

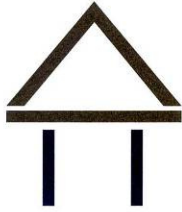
Market Analysis
The Arbors at Williamsburg
York County, Virginia

Prepared for:

Mr. Brian Staub
Marlyn Development Corporation

April, 2020

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■ REAL ESTATE CONSULTANTS ■

May 19, 2020

Mr. Brian Staub
Chief Financial Officer
Marlyn Development Corporation
308 35th Street, Suite 101
Virginia Beach, VA 23451

Brian:

Attached is our full narrative market study for the proposed 150-unit, mixed-income, age-restricted apartment building, The Arbors at Williamsburg, which is planned for development in 2021 for project delivery in 2022. The study site is well located on the east side of U.S. Route 60 in northern York County and just south of the City of Williamsburg. The site fronts on Route 60. The site is very visible and access is excellent. It is a level parcel, an ideal feature for mature adults. Shopping is close-by and the newly built Riverside Doctor's Hospital is close-by at the Quarterpath development.

The proposal is for a mix of market rent apartment units (120) and 30 rent-restricted apartment units with rents at or below 50% of AMI for the greater Williamsburg marketplace. The apartment units are spacious and the majority of the market rent apartments are spacious two-bedroom units. The affordable units have a larger percentage of one-bedroom apartments.

Because of the difference in rent, we studied each rent category separately. Market support is shown for apartments in both rent categories and the capture rate was a low 7.5 percent for the 30 LIHTC apartments. The capture rate for the market rent apartments is 13 percent. The defined Williamsburg market area has no direct "comps" for The Arbors at Williamsburg, thus the capture rates are low.

Overall, the proposal is well conceived, with competitive rents, unit mix, unit size and amenities. It will be a unique addition to the Williamsburg age-restricted apartment market. The expected absorption period is eight months, with all 30 rent-restricted apartments likely to be preleased.

Mr. Brian Staub
May 19, 2020

The detailed market and economic data that support these findings and conclusions are presented in the attached report. Please call if additional data or clarification are needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart M. Patz". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Stuart M. Patz
President

SMP/mes

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Section I Introduction

Following is our full narrative market study for the proposed mixed-income, age-restricted apartment proposal, The Arbors at Williamsburg, that is planned for development on an attractive site just south of the City of Williamsburg, in York County, Virginia. The Arbors at Williamsburg is designed for active seniors and will include both market rent and affordable rent apartment units. Project development is expected to start by early-2021, which will allow project opening by early-2022. Once built, The Arbors at Williamsburg will have some apartment unit rent and income restrictions, but the majority of the apartment units will have market rents. All of the units will have age restrictions.

The report to follow is prepared within the current guidelines of Virginia Housing Development Authority's (VHDA) market study requirements. All market and economic data needed to study the age-restricted apartment market, both market rent and affordable, are included in the report to follow. The report will be included in the submittal to officials of VHDA for project financing, which will include tax exempt bonds for the 4% Low Income Housing Tax Credit apartment units.

The report to follow is presented in three sections to comply with the VHDA market study requirements. Section I, the Introduction, presents a detailed description of the study site, its setting along U.S. Route 60 in the northern section of York County, and the development proposal for the 150 proposed apartment units.

Also included in Section I is a description of the public and commercial facilities located near the study site and readily available for new residents of The Arbors at Williamsburg. Key to the site analysis is proximity to nearby hospitals and medical services, as well as convenience for access to commercial businesses.

Section I has a second part, an economic overview analysis of the defined market area for the new apartment units. This entails the analysis of key area economic factors,

such as at-place jobs, employment, and current development proposals that will add new jobs in the area.

While most of the expected residents at The Arbors at Williamsburg are not likely to be in the workforce, understanding employment trends is key to evaluating the study proposal. Job and employment growth reflect economic stability. It means that seniors may move to the market area, or remain in the market area, if employment is available for their family and their family is likely to remain in the area when an abundance of job opportunities exist. Thus, at-place jobs and employment are studied to show the economic stability of the market area.

Section II is the supply/demand analysis for the senior apartment proposal. First presented is the demand analysis which solves for the number and growth of active senior households, defined as the head of household in the 62 to 79 age category, but with annual incomes, reported in constant 2020 dollars, of \$21,000 to \$33,000 and \$40,000 and above. The wide range of incomes under study is due to the two rent categories proposed – 50% of the Area Median Income (AMI) and market rents.

The demographic analysis is projected to 2023, as the start of construction of The Arbors at Williamsburg is likely by early-2021, with completion likely by early- or late-2022. Lease-up is expected during late-2021 into early-2022.

The second part of Section II is the supply analysis, which studies the defined competitive apartment properties in the market area. There is only one direct comparable for the market rent units in the market area and this property has few units. The other independent living (IL) apartment properties are either part of a Continuing Care Retirement Community (CCRC) or have a wide range of services within the base rent. Both property types generate very high monthly fees. Thus, The Arbors at Williamsburg will have limited competition for the proposed market rent apartment units.

We separated our analysis between the market rent and affordable units due to the large rent differential. There are four area apartment communities with LIHTC's. These were defined as direct "comps." There are also eight mature properties that attract active seniors. These older properties have rents comparable with the LIHTC rents at The Arbors at Williamsburg.

Thus, our competitive market analysis includes several types of apartment properties:

1. IL properties without services that match The Arbors at Williamsburg proposal;
2. Full-service IL apartment units that include meals, housekeeping and laundry service, with these costs adjusted;
3. Age-restricted LIHTC apartment properties; and
4. Mature garden apartments that attract active adults within the age categories under study.

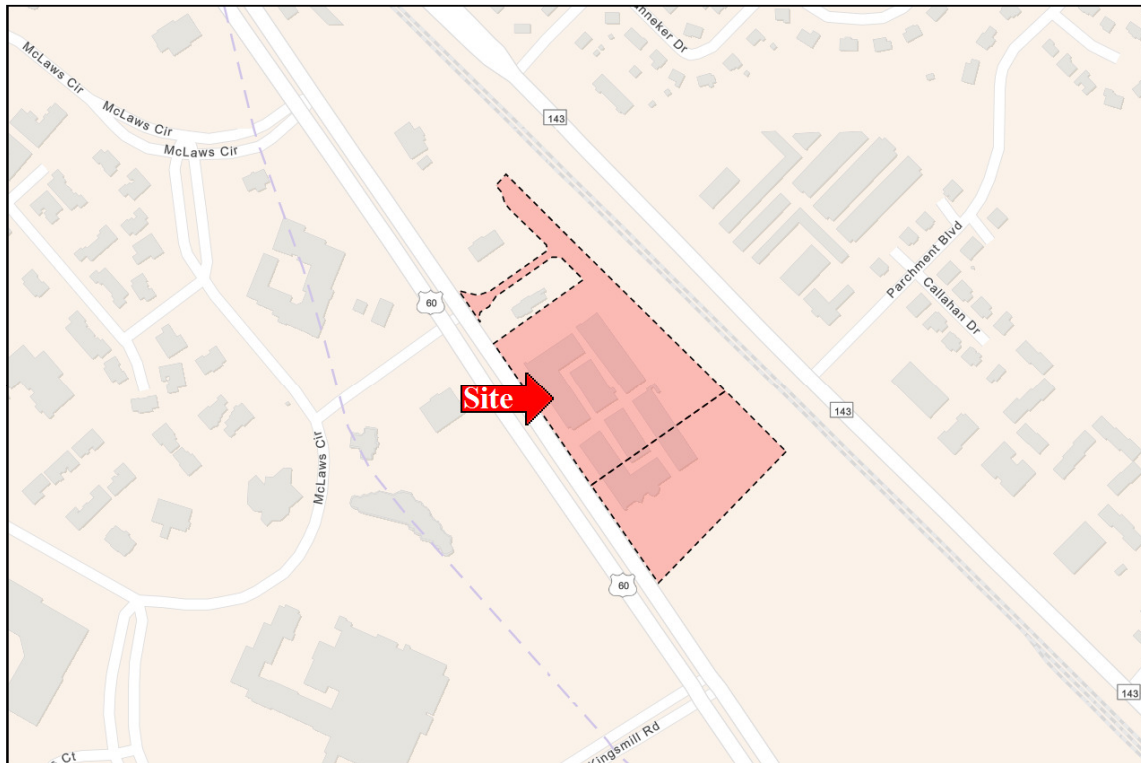
These four apartment types represent the competitive market, as The Arbors at Williamsburg has two rent categories and the market area is nearly devoid of age-restricted apartments without rent restrictions. The Arbors at Williamsburg, once built, will enter a marketplace with considerable demand for age-restricted apartments, but with limited quality competition.

The third and final report section is the conclusions related to market support for the study site proposal, along with an evaluation of achievable rents, unit sizes and mix, project features and the expected monthly lease-up pace. The study Conclusions are based on the results of the VHDA Demand Table.

The Arbors at Williamsburg

Site Description

The study site consists of two adjacent parcels located on the east side of U.S. Route 60 in northern York County, and just south of the City of Williamsburg. The two parcels total approximately 8.2 acres. The study site is located approximately two miles southwest of I-64 and five miles south of Downtown Williamsburg. Map A below shows the location of the study site.



Map A - Site Location

The site was zoned General Business (GB), but has been rezoned to Planned Development Residential (PDR), which permits the type of development proposed.

Next shown is a northern aerial of the study site. As shown, the two parcels that comprise the site are currently improved by a mature small shopping center, Village Shops at Kingsmill. The shopping center will be demolished as part of the development

for new apartment units. The 82,230± square foot shopping center was built between 1979 and 1981, and includes a variety of small commercial tenants in six modest single-story buildings. Most retailers in this shopping center are restaurants. Tenants include: Pottery Wine and Cheese, Lighthouse Manor, Village Jewelers, LaYaCa French Cuisine, Doraldo's and Mr. Luis Chinese. The shopping center has struggled to maintain high occupancy over the previous decade.

The aerial also shows that three fast food restaurants are located immediately north of the shopping center -- McDonald's (Note 1), KFC (Note 2) and Wendy's (Note 3). A 32-acre overflow parking lot serving Busch Gardens marks the southern boundary of the study site. On the west side Pocahontas Trail is the Marketplace at Kingsmill shopping center (Note 5), a Shell fueling station (Note 6) and an office building occupied by Merrill Lynch Management (Note 7). Marketplace at Kingsmill has a variety of small retailers and restaurants including Subway, Pizza Hut and Starbucks.

To the rear of the site is a small, private roadway owned by Busch Gardens. This roadway exclusively accesses the overflow parking lot and will not provide access to The Arbors at Williamsburg site. East of this small roadway is an active rail line that is buffered by trees.



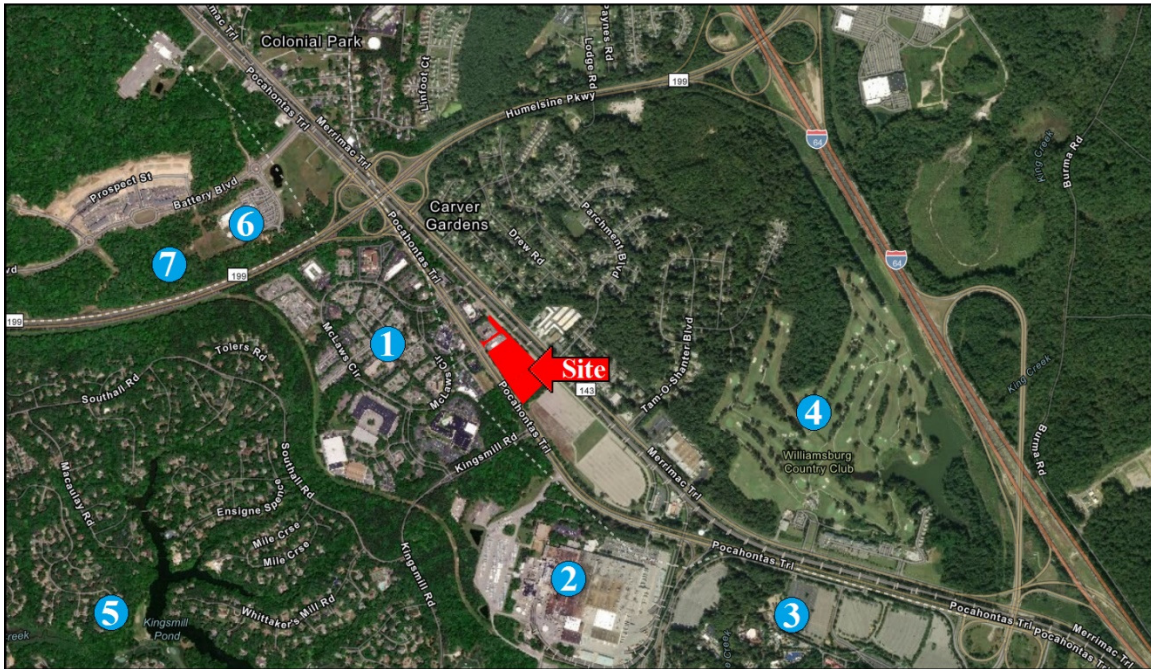
Northern Aerial

Shown next is a wider northern aerial of the study site. It shows the site to be accessible exclusively from Pocahontas Trail. It also shows the site to be located approximately two miles south west from I-64 via Humelsine Parkway.

Several major regional employers are located within close proximity to the study site. Most notable is the expansive Busch Corporate Center (Note 1), located on the west side of Pocahontas Trail. This is a 1.7 million square foot office park and among the largest employment clusters in the region.

South of this office park is the 1.2 million square foot Anheuser-Bush Brewery (Note 2). The brewery opened in 1972 and employs nearly 600 people. South of the brewery is Busch Gardens Williamsburg (Note 3), a 383-acre theme park that opened in 1975. Busch Gardens is the largest employer in James City County with over 1,000 employees. The 153-acre Williamsburg Golf Club (Note 4) is located just north of Busch Gardens Williamsburg. Also located nearby is the Kingsmill Resort & Spa (Note 5), a major vacation, conference, and golf resort that employs 450± people.

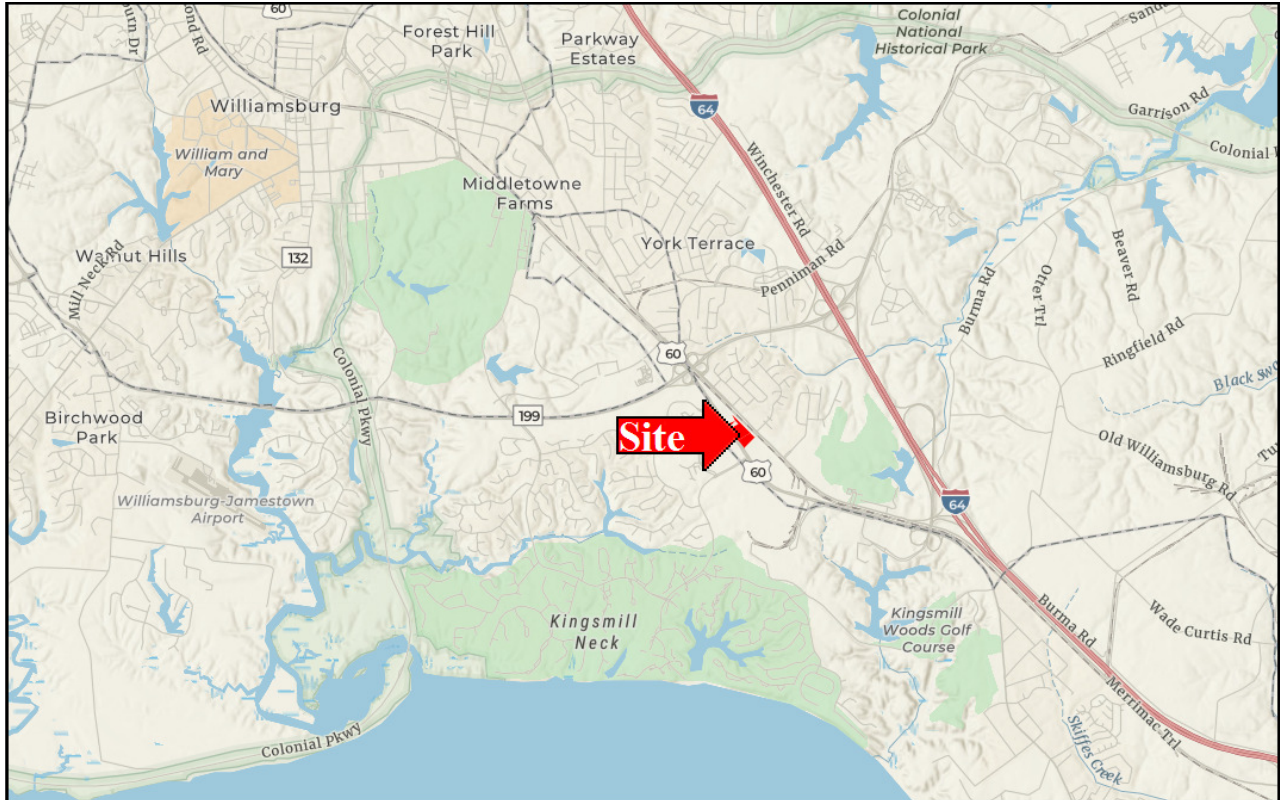
The aerial also shows the site to be located near the Quarterpath development in the southeastern edge of the City of Williamsburg. This is the location of the Riverside Doctors' Hospital Williamsburg (Note 6), a 100,000± square foot hospital that opened in 2013. The hospital is licensed for 40 private rooms and includes a full-service Emergency Department. Adjacent to this hospital is the site for the 130-unit Village Greens (Note 7), a proposed independent living facility that will be detailed further below. Most of the other nearby developments are residential.



Wider Northern Aerial

Map B shows a wider area of the site setting and the proximity of the site to the I-64/Route 60 interchange at Busch Gardens. It shows the close proximity of the site to the City of Williamsburg and the considerable amount of open space that exists in the immediate area. The upscale Kingsmill community encompasses much of the area south of Williamsburg.

Aside from the large employment centers in the immediate area, plus Busch Gardens, Kingsmill Golf Resort, Williamsburg Country Club, and several large lakes, the surrounding area is upscale residential.



Map B - Expanded Regional Setting

Photos of the site are shown next. The site has excellent frontage along Pocahontas Trail and Pocahontas Trail is attractive with an abundance of trees and landscaped areas.



Site Access from Pocahontas Trail



Parking Lot on South Side of Property



Parking Lot on East Side of Property



Existing Buildings on Site



Existing Buildings on Site



Frontage along Pocahontas Trail

Site Setting

Map C shows the site setting within northern York County. U.S. Route 60 (Pocahontas Trail) as a major roadway in Virginia, running for over 300 miles west to east through the central part of the state, generally close to and paralleling the Interstate 64 corridor, except for the crossing of the Blue Ridge Mountains, and in the South Hampton Roads area. Near the study site, Route 60 is a four-lane divided roadway. As previously noted, development along this roadway near the study site contains the large Busch Corporate Center, an expansive brewery (Anheuser-Bush Brewery) and several major tourist attractions (Busch Gardens and Kingsmill Resort & Spa).

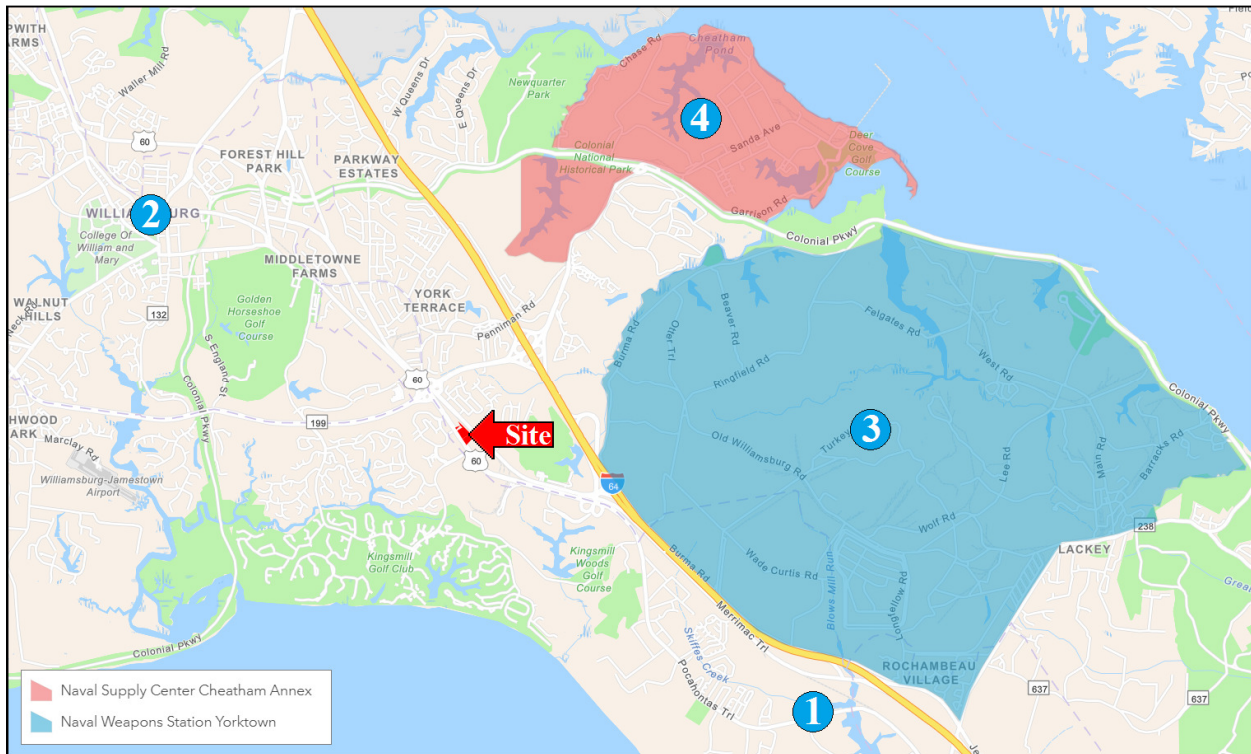
Route 60 runs south directly past the Green Mount Industrial Park (Note 1), approximately five miles south of the study site, and into the City of Newport News. Green Mount Industrial Park is a major employment center in James City County and is the location of the three million square foot Walmart Distribution Center and 328,540± square foot Haynes Furniture Distribution Center.

U.S. Route 60 runs north into Downtown Williamsburg (Note 2), approximately four miles north of the study site. This is the location of the College of William and Mary, as well as a several restaurants and specialty retailers.

Map C also shows the site’s proximity to Naval Weapons Station Yorktown (Note 3) and Naval Supply Center Cheatham Annex (Note 4), two major military employment clusters in York County. Employment on the two bases have grown considerably in recent years, adding nearly 940 jobs between 2014 and 2018, the year for which the most recent data is available. Trend data on employment for the 2014 to 2018 period are presented in the following chart.

<u>Trends in Employment, NWS Yorktown/Cheatham Annex, 2014-2018</u>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Military	2,119	1,914	1,648	1,629	1,615
Civilian	1,039	995	979	893	1,079
Contractors	<u>530</u>	<u>486</u>	<u>454</u>	<u>453</u>	<u>58</u>
Total	3,688	3,395	3,081	2,975	2,752

Source: Navy Region Mid-Atlantic Public Affairs Office;



Map C - Site Setting

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

Medical Care. The closest hospital to the study site is Riverside Doctors' Hospital Williamsburg, a 100,000± square foot hospital that opened in 2013. The hospital is licensed for 40 private rooms and includes a full-service Emergency Department. The hospital is located approximately 1.2 miles northeast of the study site at 1500 Commonwealth Avenue. Several primary and specialty care doctors are also located in the adjacent Busch Corporate Center.

Community Facilities. The nearest post office to the study site is a 3.8 mile drive northwest of the site at 425 N Boundary Street. York County Fire Station 3 – Bruton is located at 114 Hubbard Lane, approximately 2.6 miles northeast of the study site.

The closest senior center to the study site is the Historic Triangle Senior Center, located at 5301 Longhill Road, approximately 9.0 miles northwest of the study site. The center offers bingo, senior luncheons and trips to museums, as well as clubs for various interests like book club, bridge club, sewing club and reminiscing groups.

The Senior Center at York offers a wide range of programs for seniors including crafts, exercise classes, line dancing, painting, drawing, needlework and bridge. The Center is open Monday through Friday, from 9:00 am to 4:30 pm. It is located in the Washington Square Shopping Center at 5314 George Washington Memorial Highway in Yorktown, almost 17 miles from the study site.

Parks and Recreation. The closest recreation facility to the study site is the Williamsburg Golf Club, a private 18-hole golf club. The only other nearby park is the Redoubt Park at 510 Quarterpath Road. This is a wooded 22-acre park that preserves and interprets two of the 14 Civil War earthwork forts, which made up the Confederate's Williamsburg Line in the Battle of Williamsburg in 1862.

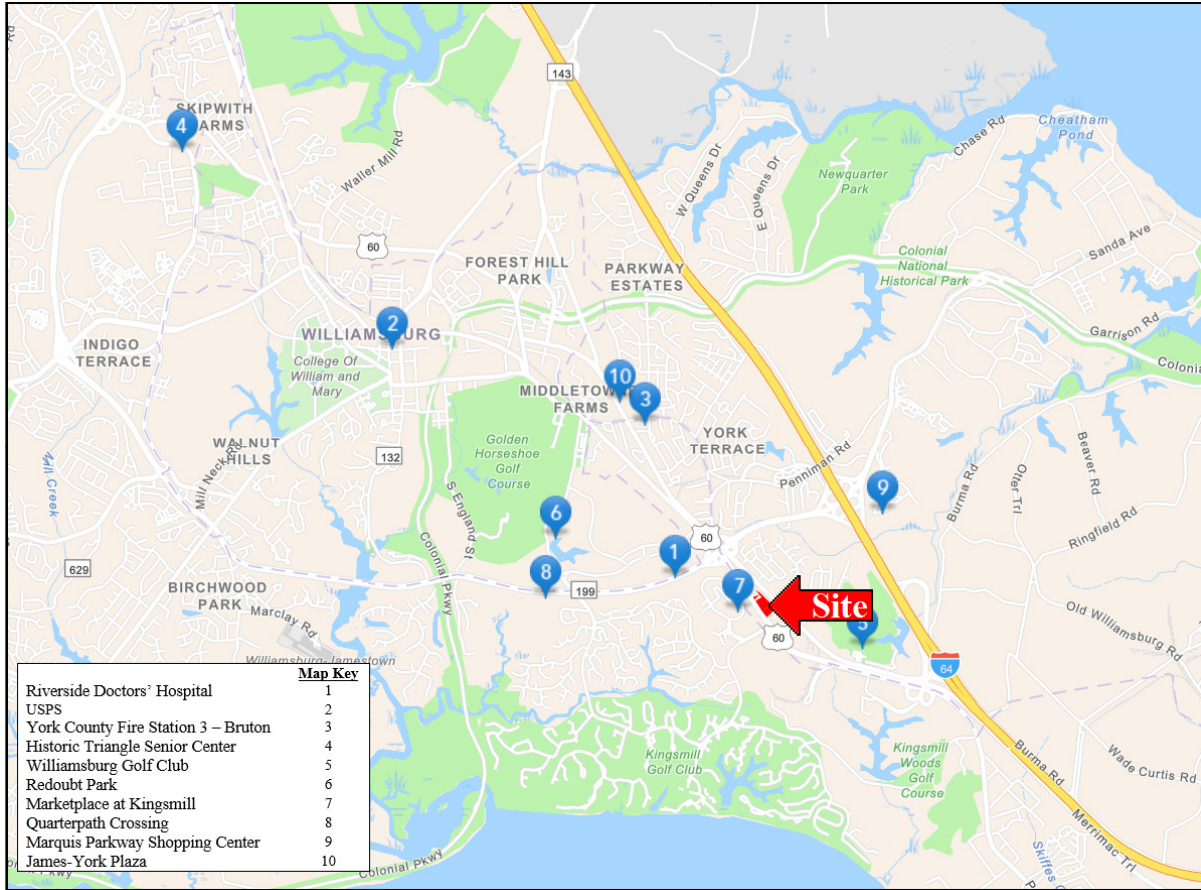
Religious Institutions. Several churches are located within close proximity to the study site. These are listed in the chart below.

<u>Location of Nearby Churches</u>	
<u>Name</u>	<u>Address</u>
Kingdom Life Christian Church	1679 Merrimac Trail
St John Baptist Church	1397 Penniman Road
Mt Calvary Seventh-Day Adventist	200 Railroad Street
Mount Gilead Baptist Church	8660 Pocahontas Trail
Grace Baptist Church	1013 Penniman Road

Shopping. As previously noted, the study site is located across the street from the Marketplace at Kingsmill shopping center. This is a 25,340 square foot shopping center with a variety of small retailers. These include Starbucks, Pizza Hut, Subway and Sportsman’s Grille. Other nearby shopping centers are detailed in the paragraphs below.

- **Quarterpath Crossing.** This is an 85,600± square foot shopping center located at 1530 Quarterpath Road. It is anchored by a Harris Teeter grocery store, which is the closest grocery store to the study site. Smaller tenants include: Waypoint Seafood & Grill, ABC Store, Quarterpath Dental Center, HEA Living Outdoor Furniture, Blinds Galore, UPS Store, Subway, Verizon Wireless, Wells Fargo Bank, and TowneBank.
- **Marquis Parkway Shopping Center.** This is a 134,900± square foot shopping center constructed in 2007 at 100 Gristmill Plaza. Tenants include Target, Best Buy, Kohl’s and Dick’s Sporting Goods.
- **James-York Plaza** is a 133,070± square foot shopping center located at 601 Merrimac Trail. The shopping center is anchored by a 47,850± square foot Food Lion grocery store and 17,610± square foot Dollar Tree. Smaller Tenants including an ABC store and several restaurants.

Map D shows the location of the community facilities that will serve residents at The Arbors at Williamsburg. 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

Market Area Definition

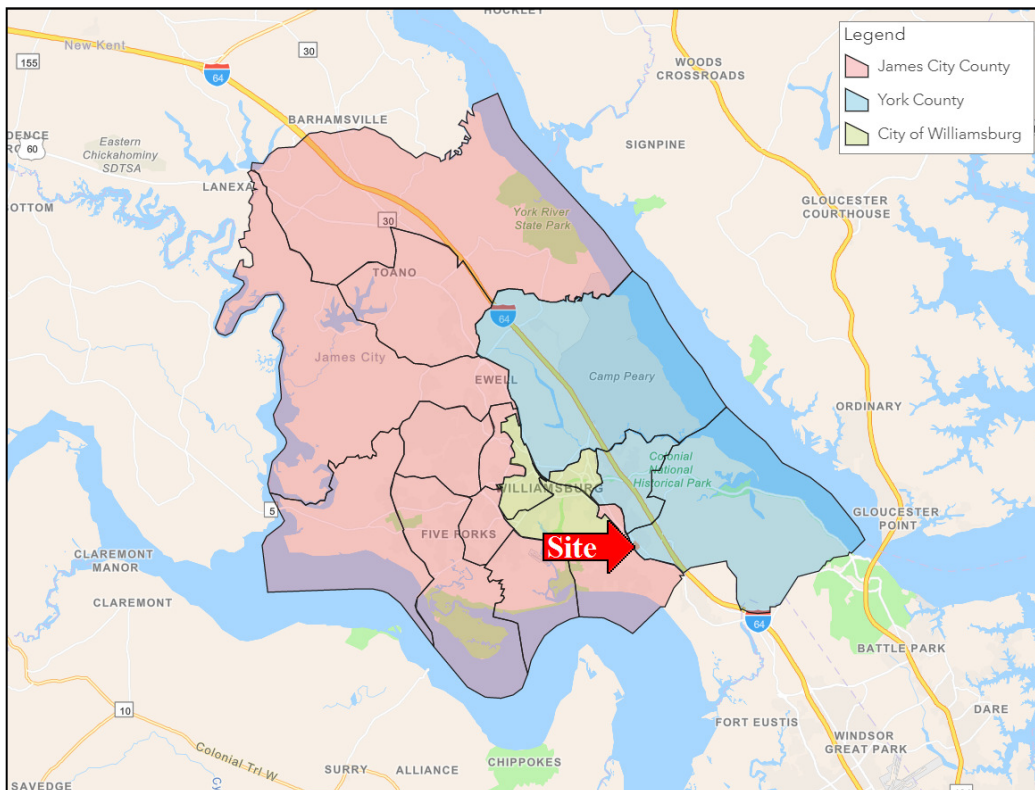
The market area for The Arbors at Williamsburg is defined as the City of Williamsburg, James City County and the northern portions of York County, as shown in Map E. The market area was defined by interviews with the on-site managers at area age-restricted apartment properties under study. These interviews noted that the southern portions of York County, south of Naval Weapons Station Yorktown, as well as the cities of Newport News and Hampton, are separate market places and that apartment complexes in these areas do not directly compete with Williamsburg area properties. The area to the north of James County is rural.

The City of Williamsburg is in the center of the market area and nearly all multifamily and commercial properties in the market area are in or near the City. The

remaining sections of James City County and York County, beyond close proximity to the City, are rural and sparsely developed.

Also, I-64 runs in a north-south direction through the market area. On the east side of I-64 are two military bases -Camp Peary and Naval Weapons Station Yorktown, both in York County. On the south are the Colonial National Historic Park in Yorktown, Newport News Park and Fort Eustis. All of these large public lands are natural boundaries, setting James City County, Williamsburg and northern York County apart, as a separate and distinct marketplace within the Hampton Roads area of Southeast Virginia.

As will be presented below, there is a very limited supply of market rate, age-restricted apartments in the market area. Affordable apartments exist for seniors, as do IL facilities for seniors. The area to the south of the market area, in the south part of York County, and within the cities of Newport News and Hampton, also have a limited number of age-restricted apartments without services. Thus, the traditional apartment market area for the greater Williamsburg area exists for age-restricted apartments.



Map E - Market Area

Development Program

Table 1 provides a detailed description of The Arbors at Williamsburg apartment proposal, with data on apartment unit sizes, unit mix and proposed rents. All units will be restricted to seniors. 30 of the units will be set aside for seniors with incomes at or below 50 percent of the Area Median Income (AMI), while the remaining 120 units will be at market rate rents, without any income restrictions.

The table shows a mix of 50 one-bedroom and 100 two-bedroom units. All one-bedroom units will have one full bathroom. 26 of the one-bedroom units will have market rents and range in size between 706 and 840 square feet. The remaining 24 one-bedroom units will have income restrictions, as noted above; these units will all measure 706-840 square feet.

There will be six two-bedroom units with income restrictions, each measuring 1,100 square feet. These units will also have 1.5 bathrooms. 70 of the market rate two-bedroom units will have 1.5 bathrooms and range in size between 1,100 and 1,250 square feet. There will also be 24 two-bedroom units with two full bathrooms. These units will measure 1,140 square feet.

Also shown in Table 1 are the proposed rents, which will include cold water, sewage and trash collection. These rents will also include a full size washer and dryer. All of the affordable units will be restricted to rents at 50% of AMI. One-bedroom affordable net rents will be \$700. Two-bedroom affordable net rents will be \$830.

The one-bedroom market rate units will rent for \$1,250. The two-bedroom market rate units will rent for between \$1,450 and \$1,550 for the 1.5 bathroom models. The two-bedroom/ two-bathroom units will rent for \$1,550.

Table 1: <u>Proposed Unit Characteristics, The Arbors at Williamsburg 1/</u>					
	<u>Units</u>	<u>Size (Sq. Ft.)</u>	<u>Net Rent 1/</u>	<u>UA 2/</u>	<u>Gross Rent</u>
Market Rate					
1BR/ 1BA	26	706-840	\$1,250	\$58	\$1,308
2BR/ 1.5 BA	58	1,100	\$1,450	\$75	\$1,725
2BR/ 1.5 BA	12	1,250	\$1,550	\$75	\$1,625
2BR/ 2 BA	<u>24</u>	1,140	\$1,550	\$75	\$1,625
(Subtotal)	(120)				
50% of AMI					
1BR/ 1BA	24	706-840	\$700	\$58	\$758
2BR/ 1.5 BA	<u>6</u>	1,100	\$830	\$75	\$905
(Subtotal)	(30)				
Total	150				
Notes: 1/ Rents to include water, sewage and trash collection. 2/ Electricity only					
Source: Marlyn Development Corporation					

Rent Comparison

Table 2 shows a comparison of the gross rents for the affordable apartment units with HUD maximum allowable rents, with a utility allowance (UA) added to net rents. The UA was calculated for the sponsor based on the unit sizes and energy efficient HVAC system and appliances. The apartment building will be energy efficient within the VHDA guidelines. The gross rents shown are compared with the HUD maximum allowable gross rents for the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area. The comparison shows that the proposed gross rents, based on the calculated UA, are well below the maximum allowable rates, based on HUD's 2020 allowable rents.

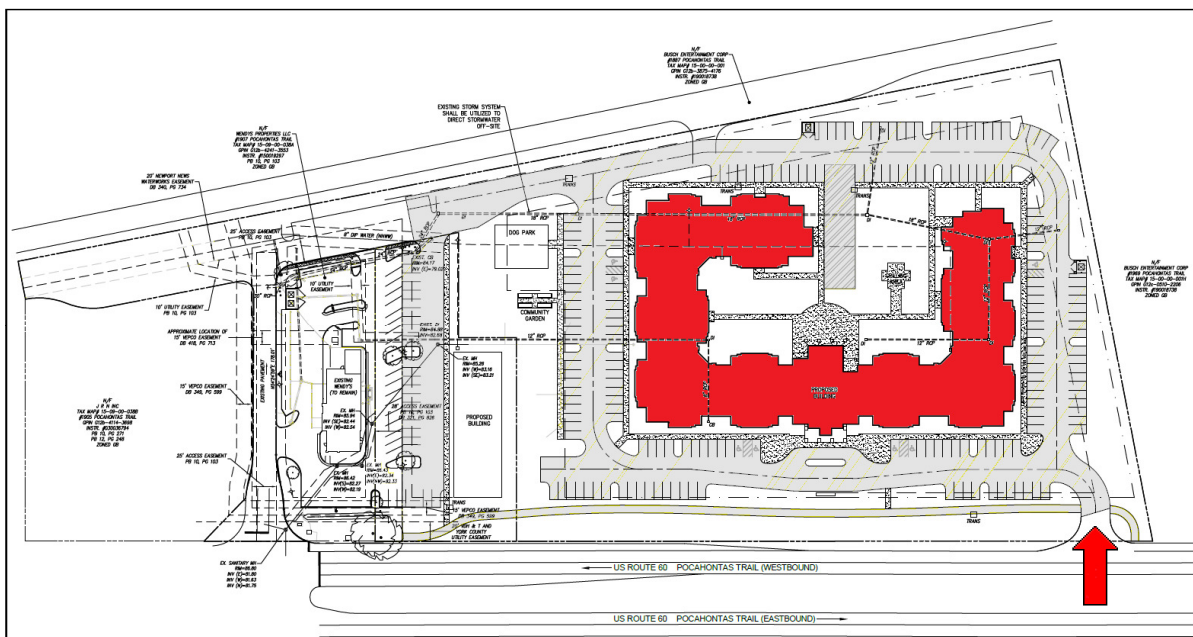
Table 2: <u>Rent Comparison Chart, The Arbors at Williamsburg and HUD Maximum Allowable Rates</u> (2020 dollars)				
	<u>Arbors at Williamsburg</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>	
50% of AMI				
1BR/ 1BA	\$700	\$58	\$758	\$773
2BR/ 1.5 BA	\$830	\$75	\$905	\$928
Source: HUD and Marlyn Development Corporation				

Site Plan and Building Design

The site plan for The Arbors at Williamsburg is shown below. The apartments will be situated in a single building fronting on Pocahontas Trail. The residential structure will be a roughly G-shaped building with a central main entrance and two residential wings on each side. Access will be directly from Pocahontas Trail, which marks the western boundary of the study site. The site plans show a dog park and community garden to be located north of the apartment building. Also proposed is a grilling area located to the rear of the apartment building.

A community van will be provided for regularly scheduled outings and shopping trips. An Activity Coordinator will assist residents in planning events and in encouraging socialization. In addition to the Activities Coordinator, the community will employ a Manager, Leasing Assistant, Housekeeper, and a Maintenance Technician. At least one employee will be on call 24 hours per day, seven days per week.

Surface parking will wrap around the building and total 194 spaces, or a ratio of 1.29 spaces per apartment unit.



The Arbors at Williamsburg

The building will have a large patio and landscaped area in the center of the building. There will be a walking trail and patio.

Shown next is a rendering of The Arbors at Williamsburg. The complex will contain a four-story, wood-framed structure. The building's exterior will feature a combination of brick, Hardie and vinyl siding. The building will include secure building entrances with security cameras and key fob entry. The building has a traditional exterior design with an abundance of large windows for light and air. Balconies are provided for select units.



The Arbors at Williamsburg Rendering

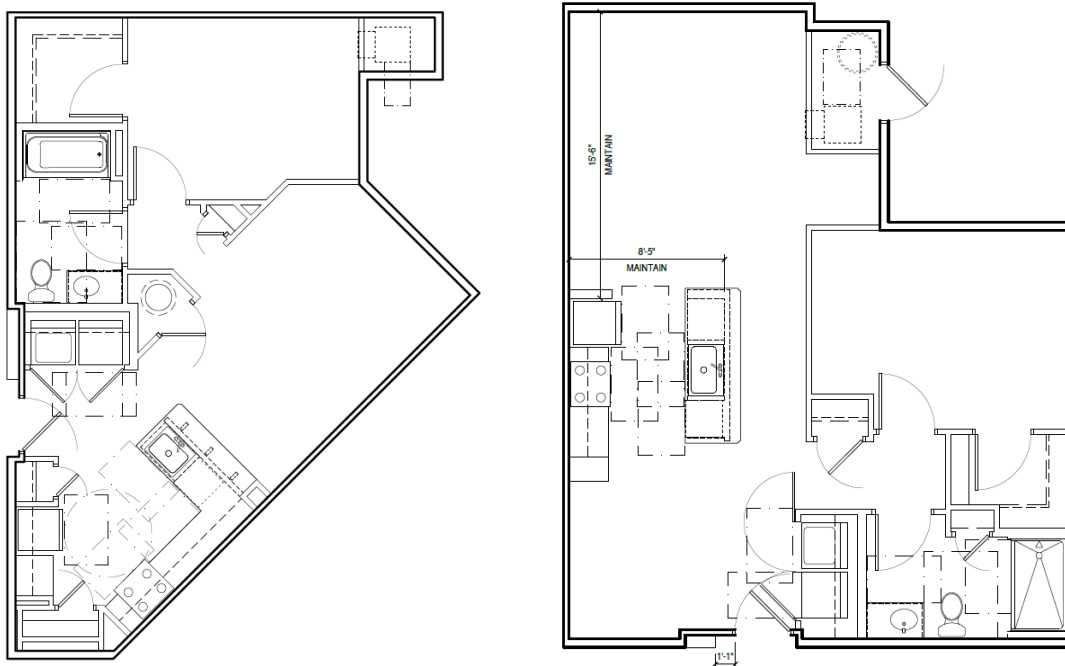
Following are floor plans of each level in the building. There will be a grand two-story entrance, lobby and community room on the ground floor. The leasing and management offices will be located off of the main lobby along with a meeting room, mailroom and restrooms. The community will also have a media room, fitness center, multipurpose room, business center/library, beauty salon and billiards room. Three elevators will service the building

**(TO BE ADDED)
Building Floor Plans**

Unit Floor Plans

Next shown are typical floor plans. All units at The Arbors at Williamsburg will be equipped with emergency pull cords in the bedrooms and bathrooms. The bathrooms will contain one-piece shower or tub fixtures with grab bars. Showers will have molded seats. The living area will have a central kitchen with an island, an electric range, a refrigerator, a dishwasher and a garbage disposal. Full-size washers and dryers will be provided in each unit. All units will have central air conditioning. Proposed flooring is carpeting in living rooms and bedrooms, with high-quality wood grained vinyl for kitchens, foyers and bathrooms. All floor plans will include a walk-in bedroom closet and a coat closet. Units will offer private outdoor space in the form of a balcony or patio.

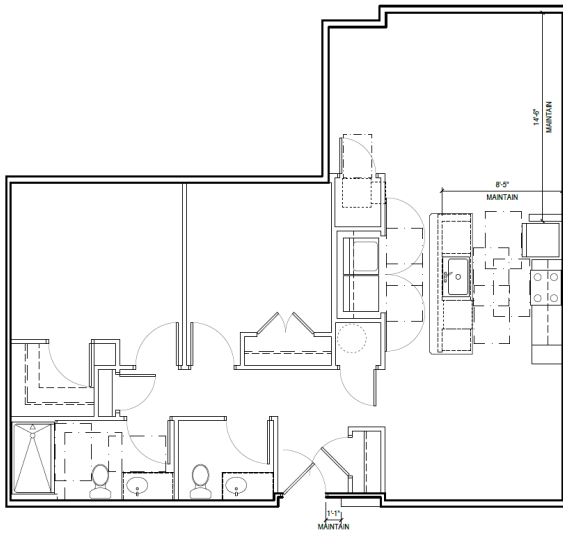
All one-bedroom units will have a full bathroom while the two-bedroom units will have a mix of 1.5 and two full bathrooms. All affordable two-bedroom units will have 1.5 bathrooms.



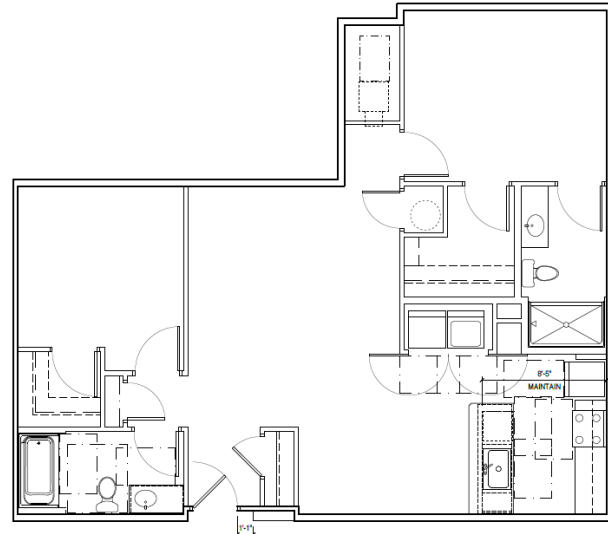
1BR/1 BA Floor Plans

Some of the apartment units have an irregular shape with angled walls. Most are rectangular. For all units, kitchens are open. The unit washers/dryers are enclosed and

located near the kitchens. All units have a dining area or pass-thru from the kitchen. Walk-in-closets exist in the bedrooms.



2BR/1.5 BA Floor Plan



2BR/2 BA Floor Plan

Development Costs

The proposed building costs, including soft costs and land acquisition, is \$24.8 million, or \$165,300± per unit. Of this cost, the per unit land costs are \$14,000, plus site work of \$2.1 million and \$87,000 per apartment units in hard costs.

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. Employment stability shows economic stability and the “ability” of the market area to retain seniors or attract seniors to be with family.

The market area includes all of James City County and York County, but only portions of York County. Bureau of Labor Statistics (BLS) only provides jobs and

employment data at the county level. Thus, economic trends are shown for all three counties in the market area, not just the portions that make up the market area. This will provide a more comprehensive look at the market area.

At-Place Jobs

At-place jobs refer to the number of jobs in the defined market area for the City of Williamsburg, York County and James City County. As of year-end 2018, the total number of at-place jobs in the market area was 64,940±.

Data in Table 3 show a decrease in total jobs in the market area for the key recession year of 2009, which followed sizable growth for the first eight years of the 2000 decade. The years of 2009, 2010 and 2011 were not growth years, when total employment fell by 3,160± jobs. While employment increased modestly in 2012, but it fell slightly in 2013 and 2014. Employment has grown every year since 2014, adding nearly 3,550 jobs since 2014. This includes 400± new jobs in 2017 and 760± new jobs in 2018. As of 2018, the market area has fully recovered all jobs lost following the Great Recession

The fastest growing employment sector over the past decade has been the Health Care sector. Approximately 3,000 jobs have likely been added in this sector since 2008, although an exact total is unavailable due to disclosure issues in the City of Williamsburg. Several of the market area's largest employers are in the Health Care industry. These include Williamsburg Community Hospital, Riverside Doctor's Hospital, Eastern State Hospital, and Sentara Williamsburg Regional Medical Center. This sector will likely grow in the future.

Other major employment sectors are tied to the tourism industry, including Accommodations/ Food, accounting for nearly 17 percent of market area employment, and Retail Trade, accounting for nearly 14 percent of market area employment. Employment in the Retail Trade sector grew by 140± jobs since 2008 while employment in the Accommodations/ Food sector expanded by at least 300.

Other sectors with employment growth since 2008 include Management of Companies (850± new jobs), Professional/ Technical Services (520± new jobs), Administrative/ Waste Services (420± new jobs) and Other Services (40± new jobs).

In terms of job losses, the sector that has lost the largest number of jobs over the past decade has been the Construction sector, which shed 1,230± jobs since 2008. Most of these losses, however, took place early in the decade. The Manufacturing sector also lost a large number of jobs over the past ten years, shrinking by at least 400 jobs during this time period.

Table 3: Trends in Average At-Place Employment, James City County-York County-Williamsburg City, VA, 2008-2017

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture/Forestry/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	ND	ND	ND	ND	ND	ND	ND	ND	ND
Construction	4,438	3,614	ND	ND	ND	ND	3,417	3,368	3,396	3,150	3,114
Manufacturing	2,653	2,409	ND	ND	ND	ND	2,085	2,299	2,255	2,260	ND
Wholesale Trade	ND	1,188	ND	ND	ND	ND	ND	ND	ND	ND	ND
Retail Trade	8,902	8,672	8,787	8,703	8,915	8,903	8,854	8,670	8,998	9,111	9,044
Transportation/ Warehousing	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Information	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Finance/Insurance	953	926	945	899	885	859	857	901	947	971	849
Real Estate	ND	1,537	1,416	ND	ND	ND	ND	ND	1,207	1,274	1,304
Professional/Tech. Services	2,855	2,669	2,620	2,750	2,903	2,580	2,685	2,798	2,992	3,277	3,375
Management of Companies	718	722	882	936	972	1,020	1,297	1,195	1,221	1,452	1,564
Administrative/Waste Services	2,770	2,733	2,573	2,522	2,725	2,719	2,669	2,679	3,082	3,298	3,190
Educational Services	348	399	ND	ND	449	ND	465	484	480	526	ND
Health Care	4,087	4,529	ND	ND	5,237	ND	5,443	5,900	6,077	6,195	ND
Arts/Enter./Recreation	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Accommodations/Food	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	10,962
Other Services	1,885	ND	ND	1,825	1,975	2,014	2,012	1,997	1,859	1,853	1,925
Local Government	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
State Government	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Federal Government	1,368	1,391	1,373	1,321	1,334	1,285	1,228	1,243	1,265	1,272	1,253
Total	64,253	61,805	61,348	61,097	61,504	61,484	61,393	62,691	63,777	64,178	64,941

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

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

Table 4 shows the net change in at-place job totals by jurisdiction over the past eleven years in the market area. Approximately 46.5 percent of the market area jobs are in James City County, while 33.4 percent are in York County and 20 percent are in

Williamsburg. There was a net growth of 2,970± jobs in James City County since 2008, and the current employment count is significantly larger than pre-recession levels. Nearly 80 percent of the new jobs created during this period in James City County were in the Health Care sector. York County lost 200± new jobs since 2008, with most of these losses due to layoffs in the Construction sector. The City of Williamsburg shed over 2,000 jobs 2008 in a variety of employment sectors.

There are a lot of disclosure issues in the market area, so it is difficult to analyze trends by industrial category. However, Retail Trade and Accommodations/ Food are the largest industrial job categories, accounting for over 30 percent of total employment. These sectors are largely related to Williamsburg tourist industry. The Health Care sector, are previously noted, is larger and expanding as well.

<u>Industry</u>	<u>Williamsburg City</u>	<u>James City County</u>	<u>York County</u>	<u>Total</u>
Agr./Forest./Fishing	--	--	--	--
Mining	--	--	--	--
Utilities	--	--	--	--
Construction	-58	-342	-924	-1,324
Manufacturing	--	-106	-324	--
Wholesale Trade	--	--	-38	--
Retail Trade	-347	434	55	142
Transport. & Warehousing	--	--	--	--
Information	--	6	-29	--
Finance/Insurance	-86	14	-32	-104
Real Estate	--	-459	-299	--
Professional/Tech. Services	185	71	264	520
Management of Companies	-1	527	320	846
Admin./Waste Services	95	-179	504	420
Educational Services	--	184	50	--
Health Care	--	2,355	452	--
Arts/Enter./Recreation	--	257	-233	--
Accommodations/Food	--	309	4	--
Other Services	-164	203	1	40
Local Government	--	-20	-65	--
State Government	--	-633	-26	--
Federal Government	-84	48	-79	-115
Total	-2,085	2,971	-198	688

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

Employment and Labor Force

Employment differs from at-place jobs, as it refers to the number of market area residents who are employed no matter where the job is located. Year-end 2018 employment in the market area is 73,160±, or 8,220± above the at-place jobs total. The fact that at-place jobs is lower than employment denotes out-migration of workers from the market area into neighboring jurisdictions, particularly to Newport News and Hampton to the south.

Employment increased by 6,610± since 2008, which is well above the at-place jobs increases. That comparison indicates an increase in out-commuting over the past decade, as new job growth was sizable in neighboring jurisdictions.

The market area unemployment rate is a low 3.0 percent as of year-end 2018. This is down from the previous year's rate of 3.7 percent and is the lowest rate in over a decade. The decline is attributed to employment growth. As with at-place jobs, employment grew early in the decade and fell following the recession. Employment has grown every year since 2010, adding 1,770± jobs in 2017 and 810± jobs in 2018.

**Table 5: Trends in Employment and Unemployment,
The Arbors at Williamsburg Market Area, 2008-2018 1/**

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	69,068	66,552	2,516	3.6%
2009	68,150	63,988	4,162	6.1%
2010	70,048	65,438	4,610	6.6%
2011	71,257	66,701	4,556	6.4%
2012	71,551	67,258	4,293	6.0%
2013	72,408	68,368	4,040	5.6%
2014	73,031	69,244	3,787	5.2%
2015	72,925	69,647	3,278	4.5%
2016	73,581	70,586	2,995	4.1%
2017	75,101	72,354	2,747	3.7%
2018	75,388	73,162	2,226	3.0%
Net Change	6,320	6,610	-290	-0.6%

Notes: 1/ Includes City of Williamsburg, York County and James City County.

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

Economic Development Activity

The economy of the greater Williamsburg area is primarily driven by tourism and education. Tourism, including major attractions and the hospitality industry, has long been the most significant economic driver in the area. Within the City of Williamsburg alone are 40± hotels/motels with approximately 4,400 rooms, 30± bed and breakfasts, and over 100 restaurants.

The backbone of the tourism industry in Williamsburg is the Colonial Williamsburg Foundation, which operates the nation's most extensive living history museum. Encompassing 578 restored or reconstructed buildings, and employing approximately 2,600 people, the Foundation interprets the 18th century history of America in Virginia's colonial capital. Other notable nearby attractions, that have driven economic growth, include Jamestown (site of the first permanent English settlement in 1607), Yorktown (site of Washington's victory over Cornwallis in the Revolutionary War), and Busch Gardens and Water Country USA theme parks. These attractions draw over four million ticketed visitors annually. The retail sector also plays a large role in the local economy, as previously noted, though this is partly driven by tourism. After tourism, higher education drives the Williamsburg-area economy. The College of William and Mary, located within the City, is the nation's second oldest university.

Specific current and planned job-generating developments within the City of Williamsburg, James City County and the York County portion of the market area are detailed in the paragraphs below.

- **Navien Inc.**, a U.S. subsidiary of a South Korean manufacturer of water heaters and boilers, announced in February, 2020 that it would occupy the former Lumber Liquidators building in James City County, creating 180 manufacturing jobs. The company plans on expanding the building to 900,000± square feet, about three times its current size of 315,000± square feet. Lumber. Liquidators moved its headquarters in November, 2019 from Toano to Henrico County.
- **Bicast**, a manufacturer of souvenirs, relocated to 8231 Richmond Road in Toano in February, 2019. Bicast has 18 full-time and two part-time employees. They anticipate hiring five new employees within the next year.

- **Colonial Heritage** announced plans in April, 2019 to construct an 85,000± square foot nursing care and assisted living facility on a 45-acre parcel west of Colonial Heritage's commercial entrance and across from the Williamsburg Pottery in James City County. The proposal includes a facility with 90 nursing beds, 30 assisted living units and 84 employees.
- **The College of William & Mary** announced in August, 2019 that it would operate a medical office and other traditional offices out of a 23,330± square foot building at 332 North Henry Street in Williamsburg.
- **1800 Richmond Road**. The Williamsburg EDA approved a grant in November, 2019 for the redevelopment of Midtown Row to include 56,000± square feet of street-level retail shops that will create a space for 12 to 20 retailers. There will also be four additional stories containing 240 rental residential units. Construction is expected to be completed by summer 2021.
- **Caliber Collision**. Construction on an auto body paint and repair shop called Caliber Collision is ongoing, bringing a six-bay repair shop with two painting booths to 317 Bypass Road in York County. The 18,870± square foot facility is next to the site of Sam's Xpress car wash, which is also in the process of getting all its permits for construction.
- **Riverside Doctors' Hospital Williamsburg**. Construction was completed in the summer of 2019 on a new two-story addition to at Riverside Doctors' Hospital Williamsburg. The addition will include a third operating room, a new diagnostic space for its MRI full-body scanner, which was recently moved to the Williamsburg Hospital from its family medicine center on Kings Way. The 100,000± square foot Williamsburg Hospital, which opened in 2013, is currently two stories, and has 40 private patient rooms, 33 medical and surgical patient rooms and seven intensive care rooms.
- **Scherzer Assisted Living**. This is a proposed senior care facility to be built in the City of Williamsburg. The main building would be an assisted living facility with 12 single-family dwellings on a separate portion of the property. The assisted living would have approximately 30 memory care units and 80 assisted living units.
- **Build Senior Living**. This is a proposed assisted living and memory care facility to be built at 120 Reserve Way in York County. It will contain 89 units.

Section II Senior Apartments Market Analysis

This section of the report presents the supply/demand analysis for The Arbors at Williamsburg apartment proposal. First presented is the demand analysis, which “solves” for the number and growth of active senior households who can afford the proposed rents, as described above. The demographic analysis is separated by the two income categories under study – market rent and 50% of AMI restricted rent.

The study forecast date is 2023, as The Arbors at Williamsburg is expected to be started in early-2021 and completed by early-2022 or late-2022, with much of the lease-up occurring in 2022.

The second part of this section is the competitive apartment market for age-restricted apartments. As noted above, due to the lack of direct competitive age-restricted apartment properties in the defined market area, we studied a wide range of properties with rent and age restrictions, plus non rent-restricted properties with the same rent restrictions as the study proposal, as these properties attract the same number of the same age and income residents as the 30 rent-restricted apartments at The Arbors at Williamsburg.

Thus, the market analysis to follow is separated into one, an analysis of market rent age-restricted apartments, and two, moderate-rent apartments, of which most are not age-restricted, but attract a sizable number of active seniors. The market analysis will show that the study proposal is unique for the market area, but that a pent-up demand exists for age-restricted housing, as proposed, as much of the identified demand is being served by more expansion and more moderate apartment properties.

Market Area Demographic Analysis

Population Trends and Projections

The 2019 market area population count is based on estimates from the Weldon Cooper Center for Public Service, and verified by SPA. In terms of population growth, the market area is estimated to have realized a net population growth of 14,780± during the 1990's, 24,070± during the 2000's, and 11,040± between 2010 and 2019, or 1,230± per year on average. The current and post-2010 annualized population growth rate is below the growth level during the 2000's, due primarily to the past recession and the significant downturn in the for-sale housing unit market.

As shown in Table 6, each of the jurisdictions that comprise the market area have realized some level of population growth since 2010, with James City County realizing the “lions share” of market area growth. That growth pattern is consistent since 1990, as James City County has had growth related to the Williamsburg marketplace.

The market area population projection of 109,770± is 5,000± above the estimated current population. This projection is based on trends since 2010.

Table 6: <u>Trends and Projections of Population and Households, The Arbors at Williamsburg Market Area, 1990-2023</u>					
	1990	2000	2010	2019	2023
Market Area Population	54,980	69,760	93,830	104,870	109,770
City of Williamsburg	11,530	12,000	14,070	15,380	15,900
James City County	34,860	48,100	67,010	75,910	79,870
Northern York County 1/	8,590	9,660	12,750	13,580	14,000
Group Quarters Population 2/	5,750	5,850	5,540	5,760 2/	5,780
Household Population	49,230	63,910	88,290	99,110	103,990
Persons Per Household	2.54	2.44	2.45	2.44	2.44
Total Households	19,330	26,210	36,050	40,620	42,620
Notes: 1/ Includes the following 2010 U.S. Census tracts in York County: 509, 510 and 511.					
2/ Primarily students living in on-campus housing at the College of William and Mary. Growth driven largely by new assisted living and memory care facilities.					
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 market area has a sizeable Group Quarters population, which consists largely of seniors in age-restricted housing and hospitals, and students living in on-campus housing at the College of William and Mary in Williamsburg. Several nursing facilities are located in the Williamsburg area and include Consulate Health Care of Williamsburg, The Convalescent Center at Patriots Colony, Envoy of Williamsburg, WindsorMeade and Woodhaven Hall.

The Group Quarters population total grew in the 1990's and shrank modestly in the 2000's. The 2019 Group Quarters total was 5,760±, which reflects a moderate increase over the 2010 Census count, due to increases in on-campus dorm occupancy at the College of William and Mary. The subtraction of the Group Quarters population from total population generates Household Population, which is the basis for the analysis of new housing unit demand.

Households

The 2019 estimate for households is 40,620±, based on trends since the 2010 Census. This represents an increase of 4,570± households between 2010 and 2019, or an increase of 510± households per year, on average. This is compared to an average annual household increase of 980± households during the 2000's.

A key issue related to household trends is the small average household size of market area households, at 2.44 in 2010 and 2.45 in 2000. The fact that the average household size did not decrease in 2010 from 2000 is likely due to some households doubling up due to the recession of the last part of the 2000's. That trend is a reversal of the average household size decline during the 1990's. Average household size is projected to shrink slightly by 2023. By 2023, the market area is projected to have a total of 42,620± households, or 2,000 more than in 2019.

Active Senior Demographics

The target age bracket for the age-restricted apartment market is seniors between the ages of 62 and 79. This is defined as the active senior housing market. Although younger adults, between the ages of 55 and 61, are often permitted to rent in senior apartment facilities, this segment of the adult population makes up only a small portion of the senior market at age-restricted communities. Thus, including this demographic would greatly overstate the “market.” Additionally, residents in the 80+ age category are potential residents of age-restricted housing, but this age group often selects assisted living, or age in place from initial apartment unit lease-up. Thus, to be conservative, we studied the 62 to 79 age category, noting that it is conservative. This cohort is detailed in Table 7.

In 2019, the active senior population in the market area numbered 21,710±, or 20.7 percent of the total market area population. This is a high percentage and reflects a location that attracts retirees. This represents an increase of 4,870± senior-headed households between 2010 and 2019, or an average annual increase of 540±. By 2023, the market area is projected to add 2,330± seniors within this age group to reach a total of 24,040± seniors.

Data in Table 7 also show the growth in the number of households with the household head aged 62 to 79. In 2019, the market area had 12,410± active senior-headed households. By 2023, this total is projected to grow by 1,330± and reach 13,740± households.

Table 7: <u>Trends and Projections of Senior Population and Households, The Arbors at Williamsburg Market Area, 1990-2023</u>					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>2023</u>
Market Area Population	54,980	69,760	93,830	104,870	109,770
Market Area Households	19,330	26,210	36,050	40,620	42,620
<u>Active Senior Demographics (62-79)</u>					
Total Population	6,480	10,430	16,840	21,710	24,040
Percent of Total Population	11.8%	15.0%	18.0%	20.7%	21.9%
Senior Households	3,960	6,470	9,610	12,410	13,740
Percent of Total Households	20.5%	24.7%	26.7%	30.5%	32.2%
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.					

Target Market

The last set of demographic data presented in Table 8 are the number of active senior-headed households within the two income categories under study. Trends in these demographics are detailed in the paragraphs below.

- **Market Rate Units.** For the market rate apartment units with no income restrictions, the target market includes senior-headed households earning an annual income of over \$40,000, when incomes are reported in constant 2020 dollars. This represents senior households that can afford net rents of \$1,250, based on 40% of income allocated to net rent. The estimate for households in this income category in 2010 is 7,630±, or 79.4 percent of senior households. By 2019, this total is project to have increased by 2,260± to reach 9,900± households. This represents 24.4 percent of total households and 79.7 percent of senior households. By 2023, total senior households within this income category is projected to increase by 1,070± to reach 10,960±.

- **Affordable Units.** For the units with rents restricted to households earning 50 percent of AMI, the target market includes senior-headed households earning annual incomes ranging between \$21,000 and \$33,000, with \$33,000 being the maximum allowable income for a two-person household. The estimate of the number of households that are in this category in 2010 is 540 households, or 1.3 percent of senior households. By 2023, this total is projected to reach 730 households. This will represent 5.3 percent of senior households. Part of the reason why there has been minimal growth of seniors within this income range is due to no age-restricted, affordable apartments built to serve this market. Most growth has been driven by seniors aging in place. This should change, somewhat.

Table 8: Trends and Projections of Senior Population and Households, The Arbors at Williamsburg Market Area, 1990-2023 (Constant 2020 Dollars)					
	1990	2000	2010	2019	2023
Market Area Households	19,330	26,210	36,050	40,620	42,620
Senior Households	3,960	6,470	9,610	12,410	13,740
Target Market					
Market Rate Units (\$40,000+)					
Total Households	2,760	4,830	7,630	9,900	10,960
Percent of Senior Households	70.0%	74.7%	79.4%	79.7%	79.8%
Percent of Total Households	14.3%	18.4%	21.2%	24.4%	25.7%
50% of AMI Units (\$21,000-\$33,000)					
Total Households	300	390	540	610	730
Percent of Senior Households	7.6%	6.1%	5.6%	4.9%	5.3%
Percent of Total Households	1.6%	1.5%	1.5%	1.5%	1.7%
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.					

Renter Household by Size

Table 9 below provides data on sizes of renter households within the market area. Data show that just over 33 percent of renter household are single-person households while just over 30 percent are two-person households.

Table 9: Renter Households by Size, The Arbors at Williamsburg Market Area, 2010		
	Household	Present of Total
1-person household	3,307	33.2%
2-person household	3,052	30.6%
3-person household	1,643	16.5%
4-person household	1,158	11.6%
5-person household	496	5.0%
6-person household	207	2.1%
7-or-more-person household	95	1.0%
Total Renter Households	9,958	100.0%
Source: 2010 Census, U.S. Census Bureau, U.S. Department of Commerce		

Characteristics of the Market Rate Senior Apartment Market

The competitive apartment analysis is studied separately for the market rent units and for the rent-restricted units. The market rent units are studied first, as they represent the majority of the units to be built. The demographic analysis presented above showed the wide difference in rents and the need to study each apartment component separately.

The Williamsburg area has an abundance of age-restricted housing, but most of these properties are part of CCRC's and/or are full-service independent living facilities with meals, housekeeping and laundry service included in the monthly fees. These facilities have all been well-received and have a low vacancy rate. They have monthly fees well above The Arbors at Williamsburg proposal. The market area has only one true independent living facility for seniors, which is the mixed-income Arbors at Towne Park. Only a small number of apartment units at Arbors at Towne Park have market rents.

Table 10 details the age-restricted apartment communities in the market area. The age-restricted housing market is delineated into three components, as there are three different product types that cater to active senior market.

Data in Table 10 show that the market area contains three full-service independent living communities, with monthly fees that include all utilities, housekeeping, laundry service, at least two daily meals, and a host of other services, such as scheduled transportation and activities. Combined, these facilities total 420 units. Two of these facilities opened in the 2000's—the 100-unit Commonwealth Senior Living, and the 120-unit Verena at the Reserve. The 200-unit Brookdale Chambrel Williamsburg opened in 1988, but units there have been upgraded, as needed. Combined, these three communities have three vacant units, or a vacancy rate of only 0.7 percent. All three vacancies are in Brookdale Chambrel Williamsburg. Of note is that no new facilities of this type have been built since 2008. Verena at the Reserve was slow to lease, as it opened during the recession in 2010.

Independent living communities of this type have much higher monthly fees than standard age-restricted apartments. They also attract an older population, with a high percentage of persons over 80 years of age. They are only independent, as they do not offer full assisted care, but some assistance is included at these properties.

The second age-restricted market “component” contains three area Continuing Care Retirement Communities (CCRC), which have large buy-in fees, but provide guaranteed access to onsite assisted living facilities and nursing care, when, and if, needed. These properties offer independent living, assisted living, memory care and nursing services all on the same campus. Residents of the IL apartments have first “right” to move to the assisted living or nursing care apartments.

The largest CCRC is Williamsburg Landing, which was built in phases between 1985 and March, 2020. It contains a total of 319 independent living apartment units. Within this total are 168 villas, all of which are currently occupied. Three apartment buildings are located at Williamsburg Landing. Two were built in 1985 with 119 units and were more recently renovated in 2013 and 2016. The third apartment building, with 32 units, was constructed in 2005. The community currently has four vacancies for the older apartment units and an extensive waitlist for the villas. Construction was most recently completed on six independent living cottages, which opened in March, 2020 and all are occupied.

Patriots Colony is also a CCRC that caters to military veterans. It opened in 1995 with 150 apartment units. Since opening, an additional 32 villas were constructed between 1999 and 2004. Construction was also completed in three phases between August and October of 2018 on a 60-unit building, called Presidents Pavilion. Many units were preleased when they opened and all are now occupied. Four of the vacancies at Patriots Colony are apartment units and one is a villa. Management notes that there are wait lists for the other units.

The third CCRC is the 105-acre WindsoreMeade, which includes 85 apartment units and 96 villas. The community is at full occupancy with over 150 people on the wait list. WindsorMeade opened in 2008.

The third and smallest component of the market rate age-restricted senior rental market is for standard, independent living units that do not include services, such as meals, housekeeping, etc. The only market area complex of this type is Arbors at Towne Park, a 130-unit LIHTC property that contains 20 market rent apartments. These 20 units are studied in this subsection. This complex opened in February, 2019 and is fully-occupied. Nearly all of the market rate units were pre-leased at project opening.

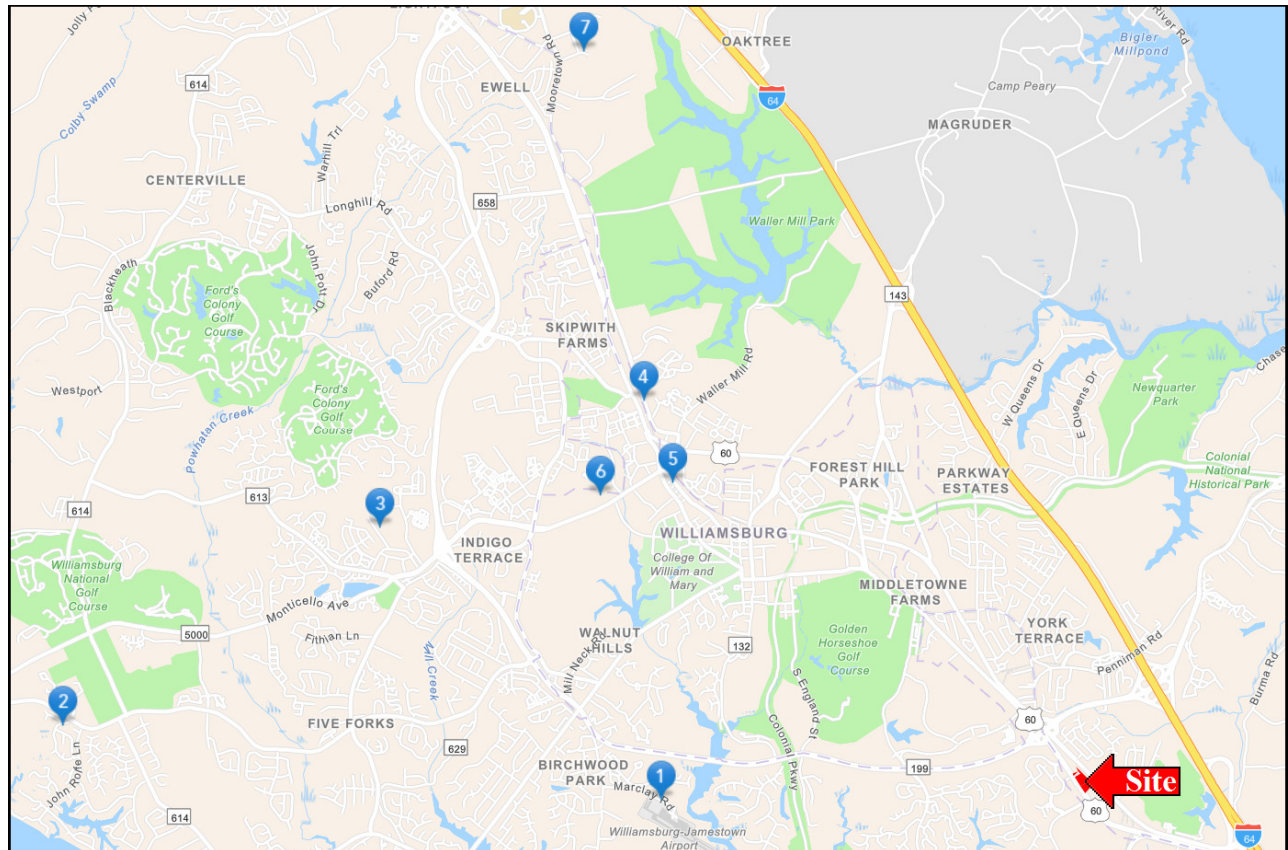
In total, the market area has nearly 1,200 apartment units defined as independent living for older adults. Only Arbors at Towne Park is defined for active seniors. The independent living units at the CCRC's attract an older population who expect to need assisted care, in time.

The vacancy rate is very low at only one percent. The most important data shown in Table 10 is the small number (38) of units built in recent years, with 20 of these new apartment units being constructed as part of the LIHTC program. Part of the reason for the modest increase of new IL units, of the type listed in Table 10, is that more properties, such as The Arbors at Williamsburg, are being built nationwide and are at lower fees compared with these full-service facilities. These types of age-restricted apartments serve a larger market.

Table 10: Characteristics of Competitive Independent Living Communities, The Arbors at Williamsburg Market Area, April, 2020

	<u>Map E Key</u>	<u>Year Built</u>	<u>Total Units</u>	<u>Vacant Units</u>
<u>CCRC</u>				
Williamsburg Landing	1	<u>1985-2020</u>		
The Moorings Homes		1985	102	0
Boatwright Circle Homes		1995	28	0
Edgewood Homes		2005	32	0
Earl's Court Apartments		2005	32	0
River Court Apartments		1985/13	48	2
The Landing Apartments		1985/16	71	2
Crestwood		03/2020	<u>6</u>	<u>0</u>
<i>(Subtotal)</i>			<i>(319)</i>	<i>(4)</i>
Patriots Colony	2	<u>1995-2018</u>		
Apartments		1995	150	4
Villas		1999	8	0
Presidents Pavilion		08/2018 2/	60	0
Greenspring Homes		2001-2004	<u>24</u>	<u>1</u>
<i>(Subtotal)</i>			<i>(242)</i>	<i>(5)</i>
WindsorMeade	3	2008		
Apartments		2008	85	0
Villas		2008	<u>96</u>	<u>0</u>
<i>(Subtotal)</i>			<i>(181)</i>	<i>(0)</i>
<i>(CCRC Subtotal)</i>			<i>(742)</i>	<i>(9)</i>
<u>Full-Service Independent Living</u>				
Verena at the Reserve	4	2010	120	0
Commonwealth Senior Living 1/	5	2008	100	0
Brookdale Chambrel Williamsburg	6	1988	<u>200</u>	<u>3</u>
<i>(Subtotal)</i>			<i>(420)</i>	<i>(3)</i>
<u>Standard Independent Living</u>				
Arbors at Towne Park 3/	7	02/2019	<u>20</u>	<u>0</u>
Total			1,182	12
Vacancy Rate				1.0%
Notes: 1/ Formerly Heritage Commons.				
2/ Three buildings that opened in August, September and October of 2018.				
3/ 130-unit mixed-income community. Only market rate data shown.				
Source: Field and Telephone Survey by S. Patz and Associates, Inc.				

Map E shows the locations of the Williamsburg-area senior market rent facilities, all of which are located near the study site, in and around the City of Williamsburg.



Map E - Location of Competitive Independent Living Facilities

Shown below are photos of each of the “comps,” including both the apartments and villas at the area CCRC’s. The villas generally have a single-level design and include a mix of single-family homes, duplexes and multiplexes. The apartments are all in multi-level, elevator-served buildings. Some complexes, such as Commonwealth Senior Living and Brookdale Chambrell Williamsburg, share their buildings with an assisted living component, although these sections are separated and do not share amenities. Arbors at Towne Park, which was built by the same developed as the study proposal, has a similar design to The Arbors at Williamsburg.

Overall, these are stately buildings with good curb appeal. They are well maintained properties, as evidenced by the high market area occupancy rate.



(Apartments)



(Villas)

Patriots Colony



(Apartments)



(Cottages)

Williamsburg Landing



(Apartments)



(Villas)

Windsor Meade



Brookdale Chambrel Williamsburg



Commonwealth Senior Living Williamsburg



Verena at the Reserve



Arbors at Towne Park

Rent Analysis

Data in Table 11 list the monthly fees at all of the market rent, age-restricted apartment communities detailed above. These fees generally include most or all utilities, in addition to some additional services, such as meals, housekeeping, laundry service, transportation, social programs, etc. The Villas at Williamsburg Landing and WindsorMeade have metered electricity and/ or gas, which is paid by the tenant separately. All of the units under study include, at each of the senior properties, in-unit washers and dryers.

The one-bedroom monthly fees at the CCRC's average \$3,700, compared to \$2,780 at the full service independent living facilities. Patriots Colony is the only CCRC with one-

bedroom villas, which are large and command higher rents. The one-bedroom rents at Patriots Colony's recently-built Presidents Pavilion, and nearly all units at Williamsburg Landing, have monthly fees that start at over \$4,000. One-bedroom rents at Verena at the Reserve start at \$2,495 and reach as high as \$3,095. One-bedroom rents at Commonwealth Senior Living are \$2,750. Although older, one-bedroom rates at Brookdale Chambrel Williamsburg reach as high as \$3,070. The smaller units start at \$2,495.

The two-bedroom units at the CCRC's rent for an average of \$4,590, compared to \$3,480 at the full service independent living facilities. Rents for villa units are higher, with several units at Williamsburg Landing renting for over \$5,000. All two-bedroom units in the independent living facilities rent for over \$3,000 and reach as high as \$4,100.

All of the three-bedroom units are at the area CCRC's. These are all villa units that average \$5,260 in rent.

The monthly fees described above include meals, laundry service, weekly housekeeping, transportation, etc. These costs likely add \$1,000 to a base rent cost, plus \$110 to \$140 for utilities and other associated costs for cable, etc. Subtracting these add-on costs (average \$1,200-\$1,500) from the average monthly fee at the full-service independent age-restricted apartments generates the following average rent:

- One-bedroom - \$1,300+
- Two-bedroom - \$1,700+

This adjustment shows that the proposed rents at The Arbors at Williamsburg are generally in line, or below, market rate rents at comparable properties of adjusted sales.

Arbors at Towne Park, with only 20 market rates units, offers the most direct comparable rents for The Arbors at Williamsburg. One-bedroom units in this complex rent for \$1,300 compared to two-bedroom units that rent for \$1,500. All two-bedroom units at Arbors at Towne Park have 1.5 bathrooms. These rents, which have been fully

accepted, are essentially the same as those proposed for The Arbors at Williamsburg and include cold water, sewer and trash.

The following are relevant points to be drawn from the data in Table 11.

- One-bedroom rents at the CCRC's are \$920 more expensive than the full-service independent living facilities, on average, as these properties are more amenitized. For the two-bedroom units, the CCRC's charge an average of \$1,120 more than the full-service independent living facilities.
- The CCRC's require a large "buy-in" fees; some refunds are possible.
- All communities, apart from Arbors at Towne Park, include weekly or bi-weekly housekeeping, laundry service and between one and three daily meals.

Data presented in Table 11 clearly show the wide range in the fees at communities that offer services, compared with The Arbors at Williamsburg. For adults who are truly active and do not need assistance with daily chores, the units without services represent a more viable option for housing.

Table 11: Rental Rates at Competitive Independent Living Communities, The Arbors at Williamsburg Market Area, April, 2020

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Utilities</u>	<u>Meals</u>	<u>Housekeeping</u>
<u>CCRC</u>						
Williamsburg Landing						
The Moorings Homes 2/	\$4,480	\$4,495-\$4,740	\$4,830-\$4,915	W/S/T	1 Daily	Weekly
Boatwright Circle Homes 3/	--	\$5,070-\$5,400	--	W/S/T	1 Daily	Weekly
Edgewood Homes 3/ 4/	--	\$5,355-\$5,710	\$5,655	W/S/T	1 Daily	Weekly
Earl's Court Apartments 3/	--	\$5,155-\$5,245	--	W/S/T/E	1 Daily	Weekly
River Court Apartments	--	\$4,105	--	W/S/T/E	1 Daily	Weekly
The Landing Apartments	\$3,710-\$4,045	\$4,360-\$4,695	--	W/S/T/E	1 Daily	Weekly
Crestwood	--	--	\$5,570	W/S/T/E	1 Daily	Weekly
Patriots Colony						
Apartments 2/	\$2,646-\$2,750	\$3,289-\$3,989	--	W/S/T/E	3 Daily	Weekly
Villas 2/ 5/	\$2,960	\$3,582-\$4,307	--	W/S/T/E	3 Daily	Weekly
Presidents Pavilion 3/ 6/	\$4,003	\$4,290-\$4,588	--	W/S/T/E	3 Daily	Weekly
Greenspring Homes	--	--	\$5,048-\$5,765	W/S/T/E	3 Daily	Weekly
WindsorMeade						
Apartments 2/ 7/	\$4,170	\$4,370-\$4,745	--	W/S/T/E	Some 1/	Weekly
Villas 2/ 4/ 8/	--	\$4,540-\$4,920	\$4,920	W/S/T	Some 1/	Weekly
(Average)	(\$3,698)	(\$4,593)	(\$5,285)			
<u>Full-Service Independent Living</u>						
Verena at the Reserve 2/ 5/ 9/	\$2,495-\$3,095	\$3,195-\$3,625	--	W/S/T/E	3 Daily	Weekly
Commonwealth Senior Living 2/	\$2,750	\$3,250-\$4,100	--	W/S/T/E	2 Daily	Biweekly
Brookdale Chambrel 2/ 5/ 9/	\$2,495-\$3,070	\$3,140-\$3,550	--	W/S/T/E	3 Daily	Weekly
(Average)	(\$2,776)	(\$3,477)	(--)			
<u>Standard Independent Living</u>						
Arbors at Towne Park 10/	\$1,300	\$1,500	--	W/S/T	None	None
Average	\$3,182	\$4,164	\$5,285			
Arbors at Williamsburg 11/	\$1,250	\$1,450-\$1,550	--	W/S/T	None	None

Notes: 1/ Monthly allowance.

2/ Larger two-bedroom units have dens.

3/ All two-bedroom units have dens.

4/ All three-bedroom units have dens.

5/ Larger one-bedroom units have dens.

6/ All one-bedroom units have dens.

7/ One-bedroom units have 1.5 bathrooms.

8/ Larger two-bedroom units have 2.5 bathrooms. All three-bedroom units have 3.5 bathrooms. Includes four-bedroom/ 3.5 bathroom units for \$4,555.

9/ Smaller two-bedroom units have one-bathroom.

10/ Two-bedroom units have 1.5 bathrooms.

11/ Smaller two-bedroom units have 1.5 bathrooms.

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

Rents at General Occupancy Apartment Properties

The market area under study has essentially no independent living properties without services. Table 12 details the market area general occupancy apartment properties with net rents shown for one- and two-bedroom units. These are new, high rent apartment properties in the market area that are comparable with the study proposal in quality and amenities. The rents at these properties are presented to show the level of rents being achieved in the Williamsburg market area. They are compared with rents at The Arbors

at Williamsburg. These rents of \$1,300 to \$1,600 are directly competitive with the proposed market rates rents of The Arbors at Williamsburg

Table 12: <u>Rental Rates at Market Rate General Occupancy Apartment Communities, The Arbors at Williamsburg Market Area, April 2020</u>			
	<u>Year Built</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
Aura at Arbordale	2020	\$1,299-\$1,395	\$1,399-\$1,695
Elan Williamsburg	2018	\$1,375-\$1,525	\$1,595-\$1,795
Aura at Quarterpath	2015	\$1,300-\$1,409	\$1,420-\$1,545
Founders Village	2014	\$1,185-\$1,358	\$1,544-\$1,609
Sterling Manor	2008	\$1,206-\$1,650	\$1,652-\$1,785
The Pointe at New Town	2007	\$1,102-\$1,369	\$1,369-\$1,780
Spotswood Commons	2002	\$1,095-\$1,275	\$1,340-\$1,550
Monticello at Powhatan	2001	\$1,199	\$1,414-\$1,684
Average		\$1,309	\$1,574
Arbors at Williamsburg		\$1,250	\$1,450-\$1,550
Source: S. Patz & Associates, Inc.			

Rent per Square Foot

This was not calculated as there are no true comps in the market area for the market rate rents at The Arbors at Williamsburg, except for the 20 units at Arbors at Towne Center.

Unit Sizes

Data in Table 13 details the unit sizes for each of the apartment units. One-bedroom units at the full-service independent living facilities average 706 square feet, compared to 1,126 square feet for the CCRC's. The one-bedroom units at the recently-opened Presidents Pavilion measure 1,460 square feet. One-bedroom units at Arbors at Towne Square measure 781 square feet. This is compared to the proposed one-bedroom units of 706-840 square feet, which would be very spacious.

Part of the reason for the high rents at the age-restricted apartment properties under study is the large apartment units.

The two-bedroom units at the full-service independent living facilities average 1,050 square feet. This is compared to an average of 1,660 square feet at the CCRC's, though many of these are villas. Two-bedroom units at Arbors at Towne Square are 1,030 square feet. The proposed two-bedroom units will range in size between 1,100 and 1,250 square feet, making them larger than all of non-CCRC two-bedroom units.

Table 13: <u>Unit Sizes at Competitive Independent Living Communities, The Arbors at Williamsburg Market Area, April, 2020</u>			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>CCRC</u>			
Williamsburg Landing			
The Moorings Homes	1,465	1,476-1,651	2,273-2,448
Boatwright Circle Homes	--	1,623-1,955	--
Edgewood Homes	--	2,260-2,650	2,620
Earl's Court Apartments	--	1,810-1,900	--
River Court Apartments	--	1,268	--
The Landing Apartments	645-1,068	955-1,387	--
Crestwood	--	--	2,561
Patriots Colony			
Apartments	885-891	1,182-1,582	--
Villas	937-1,125	1,361-1,895	--
Presidents Pavilion	1,460	1,610-1,870	--
Greenspring Homes	--	--	2,212-2,850
WindsorMeade			
Apartments	1,054	1,350-1,937	--
Villas	--	1,074-2,470	3,314
(Average)	(1,126)	(1,661)	(2,677)
<u>Full-Service Independent Living</u>			
Verena at the Reserve	665-940	880-1,267	--
Commonwealth Senior Living	500-754	989-1,264	--
Brookdale Chambrel	550-825	870-1,050	--
(Average)	(706)	(1,053)	(--)
<u>Standard Independent Living</u>			
Arbors at Towne Park	781	1,029	
Average	966	1,497	2,677
Arbors at Williamsburg	706-840	1,100-1,250	--
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Unit Mix

Data was not provided on unit mix for the CCRC and full-service independent living facilities, though these complexes are not directly competitive and most units are two-bedroom units. All of the three-bedroom units in the market area in the CCRC's. Of

the 20 market rate units at Arbors at Towne Park, eight (40 percent) are one-bedroom and 12 (60 percent) are two-bedroom units. This compared to 21.6 percent of proposed market rate units that will be one-bedroom units and 78.3 percent that will be two bedroom units.

Community Amenities

Table 14 shows the community amenities at the area senior facilities. All are fully amenitized with a fitness center, business center, library, salon and game room. All of the CCRC’s and Brookdale Chambrel have outdoor swimming pools. The proposed amenity package at Arbors at Williamsburg will be fully competitive.

Table 14: <u>Community Amenities at Competitive Independent Living Communities, The Arbors at Williamsburg Market Area, April, 2020</u>							
	<u>Fitness</u>	<u>Business</u>	<u>Library</u>	<u>Salon</u>	<u>Pool</u>	<u>Game Room</u>	<u>Laundry</u>
<u>CCRC</u>							
Patriots Colony	●	●	●	●	●	●	○
Williamsburg Landing	●	●	●	●	●	●	○
WindsorMeade	●	●	●	●	●	●	○
<u>Independent Living</u>							
Brookdale Chambrel	●	●	●	●	●	●	○
Commonwealth Senior Living	●	●	●	●	●	●	○
Verena at the Reserve	●	●	●	●	○	●	○
<u>Standard Independent Living</u>							
Arbors at Towne Park	●	●	●	●	○	●	○
Proposed Amenities	●	●	●	●	○	●	○

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

Newport News and Hampton. The Newport News/Hampton area, located to the south of the Williamsburg area, has two independent, age-restricted apartment communities that are comparable with The Arbors at Williamsburg and the Arbors at Towne Park. These are more comparable with the study proposal. Both are mixed-income communities, with a mix of market rate and affordable (tax credit) apartment units. **Both are fully occupied at rents of approbatively \$1,100 for a one-bedroom and \$1,240+ for a two-bedroom unit.** Somerset at Town Center was built in 2008. The Woodland at Phoebus was built in 2016. Photos of each are shown below.



Somerset at Town Center



The Woodlands at Phoebus

These apartment properties are presented here, because, along with the Arbors at Towne Park, these are direct comparable properties to the study proposal. Somerset and The Woodlands show the ability to generate rents comparable with the Williamsburg proposal. They are located outside of the market area, but are similar in design and rental rates. These properties have one- and two-bedroom units restricted to 40% and 60% of AMI. Unit sizes are comparable at The Arbors at Williamsburg.

Characteristics of Affordable Apartment Market

Table 15 details the market area affordable and moderate-rent, market rate apartment properties in the market area that are defined as “comps” for the affordable units at The Arbors at Williamsburg. Within this list are four LIHTC apartments and eight mature market rate apartments. This total excludes age-restricted and general occupancy properties with very low, non-competitive rents, such as Section 8.

Only one of the LIHTC apartments, Arbors at Towne Park, has age-restrictions. This 130-unit apartment community has a mix of 110 units restricted to 60% of AMI and 20 market rate units. The complex had an average lease up pace of approximately 16 units per month, since opening and is currently at full occupancy, with a wait list.

The three remaining LIHTC properties are general-occupancy apartments, not designed for seniors. The newest apartment, Station at Norge, opened in 2007 with 104

units and has only three vacant units. The property has a wide mix of rents. The property includes 11 units restricted to 40% of AMI, 41 units restricted to 50% of AMI and 52 units restricted to 60% of AMI. The other two LIHTC properties are the 170-unit Longhill Grove, which opened in 2004, and has one vacant unit, and the 200-unit Rolling Meadows, which opened in phases in 1993 and 1996, and was fully renovated in 2015. This complex has six vacant units. The general occupancy LIHTC apartment properties are a mix of townhouse and three-story garden buildings.

The market rent market area properties are all mature and total 1,169 units. All eight apartment properties listed in Table 14 were built between the late-1960's and early-1970's and only two of the eight have had recent upgrades. The vacancy rate for these properties is a low 3.4 percent. These have townhome and standard garden apartment designs.

The overall market area vacancy rate for all of these moderate rent apartments, of 2.9 percent, is low for mature apartment communities. Only one of the apartment complexes, Country Club, has occupancy issues. This apartment recently changed management companies, which resulted in several recent evictions. These apartments were studied as they do have a sizable number of senior residents.

There are 1,750± units under study at the apartment complexes listed in Table 15. Apart from Arbors at Towne Park, none are good options for older adults. However, management reports that:

- Approximately 15 percent, or 70 occupants, of the three general occupancy LIHTC apartment properties, are older adults in the age and income category under study.
- Approximately 170 of the residents of the market rent apartments are older adults, also within the income range under study.
- **Thus, a total of approximately 300 active seniors live in the general occupancy apartment properties, listed in Table 14.** This is in addition to the 110 seniors at Arbors at Towne Park.

These data show a pent-up demand for additional, affordable age-restricted housing. While some vacancy exists at the mature garden apartments, but this is more of a reflection on the general occupancy market, not the age-restricted market.

Table 15: Characteristics of Competitive Apartment Communities, The Arbors at Williamsburg Market Area, April, 2020 1/

	<u>Map F Key</u>	<u>Year Built</u>	<u>Income Restriction</u>	<u>Total Units</u>	<u>Vacant Units</u>
<u>LIHTC</u>					
Arbors at Towne Park 2/	1	Feb-2019	60% of AMI	110	0
Longhill Grove	2	2004	60% of AMI	170	1
Rolling Meadows I & II	3	1993/96/15 2/	60% of AMI	200	6
Station at Norge	4	2007	40%/50%/60% of AMI	<u>104</u>	<u>3</u>
(Subtotal)				(584)	(10)
<u>Mature Market Rate</u>					
Colonial Pines	5	1968	None	132	1
Colonial Towne	6	1970	None	148	4
Conway Gardens	7	1969/15 3/	None	200	1
Country Club	8	1971	None	100	10
Merrimac Crossing	9	1975/13 4/	None	253	11
Olde Jamestowne	10	1971	None	52	3
Grand Village	11	1972	None	128	5
Stratford at Williamsburg	12	1973	None	<u>156</u>	<u>5</u>
(Subtotal)				(1,169)	(40)
Total				1,753	50
Vacancy Rate					2.9%

Notes: 1/ There are three age-restricted apartment communities in the market area that were excluded as none are competitive. Two are 1980's properties developed through the USDA/Rural Development Section 515 Rural Rental Housing Programs. One is the 22-unit Burnt Ordinary Village and the second is the 32-unit Layette Village Elderly. The third community is Parker View, a 67-unit HUD Section 202 property that opened in 2009. All three communities include only one-bedroom units with no vacancies.

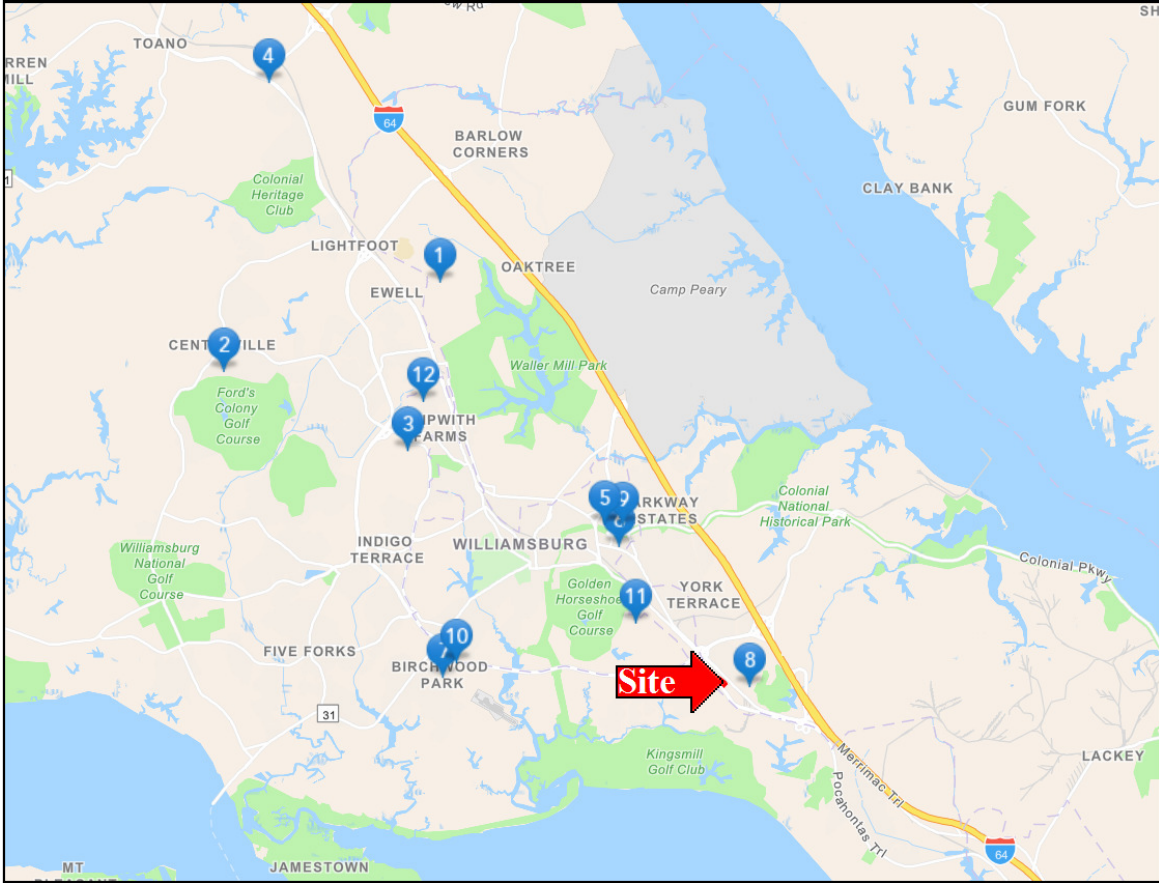
2/ Age-restricted property. Includes 20 market rate units. Only data on affordable units shown.

3/ 144 units built in 1993 and 56 units built in 1996. Full interior and exterior renovations in 2015.

4/ Renovated kitchens and bathrooms.

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

Map F shows the location of these more moderate rent competitive apartments. All are shown to be located in and around the City of Williamsburg. Six of the 12 are located in close proximity to the study site. The properties in close proximity to the mature market rent gardens.



Map F - Locations of Affordable/Mature Market Rent Apartments

Photos of each of the “comps” are shown next. Arbors at Towne Park is the only building designed for seniors. It is a three-story, elevator served building. The remaining apartment properties have garden and townhome designs. Some of the market rent properties are two-story gardens, as they were built over four decades ago.



Arbors at Towne Park



Longhill Grove



Rolling Meadows



Station at Norge



Colonial Pines



Colonial Towne



Conway Gardens



Country Club



Merrimac Crossing



Olde Jamestown



Grande Village



Stratford at Williamsburg

Rent Analysis

Table 16 details the rents at each of the market area affordable apartment properties under study. All rents were adjusted to include the cost of cold water, sewer and trash collection to be directly comparable to the proposed rent structure at The Arbors at Williamsburg. As shown, of these properties, only Arbors at Towne Park includes washer and dryers within the rental fee.

The one-bedroom 60% rents at Arbors at Towne Park are \$830. These are the only income-restricted one-bedroom apartments in the market area. This is compared to an

average of \$900 for the market rate one-bedroom units. Both are well above the proposed \$700 50% rent at The Arbors at Williamsburg.

The two-bedroom 60% rents at Arbors at Towne Park range between \$975 and \$990. The 60% rents at the other LIHTC complexes range between \$994 and \$1,035. The only 50% rents for two-bedroom units in the market area are at Station at Norge. These 29 units, each with two full bathrooms, rent for \$855, which is slightly above the proposed two-bedroom rents at Arbors at Williamsburg. The two-bedroom units at the market rate communities average \$995, which is \$165 above the proposed two-bedroom rents.

Table 16: Rental Rates at Competitive Apartment Communities, Market Area, April, 2020 ^{1/}			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>LIHTC</u>			
Arbors at Towne Park ^{2/}	\$830	\$975-\$990	--
Longhill Grove	--	\$1,021	\$1,149
Rolling Meadows I & II	--	\$994	\$1,140
Station at Norge ^{3/}	--	\$855-\$1,035	\$994-\$1,189
(Average)	(\$830)	(\$986)	(\$1,127)
<u>Mature Market Rate</u>			
Colonial Pines	--	\$910-\$960	--
Colonial Towne	\$890	\$940-\$1,140	\$1,165-\$1,185
Conway Gardens	\$895-\$905	\$1,000-\$1,040	\$1,200-\$1,225
Country Club	\$828-\$864	\$811-\$881	\$1,066-\$1,118
Merrimac Crossing	\$890-\$970	\$1,010-\$1,180	\$1,214-\$1,294
Olde Jamestowne	\$960-\$1,010	--	--
Grand Village	\$840	\$895-\$1,000	\$1,050-\$1,200
Stratford at Williamsburg	\$884-\$899	\$1,019-\$1,149	--
(Average)	(\$898)	(\$995)	(\$1,172)
Average	\$889	\$992	\$1,155
Proposed LIHTC Rents ^{2/}	\$700	\$830	--
Notes: ^{1/} Rents adjusted to include cold water, sewage and trash collection. ^{2/} Includes in-unit washer and dryer. ^{3/} Only 50% and 60% rents shown.			
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Rents at Affordable Senior Apartments in Newport News and Hampton

Table 17 shows the rents at the affordable, age-restricted apartment communities in neighboring Newport News and Hampton, which is the nearest apartment market with an abundance of affordable age-restricted apartments. These complexes are all at or near

full occupancy. The table shows that there eight such apartments in this area, including three that have been built since 2015.

The newest community to open is the 44-unit 801 Main Street, which opened in October, 2017 and is currently fully occupied. This is the only complex with rents restricted to 50% of AMI. This is a two-story, elevator-served apartment community with few amenities. Management was not on site and was unable to provide current rents. The Woodlands at Phoebus opened a year prior and is among the most attractive LIHTC properties in the Newport News-Hampton area. It contains a mix of affordable units, restricted to 40% of AMI, and market rate units. The other “newer” apartment community is Forrest Pines Seniors, with 123 affordable units restricted to 60% of AMI.

As shown, apart from 801 Main Seniors and Woodlands at Phoebus, all of the affordable rents are restricted to 60% of AMI. Some of the older communities, such as Tidewater Seniors and Lexington Commons, have rents below those proposed at The Arbors at Williamsburg.

Table 17: <u>Rental Rates at Affordable Senior Apartments, Newport News-Hampton, Virginia, April 2020</u> 1/				
	<u>Year Built</u>	<u>Restrictions</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
801 Main Seniors	10/2017	50%/60% of AMI	--	--
The Woodlands at Phoebus 3/	2016	50% of AMI 2/	\$681	--
Forrest Pines Seniors	2015	60% of AMI	\$803-\$805	\$956-\$957
Somerset at Town Center	2008	60% of AMI 2/	\$794	\$944
Sinclair Commons	2004	60% of AMI	\$789	\$936
Tidewater Seniors 3/	2001	60% of AMI	--	\$759
Lexington Commons	1996	60% of AMI	\$700	\$775
Silver Hill at Arboretum	1996	60% of AMI	\$779	\$821
Average			\$758	\$865
Arbors at Williamsburg	--	50% of AMI	\$700	\$830

Notes: 1/ Rents adjusted to include cold water, sewage and trash collection.
 2/ Excludes market rate units.
 3/ Includes washer and dryer.

Source: S. Patz & Associates, Inc.

Apartment Unit Sizes

Table 18 details the apartment unit sizes at each of the moderate rent apartment properties. At an average of 773 square feet, the one-bedroom units will be nearly 90 square feet larger than the one-bedroom market area average. Several one-bedroom units will be larger than what is offered at Arbors at Towne Park. At 1,100 square feet, the proposed two-bedroom units will be spacious and nearly 100 square feet than the average at the affordable apartments. Apart from a handful of units at Merrimac Crossing, the proposed-two-bedroom units will be the largest in the market area.

Table 18: <u>Unit Sizes at Competitive Apartment Communities,</u> <u>The Arbors at Williamsburg Market Area, April, 2020</u> 1/			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>LIHTC</u>			
Arbors at Towne Park	650-782	1,030	--
Longhill Grove	--	1,000	1,274
Rolling Meadows I & II	--	1,000	1,320
Station at Norge	--	975	1,185
<i>(Average)</i>	<i>(716)</i>	<i>(1,001)</i>	<i>(1,260)</i>
<u>Mature Market Rate</u>			
Colonial Pines	--	750	--
Colonial Towne	642	862-987	1,257-1,261
Conway Gardens	685	1,025	1,162
Country Club	650	756	1,000
Merrimac Crossing	850-925	1,000-1,125	1,300-1,425
Olde Jamestowne	635	--	--
Grand Village	710	840	1,260
Stratford at Williamsburg	550	800	--
<i>(Average)</i>	<i>(680)</i>	<i>(872)</i>	<i>(1,209)</i>
Average	684	924	1,228
Proposed LIHTC Unit Sizes	706-840	1,100	--
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Apartment Unit Mix

For the LIHTC properties, all of the one-bedroom units are at Arbors at Towne Park. Over 63 percent of LIHTC units are two-bedroom units while 28.8 percent are three-bedroom units. Only 15.6 percent of the apartment units at the mature market rent properties are one-bedroom units.

Table 19: Unit Mix at Competitive Apartment Communities, The Arbors at Williamsburg, April, 2020

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Total Units</u>
<u>LIHTC</u>				
Arbors at Towne Park	47	63	0	110
Longhill Grove	0	84	86	170
Rolling Meadows I & II	0	150	50	200
Station at Norge	<u>0</u>	<u>72</u>	<u>32</u>	<u>104</u>
<i>(Subtotal)</i>	<i>(47)</i>	<i>(369)</i>	<i>(168)</i>	<i>(584)</i>
<u>Mature Market Rate</u>				
Colonial Pines	0	132	0	132
Colonial Towne	16	104	28	148
Conway Gardens	41	144	15	200
Country Club	12	76	12	100
Merrimac Crossing	58	171	24	253
Olde Jamestowne	52	0	0	52
Grand Village	16	88	24	128
Stratford at Williamsburg	<u>32</u>	<u>124</u>	<u>0</u>	<u>156</u>
<i>(Subtotal)</i>	<i>(227)</i>	<i>(839)</i>	<i>(103)</i>	<i>(1,169)</i>
Total	274	1,208	271	1,753
Percent of Total	15.6%	68.9%	15.5%	100.0%
Proposed LIHTC Units	24	6	0	30

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

Apartment Complex Amenities

Table 20 shows the amenities at each of the comps. The proposed amenity package will be similar to Arbors at Towne Park and include a clubroom, game room, beauty salon, media room and dog park. All of the LIHTC comps have a clubhouse and most have a fitness center and outdoor swimming pool. The market rate comps have few amenities, though most have a swimming pool and playground.

Table 20: Community Amenities at Competitive Apartments, The Arbors at Williamsburg, April, 2020

	<u>Clubhouse</u>	<u>Business</u>	<u>Tennis</u>	<u>Pool</u>	<u>Fitness</u>	<u>Playground</u>	<u>Laundry</u>
<u>LIHTC</u>							
Arbors at Towne Park 1/	●	●	○	○	●	○	○
Longhill Grove	●	○	○	●	●	●	●
Rolling Meadows I & II	●	○	●	●	●	●	●
Station at Norge	●	○	○	●	○	●	●
<u>Mature Market Rate</u>							
Colonial Pines	○	○	○	●	○	●	●
Colonial Towne	○	○	○	●	○	●	●
Conway Gardens	●	○	○	●	○	●	●
Country Club	○	○	○	●	○	●	●
Merrimac Crossing	○	○	○	●	○	●	●
Olde Jamestowne	○	○	○	○	○	●	●
Grand Village	○	○	○	●	○	●	●
Stratford at Williamsburg	○	○	○	●	○	●	●
Arbors at Williamsburg 1/	●	●	○	○	●	○	○

Notes: 1/ Elevator-served community. Other amenities include: game room, beauty salon, media room, dog park, van transportation, garden plots and planned activities/events.

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

Section III Conclusions

The above two sections show a very diverse and extensive age-restricted apartment market in the greater Williamsburg market area. However, essentially none of the current age-restricted apartment properties are directly comparable with The Arbors at Williamsburg proposal.

Most market rent properties are high-priced with an abundance of services included in their monthly fees. These are also fully-amenitized properties with large apartment units. Generally, these age-restricted properties attract an over 80 aged population who cannot fully live independently. Often, these apartments are part of a CCRC's and have an endowment fee in addition to the monthly fee.

There are age-restricted communities that are "stand alone" buildings, but these also have services included in their fee and also attract an older population.

The affordable age-restricted apartment market is very modest, and a large pent-up demand exists for these apartment units.

The market rent facilities, which total 1,180± apartment units, have a low one percent vacancy rate. Many of the properties have a wait list. The one key point to note is that there very few new apartment units for seniors have been built recently in the greater Williamsburg area, due partly to a national trend of building age-restricted apartments without services, as is the case for The Arbors at Williamsburg.

The lack of affordable housing units for active adults is also true for the market area. Most of the active senior households who require affordable housing reside in mature general occupancy apartment units. These too have a low vacancy rate of 2.9 percent.

In summary, there has been, and is currently, steady growth in the active senior household market, but supply has not kept pace with demand within the market area. The only sizable new addition to the market has been Arbors at Towne Park, which opened in 2019 and is now full. This is also the best “comp” for the study site, although a majority of units are affordable, while the majority of units at The Arbors at Williamsburg will have no income restrictions.

The report conclusions show a growing demand for the active senior apartment market and a limited unit supply currently and in the future. The level of the evolving demand is analyzed in the following Analysis of Demand.

Analysis of Demand

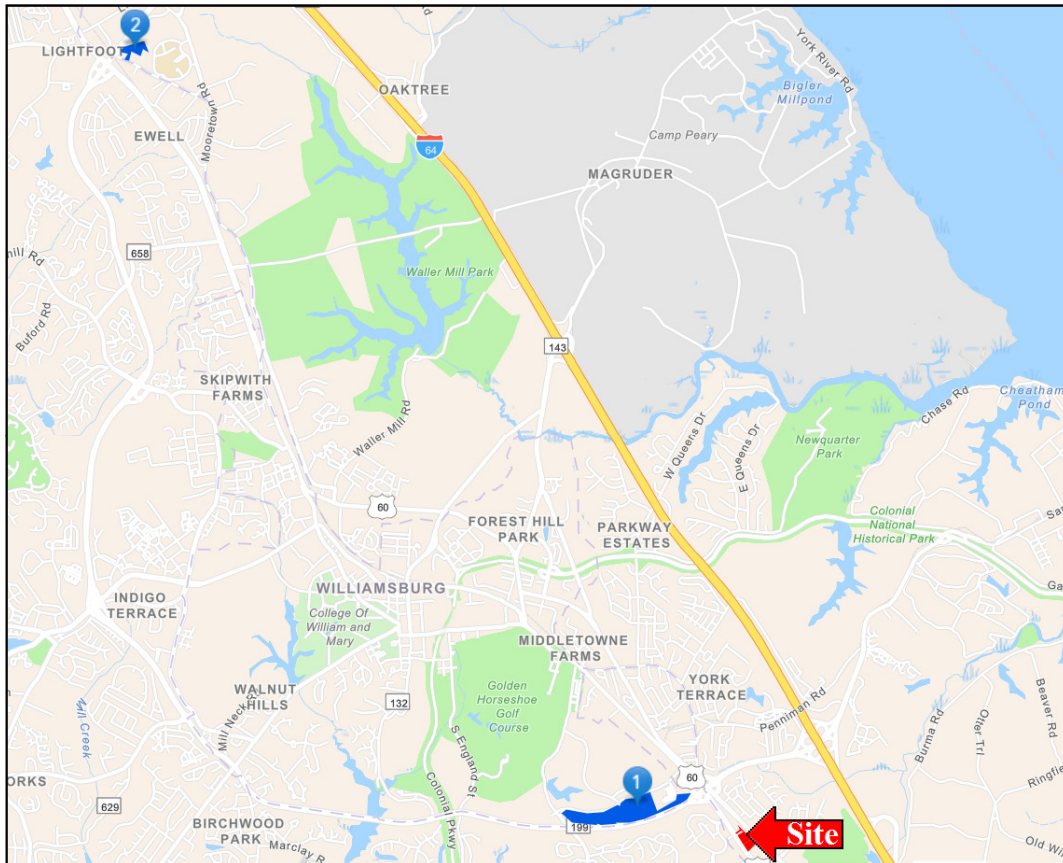
Projection of Apartment Unit Demand

The first step in the Demand Analysis is the identification of new pipeline proposals. There are two, which are described in the following paragraphs.

Apartment Pipeline. There are currently two proposals for age-restricted apartments in the market area. One is a 130-unit, full-service, independent living facility, Virginia Greens. The second is a LIHTC proposal, Grande Oak, that will contain 49 units, of which 15 will be restricted to 50% of AMI and be competitive with the affordable units at The Arbors at Williamsburg. Grande Oak also is also proposed to include 18 70% and 80% rental units that are included in the market rent totals. Grande Oak is seeking 9% tax credits in the 2020 competitive round, and thus may not proceed absent these tax credits.

Table 21: <u>Characteristics of Senior Apartment Pipeline, April, 2020</u>						
	<u>Map G</u>	<u>Market</u>	<u>50% of</u>	<u>Total</u>	<u>Status</u>	<u>Expected</u>
	<u>Key</u>	<u>Rate Units</u>	<u>AMI Units</u>	<u>Units</u>		<u>Opening</u>
Virginia Greens	1	130	0	130	Active Planning	Late-2021
Grande Oak	2	0	15	49	Seeking 9% Tax Credits	2022
Total		130	15	179		
Source: S. Patz & Associates, Inc.						

Map G shows the locations of Virginia Greens and Grande Oak. Virginia Greens will be built near the study site on the south side of the City of Williamsburg, at the intersection of Quarterpath Road and Battery Boulevard. Grande Oak is proposed for a site adjacent to Sentara Williamsburg Regional Medical Center, just east of Humelsine Parkway.



Map G - Locations of Pipeline Apartments

The paragraphs below detail these two proposals.

- **Virginia Greens.** This is a proposed 130-unit independent living facility to be built by Resort Lifestyle Communities (RLC) at 4101 Battery Boulevard off Quarterpath Road in the City of Williamsburg. The development will consist of a single, three-story elevator-served building. This will be a fully-amenitized community with a community dining room, theater room, fitness center and other recreation facilities, library, chapel, beauty salon, concierge service, valet parking service and group transportation service.

All units will contain full kitchens and senior-friendly design features, such as shower seats, lower shelving height and prevalent grab bars. There will be a mix of one-, two- and three-bedroom units. Monthly fees will be all-inclusive and include all utilities, cable, internet, valet parking, three daily meals and weekly housekeeping and laundry service. There will be no “buy-in” fees.

The site was successfully rezoned in February, 2020 and is in the site review process and construction could begin by year-end 2020. Although rents have not yet been set, they will likely be well above the proposed market rents at Arbors at Williamsburg, as Virginia Greens will be a full-service apartment building.

- **Grande Oak Apartments.** This is a proposed 49-unit age- and income-restricted apartment community to be built at the intersection of Humelsine Parkway and Old Mooretown Road in York County. The sponsor is seeking 9% tax credits in the 2020 round. The property will feature a single-three story elevator-served building and will have a brick exterior. Common area and site amenities include a multi-purpose room and laundry.

The chart below details the proposed unit characteristics in the community. All units will be 950 square foot two-bedroom units. Only 15 units will be restricted to 50% of AMI and be directly comparable to the affordable units at Arbors at Williamsburg. Eighteen units will have rents of 70% and 80% of AMI.

Proposed Unit Characteristics of Grande Oak Apartments			
	Units	Size (Sq. Ft.)	Rent ^{2/}
30% of AMI	5	950	\$435
50% of AMI ^{1/}	5	950	\$928
50% of AMI	15	950	\$785
60% of AMI	6	950	\$940
70% of AMI	1	950	\$1,000
80% of AMI	<u>17</u>	950	\$1,125
Total	49		

Notes: 1/ Rent-assisted units.
 2/ Rents to include trash collection only.
 Source: Grande Oak VA LLC

If awarded 9% tax credits, construction is expected to begin in early-2021 and be completed within approximately 12 months.

The renderings of the two proposals, presented below, show both will be attractive multi-story buildings.



Virginia Greens Rendering



Grande Oak Rendering

The photos below show the existing conditions of the two pipeline apartment sites. Construction has not commenced on either of the two buildings.



Virginia Greens



Grande Oak

The **VHDA Demand Table** is presented next. It shows the net growth of “target” active senior households for the 2019 to 2023 period, separated by households with incomes within the 50% of AMI and market rent categories. Added to these net growth calculations are seniors living in affordable general occupancy apartments. Within the

50% of AMI category, this total is 300. This category is not relevant for the market rent apartment units.

Substandard housing is not a relevant factor in the defined market area. Elderly households that convert to rental housing is included in the demographic projections for both income categories under study.

With adjustments, the total apartment unit demand is:

- 420 senior households with incomes at or below 50% of AMI; and
- 1,060 senior households for new market rent apartment units.

The total demand is reduced by 20 for the 50% rental units and 140 for the market rent units based on pipeline proposals. This allows for a modest vacancy rate in the market area for senior apartments in both income categories.

<u>Demand Table</u> (2019-2023)			
Income Restrictions		<u>Up to 50%</u>	<u>Market Rate</u>
New Rental Households		120	1,060
PLUS			
Existing Households - Over-Burdened 1/		300	0
PLUS			
Existing Households-Substandard Housing		0	0
PLUS			
Elderly Households-Likely to Convert to Rental Housing 2/		NA	NA
PLUS			
Existing Qualifying Tenants – to Remain After Renovation		NA	NA
Total Demand		420	1,060
MINUS			
Supply (includes directly comparable vacant units completed or in pipeline in PMA 3/		20	140
<i>EQUALS</i>			
NET DEMAND		400	920
ABSORPTION PERIOD (in months)		0	8

Notes: 1/ Seniors at general occupancy apartments (see Table 15)
2/ Included in demographic projections
3/ Pipeline units

The absorption period is estimated as follows:

- For the 50% apartment units, all 30 units are expected to be preleased, due to the pent-up demand that exists, particularly related to the 300 seniors at affordable general occupancy apartments; and
- Eight months for the market rent apartment units, with an expected 20 percent preleasing (24 units) and a monthly lease-up of 12 units, on average.

Project Evaluation

The above analysis shows:

- That the proposed rents, for both income categories are achievable and that both proposed rents are below market for 2020.
- The unit mix of 22 percent one-bedroom units for the market rent apartments is “at market.”
- The unit mix for the 50% of AMI units, with 80 percent one-bedroom units, is marketable.
- The unit sizes are very competitive and are comparable with the market.

The VHDA capture rate chart is as follows:

	<u>Number</u>
Project Wide Capture Rate – 50% LIHTC Units	7.5%
Project Wide Capture Rate - Market Units	11.3%
Project Wide Capture Rate - All Units	10.2%
Project Wide Absorption Period (in months)	8 1/

Note: 1/ 40% units are expected to be preleased

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.



April 22, 2020

Market Analyst

Date