	-7.4
Real estate	239	1.1	256	1.3	7.1
Professional and Technical services	593	2.7	584	2.9	-1.5
Management	225	1.0	210	1.0	-6.7
Administrative and Waste services	1,319	6.1	1,234	6.1	-6.4
Educational services	593	2.7	541	2.7	-8.8
Health Care and Social Assistance	5,178	23.9	4,965	24.4	-4.1
Arts, Entertainment, Recreation	119	0.5	97	0.5	-18.5
Accommodation and Food services	2,850	13.1	2,422	11.9	-15.0
Other Services	717	3.3	696	3.4	-2.9
Unclassified	42	0.2	43	0.2	2.4
Total (all establishments)	21,678		20,362		-6.1

Source: Bureau of Labor Statistics

Unemployment trends

Unemployment trends for the City of Danville are illustrated in the table, below. Rates for Virginia and for the U.S as a whole are also shown, for reference. Here it is seen that the most recent annual unemployment rate for the county is 9.7 percent, up from 4.8 percent the previous year. The rate was 11.6 percent in 2011.

Again, the impact of the economic disruption caused by the coronavirus pandemic is revealed in unemployment numbers. In Danville, for example, the unemployment rate was 4.3 percent in December 2021, compared with 8.8 percent in December 2020 (having reached as high as 17.3 percent in April 2020). The annual average unemployment rate for the US as a whole in 2022 was 5.3 percent, having been 8.1 percent in 2020, compared with 3.7 percent for 2019. (Data for 2021 are not yet available at the state or county level.)

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Table 4 - Unemployment trends

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	Danville City	Virginia	U.S.
2011	11.6%	6.6%	8.9%
2012	10.1%	6.1%	8.1%
2013	9.6%	5.7%	7.4%
2014	8.5%	5.2%	6.2%
2015	7.1%	4.5%	5.3%
2016	6.0%	4.1%	4.9%
2017	5.6%	3.7%	4.4%
2018	5.0%	2.9%	3.9%
2019	4.8%	2.7%	3.7%
2020	9.7%	6.2%	8.1%
2021			5.3%

Source: Bureau of Labor Statistics

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Major Employers

The major employers in the Danville area are listed in Table 5, below. Here it is seen that the largest single employers include Goodyear, the local hospitals, schools, and local governments.

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Table 5 - Major Employers

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City of Danville

- Goodyear
- City of Danville
- Danville City Public Schools
- Danville Regional Medical Center
- Wal Mart
- Buitoni Food Company
- Averett College
- Food Lion
- Roman Eagle Memorial Home
- Danville Pittsylvania Community Services Board
- Essel Propack America
- EBI
- Danville Community College

Pittsylvania County

- Pittsylvania County School Board
- Morgan Olson
- Pittsylvania County Board
- Unique Industries
- Intertape Polymer Corporation
- Green Rock Correctional Center
- Haynes Brothers
- Food Lion
- Whittle Plywood
- Centra Health

Source: Virginia Employment Commission

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Virginia Economic Development Partnership reports no jobs lost in Danville or Pittsylvania County in recent years (2020 through 2021). With respect to expansions, the Virginia Economic Development Partnership similarly reports that a total of 578 new jobs created at six existing employers (the largest of which being the addition of 376 positions at Tyson Foods). Five new business added 486 jobs (150 of which were at Ison Furniture and 200 at Staunton River Plastics). It is understood that the Schoolfield site of the former Dan River Mills is to be redeveloped as a casino/entertainment complex - which has the potential of generating a significant economic boost for the area. The VA WARN system reports the closure of Mohawk Flooring, with the loss of 135 positions, over the same time frame.

The proposed development is not located in a market - such as a resort area - that would need housing for employees in such a specific market

### Wages by Industry Sector

Information on wages, by employment sector, for Danville is set out in Table 6, below. Here, average wages show some variation - both between sectors and also over time - with average wages increasing by 4.8 percent between 2019 and 2020.

Table 6 - Average Wages by Industry Sector

	2019	2020	pct change
Agriculture, Forestry, etc			
Mining, etc.			
Utilities			
Construction			
Manufacturing	\$1,167	\$1,168	0.1
Wholesale trade	\$1,015	\$1,097	8.1
Retail trade	\$512	\$545	6.4
Transp. and Warehousing	\$805	\$863	7.2
Information	\$839	\$925	10.3
Finance and Insurance	\$1,090	\$1,168	7.2
Real estate	\$606	\$671	10.7
Professional and Technical services	\$1,197	\$1,141	-4.7
Management	\$1,177	\$1,158	-1.6
Administrative and Waste services	\$376	\$426	13.3
Educational services	\$528	\$587	11.2
Health Care and Social Assistance	\$811	\$855	5.4
Arts, Entertainment, Recreation	\$711	\$656	-7.7
Accommodation and Food services	\$286	\$295	3.1
Other Services	\$491	\$579	17.9
Unclassified	\$546	\$568	4.0
Total	\$729	\$764	4.8

Source: Virginia Labor Market Information

Commuting patterns

With respect to commuting, data from the American Community Survey, 73.4 percent of workers resident in Danville were employed there. The average driving time to work for residents of Danville was 18.1 minutes.

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Table 7 - Commuting Data

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	<u>number</u>	<u>percent</u>
Total Workers	16,068	100.0
Worked in Place of residence	11,794	73.4
Worked in County of residence	11,794	73.4
Worked outside Place of residence	4,274	26.6
Worked outside County of residence	4,274	26.6
Mean travel time to work (minutes)	18.1	

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

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Commuting patterns data are no longer provided in the Decennial Census. Here, data are obtained from the LEHD Origin-Destination Statistics program available from the Census Bureau's OnTheMap application. These data, on commuting patterns for persons who live and/or work in Danville are set out, below.

As is to be seen from the Table, below, 1,727 people working in Danville were commuting from Pittsylvania County. As many as 7,777 workers from Danville, however, were commuting to Pittsylvania County and a further 1,119 were commuting to the Martinsville area, and 913 to Caswell County, North Carolina.

Table 8 - Commuting Patterns

Working in Danville	8,475
Where Danville workers are commuting from:	
Pittsylvania County	1,727
Lynchburg City	505
Henry County	449
Martinsville City	369
Halifax County	331
Rockingham County, NC	330
Roanoke City	303
Campbell County	275
Guilford County, NC	274
Elsewhere	3,997
Where Danville residents are commuting to:	
Pittsylvania County	7,777
Henry County	1,119
Caswell County, NC	913
Halifax County	805
Rockingham County, NC	688
Guilford County, NC	355
Martinsville City	353
Franklin County	309
Roanoke City	223
Elsewhere	5,047

Source: : LEHD Origin-Destination Statistics program/OnTheMap; T.Ronald Brown: Research & Analysis

While the local economy recovers from the impact of the COVID pandemic, the local economic conditions will not likely have a direct positive or negative impact on the subject property, to any significant extent.

**G. DEMOGRAPHIC CHARACTERISTICS**

Population and Household Trends

In 2000, the population of Danville was 48,411, and in 2010 the population was recorded as 43,550. Population projections for the City of Danville are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 41,138 by 2022, and to be around 39,040 by 2027.

In 2000, the population of the market area was 80,540, and in 2010 the population was recorded as 76,546. Population projections for the market area are based on the state projection for the City of Danville, and using the average of several small area population projection techniques using census tract trends for 2000 to 2010 for Pittsylvania County, corrected for the official State Data Center numbers. Based on these data, the population of the area is projected to be 74,904 by 2022, and to be around 73,235 by 2027.

Information on population trends and changes between 2000 and 2027 are set out in Table 9, below.

Table 9- Population Trends

	Market Area	Danville
2000	80,540	48,411
2010	76,546	43,055
2022	74,904	41,138
2027	73,235	39,040
absolute change		
2000-2010	-3,994	-5,356
2010-2022	-1,642	-1,917
2022-2027	-1,669	-2,098
annual change		
2000-2010	-399	-536
2010-2022	-137	-160
2022-2027	-334	-420

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

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

In 2000, there were 20,607 households in Danville and 18,831 in 2010. Based on the population projections set out, above, there will be around 18,635 households in 2022 and 17,937 in 2027.

There were 33,178 households in the market area in 2000, and 32,390 in 2010. Projections show around 32,927 and 32,680 households in 2022 and 2027, respectively.

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Table 10 - Household Trends

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	Market Area	Danville
2000	33,178	20,607
2010	32,390	18,831
2022	32,927	18,635
2027	32,680	17,937
absolute change		
2000-2010	-788	-1,776
2010-2022	537	-196
2022-2027	-247	-698
annual change		
2000-2010	-79	-178
2010-2022	45	-16
2022-2027	-49	-140

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

---

Population and household characteristics

Age distribution

The distribution of the population, by age, for the City of Danville and for the market area, is set out in Table 11, below. These data are from the 2010 Census.

Table 11 - Age Distribution

	Market Area		Danville	
	number	percent	number	percent
Under 5 years	4,535	5.9	2,723	6.3
5 to 9 years	4,615	6.0	2,481	5.8
10 to 14 years	4,869	6.4	2,486	5.8
15 to 19 years	4,882	6.4	2,787	6.5
20 to 24 years	4,452	5.8	2,892	6.7
25 to 29 years	4,177	5.5	2,522	5.9
30 to 34 years	3,907	5.1	2,144	5.0
35 to 39 years	4,403	5.8	2,200	5.1
40 to 44 years	4,799	6.3	2,509	5.8
45 to 49 years	5,620	7.3	2,811	6.5
50 to 54 years	6,139	8.0	3,319	7.7
55 to 59 years	5,752	7.5	3,110	7.2
60 to 64 years	5,130	6.7	2,856	6.6
65 to 69 years	3,900	5.1	2,117	4.9
70 to 74 years	3,006	3.9	1,734	4.0
75 to 79 years	2,443	3.2	1,551	3.6
80 to 84 years	2,052	2.7	1,420	3.3
85 years and over	1,865	2.4	1,393	3.2
55 and older	24,148	31.5	14,181	32.9
65 and older	13,266	17.3	8,215	19.1
Total	76,546		43,055	

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

Age projections

Official population projections by age at the County level are provided by the Virginia State Data Center. Here, the population of Danville aged 55 years and older is projected to increase from 14,181 in 2010 to 14,619 in 2022 and to decrease to 14,032 by 2027.

In 2010, there were a total of 24,148 persons aged 55 years or older in the project market area, in 15,625 households. By 2022, it is projected (on the basis the projection for Danville and on the basis of survivorship rates for Pittsylvania County) that there will be 27,349 elderly persons in 17,696 households in the market area. By 2027, it is projected that there will be 27,159 elderly persons in 17,573 households in the market area. The number of older renters is projected to increase from 4,818 to 5,058 between 2022 and 2027.

---

Table 12 - Population and Households, 55 years and older

---

<b>Market Area</b>			
	<u>Population</u>	<u>H'holds</u>	<u>Renters</u>
2000	21,601	13,783	2,940
2010	24,148	15,625	3,724
2022	27,349	17,696	4,818
2027	27,159	17,573	5,058
<b>Danville</b>			
	<u>Population</u>	<u>H'holds</u>	<u>Renters</u>
2000	14,243	9,173	2,416
2010	14,181	9,352	2,911
2022	14,619	9,641	3,667
2027	14,032	9,254	3,826

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

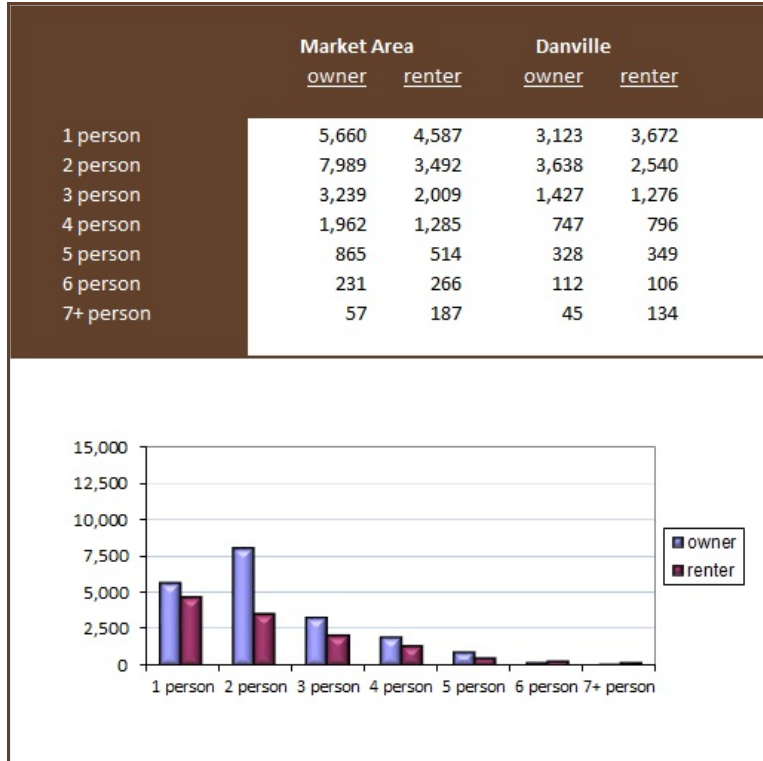
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Household size

Table 13 below, sets out household size, by tenure, for households in Danville and the market area.

Table 13 - Household Size



Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Tenure

Table 14, below, sets out the number and proportion of owner and renter households for Danville and for, the market area. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 tenure trends. In 2010, 46.5 percent of households in Danville were renters and 36.3 percent of households in the market area were renters.

Table 14 - Tenure

Market Area	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	80,540	33,178	2.43	22,155	66.8	11,023	33.2
2010	76,546	32,390	2.36	20,641	63.7	11,749	36.3
2022	74,904	32,927	2.27	19,656	59.7	13,271	40.3
2027	73,235	32,680	2.24	18,917	57.9	13,763	42.1
<b>Danville</b>							
	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	48,411	20,607	2.35	11,975	58.1	8,632	41.9
2010	43,055	18,831	2.29	10,072	53.5	8,759	46.5
2022	41,138	18,635	2.21	8,806	47.3	9,829	52.7
2027	39,040	17,937	2.18	7,968	44.4	9,969	55.6

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

Tenure by age

Table 15, below, sets out the number of owner and renter households, by age of household head for older households in Danville and the project market area, based on data in the 2015 to 2019 American Community Survey. From this table it can be seen that, for example, 4,055 out of 17,022 households headed by a person 55 years or older in the market area are renters (23.8 percent).

Table 15 - Tenure of Elderly Households

Market Area	Households	Owner-occupied		Renter-occupied	
		number	percent	number	percent
55 to 59 years	3,308	2,425	73.3	883	26.7
60 to 64 years	3,583	2,500	69.8	1,083	30.2
65 to 74 years	5,734	4,472	78.0	1,262	22.0
75 to 84 years	3,276	2,755	84.1	521	15.9
85 years and older	1,121	815	72.7	306	27.3
total, 55 and older	17,022	12,967	76.2	4,055	23.8
total, 65 and older	10,131	8,042	79.4	2,089	20.6
<b>Danville</b>					
55 to 59 years	1,882	1,155	61.4	727	38.6
60 to 64 years	1,930	1,147	59.4	783	40.6
65 to 74 years	3,134	2,177	69.5	957	30.5
75 to 84 years	1,833	1,413	77.1	420	22.9
85 years and older	761	494	64.9	267	35.1
total, 55 and older	9,540	6,386	66.9	3,154	33.1
total, 65 and older	5,728	4,084	71.3	1,644	28.7

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Income Distribution

The distribution of household incomes for the City of Danville and the market area are set out in Table 16, below. These figures are taken from the 2015 to 2019 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for Danville is around \$57,643. The median income for the market area is estimated at \$38,628.

Table 16 - Household Income

	Danville		Market area	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	2,035	11.1	2,256	9.6
\$10,000 to \$14,999	1,771	9.7	2,066	8.8
\$15,000 to \$19,999	1,270	6.9	1,619	6.9
\$20,000 to \$24,999	1,349	7.4	1,665	7.1
\$25,000 to \$29,999	1,291	7.1	1,624	6.9
\$30,000 to \$34,999	1,026	5.6	1,474	6.3
\$35,000 to \$39,999	1,082	5.9	1,455	6.2
\$40,000 to \$44,999	1,168	6.4	1,339	5.7
\$45,000 to \$49,999	864	4.7	1,157	4.9
\$50,000 to \$59,999	1,257	6.9	1,762	7.5
\$60,000 to \$74,999	1,591	8.7	2,089	8.9
\$75,000 to \$99,999	1,605	8.8	2,311	9.8
\$100,000 to \$124,999	772	4.2	1,219	5.2
\$125,000 to \$149,999	490	2.7	713	3.0
\$150,000 to \$199,999	276	1.5	346	1.5
\$200,000 or more	446	2.4	421	1.8
median income	\$57,463		\$38,628 *	

\* Estimate

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Income, by age

The distribution of household incomes for persons aged 65 years and older in Danville and the market area are set out in Table 17, below. Again, these figures are taken from the 2015 to 2019 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for older households in Danville is around \$32,448. The median income for the market area is estimated at \$35,263.

Table 17 - Household Income, Households aged 65 and older

	Danville		Market area	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	439	7.7	593	5.9
\$10,000 to \$14,999	598	10.4	890	8.8
\$15,000 to \$19,999	578	10.1	1,011	10.0
\$20,000 to \$24,999	525	9.2	871	8.6
\$25,000 to \$29,999	489	8.5	808	8.0
\$30,000 to \$34,999	410	7.2	743	7.3
\$35,000 to \$39,999	301	5.3	571	5.6
\$40,000 to \$44,999	401	7.0	610	6.0
\$45,000 to \$49,999	221	3.9	557	5.5
\$50,000 to \$59,999	360	6.3	666	6.6
\$60,000 to \$74,999	479	8.4	904	8.9
\$75,000 to \$99,999	398	6.9	914	9.0
\$100,000 to \$124,999	198	3.5	449	4.4
\$125,000 to \$149,999	96	1.7	178	1.8
\$150,000 to \$199,999	96	1.7	157	1.5
\$200,000 or more	139	2.4	209	2.1
median income	\$32,448		\$35,263 *	

\* Estimate

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Renter Income

The distribution of household incomes for renter households for Danville and the market area are set out in Table 18, below. These figures are also taken from the 2015 to 2019 American Community Survey.

The median renter household income for Danville is around \$25,665. The median income for renters in the market area is estimated at \$28,361.

Table 18 - Household Income, Renter Households

	Danville		Market area	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	1,534	17.3	1,942	15.7
\$10,000 to \$19,999	2,028	22.9	2,608	21.1
\$20,000 to \$34,999	1,816	20.5	2,903	23.5
\$35,000 to \$49,999	1,489	16.8	2,101	17.0
\$50,000 to \$74,999	1,126	12.7	1,512	12.3
\$75,000 to \$99,999	577	6.5	743	6.0
\$100,000 or more	303	3.4	531	4.3
median income	\$25,665		\$28,361 *	

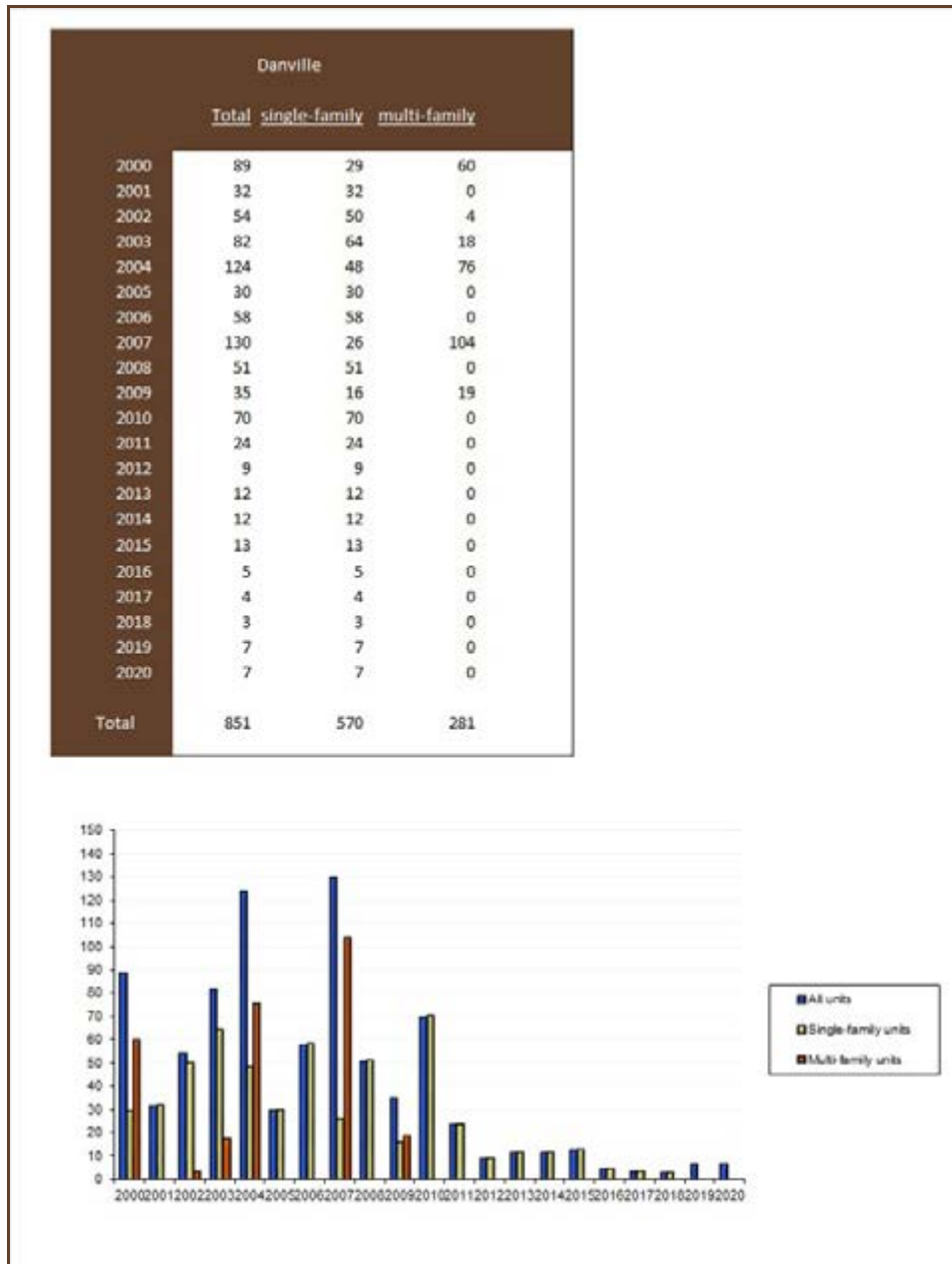
\* Estimate

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Building permit trends

Table 19 below gives details of residential construction in Danville since 2000. Where the data exist, it can be seen that a total of 851 units were added in throughout the City, of which 281 were multi-family units. No data exist for the market area.

Table 19 - Residential Construction Since 2000



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

## H. COMPETITIVE ENVIRONMENT

There are several apartment complexes located in the Danville area that cater to seniors. These properties are typically established subsidized housing for very low income senior households and one property funded with low income housing tax credits. These complexes were identified and surveyed, and where useful information was made available to us, this is presented, below.

Based on information from Virginia Housing, the following is the only existing elderly property that has been financed with tax credits in the market area for the proposed development. The Dan River Crossing Apartments are no longer a tax credit/senior development.

### Westmoreland and Schoolfield (65 units)

The Westmoreland and Schoolfield project provides a total of 65 units, developed in 2010 at two sites. Rents for one-bedrooms are \$373 and \$486, with two bedroom units renting for \$578. Current occupancy is reported at 82 percent - reflecting, it is understood, unexpected move-outs and a staff shortage. It is understood that several applications have been, and/or are being, processed with the expectation that occupancy should be back to effective full occupancy, or near to it, by the end of March, 2022.

There are six subsidized apartment complexes in Danville that are designated for seniors - four of which are HUD Section 8 properties, and two of which are HUD Section 202 developments. These complexes date from 1977 to 2005, and offer from 41 to 133 units. Reported occupancy for the five properties for which we were able to obtain the information, shows occupancy levels from 92.4 percent to 98.7 percent - with an average of 97.4 percent. It should be noted that vacant units typically reflect turnover - and most properties are reported to be effectively fully occupied, with waiting lists.

Based on our survey, there is a market-wide occupancy rate of 94.6 percent. The reported occupancy rate for the tax credit senior project is 82 percent and, as noted, the occupancy rate for the subsidized properties is 97.4 percent. Given the processing of new residents at the Westmoreland/Schoolfield property, the market-wide and tax credit occupancy rates should be closer to full occupancy in the near future.

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\* There are several tax credit-financed complex for families in the market area. These include Blaine Square, Southside Lofts, Clear Pond, Danville Family Homes, Grant Street Extension, Lynn Street Lofts, Seeland Road One, Sterling Trace, and two rehabilitation projects - Southwyck Hills and Woodside Village.



There are no solely market rate apartment developments that cater specifically to the elderly in the market area.

In order estimate market rents, following Virginia Housing guidelines, several market rate open/family properties have been identified as potential comparable properties. These have been chosen on the basis of age, location, and bedroom mix. Thus, in order to try to establish some benchmark for determining market rents we surveyed additional non-elderly market-rate properties in adjacent communities. Here, these projects were in Lynchburg. Information for one and two bedroom units in these properties are summarized below

Table 20 - Market Rate Properties

<u>Property</u>	<u>Year built</u>	<u>One-bedroom rents</u>	<u>Two-bedroom rents</u>
Gardens on Timberlake	2015	\$895-1,040	\$965-1,300
Legacy at Linden Park	2008	\$886	\$1,110-1,216
Mills Crossing	2018	\$899	\$1,069
Overlook at Stonemill	2000	\$1,040	\$1,172-1,235

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



Gardens on Timberlake



Legacy at Linden Park



Mills Crossing



Overlook at Stonemill

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$778 for a one bedroom unit and \$975 for a two-bedroom unit.

Rents at the proposed development - given that rental assistance is being made available are based on income. The *proforma* rents for the proposed project are notably below the market rents cited above.

**Report for the Seeland Valley Apartments in Danville, Virginia**

The various complexes surveyed are summarized as follows:

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Danville House	HUD § 8	1984	105	8	92.4
Hairston and Johnson	HUD § 202	1998	41	3	92.7
Heritage Towers	HUD § 8	1982	100	0	100.0
Holiday Village	HUD § 8	1977	133	0	100.0
Janie's Hope	HUD § 202	2005	76	1	98.7
Westmoreland/Schoolfield	LIHTC	2010	65	16	75.4

	0 br/1ba			1 br/1ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Seeland Valley				34	684	boi
Danville House				96	720±	boi
Hairston and Johnson				41	580	boi
Heritage Towers				92	600±	boi
Holiday Village				124	533	boi
Janie's Hope				76	550	boi
Westmoreland/Schoolfield				48	n/a	\$373-486

	2 br/1-1½ ba			2 br/2 ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Seeland Valley	18	988	boi			
Danville House	9	900±	boi			
Hairston and Johnson						
Heritage Towers	8	850±	boi	24	1,140	\$1,550
Holiday Village	9	748	boi			
Janie's Hope						
Westmoreland/Schoolfield	17	n/a	\$578			

Apartment Locations





**Complex: Danville House**

**Location:** 600 Main Street, Danville

**Financing:** HUD § 8

**Year Built:** 1927 (rehabilitated 1984)

**Total units:** 105

**Vacant units:** 8 (92.3 percent occupied)

**Waiting list:**

**Telephone:** 434.792.0666

**Management:** Halkeen Management

**Contact:** (2/16) telephone  onsite  other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Contract Rent</u>	<u>Community Amenities</u>
1/1	96	720±	\$1,079	Clubhouse/community room <input type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input type="checkbox"/> Controlled access/gated <input checked="" type="checkbox"/> Elevator <input checked="" type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input checked="" type="checkbox"/>
2/1	9	900±	\$1,307	<b><u>Unit Amenities</u></b> Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/> <b><u>Utilities in rent:</u></b> Water/sewer <input checked="" type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



**Complex: Hairston and Johnson**

**Location:** 200 Beavers Mill Road, Danville

**Financing:** HUD § 202

**Year Built:** 1998

**Total units:** 41

**Vacant units:** 3 (93percent occupied)

**Waiting list:**

**Telephone:** 434.825.0062

**Management:** Community Management Corporation

**Contact:** Mary (2/22) telephone  onsite  other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Contract Rent</u>	<u>Community Amenities</u>
1/1	41	580	\$695	Clubhouse/community room <input type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input checked="" type="checkbox"/>
				<u>Unit Amenities</u>
				Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input checked="" type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/>
				<u>Utilities in rent:</u>
				Water/sewer <input type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



**Complex: Heritage Towers**

**Location:** 231 South Ridge Street, Danville

**Financing:** HUD § 8

**Year Built:** 1982

**Total units:** 100

**Vacant units:** 0 (100 percent occupied)

**Waiting list:**

**Telephone:** 434.799.3121

**Management:** Capital Realty Group

**Contact:** (2/17) telephone  onsite  other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Contract Rent</u>	<u>Community Amenities</u>
1/1	92	600±	\$885	Clubhouse/community room <input type="checkbox"/>
2/1	8	850±	\$1,145	Fitness Center <input type="checkbox"/>
				Business Center <input type="checkbox"/>
				Pool <input type="checkbox"/>
				Playground <input type="checkbox"/>
				Controlled access/gated <input checked="" type="checkbox"/>
				Elevator <input checked="" type="checkbox"/>
				Garages <input type="checkbox"/>
				Storage <input type="checkbox"/>
				Laundry <input checked="" type="checkbox"/>
				<u>Unit Amenities</u>
				Microwave <input type="checkbox"/>
				Dishwasher <input type="checkbox"/>
				Washer/dryer <input type="checkbox"/>
				Washer/dryer hook-up <input type="checkbox"/>
				9' ceilings <input type="checkbox"/>
				High-end kitchen <input type="checkbox"/>
				Wood/style floors <input type="checkbox"/>
				Fireplaces <input type="checkbox"/>
				Patios/balconies <input checked="" type="checkbox"/>
				<u>Utilities in rent:</u>
				Water/sewer <input checked="" type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



**Complex: Holiday Village**

**Location:** 222 Courtland Street, Danville

**Financing:** HUD § 8

**Year Built:** 1977

**Total units:** 133

**Vacant units:** 0 (100 percent occupied)

**Waiting list:**

**Telephone:** 434.792.5300

**Management:** Capital Realty Group

**Contact:** Ken (2/8) telephone  onsite  other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Contract Rent</u>	<u>Community Amenities</u>
1/1	124	533	\$845	Clubhouse/community room <input checked="" type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input type="checkbox"/> Controlled access/gated <input checked="" type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input checked="" type="checkbox"/>
2/1	9	748	\$1,070	<b><u>Unit Amenities</u></b> Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/>
				<b><u>Utilities in rent:</u></b> Water/sewer <input checked="" type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>





**Complex: Janie's Hope**

**Location:** 239 Rocky Lane, Danville

**Financing:** HUD § 8

**Year Built:** 2005

**Total units:** 76

**Vacant units:** 2 ( 99 percent occupied)

**Waiting list:**

**Telephone:** 434.836.7095

**Management:** Metropolitan Property Management

**Contact:** (2/16) telephone  onsite  other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Contract Rent</u>	<u>Community Amenities</u>
1/1	76	550	\$484	Clubhouse/community room <input type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input checked="" type="checkbox"/>
				<u>Unit Amenities</u>
				Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/>
				<u>Utilities in rent:</u>
				Water/sewer <input checked="" type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



**Complex: Westmoreland and Schoolfield**

**Location:** 31 Baltimore Avenue, Danville and 533 Gay Street, Danville

**Financing:** LIHTC elderly (targeting: 40% and 50% of AMI)

Year Built: 2010

**Telephone:** 434.791.0212

**Total units:** 65

**Management:** Landmark

**Vacant units:** 12 (82 percent occupied)

**Contact:** Jack (2/22) telephone  onsite  other

**Waiting list:**

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Rent</u>	<u>UA</u>	<u>Community Amenities</u>
1/1	48	n/a	\$373-486	\$80	Clubhouse/community room <input checked="" type="checkbox"/>
2/1	17	n/a	\$578	\$102	Fitness Center <input checked="" type="checkbox"/>
					Business Center <input checked="" type="checkbox"/>
					Pool <input type="checkbox"/>
					Playground <input type="checkbox"/>
					Controlled access/gated <input type="checkbox"/>
					Elevator <input type="checkbox"/>
					Garages <input type="checkbox"/>
					Storage <input type="checkbox"/>
					Laundry <input type="checkbox"/>
					<b>Unit Amenities</b>
					Microwave <input type="checkbox"/>
					Dishwasher <input type="checkbox"/>
					Washer/dryer <input type="checkbox"/>
					Washer/dryer hook-up <input type="checkbox"/>
					9' ceilings <input type="checkbox"/>
					High-end kitchen <input type="checkbox"/>
					Wood/style floors <input type="checkbox"/>
					Fireplaces <input type="checkbox"/>
					Patios/balconies <input type="checkbox"/>
					<b>Utilities in rent:</b>
					Water/sewer <input checked="" type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>

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

Demand Analysis

The proposed development will rent to older adults - defined as those aged 55 years and older.

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from existing households currently living in the area who could move to the project were it to be made available. With respect to the latter, separate consideration is given to market area renter households and market area owner-occupied households.

Income is a key variable in the analysis of housing markets. Of the 52 units proposed, six will be targeted to households with incomes up to 40 percent of the median, 20 will be targeted to households with incomes up to 50 percent of the median, with 26 targeted at 60 percent of the median.

The HUD income limits for the City of Danville are set out below. The median income for Danville in 2021 is \$50,600 - having been \$58,900 in 2020, and \$48,000 in 2011. This represents a 14.1 percent decrease over the previous year, and a 5.4 percent increase over the last decade (or an average of 1.91 percent per year).

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

Table 21 - Income Limits and Maximum Housing Costs

Income Limits			
	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>
1 person	\$16,720	\$20,900	\$25,080
2 person	\$19,120	\$25,080	\$29,260
3 person	\$19,920	\$29,260	\$33,440
Maximum Housing Costs			
	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	\$448	\$560	\$672
2 bedroom	\$498	\$623	\$747

Source: HUD

Information as to rents and income targeting are set out in Table 22, below. The demand for rent-assisted units is based on the maximum allowable rent at those levels.

**Table 22 - Rents and Income Targeting**

---

	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Total</u>
1 bedroom	4	14	16	34
2 bedroom	2	6	10	18
total	6	20	26	52
<b>proposed/adjusted rents</b>				
	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	
1 bedroom	\$366	\$478	588	
2 bedroom	\$390	\$515	\$639	
<b>proposed rents as a proportion (%) of maximum</b>				
	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	
1 bedroom	100.0	100.0	99.7	
2 bedroom	100.0	100.0	100.0	

Source: Applicant; T Ronald Brown: Research & Analysis

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The utility allowance for the proposed development is \$82 for the one bedroom units, and \$108 for the two-bedroom units.

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at or near the maximum allowable for the units targeted at each of the 40 percent, 50 percent, and 60 percent levels - reflecting Virginia Housing guidelines that demand for rent-assisted units be based on the maximum allowable, or the proposed rent (whichever is lower).

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 40 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom, capped at two persons for elderly complexes). Here, again, rent assisted units are analyzed without that assistance, and rent for those units is assumed to be the maximum allowable.

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Table 23 - Qualifying Income Ranges

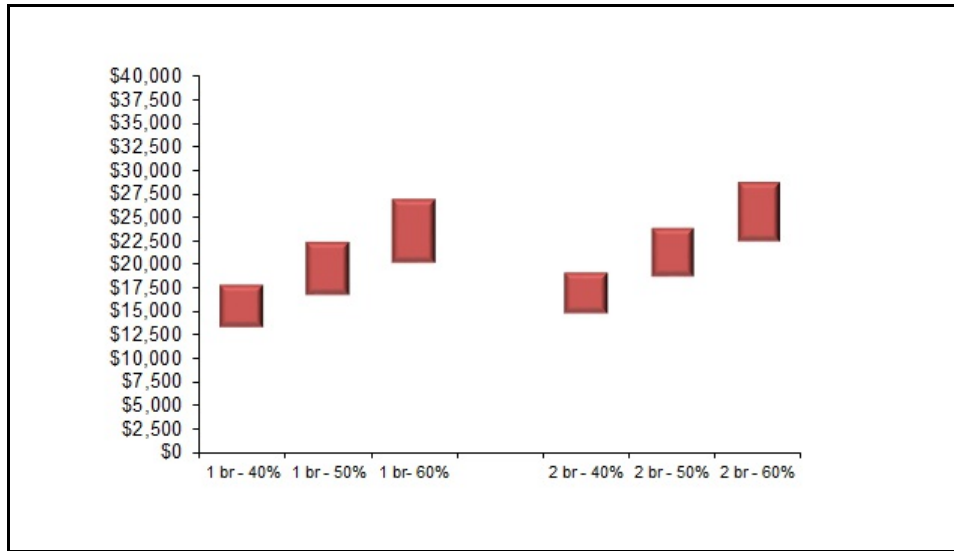
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<u>40 percent</u>		
	lower	upper
1 bedroom	\$13,440	\$17,920
2 bedroom	\$14,940	\$19,120
<u>50 percent</u>		
	lower	upper
1 bedroom	\$16,800	\$22,400
2 bedroom	\$18,675	\$23,900
<u>60 percent</u>		
	lower	upper
1 bedroom	\$20,100	\$26,880
2 bedroom	\$22,410	\$28,680

Source: Applicant; T Ronald Brown: Research & Analysis

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The various qualifying income ranges, by bedroom mix and income targeting are illustrated, below. It should be noted from the diagram that the target income ranges for the two-bedroom units are somewhat compressed because two-person households are to be used for the upper income limit (and 1.5 persons for one-bedroom units). Any gaps and/or overlaps between these target income ranges will necessarily be taken into consideration in our calculations.



The major variables to be examined are age, tenure, and income. These data are no longer available from the Decennial Census. Nonetheless, data can be extrapolated from the most recent American Community Survey - again, subject the limitations of those data. These data, for the market area for the proposed complex, are set out below.

**Table 24 - Household Income and Rent overburdening, Older Households**

Income	All Older Owners		All Older Renters		Overburdened Renters	
	Number	Percentage	Number	Percentage	Number	Percentage
Up to \$10,000	751	5.3	691	19.5	413	29.9
\$10,000 - \$19,999	2,643	18.7	1,237	34.8	590	42.8
\$20,000 - \$34,999	3,017	21.3	814	22.9	260	18.8
\$35,000 - \$50,000	2,895	20.5	353	9.9	97	7.0
\$50,000 - \$75,000	2,293	16.2	268	7.6	20	1.5
\$75,000 - \$100,000	1,229	8.7	115	3.3	0	0.0
\$100,000 and over	1,316	9.3	73	2.1	0	0.0
<b>Total</b>	<b>14,146</b>		<b>3,551</b>		<b>1,380</b>	<b>38.9</b>

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2015 to 2019 - and not for a specific year.

From this table it can be seen that as many as 19.5 percent of the market area older renter households have incomes less than \$10,000 and a further 34.8 percent have incomes between \$10,000 and \$20,000. Around 22.9 percent of older renters are seen to be in the \$25,000 to \$35,000 income range. Around 39 percent of all older renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 23 and the income distribution set out in Table 24, it is found that 15.1 percent of households at the 40 percent level qualify for the proposed units, and around 12.7 percent of market area older renter households qualify for units at 50 percent of the median. The corresponding figure for units at the 60 percent level is 10.0 percent.

Projections of need and demand are based upon a 2022 to 2027 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

The number of elderly renters is projected to increase by 239 between 2022 and 2027 (from 4,818 to 5,058 households). Based on the distribution of elderly renter household incomes there are 77 new elderly renter households which qualify for the proposed development.

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

Our calculations show that there will be a total of 1,625 older renter households in the qualifying income ranges in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 47.7 percent of renters at the 40 percent level are rent-overburdened, and 41.4 percent of renters qualifying at 50 percent are overburdened. Around 32.0 percent of those at 60 percent of the median are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 49 units.

Our calculations show that there will be a total of 2,743 older owner-occupied households in the qualifying income ranges in the market area. With respect to the existing elderly homeowners it is realistically assumed that perhaps 5 percent would consider moving to the proposed apartments. This translates to around 137 new older renters.



Total demand is therefore seen to amount to 944 units. This total demand has to be segmented to determine demand by number of bedrooms per unit. For the purposes of this report, it can be reasonably assumed that up two-thirds of older households would choose a one-bedroom unit, and one-third would chose a two-bedroom unit.

These figures are based on a 2022 to 2027 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been leased-up and reached stabilized occupancy in the project market area over the projection period., and no other comparable units have been funded or are under construction. Thus, the net need is for 944 units.

The preceding calculations are summarized in the table, below.

**Table 25 - Demand Calculations**

	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Total</u>
(i) income eligible new renter households	36	30	24	77
(ii) income eligible existing renter households	763	642	504	1,625
(iii) existing renter households, likely to move	364	265	161	680
(iv) renters in obsolete housing	23	19	15	49
(v) income eligible existing owner households	1,013	1,090	1,161	2,743
(vi) existing owner households, likely to move	51	54	58	137
 Total demand (i)+(iii)+(iv)+(vi)	 474	 370	 258	 944
 Supply	 0	 0	 0	 0
 Net demand	 474	 370	 258	 944

*Total excludes gaps/overlap*

Source: T. Ronald Brown: Research & Analysis

Capture rates are illustrated in the table, below.

Table 26 - Capture Rates

	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Total</u>
<b>Total demand</b>				
1 bedroom	313	244	171	623
2 bedroom	161	126	88	321
<b>Total</b>	<b>474</b>	<b>370</b>	<b>258</b>	<b>944</b>
<b>Supply</b>				
1 bedroom	0	0	0	0
2 bedroom	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net demand</b>				
1 bedroom	313	244	171	623
2 bedroom	161	126	88	321
<b>Total</b>	<b>474</b>	<b>370</b>	<b>258</b>	<b>944</b>
<b>Units proposed</b>				
1 bedroom	4	14	16	34
2 bedroom	2	6	10	18
<b>Total</b>	<b>6</b>	<b>20</b>	<b>26</b>	<b>52</b>
<b>Capture rates</b>				
1 bedroom	1.3%	5.7%	9.4%	5.5%
2 bedroom	1.2%	4.8%	11.4%	5.6%
<b>Total</b>	<b>1.3%</b>	<b>5.4%</b>	<b>10.1%</b>	<b>5.5%</b>

*Total excludes gaps/overlap*

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 52-unit development amounts to 5.5 percent of the total net need.

The capture rate, by bedroom, is determined to be 5.5 percent for the 34 one-bedroom units, and 5.6 percent for the 18 two-bedroom units. The similarity of these rates reflects the fact that we allocate 67 percent of demand to one-bedroom units and 33 percent to two-bedroom units, and the proposed development comprises 65 percent one-bedroom and 35 percent two bedrooms.

The six units targeted at 40 percent of the median amount to 1.3 percent of the demand at that target income level. The 20 units at 50 percent of the median amount to 5.4 percent of demand at that target level, and the 26 units targeted at the 60 percent level amount to around 10.1 percent of demand at that level.

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

#### ABSORPTION RATES

As noted, the capture rates presented above are considered realistic. Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated six month period, or so. That is, on the basis of no rental assistance.

#### DEMAND ESTIMATES, WITH RENTAL ASSISTANCE

It is planned to have rental assistance available to the potential tenants at the proposed Seeland Valley Apartments. Under those circumstances, those units would appeal to older households, with incomes between \$0 and the 50 percent income limit, which, for two person households is \$23,900. Replicating the demand calculations set out above on the basis of that target income range reveals a calculated demand for 1,918 units from that source.

### Affordability Analysis

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

The minimum income is that associated with the rent for the least expensive unit offered, and the upper limit is based on the 60 percent limit (the highest target income range) for the largest unit size, by number of bedrooms. Here, the lower income is seen to be that for the proposed one-bedroom units that will be targeted to households at the 40 percent level; that is, \$366 per month. Given an \$80 utility allowance and a 40 percent rent-to-income ratio, the lower qualifying income is seen to be \$13,440. The upper income is \$28,680. Based on the income data set out in Table 24, there are found to be 1,441 older renter households in that range. Thus, the proposed 52-unit development corresponds to a 3.6 percent affordability analysis capture rate (assuming no rental assistance).

### Penetration rate.

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

The lower income limit for this analysis is the income needed to afford the least expensive competitive unit in the market (or the rent for the least-expensive proposed unit, if lower), and the upper income limit is the upper income limit for the competitive units (or the proposed units, if higher). Our survey of the existing, competitive inventory, shows that these criteria are met by the proposed development (again, assuming no rental assistance. Thus, given the rents for the proposed development, the target income range for this market is that as set out above. That is, from \$13,440 to \$28,860. Thus, there are as, noted, 1,441 qualifying elderly renter households in the market area. It is seen that 52 units are proposed and that the only comparable senior units in the area are the 65 units at the Westmoreland/Schoolfield project. No other tax credit units are under construction or funded for future construction. These amount to 117 units; thus, the penetration rate - as defined - amounts to 8.1 percent.

### Summary

Consideration of the capture rate (5.5 percent), the (3.6 percent) affordability analysis capture rate and (8.1 percent) penetration rate suggests that the proposed development is marketable.

## J. LOCAL PERSPECTIVES OF RENTAL HOUSING MARKET

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

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages). Ken, the manager at Holiday Village, reports that a new elderly tax credit project could work - but might need subsidies. The manager at Janie's Hope Section 202 property believes that a new tax credit project for seniors could work. The manager at Danville House (HUD Section 8), is not sure if a new tax credit senior project would work.

K. ANALYSIS/CONCLUSIONS

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated six month period, or so (assuming no subsidies).

Based on the proposed development's site, bedroom mix, amenities and features, the proposed development is considered marketable, particularly with rental assistance) and should be accepted in this market.

The site location will offer a significant advantage as will the proposed rents, particularly given rental assistance.

The proposed development should not have a negative impact on existing housing.

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

L. OTHER REQUIREMENTS

Statement and signature

I affirm the following:

1. that I have made a physical inspection of the site and market area.
2. The appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units.
3. To the best of my knowledge the market can support the demand shown in this study. I understand that any misrepresentation in this statement may result in the denial of participation in the Low Income Housing Tax Credit Program in Virginia as administered by Virginia Housing.
4. Neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity.
5. Neither I nor anyone at my firm nor anyone acting on behalf of my firm is representing Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing.
6. Compensation for my services is not contingent upon this development receiving a reservation or allocation of tax credits.



Market Analyst

Date: March 7, 2022

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

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



## Analyst Qualifications

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

The President of the firm is T. Ronald Brown. He has more than 35 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 2,500 studies in at least 20 states, predominantly in the Southeast.

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

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

Mr. Brown is a member of several groups that promote housing in general and affordable housing in particular. These include the North Carolina Housing Coalition, Preservation North Carolina, the Virginia Housing Alliance, and the National Council of Housing Market Analysts.

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

List of sources

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

The U.S. Census - 2000 and 2010, and the American Community Survey (2015-2019)  
Virginia Housing  
U.S. Department of HUD  
U.S. Department of Agriculture  
Virginia State Data Center/Weldon Cooper Center for Public Service  
Virginia Employment Commission  
Virginia Economic Development Partnership  
City of Danville  
U.S. Bureau of Labor Statistics  
HUDUSER (e.g., SOCDs building permits database)

## Report for the Seeland Valley Apartments in Danville, Virginia

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### MARKET STUDY TERMINOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Effective rents** - contract rent less concessions.

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

**Income band** - the range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined *acceptable rent burden* percentage and the maximum typically<sup>7</sup> is pre-defined by specific program requirements or by general market parameters.

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

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

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

**Market area** - See *primary market area*.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Programmatic rents** - See *restricted rents*.

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

**Redevelopment** - the redesign or rehabilitation of existing properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## Other Terms

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

**Area Median Income (AMI)** - 100% of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.

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

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

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

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

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

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

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

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

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

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

**Elder or senior housing** - housing where (1) all units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Tenant** - one who rents real property from another.

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

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

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

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