

NEED AND DEMAND ANALYSIS
FOR THE
PROPOSED CLAREMONT SCHOOL APARTMENTS
IN
PULASKI, VIRGINIA

Prepared for
Claremont School Apartments, LLC
for submission to
the Virginia Housing Development Authority

VHDA Application: 2020-C-72

As of February 20, 2020

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A. EXECUTIVE SUMMARY

The following provides a brief summary of each of the major sections in the market analysis.

The Claremont School Apartments are to be located on the eastern side of Ridge Avenue, at Ward Lane in north-western Pulaski. There are no apparent physical, environmental, or other constraints upon the rehabilitation of the existing school and the construction of new units at this property, nor are there any apparent constraints upon the marketing of the proposed project at this location.

The proposed project will comprise 50 units: the adaptive reuse of 23 units at the school and the construction of 27 new units. There will be eight one-bedroom units, 28 two-bedroom units, and 14 three-bedroom units. There will be five units targeted to households with incomes up to 30 percent of the median, 20 units targeted at 50 percent of the median, and the remaining 25 units will be targeted at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

Employment in Pulaski County in 2009 was 16,147. It decreased to 15,091 in 2010 and has remained relatively stable since then.

For Pulaski County, the most recent annual unemployment rate is 3.5 percent, down from 5.3 percent the previous year. The rate was 11.1 percent in 2010.

The market area for the proposed development is Pulaski County.

The population of the market area is projected to decrease from 34,109 in 2020, to 33,625 in 2025. The number of households is projected to decrease, from 14,780 in 2020, to 14,712 in 2025. The number of renters is, however, projected to increase from 4,758 to 5,103 over that period.

There are several apartment complexes located in Pulaski County. These are primarily properties that are subsidized and available to low and very low income households - either financed through HUD or USDA/Rural Development. There are no unsubsidized tax credit properties. There are two older market rate complexes for which we were able to obtain information, one of which was previously a USDA property.

Based on our survey, there is a market-wide occupancy rate of 98.5 percent.

The total potential need for tax credit units such as is proposed in the Pulaski area by 2025 is calculated to be for 287 units. Given the calculated need, the proposed 50-unit development amounts to 17.4 percent of the need, as calculated.

Consideration of the capture rate (17.4 percent), the (3.2 percent) affordability analysis capture rate and (3.2 percent) penetration rate, suggest 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 six- 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.

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 Claremont School Apartments LLC, for submission to the Virginia Housing Development Authority.

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 (on February 20, 2020).

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 30 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, NC 28814

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

Date: March 7, 2020

C. PROJECT DESCRIPTION

The Claremont School Apartments will comprise 50 units. The project is the adaptive re-use of the former Claremont School to provide 23 apartments, and there will be the new construction of 27 units.

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	3	754	\$274	less than 30 percent
1 bedroom/1 bath	3	754	\$502	less than 50 percent
1 bedroom/1 bath	2	754	\$550	less than 60 percent
2 bedroom/2 bath	1	983	\$325	less than 30 percent
2 bedroom/2 bath	6	983	\$598	less than 50 percent
2 bedroom/2 bath	7	925	\$611	less than 50 percent **
2 bedroom/2 bath	6	983	\$647	less than 60 percent
2 bedroom/2 bath	8	925	\$660	less than 60 percent **
3 bedroom/2 bath	1	1,103	\$388	less than 30 percent **
3 bedroom/2 bath	1	1,230	\$687	less than 50 percent
3 bedroom/2 bath	3	1,103	\$675	less than 50 percent **
3 bedroom/2 bath	1	1,230	\$725	less than 60 percent
3 bedroom/2 bath	8	1,103	\$725	less than 60 percent **

* percentage of area median income

** new construction

Of the 50 unit total, there will be five units targeted to households with incomes up to 30 percent of the median, 20 units targeted at 50 percent of the median, and the remaining 25 units will be targeted at 60 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

Utilities (excluding water, sewer, and trash collection) will be paid by the tenant - utility allowances for units in the school are \$66 for a one-bedroom unit, \$83 for a two-bedroom unit, and \$100 for a three bedroom unit. The corresponding numbers for the two- and three-bedroom units in the new construction portion are \$70 and \$84, respectively. 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 the adaptive reuse of the single-two story school building, and the construction of a new single, three-story building. Both components will have a predominantly brick exterior. There will be an elevator in both the school and the new building. Common area and site amenities include a community/multi-purpose room, computer room, fitness center, and laundry. There will be an on-site management office. Outside amenities will include a picnic shelter with tables and grill, playground, and sitting area. Planting gardens will also be provided.

There are 100 parking spaces.

Representative architectural drawings are set out on the following pages.

It is understood that the construction program would commence in August 2021 and would be completed within 12 months, or so.

Site plan

AD NOTES

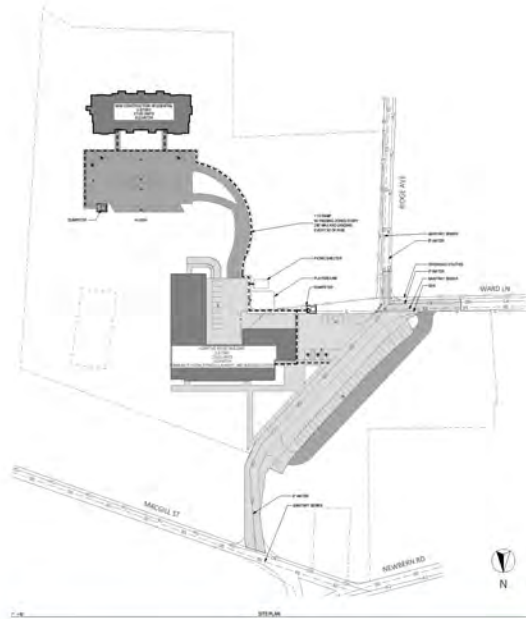
- 50 UNITS TOTAL
- 50 U.S. UNITS
- 617.63 UNITS
- TOTAL SPACES REQUIRED:**
- ZONING 2 PER DWELLING UNIT = 100 REQUIRED
- 5 % OF REQUIRED PARKING SPACES = 5 TYP ACCESSIBLE
- SPACES REQUIRED
- 1 VAN ACCESSIBLE SPACE REQUIRED FOR PUBLIC ACCOMMODATION
- TOTAL SPACES PROVIDED:**
- TOTAL PROVIDED: 100
- TYP ACCESSIBLE SPACES PROVIDED: 4
- VAN ACCESSIBLE SPACES PROVIDED: 2
- MIN. WIDTH OF SERVICE ADJACENT TO PARKING 5.0'
- ALL OTHER NEW SIDEWALK MIN. 4.0'
- ALL CURB CUTS 5.0' COMPANET
- ACCESSIBLE ROUTE DOES NOT TRAVEL BEHIND OR THROUGH PARKING SPACES

ACCESSIBLE ROUTE:

- MAX RUNNING SLOPE 1%
- MAX CROSS SLOPE 2%

LEGEND

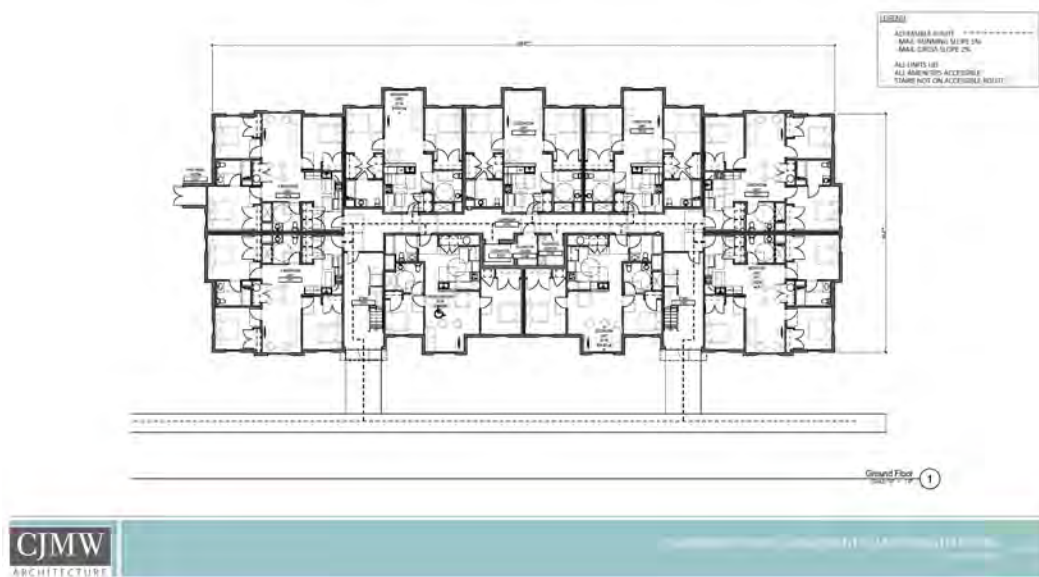
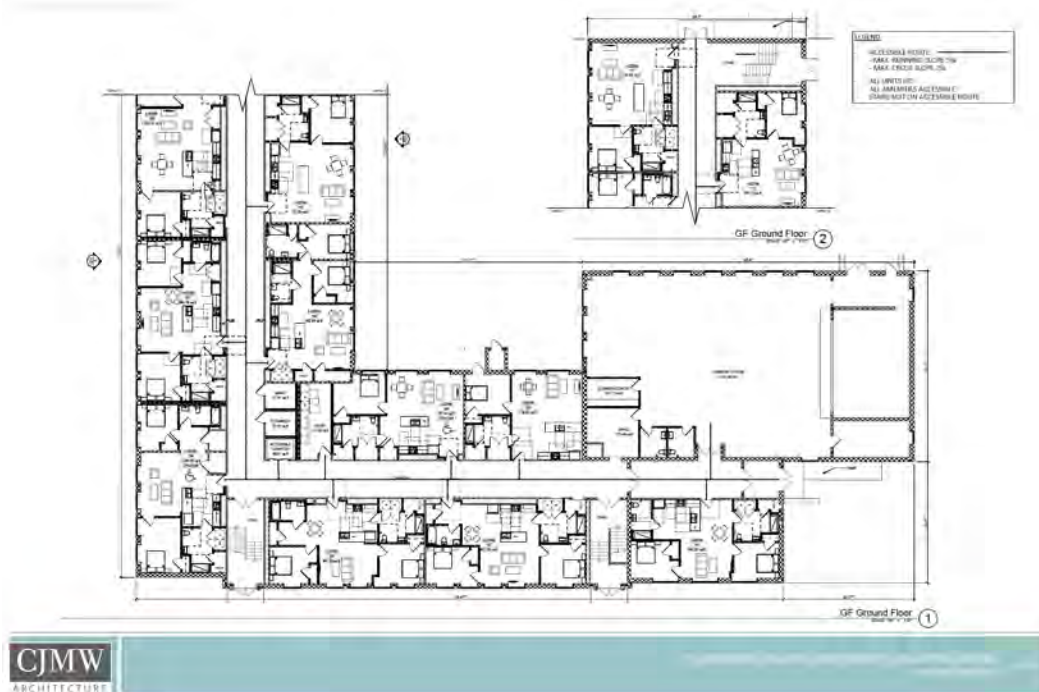
- ACCESSIBLE ROUTE
- MAX RUNNING SLOPE 1%
- MAX CROSS SLOPE 2%
- SEWER
- WATER
- ELECTRICAL
- GAS



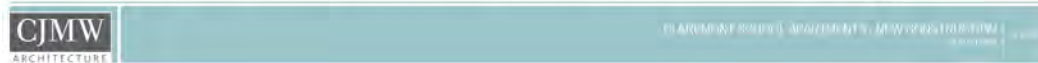
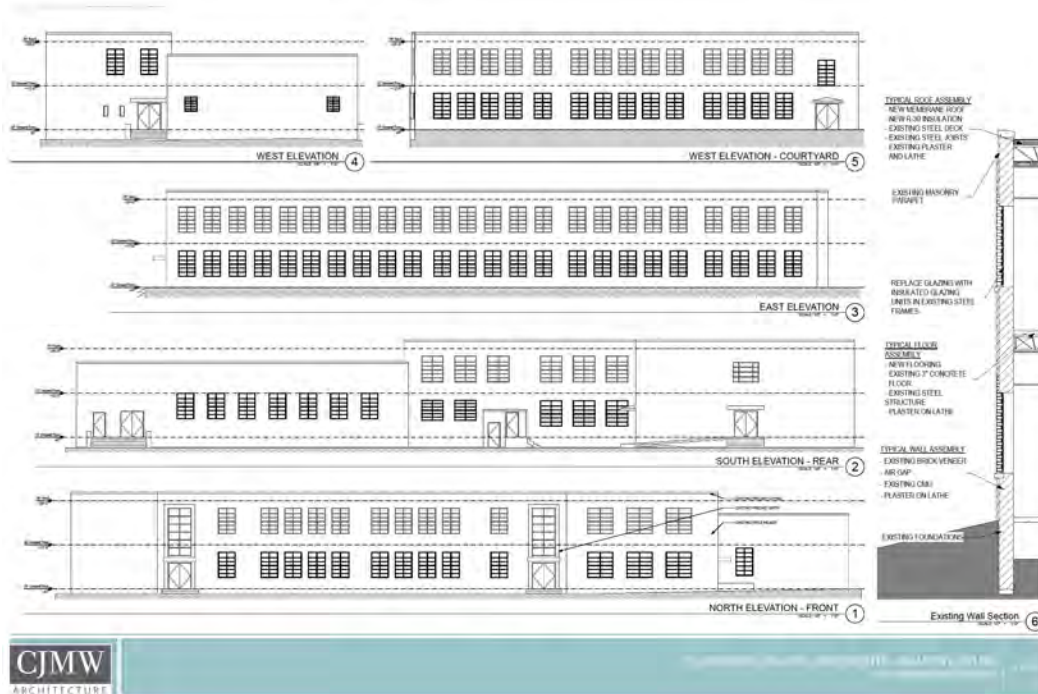
CLAREMONT SCHOOL APARTMENTS - ADAPTIVE REUSE AND NEW CONSTRUCTION

11/15/2011

Floor plans



Elevations



D. LOCATION

The Claremont School Apartments are to be located at a former school property on the eastern side of Ridge Avenue, at Ward Lane in north-western Pulaski. The school itself will be adapted for residential use, and new units will be constructed on the property, to the south of the school building. Adjacent properties are typically single-family homes, with some vacant land.





View of the property



View of the property



View of the property



View of the side of the property



View of the rear of the property



View away from property, at rear



View along Ridge Avenue, at front of property



View towards Ward Lane at front of property



View towards Macgill St., at front of property

The proposed Claremont School Apartments are to be developed at a site at Ridge Avenue at Ward Lane, in the north-western part of Pulaski. The property is in an established residential area, with relatively good access.

Given the site location and its situation, the site is very visible.

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

The site is within one mile of the Lee Highway (US 11), the major east-west route serving the area, and is within three and one-half miles of Interstate 81.

The site is within one mile of both a Food Lion and a Food City grocery store. An Ollie's Bargain Outlet is also within one mile. The site is within five and one-half miles of a Walmart Supercenter, near Dublin.

The Pulaski Elementary School is within two- and one-half miles of the site, and the Pulaski Middle School is within one mile. The County High School is five miles from the site.

The Pulaski Post Office, Town Hall, and public library are all located in the downtown area - less than two miles from the site.

The site is within one and two-thirds miles of the Lewis Gale Hospital and associated medical services located off the Lee Highway, to the north.

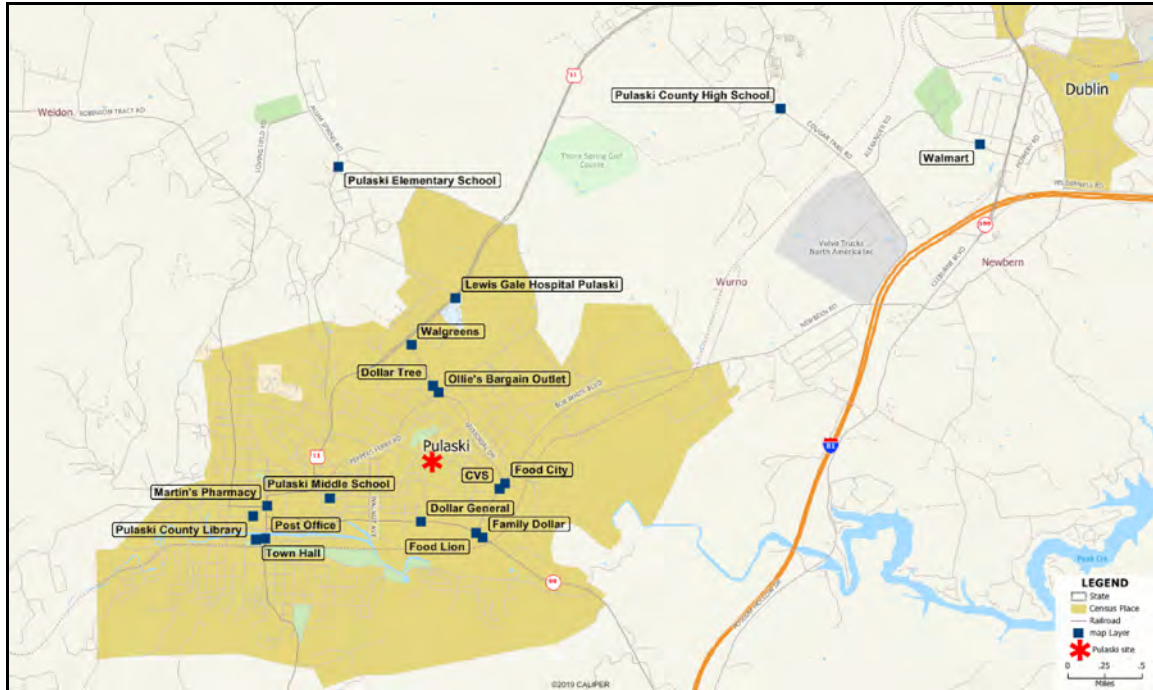
The following table illustrates the various local amenities serving the site and the (driving) distance to the site.

Table 1 - Distance to Neighborhood and Community Amenities

<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	Lee Highway (US 11)	1.0
	Interstate 81	3.3
Retail - Grocery	Food City	0.8
	Food Lion	0.9
Retail - Other	Ollie's Bargain Outlet	0.9
	Wal Mart	5.5
Pharmacies *	CVS	0.7
	Walgreens	1.2
	Martin's Pharmacy	1.4
Schools	Pulaski Elementary School	2.3
	Pulaski Middle School	1.0
	Pulaski County High School	5.0
Post Office	Pulaski	1.6
Government	Town of Pualski	1.5
Library	Pulaski County	1.5
Hospital	Lewis Gale Hospital Pulaski	1.6

* excluding those in grocery stores

Source: T.Ronald Brown: Research & Analysis



There is regularly-scheduled public transportation available in Pulaski through the Pulaski Area Transit (PAT) system.

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 adaptive re-use, construction and marketing of the proposed project at this location.

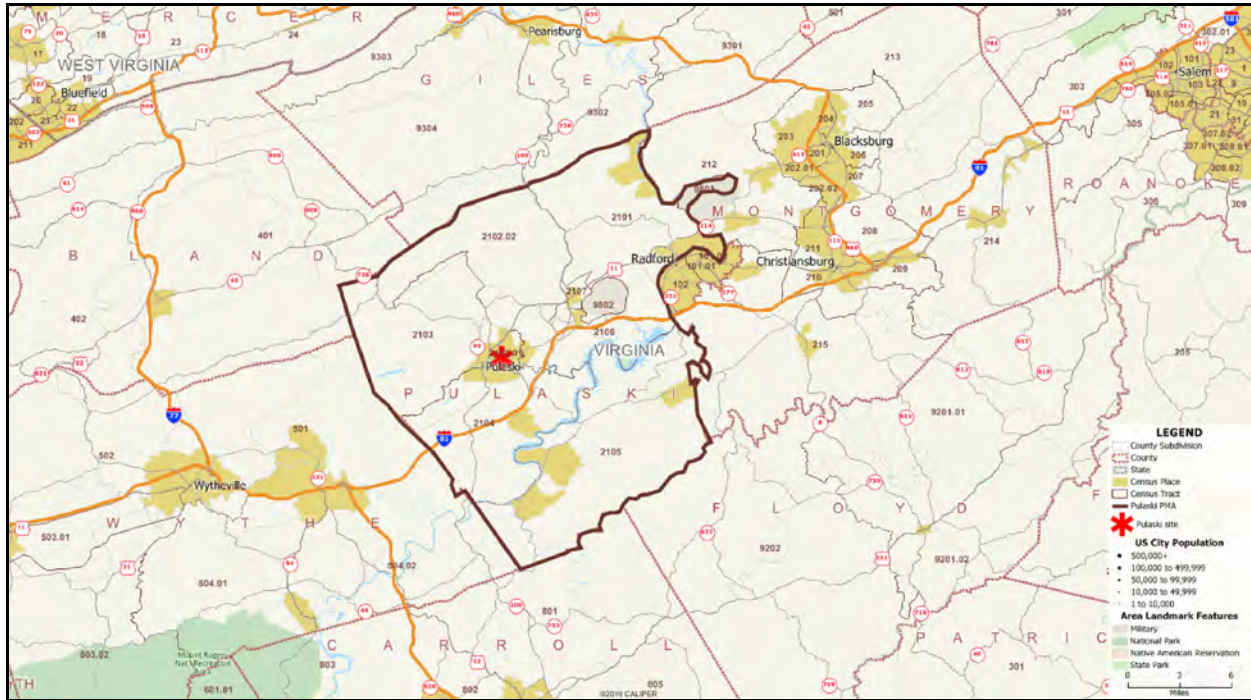
E MARKET AREA DEFINITION

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. Here, a combination of census tracts may be used to define the market area. 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.

Pulaski is located in west-central Pulaski County, in southwestern Virginia. The market area for the proposed development is Pulaski County. This area is focused on Pulaski, and extends up to an approximately six- to ten- mile hinterland. This area is focused on the site of the proposed development, and includes the smaller community of Dublin, but it excludes neighboring and potentially competing communities such as Wytheville and Radford. This area constitutes the geographic area immediately adjacent to the site and extends to all locations of relatively similar character, and with residents, or potential residents, likely to be interested in the project.

Market Area Map



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 Pulaski County are illustrated in the table, below. Employment in 2009 was 16,147. It decreased to 15,091 in 2010 and has remained relatively stable since then.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2009	16,147		
2010	15,091	-1,056	-6.5
2011	15,413	322	2.1
2012	15,631	218	1.4
2013	15,578	-53	-0.3
2014	15,440	-138	-0.9
2015	15,481	41	0.3
2016	15,272	-209	-1.4
2017	15,332	60	0.4
2018	15,500	168	1.1

Source: Virginia Labor Market Information

Employment trends, by sector

Information on employment, by industry for Pulaski County in 2017 and 2018 (the most recent data) is set out in Table 3, below. From this it is seen that, with respect to employment, the largest subsector was manufacturing, which employed almost 35 percent of the local workforce.

Table 3 - Employment, by sector

	2017		2018		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc Mining, etc.	116	0.9	115	0.8	-0.9
Utilities	58	0.4	60	0.4	3.4
Construction	402	3.0	378	2.7	-6.0
Manufacturing	4,175	31.3	4,910	34.6	17.6
Wholesale trade	164	1.2	161	1.1	-1.8
Retail trade	1,743	13.1	1,705	12.0	-2.2
Transp. and Warehousing	760	5.7	949	6.7	24.9
Information	79	0.6	54	0.4	-31.6
Finance and Insurance	155	1.2	157	1.1	1.3
Real estate	54	0.4	65	0.5	20.4
Professional and Technical services Management	241	1.8	221	1.6	-8.3
Administrative and Waste services	629	4.7	577	4.1	-8.3
Educational services	1,216	9.1	1,189	8.4	-2.2
Health Care and Social Assistance	1,294	9.7	1,252	8.8	-3.2
Arts, Entertainment, Recreation	238	1.8	240	1.7	0.8
Accommodation and Food services	974	7.3	1,065	7.5	9.3
Other Services	383	2.9	412	2.9	7.6
Public Administration	618	4.6	601	4.2	-2.8
Unclassified	16	0.1	51	0.4	218.8
Total	13,348		14,192		6.3

Source: Virginia Labor Market Information

Unemployment trends

Unemployment trends for Pulaski 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 is 3.5 percent, down from 5.3 percent the previous year. The rate was 11.1 percent in 2010.

Table 4 - Unemployment trends

	<u>Pulaski County</u>	<u>Virginia</u>	<u>U.S.</u>
2009	10.9%	6.7%	9.3%
2010	11.1%	7.1%	9.6%
2011	8.7%	6.6%	8.9%
2012	7.4%	6.1%	8.1%
2013	7.6%	5.7%	7.4%
2014	6.1%	5.2%	6.2%
2015	5.1%	4.5%	5.3%
2016	6.0%	4.1%	4.9%
2017	5.3%	3.7%	4.4%
2018	3.5%	3.0%	3.9%

Source: Virginia Labor Market Information

Major Employers

The major employers in the Pulaski County area are listed in Table 5, below. From this table it is seen that the area's largest employers are typically manufacturers - including Volvo and Hardie Building Products. Other significant sources of employment in the area would include the local school system, local government, and the hospital.

Table 5 - Major Employers

<u>Employer Name</u>	<u>Product/Service</u>
American Electric Power	Electric utility
Bond Cote Corp.	Coated fabric
James Hardie Building Products	Cementitious siding
Jefferson Yarns	Textured yarn
Lotus Biochemical Corp	Pharmaceutical distribution
NanaChemonics	Chemicals
Trim Systems	Heavy truck upholstery trim
Volvo Trucks North America	Trucks
Warner Lambert	Pharmaceuticals
Xaloy	Bimetallic cylinders

Source: Virginia Labor Market Information

Report for the Claremont School Apartments in Pulaski, Virginia

With respect to expansions, the Virginia Economic Development Partnership reports a total of 825 new jobs in recent years: 33 at a new firm and the addition of 777 jobs at Volvo in Pulaski (in mid-2019); however, the Virginia Economic Development Partnership reports 700 jobs lost through layoffs at Volvo in Dublin in early 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.

Wages by Industry Sector

Information on wages, by employment sector, for Pulaski 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 5.4 percent between 2017 and 2018.

Table 6 - Wages by Industry Sector

	2017	2018	pct change
Agriculture, Forestry, etc Mining, etc.	\$653	\$653	0.0
Utilities	\$959	\$946	-1.4
Construction	\$742	\$816	10.0
Manufacturing	\$1,059	\$1,109	4.7
Wholesale trade	\$887	\$884	-0.3
Retail trade	\$442	\$459	3.8
Transp. and Warehousing	\$734	\$766	4.4
Information	\$740	\$649	-12.3
Finance and Insurance	\$818	\$839	2.6
Real estate	\$560	\$650	16.1
Professional and Technical services Management	\$1,054	\$947	-10.2
Administrative and Waste services	\$427	\$435	1.9
Educational services	\$645	\$654	1.4
Health Care and Social Assistance	\$703	\$737	4.8
Arts, Entertainment, Recreation	\$266	\$270	1.5
Accommodation and Food services	\$294	\$307	4.4
Other Services	\$543	\$549	1.1
Public Administration	\$732	\$725	-1.0
Unclassified	\$1,148	\$287	-75.0
Total	\$736	\$776	5.4

Source: Virginia Labor Market Information

Commuting patterns

With respect to commuting, data from the American Community Survey, 32.0 percent of workers resident in Pulaski were employed there. The average driving time to work for residents of Pulaski was 20.8 minutes.

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	3,535	100.0
Worked in Place of residence	1,131	32.0
Worked in County of residence	2,411	68.2
Worked outside Place of residence	2,404	68.0
Worked outside County of residence	1,124	31.8
Mean travel time to work (minutes)	20.8	

Source: 2014 to 2018 American Community Survey; T.Ronald Brown: Research & Analysis

Census data for commuting patterns for persons who live and/or work in the Pulaski area are set out, below.

Here it is seen that many persons who work in Pulaski County commute into the County from, for example, Montgomery County and Wythe County. Likewise, many residents of Pulaski County commute to work in Montgomery County and in Radford.

Table 8 - Commuting Patterns

<u>Place of work</u>	<u>Place of Residence</u>	<u>Workers</u>
Pulaski County	Pulaski County	8,735
Pulaski County	Montgomery County	1,304
Pulaski County	Wythe County	1,247
Montgomery County	Pulaski County	3,224
Radford City	Pulaski County	1,518

Source: US County to County Commuting Flows; T.Ronald Brown: Research & Analysis

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2000, the population of Pulaski County was 25,127, and in 2010 the population was recorded as 34,872. Population projections for Pulaski County are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 34,109 by 2020, and to be around 33,625 by 2025.

Information on population trends and changes between 2000 and 2025 are set out in Table 9, below.

Table 9- Population Trends

	Pulaski	Pulaski County
2000	9,473	35,127
2010	9,086	34,872
2020	n/a	34,109
2025	n/a	33,625
absolute change		
2000-2010	-387	-255
2010-2020	n/a	-763
2020-2025	n/a	-484
annual change		
2000-2010	-39	-26
2010-2020	n/a	-76
2020-2025	n/a	-97

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

Projections of the number of households for Pulaski and for Pulaski County are set out in Table 10, below.

In 2000, there were 14,643 households in Pulaski County and 14,821 in 2010. Based on the population projections set out, above, there will be around 14,780 households in 2020 and 14,712 in 2025.

Table 10 - Household Trends

	Pulaski	Pulaski County
2000	4,173	14,643
2010	3,926	14,821
2020	n/a	14,780
2025	n/a	14,712
absolute change		
2000-2010	-247	178
2010-2020	n/a	-41
2020-2025	n/a	-68
annual change		
2000-2010	-25	18
2010-2020	n/a	-4
2020-2025	n/a	-14

Source: 2000 Census and 2010 Census; T.Ronald Brown: Research & Analysis

Population and household characteristics

Age distribution

The distribution of the population, by age, for Pulaski and Pulaski County is set out in Table 11, below. These data are from the 2010 Census. Here it is seen that the median age of the population of Pulaski was 41.8 years and that for Pulaski County was recorded as 44.1 years.

Table 11 - Age Distribution

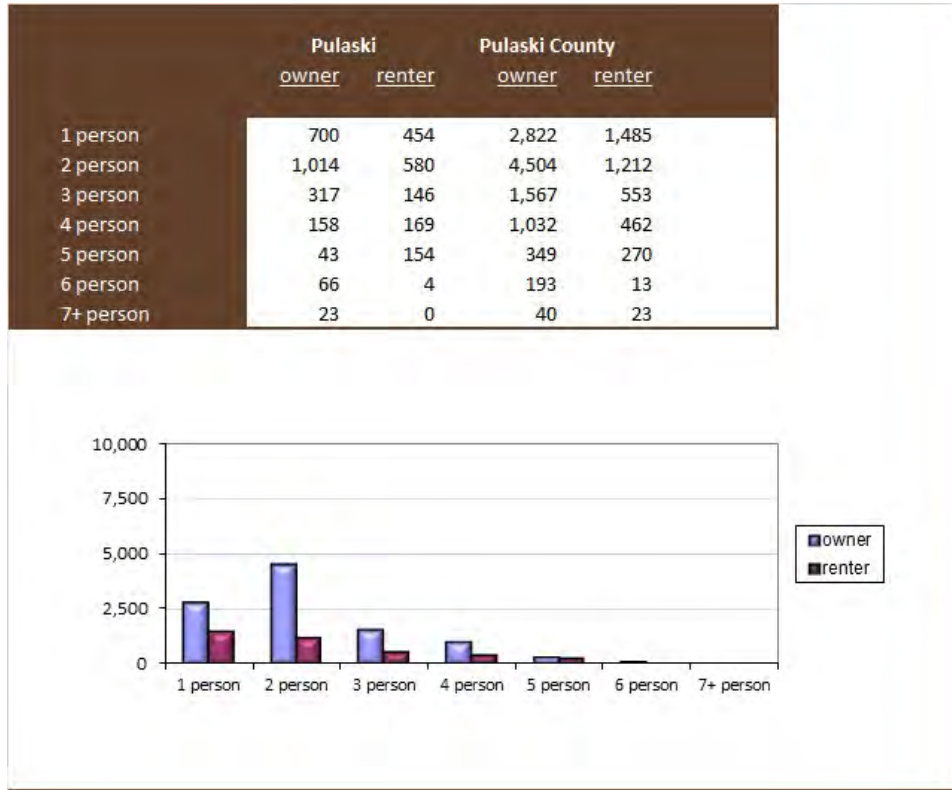
	Pulaski		Pulaski County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Under 5 years	561	6.2	1,716	4.9
5 to 9 years	538	5.9	1,838	5.3
10 to 14 years	520	5.7	1,970	5.6
15 to 19 years	594	6.5	2,042	5.9
20 to 24 years	499	5.5	1,750	5.0
25 to 29 years	512	5.6	1,765	5.1
30 to 34 years	466	5.1	1,846	5.3
35 to 39 years	618	6.8	2,447	7.0
40 to 44 years	625	6.9	2,500	7.2
45 to 49 years	629	6.9	2,642	7.6
50 to 54 years	644	7.1	2,680	7.7
55 to 59 years	656	7.2	2,708	7.8
60 to 64 years	609	6.7	2,737	7.8
65 to 69 years	414	4.6	2,078	6.0
70 to 74 years	392	4.3	1,553	4.5
75 to 79 years	295	3.2	1,137	3.3
80 to 84 years	261	2.9	785	2.3
85 years and over	253	2.8	678	1.9
55 and older	2,880	31.7	11,676	33.5
65 and older	1,615	17.8	6,231	17.9
median	41.8		44.1	

Source: 2010 Census; T.Ronald Brown: Research & Analysis

Household size

Table 12 below, sets out household size, by tenure, for households in Pulaski and Pulaski County.

Table 12 - Household Size



Source: 2014 to 2018 American Community Survey; T.Ronald Brown: Research & Analysis

Tenure

Table 13, below, sets out the number and proportion of owner and renter households for Pulaski and for Pulaski County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 tenure trends. In 2010, 43.3 percent of households in Pulaski were renters, and 27.7 percent in Pulaski County were renters.

Table 13 - Tenure

Pulaski	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	9,473	4,173	2.27	2,465	59.1	1,708	40.9
2010	9,086	3,926	2.31	2,225	56.7	1,701	43.3
2020	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2025	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Pulaski County	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	35,127	14,643	2.40	11,145	76.1	3,498	23.9
2010	34,872	14,821	2.35	10,711	72.3	4,110	27.7
2020	34,109	14,780	2.31	10,022	67.8	4,758	32.2
2025	33,625	14,712	2.29	9,609	65.3	5,103	34.7

Source: 2000 Census and 2010 Census; T.Ronald Brown: Research & Analysis

Income Distribution

The distribution of household incomes for Pulaski and Pulaski County. are set out in Table 14, below. These figures are taken from the 2014 to 2018 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for Pulaski is around \$46,906, and that for Pulaski County as a whole is seen to be \$53,718.

Table 14 - Household Income

	Pulaski		Pulaski County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	486	12.7	1,138	7.8
\$10,000 to \$14,999	209	5.5	743	5.1
\$15,000 to \$19,999	321	8.4	862	5.9
\$20,000 to \$24,999	147	3.8	689	4.7
\$25,000 to \$29,999	128	3.4	679	4.7
\$30,000 to \$34,999	222	5.8	759	5.2
\$35,000 to \$39,999	155	4.1	677	4.7
\$40,000 to \$44,999	151	4.0	591	4.1
\$45,000 to \$49,999	286	7.5	705	4.9
\$50,000 to \$59,999	421	11.0	1,645	11.3
\$60,000 to \$74,999	476	12.5	1,659	11.4
\$75,000 to \$99,999	452	11.8	1,916	13.2
\$100,000 to \$124,999	194	5.1	1,136	7.8
\$125,000 to \$149,999	77	2.0	596	4.1
\$150,000 to \$199,999	68	1.8	531	3.7
\$200,000 or more	26	0.7	196	1.3
median income	\$46,906		\$53,718	

Source: 2014 to 2018 American Community Survey; T.Ronald Brown: Research & Analysis

Renter Income

The distribution of household incomes for renter households for Pulaski and Pulaski County are set out in Table 15, below. These figures are also taken from the 2014 to 2018 American Community Survey.

The median household income for renters in Pulaski is around \$33,604, and that for Pulaski County as a whole is seen to be \$22,478.

Table 15 - Household Income, Renter Households

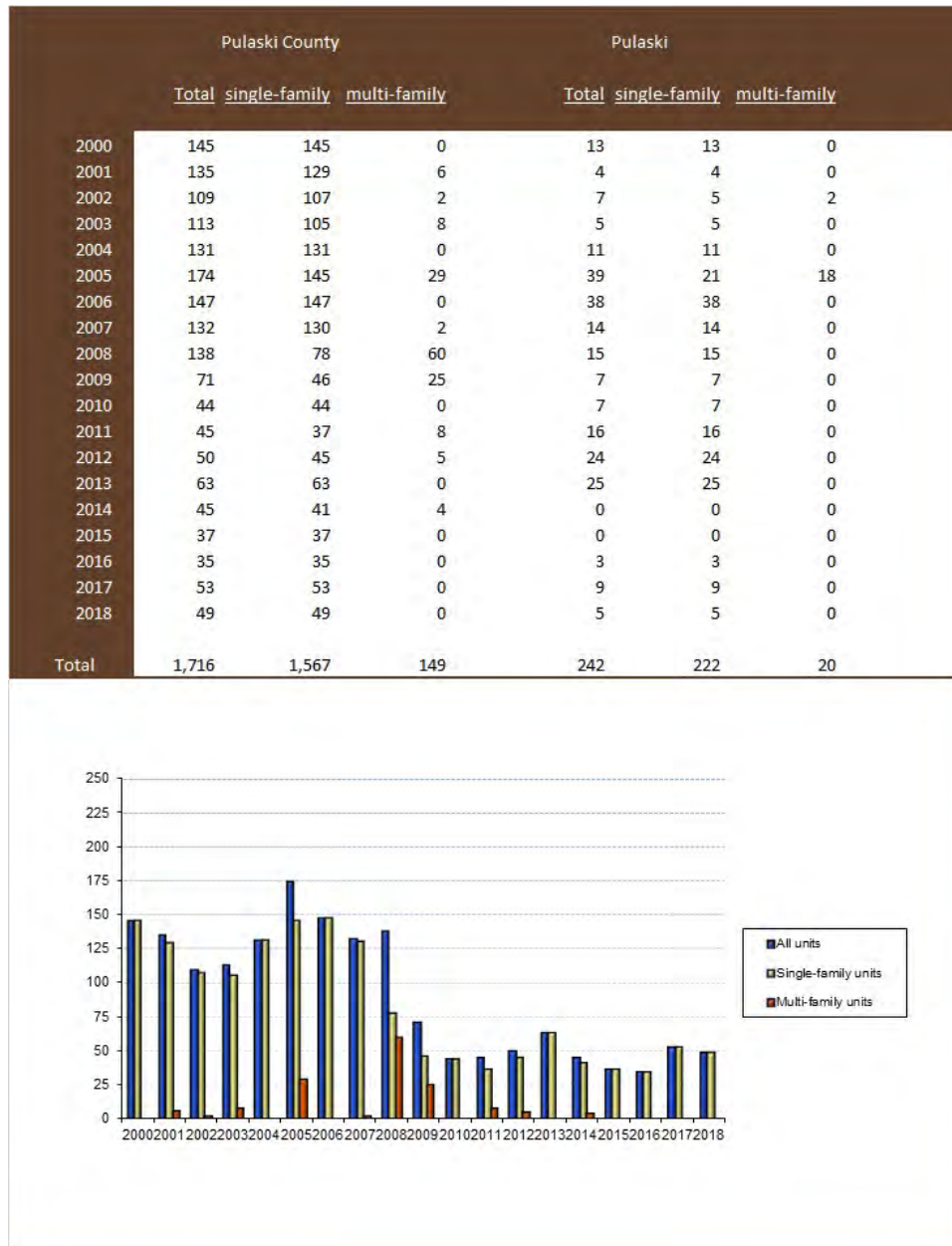
	Pulaski		Pulaski County	
	number	percent	number	percent
less than \$10,000	419	27.8	805	20.0
\$10,000 to \$19,999	278	18.4	668	16.6
\$20,000 to \$34,999	251	16.7	579	14.4
\$35,000 to \$49,999	281	18.6	611	15.2
\$50,000 to \$74,999	153	10.2	900	22.4
\$75,000 to \$99,999	92	6.1	284	7.1
\$100,000 or more	33	2.2	171	4.3
median income	\$33,604		\$22,478	

Source: 2014 to 2018 American Community Survey; T.Ronald Brown: Research & Analysis

Building permit trends

Table 16 below gives details of residential construction in Pulaski County since 2000. Where the data exist, it can be seen that a total of 1,716 units were added in throughout the County, and 242 units added in Pulaski.

Table 16 - Residential Construction Since 2000



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

H. COMPETITIVE ENVIRONMENT

There are several apartment complexes located in Pulaski County. These are primarily properties that are subsidized and available to low and very low income households - either financed through HUD or USDA/Rural Development. There are no unsubsidized tax credit properties. There are two market rate complexes for which we were able to obtain information, one of which was previously a USDA property . These various complexes were identified and surveyed, and where useful information was made available to us, this is presented, below.

Based on information from VHDA, there are no unsubsidized tax credit properties in the market area for the proposed development.

There are 13 unsubsidized tax credit units at Meadowview (with 85 HUD § 8 units). Rents for those units range from \$321 to \$386.

There are no new units in the area.

There are seven properties in the area (four of which are in Dublin and three of which are in Pulaski) which are subsidized, either through HUD and/or USDA/Rural Development. These properties were developed between 1974 and 2008. Of the 383 units in those properties for which we were able to obtain information, there are five reported vacancies - a 98.7 occupancy level, overall. These properties typically have waiting lists.

The Briarwood Apartments comprise a total of 36 market rate units, built in the 1970's through the USDA rural rental housing program. Rents range from \$575 for a one bedroom unit, to \$625 for a two-bedroom unit, to \$675 for a three bedroom unit. Two units are reported to be vacant at present (94 percent occupancy). Carriage Hill offers a total of 108 market rate units: built in 1969. Rents for the two bedroom units there are \$510 to \$550, and rent for the three-bedroom units are from \$550 to \$600. All units have only one bathroom. This property reports one vacant unit - 99 percent occupancy (which is typical). There is a waiting list.

Based on our survey, there is a market-wide occupancy rate of 98.5 percent.

Occupancy at the market rate properties is 97.9 percent.

The occupancy rate for the subsidized properties is 98.7 percent.

As noted, there are two market rate properties in Pulaski County. Given the age and condition of these units they are not considered potentially comparable to the proposed apartments. 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 adjacent communities. Here, these projects were in Roanoke. Information for these 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>
Glade Creek	1998	\$945-970	\$1,010-1,160	\$1,375
Hickory Woods	1988	\$890-1,150	\$1,085	\$1,375
Retreat	2016	\$1,080-1,436	\$1,277-1,696	\$1,699-2,005
Summit at Roanoke	1993	\$725	\$799-849	\$949
Sunscape	1997	\$934-1,119	\$1,114-1,429	

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 \$808 for a one-bedroom unit, \$990 for a two-bedroom unit, and \$1,227 for a three-bedroom unit.

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



Glade Creek



Hickory Woods



Retreat at Roanoke



Summit at Roanoke



Sunscape

The various complexes surveyed are summarized as follows

Complex name	Location	Financing	Year built	Total units	Vacant units	Occupancy (%)
Briarwood	Dublin	conventional	1970's	36	2	94.4
Carriage Hill	Pulaski	conventional	1969	108	1	99.1
Char Mae	Dublin	USDA/RD	1974	26	n/a	n/a
Laurel Woods	Pulaski	USDA/RD	n/a	46	2	92.6
Maple Garden I	Dublin	USDA/RD	1970's	60	0	100.0
Meadowview	Pulaski	HUD § 8/ LIHTC	2008	98	0	100.0
Plaza	Dublin	USDA/RD	1975	36	2	94.4
Sun Valley	Dublin	USDA/RD	n/a	24	1	95.8
Washington Square	Pulaski	HUD § 8	1980	119	0	100.0

Report for the Claremont School Apartments in Pulaski, Virginia

	0 br/1ba			1 br/1ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Claremont School				8	700	\$387-550
Briarwood				6	650	\$575
Carriage Hill						
Char Mae				2	n/a	boi
Laurel Woods				10	n/a	boi
Maple Garden I						
Meadowview				19	n/a	boi/\$321
Plaza						
Sun Valley						
Washington Square				24	n/a	boi
	2 br/1-1½ ba			2 br/2 ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Claremont School				28	900	\$461-650
Briarwood	24	800	\$625			
Carriage Hill	72	780-1,100	\$510-550			
Char Mae	22	n/a	boi			
Laurel Woods	34	n/a	boi			
Maple Garden I	60	800	boi			
Meadowview	49	na	boi/\$351			
Plaza	36	795	boi			
Sun Valley	12	n/a	boi			
Washington Square	80	n/a	boi			
	3 br/1-1½ ba			3 br/2+ ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Claremont School				14	1,100	\$544-725
Briarwood	6	950	\$675			
Carriage Hill	36	880-1,300	\$550-600			
Char Mae	2	n/a	boi			
Laurel Woods	2	n/a	boi			
Maple Garden I						
Meadowview				30	n/a	boi/\$386
Plaza						
Sun Valley	12	n/a	boi			
Washington Square				15	n/a	boi



Briarwood

Location: 110 Linkous Avenue, Dublin

Telephone: 540.674.8994

Financing: Conventional (previously USDA)

Year built: 1970's

Total units: 36

Vacant units: 2 (94 percent occupied, typically 100 percent, with waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>
Units:	6	24	6
Unit size (sq. ft.):	650	800	950
Rent:	\$575	\$625	\$675
Rent/sq. ft.:	\$0.88	\$0.78	\$0.71

Management: Owner Managed (Ed - [2/11])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Carriage Hill

Location: Carriage Hill Drive, Pulaski

Telephone: 540.980.2518

Financing: Conventional

Year built: 1969

Total units: 108

Vacant units: 1 (99 percent occupied, typically 98-99 percent, with waiting list)

	<u>2 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>
Units:	64	8	36
Unit size (sq. ft.):	780-1,000	1,100	880-1,300
Rent:	\$510-530	\$550	\$550-600
Rent/sq. ft.:	\$0.58	\$0.50	\$0.53

Management: Owner Managed (Nancy - [2/27])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Char Mae

Location: 109 Dunbar Ave., Dublin

Telephone: 540.674.1691

Financing: USDA

Year built: 1974

Total units: 26 (26 rent-assisted)

Vacant units: n/a

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>
Units:	2	22	2
Unit size (sq. ft.):	n/a	n/a	n/a
Basic rent:	n/a	n/a	n/a
Market rent:	n/a	n/a	n/a

Management:

Utilities in rent: Water/Sewer Trash Heat Gas

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Laurel Woods

Location: 213 Laurel Wood Drive, Pulaski

Telephone: 540.980.2925

Financing: USDA

Year built: n/a

Total units: 46 (46 rent-assisted)

Vacant units: 2 (96 percent occupied, typically 97-100 percent, with waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>
Units:	10	34	2
Unit size (sq. ft.):	n/a	n/a	n/a
Basic rent:	\$578	\$608	\$653
Market rent:	\$651	\$784	\$869

Management: Community Housing Partners (Ashley - [2/12])

Utilities in rent: Water/Sewer Trash Heat Gas

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Maple Garden I

Location: 110 Linkous Avenue, Dublin

Telephone: 540.674.8994

Financing: USDA

Year built: 1970's

Total units: 60 (60 rent-assisted)

Vacant units: 0 (100 percent occupied, typically 100 percent, with waiting list)

2 br/1 ba

Units: 60

Unit size (sq. ft.): 800

Basic rent: \$606

Market rent: \$688

Management: Owner Managed (Ed [2/11])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Meadowview

Location: 1021 Lee Highway, North, Pulaski

Telephone: 540.980.8375

Financing: HUD § 8 /LIHTC

Year built: 1972

Total units: 98

Vacant units: 0 (100 percent occupied, typically 100 percent, with waiting list)

	<u>1 br/1 ba</u>	<u>1 br/1ba</u>	<u>2 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	14	5	45	4	26	4
Unit size (sq. ft.):	n/a	n/a	n/a	n/a	n/a	n/a
Rent:		\$321*		\$351*		\$386*
Contract rent	\$538		\$640		\$870	

Management: Community Housing Partners (Amy - [2/11])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies

* tax credit



Plaza

Location: 100 Armstrong Street, Dublin

Telephone: 540.674.4954

Financing: USDA

Year built: 1975

Total units: 36 (32 rent-assisted)

Vacant units: 2 (94 percent occupied, typically 100 percent, with waiting list)

2 br/1 ba

Units: 36
Unit size (sq. ft.): 795
Basic rent: \$435
Market rent: \$552

Management: GEM Management (Alex - 704.357.6000 [2/11])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Sun Valley

Location: 125-127 Armstrong Street, Dublin

Telephone: 540.980.2925

Financing: USDA

Year built: n/a

Total units: 24 (5 rent-assisted)

Vacant units: 1 (96 percent occupied, typically 100 percent, with waiting list)

	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>
Units:	12	12
Unit size (sq. ft.):	n/a	n/a
Basic rent:	\$483	\$498
Market rent:	\$576	\$591

Management: Community Housing Partners (Ashley - [2/12])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies



Washington Square

Location: 201 Washington Drive, Pulaski

Telephone: 540.980.3519

Financing: HUD § 8

Year built: 1980

Total units: 119

Vacant units: 0 (100 percent occupied, typically 100 percent, with waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/2 ba</u>
Units:	24	80	15
Unit size (sq. ft.):	n/a	n/a	n/a
Contract rent:	\$585	\$666	\$790

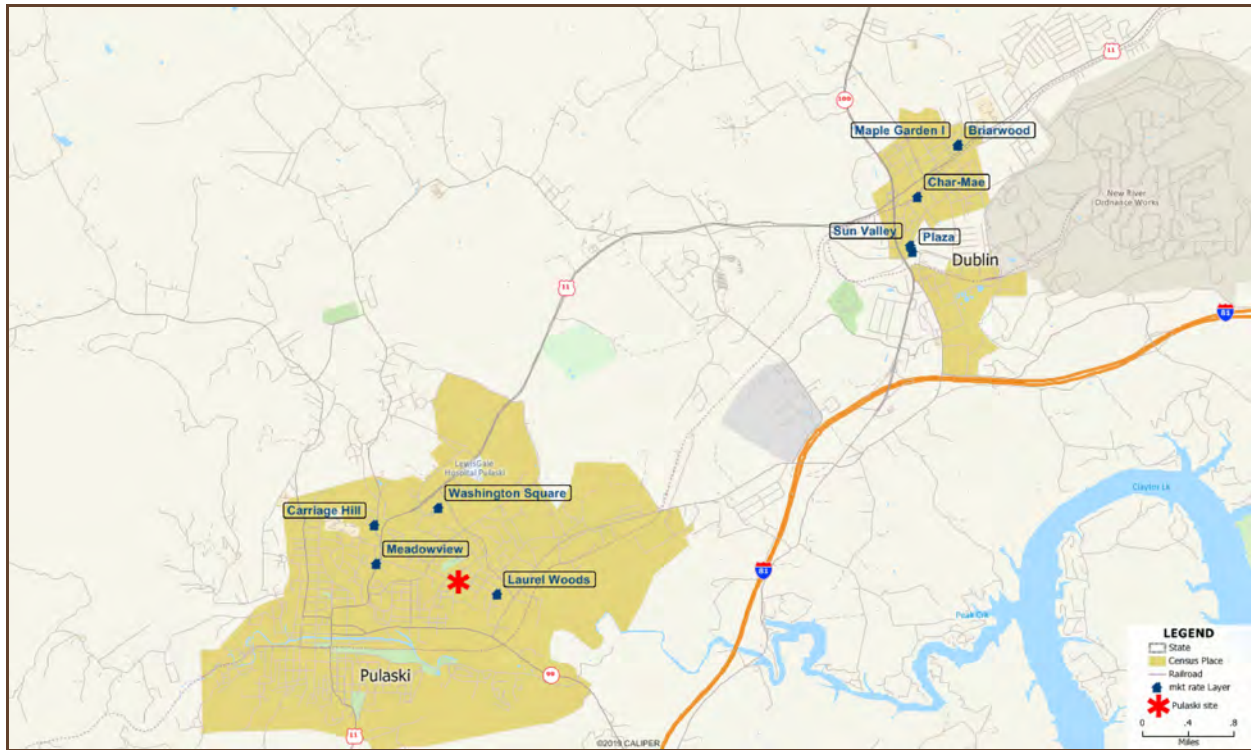
Management: F & W Management (Anthony - [2/11])

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/wood style floor Fireplaces Patios/balconies

Location of Existing Apartments



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 50 units proposed, five will be targeted at 30 percent of the median, 20 will be targeted to households with incomes up to 50 percent of the median, with 25 targeted at 60 percent of the median. Thus, the apartments qualify for low income housing tax credit status.

The HUD income limits for Pulaski County are set out below. The median income for Pulaski County in 2019 is \$60,5000 - having been \$60,200 in 2018, and \$47,500 in 2009. This represents a 0.5 percent increase over the previous year, and a 5.2 percent increase over the last decade (or an average of 0.51 percent per year).

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

Table 18 - Income Limits and Maximum Housing Costs

Income Limits			
	30 percent	50 percent	60 percent
1 person	\$12,720	\$21,200	\$25,440
2 person	\$14,520	\$24,200	\$29,040
3 person	\$16,350	\$27,250	\$32,700
4 person	\$18,150	\$30,250	\$36,300
5 person	\$19,620	\$32,700	\$39,240
6 person	\$21,060	\$35,100	\$42,120

Maximum Housing Costs			
	30 percent	50 percent	60 percent
1 bedroom	\$341	\$568	\$681
2 bedroom	\$409	\$681	\$818
3 bedroom	\$472	\$787	\$944

Source: HUD

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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>Total</u>
1 bedroom	3	3	2	8
2 bedroom	1	13	14	28
3 bedroom	1	4	9	14
Total	5	20	25	50

proposed rents			
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	\$274	\$502	\$550
2 bedroom	\$325	\$598	\$647
2 bedroom**		\$611	\$660
3 bedroom		\$680	\$725
3 bedroom**	\$388	\$680	\$725

proposed rents as a proportion (%) of maximum			
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>
1 bedroom	99.8	100.1	89.4
2 bedroom	99.8	100.0	88.1
2 bedroom		100.0	88.3
3 bedroom		99.0	85.9
3 bedroom	99.8	96.7	84.3

** new construction

Source: Applicant; T Ronald Brown: Research & Analysis

Utilities (excluding water sewer, and trash collection) will be paid by the tenant - utility allowances for units in the school are \$66 for a one-bedroom unit, \$83 for a two-bedroom unit, and \$100 for a three bedroom unit. The corresponding numbers for the two- and three-bedroom units in the new construction portion are \$70 and \$84, 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 level, and between 96 percent and 100 percent of the maximum for the units targeted at 50 percent, with those at 60 percent of the median seen to be 84 to 90 percent of the maximum allowable at that level.

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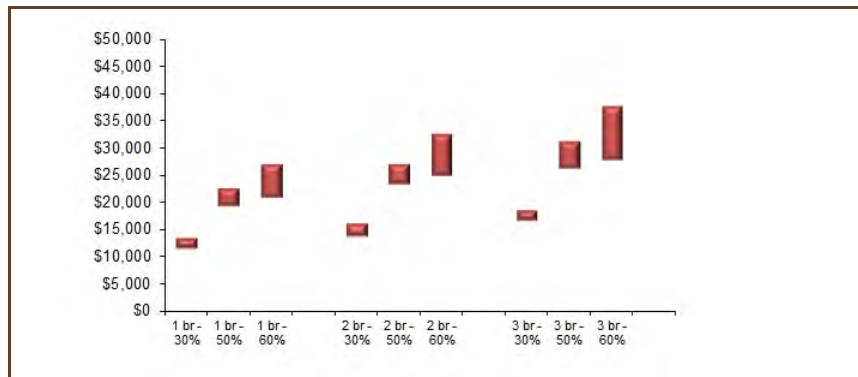
Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of 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 four bedroom units are based on the proposed rents level relative to the maximum allowable. Where there are different rents for units at the same target income level, a weighted average is used.

Table 20 - Qualifying Income Ranges

qualifying income ranges		
30 percent		
	lower	upper
1 bedroom	\$11,657	\$13,620
2 bedroom	\$13,989	\$16,350
3 bedroom	\$16,731	\$18,885
50 percent		
	lower	upper
1 bedroom	\$19,474	\$22,700
2 bedroom	\$23,349	\$27,250
3 bedroom	\$26,331	\$31,475
60 percent		
	lower	upper
1 bedroom	\$21,120	\$27,240
2 bedroom	\$25,029	\$32,700
3 bedroom	\$27,798	\$37,770

Source: Applicant; T Ronald Brown: Research & Analysis

The various qualifying income ranges, by bedroom mix and income targeting are illustrated, below. Any gaps and/or overlaps between these target income ranges will necessarily be taken into consideration in our calculations.



Report for the Claremont School Apartments in Pulaski, Virginia

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	805	20.0	318	36.0
\$10,000 - \$19,999	668	16.6	431	48.8
\$20,000 - \$34,999	579	14.4	110	12.5
\$35,000 - \$50,000	611	15.2	24	2.7
\$50,000 - \$75,000	900	22.4	0	0.0
\$75,000 - \$100,000	284	7.1	0	0.0
\$100,000 and over	171	4.3	0	0.0
Total	4,018		883	

Source: 2014 to 2018 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 2014 to 2018 - and not for a specific year.

From this table it can be seen that 20.0 percent of the market area renter households have incomes less than \$10,000, and a further 16.6 percent have incomes between \$10,000 and \$20,000. Around 14.4 percent of renters are seen to be in the \$25,000 to \$35,000 income range. Around 22 percent of all renters are rent-overburdened - a relatively low proportion. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 20 and the income distribution set out in Table 21, it is found that around 4.3 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 and 60 percent levels are 4.3 percent and 8.3 percent, respectively.

Projections of need and demand are based upon a 2020 to 2025 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 345 new rental units are needed between 2020 and 2025. A total of 49 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 763 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, 59.2 percent of renters qualifying for units at 30 percent of the median are rent-overburdened. Likewise, 21.8 percent and 15.4 percent of those qualifying for units at the 50 percent and 60 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. This based on an annual average rate of 0.6 percent of the rental housing stock. 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 22 units.

Total demand is therefore seen to amount to 287 units. These figures are based on a 2020 to 2025 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been added in the project market area over the projection period, and no other complexes have been funded or are under construction. The net need is therefore for 287 units

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

Table 22 - Demand Calculations

	30 percent	50 percent	60 percent	Total *
(i) income eligible new renter households	15	15	29	49
(ii) income eligible existing renter households	217	218	425	727
(iii) existing households, likely to move	129	47	65	216
(iv) need from obsolete housing	7	7	13	15
Total demand (i)+(iii)+(iv)	150	69	107	287
Supply	0	0	0	0
Net demand	150	69	107	287

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 33 percent of the total, two-bedroom units should account for 43 percent of the total, and three-bedroom units should account for 20 percent of the total with four- or more bedroom units accounting for 4 percent.

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

Report for the Claremont School Apartments in Pulaski, Virginia

Table 23 - Capture Rates

	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>Total*</u>
Total demand				
1 bedroom	50	23	35	95
2 bedroom	65	30	46	124
3 bedroom	30	14	21	57
4 bedroom	5	2	4	10
Total	150	69	107	287
Supply				
1 bedroom	0	0	0	0
2 bedroom	0	0	0	0
3 bedroom	0	0	0	0
4 bedroom	0	0	0	0
Total	0	0	0	0
Net demand				
1 bedroom	50	23	35	95
2 bedroom	65	30	46	124
3 bedroom	30	14	21	57
4 bedroom	5	2	4	10
Total	150	69	107	287
Units proposed				
1 bedroom	3	3	2	8
2 bedroom	1	13	14	28
3 bedroom	1	4	9	14
4 bedroom	0	0	0	0
Total	5	20	25	50
Capture rates				
1 bedroom	6.1%	13.2%	5.7%	8.4%
2 bedroom	1.5%	43.6%	30.3%	22.5%
3 bedroom	3.3%	29.2%	42.3%	24.5%
4 bedroom	0.0%	0.0%	0.0%	0.0%
Total	3.3%	29.1%	23.4%	17.4%

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 50-unit development amounts to 17.4 percent of the total net need.

The capture rate, by bedroom, is determined to be 8.4 percent for the eight one-bedroom units, 22.5 percent for the 28 two-bedroom units, and 24.5 percent for the 14 three-bedroom units.

The five units at 30 percent of the median amount to 3.3 percent of the net demand at that level, the 20 units at 50 percent of the median amount to 29.1 percent of demand at that target level, and the 25 units targeted at the 60 percent level amount to around 23.4 percent of demand at that level.

The capture rates presented above are considered reasonable for a property of this size in a non-urban market.

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 six 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 60 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, \$11,657. The upper income is \$37,700. Based on the income data set out in Table 21, there are found to be 1,586 renter households in that range. Thus, the proposed 50-unit development corresponds to a 3.2 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 one bedroom units are those for the more deeply targeted units at the proposed development. Thus, given the rents for the proposed development, the target income range for this market is that for the proposed development. That is, from \$11,657 to \$37,700. There are as, noted, 1,586 qualifying renter households in the market area. It is seen that no new units are proposed, and there are no existing comparable tax credit properties units, with the proposed 50 units, this yields 50 units. Thus, the penetration rate - as defined - amounts to 3.2 percent.

Summary

Consideration of the capture rate (17.4 percent) and the (3.2 percent) affordability analysis capture rate and (3.2 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). It should be noted that there are no properties in the local market which are directly comparable to the proposed development. However, Ashley, of Community Housing Partners who manages Laurel Woods and Sun Valley believes a new, unsubsidized, tax credit property would be accepted, given that the area is not saturated.

K. ANALYSIS/CONCLUSIONS

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

Based on the proposed development's site, bedroom mix, amenities and features, utility provision and costs, the proposed development is considered marketable and should be well-accepted in this market, particularly as it will be a new, affordable, property, with the adaptive reuse of the school.

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

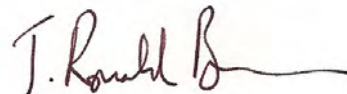
It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed, and that the project should be awarded low income housing tax credits. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined 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 the Virginia Housing Development Authority.
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 VHDA or in any way acting for, at the request of, or on behalf of VHDA
6. Compensation for my services is not contingent upon this development receiving a reservation or allocation of tax credits.



Market Analyst

March 7, 2020

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.

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 and 2010, and the American Community Survey (2014-2018)
Virginia Housing Development Authority
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
Pulaski County
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 units 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 typically⁷ 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.