

NEED AND DEMAND ANALYSIS
FOR THE SPRINGTREE GARDENS APARTMENTS
IN
ROANOKE, VIRGINIA

Prepared for
Springtree Gardens LLC
for submission to
Virginia Housing

Virginia Housing Application: 2024 - C - 52

As of February 24, 2024

T Ronald Brown: Research & Analysis
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A. EXECUTIVE SUMMARY

The site of the Springtree Gardens Apartments is east of King Street, south of Springtree Drive, in northeastern Roanoke. 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 60 units - six one-bedroom units, 27 two-bedroom units and 27 three-bedroom units. Of the 60-unit total, six units will be targeted to households with incomes up to 30 percent of the median, 27 units will be targeted to households with incomes up to 50 percent of the median, nine units will be targeted at the 70 percent level, and the remaining 18 units will be 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 47,513. Employment showed modest growth prior to 2020 when 2,564 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2022 show that, locally, employment is not quite yet to 2019 levels.

In Roanoke, most recent annual unemployment rate for the City is 3.2 percent, down from 4.8 percent the previous year, and from 8.0 the year before that.

The market area for the proposed development is northeastern Roanoke and adjacent portions of Roanoke County, as defined by several census tracts.

The population of the market area is projected to increase from 67,006 in 2024, to 67,449 in 2029. The number of households is projected to increase, from 28,012 in 2024 to 28,234 in 2029. The number of renter households in the market area is projected to increase from 10,991 to 11,607 over the 2024 to 2029 projection period.

There are several apartment complexes located in the Roanoke 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 95.6 percent. Occupancy at tax credit properties is found to be around 93.2 percent.

The total need for tax credit units such as is proposed in the Roanoke area by 2029 is calculated to be for 2,860 units. The net need is for 2,860 units. Given the calculated net need, the proposed 60-unit development amounts to 2.1 percent of the need.

Consideration of the capture rate (2.1 percent) and the (1.0 percent) affordability analysis capture rate, and (5.2 percent) penetration rate suggests that the proposed development is very marketable, as proposed.

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

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

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

B. INTRODUCTION AND SCOPE OF WORK

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

The report is prepared for Springtree Gardens 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 24, 2024).

The site was visited by T. Ronald Brown.

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

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

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

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

Submitted, and attested to, by:

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

A handwritten signature in black ink that reads "T. Ronald Brown". The signature is written in a cursive style with a long horizontal flourish at the end.

Date: March 14, 2024

C. PROJECT DESCRIPTION

The Springtree Gardens Apartments will comprise 60 units - six one-bedroom units, 27 two-bedroom units and 27 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>
1 bedroom/ 1 bath	6	750	\$375	less than 50 percent
2 bedroom/2 bath	27	1,012	\$863	less than 50 percent
3 bedroom/2 bath	9	1,198	\$1,473	less than 70 percent
3 bedroom/2 bath	18	1,198	\$1,565	less than 80 percent

* *percentage of area median income*

Of the 60-unit total, six units will be targeted to households with incomes up to 30 percent of the median, 27 units will be targeted to households with incomes up to 50 percent of the median, nine units will be targeted at the 70 percent level, and the remaining 18 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

There is no project based rental assistance.

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 \$139 for a one-bedroom unit, \$165 for the two-bedroom units, and \$190 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.

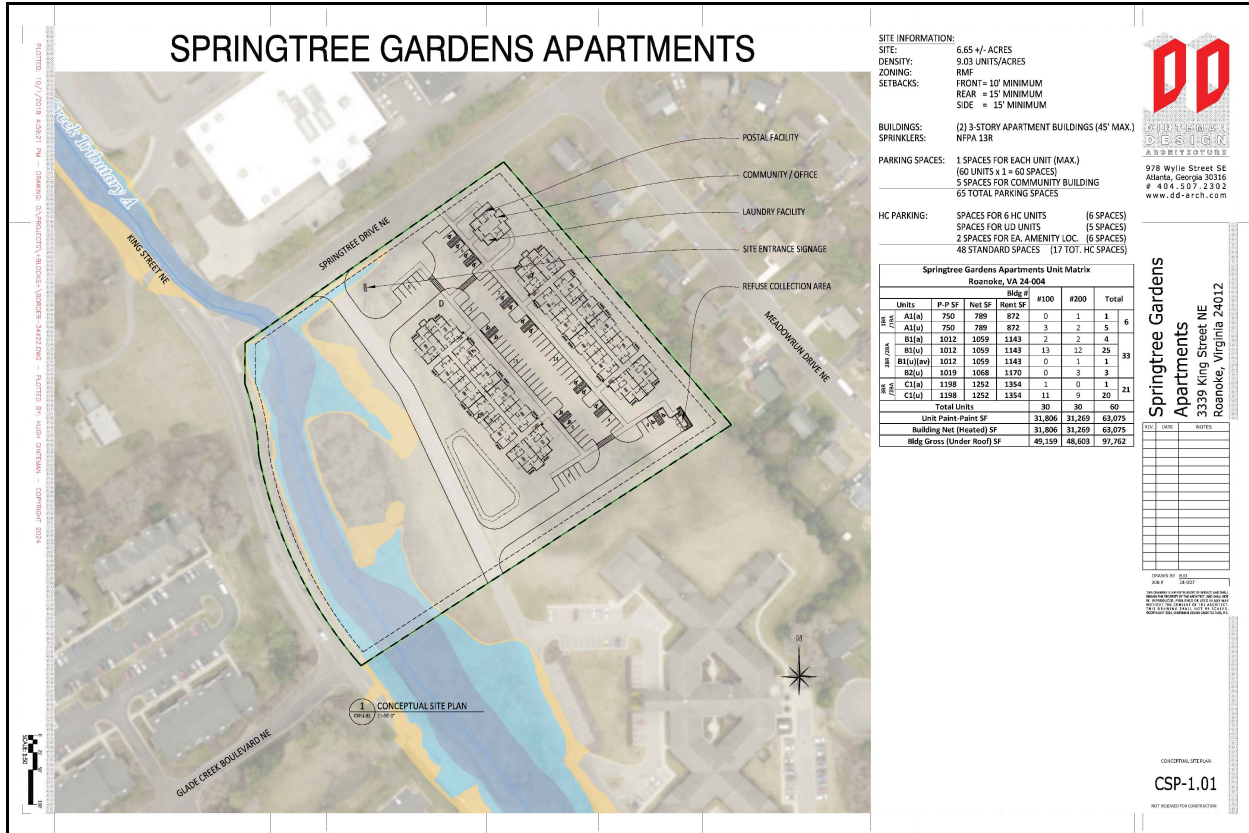
The property will feature two three-story buildings, which will have an elevator. The buildings will have a combination exterior, with brick. Common area and site amenities include a business center, community room, and laundry. The property will offer various enhancements, as per Virginia Housing guidelines.

There will be 65 parking spaces.

It is understood that the construction program would commence in March 2025 and would be completed within 14 months, or so.

Representative architectural drawings are set out on the following pages.

Site plan



SITE INFORMATION:
 SITE: 6.65 +/- ACRES
 DENSITY: 9.03 UNITS/ACRES
 ZONING: RMF
 SETBACKS: FRONT = 10' MINIMUM
 REAR = 15' MINIMUM
 SIDE = 15' MINIMUM

BUILDINGS: (2) 3-STORY APARTMENT BUILDINGS (45' MAX.)
SPRINKLERS: NFPA 13R

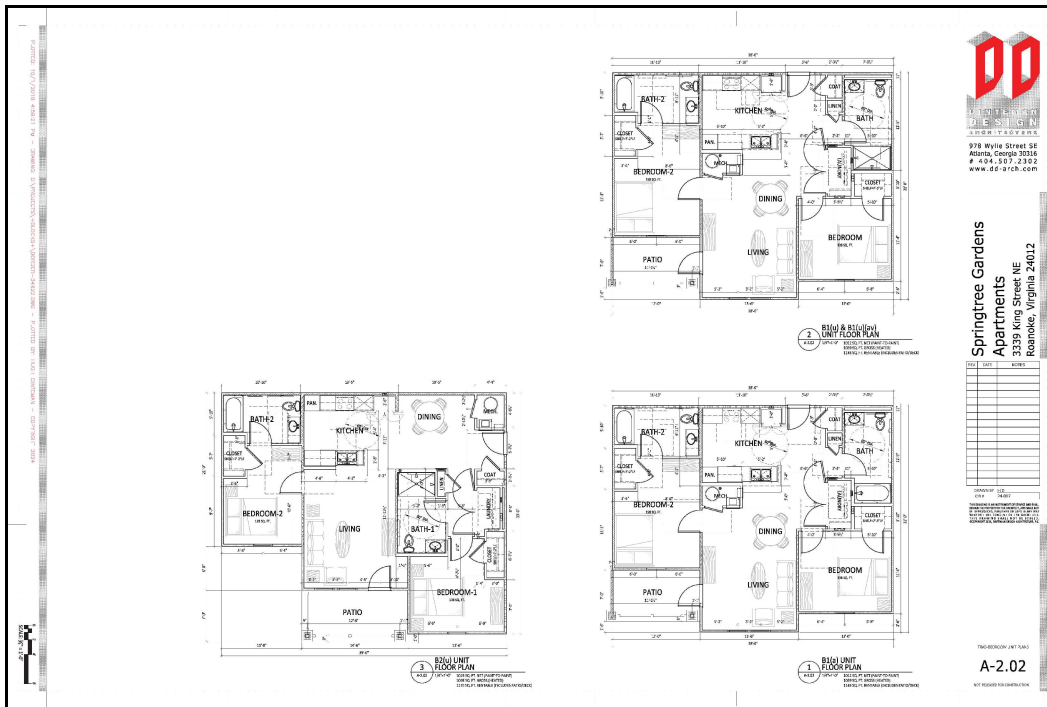
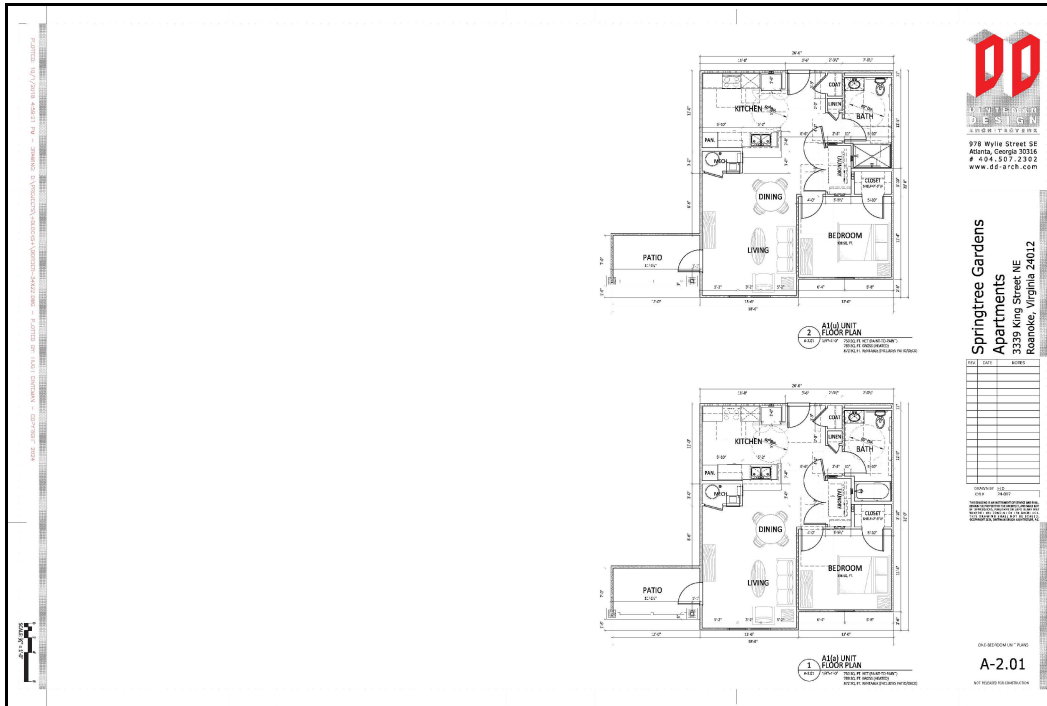
PARKING SPACES: 1 SPACES FOR EACH UNIT (MAX.)
 (60 UNITS x 1 = 60 SPACES)
 5 SPACES FOR COMMUNITY BUILDING
 65 TOTAL PARKING SPACES

HC PARKING: SPACES FOR 6 HC UNITS (6 SPACES)
 SPACES FOR LD UNITS (5 SPACES)
 2 SPACES FOR EA. AMENITY LOC. (6 SPACES)
 48 STANDARD SPACES (17 TOT. HC SPACES)



Springtree Gardens Apartments
 3339 King Street NE
 Roanoke, Virginia 24012

Unit plans



D. LOCATION

The site of the Springtree Gardens Apartments is east of King Street, south of Springtree Drive, in north-eastern Roanoke. Adjacent properties include single family homes and the Springtree Health and Rehabilitation Center. There is a shopping center to the north, fronting on Orange Avenue, and the Glade Creek Apartments are on the west side of King Street. The site slopes to a creek that parallels King Street. It is partially wooded.





View onto site from entrance road



View onto property



View along entrance road at site



View on property



View on property



View from property



View south on Springtree Dr, towards King St



View north on Springtree Drive



View towards rehab center



Spring Tree Health and Rehabilitation Center

The site is located off Springtree Drive, off King Street, in north-eastern Roanoke . Access to the site is good.

Given the site location and its situation, the site is very visible, although it will likely be somewhat screened from King Street given the trees along the creek.

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

The site is located two tenths of a mile from Orange Avenue - US 221/460 - a major east-west thoroughfare serving Roanoke and Roanoke County, and beyond. It is within seven miles of Interstate 581, a major north-south route serving the area.

The closest shopping is a Kroger supermarket one and one-half miles from the site. A Sheetz gas/convenience is at the King Street/Orange Avenue intersection. A CVS drugstore is just over one mile from the site, and a Dollar Tree store is within one half mile. A Wal Mart Supercenter is two and one-half miles north of the site . The Valley View Mall is approximately six miles from the site.

Public bus service is available on Orange Avenue, one-fifth of a mile from the site.

The site is within three miles of the Eastgate Park.

The site is within three- to four miles of the Fallon Park Elementary School and the John Fishwick Middle School. The William Fleming High School is seven miles from the site.

The Vinton public library and the Vinton Post Office are approximately two miles from the site. The site is within four and one-half miles of the Roanoke City Hall and other services and amenities in downtown Roanoke.

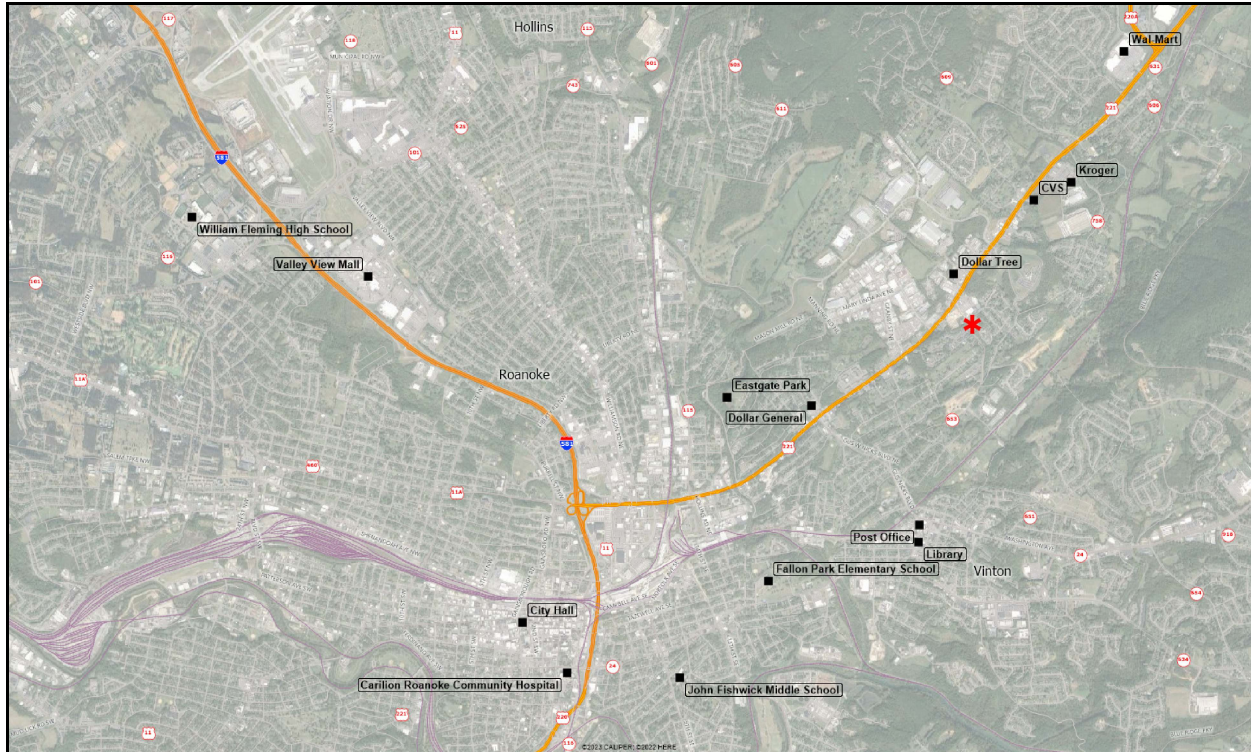
The site is within five and one-third miles of the Carilion Roanoke Community Hospital, and associated medical services.

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	US 221/US 460	0.2
	I-581	6.5
Public Transportation	Metro Valley STAR	0.2
Retail - Grocery	Kroger	1.5
Retail - Other	Sheetz	0.2
	Wal Mart	2.5
	Dollar Tree	0.4
	Valley View Mall	5.9
Pharmacies	CVS	1.2
Schools	Fallon Park Elementary School	3.1
	John Fishwick Middle School	3.9
	William Fleming High School	7.0
Recreation	Eastgate Park	2.6
Library	Vinton	1.9
Post Office	Vinton	2.1
Government	Roanoke City Hall	4.2
Hospital	Carilion Roanoke Community Hospital	5.3

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.

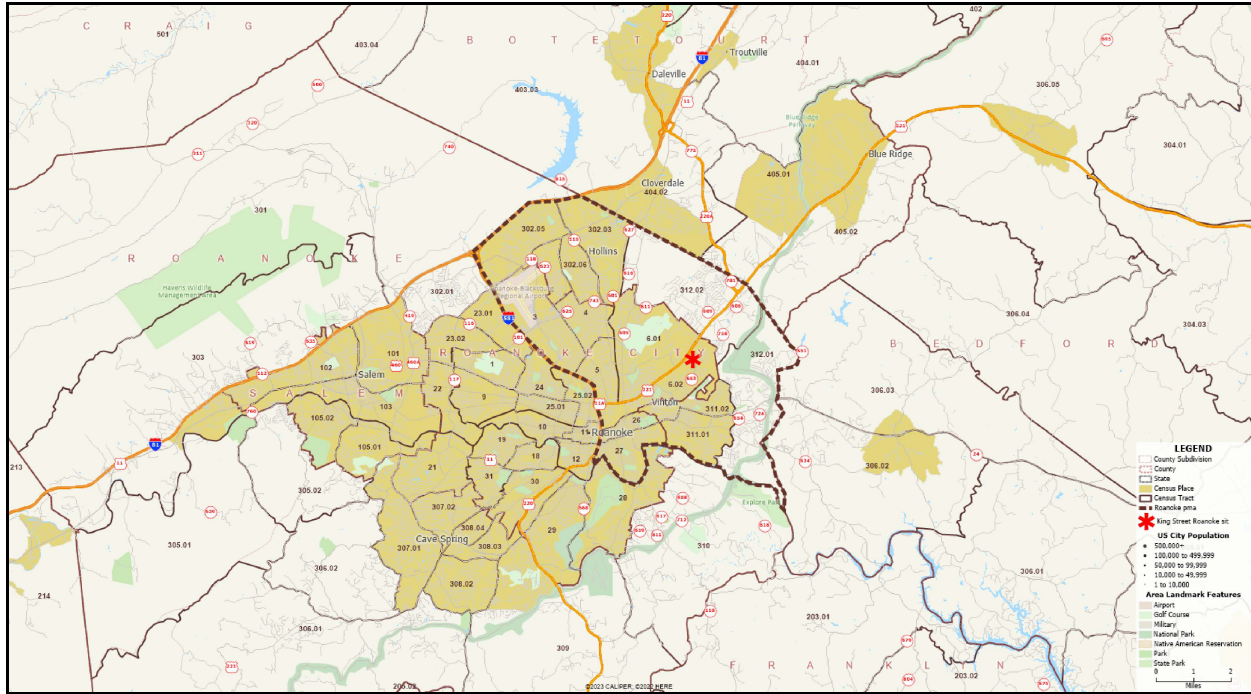
The site is considered marketable.

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 north-eastern Roanoke, in west-central Virginia. The market area for the proposed development is northeastern Roanoke and adjacent portions of Roanoke County, as defined by several census tracts. This area is focused on the site of the proposed development and extends to an approximately three- to six-mile hinterland - south of Interstate 81, west of Interstate 581, north of the Roanoke River. The area includes the neighboring community of Vinton. 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 the City of Roanoke are illustrated in the table, below. Employment in 2022 - the most recent annual report - shows employment at 47,513.

Employment showed modest growth prior to 2020 when 2,564 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2022 show that, locally, employment is not quite yet to 2019 levels.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2013	46,540		
2014	47,364	824	1.8
2015	46,728	-636	-1.3
2016	46,924	196	0.4
2017	47,397	473	1.0
2018	47,482	85	0.2
2019	47,724	242	0.5
2020	45,160	-2,564	-5.4
2021	46,035	875	1.9
2022	47,513	1,478	3.2

Source: Bureau of Labor Statistics

Employment trends, by sector

Information on employment, by industry for the City of Roanoke 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 was healthcare - employing as many as 22.5 percent of the total in the most recent year.

Table 3 - Employment, by sector

	2021		2022		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc Mining, etc. Utilities					
Construction	3,644	6.7	3,855	6.9	5.8
Manufacturing					
Wholesale trade					
Retail trade	7,130	13.0	7,151	12.8	0.3
Transp. and Warehousing	4,330	7.9	4,463	8.0	3.1
Information	470	0.9	444	0.8	-5.5
Finance and Insurance	2,884	5.3	2,610	4.7	-9.5
Real estate	700	1.3	864	1.5	23.4
Professional and Technical services	2,583	4.7	2,665	4.8	3.2
Management	2,912	5.3	2,991	5.4	2.7
Administrative and Waste services	2,567	4.7	2,602	4.7	1.4
Educational services	445	0.8	464	0.8	4.3
Health Care and Social Assistance	12,842	23.5	12,570	22.5	-2.1
Arts, Entertainment, Recreation	956	1.7	1,230	2.2	28.7
Accommodation and Food services	5,403	9.9	5,616	10.1	3.9
Other Services	2,073	3.8	2,115	3.8	2.0
Unclassified	174	0.3	266	0.5	52.9
Total (private)	54,742		55,817		2.0

Source: Bureau of Labor Statistics

Unemployment trends

Unemployment trends for the City of Roanoke are illustrated in the table, below. Rates for Virginia and for the U.S. as a whole are also shown, for reference. Here it is seen that the most recent annual unemployment rate for the City is 3.2 percent, down from 4.8 percent the previous year, and from 8.0 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

	Roanoke		
	<u>City</u>	<u>Virginia</u>	<u>U.S.</u>
2013	6.5%	5.6%	7.4%
2014	5.8%	5.1%	6.2%
2015	4.8%	4.4%	5.3%
2016	4.2%	4.0%	4.9%
2017	4.1%	3.7%	4.4%
2018	3.3%	3.0%	3.9%
2019	3.0%	2.8%	3.7%
2020	8.0%	6.2%	8.1%
2021	4.8%	3.9%	5.3%
2022	3.2%	2.9%	3.6%

Source: Bureau of Labor Statistics

Major Employers

The major private employers in the Roanoke area are listed in Table 5, below. Here it is seen that the largest single employer, and to a significant extent, is the Carilion Clinic, which employs in excess of 10,000 people. Other significant employers include Wells Fargo bank, and several retailers. Other significant employers include public entities, such as local governments and the public school system.

Table 5 - Major Employers

<u>Employer Name</u>	<u>Product/Service</u>	<u>Employees</u>
Carilion Clinic	Health care	10,000+
Wells Fargo Bank	Financial services	1,000-2,999
HCA Health System	Health care	1,000-2,999
Kroger	Retail Store	1,000-2,999
Walmart	Retail Store	1,000-2,999
Advance Auto	Retail Store	1,000-2,999
Ply Gem Windows	Manufacturer	1,000-2,999
WestRock	Manufacturer	1,000-2,999
UPS	Logistics	1,000-2,999
Altec Industries	Manufacturer	1,000-2,999
Oklahoma Tire	Manufacturer	500-999
Lowe's Home Centers	Retail Store	500-999
Allstate Insurance	Insurance	500-999
Food Lion	Chemicals and fibers	500-999
Friendship Retirement Community	Retirement Community	500-999
Roanoke College	Education	500-999
Action Personnel	Administration	500-999
Elbit Systems	Real Estate information	500-999
Anthem	Insurance	250-499
Integrity Windows	Manufacturer	250-499
Steel Dynamics	Manufacturer	250-499
Integer	Manufacturer	250-499

Source: Roanoke Economic Development

The Virginia Economic Development Partnership reports a total of 94 new jobs added at three locations in recent years (since 2020).

With respect to closures and layoffs, the Virginia Economic Development Partnership reports none in Roanoke since 2020.

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

Wages by Industry Sector

Information on wages, by employment sector, for the City of Roanoke is set out in Table 6, below. Here, average wages show some variation - both between sectors and also over time - with average wages increasing by 4.8 percent between 2021 and 2022.

Table 6 - Average Wages by Industry Sector

	<u>2021</u>	<u>2022</u>	<u>pct change</u>
Agriculture, Forestry, etc Mining, etc. Utilities			
Construction	\$1,164	\$1,250	7.4
Manufacturing			
Wholesale trade			
Retail trade	\$625	\$654	4.6
Transp. and Warehousing	\$889	\$927	4.3
Information	\$1,249	\$1,223	-2.1
Finance and Insurance	\$1,691	\$1,862	10.1
Real estate	\$860	\$911	5.9
Professional and Technical services	\$1,513	\$1,573	4.0
Management	\$1,534	\$1,564	2.0
Administrative and Waste services	\$784	\$815	4.0
Educational services	\$725	\$734	1.2
Health Care and Social Assistance	\$1,325	\$1,399	5.6
Arts, Entertainment, Recreation	\$361	\$368	1.9
Accommodation and Food services	\$413	\$450	9.0
Other Services	\$741	\$804	8.5
Unclassified	\$737	\$704	-4.5
Total	\$1,048	\$1,098	4.8

Source: Virginia Labor Market Information

Commuting patterns

Based on data from the American Community Survey, 63.2 percent of workers resident in Roanoke were employed in Roanoke, with 63.2 percent employed elsewhere. The average driving time to work for residents of Roanoke was 20.9 minutes, compared with 27.9 minutes for Virginia as a whole.

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	46,368	100.0
Worked in Place of residence	29,305	63.2
Worked in County of residence	29,305	63.2
Worked outside Place of residence	17,063	36.8
Worked outside County of residence	17,063	36.8
Mean travel time to work (minutes)	20.9	

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 Roanoke area are set out, below.

Here it is seen that many persons who work in the City of Roanoke commute into the City from, as one would expect, the neighboring counties of Roanoke County, as well as Botetourt and Bedford.. Likewise, many residents of Roanoke commute to work from adjacent areas as Roanoke County and Salem.

Table 8 - Commuting Patterns

Working in Roanoke	17,146
Where Roanoke workers are commuting from:	
Roanoke County	15,051
Botetourt County	4,098
Bedford County	4,088
Franklin County	4,077
Salem City	2,795
Montgomery County	1,983
Lynchburg City	768
Pulaski County	647
Henry County	632
Elsewhere	14,956
Where Roanoke residents are commuting to:	
Roanoke County	7,537
Salem City	4,085
Botetourt County	1,681
Montgomery County	1,083
Franklin County	724
Henrico County	624
Lynchburg City	504
Fairfax County	471
Chesterfield County	364
Elsewhere	6,642

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

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

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2010, the population of the City of Roanoke was 97,032, and in 2020 the population was recorded as 100,011. Population projections for Roanoke are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 100,610 by 2024, and to be around 101,363 in 2029.

In 2010, the population of the market area was 64,978, and in 2020 the population was recorded as 66,630. Population projections for the market area are based on the average of several small area population projection techniques using census tract trends for 2010 to 2020 in both the City of Roanoke and Roanoke County, corrected for the official State Data Center numbers for those areas. Based on these data, the population of the area is projected to be 67,006 by 2024, and to be around 67,449 by 2029.

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

Table 9- Population Trends

	Market Area	Roanoke
2000	60,299	94,911
2010	64,978	97,032
2020	66,630	100,011
2024	67,006	100,610
2029	67,449	101,363
absolute change		
2000-2010	4,679	2,121
2010-2020	1,652	2,979
2020-2024	376	599
2024-2029	443	753
annual change		
2000-2010	468	212
2010-2020	165	298
2020-2024	94	150
2024-2029	89	151

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

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

In 2010, there were 42,712 households in Roanoke and 44,411 in 2020. Based on the population projections set out, above, there will be around 44,821 households in 2024 and 45,338 in 2029.

There were 27,061 households in the market area in 2010, and 27,819 in 2020. Projections show around 28,012 and 28,234 households in 2024 and 2029, respectively.

Table 10 - Household Trends

	Market Area	Roanoke
2000	26,925	42,003
2010	27,061	42,712
2020	27,819	44,411
2024	28,012	44,821
2029	28,234	45,338
absolute change		
2000-2010	136	709
2010-2020	758	1,699
2020-2024	193	410
2024-2029	222	517
annual change		
2000-2010	14	71
2010-2020	76	170
2020-2024	48	103
2024-2029	44	103

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 the market area and the City of Roanoke is set out in Table 11, below. These data are from the 2020 Census.

Table 11 - Age Distribution

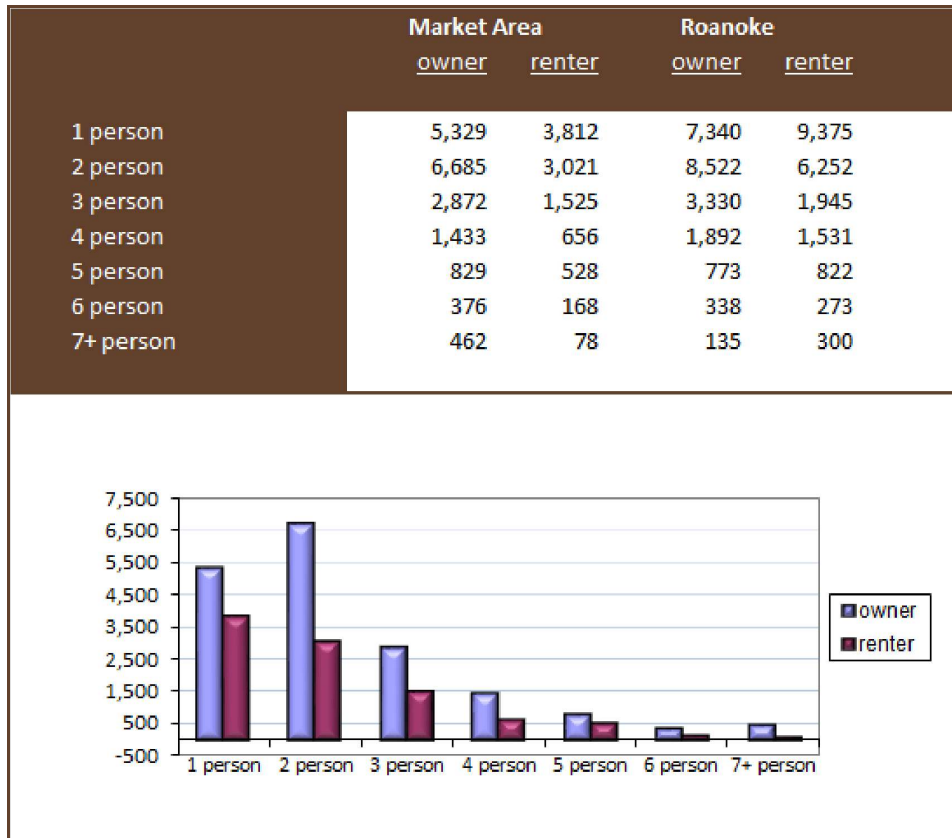
	Market Area		Roanoke	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Under 5 years	3,620	5.4	5,923	5.9
5 to 9 years	3,750	5.6	5,975	6.0
10 to 14 years	4,163	6.2	5,893	5.9
15 to 19 years	4,004	6.0	5,219	5.2
20 to 24 years	4,011	6.0	5,878	5.9
25 to 29 years	4,420	6.6	8,022	8.0
30 to 34 years	4,444	6.7	7,691	7.7
35 to 39 years	4,242	6.4	6,605	6.6
40 to 44 years	4,016	6.0	5,960	6.0
45 to 49 years	4,093	6.1	5,802	5.8
50 to 54 years	4,184	6.3	6,011	6.0
55 to 59 years	4,528	6.8	6,626	6.6
60 to 64 years	4,378	6.6	6,507	6.5
65 to 69 years	3,941	5.9	5,913	5.9
70 to 74 years	3,444	5.2	4,628	4.6
75 to 79 years	2,256	3.4	2,886	2.9
80 to 84 years	1,528	2.3	1,926	1.9
85 years and over	1,608	2.4	2,546	2.5
55 and older	21,683	32.5	31,032	31.0
65 and older	12,777	19.2	17,899	17.9
Total	66,630		100,011	

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

Household size

Table 12 below, sets out household size, by tenure, for households in the market area and the City of Roanoke.

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 the market area and the City of Roanoke. In the years beyond 2020, the tenure proportions are based on 2010 to 2020 tenure trends. In 2020, 51.0 percent of households in Roanoke were renters, and 37.8 percent of households in the market area were renters.

Table 13 - Tenure

Market Area	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	60,299	26,925	2.24	18,186	67.5	8,739	32.5
2010	64,978	27,061	2.40	17,742	65.6	9,319	34.4
2020	66,630	27,819	2.40	17,303	62.2	10,516	37.8
2024	67,006	28,012	2.39	17,021	60.8	10,991	39.2
2029	67,449	28,234	2.39	16,627	58.9	11,607	41.1

Roanoke	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	94,911	42,003	2.26	23,637	56.3	18,366	43.7
2010	97,032	42,712	2.27	23,401	54.8	19,311	45.2
2020	100,011	44,411	2.25	21,761	49.0	22,650	51.0
2024	100,610	44,821	2.24	20,834	46.5	23,987	53.5
2029	101,363	45,338	2.24	19,568	43.2	25,770	56.8

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

Income Distribution

The distribution of household incomes for the market area and the City of Roanoke 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 Roanoke is around \$39,453. The median income for the market area is estimated at \$41,097.

The median income for the census tract in which the site of the proposed development is located is estimated to be around \$49,153 - based on the American Community Survey data.

Table 14 - Household Income

	Market area		Roanoke	
	number	percent	number	percent
less than \$10,000	501	6.1	713	8.7
\$10,000 to \$14,999	584	7.1	963	8.6
\$15,000 to \$19,999	589	7.2	895	8.0
\$20,000 to \$24,999	598	7.3	851	7.6
\$25,000 to \$29,999	676	8.2	778	7.0
\$30,000 to \$34,999	616	7.5	759	6.8
\$35,000 to \$39,999	467	5.7	676	6.1
\$40,000 to \$44,999	337	4.1	626	5.6
\$45,000 to \$49,999	347	4.2	301	2.7
\$50,000 to \$59,999	734	8.9	758	6.8
\$60,000 to \$74,999	665	8.1	1,062	9.5
\$75,000 to \$99,999	958	11.7	1,072	9.6
\$100,000 to \$124,999	337	4.1	486	4.4
\$125,000 to \$149,999	444	5.4	269	2.4
\$150,000 to \$199,999	170	2.1	354	3.2
\$200,000 or more	187	2.3	573	5.1
median income	\$41,097 *		\$39,453	

* Estimate

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

Renter Income

The distribution of household incomes for renter households for the market area and the City of Roanoke 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 Roanoke is around \$34,025. The median renter income for the market area is estimated at \$37,740.

The median renter income for the census tract in which the site of the proposed development is located is estimated to be around \$32,306 - based on the American Community Survey data.

Table 15 - Household Income, Renter Households

	Market area		Roanoke	
	number	percent	number	percent
less than \$10,000	910	9.3	2,382	11.6
\$10,000 to \$19,999	1,401	14.3	4,009	19.6
\$20,000 to \$34,999	2,399	24.5	4,101	20.0
\$35,000 to \$49,999	1,012	10.3	2,873	14.0
\$50,000 to \$74,999	1,606	16.4	3,499	17.1
\$75,000 to \$99,999	1,087	11.1	1,362	6.6
\$100,000 or more	1,373	14.0	2,272	11.1
median income	\$37,740 *		\$34,025	

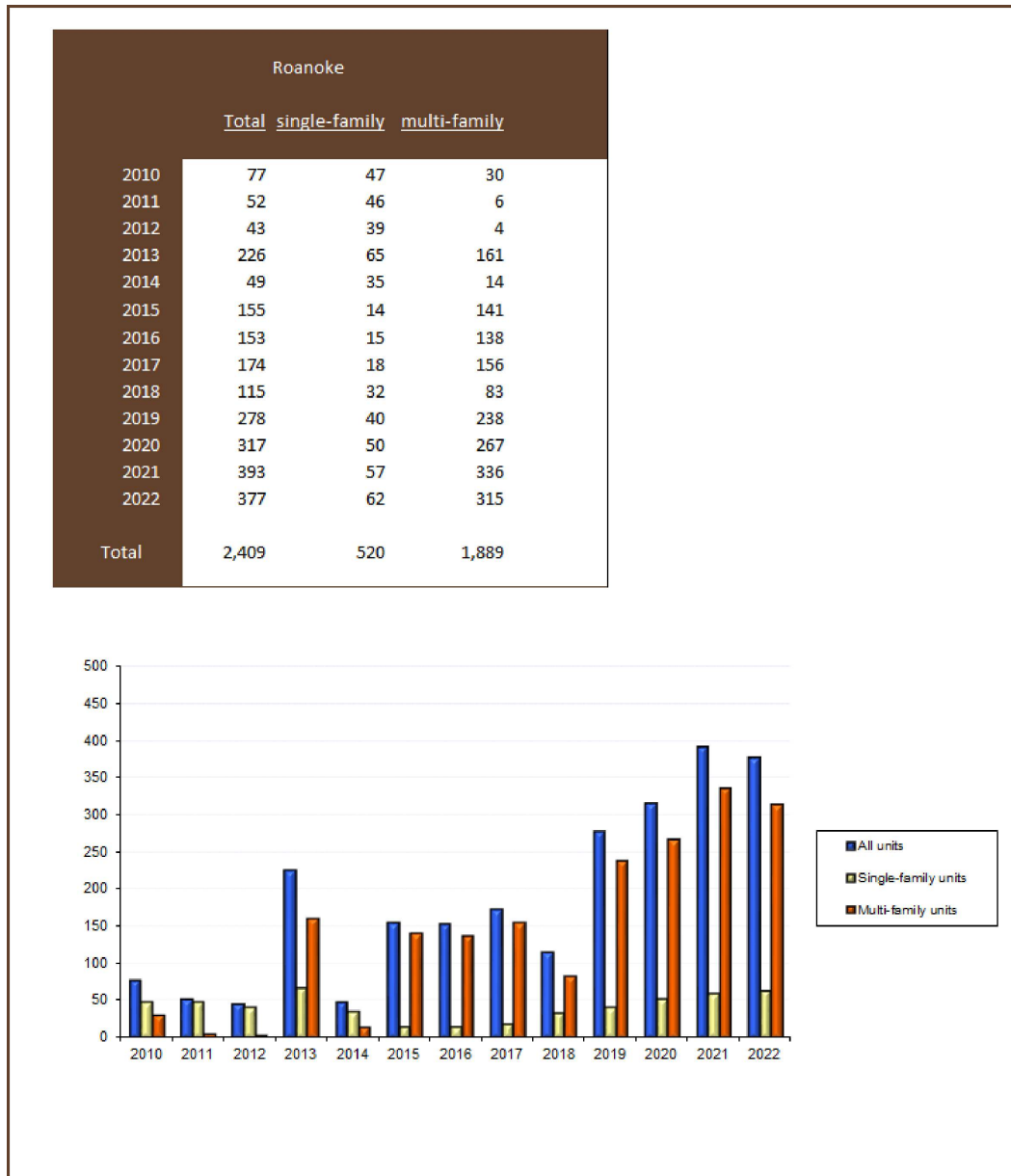
* Estimate

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

Building permit trends

Table 16 below gives details of residential construction in the City of Roanoke since 2010. Where the data exist, it can be seen that a total of 2,409 units were added in the City, of which 1,889 were multi-family units. 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 Roanoke 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 information from Virginia Housing, the following are the significant (non-elderly) projects properties that have been financed with tax credits in the Roanoke area.

Asfton Gardens (108 units) [a/r]
Ashton Heights (244 units) [a/r]
Everett (504 units) [a/r]
Ferncliff North (144 units) [a/r]
Ferncliff South (84 units) [a/r]
Hurt Park (40 units)
Peter's Creek I-III (192 units)
Smith Ridge Commons (216 units)
Stepping Stone (30 units)
Terrace North (78 units) [a/r]
Terrace South (109 units) [a/r]
Westwood Village (113 units) [a/r]

In addition, it is understood that Autumn Ridge (72 units) [a/r] is, or was, funded with tax credits in 1994.

The various tax credit/potentially comparable complexes that are located in the market area were identified and surveyed, along with a sample of market rate properties. Where useful information was made available to us, this is presented, below.

It is significant to note that the vast majority of tax credit financed properties in the area are the acquisition and rehabilitation [a/r] of older properties, and few are located in the market area for the proposed development.

The most significant tax credit financed property in the market area is the three phases of the Peter's Creek development. This property offers 192 units, dating from 1994. There are 132 two-bedroom units which rent for \$912 (50 percent) and \$1,118 (60 percent). The corresponding rents for the 60 three-bedroom units are \$1,045 and \$1,283. The property is reported to be 93.2 percent occupied.

No information was made available for Autumn Ridge.

It should be noted that the Smith Ridge Commons Apartments were funded in 2020, with construction scheduled to start in August 2024. Although this project will be located off the Peter's Creek Parkway, west of Interstate 581, outside the market area for the proposed development. It is understood that the property will have 36 one-bedroom units renting for \$913, 114 two-bedroom units renting for \$1,103, and 66 three-bedroom units renting for \$1,275. All units will be targeted to households with incomes at 60 percent of the area median. Information on this property is provided for reference.

There are several market rate properties in the area. For example, the Glade Creek Apartments is located off King Street near the site of the proposed development. There are a total of 2482 units, which opened in 1998. Here, rents for one-bedroom units are reported to range from \$1,435 to \$1,460, and the two-bedroom units rent from \$1,495 to \$1,570. Three bedrooms at this location are available from \$1,650 to \$1,725. The project is reported to have five vacancies at present - that is, 98.0 percent occupancy.

A newer market rate project in the area is District Vue, which dates from 2019. There are a total of 216 units - with occupancy reported at 94.0 percent. Rents range from \$1,482 to \$1,535 for one-bedroom units, from \$1,560 to \$1,619 for two-bedroom units, to \$1,694 for three-bedroom models.

Based on our survey, there is a market-wide occupancy rate of 95.6 percent.

Occupancy at tax credit properties is found to be around 93.2 percent.

Occupancy at the various market rate properties surveyed in the market area is seen to be 96.1 percent.

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

Table 17 - Market Rate Properties

<u>Property</u>	<u>Year built</u>	<u>One-bedroom rents</u>	<u>Two-bedroom rents</u>	<u>Three-bedroom rents</u>
District Vue	2019	\$1,482-1,535	\$1,560-1,619	\$1,694
Glade Creek	1998	\$1,435-1,460	\$1,495-1,570	\$1,650-1,725
Hickory Woods	1988	\$1,225-1,230	\$1,200-1,545	\$1,585
Orchards	2002	\$1,258	\$1,500-1,525	\$1,535

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 \$1,382 for a one-bedroom unit, \$1,484 for a two-bedroom unit, and \$1,650 for a three-bedroom unit.

These rents are seen to be reasonably above the proposed rents at the proposed development, particularly those at or below 50 percent of the local area median. The proposed rents targeted at the 80 percent level are seen to be below the estimated market rents. It should be noted that this is a comparison of future rent levels with the current market.

The various complexes surveyed are summarized as follows :

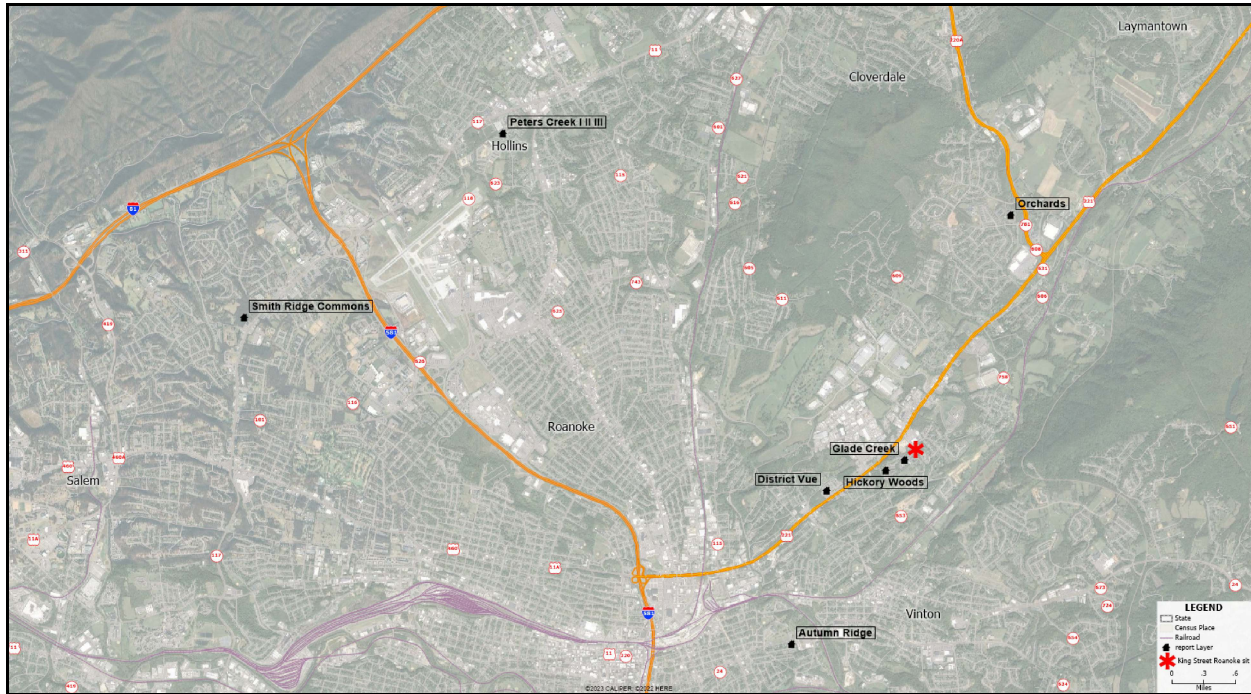
Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Autumn Ridge	LIHTC/mkt	1994	72	n/a	n/a
District Vue	Conventional	2019	216	13	94.0
Glade Creek	Conventional	1998	248	5	98.0
Hickory Woods	Conventional	1988	216	8	96.3
Orchards	Conventional	2002	240	10	95.8
Peters Creek I,II,III	LIHTC	1994	192	13	93.2
Smith Ridge Commons	LIHTC	2026	216	n/a	n/a

		0 br/1ba			1 br/1ba		
		number	size (sq. ft).	rent	number	size (sq. ft).	rent
Autumn Ridge						620	n/a
District Vue					64	758-830	\$1,482-1,535
Glade Creek					48	886-941	\$1,435-1,460
Hickory Woods					64	688-788	\$1,225-1,230
Orchards					120	852	\$912-1,118
Peters Creek I,II,III							
Smith Ridge Commons					36	705	\$913

		2 br/1-1½ ba			2 br/2 ba		
		number	size (sq. ft).	rent	number	size (sq. ft).	rent
Autumn Ridge						800	n/a
District Vue					130	991-1,003	\$1,560-1,619
Glade Creek					138	1,155-1,178	\$1,495-1,570
Hickory Woods					109	901-1,001	\$1,200-1,545
Orchards					60	918	\$1,500-1,525
Peters Creek I,II,III					132	1,000	\$912-1,118
Smith Ridge Commons					114	956	\$1,103

		3 br/1-1½ ba			3 br/2+ ba		
		number	size (sq. ft).	rent	number	size (sq. ft).	rent
Autumn Ridge							
District Vue					22	1,319	\$1,694
Glade Creek					62	1,316-1,376	\$1,650-1,725
Hickory Woods					43	1,156	\$1,585
Orchards					60	1,033	\$1,535
Peters Creek I,II,III					60	1,320	\$1,045-1,283
Smith Ridge Commons					66	1,113	\$1,275

Apartment locations





Autumn Ridge

Location: 2127 Fallon Avenue SE
Roanoke

Financing: LIHTC

Year Built: 1994

Total Units: 72

Vacant units: n/a occupied

Telephone: 540.344.7052

Management: Sentinel Properties

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	n/a	620	60%	n/a	n/a	n/a	Microwave
1/1	n/a	620	market	n/a	n/a	n/a	Dishwasher ●
							Washer/dryer
							Washer/dryer hook-up
2/1	n/a	800	60%	n/a	n/a	n/a	9' Ceilings
2/1	n/a	800	market	n/a	n/a	n/a	High-end kitchen
							Wood/style floors
							Fireplaces
							Patios/balconies ●
does not participate in surveys							
							<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 ●



District Vue

Location: 2550 Orange Avenue, NE
Roanoke

Financing: Conventional

Year Built: 2019

Total Units: 216

Vacant units: 13 94.0% occupied

Telephone: 540.507.2947

Management: Blue Ridge Companies
[2/12]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	64	758-830	\$1,482-1,535	\$1.90	Microwave ● Dishwasher ● Washer/dryer ●
2/2	130	991-1,003	\$1,560-1,619	\$1.59	Washer/dryer hook-up ● 9' Ceilings ● High-end kitchen ● Wood/style floors ● Fireplaces ● Patio/balconies ●
2/2	22	1,319	\$1,694	\$1.28	
					<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 ●



Glade Creek

Location: 3343 Glade Creek Boulevard, NE
Roanoke

Financing: Conventional

Year Built: 1998

Total Units: 248

Vacant units: 100.0% occupied

Telephone: 540.904.1106

Management: Glade Creek Apartments

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	48	886-941	\$1,435-1,460	\$1.58	<ul style="list-style-type: none"> Microwave ● Dishwasher ● Washer/dryer ●
2/2	138	1,115-1,178	\$1,495-1,570	\$1.34	<ul style="list-style-type: none"> Washer/dryer hook-up ● 9' Ceilings ●
2/2	62	1,316-1,376	\$1,650-1,725	\$1.25	<ul style="list-style-type: none"> 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 ●



Hickory Woods

Location: 3006 Hickory Woods Drive, NE
Roanoke

Financing: Conventional

Year Built: 1988

Total Units: 216

Vacant units: 8 96.3% occupied

Telephone: 540.904.1646

Management: Blue Ridge Companies
[2/12]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	64	688-788	\$1,225-1,230	\$1.66	Microwave ● Dishwasher ● Washer/dryer ●
2/2	109	901-1,001	\$1,200-1,545	\$1.39	Washer/dryer hook-up ● 9' Ceilings ●
2/2	43	1,156	\$1,585	\$1.31	High-end kitchen ● Wood/style floors ● Fireplaces ● Patio/balconies ●
					<u>Community Amenities</u>
					Clubhouse/community room ●
					Fitness center ●
					Business center ●
					Pool ●
					Playground ●
					Controlled access/gated ●
					Elevator ●
					Garages ●
					Storage ●
					Laundry ●
					<u>Utilities in Rent</u>
					Water ●
					Sewer ●
					Trash ●



Orchards

Location: 5360 Orchard Hill Drive
Roanoke

Financing: Conventional

Year Built: 2002

Total Units: 240

Vacant units: 10 95.8% occupied

Telephone: 540.554.6759

Management: Blue Ridge Companies
[2/12]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	120	852	\$1,258	\$1.48	Microwave ● Dishwasher ● Washer/dryer ●
2/2	60	918	\$1,500-1,525	\$1.65	Washer/dryer hook-up ● 9' Ceilings
2/2	60	1,033	\$1,535	\$1.49	High-end kitchen Wood/style floors Fireplaces Patio/balconies
					<u>Community Amenities</u>
					Clubhouse/community room ●
					Fitness center ●
					Business center ●
					Pool ●
					Playground ●
					Controlled access/gated
					Elevator
					Garages
					Storage
					Laundry
					<u>Utilities in Rent</u>
					Water
					Sewer
					Trash ●



Peters Creek I,II,III

Location: 7266 South Barrens Road
Roanoke

Financing: LIHTC

Year Built: 1994

Total Units: 192

Vacant units: 13 93.2% occupied (waiting list)

Telephone: 540.362.5851

Management: Grady Management
[2/20]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/1	66	1,000	50%	\$912	\$116	\$0.91	Microwave
2/1	66	1,000	60%	\$1,118	\$116	\$1.12	Dishwasher ●
							Washer/dryer
							Washer/dryer hook-up ●
3/1	30	1,320	50%	\$1,045	\$143	\$0.79	9' Ceilings
3/1	30	1,320	60%	\$1,283	\$143	\$0.97	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 ●

Smith Ridge Commons

Location: Candlelight Circle
Roanoke

Financing: LIHTC
Year Built: 2026
Total Units: 216
Vacant units: n/a

Telephone: 540.779.0289
Management: Lawson Companies
[2/12]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	36	705	60%	\$913		\$1.30	Microwave Dishwasher • Washer/dryer
2/2	114	956	60%	\$1,103		\$1.15	Washer/dryer hook-up • 9' Ceilings
3/2	66	1,113	60%	\$1,275		\$1.15	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 •

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 60 units proposed, six will be targeted at 30 percent of the median, 27 will be targeted to households with incomes up to 50 percent of the median, with nine targeted at 70 percent of the median, and 18 units targeted at 80 percent of the median (and therefore applying income averaging). Thus, the apartments qualify for low income housing tax credit status.

The HUD income limits for the City of Roanoke are set out below. The median income for Roanoke in 2023 was \$92,800 - having been \$86,300 in 2022, and \$63,600 in 2013. This represents a 7.5 percent increase over the previous year, and a 45.9 percent increase over the last decade (or an average of 3.85 percent per year).

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

Table 18 - Income Limits and Maximum Housing Costs

Income Limits				
	30 percent	50 percent	70 percent	80 percent
1 person	\$19,200	\$32,000	\$44,800	\$51,200
2 person	\$21,960	\$36,600	\$51,240	\$58,560
3 person	\$24,690	\$41,150	\$65,840	\$65,840
4 person	\$27,420	\$45,700	\$63,980	\$73,120
5 person	\$29,640	\$49,400	\$69,160	\$79,040
6 person	\$31,830	\$53,050	\$74,270	\$84,880

Maximum Housing Costs				
	30 percent	50 percent	70 percent	80 percent
1 bedroom	\$515	\$858	\$1,201	\$1,372
2 bedroom	\$617	\$1,029	\$1,440	\$1,646
3 bedroom	\$713	\$1,189	\$1,664	\$1,902

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>70 percent</u>	<u>80 percent</u>	<u>Total</u>
1 bedroom	6				6
2 bedroom		27			27
3 bedroom			9	18	27
Total	6	27	9	18	60

proposed rents				
	<u>30 percent</u>	<u>50 percent</u>	<u>70 percent</u>	<u>80 percent</u>
1 bedroom				
2 bedroom	\$375	\$863		
3 bedroom			\$1,473	\$1,565

proposed rents as a proportion (%) of maximum				
	<u>30 percent</u>	<u>50 percent</u>	<u>70 percent</u>	<u>80 percent</u>
1 bedroom				
2 bedroom	99.9	99.9		
3 bedroom			99.9	91.4

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$139, \$155 and \$190 for the one-, 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 70 percent levels, and at 91.4 percent at the 80 percent level.

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
1 bedroom	\$17,623	\$20,580
2 bedroom	\$21,154	\$24,690
3 bedroom	\$24,446	\$28,530
	50 percent	
	lower	upper
1 bedroom	\$29,383	\$34,300
2 bedroom	\$35,246	\$41,150
3 bedroom	\$40,731	\$47,550
	70 percent	
	lower	upper
1 bedroom	\$41,143	\$48,020
2 bedroom	\$49,783	\$57,610
3 bedroom	\$57,017	\$66,570
	80 percent	
	lower	upper
1 bedroom	\$43,440	\$54,880
2 bedroom	\$52,114	\$65,840
3 bedroom	\$60,171	\$76,080

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	910	9.2	465	13.7
\$10,000 - \$19,999	1,401	14.2	943	27.8
\$20,000 - \$34,999	2,399	24.3	1,686	49.6
\$35,000 - \$50,000	1,012	10.2	244	7.2
\$50,000 - \$75,000	1,606	16.3	59	1.7
\$75,000 - \$100,000	1,181	12.0	0	0.0
\$100,000 and over	1,373	13.9	0	0.0
Total	9,882		3,397	

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 9.2 percent of the market area renter households have incomes less than \$10,000, and a further 14.2 percent have incomes between \$10,000 and \$20,000. Around 24.3 percent of renters are seen to be in the \$25,000 to \$35,000 income range.

Around 34.4 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups (where 91 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 22.5 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, 70 percent, and 80 percent levels are 21.3 percent, 21.8 percent, and 20.7 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 616 new rental units are needed between 2024 and 2029. A total of 333 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 2,336 renter households in the qualifying income range in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 70.3 percent of renters qualifying for units at 30 percent of the median are rent-overburdened. Likewise, 41.9 percent, 9.3 percent, and 8.1 percent of those qualifying for units at the 50 percent, 70 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 191 units.

Total demand is therefore seen to amount to 2,860 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 2,860 units.

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

Table 22 - Demand Calculations

	30 percent	50 percent	70 percent	80 percent	total *
(i) income eligible new renter households	139	131	134	128	333
(ii) income eligible existing renter households	2,613	2,474	2,533	2,406	6,284
(iii) existing households, likely to move	1,837	1,037	237	195	2,336
(iv) need from obsolete housing	79	75	77	73	191
Total demand (i)+(iii)+(iv)	2,055	1,243	448	395	2,860
Supply	0	0	0	0	0
Net demand	2,055	1,243	448	395	2,860

* 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 28 percent of the total, two-bedroom units should account for 41 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>70 percent</u>	<u>80 percent</u>	<u>total *</u>
Total demand					
1 bedroom	583	353	127	112	812
2 bedroom	842	510	184	162	1,173
3 bedroom	471	285	103	91	656
4 bedroom	158	96	35	30	221
Total	2,055	1,243	448	395	2,860
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	583	353	127	112	812
2 bedroom	842	510	184	162	1,173
3 bedroom	471	285	103	91	656
4 bedroom	158	96	35	30	221
Total	2,055	1,243	448	395	2,860
Units proposed					
1 bedroom	6	0	0	0	6
2 bedroom	0	27	0	0	27
3 bedroom	0	0	9	18	27
4 bedroom	0	0	0	0	0
Total	6	27	9	18	60
Capture rates					
1 bedroom	1.0%	0.0%	0.0%	0.0%	0.7%
2 bedroom	0.0%	5.3%	0.0%	0.0%	2.3%
3 bedroom	0.0%	0.0%	8.8%	19.9%	4.1%
4 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Total	0.3%	2.2%	2.0%	4.6%	2.1%

* excludes gap/overlap

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 60-unit development amounts to 2.1 percent of the total net need.

The capture rate, by bedroom, is determined to be 0.7 percent for six one-bedroom units, 2.3 percent for the 27 two-bedroom units, and 4.1 percent for the 27 three-bedroom units.

The six units at 30 percent of the median amount to 0.3 percent of the net demand at that level, the 27 units at 50 percent of the median amount to 2.2 percent of demand at that target level, and the nine units targeted at the 70 percent level amount to around 2.0 percent of demand at that level. The 18 units targeted at 80 percent represent 4.6 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 five- to six month period.

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 one-bedroom units that will be targeted to households at the 30 percent level. That is, \$385 per month. Given a \$139 utility allowance and a 35 percent rent-to-income ratio, the lower qualifying income is seen to be \$17,966. The upper income is \$84,880. Based on the income data set out in Table 21, there are found to be 6,228 renter households in that range. Thus, the proposed 60-unit development corresponds to a 1.0 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 one 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 \$17,966 to \$84,880. There are as, noted, 6,228 qualifying renter households in the market area. There is one existing (three-phase) tax credit property and there are 72 tax credit units at another - amounting to a total of 264 comparable units, plus the proposed 60 units, yielding 324 units. Consequently, the penetration rate - as defined - amounts to 5.2 percent.

Summary

Consideration of the capture rate (2.1 percent) and the (1.0 percent) affordability analysis capture rate and (5.2 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 site manager at Peter's Creek believes a new project is possibly a good idea.

K. ANALYSIS/CONCLUSIONS

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

Based on the proposed development's site, bedroom mix, amenities and features, utility provision and costs, and the various target income levels 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 Roanoke
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.