



**BOWEN
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RESEARCH**

Market Feasibility Analysis

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

Prepared For

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Authorized User

Virginia Housing
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Richmond, Virginia 23220

Effective Date

March 1, 2023

Job Reference Number

23-162 CR

Market Study Certification

NCHMA Certification

This certifies that Gregory Piduch, an employee of Bowen National Research, personally made an inspection of the area including competing properties and the proposed site in Independence, Virginia. Further, the information contained in this report is true and accurate as of March 1, 2023.

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

Virginia Housing Certification

I affirm the following:

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

Certified:

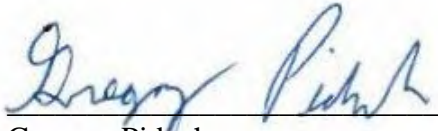


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Certificate of Membership

Bowen National Research
Is a Member Firm in Good Standing of



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Membership Term
7/1/2022 to 6/30/2023



A handwritten signature in blue ink that reads 'Kaitlyn Snyder'.

Kaitlyn Snyder
Managing Director, NH&RA

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I. Introduction

A. PURPOSE

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

B. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

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

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

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

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

C. SOURCES

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

- The 2010 and 2020 Census on Housing
- American Community Survey
- ESRI
- Applied Geographic Solutions
- U.S. Department of Labor
- Management for each property included in the survey
- Local planning and building officials
- Local housing authority representatives
- U.S. Department of Housing and Urban Development (HUD)

D. REPORT LIMITATIONS

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

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

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II. Executive Summary

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

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

Project Description

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

The project will be renovated utilizing funding from the LIHTC program, which will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the project will target senior households (ages 62+) with incomes of up to 60% of AMHI with rents restricted to 40% and 50% of AMHI. Notably, the project will continue to operate under the RD 515 program and all 32 units of RA are expected to remain. All renovations are expected to be complete by March of 2024. Additional details of the subject project can be found in *Section III*.

Site Evaluation

The subject site is the existing Grayson Manor rental community, located at 224 Nichols Drive in Independence, Virginia. Surrounding land uses include single-family homes, a multifamily property, a middle school, a high school and wooded land. The generally light traffic in the site area allows for convenient ingress and egress. In addition, the subject is within proximity of area arterial roadways, further enhancing accessibility of the subject site. Visibility is unobstructed in the immediate area. While there are no fixed-route transportation services available in the Site PMA, deviated fixed-route public transportation is offered via Mountain Lynx Transit. This service is considered beneficial to the low-income senior population targeted at the subject site. Most essential services are located within 1.0 mile of the subject site, some of which are within walking distance. Overall, the site's surrounding land uses and proximity to community services should continue to contribute to its overall marketability. The 100.0% occupancy rate currently reported for the subject property is further evidence the subject site location is conducive to affordable age-restricted rental product such as that offered. Additional information regarding the subject site, surrounding land uses and the proximity of community services is included in *Section IV*.

Primary Market Area (PMA)

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

Demographic Trends

The Independence Site PMA is projected to experience a decline in both total population and households between 2023 and 2028. The decline in households, however, will be modest at less than one household annually during this time period. Further, households aged 62 and older are projected to increase by 42, or 3.0%, during this same time period. In fact, household growth among senior (age 62 and older) renter households is projected to outpace overall household growth among seniors during this time period. Further, nearly two-thirds (64.0%) of senior renter households are projected to earn less than \$35,000 in 2028. Based on the preceding factors, a good base of potential demographic support exists for affordable senior-oriented rental product within the Independence Site PMA, despite the projected overall household decline for the area over the next five-year period. Detailed demographic trends are included in *Section IV*, beginning on page 11.

Economic Trends

Prior to the impact of the COVID-19 pandemic, the Grayson County economy was improving, both in terms of total employment and unemployment rates. In 2020, however, the county employment base declined by nearly 5.0% and the annual unemployment rate increased by nearly three full percentage points. The rate of employment decline within the county during this time was lower than that reported for the state of Virginia and the annual unemployment rate remained below both state and national averages, despite the negative impact of the pandemic. Further, the Grayson County economy has steadily improved since 2020, both in terms of total employment and unemployment rates. The total employment base reported for the county through 2022 is the largest reported for any given year over the past decade and the annual unemployment rate of 2.3% is lower than pre-pandemic levels. Based on the preceding factors, the Grayson County economy has fully recovered from the initial impact of the pandemic, both in terms of total employment and unemployment rates. Detailed economic trends are included in *Section IV*, beginning on page 18.

Overall Rental Housing Market Conditions

The Independence Site PMA is very rural and thus offers a limited supply of conventional rental product, as evident by the fact that we identified and personally surveyed just two conventional rental housing projects, one of which is the subject property. These two properties contain a total of 80 units which are 100.0% occupied. Each rental housing segment surveyed is summarized in the following table.

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

As the preceding illustrates, both properties surveyed in the Independence Site PMA are affordable properties operating under the Low-Income Housing Tax Credit (LIHTC) and/or government-subsidized programs. These product types along with the 100.0% occupancy rates are clear indications that affordable rental product is in high demand within the subject market.

Competitive/Comparable Tax Credit Analysis

Following renovations, the subject property will continue to target senior (age 62 and older) households earning up to 60% of Area Median Household Income (AMH) under the Low-Income Housing Tax Credit (LIHTC) program. In addition, the property will also continue to operate under the Rural Development 515 (RD 515) program with Rental Assistance (RA) provided to all 32 units. For the purpose of this analysis, however, we only select comparable non-subsidized LIHTC properties to evaluate the subject property in the unlikely event the project-based subsidy was lost, and the property had to operate exclusively under the LIHTC program.

Due to the lack of non-subsidized LIHTC product in the Independence Site PMA, the three properties selected for this analysis are located in the surrounding areas of Elkin and Mount Airy, North Carolina. Although located outside the Independence Site PMA and across state lines in North Carolina, all three of the properties selected for this analysis are also located in areas which are designated as rural-eligible by the United States Department of Agriculture (USDA), similar to the subject property. Thus, these properties comply with the same rent and income limits as the subject property and therefore will provide a good base of comparison, despite their location.

Also note that two of the three properties selected for this analysis are age-restricted, while one is general-occupancy. Although one property is open to households of all ages, it offers unit types similar to those at the subject project, in terms of bedroom type and targeted income (AMHI) level. Thus, this property will provide a good additional base of comparability.

The three LIHTC properties selected for this analysis and the proposed subject development are summarized as follows. Information regarding property address, phone number, contact name and utility responsibility is included in *Section XI, Comparable Property Profiles*.

Map I.D.	Project Name	Year Built/Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Grayson Manor	1998 / 2024	32	100.0%	-	10 HH	Seniors 62+; 60% AMHI & RD 515
904	Chatham Woods Senior	1948 / 2003	30	100.0%	38.5 Miles	6-12 Months	Seniors 55+; 60% AMHI
905	Cooper Terrace	2015	56	100.0%	37.6 Miles	7-8 Months	Families; 50% & 60% AMHI & Key
907	Whistler's Cove	2016	60	100.0%	40.7 Miles	25 HH	Seniors 55+; 50% & 60% AMHI

OCC. – Occupancy; HH – Households
 900 Series Map IDs are located outside the Site PMA

The three comparable LIHTC projects have a combined occupancy rate of 100.0% and all three maintain waiting lists for their next available units. These are clear indications of strong and pent-up demand for LIHTC product within the surrounding region.

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

		Gross Rent/Percent of AMHI (Number of Units/Vacancies)			
Map I.D.	Project Name	One-Br.	Two-Br.	Three-Br.	Rent Special
Site	Grayson Manor	\$534*/60% (5) \$668*/60% (27)	-	-	-
904**	Chatham Woods Senior	\$543-\$573/60% (18/0)	\$657/60% (12/0)	-	None
905	Cooper Terrace	\$662/50% (4/0) \$795/60% (4/0)	SUB/50% (3/0) \$801/50% (13/0) SUB/60% (3/0) \$962/60% (13/0)	\$925/50% (8/0) \$1,111/60% (8/0)	None
907**	Whistler's Cove	\$713/50% (17/0) \$749/60% (12/0)	\$814/50% (19/0) \$873/60% (12/0)	-	None

Note: Subject units are *income* restricted at 60% of AMHI but *rent* restricted at 40% and 50% of AMHI.
 SUB - Subsidized (residents pay 30% of their income, as this is a government-subsidized property, which also operates under the Tax Credit program)
 900 Series Map IDs are located outside the Site PMA
 *Reflective of maximum allowable LIHTC rent as proposed rent under subsidized program exceeds this level
 **Age-restricted

As the preceding illustrates, the subject’s gross Tax Credit rents are within range of those reported for similar unit types offered among the comparable properties. Thus, the subject rents are considered appropriate for and marketable within the Independence market in the unlikely event the subject property was to operate exclusively under the LIHTC program without the assistance of a project-based subsidy. However, as our demand estimates illustrate in Section VII, a more limited base of potential support exists for the subject project within the Independence Site

PMA in the unlikely event Rental Assistance (RA) was lost, and the property had the operate exclusively under the LIHTC program. In reality, the subject property will retain RA on all units following renovations. This will ensure the property remains a significant value and has a sufficient base of potential support within the market as all tenants will be required to pay up to only 30% of their income towards rent, rather than the non-subsidized Tax Credit rents evaluated throughout this report.

Comparable Tax Credit Summary

The existing subject property is the only property to operate under the LIHTC program within the Independence Site PMA. Thus, all three of the comparable properties selected for this analysis are located outside the subject market. Specifically, these three properties are located in the Elkin and Mount Airy, North Carolina markets. All three of these properties, two of which are age-restricted, are 100.0% occupied with waiting lists. The subject’s proposed gross Tax Credit rents are competitive with those reported for similar unit types offered among these properties. Regardless, the subject property will continue to operate with Rental Assistance (RA) available to all units following renovations. This will ensure the subject property remains of significant value as all tenants will be required to pay up to only 30% of their income towards rent. The subject property is also competitive and marketable in terms of unit design and amenities offered, which is further evident by the 100.0% occupancy rate currently reported for the subject property.

Perception of Value

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

Bedroom Type	% AMHI*	Proposed Collected Rent	Achievable Market Rent	Market Rent Advantage
One-Bedroom	40%	\$425**	\$650	34.6%
One-Bedroom	50%	\$559**	\$650	14.0%

*Rent restricted to 40% and 50% AMHI, income restricted to 60% AMHI

**Reflective of maximum allowable LIHTC rent as proposed contract rent under subsidized program exceeds this limit.

Typically, Tax Credit rents for units targeting households earning up to 50% of AMHI are set 20% or more below achievable market rents to ensure that the project will represent a value and have a sufficient flow of tenants. However, lower market rent advantages are often acceptable in rural markets which lack conventional rental product, such as the Independence Site PMA. As such, the subject rents are expected to be perceived as good values within the market given the market rent advantages ranging from 14.0% to 34.6%.

In fact, the subject property is expected to represent an even greater value than that indicated by the market rent advantaged detailed in the preceding table. This is due to the continued availability of Rental Assistance (RA) to all units following renovations. This will allow tenants of the property to pay up to only 30% of their

income towards rent, rather than the non-subsidized rents evaluated throughout this report and reflected in the preceding table.

Capture Rate Estimates

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

Demand Component – Age 62+	Percent of Median Household Income
	60%/Overall
Net Demand	86
Proposed Units	32
Proposed Units / Net Demand	32 / 86
Capture Rate	= 37.2%

Utilizing this methodology, capture rates below 30% are considered achievable, though higher capture rates may be acceptable in certain markets/ instances. This is believed to be the case within the Independence Site PMA given the lack of conventional rental product, which is expected to allow rental properties such as the subject property to attract a larger than typical share of the qualified households. As such, the 37.2% capture rate for the subject property is considered achievable. In fact, the 100.0% occupancy rate and waiting list maintained by the existing subject property illustrates that a capture rate of this level is already being achieved within the subject market.

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

Demand Component – Age 55+	Percent of Median Household Income
	60%/Overall
Net Demand	23
Proposed Units	32
Proposed Units / Net Demand	32 / 23
Capture Rate	> 100.0%

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

Regardless, the subject property is expected to retain its project-based Rental Assistance (RA) on all units and therefore, all current tenants are expected to continue to qualify for and remain at the property following renovations. Any units which do become vacant due to typical tenant turnover during or after the renovation process are expected to be quickly filled from the waiting list maintained for the property. Considering the preceding factors, the subject’s effective capture rate is 0.0%.

Absorption Projections

The subject project has, and is expected to maintain, Rental Assistance (RA), and all units will likely be rented to households eligible under the RD 515 program. We also assume that most, if not all, current tenants will remain at the site once renovations are complete. For the purpose of this analysis, however, we have provided absorption estimates assuming that all units will be vacated and will need to be re-rented under the RD 515 program with RA available to all units and then exclusively under the LIHTC program.

For the purpose of this analysis, we assume the absorption period at the site begins as soon as the first renovated units are available for occupancy. We also assume that initial units at the site will be available for rent sometime in 2024. Changes to the project's planned renovations or renovation timeline may alter our absorption projections.

Subsidized

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

Tax Credit

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

In reality, most (if not all) existing tenants are expected to continue to qualify for and remain at the subject property. Further, any units which may become vacant due to typical tenant turnover are expected to be quickly filled from the waiting list maintained for the property. As such, there effectively will be no absorption period for the subject property.

III. Project Description

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

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

The project will be renovated utilizing funding from the LIHTC program, which will involve the extensive rehabilitation of each unit and the community spaces. Once renovations are complete, the project will target senior households (ages 62+) with *incomes* of up to 60% of AMHI with *rents* restricted to 40% and 50% of AMHI. Notably, the project will continue to operate under the RD 515 program and all 32 units of RA are expected to remain. All renovations are expected to be complete by March of 2024. Additional details of the subject project are as follows:

Proposed Unit Configuration										
Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI*	Current Basic/Note Rent	Proposed Rents			Max. Allowable LIHTC Gross Rent
							Collected Rent	Utility Allowance	Gross Rent	
5	One-Br.	1.0	Garden	567	40%/RD	\$681	\$670	\$109	\$779	\$534
27	One-Br.	1.0	Garden	567	50%/RD	\$681	\$670	\$109	\$779	\$668
32	Total									

Source: Community Housing Partners

AMHI – Area Median Household Income (National Nonmetropolitan Rent and Income Limits; 2022)

RD – Rural Development

*Incomes restricted to 60% of AMHI

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

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

Construction Timeline	
Original Year Built:	1998
Renovation Start:	May 2023
Begin Preleasing:	In-place renovation
Renovation End:	March 2024

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

*To be added during renovation

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

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

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

PLANNED RENOVATION:

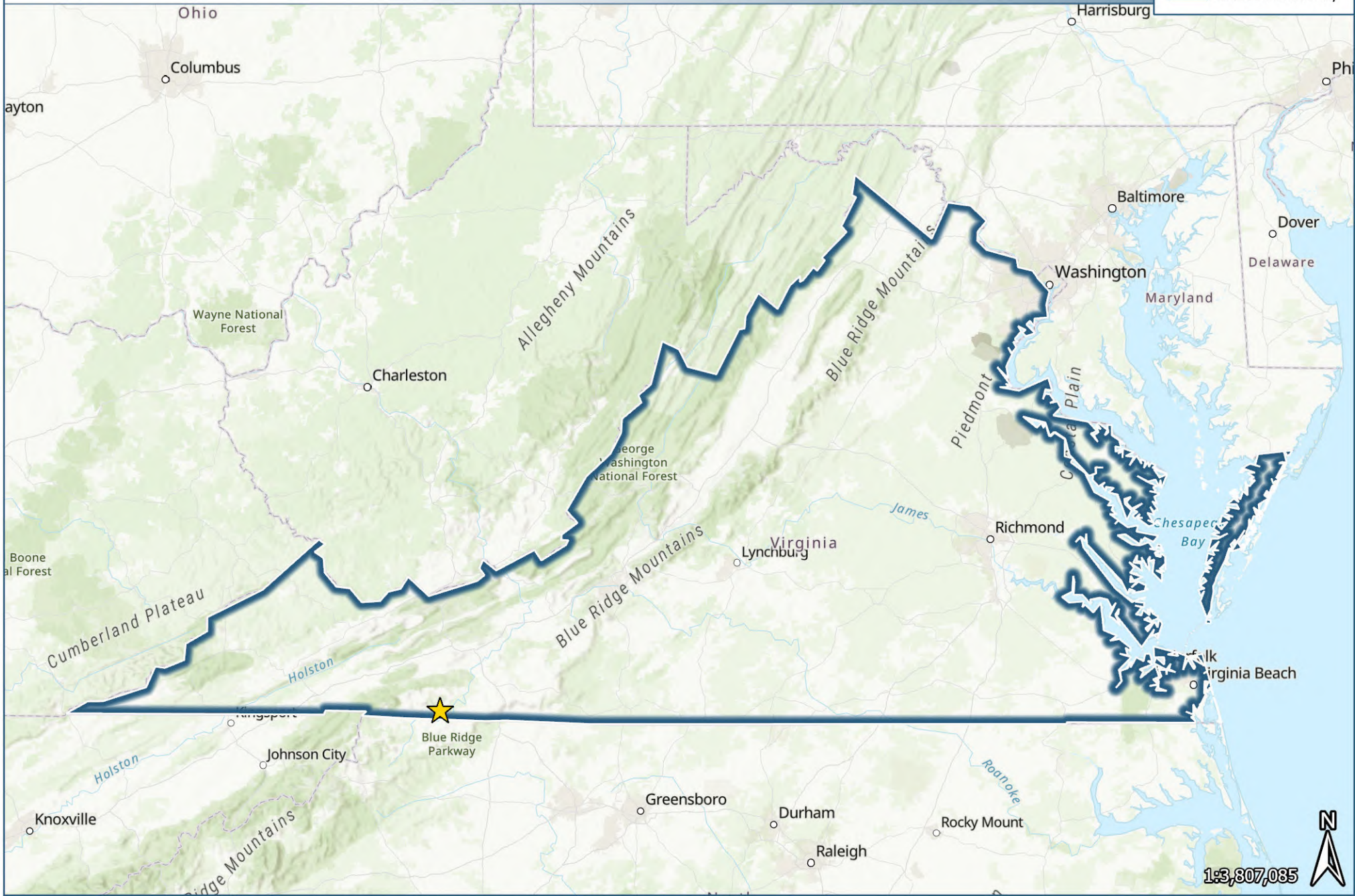
The subject property will like include the following renovations:

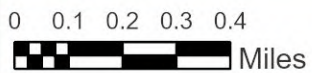
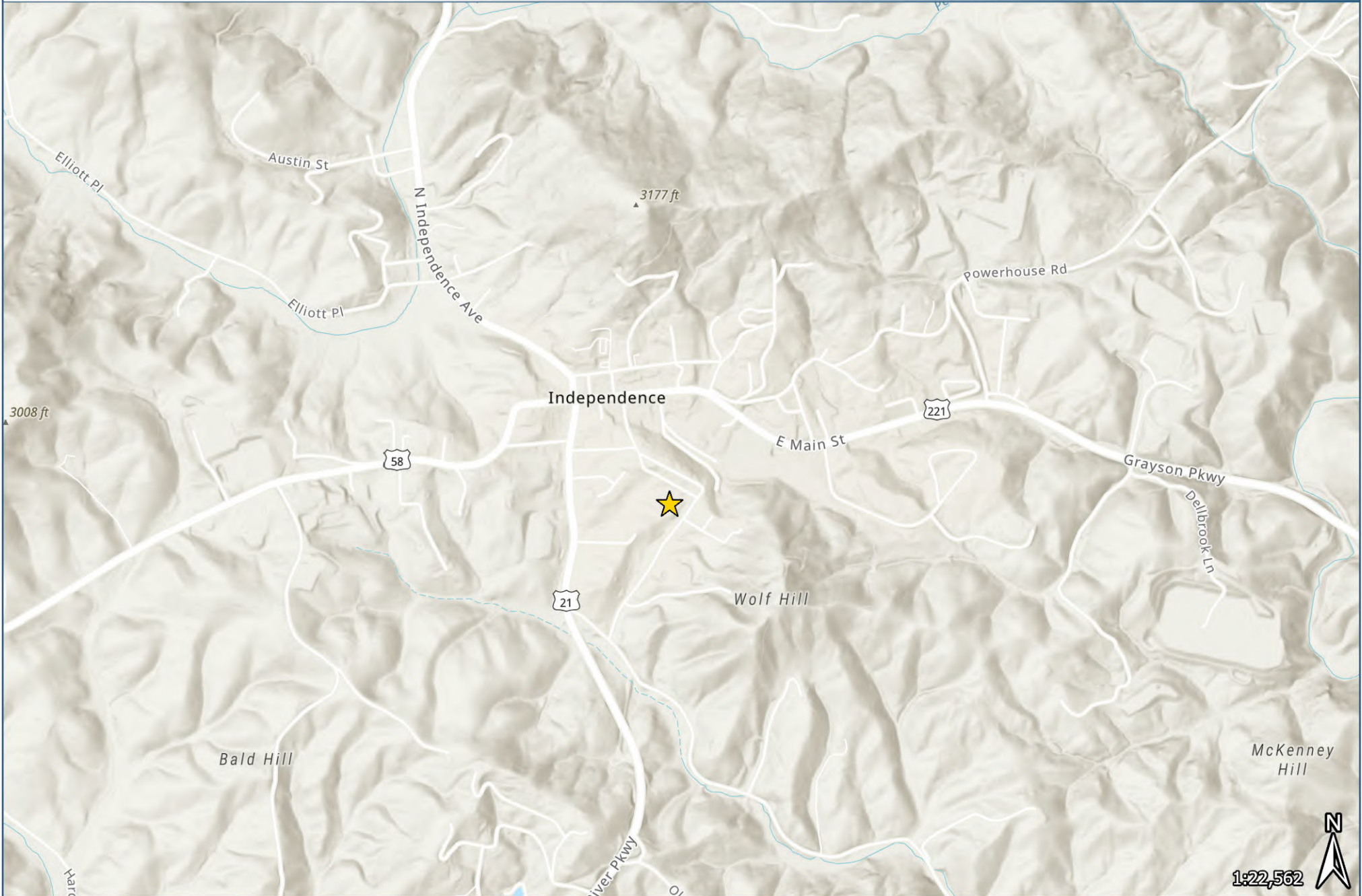
- Replace all flooring
- Install new kitchen appliances, cabinets and countertops
- Paint the interior of all the units
- New bathroom fixtures, replace/refurbish tubs and tub surrounds as needed
- Install new mini-blinds at all windows
- Clean existing siding
- Repair all sidewalks to remove any trip hazards and updating accessible routes
- Repair, seal coat and re-stripe parking lots
- Replace all windows with Energy Star Windows
- Install High Efficiency Heating and Cooling systems
- Install new site lighting and light poles throughout property

FLOOR AND SITE PLAN REVIEW:

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

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







IV. Area Analysis

A. SITE DESCRIPTION AND EVALUATION

1. LOCATION

The subject site is the existing Grayson Manor, a Tax Credit and government-subsidized apartment community at 224 Nichols Drive in Independence, Virginia. Located in Grayson County, the town of Independence is situated approximately 4.0 miles north of the Virginia/North Carolina state line and approximately 13.0 miles west of Galax, Virginia. The subject site visit and corresponding fieldwork were completed during the week of February 27, 2023.

2. SURROUNDING LAND USES

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

North -	The northern boundary is defined by Nichols Drive, a residential road with minimal passerby traffic. Single-family homes in fair to good condition are present on the opposite side. Grayson County High School, Independence Middle School and West Main Street/U.S. Highway 58/U.S. Highway 221 (herein referred to as “U.S. Highway 58”), a lightly traveled two-lane highway, extend farther north of the site. Land becomes less developed as it extends beyond.
East -	The eastern boundary is defined by Hilltop Drive, a residential road with minimal passerby traffic. Single-family homes in fair to good condition are present on the opposite side. Extending east is wooded, undeveloped land while community services located along U.S. Highway 58, including Food City grocery store, are located farther northeast.
South -	The southern boundary is defined by single-family homes in fair to good condition. These homes, as well as undeveloped wooded/agricultural land extend farther south for a considerable distance.
West -	The western boundary is defined by vacant land, which buffers the site from Penn Court (Map ID 2) and Independence Avenue/New River Parkway/U.S. Highway 21/U.S. Highway 221 (herein referred to as “U.S. Highway 21”), a moderately traveled two-lane highway. Single-family homes and other light development along U.S. Highway 58 extend farther west. A heavier concentration of undeveloped land is beyond.

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

3. VISIBILITY AND ACCESS

The subject site is clearly visible and unobstructed from both Nichols Drive and Hilltop Drive, two lightly traveled residential roadways. Although the site is not visible from nearby U.S. Highway 58, a moderately traveled thoroughfare within the Site PMA, the site's 100.0% occupancy rate and waiting list is a clear indication this does not impact marketability.

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

4. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

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

Community Services	Name	Driving Distance From Site (miles)
Major Highways	U.S. Highway 21	0.2 West
	U.S. Highway 58	0.2 North
Public Bus Stop	Mountain Lynx Transit	On-demand
Major Employers/ Employment Centers	Grayson County Public Schools	0.6 Northeast
	Key Logistics Solutions	1.4 West
	Darco Southern	1.4 East
Convenience Store	Quik Chek	0.4 North
	Citgo	0.9 Northeast
Grocery	Food City	0.8 Northeast
Discount Department Store	Dollar General	0.8 Northeast
Shopping Center/Mall	Unnamed Plaza	0.8 Northeast
	Galax Plaza	15.6 East
Schools: Elementary Middle/Junior High High	Independence Elementary School	1.2 Northeast
	Independence Middle School	0.6 Northeast
	Grayson County High School	0.7 North
Hospital	Twin County Family Care Center	0.4 Northwest
	Hugh Chatham Family Medicine	0.4 Northwest
	Allegheny Memorial Hospital	10.8 South
Police	Grayson County Sheriff's Department	0.5 North
Fire	Independence Volunteer Fire Department	0.5 North
Post Office	U.S. Post Office	0.5 North
Bank	Skyline National Bank	0.4 Northwest
	Carter Bank & Trust	0.5 North
	Skyline National Bank	0.8 Northeast
Senior Center	District Three Senior Services	14.4 Northeast
Recreational Facilities	Grayson County Parks & Recreation	2.1 Northeast
Gas Station	Liberty	0.4 North
	Food City Gas N' Go	0.6 Northeast
	Citgo	0.9 Northeast
Pharmacy	Food City Pharmacy	0.8 East
Restaurant	Mi Casa Azteca	0.4 Northwest
	Ciro's Pizza & Subs	0.4 North
	Aunt Bea's BBQ	0.6 Northeast
Day Care	Rooftop Head Start	1.1 Northeast
Community Center	Galax Recreation Center	14.6 West
Church	Living By Faith Baptist Church	0.2 South
	First Baptist Church	0.6 Northeast
	First United Methodist Church	0.6 Northwest
Library	Wythe Grayson County Library	0.4 Northwest
Park	Grayson County Parks & Recreation	2.1 Northeast

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

Public safety services are provided by the Grayson County Sheriff's Department and Independence Volunteer Fire Department. The Grayson County Sheriff's Department both of which are located 0.5 mile north of the site. The nearest full-service hospital with emergency services is the Allegheny Memorial Hospital, located 10.8 miles south of the site in Sparta, North Carolina. While the site is situated in a rural portion of southwestern Virginia, additional services situated in Galax can be accessed through the Mountain Lynx Transit service. Overall, the subject site's proximity and ability to access community services should continue to contribute to its marketability.

5. OVERALL SITE EVALUATION

The subject site is the existing Grayson Manor rental community, located at 224 Nichols Drive in Independence, Virginia. Surrounding land uses include single-family homes, a multifamily property, a middle school, a high school and wooded land. The generally light traffic in the site area allows for convenient ingress and egress. In addition, the subject is within proximity of area arterial roadways, further enhancing accessibility of the subject site. Visibility is unobstructed in the immediate area. While there are no fixed-route transportation services available in the Site PMA, deviated fixed-route public transportation is offered via Mountain Lynx Transit. This service is considered beneficial to the low-income senior population targeted at the subject site. Most essential services are located within 1.0 mile of the subject site, some of which are within walking distance. Overall, the site's surrounding land uses and proximity to community services should continue to contribute to its overall marketability. The 100.0% occupancy rate currently reported for the subject property is further evidence the subject site location is conducive to affordable age-restricted rental product such as that offered.

6. CRIME ISSUES

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

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

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

Total crime risk for the Site PMA is 54, with an overall personal crime index of 44 and a property crime index of 55. Total crime risk for Grayson County is 44, with personal and property crime indices of 43 and 44, respectively.

	Crime Risk Index	
	PMA	Grayson County
Total Crime Index	54	44
Personal Crime Index	44	43
Murder	110	84
Rape	77	91
Robbery	19	13
Assault	47	46
Property Crime Index	55	44
Burglary	52	46
Larceny	60	47
Motor Vehicle Theft	25	19

Source: Applied Geographic Solutions, FBI, ESRI

As the preceding illustrates, the crime risk index for the Site PMA (54) is slightly higher than that reported for Grayson County (44) as a whole though both are well below the national average of 100. These low crime indexes are expected to contribute to the continued marketability of the subject site. The strong occupancy rate and waiting list maintained at the existing subject property further indicates that crime is not a factor which adversely impacts the overall marketability of the property.

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





















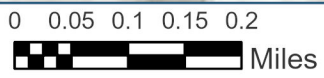
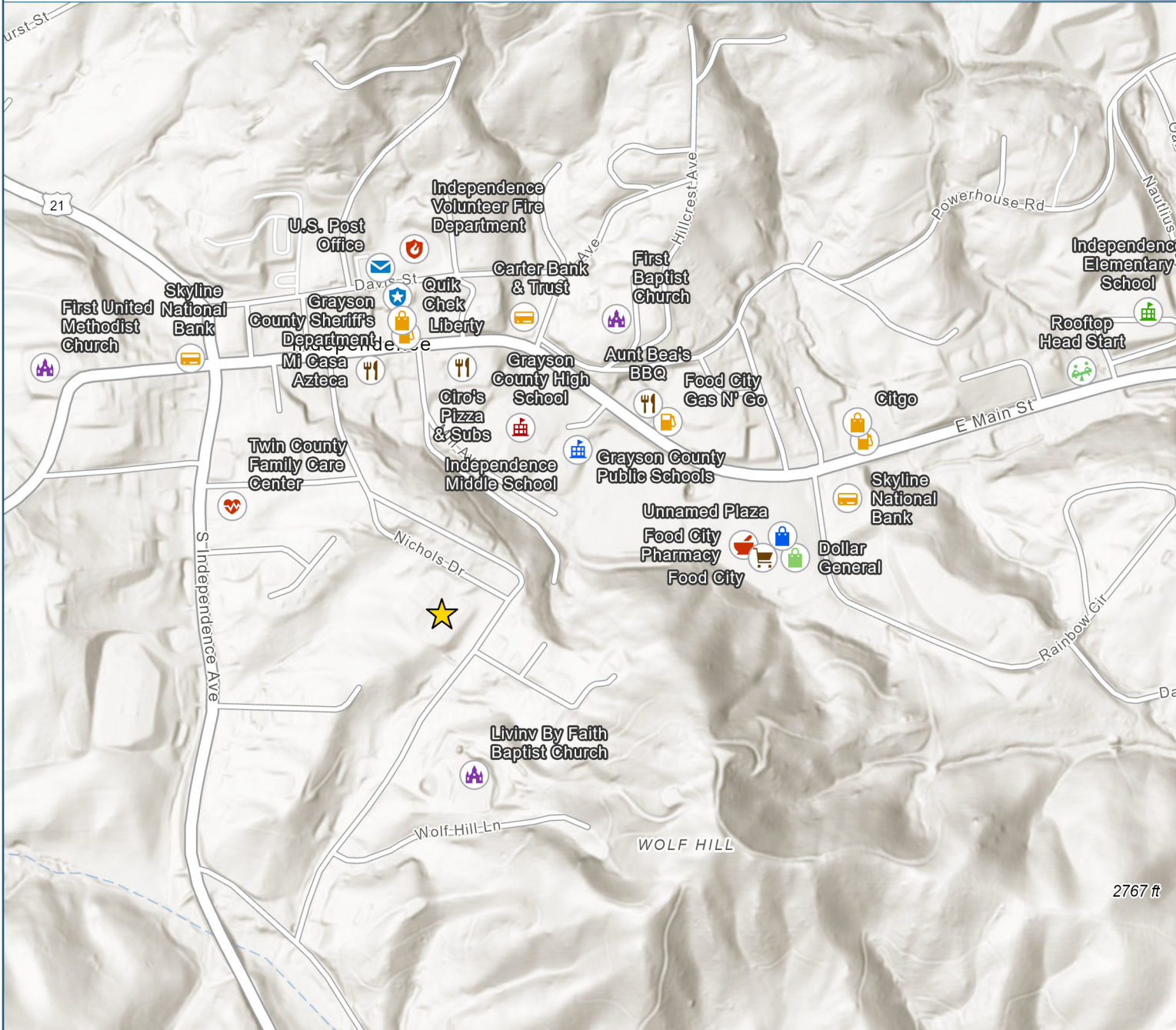
Site



PMA

Community Services

-  Major Employers/Employment Centers
-  Hospital/Medical Center
-  Police
-  Fire
-  Post Office
-  Pharmacy
-  Gas Station
-  Bank
-  Day Care
-  Schools, Elementary
-  Schools, Middle/Junior High
-  Schools, High
-  Church
-  Restaurant
-  Grocery
-  Convenience Store
-  Discount Department Store
-  Shopping Center/Mall



Esri, NASA, NGA, USGS, FEMA, Esri Community Maps Contributors, VGIN, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA
 Additional Source(s): Bowen National Research

























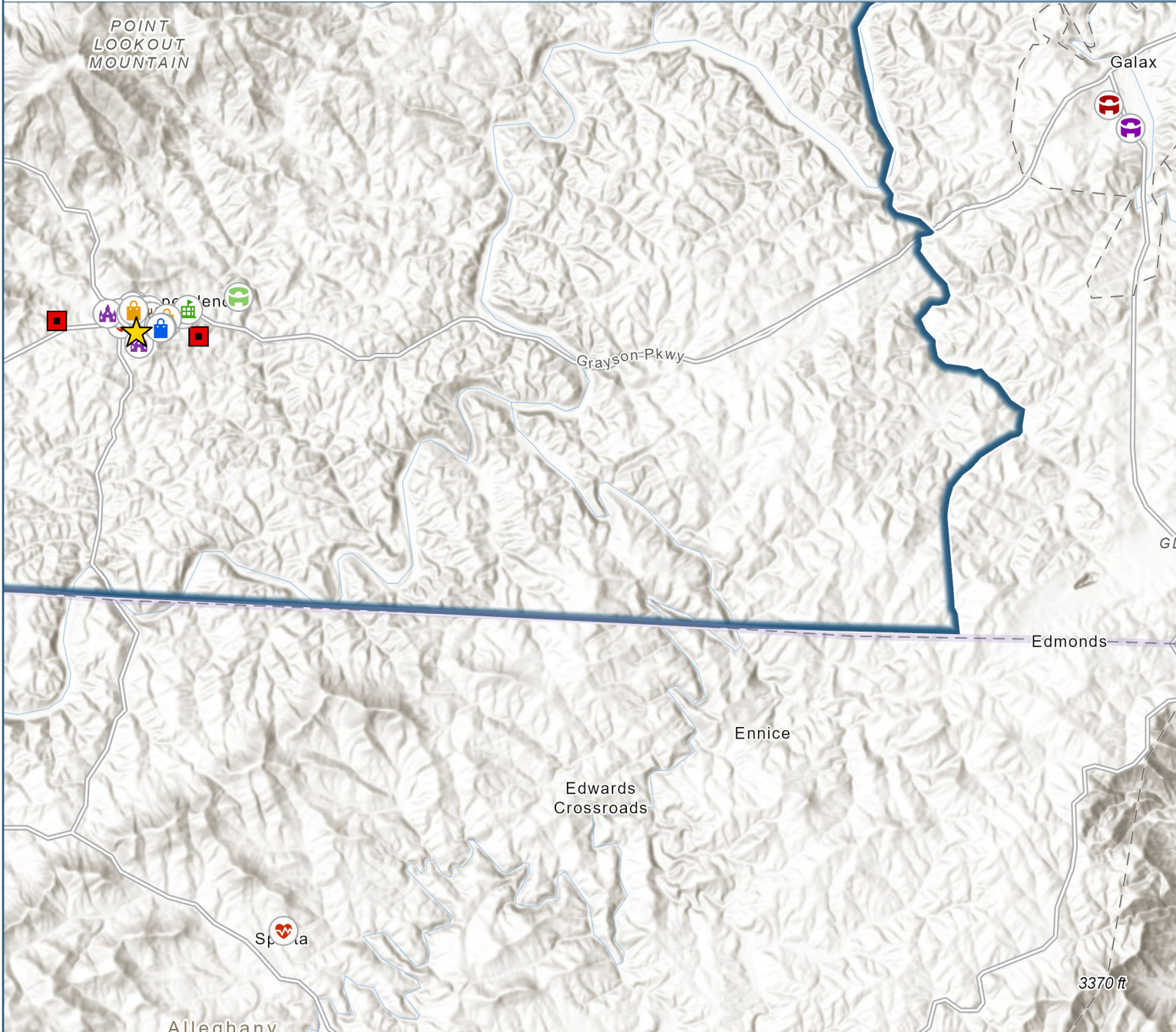
Site



PMA

Community Services

-  Major Employers/ Employment Centers
-  Hospital/ Medical Center
-  Police
-  Fire
-  Post Office
-  Pharmacy
-  Gas Station
-  Bank
-  Day Care
-  Schools, Elementary
-  Schools, Middle/ Junior High
-  Schools, High
-  Park
-  Recreational Facility
-  Senior Center
-  Community Center
-  Church
-  Restaurant
-  Grocery
-  Convenience Store
-  Discount Department Store
-  Shopping Center/ Mall



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Miles

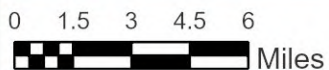
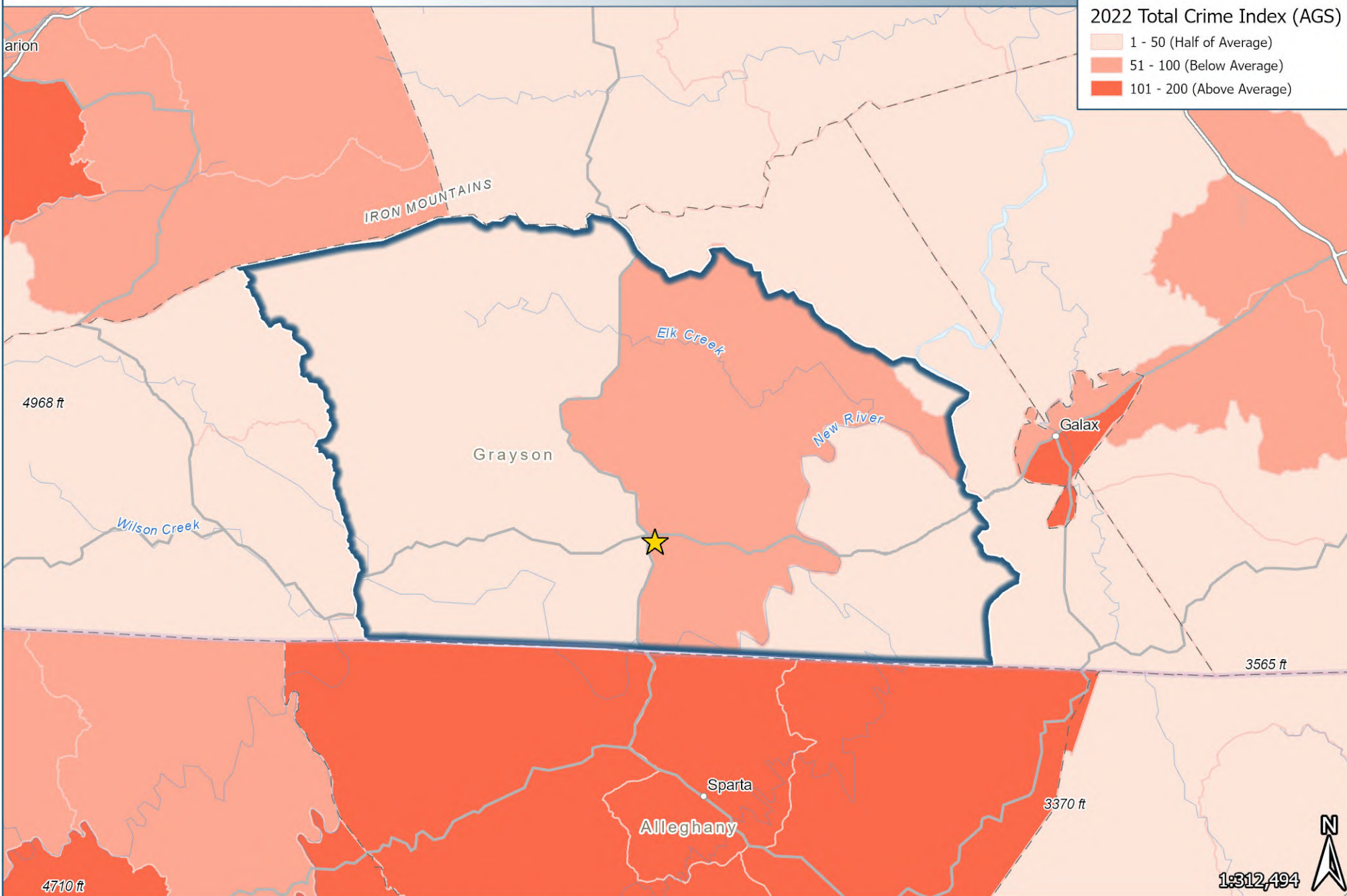
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 Additional Source(s): Bowen National Research

1:147,125



2022 Total Crime Index (AGS)

- 1 - 50 (Half of Average)
- 51 - 100 (Below Average)
- 101 - 200 (Above Average)



B. PRIMARY MARKET AREA DELINEATION

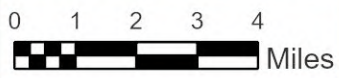
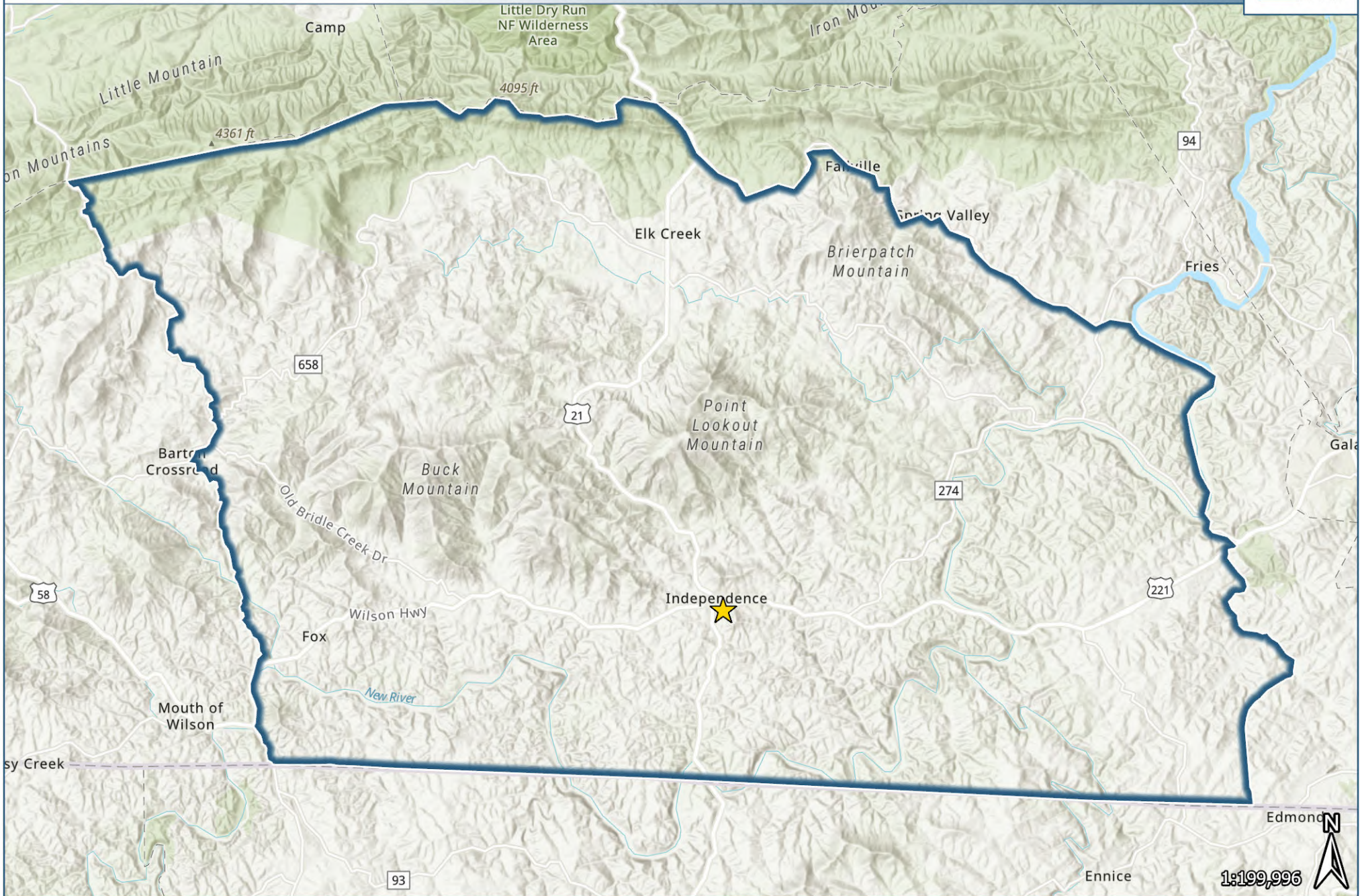
The Primary Market Area (PMA) is the geographical area from which most of the support for the subject development is expected to continue to originate. The Independence Site PMA was determined through interviews with management at the subject site, area leasing and real estate agents and the personal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

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

- Kayla Bryant is the Senior Property Manager for the subject property Grayson Manor. Ms. Bryant confirmed the boundaries of the Site PMA, stating that nearly all of the current tenants at the site originated from Independence or within the boundaries of the Site PMA. She noted that some additional interest comes from Galax, Virginia and Sparta, North Carolina; however, most individuals that move to the property are more local. Ms. Bryant added that with the limited amount of rental product in the area, many tenants tend to stay for longer terms once they move in.

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

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



C. DEMOGRAPHIC CHARACTERISTICS AND TRENDS

1. POPULATION TRENDS

The following demographic data relates to the Site PMA. It is important to note that not all estimates/projections quoted in this section agree because of the variety of sources and rounding methods used. In most cases, the differences in the estimates/projections do not vary more than 1.0%.

The Site PMA population bases for 2010, 2020, 2023 (estimated), and 2028 (projected) are summarized as follows:

	Year			
	2010 (Census)	2020 (Census)	2023 (Estimated)	2028 (Projected)
Population	7,652	8,226	8,068	8,013
Population Change	-	574	-158	-55
Percent Change	-	7.5%	-1.9%	-0.7%

Source: 2010 & 2020 Census; ESRI; Bowen National Research

The Independence Site PMA population base increased by 574 between 2010 and 2020. This represents a 7.5% increase over the 2010 population, or an annual rate of 0.8%. Between 2020 and 2023, the population declined by 158, or 1.9%. It is projected that the population will decrease by 55, or 0.7%, between 2023 and 2028.

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

Population by Age	2010 (Census)		2023 (Estimated)		2028 (Projected)		Change 2023-2028	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	1,591	20.8%	1,327	16.5%	1,354	16.9%	27	2.0%
20 to 24	364	4.8%	416	5.2%	383	4.8%	-33	-7.9%
25 to 34	679	8.9%	1,053	13.1%	890	11.1%	-163	-15.5%
35 to 44	964	12.6%	1,007	12.5%	1,070	13.3%	63	6.3%
45 to 54	1,200	15.7%	1,091	13.5%	1,043	13.0%	-48	-4.4%
55 to 64	1,233	16.1%	1,194	14.8%	1,090	13.6%	-104	-8.7%
65 to 74	863	11.3%	1,125	13.9%	1,167	14.6%	42	3.7%
75 & Older	757	9.9%	854	10.6%	1,013	12.6%	159	18.6%
Total	7,652	100.0%	8,068	100.0%	8,013	100.0%	-55	-0.7%

Source: Bowen National Research, ESRI, Census

Following renovations, the subject property will continue to target seniors aged 62 and older. Therefore, the senior population aged 65 and older is expected to be the primary group of potential tenants for the subject property. Notably, this age cohort is projected to increase in population by 201, or 10.2%, between 2023 and 2028.

2. HOUSEHOLD TRENDS

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

	Year			
	2010 (Census)	2020 (Census)	2023 (Estimated)	2028 (Projected)
Households	3,353	3,274	3,232	3,228
Household Change	-	-79	-42	-4
Percent Change	-	-2.4%	-1.3%	-0.1%
Average Household Size	2.32	2.25	2.17	2.16

Source: Bowen National Research, ESRI, Census

Within the Independence Site PMA, households decreased by 79 (2.4%) between 2010 and 2020. Between 2020 and 2023, households decreased by 42 or 1.3%. By 2028, there will be 3,228 households, a decrease of four (4) households, or 0.1% from 2023 levels. This is a decline of less than one household annually over the next five years and therefore is considered modest and not expected to have any tangible impact on the overall housing market within the Independence Site PMA.

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

Households by Age	2010 (Census)		2023 (Estimated)		2028 (Projected)		Change 2023-2028	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 25	114	3.4%	78	2.4%	76	2.3%	-2	-2.6%
25 to 34	316	9.4%	342	10.6%	279	8.7%	-63	-18.4%
35 to 44	503	15.0%	389	12.0%	413	12.8%	24	6.2%
45 to 54	687	20.5%	519	16.0%	492	15.2%	-27	-5.2%
55 to 64	695	20.7%	626	19.4%	564	17.5%	-62	-9.9%
65 to 74	541	16.1%	681	21.1%	700	21.7%	19	2.8%
75 & Older	497	14.8%	598	18.5%	705	21.9%	107	17.9%
Total	3,353	100.0%	3,232	100.0%	3,228	100.0%	-4	-0.1%

Source: Bowen National Research, ESRI, Census

Household growth will primarily be concentrated among seniors aged 65 and older between 2023 and 2028. Specifically, this age group is projected to increase by 126, or 9.9%, during this time period. This demographic segment is also projected to comprise nearly 44.0% of all households within the Independence Site PMA in 2028. These are good indications of ongoing demand for senior-oriented housing alternatives within this market.

Households by tenure in 2010 (census), 2023 (estimated), and 2028 (projected) are distributed as follows:

Tenure	2010 (Census)		2023 (Estimated)		2028 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	2,530	75.5%	2,541	78.6%	2,562	79.4%
Renter-Occupied	822	24.5%	691	21.4%	666	20.6%
Total	3,352	100%	3,232	100.0%	3,228	100.0%

Source: Bowen National Research, ESRI, Census

In 2023, homeowners occupied 78.6% of all occupied housing units, while the remaining 21.4% were occupied by renters.

Households by tenure for those age 62 and older in 2023 (estimated) and 2028 (projected) are distributed as follows:

Tenure (62+)	2023 (Estimated)		2028 (Projected)	
	Number	Percent	Number	Percent
Owner-Occupied	1,277	90.1%	1,220	83.6%
Renter-Occupied	140	9.9%	239	16.4%
Total	1,417	100.0%	1,459	100.0%

Source: Bowen National Research, ESRI, Census

In 2023, homeowners occupied 90.1% of all occupied senior housing units, while the remaining 9.9% were occupied by renters. While this is considered a low share of senior renter households, it is of note that both the number and share of senior renter households is projected to increase between 2023 and 2028. This is expected to increase demand for senior-oriented rental product within this market.

The household sizes by tenure for age 62 and older within the Independence Site PMA, based on the 2023 estimates and 2028 projections, were distributed as follows:

Persons per Owner Household (62+)	2023 (Estimated)		2028 (Projected)		Change 2023-2028	
	Households	Percent	Households	Percent	Households	Percent
1 Person	324	25.4%	311	25.5%	-13	-3.9%
2 Persons	649	50.8%	626	51.3%	-23	-3.6%
3+ Persons	304	23.8%	283	23.2%	-20	-6.7%
Total	1,277	100.0%	1,220	100.0%	-56	-4.4%

Source: Bowen National Research, ESRI, Census

Persons per Renter Household (62+)	2023 (Estimated)		2028 (Projected)		Change 2023-2028	
	Households	Percent	Households	Percent	Households	Percent
1 Person	71	50.8%	116	48.5%	44	62.3%
2 Persons	50	35.8%	90	37.6%	39	78.5%
3+ Persons	19	13.4%	33	13.9%	14	76.7%
Total	140	100.0%	239	100.0%	98	70.1%

Source: Bowen National Research, ESRI, Census

The one-bedroom units offered at the subject property are expected to primarily house up to two-person senior households. Notably, one- and two-person households comprise more than 86.0% of all senior renter households within the Independence Site PMA. Also note that nearly 85.0% of the household growth among senior renter households between 2023 and 2028 is projected to occur among households of these sizes. Based on the preceding factors, the subject property will continue to be able to accommodate the majority of senior renter households in the market, based on household size.

3. INCOME TRENDS

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

Household Income	2010 (Census)		2023 (Estimated)		2028 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Less Than \$15,000	645	19.2%	474	14.7%	391	12.1%
\$15,000 - \$24,999	608	18.1%	468	14.5%	419	13.0%
\$25,000 - \$34,999	399	11.9%	489	15.1%	481	14.9%
\$35,000 - \$49,999	571	17.0%	473	14.6%	460	14.3%
\$50,000 - \$74,999	667	19.9%	504	15.6%	526	16.3%
\$75,000 - \$99,999	267	8.0%	321	9.9%	340	10.5%
\$100,000 - \$149,999	150	4.5%	396	12.3%	467	14.5%
\$150,000 & Higher	47	1.4%	105	3.3%	142	4.4%
Total	3,353	100.0%	3,232	100.0%	3,228	100.0%
Median Income	\$35,657		\$40,833		\$45,493	

Source: Bowen National Research, ESRI, Census

In 2023, the median household income is estimated to be \$40,833. By 2028, it is projected that the median household income will be \$45,493, an increase of 11.4% over 2023.

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

Household Income (62+)	2023 (Estimated)		2028 (Projected)	
	Number	Percent	Number	Percent
Less Than \$15,000	194	13.7%	190	13.0%
\$15,000 - \$24,999	222	15.6%	200	13.7%
\$25,000 - \$34,999	189	13.3%	198	13.6%
\$35,000 - \$49,999	200	14.1%	206	14.1%
\$50,000 - \$74,999	244	17.2%	244	16.8%
\$75,000 - \$99,999	146	10.3%	150	10.3%
\$100,000 - \$149,999	171	12.1%	199	13.7%
\$150,000 & Higher	52	3.7%	70	4.8%
Total	1,417	100.0%	1,459	100.0%
Median Income	\$42,823		\$45,277	

Source: Bowen National Research, ESRI

In 2023, the median household income is estimated to be \$42,823. By 2028, it is projected that the median household income will be \$45,277, an increase of 5.7% over 2023.

The following tables illustrate renter household income by household size for 2020, 2023, and 2028 for the Independence Site PMA:

Renter Households	2020 (ACS)					
	1-Person	2-Person	3-Person	4-Person	5+Person	Total
Less Than \$15,000	124	52	13	5	10	204
\$15,000 - \$24,999	33	23	4	3	9	73
\$25,000 - \$34,999	33	55	28	18	34	168
\$35,000 - \$49,999	46	29	34	10	7	124
\$50,000 - \$74,999	2	8	7	7	1	25
\$75,000 - \$99,999	3	15	1	2	1	21
\$100,000 - \$149,999	14	10	7	38	4	74
\$150,000 & Higher	5	7	2	4	1	17
Total	260	199	95	87	65	706

Source: ESRI, Bowen National Research

Renter Households	2023 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5+Person	Total
Less Than \$15,000	110	47	12	5	10	184
\$15,000 - \$24,999	30	22	4	3	9	68
\$25,000 - \$34,999	31	53	26	18	37	166
\$35,000 - \$49,999	43	29	33	10	7	121
\$50,000 - \$74,999	2	8	7	7	1	25
\$75,000 - \$99,999	3	15	1	2	1	21
\$100,000 - \$149,999	15	11	7	44	4	83
\$150,000 & Higher	5	9	2	4	1	21
Total	240	194	92	93	71	691

Source: ESRI, Bowen National Research

Renter Households	2028 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5+Person	Total
Less Than \$15,000	87	41	10	5	10	158
\$15,000 - \$24,999	26	20	4	3	10	62
\$25,000 - \$34,999	29	51	24	18	41	164
\$35,000 - \$49,999	40	28	31	10	8	118
\$50,000 - \$74,999	2	8	7	8	2	26
\$75,000 - \$99,999	3	16	1	2	1	22
\$100,000 - \$149,999	17	13	8	51	5	94
\$150,000 & Higher	6	11	3	5	2	27
Total	214	188	88	102	79	671

Source: ESRI, Bowen National Research

The following tables illustrate renter household income by household size for ages 62 and older in 2020, 2023, and 2028 for the Independence Site PMA:

Renter Households (62+)	2020 (ACS)			
	1-Person	2-Person	3+Person	Total
Less Than \$15,000	26	6	1	33
\$15,000 - \$24,999	6	3	0	9
\$25,000 - \$34,999	5	8	3	16
\$35,000 - \$49,999	6	5	3	14
\$50,000 - \$74,999	0	1	1	2
\$75,000 - \$99,999	0	1	0	2
\$100,000 - \$149,999	1	2	1	3
\$150,000 & Higher	0	0	0	1
Total	45	27	10	81

Source: 2020 Census, ESRI, Bowen National Research

Renter Households (62+)	2023 (Estimated)			
	1-Person	2-Person	3+Person	Total
Less Than \$15,000	38	10	2	50
\$15,000 - \$24,999	9	5	1	15
\$25,000 - \$34,999	9	15	5	29
\$35,000 - \$49,999	10	9	6	26
\$50,000 - \$74,999	0	2	3	5
\$75,000 - \$99,999	1	3	0	4
\$100,000 - \$149,999	3	4	1	9
\$150,000 & Higher	1	2	0	3
Total	71	50	19	140

Source: 2020 Census, ESRI, Bowen National Research

Renter Households (62+)	2028 (Projected)			
	1-Person	2-Person	3+Person	Total
Less Than \$15,000	59	16	3	78
\$15,000 - \$24,999	15	9	1	25
\$25,000 - \$34,999	15	27	8	50
\$35,000 - \$49,999	18	17	11	45
\$50,000 - \$74,999	1	3	5	8
\$75,000 - \$99,999	1	6	1	7
\$100,000 - \$149,999	6	9	3	18
\$150,000 & Higher	2	4	1	7
Total	116	90	33	239

Source: 2020 Census, ESRI, Bowen National Research

The following tables illustrate owner household income by household size for ages 62 and older in 2020, 2023, and 2028 for the Independence Site PMA:

Owner Households (62+)	2020 (ACS)			
	1-Person	2-Person	3+Person	Total
Less Than \$15,000	104	41	17	162
\$15,000 - \$24,999	84	116	25	225
\$25,000 - \$34,999	36	100	31	167
\$35,000 - \$49,999	32	107	43	183
\$50,000 - \$74,999	31	109	101	241
\$75,000 - \$99,999	22	77	43	141
\$100,000 - \$149,999	18	83	50	151
\$150,000 & Higher	4	30	5	40
Total	332	663	316	1,311

Source: 2020 Census, ESRI, Bowen National Research

Owner Households (62+)	2023 (Estimated)			
	1-Person	2-Person	3+Person	Total
Less Than \$15,000	93	36	15	144
\$15,000 - \$24,999	79	105	22	206
\$25,000 - \$34,999	36	95	29	160
\$35,000 - \$49,999	32	102	40	175
\$50,000 - \$74,999	33	108	98	239
\$75,000 - \$99,999	24	77	42	142
\$100,000 - \$149,999	21	89	52	163
\$150,000 & Higher	6	37	6	49
Total	324	649	304	1,277

Source: 2020 Census, ESRI, Bowen National Research

Owner Households (62+)	2028 (Projected)			
	1-Person	2-Person	3+Person	Total
Less Than \$15,000	76	26	10	112
\$15,000 - \$24,999	71	86	17	174
\$25,000 - \$34,999	36	87	25	149
\$35,000 - \$49,999	33	93	35	161
\$50,000 - \$74,999	36	108	92	236
\$75,000 - \$99,999	26	77	40	143
\$100,000 - \$149,999	25	100	56	182
\$150,000 & Higher	8	47	8	63
Total	311	626	283	1,220

Source: 2020 Census, ESRI, Bowen National Research

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

Demographic Summary

The Independence Site PMA is projected to experience a decline in both total population and households between 2023 and 2028. The decline in households, however, will be modest at less than one household annually during this time period. Further, households aged 62 and older are projected

to increase by 42, or 3.0%, during this same time period. In fact, household growth among senior (age 62 and older) renter households is projected to outpace overall household growth among seniors during this time period. Further, nearly two-thirds (64.0%) of senior renter households are projected to earn less than \$35,000 in 2028. Based on the preceding factors, a good base of potential demographic support exists for affordable senior-oriented rental product within the Independence Site PMA, despite the projected overall household decline for the area over the next five-year period.

D. LOCAL ECONOMIC PROFILE AND ANALYSIS

1. LABOR FORCE PROFILE

The labor force within the Independence Site PMA is based primarily in two sectors. Education Services (which comprises 34.4%) and Public Administration comprise nearly 45.7% of the Site PMA labor force. Employment in the Independence Site PMA, as of 2022, was distributed as follows:

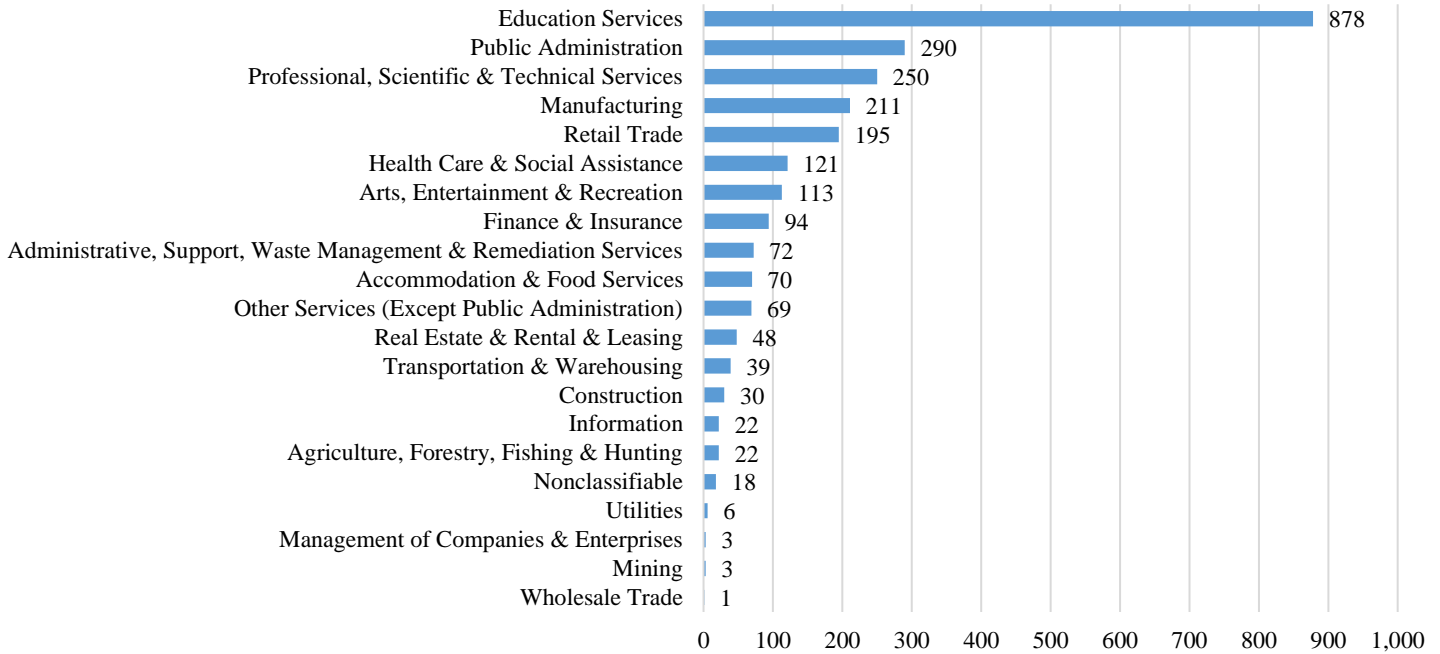
NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	6	2.6%	22	0.9%	4
Mining	1	0.4%	3	0.1%	3
Utilities	1	0.4%	6	0.2%	6
Construction	10	4.4%	30	1.2%	3
Manufacturing	12	5.3%	211	8.3%	18
Wholesale Trade	1	0.4%	1	0.0%	1
Retail Trade	32	14.1%	195	7.6%	6
Transportation & Warehousing	5	2.2%	39	1.5%	8
Information	4	1.8%	22	0.9%	6
Finance & Insurance	8	3.5%	94	3.7%	12
Real Estate & Rental & Leasing	14	6.2%	48	1.9%	3
Professional, Scientific & Technical Services	17	7.5%	250	9.8%	15
Management of Companies & Enterprises	1	0.4%	3	0.1%	3
Administrative, Support, Waste Management & Remediation Services	7	3.1%	72	2.8%	10
Education Services	11	4.8%	878	34.4%	80
Health Care & Social Assistance	14	6.2%	121	4.7%	9
Arts, Entertainment & Recreation	10	4.4%	113	4.4%	11
Accommodation & Food Services	10	4.4%	70	2.7%	7
Other Services (Except Public Administration)	27	11.9%	69	2.7%	3
Public Administration	30	13.2%	290	11.4%	10
Nonclassifiable	6	2.6%	18	0.7%	3
Total	227	100.0%	2,555	100.0%	11

Source: Bowen National Research, ESRI, Census

E.P.E.- Average Employees Per Establishment

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

Total Employment by Industry



Typical wages by job category for Grayson County are compared with the state of Virginia in the following table:

Typical Wage by Occupation Type		
Occupation Type	Grayson County	Virginia
Management Occupations	\$34,359	\$86,982
Business And Financial Occupations	\$30,417	\$79,492
Computer And Mathematical Occupations	\$36,250	\$101,948
Architecture And Engineering Occupations	\$76,094	\$91,391
Community And Social Service Occupations	\$32,786	\$47,562
Art, Design, Entertainment, Sports, and Media Occupations	\$35,556	\$50,373
Healthcare Practitioners and Technical Occupations	\$35,051	\$62,062
Healthcare Support Occupations	\$21,796	\$25,438
Protective Service Occupations	\$40,625	\$54,227
Food Preparation and Serving Related Occupations	\$9,036	\$14,943
Building And Grounds Cleaning and Maintenance Occupations	\$11,000	\$22,369
Personal Care and Service Occupations	\$15,192	\$19,079
Sales And Related Occupations	\$23,432	\$31,683
Office And Administrative Support Occupations	\$39,250	\$36,507
Construction And Extraction Occupations	\$37,059	\$39,747
Installation, Maintenance and Repair Occupations	\$25,543	\$49,448
Production Occupations	\$33,180	\$38,983
Transportation Occupations	\$38,798	\$37,617
Material Moving Occupations	\$30,219	\$24,872

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

Most occupational types within Grayson County have lower typical wages than the state of Virginia’s typical wages. Regardless, the subject property is primarily expected to accommodate senior households earning less than \$35,000. Thus, many typical wages in the area are conducive to affordable housing alternatives such as that offered at the subject property. Nonetheless, as the subject project is restricted to seniors aged 62 and older, typical wages are expected to be less impactful on the property as compared to a traditional general-occupancy property as many tenants of the subject project are expected to be retired and/or living on a fixed income.

The ten largest employers within the Grayson County area are summarized in the following table. Note that the total number employed was not available for these employers at the time of this analysis.

Employer Name	Business Type
Select A Service LLC	Marketing Firm
Grayson County Correctional Center	Government
Grayson County School Board	Education
Grayson County	Government
Food City	Supermarket Chain
Grayson Nursing & Rehab Center	Health Care
The Grayson National Bank	Finance
Real Performance Machinery	Manufacturer
McAllister Mills	Manufacturer
Hansen Turbine Assemblies	Manufacturer

*Virginia Employment Commission 03/04/2023

Despite multiple attempts, we were unable to receive a response from area economic development representatives regarding the status of the local economy. The following are summaries of some recent and notable economic development activity within the Grayson County area based on our research at the time of this analysis.

- Woodgrain Inc., to be located in Grayson County and Smyth County, will invest \$8 million to purchase and expand the former Independence sawmill into a dimensional sawmill, creating 20 new jobs within Grayson County. In Smyth County they plan to invest \$9 million to expand operations, creating 80 new jobs.

Infrastructure:

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

WARN (layoff notices):

WARN Notices of large-scale layoffs/closures were reviewed on February 23, 2023, and according to the Virginia Employment Commission there have been no WARN notices reported for Independence over the past 12 months.

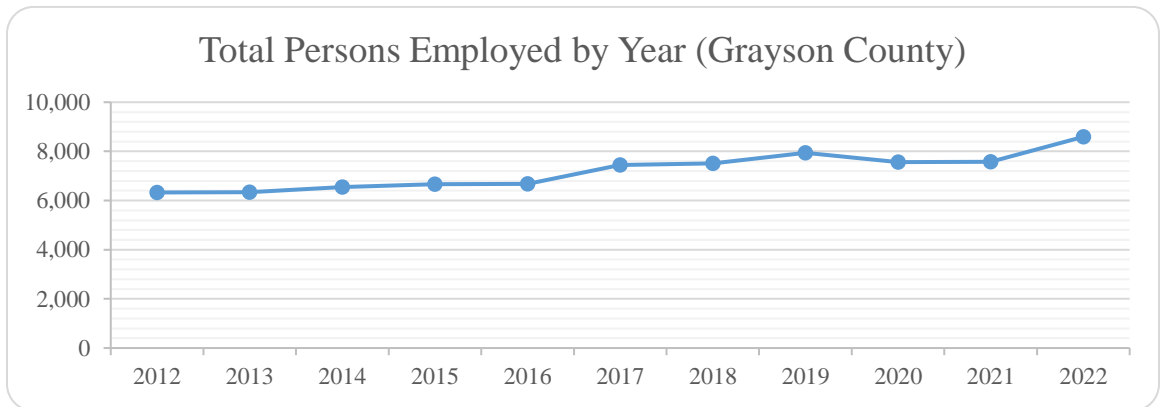
2. EMPLOYMENT TRENDS

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

The following illustrates the total employment base for Grayson County, the state of Virginia, and the United States. Total employment reflects the number of employed persons who live within the county.

Year	Total Employment					
	Grayson County		Virginia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2012	6,329	-	3,967,151	-	142,469,000	-
2013	6,345	0.3%	4,002,057	0.9%	143,929,000	1.0%
2014	6,552	3.3%	4,040,908	1.0%	146,305,000	1.7%
2015	6,659	1.6%	4,048,081	0.2%	148,833,000	1.7%
2016	6,677	0.3%	4,084,822	0.9%	151,436,000	1.7%
2017	7,441	11.4%	4,193,290	2.7%	153,337,000	1.3%
2018	7,511	0.9%	4,255,213	1.5%	155,761,000	1.6%
2019	7,941	5.7%	4,332,647	1.8%	157,538,000	1.1%
2020	7,563	-4.8%	4,097,860	-5.4%	147,795,000	-6.2%
2021	7,580	0.2%	4,100,803	0.1%	152,581,000	3.2%
2022	8,592	13.4%	4,220,792	2.9%	158,291,000	3.7%

Source: Bureau of Labor Statistics

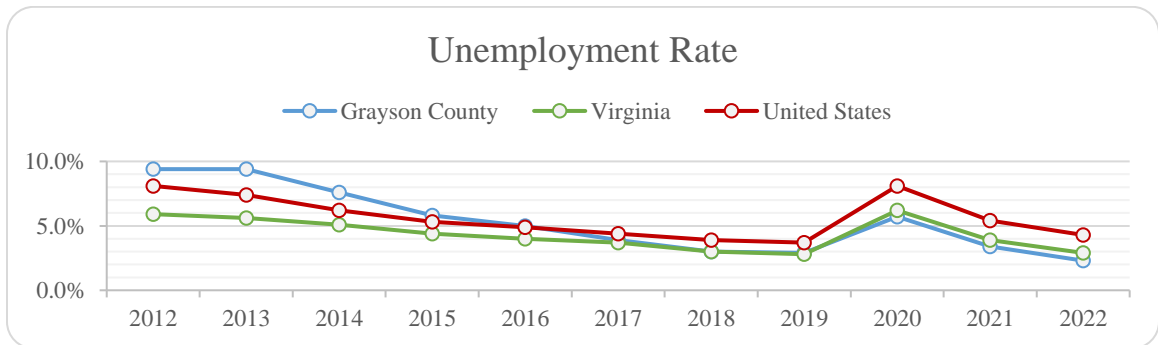


The Grayson County employment base increased each year between 2012 and 2019, prior to the impact of the pandemic in 2020. During the initial impact of the pandemic in 2020, the county employment base declined by 378, or 4.8%. This is a lower rate of decline than that experienced for the state of Virginia (5.4%) and the country as a whole (6.2%) during this same time. Since 2020, the county employment base has increased by 1,029, or 13.6%, through 2022. Further, the employment base reported for Grayson County in 2022 is the largest reported for the county in any given year over the past decade. Thus, the county employment base has fully recovered from the initial impact of the pandemic, in terms of total employment.

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

Year	Unemployment Rate		
	Grayson County	Virginia	United States
2012	9.4%	5.9%	8.1%
2013	9.4%	5.6%	7.4%
2014	7.6%	5.1%	6.2%
2015	5.8%	4.4%	5.3%
2016	5.0%	4.0%	4.9%
2017	3.9%	3.7%	4.4%
2018	3.0%	3.0%	3.9%
2019	2.9%	2.8%	3.7%
2020	5.7%	6.2%	8.1%
2021	3.4%	3.9%	5.4%
2022*	2.3%	2.9%	4.3%

Source: Department of Labor, Bureau of Labor Statistics



The annual unemployment rate within the county increased by nearly three full percentage points during the initial impact of the pandemic in 2020. Since, however, the annual unemployment rate has declined by more than three full percentage points and was just 2.3% in 2022. This is lower than both state and national averages, a trend which has been ongoing since 2020.

The following table illustrates the county's *monthly* unemployment rate since January 2020:

Monthly Unemployment Rate – Grayson County					
Month	Rate	Month	Rate	Month	Rate
2020		2021		2022	
January	3.4%	January	4.6%	January	2.8%
February	3.4%	February	4.3%	February	2.6%
March	4.8%	March	4.0%	March	2.3%
April	11.7%	April	3.3%	April	2.0%
May	8.1%	May	3.4%	May	2.4%
June	8.0%	June	4.0%	June	2.4%
July	7.2%	July	3.7%	July	2.3%
August	6.0%	August	3.5%	August	2.5%
September	4.7%	September	2.8%	September	1.9%
October	3.7%	October	2.4%	October	2.1%
November	3.8%	November	2.3%	November	2.2%
December	3.8%	December	2.0%	December	2.2%

Source: Department of Labor, Bureau of Labor Statistics

The monthly unemployment rate within the county reached a high of 11.7% during the initial impact of the pandemic in April of 2020. This quickly began to decline, however, beginning in May of 2020 and has since fallen to a rate of 2.2% as of December 2022. This is lower than pre-pandemic levels reported in January and February of 2020.

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

Year	In-Place Employment Grayson County		
	Employment	Change	Percent Change
2012	2,333	-	-
2013	2,336	3	0.1%
2014	2,490	154	6.6%
2015	2,554	64	2.6%
2016	2,650	96	3.8%
2017	2,875	225	8.5%
2018	2,980	105	3.7%
2019	3,217	237	8.0%
2020	3,171	-46	-1.4%
2021	3,068	-103	-3.2%
2022*	3,103	35	1.1%

Source: Department of Labor, Bureau of Labor Statistics

*Through June

Data for 2021, the most recent year that year-end figures are available, indicates in-place employment in Grayson County to be 40.5% of the total Grayson County employment. This means that Grayson County has more employed persons leaving the county for daytime employment than those who work in the county. This is not uncommon, however, of rural areas such as the Grayson County area and is not expected to have any adverse impact on the continued marketability of the subject property.

3. ECONOMIC FORECAST

Prior to the impact of the COVID-19 pandemic, the Grayson County economy was improving, both in terms of total employment and unemployment rates. In 2020, however, the county employment base declined by nearly 5.0% and the annual unemployment rate increased by nearly three full percentage points. The rate of employment decline within the county during this time was lower than that reported for the state of Virginia and the annual unemployment rate remained below both state and national averages, despite the negative impact of the pandemic. Further, the Grayson County economy has steadily improved since 2020, both in terms of total employment and unemployment rates. The total employment base reported for the county through 2022 is the largest reported for any given year over the past decade and the annual unemployment rate of 2.3% is lower than pre-pandemic levels. Based on the preceding factors, the Grayson County economy has fully recovered from the initial impact of the pandemic, both in terms of total employment and unemployment rates.

4. COMMUTING PATTERNS

The following is a distribution of commuting patterns for Site PMA workers age 16 and over:

Mode of Transportation	Workers Age 16+	
	Number	Percent
Drove Alone	2,452	81.0%
Carpooled	222	7.3%
Public Transit	52	1.7%
Walked	21	0.7%
Motorcycle	0	0.0%
Bicycle	0	0.0%
Other Means	135	4.5%
Worked at Home	146	4.8%
Total	3,028	100.0%

Source: Bowen National Research, ESRI

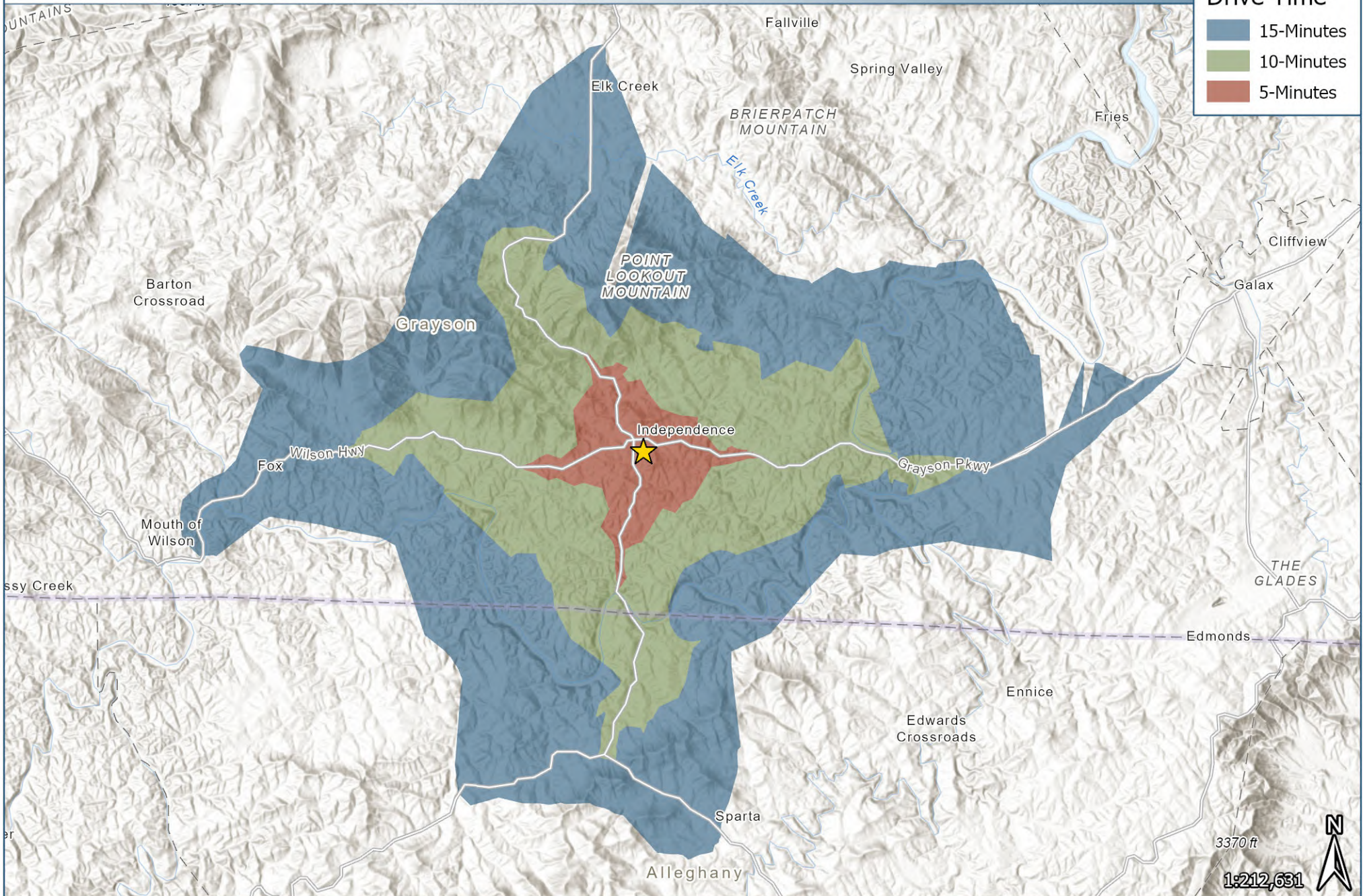
Approximately 81% of all workers drove alone, 7.3% carpooled, and 1.7% used public transportation.

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

Travel Time	Workers Age 16+	
	Number	Percent
Less Than 15 Minutes	852	29.6%
15 – 29 Minutes	1,114	38.7%
30 – 44 Minutes	597	20.7%
45 – 59 Minutes	178	6.2%
60 + Minutes	141	4.9%
Total	2,882	100.0%

Source: Bowen National Research, ESRI

The largest share of area commuters has typical travel times to work ranging from 15 to 29 minutes. The subject site is within a 30-minute drive to most of the area's largest employers, which should contribute to its marketability among seniors still in the workforce. A drive-time map for the subject site is on the following page.



V. Rental Housing Analysis (Supply)

A. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Independence Site PMA in 2010 and 2023, are summarized in the following table:

Housing Status	2010 (Census)		2023 (Estimate)	
	Number	Percent	Number	Percent
Total-Occupied	3,352	72.6%	3,232	69.6%
Owner-Occupied	2,530	75.5%	2,541	78.6%
Renter-Occupied	822	24.5%	691	21.4%
Vacant	1,262	27.3%	1,414	30.4%
Total	4,615	100.0%	4,646	100.0%

Source: 2010 Census, ESRI, Bowen National Research

Of the 4,646 total housing units in the market, 30.4% were vacant. While this is considered a high share of vacant housing units, it is also important to understand that this includes abandoned and/or for-sale housing units, as well as housing units utilized solely for seasonal/recreational purposes. Notably, more than half (51.2%) of the vacant units reported for the Independence Site PMA are classified as “Seasonal or Recreational”, while nearly 40.0% are classified as “Other Vacant”. Therefore, the vast majority of the vacant units reported in the preceding table are not believed to be vacant rental units. Nonetheless, we conducted a Field Survey of Conventional Rentals to better determine the strength of the long-term rental market within the Independence Site PMA.

Conventional Apartments

The Independence Site PMA is very rural and thus offers a limited supply of conventional rental product, as evident by the fact that we identified and personally surveyed just two conventional rental housing projects, one of which is the subject property. These two properties contain a total of 80 units which are 100.0% occupied. Each rental housing segment surveyed is summarized in the following table.

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

As the preceding illustrates, both properties surveyed in the Independence Site PMA are affordable properties operating under the Low-Income Housing Tax Credit (LIHTC) and/or government-subsidized programs. These product types along with the 100.0% occupancy rates are clear indications that affordable rental product is in high demand within the subject market.

Note that while the 80 units offered between the two properties surveyed comprise less than 12.0% of the 691 renter-occupied housing units estimated within the Independence Site PMA, this is due to the large concentration of non-conventional rentals in this market. Such properties are generally comprised of single-family home rentals, duplex-style structures, units above store fronts, and/or mobile homes. Based on American Community Survey (ACS) data, approximately 98.0% of all renter-occupied units within the Independence Site PMA are within these aforementioned structure types.

Due to the very limited supply of conventional rental product, it was necessary to identify and survey such product located outside the Independence Site PMA to establish a good base of comparison for the subject property. Thus, a total of six properties (three non-subsidized Tax Credit and three unrestricted market-rate) were surveyed in the surrounding areas of Wytheville, Virginia and Elkin and Mount Airy, North Carolina. While we recognize that these properties will not be directly competitive with the subject property due to their location, they will provide a good base of comparison as they are representative of some of the nearest non-subsidized rental product available within the region. These properties are evaluated in further detail later in our comparable Tax Credit analysis and Achievable Market Rent analysis.

Government-Subsidized

The unit distribution for the two government-subsidized projects surveyed within the Independence Site PMA, including the subject property, is summarized as follows.

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

The subsidized properties surveyed offer one- through three-bedroom units, all of which are occupied (0.0% vacancy rate). This demonstrates that rental product which is affordable to very low-income households is in high demand within this market. Considering that the subject property will continue to operate with Rental Assistance (RA) provided directly through the Rural Development (RD) program following renovations, it will continue to provide an affordable rental product that is highly demanded within the Independence market.

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

B. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

Following renovations, the subject property will continue to target senior (age 62 and older) households earning up to 60% of Area Median Household Income (AMH) under the Low-Income Housing Tax Credit (LIHTC) program. In addition, the property will also continue to operate under the Rural Development 515 (RD 515) program with Rental Assistance (RA) provided to all 32 units. For the purpose of this analysis, however, we only select comparable non-subsidized LIHTC properties to evaluate the subject property in the unlikely event the project-based subsidy was lost, and the property had to operate exclusively under the LIHTC program.

Due to the lack of non-subsidized LIHTC product in the Independence Site PMA, the three properties selected for this analysis are located in the surrounding areas of Elkin and Mount Airy, North Carolina. Although located outside the Independence Site PMA and across state lines in North Carolina, all three of the properties selected for this analysis are also located in areas which are designated as rural-eligible by the United States Department of Agriculture (USDA), similar to the subject property. Thus, these properties comply with the same rent and income limits as the subject property and therefore will provide a good base of comparison, despite their location.

Also note that two of the three properties selected for this analysis are age-restricted, while one is general-occupancy. Although one property is open to households of all ages, it offers unit types similar to those at the subject project, in terms of bedroom type and targeted income (AMHI) level. Thus, this property will provide a good additional base of comparability.

The three LIHTC properties selected for this analysis and the proposed subject development are summarized as follows. Information regarding property address, phone number, contact name and utility responsibility is included in *Section XI, Comparable Property Profiles*.

Map I.D.	Project Name	Year Built/Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	Grayson Manor	1998 / 2024	32	100.0%	-	10 HH	Seniors 62+; 60% AMHI & RD 515
904	Chatham Woods Senior	1948 / 2003	30	100.0%	38.5 Miles	6-12 Months	Seniors 55+; 60% AMHI
905	Cooper Terrace	2015	56	100.0%	37.6 Miles	7-8 Months	Families; 50% & 60% AMHI & Key
907	Whistler's Cove	2016	60	100.0%	40.7 Miles	25 HH	Seniors 55+; 50% & 60% AMHI

OCC. – Occupancy; HH – Households
 900 Series Map IDs are located outside the Site PMA

The three comparable LIHTC projects have a combined occupancy rate of 100.0% and all three maintain waiting lists for their next available units. These are clear indications of strong and pent-up demand for LIHTC product within the surrounding region.

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

Map I.D.	Project Name	Total Units	Number of Vouchers	Share of Vouchers
904*	Chatham Woods Senior	30	6	20.0%
905	Cooper Terrace	56	10	17.9%
907*	Whistler's Cove	60	34	56.7%
Total		146	50	34.2%

900 Series Map IDs are located outside the Site PMA

*Age-restricted

There are a total of approximately 50 voucher holders residing at the comparable properties within the region. This comprises 34.2% of the 146 total non-subsidized LIHTC units offered among these properties. This is a relatively typical share of voucher support but also indicates that the gross rents at these properties are achievable within the region as nearly two-thirds (65.8%) of the units offered among these properties are currently occupied by non-voucher holders.

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

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
Site	Grayson Manor	\$534*/60% (5) \$668*/60% (27)	-	-	-
904**	Chatham Woods Senior	\$543-\$573/60% (18/0)	\$657/60% (12/0)	-	None
905	Cooper Terrace	\$662/50% (4/0) \$795/60% (4/0)	SUB/50% (3/0) \$801/50% (13/0) SUB/60% (3/0) \$962/60% (13/0)	\$925/50% (8/0) \$1,111/60% (8/0)	None
907**	Whistler's Cove	\$713/50% (17/0) \$749/60% (12/0)	\$814/50% (19/0) \$873/60% (12/0)	-	None

Note: Subject units are *income* restricted at 60% of AMHI but *rent* restricted at 40% and 50% of AMHI.

SUB - Subsidized (residents pay 30% of their income, as this is a government-subsidized property, which also operates under the Tax Credit program)

900 Series Map IDs are located outside the Site PMA

*Reflective of maximum allowable LIHTC rent as proposed rent under subsidized program exceeds this level

**Age-restricted

As the preceding illustrates, the subject’s gross Tax Credit rents are within range of those reported for similar unit types offered among the comparable properties. Thus, the subject rents are considered appropriate for and marketable within the Independence market in the unlikely event the subject property was to operate exclusively under the LIHTC program without the assistance of a project-based subsidy. However, as our demand estimates illustrate in Section VII, a more limited base of potential support exists for the subject project within the Independence Site PMA in the unlikely event Rental Assistance (RA) was lost, and the property had the operate exclusively under the LIHTC program. In reality, the subject property will retain RA on all units following renovations. This will ensure the property remains a significant value and has a sufficient base of potential support within the market as all tenants will be required to pay up to only 30% of their income towards rent, rather than the non-subsidized Tax Credit rents evaluated throughout this report.

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

Map I.D.	Project Name	Square Footage		
		One-Br.	Two-Br.	Three-Br.
Site	Grayson Manor	567	-	-
904*	Chatham Woods Senior	450 - 566	740 - 891	-
905	Cooper Terrace	718	1,052	1,198
907*	Whistler's Cove	695	921	-

900 Series Map IDs are located outside the Site PMA

*Age-restricted

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

900 Series Map IDs are located outside the Site PMA

*Age-restricted

The subject development is competitive with the existing non-subsidized LIHTC projects in the region based on unit size (square footage) and the number of baths offered. The 100.0% occupancy rate reported for the subject property also demonstrates the marketability of the subject’s unit design within the Independence Site PMA.

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

Tax Credit Unit Amenities by Map ID

	Site* ♦	904 ♦	905	907 ♦
Appliances	Dishwasher	X		X
	Disposal			X
	Microwave			X
	Range	X	X	X
	Refrigerator	X	X	X
	W/D Hookup			X
	W/D			X
	No Appliances			
Unit Amenities	AC-Central	X	X	X
	AC-Other			
	Balcony/ Patio/ Sunroom	X		X
	Basement			
	Ceiling Fan			X
	Controlled Access		X	X
	E-Call System	X	X	X
	Furnished			
	Walk-In Closet			X
	Window Treatments	X	X	X
				S
Flooring	Carpet		X	X
	Ceramic Tile			
	Hardwood			
	Finished Concrete			
	Composite/Vinyl/Laminate	X	X	X
Upgraded	Premium Appliances			
	Premium Countertops			
	Premium Cabinetry			
	Premium Fixtures			
	High/Vaulted Ceilings			
	Oversized Windows			
Parking	Attached Garage			
	Detached Garage			
	Street Parking			
	Surface Lot	X	X	X
	Carport			
	Property Parking Garage			
	No Provided Parking			

♦ - Senior Property

* Proposed Site(s): Grayson Manor

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

** Details in Comparable Property Profile Report

Continued on Next Page

Tax Credit Property Amenities by Map ID

	Site*◆	904◆	905	907◆
Bike Racks / Storage				
Computer/Business Center			X	X
Car Care **				
Community Garden				
Community				
Multipurpose Room	X	X		X
Chapel				
Community Kitchen	X			
Dining Room - Private				
Dining Room - Public				
Rooftop Terrace				
Concierge Service **				
Convenience Amenities **				
Covered Outdoor Area **	X			X
Elevator		X		X
Laundry Room	X	X	X	
On-Site Management	X	X	X	X
Pet Care **				
Recreation				
Basketball				
Bocce Ball				
Firepit				
Fitness Center		X	X	
Grilling Area				
Game Room - Billiards		X		
Walking Path				
Hot Tub				
Library				
Media Room / Theater				
Playground			X	
Putting Green				
Racquetball				
Shuffleboard				
Swimming Pool - Indoor				
Swimming Pool - Outdoor				
Tennis				
Volleyball				
Security				
CCTV				X
Courtesy Officer				
Security Gate				
Social Services **				
Storage - Extra			X	X
Common Space WiFi	x		X	X

◆ - Senior Property

* Proposed Site(s): Grayson Manor

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

** Details in Comparable Property Profile Report

The amenity package offered at the subject property is generally competitive with those offered among the non-subsidized LIHTC properties surveyed in the surrounding region, both in terms of unit and project amenities. Further, the existing subject property is currently 100.0% occupied with a waiting list maintained for their next available unit. This is a clear indication that the amenity package offered is appropriate for and marketable to the targeted senior population.

Comparable Tax Credit Summary

The existing subject property is the only property to operate under the LIHTC program within the Independence Site PMA. Thus, all three of the comparable properties selected for this analysis are located outside the subject market. Specifically, these three properties are located in the Elkin and Mount Airy, North Carolina markets. All three of these properties, two of which are age-restricted, are 100.0% occupied with waiting lists. The subject's proposed gross Tax Credit rents are competitive with those reported for similar unit types offered among these properties. Regardless, the subject property will continue to operate with Rental Assistance (RA) available to all units following renovations. This will ensure the subject property remains of significant value as all tenants will be required to pay up to only 30% of their income towards rent. The subject property is also competitive and marketable in terms of unit design and amenities offered, which is further evident by the 100.0% occupancy rate currently reported for the subject property.

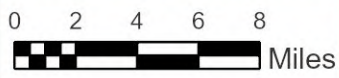
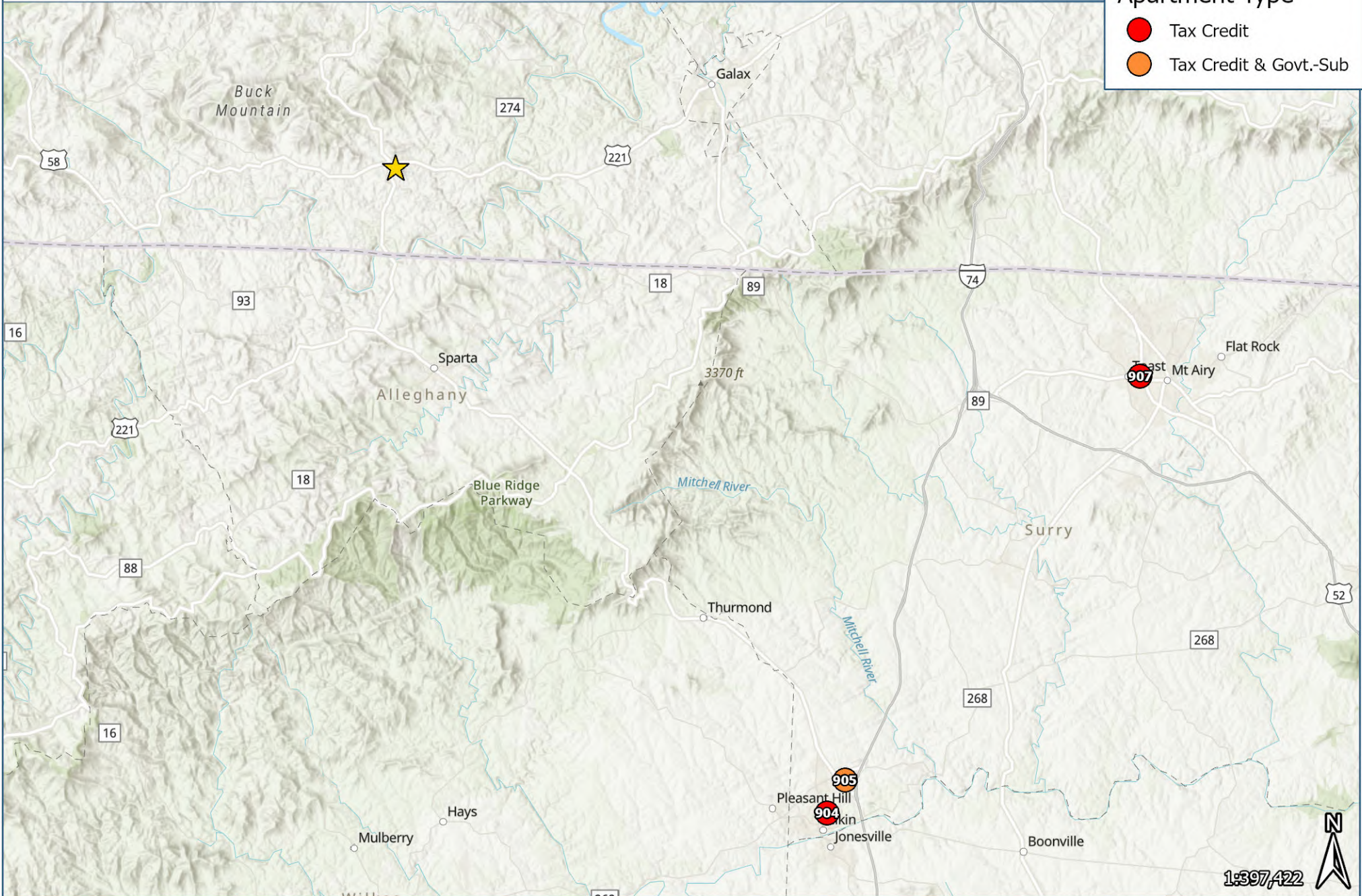
A map depicting the location of the most comparable LIHTC properties is included on the following page.

★ Site

Apartment Type

● Tax Credit

● Tax Credit & Govt.-Sub



Esri, NASA, NGA, USGS, Esri, HERE, Garmin, SafeGraph, FAO, METI/NASA, USGS, EPA, NPS
Additional Source(s): Bowen National Research

1:397,422

C. PLANNED MULTIFAMILY DEVELOPMENT

Based on interviews with local planning/building representatives, our online research, and the observations of our analyst while in the field, it was determined there are no rental projects currently in the development pipeline within the Site PMA.

D. ANTICIPATED IMPACT ON EXISTING TAX CREDIT PROPERTIES

As detailed throughout this report, the existing subject property is the only property to operate under the LIHTC program within the Independence Site PMA. Further, the subject property is currently 100.0% occupied with a waiting list and the proposed renovations will not involve the addition of any new units to the property/market. Based on the preceding factors, the subject project is not expected to have any adverse impact on any existing rental properties within the Independence Site PMA.

E. BUY VERSUS RENT ANALYSIS

According to ESRI, the median home value in the Site PMA was \$126,215. At an estimated interest rate of 5.9% and a 30-year term (and 95% LTV), the monthly mortgage for a \$126,215 home is \$888, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price – ESRI	\$126,215
Mortgaged Value = 95% Of Median Home Price	\$119,904
Interest Rate – Bankrate.Com	5.89%
Term	30
Monthly Principal & Interest	\$710
Estimated Taxes And Insurance*	\$178
Estimated Monthly Mortgage Payment:	\$888

* Estimated at 25% of principal and interest.

In comparison, the collected Tax Credit rents for the subject property range from \$425 to \$559 per month. This assumes maximum allowable LIHTC rent levels for all unit types in the event project-based Rental Assistance (RA) was lost, and the property had to operate exclusively under the LIHTC program. In this scenario, the cost of a monthly mortgage for a typical home in the area is at least \$329 more than the cost of renting at the subject property. Therefore, we do not anticipate any competitive impact on or from the homebuyer market. This is particularly true when considering the subject property is restricted to seniors which are generally less active in the for-sale market (in terms of purchasing) and that tenants will effectively pay up to only 30% of their income towards rent rather than the non-subsidized rents evaluated throughout this report due to the availability of RA on all units.

VI. Achievable Market Rent Analysis

A. INTRODUCTION

As discussed in Section V, the Independence Site PMA is very rural and offers a limited supply of conventional rental product. As such, it was necessary to identify and survey unrestricted market-rate product located outside the subject market to establish a base of comparison for the subject property. Therefore, the properties selected for this analysis are located in the surrounding Wytheville, Virginia (Wythe County) and Elkin, North Carolina (Surry County) markets. Although located outside the subject market, these aforementioned areas are relatively similar to the Independence/Grayson County area in terms of demographic composition and housing costs (i.e. median household income, gross rents, etc.). Thus, these properties will serve as accurate benchmarks with which to compare the subject property.

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

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

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

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

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

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

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

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)	
					One-Br.	Two-Br.
Site	Grayson Manor	1998 / 2024	32	100.0%	32 (100.0%)	-
902	Birchwood Apts.	1988	60	100.0%	12 (100.0%)	48 (100.0%)
903	Bridge Street	1948 / 1985	5	100.0%	5 (100.0%)	-
906	Spring Valley	1985	126 + 2*	100.0%	38 (100.0%)	88 (100.0%)

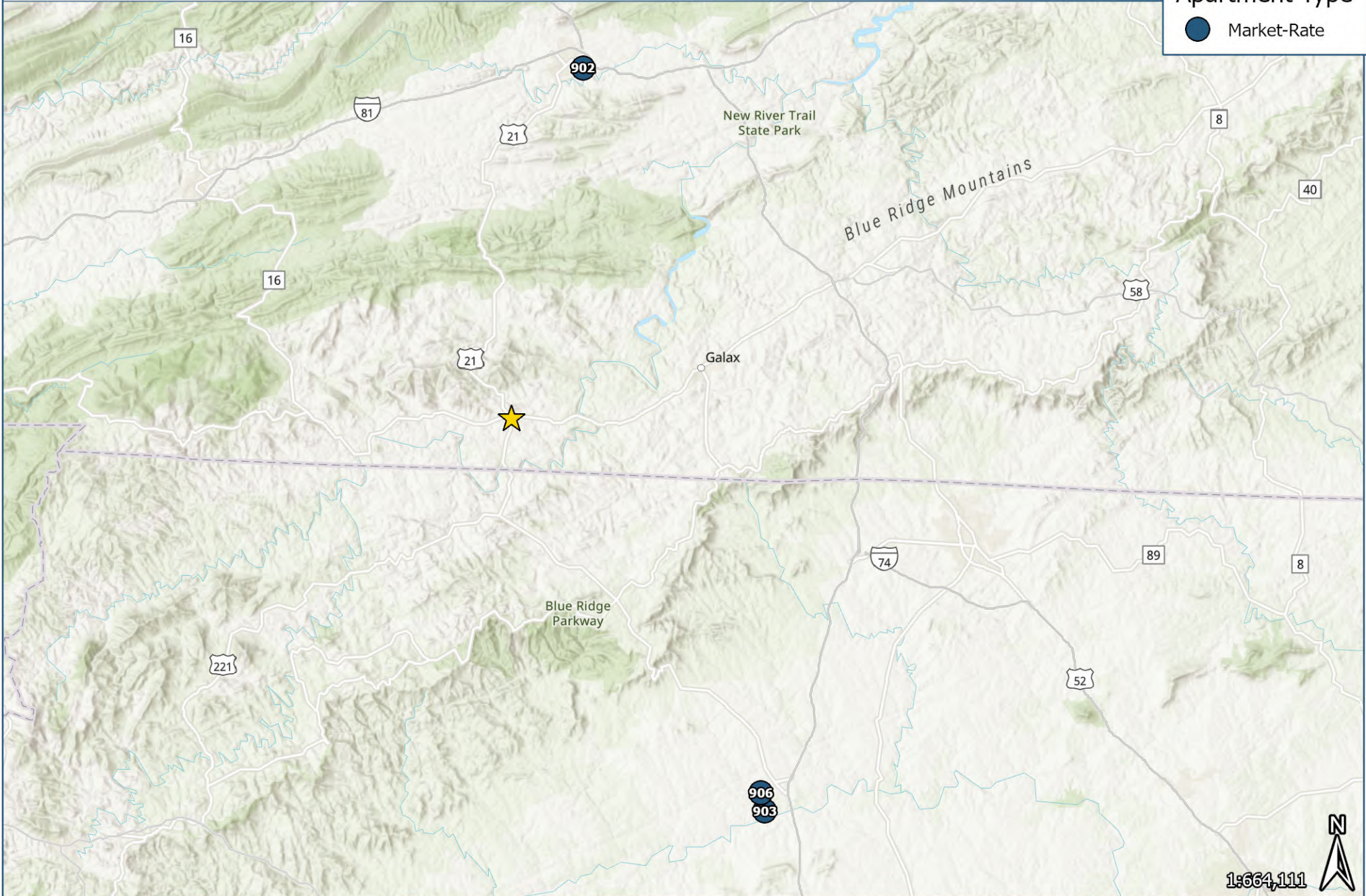
900 Series Map IDs are located outside the Site PMA

Occ. – Occupancy

*Units under construction

The three selected market-rate projects have a combined total of 191 units with an overall occupancy rate of 100.0%. These strong occupancy rates demonstrate that the selected properties are well-received within their respective markets and therefore will serve as accurate benchmarks with which to compare the subject property.

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



Rent Comparability Grid

Unit Type → **ONE-BEDROOM**

Subject		Comp #1		Comp #2		Comp #3			
Grayson Manor		Birchwood Apts.		Bridge Street		Spring Valley			
224 Nichols Drive		395 Chapman Rd.		331 N Bridge St		100 S Kirkland Ave			
Independence, VA		Wytheville, VA		Elkin, NC		Elkin, NC			
A. Rents Charged	Data	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj		
1 \$ Last Rent / Restricted?		\$695		\$525		\$780			
2 Date Surveyed		Feb-23		Mar-23		Mar-23			
3 Rent Concessions		None		None		None			
4 Occupancy for Unit Type		100%		100%		100%			
5 Effective Rent & Rent/ sq. ft		\$695	1.07	\$525	0.75	\$780	1.30		
B. Design, Location, Condition		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj		
6 Structure / Stories	R/1	WU/3		WU/2		R/1			
7 Yr. Built/Yr. Renovated	1998/2024	1988	\$23	1948/1985	\$44	1985	\$26		
8 Condition/Street Appeal	G	G		G		F	\$15		
9 Neighborhood	G	G		G		G			
10 Same Market?		No		No		No			
C. Unit Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj		
11 # Bedrooms	1	1		1		1			
12 # Baths	1	1		1		1			
13 Unit Interior Sq. Ft.	567	650	(\$21)	700	(\$34)	600	(\$8)		
14 Patio/Balcony/Sunroom	Y	Y		N	\$5	N	\$5		
15 AC: Central/Wall	C	C		C		C			
16 Range/Refrigerator	R/F	R/F		R/F		R/F			
17 Microwave/Dishwasher	N/Y	N/Y		N/N	\$10	N/N	\$10		
18 Washer/Dryer	L	L		N	\$5	L			
19 Floor Coverings	V	C/V		C		C/V			
20 Window Treatments	Y	Y		Y		Y			
21 Secured Entry	N	N		N		N			
22 Garbage Disposal	N	Y	(\$5)	N		N			
23 Ceiling Fan/E-Call System	Y/Y	N/N	\$10	N/N	\$10	N/N	\$10		
D Site Equipment/ Amenities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj		
24 Parking (\$ Fee)	LOT/\$0	LOT/\$0		LOT/\$0		LOT/\$0			
25 On-Site Management	Y	Y		N	\$5	Y			
26 Security Features	N	N		N		N			
27 Community Space	Y	N	\$5	N	\$5	N	\$5		
28 Pool/Recreation Areas	N	N		N		N			
29 Business/Computer Center	N	N		N		N			
30 Grilling Area/Storage	Y/N	N/N	\$3	N/N	\$3	N/N	\$3		
31 Library	N	N		N		N			
32 Social Services	N	N		N		N			
E. Utilities		Data	\$ Adj	Data	\$ Adj	Data	\$ Adj		
33 Heat (in rent?/ type)	N/E	N/E		N/E		N/E			
34 Cooling (in rent?/ type)	N/E	N/E		N/E		N/E			
35 Cooking (in rent?/ type)	N/E	N/E		N/E		N/E			
36 Hot Water (in rent?/ type)	N/E	N/E		N/E		N/E			
37 Other Electric	N	N		N		N			
38 Cold Water/Sewer	N/N	Y/Y	(\$60)	Y/Y	(\$60)	Y/Y	(\$60)		
39 Trash/Recycling	Y/N	Y/N		Y/N		Y/N			
F. Adjustments Recap		Pos	Neg	Pos	Neg	Pos	Neg		
40 # Adjustments B to D		4	2	8	1	7	1		
41 Sum Adjustments B to D		\$41	(\$26)	\$87	(\$34)	\$74	(\$8)		
42 Sum Utility Adjustments			(\$60)		(\$60)		(\$60)		
		Net	Gross	Net	Gross	Net	Gross		
43 Net/ Gross Adjmts B to E		(\$45)	\$127	(\$7)	\$181	\$6	\$142		
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent			
44 Adjusted Rent (5+ 43)		\$650		\$518		\$786			
45 Adj Rent/Last rent			93%		99%		101%		
46 Estimated Market Rent	\$650	\$1.15	← Estimated Market Rent/ Sq. Ft						

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

Based on the preceding Rent Comparability Grid, it was determined that the present-day achievable market rent for a one-bedroom unit such as those offered at the subject property is as follows:

Bedroom Type	% AMHI*	Proposed Collected Rent	Achievable Market Rent	Market Rent Advantage
One-Bedroom	40%	\$425**	\$650	34.6%
One-Bedroom	50%	\$559**	\$650	14.0%

*Rent restricted to 40% and 50% AMHI, income restricted to 60% AMHI

**Reflective of maximum allowable LIHTC rent as proposed contract rent under subsidized program exceeds this limit.

Typically, Tax Credit rents for units targeting households earning up to 50% of AMHI are set 20% or more below achievable market rents to ensure that the project will represent a value and have a sufficient flow of tenants. However, lower market rent advantages are often acceptable in rural markets which lack conventional rental product, such as the Independence Site PMA. As such, the subject rents are expected to be perceived as good values within the market given the market rent advantages ranging from 14.0% to 34.6%.

In fact, the subject property is expected to represent an even greater value than that indicated by the market rent advantaged detailed in the preceding table. This is due to the continued availability of Rental Assistance (RA) to all units following renovations. This will allow tenants of the property to pay up to only 30% of their income towards rent, rather than the non-subsidized rents evaluated throughout this report and reflected in the preceding table.

B. RENT ADJUSTMENT EXPLANATIONS (RENT COMPARABILITY GRID)

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

1. Rents for each property are reported as collected rents. These are the actual rents paid by tenants and do not consider utilities paid by tenants. The rents reported are typical and do not consider rent concessions or special promotions.

7. Upon completion of renovations, the subject project will have an effective age of a property built in 2011, which is a simple average of the original year built and anticipated renovation completion date. We have adjusted the rents at the selected properties by \$1 per year of (effective) age difference to reflect the age of these properties.
8. It is expected that the subject project will have a good overall quality/condition upon completion of renovations, similar to two of the selected properties. One property, however, is considered to be inferior to the subject property in terms of quality/condition and therefore has been positively adjusted to reflect the superior quality/condition of the subject property.
10. As detailed throughout this report, the Independence Site PMA lacks conventional non-subsidized rental product. Thus, all three of the properties selected for this analysis are located outside the subject market in the surrounding areas of Wytheville, Virginia and Elkin, North Carolina. Considering the similarities between these markets and the subject market in terms of demographic composition and housing costs (i.e. household income, gross rents, etc.), out-of-market adjustments were not warranted.
13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar-for-dollar basis, we have used 25% of the average for this adjustment.
- 14.-23. The subject project offers a unit amenity package that is generally superior to those offered among the selected properties. We have made adjustments for features lacking at the selected properties and in some cases, adjustments for features that the subject property does not offer.
- 24.-32. The subject project offers a project amenity package that is also slightly superior to those offered at the selected properties. We have made monetary adjustments to account for differences between the project amenity packages offered at the subject property and among the comparable properties.
- 33.-39. We have made adjustments to reflect the differences in utility responsibility at each selected property, as needed. The utility adjustments were based on the local housing authority's utility cost estimates.

VII. Capture Rate Analysis

A. DETERMINATION OF INCOME ELIGIBILITY

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

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

The subject site is located within Grayson County, Virginia, which has a median four-person household income of \$55,300 for 2022. The project location, however, is eligible for the National Non-Metropolitan Income and Rent Floor adjustment. Therefore, the income restrictions for the subject project are based on the national non-metropolitan four-person median household income of \$71,300 in 2022. The subject property is restricted to households with *incomes* up to 60% of AMHI, although *rents* will be restricted to 40% and 50% of AMHI. The following table summarizes the maximum allowable income by household size and targeted income level:

Household Size	Targeted AMHI Maximum Allowable Income
	60%
One-Person	\$29,940
Two-Person	\$34,200

1. Maximum Income Limits

The one-bedroom units offered at the subject site are expected to continue to house up to two-person senior households. As such, the maximum allowable income at the subject site is **\$34,200**.

2. Minimum Income Requirements

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

Since the subject project will continue operate with Rental Assistance (RA) available to all 32 subject units following renovations, the project will continue to be able to serve households with incomes as low as **\$0**. However, in the unlikely scenario that the units operate without RA, the proposed LIHTC units will have a lowest gross rent of \$534. This assumes the property operates at maximum allowable LIHTC rent levels for the area as the proposed contract rents under the subsidized program exceed these levels. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$6,408. Applying a 40% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement of **\$16,020**.

3. Income-Appropriate Range

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

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit w/RA	\$0	\$34,200
Tax Credit Only	\$16,020	\$34,200

B. CAPTURE RATE CALCULATIONS

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

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

1. **Demand from New Renter Households:** *Determine new units in the PMA based on projected rental household growth. The projected household base **must be** limited to the target group, age and income appropriate. Demand for each target group must be shown separately.*

As all subject units will be comprised of studio apartments, we have only considered one-person household sizes in calculating demand. This was done so in order to avoid overestimating demand.

2. **Demand from Existing Households:** *The sum of demand from rental household growth and demand from all components of existing households will constitute **Total Demand**. The demand components from existing households are detailed below:*

- a) **Over-burdened** *is defined by Virginia Housing as households paying more than 35% of gross income (40% if elderly) for gross rent. Analysts are encouraged to be conservative.*

Based on the American Community Survey (ACS) 5-Year Estimates (Table B25074), 25.8% of renters within the market are considered to be cost-burdened.

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

Based on the American Community Survey (ACS) 5-Year Estimates (Table B25016), approximately 1.9% of all households within the market are living in substandard housing. Considering the targeted low-income tenant base, this estimate is considered appropriate for the area.

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

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

of available affordable age-restricted rental alternatives in the market, we believe the subject project will be successful in attracting some senior homeowners, thus we believe a 5.0% homeowner conversion rate to be appropriate for this market.

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

C. DEMAND/CAPTURE RATE CALCULATIONS

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

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

Demand Component – Age 62+	Percent of Median Household Income
	60%/Overall
Demand from New Rental Households (Age- and Income-Appropriate)	103 – 92 = 11
+	
Demand from Existing Households (Rent Overburdened)	92 x 25.8% = 24
+	
Demand from Existing Households (Renters in Substandard Housing)	92 x 1.9% = 2
+	
Demand from Existing Households (Elderly Homeowner Conversion)	497 x 5.0% = 17*
+	
Demand from Existing Households (Existing Qualifying Tenants Likely to Remain After Renovations)	32
=	
Total Demand	86
-	
Supply (Directly Comparable Vacant Units Completed or in the Pipeline)	0
=	
Net Demand	86
Proposed Units	32
Proposed Units / Net Demand	32 / 86
Capture Rate	= 37.2%
Total Absorption Period	3 Months

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

Utilizing this methodology, capture rates below 30% are considered achievable, though higher capture rates may be acceptable in certain markets/instances. This is believed to be the case within the Independence Site PMA given the lack of conventional rental product, which is expected to allow rental properties such as the subject property to attract a larger than typical share of the qualified households. As such, the 37.2% capture rate for the subject property is considered achievable. In fact, the 100.0% occupancy rate and waiting list maintained by the existing subject property illustrates that a capture rate of this level is already being achieved within the subject market.

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

Demand Component – Age 55+	Percent of Median Household Income
	60%/Overall
Demand from New Rental Households (Age- and Income-Appropriate)	68 – 68 = 0
+	
Demand from Existing Households (Rent Overburdened)	68 X 25.8% = 18
+	
Demand from Existing Households (Renters in Substandard Housing)	68 X 1.9% = 1
+	
Demand from Existing Households (Elderly Homeowner Conversion)	433 X 5.0% = 4*
+	
Demand from Existing Households (Existing Qualifying Tenants Likely to Remain After Renovations)	0
=	
Total Demand	23
-	
Supply (Directly Comparable Vacant Units Completed or in the Pipeline)	0
=	
Net Demand	23
Proposed Units	32
Proposed Units / Net Demand	32 / 23
Capture Rate	> 100.0%
Total Absorption Period	N/A

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

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

Regardless, the subject property is expected to retain its project-based Rental Assistance (RA) on all units and therefore, all current tenants are expected to continue to qualify for and remain at the property following renovations. Any units which do become vacant due to typical tenant turnover during or after the renovation process are expected to be quickly filled from the waiting list maintained for the property. Considering the preceding factors, the subject's effective capture rate is 0.0%.

D. PENETRATION RATE CALCULATIONS

As discussed throughout this report, the existing subject property is the only LIHTC property offered within the Independence Site PMA. Therefore, the penetration rate for the subject property is effectively the same as the capture rate(s) provided earlier in this section. As such, we have not provided a separate market penetration rate calculation.

E. SUPPORT FROM HOUSING CHOICE VOUCHER HOLDERS

According to a representative with the Roof Top of Virginia Community Action Program, there are approximately 307 Housing Choice Vouchers issued within their jurisdiction, which includes the Independence area. However, it was also revealed by this representative that approximately 14 (4.6%) of the issued vouchers are currently going unused, likely due to holders of these vouchers being unable to locate/obtain a quality affordable rental housing unit that will accept the voucher. There is a total of 12 people currently on the waiting list for additional vouchers. The waiting list is closed and is expected to reopen in March of 2023. Annual turnover within the voucher program is estimated at 20 households. This reflects the continuing need for affordable housing alternatives and/or Housing Choice Voucher assistance.

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

Bedroom Type	Payment Standards	Proposed Tax Credit Gross Rents (AMHI)
One-Bedroom	\$739	\$534 (40%)*^ \$668 (50%)*^

*Reflective of maximum allowable LIHTC rent levels as proposed contract rents under the subsidized program exceed these levels.

^Rent restricted to 40%/50% AMHI, income restricted to 60% AMHI

As the preceding table illustrates, all of the proposed LIHTC gross rents are below the local payment standards. As such, the subject project will be able to rely on support from Housing Choice Voucher holders in the unlikely event the project-based subsidy is lost. This will likely increase the demographic base of potential support for the subject development in this scenario. In reality, the project-based Rental Assistance (RA) will continue to be provided to all units following renovations. Thus, the subject property will be unable to accept tenant-based Housing Choice Vouchers.

F. ABSORPTION PROJECTIONS

The subject project has, and is expected to maintain, Rental Assistance (RA), and all units will likely be rented to households eligible under the RD 515 program. We also assume that most, if not all, current tenants will remain at the site once renovations are complete. For the purpose of this analysis, however, we have provided absorption estimates assuming that all units will be vacated and will need to be re-rented under the RD 515 program with RA available to all units and then exclusively under the LIHTC program.

For the purpose of this analysis, we assume the absorption period at the site begins as soon as the first renovated units are available for occupancy. We also assume that initial units at the site will be available for rent sometime in 2024. Changes to the project's planned renovations or renovation timeline may alter our absorption projections.

Subsidized

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

Tax Credit

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

In reality, most (if not all) existing tenants are expected to continue to qualify for and remain at the subject property. Further, any units which may become vacant due to typical tenant turnover are expected to be quickly filled from the waiting list maintained for the property. As such, there effectively will be no absorption period for the subject property.

VIII. Local Perspective (Interviews)

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

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

- Kayla Bryant is the Senior Property Manager at the subject property Grayson Manor. Ms. Bryant stated that there is a need for more affordable housing in Independence and throughout Grayson County. Ms. Bryant noted that there is a limited supply of existing affordable housing overall, and that she receives constant phone calls and inquiries about affordable multifamily housing in the area. She added that those interested ask for all bedroom sizes and general availability.
- Debbie Anderson is a Leasing Consultant at the subject property Grayson Manor. Ms. Anderson stated that there has been increased demand for rental housing in the area since the beginning of the COVID-19 pandemic. Ms. Anderson explained that younger adults are tending to stay around the area and have very limited housing options to choose from. She noted that the rural nature of the town results in a low number of rental communities.

IX. Analysis & Conclusions

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

Currently, the subject project is the only existing Tax Credit property within the Independence Site PMA. The property is currently 100.0% occupied and maintains a waiting list for their next available unit. Considering the retention of Rental Assistance (RA) on all units, the property will continue to provide an affordable rental alternative that is in high demand within the Independence Site PMA.

Given the lack of non-subsidized conventional rental product in the Independence area, we identified and surveyed three comparable non-subsidized LIHTC properties outside the subject market but in the surrounding areas of Elkin and Mount Airy, North Carolina. All three of these properties are also 100.0% occupied with waiting lists, demonstrating that LIHTC product similar to that offered at the subject property is also in high demand within the surrounding region. The subject property is competitive with these projects in terms of price (gross rent), unit design, and amenities offered. Further, the continued availability of Rental Assistance (RA) will ensure the property continues to represent a significant value within the Independence Site PMA.

Demographic projections for the area are indicative of ongoing support for senior-oriented housing alternatives such as that offered at the subject property. Specifically, household growth will be primarily concentrated among seniors aged 65 and older between 2023 and 2028 within the Independence Site PMA and all senior household growth within the market during this time will be among renter households. While the subject's capture rate of 37.2% could be construed as high, it is considered acceptable within the Independence Site PMA. This is due to the very limited supply of conventional rental product which will allow the subject property to attract a larger than typical share of the qualified households. The 100.0% occupancy rate currently reported for the subject property further demonstrates that a higher than typical capture rate is achievable within this market.

In terms of overall design, we do not have any recommendations for the subject project. It is of note, however, that in the unlikely event the project-based subsidy was lost, the subject project is expected to have difficulties reaching and/or maintaining a stabilized occupancy rate given the limited base of potential support in this scenario. Therefore, the retention of Rental Assistance (RA) on all units will be critical to the continued success of the subject property within the Independence Site PMA.

X.

SITE PHOTOGRAPHS

Grayson Manor



Site Entryway



Entryway Signage



Typical exterior of building



View of site from the north



View of site from the northeast



View of site from the east

Grayson Manor



View of site from the southeast



View of site from the south



View of site from the southwest



View of site from the west



View of site from the northwest



North view from site

Grayson Manor



Northeast view from site



East view from site



Southeast view from site



South view from site



Southwest view from site



West view from site

Grayson Manor



Northwest view from site



Streetscape: East view of Nichols Drive



Streetscape: West view of Nichols Drive



Streetscape: North view of Hilltop Drive



Streetscape: South view of Hilltop Drive



Streetscape: East view of Williams Street

Grayson Manor



Picnic Area



Community Garden



Community Room view A



Community Room view B



Community Room: Kitchen



Laundry Facility

Grayson Manor



One-Bedroom (Living Room)



One-Bedroom (Kitchen)



One-Bedroom (Bedroom - View A)



One-Bedroom (Bedroom - View B)



One-Bedroom (Bathroom)



One-Bedroom (Storage/Water Tank Area)

Grayson Manor



One-Bedroom (Kitchen - Handicap Unit)



One-Bedroom (Bathroom - Handicap Unit)

XI.

COMPARABLE
PROPERTY PROFILES

902 Birchwood Apts. 31.6 miles to site



Address: 395 Chapman Rd., Wytheville, VA 24382
 Phone: (276) 228-0674 Contact: Bambi (By Phone)
 Property Type: Market Rate
 Target Population: Family
 Total Units: 60 Year Built: 1988
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 3
 Waitlist: None
 Rent Special: None

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

Notes:

Features And Utilities

Utility Schedule Provided by: Virginia Housing

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

Unit Amenities: Dishwasher; Disposal; Icemaker; Range; Refrigerator; Central AC; Walk-In Closet; Window Treatments; Flooring (Carpet, Composite/Vinyl/Laminate)

Property Amenities: Laundry Room; On-Site Management

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	12	0	650	\$1.07	\$695	Market
2	1 - 2	G	48	0	800 - 1,000	\$0.95 - \$0.80	\$760 - \$800	Market

*Adaptive Reuse

*DTS is based on drive time

903 Bridge Street 38.8 miles to site



Address: 331 N Bridge St, Elkin, NC 28621
 Phone: (336) 835-9663 Contact: Tina (In Person)
 Property Type: Market Rate
 Target Population: Family
 Total Units: 5 Year Built: 1948
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated: 1985
 Turnover: Stories: 2
 Waitlist: None
 Rent Special: None

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

Notes:



Features And Utilities

Utility Schedule Provided by: Virginia Housing
 Utility Type & Responsibility: Landlord pays Water, Sewer, Trash
 Unit Amenities: Range; Refrigerator; Central AC; Window Treatments; Flooring (Carpet)
 Property Amenities:
 Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	5	0	700	\$0.75	\$525	Market

*Adaptive Reuse

*DTS is based on drive time

904 Chatham Woods Senior 38.5 miles to site



Address: 230 Hawthorne Road, Elkin, NC 28621
 Phone: (336) 835-9663 Contact: Tina (In Person)
 Property Type: Tax Credit
 Target Population: Senior 55+
 Total Units: 30 Year Built: 1948
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated: 2003
 Turnover: Stories: 3 (w/Elev)
 Waitlist: 6-12 mos
 Rent Special: None

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

Notes: Tax Credit



Features And Utilities

Utility Schedule Provided by: Virginia Housing

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

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

Property Amenities: Multipurpose Room, Clubhouse/Community Room; Elevator; Laundry Room; On-Site Management; Recreation Areas (Fitness Center, Game Room-Billiards)

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	18	0	450 - 566	\$1.02 - \$0.87	\$460 - \$490	60%
2	1	G	12	0	740 - 891	\$0.74 - \$0.62	\$550	60%

*Adaptive Reuse

*DTS is based on drive time

905 Cooper Terrace 37.6 miles to site



Address: 259 PGW Dr., Elkin, NC 28621
 Phone: (336) 258-8880 Contact: Jennifer (In Person)
 Property Type: Tax Credit, Government Subsidized
 Target Population: Family
 Total Units: 56 Year Built: 2015
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 2
 Waitlist: 7-8 mos
 Rent Special: None

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



Notes: Tax Credit; 6 units using Key Rental Assistance program

Features And Utilities

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

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

Property Amenities: Business Center (Computer/Business Center); Laundry Room; On-Site Management; Recreation Areas (Fitness Center, Playground); Extra Storage; WiFi

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	4	0	718	\$0.72	\$519	50%
1	1	G	4	0	718	\$0.91	\$652	60%
2	2	G	13	0	1,052	\$0.59	\$617	50%
2	2	G	3	0	1,052	Subsidized	Subsidized	Subsidized
2	2	G	13	0	1,052	\$0.74	\$778	60%
2	2	G	3	0	1,052	Subsidized	Subsidized	Subsidized
3	2	G	8	0	1,198	\$0.58	\$699	50%
3	2	G	8	0	1,198	\$0.74	\$885	60%

*Adaptive Reuse

*DTS is based on drive time

906 Spring Valley 37.6 miles to site



Address: 100 S Kirkland Ave, Elkin, NC 28621
 Phone: (336) 258-2450 Contact: Gabriella (In Person)
 Property Type: Market Rate
 Target Population: Family
 Total Units: 126 Year Built: 1985
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 1
 Waitlist: 7 HH
 Rent Special: None

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

Notes: Two units under renovation



Features And Utilities

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

Unit Amenities: Microwave; Range; Refrigerator; Central AC; Walk-In Closet; Window Treatments; Flooring (Carpet, Composite/Vinyl/Laminate)

Property Amenities: Laundry Room; On-Site Management

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	38	0	600	\$1.30	\$780	Market
2	1	G	74	0	725	\$1.29	\$935	Market
2	2	G	14	0	750	\$1.30	\$975	Market

*Adaptive Reuse *DTS is based on drive time

907 Whistler's Cove 40.7 miles to site



Address: 129 Whistlers Cove Ct., Mount Airy, NC 27030
 Phone: (336) 415-5906 Contact: Melinda (In Person)
 Property Type: Tax Credit
 Target Population: Senior 55+
 Total Units: 60 Year Built: 2016
 Vacant Units: 0 *AR Year:
 Occupancy: 100.0% Yr Renovated:
 Turnover: Stories: 2 (w/Elev)
 Waitlist: 25 HH
 Rent Special: None

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

Notes: Tax Credit; some HOME Fund units, amount N/A



Features And Utilities

Utility Schedule Provided by: Virginia Housing

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

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

Property Amenities: Business Center (Computer/Business Center); Multipurpose Room, Clubhouse/Community Room; Pavilion/Gazebo; Elevator; On-Site Management; CCTV; Extra Storage; WiFi

Parking Type: Surface Lot

Unit Configuration

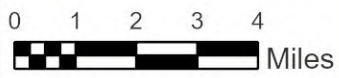
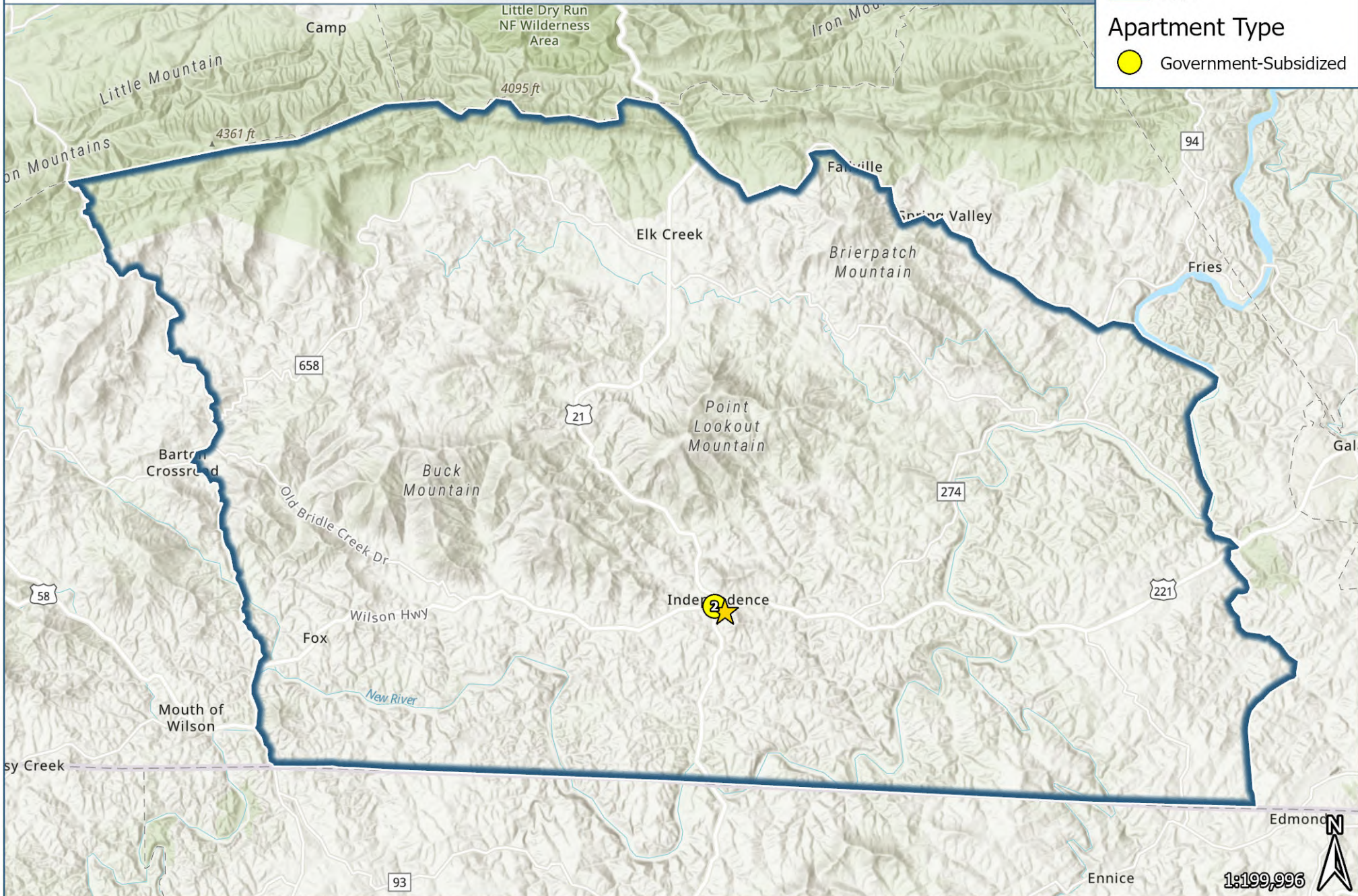
Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	17	0	695	\$0.91	\$630	50%
1	1	G	12	0	695	\$0.96	\$666	60%
2	1	G	19	0	921	\$0.77	\$707	50%
2	1	G	12	0	921	\$0.83	\$766	60%

*Adaptive Reuse

*DTS is based on drive time

















XII.


FIELD SURVEY OF CONVENTIONAL RENTALS





Map ID	Property	Prop Type	Quality Rating	Year Built	Total Units	Vacant	Occ. Rate	Distance To Site*
1	Grayson Manor	TGS	B	1998	32	0	100.0%	-
2	Penn Court	GSS	B-	1980	48	0	100.0%	0.5
902	Birchwood Apts.	MRR	B	1988	60	0	100.0%	31.6
903	Bridge Street	MRR	B-	1948	5	0	100.0%	38.8
904	Chatham Woods Senior	TAX	B	1948	30	0	100.0%	38.5
905	Cooper Terrace	TGS	B+	2015	56	0	100.0%	37.6
906	Spring Valley	MRR	C	1985	126	0	100.0%	37.6
907	Whistler's Cove	TAX	B+	2016	60	0	100.0%	40.7


*Drive distance in miles


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

◆	1	Grayson Manor 224 Nichols Dr, Independence, VA 24348		Contact: Kayla Phone: (276) 773-3500	
			Total Units: 32 UC: 9 BR: 1 Target Population: Senior 62+ Rent Special: None Notes: Tax Credit; RD 515, has RA (32 units); Holding nine units vacant during the property rehab process	Occupancy: 100.0% Vacant Units: 0	Stories: 1 Waitlist: 10 HH

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


✓	902	Birchwood Apts. 395 Chapman Rd., Wytheville, VA 24382		Contact: Bambi Phone: (276) 228-0674	
			Total Units: 60 UC: 0 BR: 1, 2 Target Population: Family Rent Special: None Notes:	Occupancy: 100.0% Vacant Units: 0	Stories: 3 Waitlist: None

✓	903	Bridge Street 331 N Bridge St, Elkin, NC 28621		Contact: Tina Phone: (336) 835-9663	
			Total Units: 5 UC: 0 BR: 1 Target Population: Family Rent Special: None Notes:	Occupancy: 100.0% Vacant Units: 0	Stories: 2 Waitlist: None


◆	904	Chatham Woods Senior 230 Hawthorne Road, Elkin, NC 28621		Contact: Tina Phone: (336) 835-9663	
			Total Units: 30 UC: 0 BR: 1, 2 Target Population: Senior 55+ Rent Special: None Notes: Tax Credit	Occupancy: 100.0% Vacant Units: 0	Stories: 3 Waitlist: 6-12 mos

<ul style="list-style-type: none"> ✓ Comparable Property ◆ Senior Restricted ■ (MRR) Market-Rate ■ (MRT) Market-Rate & Tax Credit ■ (MRG) Market-Rate & Government-Subsidized ■ (MIN) Market-Rate & Income-Restricted (not LIHTC) 	<ul style="list-style-type: none"> ■ (MIG) Market-Rate, Income-Restricted (not LIHTC) & Govt-Subsidized ■ (TAX) Tax Credit ■ (TGS) Tax Credit & Government-Subsidized ■ (TMI) Tax Credit, Market-Rate, Income-Restricted (not LIHTC) ■ (TIN) Tax Credit & Income-Restricted (not LIHTC) ■ (TMG) Tax Credit, Market-Rate & Government-Subsidized 	<ul style="list-style-type: none"> ■ (TIG) Tax Credit, Income-Restricted (not LIHTC) & Govt-Subsidized ■ (INR) Income-Restricted (not LIHTC) ■ (ING) Income-Restricted (not LIHTC) & Government-Subsidized ■ (GSS) Government-Subsidized ■ (ALL) Tax Credit, Market-Rate, Govt-Subsidized & Income-Restricted
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905	Cooper Terrace 259 PGW Dr., Elkin, NC 28621	Contact: Jennifer Phone: (336) 258-8880
	Total Units: 56 UC: 0 Occupancy: 100.0% Stories: 2 Year Built: 2015 BR: 1, 2, 3 Vacant Units: 0 Waitlist: 7-8 mos AR Year:	
	Target Population: Family Yr Renovated: Rent Special: None Notes: Tax Credit; 6 units using Key Rental Assistance program	



906	Spring Valley 100 S Kirkland Ave, Elkin, NC 28621	Contact: Gabriella Phone: (336) 258-2450
	Total Units: 126 UC: 2 Occupancy: 100.0% Stories: 1 Year Built: 1985 BR: 1, 2 Vacant Units: 0 Waitlist: 7 HH AR Year:	
	Target Population: Family Yr Renovated: Rent Special: None Notes: Two units under renovation	



907	Whistler's Cove 129 Whistlers Cove Ct., Mount Airy, NC 27030	Contact: Melinda Phone: (336) 415-5906
	Total Units: 60 UC: 0 Occupancy: 100.0% Stories: 2 w/Elevator Year Built: 2016 BR: 1, 2 Vacant Units: 0 Waitlist: 25 HH AR Year:	
	Target Population: Senior 55+ Yr Renovated: Rent Special: None Notes: Tax Credit; some HOME Fund units, amount N/A	

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

Source: Virginia Housing
Effective: 07/2022

Monthly Dollar Allowances

		Garden						Townhome					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas	8	12	15	18	22	25	8	12	15	18	22	25
	+Base Charge	0	0	0	0	0	0	0	0	0	0	0	0
	Bottled Gas	64	89	114	140	177	204	64	89	114	140	177	204
	Electric	24	34	43	54	67	78	24	34	43	54	67	78
	Heat Pump	0	0	0	0	0	0	0	0	0	0	0	0
	Oil	45	63	81	98	126	145	45	63	81	98	126	145
Cooking	Natural Gas	2	2	3	3	4	5	2	2	3	3	4	5
	Bottled Gas	11	15	19	23	29	34	11	15	19	23	29	34
	Electric	4	5	6	8	10	11	4	5	6	8	10	11
Other Electric		14	19	24	30	38	43	14	19	24	30	38	43
	+Base Charge	0	0	0	0	0	0	0	0	0	0	0	0
Air Conditioning		7	9	13	15	19	22	7	9	13	15	19	22
Water Heating	Natural Gas	3	4	5	7	8	10	3	4	5	7	8	10
	Bottled Gas	27	37	48	58	74	85	27	37	48	58	74	85
	Electric	12	16	21	25	32	37	12	16	21	25	32	37
	Oil	19	26	33	41	52	59	19	26	33	41	52	59
Water		20	28	36	44	56	64	20	28	36	44	56	64
Sewer		23	32	41	50	63	72	23	32	41	50	63	72
Trash Collection		14	14	14	14	14	14	14	14	14	14	14	14
Internet*													
Cable*													
Alarm Monitoring*													

* Estimated- not from source

XIII. Qualifications

The Company

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

Company Leadership

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

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

Market Analysts

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

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

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

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

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

Tanja Hairston, Market Analyst, has extensive property management experience in both the Midwest and northeastern United States. She has assisted low-income, veterans and homeless persons in securing affordable and permanent housing, administered HUD recertifications and reviewed Housing Choice Voucher applications. In addition, she has cultivated relationships with realtors, property managers and brokers. Ms. Hairston holds a Bachelor of Arts degree in Sociology from South Carolina State University.

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

Andrew Lundell, Market Analyst, has an experienced background in customer service and financial analysis. He has evaluated the rental market in cities throughout the United States and is able to provide detailed site-specific analysis. Mr. Lundell has a Bachelor of Arts in Criminal Justice from Ohio University.

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

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

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

Research Staff

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

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

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

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

Addendum A – Member Certification & Checklist

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

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




Patrick M. Bowen

President

patrickb@bowennational.com

Date: March 1, 2023



Craig Rupert (Primary Contact)

Market Analyst

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Date: March 1, 2023

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

ADDENDUM-MARKET STUDY INDEX

A. INTRODUCTION

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

B. DESCRIPTION AND PROCEDURE FOR COMPLETING

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

C. CHECKLIST

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

CHECKLIST (Continued)

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20.	Area major employers	IV
21.	Five-year employment growth	IV
22.	Typical wages by occupation	IV
23.	Discussion of commuting patterns of area workers	IV
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24.	Population and household estimates and projections	IV
25.	Area building permits	V
26.	Distribution of income	IV
27.	Households by tenure	IV
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28.	Comparable property profiles	XI
29.	Map of comparable properties	X
30.	Comparable property photographs	XI
31.	Existing rental housing evaluation	V
32.	Comparable property discussion	V
33.	Area vacancy rates, including rates for Tax Credit and government-subsidized	V
34.	Comparison of subject property to comparable properties	V
35.	Availability of Housing Choice Vouchers	V
36.	Identification of waiting lists	V & XII
37.	Description of overall rental market including share of market-rate and affordable properties	V
38.	List of existing LIHTC properties	V
39.	Discussion of future changes in housing stock	V
40.	Discussion of availability and cost of other affordable housing options including homeownership	V
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Analysis/Conclusions		
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43.	Calculation and analysis of Penetration Rate	VII
44.	Evaluation of proposed rent levels	V & VI
45.	Derivation of Achievable Market Rent and Market Advantage	VI
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49.	Recommendations and/or modification to project discussion	II
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52.	Discussion of risks or other mitigating circumstances impacting project projection	II
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CHECKLIST (Continued)

Other Requirements		Section (s)
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