

INTRODUCTION – POINT OF COMMITMENT

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

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

DANVILLE HAS REACHED THE POINT OF COMMITMENT!

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

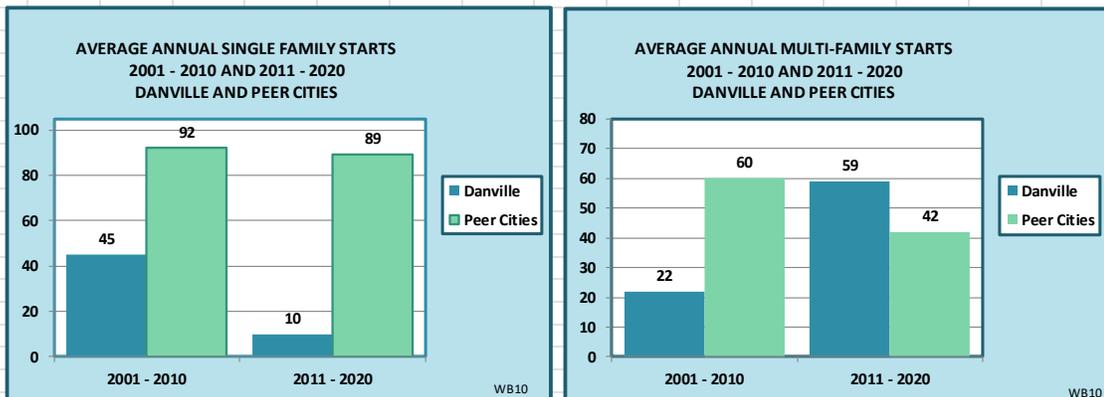
Further, because of the lack of new home construction over the past 25 years, existing residents do not have the housing choices offered in other markets. Young adults, families and seniors are shifting their housing preferences to choices that are not available in Danville.

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

II. EXECUTIVE SUMMARY

A. PEER CITY ANALYSIS

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



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

HOUSEHOLDS AGE 25 – 64 WITH INCOME \$70,000+	
DANVILLE	4,437
PEER CITIES	3,948
SUPPORTS \$300,000 HOME PURCHASE	
WB33	

HOUSEHOLDS AGE 25 -64 WITH INCOMES \$35,000+	
DANVILLE	6,310
PEER CITIES	5,522
SUPPORTS \$750 RENT	
WB33	

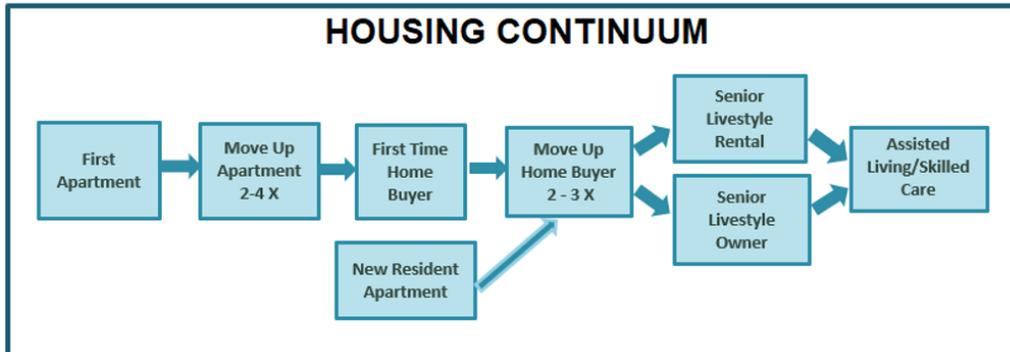
- Danville has 69% more households over age 65 with incomes over \$35,000 (supporting senior rents over \$750).

HOUSEHOLDS AGE 65+ WITH INCOME \$35,000+	
DANVILLE	2,946
PEER CITIES	1,743
SUPPORTS \$750+ RENT	
WB33	

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

B. HOUSING CONTINUUM

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

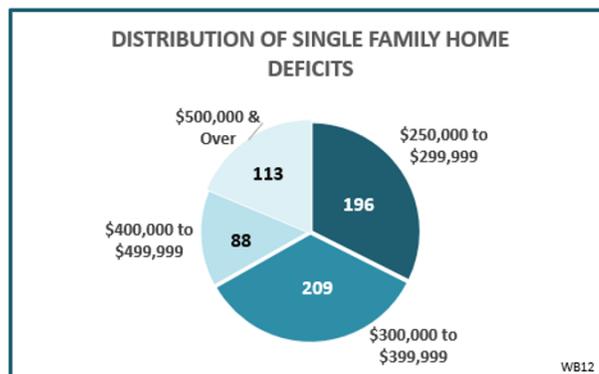


- Basic to the Housing Continuum is that each level of housing needs to be represented in order to provide a support base for the next level. Lack of supply from a support component may create significant issues for a housing development.
- Danville, having had little new housing added to the market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

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

C. SINGLE FAMILY DEVELOPMENT POTENTIAL

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



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

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

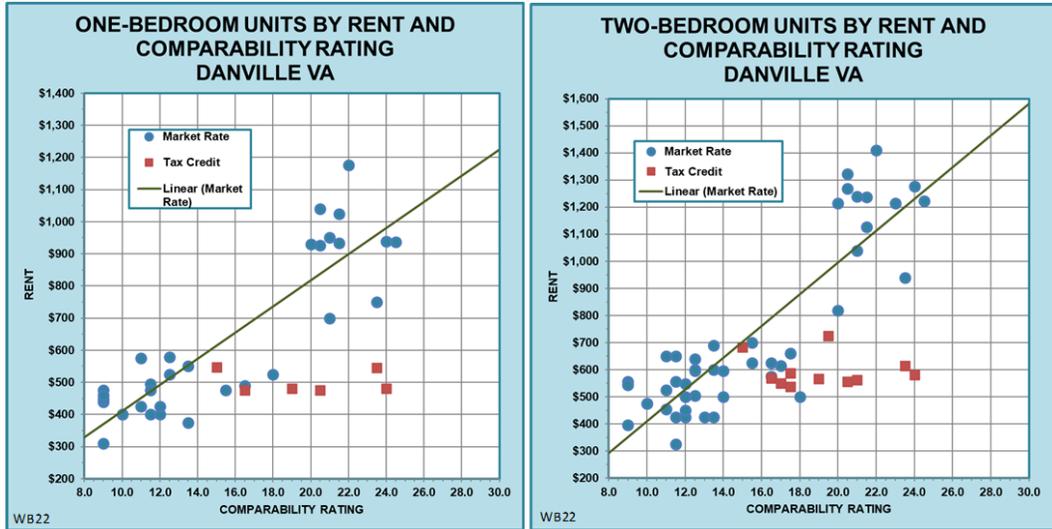
- At today’s construction costs, entry level homes (<\$300,000) will be difficult to deliver without special incentives to buy down the cost of construction.

D. MULTI-FAMILY DEVELOPMENT POTENTIAL

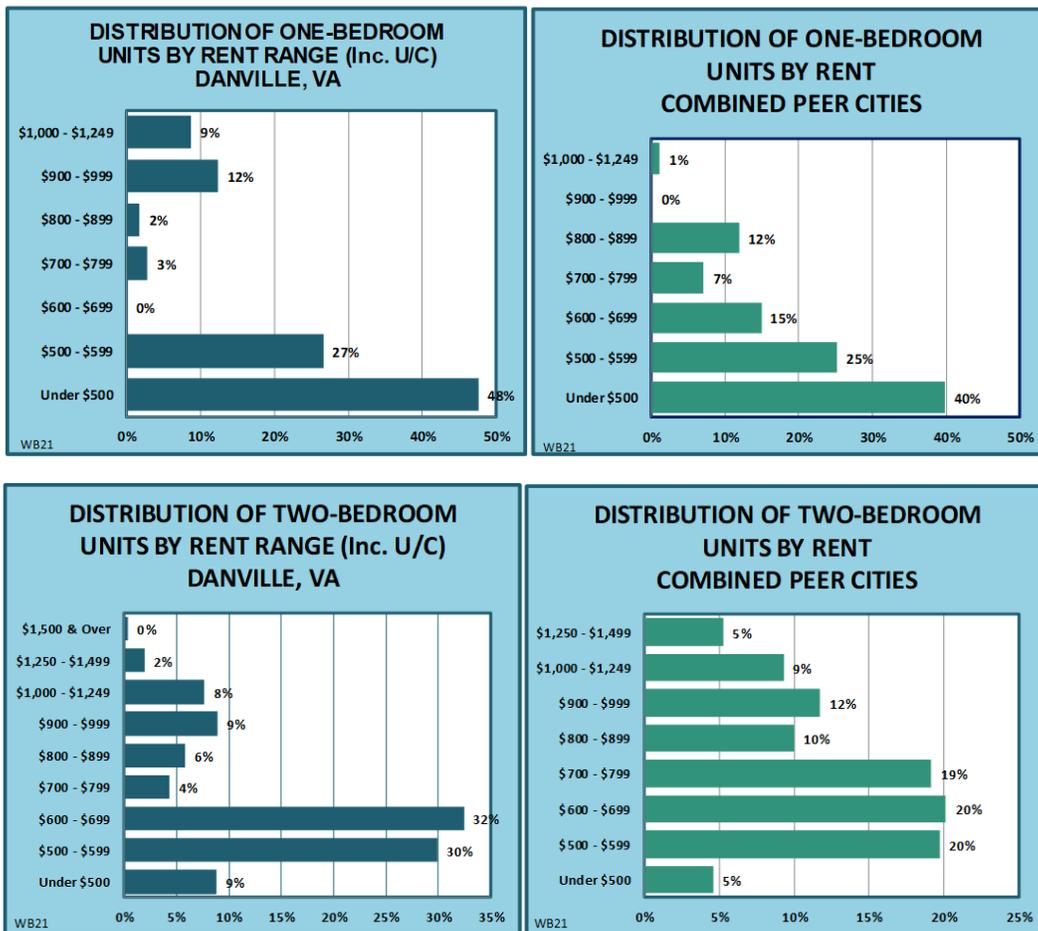
- There were 2,842 in 55 apartment properties surveyed. While median rents were very low, upper quartile rents were relatively high, which were the result of new construction in the River District. The vacancy rate was a low 2.5%.

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

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



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



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

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

E. COMBINED HOUSING DEMAND

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

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

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

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

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

F. CONDOMINIUMS

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

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

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

G. ASSISTED LIVING/MEMORY CARE

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

H. NEIGHBORHOOD REVITALIZATION

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

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

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

I. TEMPORARY EMPLOYEE HOUSING

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