

Market Analysis
Post East Four Apartments
Arlington, Virginia

Prepared for:

Mr. Ryan Nash
Arlington Partnership for Affordable Housing

December, 2019

S. Patz and Associates, Inc.
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Potomac Falls, Virginia 20165



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▪ REAL ESTATE CONSULTANTS ▪

December 16, 2019

Mr. Ryan Nash
Real Estate Project Manager
Arlington Partnership for Affordable Housing
4318 N Carlin Springs Road
Arlington, Virginia 22203

Dear Mr. Nash:

This will set forth our full narrative market study for the proposed “4%” phase of the Post East Four Apartments to be built in the Courthouse area of North Arlington County. The proposal is for a mixed-income and mixed-use development, with 6,400± square feet of office space for the American Legion Post 139 and for 160 apartment units, with 80 units set aside for 9% LIHTC financing and a second total of 80 units to be financed with “4%” tax credits. This report is for the 4% units.

The apartment building will be built in one phase, but could be awarded LIHTC’s in two phases. For both phases, Post East Four Apartments will have a wide mix of rents.

The report to follow shows a very attractive development proposal within a section of the Rosslyn-Ballston corridor that is attracting an abundance of new developments.

The affordable apartment market in Arlington County is “full” and a pent-up demand exists for additional units. The proposed rents at the study proposal are “at market” and the building design and unit sizes are fully competitive. The demand analysis chart shows a low 8.8 percent capture rate for the 4% units.

The detailed market and economic data that support our findings and conclusions are set forth in the attached study. Please call if additional data or clarification are needed.

Sincerely,

Stuart M. Patz
President

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Section I Introduction

Following is our full narrative market study for the 80-unit, new construction apartment proposal, Post East Four Apartments, to be built in the 3400 block of Washington Boulevard in the Virginia Square area within the Rosslyn-Ballston corridor of Arlington County. The proposal is unique in that it is located in the heart of Arlington County's commercial growth center. The proposal is mixed-use, as it will include office space for the American Legion Post 139. The proposal is also for a mixed income of affordable apartments with a mix of 9% and 4% LIHTC's. This report studies the 80 units to be financed with 4% credits.

The following report analyzes market support for the 4% phase of development, the 80-unit 4% proposal. Once built, Post East Four Apartments will have rent and income restrictions, but no age restrictions.

The following market support will be submitted to officials of Virginia Housing Development Authority (VHDA) for 4% LIHTC financing during first quarter, 2020. The report is presented within the detailed guidelines set forth by VHDA for market studies.

To conform to VHDA's market study requirements, and to provide all required market and economic data, the market study is presented in three separate sections. The first section, the Introduction, describes the study site and its setting within the Courthouse community of Arlington County. As part of this description, detailed analyses are included that describe the public and community services available for future residents of the Subject proposal. The description analyses also includes a detailed analysis of the development proposal under study.

Section I has a second subsection, an Economic Overview Analysis of the Arlington County economy. This is done with a detailed analysis of at-place jobs and employment growth in the County. Job growth is the basis for determining population

and household growth and thus housing unit demand, including the housing type under study.

Section II is the supply-demand analysis for the study proposal. First presented is the demographic analysis that “solves” for the number and growth of renter households in the various income categories under study for Post East Four Apartments. There are four income/rent categories for the tax credit proposal.

The forecast date is 2022, as Post East Four Apartments are likely to be started in 2020 and require at least one year to construct.

The second part of Section II is the supply analysis. We identified 27 LIHTC apartment properties in the defined market area that would be competitive with Post East Four Apartments, once built and occupied. Arlington County has a considerable number of affordable housing units. Those that are in the same general rent category as the study proposal are analyzed in comparison with Post East Four Apartments for rent, occupancy, unit characteristics, amenities, etc. These are compared with Post East Four Apartments.

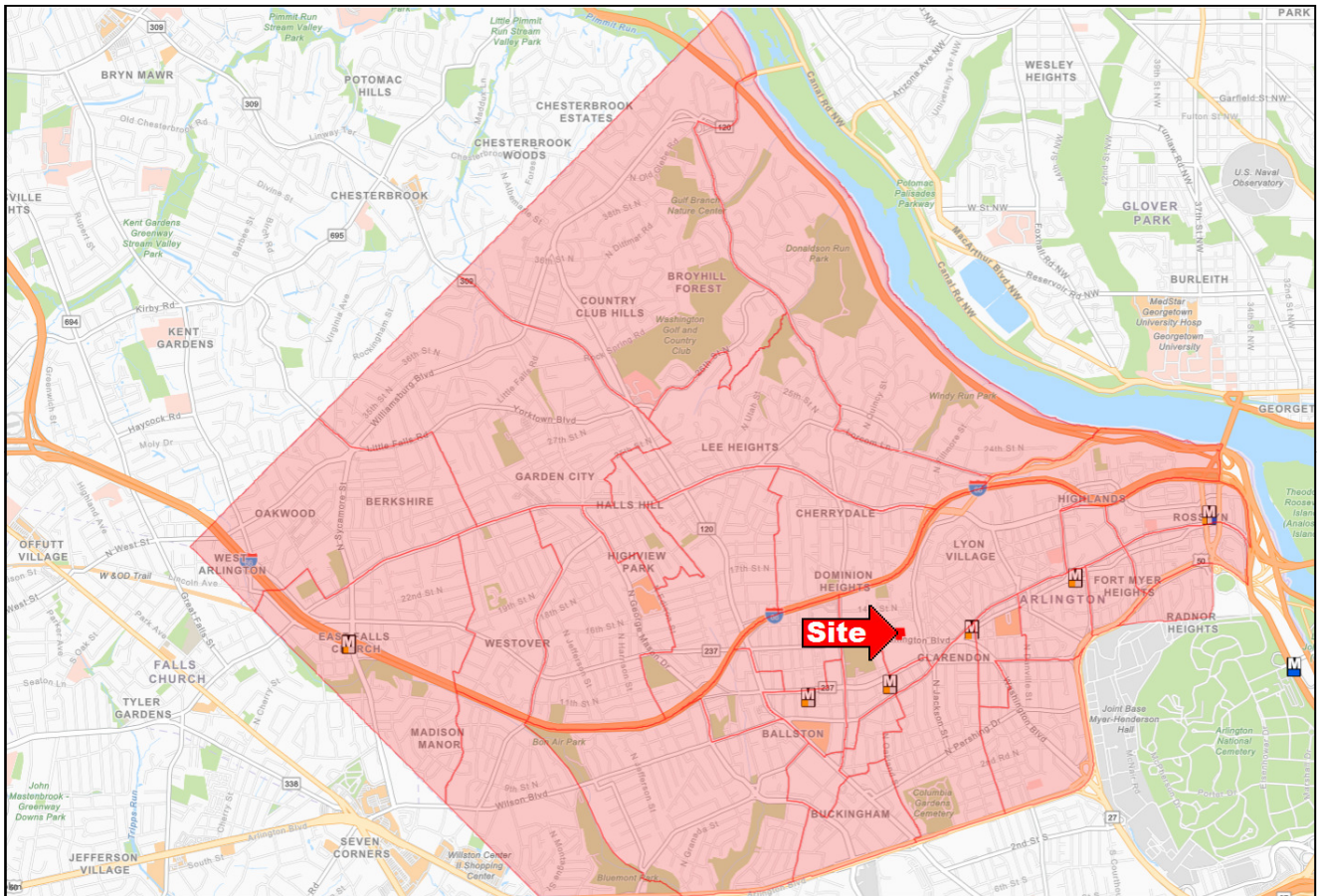
The third and final section of the report is the Conclusions, which evaluates the proposed rents and overall development proposal and documents the apartment unit demand for the 80 proposed units via the VHDA Demand Chart. Any recommended changes are included in the study conclusions.

Market Area Definition

The market area for the Post East Four Apartments is defined as the northern portion of Arlington County, generally the portion of the county north of U.S. Route 50 (Arlington Boulevard). The market area designation is based on interviews with one-site management at area affordable and market-rate apartment communities. It is a market area that we used in the past for studies along the Rosslyn-Ballston corridor. Map A

shows that the market area extends between U.S. Route 50 in the south, the Potomac River and Fairfax County to the north, and Falls Church and Fairfax County to the west.

With the exception of some commercial development along Route 29, most of the northern portions of the market area are residential, with mature single-family homes. Interstate 66 bisects the market area along its southern portions, running alongside and parallel to the Orange Line of Metro. Within the market area is the Rosslyn-Ballston Corridor, where the study site is located. This corridor contains a major concentration of high-rise commercial, office space and residential use.



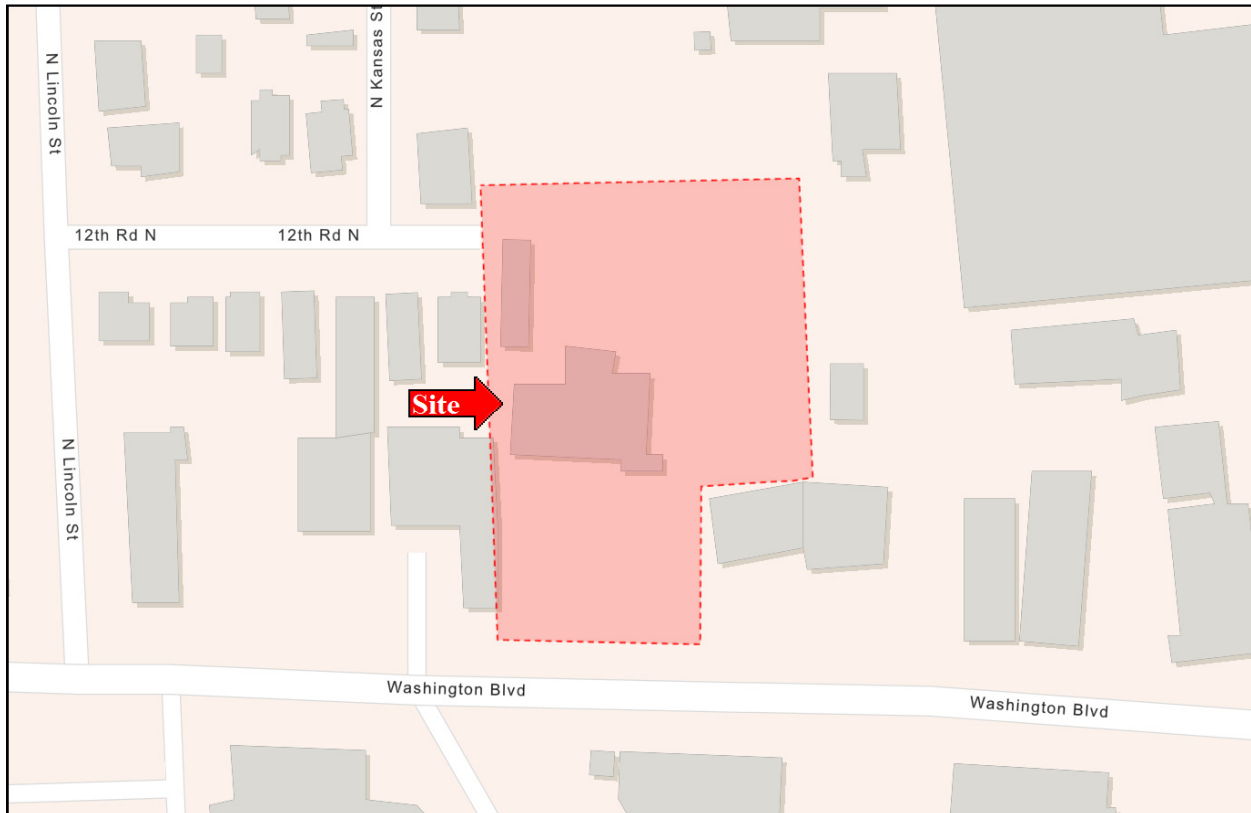
Map A - Post East Four Market Area

Post East Four Apartments

Site Description

The study site is the 1.33-acre, parcel located at in the center of the north side of the 3400 block of Washington Boulevard. The site is currently improved with an American Legion post office building, a single-story, 8,460± square foot structure that was constructed in 1947. In 1983, the County Board of Supervisors approved a use permit to the Legion for use as a private club to remove the then nonconforming status and to permit an addition on the rear of the existing building.

The site is located near the intersection of Washington Boulevard and N. Kirkwood Street, approximately 0.3 miles north of Virginia Square-GMU Metro Station and 0.4 miles east of the Clarendon Metro Station. Map B shows the site location, on the north side of Washington Boulevard.



Map B - Site Location

Next shown is a northern aerial of the study site, which shows the existing American Legion building. The American Legion building is located on the west side of the property, flanked on the north and south by green open spaces. A small covered picnic pavilion is located to the rear of the American Legion building. A surface parking lot runs along the eastern edge of the property. The site is bordered by the YMCA building to the north, various low-rise retail uses to the east, mid-rise office, educational and first floor retail uses to the south across Washington Boulevard, and low-rise retail uses to the west.



Northern Aerial

Next shown is a wider aerial of the study site. It shows that a mix of mature and more recently-built single-family homes are located west of the site along the northern and southern sides of 12th Road North and points further north. Three commercial structures are located west of the site and east of N Lincoln Street. Businesses in these buildings include Rocklands Barbeque & Grilling Company, Casual Adventure, Kenny's

Beauty Academy, 7-Eleven and Casual Adventure Outfitters. Two auto repair shops (Pham's Car Care Center and Baird Automotive) are located to the immediate east of the site.

Of particular note are is a historic site and two active redevelopment plans for two adjacent properties. These are detailed in the paragraphs below.

- **Washington Boulevard at Kirkwood** (Note 1). Eleventh Street Development is proposing to redevelop the 1.58-acre site at 3421, 3415 and 3411 Washington Boulevard and 1122 North Kirkwood Avenue. The site consists of five parcels and currently containing two one-story commercial office buildings, a specialty services auto service building, a former Sport & Health Club fitness center and surface parking lots. Plans call for the construction of a 255-unit apartment building with ground floor amenity space and 190 underground parking spaces. A proposed rooftop amenity deck is proposed at the southeast corner of the building.
- **YMCA of Metropolitan Washington Site** (Note 2). The existing 4.39-acre YMCA facility north of the study site has long-term plans to be redeveloped with a new 100,000± square foot facility.
- **Ball Family Burial Grounds** (Note 3). The Ball Family Burial Grounds sit on a pipe stem lot with access through the stem that meets Washington Boulevard between 3427 and 3435 Washington Boulevard. A historical marker sits along Washington Boulevard. The Robert Ball Burial Grounds are one of Arlington's oldest family burial grounds and was designated as a local historic district by the County in 1978. The cemetery was established in the late-1700's, but tombstones dating to that time period are no longer extant. The cemetery holds the remains of the Ball family, some of the first settlers to come to Arlington.

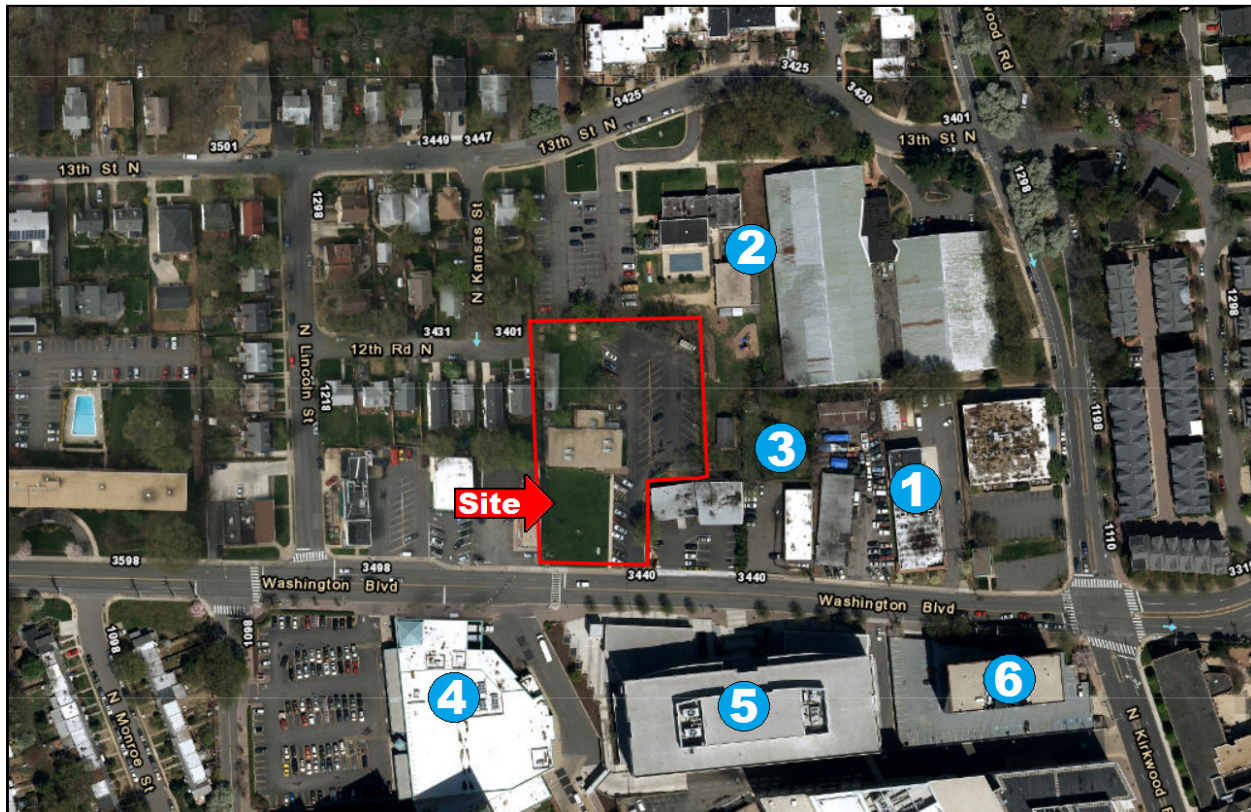
Also of note are three commercial buildings in the immediate area, including a full service grocery store south of the site along Washington Boulevard. These buildings are detailed below.

- **Giant Grocery Store** (Note 4). This 45,120± square foot grocery is located across the street from the study site. It was built in 1990. The grocery store was fully renovated in 2013 with updates including a larger produce section, a new soup and salad bar, six new self-checkout lanes, a new bakery, more gourmet cheese offerings, and more organic food.

- **GMU Vernon Smith Hall** (Note 5). This building, located on the northern edge of the of the George Mason University Arlington Campus, was constructed in 2006 with a mix of 192,450± square feet of office space and 13,280± square feet of ground level retail space. The Arlington Campus hosts the Antonin Scalia Law School, the Schar School of Policy and Government, the School for Conflict Analysis and Resolution, programs in Arts Management and the School of Business, and continuing professional education through Mason’s Executive and Professional Education. Most of the programs offered are at the graduate and professional levels.

GMU announced in September, 2019 that it would construct a 400,000± square foot building at its Virginia Square Campus. The building will house new computer science and digital innovation programs and replace a 66-year-old former department store on the property. GMU plans on adding between 3,000 and 4,000 graduate students to its Arlington campus by 2024.

- **Truland Building** (Note 6). This office building was constructed in 1987 and total 58,590± square feet of office space. Tenants in this building include LPC Commercial Services, Summit Counseling, SLearn and Cowen Design Group.



Wider Northern Aerial

Next shown are existing photos of the study site. The existing structures on the site will be demolished as part of the development program. The apartments will front Washington Boulevard and thus have excellent visibility.



View from Washington Blvd



Existing Surface Parking Lot



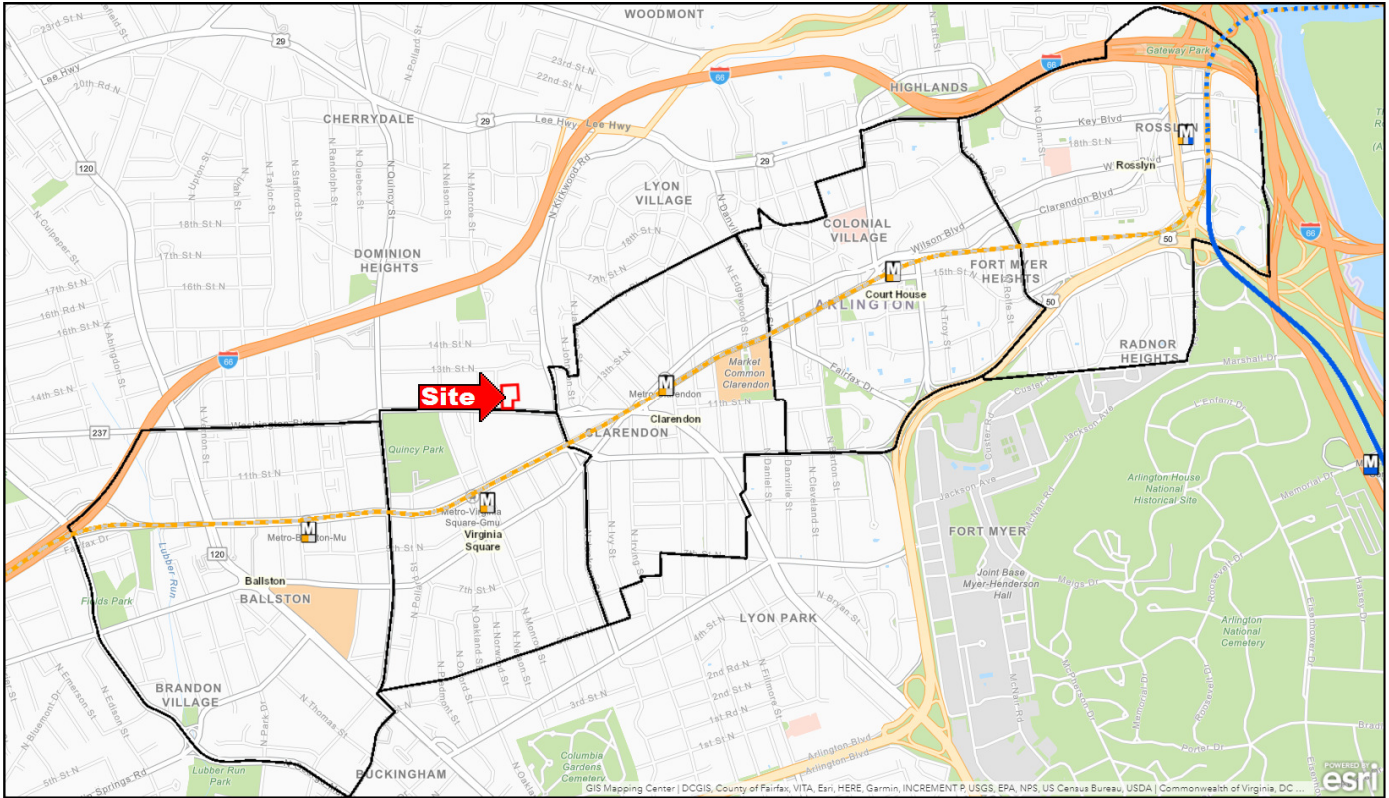
Rear of Building/ Pavilion



Existing American Legion Post

Site Setting

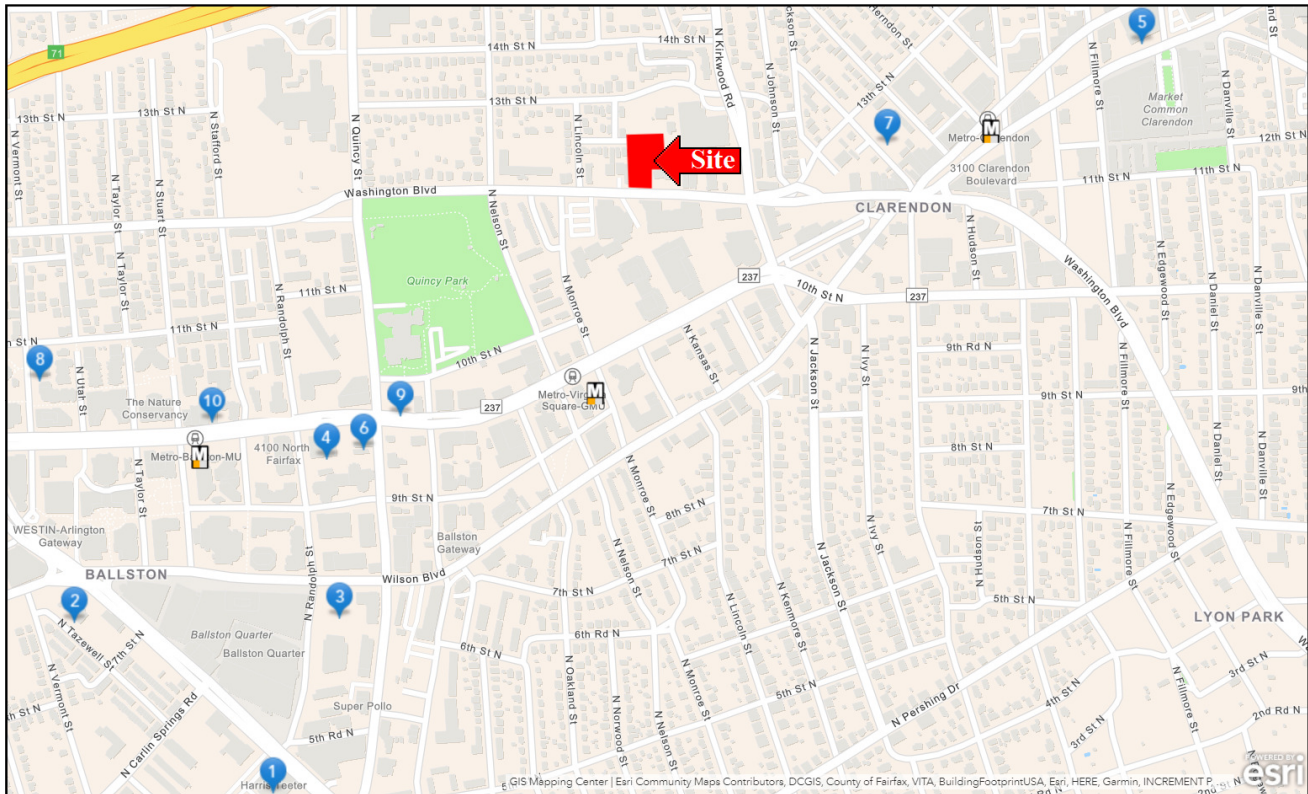
The study site is located on the north side of Washington Boulevard within walking distance of the Virginia Square–GMU Metro station at the intersection of Fairfax Drive and North Monroe Street. The station opened in 1979 and serves the Orange and Silver Lines. The study site is located in the western portion of the expanding Rosslyn-Ballston Corridor, the densely developed urban corridor that follows Metro’s Orange Line from Washington, DC through Arlington County to its terminus in Vienna, Virginia. This corridor totals approximately 23.4 million square feet of office space, 3.2 million square feet of retail space, 33,700± residential units and 3,690± hotel rooms. The site location, within northern Arlington County and the Rosslyn-Ballston Corridor, is shown in Map C below.



Map C - Rosslyn-Ballston Corridor Setting

The Virginia Square neighborhood, located immediately south of the study site, contains about 190 acres and is a predominantly residential community and a center for cultural, education and recreational activities. The neighborhood includes college campuses, businesses, apartments, single-family homes and expansive parks with picnic areas and athletic fields – all within blocks of the Virginia Square Metro station. The main branch of the Arlington Public Library, the Arlington Arts Center and auxiliary campuses of George Mason University and The George Washington University are all located in this neighborhood. The FDIC office building is the largest in Virginia Square, with more than 500,000 square feet of office space. There also are a number of luxury residential developments, including the Lexington Square Condominiums, The Library Courts, The Gallery at Virginia Square, Virginia Square Apartments and Ballston Place at Lexington Park. Its recent growth has centered on the development of the Virginia Square-GMU Metro station.

Map D shows the site location along Washington Boulevard, a minor arterial that runs as an east-west roadway along the site frontage and provides connection to Falls Church towards the west and Interstate-395 towards the east. As previously noted, the GMU Arlington Campus is located across the street from the study site on the southern side of Washington Boulevard.



Map D - Site Setting

Map D also identifies several planned and ongoing developments, which are detailed in Table 1 below. This list excludes the previously described YMCA redevelopment and Washington Boulevard at Kirkwood proposal. Excluding these developments, there are 191,300± square feet of office space, 242,930± square feet of retail space and nearly 2,100 residential units under construction at this time near the study site. Nearly 200,000± square feet of commercial space and nearly 800 residential units are planned.

Table 1: <u>Developments in Planning and Under Construction,</u> <u>Ballston/ Virginia Square/ Clarendon Neighborhoods, December, 2019</u> 1/				
	<u>Map D</u>	<u>Office</u>	<u>Retail</u>	<u>Residential</u>
	<u>Key</u>	<u>(Sq. Ft.)</u>	<u>(Sq. Ft.)</u>	<u>(Units)</u>
<u>Under Construction</u>				
600 N Glebe Road	1	0	97,640 2/	685
The Waycroft	2	0	68,190	483
4040 Wilson Boulevard	3	191,300	33,400	244
4000/4040 Fairfax Drive	4	0	8,400	330
Market Commons Clarendon II	5	0	27,040	0
J-Sol Apartments	6	0	8,260	330
(Subtotal)		(191,300)	(242,930)	(2,072)
<u>Planned</u>				
Clarendon West	7	0	3,480	580
11 th and Vermont	8	0	0	84
3901 N Fairfax Drive	9	184,000	12,280	0
Ballston Station 3/	10	0	0	119
(Subtotal)		(184,000)	(15,760)	(783)
Total		375,300	258,690	2,855
Notes: 1/ Excludes Washington at Kirkwood, YMCA redevelopment GMU expansion. 2/ Includes 84,640± square foot Harris Teeter grocery store. 3/ Proposed for affordable units but has not yet secured financing.				
Source: Arlington County Department of Community Planning Housing and Development				

Following are brief descriptions of the public and commercial facilities that will serve the resident population.

Medical Care. The closest hospital to the study site is the Virginia Hospital Center, located at 1625 N. George Mason Drive, 1.2 miles to the northwest. Established in 1944, Virginia Hospital Center is a 334-bed acute care facility, providing a wide range of medical services. The hospital has a staff of more than 700 physicians and staff for nursing care. The hospital's existing 530,000± square foot building opened in 2004. This hospital is proposed to be expanded by nearly 250,000 square feet.

Community Facilities. The nearest post office to the study site is a 0.4-mile walk east at 3118 Washington Boulevard. Arlington County Fire Station 4 is located at 3121 10th Street North, 0.5 miles southeast of the study site. The Arlington Public Library is located at 1015 N. Quincy Street, 0.3 miles southwest of the study site.

Schools. Arlington Public Schools enroll 28,020± students in 23 elementary schools, five middle schools and four high schools. None of the zoned schools are within walking distance from the study site, however public school bus service will be available for all the students. School-aged children residing at the property will be served by the following schools.

<u>Schools Serving Subject</u>		
<u>Name</u>	<u>Address</u>	<u>Distance</u>
Taylor Elementary School	2600 N. Stuart St	2.1 miles N
Hamm Middle School	1644 N. McKinley St	2.3 miles W
Washington-Lee High School	1300 N. Quincy St	0.4 miles W
Source: Arlington Public Schools		

George Mason University operates its Arlington campus just south of the site. This campus houses the George Mason University School of Law, School of Policy, Government, and International Affairs and the School for Conflict Analysis & Resolution. The main campus of Marymount University, with an enrollment of over 3,600 students, is nearby. In 2011, Virginia Tech opened the Virginia Tech Research Center - Arlington in Ballston, providing a teaching and research base for graduate students in computer research and engineering. Rosslyn is a location for some of the University of Virginia’s business programs, including McIntire School of Commerce Master of Science in the Management of Information Technology, and Darden School of Business Master of Business Administration (Executive/Global Executive).

Other private and technical schools maintain a campus in Arlington, including the Institute for the Psychological Sciences, the John Leland Center for Theological Studies, the University of Management and Technology, The Art Institute of Washington, DeVry University. Strayer University has a campus in Arlington, as well as its corporate headquarters. In addition, Argosy University, Banner College, Everest College, George Washington University, Georgetown University, Northern Virginia Community College, Troy University, the University of New Haven, the University of Oklahoma, and Westwood College all have campuses in Arlington.

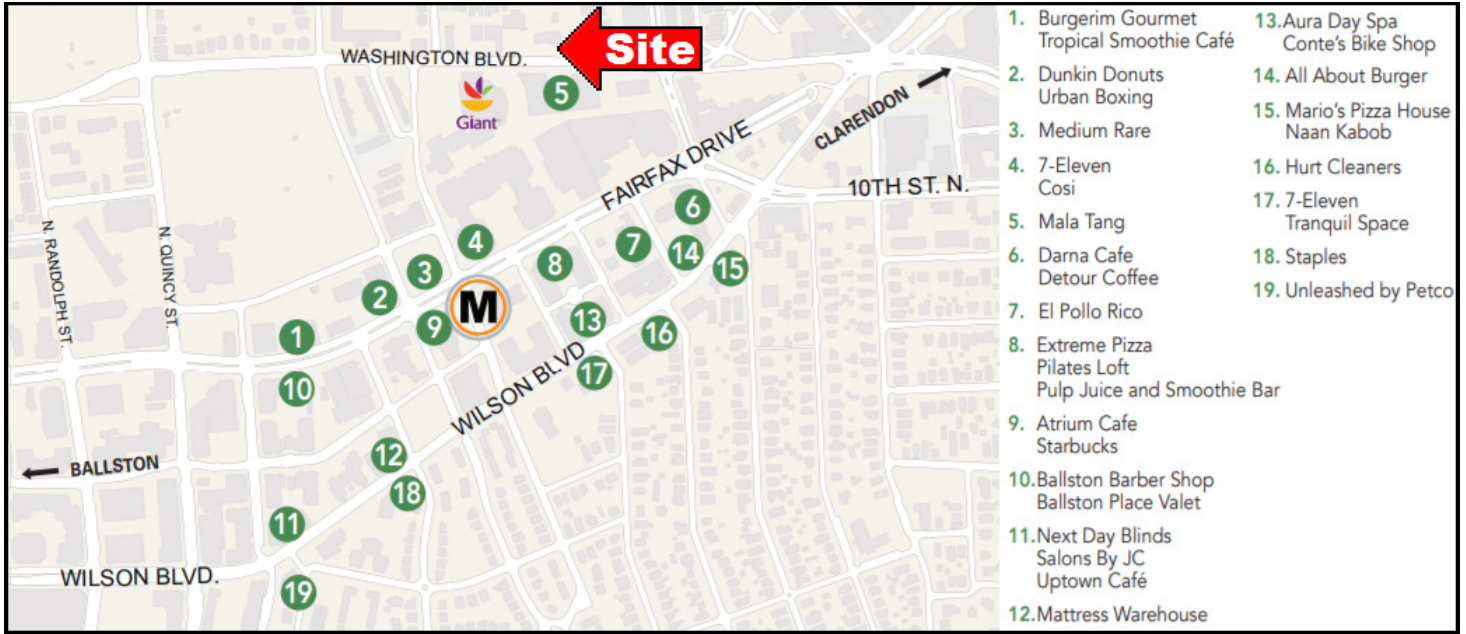
Parks and Recreation. Several parks are located within close proximity to the study site. These are detailed in the paragraphs below.

- **Quincy Park** is located approximately 0.3 miles southwest of the study site at 1021 N. Quincy Street. Adjacent to the Central Library, this four-acre park features six tennis courts, a basketball court, and one sand volleyball court, with plenty of open space for play. Quincy Park also features places for picnics with shelters and a playground.
- **Oakland Park** is a small park located 0.4 miles southwest of the study site at 3705 Wilson Boulevard. It includes a small walking path and picnic tables.
- **Hayes Park** is located at 1516 N Lincoln Street, 0.5 miles north of the study site. Hayes Park is a three-acre park featuring two lighted tennis courts and a lighted basketball court. A covered picnic shelter and public restrooms are also available. The park includes both pre-school and school age playgrounds, and a sprayground for cooling off during the summer months. The sprayground is open from Memorial Day to Labor Day.

Religious Institutions. Several churches are located in the immediate area. These are listed in the table below.

<u>Nearby Churches</u>	
<u>Name</u>	<u>Address</u>
Clarendon Presbyterian Church	1305 N. Jackson St.
Emmanuel Presbyterian Church	3351 Fairfax Dr.
St. Charles Catholic Church	3304 Washington Blvd
St. Timothy Coptic Orthodox Church	3351 Fairfax Drive
Portico Church Arlington: Clarendon Campus	3240 Wilson Blvd
St George's Episcopal Church	915 N. Oakland St.
San Jose Episcopal Church	911 N. Oakland St.
Source: S. Patz & Associates, Inc.	

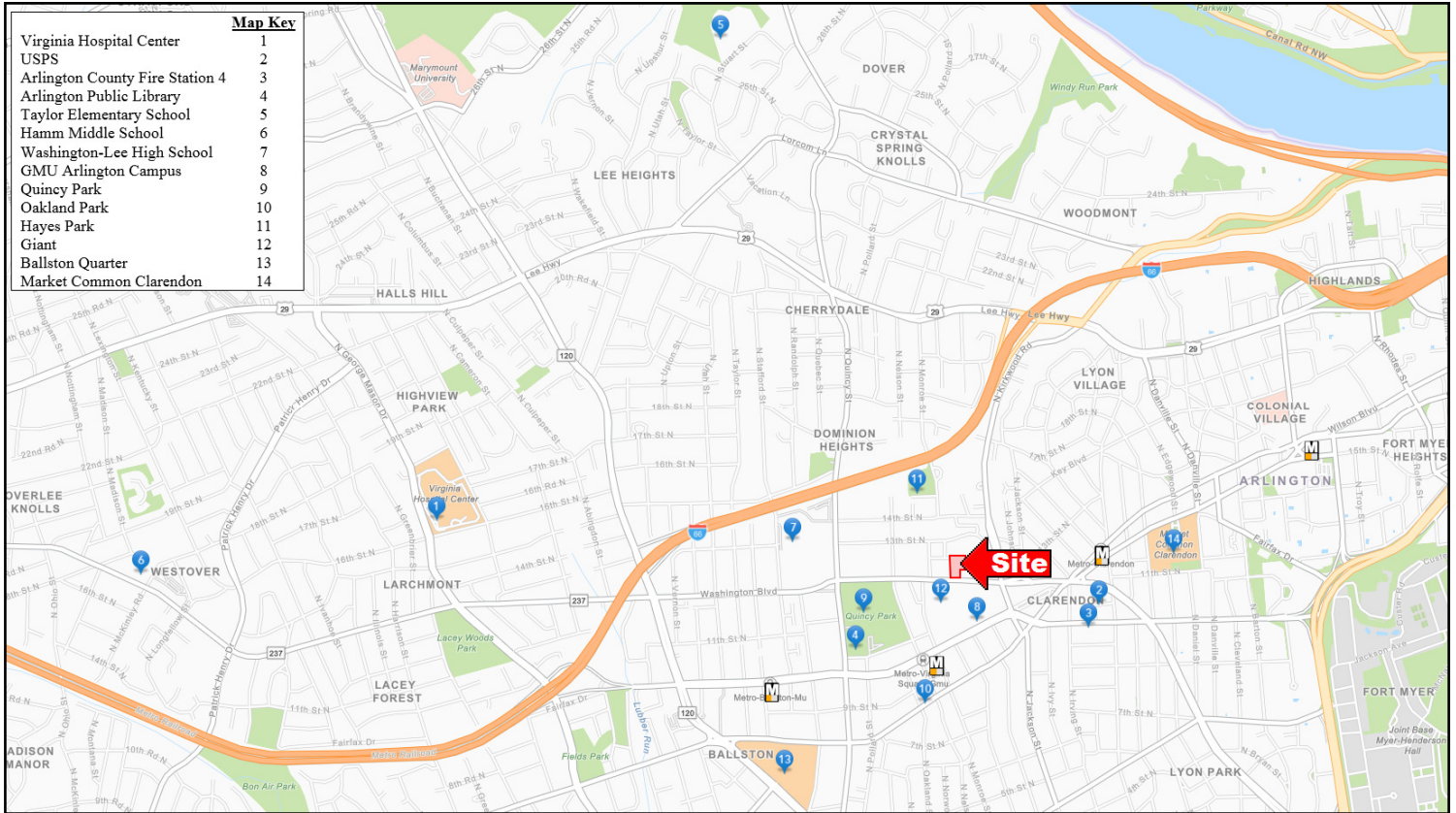
Shopping. The closest grocery store to the American Legion site is the Giant across the street at 3450 Washington Boulevard. This 45,120± square foot store opened in 1990 and was renovated in 2013. Apart from this grocery store are a wide range of restaurants and retailers located in the Virginia Square area. This is shown in Map E below.



Map E - Virginia Square Area Retailers and Restaurants

Apart from Ballston Quarter, which is being redeveloped, the only multi-tenant shopping center along the Rosslyn-Ballston Corridor is the Market Common Clarendon, located approximately 0.7 miles east of the study site at 2800 Clarendon Boulevard. This 294,370± square foot shopping center is anchored by a 34,000± square foot Whole Foods, 27,070± square foot Barnes & Noble, 36,850± square foot Crate & Barrel, 29,070± square foot Container Store and 20,400± square foot Washington Sports Club.

Map F shows the location of the community facilities that will serve the site.



Map F - Location of Area Community and Public Facilities

Summary

The study site is well located in terms of employment, public and commercial facilities and access. It will be one of many buildings/properties in the immediate area that are being redeveloped for a higher and better use.

Development Program

Table 2 shows the apartment unit mix and rents for Post East Four Apartments. It excludes the 80 units that will be part of the same building and are to be allocated 9% tax credits (Post West Nine). Thus, the total development will contain 160 affordable apartments units, with priority for occupancy to be given to veterans. Both portions of the development will be constructed within the same building and simultaneously.

The 80-unit 9% segment will contain a mix of eight “30%” units, 32 “50%” units, 12 “60%” units and 28 “80%” units. Eight of these units will have committed Veterans Affairs Supportive Housing (VASH) vouchers, which allows homeless veterans to pay up to 30% of income toward rent.

Of the 80 4% units, 20 will be restricted to 50% of AMI, 50 will be restricted to 60% of AMI and ten will be restricted to 80% of AMI. A total of 34 one-bedroom units are proposed. Twelve of these units will have 50% rent and 22 will have 60% rents. Of the 38 proposed two-bedroom units, four will have 50% rents, 24 will have 60% rents and ten will have 80% rents. Eight three-bedroom units are proposed, including four restricted to 50% of AMI and four restricted to 60% of AMI.

All one-bedroom units will have a full bathroom, while each two-bedroom floor plan will contain 1.5 bathrooms. The three-bedroom units will contain two full bathrooms. Rents will exclude all utilities, except for trash collection.

Table 2: <u>Proposed Apartment Unit Mix by Rent Category, Post East Four, November, 2019</u>				
	<u>50% of AMI</u>	<u>60% of AMI</u>	<u>80% of AMI</u>	<u>Total Units</u>
1BR/1BA	12	22	0	34
2BR/1.5BA	4	24	10	38
3BR/2BA	4	4	0	8
Total	20	50	10	80
Source: Arlington Partnership for Affordable Housing, Inc.				

Table 3 to follow provides a more detailed description of the apartment proposal, with data on apartment unit sizes and proposed net rents. The table shows the following net rents. Gross rents are also shown.

- 50% one-bedroom net rents will be \$1,053
- 50% two-bedroom net rents will be \$1,257
- 50% three-bedroom net rents will be \$1,443
- 60% one-bedroom net rents will be \$1,280
- 60% two-bedroom net rents will be \$1,530
- 60% three-bedroom net rents will be \$1,759
- 80% two-bedroom net rents will be \$1,530

The breakdown of net rent and gross rent is shown below for the 32 proposed floor plans. It shows that the apartment units will have a wide range of sizes and rents. One-bedroom units will range in size between 512 and 675 square feet. The 50% one-bedroom units will average 534 square feet while the 60% one-bedroom units will be larger, average 612 square feet.

Two-bedroom units will range in size between 738 and 965 square feet. The 50% units will average 814 square feet, compared to an average of 874 square feet for the 60% units and 972 square feet for the 80% units.

Three-bedroom units will range in size between 938 and 1,034 square feet. All of the 50% units will measure 1,034 square feet. The 60% units will average 986 square feet.

Table 3: Proposed Unit Characteristics, Post East Four Apartments, December, 2019

	<u>Total Units</u>	<u>ACHCV Units 1/</u>	<u>ANSI Type-A</u>	<u>Unit Sizes Range</u>	<u>Average Unit Size</u>	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>
<u>One-Bedroom</u>								
50% of AMI	12	7	3	512-549	534	\$1,053	\$85	\$1,138
60% of AMI	<u>22</u>	<u>0</u>	<u>1</u>	541-675	612	\$1,280	\$85	\$1,365
(Subtotal)	(34)	(7)	(4)					
<u>Two-Bedroom</u>								
50% of AMI	4	1	0	768-830	814	\$1,257	\$108	\$1,365
60% of AMI	24	0	3	836-982	874	\$1,530	\$108	\$1,638
80% of AMI	<u>10</u>	<u>0</u>	<u>0</u>	982-965	972	\$1,735	\$108	\$1,843
(Subtotal)	(38)	(1)	(3)					
<u>Three-Bedroom</u>								
50% of AMI	4	0	0	1,034	1,034	\$1,443	\$134	\$1,577
60% of AMI	<u>4</u>	<u>0</u>	<u>1</u>	938-1,034	986	\$1,759	\$134	\$1,893
(Subtotal)	(8)	(0)	(1)					
Total	80	8	8					

Notes: 1/ Units to be reserved for project-based Arlington County Housing Choice Vouchers.

Source: Arlington Partnership for Affordable Housing, Inc.

Arlington County has committed to providing project-based rental assistance through the Arlington County Housing Choice Voucher (ACHCV) Program to eight of the 4% units, with residents to pay 30 percent of household income toward rent. These subsidized units include seven one-bedroom 50% units and a single two-bedroom 50% unit.

Table 3 also shows that eight of the proposed 4% units will have ANSI Type A designs. These will include three 50% one-bedroom units, one 60% one-bedroom units, three 60% two-bedroom units and one 60% three-bedroom units. One of the one-bedroom 50% units will have an ANSI Type-A design and will receive project-based rental assistance.

Rent Comparison

The chart to follow shows gross rents for the proposed apartment units with a utility allowance (UA) added to net rents for utility costs. These rents are compared with HUD maximum allowable gross rents. The UA was calculated for the sponsor based on the unit sizes and energy efficient HVAC system and appliances. The electric utility allowance projections were generated utilizing Dominion Energy rates. Water and sewer projections were generated using Arlington County rates. The apartment buildings will all be energy efficient within the VHDA guidelines. The gross rents shown are compared with the HUD allowable gross rents for Arlington County. The comparison shows that the proposed gross rents are at or below the maximum allowable gross rates as determined by HUD.

<u>Rent Comparison Chart, Post East Four and HUD Maximum Allowable Gross Rents</u>				
	<u>Post East Four</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>	
<u>One-Bedroom</u>				
50% of AMI	\$1,053	\$85	\$1,138	\$1,138
60% of AMI	\$1,280	\$85	\$1,365	\$1,365
<u>Two-Bedroom</u>				
50% of AMI	\$1,257	\$108	\$1,365	\$1,365
60% of AMI	\$1,530	\$108	\$1,638	\$1,638
80% of AMI	\$1,735	\$108	\$1,843	\$2,184
<u>Three-Bedroom</u>				
50% of AMI	\$1,443	\$134	\$1,577	\$1,577
60% of AMI	\$1,759	\$134	\$1,893	\$1,893

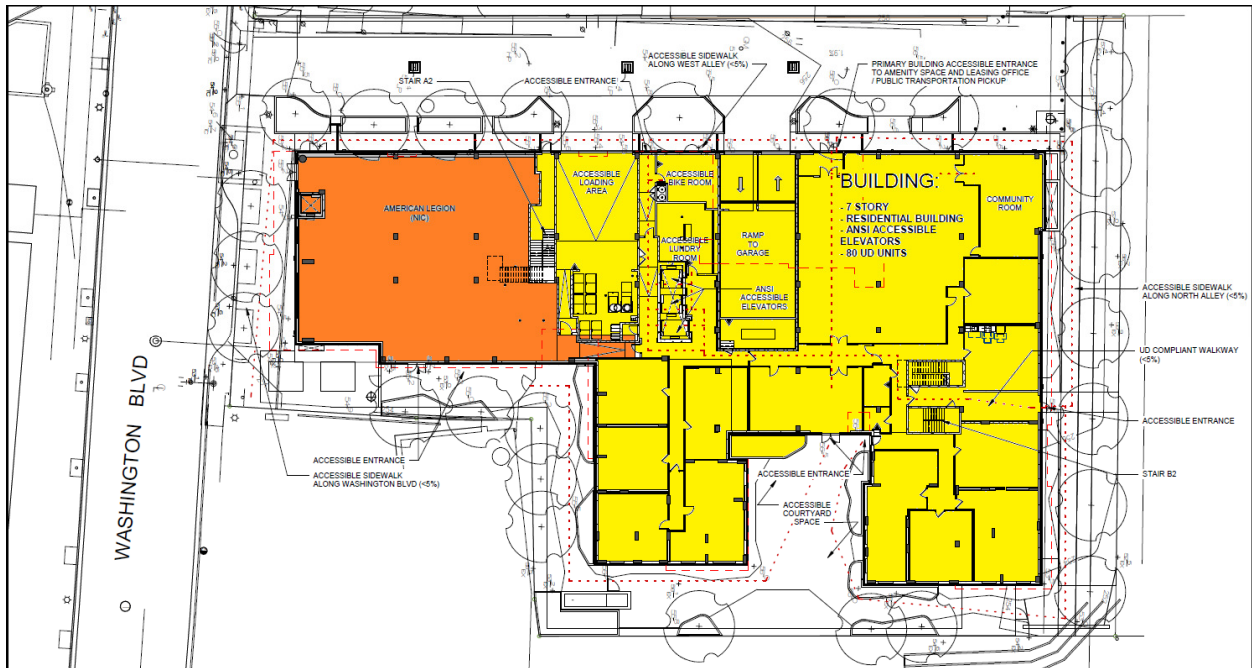
Site Plan and Building Design

The following site plan shows the location of the proposed apartment building on the existing site of the 1.33-acre American Legion Post 139 site. The site will contain a total of 160 affordable units, of which half received 9% tax credits in early-2019, and the second half will seek 4% tax credits. The Arlington County Board approved the redevelopment plan in February, 2019. The American Legion portion is shown in orange while the residential component is shown in yellow.

The proposed building will have frontage on three public rights-of-way: Washington Boulevard to the south, a new north-south vehicular and pedestrian right-of-way to the west, and a future east-west public right-of-way on the north side of the site.

The building will roughly resemble an “F” shape, with a private courtyard and recreational area including a playground on the east side of the building. This recreational area will be fenced.

The project will also include an underground parking garage for residents, with a total of 96 spaces. Of those, 20 would be set aside to serve the American Legion Post. Public transportation is in the immediate area.



Post East Four Site Plan

Shown next is a rendering and elevations of the proposed complex. This will be seven-story, elevator-served structure with one level of underground parking. All amenity space will be located on the ground floor, with the residential units occupying each of the upper six levels.

The primary entrances to the residential lobby and the American Legion office, to be detailed further below, will be on the west façade of the building off the new north-south right of way. A secondary entrance to the American Legion will be from Washington Boulevard.

The building's architecture will be roughly similar to other contemporary apartment buildings in the area. Exterior materials will consist of a dark brick ground level (with storefront system for the proposed American Legion Post), lighter brick on the second through fifth stories, and dark fiber cement panel on the upper two stories. Mechanical units on the roof will be screened by fiber cement panel. Some windows on the seventh floor will have sunshades above.

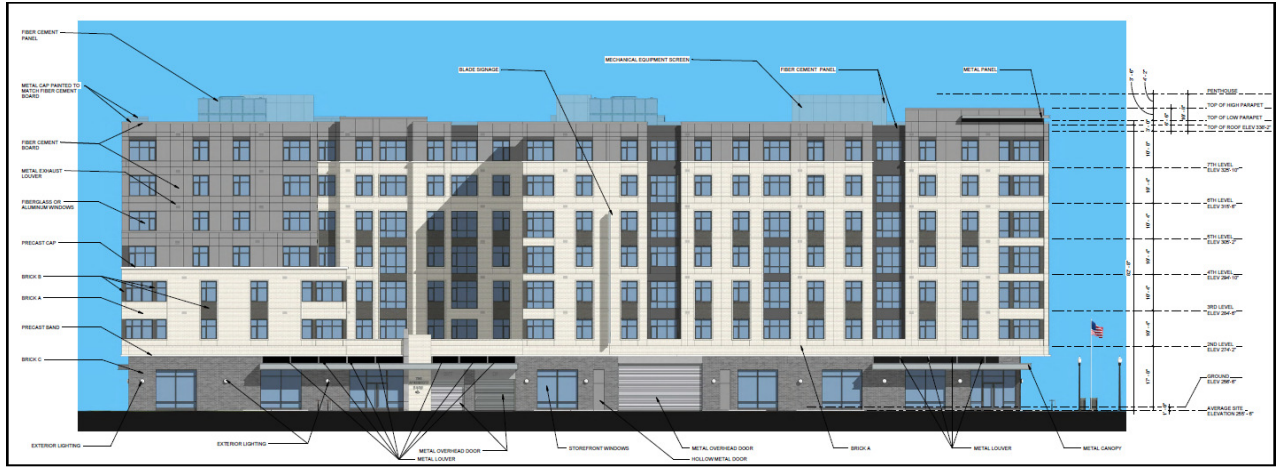
The roof will be non-occupiable and will have parapet walls and screening for mechanical equipment. Above the main building entrance in the middle of the west elevation, the building will have a “notch” of 40 feet deep and 50 feet wide. At the northwestern corner of the building the building will step back 14 feet at the fourth story, and step back by an additional 13 feet again at the fifth level.



View from Washington Blvd



East Elevation



West Elevation

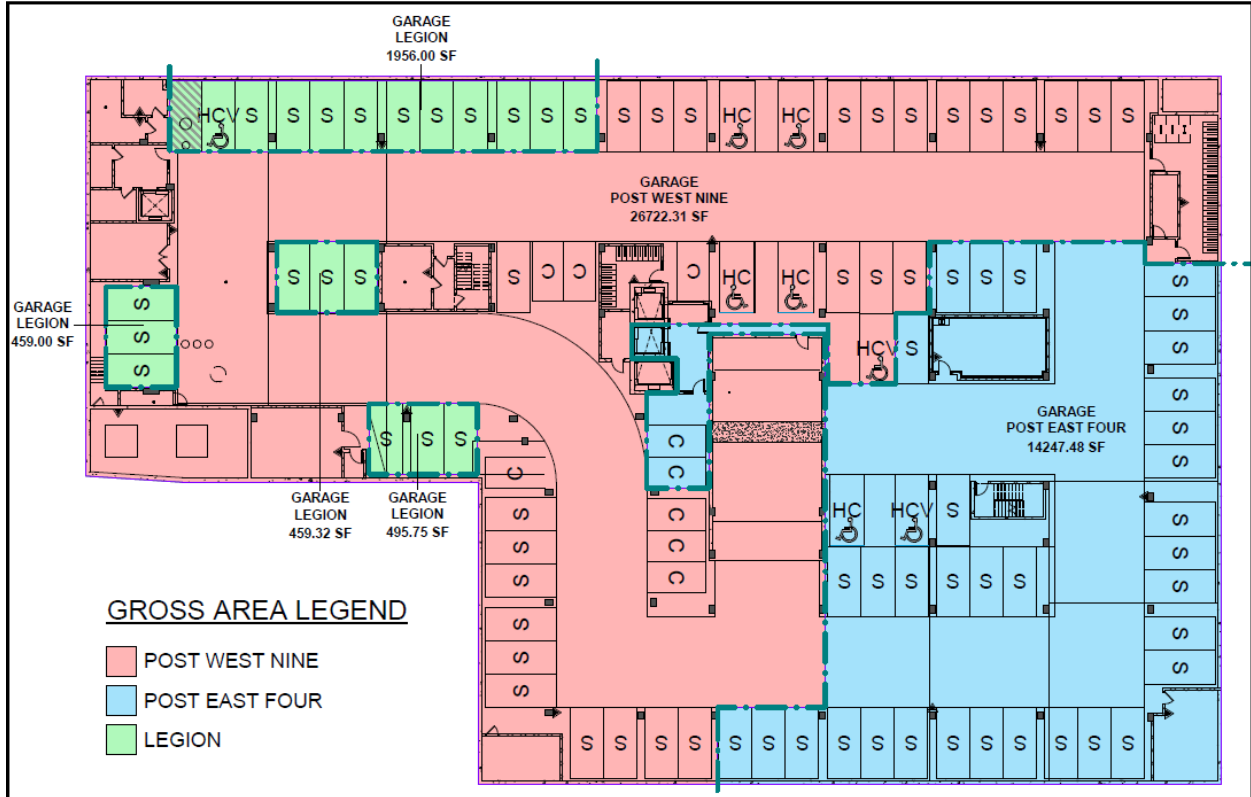


North Elevation



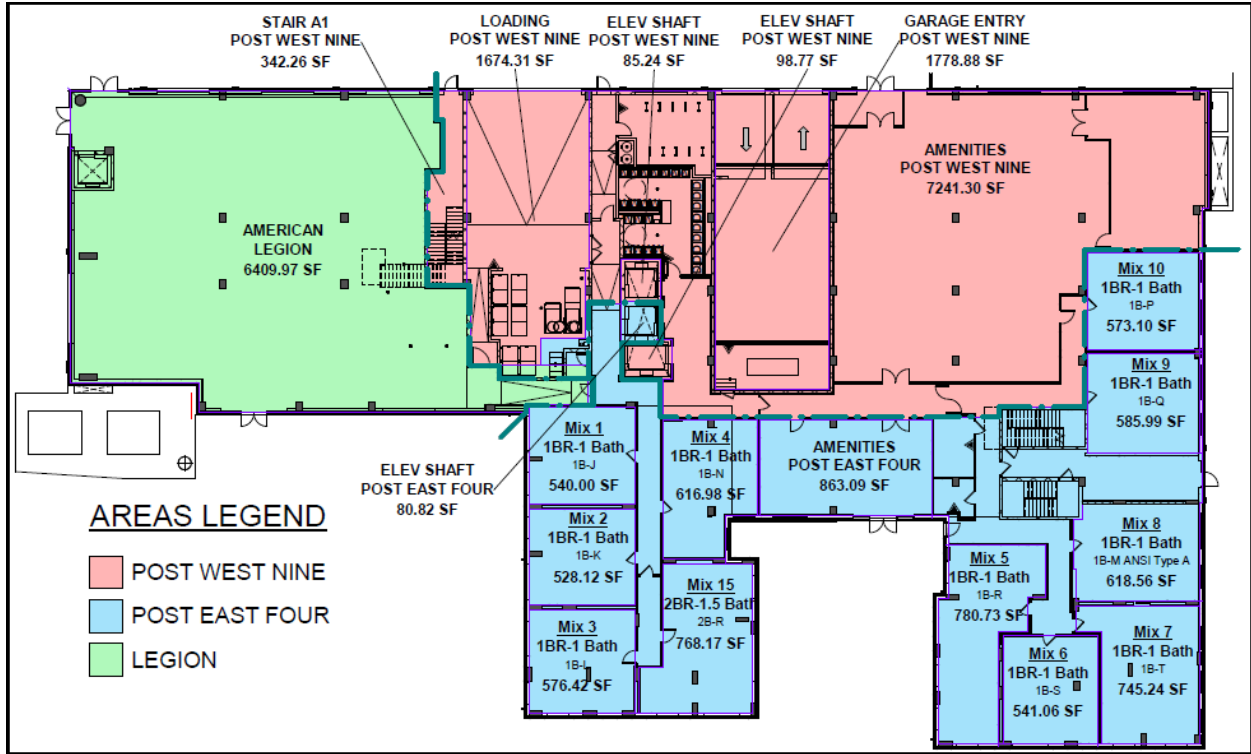
South Elevation

Shown next are schematic floor plans for each level of the building. First shown is the underground level, which will serve as a garage. The parking garage will be accessed at the northwest rear of the property, near the end of the proposed new north-south right-of-way. It will contain 96 spaces.



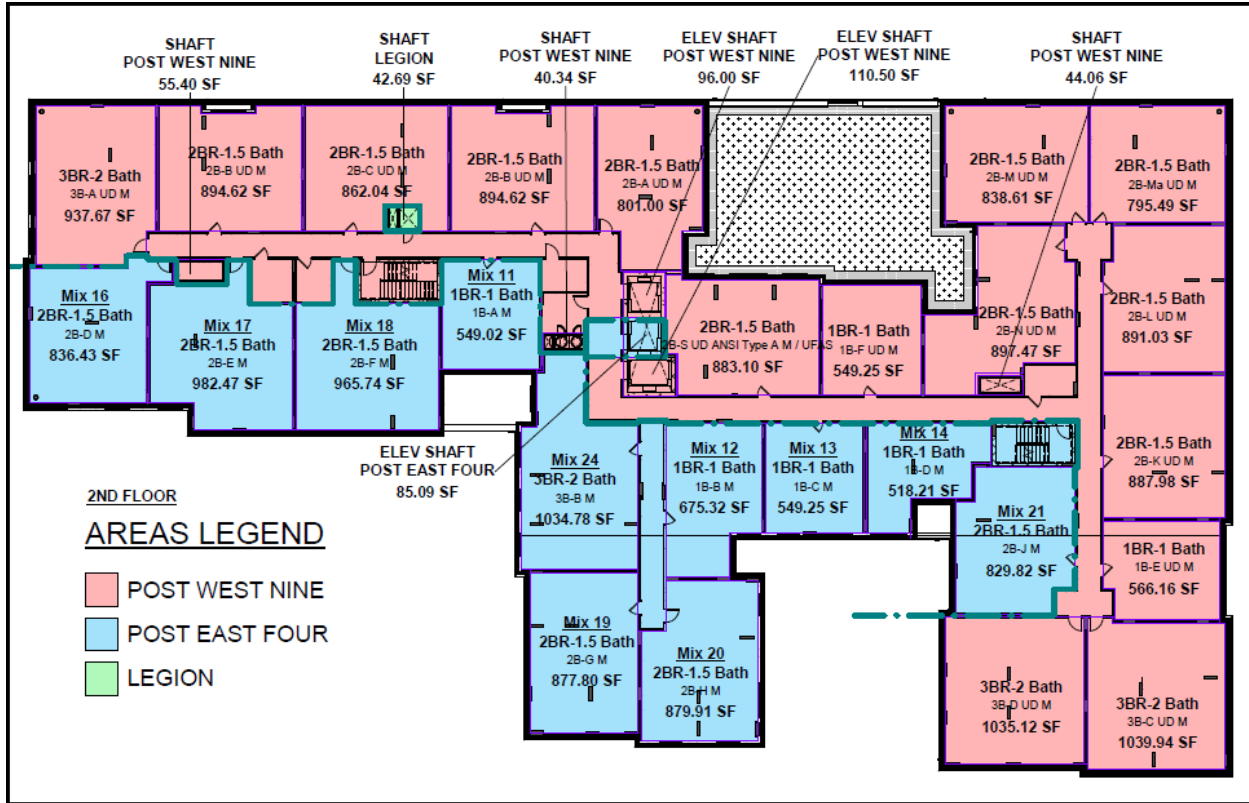
Garage Level

Following is the ground level floor plan. This level will contain a new 6,410± square foot office space for the American Legion Post. The Legion plans to utilize proceeds from the land sale to support the program space and revitalize services for the veterans they serve. The remaining space on the ground level will contain a mix of residential units and amenity space. The amenity space will contain a business/ computer center, community center and laundry facility. An on-site leasing office will also be located on this level. All of the ground-level residential units will be 4% units.



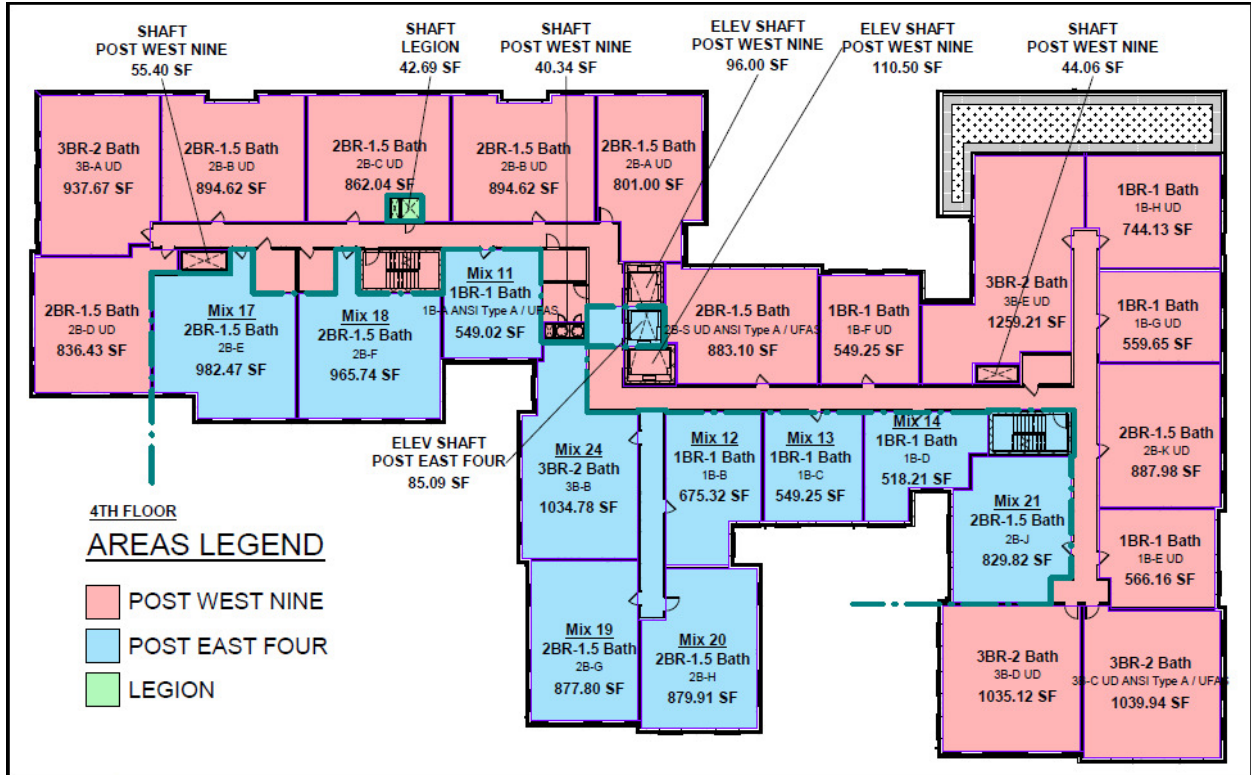
Ground Level

The second and third levels, shown below, will share identical designs and contain only residential units. These two levels will each contain a mix of both 11 4% and 15 9% units.

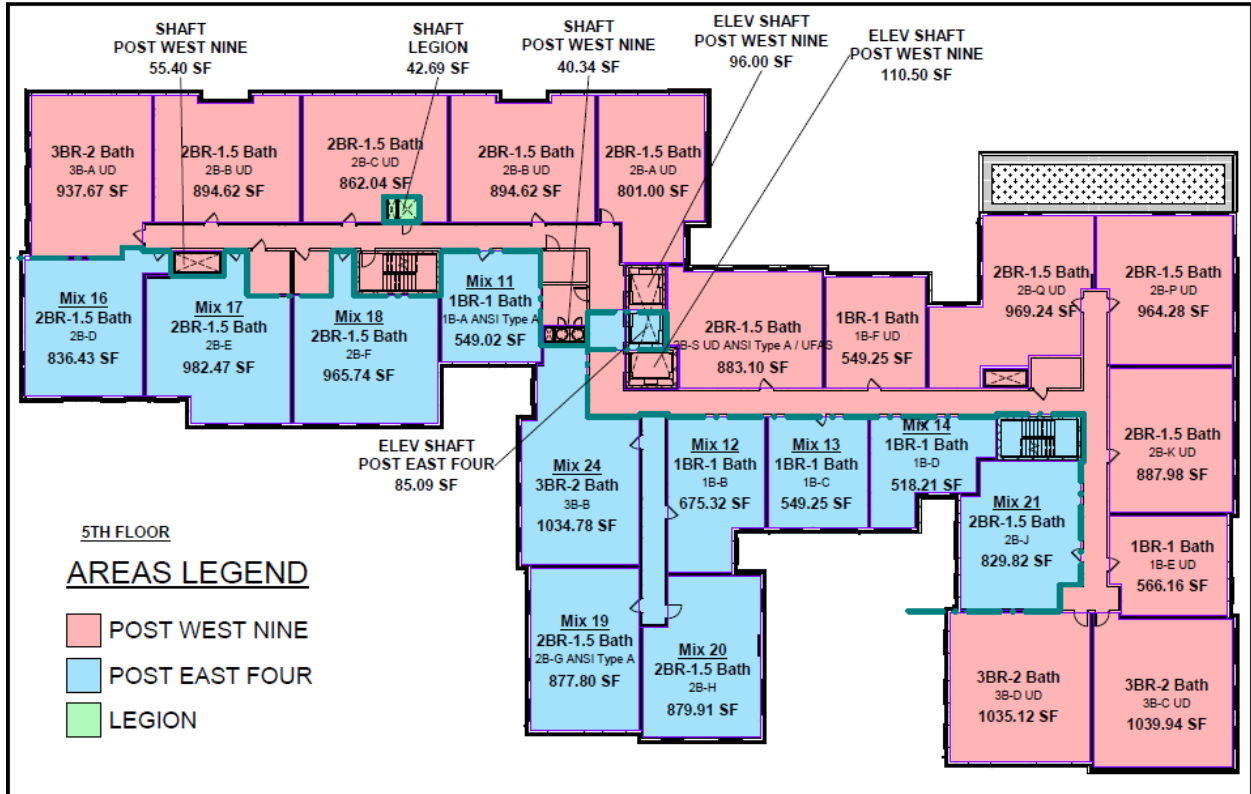


Second and Third Levels

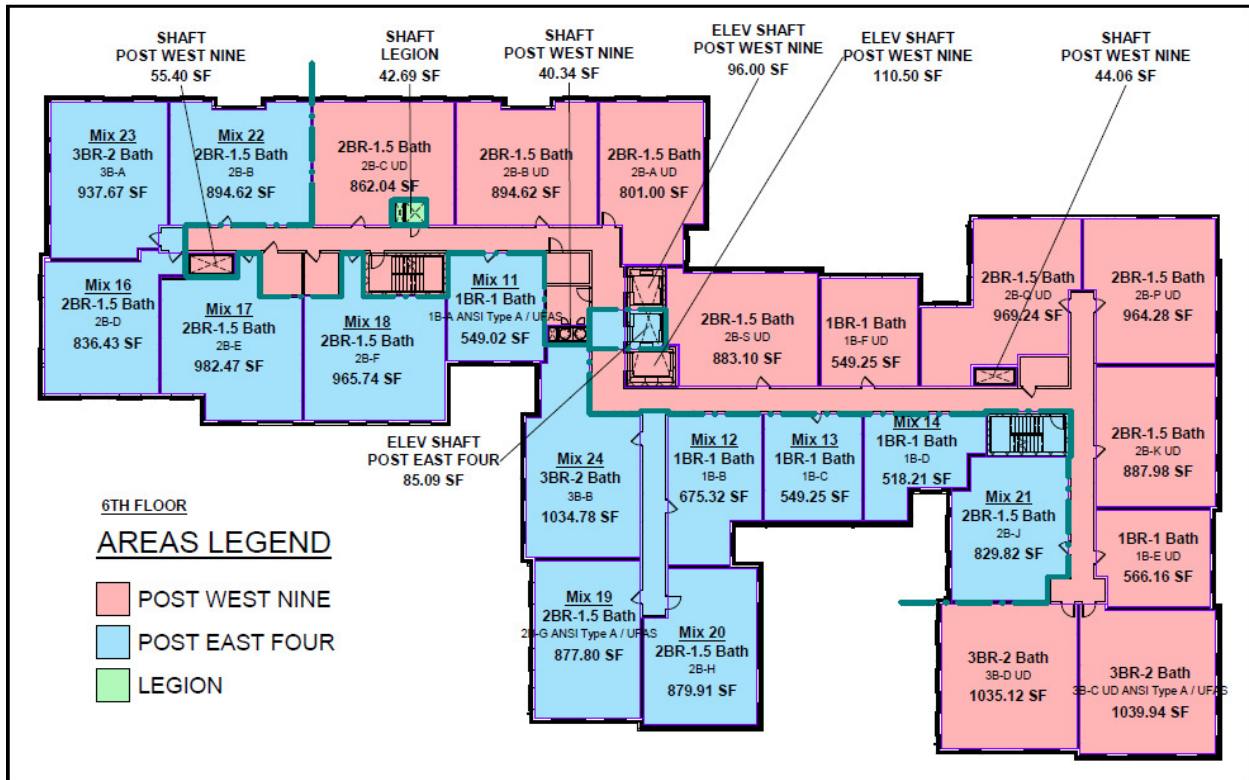
The fourth through seventh levels are shown next. As depicted, each of these four levels will contain only residential units. These levels will have a mix of 9% and 4% units. The fourth level will have a mix of ten 4% and 15 9% units. The fifth level will contain 11 4% and 13 9% units. The sixth and seventh floors will have a identical designs, with a mix of 13 4% and 11 9% units.



Fourth Level



Fifth Level



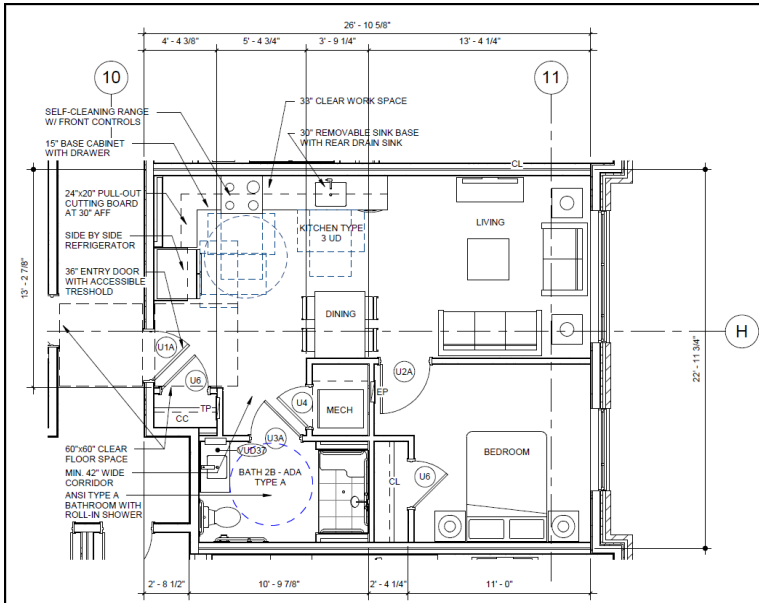
Sixth and Seventh Levels

Unit Floor Plans

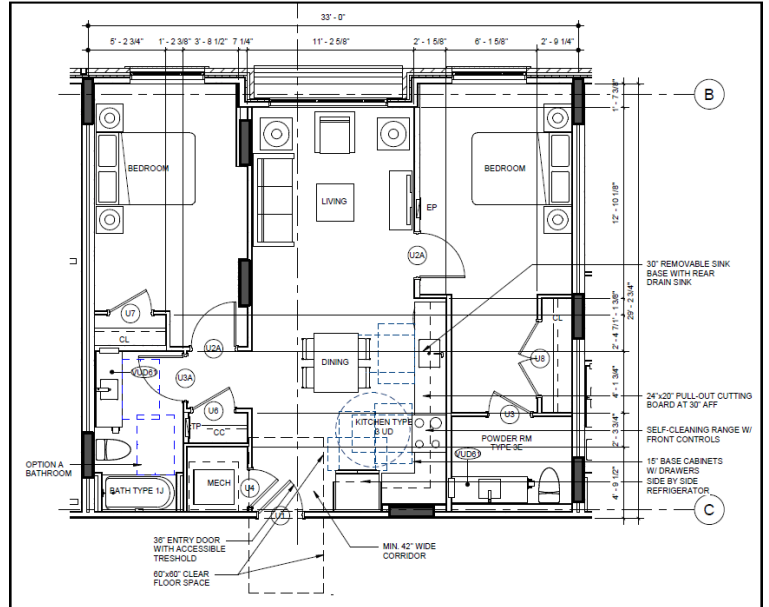
Next shown are some typical floor plans proposed for some of the apartment units at Post East Four Apartments. Each unit will contain nine-foot ceilings and painted gypsum wallboards and ceilings. The floors will consist of luxury vinyl plank in the entryways and living areas, ceramic tile in the bathrooms and kitchens, and wall-to-wall carpeting in the bedrooms. Kitchens will contain electric four-top ranges, range hoods, frost-free refrigerates, garbage disposals, dishwashers, microwaves, composite wood cabinets, laminated countertops and stainless-steel sinks. Bathrooms will include composite wood vanities, cultured marble countertops, porcelain sinks and toilets, as well as porcelain coated steel tubs and ceramic tile surrounds.

As previously noted, the one-bedroom units will contain a full bathroom while the two-bedroom units will contain 1.5 bathrooms and the three-bedroom units will contain 2.5 bathrooms.

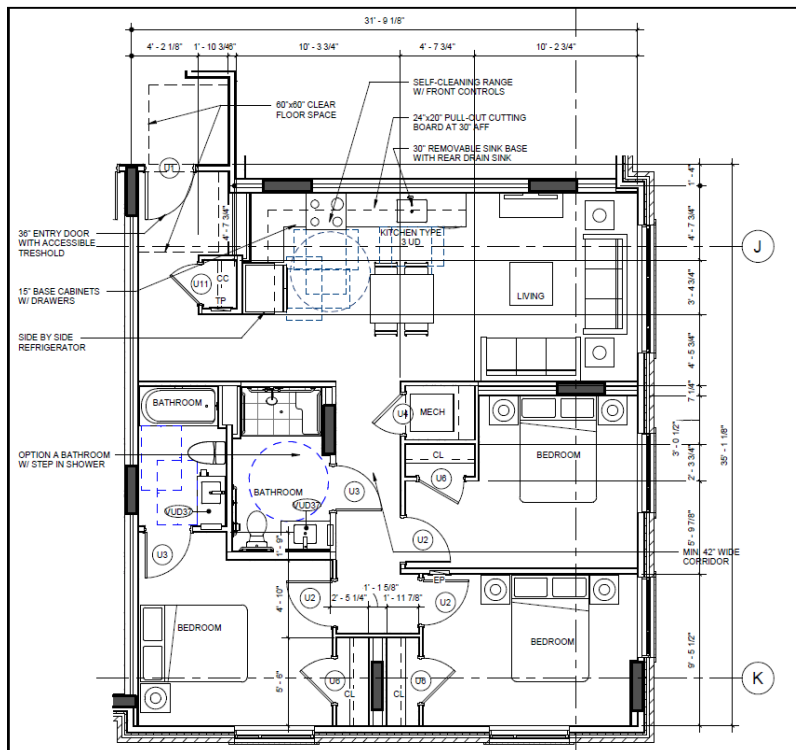
Each of the floor plans will have a contemporary design with an open kitchen as well as a combined living and dining area. Each bedroom will contain a closet, with master-bedrooms containing walk-in closets. Living rooms will also contain a closet.



One-Bedroom



Two-Bedroom



Three-Bedroom

Construction Costs

The proposed building costs for the 4% units, excluding soft costs and land acquisition, is \$24.9 million, or \$311,075 per unit.

Market Area Economic Overview

This part of the market analysis presents an economic overview of the Arlington County economy in terms of job and employment growth. Only part of Arlington County is included in the market area, but job and employment data are only available on a county level. However, overall county growth is relevant to the market support of the study proposal.

Three economic factors are presented and analyzed related to economic growth and stability in the County: (1) at-place job growth, (2) employment and labor force trends, and (3) an evaluation of active development plans that are expected to generate net new job and employment growth. These are the primary factors that show the level of economic stability in the market area and the ability for new investments.

The three economic factors under study are analyzed in the paragraphs to follow. Key to this analysis is that job growth supports growth in population and households, and therefore, housing unit demand, particularly of the type under study. Thus, the establishment of market area economic stability is a key issue related to the demographic growth of the market area.

At-Place Jobs

As of year-end 2018, Arlington County had nearly 178,160 at-place jobs. That total is 21,830± above the pre-recession level in 2008. Unlike most jurisdictions in the country, employment in Arlington County grew rapidly in the years following the recession -- 11,940± new jobs were added between 2008 and 2011. Total employment fell between 2012 and 2014 by 2,700±. Most of these job losses were associated with Federal and State contract employment reductions. In 2015, a reversal of trends occurred with the addition

of 5,680± new jobs. An additional 2,630± jobs were added in 2016. 3,770± jobs were added in 2017. 1,500± new jobs were added in 2018.

The largest employment sector in Arlington County is the Professional/Tech. Services sector, which accounts for nearly a quarter of total employment in the County. This sector has also been the fastest growing employment sector over the past decade, adding 11,670± new jobs since 2008, or 1,060± per year, on average. Most of the employers in this sector, have been defense contractors. Several of the County's largest employers are in this sector including Deloitte, Accenture, CEB, Booz Allen Hamilton, CACI, SRA International, General Dynamics, PAE Government Services and Lockheed Martin. Almost all of these companies have added employees over the past decade.

The second largest employment sector in Arlington County is the Federal Government, accounting for over 15 percent of total employment. Approximately 24,000 Federal employees are employed by the Department of Defense, largely at the Pentagon. This is the largest single employer in the County. Federal-level employment has accounted for a smaller share of County-wide employment growth over the past decade. In 2008, federal employees accounted for 18.7 percent of Arlington County's workforce. As of 2018, and following the loss of over 2,000± federal jobs, federal employees accounts for 15.4 percent of the County's labor force.

Apart from the rapidly expanding Professional and Technical Services sector, several other employment sectors have added a considerable number of employees over the past decade. These include Administrative and Waste Services (4,080± jobs added), Health Care (3,050± jobs added), Accommodations/ Food (1,930± jobs added), Local Government (1,850± jobs added), Other Services (1,170± jobs added), Arts/ Entertainment/ Recreation (650± jobs added), Transportation and Warehousing (560± jobs added), Management of Companies (390± jobs added), Information (240± jobs added), State Government (200± jobs added), Real estate (50± jobs added) and Retail Trade (20± jobs added).

In terms of job losses, and excluding the Federal Government employment losses, the only sector with a large number of job losses is the Education Services sector, which lost 1,510± jobs since 2008. Other sectors with job losses include Construction (770± jobs lost) and Finance/ Insurance (170± jobs lost).

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agr./Forest./Fishing	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Utilities	ND	ND	673	676	619	506	447	ND	ND	ND	ND
Construction	2,795	2,673	2,266	2,391	2,330	2,244	2,298	2,369	2,180	2,070	2,025
Manufacturing	ND	ND	747	742	713	ND	1,036	1,080	ND	ND	ND
Wholesale Trade	ND	ND	1,517	1,473	1,243	1,397	1,391	ND	ND	ND	1,613
Retail Trade	9,424	8,907	8,850	9,114	9,117	8,879	8,859	8,920	8,758	9,627	9,441
Transport. & Warehousing	8,185	8,133	7,787	7,746	7,987	7,884	8,001	8,149	8,306	8,631	8,741
Information	5,195	4,922	4,296	4,273	4,133	4,600	4,625	4,999	5,180	5,316	5,435
Finance/Insurance	3,839	3,517	3,502	3,465	3,644	3,657	3,946	3,762	3,766	3,647	3,668
Real Estate	3,247	3,126	3,190	3,235	3,194	3,221	3,070	3,101	3,185	3,225	3,298
Professional/Tech. Services	32,190	33,388	33,525	36,136	36,102	35,708	35,413	39,929	40,598	42,730	43,864
Management of Companies	2,460	2,340	2,926	2,934	2,690	2,683	2,688	2,777	2,739	2,727	2,851
Admin./Waste Services	7,602	7,557	8,799	9,176	8,750	9,242	11,044	10,532	11,063	11,541	11,684
Educational Services	5,677	5,914	6,116	6,463	6,314	5,869	4,533	4,467	4,131	4,227	4,164
Health Care	7,281	7,764	8,194	8,566	9,014	8,984	9,110	9,322	10,123	10,285	10,328
Arts/Enter./Recreation	1,685	1,694	1,723	1,742	1,863	1,815	1,799	2,238	2,333	2,255	2,338
Accommodations/Food	14,188	13,866	13,932	14,898	15,446	15,569	15,615	16,060	16,301	16,190	16,114
Other Services	9,737	9,951	10,101	10,509	10,800	10,883	10,872	11,272	11,303	11,120	10,909
Local Government	10,318	10,429	10,381	10,654	10,872	10,964	11,072	11,320	11,646	12,016	12,163
State Government	549	553	557	558	580	635	735	747	703	720	751
Federal Government	<u>29,157</u>	<u>31,089</u>	<u>33,590</u>	<u>33,514</u>	<u>30,363</u>	<u>29,748</u>	<u>28,019</u>	<u>27,531</u>	<u>27,416</u>	<u>27,138</u>	<u>27,359</u>
Total	156,333	158,720	162,679	168,271	165,776	165,044	164,576	170,256	172,888	176,659	178,158

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

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

Table 5 shows the net change in at-place job totals over the past ten years. Apart from notable growth in Local Government and the Accommodations/ Food sectors, most of the growth in Arlington County over the past decade was concentrated in the service sectors.

Table 5: <u>Change in Total At-Place Employment</u> <u>Arlington County, VA, 2008-2018</u>		
<u>Industry</u>	<u>Net Change</u>	<u>Percent Change</u>
Construction	-770	-27.5%
Retail Trade	17	0.2%
Transport. & Warehousing	556	6.8%
Information	240	4.6%
Finance/Insurance	-171	-4.5%
Real Estate	51	1.6%
Professional/Tech. Services	11,674	36.3%
Management of Companies	391	15.9%
Admin./Waste Services	4,082	53.7%
Educational Services	-1,513	-26.7%
Health Care	3,047	41.8%
Arts/Enter./Recreation	653	38.8%
Accommodations/Food	1,926	13.6%
Other Services	1,172	12.0%
Local Government	1,845	17.9%
State Government	202	36.8%
Federal Government	-1,798	-6.2%
Total	21,825	14.0%

Source: United States Department of Labor

Employment and Labor Force

Employment differs from at-place jobs, as it refers to the number of market area residents who are employed, no matter where the job is located. At-place jobs refer to where the job is located, i.e., Arlington County. Data are current to year-end 2018 for Employment and Labor Force.

Arlington County realized a net increase in employment of 15,340± jobs over the period between 2008 and 2018. Employment grew early in the decade up until 2008, when employment reached 133,350± jobs. Employment totals are lower than at-place job totals, which means some net in-commuting occurs from neighboring jurisdictions.

Employment fell sharply in 2009 when 1,990± jobs were lost, pushing the unemployment rate up from 2.5 to 4.3 percent in a single year. Total employment in the County has been on the rise every year since 2010, with unemployment currently standing at 2.0 percent, which is below the pre-recession level. Total employment grew by 2,650± jobs in 2016, 3,600± in 2017 and 2,580± in 2018.

Table 6: Trends in Employment and Unemployment, Arlington County Virginia, 2008-2018

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	136,705	133,349	3,356	2.5%
2009	137,201	131,357	5,844	4.3%
2010	137,368	131,701	5,667	4.1%
2011	141,853	136,519	5,334	3.8%
2012	144,012	139,012	5,000	3.5%
2013	145,047	140,035	5,012	3.5%
2014	144,432	139,692	4,740	3.3%
2015	144,256	140,195	4,061	2.8%
2016	146,165	142,305	3,860	2.6%
2017	149,836	146,117	3,719	2.5%
2018	151,720	148,692	3,028	2.0%
Net Change	15,015	15,343	-328	-0.5%

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

Economic Development Activity

As shown in Table 7 below, 17 businesses in Arlington County have announced plans to either launch operations or expand their workforce as of January, 2018. Within this total are the 25,000 jobs announced by Amazon for its Crystal City HQ2. Combined, these announcements will add a combined 26,730± new jobs in the County. Excluding Amazon, these announcements will total 1,730± new jobs. As shown, most are in the Information and Professional/Tech. services sectors.

The list of new employment in Table 7 shows new tech-related jobs. Many of these are not in place. Most new job announcements are in the 50 to 100 employee range. These will be predominately high wage jobs.

Table 7: New and Expanding Businesses, Arlington County, Virginia, 2018-2019

<u>Company Name</u>	<u>Business Type</u>	<u>Month Announced</u>	<u>New Jobs</u>
Fors Marsh Group LLC	Market Consulting	December, 2018	100
NEC Corporation of America	Computer Equipment	December, 2018	50
Amazon, Inc.	Headquarters	November, 2018	25,000
Two Six Labs	Engineering Services	October, 2018	87
Axios Media, Inc.	Internet Publishing	August, 2018	155
Symplcity Corporation	Software Development	August, 2018	120
Reservoir International, LLC	Security Consulting	July, 2018	100
Vemo Education	Educational Technology	July, 2018	11
Gerber Products Company	Wellness	April, 2018	150
Fluence Energy	Energy	April, 2018	120
TechnoServe	Business Solutions	April, 2018	60
540.co	IT	April, 2018	20
BioInformatics Inc.	Market Intelligence	March, 2018	27
Accenture	IT	March, 2018	500
CGI Federal Inc.	IT	February, 2018	100
OpenWater	Software Publishers	January, 2018	90
Federated Wireless	R&D	January, 2018	40
Total			26,730

Source: Virginia Economic Development Partnership

New Commercial Developments

In addition to the above are several construction projects in planning and/or under construction in the market area. The paragraphs below detail the larger job-generating commercial developments.

- **4040 Wilson Boulevard.** Ground was broken in March, 2018 on this mixed-use development which is the final component to the Liberty Center Development and will include 191,300± square feet of office space, 33,400± square feet of retail space and 244 apartment units. AvalonBay Communities has preleased three-and-a-half floors, totaling 73,000± square feet.
- **2311 Wilson Boulevard.** Construction was completed in late-2018 on this mixed-use, eight-story commercial development. This building contains 149,550± square feet of office space, 14,030± square feet of retail space and 8,800± square feet of additional space. Tenants in the building include the trade association AHRI, and law firm of Bean, Kinney & Korman, P.C. Amenities at 2311 Wilson Boulevard include a fully-wired conference facility, childcare facility with an outdoor play area, health club, 5,900 square foot rooftop terrace featuring panoramic views and bocce court, urban park, secure bike center and on-site retail options.
- **J-Sol Apartments.** Construction recently began on this 22-story, 330-unit high rise apartment community at the corner of Fairfax Drive and North Quincy Street. This

- will be an amenitized community with a rooftop resort-style swimming pool with sundeck, fitness center, a clubroom, a rooftop outdoor lounge with fire pits and multiple grill stations, and 24/7 concierge service. The project will include 264 underground parking spaces and 8,260± square feet of ground-floor retail space.
- **CEB Tower**. Construction was completed in early-2019 on this 31-story office building that totals 570,550± square feet of office space. The Corporate Executive Board (CEB) anchors the building, occupying 350,000± square feet of space.
 - **The Highlands**. Ground was broken in September, 2018 on this mixed-use development located at 1555 Wilson Boulevard in Rosslyn. The Highlands will include three glass towers named Pierce, Aubrey and Evo. Pierce will be a 26-story condominium with 104 residences that will have floor-to-ceiling windows and views of the Potomac and the D.C. skyline. The Aubrey will be a 23-story rental apartment building with 331 units, ranging in size from studio to three-bedroom, as well as balconies, a rooftop pool, private club and fitness center. Evo will be a 27-story apartment building with 449 units, ranging in size from studio to three-bedroom. The Highlands replaces a six-story office building and fire station. The development will also include a fire station, and 40,000± square feet of retail space, including a CVS.
 - **The Waycroft**. Ground was broken on this 12-story, mixed-use development in early-2018 located at 750 N Glebe Road. The building will contain 490 residential units and 62,000± square feet of retail space. Tenants will include a 41,500 square foot Target.
 - **Ballston Quarter** Construction was completed in early-2019 on the redevelopment of the Ballston Common shopping mall. Plans call for significant upgrades to the existing mall and an additional 11,850± square feet of new space, development of a 406-unit residential tower with more than 66,000± square feet of retail at the site of the Macy's Home Furniture Store, and renovations to the office building above the Macy's Department Store. Existing retailers that will remain include Macy's, Sport & Health, Regal Cinemas, CVS, Capital One, Lenscrafters and the Kettler Capitals Iceplex.
 - **Virginia Hospital Center Expansion**. This is the proposed expansion of the Virginia Hospital Center at 1625 N. George Mason Drive Plans by 245,430± square feet.
 - **Carr Office Building**. This is a proposed office building at 2038 Wilson Boulevard. It will contain 6,960± square feet of ground level retail space and 188,910± square feet of upper level office space.
 - **3901 Fairfax Drive**. This parking lot near Quincy Park, which once housed the Arlington Funeral Home before it closed in 2011 after 55 years in business, is proposed to be developed with a nine-story office building with 184,040± square feet of office space and 12,280± square feet of retail space.

- **1900 Fort Myer Drive.** This is the proposed redevelopment of the Holiday Inn Rosslyn, planned to be developed with two towers of 26 and 28 stories to total 732,600± square feet. This building will consist of 327 hotel units and 490 apartment units. The project will include a 6,840± square foot ballroom, another 6,000± square foot event space on the taller tower's 38th floor, private rooftop spaces, and 13,470± square feet of retail or civic uses, which could include a nearly 7,700± square foot, full-service restaurant. It would also include the demolition of the skybridge crossing Fort Myer Drive. The towers will be built on a podium topping three levels of underground parking and another four above ground, combining for 858 parking spaces. Construction is expected to begin in 2020.
- **600 N. Glebe Road.** A site plan was submitted in December, 2018 replace the North Glebe Road Harris Teeter and the adjacent American Service Center property with a new top of the line" store, hundreds of multifamily units and a half-acre public park. The redevelopment will include a new 70,600 square foot Harris Teeter, approximately 700 apartments and 13,000 square feet of retail space. Under the proposal, the Mercedes Benz dealership will be demolished and replaced with the new Harris Teeter featuring a mezzanine level with a seating area and wine bar. Above the store will be 380 apartments. Meanwhile, the old Harris Teeter – the first in Virginia when it opened in 1998 – will be replaced with 13,000 square feet of retail, and about 300 apartments. This project will be developed in phases.
- **1501 Arlington Boulevard.** The existing Best Western Iwo Jima Best Western Hotel in Rosslyn is proposed to be redeveloped with a with a two-building development containing a 150-room hotel, 64-apartments and ground-floor retail. The plan calls for a 12-story hotel with a pool, a fitness center and a rooftop event space, plus a 10-story apartment building with units ranging from studios to two-bedrooms. The developers aim to bring a gourmet grocer into the project's ground-floor retail.
- **Rosslyn Plaza.** This is a proposed mixed-use development for 1001 Wilson Boulevard. Plans call for 1.8 million square feet of office space, 45,000± square feet of retail space, 550 residential units and 200 hotel rooms.
- **Clarendon Market Commons Phase II.** Construction began in January, 2019 on this 27,950± square foot retail space at 2801 Clarendon Boulevard.
- **WhyHotel.** Construction was recently completed on this 175-room hotel at 4100 Wilson Boulevard.
- **1401 Wilson Blvd.** This is a mixed-use development proposed for 513,000± square feet of office space, 55,540± square feet of retail space, and 274 residential units.
- **2000 Clarendon.** Construction is ongoing on this mixed-use development that will contain 87 condominium units and 1,920± square feet of ground level retail space at 2000 Clarendon Boulevard. It will contain 38 one-bedroom units starting in the

upper-\$400,000's, 12 one-bedroom units with dens starting at in the upper-\$500,000's, and 37 two-bedroom units starting in the upper-\$600,000's. All units will include on parking space.

Summary

Arlington County has had sizable job and employment growth, a trend that is expected to continue given the list of new businesses announced for the County. New job growth will continue and be in Professional/ Technology fields. The level of growth will likely support a considerable number of new housing units in Arlington County.

Section II Affordable Housing Analysis

Section II is the supply/demand analysis for new affordable housing in the defined market area for the Post East Four Apartment proposal, which includes the 80 apartment units seeking 4% tax credit. The section to follow has two subsections. The first is the demographic analysis that “solves” for the number and increase of renter households with incomes of \$42,000± to \$87,000±, when incomes are expressed in constant 2019 dollar values.

Post East Four will have three different rent categories: 50% of AMI, 60% of AMI and 80% of AMI. There is substantial overlap among the income categories that relate to the proposed rents. The income categories are presented below. Adjustments are made to eliminate overlaps in the Conclusions.

We used 2022 as our forecast date, as Post East Four Apartments are expected to be started in mid-2020. That will allow for completion by late-2021 or early-2022.

The second part of Section II is the analysis of the competitive apartment market within the defined market area. We identified 31 LIHTC apartment properties to study. These are separated and analyzed by more recently built and more mature apartment communities. Arlington County has an abundance of adaptive reuse apartments and renovations of mature buildings. These are primarily at rents of 50% and 60%. These are two apartment properties with 80% of AMI rents. Approximately half of the 31 “comps” under study are new construction properties.

The more directly competitive apartment properties under study are compared with the Post East Four proposal in terms of occupancy, rents, unit mix and characteristics, and amenities. The mature apartment properties are included and studied to show the depth of the affordable housing market in the market area.

Demographic Analysis

Population Trends and Projections

The market area population in 2010, at the time of the Census count for that year, reached 118,500±. This total represents an increase of 15,230± people during the 2000's, compared with a population growth of 11,450± during the 1990's. The demand for close-in housing, and housing near Metro stations, greatly increased during the 2000 decade and North Arlington considerably benefited from this increase in demand.

The market area population expanded by approximately 19,070± people between 2010 and 2018. The 2018 population estimate is based on estimates from data from the Weldon Cooper Center for Public Service. This represents an annual growth rate of 2,380± people. Based on past trends and the significant number of new jobs to be added in the County, the market area population is projected to reach 149,000± by the forecast date 2022.

The level of growth in the market area since 2000 resulted from a large demand for multifamily, upscale housing, for both renters and homebuyers. The for-sale market is no longer as strong as in previous years, so barring changes, the projection shown in Table 7 for 2022 may be somewhat optimistic.

Arlington County also has had a sizable and growing demand for affordable housing. Data presented below will show net growth in the number of affordable apartment units that have been built. Both market sectors have generated the level of population growth shown in Table 7 and that should largely continue.

Table 7: <u>Trends and Projections of Population and Households by Tenure, Post East Four Market Area, 1990-2022</u>					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u>	<u>2022</u>
Market Area Population 1/	91,840	103,290	118,520	137,590	149,000
Group Quarters Population	1,640	1,970	1,940	1,950	2,000
Household Population	90,200	101,320	116,580	135,640	147,000
Persons Per Household	2.19	2.10	2.11	2.10	2.09
Households	41,120	48,240	55,320	64,590	70,330
Renter Households	19,740	24,550	28,500	33,540	36,900
Percent Renter Households	48.0%	50.9%	51.5%	52.0%	52.5%
Notes: 1/ Market Area includes the following 2010 U.S. Census tracts in Arlington County: 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014.01, 1014.02, 1014.03, 1014.04, 1015, 1016.01, 1016.02, 1016.03, 1017.01, 1017.02, 1017.03, 1018.01, 1018.02, 1018.03, 1019, 1020.01, 1020.02 and 1020.03.					
Source: 1990, 2000 and 2010 Census, U.S. Census Bureau, U.S. Department of Commerce; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.					

Group Quarters Population

The Group Quarters population in the market area is relatively small and includes primarily persons in hospitals, nursing homes, shelters and other institutional housing. The Group Quarters population is not growing, partly due to the high cost of housing for seniors with very high area land costs. The Group Quarters population is subtracted from the total population to determine Household Population, which is the basis for determining housing unit demand.

Households

As of 2010, there were 55,320± households in the market area. That figure is 7,080+ more than in 2000. A total of 9,270± households were added to the market area between 2010 and 2018. In addition to the level of household growth, another key factor shown in Table 7 is the very small average household size. The average household size was 2.10 in 2000 and 2.11 in 2010. The small size is due to the large number of single-person professionals, empty nesters and retirees who live in market area multi-story apartment buildings and condominiums.

The fact that the average household size increased over the 2000 decade was directly due to some doubling up of families, a result of the recession of the late-2000's. This should stabilize during current economic conditions.

Total households are projected to reach 70,330± by 2022, or an average annual increase of 1,440± households.

Renter Households

Next shown is the number of renter households in the market area at 28,500± in 2010. In 2010, the Census count showed that over half of the market area households were renters. The percentage of renter households is well above the national and state average of 34.1 percent and 36.1 percent of total households, respectively. The increase in renter households was due to the significant amount of new apartment units built during that period and the decrease in condominium development since 2008.

By 2022, renter households are projected to account for 52.5 percent of total households in the market area. This will equate to nearly 37,000 renter households, an increase of 3,360± over the 2018 renter household count.

Target Renter Market

The Post East Four proposal has a wide range of income categories, which is shown in Table 8 below. There is some overlap in the income categories of 50% of AMI and above. These overlaps will be adjusted for the demand analysis chart. Household income data are shown in constant 2019 dollar values.

Table 8: Trends and Projections of Households by Income, Post East Four Market Area 1990-2022 (Constant 2019 Dollars)					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u>	<u>2022</u>
Renter Households	19,740	24,550	28,500	33,540	36,900
<u>Target Market</u>					
50% of AMI (\$42,120-\$60,650)					
Renter Households	3,490	3,140	3,710	4,390	4,830
Percent Renter Households	17.7%	12.8%	13.0%	13.1%	13.1%
60% of AMI (\$51,200-\$72,780)					
Renter Households	3,840	3,560	4,500	5,330	5,900
Percent Renter Households	19.5%	14.5%	15.8%	15.9%	16.0%
80% of AMI (\$69,400-\$87,360)					
Renter Households	2,350	2,850	3,500	4,160	4,660
Percent Renter Households	11.9%	11.6%	12.3%	12.4%	12.5%
Source: 1990 and 2000 Census, U.S. Census Bureau, U.S. Department of Commerce; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.					

Each income group is detailed in the paragraphs below.

- **50% of Area Median Income (AMI).** Renter households earning annual incomes between \$42,120 and \$60,650, reported in constant 2019 dollars, fall within this income cohort. The total number of renter households within this income range grew by 680± during the 2010's. There were 4,930± renter households in this income range in 2018. Continued growth will add additional households by 2022, to reach 4,830± households.
- **60% of Area Median Income (AMI).** Renter households earning annual incomes ranging between \$51,200 and \$72,780, reported in constant 2019 dollars, fall within this cohort. The total number of renter households within this income range grew by 830± between 2010 and 2018. There were 5,330± renter households in this income range in 2018. Continued growth will add additional households by 2022 and reach a total of 5,900± households. This will account for 16.0 percent of market area renter households.
- **80% of Area Median Income (AMI).** The market for this income category includes renter households earning annual incomes between \$69,400 and \$87,360, when reported in constant 2019 dollars. There were 4,160± renter households within this income category in 2018, accounting for 12.4 percent of total renter households. Total households within this income category grew by 660± during the 2010's. This total is projected to increase and reach 4,660± by 2022.

Renter Households by Size

The following chart shows the household size of renters in the market area in 2010. Nearly 47 percent are one-person households. Another 33± percent of the households have two persons. Approximately 21 percent have three or more persons. The number and percentage of single and two-person households likely increased since 2010.

<u>Renter Household Size, Post East Four Market Area, 2010</u>		
	<u>Households</u>	<u>Percent</u>
1-person household	13,310	46.7%
2-person household	9,290	32.6%
3-person household	2,910	10.2%
4-person household	1,950	6.8%
5-person household	650	2.3%
6-person household	230	0.8%
7-or-more-person household	160	0.6%
Total Renter Households	28,500	100.0%
Source: 2010 U.S. Census		

Competitive Affordable Apartment Market

Characteristics of the Market

Listed in Table 9 are the 31 affordable apartment properties in the market area with income restrictions. We excluded some properties that have few competitive affordable units, are older with lower, non-competitive rents, as well as communities with a large number of Section 8 voucher holders. As shown, many of the competitive communities have a mix of income restrictions.

Fifteen properties, totaling 1,220± affordable units, are defined as “newer” properties. Twelve of these properties are mixed-income communities with a combination of market rate and income-restricted units. Data on market rate units are excluded in the table. There are only 23 vacant units in these newer properties, with most communities

at or near full occupancy. These newer LIHTC properties have a combined vacancy rate of only 1.9 percent.

The newest community to open is Gables Pointe 14, which is a mixed-income community with 40%, 50%, 60% and market rate units. The complex, which opened in August, 2019, has 39 income restricted units out of a total of 395 total units. All of the income restricted units are occupied.

One community, Union on Queen, opened in 2017. This too is a mixed-income community with both 50% and 60% rents. All unit are occupied at this community. Two communities opened in 2016. The Springs is a mixed-income community with 104 units, of which 98 are affordable. Latitude Apartments opened in December, 2016 with 265 units, of which only 14 units are restricted to 60% of AMI. The Springs has eight vacant units and Latitude is fully occupied.

Sixteen mature communities were also included in the analysis, totaling 1,860± units. These are older properties that have all been renovated with LIHTC's. Though these are older units, vacancy is low at these communities at only 1.8 percent. Only one of these communities includes any market rate units.

Overall, the market area totals 3,080± affordable units in these properties listed above. The overall vacancy rate is very low at 1.9 percent with only 57 vacant units. None of the competitive communities are currently facing any occupancy issues. Most are either fully occupied or with a very small number of vacant units.

Other salient points in Table 9 are:

- Between 2010 and 2019, 470± units in new construction apartment units were added to the market area affordable housing stock, or an average of 50± units per year on average. Nearly all of these units are currently occupied.

- 120± new affordable units were added to the market since early-2017. All are in mixed-income buildings and are occupied.
- Six mature communities, with 550± units, underwent significant renovations since 2010, at an average of 70± units per year.
- In recent years, the number of new construction tax credit apartment units have “outpaced” the number of renovations due to the high cost of acquisition for area garden properties and the ability to generate higher rents for the new construction.
- There is a sizable wait list at these properties, combined at approximately 300 households.

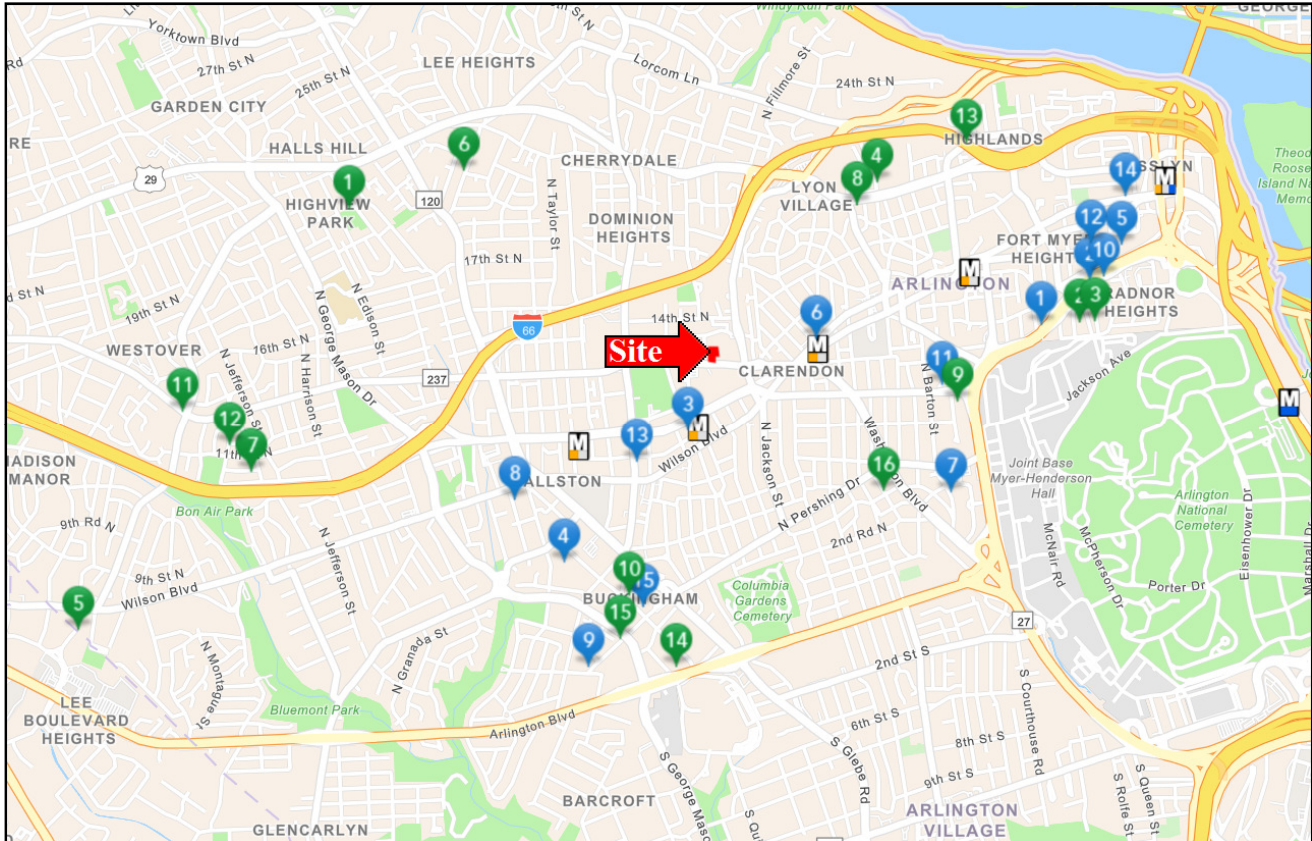
Overall, data in Table 9 show a very large and successful affordable apartment market in North Arlington. Only nine apartment properties offer rents at or below 40% of AMI. Only three properties have 30% rents and only two have 80% rents. The majority of the communities have 50% and 60% rents.

Table 9: Characteristics of Competitive Affordable Apartment Communities, Post East Four Market Area, December, 2019 1/

	<u>Map G</u> <u>Key</u>	<u>Year</u> <u>Built</u>	<u>Income</u> <u>Restrictions</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>
<u>Newer Communities</u>					
Gables Pointe 14	1	Aug-19	40%/50%/60%/Mkt	39	0
Union on Queen	2	Jan-17	50%/60%/Mkt	78	0
Latitude Apartments	3	Dec-16	60%/Mkt	14	0
The Springs	4	Sep-16	40%/50%/60%/Mkt	104	8
Sedona	5	2013	60%/Mkt	55	0
VPoint	6	2012	40%/50%/60%/Mkt	70	1
2201 Pershing Apartments	7	2012	60%/Mkt	18	0
The Jordan	8	2010	50%/60%	90	0
Madison at Ballston Station	9	2009	60%/Mkt	100	2
Parc Rosslyn	10	2008/18	60%/ Mkt	238	6
Frederick at Courthouse	11	2007	60%	108	0
Bennett Park	12	2007	50%/60%/Mkt	14	0
Quincy Plaza	13	2006	50%/60%/Mkt	25	0
1800 Oak Apartments	14	2003	40%/50%/60%	38	0
Ballston Park	15	1997	50%/Mkt	233	6 3/
(Subtotal)				(1,224)	(23)
<u>Mature Communities</u>					
Cameron Commons	1	1965/03	30%/50%/60%	16	1
Courthouse Crossings 2/	2	1991/07	40%/50%/60%	112	1
Marabella 2/	3	1985/09	30%/40%/50%/60%	134	4
Larkspur Apartments	4	1958/12	40%/50%/60%	76	1
Patrick Henry	5	1958/00	60%	110	0
Leckey Gardens	6	1949/01	50%/Mkt	40	2
Fisher House II	7	1949/18	60%	68	1
Calvert Manor	8	1948/14	50%/80%	23	2
Woodbury Park	9	1947/06	60%	364	14
Gates of Ballston	10	1943/07	60%	348	1
Westover	11	1943/11	60%	153	1
Fisher House I	12	1940/08	50%/60%	33	1
Colonial Village	13	1939/12	30%/60%	162	4
Whitefield Commons	14	1938/05	50%/60%	63	0
Buckingham Village	15	1938/14	60%	140	0
Barkalow	16	1927/01	80%	14	1
(Subtotal)				(1,856)	(34)
Total				3,080	57
Vacancy Rate					1.9%
Notes: 1/ Only data on affordable units shown.					
2/ Slightly outside market area.					
3/ Estimate					
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

Map G shows the locations of the competitive apartments. Most are located along the Rosslyn-Ballston Corridor. Some of the older communities are located west of Glebe Road both north and south of Interstate 66. A large cluster of affordable apartments are

located in the Buckingham neighborhood. These are mostly renovated gardens. A second cluster of apartments is located in the Courthouse area. These properties are a mix of high rise and garden properties. Overall, data in Map G shows the study site to be well-located for affordable housing.



Map G - Locations of Competitive Apartments

The following paragraphs describe the three newest LIHTC properties in the market area. Though Gables Pointe 14, Latitude Apartments and Sedona are newer communities, only a small percentage of these units have income restrictions.

- **Union on Queen** is a new mixed-income community with 193 units, of which 76 are income-restricted. This community is located at 1515 N. Queen Street. This is the redevelopment of the former Pierce Queen Apartments. 12 units, located in the former community's garden-style buildings, were fully renovated. The remaining 181 units are housed in a new construction 12-story high-rise.

Community amenities include a clubroom, fitness room, business center, bike storage, rooftop deck and two outdoor terraces. The building received four

green building certifications, including LEED Silver, EarthCraftVA, Energy Star for Multifamily and Arlington County Transportation Demand Management. The community includes 207 off-street parking spaces, located partially below grade.

The community contains a mix of studio, one-, two- and three-bedroom floor plans. with open floor plan designs. Unit amenities include terraces/balconies, stainless steel appliances, keyless entry systems, walk-in closets and full-size washers and dryers.

- **The Springs** is also a new mixed-income apartment community located on N. Carlin Springs Road, one block from N. Glebe Road. This project replaced a former 27-unit, three-story garden community that was constructed in 1963. This new construction five-story, elevator building consists of 104 units, of which six are market rate. Within this total are ten units restricted to 40% of AMI, 36 units restricted to 50% of AMI and 51 units restricted to 60% of AMI. Floor plans range between studio units and three-bedroom units. 85 of the apartments are two- or three- bedrooms to accommodate families. The building also provides 111 underground parking spaces. This community is EarthCraft Certified for energy and environmental conservation.

This is a fully-amenitized community with a community room and, business center, fitness center, playground, picnic area and landscaped courtyards. The building includes 5,630± square feet of ground floor space occupied by the developer of the project, the Arlington Partnership for Affordable Housing (APAH).

- **VPoint** is a new mixed-use development located in Clarendon. This redevelopment added 116 apartments on top of the existing Clarendon Baptist Church, while retaining the church's on-site childcare facility, which has been in operation for nearly five decades. The rentals are a mix of one, two and three bedrooms, mixed between market rate and affordable units.

Located on the same site, in a separate three-story educational building, is the First Baptist Child Development Center, one of the longest operating childcare centers and one of the largest childcare facilities in Arlington, serving about 185 children

This is a fully-amenitized, elevator-served community with a landscaped courtyard, clubroom, controlled access garage and business center. All units include pendant lights, stainless steel appliances, ceramic tile flooring in bathrooms, granite countertops and wood floors. All units are equipped with full-size washers and dryers.

None of the current LIHTC properties have a 9%/4% rent/income mix, as planned at Post East Four Apartments. Post East Four Apartments will also be fully affordable, also unique for large, new construction proposals, in North Arlington county.

Following are photos of the new construction competitive properties. The new construction buildings are “upscale” and very attractive. Most of the renovated buildings are small garden walk-ups on large sites and with distinct exterior features. These are not direct comps.



Gables Pointe 14



Union on Queen



Latitude Apartments



The Springs



Sedona



VPoint



2201 Pershing Apartments



The Jordan



Madison at Ballston Station



Parc Rosslyn



Frederick at Courthouse



Bennett Park



Quincy Plaza



1800 Oak Apartments



Ballston Park



Cameron Crossing



Courthouse Crossing



Larkspur Apartments

Net Rental Rate Analysis

Market area net rents for each of the competitive apartments are shown in the following four tables. These rents were adjusted to exclude cold water and sewer to be comparable with the Post East Four proposal. Of note is that rents in the more mature properties do not differ substantially from the newer communities, as these are LIHTC rents at or near the maximum levels.

There is a very wide range in rents in the market area, though most affordable units are restricted to 60% of AMI. Also shown are that all of the units in the newer communities are equipped with in-unit washers and dryers, with the exception of The Jordan and Frederick at Courthouse. None of the mature communities offer in-unit washers and dryers.

Overall, the high occupancy rate in the market area shows the proposed rents to be achievable. The proposed rents at Post East Four fall within these rental ranges and are fully competitive. However, they are at or below the maximum allowable rates. This is true for most of the affordable apartment properties under study.

Table 10: Net Rental Rates Competitive Affordable Apartment Communities, Post East Four Market Area, December, 2019 1/

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
Newer Communities			
Gables Pointe 14 2/	\$1,024 (50%)/ \$1,251 (60%)	\$1,207 (50%)/ \$1,480 (60%)	--
Union on Queen 2/	\$1,032 (50%)/ \$1,259 (60%)	\$1,213 (50%)/ \$1,486 (60%)	\$1,367 (50%)/ \$1,683 (60%)
Latitude Apartments 2/ 3/	\$1,024 (50%)/ \$1,251 (60%)	\$1,207 (50%)/ \$1,480 (60%)	--
The Springs 2/	\$1,038 (50%)/ \$1,265 (60%)	\$1,227 (50%)/ \$1,500 (60%)	\$1,577 (50%)/ \$1,893 (60%)
Sedona 2/	\$1,259 (60%)	\$1,488 (60%)	--
VPoint 2/	\$1,040 (50%)/ \$1,263 (60%)	\$1,222 (50%)/ \$1,495 (60%)	\$1,693 (60%)
2201 Pershing Apartments 2/	\$1,259 (60%)	\$1,487 (60%)	--
The Jordan	\$1,060 (50%)/ \$1,287 (60%)	\$1,200 (50%)/ \$1,535 (60%)	\$1,415 (50%)/ \$1,731 (60%)
Madison at Ballston Station 2/	\$1,304 (60%)	\$1,556 (60%)	\$1,791 (60%)
Parc Rosslyn 2/	\$1,323 (60%)	\$1,575 (60%)	\$1,809 (60%)
Frederick at Courthouse	\$1,245 (60%)	\$1,473 (60%)	\$1,670 (60%)
Bennett Park 2/	\$1,057 (50%)	\$1,256 (50%)/ \$1,519 (60%)	--
Quincy Plaza 2/	\$1,138 (50%)/ \$1,365 (60%)	\$1,365 (50%)/ \$1,638 (60%)	\$1,577 (50%)/ \$1,893 (60%)
1800 Oak Apartments 2/	--	\$1,193 (50%)/ \$1,466 (60%)	--
Ballston Park 2/3/	\$1,102 (50%)	\$1,341 (50%)	\$1,547 (50%)
Mature Communities			
Cameron Commons	--	\$1,302 (50%)/ \$1,575 (60%)	\$1,493 (50%)/ \$1,809 (60%)
Courthouse Crossings	\$1,096 (50%)/ \$1,323 (60%)	\$1,302 (50%)/ \$1,575 (60%)	\$1,493 (50%)/ \$1,809 (60%)
Marabella	\$1,096 (50%)/ \$1,323 (60%)	\$1,302 (50%)/ \$1,575 (60%)	\$1,493 (50%)/ \$1,809 (60%)
Larkspur Apartments	\$1,027 (50%)/ \$1,205 (60%)	\$1,171 (50%)/ \$1,484 (60%)	--
Patrick Henry	--	\$1,448 (60%)	\$1,829 (60%)
Leckey Gardens	\$1,096 (50%)	\$1,302 (50%)	--
Fisher House II	\$1,365 (60%)	\$1,638 (60%)	\$1,893 (60%)
Calvert Manor	\$1,096 (50%)/ \$1,779 (80%)	\$1,302 (50%)/ \$2,121 (80%)	\$1,493 (50%)/ \$2,440 (80%)
Woodbury Park	\$1,281 (60%)	\$1,517 (60%)	\$1,722 (60%)
Gates of Ballston	\$1,239 (60%)	\$1,469 (60%)	\$1,682 (60%)
Westover	\$1,268 (60%)	\$1,497 (60%)	--
Fisher House I	\$1,365 (60%)	\$1,365 (50%)/ \$1,638 (60%)	\$1,577 (50%)/ \$1,893 (60%)
Colonial Village	\$1,262 (60%)	\$1,493 (60%)	\$1,707 (60%)
Whitefield Commons	\$1,027 (50%)/ \$1,254 (60%)	\$1,211 (50%)/ \$1,484 (60%)	\$1,381 (50%)/ \$1,697 (60%)
Buckingham Village 3/	\$1,215 (60%)	\$1,437 (60%)	\$1,643 (60%)
Barkalow	\$1,779 (80%)	\$2,121 (80%)	\$2,440 (80%)
50% of AMI Proposed	\$1,053	\$1,257	\$1,443
60% of AMI Proposed	\$1,280	\$1,530	\$1,759
80% of AMI Proposed	--	\$1,735	--

Notes: 1/ Rents adjusted to exclude hot water and sewage.

2/ Includes in-unit washer and dryer.

3/ Estimate

Source: Field and Telephone Survey by S. Patz and Associates, Inc.

Shown next, in Table 11, are the average rents delineated by each rent restriction. These data show that the proposed rents for Post East Four Apartments are at or slightly below the market area average for all rental types except for the 80% two-bedroom units. There are no 80% three-bedroom units in the market.

**Table 11: Average Rents, by Rent Restriction,
Post East Four Market Area, December, 2019**

<u>Market Area</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
Average 50% of AMI	\$1,067	\$1,264	\$1,500
Average 60% of AMI	\$1,279	\$1,517	\$1,769
Average 80% of AMI	\$1,779	\$2,121	\$2,440
<u>Post East Four</u>			
50% of AMI Proposed	\$1,053	\$1,257	\$1,443
60% of AMI Proposed	\$1,280	\$1,530	\$1,759
80% of AMI Proposed	--	\$1,735	--
Source: S. Patz & Associates Inc.			

Rent Per Square Foot

The calculation for the average per square foot net rents was not undertaken, as there are too many variables in the competitive apartment market to make this calculation relevant.

Apartment Unit Sizes

The apartment units at Post East Four are comparable with new construction LIHTC properties in Table 12. These data show that units at Post East Four will be smaller than the average of the market area comps, though they are comparable with many of these successful properties. VPoint and Union on Queen have larger units, while The Springs has comparatively small units.

The proposed one-bedroom units average 573 square feet, which is smaller than the average of both the newer and older communities. Sedona, Union on Queen, The Springs and The Jordan each have some similarly-sized one-bedroom units that have leased well.

At an average of 887 square feet, the proposed two-bedroom units are smaller than the two-bedroom units in the newer communities by 70± square feet. Several comps offer similarly-sized and smaller two-bedroom units without issues.

The three-bedroom units are smaller than the newer units by 280± square feet. The Springs and The Jordan have some smaller three-bedroom units similar in size to the proposed three-bedroom units that have leased well.

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Newer Communities</u>			
Gables Pointe 14	505-613	805-1,160	--
Union on Queen	610-945	996-1,121	--
Latitude Apartments	617	1,040	--
The Springs	583-636	731-798	892-1,002
Sedona	552-774	852-1,191	--
VPoint	701-831	800-1,063	--
2201 Pershing Apartments	694	873	--
The Jordan	497-647	725-860	946-1,031
Madison at Ballston Station	750-806	861-1,237	1,354-1,408
Parc Rosslyn	683-956	903-1,036	1,610-1,625
Frederick at Courthouse	700	1,050	1,625
Bennett Park	682	1,066	--
Quincy Plaza	500	970	1,150
1800 Oak Apartments	--	885-941	--
Ballston Park	626-675	861-1,011	--
<i>(Average)</i>	<i>(671)</i>	<i>(961)</i>	<i>(1,285)</i>
50% of AMI Proposed	534	814	1,034
60% of AMI Proposed	612	874	986
80% of AMI Proposed	--	972	--
Average	573	887	1,010
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Apartment Unit Mix

Table 13 details the unit mix of newer affordable apartment units. Four of the newer communities offer studio units while several offer no three-bedroom units. None of the communities have a large number of studios. On average, there is a near even split of one- and two-bedroom units. The Springs and The Jordan have a majority of two-bedroom units. Most of the other newer communities have an abundance of one-bedroom units.

Most of the market area's three-bedroom units are located within the older, renovated communities. Apart from The Springs, which has 21 three-bedroom units, and

Union on Queen, with 12 three-bedroom units, all of the newer communities have fewer than ten three-bedroom units.

	<u>Studio</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Total Units</u>
<u>Newer Communities</u>					
Gables Pointe 14	0	19	20	0	39
Union on Queen	0	17	49	12	78
Latitude Apartments	0	3	11	0	14
The Springs	10	9	63	22	104
Sedona	0	21	28	6	55
VPoint	22	28	14	6	70
2201 Pershing Apartments	0	9	9	0	18
The Jordan	0	17	68	5	90
Madison at Ballston Station	0	60	37	3	100
Parc Rosslyn	13	111	93	21	238
Frederick at Courthouse	0	56	46	6	108
Bennett Park	0	5	9	0	14
Quincy Plaza	0	9	8	8	25
1800 Oak Apartments	0	0	38	0	38
Ballston Park	<u>18</u>	<u>148</u>	<u>61</u>	<u>6</u>	<u>233</u>
Total	63	512	554	95	1,224
Percent of Total	5.0%	42%	45%	8.0%	
50% of AMI Proposed	0	12	4	4	20
60% of AMI Proposed	0	22	24	2	50
80% of AMI Proposed	0	0	10	4	10
Proposed Unit Mix	0	34	38	0	80
Notes: 1/ Includes three four-bedroom units. 2/ Includes two four-bedroom units.					
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

Community Amenities

The amenity list at new construction affordable apartment properties in the market area is shown in Table 14. Post East Four will contain all basic amenities that will include clubroom, business center and on-site laundry facilities. Most new communities have in-unit washers and dryers.

Table 14: Community Amenities at New Construction Competitive Affordable Apartment Communities, Post East Four Market Area, December, 2019

	<u>Clubroom</u>	<u>Business</u>	<u>Pool</u>	<u>Fitness</u>	<u>Laundry</u>
<u>Newer Communities</u>					
Gables Pointe 14	●	●	●	●	○
Union on Queen	●	●	○	●	○
Latitude Apartments	●	●	○	●	○
The Springs	●	●	○	●	○
Sedona	●	●	●	●	○
VPoint	●	●	○	○	○
2201 Pershing Apartments	●	●	●	●	○
The Jordan	●	○	○	○	●
Madison at Ballston Station	●	●	●	●	○
Parc Rosslyn	●	○	●	●	○
Frederick at Courthouse	●	○	○	●	●
Bennett Park	●	●	○	●	○
Quincy Plaza	●	●	●	●	○
1800 Oak Apartments	●	●	●	●	○
Ballston Park	●	○	●	●	○
<u>Proposed Amenities</u>	●	●	○	○	●

Source: Field and Telephone Survey by S. Patz and Associates, Inc.

Section III Conclusions

The above analysis shows a large and successful affordable apartment market in North Arlington County. We identified and studied 31 apartment properties with rents at 50%, 60% and 80% of AMI, and in that regard, are competitive with the proposed Post East Four Apartments. The market area vacancy rate for affordable properties is less than two percent.

We identified nearly 3,100 apartment units in the apartment properties under study. Approximately 60 percent of the market area's affordable apartment units are in mature, renovated garden buildings. Some of these buildings are historic. Most were built prior to 1950, so they offer small unit sizes, often one bathroom units, and spaces without large closet space.

Since 2005, newer, larger and more upscale apartment properties have been built to serve the affordable market. Most of these have a mix of affordable and market apartment units. None of the new construction properties have rents at 80% of AMI. None have a mix of 9% and 4% units in the same building.

If there is a negative issue related to the North Arlington's affordable apartment market it is the limited number of new units built in recent years. Since 2015, four properties were placed on the market with a total of 235 units. A lack of available land and buildings for new affordable housing is the cause of the decline in new construction in recent years.

The demographic analysis presented above shows steady growth in the number of households who are income eligible for affordable housing in the County. This total growth will support continued additions of affordable housing for the market area.

With all that said, the key points presented above was the quality of the Post East Four design and the excellent site location. The 160-unit proposal has a mix of 30%, 50%,

60% and 80% AMI rents. The proposal has all of the attributes that generate market support, which is fully described in the paragraphs that follow.

Analysis of Demand

Pipeline Proposals

Next presented are the active and planned pipeline affordable apartment proposals in the market area under study. Once built, these complexes will add 424 income-restricted apartments to the market area. Within this total will be eight units restricted to 30% of AMI, nine units restricted to 40% of AMI, 108 units restricted to 50% of AMI, 248 units restricted to 60% of AMI and 51 units restricted to 80% of AMI.

Two apartments are currently under construction and will add a total of 271 affordable units. 750 North Glebe will total 491 units, of which 22 units will be restricted to 60% of AMI. This community is expected to open in early-2020. Queen Court Apartments will be fully affordable and open in June, 2021. It will contain nine units restricted to 40% of AMI, 36 units restricted to 50% of AMI, 201 units restricted to 60% of AMI and three units restricted to 80% of AMI.

Three additional complexes are in active planning with 153 income-restricted units. This includes Post West Nine, which received 9% tax credits in early-2019 and will be part of the study proposal. The 9% portion proposes eight units at 30% of AMI, 32 units at 50% of AMI, 12 units at 60% of AMI and 28 units at 80% of AMI. Eight of these units will have project-based vouchers. Also in active planning is the 97-unit The Cadence (40 units at 50% of AMI, 37 units at 60% of AMI and 20 units at 80% of AMI). The Cadence will likely deliver in 2022.

Table 15: Affordable Apartment Pipeline, Post East Four Market Area, December, 2019

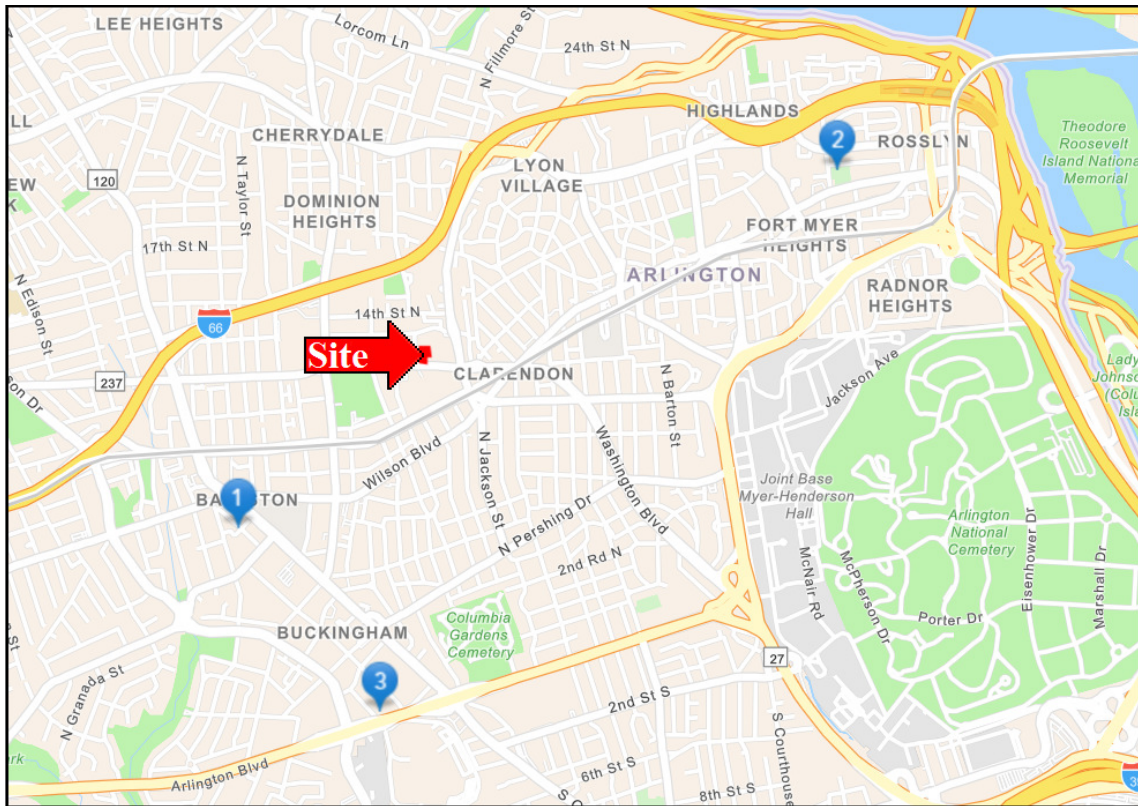
	<u>Map H</u>	<u>30% of</u>	<u>40% of</u>	<u>50% of</u>	<u>60% of</u>	<u>80% of</u>	<u>Market</u>	<u>Total</u>	<u>Delivery</u>
	<u>Key</u>	<u>AMI</u>	<u>AMI</u>	<u>AMI</u>	<u>AMI</u>	<u>AMI</u>	<u>Rate</u>	<u>Units</u>	
Under Construction									
750 North Glebe	1	0	0	0	22	0	469	491	Early-2020
Queens Court Apartments	2	0	9	36	201	3	0	249	June, 2021
(Subtotal)		(0)	(9)	(36)	(223)	(3)	(469)	(740)	
Planned									
The Cadence	3	0	0	40	37	20	0	97	2022
Post West Nine 1/	--	8	0	32	12	28	0	80	2022
(Subtotal)		(8)	(0)	(72)	(25)	(48)	(0)	(177)	
Total		8	9	108	248	51	469	917	

Notes: 1/ Includes eight project-based rental assisted units.

Source: S. Patz & Associates, Inc.

Post East Four has no 30% or 40% units, so this small total will not be included in the net demand analysis. The number of units in the competitive market for Post East Four is 419, separated within three rent/income categories.

Map H shows the locations of the pipeline apartments. 750 North Glebe is located in Ballston, on the south side of N. Glebe Road. The Cadence will be built further south along Arlington Boulevard. The Queens Court Apartment site is being built south of I-66 on the east side of N. Quinn Street in the Rosslyn area.



Map H - Locations of Pipeline Apartments

The paragraphs below detail each of the affordable apartments that are currently under construction or in active planning.

- **750 North Glebe** Construction is ongoing on this mixed-use development located at the intersection of North Glebe Road and Wilson Boulevard across from the Ballston Common Mall and three blocks from the Ballston Metro Station. In addition to 62,000± square feet of retail space, the community will include 491 apartment units, of which 22 will be affordable. The affordable units will consist of six junior one-bedroom units, six one-bedroom units, nine two-bedroom units and one three-bedroom unit. All of these units will be restricted to 60% of AMI. Delivery is slated for early-2020.
- **Queens Court Apartments**. This is a proposal for a 12-story, 249-unit apartment community at 1801 N. Quinn Street. The project will include 150 parking spaces in an underground garage and associated public open space of approximately 9,000 square feet. The property is improved currently with 39 affordable studio and one-bedroom apartment units that will be razed as part of the development. The redevelopment will have with a mix of nine units at 40% of AMI, 36 units at 50% of AMI, 201 units at 60% of AMI and 3 units at 80% of AMI. The unit mix will be 21 studio units, 94 one-bedroom units, 90 two-bedroom units and 44 three-bedroom units. Some pre-construction construction work has begun, with construction expected to begin in April, 2019.

- **The Cadence (Trenton Street Residences)**. This is a proposal for a new five-story apartment building with 97 units at 4333 Arlington Boulevard, all of which will have income restrictions. The community will replace the former American Red Cross building (4333 Arlington Boulevard), two, single-family homes (15 and 19 N. Trenton Street) and the parking lot at the Whitefield Commons site. The community will contain a mix of 11 studio, 33 one-bedroom, 50 two-bedroom, and three three-bedroom units. Within this total will be 40 units restricted to 50% of AMI, 37 units restricted to 60% of AMI and 20 units restricted to 80% of AMI. Amenities will include underground parking, a playground, landscaped courtyard, fitness facilities, and extensive resident services programming. The development will also include two rows of 19 for-sale townhomes. Construction on the apartments is expected to begin in early-2020.
- **Post West Nine**. This is the proposed 9% tax credit portion of the study site, to total 80 affordable units. This portion was allocated tax credits in early-2019. It will contain a mix of 14 one-bedroom, 49 two-bedroom and 17 three-bedroom units. Within this total will be eight units restricted to 30% of AMI, 32 units restricted to 50% of AMI, 12 units restricted to 60% of AMI and 28 units restricted to 80% of AMI.

Shown next are photos of the existing conditions of each of the pipeline apartments. Also shown are renderings of each of the complexes. All will be contemporary, elevator-served buildings with underground parking.



750 N. Glebe



Queens Court Apartments



The Cadence

Demand Analysis

Next presented is the demand analysis for the 80 units at Post East Four Apartments. The demand analysis is based on the VHDA Demand Table/chart.

The table shows the net renter household growth for each of the three AMI income categories. These categories were adjusted to eliminate overlap in the income categories. They show a new expected growth of 1,200 renter households that are in the income categories proposed at Post East Four Apartments.

Added to these income categories, for the 50% and 60% income categories only, is a small adjustment to account for Section 8 and disabled renters. We do not include

substandard housing issues in Arlington County. Elderly households are not the target market.

The net demand is shown based on a subsection from the pipeline proposals above. The current market has a very low vacancy rate, so vacant units are not included in the “supply.” The net demand for all income categories is 850. This total is divided by the three AMI categories.

The 20 50% units are expected to be preleased. The remaining 60 units are expected to be rented at 10 units per month.

<u>Demand Table</u> (2018-2022)					
Income Restrictions		<u>Up to 50%</u>	<u>Up to 60%</u>	<u>Up to 80%</u>	<u>Total</u>
New Rental Households 1/ PLUS		300	300	600	1,200
Existing Households - Over-Burdened 2/ PLUS		30	30	NA	60
Existing Households- Substandard Housing PLUS		0	0	0	0
Elderly Households- Likely to Convert to Rental Housing 3/ PLUS		0	0	0	0
Existing Qualifying Tenants – to Remain After Renovation		--	--	--	--
Total Demand MINUS		330	330	600	1,260
Supply (includes directly comparable vacant units completed or in pipeline in PMA <i>EQUALS</i>)		110	250	50	410
NET DEMAND		220	80	550	850
ABSORPTION PERIOD 1/ (see write-up above)		0 4/	5	2	5

- Notes: 1/ Adjusted to eliminate overlap of income categories.
2/ 10 percent of demand from disabled and/or voucher holders.
3/ Accounted for in projections
4/ Expected to be preleased.

The VHDA capture rate chart is as follows:

	<u>Number</u>
Project Wide Capture Rate - LIHTC Units	8.8%
Project Wide Capture Rate - Market Units (80% units)	NA
Project Wide Capture Rate - All Units	8.8%
Project Wide Absorption Period (in months)	5

I affirm the following:

1. 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 the Virginia Housing Development Authority.
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 in connection with the preparation of this report has communicated to others that my firm is representing VHDA or in any way acting for, at the request of, or on behalf of VHDA.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.



Market Analyst

December 16, 2019

Date