

Market Analysis
Monroe North Apartments
Wytheville, Virginia

Prepared for:
Jordan A. Stidham
Open Door Community

February 2024



▪ S. PATZ & ASSOCIATES, INC. ▪
▪ REAL ESTATE CONSULTANTS ▪



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February 22, 2024

Jordan A. Stidham
Executive Director
Open Door Community
680 W Main Street
Wytheville, Virginia 24382

Jordan,

Please find attached our comprehensive market analysis supporting the proposed construction of Monroe North Apartments, located on an attractive and well-situated site in the Town of Wytheville, Virginia. This report has been prepared for submission to Virginia Housing officials and is in accordance with the agency's market study guidelines.

Monroe North Apartments is designed as a general occupancy apartment community, offering units to households earning up to 30%, 50%, and 60% of the Area Median Income (AMI). Given the variation in proposed rents, we conducted an independent analysis for each rent category. Our findings indicate strong market support across all segments, with a project-wide capture rate of 16.6 percent.

The conclusion is that Monroe North Apartments has substantial market support, as evidenced by the supply-demand data. The enclosed report offers detailed market and economic data to support these conclusions. Please do not hesitate to contact me should you require additional data or clarification.

Sincerely,

Ariel Goldring
President

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Section I: Introduction

Following is the full-narrative market study for the proposed development of Monroe North Apartments in the Town of Wytheville, Virginia. This will be an entirely affordable, new-construction general occupancy apartment community with 32 one-, two- and three-bedroom apartment units for families at various income restrictions up to 60% of the Area Median Income (AMI). Construction on the apartment community, to be built at the intersection of W Monroe Street and N 14th Street, is expected to begin in late-2025 with occupancy available by mid-2027. Once built, Monroe North Apartments will have rent and income restrictions, but no age restrictions. S. Patz & Associates undertook a site visit on January 18, 2024 to examine the property and competitive apartment market.

Monroe North Apartments is designed for low- and moderate-income families and is proposed to be financed with 9% Low-Income Housing Tax Credits (LIHTC) through Virginia Housing. It should be noted that Open Door Community, the sponsor of Monroe North Apartments, is collaborating with the Mount Rogers Planning District Commission to provide housing units for two of their programs. Open Door Community plans to prioritize at least ten of the units at Monroe North Apartments for this initiative. This includes one one-bedroom unit for individuals with intellectual disabilities, six two-bedroom units, and three three-bedroom units for low-income, pregnant women. The remaining units will be advertised externally, including to area housing voucher providers. Open Door Community anticipates that voucher holders will occupy 15 units. It is important to highlight that none of this assistance will be project-based, allowing tenants to maintain their vouchers if they move. However, as will be documented in this report, very few local options are available for voucher holders. Thus, the market study to follow documents market support under conditions where these vouchers are unavailable.

The report is presented in three sections to follow the market study guidelines of Virginia Housing for LIHTC proposals. The first section is the Introduction, which provides an executive summary as well as a detailed analysis of the study site and its setting near downtown Wytheville. The site description includes an analysis of adjacent land uses, particularly commercial and public facilities that will serve the future resident population.

The site development plan is also presented, describing the number and types of apartment units planned for Monroe North Apartments. This analysis studies the types of amenities and building features to be built. A key to the development description is the identification of the target market for the apartment community, with particular emphasis on how the proposal meets the HUD income guidelines for LIHTC apartment properties in the Town of Wytheville.

Section I has a second subsection, an economic overview of the Wytheville marketplace. The key factors studied in this subsection are at-place jobs and employment growth, as these two economic factors best determine the region's economic stability. Additionally, at-place jobs and employment growth are the base for determining population and household growth. The economic overview includes trends in at-place jobs and employment as well as data on new development proposals expected to generate net job growth.

The second section is the supply/demand analysis for the proposed renovation. First presented is a demographic analysis of the market area defined for Monroe North Apartments. The demographic analysis "solves" for the number of market area households within multiple income categories related to the development proposal. These income categories are based on the proposed rents, as described below.

The second part of Section II is the analysis of the LIHTC general occupancy apartment properties in the market area that are defined as "comps" for the newly constructed apartment units. Based on rent and income restrictions, we identified six properties that would be competitive with Monroe North Apartments. These apartment properties are studied for rents, occupancy, unit sizes, characteristics, apartment amenities, and features. These project characteristics are compared with the proposal to determine Monroe North Apartments' competitive position in the current Wytheville marketplace.

The third and final section of the report is the Conclusions, which is the net demand analysis for the apartment units for families in the defined market area.

Executive Summary

The attached market study analyzes the feasibility of constructing 32 affordable apartment units across various income levels. Once constructed, Monroe North Apartments will be among the most attractive apartment communities in a market area with a limited number of professionally managed apartment complexes.

Overall, our analysis identifies no significant barriers to the successful construction and marketing of Monroe North Apartments. The findings from the market study are positive, indicating a favorable environment for the proposed development.

Other key conclusions of the market study include the following:

- Employment growth in Wythe County has been steady since the pandemic. Although year-end data for 2023 are not yet available, the latest employment figures as of June 2023 indicate that at-place jobs have increased to approximately 11,920, surpassing the pre-pandemic peak by nearly 650 jobs. New job announcements are estimated to add approximately 150 new jobs to the local employment base in the near term.
- Taking into account overlaps in income, the target market population for Monroe North Apartments is projected to decline by 105 households, aligning with past trends of population loss in the market area. However, census data show that 28.8 percent of market area renter households are rent overburdened, dedicating more than 35 percent of their income toward rent. Additionally, 1.9 percent of market area renters reside in substandard housing conditions. The market area has essentially no vacancies and, thus, no alternatives for income-qualified renters who are rent-overburdened or live in substandard housing.
- The competitive landscape for affordable apartments is characterized by high occupancy rates, with all communities maintaining waitlists. Notably, none of these communities, including the older ones, face vacancy issues. There are only two vacancies in the market area's affordable apartment units, and both are attributed to recent move-outs. Furthermore, management at these affordable apartment communities collectively maintain waitlists exceeding 1,100 households.
- There are no competitive pipeline proposals within the market area that would pose competition to Monroe North Apartments.
- The market area capture rate is estimated at 8.5 percent for the 30% of AMI units, 20.2 percent for the 50% of AMI units, and 8.2 percent for the 60% of AMI units. When

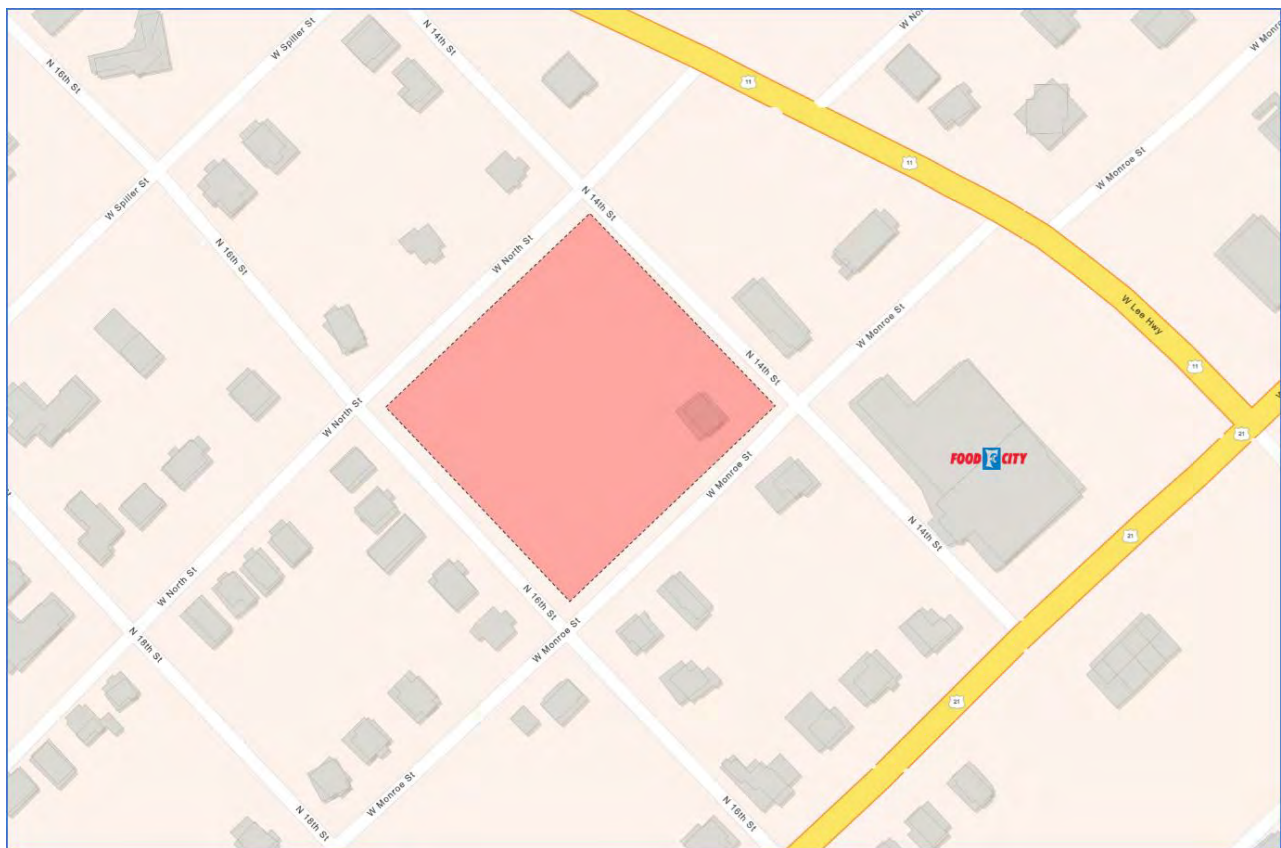
accounting for income overlaps, this results in a project-wide capture rate of 16.6 percent.

- No weaknesses with the proposal were identified.
- The development program is deemed marketable, and no modifications to the proposal are recommended.

Monroe North Apartments

Site Description

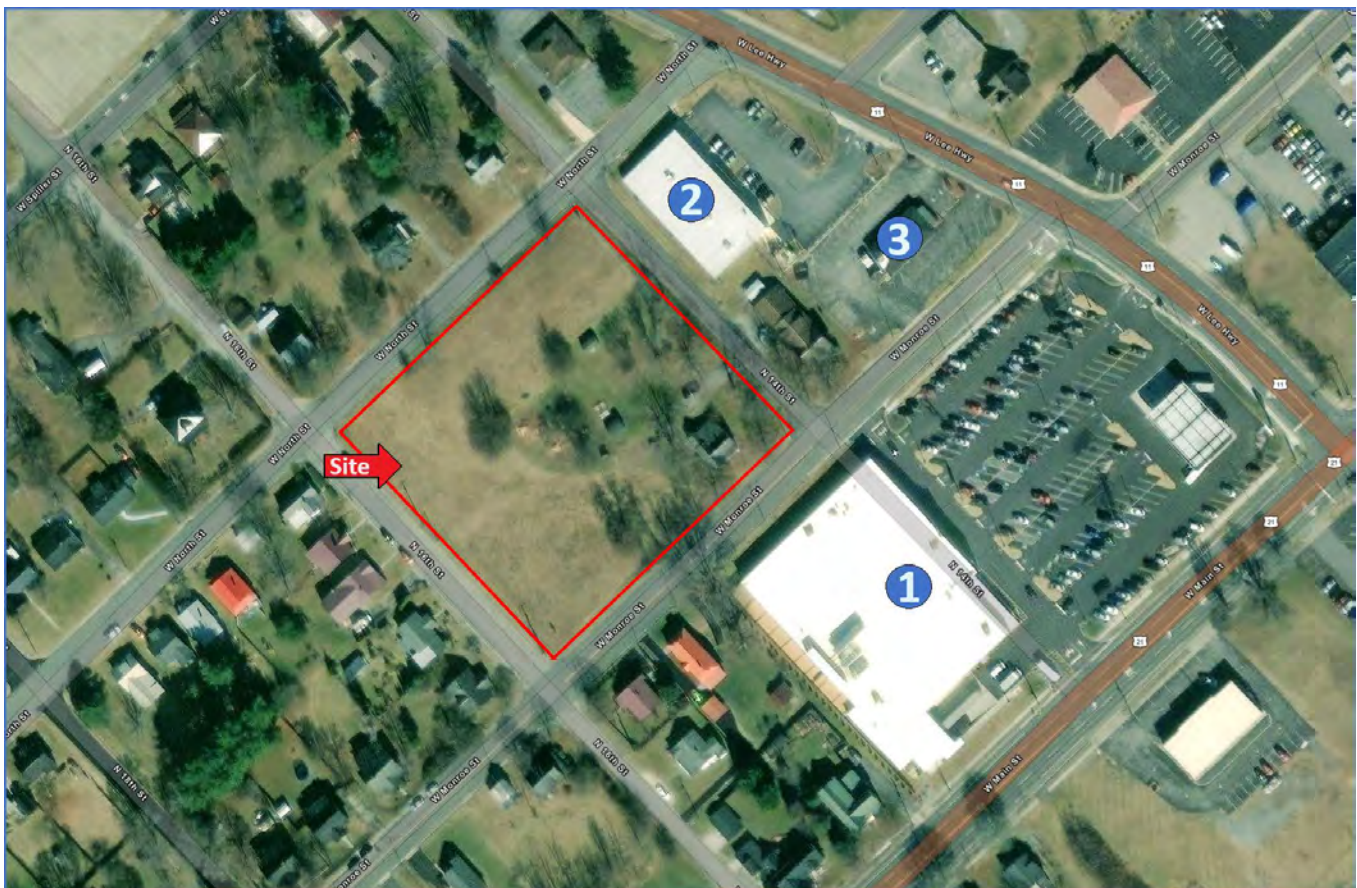
Map A shows the location of the Monroe North Apartments site, which comprises sixteen adjoining parcels. It is bounded to the south by W Monroe Street, to the north by W North Street, to the east by N 14th Street, and to the west by N 16th Street. The site is adjacent to a Food City grocery store, a half-mile from downtown Wytheville, and 1.5 miles south of U.S. Route 21's full interchange with I-81.



Map A - Study Site

Shown next is a northern aerial view of the study site. The property is rectangular in shape, measuring approximately 1.7 acres. It has access to public water and sewer. The aerial view also depicts the site as mostly vacant, with a single-family home situated along the property's eastern edge, fronting N 14th Street and W Monroe Street. This single-story, 1,090-square-foot home, constructed in 1930, will be demolished as part of the development program.

The aerial shows that the property is also located in a mixed-use setting. Single-family homes are generally located to the west of the property, while commercial uses are situated to the east. Commercial establishments adjacent to and within walking distance of the study site include a Food City grocery store (Note 1), Dollar General (Note 2), and Tres Potrillos Mexican Grill & Bar (Note 3).



Northern Aerial

Photos of the study site are presented below. The photos show the site as largely vacant, apart from the old single-family home that will be demolished as part of the development program.



View of Study Site



View of Study Site



View of Study Site

Site Setting

The above paragraphs describe the Monroe North Apartments site, focusing on its location and relationship with the surrounding environment. Analysis and aerial views show that the adjacent developments predominantly feature residential and commercial uses. As indicated in Map B, the apartment community is conveniently situated within walking distance of downtown Wytheville.

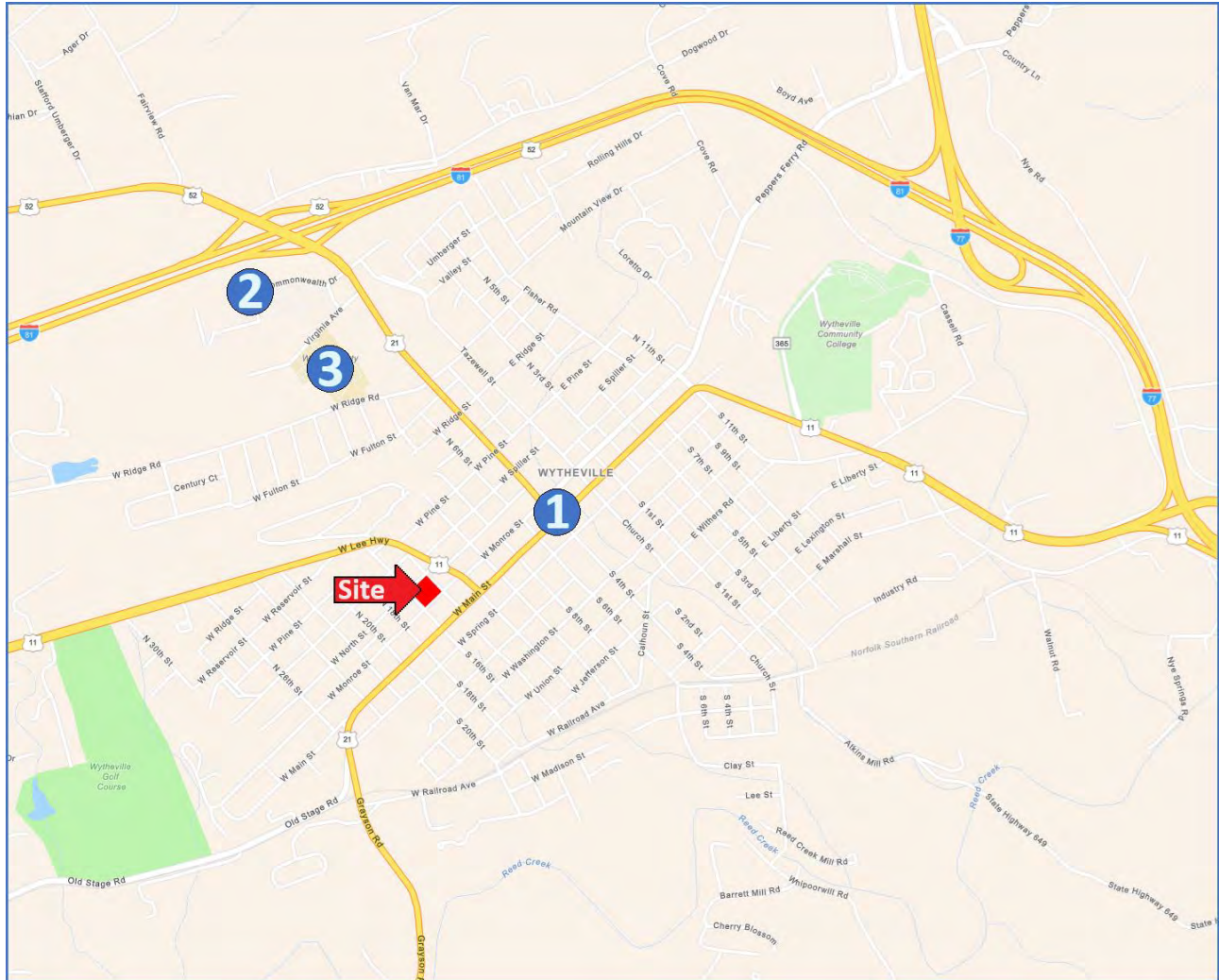
Map B shows that W Monroe Street and W North Street run parallel in a southwest-northeast direction. To the west of the site, development along these roadways is primarily residential. However, W North Street provides access to the Wythe County Technology Center approximately one mile southwest of the site. This educational facility serves students from Fort Chiswell High School, Rural Retreat High School, Bland High School, Rocky Gap High School, and George Wythe High School, offering opportunities to develop career and technical skills. Development along W Monroe Street and W North Street includes a mixture of residential and commercial establishments to the east of the study site.

Parallel to each other in a northwest-southeast direction are N 14th Street and N 16th Street. Along these streets, the development to the north of the site includes a blend of single-family homes and commercial entities, notably the New Direct Chrysler Dodge Jeep Ram dealership. In addition to the adjacent Food City, which features a pharmacy and gas station, these streets predominantly serve residential uses to the south of the site.

Map B shows that U.S. Route 21 is located just one block south of the study site. This significant north-south highway, stretching 394 miles from Hunting Island State Park in South Carolina to Wytheville, offers direct access to downtown Wytheville and I-81 to the northeast, as well as to the more rural regions south of the Town. Downtown Wytheville (Note 1), only a half-mile from the study site, is the location of various retailers, restaurants, and a hotel.

U.S. Route 21 also provides access to the Town's largest retail cluster, situated along I-81, approximately 1.5 miles north of the study site (Note 2). This area is home to major retailers, including Walmart Supercenter, Lowe's Home Improvement, Harbor Freight Tools, and Food

Lion. Additionally, several restaurants are located in this area. To the south of this commercial node lies the 100-bed Wythe County Community Hospital (Note 3), which stands as one of the largest employers in the region.



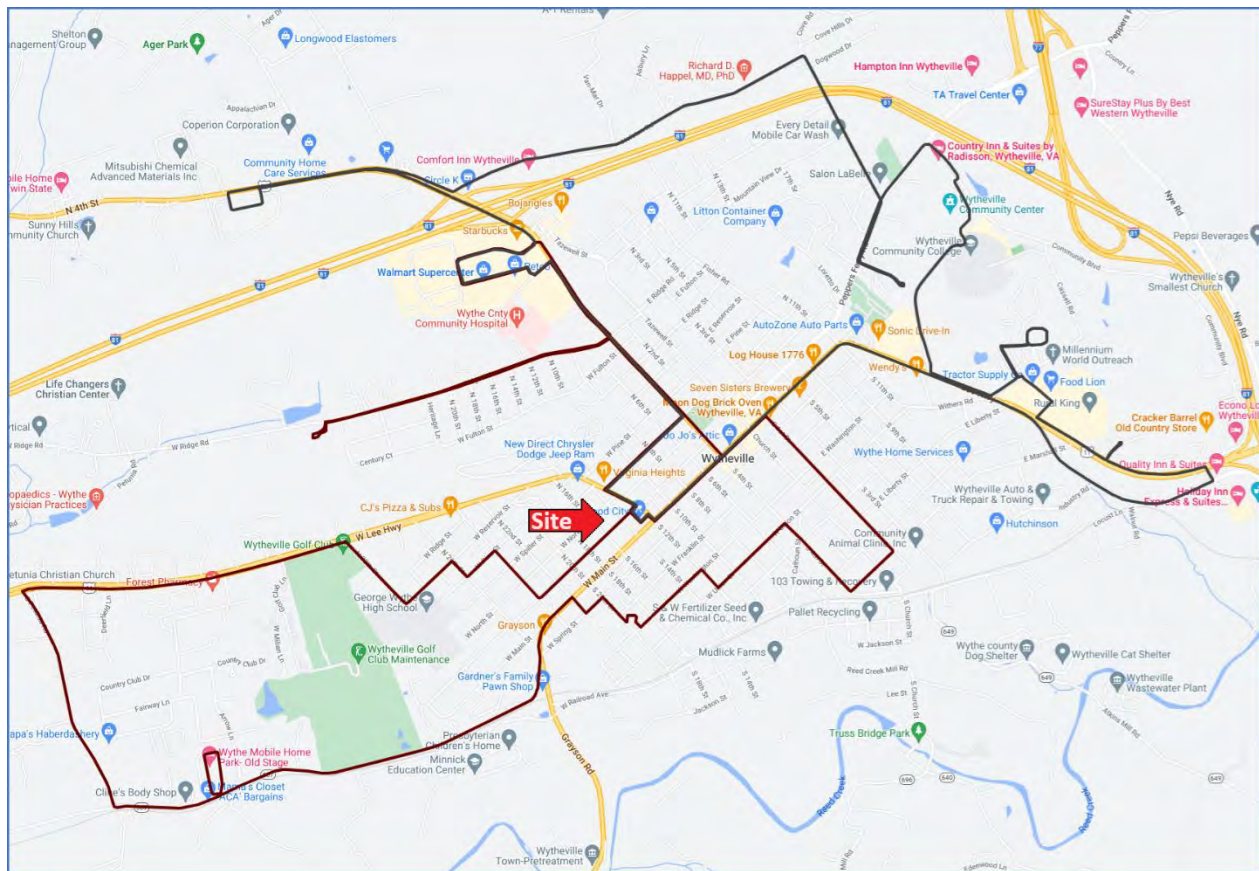
Map B - Site Setting

Public Transit

Mountain Lynx Transit provides public transportation within the Town of Wytheville, offering services to all riders within the town limits. Operating hours are 7:00 a.m. to 5:00 p.m., Monday through Friday, with additional Summer Saturday Loop service from 8:00 a.m. to 2:00 p.m. All transit vehicles are wheelchair accessible, ensuring inclusivity for all riders. The weekday

loop buses operate hourly along a flexible route, accommodating various travel needs. Request-based service is available for areas within the town limits not covered by the loop.

Map D highlights the site's proximity to the two routes serving Wytheville. It indicates that the Maroon Loop accesses the south side of the property, thereby providing direct access to major employment centers and retailers in the Town of Wytheville. The nearest stop is located at the Food City near the study site.



Map D - Proximity to Public Transit

Crime

Table 1 presents data on crime trends in the Town of Wytheville, utilizing statistics from the FBI Uniform Crime Report (UCR), which sources its data directly from the Wytheville Police Department. The latest available data for 2022 show a total of 10 violent crimes, encompassing homicide, rape, robbery, and aggravated assault. Additionally, there were 303 property crimes,

which include arson, burglary, larceny, and motor vehicle theft. While violent crimes have remained unchanged since 2013, property crimes have sharply increased. The total number of crimes in 2022 was 313, marking the highest level recorded since 2013.

Table 1: Trends in Violent and Property Crime, Town of Wytheville, VA, 2013-2022			
	<u>Violent Crime</u>	<u>Property Crime</u>	<u>Total Crime</u>
2013	10	234	244
2014	9	221	230
2015	13	218	231
2016	16	223	239
2017	11	170	181
2108	6	208	214
2019	5	196	201
2020	9	184	193
2021	7	222	229
2022	10	303	313

Source: FBI Uniform Crime Report

Public and Commercial Facilities

The following are brief descriptions of the public and commercial facilities that will serve the resident population at Monroe North Apartments.

Medical Care: Wythe County Community Hospital, the closest hospital to the study site, is located approximately 1.5 miles away at 600 W Ridge Road. This 100-bed facility, operational since 1972, employs over 350 full-time staff and is staffed by more than 80 physicians. The hospital offers 24-hour emergency care and comprehensive health care services.

Also located in close proximity is the Brock Hughes Medical Center at 450 W Monroe Street. This medical facility, situated within a half-mile of the Monroe North Apartments site, offers healthcare services to patients of all ages, including those who are uninsured or covered by Medicaid or Medicare.

Mental health treatment and supportive services are also provided at the Mount Rogers Community Services facility at 770 W Ridge Road, adjacent to the Wythe County Community Hospital.

Community Facilities: The nearest post office is located about 0.4 miles northeast of the site, at 380 W Main Street. The Wytheville Fire Department, situated at 185 W Spring Street, is approximately 0.6 miles northeast of the study site. Additionally, the Wythe County Library, located at 300 E Monroe Street, is around 0.7 miles northeast of the study site, offering a range of resources to the community.

Parks and Recreation: The closest park, Withers Park, is situated at 300 N 4th Street, approximately 0.6 miles northeast of the study site. It features a walking trail, outdoor exercise equipment, a playground, and restroom facilities. Withers Park is also known for hosting the Summer Concert Series.

Education: Wythe County Public Schools will serve the Monroe North Apartments community. The district comprises six elementary schools, three middle schools, and two high schools. School-aged children residing in Monroe North Apartments will attend the following schools:

<u>School</u>	<u>Address</u>	<u>Driving Distance</u>
Spiller Elementary School	330 Tazewell Street	0.7 miles
Scott Memorial Middle School	950 S 7 th Street	1.6 miles
George Wythe High School	1 Maroon Way	1.0 miles

Source: Wythe County Public Schools

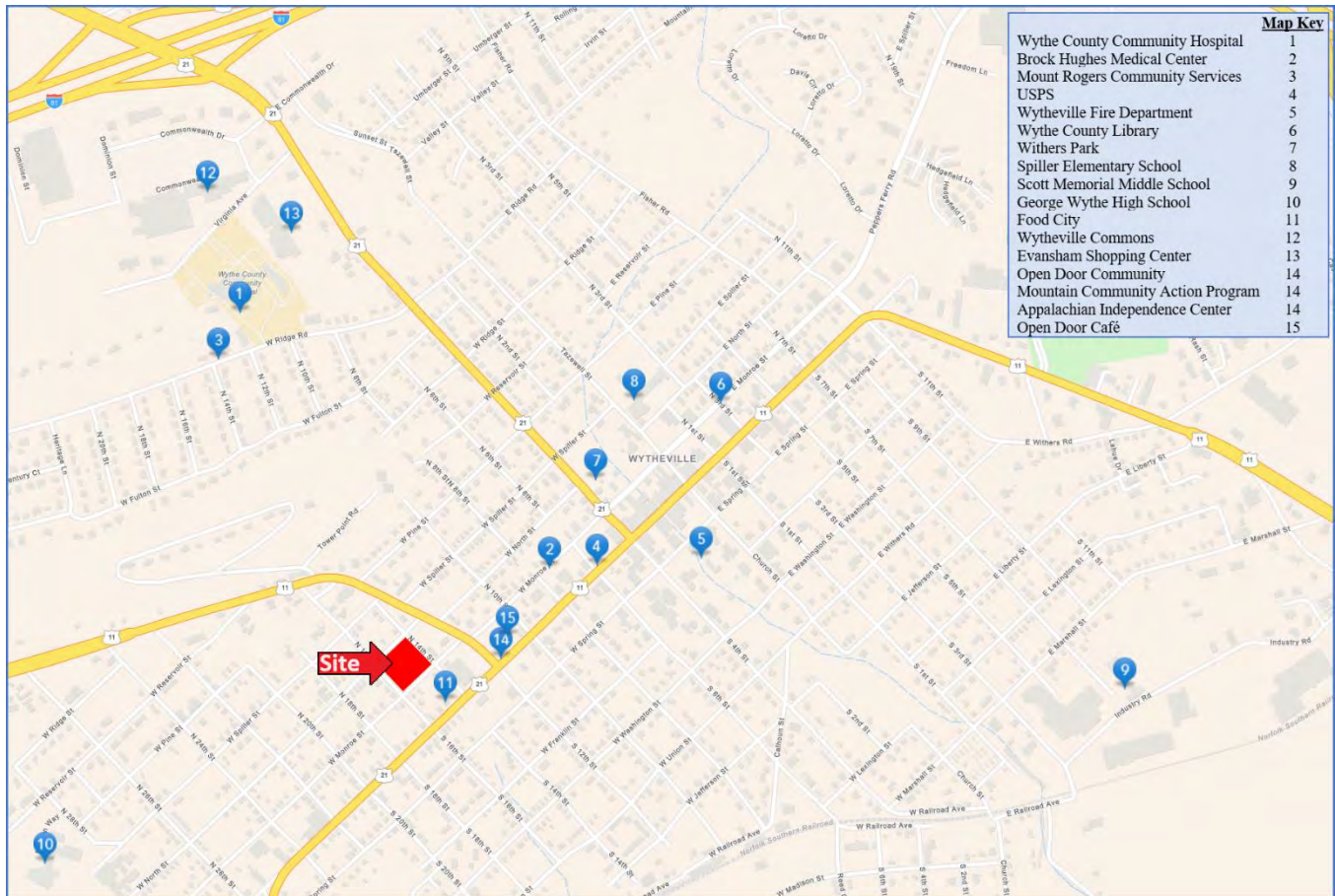
Shopping: As previously noted, the nearest grocery store to the Monroe North Apartments site is the Food City adjacent to the property. Another full-service grocery store, Food Lion, is located at 1155 N 4th Street, approximately 1.2 miles north of the study site. Two major shopping centers are situated near the study site, each described below:

- **Wytheville Commons:** Constructed in 2001, this shopping center is located at 215 Commonwealth Drive, about 1.4 miles north of the study site. It is the largest multi-tenant commercial center in Wythe County and features anchors such as Walmart and Lowe's Home Improvement. Other significant tenants include Petco, Hibbett Sports, and Dollar Tree.

- **Evansham Shopping Center:** Positioned directly south of Wytheville Commons on the south side of Virginia Avenue, this center was built in 1980. The shopping center is anchored by a Food Lion and Harbor Freight Tools, with smaller tenants, including Rent-A-Center and Domino’s Pizza.

Other Services: The Monroe North Apartments site is in close proximity to additional community services, including the Open Door Community at 680 W Main Street, which offers housing assistance and homeownership services. The Mountain Community Action Program, located at the same address, provides utility assistance and free tax preparation services. The Appalachian Independence Center, also at 680 W Main Street, offers independent living assistance for disabled and elderly individuals. Additionally, the Open Door Café at 650 W Main Street serves free or reduced meals and provides food boxes.

Map E highlights the locations of community facilities that will serve Monroe North Apartments. Most importantly, the setting has a full array of essential services for area residents.



Map E - Community Amenities and Facilities

Monroe North Apartments Development Program

Table 3 provides a comprehensive overview of the Monroe North Apartments proposal, which includes details on apartment sizes, the mix of units, and proposed rents for the 32-unit community. The development will feature a variety of units: six one-bedroom apartments, 20 two-bedroom apartments, and six three-bedroom apartments. Each one-bedroom unit will include a full bathroom, two-bedroom units will have 1.5 bathrooms each, and all three-bedroom units will come with two full bathrooms.

Regarding unit sizes, one-bedroom apartments will each span 896 square feet. Two-bedroom apartments will vary in size from 1,091 to 1,097 square feet, while three-bedroom apartments will range from 1,341 to 1,349 square feet.

Table 3 also details a range of income restrictions for the units. Four apartments will have rents capped at 30% of the Area Median Income (AMI), all of which are one-bedroom layouts with net rents set at \$324. Additionally, there will be 21 units designated for individuals earning up to 50% of AMI, with net rents of \$600 for one-bedroom units, \$700 for two-bedroom units, and \$750 for three-bedroom units. The development will include seven two- and three-bedroom units reserved for those earning up to 60% of AMI, with net rents varying between \$725 and \$900. Net will include water, sewer, and trash collection. Electricity will be the tenant's responsibility. Of note is that all units will be equipped with a washer and dryer at no additional cost to the tenant.

**Table 3: Proposed Apartment Unit Characteristics,
Monroe North Apartments 1/**

	<u>Units</u>	<u>Size (Sq. Ft.)</u>	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
<u>1BR/1BA</u>					
30% of AMI	4	896	\$324	\$97	\$421
50% of AMI	<u>2</u>	896	\$600	\$97	\$697
(Subtotal)	(6)				
<u>2BR/1.5BA</u>					
50% of AMI	15	1,091-1,097	\$700	\$123	\$823
60% of AMI	<u>5</u>	1,091-1,097	\$725	\$123	\$848
(Subtotal)	(20)				
<u>3BR/2BA</u>					
50% of AMI	4	1,343-1,349	\$750	\$150	\$900
60% of AMI	<u>2</u>	1,343-1,349	\$900	\$150	\$1,050
(Subtotal)	(6)				
Total	32				

Notes: 1/ Rents to include water, sewer, and trash collection.
Source: Open Door Community

HUD Maximum Allowable Rent Comparison

Table 4 presents the gross rents for the apartment units, including a utility allowance (UA) added to the net rents to cover utility costs for the income-restricted units. The sponsor calculated the UA based on the unit sizes and the energy-efficient HVAC system and appliances. The apartment buildings will adhere to Virginia Housing guidelines for energy efficiency. The gross rents displayed are compared with the HUD maximum allowable gross rents for the Wythe County, Virginia MSA. This comparison indicates that based on the calculated UA, the proposed gross rents are below the maximum allowable rates.

Table 4: <u>Rent Comparison Chart, Monroe North Apartments and HUD Maximum Allowable Rates</u>				
	<u>Monroe North Apartments</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	
<u>1BR/1BA</u>				
30% of AMI	\$324	\$97	\$421	\$424
50% of AMI	\$600	\$97	\$697	\$708
<u>2BR/1.5BA</u>				
50% of AMI	\$700	\$123	\$823	\$850
60% of AMI	\$725	\$123	\$848	\$1,020
<u>3BR/2BA</u>				
50% of AMI	\$750	\$150	\$900	\$981
60% of AMI	\$900	\$150	\$1,050	\$1,178

Source: HUD and Open Door Community

Site Plan and Building Design

Shown next is the proposed site plan for Monroe North Apartments. The layout features several individual apartment units organized around a central green space with pathways, emphasizing communal outdoor areas and pedestrian access. The design incorporates ample greenery and curved landscaping elements, creating both a visually appealing and functional outdoor space.

In terms of structure, the site plan displays two main blocks of buildings positioned on opposite sides of the site, flanked by a central open area that includes a circular green feature. Pathways provide seamless access throughout the community, connecting different areas, with several smaller green spaces adjacent to the buildings.

The property has two access points: one from N 14th Street to the east and another from N 16th Street to the west. An internal roadway bisecting the community will offer 43 surface parking spaces, equating to 1.34 parking spaces per apartment unit. Notably, the immediate neighborhood provides ample on-street parking. No parking fees will be imposed on tenants.



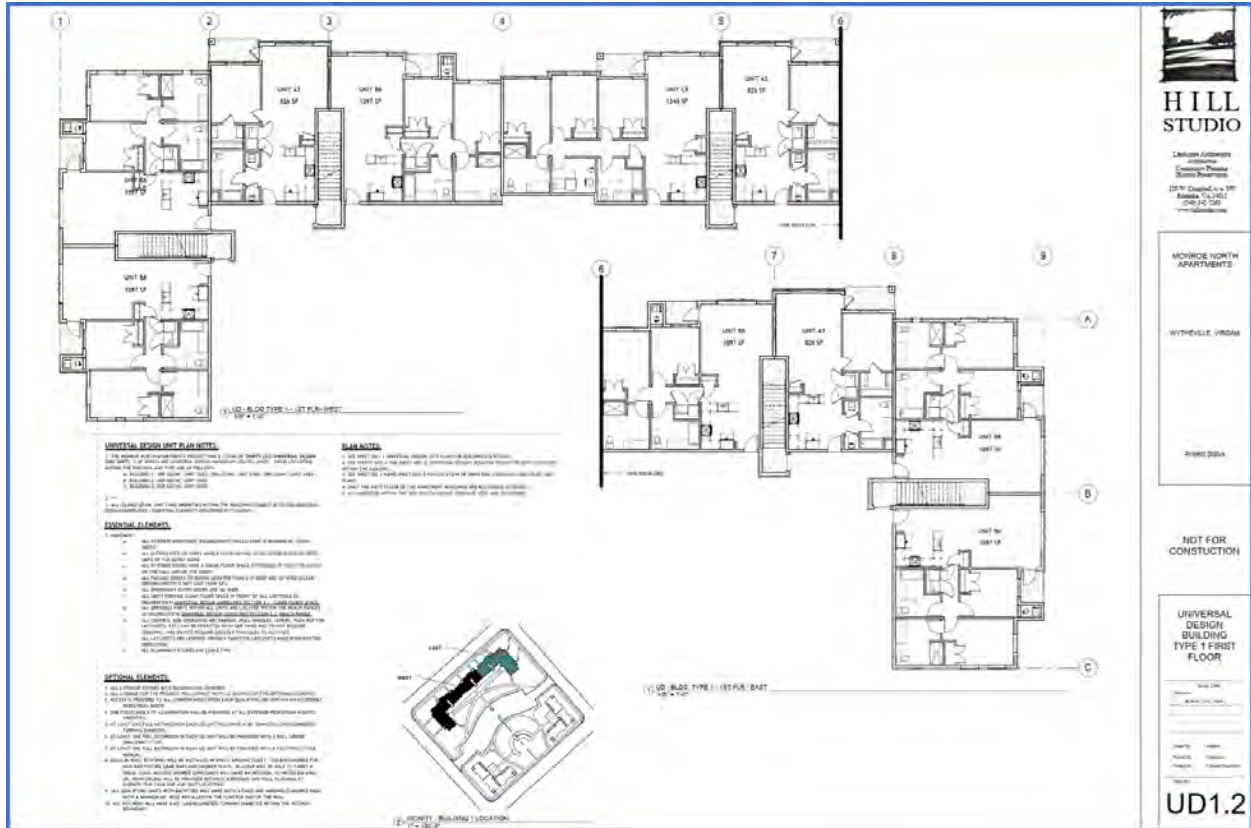
Monroe North Apartments Site Plan

Shown next are the proposed elevations and a rendering of a typical building at the property. The apartment buildings are designed to be two stories tall, featuring exteriors composed of a blend of brick and vinyl siding. The roofs will be constructed with a composite shingle system. Each unit will include multiple windows providing ample natural light. Additionally, some units will feature covered entryways supported by columns, and the second-story balconies will be equipped with railings, accessible through glass doors, offering outdoor space for the upper-level units.



Elevations and Rendering

Below are the floor plans for the first level of a typical building, indicating that the building is entirely residential. The upper floors are essentially the same as the ground floors, except they do not meet Universal Design criteria.

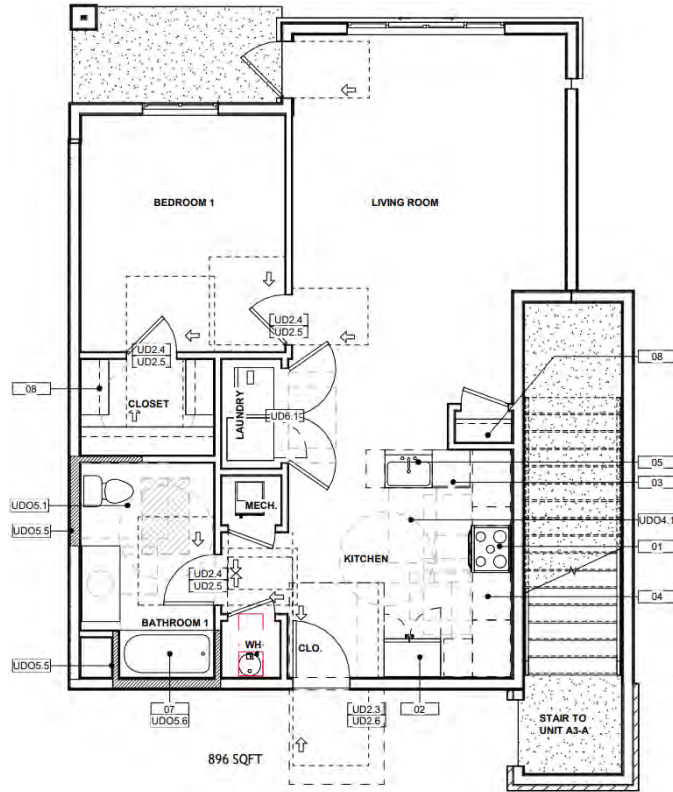


Building Floor Plan - Northern Building (Building I Type)

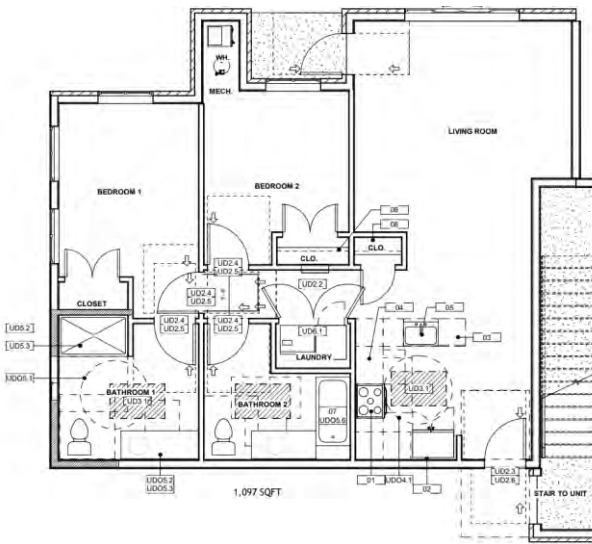
Apartment Unit Floor Plans

The typical floor plans for the one-, two-, and three-bedroom units are presented next. All ground-level units will have Universal Designs. As such, they will be accessible to older adults and individuals with disabilities.

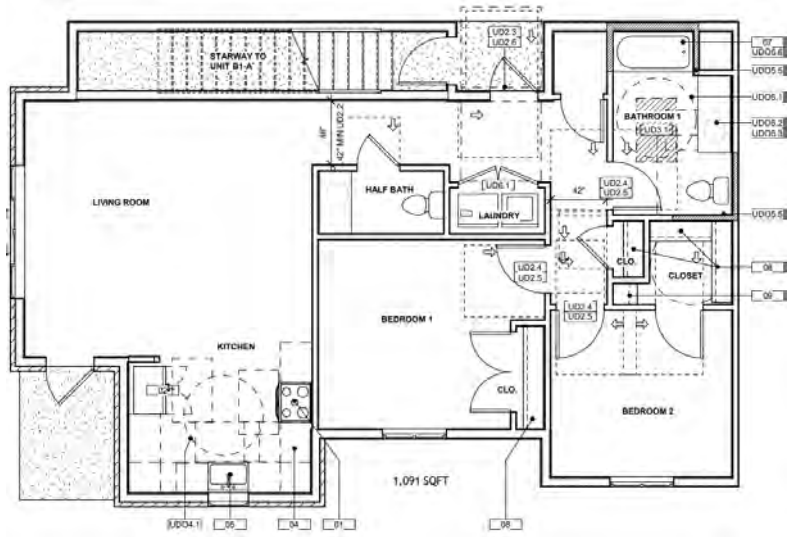
Each unit will be furnished with LVP flooring and standard appliances, including a refrigerator, stove, range, and dishwasher. Additionally, all units will feature a washer and dryer. According to the floor plans, the one-bedroom units will each have a full bathroom, while the larger two-bedroom and all three-bedroom units will include two full bathrooms. The smaller two-bedroom units are designed with 1.5 bathrooms. These floor plans exhibit a contemporary design with an open concept, showcasing a combined living and dining area. All master bedrooms are planned to have walk-in closets, whereas the smaller bedrooms will be equipped with standard closets.



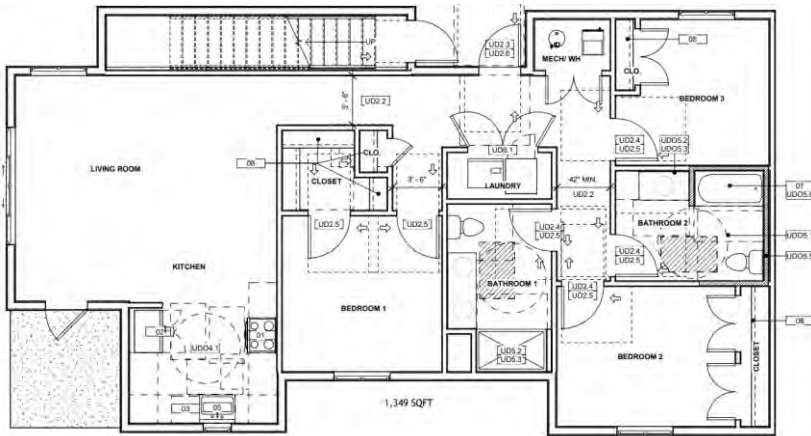
One-Bedroom Floorplan (896 SF)



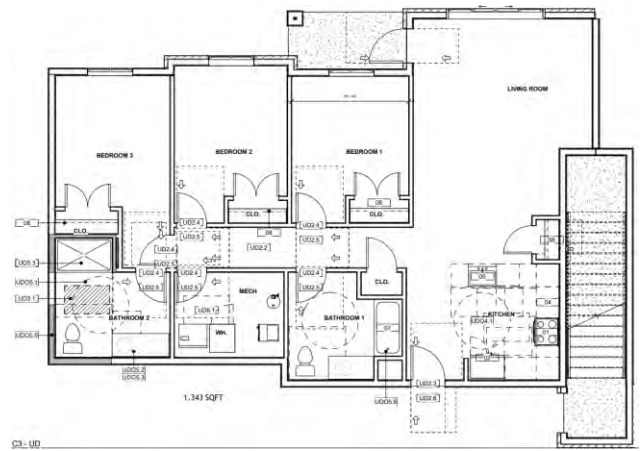
Two-Bedroom Floorplan (1,097 SF)



Two-Bedroom Floorplan (1,091 SF)



Three-Bedroom Floorplan (1,349 SF)



Three-Bedroom Floorplan (1,343 SF)

Development Costs

The total development cost for the construction of Monroe North Apartments is approximately \$9.5 million, or \$296,880± per apartment unit.

Market Area Definition

The market area of a housing development is a specific geographic region analyzed for housing demand. It considers factors such as the availability and accessibility of amenities, employment centers, transportation options, and the region's economic and demographic characteristics. This area is crucial for assessing housing supply and demand, evaluating rent trends, vacancy rates, and other housing market indicators.

For Monroe North Apartments, the market area is identified as Wythe County, as depicted in Map F below. This delineation was determined through interviews with property managers from various affordable apartment communities in the region as well as from staff from the Wytheville Redevelopment & Housing Authority.

Wythe County, situated along the I-81 corridor, lies approximately midway between Roanoke and Bristol. I-81, bisecting the County for about 30 miles, serves as a major transportation artery for Southwest Virginia, linking Bristol, Wytheville, and Roanoke.

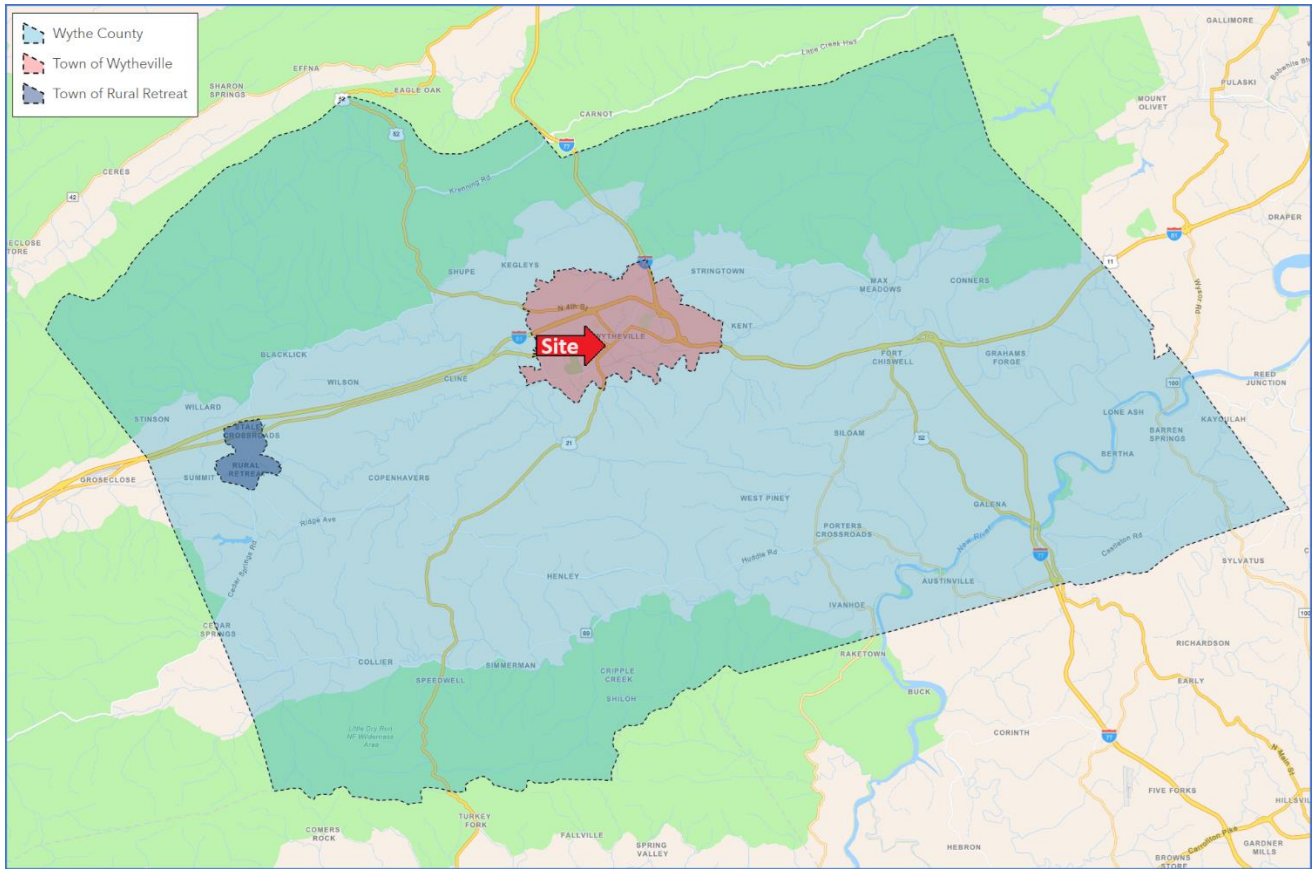
The County's population and economic activities are primarily concentrated along the I-81 corridor, especially in and around Wytheville. Secondary population centers include Rural Retreat and smaller communities like Fort Chiswell, Ivanhoe, Max Meadows, Austinville, Cripple Creek, Crockett, and Speedwell. All affordable apartment communities in the County are located within Wytheville.

Map F shows the intersection and overlapping segment of I-81 and I-77 near Wytheville. I-77, starting at the West Virginia border near Bluefield, runs south through Wytheville and Hillsville before entering North Carolina, connecting several industrial and manufacturing hubs.

Additionally, the Wythe County is served by U.S. Route 21, U.S. Route 11, and SR 90. U.S. Route 21, a major north-south highway, runs from Hunting Island State Park in South Carolina to Wytheville, where it meets I-81 and U.S. Route 52, offering access to Independence in Grayson County. SR 90, a primary state highway, extends from Rural Retreat to I-81, connecting the Town to major roads.

Wythe County is predominantly forested and rich in wildlife, covering around 465 square miles. It includes over 55,000 acres of the Jefferson National Forest and the 8,300-acre Big Survey Wildlife Management Area near Wytheville, home to diverse wildlife and mountains such as Stuart, Lick, Sand, and Swecker. Additionally, Wythe County has about 175,000 acres of farmland, a quarter of which is used for crops, limiting the availability of land for large-scale residential development.

Based on interviews with on-site management at area apartment counties, adjacent counties were excluded from the market area as the Wytheville-area apartments do not directly compete with the limited number of apartments in these adjacent communities. No nearby apartments in adjacent counties pose direct competition to properties within Wythe County.



Map F - Monroe North Apartments Market Area

Market Area Economic Overview

This section of the market analysis provides an economic overview of the defined market area for the Monroe North Apartments proposal, focusing on Wythe County. It examines three key economic factors: (1) at-place job growth, (2) employment and labor force trends, and (3) active development plans anticipated to stimulate new at-place job and employment growth. Additionally, this section includes data on the largest employers in the County, WARN (layoff) notices, travel time to work, and wages by occupation. These factors are critical in assessing the economic stability of the market area and its capacity for new investments, especially in housing.

Central to this analysis is that job growth fuels increases in population and households, thereby driving demand for housing units, particularly rental housing. Therefore, establishing the economic stability of the market area is a vital aspect of understanding the demographic growth within the market area.

At-Place Jobs

At-place jobs refer to the number of jobs physically located within Wythe County, including the towns of Wytheville and Rural Retreat. As of 2019, before the pandemic, there were approximately 11,280 at-place jobs in Wythe County. This represents a decline of over 300 jobs compared to 2015. Table 5 shows that Wythe County has many data disclosure issues due to the small number of employers in the County. This is common in rural, sparsely populated communities where data confidentiality is a concern and the number of employers is limited.

Data from Table 5 indicate that at-place jobs in Wythe County increased by approximately 110 between 2015 and 2016, primarily driven by expansions in the Manufacturing sector. Job growth was also observed in the Health Care sector, likely at the Wythe County Community Hospital. Despite this increase, total at-place jobs declined by approximately 420 between 2016 and 2019, with most job losses concentrated in the Accommodations/Food Services and Wholesale Trade sectors.

Table 5 also shows that industrial employment sectors dominate private sector employment in Wythe County. Manufacturing accounts for over 20 percent of total employment and has been the fastest-growing employment sector since 2015, adding over 60 new jobs. Most of these jobs are located within the County's four industrial parks: Fairview Park, Ivanhoe Park, Progress Park, and Rural Retreat Park, which are key drivers of the County's economic growth and provide job opportunities for local residents.

Apart from Progress Park, these industrial parks are either fully or nearly fully built out. Progress Park, located east of Wytheville on Peppers Ferry Road, covers over 1,200 acres and has space available for new employers. Major existing employers in Progress Park include Wytheville Technologies and Brewer Automotive Components, Japanese automotive parts suppliers, and Pepsico, a producer of Gatorade and other sports drinks. These are among the largest private employers in Wythe County.

The second-largest private employment sector in Wythe County is the Retail Trade sector, accounting for over 1,800 jobs as of year-end 2019, or 16.1 percent of total countywide

employment. Employment in this sector has been relatively stagnant since 2015, declining by just over 80 jobs. These employees primarily work in the downtown business district of Wytheville and in multiple multi-tenant shopping centers in Wytheville and Rural Retreat. Major retail employers in the County include Walmart, Lowe's Home Improvement, Food City, Food Country, and Food Lion.

Due to its convenient access to both I-81 and I-77, Wythe County has attracted a significant number of hotels and restaurants. Consequently, employment in the Accommodations/Food Services sector accounts for 11.5 percent of total employment, a higher share than in most communities in the region and state. The most recent hotel to open is the 94-unit Tru by Hilton, which opened in the summer of 2019 in Wytheville.

The Health Care sector is also a significant contributor to local employment. As of year-end 2019, this sector provided 1,200 jobs, representing 10.8 percent of local employment. Most of these jobs are associated with the 100-bed Wythe County Community Hospital (WCCH), which employs over 350 full-time personnel and is staffed by over 80 physicians. The hospital offers 24-hour emergency care and a range of health care services. Other significant sources of Health Care employment in the County include one assisted living facility, the 193-bed Carrington Place at Wytheville-Birdmont Center, and a 120-bed nursing home called Rural Retreat Care Center. Employment in the Health Care sector has remained stable in recent years.

The public sector also significantly impacts local at-place employment. While there are few Federal employees in Wythe County, Local, and State Government employment accounts for over 20 percent of all local jobs, many associated with Wythe County Public Schools and Wytheville Community College.

Overall, data from Table 5 suggest that the economy of Wythe County was relatively stable before the pandemic. Between 2015 and 2019, job growth occurred in the Manufacturing, Construction, Other Services, Local Government, Mining, and Federal Government sectors. However, job losses in other sectors offset these gains.

Table 5: Trends in Average At-Place Jobs, Wythe County, Virginia, 2015-2019

Industry	2015	2016	2017	2018	2019	Net Change
Agriculture	77	68	62	56	50	-27
Mining	104	101	113	115	115	11
Utilities	ND	ND	ND	ND	ND	--
Construction	379	368	390	375	419	40
Manufacturing	2,238	2,264	2,298	2,281	2,302	64
Wholesale Trade	257	249	240	ND	188	-69
Retail Trade	1,896	1,897	1,882	1,864	1,813	-83
Transportation/ Warehousing	179	201	188	217	ND	--
Information	60	60	56	46	46	-14
Finance/Insurance	241	248	226	222	215	-26
Real Estate	75	69	71	78	74	-1
Professional/Technical Services	182	ND	172	ND	ND	--
Management of Companies	18	ND	17	ND	ND	--
Administrative/ Waste Services	432	475	477	369	433	1
Education	55	55	49	48	54	-1
Health Care	1,230	1,286	1,280	1,270	1,218	-12
Arts/ Entertainment/ Recreation	99	96	95	93	97	-2
Accommodations/ Food Services	1,483	1,472	1,406	1,373	1,299	-184
Other Services	227	247	272	283	242	15
Local Government	1,646	1,679	1,609	1,625	1,660	14
State Government	630	598	610	618	604	-26
Federal Government	<u>74</u>	<u>73</u>	<u>73</u>	<u>76</u>	<u>81</u>	<u>7</u>
Total	11,588	11,697	11,608	11,443	11,275	-313

Notes: ND = Data do not meet BLS or State agency disclosure standards.

Source: United States Department of Labor, Bureau of Labor Statistics

As depicted in Table 6, the employment changes that occurred in 2020 and 2021 were significant deviations due to the impact of the COVID-19 pandemic on the local economy. The data presented only include sectors without disclosure issues.

In 2020, there was a considerable loss of jobs, with employment shrinking by nearly 480, or 4.2 percent. These losses spanned almost all employment sectors, with the most substantial job losses in Retail Trade, Accommodations/Food Services, and Local Government sectors. These trends are consistent with those observed in other parts of Virginia. The data indicate that most job losses during this period affected lower-wage employees. Notably, the Manufacturing sector saw an increase of approximately 20 jobs in 2020.

The 2021 data show signs of economic recovery, with at-place jobs increasing by nearly 280. Further improvements are evident in the 2022 data, showing an addition of nearly 430 jobs, fully compensating for the pandemic-induced job losses.

Industry	2019	2020	2021	2022	Net Change
Agriculture	50	47	47	50	0
Mining	115	113	129	136	21
Construction	419	403	397	375	-44
Manufacturing	2,302	2,325	2,460	2,515	213
Wholesale Trade	188	166	149	ND	--
Retail Trade	1,813	1,783	1,861	1,867	54
Information	46	50	42	47	1
Finance/Insurance	215	215	212	209	-6
Real Estate	74	77	65	65	-9
Administrative/Waste	433	423	409	487	54
Arts/Entertainment/Recreation	97	74	86	109	12
Accommodations/Food	1,299	1,095	1,142	1,277	-22
Other Services	242	245	246	240	-2
Local Government	1,660	1,542	1,587	1,652	-8
State Government	604	563	549	551	-53
Federal Government	81	85	79	75	-6
Total	11,275	10,799	11,076	11,504	229

Source: U.S. Department of Labor

Although year-end data for 2023 are not yet available, the latest employment data as of June 2023 show that at-place jobs have risen to approximately 11,920, exceeding the pre-pandemic peak by nearly 650 jobs.

Employment and Labor Force

At-place jobs refer to jobs physically located within Wythe County, whereas employment pertains to the number of Wythe County residents employed, regardless of their job's location. The totals for employment are higher than those for at-place jobs, indicating net out-commuting to neighboring counties for work. As Table 5 shows, employment in Wythe County grew by approximately 320 between 2015 and 2019. The fact that employment increased by an annual average of over 80 jobs during a period when at-place jobs declined by an annual average of around 80 jobs suggests that many Wythe County residents work outside the County.

Data in Table 7 show that, except for 2018, total employment increased yearly between 2015 and 2019. This trend is encouraging. However, it is important to note that almost all of this employment growth was supported by job expansions outside of Wythe County, as the number of jobs within the County declined during this period.

Data for 2020 show significant employment losses, mirroring the declines in at-place jobs attributed to the pandemic’s impact. Total employment in 2020 declined by over 600, pushing the unemployment rate up from a low of 3.6 percent in 2019 to 8.0 percent, the highest rate since 2011. Like at-place jobs, many of these losses are expected to be temporary.

Data for 2021 indicate improvements, with employment expanding by over 400 and the number of unemployed declining by over 550. By year-end 2021, total employment exceeded the 2015 total by nearly 130. This positive trend continued into 2022, with employment expanding by over 600. The 2022 unemployment rate of 3.0 percent is lower than the 2015 level by 2.4 percent.

Table 7: Trends in Employment and Unemployment, Wythe County, Virginia, 2015-2022

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2015	13,694	12,961	733	5.4%
2016	13,673	12,905	768	5.6%
2017	14,162	13,457	705	5.0%
2018	13,783	13,266	517	3.8%
2019	13,774	13,285	489	3.6%
2020	13,785	12,680	1,105	8.0%
2021	13,639	13,086	553	4.1%
2022	14,127	13,695	432	3.0%
Net Change	433	734	-301	-2.4%

Source: United States Department of Labor, Bureau of Labor Statistics

Major Employers

Table 8 lists the 15 largest employers in Wythe County. The data indicate that the majority of these employers are concentrated in the manufacturing and public sectors.

Table 8: Major Employers, Wythe County, Virginia, June 2023

Company Name	Industry
Wythe County School Board	Local Government
Somic America	Manufacturing
The Gatorade Co.	Manufacturing
Mount Rogers Community Mental Health	Health Care
Klockner Pentaplast America	Manufacturing
Town of Wytheville	Local Government
Walmart	Retail
Wythe County Community Hospital	Health Care
CB Manufacturing Company	Health Care
Wytheville Community College	State Government
County of Wythe	Local Government
Newbern Transport	Manufacturing
Amcor Pet Packaging North	Manufacturing
Pilot Travel Centers	Retail
Coperion Corporation	Manufacturing

Source: Virginia Employment Commission, Economic Information & Analytics, Quarterly Census of Employment and Wages (QCEW), 2nd Quarter (April, May, June) 2023.

Travel Time to Work

The data in Table 9 categorize the total number of households in the area based on their commuting time to work. The shortest commutes, less than five minutes, are experienced by 4.5 percent of households. The most common travel time is 15 to 19 minutes, accounting for 18.1 percent of households. Commutes of 10 to 14 minutes are also significant, comprising 12.3 percent of the total. The longest commutes, 90 or more minutes, are the least common, making up 1.7 percent of households.

Driving Time	Total Households	Percent of Total
Less Than 5 Minutes	528	4.5%
5 To 9 Minutes	1,325	11.3%
10 To 14 Minutes	1,444	12.3%
15 To 19 Minutes	2,128	18.1%
20 To 24 Minutes	1,374	11.7%
25 To 29 Minutes	1,400	11.9%
30 To 34 Minutes	904	7.7%
35 To 39 Minutes	429	3.7%
40 To 44 Minutes	369	3.1%
45 To 59 Minutes	1,066	9.1%
60 To 89 Minutes	588	5.0%
90 Or More Minutes	194	1.7%
Total	11,749	100.0%

Source: U.S. Census Bureau, ACS 2022 (5-Year Estimates)

Wages by Occupation

Table 10 details employment and wage statistics across various sectors in Wythe County. It enumerates the number of employees, their average weekly wages, and the average annual pay in specific industries. The Manufacturing and Local Government sectors have the highest employment figures, with 2,515 and 1,652 employees, respectively. Sectors with the highest annual wages include Transportation/Warehousing (\$59,600), Mining (\$59,451), Federal Government (\$58,666), Finance/Insurance (\$57,599), and Manufacturing (\$57,850).

Conversely, sectors such as Arts/Entertainment/Recreation, Agriculture, and Accommodations/Food Services report lower average wages, all under \$25,000 per year. Overall, the table accounts for 11,504 employees in Wythe County, with an average weekly wage of \$834 and an average annual pay of \$43,384.

Table 10: Wages by Occupation, Wythe County, Virginia, 2022

Industry	Number of Employees	Average Weekly Wage	Average Annual Pay
Agriculture	50	\$454	\$23,627
Mining	136	\$1,143	\$59,451
Utilities	ND	ND	ND
Construction	375	\$1,008	\$52,404
Manufacturing	2,515	\$1,112	\$57,850
Wholesale Trade	ND	ND	ND
Retail Trade	1,867	\$591	\$30,707
Transportation/ Warehousing	ND	\$1,146	\$59,600
Information	47	\$651	\$33,832
Finance/Insurance	209	\$1,108	\$57,599
Real Estate	65	\$808	\$42,000
Professional/Technical Services	ND	\$1,049	\$54,549
Management of Companies	ND	\$837	\$43,541
Administrative/ Waste Services	487	\$923	\$47,994
Education	ND	\$630	\$32,766
Health Care	ND	\$929	\$48,286
Arts/ Entertainment/ Recreation	109	\$371	\$19,308
Accommodations/ Food Services	1,277	\$426	\$22,177
Other Services	240	\$654	\$34,019
Local Government	1,652	\$758	\$39,442
State Government	551	\$967	\$50,293
Federal Government	75	\$1,128	\$58,666
Total	11,504	\$834	\$43,384

Notes: ND = Data do not meet BLS or State agency disclosure standards.

Source: United States Department of Labor, Bureau of Labor Statistics

Economic Development Activity

The following paragraphs provide details on new economic development announcements in Wythe County that have recently or are expected to generate net job growth. These announcements are estimated to result in the addition of approximately 150 new jobs to the local employment base.

- **STS Group AG**, a German auto parts manufacturer, announced in April 2021 that it would establish its first U.S. manufacturing operation in Wythe County’s Progress Park industrial park, creating 120 jobs. The new facility will operate as a subsidiary of STS Group North America and will supply Volvo Trucks in Pulaski County and other truck and automotive facilities throughout the Midwest and southeastern U.S. markets.
- **Traeger Grills**, the world’s top-selling wood pellet grill manufacturer, announced in April 2021 that it would build a new grill pellet manufacturing operation in Wythe County and create 15 jobs.

-
- **Bank of the James** opened a 7,370± square foot branch at 570 W Main Street in Wytheville in September 2022.
 - **Millwald Theatre.** This historic theater, which was built in 1928 at 205 W. Main Street in Downtown Wytheville, was renovated and reopened in December 2022. The main floor has 515 seats, including 190 balcony seats. The upgraded space includes classrooms for art education and mentorship programs.
 - **Musser Biomass and Wood Products,** a division of Musser Lumber Co., announced in June 2023 that it would expand its Rural Retreat operation, creating ten new jobs. The company will more than double its production of dried hardwood chips and sawdust, which it supplies to makers of composite decking and wood pellets and plastic extrusion companies.

The announcements documented above likely underestimate future job growth, as they only include public announcements and do not account for organic employment growth that is not tracked by local, regional, or state economic development agencies. The above list also excludes several retail openings in Wythe County over the past year, including Ghetti's Café, Mami's Café, The Grind, Frozen in Time, and Petals Wine Bar.

In addition to the previously mentioned developments, a significant announcement was made by Blue Star NBR in October 2021 regarding its plans to construct multiple manufacturing facilities for producing nitrile rubber medical gloves in Wythe County's Progress Park. This park is situated less than five miles east of the Town of Wytheville, on the south side of Peppers Ferry Road. The planned facilities were to occupy the 233-acre rail-served Lot 24 within the industrial park and were expected to create 2,464 jobs by 2028, not including construction workers and spin-off jobs. While the initial structure has been completed, Blue Star NBR has since announced that the project is on hold due to the collapse of a federal financing package. Currently, there is no set timeline for the development.

WARN (Layoff) Notices

WARN Notices, which stand for Worker Adjustment and Retraining Notification, are a federally mandated legal requirement for employers in Virginia. Originating from the WARN Act, this mandate requires employers to provide advance notification in situations involving

qualified plant closures and mass layoffs. This proactive measure is designed to prepare and support employees through such significant transitions. An analysis of WARN notices in Wythe County identified no such announcements over the past two years.

Section II: Affordable Apartment Market Analysis

The following is a supply/demand analysis for the 32 units that will make up Monroe North Apartments, once constructed. Section II is divided into two subsections. The first section conducts a demographic analysis, estimating the number and growth of renter households within three income groups at the apartment complex. These groups are defined in constant 2024 dollar values as follows: 30% of AMI (\$12,960 to \$18,120), 50% of AMI (\$24,000 to \$37,750), and 60% of AMI (\$29,000 to \$45,300). The upper limits are based on the HUD maximum allowable rate for a family of four for the 50% and 60% units and a family of two for the 30% units. It is important to note that there is some overlap within these income categories.

The second part of Section II involves an analysis of the competitive, affordable apartment market for families within the defined market area. We identified six affordable apartment properties for this study. These properties were constructed between 1999 and 2017, with nearly 70 percent half built before 2012. This analysis aims to assess the depth of the affordable apartment market in the Wytheville region. These apartment properties were evaluated in terms of occupancy, rent, unit and property features and characteristics, and curb appeal. They are compared with the Monroe North Apartments development program to determine its competitive market position.

Market Area Demographic Analysis

The demographic analysis of the market area is presented in the following subsection. This analysis examines the market area for population and household trends and projections, focusing on the renter population that would constitute the target markets for Monroe North Apartments. Also included in this subsection are data on rent-overburdened households, households living in substandard housing, and trends in building permits within the market area.

Population Trends and Projections

Demographic trend data show a net population increase of approximately 2,540 in Wythe County from 1990 to 2023. During the 1990s, the County experienced a net population growth of

over 2,100 people, with the majority of this increase occurring outside the county’s two towns. This growth was primarily driven by job expansions in the manufacturing sector, with companies such as Hutchinson Sealing Systems, Cross Creek Apparel, R.H. Sheppard Co., and Longwood Elastomers adding new jobs during this period.

During the 2000s, Wythe County’s population continued to grow, though at a slower pace, increasing by just over 1,600 people. This equates to an average annualized rate of approximately 160. New job opportunities in the region also fueled the growth during this period.

As of 2023, the population of Wythe County is estimated to have declined to around 28,000, according to data from the Weldon Cooper Center for Public Service. This figure represents a decrease of over 1,200 people from 2010 to 2023, or an average annual rate of approximately 95 people. This decline is attributed to job losses, an aging population and the lingering effects of the Great Recession. Projections up to 2028 anticipate a slight decrease in the population by 190. However, this conservative estimate could be altered if new housing is constructed in Wythe County to accommodate local and regional job growth.

Table 11: Trends and Projections of Population and Households, Monroe North Apartments Market Area, 1990-2028

	1990	2000	2010	2023	2028
Market Area Population	25,466	27,599	29,235	28,003	27,810
Group Quarters Population	335	410	260	260	260
Household Population	25,131	27,189	28,975	27,743	27,549
Persons Per Household	2.55	2.36	2.32	2.28	2.26
Households	9,852	11,511	12,472	12,182	12,190
Renter Households	2,257	2,608	3,267	2,804	2,817
Percent Renter Households	22.9%	22.7%	26.2%	23.0%	23.1%

Source: U.S. Census Bureau; Ribbon Demographics; Weldon Cooper Center for Public Service; S. Patz and Associates, Inc.

Group Quarters Population

The Group Quarters population in Wythe County refers to individuals who live in communal settings, such as nursing homes or group homes. This population accounts for approximately 260 people, or less than one percent of the total population in the County. The Group Quarters population in Wythe County is primarily made up of seniors living in assisted

living and nursing facilities, including Carrington Place at Wytheville-Birdmont Center and the Rural Retreat Care Center.

When determining housing unit demand, the Group Quarters population is subtracted from the total population to calculate the household population. Household Population is the basis for the analysis of housing unit demand. There has been essentially no growth in the Group Quarters population, even with the increasing senior population in the area. This may be due to seniors moving away from the area upon retirement.

Households

The 1990s witnessed an increase in the number of households in Wythe County, with occupied housing units growing by approximately 1,660. This growth resulted from both a population increase during that period and a significant decline in the average household size, which decreased from 2.55 in 1990 to 2.36 in 2000. The average household size has continued to fall, primarily due to the County's aging population, reaching a low of 2.28 by 2023.

In 2010, Wythe County had approximately 12,470 households, an increase of about 960 from 2000. Based on current population estimates and the ongoing reduction in average household size, the estimated number of households for 2023 stands at around 12,180, a decline of approximately 290. This decrease in the number of households is one of the factors contributing to the slow growth in the new home market. The total number of households is projected to remain essentially unchanged through 2028.

Renter Households

Data from 2023 show that Wythe County had approximately 2,800 renter households, marking a decrease of about 460 households from 2010. This accounts for a relatively small proportion of total households, approximately 20 percent. The percentage of renter households is projected to remain stable through 2028, experiencing only modest growth.

Target Apartment Market

Once constructed, Monroe North Apartments will implement rent restrictions for households earning 30%, 50%, and 60% of the Area Median Income (AMI). The maximum allowable incomes follow HUD's income guidelines for a four-person household for the 50% and 60% units and a two-person household for the 30% units. The demographics for each income category, as outlined in Table 12, are as follows:

- **30% of AMI**: Households in this income bracket must have annual incomes between \$12,960 and \$18,120, calculated in 2024 constant dollars. As of 2023, the market area contained 251 renter households within this income range. Projections for 2028 suggest a decrease to about 221 households, reflecting a reduction of 30 households.
- **50% of AMI**: Households must earn between \$24,000 and \$37,750 annually to qualify for this income category, with figures in 2024 constant dollars. The data from 2023 indicate there are 462 renter households in this income range within the market area. This number is projected to decrease to approximately 424 by 2028, a decline of 38 households.
- **60% of AMI**: This income bracket requires households to have annual incomes ranging from \$29,000 to \$45,300, reported in 2024 constant dollars. There were 486 renter households in this range in 2023. By 2028, the number of households within this income range is expected to decrease by about 62, resulting in 424 households.

In summary, and when accounting for income overlaps, the demographic data presented in Table 12 show an overall decrease of approximately 105 target renter households from 2023 to 2028, reducing from 977 to 872 renter households. It is important to recognize that these projections continue the trend of minimal new apartment construction in the area. The introduction of new, quality apartment units to the market area has the potential to mitigate or reverse some of this anticipated population decline.

Table 12: Trends and Projections of Renter Households, by Income, Monroe North Apartments Market Area, 2023-2028
(Constant 2024 Dollars)

	2023	2028	Net Change
Market Area Households	12,182	12,190	8
Renter Households	2,804	2,817	13
Apartment Target Market			
30% of AMI (\$12,960-\$18,120)			
Total Households	251	221	-30
Percent of Renter Households	8.9%	7.9%	
50% of AMI (\$24,000-\$37,750)			
Total Households	462	424	-38
Percent of Renter Households	16.5%	15.1%	
60% of AMI (\$29,000-\$45,300)			
Total Households	486	424	-62
Percent of Renter Households	17.3%	15.1%	
Combined			
Total Households	977	872	-105
Percent of Renter Households	34.8%	31.0%	

Source: U.S. Census Bureau; S. Patz and Associates, Inc.

Renter Households by Size

Table 13 presents data on the composition of renter households by size within the Monroe North Apartments market area. It shows that one-person households are the most common, comprising 43.7 percent of the total renter households, followed by two-person households at 33.0 percent.

Table 13: Renter Occupied Household Size, Monroe North Apartments Market Area, 2023

	Total Households	Percent of Total
1-Person Household	1,224	43.7%
2-Person Household	926	33.0%
3-Person Household	136	4.9%
4-Person Household	302	10.8%
5-or-More Person Household	216	7.7%
Total Renter Households	2,804	100.0%

Source: Ribbon Demographics

Rent Overburdened Households

Renter households are considered to be rent overburdened if they pay more than 35 percent of their gross income (or 40 percent for seniors) toward gross rent, including rent plus utility costs. This indicates that the household does not have sufficient income to comfortably afford rental housing. Rent-overburdened households are often concentrated in the lowest income ranges but can also be observed in private, market-rate housing. This is a primary indicator of a need for new affordable rental housing in the market area.

Data in Table 14 show that 28.8 percent of renter households in the market area are defined as being cost-burdened, with the vast majority of these households being those with low and modest incomes.

**Table 14: Rent Overburdened Households,
Monroe North Apartments Market Area**

<u>Income</u>	<u>Total Households</u>	<u>Percent of Total</u>
Less Than \$10,000	534	17.4%
Less than 35.0 Percent	0	0.0%
More than 35.0 Percent	368	12.0%
Not Computed	166	5.4%
\$10,000 To \$19,999	531	17.3%
Less than 35.0 Percent	164	5.3%
More than 35.0 Percent	276	9.0%
Not Computed	91	3.0%
\$20,000 To \$34,999	774	25.2%
Less than 35.0 Percent	420	13.7%
More than 35.0 Percent	203	6.6%
Not Computed	151	4.9%
\$35,000 To \$49,999	532	17.3%
Less than 35.0 Percent	318	10.4%
More than 35.0 Percent	21	0.7%
Not Computed	193	6.3%
\$50,000 To \$74,999	335	10.9%
Less than 35.0 Percent	228	7.4%
More than 35.0 Percent	17	0.6%
Not Computed	90	2.9%
\$75,000 To \$99,999	194	6.3%
Less than 35.0 Percent	177	5.8%
More than 35.0 Percent	0	0.0%
Not Computed	17	0.6%
\$100,000 Or More	170	5.5%
Less than 35.0 Percent	154	5.0%
More than 35.0 Percent	0	0.0%
Not Computed	16	0.5%
Total	3,070	100.0%
More than 35.0 Percent	885	28.8%

Source: U.S. Census Bureau, ACS 2022 (5-Year Estimates)

Substandard Housing

Table 15 provides a detailed quantification of renter households in the market area living in substandard housing. This analysis focuses on two key aspects: the availability of plumbing facilities and the density of occupants per room. The households are categorized into those with complete plumbing facilities and those without. Additionally, the data segments these categories based on occupancy density, grouped as 1.00 or fewer, 1.01 to 1.50, and more than 1.51 occupants per room. In this context, substandard housing is identified as households lacking complete plumbing facilities or facing overcrowding, defined as having more than 1.01 occupants per room. According to the data, 114 households fall under these criteria, of which 59 are renter households, constituting 1.9 percent of the occupied renter housing units.

**Table 15: Renter Households with Substandard Housing,
Monroe North Apartments Market Area**

	<u>Total Households</u>	<u>Percent of Total</u>
<u>Owner Occupied</u>		
Complete Plumbing Facilities:	9,354	75.3%
1.00 Or Less Occupants Per Room	9,299	74.9%
1.01 To 1.50 Occupants Per Room	24	0.2%
1.51 Or More Occupants Per Room	31	0.3%
Lacking Complete Plumbing Facilities:	0	0.0%
1.00 Or Less Occupants Per Room	0	0.0%
1.01 To 1.50 Occupants Per Room	0	0.0%
1.51 Or More Occupants Per Room	<u>0</u>	<u>0.0%</u>
<i>(Subtotal)</i>	<i>(9,354)</i>	<i>(75.3%)</i>
<u>Renter Occupied</u>		
Complete Plumbing Facilities:	3,061	24.6%
1.00 Or Less Occupants Per Room	3,011	24.2%
1.01 To 1.50 Occupants Per Room	50	0.4%
1.51 Or More Occupants Per Room	0	0.0%
Lacking Complete Plumbing Facilities:	9	0.1%
1.00 Or Less Occupants Per Room	9	0.1%
1.01 To 1.50 Occupants Per Room	0	0.0%
1.51 Or More Occupants Per Room	<u>0</u>	<u>0.0%</u>
<i>(Subtotal)</i>	<i>(3,070)</i>	<i>(24.7%)</i>
Total	12,424	100.0%
Lacking Complete Plumbing	9	0.1%
With Plumbing but Overcrowded	<u>105</u>	<u>0.8%</u>
Total Substandard Housing	114	0.9%
Rental Substandard Housing	59	1.9%
Source: U.S. Census Bureau, ACS 2022 (5-Year Estimates)		

Residential Building Permits

Table 16 presents data on residential building permits issued in Wythe County from 2013 to 2023. Over these ten years, a total of 522 building permits were issued, with nearly 83 percent of these allocated for single-family homes. Of note is that no multi-family building permits were issued between 2020 and 2022.

Table 16: Residential Building Permits, Wythe County, VA, 2013-2022

<u>Year</u>	<u>1-Unit</u>	<u>2-Units</u>	<u>3-4 Units</u>	<u>5+ Units</u>	<u>Total Units</u>
2013	67	6	0	11	84
2014	63	2	4	10	79
2015	28	2	4	0	34
2016	35	10	18	0	63
2017	34	2	0	0	36
2018	42	0	0	19	61
2019	46	2	0	0	48
2020	39	0	0	0	39
2021	40	0	0	0	40
2022	38	0	0	0	38
Total	432	24	26	40	522

Source: U.S. Census Bureau Building Permits Survey

Competitive Apartment Market

This subsection analyzes the six affordable apartment properties identified in the market area that would be competitive with Monroe North Apartments, once built. Data shown on each competitive apartment community includes the date built, current occupancy, apartment unit characteristics, unit mix, and project amenities. These data are compared with the Monroe North Apartments proposal to establish the competitive position and market support for the proposal, which are the basis for establishing competitive rents and market support.

Characteristics of the Affordable Apartment Market

Table 17 lists six LIHTC properties within the defined market area, identified as competitive for the renter households being studied. This analysis excludes apartment properties offering deep rent subsidies, as well as market rate properties with higher, non-competitive rents. The LIHTC apartment communities in Wytheville are relatively small, comprising only 146 rental units. Brief descriptions of each of these communities are provided in the following paragraphs.

- **Freedom Lane:** This newest apartment complex in Wythe County opened in August 2017. It offers 24 units across multiple single-level townhomes and was fully leased within one month of opening. Veterans are given occupancy priority. The complex comprises ten one-bedroom units (ranging from 765 to 769 square feet) and 14 two-bedroom units (968 square feet each). All units are currently occupied. High demand has resulted in a waitlist of 325 people, increasing by 145 households over the past year. Income restrictions apply,

with half of the units restricted to 50% of AMI and the other half to 60% of AMI. Both income categories generate the same rent.

- **Jefferson Union:** Built in 2012, this 24-unit affordable apartment community features a townhome design. Twelve units are designed for persons with disabilities. It offers a mix of eight one-bedroom and 16 two-bedroom units, all currently occupied. The waitlist has grown from 160 households in January 2023 to 300 households. Income restrictions are applied, with half of the units restricted to 40% of AMI and the other half to 50% of AMI.
- **High Meadows:** As the largest LIHTC apartment property in Wythe County, this complex has 60 units. It provides a mix of ten one-bedroom (777 square feet), 20 two-bedroom (1,122 square feet), and 30 three-bedroom (1,320 square feet) units. It is the only affordable apartment complex in the area offering a large number of three-bedroom units. Opened in 2007, the complex is fully occupied, with ten units restricted to 50% of AMI and 50 units to 60% of AMI. The community is fully occupied, which is the norm. Management maintains a waitlist of eight households, evenly mixed between the 50% and 60% units.
- **Cassell Pines:** This 18-unit affordable apartment community opened in 2006. It consists of six one-bedroom (550 square feet) and 12 two-bedroom (700 square feet) units. Five units are specially designed for individuals with physical and/or mental disabilities. Currently, there are two vacancies due to recent move-outs, which are expected to be filled quickly. The waitlist has increased by 50 over the past year, reaching 250 households. Income restrictions are in place, with four one-bedroom units at 40% of AMI and the remaining 14 units at 60% of AMI.
- **Southridge:** This unique rental community, comprising the former Johnston Motel converted into apartments and eight three-bedroom single-family homes, totals 20 rental units. The motel, built in 1950, was transformed into 12 one-bedroom apartments by combining the original 24 motel rooms during 1999 and 2000. A metal roof was added in 2016. The community features about 15 surface parking spaces and a small laundry room. All units in the motel building are restricted to 50% of AMI.

The eight three-bedroom single-family homes, constructed in 1999 and 2000, have been updated with new appliances and flooring as needed. These single-story wood frame structures, with a mix of vinyl and brick siding, lack garages but include private driveways. Each home is around 1,200 square feet, featuring three full bathrooms, patios, and open floor plans with combined living and dining areas. Flooring is a mix of vinyl and carpet. These homes are restricted to 60% of AMI.

Currently, Southridge is fully occupied, with a waitlist of approximately 250 households, a significant increase from 120 households in January 2023.

Overall, the Wythe County market currently exhibits a very low vacancy rate, standing at only 1.4 percent. Two of these vacancies have arisen from recent move-outs. The Wytheville Redevelopment & Housing Authority (WRHA), which oversees the management of Southridge

Apartments, Freedom Lane, Jefferson Union, and Cassell Pines, collectively maintains waitlists totaling approximately 1,125 households. This figure has seen a significant increase from 660 households in January 2023, although there may be some overlap in these lists. Property management at these locations reports very low turnover rates, attributed to the limited alternative housing options available locally.

**Table 17: Characteristics of Competitive Affordable Apartments,
Monroe North Apartments Market Area, February 2024**

	<u>Map G Key</u>	<u>Year Built</u>	<u>Income Limits</u>	<u>Total Units</u>	<u>Vacant Units</u>
Freedom Lane	1	Aug-17	50% (12)/ 60% (12)	24	0
Jefferson Union	2	2012	50% (12)/ 60% (12)	24	0
High Meadows	3	2007	50% (10)/ 60% (50)	60	0
Cassell Pines	4	2006	40% (4)/ 60% (14)	18	2
Southridge Motel	5	1999/00/22	50% (12)	12	0
Southridge Single-Family Homes	6	1999/00/22	60% (8)	<u>8</u>	<u>0</u>
Total				146	2
Vacancy Rate					1.4%

Source: S. Patz & Associates, Inc.

In addition to the LIHTC apartment properties detailed in Table 17, 17 rental communities offer deep rent subsidies in Wythe County. In these communities, tenants contribute 30 percent of their income towards rent. These properties, encompassing a total of 514 apartment units, are listed in Table 18 below. All are located in the Town of Wytheville and are fully occupied, each maintaining extensive waitlists. Except for the 14-unit Rolling Hills Blue Sky, all of these communities were constructed in the 1980s and 1990s.

The WRHA oversees the management of 220 apartment units across nine rental properties. This includes 110 one-bedroom units at Hedgefield and an additional 110 units of various sizes - one, two, three, four, and five bedrooms - scattered throughout Wytheville. Currently, there are 550 households on the waitlists for these properties. Moreover, WRHA administers 135 housing choice vouchers, 25 mainstream vouchers, and 16 project-based vouchers within the local area. The waitlist for these vouchers has increased by 50 over the past year, reaching a total of 550 applicants.

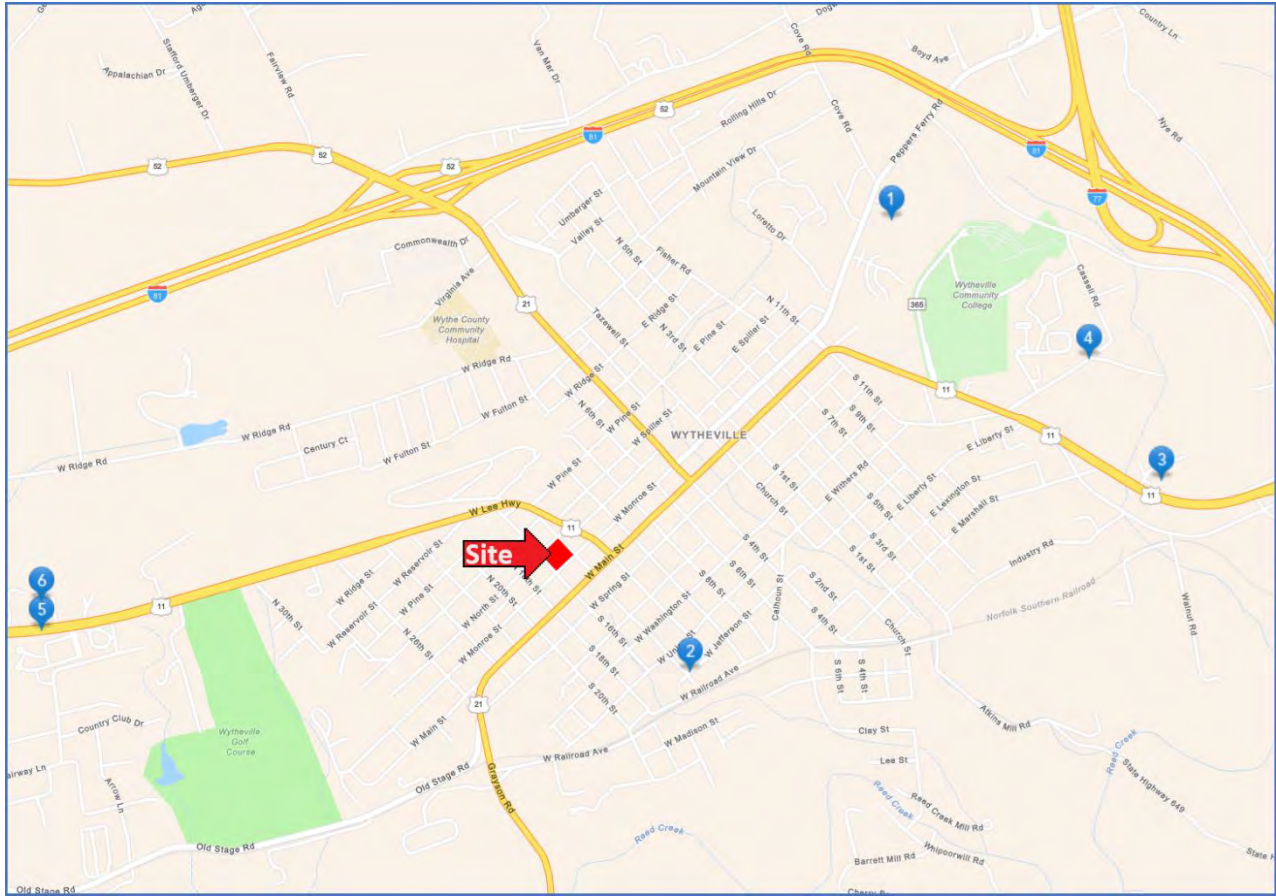
**Table 18: Characteristics of Apartments with Deep Rent Subsidies,
Monroe North Apartments Market Area, February 2024**

	<u>Location</u>	<u>Type</u>	<u>Year Built</u>	<u>Total Units</u>	<u>Vacant Units</u>
Rolling Hills Blue Sky	Wytheville	Family	2005	14	0
Autumn Lane Apartments	Wytheville	Family	1995	8	0
Village Square Apartments	Wytheville	Family	1995	28	0
Wytheville Community Apartments	Wytheville	Family	1993	10	0
Longview Village	Wytheville	Seniors	1991	44	0
Pleasant Haven Apartments	Wytheville	Family	1990	8	0
Blue Springs Apartments	Wytheville	Family	1990	14	0
Longview Apartments	Wytheville	Family	1984	46	0
Hedgefield Apartments	Wytheville	Family	1983	110	0
Crab Apple Square Apartments	Wytheville	Family	1980	12	0
Harmony Apartments	Wytheville	Family	1980	4	0
Shady Pine Apartments	Wytheville	Family	1980	24	0
Garden View Apartments	Wytheville	Family	1980	12	0
Northwinds	Wytheville	Family	1978	144	0
Westwood Apartments	Wytheville	Family	1976	<u>36</u>	<u>0</u>
Total				514	0
Vacancy Rate					0.0%

Source: S. Patz & Associates, Inc.

In addition to these above units are a small number of market-rate rental units. The majority of these are small, single-unit properties dispersed throughout the county, primarily concentrated in and around the Town of Wytheville, with smaller presences in Rural Retreat, Fort Chiswell, and Max Meadows areas. Most are townhomes and single-family homes built initially for sale but later converted to rental units. A sizable portion of the market-rate rental housing stock comprises older mobile homes. Many of these homes are dated and often do not meet the needs of prospective tenants. However, vacancies are rare, leading potential renters to search outside the region.

Map G illustrates the locations of the affordable apartment properties without deep rent subsidies, as detailed in Table 17. All of these properties are situated within the Town of Wytheville. Three communities – Freedom Lane, High Meadows, and Cassell Pines – are located on the town's eastern side, near Wytheville Community College. Jefferson Union is located along S 12th Street, just south of Downtown Wytheville. Southridge is located on the northern side of U.S. Route 11, at the far western edge of Wytheville.



Map G - Locations of LIHTC Apartment Properties

The accompanying photos display each affordable apartment property listed in Table 17. Freedom Lane features an attractive single-level duplex design. High Meadows presents a two-level townhome design, adding architectural variety. In its design mix, Cassell Pines combines garden apartments with single-level townhomes, while Jefferson Union exclusively offers single-level townhome designs. Uniquely, Southridge stands out among LIHTC properties for including both a converted motel and single-family homes. Overall, the affordable housing stock in Wytheville is attractive and well-maintained.



Freedom Lane



Jefferson Union



High Meadows



Cassell Pines (Townhomes)



Southridge (Motel)



Southridge (Single-Family Homes)

Net Rental Rates

Table 19 lists the net rents for each apartment community under study, with adjustments made to include the cost of cold water, sewer, and trash collection, making them comparable to the proposed rental structure at Monroe North Apartments. It is noteworthy that, despite four of the newer apartment properties offering units with various income restrictions, rents at these income levels are uniform. Additionally, four properties offer in-unit washers and dryers at no additional cost to the tenant. Monroe North Apartments will also offer this amenity.

The data show that one-bedroom units rent for an average of \$451 compared to the proposed 30% rents of \$324 and 50% rents of \$600. Two-bedroom units in the market area rent for an average of \$582, compared to proposed rents of \$700 for 50% units and \$725 for 60% units. High Meadows is the only property offering two-bedroom rents over \$700, with all units routinely occupied.

Only two competitive apartment properties offer three-bedroom floor plans. These units rent for \$711 at Southbridge Single-Family Homes and \$826 at High Meadows, compared to the proposed three-bedroom 50% rents of \$750 and 60% rents of \$900. These units seldom have any vacancies.

**Table 19: Net Rental Rates at Competitive Affordable Apartments,
Monroe North Apartments Market Area, February 2024** 1/

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
Freedom Lane 2/ 4/	\$450	\$580	--
Jefferson Union 2/ 4/	\$420	\$506	--
High Meadows 2/	\$513	\$729	\$826
Cassell Pines 2/ 4/	\$393	\$512	--
Southridge Motel Units	\$480	--	--
Southridge Single-Family Homes 3/ 4/	--	--	\$711
Average	\$451	\$582	\$769
Proposed 30% of AMI 4/	\$324	--	--
Proposed 50% of AMI 1/ 4/	\$600	\$700	\$750
Proposed 60% of AMI 1/ 4/	--	\$725	\$900

Notes: 1/ Rents were adjusted to include cold water, sewer, and trash collection.
2/ Two-bedroom units include 1.5 bathrooms.
3/ Three-bedroom units have 3.0 bathrooms.
4/ Includes in-unit washer and dryer.

Source: S. Patz & Associates, Inc.

These rents are readily accepted, though many voucher holders likely rent units at these apartment properties.

Net Rent per Square Foot

Table 20 presents the rent per square foot calculations for each affordable apartment community under study. For one-bedroom units, the rents per square foot range from \$0.59 at Freedom Lane to \$0.87 at Southridge Motel Units, compared to \$0.36 for the proposed one-bedroom 30% units and \$0.67 for the proposed one-bedroom 50% units.

Two-bedroom units have rents per square foot ranging from \$0.53 at Jefferson Union to \$0.73 at Cassell Pines. The average rent per square foot for two-bedroom units is \$0.63, similar to the proposed rent per square foot for the two-bedroom unit at Monroe North Apartments.

High Meadows's three-bedroom rent per square foot is \$0.63, compared to \$0.59 at Southridge Single-Family Homes. The rent per square foot for the three-bedroom units at Monroe North Apartments is \$0.56 for the 50% units and \$0.69 for the 60% units.

Table 20: Rent per Square Foot at Competitive Affordable Apartments, Monroe North Apartments Market Area, February 2024

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
Freedom Lane 2/ 4/	\$0.59	\$0.60	--
Jefferson Union 2/ 4/	\$0.60	\$0.53	--
High Meadows 2/	\$0.66	\$0.65	\$0.63
Cassell Pines 2/ 4/	\$0.71	\$0.73	--
Southridge Motel Units	\$0.87	--	--
Southridge Single-Family Homes 3/ 4/	--	--	\$0.59
Average	\$0.69	\$0.63	\$0.61
Proposed 30% of AMI 4/	\$0.36	--	--
Proposed 50% of AMI 1/ 4/	\$0.67	\$0.64	\$0.56
Proposed 60% of AMI 1/ 4/	--	\$0.66	\$0.69

Notes: 1/ Rents adjusted to include cold water, sewer, and trash collection.
2/ Two-bedroom units include 1.5 bathrooms.
3/ Three-bedroom units have 3.0 bathrooms.
4/ Includes in-unit washer and dryer.

Source: S. Patz & Associates, Inc.

Apartment Unit Sizes

Table 21 compares apartment unit sizes within the Monroe North Apartments market area. The data compiled highlights the square footage of one-bedroom, two-bedroom, and three-bedroom apartments across the competitive properties, culminating in a direct comparison with the Monroe North Apartments.

The square footage of one-bedroom units varies significantly. Freedom Lane offers units between 765 and 769 square feet, while both Cassell Pines and Southridge Motel Units offer more compact options at 550 square feet. The market area’s average one-bedroom unit size is 669 square feet. In contrast, Monroe North Apartments surpasses the average, offering a more spacious 896 square feet for its one-bedroom apartments.

When evaluating two-bedroom apartments, High Meadows stands out with the largest units at 1,122 square feet, whereas Cassell Pines presents the smallest at 700 square feet. The average for the market area sits at 937 square feet. Again, Monroe North Apartments exceeds this average, with its two-bedroom units ranging from 1,091 to 1,097 square feet.

The three-bedroom units show a similar trend; High Meadows offers 1,320 square feet and the Southridge Single-Family Homes provides 1,200 square feet, with the market area’s average at 1,159 square feet. Monroe North Apartments also continues to offer larger units in this category, with sizes between 1,343 and 1,349 square feet. Overall, Monroe North Apartments consistently provides more generous living spaces than other properties in the market area.

Table 21: Apartment Unit Sizes at Affordable Apartments, Monroe North Apartments Market Area, February 2024			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
Freedom Lane	765-769	968	--
Jefferson Union	703	958	--
High Meadows	777	1,122	1,320
Cassell Pines	550	700	--
Southridge Motel Units	550	--	--
Southridge Single-Family Homes	--	--	1,200
Average	669	937	1,159
Monroe North Apartments	896	1,091-1,097	1,343-1,349
Source: S. Patz & Associates, Inc.			

Apartment Unit Mix

Table 22 showcases the distribution of apartment units by the number of bedrooms across competitive properties within the Monroe North Apartments market area. It details the mix of one-bedroom, two-bedroom, and three-bedroom units alongside the total units available in each property, followed by an aggregate total and percentage distribution.

Freedom Lane and High Meadows both provide ten one-bedroom units, but High Meadows distinguishes itself with the highest number of two-bedroom units at 20 and the only property offering three-bedroom units apart from Southridge Single-Family Homes, with a significant count of 30. Cassell Pines and Southridge Motel offer a smaller selection, with Cassell Pines featuring six one-bedroom and 12 two-bedroom units and Southridge Motel presenting 12 one-bedroom units exclusively. The Southridge Single-Family Home contributes to the diversity with eight three-bedroom units.

Overall, the market area comprises 46 one-bedroom units, making up 31.5 percent of the total, 62 two-bedroom units, constituting 42.5 percent, and 38 three-bedroom units, accounting for 26.0 percent of the market area's offerings, culminating in a total of 146 units.

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Total Units</u>
Freedom Lane	10	14	0	24
Jefferson Union	8	16	0	24
High Meadows	10	20	30	60
Cassell Pines	6	12	0	18
Southridge Motel Units	12	0	0	12
Southridge Single-Family Homes	0	0	8	8
Total	46	62	38	146
Percent of Total	31.5%	42.5%	26.0%	100.0%
30% of AMI	4	0	0	4
50% of AMI	2	15	4	21
60% of AMI	0	5	2	7
Monroe North Apartments	6	20	6	32

Source: S. Patz & Associates, Inc.

Community Amenities

Very few comps offer on-site amenities, principally due to their small unit count. Some have laundry facilities, including Southridge Apartments. Cassell Pines and Freedom Lane have a clubhouse. Monroe North Apartments will not have on-site amenities.

Market Rate Apartments

The preceding analysis highlights that the market area features multiple professionally managed affordable apartment communities, some with on-site management. In contrast, most market-rate rental units are small, single-unit properties scattered across the county, primarily concentrated in and around the Town of Wytheville, with fewer units in Rural Retreat, Fort Chiswell, and Max Meadows.

These market-rate units mainly consist of townhomes and single-family homes initially built for sale but later converted into rental units. The rental housing stock also includes smaller,

older multi-family structures in varying states of upkeep alongside a significant number of older mobile homes. Despite their age and potential mismatch with prospective tenants’ needs, vacancies are rare, leading renters to seek housing outside the region, often in the greater Galax area or as far as Radford.

This scarcity of rental housing availability has led to some units being priced above their market value. Furthermore, many renters find themselves in substandard housing or living with family and friends due to the shortage of available units.

Table 23 lists the five largest apartment buildings in Wythe County with market rents. The East End Condos, with nearly 40 rental units, represents the newest addition. It was built in phases in 2002 and 2020 and is located along Bob Spring Road in Wytheville. The other four larger apartment buildings, which have been open since the 1970s and 1980s, are smaller properties with 15 to 60 rental units. S. Patz & Associates attempted to contact each of these properties on multiple occasions without success; however, based on previous research in the region, it is presumed that these apartments currently have no vacancies.

Table 23: Market Rate Apartments, Wythe County, Virginia, February 2024			
	<u>Location</u>	<u>Year Built</u>	<u>Total Units</u>
East End Condos	Wytheville	2002/2020	38
Birchwood Apartments	Wytheville	1981	60
S & K Apartments	Wytheville	1977	23
S & K Apartments	Rural Retreat	1977	15
Ron Hughes Apartments	Max Meadows	1970	<u>36</u>
Total			172
Notes: 1/ Two buildings, built in two phases.			
Source: S. Patz & Associates, Inc.			

Attached are photographs of each of the apartment buildings listed above. The designs of most buildings reflect the period in which they were built. Nevertheless, all are well-maintained and free of any blighting features.



East End Condos



Birchwood Apartments



S & K Apartments (Wytheville)



S & K Apartments (Rural Retreat)



Ron Hughes Apartments

Rental rates for market-rate units in Wythe County vary, but there is an abundance of mature rental units of varying quality. One-bedroom units typically range from \$450 to \$800, with the less expensive units often being single-wide mobile homes. However, some of these mobile

homes are rented above market rates due to limited availability, with prices as high as \$650. Two-bedroom units generally range from \$700 to \$900, with the more expensive options being larger townhomes in Wytheville. Most single-family homes, offering three- and four-bedroom units, have rental rates between \$850 and \$1,000, though some upscale homes may rent in the \$1,200 to \$1,600 range.

Shown next is a sample of scattered rental units in Wythe County. The photos show a wide mix of housing types, but most are mature.



Typical Scattered Rental Units



Typical Scattered Rental Units

Local Perspective of the Rental Housing Market

During our research, S. Patz & Associates conducted extensive interviews with various individuals active in the local housing market. These discussions included property managers, developers involved in constructing affordable apartment units within the market area and the broader Southwest Virginia region, and local planning and economic development officials. These individuals offered valuable insights into the local housing dynamics, focusing particularly on the affordable housing sector. Among those interviewed was Wytheville Redevelopment & Housing Authority staff, who manage most of the affordable apartment units in the market area.

The general consensus from these discussions indicates a longstanding disparity between the availability of and need for affordable housing across various income levels. This disparity is highlighted by the extensive waitlists at virtually all the affordable apartment communities under study. The lack of affordable housing options in the market area has driven many potential renters to search outside Wythe County for adequate housing.

Section III: Market Study Conclusions

The analysis presented above indicates a strong demand for affordable family apartments in the market area, primarily driven by a shortage of affordable housing units and a significant proportion of households burdened by high rent costs relative to their income. The competitive market for affordable apartments maintains a low vacancy rate of only 1.4 percent. This is exacerbated by the limited number of affordable apartment units available and the extensive waitlists at the affordable apartment properties under study, which exceed 1,100 households. Management at local apartment communities reports minimal unit turnover, as alternative options within the market area are scarce. No affordable apartments are being planned or constructed in the market area, although some job growth is anticipated.

Monroe North Apartments is expected to be highly competitive within the market area regarding unit designs and property features. All market factors support the proposed development program and indicate sufficient demand for the Monroe North Apartments proposal. A critical element of the market study conclusions is the significant pent-up demand for apartment units in Wythe County. With the competitive rental structure in place, the proposed rents are expected to be achievable. No changes to this proposal are recommended.

The subsequent Analysis of Demand section will provide an in-depth look at the evolving supply and demand dynamics for family rental housing in the market area, focusing on the projection period of 2028.

Demand Analysis

Competitive Affordable Pipeline Proposals

Apart from Monroe North Apartments, there are no comparable apartment units either under construction or in any stages of planning in the market area.

Penetration Rate Analysis

For this analysis, the penetration rate is defined as the percentage of income-eligible renter households required to occupy Monroe North Apartments, as well as those in existing competitive units, plus any units in competitive affordable apartments that have been approved and financed for future construction. This measure evaluates the market area’s capacity to absorb the inventory of directly competitive rental units.

The analysis shows a penetration rate of 1.8 percent for units at 30% of AMI, 15.8 percent for 50% of AMI units, and 24.3 percent for 60% of AMI units. These rates indicate a sustained demand for more affordable housing. This demand is considered achievable, taking into account several factors. The market area currently exhibits an exceptionally low vacancy rate for affordable apartments, at just 1.4 percent. This low vacancy rate is reinforced by reports from management across various affordable communities that indicate consistent full or near-full occupancy over several years. Additionally, these communities collectively have waitlists that exceed 1,100 households.

Overall, the penetration rate analysis presented in Table 24 should be considered conservative. It does not include lower-income tenants who possess vouchers, nor does it consider “leakage,” which refers to tenants coming from outside the market area. Consequently, the development program at Monroe North Apartments is not expected to negatively impact the existing housing supply within the market area.

Table 24: <u>Penetration Rate Analysis</u>			
	<u>30% of AMI</u>	<u>50% of AMI</u>	<u>60% of AMI</u>
Income-Eligible Renter Households	221	424	424
Proposed Apartment Units	4	21	7
Existing Competitive Units	0	46	96
Proposed Competitive Units	<u>0</u>	<u>0</u>	<u>0</u>
<i>(Total Inventory)</i>	<i>(4)</i>	<i>(67)</i>	<i>(103)</i>
Penetration Rate	1.8%	15.8%	24.3%
Source: S. Patz & Associates, Inc.			

Net Rent Evaluation

The rent analysis presented in Table 19 indicates that the proposed rents for Monroe North Apartments are competitive within the current market. The community will offer attractive, spacious floor plans with appealing unit features, including in-unit washers and dryers, representing an approximate \$50 premium. The community is positioned to be among the most attractive apartment complexes in the market area, characterized by older rental housing units.

Table 25 below outlines the achievable LIHTC rents in the market area compared to those proposed. Achievable rents are the highest rents the market area can support based on various factors, including area rents, income restrictions, rent restrictions, and project designs. The table indicates that there is room to increase rents for all bedroom types due to significant pent-up demand, as shown by the near absence of vacancies, extensive waitlists, the age of existing LIHTC communities in the market area, and a large cohort of rent-overburdened households.

The table shows that the proposed rents at Monroe North Apartments are priced below the achievable rents for the market area. The data indicate an average achievable rent of \$702, compared to an average proposed rent of \$669. This equates to a rent advantage of 4.9 percent. The achievable rents shown are conservative within a market with limited competition.

Table 25: Achievable LIHTC Rents, Monroe North Apartments

	<u>Proposed Rent</u>			<u>Achievable Rent</u>			<u>Change</u>	
	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	<u>Total Change</u>	<u>Percent Change</u>
<u>1BR/1BA</u>								
30% of AMI	\$324	\$97	\$421	\$327	\$97	\$424	+\$3	+0.9%
50% of AMI	\$600	\$97	\$697	\$611	\$97	\$708	+\$11	+1.8%
<u>2BR/1.5BA</u>								
50% of AMI	\$700	\$123	\$823	\$725	\$123	\$873	+\$25	+3.6%
60% of AMI	\$725	\$123	\$848	\$800	\$123	\$923	+\$75	+10.3%
<u>3BR/2BA</u>								
50% of AMI	\$750	\$150	\$900	\$800	\$150	\$980	+\$50	+6.7%
60% of AMI	\$900	\$150	\$1,050	\$930	\$150	\$1,065	+\$30	+3.3%
Average	\$669			\$702				+4.9%

Source: S. Patz & Associates, Inc.

Determining achievable market rents in a market primarily composed of mature market-rate properties presents a significant challenge. If Monroe North Apartments were marketed as a market-rate property, virtually none of the existing market-rate properties in the area would pose true competition due to their age and quality. Additionally, there are no comparable market-rate communities in neighboring counties or cities. Table 26 presents our estimate for achievable market rents based on various factors, including the proposed designs and features relative to the demographic characteristics of the market area. The purpose of this calculation is primarily to determine if the proposed LIHTC rents offer a value compared to achievable market rents in the market area.

The table lists achievable market rents of \$850 for one-bedroom units, \$1,050 for two-bedroom units, and \$1,250 for three-bedroom units. Thus, the proposed LIHTC rents offer substantial rent advantages when compared to the achievable market rents. Therefore, the proposed LIHTC rents at Monroe North Apartments represent a considerable value as they are well below the achievable market rents.

Table 26: <u>Achievable Market Rents,</u> <u>Monroe North Apartments</u> 1/			
	<u>Units</u>	<u>Size</u> <u>(Sq. Ft.)</u>	<u>Market</u> <u>Rent</u>
1BR/1BA	6	896	\$850
2BR/1.5BA	20	1,091-1,097	\$1,050
3BR/2BA	6	1,343-1,349	\$1,250
Total	32		
Notes: 1/ Rents to include water, sewer, and trash collection.			
Source: S. Patz & Associates, Inc.			

Unit Size and Unit Mix Evaluation

The apartment unit sizes proposed for Monroe North Apartments are larger than essentially all other comparable floor plans among the competitive apartment units under study. This will make these units especially appealing in the current market. The unit mix, primarily consisting of two-bedroom apartment units with a smaller share of one- and three-bedroom floor plans, is entirely consistent with the market demand.

Virginia Housing Demand Analysis

The Virginia Housing Demand Table is presented in Table 27. This methodology accounts for demand factors, including renter household growth or decline, cost-burdened renters, and renters residing in substandard housing.

The data in Table 27 show the following:

- **New Renter Households:** The market area is projected to experience a net decrease of 30 targeted family households for the 2023 to 2028 period for the 30% of AMI apartment units, 38 households for the 50% of AMI units, and 62 households for the 60% of AMI units. The net change for the entire market area is an overall reduction of 105 households, accounting for overlaps in incomes.
- **Rent Overburdened Households:** Defined as households spending more than 35 percent of their gross income on rent, approximately 28.8 percent of market area households meet this criterion. When this percentage is applied to the number of income-qualified renter households, it translates to 72 households for the 30% of AMI units, 133 for the 50% of AMI units, and 140 for the 60% of AMI units. Considering income overlaps, this results in a total of 281 households.
- **Renter Households in Substandard Housing:** This segment includes renters in homes without plumbing and those in overcrowded conditions (more than one occupant per room). According to census data, 1.9 percent of renter households in the market area fit this description. Applying this to the existing renter households and accounting for the percentage with qualifying incomes, the figures are five households for the 30% of AMI units, nine for the 50% of AMI units, and nine for the 60% of AMI units. This yields a total of 19 households across all income brackets when considering income overlaps.
- **Elderly Households Likely to Convert to Rental Housing:** This demand component is not applicable as Monroe North Apartments will not be an age-restricted community.

Regarding supply, there are currently no competitive apartment communities in planning or under construction, with only two vacancies in the market area at this time.

The potential net demand is thus calculated as 47 units for the 30% of AMI income category, 104 units for the 50% of AMI income category, and 87 units for the 60% of AMI income category. The overall project-wide net demand, considering income overlaps, is 195 units. This

results in capture rates of 8.5 percent for the 30% of AMI units, 20.2 percent for the 50% of AMI units, and 8.2 percent for the 60% of AMI units. These capture rates are deemed achievable, indicating sufficient market support in the market area for the proposal.

The 30% and 60% of AMI units are expected to be fully leased within one month of the start of active pre-leasing. In comparison, the 50% of AMI units are expected to reach full occupancy within two months of opening, equating to an average lease-up pace of approximately ten units per month. These projections are conservative estimates given the length of area waitlists and the level of pent-up demand.

Table 27: <u>Virginia Housing Demand Table, by Income Restriction</u>				
	<u>Up to 30% of AMI</u>	<u>Up to 50% of AMI</u>	<u>Up to 60% of AMI</u>	<u>Total</u>
New Rental Households	-30	-38	-62	-105
PLUS				
Existing Households - Overburdened	72	133	140	281
PLUS				
Existing Households - Substandard Housing	5	9	9	19
PLUS				
Elderly Households-Likely to Convert to Rental Housing	0	0	0	0
PLUS				
Existing Qualifying Tenants – to Remain After Renovation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Demand	47	104	87	195
MINUS				
Supply (Vacant and Pipeline Units)	0	0	2	2
EQUALS				
Net Demand	47	104	85	193
Proposed Units	4	21	7	32
Capture Rate	8.5%	20.2%	8.2%	16.6%
Absorption Period (in months)	1	2	1	2

The Virginia Housing capture rate table, displayed below, indicates a project-wide capture rate of 16.6 percent and a two-month lease-up period.

Table 28: <u>Virginia Housing Capture Rate Table</u>	
Project Wide Capture Rate – LIHTC Units	16.6%
Project Wide Capture Rate – Market Rate Units	N/A
Project Wide Capture Rate – All Units	16.6%
Project Wide Absorption Rate (Months)	2

I affirm the following:

1. I have made a physical inspection of the site and market area.
2. The appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units.
3. To the best of my knowledge, the market can support the demand shown in this study. I understand that any misrepresentation in this statement may result in the denial of participation in the Low-Income Housing Tax Credit 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 in connection with the preparation of this report has communicated to others that my firm is representing Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.

Ariel Goldring

Market Analyst

February 22, 2024

Date

Data Sources

S. Patz & Associates utilizes various sources to gather and confirm the data used in this report. These sources include the following:

- U.S. Census Bureau
- U.S. Department of Labor
- Claritas; Ribbon Demographics
- Wythe County Public Schools
- FBI Uniform Crime Report
- Virginia Employment Commission
- U.S. Department of Housing & Urban Development (HUD)
- Virginia Housing
- Management for each property surveyed
- Wythe County Department of Planning
- Town of Wytheville Department of Planning
- Wythe County Joint Industrial Development Authority
- Wytheville Redevelopment & Housing Authority
- Weldon Cooper Center for Public Service



S. Patz and Associates is a trusted provider of market research and analysis services for a diverse range of real estate developments. Renowned for producing detailed market data and well-founded recommendations, our team has conducted extensive market research nationwide.

We specialize in market research and feasibility analysis for various types of developments, including residential, office, retail, hotel, and mixed-use projects. Our expertise notably extends to student housing and age-restricted housing sectors, encompassing assisted living, memory care, and independent living facilities. Additionally, we have collaborated with numerous non-profit housing developers and conducted several studies for affordable housing communities, including LIHTC communities.

S. Patz and Associates is recognized for market research by multiple HUD offices and is listed as an approved consultant by several state housing agencies, including Virginia, the District of Columbia, Maryland, and New Hampshire. Our team has a proven track record of delivering high-quality research and analysis services, offering valuable insights to our clients.



Ariel Goldring assumed the role of President at S. Patz & Associates in 2021, after more than 13 years with the firm. Mr. Goldring has extensive experience conducting feasibility studies on a wide range of land uses for developers, lenders, non-profits, and government entities. As President, he has built a reputation as a highly skilled and knowledgeable real estate market analysis expert. He earned his undergraduate degree in International Affairs from George Washington University and completed a Master's in Urban and Regional Planning at Virginia Tech, where he received the prestigious C. David Loeks Award.

Mr. Goldring has been recognized throughout his career for his comprehensive understanding of demographic trends and real estate development. He and his firm focus on market studies for various land uses and market analyses for strategic planning and community revitalization for numerous public agencies, including studies for new construction and renovation proposals.

Mr. Goldring has undertaken region-wide and specialized market studies for unique and niche land uses. His diverse skill set has been applied to projects nationwide, particularly rental and for-sale housing, including age-restricted, student, and affordable developments. He is also dedicated to addressing the needs of underserved populations, such as the homeless and disabled, having completed various assignments related to housing for veterans and other individuals with special needs.

His expertise extends to non-residential markets, with in-depth studies for retail, office, hotel, and industrial projects. Mr. Goldring excels in both site-specific and regional analysis, demonstrating a proven track record in analyzing complex markets, including oversupplied and rural areas, as well as infill locations. His ability to identify niche markets and understand market dynamics enables him to consistently deliver valuable insights and recommendations to his clients.

Before joining S. Patz & Associates, Mr. Goldring worked for Info-Prod Research, an international business consultancy providing market research and strategic guidance to governments, international institutions, and Fortune 500 corporations seeking entry into new global markets. This experience further enhances his ability to understand and navigate diverse and challenging market conditions.