

Comprehensive Housing Analysis
Alleghany Highlands Region
Alleghany County, Virginia

Prepared for:

Mr. Jonathan A. Lanford
Alleghany County Administrator

April, 2019

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▪ REAL ESTATE CONSULTANTS ▪

April 18, 2019

Mr. Jon Lanford
County Administrator
Alleghany County
9212 Winterberry Avenue
Covington, Virginia 24426

Dear Mr. Lanford:

Attached is our final, County-wide housing study for the Alleghany Highlands Region. The report is designed to analyze the current and potential market for new homes within Alleghany County, and within the two large communities in the County, including the City of Covington and the Town of Clifton Forge, plus any adjacent areas. The report is intended to provide detailed market data on the Alleghany Highlands economy and housing needs, with the study results intended as a realistic strategy for public officials to reverse the current trends that have not “provided” new housing 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” issue. A potential market for new housing exists within Alleghany Highlands, but the development community for new home construction no longer exists, a result of the past recession of the late-2000’s and early-2010’s, but also the result of a generally stagnant economy.

A second study conclusion is that viable sites and buildings exist to support new housing, both single-family and multifamily and for families and older adults. Many of the properties are publicly owned and are readily available for sale and development at affordable prices.

Third, County officials have publicly stated their desire to support plans for new housing unit development. These plans are identified in the study and can be implemented if some public monies can be made available to make viable sites “shovel ready” for new development. Local officials must recognize that home builders will not come to Alleghany Highlands, if sites are not properly zoned and without public utilities, so “team” effort is required. This finding is paramount for positive results, i.e., related to new housing development.

Mr. Jon Lanford
April 18, 2019

Fourth, and maybe foremost, is the need for large area employer(s) to assist in the housing development strategy with joint marketing, i.e., making sure that employees, new and existing, are aware of future new housing proposals and maybe undertaking surveys for submittal to home builders regarding pent-up demand.

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 realized, over time.

We were pleased to be able to assist local officials in Alleghany Highlands on this study and remain available to assist, as needed, for future planning. We were pleased with the extensive help provided by the Alleghany Highlands business community and local officials and believe that the expertise and commitments required to implement our study conclusions are sufficient for future success in attracting home builders for new housing unit development.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart M. Patz". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Stuart M. Patz
President

Cc: Ms. Darlene Burcham

SMP/mes

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Introduction

Officials in Alleghany County, including those in the City of Covington, the Town of Clifton Forge and Town of Iron Gate, have recognized new and attractive housing unit development in nearby Botetourt County, in particular, and noted that some of the growth and housing unit support in Botetourt County is generated by Alleghany County and Covington City workers as well as from workers at companies in these jurisdictions. Combined, the region is referred to as the Alleghany Highlands region. With the large and thriving WestRock paper manufacturing plants, and with numerous attractive development sites and available buildings within the Alleghany Highlands, many with historic designations, area officials want to know why new housing is not being built within Alleghany Highlands' jurisdictions.

Alleghany Highlands is thought to have an advantage for new housing with low-cost housing sites and an abundance of available and attractive development parcels and historic buildings. New employees with relatively high-paying jobs, are hired by WestRock each year. Officials at WestRock also report a considerable number of workers who retire annually and can afford attractive housing, yet no new housing inventory for retirees is being built to serve this market.

Alleghany Highlands has several large employers that add new employees annually, such as the area hospital and community college. These generate modest growth, but represent viable opportunities for new employment.

In addition to these local companies, we studied the "market" in nearby locations in West Virginia, particularly the trends at the Homestead and Greenbrier resorts. Both locations, along with other tourist destinations, generate new employment in nearby West Virginia. These communities represent viable options to support new housing in Alleghany Highlands, if built.

Local officials report that Alleghany Highlands has a attractive setting to attract new residents, including outdoor/open space amenities, low cost housing opportunities,

strong fiber network, etc. However, while these represent viable attributes, they are not unique to Alleghany Highlands and currently do not represent assets that will bring in new housing unit demand.

Thus, the following report concentrates on job growth and job retention as the initial basis to generate new housing unit demand.

The lack of new housing in Alleghany Highlands has resulted in a decline in the area demographics and the overall lack of job growth that normally is associated with population and household growth. The initial thought was that a lack of demand for new housing exists in the Alleghany Highlands marketplace. The results of our research show that is not true. The issue appears to be more of a lack of supply and the current inability to generate new housing unit development to meet demand.

The study to follow is a full comprehensive housing analysis of the Alleghany Highlands region, including the four jurisdictions that comprise this region. The purpose of the analysis is to identify housing opportunities and strategies on how to generate “brick and mortar” results. There are no easy answers, but opportunities exist. The goal is to establish a means to generate new housing unit development and identify and strategize which sites are viable for development and available.

Included in the study is the identification of new housing opportunities for for-sale housing and rental housing; new construction and adaptive reuse; and single-family homes and multifamily units. Some of the market area’s better buildings and developable land are owned by one of the area’s public agencies. These are given high priority in the identification of developable sites, as these can be priced at affordable levels and are likely to be readily available. This is truly a local asset.

To complete the study, as identified by area officials, our research is divided into four sections. The first is the Regional Setting Analysis, which analyzes the location of the Alleghany Highlands Region along the I-64 corridor and its proximity to major employers

and highway interchanges. Within this section is a highway analysis of the region, which shows some limitations, particularly for new business development.

Next presented is an Economic Overview Analysis that describes trends in at-place jobs and employment and the identification of major employers in the area. A major part of this section is the analysis of the job growth and trends at WestRock, in particular, and the demographics of company employees, as it relates to housing unit demand

A second part of the Economic Overview is the demographic analysis of the defined market area that analyzes overall population and household growth, with particular attention related to trends in household income, tenure and age. Within a marketplace like Alleghany Highlands, studies of this type present challenges for demographic projections. These are hard to establish, as trend data show limited or no growth. Our study approach is to analyze opportunity projections, projections that are based on different scenarios related to potential development trends. "Normal" growth is not affecting positive demographic trends. The key market finding is how to change this condition.

The following (and third) section analyzes the housing markets in the Alleghany Highlands in terms of new additions, tenure, home price range, etc. This section analyzes both the for-sale market and rental markets. There is no identified senior-related housing market in the Alleghany Highlands at this time. 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 parcels in the Alleghany Highlands. Development options are generally shown for key development sites. Active development proposals are described for area available buildings as well. The fifth and final section is the conclusions, which provide a development strategy for new housing development in terms of: (1) site location(s), (2)

sales prices and rental rates, (3) housing sizes and types and (4) target market. These are presented in general terms as a guide to attract home buyers.

Section I Regional Setting Analysis

Alleghany Highlands Setting

Alleghany Highlands is located within the Jefferson National Forest, which encompasses the entirety of Alleghany County, plus parts of Botetourt County and Rockbridge County to the south and east and parts of Bath County to the north. Jefferson National Forest also falls within several jurisdictions to the west in West Virginia.

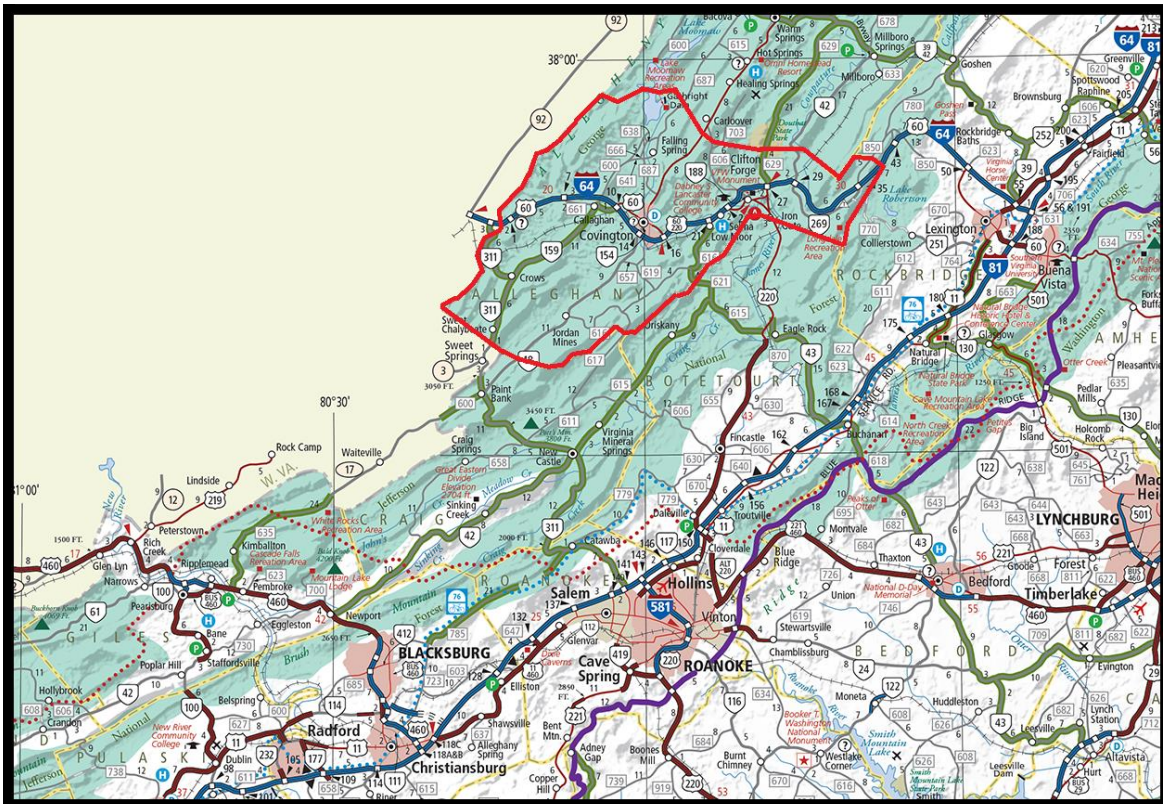
The Alleghany Highlands has two urban “centers” within the surrounding national forest – the City of Covington and the Town of Clifton Forge. These two communities are the only sizable development centers in the region, although the area of Low Moor and Town of Iron Gate, on the west and east sides of Clifton Forge, have some small level of development, as do some of the highway interchanges along I-64.

Map A shows that I-64, which runs east-west throughout the entire Alleghany Highlands, from I-81 at Lexington on the east to County Route 32 in West Virginia on the west. It is the one primary highway within the County. U.S. Route 60 runs parallel and nearly adjacent to I-64 through much of the County. The two north-south roadways in the County are U.S. Route 220 that runs from Clifton Forge on the north to Exit 154 on I-81, near Daleville, at the south end of Botetourt County. U.S. Route 220 also runs north from I-64 in Covington to Hot Springs in Bath County and beyond. The other north-south arterial that serves Covington is Route 311. Route 311 runs south to Sweet Chalybeate near the West Virginia line.

The regional boundary within the wider region is highlighted in Map A. While I-64 runs through the entire length of Alleghany County, the County is located 20 miles west of I-81 and the interchange with I-64.

The areas surrounding the Alleghany Highlands are rural, and some areas are within Jefferson Forest. To the east is the City of Lexington within Rockbridge County. This is a largely agricultural area. To the north is the low-density Bath County, that too is

encompassed within the national forest area. To the south is Botetourt County, which is the northern portion of the Roanoke Region. Botetourt County is just beginning to realize new employment and population growth, and which is principally being realized in the southern portion of the County. Greenbrier County, West Virginia to the west is a tourist area, but not necessarily a growing one.



Map A - Regional Setting

The area highway system allows relatively easy east-west access, within Allegheny County, and between the communities within the County. Lexington is 50± minutes to the east, but is a small community. This is the location for the I-64/I-81 interchange. To the west, I-64 runs to White Sulphur Springs and runs further west through West Virginia. Route 220 is an important roadway within Allegheny County, as it provides a direct route to Daleville in Botetourt County, from Clifton Forge. This provides a major benefit for the Town in comparison with Covington, as U.S. Route 222 runs north and no comparable highway runs south from the City.

Regional Economic Generators

This subsection of the report describes the region's largest employers and/or economic generators. Within Alleghany County, the largest employer is WestRock. The paper plant's main regional facility is located on E. Riverside Street near Downtown Covington and has been a major employer in the County since 1899. The paper plant employs nearly 1,300± people, with approximately 1,100 located in the Covington plant and another 200± who work at the nearby Low Moor location. Approximately 215 of the plant's employees are salaried workers, with the majority representing hourly wage workers. The hourly wage staff has a starting pay of \$15± per hour, with some of the more experienced staff being paid up to mid-\$40 per hour. Management at WestRock report that most employees earn over \$40,000 annually, with the large percentage of staff being in the \$50,000+ income category.

In September, 2018, plant officials announced that the company would invest \$248 million to upgrade its manufacturing operations at both plant locations. This is not expected to generate net new job growth, but clearly provide stability for the company ongoing employment retention.

Regarding company employment, staff at WestRock provides the following data:

- Over the past three years, management at WestRock hired just over 120 people, primarily in the 20 to 50 age category, but a few older persons. That equals to 40± new employees per year. The company reports that typically, they hire 40 hourly wage staff and 20 salaried staff annually.
- The company offers "packages" to certain salaried employees, which likely refers to assistance in housing.
- The company has a relatively high turnover rate in employment, with retirees and turnover for other reasons. Retirement and turnover averages 70 annually, so new hires are for replacements.
- Most retired staff move out of the Alleghany Highlands due to a shortage of quality housing. Most move to the Roanoke area.

- At least 30 percent of WestRock 's employees commute to the plant from outside of Alleghany Highlands. The majority of these drive from the Roanoke area and Botetourt County, in particular. A large number also commute from the Lewisburg area in Greenbrier County and from Bath County. Many salaried employees live in the Lewisburg area, where the housing quality is much higher.
- Company officials report that many potential employees, particularly for salaried positions, interview, tour area housing, and then decline the positions. Their expectations for housing, given their potential salaries, are not being met by the existing housing stock. Overall, officials of WestRock report that there is a "huge" problem attracting salaried employees due to the quality of available housing.
- Housing issues may also apply to hourly employees, as many do not accept the positions when offered. There are also issues with open positions that for which employment applications are not submitted.
- Additionally, many employees are looking to buy a home, though many want to rent for the first few years of the job, particularly younger employees. Very few quality rental housing options exist.
- Many employees start working, and as their family grows, cannot find suitable housing, so they leave the Alleghany Highlands and commute or leave the job altogether
- Younger employees are expressing interest in apartments, but cannot find quality apartments locally.

Senior staff at WestRock know that some staff commute from Daleville, where the relatively new, Daleville Town Center Apartments are located. This community, plus other newer communities, are discussed in the fourth section of the report.

The paragraphs to follow describe other larger employers in Alleghany Highlands, but these are not on the same level as WestRock.

Greenbrier Resort, in White Sulphur Springs, West Virginia and the adjacent historic community of Lewisburg, are major tourist areas in Greenbrier County in West Virginia, along the I-64 corridor within commuting distance of Covington and Clifton Forge. The Greenbrier is a National Historic Landmark and "world class" resort. The hotel has 710 rooms, within a 11,000-acre setting. The resort employs 1,800 during the

peak season, which is two-thirds of all jobs located in the entire county, including the historic community of Lewisburg, a second tourist area at this location. State figures on tourism show increases during 2017.

Botetourt County

Botetourt County, particularly the Daleville area at the south end of the County, is the location of choice for many workers in the Alleghany Highlands, if they choose to live outside of the County, as Botetourt County is the closest community with new housing, particularly new apartment units.

A concept under study is that if employees are willing to commute north from Botetourt County to the Alleghany Highlands due to a housing shortage in the marketplace under study, would employees at companies in Botetourt County commute south for work from Alleghany Highlands to find more available housing. This question cannot be fully answered, as there is no quality housing currently available in the Alleghany Highlands.

The question is relevant, as Botetourt County is attracting considerable new job growth. The totals are shown in Table 1. Between 2018 and 2021, Botetourt County is expected to realize approximately 940 new jobs, based on current announcements, with additional growth expected at area industrial parks.

Of note is that the new jobs are largely manufacturing jobs or relatively low- and moderate-wage jobs. These are employees who would require more modest-priced homes.

Along with annual new employment at WestRock, this is one of the key areas to study for potential housing unit demand. Table 1 shows the types of new employees who are coming to Botetourt County, followed by the types of jobs being generated at these businesses.

Table 1: Major Job Announcements, Botetourt County, 2018-2021

	<u>Job Type</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2018-2021</u>
Altec Industries	Manufacturing	0	180	0	0	180
Arkay Packaging	Manufacturing	0	50	0	0	50
The Glebe	Health Care	0	20	0	0	20
Ballast Point Brewing	Manufacturing	0	133	0	0	133
Botetourt Family YMCA	Non-Profit	0	30	0	0	30
Eldor Corp. 2/	Manufacturing	100	69	97	84	350
Harkness Screens	Manufacturing	50	0	0	0	50
Shared Services Center	State Government	48	78	0	0	126
Total		198	560	97	84	939

Source: S. Patz & Associates, Inc.

The paragraphs to follow briefly detail each of the above job announcements in Botetourt County. In total, these announcements will add nearly 940 new jobs to the County by 2021. Additional new company announcements are expected.

- **Altec Industries** announced that it would construct a 65,000 square foot expansion at its manufacturing plant in Botetourt County that will create 180 new jobs. This is the fifth time the company has expanded since moving to the Botetourt Center (at Greenfield) in 2001. The company manufactures aerial trucks for the electric utility and telecommunications industries.
- **Arkay Packaging** announced that it would expand its Botetourt County facility by adding new equipment in its EastPark Commerce Center. By 2019, the company will install a new printer, a gluer and other equipment in its 140,000± square foot facility and move supplies and other items to a nearby warehouse. The expansion will grow the workforce from 200 to 250 people.
- **The Glebe**, a continuing care retirement community, broke ground in July, 2018 on a new memory care facility to be called The Chaplick Neighborhood for Memory Support (The Chaplick Center). The 15,420± square foot facility will total 20 private rooms including a common area, exterior courtyard, salon and spa. The facility is expected to open in the summer of 2019.
- **Ballast Point Brewing & Spirits**, has opened a brewery in Botetourt County, by converting a 259,040± square foot former manufacturing building at Botetourt Center at Greenfield into its East Coast manufacturing and retail operation, creating 178 new jobs. The average wage for about 133 jobs at the brewery will be nearly \$42,000 a year. The 45 jobs on the retail side will pay \$25,600.
- **Botetourt Family YMCA**. Ground was broken in September, 2018 on this two-story, 43,000± square foot YMCA behind the Lewis Gale Clinic in Daleville Town

Center. The facility is projected to attract 500 daily visitors and employ 30 people within the first two years of its opening.

- **Eldor Corp.**, an Italian automobile parts manufacturer has constructed its first U.S. production plant in Botetourt Center at Greenfield. The facility will total 250,000± square feet. The company manufactures ignition systems, engine control units, braking systems actuators and power management systems for hybrid and electric vehicles. The company has committed to creating 350 new jobs by 2021 and possibly adding an additional 300 by 2024. Hiring is projected to be 100 new jobs by the end of 2018, 169 new jobs by 2019, 266 by 2020 and 350 by 2021. An additional 300 could be added by 2024. The new jobs will pay an average wage of \$50,000.
- **Harkness Screens**, will occupy a vacant 100,000± square foot building in the EastPark Commerce Center near Bonsack where it will employ 50 people.
- **Shared Services Center**. The Virginia Community College System signed a lease for a 37,000± square foot building in Daleville that will centralize many of the administrative services currently being provided at each of the state's 23 community colleges. 190 jobs could eventually be housed at the facility.

Lexington/Rockbridge County

On the east side of Alleghany Highlands is Rockbridge County and the City of Lexington. This is a small community, but Lexington is at an interchange of I-81. It has several industries, but a small housing market and very modest apartment properties. There is some job growth in this area. Following is a brief description of current economic development in the Lexington area:

- **Kendal at Lexington**. Ground was broken in February, 2018 on the expansion phase of this CCRC that will add more independent living cottages and to enhance person-centered care at its skilled care nursing facility. The project will bring 30 additional cottages to Sunrise Ridge. Also, during the next two years, Kendal at Lexington's Borden Health Center and Webster Assisted Living centered will be renovated.
- **Devils Backbone Brewing Company** has recently completed construction on a 50,000± square foot packaging and shipping/receiving facility, upgrading equipment, including the addition of a barrel aging system. Devils Backbone is also tripling the size of the existing taproom, which currently can serve about 50 people.

- **Mohawk Industries**, a global manufacturer of residential and commercial flooring products, announced in January, 2018 that it would expand its Glasgow manufacturing operation with a new extrusion compounding line. The project will create 15 new jobs.
- **Columbia Gas of Virginia** announced in November, 2018 that it had purchased six acres of land and become the first tenant in Buena Vista's long-vacant industrial park. Columbia Gas will build a mobile operating deployment facility, where it can deploy both workers and equipment to regional work sites. About a dozen people will work at the facility, which is expected to open in December, 2019.
- **NIBCO**, a valve and flow control device manufacturer, announced in November, 2018 that it had purchased a former auto parts plant on Green Forest Avenue in Buena Vista. The 173,000± square foot facility was a former plant of an auto parts manufacturer. NIBCO plans to employ between 30 and 40 people at the facility, once opened.

Summary

It is clear that the Alleghany Highlands is somewhat isolated with national forest land on all four sides of Alleghany County and a limited area highway system. These are two issues that are difficult to overcome. However, the two positive factors of: (1) new job growth annually at WestRock, with very attractive wages; and (2) low-cost factors for new housing unit development. Combined, there is clear demand for new housing development.

Combined with this finding is a lack of competition. The only regional community where new housing is currently being built is Botetourt County to the south. This area will be shown to be the only close-by area with considerable new construction, both for for-sale housing and rental housing. None of the other nearby areas noted above have an expanding housing market.

That said, the homes being built in Botetourt County are higher-priced compared with the to-be-defined Alleghany Highlands market, both for for-sale homes and for-rent housing units. This puts the Alleghany Highlands area in a uniquely competitive position within this sector of the I-81/I-64 corridor. It represents the basis for establishing an expanding housing market in the Alleghany Highlands.

Section II Alleghany Highlands Economic Overview

This part of the market analysis presents an economic overview of the Alleghany Highlands in terms of job and employment growth. The purpose is to show the level and type of job growth and the potential for new growth. Three economic factors are presented in this analysis: (1) at-place job growth, (2) employment and labor force trends, and (3) new active development plans that are expected to generate net new jobs. The three economic factors under study 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 Alleghany Highlands, new housing demand, initially will come from a pent-up demand, as described above, and referenced on the write-up on WestRock. Housing demand is also expected from employment growth in nearby communities, particularly in Daleville in Botetourt County. Net job growth is likely to increase in Alleghany Highlands with new housing construction.

At-Place Jobs

At-place jobs refer to the number of jobs located within the Alleghany Highlands, which includes Alleghany County (including the Town of Clifton Forge and Town of Iron Gate) and the City of Covington. As of year-end 2017, the total number of at-place jobs, as reported by the Department of Commerce, Bureau of Labor Statistics (BLS), in the region totaled 7,830±, which is nearly 500 fewer than during the pre-recession peak of 2008.

Data in Table 2 show a decrease in total jobs in the key recession year of 2009. 350± jobs were lost in 2009, with moderate growth recorded between 2010 and 2012 adding only 120± jobs. Job losses took place in 2013 and 2014 that resulted in 340± layoffs. 2015 was a modest growth year, with 140± new jobs added. Job losses occurred every year since, with a loss 40± jobs in 2016 and 30± jobs in 2017.

As shown in Table 2, the Alleghany Highlands has many data disclosure issues due to the small number of employers. This is often the case in more rural, sparsely-populated communities.

The dominant employment sector in the Alleghany Highlands is Manufacturing, much of which is associated with WestRock. The Covington paper mill dates to 1899 and the Low Moor facility was built in the 1980's. This is the largest employer in the region with a combined 1,300± employees, mixed between employees in Covington and employees in Low Moor. Within this total are 1,030± hourly waged employees. Wages for the 230± salaried employees are not publicly disclosed, though they are reported by company officials to be “substantial.”

Several other regional employment sectors are also tied to WestRock. The Construction sector, for instance, is largely focused on expansions and upgrades at WestRock. The hospitality sector also relies heavily on WestRock. Shown below is a photo of the WestRock Covington plant.



WestRock Covington

Health Care is also an important employment sector in the region. Most local Health Care jobs are associated with the LewisGale Hospital Alleghany in Low Moor, which is operated by HCA. The hospital opened in 1979 with 204 beds and underwent

major renovations with a 43,330± square foot expansion in 1993. The hospital employs approximately 230 people. Shown below is a photo of the hospital.



LewisGale Hospital Alleghany

Education is a third key employment section with the Dabney S. Lancaster Community College located near Clifton Forge. The community college employs nearly 80 full-time workers and 170± part-time employees. The annual enrollment is over 1,800 and includes students from a wide geographic area.



Dabney S. Lancaster Community College

Officials at the community college have plans for enrollment growth, and to accomplish that, are studying the possibility of on-site dorm rooms. This is a long-term

proposal, but if implemented, will provide better housing for students, a better setting for enrollment growth, and an accompanying employment growth.

The Retail sector is also an important component of the local economy, accounting for over 11 percent of total employment as of year-end 2017. This sector, however, has shed nearly 280 jobs over the past decade, shrinking by over 21 percent. Most retail employment is clustered in the four mature retail centers in the region, which are detailed in the chart below.

<u>Allegheny Highlands Retail Centers</u>			
	<u>Year Built</u>	<u>Total Space</u>	<u>Anchors</u>
Highland Centre	1981	98,898	DMV 1/
Riverbend Shopping Center	1998	32,161	Dollar Tree
Allegheny Square	1986	122,285	Food Lion
Kroger Shopping Center	1967	28,047	Kroger/ CVS
Notes: 1/ Kmart anchor closed in 2016.			
Source: S. Patz & Associates, Inc.			

The retail space market reflects some of the challenges within the Allegheny Highlands marketplace. Without new job and demographic growth, expansion of the commercial space market is limited. The chart below shows that the newest retail center opened in 1998 and is small with Dollar Tree as the anchor tenant. The largest retail center is 33± years old.

Much of the remaining employment is located in four regional industrial and business parks, which are detailed in the paragraphs below. All have had minimal activity in recent years.

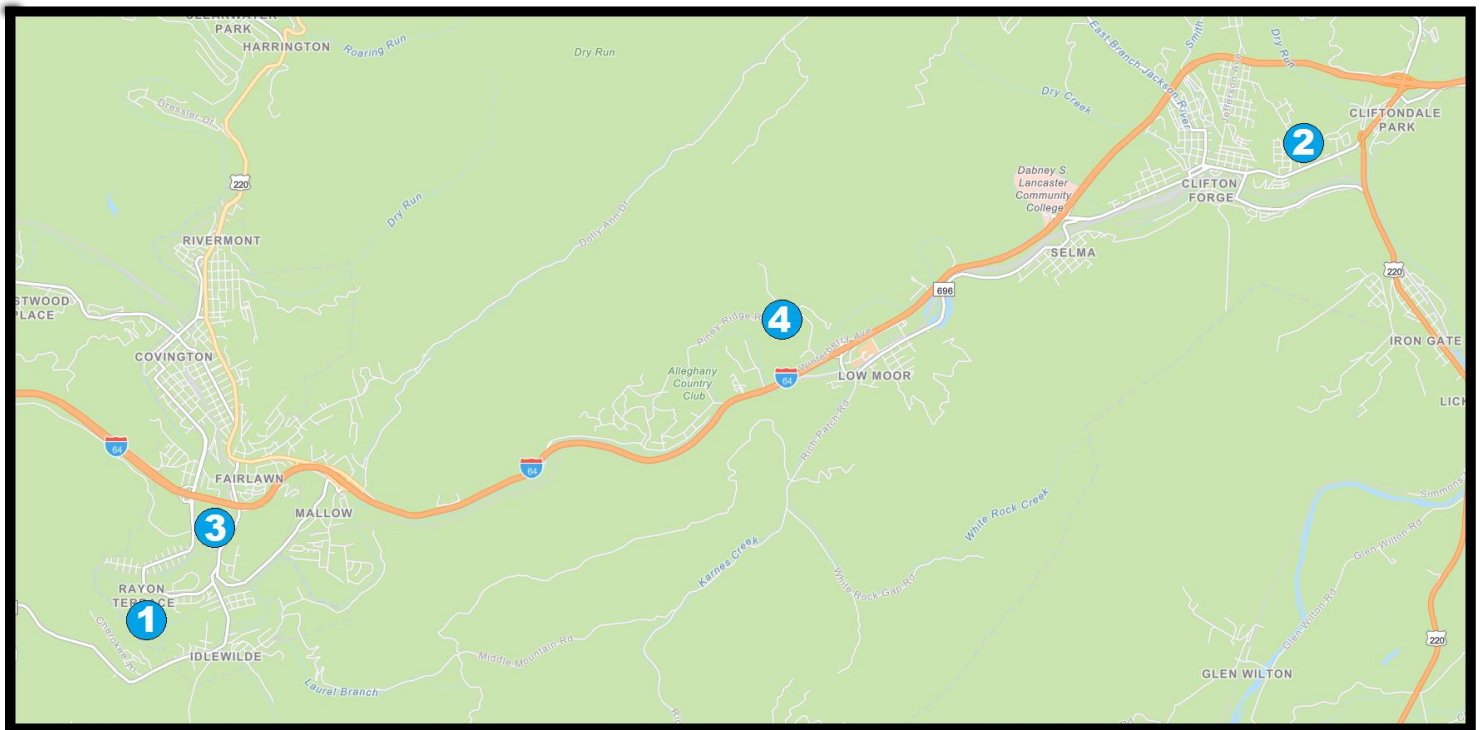
- **Rail Over River Industrial Park** (Note 1). This is a 102-acre industrial park located along the western end of W. Edgemont Drive at the southern edge of the City of Covington. Much of the park is developed with two vacant industrial buildings, one totaling 381,940± square feet and the second totaling 82,000± square feet. Both were constructed in 1928. The facility was vacated by Applied Extrusion Technologies in 2008. The business produced oriented polypropylene films used in labels and packaging applications. 126

employees, who were largely production and maintenance staff, were laid off with the closure, which was blamed on large infrastructure costs. This followed a major restructuring of the facility in 1998, in which the company shutdown certain assets and eliminated approximately 200 full-time manufacturing and plant administrative positions.

As will be detailed further below, SchaeferRolls, a German-based manufacturer of polymer-based roll covers for machinery and other products, is planning to move to an existing manufacturing facility in Low Moor and will employ 31 people.

- **Clifton Forge Business Park** (Note 2). This 20.5-acre business park is located at the intersection of Hickory and Main streets in Clifton Forge. It contains five lots, of which only one has been developed. The development contains the E-ZPass Customer Service Center, which opened in 2006 in the former 15,490± square foot Ntelos building. The 60± employees at the facility include customer service representatives, system administrators and other IT workers, as well as managers and administrative support staff. The remaining acreage in the park has yet to be subdivided.
- **Jamison Commerce Center** (Note 3). This is a small industrial park located at the southeastern intersection of I-64 and S Durant Road along Thacker Avenue in Covington. The industrial park is currently improved with three industrial buildings that total 146,000± square feet of space and were constructed in the 1980's. The buildings are occupied by Kemper Properties and used for storage and distribution space for MeadWestvaco paper products. 2.6 acres are currently vacant in this park.
- **Alleghany Regional Commerce Center** (Note 4). This is a 300-acre business park located along Commerce Center Drive in Low Moor. Balchem Corporation, a manufacturer of encapsulated ingredients used in animal food and health products, most recently moved into a 68,170± square foot facility in 2012, where it employs 55 people. The most recent building constructed in the park is the 37,000± square foot Alleghany Highlands YMCA that opened in 2007. The largest tenant is the park is Bacova Guild, which operates a 335,600± square foot facility that manufactures printed accent rugs, printed floor mats and bathroom ensembles. The last expansion in the facility took place in 2006 with the addition of 45 new jobs. Also located in the park is a 19,400± square foot facility that was constructed in 1997 and is occupied by Williams Fabrication, a metal fabricator. Smaller users include the Virginia State Police - BFO Division 6, which occupies a 2,360± square foot space that was constructed in 2005.

The locations of each these parks are shown in Map B. All of these employment centers are located along the I-64 corridor. Two are located in the Covington area, one is located in Low Moor and one is located in the Clifton Forge area.



Map B - Allegheny Highlands Business/Industrial Parks

Unlike many of Virginia’s rural counties, agricultural activity does not represent a major component of the local economy. Forestry, however, does remain an important sector of local economic activity. Nearly 84 percent of Allegheny County’s land is forested, approximately half of which is privately owned, with the other half encompassing part of the George Washington and Jefferson National Forests.

Given the rugged terrain through the Allegheny Highlands, much of the region remains predominantly rural, with development tending to be concentrating along the I-64 corridor, in the Town of Clifton Forge and City of Covington.

Table 2: Trends in Average At-Place Employment, Alleghany Highlands, Virginia, 2008-2017 1/

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Change
Agriculture, Forestry, Fishing	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Utilities	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Construction	484	365	397	430	393	463	423	480	491	503	19
Manufacturing	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Wholesale Trade	92	98	91	ND	ND	ND	126	ND	ND	114	22
Retail Trade	1,109	1,073	1,050	969	968	951	966	950	896	874	-235
Transport. & Warehousing	204	176	162	153	189	ND	ND	234	252	ND	--
Information	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Finance/Insurance	155	148	143	142	ND	132	136	136	ND	ND	--
Real Estate	ND	ND	ND	ND	ND	ND	ND	40	ND	ND	--
Professional/Tech. Services	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Management of Companies	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Admin./Waste Services	ND	125	ND	ND	ND	138	120	143	163	196	--
Educational Services	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Health Care	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Arts/Enter./Recreation	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Accommodations/Food	607	604	584	586	ND	569	591	674	ND	ND	--
Other Services	269	368	329	298	317	280	307	315	307	309	40
Local Government	1,387	1,364	1,345	1,298	1,283	1,241	1,206	1,172	1,189	1,191	-196
State Government	243	240	252	286	298	305	307	299	289	300	57
Federal Government	<u>80</u>	<u>81</u>	<u>82</u>	<u>75</u>	<u>72</u>	<u>66</u>	<u>65</u>	<u>66</u>	<u>71</u>	<u>64</u>	<u>-16</u>
Total	8,326	7,974	7,988	7,979	8,096	7,874	7,757	7,900	7,856	7,830	-496

Notes: ND = Data do not meet BLS or State agency disclosure standards.

1/ Includes City of Covington and Alleghany County (All unincorporated areas and towns of Clifton Forge and Iron Gate).

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

Employment and Labor Force

Employment differs from at-place jobs, as it refers to the number of residents who are employed, regardless of where the job is located. Employment is a better indicator of housing unit demand, as it refers to where people live. Year-end 2017 employment in the Alleghany Highlands is 8,740±, or 910± above at-place jobs. The fact that the at-place jobs is lower than employment denotes that out-migration of workers occurs from the Alleghany Highlands commuting into neighboring jurisdictions, primarily to the Roanoke Region.

Data in Table 3 show that employment shrank by 260± over the ten-year period between 2008 and 2017, which follows a similar trend as at-place jobs. Employment fell modestly by 70± between 2008 and 2009, as a result of the past recession. The

unemployment rate rose from 5.8 percent to 9.4 percent during that period, though this is also due to an expanded labor force during that year.

Total employment has been stagnant in recent years, with losses recorded every year since 2011. Total employment fell by 160± in 2016 and 70± in 2017. Another negative data point is that the labor force has contracted by over 1,400 since 2010, shrinking every year over the past seven years. This suggests a loss in confidence in securing employment. Thus, while the unemployment rate is stands at a relatively low 5.2 percent, the lowest rate over the past decade, this is partly due to many residents exiting the work force.

Table 3: <u>Trends in Employment and Unemployment</u> <u>Alleghany Highlands, Virginia 2008-2017</u>				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	9,556	9,001	555	5.8%
2009	9,813	8,893	920	9.4%
2010	10,640	9,667	973	9.1%
2011	10,571	9,699	872	8.2%
2012	10,448	9,657	791	7.6%
2013	10,077	9,366	711	7.1%
2014	9,684	9,058	626	6.5%
2015	9,465	8,963	502	5.3%
2016	9,303	8,806	497	5.3%
2017	9,221	8,739	482	5.2%
Net Change	-335	-262	-73	-0.6%
Source: United States Department of Labor, Bureau of Labor Statistics				

Economic Development Activity

The paragraphs below detail a limited number of new economic development announcements in the Alleghany Highlands that are expected to generate some net job growth.

- **Love’s Travel Center.** Construction was recently completed on this large truck stop on 15 acres adjacent to the county government complex in Low Moor off Interstate 64. The facility, with 12 fuel pumps, includes a McDonald’s and Subway. Love’s employs approximately 35 staff, including five managers. The McDonald’s employs an additional 40 people.

- **SchaeferRolls**, a German-based manufacturer of polymer-based roll covers for machinery used in paper, packaging, automotive and other industries, announced in June, 2018 that it would build a 40,000± square foot manufacturing facility and employ 31 people by 2021 and possibly an additional 20 employees between 2021 and 2023. These employees will earn an average salary of \$51,300. The company will be located in the former Sunoco Building in Low Moor.
- **Alleghany Health and Rehab**. This 105-bed nursing facility, located at 1725 Main Street in Clifton Forge, completed construction in December, 2018 on a secured memory care wing with 32 beds, an increase over the existing 20 beds.

Several new retailers have opened over the past six months and include Rollers Smokehouse Barbecue in Iron Gate, Art Squared in Covington, Alleghany Family Pharmacy in Covington, Chimney Springs View in Covington and Camella's Day Care in Covington.

Summary

The key point to note from the area's job and employment trends, as it relates to new housing unit demand, is the required reliance on job turnover at area companies.

The following paragraphs present the trends and projections of demographics for the Alleghany Highlands region.

Demographic Analysis

Data presented in Table 4 show the basic demographic trends for the Alleghany Highlands for the post-1990 period. Demographic trends show population declines in all jurisdictions within Alleghany Highlands since the 1990's. The market area population fell by 1,330± during the 1990's, with population losses generally evenly split between the City of Covington and Alleghany County. Much of this population loss was associated with several major job losses in Covington during the late-1990's by Halmode Apparel, Applied Extrusion Technologies and Westvaco Corp. (now WestRock).

Population losses continued at the same pace during the 2000 decade. As with the 1990's, much of this population loss was attributed to major job layoffs, that included TransCore (86 jobs cut in 2010), Parker Hannifin Corp. (145 jobs cut in 2007), Lear Corp. (270 jobs cut in 2007), and Applied Estrusion Technologies (127 jobs cut in 2008). There were also several rounds of layoffs at WestRock Corp. between 2002 and 2005 that eliminated nearly 290 jobs.

The Alleghany Highlands' population contracted by an additional 1,100± people between 2010 and 2018, or at an average rate of nearly 140 people each year. As with previous years, population losses since 2010 were recorded in all jurisdictions.

The current population in Alleghany Highlands is 21,110, based on the most recent data prepared by Weldon Cooper Center for Public Service. Also shown in Table 4 is the Census Count of 22,210 in 2010. At this point in the study, we do not show demographic projections. These will be provided in the report conclusions.

Table 4: <u>Trends of Population and Households by Tenure, Alleghany Highlands, Virginia, 1990-2018</u>				
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u>
Alleghany Highlands Population	24,850	23,520	22,210	21,110
City of Covington	6,990	6,300	5,960	5,830
Town of Clifton Forge 1/	4,680	4,290	3,880	3,520
Town of Iron Gate	420	400	390	360
Remainder of Alleghany County	12,760	12,530	11,980	11,400
Group Quarters Population	510	470	370	370
Household Population	24,340	23,050	21,840	20,740
Person Per Household	2.47	2.35	2.29	2.27
Households	9,870	9,830	9,520	9,140
Owner Households	7,330	7,500	7,170	6,800
Percent of Total Households	74.2%	76.3%	75.3%	74.4%
Renter Households	2,540	2,330	2,360	2,340
Percent of Total Households	25.8%	23.7%	24.7%	25.6%
Notes: 1/ Clifton Forge reverted from a city to a town in 2001.				
Source: 1990, 2000 and 2010 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 not part of the traditional housing market. It includes persons in hospitals, nursing homes, jails, group homes and dormitories. The market area has a small Group Quarters population that totals approximately 370 people, or less than two percent of the total population of Allegheny Highlands. This total is nearly evenly split between seniors residing at area nursing homes (Allegheny Health & Rehab and Brian Center Rehab & Nursing), Woodlands in CliftonForge, and inmates in the Allegheny County Jail. 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.

Households

Households, i.e., occupied housing units, declined modestly during the 1990's, despite a very large population decline. This is partly due to a sizable decline in the market area's average household size, from 2.47 in 1990 to 2.35 in 2000. Driven largely by an aging population, the average household size has continued to fall and has reached 2.27 as of 2018.

In 2010, the market area had approximately 9,520± households, based on the Census count of that year. That is 310± fewer households than in 2000. Based on current population estimates, and the ongoing reduction in average household size, the 2018 estimate for total households is 9,140±.

The fact that households have declined is one reason, added to the list noted above, of reasons for a "non-existent" new home market.

Owner Households

The Alleghany Highlands have a high percentage of homeowners, at 75.3 percent at the time of the most recent Census in 2010. This is compared with the state and national average of 67.3 to 65.1 percent, respectively. This high ownership rate is likely attributable to older residents who have aged in place, but also due to no new rental housing being built and a lack of millennials in the labor force. Since 2000, the percentage of owners fell slightly to 74.4 percent. There were 7,170± owner households in the market area in 2010. This total is estimated to have fallen to 6,800± in 2018.

Owner Households by Income

Owner household trends are shown in Table 5. As with total households, there has been a decline in the number of households that own their own home. The percentage is high at 74+ percent, which is the same percentage as in 1990, but the actual number has declined. This is due to an increase in the vacancy rate in the market area, at 15± percent in 2010. With a lack of household growth, and no (or few) new homes being built, many homes became vacant. This trend appears to be sizable since 2000.

The owner household data is broken down into two (actually three) income categories. One is the number of owner households with incomes under \$40,000. In 2018, that category equaled a high 37 percent. Most of these residents would not be able to purchase a new home.

The second category is the income category of \$40,000 to \$80,000. This reflects the incomes of most of the hourly employees at WestRock, existing and new. Data for these income categories show a major decrease in 1990 and modest decreases since 2000. These represent some of the employees who move out of the area for better (new) housing.

Table 5: Trends of Owner Households by Income, Alleghany Highlands, Virginia, 1990-2018 (Constant 2018 dollars)				
	1990	2000	2010	2018
Households	9,870	9,830	9,520	9,140
Owner Households	7,330	7,500	7,170	6,800
Percent of Total Households	74.2%	76.3%	75.3%	74.4%
<u>\$40,000-\$80,000</u>				
Total Households	3,930	3,280	3,140	3,000
Percent of Households	39.8%	33.4%	33.0%	32.8%
<u>\$80,000+</u>				
Total Households	2,170	2,630	2,700	2,760
Percent of Households	22.0%	23.8%	28.4%	30.2%
Source: 1990, 2000 and 2010 Census, U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.				

The last category is the over \$80,000 income range. This represents the potential market for new home sales in the Alleghany County marketplace. It is a slightly growing category, due in part to turnover employment at WestRock and some employment growth at the area hospital. This is the target market for new home development.

Renter Households

The market area has 2,360± renter households as of 2010, a slight increase over the 2000 renter household total. Limited rental housing supply has constrained this segment of the housing market. Total renter households is estimated to have fallen by 20± between 2010 and 2018. Thus, much of the population loss detailed in Table 5 has been among homeowners.

Renter Households by Income

Table 6 details trends in renter households by income in the Alleghany Highlands. Approximately 680 households, or 29.1 percent of total renter households, earn annual incomes below 30 percent of the Area Median Income (AMI) for the Alleghany County-Clifton Forge-Covington MSA. This total has fallen by nearly 80 households since 1990, though most of this decline occurred during the 1990's.

The income categories between 40 percent and 80 percent of AMI typically represent the workforce housing population. These income categories are presented below. As of 2018, these income brackets total 970± households, which is essentially unchanged from 2010. There were modest declines in this demographic during the 1990's.

There are 650 households in the over 80 percent of AMI income range in 2018, representing 27.8 percent of market area renter households. This total is essentially unchanged since 2000, though it did fall by over 100 during the 1990's, largely due to job cuts during that decade.

There is not much growth in the renter household market, due in part to limited job growth, but equally, due to the very poor rental/apartment housing stock. It is clear from these data, that any new rental housing unit additions will require: (1) attracting new employees at WestRock, (2) generating transfer demand from Lexington, and (3) attracting employees from nearby growth communities, such as, Lewisburg and /or Daleville, based on the ability to offer lower rents in Alleghany Highlands.

Table 6: Trends of Renter Households by Income, Alleghany Highlands, Virginia, 1990-2018
(Constant 2018 dollars)

	1990	2000	2010	2018
Renter Households	2,540	2,330	2,360	2,340
Percent of Total Households	25.8%	23.7%	24.7%	25.6%
Under 30% of AMI (Less than \$17,520)				
Total Households	755	690	690	680
Percent of Renter Households	29.7%	29.6%	29.2%	29.1%
30%-40% of AMI (\$17,520-\$23,360)				
Total Households	220	240	240	230
Percent of Renter Households	8.7%	10.3%	10.2%	9.8%
40%-50% of AMI (\$23,360-\$29,200)				
Total Households	200	240	240	240
Percent of Renter Households	7.9%	10.3%	10.2%	10.3%
50%-60% of AMI (\$29,200-\$35,040)				
Total Households	200	160	160	160
Percent of Renter Households	7.9%	6.9%	6.8%	6.8%
60%-70% of AMI (\$35,040-\$40,880)				
Total Households	180	160	170	170
Percent of Renter Households	7.1%	6.9%	7.2%	7.3%
70%-80% of AMI (\$40,880-\$46,720)				
Total Households	140	160	170	170
Percent of Renter Households	5.5%	6.9%	7.2%	7.3%
Over 80% of AMI (Greater than \$46,720)				
Total Households	740	630	650	650
Percent of Renter Households	29.1%	27.0%	27.5%	27.8%

Source: 1990, 2000 and 2010 Census, U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.

Active Senior Population and Households

The following data will show net growth in the Alleghany Highlands older adult population. We divided these data on the senior population to 62 to 79 aged market and the 80+ market. The 62 to 79 aged population is defined as active adults and represent the sector of the market that is likely to consider a “buy-down” home, i.e., a smaller home without maintenance. The 80+ aged population is the likely “market” for assisted living or nursing care.

Officials at WestRock note that there are a number of retirees at the company each year and a possible demand for age-restricted housing.

Data in Table 7 show that in 2010, the active senior population (persons 62 to 79 years of age) in the Alleghany Highlands totaled 4,240±, or 19.1 percent of the total market area population. That percentage is high compared with state and national percentages, which is closer to 12 percent. Over the 2000 decade, a period in which the overall population fell in Alleghany Highlands, the net growth of the 62 to 79 age population was 400±. This is compared with a net decrease of 450± persons in this age group during the 1990's, largely due to people moving away from the area. Essentially all of the 2000 net population growth of active seniors was due to persons aging in place. The current active adult population is 4,500±, an increase of 260± over the 2010 level.

Data in Table 7 also show the growth in the number of households with the household head aged 62 to 79 years. In 2010, the market area had 2,720± active senior-headed households. By 2018, the total number of households with the head in the age category is estimated to have reached 2,890± households, or 31.6 percent of total households.

The average household size of active senior headed households is 1.56, which is normal. This is a low average size for active senior households, which is typically 1.6 to 1.75. That difference describes a large number of single-person senior households.

Table 7: <u>Trends of Senior Population and Households, Alleghany Highlands, Virginia, 1990-2018</u>				
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u>
Alleghany Highlands Population	24,850	23,520	22,210	21,110
Alleghany Highlands Households	9,870	9,830	9,520	9,140
<u>Active Senior Population and Households (62-79)</u>				
Senior Population	4,290	3,840	4,240	4,500
Percent of Total Population	17.3%	16.3%	19.1%	21.3%
Senior Households	2,660	2,580	2,720	2,890
Percent of Total Households	26.9%	26.2%	28.6%	31.6%
Average Senior Household Size	1.61	1.49	1.56	1.56
<u>Older Senior Population and Households (80+)</u>				
Senior Population	1,050	1,180	1,190	1,230
Percent of Total Population	4.2%	5.0%	5.4%	5.8%
Senior Households	690	790	900	940
Percent of Total Households	7.0%	8.0%	9.5%	10.3%
Average Senior Household Size	1.52	1.49	1.32	1.31
Source: 1990, 2000 and 2010 Census, U.S. Census Bureau, U.S. Department of Commerce; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.				

Data in Table 7 also show a stable population for the 80+ aged market. There is growth in the over 80 aged population, but the “market” is small at 5.8 percent of total population. Households with an older adult senior head have increased steadily since 1990.

Active Senior Households by Income Category

Table 8 details trends in total senior households by income category in the Alleghany Highlands. Approximately 380 households, or 13.2 percent of senior-headed households, earn annual incomes below 30 percent of AMI. This total has fallen by 110 households since 1990, though most of this decline occurred during the 1990’s.

The income categories between 40 percent and 80 percent of AMI typically represent the workforce housing population account for a 1,220, as of 2018. This total has remained essentially flat since 2000. There were modest declines in this demographic during the 1990’s.

There are 1,490 households in the over 80 percent of AMI income range in 2018, representing 51.6 percent of market area senior households. This income category grew most since the 1990's, having added 100 households since 2010.

Table 8: <u>Trends of Senior Households by Income,</u> <u>Alleghany Highlands, Virginia, 1990-2018</u> (Constant 2018 dollars)				
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u>
Total Households	9,870	9,830	9,520	9,140
Senior Households	2,660	2,580	2,720	2,890
Percent of Total Households	26.9%	26.2%	28.6%	31.6%
Under 30% of AMI (Less than \$14,010)				
Total Households	490	370	370	380
Percent of Total Households	5.0%	3.8%	3.9%	4.2%
Percent of Senior Households	18.4%	14.3%	13.6%	13.2%
30%-40% of AMI (\$14,010-\$18,680)				
Total Households	290	240	240	250
Percent of Total Households	2.9%	2.4%	2.5%	2.7%
Percent of Senior Households	10.9%	9.3%	8.8%	8.7%
40%-50% of AMI (\$18,680-\$23,350)				
Total Households	220	230	230	240
Percent of Total Households	2.2%	2.3%	2.4%	2.6%
Percent of Senior Households	8.3%	8.9%	8.5%	8.3%
50%-60% of AMI (\$23,350-\$28,020)				
Total Households	210	160	160	170
Percent of Total Households	2.1%	1.6%	1.7%	1.9%
Percent of Senior Households	7.9%	6.2%	5.9%	5.9%
60%-70% of AMI (\$28,020-\$32,690)				
Total Households	160	160	170	180
Percent of Total Households	1.6%	1.6%	1.8%	2.0%
Percent of Senior Households	6.0%	6.2%	6.3%	6.2%
70%-80% of AMI (\$32,690-\$37,360)				
Total Households	150	150	160	180
Percent of Total Households	1.5%	1.5%	1.7%	2.0%
Percent of Senior Households	5.6%	5.8%	5.9%	6.2%
Over 80% of AMI (Greater than \$37,360)				
Total Households	1,130	1,270	1,390	1,490
Percent of Total Households	11.5%	12.9%	14.6%	16.3%
Percent of Senior Households	42.5%	49.2%	51.1%	51.6%
Source: 1990, 2000 and 2010 Census, U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.				

Housing Unit Trends

This subsection of the report analyzes the housing unit market in Alleghany Highlands in terms of new additions to the market and age. Data in Table 9 show Census data on total housing units in 2010 and an estimate from the American Community Survey for 2017:

- **Alleghany County** realized only 20± new homes added between 2010 and 2017, which averages just over one per year. Clifton Forge and Iron Gate’s totals are included in the County totals.
- **Covington’s** total number of housing units decreased since 2010.
- **Botetourt County** had growth of 200 new homes between 2010 and 2017, but the rate of new home development after 2017 is larger.
- **Bath County, Craig County, Rockbridge County/Lexington** and the two West Virginia counties had sizable housing unit growth. Some of the demand for new homes in Greenbrier and in historic counties in West Virginia are reported to be by WestRock workers.

The point shown in Table 9 is, by all measurements, the net new housing unit additions in the Alleghany Highlands. It is small and almost non-existent. Since 2010, net new housing additions was smaller in Alleghany Highlands compared with any other area county.

Table 9: <u>Net Change in Housing Units, Alleghany Highlands and Neighboring Jurisdictions, 2010-2017</u>		
	<u>2010</u>	<u>2017</u>
Alleghany County	8,074	8,050
Covington City	3,067	3,020
Botetourt County	14,562	14,770
Bath County	3,270	3,350
Craig County	2,809	2,910
Rockbridge County	11,152	11,350
Greenbrier County (WV)	18,980	19,220
Monroe County (WV)	7,601	7,630
Source: U.S. Census Bureau		

Table 10 shows the dates when new homes were built in the Alleghany Highlands. For the period of 2014 to the present, only four new homes were built. 90 new homes were built in between 2010 and 2014. However, the net growth was under 30 due to the removal of blighted and vacant homes. The net growth was minimal and below other area communities.

Alleghany Highlands did realize the addition of 600+ homes during the 2000's and 900 during the 1990's. However, since 1980, there has been a steady decrease in new home additions. That is in stark contrast to the housing unit construction levels between 1940 and 1990.

Table 10: <u>Ages of Occupied Housing Units, Alleghany Highlands, 2017</u>						
	<u>Alleghany County</u>		<u>Covington City</u>		<u>Alleghany Highlands</u>	
	Number	Percent	Number	Percent	Number	Percent
Built 2014 or Later	4	0.1%	0	0.0%	4	0.0%
Built 2010 to 2013	90	1.1%	0	0.0%	90	0.8%
Built 2000 to 2009	493	6.1%	119	3.9%	612	5.5%
Built 1990 to 1999	873	10.9%	25	0.8%	898	8.1%
Built 1980 to 1989	1,085	13.5%	175	5.8%	1,260	11.4%
Built 1970 to 1979	1,289	16.0%	153	5.1%	1,442	13.0%
Built 1960 to 1969	1,099	13.7%	348	11.5%	1,447	13.1%
Built 1950 to 1959	856	10.6%	634	21.0%	1,490	13.5%
Built 1940 to 1949	648	8.1%	665	22.0%	1,313	11.9%
Built 1939 or Earlier	1,610	20.0%	899	29.8%	2,509	22.7%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

Substandard Homes

The last issue related to Census data on the Alleghany Highlands housing market is the number of substandard housing units. For the defined Alleghany Highlands Region, there are 37 occupied homes without complete plumbing facilities and 37 occupied homes without complete kitchen facilities. Combined, these data from the American Community Survey represent one percent of total occupied homes. A larger number of homes do not have telephone service.

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 60 percent of the homes in the Allegheny Highlands were built prior to 1970.

Table 11: Occupied Housing Units by Complete Facilities, Allegheny Highlands, 2017

	<u>Allegheny County</u>		<u>Covington City</u>		<u>Allegheny Highlands</u>	
	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>
Occupied Housing Units	6,866		2,399		9,265	
Plumbing Facilities						
Complete Plumbing Facilities	6,859	99.9%	2,369	98.8%	9,228	99.6%
Lacking Complete Plumbing Facilities	7	0.1%	30	1.3%	37	0.4%
Kitchen Facilities						
Complete Kitchen Facilities	6,829	99.5%	2,399	100.0%	9,228	99.6%
Lacking Complete Kitchen Facilities	37	0.5%	0	0.0%	37	0.4%
Telephone Service						
Home with Telephone Service	6,663	97.0%	2,334	97.3%	8,997	97.1%
Home without Telephone Service	203	3.0%	65	2.7%	268	2.9%

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

Section III Alleghany Highlands For-Sale Housing Market

At this time, there are no active subdivisions for new single-family homes (or townhomes) in the Alleghany Highlands. Area officials and realtors report that the new home sales market has been dormant for the last 10± years, likely, since the start of the recession of 2008. Thus, the for-sale home market in the Alleghany Highlands has been limited to resales over the past decade. Ironically, in spite of a need for affordable housing, there are no townhome communities in the Alleghany Highlands.

Area realtors report that one result of the significant downturn in the area housing market is that there are no longer available home builders in the Alleghany Highlands. Past home builders have essentially retired and have no business left. All are reported to have interest in restarting their businesses, given the modest market conditions.

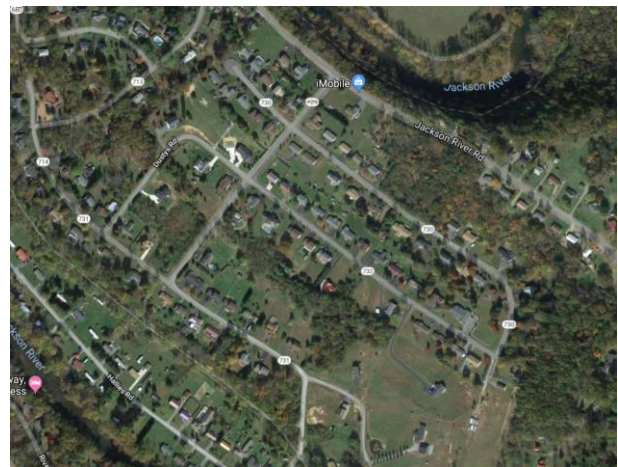
There are reported to be three subdivisions in the market area with some lots still available. These are Woodfield, Woodland Hills and Clearview Estates. Woodfield is well-located in the City of Covington. Woodland Hills and Clearview Estates are located north of the City in Alleghany County. Most are large-lot developments with homes priced in the \$250,000 range. The subdivisions are reported to have started 20 to 25 years ago, so the sales pace at each has been slow. The available lots at these subdivisions total approximately 35, as listed below.

	<u>Available Lots</u>
Woodfield	20
Clearview Estates	NA
Woodland Hills	15

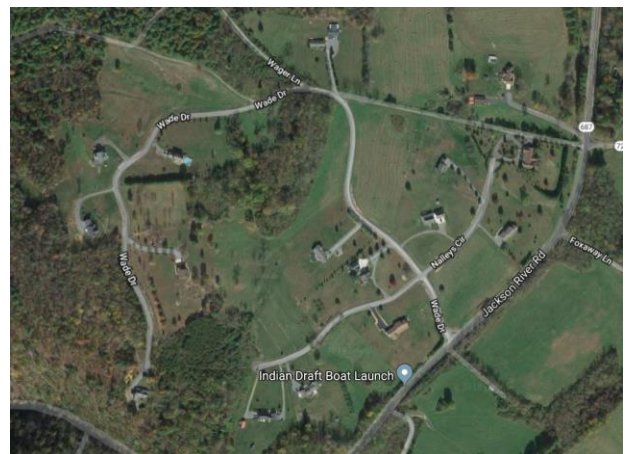
Following are photos of homes at each of these subdivisions, along with an aerial of the subdivision. All three have attractive, well maintained homes. It is unlikely that an out-of-area developer would purchase the available lots, with likely more reasonably priced land available and the need for smaller lots.



Woodfield Subdivision



Clearview Estates Subdivision



Woodland Hills Subdivision

The other aspect of the home sales market in the Alleghany Highlands is the resale market. These are “described” in the photos to follow. These photos show 11 mature and smaller homes for sale in the \$125,000 to \$170,000 price range, mostly. One larger home is priced at \$320,000 for 4,000 square feet.

The more moderate-priced homes are moderate in size at 1,400 to 2,000 square feet. The home on McCormick Boulevard (Note 1) is 3,100+ square feet in size. All of these homes are publicly listed and actively marketed by local realtors.



3BR/ 2BA - \$159,000



3BR/ 2BA - \$169,900



2BR/ 1BA - \$125,000



4BR/ 4BA - \$189,000



3BR/ 2BA - \$169,900



2BR/ 1BA - \$135,500



4BR/ 2BA - \$319,900 1/



3BR/ 2BA - \$149,900



3BR/ 3BA - \$155,000

Note: 1/ Street addresses are not presented in this report.

Competitive Housing Market. Area realtors and staff from the Human Resource Department at one local company reports that some area workers have moved to Monroe County, West Virginia, which is located just south of Greenbrier County and adjacent to the western boundary of Alleghany County. As shown in the attached photos, in general resale home prices in Monroe County (Peterstown WV and Union WV) are similar to those in the Alleghany Highlands.



\$169,900 (Peterstown, WV)



\$189,000 (Alderson, WV)



\$95,000 (Union, WV)



\$159,000 (Alderson, WV)



\$325,000 (Peterstown, WV)



\$89,500 (Peterstown, WV)

The analysis of the for-sale home market shows mature resales that are priced under \$200,000. Some of the smaller and more mature homes are priced at or near \$180,000. The resale home sales market in the Lexington area are at the same price range (see photos below), although Rockbridge County has several large homes with acreage priced at \$500,000 and above.

Resale Homes in Lexington, Virginia



3BR/ 2BA - \$189,900



2BR/ 2BA - \$180,000



3BR/ 2.5BA - \$240,000



3BR/ 2BA - \$299,000

Next shown are homes being built by Roanoke-based home builder R. Fralin Homes, in Botetourt County, and elsewhere across the Roanoke Region. These are new homes priced at \$280,000 and below. Homes of this type can likely be built for about \$50,000± or less in the Alleghany Highlands given lower land costs. Homes of this type and price should be marketable to salaried workers at area manufacturers and at other companies.



Sample of Homes Built by R. Fralin Homes (Roanoke Region)



Sample of Homes Built by R. Fralin Homes (Roanoke Region)

Townhome Market

There are no for-sale “townhomes” in the Alleghany Highlands, which is also true for the nearby West Virginia communities and the greater Lexington area. This is a housing type that needs to be added to the Alleghany Highlands market. It provides a “starter home” for young couples and for moderate-wage families.

Two examples of townhomes being marketed in or near Botetourt County are shown below. These are also examples of homes being built by R. Fralin Homes, as this home builder provides more modestly-priced homes and has shown some interest in doing business in the Alleghany Highlands.

The townhomes shown below are priced (in the Roanoke area) at under \$175,000. These could (likely) be built for under \$150,000 locally. They represent examples for more moderately-priced new for-sale homes.



**Village Green
(R. Fralin Homes)**



**Faircrest
(R. Fralin Homes)**

Patio Homes

Data provided by staff at one of the larger area companies show a large and expanding retirement population, one with retirement savings and a desire to stay locally, if adequate housing was available.

There is an expanding market for patio homes nationwide, i.e., single-story attached homes with garages. These homes can range in size from 1,250± square feet to 1,800± square feet. They require a flat parcel and can have a design with fronts of 30 to 40 feet.

Smaller models can be built for rental housing for seniors. That would be the most economical concept for affordable housing for seniors within Alleghany Highlands.

This type of home 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.

These homes, depending upon size, can be priced below \$150,000 within the Alleghany Highlands marketplace. Photos of newer patio homes built in Botetourt County are shown below.



(Berkley Commons)



(Meallion Hills)

Typical Botetourt County Patio Homes

Summary

There is a pent-up demand for new for-sale homes. This conclusion encompasses all types of homes – single-family detached, townhome and patio home. One common theme is affordability. Homes need to be priced below nearby communities such as Botetourt County. A second theme is that the for-sale market is untested, as no new homes have been built recently. The market for new homes needs to be properly marketed, and large local companies, including Dabney S. Lancaster Community College and LewisGale Hospital Alleghany, need to provide some level of “comfort” for feasibility. That includes buildings with marketing and presales. It would be helpful in attracting home builders to the area if some presales could be generated, as will be discussed in the conclusion section.

Alleghany County Apartment Market

Characteristics of the Market

The analysis to follow will show a very modest and mature rental housing market. The market rent apartment properties are 50± years old. The newest affordable apartment property is 17 years old. While the national trend is for more and better rental housing, this is not the case in Alleghany Highlands. Part of the problem is the development community's desire to build affordable housing, compared with the desire of local offices to attract higher income renter housing. Subsidized apartment properties are not included in the following analysis.

Table 12 lists the existing family (general occupancy) apartment properties in the Alleghany Highlands, which includes both market rate and income-restricted complexes. Age-restricted and apartments with full subsidies (Section 8, RD) were excluded from this analysis.

The market rate properties are shown to be very mature, although some of these units have been upgraded. The income-restricted properties, which were all developed through the Low-Income Housing Tax Credit (LIHTC) program, are somewhat newer, indicating a perceived greater need for affordable rental housing in recent years, as well as easier financing pathways for apartment development. The market rate properties are all fully occupied, which is routinely the case.

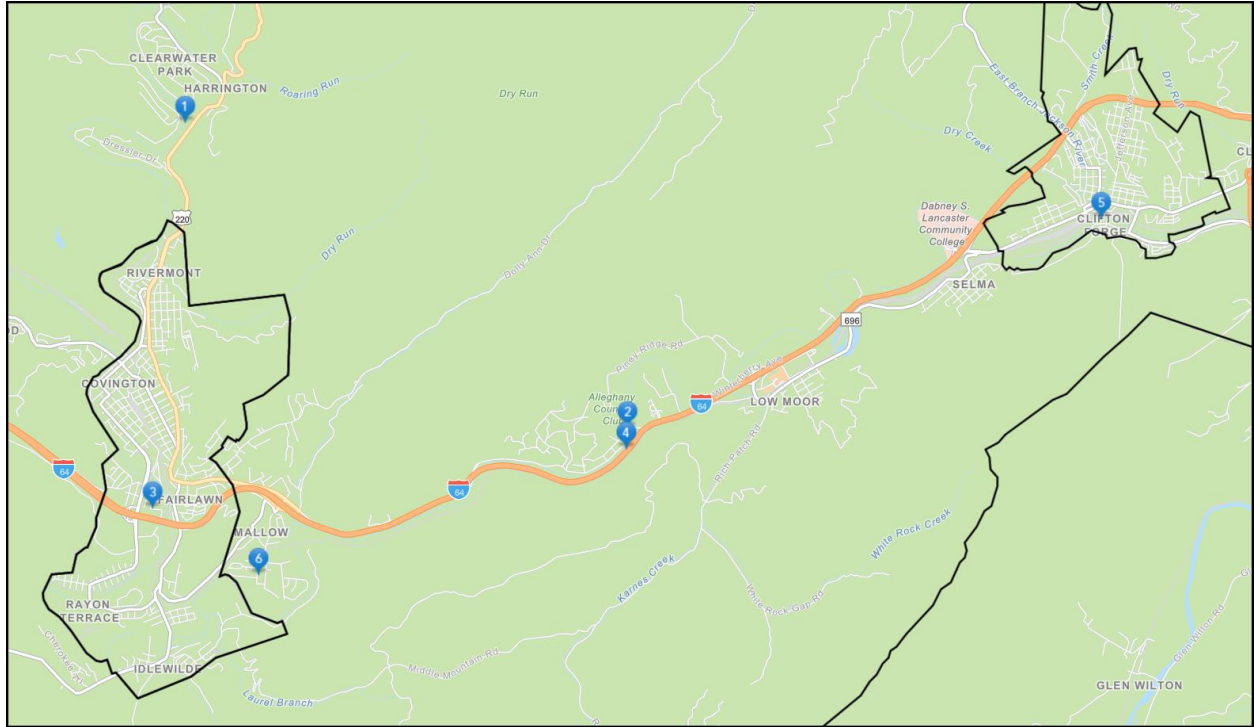
Overall, the Alleghany Highlands contains only 129 apartment units, of which six income-restricted units are vacant. All of the complexes are small with fewer than fifty units and have limited amenities. Apart from the 35-unit Parklin Terrace Apartments, all of the market rate complexes have fewer than 20 units. The six vacancies are likely attributed to the winter, as vacancy rates are typically higher during this season. The limited housing supply has driven many employees in the Alleghany Highlands to commute from outside of the area, primarily from the Lewisburg area, Roanoke area and

Lexington area. The Daleville Town Center apartments in Botetourt County has attracted a number of persons who work in Alleghany Highlands.

The demographic data and wage data from WestRock show a market for market rate rents (and for affordable rents.) The issue is that the current apartment market is modest and old and does not attract families who can afford better housing.

Table 12: <u>Characteristics of Apartment Communities,</u> <u>Alleghany Highlands, Virginia, March, 2019</u> 1/					
	<u>Map C Key</u>	<u>Income Restrictions</u>	<u>Year Built</u>	<u>Total Units</u>	<u>Vacant Units</u>
<u>Market Rate</u>					
Clearview Townhomes	1	None	1982	10	0
Country Club Apartments	2	None	1963	8	0
Parklin Terrace Apartments	3	None	1964/05	35	0
Valley Ridge	4	None	1963	<u>16</u>	<u>0</u>
(Subtotal)				(69)	(0)
<u>Affordable Apartments</u>					
Alleghany Building	5	50%/60% of AMI	1998	20	3
Cedar Forest Apartments	6	50% of AMI	2002	<u>40</u>	<u>3</u>
(Subtotal)				(60)	(6)
Total				129	6
Vacancy Rate					4.7%
Notes: 1/ Excludes age-restricted, RD and Section 8 properties, including Dolly Ann Apartments, Mountain View Terrace Apartments and Clifton Woods Apartments.					
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

Map C shows the locations of each of the above listed apartment complexes. The only apartment complex located in the City of Covington is Parklin Terrace Apartments. The only complex located in the Town of Clifton Forge is Alleghany Building. Clearview Townhomes is located just north of Covington, while Cedar Forest Apartments is located just east of Covington. Country Club Apartments and Valley Ridge are located adjacent to each other just west of Low Moor.



Map C - Locations of Allegheny Highlands Apartments

Next shown are photos of each of the are apartments under study. Clearview Townhomes, Country Club Apartments and Valley Ridge have two-level townhome designs with individual entryways and brick exteriors. Parklin Terrace is a standard garden complex with three-story walk-ups. Allegheny Building is a three-story adaptive-reuse with ground level commercial space. Cedar Forest contains single-level apartment units with individual entryways. All are modest in design and curb appeal.



Clearview Townhomes



Country Club Apartments



Parklin Terrace Apartments



Valley Ridge



Allegheny Building



Cedar Forest Apartments

Net Rent Analysis

Net rents at these properties are shown in Table 13. Rents were adjusted to exclude the cost of utilities for the sake of constancy. The current market rate rents are below the LIHTC maximum allowable rates. This is one reason for the emphasis of LIHTC apartment properties from the development community.

As shown, the market area average one-bedroom rent is \$514, compared to \$636 for two-bedroom and \$634 for three-bedroom units. The market rate units have rents only slightly above the affordable units.

Clearly, the market for new rental housing is “dependent” on attracting new employees to larger area companies, and from other area employers, plus some transfer

demand from more mature properties and scattered single-family homes that are currently being rented. The current market does not show the demand from area employees, as there has been no new apartment unit development in recent years.

Table 13: <u>Rental Rates at Family Apartment Communities, Alleghany Highlands, Virginia, March, 2019</u>			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Market Rate</u>			
Clearview Townhomes	--	\$763	--
Country Club Apartments	--	\$663-\$713	--
Parklin Terrace Apartments	\$500	\$550	\$600-\$650
Valley Ridge	--	\$638	--
<i>(Average)</i>	<i>(\$500)</i>	<i>(\$660)</i>	<i>(\$625)</i>
<u>Affordable Apartments</u>			
Alleghany Building	\$509-\$545	--	--
Cedar Forest Apartments	--	\$539	\$642
<i>(Average)</i>	<i>(\$527)</i>	<i>(\$539)</i>	<i>(\$642)</i>
Average	\$514	\$636	\$634
Notes: 1/ Rents adjusted to include cold water, sewage and trash collection.			
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

“Outside” Competition

The current apartment market in the Alleghany Highlands does not “allow” us to document a demand analysis due to lack of new growth and investment. Input from area employers indicate that net employment growth/replacement generates some apartment unit demand, but this has not been captured by area apartment properties.

We studied the Lewisburg, West Virginia apartment market to determine rents and occupancy. This area has a newer and more vibrant apartment market, compared with Alleghany Highlands, as it serves the employees of the large tourist and resort markets there. The Lewisburg area apartments, as shown below, have relatively new and higher rent apartments. We did not find evidence of current housing demand in West Virginia from workers at this time, but that is likely if attractive and affordable new housing is built locally.

We also studied the greater Lexington apartment market, Lexington has several apartment properties, which are mostly RD and LIHTC properties with income restrictions.

Daleville, in Botetourt County, has one large, upscale apartment complex and two new proposals. Rents here are well above the Alleghany Highlands marketplace and the apartment market in nearby locations.

A few quality apartment properties are located in Lewisburg, West Virginia, and many of these are mature. Rents in Lewisburg for better apartments typically range between \$750 to \$950. Most of these properties are at full occupancy. Photos of typical apartments in Lewisburg are shown below. These show newer properties that generate rents of \$250 to \$300 above the rents in Alleghany Highlands.



The Commons at Westridge



Westridge Town Homes

Rents at apartment properties in Lexington are comparable with the rents at apartments in Alleghany Highlands. These properties are newer than those in Alleghany Highlands and several have been updated. The occupancy rate is quite high and near 100 percent, with no new pipeline proposals.

The Botetourt County apartment market is quite difficult. One upscale property, Daleville Town Center Apartments, exists with rents of \$1,000 to \$1,500+. This property is typically fully-occupied and is being expanded by 95 units at this time.

Two other apartment properties are under constructions or about to be started. These include The Retreat with approximately 180 units and Fieldstone with 270 units (to be built in phases). All of these new properties will have rents at or about \$1,000 for a one-bedroom apartment and \$1,200± for a two-bedroom apartment.

Summary

There is very little competition for the area apartment market, and the better apartments are not located close by.

There are several historic buildings in the Alleghany Highlands that are ideal for adaptive-reuse with historic tax credits. Buildings of this type have been fully successful in marketplaces across the country and this could be the case for the Alleghany Highlands.

These properties would likely not be approved for financing until next Spring, at the earliest, and then would require another year or so for construction, placing opening in 2021/22.

Not everyone is likely to be attracted to an adaptive reuse property, as most apartment of this type are small, as will be described below. A new construction garden apartment may be more attractive for families and R. Fralin Homes, in particular, is building new apartments in phases of 48 units. That size would be well-suited for Alleghany Highlands as an initial project.



Apartments Built at Mill's Crossing (Lynchburg, VA)

Section IV Available Development Properties

This section of the housing analysis identifies and analyzes the available sites and buildings that have been noted, by area officials, for possible residential development. These represent a mix of publicly owned and privately-owned sites. Some buildings under study have historic designations. The identified available properties are also a mix of public owned and private owned parcels, all with different zoning classifications. At this time, none of the available parcels are being studied with development proposals. Some of the buildings under study are under development planning.

Both land and buildings under study are described in the paragraphs to follow. They will be prioritized for development in the sixth and final section of the report.

First presented are the available buildings being studied for adaptive reuse. This is followed by an analysis of developable sites.

Available Vacant Buildings

Table 14 lists Nine vacant buildings in the Alleghany Highlands that have been identified for potential residential development. Three buildings, Hotel Collins, Clifton Forge East Elementary and Clifton Forge High School, which is listed on the National Register of Historic Places, are located within federal historic districts. Clifton Forge East Elementary is a vacant building also listed on the National Register of Historic Places. Others may likely qualify for historic designation, if applications are submitted on their behalf. One of the buildings, the M Star Hotel, currently operates as a hotel, but the owner has expressed interest in converting the building into apartments.

Although developers have expressed interest in rehabbing several of these buildings over the previous year, none of these proposals are active at this time or have been financed to date. Several are being eyed for mixed-income or workforce housing.

Table 14: Characteristics of Better Vacant Buildings with Residential Potential, Alleghany Highlands, VA, March, 2019

	<u>Map D Key</u>	<u>Address</u>	<u>Historic Designation</u>	<u>Historic District</u>	<u>Year Built</u>	<u>Size (Sq. Ft.)</u>
<u>City of Covington</u>						
Coca-Cola Plant	1	606 S Monroe Ave	○	○	1940	19,368
Hotel Collins	2	120 S Maple Ave	○	● 2/	1910	25,934
Nettleton Property 5/	3	605 S Lexington Ave	○	○	1985	Unknown
Rivermont School Building	4	1011 N Rockbridge Ave	○	○	1938	25,093
Halmode Apparel Building	5	1005 Lexington Ave	○	○	1960	25,570
<u>Town of Clifton Forge</u>						
Clifton Forge East Elementary	6	Church St & A St	● 3/	● 4/	1926/37/52	19,717
Clifton Forge High School	7	760 Lowell St	○	● 4/	1928	53,090
40 W Ridgeway Street	8	40 W Ridgeway St	○	○	1922	7,296
<u>Alleghany County Unincorporated</u>						
M Star Hotel 6/	9	908 Valley Ridge Rd	○	○	1988	25,008

Notes: 1/ Contains seven buildings.
 2/ Within Covington Historic District. Listed in 1991 with 108 contributing buildings.
 3/ Listed in 2010.
 4/ Within the Clifton Forge Historic District. Listed in 2012 with 728 contributing buildings.
 5/ Multiple structures.
 6/ Operating hotel, with plans to be converted to apartments.

Source: Alleghany County; City of Covington; U.S. Department of the Interior; S. Patz & Associates, Inc.

Most of these properties are modest in size at 17,000 to 25,000 square feet. These buildings will allow for only a few apartment units, and that may be a deterrent for some developers. It may be necessary to combine at least two buildings for a scattered site proposal to generate a feasible proposal.

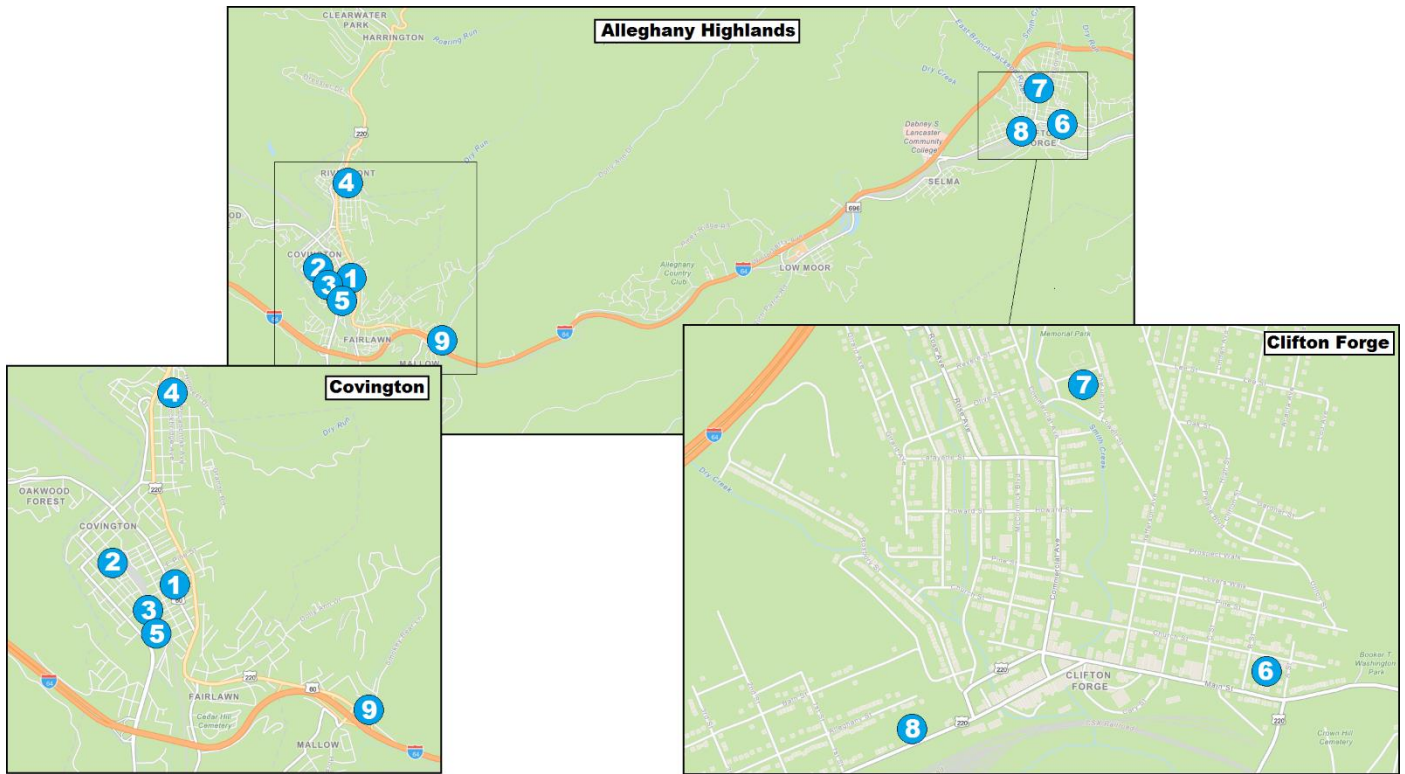
Currently, there are active proposals on some of these buildings:

- **Nettleton Commons** is a proposed new construction project, which includes several mature structures located along Lexington Avenue in Covington. The property is owned by the City and could be sold to a developer. If purchased, the proposal is for a mix of new construction and rehab construction units. It could also be a mix of market rent and affordable rent units. The current proposal is for a total of 60 apartment units, with 24 affordable.
- **The Historic Rivermont School Building** is also under study for adaptive reuse. This is another Covington-owned property. A development plan is being studied, but the site is located close to the WestRock plant and may not be a viable property for residential use. If renovated, the proposal is for 60± units with a mix of market rent and affordable units.

- **The M Star Hotel** is being studied for adaptive reuse for up to 60 apartment units, mostly studio units. The plan was to apply for LIHTC's during the 2019 competitive round for "9%" allocations, but the developer was not ready in time for a 2019 submittal. The site is located on Valley Ridge Road in Covington. It is likely that this proposal will be submitted to VHDA in 2020 for 9% LIHTC's.
- **Clifton Forge High School** is a large historic building in Clifton Forge that is under study for adaptive reuse for market rent apartment units. The building is owned by the Town and negotiations are on the way for the sale to a developer. However, due to the large auditorium in the building; this is reported to be a difficult site to develop financially.
- **Clifton Forge East Elementary** is also owned by the Town of Clifton Forge. This building of nearly 20,000 square feet with area for parking could be ideal for affordable, age-restricted housing.

The oldest of these buildings is the Hotel Collins, which was built in 1910. It is listed as a contributing historic building. Most of these buildings were built between 1920 and 1960.

Maps D and E show the locations of each of these buildings within the City of Covington and Town of Clifton Forge. Apart from Rivermont School Building, which is situated in a residential setting on the north side of Covington, the other buildings are located in the denser portions of Covington and Clifton Forge. M Star Hotel is located just east of Covington, an unincorporated portion of Alleghany County.



Map D - Allegheny Highlands Vacant Buildings

Photos of each of the vacant buildings are shown next. The buildings are in various states of disrepair. The Coca-Cola Plant, Hotel Collins, 40 W Ridgeway Street, and all three school buildings, are multi-level structures with brick exteriors. The school buildings each have available space for new-construction expansions.



Coca-Cola Plant



Hotel Collins



Nettleton Property



Rivermont School Building



Halmode Apparel Building



Clifton Forge East Elementary School



Clifton Forge High School



40 W Ridgeway Street



M Star Hotel

Summary

The “market” will support only a few of these buildings within a one- or two-year period. The M Star Hotel is further along in planning than any of the other buildings, but it is a modest property that is planned for primarily small studio units. That is not the type of housing in greatest demand locally. The proposed rents will be low, and the target market will be primarily single-person households. This property may best be designed for seniors.

The Clifton Forge East Elementary building is well-located and appears to be ideal for adaptive-reuse, particularly for seniors. This attractive building needs to be studied for residential uses.

The Nettleton property, with multiple aging structures, is likely to be an attractive proposal. Some decision on this property by Covington officials need to be made.

The market for new homes is not large enough to support the development/ adaptive-reuse of all of these buildings. Some other uses may need to be identified for some of the smaller and less attractive buildings.

Vacant Parcels with Residential Potential

We also surveyed all vacant parcels in the Alleghany Highlands with potential for residential development. The survey was limited to include larger parcels that could potentially attract home builders from outside of the area. Thus, smaller parcels, and those with development constraints, including topography issues, access and flooding, were excluded from this analysis. All of these parcels under study have public utilities available.

Eleven properties were identified as having the most potential for residential development. Within this total is the YMCA property, which although is improved with an attractive YMCA facility, has an abundance of open land and thus could potentially be subdivided and developed with residential units.

The other properties have a wide range of sizes, from just over four acres on the small end to over 100 acres on the large end. Most are not properly zoned for residential development. Most of these properties are located outside of Covington and Clifton Forge. They are in unincorporated portions of Alleghany County. This is due to the fact that much of the land area in Covington is developed. Clifton Forge has three sizable available properties.

Table 15: Characteristics of Better Vacant Parcels with Residential Potential, Alleghany Highlands, Virginia, March, 2019 1/

	<u>Map F Key</u>	<u>Municipality</u>	<u>Acres</u>	<u>Zoning</u>
YMCA Site 2/	1	Alleghany County	26.4	AR
0 Chestnut St	2	Town of Clifton Forge	13.1	CF
0 Ingalls Street	3	Town of Clifton Forge	11.0	CFR1
Madison Trust Company Property 3/	4	Alleghany County	107.91	R1
Linkenhoker Property	5	Alleghany County	8.5	B1
Clark Property 4/	6	Alleghany County	19.6	AR/R1
First Dominion Property 3/	7	Alleghany County	12.4	B2
Alleghany County Property 5/	8	Alleghany County	169.7	AR
Longdale Station Road Property 3/	9	Alleghany County	48.3	AR
Middle Mountain Property	10	City of Covington	70.3	R1

Notes: 1/ Excludes vacant portion of parcels developed with Dabney S. Lancaster Community College that could ultimately be developed with student-oriented apartments. Secondary vacant sites include the following Tax Map Numbers: 04400-00-000-0070, 04500-00-000-0320, 06200-00-000-0010, 047A2-01-000-017G, 05700-00-000-0440, 05700-00-000-045A, 057E-09-000-054A, 057E0-09-000-053A, 057E9-09-000-0520 and 05700-000-000-0540.

2/ Partially developed with Alleghany Highlands YMCA.

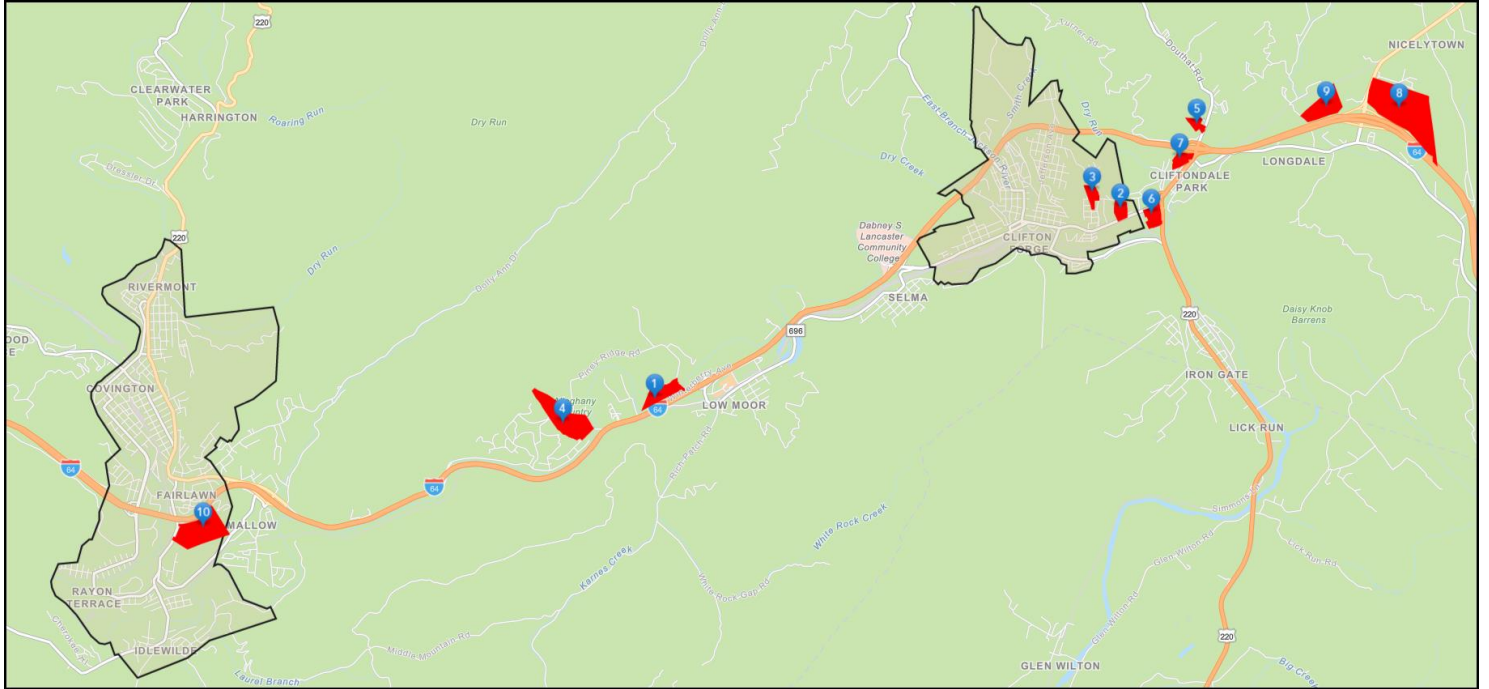
3/ Two adjacent parcels.

4/ Four adjacent parcels.

5/ Water available to site. Sewer has been engineered but not funded.

Source: S. Patz & Associates; Alleghany County; City of Covington

Map F shows the locations of each of the eleven vacant properties. One property is located on the south side of Covington. Two properties are located in the Low Moor area, roughly midway between Covington and Clifton Forge. Three properties are located on the southeastern edge of the Town of Clifton Forge. The remaining five properties are located east of Clifton Forge, though they have Clifton Forge addresses. The Clifton Forge-area properties are located near the terminus of Route 220, which provides direct access to Botetourt County, which as previously noted is experiencing unprecedented employment growth. Also of note, is that all of the properties are generally located along the I-64 corridor and thus enjoy quick access to the employment centers in the Alleghany Highlands and outside region.

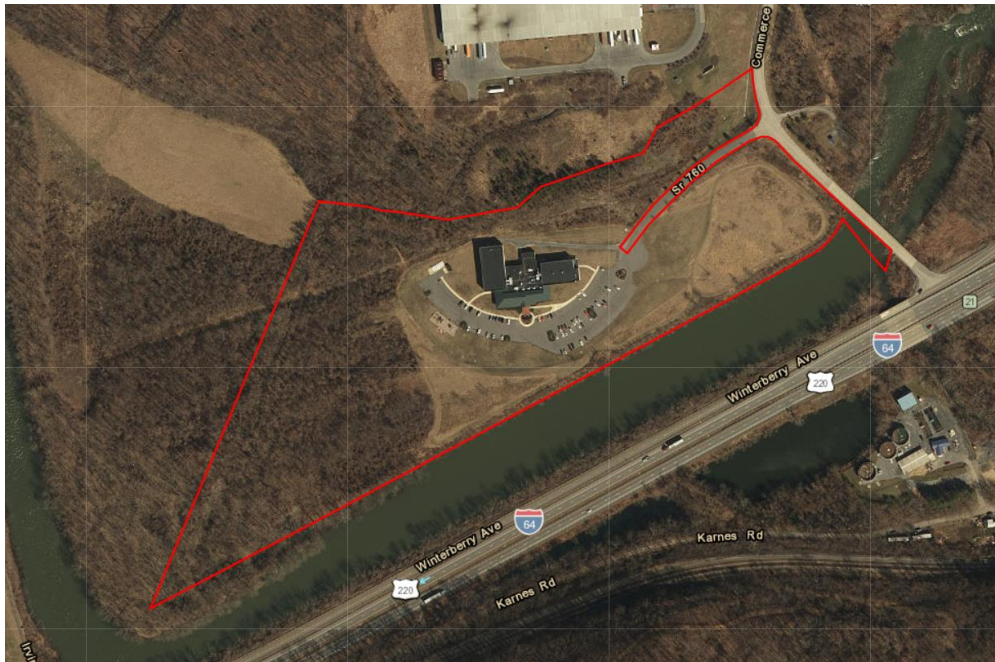


Map F - Locations of Vacant Parcels

Next shown are photos, aerials and brief descriptions of each of the vacant parcels.
 All have excellent access and many have good visibility.

YMCA Site

The YMCA site is located on the north side of I-64 in the Low Moore area of Allegheny County near the Bacova Guild facility. As previously noted, a portion of the site is developed by an attractive YMCA facility. The property is buffered on the south by the Jackson River. It is relatively flat and would be an excellent location for a mix of residential types.



YMCA Site Aerial



YMCA - Existing Conditions

0 Chestnut Street

This 13.1-acre parcel, located between Chestnut Street in the north and Main Street in the south, is owned by the Town of Clifton Forge and is located adjacent to a Kroger grocery store. The northern portion of the site is generally cleared with a wooded portion fronting the south end. This site would be an attractive location for patio homes.



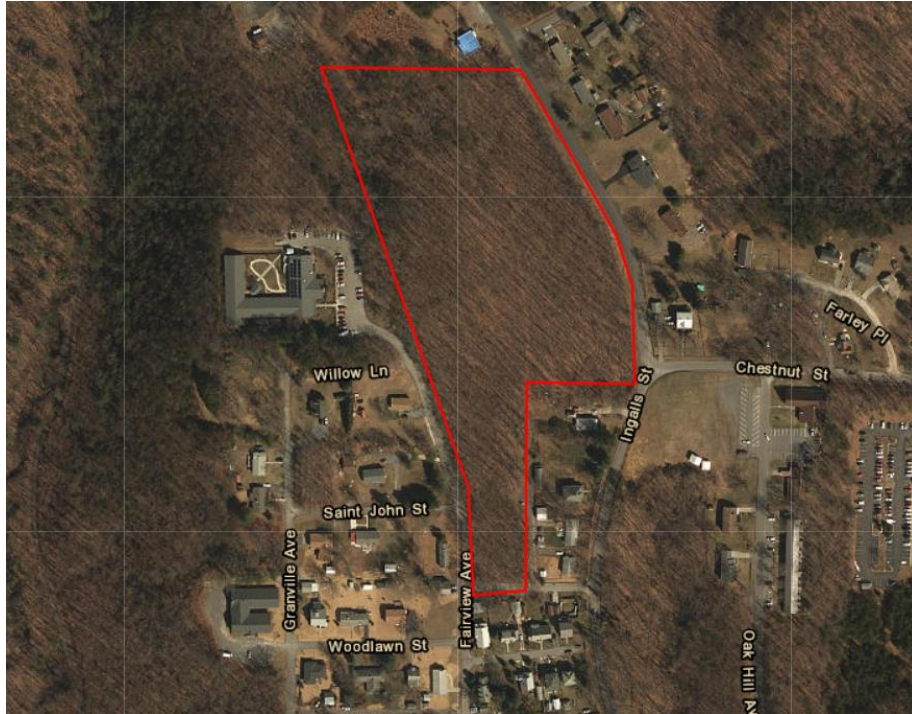
0 Chestnut Street Aerial



0 Chestnut Street - Existing Conditions

0 Ingalls Street

This is a nearly 11-acre, irregularly-shaped parcel located between Ingalls Street to the east and Fairview Avenue in the West. This is a fully-wooded privately-owned property that would be suitable for both single-family and multi-family development.



0 Ingalls Street Aerial



0 Ingalls Street - Existing Conditions

Madison Trust Company Property

At nearly 108 acres, this is the largest vacant property under study. This privately-owned property is located adjacent to the Jackson River Technical Center on the north site Winterberry Avenue. Most of the site is cleared. It would be an attractive site for a wide mix of housing types.



Madison Trust Company Property Property Aerial



Madison Trust Company Property - Existing Conditions

Linkenhoker Property

This is an 8.5-acre parcel on the western side of Douthat Rd, just north of I-64 and east of Clifton Forge. The front portion of the site is generally clear, while the rear is wooded. Apartment development would be most suitable for this site.



Linkenhoker Property Aerial



Linkenhoker Property - Existing Conditions

Clark Property

This property consists of multiple parcels totaling over 19 acres on the south of Grafton Road to the west of Clifton Forge. This is amongst the most attractive properties available for residential development. Ideal usage would be for-sale homes.



Clark Property Aerial



Clark Property - Existing Conditions

First Dominion Property

This is a 12.4-acre property located on the south side of I-64 and west of Grafton Street. Most of the site, particularly areas along Grafton Street, is cleared. This site would best be used for apartment development.



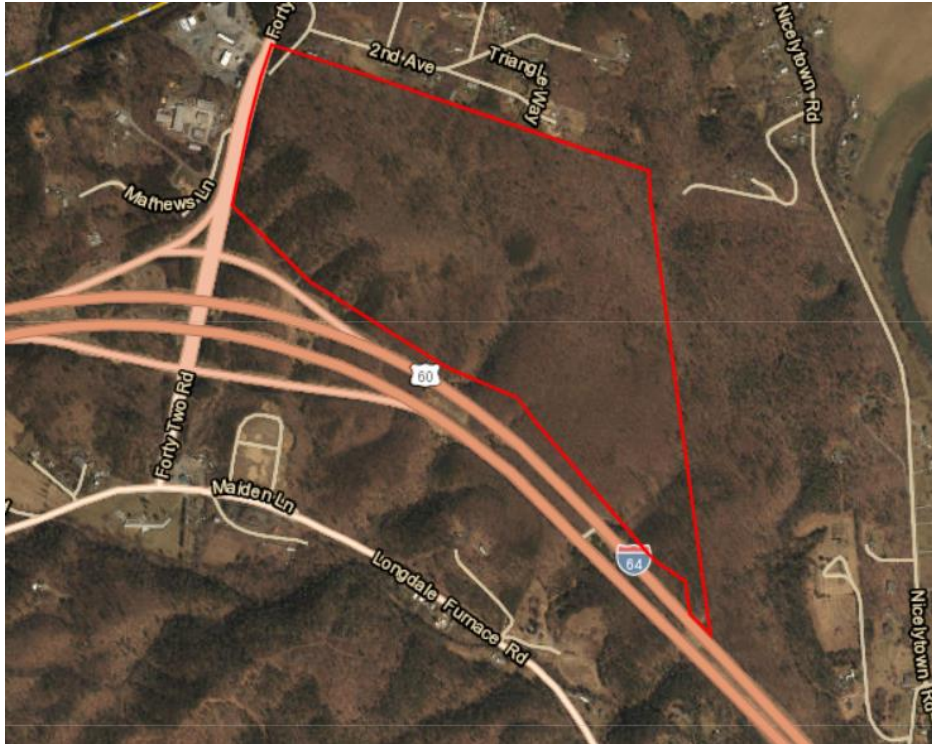
First Dominion Property Aerial



First Dominion Property - Existing Conditions

Alleghany County Property

This is a large and wooded property owned by Alleghany County and located to the north of I-64 and east of Forty Two Road. Much of the southern portion of the site has topographic constraints. Residential development would be possible along the northern portions of the site. While water is available to the site, sewer has been engineered but has not been funded. This is a key constraint.



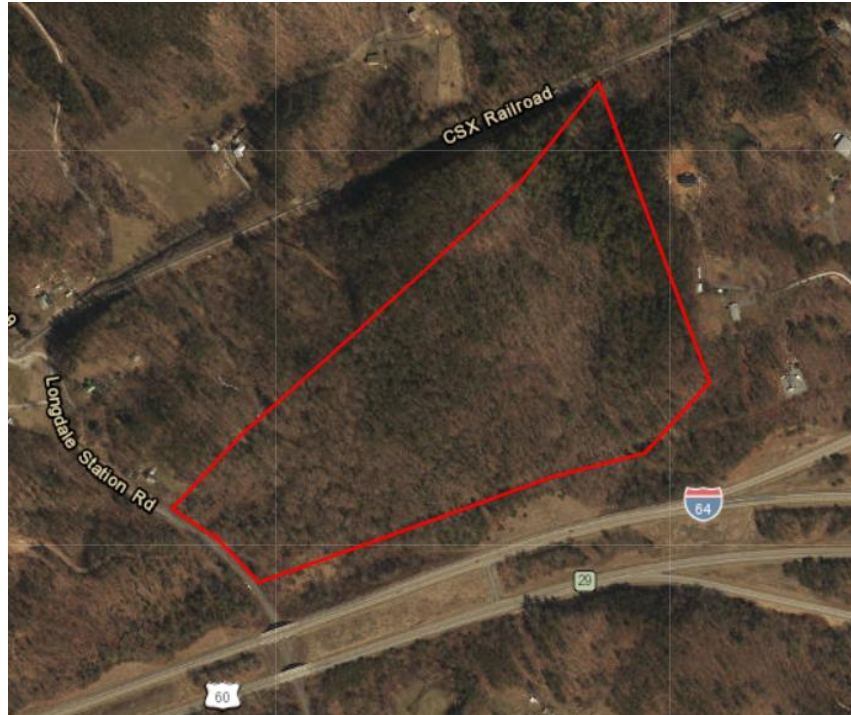
Alleghany County Property Aerial



Alleghany County Property- Existing Conditions

Longdale Station Road Property

This property consists of two acres totaling over 48 acres. The property is owned by Alleghany County and is fully wooded.



Longdale Station Road Property Aerial



Longdale Station Road - Existing Conditions

Middle Mountain Property

This property, totaling over 70 acres, is located on the south site of Covington off E. Carlton Drive. The property is large enough for several residential uses.



Middle Mountain Property Aerial



Middle Mountain - Existing Conditions

Section V Housing Study Conclusions

Summary of Market Study Findings and Recommendations

The market study conclusions are three-fold:

- 1) There is housing demand locally, primarily from the annual employment growth at larger area employers, but also from net employment growth at other large arear employers. There is potential market support for new housing unit development of all types, based on.
 - One manufacturer's average growth of 70± new employees annually, plus a sizable number of retirees who reportedly desire new senior housing.
 - Area employers likely have over 130+ employees who are not housed adequately.
 - Greenbrier Resort has large and stable employment and considerable employment growth is occurring in Botetourt County.
 - Alleghany Highlands has industrial job growth and job growth at the area hospital and community college.

The housing demand from these employers can support a wide range of housing units.

- 2) Alleghany Highlands has an abundance of buildings and vacant parcels available for development.
 - Not all of the available and/or historic buildings are large enough to be feasible for adaptive-reuse.
 - The Clifton Forge High School is likely to be a viable building for adaptive reuse, as is the Nettleton property.
 - Clifton Forge East Elementary appears to be attractive for senior housing.
 - The M Star Hotel property, if designed with mostly studios, should be attractive for an age-restricted property.

If developed, these properties would likely support much the defined current growth.

- 3) Alleghany Highlands may be able to attract Botetourt County workers, as all of the housing units in Botetourt County are priced well above in the Alleghany Highlands marketplace. There are several parcels in the Alleghany Highlands that can be developed for new housing.

That said, in the near-term future, Alleghany Highlands officials should concentrate on only one or two sites for immediate development, so development can occur and be supportable. Other sites can be studied in the future.

Subdivision Market

The YMCA site at the intersection of I-64 and Commerce Center Drive, in Low Moor, is probably as good of a site as any for a new townhome subdivision development in Alleghany Highlands. The site size is likely to be 15 available acres with public utilities nearby and excellent highway access and visibility. The property is owned by the YMCA, but can likely be purchased. The property is zoned AR and would need to be rezoned. The aerial to follow shows that the property could be developed with more than one housing type, i.e., single-family detached and townhomes.



YMCA Aerial View

The site requires an engineering/site plan analysis to determine available development density, but the hope is that the site is large enough to support several

townhomes. These totals are sufficient to establish a community. The market “requires” a mix of housing units and this site should allow for sufficient land for both single-family homes and townhomes.

This site is closely located to area employment and has direct access to I-64, and that allows for a convenient commute to Daleville, if needed. The site is also located near area shopping centers.

Home prices, reported in constant 2019 dollars, should be:

- \$200,000 to \$225,000 for attached homes
- \$150,000 to \$175,000 for detached homes

A second site recommended for development is the 13.1-acre Town-owned property located at the intersection of Chestnut Street and Hickory Avenue. This site is level and has excellent visibility from Main Street. It is a well-located site that would be attractive for patio homes, as described above. These could be a location for age-restricted garage homes of 1,500± square feet and priced at \$150,000.



0 Chestnut Street Aerial View

If the Nettleton property and/or the Clifton Forge High School are developed, one or both would fully support the rental apartment market. However, the adaptive-reuse apartment market does not serve all of the rental housing needs, as the apartment units are likely to be small, and predominately, one-bedroom in size. That type of housing does not support renters with more than one person.

It is likely that a two-building garden property with 48± apartment units designed for families may be required and should be supportable. For this product, as shown above, we recommend the First Dominion property. That site may need to be subdivided into two or more parcels, as apartment unit development will not require the full 12+ acres at the property. Thus, a phased development will be needed.

To summarize, these recommended developments would provide:

- 50± detached homes for general occupancy
- 30 to 40 attached homes for general occupancy
- 40 patio homes for seniors
- 40± apartment units for seniors (affordable)
- 60 market rent apartment units for general occupancy
- 50 affordable (4%) rent apartment units for general occupancy

That is a lot of new homes, as it totals, 270 units. However, the total includes both for-sale and rental homes, market rent and affordable homes and general occupancy and age-restricted homes. Not all of these homes will be built simultaneously.

The area's larger employers should be able to provide market support for up to 200 homes, with new hired staff, retirees, and transfer demand from existing employees. This will not happen in one year, but all of these proposed new construction developments will be built in phases. The area has a large market for seniors who retire. Thus, the demand for 210± new homes should be realistic.

New construction apartment units are likely the easiest market with which to commit. These will serve the new hourly wage employees that move to the area and other

new employees, as described above. Combined, area employers hire 50± hourly wage persons per year, plus there are likely to be existing employees looking for better housing. These should be primarily two-bedroom units, with maybe a maximum of 20 percent or less of three-bedroom units. Net rents should be:

- \$800± for a two-bedroom/two-bathroom
- \$900± for a three-bedroom/two-bathroom

These can be market rent units on the site identified and with the design shown above for the Mill's Crossing property. R. Fralin Homes could be the developer. These homes could be completed prior to any of the adaptive-reuse proposals. If started in late-2019, a late-2020 delivery is possible.

The second property which should be given high priority is the Chestnut Street property. That site can be developed with patio homes for seniors. This is a housing market with a large pent-up demand. The market exists, as area companies often hire workers over 60 years of age who would increase the current market.

The development of the YMCA property could be built in phases, depending upon demand. It will not require bringing utilities to the site, so the development period will be immediate.

The proposed adaptive-reuse proposals will be built without public support, other than the sale of only property owned by the City and Town. The "market" may only support one at a time.

Recommendations

If the demand for housing exists, why has housing development not occurred? There has been some interest in adaptive-reuse of historic area buildings, but if realized, these only provide a few housing units and only serve a small part of the "market."

No matter what findings and conclusions are deduced from this report, it should be clear that new housing development is highly dependent upon employment growth and support from area employers. Local employers need to understand that new housing developments are an investment for the company, in terms of attracting and maintaining quality employees.

Officials at area employers can do four things to increase the potential for new home development:

- With the assistance of Alleghany Highlands officials, prepare a brochure that advertises new housing opportunities. This should be available at their Human Resources office and for mail outs to prospective employees.
- Prepare a package (to be thought through) for new employees with some incentive for housing, and with some commitment to new housing, so the employee is assured that the type of home desired is available and affordable.
- Meet with home builders to determine what issues they have and whether there are opportunities to assist in the home building.
- Work with apartment developers and possibly commit to the pre-leasing of ten percent of the apartments, so that the developer can get financing for their proposal.

This reliance on area employers is not meant to diminish the potential demand from the other sources of job growth. However, it is meant to emphasize the need to get new development started and that will take a considerable effort. That effort requires all agencies with “control” to be committed.

Officials of Alleghany Highlands also will be required to greatly assist in this effort:

- Officials may have to assist (not financial) developers with the purchase of a site. Home builders who can be attracted to the Alleghany Highlands will likely require a “shovel ready” site for home construction, or at least a site already improved with utilities.

This is a firm recommendation. In spite of all of the “demand” numbers, the only way that outside home builders will come to the Alleghany Highlands is if sites are ready or easy to develop.

- Alleghany Highlands officials need to review their zoning ordinances and possibly make adjustments, and simplify or dismiss, especially for higher density subdivisions and especially for new apartment unit development. Basically, new ordinances are needed throughout the County.

In conclusion, the only way that new housing will get built is with significant input from government officials and larger employers as part of a team effort.

We are available to continue to work with Alleghany Highlands officials as they proceed with any public investments. This is also the case, if officials at area employers would like assistance with any recommended marketing concepts.

If this report, and its findings and recommendations are acceptable, specific analysis related to the study conclusions are needed.