

NEED AND DEMAND ANALYSIS
FOR THE LILY GARDENS II APARTMENTS
IN
STAUNTON, VIRGINIA

Prepared for
Lily Gardens II VA LLC
for submission to
Virginia Housing

Virginia Housing Application: 2024-C-68

As of February 25, 2024

T Ronald Brown: Research & Analysis
P.O. Box 18534
Asheville, NC 28814-0534

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A. EXECUTIVE SUMMARY

The site of the proposed second phase of the Lily Gardens Apartments adjacent to the site of the initial phase, off Montgomery Avenue, to the west Staunton. There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location, other than any imposed by topography.

The Lily Gardens II Apartments will comprise 43 units - 13 two-bedroom units and 30 three-bedroom units. The project is new construction. Of the 43-unit total, five units will be targeted to households with incomes up to 30 percent of the median, 15 units will be targeted to households with incomes up to 50 percent of the median, eight units will be targeted at the 60 percent level, and the remaining 15 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

Employment in Staunton in 2021 - the most recent annual report shows employment at 11,397. Employment showed modest growth from 2012 to 2020 when 583 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2021 show that, locally, employment is yet to show net gains.

In Staunton, it is seen that the most recent annual average unemployment rate is 6.3 percent, up from 2.6 percent the previous year. The rate was 7.1 percent in 2011. The most recent monthly unemployment rate (December 2021) was 2.6 percent.

The market area for the proposed development is the City of Staunton, the City of Waynesboro, and adjacent portions of central and eastern Augusta County, as defined by several census tracts.

The population of the market area is projected to increase from 100,688 in 2023, to 102,899 in 2028. The number of households is projected to increase, from 42,429 in 2023 to 43,538 in 2028. The number of renter households in the market area is projected to increase from 14,047 to 14,883 over the 2023 to 2028 projection period.

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

Based on our survey, there is a market-wide occupancy rate of 98.1 percent. Occupancy at tax credit properties is found to be around 97.2 percent.

The total net need for tax credit units such as is proposed in the Staunton area by 2028 is calculated to be for 2,907 units. The net need is for 2,677 units. Given the calculated need, the proposed 43-unit development amounts to 1.6 percent of the total net need.

Consideration of the capture rate (1.6 percent) and the (0.5 percent) affordability analysis capture rate and (9.0 percent) penetration rate suggests that the proposed development is marketable, as proposed.

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

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

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

Astoria data:

Project Wide Capture Rate, LIHTC units: 1.6 percent

Project Wide Capture Rate, market units: n/a

Project Wide Capture Rate, all units: 1.6 percent

Project Wide Absorption Period (Months): four months

B. INTRODUCTION AND SCOPE OF WORK

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

The report is prepared for Lily Gardens II VA LLC, for submission to Virginia Housing.

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

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

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

The site of the proposed apartments was visited (February 25, 2024).

The site was visited by T. Ronald Brown.

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

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

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

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

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 18534
Asheville, North Carolina 28814-0534
919.612.5328

A handwritten signature in black ink, appearing to read "T. Ronald Brown", with a long horizontal flourish extending to the right.

Date: March 14, 2024

C. PROJECT DESCRIPTION

The Lily Gardens II Apartments will comprise 43 units - 13 two-bedroom units and 30 three-bedroom units. The project is new construction.

The project is to be configured as follows:

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
2 bedroom/1 ½ bath	5	1,024	\$419	less than 30 percent
2 bedroom/1 ½ bath	5	1,024	\$798	less than 50 percent **
2 bedroom/1 ½ bath	3	1,024	\$798	less than 50 percent
3 bedroom/2 bath	7	1,237	\$920	less than 50 percent
3 bedroom/2 bath	8	1,237	\$1,139	less than 60 percent
3 bedroom/2 bath	15	1,237	\$1,200	less than 80 percent

* percentage of area median income

** rent assisted

Of the 43-unit total, five units will be targeted to households with incomes up to 30 percent of the median, 15 units will be targeted to households with incomes up to 50 percent of the median, eight units will be targeted at the 60 percent level, and the remaining 15 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

There are five units of project based rental assistance, provided by the Valley Community Services Board.

Given that the project will include units targeted to households with incomes in excess of 60 percent of the local area median income, income averaging is applied. Thus, the average target income, overall, cannot exceed 60 percent of the median.

Utilities (excluding trash collection) will be paid by the tenant - utility allowances are \$150 for the two-bedroom units, and \$176 for the three-bedroom units. Based on information supplied by the developer, the proposed apartments will meet energy-saving standards, both for construction and for appliances provided.

The property will feature a single three-story building (with a basement level), which will have an elevator. The building will have a combination exterior. Common area and site amenities include a multi-purpose room and laundry. The property will offer various enhancements, as per Virginia Housing guidelines.

There will be 100 parking spaces.

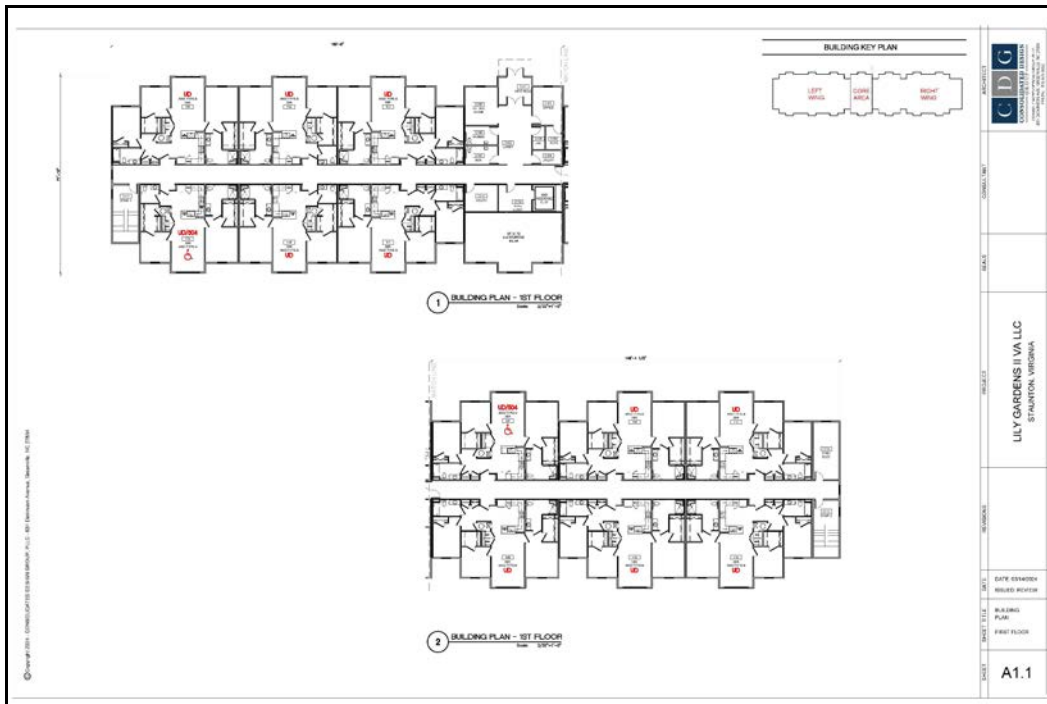
Representative architectural drawings are set out on the following pages.

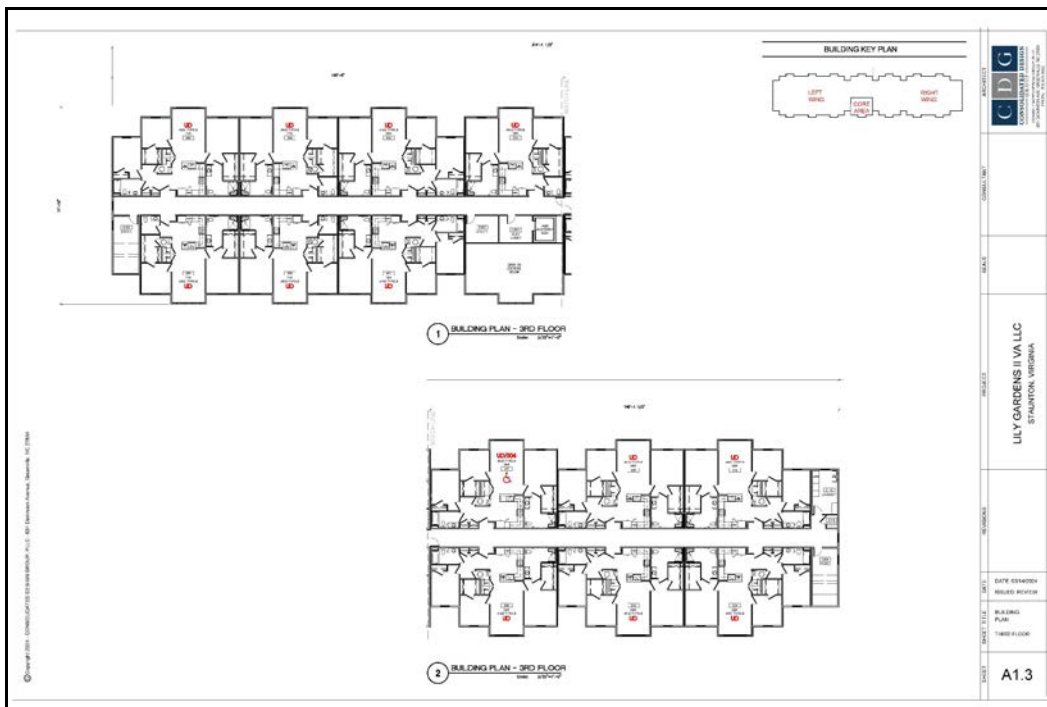
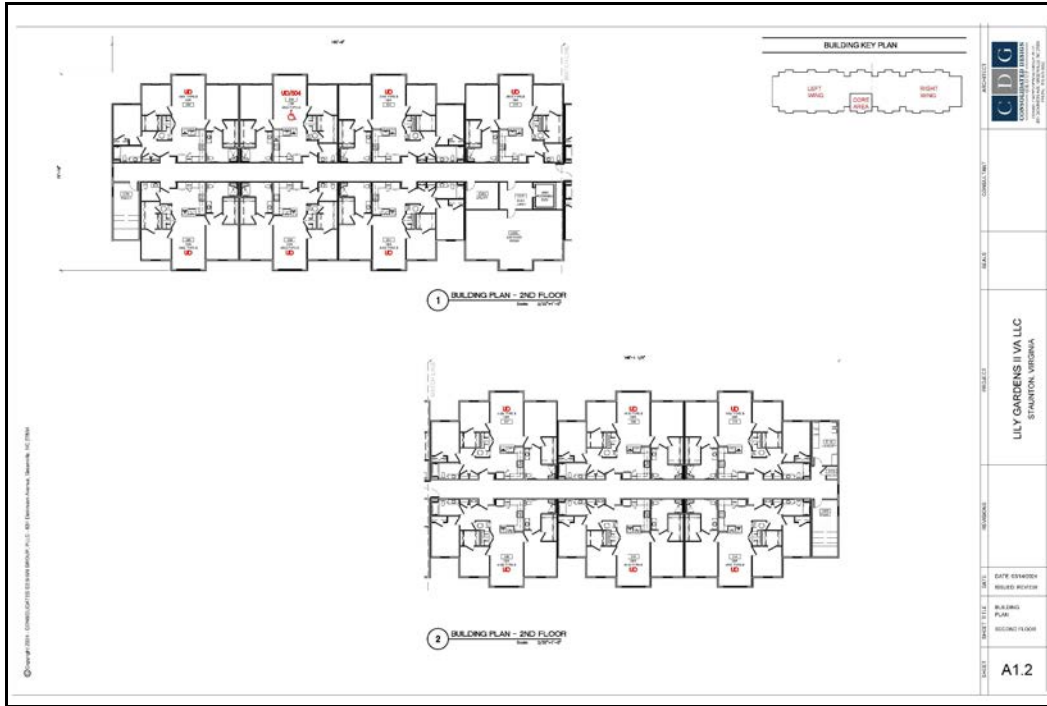
It is understood that the construction program would commence in April, 2025 and would be completed within 12 months, or so.

Site plan



Floor plans





Unit plans



D. LOCATION

The site of the proposed second phase of the Lily Gardens Apartments adjacent to the site of the initial phase, off Montgomery Avenue, to the west Staunton. Adjacent uses include The Garber Manor Apartments (HUD §202 for seniors), single family homes, and undeveloped land. The large Montgomery Hall Park is across Montgomery Avenue. There are four small private apartment developments (including one that is under development) off Seth Drive, to the east of the site. The property is sloping and is mostly wooded. There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location, other than any imposed by topography.





View on property



View on property



View from property



View towards property, from off Seth Dr.



View towards Montgomery Ave.



View from Montgomery Ave.



View south on Montgomery Ave.



View north on Montgomery Ave.

The site is located off Montgomery Avenue, to the west of the downtown area. Given the site location and its situation, the site would be quite visible in the immediate neighborhood given the topography.

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

The Woodrow Wilson Parkway is within one mile of the site. The site is within four miles of Interstate 81, the major north-south route serving the area, and is within six miles of the intersection of Interstate 81 and Interstate 64 (the major east-west route). Access to the site is quite good.

Regularly-schedule public bus service is available on the West Loop of the Brite bus system, approximately one fourth of one mile from the site. The site is within two miles, or so, of the Staunton Amtrak Station.

The site is within two and one-half miles of the Statler Square shopping center, which is anchored by a Kroger supermarket. The site is located within three- to four miles of the various shops and other services on Richmond Avenue, located north of Interstate 81. The latter include a Martins Foods, an ALDI supermarket, and a Walmart Supercenter. The site is within three miles of the Staunton Mall, which is anchored by a Belk department store.

The site is within two miles of the Bessie Weller Elementary School, and is within three and one-half miles of the McSwain and Ware Elementary Schools, and the Shelburne Middle School. The site is within four miles of the Staunton High School.

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

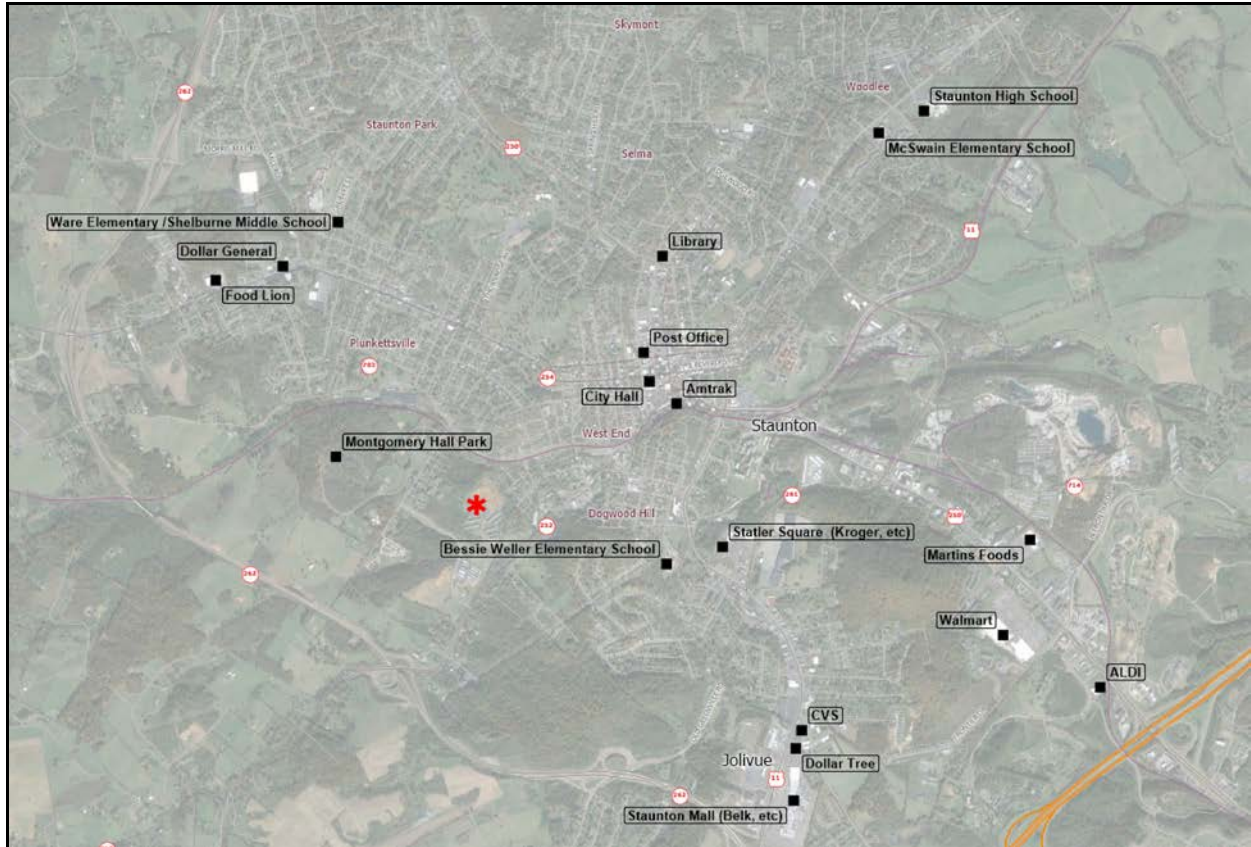
The Augusta Health Hospital and associated medical services are located off Interstate 64 in Fishersville, within nine miles of the site.

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

Table 1 - Distance to Neighborhood and Community Amenities

<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	Va 262/ Woodrow Wilson Parkway	0.9
	I-81	3.7
	I-64	5.6
Public Transportation	Brite bus (west loop)	0.2
	Amtrak	2.0
Retail - Grocery	Kroger (Statler Sq)	1.9
	Food Lion	2.4
	Martins Foods	3.3
Retail - Other	ALDI	3.9
	Wal-mart	3.7
	Belk (Staunton Mall)	3.0
Pharmacies	CVS	2.8
Schools	Bessie Weller Elementary School	1.9
	McSwain Elementary School	3.4
	Ware Elementary /Shelburne Middle School	3.0
	Staunton High School	3.7
Recreation	Montgomery Hall Park	0.1
Library	Staunton	2.3
Post Office	Staunton	2.0
Government	Staunton City Hall	1.8
Hospital	Augusta Health	8.4

Source: T.Ronald Brown: Research & Analysis



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

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

The site is considered marketable.

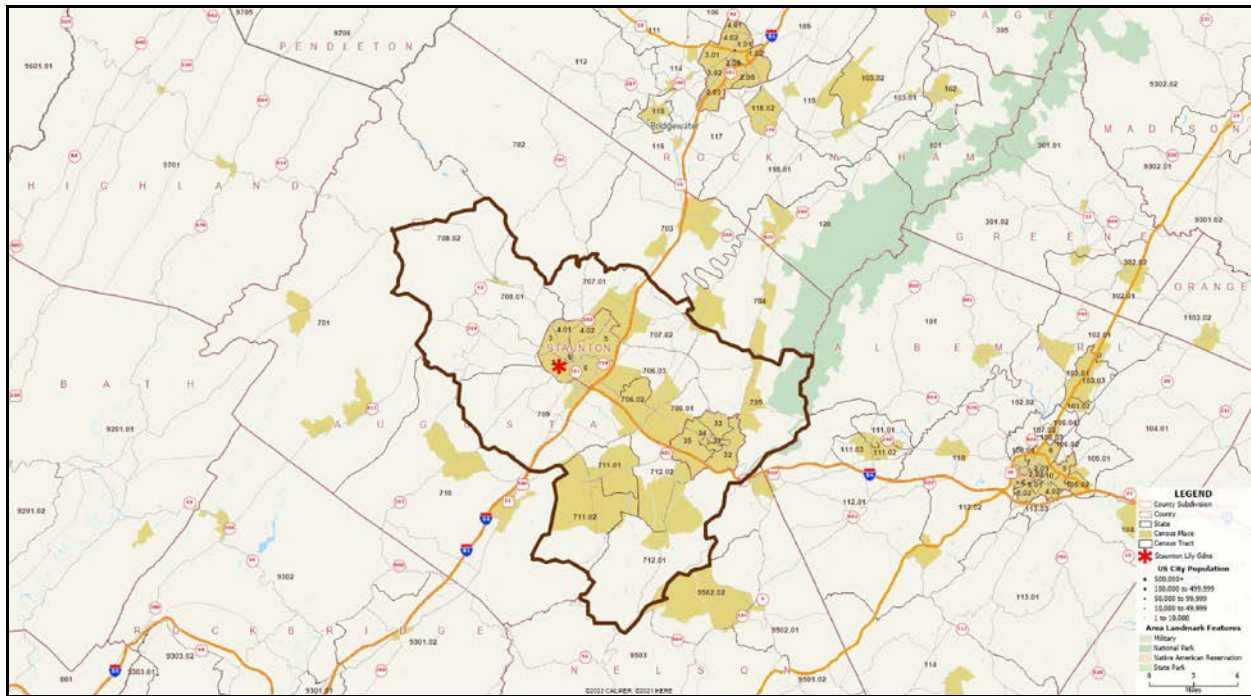
E. MARKET AREA DEFINITION

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

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

The proposed development is located in the City of Staunton in west-central Virginia. The market area for the proposed development is the City of Staunton, the City of Waynesboro, and adjacent portions of central and eastern Augusta County, as defined by several census tracts. This area extends to approximately 15-miles from the site to the north and south, and to seven- to eight-miles to the east and west. The market area, as defined, therefore is that which constitutes the area adjacent to the site of the proposed development and extends to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project.

Market area



F. EMPLOYMENT AND ECONOMY

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

Employment trends

Employment trends for the City of Staunton are illustrated in the table, below. Employment in 2022 - the most recent annual report shows employment at 11,278.

Employment showed modest growth from 2012 to 2020 when 570 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2022 show that, locally, employment has exceeded the 2019 level.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2013	11,278		
2014	11,472	194	1.7
2015	11,348	-124	-1.1
2016	11,354	6	0.1
2017	11,551	197	1.7
2018	11,718	167	1.4
2019	11,954	236	2.0
2020	11,384	-570	-4.8
2021	11,588	204	1.8
2022	12,080	492	4.2

Source: Bureau of Labor Statistics

Employment trends, by sector

Information on employment, by industry for the City of Staunton in 2021 and 2022 (the most recent annual data) is set out in Table 3, below. From this it is seen that, with respect to employment, the largest subsectors were healthcare and retail trade - employing 19.0 percent and 17.3 percent of the total, respectively, in the most recent year. Accommodation and food services, which is related to tourism, accounted for 15.9 of the total number employed.

Table 3 - Employment, by sector

	2021		2022		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc Mining, etc.					
Utilities					
Construction					
Manufacturing	461	5.6	453	5.3	-1.7
Wholesale trade					
Retail trade	1,532	18.5	1,493	17.3	-2.5
Transp. and Warehousing	368	4.4	416	4.8	13.0
Information	55	0.7	67	0.8	21.8
Finance and Insurance	349	4.2	368	4.3	5.4
Real estate	136	1.6	137	1.6	0.7
Professional and Technical services	307	3.7	309	3.6	0.7
Management	341	4.1	367	4.3	7.6
Administrative and Waste services	224	2.7	218	2.5	-2.7
Educational services	533	6.4	566	6.6	6.2
Health Care and Social Assistance	1,536	18.5	1,638	19.0	6.6
Arts, Entertainment, Recreation	75	0.9	94	1.1	25.3
Accommodation and Food services	1,280	15.4	1,371	15.9	7.1
Other Services	438	5.3	440	5.1	0.5
Unclassified	31	0.4	59	0.7	90.3
Total (private)	8,300		8,610		3.7

Source: Bureau of Labor Statistics

Unemployment trends

Unemployment trends for the City of Staunton are illustrated in the table, below. Rates for Virginia and for the U.S. as a whole are also shown, for reference. Here it is seen that the most recent annual unemployment rate for the City is 2.7 percent, down from 3.8 percent the previous year, and from 6.5 percent the year before that. As can be seen, this pattern is repeated at the state and national level over this period.

Table 4 - Unemployment trends

	Staunton		
	<u>City</u>	<u>Virginia</u>	<u>U.S.</u>
2013	5.7%	5.6%	7.4%
2014	5.1%	5.1%	6.2%
2015	4.3%	4.4%	5.3%
2016	3.8%	4.0%	4.9%
2017	3.5%	3.7%	4.4%
2018	2.9%	3.0%	3.9%
2019	2.7%	2.8%	3.7%
2020	6.5%	6.2%	8.1%
2021	3.8%	3.9%	5.3%
2022	2.7%	2.9%	3.6%

Source: Bureau of Labor Statistics

Major Employers

The major private employers in the Staunton area are listed in Table 5, below. Here it is seen that the largest single employers include local hospitals, Hershey Chocolate, several large retailers in addition to the local public schools, and local governments.

Table 5 - Major Employers

Employer		
Augusta County	Staunton	Waynesboro
Augusta Medical Center	Western State Hospital	Waynesboro School Board
Augusta County School Board	Staunton City School Board	Wal Mart
Hershey Chocolate of Virginia	City of Staunton	City of Waynesboro
Target Corp	Brightview Senior Living	AT&T
McKee Foods	Fisher Auto Parts	Lumos Payroll Corp
AAF McQuay	Mary Baldwin College	Virginia Panel Corp
Hollister	Wal Mart	Dupont Community Credit Union
County of Augusta	Best Buy	Chicopee Inc Dip
NIBCO of Virginia	VDOT	Lowes Home Centers
Innovative Refrigeration Systems	Speciality Blades	Mathers Construction Company
Augusta Medical Group	Care Advantage	Target Corp
UPS	Food Lion	PPL Time Zero

Source: Virginia Economic Development Partnership

The Virginia Economic Development Partnership reports a total of 30 new jobs added at one location in recent years (since 2020). In addition, 874 new jobs were reported at seven locations in Augusta County, including 500 new jobs at Amazon. With respect to closures and layoffs, the Virginia Economic Development Partnership reports none in Staunton since 2020.

The proposed development is not located in a market - such as a resort area - that would need housing for employees in such a specific market, although, as noted, the tourism industry is significant.

Wages by Industry Sector

Information on wages, by employment sector, for the City of Staunton is set out in Table 6, below. Here, average wages show some variation - both between sectors and also over time - with average wages increasing by 7.1 percent between 2021 and 2022.

Table 6 - Average Wages by Industry Sector

	<u>2021</u>	<u>2022</u>	<u>pct change</u>
Agriculture, Forestry, etc Mining, etc. Utilities Construction			
Manufacturing	\$1,144	\$1,184	3.5
Wholesale trade Retail trade	\$560	\$603	7.7
Transp. and Warehousing	\$803	\$849	5.7
Information	\$886	\$896	1.1
Finance and Insurance	\$1,646	\$1,531	-7.0
Real estate	\$833	\$872	4.7
Professional and Technical services Management	\$1,175	\$1,236	5.2
Administrative and Waste services	\$1,050	\$1,353	28.9
Educational services	\$566	\$662	17.0
Health Care and Social Assistance	\$666	\$696	4.5
Arts, Entertainment, Recreation	\$722	\$792	9.7
Accommodation and Food services	\$340	\$419	23.2
Other Services	\$387	\$422	9.0
Unclassified	\$561	\$633	12.8
	\$748	\$688	-8.0
Total	\$743	\$796	7.1

Source: Virginia Labor Market Information

Commuting patterns

Based on data from the American Community Survey, 45.2 percent of workers resident in Staunton were employed in Staunton, with 54.8 percent employed elsewhere. The average driving time to work for residents of Staunton was 22.1 minutes, compared with 27.9 minutes for Virginia as a whole.

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	12,047	100.0
Worked in Place of residence	5,445	45.2
Worked in County of residence	5,445	45.2
Worked outside Place of residence	6,602	54.8
Worked outside County of residence	6,602	54.8
Mean travel time to work (minutes)	22.1	

Source: 2017 to 2021 American Community Survey; T.Ronald Brown: Research & Analysis

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

Here it is seen that many persons who work in the City of Staunton commute into the City from, as one would expect, Augusta County. Likewise, many residents of Staunton commute to work in Augusta County.

Table 8 - Commuting Patterns

Working in Staunton	2,641
Where Staunton workers are commuting from:	
Augusta County	3,595
Rockingham County	609
Waynesboro City	593
Albemarle County	329
Harrisonburg City	279
Rockbridge County	188
Fairfax County	134
Chesterfield County	102
Charlottesville City	101
Elsewhere	2,656
Where Staunton residents are commuting to:	
Augusta County	2,899
Harrisonburg City	736
Waynesboro City	624
Rockingham County	594
Albemarle County	518
Charlottesville City	343
Henrico County	190
Lynchburg City	177
Roanoke City	150
Elsewhere	2,691

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

It is expected that the local economic conditions will not likely have a direct positive or negative impact on the subject property, to any significant extent.

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2010, the population of the City of Staunton was 23,746, and in 2020 the population was recorded as 25,750. Population projections for Staunton are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 26,540 by 2024, and to be around 27,352 in 2029. The population of Augusta County is projected to be 78,506 and 79,799 in 2024 and 2029, respectively.

In 2010, the population of the market area was 93,446, and in 2020 the population was recorded as 99,818. Population projections for the market area are based on the official projections for Staunton and Waynesboro, and on the average of several small area population projection techniques using census tract trends for 2010 to 2020 in Augusta County, corrected for the official State Data Center numbers for that County. Based on these data, the population of the area is projected to be 101,521 by 2024, and to be around 103,398 by 2029.

Information on population trends and changes between 2000 and 2029 are set out in Table 9, below.

Table 9- Population Trends

	Staunton	Market Area	Augusta County
2000	23,853	86,137	65,615
2010	23,746	93,446	73,750
2020	25,750	99,818	77,487
2024	26,540	101,521	78,506
2029	27,352	103,398	79,799
absolute change			
2000-2010	-107	7,309	8,135
2010-2020	2,004	6,372	3,737
2020-2024	790	1,703	1,019
2024-2029	812	1,877	1,293
annual change			
2000-2010	-11	731	814
2010-2020	200	637	374
2020-2024	198	426	255
2024-2029	162	375	259

Source: 2000, 2010 and 2020 Census; Virginia State Data Center; T.Ronald Brown: Research & Analysis

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

In 2010, there were 10,480 households in Staunton and 11,374 in 2020.

There were 38,685 households in the market area in 2010, and 41,703 in 2020. Projections show around 42,570 and 43,556 households in 2024 and 2029, respectively.

Table 10 - Household Trends

	Staunton	Market Area	Augusta County
2000	9,676	34,587	24,818
2010	10,480	38,685	28,516
2020	11,374	41,703	30,233
2024	n/a	42,570	30,784
2029	n/a	43,556	31,486
absolute change			
2000-2010	804	4,098	3,698
2010-2020	894	3,018	1,717
2020-2024	n/a	867	551
2024-2029	n/a	986	702
annual change			
2000-2010	80	410	370
2010-2020	89	302	172
2020-2024	n/a	217	138
2024-2029	n/a	197	140

Source: 2000, 2010 and 2020 Census; Virginia State Data Center; T.Ronald Brown: Research & Analysis

Population and household characteristics

Age distribution

The distribution of the population, by age, for Staunton, the market area, and Augusta County is set out in Table 11, below. These data are from the 2020 Census.

Table 11 - Age Distribution

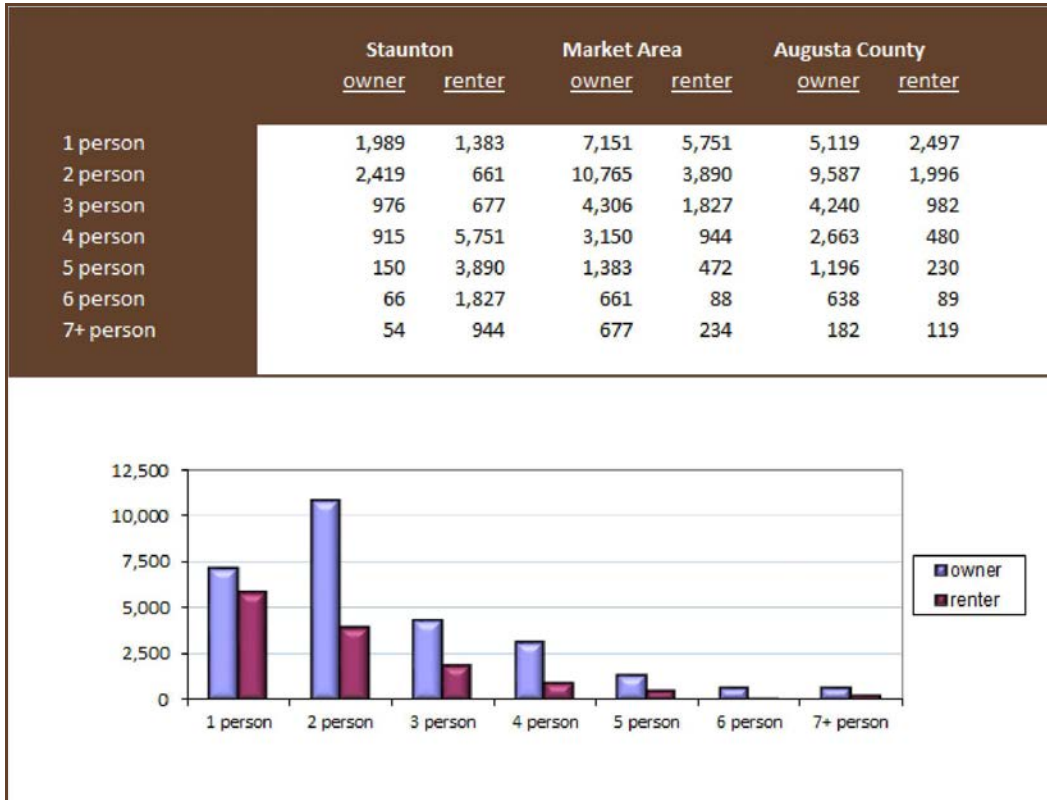
	Staunton		Market Area		Augusta County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Under 5 years	1,336	5.2	5,195	5.2	3,811	13.5
5 to 9 years	1,303	5.1	5,405	5.4	1,303	4.6
10 to 14 years	1,305	5.1	5,710	5.7	1,305	4.6
15 to 19 years	1,632	6.3	5,870	5.9	1,632	5.8
20 to 24 years	1,706	6.6	5,631	5.6	1,706	6.0
25 to 29 years	1,800	7.0	6,179	6.2	1,800	6.4
30 to 34 years	1,766	6.9	6,086	6.1	1,766	6.3
35 to 39 years	1,630	6.3	6,108	6.1	1,630	5.8
40 to 44 years	1,484	5.8	5,650	5.7	1,484	5.3
45 to 49 years	1,320	5.1	5,733	5.7	1,320	4.7
50 to 54 years	1,457	5.7	6,242	6.3	1,457	5.2
55 to 59 years	1,659	6.4	7,197	7.2	1,659	5.9
60 to 64 years	1,658	6.4	7,062	7.1	1,658	5.9
65 to 69 years	1,735	6.7	6,557	6.6	1,735	6.1
70 to 74 years	1,421	5.5	5,670	5.7	1,421	5.0
75 to 79 years	1,073	4.2	4,264	4.3	1,073	3.8
80 to 84 years	674	2.6	2,685	2.7	674	2.4
85 years and over	791	3.1	2,574	2.6	791	2.8
55 and older	9,011	35.0	36,009	36.1	9,011	31.9
65 and older	5,694	22.1	21,750	21.8	5,694	20.2
Total	25,750		99,818		28,225	

Source: 2020 Census; T.Ronald Brown: Research & Analysis

Household size

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

Table 12 - Household Size



Source: 2017 to 2021 American Community Survey; T.Ronald Brown: Research & Analysis

Tenure

Table 13, below, sets out the number and proportion of owner and renter households for Staunton, the market area, and for Augusta County. In the years beyond 2020, the tenure proportions are based on 2010 to 2020 tenure trends. In 2020, 43.6 percent of households in Staunton were renters, 33.1 percent of households in the market area were renters, and 21.4 percent in Augusta County were renters.

Table 13 - Tenure

Staunton		persons per			Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	
2000	23,853	9,676	2.47	5,939	61.4	3,737	38.6	
2010	23,746	10,480	2.27	6,196	59.1	4,284	40.9	
2020	25,750	11,374	2.26	6,415	56.4	4,959	43.6	
2024	26,540	n/a	n/a	n/a	n/a	n/a	n/a	
2029	27,352	n/a	n/a	n/a	n/a	n/a	n/a	

Market Area		persons per			Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	
2000	86,137	34,587	2.49	24,705	71.4	9,882	28.6	
2010	93,446	38,685	2.42	26,901	69.5	11,784	30.5	
2020	99,818	41,703	2.39	27,913	66.9	13,790	33.1	
2024	101,521	42,570	2.38	28,024	65.8	14,547	34.2	
2029	103,398	43,556	2.37	28,049	64.4	15,507	35.6	

Augusta County		persons per			Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	
2000	65,615	24,818	2.64	20,628	83.1	4,190	16.9	
2010	73,750	28,516	2.59	23,027	80.8	5,489	19.2	
2020	77,487	30,233	2.56	23,763	78.6	6,470	21.4	
2024	78,506	30,784	2.55	23,911	77.7	6,873	22.3	
2029	79,799	31,486	2.53	24,074	76.5	7,412	23.5	

Source: 2000, 2010 and 2020 Census; Virginia State Data Center; T.Ronald Brown: Research & Analysis

Income Distribution

The distribution of household incomes for Staunton, the market area, and Augusta County are set out in Table 14, below. These figures are taken from the 2017 to 2021 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for Staunton is around \$59,731, and that for Augusta County as a whole is seen to be \$76,124. The median income for the market area is estimated at \$65,969.

The median income for the census tract in which the site of the proposed development is located is estimated to be around \$47,058 - based on the American Community Survey data.

Table 14 - Household Income

	Staunton		Market area		Augusta County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	546	4.9	1,925	4.7	844	2.8
\$10,000 to \$14,999	676	6.1	1,817	4.4	1,075	3.6
\$15,000 to \$19,999	364	3.3	1,489	3.6	820	2.7
\$20,000 to \$24,999	594	5.4	1,549	3.8	1,067	3.6
\$25,000 to \$29,999	626	5.7	2,456	6.0	1,536	5.1
\$30,000 to \$34,999	528	4.8	1,575	3.9	1,027	3.4
\$35,000 to \$39,999	506	4.6	1,704	4.2	996	3.3
\$40,000 to \$44,999	586	5.3	1,598	3.9	1,328	4.4
\$45,000 to \$49,999	500	4.5	1,653	4.0	1,074	3.6
\$50,000 to \$59,999	619	5.6	3,085	7.5	2,295	7.6
\$60,000 to \$74,999	1,047	9.5	4,020	9.8	2,761	9.2
\$75,000 to \$99,999	1,381	12.5	5,505	13.5	4,884	16.2
\$100,000 to \$124,999	1,174	10.6	4,641	11.4	3,847	12.8
\$125,000 to \$149,999	781	7.1	3,156	7.7	2,576	8.6
\$150,000 to \$199,999	582	5.3	2,870	7.0	2,425	8.1
\$200,000 or more	554	5.0	1,846	4.5	1,501	5.0
median income	\$59,731		\$65,969 *		\$76,124	

* Estimate

Source: 2017 to 2021 American Community Survey; T.Ronald Brown: Research & Analysis

Renter Income

The distribution of household incomes for renter households for Staunton, the market area, and Augusta County are set out in Table 15, below. These figures are also taken from the 2017 to 2021 American Community Survey.

The median renter household income for Staunton is around \$40,282, and that for Augusta County as a whole is seen to be \$46,856. The median renter income for the market area is estimated at \$38,724.

The median renter income for the census tract in which the site of the proposed development is located is estimated to be around \$40,184 - based on the American Community Survey data.

Table 15 - Household Income, Renter Households

	Staunton		Market area		Augusta County	
	number	percent	number	percent	number	percent
less than \$10,000	274		1,151	8.7	304	4.8
\$10,000 to \$19,999	735		2,337	17.7	1,084	17.0
\$20,000 to \$34,999	934		2,665	20.2	1,175	18.4
\$35,000 to \$49,999	741		1,889	14.3	852	13.3
\$50,000 to \$74,999	817		2,098	15.9	962	15.0
\$75,000 to \$99,999	466		1,267	9.6	1,001	15.7
\$100,000 or more	516		1,799	13.6	1,015	15.9
median income	\$40,282		\$38,724 *		\$46,856	

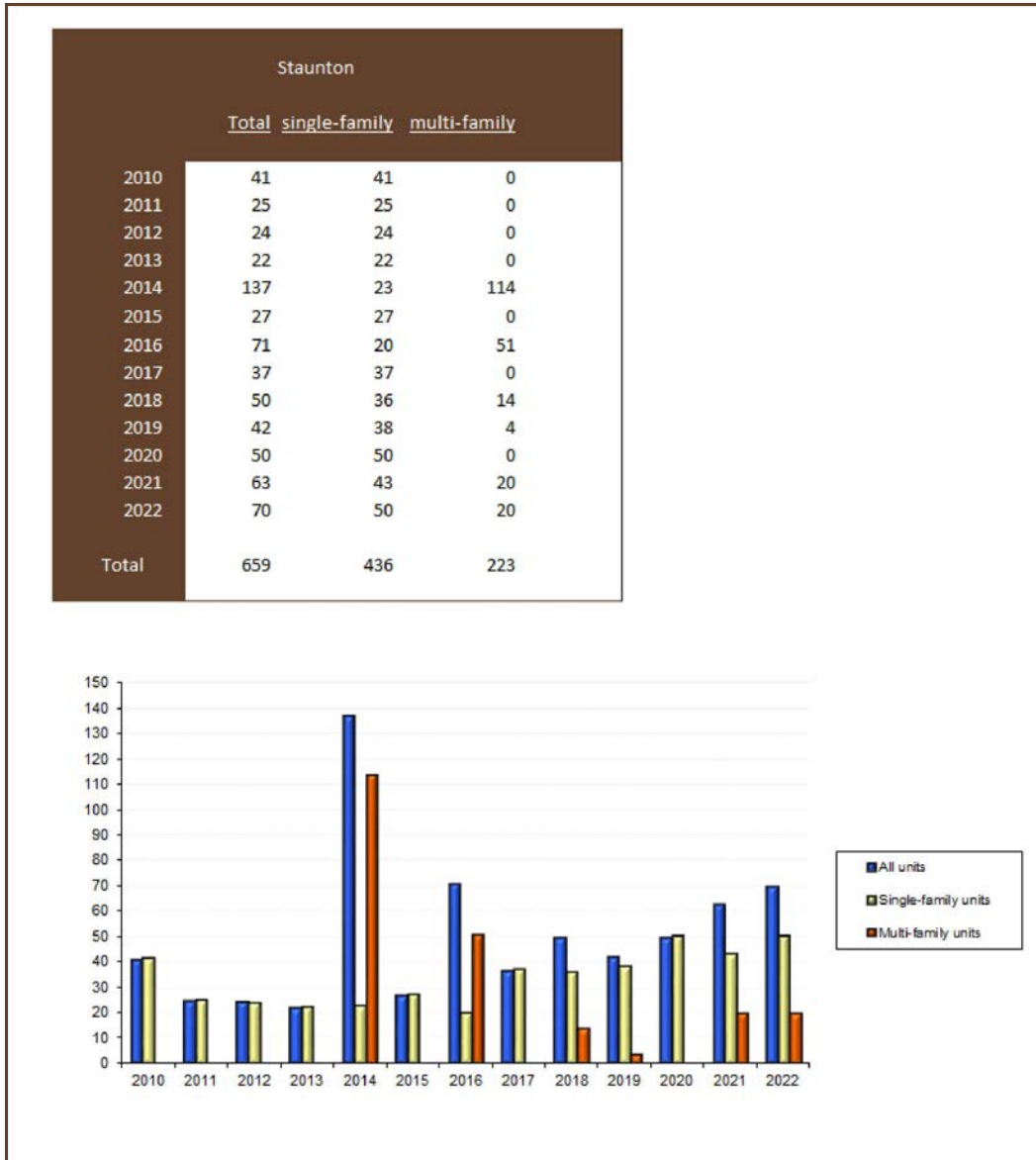
* Estimate

Source: 2017 to 2021 American Community Survey; T.Ronald Brown: Research & Analysis

Building permit trends

Table 16 below gives details of residential construction in Staunton since 2010. Where the data exist, it can be seen that a total of 659 units were added in the City. No data exist for the market area.

Table 16 - Residential Construction Since 2010



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

H. COMPETITIVE ENVIRONMENT

There are several apartment complexes located in the Staunton, Waynesboro, and Augusta County area. These include conventional/market rate properties, properties financed with low income housing tax credits, and subsidized housing for very low income households. The various unsubsidized and/or potentially comparable complexes were identified and surveyed, and where useful information was made available to us, this is presented, below.

Based on information from Virginia Housing, the following are the significant (non-elderly) new construction properties that have been financed with tax credits in the market area for the proposed development.

Frontier Ridge (100 units)
Lily Gardens (50 units)
Middlebrook Trace I (82 units)
Middlebrook Trace II (48 units)
Montague Terrace (96 units)
Mountain Laurel Manor I (48 units)
Mountain Laurel Manor II (48 units)
Mountain Laurel Manor III (48 units)
Overlook Ridge (50 units)
Waterford Village (96 units)

Frontier Ridge is a 100-unit property that opened in 2006. This property offers a mix of two- and three-bedroom units. At Frontier Ridge, there are 50 two-bedroom of 959 square feet which rent for \$857, and 50 three-bedroom units which rent for \$988. Currently, the property is reported to have two vacant units (98.0 percent occupancy).

The initial phase of the Lily Gardens Apartments was funded in 2023. There will be 20 two-bedroom units renting from \$429 to \$808, and 30 three-bedroom units renting from \$930 to \$1,175. Rents will be targeted at 30 percent, 50 percent, and 80 percent of the median.

The two phases of the Middlebrook Trace development are currently under development at a location off Middlebrook Avenue. The initial phase is projected to open in 2024 will offer 82 units - 42 two-bedroom units and 40 three-bedroom units. The two-bedroom units will be targeted at 30 percent and 60 percent of the median, with rents at \$450 and \$1,109. The three-bedroom units are to be targeted at 50 and 60 percent of the median, with 15 rent-assisted units and 25 units at 60 percent of the median, renting for \$1,177. The second phase will have 48 units. There will 26 two-bedroom units which will rent from \$444 (30 percent) to \$1,075 (80 percent). There will be nine rent-assisted three-bedroom units and 13 three-bedroom units targeted at the 60 percent level, renting for \$1,175.

The Montague Terrace Apartments are a 96-unit property that was developed in 2012, at a site in Stuarts Draft. There are 56 two-bedroom units and 40 three-bedroom units. Rents are targeted at 50 percent and at 60 percent of the area median income - with rents ranging from \$828 for a two-bedroom unit at the 50 percent level, to \$1,167 for a three-bedroom unit at the 60 percent level. The property reports one vacancy, a 99.0 percent occupancy level.

The Mountain Laurel Manor Apartments comprise a total of 144 units (84 two-bedroom units and 60 three-bedroom units) developed between 2020 and 2023. Units are offered at 30 percent, 40 percent, 50 percent, and 60 percent of the median. The rents at the 60 percent level range from \$987 to \$1,004 for a two-bedroom to \$1,138 to \$1,159 for a three-bedroom model. The property as a whole reports four vacancies - a 97.1 percent occupancy level.

The Overlook Ridge Apartments were funded in 2023 - for a site adjacent to Montague Terrace in Stuarts Draft. There will be 28 two-bedroom units renting from \$430 to \$949, and 22 three-bedroom units renting from \$1,149 to \$1,175. Rents will be targeted at 30 percent, 50 percent, 60 percent and 80 percent of the median.

Waterford Village opened in 2010 at a site off the Jefferson Highway. There a total of 96 units at this project: an equal mix of two-, and three-bedroom units, with units at 40 percent and 50 percent of the area median income. The two- bedrooms are available for up to \$828, and the three-bedroom units rent for up to \$948. Currently, there are two vacant units at this location (97.9 percent occupancy).

There are several market rate properties in the area. For example, the Apartments at Goose Creek is a large luxury complex with an initial phase that opened in 2015. There are a total of 352 units. Here, rents for one-bedroom units are reported to range from \$1,420 to \$1,585, and the two-bedroom units rent from \$1,497 to \$1,720. Three bedrooms at this location are available from \$1,716 to \$1,916. The project is reported to have no vacancies at present - that is, 100 percent occupancy.

There are four smaller properties located at sites on Seth Drive, off Middlebrook Avenue. The Staunton Apartments, for example, provide 39 units - 14 two-bedroom units and 25 three-bedroom units. The two-bedroom units rent for \$1,300 and the three-bedroom units are available for \$1,600. These units are also fully occupied.

Based on our survey, there is a market-wide occupancy rate of 98.1 percent.

Occupancy at tax credit properties is found to be around 97.2 percent.

Occupancy at the various market rate properties surveyed in the market area is seen to be 98.4 percent.

In order to determine market rents, a sample of comparable market area properties were identified. The projects selected were chosen on the basis of age, location, and bedroom mix. Information for units at these various properties are summarized below.

Table 17 - Market Rate Properties

<u>Property</u>	<u>Year built</u>	<u>Two-bedroom rents</u>	<u>Three-bedroom rents</u>
Apartments at Goose Creek	2015	\$1,497-1,720	\$1,716-1,916
Big Sky	2006	\$1,271-1,472	\$1,416-1,569
Windigrove	2014	\$1,410-1,700	\$1,575-1,925

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

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$1,377 for a two-bedroom unit, and \$1,551 for a three-bedroom unit.

These rents are seen to be reasonably above the proposed rents at the proposed development, particularly those at or below 60 percent of the local area median. The proposed rents targeted at the 80 percent level - are also seen to be reasonably below the estimated market rents.

The various complexes surveyed are summarized as follows (tax credit properties are shown in bold face):

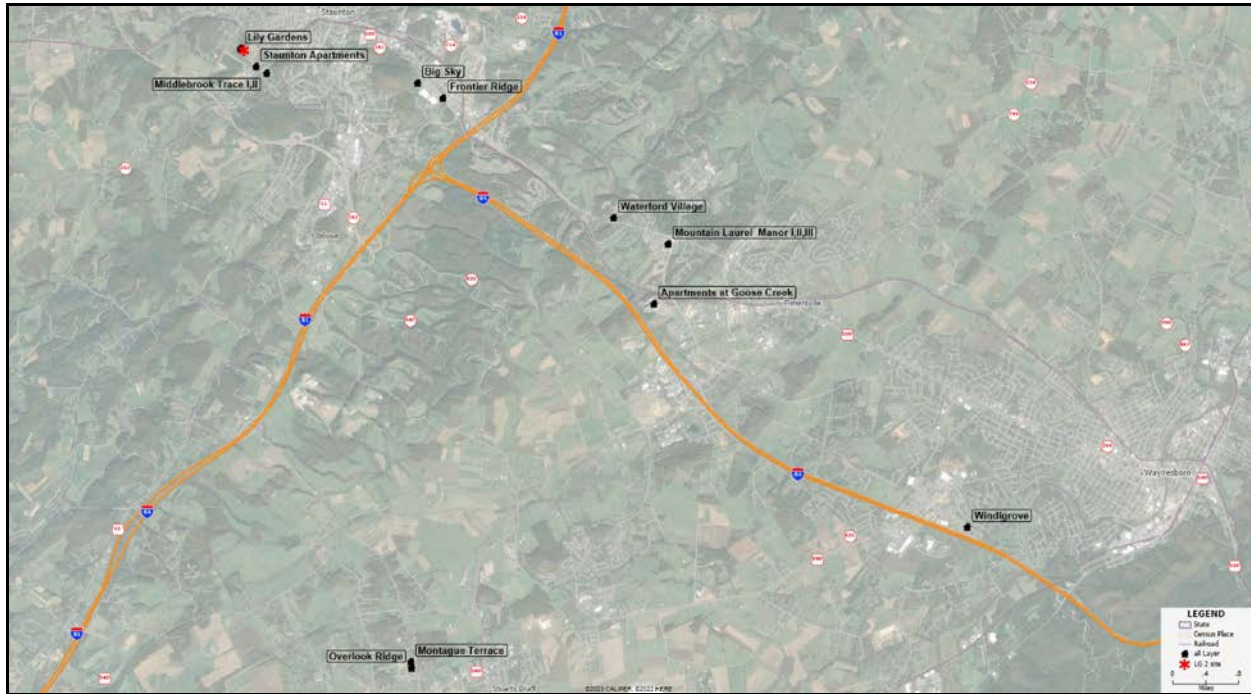
Complex name	Location	Financing	Year built	Total units	Vacant units	Occupancy (%)
Apartments at Goose Creek	Fishersville	Conventional	2015-2021	352	0	100.0
Big Sky	Staunton	Conventional	2006-2017	249	2	99.2
Frontier Ridge	Staunton	LIHTC	2006	100	5	95.0
Lily Gardens	Staunton	LIHTC	2025	50	0	100.0
Middlebrook Trace I	Staunton	LIHTC	2024	82	n/a	n/a
Middlebrook Trace II	Staunton	LIHTC	2025	48	n/a	n/a
Montague Terrace	Stuarts Draft	LIHTC	2012	96	1	99.0
Mountain Laurel Manor I	Staunton	LIHTC	2020	48	1	97.9
Mountain Laurel Manor II	Staunton	LIHTC	2020	48	2	95.8
Mountain Laurel Manor III	Staunton	LIHTC	2023	48	1	97.9
Overlook Ridge	Stuarts Draft	LIHTC	2025	50	0	n/a
Staunton	Staunton	Conventional	2016-2020	39	0	100.0
Waterford Village	Staunton	LIHTC	2020	96	2	97.9
Windigrove	Waynesboro	Conventional	2014-2020	357	14	96.1

	0 br/1ba			1 br/1ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Lily Gardens II						
Apartments at Goose Creek				n/a	764-1,095	\$1,420-1,585
Big Sky				n/a	805-1,237	\$1,190-1,370
Frontier Ridge						
Lily Gardens						
Middlebrook Trace I						
Middlebrook Trace II						
Montague Terrace						
Mountain Laurel Manor I						
Mountain Laurel Manor II						
Mountain Laurel Manor III						
Overlook Ridge						
Staunton						
Waterford Village				n/a	760-1,218	\$1,285-1,550
Windigrove						

	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Lily Gardens II				13	1,024	\$419-798
Apartments at Goose Creek				n/a	1,092-1,184	\$1,497-1,720
Big Sky				n/a	1,076-1,509	\$1,320-1,545
Frontier Ridge				50	959	\$972
Lily Gardens				20	1,024	\$429-808
Middlebrook Trace I	42	789	\$450-1,019			
Middlebrook Trace II	26	789	\$444-1,075			
Montague Terrace				56	1,068	\$828-1,018
Mountain Laurel Manor I				28	919	\$617-996
Mountain Laurel Manor II				28	918	\$608-987
Mountain Laurel Manor III				26	789	\$435-1,004
Overlook Ridge				28	1,078	\$430-999
Staunton	14	1,000	\$1,300			
Waterford Village				48	1,084	\$639-828
Windigrove				n/a	1,031-1,506	\$1,410-1,700

	3 br/1-1½ ba			3 br/2+ ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Lily Gardens II				30	1,237	\$1,139-1,200
Apartments at Goose Creek				n/a	1,357-1,419	\$1,716-1,916
Big Sky				n/a	1,304-1,492	\$1,465-1,645
Frontier Ridge				50	1,234	\$1,121
Lily Gardens				30	1,327	\$930-1,175
Middlebrook Trace I				40	1,252	\$1,117
Middlebrook Trace II				22	1,252	\$1,175
Montague Terrace				40	1,194	\$948-1,167
Mountain Laurel Manor I				20	1,153	\$1,150
Mountain Laurel Manor II				20	1,159	\$1,138
Mountain Laurel Manor III				22	1,252	\$1,159
Overlook Ridge				22	1,292	\$1,149-1,175
Staunton				25	1,300	\$1,600
Waterford Village				48	1,206	\$729-948
Windigrove				n/a	1,450-1,904	\$1,575-1,925

Apartment locations





Apartments at Goose Creek

Location: 80 Goose Point Lane
Fishersville

Financing: Conventional

Year Built: 2015-2021

Total Units: 352

Vacant units: 0 100.0% occupied

Telephone: 540.712.2459

Management: Denstock Management
[2/12]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	764-1,095	\$1,420-1,585	\$1.62		Microwave • Dishwasher • Washer/dryer •
2/2	1,092-1,184	\$1,497-1,720	\$1.41		Washer/dryer hook-up • 9' Ceilings • High-end kitchen • Wood/style floors • Fireplaces • Patos/balconies •
3/2	1,357-1,419	\$1,716-1,916	\$0.96		
					<u>Community Amenities</u>
					Clubhouse/community room • Fitness center • Business center • Pool • Playground • Controlled access/gated • Elevator • Garages • Storage • Laundry •
					<u>Utilities in Rent</u>
					Water • Sewer • Trash •



Big Sky

Location: 107 Community Way
Staunton

Financing: Conventional

Year Built: 2006-2017

Total Units: 249

Vacant units: 2 99.2% occupied

Telephone: 540.213.0234

Management: Park Properties
[2/14]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	805-1,237	\$1,190-1,370	\$1.25		Microwave • Dishwasher • Washer/dryer •
2/2	1,076-1,509	\$1,271-1,472	\$1.08		Washer/dryer hook-up 9' Ceilings High-end kitchen Wood/style floors Fireplaces Patos/balconies •
3/2	1,304-1,492	1,416-1,569	\$1.07		
					<u>Community Amenities</u>
					Clubhouse/community room •
					Fitness center •
					Business center
					Pool •
					Playground •
					Controlled access/gated
					Elevator
					Garages
					Storage
					Laundry
<u>Utilities in Rent</u>					
Water					
Sewer					
Trash •					



Frontier Ridge

Location: 20 Frontier Drive
Staunton

Financing: LIHTC
Year Built: 2006
Total Units: 100
Vacant units: 5

95.0% occupied (waiting list)

Telephone: 540.887.3337
Management: Capstone
[2/12]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	50	959	50%	\$972	73	\$1.01	Microwave Dishwasher Washer/dryer
3/2	50	1,234	50%	\$1,121	85	\$0.91	Washer/dryer hook-up 9' Ceilings High-end kitchen Wood/style floors Fireplaces Patio/balconies
							<u>Community Amenities</u>
							Clubhouse/community room
							Fitness center
							Business center
							Pool
							Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry
<u>Utilities in Rent</u>							
Water	•						
Sewer	•						
Trash	•						

Lily Gardens

Location: 1119 Montgomery Avenue
Staunton

Financing: LIHTC
Year Built: 2025
Total Units: 50
Vacant units:

Telephone:
Management: [2/12]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	5	1,024	30%	\$429		\$0.42	Microwave
2/2	15	1,024	50%	\$808		\$0.79	Dishwasher •
							Washer/dryer
							Washer/dryer hook-up •
3/2	6	1,327	30%	\$930		\$0.70	9' Ceilings
3/2	6	1,327	50%	\$1,149		\$0.87	High-end kitchen
3/2	18	1,327	80%	\$1,175		\$0.89	Wood/style floors
							Fireplaces
							Patios/balconies
							<u>Community Amenities</u>
							Clubhouse/community room •
							Fitness center
							Business center
							Pool
							Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry •

Utilities in Rent

- Water •
- Sewer •
- Trash •



Middlebrook Trace I

Location: 914 Middlebrook Avenue
Staunton

Financing: LIHTC
Year Built: 2024
Total Units: 82
Vacant units: n/a

Telephone:
Management: Excel Property Management

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/1½	9	789	30%	\$450	n/a	\$0.57	Microwave
2/1½	33	789	60%	\$1,019	n/a	\$1.29	Dishwasher ●
							Washer/dryer
							Washer/dryer hook-up ●
3/2	15	1,252	50%	\$1,218*	n/a	n/a	9' Ceilings
3/2	25	1,252	60%	\$1,177	n/a	\$0.94	High-end kitchen
							Wood/style floors
							Fireplaces
							Patios/balconies
* rent-assisted							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
<u>Utilities in Rent</u>							
Water	●						
Sewer	●						
Trash	●						

Middlebrook Trace II

Location: 914 Middlebrook Avenue
Staunton

Financing: LIHTC
Year Built: 2025
Total Units: 48
Vacant units: n/a

Telephone:
Management: Excel Property Management

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/1½	5	789	30%	\$444		\$0.56	Microwave
2/1½	9	789	50%	\$823		\$1.04	Dishwasher ●
2/1½	10	789	60%	\$1,013		\$1.28	Washer/dryer
2/1½	2	789	80%	\$1,075		\$1.36	Washer/dryer hook-up ●
							9' Ceilings
3/2	3	1,252	30%	\$1,193*		n/a	High-end kitchen
3/2	6	1,252	50%	\$1,193*		n/a	Wood/style floors
3/2	13	1,252	60%	\$1,175		\$0.94	Fireplaces
							Patios/balconies

* rent assisted

- Community Amenities
- Clubhouse/community room ●
 - Fitness center
 - Business center
 - Pool
 - Playground
 - Controlled access/gated
 - Elevator
 - Garages
 - Storage
 - Laundry ●

Utilities in Rent

- Water ●
- Sewer ●
- Trash ●



Montague Terrace

Location: 28 Montague Court
Stuarts Draft

Financing: LIHTC
Year Built: 2012
Total Units: 96
Vacant units: 1

99.0% occupied (waiting list)

Telephone: 540.416.4384
Management: JDC Management
[2/14]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	34	1,068	50%	\$828	n/a	\$0.78	Microwave
2/2	22	1,068	60%	\$1,018	n/a	\$0.95	Dishwasher ●
							Washer/dryer
							Washer/dryer hook-up ●
3/2	26	1,194	50%	\$948	n/a	\$0.79	9' Ceilings
3/2	14	1,194	60%	\$1,167	n/a	\$0.98	High-end kitchen
							Wood/style floors
							Fireplaces
							Patios/balconies
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground ●
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
							<u>Utilities in Rent</u>
							Water ●
							Sewer ●
							Trash ●



Mountain Laurel Manor I

Location: 85 Bobby's Way
Staunton

Financing: LIHTC
Year Built: 2020
Total Units: 48
Vacant units: 1 97.9% occupied

Telephone: 540.466.5424
Management: GEM Management
[2/15]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	5	919	40%	\$617	n/a	\$0.67	Microwave
2/2	19	919	50%	\$806	n/a	\$0.88	Dishwasher ●
2/2	4	919	60%	\$996	n/a	\$1.08	Washer/dryer Washer/dryer hook-up ●
3/2	20	1,153	60%	\$1,150	n/a	\$1.00	9' Ceilings High-end kitchen Wood/style floors Fireplaces Patio/balconies
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
<u>Utilities in Rent</u>							
Water ●							
Sewer ●							
Trash ●							



Mountain Laurel Manor II

Location: 47 Bobby's Way
Staunton

Financing: LIHTC
Year Built: 2020
Total Units: 48
Vacant units: 2 95.8% occupied

Telephone: 540.466.5424
Management: GEM Management
[2/12]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	5	919	40%	\$608	n/a	\$0.66	Microwave
2/2	19	919	50%	\$797	n/a	\$0.87	Dishwasher ●
2/2	4	919	60%	\$987	n/a	\$1.07	Washer/dryer Washer/dryer hook-up ●
3/2	20	1,159	60%	\$1,138	n/a	\$0.98	9' Ceilings High-end kitchen Wood/style floors Fireplaces Patio/balconies
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
<u>Utilities in Rent</u>							
Water ●							
Sewer ●							
Trash ●							



Mountain Laurel Manor III

Location: Bobby's Way
Staunton

Financing: LIHTC
Year Built: 2023
Total Units: 48
Vacant units: 1 97.9% occupied

Telephone: 540.403.2700
Management: GEM Management
[2/12]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	3	919	30%	\$435	n/a	\$0.47	Microwave
2/2	25	919	60%	\$1,004	n/a	\$1.09	Dishwasher ●
							Washer/dryer ●
							Washer/dryer hook-up ●
3/2	10	1,159	30%	n/a	n/a	n/a	9' Ceilings
3/2	10	1,159	60%	\$1,159	n/a	\$1.00	High-end kitchen
							Wood/style floors
							Fireplaces
							Patios/balconies
8 three bedroom units are rent assisted							
<u>Community Amenities</u>							
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
<u>Utilities in Rent</u>							
							Water ●
							Sewer ●
							Trash ●

Overlook Ridge

Location: Montague Court
Stuarts Draft

Financing: LIHTC
Year Built: 2025
Total Units: 50
Vacant units:

Telephone:
Management:

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	5	1,078	30%	\$430	n/a	\$0.40	Microwave
2/2	21	1,078	50%	\$809	n/a	\$0.75	Dishwasher ●
2/2	2	1,078	60%	\$949	n/a	\$0.88	Washer/dryer Washer/dryer hook-up ●
3/2	4	1,292	60%	\$1,149	n/a	\$0.89	9' Ceilings High-end kitchen
3/2	18	1,292	80%	\$1,175	n/a	\$0.91	Wood/style floors Fireplaces Patos/balconies
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
<u>Utilities in Rent</u>							
Water							●
Sewer							●
Trash							●



Staunton

Location: 1008 Seth Drive
Staunton

Financing: Conventional

Year Built: 2016-2020

Total Units: 39

Vacant units: 0 100.0% occupied

Telephone: 540.290.8945

Management: Owner managed
[2/12]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
2/1½	14	1,000	\$1,300	\$1.30
3/2	25	1,300	\$1,600	\$1.23

Unit Amenities

- Microwave •
- Dishwasher
- Washer/dryer •
- Washer/dryer hook-up
- 9' Ceilings
- High-end kitchen
- Wood/style floors
- Fireplaces
- Patios/balconies

Community Amenities

- Clubhouse/community room
- Fitness center
- Business center
- Pool
- Playground
- Controlled access/gated
- Elevator
- Garages
- Storage
- Laundry

Utilities in Rent

- Water •
- Sewer •
- Trash •



Waterford Village

Location: 80 Imperial Drive
Staunton

Financing: LIHTC
Year Built: 2020
Total Units: 96
Vacant units: 2 97.9% occupied

Telephone: 540.416.4178
Management: JDC Management
[2/12]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	n/a	1,084	40%	\$639	n/a	\$0.59	Microwave
2/2	n/a	1,084	50%	\$828	n/a	\$0.76	Dishwasher ●
							Washer/dryer
							Washer/dryer hook-up ●
3/2	n/a	1,206	40%	\$729	n/a	\$0.60	9' Ceilings
3/2	n/a	1,206	50%	\$948	n/a	\$0.79	High-end kitchen
							Wood/style floors
							Fireplaces
							Patios/balconies
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center ●
							Business center
							Pool
							Playground ●
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry

Utilities in Rent
Water ●
Sewer ●
Trash ●



Windigrove

Location: 357 Windigrove Drive
Waynesboro

Financing: Conventional

Year Built: 2014

Total Units: 357

Vacant units: 0 100.0% occupied

Telephone: 540.299.1807

Management: Park Properties

[2/12]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	16	918	\$1,285	\$1.40	Microwave ●
1/1	22	1,218	\$1,375	\$1.13	Dishwasher ●
1/1	n/a	760-855	\$1400-1,550	\$1.83	Washer/dryer ●
					Washer/dryer hook-up ●
					9' Ceilings ●
2/2	78	1,267	\$1,410-1,455	\$1.13	High-end kitchen ●
2/2	66	1,506	\$1,525	\$1.01	Wood/style floors ●
2/2	n/a	1,031-1,205	\$1,525-1700	\$1.39	Fireplaces ●
					Patios/balconies ●
3/2	52	1,450	\$1,575-1,630	\$1.11	
3/2	n/a	1,617-1,904	\$1,825-1,925	\$1.48	
					<u>Community Amenities</u>
					Clubhouse/community room ●
					Fitness center ●
					Business center ●
					Pool ●
					Playground ●
					Controlled access/gated ●
					Elevator ●
					Garages ●
					Storage ●
					Laundry ●
					<u>Utilities in Rent</u>
					Water
					Sewer
					Trash

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

Demand Analysis

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

Income is a key variable in the analysis of housing markets. Of the 43 units proposed, five will be targeted at 30 percent of the median, 15 will be targeted to households with incomes up to 50 percent of the median, with eight targeted at 60 percent of the median, and 15 units targeted at 80 percent of the median (and therefore applying income averaging). Thus, the apartments qualify for low income housing tax credit status.

The HUD income limits for the City of Staunton are set out below. The median income for Staunton in 2023 was \$92,800 - having been \$83,600 in 2022, and \$62,700 in 2013. This represents an 11.0 percent increase over the previous year, and a 48.0 percent increase over the last decade (or an average of 4.00 percent per year).

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

Table 18 - Income Limits and Maximum Housing Costs

Income Limits				
	30 percent	50 percent	60 percent	80 percent
1 person	\$17,730	\$29,550	\$35,460	\$47,280
2 person	\$20,250	\$33,750	\$40,500	\$54,000
3 person	\$22,770	\$37,950	\$45,540	\$60,720
4 person	\$25,290	\$42,150	\$50,580	\$67,440
5 person	\$27,330	\$45,550	\$54,660	\$72,880
6 person	\$29,340	\$48,900	\$58,680	\$78,240

Maximum Housing Costs				
	30 percent	50 percent	60 percent	80 percent
1 bedroom	\$475	\$791	\$950	\$1,266
2 bedroom	\$569	\$949	\$1,139	\$1,518
3 bedroom	\$658	\$1,096	\$1,316	\$1,754

Source: HUD

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

Table 19 - Rents and Income Targeting

income targeting					
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>Total</u>
1 bedroom					
2 bedroom	5	8			13
3 bedroom		7	8	15	30
Total	5	15	8	15	43

proposed rents				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 bedroom				
2 bedroom	\$419	\$798		
3 bedroom		\$920	\$1,139	\$1,200

proposed rents as a proportion (%) of maximum				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 bedroom				
2 bedroom	99.9	99.9		
3 bedroom		100.0	100.0	76.0

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$150 and \$176 for the two- and three-bedroom units, respectively

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at the maximum allowable for the units targeted at the 30 percent, 50 percent, and 60 percent levels. Those for the units at the 80 percent level are at 76 percent of the maximum.

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

Table 20 - Qualifying Income Ranges

qualifying income ranges		
	30 percent	
	lower	upper
2 bedroom	\$19,509	\$22,770
3 bedroom	\$22,551	\$26,310
	50 percent	
	lower	upper
2 bedroom	\$32,503	\$37,950
3 bedroom	\$37,577	\$43,850
	60 percent	
	lower	upper
2 bedroom	\$39,034	\$45,540
3 bedroom	\$45,086	\$52,620
	80 percent	
	lower	upper
2 bedroom	\$40,742	\$60,720
3 bedroom	\$47,177	\$70,160

Source: Applicant; T Ronald Brown: Research & Analysis

Any gaps and/or overlaps between these target income ranges will necessarily be taken into consideration in our calculations.

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

Table 21 - Household Income, Renter Households

Income	All Renters		Overburdened Renters	
	Number	Percent	Number	Percent
Up to \$10,000	1,151	8.7	856	16.9
\$10,000 - \$19,999	2,337	17.7	1,528	30.2
\$20,000 - \$34,999	2,665	20.1	1,882	37.2
\$35,000 - \$50,000	1,889	14.3	417	8.2
\$50,000 - \$75,000	2,098	15.9	211	4.2
\$75,000 - \$100,000	1,292	9.8	88	1.7
\$100,000 and over	1,799	13.6	75	1.5
Total	13,231		5,057	

Source: 2017 to 2021 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2017 to 2021 - and not for a specific year.

From this table it can be seen that 8.7 percent of the market area renter households have incomes less than \$10,000, and a further 17.7 percent have incomes between \$10,000 and \$20,000. Around 20.1 percent of renters are seen to be in the \$25,000 to \$35,000 income range.

Around 38.2 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups (where 84 percent of overburdened renters have incomes less than \$35,000).

Based on the income ranges set out in Table 20 and the income distribution set out in Table 21, it is found that around 19.1 percent of market area renter households qualify for units at 30 percent of the median, and the corresponding figures for units at the 50 percent, 60 percent, and 80 percent levels are 23.8 percent, 22.1 percent, and 31.1 percent, respectively.

Projections of need and demand are based upon a 2024 to 2029 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

Based on the projections set out in Table 13, a total of 960 new rental units are needed between 2024 and 2029. A total of 546 units will be for households eligible for the proposed project.

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

Our calculations show that there will be a total of 8,816 renter households in the qualifying income range in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 70.6 percent of renters qualifying for units at 30 percent of the median are rent-overburdened. Likewise, 43.6 percent, 16.8 percent, and 16.0 percent of those qualifying for units at the 50 percent, 60 percent, and 80 percent levels, respectively, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 268 units.

Total demand is therefore seen to amount to 2,907 units. These figures are based on a 2024 to 2029 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area over that period. Four such potentially comparable projects have been awarded tax credits. These are the first phase of the Lily Gardens project, the two phases at Middlebrook Trace, and the Overlook Ridge Apartments. These are seen to amount to 230 potentially comparable units. The net need is therefore for 2,677 units.

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

Table 22 - Demand Calculations

	30 percent	50 percent	60 percent	80 percent	total *
(i) income eligible new renter households	184	229	212	299	546
(ii) income eligible existing renter households	2,965	3,691	3,429	4,824	8,816
(iii) existing households, likely to move	2,094	1,610	575	769	2,094
(iv) need from obsolete housing	90	112	104	146	268
Total demand (i)+(iii)+(iv)	2,367	1,951	891	1,215	2,907
Supply	33	72	83	38	230
Net demand	2,334	1,879	808	1,177	2,677

* excludes gap/overlap

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 31 percent of the total, two-bedroom units should account for 41 percent of the total, and three-bedroom units should account for 22 percent of the total with four- or more bedroom units accounting for 7 percent.

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

Table 23 - Capture Rates

	30 percent	50 percent	60 percent	80 percent	total *
Total demand					
1 bedroom	723	596	272	371	888
2 bedroom	965	795	363	495	1,185
3 bedroom	512	422	193	263	629
4 bedroom	167	137	63	86	205
Total	2,367	1,951	891	1,215	2,907
Supply					
1 bedroom	0	0	0	0	0
2 bedroom	24	45	45	2	116
3 bedroom	9	27	38	36	114
4 bedroom	0	0	0	0	0
Total	33	72	83	38	230
Net demand					
1 bedroom	723	596	272	371	888
2 bedroom	941	750	318	493	1,069
3 bedroom	503	395	155	227	515
4 bedroom	167	137	63	86	205
Total	2,334	1,879	808	1,177	2,677
Units proposed					
1 bedroom	0	0	0	0	0
2 bedroom	5	8	0	0	13
3 bedroom	0	7	8	15	30
4 bedroom	0	0	0	0	0
Total	5	15	8	15	43
Capture rates					
1 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
2 bedroom	0.5%	1.1%	0.0%	0.0%	1.2%
3 bedroom	0.0%	1.8%	5.2%	6.6%	5.8%
4 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Total	0.2%	0.8%	1.0%	1.3%	1.6%

* excludes gap/overlap

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 43-unit development amounts to 1.6 percent of the total net need.

The capture rate, by bedroom, is determined to be 1.2 percent for 13 two-bedroom units, and 5.8 percent for the 30 three-bedroom units.

The five units at 30 percent of the median amount to 0.2 percent of the net demand at that level, the 15 units at 50 percent of the median amount to 0.8 percent of demand at that target level, and the eight units targeted at the 60 percent level amount to around 1.0 percent of demand at that level. The 15 units targeted at 80 percent represent 1.3 percent of demand at that level..

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

ABSORPTION RATES

As noted, the capture rates presented above are considered realistic. Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated four month period, or so.

Affordability Analysis

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

The minimum income is that associated with the rent for the least expensive unit offered, and the upper limit is based on the 80 percent limit (the highest target income range) for the largest unit size, by number of bedrooms. Here, the lower income is seen to be that for the proposed two-bedroom units that will be targeted to households at the 30 percent level. That is, \$419 per month. Given a \$150 utility allowance and a 35 percent rent-to-income ratio, the lower qualifying income is seen to be \$19,509. The upper income is \$78,240. Based on the income data set out in Table 21, there are found to be 7,899 renter households in that range. Thus, the proposed 43unit development corresponds to a 0.5percent affordability analysis capture rate.

Penetration rate.

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

The lower income limit for this analysis is the income needed to afford the least expensive competitive unit in the market (or the rent for the least-expensive proposed unit, if lower), and the upper income limit is the upper income limit for the competitive units (or the proposed units, if higher). Our survey of the existing, competitive inventory, shows that the lowest two bedroom rents are those for the more deeply targeted units at the proposed development. Thus, given that rent, the target income range for this market is that for the proposed development. That is, from \$19,509 to \$78,240. Based on our research there are 666 potentially comparable tax credit units at ten complexes in the market area (including those that are under construction or are yet to commence construction. These, plus the proposed 43nits, yields 709nits. Consequently, the penetration rate - as defined - amounts to 9.0percent.

Summary

Consideration of the capture rate (1.6percent) and the (0.5percent) affordability analysis capture rate and (9.0 percent) penetration rate suggests that the proposed development is marketable, as proposed.

J. LOCAL PERSPECTIVE OF RENTAL HOUSING MARKET

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

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages).

K. ANALYSIS/CONCLUSIONS

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

Based on the proposed development's site, bedroom mix, amenities and features, utility provision and costs, and the several target income ranges in particular, the proposed development is considered marketable and should be well-accepted in this market, particularly as it will be a new, affordable, property.

The site location will offer a significant advantage as will the proposed rents, particularly those set to be affordable to households at 30 and 50 percent of the median.

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

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

L. OTHER REQUIREMENTS

Statement and signature

I affirm the following:

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



Market Analyst

March 14, 2024

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

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

NCHMA MEMBER CERTIFICATION

This market study has been prepared by T. Ronald Brown: Research & Analysis, 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*, and *Model Content Standards for the Content of Market Studies*. 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 the 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 .

T.Ronald Brown: Research & Analysis is duly qualified and experienced in providing market analysis for Affordable Housing. The company's principal participates 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. T.Ronald Brown: Research and Analysis is an independent market analyst. No principle or employee of T. Ronald Brown: Research & Analysis has any financial interest whatsoever in the development for which this analysis has been undertaken.

Attested by:



T. Ronald Brown



Analyst Qualifications

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

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

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

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

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

List of sources

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

The U.S. Census - 2000, 2010 and 2020, and the American Community Survey (2017-2021)

Virginia Housing

U.S. Department of HUD

U.S. Department of Agriculture

Virginia State Data Center/Weldon Cooper Center for Public Service

Virginia Employment Commission

Virginia Economic Development Partnership

City of Staunton

U.S. Bureau of Labor Statistics

HUDUSER (e.g., SOCDs building permits database)

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MARKET STUDY TERMINOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective rents - contract rent less concessions.

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

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

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

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

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

Market area - See *primary market area*.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Programmatic rents - See *restricted rents*.

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

Redevelopment - the redesign or rehabilitation of existing properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HUD Section 202 Program - federal program which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit

organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tenant - one who rents real property from another.

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

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

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

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