

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

**Prepared for  
Pleasant View VA LLC  
for submission to  
Virginia Housing**

**Virginia Housing Application: 2021 C- 31**

As of February 25, 2021

**T Ronald Brown: Research & Analysis**  
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A. EXECUTIVE SUMMARY

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

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

Employment in Shenandoah County grew from 19,167 in 2010 to 21,863 in 2019.

For Shenandoah County, the most recent annual unemployment rate is 2.5 percent, down from 2.9 percent the previous year. The rate was 8.2 percent in 2010.

It should be noted that data - both nationally and locally - suggest that employment gains over the last decade or so have been significantly impacted with the onset of the economic disruption caused by the coronavirus pandemic. In Shenandoah County, for example, 20,536 people were employed in September 2020, compared with 21,947 in September 2019 - 1,411 fewer jobs.

The market area for the proposed development is northern and central Shenandoah County, and adjacent portions of Frederick County and Warren County.

The population of the market area is projected to increase from 44,920 in 2021, to 47,713 in 2026. The number of households is projected to increase, from 17,768 in 2021 to 18,861 in 2026. The number of renter households in the market area is projected to increase from 4,867 to 5,255 over the 2021 to 2026 projection period.

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

Based on our survey, there is a market-wide occupancy rate of 94.6 percent - 99.8 percent if the refurbished units at Valley Vista are excluded.

Occupancy at tax credit properties is found to be around 99.6 percent (excluding Valley Vista).

Occupancy at the various market rate properties in the market area is seen to be 100.0 percent (and that for the subsidized properties is 99.2 percent).

The total need for tax credit units such as is proposed in the Strasburg area by 2026 is calculated to be for 540 units. The net need is for 540 units. Given the calculated net need, the proposed 48-unit development amounts to 8.9 percent of the need.

Consideration of the capture rate (8.9 percent), the (1.9 percent) affordability analysis capture rate, and (14.5 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 four- to-six- month period, or so. This is likely to be abbreviated assuming that the waiting list for the initial phases can be drawn-on.

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

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

Astoria data:

Project Wide Capture Rate, LIHTC units: 8.9 percent

Project Wide Capture Rate, market units: n/a

Project Wide Capture Rate, all units: 8.9 percent

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

**B. INTRODUCTION AND SCOPE OF WORK**

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

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

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

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

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

The site of the proposed apartments was visited (on February 25, 2021).

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



Date: March 17, 2021

**C. PROJECT DESCRIPTION**

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

The project is to be configured as follows:

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
2 bedroom/1 ½ bath	3	789	\$310	less than 30 percent
2 bedroom/1 ½ bath	11	789	\$615	less than 50 percent
2 bedroom/1 ½ bath	5	789-801	\$765	less than 60 percent
2 bedroom/1 ½ bath	9	801	\$1,050	less than 80 percent
3 bedroom/2 bath	2	1,251	\$354	less than 30 percent
3 bedroom/2 bath	8	1,251	\$708	less than 50 percent
3 bedroom/2 bath	2	1,251-1,255	\$884	less than 60 percent
3 bedroom/2 bath	8	1,252	\$1,200	less than 80 percent

\* percentage of area median income

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

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 \$148 for the two-bedroom units, and \$175 for the three-bedroom units. Based on information supplied by the developer, the proposed apartments will meet energy-saving standards, both for construction and for appliances provided.

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

There are 107 parking spaces.

Representative architectural drawings are set out on the following pages.

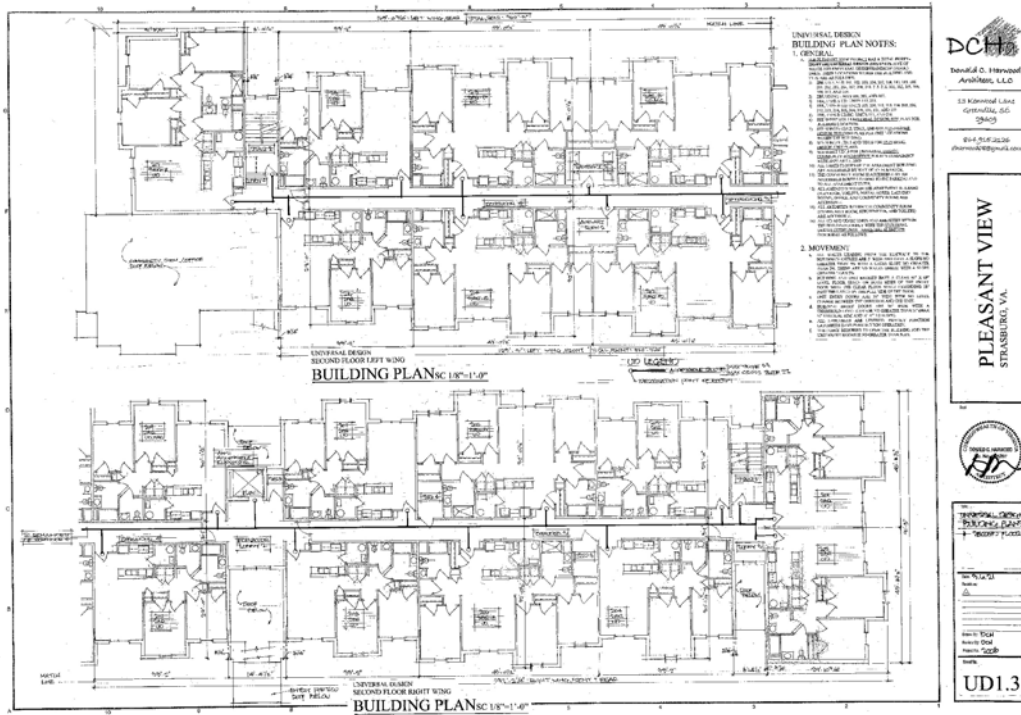
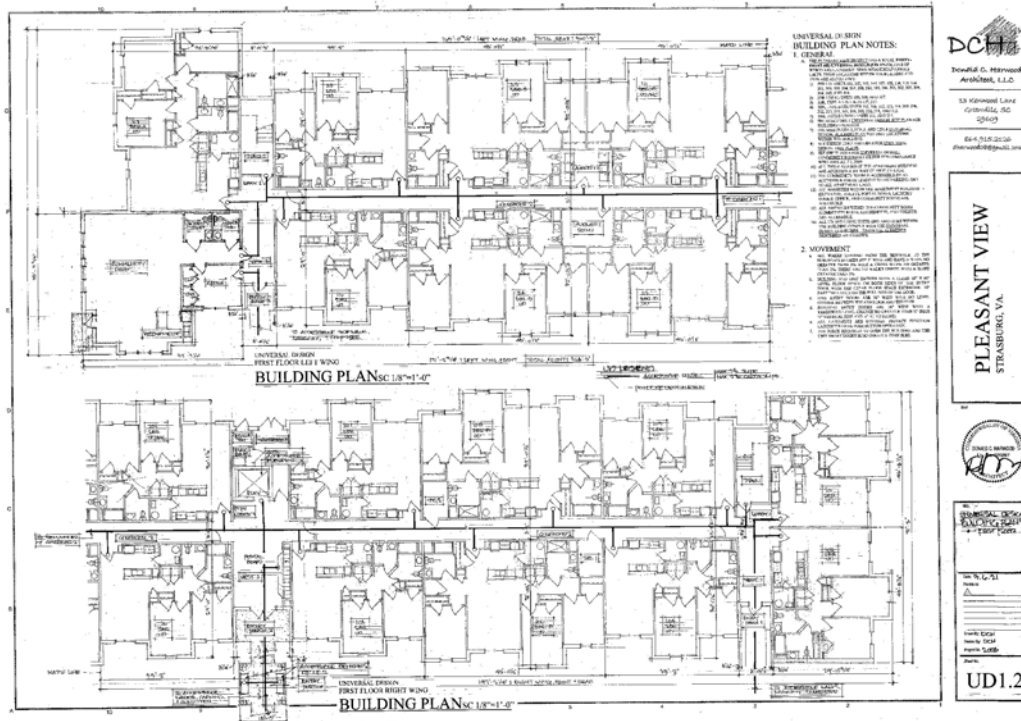
It is understood that the construction program would commence in May, 2022 and would be completed within 12 months, or so.





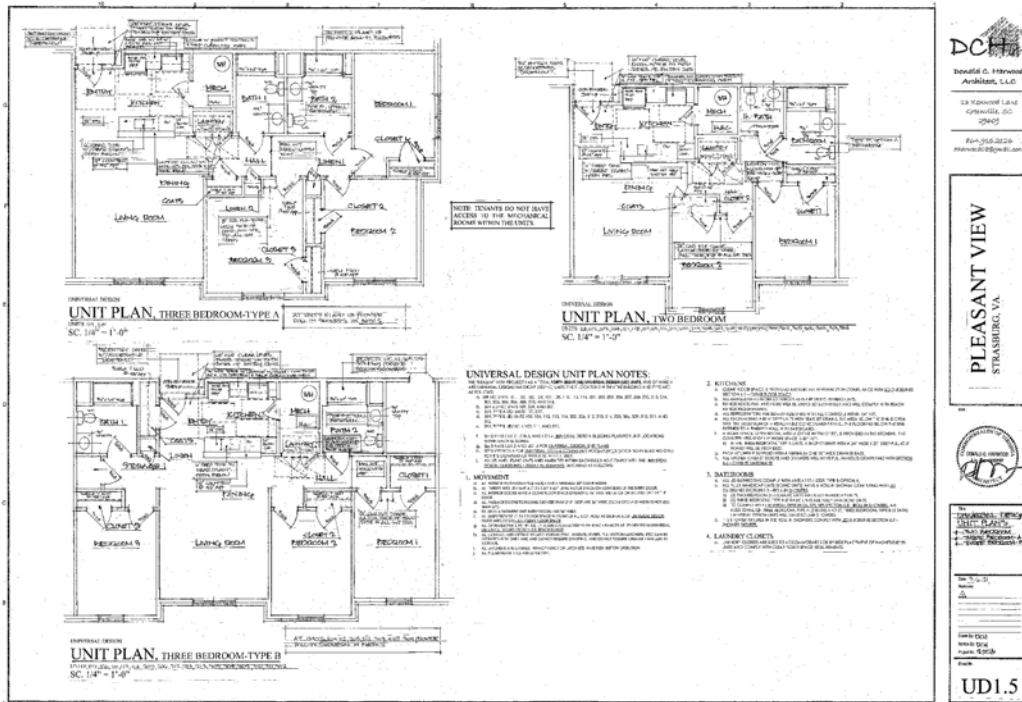
Report for the Pleasant View Apartments in Strasburg, Virginia

Floor plans



Report for the Pleasant View Apartments in Strasburg, Virginia

Unit plans



Elevations



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**PLEASANT VIEW**  
STRASBURG, VA



DATE: 11/11/11  
SCALE: AS SHOWN  
PROJECT: PLEASANT VIEW  
SHEET: A3.1



D. LOCATION

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





View onto site, at end of Pleasant View Dr.



View onto property



View along Pleasant View Dr., towards site





View on property



View along Pleasant View Dr.



View down Stonewall St., at Pleasant View Dr.

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

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

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

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

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

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

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



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Report for the Pleasant View Apartments in Strasburg, Virginia

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

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Table 1 - Distance to Neighborhood and Community Amenities

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

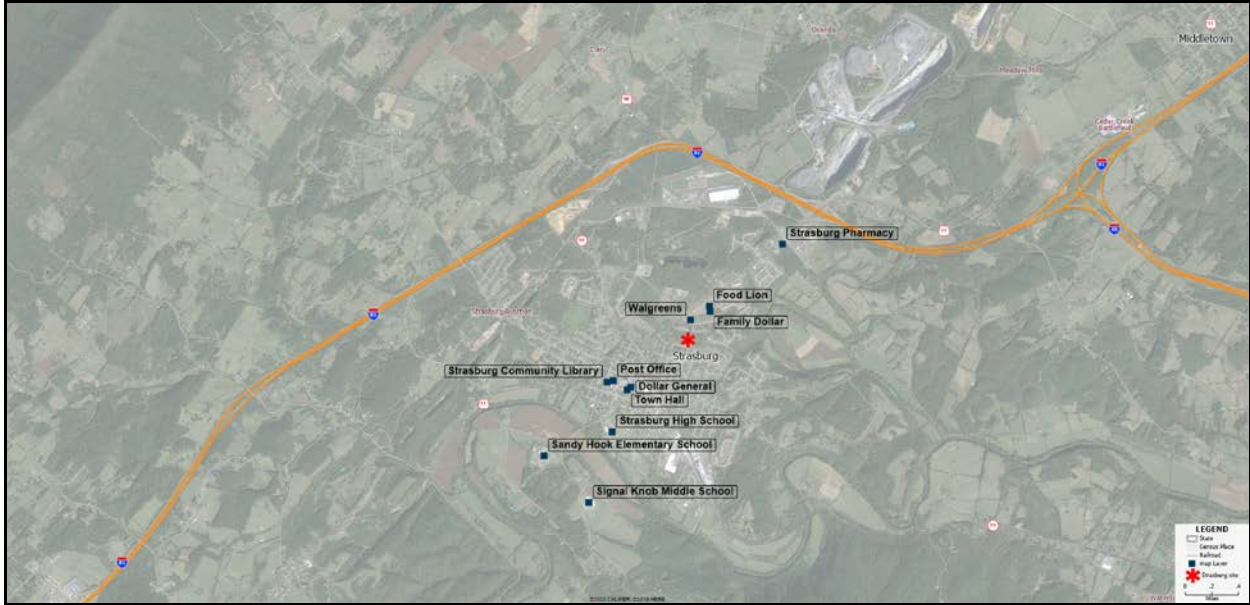
Source: T.Ronald Brown: Research & Analysis

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## Report for the Pleasant View Apartments in Strasburg, Virginia

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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.

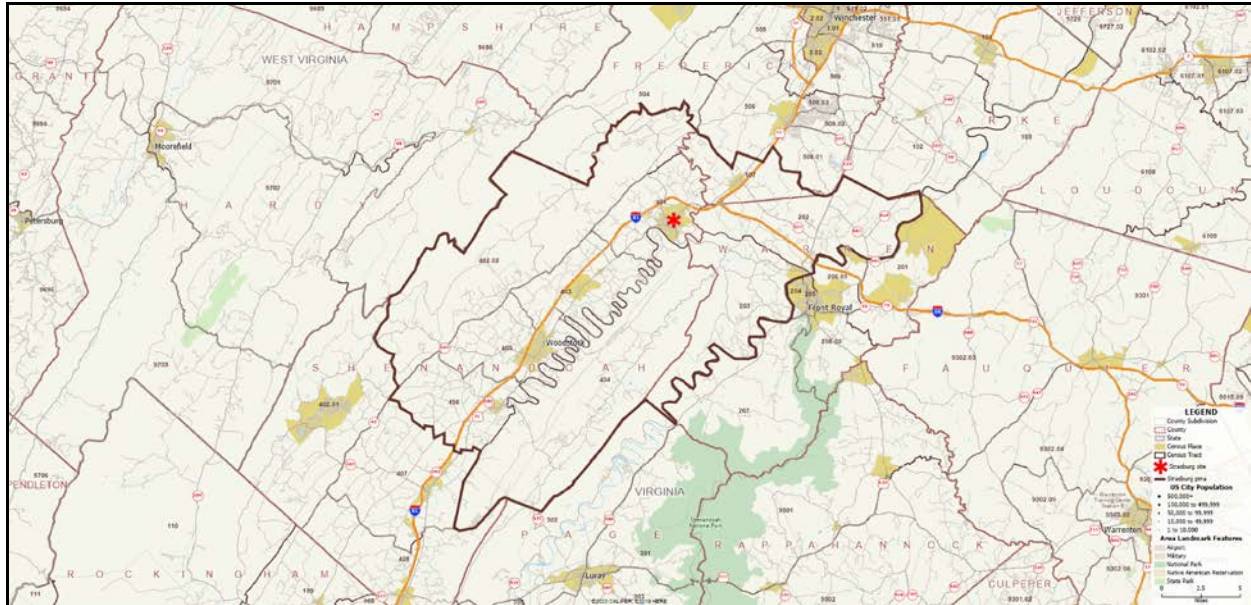
E. MARKET AREA DEFINITION

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

Report for the Pleasant View Apartments in Strasburg, 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 Shenandoah County are illustrated in the table, below. Employment in 2010 was 19,117. Since then, employment has grown - to 21,863 in 2019 - an increase of almost 2,750 jobs over that period.

It should be noted that data - both nationally and locally - suggest that employment gains over the last decade or so have been significantly impacted with the onset of the economic disruption caused by the coronavirus pandemic. In Shenandoah County, for example, 20,536 people were employed in September 2020, compared with 21,947 in September 2019 - 1,411 fewer jobs.

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Table 2 - Total Employment

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		Change over previous year	
		<u>number</u>	<u>percent</u>
2010	19,117		
2011	19,597	480	2.5
2012	19,508	-89	-0.5
2013	19,764	256	1.3
2014	20,145	381	1.9
2015	20,134	-11	-0.1
2016	20,008	-126	-0.6
2017	20,891	883	4.4
2018	21,528	637	3.0
2019	21,863	335	1.6

Source: Bureau of Labor Statistics

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Employment trends, by sector

Information on employment, by industry for Shenandoah County in 2018 and 2019 (the most recent annual data) is set out in Table 3, below. From this it is seen that, with respect to employment, the largest subsectors were manufacturing which employed 24.5 percent of the total. Healthcare and retail trade employed 11.5 percent and 10.8 percent, respectively, in the most recent year.

Table 3 - Employment, by sector

	2018		2019		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc Mining, etc.					
Utilities	72	0.5	75	0.5	-0.5
Construction	624	4.4	606	4.3	1.9
Manufacturing	3,493	24.5	3,475	24.5	-2.2
Wholesale trade	268	1.9	273	1.9	1.5
Retail trade	1,565	11.0	1,531	10.8	9.8
Transp. and Warehousing	594	4.2	603	4.3	-0.8
Information	605	4.2	664	4.7	3.8
Finance and Insurance	236	1.7	234	1.6	-10.5
Real estate	104	0.7	108	0.8	-4.4
Professional and Technical services	256	1.8	229	1.6	2.8
Management	113	0.8	108	0.8	-1.1
Administrative and Waste services	284	2.0	292	2.1	-1.3
Educational services	89	0.6	88	0.6	3.7
Health Care and Social Assistance	1,647	11.5	1,625	11.5	-2.6
Arts, Entertainment, Recreation	163	1.1	169	1.2	-11.2
Accommodation and Food services	1,308	9.2	1,274	9.0	13.2
Other Services	509	3.6	452	3.2	
Unclassified	38	0.3	43	0.3	-0.6
Total (all establishments)	14,265		14,182		-0.6

Source: Bureau of Labor Statistics



Unemployment trends

Unemployment trends for Shenandoah County are illustrated in the table, below. Rates for Virginia and for the U.S as a whole are also shown, for reference. Here it is seen that the most recent annual unemployment rate for that county is 2.5 percent, down from 2.9 percent the previous year. The rate was 8.2 percent in 2010.

Again, the impact of the economic disruption caused by the coronavirus pandemic is revealed in unemployment numbers. In Shenandoah County, for example, the unemployment rate was 4.9 percent in September 2020, compared with 2.3 percent in September 2019. The annual average unemployment rate for the US as a whole was 8.1 percent, compared with 3.7 percent for 2019. (Data for 2020 are not yet available at the state or county level.)

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Table 4 - Unemployment trends

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	Shenandoah		
	County	Virginia	U.S.
2010	8.2%	7.1%	9.6%
2011	7.1%	6.6%	8.9%
2012	6.4%	6.1%	8.1%
2013	5.6%	5.7%	7.4%
2014	5.0%	5.2%	6.2%
2015	4.3%	4.5%	5.3%
2016	3.8%	4.1%	4.9%
2017	2.9%	3.7%	4.4%
2018	2.5%	3.0%	3.9%
2019		8.1%	3.7%
2020			8.1%

Source: Bureau of Labor Statistics

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Report for the Pleasant View Apartments in Strasburg, Virginia

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Major Employers

The major private employers in Shenandoah County are listed in Table 5, below. Here it is seen that the largest single employers are Georges, Inc, Howell Metal, and Andros Foods. Significant public sources of employment include the local public schools, and local government.

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Table 5 - Major Employers

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

Source: Shenandoah Valley Partnership

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**Report for the Pleasant View Apartments in Strasburg, Virginia**

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Virginia Economic Development Partnership reports 149 new jobs added at two locations in recent years (2019 and 2020) - Howell Metal added 102 new jobs. With respect to closures and layoffs, the Virginia Economic Development Partnership reports 384 jobs lost upon the closure of LSC Communications, a printer/publisher. The VA WARN reports no layoffs in the Shenandoah County area.

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

**Wages by Industry Sector**

Information on wages, by employment sector, for Shenandoah County is set out in Table 6, below. Here, average wages show some variation - both between sectors and also over time - with average wages increasing by 3.3 percent between 2017 and 2018.

**Table 6 - Wages by Industry Sector**

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	<u>2018</u>	<u>2019</u>	<u>pct change</u>
Agriculture, Forestry, etc Mining, etc.			
Utilities	\$1,140	\$1,168	2.5
Construction	\$734	\$801	9.1
Manufacturing	\$762	\$791	3.8
Wholesale trade	\$841	\$869	3.3
Retail trade	\$485	\$502	3.5
Transp. and Warehousing	\$1,045	\$1,075	2.9
Information	\$1,166	\$1,255	7.6
Finance and Insurance	\$1,000	\$1,095	9.5
Real estate	\$479	\$490	2.3
Professional and Technical services	\$1,281	\$1,175	-8.3
Management	\$3,458	\$3,263	-5.6
Administrative and Waste services	\$605	\$552	-8.8
Educational services	\$697	\$702	0.7
Health Care and Social Assistance	\$725	\$735	1.4
Arts, Entertainment, Recreation	\$337	\$334	-0.9
Accommodation and Food services	\$292	\$300	2.7
Other Services	\$495	\$517	4.4
Unclassified	\$542	\$513	-5.4
<b>Total (all establishments)</b>	<b>\$722</b>	<b>\$746</b>	<b>3.3</b>

Source: Virginia Labor Market Information

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Commuting patterns

Based on data from the American Community Survey, 12.8 percent of workers resident in Strasburg were employed in Starsburg, with 27.1 percent employed in Shenandoah County as a whole. The average driving time to work for residents of Spartanburg was as much as 39.7 minutes.

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Table 7 - Commuting Data

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	<u>number</u>	<u>percent</u>
Total Workers	2,998	100.0
Worked in Place of residence	384	12.8
Worked in County of residence	812	27.1
Worked outside Place of residence	2,614	87.2
Worked outside County of residence	2,186	72.9
Mean travel time to work (minutes)	39.7	

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

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**Report for the Pleasant View Apartments in Strasburg, Virginia**

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

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

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Table 8 - Commuting Patterns

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

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

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

**G. DEMOGRAPHIC CHARACTERISTICS**

Population and Household Trends

In 2000, the population of Shenandoah County was 35,075, and in 2010 the population was recorded as 41,993. Population projections for Shenandoah County are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 42,787 by 2021, and to be around 44,974 by 2026.

In 2000, the population of the market area was 34,574, and in 2010 the population was recorded as 41,993. 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 Shenandoah, Frederick and Warren Counties, corrected for the official State Data Center numbers for each county. Based on these data, the population of the area is projected to be 44,920 by 2021, and to be around 47,713 by 2026.

Information on population trends and changes between 2001 and 2026 are set out in Table 9, below.

Table 9- Population Trends

	Strasburg	Market Area	Shenandoah County
2000	4,017	34,574	35,075
2010	6,398	42,327	41,993
2021	n/a	44,920	42,787
2026	n/a	47,713	44,974
absolute change			
2000-2010	2,381	7,753	6,918
2010-2021	n/a	2,593	794
2021-2026	n/a	2,793	2,187
annual change			
2000-2010	238	775	692
2010-2021	n/a	236	72
2021-2026	n/a	559	437

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

**Report for the Pleasant View Apartments in Strasburg, Virginia**

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

In 2000, there were 14,296 households in Shenandoah County and 17,076 in 2010. Based on the population projections set out, above, there will be around 17,272 households in 2021 and 18,102 in 2026.

There were 13,817 households in the market area in 2000 and 16,803 in 2010. Projections show around 17,768 and 18,861 households in 2021 and 2026, respectively.

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Table 10 - Household Trends

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	Strasburg	Market Area	Shenandoah County
2000	1,773	13,817	14,296
2010	2,697	16,803	17,076
2021	n/a	17,768	17,272
2026	n/a	18,861	18,102
absolute change			
2000-2010	924	2,986	2,780
2010-2021	n/a	965	196
2021-2026	n/a	1,093	830
annual change			
2000-2010	92	299	278
2010-2021	n/a	88	18
2021-2026	n/a	219	166

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

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**Report for the Pleasant View Apartments in Strasburg, Virginia**

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Population and household characteristics

Age distribution

The distribution of the population, by age, for the Strasburg, the market area, and Shenandoah County is set out in Table 11, below. These data are from the 2010 Census.

Table 11 - Age Distribution

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	Strasburg		Market Area		Shenandoah County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Under 5 years	525	8.2	2,540	6.0	2,475	5.9
5 to 9 years	452	7.1	2,590	6.1	2,496	5.9
10 to 14 years	397	6.2	2,767	6.5	2,598	6.2
15 to 19 years	414	6.5	2,724	6.4	2,630	6.3
20 to 24 years	398	6.2	2,157	5.1	2,112	5.0
25 to 29 years	493	7.7	2,238	5.3	2,273	5.4
30 to 34 years	437	6.8	2,169	5.1	2,146	5.1
35 to 39 years	427	6.7	2,593	6.1	2,490	5.9
40 to 44 years	398	6.2	2,994	7.1	2,885	6.9
45 to 49 years	439	6.9	3,331	7.9	3,152	7.5
50 to 54 years	383	6.0	3,225	7.6	3,165	7.5
55 to 59 years	343	5.4	3,028	7.2	2,981	7.1
60 to 64 years	347	5.4	2,724	6.4	2,822	6.7
65 to 69 years	253	4.0	2,319	5.5	2,420	5.8
70 to 74 years	233	3.6	1,741	4.1	1,848	4.4
75 to 79 years	206	3.2	1,326	3.1	1,418	3.4
80 to 84 years	144	2.3	941	2.2	1,051	2.5
85 years and over	109	1.7	920	2.2	1,031	2.5
55 and older	1,635	25.6	12,999	30.7	13,571	32.3
65 and older	945	14.8	7,247	17.1	7,768	18.5
Total	6,398		42,327		41,993	

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

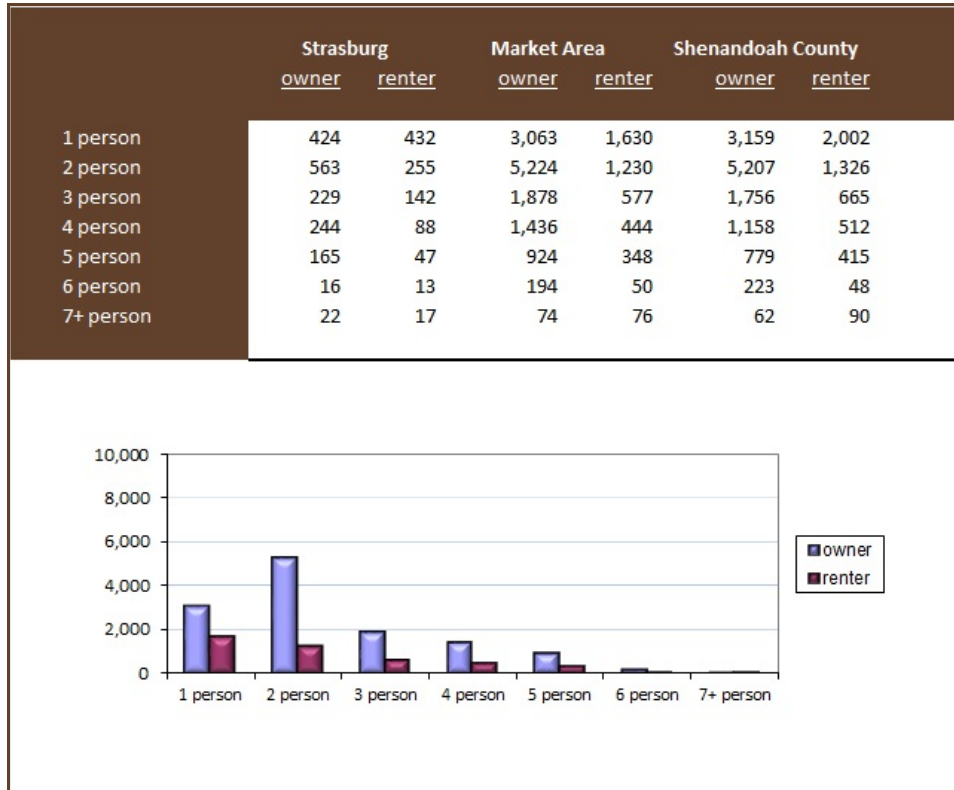
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**Report for the Pleasant View Apartments in Strasburg, Virginia**

Household size

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

**Table 12 - Household Size**



Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis



**Report for the Pleasant View Apartments in Strasburg, Virginia**

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Tenure

Table 13, below, sets out the number and proportion of owner and renter households for Strasburg, the market area, and for Shenandoah 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 Strasburg were renters, 26.4 percent of households in the market area were renters, and 28.5 percent in Shenandoah County were renters.

Table 13 - Tenure

---

<b>Strasburg</b>		persons per		Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	4,017	1,773	2.27	924	52.1	849	47.9
2010	6,398	2,697	2.37	1,530	56.7	1,167	43.3
2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2026	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Market Area</b>		persons per		Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	34,574	13,817	2.50	10,294	74.5	3,523	25.5
2010	42,327	16,803	2.52	12,370	73.6	4,433	26.4
2021	44,920	17,768	2.53	12,901	72.6	4,867	27.4
2026	47,713	18,861	2.53	13,606	72.1	5,255	27.9
<b>Shenandoah County</b>		persons per		Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	35,075	14,296	2.45	10,462	73.2	3,834	26.8
2010	41,993	17,076	2.46	12,207	71.5	4,869	28.5
2021	42,787	17,272	2.48	12,004	69.5	5,268	30.5
2026	44,974	18,102	2.48	12,409	68.5	5,693	31.5

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

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Income Distribution

The distribution of household incomes for Williamsburg, the market area, and York County. are set out in Table 14, below. These figures are taken from the 2015 to 2019 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for Starsburg is around \$54,740, and that for Shenandoah County as a whole is seen to be \$57,252. The median income for the market area is estimated at \$63,692.

Table 14 - Household Income

	Strasburg		Market area		Shenandoah County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	103	3.9	916	5.3	1,017	5.8
\$10,000 to \$14,999	195	7.3	665	3.9	727	4.2
\$15,000 to \$19,999	161	6.1	772	4.5	909	5.2
\$20,000 to \$24,999	201	7.6	809	4.7	913	5.2
\$25,000 to \$29,999	133	5.0	730	4.3	745	4.3
\$30,000 to \$34,999	124	4.7	711	4.1	802	4.6
\$35,000 to \$39,999	131	4.9	800	4.7	893	5.1
\$40,000 to \$44,999	95	3.6	627	3.7	765	4.4
\$45,000 to \$49,999	61	2.3	668	3.9	819	4.7
\$50,000 to \$59,999	201	7.6	1,323	7.7	1,495	8.6
\$60,000 to \$74,999	245	9.2	2,242	13.1	2,144	12.3
\$75,000 to \$99,999	554	20.9	2,682	15.6	2,535	14.6
\$100,000 to \$124,999	165	6.2	1,432	8.4	1,501	8.6
\$125,000 to \$149,999	179	6.7	1,062	6.2	906	5.2
\$150,000 to \$199,999	78	2.9	1,083	6.3	742	4.3
\$200,000 or more	31	1.2	626	3.7	489	2.8
median income	\$54,740		\$63,692 *		\$57,252	

\* Estimate

Source: 2015 to 2019 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 15, below. These figures are also taken from the 2015 to 2019 American Community Survey.

The median renter household income for Strasburg is around \$29,349, and that for Shenandoah County as a whole is seen to be \$36,444. The median renter income for the market area is estimated at \$37,461.

Table 15 - Household Income, Renter Households

	Strasburg		Market area		Shenandoah County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	89	9.0	431	9.9	562	11.1
\$10,000 to \$19,999	185	18.6	688	15.8	843	16.7
\$20,000 to \$34,999	278	28.0	875	20.1	1,057	20.9
\$35,000 to \$49,999	119	12.0	750	17.2	894	17.7
\$50,000 to \$74,999	107	10.8	820	18.8	858	17.0
\$75,000 to \$99,999	194	19.5	576	13.2	551	10.9
\$100,000 or more	22	2.2	215	4.9	293	5.8
median income	\$29,349		\$37,461 *		\$36,444	

\* Estimate

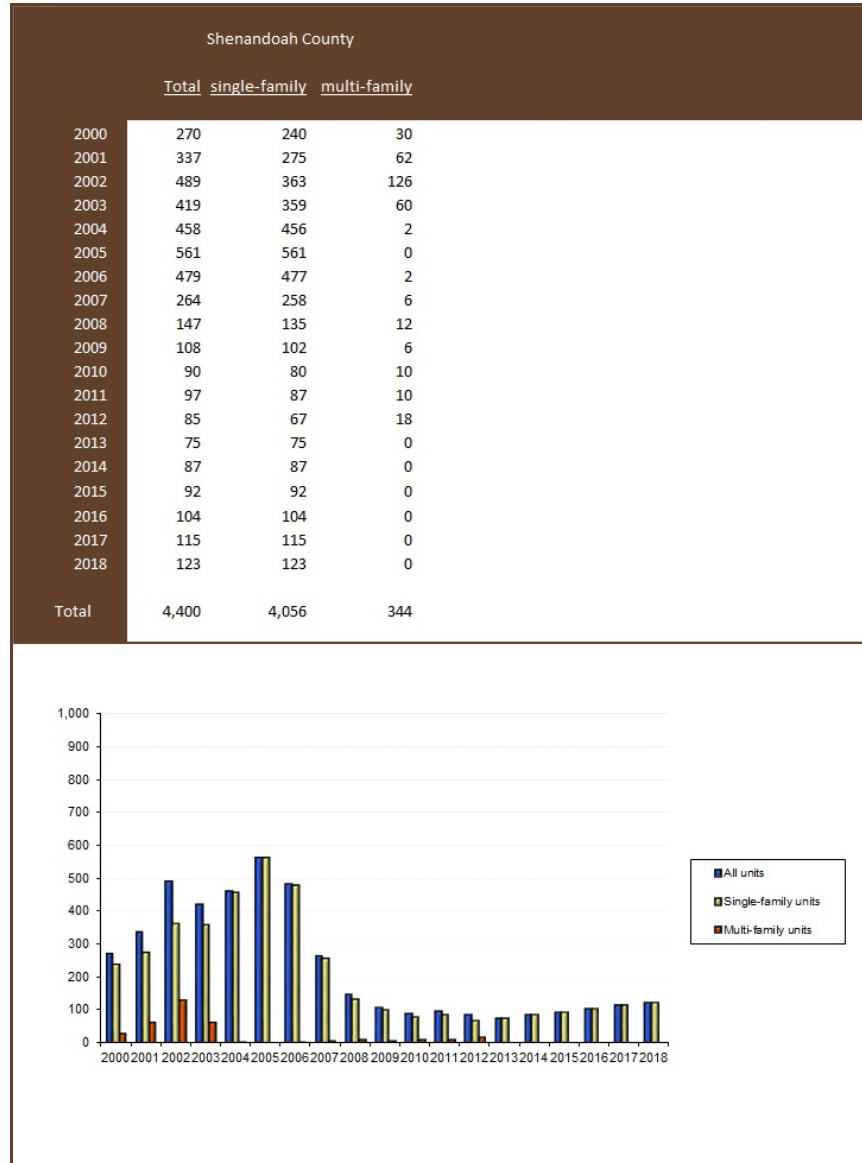
Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

## Report for the Pleasant View Apartments in Strasburg, Virginia

### Building permit trends

Table 16 below gives details of residential construction in Shenandoah County since 2000. Where the data exist, it can be seen that a total of 4,400 units were added in throughout the County, of which 344 were multi-family units. No data exist for Strasburg or the market area.

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

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

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

Charles Street Station is a 59-unit property that opened at a site in Strasburg in 1994. This property offers two-bedroom units for \$680 per month. Currently, the property is reported to have one vacant units.

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

The Echo Mountain Apartments comprise 50 tax credit-financed apartments that are located in Woodstock. The one-bedroom units at this property rent for \$530 to \$658, the two-bedroom units rent for \$634 to \$768, and the three-bedroom units are available for \$726 to \$911. The property is reported to have no vacant units.

The first phase of the Ridge Apartments opened in 2003 - with subsequent phases being provided in 2005 and in 2007. The properties are on adjacent sites on Reservoir Road in Woodstock. Each phase offers one-, two-, and three-bedroom units - with rents being \$540, \$640, and \$730, respectively. The project is fully occupied.

Valley Vista is an 85 unit complex that was originally built in 1974. The property was rehabilitated using tax credit that were awarded in 2008. Rents are \$525 for a one-bedroom unit, \$660 for a two-bedroom unit, and \$755 for a three-bedroom unit. Currently it is reported that 27 units are vacant while they are being refurbished.

There are two market rate properties in the area. Mountain View offers 62 units at what was previously the John S. Perry House complex. Rents are reported to be \$700 and \$850 (including water, sewer, and trash pick-up) for the property's one- and two-bedroom units. There are 64 townhouse units at Woodstock Mews. As of the date of this report we were not able to obtain information on rent or occupancy levels. Based on this, there are effectively no comparable market rate apartment developments in the Strasburg market area.

In addition to the above there are several properties that are subsidized and available to low and very low income households. There are two properties developed through the USDA/RD development program. The latter are the 88 units at the two phases of the Woodstock Village Apartments, and the 40 units at the Forest Glen project in Strasburg.

Based on our survey, there is a market-wide occupancy rate of 94.6 percent - 99.8 percent if the refurbished units at Valley Vista are excluded.

Occupancy at tax credit properties is found to be around 99.6 percent (excluding Valley Vista).

Occupancy at the various market rate properties in the market area is seen to be 100.0 percent (and that for the subsidized properties is 99.2 percent).

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

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

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Table 17 - Market Rate Properties

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<u>Property</u>	<u>Year built</u>	<u>Two-bedroom rents</u>	<u>Three-bedroom rents</u>
Lofts at Jubal Square	2018	\$1,510-1,585	\$1,715
Pemberton Village	1997	\$1,150-1,200	\$1,350
Peppertree	1987	\$1,325-1,380	\$1,445
Stuart Hill	2003	\$1,365-1,445	\$1,490

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

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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 \$1,273 for a two-bedroom unit, and \$1,473 for a three-bedroom unit.

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



Lofts at Jubal Square



Pemberton Village



Peppertree



Stuart Hill

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## Report for the Pleasant View Apartments in Strasburg, Virginia

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The various complexes surveyed are summarized as follows:

Complex name	Location	Financing	Year built	Total units	Vacant units	Occupancy (%)
Charles Street Station	Strasburg	LIHTC	1994	59	1	98.3
Crystal Chase	Strasburg	LIHTC	2013	32	0	100.0
Echo Mountain	Woodstock	LIHTC	1998	50	0	100.0
Forest Glen	Strasburg	USDA/RD	1983	40	0	100.0
Mountain View	Woodstock	conventional	1982	62	0	100.0
Ridge I	Woodstock	LIHTC	2003	38	0	100.0
Ridge II	Woodstock	LIHTC	2005	38	0	100.0
Ridge III	Woodstock	LIHTC	2007	24	0	100.0
Valley Vista	Woodstock	LIHTC	1974	85	27	68.2
Woodstock Mews	Woodstock	conventional	2012	64	n/a	n/a
Woodstock Village I	Woodstock	USDA/RD	1980	46	0	100.0
Woodstock Village II	Woodstock	USDA/RD	1982	42	1	97.6



**Report for the Pleasant View Apartments in Strasburg, Virginia**

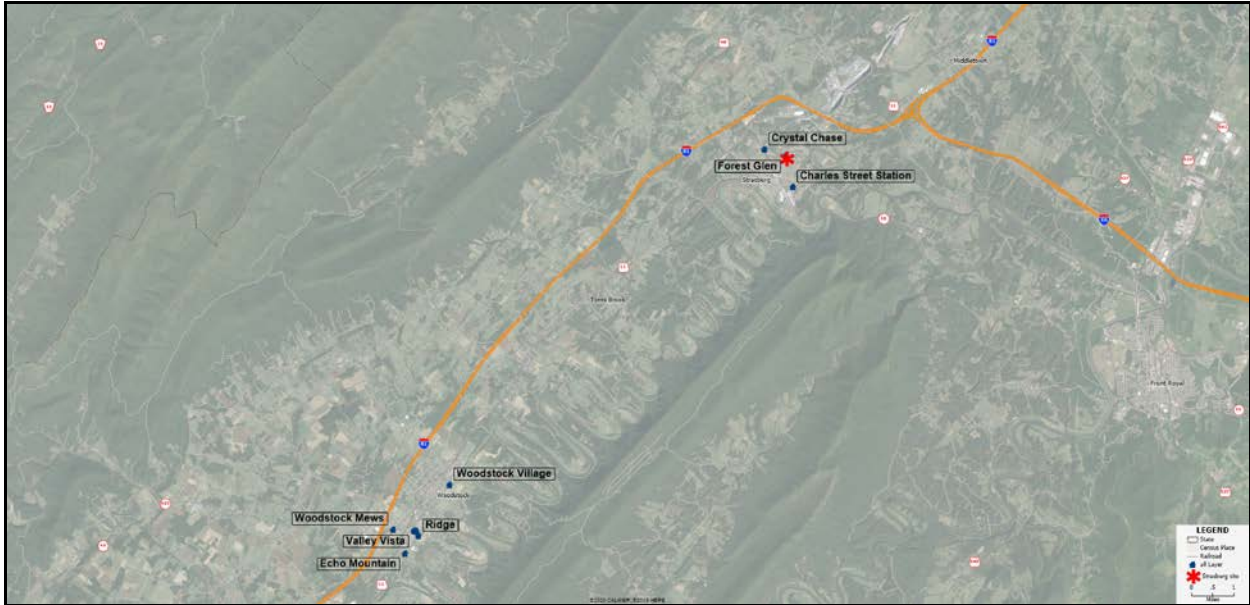
	0 br/1ba			1 br/1ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Pleasant View						
Charles Street Station						
Crystal Chase						
Echo Mountain				20	653	\$530-641
Forest Glen				15	n/a	boi
Mountain View				51	550	\$700
Ridge I				4	730	\$540
Ridge II				4	850	\$540
Ridge III				4	835	\$540
Valley Vista				14	n/a	\$525
Woodstock Mews						
Woodstock Village I				12	617	boi
Woodstock Village II				12	617	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>
Pleasant View	38	789	\$349-1,050			
Charles Street Station	59	899	\$680			
Crystal Chase	8	1,132	\$612			
Echo Mountain	30	911	\$534-768			
Forest Glen	25	n/a	boi			
Mountain View				11	750	\$850
Ridge I	26	872	\$640			
Ridge II	18	1,040	\$640			
Ridge III	4	1,041	\$640			
Valley Vista	44	867	\$660			
Woodstock Mews						
Woodstock Village I	27	770	boi			
Woodstock Village II	25	770	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>
Pleasant View				20	1,255	\$398-1,200
Charles Street Station						
Crystal Chase	24	1,399	\$700			
Echo Mountain	10	1,078	\$726-911			
Forest Glen						
Mountain View						
Ridge I				8	1,188	\$735
Ridge II				16	1,300	\$735
Ridge III				16	1,288	\$735
Valley Vista				27	996	\$755
Woodstock Mews				62	1,400	n/a
Woodstock Village I	7	938	boi			
Woodstock Village II	5	938	boi			

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## Report for the Pleasant View Apartments in Strasburg, Virginia

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### Apartment Locations





**Charles Street Station**

Location: 195 Charles Street, Strasburg

Telephone: 540.465.3525

Financing: LIHTC

Year built: 1994

Total units: 59

Vacant units: 1 (98.3 percent occupied)

2 br/1 ba

Units: 59  
Unit size (sq. ft.): 899  
Rent: \$680\*  
Rent/sq. ft.: \$0.76\*

Management: Preservation Management (Vivian 1/15)

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/type floor  Fireplaces  Patios/balconies

\* Tax credit



**Crystal Chase**

Location: 100 Rocky View Drive, Strasburg

Telephone: 540.465.9133

Financing: LIHTC

Year built: 2013

Total units: 32

Vacant units: 0 (100 percent occupied)

	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>
Units:	8	24
Unit size (sq. ft.):	1,132	1,399
Rent:	\$612*	\$700*
Rent/sq. ft.:		

Management: Income Property Investments (Joy 1/13)

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/type floors  Fireplaces  Patios/balconies

\* Tax credit

Notes: 50% DMI



**Echo Mountain**

Location: 254 Lora Drive, Woodstock

Telephone: 540.459.9712

Financing: LIHTC

Year built: 1998

Total units: 50

Vacant unit: 0 (100 percent occupied)

	<u>1 br/1 ba</u>	<u>2br/1½ ba</u>	<u>3 br/1½ ba</u>
Units:	20	30	10
Unit size (sq. ft.):	653	911	1,078
Rent:	\$530-658*	\$634-768*	\$726-911*
Rent/sq. ft.:	\$0.90*	\$0.77*	\$0.76*

Management: Quantum Real Estate Management (Joel 1/14)

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/type floor  Fireplaces  Patios/balconies

\* Tax credit



**Forest Glen**

Location: 361 Forest Glen Court, Strasburg

Telephone: 540.465.5472

Financing: USDA/RD

Year built: 1983

Total units: 40

Vacant units: 0 (100 percent occupied with 6 to 9 month wait list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	15	25
Unit size (sq. ft.):	n/a	n/a
Basic rent:	\$626	\$682
Market rent:	\$805	\$893

Management: Humphrey Management (Margie 1/15)

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/type floor  Fireplaces  Patios/balconies

Notes: 21 units are rent-assisted





**Mountain View**

Location: 149 Valley Vista Drive, Woodstock

Telephone: 540.459.5353

Year built: 1982

Total units: 62

Vacant units: 0 (100 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	51	11
Unit size (sq. ft.):	550	750
Rent:	\$700	\$850
Rent/sq. ft.:	\$1.27	\$1.13

Management: Capital Estates (Tammy 1/13)

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/type floor  Fireplaces  Patios/balconies

Formerly the John S. Perry House





**Ridge I**

Location: 180 East Reservoir Road, Woodstock

Telephone: 540.459.3590

Financing: LIHTC

Year built: 2003

Total units: 38

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

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/2 ba</u>
Units:	4	26	8
Unit size (sq. ft.):	730	872	1,188
Rent:	\$540*	\$640*	\$735*
Rent/sq. ft.:	\$0.74*	\$0.73*	\$0.62*

Management: Community Housing Partners (Linda 1/15)

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/type floor  Fireplaces  Patios/balconies



**Ridge II**

Location: 70 - 178 East Reservoir Road, Woodstock

Telephone: 540.459.3590

Financing: LIHTC

Year built: 2005

Total units: 38

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

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/2 ba</u>
Units:	4	18	16
Unit size (sq. ft.):	850	1,040	1,300
Rent:	\$540*	\$640*	\$735*
Rent/sq. ft.:	\$0.64*	\$0.62*	\$0.57*

Management: Community Housing Partners (Joey 1/15)

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/type floor  Fireplaces  Patios/balconies

\* Tax credit



**Ridge III**

Location: 190-194 East Reservoir Road, Woodstock

Telephone: 540.459.3590

Financing: LIHTC

Year built: 2007

Total units: 24

Vacant unit: 0 (100 percent occupied with waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1½ ba</u>	<u>3 br/2 ba</u>
Units:	4	4	16
Unit size (sq. ft.):	835	1,041	1,288
Rent:	\$540*	\$640*	\$735*
Rent/sq. ft.:	\$0.65*	\$0.62*	\$0.57*

Management: Community Housing Partners

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/type floor  Fireplaces  Patios/balconies



**Valley Vista**

Location: 129 Valley Vista Drive, Woodstock

Telephone: 540.459.2119

Financing: LIHTC

Year built: 1974

Total units: 85

Vacant units: 27 (68.2 percent occupied, vacant units being refurbished)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3br/2 ba</u>
Units:	14	44	27
Unit size (sq. ft.):	n/a	867	996
Rent:	\$525*	\$660*	\$755*
Rent/sq. ft.:	n/a	\$0.76*	\$0.76*

Management: People, Inc. (Tina 1/14)

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/type floor  Fireplaces  Patios/balconies

\* tax credit



**Woodstock Mews**

Location: 237 Patriots Place, Woodstock

Telephone: 540.667.3752

Year built: 2012

Total units: 64

Vacant units:

3 br/2½ ba

Units: 62

Unit size (sq. ft.): 1,400

Rent:

Rent/sq. ft.:

Management: Aikens Group (Eric)

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/type floor  Fireplaces  Patios/balconies



**Woodstock Village I**

Location: 405 North Water Street, Woodstock

Telephone: 540.469.2030

Financing: USDA/RD

Year built: 1980

Total units: 46

Vacant units: 1 (99 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>
Units:	12	27	7
Unit size (sq. ft.):	617	770	938
Basic rent:	\$532	\$600	\$645
Market rent:	\$735	\$912	\$938

Management: TM Associates (Brenda 1/20)

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/type floor  Fireplaces  Patios/balconies



**Woodstock Village II**

Location: 405 North Water Street, Woodstock

Telephone: 540.469.2030

Financing: USDA/RD

Year built: 1982

Total units: 42

Vacant units: 1 (99 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>
Units:	12	25	5
Unit size (sq. ft.):	617	770	938
Basic rent:	\$537	\$605	\$650
Market rent:	\$730	\$829	\$899

Management: TM Associates (Brenda 1/20)

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/type floor  Fireplaces  Patios/balconies



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

**Demand Analysis**

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

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

The HUD income limits for Shenandoah County are set out below. The median income for Shenandoah County in 2020 was \$67,900 - having been \$63,300 in 2019, and \$61,700 in 2010. This represents a 7.3 percent increase over the previous year, and a 10.0 percent increase over the last decade (or an average of 0.96 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).

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**Table 18 - Income Limits and Maximum Housing Costs**

---

Income Limits				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 person	\$14,280	\$23,800	\$28,560	\$38,080
2 person	\$16,320	\$27,200	\$32,640	\$43,520
3 person	\$18,360	\$30,600	\$36,720	\$48,960
4 person	\$20,370	\$33,950	\$40,740	\$54,320
5 person	\$22,020	\$36,700	\$44,040	\$58,720
6 person	\$23,640	\$39,400	\$47,280	\$63,040

Maximum Housing Costs				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	\$459	\$765	\$918	\$1,224
3 bedroom	\$530	\$883	\$1,060	\$1,413

Source: HUD

---

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

**Table 19 - Rents and Income Targeting**

income targeting					
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>Total</u>
2 bedroom	3	11	5	9	28
3 bedroom	2	8	2	8	20
<b>Total</b>	<b>5</b>	<b>19</b>	<b>7</b>	<b>17</b>	<b>48</b>

proposed rents				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	\$310	\$615	\$765	\$1,050
3 bedroom	\$354	\$708	\$884	\$1,200

proposed rents as a proportion (%) of maximum				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	99.7	99.7	99.4	97.6
3 bedroom	99.8	100.0	99.9	96.9

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$148 and \$175 for the two-, and three-bedroom units, respectively

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at the maximum allowable for the units targeted at the 30 percent level, the 50 percent level, and the 60 percent level. The rents for the units targeted at the 80 percent of the median are seen to be around 97 to 98 percent of the maximum allowable at that level.

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

**Table 20 - Qualifying Income Ranges**

---

qualifying income ranges		
	30 percent	
	lower	upper
2 bedroom	\$15,703	\$18,360
3 bedroom	\$18,137	\$21,195
	50 percent	
	lower	upper
2 bedroom	\$26,160	\$30,600
3 bedroom	\$30,274	\$35,325
	60 percent	
	lower	upper
2 bedroom	\$31,303	\$36,720
3 bedroom	\$36,309	\$42,390
	80 percent	
	lower	upper
2 bedroom	\$41,074	\$48,960
3 bedroom	\$47,143	\$56,520

Source: Applicant; T Ronald Brown: Research & Analysis

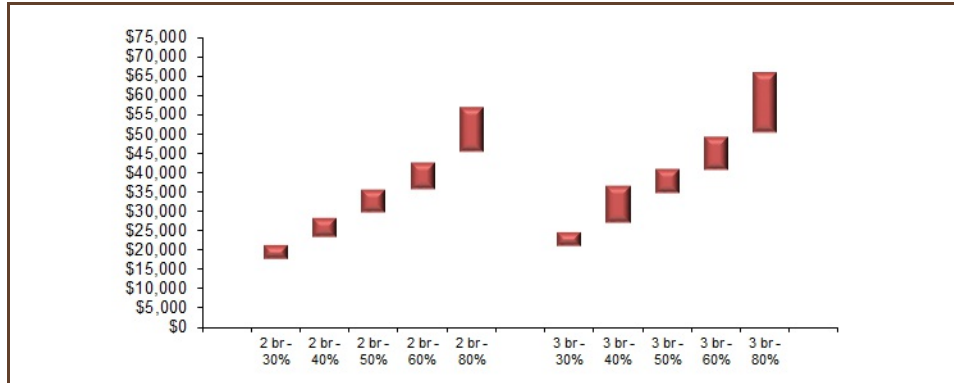
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## Report for the Pleasant View Apartments in Strasburg, Virginia

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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 Pleasant View Apartments in Strasburg, 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	431	9.9	362	25.9
\$10,000 - \$19,999	688	15.8	566	40.5
\$20,000 - \$34,999	875	20.1	318	22.7
\$35,000 - \$50,000	750	17.2	142	10.2
\$50,000 - \$75,000	820	18.8	11	0.8
\$75,000 - \$100,000	576	13.2	0	0.0
\$100,000 and over	215	4.9	0	0.0
Total	4,355		1,399	

Source: 2015 to 2019 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 2015 to 2019 - and not for a specific year.

From this table it can be seen that 9.9 percent of the market area renter households have incomes less than \$10,000, and a further 15.8 percent have incomes between \$10,000 and \$20,000. Around 20.1 percent of renters are seen to be in the \$25,000 to \$35,000 income range. Around 32 percent of all 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 20 and the income distribution set out in Table 21, it is found that around 4.2 percent of market area renter households qualify for units at 30 percent of the median, and the corresponding figures for units at the 50 percent, 60 percent, and 80 percent levels are 6.1 percent, 6.9 percent, and 8.2 percent, respectively.

Projections of need and demand are based upon a 2021 to 2026 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 388 new rental units are needed between 2021 and 2026. A total of 98 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 1,322 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, 66.7 percent of renters qualifying for units at 30 percent of the median are rent-overburdened. Likewise, 32.8 percent, 26.4 percent, and 12.5 percent of those qualifying for units at the 50 percent, 60 percent, and 80 percent levels, respectively, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 40 units.

Total demand is therefore seen to amount to 540 units. These figures are based on a 2021 to 2026 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 nor have any other comparable complexes been funded and/or are under construction. The net need is therefore for 540 units

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

Table 22 - Demand Calculations

	30 percent	50 percent	60 percent	80 percent	total *
(i) income eligible new renter households	16	24	27	32	98
(ii) income eligible existing renter households	220	319	362	432	1,332
(iii) existing households, likely to move	147	105	95	54	401
(iv) need from obsolete housing	7	10	11	13	40
Total demand (i)+(iii)+(iv)	170	138	133	99	540
Supply	0	0	0	0	0
Net demand	170	138	133	99	540

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 27 percent of the total, two-bedroom units should account for 40 percent of the total, and three-bedroom units should account for 24 percent of the total with four- or more bedroom units accounting for 9 percent.

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



Report for the Pleasant View Apartments in Strasburg, Virginia

Table 23 - Capture Rates

	30 percent	50 percent	60 percent	80 percent	total *
<b>Total demand</b>					
1 bedroom	56	45	44	32	177
2 bedroom	71	57	56	41	225
3 bedroom	36	29	28	21	115
4 bedroom	7	6	6	4	23
<b>Total</b>	<b>170</b>	<b>138</b>	<b>133</b>	<b>99</b>	<b>540</b>
<b>Supply</b>					
1 bedroom	0	0	0	0	0
2 bedroom	0	0	0	0	0
3 bedroom	0	0	0	0	0
4 bedroom	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net demand</b>					
1 bedroom	56	45	44	32	177
2 bedroom	71	57	56	41	225
3 bedroom	36	29	28	21	115
4 bedroom	7	6	6	4	23
<b>Total</b>	<b>170</b>	<b>138</b>	<b>133</b>	<b>99</b>	<b>540</b>
<b>Units proposed</b>					
1 bedroom	0	0	0	0	0
2 bedroom	3	11	5	9	28
3 bedroom	2	8	2	8	20
4 bedroom	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>19</b>	<b>7</b>	<b>17</b>	<b>48</b>
<b>Capture rates</b>					
1 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
2 bedroom	4.2%	19.2%	9.0%	21.8%	12.4%
3 bedroom	5.5%	27.3%	7.1%	38.0%	17.4%
4 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>2.9%</b>	<b>13.8%</b>	<b>5.3%</b>	<b>17.2%</b>	<b>8.9%</b>

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 48-unit development amounts to 8.9 percent of the total net need.

The capture rate, by bedroom, is determined to be 12.4 percent for the 28 two-bedroom units, and 17.4 percent for the 20 three-bedroom units.

The five units at 30 percent of the median amount to 2.9 percent of the net demand at that level, the 19 units at 50 percent of the median amount to 13.8 percent of demand at that target level, and the seven units targeted at the 60 percent level amount to around 5.3 percent of demand at that level. The 17 units targeted at 80 percent represent 17.2 percent of demand at that level..

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

#### ABSORPTION RATES

As noted, the capture rates presented above are considered realistic. Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated four-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, \$310 per month. Given a \$148 utility allowance and a 35 percent rent-to-income ratio, the lower qualifying income is seen to be \$15,703. The upper income is \$56,520. Based on the income data set out in Table 21, there are found to be as many as 2,576 renter households in that range. Thus, the proposed 48-unit development corresponds to a 1.9 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). Here, the target income range is, again, based on the two-bedroom rents at the subject property. Thus, the target income range for is from \$15,737 to \$56,520. Therefore, there are 2,576 qualifying renter households in the market area. It is seen that 48 units are proposed, and there are several existing comparable tax credit properties, with no comparable projects that are funded for future construction. The existing tax credit projects comprise a total of 36 comparable units, plus no new units, and the proposed 48 units, yields 374 units. Thus, the penetration rate - as defined - amounts to 14.5 percent.

### Summary

Consideration of the capture rate (8.9 percent) and the (1.9 percent) affordability analysis capture rate, and (14.5 percent) penetration rate suggests that the proposed development is marketable, as proposed.

J. LOCAL PERSPECTIVE OF RENTAL HOUSING MARKET

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

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages). The site manager at Crystal Chase, Joy, was not sure about the need for an additional tax credit property on Strasburg, given that it is a small town. The manager at the Ridge Apartments believed that a new tax credit property is definitely needed. Similarly, the manager at Charles Street Station believes that the area absolutely needs another complex.

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, 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.

The site location will offer a significant advantage as will the proposed rents, particularly those set to be affordable to households at 30 percent and 50 percent of the median. The proposed development will also be an attractive new complex in an area where existing affordable complexes are somewhat dated.

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

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

L. OTHER REQUIREMENTS

Statement and signature

I affirm the following:

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



Market Analyst

March 17, 2021

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 (2015-2019)  
Virginia Housing  
U.S. Department of HUD  
U.S. Department of Agriculture  
Virginia State Data Center/Weldon Cooper Center for Public Service  
Virginia Employment Commission  
Virginia Economic Development Partnership  
Town of Strasburg  
Shenandoah County  
U.S. Bureau of Labor Statistics  
HUDUSER (e.g., SOCDs building permits database)

**Report for the Pleasant View Apartments in Strasburg, Virginia**

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<sup>7</sup> 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.  $\text{Housing units with new occupants} / \text{housing units} * 100$  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 50<sup>th</sup> 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.