

**Revised Market Analysis for Renovation**  
**Marvin Gardens Apartments**  
**Emporia, Virginia**

**Prepared for:**

**Ms. Jennifer Surber**  
**Surber Development**

**March, 2019**

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■ REAL ESTATE CONSULTANTS ■

March 7, 2019

Ms. Jennifer Surber  
109 Holly Ridge Road  
Glade Spring, Virginia 24340

Dear Ms. Surber:

Attached is our revised market study for the proposed renovation of Marvin Gardens Apartments in Emporia, Virginia for submittal to officials of VHDA on or before March 14, 2019. The report is an update to our 2017 report for the purpose of approval for additional LIHTC financing. The report shows full market support for the renovation, and some improvements to the market area economy. The report is prepared within the current VHDA market study requirements. All market and economic data are enclosed. Please call if additional data or clarification are needed.

Sincerely,

Stuart M. Patz  
President

SMP/mes

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## **Section I Introduction**

Following is our market analysis in support of the proposed extensive renovation for the 40-unit, age-restricted Marvin Gardens Apartments in Emporia, Virginia. The proposal is to renovate the apartment property with residents in place under the Low-Income Housing Tax Credit (LIHTC) program, with 9% tax credits. The report to follow studies that proposal within the current guidelines of Virginia Housing Development Authority (VHDA) for tax credit studies. **The field research for this study was undertaken on February 19, 2019.**

Marvin Gardens Apartments is an age-restricted affordable apartment complex for active seniors, as described below. Once renovated, income, rent and age restrictions, as currently exists, will remain. The majority of the current residents are expected to remain.

Marvin Gardens Apartments was awarded LIHTC's last year for project renovation. The renovation has not yet started, pending additional LIHTC's. That is the purpose of this study, i.e., to show market support for additional tax credit financing. Once renovated, Marvin Gardens Apartments will continue to have rent, income and age restrictions.

The report to follow will be submitted to officials of VHDA as part of the current application for additional tax credits.

To complete the market study within the VHDA requirements, the report to follow is prepared in three separate sections. Section I, the Introduction, describes the Marvin Gardens Apartments property and its setting within the City of Emporia. As part of the property description, detailed data are presented on the apartment property and the tenant characteristics, including their ability to pay post-renovation base rents at the property, as described. The site setting describes the proximity to City public services and commercial/employment centers. Also presented in full detail is the renovation plan for the site.

A second part of Section I is an Economic Overview of the Emporia and Greensville County marketplace. Three factors are studied to determine the economic stability of the market area and the level of expansion within the area. These factors are job growth, employment and labor force trends, and development trends related to new job creation.

The purpose of this analysis is to determine new housing unit demand, as employment increases generate population and household growth and that, in turn, supports new housing unit demand, particularly of the type under study. Employment is the key issue for economic stability and is paramount for seniors to remain in the area or move to Emporia.

Section II of the report is the Affordable Apartment Market Analysis, i.e., the supply/demand study for age-restricted affordable housing. The first part of this section is the Demand Analysis, which “solves” for the number and growth of renter households with incomes, reported in constant 2018 dollars, as 2019 dollar values are not yet established. This income range is essentially \$16,000 to \$20,000 for the majority of the apartment units. The household income range under study is based on projected net rents at Marvin Gardens after renovation. There are four apartment units with very low rents. These are shown separately, as the rents and income qualifications are well below the range of the majority of the units at Marvin Gardens.

The analysis to follow will show the number of current residents at Marvin Gardens who have incomes within the \$12,500 to \$25,600 range. Only half of the residents fall within this income range. Only one tenant has a rent subsidy, via a Section 8 voucher. Other residents reportedly do pay full market rent, but at a higher ratio than normal.

The market analysis studies the current tenants and determines how many will stay after the renovation. The market study determines the number and persons in the market area who can pay the base rent and who represent the potential market for apartment units at Marvin Gardens, if units become available for rent. Marvin Gardens

was financed with LIHTC's at 50% and 60% of AMI. No other rent subsidies are associated with the apartment community at this time.

The second part of Section II is the analysis of the market area's competitive apartment market. We identified 15 area apartment properties to study. These include a mix of senior and family rent restricted properties and general occupancy market rent properties. We studied both senior and age-restricted properties because 30 of the 40 tenants at Marvin Gardens Apartments are 60 years of age or older. The "younger" residents have disabilities. Other low-rent apartments have some seniors. We also studied market rent and affordable rent properties because the rents at Marvin Gardens are comparable with the base rents at other apartment properties.

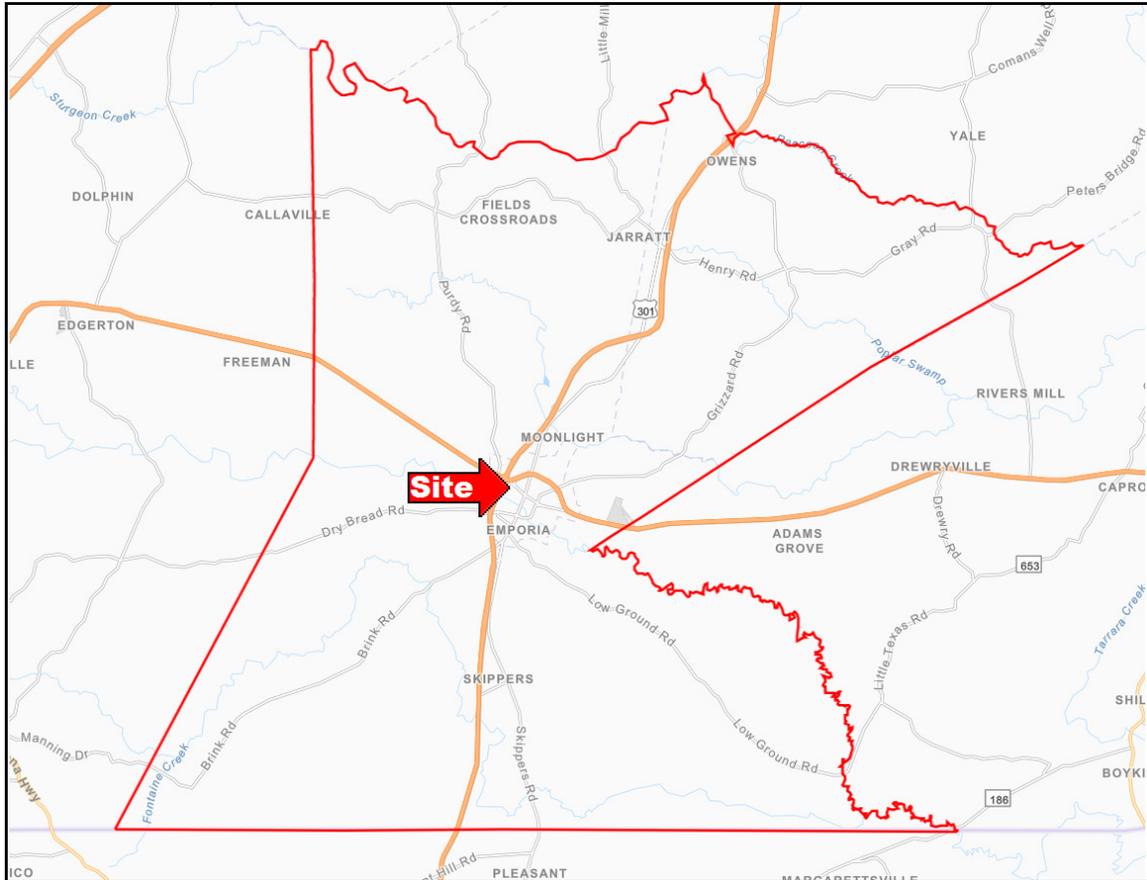
These apartment properties are studied for rents, occupancy, apartment unit characteristics, features and project amenities. These are compared with Marvin Gardens "as-is" and as proposed for renovation.

The final section is the Conclusions, which evaluate feasibility of the proposed post-renovation rents and the ability of current residents to support the new rents. The VHDA demand table show the demand for lease-up of any units during and after renovation and the capture rate required for project lease-up.

### **Market Area Definition**

The market area for Marvin Gardens includes all of Greenville County, the City of Emporia, and a small portion of western Sussex County in the Jarratt area along Interstate 95. The market area was defined by the on-site manager at Marvin Gardens, based on current and past occupancy. Renters in the area consider Greenville County and Emporia City to be a single marketplace. The Jarratt area of Sussex County is close to the subject site and has been included, as apartments in this community are confirmed by on-site management to be competitive with Emporia-area communities. While limited demand for the units at Marvin Gardens might be generated from other rural portions of

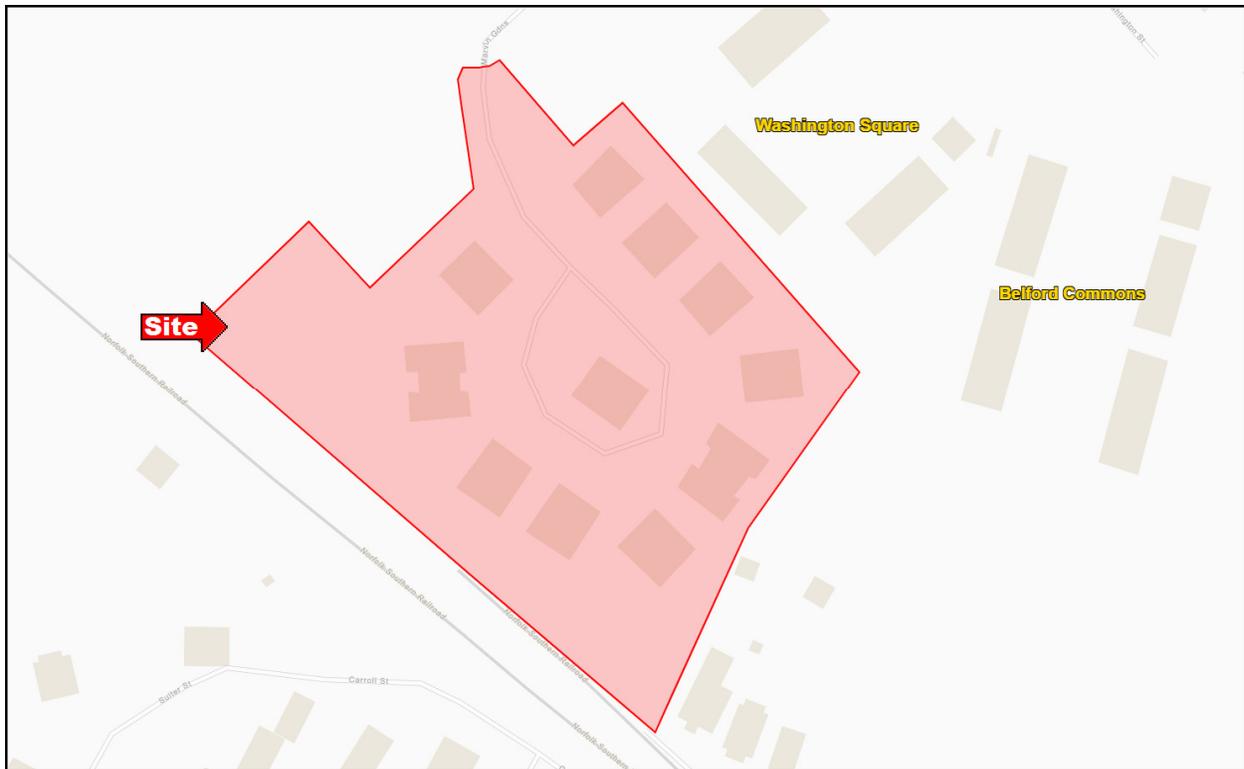
Sussex County and Southhampton County outside the market area, this demand has been taken into account in the projections of renter household growth in the market area.



**Map A - Marvin Gardens Market Area**

### **Site and Property Description**

Marvin Gardens is a 40-unit, tax credit financed, age-restricted community that was constructed in 2003 with LIHTC's. As shown in Map B below, the community is located within the City of Emporia at 600 Maryland Avenue, at the northwestern side of Emporia, south of Atlantic Street and near the I-95/ Route 58 interchange. The community is situated south of Washington Square, an RD-financed community, and Belford Commons, a 24-unit senior HUD Sec. 212 community. Both of these communities are well-maintained and fully occupied.



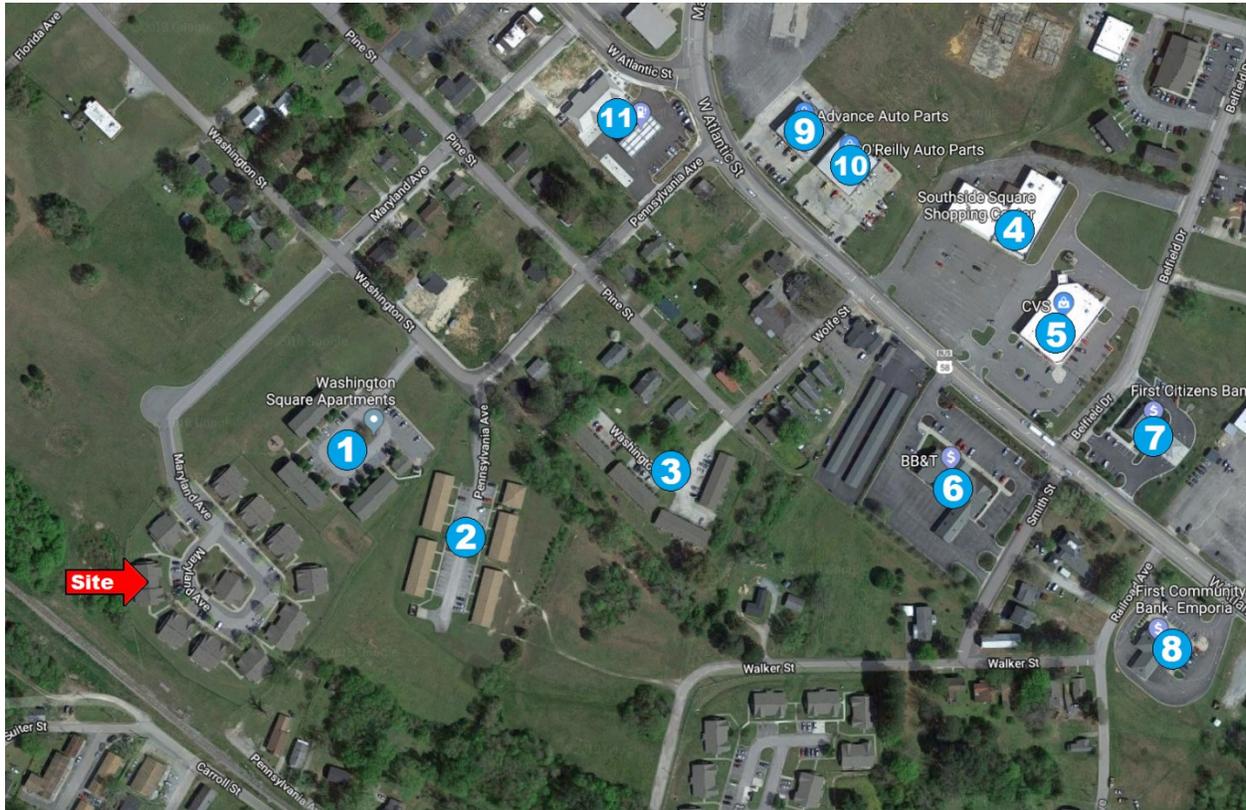
**Map B - Site Location**

The aerial to follow shows a clearer “picture” of the site location. The community is surrounded on the north side by residential uses. Three modest apartment communities, Washington Square (Note 1), Belford Commons (Note 2) and Pine Street Apartments (Note 3), are adjacent to Marvin Gardens. All three communities will be described below. An active rail line runs south of the site.

The aerial also shows that the community is accessible from the north from Route 58 Business via either Maryland Avenue, Pennsylvania Avenue or Wolfe Street. As will be detailed further below, Route 58 Business bisects the City of Emporia and is one of the City’s primary commercial zones, which accesses the downtown areas of the City that include furniture stores, professional offices, and various community facilities.

One small shopping center, the 17,220± square foot Southside Square, (Note 4), is located near Marvin Gardens on the north side of Route 58 Business. This is a distressed shopping center that is largely vacant. The only existing tenant is a nail salon. Adjacent to this shopping center is a 13,230± square foot CVS Pharmacy (Note 5). Other nearby

commercial uses include BB&T (Note 6), First Citizens Bank (Note 7), First Community Bank (Note 8), Advance Auto Parts (Note 9), O'Reilly Auto Parts (Note 10) and a BP gas station with convenience store (Note 11).



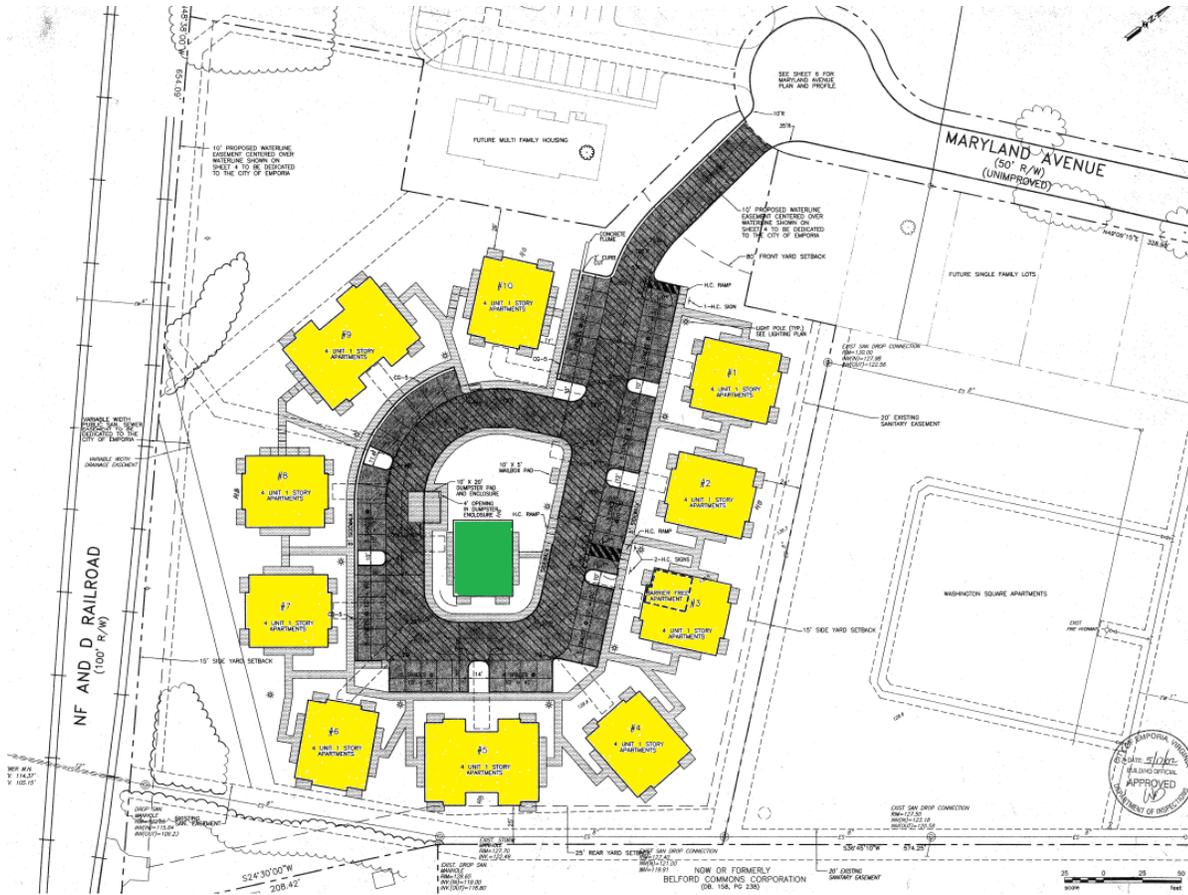
**Northern Aerial**

The following aerial view of the site plan shows that the apartment complex has a basic plan of small garden buildings surrounding a community building. Access to the site is from Washington Street in the north. The community consists of ten multiplex apartment structures in a loop formation, where the parking spaces are allocated. At the center of the loop is a small clubhouse with community space, a leasing office, maintenance space and laundry facilities. The parking area fronts each of these uses and includes a central courtyard. Marvin Gardens is well-landscaped with sidewalks fronting each of the structures. There are a total of 54 parking spaces, which is a ratio of 1.35 spaces per unit. This ratio is reported to be adequate for current residents by the property manager.



Marvin Gardens Aerial

Following is a closer view of the Marvins Gardens Apartments site plan and its access point with Maryland Avenue. There are no buffers between the apartment buildings and the one-track right-of-way, but considerable grass areas separate the apartment buildings from the railroad track.



### Marvin Gardens Site Plan

To follow are photos of the Marvin Gardens apartment buildings. First shown are photos of the residential buildings. These are single-story quad buildings, each with four units, with brick and vinyl exteriors and pitched roofs. Each unit has a porch area. The building exteriors are well maintained. No significant renovations have been made to the structures since the opening of the community in 2003.

The photos show grass areas adjacent to the apartment buildings and mature trees throughout the property. The interior site roadway is wide.



**Typical Residential Units**



**Typical Residential Units**

Next shown is the clubhouse, which is similar in appearance to the residential units. It is also well-maintained. The clubhouse contains the site offices, a spacious community room, kitchen and maintenance room and bathrooms. A laundry room is also within the clubhouse with four washing machines and four dryers. A separate entrance exists to the laundry room off the side of the building.



**Clubhouse**

Shown below are the typical parking areas, which front each of the buildings that making up Marvin Gardens. Management reports adequate on-site parking.



**Typical Parking Areas**

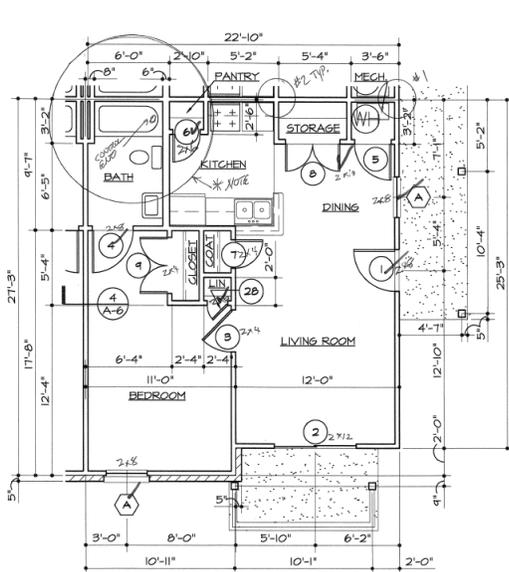
### **Apartment Unit Characteristics**

Marvin Gardens consists of 40 apartment units, of which 32 are one-bedroom units and eight are two-bedroom units. The one-bedroom units are rent-restricted to 50% of AMI, measure 576 square feet and rent for \$420 net, with electric costs paid by the resident. The two-bedroom units are rent-restricted to 60% of AMI, measure 852 square feet and rent for \$535. Rents include cold water, sewage and trash collection.

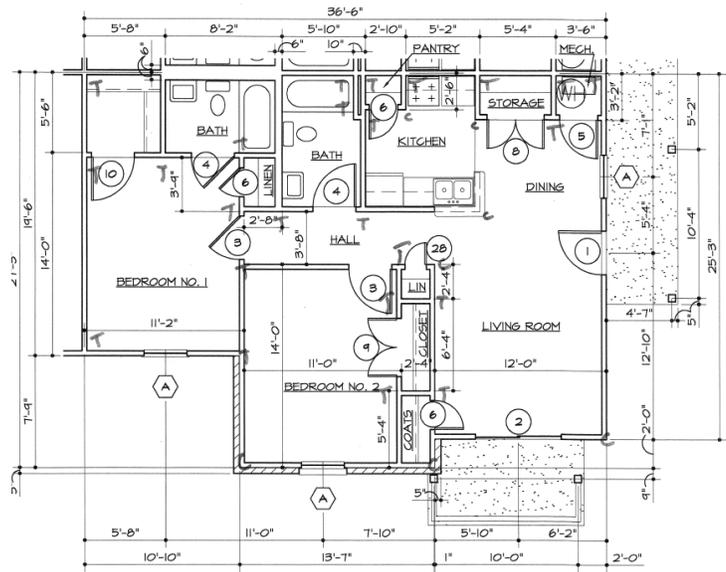
<b>Marvin Gardens Unit Characteristics</b>					
	<b>Total Units</b>	<b>Vacant Units</b>	<b>Size</b>	<b>Restriction</b>	<b>Rent 1/</b>
One-Bedroom	32	0	576	50%	\$435
Two-Bedroom	8	0	852	60%	\$535
<b>Total</b>	<b>40</b>	<b>0 2/</b>			

Note: 1/ Includes water, sewage and trash collection.  
2/ Nine people on wait list.

**Apartment Unit Floor Plans.** The floor plans for the one- and two-bedroom units are shown next. The units are rectangular in shape. The kitchen areas are open and adjacent to a dining/living area. The one-bedroom unit has one full bathroom and a standard closet in each bedroom. The kitchens have a dishwasher and standard appliances, as well as an alcove for a washer and dryer, at an extra cost. The two-bedrooms have two full baths. Each apartment unit has three or four windows for an abundance of light and air. All apartments also have a storage closet and patio.



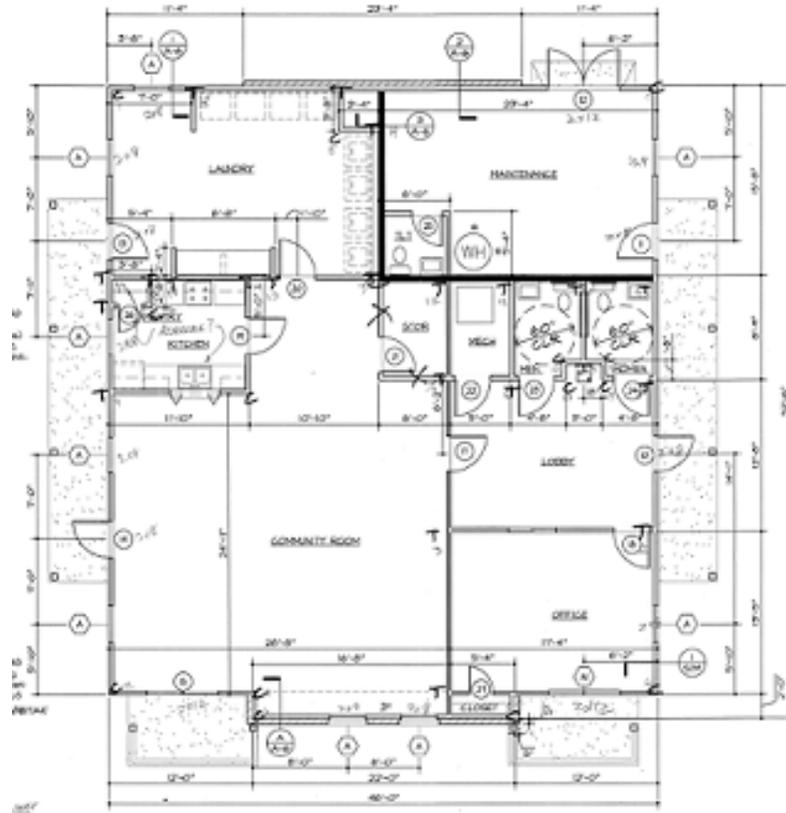
**One-Bedroom**



**Two-Bedroom**

The quad building design allows for attractive floor plans. The units are adequate, or spacious, for senior-occupied, affordable apartment units. Closet space is considerable. Both unit sizes have dining areas.

**Community Building.** A community building is located at the center of the community and is walkable from each of the units. It shares the same look as the residential buildings. The building contains a community room with kitchenette, leasing office, laundry facility and maintenance room.



**Community Building**

**Current Resident Characteristics.** The apartment complex is fully occupied, with nine people on the wait list. The community is almost always fully occupied. An average of one or two units turnover annually. Three residents are under the age of 50 and have disabilities, while ten are between the ages of 51 and 60. There are 21 residents between the ages of 61 and 70, while 10 are between the ages of 71 and 80. Only one tenants is older than 81. 36 of the units are single-person households, while the remaining four are two-person households. A total of six units are occupied by disabled tenants. The disabled tenants typically have very low incomes. Marvin Gardens contains a mix of low-income,

single-person households of older tenants and/or disabled tenants. The age distribution of current residents is:

<b><u>Age Characteristics of Persons</u></b>	
	<b><u>Age</u></b>
40-50	3
51-60	10
61-70	21
71-80	10
81-90	<u>1</u>
<b>Total</b>	<b>45 1/</b>
Note: 1/ Accounted for by four two-person households.	

The next chart shows the incomes of current households, based on data provided by the on-site manager. 20 percent have incomes under \$10,000, while another 30 percent have incomes between \$10,000 and \$14,999. Seven households earn between \$15,000 and \$19,999. Nine households are between \$20,000 and \$29,999 in income category. Three household earn between \$30,000 and \$34,999. One household earns more than \$40,000. These incomes (for some) are high and indicate that some of the residents below the age of 60 still work.

<b><u>Income Characteristics</u></b>	
	<b><u>Household Incomes</u></b>
\$5,000-\$9,999	8
\$10,000-\$14,999	12
\$15,000-\$19,999	7
\$20,000-\$24,999	8
\$25,000-\$29,999	1
\$30,000-\$34,999	3
\$35,000-\$39,999	0
\$40,000-\$49,999	<u>1</u>
<b>Total</b>	<b>40</b>

Management reports that all residents pay the base rent, plus electricity. For many, that means that well over 40 percent of income is allocated to housing costs, possibly at a reduction of other items for daily use. Or, it is likely that in some cases, disability payments supplement base income. Management reports that all tenants are current on full rent payment.

## Site Setting

The above paragraphs presented a brief description of the site location of Marvin Gardens, particularly related to its immediate environment. That analysis and Map C shows that the adjacent developments consist largely of residential uses.

Map C below shows a more detailed site setting of Marvin Gardens. Marvin Gardens is located off Maryland Street near I-95, which accesses the more rural portions of Greenville County near Emporia. Route 58 Business is the closest commercial corridor to the study site, located just a few blocks north of Marvin Gardens. This is the location of the largely vacant Southside Square Shopping Center (Note 1) and a CVS Pharmacy (Note 2).

On the north side of the Route 58, along Market Drive, is an area with better commercial space. This is the location of a 109,540± square foot Wal-Mart Supercenter (Note 3) that opened in 1999, and was remodeled in 2009. Two large shopping centers are also located in this area and are detailed in the paragraphs below:

- **Emporia Marketplace** (Note 4). This 79,080± square foot shopping center is located on the east side of Market Drive, just north of Route 58. Tenants include Food Lion, Family Dollar and Peebles. Smaller tenants include Hibbett Sports, White's Shoes, Domino's Pizza and Verizon Wireless.
- **Belfield Marketplace** (Note 5). This is a 35,040± square foot shopping center with tenants including Cato, Shoe Show and It's Fashion. It was constructed in 1999.

In addition to several hotels, the intersection of Route 58 and Market Drive is also the location of several primarily fast food restaurants including Burger King, Cracker Barrel, Wendy's, McDonald's, Taco Bell, KFC, Arby's, Pizza Hut and Hardees.

The only other major shopping area near the site is Emporia Shopping Center (Note 6), located at 514 N. Main Street. This is an 85,000± square foot shopping center that is anchored by a Roses and Dollar Tree.

In addition to the many nearby retailers that serve the study site, Map C also shows several of the larger nearby employers. These employers include Georgia Pacific Wood Products (Note 7), which operates a wood product manufacturing facility; SteelFab (Note 8), which manufactures fabricated metal products; Emporia Manor (Note 9), a nursing home; Sadler Brothers Oil Company (Note 10), which sells kerosene and heating oils; and Franklin Braid Manufacturing (Note 11), a manufacturer of braids. All of these employers are within a quick drive of Marvin Gardens.

What is evident in Map C is the excellent location of Marvin Gardens Apartments to community facilities and employment centers.



**Map C - Site Setting**

Following are brief descriptions of the public and commercial facilities in that serve the resident population at Marvin Gardens.

**Medical Care.** The closest hospital to Marvin Gardens is the 80-bed Southern Virginia Regional Medical Center, located 0.9 miles northeast of the site at 727 N Main Street. This hospital is an important local employer and offers a fairly wide range of services including emergency medicine, general surgery, cardiac rehabilitation, pediatrics, anesthesiology, and oncology, among others.

**Community Facilities.** The closest post office is located 1.1 miles southeast of the study site at 109 S Main Street. The Emporia Fire Department is located at 209 Halifax Street, one mile east of Marvin Gardens. Richardson Memorial Library is located at 100 Spring Street, 1.3 miles southeast of the study site.

The Emporia-Greenville Senior Center is located at 106 West Atlantic Street, less than a mile northwest of the site. The center is open several days a week, usually 10:00 a.m. to 2:00 p.m., and offers activities including arts and crafts and guest lectures.

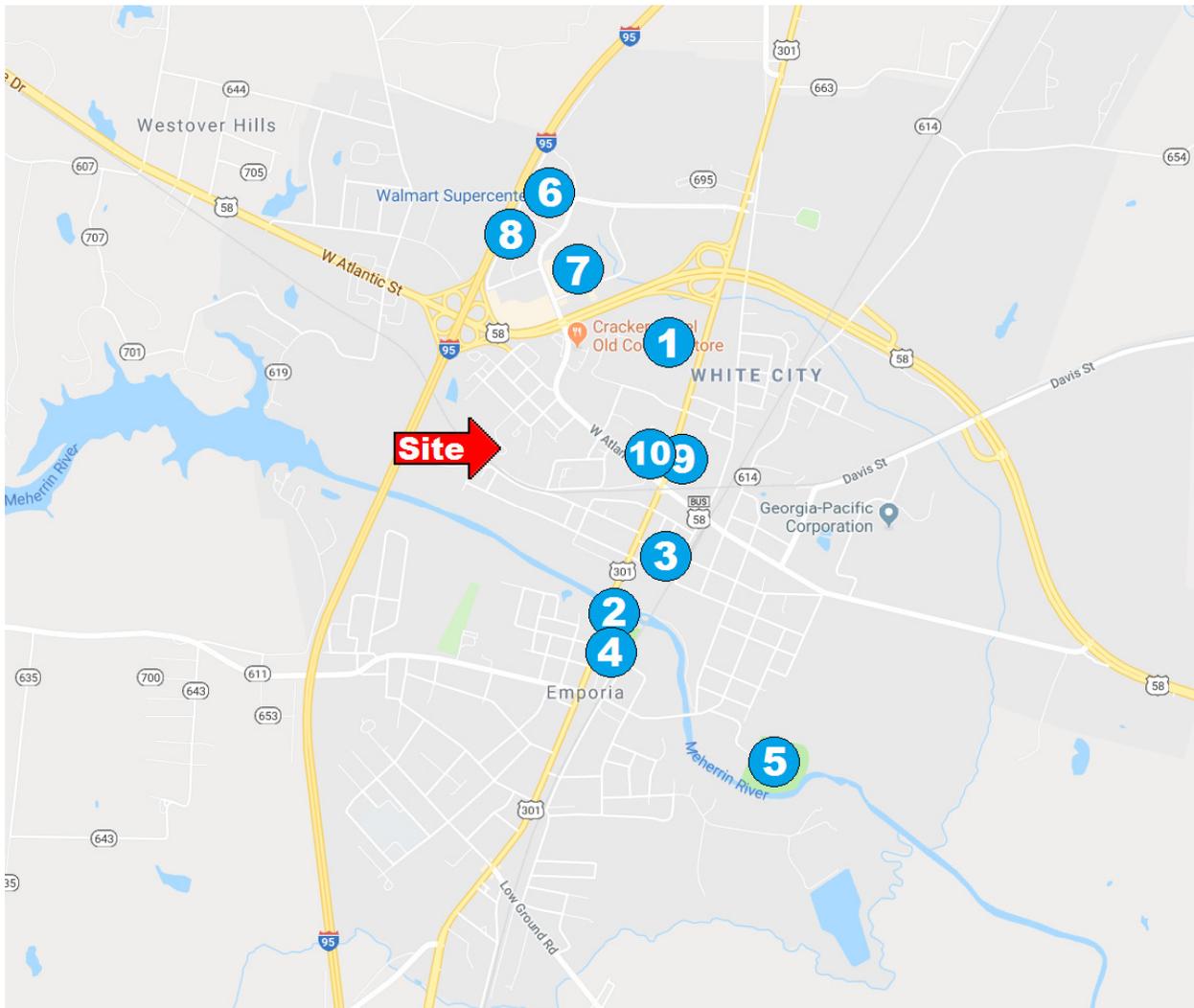
**Religious Institutions.** Several churches are located within close proximity to Marvin Gardens. These are listed in the chart below.

<b><u>Location of Nearby Churches</u></b>	
<b><u>Name</u></b>	<b><u>Address</u></b>
Royal Baptist Church	106 W Atlantic St
Calvary Baptist Church	310 N Main St
New Birth Holiness Church	710 N Main St
Mountaintop Christian Church	138 E Atlantic St
White Chapel Church of God	1030 Reese St
Source: S. Patz & Associates field survey	

**Parks and Recreation.** The only nearby park is Meherrin River Park, located on Meherrin River Park Road. This park was built on the site of the former Emporia city dump east of the Lee Street river bridge. Built after the City closed the dump, the Meherrin River Park complex include five lighted athletic fields with facilities for baseball, softball, soccer, and football. Two playgrounds and a large picnic pavilion were later added.

**Shopping.** As previously noted, several shopping centers, a Wal-Mart Supercenter and Food Lion grocery store are located within close proximity to Marvin Gardens.

Map D shows the location of the community facilities that serve residents at Marvin Gardens. Most important is that the setting has a full array of basic services for area residents.



**Map D - Location of Area Community and Public Facilities**

	<u>Map D</u> <u>Key</u>		<u>Map D</u> <u>Key</u>
Southern Virginia Regional Medical Center	1	Wal-Mart Supercenter	6
USPS	2	Emporia Marketplace (Food Lion)	7
Emporia Fire Department	3	Belfield Marketplace	8
Richardson Memorial Library	4	Emporia Shopping Center (Roses)	9
Meherrin River Park	5	Emporia-Greenville Senior Center	10

### **Development Program**

The renovation proposal for Marvin Gardens has an approximate cost of \$54,250± per unit, or a total budget of \$2,170,162 cost. The upgrades to be included as part of the renovation are summarized in the list that follows, among other upgrades:

### **Site and Exterior Improvements**

- Repair sidewalks of approximately 80% of existing walks.
- Grade area along sidewalks, where needed
- Add additional plantings
- Regrade areas where needed
- Repair dumpster and pads
- Install new postal boxes and repair shelter
- Prune, remove and trim vegetation as needed
- Plant new shrubbery
- Repair and restripe parking lot cracks and resurface lots
- Upgrade external lighting

### **Building Exteriors**

- Replace siding and trim to building exteriors
- Install Hardi Plank siding
- Paint trim
- Replace all windows with Energy Star rated window units
- Remove existing asphalt shingles and install new shingles
- Replace outside vents and rusted flashing
- Add attic installation
- Upgrade existing front and side parcels
- Repair existing exterior doors
- Replace existing patio doors
- Install new building signs

## **Community Building**

- Upgrade lobby, office, building bathrooms, community room, kitchenette, laundry room and maintenance room

## **Apartment Units**

- Remove existing wall and cased opening at kitchen area and shore floor joist on both sides before removing bearing wall portion
- Remove existing walls of former mechanical room, including door assembly
- Remove existing Kitchen cabinets, counter, and appliances
- Remove existing water heater
- Remove existing HVAC system to include air handler, ductwork and associated GWB bulkheads, and outdoor condenser
- In bathroom, remove and replace water closet, lavatory and bathtub
- Remove walls and door assemblies as needed for bedroom and former hall plan modifications
- Replace and repair all demolished areas

## **Living Room**

- Install new HVAC Mini -split evaporator
- Install new LVT flooring
- Install new 3068 pre-hung insulated entry door assembly

## **Dining Area**

- Install new LVT flooring
- Install new Energy Star rated ceiling mounted LED light fixture
- Prepare and paint walls, ceiling, and trim

## **Water Heater Closet**

- Install new levered latchset, keyed function, on existing door.
- Install new LVT flooring
- Install new Energy Star rated ceiling mounted LED light fixture
- Install new water heater
- Prepare and paint walls, ceiling, trim, and door

## **Kitchen**

- Install new LVT Flooring per manufacturer's recommendations
- Install new base cabinets, wall cabinets, and counter
- Install new kitchen appliances
- Install new 6" deep double bowl stainless steel sink

- Install two GFCI receptacles
- Install new four-foot Energy Star rated LED

### **Bathroom**

- Reframe Bathroom
- In UD/HC units, install new ceramic tile flooring
- In UD units, install Sheet Vinyl Flooring
- Install new wall mounted Energy Star rated LED light fixture
- In UD/HC units remove existing tub and controls
- In UD units clean existing tubs
- In UD/HC units in stall new remote floor drain
- Install new 30" wide vanity top with side support brackets in new location
- Install Energy Star rated ADA compliant WaterSense labeled low flow water closet
- Install new bathroom accessories to include 36" wall mounted mirror, surface mounted medicine cabinet
- Prepare and paint walls, ceiling, trim and new door

### **Mechanical**

- HVAC
- Install new ductless mini-split heat pump system with adaptive recovery technology
- Install new Panasonic ERV (fresh air) unit
- Installation to include all associated wiring and wood frame
- Install transfer grille above bedroom door

### **Water Heater**

- Install new Electric 50-gallon water heater. Water heater shall have an Energy Factor rating of 0.95

### **Electrical**

- Provide 2 new GFCI receptacles in kitchen
- Provide new electrical circuitry or reroute existing circuitry as needed for kitchen appliance connections, HVAC installation, water heater installation, dehumidifier rough-in, ERV installation, and light fixtures, bath exhaust and smoke detector installation

### **Plumbing**

- Provide new water supply and drain/vent piping for water heater installation, dehumidifier rough -in, new HVAC equipment installation, kitchen sink, new

- water closet and vanity sink installations
- Install Dehumidifier rough-ins

**Windows**

- Replace all existing windows
- Install new 1” solid vinyl horizontal window blinds

Overall, the renovation program is extensive and all encompassing. Some small items are not listed above. Once renovated, Marvin Gardens will “comply” to all of the required energy saving features of an Energy Star rated property.

The chart below presents the existing and proposed post-renovations rents at Marvin Gardens. Post-renovation one-bedroom rents will have a mix of four units, rent-restricted to 30% of AMI, with rents at \$269; 16 units at 50% of AMI, with rents at \$488; and 12 units at 60% of AMI, with rents at \$540. Only 16 of the 32 one-bedroom units will be at higher rents than the current base rent. Rents will include cold water, sewer and trash collection.

The eight two-bedroom units will be restricted to households earning 60% of AMI and 80% of AMI. The rents will increase to \$640.

**Post Renovation Rents**

	<u>Existing Units</u>	<u>Proposed Units</u>	<u>Existing Rents</u> 1/	<u>Post-Renovation Base Rents</u> 2/
<b><u>One-Bedroom</u></b>				
30% of AMI	0	4	--	\$269
50% of AMI	32	16	\$435	\$488
60% of AMI	0	12	--	\$540
(Subtotal)	(32)	(32)		
<b><u>Two-Bedroom</u></b>				
60% of AMI	8	4	\$535	\$640
80% of AMI	--	4	--	\$640
<b>Total</b>	<b>40</b>	<b>40</b>		

Notes: 1/ Includes water, sewage and trash collection.

2/ Includes only trash collection.

The proposed 2019 post-renovation rents at Marvin Gardens Apartments are a mix of lower and higher rents as the past proposal, due in part to the fact that the maximum allowable rents have been increased by 5 percent for 2019, compared with 2017.

The following chart shows that the proposed post-renovation gross rents are well below the HUD maximum allowable gross rents. The UA is based on a utility audit.

**Rent Comparison, Marvin Gardens**

	<b><u>Base Rent</u></b>	<b><u>UA 1/</u></b>	<b><u>Gross Rent</u></b>	<b><u>HUD Gross Rent</u></b>
<b><u>One-Bedroom</u></b>				
30% of AMI	\$269	\$51	\$328	\$420
50% of AMI	\$488	\$51	\$539	\$547
60% of AMI	\$540	\$51	\$599	\$657
<b><u>Two-Bedroom</u></b>				
60% of AMI	\$640	\$71	\$711	\$789
80% of AMI	\$640	\$71	\$711	\$1,008
Note: 1/ Estimated by SPA based on audit for energy efficient HVAC.				

**Market Area Economic Overview**

This part of the market analysis presents an economic overview of the market area under study in terms of job and employment growth. Three economic factors are presented: (1) at-place job growth, (2) employment and labor force trends, and (3) new active development plans that are expected to generate net new job growth. While few of the existing residents at Marvin Gardens work and likely few future residents will work, employment trends show economic stability of the market area and the “ability” of the market area to retain seniors or attract seniors to be with family.

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. The economic factors are not necessarily positive and show slow/no growth.

## At-Place Employment

As shown in Table 1, the market area, which includes Greenville County, Sussex County and Emporia City, has just over 11,600± at place jobs as of year-end 2017. 2018 data is unavailable at this time and will likely be available by Summer, 2019. The current employment total is 980± below the peak year of 2008, prior to the recession, and unchanged from 2016. Although total employment decreased every year between 2008 and 2014, employment did grow by nearly 200 in 2015 and 40± in 2016.

Due to the small economies of the three municipalities that comprise the market area, there are a lot of non-disclosure (ND) issues in Table 1. The annual totals are correct, but employment data are not made available by the Department of Commerce, Bureau of Labor Statistics (BLS), that may show employment data related to a private/single businesses.

Retail Trade jobs and Manufacturing jobs are two of the largest private area job industries in the market area, with moderate growth taking place in both sectors in recent years. Most of these jobs are situated in and around Emporia. Local and State Government are also major employment sectors in the market area. Local Government accounts for nearly 10.7 percent of market area jobs, with most of these jobs related to each jurisdiction's public school system. State Government is also a major employment sector, accounting for nearly 15 percent of total employment in the market area. Most of the State government jobs are related to the large Sussex I and II Correctional Center in Waverly and the Greenville Correctional Center in Jaratt. These are two stable employers. Much of the market area employment is hourly wage jobs.

For 2017, total at-place jobs are broken down by jurisdiction, as follows:

- Greenville County - 4,599
- Sussex County- 3,618
- Emporia City - 3,422

**Table 1: Trends in Average At-Place Employment, Marvin Gardens Market Area, 2008-2017** 1/

<b>Industry</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Agr./ Forestry/ Fishing	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Utilities	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Construction	215	ND	674	157	213	212	318	302	ND	ND
Manufacturing	2,165	ND	ND	ND	1,826	1,919	1,793	1,939	ND	ND
Wholesale Trade	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Retail Trade	1,455	1,440	1,369	1,358	1,085	1,026	1,025	1,074	1,082	1,138
Transport. & Warehousing	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Information	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Finance/Insurance	128	127	133	125	116	ND	ND	ND	ND	ND
Real Estate	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Professional/Tech. Services	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Management of Companies	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Admin./Waste Services	188	ND	244	361	295	261	317	ND	476	497
Educational Services	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Health Care	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Arts/Enter./Recreation	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Accommodations/Food	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Other Services	280	290	290	278	268	ND	ND	ND	196	213
Local Government	ND	ND	ND	ND	1,409	1,419	1,230	1,227	1,241	1,240
State Government	ND	ND	ND	ND	1,815	1,853	1,848	1,777	1,819	1,717
Federal Government	<u>88</u>	<u>92</u>	<u>94</u>	<u>81</u>	<u>82</u>	<u>89</u>	<u>86</u>	<u>84</u>	<u>81</u>	<u>83</u>
<b>Total</b>	<b>12,615</b>	<b>11,840</b>	<b>11,775</b>	<b>11,846</b>	<b>11,572</b>	<b>11,510</b>	<b>11,403</b>	<b>11,598</b>	<b>11,639</b>	<b>11,639</b>

Notes: 1/ Market area includes Greenville County, Sussex County and Emporia City.

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

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

## **Employment and Labor Force**

At-place jobs refer to where the job is located, and in this instance, that relates to jobs located in one of the three jurisdictions that comprise the market area. Employment refers to the number of market area residents who are employed, no matter where the job is located. At-place job totals are slightly higher compared with employment, which means that some in-commuting occurs into Emporia from locations outside of the market area.

Table 2 shows that employment dropped every year between 2008 and 2010, as a result of the recession at that time. Job losses during this period totaled 550±. While employment grew slightly in 2011, it fell every year between 2012 and 2015. Employment grew modestly in 2016 by 30± jobs and additional 150± in 2017.

Another sign of a modest or slow growth local economy is the contraction of the labor force. The labor force has declined every year since 2011, which suggests a lack of confidence of market area residents in securing employment. Nevertheless, the labor force grew modestly by 90± in 2017.

**Table 2: Trends in Employment and Unemployment, Greenville County-Sussex County-Emporia City, VA, 2008-2017**

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	11,411	10,721	690	6.4%
2009	11,377	10,226	1,151	11.3%
2010	11,413	10,167	1,246	12.3%
2011	11,519	10,381	1,138	11.0%
2012	11,216	10,154	1,062	10.5%
2013	10,922	9,963	959	9.6%
2014	10,666	9,879	787	8.0%
2015	10,490	9,830	660	6.7%
2016	10,387	9,776	611	6.3%
2017	10,475	9,921	554	5.6%
<b>Net Change</b>	<b>-936</b>	<b>-800</b>	<b>-136</b>	<b>-0.8%</b>

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

### Economic Development Activity

Following is a brief description of current economic development in the market area, as a prelude to likely future job and employment growth.

- **Greenville County Power Station.** Construction was completed in late-2018 on this power station, with a generating capacity of 1,588-megawatts. This facility employs 49 people earning wages of \$60,000 and above. This facility is located west of Emporia.
- **TradeWind Energy** received approval in October, 2018 to construct a 1,000-acre solar farm near the intersection of Rockbridge Road and Collins Road in Greenville County.
- **Oran Safety Glass,** a manufacturer of specialty glass for buses, military vehicles, and trains, announced in September, 2017 that it would expand its manufacturing operation in Greenville County, located just outside of Emporia, by adding 55 new jobs. These jobs were created in mid-2018 at hourly wages.

- **Eastern Engineered Wood Products**, a wholesale distributor of structural wood products used in residential and light-commercial construction, opened a new distribution center in December, 2018 in Emporia. The facility employs fewer than ten people.

These announcements total approximately 120 new jobs, in addition to any temporary construction jobs. There have been no mass layoffs in the market area since 2015.

Overall, the market area economy is steadily improving and can be defines as slow growth, but stable. The following subsection will show a slight “uptick” in population growth and a very “tight” apartment market.

## **Section II Affordable Housing Market Analysis**

This section of the report presents the supply-demand analysis for the proposed renovation of Marvin Gardens Apartments. First presented is the demand analysis, based on income data for current and prospective residents of Marvin Gardens. Net rents will be in a range of 30%, 50%, 60% and 80% of AMI, so there are a wide range of incomes expected for residents, within the \$11,100 to \$26,000 range, when incomes are shown in constant 2018 dollars, as 2019 dollars are not yet known. The forecast date for the analysis is 2021, as the proposed renovation is expected to be started by late-2019 and lease-up will be completed by late-2020/21.

The demographic analysis is followed by the competitive apartment market analysis. Fifteen market area apartment properties are studied, four senior and 11 family. The family properties are studied due to the small number of age-restricted apartment properties in the market area and to determine the number of seniors who live in non-age-restricted apartment units. All properties are studied for rents, occupancy, unit characteristics and amenities. The number of seniors in “family” properties represents a pent-up demand for new senior housing.

### **Demographic Analysis**

#### **Population Trends and Projections**

The market area had a population of 19,420± at the time of the 2010 Census, which is a modest increase of 1,080± over the 2000 population count, which is also a Census figure. The market area population increased at a higher rate between 1990 and 2000, growing by 3,180±. Most of this growth took place in Greenville County and consists of the inmate population of Greenville Correctional Center, which opened in late-1990 just outside the community of Jarratt. This facility is one of the largest employers in the market area with approximately 220± employees.

As of 2018, the market area totaled 18,210± people, which is a decline of 850± over the 2010 Census Count. This figure is based on estimates from UVA's Weldon Cooper Center for Public Service. Population declines were recorded in all three jurisdictions. The decrease in population is attributable both to job losses during and after the past recession, of the late-2000's and early-2010's as well as to a shrinking prison population at the Greensville Correctional Center. The prison population fell by over 800 since 2010, which is most of the market area population loss. Data in Table 3, excluding the decrease in the person population, show that the household population in the market area has been stable since 2000.

This point needs a full explanation. The market area household population has been relatively strong since 1990, with almost all of the population change in the Group Quarter population and that was the result of the opening of the correctional facility that opened in the late-1990's and are shown in the 2000 population count. These trends do not affect the household trends.

Based on recent trends and economic development activity, the market area's total population is projected to grow modestly and reach 18,320± by 2021. This would likely be household population growth. It is possible that the 2021 market area population projection is conservative, based on current employment and job trends. However, it is difficult to determine which part of the county, or region, will attract new residents from expected job growth, so we are using a somewhat conservative population forecast for our analysis.

**Table 3: Trends and Projections of Population and Households by Tenure and Income, Marvin Gardens Market Area, 1990-2021**

(Constant 2019 Dollars)

	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2018</b>	<b>2021</b>
Market Area Population	15,160	18,340	19,420	18,210	18,320
Greensville County	8,850	11,560	12,240	11,470	11,520
Emporia City	5,310	5,670	5,930	5,530	5,590
Sussex County Portion 1/	1,010	1,120	1,250	1,210	1,210
Group Quarters Population 2/	240	3,330	3,770	3,250 3/	3,250
Household Population	14,920	15,010	15,650	14,960	15,070
Persons Per Household	2.68	2.47	2.43	2.42	2.41
Households	5,560	6,070	6,430	6,180	6,250
<b><u>Senior Demographics (65+)</u></b>					
Total Population	2,520	2,690	2,810	2,900	2,950
Percent of Total Population	16.6%	14.7%	14.5%	15.9%	16.1%
Senior Households	1,590	1,800	1,820	1,880	1,920
Percent of Total Households	28.6%	29.7%	28.3%	30.4%	30.7%
<b><u>Target Market 4/</u></b>					
<b>1BR (30% of AMI) - \$11,120-\$13,440</b>					
Total Households	90	70	80	90	100
Percent of Total Households	1.6%	1.2%	1.2%	1.5%	1.6%
Percent of Senior Households	5.7%	3.9%	4.4%	4.8%	5.2%
<b>1BR (50% of AMI) - \$18,000-\$22,400</b>					
Total Households	160	150	160	170	180
Percent of Total Households	2.9%	2.5%	2.5%	2.8%	2.9%
Percent of Senior Households	10.1%	8.3%	8.8%	9.1%	9.4%
<b>1BR (60% of AMI) - \$19,000-\$26,880</b>					
Total Households	280	260	270	280	290
Percent of Total Households	5.0%	4.3%	4.2%	4.5%	4.6%
Percent of Senior Households	17.6%	14.4%	14.8%	14.9%	15.1%
<b>2BR (60% of AMI) - \$23,000-\$30,200</b>					
Total Households	230	220	230	240	250
Percent of Total Households	4.1%	3.6%	3.6%	3.9%	4.0%
Percent of Senior Households	14.5%	12.2%	12.6%	12.8%	14.3.0%
<b>2BR (80% of AMI) - \$26,000-\$40,300</b>					
Total Households	240	310	380	430	450
Percent of Total Households	4.3%	5.1%	5.9%	7.0%	7.2%
Percent of Senior Households	15.1%	17.2%	20.8%	22.9%	23.4%

Notes: 1/ Includes 2010 Census Block Group 8701 BG 3 in Sussex County.

2/ Primarily inmates in Greensville Correctional Center, which opened in late-1990.

3/ 2,950 inmates as of March, 2018.

4/ Assumes maximum of two-person households.

Source: 1990, 2000 and 2010 U.S. Department of Commerce, Bureau of the Census; Weldon Cooper Center for Public Service; S. Patz and Associates, Inc.

**Group Quarters Population.** The market area has a large Group Quarters population, which totals 3,250± people as of 2018. This accounts for nearly 18 percent of the market area population. As previously noted, nearly all of the Group Quarters population consists of inmates in the Greenville Correctional Center. This population is expected to remain stable in the near future. The Group Quarters Population was deducted from total population to determine Household Population, as shown. Household Population is the basis for determining housing unit demand.

**Households.** As of 2018, the market area's numbers approximately 6,180± households, with a slight decrease over the 2010 household total. The decline in the household count is related to the wider population trends over the past eight years, attributable with job losses during and following the recession.

One point to note is that the market area average household size has been on the decline since 1990 and likely prior. Average household size was 2.68 in 1990 and fell to 2.47 in 2000. It continued to decrease between 2000 and 2010 and stood at 2.43 in 2010. By 2021, average household size in the market area is projected to fall slightly further to 2.41.

The decrease in household size, particularly a decrease that was so sizable since 2010, is likely due to younger persons moving from Emporia to find employment outside of the market area.

**Active Senior Population.** The active senior population was defined as seniors over the age 65. In 2018, the senior population in the market area totaled 2,900±, or 15.9 percent of the total market area population. During the 2010 to 2018 period, the net growth of the 65+ age population was 90±, or 10± people per year on average. By 2021, the market area is projected to total 2,950± seniors in this age category, or 16.1 percent of the market area population. This forecast is for a net growth of 50± persons over the age of 65. The percentage of seniors in the market area of 16.1+ percent are above the state and national averages of approximately 13.5 percent.

Data in Table 3 also show the net growth in the number of households with the household head aged 65 years or over. In 2010, the market area had 1,880± active senior-headed households. By 2021, this total is projected to grow by 40± and reach 1,920± households. Data on the senior population shows an average household size for the 65+ age population of 1.54, which is slightly below the average in many market areas.

**Target Senior Market.** Marvin Gardens will have rents restricted to seniors earning 30%, 50% and 60% of the Area Median Income (AMI). The paragraphs below will detail each of these demographic categories.

- **One-Bedroom (30% of AMI).** Qualified senior households for this income category must earn annual incomes ranging between \$11,120 and \$13,440, when reported in constant 2018 dollars. The demographic analysis shows that as of 2018, the market area had 90± senior households within this income range. The 2018 total exceeds the 2010 total by 10± households. By 2021, the market area is projected to add 10± households within this age and income category under study to reach 300± households.
- **One-Bedroom (50% of AMI).** Qualified senior households for this income category must earn annual incomes ranging between \$18,000 and \$22,400, when reported in constant 2018 dollars. As of 2018, the market area totaled 160± senior households in this income range, an increase of 10± over the 2010 total. By 2021, the market area will total 180± households within this age and income category. This represents an increase of 10± households.
- **One-Bedroom (60% of AMI).** Qualified senior households for this income category must earn annual incomes ranging between \$19,000 and \$26,880, when reported in constant 2018 dollars. There were 280± households within this income and age category in 2018, an increase of 10± households compared to the 2010 total. Growth is projected to total 10± households between 2018 and 2021 to reach a total 290± households.
- **Two-Bedroom (60% of AMI).** Qualified senior households for this income category must earn annual incomes ranging between \$23,000 and \$30,200, when reported in constant 2018 dollars. The demographic analysis shows that as of 2018, the market area had 280± senior households within this income range. The 2018 total exceeds the 2010 total by 10± households. By 2021, the market area is projected to add 10± households within this age and income category under study to reach 290± households.

For the 80% of AMI market, the number of households is 430 in 2018 and should increase to 450 by 2021.

## Renter Households by Size

As of 2010, just over 29 percent of market area households were single-person households. An additional 32.8 percent were two-person households. These percentages, and others, did not change significantly over the 2000 decade.

<b>Table: <u>Trends in Household Size, Marvin Gardens Market Area, 2000-2010</u></b>				
	<b><u>2000</u></b>		<b><u>2010</u></b>	
	<b><u>#</u></b>	<b><u>%</u></b>	<b><u>#</u></b>	<b><u>%</u></b>
<b>Total Households</b>	6,074	100.0%	6,434	100.0%
1-person household	1,714	28.2%	1,887	29.3%
2-person household	1,951	32.1%	2,108	32.8%
3-person household	1,145	18.9%	1,159	18.0%
4-person household	728	12.0%	710	11.0%
5-person household	339	5.6%	344	5.3%
6-person household	116	1.9%	131	2.0%
7-or-more-person household	81	1.3%	95	1.5%

Source: 2000 and 2010 U.S. Department of Commerce, Bureau of the Census

## Competitive Apartment Market

### Characteristics of the Market

Listed in Table 5 are sixteen affordable and market rent apartment properties located within the defined market area. Within this total are only four age-restricted apartment communities, of which all have income restrictions, including Marvin Gardens. Marvin Gardens, with 40 units, was built in 2003 and is the only senior market area community with tenants paying the posted base rents. Two senior communities, the 70-unit Trinity Woods and 23-unit Belford Commons, are HUD Sec. 202 communities with tenants paying up to 30 percent of their income for rent. Both communities opened in the 2000's. Carriage Run, built in 1992, is the oldest senior community and consists of 40 RD rental units. Few tenants pay the posted rents there. These four communities are fully

occupied and seldom have any vacancy. They do not represent direct comps for Marvin Gardens Apartments, as they are fully rent restricted.

The remaining competitive apartments have no age-restrictions, but are affordable. Many house seniors who were unable to find housing in the limited number of age-restricted communities. Within this total are four family RD rent properties that total 180± units. Only five units are vacant in these communities. As with the senior RD properties, most tenants in these communities do not pay full rent. **The market area's RD properties house a total of approximately 40 seniors.**

Two family LHTC communities were also studied. These include Brook Ridge, which opened in phases in 2000 and 2001 with 124 units, and Nottoway River Commons, which opened in 1992 with 44 units. These two communities have rents restricted to 50% and 60% of AMI. Nottoway River Commons is fully occupied, while Brook Ridge has 13 vacant units, which management notes is atypical and due to several recent move-outs. Most of these have leases pending. Occupancy in this community is typically 96 percent. **Approximately 20 seniors live in these two communities, based on data from on-site management.**

The market area also contains six market rate apartment communities that total 96 two-bedroom units that are fully occupied. These are small communities, with two totaling only six units, three totaling 16 units and one totaling 36 units. Though these units have no income restrictions, they are all of modest quality and finishes, with rents similar to the market area's income restricted units. **Between 10 and 15 seniors are estimated to live in these communities.**

In total, there are 75± seniors living in apartment properties designated for families.

Overall, the market area totals 170± affordable, age-restricted units, though only Marvin Gardens has tenants paying competitive rents. Occupancy at the age-restricted communities is 100 percent. The family apartments total 440± units, with a 1.8 percent

vacancy rate. No new apartments have been constructed in the market area since 2011. **Between 70 to 75 seniors (65+ years of age) rent at units at non-age-restricted apartment properties.**

	<u>Map D</u> <u>Key</u>	<u>Year</u> <u>Built</u>	<u>Income Restrictions</u> <u>(AMI)</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>
<b><u>Affordable Senior</u></b>					
Belford Commons	1	2007	30% (HUD Sec. 202)	23	0 6/
Carriage Run	2	1992	60% (RD)	40	0
Marvin Gardens	--	2003	50%/60% (LIHTC)	40	0 4/
Trinity Woods	3	1994	30% (HUD Sec. 202)	<u>70</u>	<u>0</u>
(Subtotal)				(173)	(0)
<b><u>Family Rural Development</u></b>					
Reese Village	4	1986/04	60%	40	1 1/
Weaver Manor	5	1986/98	50%/60%	42	1 1/
Washington Square	6	2001	50%	24	1
Northwood Village 1/	7	1978	60%	<u>72</u>	<u>2</u>
(Subtotal)				(178)	(5)
<b><u>Family LIHTC</u></b>					
Brook Ridge I & II 2/	8	2000/01	50%/60%	124	3
Nottoway River Commons	9	1992	60%	<u>44</u>	<u>0</u>
(Subtotal)				(168)	(13)
<b><u>Family Market Rate</u></b>					
Broad Street Apartments	10	2001	None	6	0
Falling Run I & II 3/	11	1991/14	None	36	0
Greenfield Complex	12	1975	None	16	0
Park Avenue Apartments	13	2008	None	16	0
Pine Street Apartments	14	1990	None	16	0
Taylor Street Apartments	15	2011	None	<u>6</u>	<u>0</u>
(Subtotal)				(96)	(0)
<b>Total</b>				<b>615</b>	<b>18</b>
<b>Vacancy Rate</b>					<b>1.3%</b>
Notes: 1/ Estimated occupancy. 2/ 84 units in Phase One. 40 units in Phase II. 3/ 30 units in Phase One. Six units in Phase II. 4/ Nine-person wait list. 5/ Several recent move-outs. Typically has higher occupancy rate. 6/ Ten-person wait list.					
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

Map D shows the locations of the competitive apartments. As shown, Belford Commons Carriage Run, Washington Square, Taylor Street Apartments and Pine Street

Apartments are located near Marvin Gardens, south of Atlantic Street. Weaver Manor is also located nearby, on the north side of W. Atlantic Street.

Three communities are located south of Atlantic Street and east of Route 301. These include Broad Street Apartments, Greenfield Complex and Park Avenue Apartments. Reese Village and Northwood Village are situated on the north side of Atlantic Street and east of Route 301. Trinity Woods is located north of Route 58 on 2nd Street, just west of Route 301. Brook Ridge and Falling Run are located on the south side of Emporia off Route 301. The only community not located in the Emporia area is Nottoway River Commons, which is situated just south of Jarratt. Management at this community confirms that it is fully competitive with the Emporia-area complexes.



**Map D - Locations of Competitive Apartments**

Next shown are photos of the competitive apartments. Marvin Gardens, Carriage Run and Belford Commons all consist of single-level multiplex units with pitched roofs and a mix of brick and vinyl exteriors. Trinity Woods is a three-story building. The family

communities are of varying quality and contain a mix of garden walk-ups and single-level attached units.



**Belford Commons**



**Carriage Run**



**Marvin Gardens**



**Trinity Woods**



**Reese Village**



**Weaver Manor**



**Washington Square**



**Northwood Village**



**Brook Ridge**



**Nottoway River Commons**



**Broad Street Apartments**



**Falling Run**



**Greenfield Complex**



**Park Avenue Apartments**



**Pine Street Apartments**



**Taylor Street Apartments**

For a small marketplace, the rental apartment market is large with 15 properties. It is unique to have six market rate properties, albeit most are mature and small. Marvin Gardens Apartments is unique. It is an affordable age-restricted apartment community but with residents who pay basic rents, without additional rent restrictions. Except for the age-restrictions, Marvin Gardens Apartments competes for other area properties in terms of rent.

### **Net Rent Analysis**

Data in Table 6 list the net rents at all of the apartment properties under study. Rents shown include cold water, sewage and trash collection. None of the apartment communities include in-unit washers and dryers, although most offer on-site laundry

facilities. The one-bedroom units average \$540 while the two-bedroom units rents average \$640. In comparison with the market area average rents, the current one-bedroom base rents at Marvin Gardens are \$100 below average. Marvin Gardens is the only senior property with two-bedroom units. These rents are also \$100 below the market area average.

The senior properties have the lowest base rents. Again, residents of Marvin Gardens pay the base rent, while residents of the other age-restricted properties do not.

The family RD properties also have few residents that pay base/market rents. Residents of the family LIHTC properties and family market rent properties pay full rent, unless there are residents with vouchers.

**Again, approximately 70 to 75 seniors live in non-rent subsidized properties. Only 35± of these can afford the base rents at Marvin Gardens.**

The post-renovation rents at Marvin Gardens will be below the market.

The rents at the two LIHTC family apartment properties have an average one-bedroom rent of \$600 and a total bed average rent at \$630. These are \$100 above the current rents for Marvin Gardens Apartments. The base rents at Marvin Gardens Apartments are comparable with the base rents at other senior apartment properties, although Carriage Run has rents well above the other area senior properties.

The proposed post-renovation rents at Marvin Gardens Apartments are well within market.

**Table 6: Rental Rates at Competitive Apartment Communities, Marvin Gardens Market Area, March, 2019 1/**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
<b><u>Affordable Senior</u></b>		
Belford Commons	\$444	--
Carriage Run	\$635	--
<b>Marvin Gardens 4/</b>	<b>\$435</b>	<b>\$535</b>
Trinity Woods 5/	\$400	--
<i>(Average)</i>	<i>(\$480)</i>	<i>(\$535)</i>
<b><u>Family Rural Development</u></b>		
Reese Village 5/	\$590	\$630
Weaver Manor 2/	\$630-\$820	\$750-\$970
Washington Square	--	\$696
Northwood Village 5/	\$590	\$650
<i>(Average)</i>	<i>(\$635)</i>	<i>(\$709)</i>
<b><u>Family LIHTC</u></b>		
Brook Ridge I & II	--	\$546-\$672
Nottoway River Commons	\$597	\$651
<i>(Subtotal)</i>	<i>(\$597)</i>	<i>(\$630)</i>
<b><u>Family Market Rate</u></b>		
Broad Street Apartments	--	\$600
Falling Run I & II	--	\$663
Greenfield Complex	--	\$600
Park Avenue Apartments	--	\$600
Pine Street Apartments	--	\$600
Taylor Street Apartments	--	\$600
<i>(Average)</i>	<i>(--)</i>	<i>(\$611)</i>
<b>Average</b>	<b>\$540</b>	<b>\$640</b>
<b>Proposed 40% of AMI</b>	<b>\$318</b>	<b>--</b>
<b>Proposed 50% of AMI</b>	<b>\$416</b>	<b>--</b>
<b>Proposed 60% of AMI</b>	<b>\$514</b>	<b>\$627</b>

Notes: 1/ Rents adjusted to include water, sewage and trash collection.  
2/ Lower rent is 50% of AMI. Higher rent is 60% of AMI.  
3/ All three-bedroom units are 60% of AMI.  
4/ One-bedroom units are 50% of AMI. Two-bedroom units are 60% of AMI.  
5/ Estimate

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

A comparison of the proposed post-renovation rents at Marvin Gardens with the market area rents show that the 50% and 60% new rents are above market.

### **Net Rent Per Square Foot**

This calculation was not done as there are no direct “comps” for Marvin Gardens.

### **Apartment Unit Sizes**

Table 7 shows the unit sizes for each of the competitive apartment communities. As shown, the one-bedroom units average 592 square feet in size, while the two-bedroom units average 915 square feet. The age-restricted one-bedroom units are generally smaller than the family units, which is typical. At 573 square feet, the one-bedroom units at Marvin Gardens are 37 square feet larger than the average senior one-bedroom units. Marvin Gardens is the only age-restricted community with two-bedroom units. The two-bedroom units are 37 square feet smaller than the market area average.

<b>Table 7: <u>Unit Sizes at Competitive Apartment Communities, Marvin Gardens Market Area, March, 2019</u></b>		
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>
<b><u>Affordable Senior</u></b>		
Belford Commons	500	--
Carriage Run	569	--
Marvin Gardens	573	878
Trinity Woods	500	--
<i>(Average)</i>	<i>(536)</i>	<i>(878)</i>
<b><u>Family Rural Development</u></b>		
Reese Village	735	850
Weaver Manor	578	811
Washington Square	--	855
Northwood Village	618	995
<i>(Average)</i>	<i>(644)</i>	<i>(878)</i>
<b><u>Family LIHTC</u></b>		
Brook Ridge I & II	--	975
Nottoway River Commons	662	702-786
<i>(Subtotal)</i>	<i>(662)</i>	<i>(860)</i>
<b><u>Family Market Rate</u></b>		
Broad Street Apartments 1/	--	950
Falling Run I & II	--	960-1,000
Greenfield Complex	--	960
Park Avenue Apartments	--	960
Pine Street Apartments	--	960
Taylor Street Apartments	--	1,000
<i>(Average)</i>	<i>(--)</i>	<i>(968)</i>
<b>Average</b>	<b>592</b>	<b>915</b>
<b>Post-Renovation Marvin Gardens</b>	<b>573</b>	<b>878</b>
Notes: 1/ Estimate		
Source: Field and Telephone Survey by S. Patz and Associates, Inc.		

### **Apartment Unit Mix**

For the apartment communities under study, just over half of the units are two-bedroom units. Approximately 38 percent are one-bedroom units and just over nine percent are three-bedroom units. Marvin Gardens is the only age-restricted community with two-bedroom units. Only two communities have three-bedroom units, and both are family apartments with income restrictions.

**Table 8: Unit Mix at Competitive Apartment Communities, Marvin Gardens Market Area, March, 2019**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Total Units</u>
<b><u>Affordable Senior</u></b>				
Belford Commons	23	0	0	23
Carriage Run	40	0	0	40
Marvin Gardens	32	8	0	40
Trinity Woods	<u>70</u>	<u>0</u>	<u>0</u>	<u>70</u>
(Subtotal)	(165)	(8)	(0)	(173)
<b><u>Family Rural Development</u></b>				
Reese Village	16	24	0	40
Weaver Manor	24	18	0	42
Washington Square	0	24	0	24
Northwood Village	<u>20</u>	<u>36</u>	<u>16</u>	<u>72</u>
(Subtotal)	(60)	(102)	(16)	(178)
<b><u>Family LIHTC</u></b>				
Brook Ridge I & II	0	84	40	124
Nottoway River Commons	<u>8</u>	<u>36</u>	<u>0</u>	<u>44</u>
(Subtotal)	(8)	(120)	(40)	(168)
<b><u>Family Market Rate</u></b>				
Broad Street Apartments	0	6	0	6
Falling Run I & II	0	36	0	36
Greenfield Complex	0	16	0	16
Park Avenue Apartments	0	16	0	16
Pine Street Apartments	0	16	0	16
Taylor Street Apartments	<u>0</u>	<u>6</u>	<u>0</u>	<u>6</u>
(Subtotal)	(0)	(96)	(0)	(96)
<b>Total</b>	<b>233</b>	<b>326</b>	<b>56</b>	<b>615</b>
<b>Percent of Total</b>	<b>37.9%</b>	<b>53.0%</b>	<b>9.1%</b>	<b>100.0%</b>
<b>Post-Renovation Marvin Gardens</b>	<b>32</b>	<b>8</b>	<b>0</b>	<b>40</b>

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

**Apartment Amenities**

Table 9 shows that few the communities under study are amenitized. All of the income-restricted communities have community laundry facilities. Apart from Carriage Run, all of the senior communities also have modest clubhouses. Brook Ridge is the only community with a swimming pool.

**Table 9: Community Amenities at Competitive Apartments, Marvin Gardens Market Area, March, 2019**

	<u>Clubhouse</u>	<u>Business</u>	<u>Tennis</u>	<u>Pool</u>	<u>Fitness</u>	<u>Playground</u>	<u>Laundry</u>
<b><u>Affordable Senior</u></b>							
Belford Commons	●	○	○	○	○	○	●
Carriage Run	○	○	○	○	○	○	●
Marvin Gardens	●	○	○	○	○	○	●
Trinity Woods	●	○	○	○	○	○	●
<b><u>Family Rural Development</u></b>							
Reese Village	○	○	○	○	○	○	●
Weaver Manor	●	○	○	○	○	●	●
Washington Square	●	○	○	○	○	●	●
Northwood Village	○	○	○	○	○	○	●
<b><u>Family LIHTC</u></b>							
Brook Ridge I & II	●	○	○	●	○	●	●
Nottoway River Commons	○	○	○	○	○	○	●
<b><u>Family Market Rate</u></b>							
Broad Street Apartments	○	○	○	○	○	○	○
Falling Run I & II	○	○	○	○	○	○	○
Greenfield Complex	○	○	○	○	○	○	○
Park Avenue Apartments	○	○	○	○	○	○	○
Pine Street Apartments	○	○	○	○	○	○	○
Taylor Street Apartments	○	○	○	○	○	○	○
<b>Post-Renovation Marvin Gardens</b>	●	○	○	○	○	○	●

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

### **Section III Conclusions**

The market analysis presented above shows a stable economy in Emporia and Greensville County. Over the past few years, some employment and job growth has occurred and several new developments have opened or are planned.

The competitive apartment market under study is at a 1.3 percent vacancy rate. This is the same rate as the study we prepared for the renovation of Marvin Gardens Apartments in 2017. No new additions have been added to the market and none are planned.

Rents at the competitive apartment properties have increased slightly since 2017 and the HUD maximum allowable rents for the Emporia/Greensville County marketplace has been increased by five percent since that date.

Marvin Gardens Apartments remains at full occupancy and with a small waiting list. Overall, the conclusions from this update show stability and the ability for the market area to absorb new units.

The proposed post-renovation rents at Marvin Gardens Apartments have changed slightly from the 2018 proposal and are fully within market. The analysis of the current residents, in terms of income and age, supports our past conclusion that existing residents will remain at Marvin Gardens Apartments during and after renovation, as current residents can support the new LIHTC rents or have rent subsidies that will remain. At maximum, management may need to release 10 apartment units, five at 50% rents and 5 at 60% rents.

The demand analysis to follow shows sufficient market support for the 40-unit Marvin Gardens Apartments for residents without rent subsidies.

## Demand Chart

The demand chart is presented next. It shows a net growth of 40 renter households within the income categories under study. Based on the waiting lists at competitive apartment properties, we defined the rent overburdened households as these renters. They total 70. We know that the Emporia marketplace has considerable blighted housing units. We used a very small estimate for this category, as relevant data are not available.

Approximately 30, at a minimum, existing residents can afford the proposed post-renovation rent.

There are no vacant units or pipeline units. Thus, total demand equals net demand.

We show, at the bottom of the chart, the capture rate for each income category and the absorption period, if needed, as most residents are expected to remain at the property.

<b>Demand Table (2018-2021)</b>					
Income Restrictions		<u>Up to 30%</u>	<u>Up to 50%</u>	<u>Up to 60%</u>	<u>Up to 80%</u>
New Rental Households		10	10	20	20
PLUS					
Existing Households - Over-Burdened 1/		20	30	20	80
PLUS					
Existing Households-Substandard Housing		5	10	15	10
PLUS					
Elderly Households-Likely to Convert to Rental Housing		0	0	0	0
PLUS					
Existing Qualifying Tenants – to Remain After Renovation		20	10	0	10
Total Demand		55	60	55	20
MINUS					
<b>Supply</b> (includes directly comparable vacant units completed or in pipeline in PMA)		-0-	-0-	-0-	-0-
<i>EQUALS</i>					
Net Demand		55	60	55	20
Total Units		4	28	4	4
Capture Rate		7.3%	46.7%	7.3%	20.0%
Absorption Period (in months)		0	2	2	2

Note: 1/ Waiting list

The VHDA capture rate chart is as follows:

	<u>Number</u>
Project Wide Capture Rate - LIHTC Units	23.5%
Project Wide Capture Rate - Market Units	--
Project Wide Capture Rate - All Units	23.5%
Project Wide Absorption Period (in months)	2

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.



March 7, 2019

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Market Analyst

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Date