

Comprehensive Housing Analysis
Smyth County, Virginia

Prepared for:

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Mount Rogers Planning District Commission

August, 2022

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August 29, 2022

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Jimmy,

Attached is our comprehensive housing study for Smyth County. The report is designed to analyze the current and potential market for new homes within Smyth County, including the towns of Marion, Chilhowie and Saltville. The report is intended to provide detailed market data on the Smyth County economy and various housing markets, with the study results intended as a realistic strategy to reverse the current trends that have provided an insufficient number of new homes for the current and future population.

The primary housing study conclusion is that the lack of new housing unit development is not a “demand” issue, but a “supply” one. A potential market for new housing exists within Smyth County, but the local housing development community is not meeting current and future demand. This is a result of the Great Recession and a generally stagnant economy in the recent past.

These past trends are now changing with an increase in area job growth and continued enrollment expansions at Emory & Henry College’s Marion campus. This will generate supplementary housing unit demand in the near term. The small number of new apartment units that have been built more recently in Marion have largely served the growing student population. These housing additions have not satisfied demand. Furthermore, no new speculative homes for sale have been built in several years.

A second study conclusion is that several viable sites exist to support new housing of various types. Many of these properties are readily available for development but would need to be rezoned or would require Special Use Permits to accommodate the types of housing most in demand. Many of the available development sites may also need to be subdivided to support the type of housing recommended in this report, as many are large. Local officials must recognize that homebuilders may not come to Smyth County if sites are not “shovel ready,” so “team effort” may be required. This finding is paramount for positive results related to new housing development.

All of these market study conclusions are fully described in the attached report, along with our estimate of potential new housing demand. In conclusion, with a concerted effort from

public officials and area employers, the pent-up demand for new and better housing can be supported over time.

We were pleased to be able to assist local officials in Smyth County and the Mount Rogers Planning District Commission on this study and remain available to assist for future planning. We were especially pleased with the extensive help provided by local and regional officials and believe that the expertise and commitments required to implement our study conclusions are sufficient for future success in attracting homebuilders for new housing unit development.

Sincerely,

Ariel Goldring

Ariel Goldring
Vice President

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Introduction

Officials in Smyth County, including the towns of Marion, Saltville and Chilhowie, have recognized a longstanding problem related to housing availability of various types. This has become an acute problem across the Mount Rogers Planning District, where Smyth County is situated, and is an especially pressing issue given the future level of regional employment growth, ongoing enrollment expansions at the Emory & Henry School of Health Sciences in Marion, and a steady expansion of the local senior population. Public officials and area employers universally report challenges in attracting new residents due to housing availability, diversity, and quality.

Given evolving market conditions, alongside the availability of multiple attractive sites ripe for housing development, local officials want to understand why more new housing is not being built within Smyth County and what steps can be taken to reverse this trend.

Smyth County is an attractive setting for new residents, offering outdoor amenities such as the 2,980-acre Hungry Mother State Park as well as low-cost housing opportunities. While these represent viable attributes, they are not unique to Smyth County and are not sufficient to attract new housing unit demand. Thus, the following report concentrates on job growth/retention, student demand and aging demographics as the initial basis to generate new housing unit demand.

The study to follow provides a comprehensive analysis of Smyth County, including its three towns (Chilhowie, Marion and Saltville). This report is the first in a series of market analyses that S. Patz & Associates will undertake for each city and county that comprise the Mount Rogers Planning District. The purpose of these analyses is to identify strategies to generate “brick and mortar” results. Opportunities exist, and local public officials are committed to providing support as they have echoed the business community’s desire for new housing.

The study to follow is divided into four sections. The first section is the Smyth County Setting Analysis, which analyzes the location of Smyth County along the Interstate-81 Corridor and its proximity to major employers and highway interchanges.

Presented next is an Economic Overview Analysis that describes trends in at-place jobs and employment. This section also documents the level of future job growth in Smyth County and the Mount Rogers Planning District, which is significant and a shift from past trends. Also included in this section is an analysis of Emory Henry's satellite campus in Marion (School of Health Sciences), as this is one of the prime generators of rental housing demand in Smyth County. An analysis of the economic impacts of the COVID-19 pandemic is also included in this subsection.

A second part of the Economic Overview is the demographic analysis of Smyth County, which analyzes population and household trends, with particular attention related to trends in household income, tenure and age. Within a negative growth marketplace such as Smyth County, studies of this type present challenges for demographic projections. These are difficult to establish, as trend data show population declines. The key market finding is how to change these recent trends.

The third section analyzes the various housing markets in Smyth County in terms of new additions, tenure, home prices and rents. This section analyzes both the for-sale and rental markets. There is no identified senior-related housing market in Smyth County at this time, as there are no age-restricted apartments for rent or homes for sale. The ability to establish such a market will be fully studied, as demographic trends show a sizable and well-established older adult population.

The fourth section of the report is an analysis of the available buildings and development sites in Smyth County. As will be shown, Smyth County has a large number of attractive properties that are available for development.

The fifth and final section is the Conclusions, which provide a strategy for new housing development in terms of: (1) site location(s), (2) sales prices and rental rates, (3) housing types and (4) target markets. These are presented in general terms as a guide to attract homebuyers and renters.

Section I: Smyth County Setting Analysis

Smyth County is located along the Interstate-81 Corridor within the central portion of the Mount Rogers Planning District in Southwest Virginia. I-81 bisects the County in an east-west direction for approximately 21 miles. This is a major interstate system that extends from near Knoxville (TN), where it connects with I-40, to upstate New York. It is a major transportation corridor and accesses nearby areas that are experiencing considerable employment growth, most notably the Bristol and Wytheville areas.

The majority of the County's population and economic activity is clustered along the I-81 Corridor, mainly in and around the Towns of Marion and Chilhowie. A secondary population cluster is the Town of Saltville, located to the northwest of Chilhowie. A small area within the western side of Saltville extends into neighboring Washington County. There are also a handful of smaller unincorporated population centers elsewhere along the I-81 Corridor that include Adwolfe and Atkins. The vast majority of employment in Smyth County is centered along the I-81 Corridor, in and around Marion, Chilhowie and Atkins.

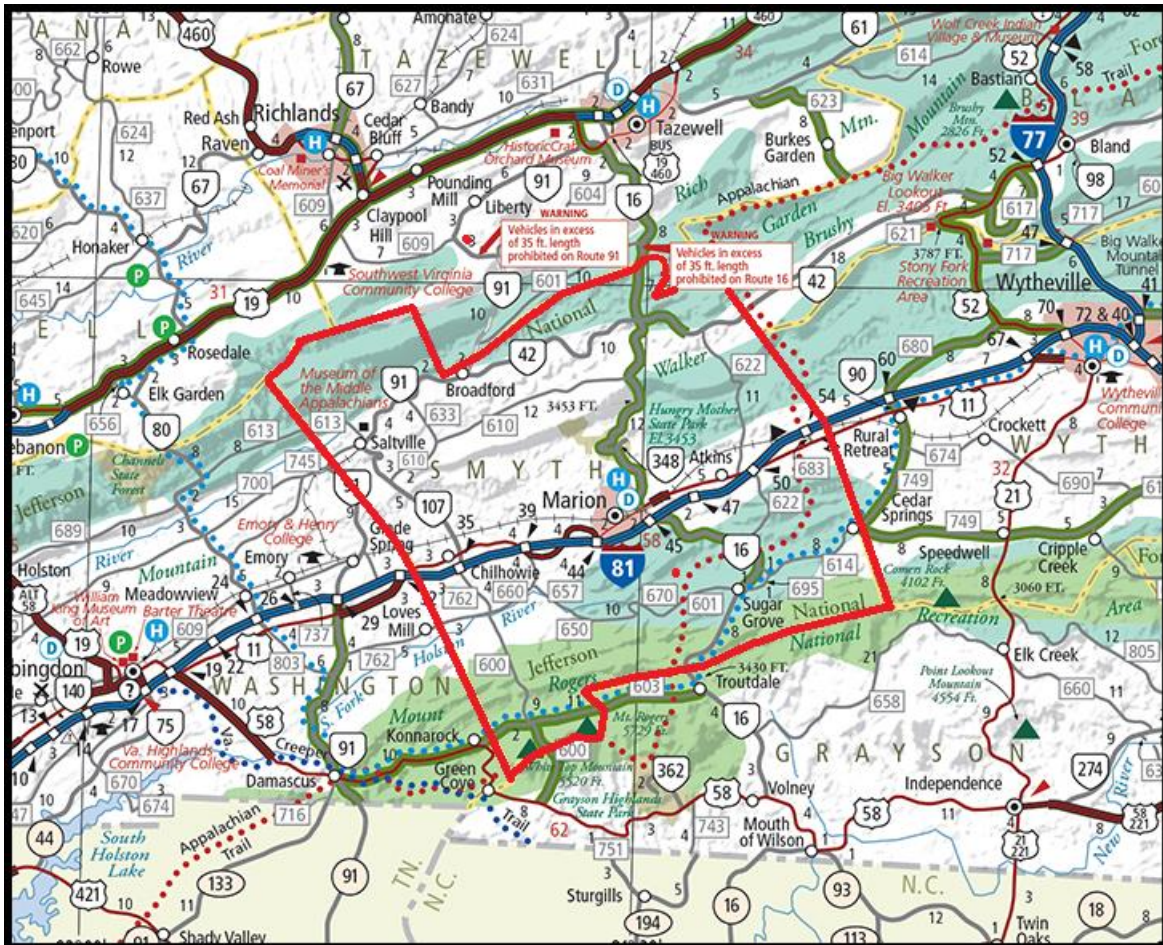
Map A shows that Smyth County is served by five primary roadways. U.S. Route 11 runs parallel to I-81 and is a major commercial corridor in both Marion and Chilhowie. A mix of residential, commercial and industrial land uses flank this roadway outside of the two towns. Other major roadways include SR 107, which connects Chilhowie and Saltville.

Much of Smyth County is comprised of forest and wildlife resources. Over 178,000 acres, or approximately 61 percent of the County, is comprised of woodlands. Within this total is nearly 88,000 acres of publicly owned land. Most of this land is owned by the USDA Forest Service and reserved for recreational purposes as well as to timber harvest and sales.

Municipalities surrounding Smyth County are largely rural, but with pockets of job growth. Tazewell County is located to the north of Smyth County. This is a rural community with most economic activity occurring in Bluefield, near its border with West Virginia, and in Richlands. Grayson County, to the south, is also rural, though four employers have recently announced plans to add 200 new jobs in the County. West of Smyth County is Washington

County and the City of Bristol, two areas that are generating considerable employment growth. Bristol is the location of the Hard Rock Hotel and Casino Bristol. A temporary casino opened in mid-2022 and the full resort is slated to open in the summer of 2024. The casino is expected to employ 2,000 people within its first year of operation and reach 5,200 employees within seven years.

Wythe County is located to the east of Smyth County and is also generating considerable new employment growth, most notably by Blue Star NBR LLC, which is expected to generate over 2,400 new jobs by 2026 at a new manufacturing facility that will produce rubber medical gloves.



Map A - Regional Setting

The area highway system allows relatively easy east-west access within Smyth County, and between the neighboring communities along I-81 that are generating job growth. Bristol, on the border with Tennessee, is 40± minutes to the west. Wytheville is less than a half hour drive to the east and is the location of the I-81/ I-77 interchange. I-77 bisects Bland County and extends to the Princeton and Bluefield areas of West Virginia to the north. The interstate also extends south toward Woodland and Hillsville in Carroll County.

Section II: Smyth County Economic Overview and Demographic Analysis

The subsection to follow begins with an economic overview that describes trends in at-place jobs and employment in Smyth County. This section also documents the level of future job growth in Smyth County and the Mount Rogers Planning District. As will be shown, recent job announcements in the County and Region have greatly outpaced past trends. In addition, this section provides an analysis of the Emory & Henry School of Health Sciences, as this is one of the prime generators of rental housing demand in Smyth County and in Marion in particular.

This section of the report also presents the demographic analysis of Smyth County, which analyzes population and household trends, by tenure, age and income.

Economic Overview

This part of the market analysis presents an economic overview of Smyth County in terms of at-place job and employment growth. The purpose of the analysis to follow is to document the level and type of ongoing and potential job growth in the County. Three economic factors are presented in this analysis: (1) at-place job trends, (2) employment and labor force trends, and (3) active development plans that are expected to generate a net increase in jobs. These three economic factors are analyzed in the paragraphs to follow. Key to this analysis is that job growth supports growth in population and households, and therefore, housing unit demand.

For Smyth County, new housing demand will initially be supported by a pent-up demand, new area job growth and enrollment growth at Emory & Henry College. Some housing demand is also expected from employment growth in nearby communities, particularly in the greater Wytheville and Bristol areas. These nearby cities are expected to generate substantial new job growth in the near term despite also face housing shortages.

At-Place Jobs

At-place jobs refer to the number of jobs that are physically located within Smyth County, which includes the towns of Marion, Chilhowie and the majority of Saltville. As of year-end 2019, and prior to the pandemic-induced job losses of 2020, the total number of at-place jobs in the

County reached 12,140±, which is a decline of over 200 jobs compared to 2015. As shown in Table 1, Smyth County has many data disclosure issues due to the small number of local employers. This is often the case in more rural, sparsely populated communities.

Data in Table 1 show that at-place jobs increased between 2015 and 2016 by 440±. Several expansions in the Manufacturing sector during that period drove this growth. Major expansion in 2015 and 2016 included Utility Trailer Manufacturing (200± new jobs), Woodgrain Millwork (20± new jobs), TRW Automotive (60± new jobs) and Innovative Millwork (20± new jobs).

Despite this uptick, total at-place jobs declined in 2017 by nearly 600. Some of these losses were associated with the closure of the Titan Wheel facility in Saltville, which resulted in approximately 40 layoffs. This was the only mass layoff in 2017. At-place job totals have remained essentially flat since 2017, declining by 30± in 2018 and 2019. There were no mas layoffs during this period.

Data in Table 1 show that industrial employment sectors dominate local private sector employment. Manufacturing employment accounts for over 25 percent of total employment in Smyth County, while employment in the Administrative/ Waste sector accounts for an additional 12.1 percent of total employment. Although employment in the Manufacturing sector has declined by 570± since 2015, employment in the Administrative/ Waste sector expanded by 550± during that same period.

Most industrial employment is concentrated in the County's three industrial parks, which are briefly detailed in the paragraphs below.

- **Mountain Empire Industrial Park.** This is the largest industrial park in Smyth County and is located on the south side of I-81 along Nicks Creek Road in Atkins. Major employers include Utility Trailer Manufacturing, Mayville Engineering, Jaco Manufacturing, Smyth County Machine & Welding and ZF TRW. Also within the park is the Smyth County Education Center, which provides training and employment services for persons with mental or physical disabilities. The most recent expansion in this park was by Smyth County Machine & Welding, which added 35 new employees in 2019.

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- **Deer Valley Industrial Park.** This is a small industrial park along Deer Valley Road and just north of I-81 in the Town of Chilhowie. Tenants include Scholle Packaging Corporation and Innovative Millwork Technologies. Scholle expanded by 42 new employees in 2019 and more recently announced plans to expand with 75 new employees. Innovative Millwork expanded by 20 employees in 2016.
 - **Battleground Industrial Park.** This is a small industrial park along Battleground Avenue in the Town of Saltville. Tenants include Reline America, Inc.

The second largest private employment sector in Smyth County is the Retail Trade sector, accounting for over 1,100 jobs as of year-end 2019, or 9.4 percent of countywide employment. Employment in this sector has been flat since 2015, declining by nearly 90 jobs. Many of these employees work in the downtown business districts of the three towns or in the County's shopping centers. The largest shopping center is the 168,450± square foot Walmart and Ingles-anchored Smyth Valley Crossing Shopping Center in Marion. Other major retail employers include Food Lion, Food Country and Food City.

Although data are not available due to disclose issues, the Health Care sector also accounts for a significant number of local jobs. Smyth County Community Hospital (SCCH), a 44-bed acute care hospital with a 109-bed nursing facility, is located at 245 Medical Park Drive just outside Marion. This is Smyth County's primary provider of medical care services. The hospital employs approximately 400 people, including over 50 physicians. Other major Health Care providers include Ballad Health Outpatient Rehabilitation. In addition are two large long-term care nursing facilities: the 180-bed Valley Rehabilitation and Nursing Center in Chilhowie and 112-bed Francis Marion Manor in Marion. There are three assisted living facilities with nearly 140 beds in Smyth County.

The public sector is also shown to account for a large number of at-place jobs. Although there are few Federal employees in Smyth County, Local and State Government employment account for nearly a quarter of all local jobs. Many of these jobs are associated with the 172-bed Southwestern Virginia Mental Health Institute in Marion or with Smyth County Public Schools.

Overall, data in Table 1 show a somewhat stable economy. Job growth was recorded for the Administrative/ Waste, State Government and Wholesale Trade sectors. Job losses in other sectors offset these gains.

Industry	2015	2016	2017	2018	2019	Net Change
Agriculture	ND	ND	ND	ND	ND	--
Mining	ND	ND	ND	ND	ND	--
Utilities	ND	ND	ND	ND	ND	--
Construction	441	462	455	474	400	-41
Manufacturing	3,651	3,585	3,157	3,088	3,081	-570
Wholesale Trade	277	243	269	287	295	18
Retail Trade	1,233	1,243	1,199	1,152	1,145	-88
Transport./ Wareh.	ND	ND	ND	ND	ND	--
Information	62	58	44	41	37	-25
Finance/Insurance	162	155	146	138	129	-33
Real Estate	53	49	45	39	35	-18
Prof./Tech.	208	188	ND	ND	ND	--
Mgmt of Co.s	64	65	ND	ND	ND	--
Admin./Waste	922	1,420	1,350	1,291	1,471	549
Education	ND	ND	ND	ND	ND	--
Health Care	ND	ND	ND	ND	ND	--
Arts/Enter./Rec.	ND	ND	54	55	51	--
Accom./Food	ND	ND	696	734	703	--
Other Services	175	194	240	267	180	5
Local Gov.	1,867	1,859	1,851	1,883	1,859	-8
State Gov.	1,013	1,018	1,035	1,042	1,057	44
Federal Gov.	<u>75</u>	<u>72</u>	<u>70</u>	<u>69</u>	<u>74</u>	<u>-1</u>
Total	12,351	12,793	12,197	12,169	12,137	-214

Notes: ND = Data do not meet BLS or State agency disclosure standards.
Source: United States Department of Labor, Bureau of Labor Statistics

Next shown, in Table 2, are the employment changes that occurred in 2020, which was an outlier year given the impact of the COVID-19 pandemic. Data for 2021 are not yet available. Data show a significant loss of jobs, with a reduction in employment of nearly 800, or by 6.4 percent. These losses occurred across essentially all employment sectors, with the heaviest job losses impacting the Administrative/ Waste (320± jobs lost), Local Government (120± jobs lost) and Manufacturing (110± jobs lost) sectors.

Although these losses were severe, a significant number of these layoffs are expected to be temporary and will likely be recovered once 2021 employment data are released. Area realtors and property managers do not report any decline in housing demand due to the pandemic.

Table 2: Change in Total At-Place Employment, Smyth County, Virginia, 2019-2020

	<u>2019</u>	<u>2020</u>	<u>Net Change</u>
Construction	400	341	-59
Manufacturing	3,081	2,970	-111
Wholesale Trade	295	220	-75
Retail Trade	1,145	1,163	18
Information	37	38	1
Finance/Insurance	129	123	-6
Real Estate	35	38	3
Admin./Waste	1,471	1,158	-313
Arts/Enter./Rec.	51	ND	--
Accom./Food	703	ND	--
Other Services	180	176	-4
Local Gov.	1,859	1,736	-123
State Gov.	1,057	1,009	-48
Federal Gov.	74	85	11
Total	12,137	11,359	-778

Source: U.S. Department of Labor

Employment and Labor Force

At-place jobs refer to jobs physically located in Smyth County. Employment refers to the number of County residents who are employed, no matter where that job is located. At-place job totals are lower compared with employment, which means that some net out-commuting occurs into neighboring counties and cities, particularly to the Bristol and Wytheville areas.

Table 3 provides employment trends in Smyth County. Employment grew by 730± between 2015 and 2019. The fact that employment grew by an annual average of over 180 jobs during a period in which at-place jobs declined by an annual average of approximately 50 jobs denotes that many Smyth County residents work outside of the County.

Data show that apart from 2018, total employment increased every year between 2015 and 2019. This is clearly a positive sign. Employment grew by 1,030± in 2018 and by 1,350± in 2019, a period in which at- grew place jobs declined. Almost all of this employment growth was supported by job expansions outside of Smyth County.

Data for 2020 show heavy employment losses, mirroring the declines in at-place jobs. This is fully attributable to the impact of the COVID-19 pandemic. Total employment in 2020 declined

by 800±, pushing the unemployment rate up from a low 3.7 percent in 2019 to 6.4 percent, the highest unemployment rate since 2015. As with at-place jobs, many of these losses are expected to be temporary.

Data for 2021 show significant improvements, with employment expanding by 420± and the number of unemployed declining by nearly 320. As of year-end 2021, total employment exceeds the 2015 total by 340±. The current unemployment rate of 4.0 percent is below the 2015 unemployment level by 2.4 percent.

Table 3: Trends in Employment and Unemployment, Smyth County, Virginia, 2015-2021

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2015	13,509	12,641	868	6.4%
2016	13,691	12,909	782	5.7%
2017	14,009	13,317	692	4.9%
2018	13,794	13,251	543	3.9%
2019	13,876	13,366	510	3.7%
2020	13,425	12,562	863	6.4%
2021	13,524	12,977	547	4.0%
Net Change	15	336	-321	-2.4%

Source: United States Department of Labor, Bureau of Labor Statistics

COVID-19 and Employment

Table 4 presents monthly employment trends up to March, 2022 to illustrate the impact of the COVID-19 pandemic. This is the date for which the most recent data are available. Trend data show that since January, 2020, employment has increased by nearly 1,100, with the number of unemployed shrinking by 180. The labor force has also expanded by over 900 people. This is a key measure of economic health, as it denotes that an increasing share of Smyth County residents expect to find employment.

To summarize, the data show significant improvements since the pandemic began, with over 1,800 jobs recovered since April, 2020. The current unemployment rate of 2.7 percent is 1.5 percent below the pre-pandemic, January, 2020 unemployment rate. This is despite the expansion of the labor force to its largest size since 2009. The current unemployment rate is the lowest it has been in over three decades.

Table 4: Trends in Employment and Unemployment, Smyth County, Virginia, 2020-2022

	Labor Force	Employment	Unemployment	Percent Unemployed
January, 2020	13,656	13,084	572	4.2%
February, 2020	13,616	13,095	521	3.8%
March, 2020	13,519	12,947	572	4.2%
April, 2020	13,872	12,378	1,494	10.8%
May, 2020	13,329	12,077	1,252	9.4%
June, 2020	13,573	12,258	1,315	9.7%
July, 2020	13,375	12,212	1,163	8.7%
August, 2020	13,292	12,368	924	7.0%
September, 2020	13,093	12,366	727	5.6%
October, 2020	13,305	12,678	627	4.7%
November, 2020	13,225	12,636	589	4.5%
December, 2020	13,240	12,643	597	4.5%
January, 2021	13,174	12,506	668	5.1%
February, 2021	13,310	12,652	658	4.9%
March, 2021	13,278	12,651	627	4.7%
April, 2021	13,157	12,613	544	4.1%
May, 2021	13,104	12,510	594	4.5%
June, 2021	13,300	12,652	648	4.9%
July, 2021	13,354	12,758	596	4.5%
August, 2021	13,405	12,848	557	4.2%
September, 2021	13,744	13,256	488	3.6%
October, 2021	13,962	13,534	428	3.1%
November, 2021	14,214	13,825	389	2.7%
December, 2021	14,281	13,919	362	2.5%
January, 2022	14,418	13,913	505	3.5%
February, 2022	14,398	13,962	436	3.0%
March, 2022 1/	14,572	14,180	392	2.7%
Net Change	916	1,096	-180	-1.5%

Notes: 1/ Preliminary. Subject to change.
Source: U.S. Department of Labor, Bureau of Labor Statistics

Economic Development Activity

The paragraphs below detail the new economic development announcements in Smyth County that are expected to generate net job growth. As shown, the majority are small retailers. Overall, and excluding retail and service sector jobs, these announcements are expected to generate approximately 170 new jobs. This is a reversal of past trends.

- **Scholle IPN Packaging Inc**, a manufacturer that operates a large sustainable packaging solutions facility along Deer Valley Road in Chilhowie, announced in June, 2022 that it would expand that facility by 73,000± square feet and hire 75 new employees. This follows 42 new hires with average wages of \$43,800± in 2020 and 2021.
- **Woodgrain Millwork**, a manufacturer of wood molding and trim, announced in August, 2021 that it would expand its Marion facility, located at 4615 Lee Highway, and hire 80

new employees. Hiring is expected to begin in early-2023 with pay expected to average \$16 per hour.

- **Emory & Henry College**. The Health Sciences campus in Marion is expected to add between five and 25 new employees by 2027 as the College expands its course offerings and student enrollment.
- **Soni Holdings LLC**. Plans were submitted in early-2022 for this truck stop, truck wash, restrooms, truck repair center, travel center and four possible out parcels for land near that adjoins 416 Chestnut Ridge Road near Exit 39 in Marion. The developer has confirmed that Circle K, Wendy's and Subway would locate to the development. The proposal was approved by Smyth supervisors in March, 2022. The project would be built in two phases, with the first allowing the facility to accommodate about 200 tractor-trailers and the second phase allowing the facility to accommodate 500 tractor-trailers. Construction could begin by the end of 2022 or early-2023.
- **JWM Enterprises** plans on building a truck terminal, contractor storage yard and a mining, quarrying, mineral expansion and processing operations on nearly 14 acres at 2312-2340 Lee Highway in Marion. County supervisors approved the rezoning and special use permit for the proposal in February, 2022. The proposal involves consolidating an excavation business and trucking company onto a single tract of land.
- **Mount Rogers PACE**, a patient-centered program for clients who are over 55 years of age, is planning to open in the former Marion Police Department building at 555 South Main Street. The building, which is being renovated and expanded, will provide staff for staff office space, a medical clinic, physical and occupational therapy areas, a kitchen, bathrooms and a spacious day room for participants. The facility will employ a center manager, clinic nurse practitioner, clinic RN and home care coordinator, social worker, and activity coordinator in addition to personal care aides, homemakers and drivers.
- **Starbucks**. Construction was completed in the summer of 2022 on a 2,500± square foot retail building fully occupied by Starbucks at 1209 N Main Street in Marion.
- **T-Mobile**. The former Bojangles restaurant at 1408 N Main Street was converted into a T-Mobile store in early-2022.
- **Poe's Pulled Pork**. This new restaurant opened at 1041 E Lee Highway in the Town of Chilhowie in April, 2022.
- **His Grace**, a retailer that sells Christian gifts, apparel, jewelry, books and bibles, opened in April, 2022 at 141 Palmer Avenue in Saltville.
- **Marion Outdoors**, an outdoor clothing and equipment retailer, opened in April, 2022 at 208 E Main Street in Marion.

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- **Community Connection Support Service**, a Galax-based nonprofit, announced in the summer of 2022 that it plans on opening a support center for individuals with developmental disabilities in Marion. The facility would be located on a 4.5-acre property at houses Highway 16 that currently houses a Jehovah’s Witness Kingdom Hall. The facility would be licensed by the Virginia Department of Behavioral Health and Developmental Services.
 - **Lincoln Theatre**, a historic theater building located at 117 E Main Street, is planned to be expanded to offer digital shows and films. This project will create 3.5 full-time equivalent positions, as well as include additional training opportunities for part-time staff and regional students to obtain jobs in technology, digital media and/or film sectors. The proposal also features an upgrade for the theatre’s Main Street marquee.

Also of note is that a new industrial park called Pathway Park is planned to be built at the former 70-acre site of the demolished American Furniture factory in Chilhowie. Over the past year, the Smyth County Economic Development Authority was awarded two \$600,000 grants from the Growth and Opportunity for Virginia (GO Virginia) and the Virginia Tobacco Regional Revitalization Commissions to spend toward infrastructure improvements at the County-owned Park. These funds will be used to install 2,000 feet of eight-inch water line and 1,600 feet of sewer line to the park. Site work could begin by the end of 2022. Although there have been no job announcements at the park, it could ultimately accommodate up to three businesses supporting 600± jobs.

In addition to the above are several businesses that are actively filling vacant positions in Smyth County. Data from the Bureau of Labor Statistics presented in Table 4 showed that there were fewer than 400 unemployed residents of Smyth County as of March, 2022. For comparison, there are over 430 job listings on Indeed for Smyth County at this time, and this almost certainly undercounts total job availability. This mismatch will require new residents for Smyth County.

Emory & Henry School of Health Sciences

Emory & Henry College opened its 15-acre School of Health Sciences in 2014 on the site of the former Smyth County Community Hospital at 565 Radio Hill Road in Marion. The hospital relocated to a new location, just outside the Town limits.

To date, the College has completed two renovation phases to repurpose the former hospital building to provide over 100,000 square feet of instructional space for the School of Health Sciences and School of Nursing academic programs, awarding both masters and doctoral degrees. The College does not provide on-campus housing for any of its students in Marion, and college staff have noted challenges with securing housing for both staff and students since opening. This has been echoed by area real estate professionals.

Key points related to the campus are as follows:

- The Marion campus currently employs 54 faculty and staff. Total employment is expected to grow by between five and 25 people by 2027. Approximately one third of current employees live in Marion, but this is due to the lack of housing inventory and not due to preference. Many employees began searching for housing in Marion but were unsuccessful and thus commute to Marion daily for work.
- There are 280 students enrolled at the campus for the 2021-2022 academic year. College staff expect total enrollment to grow by at least 20 to reach 300 students in the spring and summer of 2023. Total enrollment is projected to grow by an additional 30 to 40 students by 2026. College staff note that enrollment may grow at a quicker pace, depending on program offerings by 2026, though some of this additional growth could be in online rather than on-campus students.
- The College does not offer any on-campus housing for students at this time. The majority of students live in Marion, although a small number may leave during their final year if their clinical rotations are out of the area.
- College staff note that they have had previous discussions with housing developers about building on-campus housing, but they are in the “exploratory phases” and have no timeline or sites identified for future development.

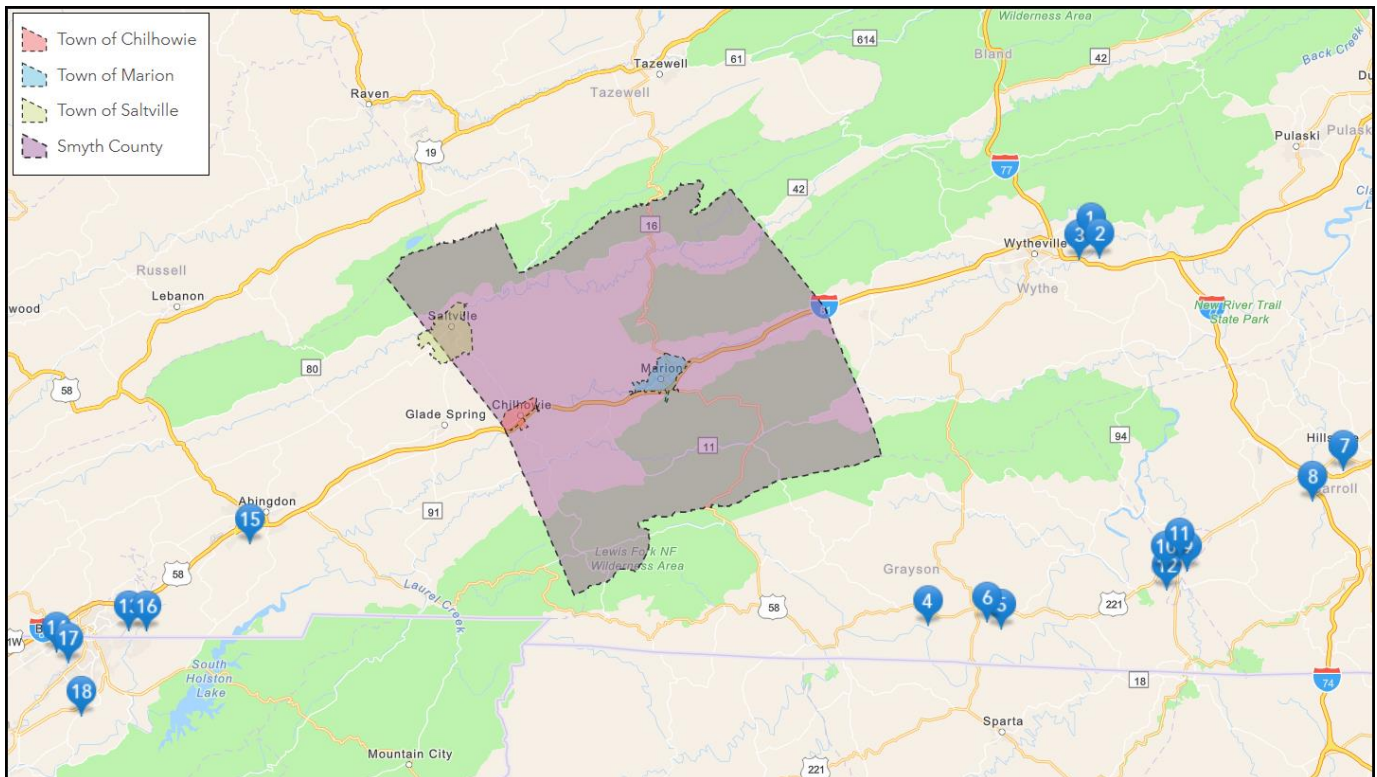
To summarize, Emory & Henry’s Marion campus has brought 280± students and over 50 employees to Marion during a period in which developers built or rehabbed only 120± new apartment units in Smyth County. Thus, enrollment growth has considerably outpaced apartment unit deliveries, constraining an already tight housing market and crowding out the non-student market. Future enrollment growth at the College’s Marion campus, which could total up to 60 new students by 2026, will support additional housing unit demand.

Regional Job Growth (Mount Rogers Planning District)

Apart from the new job announcements within Smyth County is a substantial level of future employment growth in neighboring counties and cities, elsewhere in the Mount Rogers Planning District. These announcements are listed in Table 5 below and represent a shift from past, slow growth trends. Most are for manufacturing positions with annual wages starting at approximately \$35,000. In total, these employers will add over 8,800 new jobs to neighboring counties and cities. Most of these are located in rural areas that are also facing housing shortages and should be filled within the next two to three years.

Table 5: <u>Regional Job Growth, Mount Rogers Planning District, August, 2022</u>		
	<u>Map B Key</u>	<u>New Jobs</u>
<u>Wythe County</u>		
Blue Star NBR	1	2,464
STS Group AG	2	120
Trager Grills	3	<u>15</u>
(Subtotal)		(2,599)
<u>Grayson County</u>		
Woodgrain	4	100
Grayson Natural Farms	5	40
Metalworx	6	<u>59</u>
(Subtotal)		(199)
<u>Carroll County</u>		
Mohawk Industries	7	35
New River Polymers	8	<u>50</u>
(Subtotal)		(85)
<u>City of Galax</u>		
Blue Ridge Eye Care	9	30
Twin County Regional Health Care	10	20
Albany Industries	11	15
First Choice Health Care	12	<u>10</u>
(Subtotal)		(75)
<u>Washington County/ Bristol</u>		
Amazon	13	200
Hard Rock Hotel and Casino Bristol	14	5,200 1/
1901 Group	15	150
FedEx	16	250
Tennessee Hills Distillery (TN)	17	45
Tri-City Extrusion Inc. (TN)	18	<u>51</u>
(Subtotal)		(5,896)
Total		8,854
Notes: 1/ 2,000 employees in first year. 5,200 within seven years.		
Source: S. Patz & Associates, Inc.		

Map B shows the locations of the 18 job announcements listed in Table 5. Most of these employers are within a 45± minute drive of Smyth County. Census data on local commuting patterns suggest that many Smyth County residents already commute long distances for work, particularly to locations where these employers will add new jobs. Thus, these job announcements may supplement housing demand in Smyth County.



Map B - Locations of Regional Employment Growth

The paragraphs below detail each of the above job announcements, most of which are for manufacturing-related positions. The exception is a significant number of higher paying positions at Blue Star NBR LLC as well as a large number of hospitality and service sector jobs associated with the Hard Rock Hotel and Casino Bristol. Excluded are retail, temporary construction and smaller job announcements that are not tracked by any local, regional or state economic development agencies.

- **Blue Star NBR LLC** announced in October, 2021 that it would build a manufacturing facility in Wythe County’s Progress Park for producing rubber medical gloves. It is expected to produce up to 60 billion medical gloves each year from nitrile butadiene

rubber (NBR) – an oil-resistant, synthetic rubber – at the manufacturing plant in the County’s industrial park. The operation is anticipated to occupy more than 200 acres and will have the potential to triple in size in future phases. It is expected to generate 2,464 jobs by 2026, excluding construction workers. 200 people are expected to be hired by the fall of 2022 to staff the chemical plant portion and at salaries of \$70,000. Hiring for the next phase, to begin in 2024, will be for positions paying \$37,000 a year. About 100 of these positions will be filled initially. Construction began in January, 2022.

- **STS Group AG**, a German auto parts manufacturer announced in April, 2021 that it would establish its first U.S. manufacturing operation in Wythe County’s Progress Park industrial park, creating 120 jobs.
- **Traeger Grills**, the manufacturer of the world’s top-selling wood pellet grill, announced in April, 2021 that it would build a new grill pellet manufacturing operation in Wythe County and create 15 jobs.
- **Woodgrain**, one of the largest millwork companies in the world, announced in August, 2021 that it would purchase and expand the former Independent Lumber sawmill in Grayson County, adding 100 new jobs. Independence Lumber is Grayson County’s largest private employer, and when the sawmill upgrades are complete, it will become the primary supplier for Woodgrain’s Smyth County operation. Hiring has not yet begun.
- **Grayson Natural Farms**, an organic meat snack brand, announced in December, 2020 that it would expand its Grayson County operation by 35,000± square feet, creating 40 jobs. Grayson Natural Farms produces Landcrafted Food, which are grass-fed, organic meat snacks. Its smokehouse and production operations are currently located at 226 Industrial Lane in Independence. The company first opened its facility in 2017. Construction on the expansion is now underway.
- **Metalworx**, a manufacturer of highly-engineered and precision-manufactured components, assemblies and products for industrial uses, announced in June, 2020 that it would relocate its headquarters and manufacturing operations from South Carolina to the former Core Fitness Complex in Grayson County. The move will create 59 new jobs. Approximately 16 jobs have been filled to date.
- **Mohawk Industries**, a flooring manufacturer, announced in January, 2021 that it would expand its Carroll County operation, creating 35 jobs. Mohawk Industries will add 19,000± square feet to its 351 Floyd Pike facility in Hillsville and install new equipment to increase its production speed. Construction should begin soon.
- **New River Polymers**, a Hillsville-based manufacturer of plastic pellets from industrial scrap of medical gowns and face masks, announced in December, 2020 that it would expand its location in the Carroll County Industrial Park by roughly twice its size, while adding approximately 50 new employees by 2025.

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- **Blue Ridge Eye Care**. Family Vision Care at 1022 E Stuart Drive and Blue Ridge Eye Care at 1102 E Stuart Drive combined to form a new practice in March, 2021 at newly built office at 800 E Stuart Drive in Galax. The facility employs approximately 30 people.
 - **Twin County Regional Healthcare**. The 141-bed hospital at 200 Hospital Drive in Galax opened in 1973 and is the only full-service medical facility in the region. With approximately 350 employees (including about 100 physicians), this hospital is among the largest private employers in Galax. The hospital is actively trying to fill approximately vacant positions at this time and expects to add between 20 and 50 staff members by 2026, including a mix of doctors and nurses. There are currently approximately 20 vacancies, primarily for nursing positions.
 - **Albany Industries**, which operates an upholstery manufacturing facility at 626 Creekview Drive in Galax, is actively hiring approximately 15 new employees. These positions typically pay between \$13 and \$14 an hour.
 - **First Choice Health Care** opened a medical practice at 812 W Stuart Drive in Galax in March, 2021. Approximately ten people work at the facility.
 - **Amazon** opened a 72,000± square foot delivery station in an existing building at 103 Thomas Road in Bristol in September, 2021. The facility employs approximately 200 people and has starting wages of \$16.50 per hour.
 - **Hard Rock Hotel and Casino Bristol**. This is a proposed hotel and casino designed to include 2,700 slot machines and 100 table games as well as a 300-room hotel, seven restaurants, four bars, a 3,200-seat live performance venue, an outdoor performance venue with a capacity of 20,000 along with retail and convention space. A temporary casino with 30,000 square feet of gaming space, featuring approximately 900 gaming slots and 20 tables, opened in mid-2022 at 500 Gate City Highway in Bristol and will employ 600 people. The casino facility, to open in the summer of 2024, is expected to employ 2,000 people within a year 5,200 people within seven years.
 - **1901 Group**, a managed IT services provider, announced in March, 2020 that it would establish its third Virginia operations center in the Virginia Highlands Small business Incubator in Abingdon in Washington County where it would employ 150 people. Approximately 30 employees have been hired to date.
 - **FedEx**. Site work began in July, 2022 on a new 251,000± square foot FedEx distribution facility just outside of Bristol in Washington County. The facility is expected to open in 2023 and employ 250 people on a site along Coronet Drive and adjacent to the 72,000± square foot Amazon fulfillment center that opened in September, 2021.

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- **Tennessee Hills Distillery** announced in July, 2022 that it would add a Bristol, Tennessee location to serve as the company's new headquarters. The project is expected to create 45 new jobs by 2027.
 - **Tri-City Extrusion Inc.**, an aluminum extrusion company, announced in May, 2022 that it would expand its Bristol, Tennessee location with the construction of a 120,500± square foot facility at the Bristol Business Park. The expansion will result in the creation of 51 new jobs.

This is a significant level of employment growth and a departure from recent trends in a region that has not recorded net job growth over the past few decades. The casino investment in Bristol and Blue Star NBR facility in Wytheville are among the largest job-generating announcements in the state.

Economic development officials identify several reasons for this accelerated level of job regional job growth. One is the pent-up demand for the products manufactured by these firms. Second are state and local incentives that make new and expanding jobs attractive to the region. Third are the wages that these employers can pay for the "quality" of the local workforce. Employers and local officials report that a key challenge to support this growth is housing availability.

Demographic Analysis

Demographic trend data show population declines in Smyth County since 1990 across its three towns and its larger unincorporated areas. The County's population increased by just over 700 people during the 1990's, almost entirely outside of the three towns. Job expansions, particularly in the manufacturing sector, drove the modest level of population growth during this period. This was a period in which Lea Industries, T.D. Wheel Co., Derby Apparel, Sure-Wood Dimension and Scholle Corp. added a substantial number of new jobs across the County, primarily near I-81.

The population gains of the 1990's were fully offset by population losses between 2000 and 2010, a period in which the County's population declined by 870±. Over 30 percent of the County's population losses during this period occurred in the Town of Marion. Population

declines between 2000 and 2010 were primarily a function of area job losses. There were over 25 mass layoffs during this period, including several major layoffs early in the decade by Virginia House Furniture (749 jobs lost in 2001 and 2002), American of Martinsville (249 jobs lost in 2002), Spring Ford Knitting Co. (118 jobs lost in 2002), Lea Industries (175 jobs lost in 2001), Titan Wheel Corp. (150 jobs lost in 2001) and Utility Trailer Manufacturing (117 jobs lost in 2001).

As of 2021, the population in Smyth County is estimated to total 29,520±, based on the most recent data prepared by the Weldon Cooper Center for Public Service. Thus, Smyth County’s population contracted by an additional 2,690± people between 2010 and 2021, or an average rate of nearly 245 people each year. This is compared to an average annual population decline of nearly 90 during the 2000’s.

Job losses, alongside the lingering impacts of the Great Recession, were the prime contributors to Smyth County’s population decline since 2010. There were four mass layoffs in the County during this period, all of which occurred prior to 2017. The largest was the closure of two Merillat Industries kitchen cabinet panel manufacturing plants in Atkins in 2013. These closures resulted in the loss of 261 hourly and 19 salaried positions.

Table 6: Trends of Population and Households, by Tenure, Smyth County, Virginia, 1990-2021				
	1990	2000	2010	2021
Smyth County Population	32,370	33,080	32,210	29,520
Town of Chilhowie	1,970	1,830	1,780	1,640
Town of Marion	6,630	6,350	5,970	5,720
Town of Saltville 1/	2,300	2,200	2,080	1,800
Group Quarters Population	1,200	1,090	770	770
Household Population	31,170	31,990	31,440	28,750
Person Per Household	2.55	2.37	2.36	2.34
Households	12,230	13,490	13,320	12,290
Owner Households	9,090	10,000	9,520	8,350
Percent of Total Households	74.3%	74.1%	71.5%	67.9%
Renter Households	3,140	3,500	3,800	3,940
Percent of Total Households	25.7%	25.9%	28.6%	32.1%
Notes: 1/ Partly in Washington County.				
Source: 1990-2020 Census, U.S. Census Bureau, U.S. Department of Commerce Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.				

Group Quarters Population

The Group Quarters population is outside of the traditional housing market. It includes persons in hospitals, nursing homes, jails, group homes and dormitories. Smyth County has a small Group Quarters population that totals approximately 770 people, or 2.6 percent of the total population. The Group Quarters population in Smyth County is primarily comprised of seniors at Francis Marion Manor Health & Rehabilitation in Marion and Valley Rehabilitation and Nursing Center in Chilhowie as well as inmates at the Marion Correctional Treatment Center.

The Group Quarters population is subtracted from total population to determine household population. Household population is the basis for determining housing unit demand. There is no growth in the Group Quarters Population in spite of a growing senior population, likely due to seniors moving from the area at retirement. There are only three assisted living facilities in Smyth County, and two are small with fewer than 30 beds.

Households

During the 1990's, the number of households in Smyth County, i.e., occupied housing units, increased more rapidly than the population. This was a reflection of a sizable decline in the market area's average household size, from 2.55 in 1990 to 2.37 in 2000. Driven largely by an aging population, the average household size has continued to fall, albeit at a slower pace, and has reached 2.34 as of 2021.

In 2010, Smyth County had approximately 13,320± households, based on the census count of that year. That is 170± fewer households than in 2000. Based on current population estimates and the continued reduction in average household size, the 2021 estimate for total households is 12,290±. The fact that the total number of households has declined is one reason for a stagnant new home market.

Owner Households

Smyth County has traditionally had a high percentage of homeowners, ranging between 74.3 percent in 2000 and 71.5 percent in 2010. This is compared with recent state and national average of 67.3 to 65.1 percent, respectively. The high ownership rate during this period was due to limited new rental housing being built. There were 9,520± owner households in Smyth County in 2010. This total is estimated to have fallen to 8,350±, as of 2021. Thus, recent population losses were primarily among homeowners, as the number of renter households has increased since 2010.

Owner Households by Income

Trends in the number of owner households, delineated by income, are presented in Table 7. As previously noted, there has been a decline in the total number of homeowners since 2000 and among most income groups.

The owner household data are delineated into two income categories. First presented is the number of homeowners earning annual incomes between \$40,000 and \$80,000, when reported in constant 2022 dollars. There has been modest decline in this demographic cohort since the 1990's. In 2021, that income category equaled 22.6 percent of total households. This reflects the incomes of most of the employees at the area manufacturing and warehousing facilities. Most of these residents would be unable to purchase a new home under current market conditions.

The second income category under study is owner households earning over \$80,000, when reported in constant 2022 dollars. This represents the potential market for new home sales in the Smyth County marketplace. Nearly a quarter of Smyth County owner households earned incomes at this level in 2021.

Of note is that there has not been growth among owner households in both income categories since 2000, alongside an overall decline in the number of homeowners in Smyth County. This is partly due to limited new housing inventory. The decline in overall homeownership has have been most concentrated among homeowners with lower incomes.

Table 7: Trends of Owner Households, by Income, Smyth County, Virginia, 1990-2021 1/

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2021</u>
Households	12,230	13,490	13,320	12,290
Owner Households	9,090	10,000	9,520	8,350
Percent of Total Households	74.3%	74.1%	71.5%	67.9%
<u>\$40,000-\$80,000</u>				
Total Households	2,110	2,240	2,130	1,890
Percent of Owner Households	23.2%	22.4%	22.4%	22.6%
<u>Above \$80,000</u>				
Total Households	1,890	2,470	2,350	2,070
Percent of Owner Households	20.8%	24.7%	24.7%	24.8%

Notes: 1/ Reported in constant 2022 dollars.

Source: 1990-2020 Census, U.S. Census Bureau, U.S. Department of Commerce Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.

Recent trends show no growth in the owner household market, due in part to slow job growth, but also due to a modest number of newly-built homes for sale. Very few homes over the past decade were financed by developers or contractors and built speculatively. Most new homes were built by lot owners.

Renter Households

The market area had only 3,800± renter households as of 2010, a 300-household increase over the 2000 renter household total. This represents fewer than 30 percent of total households. The modest expansion in the number of renters was despite the fact that essentially no new apartment units were built in Smyth County during this period. This suggests that this growth was driven by the conversion of some owner-occupied homes into renter-occupied homes.

The delivery of over 120 new apartment units since 2010 in Marion has increased the total number of renter households to 3,940±, or 32.1 percent of total households. Thus, much of the population loss detailed in Table 6 has been among homeowners, particularly those with modest incomes.

Renter Households by Income

Table 8 details trends in renter households by income in Smyth County. The data show a considerable number of low- and moderate-income renter households, which reflects the County's 390 apartment units with deep rent subsidies alongside the Marion Redevelopment & Housing Authority's 246 housing vouchers. As of 2021, nearly 1,000 renter households earn annual incomes below \$20,000 and nearly 850 renter households earn annual incomes between \$20,000 and \$35,000, when reported in constant 2022 dollars. Many Emory & Henry students, who may have low or no incomes, potentially contributed to the more recent growth of this demographic cohort. Nearly half of Smyth County renters earn annual incomes below \$35,000.

Renter households earning between \$35,000 and \$50,000 generally represent the workforce housing population. As of 2021, these income brackets totaled 740± households, which is a slight increase since 2010. As will be shown, there are only a handful of professionally managed apartment properties serving this sector of the apartment market.

There were 760± renter households earning annual incomes of between \$50,000 and \$75,000 in 2021, representing 18.8 percent of market area renter households. This is an increase of approximately 20 households over the 2010 level. In addition were over 500± renter households that earned annual incomes exceeding \$75,000 in 2021. There has been essentially no growth among high income renter household since 2000 and a decline since the 1990's. There are no upscale apartment properties in Smyth County. These higher-income renters primarily rent larger single-family homes.

Apart from households with low and moderate income, only modest growth has occurred in the renter household market since 2010, due in part to limited job growth but also to a limited expansion of the rental housing stock. Most of the new apartment units that opened since 2010 have served the student market.

	1990	2000	2010	2021
Households	12,230	13,490	13,320	12,290
Renter Households	3,140	3,500	3,800	3,940
Percent of Total Households	25.7%	25.9%	28.6%	32.1%
<u>Under \$20,000</u>				
Total Households	940	900	960	990
Percent of Renter Households	29.9%	25.7%	25.3%	25.1%
<u>\$20,000-\$34,999</u>				
Total Households	420	690	800	840
Percent of Renter Households	13.4%	19.7%	21.1%	21.3%
<u>\$35,000-\$49,999</u>				
Total Households	610	620	690	740
Percent of Renter Households	19.4%	17.7%	18.2%	18.8%
<u>\$50,000-\$74,999</u>				
Total Households	520	690	740	760
Percent of Renter Households	16.6%	19.9%	19.5%	19.3%
<u>Above \$75,000</u>				
Total Households	620	510	520	520
Percent of Renter Households	19.8%	14.6%	13.7%	13.2%
Notes: 1/ Constant 2022 dollars.				
Source: 1990-2020 Census, U.S. Census Bureau, U.S. Department of Commerce Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.				

Senior Population and Households

Data in Table 9 show net growth among the Smyth County older adult population. The analysis was delineated into two demographic cohorts: (1) The active senior population, defined as adults between the ages 62 and 79, and (2) the older senior population, defined as adults who are 80 and older. The 62 to 79 aged population is defined as “active adults” and represent the sector of the market most likely to consider a “buy-down” home, i.e., a smaller home without maintenance. The population above the age of 79 represents the potential “market” for assisted living or nursing care.

Area employers report that there are a number of retirees each year and a possible demand for age-restricted housing. This has been confirmed by area realtors who report strong demand from seniors looking to downsize but fail to find adequate housing options locally.

In 2010, the active senior population (persons 62 to 79 years of age) in Smyth County totaled 5,640±, or 17.5 percent of the total County population. That percentage is high compared with state and national percentages, which are closer to 12 percent. Over the 2000 decade, a period

in which the general population fell in Smyth County, the net growth of the 62 to 79 age population was 510±. This is compared with a net increase of 280± persons in this age group during the 1990's, accounting for nearly 40 percent of the population growth in Smyth County during that period. Essentially all of the net population growth of active seniors since 1990 was due to persons aging in place and not new seniors moving to Smyth County. The 2021 active adult population totals 5,820±, an increase of 180± over the 2010 level.

Data in Table 9 also show the growth in the number of households with the household head aged 62 to 79 years. In 2010, Smyth County had 3,500± active senior-headed households. By 2021, the total number of households with the head in this age category is estimated to have reached 3,610± households, or 29.4 percent of total households.

As of 2021, the average household size of active senior headed households is 1.61, which is slightly below normal. That difference is due to a large number of single-person senior households in Smyth County.

Table 9: Trends of Senior Population and Households, Smyth County, Virginia, 1990-2021 ^{1/}				
	1990	2000	2010	2021
Smyth County Population	32,370	33,080	32,210	29,520
Smyth County Households	12,230	13,490	13,320	12,290
<u>Active Senior Population and Households (62-79)</u>				
Senior Population	4,850	5,130	5,640	5,820
Percent of Total Population	15.0%	15.5%	17.5%	19.7%
Senior Households	3,110	3,320	3,500	3,610
Percent of Total Households	25.4%	24.6%	26.3%	29.4%
Average Senior Household Size	1.56	1.55	1.61	1.61
<u>Older Senior Population and Households (80+)</u>				
Senior Population	1,080	1,360	1,500	1,590
Percent of Total Population	3.3%	4.1%	4.7%	5.4%
Senior Households	690	890	1,110	1,180
Percent of Total Households	5.6%	6.6%	8.3%	9.6%
Average Senior Household Size	1.57	1.53	1.35	1.35
Source: 1990-2020 Census, U.S. Census Bureau, U.S. Department of Commerce Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.				

Active Senior Population and Households, by Income

Table 10 details trends in senior households by income category in Smyth County between 1990 and 2021. As of 2021, over 1,500 households, or nearly 43 percent of senior-headed households, earned annual incomes below \$35,000, when reported in constant 2022 dollars. This total has declined since the 1990's and remained steady since the 2000's largely due to a lack of housing inventory affordable to this sector of the housing market.

The data show recent growth among modest- and high-income senior-head households since 2010. The growth total for the \$35,000 to \$49,999, \$50,000 to \$74,999 and the \$75,000+ income categories ranged between 30± and 40± households since 2010. No senior housing was built in Smyth County during this period. This growth as almost entirely attributed to seniors aging in place rather than any influx of new seniors to Smyth County.

**Table 10: Trends of Active Senior Households, by Income,
Smyth County, Virginia, 1990-2021**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2021</u>
Households	12,230	13,490	13,320	12,290
Senior Households (62-79)	3,110	3,320	3,500	3,610
Percent of Total Households	25.4%	24.6%	26.3%	29.4%
<u>Under \$20,000</u>				
Total Households	960	740	750	750
Percent of Senior Households	30.9%	22.3%	21.4%	20.8%
Percent of Total Households	7.9%	5.5%	5.6%	6.1%
<u>\$20,000-\$34,999</u>				
Total Households	750	780	790	790
Percent of Senior Households	24.1%	23.5%	22.6%	21.9%
Percent of Total Households	6.1%	5.8%	5.9%	6.4%
<u>\$35,000-\$49,999</u>				
Total Households	440	560	610	640
Percent of Senior Households	14.2%	16.9%	17.4%	17.7%
Percent of Total Households	3.6%	4.2%	4.6%	5.2%
<u>\$50,000-\$74,999</u>				
Total Households	520	570	630	670
Percent of Senior Households	16.7%	17.2%	18.0%	18.6%
Percent of Total Households	4.3%	4.2%	4.7%	5.5%
<u>Above \$75,000</u>				
Total Households	440	670	720	760
Percent of Senior Households	14.2%	20.2%	20.6%	21.1%
Percent of Total Households	3.6%	5.0%	5.4%	6.2%
Notes: 1/ Constant 2022 dollars.				
Source: 1990-2020 Census, U.S. Census Bureau, U.S. Department of Commerce Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.				

Housing Unit Trends

This subsection analyzes the overall housing unit inventory in Smyth County as related to new additions to the market and ages of homes. Table 11 shows census data on total housing units in 2010 and 2020. For comparison purposes, data are shown for Smyth County as well as for the other jurisdictions within the Mount Rogers Planning District. The data show that Smyth County had nearly 330 fewer housing units in 2020 compared to 2010, a decline of 2.1 percent. This mirrors trends in nearly all of the neighboring communities in the Mount Rogers Planning District where the total number of housing units was reduced by over 1,100, or 1.2 percent since 2010. Carroll County is the one jurisdiction that expanded its housing stock, albeit by only ten units.

The key point shown in Table 11 is that there is no net growth in the local or regional housing stock. Since 2010, there was essentially no net new housing additions in the Mount Rogers Planning District. Thus, there are limited housing options even for those who are willing to undertake long commutes.

This is not to say that no new homes were built during this period. The data likely reflect a condition in which a larger number of older homes were demolished over the past decade compared to newer homes that were built.

	<u>2010</u>	<u>2020</u>	<u>Net Change</u>	<u>Percent Change</u>
Smyth County	15,426	15,097	-329	-2.1%
Bland County	3,265	3,200	-65	-2.0%
Bristol City	8,795	8,670	-125	-1.4%
Carroll County	16,569	16,579	10	0.1%
Galax City	3,252	3,156	-96	-3.0%
Grayson County	9,158	8,924	-234	-2.6%
Washington County	25,637	25,424	-213	-0.8%
Wythe County	14,079	13,990	-89	-0.6%
Mount Rogers Planning District	96,181	95,040	-1,141	-1.2%

Source: 2010-2020 Census, U.S. Census Bureau, U.S. Department of Commerce

Table 12 shows the periods when new occupied homes were built in Smyth County. Just over 200 homes were built since 2014, with an additional 239 homes built between 2010 and 2013.

Smyth County did realize the addition of 800± new homes during the 2000's and over 2,000 during the 1990's. However, there has been a steady decrease in new home additions since the 1990's. The key point is that the housing stock is mature, with over 60 percent of Smyth County households residing in that were built prior to 1980.

Table 12: Net Change in Housing Units, Smyth County, Virginia 2020		
	Number of Homes	Percent of Homes
Occupied Housing Units	12,694	100.0%
Built 2014 or Later	204	1.6%
Built 2010 to 2013	239	1.9%
Built 2000 to 2009	799	6.3%
Built 1990 to 1999	2,020	15.9%
Built 1980 to 1989	1,690	13.3%
Built 1970 to 1979	2,137	16.8%
Built 1960 to 1969	1,967	15.5%
Built 1950 to 1959	1,575	12.4%
Built 1940 to 1949	746	5.9%
Built 1939 or Earlier	1,320	10.4%
Source: U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates		

Prevalence of Occupied Substandard Homes

The final issue related to census data on the Smyth County housing market is the number of substandard housing units. Shown in Table 13 is that there are only 84 occupied homes without complete plumbing facilities and 95 occupied homes without complete kitchen facilities in Smyth County. Combined, these data from the American Community Survey represent less than two percent of total occupied homes. An analysis was not undertaken for homes without telephone connection, as this is no longer a relevant measure of home quality.

Overall, there are likely to be a considerable number of blighted vacant homes, but the number of blighted occupied homes is small. Of note is that over 40 percent of occupied homes in Smyth County were built prior to 1970.

Table 13: Occupied Housing Units by Complete Facilities, Smyth County, Virginia 2020		
	<u>Number</u>	<u>Percent</u>
Occupied Housing Units	12,694	
<u>Plumbing Facilities</u>		
Complete Plumbing Facilities	12,610	99.3%
Lacking Complete Plumbing Facilities	84	0.7%
<u>Kitchen Facilities</u>		
Complete Kitchen Facilities	12,599	99.3%
Lacking Complete Kitchen Facilities	95	0.8%
Source: U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates		

Section III: Smyth County Housing Market

The subsection to follow provides a full analysis of the various components that comprise the Smyth County housing market. The for-sale housing market is fully analyzed by home type, including single-family homes, townhomes and patio homes. As will be documented, the for-sale housing market in Smyth County is dominated by the re-sale market, as very few new homes have been built to be sold since the Great Recession. The vast majority of newer homes in Smyth County are single-family homes. Very few townhomes have been built to date and no subdivisions offer patio home designs. There are no age-restricted subdivisions in Smyth County.

Also included in this subsection is a full analysis of the rental market, including both the affordable and market rate rental market. The affordable housing stock is shown to be mature, but generally well-maintained. Although the affordable apartment units target low- and moderate-income households, the majority of these units target low-income households. The affordable apartment properties are typically at full occupancy with extensive waitlists.

There are several market rate apartment properties in Smyth County, though most are small. Since 2016, and following the opening of the Emory & Henry School of Health Sciences, there has been a steady string of new apartment deliveries, including several rehabbed buildings in Downtown Marion. Most of these, however, have been small and have not adequately satisfied demand.

For-Sale Housing Market

Single-Family Home Market

Table 14 shows that Smyth County has only four existing subdivisions with unbuilt lots. The only subdivision to start new home or lot sales over the past decade is the 43-lot Hungry Mother Estates, of which only five lots have been sold and only two homes have been built to date. Some of the lots were development with other land uses, including a small apartment building and commercial space. This is the only subdivision listed in Table 14 within the Town of Marion. Home values in this subdivision are in the low-\$300,000's, though all of the homes were lot sales.

The remaining three subdivisions are located in the Chilhowie area in the western portion of Smyth County. All are mature and were started prior to the Great Recession. The newest subdivision in this part of Smyth County is St. Johns Crossing. Home values in this subdivision are generally in the upper-\$200,000's. Only six of 33 lots have been sold to date. In addition are two older subdivisions—Chestnutwood II and Windhaven—that opened in the early-1990's. These two subdivisions total 71 lots, of which only 32 have been sold.

The key points in Table 14 are as follows:

- Smyth County has only four subdivisions with lots available for new housing unit development. These subdivisions total 147 lots, of which only 43 lots have been sold and 104 lots remain available for new housing unit development. Many of the available lots are situated in the Chilhowie area, but outside of the Town limits.
- All of these subdivisions are comprised of single-family homes, some on large lots. None offer townhome units or patio homes, though some have single-level home designs.
- Development at these subdivisions has been stagnant in recent years.
- None of the subdivisions offer any amenities such as a clubhouse, walking paths or swimming pool. None are served by sidewalks. This is due to the small number of lots.
- The two subdivisions within the towns, Hungry Mother Estates and Windhaven, generate that highest home values. Only five lots have been sold at Hungry Mother Estates since 2018, and only two of these lots were developed with single-family homes. Both of these were lot sales for homes that were built in 2022.
- Lot prices for Hungry Mother Estates average approximately \$40,000. Lot prices for Chestnutwood II and St. Johns Crossing are less expensive, averaging approximately \$20,000 and \$35,000, respectively.
- There is very minimal level of marketing for any of these subdivisions. This is largely because no new, speculative homes are being built and sold.

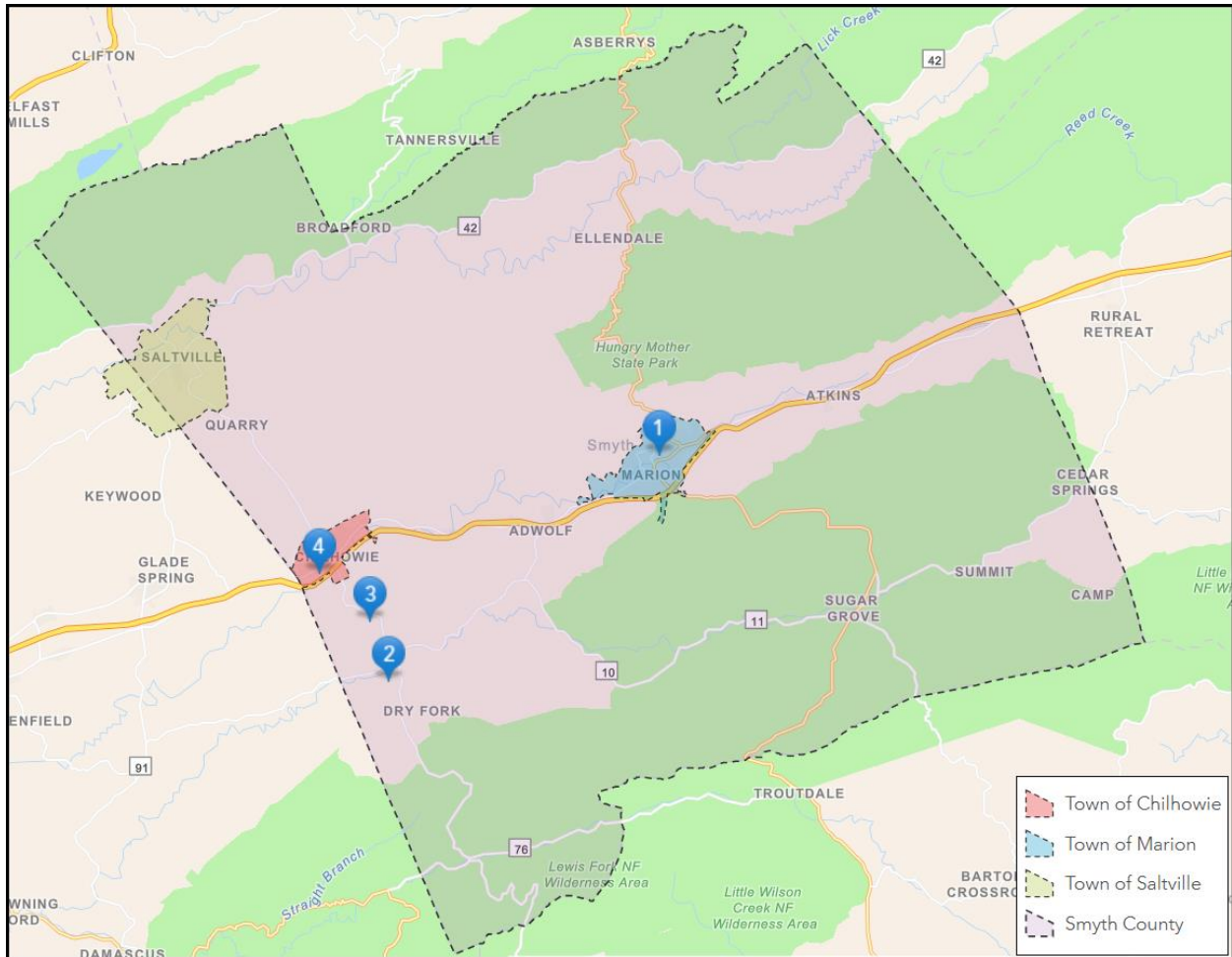
Of note is that the vast majority of activity at these subdivisions consist of lot purchases and owner-built homes. With few exceptions, area contractors and developers have not financed the construction of new homes to be sold at any of these subdivisions for years. Additionally, most of the newer homes in these subdivisions have been valued in the upper-\$200,000's to the

low-\$300,000's, which is more expensive than what most prospective homebuyers can afford at this time. This is partly a function of lot sizes.

Local realtors report that most prospective buyers can afford homes in the \$180,000 to \$200,000 price range, with demand weakening considerably for homes priced above \$200,000. Most prospective buyers in Smyth County are looking for “entry-level or “buy-down” homes. Apart from a handful of exceptions, these subdivisions do not serve these needs.

Table 14: Characteristics of Smyth County, Virginia Subdivisions, August, 2022					
	<u>Map C</u>	<u>Year</u>	<u>Average</u>	<u>Lots</u>	<u>Lots</u>
	<u>Key</u>	<u>Started</u>	<u>Home Value</u>	<u>Approved</u>	<u>Sold</u>
<u>Marion Address</u>					
Hungry Mother Estates	1	2018	\$300,000	43	5
<u>Chilhowie Address</u>					
St. Johns Crossing 2/	2	2005	\$265,000	33	6
Chestnutwood II 2/	3	1994	\$165,000	47	15
Windhaven	4	1993	\$300,000	<u>24</u>	<u>17</u>
Total				147	43
Notes: 1/ Includes only subdivisions with ten or more lots. 2/ Outside Town limits.					
Source: Smyth County, VA GIS Office					

Map C shows the locations of the above four subdivisions. Hungry Mother Estates is located in the Town of Marion and near the Emory & Henry’s Marion campus at the intersection of Callan Drive and Prater Lane. Windhaven is the one subdivision in the Town of Chilhowie. It is located along Haynes Avenue to the west of SR 107 in the north side of the Town. St. Johns Crossing and Chestnutwood II are located south of Chilhowie in unincorporated rural areas of the County to the south of I-81. None of the above subdivisions are in the Saltville area.



Map C - Locations of Smyth County Subdivisions

Shown next are photos of typical homes in these subdivisions. The homes at Hungry Mother Estates have upscale designs with attached garages. They are among the most attractive homes in this part of the region. St. Johns Crossing also has large, attractive homes with attached garages. Homes at these two subdivisions, which offer the newest homes in the County, are situated on relatively large lots that average 0.8 acres.



Hungry Mother Estates



St. Johns Crossing

The homes at Chestnutwood II and Windhaven are generally smaller and with more modest designs. Most are older, as these subdivisions started sales in the early-1990's. All have attached garages. They offer a mix single- and multi-story home designs. All of the homes are well-maintained.



Chestnutwood II



Windhaven

Townhome Market

There are very few for-sale townhomes in Smyth County. None of the subdivisions listed above in Table 14 offer any townhome units. This is a housing type that should be encouraged in Smyth County, as it provides a “starter home” for young couples and families with more modest incomes.

Smyth County does have one small townhome subdivision in the Town of Marion called Royal Oak Townhomes, though it does not offer traditional townhome designs. This small community has only three buildings (six units) that were constructed in 2019 and 2020 on the south side of N Church Street just north of Downtown Marion. The site had previously housed a factory that produced wagons and farm equipment. They are essentially townhomes in name

only, as the design is of a three- or four-bedroom home with an attached one-bedroom apartment over a garage with a private entrance. All of the apartment units are occupied at this time and rent for approximately \$800.

Shown next are photos of typical homes at Royal Oak Townhomes. All units have board-and-batten/brick exterior, hipped roofs, oak floors and a two-car garage. There are no steps on the first floor.

These three- and four-bedroom homes sold between the upper-\$300,000's to the low-\$400,000's, including the attached one-bedroom apartment units. These sales prices place these homes at the top of the market. The inclusion of the attached apartment unit over the garage has priced out most prospective homebuyers. One of the homes is listed for sale and has been on the market for over 300 days.



Royal Oak Townhomes

Apart from a five-unit single-level townhome community in Abingdon called The Cottages at Willow Run Ph I, no new townhomes are being marketed at this time anywhere in the Mount Rogers Planning District. All homes in this community have three-bedrooms and 2.5 bathrooms. They are listed in the upper-\$200,000's

Two examples of townhome developments at modest price points that are being sold along the I-81 Corridor are shown below. These townhomes, which were recently built and sold by Roanoke-based R. Fralin Homes, could be a successful prototype for Smyth County. The recently

sold out townhomes shown below are located in Roanoke County and priced in the upper-\$100,000's and low-\$200,000's and are defined as "starter homes." These could likely be built and sold at reduced prices locally as land costs are lower. They are two-level townhomes with brick and/or vinyl exterior and each offering a single-car garage. Nearly all offer three-bedroom floor plans with 2.5 bathrooms.



Village Green



Faircrest

Patio Home Market

Data presented in Table 9 above documented an expanding senior population. Smyth County has a large and growing senior population, one with home equity and retirement savings, as well as a desire to remain locally if adequate housing was available. Most existing homes in the County, however, are not designed for seniors to age in place, as many are too large, have upper-level bathrooms or require considerable maintenance.

There is a growing market for patio homes in Virginia and nationwide. No patio homes have been built in Smyth County or elsewhere in the Mount Rogers Planning District to date. Patio homes are defined as modestly priced, single-story attached homes with garages. These homes typically range in size from 1,250 square feet to 1,800 square feet. They require a flat development site and can offer a design with fronts of 30 to 40 feet. Patio homes are popular options for senior homebuyers as they have ground level bedrooms and require little or no exterior maintenance.

This type of home design is fully recommended. It can be within an age-restricted community or for general occupancy, as the one-story concept is equally marketable for the empty nester market. Depending on size and features, these homes can be priced in the low-\$200,000's within the Smyth County marketplace. Photos of newer patio homes built elsewhere along the I-81 Corridor are shown below.



Berkley Commons



Medallion Hills

Typical Botetourt County Patio Homes

Trends in Building Permits

Table 15 shows the trends in the number of building permits Smyth County has issued for new homes over the past decade. This total excludes manufactured mobile, and modular homes, which will be evaluated separately.

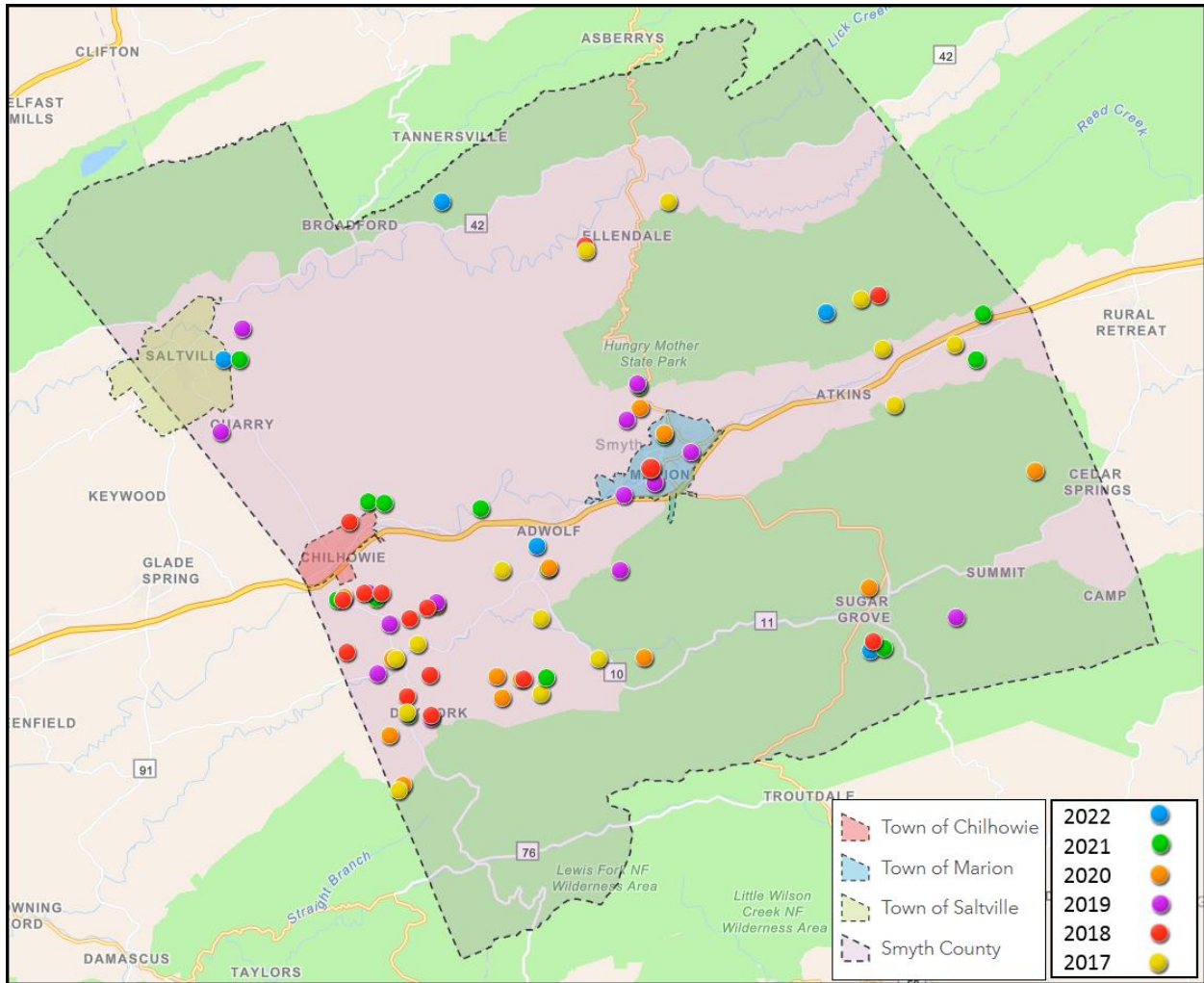
The data show that Smyth County only issued 172 building permits since 2012, or an average of 17 building permits each year. Nearly all of these building permits were for homes that were built on scattered lots throughout the County and outside of the four subdivisions listed in Table 14. Only a small number of these building permits were issued to developers who financed the cost of construction to build new homes to be sold, as most were issued to lot owners. Some of these building permits were for the replacement of older homes, homes burned by fires or homes destroyed by other natural disasters.

	<u>Building Permits</u>	<u>Percent Change</u>
2012	13	--
2013	25	+92.3%
2014	19	-24.0%
2015	18	-5.3%
2016	16	-11.1%
2017	14	-12.5%
2018	17	+21.4%
2019	14	-17.6%
2020	16	+14.3%
2021	14	-12.5%
2022 YTD	6	-57.1%
Total	172	

Source: Smyth County, VA GIS Office

Map D shows where the building permits were issued since 2017. The map shows that the majority of these building permits were in rural settings to the south of Chilhowie and in the Marion area. Only four building permits were issued during this period in the Saltville area, and all but one of these permits were for lots outside of the Town limits. None of the recent building permits were issued in the Town of Chilhowie.

Fewer than ten building permits were issued in the Town of Marion, three of which were for Royal Oak Townhomes and two of which were for the two new homes at Hungry Mother Estates. Thus, the majority of the building permits were issued for homesites in rural locations outside of the County's three towns. Very few of these building permits were issued for the speculatively built homes.



Map D - Locations of New Building Permits (2017-2022 YTD)

Mobile/Modular/Manufactured Home Market

Smyth County has a large number of mobile, modular and manufactured homes, though most of these homes are mature. Manufactured homes and mobile homes are regulated by the Department of Housing and Urban Development (HUD). According to HUD, a factory-built home prior to June, 1976 is a mobile home and one built after June, 1976 is a manufactured home. This is the only difference between the two. Manufactured and mobile homes are prefabricated homes that were built in factories. Modular homes, on the other hand, are also built in a factory but are built in pieces and later assembled at the homesite.

Census data show that the 2,700 homes of this type account for nearly 18 percent of Smyth County’s housing stock. Census data also suggest that at least a quarter of these homes are vacant, and this is likely due to their age. Disposing of or relocating old manufactured homes can be expensive, costing several thousand dollars. 650, or approximately a quarter of occupied manufactured homes in Smyth County, are rented. This represents over 16 percent of occupied rental units in the County.

Table 16 shows recent trends in the number of manufactured home permits that were issued over the past five years. Excluded from the total are several home relocations within Smyth County and a large number of permits that were revoked due to the abandonment of the permit.

Since 2017, permits were issued for 127 manufactured homes in Smyth County, though 51 of these (40.2 percent) involved replacing older or dilapidated homes. Some of these homesites were located in manufactured home parks where tenants own their home and rent the land it sits on. Others were located in scattered lots across the County.

Table 16: Trends in Manufactured Home Permits, Smyth County, Virginia, 2017-2022 1/		
	<u>Permits</u>	<u>Permits (Excluding Rebuilds)</u>
2017	31	21
2018	6	4
2019	12	8
2020	25	11
2021	33	15
2022 YTD	20	17
Total	127	76
Notes: 1/ Excludes relocations and revoked permits. Source: Smyth County, VA GIS Office		

For comparison purposes, there were 81 new permits for single-family homes during this period.

For-Sale Housing Pipeline

There are no subdivisions in active planning at this time and no properties being studied for new, for-sale housing.

For-Sale Housing Summary

Area realtors report that the new home sales market has been dormant since the Great Recession, with essentially all home sales being re-sales. Although there are available lots within subdivisions that could be developed with speculative homes, area homebuilders have shied away from speculative construction as many are still “spooked” by the Great Recession when they were unable to sell homes that they built during that period. Moreover, many of these subdivisions have large lots that necessitate homes that price out most prospective homebuyers. Smyth County has not yet attracted homebuilders from outside of the region.

Many existing homes in Smyth County have outdated designs and require substantial costs to renovate prior to move in. This has deterred some potential homebuyers who prefer move-in ready homes. Most homes that were built new since the Great Recession were not constructed to be sold but were instead built following lot sales. This has been the trend at the four subdivisions listed in Table 14 where lots remain available for new housing unit development.

The new home market is largely untested in Smyth County, as the for-sale housing market is comprised entirely of re-sales, and most of these are for older homes. There are currently only two homes listed for sale in Smyth County that were constructed over the past decade and three that were constructed over the past two decades. Two of these listings exceed \$400,000 and are at the top of the market. Photos of these homes are presented below.



3BR/ 2BA - \$259,900 (2010)



4BR/ 3BA + 1BR/1BA - \$449,000 (2019)



4BR/ 3.5BA - \$690,000 (2014)

Local realtors report that there is strong demand for new homes, but no supply. They report that excluding some out-of-town prospects with higher incomes, the majority of those looking to buy a home are first-time homebuyers. Homes in the \$180,000 to \$200,000 price range are most marketable, based on income, but contractors have reported challenges in building new single-family homes at these prices.

Area realtors report a likely market for townhomes in this price range, particularly for young families, as well as for patio homes, which are most attractive to seniors. As interest rates continue to rise, demand for these homes may soften and transfer to rental demand. Homes priced over \$200,000 are reportedly difficult to sell, particularly to first time homebuyers. Affordability is a key theme.

Rental Housing Market

To follow is an analysis of the market rate and affordable rental housing markets in Smyth County. As will be documented below, the market rate rental market heavily influenced by students from Emory & Henry College, where enrollment has grown to 280± over the past eight years and is projected to continue expanding until at least 2026. This level of enrollment growth, during a period in which far fewer apartment units were added to the market, has constrained an already tight rental housing market.

The “affordable” rental market is defined as apartment properties with income restrictions in place. The affordable apartment market contains primarily low-income apartment units in which tenants pay 30% of income toward rent. The vast majority of these apartment units are managed by the Marion Redevelopment and Housing Authority. This sector of the housing market is mature, as no new affordable apartment units have been built since the mid-1980’s.

There are no age-restricted apartments in Smyth County, either with market rents or with income restrictions.

Market Rate Apartment Market

Table 17 presents data on the market rate apartment properties in Smyth County. There are a handful of additional smaller and older apartment buildings that were excluded from this list, but these are primarily low-rent apartments properties where data was unavailable or scattered rental units that are individually managed.

The data show that 15 small apartment properties opened in Smyth County since 2006 with a total of 132 apartment units. All but one of these apartment units occupied at this time. Full occupancy is the norm for these rental properties. Some estimates were made in Table 17 regarding unit totals and opening dates, as data was not made readily available by some property managers. However, these are likely to be “in the ballpark.” The vast majority of newer apartment buildings that opened most recently are adaptive-reuse buildings in Downtown Marion. Callan

Drive Apartments is the one better multi-level apartment building in the County, and it is routinely fully occupied.

In addition are five older apartment properties that were built between the 1910's and 1980's with a total of 176 apartment units. Four of these apartment units are vacant, though most vacancies are due to recent move-outs and are expected to be filled quickly.

The key points in Table 17 are as follows:

- The Smyth County market rate apartment market as at full occupancy. Management at newer and older apartment properties universally report that vacant apartment units fill up quickly.
- Nearly 60 percent the market rate apartment properties are now over four decades old, yet these remain filled despite their age. This is due to the level of pent-up demand.
- None of these apartment units are designed for seniors and none offer community amenities apart from on-site laundry facilities. Some of the Downtown adaptive-reuse buildings do have elevators.
- Over 120 of the 130 newer apartment units delivered since 2016 with an average absorption pace of 20± apartment units per year. This was a period of modest employment growth. The principal driver of new apartment unit demand since 2016 was the opening of the Emory & Henry School of Health Sciences in Marion.
- No new apartments were built between 1982 and 2005.
- All of the new apartment properties are small, with fewer than 20 apartment units. Most offer in-unit washers and dryers.
- These are primarily small one- and two-bedroom apartment units. Very few apartments are designed for families with children.

The historic lack of apartment availability has driven many area employees to commute from outside of Smyth County for adequate housing, generally in neighboring communities along the I-81 Corridor. These are long commutes and in some cases for apartment units with higher rents compared to those in Smyth County.

Table 17: Characteristics of Market Rate Apartment Properties, Smyth County, Virginia, August, 2022

	<u>Map E Key</u>	<u>Type</u>	<u>Year Opened</u>	<u>Total Units</u>	<u>Vacant Units</u>
<u>Newer Apartments</u>					
137 East Main Street	1	Adaptive-Reuse	2020 1/	10 2/	1
Callan Drive Apartments	2	New Construction	2019	12	0
Royal Oak Townhomes	3	New Construction	2019	3	0
Campus View Apartments	4	Adaptive-Reuse	2019	3	0
Center Building Apartments	5	Adaptive-Reuse	2018	19	0
Ford Building Apartments	6	Adaptive-Reuse	2018	4	0
Harwood Apartments	7	Adaptive-Reuse	2017	15	0
Herb House Apartments	8	Adaptive-Reuse	2017	15	0
109 Pendleton	9	Adaptive-Reuse	2017	3	0
Terrace Drive Apartments	10	Adaptive-Reuse	2017	8	0
Francis Apartments	11	Adaptive-Reuse	2016	18	0
College Hill Apartments	12	Adaptive-Reuse	2016	8	0
Radio Hill Apartments	13	New Construction	2016	4	0
Broad Street Loft Apartments	14	Adaptive-Reuse	2008 1/	4	0
703 North Apartments	15	New Construction	2006	<u>4</u>	<u>0</u>
<i>(Subtotal)</i>				<i>(130)</i>	<i>(1)</i>
<u>Mature Apartments</u>					
Park Terrace Apartments	16	New Construction	1981	98	1
Heatherwood Apartments	17	New Construction	1975	32	3
Presidential Apartments	18	New Construction	1966	18	0
White Hall Apartments	19	New Construction	1960	16	<u>0</u>
Royal Oak Apartments	20	New Construction	1913	<u>12</u>	<u>0</u>
<i>(Subtotal)</i>				<i>(176)</i>	<i>(4)</i>
Total				306	5
Vacancy Rate					1.6%

Notes: 1/ Estimated opening year.

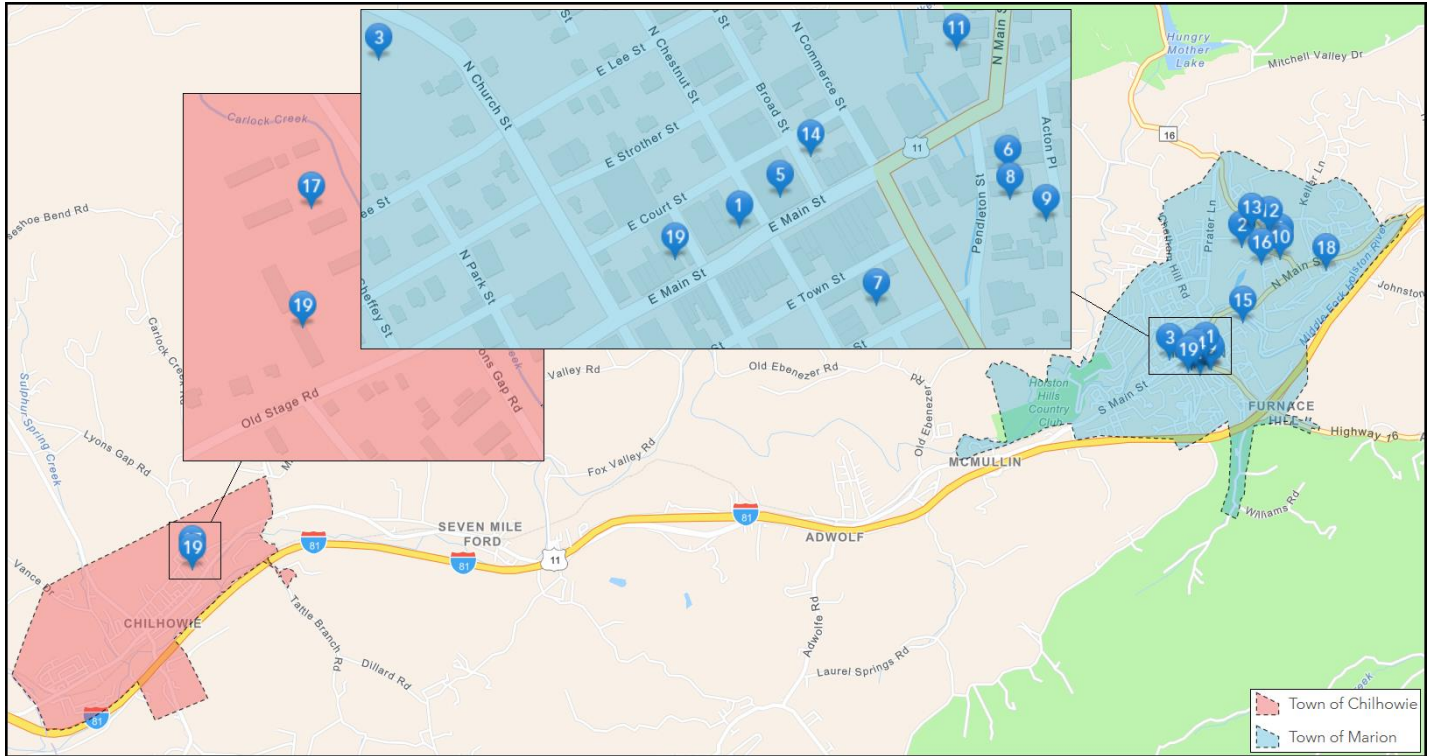
2/ Estimated unit total.

3/ Recently renovated.

Source: S. Patz & Associates, Inc.

Map E identifies the locations of the 20 market rate apartment communities under study. All are shown to be located within the Town limits of Chilhowie and Marion. None are located in the Saltville area. The two Chilhowie apartments under study are located in the east side of the Town and are among the oldest market rate apartment communities in Smyth County. Despite their age, both are typically at or near full occupancy.

The remaining apartment properties are located in the central and eastern portions of the Town of Marion. Ten are located in the Downtown area with the remaining generally located along SR 16 and U.S. Route 11, closer to the Emory & Henry School of Health Sciences.



Map E - Locations of Market Rate Apartment Properties

Shown next are photos of the newer apartment buildings in the market that were built since 2006. All are located in Marion, and most are located within its historic district. The majority of these apartment communities are the adaptive reuse of historic buildings, some in mixed-use buildings.

Three apartment buildings are conversions from office space. College Hill Apartments is the conversion of the former Snider Street Medical Arts Building. Campus View Apartments is the conversion of a doctor’s office into three apartment units. The top floor of this building is a child advocacy center. Terrace Drive Apartments is the conversion of the former Smyth County Family Physicians building into student apartments.

Only three of the newer apartment communities were newly built. This includes the two-story Callan Drive Apartments. Royal Oak Townhomes contains three one-bedroom apartments over a garage within a small for-sale subdivision. 703 North Apartments was built new but is maturing.



137 E Main Street



Callan Drive Apartments



Royal Oak Townhomes



Center Building Apartments



Ford Building Apartments



Harwood Apartments



Herb House Apartments



109 Pendleton



Terrace Drive Apartments



Francis Apartments



Broad Street Loft Apartments



703 North Apartments



College Hill Apartments



Radio Hill Apartments

Shown next are the older apartment communities in Smyth County. Royal Oak Apartments (not shown) is the only older, Downtown Marion building. None of the others are adaptive-reuse and most have standard garden or townhome designs.



Park Terrace Apartments



Heatherwood Apartments



White Hall Apartments



Presidential Apartments

Data in Table 18 list the rents at apartment properties under study, when they were made available by on-site management. Nearly all of the apartments include the costs of water, sewage and trash within the base rental structure, with several also offering electricity and internet at no additional cost.

In general, the newer one-bedroom apartment units generate rents of between \$600 and \$800. The newer two-bedroom apartment units generate rents of between \$800 and \$1,200. There are very few three-bedroom rents in the County, and most exceed \$1,000. The older apartment properties, which primarily have one-bedroom units, generate considerably lower rents.

Table 18: Rental Rates of Market Rate Apartment Properties, Smyth County, Virginia, August, 2022

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Utilities 1/</u>
<u>Newer Apartments</u>				
137 East Main Street	\$750	--	--	W/S/T E
Royal Oak Townhomes	\$800	--	--	W/S/T E
Campus View Apartments	\$650	\$900	--	W/S/T I
Center Building Apartments	\$700-\$750	\$800-\$850	--	W/S/T/ I
Harwood Apartments	\$750	\$1,000	--	--
Herb House Apartments	\$750	\$900-\$1,200	\$1,300	W/S/T E
Terrace Drive Apartments	\$675	--	--	W/S/T I E
Francis Apartments	\$600-\$800	\$800-\$1,000	\$975-\$1,025	W/S/T I
College Hill Apartments	\$600-\$800	\$800-\$1,000	\$975-\$1,050	W/S/T I
Broad Street Loft Apartments	\$650	--	--	W/S/T
703 North Apartments	\$650	\$825	--	W/S/T
<u>Mature Apartments</u>				
Park Terrace Apartments	\$400	--	--	W/S/T
Heatherwood Apartments	\$450	--	--	W/S/T
Presidential Apartments	\$550	\$650	--	W/S/T
Royal Oak Apartments	\$600	\$700	--	W/S/T

Notes: 1/ W = Water; S = Sewage; T = Trash; E = Electricity; I = Internet
Source: S. Patz & Associates, Inc.

The market for new market rate, rental housing clearly relies on students from Emory & Henry College as well as from area employers. A large proportion of newly built apartment units have served the student market, which has been the source of most new demand growth in recent years.

Affordable Apartment Market

Table 19 lists the affordable apartment complexes in Smyth County. All are general occupancy rental communities with no age restrictions in place. Thus, they are primarily designed for families. Of note is that only Marion Manor targets moderate income households at the 40%, 50% and 60% of Area Median Income (AMI) income levels. The remaining apartment properties, including nearly 240 apartment units managed by the Marion Redevelopment & Housing Authority (MRHA), serve low-income households with tenants paying 30 percent of income toward rent.

The paragraphs below detail each of the affordable apartment communities in Smyth County. All are at or near full occupancy and most maintain waitlists.

-
- **Marion Manor.** This apartment complex, formerly a HUD Section 236 project called Country Club Crossing, is the largest LIHTC apartment community in Smyth County. The 91-unit apartment community contains a mix of five one-bedroom, 64 two-bedroom and 22 three-bedroom apartment units, all with incomes restricted to 40%, 50% and 60% of the Area Median Income (AMI). The community, comprised of seven two-story buildings, opened in the early-1970's and was renovated with Low-Income Housing Tax Credits in 2018. Amenities include an on-site management office, laundry facility and playground. Multiple attempts to reach on-site management were unsuccessful, but this is often the case with fully-occupied apartments.
 - **North Fork Manor.** This is a 56-unit apartment community that opened in 1982 in Saltville. It contains a mix of 22 two-bedroom, 24 three-bedroom apartment units and ten four-bedroom apartment units. The two-bedroom apartment units measure 794 square feet, and each have a single bathroom. The three-bedroom apartment units, with 1.5 bathrooms, measure 1,145 square feet. The four-bedroom apartment units are slightly larger, at 1,242 square feet. Each four-bedroom apartment units has two full bathrooms. All units have project-based vouchers with tenants paying 30% of income toward rent. Amenities include a community room, playground and laundry facility.
 - **Southview.** This apartment complex, which was constructed in 1982, is comprised of five three-story walk-up and two two-story townhouse apartment buildings with a total of 72 apartment units. The complex offers a mix of 46 two-bedroom and 26 three-bedroom apartment units. The two-bedroom apartment units, each with one full bathroom, range in size between 941 and 1,067 square feet. The three-bedroom apartment units have 1.5 bathrooms and range in size between 1,163 and 1,347 square feet. The complex, which is typically at full occupancy with a waitlist, was renovated in 2016. All units have project-based vouchers. Amenities are located in a single-story building that includes a leasing office, community room, laundry room and maintenance area. The community also has a playground. A basketball court was removed during the recent rehabilitation of the apartment property.
 - **Battleground Apartments.** This is a small apartment community in Saltville with 24 apartment units, including four one-bedroom and 20 two-bedroom apartment units. All floor plans have one full bathroom, with the one-bedroom units measures 600 square feet and the two-bedroom units measure 750 square feet. This is a Rural Development (RD) community with all tenants paying 30% of their income toward rent. This the only RD property in Smyth County. There are no on-site amenities at this apartment complex. The community is fully occupied with five households on the waitlist for a one-bedroom apartment units and 18 households on the waitlist for a two-bedroom apartment unit.
 - **The Marion Redevelopment & Housing Authority (MRHA).** This agency owns and manages 238 apartment units across eight different properties in Marion. Apart from five apartment units that are offline due to excessive damages, all units are occupied with a waitlist that extends between six months and year, depending on unit preferences. The apartment units range in size between one and five bedrooms. MRHA manages a diverse mix of unit types, including garden apartments, duplex units and an elevator-served apartment building. All tenants pay a percentage of their income toward rent.

In addition to the above, MRHA issues 246 housing choice vouchers, of which ten are project-based but not at properties owned or managed by MRHA. The waitlist for these vouchers typically lasts a year or longer.

The key points in Table 19 are that (1) Smyth County does not currently offer any affordable apartment properties specifically designed for seniors, (2) Over 80 percent of the affordable apartment units target low-income rather than moderate-income households, (3) nearly all of the affordable apartment units are fully occupied and most maintain waitlists.

	<u>Location</u>	<u>Year Built</u>	<u>Total Units</u>	<u>Vacant Units</u>
LIHTC				
Marion Manor	Marion	1970-1971/18	91	0 5/
Public Housing/ RD/ Sec. 8				
North Fork Manor	Saltville	1982	56	0
Southview	Marion	1982/16	72	0 3/
Battleground Apartments	Saltville	1977	24	0 4/
MRHA Properties 1/	Marion	1982-1986	238	5 2/
(Subtotal)			<u>(390)</u>	<u>(5)</u>
Total			481	5
Vacancy Rate				1.0%
<p>Notes: 1/ Includes multiple properties in Marion on eight scattered sites. Includes Holston View, Severt Hills, Severt Annex, Hume Place, Hamlet Street, Orchard Towers and Millwood. New split system HVAC units and new windows are being installed in all units except Orchard Towers. Siding and roofs have been done on an “as affordable” basis.</p> <p>2/ All vacancies are due to excessive damages and are being filled as they become habitable. MRHA maintains a waitlist that extends between six months and one year, depending on unit type.</p> <p>3/ Waitlist with three households.</p> <p>4/ Waitlist of 23 households.</p> <p>5/ Estimate. Multiple attempts to reach management were unsuccessful.</p> <p>Source: S. Patz & Associates, Inc.</p>				

Shown next are photos of each of the affordable apartment communities in Smyth County. Most have standard garden or townhome designs. The MRHA properties offer a diversity of designs, including garden apartments, duplex units and an elevator-served apartment building. All of these apartment communities are well maintained, and none have any noticeable deferred maintenance issues.



Marion Manor



North Fork Manor



Southview



Battleground Apartments



Holston View



Orchard Towers

Typical MRHA Properties



Hume Place



Millerwood

Typical MRHA Properties

Apartment Pipeline Proposals

There is currently one small rental building under construction along Snider Street and within walking distance of the Emory & Henry College campus in Marion. It will contain four one-bedroom rental units, all of which have already been leased for \$650± per month. Photos of this building are shown below. The photos show that construction is nearly completed.



Snider Street Apartments

In addition to the above is a proposed apartment building by Dr. Ramzi Humsi on Terrace Drive. The proposal calls for six apartment units, which are expected to be occupied by students. Building permits were recently issued.

Section IV: Available Development Sites

This section of the housing analysis identifies and evaluates the available sites and buildings that area officials have recognized as most suitable for possible residential development. All have access (or nearby access) to public water and sewer. This is a necessary condition to attract developers from outside of the region. Nearly all of these sites are privately owned. Some of the buildings under study in Marion are located in historic districts, but do not have historic designations. At this time, none of the available properties are being actively studied for new development.

One of the vacant buildings and seven of the available sites are situated within an Opportunity Zone. This provides tax benefits to investors with capital gains designed to encourage long-term private investment in low-income urban, suburban and rural census tracts.

First presented are the available development sites. This is followed by an analysis of available buildings available for adaptive-reuse development.

Vacant and Underutilized Parcels with Residential Potential

Table 20 lists the multiple vacant and underdeveloped properties in Smyth County that have the most potential for future residential development. The survey was limited to include larger properties exceeding five acres in size that could potentially attract homebuilders from outside of the region. Thus, smaller parcels and those with major development constraints such as topographic issues, difficult access, and properties prone to flooding, were excluded from this analysis.

Nineteen properties were identified as having the most potential for residential development. All of these properties are privately owned and have access to public water. All have direct or close access to public sewer. Seven of these properties are located within Smyth County's two Opportunity Zones.

These properties have a wide range of sizes, ranging from just over five acres on the small end to nearly 350 acres on the large end. Given the large size of many of these properties, there is a potential for a mix of housing types on one property. Most of the properties are zoned for low-density residential uses and would either need to be rezoned or would require a Special Use Permit for most residential development to occur, particularly of the type most in demand.

Most of these properties are located outside of the three towns in unincorporated portions of Smyth County. This is due to the fact that most of the larger parcels in Chilhowie and Marion in particular are improved.

Table 20: Characteristics of Better Properties with Residential Development Potential, Smyth County, Virginia, August, 2022 1/

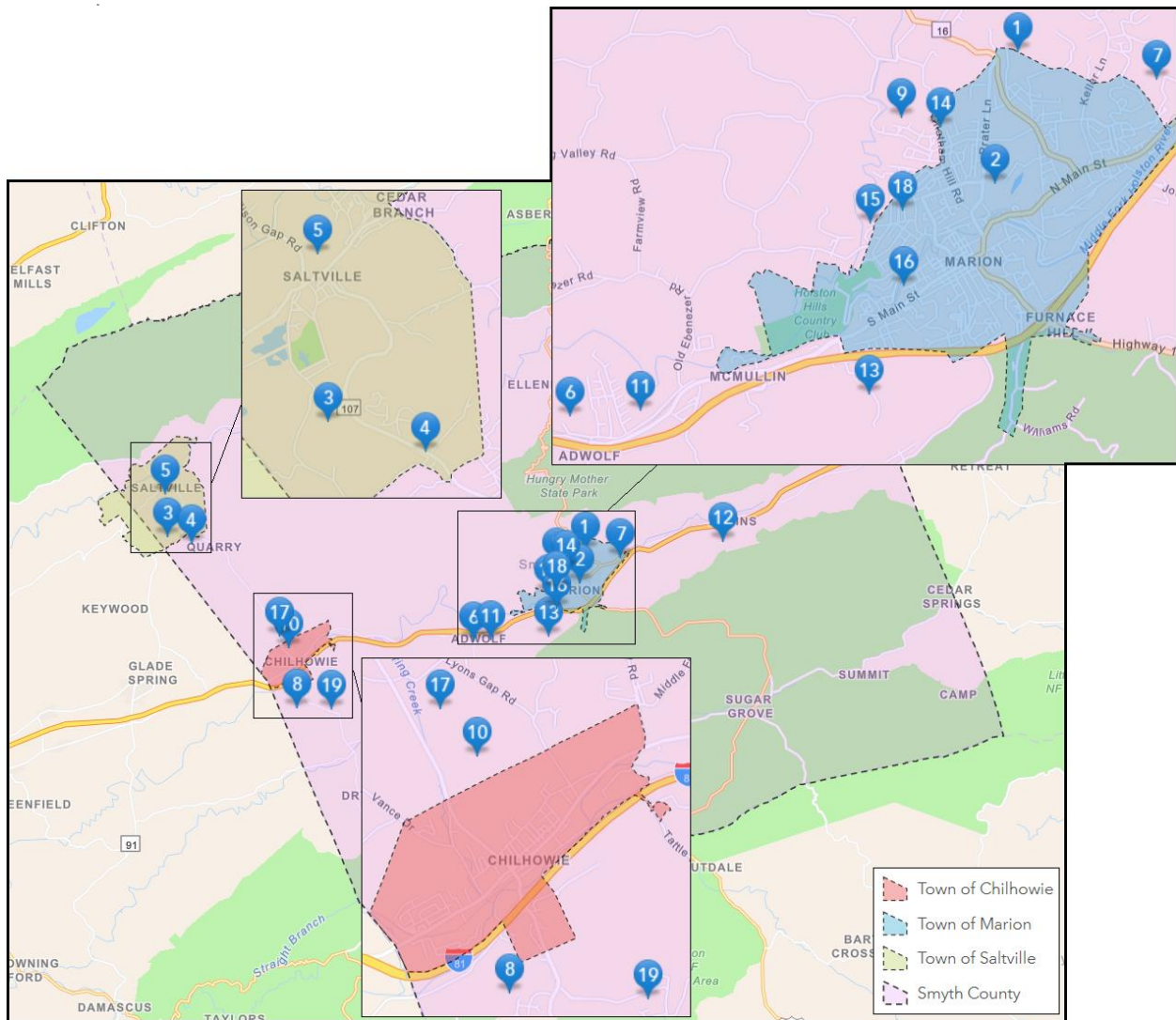
	<u>Map F</u> <u>Key</u>	<u>Tax ID</u>	<u>Location</u>	<u>Acres</u>	<u>Zoning</u>	<u>Water</u>	<u>Sewer</u>
Brown Property	1	46-A-36	Unincorporated	46	Agricultural/Rural (A/R)	●	●
Callan Drive Investments Property	2	170-63-31D	Marion	52	Residential District	●	●
Clark Boundary Property	3	28A8-A-7	Saltville	348	A-1 (Agricultural)	●	●
Duty Farm Property	4	28A13-A-9	Saltville	44	R-1 (Single-Family Residential)	●	Near
GHR Property	5	28A4-A-3B	Saltville	118	A-1 (Agricultural)	●	●
Goodrich Property 2/	6	56-A-11	Unincorporated	214	Agricultural/Rural (A/R)	●	●
Greer Property	7	47-A-16-17B	Unincorporated	115	Agricultural/Rural (A/R)	●	Near
Hawkins Property 2/	8	64-A-24	Unincorporated	107	Agricultural/Rural (A/R)	●	●
Laura Copenhaver Ind. Property	9	46-A-52F	Unincorporated	66	Agricultural/Rural (A/R)	●	●
Marion Land Company Property 2/	10	53-A-35	Unincorporated	280	Agricultural/Rural (A/R)	●	●
Martin Property 2/	11	56C-6-85	Unincorporated	75	Residential (R)	●	●
McNeil Property	12	48-3-2A	Unincorporated	15	Residential (R)	●	●
Miller Property	13	57-1-1	Unincorporated	100+	Agricultural/Rural (A/R)	●	Near
Mowbray Property	14	130-1-2	Marion	20	Residential Zone	●	●
Musick Property	15	46-A-80	Unincorporated	38	Agricultural/Rural (A/R)	●	●
Richardson Property 2/	16	188-153-1	Marion	5.5	Residential Zone	●	●
Sturgill Property 2/	17	53-2-3	Unincorporated	192	Agricultural/Rural (A/R)	●	●
Trammell Property	18	169-51-3B	Marion	5	Residential District	●	●
Whitt Property 2/	19	65-A-15B & 15C	Unincorporated	23	Agricultural/Rural (A/R)	●	●

Notes: 1/ Excludes parcels smaller than five acres.

2/ Located in an Opportunity Zone.

Source: Smyth County, VA; Town of Saltville, VA; Town of Marion, VA; Town of Chilhowie, VA

Map F shows the location of the 19 potential development sites listed in Table 20. Three sites are located in the Town of Saltville. The remaining development sites are located along I-81, primarily around the Town of Chilhowie and Town of Marion. None of the development sites are located within the Chilhowie town limits. Four potential development sites are located in the Town of Marion. All are easily accessible and most have good visibility.

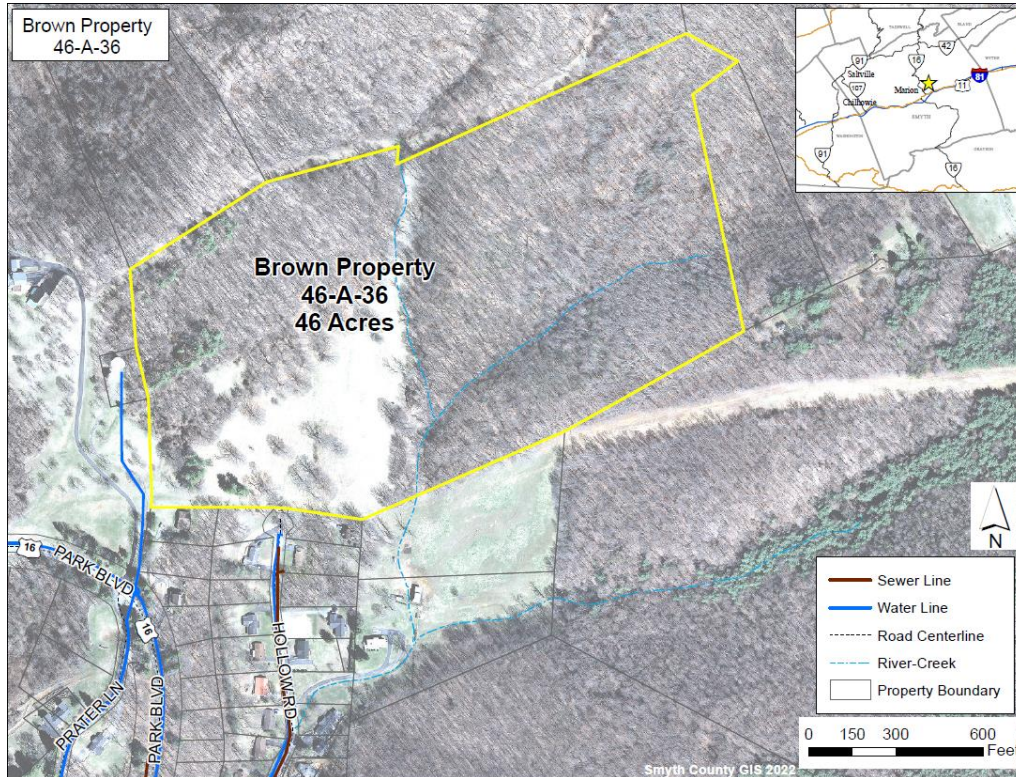


Map F - Locations of Vacant Properties with Residential Development Potential

Next shown are photos, maps and brief descriptions of each of the potential development sites.

Brown Property

The Brown Property is a 46-acre, irregularly shaped parcel that is bisected by a stream and is largely wooded. It is located to the north of Hollow Road's dead end, to the immediate north of the Town of Marion in an unincorporated portion of Smyth County. For-sale homes would be the most ideal uses for this large property.



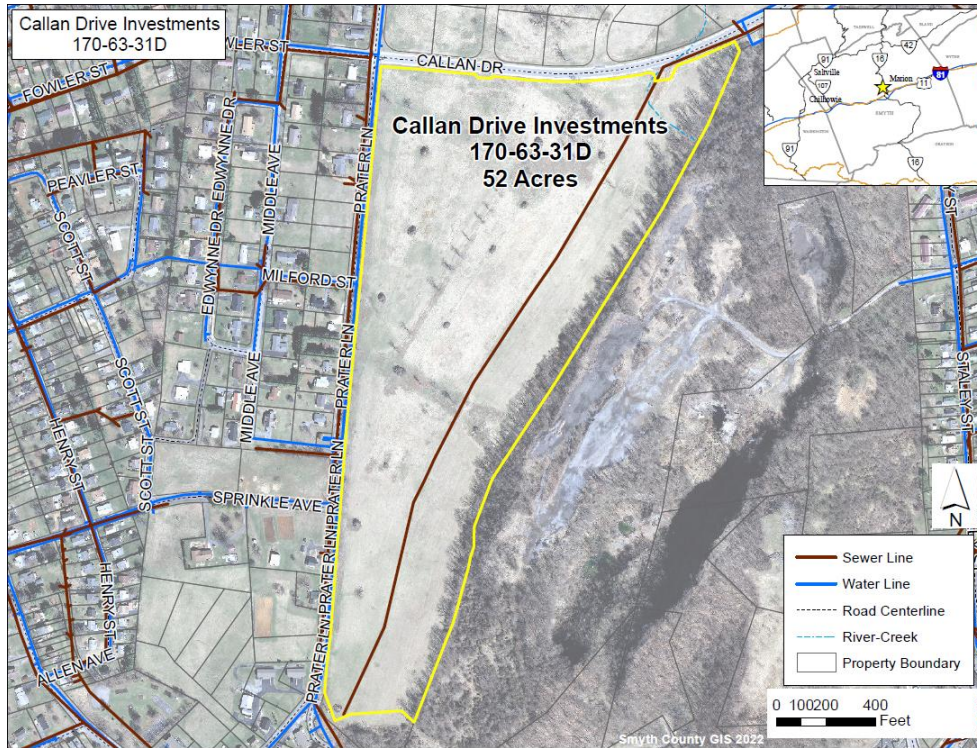
Map G - Brown Property Location



Existing Conditions of Brown Property

Callan Drive Investments Property

The Callan Drive Investments property is located south of Callan Drive and east of Prater Lane near the Emory & Henry campus in Marion. This is a sizeable, largely cleared 52-acre property with excellent visibility. It is relatively flat and would be an ideal location for a mix of residential types. This is amongst the most attractive properties available for residential development in the County.



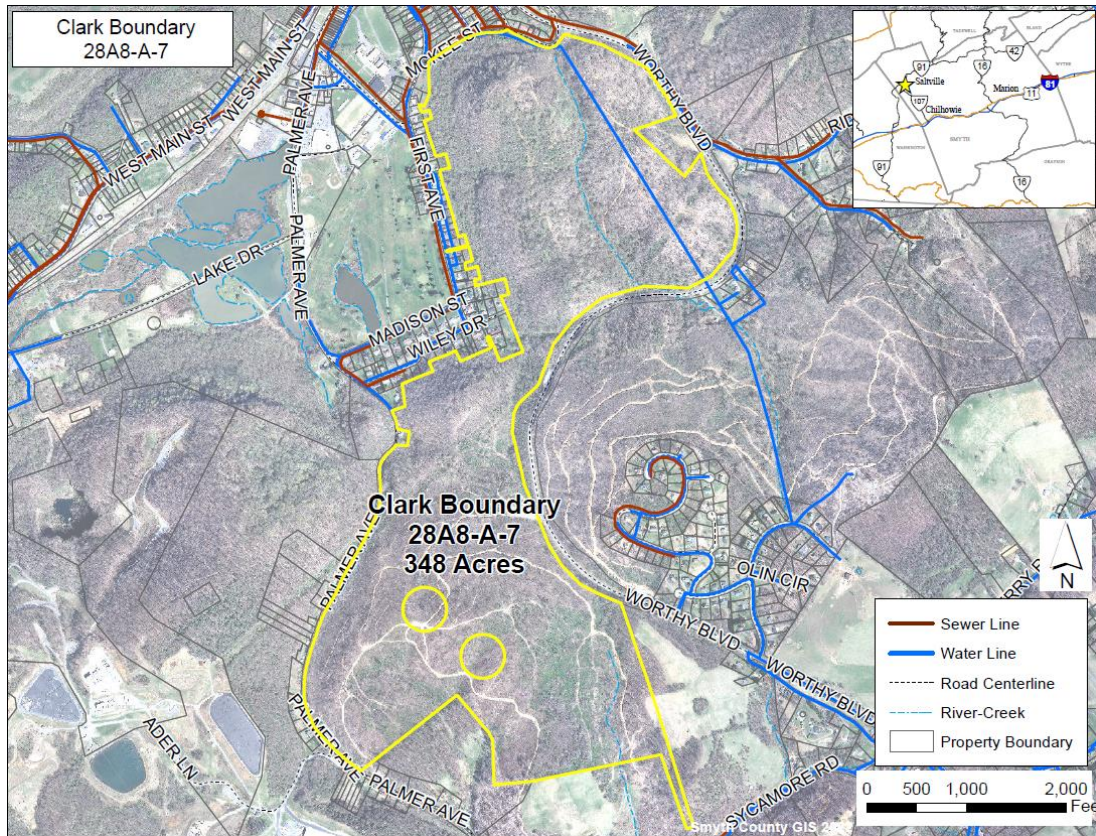
Map H - Callan Drive Investments Property Location



Existing Conditions of Callan Drive Investments

Clark Boundary Property

This is a large 348-acre property located on the south side of the Town of Saltville, generally between Worthy Boulevard in the east and Palmer Avenue in the west. It is largely wooded with some topographic challenges.



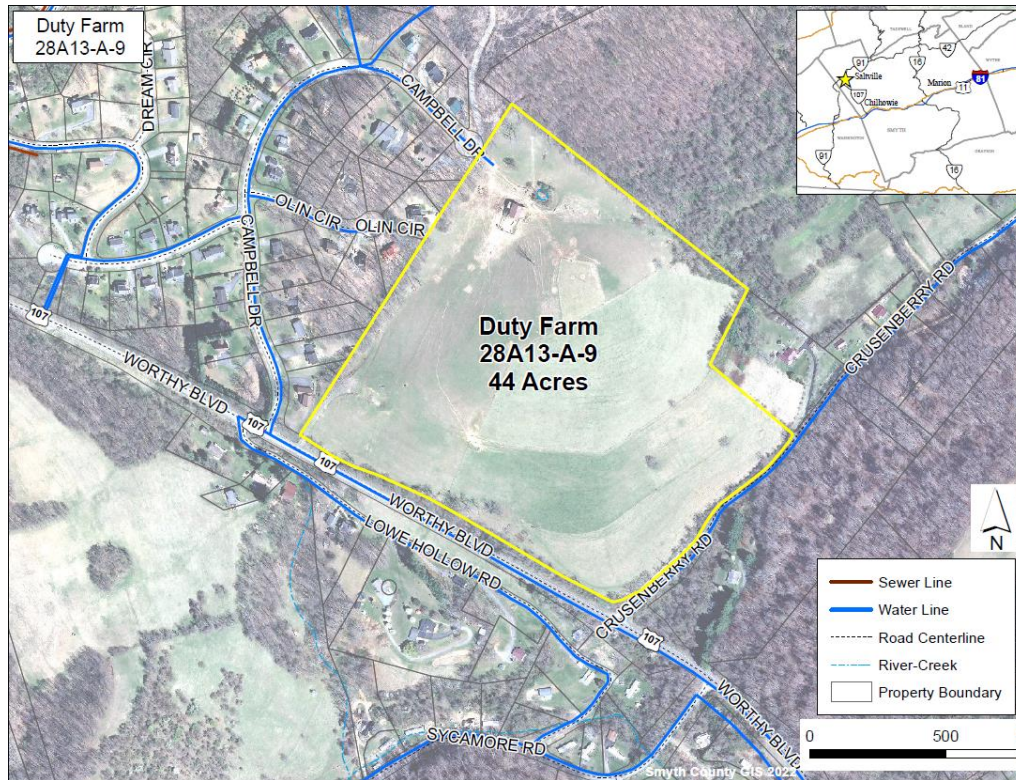
Map I - Clark Boundary Property Location



Existing Conditions of Clark Boundary Property

Duty Farm Property

This is an irregularly-shaped underutilized parcel that is largely cleared and located at the northern intersection of Worthy Boulevard and Crusenberry Road in the southern portion of the Town of Saltville. The property is large enough for a variety of residential uses. Although the property has access to water, it is not directly served by sewer (which is available nearby).



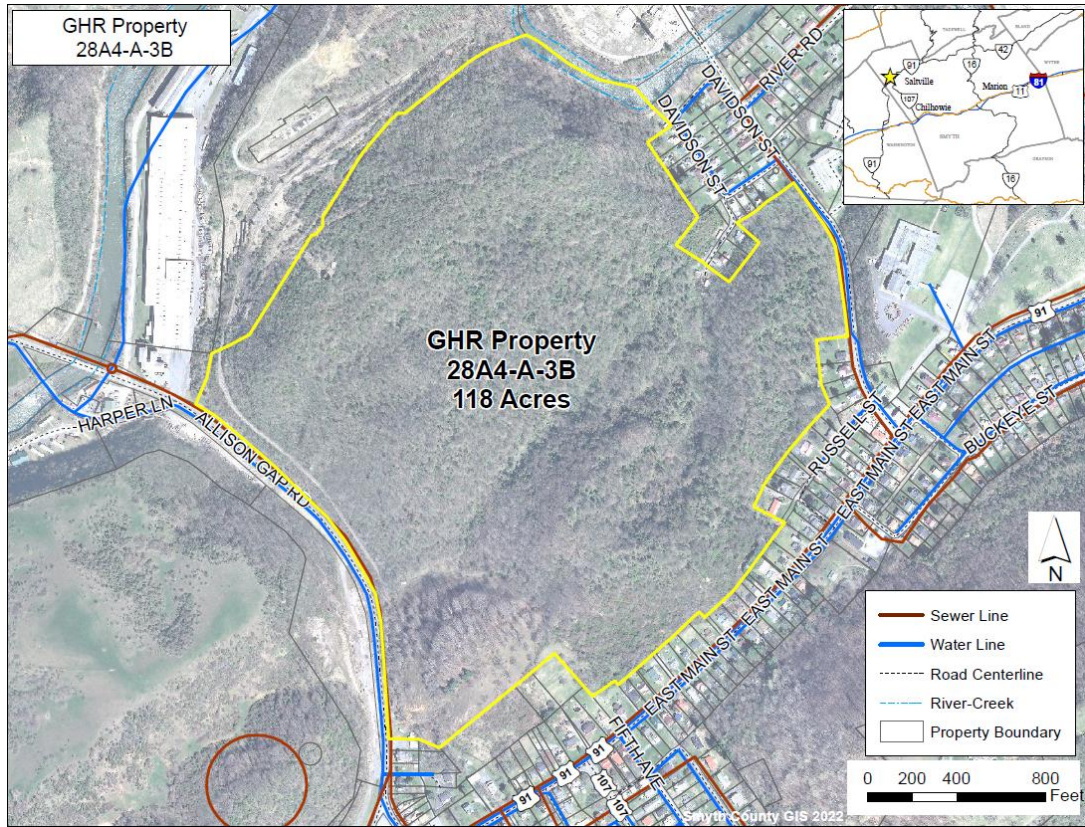
Map J- Duty Farm Property Location



Existing Conditions of Duty Farm Property

GHR Property

This large property is located just north of Downtown Saltville on the east side of Allison Gap Road. It is fully wooded and appears to have some topographic constraints.



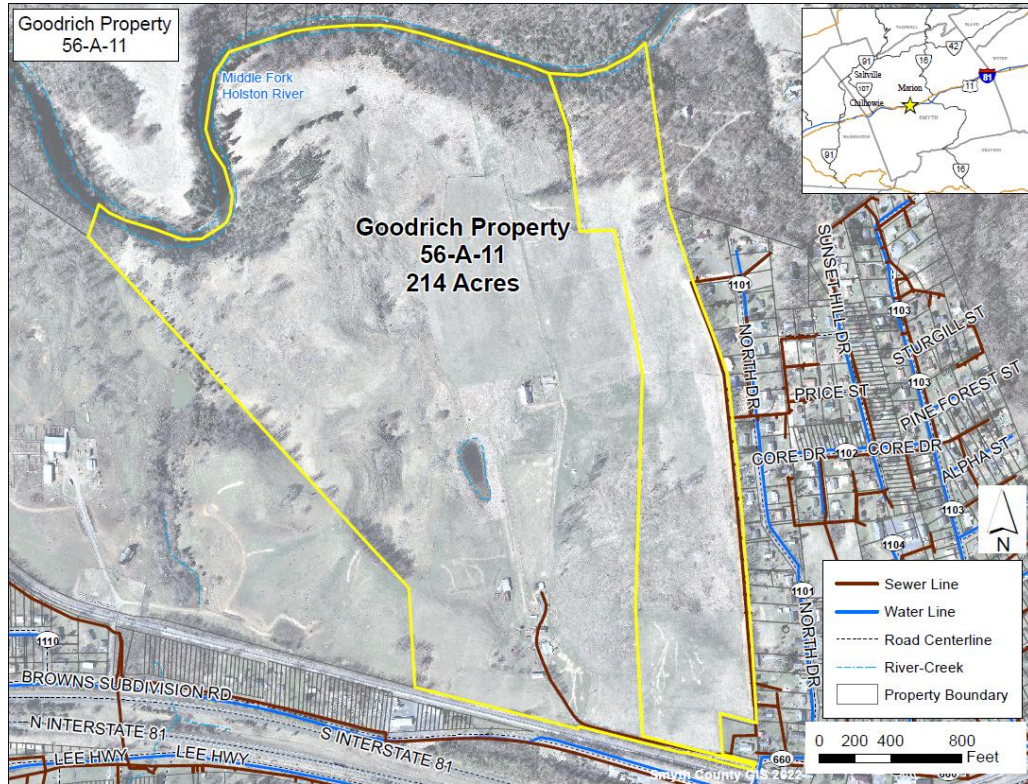
Map K - GHR Property Location



Existing Conditions of GHR Property

Goodrich Property

The Goodrich Property consists of two adjoining parcels spanning 214 acres to the north of Railroad Drive in the Atkins area of the County, just west of Marion. This is a large agricultural property that is bounded in the north by the Middle Fork Holston River. The property is large enough to accommodate multiple residential land uses.



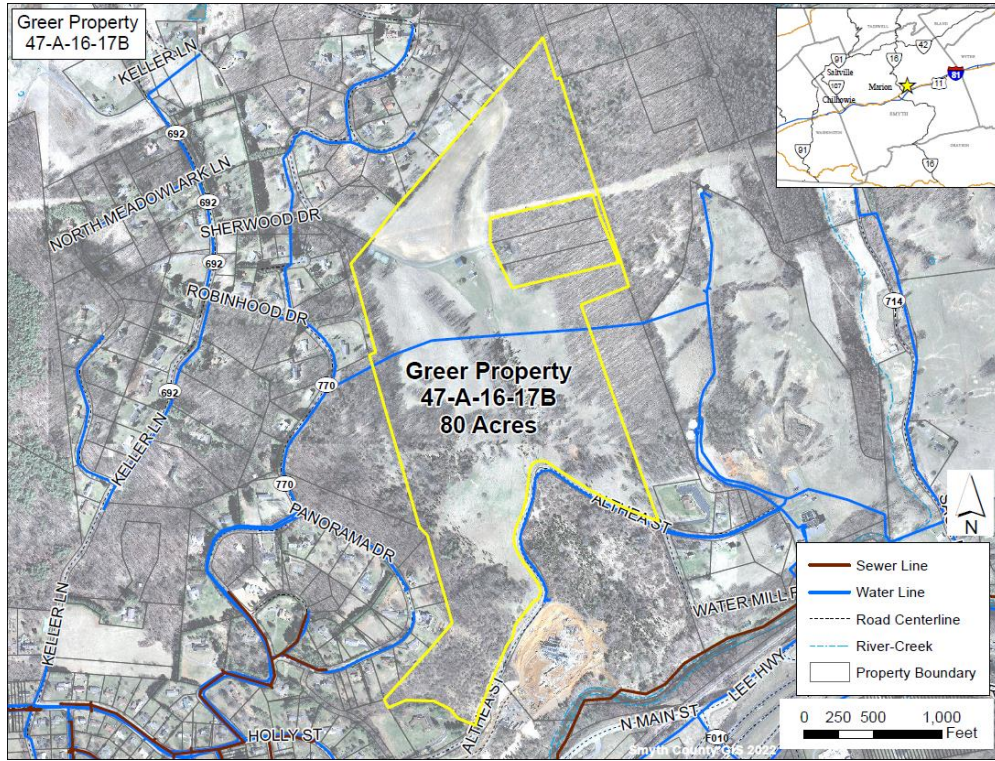
Map L - Goodrich Property Location



Existing Conditions of Goodrich Property

Greer Property

This property, which spans 80 acres, is located just northeast of the Marion town limits and north of the Smyth County Community Hospital. The property is irregularly shaped and has a mix of wooded and cleared areas. This property is not directly served by sewer, which is available nearby.



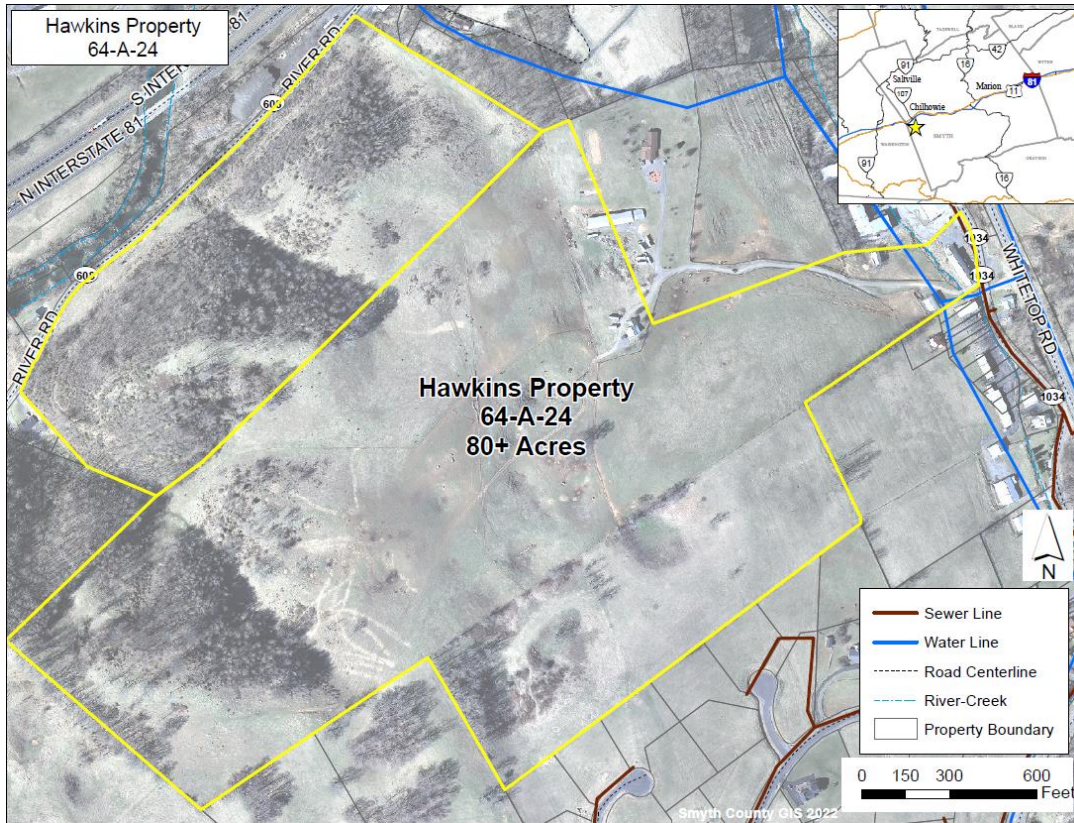
Map - M Greer Property Location



Existing Conditions of Greer Property

Hawkins Property

This partially-wooded property of approximately 80 acres is comprised of two adjoining parcels on the south side of River Road near Chilhowie and just south of I-81. It is large enough to accommodate multiple housing types.



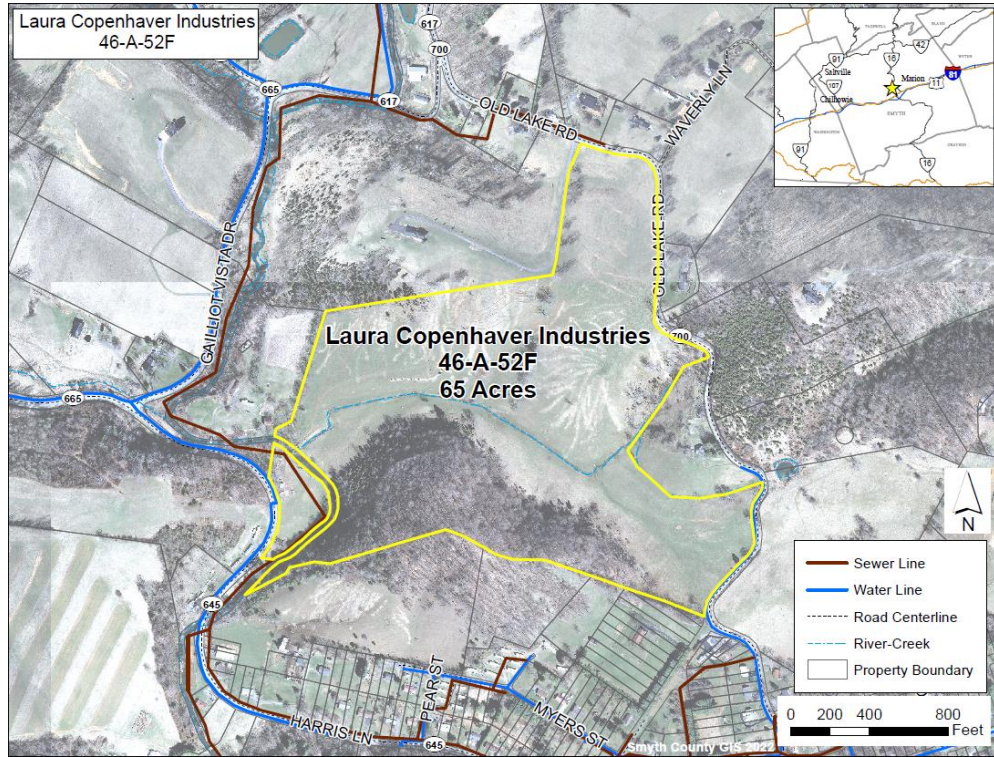
Map N - Hawkins Property Location



Existing Conditions of Hawkins Property

Laura Copenhaver Industries Property

This is a 65-acre property located in an unincorporated part of Smyth County just northwest of Marion and to the west of Old Lake Road. It is partially wooded with some topography. The site would best accommodate for-sale homes, though it is large enough for multiple residential land uses.



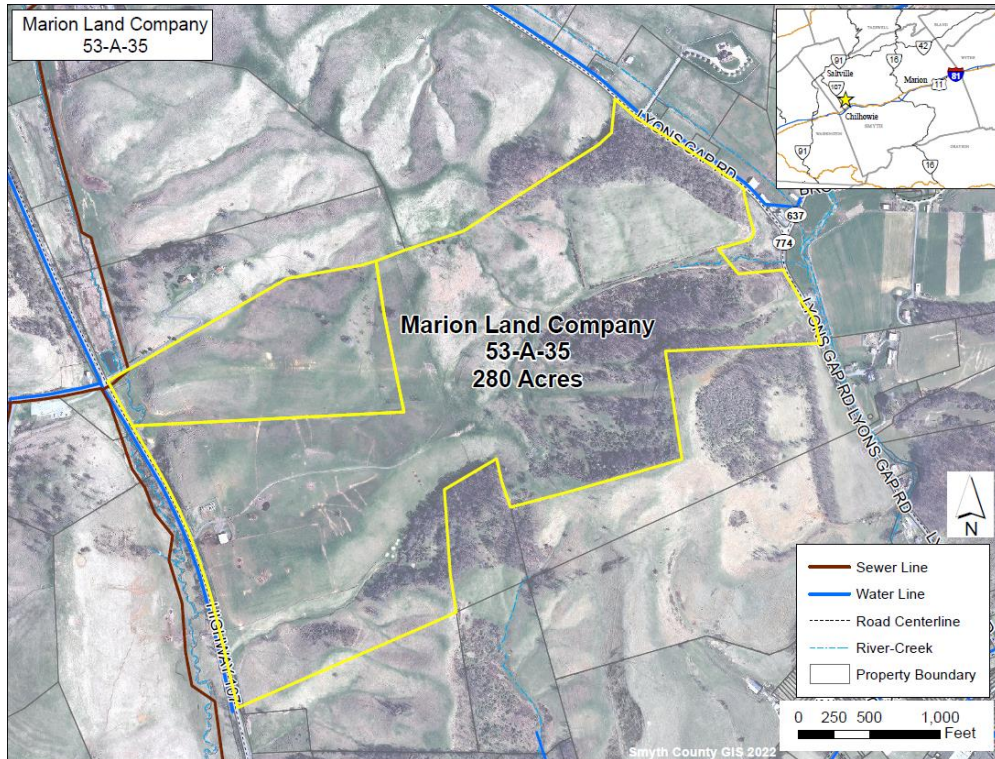
Map O - Laura Copenhaver Industries Property Location



Existing Conditions of Laura Copenhaver Industries Property

Marion Land Company Property

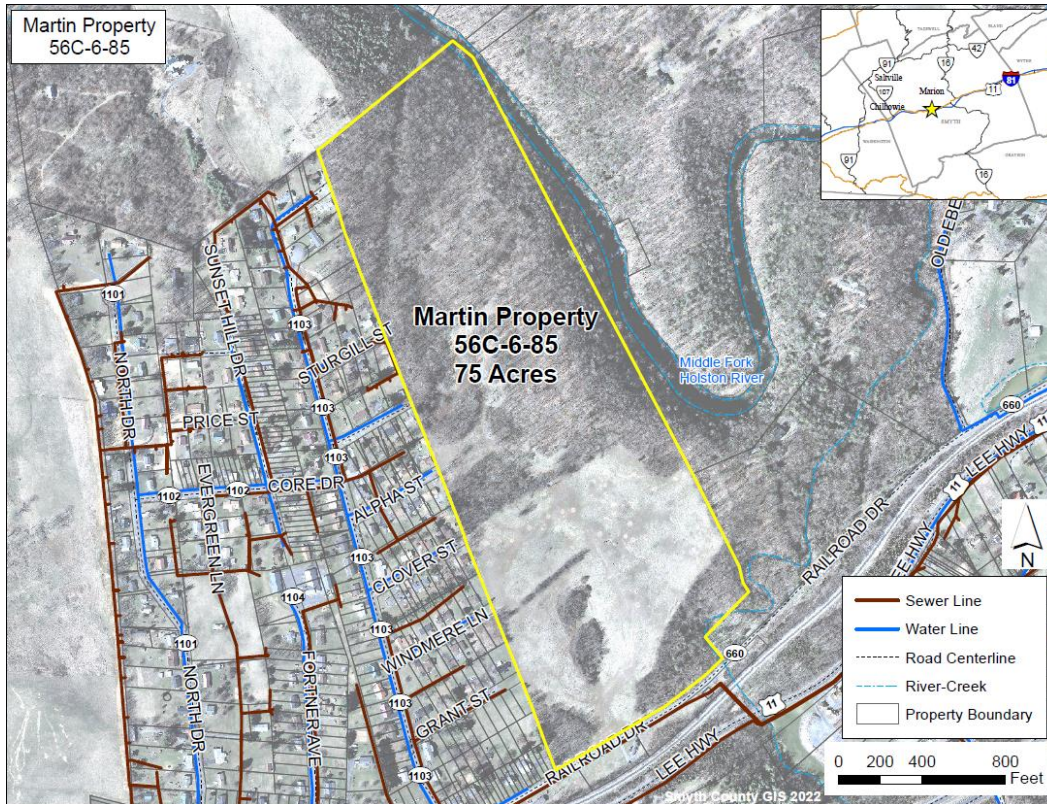
The Marion Land Company Property is comprised of two parcels totaling 280 acres between Lyons Gap Road in the east and SR 107 just north of the Town of Chilhowie. This is an attractive property that is partially wooded and could accommodate various housing types, including patio homes.



Existing Conditions of Marion Land Company Property

Martin Property

The Martin Property is located near the Goodrich Property to the north of Railroad Drive in the Atkins area of the County, just west of Marion. This is a 75 acre, partially wooded property that is large enough to accommodate multiple residential land uses.



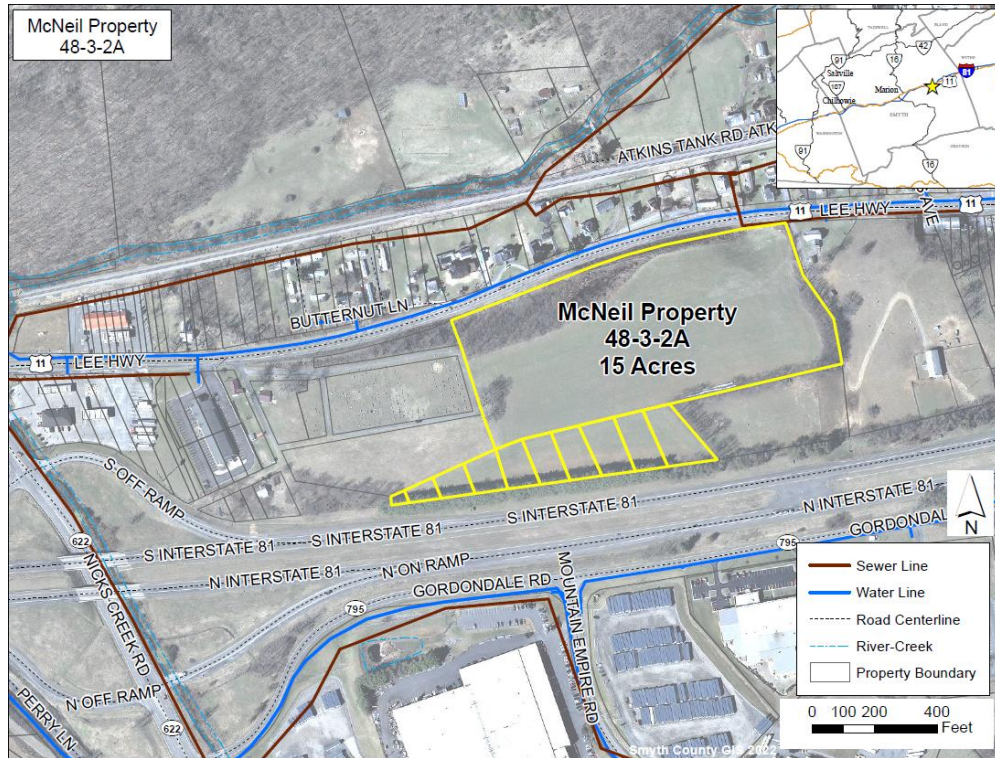
Map Q - Martin Property Location



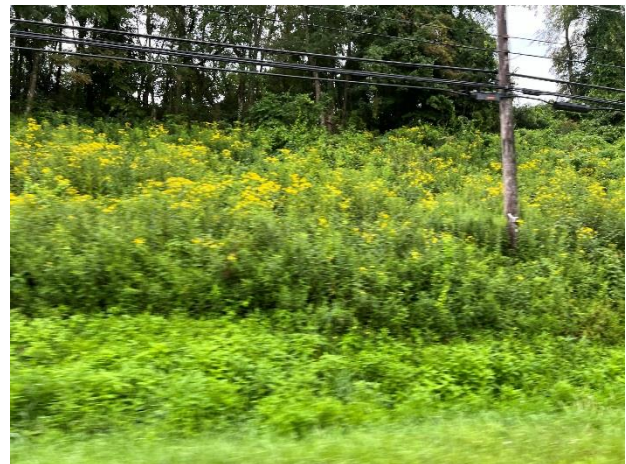
Existing Conditions of Martin Property

McNeil Property

The McNeil Property contains multiple parcels spanning 15-acre on a largely cleared parcel between Lee Highway in the north and I-81 in the south near Atkins' industrial cluster. This could be viable location for apartment unit development.



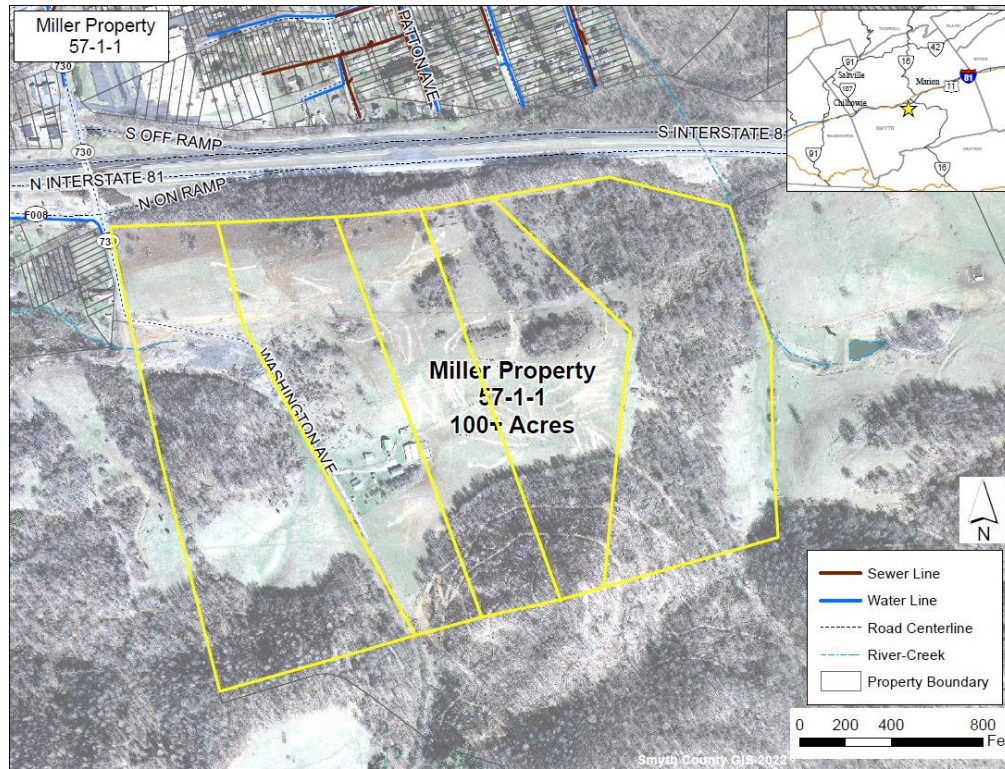
Map R - McNeil Property Location



Existing Conditions of McNeil Property

Miller Property

The Miller Property is located just south of Marion and I-81, on the east side of Washington Avenue. It is comprised of five adjoining, partially wooded parcels spanning over 100 acres. The property does not have direct access to sewer, though sewer lines are located nearby.



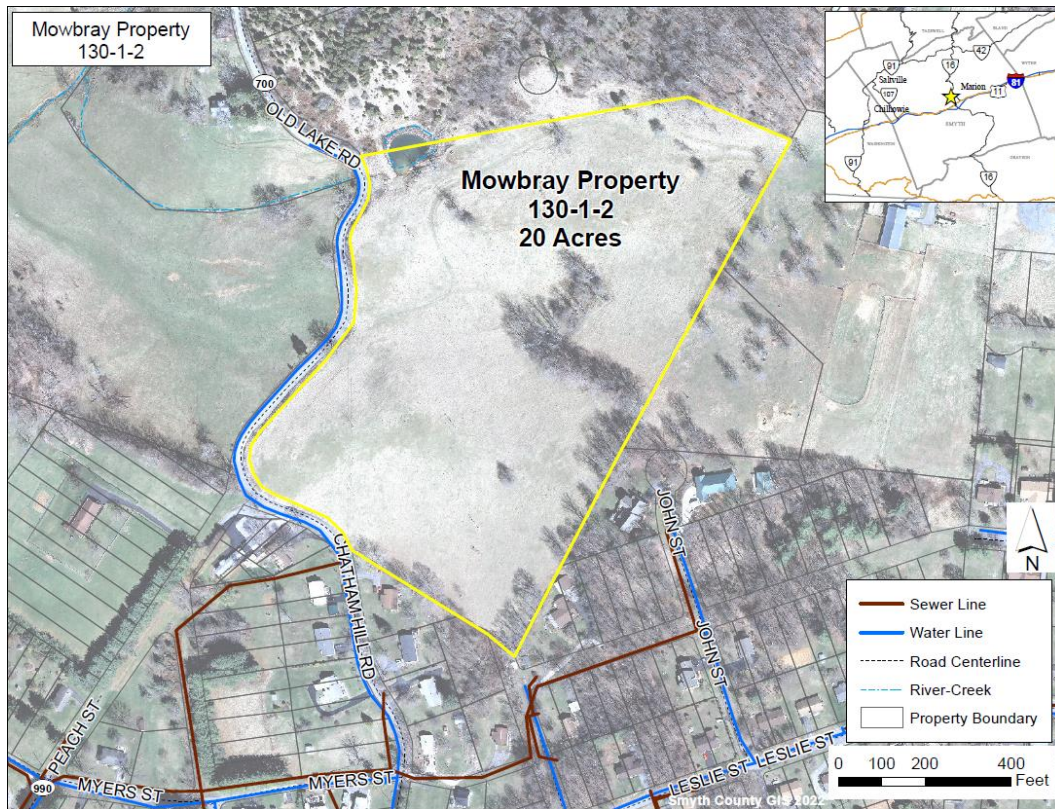
Map S - Miller Property Location



Existing Conditions of Miller Property

Mowbray Property

The Mowbray Property is located at the northwestern edge of the Town of Marion, to the east of Chatham Hill Road. It is largely cleared, generally flat and spans approximately 20 acres. This could be a viable location for for-sale homes, particularly patio homes.



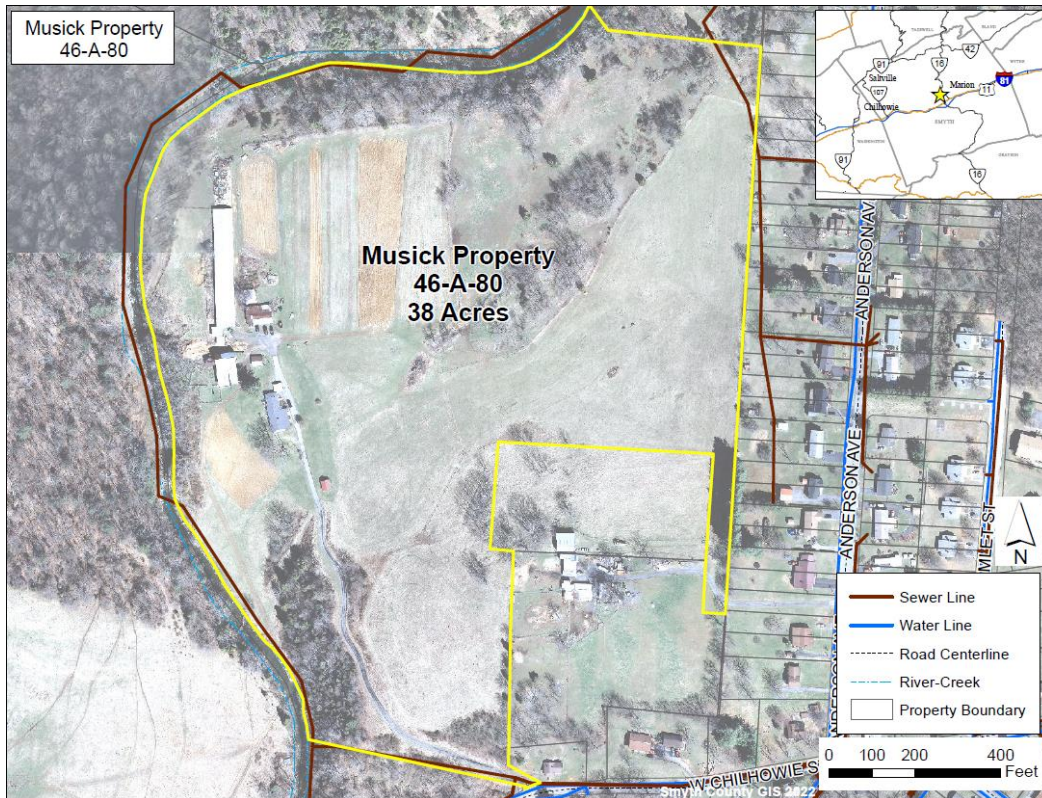
Map T - Mowbray Property Location



Existing Conditions of Mowbray Property

Musick Property

This is a 38-acre, underutilized property located just west of the Town of Marion on the north side of W Chilhowie Street. The property was most recently used for agricultural uses and is largely cleared of trees.



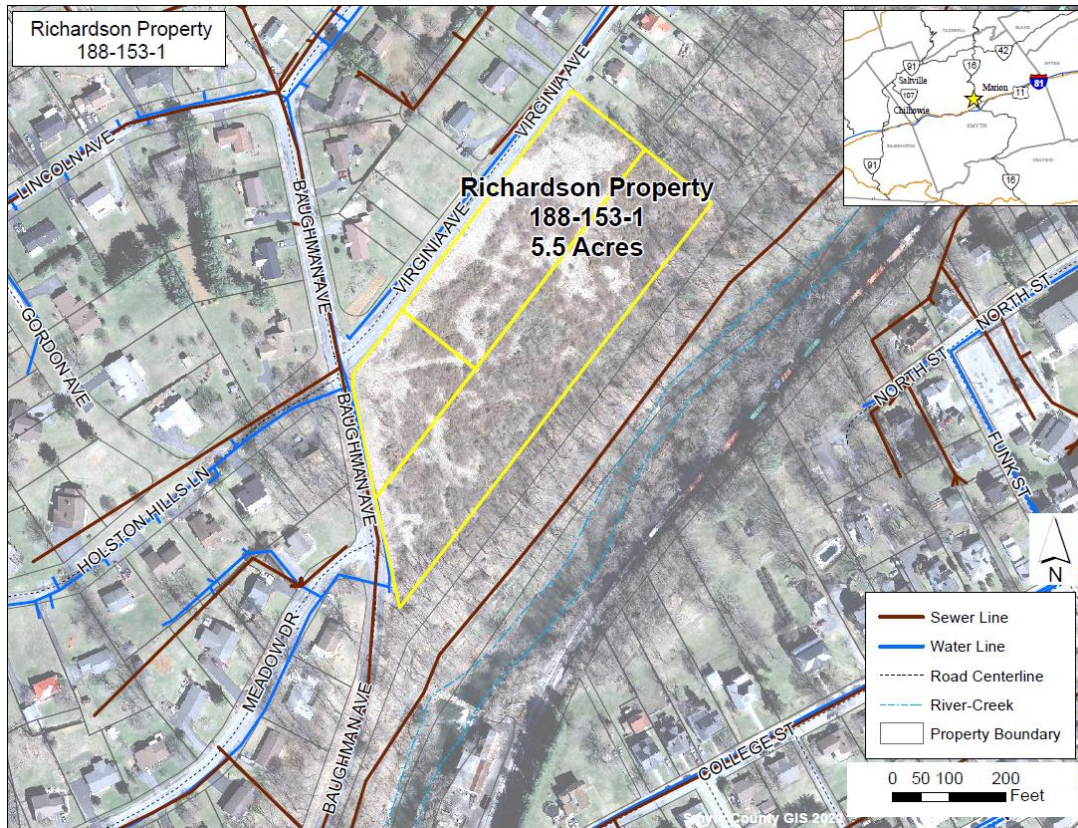
Map U - Musick Property Location



Existing Conditions of Musick Property

Richardson Property

The Richardson Property contains 5.5 acres in three parcels at the southeastern intersection of Virginia Avenue and Bauchman Avenue just west of Downtown Marion. The property is largely wooded but could be a viable location for new apartment unit development.



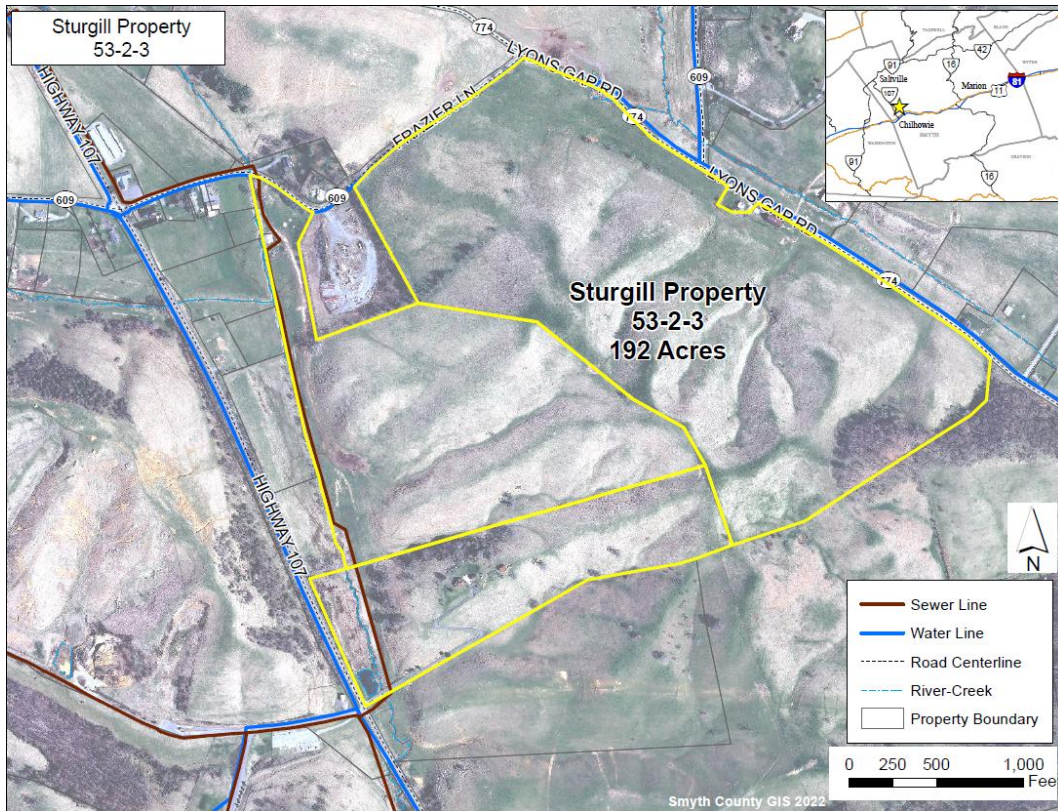
Map V - Richardson Property Location



Existing Conditions of Richardson Property

Sturgill Property

The Sturgill Property is large, at over 190 acres, and is located north of Chilhowie, generally between SR 107 in the west and Lyons Gap Road in the east. It is largely cleared and could accommodate various housing types.



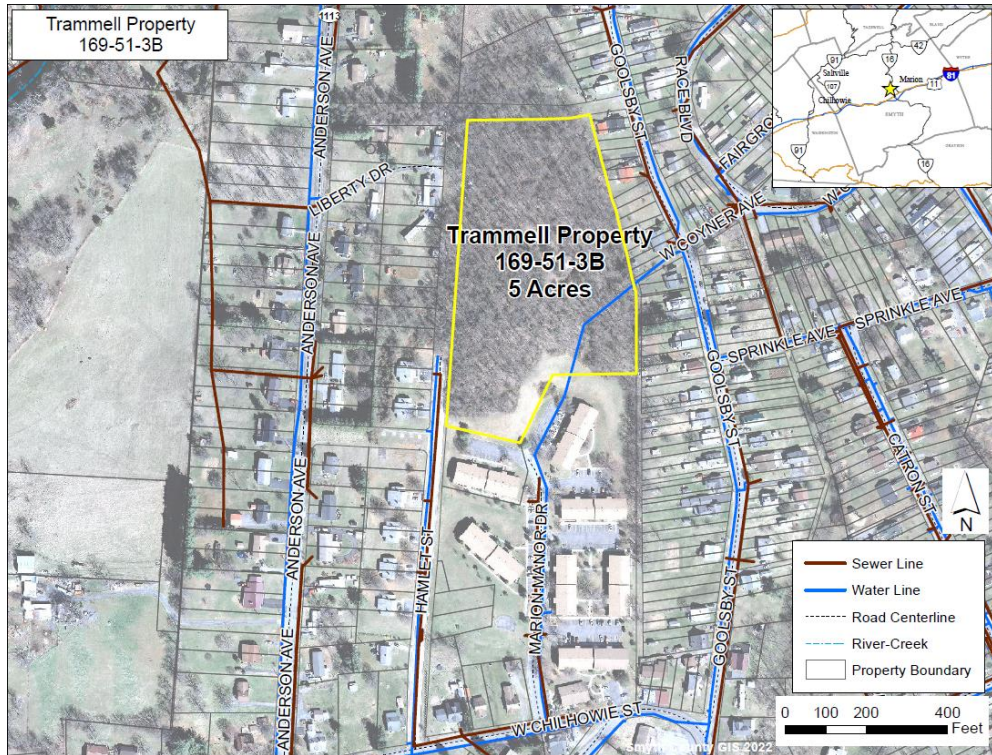
Map W - Sturgill Property Location



Existing Conditions of Sturgill Property

Trammell Property

The Trammell Property measures approximately five acres and is located just north of affordable Marion Manor Apartments in the northwestern portion of the Town of Marion. The site is fully wooded and could accommodate apartment unit development, including affordable apartments for families or seniors.



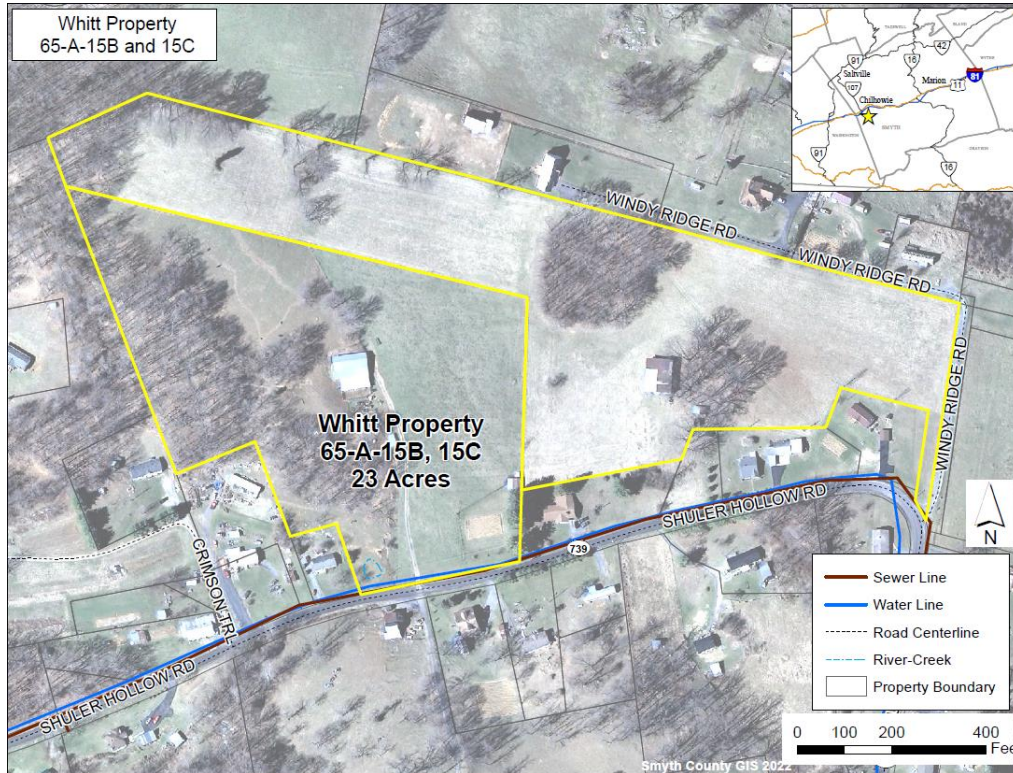
Map X - Trammell Property Location



Existing Conditions of Trammell Property

Whitt Property

This is a large, off-centered property containing two parcels between Windy Ridge Road in the north and Shuler Hollow Road in the south of Chilhowie on the south side of I-81. The site has some existing buildings, but it is mostly cleared with some wooded areas on east western side. It would be most suitable for for-sale housing.



Map Y - Whitt Property Location



Existing Conditions of Whitt Property

Vacant Buildings with Residential Potential

Table 21 lists ten vacant buildings in Smyth County that have been identified for potential residential development. Three of these buildings are located within historic districts and most likely qualify for historic designation, if applications are submitted on their behalf. Although there has been some interest in rehabbing some of these buildings in the past, none of these proposals are active at this time or have been financed to date.

Of note is that apart from the Buster Brown Building, these are generally small buildings, all under 15,000 square feet. Thus, these buildings could only accommodate a small number of apartment units which could be a deterrent for some developers, particularly those who are located outside of the region. Apart from the US Solutions/ Dewberry and Former Home Care building that were commercial spaces built in the 1970's, all of these are older structures that were built between 1908 and 1949.

One of these buildings—the Buster Brown Building—is owned by the Town of Marion. This presents an opportunity to reduce costs for new housing development. This is a former shoe manufacturing plant that was built in 1936 that sits on a four-acre property in a residential setting. The facility, which formerly employed over 300 people, is the one larger building, spanning over 41,000 square feet. It does not have historic designation and is outside of any historic district.

Marion's Comprehensive Infrastructure Replacement Program (CIRP) is currently based in the building. The Town expects to continue using the building in a similar manor for the next decade. Once the CIRP program is substantially completed, the Town will make the building available for rehab or redevelopment. Whether renovated or demolished, the site would be an attractive location for new housing.

The key point related to the available buildings is that most are too small to attract developers from outside of the region.

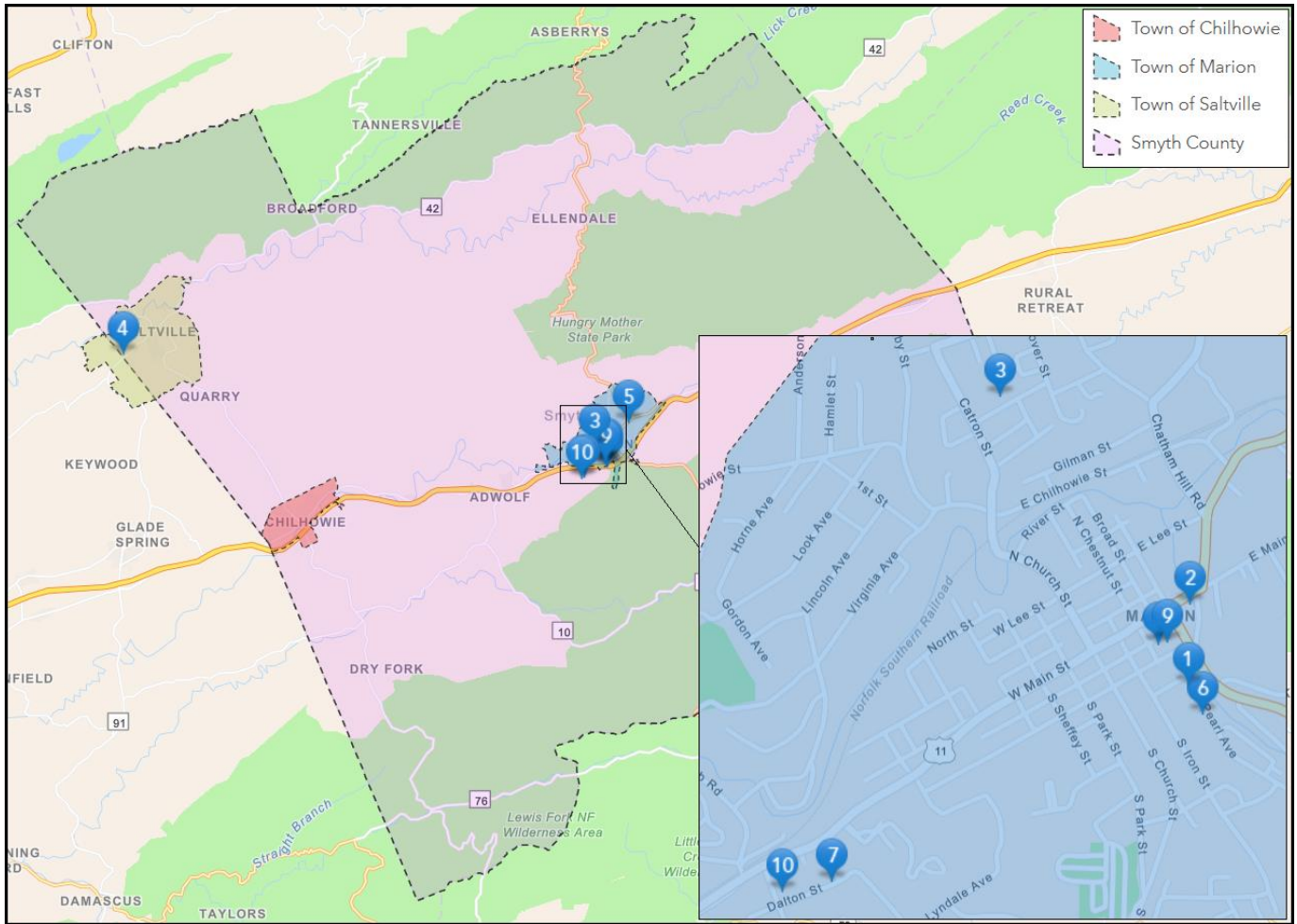
Table 21: Characteristics of Better Vacant Buildings with Residential Development Potential, Smyth County, VA, August, 2022

	<u>Map Z Key</u>	<u>Location</u>	<u>Historic District</u>	<u>Year Built</u>	<u>Building Size (Sq. Ft.)</u>
Ace Land Co.	1	Marion	○	1930	14,189
Beside Florist 3/	2	Marion	●	1913	7,760
Buster Brown Building 4/	3	Marion	○	1936	41,133
DeBusk Building	4	Saltville	○	1949	6,620
Former Home Care	5	Marion	○	1976	7,140
Gwyn Distributing	6	Marion	○	1949	14,805
Hull Buildings 2/	7	Marion	○	1925/45	13,600
Mike's TV	8	Marion	●	1908	12,300
Past Time Antiques 1/	9	Marion	●	1908	6,156
US Solutions/ Dewberry	10	Marion	○	1976	10,796

Notes: 1/ Damaged in a fire in October, 2021.
2/ Two buildings (11,536 and 2,064 square feet).
3/ Located in an Opportunity Zone.
4/ Not vacant.

Source: Smyth County, VA; Town of Saltville, VA; Town of Marion, VA; Town of Chilhowie, VA

Map Z shows the locations of each of the buildings listed in Table 19. One is located in the Town of Saltville and the remaining are located in the Town of Marion. Most of the Marion buildings are located in Downtown area, the two (Hull Building and US Solutions/ Dewberry) located in the western part of the Town while one building (Former Home Care) is located near the Emory & Henry School of Health Sciences.



Map Z - Location of Vacant Buildings with Rehab Potential

Photos of each of the vacant buildings are shown next. The buildings are in various states of disrepair. The Past Times Antiques building was severely damaged in a fire in October, 2021. Several of the buildings are multi-level structures with brick exteriors. The US Solutions/ Dewberry and the former home care buildings are relatively newer office structures without historic designs. The Buster Brown building offers unique design exteriors, as this is a former industrial building.



Ace Land Co.



Beside Florist



Buster Brown Building



DeBusk Building



Former Home Care



Gwyn Distributing



Hull Buildings



Mike's TV



Past Time Antiques



US Solutions/ Dewberry

Section V: Housing Analysis Conclusions

Initial Conclusions

The market conclusions are as follows:

- 1) Smyth County is generating housing demand locally, primarily from students at the Emory & Henry School of Health Sciences but also from employment growth by some of the larger area employers. There is potential market support for new housing unit development of various types, based on the following:
 - Excluding retail and service sector jobs, employers in Smyth County have announced approximately 170 new jobs. The County's very low unemployment rate of 2.4 percent will require new residents to fill many of these vacancies. This is the lowest unemployment rate in over three decades. Adequate housing is not currently available to serve this growth.
 - Over 8,800 new jobs have been announced in neighboring counties and cities. Most of these are located in areas that are also facing housing shortages and is a sharp departure from past trends.
 - There are likely to be existing employees in Smyth County looking for better housing.
 - On-campus enrollment at the Emory & Henry campus in Marion is set to increase from 280 students to 300 students by 2023 (20 student increase) and reach to between 330 and 340 students by 2026. This represents an increase of up to 60 students during a period in which there are only ten pipeline apartment units in planning or under construction in Smyth County.
- 2) Smyth County has an expanding senior population, and no new homes are being marketed toward this sector of the market. Many seniors could afford to purchase new, smaller homes that require less maintenance, but simply have no options.
- 3) The market rate apartment market has expanded modestly in recent years, adding over 120 new apartment units since 2016. There are seldom any vacancies for these units, which have not adequately met demand.
- 4) There have been some new adaptive-reuse developments in Marion in recent years, but these have not provided a sufficient number of rental units and only serve one part of the housing market. Not all households are likely to be attracted to adaptive-reuse properties, as most apartments of this type are small.

- 5) The affordable rental housing stock is mature, at full occupancy and primarily targets low- rather than moderate-income households. There are no age-restricted affordable apartments in Smyth County.
- 6) The current housing market is stronger for rental housing than for for-sale housing due to the type and wage levels of new employment, as well as student demand. Additionally, the ongoing interest rate hikes are likely to soften demand for home ownership, particularly among potential first-time homebuyers with more modest incomes.
- 7) The for-sale home market is dominated by re-sales and comprised almost entirely of single-family homes. Very few new homes have been sold since the Great Recession and this is attributed to homebuilders being unable or unwilling to secure financing. Area realtors report that seniors and first-time homebuyers are the largest cohorts searching for new housing in Smyth County. The first-time homebuyers are especially price sensitive. There are no new, for-sale subdivisions in planning in Smyth County at this time.
- 8) Smyth County has an abundance of available vacant/ underutilized parcels and buildings with potential for residential development. Not all of the available buildings are large enough to attract developers from outside of the region. Some of the larger available parcels may need to be subdivided but are large enough to support various housing types. Most would require a rezoning or Special Use Permit.

Based on the above, it is evident that Smyth County is ripe for new housing unit development, as multiple sectors of the housing market are underserved. The most pressing needs at this time are to address the housing impacts of the continued growth at Emory & Henry's Marion campus as well as regional job growth. Additionally, this analysis finds that the current new home market in Smyth County is not providing affordable housing. That will need to come from the rental housing market.

Based on the above, the initial recommended needs for Smyth County are as follows:

	<u>Apartments/ Homes</u>
Market Rate Apartments	80± units
Affordable General Occupancy Apartments	50± units
Affordable Age-Restricted Apartments	40± units
Patio Homes for Sale	30-40 homes
Townhomes for Sale	30-40 homes

The above recommendations include a large number of new homes, as it totals up to 250 housing units. However, the total includes (1) for-sale and rental homes, (2) market rent and

affordable homes and (3) general occupancy and age-restricted homes. Not all of these homes will be built simultaneously. There is likely to be demand for future phases, particularly the apartment units, but the above are recommendations for initial development needs that are most feasible.

Each of the above recommendations are detailed in the paragraphs below.

- **Market Rate Apartments.** New construction, garden apartment buildings are likely the easiest to market, in terms of attracting new developers to Smyth County. These would serve the new employees and students that move to the area. The majority of the apartment units should have two bedrooms with two full bathrooms. Three-bedroom/two-bathroom apartment units could also be considered, given the number of students in the market. One-bedroom rents of \$850±, two-bedroom rents of \$1,050± and three-bedroom rents of \$1,250± should be feasible, depending on unit finishes and community features.
- **Affordable Apartments.** General occupancy affordable apartments development supported by Low-Income Housing Tax Credits (LIHTC) are recommended, as are affordable age-restricted apartments. There is ample demand for affordable housing at various income levels. Adding affordable apartment units outside of the LIHTC system is unlikely for Smyth County at this time.
- **Patio Homes.** Between 30 and 40 patio homes for sale are recommended in the \$180,000 to \$220,000 price range to serve the empty-nester and senior population.
- **Townhomes for Sale.** Between 30 and 40 new townhomes for sale are recommended, priced between \$180,000 and \$200,000. These would be “starter” homes. If Smyth County fails to provide the needed housing, those employed in the County will be forced to seek housing that they can afford elsewhere. This has been an ongoing trend. There is also an opportunity for Smyth County to attract new homeowners who work or will work elsewhere in the Mount Rogers Planning District.

Again, the initial focus should be on apartment unit development, as this will address the most pressing housing needs in Smyth County and provides the best opportunities to attract developers from outside of the region.

As noted above, there are multiple sites available for new housing development in Smyth County, and this is a key advantage. Many are large and may need to be subdivided and most would need to be rezoned or issued Special User Permits for high density development that is permitted by right. Most area job growth and the Emory & Henry College campus are located

near I-81, around Marion and Chilhowie, so these should be the focus areas for new housing as they represent the most viable locations for new investments. Other sites can be studied in the future.

The 52-acre Callan Drive Investments Property, at the intersection of Callan Drive and Prater Lane near the Emory & Henry campus in Marion is probably as good of a site as any for new housing unit development. The aerial to follow shows that the property is large enough to be developed with a mix of housing types, i.e., townhomes and apartments. The market “requires” a mix of housing units and this site should allow for sufficient land for various housing types. This property should be given the highest priority.



Callan Drive Investments Property

Future development on the Callan Drive Investments Property could be built in phases, depending upon demand. It will not require bringing utilities to the site, so the development period could be immediate.

Apart from the Callan Drive Investments Property are several other available properties in and around Marion and Chilhowie with excellent potential. The five-acre Trammell Property in Marion, to the rear of the affordable Marion Manor Apartments, could be a viable location for new affordable apartments, for seniors or families.

Several properties around Chilhowie, most notably the Hawkins Property, Marion Land Company Property and the Sturgill Property, could be viable locations for for-sale homes, though all are large enough to accommodate various housing types. These properties, as well as the Goodrich Property and Martin Property in Adwolfe, are also attractive locations for for-sale or rental homes.

Adaptive-reuse proposals are likely to be built without much public support, as most are small, privately-owned buildings. This has been the source of much of the limited new housing over the past decade. The one large building, Buster Brown Building, is owned by the Town of Marion but will not likely be available for at least ten years. Town staff report that given its condition, the property may be better suited for a teardown rather than a rehab. If demolished, this could be an excellent location for patio homes. The building does not hold any historic designations.

Additional Recommendations

It should be clear that new housing development is dependent upon employment growth and support from area employers, including Emory & Henry College. These employers need to understand that new housing developments are an investment, in terms of attracting and maintaining quality employees, staff and students.

Area employers can do several things to increase the potential for new home development:

- With the assistance of County and Town officials, prepare a brochure that advertises new housing opportunities. This should be available at area Human Resources offices and for mail-outs to prospective new employees.

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- Any active role that Emory & Henry College can play would be beneficial to attract new housing, particularly rental housing. College staff have held discussions with housing developers in the past, and this should be encouraged. Commitments to occupy a certain number of apartment units (10± percent) could be one tool attract new developers as it will assist with financing.
 - Meet with homebuilders to determine what issues they have and whether there are opportunities to assist in homebuilding.

There are several steps that Smyth County officials can take to attract new housing development. Officials may need to assist (non-financial) with the purchase of a site. Homebuilders who can be attracted to Smyth County will require a “shovel ready” site for new home construction, or at least a site already improved with utilities. As noted above, there are several viable options. In spite of the clear demand demonstrated in this report, the only way to attract developers is if sites are ready or easy to develop. Most of the available properties would require a rezoning or Special Use Permit to be developed with townhomes, patio homes or apartments. Additionally, many of the available properties are too large and would need to be subdivided to attract development. Local leadership should be proactive related to these issues.