

NEED AND DEMAND ANALYSIS
FOR THE PLEASANT VIEW APARTMENTS
IN
STRASBURG, VIRGINIA

Prepared for
Pleasant View VA LLC
for submission to
Virginia Housing

Virginia Housing Application: 2024-C-65

As of February 25, 2024

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A. EXECUTIVE SUMMARY

The site of the Pleasant View Apartments is off Pleasant View Drive in north-central Strasburg. There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.

The proposed project will comprise the construction of 48 units - 20 two-bedroom units and 28 three-bedroom units. Of the 48-unit total, five units will be targeted to households with incomes up to 30 percent of the median, 19 units will be targeted to households with incomes up to 50 percent of the median, with seven units targeted at 60 percent of the median, and 17 units targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

Employment in 2022 - the most recent annual report shows employment at 21,455. Employment showed modest growth from 2012 to 2020 when 956 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2022 show that, locally, employment is yet to show a net gain.

In Shenandoah County, it is seen that the most recent annual average unemployment rate is 6.3 percent, up from 2.6 percent the previous year.

The market area for the proposed development is northern and central Shenandoah County, and adjacent portions of Frederick County and Warren County, as defined by several census tracts.

The population of the market area is projected to increase from 47,263 in 2024, to 48,705 in 2029. The number of households is projected to increase, from 18,538 in 2024 to 19,021 in 2029. The number of renter households in the market area is projected to increase from 4,746 to 4,869 over the 2024 to 2029 projection period.

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

Based on our survey, there is a market-wide occupancy rate of 98.3 percent. Occupancy at tax credit properties is found to be around 96.7 percent (with many of the vacant units representing turnover).

The total need for tax credit units such as is proposed in the Strasburg area by 2029 is calculated to be for 719 units. The net need is for 719 units. Given the calculated net need, the proposed 48-unit development amounts to 6.7 percent of the need.

Consideration of the capture rate (6.7 percent) and the (1.8 percent) affordability analysis capture rate, and (14.1 percent) penetration rate suggests that the proposed development is marketable, as proposed.

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

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

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

Astoria data:

Project Wide Capture Rate, LIHTC units: 6.7 percent

Project Wide Capture Rate, market units: n/a

Project Wide Capture Rate, all units: 6.7 percent

Project Wide Absorption Period (Months): four months

B. INTRODUCTION AND SCOPE OF WORK

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

The report is prepared for Pleasant View VA LLC, for submission to Virginia Housing.

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

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

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

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

The site was visited by T. Ronald Brown.

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

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

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

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

Submitted, and attested to, by:

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



Date: March 14, 2024

C. PROJECT DESCRIPTION

The Pleasant View Apartments will comprise 48 units - 20 two-bedroom units and 28 three-bedroom units. The project is new construction.

The project is to be configured as follows:

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
2 bedroom/1 ½ bath	5	1,024	\$424	less than 30 percent
2 bedroom/1 ½ bath	5	1,024	\$787	less than 50 percent **
2 bedroom/1 ½ bath	10	1,024	\$787	less than 50 percent
3 bedroom/2 bath	4	1,237	\$916	less than 50 percent
3 bedroom/2 bath	7	1,237	\$1,126	less than 60 percent
3 bedroom/2 bath	17	1,237	\$1,210	less than 80 percent

* percentage of area median income

** rental assistance

Of the 48-unit total, five units will be targeted to households with incomes up to 30 percent of the median, 19 units will be targeted to households with incomes up to 50 percent of the median, seven units will be targeted at the 60 percent level, and the remaining 17 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

There are to be five project-based rent- assisted units, provided by provided by Northwestern Community Services Board.

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

Utilities (excluding trash collection) will be paid by the tenant - utility allowances are \$119 for the two-bedroom units, and \$130 for the three-bedroom units. Based on information supplied by the developer, the proposed apartments will meet energy-saving standards, both for construction and for appliances provided.

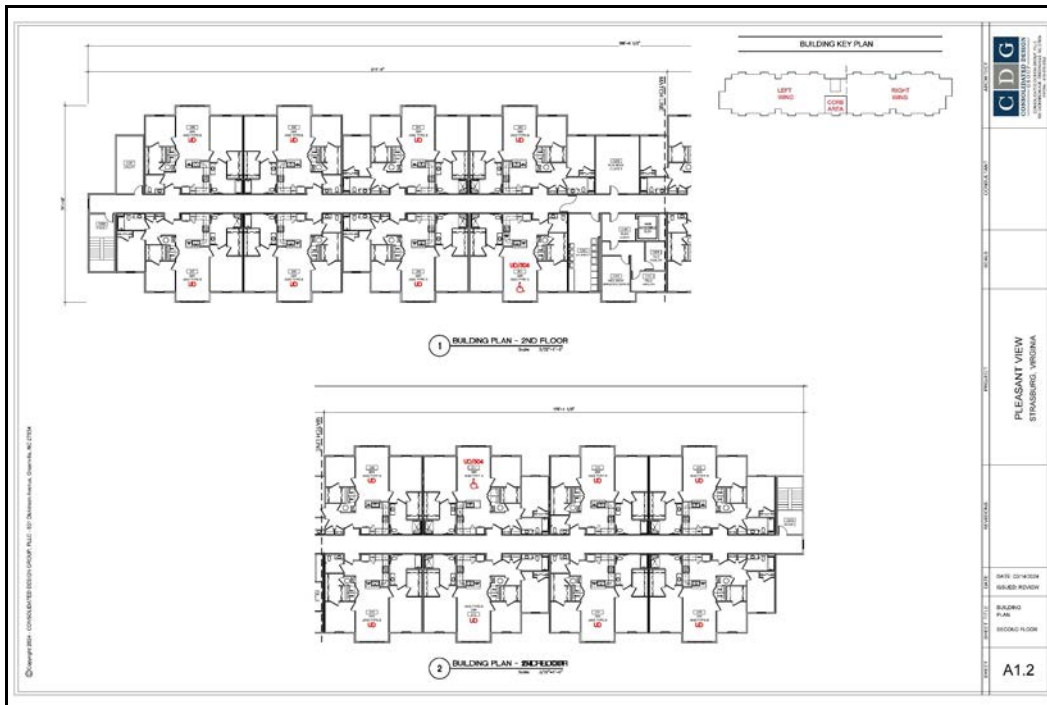
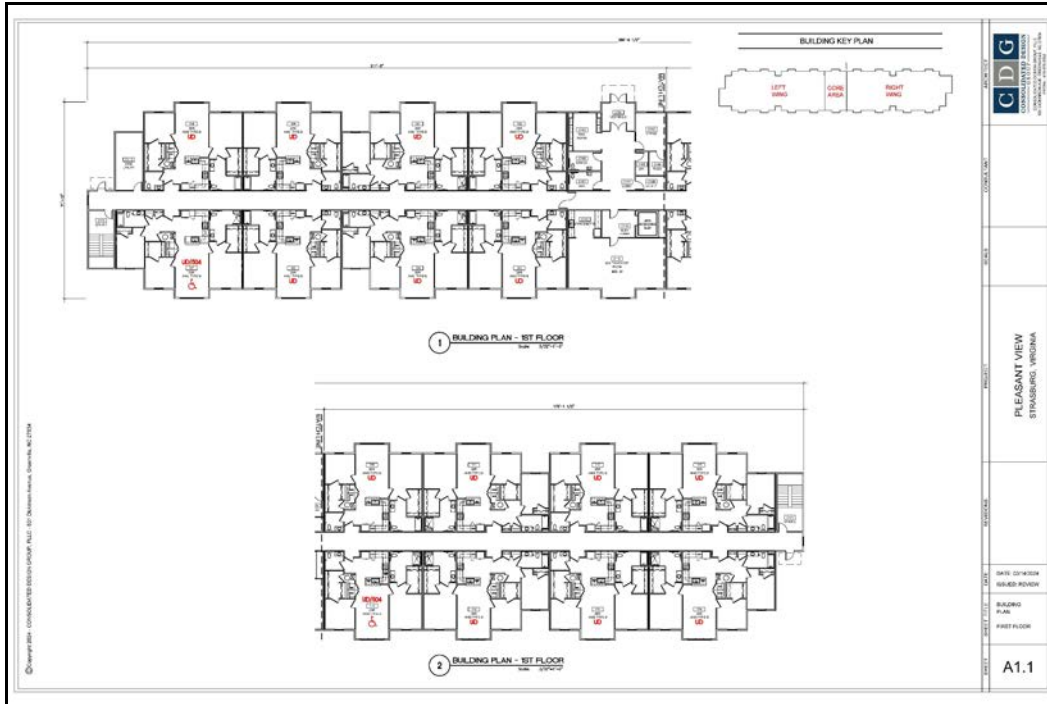
The property will feature a single three- story building, which will have an elevator. The building will have a combination exterior. Common area and site amenities include a multi-purpose room and laundry. The property will offer various enhancements, as per Virginia Housing guidelines.

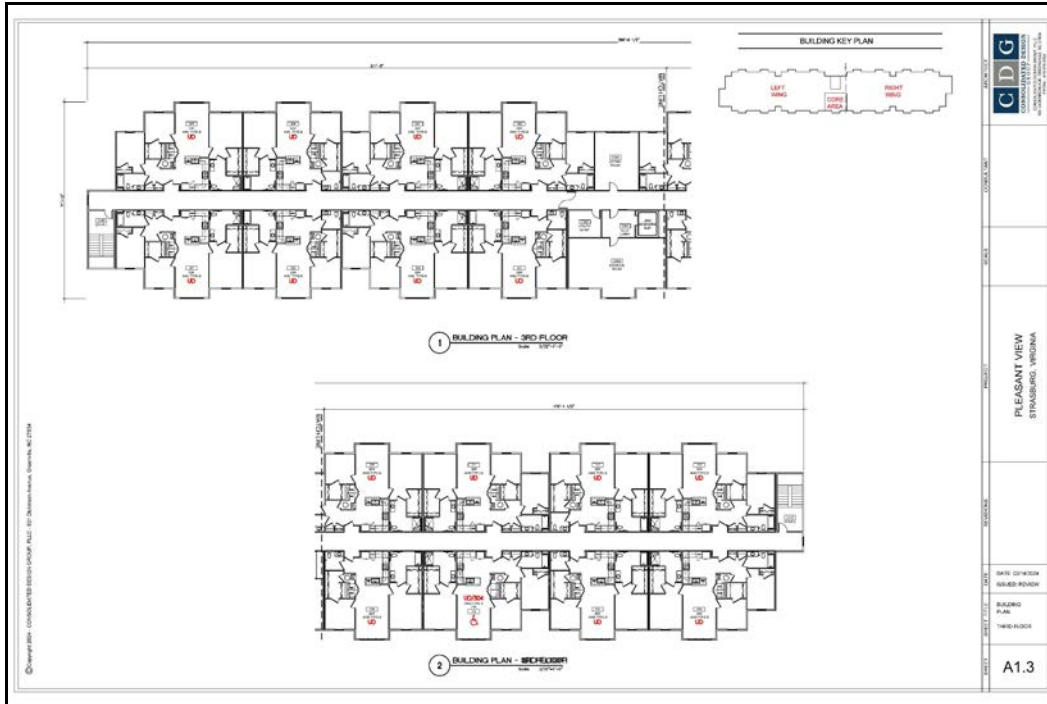
There will be 110 parking spaces.

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

Representative architectural drawings are set out on the following pages.

Floor plans

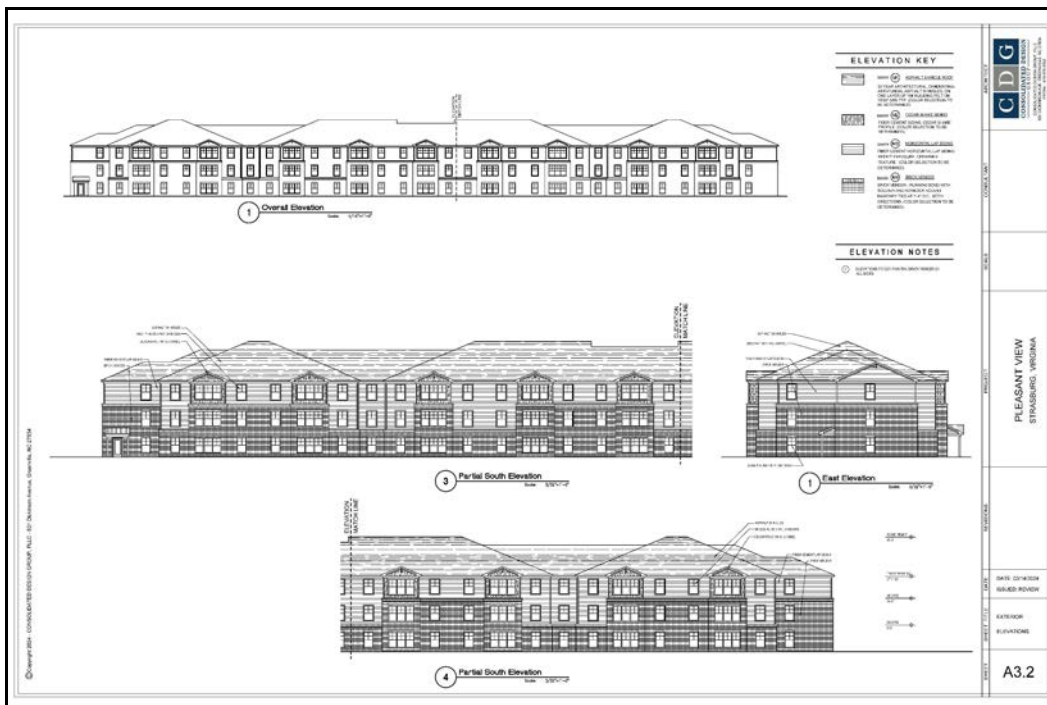
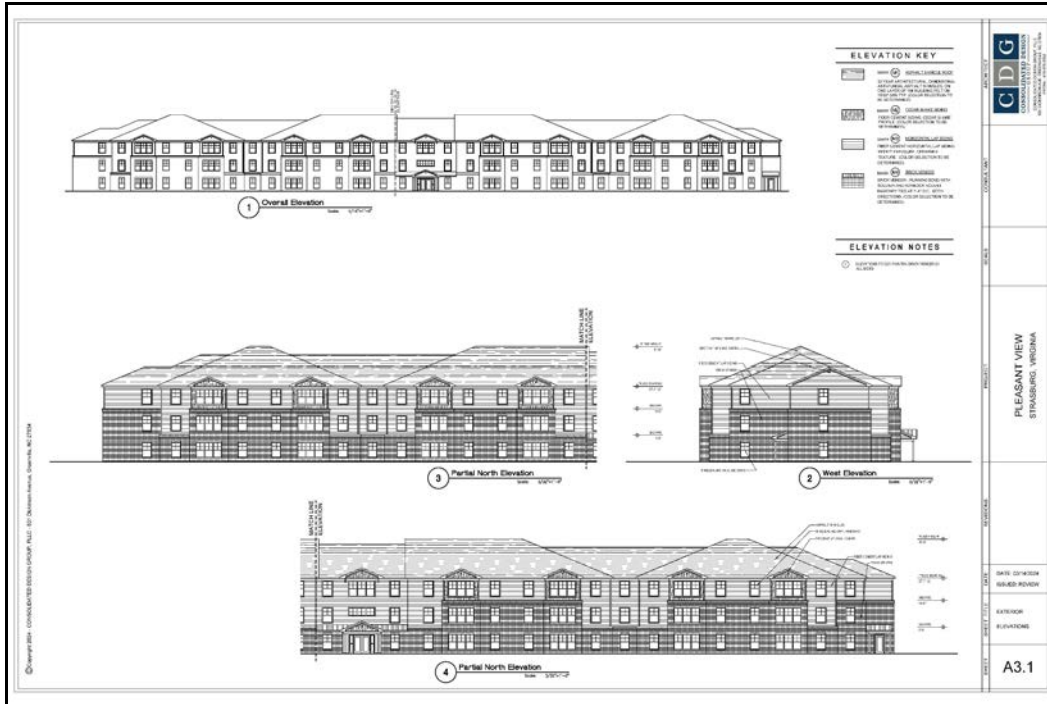




Unit plans



Elevations



D. LOCATION

The site of the Pleasant View Apartments is off Pleasant View Drive in north-central Strasburg. Adjacent properties include single family homes, to the south. The townhouses on Hupps Mill Court, and the Forest Glen Apartments, are both located to the north. The site is sloping and wooded.





View on property



View onto property



View towards site, on Pleasant View Dr



View onto property



View along Stonewall St



View south on Pleasant View Dr

The site is located off Pleasant View Drive in north-central Strasburg . Access to the site is good.

Given the site location and its situation, the site is not very visible. It may be visible from North Massanutten Street, depending on siting.

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

The site is located in a residential area off North Massanutten Street/ US 11, a major thoroughfare serving Shenandoah County, and beyond. It is with one mile of Interstate 81, the major north-south route serving western Virginia, and is within four miles or so of the intersection of Interstate 81 and Interstate 66.

The closest shopping is a Food Lion supermarket and Walgreens drugstore approximately three-fourths of a mile to the north, as is a Family Dollar store.

The site is within one and one-half miles of the Sandy Hook Elementary School, the Signal Knob Middle School, and the Strasburg High School.

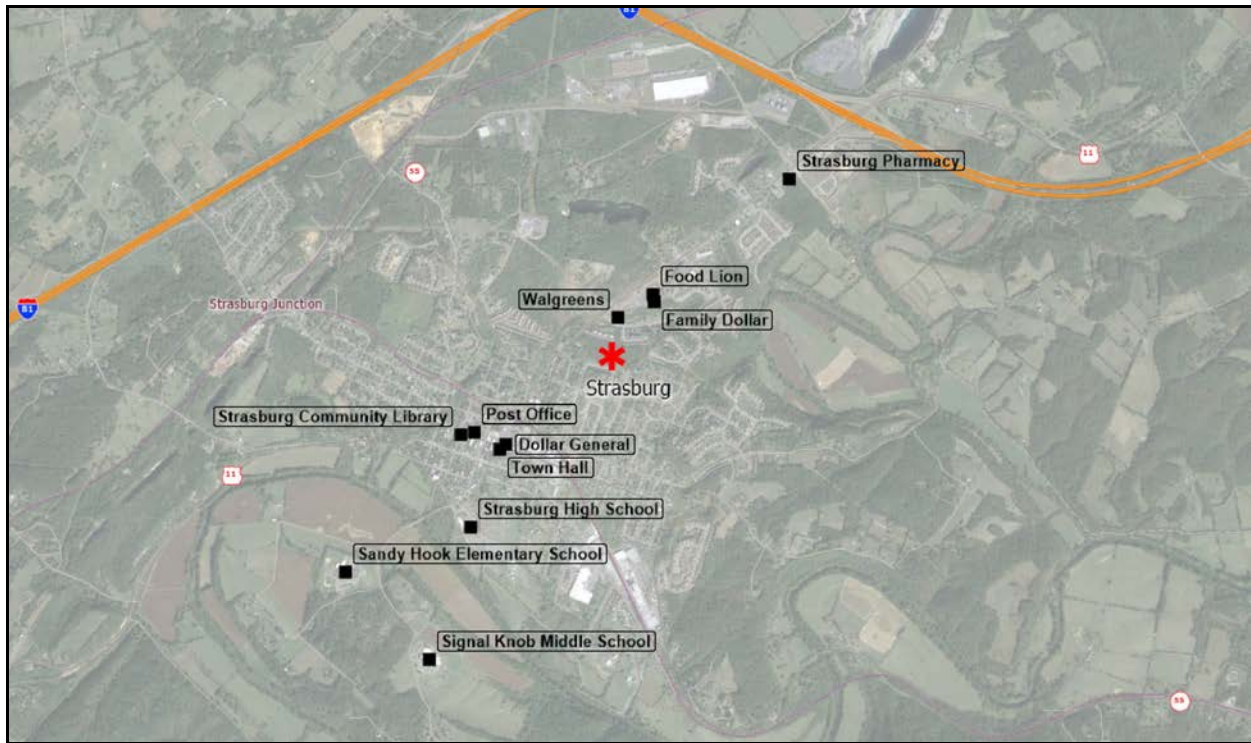
The site is within 14miles of the Shenandoah Memorial Hospital, and associated medical services, in Woodstock.

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

Table 1 - Distance to Neighborhood and Community Amenities

<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	VA 11	0.3
	Interstate 81	0.9
	Interstate 66	4.2
Retail - Grocery	Food Lion	0.8
Retail - Other	Walgreens	0.7
	Family Dollar	0.8
Schools	Sandy Hook Elementary School	1.3
	Signal Knob Middle School	1.4
	Strasburg High School	1.3
Library	Strasburg Community	0.9
Town Hall	Strasburg	0.8
Post Office	Strasburg	0.9
Hospital	Shenandoah Memorial, Woodstock	13.2

Source: T.Ronald Brown: Research & Analysis



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

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

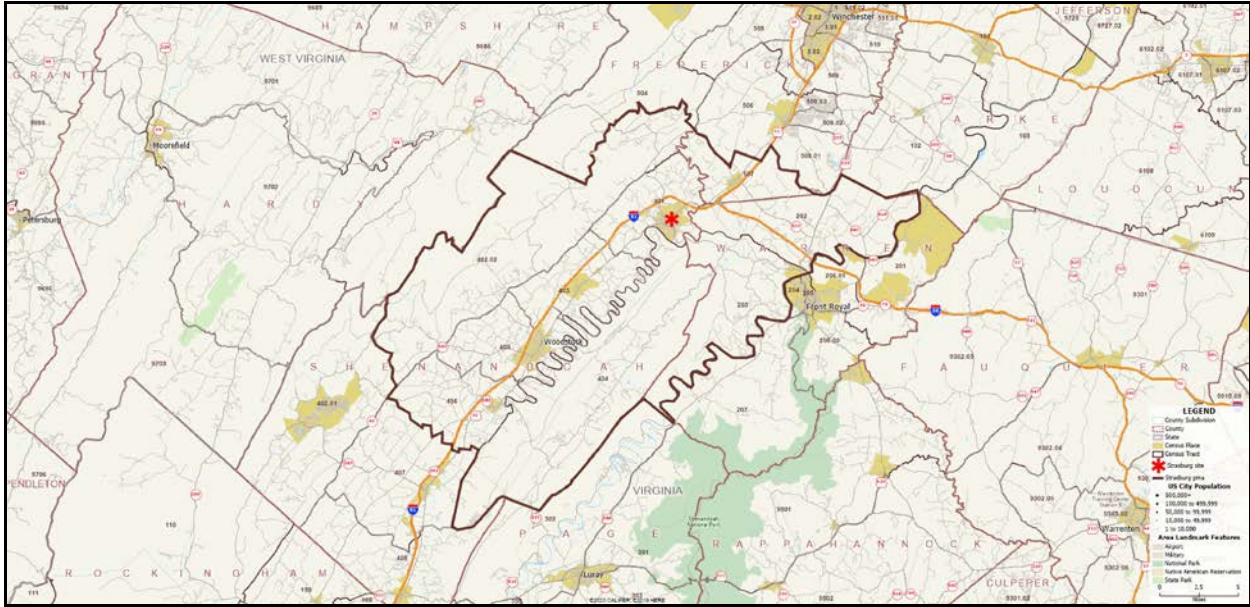
The site is considered marketable.

E. MARKET AREA DEFINITION

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

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

The proposed development is located in Strasburg in northern Shenandoah County, in northern Virginia. The market area for the proposed development is northern and central Shenandoah County, and adjacent portions of Frederick County and Warren County, as defined by several census tracts. This area is focused on the site of the proposed development and extends to an approximately seven- to ten-mile hinterland, except where it extends to 18 miles or so, to the south. The area includes the neighboring community of Woodstock in Shenandoah County, but excludes competing communities in neighboring counties, such as Front Royal and Winchester. The market area, as defined, therefore is that which constitutes the area adjacent to the site of the proposed development and extends to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project.



F. EMPLOYMENT AND ECONOMY

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

Employment trends

Employment trends for Shenandoah County are illustrated in the table, below. Employment in 2022 - the most recent annual report shows employment at 21,455.

Employment showed modest growth from 2012 to 2020 when 956 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2022 show that, locally, employment is yet to show a net gain.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2013	19,798		
2014	20,253	455	2.3
2015	20,230	-23	-0.1
2016	20,084	-146	-0.7
2017	21,100	1,016	5.1
2018	21,623	523	2.5
2019	21,783	160	0.7
2020	20,827	-956	-4.4
2021	21,057	230	1.1
2022	21,455	398	1.9

Source: Bureau of Labor Statistics

Employment trends, by sector

Information on employment, by industry for Shenandoah County in 2021 and 2022 (the most recent annual data) is set out in Table 3, below. From this it is seen that, with respect to employment, the largest subsector is manufacturing - employing 25.4 percent in the most recent year. Other significant subsectors are retail trade, healthcare, and accommodation and food services - each employing more than 10 percent of the total.

Table 3 - Employment, by sector

	2021		2022		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc Mining, etc.					
Utilities	82	0.7	88	0.8	7.3
Construction	629	5.6	694	6.2	10.3
Manufacturing	2,874	25.7	2,861	25.4	-0.5
Wholesale trade	309	2.8	326	2.9	5.5
Retail trade	1,704	15.2	1,710	15.2	0.4
Transp. and Warehousing	573	5.1	520	4.6	-9.2
Information					
Finance and Insurance	248	2.2	242	2.1	-2.4
Real estate	89	0.8	92	0.8	3.4
Professional and Technical services			312	2.8	
Management			67	0.6	
Administrative and Waste services			222	2.0	
Educational services	88	0.8	83	0.7	-5.7
Health Care and Social Assistance	1,484	13.3	1,474	13.1	-0.7
Arts, Entertainment, Recreation	134	1.2	142	1.3	6.0
Accommodation and Food services	1,163	10.4	1,272	11.3	9.4
Other Services	380	3.4	385	3.4	1.3
Unclassified					
Total (private)	11,185		11,256		0.6

Source: Bureau of Labor Statistics

Unemployment trends

Unemployment trends for Shenandoah County are illustrated in the table, below. Rates for Virginia and for the U.S. as a whole are also shown, for reference. Here it is seen that the most recent annual unemployment rate for the County is 2.8 percent, down from 3.6 percent the previous year, and from 5.5 the year before that. As can be seen, this pattern is repeated at the state and national level over this period.

Table 4 - Unemployment trends

	Shenandoah County	Virginia	U.S.
2013	5.5%	5.6%	7.4%
2014	4.9%	5.1%	6.2%
2015	4.2%	4.4%	5.3%
2016	3.7%	4.0%	4.9%
2017	3.3%	3.7%	4.4%
2018	2.9%	3.0%	3.9%
2019	2.5%	2.8%	3.7%
2020	5.5%	6.2%	8.1%
2021	3.6%	3.9%	5.3%
2022	2.8%	2.9%	3.6%

Source: Bureau of Labor Statistics

Major Employers

The major private employers in Shenandoah County are listed in Table 5, below. Here it is seen that the largest single employer is Shentel a telecommunications company located in Edinburg. Significant public employers include to the local public schools, and local government.

Table 5 - Major Employers

<u>Employer Name</u>	<u>Product/Service</u>	<u>Employees</u>
Andros Foods North America	Food manufacturing	100-300
Carmeuse Lime and Stone	Quarry	50-100
Georges, Inc	Food manufacturing	150-300
Howell Metal	Plumbing and HVAC Manufacturing	150+
IAC Group	Automotive Components	50-150
Mercury Paper	Paper Products	50-100
Route 11 Potato Chips	Food manufacturing	25-50
Shentel	Telecommunications	500-1,000

Source: Virginia Economic Development Partnership

The Virginia Economic Development Partnership reports a total of 58 new jobs added at three locations in recent years (since 2020). With respect to closures and layoffs, the Virginia Economic Development Partnership reports 384 jobs lost upon the closure of LSC Communications, a printer/publisher.

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

Wages by Industry Sector

Information on wages, by employment sector, for Shenandoah County is set out in Table 6, below. Here, average wages show some variation - both between sectors and also over time - with average wages increasing by 4.3 percent between 2021 and 2022.

Table 6 - Average Wages by Industry Sector

	<u>2021</u>	<u>2022</u>	<u>pct change</u>
Agriculture, Forestry, etc Mining, etc.			
Utilities	\$1,135	\$1,256	10.7
Construction	\$844	\$1,072	27.0
Manufacturing	\$894	\$956	6.9
Wholesale trade	\$903	\$963	6.6
Retail trade	\$565	\$600	6.2
Transp. and Warehousing	\$1,163	\$1,220	4.9
Information			
Finance and Insurance	\$1,198	\$1,162	-3.0
Real estate	\$524	\$629	20.0
Professional and Technical services		\$1,574	
Management		\$2,934	
Administrative and Waste services		\$659	
Educational services	\$738	\$776	5.1
Health Care and Social Assistance	\$852	\$899	5.5
Arts, Entertainment, Recreation	\$411	\$440	7.1
Accommodation and Food services	\$349	\$378	8.3
Other Services	\$611	\$635	3.9
Unclassified			
Total	\$847	\$883	4.3

Source: Virginia Labor Market Information

Commuting patterns

Based on data from the American Community Survey, 15.3 percent of workers resident in Strasburg were employed in Strasburg, with 39.9 percent employed in Shenandoah County as a whole. The average driving time to work for residents of Spartanburg was as much as 35.0 minutes, compared with 27.9 for Virginia as a whole.

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	3,280	100.0
Worked in Place of residence	502	15.3
Worked in County of residence	1,309	39.9
Worked outside Place of residence	2,778	84.7
Worked outside County of residence	1,971	60.1
Mean travel time to work (minutes)	35.0	

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

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

Here it is seen that many persons who work in Shenandoah County commute into the County from, for example, Rockingham County. Many residents of Shenandoah commute to work in, for example, Fairfax County and the adjacent Frederick County and Winchester City areas.

Table 8 - Commuting Patterns

Working in Shenandoah County	5,462
Where Shenandoah County residents are commuting to:	
Fairfax County	1,290
Frederick County	1,233
Winchester City	1,199
Warren County	809
Loudon County	730
Rockingham County	584
Price William County	443
Harrisonburg City	209
Henrico County	186
Elsewhere	3,376
Where Shenandoah County workers are commuting from:	
Rockingham County	1,058
Frederick County	661
Page County	466
Warren County	398
Harrisonburg City	300
Winchester City	219
Augusta County	172
Hardy County, WV	172
Loudon County	160
Elsewhere	2,120

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

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

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2010, the population of Shenandoah County was 41,993, and in 2020 the population was recorded as 44,186. Population projections for Shenandoah County are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 44,791 by 2024, and to be around 45,559 in 2029.

In 2010, the population of the market area was 42,327, and in 2020 the population was recorded as 436,133. Population projections for the market area are based the average of several small area population projection techniques using census tract trends for 2010 to 2020, corrected for the official State Data Center projections for Shenandoah County, Frederick County and Warren County. Based on these data, the population of the area is projected to be 47,263 by 2024, and to be around 48,705 by 2029.

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

Table 9- Population Trends

	Strasburg	Market Area	Shenandoah County
2000	4,017	34,574	35,075
2010	6,398	42,327	41,993
2020	7,083	46,133	44,186
2024	n/a	47,263	44,791
2029	n/a	48,705	45,559
absolute change			
2000-2010	2,381	7,753	6,918
2010-2020	685	3,806	2,193
2020-2024	n/a	1,130	605
2024-2029	n/a	1,442	768
annual change			
2000-2010	238	775	692
2010-2020	69	381	219
2020-2024	n/a	283	151
2024-2029	n/a	288	154

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

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

In 2010, there were 17,076 households in Shenandoah County and 18,008 in 2020. Based on the population projections, there to be around 18,271 households in the area in 2024, abd 18,605 in 2029.

There were 16,803 households in the market area in 2010, and 18,157 in 2010. Projections show around 18,538 and 19,021 households in 2024 and 2029, respectively.

Table 10 - Household Trends

	Strasburg	Market Area	Shenandoah County
2000	1,773	13,817	14,296
2010	2,697	16,803	17,076
2020	2,947	18,157	18,008
2024	n/a	18,538	18,271
2029	n/a	19,021	18,605
absolute change			
2000-2010	924	2,986	2,780
2010-2020	250	1,354	932
2020-2024	n/a	381	263
2024-2029	n/a	484	334
annual change			
2000-2010	92	299	278
2010-2020	25	135	93
2020-2024	n/a	95	66
2024-2029	n/a	97	67

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

Population and household characteristics

Age distribution

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

Table 11 - Age Distribution

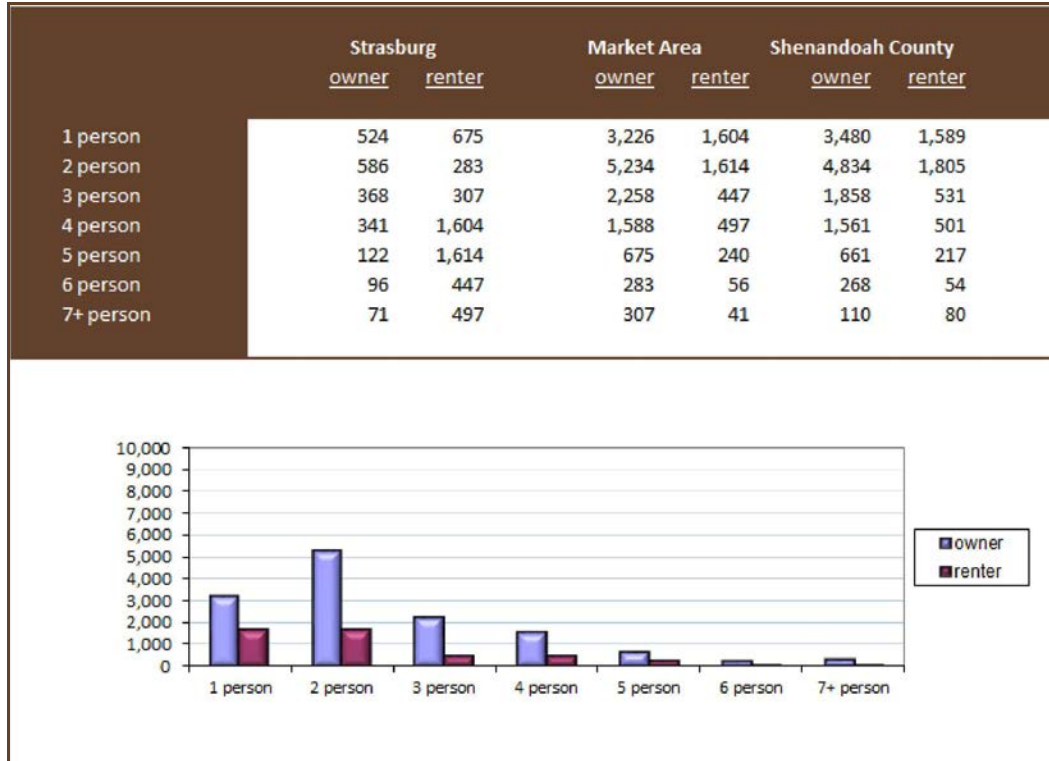
	Strasburg		Market Area		Shenandoah County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Under 5 years	481	6.8	2,535	5.5	2,351	26.3
5 to 9 years	485	6.8	2,660	5.8	485	5.4
10 to 14 years	484	6.8	2,917	6.3	484	5.4
15 to 19 years	392	5.5	2,796	6.1	392	4.4
20 to 24 years	420	5.9	2,375	5.1	420	4.7
25 to 29 years	515	7.3	2,509	5.4	515	5.8
30 to 34 years	540	7.6	2,706	5.9	540	6.0
35 to 39 years	464	6.6	2,650	5.7	464	5.2
40 to 44 years	396	5.6	2,513	5.4	396	4.4
45 to 49 years	425	6.0	2,728	5.9	425	4.7
50 to 54 years	407	5.7	3,222	7.0	407	4.5
55 to 59 years	436	6.2	3,559	7.7	436	4.9
60 to 64 years	413	5.8	3,319	7.2	413	4.6
65 to 69 years	356	5.0	3,003	6.5	356	4.0
70 to 74 years	347	4.9	2,539	5.5	347	3.9
75 to 79 years	232	3.3	1,889	4.1	232	2.6
80 to 84 years	134	1.9	1,160	2.5	134	1.5
85 years and over	156	2.2	1,053	2.3	156	1.7
55 and older	2,074	29.3	16,522	35.8	2,074	23.2
65 and older	1,225	17.3	9,644	20.9	1,225	13.7
Total	7,083		46,133		8,953	

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

Household size

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

Table 12 - Household Size



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

Tenure

Table 13, below, sets out the number and proportion of owner and renter households for Strasburg, the market area, and Shenandoah County. In the years beyond 2020, the tenure proportions are based on the 2020 proportions. In 2020, 39.1 percent of households in Strasburg were renters, 25.6 percent of households in the market area were renters, and 28.2 percent in Shenandoah County were renters.

Table 13 - Tenure

Strasburg							
	<u>population</u>	<u>households</u>	<u>persons per household</u>	<u>Owner-occupied</u>		<u>Renter-occupied</u>	
				<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	4,017	1,773	2.27	924	52.1	849	47.9
2010	6,398	2,697	2.37	1,530	56.7	1,167	43.3
2020	7,083	2,947	2.40	1,795	60.9	1,152	39.1
2024	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2029	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Market Area							
	<u>population</u>	<u>households</u>	<u>persons per household</u>	<u>Owner-occupied</u>		<u>Renter-occupied</u>	
				<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	34,574	13,817	2.50	10,294	74.5	3,523	25.5
2010	42,327	16,803	2.52	12,370	73.6	4,433	26.4
2020	46,133	18,157	2.54	13,508	74.4	4,649	25.6
2024	47,263	18,538	2.55	13,792	74.4	4,746	25.6
2029	48,705	19,021	2.56	14,152	74.4	4,869	25.6

Shenandoah County							
	<u>population</u>	<u>households</u>	<u>persons per household</u>	<u>Owner-occupied</u>		<u>Renter-occupied</u>	
				<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	35,075	14,296	2.45	10,462	73.2	3,834	26.8
2010	41,993	17,076	2.46	12,207	71.5	4,869	28.5
2020	44,186	18,008	2.45	12,930	71.8	5,078	28.2
2024	44,791	18,271	2.45	13,119	71.8	5,152	28.2
2029	45,559	18,605	2.45	13,358	71.8	5,247	28.2

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

Income Distribution

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

The median household income for Strasburg is around \$56,244, and that for Shenandoah County as a whole is seen to be \$62,149. The median income for the market area is estimated at \$68,281.

The median income for the census tract in which the site of the proposed development is located is estimated to be around \$58,047 - based on the American Community Survey data.

Table 14 - Household Income

	Strasburg		Market area		Shenandoah County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	125	4.2	823	4.6	803	4.6
\$10,000 to \$14,999	143	4.8	709	4.0	759	4.3
\$15,000 to \$19,999	120	4.0	674	3.8	774	4.4
\$20,000 to \$24,999	134	4.5	725	4.1	785	4.5
\$25,000 to \$29,999	150	5.1	607	3.4	554	3.2
\$30,000 to \$34,999	109	3.7	577	3.2	651	3.7
\$35,000 to \$39,999	67	2.3	501	2.8	696	4.0
\$40,000 to \$44,999	269	9.1	1,037	5.8	1,069	6.1
\$45,000 to \$49,999	163	5.5	840	4.7	942	5.4
\$50,000 to \$59,999	464	15.6	1,495	8.4	1,487	8.5
\$60,000 to \$74,999	169	5.7	1,718	9.6	1,566	8.9
\$75,000 to \$99,999	471	15.9	2,648	14.8	2,657	15.1
\$100,000 to \$124,999	219	7.4	1,726	9.7	1,714	9.8
\$125,000 to \$149,999	216	7.3	1,152	6.4	946	5.4
\$150,000 to \$199,999	138	4.7	1,182	6.6	1,103	6.3
\$200,000 or more	8	0.3	1,464	8.2	1,036	5.9
median income	\$56,244		\$68,281 *		\$62,149	

* Estimate

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

Renter Income

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

The median renter household income for Strasburg is around \$32,047, and that for Shenandoah County as a whole is seen to be \$44,620. The median renter income for the market area is estimated at \$45,484.

The median renter income for the census tract in which the site of the proposed development is located is estimated to be around \$32,292 - based on the American Community Survey data.

Table 15 - Household Income, Renter Households

	Strasburg		Market area		Shenandoah County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	108	12.1	271	6.0	390	8.2
\$10,000 to \$19,999	127	14.2	606	13.5	596	12.5
\$20,000 to \$34,999	215	24.0	755	16.8	800	16.7
\$35,000 to \$49,999	153	17.1	883	19.6	1,075	22.5
\$50,000 to \$74,999	170	19.0	716	15.9	621	13.0
\$75,000 to \$99,999	103	11.5	739	16.4	713	14.9
\$100,000 or more	19	2.1	529	11.8	582	12.2
median income	\$32,407		\$45,484 *		\$44,620	

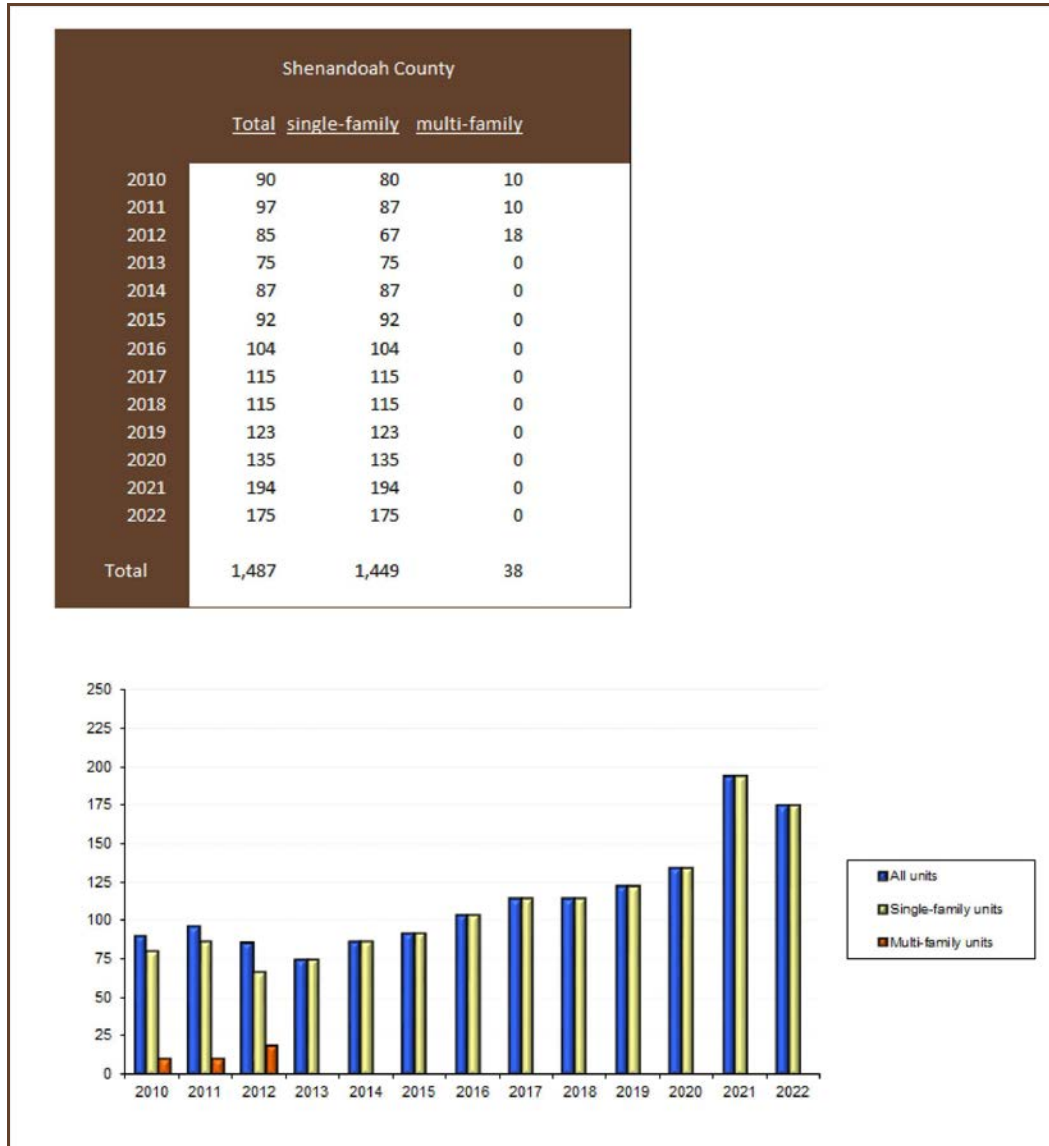
* Estimate

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

Building permit trends

Table 16 below gives details of residential construction in Shenandoah County since 2010. Where the data exist, it can be seen that a total of 1,487 units were added in the County. No data exist for the market area.

Table 16 - Residential Construction Since 2010



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

H. COMPETITIVE ENVIRONMENT

There are several apartment complexes located in the Strasburg area. These include properties financed with low income housing tax credits, and subsidized housing for very low income households and a few market rate properties. These complexes were identified and surveyed, and where useful information was made available to us, this is presented, below.

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

Charles Street Station (59 units)
Crystal Chase Crossing (32 units)
Echo Mountain (50 units)
Ridge I (38 units)
Ridge II (38 units)
Ridge III (24 units)
Valley Vista (85 units)

Charles Street Station is a 59-unit property that opened at a site in Strasburg in 1994. This property offers two-bedroom units for \$795 per month. Currently, the property is reported to have no vacant units.

The Crystal Chase Apartments is also located in Strasburg. It opened in 2013 and as such is the newest tax credit property in this market. It offers 32 units: eight two-bedroom units that rent for \$612, and 24 three-bedroom units that rent for \$700. The property is reported to be fully occupied at present.

The Echo Mountain Apartments comprise 50 tax credit-financed apartments that are located in Woodstock. The one-bedroom units at this property rent for \$755 to \$906, the two-bedroom units rent for \$906 to \$1,087, and the three-bedroom units are available for \$1,046 to \$1,256. The property is reported to have no vacant units.

The first phase of the Ridge Apartments opened in 2003 - with subsequent phases being provided in 2005 and in 2007. The properties are on adjacent sites on Reservoir Road in Woodstock. Each phase offers one-, two-, and three-bedroom units. No information is available as to rent or occupancy.

Valley Vista is an 85 unit complex that was originally built in 1974. The property was rehabilitated using tax credit that were awarded in 2008. The management did not disclose rent or occupancy levels.

There are two market rate properties in the area. Mountain View offers 62 units at what was previously the John S. Perry House complex. Rents are reported to be \$800 and \$1,000 (including water, sewer, and trash pick-up) for the property's one- and two-bedroom units. There are 51 three-bedroom townhouse units at Woodstock Mews. Rent is \$1,335, with no vacant units.

Based on our survey, there is a market-wide occupancy rate of 100.0 percent - with the occupancy at the tax credit properties for which we have data also being 100.0 percent.

As noted, there are no comparable market rate apartment developments in the Strasburg market area. VHDA market study guidelines require the inclusion of at least three developments in adjacent localities with similar characteristics to be included in the analysis. Thus, in order to try to establish some benchmark for determining market rents we surveyed additional market-rate properties in an adjacent community. Here, these projects were in Winchester.

Information for two- and three-bedroom units at these various properties is summarized below.

Table 17 - Market Rate Properties

<u>Property</u>	<u>Year built</u>	<u>Two-bedroom rents</u>	<u>Three-bedroom rents</u>
Lofts at Jubal Square	2018	\$2,010	\$2,100
Pemberton Village	1997	\$1,295-1,610	\$1,560-1,660
Peppertree	1987	\$1,581-1,862	\$1,796-2,005
Stuart Hill	2003	\$1,815	\$1,900

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

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$1,657 for a two-bedroom unit, and \$1,827 for a three-bedroom unit.

These rents are seen to be significantly above the proposed rents at the proposed development.



Lofts at Jubal Square



Pemberton Village



Peppertree



Stuart Hill

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

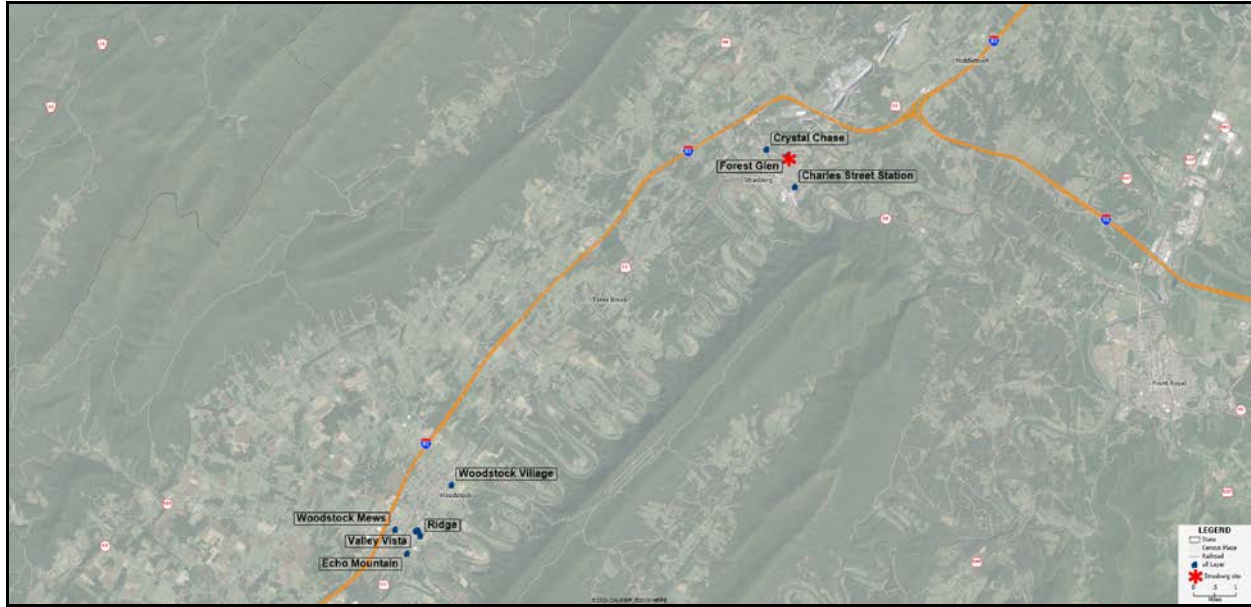
Complex name	Location	Financing	Year built	Total units	Vacant units	Occupancy (%)
Charles Street Station	Strasburg	LIHTC	1994	59	0	100.0
Crystal Chase	Strasburg	LIHTC	2013	32	0	100.0
Echo Mountain	Woodstock	LIHTC	1998	50	0	100.0
Mountain View	Woodstock	Conventional	1982	62	0	100.0
Ridge I	Woodstock	LIHTC	2003	38	n/a	n/a
Ridge II	Woodstock	LIHTC	2005	38	n/a	n/a
Ridge III	Woodstock	LIHTC	2003	38	n/a	n/a
Valley Vista	Woodstock	LIHTC	1974	85	n/a	n/a
Woodstock Mews	Woodstock	Conventional	2012	51	0	100.0

	0 br/1ba			1 br/1ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Pleasant View						
Charles Street Station						
Crystal Chase				20	653	\$755-906
Echo Mountain				21	450	\$999
Mountain View				51	550	\$800
Ridge I				4	730	
Ridge II				4	850	
Ridge III				4	835	
Valley Vista				14	n/a	
Woodstock Mews						

	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Pleasant View	20	1,024	\$424-787			
Charles Street Station	59	899	\$795			
Crystal Chase	8	1,132	\$906			
Echo Mountain	30	911	\$906-1,087			
Mountain View				11	750	\$1,000
Ridge I	26	872				
Ridge II	18	1,040				
Ridge III	4	1,041				
Valley Vista	44	867				
Woodstock Mews						

	3 br/1-1½ ba			3 br/2+ ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Pleasant View				28	1,237	\$916-1,210
Charles Street Station						
Crystal Chase	24	1,399	\$1,046			
Echo Mountain	10	1,078	\$1,046-1,256			
Mountain View						
Ridge I				8	1,188	
Ridge II				16	1,300	
Ridge III				16	1,288	
Valley Vista				27	996	
Woodstock Mews				51	1,400	\$1,335

Apartment Locations





Charles Street Station

Location: 195 Charles Street
Strasburg

Financing: LIHTC
Year Built: 1994
Total Units: 59
Vacant units: 0

100.0% occupied (waiting list)

Telephone: 540.465.3525
Management: Preservation Management
[2/20]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/1	59	899	60%	\$795	\$114	\$0.88	<ul style="list-style-type: none"> Microwave Dishwasher ● Washer/dryer Washer/dryer hook-up 9' Ceilings High-end kitchen Wood/style floors Fireplaces Patios/balconies
							<u>Community Amenities</u>
							Clubhouse/community room
							Fitness center
							Business center
							Pool
							Playground ●
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
							<u>Utilities in Rent</u>
							Water ●
							Sewer ●
							Trash ●



Crystal Chase

Location: 100 Rocky View Drive
Strasburg

Financing: LIHTC

Year Built: 2013

Total Units: 32

Vacant units: 0 100.0% occupied (waiting list)

Telephone: 540.465.9133

Management: KEV Property Management
[2/12]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/1	8	1,132	50%	\$906	n/a	\$0.80	Microwave Dishwasher • Washer/dryer
3/1	24	1,399	50%	\$1,046	n/a	\$0.75	Washer/dryer hook-up • 9' Ceilings High-end kitchen Wood/style floors • Fireplaces Patos/balconies •
							<u>Community Amenities</u>
							Clubhouse/community room •
							Fitness center •
							Business center
							Pool
							Playground •
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry
							<u>Utilities in Rent</u>
							Water
							Sewer
							Trash •



Echo Mountain

Location: 254 Lora Drive
Woodstock

Financing: LIHTC

Year Built: 1998

Total Units: 50

Vacant units: 0 100.0% occupied (waiting list)

Telephone: 540.459.9712

Management: KEV Property Management
[2/12]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1		653	50%	\$755	n/a	\$1.16	Microwave
1/1		653	60%	\$906	n/a	\$1.39	Dishwasher
							Washer/dryer
							Washer/dryer hook-up
2/1½		911	50%	\$906	n/a	\$0.99	9' Ceilings
2/1½		911	60%	\$1,087	n/a	\$1.19	High-end kitchen
							Wood/style floors
							Fireplaces
3/1½		1,078	50%	\$1,046	n/a	\$0.97	Patios/balconies
3/1½		1,078	60%	\$1,256	n/a	\$1.17	
							<u>Community Amenities</u>
							Clubhouse/community room
							Fitness center
							Business center
							Pool
							Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry
							<u>Utilities in Rent</u>
							Water
							Sewer
							Trash



Mountain View

Location: 149 Valley Vista Drive
Woodstock

Financing: Conventional

Year Built: 1982

Total Units: 62

Vacant units: 0 100.0% occupied

Telephone: 804.230.5999

Management: HAF Real Estate
[2/14]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	51	550	\$800	\$1.91
2/2	11	750	\$1,000	\$1.63

Formerly the John S Perry House

Unit Amenities

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

Community Amenities

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

Utilities in Rent

- Water
- Sewer
- Trash ●



Ridge I

Location: 180 East Reservoir Road
Woodstock

Financing: LIHTC

Year Built: 2003

Total Units: 38

Vacant units: n/a n/a occupied

Telephone: 540.779.0289

Management: Community Housing Partners

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	4	730	n/a	n/a	n/a	n/a	Microwave ● Dishwasher ● Washer/dryer
2/1½	26	872	n/a	n/a	n/a	n/a	Washer/dryer hook-up 9' Ceilings
3/2	8	1,188	n/a	n/a	n/a	n/a	High-end kitchen ● Wood/style floors ● Fireplaces ● Patos/balconies ●
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground ●
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
							<u>Utilities in Rent</u>
							Water ●
							Sewer ●
							Trash ●



Ridge II

Location: 70-178 East Reservoir Road
Woodstock

Financing: LIHTC

Year Built: 2005

Total Units: 38

Vacant units: n/a n/a occupied

Telephone: 540.779.0289

Management: Community Housing Partners

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	4	850	n/a	n/a	n/a	n/a	Microwave ● Dishwasher ● Washer/dryer
2/1½	18	1,040	n/a	n/a	n/a	n/a	Washer/dryer hook-up 9' Ceilings
3/2	16	1,300	n/a	n/a	n/a	n/a	High-end kitchen ● Wood/style floors ● Fireplaces ● Patios/balconies ●
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground ●
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
							<u>Utilities in Rent</u>
							Water ●
							Sewer ●
							Trash ●



Valley Vista

Location: 129 Valley Vista Drive
Woodstock

Financing: LIHTC

Year Built: 1974

Total Units: 85

Vacant units: n/a n/a occupied

Telephone: 540.459.2119

Management: People, Inc.

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	14	n/a	n/a	n/a	n/a	n/a	Microwave Dishwasher Washer/dryer
2/1	44	867	n/a	n/a	n/a	n/a	Washer/dryer hook-up 9' Ceilings
3/2	27	996	n/a	n/a	n/a	n/a	High-end kitchen Wood/style floors Fireplaces Patos/balconies
manager did not provide information							<u>Community Amenities</u> Clubhouse/community room Fitness center ● Business center Pool Playground ● Controlled access/gated Elevator Garages Storage Laundry
							<u>Utilities in Rent</u> Water ● Sewer ● Trash ●



Woodstock Mews

Location: 237 Patriots Way
Woodstock

Financing: Conventional

Year Built: 2012

Total Units: 51

Vacant units: 0 100.0% occupied

Telephone: 540.667.3752

Management: Aikens Group
[2/12]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
3/2 ½	51	1,400	\$1,335	\$0.95

Unit Amenities

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

Community Amenities

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

Utilities in Rent

- Water
- Sewer
- Trash ●

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

Demand Analysis

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

Income is a key variable in the analysis of housing markets. Of the 48 units proposed, five will be targeted at 30 percent of the median, 19 will be targeted to households with incomes up to 50 percent of the median, with seven targeted at 60 percent of the median, and 17 units targeted at 80 percent of the median (and therefore applying income averaging). Thus, the apartments qualify for low income housing tax credit status.

The HUD income limits for Shenandoah County are set out below. The median income for Shenandoah County in 2023 was \$80,500 - having been \$76,500 in 2022, and \$65,200 in 2013. This represents a 5.2 percent increase over the previous year, and a 23.5 percent increase over the last decade (or an average of 2.13 percent per year).

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

Table 18 - Income Limits and Maximum Housing Costs

Income Limits				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 person	\$16,920	\$28,200	\$33,840	\$45,120
2 person	\$19,320	\$32,200	\$38,640	\$51,520
3 person	\$21,750	\$36,250	\$43,500	\$58,000
4 person	\$24,150	\$40,250	\$48,300	\$64,400
5 person	\$26,100	\$43,500	\$52,200	\$69,600
6 person	\$28,020	\$46,700	\$56,040	\$74,720

Maximum Housing Costs				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 bedroom	\$453	\$755	\$906	\$1,208
2 bedroom	\$544	\$906	\$1,088	\$1,450
3 bedroom	\$628	\$1,047	\$1,256	\$1,675

Source: HUD

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

Table 19 - Rents and Income Targeting

income targeting					
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>Total</u>
1 bedroom					
2 bedroom	5	15			20
3 bedroom		4	7	17	28
Total	5	19	7	17	48

proposed rents				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 bedroom				
2 bedroom	\$424	\$787		
3 bedroom		\$916	\$1,126	\$1,210

proposed rents as a proportion (%) of maximum				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 bedroom				
2 bedroom	99.8	100.0		
3 bedroom		99.9	100.0	78.3

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$119 and \$130 for the two- and three-bedroom units, respectively

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at the maximum allowable for the units targeted at the 30 percent, 50 percent, and 60 percent levels. Those for the units at the 80 percent level are at 78 percent of the maximum.

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

Table 20 - Qualifying Income Ranges

qualifying income ranges		
	30 percent	
	lower	upper
2 bedroom	\$18,617	\$21,750
3 bedroom	\$21,536	\$25,125
	50 percent	
	lower	upper
2 bedroom	\$31,063	\$36,250
3 bedroom	\$35,863	\$41,875
	60 percent	
	lower	upper
2 bedroom	\$37,269	\$43,500
3 bedroom	\$43,063	\$50,250
	80 percent	
	lower	upper
2 bedroom	\$39,538	\$58,000
3 bedroom	\$45,943	\$67,000

Source: Applicant; T Ronald Brown: Research & Analysis

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

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

Table 21 - Household Income, Renter Households

Income	All Renters		Overburdened Renters	
	Number	Percent	Number	Percent
Up to \$10,000	271	5.9	83	8.6
\$10,000 - \$19,999	606	13.2	356	36.7
\$20,000 - \$34,999	755	16.5	294	30.3
\$35,000 - \$50,000	883	19.3	195	20.1
\$50,000 - \$75,000	716	15.6	42	4.3
\$75,000 - \$100,000	820	17.9	0	0.0
\$100,000 and over	529	11.6	0	0.0
Total	4,580		970	

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

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

From this table it can be seen that 5.9 percent of the market area renter households have incomes less than \$10,000, and a further 13.2 percent have incomes between \$10,000 and \$20,000. Around 16.5 percent of renters are seen to be in the \$25,000 to \$35,000 income range.

Around 21.2 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are somewhat concentrated in the lower income groups (where 76 percent of overburdened renters have incomes less than \$35,000).

Based on the income ranges set out in Table 20 and the income distribution set out in Table 21, it is found that around 14.7 percent of market area renter households qualify for units at 30 percent of the median, and the corresponding figures for units at the 50 percent, 60 percent, and 80 percent levels are 25.1 percent, 27.4 percent, and 37.3 percent, respectively.

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

Based on the projections set out in Table 13, a total of 124 new rental units are needed between 2024 and 2029. A total of 71 units will be for households eligible for the proposed project.

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

Our calculations show that there will be a total of 2,782 renter households in the qualifying income range in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 38.9 percent of renters qualifying for units at 30 percent of the median are rent-overburdened. Likewise, 28.8 percent, 16.4 percent, and 15.4 percent of those qualifying for units at the 50 percent, 60 percent, and 80 percent levels, respectively, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 84 units.

Total demand is therefore seen to amount to 719 units. These figures are based on a 2024 to 2029 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area over that period. No directly comparable projects have been awarded tax credits. The net need is therefore for 719 units.

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

Table 22 - Demand Calculations

	30 percent	50 percent	60 percent	80 percent	total *
(i) income eligible new renter households	18	31	34	46	71
(ii) income eligible existing renter households	717	1,220	1,333	1,816	2,782
(iii) existing households, likely to move	279	352	218	279	564
(iv) need from obsolete housing	22	37	40	55	84
Total demand (i)+(iii)+(iv)	319	420	292	380	719
Supply	0	0	0	0	0
Net demand	319	420	292	380	719

* excludes gap/overlap

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 27 percent of the total, two-bedroom units should account for 42 percent of the total, and three-bedroom units should account for 23 percent of the total with four- or more bedroom units accounting for 8 percent.

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

Table 23 - Capture Rates

	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>total *</u>
Total demand					
1 bedroom	87	114	80	104	196
2 bedroom	133	175	122	159	300
3 bedroom	74	97	67	88	166
4 bedroom	25	33	23	30	57
Total	319	420	292	380	719
Supply					
1 bedroom	0	0	0	0	0
2 bedroom	0	0	0	0	0
3 bedroom	0	0	0	0	0
4 bedroom	0	0	0	0	0
Total	0	0	0	0	0
Net demand					
1 bedroom	87	114	80	104	196
2 bedroom	133	175	122	159	300
3 bedroom	74	97	67	88	166
4 bedroom	25	33	23	30	57
Total	319	420	292	380	719
Units proposed					
1 bedroom	0	0	0	0	0
2 bedroom	5	15	0	0	20
3 bedroom	0	4	7	17	28
4 bedroom	0	0	0	0	0
Total	5	19	7	17	48
Capture rates					
1 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
2 bedroom	3.7%	8.6%	0.0%	0.0%	6.7%
3 bedroom	0.0%	4.1%	10.4%	19.4%	16.9%
4 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Total	1.6%	4.5%	2.4%	4.5%	6.7%

* excludes gap/overlap

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 48-unit development amounts to 6.7 percent of the total net need.

The capture rate, by bedroom, is determined to be 6.7 percent for the 20 two-bedroom units, and 16.9 percent for the 28 three-bedroom units.

The five units at 30 percent of the median amount to 1.6 percent of the net demand at that level, the 19 units at 50 percent of the median amount to 4.5 percent of demand at that target level, and the seven units targeted at the 60 percent level amount to around 2.4 percent of demand at that level. The 17 units targeted at 80 percent represent 4.5 percent of demand at that level.

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

ABSORPTION RATES

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

Affordability Analysis

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

The minimum income is that associated with the rent for the least expensive unit offered, and the upper limit is based on the 80 percent limit (the highest target income range) for the largest unit size, by number of bedrooms. Here, the lower income is seen to be that for the proposed two-bedroom units that will be targeted to households at the 30 percent level. That is, \$424 per month. Given a \$119 utility allowance and a 35 percent rent-to-income ratio, the lower qualifying income is seen to be \$18,617. The upper income is \$74,720. Based on the income data set out in Table 21, there are found to be 2,657 renter households in that range. Thus, the proposed 48-unit development corresponds to a 1.8 percent affordability analysis capture rate.

Penetration rate.

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

The lower income limit for this analysis is the income needed to afford the least expensive competitive unit in the market (or the rent for the least-expensive proposed unit, if lower), and the upper income limit is the upper income limit for the competitive units (or the proposed units, if higher). Our survey of the existing, competitive inventory, shows that the lowest two bedroom rents are those for the more deeply targeted units at the proposed development. Thus, given that rent, the target income range for this market is that for the proposed development. That is, from \$18,617 to \$74,720. Based on our research there are 326 potentially comparable tax credit units at seven complexes in the market area. These, plus the proposed 48 units, yields 374 units. Consequently, the penetration rate - as defined - amounts to 14.1 percent.

Summary

Consideration of the capture rate (6.7 percent) and the (1.8 percent) affordability analysis capture rate and (14.1 percent) penetration rate suggests that the proposed development is marketable, as proposed.

J. LOCAL PERSPECTIVE OF RENTAL HOUSING MARKET

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

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages). The manager at the Charles Street Station property, for example, stated that another tax credit property would absolutely be well-received.

K. ANALYSIS/CONCLUSIONS

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

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

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

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

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

L. OTHER REQUIREMENTS

Statement and signature

I affirm the following:

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



Market Analyst

March 14, 2024

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

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

NCHMA MEMBER CERTIFICATION

This market study has been prepared by T. Ronald Brown: Research & Analysis, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard Definitions of Key Terms used in Market Studies*, and *Model Content Standards for the Content of Market Studies*. These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and the by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts .

T.Ronald Brown: Research & Analysis is duly qualified and experienced in providing market analysis for Affordable Housing. The company's principal participates in the National Council of Housing Market Analysts (NCHMA) educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. T.Ronald Brown: Research and Analysis is an independent market analyst. No principle or employee of T. Ronald Brown: Research & Analysis has any financial interest whatsoever in the development for which this analysis has been undertaken.

Attested by:



T. Ronald Brown



Analyst Qualifications

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

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

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

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

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

List of sources

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

The U.S. Census - 2000, 2010 and 2020, and the American Community Survey (2017-2021)
Virginia Housing
U.S. Department of HUD
U.S. Department of Agriculture
Virginia State Data Center/Weldon Cooper Center for Public Service
Virginia Employment Commission
Virginia Economic Development Partnership
City of Strasburg
U.S. Bureau of Labor Statistics
HUDUSER (e.g., SOCDs building permits database)

Market study checklist

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MARKET STUDY TERMINOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective rents - contract rent less concessions.

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

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

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

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

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

Market area - See *primary market area*.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Programmatic rents - See *restricted rents*.

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

Redevelopment - the redesign or rehabilitation of existing properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tenant - one who rents real property from another.

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

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

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

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