

Market Analysis
Oakwood South Nine
Fairfax, Virginia

Prepared for:

Mr. Charles Sims
Arlington Partnership for Affordable Housing

February, 2020

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■ REAL ESTATE CONSULTANTS ■

February 17, 2020

Mr. Charles Sims
Real Estate Project Manager
Arlington Partnership for Affordable Housing
4318 No. Carolina Springs Road
Arlington, Virginia 22203

Dear Mr. Sims:

Attached is the market study prepared for the 71 apartment units planned at Oakwood South Nine, an affordable apartment building, to be built with 9% Low Income Housing Tax Credit (LIHTC) financing in the Franconia section of Fairfax County, Virginia. Oakwood will also include 79 units at the Oakwood North Four, to be built with 4% LIHTC financing, for a total of 150 apartment units. The analysis of the 4% proposal is prepared under separate cover. **The required site visit and field research was undertaken on February 14, 2020.**

The market study for the 9% rent units is very positive, as the competitive affordable housing market for active adults is at near full occupancy, with an extensive wait list at most independent senior apartments financed under the federal Low Income Housing Tax Credit program. The capture rate for the 71 "9%" rent units is low at 10.4 percent and the proposed rents for these apartment units, reported in constant 2020 dollars, are at market. Oakwood South Nine will be one of the more amenitized properties for active adults and the only non-Section 8 property with rents at 30% of AMI for some of the proposed units.

The detailed market study, proposed within the VHDA market study requirements, is attached and includes all required market and economic data required in the VHDA market study format. Please call if additional data or clarification are required.

Sincerely,

Stuart M. Patz
President

SMP/mes

TABLE OF CONTENTS

	<u>PAGE</u>
Section I Introduction	4
Oakwood South Nine	6
Site Analysis	6
Market Area Definition	14
Development Program	15
Apartment Unit Characteristics.....	19
Net and Gross Rents	20
Apartment Unit Floor Plans.....	20
Oakwood South Nine Development Costs	21
Development Timing.....	22
Market Area Economic Overview	22
At-place Job Trends.....	22
Labor Force and Employment	25
New and Expanding Businesses	26
Summary	28
Section II Affordable Age-Restricted Apartment Analysis	29
Demographic Analysis	30
Population Trends and Projections.....	30
Group Quarters Population	30
Households.....	31
Active Senior Households.....	32
Households by Age and Income.....	32
Competitive Affordable Senior Apartment Market.....	33
Characteristics of the Market	33
Net Rents.....	38
Rent Per Square Foot.....	40
Unit Mix	40
Apartment Unit Sizes.....	41
Community Amenities	41
Additional Competitive Properties.....	41
General Occupancy Affordable Housing	42
Section III Conclusions for 9% Rents.....	44
Demand Table.....	46

Section I Introduction

Following is a market study in support of the proposed 150-unit, affordable Oakwood Senior Housing, to be built in the Alexandria section of Fairfax County, just south of the City of Alexandria in the Franconia neighborhood of Fairfax County. The proposal, Oakwood Senior Housing, will be financed with a mix of 9% and 4% Low Income Housing Tax Credits (LIHTC) using a mix of by-right credits with non-taxable bond financing, and competitive credits under the 2020 competitive round for financing through the Virginia Housing Development Authority (VHDA). **This report is in support of the 71 units with 9% LIHTC's at the Oakwood South Nine project.**

The report to follow has been prepared under the current guidelines for market studies of affordable housing. The Sponsor, Arlington Partnership for Affordable Housing (APAH), will submit this report to officials of Fairfax County Department of Housing and Community Development (DHCD), as part of the proposed ground lease. With the approved ground lease, APAH will submit the report to officials of VHDA for 9% and 4% tax credit financing. Thus, the report is presented in the format required by VHDA for the proposed "9%" units.

The report to follow is presented in three separate sections. The first, the Introduction, is a detailed description of the development proposal and the site setting for the new apartment units. Included in the descriptive analysis is a detailed site and site setting analysis that describes the study site and analyzes public and commercial facilities in the greater Franconia area that are available for new, senior residents, and shows the ability of this section of Fairfax County to support and attract new residents, particularly for the "market" defined for Oakwood South Nine.

The analysis of the development proposal shows the unit mix; proposed rents, by AMI rent category; and the size and floor plans for the 150 proposed units. A key to this analysis is the level of amenities proposed for the 150-unit proposal. All 150 apartment units are discussed in this report, but the report is for only the 71 units with rents designated at 9% at the project, Oakwood South Nine.

Section I has a second subsection, an Economic Overview Analysis of the market area economy. This is an analysis of at-place job and employment growth. These two factors are the basis to determining population and household growth, and the resulting net new housing, unit demand, including the need for new age-restricted housing, of the type under planning.

In addition, for age-restricted housing, the level of market area stability within a marketplace is paramount to determine the support of this type of housing. A stable and expanding economy will be an incentive for older adults to move to the area to be with family, or to remain locally, if a comfort level exists that children will be fully employed and likely to remain “in place.”

Section II is the supply/demand analysis for affordable age-restricted housing. It is presented in two subsections. The first subsection is the demand analysis that “solves” for the number and growth of active seniors within the required income category under study. The Oakwood proposal has three different income categories, with unit rents at 30%, 50% and 60% of AMI. The 9% units have rents at 30%, 50% and 60%. The 4% units also have the three separate AMI categories. The one-bedroom units have three AMI categories. The two’s are all at rents of 30%, 50% and 60% of AMI. At Oakwood South Nine, there will be eight total Section 8 vouchers, all designated at 60% AMI. Six will be designated for one-bedroom units and two will be designated for the two-bedroom units. The demographic analysis analyzes each AMI rent category. The projection date is 2024, as submittal to VHDA will be in Spring, 2020, with a likely construction start date of early-2021. The 150-unit apartment property may take 18 months to construct, which would put project completion by late-2022 and lease-up from late-2022 to 2023. Construction of the 9% and 4% units are to be built simultaneously in one building.

The second part of Section II is an analysis of the competitive affordable senior apartment market. There are seven “comps” in the market area that are studied, along with a pipeline proposal.

To supplement the small competitive apartment market that exists for seniors, we added two other analyses:

- 1) We studied the age-restricted, affordable apartment communities located to the south of Fairfax County, along the I-95 and Route 1 corridors in Prince William County to show the level of demand in that close-by submarket; and
- 2) We studied the large number of general occupancy, affordable apartment properties in the market area to determine the number of seniors that occupy rent-restricted apartment units in these communities, which will show whether a pent-up demand exists due to a small number of age-restricted properties.

The competitive apartment market will be studied for occupancy, net rents, unit characteristics, project amenities, and most importantly, the wait list at each property. These data will be compared with the Oakwood South Nine proposal.

The third and final section of the report is the Conclusions. The Conclusions analyze the demand for new affordable apartment units for active seniors, using the VHDA Demand Chart and an analysis of the required penetration rate for market support for apartment units in each proposed AMI rent and income category.

Oakwood South Nine

Site Analysis

The Oakwood South Nine site is a 6.2-acre property comprised of four separate parcels, as shown in the first aerial. The site was purchased by officials of Fairfax County a number of years ago, but was never developed. It is vacant and nearly fully wooded, with a storm water management pond (SMP), but no buildings exist on the property. The site is irregularly shaped, but largely rectangular and relatively flat. It is located at the southeast intersection of South Van Dorn Street on the west and Oakwood Road on the north. The site address is 5815 South Van Dorn Road. The south and east property lines abut single family residential.



Northern Aerial of Oakwood South Nine Site

The current site zoning allows for the proposed development, as planned. All public utilities are at or near the property, as the site is located in a mature section of Fairfax County.

The following photos show the study site and its location at the southeastern intersection of South Van Dorn Street and Oakwood Road. These photos show the site to be fully wooded and flat. There is no site access at this time. South Van Dorn Street at this location is a six-lane divided highway with primarily residential uses along the roadway.

Oakwood Road is a narrow two-lane, non-striped rural roadway that runs east along I-495 and contains old small frame housing that have been converted to heavy commercial uses, with some having open storage for construction equipment. The street dead-ends about a half mile east of South Van Dorn Street.

Photos of the site follow.



Site at Corner of S. Van Dorn and Oakwood



View South into Site from Oakwood Rd.



Frontage on Site Oakwood Rd.



Site Frontage on East Side of S. Van Dorm St.



Southern End of Site with Frontage on S. Van Dorn St.



View East Along Oakwood Rd.

The immediate area of the site is primarily residential. To the west is a single-family subdivision along Piedmont Drive and Platt Street. These are mature homes on “nice” sized lots. On the west side of South Van Dorn Street are two apartment communities. Park Place at Van Dorn is located north of Oakwood Road. Ridgeleigh at Van Dorn is located to the south of Park Place. Within the triangle formed by South Van Dorn Street and a highway ramp from South Van Dorn Street, is a Comfort Inn & Suites.

Following is a brief description of the apartment communities that are located across South Van Dorn Street from the Oakwood South Nine site:

- **Park Place at Van Dorn** is a 285-unit upscale apartment complex built in 2002. It is a fully amenitized property, with net rents that range between \$1,648 to \$2,298.
- **Ridgeleigh at Van Dorn Metro** was built in 1995, with a renovation of units at turnover starting in 2017. This is a 360-unit apartment complex, which is also fully amenitized. Net rents range between \$1,665 to \$2,145.

Photos of each of these properties are shown below. Both are attractive apartments.



Park Place at Van Dorn



Ridgeleigh at Van Dorn Metro

On the south side of the site, with access from South Van Dorn Street, is an attractive townhome community which is part of the Willow Creek Community.

Overall, the site is located in a mature, but attractive, section of Northern Virginia. The Franconia community was built during the 1960's and 1970's and was developed with

mostly single-family subdivisions. The two nearby apartment properties, as noted above, shows a new higher density development pattern, as the site, along the South Van Dorn Street corridor, is at a Beltway (I-495/I-95) interchange, as shown on Map A.

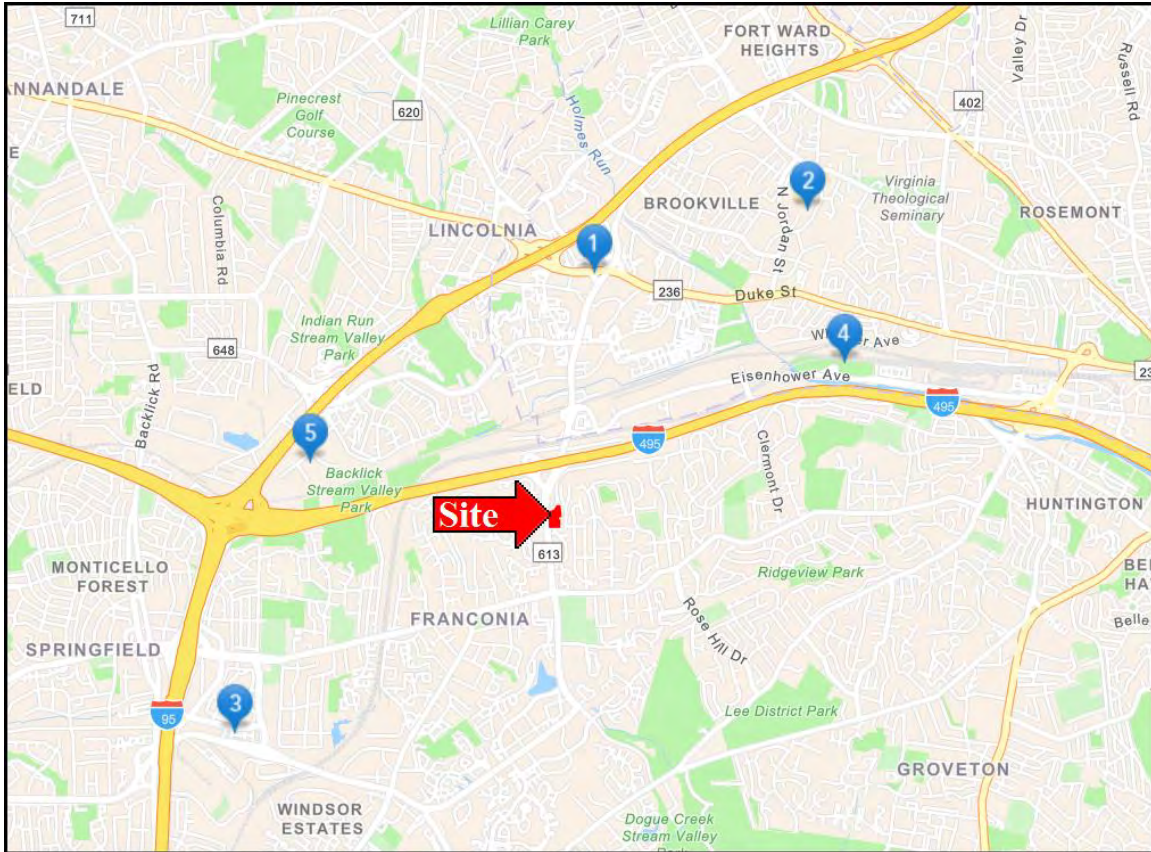
While the area south of I-495/I-95 in Fairfax County is primarily low density residential, the Van Dorn Street corridor north of the Beltway, in Alexandria, is a high density developed neighborhood, with an abundance of apartment properties and condominiums. This was a former industrial area, with a railroad right-of-way parallel to the Beltway at this location. The area had/has a large number of industrial buildings within the City of Alexandria and in areas along I-395 in Fairfax County. Within Alexandria, and east of Van Dorn Street is the large Cameron Station military commissary that offers a wide range of consumer goods to military families.

While Map A shows the land use patterns in the immediate area of the South Nine site. It also shows an excellent and extensive area highway system, most notably I-495/I-95.

- **The Capital Beltway** (I-495/I-95) runs east-west along the Alexandria and Fairfax County boundary and interchanges with Van Dorn Street, just north of the site.
- **Van Dorn Street** (Route 613) runs north-south from Seminary Road on the north, in Alexandria, to Telegraph Road on the south. Van Dorn Street provides direct access to Landmark Mall (No. 1) on Duke Street and to Inova Alexandria Hospital (No. 2), on Seminary Road, east of I-95. Van Dorn Street intersects with I-95 via Seminary Road.
- **Van Dorn Street** intersects with Duke Street at the Landmark Mall location. Duke Street runs east in Alexandria to Old Town Alexandria and to a wide range of commercial uses east on Duke Street.
- **Van Dorn Street** interchanges with I-495, which to the west, interchanges with I-95.
- **Springfield Town Center** (No. 3) is located near the intersection of I-495/I-95.
- The large **Duke-Shirley Industrial Park** (No. 4), and **Shirley Edsall Industrial Park** are on the west side of I-95.

Overall, there is excellent local and regional access at this location.

A second area hospital is located in the Mt. Vernon area, south of Route 1 near Fort Belvoir.



Map A - Local Setting of Oakwood South Nine Apartments

Area Community Facilities

Most important, within the discussion of community facilities for future residents at Oakwood South Nine, is proximity to medical care. Inova Alexandria Hospital is located within a 15-minute drive of the study site, on Seminary Road, just east of Van Dorn Street. It is almost a direct drive to the hospital. The hospital's services and facilities are described below.

- **Inova Alexandria Hospital** is a 318-bed community hospital with an extensive level of medical services. The hospital, services offer services that range from birth to elder care.

Medical office space is located near the hospital, along Seminary Road and the I-95 interchange at Seminary Road. Also, Mt Vernon Hospital is located to the south in Fairfax along Route 1.

Senior Center. The City of Alexandria has a senior center, St. Martin's de Porres Senior Center, which provides exercise classes, ESOL classes, social and entertainment activities, health care presentations and field trips. The center is located on Taney Avenue, off Duke Street, and conveniently located to the Oakwood South Nine site.

Commercial Facilities. None of the area's commercial centers are within walking distance from the site, but several commercial centers are nearby.

- **Rose Hill Plaza** is the closest neighborhood center. It is located at the intersection of Franconia Road and Rose Hill Drive. This is a mature center, built when the area subdivisions were being built in this part of Fairfax County. It is a 150,000+ gross square foot center, anchored by Safeway, Rite Aid and Dollar Tree. This is a standard strip center, built in an "L" design, with pad sites.
- **Landmark Mall** was a 620,000 square foot regional shopping center located at the intersection of Van Dorn Street and Duke Street in the City of Alexandria, and within 10-minute drive of the Oakwood site. The mall opened in 1965 and was one of the first malls to be built in Northern Virginia.

The mall property was closed several years ago, and only the Sears store remains. The property is being studied for conversion into an open-air retail center of 320,000± square feet of retail space and up to 400 housing units. The redevelopment plan has City of Alexandria approval. There is no expected start date for renovations, as there is no developer involved with the property at this time.

- **Kingstown Towne Center** is also being redeveloped and upgraded. It has a few vacant stores, but remains active with several anchor stores.
- **Plaza at Landmark** is located along Little River Turnpike (an extension of Duke Street into Fairfax County). It is defined as a "power center", with several anchor

stores. The center was built in 1963 and renovated, most recently, in 1985. The center is 443,000± square feet in size and anchored by:

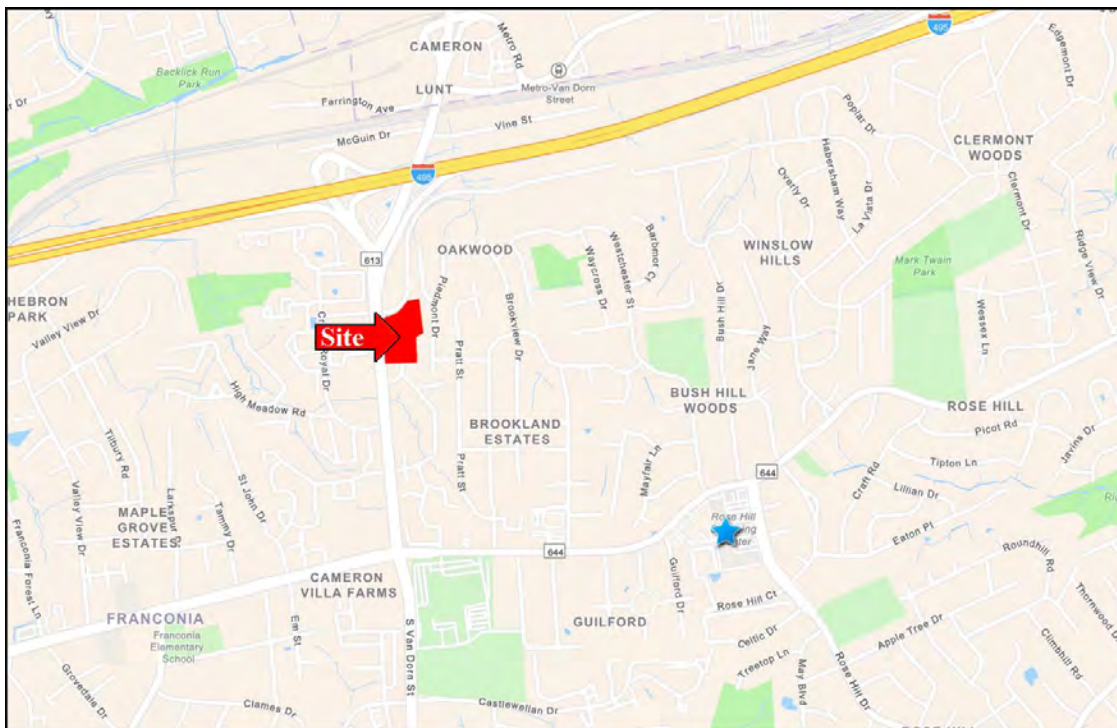
- Giant Food
- Marshall's
- Ross Dress for Less
- Hobby Lobby

The site is located just west of the Landmark Mall site.

- **Springfield Town Center** is located along Franconia Road, east of South Van Dorn Street at the interchange of Franconia Road and I-95. The center opened in 1973 as the enclosed Springfield Mall.

The mall had a start of renovation in mid-2012 and is being studied for added investment. A number of new restaurants opened in the mall and plans were approved to add office space and apartments, in time. Currently, the mall retains most of their tenants, including Macy's, Target and Dicks Sporting Goods.

The star on Map B shows the location of Rose Hill Shopping Center. It is the closest center to the site. Kingstown Shopping Center is south on South Van Dorn Street and also in relatively close proximity to the Oakwood site.



Map B - Location of Area Shopping Centers

To summarize, there are two neighborhood centers within easy commuting distance from the Oakwood site. These are anchored by Safeway, or Giant Food. There are big box stores nearby and other retail centers at more distant locations. Also of note is that the area's larger centers – Landmark Mall and Springfield Mall (original names) are being studied for extensive renovation.

Market Area Definition

Map C shows the market area defined for the study proposal. The market study includes all of the City of Alexandria, City of Fairfax and adjacent sections of Fairfax County that abut the City, including the following communities:

- Franconia
- Mt. Vernon
- Linconia
- Burke
- Lorton
- Centreville
- Groveton
- Rose Hill
- Annandale
- Newington
- Fairfax City

We used certain physical and national barriers to define the market area, including Route 29 and Arlington County line north and west, the Potomac River on the east, the Fairfax/Prince William County line on the south.

The market area is very large, as there are few affordable age-restricted apartment properties within this geographic area, so a large market area is “appropriate.” The comps under study are scattered throughout this geographic area and seniors looking for affordable housing are likely to move to a location where affordable housing is available. Data from on-site management at the apartment properties under study were not helpful in defining the geographic area where affordable housing is located.



Map C - Market Area

Development Program

Oakwood Senior Housing will be a 150-unit, four-story elevator served building with an “X” design, which includes a central section and four “wings” off the base building. The building layout is shown in the following site plan. Access to the site will be from Oakwood Road on the north side of the property. The site access road will run in a “U” shape and access surface parking spaces that are on three sides of the building. The building will face South Van Dorn Street and a curved access road will provide access to the building frontage. Building entrance doors are located on each side (north and south) of the building.

The 150-unit apartment building will be served by 121 parking spaces for the entire project, including 99 spaces for the 9% building, Oakwood South Nine, and 22 spaces for

the 4% building, Oakwood North Four. Parking will cover much of the 6.2-acre site. The parking ratio is 0.81 spaces per apartment unit.



Site Plan

The building elevations are presented next. All four sides are shown. The building is four stories with a traditional design, pitched roofs, with the main entrance on the west side of the property, facing South Van Dorn Street. The building design shows large windows that allows an abundance of light and air into each apartment unit. There are no balconies or patios.

The entrances will have 85% brick facades and 15% fiber cement panels. The windows will be aluminum and vinyl. The roof will be asphalt shingles.



Building Elevations

Following is a conceptual design of the building, with both the front and rear shown. The building design is attractive and the property is to be fully landscaped. The front entrance has a large canopy at the pick-up and drop-off area and the front of the property is fully landscaped.



Front Building Concept Design

The back of the building has a large grass recreation area, plus a patio for passive recreation and an enclosed pool.



Rear Building Concept Design

Following is a list of project features and amenities:

- Lobby/concierge desk
- On-site management office
- Game room
- Arts & crafts room
- Wellness room
- Mail room
- Cyber café
- Fitness room
- Business center
- Laundry room/per floor

Additionally, the project has been awarded eight vouchers for the units in Oakwood South Nine. The vouchers add \$350 to the allowable 60% LIHTC rents; vouchers are for 6 one's and 2 two's. Data in Table 1 show the LIHTC rents, as the market study does not evaluate voucher rents, rather just market rents.

Apartment Unit Characteristics. Table 1 best describes the development proposal. It is a 150-unit apartment building with 107 one- and 43 two-bedroom apartment units. Of the 150 units, 71 (47.3 percent) will be financed with 9% Low Income Housing Tax Credits, while 79 units will be financed with 4% credits and non-taxable bonds. The 9% units will have a mix of AMI rents at 30%, 50% and 60%, as will the 4% units. The one-bedroom units will range in size between 633 and 941 square feet. The two-bedroom units will range in size between 873 and 920 square feet.

Also shown in Table 1 are the proposed net and gross rents. The proposed utility allowance (UA) is also noted. The proposed rents are provided by the sponsor and are to be market-tested in the following report.

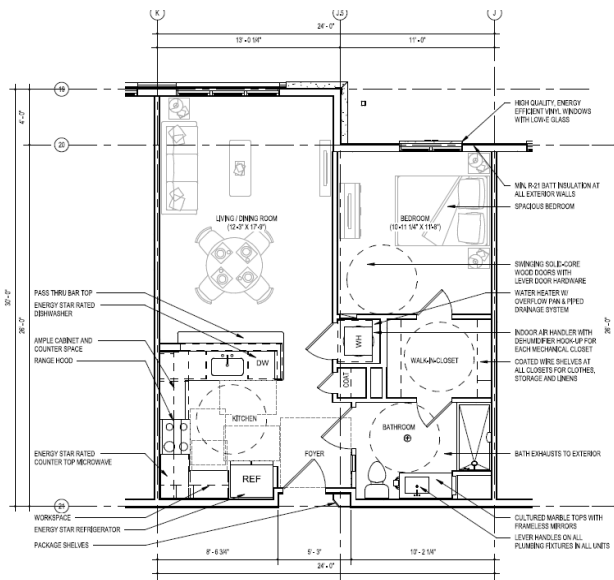
The unit mix for Oakwood South Nine includes six Section 8 units at the 60% rent category for one- and two-bedroom for the 60% rental two-bedroom units. The one-bedroom Section 8 units are 633 square feet in size. The two-bedroom Section 8 units are 873 square feet in size.

Table 1: <u>Proposed Apartment Unit Characteristics, Oakwood Apartments</u> <u>February, 2020</u>					
	<u>Unit Mix</u>	<u>Unit Sizes</u>	<u>Net Rent</u>	<u>UA 1/</u>	<u>Gross Rent</u>
<u>9% (Oakwood South Nine)</u>					
<u>One-Bedroom</u>					
30%	9	633	\$584	\$98	\$682
50%	24	633	\$1,040	\$98	\$1,138
60% - Section 8	6	633	\$1,552	\$98	\$1,650
60%	8	633	\$1,267	\$98	\$1,365 2/
60%	3	852	\$1,267	\$98	\$1,365 2/
60%	<u>3</u>	941	\$1,267	\$98	\$1,365 2/
(Subtotal)	(53)				
<u>Two-Bedroom</u>					
30%	4	920	\$698	\$121	\$819
50%	8	920	\$1,244	\$121	\$1,365
60% - Section 8	2	873	\$1,756	\$121	\$1,877
60%	<u>4</u>	873	\$1,517	\$121	\$1,638 2/
(Subtotal)	(18)				
9% Unit Total	71				
<u>4% (Oakwood North Four)</u>					
<u>One-Bedroom</u>					
30%	2	666	\$584	\$98	\$682
50%	27	666-774	\$1,040	\$98	\$1,138
60%	<u>25</u>	774-983	\$1,267	\$98	\$1,365
(Subtotal)	(54)				
<u>Two-Bedroom</u>					
50%	1	976	\$1,244	\$121	\$1,365
60%	<u>24</u>	929-976	\$1,517	\$121	\$1,638
(Subtotal)	(25)				
4% Total	79				
Total	150				
Note: 1/ Based on award by Virident; excludes trash.					
2/ LIHTC rents are \$350± below voucher rents.					
Source: Arlington Partnership for Affordable Housing					

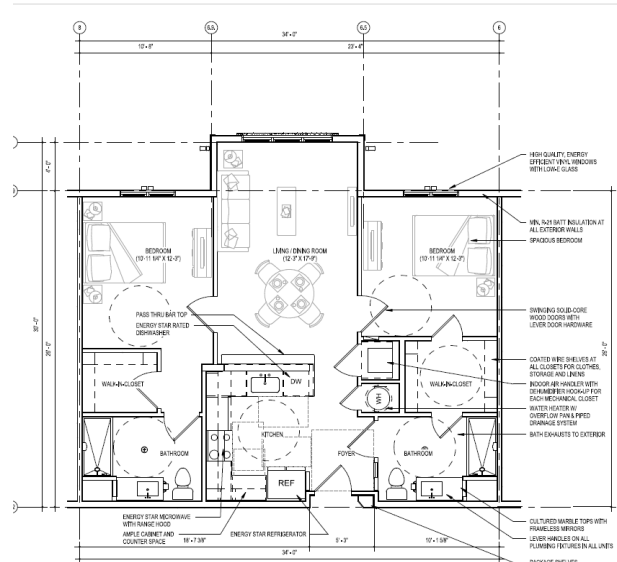
Net and Gross Rents. As shown in Table 1, there will be a wide range of proposed rents, based on AMI category and apartment unit size. For the 9% units, most rents will be at 50% and 60% of AMI. The net rents for the 9% one-bedroom units will range from \$584 to \$1,267, plus utility costs. The two-bedroom units will have net rents that range between \$698 and \$1,517. The “UA” is for all utilities except trash, which is paid for by the resident. The apartment units, as described below, are modest in size, so the UA, with energy efficient designs, are below the rates of mature buildings or buildings with larger units.

Apartment Unit Floor Plans. Typical floor plans are shown next. The 9% and 4% units are the same size. The apartment units will be rectangular in design with two windows for the one-bedroom unit and three windows for the two's. The layouts are standard, but attractive and nicely designed. Closet space is “normal” for small apartment units – between 633 and 941 square feet for the one-bedroom apartment units and between 873 and 920 square feet for the two-bedroom units. Both unit sizes have an open kitchen design. The one-bedroom unit has the bedroom adjacent and connected to the bathroom. Both unit sizes have a small dining area.

The two-bedroom floor plan has a split bedroom design with one bedroom on each side of the apartment unit. Each bedroom is “connected” to a bathroom – the two’ have two bathrooms. The closet space in the two-bedroom is spacious. Each model type has a small storage closet.



One-Bedroom



Two-Bedroom

The apartment unit finishes and features will be standard for new LIHTC apartment units, but attractive.

Oakwood South Nine Development Costs

The total cost of the proposed apartment units at Oakwood South Nine is estimated at \$22 million, or \$322,000 per apartment unit.

Development Timing

Project development and completion is likely to require two full years, with an estimated completion date of December, 2022. The development schedule includes zoning and special use approval by officials of Fairfax County; completion of design; VHDA 9% and 4% Low Income Housing Tax Credits approvals; financing commitments; building and plan approvals; and at least 12 months for building construction.

Economic Market Area Overview

This part of the market analysis provides detailed data on at-place job and employment growth for the market area. Data are presented for the City of Alexandria, City of Fairfax and for all of Fairfax County, even though the entire County is not within the defined market area. Job and employment data are provided by the Bureau of Labor Statistics (BLS) only on a city or county wide basis. Thus, all of Fairfax County was included in the following analysis.

The purpose of providing trends in at-place jobs and employment is to show the economic stability and viability of the market area economy, as job growth is the key to evaluating the market area's population and household growth, and the resulting housing unit demand, including the type of housing proposed for Oakwood South Nine.

Likewise, a stable economy will allow older adults to age in place and be with family, or will allow for in-migration of older adults to be near family, as the likelihood of area residents housing and for keeping a job is greatly increased.

At-Place Job trends

At-place jobs refer to where the job is located, and in this case, it's either in the City of Alexandria, City of Fairfax or Fairfax County. Thus data on both jurisdictions are provided. BLS at-place job data are presented in Table 2, with data current up to year-end 2018.

Data in Table 2 show that by year-end 2018, the three jurisdiction's market area had 724,100± at-place jobs. This total greatly (18,000±) exceeds the totals for the pre-recession year of 2008. The two jurisdictions realized steady at-place job growth since 2011, although 2013 and 2014 were years when job losses occurred. Overall, the two jurisdictions under study have realized a net growth of 17,000+ jobs since 2008 and the start of the recession of the late-2000's.

Some of the suburban counties of Northern Virginia had higher job growth rates, as each of these communities have more developable land.

Within the market area, the following industrial job categories realized sizable increases in total jobs:

- Finance/Insurance
- Educational Services
- Arts/Entertainment/Recreation
- Professional/Tech Services
- Health Care
- Accommodations/Food

Table 2 shows that net job losses occurred in the same jurisdictions of Fairfax County and Alexandria, while the net job growth occurred in Fairfax County.

Table 2: Trends in Average At-Place Employment, Fairfax County-Fairfax City-Alexandria City, Virginia, 2008-2018

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	32,642	29,236	28,215	27,996	28,211	27,550	26,373	25,638	25,905	26,237	26,862
Manufacturing	ND	ND	ND	ND	ND	ND	ND	ND	7,177	ND	ND
Wholesale Trade	18,263	17,020	ND	ND	ND	ND	ND	ND	ND	ND	ND
Retail Trade	64,777	61,113	61,617	63,171	63,718	64,462	65,226	66,751	66,447	65,642	65,035
Transport. & Warehousing	ND	ND	ND	8,027	8,174	8,228	ND	8,648	8,359	ND	ND
Information	30,675	27,614	25,792	24,581	23,887	23,517	24,514	23,590	22,122	21,492	21,208
Finance/Insurance	26,520	25,327	26,192	26,407	26,210	26,764	26,282	27,553	29,599	31,583	31,607
Real Estate	13,443	12,746	11,964	11,599	11,764	11,757	11,732	11,658	11,382	11,500	11,548
Professional/Tech. Services	175,353	176,460	179,685	182,020	182,939	178,504	172,393	172,794	174,423	175,097	178,590
Management of Companies	20,747	20,167	20,261	20,542	23,120	22,433	19,813	19,417	18,813	18,688	18,738
Admin./Waste Services	47,694	44,280	44,152	44,247	45,318	46,899	46,814	47,010	46,879	47,668	48,501
Educational Services	10,226	10,385	10,862	11,188	11,882	11,897	12,211	12,597	12,623	12,848	13,242
Health Care	52,903	54,217	55,244	56,247	56,736	57,917	58,769	61,303	64,376	66,316	68,645
Arts/Enter./Recreation	8,529	8,371	8,393	8,512	8,820	8,978	9,046	9,637	9,880	9,645	10,035
Accommodations/Food	48,537	46,887	46,862	47,843	49,719	50,757	51,454	53,832	55,614	56,375	56,791
Other Services	32,712	31,472	31,111	31,622	32,276	32,295	32,258	32,435	32,830	32,448	32,214
Local Government	54,966	54,951	54,200	54,577	55,332	54,336	54,999	55,039	55,419	55,552	56,861
State Government	10,021	10,194	10,320	10,690	11,303	11,138	11,122	10,984	10,574	10,407	10,571
Federal Government	<u>35,880</u>	<u>37,099</u>	<u>37,565</u>	<u>37,154</u>	<u>39,628</u>	<u>39,274</u>	<u>38,606</u>	<u>39,291</u>	<u>38,588</u>	<u>38,188</u>	<u>38,105</u>
Total	706,851	689,263	689,376	695,197	705,805	701,511	694,149	702,765	709,425	714,842	724,078

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

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

Table 3 shows the net change in at-place jobs for the 2008 to 2018 period by industrial category. Overall, there was growth in “white collar” annual wage jobs and losses in “blue collar” hourly wage jobs.

Table 3: Trends in Average At-Place Employment, By Jurisdiction, 2008-2018

	<u>Fairfax County</u>	<u>Fairfax City</u>	<u>Alexandria City</u>	<u>Total</u>
Agriculture, Forestry, Fishing	-59	--	--	--
Mining	88	--	--	--
Utilities	--	--	--	--
Construction	-3,852	-483	-1,445	-5,780
Manufacturing	-4,964	-74	--	--
Wholesale Trade	-1,968	-153	--	--
Retail Trade	839	-1	-580	258
Transport. & Warehousing	--	--	408	--
Information	-8,017	-428	-1,022	-9,467
Finance/Insurance	5,681	-178	-416	5,087
Real Estate	-232	-28	-1,635	-1,895
Professional/Tech. Services	4,064	-1,161	334	3,237
Management of Companies	-2,163	-28	182	-2,009
Admin./Waste Services	3,185	-131	-2,247	807
Educational Services	2,834	20	162	3,016
Health Care	14,111	1,132	499	15,742
Arts/Enter./Recreation	1,189	335	-18	1,506
Accommodations/Food	7,319	360	575	8,254
Other Services	484	163	-1,145	-498
Local Government	1,718	606	-429	1,895
State Government	760	-94	-116	550
Federal Government	<u>3,713</u>	<u>-488</u>	<u>-1,000</u>	<u>2,225</u>
Total	26,722	-812	-8,683	17,227

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

Labor Force & Employment

Employment, or the number of market area persons who are employed, no matter where the job is located, is considerably smaller than at-place jobs, indicating a considerable net out-commuting for work outside of the City and County, and presumably in the District of Columbia, Arlington or Prince William County.

For the defined market area, the Labor Force totals are high and increasing. Unemployment has decreased by 1,500± since 2008, but by 50% since 2010.

Market area unemployment has been reduced by year-end 2010 and is 1.2 percent. It was also low during the recession, as shown.

Table 4: <u>Trends in Employment and Unemployment, Oakwood South Nine Market Area, 2008-2018</u>				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	1,185,798	592,899	16,842	1.4%
2009	1,175,168	587,584	27,940	2.4%
2010	1,221,042	610,521	31,022	2.5%
2011	1,240,394	620,197	29,510	2.4%
2012	1,247,686	623,843	28,156	2.3%
2013	1,248,532	624,266	27,580	2.2%
2014	1,238,774	619,387	25,927	2.1%
2015	1,227,004	613,502	21,894	1.8%
2016	1,231,700	615,850	20,067	1.6%
2017	1,245,508	622,754	18,927	1.5%
2018	1,260,458	630,229	15,320	1.2%
Net Change	74,660	37,330	-1,522	-0.2%
Source: United States Department of Labor, Bureau of Labor Statistics				

New and Expanding Businesses

The following chart shows the business expansions announced in Alexandria, Fairfax City and Fairfax County since 2019, which are significant. These total nearly 4,000 jobs. They include considerable new professional employment, particularly for IT, defense and software firms. These announcements would exclude retail businesses and growth in small businesses. They show continued new job and employment growth, equal to the trends over the past decade.

Manor New and Expanding Businesses, Oakwood South Nine Market Area, 2019-2020 1/

	<u>Business Type</u>	<u>Date Announced</u>	<u>New Jobs</u>
Expel, Inc.	Cybersecurity	01/2020	164
Macedon Technologies	Business Process Management	01/2020	147
Alpha Omega Integration	IT	12/2019	99
Ridgeline International	Business Consulting	12/2019	55
UiPath	Software	12/2019	21
Volkswagen Group Of America	HQ; Automobile manufacturer	12/2019	46
Zerin Business Consulting	Business Consulting	12/2019	100
Israel Aerospace Industries	HQ; Defense	11/2019	74
OBXtek Inc.	IT	10/2019	100
Aireon	Air Traffic Surveillance Systems	07/2019	56
American Office	Distributes Office Furniture	07/2019	10
BITS	IT	07/2019	10
Bode Technology Group Inc.	DNA Analysis	07/2019	16
Chenega MIOS	IT	07/2019	25
Global Guardian	Security	07/2019	15
INADEV	IT	07/2019	25
Learning Tree International	IT	07/2019	25
Randstad North America	Employment Services	07/2019	300
Counterpoint Consulting	Software	07/2019	14
Credence Management Solutions	IT	07/2019	23
DLT	IT	07/2019	98
Aerotek	Employment Services	04/2019	413
CTAC	System Integration Services	04/2019	12
Expel, Inc.	Cybersecurity	04/2019	60
EY	Consulting Services	04/2019	481
FDM Group	IT	04/2019	117
Go Canvas	Mobile Platform	04/2019	55
Trowbridge & Trowbridge	Defense	04/2019	25
Verato	Healthcare	04/2019	10
Zimpatia	Software	04/2019	10
TEKsystems	IT	04/2019	840
Cleverspeck	Business Intelligence	03/2019	12
Electrosoft	Defense	03/2019	20
Kryptowire	Defense	03/2019	20
Macedon Technologies	Business Process Management	03/2019	41
MarginEdge Co.	Food and Beverage Tracking	03/2019	23
Zantech IT Services	IT	03/2019	120
Altruista Health	Health Care	03/2019	48
Blackboard	Software	01/2019	170
Re:Cognition Health	US HQ; Clinical Trial Center	01/2019	<u>30</u>
Total			3,930

Notes: 1/ Excludes Amazon-related employment, to include 25,000± jobs in Arlington and Alexandria by 2030.

Source: Virginia Economic Development Partnership

Summary

Overall, the Alexandria/Fairfax marketplace is stable and expanding at a steady pace. The market area is not attracting the large employers that require large buildings and parcels, but a steady increase in professional jobs continues.

Section II Affordable Age-Restricted Apartment Analysis

Section II is the supply/demand analysis for the new affordable senior apartment units planned for the Oakwood South Nine site. Section II is presented in two parts. The first is the demographic analysis that “solves” for the number and growth of households within the age and income categories defined for the Oakwood South Nine proposal. There are three income categories that are planned, at 30% of AMI, 50% of AMI and 60% of AMI.

Each of these income categories are studied for the number of current and future target households. The allowable age category is 55+ years. The age category for most residents expected at Oakwood South Nine is 62 to 79 years of age. In time, these residents will age in place, but initially, residents are expected to be in the “active” age category of 62 to 79 years, based on input from on-site resident managers at competitive apartments.

Most age-restricted properties for active seniors attract persons with Section 8 vouchers and residents below the age of 62 with disabilities. Oakwood South Nine will have rents restricted to 30% of AMI, but some seniors may have incomes below the requirements for 30% rents. This is accounted for in the Demand Table.

Thus, within the demand analysis section, we expanded total demand, based on income qualified households, by 20 percent to account for voucher holders and disabled residents under 62 years of age. Apartments at the Van Dorn Street location may also attract persons younger than 62 who still work. Thus, the market is larger than the active 62 to 79 age category and will be adjusted in the Conclusions.

The forecast date for the demographic analysis is 2024. The sponsor expects construction to be completed by late-2022, but that assumes a 12-month construction period, which could be conservative for 150 apartment units. Thus, preleasing is expected to occur in 2022, with lease-up expected prior to building completion. That, however, is likely to be in 2023. VHDA requires a five-year forecast date, which is 2019 to 2024.

Demographic Analysis

Population Trends and Projections

As shown in Table 5, the 2019 population total for the defined market area (see list of census tracts in footnotes) totaled 902,360±. The 2019 population is 59,4500± higher than the market area population at the time of the 2010 census count. Net market area population growth numbered 98,690± during the 2000's compared to an increase of 95,050± during the 1990's. The market area has less developable land compared with the past, but is still generating a sizable population growth. However, population increases are expected to be below past trends.

Each jurisdiction in the market area has realized net population growth over the past nearly three decades. Much of this is accounted for with higher density development. By 2024, the market area population is expected to reach 928,770±, which is 26,410± more than the current estimate by the Weldon Cooper Center for Public Service.

The Group Quarters Population, at 12,000± in 2019, is a small 1.3 percent of total population. It includes college students in on-campus residence halls primarily at George Mason University; persons in institutional housing, such as jails, shelters, etc.; and most notably, older adults in hospitals, nursing homes and other group housing.

Table 5: Trends and Projections of Population and Households by Tenure and Income, Oakwood South Nine Market Area, 1990-2024					
(Constant 2020 Dollars)					
	1990	2000	2010	2019	2024
Market Area Population	649,170	744,220	842,910	902,360	928,770
Fairfax County Portion 1/	518,670	594,440	680,380	719,270	736,550
City of Alexandria	110,910	128,280	139,970	159,150	167,670
City of Fairfax	19,600	21,500	22,570	23,940	24,550
Group Quarters Population	15,340	11,220	10,840	12,000	12,350
Household Population	633,830	733,000	832,070	890,360	916,420
Persons Per Household	2.58	2.59	2.60	2.60	2.60
Households	245,630	282,750	319,880	342,450	352,470
Senior Market (62-79)					
Population	52,660	63,520	86,940	100,160	107,740
Percent of Total Population	8.1%	8.5%	10.3%	11.1%	11.6%
Households	32,750	40,970	52,300	60,340	64,900
Percent of Total Households	13.3%	14.5%	16.3%	17.6%	18.4%
Target Senior Market					
30% of AMI (\$17,520-\$29,130)	1,910	2,220	2,620	2,980	3,120
Percent of Total Households	0.8%	0.8%	0.8%	0.9%	0.9%
Percent of Senior Households	5.8%	5.4%	5.0%	4.9%	4.8%
50% of AMI (\$31,200-\$48,550)	3,150	3,670	4,370	5,000	5,290
Percent of Total Households	1.3%	1.3%	1.4%	1.5%	1.5%
Percent of Senior Households	9.6%	9.0%	8.4%	8.3%	8.2%
60% of AMI (\$38,010-\$58,260)	3,800	4,520	5,450	6,250	6,700
Percent of Total Households	1.5%	1.6%	1.7%	1.8%	1.9%
Percent of Senior Households	11.6%	11.0%	10.4%	10.4%	10.3%
Notes: 1/ Includes the following 2010 U.S. Census Tracts in Fairfax County: 4151, 4152, 4153, 4154.01, 4154.02, 45155, 4156, 4157, 4158, 4159, 4160, 4161, 4162, 4163, 4201, 4202.01, 4202.02, 4202.3, 4203, 4204, 4205.01, 4205.02, 4205.03, 4206, 4207, 4208, 4210301, 4210302, 4211.01, 4210.02, 4211.01, 4211.02, 4211.03, 4212, 4213, 4214, 4215, 4216, 4217.07, 4217.02, 4218, 4219, 4220, 4221.01, 4221.02, 4222.01, 4222.02, 4223.01, 4223.02, 4224.01, 4224.02, 4224.03, 4301.01, 4301.02, 4302.01, 1302.03, 4304, 4305, 4306, 4307, 4308.01, 4308.02, 4309.01, 4309302, 4310.01, 4310.02, 4313, 4314, 4315, 4316, 4318.01, 4318.02, 4319, 4320, 4321, 4322.01, 4322.02, 4323, 4324.01, 4324.02, 4325, 4326, 4327.01, 4327.02, 4328, 4401, 4402.01, 4402.02, 4403, 4405.01, 4405.02, 4406, 4407.01, 4407.02, 4408, 4501, 4502, 4503, 4504, 4505, 4506.01, 4506.02, 4507.01, 4507.02, 4508, 4509, 4510, 4511, 4512, 4513, 4514, 4515.01, 4515.02, 4516.01, 4516.02, 4518, 4519, 4520, 4521.01, 4521.02, 4522, 4523.01, 4523.02, 4522, 4523.01, 4523.02, 4524, 4525.14, 4525.02, 4526, 4527, 4528.01, 4528.02, 4612.06, 4616.01, 4616.02, 4617, 4618.01, 4618.02, 4619.01, 4619.02, 4713.04, 4714.01, 4714.02, 4905.01, 4905.02, 4912.02, 4913.01, 4913.12, 4913.13, 4914.01, 4914.02, 4914.03, 4914.04, 4914.05, 4915.01, 4917.03, 4917.04, 4917.05, 4920, 4921, 4922.01, 4922.02, 4922.03, 4923, 4924, 4925, 9801.					
Source: 1990, 2000 and 2010 U.S. Department of Commerce, Bureau of the Census; Weldon Cooper Center for Public Service; S. Patz and Associates, Inc.					

Households

Household population is the subtraction of the Group Quarters population from total population. It is the basis to evaluate future housing unit demand.

Total market area households equal 342,450 in 2019, based on an average household size of 2.60. The market area's average household size has remained constant since 1990. Household growth has been steady and in line with population growth. Trend data in Table 5 show a net market area household growth of 10,020 by 2024.

Active Senior Households

As of 2019, 11.1 percent of the market area's households had a household head 62 to 79 years of age. That percentage has increased from 8.1 percent in 1990 to 8.5 percent in 2000 and 10.3 percent in 2010. By 2024, 11.6 percent of the market area population are expected to be in the active senior age category of 62 to 79. In 2024, nearly 107,740 seniors will be in the age category of 62 to 79. Adjustments to the 62 to 79 age category will be presented in the Demand Table.

Total households with the household head 62 to 79 will equal 64,900 in 2024, an increase of 4,560± households between 2019 and 2024.

Households by Age and Income

Shown in Table 5 is that:

- There are 2,980± active senior households within the 30% of AMI category. This total is expected to increase to 3,120± by 2024. This represents a growth of 140± households.
- The 50% of AMI income category has 5,000± households, within the active age category. A growth of 290± households in this income group is projected.
- The 60% of AMI income category has 6,250± aged senior households. This category is expected to realize a net growth of 450± households, by 2024.

There is no overlap between the 30% and 50% income categories. That is not the case for the 50% and 60% income categories, where considerable overlap occurs in the two

target income categories. Adjustments for this overlap will be made in the conclusion section of the report.

Competitive Affordable Senior Apartment Market

We identified seven affordable, age-restricted apartment properties in the market area. This total excludes Mt. Vernon House, which is a 100% Section 8 property. The other LIHTC apartments for seniors will be studied as the competitive market.

We also analyzed five affordable/ age-restricted apartment properties located along the Route 1/I-95 corridor in Prince William County, as a secondary market and to show the depth (or scarcity) of affordable age-restricted properties in urban Northern Virginia.

Characteristics of the Market

Table 6 lists the seven apartment properties under study. These total 823 apartment units. As shown, all are at or near full occupancy, and most have a wait list. The current vacancy rate is a very low 0.6 percent.

Table 6: <u>Apartment Unit Characteristics of Affordable Senior Apartments, Oakwood South Nine Market Area, February, 2020</u>				
	<u>Map D Key</u>	<u>Date Built</u>	<u>Total Units</u>	<u>Vacant Units</u> 1/
Lindsay Hill	1	2016	55	0
Olley Glen	2	2010	70	1
Gum Springs Glen	3	2003	60	0
Manchester Lakes I & II	4	2000/01	256	3
Forest Glen	5	1995/95	202 2/	1
Morris Glen	6	1995	60	0
Little River Glen	7	1990	<u>120</u>	<u>0</u>
Total 3/			823	5
Vacancy Rate				0.6%
Notes: 1/ Each property has a wait list. Combined, the total number of residents on all wait lists equal 500±.				
2/ One of two buildings at Forest Glen with 83 units burned down a year or so ago. It is now under construction, with expectations that 50% of former residents will return.				
3/ Total excludes Mt. Vernon House, which is a Section 8 property.				
Source: S. Patz & Associates field and telephone survey.				

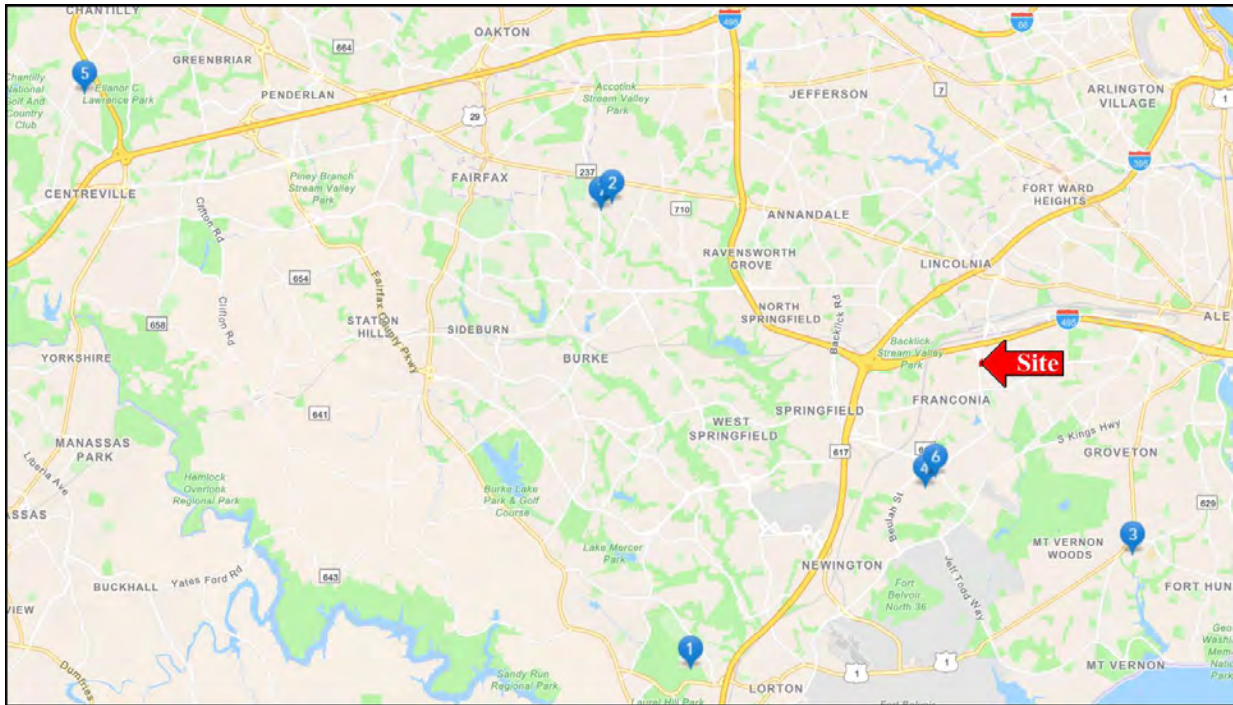
The newest apartment property is Lindsay Hill, located in Lorton, and built in 2016. This is a small property of 55 units. Olley Glen was built in 2010 in Annandale and next to Little River Glen. The largest property is Manchester Lakes, a Springfield located property with 256 units, built in two phases.

Several of these properties are mature, four there being built during the 1990's. Forest Glen is one of the more mature properties. It had two buildings, one with 119 units and one with 83 units. The smaller building burned down a couple of years ago and is just now being readied to be rebuilt.

The "Glen" properties - Olley, Gum Springs, Morris and Little River - were built by Fairfax County Department of Housing and Community Development. These are nice properties, with mostly one bedrooms and limited amenities. Manchester Lakes is likely the best of these seven comps.

Combined, these apartment properties have a wait list that exceeds 500. There is likely to be some double counting related to the wait lists, so the likely number of households, adjusted, in the market area wait list, is likely closer to 250±.

All of these apartment properties are number-keyed to Map D. These are spread throughout the market area. None are in the City of Alexandria. Two are in Springfield, and in relatively close proximity to Oakwood South Nine. The existing comps do not serve much of the market area, except for the City of Alexandria.



Map D- Locations of Affordable Age-Restricted Apartment Properties

Photos of these seven apartment properties are presented next:

- Lindsay Hill is an attractive one-story adaptive-reuse. The buildings are made up of the former Lorton Prison complex.
- Gum Springs Glen, Olley Glen, and Morris Glen have basic designs.
- Manchester Lakes is the most upscale of these existing properties.
- Little River Glen is the most attractive of the County’s “Glen” buildings.
- Forest Glen is a mature building, but it is a four-story elevator building.



Lindsay Hill



Olley Glen



Gum Springs Glen



Manchester Lakes



Forest Glen



Morris Glen



Little River Glen

The next two photos show the “progress” in the rebuilding of the burned down 83-unit building at Forest Glen. As shown, the building foundation is in, but vertical construction has not yet begun. A likely scenario is that the building will be built and ready for occupancy by mid- to late-2021.



Forest Glen Senior Apartments

On-site management at Forest Glen reports that only half, at best, of the former residents are expected to return, once the building is completed and ready for occupancy. However, there are sufficient households on the Forest Glen wait list to fill the 83 apartment units, once Building I is constructed.

Net Rents

Table 7 lists the net rents at the “comps” under study. Also noted is the AMI rent categories. Manchester Lakes, Forest Glen and Little River Glen are at rents at or below 60% of AMI. The remaining four properties are at 50% rents.

The 60% one-bedroom rents at the apartment properties under study average \$1,251. The two-bedroom 60% rents average \$1,568. The 50% rents for these “comps” for a one-bedroom average \$1,053 and \$1,132 for a two-bedroom. These rents are compared with the proposed 50% and 60% rents proposed for Oakwood South Nine in the following chart. The rents include cold water, sewer and trash costs, but not electricity.

	<u>Oakwood South Nine Net Rent Comparison</u>	
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
<u>Oakwood Proposal</u>		
50% of AMI	\$1,040	\$1,244
60% of AMI	\$1,267	\$1,517
<u>Average for Comps</u>		
50% of AMI	\$1,053	\$1,132
60% of AMI	\$1,251	\$1,568
<u>Difference</u>		
50% of AMI	-\$13	+112
60% of AMI	+\$16	-\$51

This comparison shows that the 9% one-bedroom 50% rents at Oakwood South Nine are slightly lower than the 50% average rents for like size properties. This is also the case for the 60% two-bedroom units at Oakwood. Overall, the rent comparison analysis for 50% and 60% rents at Oakwood are at market, particularly given the fact that most “comps” are mature.

Table 7: <u>Net Rental Rates at Market Area Senior Affordable Apartment Properties, Oakwood South Nine Market Area, February, 2020</u> 1/		
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
Lindsay Hill (50%)	\$825-\$1,013	\$1,017-\$1,110
Olley Glen (50%)	\$1,035-\$1,285	--
Gum Springs Glen (50%)	\$998	\$1,201
Manchester Lakes (60%)	\$1,310	\$1,568
Forest Glen (60%)	\$1,314	\$1,567
Morris Glen (50%)	\$936-\$1,067	
Little River Glen (60%)	\$1,128	--
Average	\$1,118	\$1,350

Notes: 1/ Rents adjusted to include cold water, sewer and trash collection.
Source: S. Patz & Associates field and telephone survey.

Oakwood South Nine will have 13 30% units, which are not available at existing properties. The rent comparison is positive for Oakwood South Nine.

The next chart shows a comparison of the proposed net rents with the HUD maximum allowable rates. For Oakwood South Nine, the proposed rents are equal to or below the HUD maximum allowable rates, except for the two-bedroom 60% rents, which are below the maximum allowable rates.

	<u>Net 9% Rent Analysis</u>			<u>HUD Max Allowable</u>
	<u>Net Rent</u>	<u>Utility Allowance</u> 1/	<u>Gross Rent</u>	<u>Gross Rent (9%)</u>
<u>30% of AMI</u>				
One-Bedroom	\$584	\$98	\$682	\$682
Two-Bedroom	\$698	\$121	\$819	\$819
<u>50% of AMI</u>				
One-Bedroom	\$1,040	\$98	\$1,138	\$1,138
Two-Bedroom	\$1,244	\$121	\$1,365	\$1,365
<u>60% of AMI</u>				
One-Bedroom	\$1,267	\$98	\$1,365	\$1,365
Two-Bedroom	\$1,517	\$121	\$1,638	\$1,665

Notes: 1/ UA data provided by the sponsor of Oakwood South Nine.

Rent Per Square Foot

We did not do this calculation as there are too many variables with property age, amenities, rent differential, etc. to make a rent per square foot calculation relevant for Oakwood South Nine.

Unit Mix

The unit mix at the apartment properties under study show 71 percent one-bedroom and 29 percent two-bedroom units. The Oakwood South Nine unit mix will be almost identical to the competitive market.

Three of the senior affordable properties have no two-bedroom units. Except for Manchester Lakes, the other apartment properties under study are geared towards a more modest income market, thus more one-bedrooms. Manchester Lakes has more two-bedroom units than one bedroom units. This is consistent with more recently built LIHTC properties for seniors, when all units are at 60% of AMI.

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Total</u>
Lindsay Hill	40	15	55
Olley Glen	70	0	70
Gum Springs Glen	56	4	60
Manchester Lakes	119	137	256
Forest Glen	119	83	202
Morris Glen	60	0	60
Little River Glen	<u>120</u>	<u>0</u>	<u>120</u>
Total	584	239	823
Percent of Total	71.0%	29.0%	100.0%
% Unit Mix at Oakwood	74.6%	25.3%	100.0%

Source: S. Patz & Associates field and telephone survey.

Apartment Unit Sizes

All of the apartments under study offer small units, that average 550 square feet for a one and 800 square feet for a two-bedroom. Apartment units at Oakwood will be somewhat larger.

Table 9: <u>Apartment Unit Sizes at Affordable Senior Apartment, Oakwood South Nine Market Area, February, 2020</u>		
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
Lindsay Hill	613-781	818-921
Olley Glen	375-517	--
Gum Springs Glen	538	723
Manchester Lakes	564	803
Forest Glen	564-566	806
Morris Glen	538	723
Little River Glen	375-571	--
Average	550	800
Oakwood Proposal	633-941	873-920
Source: S. Patz & Associates field and telephone survey.		

Community Amenities

Manchester Lakes has an extensive list of on-site amenities. It is also a relatively large apartment property. The smaller properties have few or modest amenities. Oakwood South Nine will have an extensive amenity list compared with all existing properties except Manchester Lakes.

Additional Competitive Properties

The above analysis described a limited market for affordable age-restricted apartment properties in the defined market area for Oakwood South Nine. A few like properties exist in Arlington County and five senior properties exist along the Route 1/I-95 corridor in eastern Prince William County. These properties are somewhat competitive with the age-restricted affordable apartment properties on the south side of Fairfax County, including Lindsay Hill, Gum Springs Glen, and Manchester Lakes. Relevant

market data are presented on these five properties to show the depth of the market for this type of housing and the pent-up demand that exists.

Table 10 lists the affordable senior properties in eastern Prince William County. There are a total of 644 apartment units in these properties. They are fully-occupied and have a combined wait list of 300± families. The newest property is The Oaks, which opened in 2005, 14 years ago. The other properties were built between 1997 and 2003.

The net rents at these properties are comparable with net rents in the market area, but there are more 50% rents at these properties, and there are no apartment properties in this submarket area that are at the same rent levels as Manchester Lakes and Forest Glen.

These data emphasize the pent-up demand for affordable housing for seniors.

Table 10: <u>Net Rental Rates at Affordable Age-Restricted Apartment Complexes in Eastern Prince William County, February, 2020</u> 1/		
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
The Oaks 3/	\$935-\$1,016	\$1,050
Potomac Woods I & II	\$1,010-\$1,034	\$1,210-\$1,238
River Run I & II	\$1,050	\$1,175
Victoria Park 3/	\$805-\$1,110	\$1,150-\$1,225
Woods at Victoria Park 3/	\$805-\$1,110	\$1,150-\$1,225
Average	\$993	\$1,165
Notes: 1/ Rents include, or are adjusted to include, cold water, sewer and trash collection.		
2/ Rents are at 60% of AMI, unless noted.		
3/ 50% lower rents		
Source: Field and telephone survey by S. Patz & Associates		

General Occupancy Affordable Housing

Within the market area, there are approximately 55 affordable apartment properties for general occupancy. These apartments have approximately 5,450 apartment units. Many of these are garden properties that also attract low- and moderate-income seniors. Typically, affordable general occupancy properties attract between 5 and 10 percent of residents from the active adult population, as these residents cannot find

apartments in age-restricted properties. Thus, in all likelihood, the market area has 250 to 500 seniors occupying apartments in general occupancy buildings.

Section III Conclusions for Oakwood South Nine

The above analysis describes a very attractive apartment proposal on a well-located and very visible site. Once built, Oakwood South Nine will be one of the more attractive affordable apartment properties for seniors in terms of building design, amenities and location.

Once built, Oakwood South Nine would open in a relatively non-competitive apartment market for affordable housing for seniors, as the current market is at full occupancy, with an extensive wait list.

The demographic analysis shows considerable growth in the active senior population, particularly within the three income categories under study.

The rents proposed for Oakwood South Nine are at market and only slightly above the rents of more mature, less amenitized apartment properties. The proposed rents are generally at the maximum income levels for affordable housing in Northern Virginia and do not exceed the HUD maximum rent (and income) categories.

There are two pipeline proposals in the market area for new affordable senior housing. The Residences at North Hill is a mixed-income affordable housing proposal with a total of 279 apartment units. **Sixty of these units are set aside for active seniors.** The rendering below shows the development for The Residences at North Hill. A photo of the site is also shown. The building has been approved for LIHTC financing.



The Residences at North Hill (Rendering)



Site of The Residences at North Hill

The site is located along Route 1 south in Fairfax County, at the corner of Dart Drive in the Mt. Vernon District of Fairfax County. North Hill will be a mixed-income property with both affordable and market rate housing with a total of 279 apartment units. Sixty of the 279 units will be dedicated for senior housing. The senior housing will include 56 one-bedroom units and 4 two-bedroom, with a mix of eight units with 50% rents and 52 units with 60% rents. The approved gross rents are:

One-Bedroom

- 50% - \$1,021
- 60% - \$1,021

Two-Bedroom

- 50% - \$1,257
- 60% - \$1,257

Construction of the apartment building has not yet been started, but is expected to begin in the Fall of 2020 with occupancy to begin in the Spring of 2022.

One University Senior is a proposal for 9% financing in the 2020 competitive round. The property is located at 10700 St. Johns Place in Fairfax City and near George Mason University. The proposal is for a new construction building with 120 apartment units. This is a 9% proposal that will be competing with Oakwood South Nine for tax credit financing. This proposal is not yet approved for financing, so it was not included in the competitive analysis. It is noted as a potential “comp” if approved for tax credits by officials at VHDA.

Demand Table

The breakdown of target household growth by AMI category is presented in the table to follow. The growth in target rental households are shown in Table 5. Adjustments were made to the 60% income households to account for overlapping income categories for 50% and 60% incomes. **We added 20 percent to the net growth calculations to account for: (1) voucher holders, (2) persons under 62 and over 80 years of age; and (3) disabled persons who are under the age of 62.**

We do not include demand from substandard housing, as this is not a major issue in the Fairfax/Alexandria market area and any under-counting is accounted for in the renter growth adjustment. The conversions of elderly households are accounted for in the demographic projections. These are no “tenants to remain.”

The supply includes the one pipeline proposal, The Residences at North Hill, as well as the 71 proposed 4% units at Oakwood North Four. There are only five vacant apartment units in affordable age-restricted housing, this is defined as normal vacancy. Wait list residents are included in the population and household totals.

Oakwood South Nine is proposed to contain 13 units restricted to 30% of AMI, with a net demand for 170 apartment units. The capture rate for this income category is 10.6 percent.

32 units restricted to 50% of AMI are proposed for Oakwood South Nine, with a net potential demand for 310 apartment units. The capture rate for this income category is 10.3 percent.

There are 26 units restricted to 60% of AMI proposed for Oakwood South Nine, with a net demand for 256 units. The capture rate is 13.0 percent for this income category.

<u>Demand Table (2019-2024)</u>			
<u>Income Restrictions</u>	<u>Up to 30% of AMI</u>	<u>Up to 50% of AMI</u>	<u>Up to 60% of AMI</u>
New Rental Households	140	290	250 4/
PLUS			
Existing Households - Over-Burdened	30	60	50
PLUS			
Existing Households-Substandard Housing	0	0	0
PLUS			
Elderly Households-Likely to Convert to Rental Housing 2/	0	0	0
PLUS			
Existing Qualifying Tenants – to Remain After Renovation	N/A	N/A	N/A
Total Demand	170	350	300
MINUS			
Rounded Supply 1/ 3/	0	40	160
Equals			
Net Demand	170	310	200
Proposed Units	13	32	26
Capture Rate	10.6	10.3	13.0
Absorption Period	100% Prelease	4 months	6 months
Notes: 1/ Includes directly comparable vacant units completed or in pipeline in PMA. 2/ Accounted for in projections 3/ Rounded and includes 4% units at Oakwood North Four and proposed units at The Residences at North Hill. 4/ Totals adjusted for overlaps not shown in Table 5.			

With the current large wait list within the market area’s competitive affordable senior apartments, and an equal number at apartments in the eastern part of Prince

William County, full lease-up during preleasing may occur. Data show a ten-month lease-up, but a strong preleasing program is expected.

The VHDA capture rate chart, as follows for the 71 “9%” apartment units at Oakwood South Nine, is 10.4 percent.

	<u>Number</u>
Project Wide Capture Rate – LIHTC Units	10.4%
Project Wide Capture Rate – Market Rate Units	N/A
Project Wide Capture Rate – All Units	10.4%
Project Wide Absorption Period	6 Months

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.



February 17, 2020

Market Analyst

Date