

S3 Housing Connect
Housing Committee Meeting Notes
September 26, 2017
3 pm- Chatham Street Conference Room

Attendees: Shannon Judd, Bob Hughes, Tamara Brogan, Linda Ware, Jefferey Rawlings, Karen Kennedy, Kate Rumely

Meeting Called to Order & Introductions

Shannon J. called the meeting to order and attendees introduced themselves. Tamara Brogan attended as a representative of the Resource Development Committee and how they can assist with project resources.

New Business

Resource Committee Information

Shannon shared about a potential project she is working towards for the Sanford Housing Authority (SHA) to develop units for the homeless. The project consists of plans to renovate a building they own on Linden Avenue. It could be three, 2 bedroom units that could be used to house eligible homeless individuals/families. SHA does not have funding for construction yet and has been seeking funds for predevelopment costs for survey and environmental assessments. The NC Housing Finance Agency has funds which could be utilized for the permanent loan and Shannon has worked with Gwen and Margaret from HFA previously on a similar project. The Housing Committee would like the Resource Development Committee to assist with funding for the pre-development costs. Tamara B. asked Shannon J. for the most current project estimates and any information should could utilize as the committee researches funding avenues.

In addition, Shannon J. discussed the Housing Committee's conversation from last month's meeting about funding for affordable housing locally. Shannon, Karen and Kate stated the need for financing opportunities to create affordable housing is crucial in Sanford/Lee County. One suggestion other localities have utilized is to increase the tax base by 1 cent and call it a "penny for housing" or a bond referendum. Karen says she and Shannon have been encouraging local government staff to consider this since all of the other local bonds have gone successfully. Although one cent may not generate a large amount annually, once it accumulates it could assist with future project developments.

Old Business

Contact with potential, additional community participants:

Shannon J. encouraged committee members to continue reaching out to local individuals for participation the Housing Committee. Those positions discussed were representatives of Habitat, realtor, lender, veteran's organization, contractor and landlord/rental developer or manager. Karen K. stated that Mr. Laudate had decided he was not interested in becoming a member of the committee and uncertain as to Habitat for Humanity's participation. Karen K. stated that Habitat for Humanity is a vital part of the local affordable housing community and she would reach out to Gary Wicker, Executive Director and encourage Habitat to have representation on the committee. Having a local realtor and builder would be great for the committee too. Kate R. will reach out to Van Groce, Jr. and Tamara B. will ask Vernadette Williams about participating. Jefferey R. is to contact a landlord, mentioning one named Nick. The landlord may help with discussions on how better to help homeless individuals seeking housing relative to

relaxing requirements for items such as credit issues, background checks and credit issues when possible. Leo Finch represents a Veteran's group but has not been contacted yet. A representative of Woodforest Bank was also mentioned based on their financial literacy training.

Potential new committee members will be invited to future meetings.

Establish committee goals, milestones and anticipated results:

Shannon J. listed two goals on the meeting agenda but following discussion by the committee, it was decided to restructure them for now to state:

Goal 1: Address the City's greatest housing needs by preserving and expanding affordable housing, with a focus on households at and below 80% Area Median Income.

Initiative 1 - 226 Linden Avenue rehabilitation project

Initiative 2 - Create sales strategy for affordable housing funding (such as penny for housing)

Establish milestones and anticipated results

Shannon J. will prepare a task list for Initiative 1 and prepare a more current estimated budget to assist with funding requests.

Penny for Housing examples:

Karen K. will reach out to Asheville and Chapel Hill about their one cent project, Shannon J. will contact Durham and Kate R. will reach out to Greensboro. In addition, Karen K. will reach out to Will Parry Hill from the NC Housing Finance Agency for marketing strategies concerning penny for housing information. Tamara B. stated she would help with supporting the initiative and begin discussing with colleagues the importance of creating strategies to market the idea.

Market Study

Shannon J. brought excerpts from a recent housing market study prepared for the Housing Authority as they began their Rental Assistance Development projects. Shannon J. explained the Faircloth limit for public housing authority units and her transformation of existing units into rental assistance developments (RAD's) underway currently at SHA. Information from the market study was reviewed on Senior Housing and Multi-Family Housing needs in Lee County. A copy of the documents Shannon reviewed will be attached to the meeting notes.

Karen K. stated that she and Marshall Downey have begun conversations for the City to contract for a housing study in the future to assist with East Sanford Redevelopment Strategies and ensure the City of Sanford had more current information about housing across the city.

Adjournment and Next Meeting

The next meeting is planned for **Tuesday, October 24, 2017, at 3:00 pm** in the Chatham Street Conference Room.

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b. Minimum Income Requirements

Leasing industry standards typically require households to have rent-to-income ratios of 27% to 40%. Pursuant to NCHFA market study guidelines, the maximum rent-to-income ratio permitted for family projects is 35%, and 40% for elderly projects.

The proposed low-income Tax Credit units will have a lowest gross rent of \$620. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$7,440. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of \$21,257.

Since the subject project will continue to operate with a project-based HUD Section 8 subsidy, it will effectively target households with little to no income following LIHTC renovations. Regardless, we have prepared our demand estimates per NCHFA guidelines and have assumed the project will only target households earning a minimum income of \$21,257.

c. Income-Appropriate Range

Based on the preceding analyses, the income-appropriate range required to live at the subject project is \$21,257 to \$44,640.

2. METHODOLOGY

The following are the demand components as outlined by the North Carolina Housing Finance Agency:

a. Demand: Demand must be derived from the following sources below using data from a reputable source such as Claritas, ESRI, NC State Demographic Unit or the State Data Center.

1. Demand from New Renter Households: Determine new units in the PMA based on the projected renter household growth. This must be determined by using the current base year of 2016 projected to 2019.

The population projected must be limited to the age and income cohort. The demand for each income group targeted (e.g. 50% of median income) must be shown separately.

- Proposed projects targeting elderly households age 55+ must pull data for age 55 and older. Proposed projects targeting elderly households age 62+ or utilizing the RD/HUD elderly designation must pull data for age 65 and older. (The latter corresponds to Census data breaks; interpolation to age 62 is not acceptable).

b. Method (Demand and Supply Considerations)

- 1. Demand:** The two overall demand components added together above represent demand for the project.
- 2. Supply:** Comparable units (vacant or occupied) funded, under construction or placed in service in 2016 must be subtracted to calculate net demand. Vacancies in projects placed in service prior to 2016 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of the supply. Do not subtract units in existing, stabilized LIHTC properties.

As evidenced by our Field Survey of Conventional Rentals, none of the existing LIHTC projects surveyed within the Site PMA were built in 2016. There is, however, one non-subsidized LIHTC property currently in the development pipeline, as detailed in *Section H*. This planned project, Winding Brook, will target family (general-occupancy) households. Thus, the directly competitive units to be offered at this property have been considered in our demand estimates. This project is summarized as follows:

| Project Name | Year Built/ Renovated | LIHTC Units | Units at Targeted AMHI | | | |
|---------------|--------------------------|----------------|------------------------|-------------|-------------|-------------|
| | | | 30% AMHI | 40% AMHI | 50% AMHI | 60% AMHI |
| Winding Brook | U/C | 60 | 15 | - | 9 | 36 |

U/C – Under Construction

The 60 proposed units at this property will target households earning up to 30%, 50% and 60% of AMHI. Considering that the subject project will not offer units at 30% or 50% of AMHI, only the 36 units targeting households at 60% of AMHI at this planned property have been included in our demand estimates.

- c. Capture Rate:** The Capture Rate is calculated by dividing the number of units in the proposed project by net demand. Capture rate analysis must be completed for each targeted income group and bedroom size proposed. The analyst must include a narrative on what the capture rate means for the project proposal (e.g. given the market area, is this the average capture rate or is it one that should cause concern?).

Applying these shares to the income-qualified households yields demand and capture rates of the proposed units by bedroom type as follows:

| Bedroom Size (Share Of Demand) | Total Demand* | Supply** | Net Demand By Bedroom Type | Proposed Subject Units | Capture Rate By Bedroom Type |
|-----------------------------------|------------------|----------|-------------------------------|---------------------------|---------------------------------|
| One-Bedroom - 60% AMHI (25%) | 119 | 11 | 108 | 11 | 10.2% |
| Two-Bedroom - 60% AMHI (35%) | 166 | 25 | 141 | 40 | 28.4% |
| Three-Bedroom - 60% AMHI (25%) | 119 | 0 | 119 | 58 | 48.7% |
| Four-Bedroom - 60% AMHI (10%) | 47 | 0 | 47 | 12 | 25.5% |
| Five-Bedroom - 60% AMHI (5%) | 24 | 0 | 24 | 5 | 20.8% |

**Directly comparable units built and/or funded in the project market over the projection period.

The capture rates by bedroom type range from 10.2% to 48.7% and are considered achievable. This demonstrates a sufficient base of renter support for each of the unit types at the subject project. This is especially true considering that the subject development is currently 100.0% occupied and maintains an extensive waiting list.

3. ABSORPTION PROJECTIONS

For the purposes of this analysis, we assume the absorption period at the site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow NCHFA guidelines that assume a 2019 renovation completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2019.

The subject project is currently 100.0% occupied and maintains a 79- to 219-household waiting list. According to the developer, no long-term displacement is expected for the current tenants residing at the subject project. Therefore, few, if any, of the subject units will have to be re-rented immediately following renovations. However, for the purposes of this analysis, we assume that all 126 subject units will be vacated and that all units will have to be re-rented simultaneously, assuming the retention of a subsidy on all units.

Section H – Rental Housing Analysis (Supply)

1. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Sanford Site PMA in 2010 and 2016 (estimated) are summarized in the following table:

| Housing Status | 2010 (Census) | | 2016 (Estimated) | |
|-----------------|---------------|---------|------------------|---------|
| | Number | Percent | Number | Percent |
| Total-Occupied | 10,697 | 91.6% | 11,007 | 90.6% |
| Owner-Occupied | 5,817 | 54.4% | 5,692 | 51.7% |
| Renter-Occupied | 4,880 | 45.6% | 5,315 | 48.3% |
| Vacant | 979 | 8.4% | 1,139 | 9.4% |
| Total | 11,676 | 100.0% | 12,146 | 100.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Based on a 2016 update of the 2010 Census, of the 12,146 total housing units in the market, 9.4% were vacant. In 2016, it was estimated that homeowners occupied 51.7% of all occupied housing units, while the remaining 48.3% were occupied by renters. The share of renters is considered high and represents a good base of continued and potential support in the market for the subject project.

We identified and personally surveyed 29 conventional housing projects containing a total of 2,189 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 99.4%, a very high rate for rental housing. Each rental housing segment surveyed is summarized in the following table.

| Project Type | Projects Surveyed | Total Units | Vacant Units | Occupancy Rate |
|----------------------------------|-------------------|-------------|--------------|----------------|
| Market-rate | 9 | 1,157 | 2 | 99.8% |
| Tax Credit | 8 | 418 | 11 | 97.4% |
| Tax Credit/Government-Subsidized | 2 | 123 | 0 | 100.0% |
| Government-Subsidized | 10 | 491 | 0 | 100.0% |
| Total | 29 | 2,189 | 13 | 99.4% |

All rental housing segments within the market are maintaining good occupancy levels, as none are lower than 97.4%. The overall occupancy rate of 99.4% for the Sanford Site PMA illustrates that pent-up demand likely exists in the market. The subject project will continue to accommodate a portion of this unmet demand.

b. Minimum Income Requirements

Leasing industry standards typically require households to have rent-to-income ratios of 27% to 40%. Pursuant to NCHFA market study guidelines, the maximum rent-to-income ratio permitted for family projects is 35%, and 40% for elderly projects.

The proposed low-income Tax Credit units will have a lowest gross rent of \$620. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$7,440. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement for the Tax Credit units of \$21,257.

Since the subject project will continue to operate with a project-based HUD Section 8 subsidy, it will effectively target households with little to no income following LIHTC renovations. Regardless, we have prepared our demand estimates per NCHFA guidelines and have assumed the project will only target households earning a minimum income of \$21,257.

c. Income-Appropriate Range

Based on the preceding analyses, the income-appropriate range required to live at the subject project is \$21,257 to \$44,640.

2. METHODOLOGY

The following are the demand components as outlined by the North Carolina Housing Finance Agency:

a. Demand: Demand must be derived from the following sources below using data from a reputable source such as Claritas, ESRI, NC State Demographic Unit or the State Data Center.

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- Proposed projects targeting elderly households age 55+ must pull data for age 55 and older. Proposed projects targeting elderly households age 62+ or utilizing the RD/HUD elderly designation must pull data for age 65 and older. (The latter corresponds to Census data breaks; interpolation to age 62 is not acceptable).

b. Method (Demand and Supply Considerations)

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2. **Supply:** Comparable units (vacant or occupied) funded, under construction or placed in service in 2016 must be subtracted to calculate net demand. Vacancies in projects placed in service prior to 2016 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of the supply. Do not subtract units in existing, stabilized LIHTC properties.

As evidenced by our Field Survey of Conventional Rentals, none of the existing LIHTC projects surveyed within the Site PMA were built in 2016. There is, however, one non-subsidized LIHTC property currently in the development pipeline, as detailed in *Section H*. This planned project, Winding Brook, will target family (general-occupancy) households. Thus, the directly competitive units to be offered at this property have been considered in our demand estimates. This project is summarized as follows:

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Applying these shares to the income-qualified households yields demand and capture rates of the proposed units by bedroom type as follows:

| Bedroom Size (Share Of Demand) | Total Demand* | Supply** | Net Demand By Bedroom Type | Proposed Subject Units | Capture Rate By Bedroom Type |
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| Three-Bedroom - 60% AMHI (25%) | 119 | 0 | 119 | 58 | 48.7% |
| Four-Bedroom - 60% AMHI (10%) | 47 | 0 | 47 | 12 | 25.5% |
| Five-Bedroom - 60% AMHI (5%) | 24 | 0 | 24 | 5 | 20.8% |

**Directly comparable units built and/or funded in the project market over the projection period.

The capture rates by bedroom type range from 10.2% to 48.7% and are considered achievable. This demonstrates a sufficient base of renter support for each of the unit types at the subject project. This is especially true considering that the subject development is currently 100.0% occupied and maintains an extensive waiting list.

3. ABSORPTION PROJECTIONS

For the purposes of this analysis, we assume the absorption period at the site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow NCHFA guidelines that assume a 2019 renovation completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2019.

The subject project is currently 100.0% occupied and maintains a 79- to 219-household waiting list. According to the developer, no long-term displacement is expected for the current tenants residing at the subject project. Therefore, few, if any, of the subject units will have to be re-rented immediately following renovations. However, for the purposes of this analysis, we assume that all 126 subject units will be vacated and that all units will have to be re-rented simultaneously, assuming the retention of a subsidy on all units.

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| Vacant | 979 | 8.4% | 1,139 | 9.4% |
| Total | 11,676 | 100.0% | 12,146 | 100.0% |

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Based on a 2016 update of the 2010 Census, of the 12,146 total housing units in the market, 9.4% were vacant. In 2016, it was estimated that homeowners occupied 51.7% of all occupied housing units, while the remaining 48.3% were occupied by renters. The share of renters is considered high and represents a good base of continued and potential support in the market for the subject project.

We identified and personally surveyed 29 conventional housing projects containing a total of 2,189 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 99.4%, a very high rate for rental housing. Each rental housing segment surveyed is summarized in the following table.

| Project Type | Projects Surveyed | Total Units | Vacant Units | Occupancy Rate |
|----------------------------------|-------------------|-------------|--------------|----------------|
| Market-rate | 9 | 1,157 | 2 | 99.8% |
| Tax Credit | 8 | 418 | 11 | 97.4% |
| Tax Credit/Government-Subsidized | 2 | 123 | 0 | 100.0% |
| Government-Subsidized | 10 | 491 | 0 | 100.0% |
| Total | 29 | 2,189 | 13 | 99.4% |

All rental housing segments within the market are maintaining good occupancy levels, as none are lower than 97.4%. The overall occupancy rate of 99.4% for the Sanford Site PMA illustrates that pent-up demand likely exists in the market. The subject project will continue to accommodate a portion of this unmet demand.

- In instances where a significant number (more than 20%) of proposed units are comprised of three-and four-bedroom units, the analyst must refine the analysis by factoring in the number of large households (generally 4+ persons).
2. **Demand from Existing Households:** This source of demand must be derived from the 2010 census or the most recent American Community Survey (ACS).
- Rent over-burdened households, if any, within the age group, income cohorts and tenure (renters) targeted for the proposed project. In order to achieve consistency in methodology, analysts must assume the rent-overburdened analysis includes households paying greater than 35% or, in the case of elderly, 40% of their incomes toward gross rent.

Based on the American Community Survey (ACS) 5-Year Estimates (American Factfinder table B25074), 50.1% of households, depending upon income level, within Lee County, are considered to be rent overburdened.

- Households living in substandard housing (units that lack complete plumbing or are overcrowded) must be adjusted for applicable age, income bands and tenure. The analyst must use a conservative, market supported estimate of demand from both households that are rent-overburdened or living in substandard housing.

Based on the American Community Survey (ACS) 5-Year Estimates (American Factfinder table B25016), approximately 8.7% of all households within Lee County are living in substandard housing. Considering the targeted low-income tenant base, this estimate is considered appropriate for the area.

- Income eligible elderly homeowners likely to convert to renting must not add more than 20% of total demand. For migration purposes in urban markets analysts may add up to 2% of income eligible senior homeowners in demand calculations and up to 5% for rural markets. Data from the Annual Housing Survey and interviews with property managers of active projects regarding renters who have come from homeownership must be used to refine the analysis. Include a narrative of the steps taken in arriving at this demand figure.

The subject site location is within Sanford and we have accounted for 5.0% of age- and income-appropriate owner household support in our following demand analysis.

- Analysts may not use household turnover rates other than for elderly projects.

b. Method (Demand and Supply Considerations)

1. **Demand:** The two overall demand components added together above represent demand for the project.
2. **Supply:** Comparable units (vacant or occupied) funded, under construction or placed in service in 2016 must be subtracted to calculate net demand. Vacancies in projects placed in service prior to 2016 which have not reached stabilized occupancy (i.e. at least 90% occupied) must also be considered as part of the supply. Do not subtract units in existing, stabilized LIHTC properties.

Note that there are no proposed or existing age-restricted, non-subsidized LIHTC developments constructed since 2016. However, there is one age-restricted LIHTC property which is currently operating at an occupancy rate of 88.0% within the Site PMA. The one unit necessary to stabilize this property (90.0%), has been included in our demand estimates below.

- c. **Capture Rate:** The Capture Rate is calculated by dividing the number of units in the proposed project by net demand. Capture rate analysis must be completed for each targeted income group and bedroom size proposed. The analyst must include a narrative on what the capture rate means for the project proposal (e.g. given the market area, is this the average capture rate or is it one that should cause concern?).

The following is a summary of our demand calculations:

| Demand Component (Age 55+) | Percent of Median Household Income |
|---|---------------------------------------|
| | 60% AMHI/Overall \$15,270-\$27,900 |
| Demand From New Households (Age- And Income-Appropriate) | 274 - 316 = -42 |
| + | |
| Demand From Existing Households (Rent Overburdened) | 316 X 50.1% = 158 |
| + | |
| Demand From Existing Households (Renters In Substandard Housing) | 316 X 8.7% = 27 |
| + | |
| Demand From Existing Households (Elderly Homeowner Conversion) | 597 X 5.0% = 30 |
| = | |
| Total Demand | 173 |
| - | |
| Supply (Directly Comparable Units Built And/Or Funded Since 2016) | 1 |
| = | |
| Net Demand | 172 |
| Subject Units | 50 |
| Capture Rate | 29.1% |

Typically under this methodology, capture rates below 30% are acceptable, while capture rates under 20% are ideal. As such, the capture rate of 29.1% for the subject project is considered achievable and illustrates that a limited base of demographic support will exist for the subject project in the unlikely event it lost its subsidy and operated exclusively under the LIHTC program. Regardless, the subject project is anticipated to retain its subsidy on all units and is currently 100.0% occupied with a waiting list. Therefore, the subject project's effective capture rate is 0.0%, as it is anticipated that most, if not all, tenants at the subject project will remain post renovations.

Based on the distribution of households by household size, our survey of conventional apartments and the distribution of bedroom types in balanced markets, the estimated shares of demand by bedroom type for the Site PMA are distributed as follows:

| Estimated Demand By Bedroom | |
|-----------------------------|---------|
| Bedroom Type | Percent |
| Studio | 20% |
| One-Bedroom | 50% |
| Two-Bedroom | 30% |
| Total | 100.0% |

Applying these shares to the income-qualified households yields demand and capture rates of the proposed units by bedroom type as follows:

| Bedroom Size (Share Of Demand) | Total Demand | Supply* | Net Demand By Bedroom Type | Proposed Subject Units | Capture Rate By Bedroom Type |
|-----------------------------------|-----------------|---------|-------------------------------|---------------------------|---------------------------------|
| Studio - 60% AMHI (20%) | 35 | 0 | 35 | 18 | 51.4% |
| One-Bedroom - 60% AMHI (50%) | 86 | 0 | 86 | 30 | 34.9% |
| Two-Bedroom - 60% AMHI (30%) | 52 | 1 | 51 | 2 | 3.9% |

*Directly comparable units built and/or funded in the project market over the projection period.

The capture rates by bedroom type are low to high, ranging from 3.9% to 51.4%. As such, there appears to be a rather limited base of age- and income-appropriate households to support the project if it lost its project-based subsidy. Regardless, the subject is currently 100.0% occupied with a waiting list and it is unlikely that any of the subject's current tenants will relocate upon completion of renovations.

3. ABSORPTION PROJECTIONS

For the purposes of this analysis, we assume the absorption period at the site begins as soon as the first units are available for occupancy. Since all demand calculations in this report follow NCHFA guidelines that assume a 2019 renovation completion date for the site, we also assume that initial units at the site will be available for rent sometime in 2019.

The subject project is currently 100.0% occupied and maintains a 23-household waiting list. According to the developer, no long-term displacement is expected for the current tenants residing at the subject project. Therefore, few, if any, of the subject units will have to be re-rented immediately following renovations. However, for the purposes of this analysis, we assume that all 50 subject units will be vacated and that all units will have to be re-rented simultaneously, assuming the retention of the subsidy on all units.

It is our opinion that the 50 subject units will reach a stabilized occupancy rate of 90.0% within approximately four months following renovations, assuming total displacement of existing tenants. This absorption period is based on an average absorption rate of approximately 11 units per month. Our absorption projections assume that the renovations will be completed as outlined in this report. Changes to the project's amenities, scope of renovations, or other features may invalidate our findings. We assume the developer and/or management will aggressively market the project throughout the Site PMA a few months in advance of its opening and continue to monitor market conditions during the project's initial lease-up period. Finally, these absorption projections also assume that the subsidy will be retained following renovations. Should the subsidy be lost, the subject site would likely experience an extended absorption period.

Regardless, it is important to remember that all 50 subject units will continue to receive a subsidy following renovations, allowing tenants to pay up to 30% of their adjusted gross income towards housing costs. Therefore, in reality, the effective absorption period for the subject project will be less than one month, as most, if not all, current tenants are expected to remain post renovations.

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All rental housing segments within the market are maintaining good occupancy levels, as none are lower than 97.4%. The overall occupancy rate of 99.4% for the Sanford Site PMA illustrates that pent-up demand likely exists in the market. The subject project will continue to accommodate a portion of this unmet demand.

The following table summarizes the breakdown of market-rate and non-subsidized Tax Credit units surveyed within the Site PMA.

| Market-rate | | | | | | |
|----------------------------|-------|--------------|---------------|-----------|-------------|-------------------|
| Bedroom | Baths | Units | Distribution | Vacancy | % Vacant | Median Gross Rent |
| One-Bedroom | 1.0 | 378 | 32.7% | 0 | 0.0% | \$799 |
| Two-Bedroom | 1.0 | 74 | 6.4% | 0 | 0.0% | \$794 |
| Two-Bedroom | 1.5 | 61 | 5.3% | 1 | 1.6% | \$730 |
| Two-Bedroom | 2.0 | 464 | 40.1% | 1 | 0.2% | \$874 |
| Three-Bedroom | 1.5 | 6 | 0.5% | 0 | 0.0% | \$807 |
| Three-Bedroom | 2.0 | 174 | 15.0% | 0 | 0.0% | \$1,120 |
| Total Market-rate | | 1,157 | 100.0% | 2 | 0.2% | - |
| Tax Credit, Non-Subsidized | | | | | | |
| Bedroom | Baths | Units | Distribution | Vacancy | % Vacant | Median Gross Rent |
| One-Bedroom | 1.0 | 82 | 19.6% | 5 | 6.1% | \$510 |
| Two-Bedroom | 1.0 | 187 | 44.7% | 5 | 2.7% | \$646 |
| Two-Bedroom | 2.0 | 84 | 20.1% | 0 | 0.0% | \$689 |
| Three-Bedroom | 2.0 | 65 | 15.6% | 1 | 1.5% | \$799 |
| Total Tax Credit | | 418 | 100.0% | 11 | 2.6% | - |

The market-rate units are 99.8% occupied and the Tax Credit units are 97.4% occupied. These high occupancy levels maintained at the non-subsidized product surveyed further illustrates the strength of the overall Sanford rental housing market.

Additional information regarding the Sanford Site PMA rental housing market is found in Addendum A of this report.

2. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES

Note that there is only one non-subsidized age-restricted Low-Income Housing Tax Credit (LIHTC) community within the Site PMA. Given the lack of non-subsidized age-restricted LIHTC product within the market, we selected four family-oriented affordable developments that offer first-floor, entry-level one- or two-bedroom units that likely appeal to seniors and represent a reasonable base of comparison for the senior units at the site. The five comparable LIHTC projects and the subject project are summarized within the table on the following page.