

NEED AND DEMAND ANALYSIS
FOR THE SARATOGA PLACE APARTMENTS
IN
SUFFOLK, VIRGINIA

Prepared for
Saratoga Place VA LLC
for submission to
the Virginia Housing

Virginia Housing: 2021 C- 09

As of February 26, 2021

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A. EXECUTIVE SUMMARY

The following provides a brief summary of each of the major sections in the market analysis.

The Saratoga Place Apartments will comprise the construction of 76 units: 40 two-bedroom units and 36 three-bedroom units. Eight units will be targeted to households with incomes up to 30 percent of the median, six units will be targeted at 40 percent of the median, 24 units will be targeted to households with incomes up to 50 percent of the median (including eight rent-assisted three-bedroom units), with 16 units targeted at 60 percent of the median, and 22 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status. Given that the project will include units targeted to households with incomes in excess of 60 percent of the local area median income, income averaging is applied.

There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.

The market area for the proposed development is the City of Suffolk less that northern portion of the City that is located nearer to Hampton Roads, and is more oriented to the cities of Portsmouth and Norfolk. .

Employment in Suffolk grew from 38,581 in 2010 to 43,564 in 2019.

For Suffolk, the most recent annual unemployment rate is 3.0 percent, down from 3.3 percent the previous year. The rate was 7.6 percent in 2010.

It should be noted that data - both nationally and locally - suggest that employment gains over the last decade or so have been significantly impacted with the onset of the economic disruption caused by the coronavirus pandemic. In the City of Suffolk, for example, 43,850 people were employed in September 2020, compared with 45,044 in September 2019 - 1,194 fewer jobs.

The population of the project market area is projected to increase from 57,541 in 2021 to 59,734 in 2026. The number of households is projected to increase from 21,126 in 2021 to 21,940 in 2026. The number of renter households is projected to increase from 6,504 to 6,755, over the period from 2021 to 2026.

There are several apartment complexes located in the Suffolk area. These include conventional/market rate properties, properties financed with low income housing tax credits, and subsidized housing for very low income households.

Based on our survey, there is a market-wide occupancy rate of 98.9 percent. Occupancy at tax credit properties is found to be around 98.2 percent.

The net need for tax credit units such as is proposed in the Suffolk area by 2026 is calculated to be for 1,219 units. Given the calculated need, the proposed 76-unit development amounts to 6.2 percent of the need, as calculated.

Consideration of the capture rate (6.2 percent) and the (2.4 percent) affordability analysis capture rate and (14.8 percent) penetration rate suggests that the proposed development is marketable, as proposed.

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated nine month period, or so.

The proposed development will not have an impact on existing housing in the area.

The proposed development is considered marketable and can be developed as proposed.

Astoria data

Project Wide Capture Rate, LIHTC units: 6.2 percent
Project Wide Capture Rate, market units: n/a
Project Wide Capture Rate, all units: 6.2 percent
Project Wide Absorption Period (Months): nine months, or so

B. INTRODUCTION AND SCOPE OF WORK

This report is a professional market analysis of the need and demand for the proposed development.

The report is prepared for Saratoga Place VA LLC, for submission to Virginia Housing.

The report is designed to satisfy the underwriting criteria of the reviewing agency for which it was performed, and the conclusions, based on the results of our research, experience, and expertise reflect the predicted ability of the project, as presented to us, to meet or exceed that reviewing agency's guidelines. Thus, a positive conclusion does not necessarily imply that the project would be found to be feasible or successful under different underwriting standards, and this study does not necessarily incorporate generally accepted professional market study standards and elements pre-empted by the guidelines set out by the reviewing agency.

The report was completed using professional market techniques. The findings of this study are predicated upon the assumption that the proposed development, as presented to us, will be located at the site described in the report, that it will be funded through the program under which it was prepared, and within the stated projection period.

Further, the findings are based on the assumption that once funded, the complex will be well-designed, well-marketed, and professionally managed.

The site of the proposed apartments was visited (on February 26, 2021).

The site was visited by T. Ronald Brown.

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis. The President of the firm is T. Ronald Brown. Mr. Brown has a Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland. He has 35 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last three decades or so, Mr. Brown has produced more than 3,000 studies in at least 20 states, predominantly in the Southeast.

Mr. Brown is responsible for the analysis and write-up of this report – performing the role of both analyst and author.

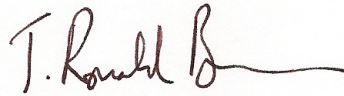
Report for the Saratoga Place Apartments in Suffolk, Virginia

To the best of our knowledge, this report is an accurate representation of market conditions. While due care and professional housing market study techniques were used, no guarantee is made of the findings.

It is stated that we do not have, nor will have in the future, any material interest in the proposed development, and that there is no identity of interest between us and the party for whom the project was prepared. Further, we state that the payment of the fee is not contingent upon a favorable conclusion, nor approval of the project by any agency before or after the fact. The payment of the fee does not include payment for testimony nor further consultation.

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 18534
Asheville, North Carolina 28814
919. 233.0670 or 919.612.5328



Date: March 17, 2021

C. PROJECT DESCRIPTION

Saratoga Place will comprise 76 units: 40 two-bedroom units and 36 three-bedroom units. The project is new construction.

The project is to be configured as follows:

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
2 bedroom/2 bath	8	944	\$450	less than 30 percent
2 bedroom/2 bath	16	944	\$820	less than 50 percent
2 bedroom/2 bath	6	944	\$975	less than 60 percent
2 bedroom/2 bath	10	944	\$1,125	less than 80 percent
3 bedroom/2 bath	6	1,132	\$730	less than 40 percent
3 bedroom/2 bath	8	1,132	\$1,213	less than 50 percent **
3 bedroom/2 bath	10	1,132	\$1,090	less than 60 percent
3 bedroom/2 bath	12	1,132	\$1,225	less than 80 percent

* percentage of area median income

** rent assisted

Of the 76-unit total, eight units will be targeted to households with incomes up to 30 percent of the median, six units will be targeted at 40 percent of the median, 24 units will be targeted to households with incomes up to 50 percent of the median (including eight rent-assisted three-bedroom units), with 16 units targeted at 60 percent of the median, and 22 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status. Given that the project will include units targeted to households with incomes in excess of 60 percent of the local area median income, income averaging is applied. Thus, the average target income, overall, cannot exceed 60 percent of the median.

Utilities (excluding trash collection) will be paid by the tenant - utility allowances are \$107 for the two-bedroom units, and \$124 for the two-bedroom units. Based on information supplied by the developer, the proposed apartments will meet energy-saving standards, both for construction and for appliances provided.

The property will feature a single four-story building and will have a brick exterior. There will be an elevator. Common area and site amenities include a multi-purpose room and laundry. The property will offer various enhancements, as per Virginia Housing guidelines.

There are 80 parking spaces.

Representative architectural drawings are set out on the following pages.

It is understood that the construction program would commence in April 2022 and would be completed within 12 months, or so.

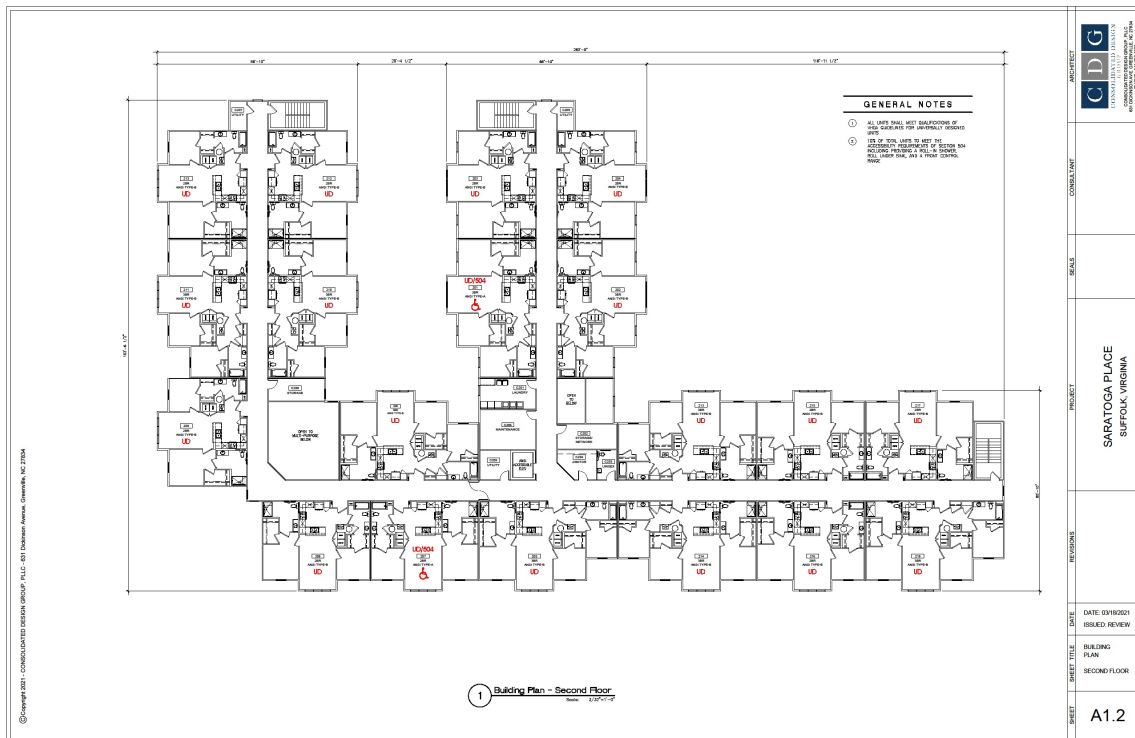
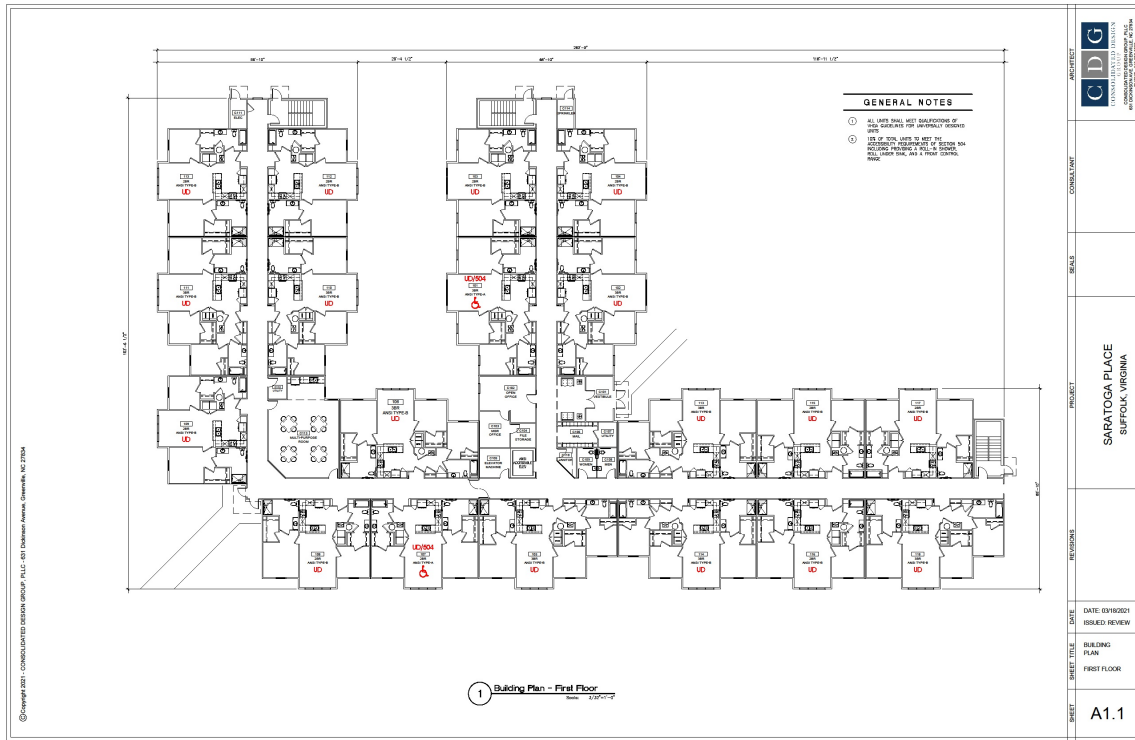
Report for the Saratoga Place Apartments in Suffolk, Virginia

Site plan



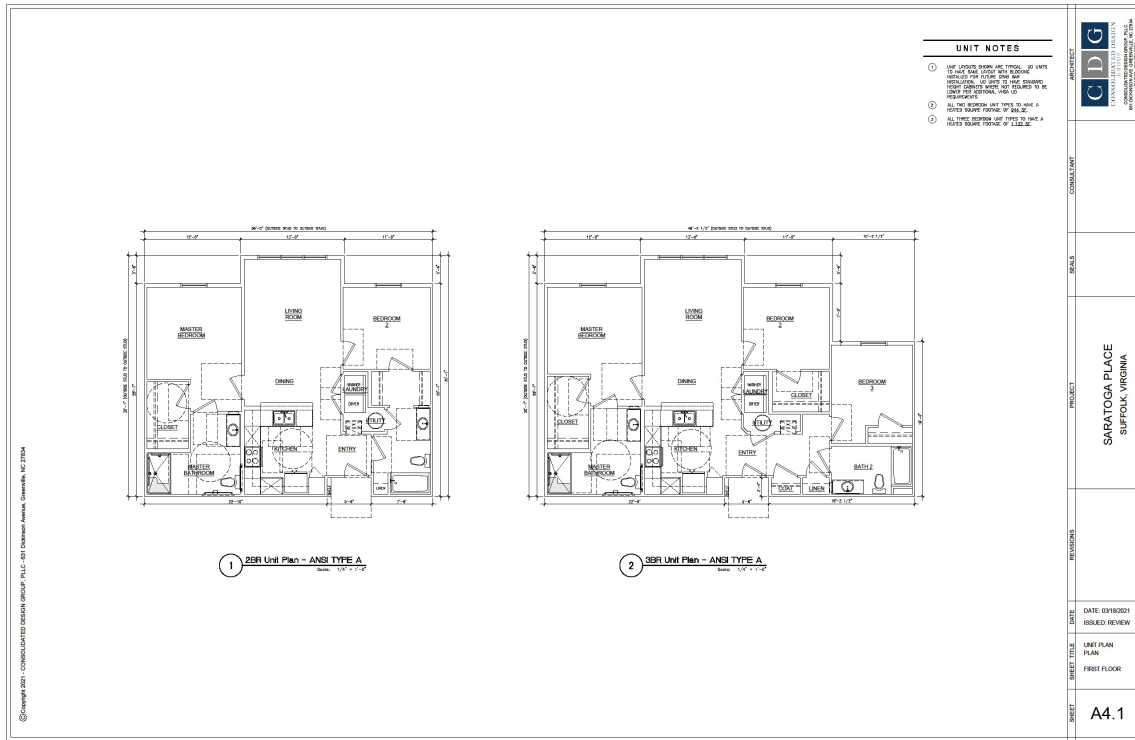
Report for the Saratoga Place Apartments in Suffolk, Virginia

Floor plans



Report for the Saratoga Place Apartments in Suffolk, Virginia

Unit plans



D. LOCATION

The Saratoga Place Apartments are located on South Saratoga Street, to the south and west of downtown Suffolk in the City of Suffolk in Tidewater Virginia. The site is part of the Peanut Crossing redevelopment of. Adjacent uses include small established single-family homes, several small businesses, and the Peanut Park, and a railroad track. The site is flat and comprises the former Suffolk Peanut Company peanut processing complex.

The initial phase of the redevelopment of this property is the Peanut Crossing Apartments which are scheduled to open later in 2021.





View onto site



View onto site



View on property



View from site



View from site



View across railroad tracks, towards property



View north on S. Saratoga St., at site



View south on S. Saratoga St., at site



View across S. Saratoga St., from site (Peanut Park)

The Saratoga Place Apartments are located on South Saratoga Street, to the south and west of downtown Suffolk in the City of Suffolk in Tidewater Virginia. Access to the site is very good.

Given the site location and its situation, the site is very visible.

Access from the site to major thoroughfares, shopping, health, and other local services is good.

The site is located on South Saratoga Street, within easy reach of both Main Street (US 13, business) a major north-south thoroughfare serving Suffolk, and Washington Street (US 58 , business) a major east-west corridor. The site is within three miles or so of the intersection of US 13 and US 58, to the west. The site is within 12 miles or so of Interstate 664, to the east.

Regularly-scheduled public transportation is available on the Suffolk Transit system - with a stop on that system's Yellow Line being located on Wellons Street, within one fourth of one mile.

The site is approximately two miles from a Kroger supermarket, a Belk department store, and a Walmart Supercenter - located on North Main Street, north of downtown Suffolk. A Rite Aid drugstore and a Walgreens drugstore are located within one and one-half miles of the site, again, to the north.

The site is within four miles of the Sentara Obici hospital and associated medical services that are located off North Main Street, north of the US 13 bypass.

The site is within five-to-six miles of the Hillpoint Elementary School, the Forest Glen Middle School, and the Lakeland High School.

The government, shopping, and other services located in downtown Suffolk are within one mile of the property.

Report for the Saratoga Place Apartments in Suffolk, Virginia

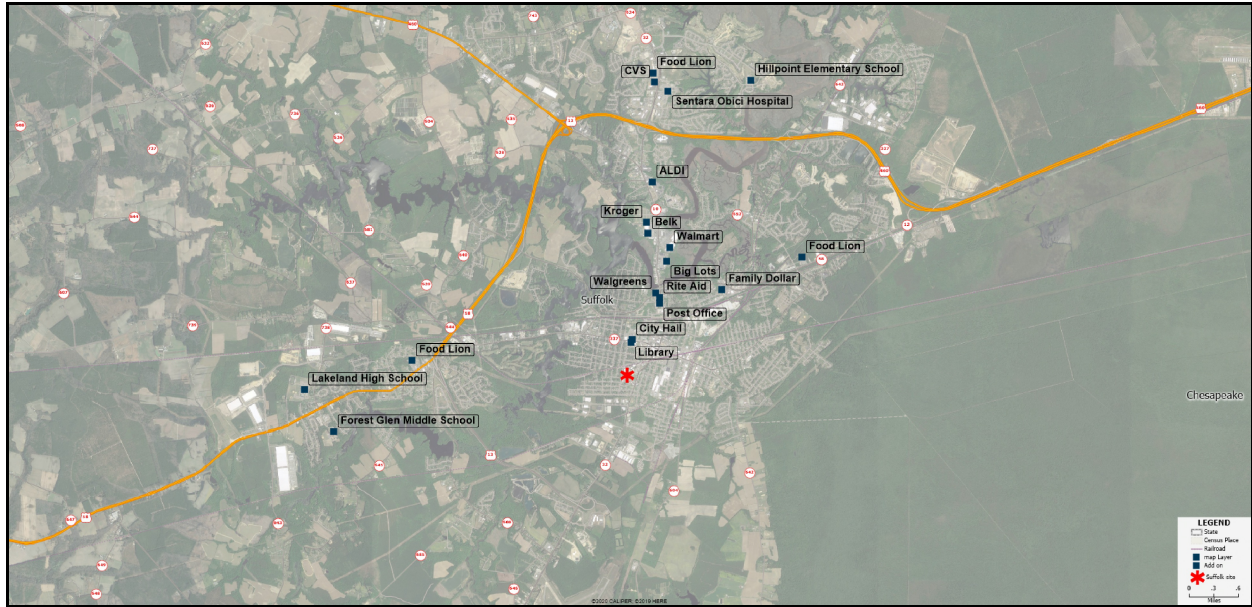
The following table illustrates the noteworthy community amenities serving the site and the (driving) distance to the site.

Table 1 - Distance to Neighborhood and Community Amenities

<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	US 13/58	3.1
Public Transportation	Suffolk Transit (yellow route)	0.2
Retail - Grocery	Kroger	2.1
	Food Lion	4.0
Retail - Other	Wal-mart	2.1
Pharmacies	Rite- Aid	1.1
	Walgreens	1.4
Hospital	Sentara Obici Hospital	3.9
Schools	Hillpoint Elementary School	5.8
	Forest Glen Middle School	5.2
	Lakeland High School	5.0
Library	Morgan Memorial Library	0.7
Post Office	Suffolk	1.0
City Hall	Suffolk	0.7

Source: T.Ronald Brown: Research & Analysis

Report for the Saratoga Place Apartments in Suffolk, Virginia



Based on our observations during our site visit, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area.

There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.

The site is considered marketable.

E. MARKET AREA DEFINITION

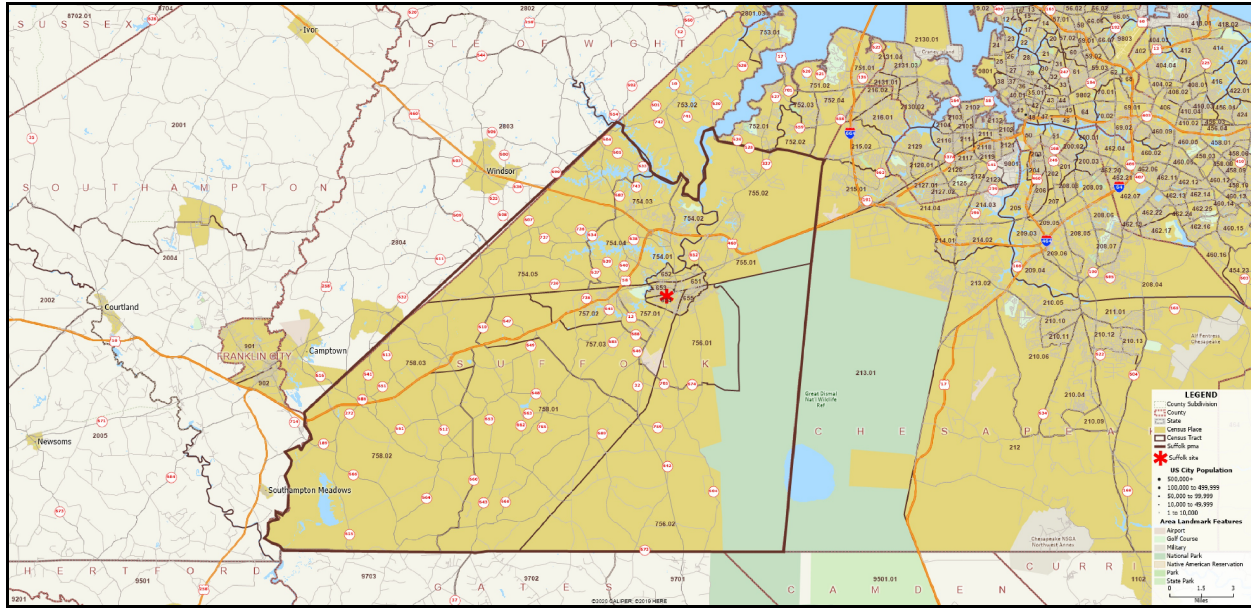
Market areas are defined on the basis of the consideration of many inter-related factors. These include consideration of the site location, consideration of socio-demographic characteristics of the area (tenure, income, rent-levels, etc.), local commuting patterns, physical (or other) boundaries, census geographies, and especially the location of comparable and/or potentially competing communities.

In communities such as county seats where that community is the county's largest community and is centrally located and can draw from the entire county, the county may be the market area. In circumstances where there are potentially competing communities in one county, the market area will be that part of the county (and, potentially, portions of adjacent counties) which the proposed development is most likely to draw from. In urban or suburban markets, the market area will be areas adjacent to the site and will extend to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project. Here combinations of census tracts, may be used to define the market area.

The proposed development is to be located near downtown Suffolk in the City of Suffolk in Tidewater Virginia. The market area for the proposed development is the City of Suffolk less that northern portion of the City that is located nearer to Hampton Roads, and is more oriented to the cities of Portsmouth and Norfolk. This area is focused on the site of the proposed development and extends to an approximately seven-mile hinterland, except where it extends to around 20 miles to the south and west. The market area, as defined, therefore is that which constitutes the area adjacent to the site of the proposed development and extends to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project.

Report for the Saratoga Place Apartments in Suffolk, Virginia

Market area



F. EMPLOYMENT AND ECONOMY

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general.

Employment trends

Employment trends for Suffolk are illustrated in the table, below. Employment in 2010 was 38,581. Since then, employment has grown - to 43,564 in 2019 - an increase of almost 5,000 jobs over that period.

It should be noted that data - both nationally and locally - suggest that employment gains over the last decade or so have been significantly impacted with the onset of the economic disruption caused by the coronavirus pandemic. In the City of Suffolk, for example, 43,850 people were employed in September 2020, compared with 45,044 in September 2019 - 1,194 fewer jobs.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2010	38,581		
2011	38,790	209	0.5
2012	38,869	79	0.2
2013	39,325	456	1.2
2014	39,892	567	1.4
2015	40,188	296	0.7
2016	40,875	687	1.7
2017	42,193	1,318	3.2
2018	43,044	851	2.0
2019	43,564	520	1.2

Source: Bureau of Labor Statistics

Employment trends, by sector

Information on employment, by industry for Suffolk City in 2018 and 2019 (the most recent annual data) is set out in Table 3, below. From this it is seen that, with respect to employment, the largest subsectors were healthcare and retail trade which employed 14.8 percent and 11.6 percent, respectively, in the most recent year.

Table 3 - Employment, by sector

	2018		2019		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc	184	0.6			
Mining, etc.	13	0.0			
Utilities					
Construction	1,234	3.9	1,238	3.8	0.3
Manufacturing	2,191	6.9	2,129	6.5	-2.8
Wholesale trade					
Retail trade	3,843	12.1	3,791	11.6	-1.4
Transp. and Warehousing	2,273	7.2	2,323	7.1	2.2
Information	174	0.5	160	0.5	-8.0
Finance and Insurance	377	1.2	479	1.5	27.1
Real estate	241	0.8	246	0.8	2.1
Professional and Technical services	2,286	7.2	2,936	9.0	28.4
Management			617	1.9	
Administrative and Waste services			1,146	3.5	
Educational services	337	1.1	349	1.1	3.6
Health Care and Social Assistance	4,892	15.4	4,838	14.8	-1.1
Arts, Entertainment, Recreation	258	0.8	263	0.8	1.9
Accommodation and Food services	3,112	9.8	3,135	9.6	0.7
Other Services	884	2.8	897	2.8	1.5
Unclassified	92	0.3	78	0.2	-15.2
Total (all establishments)	31,737		32,603		2.7

Source: Bureau of Labor Statistics

Unemployment trends

Unemployment trends for Suffolk City are illustrated in the table, below. Rates for Virginia and for the U.S as a whole are also shown, for reference. Here it is seen that the most recent annual unemployment rate for that county is 3.0 percent, down from 3.3 percent the previous year. The rate was 7.6 percent in 2010.

Again, the impact of the economic disruption caused by the coronavirus pandemic is revealed in unemployment numbers. In Suffolk City, for example, the unemployment rate was 6.9 percent in September 2020, compared with 2.9 percent in September 2019. The annual average unemployment rate for the US as a whole was 8.1 percent, compared with 3.7 percent for 2019. (Data for 2020 are not yet available at the state or county level.)

Table 4 - Unemployment trends

	<u>Suffolk City</u>	<u>Virginia</u>	<u>U.S.</u>
2010	7.6%	7.1%	9.6%
2011	7.5%	6.6%	8.9%
2012	7.0%	6.1%	8.1%
2013	6.3%	5.7%	7.4%
2014	5.8%	5.2%	6.2%
2015	5.0%	4.5%	5.3%
2016	4.7%	4.1%	4.9%
2017	4.1%	3.7%	4.4%
2018	3.3%	3.0%	3.9%
2019	3.0%	2.8%	3.7%
2020			8.1%

Source: Bureau of Labor Statistics

Report for the Saratoga Place Apartments in Suffolk, Virginia

Major Employers

The major employers in the Suffolk area are listed in Table 5, below. Here it is seen that the largest single employers include the local school systems, Military organizations, the local healthcare system and the Suffolk City government - each of which employs more than 1,000 persons.

Table 5 - Major Employers

<u>Employer Name</u>	<u>Product/Service</u>	<u>Employees</u>
Suffolk Public Schools	Public education	1,780
Navy Information Dominance Forces	ModSim and Technology	1,500
Sentara Health System	Health services	1,478
J7 Joint Staff	ModSim and Technology	1,200
City of Suffolk	City Government	1,139
Target	Warehousing and Distribution	1,100
QVC	Warehousing and Distribution	800
SYSCO Food Services	Warehousing and Distribution	500
Walmart	Retail	450
Kraft/Planters Peanuts	Food and Beverages	340
Unilever/Lipton	Food and Beverages	300
Towne Bank	Financial services	300
Massimo Zanetti Beverage USA	Food and Beverages	300
Lakeview Medical Center	Health services	270
Bon Secours Health System	Health services	269
Windstream	Telecommunications	250

Source: Virginia Labor Market Information

Report for the Saratoga Place Apartments in Suffolk, Virginia

Virginia Economic Development Partnership reports no jobs lost in recent years (2019 and 2020). With respect to expansions, the Virginia Economic Development Partnership similarly reports no new recent job announcements.

The proposed development is not located in a market - such as a resort area - that would need housing for employees in such a specific market, although, as noted, the tourism industry is significant.

Wages by Industry Sector

Information on wages, by employment sector, for Suffolk City is set out in Table 6, below. Here, average wages show some variation - both between sectors and also over time - with average wages increasing by 6.3 percent between 2018 and 2019.

Table 6 - Wages by Industry Sector

	<u>2018</u>	<u>2019</u>	<u>pct change</u>
Agriculture, Forestry, etc	\$733		
Mining, etc.	\$858		
Utilities			
Construction	\$954	\$1,041	9.1
Manufacturing	\$1,125	\$1,146	1.9
Wholesale trade			
Retail trade	\$486	\$498	2.5
Transp. and Warehousing	\$745	\$742	-0.4
Information	\$1,006	\$999	-0.7
Finance and Insurance	\$1,270	\$1,241	-2.3
Real estate	\$950	\$994	4.6
Professional and Technical services	\$1,941	\$2,051	5.7
Management		\$1,420	
Administrative and Waste services		\$555	
Educational services	\$617	\$627	1.6
Health Care and Social Assistance	\$820	\$916	11.7
Arts, Entertainment, Recreation	\$400	\$421	5.3
Accommodation and Food services	\$312	\$315	na
Other Services	\$462	\$494	6.9
Unclassified	\$780	\$611	-21.7
Total (all establishments)	\$902	\$959	6.3

Source: Virginia Labor Market Information

Commuting patterns

With respect to commuting, data from the American Community Survey, 38.3 percent of workers resident in the Suffolk City/County were employed there. The average driving time to work for residents of Suffolk City/County was 29.5 minutes.

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	43,526	100.0
Worked in Place of residence	16,670	38.3
Worked in County of residence	16,670	38.3
Worked outside Place of residence	26,856	61.7
Worked outside County of residence	26,856	61.7
Mean travel time to work (minutes)	29.5	

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

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Commuting patterns data are no longer provided in the Decennial Census. Here, data are obtained from the LEHD Origin-Destination Statistics program available from the Census Bureau's OnTheMap application. These data, on commuting patterns for persons who live and/or work in the Williamsburg area are set out, below.

Here it is seen that many persons who work in Suffolk commute into the City from various jurisdictions throughout the Hampton Roads area. Likewise, many residents of Suffolk City commute to work throughout that area.

Table 8 - Commuting Patterns

Working in Suffolk City	6,162
Where Suffolk City workers are commuting from:	
Chesapeake City	2,566
Virginia Beach City	2,074
Portsmouth City	1,784
Isle of Wight County	1,143
Norfolk City	1,130
Newport News City	967
Hampton City	682
Southampton County	378
Gates County, NC	330
Elsewhere	5,141
Where Suffolk City residents are commuting to:	
Chesapeake City	4,250
Norfolk City	3,682
Virginia Beach City	3,526
Newport News City	3,235
Portsmouth City	2,051
Hampton City	1,183
Isle of Wight County	1,098
Fairfax County	569
Henrico County	549
Elsewhere	4,438

Source: LEHD Origin-Destination Statistics program/OnTheMap; T.Ronald Brown: Research & Analysis

While the local economy recovers from the impact of the COVID pandemic, the local economic conditions will not likely have a direct positive or negative impact on the subject property, to any significant extent.

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2000, the population of Suffolk City was 63,677, and in 2010 the population was recorded as 84,585. Population projections for Suffolk City are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 97,461 by 2021, and to be around 105,768 by 2026.

In 2000, the population of the market area was 44,949, and in 2010 the population was recorded as 54,502. Population projections for the market area are based on the average of several small area population projection techniques using census tract trends for 2000 to 2010 in Suffolk City, corrected for the official State Data Center numbers. Based on these data, the population of the area is projected to be 57,514 by 2021, and to be around 59,734 by 2026.

Information on population trends and changes between 2000 and 2026 are set out in Table 9, below.

Table 9- Population Trends

	Suffolk*	Market Area	Suffolk City/County
2000	14,637	44,949	63,677
2010	14,190	54,502	84,585
2021	n/a	57,514	97,461
2026	n/a	59,734	105,768
absolute change			
2000-2010	-447	9,553	20,908
2010-2021	n/a	3,012	12,876
2021-2026	n/a	2,220	8,307
annual change			
2000-2010	-45	955	2,091
2010-2021	n/a	274	1,171
2021-2026	n/a	444	1,661

* Here, data are presented for the area that encompassed the City of Suffolk prior to its consolidation with the former Nansemond County. The site of the proposed development is in this area.

Source: 2000 and 2010 Census; Virginia State Data Center; T.Ronald Brown: Research & Analysis

Report for the Saratoga Place Apartments in Suffolk, Virginia

Projections of the number of households for Suffolk, the market area, and for Suffolk City are set out in Table 10, below.

In 2000, there were 23,283 households in Suffolk City and 30,868 in 2010. Based on the population projections set out, above, there will be around 35,474 households in 2021 and 38,456 in 2026.

There were 16,690 households in the market area in 2000 and 20,028 in 2010. Projections show around 21,126 and 21,940 households in 2021 and 2026, respectively.

Table 10 - Household Trends

	Suffolk*	Market Area	Suffolk City/County
2000	5,675	16,690	23,283
2010	5,425	20,028	30,868
2021	n/a	21,126	35,474
2026	n/a	21,940	38,456
absolute change			
2000-2010	-250	3,338	7,585
2010-2021	n/a	1,098	4,606
2021-2026	n/a	814	2,982
annual change			
2000-2010	-25	334	759
2010-2021	n/a	100	419
2021-2026	n/a	163	596

* Here, data are presented for the area that encompassed the City of Suffolk prior to its consolidation with the former Nansemond County. The site of the proposed development is in this area.

Source: 2000 Census and 2010 Census; T.Ronald Brown: Research & Analysis

Population and household characteristics

Age distribution

The distribution of the population, by age, for the Suffolk, the market area, and Suffolk City is set out in Table 11, below. These data are from the 2010 Census.

Table 11 - Age Distribution

	Suffolk*		Market Area		Suffolk City/County	
	number	percent	number	percent	number	percent
Under 5 years	1,105	7.8	3,765	6.9	5,961	7.0
5 to 9 years	1,142	8.0	3,861	7.1	6,217	7.4
10 to 14 years	1,078	7.6	3,849	7.1	6,129	7.2
15 to 19 years	1,066	7.5	3,941	7.2	5,912	7.0
20 to 24 years	882	6.2	3,037	5.6	4,562	5.4
25 to 29 years	954	6.7	3,195	5.9	4,859	5.7
30 to 34 years	948	6.7	3,330	6.1	5,278	6.2
35 to 39 years	877	6.2	3,835	7.0	6,167	7.3
40 to 44 years	877	6.2	3,959	7.3	6,429	7.6
45 to 49 years	1,130	8.0	4,673	8.6	7,208	8.5
50 to 54 years	1,029	7.3	4,161	7.6	6,468	7.6
55 to 59 years	860	6.1	3,344	6.1	5,222	6.2
60 to 64 years	672	4.7	2,820	5.2	4,446	5.3
65 to 69 years	476	3.4	2,124	3.9	3,300	3.9
70 to 74 years	368	2.6	1,685	3.1	2,361	2.8
75 to 79 years	263	1.9	1,167	2.1	1,655	2.0
80 to 84 years	211	1.5	871	1.6	1,223	1.4
85 years and over	252	1.8	885	1.6	1,188	1.4
55 and older	3,102	21.9	12,896	23.7	19,395	22.9
65 and older	1,570	11.1	6,732	12.4	9,727	11.5
Total	14,190		54,502		84,585	

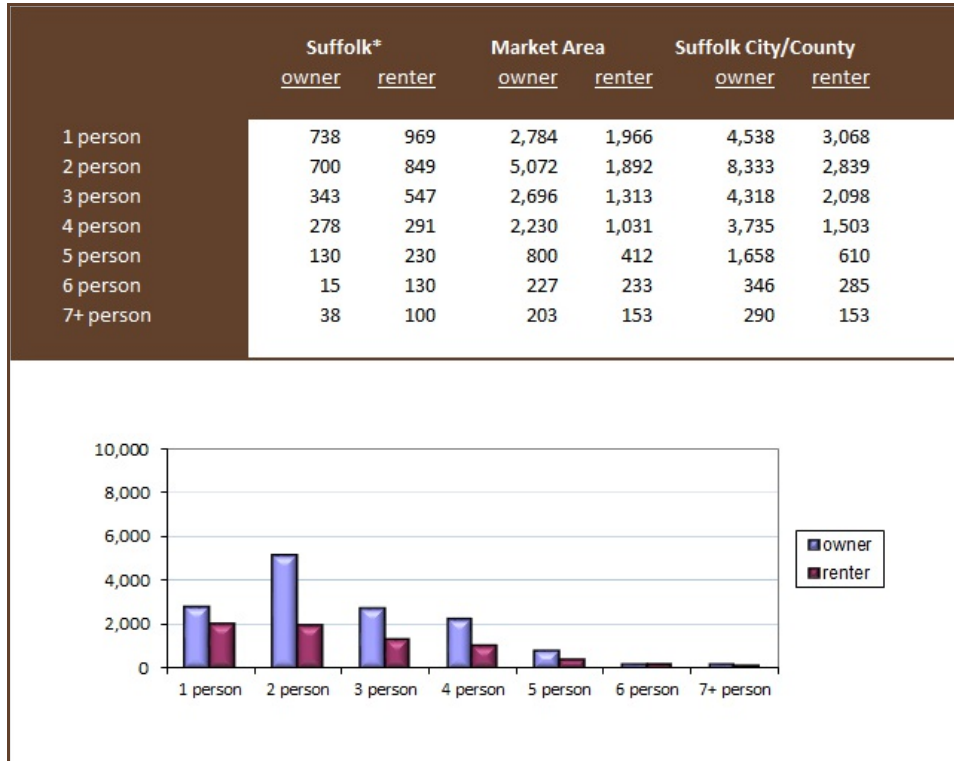
* Here, data are presented for the area that encompassed the City of Suffolk prior to its consolidation with the former Nansemond County.

Source: 2010 Census; T.Ronald Brown: Research & Analysis

Household size

Table 12 below, sets out household size, by tenure, for households in Suffolk, the market area, and Suffolk City.

Table 12 - Household Size



* Here, data are presented for the area that encompassed the City of Suffolk prior to its consolidation with the former Nansemond County.

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Report for the Saratoga Place Apartments in Suffolk, Virginia

Tenure

Table 13, below, sets out the number and proportion of owner and renter households for Suffolk, the market area, and for Suffolk City. In the years beyond 2010, the tenure proportions are based on 2010 tenure proportions. In 2010, 56.7 percent of households in the former extent of the City of Suffolk were renters, 30.8 percent of households in the market area were renters, and 27.2 percent in Suffolk City were renters.

Table 13 - Tenure

Suffolk*	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	14,637	5,675	2.58	2,491	43.9	3,184	56.1
2010	14,190	5,425	2.62	2,351	43.3	3,074	56.7
2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2026	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Market Area	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	44,949	16,690	2.69	11,244	67.4	5,446	32.6
2010	54,502	20,028	2.72	13,862	69.2	6,166	30.8
2021	57,514	21,126	2.72	14,622	69.2	6,504	30.8
2026	59,734	21,940	2.72	15,185	69.2	6,755	30.8
Suffolk City/County	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	63,677	23,283	2.73	16,815	72.2	6,468	27.8
2010	84,585	30,868	2.74	22,472	72.8	8,396	27.2
2021	97,461	35,474	2.75	25,825	72.8	9,649	27.2
2026	105,768	38,456	2.75	27,996	72.8	10,460	27.2

* Here, data are presented for the area that encompassed the City of Suffolk prior to its consolidation with the former Nansemond County.

Source: 2000 Census and 2010 Census; T.Ronald Brown: Research & Analysis

Income Distribution

The distribution of household incomes for the former City, the market area, and Suffolk City are set out in Table 14, below. These figures are taken from the 2015 to 2019 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for the former City is estimated at around \$38,015, and that for Suffolk City as a whole is seen to be \$74,884. The median income for the market area is estimated at \$64,279.

Table 14 - Household Income

	Suffolk*		Market area		Suffolk City/County	
	number	percent	number	percent	number	percent
less than \$10,000	576	10.8	1,412	6.7	1,693	5.0
\$10,000 to \$14,999	445	8.3	936	4.5	1,239	3.7
\$15,000 to \$19,999	332	6.2	1,017	4.8	1,524	4.5
\$20,000 to \$24,999	468	8.7	939	4.5	1,143	3.4
\$25,000 to \$29,999	399	7.4	896	4.3	1,185	3.5
\$30,000 to \$34,999	257	4.8	694	3.3	1,003	3.0
\$35,000 to \$39,999	336	6.3	877	4.2	1,147	3.4
\$40,000 to \$44,999	263	4.9	897	4.3	1,225	3.6
\$45,000 to \$49,999	253	4.7	770	3.7	1,038	3.1
\$50,000 to \$59,999	269	5.0	1,329	6.3	2,257	6.7
\$60,000 to \$74,999	605	11.3	2,332	11.1	3,454	10.2
\$75,000 to \$99,999	507	9.5	2,767	13.2	5,188	15.4
\$100,000 to \$124,999	338	6.3	2,491	11.9	3,870	11.5
\$125,000 to \$149,999	167	3.1	1,517	7.2	2,954	8.7
\$150,000 to \$199,999	47	0.9	1,206	5.7	2,669	7.9
\$200,000 or more	96	1.8	932	4.4	2,185	6.5
median income	\$38,015 **		\$64,729 **		\$74,884	

* Here, data are presented for the area that encompassed the City of Suffolk prior to its consolidation with the former Nansemond County.

**Estimate

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Renter Income

The distribution of household incomes for renter households for the former City, the market area, and Suffolk City. are set out in Table 15, below. These figures are also taken from the 2015 to 2019 American Community Survey.

The median renter household income for the former City estimated to be around \$28,522, and that for Suffolk City as a whole is seen to be \$40,516. The median renter income for the market area is estimated at \$32,182.

Table 15 - Household Income, Renter Households

	Suffolk*		Market area		Suffolk City/County	
	number	percent	number	percent	number	percent
less than \$10,000	523	16.8	1,122	16.0	1,248	11.8
\$10,000 to \$19,999	567	18.2	1,257	18.0	1,588	15.0
\$20,000 to \$34,999	823	26.4	1,381	19.7	1,794	17.0
\$35,000 to \$49,999	570	18.3	1,099	15.7	1,481	14.0
\$50,000 to \$74,999	372	11.9	954	13.6	1,814	17.2
\$75,000 to \$99,999	146	4.7	528	7.5	1,234	11.7
\$100,000 or more	115	3.7	659	9.4	1,397	13.2
median income	\$28,522 **		\$32,182 **		\$40,516	

* Here, data are presented for the area that encompassed the City of Suffolk prior to its consolidation with the former Nansemond County.

** Estimate

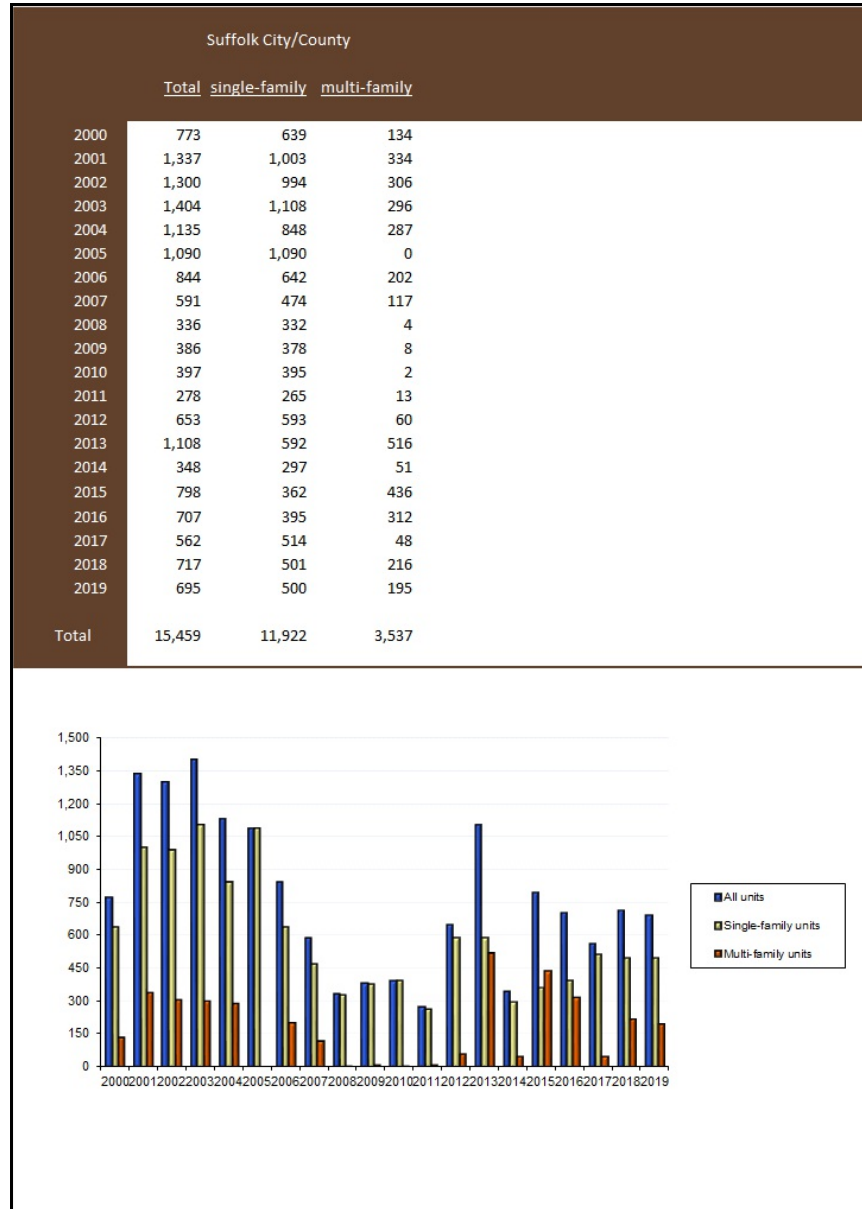
Source: 2014 to 2018 American Community Survey; T.Ronald Brown: Research & Analysis

Report for the Saratoga Place Apartments in Suffolk, Virginia

Building permit trends

Table 16 below gives details of residential construction in Suffolk City since 2000. Where the data exist, it can be seen that a total of 14,459 units were added in throughout the City, of which 3,537 were multi-family units. No data exist for the market area.

Table 16 - Residential Construction Since 2000



Source: Current Construction Reports, Bureau of the Census; T. Ronald Brown: Research & Analysis

H. COMPETITIVE ENVIRONMENT

There are several apartment complexes located in the Suffolk area. These include conventional/ market rate properties, properties financed with low income housing tax credits, and subsidized housing for very low income households. These complexes were identified and surveyed, and where useful information was made available to us, this is presented, below.

Based on information from Virginia Housing, the following are the significant (non-elderly) properties that have been financed with tax credits in the market area for the proposed development.

Autumn Ridge (48 units)
Heritage Acres (76 units)
Kings Landing (120 units)
Oak Terrace (120 units)
October Station (48 units)
Residences at October (72 units)
Villas at October (39 units)
White Marsh Pointe at Eagle Landing (206 units)

Autumn Ridge is a 176-unit property that incorporates tax credit-financed units. Rents for the latter range from \$824 to \$1,169 (two-and three-bedroom units).

Heritage Acres is a 76-unit acquisition/rehabilitation of a HUD project funded in 2018.

Kings Landing opened in 1990 and provides 48 one-bedroom units and 72 two-bedroom units. Rents are \$830 and \$965 for one- and two-bedroom units, respectively. The property is reported to be fully occupied, and to remain so on an ongoing basis.

Oak Terrace was funded in 2020 and will provide 120 units.

October Station is one of three tax credit-financed site at the October redevelopment. The October Station complex offers 48 units - a mix of two- and three-bedroom units. The two-bedroom units rent from \$740 to \$919, and the three-bedroom units are available for \$1,048. There are two vacancies at present - 95.8 percent occupancy. There are 72 units at the Residences at October: 48 two bedroom units that rent for \$752, and 24 three-bedroom units that rent for \$855. This site is fully occupied. There are 39 units at the Villas at October. This property opened in 2018 and provides a mix of two- and three-bedroom units, with two four-bedroom units. Rents are \$897 and \$1,048 for the two and three-bedroom units, and \$1,144 for the four bedroom units. These units are fully occupied.

The White Marsh at Eagle Landing project was funded in 2019. This is a redevelopment of a Suffolk Redevelopment and Housing Authority site, and is fully rent-assisted.

There are several market rate properties in the area. For example, the Sandler Pond complex opened in 1989 and offers a total of 108 units: 84 two-bedroom units, and 24 three-bedroom units. Rents for the two-bedroom units are from \$990 to \$1,075, and the three-bedroom units are from \$1,065 to \$1,165. The project is reported to be fully occupied.

Hillpoint Woods dates from 2005 and has a mix of one- and two-bedroom units. The one-bedroom units rent for \$970 and \$995, with the two bedroom units renting for \$1,075 (one bath) and \$1,100 (two baths). There is currently one vacant unit - a 99.3 percent occupancy rate.

The largest, newest, market rate complex is the Meridian at Obici project. It opened in 2016 and comprises 224 units at a site off North Main Street, south of the Bypass. Here, one bedroom units rent from \$1,205 to \$1,273, with two-bedroom units renting for \$1,510 to \$1,562. Three-bedroom units are renting for \$1,850. Currently there are four vacancies - a 97.3 percent occupancy level.

It should be noted that there are several rental properties in the downtown area. As of the date of this report, we were not able to obtain information for three particular properties we identified. For example, Suffolk Towers is a 59 unit mid-rise property that dates from 1925. Rents are believed to be in the \$600 to \$800 range. The Lofts at One Eleven comprise 26 units on West Washington Street. Here, it is believed that rents are in the \$900 to \$1,500 range. There are understood to be 16 units at the Jefferson School Lofts - with, it is understood, rents in the \$1,000 to \$1,250 range.

As noted earlier, the Peanut Crossing loft apartments are under development at a site adjacent to the proposed apartments on the Peanut Crossing property. Based on information provided by the developer, there will be a mix of (one) studio unit, 30 one-bedroom flats, 16 one bedroom lofts, ten two-bedroom flats, and one two-bedroom loft. Unit sizes will vary, with typical rents for the one-bedroom units reported to be in the \$1,060 to \$1,521 range, and two-bedroom units in the \$1,632 to \$2,241 range. Rent includes basic high-speed Internet, water/sewer, and trash service. All units are equipped with a refrigerator, stove, oven, dishwasher, garbage disposal, washer and dryer. The complex will open later in 2021, and it is understood that around five units have been pre-leased, to date.

In addition to the above there are several properties that are subsidized and available to low and very low income households.

Based on our survey, there is a market-wide occupancy rate of 98.9 percent.

Occupancy at tax credit properties is found to be around 98.2 percent.

Occupancy at the various market rate properties in the market area is seen to be 97.6 percent (and that for the subsidized property is 100.0 percent).

Report for the Saratoga Place Apartments in Suffolk, Virginia

In order to determine market rents, a sample of comparable market area properties were identified. The projects selected were chosen on the basis of age, location, and bedroom mix. Information for units at these various properties are summarized below.

Table 17 - Market Rate Properties

<u>Property</u>	<u>Year built</u>	<u>Two-bedroom rents</u>	<u>Three-bedroom rents</u>
Hillpoint Woods	2005	\$1,075-1,100	
Meridian Obici	2016	\$1,510-1,562	\$1,850
Sandler Pond	1989	\$990-1,075	\$1,065-\$1,165

Source: Apartment Managers; T.Ronald Brown: Research & Analysis

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$1,132 for a two-bedroom unit, and \$1,416 for a three-bedroom unit.

These rents are seen to be reasonably above the proposed rents for units at, and below, the 60 percent level at the proposed development .

Report for the Saratoga Place Apartments in Suffolk, Virginia

The various complexes surveyed are summarized as follows:

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Autumn Ridge I	conventional	1983	128	10	92.2
Autumn Ridge II	LIHTC	2013	48	4	91.7
Hillpoint Woods	conventional	2005	144	1	99.3
Kings Landing	LIHTC	1990	120	0	100.0
Meridian Obici	conventional	2016	224	4	98.2
October Station	LIHTC	2018	48	2	95.8
Peanut Crossing	conventional	2020	58	n/a	n/a
Residences at October	LIHTC	2010	72	0	100.0
Villas at October	LIHTC	2018	39	0	100.0
Sadler Pond	conventional	1989	108	0	100.0
Suffolk Station	conventional	1987	111	2	98.2
Wilson Pines	HUD § 8	1982	104	0	100.0

Report for the Saratoga Place Apartments in Suffolk, Virginia

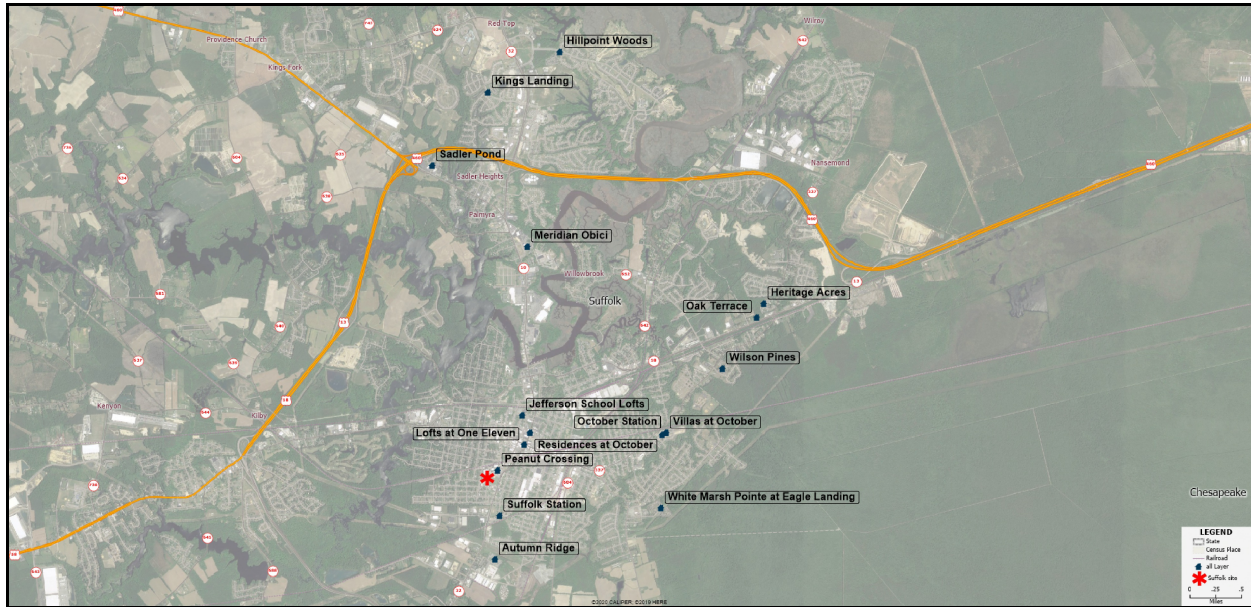
	0 br/1ba			1 br/1ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Saratoga Place						
Autumn Ridge I				24	556	\$825
Autumn Ridge II						
Hillpoint Woods				24	772-864	\$970-995
Kings Landing				48	661	\$830
Meridian Obici				128	716-916	\$1,111-1,273
October Station						
Peanut Crossing	1	607		46	609-1,017	\$1,060-1,521
Residences at October						
Villas at October						
Sadler Pond						
Suffolk Station						
Wilson Pines				12	660	boi

	2 br/1-1½ ba			2 br/2 ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Saratoga Place	48	944	\$450-1,125			
Autumn Ridge I	88	731	\$899			
Autumn Ridge II	n/a	850	\$824-1,010			
Hillpoint Woods	64	902	\$1,075			
Kings Landing	72	858	\$965			
Meridian Obici				80	1,062-1,259	\$1,510-1,562
October Station				36	952-962	\$749-919
Peanut Crossing	11	938-1,179	\$1,632-2,241			
Residences at October				48	924	\$752
Villas at October				10	1,142-1,156	\$897
Sadler Pond				84	1,000	\$990-1,075
Suffolk Station				75	1,000	\$905
Wilson Pines	80	960	boi			

	3 br/1-1½ ba			3 br/2+ ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Saratoga Place				36	1,132	\$519-1,225
Autumn Ridge I	16	990	\$1,100			
Autumn Ridge II	n/a	1,013	\$953-1,169			
Hillpoint Woods						
Kings Landing						
Meridian Obici				16	1,432	\$1,850
October Station				12	1,086	\$1,048
Peanut Crossing						
Residences at October				24	1,054	\$855
Villas at October				27	1,225-1,407	\$1,048
Sadler Pond				24	1,110	\$1,065-1,165
Suffolk Station				36	1,100	\$1,050
Wilson Pines	12	960	boi			

Report for the Saratoga Place Apartments in Suffolk, Virginia

Apartment Locations





Autumn Ridge

Location: 114 Nancy Drive, Suffolk

Telephone: 757.934.0847

Year built: 1983+, rehabilitated

Total units: 176

Vacant units: 14 (92.0 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>	<u>3 br/1½ ba</u>
Units:	24	88	24	16	16
Unit size (sq. ft.):	556	731	850	990	1,013
Rent:	\$825	\$899	\$824-1,010*	\$1,100	\$953-1,169*
Rent/sq. ft.:	\$1.48	\$1.23	\$1.08*	\$1.11	\$1.05*

Management: North Bay Properties (Diane 1/14)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies

* Tax credit



Hillpoint Woods

Location: 601 Hill Point Boulevard, Suffolk

Telephone: 757.923.2700

Year built: 2005

Total units: 144

Vacant units: 1 (99.3 percent occupied)

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>
Units:	12	12	64	56
Unit size (sq. ft.):	772	864	902	924
Rent:	\$970	\$995	\$1,075	\$1,100
Rent/sq. ft.:	\$1.26	\$1.15	\$1.19	\$1.19

Management: Ashby Development (Allison 1/14)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floors Fireplaces Patios/balconies



Kings Landing

Location: 1000 Lilton Lane, Suffolk

Telephone: 877.883.0784

Financing: LIHTC

Year built: 1990

Total units: 120

Vacant unit: 0 (100 percent occupied with waiting list)

	<u>1 br/1 ba</u>	<u>2br/1 ba</u>
Units:	48	72
Unit size (sq. ft.):	661	858
Rent:	\$830*	\$965*
Rent/sq. ft.:	\$1.26*	\$1.12*

Management: Perrell Management (Mel 1/14)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies

* Tax credit

Report for the Saratoga Place Apartments in Suffolk, Virginia



Meridian Obici

Location: 1000 Meridian Obici Way, Suffolk

Telephone: 833.844.1680

Year built: 2016

Total units: 224

Vacant units: 4 (97.3 percent occupied)

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	36	44	48	64	16	16
Unit size (sq. ft.):	716	839	916	1,062	1,259	1,432
Rent:	\$1,205	\$1,273	\$1,111	\$1,510	\$1,562	\$1,850
Rent/sq. ft.:	\$1.68	\$1.52	\$1.21	\$1.42	\$1.24	\$12.9

Management: Graystar (Jessica 1/13)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



October Station

Location: 2065 Freney Avenue, Suffolk

Telephone: 757.935.5212

Financing: LIHTC

Year built: 2018

Total units: 48

Vacant units: 2 (95.8 percent occupied)

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	36	12
Unit size (sq. ft.):	952-962	1,086
Rent:	\$740-919*	\$1,048*
Rent/sq. ft.:	\$0.87*	\$0.97*

Management: Lawson Companies (Natasha 1/20)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies

* Tax credit



Residences at October

Location: 2028 Freney Street, Suffolk

Telephone: 757.935.5212

Financing: LIHTC

Year built: 2010

Total units: 72

Vacant units: 0 (100 percent occupied)

	<u>2 br/1 ba</u>	<u>3 br/2 ba</u>
Units:	48	24
Unit size (sq. ft.):	924	1,054
Rent:	\$752*	\$855*
Rent/sq. ft.:	\$0.81*	\$0.81*

Management: Lawson Companies (Natasha 1/20)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies

* Tax credit



Sandler Pond

Location: 2500 Sandy Spring Lane, Suffolk

Telephone: 757.934.0738

Year built: 1989

Total units: 108

Vacant units: 0 (100 percent occupied)

	<u>2 br/2 ba</u>	<u>3br/2 ba</u>
Units:	84	24
Unit size (sq. ft.):	1,000	1,110
Rent:	\$990-1,075	\$1,065-1,165
Rent/sq. ft.:	\$1.03	\$1.00

Management: United Property Associates (Lisa 1/14)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



Suffolk Station

Location: 100 Forest Oak Lane, Suffolk

Telephone: 757.934.3444

Year built: 1987

Total units: 111

Vacant units: 2 (98 percent occupied)

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	75	36
Unit size (sq. ft.):	1,000	1,100
Rent:	\$905	\$1,050
Rent/sq. ft.:	\$0.90	\$0.95

Management: United Property Associates (Becky 3/8)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



Villas at October

Location: 2028 Freeney Avenue, Suffolk

Telephone: 757.935.5212

Financing: LIHTC

Year built: 2018

Total units: 39

Vacant unit: 0 (100 percent occupied)

	<u>2 br/2½ ba</u>	<u>3 br/2½ ba</u>	<u>4 br/2½ ba</u>
Units:	10	27	2
Unit size (sq. ft.):	1,142-1,156	1,225-1,407	1,429
Rent:	\$897*	\$1,048*	\$1,144*
Rent/sq. ft.:	\$0.78*	\$0.80*	\$0.80*

Management: Lawson Companies (Natasha 1/20)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies

* Tax credit



Wilson Pines

Location: 2525 East Washington Street, Suffolk

Telephone: 757.934.0333

Financing: HUD § 8

Year built: 1982

Total units: 104

Vacant units: 0 (100 percent occupied, typically 100 percent, with waiting list)

	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>3 br/1 ba</u>
Units:	12	80	12
Unit size (sq. ft.):	660	960	1,426
Contract rent:	\$980	\$1,161	\$1,373

Management: WHH Trice (3/1)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies

I. AFFORDABILITY ANALYSIS, DEMAND ANALYSIS, CAPTURE RATES, AND PENETRATION RATES

Demand Analysis

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from existing households currently living in the area who could move to the project were it to be made available.

Income is a key variable in the analysis of housing markets. Of the 76 units proposed, eight will be targeted at 30 percent of the median, six will be targeted at 40 percent of the median, 24 will be targeted to households with incomes up to 50 percent of the median, with 16 targeted at 60 percent of the median, and 22 units targeted at 80 percent of the median (and therefore applying income averaging). Thus, the apartments qualify for low income housing tax credit status.

The HUD income limits for the City of Suffolk (the Virginia Beach-Norfolk-Newport News metro area) are set out below. The median income for Suffolk in 2020 was \$82,500 - having been \$79,300 in 2019, and \$68,200 in 2010. This represents a 4.0 percent increase over the previous year, and a 21.0 percent increase over the last decade (or an average of 1.92 percent per year).

The maximum housing expenses for the proposed units are based on these income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities).

Table 18 - Income Limits and Maximum Housing Costs

Income Limits					
	<u>30 percent</u>	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 person	\$17,340	\$23,120	\$28,900	\$34,680	\$46,240
2 person	\$19,800	\$26,400	\$33,000	\$39,600	\$52,800
3 person	\$22,290	\$29,720	\$37,150	\$44,580	\$59,440
4 person	\$24,750	\$33,000	\$41,250	\$49,500	\$66,000
5 person	\$26,730	\$35,640	\$44,550	\$53,460	\$71,280
6 person	\$28,710	\$38,280	\$47,850	\$57,420	\$76,560

Maximum Housing Costs					
	<u>30 percent</u>	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	\$557	\$743.0	\$929	\$1,115	\$1,486
3 bedroom	\$644	\$858.0	\$1,073	\$1,287	\$1,716

Source: HUD

Report for the Saratoga Place Apartments in Suffolk, Virginia

Information as to rents and income targeting are set out in Table 19, below

Table 19 - Rents and Income Targeting

income targeting						
	<u>30 percent</u>	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>Total</u>
2 bedroom	8	0	16	6	10	40
3 bedroom	0	6	8	10	12	36
Total	8	6	24	16	22	76

proposed rents					
	<u>30 percent</u>	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	\$450		\$820	\$975	\$1,125
3 bedroom		\$730	\$945	\$1,090	\$1,225

proposed rents as a proportion (%) of maximum					
	<u>30 percent</u>	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	99.9		99.8	96.8	81.6
3 bedroom		99.5	99.6	93.7	76.9

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$107 and \$124 for the two-, and three-bedroom units, respectively

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at the maximum allowable for the units targeted at the 30 percent, 40 percent, and 50 percent levels, and between 94 and 97 percent of the maximum at the 60 percent level. The rents for the units targeted at the 80 percent of the median are seen to be 77 to 82 percent of the maximum allowable at that level.

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom. The qualifying income limits for one- and four bedroom units are based on the proposed rents level relative to the maximum allowable. Similarly, rent assisted units are analyzed without that assistance, and rent for those units is assumed to be the maximum allowable.

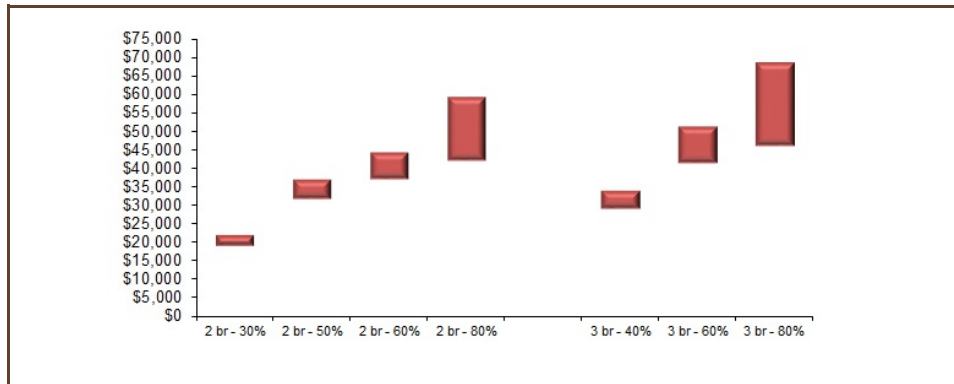
Table 20 - Qualifying Income Ranges

qualifying income ranges		
	<u>30 percent</u>	
	lower	upper
2 bedroom	\$19,097	\$22,290
	<u>40 percent</u>	
	lower	upper
3 bedroom	\$29,280	\$34,320
	<u>50 percent</u>	
	lower	upper
2 bedroom	\$31,783	\$37,150
3 bedroom	\$36,651	\$42,900
	<u>60 percent</u>	
	lower	upper
2 bedroom	\$37,097	\$44,580
3 bedroom	\$41,623	\$51,480
	<u>80 percent</u>	
	lower	upper
2 bedroom	\$42,240	\$59,440
3 bedroom	\$46,251	\$68,640

Source: Applicant; T Ronald Brown: Research & Analysis

Report for the Saratoga Place Apartments in Suffolk, Virginia

The various qualifying income ranges, by bedroom mix and income targeting are illustrated, below. Any gaps and/or overlaps between these target income ranges will necessarily be taken into consideration in our calculations.



The major variables to be examined are tenure and income. These data are no longer available from the Decennial Census. Nonetheless, data can be extrapolated from the most recent American Community Survey - again, subject the limitations of those data. These data, for the market area for the proposed complex, are set out below.

Table 21 - Household Income, Renter Households

Income	All Renters		Overburdened Renters	
	Number	Percent	Number	Percent
Up to \$10,000	1,122	16.0	792	27.0
\$10,000 - \$19,999	1,257	18.0	630	21.5
\$20,000 - \$34,999	1,381	19.7	954	32.6
\$35,000 - \$50,000	1,099	15.7	451	15.4
\$50,000 - \$75,000	954	13.6	90	3.1
\$75,000 - \$100,000	528	7.5	13	0.4
\$100,000 and over	659	9.4	0	0.0
Total	7,000		2,930	

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2015 to 2019 - and not for a specific year.

From this table it can be seen that 16.0 percent of the market area renter households have incomes less than \$10,000, and a further 18.0 percent have incomes between \$10,000 and \$20,000. Around 19.7 percent of renters are seen to be in the \$25,000 to \$35,000 income range. Around 42 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 20 and the income distribution set out in Table 21, it is found that around 4.9 percent of market area renter households qualify for units at 30 percent of the median, and the corresponding figures for units at the 40 percent, 50 percent, 60 percent, and 80 percent levels are 5.9 percent, 6.6 percent, 8.6 percent, and 14.0 percent, respectively.

Projections of need and demand are based upon a 2021 to 2026 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

Based on the projections set out in Table 13, a total of 251 new rental units are needed between 2021 and 2026. A total of 95 units will be for households eligible for the proposed project.

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing renter households who would move to the new apartments were they made available. The extent to which any new development is able to attract a certain share of this market is largely a factor of several interrelated factors. These include the location of the development, the amenities it offers, the quality of design and the effectiveness of the development's marketing and management. That is, the perceived value of the community in terms of price, convenience, and life-style.

Our calculations show that there will be a total of as many as 2,553 renter households in the qualifying income range in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 62.7 percent of renters qualifying for units at 30 percent of the median are rent-overburdened. Likewise, 65.4 percent, 52.6 percent, 41.7 percent, and 24.4 percent of those qualifying for units at the 40 percent, 50 percent, 60 percent, and 80 percent levels, respectively, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 67 units.

Total demand is therefore seen to amount to 1,315 units. These figures are based on a 2021 to 2026 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. One directly comparable project has been added in the project market area over the projection period - the 120-unit Oak Terrace development. Of the 120 units at this location, it is understood that 96 are comparable in terms of bedroom mix and income targeting. No other comparable complexes have been funded or are under construction. The White Marsh at Eagle Landing project that was funded in 2019 is the redevelopment of a Suffolk Redevelopment and Housing Authority site, is fully rent-assisted, and does not represent a net addition to the housing inventory - and as such is not considered comparable. The net need is therefore for 1,219 units.

The preceding calculations are summarized in the table on the following page.

Table 22 - Demand Calculations

	30 percent	40 percent	50 percent	60 percent	80 percent	total *
(i) income eligible new renter households	12	15	16	22	35	95
(ii) income eligible existing renter households	333	401	443	580	945	2,553
(iii) existing households, likely to move	209	262	233	242	230	1,142
(iv) need from obsolete housing	10	12	13	18	29	78
Total demand (i)+(iii)+(iv)	231	289	263	281	294	1,315
Supply	12	0	48	6	30	96
Net demand	219	289	215	275	264	1,219

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 22 percent of the total, two-bedroom units should account for 40 percent of the total, and three-bedroom units should account for 28 percent of the total with four- or more bedroom units accounting for 11 percent.

Capture rates are illustrated in the table on the following page.

Report for the Saratoga Place Apartments in Suffolk, Virginia

Table 23 - Capture Rates

	<u>30 percent</u>	<u>40 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>total *</u>
Total demand						
1 bedroom	50	63	57	61	64	286
2 bedroom	92	115	105	112	117	523
3 bedroom	64	80	72	77	81	362
4 bedroom	25	31	29	31	32	143
Total	231	289	263	281	294	1,315
Supply						
1 bedroom	0	0	0	0	0	0
2 bedroom	8	0	26	2	20	56
3 bedroom	4	0	22	4	10	40
4 bedroom	0	0	0	0	0	0
Total	12	0	48	6	30	96
Net demand						
1 bedroom	50	63	57	61	64	286
2 bedroom	84	115	79	110	97	467
3 bedroom	60	80	50	73	71	322
4 bedroom	25	31	29	31	32	143
Total	219	289	215	275	264	1,219
Units proposed						
1 bedroom	0	0	0	0	0	0
2 bedroom	8	0	16	6	10	40
3 bedroom	0	6	8	10	12	36
4 bedroom	0	0	0	0	0	0
Total	8	6	24	16	22	76
Capture rates						
1 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2 bedroom	9.5%	0.0%	20.3%	5.5%	10.3%	8.6%
3 bedroom	0.0%	7.5%	15.9%	13.6%	16.9%	11.2%
4 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	3.7%	2.1%	11.2%	5.8%	8.3%	6.2%

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 76-unit development amounts to 6.2 percent of the total net need.

The capture rate, by bedroom, is determined to be 8.6 percent for the 40 two-bedroom units, and 11.2 percent for the 36 three-bedroom units.

The eight units at 30 percent of the median amount to 3.7 percent of the net demand at that level, the six units at 40 percent of the median amount to 2.1 percent of demand at that level, the 24 units at 50 percent of the median amount to 11.2 percent of demand at that target level, and the 16 units targeted at the 60 percent level amount to around 5.8 percent of demand at that level. The 22 units targeted at 80 percent represent 8.3 percent of demand at that level..

The capture rates presented above are considered reasonable for this property.

ABSORPTION RATES

As noted, the capture rates presented above are considered realistic. Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated nine month period, or so.

Affordability Analysis

Here, an affordability analysis addresses the total number of income eligible renter households in the market are relative to the size of the proposed development.

The minimum income is that associated with the rent for the least expensive unit offered, and the upper limit is based on the 80 percent limit (the highest target income range) for the largest unit size, by number of bedrooms. Here, the lower income is seen to be that for the proposed two-bedroom units that will be targeted to households at the 30 percent level, but are set to be affordable at the 30 percent level. That is, \$450 per month. Given a \$107 utility allowance and a 35 percent rent-to-income ratio, the lower qualifying income is seen to be \$19,097. The upper income is \$68,640. Based on the income data set out in Table 21, there are found to be as many as 3,189 renter households in that range. Thus, the proposed 76-unit development corresponds to a 2.4 percent affordability analysis capture rate.

Penetration rate.

A penetration rate is defined, for the purposes of this analysis, as the proportion of income-eligible households needed to fill the proposed development, plus those in existing competitive units, plus any in competitive units that are approved and funded for future development.

The lower income limit for this analysis is the income needed to afford the least expensive competitive unit in the market (or the rent for the least-expensive proposed unit, if lower), and the upper income limit is the upper income limit for the competitive units (or the proposed units, if higher). Our survey of the existing, competitive inventory, shows that the lowest two bedroom units are those for the more deeply targeted units at the proposed development. Thus, given the rents for the proposed development, the target income range for this market is that for the proposed development. That is, from \$19,097 to \$68,640. Thus, given that there are as, noted, 3,189 qualifying renter households in the market area. It is seen that 76 units are proposed, and there are five existing comparable tax credit properties units, with one 120-unit project funded for future construction. These properties - Autumn Ridge, Kings Landing, October Station, Residences at October, and the Villas at October - amount to a total of 277 comparable units, plus the 120 units at Oak Terrace, plus the proposed 76 units, yields 473 units. Thus, the penetration rate - as defined - amounts to 14.8 percent.

Summary

Consideration of the capture rate (6.2 percent) and the (2.4 percent) affordability analysis capture rate and (14.8 percent) penetration rate suggests that the proposed development is marketable, as proposed.

J. LOCAL PERSPECTIVE OF RENTAL HOUSING MARKET

As part of the research for this market study, interviews were held with property managers, local government officials, and others with particular knowledge of the local housing market. The proposed development will offer an attractive, new, apartment complex - to be leased subject to the provisions of the Low Income Housing Tax Credit program. Property managers of existing complexes and/or other representatives of management companies were a potential source of information.

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages). The site manager at Autumn Ridge (Diane) believes a new project is a good idea - but cautions that she does not have a lot of experience. Mel, the manager at Kings Landing believes that a new project could be accommodated.

K. ANALYSIS/CONCLUSIONS

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated nine month period, or so.

Based on the proposed development's site, bedroom mix, amenities and features, utility provision and costs, the proposed development is considered marketable and should be well-accepted in this market, particularly as it will be a new, affordable, property.

The site location will offer a significant advantage as will the proposed rents, particularly those set to be affordable to households at 30 and 50 percent of the median.

The proposed development should not have a negative impact on existing housing.

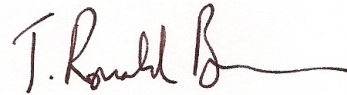
It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed, and that the project should be awarded low income housing tax credits. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined and on our project specific demand analysis and survey of the supply of rental housing in the market--as set out in the foregoing report and summarized in the Executive Summary.

L. OTHER REQUIREMENTS

Statement and signature

I affirm the following:

1. that I have made a physical inspection of the site and market area.
2. The appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units.
3. To the best of my knowledge the market can support the demand shown in this study. I understand that any misrepresentation in this statement may result in the denial of participation in the Low Income Housing Tax Credit Program in Virginia as administered by Virginia Housing.
4. Neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity.
5. Neither I nor anyone at my firm nor anyone acting on behalf of my firm is representing Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing.
6. Compensation for my services is not contingent upon this development receiving a reservation or allocation of tax credits.



Market Analyst

March 17, 2021

As affirmed in the Scope of Work, there is no identity of interest between the analyst and the entity for which the report has been prepared.

Similarly, the recommendations and conclusions are based solely on the analyst's experience, opinion, and best efforts.

Analyst Qualifications

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis.

The President of the firm is T. Ronald Brown. He has 35 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 3,000 studies in at least 20 states, predominantly in the Southeast.

Mr. Brown has a Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland.

The firm has primary experience in market analysis for residential projects including both single-family homes and multi-family units (for sale and for rent). A significant proportion of the firm's business focuses on apartment market studies—for family renters and for elderly persons. These reports include conventionally financed projects (including HUD 221 (d) (4) projects), affordable housing (including low income tax credit financed projects) and subsidized housing.

Clients include for-profit developers, non-profit developers and community development corporations, state housing finance agencies, syndicators, and municipalities.

List of sources

The foregoing report contains information from a variety of sources - those sources (such as contact numbers for property interviews) are cited at the appropriate place in the report itself. The major sources of data include:

The U.S. Census - 2000 and 2010, and the American Community Survey (2015-2019)
Virginia Housing
U.S. Department of HUD
U.S. Department of Agriculture
Virginia State Data Center/Weldon Cooper Center for Public Service
Virginia Employment Commission
Virginia Economic Development Partnership
City of Suffolk
U.S. Bureau of Labor Statistics
HUDUSER (e.g., SOCDs building permits database)

Report for the Saratoga Place Apartments in Suffolk, Virginia

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MARKET STUDY TERMINOLOGY

The following presents the accepted definitions of various terms typically found in real estate market studies. These definitions are typically followed unless reviewing agency requirements differ.

Absorption period - the period of time necessary for a newly constructed or renovated property to achieve the *stabilized level of occupancy*. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the *stabilized level of occupancy* has a signed lease. Assumes a typical premarketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is assumed to begin should accompany all absorption estimates.

Absorption rate - the average number of units rented each month during the *absorption period*.

Acceptable rent burden - the rent-to-income ratio used to qualify tenants for both income-restricted and non-income restricted units. The acceptable rent burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.

Achievable rents - See *Market Rent, Achievable Restricted Rent*.

Affordable housing - housing affordable to low or very low-income tenants.

Amenity - tangible or intangible benefits offered to a tenant. Typical amenities include on-site recreational facilities, planned programs, services and activities.

Annual demand - the total estimated demand present to the market in any one year for the type of units proposed.

Assisted housing - housing where federal, state or other programs *subsidize* the monthly costs to the tenants.

Bias - a proclivity or preference, particularly one that inhibits or entirely prevents an impartial judgment.

Capture rate - the percentage of age, size, and income qualified renter households in the *primary market area* that the property must capture to fill the units. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. The *Capture Rate* is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the *primary market area*. See also: penetration rate.

Comparable property - a property that is representative of the rental housing choices of the subject's *primary market area* and that is similar in construction, size, amenities, location, and/or age. Comparable and *competitive* properties are generally used to derive market rent and to evaluate the subject's position in the market.

Competitive property - a property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.

Comprehensive market study - NCHMA (the National Council of Housing Market Analysts) defines a comprehensive market study for the purposes of IRC Section 42 as a market study compliant with its Model Content Standards for Market Studies for Rental Housing. Additionally, use of the suggested wording in the NCHMA certification without limitations regarding the comprehensive nature of the study, shows compliance with the IRC Section 42 request for completion of a market study by a 'disinterested party.'

Concession - discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).

Demand - the total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.

Effective rents - contract rent less concessions.

Household trends - changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.e. at marriage or separation), changes in average household size, and net *migration*.

Income band - the range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined *acceptable rent burden* percentage and the maximum typically⁷ is pre-defined by specific program requirements or by general market parameters.

Infrastructure - services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.

Market advantage - the difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property. ($market\ rent - proposed\ rent / market\ rent * 100$)

Market analysis - a study of real estate market conditions for a specific type of property.

Market area - See *primary market area*.

Market demand - the total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand. A common example of market demand used by HUD's MAP program, which is based on three years of renter household growth, loss of existing units due to demolition, and market conditions.

Market rent - the rent that an apartment, without rent or income restrictions or rent subsidies, would command in the *primary market area* considering its location, features and amenities. Market rent should be adjusted for *concessions* and owner paid utilities included in the rent.

Market study - a comprehensive study of a specific proposal including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography.

Marketability - the manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.

Market vacancy rate, economic - percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.

Market vacancy rate, physical - average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.

Migration - the movement of households into or out of an area, especially a *primary market area*.

Mixed income property - an apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. low income tax credit property with income limits of 30%, 50%, and 60%).

Mobility - the ease with which people move from one location to another.

Move-up demand - an estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older tax credit properties to new tax credit properties.

Multi-family - structures that contain more than two housing units.

Neighborhood - an area of a city or town with common demographic and economic features that distinguish it from adjoining areas.

Net rent (also referred to as contract rent or lease rent) - Gross rent less *tenant paid utilities*.

Penetration rate - The percentage of age and income qualified renter households in the *primary market area* that all existing and proposed properties, to be completed with six months of the subject, and which are competitively priced to the subject that must be captured to achieve the *stabilized level of occupancy*. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. Units in all proposals / households in market * 100, see also: capture rate.

Pent-up demand - a market in which there is a scarcity of supply and vacancy rates are very low.

Population trends - changes in population levels for a particular area over a specific period of time – which is a function of the level of births, deaths, and net *migration*.

Primary market area - a geographic area from which a property is expected to draw the majority of its residents.

Programmatic rents - See *restricted rents*.

Project based rent assistance - rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment - the redesign or rehabilitation of existing properties.

Rent burden - gross rent divided by adjusted monthly household income.

Rent burdened households - households with *rent burden* above the level determined by the lender, investor, or public program to be an acceptable rent-to-income.

Restricted rent - the rent charged under the restrictions of a specific housing program or subsidy.

Restricted rent, achievable - the rents that the project can attain taking into account both market conditions and rent in the *primary market area* and income restrictions.

Saturation - the point at which there is no longer demand to support additional unit. Saturation usually refers to a particular segment of a specific market.

Secondary market area - the portion of a market that supplies additional support to an apartment property beyond that provided by the primary market area.

Special needs population - specific market niche that is typically not catered to in a conventional apartment property. Examples of special needs population include: substance abusers, visually impaired person or persons with mobility limitations.

Stabilized level of occupancy - the underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.

Subsidy - monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's *contract rent* and the amount paid by the tenant toward rent.

Substandard conditions - housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.

Target income band - the *income band* from which the subject property will draw tenants.

Target population - the market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.

Tenant paid utilities - the cost of utilities (not including cable, telephone, or internet) necessary for the habitation of a dwelling unit, which are paid by the tenant.

Turnover period - 1. An estimate of the number of housing units in a market area as a percentage of total housing units in the market area that will likely change occupants in any one year. See also: vacancy period. $\text{Housing units with new occupants} / \text{housing units} * 100$ 2. The percent of occupants in a given apartment complex that move in one year.

Unmet housing need - new units required in the market area to accommodate household growth, homeless people, and housing in substandard conditions.

Unrestricted rents - rents that are not subject to *restriction*.

Unrestricted units - units that are not subject to any income or rent restrictions.

Vacancy period - the amount of time that an apartment remains vacant and available for rent.

Vacancy rate-economic vacancy rate - physical - maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.

Other Terms

The following terms are also to be found in professional market studies - here, this information is drawn from various sources including HUD, the Census Bureau, and the Urban Land Institute.

Area Median Income (AMI) - 100% of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.

Attached housing - two or more dwelling units connected with party walls (e.g. townhouses or flats).

Basic rent - the maximum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.

Below Market Interest Rate program (BMIR) - Program targeted to renters with income not exceeding 80% or area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.

Census tract - a small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

Central Business District (CBD) - the center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

Community Development Corporation (CDC) - entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.

Condominium - a form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

Contract rent - 1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).

Difficult Development Area (DDA) - an area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.

Detached housing - a freestanding dwelling unit, typically single-family, situated on its own lot.

Elder or senior housing - housing where (1) all units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.

Extremely low income - person or household with income below 30% of the Area Median Income adjusted for household size.

Fair Market Rent (FMR) - the estimates established by HUD of the Gross rents (Contract rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally set FMR so that 40% of the rental units have rents below FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50th percentile of rents.

Garden apartments - apartments in low-rise buildings (typically two or four stories) that feature low density, ample open-space around buildings, and on-site parking.

Gross rent - the monthly housing cost to a tenant which equals the Contract rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.

High-rise - a residential building having more than ten stories.

Household - one or more people who occupy a housing unit as their usual place of residence.

Housing unit - house, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

Housing Choice Voucher (Section 8 Program) - federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible households in the use of the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.

Housing Finance Agency (FHA) - state or local agencies responsible for financing housing and administering assisted housing programs.

HUD Section 8 Program - federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the contract rent and a specified percentage of tenants' adjusted income.

HUD Section 202 Program - federal program which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.

HUD Section 811 Program - federal program which provides direct capital assistance and operating of rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 510(c)(3) nonprofit organization.

HUD Section 236 Program - federal program which provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.

Income limits - maximum household income by county or Metropolitan Statistical Area, adjusted for household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes income limits each year for 30% median. Very low income (50%), and low income (80%), for households with 1 through 8 people.

Low income - person or household with gross household income below 80% of Area Median Income adjusted for household size.

Low income housing tax credit - a program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on those units be restricted accordingly.

Low rise building - a building with one to three stories.

Metropolitan Statistical Area (MSA) - a geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities have a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

Mid-rise - a building with four to ten stories.

Moderate income - person or household with gross household income between 80 and 120 percent of area median income adjusted for household size.

Public Housing or Low Income Conventional Public Housing - HUD program administered by local (or regional) Housing Authorities which serves low- and very-low income households with rent based on the same formula used for HUD Section 8 assistance.

Qualified Census Tract (QCT) - any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of households have an income less than 60% of the area median income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credit may qualify for up to 130% of the eligible basis for the purpose of calculating the Tax Credit allocation.

Rural Development (RD) market rent - a monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an unsubsidized mortgage and provide an adequate return to the property owner. The rent is the maximum rent that a tenant can pay at an RD Property.

Rural Development (RD) Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program) - federal program which provides the low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, which is the higher (but not exceeding the market rent). The program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.

Single-family housing - a dwelling unit, either attached or detached, designed for use by one household and with the direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.

State Data Center (SDC) - a state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of the census data.

Tenant - one who rents real property from another.

Tenure - the distinction between owner-occupied and renter-occupied housing units.

Townhouse (or Row House) - single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called row house.

Very low income - person or household whose gross household income does not exceed 50% of Area Median Income adjusted for household size.

Zoning - classification and regulation of land by local governments according to use categories (zones); often also includes density designations.