

NEED AND DEMAND ANALYSIS

FOR THE

GRANDE OAK APARTMENTS

IN

WILLIAMSBURG, VIRGINIA

**Prepared for
Grande Oak VA LLC
for submission to
the Virginia Housing Development Authority**

VHDA Application: 2020 - C - 10

As of February 22, 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 Grande Oak Apartments will comprise the construction of 49 units for elderly households. Five units will be targeted to households with incomes up to 30 percent of the median, 20 units targeted to households with incomes up to 50 percent of the median, six units targeted at 60 percent of the median, one unit targeted at 70 percent of the median, and 17 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status. 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.

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

The market area for the proposed development is defined as James City County, the City of Williamsburg, and adjacent portions of York County.

In York County, employment was 28,820 in 2009. Since then, employment has grown to 31,681 in 2018.

In York County, it is seen that the current unemployment rate is 2.8 percent, down from 3.5 percent the previous year. The rate was 6.1 percent in 2010.

The population of the project market area is projected to increase from 108,203 in 2020 to 116,946 in 2025. The number of households is projected to increase from 42,407 in 2020 to 46,284 in 2025. The number of renter households is projected to increase from 12,024 to 13,295.

The elderly population (55 years and older) of the project market area is projected to increase from 39,802 in 2020 to 42,160 in 2025. The number of older households is projected to increase from 23,440 in 2020 to 24,828 in 2025. The number of older renters is projected to increase from 3,551 to 3,761 over this period.

There are three established apartment complexes located in the market area for the proposed development which cater to older persons - each of which is subsidized for very low income renters. A fourth complex is the new 130-unit Arbors at Towne Park Apartments. This complex opened in early 2019 and is financed with low income housing tax credits. This is the only comparable tax credit project, for seniors, in the project market area. There are no comparable market rate complexes designated solely for seniors.

The total net need for tax credit units such as is proposed in the Williamsburg area by 2025 is calculated to be for 1,309 units. Given the calculated need, the proposed 49-unit development amounts to 3.7 percent of the need, as calculated.

Consideration of the capture rate (3.7 percent), the (2.5 percent) affordability analysis capture rate and (8.2 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-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.

Project Wide Capture Rate, LIHTC units: 3.7 percent

Project Wide Capture Rate, market units: n/a

Project Wide Capture Rate, all units: 3.7 percent

Project Wide Absorption Period (Months): four- to six months

B. INTRODUCTION AND SCOPE OF WORK

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

The report is prepared for Grande Oak VA 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 22, 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 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
919. 233.0670 or 919.612.5328

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

Date: March 5, 2020

C. PROJECT DESCRIPTION

The Grande Oak Apartments will comprise 49 units - all two-bedroom units. The project is new construction.

The project is to be configured as follows:

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
2 bedroom/1½ bath	5	950	\$435	less than 30 percent
2 bedroom/1½ bath	5	950	\$928	less than 50 percent **
2 bedroom/1½ bath	15	950	\$785	less than 50 percent
2 bedroom/1½ bath	6	950	\$940	less than 60 percent
2 bedroom/1½ bath	1	950	\$1,000	less than 70 percent
2 bedroom/1½ bath	17	950	\$1,125	less than 80 percent

* percentage of area median income

** rent-assisted units

Of the 49-unit total, all will be targeted to elderly households (55 years and older). Five units will be targeted to households with incomes up to 30 percent of the median, 20 units will be targeted to households with incomes up to 50 percent of the median (five of which are rent-assisted), with six units targeted at 60 percent of the median, one unit will be targeted at 70 percent of the median and 17 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status. 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: \$98 for the two-bedroom units. Based on information supplied by the developer, the proposed apartments will meet energy-saving standards, both for construction and for appliances provided.

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

There are 49 parking spaces.

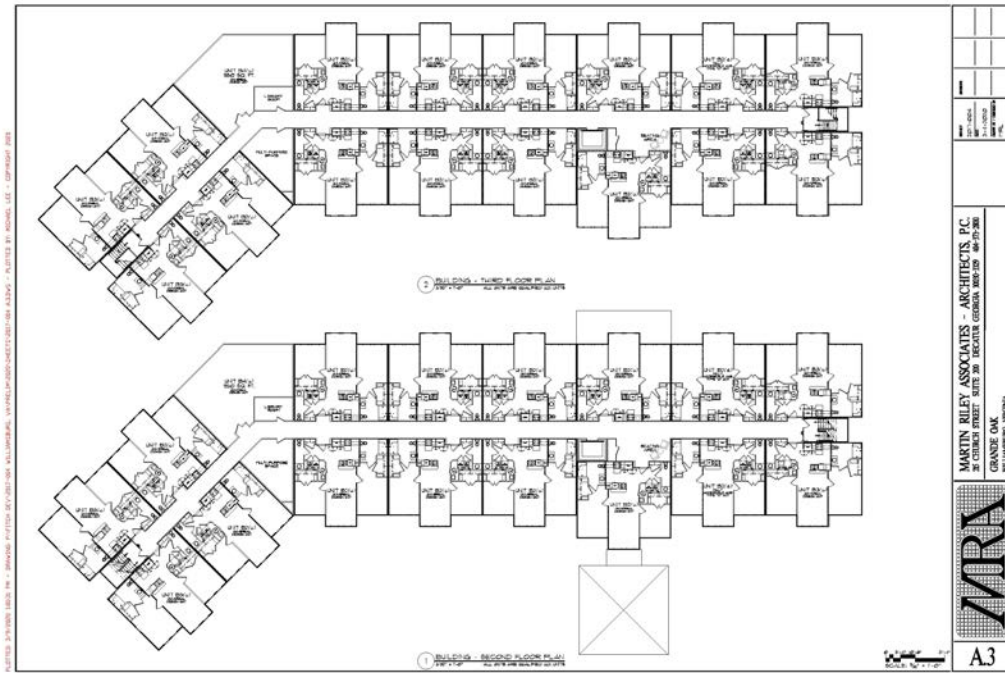
Representative architectural drawings are set out on the following pages.

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

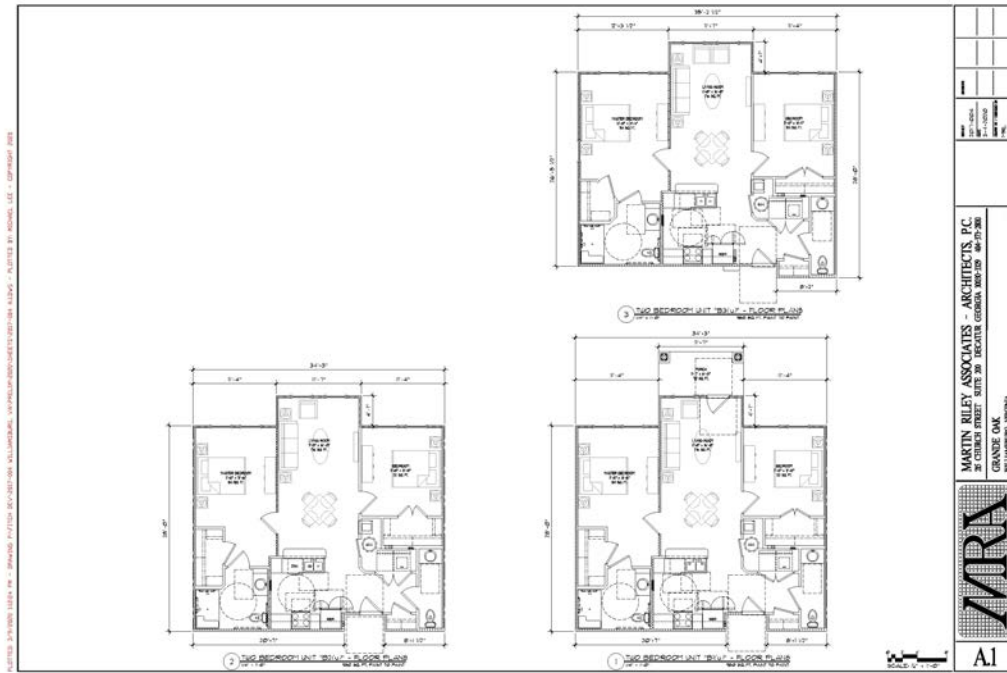
Site plan



Floor plan



Unit plans



Elevations



D. LOCATION

The Grande Oak Apartments are located on the Old Mooretown Road, to the east of Lighfoot Road and adjacent to the Humelsine Parkway (VA 199), in York County, to the north of Williamsburg. Adjacent properties include established single-family homes, a self-storage facility, the Sentara Hospital and undeveloped land. The site is flat and is wooded, except at the Old Mooretown Road.





View across Old Mooretown Rd., to property



View of property



View on property



View across Old Mooretown Rd., to property



View of property



View on property



View east on Old Mooretown Rd., at site



View west on Old Mooretown Rd., at site



View across Old Mooretown Rd., from site

The site is located on the Old Mooretown Road, to the east of Lightfoot Road. Access to the site is good.

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

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

The site is within two-thirds of one mile of the intersection of Lightfoot Road and the Richmond Road (US 60) a major route serving the area. The site is within one mile of the intersection of the Richmond Road and the Humelsine Parkway. The site is within two miles of the intersection of the Parkway and Interstate 64.

The site is within one- and one half miles of the Williamsburg Marketplace shopping center and the Cedar Valley shopping center, to the north. The latter is anchored by a Wal-mart Supercenter. The site is within one mile of the Lightfoot Marketplace shopping center - which is anchored by a Harris Teeter grocery store.

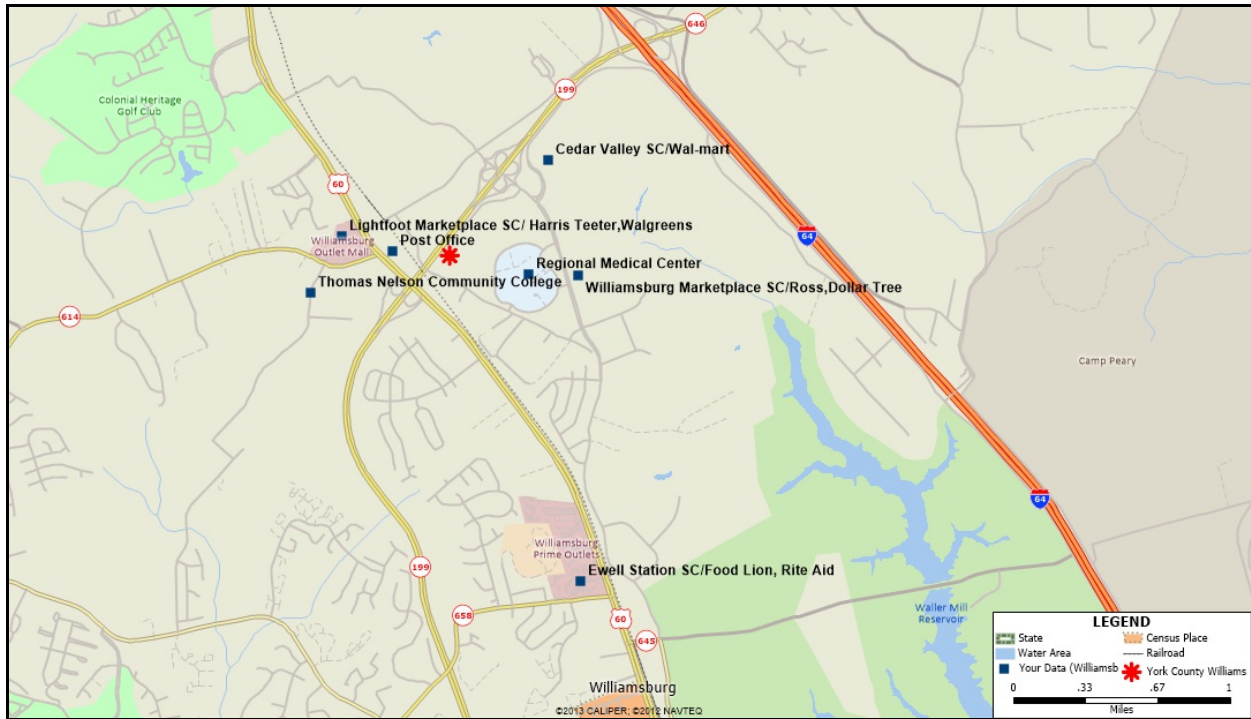
The site is within one-third of a mile of the Sentara Hospital, which is located to the east of the site.

The following table illustrates the noteworthy community amenities serving the site and the 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	Lightfoot Road/VA 646	0.4
	Richmond Road/US 60	0.5
	Humelsine Parkway/VA 199	1.4
Public Transportation	Interstate 64	2.1
	WATA	0.2
	Amtrak	5.8
Retail - Grocery	Harris Teeter	0.7
	Food Lion	2.8
Retail - Other	Ross	1.2
	Wal-mart	1.5
Pharmacies	Rite- Aid	2.8
City Hall	n/a	
Post Office	Lightfoot Post Office	0.7
Hospital	Sentara Hospital	0.7

Source: T.Ronald Brown: Research & Analysis



Public transportation is available (on Lightfoot Road, the Richmond Road, and at the Hospital).

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.

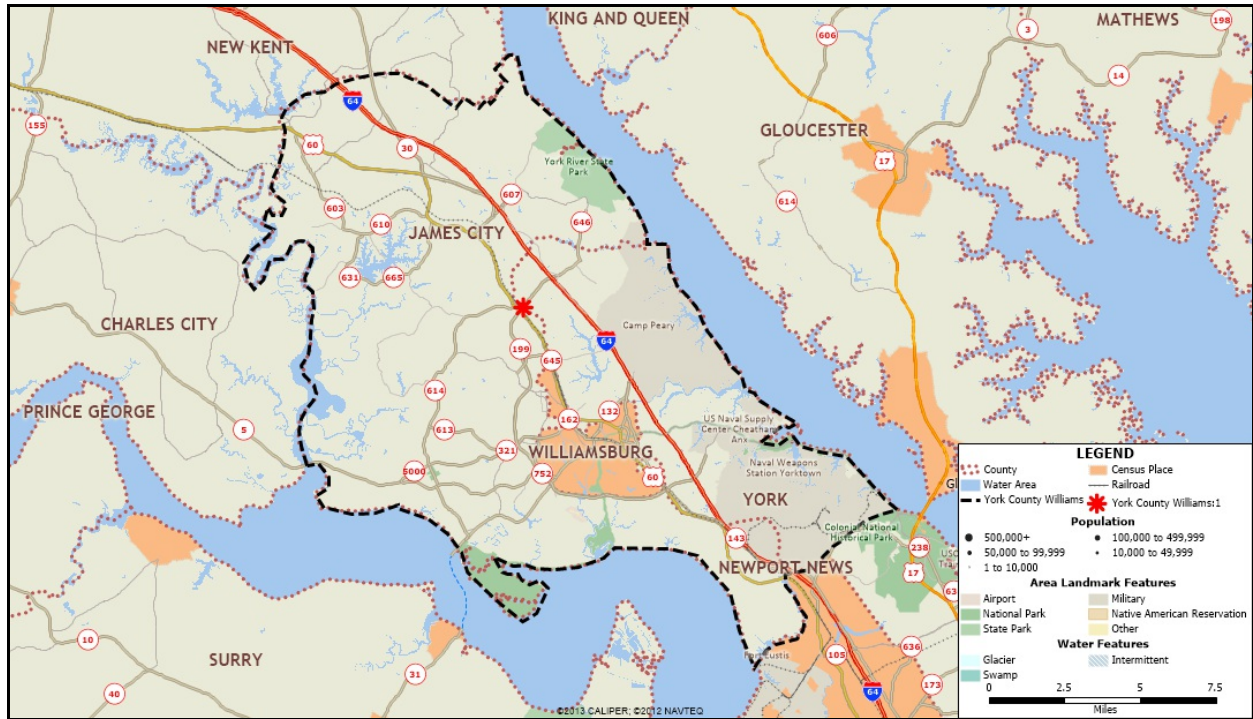
E. MARKET AREA DEFINITION

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 York County, adjacent to James City County, not far north of the City of Williamsburg on the Virginia Peninsula in eastern Virginia. The market area for the proposed development is defined as James City County, Williamsburg and adjacent portions of York County, as defined by several census tracts. This area is focused on the site of the proposed development and extends to an approximately seven- to 12-mile hinterland. 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.

Report for the Grande Oak Apartments in Williamsburg, Virginia



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 York County are illustrated in the table, below. Employment in 2009 was 28,820. Since then, employment has grown - to 31,681 in 2018.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2009	28,820		
2010	29,377	557	1.9
2011	29,945	568	1.9
2012	29,883	-62	-0.2
2013	30,123	240	0.8
2014	30,215	92	0.3
2015	30,613	398	1.3
2016	30,807	194	0.6
2017	31,350	543	1.8
2018	31,681	331	1.1

Source: Virginia Labor Market Information

Employment trends, by sector

Information on employment, by industry for York County in 2017 and 2018 (the most recent data) is set out in Table 2, below. From this it is seen that, with respect to employment, the largest subsectors were accommodation and food services (tourism-related), and retail trade which employed 17.8 percent, 16.9 percent, respectively, in the most recent quarter.

Table 3 - Employment, by sector

	2017		2018		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc Mining, etc. Utilities	20	0.1	18	0.1	-10.0
Construction	1,541	7.1	1,530	7.1	-0.7
Manufacturing	379	1.8	370	1.7	-2.4
Wholesale trade	318	1.5	337	1.6	6.0
Retail trade	3,703	17.2	3,659	16.9	-1.2
Transp. and Warehousing	452	2.1	457	2.1	1.1
Information	128	0.6	138	0.6	7.8
Finance and Insurance	289	1.3	267	1.2	-7.6
Real estate	368	1.7	400	1.8	8.7
Professional and Technical services Management	1,470	6.8	1,517	7.0	3.2
Administrative and Waste services	2,092	9.7	1,971	9.1	-5.8
Educational services	1,854	8.6	1,853	8.5	-0.1
Health Care and Social Assistance	1,663	7.7	1,844	8.5	10.9
Arts, Entertainment, Recreation	726	3.4	761	3.5	4.8
Accommodation and Food services	3,940	18.3	3,866	17.8	-1.9
Other Services	988	4.6	1,010	4.7	2.2
Public Administration	1,153	5.3	1,145	5.3	-0.7
Unclassified	58	0.3	61	0.3	5.2
Total	21,577		21,699		0.6

Source: Virginia Labor Market Information

Unemployment trends

Unemployment trends for York 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 2.8 percent, down from 3.5 percent the previous year. The rate was 6.1 percent in 2010 and 2011.

Table 4 - Unemployment trends

	<u>York County</u>	<u>Virginia</u>	<u>U.S.</u>
2009	5.3%	6.7%	9.3%
2010	6.1%	7.1%	9.6%
2011	6.1%	6.6%	8.9%
2012	5.8%	6.1%	8.1%
2013	5.4%	5.7%	7.4%
2014	5.0%	5.2%	6.2%
2015	4.3%	4.5%	5.3%
2016	3.9%	4.1%	4.9%
2017	3.5%	3.7%	4.4%
2018	2.8%	3.0%	3.9%

Source: Virginia Labor Market Information

Major Employers

The major employers in the Williamsburg area are listed in Table 5, below. Here it is seen that the largest single employers include the local school systems, Busch Gardens, the College of William and Mary, Colonial Williamsburg, Wal Mart, and the York County government - each of which employs more than 1,000 persons.

Table 5 - Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>
<u>James City County</u>		
Busch Entertainment Corp.	Amusement, etc	1000+
Williamsburg James City County School Board	Educational Services	1000+
Wal Mart	General Merchandise Stores	1000+
County of James City	Local Government	500 to 999
Riverside Regional Medical Center	Hospitals	500 to 999
Eastern State Hospital	Hospitals	500 to 999
Kingsmill Resort And Spa	Accommodation	500 to 999
Anheuser-Busch Inc	Beverage and Tobacco Product Manufacturing	250 to 499
Williamsburg Landing	Nursing and Residential Care Facilities	250 to 499
Avid Medical	Merchant Wholesalers, Durable Goods	250 to 499
Jamestown Yorktown Foundation	Museums, Historical Sites, etc	250 to 499
Williamsburg Plantation	Real Estate	250 to 499
Mastercorp Inc	Administrative and Support Services	250 to 499
<u>City of Williamsburg</u>		
College of William and Mary	Educational Services	1,000+
Colonial Williamsburg Foundation	Museums, Historical Sites, etc	1,000+
Colonial Williamsburg Hotel	Accommodation	500 to 999
Sentara Healthcare	Hospitals	500 to 999
ADP Technology Services, Inc.	Professional, Scientific, Technical Services	250 to 499
<u>York County</u>		
York County School Board	Educational Services	1,000+
County of York	Local Government	1,000+
Wal Mart	Private	500 to 999
U.S. Department of Defense	Federal Government	500 to 999
Great Lakes Services LLC	Accommodation	250 to 499
Guest Service Company of	Private	250 to 499
Wyndham Vacation Ownership Inc	Real Estate	250 to 499
Kroger	Food and Beverage Stores	250 to 499

Source: Virginia Labor Market Information

Virginia Economic Development Partnership reports no jobs lost in recent years. With respect to expansions, the Virginia Economic Development Partnership similarly reports no new recent job announcements.

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 York 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 2.7 percent between 2017 and 2018.

Table 6 - Wages by Industry Sector

	<u>2017</u>	<u>2018</u>	<u>pct change</u>
Agriculture, Forestry, etc	\$684	\$709	3.7
Mining, etc.			
Utilities			
Construction	\$920	\$921	0.1
Manufacturing	\$896	\$896	0.0
Wholesale trade	\$1,408	\$1,502	6.7
Retail trade	\$501	\$524	4.6
Transp. and Warehousing	\$906	\$900	-0.7
Information	\$554	\$674	21.7
Finance and Insurance	\$1,039	\$1,073	3.3
Real estate	\$789	\$789	0.0
Professional and Technical services	\$1,191	\$1,272	6.8
Management	\$1,130	\$994	-12.0
Administrative and Waste services	\$781	\$727	-6.9
Educational services	\$846	\$860	1.7
Health Care and Social Assistance	\$782	\$828	5.9
Arts, Entertainment, Recreation	\$511	\$499	-2.3
Accommodation and Food services	\$382	\$405	6.0
Other Services	\$522	\$526	0.8
Public Administration	\$1,162	\$1,211	4.2
Unclassified	\$965	\$677	-29.8
Total	\$729	\$749	2.7

Source: Virginia Labor Market Information

Commuting patterns

With respect to commuting, data from the American Community Survey, 49.0 percent of workers resident in Williamsburg were employed there. The average driving time to work for residents of Williamsburg was 20.0 minutes.

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	5,889	100.0
Worked in Place of residence	2,886	49.0
Worked in County of residence	2,886	49.0
Worked outside Place of residence	3,003	51.0
Worked outside County of residence	3,003	51.0
Mean travel time to work (minutes)	20.0	

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 Williamsburg area are set out, below.

Here it is seen that many persons who work in York County commute into the County from, for example, Hampton and Newport News. Likewise, many residents of York County commute to work in Newport News and James City County, for example.

Table 8 - Commuting Patterns

<u>Place of work</u>	<u>Place of Residence</u>	<u>Number of Workers</u>
York County	York County	8,755
York County	Hampton City	7,287
York County	James City County	2,114
York County	Newport News City	8,947
York County	Norfolk City	977
York County	Williamsburg City	1,480
Gloucester County	York County	1,402
James City County	York County	3,786
Hampton City	York County	1,638
Newport News City	York County	5,418

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

Given that the proposed development will offer rental housing for seniors, the local economic conditions will not have a direct positive or negative impact on the subject property.

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2000, the population of York County was 56,297, and in 2010 the population was recorded as 65,187. Population projections for York County are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 69,582 by 2020, and to be around 72,477 by 2025.

In 2000, the population of the market area was 69,763, and in 2010 the population was recorded as 93,792. Population projections for the market area are based on the average of several small area population projection techniques using census tract trends for 2000 to 2010 in York County, corrected for the official State Data Center numbers, and on official projections for James City County and the City of Williamsburg. Based on these data, the population of the area is projected to be 108,203 by 2020, and to be around 116,946 by 2025.

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

Table 9- Population Trends

	Williamsburg	Market Area	York County
2000	11,998	69,763	56,297
2010	14,067	93,792	65,187
2020	15,463	108,203	69,582
2025	16,217	116,946	72,477
absolute change			
2000-2010	2,069	24,029	8,890
2010-2020	1,396	14,411	4,395
2020-2025	754	8,743	2,895
annual change			
2000-2010	207	2,403	889
2010-2020	140	1,441	440
2020-2025	151	1,749	579

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

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

In 2000, there were 20,000 households in York County and 23,856 in 2010. Based on the population projections set out, above, there will be around 26,222 households in 2020 and 27,716 in 2025.

There were 26,212 households in the market area in 2000 and 36,039 in 2010. Projections show around 42,407 and 46,286 households in 2020 and 2025, respectively.

Table 10 - Household Trends

	Williamsburg	Market Area	York County
2000	3,619	26,212	20,000
2010	4,570	36,039	23,856
2020	5,411	42,407	26,222
2025	5,889	46,286	27,716
absolute change			
2000-2010	951	9,827	3,856
2010-2020	841	6,368	2,366
2020-2025	478	3,879	1,494
annual change			
2000-2010	95	983	386
2010-2020	84	637	237
2020-2025	96	776	299

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 the Williamsburg, the market area, and York 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 Williamsburg was 23.8 years and that for York County was recorded as 39.4 years. The estimated median age for the market area is 41.2 years. The relatively low average age for Williamsburg reflects the student population there.

Table 11 - Age Distribution

	Williamsburg		Market Area		York County	
	number	percent	number	percent	number	percent
Under 5 years	433	3.1	4,650	5.0	3,812	5.8
5 to 9 years	366	2.6	5,103	5.4	4,745	7.2
10 to 14 years	364	2.6	5,593	6.0	5,241	8.0
15 to 19 years	2,337	16.6	7,376	7.9	5,182	7.9
20 to 24 years	3,887	27.6	7,996	8.5	3,606	5.5
25 to 29 years	1,024	7.3	4,954	5.3	3,413	5.2
30 to 34 years	600	4.3	4,429	4.7	3,393	5.2
35 to 39 years	449	3.2	4,993	5.3	3,862	5.9
40 to 44 years	473	3.4	5,798	6.2	4,838	7.4
45 to 49 years	500	3.6	6,587	7.0	6,030	9.2
50 to 54 years	553	3.9	6,490	6.9	5,533	8.5
55 to 59 years	549	3.9	6,094	6.5	4,181	6.4
60 to 64 years	654	4.6	6,184	6.6	3,694	5.6
65 to 69 years	597	4.2	5,558	5.9	2,801	4.3
70 to 74 years	474	3.4	4,205	4.5	1,950	3.0
75 to 79 years	378	2.7	3,360	3.6	1,466	2.2
80 to 84 years	225	1.6	2,298	2.4	954	1.5
85 years and over	205	1.5	2,163	2.3	763	1.2
55 and older	3,082	21.9	29,862	31.8	15,809	24.1
65 and older	1,879	13.4	17,584	18.7	7,934	12.1
median	23.8		41.2 *		39.4	

* Estimate

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

Age projections

Official population projections by age at the County level are provided by the Virginia State Data Center. Here, the population of York County aged 55 years and older is projected to increase from 15,809 in 2010 to 21,719 in 2020 and to 22,556 by 2025.

In 2010, there were a total of 29,862 persons aged 55 years or older in the project market area, in 17,586 households. By 2020, it is projected (on the basis of survivorship rates and the County projections for York County, James City County and Williamsburg) that there will be 39,802 elderly persons in 23,440 households in the market area. By 2025 it is projected that there will be 42,160 elderly persons in 24,828 households in the market area. The number of older renters is projected to increase from 3,551 to 3,761 between 2020 and 2025.

Table 12 - Population and Households, 55 years and older

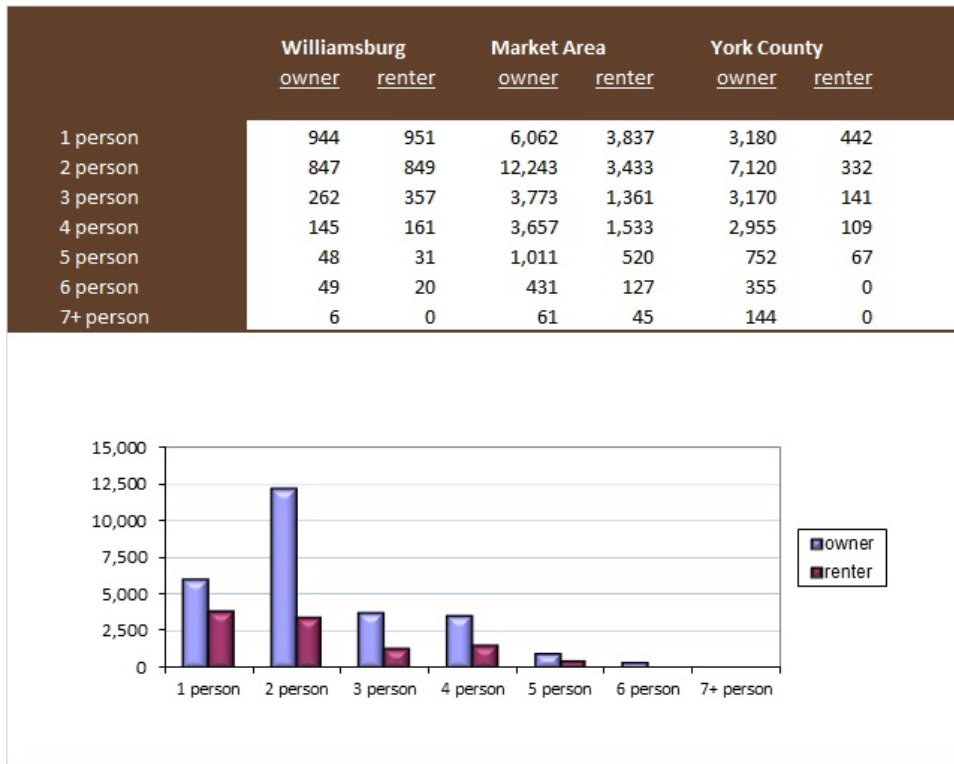
Market Area			
	<u>Population</u>	<u>H'holds</u>	<u>Renters</u>
2000	18,288	9,076	1,769
2010	29,862	17,586	2,664
2020	39,802	23,440	3,551
2025	42,160	24,828	3,761
York County			
	<u>Population</u>	<u>H'holds</u>	<u>Renters</u>
2000	10,406	5,008	453
2010	15,809	9,455	903
2020	21,719	12,990	1,310
2025	22,556	13,490	1,398

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

Household size

Table 13 below, sets out household size, by tenure, for households in Williamsburg, the market area, and York County.

Table 13 - Household Size



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

Tenure

Table 14, below, sets out the number and proportion of owner and renter households for Williamsburg, the market area, and for York County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 tenure trends. In 2010, 56.3 percent of households in Williamsburg were renters, 27.6 percent of households in the market area were renters, and 25.0 percent in York County were renters.

Table 14 - Tenure

Williamsburg		<u>population</u>	<u>households</u>	<u>persons per household</u>	<u>Owner-occupied</u>		<u>Renter-occupied</u>	
					<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000		11,998	3,619	3.32	1,512	41.8	2,107	58.2
2010		14,067	4,570	3.08	1,997	43.7	2,573	56.3
2020		15,463	5,411	2.86	2,465	45.6	2,946	54.4
2025		16,217	5,889	2.75	2,736	46.5	3,153	53.5
Market Area		<u>population</u>	<u>households</u>	<u>persons per household</u>	<u>Owner-occupied</u>		<u>Renter-occupied</u>	
					<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000		69,763	26,212	2.66	19,154	73.1	7,058	26.9
2010		93,792	36,039	2.60	26,081	72.4	9,958	27.6
2020		108,203	42,407	2.55	30,383	71.6	12,024	28.4
2025		116,946	46,286	2.53	32,991	71.3	13,295	28.7
York County		<u>population</u>	<u>households</u>	<u>persons per household</u>	<u>Owner-occupied</u>		<u>Renter-occupied</u>	
					<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000		56,297	20,000	2.81	15,157	75.8	4,843	24.2
2010		65,187	23,856	2.73	17,894	75.0	5,962	25.0
2020		69,582	26,222	2.65	19,459	74.2	6,763	25.8
2025		72,477	27,716	2.61	20,453	73.8	7,263	26.2

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

Tenure by age

Table 15, below, sets out the number of owner and renter households, by age of household head for older households in Williamsburg, the market area, and York County, based on data in the 2014 to 2018 American Community Survey. From this table it can be seen that, for example, 3,229 out of 20,701 households headed by a person 55 years or older in the market area are renters (15.6 percent).

Table 15 - Tenure of Elderly Households

Williamsburg	Households	Owner-occupied		Renter-occupied	
		number	percent	number	percent
55 to 59 years	334	196	58.7	138	41.3
60 to 64 years	461	294	63.8	167	36.2
65 to 74 years	730	598	81.9	132	18.1
75 to 84 years	540	452	83.7	88	16.3
85 years and older	136	119	87.5	17	12.5
total, 55 and older	2,201	1,659	75.4	542	24.6
total, 65 and older	1,406	1,169	83.1	237	16.9
Market Area					
55 to 59 years	3,295	2,772	84.1	523	15.9
60 to 64 years	3,862	3,291	85.2	571	14.8
65 to 74 years	7,372	6,686	90.7	686	9.3
75 to 84 years	4,298	3,572	83.1	726	16.9
85 years and older	1,874	1,151	61.4	723	38.6
total, 55 and older	20,701	17,472	84.4	3,229	15.6
total, 65 and older	13,544	11,409	84.2	2,135	15.8
York County					
55 to 59 years	2,620	2,225	84.9	395	15.1
60 to 64 years	2,257	1,981	87.8	276	12.2
65 to 74 years	3,481	3,259	93.6	222	6.4
75 to 84 years	1,884	1,726	91.6	158	8.4
85 years and older	759	583	76.8	176	23.2
total, 55 and older	11,001	9,774	88.8	1,227	11.2
total, 65 and older	6,124	5,568	90.9	556	9.1

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

Income Distribution

The distribution of household incomes for Williamsburg, the market area, and York County. are set out in Table 16, 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 Williamsburg is around \$56,163, and that for York County as a whole is seen to be \$90,367. The median income for the market area is estimated at \$73,217.

Table 16 - Household Income

	Williamsburg		Market area		York County	
	number	percent	number	percent	number	percent
less than \$10,000	505	10.9	1,801	5.2	618	2.6
\$10,000 to \$14,999	146	3.2	887	2.5	466	2.0
\$15,000 to \$19,999	126	2.7	1,113	3.2	489	2.1
\$20,000 to \$24,999	248	5.4	1,469	4.2	497	2.1
\$25,000 to \$29,999	213	4.6	1,351	3.9	469	2.0
\$30,000 to \$34,999	167	3.6	772	2.2	888	3.8
\$35,000 to \$39,999	242	5.2	1,417	4.1	885	3.8
\$40,000 to \$44,999	110	2.4	1,545	4.4	694	3.0
\$45,000 to \$49,999	293	6.3	1,301	3.7	908	3.9
\$50,000 to \$59,999	400	8.6	2,703	7.7	1,598	6.9
\$60,000 to \$74,999	328	7.1	3,527	10.1	2,759	11.8
\$75,000 to \$99,999	584	12.6	5,416	15.5	3,531	15.1
\$100,000 to \$124,999	385	8.3	4,487	12.9	3,189	13.7
\$125,000 to \$149,999	189	4.1	1,688	4.8	1,221	5.2
\$150,000 to \$199,999	256	5.5	3,154	9.0	2,815	12.1
\$200,000 or more	442	9.5	2,270	6.5	2,297	9.8
median income	\$56,163		\$73,217 *		\$90,367	

* Estimate

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

Income, by age

The distribution of household incomes for persons aged 65 years and older in Williamsburg, the market area, and York County are set out in Table 17, below. Again, 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 older households in Williamsburg is around \$61,364, and that for York County as a whole is seen to be \$64,615. The median income for the market area is estimated at \$76,144.

Table 17 - Household Income, Households aged 65 and older

	Williamsburg		Market area		York County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	27	1.9	408	3.0	224	3.7
\$10,000 to \$14,999	53	3.8	377	2.8	215	3.5
\$15,000 to \$19,999	36	2.6	511	3.8	321	5.2
\$20,000 to \$24,999	66	4.7	559	4.1	236	3.9
\$25,000 to \$29,999	83	5.9	574	4.2	233	3.8
\$30,000 to \$34,999	66	4.7	265	2.0	238	3.9
\$35,000 to \$39,999	54	3.8	608	4.5	296	4.8
\$40,000 to \$44,999	39	2.8	498	3.7	216	3.5
\$45,000 to \$49,999	62	4.4	491	3.6	296	4.8
\$50,000 to \$59,999	211	15.0	1,091	8.1	512	8.4
\$60,000 to \$74,999	114	8.1	1,298	9.6	733	12.0
\$75,000 to \$99,999	170	12.1	2,071	15.3	765	12.5
\$100,000 to \$124,999	118	8.4	1,648	12.2	583	9.5
\$125,000 to \$149,999	108	7.7	1,142	8.4	341	5.6
\$150,000 to \$199,999	60	4.3	946	7.0	539	8.8
\$200,000 or more	139	9.9	1,057	7.8	376	6.1
median income	\$61,364		\$76,144 *		\$64,615	

* Estimate

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

Renter Income

The distribution of household incomes for renter households for Williamsburg, the market area, and York County. are set out in Table 18, below. These figures are also taken from the 2014 to 2018 American Community Survey.

The median household income for Williamsburg is around \$37,694, and that for York County as a whole is seen to be \$62,561. The median income for the market area is estimated at \$46,098.

Table 18 - Household Income, Renter Households

	Williamsburg		Market area		York County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	460	19.4	1,312	12.1	109	10.0
\$10,000 to \$19,999	195	8.2	1,012	9.3	97	8.9
\$20,000 to \$34,999	394	16.6	1,711	15.8	226	20.7
\$35,000 to \$49,999	431	18.2	1,885	17.4	305	28.0
\$50,000 to \$74,999	345	14.6	1,769	16.3	151	13.8
\$75,000 to \$99,999	239	10.1	1,349	12.4	116	10.6
\$100,000 or more	305	12.9	1,818	16.7	87	8.0
median income	\$37,694		\$46,098 *		\$62,561	

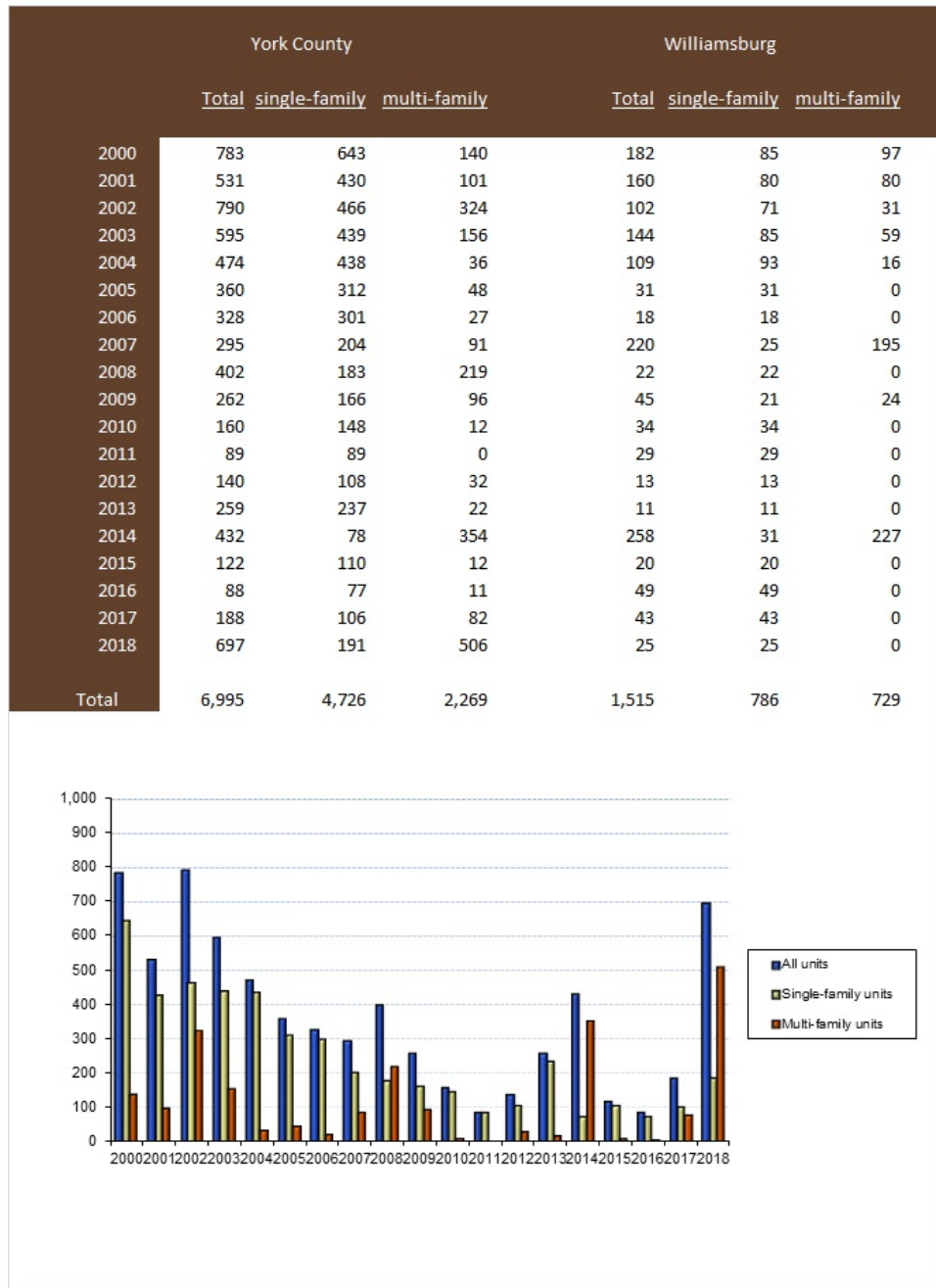
* Estimate

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

Building permit trends

Table 19 below gives details of residential construction in York County and Williamsburg since 2000. Where the data exist, it can be seen that a total of 6,995 units were added in throughout the County, and 1,515 were added in Williamsburg. No data exist for the market area.

Table 19 - Residential Construction Since 2000



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

H. COMPETITIVE ENVIRONMENT

There are three established apartment complexes located in the market area for the proposed development which cater to older persons - each of which is subsidized for very low income renters (and two of which have been rehabilitated using low income housing tax credit financing). A fourth complex is the new 130-unit Arbors at Towne Park Apartments. This complex opened in early 2019, and is financed with low income housing tax credits - consequently, this is the only comparable unsubsidized tax credit project, for seniors, in the project market area. There are no comparable market rate complexes designated solely for seniors. The various complexes for the elderly were identified and surveyed, and where useful information was made available to us, this is presented, below.

As noted, the Arbors at Towne Park is a new 130-unit tax credit property for seniors. It is located in the Town Park community, off Route 603, near the Sentara Hospital. There are 55 one bedroom units and 75 two bedroom (one and one-half bath) units. Twenty of the units are market rate - eight one-bedroom units and twelve two-bedroom units. All the tax credit units are targeted at 60 percent of the median. The tax credit rent is \$830 and \$975 to \$980 for the one- and two-bedroom units, respectively, and the equivalent numbers for the market rate units are \$1,325 and \$1,550. Rents include utilities. The property opened between February and April, 2019, and is reported to have been fully occupied by October, 2019. Currently, there are no vacant units.

The two subsidized properties that have been rehabilitated were originally developed in the 1980's through the USDA/Rural Development Section 515 Rural Rental Housing program. The Burnt Ordinary Village complex is reported to be fully occupied and remain so on an ongoing basis, as is Lafayette Village.

The other subsidized property is newer: Parker View is a HUD Section 202 complex that opened in 2009 and offers 67 one-bedroom units. Again, it is fully occupied, with a waiting list.

Although there are few potentially comparable market rate senior properties in the area, it should be noted that there is one retirement community in the area which offers apartment units for independent seniors without an endowment or other large pay-in fee (as is the case with many upscale retirement communities). Verena at the Reserve is a 120-unit community that opened in 2010. It offers a mix of one- and two bedroom units. Monthly rental fees are more than \$2,000. This fee includes two meals per day (breakfast and lunch) and includes all utilities, and cable.



Verena at the Reserve

Based on our survey of the stabilized senior units in this area , there is a market-wide occupancy rate of 100 percent.

As noted, there are no potentially comparable market rate apartment developments that cater to the elderly in the market area. Thus, several market rate open/family properties have been identified as potential comparable properties - they have been chosen on the basis of age, location, and bedroom mix. Information for the two-bedroom units at these properties are summarized below.

Table 20 - Market Rate Properties

<u>Property</u>	<u>Year built</u>	<u>Two-bedroom rents</u>
Founders Village	2014	\$1,216-1,636
Monticello at Powhatan	2001	\$1,414-1,844
Spotswood Commons	2002	\$1,340-1,380
Steeplechase on the Lake	1987	\$1,325-1,380
Sterling Manor	2008	\$1,652-1,785

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



Founders Village



Monticello at Powhatan



Steeplechase on the Lake



Sterling Manor

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 \$1,306 for a two-bedroom unit..

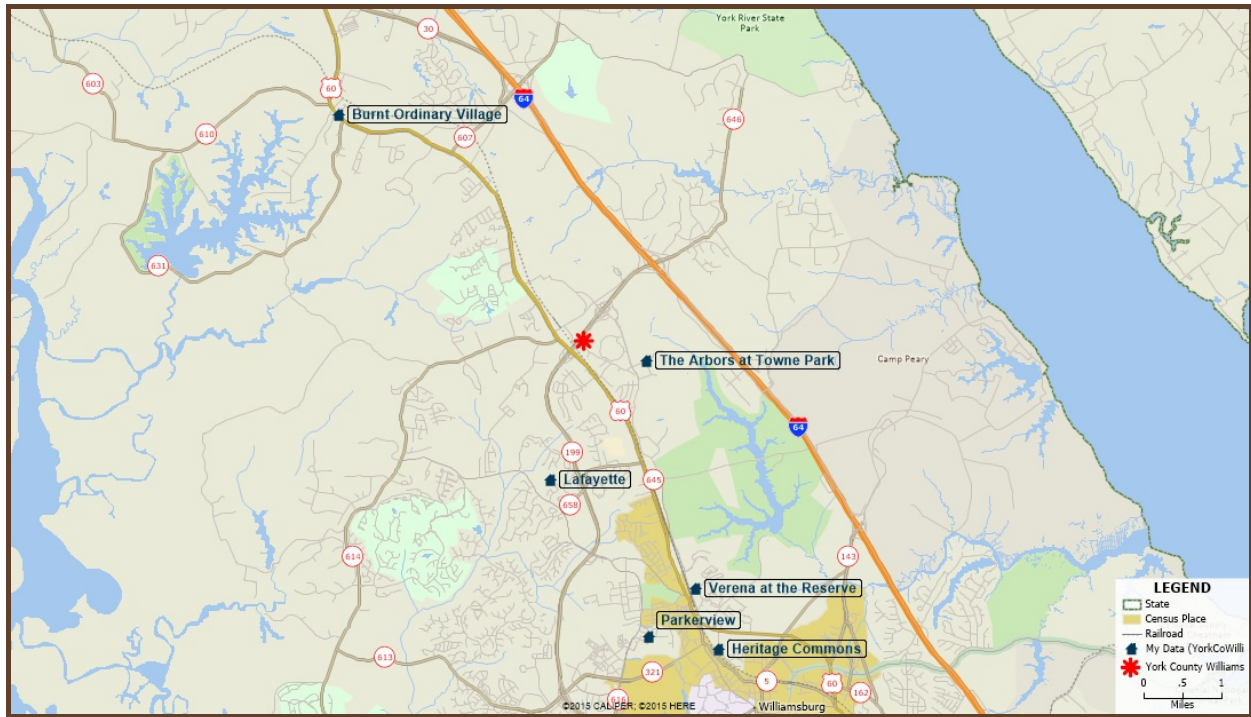
The various complexes surveyed are summarized as follows:

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Arbors at Towne Park	LIHTC	2019	130	0	100.0
Burnt Ordinary	USDA/RD	1985	22	0	100.0
Lafayette	USDA/RD	1989	32	0	100.0
Parker View	HUD § 202	2009	67	0	100.0

	0 br/1ba			1 br/1ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Grande Oak						
Arbors at Towne Park				55	650-782	\$830,1,325
Burnt Ordinary				22	n/a	boi
Lafayette				32	555	boi
Parker View				67	539	boi

	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Grande Oak	49	950	\$435-1,125			
Arbors at Towne Park	75	1,030	\$980-1,550			
Burnt Ordinary	20	n/a	boi			
Lafayette	20	n/a	boi			
Parker View	16	n/a	boi			

Location map





The Arbors at Towne Park

Location: 101 Roscoe Crossing, Williamsburg
 Year built: 2019

Total units: 130
 Typical occupancy: n/a

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>2 br/1½ ba</u>
Units:	47	8	63	12
Unit size (sq. ft.):	650-782	782	1,030	1,030
Rent:	\$830*	\$1,325	\$980*	\$1,550
Rent/sq. ft.:	\$1.16*	\$1.69	\$0.95*	\$1.50
Vacant units: 0, overall				

Management: Franklin Johnston Group (Ursula 757.345.3531 [2/27])
 Telephone: on site management site visit other

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 (some) 9'+ ceilings High-end kitchen (some) Washer/Dryer
 Washer/Dryer Hook-up Wood floor Fireplaces Patios/balconies

*Tax credit



Burnt Ordinary Village

Location: 3301 Toano Dr., Toano
Financing: USDA/RD § 515
Year built: 1985 (rehabilitated 2012)

Total units: 22, elderly
Rental assistance: 22
Typical occupancy: 100% (waiting list)

1 br/1 ba

Units: 22
Unit size (sq. ft.): n/a
Basic rent: \$725
Market rent: n/a
Vacant units: 0

Management: TM Associates (757.566.1771 [1/29])
Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Community Room Fitness center Pool Tennis Playground
Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
Fireplaces (\$) Patios/balconies



Lafayette Village

Location: 121 Lafayette Blvd., Williamsburg
Financing: USDA/RD § 515
Year built: 1989 (rehabilitated 2007)

Total units: 32, elderly
Rental assistance: 32
Typical occupancy: 100% (waiting list)

1 br/1 ba

Units: 32
Unit size (sq. ft.): 555
Basic rent: n/a
Market rent: n/a
Vacant units: 0

Management: Community Housing Partners (757.565.1610 [2/6])
Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Community Room Fitness center Pool Tennis Playground
Business Center Security gate Parking (Garages) Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
Fireplaces (\$) Patios/balconies



Parker View

Location: 100 Parker View Court, Williamsburg
Financing: HUD § 202
Year built: 2009

Total units: 67
Rental assistance
Typical occupancy: 100% (waiting list)

1 br/ 1 ba

Units: 67
Unit size (sq. ft.): 539
Contract rent: \$506
Vacant units: 0

Management: Bay Aging (Hana - 757.345.0896 [2/6])
Telephone: on site / management site visit other

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Security gate Parking Laundry

Unit features: Microwave Dishwasher Washer/Dryer (\$) Washer/Dryer Hook-up
Fireplaces (\$) Patios/balconies

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

Demand Analysis

The proposed development will rent to older adults - defined as those aged 55 years and older.

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. With respect to the latter, separate consideration is given to market area renter households and market area owner-occupied households.

Income is a key variable in the analysis of housing markets. Of the 49 units proposed, five will be targeted to households with incomes up to 30 percent of the median, 20 will be targeted to households with incomes up to 50 percent of the median, with six targeted at 60 percent of the median, one unit will be targeted at 70 percent of the median, and 17 units will be targeted at 80 percent of the median (and therefore applying income averaging).

The HUD income limits for York County (the Virginia Beach-Norfolk-Newport News MSA) are set out below. The median income for York County in 2019 is \$79,300 - having been \$75,000 in 2018, and \$67,900 in 2009. This represents a 5.7 percent increase over the previous year, and a 16.8 percent increase over the last decade (or an average of 1.56 percent per year).

The maximum housing expenses for the proposed units are based on the above 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 21 - Income Limits and Maximum Housing Costs

Income Limits					
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>
1 person	\$16,680	\$27,800	\$33,360	\$38,920	\$44,480
2 person	\$19,050	\$31,750	\$38,100	\$44,450	\$50,800
3 person	\$21,420	\$35,700	\$42,840	\$49,980	\$57,120
Maximum Housing Costs					
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>
1 bedroom	\$447	\$744	\$893	\$1,042	\$1,191
2 bedroom	\$536	\$893	\$1,071	\$1,250	\$1,428

Source: HUD

Information as to rents and income targeting, and qualifying income ranges are set out in Table 22, below

Table 22 - Rents and Income Targeting

Income targeting						
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>	<u>Total</u>
2 bedroom	5	20	6	1	17	49
proposed rents						
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>	
2 bedroom	\$435	\$785	\$940	\$1,000	\$1,125	
proposed rents as a proportion (%) of maximum						
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>	
2 bedroom	99.5	98.9	96.9	87.9	85.6	

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowance for the proposed development is \$98 for the two-bedroom units.

From the table above, it can be seen that housing expenses at the proposed apartments fall at 97 to 100 percent of the maximum allowable for the units targeted at each of the 30 percent, 50 percent, and 60 percent levels, and around 86 to 88 percent of the maximum for the units targeted at 70 percent and 80 percent.

It should be noted that the rents for the proposed five rent-assisted units exceed the maximum tax credit rent (\$794). Here, demand for units without rental assistance is based on the rent for non-assisted units (given that it is almost at the maximum allowable), and are thus combined in the demand for those units.

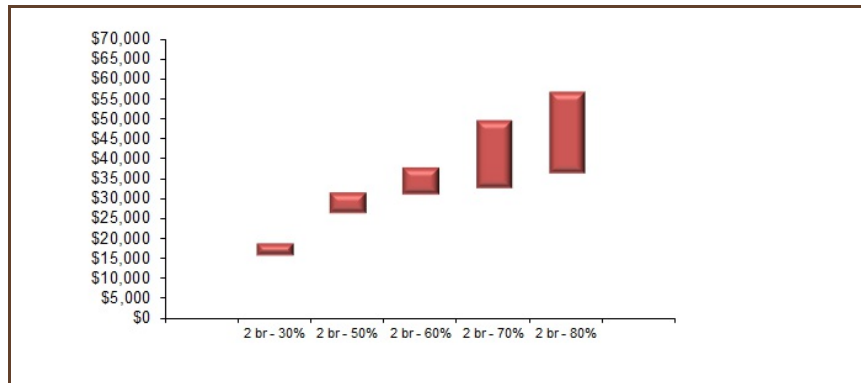
Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 40 percent of 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, capped at two persons for elderly complexes). The qualifying income limits for one- bedroom units are based on the proposed rent levels relative to the maximum allowable.

Table 23 - Qualifying Income Ranges

	<u>30 percent</u>	
	lower	upper
2 bedroom	\$15,990	\$19,050
	<u>50 percent</u>	
	lower	upper
2 bedroom	\$26,490	\$31,750
	<u>60 percent</u>	
	lower	upper
2 bedroom	\$31,140	\$38,100
	<u>70 percent</u>	
	lower	upper
2 bedroom	\$32,940	\$49,980
	<u>80 percent</u>	
	lower	upper
2 bedroom	\$36,690	\$57,120

Source: Applicant; T Ronald Brown: Research & Analysis

The various qualifying income ranges, by bedroom mix and income targeting are illustrated, below. It should be noted from the diagram that the target income ranges for the two-bedroom units are somewhat compressed because two-person households are to be used for the upper income limit (and 1.5 persons for one-bedroom units). 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 age, 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 24 - Household Income, Older Renter Households

Income	All Older Owners		All Older Renters		Overburdened Renters	
	Number	Percentage	Number	Percentage	Number	Percentage
Up to \$10,000	305	1.5	229	6.5	147	8.7
\$10,000 - \$19,999	1,052	5.3	518	14.6	359	21.2
\$20,000 - \$34,999	2,066	10.4	811	22.8	549	32.4
\$35,000 - \$50,000	2,366	11.9	520	14.6	335	19.8
\$50,000 - \$75,000	3,559	17.9	570	16.0	193	11.4
\$75,000 - \$100,000	2,900	14.6	328	9.2	46	2.7
\$100,000 and over	7,642	38.4	576	16.2	65	3.8
Total	19,889		3,551		1,695	

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 6.5 percent of the market area older renter households have incomes less than \$10,000 and a further 14.6 percent have incomes between \$10,000 and \$20,000. Around 22.8 percent of older renters are seen to be in the \$25,000 to \$35,000 income range. Around 48 percent of all older renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 23 and the income distribution set out in Table 24, it is found that 5.5 percent of households at the 30 percent of the median qualify for the proposed units, and around 11.4 percent of market area older renter households qualify for units at 50 percent of the median. The corresponding figures for units at the 60 percent, 70 percent, and 80 percent levels are 11.9 percent, 20.7 percent, and 20.5 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.

With respect to household growth of older households, the projections of the older population and households for the project market area show that the number of elderly persons (55 years and older) was projected to increase from 39,802 in 2020 to 42,160 in 2025. Likewise, the number of older households was projected to increase from 23,440 to 24,828.

The number of elderly renters is projected to increase by 210 between 2020 and 2025 (from 3,551 to 3,761 households). Based on the distribution of elderly renter household incomes there are 84 new elderly renter households which qualify for the proposed development.

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing older households—both homeowners and renters—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 1,506 older renter households in the qualifying income ranges 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, 69.3 percent of renters at the 30 percent level are rent-overburdened, and 67.7 percent of renters qualifying at 50 percent are overburdened. Around 67.1 percent of those at 60 percent of the median are rent-overburdened, with the corresponding proportions for households at 70 percent and 80 percent of the median being 65.6 percent and 53.1 percent, respectively. 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 46 units.

Our calculations show that there will be a total of 5,327 older owner-occupied households in the qualifying income ranges in the market area. With respect to the existing elderly homeowners it is realistically assumed that perhaps 5 percent would consider moving to the proposed apartments. This translates to around 266 new older renters (where is number is capped at 20 percent of total demand).

Total demand is therefore seen to amount to 1,309 units. This total demand has to be segmented to determine demand by number of bedrooms per unit. For the purposes of this report, it can be reasonably assumed that up around one-half of older households would choose a one-bedroom unit, and one-half would chose a two-bedroom unit.

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 project has been added in the project market area over the projection period. The 130-unit Arbors at Towne Park complex was absorbed in 2019. No other comparable properties have funded or are under construction. The net need is therefore for 1,309 units.

The preceding calculations are summarized in the table, below.

Table 25 - Demand Calculations

	30 percent	50 percent	60 percent	70 percent	80 percent	Total*
(i) income eligible new renter households	12	21	25	44	43	84
(ii) income eligible existing renter households	207	372	440	779	771	1,506
(iii) existing renter households, likely to move	143	252	295	511	409	912
(iv) renters in obsolete housing	6	11	13	24	23	46
(v) income eligible existing owner households	420	947	1,262	3,005	3,499	5,327
(vi) existing owner households, likely to move	21	47	63	150	175	266
Total demand (i)+(ii)+(iii)+(iv)+(v)+(vi)	182	331	396	728	650	1,309
Supply	0	0	0	0	0	0
Net demand	182	331	396	728	650	1,309

Source: T. Ronald Brown: Research & Analysis

Capture rates are illustrated in the table, below.

Table 26 - Capture Rates

	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>	<u>Total*</u>
Total demand						
1 bedroom	91	166	198	364	325	654
2 bedroom	91	166	198	364	325	654
Total	182	331	396	728	650	1,309
Supply						
1 bedroom	0	0	0	0	0	0
2 bedroom	0	0	0	0	0	0
Total	0	0	0	0	0	0
Net demand						
1 bedroom	91	166	198	364	325	654
2 bedroom	91	166	198	364	325	654
Total	182	331	396	728	650	1,309
Units proposed						
1 bedroom	0	0	0	0	0	0
2 bedroom	5	20	6	1	17	49
Total	5	20	6	1	17	49
Capture rates						
1 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2 bedroom	5.5%	12.1%	3.0%	0.3%	5.2%	7.5%
Total	2.7%	6.0%	1.5%	0.1%	2.6%	3.7%

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 49-unit development amounts to 3.7 percent of the total net need.

The capture rate, by bedroom, is determined to be 7.5 percent for the 49 two-bedroom units.

The five two-bedroom units targeted at 30 percent of the median amount to 5.5 percent of the demand at that target income level. The 20 two-bedroom units at 50 percent of the median amount to 12.1 percent of demand at that target level, and the six two-bedroom units targeted at the 60 percent level amount to around 3.0 percent of demand at that level. The one two-bedroom unit at 70 percent of the median and the 17 two-bedroom units targeted at 80 percent represent 0.3 percent and 5.2 percent of demand at those levels.

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

As noted, the capture rates presented above are considered realistic. Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated four-to-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 80 percent limit (the highest target income range) for the largest unit size, by number of bedrooms. Here, the lower income is seen to be that for the proposed two-bedroom units that will be targeted to households at the 30 percent level. That is, \$435 per month. Given a \$98 utility allowance and a 40 percent rent-to-income ratio, the lower qualifying income is seen to be \$13,380. The upper income is \$57,120. Based on the income data set out in Table 24, there are found to be 1,944 older renter households in that range. Thus, the proposed 49-unit development corresponds to a 2.5 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 there is one property that is comparable to the proposed units. Thus, given the rents for the proposed development, the target income range for this market is that as set out above. That is, from \$13,380 to \$57,120. Thus, given that there are as, noted, 1,944 qualifying elderly renter households in the market area. It is seen that 49 units are proposed, there are 110 comparable tax credit units (at the Abors), with none under construction or funded for future construction. Thus, the penetration rate - as defined - amounts to 8.2 percent.

Summary

Consideration of the capture rate (3.7 percent), the (2.5 percent) affordability analysis capture rate and (8.2 percent) penetration rate suggests that the proposed development is very marketable, as proposed.

J. LOCAL PERSPECTIVES 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 the only directly comparable, stabilized, tax credit property in the area is the Arbors at Towne Park. The site manager at that location, Pat, believes that the area could accommodate more tax credit units for the elderly, such as is proposed.

K. ANALYSIS/CONCLUSIONS

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

Based on the proposed development's site, bedroom mix, amenities and features, the proposed development is considered marketable and should be accepted in this market.

The site location will offer a significant advantage as will the proposed rents, particularly those set to be affordable to households at 30 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 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

Date March 5, 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 30 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 2,500 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 reports 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
York 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 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.