# DANVILLE, VIRGINIA

## HOUSING STRATEGY - 2022

# FINAL REPORT

# DANVILLE, VIRGINIA

# HOUSING STRATEGY - 2022

Prepared For: City of Danville, Virginia

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## DANVILLE, VIRGINIA HOUSING STRATEGY


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# INTRODUCTION – POINT OF COMMITMENT

**A Boeing 747 thunders down the runway. At some point the pilot must decide whether to take off or abort. Beyond that point the aircraft must take off, there is no room remaining to stop. This is THE POINT OF COMMITMENT.**

The past 10 years have brought about a dramatic turnaround in Danville. After 25 years of decline and stagnation brought about by the closing of the textile mills in mid-1990s, Danville has seen employment stabilize and increase, unemployment rate has declined, and the River District has been an unparalleled success, demonstrating the potential for new housing in Danville. The citizens of Danville, with the passing of the recent school levy, have demonstrated a commitment to education. The commitment of the Caesar's Resort is the first major employer to enter the market. Others are pending announcement.

**DANVILLE HAS REACHED THE POINT OF COMMITMENT!**

At this precise point in time, Danville must commit to a housing plan in response to already committed new employers. If the lack of contemporary housing alternatives impacts the potential for new employers to recruit new employees, then Danville will lose the potential to attract future employers.

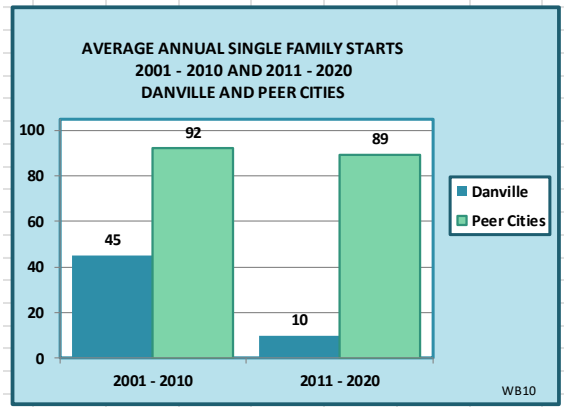
Further, because of the lack of new home construction over the past 25 years, existing residents do not have the housing choices offered in other markets. Young adults, families and seniors are shifting their housing preferences to choices that are not available in Danville.

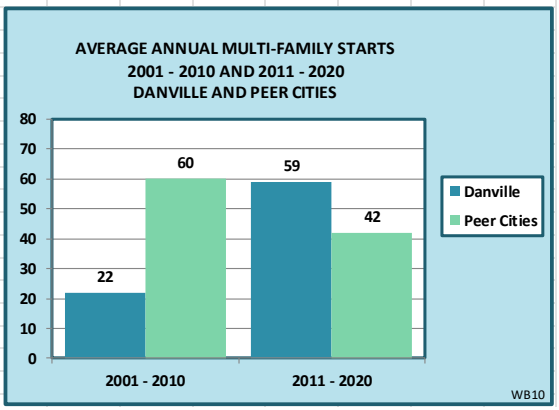
The Danville Housing Strategy presents a vision for potential development. A vision whose momentum is already established. A future where recovery and growth will provide all Danville citizens with new housing opportunities. The Danville Housing Strategy will identify what housing is needed to bring Danville into the 2020s as well as what housing will be needed to accompany the coming economic growth.

# II. EXECUTIVE SUMMARY

## A. PEER CITY ANALYSIS

- Of 309 cities with population of 30,000 to 50,000, 75 had a conventional economy located outside a major metro area. Ten (10) were selected for comparison with Danville.
- Danville has a significantly higher share of households age 65 and over, 36% versus 28%.
- The average income in Danville is nearly comparable to the Peer Cities, $56,886 in Danville versus $57,521 in the Peer Cities.
- Danville has considerably more households in the key home buying income cohorts ($70,000 and over) with 4,437 versus 3,948.
- Danville has more households in the key modern apartment renter income cohorts (over $35,000) with 6,310 versus 5,522.
- Since 2001 Danville has averaged 27 single family starts annually compared with the Peer City average of 91.
- Since 2001 Danville has averaged 40 multi-family starts annually compared with the Peer City average of 51. With the exception of development in the River District, most multi-family starts in Danville have received some form of subsidy.



- Even though average incomes are comparable, Danville has considerably more households with incomes supporting single family development ($70,000+) and multi-family development ($35,000+).

HOUSEHOLDS AGE 25 – 64
WITH INCOME $70,000+

| | |
|---|---|
| DANVILLE | 4,437 |
| PEER CITIES | 3,948 |

SUPPORTS $300,000 HOME PURCHASE WB33

HOUSEHOLDS AGE 25 -64
WITH INCOMES $35,000+

| | |
|---|---|
| DANVILLE | 6,310 |
| PEER CITIES | 5,522 |

SUPPORTS $750 RENT WB33

- Danville has 69% more households over age 65 with incomes over $35,000 (supporting senior rents over $750).

HOUSEHOLDS AGE 65+
WITH INCOME $35,000+

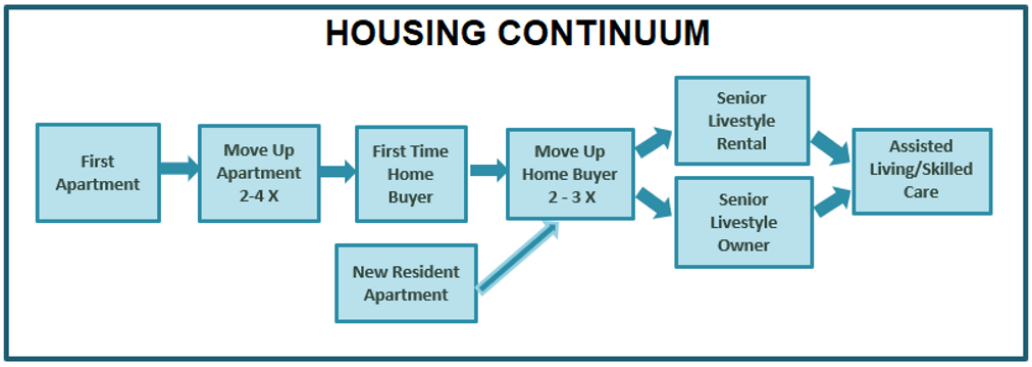
| | |
|---|---|
| DANVILLE | 2,946 |
| PEER CITIES | 1,743 |

SUPPORTS $750+ RENT WB33

- Applying Peer City single family penetration rates, by income cohort, to Danville reflects a pent-up demand for 606 single family homes of $250,000 or over.
- Applying the Peer City apartment penetration rates, by income cohort, to Danville yields an unmet need for 760 market rate apartments with rent over $825.

## B. HOUSING CONTINUUM

- Typically, young households start in entry-level multifamily/rental and move up as their economic circumstances improve and/or their family circumstances change (marriage, children, etc.).

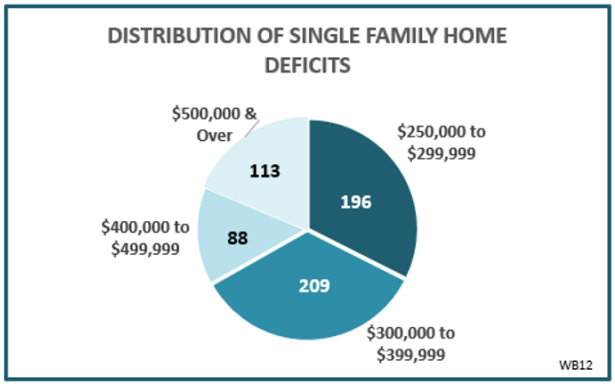



- Basic to the Housing Continuum is that each level of housing needs to be represented in order to provide a support base for the next level. Lack of supply from a support component may create significant issues for a housing development.
- Danville, having had little new housing added to the market over the past 25 years, has significant gaps in the housing continuum, especially in move-up apartments and move-up single family homes.

Danville is at a critical juncture, having had little new housing added to the market over the past 25 years. There are significant gaps in the housing continuum. With 3,900 new jobs on the immediate horizon, there is the opportunity to attract new residents to Danville, thereby bypassing the internal gaps in the Housing Continuum.

## C. SINGLE FAMILY DEVELOPMENT POTENTIAL

- Single family resales in the $250,000 and over price range have more than doubled since 2010, from 151 to 375.
- There is pent-up demand for 606 single family homes at the $250,000 and over range.



- There is a deficit of 196 homes in the $250,000 to $299,999 range (an important price point in the housing continuum), however, at today's construction costs that price point will be difficult to deliver without incentives.
- Based on Peer City penetration rates for the annual sales of single family homes, there is an annual demand for 80 homes in the $250,000 range.
- In addition, there are 3,900 new jobs impacting the Danville housing market within the next 18 months. These new jobs are expected to generate the need for 234 homes.

| | |
|---|---|
| Entry Level Homes (<$300,000) | 70 |
| Move-up Homes ($300,000 - $450,000) | 144 |
| Up-Scale Homes ($450,000>) | 20 |
| Total | 234 |

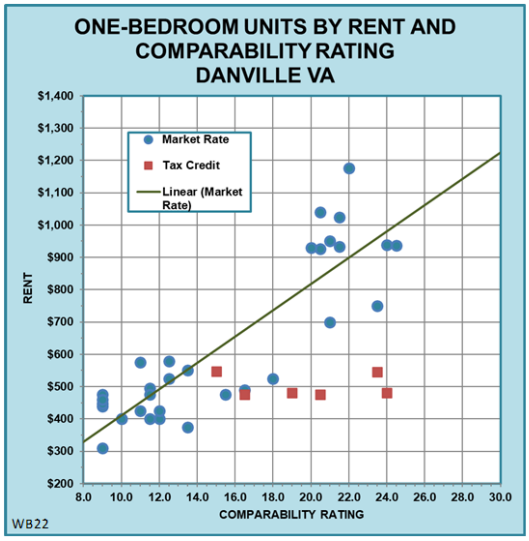
- At today's construction costs, entry level homes (<$300,000) will be difficult to deliver without special incentives to buy down the cost of construction.

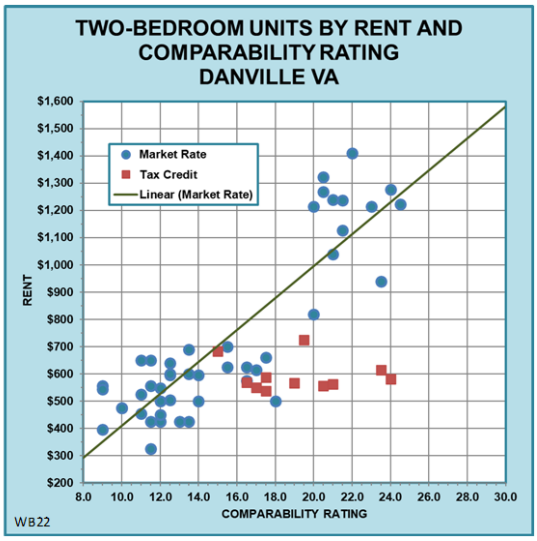
## D. MULTI-FAMILY DEVELOPMENT POTENTIAL

- There were 2,842 in 55 apartment properties surveyed. While median rents were very low, upper quartile rents were relatively high, which were the result of new construction in the River District. The vacancy rate was a low 2.5%.

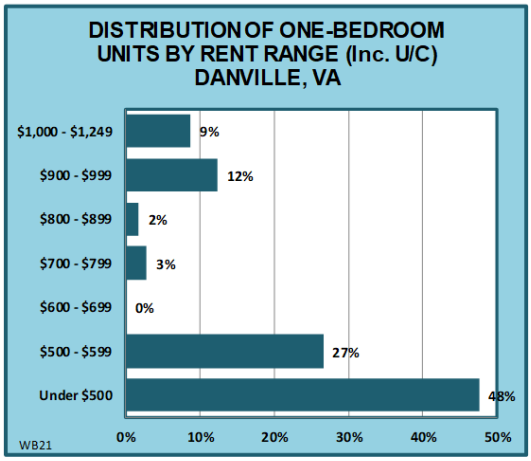
| UNIT SIZE | VACANCY | MEDIAN RENT | UPPER QUARTILE RENT |
|---|---|---|---|
| One-Bedroom | 2.3% | $525 | $750 - $1,276 |
| Two-Bedroom | 3.0% | $600 | $665 - $1,519 |
| Three-Bedroom | 0.5% | $721 | $745 - $1,612 |

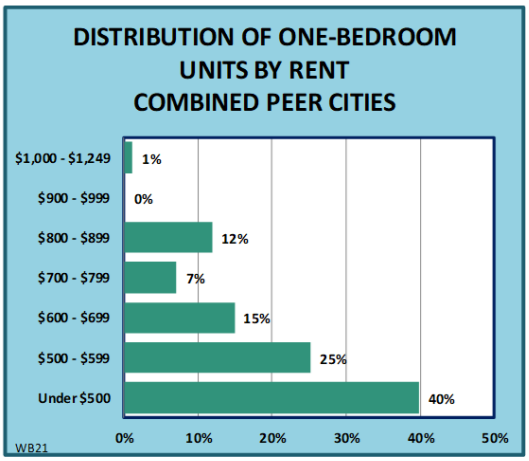
- The lack of development between 2001 and 2021 created a significant gap in rents, severely impacting the Housing Continuum; between $600 and $900 for a one-bedroom unit and between $700 and $1,200 for a two-bedroom unit. The following graph shows the distribution of apartment properties arranged by rent and comparability rating (based on unit and project amenities and curbside appeal.)

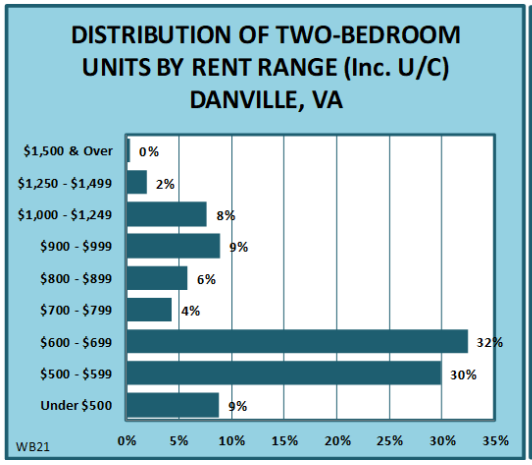


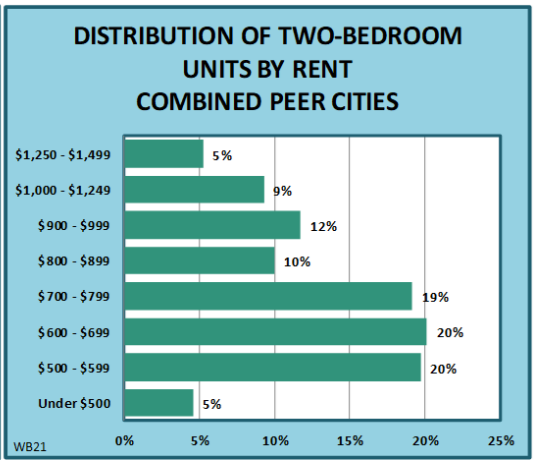




- The following charts further exemplify the lack of move-up apartments in Danville. The charts compare the distribution of apartments (one- and two-bedroom) between Danville and the Peer Cities.



- Based on Peer City penetration rates there is a deficit of 1,385 apartments in Danville, 760 with rents of $700 or more.
- There are 3,355 existing renters in Danville with incomes to support rents of $825 or higher – there are only 538 existing apartments with these rents.
- There are over 600 existing renters age 62+ with incomes to support rents of $825 or higher – existing product is mostly 2/3 story walk-up or townhouses, not senior friendly.
- In addition, the 3,900 new jobs arriving in Danville over the next 18 months will generate the need for over 1,500 additional apartments.

| | |
|---|---|
| Work Force Apartments ($750 - $1,000) | 990 |
| Upscale Apartments ($1,000 - $1,500) | 573 |
| Total | 1,563 |

## E. COMBINED HOUSING DEMAND

Existing demand plus demand from new jobs coming into the Danville region will combine for a total 3,163 new homes.

| | PENT-UP DEMAND | JOB DRIVEN DEMAND | TOTAL |
|---|---|---|---|
| Single Family Homes | 606 | 234 | 840 |
| Apartments | 760 | 1,563 | 2,323 |
| Total | 1,366 | 1,797 | 3,163 |

If Danville cannot meet the housing demand generated from new employers already committed to the area, it will significantly impact the potential to attract new employers in the future.

- In order to meet the immediate needs of new employers, housing initiatives must focus on large scale development. While neighborhood development and infill housing are worthy objectives, they do not respond with the emergency required to meet current needs.
- Danville has numerous tools available to encourage development and additional possible tools and strategies are included in this report. Given the need to respond to the gaps in the housing continuum, it will be important to be certain that savings manifest themselves as a savings to the consumer as opposed to additional profit to the builder/developer. (Although, some additional profit incentive may be required to entice new development.)
- Provide a smooth path through the entitlement process. Everyone in the entitlement process should be expected to buy into the program. It is not uncommon for the positive intentions of leadership to fail at the implementation and inspection level.
- NIMBYism has been the bane of development since the 1950s and ranks within the top few most detrimental issues in the opinion of developers. The entitlement process can often require years to resolve. Danville is at a critical juncture in the economic development process. The lack of housing will definitely impact future growth potential. Zoning officials

and City officials must make zoning decisions based on the best outcome for the entire city.

## F. CONDOMINIUMS

With the success of upscale apartments in the River District as well as new apartments in the pipeline, Danville is emerging into a positive condominium market. In the relatively near term, condominiums can be considered, especially for:

- Unique urban sites
- Waterfront sites
- Special views
- As part of an integrated use development
- Affordable ranch development

There is total demand for 42 units annually, however, it is difficult to achieve the full demand potential unless a full range of product alternatives are available including price, concept (ranch, townhouse, urban, etc.)

## G. ASSISTED LIVING/MEMORY CARE

Considering age, income and asset qualified households in Danville, along with established affliction rates and capture factors, Danville had an existing deficit of 224 assisted living units and 62 memory care units.

## H. NEIGHBORHOOD REVITALIZATION

- Danville, with a population of 42,590 in 2020, has 62 defined neighborhoods containing an estimated combined population of 29,600, or 69% of the total Danville population. While these are defined as “neighborhoods” some are merely subdivisions or, in some instances, only apartment communities. There are, however, some areas that are locally perceived as “neighborhoods” such as Schoolfield, Druid Hills and Westover Hills. There are also 12 planning districts and 6 historic districts. Neighborhood, planning and historic district boundaries rarely coincide.
- We recommend that neighborhoods be clearly defined and, where possible, reflect planning districts and historic districts. Further, the current 62 defined neighborhood should be reduced to a reasonable number by deleting some and combining others. Neighborhood input could assist in defining neighborhoods as perceived by the residents
- Neighborhoods should be identified and encouraged to establish neighborhood commissions that would be charged with establishing programs, architectural review, local rules and regulations. Historically, establishing such commissions results in a pride of ownership and belonging, reduced crime and increased home values.
- Danville is literally “blessed” with a large number of vibrant and active churches of all denominations. Historically, churches have often led the neighborhood revitalization

process. Church leaders should be convened to discuss their potential role in the future of their neighborhoods.

- The city should provide technical assistance to neighborhoods wishing to form neighborhood commissions. Most cities with well-developed neighborhood commissions have dedicated staff members assigned for this purpose.
- Danville has a total of 4,629 vacant single-family homes, 29% of the total housing stock. To reduce the vacant share to the Peer City level, 11%, results in an excess of 2,077 vacant homes. This is the target number for rehab or demolition.
- Strategies developed to support new construction of single-family and apartment development can be applied to infill housing.

## I. TEMPORARY EMPLOYEE HOUSING

- During average periods of construction and development in Danville, housing of construction employees is generally accommodated within the existing facilities in the area. However, during periods of increased construction activity existing facilities may not be sufficient to accommodate all of the employees.
- Danville currently has a major project under construction (Caesar's Resort) and two large apartment projects scheduled to start construction in 2022. The Caesars Resort project is scheduled to generate over 900 construction employees and the apartment properties, an additional 475. There is a pipeline of $150 million in new construction expected over the next 5 years, bringing in an estimated 3,275 temporary construction employees.
- Typically, construction employees on a major construction project have a wide range of choices regarding their living arrangements while on site. In a major market most will be local and commute to the job site, however, in markets such as Danville, other options become increasingly important.
- A total of 68% of temporary construction employees are expected to be local residents or to commute from nearby communities. Temporary employees with privately owned RVs should account for 15%, and 17% can be expected to use local extended stay hotels.
- Strategies include:
    - Upgrade existing mobile home parks and make available for temporary workers with privately owned RVs.
    - Encourage apartment developers to make some units available furnished for short term rentals.
    - Encourage developers to provide RV pads at the job site.
    - Develop resort style campground (Jellystone/Good Sam Club/KOA) for initial use for temporary employees.
    - Work with local hotel owners to provide extended stay rates and services.
- Proactively embrace temporary workers welcome packages, coupons, lists of activities, restaurants, churches, etc.

# III. PEER CITY ANALYSIS

There are 309 cities in the U.S. with population between 30,000 and 50,000. (Danville population in 2020 was 42,590.) Of these, 223 were suburban communities located in larger markets. Eleven (11) were unique, being state capitals, resort cities, military bases, or university-based cities. There were 75 "Comparable Cities" (including Danville) with conventionally based economies located outside major metropolitan areas. From these 75 comparable cities, 10 were selected to be "Peer Cities" based on growth, income and overall economy. The 10 Peer Cities are:

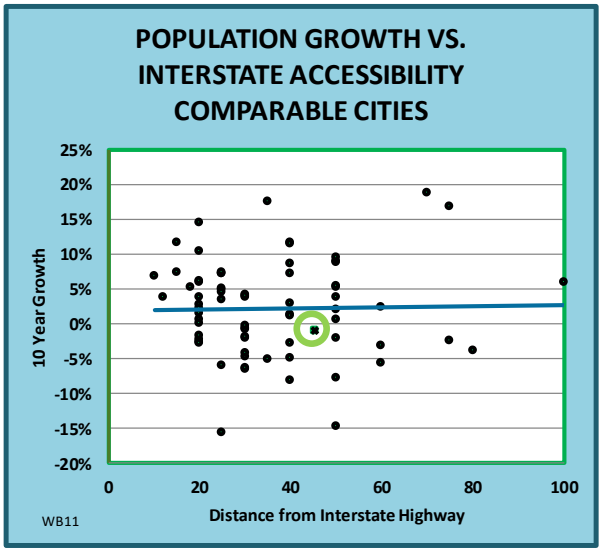
Alamogordo NM
Biloxi MS
Elizabethtown KY
LaGrange GA
Lancaster OH
Lima OH
Morristown TN
Sanford NC
Statesboro GA
Zanesville OH

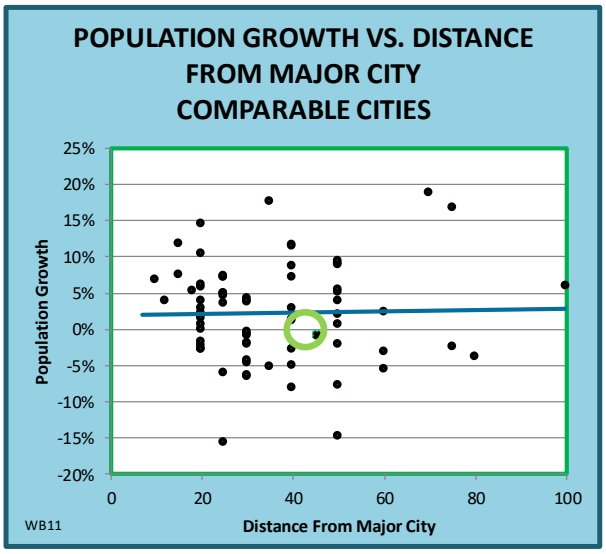
## A. COMPARABLE CITY GEOGRAPHIC COMPARISONS

Danville is located 41 miles from Greensboro, NC and 41 miles from the nearest interstate highway. U.S. Route 29 is located 2 miles from downtown Danville and is a divided, limited access, highway designated for future I-785 (with upgraded interchanges and signage) and will connect to the I-40/I-85 corridor 41 miles south in Greensboro. (7 miles are completed and 16 more miles are funded. Property acquisition will begin in 2024).

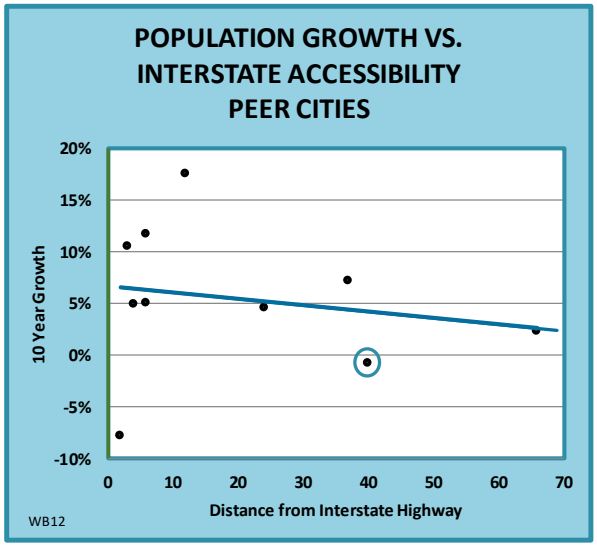
To determine the impact of distance from a metropolitan area or interstate highway, the distance from these features was calculated for the 75 cities.

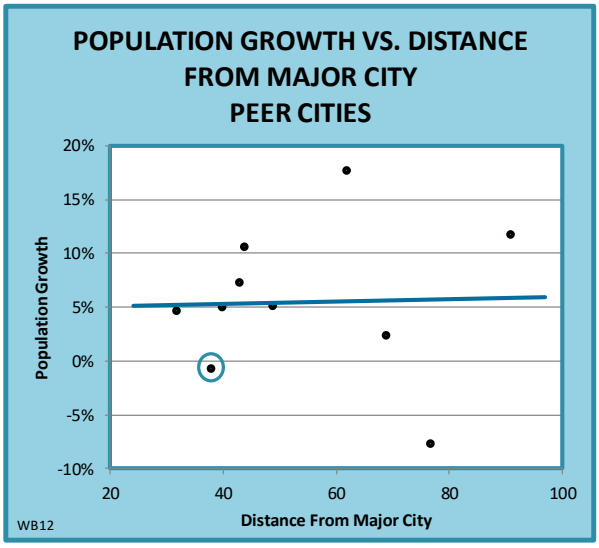
The following two charts show the impact of distance from a major city and interstate highway on population growth among the 75 Comparable Cities.



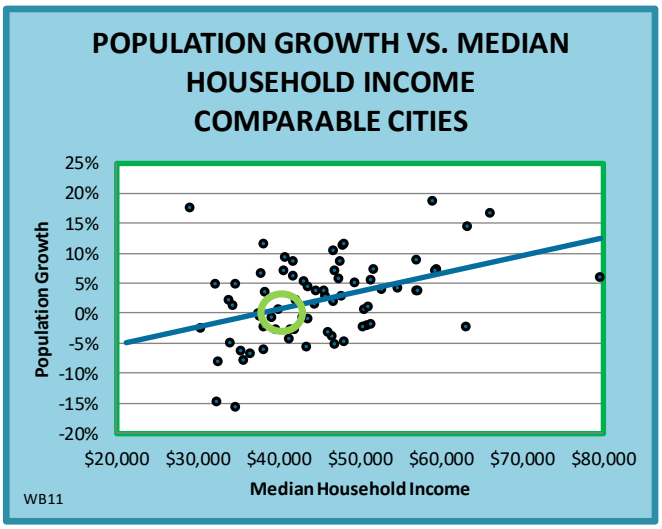




Clearly the distance from a metropolitan area or interstate highway has little effect on the population growth among Comparable Cities. Among Peer Cities, there is a slight decline in growth as cities are located further from an interstate highway while distance from a major city has little impact. It should be noted, however, that while the trend line is reflective of the 10 cities, there is no real pattern to their distribution.



It is noteworthy that there is a relationship between population growth and the median income. Cities with a higher growth rate have a higher median income. This is likely the impact of new employees entering the market in response to higher paying employment opportunities.




## B. PEER CITY COMPARISONS

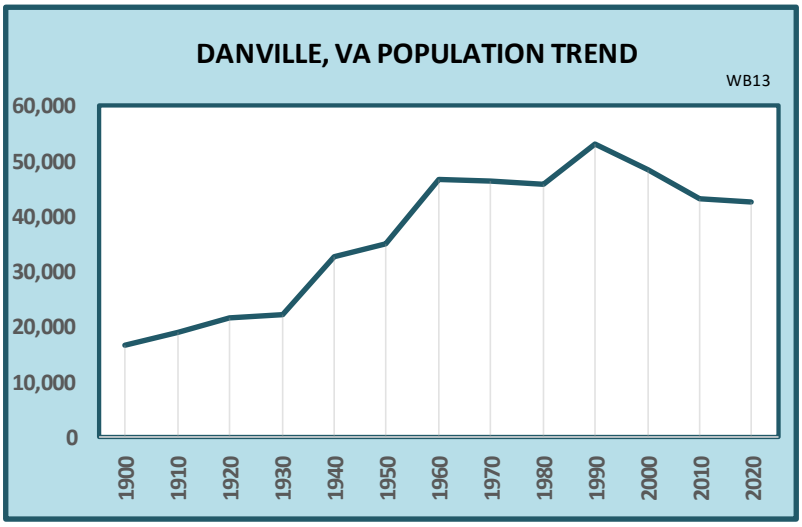
Following are comparisons of the Peer Cities with Danville.

| | PEER CITY AVERAGE | DANVILLE, VIRGINA |
|---|---|---|
| Population | | |
| 2010 | 32,864 | 43,055 |
| 2020 | 34,816 | 42,590 |
| Percent Change | 5.9% | -0.8% |
| Households Age 65+ | 28% | 36% |
| Median Income 2021 | $41,784 | $37,872 |
| Average Income 2021 | $57,521 | $56,886 |
| Median Value Owner Occupied Homes | $142,166 | $97,189 |
| Tenure | | |
| Owner Occupied | 45% | 41% |
| Renter Occupied | 44% | 38% |
| Vacant | 11% | 21% |
| Tenure Deleting Vacant Units | | |
| Owner Occupied | 51% | 52% |
| Renter Occupied | 49% | 48% |
| Homes with 3+ Bedrooms | 46% | 47% |
| Percent Homes with Mortgage | 65% | 57% |
| Average Value with Mortgage | $156,261 | $128,521 |
| Average Value without Mortgage | $84,480 | $105,362 |
| Monthly Owner Costs 35%+ of Household Income | 21% | 24% |

| | | |
|---|---|---|
| Renter Occupied Homes | | |
| Median Gross Rent | $771 | $682 |
| With Rent Over $1,000 | 22% | 15% |
| Average Annual Single Family Building Permits | | |
| 2001 - 2010 | 92 | 45 |
| 2011 - 2020 | 89 | 10 |
| Average Annual Muli-Family Building Permits | | |
| 2001 - 2010 | 60 | 22 |
| 2011 - 2020 | 42 | 59 |
| Total Employment (Location Based) | 23,594 | 28,043 |
| Employment as a Percent of Population | 67% | 69% |
| Labor Force (Age 16 and over) | 15,273 | 16,641 |
| Labor Force as a Percent of Population 16 and over | 53% | 49% |

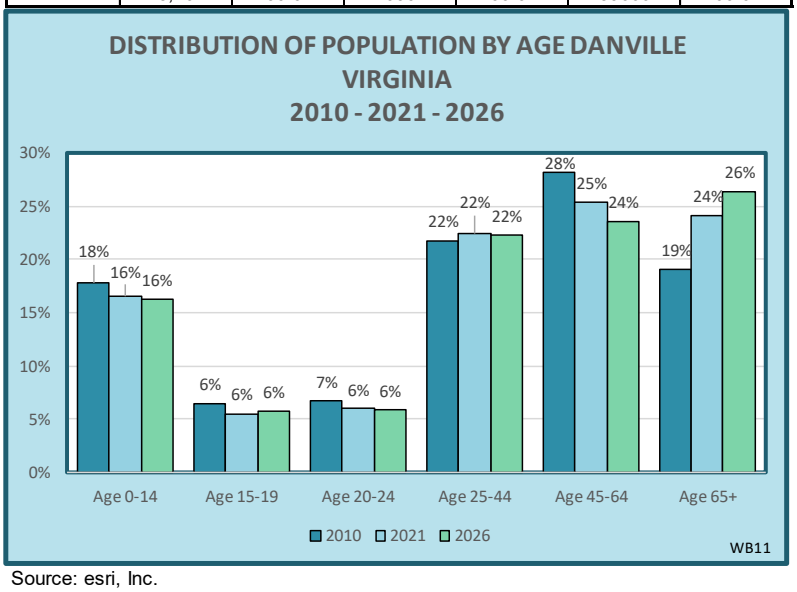
**POPULATION –** Between 2010 and 2020 population among Peer Cities increased at a 5.9% rate compared with a 0.8% decline in Danville. Danville population increased steadily beginning in 1930, the result of increased employment in the textile industry. Population peaked in 1990. With most of the textile mills closing by the mid-1990s, population declined sharply through 2010, declining 18.8%. Since 2010 the population has stabilized, declining only 1.1% through 2020.

| DANVILLE POPULATION TREND 1900 - 2020 | | | |
|---|---|---|---|
| YEAR | POPULATION | YEAR | POPULATION |
| 1900 | 16,520 | 1970 | 46,391 |
| 1910 | 19,020 | 1980 | 45,642 |
| 1920 | 21,539 | 1990 | 53,056 |
| 1930 | 22,247 | 2000 | 48,411 |
| 1940 | 32,749 | 2010 | 43,055 |
| 1950 | 35,066 | 2020 | 42,590 |
| 1960 | 46,577 | | |



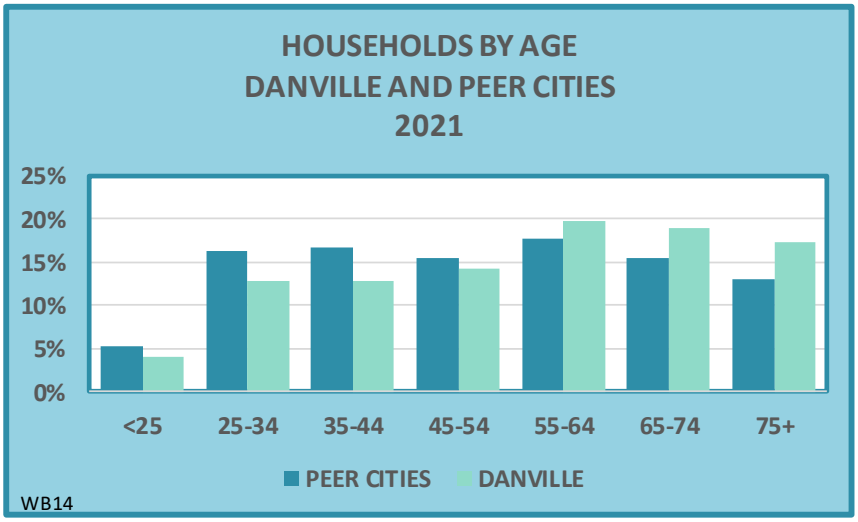

Source: U.S. Census

| DISTRIBUTION OF POPULATION BY AGE<br>DANVILLE, VIRGINIA<br>2010 - 2021 - 2026 | | | | | | |
|---|---|---|---|---|---|---|
| | 2010 | | 2021 | | 2026 | |
| AGE | NUMBER | PERCENT | NUMBER | PERCENT | NUMBER | PERCENT |
| Age 0-14 | 7,694 | 18% | 6741 | 16% | 6448 | 16% |
| Age 15-19 | 2,788 | 6% | 2259 | 6% | 2277 | 6% |
| Age 20-24 | 2,898 | 7% | 2446 | 6% | 2316 | 6% |
| Age 25-44 | 9,382 | 22% | 9187 | 22% | 8826 | 22% |
| Age 45-64 | 12,117 | 28% | 10384 | 25% | 9338 | 24% |
| Age 65+ | 8,222 | 19% | 9887 | 24% | 10461 | 26% |
| | 43,101 | 100.0% | 40904 | 100.0% | 39666 | 100.0% |



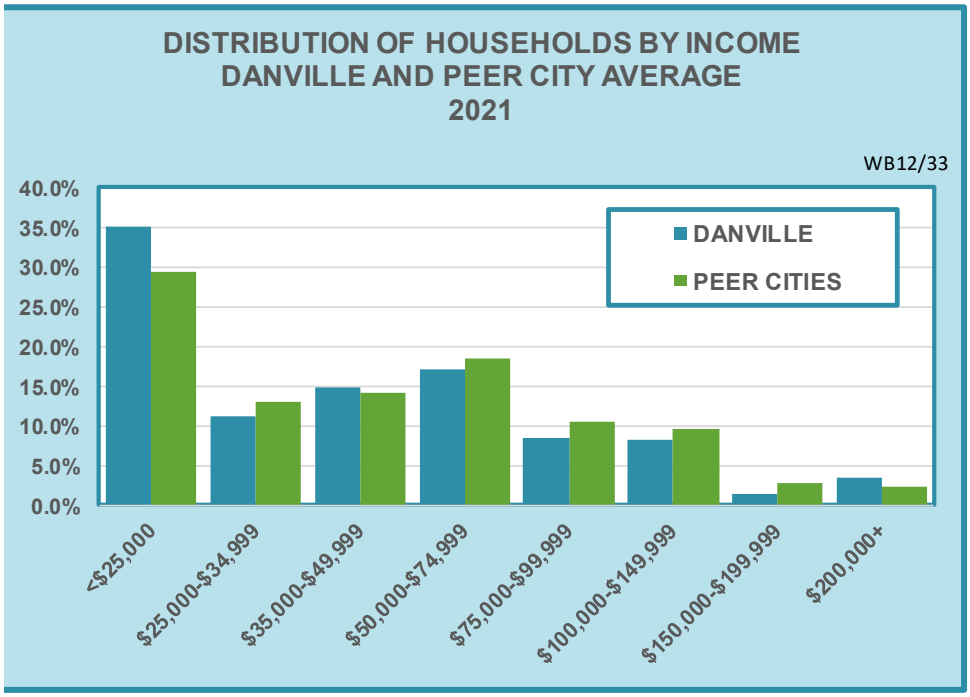

Source: esri, Inc.

**HOUSEHOLDS AGE 65+ -** Danville has a significantly higher share of households age 65 and over, 36% versus 28%. Danville has a lower share of households in all categories under age 55.



**INCOME –** The Danville median income is somewhat less than that of the Peer Cities. Average incomes, a more representative measure, are about equal. However, the $200,000 and over category is higher in Danville.

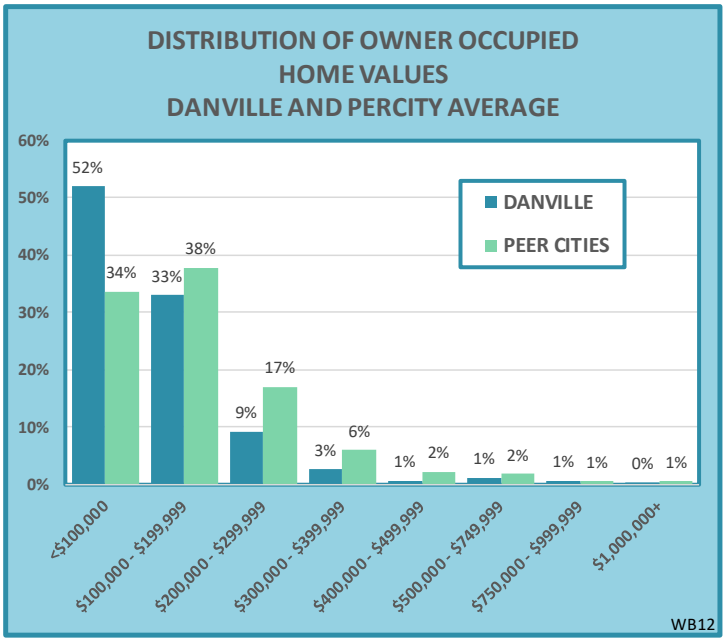
| DISTRIBUTION OF HOUSEHOLD BY INCOME<br>DANVILLE AND PEER CITY AVERAGE<br>2021 | | | | |
|---|---|---|---|---|
| | DANVILLE | | PEER CITY AVERAGE | |
| INCOME RANGE | NUMBER | PERCENT | NUMBER | PERCENT |
| <$25,000 | 6,250 | 35.0% | 3,984 | 29.3% |
| $25,000-$34,999 | 2,006 | 11.2% | 1,761 | 13.0% |
| $35,000-$49,999 | 2,647 | 14.8% | 1,935 | 14.2% |
| $50,000-$74,999 | 3,064 | 17.2% | 2,495 | 18.4% |
| $75,000-$99,999 | 1,518 | 8.5% | 1,414 | 10.4% |
| $100,000-$149,999 | 1,465 | 8.2% | 1,300 | 9.6% |
| $150,000-$199,999 | 263 | 1.5% | 381 | 2.8% |
| $200,000+ | 621 | 3.5% | 319 | 2.3% |
| Total | 17,834 | 100.0% | 13,589 | 100.0% |
| Median | $37,872 | | $41,784 | |
| Average | $56,886 | | $57,521 | |




Source: esri, Inc.

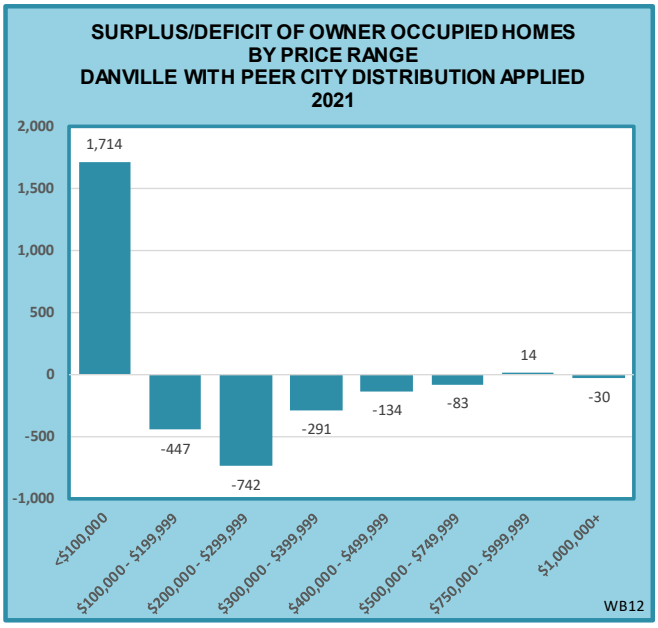
## MEDIAN VALUE OF OWNER-OCCUPIED HOMES –

The median value of owner-occupied homes is considerably lower in Danville, the result of a lack of new construction over the past 20 years.




Source: esri, Inc.

Applying Peer City distribution of owner-occupied homes to Danville would yield a 1,714 unit surplus of homes in the under $100,000 range and deficits in all other ranges, the largest of which is 742 units in the $200,000 to $299,999 range. At $300,000 and over there is a deficit of 524 homes ($300,000 is about the lowest price of a new home with today's construction costs).




Source: esri, Inc.

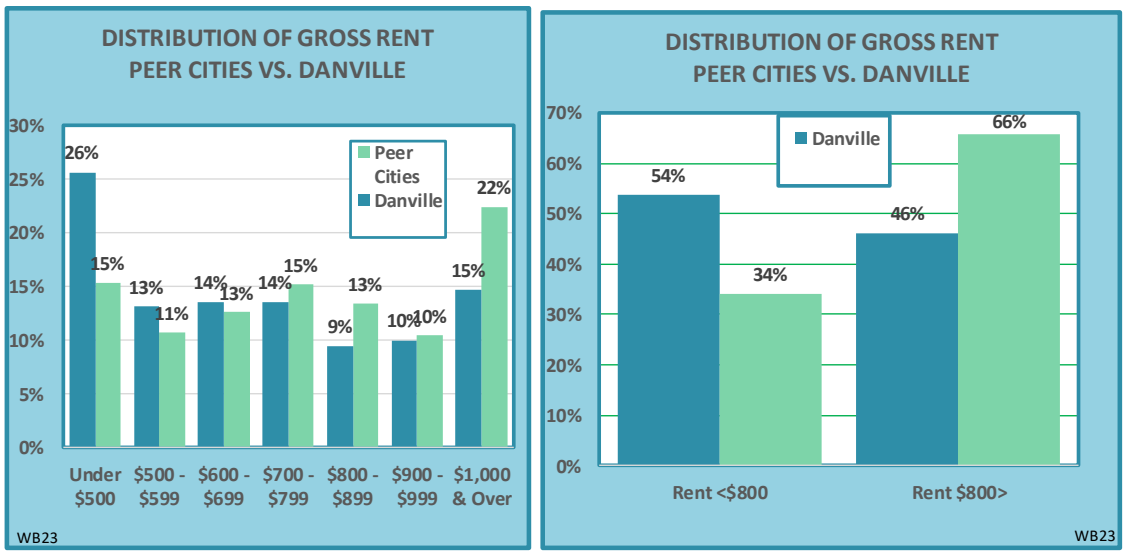
**TENURE –** Both the owner and renter occupied home share in the Peer Cities is higher than in Danville due to a high share (21%) of vacant housing in Danville. Vacant housing represents only 11% in the Peer Cities.

Deleting vacant housing, Danville has a 52% home ownership rate compared with 51% in the Peer Cities.

**PERCENT THREE-BEDROOM HOMES –** Three-bedroom homes represent 47% in Danville and 46% among the Peer Cities.

**PERCENT HOMES WITH A MORTGAGE –** Danville had a considerably lower share of homes with a mortgage than the Peer Cities, 57% versus 65%. The average mortgage amount is also less in Danville. This is reflective of the higher share of senior households.

**RENTER OCCUPIED HOMES –** Median rents are nearly $100 lower in Danville, $682 versus $771. Danville has a considerably higher share of rental homes with rents under $800, 54% versus 34%. For units over $800, Danville has 46% compared with 66% in the Peer Cities. The disparity between Danville and the Peer Cities relates to the lack of new multi-family construction over the past 25 year. New construction typically add product at a higher construction cost and, thus, higher rents.



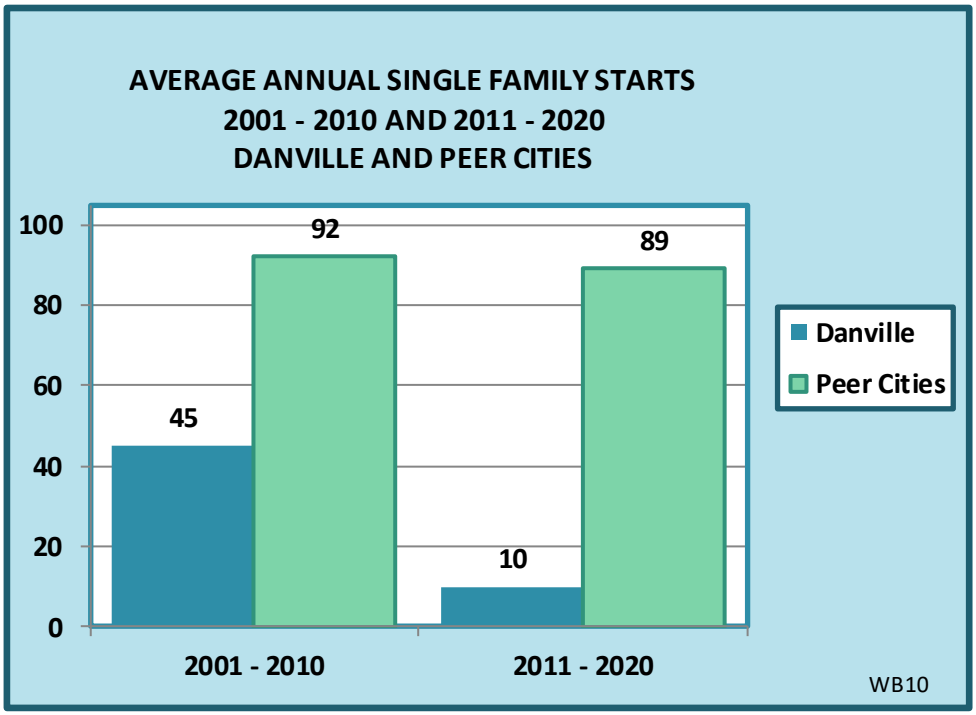

Source: esri, Inc.

Applying the Peer City distribution of rent to the Danville total occupied rental units yields a surplus of units (2,407) in the under $700 range and a deficit of 1,163 units over $700. Without significant incentives it is difficult to deliver rental product under $800 so the deliverable deficit is 1,025 units.

| DANVILLE RENTAL HOUSING SURPLUS/DEFICIT BASED ON PEER CITY DISTRIBUTION | | | |
|---|---|---|---|
| RENT RANGE | EXISTING DISTRIBUTION OF UNITS BY RENT | DISTRIBUTION OF UNITS BY RENT - PEER CITY DISTRIBUTION | SURPLUS (DEFICIT) |
| $1,000 & Over | 1,250 | 1,908 | (658) |
| $900 - $999 | 849 | 885 | (36) |
| $800 - $899 | 805 | 1,136 | (331) |
| $700 - $799 | 1,152 | 1,290 | (138) |
| $600 - $699 | 1,151 | 1,070 | 81 |
| $500 - $599 | 1,114 | 906 | 208 |
| Under $500 | 2,178 | 1,304 | 874 |

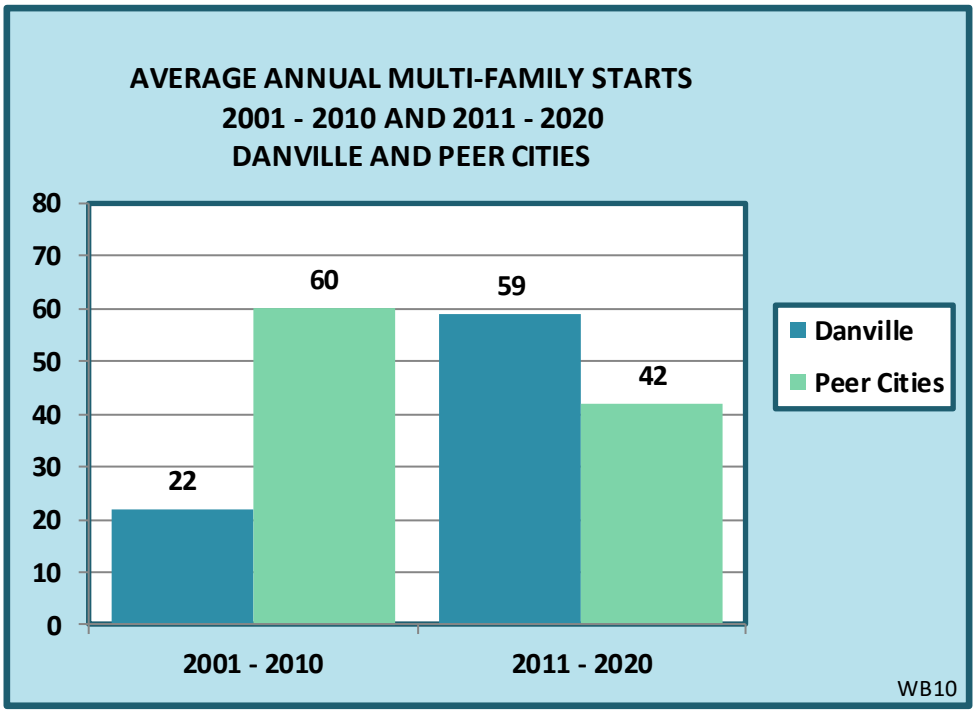
Source: esri, Inc. (WB23)

**AVERAGE ANNUAL SINGLE FAMILY BUILDING PERMITS –** New single family housing starts in Danville have lagged behind the Peer Cities. In the period 2001 – 2010, Peer Cities averaged 92 single family starts annually compared with 45 in Danville. From 2011 through 2020 the Peer Cities averaged 89 versus on 10 in Danville.




Source: U.S. Department of Housing and Urban Development

**AVERAGE ANNUAL MULTI-FAMILY BUILDING PERMITS –** Multi-family construction has increased significantly in Danville over the past 10 years increasing from 22 units between 2001 to 2010 to 59 units per year between 2011 and 2020, out-pacing the Peer City average of 42 units per year.




Source: U.S. Department of Housing and Urban Development

**EXISTING VERSUS SUPPORTABLE SINGLE-FAMILY HOMES BY INCOME AND VALUE –** Danville has a considerably lower penetration rate of homes valued at $300,000 or higher.

| NUMBER OF EXISTING HOMES AS A PERCENTAGE OF QUALIFIED HOUSEHOLDS (Penetration Rate) | | |
|---|---|---|
| Home Value | Danville | Peer Cities |
| $300,000 to $399,999 | 24% | 44% |
| $400,000 to $499,999 | 13% | 30% |
| $500,000 & Over | 27% | 41% |

**EMPLOYMENT (LOCATION BASED) AND LABOR FORCE –** In Danville, Employment (local jobs) equaled 69% of the total population slightly higher than the Peer City average of 67%. Labor force, as a percentage of population age 16 and over, however, was somewhat lower in Danville, 49% versus 53%, indicative of the higher share of retired seniors in Danville.

## C. TAPESTRY SEGMENTATION COMPARISONS

Tapestry Segmentation, developed by esri, Inc., provides a detailed description of geographic areas based on their socioeconomic and demographic composition.

Tapestry is a market segmentation system built from using a large, well-selected array of attributes of demographic and socioeconomic variables to identify numerous unique market characteristics. These segments reflect demographic shifts over the last decade, as well as the emergence of new markets due to population growth, demographic and socioeconomic change and transforming consumer behavior. Tapestry includes 14 "LifeMode" groups and 6 "Urbanization" groups. LifeMode groups share similar demographic characteristics and consumer behavior patterns while Urbanization groups are based on the segment's geographic and physical features.

Full definitions of LifeMode and Urbanization groups can be found in Appendix A of this report.

The following table compares the LifeMode groups for the Peer Cities (average) versus Danville.

| LIFEMODE TAPESTRY COMPARISON PEER CITY AVERAGE VS. DANVILLE, VIRGINIA | | |
|---|---|---|
| TAPESTRY LIFEMODE GROUP | PEER CITY AVERAGE | DANVILLE |
| 1. Affluent Estates | 1% | 1% |
| 2. Upscale Avenues | 0% | 0% |
| 3. Uptown Individuals | 0% | 0% |
| 4. Family Landscapes | 9% | 0% |
| 5. GenXurban | 14% | 21% |
| 6. Cozy Country Living | 9% | 9% |
| 7. Sprouting Explorers | 1% | 0% |
| 8. Middle Ground | 21% | 0% |
| 9. Senior Styles | 5% | 10% |
| 10. Rustic Outposts | 4% | 4% |
| 11. Midtown Singles | 8% | 4% |
| 12. Hometown | 21% | 51% |
| 13. Next Wave | 0% | 0% |
| 14. Scholars and Patriots | 6% | 0% |
| Total | 100% | 100% |

WB16

Danville varies from the overall Peer City average in three categories, Family Landscape, GenXurban, and Hometown.

**FAMILY LANDSCAPE GROUP**

The Family Landscape group is predominately successful young families in their first home and home-owners with mortgages living in newer single family homes. As would be expected, given the lack of new single family housing in Danville, Danville has a zero percentage of households compared with 9% for the Peer Cities.

| LIFEMODE TAPESTRY COMPARISON<br>FAMILY LANDSCAPE GROUP<br>PEER CITY AVERAGE VS. DANVILLE, VIRGINIA | | |
|---|---|---|
| **FAMILY LANDSCAPE SEGMENTS** | **PEER CITY AVERAGE** | **DANVILLE** |
| Workday Drive | 2% | 0% |
| Home Improvement | 0% | 0% |
| Middleburg | 7% | 0% |
| Total | 9% | 0% |

WB16

Middleburg – The most significant difference with 7% in the Peer Cities and <1% in Danville. Middleburg communities transformed from the easy pace of country living to semirural subdivisions in the last decade, as the housing boom spread beyond large metropolitan cities. Residents are traditional, family-oriented consumers. Still more country than rock and roll, they are thrifty but willing to carry some debt and are already investing in their futures. Not surprising that Danville has a <1% share of households in this segment given the lack of suburban subdivisions.

**GenXurban GROUP**

The GenXurban group accounts for 14% in the Peer Cities and 21% in Danville.

| LIFEMODE TAPESTRY COMPARISON<br>GENXURBAN GROUP<br>PEER CITY AVERAGE VS. DANVILLE, VIRGINIA | | |
|---|---|---|
| **GENXURBAN SEGMENTS** | **PEER CITY AVERAGE** | **DANVILLE** |
| Comfortable Empty Nesters | 4% | 0% |
| In Style | 1% | 10% |
| Parks and Rec | 0% | 0% |
| Rustbelt Traditions | 5% | 0% |
| Midlife Constants | 4% | 10% |
| Total | 14% | 20% |

WB16

The most significant is the In Style segment with 10% of households in Danville and only 1% in the Peer Cities. In Style households embrace an urbane lifestyle that includes support of the arts, travel, and extensive reading. They are connected and make full use of the advantages of mobile devices. Professional couples or single households without children, they have the time to focus on their homes and their interests. The population is slightly older and already planning for their retirement. This difference in Danville most likely is impacted by Averett University and the emergence of the River District housing.

Rustbelt Traditions – 5% in the Peer Cities and <1% in Danville is a reflection of those Peer Cities in traditional rustbelt markets

Midlife Constants – Accounts for 4% in the Peer Cities and 10% in Danville. Midlife Constants residents are seniors, at or approaching retirement, with below average labor force participation and above average net worth. Although located in predominantly metropolitan areas, they live outside the central cities, in smaller communities. Their lifestyle is more country than urban. They are generous, but not spendthrifts.

**HOMETOWN GROUP**

The Hometown group accounts for 21% of the households among the Peer Cities versus 51% in Danville. There are four segments within the Hometown group, all of which vary significantly when comparing Danville to the Peer Cities.

| LIFEMODE TAPESTRY COMPARISON<br>HOMETOWN GROUP<br>PEER CITY AVERAGE VS. DANVILLE, VIRGINIA | | |
|---|---|---|
| **HOMETOWN SEGMENTS** | **PEER CITY AVERAGE** | **DANVILLE** |
| Family Foundations | 0% | 8% |
| Traditional Living | 7% | 0% |
| Small Town Simplicity | 11% | 23% |
| Modest Income Homes | 3% | 20% |
| Total | 21% | 51% |

WB16

Family Foundations – Accounting for 8% of households in Danville versus <1% among the Peer Cities. Family and faith are the cornerstones of life among this segment. Older children, still living at home, working toward financial independence, are common within these households. Neighborhoods are stable: little household growth has occurred for more than a decade. Many residents work in the health care industry or public administration across all levels of government.

Traditional Living – Less than 1% in Danville and 7% in the Peet Cities. Residents in this segment live primarily in low-density, settled neighborhoods. The households are a mix of married-couple families and singles. Many families encompass two generations who have lived and worked in the community; their children are likely to follow suit. The manufacturing, retail trade, and health care sectors are the primary sources of employment for these residents. This is a younger market—beginning householders who are juggling the responsibilities of living on their own or a new marriage, while retaining their youthful interests in style and fun.

Small Town Simplicity – Danville, at 23% is more than double the Peer City average of 11%. This segment includes young families and senior householders that are bound by community ties. The lifestyle is down-to-earth and semirural, with television for entertainment and news, and emphasis on convenience for both young parents and senior citizens. Residents embark on pursuits including online computer games, renting movies, indoor gardening, and rural activities like hunting and fishing. Residents keep their finances simple— paying bills in person and avoiding debt.

Modest Income Homes – Only 3% among Peer Cities but 20% in Danville. This segment are families in this urban segment may be nontraditional; however, their religious faith and family values guide their modest lifestyles. Many residents are primary caregivers to their elderly family members. Jobs are not always easy to come by, but wages and salary income are the main sources of income for most households. Reliance on Social Security and public assistance income is necessary to support single-parent and multigenerational families. Rents are relatively low, and Medicaid assists families in need.

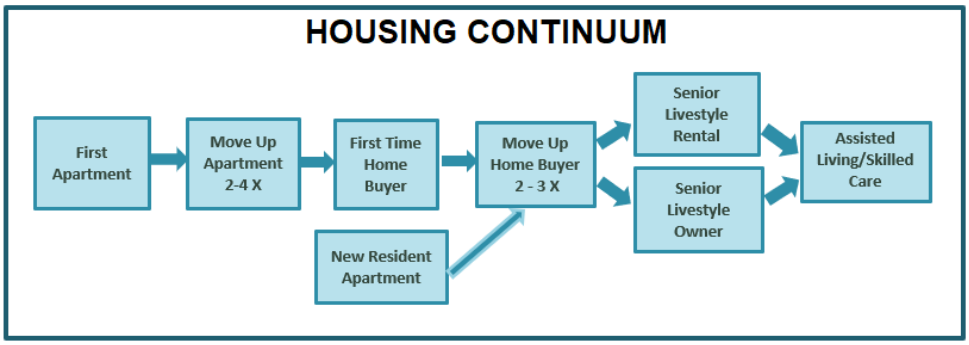
# IV. DEVELOPMENT STRATEGIES

## A. INTRODUCTION

Danville is emerging from a 25 year period of decline and economic stagnation. Recent rental housing success and employment growth have placed the city in a position to recover prior, unmet, demand for housing. Recommendations for the following developments are based on current market conditions and support. Support based on expected employment growth is included in the Housing Demand Model, Section V. recommend will, first, identify the overall demand followed by prototype development recommendations. These prototype recommendations are merely guidelines, developers usually have their own plans and development criteria matching their specific product specialties. Recommendations are not site specific although general location alternatives will be discussed. Prototype recommendations are generally sized to a 12 to 18 month absorption period.

## B. HOUSING CONTINUUM

Understanding the Housing Continuum is a key factor in analyzing housing demand. Households typically move in predictable patterns as their economic and/or family situations change. Typically, young households start in entry-level multifamily/rental and move up as their economic circumstances improve and/or their family circumstances change (marriage, children, etc.). To illustrate how households typically flow through housing over the course of a lifetime, we developed the following Housing Continuum chart.



Basic to the Housing Continuum is that each level of housing needs to be represented in order to provide a support base for the next level. For example, entry-level multifamily/rental is needed to provide support for mid-range and upscale multifamily/rental. Likewise, the entry-level single-family market needs higher-priced rentals to provide support. Renters paying higher rents are more likely to move up to a house with a modest step-up in their housing budget than entry-level renters. Likewise, higher-end home purchases are usually influenced by equity built up from a previous home.

Lack of supply from a support component may create significant issues for a housing development. For example, absorption for a mid-level rental development may be extended if there is an insufficient supply of entry-level rental households in the market area ready to take the economic step up to higher priced housing. Such a development would depend on people moving into the area from outside the market area to fill the units, thus extending the absorption period.

> Danville is at a critical juncture, having had little new housing added to the market over the past 25 years, there are significant gaps in the housing continuum. With 3,900 new jobs on the immediate horizon there is the opportunity to attract new residents to Danville, thereby bypassing the internal gaps in the Housing Continuum.

This report, by identifying voids in the market, will assist in developing a strategy to strengthen the Housing Continuum as an economic development tool. We have learned that a family will leave a market if they cannot find employment but they will also leave if there is no housing that will meet their needs. Further, families may opt to commute a longer distance, initially, but then seek employment closer to home. They are also not as likely to move closer to employment once they have become invested in their current community via schools, shopping, spouse, employment, etc.

Additional factors may include:

- There may be multiple steps in each level. A household may move from an entry-level multifamily property to a slightly better entry-level multifamily property one or more times before moving into a mid-range property.

- A household may “stall out” at any level and never advance any further up the continuum for a variety of reasons, including lack of economic resources to improve their housing, lack of education or experience to support upward mobility, or lack of area options to upgrade their housing.

- Only about two-thirds of all households ever make it into some form of homeownership. Many households choose to remain “renters by choice,” despite having the economic wherewithal to purchase a home. These households are primarily found in upscale multifamily developments. To retain these households in the market there must be upscale rental alternatives available. Further, new employees (often upper income) entering the market are, first, renters <u>then</u> potentially home owners.

- Movement does occur counter to the continuum, as households experience downward mobility from decreased economic status ( job loss, high medical bills, foreclosure, divorce, etc.) or make lifestyle decisions (such as choosing to downsize in retirement). Providing “empty nester” housing for citizens approaching, or in, retirement also opens the existing single-family homes for younger households and families.

Voids modern in the housing continuum are especially critical to the growth in housing and employment in Danville. Only 6% of modern apartments in Danville require an income capable of supporting a mortgage for a first time home buyer. Further, there are few new single-family neighborhoods offering such a product.

Voids in the Danville housing market include all categories of move-up rental and single family homes.

There is very little upscale rental housing Danville, which is vitally important to supporting single-family growth. Further, move-up apartments are critical in attracting new employees to growing companies or businesses new to the market. Also, the market does not offer empty nester or senior housing alternatives.

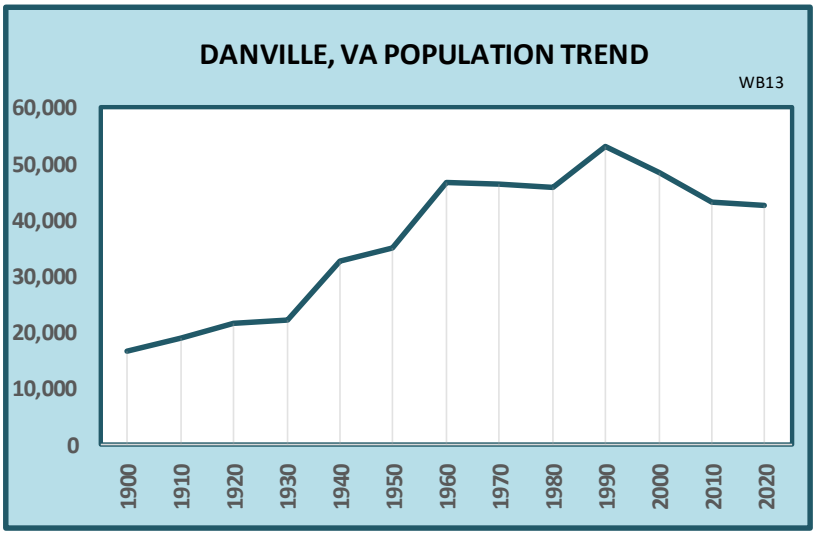
## C. SINGLE FAMILY

### 1. PEER CITY COMPARISONS

Ten cities comparable to Danville have been selected in order to compare housing data. (See Section III. Peer City Analysis for detailed methodology and comparisons.)

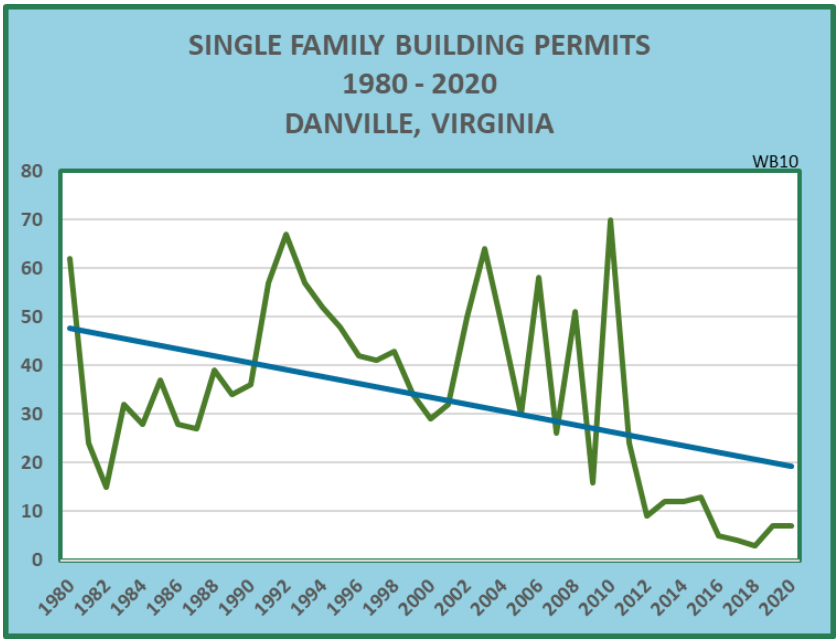
Danville experienced a robust economy, and resulting population growth through 1990. However, with the decline in the textile industry, population declined significantly through 2010 and leveled off between 2010 and 2020.

| DANVILLE POPULATION TREND 1900 - 2020 | | | |
|---|---|---|---|
| YEAR | POPULATION | YEAR | POPULATION |
| 1900 | 16,520 | 1970 | 46,391 |
| 1910 | 19,020 | 1980 | 45,642 |
| 1920 | 21,539 | 1990 | 53,056 |
| 1930 | 22,247 | 2000 | 48,411 |
| 1940 | 32,749 | 2010 | 43,055 |
| 1950 | 35,066 | 2020 | 42,590 |
| 1960 | 46,577 | | |




Source: U.S. Census

While single family building permits were somewhat erratic between 1980 and 2010, they averaged 41 units annually. Since 2010 single family permits have averaged only 10 units annually, much of which have been constructed within housing assistance programs.

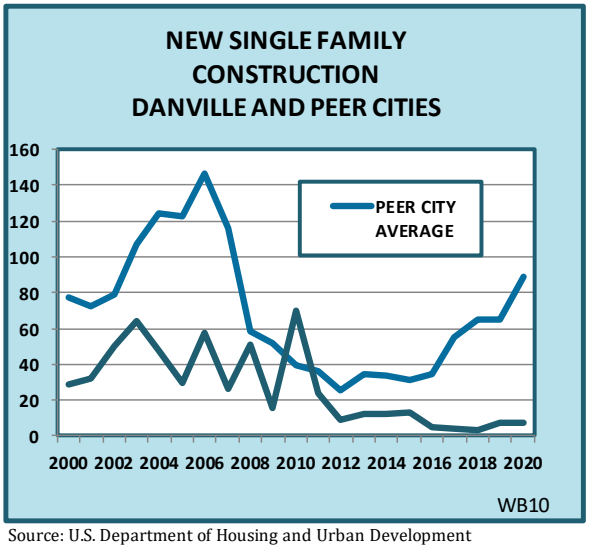


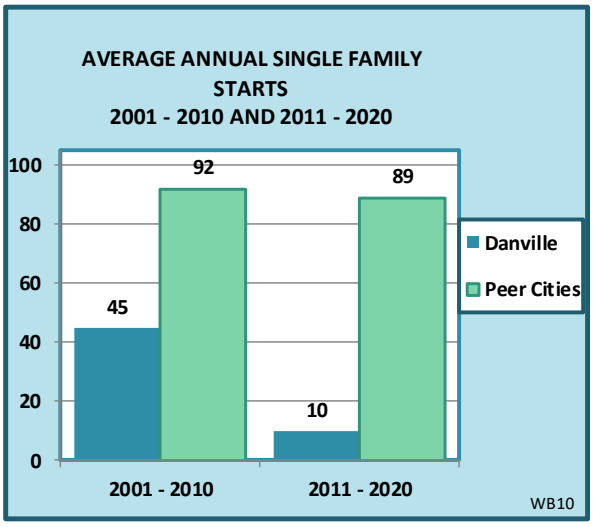

'Even though construction was somewhat higher leading up to 2010 with peak years hitting 70 units, Danville still lagged behind the Peer Cities. The following graphs shows Danville single family starts verses the Peer Cities.

**NEW SINGLE FAMILY CONSTRUCTION**
**DANVILLE AND PEER CITIES**
**2000 - 2020**
WB10

| YEAR | DANVILLE | PEER CITY AVERAGE | YEAR | DANVILLE | PEER CITY AVERAGE |
|---|---|---|---|---|---|
| **2000** | 89 | 155 | **2011** | 24 | 106 |
| **2001** | 32 | 137 | **2012** | 9 | 106 |
| **2002** | 54 | 167 | **2013** | 12 | 48 |
| **2003** | 82 | 152 | **2014** | 12 | 104 |
| **2004** | 124 | 161 | **2015** | 13 | 37 |
| **2005** | 30 | 206 | **2016** | 5 | 52 |
| **2006** | 58 | 194 | **2017** | 4 | 83 |
| **2007** | 130 | 211 | **2018** | 3 | 71 |
| **2008** | 51 | 120 | **2019** | 7 | 108 |
| **2009** | 35 | 95 | **2020** | 7 | 175 |
| **2010** | 70 | 78 | | | |

Source: U.S. Department of Housing and Urban Development

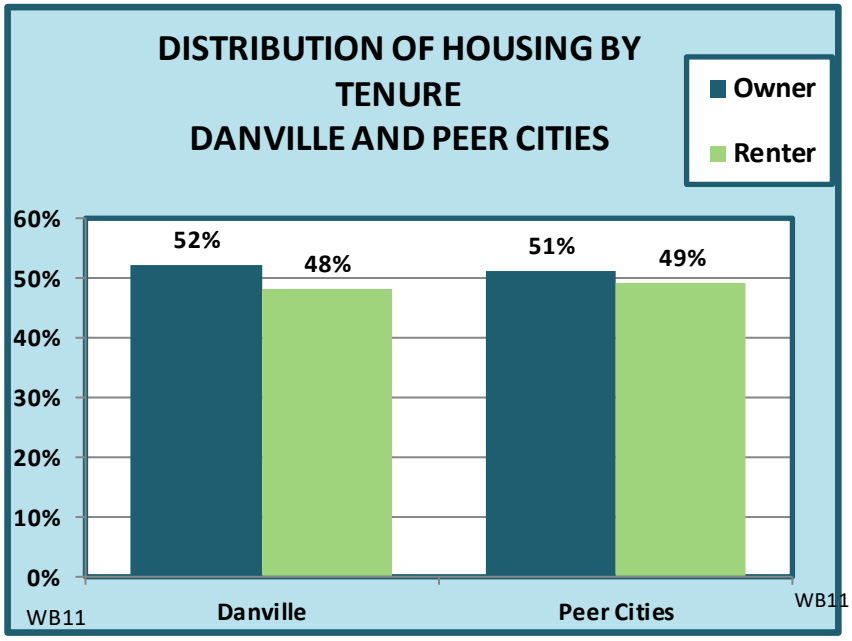



Source: U.S. Department of Housing and Urban Development

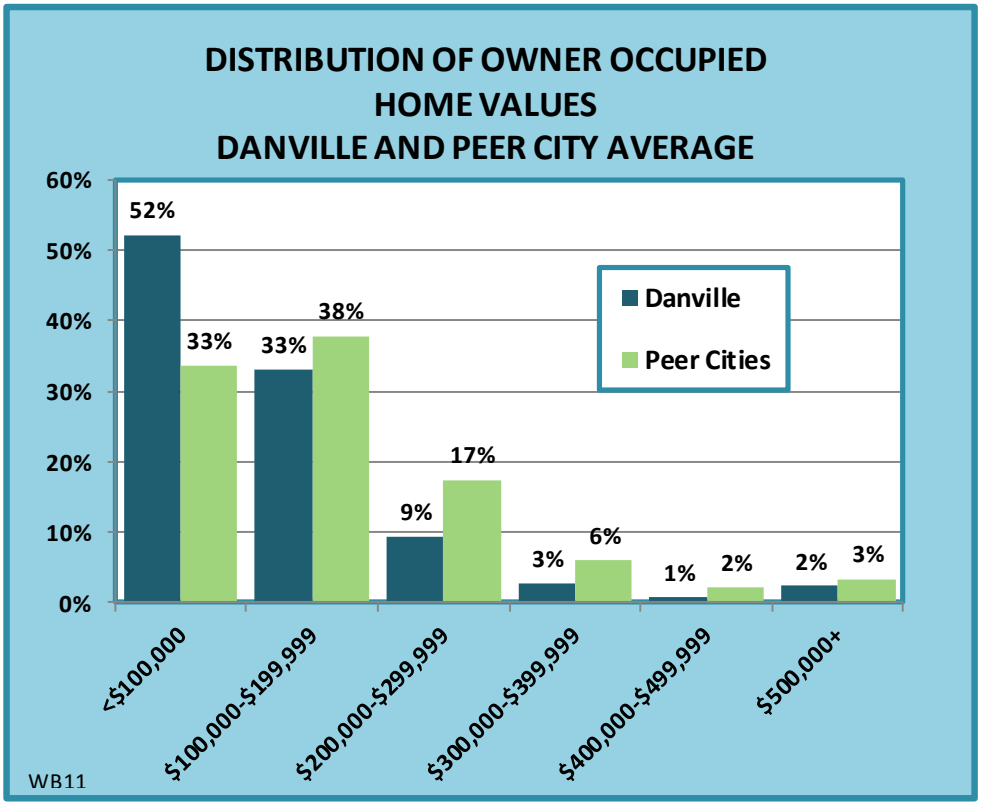
While single family starts (and resulting sales) have been nearly nonexistent, this has primarily been due to the lack of available product. Danville offers little in the way of new single family subdivisions current buyers have come to expect with landscaped common areas, monument style entries, sidewalks, street lighting, etc.

Even though Danville has had little new single family construction there is still a higher than expected home ownership rate when compared with the Peer Cities, 52% versus 51%.




Source: esri, Inc.

While the median income of Danville and the Peer Cities is nearly equal ($39,203 vs. $39,970), there is a large disparity in home values largely the result of a lack of new construction over the past 20 years. In addition, much of the existing housing stock is functionally obsolete having only two bedrooms, increasing the demand for contemporary housing design in the market.



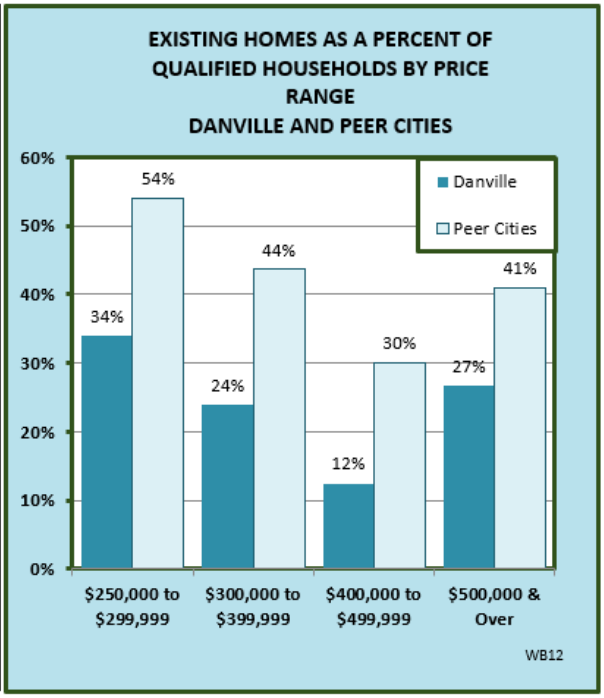

Source: esri

It is also worth noting that Danville has a much higher percentage of homes without a mortgage, 43% versus 35% in the Peer Cities yielding considerably more available equity.

The following table displays the number of homes, by value range, as a percentage of the total households that are income qualified for a home of that value. This yields a penetration rate for comparing Danville with the Peer Cities.

| PENETRATION RATE OF HOMES $250,000 TO $299,999 DANVILLE AND PEER CITIES | | |
|---|---|---|
| | Danville | Peer Cities |
| Households with Incomes Supporting Home Value | 1012 | 943 |
| Existing Homes $250,000 - $299,999 | 340 | 499 |
| Penetration Rate | 34% | 53% |
| **PENETRATION RATE OF HOMES $300,000 TO $399,999 DANVILLE AND PEER CITIES** | | |
| | Danville | Peer Cities |
| Households with Incomes Supporting Home Value | 1055 | 936 |
| Existing Homes $300,000 - $399,999 | 252 | 409 |
| Penetration Rate | 24% | 44% |
| **PENETRATION RATE OF HOMES $400,000 TO $499,999 DANVILLE AND PEER CITIES** | | |
| | Danville | Peer Cities |
| Households with Incomes Supporting Home Value | 497 | 490 |
| Existing Homes $400,000 - $499,999 | 62 | 148 |
| Penetration Rate | 12% | 30% |
| **PENETRATION RATE OF HOMES $500,000 AND OVER DANVILLE AND PEER CITIES** | | |
| | Danville | Peer Cities |
| Households with Incomes Supporting Home Value | 797 | 575 |
| Existing Homes $300,000 - $399,999 | 213 | 235 |
| Penetration Rate | 27% | 41% |

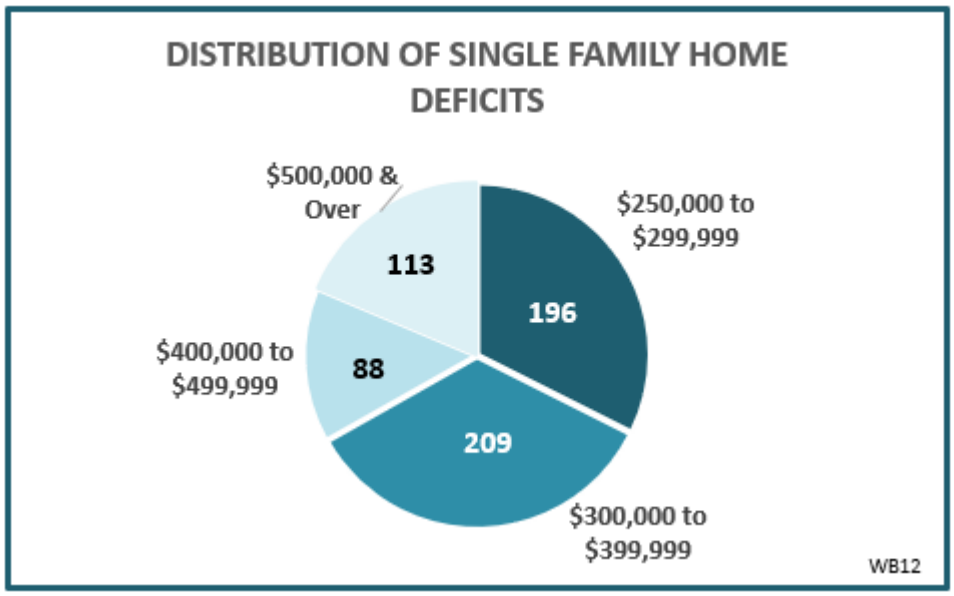
Source: esri, Inc and U.S. Census




In the $250,000 to $299,999 price range Danville has only a 34% penetration compared with 54% in the Peer Cities. There are similar disparities in all price ranges. Again, this reflects of a lack of new construction; a function of supply as opposed to demand.

Applying Peer City single family penetration rate to Danville would yield a total deficit of 606 single family homes in Danville. The distribution of Danville single family home deficits is in the following table.

| Home Price Range | Supportable Based on Peer City Penetration Rate | Existing Single Family Homes | Deficit |
|---|---|---|---|
| $250,000 to $299,999 | 536 | 340 | 196 |
| $300,000 to $399,999 | 461 | 252 | 209 |
| $400,000 to $499,999 | 150 | 62 | 88 |
| $500,000 & over | 326 | 213 | 113 |
| Total | 1473 | 867 | 606 |




The deficits reflect the lack of single family construction over the past 20 or more years and it would be unreasonable to expect the market to correct over a short period of time. Further, at today's construction costs, homes of the past cannot be duplicated today at an equal price

> It is especially important to note that the deficit of 196 homes in the $250,000 to $299,999 range will provide an important step in the housing continuum, however, at today's construction costs that price point will be difficult, if not impossible, to deliver without incentives to buyers and developers.

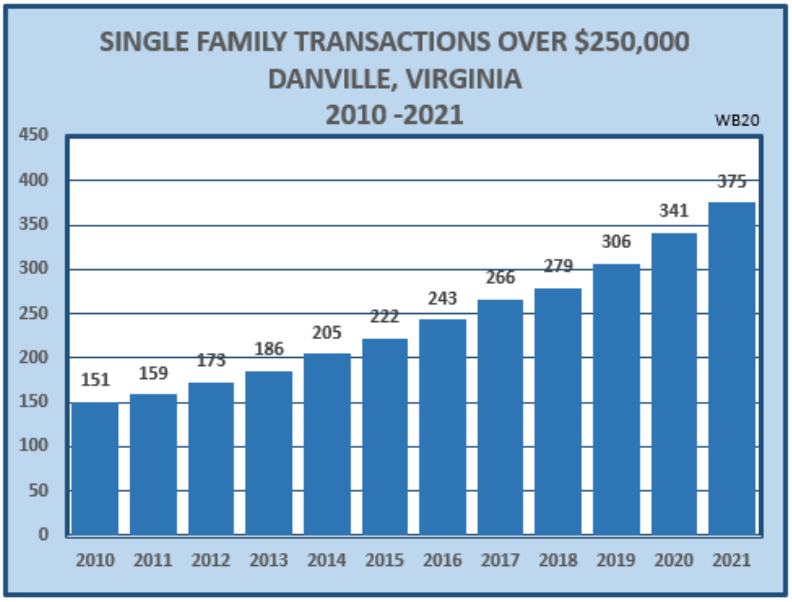
While there are several "active" subdivisions with lots available to buyers who subsequently contract with a builder, none are actively marketed. Marketing is generally limited to a "Lot for Sale" sign with a phone number. Danville has not experienced a single family subdivision, aggressively marketed, with amenities generally associated with today's buyer expectations.

A significant single family development is Danville Family Homes developed in a partnership between PIRHL, Buckeye Community Hope Foundation and Total Action Against Poverty (TAP). This development consists of 35 lots on Joanis Drive, Reina Court and Rover Ridge Drive located off North Main Street in northeast Danville. There are also 5 homes on scattered lots. These two- and three-bedroom homes serve low- and moderate-income families and are offered under a Lease-Purchase structure in which the initial 15-year compliance period is designed is an educational period where residents are instructed and guided toward homeownership.

Scattered lot single family development, along with veneer lots (single lots divided from agricultural land along, usually rural, roads) development, is also prevalent in the Danville area.

Interviews with area builders and realtors indicate that there are few choices for new construction other than scattered single family lots. Acquisition of existing homes for rehab is increasingly active in Danville, although, most of these homes are being made available as rentals.

While there has been little, or no, new single family activity in Danville, resale transactions have increased significantly over the past several years. Single family homes at $250,000 and over increased from 141 in 2010 to 375 in 2021, an increase of 148%. Further, the increase has been very steady, not even declining during the “Covid” years.




Similar increases were experienced in all price ranges.

| PRICE RANGE | PERCENT INCREASE 2010 - 2021 |
|---|---|
| $200,000 - $249,999 | 197.5% |
| $250,000 - $299,999 | 157.1% |
| $300,000 - $349,999 | 110.0% |
| $350,000 - $399,999 | 111.1% |
| $400,000 - $449,999 | 100.0% |
| $450,000 - $499,999 | 157.1% |
| $500,000 - $749,999 | 160.0% |
| $750,000 - $999,999 | 0.0% |
| Total | 148.3% |

Clearly, Danville is experiencing increased demand for single family housing in all price points.

## 2. SINGLE-FAMILY DEMAND ANALYSIS

All of the demographic and economic characteristics of an EMA combine to provide an indication of the relative level of support for the development of additional for-sale residential concepts. By comparing the population characteristics with profiles previously established for other communities, we establish an appropriate level of support for development.

In projecting future demand, consideration must be given to the fact that past performance of a market may not be a true indication of future demand. In many instances demand can be limited by supply, as is the case in Danville, which offers few single-family development alternatives.

Our approach to establishing the market for single-family housing is based on an analysis of the demographic and economic characteristics and the application of optimal capture factors as experienced in well balanced single-family markets. By deducting existing competitive product and evaluating proposed product, the depth of the market is established.

### a. Qualifying Incomes

For the purpose of this analysis, we assume a down payment of 20% yielding an 80% mortgage. While many lenders may offer lower down payments, an 80% mortgage can be achieved without PMI.

In today's construction market it is difficult to deliver a new single family product for under $300,000. However, because it is the objective of the City of Danville to provided incentive programs to builders and/or buyers a demand calculation for product between $250,000 and $300,000 has also been included.

Income/mortgage/purchase price requirements are as follows:

| INCOME | MORTGAGE | AMOUNT FINANCED | HOME PRICE RANGE |
|---|---|---|---|
| $62,504 - $75,004 | $200,000 - $239,999 | 80% | $250,000 - $299,999 |
| $75,005 - $87,505 | $240,000 - $279,999 | 80% | $300,000 - $349,999 |
| $87,506 - $100,005 | $280,999 - $319,999 | 80% | $350,000 - $399,999 |
| $100,006 - $125,007 | $230,000 - $399,999 | 80% | $400,000 - $499,999 |
| $125,008 - $187,510 | $400,000 - $599,999 | 80% | $500,000 to $749,999 |
| $187,511 and over | $600,000 and over | 80% | $750,000 and over |

WB7

Following are the projected income distributions of total households in Danville:

| HOUSEHOLD INCOME RANGE | HOME PRICE RANGE | 2024 TOTAL HOUSEHOLDS | DISTRIBUTION |
|---|---|---|---|
| $62,504 - $75,004 | $250,000 - $299,999 | 1,237 | 23.7% |
| $75,005 - $87,505 | $300,000 - $349,999 | 888 | 17.0% |
| $87,506 - $100,005 | $350,000 - $399,999 | 592 | 11.3% |
| $100,006 - $125,007 | $400,000 - $499,999 | 1,105 | 21.2% |
| $125,008 - $187,510 | $500,000 to $749,999 | 819 | 15.7% |
| $187,511 and over | $750,000 and over | 579 | 11.1% |
| Total | | 5,221 | 100.0% |

*WB8

Based on levels of affordability of new product, an optimal capture factor can be applied to income ranges to determine the annual demand. The optimal capture factors have been established in mature markets with adequate supply. Within these markets, demographic characteristics have been analyzed including growth rates and household size, and economic factors have been considered including income levels and employment profiles.

**b. Single-Family Penetration Analysis**

Based on the application of established capture factors for similar markets, the resulting annual demand for single-family homes can be estimated.

| HOME PRICE RANGE | 2024 QUALIFIED HOUSEHOLDS | INTERNAL DEMAND CAPTURE FACTOR | ESTIMATED ANNUAL DEMAND |
|---|---|---|---|
| $250,000 - $299,999 | 1,237 | 0.012 | 15 |
| $300,000 - $349,999 | 888 | 0.012 | 11 |
| $350,000 - $399,999 | 592 | 0.012 | 7 |
| $400,000 - $499,999 | 1,105 | 0.011 | 12 |
| $500,000 to $749,999 | 819 | 0.011 | 9 |
| $750,000 and over | 579 | 0.010 | 6 |
| TOTAL | 5,221 | 0.0114 | 60 |

WB8

When considering all price ranges, the total maximum annual support base is estimated to be approximately 60 homes, without considering existing supply or demand from outside the market area.

In addition, we estimate that as much as 20% of the support for any new single-family development at the site will come from outside the City of Danville.

| PRICE RANGE | ESTIMATED ANNUAL DEMAND FROM DANVILLE | ESTIMATED DEMAND FROM OUTSIDE DANVILLE | ESTIMATED TOTAL DEMAND |
|---|---|---|---|
| **HOME PRICE RANGE** | | | |
| $250,000 - $299,999 | 15 | 5 | 20 |
| $300,000 - $349,999 | 11 | 4 | 14 |
| $350,000 - $399,999 | 7 | 2 | 9 |
| $400,000 - $499,999 | 12 | 4 | 16 |
| $500,000 to $749,999 | 9 | 3 | 12 |
| $750,000 and over | 6 | 2 | 8 |
| TOTAL | 60 | 20 | 80 |

WB8

When considering the demand from both inside and outside of Danville, the total support is estimated to be approximately 80 new single-family homes per year. This external demand is based on existing market conditions which includes baseline regional mobility and ongoing job transfers. It does not include the impact from major new employers coming into the market. That impact is defined in Section V, "New Employment Demand". It can be noted, however, that new employers to Danville do not typically have a significant impact on the new single family market with only about 13% of employees opting for a single family home as their first residence in Danville. The ancillary impact, however, can be very significant.

- Having new employers join a community adds to the perception of economic security and stability that can accelerate home buying from within the community.
- An expanding economy and the resulting increase in all of housing adds to the urgency to become home owners.
- 26% of new jobs are expected to be filled from within the existing Danville labor force. It is likely many of these will result in an improved quality of living and impact home ownership potential.
- New hires and job transfers for a new employer typically impact the single family market within 3 to 5 years. After that period their home ownership characteristics mirror the overall community.

It is important to note that optimal absorption is seldom achieved within a market. Generally, maximum absorption occurs only when sales are a function of demand rather than being limited by supply.

In most markets that achieve sales close to demand, there are various product types represented with various sales prices available, i.e., a full range of price, concept and location alternatives. Maximum sales are, generally, only achieved in over-built markets. In under-served markets, individual projects often exceed expectations due to the lack of competition.

The estimated annual support is based JUST on the City of Danville as existing today by providing product that has not been available in the past. It does not consider demand generated from new employers already committed to Danville or in the pipeline of employers expected over the coming several years.

## 3. SINGLE FAMILY DEVELOPMENT RECOMMENDATIONS

New single family developments, in the form of conventional subdivisions, are recommended. The most marketable development concept would include the following:

- New development should be large enough to support a landscaped entry feature, common areas and common area landscaping. Smaller properties without these features will have significantly lower absorption rates.

- Developments should encompass the broadest range of prices in order to maximize absorption. Subdivisions with the highest absorption rates also had a significantly broader range of price points. A subdivision with common area features, some boulevard streets, landscaped areas, and pocket parks, creates lots that can generate special premiums and assist in spreading the price points.

- Curbs, gutters, street lights and sidewalks are expected in modern subdivisions. Cul-de-sacs are a popular feature.

- While smaller lots are becoming more prevalent, they are more a function of high land and development costs than buyer preference. A base lot size of 70' is recommended. Cul-de-sacs and curved streets provide lots with unique frontage and back yard configurations.

- Model homes must be a part of the development. An aggressive marketing program would be critical.

PROTOTYPE ENTRY LEVEL DEVELOPMENT

- Home prices would range from $250,000 to $400,000.
- The $250,000 to $299,999 price range cannot be delivered without special incentives for the buyer and developer.
- A minimum of 90 lots. This is a size that would support special landscaping features and a significantly sized and impact neighborhood entry.
- 70' X 140' lots, although smaller lots may be necessary to respond to lower pricepoints.
- Absorption, once lots are available, would expect to be 20 to 24 lots annually.

PROTOTYPE MOVE-UP DEVELOPMENT

- Home prices in the $400,000 and over price range.
- A minimum of 40 lots would be sufficient to establish the development as an identifiable, branded, neighborhood.
- 100' lots are recommended. (100' is the minimum size for a home with a side loaded garage.
- The development should have special features such a rolling and/or wooded home sites.
- An absorption rate of 5 to 7 units annually can be expected.
- Most homes will be custom build; however, a model home is recommended.
- Ideal development would be in an area already established with comparably priced homes. An extension of the Danville Golf Club neighborhood or the Jenny Lane/Goodyear Golf Club area are examples.

# SINGLE FAMILY DEVELOPMENT STRATEGIES

## 1. NEW DEVELOPMENT STRATEGIES

Danville has had very little single family development over the past 20 years leaving a major gap in the existing housing base. Danville has a shortfall of over 500 single family homes of $300,000 or higher just to respond to the unmet demand over the past 20 years. Further, the expectation of new employers coming to Danville will further increase the need for housing.

In order to meet the immediate needs of new employers, housing initiatives must focus on large scale development. While neighborhood development and infill housing are worthy objectives, they do not respond with the emergency required to meet current needs.

> If Danville cannot meet the housing demand generated from new employers already committed to the area, it will significantly impact the potential to attract new employers in the future.

The following strategies and concepts are intended to be discussion points and not specific recommendations. Although it is clear that the typical "wait and hope" strategy will not be sufficient. The discussion should lead to a marketing strategy that will accelerate home building.

- Danville lacks a builder/developer community with the interest, ability, and/or confidence to adequately respond to the potential for single family development in Danville as typified by the lack of development when compared to peer cities.

  Convene a meeting of existing builder/developers (along with local realtors) to present the market research and development commitment (and incentives) of the city. This would provide local builders with a "first in" opportunity before seeking outside builder/developers. It should be clear, however, that Danville will reach out to regional and national builders if local builders are not willing to commit to a building program.

- Be prepared to reach out to regional and national developers. It is not uncommon for home builders in larger markets, tiring of the often long and contentious entitlement process and local competition, to seek opportunities in nearby markets. Marketing Danville to builders already in the Triad would be an alternative strategy should local builders not respond. With the Caesars Resort and Mega Site in the news it is very likely that builders are already targeting Danville.

- Be certain the local banking/mortgage community is committed to a successful home building initiative by the City.

- Provide a smooth path through the entitlement process. Everyone in the entitlement process should be expected to buy into the program. It is not uncommon for the positive intentions of leadership to fail at the implementation and inspection level.

- Provide "shovel ready" sites that are prezoned. This could be extended to provide a development plan with all street and infrastructure designed with engineering in place.

- Danville, through an economic development entity, could be the developer and provide builder ready lots. There can be considerable markup between raw land and developed lots. This markup could be used to "buy down" the cost of housing, a direct benefit to the buyer.

- Provide streets and infrastructure that would be repaid as lots are sold. Alternatively, low interest development loans could be provided.

- Street and infrastructure reimbursement.

- Provide low interest loans for model homes. Could be interest only and repaid when home is sold (usually at the completion of the development). Builders often seek separate financing for model homes. (Joy Wood of Movement Mortgage has a background in model home financing.)

- It will be important with all builder/developer financial incentives to be certain that savings manifest themselves as a savings to the consumer as opposed to additional profit to the builder/developer. (Although, some additional profit incentive may be required to entice new development.

- Rather than providing financial incentives to the seller (or rehab specialist), provide a cash incentive directly to the buyer. This could help with a down payment or defray move-in expenses.

  A cash-to-buyer program could be repaid if the property is resold within a defined time limit. For example, a 5% cash rebate on a $300,000 home would be $15,000 to be repaid out of resale proceeds at a declining amount over 6 years (16.6% per year). If the buyer remains in the home for 6 years the cash rebate would be zero. This about equals the gain in property tax over the 6 year period. This is basically a tax abatement program for residential buyers but programmed in a way more beneficial (and understandable) to the buyer.

| | |
|---|---|
| Sales price of home | $300,000 |
| Cash incentive to buyer | 5% |
| Total to buyer | $15,000 |
| Property taxes per year | $2,520 |
| Property taxes after 6 years | $15,250 |

- The City has considerable leverage during the entitlement process to gain concessions on behalf of buyers (or renters) in exchange for density considerations.

- Create the position of "Housing Czar" in Danville. The sole responsibility would be the development of market rate housing and performance would be measured by the number of units. Position would recruit and work with,

builders and developers, identify development parcels, and lead developer/builders through the entitlement process

## 2. INFILL SINGLE FAMILY DEVELOPMENT STRATEGIES

Danville has 4,629 vacant single family homes. Based on the peer city analysis, this is an excess of 2,077 homes that must be strategically addressed. Many, if not most, of these homes are two-bedroom/one bath homes that have little, or no, demand in today's market. Many strategies listed below have been previously discussed, however, they may never-the-less be valid.

- As with new single family construction, Danville lacks a base of remodeling specialists with the interest, technical and/or financial ability to address the scope of vacant housing in Danville. Once the true scope of the issue is identified, and incentive are in place, a meeting of existing remodelers should be convened to present the opportunities. Unlike new single family subdivisions, remodeling can be accommodated on a much smaller scale and there is the potential for new businesses to be created. Once the level of local interest is identified, new business incentives could be identified. These new businesses could be generated from those already employed in the construction industry or those interested in the remodel and flip industry.

- Convene a "Danville Construction Worker Job Fair" to present the future of Danville, importance of construction skills and, potentially, organize current workers to initiate an apprentice or mentoring program.

- In addition to the City owned property, a list of vacant properties with private owners, should be created.

- Properties should be visited and a determination made regarding the suitability for rehab. This would include:

    - Current condition – some properties may be beyond saving.
    - The level of remodeling required to bring the property to a marketable condition. It would be important to keep remodeling costs at a level sustainable by the market.
    - Existing functionality – be at least three-bedrooms.
    - Structurally sound enough for a second story.
    - Sufficient lot size for a room addition.
    - Ownership favorable to sale or remodel.

- Seek available properties that can be combined into a sufficiently size parcel for infill construction. Most existing lots in typical infill neighborhoods are in the 50' to 60' range. This is generally acceptable although 60' would be best. Infill development should be at least 8 to 10 homes in a definable parcel (as opposed to scattered site development). Some lot combining could be facilitated.

    - New homes of 1,200 to 1,500 square feet would be appropriate.
    - Work with a local architect to estimate construction cost and create prototypical designs. Some of the plans used by Danville Family Homes would be appropriate for infill purposes.
    - Homes should have three-bedrooms and two baths. A single car garage should be included.
    - Create down payment and financing incentives.

- If possible, an initial project should be in a neighborhood with a high home ownership rate. A first development should be a site with high visibility along a collector street as opposed to being buried deep in a neighborhood. This will aid in marketing, as well as, provide a visual perception of change.

- Neighborhoods should be identified and encouraged to establish neighborhood commissions that would be charged with establishing programs, architectural review, local rules and regulations. Historically, establishing such commissions results in a pride of ownership and belonging, reduced crime and increased home values.

  While such an effort would be difficult to implement within the 61 neighborhoods identified in Danville, a model neighborhood could be selected to create a neighborhood commission. The model neighborhood would be selected based on:

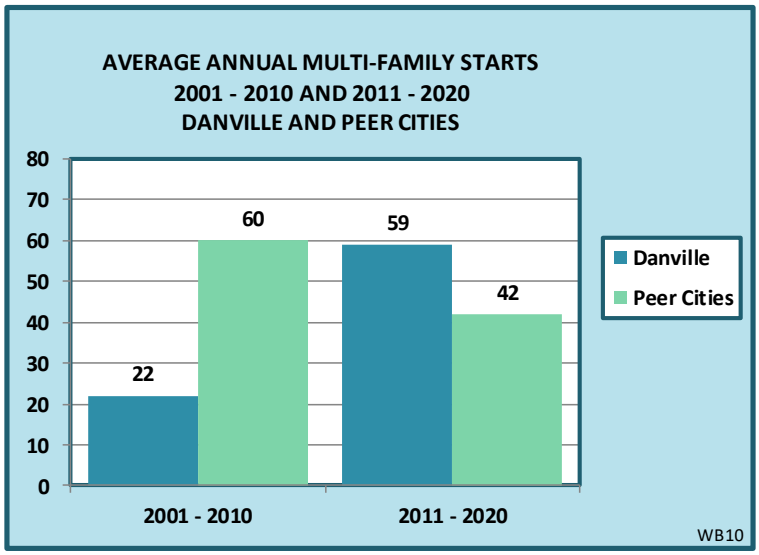
  - The presence of existing leadership.
  - A high home ownership rate.
  - An area readily identifiable by history or institutional entity (such as a school, museum, etc.)
  - A high probability of having homes meeting remodeling criteria.
  - The potential of having lots capable of being aggregated for infill development.

## D. RENTAL APARTMENTS

### 1. PEER CITY COMPARISONS

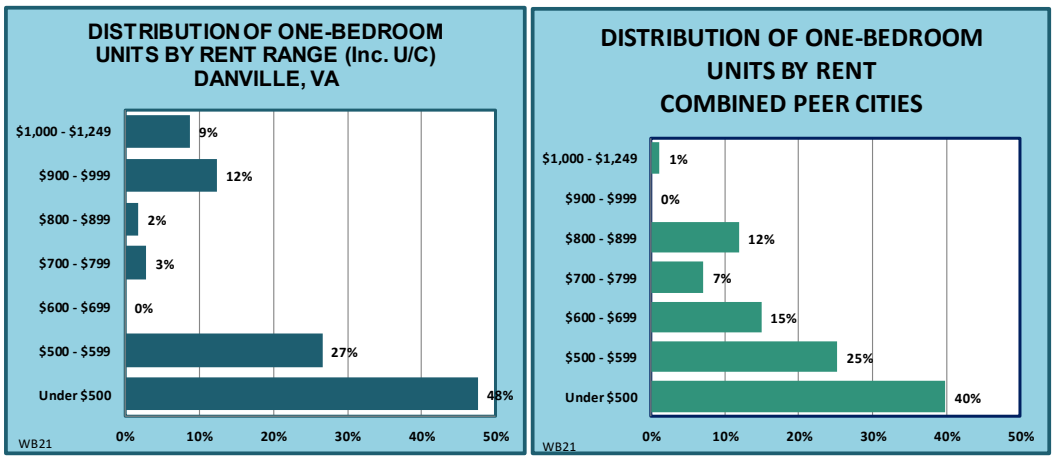
Historically, Danville new multifamily construction lagged behind Peer City development between 2001 and 2010. Between 2011 and 2020 multifamily construction exceeded the Peer City average and established high-end rents, specifically in the River District neighborhood. It is noteworthy that 59% of the multifamily construction between 2001 and 2010 received a rent subsidy either as subsidized units or LIHTC units.

The lack of development between 2001 and 2010 created a significant gap in rents severely impacting the Housing Continuum. This is demonstrated by the relatively low share of River District residents previously living in Danville and the corresponding high share moving from outside the city.

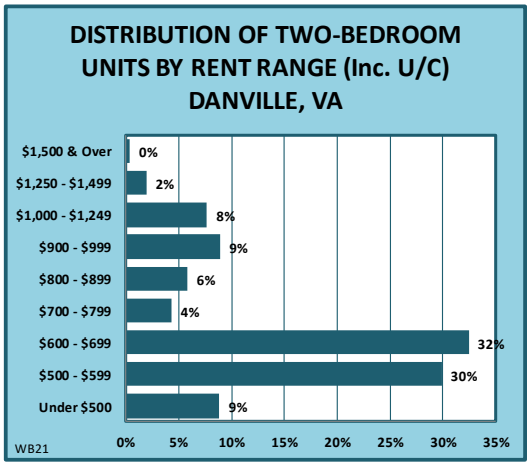


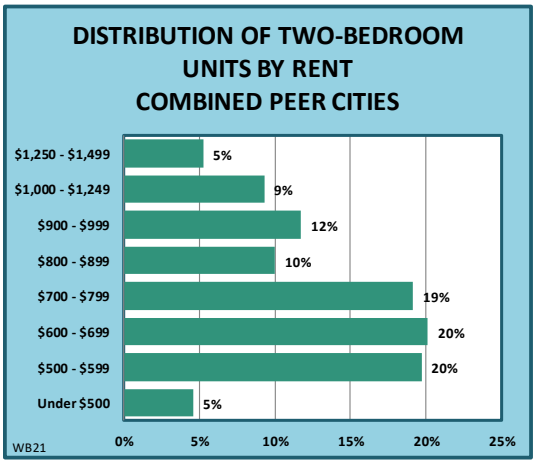

Source: U.S. Department of Housing and Urban Development

The impact of the lack of multifamily development is further demonstrated by the following comparison of the distribution of rent for one- and two-bedroom units in Danville and the Peer Cities.




Source: Economic Develoopment Strategies, LLC




Source: Economic Develoopment Strategies, LLC

As is clearly demonstrated, Danville is lacking in mid- and high-end multifamily units when compared with the Peer Cities. Applying the Peer City distribution of units, by rent range, and Danville rent ranges with a higher share than the Peer Cities as a base, the deficits by rent range and mix can be established as follows.

| MARKET RATE APARTMENT DEFICIT | | | |
|---|---|---|---|
| Rent Range | One-Bedroom | Two-Bedroom | Total |
| $500 - $599 | 30 | 0 | 30 |
| $600 - $699 | 149 | 0 | 149 |
| $700 - $799 | 86 | 446 | 532 |
| $800 - $899 | 104 | 172 | 276 |
| $900 - $999 | 0 | 166 | 166 |
| $1,000 - $1,249 | 0 | 121 | 121 |
| $1,250 - $1,499 | 0 | 111 | 111 |
| Total | 370 | 1015 | 1385 |

WB21

| EXISTING MARKET RATE APARTMENT DEFICITS BY MIX AND RENT DANVILLE VA - 2022 | |
|---|---|
| **One Bedroom** | |
| **Rent** | **Deficit** |
| $600 - $699 | **149** |
| $700 - $799 | **86** |
| $800 - $899 | **104** |
| Total | **339** |
| | |
| **Two Bedroom** | |
| **Rent** | **Deficit** |
| $700 - $799 | **446** |
| $800 - $899 | **172** |
| $900 - $999 | **166** |
| $1,000 - $1,249 | **121** |
| $1,250 - $1,499 | **111** |
| Total | **1016** |

| LEGEND |
|---|
| **Cannot Be Achieved Without Significent Assistance** |
| **Can Be Achieved With Modest Assistance** |
| **Can Be Achieved With No Assistance.** |

WB21

Total multifamily deficits (existing market conditions)

| | | |
|---|---|---|
| Significant Assistance Required | 595 Units | 44% |
| Modest Assistance Required | 424 Units | 31% |
| Market Rate – No Assistance Required | 336 Units | 25% |
| Total | 1,355 Units | 100% |

About 25% of the deficit can be accommodated with conventional market rate development while 31% will require modest assistance that can be achieved through creative strategies and incentives. The remaining 44% will require significant assistance.

It is also significant that Danville has 2,950 renter occupied households with incomes that will support rents of $825 or more (This is about the threshold rent for a newly constructed one-bedroom unit). There are only 538 apartments in Danville with rents in excess of $825.

Several strategies could be employed to achieve rents requiring a modest amount of assistance.

- A portion of future development could include a specified number of “work force” units with rents in the target range. This is already be proposed in the White Mill project.
- Direct assistance to the developer in the form of a favorable land price, reduced entitlement and impact fees, leased land for a defined period to name a few. It is imperative that any financial assistance to the developer be manifest as a savings to the renter as opposed to increasing the profit margin of the developer.

- In today's employment environment employers often offer a "sign on" bonus. Employers may also pay for moving expenses. The city could work with employers to repackage these incentives as a "housing bonus".

## 2. DEMAND MODEL

### a) Step-up Support

Previous studies performed by The Danter Company, LLC indicate that 60% of the support for new apartment development will typically be generated from the existing apartment base in the EMA, especially from those tenants paying rent within an appropriate step-up of the proposed rents. (The Housing Continuum.)

The 100% database field survey methodology allows us to accurately measure potential support from conventional renters. Our studies indicate that, at the proposed rent range, tenants are willing to incur rental increases of up to 20% per month for a rental alternative if it is perceived as a value. This is the step-up support base. Step-up support is not limited to only similar unit types. For example, the one-bedroom step-up support includes both studio and one-bedroom units.

In addition, the existing units in the market with rents higher than those proposed at the subject site and with project comparability ratings equal to or lower than the proposed project represent potential step-down support for the subject site.

Step-up/down support is a critical factor in projecting absorption because it directly measures the depth of potential support *from the households most likely to move to the subject site*. Step-up/down support is best expressed as a ratio of proposed units to potential support. A lower ratio indicates a deeper level of market support and that the subject site will have to capture fewer of these households in order to achieve successful initial absorption. A higher ratio indicates a lower level of potential support from conventional renters and that the subject site will have to attract a higher level of support from outside this group, potentially slowing absorption.

Step-down support represents existing renters within the Site EMA who should perceive the proposed development as offering a greater value at a rent lower than or equivalent to their current rent. Typically, this value results from renters who would perceive the subject site as a higher-quality project at an equal or lower rent, or as a project of quality similar to their current unit but at a lower rent.

For the basis of the step-up analysis, typical new construction rents have been assumed as follows:

| | |
|---|---|
| Efficiency | $650 |
| One-Bedroom | $825 |
| Two-Bedroom | $995 |
| Three-Bedroom | $1,295 |

The step-down base includes all units with higher rents than the potential site, but lower or equivalent comparability ratings within Danville. At the assumed rent levels, the step-up/down support base totals 753 units.

**DISTRIBUTION OF STEP-UP/DOWN SUPPORT**

| | STEP-UP SUPPORT | STEP-DOWN SUPPORT | TOTAL |
|---|---|---|---|
| Efficiency | 0 | 24 | 24 |
| One-Bedroom | 39 | 177 | 216 |
| Two-Bedroom | 289 | 122 | 411 |
| Three-Bedroom | 99 | 3 | 102 |
| Total | 427 | 326 | 753 |

There are 753 market rate apartments in Danville that are currently renting within 20% of the most likely rents for new development, a relatively low amount considering the overall deficit in the market. While Danville has the income qualified base to support new construction, existing renters are paying rent that is significantly below their level of affordability. In order to move up to new rental housing they will be required to step up their rent by more than the typical 20%. While this will ultimately occur, it will have a slowing impact on the absorption rate.

The step-down component, 326 units, is very good and reflects the new product delivered in Danville in the past several years.

Danville has an excellent base of existing renters (3,074) with incomes supporting the anticipated rents, There are only 538 existing rental units with rents in excess of $825.

A significant advantage for new construction is that most rental product in Danville has a very low comparability rating. (The Comparability Rating is based on an evaluation of unit and project amenities and the curbside appeal of the project.) On a 36 point scale, the average Comparability Rating for Danville apartment properties is 15.2 compared with most new construction properties with a full amenity package of 28.0 to 30.0.

While existing renters in Danville will be somewhat slower to respond to new product, the qualify differential will be a strong mitigating factor. Further, new residents moving into Danville (due to significant increases in employment) will have a greater that average impact on absorption. This geographic support is demonstrated below.

**b) Geographic Origin of Tenants**

A comparison of typical versus anticipated geographic support for the subject site is as follows:

| | TYPICAL SUPPORT | ANTICIPATED SUPPORT |
|---|---|---|
| Internal Mobility | | |
| Apartment | 50% | 35% |
| Other | 20% | 10% |
| External Mobility | 30% | 55% |
| Total | 100% | 100% |

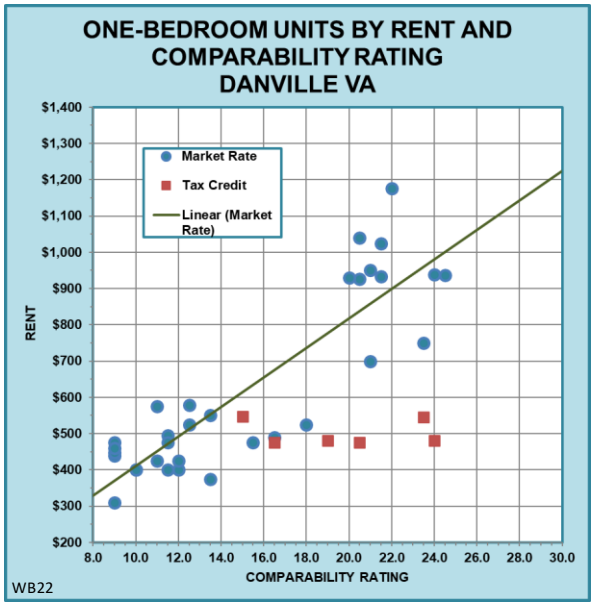
**c) Comparable Market Rents**

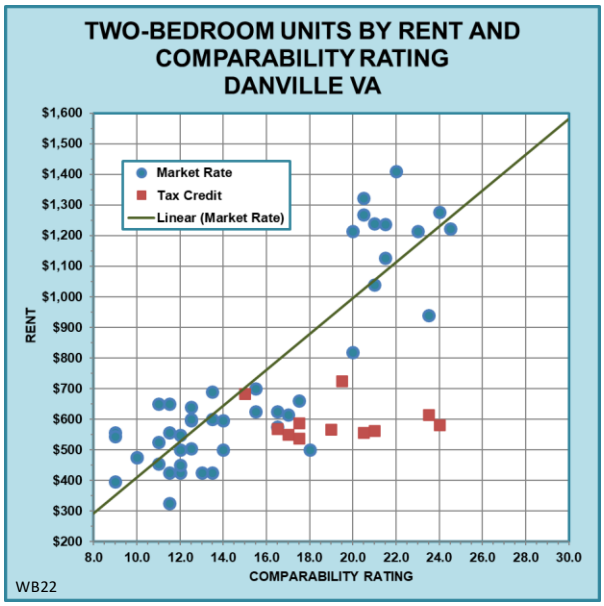
Comparable market rent analysis establishes the rent potential renters would expect to pay for a proposed new unit in the open market. Comparable market rent is based on a trend-line analysis for the area apartment market. For each unit type, the trend-line analysis compares net rent by comparability rating for all market-rate developments. Comparability ratings have been established for all developments in Danville based on unit amenities, project amenities, overall aesthetic appeal, and location. The trend-line is a function of a scatter plot showing each apartment community created by plotting the comparability rating on the horizontal axis and the rent on the vertical axis. This evaluation provides a comparison of existing market rents to those at a proposed project. Additional factors also influence a property's ability to actually achieve the comparable market rent, including the number of units proposed and the desired absorption rate.

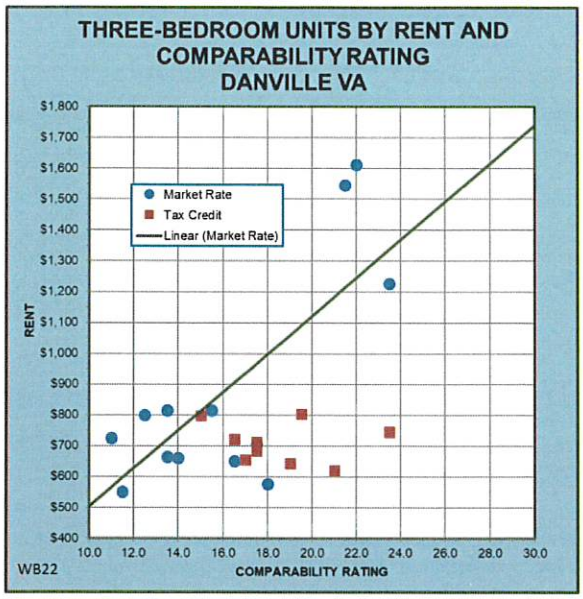
Using a prototypical newly constructed development with a standard mix and amenity package, the development would have an overall Comparability Rating of 27.0.

The following table compares the market rent at opening with the proposed rent at the subject site for one-, two-, and three--bedroom units. Rents include water, sewer and trash removal services.

| UNIT TYPE | MARKET RENT AT 27.0 COMPARABILITY RATING |
|---|---|
| One-Bedroom | $1,100 |
| Two-Bedroom | $1,400 |
| Three-Bedroom | $1,550 |






Danville has demonstrated the ability to support high-end rents with one-bedroom rents in the $900 and over range and two-bedroom rents in the $1,200 and over range. However, without mid-priced products, the high-end units have skewed the trend line.

Most importantly, the addition of very high rents in the River District will enable new conventional, fully amenitized properties, with $1,000 to $1,250 two-bedroom rents, to be perceived as a value in the market.

Further, the existing high-end properties are relatively small, their average property size is only 39 units.

The number of units in a new development must be considered relative to the project's ability to achieve a given rent level. Previous research conducted by Danter and Associates, LLC indicates that all other factors being equal, larger properties must be a better value in the marketplace than smaller properties due to the higher number of units that must be rented each month. To generate a sufficient number of potential renters, larger properties typically need to set rents below comparable market rent. New, highly amenitized product is usually in the 250-unit range.

### d) Income-Qualified Renters

Leasing industry standards for market-rate apartments typically require households to have net rent-to-income ratios of 25%. At the anticipated new construction rents for the market rate, non-restricted units range from $895 to $1,295 per month. With the lowest monthly rent of $825, the minimum annual housing cost is $9,900. Applying the 25% rent-to-income ratio requires a minimum annual household income of $39,600.

There are no income restrictions for market-rate units. Further, more and more households are "renters by choice", often not opting for home ownership until their family status changes. Therefore, household incomes are not limited.

The estimated number of renter households in Danville that are income qualified for the anticipated rent t ($39,600 and above) is estimated at 3,355 households in 2023. The 760 market-rate unit deficit in Danville represents 22.7% of the

total existing income-qualified renters in Danville. This is an excellent ratio of the deficit to potential income-appropriate renter households.

However, we anticipate that 55% of the support for new apartment development will come from outside Danville, and as a result, the capture rate for income-appropriate renters decreases to 10.2%.

Danville contains only 538 units with monthly rents of $825 or higher.

| INCOME-QUALIFIED RENT ANALYSIS | |
|---|---|
| Minimum Anticipated Rent (One-Bedroom) | $825 |
| Qualifying Income | $39,600 |
| Qualifying Existing Renter Households | 3,355 |
| Total Existing Deficit of Market Rate Units | 760 |
| Percent Support from Within Danville | 45% |
| Unit Deficit Supported from Within Danville | 342 |
| As a Percent of the Total Deficit | 10.2% |

Source: ACS Special Tabulations (WB:3) & EDS, LLC

In summary:

- Danville has a deep base of income qualified renters, however, the step-up increment required for existing Danville residents is relatively high and will have a detrimental impact on the absorption rate.
- New residents to Danville, most likely coming from better developed apartment markets, will perceive new Danville apartments as a value and will mitigate the more conservative local response.
- The success of the River District properties has established higher rents and newly constructed conventional product will be perceived as a value.

### 3. PROTOTYPE DEVELOPMENTS

Following are four prototypical apartment projects representing projects that could be supported in Danville. They are sized and with recommended rents that would yield a 12 to 18-month absorption period (depending on the construction schedule and release date). They are intended to be general guidelines. Naturally, a prospective developer would most likely have their own product line with a different rent and mix of units. Sixty-six of the units are designated as "affordable" workforce units with somewhat lower rents.

The prototypical projects are scaled and priced to be representative of properties currently being developed in other markets.

Summary of prototype developments.

| | |
|---|---|
| Conventional 2/3 Story | 246 units |
| Family Townhouse | 66 units |
| Senior Ranch units | 144 units |
| Luxury | 56 units |
| Total | 512 unit |

| PROTOTYPICAL DEVELOPMENT (2/3 STORY)<br>DANVILLE, VIRGINIA | | | | |
|---|---|---|---|---|
| **UNIT TYPE** | **NUMBER** | **SQUARE FEET** | **MONTHLY RENT*** | **RENT PER SQUARE FOOT*** |
| Studio/1.0 Bath | 8 | 425 | $650 | $1.53 |
| One-Bedroom/1.0 Bath | 42 | 725 | $825 | $1.14 |
| One-Bedroom/1.0 Bath | 24 | 800 | $895 | $1.12 |
| Two-Bedroom/ 2.0 Bath | 72 | 975 | $995 | $1.02 |
| Two-Bedroom/2.0 Bath | 32 | 1,100 | $1,150 | $1.05 |
| Three-Bedroom/2.0 Bath | 16 | 1,250 | $1,295 | $1.04 |
| AFFORDABLE | | | | |
| One-Bedroom/1.0 Bath | 16 | 700 | $750 | $1.04 |
| Two-Bedroom/2.0 Bath | 24 | 950 | $900 | $0.92 |
| Three-Bedroom2.0 Bath | 12 | 1,150 | $1,050 | $0.91 |
| Total | 246 | | | |
| *2023 | | | | |

Rent includes water, sewer service and trash removal. Tenants will pay all other utilities.

Threshold Income – market rate units $39,600
Threshold income – affordable units $36,000

Unit amenities will include the following:

- Range
- (Frost-free) Refrigerator (with icemaker)
- Microwave oven
- Dishwasher
- Disposal
- Central air conditioning
- Nine-foot ceilings
- Washer/dryer
- Washer/dryer hookups
- Carpet
- Window coverings
- Balcony/patio
- Ceiling fan

Project amenities will include the following:

- Swimming pool
- Community building
- Fitness center
- Playground
- Business center
- Pet friendly
- Package delivery center
- Picnic area/fire pit
- Car wash area
- On-site management

| PROTOTYPICAL FAMILY TOWNHOUSE DEVELOPMENT<br>DANVILLE, VIRGINIA<br>2023 | | | | |
|---|---|---|---|---|
| **UNIT TYPE** | **NUMBER** | **SQUARE FEET** | **MONTHLY RENT*** | **RENT PER SQUARE FOOT*** |
| Two-Bedroom/ 2.5 Bath Townhouse | 32 | 1,200 | $1,450 | $1.21 |
| Two-Bedroom/ 2.5 Bath Townhouse | 24 | 1,300 | $1,600 | $1.23 |
| Three-Bedroom/ 2.5 Bath Townhouse | 20 | 1,400 | $1,750 | $1.25 |
| AFFORDABLE | | | | |
| Two-Bedroom/ 2.5 Bath Townhouse | 12 | 1,050 | $1,050 | $1.00 |
| Three-Bedroom/ 2.5 Bath Townhouse | 8 | 1,200 | $1.350 | $1.13 |
| Total | 96 | | | |
| *2023 | | | | |

Rent includes water, sewer service and trash removal. Tenants will pay all other utilities. All units will have an attached one car garage.

Threshold Income – market rate units $64,800

Threshold income – affordable units $50,400

Unit amenities will include the following:

- Range
- (Frost-free) Refrigerator (with icemaker)
- Microwave oven
- Dishwasher
- Disposal
- Central air conditioning
- Washer/dryer
- Washer/dryer hookups
- Carpet
- Window coverings
- Balcony/patio
- Ceiling fan
- Nine-foot ceilings

Project amenities will include the following:

- Expanded playground
- Child care referral
- Pet friendly
- Car wash area
- Picnic area/fire pit
- On-site management

| PROTOTYPE SENIOR RANCH DEVELOPMENT<br>DANVILLE, VIRGINIA<br>2023 | | | | |
|---|---|---|---|---|
| **UNIT DESCRIPTION** | **NUMBER** | **SQUARE FEET** | **RENTS AT OPENING*** | **RENT PER SQUARE FOOT** |
| One-Bedroom/1.0 Bath/ 1-Car Attached Garage | 48 | 672 | $825 | $1.23 |
| Two-Bedroom/1.0 Bath/ 1-Car Attached Garage | 48 | 879 | $1,050 | $1.19 |
| Two-Bedroom/2.0 Bath/ 1-Car Attached Garage | 48 | 927 | $1,125 | $1.21 |
| Total | 144 | | | |
| * 2023 | | | | |

Rent includes water, sewer service and trash removal.

These are single-story ranch style units with attached garages.

Threshold Income – market rate units $39,600

Unit amenities will include the following:

- Range
- Carpet

- (Frost-free) Refrigerator (with icemaker)
- Microwave oven
- Dishwasher
- Disposal
- Central air conditioning
- Washer/dryer
- Washer/dryer hookups
- Window coverings
- Balcony/patio
- Ceiling fan
- On-site management

Project amenities will include the following:

- Community building
- Social programming
- Fitness center
- Business center
- Pet friendly
- Package delivery center
- Picnic area/fire pit
- Car wash area
- On-site management

On-site manager will also function as program manager.

| PROTOTYPICAL LUXURY DEVELOPMENT<br>DANVILLE, VIRGINIA<br>2023 | | | | |
|---|---|---|---|---|
| **UNIT DESCRIPTION** | **NUMBER** | **SQUARE FEET** | **MONTHLY RENT*** | **RENT PER SQUARE FOOT*** |
| One-Bedroom/<br>1.0 Bath Garden<br>One Car Garage | 16 | 850 | $1,100 | $1.29 |
| Two-Bedroom/<br>2.5 Bath Garden<br>One Car Garage | 20 | 1,300 | $1,600 | $1.23 |
| Two-Bedroom/<br>2.5 Bath Townhouse<br>Two Car Garage | 20 | 1,300 | $1,750 | $1.35 |
| Three-Bedroom/<br>2.5 Bath Townhouse<br>Two Car Garage | 16 | 1,450 | $2,000 | $1.38 |
| Total | 72 | | | |
| *2023 | | | | |

Rent includes water, sewer service and trash removal. Tenants will pay all other utilities. All units will have an attached one or two car garages.

Threshold Income – market rate units $52,800

Unit amenities will include the following:

- Range
- (Frost-free) Refrigerator (with icemaker)
- Microwave oven
- Dishwasher
- Disposal
- Central air conditioning
- Washer/dryer
- Washer/dryer hookups
- Carpet
- Window coverings
- Balcony/patio
- Ceiling fan
- Nine-foot ceilings

Project amenities will include the following:

- Picnic area/fire pit
- Pet friendly

Requires a special site such as river front, bluff side views, etc.

## APARTMENT DEVELOPMENT STRATEGIES

Several strategies could be employed to achieve rents requiring a modest amount of assistance.

- The White Mill development is soon to begin construction and there are two additional properties in the pipeline. The White Mill property, being already committed to development, has been included in the existing inventory. Every effort should be made to accelerate the development of properties in the pipeline.
- A portion of future development could include a specified number of “work force” units with rents in the target range.
- Direct assistance to the developer in the form of a favorable land price, reduced entitlement and impact fees, leased land for a defined period to name a few. It is imperative that any financial assistance to the developer be manifest as a savings to the renter as opposed to increasing the profit margin of the developer.
- In today’s employment environment employers often offer a “sign on” bonus. Employers may also pay for moving expenses. The city could work with employers to repackage these incentives as a “housing bonus”.
- The City, as a potential developer (or development facilitator) can ensure that integrated use developments include a rental housing component. Integrated use developments can include all forms of rental housing including townhomes (family), convention two- and three-story walk-ups, and ranch apartments (senior). Should the City choose to become the developer, development profits could “buy down” land costs and directly impact rents.
- Battle Creek, Michigan, as an incentive for downtown rental housing, waived the city income tax for a period of time. While Danville does not have an income tax, alternative concepts could be explored.
- Explore the use of infrastructure reimbursement programs applied rental housing.
- Provide “shovel ready” sites. A long, and often contentious entitle process is listed as the single most significant problem by developers.

### E. CONDOMINIUMS

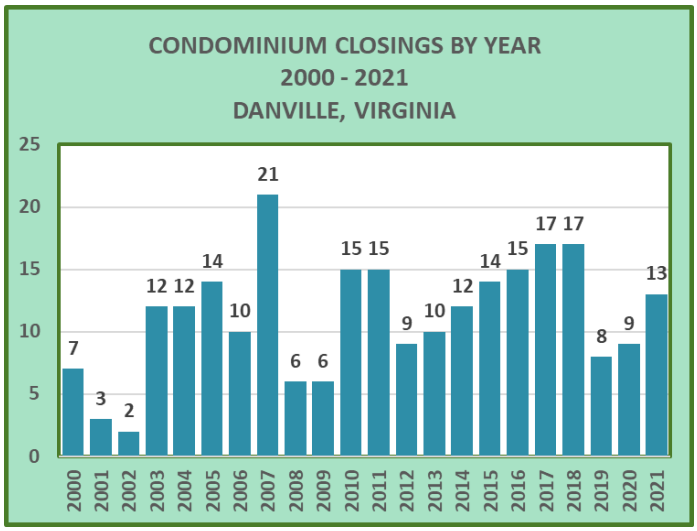
#### 1. THE MARKET

Both nationally and locally the condominium market was significantly impacted by the economic downturn of the mid-2000s. Absorption decreased to a fraction of previous levels leading up to 2006 and 2007. The market showed a remarkable recovery in 2010 only to decline again in 2019 and 2020. Sales, in 2021 were up significantly. Condominiums are relatively undeveloped in Danville with only a few projects including:

- Oak Park Villas
- Charles Towne
- Bridgewater
- 522 Bridge Street

Other properties have been developed as condominiums but have been marketed as rentals.

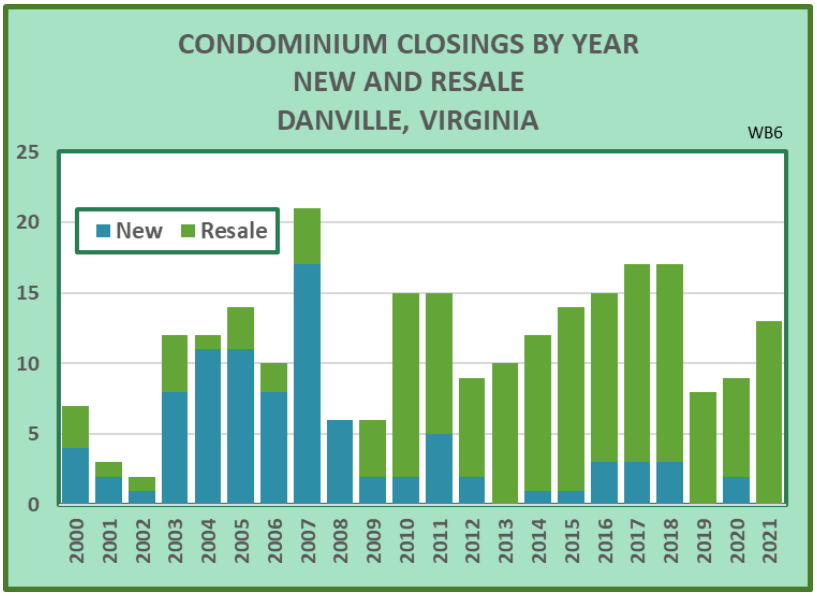
Following is a distribution of condominium sales by year.



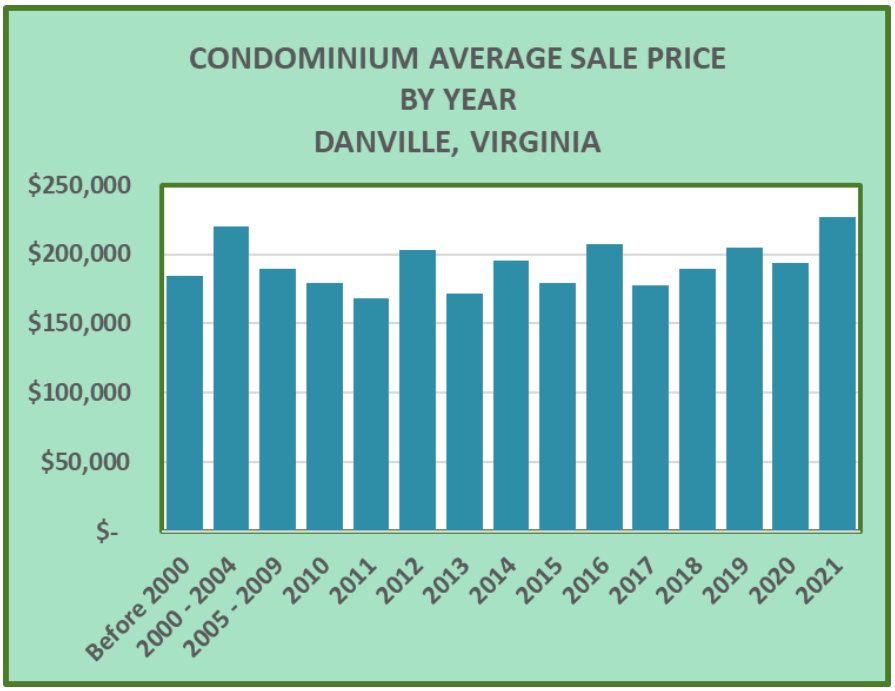

Note that sales declined in 2019, a year prior to the Covid inflicted decline.

The sale of new condominiums declined sharply after 2007. While this was partially due to the housing crisis in 2008, it also coincided with the lack of inventory. Prior to 2009, 78% of all sales was among new product dropping to only 15% after 2008.

Clearly, the Danville condominium market has been limited by the lack of supply rather than the lack of demand as shown in the following table.




There has been little change in the average price of a condominium. Because there are so few sales, a few high or low sales can influence the average price significantly.




The average price has ranged between $171,875 (2017) and $227,100 (2021).

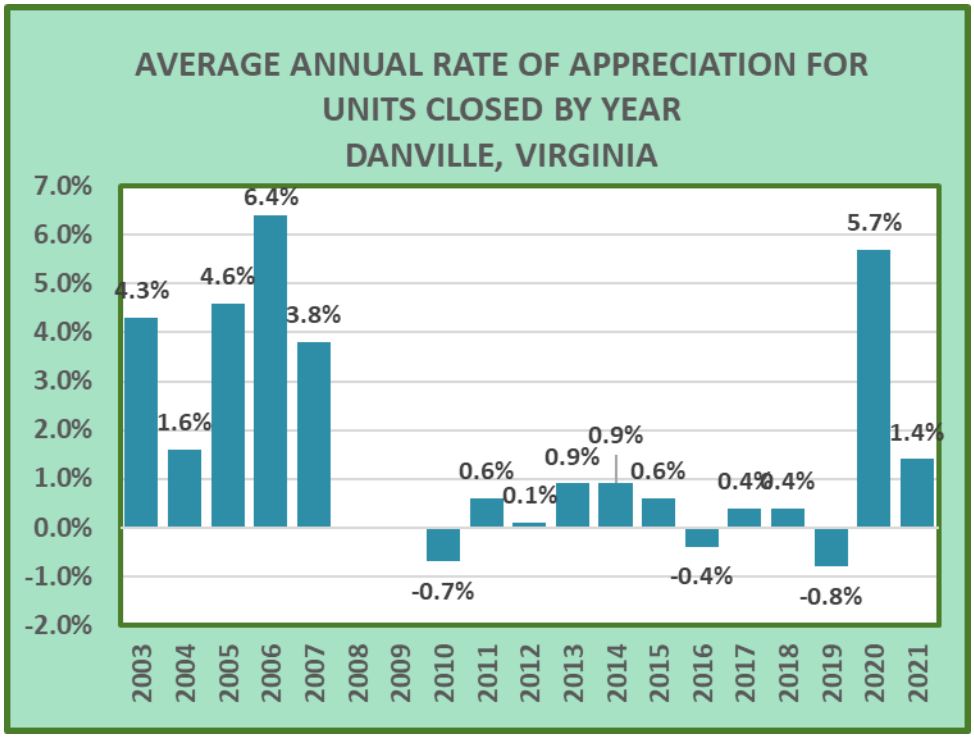
The following table shows sales by price and year. Until 2020 there has been little change in the average and median sale price. The 2020/2021 period reflects the dramatic change in the Danville real estate market, especially given that most of the sales during that period are resale units.

| DISTRIBUTION OF CONDOMINIUM SALES BY PRICE AND YEAR<br>DANVILLE, VIRGINIA | | | | | | | |
|---|---|---|---|---|---|---|---|
| PRICE RANGE | BEFORE 2000 | 2000 - 2004 | 2005 - 2009 | 2010 - 2014 | 2015 - 2019 | 2020 - 2021 | TOTAL |
| Under $150,000 | 4 | 13 | 12 | 15 | 21 | 0 | 65 |
| $150,000 - $199,999 | 9 | 9 | 32 | 34 | 20 | 14 | 118 |
| $200,000 - $249,999 | 4 | 3 | 6 | 6 | 11 | 12 | 42 |
| $250,000 - $299,999 | 1 | 2 | 3 | 5 | 8 | 3 | 22 |
| $300,000 - $399,999 | 1 | 6 | 3 | 0 | 5 | 0 | 15 |
| $400,000 - $499,999 | | 2 | 1 | 0 | 0 | 1 | 4 |
| $500,000 & Over | 0 | 1 | 0 | 1 | 0 | 0 | 2 |
| Total | 19 | 35 | 57 | 61 | 65 | 30 | 267 |
| Average | $184,351 | $219,986 | $189,878 | $182,181 | $187,029 | $216,797 | $194,016 |
| Median | $166,201 | $167,500 | $174,000 | $173,400 | $167,900 | $208,500 | $179,025 |

WB6

Only 85 (31.8%) of the sales have been over $200,000, the range of today's new construction price.

A better measure of the direction of the condominium market in Danville is a comparison of the annual appreciation rate for units resold and closed each year. The following chart shows the annual increase for units closed between 2001 and 2021.




Prior to 2008 there were significant increases in condominium values followed by lethargic performance between 2008 and 2019. There has been a remarkable increase in 2020 and 2021, a measure of current market conditions in Danville.

Nationally, condominium concepts have changed significantly over the past several years. Today the most active product types in most markets are:

- Urban properties, both adaptive reuse and new construction
- Special and unique sites such as waterfront, golf course, etc.
- Large scale integrated use developments
- Senior ranch product
- Single family detached

It is noteworthy that in the redevelopment of communities, condominiums seldom lead the redevelopment process. Condominium development usually follows a robust single family and apartment market.

## 2. CONDOMINIUM DEMAND ANALYSIS

All of the demographic and economic characteristics of a market combine to provide an indication of the relative level of support for condominium development. By comparing market area characteristics with profiles previously established for other communities, we establish an appropriate level of support for sustainable condominium development. In projecting future demand, consideration must be given to the fact that past performance of a market may not be a true indication of future demand. In many instances demand can be limited by supply as is certainly the case in Danville.

In establishing the following capture factors, a blend of markets yields a true representation of demand (as opposed to using a single, small market that may not have all product types and price points available). Our approach to establishing the market for condominium housing is based on an analysis of the demographic and economic characteristics of market and the application of optimal capture factors.

c. Qualifying Incomes

For the purpose of this analysis, we assume a down payment of 20% yielding an 80% mortgage. While many lenders may offer lower down payments, an 80% mortgage can be achieved without PMI.

Because of the difficulty of developing new product under $200,000, our analysis will only consider households with incomes that will qualify them for homes above that price point. Even at $200,000 there is often a significant difficulty in providing product without assistance in financing, infrastructure, etc. Income/mortgage/purchase price requirements are as follows:

| INCOME | MORTGAGE | AMOUNT FINANCED | HOME PRICE RANGE |
|---|---|---|---|
| $50,003 - $62.503 | $160,000 - $199,999 | 80% | $200,000 - $249,999 |
| $62,504 - $75,004 | $200,000 - $239,999 | 80% | $250,000 - $299,999 |
| $75,005 - $87,505 | $240,000 - $279,999 | 80% | $300,000 - $349,999 |
| $87,506 - $100,005 | $280,999 - $319,999 | 80% | $350,000 - $399,999 |
| $100,006 - $125,007 | $230,000 - $399,999 | 80% | $400,000 - $499,999 |
| $125,008 and over | $400,000 and over | 80% | $500,000 and over |

Following is the projected income distributions of total households in Danville:

| HOUSEHOLD INCOME RANGE | HOME PRICE RANGE | 2024 TOTAL HOUSEHOLDS | DISTRIBUTION |
|---|---|---|---|
| $50,003 - $62.503 | $200,000 - $249,999 | 1,856 | 26.2% |
| $62,504 - $75,004 | $250,000 - $299,999 | 1,237 | 17.5% |

| | | | |
|---|---|---|---|
| $75,005 - $87,505 | $300,000 - $349,999 | 888 | 12.6% |
| $87,506 - $100,005 | $350,000 - $399,999 | 592 | 8.4% |
| $100,006 - $125,007 | $400,000 - $499,999 | 1,105 | 15.6% |
| $125,008 and over | $500,000 and over | 1,398 | 19.8% |
| Total | | 7,077 | 100.0% |

*WB7 & 8

Based on levels of affordability of new product, an optimal capture factor can be applied to income ranges to determine the annual demand. The optimal capture factors have been established in mature condominium markets with adequate supply. Within these markets, demographic characteristics have been analyzed including growth rates and household size, and economic factors have been considered including income levels and employment profiles.

d. Condominium Penetration Analysis

Based on the application of established capture factors for similar markets, the resulting annual demand for condominium homes in Danville can be established. We have applied established capture rates in established markets to establish the potential demand for condominium homes in Danville.

| HOME PRICE RANGE | QUALIFIED 2024 HOUSEHOLDS | INTERNAL DEMAND CAPTURE FACTOR | DANVILLE DEMAND | TOTAL DEMAND INCLUDING EXTERNAL SUPPORT |
|---|---|---|---|---|
| $200,000 - $249,999 | 1,856 | 0.006 | 11 | 14 |
| $250,000 - $299,999 | 1,237 | 0.005 | 6 | 8 |
| $300,000 - $349,999 | 888 | 0.004 | 4 | 4 |
| $350,000 - $399,999 | 592 | 0.004 | 2 | 3 |
| $400,000 - $499,999 | 1,105 | 0.003 | 3 | 4 |
| $500,000 and Over | 1,398 | 0.005 | 7 | 9 |
| Total | 7,077 | 0.005 | 34 | 42 |

WB9

When considering all price ranges, the total maximum annual support base is estimated to 42 homes

It should also be noted that it is difficult to achieve the full demand potential unless a full range of product alternatives is available in the market including price, location, concept (ranch, townhouse, urban, etc.).

## CONDOMINIUM DEVELOPMENT STRATEGIES

With the success of upscale apartments in the River District as well as new apartments in the pipeline, Danville is emerging into a positive condominium market. In the relatively near term, condominiums can be considered, especially for:

- Unique urban sites
- Waterfront sites
- Special views
- As part of an integrated use development
- Affordable ranch development

It is important to consider that the absorption potential will be relatively low when compared to major market development. Historically in Danville project absorption has been only 4 to 6 units annually although in some instances absorption has been a function of the construction schedule rather than demand. Condominiums do have the advantage of the ability to develop spec units in pace with absorption as opposed to a full build-out in a short period of time.
Identify and control optimum sites and market specifically for condominium development. It is unlikely that a local builder will emerge as a developer and having a shovel-ready site will greatly enhance the potential to attract a regional builder.

The same buyer assistance programs for single family and rehab properties would apply to condominium buyers.

## F. ASSISTED LIVING, MEMORY CARE AND INDEPENDENT LIVING

### 1. CURRENT DEMAND FOR ASSISTED LIVING AND MEMORY CARE

Based on the results of the preliminary demand analysis, there appears to be a deficit or unmet demand for a total of up to 224 assisted-living beds and up to 62 memory care beds in the preliminary Danville, Virginia EMA at base rents of

$4,000 for assisted-living and $5,000 for memory care.

| SUMMARY | | | |
|---|---|---|---|
| **Assisted-Living** | **EMA** | **Memory Care** | **EMA** |
| Total Demand | 367 | Total Demand | 116 |
| Competitive Beds* | -143 | Competitive Beds* | -54 |
| Pipeline Beds | -0 | Pipeline Beds | -0 |
| Deficit | 224 | Deficit | 62 |
| *Competitive assisted-living and memory care beds are those priced at base rents and above | | | |

The preliminary demand analysis includes the following components:

- Senior Population requiring assistance with Activities of Daily Living (ADL)
- Population with Alzheimer's/dementia
- Age- and Income-appropriate households
- Age- and asset-appropriate households
- Share of asset-appropriate households
- Asset-appropriate persons requiring assistance with ADLs
- Surplus/deficit analysis

For this preliminary demand analysis, we have used demographic data from ESRI, Incorporated, unless otherwise noted. ESRI demographic reports have been included on the pages following this preliminary demand analysis.

**a) Population Requiring Assistance**

| | |
|---|---|
| Total **2021** Population (Age 75+) | 5,075 |
| Affliction Rate | X 13.1% |
| *Total Afflicted Households* | *665* |

**b) Population With Alzheimer's/Dementia**

| | |
|---|---|
| Total **2021** Population (Age 75 – 84) | 3,458 |
| Affliction Rate | X 13.8% |
| Afflicted Population (Age 75 – 84) | 477 |

| | |
|---|---|
| | |
| Total **2021** Population (Age 85+) | 1,617 |
| Affliction Rate | X 34.6% |
| Afflicted Population (Age 85+) | 559 |
| | |
| Total **2021** Alzheimer's/Dementia | 1,036 |
| Affliction Rate | X 25% |
| Total Afflicted persons | 259 |

**c) Income-Appropriate Households**

Income-appropriate households are based on 80% of household income applied to monthly care fees of $4,000 for assisted-living and $5,000 for memory care. Thefollowing charts illustrate income-appropriate units for assisted-living and memory care.

**Assisted-Living**

| | |
|---|---|
| Total 2021 Households (Age 75+) | 3,382 |
| Average Private Monthly A/L Rate | $4,000 |
| Minimum Rent/Income Ratio | 80% |
| Minimum Income | $60,000 |
| *Total Income-Appropriate Households (Age 75+)* | *583* |

**Memory Care (Alzheimer's/Dementia)**

| | |
|---|---|
| Average Private Monthly Alzheimer's Rate | $5,000 |
| Minimum Rent/Income Ratio | 80% |
| Minimum Income (Rounded Up) | $75,000 |
| *Total Income-Appropriate Households (Age 75+)* | *391* |

**d) Asset-Qualified Households**

**Assisted-Living**

| | |
|---|---|
| Minimum Rent/Asset Ratio | 80% |
| Minimum Term (Years) | 3 |
| Minimum Assets Needed | $180,000 |
| *Estimated Asset-Appropriate Households* | *1,746* |

**Memory Care (Alzheimer's/Dementia)**

| | |
|---|---|
| Minimum Rent/Asset Ratio | 80% |
| Minimum Term (Years) | 3 |
| Minimum Assets Needed (Rounded) | $225,000 |
| *Estimated Asset-Appropriate Households* | *1,411* |

## e) SHARE OF ASSET-QUALIFIED HOUSEHOLDS

### Assisted-Living

| | |
|---|---|
| Asset-Qualified Households | 1,746 |
| Total Households age 75 and over | /3,382 |
| *Share of Households Age 75+* | *=51.6%* |

### Memory Care (Alzheimer's/Dementia)

| | |
|---|---|
| Asset-Qualified Households | 1,411 |
| Total Households age 75 and over | /3,382 |
| *Share of Households Age 75+* | *=41.7%* |

## f) Income- And Asset-Qualified Households Requiring Assistance Assisted-Living

| | |
|---|---|
| Afflicted Population (Age 75+) | 665 |
| Share Age-/Income-/Asset-Qualified Households | *51.6%* |
| Total Target Assisted-Living Market | 343 |

### Memory Care (Alzheimer's/Dementia)

| | |
|---|---|
| Population with Alzheimer's/Dementia | 259 |
| Share Age-/Income-/Asset-Qualified Households | *41.7%* |
| Total Target Memory Care Market | 108 |

## g) Surplus/Deficit Analysis

| **Demand** | **Assisted-Living** | **Memory Care** |
|---|---|---|
| Target Population Base | 343 | 108 |
| Vacancy Factor | + 7.0% | + 7.0% |
| *Total Demand* | *367* | *116* |
| **Supply** | | |
| Total Beds at or Above Target Rent (Competitive Supply) | -143 | -54 |
| Proposed Beds | -0 | -0 |
| Deficit | 224 | 62 |
| | | |

## 2. PROTOTYPE DEVELOPMENTS

An assisted living/memory care development comprising 80 assisted living and 40 memory care units would be sufficient to attract a senior care developer. A prototype development could be supported as follows:

| PROTOTYPICAL ASSISTED LIVING/MEMORY CARE<br>DANVILLE, VIRGINIA<br>2023 | | | |
|---|---|---|---|
| **UNIT DESCRIPTION** | **NUMBER** | **SQUARE FEET** | **MONTHLY RENT*** |
| ASSISTED LIVING | | | |
| Efficiency Unit<br>1.0 Bath | 60 | 380 | $4,000 |
| One-Bedroom/<br>1.0 Bath | 20 | 520 | $4,800 |
| MEMORY CARE | | | |
| Efficiency Unit<br>1.0 Bath | 40 | 340 | $5,000 |
| Total | 120 | | |
| *2023 | | | |

APARTMENT FEATURES

- Kitchenettes with microwave and refrigerator
- 24-hour emergency communication system
- Individually controlled heating and air-conditioning
- Window coverings
- Smoke and alarm system
- Fire sprinkler system
-

AMENITIES

- Social programming
- Fitness & wellness programming
- Onsite nursing, physical, speech, and occupational therapy
- Regularly scheduled transportation
- Weekly housekeeping, linen service, and laundry
- Complimentary laundry facilities
- Off-street parking for residents and guests
- Full-service salon and barber shop
- Spa room with therapy tub
- Spacious common areas including living room, library, game, and recreational areas
- Theater
- Outdoor dining and socializing areas

# ASSISTED LIVING DEVELOPMENT STRATEGIES

There is considerable demand for additional assisted living/memory care units in Danville. While there is some local potential of a developer or operator to emerge to fill the void, it is somewhat limited.

Prepare a presentation showing demand for additional facilities

- With so few operators in Danville, it would be a simple process to meet with each and present the demand analysis.
- Preselect sites for an easy path to development.
- If there are no local operators willing to expand their facilities, there are numerous regional and national operators seeking sites in comparable markets

# V. EMPLOYMENT GROWTH – HOUSING DEMAND MODEL

Between 1990 and 2010, Danville lost 19% of the total population, the result of declining employment at the textile mills sending much of the work force to other markets. This created an excess of vacant housing. Since 2010 population has stabilized and employment has shown modest increases (although Covid 19 impact created a slight decrease).

Over the coming decade employment is expected to increase dramatically. Starting with the Caesars Resort employing approximately 1,300 in 2023 and continuing with several other new establishments in the pipeline, the impact on housing will be significant. The existing housing base was originally constructed by the mill owners to house workers, much of which is functionally obsolete, and definitely not up to the expectations of new residents.

The Housing Demand Model is designed to estimate the new housing required as employment increases. The Housing Demand Model allocated new employment by the following criteria:

- Total number of new jobs
    - To be hired locally
    - Commuters, either hired locally or newly located (new hires or transfers)
    - New resident to Danville (new hires or transfers)
        - Work force renters
        - Upscale renters
        - Entry level home buyers
        - Move-up home buyers
        - Upscale home buyers.

Based on case studies of the impact of new employees to a market, most are first renters pending job and community satisfaction. After 3 to 5 years the renter/owner characteristics are comparable to the overall population.

Naturally, every employer will have unique hiring criteria with a variety of wage categories. Never-the-less, the Housing Demand Analysis can provide a guideline for anticipating future housing needs.

The Ceasars Resort will open in 2023 with 1,300 new jobs in Danville. In addition, there are 2,600 new jobs recently announced that will impact the Danville housing market within the next 18 months.

The following model represents the total impact on housing from the already committed 3,900 new jobs. (A Housing Demand Model has been provided with this report in which the housing for new employees can be allocated by tenure.

| HOUSING IMPACT - 3,900 NEW JOBS | | |
|---|---|---|
| | NUMBER | PERCENT |
| Total Households | 3666 | 100% |
| Hired from within Danville | 953 | 26% |
| Commuters | 975 | 27% |
| New residents | 1796 | 49% |
| **NEW HOUSING UNITS REQUIRED** | | |
| **Rental Housing** | | |
| Work Force | 990 | 55% |
| Upscale | 573 | 32% |
| Subtotal | 1563 | 87% |
| **Owned Homes** | | |
| Entry Level | 70 | 4% |
| Move-up | 144 | 8% |
| Up Scale | 20 | 1% |
| Subtotal | 234 | 13% |
| Total | 1797 | 100% |

WB17

The 3,900 new jobs to Danville will impact 3,666 households. (An estimated 6% of employees will have 2 persons in the same household impacted by new employers.)

A total of 26% of the new jobs are expected to be filled from within Danville and another 21% will be commuters living outside the City of Danville (although some of these may be new to the area). New households to Danville will represent 49% of the total, or 1,796 new households.

Of the total new households 87% are expected to be renters. New residents coming into the market will, overwhelming, be renters until they become familiar with their new job and community. The initial impact on the single family market will account for 11% of the total.

Over a 3 to 5 year period a significant number of renters will become home owners as new renters become acclimated to the community.

# VI. NEIGHBORHOOD – PLACE BRANDING

## A. NEIGHBORHOODS

The neighborhood section of this report will provide the data to assist in creating specific, individual, strategies for neighborhood revitalization.

Danville, with a population of 42,590 in 2020, has 62 defined neighborhoods containing an estimated combined population of 29,600, or 69% of the total. While these are defined as "neighborhoods" some are merely subdivisions or, in some instances, only apartment communities. There are, however, some areas that are locally perceived as "neighborhoods" such as Schoolfield, Druid Hills and Westover Hills. Further, the internet lists 13 Danville neighborhoods, not all of which are included in the City's defined neighborhoods. Real estate advertisements utilize names from both lists. In addition, there are six historic districts only two of which are included in the defined neighborhoods. There are also 12 planning areas of which only the River District is also a defined neighborhood or a historic district.

There is a plethora of defined neighborhoods, historic districts and planning districts. The geographic confusion also impacts the neighborhood perceptions of residents. In an informal survey of Danville residents, 68% were able to list their perception of "which neighborhood do you live in?" with a usable geographic reference. Of the 68%, only 28% responded with the name of a defined neighborhood or historic district. Most made reference to a street name of nearby landmark such as "Ballou Park" or "near Averett University".

Following is the list of "defined neighborhoods".

| DANVILLE DEFINED NEIGHBORHOODS | | | | | |
|---|---|---|---|---|---|
| 1 | Aery Estates | 22 | Green Acres | 43 | Surrey Hills |
| 2 | Afton Hills | 23 | Grove Park | 44 | Swain Acres |
| 3 | Almagro | 24 | Hunter's Run | 45 | Tanglewylde |
| 4 | Beverstone | 25 | Longview Friends | 46 | Temple Terrace |
| 5 | Birnam Wood | 26 | Mary Miles | 47 | The River District |
| 6 | Brentwood | 27 | Miller Park | 48 | The View |
| 7 | Cabin Lake | 28 | Monument Berryman | 49 | Virginia Hills |
| 8 | Camp Grove | 29 | NW Hamlin | 50 | Warehouse District |
| 9 | Cardinal Village | 30 | Norwood Park | 51 | Wedgewood |
| 10 | Cedarbrook | 31 | Oak Hills | 52 | Wendell Scott |
| 11 | Chatham Hills | 32 | Old West End | 53 | West End |
| 12 | Danville Estates | 33 | Parker Road | 54 | Westend |
| 13 | Danville Family Homes | 34 | Pinecrest | 55 | Westmoreland |
| 14 | Downtown | 35 | Pinetag | 56 | Westover Hills |
| 15 | Druid Hills | 36 | Reservoir Heights | 57 | White Rock |
| 16 | Edgewood/Mimosa | 37 | Sandy Shores II | 58 | Windsor Crest |
| 17 | Forest Hills | 38 | Schoolfield | 59 | Withers Park |
| 18 | Fox Hollow Farms | 39 | Seeland Crossing | 60 | Woodbury Hills |
| 19 | Fruittown | 40 | Shadowood | 61 | Woodside Village |
| 20 | Glenwood I | 41 | Southwyck Farms | 62 | Wyndover Woods |
| 21 | Glenwood II | 42 | Starmont Forest | | |

Danville has 15 census tracts encompassing 37 block groups. The following table allocates the 62 defined neighborhoods among the tracts and block groups. Neighborhoods often span more than one block group or census tract. Those have been listed in the block group encompassing most of the neighborhood.

| DANVILLE DEFINED NEIGHBORHOODS BY CENSUS TRACT AND BLOCK GROUP | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| MAP CODE | NEIGHBORHOOD | BLOCK GROUP | MAP CODE | NEIGHBORHOOD | BLOCK GROUP | MAP CODE | NEIGHBORHOOD | BLOCK GROUP |
| CENSUS TRACT 1 | | | CENSUS TRACT 5 | | | CENSUS TRACT 11 | | |
| 2 | Afton Hills | 1 | 14 | Downtown | 2 | 3 | Almagro | 1 |
| 6 | Brentwood | 3 | 28 | Monument Berryman | 1 & 2 | 23 | Grove Park | 1 |
| 7 | Cabin Lake | 4 | 47 | The River District | 2 | 39 | Seeland Crossing | 1 |
| 11 | Chatham Hills | 2 | 50 | Warehouse District | 2 | CENSUS TRACT 12 | | |
| 24 | Hunter's Run | 1 | CENSUS TRACT 6 | | | 1 | Aery Estates | 2 |
| 30 | Norwood Park | 4 | 32 | Old West End | 2 | 41 | Southwyck Farms | 2 |
| 34 | Pinecrest | 3 | 55 | Westmoreland | 1 & 2 | CENSUS TRACT 13.01 | | |
| 40 | Shadowood | 1 | CENSUS TRACT 7 | | | 20 | Glenwood I | 1 |
| 44 | Swain Acres | 4 | 4 | Beverstone | 1 | 22 | Green Acres | 1 |
| 46 | Temple Terrace | 2 | 17 | Forest Hills | 2 | CENSUS TRACT 13.02 | | |
| 61 | Woodside Village | 1 | 27 | Miller Park | 3 | 21 | Glenwood II | 1 |
| CENSUS TRACT 2 | | | 53 | West End | 3 | CENSUS TRACT 14 | | |
| 12 | Danville Estates | 1 | CENSUS TRACT 8 | | | 5 | Birnam Wood | 2 |
| 26 | Mary Miles | 3 | 37 | Sandy Shores II | 2 | 18 | Fox Hollow Farms | 1 |
| 33 | Parker Road | 2 | 58 | Windsor Crest | 3 | 25 | Longview Friends | 1 |
| 42 | Starmont Forest | 2 | CENSUS TRACT 9 | | | 31 | Oak Hills | 2 |
| 49 | Virginia Hills | 1 | 10 | Cedarbrook | 1 | 43 | Surrey Hills | 2 |
| 52 | Wendell Scott | 2 | 16 | Edgewood/Mimosa | 2 | 54 | Westend | 2 |
| 60 | Woodbury Hills | 3 | 35 | Pinetag | 2 | 56 | Westover Hills | |
| CENSUS TRACT 3 | | | 38 | Schoolfield (9 & 10) | 2 | 62 | Wyndover Woods | 2 |
| 29 | NW Hamlin | 1 | 48 | The View | 1 | | | |
| 36 | Reservoir Heights | 1 | 51 | Wedgewood | 1 | | | |
| 57 | White Rock | 2 | 59 | Withers Park | 3 | | | |
| CENSUS TRACT 4 | | | CENSUS TRACT 10 | | | | | |
| 8 | Camp Grove | 2 | 9 | Cardinal Village | 2 | | | |
| 45 | Tanglewylde | 2 | 15 | Druid Hills | 1 | | | |
| 13 | Danville Family Homes | 3 | | | | | | |
| 19 | Fruittown | 3 | | | | | | |

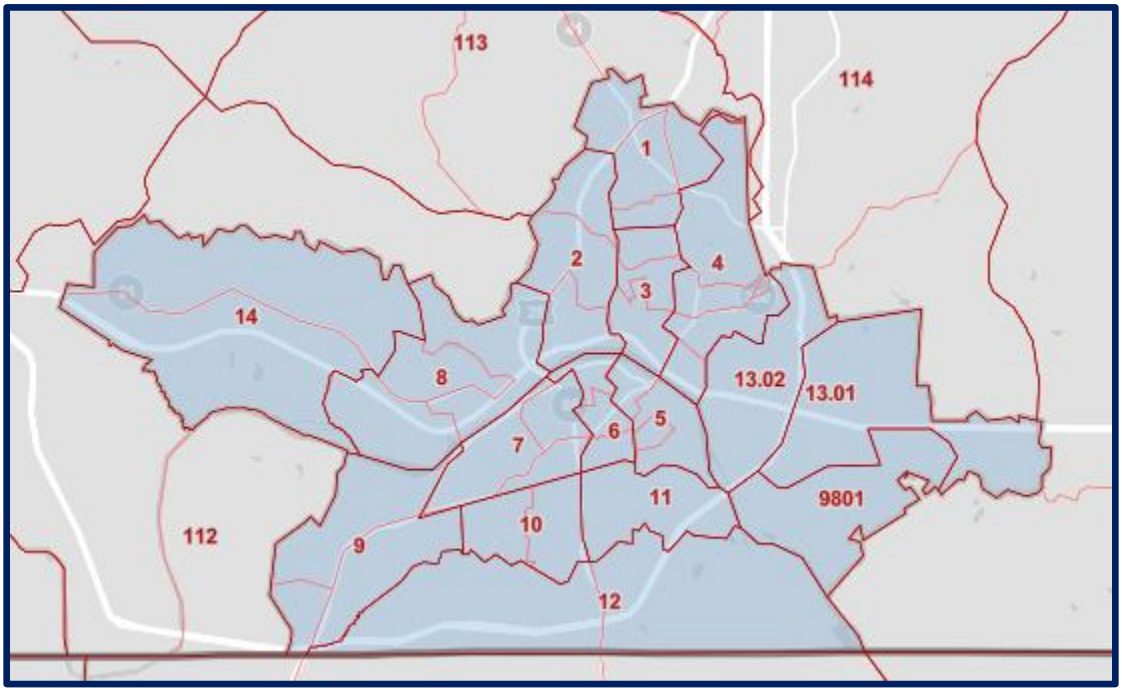
The historic districts are:

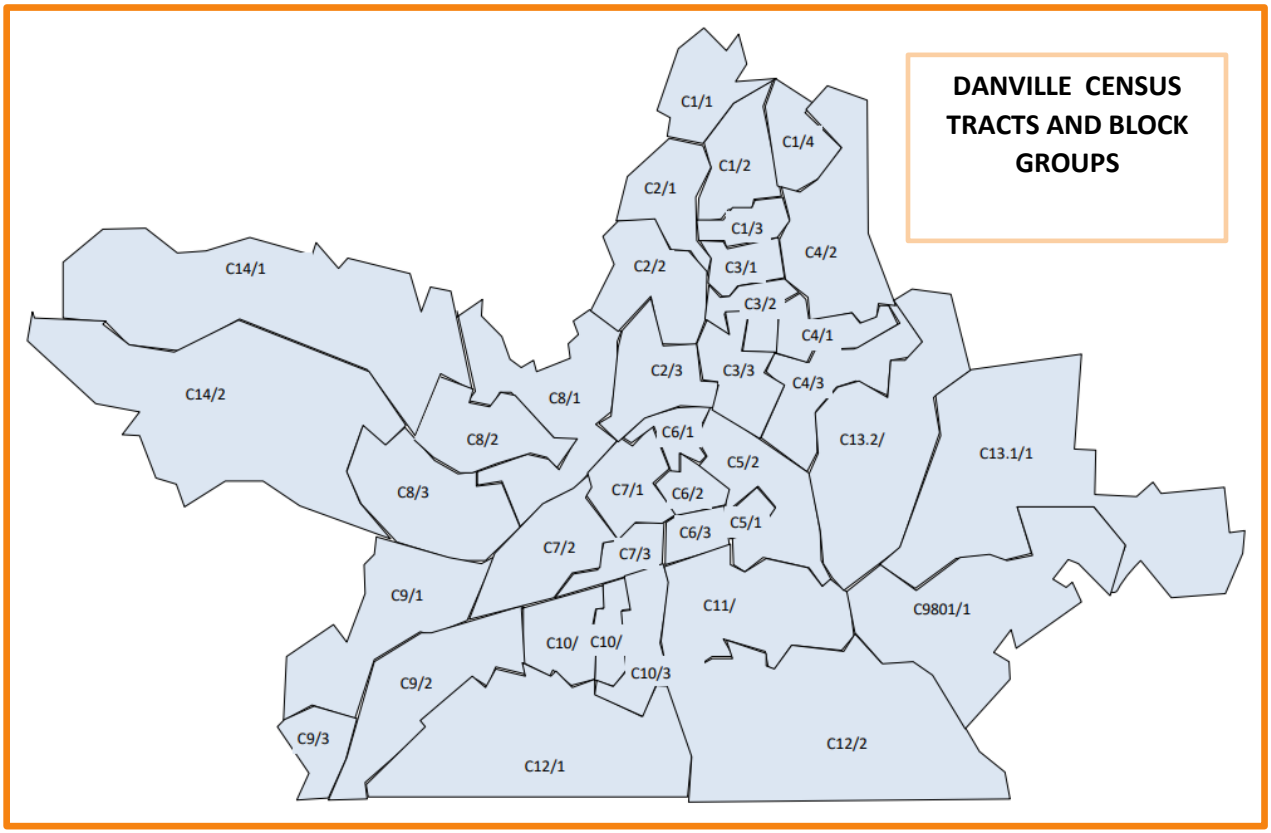
- Schoolfield Historic District
- Mechanicsville Historic District
- Holbrook-Ross Street Historic District
- Historic City Center
- Friends of Old West End
- River District Association

It is the perception of nearly one-half of Danville residents that there is a strong sense of community in Danville neighborhoods, although, the sense of community appears higher in core neighborhoods rather than in the suburban periphery.

Because not all of the defined areas are actually neighborhoods and those areas do not encompass the entire city, for purposes of this report, the neighborhood analysis will be provided on a Block Group basis.

Following are the base maps showing the census tracts and block groups.

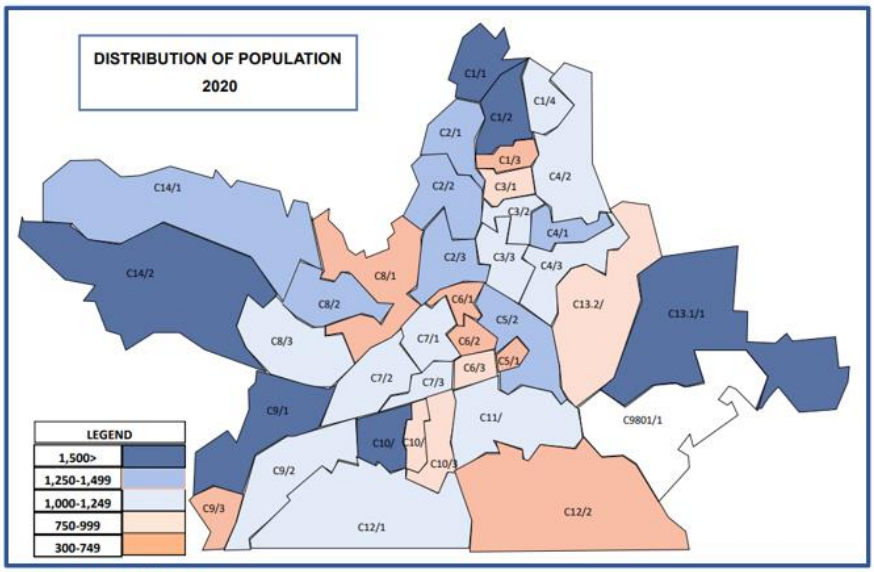


## B. POPULATION CHARACTORISTICS

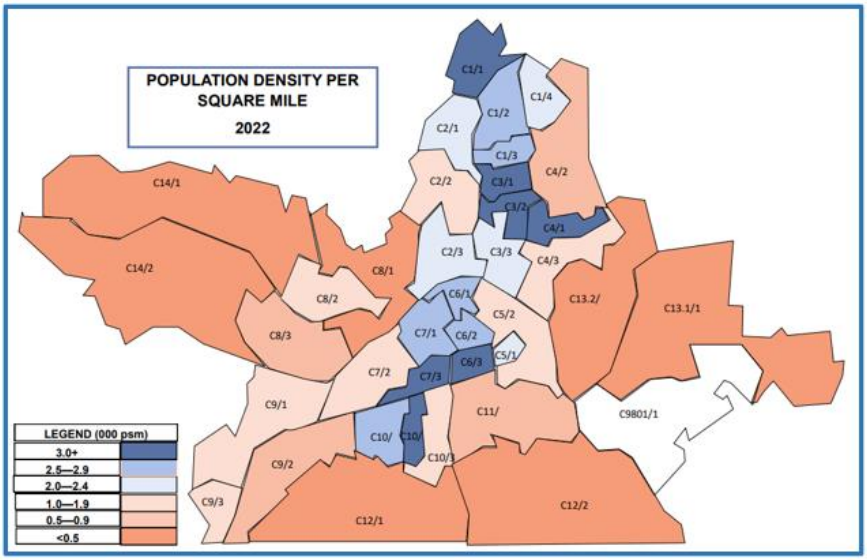
The following data shows the population characteristics distributed geographically by census tract and block group.

The following map shows the distribution of population by tract and block group with the greatest numbers at the extreme east, west and north ends of the city.



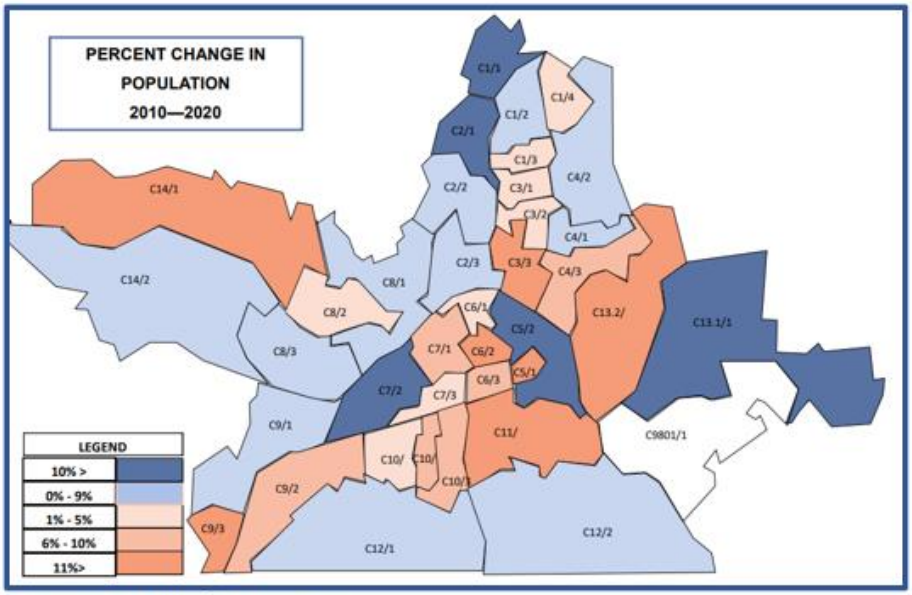

Source: 2010 and 2020 Census

However, in the east and west ends the block groups are relatively large geographic areas and the data does not reflect the actual density of the population. The following map shows those areas to be low density. The far north block groups, being relatively small indicate a higher density per square mile. While older neighborhoods south of the Dan River have a higher density, the north corridor is also very high.



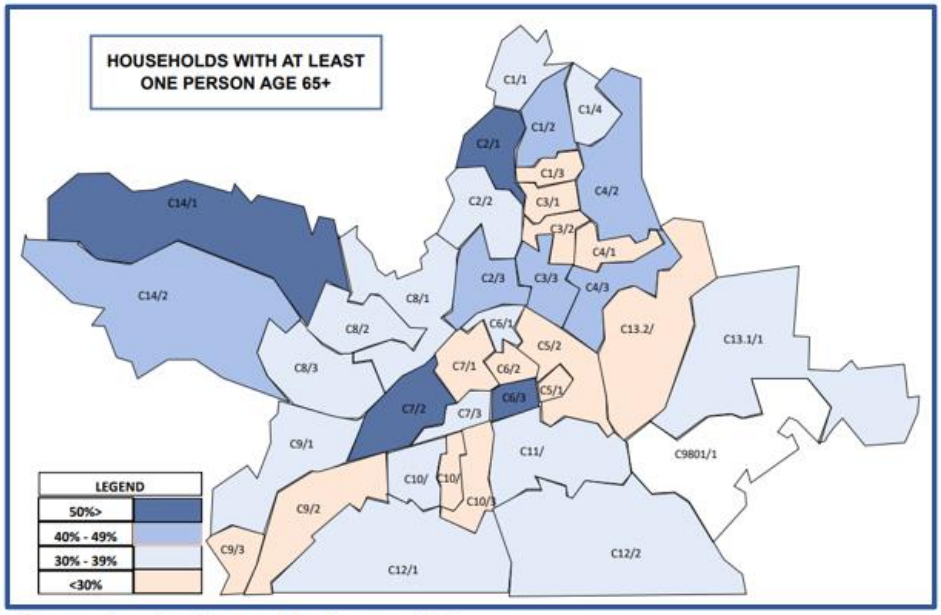

Source: esri, inc.

While the overall population in Danville has generally stabilized in the past 10 years, change within neighborhoods has been significant with 12 of the 38 block groups showing significant increases or decreases. These changes have occurred in both near downtown neighborhoods and in the suburban areas.



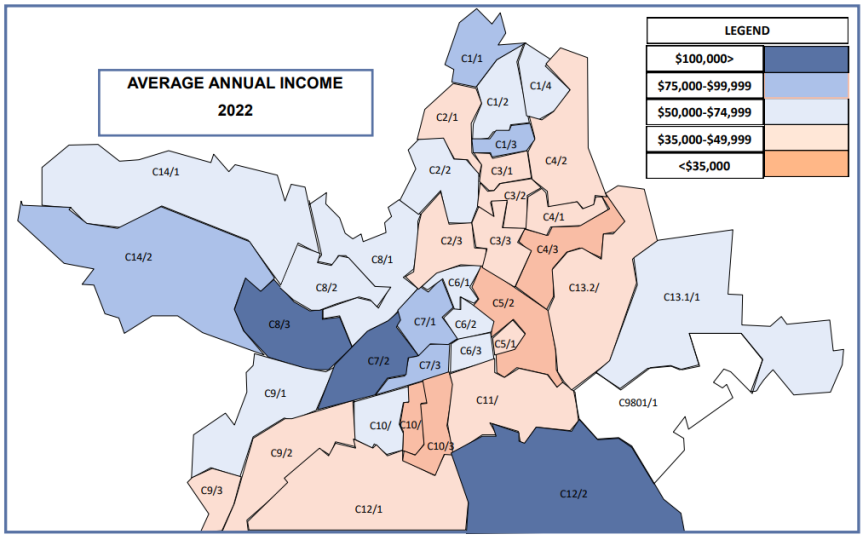
Source: 2010 and 2020 Census

The aging population of Danville has had a major impact on the north and west areas of the city.in which 10 of the block groups have 40%, or more, of the households with at least one person over the age of 65.



Source: American Communities Survey - 2020

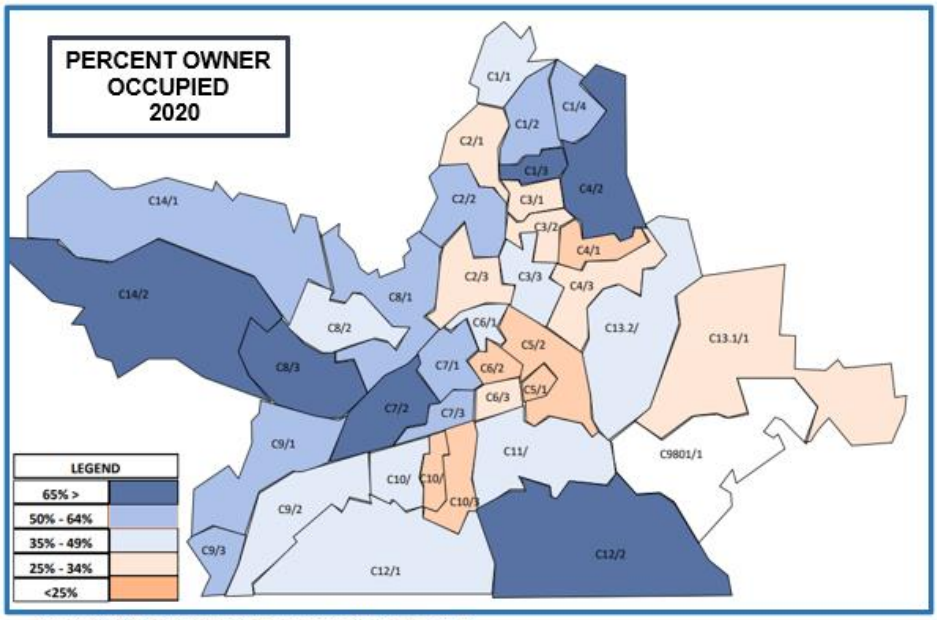
The areas of Danville with the highest incomes are generally on the suburban periphery with the highest areas on the near west and south east.




Source: esri, Inc.

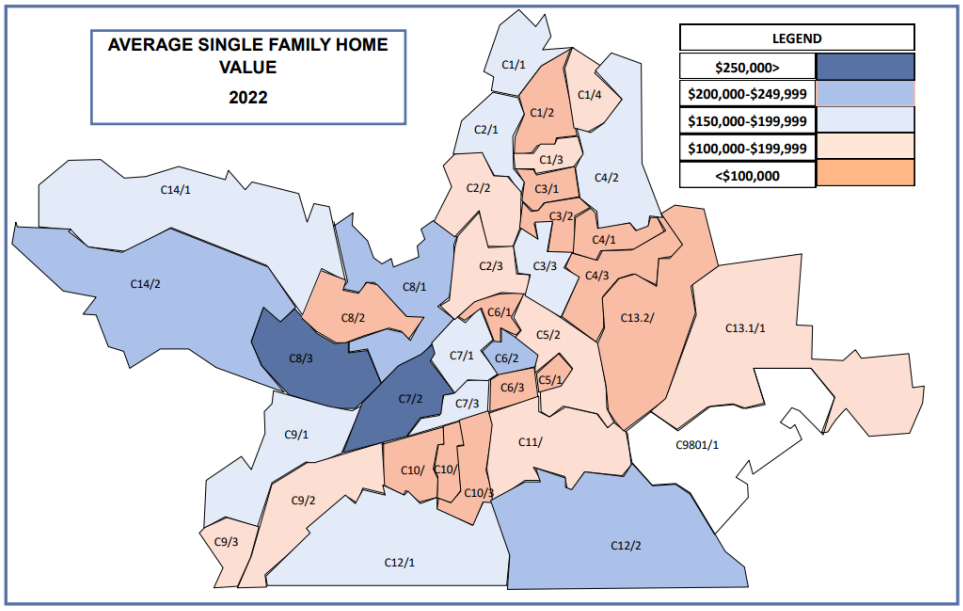
## C. HOUSING CHARACTERISTICS

Of the total occupied housing in Danville, 51% is owner occupied and 49% is renter occupied. The areas of highest home ownership are the west, north and south regions of Danville. Lowest are the central city and extending to the east.



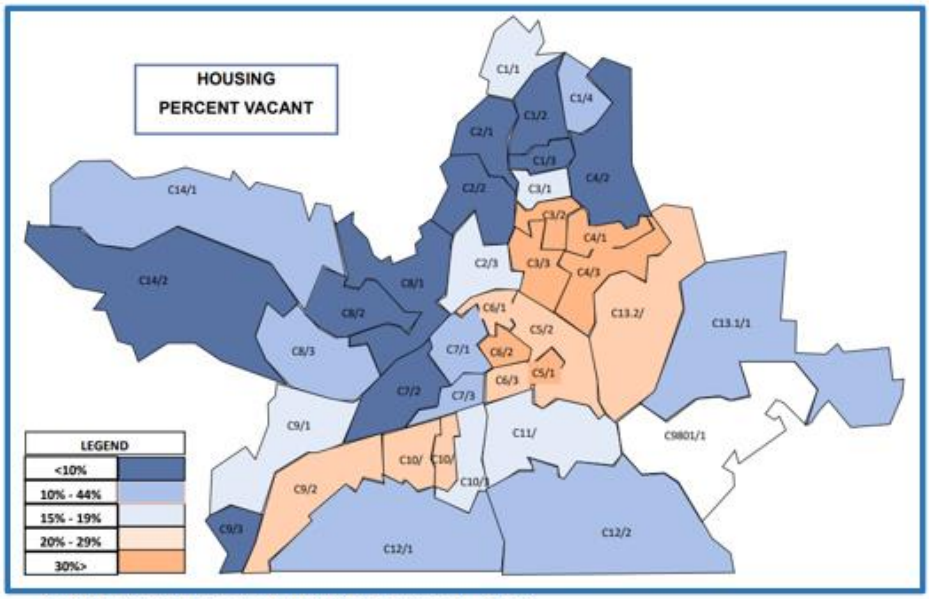

Source: American Communities Survey - 2020

The highest single family home values are generally to the south and west.



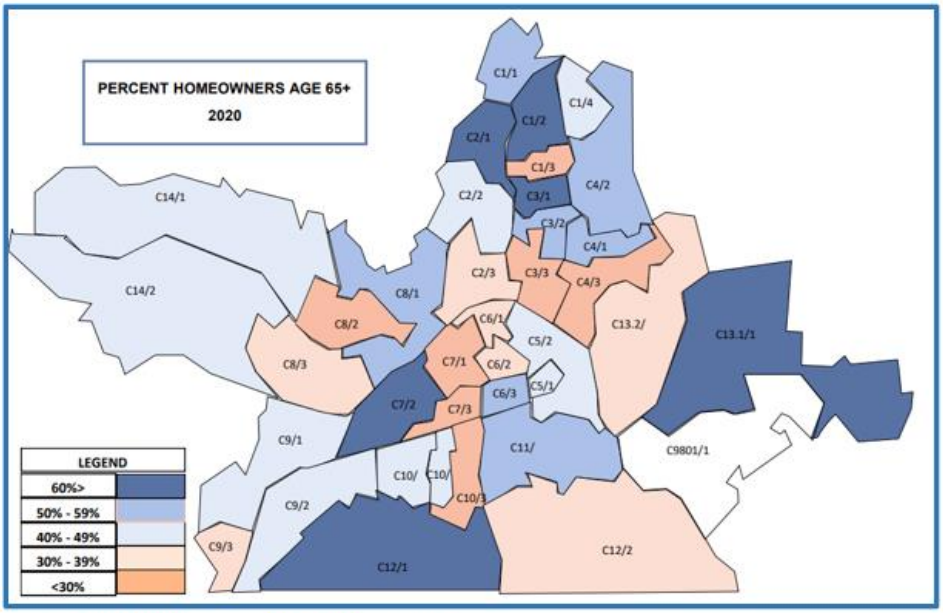

Source: esri, Inc.

Based on the 2020 Census, there were 3,244 vacant homes in Danville compared with 3,244 in 2010. There 2020 Census data differs significantly from the actual data compiled by the City of Danville who identified 4,629 vacant homes. Based on the Peer City average, applied to Danville, the City could expect to have a sustainable 2,552 vacant homes. This is an excess of 2,077 homes that can be targeted for demolition or rehab/restoration. Most of the vacant housing is concentrated in the area north of the Dan River with some in the core city area.



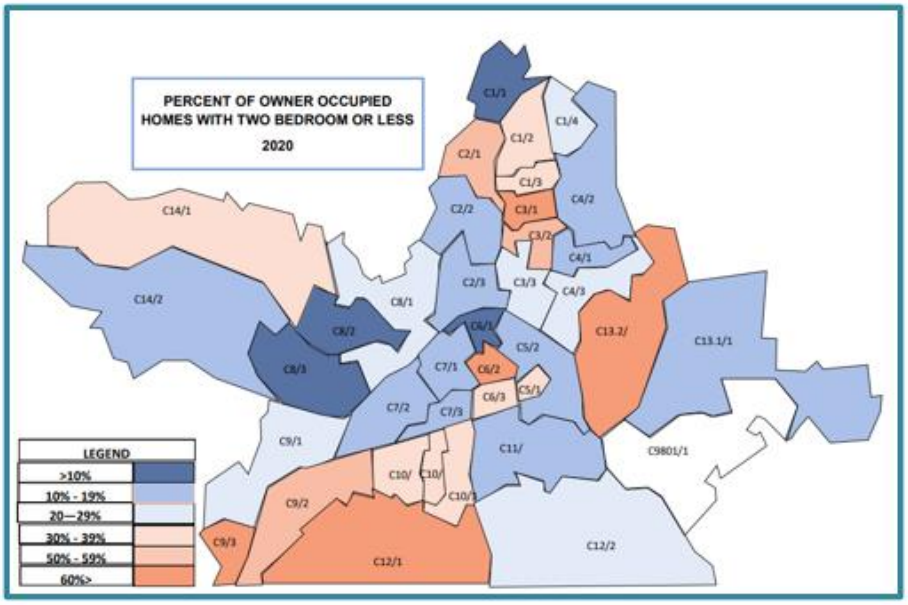

Source: American Communities Survey - 2020

Danville, like most cities, is experiencing the impact of an aging population. The following map shows the distribution of home owners with at least one person age 65 or over. When comparing this distribution with the distribution by home values it is clear that areas of higher home values are predominately younger households while areas of low and moderate home values are predominately older home owners. As these older home owners age, and seek alternative housing alternatives such as empty nester housing, ranch apartments or condominiums or require assisted living, these homes are likely to come to market at an accelerated rate. It will be important to ensure that these neighborhoods remain attractive for home ownership, especially for younger buyers.



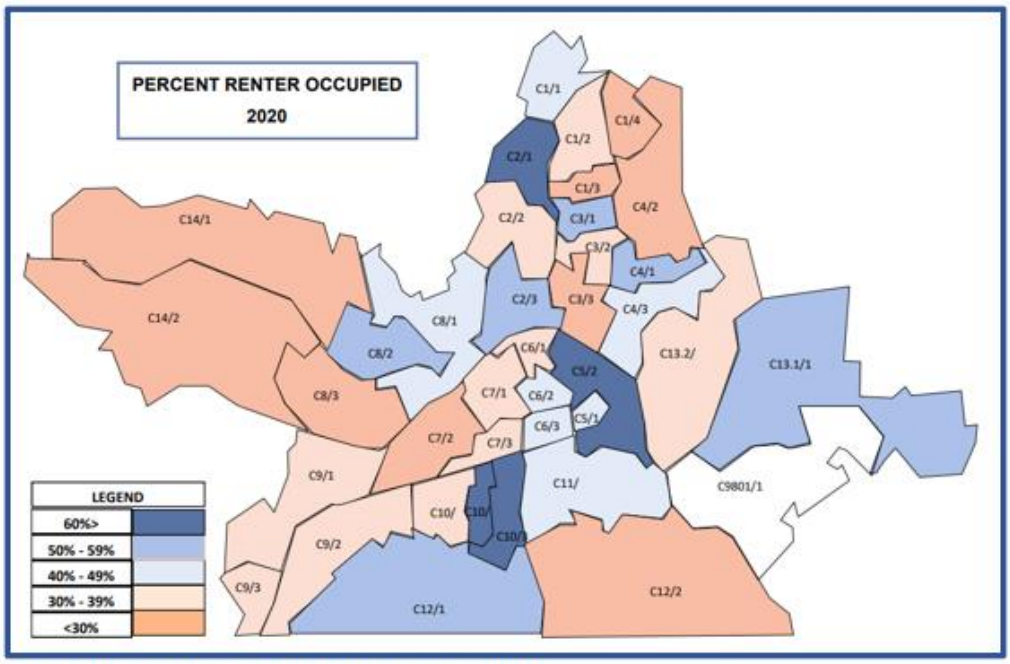
Source: American Communities Survey - 2020

Historically, much of the early housing development in Danville was provided by the textile mills as employee housing, often as two-bedroom units. This had created a disproportionate ratio of two-bedroom single family units. Among owner occupied single family homes in Danville, 26% are two-bedroom units compared with the Peer City average of only 19%. Applying the Peer City average of 19% to Danville would indicate an excess of 705 two-bedroom owner occupied homes. Further, two-bedroom units make up a significant share of the vacant housing stock.




Source: American Communities Survey - 2020

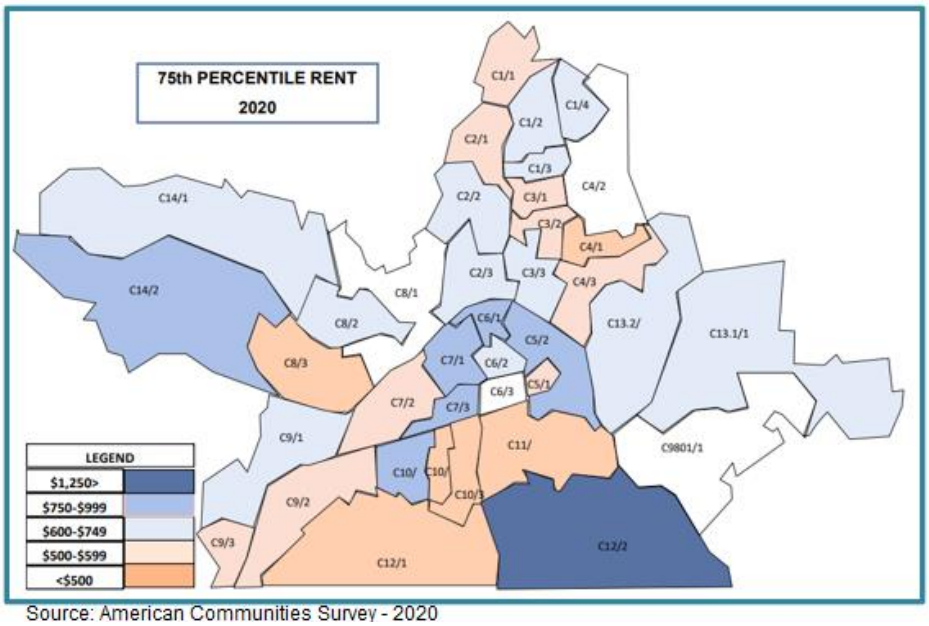
Danville has not added a significant number of rental units in over 20 years resulting most older rental housing stock being located in center city neighborhoods. Further, the rental housing pool also includes single family rentals, most of which are also in the center city neighborhoods. Renter occupied homes are distributed on the following map.




Source: American Communities Survey - 2020

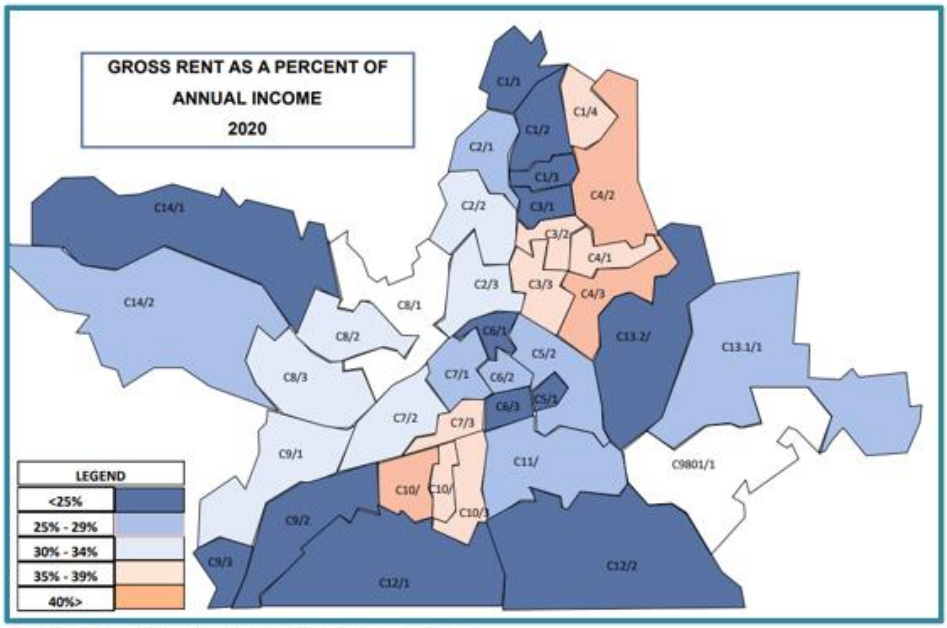
Neighborhoods reflecting modern rent levels are to the southeast and west areas, however, new developments in the downtown area have impacted center city rents.

The following map displays rents at the 75th percentile.



Source: American Communities Survey - 2020

An important factor in evaluating apartment potential is a comparison of rent to income. The following map displays rent as a percentage of annual income. In most Danville neighborhoods rents are significantly over-qualified for the available rental units. Renters spend less than 35% (qualifying threshold for most properties) of their income for rent in most areas.



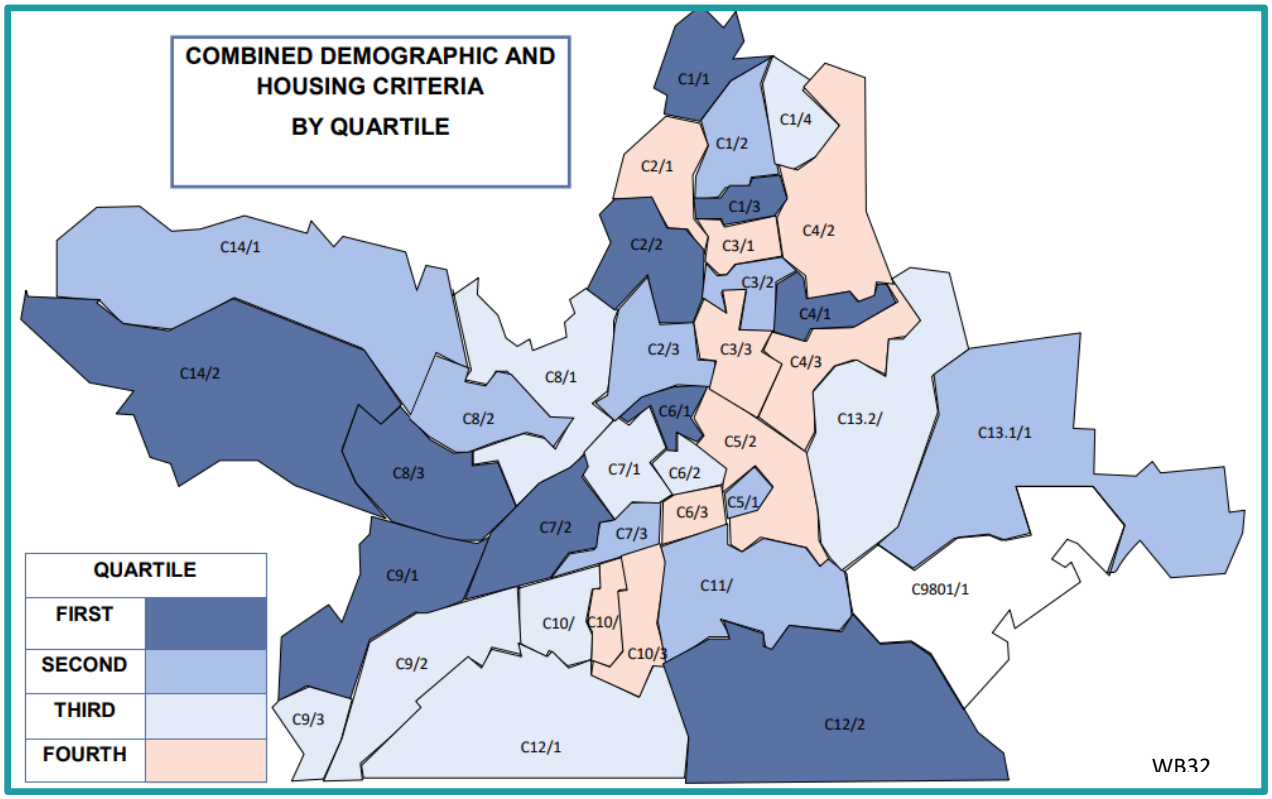
Source: American Communities Survey - 2020

## D. COMBINED ATTRIBUTES

Nine of the factors evaluating Danville neighborhoods have been combined into an overall ranking. The factors are:

1. Average single family home value
2. Rent at the 75th percentile
3. Percent of single family homes with two-bedroom or less
4. Rent as a percent of income
5. Percent of owner-occupied housing
6. Percent vacant housing
7. Owner -occupied homes with resident age 65+
8. Population growth rate
9. Average household income

Rankings were totaled and allocated by quartile as shown on the following map.

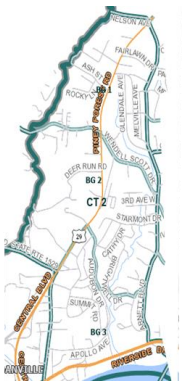


## E. BLOCK GROUP SUMMARIES

### CENSUS TRACT 1 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 | BLOCK GROUP 3 | BLOCK GROUP 4 |
|---|---|---|---|---|
| **Population** | 2,365 | 1,749 | 740 | 1,002 |
| **2010 -2020 Growth** | 10% | 0% | -3% | -4% |
| **Average Income** | $75,965 | $53,702 | $94,986 | $51,662 |
| **Average Home Value** | $179,478 | $180,648 | $112,179 | $110,690 |
| **Percent Owner Occupied** | 35% | 57% | 75% | 63% |
| **Owner Occupied - 2 Bedrooms or less** | 4% | 31% | 31% | 26% |
| **Percent Households Age 65+** | 31% | 45% | 27% | 37% |
| **Housing Percent Vacant** | 18% | 8% | 0% | 12% |
| **Rent as a Percent of Income** | 23% | 21% | 10% | 37% |
| **Defined Neighborhoods** | Afton Hills<br>Hunter's Run<br>Shadoowood<br>Woodside Vlg | Chatham Hills<br>Temple Terrace<br>Danville Estates | Brentwood<br>Pinecrest | Cabin Lake<br>Norwood Park<br>Swain Acres |

### CENSUS TRACT 2 - SUMMARY




| | BLOCK GROUP 1 | BLOCK GROUP 2 | BLOCK GROUP 3 |
|---|---|---|---|
| **Population** | 1,325 | 1,343 | 1,472 |
| **2010 -2020 Growth** | 13% | 5% | 8% |
| **Average Income** | $40,077 | $61,328 | $49,025 |
| **Average Home Value** | $64,209 | $139,163 | $106,157 |
| **Percent Owner Occupied** | 31% | 53% | 28% |
| **Owner Occupied - 2 Bedrooms or less** | 58% | 18% | 16% |
| **Percent Households Age 65+** | 50% | 37% | 43% |
| **Housing Percent Vacant** | 7% | 9% | 15% |
| **Rent as a Percent of Income** | 28% | 32% | 31% |
| **Defined Neighborhoods** | Danville Estates<br>Virginia Hills | Parker Road<br>Starmont Forest<br>Wendell Scott | Mary Miles<br>Woodbury Hills |

### CENSUS TRACT 3 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 | BLOCK GROUP 3 |
|---|---|---|---|
| **Population** | 963 | 1,063 | 1,238 |
| **2010 -2020 Growth** | -5% | -3% | -11% |
| **Average Income** | $44,993 | $47,422 | $35,659 |
| **Average Home Value** | $77,558 | $80,134 | $196,788 |
| **Percent Owner Occupied** | 34% | 31% | 43% |
| **Owner Occupied - 2 Bedrooms or less** | 61% | 58% | 22% |
| **Percent Households Age 65+** | 20% | 27% | 45% |
| **Housing Percent Vacant** | 16% | 36% | 34% |
| **Rent as a Percent of Income** | 19% | 36% | 39% |
| **Defined Neighborhoods** | NW Hamlin<br>Resevoir Heights | White Rock | White Rock |

## CENSUS TRACT 4 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 | BLOCK GROUP 3 |
|---|---|---|---|
| **Population** | 1,399 | 1,111 | 1,198 |
| **2010 -2020 Growth** | 2% | 1% | -7% |
| **Average Income** | $38,695 | $36,580 | $28,497 |
| **Average Home Value** | $80,495 | $188,696 | $79,028 |
| **Percent Owner Occupied** | 15% | 69% | 27% |
| **Owner Occupied - 2 Bedrooms or less** | 14% | 15% | 28% |
| **Percent Households Age 65+** | 24% | 44% | 41% |
| **Housing Percent Vacant** | 35% | 8% | 31% |
| **Rent as a Percent of Income** | 38% | 40% | 50% |
| **Defined Neighborhoods** | | Camp Grove<br>Tanglewylde | Fruittown<br>Danville Family Homes |

## CENSUS TRACT 5 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 |
|---|---|---|
| **Population** | 383 | 1,426 |
| **2010 -2020 Growth** | -23% | 25% |
| **Average Income** | $44,272 | $35,264 |
| **Average Home Value** | $68,125 | $137,324 |
| **Percent Owner Occupied** | 23% | 7% |
| **Owner Occupied - 2 Bedrooms or less** | 39% | 11% |
| **Percent Households Age 65+** | 24% | 28% |
| **Housing Percent Vacant** | 34% | 20% |
| **Rent as a Percent of Income** | 20% | 27% |
| **Defined Neighborhoods** | Monument/ Berryman | Monument/ Berryman<br>Downtown<br>River District<br>Warehouse Dist. |

## CENSUS TRACT 6 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 | BLOCK GROUP 3 |
|---|---|---|---|
| **Population** | 672 | 674 | 813 |
| **2010 -2020 Growth** | -1% | -14% | -8% |
| **Average Income** | $68,539 | $55,790 | $50,498 |
| **Average Home Value** | $66,791 | $231,870 | $80,932 |
| **Percent Owner Occupied** | 40% | 24% | 31% |
| **Owner Occupied - 2 Bedrooms or less** | 5% | 71% | 30% |
| **Percent Households Age 65+** | 30% | 20% | 55% |
| **Housing Percent Vacant** | 22% | 33% | 26% |
| **Rent as a Percent of Income** | 19% | 28% | 25% |
| **Defined Neighborhoods** | Westmoreland | Westmoreland<br>Ole West End | |

## CENSUS TRACT 7 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 | BLOCK GROUP 3 |
|---|---|---|---|
| **Population** | 1,249 | 1,014 | 1,073 |
| **2010 -2020 Growth** | -7% | 18% | -5% |
| **Average Income** | $88,701 | $139,862 | $98,763 |
| **Average Home Value** | $185,903 | $291,391 | $185,628 |
| **Percent Owner Occupied** | 59% | 67% | 53% |
| **Owner Occupied - 2 Bedrooms or less** | 11% | 11% | 15% |
| **Percent Households Age 65+** | 23% | 68% | 32% |
| **Housing Percent Vacant** | 12% | 9% | 14% |
| **Rent as a Percent of Income** | 26% | 32% | 38% |
| **Defined Neighborhoods** | Beverstone | Forest Hills<br>Miller Park<br>West End | |

## CENSUS TRACT 8 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 | BLOCK GROUP 3 |
|---|---|---|---|
| **Population** | 316 | 1,364 | 1,032 |
| **2010 -2020 Growth** | 5% | -2% | 3% |
| **Average Income** | $54,780 | $57,838 | $109,871 |
| **Average Home Value** | $248,267 | $88,725 | $252,171 |
| **Percent Owner Occupied** | 59% | 43% | 69% |
| **Owner Occupied - 2 Bedrooms or less** | 22% | 3% | 7% |
| **Percent Households Age 65+** | 35% | 31% | 36% |
| **Housing Percent Vacant** | 0% | 5% | 14% |
| **Rent as a Percent of Income** | INA | 35% | 32% |
| **Defined Neighborhoods** | | Sandy Shores | Windsor Crest |

## CENSUS TRACT 9 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 | BLOCK GROUP 3 |
|---|---|---|---|
| **Population** | 1,923 | 1,113 | 543 |
| **2010 -2020 Growth** | 1% | -7% | -19% |
| **Average Income** | $66,038 | $49,525 | $47,184 |
| **Average Home Value** | $150,862 | $120,423 | $147,121 |
| **Percent Owner Occupied** | 51% | 42% | 64% |
| **Owner Occupied - 2 Bedrooms or less** | 26% | 55% | 60% |
| **Percent Households Age 65+** | 31% | 26% | 25% |
| **Housing Percent Vacant** | 15% | 20% | 6% |
| **Rent as a Percent of Income** | 30% | 23% | 10% |
| **Defined Neighborhoods** | Cedarbrook<br>The View<br>Wedgewood | Edgewood/<br>Mimosa<br>Pinetag<br>Schoolfield | Withers Park |

## CENSUS TRACT 10 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 | BLOCK GROUP 3 |
|---|---|---|---|
| **Population** | 1,717 | 981 | 843 |
| **2010 -2020 Growth** | -3% | -6% | -6% |
| **Average Income** | $67,349 | $31,634 | $32,051 |
| **Average Home Value** | $87,402 | $94,167 | $88,988 |
| **Percent Owner Occupied** | 41% | 11% | 14% |
| **Owner Occupied - 2 Bedrooms or less** | 32% | 36% | 37% |
| **Percent Households Age 65+** | 36% | 29% | 19% |
| **Housing Percent Vacant** | 21% | 23% | 16% |
| **Rent as a Percent of Income** | 50% | 38% | 36% |
| **Defined Neighborhoods** | Druid Hills<br>Schoolfield | Cardinal Village<br>Druid Hills | |

## CENSUS TRACT 11 - SUMMARY

| | BLOCK GROUP 1 |
|---|---|
| **Population** | 1,244 |
| **2010 -2020 Growth** | -11% |
| **Average Income** | $49,902 |
| **Average Home Value** | $132,230 |
| **Percent Owner Occupied** | 40% |
| **Owner Occupied - 2 Bedrooms or less** | 18% |
| **Percent Households Age 65+** | 31% |
| **Housing Percent Vacant** | 15% |
| **Rent as a Percent of Income** | 29% |
| **Defined Neighborhoods** | Almagro<br>Grove Park<br>Seeland Crossing |

## CENSUS TRACT 12 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 |
|---|---|---|
| **Population** | 1,174 | 657 |
| **2010 -2020 Growth** | 5% | 2% |
| **Average Income** | $45,684 | $126,890 |
| **Average Home Value** | $194,693 | $215,996 |
| **Percent Owner Occupied** | 37% | 77% |
| **Owner Occupied - 2 Bedrooms or less** | 66% | 21% |
| **Percent Households Age 65+** | 30% | 37% |
| **Housing Percent Vacant** | 12% | 11% |
| **Rent as a Percent of Income** | 18% | 24% |
| **Defined Neighborhoods** | | Aery Estates<br>Southwyck Farms |

## CENSUS TRACT 13 - SUMMARY

| | BLOCK GROUP 1 | BLOCK GROUP 2 |
|---|---|---|
| **Population** | 1,526 | 841 |
| **2010 -2020 Growth** | 18% | -22% |
| **Average Income** | $51,726 | $49,411 |
| **Average Home Value** | $113,904 | $97,386 |
| **Percent Owner Occupied** | 34% | 43% |
| **Owner Occupied - 2 Bedrooms or less** | 13% | 69% |
| **Percent Households Age 65+** | 38% | 27% |
| **Housing Percent Vacant** | 13% | 21% |
| **Rent as a Percent of Income** | 27% | 24% |
| **Defined Neighborhoods** | Glenwood I<br>Green Acres | Glenwood II |

# NEIGHBORHOOD REVITALIZATION STRATEGIES

- Danville has 62 defined neighborhoods (many of which are subdivisions or apartment complexes) 12 planning districts and 6 historic districts; very few of which actually coincide. Residents, also, have difficulty in defining their neighborhood.

  We recommend that neighborhoods be clearly defined and, where possible, reflect planning districts and historic districts. Further, the current 62 defined neighborhood should be reduced to a reasonable number by deleting some and combining others. Neighborhood input could assist in defining neighborhoods as perceived by the residents.

  The data in this section can assist in identifying unifying economic and demographic characteristics for potential neighborhoods. These characteristics, along with the historic identification, existing identifying features and the cultural history form the foundation for the creation of a unified system of neighborhoods.

- Neighborhoods should be identified and encouraged to establish neighborhood commissions that would be charged with establishing programs, architectural review, local rules and regulations. Historically, establishing such commissions results in a pride of ownership and belonging, reduced crime and increased home values.

  While such an effort would be difficult to implement within the 61 neighborhoods identified in Danville, a model neighborhood could be selected to create a neighborhood commission. The model neighborhood would be selected based on:

  - The presence of existing leadership.
  - A high home ownership rate.
  - An area readily identifiable by history or institutional entity (such as a school, museum, etc.)
  - A high probability of having homes meeting remodeling criteria.

  The Schoolfield neighborhood, with some momentum already established would be a good candidate as would the Westmoreland neighborhood with a good mix of home sizes and architectural styles. While not a designated Danville neighborhood, the commercial area along N. Main Street, anchored by The Historic North Theatre also has potential. The area is bordered on the Fruittown neighborhood.

  Danville is literally “blessed” with a large number of vibrant and active churches of all denominations. Historically, churches have often led the neighborhood revitalization process. Church leaders should be convened to discuss their potential role in the future of their neighborhoods.

  The City of Danville should provide a neighborhood commission packet of information regarding the formation of a commission including guidelines for:

- Forming the legal entity
- Officers and responsibilities
- Defining areas of authority such as architectural review, zoning input, rental conversions, duplexing, etc.
- Programming guidelines for neighborhood events

The city could provide initial funding to jump start programming of activities and events, neighbor literature, etc.

Most cities with well-developed and active neighborhood commissions have dedicated staff members assigned to commissions for technical assistance.

- Additional issues and strategies can be found in section VIII. Issues and Actions

## NEIGHBORHOOD ISSUE: EXCESS VACANT HOUSING

Danville has a total of 4,629 vacant single-family homes, 29% of the total housing stock. To reduce the vacant share to the Peer City level, 11%, results in an excess of 2,077 vacant homes. This is the target number for rehab or demolition.

Many, if not most, of these homes are two-bedroom/one bath homes that have little, or no, demand in today's market.

Resolving the vacant home issue is an important goal in stabilizing, and improving, neighborhoods. However, because of the difficulties in scaling up the rehabilitation process, it is NOT the answer to the immediate housing shortage issue. Actions, while potentially immediately implemented are most likely to yield long term results.

- Identify properties for demolition that are structurally incapable of rehab or restoration. Where possible, aggregate into meaningful sites that can be utilized for infill development. Danville has already demolished a considerable number of uninhabitable homes and has the experience to accelerate the process.

- Prescreen properties best suited for rehabilitation. Properties should be visited and a determination made regarding the suitability for rehab. This would include:

    - Current condition – some properties may be beyond saving.
    - The level of remodeling required to bring the property to a marketable condition. It would be important to keep remodeling costs at a level sustainable by the market.
    - Existing functionality – be at least three-bedrooms.
    - Structurally sound enough for a second story.
    - Sufficient lot size for a room addition.
    - Ownership favorable to sale or remodel.

- Seek available properties that can be combined into a sufficiently size parcel for infill demonstration project. Most existing lots in typical infill neighborhoods are in the 50' to 60' range. This is generally acceptable although 60' would be best. Infill development should be at least 8 to 10 homes in a definable parcel (as opposed to scattered site development). Some lot combining could be facilitated.

    - New homes of 1,200 to 1,500 square feet would be appropriate.
    - Work with a local architect to estimate construction cost and create prototypical designs. Some of the plans used by Danville Family Homes would be appropriate for infill purposes.
    - Homes should have three-bedrooms and two baths. A single car garage should be included.
    - Create down payment and financing incentives.

  If possible, an initial project should be in a neighborhood with a high home ownership rate.

  A first development should be a site with high visibility along a collector street as opposed to being buried deep in a neighborhood. This will aid in marketing, as well as, provide a visual perception of change.

- In most markets over 90% of home remodelers are locally based. Danville lacks a base of remodeling businesses and remodeling expertise. Bundling properties would enhance the possibility of attracting a regional rehab specialist.

    - Properties would be prescreened and structural issues addressed or defined.
    - Clean title and ready for sale.
    - Infrastructure in place.
    - Favorable interim financing assistance.
    - Down payment assistance to buyer

  Once the true scope of the issue is identified, and incentive are in place, a meeting of existing remodelers should be convened to present the opportunities. Unlike new single family subdivisions, remodeling can be accommodated on a much smaller scale and there is the potential for the creation of new businesses to be created.

    - Once the level of local interest is identified, new business incentives could be identified. These new businesses could be generated from those already employed in the construction industry or those interested in the remodel and flip industry
    - Provide new business prospects with technical assistance in applying for financing, SBA loans, etc.

- Preliminary rehab cost estimates of a sample of vacant homes indicates that it would be feasible to rehab selected homes for sale or rent. Homes already rehabbed and ready for occupancy would be considerably more saleable than marketing "as is" and expecting buyer to have the ability, imagination and/or experience to complete the project.
- Under favorable circumstances, rehab costs would yield a home with market rents generally available to work force families.

- Where entire city blocks of two-bedroom, single-story vacant homes can be identified, homes could be rehabbed for senior rentals. Street could be blocked and gated for additional perception of unifying the redeveloped block as a senior neighborhood.
- Rather than providing financial incentives to the seller (rehab specialist), provide a cash incentive directly to the buyer. This could help with a down payment or defray move-in expenses.
- A cash-to-buyer program could be repaid if the property is resold within a defined time limit. For example, a 5% cash rebate on a $150,000 home would be $7,500 to be repaid out of resale proceeds at a declining amount over 6 years (16.6% per year). If the buyer remains in the home for 6 years the reimbursement would be zero. This about equals the gain in property tax over the 6 year period. This is basically a tax abatement program for residential buyers but programmed in a way more beneficial (and understandable) to the buyer.

| | |
|---|---|
| Sales price of home | $150,000 |
| Cash incentive to buyer | 5% |
| Total to buyer | $7,500 |
| Property taxes per year | $1,260 |
| Property taxes after 5 years | $7,560 |

- Offering homes for sale that are move-in ready is a significant advantage over attracting potential buyers to a vacant home in need of considerable repair. This can be a daunting experience for the inexperienced buyer and can often lead to cost overruns and unrequired improvements. Rehabbing one-at-a-time projects are also considerably more expensive that contracting in volume.

- Neighborhoods should be identified and encouraged to establish neighborhood commissions that would be charged with establishing programs, architectural review, local rules and regulations. Historically, establishing such commissions results in a pride of ownership and belonging, reduced crime and increased home values.

  While such an effort would be difficult to implement within the 61 neighborhoods identified in Danville, a model neighborhood could be selected to create a neighborhood commission. The model neighborhood would be selected based on:

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area along N. Main Street, anchored by The Historic North Theatre also has potential. The area is bordered on the Fruittown neighborhood.

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- Programming guidelines for neighborhood events

The city could provide initial funding to jump start programming of activities and events, neighbor literature, etc.

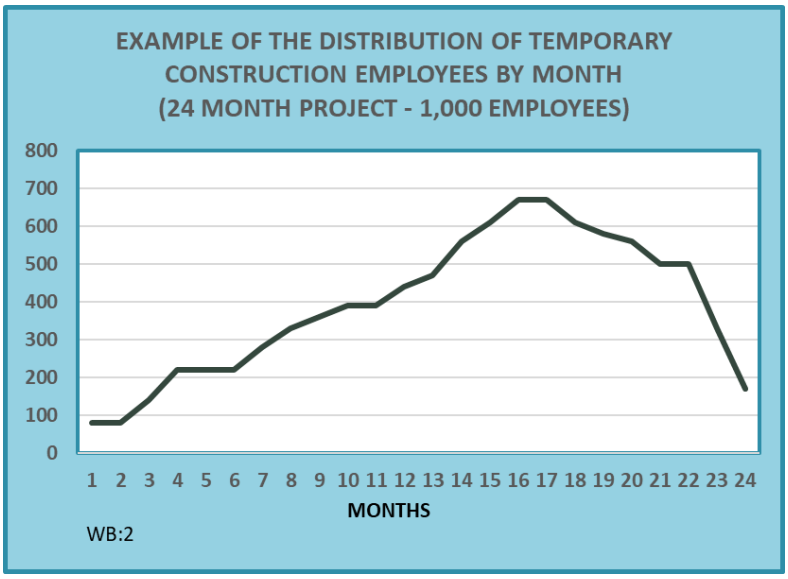
Most cities with well-developed and active neighborhood commissions have dedicated staff members assigned to commissions for technical assistance.

# VII. TEMPORARY EMPLOYEE HOUSING

During average periods of construction and development in Danville, housing of construction employees is generally accommodated within the existing facilities in the area. However, during periods of increased construction activity existing facilities may not be sufficient to accommodate all of the employees.

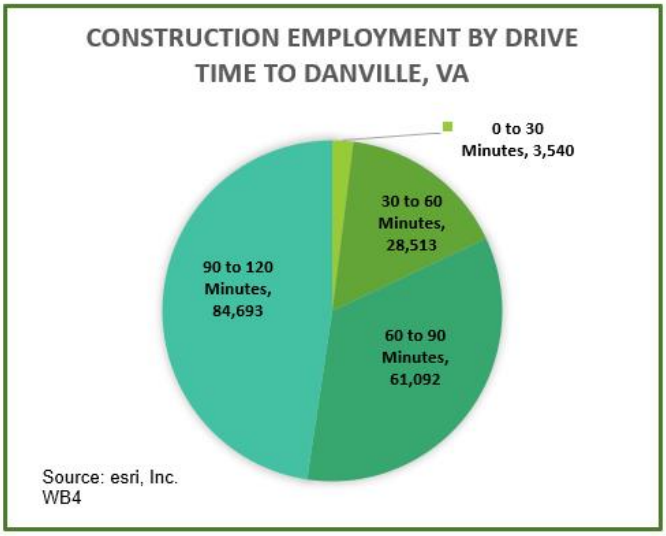
Danville currently has a major project under construction (Caesars Resort) and two large apartment projects scheduled to start construction in 2022. In addition, there are several large construction projects in the pipeline that will be active through 2027. The Caesars Resort project is scheduled to generate over 900 construction employees and the apartment properties an additional 475. There is a pipeline of $150 million is new construction expected over the next 5 years, bring an estimated 3,275 temporary construction employees.

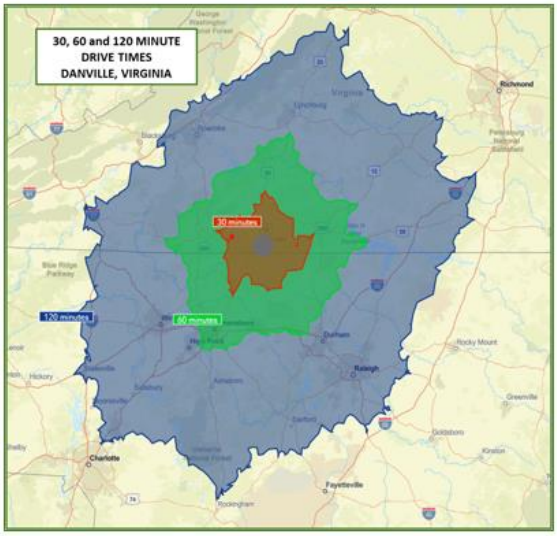
Naturally, not all of the employees are on-site during the entire duration of construction. While the distribution of employees may vary between different types of projects (commercial, residential, manufacturing, etc.) there is enough similarity that an average distribution is meaningful. The following distribution has been developed based on interviews with construction companies specializing in major developments ranging from $15 million to over $500 million.



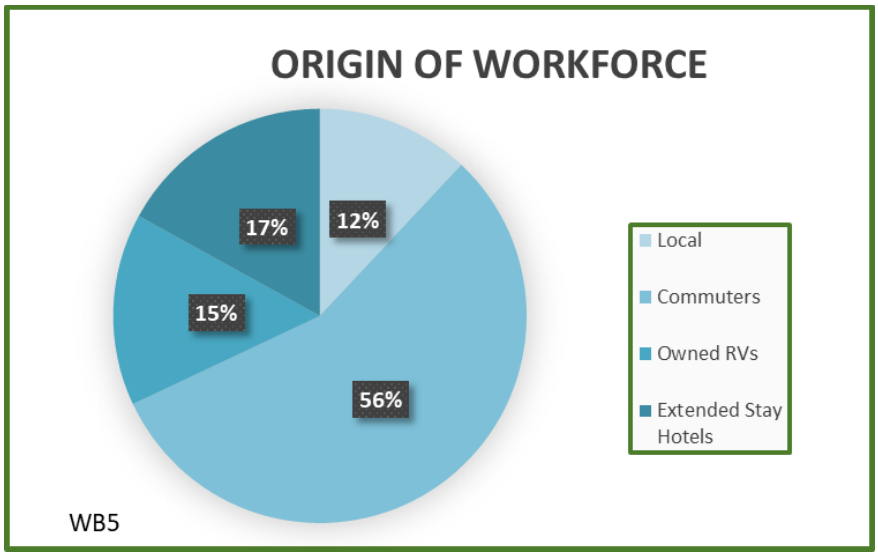
Depending on the size and location of the construction project, subcontractors may be recruited from a sizeable distance. Based on our survey of major construction companies, all indicated that for a construction project in Danville they would recruit subcontractors from a two hour radius; as far as Lynchburg, Raleigh and nearly to Charlotte although most of the more common subcontractors would come from the Triad area (Greensboro, High Point and Winston-Salem). Comparatively few would originate from Danville due to the lack of existing subcontractors in the area.

Nearly one-half of the total construction employees are located within 90 minutes of Danville.




Typically, construction employees on a major construction project have a wide range of choices regarding their living arrangements while on site. In a major market most will be local and commute to the job site, however, in markets such as Danville other options become increasingly important. Based on the interviews with major construction companies, employees can be expected to be accommodated as follows:



A total of 68% of temporary construction employees are expected to be local residents or to commute from nearby communities. Temporary employees with privately owned RVs should account for 15% and 17% can be expected to use local extended stay hotels.

There are 38 RV parks with an estimated 1,095 camping and RV spots within 40 miles of Danville. Rates average $35 to $45 per night with long term stays being negotiable. While this appears to be a good inventory of RV spaces, it should be noted that during the racing season in nearby Martinsville RV rates increase substantially and parks are at 100% complicating long term construction employee usage.

| DISTANCE FROM DANVILLE | RV SITES | PERCENT |
|---|---|---|
| Less Than 20 Miles | 302 | 28% |
| 20 to 29 Miles | 448 | 41% |
| 30 to 39 Miles | 345 | 31% |
| Total | 1,095 | 100% |

Where possible, construction companies often make part of the construction site available for self-contained RVs.

Danville has 17 hotels with 1,371 rooms of which 9 facilities (554 rooms) are considered available for extended stay by temporary construction employees. Most construction employees using extended stay hotels “double up” yielding over 1,100 beds. Room rates range from $60 to $110 although extended stay rates are negotiable. Doubling up yields a per night rate in the $25 to $55 range.

The average occupancy for extended stay hotels in Danville is estimated to be 55% yielding, on average, 249 available rooms.

However, as with the RV parks, extended stay hotels are also impacted by the Martinsville racing season and rates increasing and occupancies decreasing.

There are also 28 mobile home parks in Danville with as estimated 1,048 total lots of which 24% are unoccupied. If made available for temporary construction employee RVs it would add 256 additional RV spots.

In summary, there are:

- 249 extended stay hotel rooms (498 beds)
- 1,095 RV park sites
- 256 mobile home park pads

## THE TEMPORARY EMPLOYEE ACCOMODATION DEMAND MODEL

A Temporary Employee Housing Demand Model, as an interactive tool, has been designed (and provided separately) to provide an estimate of the impact of construction employees on housing alternatives in Danville, Virginia. During average periods of construction and development in

Danville, housing of construction employees has historically been accommodated within the existing facilities in the area. However, during periods of increased construction activity, such as that anticipated in the future, existing facilities may not be sufficient to accommodate all of the employees.

The total construction employees at a site are not consistent during the entire construction period, ranging to relatively low employment during the initial construction period and peaking approximately two-thirds of the way through the construction process.

The Temporary Employee Housing Demand Model uses the estimated total construction employment and the total number of months for construction and allocates the employees, by month, over the construction period.

Construction employees have a variety of choices for housing. Some will be local residents but there will also be commuters from nearby communities, or travel with personal RVs or avail themselves of extended stay hotels. The Temporary Employee Housing Demand Model allocates the employees by housing choice.

The model is based on interviews and case studies among developers and construction companies. Naturally, the distribution by time period and housing choices may vary by project type or market characteristics. For example, a construction project located in a major metropolitan area will have a much higher share of employees residing in their own homes as opposed to commuting. The estimates for the Danville model are based on Danville's proximity to other population centers and/or proximity to major highways.

The number of construction employees is nearly always available from the general contractor for the project as is the number of months required for construction. The model can accommodate any range of months from 12 to 48.

Following is an example of the Temporary Workforce Housing Demand Model showing three concurrent construction projects and the anticipated impact on extended stay rentals and RV accommodations, by month.

Danville VIRGINIA

Add Row

Delete Row

**TEMPORARY WORKFORCE HOUSING DEMAND MODEL**

| ROW | PROJECT | TOTAL CONST. EMPLOYEES | CONST. START DATE | CONST. DURATION (MONTHS) | Begin Calculations | CONST. COMPLETION DATE | 2022 JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Residential 1 | 250 | Jul-22 | 16 | Yes | Oct-23 | | | | | | | 20 | 35 | 55 | 55 | 80 | 90 |
| 2 | Commercial 1 | 900 | Feb-22 | 27 | Yes | Apr-24 | | 72 | 72 | 126 | 162 | 198 | 198 | 216 | 270 | 297 | 324 | 351 |
| 3 | Residential 2 | 275 | Sep-22 | 16 | Yes | Dec-23 | | | | | | | | | 22 | 39 | 61 | 61 |
| | | | | | | | | | | | | | | | | | | |
| | | | | | | Total | 0 | 72 | 72 | 126 | 162 | 198 | 218 | 251 | 347 | 390.5 | 464.5 | 501.5 |

| Estimated Accommodation Needs | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Current Residents | 12% | 0 | 9 | 9 | 15 | 19 | 24 | 26 | 30 | 42 | 47 | 56 | 60 |
| Commuters | 56% | 0 | 40 | 40 | 71 | 91 | 111 | 122 | 141 | 194 | 219 | 260 | 281 |
| Employee Owned RVs | 15% | 0 | 11 | 11 | 19 | 24 | 30 | 33 | 38 | 52 | 59 | 70 | 75 |
| Extended stay rentals | 17% | 0 | 12 | 12 | 21 | 28 | 34 | 37 | 43 | 59 | 66 | 79 | 85 |

# TEMPORARY EMPLOYMENT HOUSING STRATEGIES

- Acquire existing mobile home park, upgrade, and make available for temporary workers.
  - There are several existing parks that are in poor condition, apparently under-capitalized, and have minimal occupancy and may be prime for acquisition.

    There are 7 properties, totaling 231 pads, with occupancies in the 50%, or below. Most can generally be characterized as being "dumps".
  - Proposed Use:

    Used for employee-owned RVs
    Locate temporary modular units
    Convert to senior manufactured home sites after need for construction employee housing,

- New apartment development
  - New apartments can be delivered within 8 to 12 months that could, initially, be reserved for a temporary workforce.
  - Has been considered in remote markets such as Butte MT that has ongoing housing need after development is completed.
  - Danville has a significant deficit in modern apartments. Any development for temporary work force would be absorbed into the market at a later date.
  - New apartment properties already in the pipeline could reserve some units for extended stay temporary employees. Units would require furnishings that could be amortized within the rent premium.
  - Modular construction offers potential for rapid deployment

- Encourage general contractors to provide RV pads
  - Already being considered for a current Danville development.
  - Need to consider what, if any, hooks ups or services such as trash pickup or pump outs to provide.
  - Mega Site development has adequate land to develop temporary pads for self-contained units.

- Develop resort style campground (Jellystone/Good Sam Club/KOA)
  - Could initially function for temporary work force then convert to conventional resort campground. Developer could be encouraged to provide work force housing for a period of time in exchange for financial assistance or accelerated entitlements.
  - Campgrounds often associated with casinos

- Proactively embrace temporary workers

    - Encourage local spending
    - Promote local activities
    - Provide “Welcome Wagon” packets
        Coupons to local restaurants
        List of hotels and campgrounds
        Local activities calendar
        List of churches
        Family activities (some workers travel with families or have visiting families)
    - City could negotiate long term rates with extended stay hotels and campgrounds.
    - Periodic “mayor’s breakfast” or “open house” for workers

    Temporary construction workers may choose to become permanent residents in Danville. (Danville is in need of a broader base of residents with a construction background and skills.)

# VIII. ADDITIONAL ISSUES AND STRATEGIES

## ISSUE: NIMBYism

- NIMBYism has been the bane of development since the 1950s and ranks within the top few most detrimental issues in the opinion of developers. The entitlement process can often require years to resolve. Danville is at a critical juncture in the economic development process. The lack of housing will definitely impact future growth potential. Zoning officials and City officials must make zoning decisions based on the best outcome for the entire city.

## ACTIONS AND STRATEGIES

- Making prezoned sites available removes a major barrier to development and elevates a site in the view of a potential developer or builder.
- Be certain city officials, zoning authorities, etc. understand the importance and urgency involved in providing adequate housing for existing and future residents. They should have the strength and resolve to act responsibly is the face of unrealistic opposition to new development.

# ADDITIONAL DEVELOPMENT STRATEGIES

## Transformational Mixed Use Development Tax Credit (TMUD) Ohio

The Transformational Mixed-Use Development Program provides a tax credit against Development costs incurred during the construction of a project that will be a catalyst for future development in its area.

A Development includes new construction and/or improvement of vacant buildings that will have a major economic impact on the site and the surrounding area. This Development must be a combination of retail, office, residential, recreation, structured parking, and other similar uses into one mixed-use Development.

## Massachusetts Workforce Housing Initiative

MassHousing has invested more than $100 million in its Workforce Housing fund, which supports the creation of rental housing that is affordable for households whose incomes are too high for subsidized housing but are priced out by market rents.

Workforce Housing Program Highlights

- Supports housing with rents affordable to individuals and families with incomes of generally between 60% and 120% of Area Median Income (AMI)
- Provides up to $100,000 of subsidy per workforce housing unit
- Leverages strategic opportunities to use state-owned land
- Complements, does not replace traditional MassHousing development financing
- Ensures workforce housing units are deed restricted as affordable

**Workforce Housing Eligible Projects**

- Preference for new units; existing projects where unrestricted units become restricted or preservation of affordability is at risk will be considered
- 20% of units must be affordable for households earning at or below 80% of AMI

## Land Banking

Land banking for workforce housing development refers to the process of reserving or setting aside land in a growing area for the future development of workforce and affordable housing as the community develops.

## Community Land Trust (CLT)

A community land trust (CLT) is a private nonprofit community organization that safeguards land in order to provide affordable housing opportunities. CLTs buy and hold land permanently, preventing market factors from causing prices to rise. CLTs build and sell affordably priced homes to families with limited incomes—the CLT keeps the price of homes affordable by separating the price of the house from the cost of the land. When a family decides to sell a CLT home, the home is resold at an affordable price to another homebuyer with a limited income

(Source: www.cltnetwork.org).

## Shared Equity

Shared equity represents a unique approach to affordable homeownership. Under this approach, a state or local government provides funding to help a family purchase a home. In return for this investment, the government entity shares in the benefits of any home price appreciation that may occur. The public's share of the home's appreciation may be used in two ways: it can either be returned to the government in the form of a cash payment that can be used to help another family, or it can stay with the home, reducing the cost of that home for the next family

(Source: www.nhc.org/index/sharedequity).

## Illinois Affordable Housing Tax Credits (Donations Tax Credits)

The Illinois Affordable Housing Tax Credit (IAHTC), also known as the Donations Tax Credit, provides a $0.50 state income tax credit for each $1 contributed to a qualified affordable housing project. Donations, which may be cash, securities, or real or personal property, must total at least $10,000 and may be aggregated. Project sponsors must be non-profit organizations with a mission to construct or rehabilitate affordable housing.

Funds must be used for projects that meet the definition of affordable housing. Qualified projects must include units that benefit families who earn up to 60 percent of area median income.

Eligible projects include:

- Affordable rental and homeownership developments
- **Employer-assisted housing projects**
- Homeownership counseling programs in Chicago

## Neighborhood Stabilization Program (NSP)

The Neighborhood Stabilization Program (NSP), has been developed as part of the federal and state government responses to the current foreclosure crisis that provide funds to government agencies and nonprofits to enable these organizations to purchase, rehabilitate, and resell abandoned and foreclosed properties. Through 2010, the federal government allocated $7 billion to states and cities for neighborhood stabilization. Further funding for the NSP programs is uncertain at this time.

## Good Neighbor Next Door

Law enforcement officers, teachers (pre-Kindergarten through 12th grade) firefighters and emergency medical technicians can contribute to community revitalization while becoming homeowners through HUD's Good Neighbor Next Door Sales Program. HUD offers a substantial incentive in the form of a discount of 50% from the list price of the home. In return, an eligible buyer must commit to live in the property for 36 months as his/her principal residence.

How the Program Works

Eligible Single Family homes located in revitalization areas are listed exclusively for sale through the Good Neighbor Next Door Sales program. Properties are available for purchase through the program for seven days.

## Workforce Housing Program
## Palm Beach County, Florida

The Workforce Housing Program (WHP), established in the County's Comprehensive Plan, is intended to increase housing opportunities for persons employed in Palm Beach County jobs that help keep the community viable. The WHP applies to all developments with a residential component of 10 or more units in defined areas where required by a project's conditions of approval.

The WHP has a mandatory component, requiring a percentage of units to be provided as workforce units, and an optional component that allows for a density bonus in exchange for a portion of the additional units being restricted as workforce units. Restricted units must be rented or sold only to income-qualified households, at designated prices, and remain restricted for an affordability period of 30 years for rentals, and 15 years for for-sale units, recurring if resold during the 15 year period.

The program offers several options and incentives. Depending on the options selected, the units generally target households having 60% to 140% of Area Median Income.

## Workforce Housing Program
## New Castle County, Delaware

The Workforce Housing Program is an initiative designed to provide an opportunity for middle income households to purchase or rent affordable new construction housing units in New Castle County. This initiative does not use federal, state, or county funding to accomplish the goal of affordable housing for county residents. The program targets households at 75% to 120% of median income.

Certain developments participate in the Workforce Housing Program. There are certain lots within those developments that are specifically for income qualified buyers. Only income qualified buyers can purchase a Workforce Housing home.

There are deed restrictions and a buyer's agreement that impose restrictions on the home in order to ensure continued affordability during the affordability term. Those restrictions and agreements include but are not limited to:

- Restrict the use of the home to owner occupancy during affordability period
- Authorizing annual monitoring for compliance
- Limit future sale prices of the home during affordability period to income eligible, qualified buyers

Because you agree to these restrictions, the builder offers additional incentives for participating in the program. These incentives are only for income qualified households. They vary from builder to builder and from person to person. Examples could be settlement assistance, a discounted sales price, or upgrades. Contact builder directly for Workforce Housing incentives available.

Housing Counseling is a requirement and must be completed prior to settlement.

## Teachers Home Purchase Program
## California

California Housing Finance Agency's Extra Credit Teacher Home Purchase program helps K-12 teachers who are first-time homebuyers with a down payment assistance loan of between $7,500 and $12,000.

## Housing Preservation Program
## Placer County, California

The Workforce Housing Preservation Program is a homebuyer assistance program designed to secure our existing housing inventory for the local workforce. The program pays homebuyers up

to 16% of purchase price towards a down payment (based on available funding) in exchange for deed restricting their home so that it can only be occupied by local workers. The funding can help homebuyers with down payments or complete renovations. The financial assistance does not need to be paid back.

***Homebuyer and occupant eligibility*:**

- Gross annual household income doesn't exceed the Tahoe Basin Regional Planning Agency Achievable Income limit of 245% of the area median income for Placer County for single-family (one unit/parcel) dwellings or 220% for multifamily (more than one unit/parcel) dwellings at the time of purchase or rental
- Must have at least one household member who is currently employed 30 or more hours per week at an employment site within the Tahoe Truckee Unified School District geographical boundary that is less than or equal to 20 driving miles from the property (a 20% variance may be granted by the Program Administrator)
- Must not have owned a home in the last 12 months and must not have participated in this program for the last three year
- Homebuyers must have a minimum of 4% of the sale price available as a down payment.
- The program will contribute 16% of the purchase price, or up to $150,000, to the homebuyer to use as down payment in exchange for the deed restriction.

**Home eligibility:**

- The house must be in eastern Placer County.
- Property may be rented on a short-term basis for no more than 30 days each calendar year
- Property may be rented to a qualified occupant who meets local employment and income criteria

**Future Home Sales:**

- If the house is sold in the future, it must be sold to a household that has at least one household member who meets the local worker and income criteria, which may impact future sales price
- Homeowner may rent house to a household that has at least one household member who meets the local worker and income criteria

## Down Payment Assistance Program
## Cleveland, Ohio

The Cuyahoga County Down Payment Assistance Program run through Neighborhood Housing Services of Greater Cleveland provides down payment assistance up to 17 percent of the total transaction cost, which is calculated as the purchase price plus 5 percent of the purchase price for closing costs.

The maximum amount of assistance is approximately $23,000. The assistance is in the form of a deferred loan, partially forgiven after 10 years. Borrowers must be first time homebuyers with low or moderate incomes and purchase a home in particular cities and counties, among other program requirements.

## Employer Assisted Housing Initiative
## Rochester, New York

The Employer Assisted Housing Initiative Program provides an incentive for private employers to encourage their employees to purchase homes in the City of Rochester.

Employers provide a minimum $1,000 benefit to employees who are purchasing a home in the City of Rochester. The City of Rochester will match the employer benefit dollar-for-dollar up to $3,000.

The grant can be applied toward down payment and closing costs. The grant is also compatible with other grant programs.

Eligible employees must meet employer's qualifications, not currently own a home in the City of Rochester, live in the property for at least five years, contribute $1,500 of their own funds, qualify for a conventional mortgage, and attend pre-purchase home buyer training, if a first-time home buyer.

# IX. APPENDIX

**APPENDIX A -** LifeMode Tapestry Groups (esri, Inc.)

1 Affluent Estates

- Established wealth—educated, well-traveled married couples.
- Less than 10% of all households, with 20% of household income.
- Homeowners (almost 90%), with mortgages (65.2%).
- Married-couple families with children ranging from grade school to college.
- Expect quality; invest in time-saving services.
- Participate actively in their communities.
- Active in sports and enthusiastic travelers.

2 Upscale Avenues

- Prosperous married couples living in older suburban enclaves.
- Ambitious and hardworking.
- Homeowners (70%); prefer denser, more urban settings with older homes and a large share of town homes.
- Primarily married couples, many with older children.
- Financially responsible.
- Serious shoppers, from Nordstrom to Marshalls or DSW, who appreciate quality and bargains.
- Active in fitness pursuits such as bicycling, jogging, yoga, and hiking.
- Subscribe to premium movie channels such as HBO and Starz.

3 Uptown Individuals

- Young, successful singles in the city.
- Highest educated market, highest rate of labor force participation, and averse to traditional commitments of marriage and home ownership.
- Urban dwellers, partial to city life, high-rise apartments, and uptown neighborhoods.
- Prefer credit cards over debit cards, while paying down student loans.
- Green and generous to environmental, cultural, and political organizations.
- Internet dependent, from social connections to shopping for fashion, tracking investments, making travel arrangements, and watching television and movies.
- Adventurous and open to new experiences and places.

4 Family Landscapes

- Successful young families in their first homes.
- Prosperous married-couple families, residing in suburban or semirural areas with a low vacancy rate (second lowest).
- Homeowners (79%) with mortgages (second highest %), living in newer single-family homes, with median home value slightly higher than the U.S. median value.
- Two workers in the family, contributing to the second-highest labor force participation rate, as well as low unemployment.
- Do-it-yourself types who work on home improvement projects as well as their lawns and gardens.
- Sports enthusiasts, typically owning newer sedans or SUVs, dogs, and savings accounts/plans; comfortable with the latest technology.
- Eat out frequently at fast food or family restaurants to accommodate their busy lifestyle.
- Especially enjoy bowling, swimming, playing golf, playing video games, and taking trips to a zoo or theme park.

5 GenXurban

- Gen X in middle age; families with fewer kids and a mortgage.
- Second-largest Tapestry group, composed of Gen X married couples, and a growing population of retirees.
- About a fifth of residents are 65 or older; about a fourth of households have retirement income.
- Own older single-family homes in urban areas, with 1 or 2 vehicles.
- Live and work in the same county, creating shorter commute times.
- Invest wisely, well insured, comfortable banking online or in person.
- News enthusiasts (read a daily newspaper, watch news on TV, and go online for news).
- Enjoy reading, renting movies, playing board games and cards, doing crossword puzzles, going to museums and rock concerts, dining out, and walking for exercise.

6 Cozy Country Living

- Empty nesters in bucolic settings.
- Largest Tapestry group, almost half of households located in the Midwest.
- Homeowners with pets, residing in single-family dwellings in rural areas; almost 30% have 3 or more vehicles and, therefore, auto loans.
- Politically conservative and believe in the importance of buying American.
- Own domestic trucks, motorcycles, and ATVs/UTVs.
- Prefer to eat at home, shop at discount retail stores (especially Walmart), bank in person, and spend little time online.
- Own every tool and piece of equipment available to maintain their homes, vehicles, vegetable gardens, and lawns.
- Listen to country music; watch auto racing on TV; and enjoy outdoor activities, such as fishing, hunting, camping, boating, and bird watching.

7 Sprouting Explorers

- Young homeowners with families.

- Multilingual and multigenerational households with children who represent second-, third-,or fourth-generation Hispanic families.
- Neighborhoods feature single-family, owner-occupied homes built at city's edge, primarily built after 1980.
- Hardworking and optimistic, most residents aged 25 years or older have a high school diploma or some college education.
- Shopping and leisure also focus on their children—baby and children's products from shoes to toys and games and trips to theme parks, water parks, or the zoo.
- Children enjoy playing video games on personal computers or handheld or console devices.
- Many households have dogs for domestic pets.

8 Middle Ground

- Lifestyles of thirtysomethings.
- Millennials in the middle: single/married, renters/homeowners, middle class/working class.
- Urban market mix of single-family, town home, and multiunit dwellings.
- Majority of residents attended college or attained a college degree.
- Householders have traded their landlines for cell phones, which they use to listen to music, read the news, and get the latest sports updates on their favorite teams.
- Online all the time: use the internet for entertainment (downloading music, watching YouTube, finding dates), social media (Facebook, Twitter, LinkedIn), searching for employment.
- Leisure includes nightlife (clubbing, movies), going to the beach, some travel and hiking.

9 Senior Styles

- Senior lifestyles reveal the effects of saving for retirement.
- Households are commonly married empty nesters or singles living alone; homes are single family (including seasonal getaways), retirement communities, or high-rise apartments.
- More affluent seniors travel and relocate to warmer climates; less affluent, settled seniors are still working toward retirement.
- Cell phones are popular, but so are landlines.
- Many prefer print to digital media: avid readers of newspapers to stay current.
- Subscribe to cable television to watch channels such as Fox News, CNN, and The Weather Channel.
- Residents prefer vitamins and a regular exercise regimen.

10 Rustic Outposts

- Country life with older families in older homes.
- Depend on manufacturing, retail, and healthcare, with pockets of mining and agricultural jobs.
- Low labor force participation in skilled and service occupations.
- Own affordable, older single-family or mobile homes; vehicle ownership is a must.
- Residents live within their means, shop at discount stores, and maintain their own vehicles (purchased used) and homes.
- Outdoor enthusiasts, who grow their own vegetables, love their pets, and enjoy hunting and fishing.

- Pay bills in person; use the yellow pages; read newspapers, magazines, and mail-order books.

11 Midtown Singles

- Millennials on the move—single, urban.
- Millennials seeking affordable rents in apartment buildings.
- Work in service and unskilled positions, usually close to home or public transportation.
- Single parents with very young children.
- Embrace the internet, for social networking and downloading content.
- From music and movies to soaps and sports, radio and television fill their lives.
- Brand-savvy shoppers select budget-friendly stores.

12 Hometown

- Growing up and staying close to home; single householders.
- Close-knit urban communities of young singles (many with children).
- Owners of old, single-family houses, or renters in small multiunit buildings.
- Religion is the cornerstone of many of these communities.
- Visit discount stores and clip coupons.
- Purchase used vehicles to get to and from nearby jobs.

13 Next Wave

- Urban dwellers; young, hardworking families.
- A large share are foreign born and speak only their native language.
- Young, or multigenerational, families with children are typical.
- Most are renters in older multiunit structures, built in the 1960s or earlier.
- Hardworking with long commutes to jobs, often using public transit to commute to work.
- Spending reflects the youth of these consumers, focus on children (top market for children's apparel) and personal appearance.
- Also, a top market for moviegoers (second only to college students) and fast food.
- Partial to soccer and basketball.

14 Scholars and Patriots

- College and military populations that share many traits due to the transitional nature of this group.
- Highly mobile, recently moved to attend school or serve in military.
- The youngest market group, with a majority in the 15- to 24-year-old range.
- Renters with roommates in nonfamily households.
- For many, no vehicle is necessary as they live close to campus, military base, or jobs.
- Fast-growing group with most living in apartments.
- Part-time jobs help to supplement active lifestyles.
- Millennials are tethered to their phones and electronic devices, typically spending over 5 hours online every day tweeting, blogging, and consuming media.
- Purchases aimed at fitness, fashion, technology, and the necessities of moving.
- Highly social, free time is spent enjoying music, being out with friends, seeing movies.
- Try to eat healthy, but often settle for fast food.

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