

Revised Market Analysis
The Arbors at Hull Street
City of Richmond, Virginia

Prepared for:

Mr. Brian Staub
Marlyn Development Corporation

August, 2021

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■ REAL ESTATE CONSULTANTS ■

August 30, 2021

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 report in support of the proposed, new construction, The Arbors at Hull Street Apartments, which will be built during 2022 and 2024 on an attractive 10±-acre site in the City of Richmond, Virginia for active adults in search of affordable housing. The active adult market is defined as a household head within the 62 to 79 age category. For this study, adults in this age category with incomes of \$31,710 to \$43,200, reported in 2021 dollar, are defined as the target market.

Our research documented that the market area has nearly 9,000 households in the age and income category under study and that sector of the senior housing market is growing by 230± households per year.

The competitive apartment market for this sector of the housing market contains 2,160± apartment units with a low 1.6 percent vacancy. Most of these defined competitive properties are mature and less amenitized compared with The Arbors at Hull Street proposal. With the large area wait list of 500± households for affordable senior housing and the annual growth in demand of 230± households, full market support exists for The Arbors at Hull Street proposal.

Also of note is that the proposed rents are fully competitive for the unit mix with nearly 64 percent two-bedrooms and relatively spacious apartment units for age-restricted housing. These are positive features for this fully amenitized proposal.

These factors fully support the proposal, as planned, as fully outlined in the attached market report. As noted in the report, The Arbors at Hull Street will be built in two phases, with 186 units in phase one and 56 units in a second phase. Market data show full market support for the proposal, as planned, and at the proposed rents.

Mr. Brian Staub
August 30, 2021

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, sweeping underline that extends to the left.

Stuart M. Patz
President

SMP/mes

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Section I Introduction

This will submit our full narrative market study, within the Virginia Housing's market study guidelines, for the proposed, new construction, 186-unit affordable senior apartment building, The Arbors at Hull Street. The complex is planned for development beginning in early-2022 with initial occupancy expected after 13± months and lease-up extending throughout 2023 and into 2024. The study site is a 9.656-acre parcel located in the south side of the City of Richmond. The proposal is for a two phase development, with 186 apartment units to be built initially and 56 units to be built in a second phase.

The report to follow will be submitted to officials of Virginia Housing for tax-exempt bond financing, using 4% Low Income Housing Tax Credits (LIHTC). The proposal is for affordable housing for active seniors. It will have age, income and rent restrictions. All market and economic data required to conform to Virginia Housing's market study requirements are included in the report. **The site visit and field research were undertaken on August 27, 2021.**

To comply with Virginia Housing's report requirements, the following market study has been prepared with three sections. The first, the Introduction, provides a detailed analysis of The Arbors at Hull Street and its setting along the U.S. Route 360 (Hull Street Road) corridor on the south side of the City of Richmond, near Chesterfield County. Included in this section of the report is a detailed description of the apartment proposal, its setting and the community/ commercial facilities available to support new residents expected at the senior apartment building.

Section I has a second section, an Economic Overview Analysis of the City of Richmond and Chesterfield County. Both jurisdictions are included in the defined marketarea. Data are presented on job and employment growth, as these are the two key economic factors related to the market area's economic stability and growth.

At-place jobs and employment growth are the economic generators for population and household growth, and the resulting housing unit demand. While job growth is not

a direct factor in the support of age-restricted housing, it is a key factor for market area demographic growth and economic stability. It is also a key issue related to seniors remaining in the market area or moving to the market area for attractive affordable housing.

Section II of the report is the supply/demand analysis for new age-restricted affordable housing. The primary target market for The Arbors at Hull Street will likely be active adults in the 62 to 79 age category, earning annual incomes of between \$31,710 to \$43,200, when incomes are reported in constant 2021 dollars. Management at most age-restricted apartment properties “market” to residents in the 55 and above age category. However, most of these communities attract only a small number of residents below the age of 62. Residents under 62 years of age who reside in age-restricted housing are typically disabled.

Thus, the demand analysis to follow studies the active adult apartment market (aged 62 to 79) and within the income range defined, as required to support the proposed rents, based on HUD guidelines. In the Conclusion section, the number of residents over the age of 79 and the expected percentage of residents holding Section 8 housing vouchers will be noted. These adjustments will be based on current trends in the defined market area.

The demographic analysis solves for the 62 to 79 age population, with sufficient incomes to support the proposed rents. The forecast date is 2024. The Arbors at Hull Street is expected to begin construction by early-2022 and will require 18± months to construct, which will allow for project completion during 2023/24, with lease-up in 2023 and into 2024.

The second part of Section II is the “supply” analysis, for affordable age-restricted apartment units. We identified 24 age-restricted LIHTC properties in a rather large market area that would be competitive with The Arbors, once built. These “comps” exclude two newer area age-restricted apartment properties that are fully occupied by voucher holders

- Rosa Apartments and Armstrong Renaissance, both in the City of Richmond. Not all of these affordable, age-restricted apartment communities are direct “comps” for The Arbors at Hull Street as most are mature and with lower rents.

In addition to the analysis of existing age-restricted affordable apartment properties, we studied the number of active seniors who reside in affordable general occupancy apartments within the market area, due to limited apartment unit availability at age-restricted properties.

As described below, the market area includes the City of Richmond, Chesterfield County and portions of Henrico County. The large market area was necessitated by the scattered locations of LIHTC apartments for seniors across the region and with confirmation by on-site management at several properties that the identified communities compete with each other.

Section II analyzes the market area competitive affordable senior apartments to provide data on the date the apartment building was built, project size, rents by AMI category, occupancy, wait lists and project features. These data are compared with The Arbors proposal to determine the “competitive position” of the subject proposal.

Section III provides the market study conclusions, presented within the market study format that requires the completion of a Demand Table and Capture Rate Chart. The analysis of the proposed rents, unit sizes and unit mix are also part of the market study conclusions.

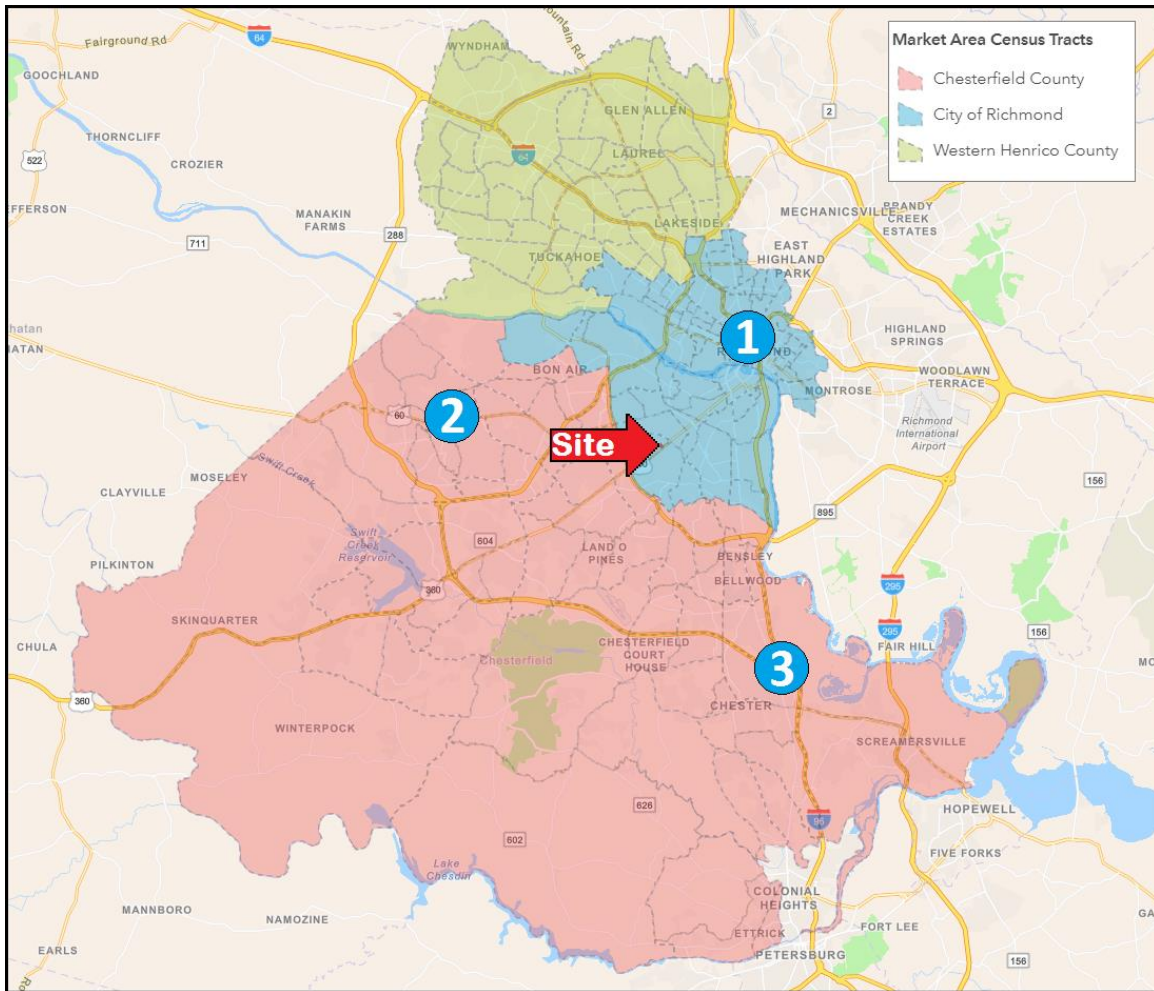
The current concept of a two-phase proposal was decided with input from officials at Virginia Housing. The proposal will include 186 apartment units initially and will be expanded by 56 units in time. This report covers the 186 apartment units in Phase I.

Market Area Definition

The market area defined for The Arbors at Hull Street is shown in Map A. The market area was defined following interviews with on-site management at area age restricted LIHTC communities. The market area was defined as all of Chesterfield County and the City of Richmond, plus the western part of Henrico County near the study site. The market area is large, but this is typical for age-restricted apartments, as seniors are more willing to move further distances to find adequate affordable housing. This is particularly true in the Richmond Region, where occupancy at age- and income-restricted apartments are routinely at or near 100 percent occupancy.

The 186-unit phase one proposal is large and will draw from a wide geographic area. The study site is also at a more attractive level compared with many of the older area senior apartments. Thus, interest in Arbors at Hull Street will be much larger compared with most senior communities, and again, is due to the project size and quality.

The study site is situated near the Chesterfield County-Richmond City line, which is generally marked by Chippenham Parkway (SR 150). It is located near the three regional growth areas, which are Downtown Richmond (Note 1), and Midlothian (Note 2) and the Chester area (Note 3) in Chesterfield County. Employment and residential development in these three areas are driving much of the recent population growth across the region. Employment growth in particular will be further detailed below.

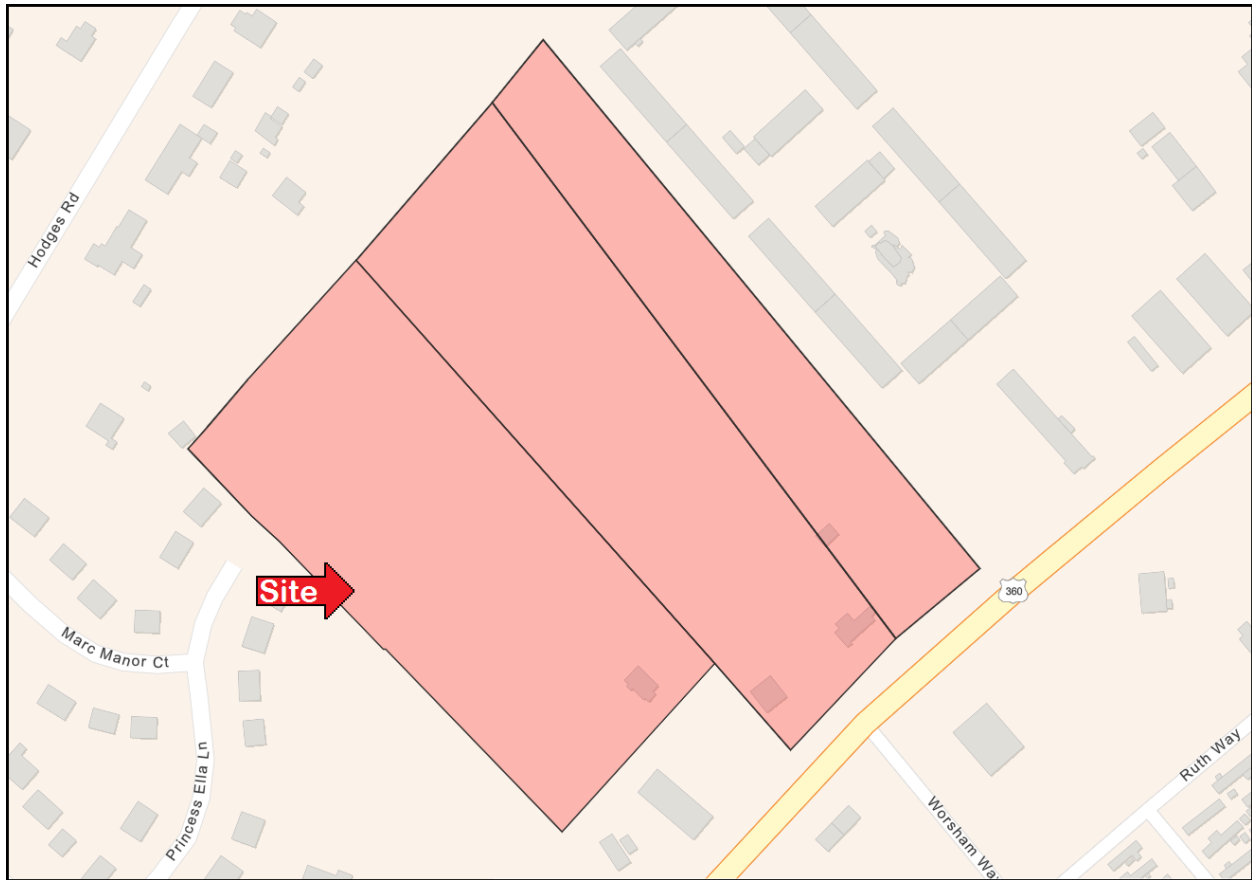


Map A - Market Area

The Arbors at Hull Street

Site Description

The Arbors at Hull Street site consists of three parcels on the north side of Hull Street Road at the southern edge of Richmond and near its boundary with Chesterfield County. The site, which is being subdivided, spans 9.656 acres at 5336, 5348 and 5400 Hull Street Road, just southwest of Hull Street Road’s intersection with Warwick Road. Map B shows the location of the study site, approximately five miles southwest of Downtown Richmond and two miles northeast of the Hull Street Road-Chippenham Parkway intersection.



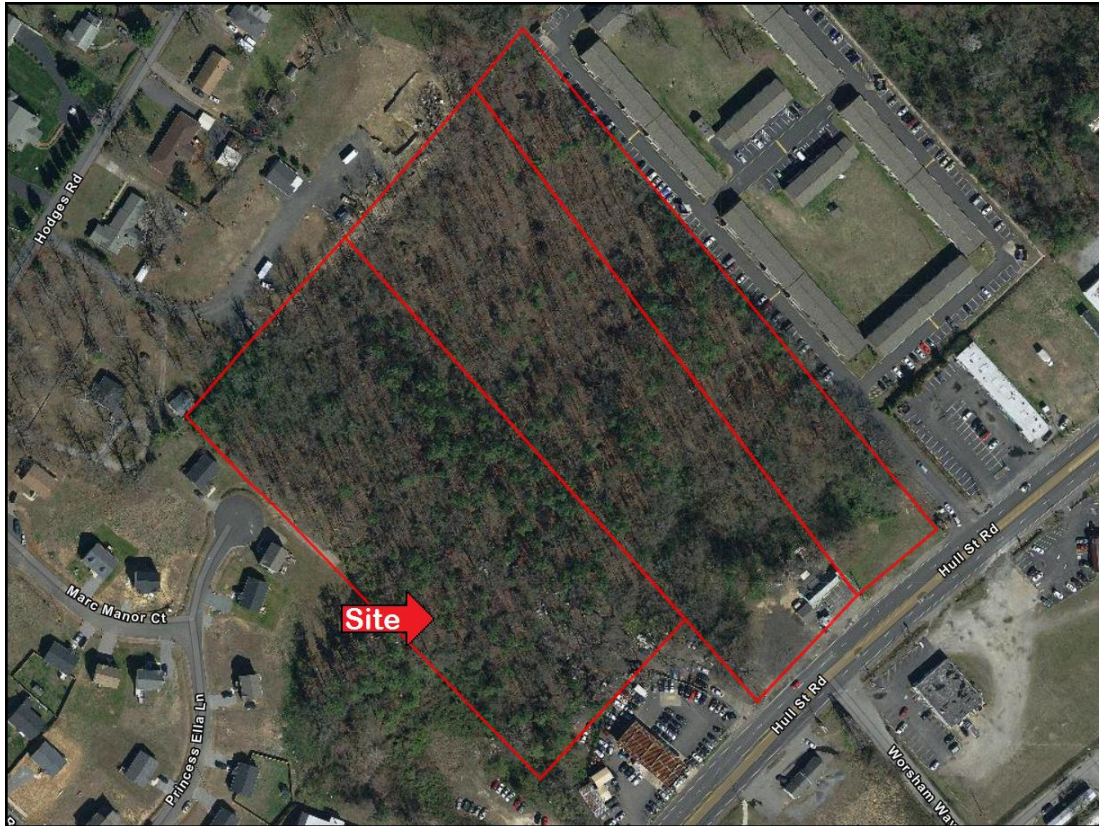
Map B - Site Location

Shown next is a northern aerial of the study site. The site is shown to generally have a rectangular shape. It is currently zoned with a mix of R-4 and B-3 zoning. A special use permit for development was approved in April, 2019 and thus the site is properly zoned for development to proceed as proposed. Access to public water and sewer exist.

The majority of the site is vacant and wooded, though mature buildings have been developed on the south side of the two western most parcels. These buildings will be demolished as part of the development program. The three parcels are generally flat.

The western-most parcel, at 5400 Hull Street Road, includes a vacant 1,290± square foot commercial structure that was constructed in 1940. Two buildings are located along the southern edge of the middle parcel, located at 5348 Hull Street Road. One is a 1,270± square foot building occupied by a Mexican restaurant (Taqueria El Tacorrey), while the

second is a vacant 1,280± square foot building. Both were constructed in 1955. The eastern-most parcel, at 5336 Hull Street Road, is fully vacant.



Northern Aerial

Next shown is a wider aerial view of the location of the study site, which depicts a clearer description of the site setting. The aerial shows the site to be located near a considerable amount of both residential and commercial developments. The site is bounded on the south side by Hull Street Road and by a small auto dealership, MandM Automotive (Note 1). Other businesses adjacent to this auto dealership include Escro Auto Sales (Note 2), a 22,000± square foot former roller rink that recently opened as the Beautiful Beauty Supply Store (Note 3) and Ruby Red Beauty Supplies (Note 4).

The site's western boundary is marked by 29 single-family homes in the built-out Cordle Crossing subdivision along Princess Ella Lane and Marc Manor Court (Note 5). These are primarily three-bedroom homes that were built since 2013. Homes were sold in this subdivision starting at \$163,900.

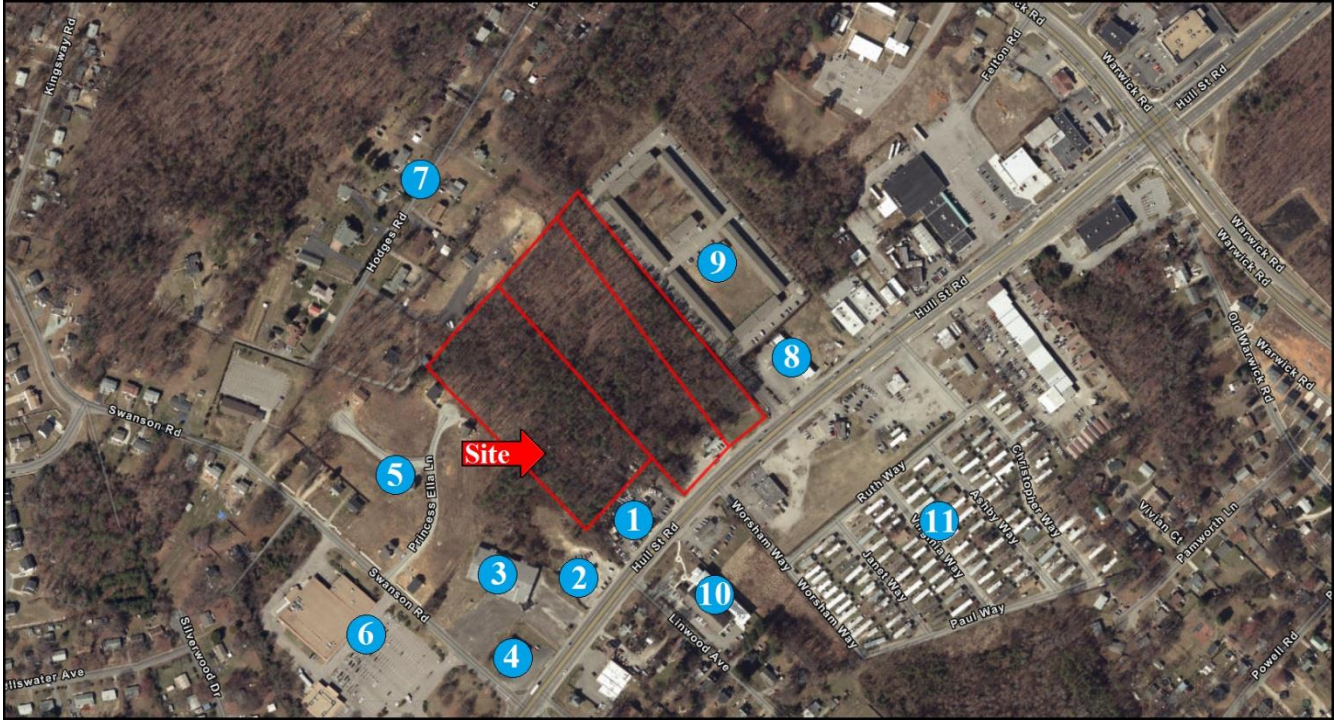
Adjacent to this community, on the west side of Swanson Road, is the Food Lion-anchored Hull Street Marketplace (Note 6). Other tenants in this 44,680± square foot shopping center include a Family Dollar. This shopping center was built in 1992 and is the location of the nearest grocery store.

To the north of the site are mature single-family homes that flank each side of Hodges Road (Note 7). These homes were largely built in the 1970's.

Two developments mark the eastern boundary of the study site. One is a mature 4,750± square foot multi-tenant commercial building that is fully occupied with three restaurants: Caribe Restaurant, Papa Lou Pizza and Acapulco Restaurant (Note 8). North of this building is Meadow Creek Apartments (Note 9). This is a modest market rate apartment community that was constructed in 1973 with 144 apartment units. The community was renovated most recently in 2010. The community contains a mix of 80 one-bedroom units and 64 two-bedroom/ one-bathroom units. Amenities include a picnic area and on-site laundry facility. This community is typically fully occupied.

Development further east along the north side of Hull Street Road contains a mix of commercial uses, including a pawnshop, several restaurants and an O'Reilly Auto Parts store. Development along the south side of Hull Street Road near the study site contains similar uses.

Residential development in this area include Studios at South Richmond (Note 10), which is the renovation of a former Budget Motel into 60 units for formerly homeless single adults, and the Worsham Mobile Home Park (Note 11). All homes in this park are owned and none are rented. RVs are not permitted in the park.



Wider Northern Aerial

Shown next are photos of the study site. Again, it is primarily wooded and undeveloped.



Eastern View of Study Site From Princess Ella Lane



Northern View of Study Site from Hull Street Road



Western View of Study Site from Meadow Creek Apartments

Site Setting

Next shown, in Map C, is the site setting. The site is situated in the south side of Richmond along the Hull Street Road corridor, approximately 2.5 miles northeast of Chippenham Parkway (SR 150). This is a state highway that runs for approximately 15 miles from I-95 and SR 895 in Bensley north to Parham Road and River Road near Tuckahoe in Henrico County. SR 150 is a four- to six-lane circumferential highway that connects the Chesterfield County suburbs of Richmond with western Henrico County and, via SR 895, eastern Henrico County and Richmond International Airport.

Hull Street Road (U.S. Route 360), which marks the southern boundary of the study site, is a four-lane arterial whose primary purpose has been to move vehicles from

the City of Richmond to Chesterfield County and to and from Chippenham Parkway. The roadway provides direct access to Downtown Richmond, approximately five miles northeast of the study site, and to the more rural portions of western Chesterfield County. A photo of Hull Street Road, fronting the study site, is shown below.



Hull Street Road

In addition to significant residential and employment growth, Downtown Richmond is the location of the expansive VCU Medical Center (Note 1) at 1213 E. Clay Street. The 865-bed medical center is a regional referral center for the state and is the region's only Level I Trauma Center. The medical center offers more than 200 specialty areas. This is a major facility with several ongoing and planned developments that will expand medical services.

Two other major medical facilities are located nearby and detailed in the paragraphs below.

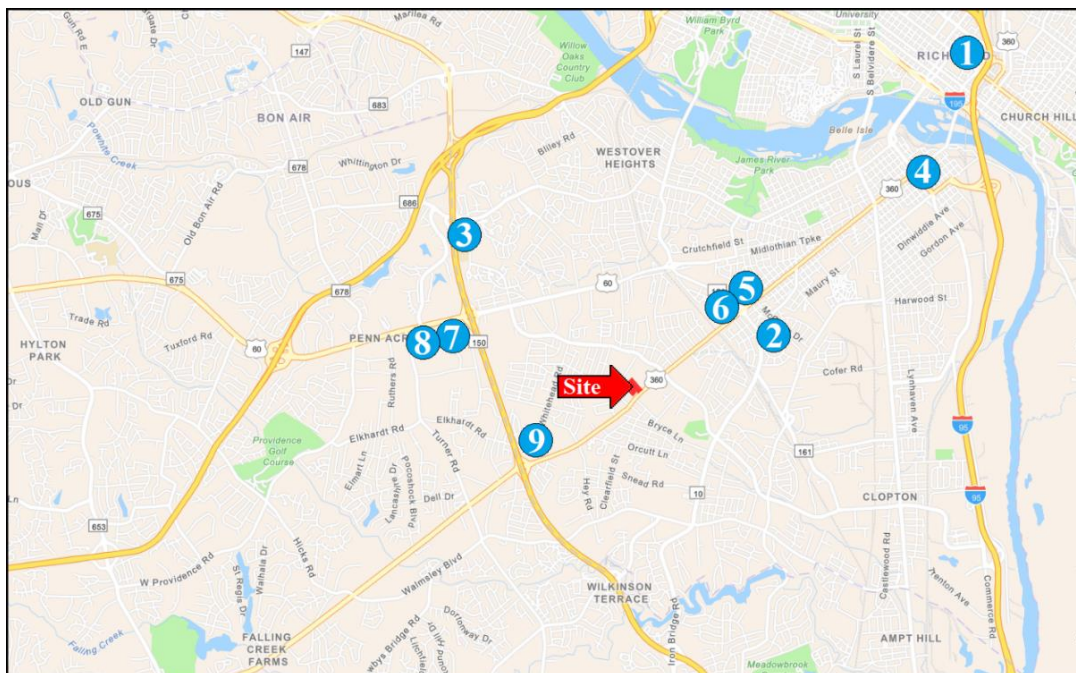
- **Hunter Holmes McGuire VA Medical Center** (Note 2). This is a 400± bed facility that offers a very wide range of medical care. This facility is a national referral center for heart, lung and liver transplants. The hospital is located at 1201 Broad Rock Boulevard and employs over 3,000 people.
- **Chippenham Hospital** (Note 3) is located at 7101 Jahnke Road, approximately 3.5 miles northeast of the study site. This is a 466-bed acute care hospital. It is a Level II Trauma Center that provides a range of medical services. Construction was completed in mid-2020 on the renovation and expansion of this hospital. The

renovation added 18 additional beds, a new walk-in canopy and ambulance canopy entrances, a new pediatric ER entrance and renovated space to create 14 pediatric beds and an expansion of the critical care area.

Map C also shows that U.S. Route 360 accesses and bisects the Manchester neighborhood (Note 4) before crossing the James River into Downtown Richmond. Development activity in Manchester is significant and detailed further in the Economic Overview of this report. Most of this development is residential, as nearly apartment units recently opened, are under construction or are in active planning. None of the residential development, however, has age restrictions.

Also shown in Map C is the site's close proximity to several shopping centers. These shopping centers, as well as their anchor tenants, are listed in table below.

<u>Area Shopping Centers</u>		
<u>Shopping Center</u>	<u>Map C Key</u>	<u>Anchors</u>
Southside Plaza	5	Roses, Super Fresh
Circle Plaza	6	Shoppers World, Save-A-Lot
Stonebridge Shopping Center	7	Kroger
Chippenhams Square	8	Foremost Sales, New Grand Mart
Haynes Plaza	9	Haynes Furniture



Map C - Site Setting

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

Community Facilities. The closest post office to the study site is located at 2101 Hopkins Road, approximately 2.6 miles east of The Arbors at Hull Street site. Richmond Fire Station 22 is located at 2420 Broad Rock Boulevard, about 1.7 miles east of the study site. The Broad Rock Branch of the Richmond Public Library is the closest library to the site. It is located at 4820 Old Warwick Road, approximately 1.7 miles east of the study site. The John P Quarles Memorial Senior Center is the closest senior center to the site. It is located 3.5 miles northwest of the site at 945 Worth Street.

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

<u>Location of Nearby Churches</u>	
<u>Name</u>	<u>Address</u>
The Life Church	5515 Bryce Ln
First Union Baptist Church	6144 Derwent Rd
Ramsey Memorial United Methodist	5900 Hull Street Rd
Chicago Avenue Baptist Church	2331 Broad Rock Blvd
The Saint Paul’s Baptist Church South	700 E Belt Blvd
Source: S. Patz & Associates, Inc.	

Parks and Recreation. Two parks are located near The Arbors site. These are briefly detailed in the paragraphs below.

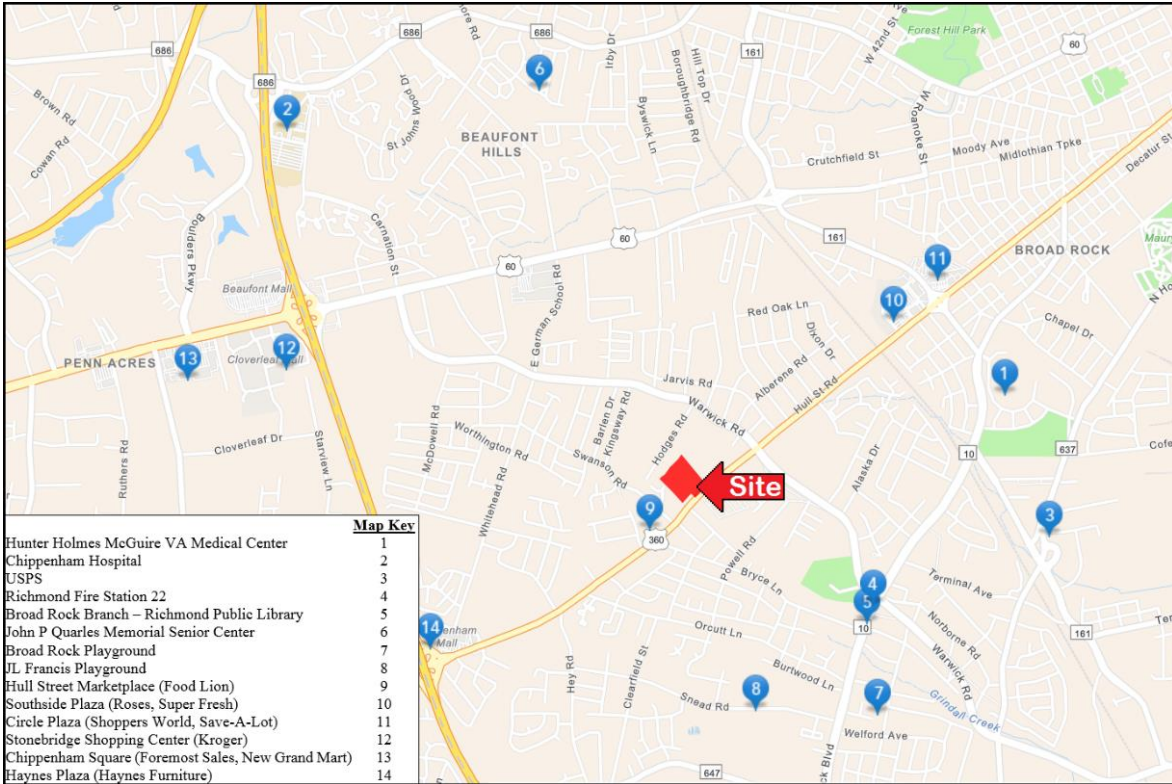
- **Broad Rock Playground**, which is located at 4615 Ferguson Lane. Amenities include two baseball fields, tennis and basketball courts and soccer and football fields. Broad Rock is a year-round outdoor facility that offers football, basketball cheerleading, soccer and baseball at various times throughout the year. Summer Camp is also offered at this location.
- **JL Francis Playground**. This is small playground located at 5146 Snead Road.

Shopping. As previously noted, the site is located within close proximity to several shopping centers and grocery stores. The nearest grocery store is a Food Lion,

which is located walking distance from the site and within the Hull Street Marketplace shopping center. Other major shopping centers in the area include:

- **Southside Plaza**. This is a mature 370,000± square foot shopping center that was built in the 1950's at 6040 West Southside Plaza. A 38,530± square foot SuperFresh and 37,150± square foot Roses Express anchor this shopping center. Smaller tenants include Family Dollar, Citi Trends, Shoe City, Downtown Locker Room, McDonald's and Burger King. The Richmond Social Services Department also occupies 52,410± square feet in this shopping center.
- **Circle Plaza**. This is a mature 190,120± square foot shopping center that is located at 425-527 E Belt Blvd, adjacent to Southside Plaza. The shopping center is anchored by 29,980± square foot Shoppers World and 16,890± square foot Save-A-lot. Smaller tenants include Subway, It's Fashion Metro, Orange Beauty Supplies, Firestone and Boost Mobile.
- **Stonebridge Shopping Center** is part of a mixed-use development that is located at 7000 Tim Price Way. At build-out, it will total 400,000± square feet of commercial space and 600 residential units. A 123,600± square foot Kroger anchors the shopping center. Smaller tenants include Wingstop, SweetFrog, Great Clubs and Atlantic Union Bank.
- **Chippenham Square** is located at 7415 Midlothian Turnpike. This 185,000± square foot shopping center is anchored by an 85,000± square foot Foremost Sales and 28,000± square foot New Grand Mart. Smaller tenants include RVA Flea, Caribbean Pot, Rent-A-Center and Hair Place.
- **Haynes Plaza**. This shopping center is located at 6550 Hull Street Road. This mature shopping center is anchored by a Haynes Furniture store. Smaller tenants include Family Dollar, Virginia ABC and Sherwin-Williams.

Map D shows the location of the community facilities that will serve The Arbors. Most important is that the setting has a full array of basic services for senior residents.



Map D - Location of Area Community and Public Facilities

Project Description

The Arbors at Hull Street will be located at 5400 Hull Street Road in the City of Richmond. The age-restricted rental community will consist of 186 units for independent living seniors. All of the units will be set aside for seniors with incomes at or below 60 percent of the Area Median Income (AMI).

The proposed apartment units will be located in a four-story wood-framed structure. The building’s exterior will feature a combination of brick and vinyl siding. The residential structure will be roughly L-shaped with a central main entrance and two residential wings on each side. Four elevators will service the building.

Common area amenities include secure building entrances, with security cameras and key fob entry. On the ground floor, there will be a grand two-story entrance, lobby and community room. The leasing and management offices are located off of the main

lobby along with a meeting room, mailroom and restrooms. The community will have a media room, fitness center, multipurpose room, business center/library, beauty salon and billiards room.

The community will have ample outdoor space and amenities, including sidewalks surrounding the building, raised garden plots for resident use, a grilling area and a dog park. There will be plentiful on-site parking at a ratio of 1.2 spaces/unit. 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 two maintenance technicians.

All units at Arbors at Hull Street 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 microwave, 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 plank 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.

The proposed community will be restricted to seniors with incomes of no more than 60 percent of the area median income (AMI) for the Richmond, VA MSA. The unit mix will include 67 one-bedroom units and 119 two-bedroom apartments. The monthly net rents for the 67 one-bedroom units will be \$925 and the monthly net rents for the 119 two-bedroom units will be \$1,055 per month. The monthly net rents at Arbors at Hull Street will include the costs of water and sewer as well as trash removal. Electricity will be the direct responsibility of residents.

The study site is in a fully developed area of the City of Richmond with considerable commercial space, close proximity to community facilities and good highway access. In summary, the study site is well-located for new housing of the type planned.

Development Program

Table 2 provides a detailed description of The Arbors at Hull Street proposal, with data on total units planned, apartment unit sizes, unit mix and proposed rents. All units will be restricted to seniors earning incomes at or below 60 percent of the Area Median Income (AMI) for the Richmond, VA MSA.

The table shows a mix of 67 one-bedroom and 119 two-bedroom units for a total of 186 units. All one-bedroom units will have one full bathroom and will range in size between 650 and 780 square feet. The two-bedroom units, each with 1.5 bathrooms, will all measure 1,030 square feet.

Also shown in Table 2 are the proposed rents, which will include cold water, sewage and trash collection. These rates will also include a full-size washer and dryer at no additional cost. One-bedroom net rents will be \$925, while two-bedroom net rents will be \$1,055. Parking will be provided at no additional cost to tenant. The net rents include cold water, sewage and trash collection, with only electricity paid for by the tenant.

Table 2: <u>Proposed Unit Characteristics, The Arbors at Hull Street, Richmond, VA, August, 2021</u> 1/						
	<u>Restrictions</u>	<u>Units</u>	<u>Size (Sq. Ft.)</u>	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>
1BR/ 1BA	60% of AMI	67	650-780	\$925	\$62	\$987
2BR/ 1.5 BA	60% of AMI	119	1,030	\$1,055	\$75	\$1,130
Total		186				
Notes: 1/ Rents to include cold water, sewage and trash collection.						
Source: Marlyn Development Corporation						

Most notable about the proposal is that it is large with 186 units planned. The following analysis will show that a limited number of affordable new age-restricted

apartment units exist in the market area. Most of the affordable senior apartment properties are mature, with small units, limited amenities and modest rents, geared to a larger senior “market”.

With the growing demand for affordable apartments for seniors with incomes between \$31,710 and \$43,200 and with limited affordable land for housing of this type, the need for a large apartment community is recognized. Thus, with a large available site, limited competition and an expanding demand for affordable senior housing, the “market” is ready for a large and more attractive apartment community for older adults.

Rent Comparison

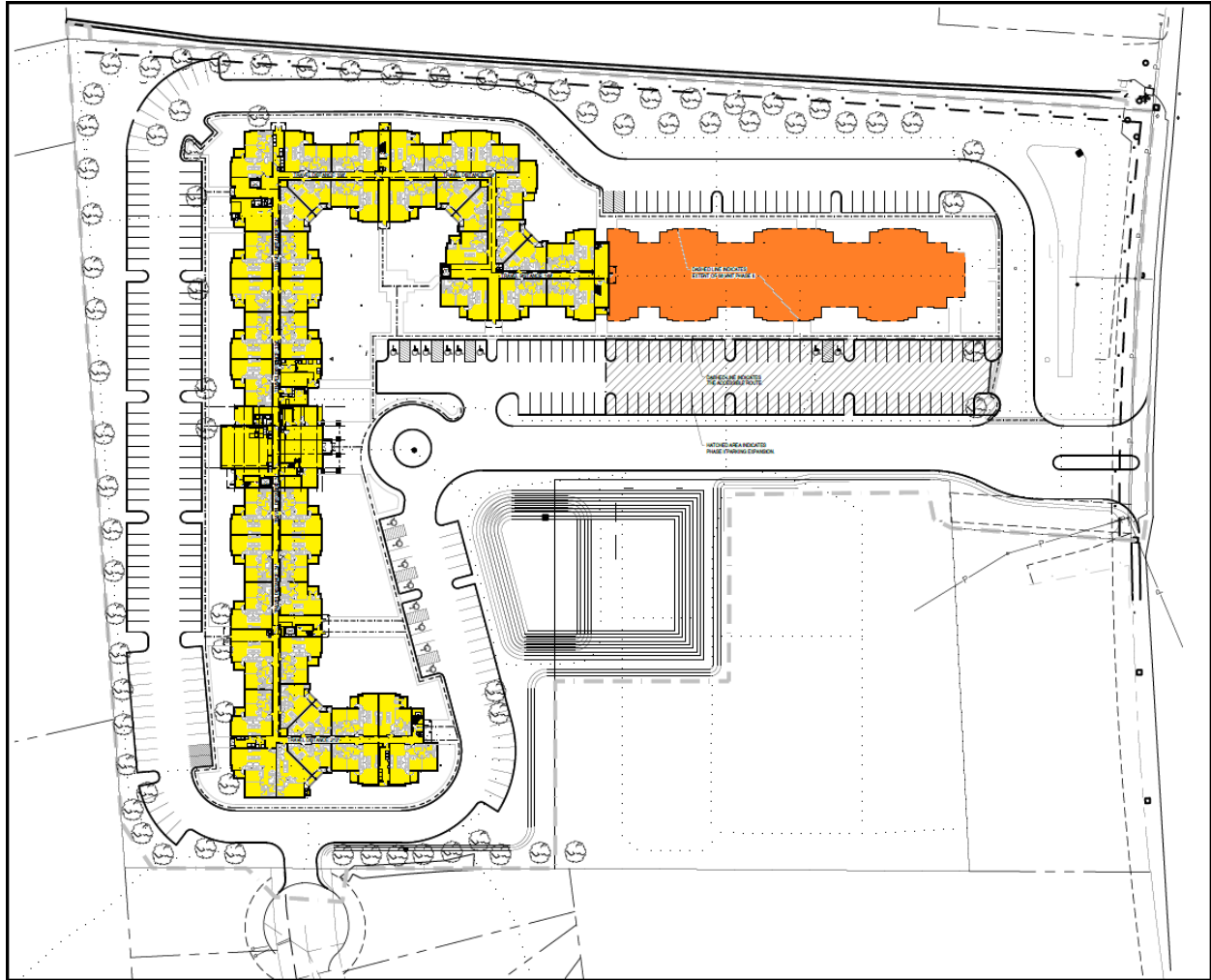
Table 3 shows gross rents for the proposed The Arbors at Hull Street apartment units, with a utility allowance (UA) added to net rents for the 186 income-restricted units. The UA was calculated for the sponsor based on the unit sizes and energy efficient HVAC system and appliances. The apartment building will be energy efficient within the Virginia Housing guidelines. The gross rents shown are compared with the HUD maximum allowable gross rents for the Richmond, VA MSA. The comparison shows that The Arbors at Hull Street proposed gross rents, based on the calculated UA, are well below the maximum allowable rents for the Richmond Region.

Table 3: <u>Rent Comparison Chart, The Arbors at Hull Street and HUD Maximum Allowable Rates, Richmond, VA</u>				
	<u>The Arbors at Hull Street</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>	
1BR/ 1BA	\$925	\$62	\$987	\$1,012
2BR/ 1.5BA	\$1,055	\$75	\$1,130	\$1,215
Source: HUD and Marlyn Development Corporation				

Site Plan

The proposed site plan is shown next. Phase I, the proposal under study, is shown in yellow with 186 units. The 56-unit Phase II is shown in orange. The building design is

unique and provides a good “feeling” of open space and low density design. Access is shown to be from Hull Street Road. Surface Parking will wrap around most of the building.



**The Arbors at Hull Street Site Plan
(Phase I - Yellow; Phase II - Orange)**

Next shown is the front elevation of The Arbors at Hull Street. The elevator-served building is proposed to be four-stories. The elevation shows that the building exterior will have a brick veneer with vinyl lap siding and fiber cement panel siding. All apartment units will have an abundance of windows for sufficient light and air. Most of the apartment units have recessed balconies. The building has a main entrance that leads into a lobby area. Other exterior building entrances exist along the large building with four wings.

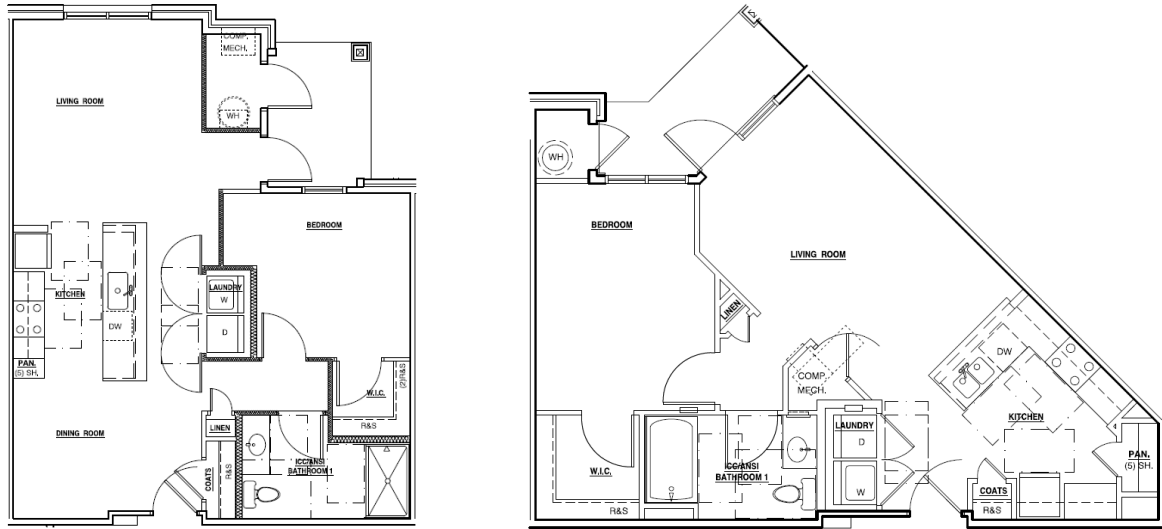


The Arbors at Hull Street Elevation

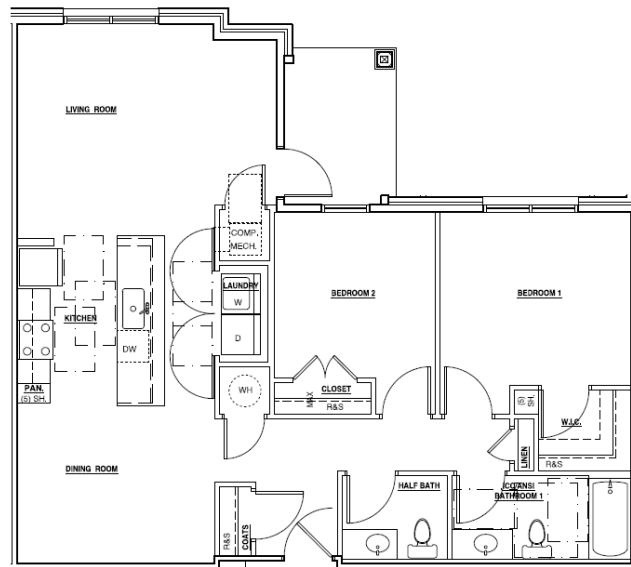
Unit Floor Plans

Next shown are the proposed unit floor plans. Each unit will be skid-resistant and include walk-in showers, grab bars, an emergency call system, ceiling fans and plank flooring. The living area of the apartments will be carpeted. Other building features will fully comply with Virginia Housing standards for energy efficient buildings.

The apartment units will be spacious for buildings of this type and especially for the region. There will be two floor plans for the one-bedroom units, as shown below. One floor plan will be for the basic rectangular unit. The other will be for units located where the building curves. The two-bedroom units will be rectangular. The apartment units will have open kitchens, in-unit washers/dryers, walk-in closets and patios/balconies.



One-Bedroom Floor Plan



Two-Bedroom Floor Plan

Development Costs

The total development cost, including soft costs, land acquisition fees and developers' fees, is estimated at \$32.8 million, or \$176,160± per unit, on average.

Economic Overview Analysis

The Arbors proposal is for active seniors, likely with most residents, no longer in the labor force. However, the analysis of the market area economy is a key indicator for evaluating market support for new affordable senior apartments, as it shows the level of economic stability in the market area, as a stable marketplace will attract new seniors with the knowledge that family will likely remain in place. Likewise, seniors will remain in the market area if their family is fully employed and expects to remain so.

The economic overview describes the growth trends for at-place jobs and employment. These are the two economic indicators that support population and household growth and the resulting demand for new housing units. Data are available from the U.S. Department of Commerce, Bureau of Labor Statistics (BLS) to year-end 2020. Data are presented for all of the City of Richmond, Chesterfield County and Henrico County.

At-Place Jobs

At-place jobs refer to the number of jobs located within the market area. Data in Table 4 show a total of 488,320± jobs as of year-end 2019 and prior to the job losses associated with COVID-19 pandemic that will be detailed further below. 2019 job totals are up 2,590± over the previous year and exceed the pre-recession peak in 2008 by over 30,000±. Thus, the market area has fully recovered all jobs lost as a result of the Great Recession. Employment data, the number of persons employed, presented below, will show net growth.

As shown in Table 4, the largest employment sector in the market area is the Health Care sector, accounting for 68,290± jobs at year-end 2019, or nearly 14 percent of total market area-wide employment. Three of the five largest employers in the City of Richmond are in the Health Care industry. These include the VCU Health System, with over 9,300 employees, HCA Virginia Health System, with over 7,600 employees and Bon

Secours Richmond Health System, with over 7,200 employees. These three employers added a combined 850± new jobs over the past year.

Major Health Care employers in Chesterfield County include the C.J.W. Medical Center, with 1,200± employees, and the Bon Secours St. Francis Medical Center, also with 1,200± employees. Major health care employers in Henrico County include Bon Secours Richmond Health System, Henrico Doctor's Hospital and Anthem, each employing over 1,000 people. This is an employment sector that will continue to grow for several years given the ongoing and planned construction of several large medical facilities in the market area, to be discussed in greater detail below. With 13,070± jobs added since 2008, this is the fastest growing employment sector in the market area.

Despite the loss of jobs in 2019, employment in the Transportation and Warehousing sector grew significantly since 2008, adding 4,710± new jobs since 2008. Most of these new jobs were added in Chesterfield County and Henrico County. Within this total are over 1,100 jobs that were added in 2018. Most of the new jobs in this sector were added in the eastern portion of Chesterfield County, where several large industrial parks are located. Many of these new hires were associated with several expansion rounds by Amazon, beginning in 2012, to staff its one million square foot fulfillment center in the Meadowville Technology Park. This is a significant source of employment growth. Related growth in the Administrative/ Waste sector has also been significant, with over 6,000 jobs added since 2008.

Another sector with significant growth is the Accommodations/Food sector. Approximately 8,010 jobs were added in this sector since 2008. This is a sector that has grown every year since 2009 and 2018. Much of this growth is associated with the many hotels and restaurants that have opened across the market area over the past decade. Two new hotels opened recently, the 144-room Hampton Inn & Suites and the 100-room Homewood Suites. Both delivered in Downtown Richmond in 2016. In 2017, the 205-room Graduate Richmond Hotel opened on West Franklin Street, also in Downtown Richmond. Several other hotels are in planning and under construction.

Professional employment has also increased significantly since 2008, with employment in the Professional/ Technical Services sector expanding by over 4,000 during that period, including by nearly 2,600 new jobs since 2015. This growth has occurred in all three jurisdictions of the market area.

Employment in the State Government is also an important segment of the local labor market, particularly in the City of Richmond. Over 33,000 people work for the State Government, as of year-end 2019. This represents over ten percent of total employment in the market area. The largest State Government employer is Virginia Commonwealth University (VCU). Employment in the State Government has grown by over 2,000 since 2008.

Other sectors with job growth over the past decade include Arts/ Entertainment/ Recreation (2,200± new jobs added), Education (1,860± new jobs added), Federal Government (1,750± new jobs added), Real Estate (1,390± new jobs added), Other Services (580± jobs added), Utilities (210± jobs added) and Local Government (100± jobs added).

The market area has become less dependent on traditional manufacturing industries since the past recession, with the sector comprising only 4.3 percent of the market area's total jobs as of year-end 2019, compared with 5.9 percent in 2008 and a higher percentage prior to 2007. As shown in Table 4, this sector has lost more jobs than any other private sector over the past decade. There are 6,450 fewer Manufacturing jobs in 2019 compared to 2008.

Major manufacturing losses over the past decade include Evergreen Packaging Group (120± jobs cut in 2008), Reynolds Packaging Group (490± jobs cut in 2008 and 160± jobs cut in 2009), PM Beef Holdings (80± jobs cut in 2008), Caraustar Industries (50± jobs cut in 2008), Qimonda (2,550± jobs cut in 2009), Smurfit-Stone Container Corp. (230± jobs cut in 2010), Duro Bag Manufacturing Co. (170± jobs cut in 2011), Quad/Graphics Inc. (130± jobs cut in 2011), Berry Plastics Corp. (120± jobs cut in 2012), Schmitt E.G. (90± jobs cut in 2013), Carpenter Company (60± jobs lost in June, 2015), Altria (200± jobs cut in 2016).

Most recently Land-O-Sun Dairies closed its fluid milk processing facility in October, 2017, which resulted in the loss of 70± jobs.

Other sectors with employment losses between 2008 and 2019 include: Information (3,580± jobs lost), Management of Companies (2,960± jobs lost), Retail Trade (1,800± jobs lost), Wholesale Trade (1,130± jobs lost) and Finance/ Insurance (600± jobs lost).

Table 4: Trends in Average At-Place Employment, City of Richmond-Chesterfield County-Henrico County, Virginia, 2008-2019

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Utilities	1,236	1,211	989	981	1,263	1,274	1,304	1,377	1,391	1,425	1,432	1,441
Construction	ND	21,278	19,665	19,487	20,369	20,805	20,549	22,316	23,061	23,646	24,479	24,931
Manufacturing	27,351	22,270	21,624	20,418	20,122	20,160	20,212	ND	20,624	21,036	21,044	20,897
Wholesale Trade	18,062	16,268	15,915	16,046	16,172	16,430	16,543	16,420	16,418	16,320	16,518	16,930
Retail Trade	49,919	47,574	47,178	47,108	48,236	50,571	52,094	50,087	49,081	49,018	48,771	48,121
Transport./ Wareh..	11,504	10,693	10,489	10,665	10,798	11,105	11,594	15,625	16,271	16,236	17,359	16,211
Information	9,326	9,063	ND	ND	6,948	ND	6,752	6,327	6,107	6,198	6,081	5,742
Finance/Insurance	29,956	28,954	28,088	29,033	30,166	30,499	29,521	30,771	30,068	30,488	28,825	29,356
Real Estate	6,364	6,022	5,894	5,855	5,943	6,109	6,329	7,036	7,253	7,287	7,420	7,752
Prof./Tech.	31,278	30,039	30,191	32,302	32,365	32,351	31,570	32,719	33,920	34,773	35,045	35,314
Mgmt of Co.s	21,804	20,828	19,443	18,392	18,158	17,827	18,175	18,178	18,205	17,966	18,298	18,841
Admin./Waste	30,013	26,222	27,035	29,056	31,061	29,969	30,404	35,231	37,435	37,760	36,183	36,083
Education	5,665	5,926	6,267	6,476	6,703	6,758	6,851	6,987	7,031	7,149	7,253	7,523
Health Care	55,227	56,362	58,164	58,832	59,849	61,471	62,545	63,641	64,571	65,988	66,874	68,292
Arts/Enter./Rec.	5,909	5,828	5,857	6,089	6,054	6,472	6,484	7,153	7,396	7,449	7,817	8,111
Accom./Food	33,596	32,773	32,311	33,614	35,686	36,698	37,042	38,647	40,238	41,287	41,722	41,610
Other Services	16,201	15,653	ND	14,817	15,091	15,166	ND	15,658	16,234	16,882	17,407	16,783
Local Gov.	37,486	37,789	37,124	36,896	36,827	36,548	36,462	36,483	36,419	36,710	37,040	37,583
State Gov.	31,615	31,590	31,882	32,237	31,888	31,956	32,366	32,105	32,556	33,114	33,271	33,691
Federal Gov.	9,881	10,074	10,290	10,050	10,189	10,232	10,124	10,556	11,202	11,317	11,422	11,631
Total	458,065	436,458	431,816	436,332	444,143	449,423	452,253	467,792	476,571	483,288	485,727	488,321

Notes: ND = Data do not meet BLS or State agency disclosure standards.
Source: United States Department of Labor, Bureau of Labor Statistics

Table 5 shows the net change in at-place job totals since 2008 in the City of Richmond, Chesterfield County and Henrico County. It shows that while Richmond lost 270± jobs during this period, these losses were fully offset by nearly 16,900± new jobs in Chesterfield County and 13,610± new jobs in Henrico County.

As with many urban areas, growth in the housing market is larger than the job growth market, as many renter households desire to live in an evolving downtown location and commute to the suburbs. That is the case in Richmond. To restate, Central

Richmond has attracted a larger number of persons who reverse commute and live in the City and work in neighboring counties, largely Henrico County and Chesterfield County.

As previously noted, growth was most pronounced in the Transportation & Warehousing, Administrative/ Waste Services, Professional/ Technical Services and Health Care sectors. Employment growth was recorded in a wide range of sectors, while few sectors have faced net employment loss since 2008. The key point in Table 5 is that overall employment has grown by 30,260± since 2008, an increase of 6.6 percent.

	<u>City of Richmond</u>	<u>Chesterfield County</u>	<u>Henrico County</u>	<u>Total</u>
Utilities	60	20	125	205
Construction	--	233	-35	--
Manufacturing	-3,444	-728	-2,282	-6,454
Wholesale Trade	-824	656	-964	-1,132
Retail Trade	-1,400	39	-437	-1,798
Transport. & Warehousing	329	4,200	178	4,707
Information	-1,487	-821	-1,276	-3,584
Finance/Insurance	1,308	-393	-1,515	-600
Real Estate	143	-53	1,298	1,388
Professional/Tech. Services	-333	838	3,531	4,036
Management of Companies	-1,725	75	-1,313	-2,963
Admin./Waste Services	114	4,075	1,881	6,070
Educational Services	790	27	1,041	1,858
Health Care	2,172	5,135	5,758	13,065
Arts/Enter./Recreation	621	645	936	2,202
Accommodations/Food	3,692	1,894	2,428	8,014
Other Services	-489	308	763	582
Local Government	-744	-15	856	97
State Government	1,423	-55	708	2,076
Federal Government	<u>129</u>	<u>326</u>	<u>1,295</u>	<u>1,750</u>
Total	-269	16,913	13,612	30,256

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

Next shown, in Table 6, are the employment changes that occurred in 2020, which is an outlier year given the uncertain impact of the COVID-19 pandemic. The data show a significant loss of jobs, with a reduction in employment of over 28,000. These losses occurred across essentially all employment sectors, with the heaviest job losses impacting the Accommodations/ Food Services sector (10,230± jobs lost), Health Care sector (3,220± jobs lost) and Retail Trade sector (2,710± jobs lost). Although these losses are severe, a

significant number of these layoffs are expected to be temporary and will likely be recovered once 2021 employment data are released.

Table 6: <u>Change in Total At-Place Employment,</u> <u>City of Richmond-Chesterfield County-Henrico County, VA, 2019-2020</u>			
	<u>2019</u>	<u>2020</u>	<u>Change</u>
Utilities	1,441	1,428	-13
Construction	24,931	24,631	-300
Manufacturing	20,897	20,013	-884
Wholesale Trade	16,930	15,945	-985
Retail Trade	48,121	45,407	-2,714
Transport. & Warehousing	16,211	17,437	1,226
Information	5,742	5,305	-437
Finance/Insurance	29,356	29,130	-226
Real Estate	7,752	7,514	-238
Professional/Tech. Services	35,314	35,258	-56
Management of Companies	18,841	18,038	-803
Admin./Waste Services	36,083	33,754	-2,329
Educational Services	7,523	6,845	-678
Health Care	68,292	65,071	-3,221
Arts/Enter./Recreation	8,111	6,610	-1,501
Accommodations/Food	41,610	31,383	-10,227
Other Services	16,783	13,929	-2,854
Local Government	37,583	35,995	-1,588
State Government	33,691	32,599	-1,092
Federal Government	<u>11,631</u>	<u>11,873</u>	<u>242</u>
Total	488,321	459,897	-28,424

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. At-place jobs refer to where the job is located, i.e., within Chesterfield County, Henrico County and the City of Richmond. Data are current to year-end 2020 for Employment and Labor Force.

The market area realized a net increase in employment of 62,600± jobs over the twelve-year period between 2008 and 2019. Mirroring at-place job trends, employment grew early in the decade, up until 2008, when employment reached a pre-recession peak of 417,500± jobs.

Employment fell sharply in 2009 when 5,700± jobs were lost, pushing the unemployment rate from 4.5 percent to 7.6 percent in a single year. A slow recovery began soon after in 2010. Growth in employment occurred every year between 2010 and 2019, with total employment exceeding pre-recession levels in 2012. The labor force has also grown every year during this period, suggesting growing confidence in the labor market. This has pushed the overall unemployment rate higher than it otherwise would be. 2016 saw significant employment growth, with total employment growing by 7,350±. This growth trend continued into 2017 when employment grew by 9,050±. Employment grew by 6,860± in 2018. 2019 was also a growth year, as employment expanded by 8,320± in that year.

Data in Table 7 show that in 2019 the unemployment rate was a low 2.8 percent, down from 4.5 percent in 2015 and the lowest rate in over a decade. The low unemployment rate means that new job growth will require new residents for the market area.

Data for 2020 show heavy employment losses, mirroring the losses at-place jobs. This is fully attributable to the impact of the COVID-19 pandemic. Total employment in 2020 declined by 27,000±, pushing the unemployment rate up from a very low 2.8 percent in 2019 to 6.8 percent, the highest unemployment rate since 2011. As with at-place jobs, much of these losses are expected to be temporary.

**Table 7: Trends in Employment and Unemployment,
Richmond City-Chesterfield County-Henrico County, VA, 2008-2020**

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	437,026	417,500	19,526	4.5%
2009	434,728	401,799	32,929	7.6%
2010	443,480	407,906	35,574	8.0%
2011	449,030	416,931	32,099	7.1%
2012	454,203	425,637	28,566	6.3%
2013	459,310	432,855	26,455	5.8%
2014	467,635	443,044	24,591	5.3%
2015	469,450	448,526	20,924	4.5%
2016	474,855	455,875	18,980	4.0%
2017	483,079	464,922	18,157	3.8%
2018	486,680	471,781	14,899	3.1%
2019	493,837	480,103	13,734	2.8%
2020	486,370	453,103	33,267	6.8%
Net Change	49,344	35,603	13,741	2.3%

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

In summary, there has been substantial growth in the market area in terms of at-place jobs and employment between up until 2019. In both economic factors, current totals are well above past pre-recession totals. This level of growth has generated considerable demand for new housing. 2020 had heavy job losses, but this is attributable to the COVID-19 pandemic which now appears to be under control. Thus, much of the job losses are expected to be temporary and a recovery is now under way.

COVID-19 and Employment

Table 8 shows monthly employment data until June, 2021 in Chesterfield County, Henrico County and the City of Richmond to illustrate the local employment impact of the COVID-19 pandemic. This is the date for which the most recent data are available. Trend data show that since January, 2020, employment has fallen by over 35,000, with the number of unemployed growing by over 9,000. The labor force has also contracted by over 26,000 people, meaning that many of those who have lost their jobs have retired or quit searching for employment altogether.

The data show some employment improvements since the pandemic began, with 13,600± jobs recovered since April, 2020, including over 5,800 jobs added in 2021. Of note is that these job losses have not impacted occupancy rates at the competitive apartments under study.

Table 8: <u>Trends in Employment and Unemployment</u> <u>City of Richmond-Chesterfield County-Henrico County, Virginia, 2020-2021</u>				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
January, 2020	496,158	482,299	13,859	2.8%
February, 2020	497,117	484,592	12,525	2.5%
March, 2020	495,421	481,466	13,955	2.8%
April, 2020	491,522	433,500	58,022	11.8%
May, 2020	478,874	434,119	44,755	9.3%
June, 2020	489,399	441,168	48,231	9.9%
July, 2020	493,427	448,353	45,074	9.1%
August, 2020	495,138	455,752	39,386	8.0%
September, 2020	480,885	445,705	35,180	7.3%
October, 2020	475,100	444,569	30,531	6.4%
November, 2020	472,788	444,356	28,432	6.0%
December, 2020	470,593	441,350	29,243	6.2%
January, 2021	466,661	438,150	28,511	6.1%
February, 2021	467,543	440,418	27,125	5.8%
March, 2021	468,983	443,134	25,849	5.5%
April, 2021	462,021	441,813	20,208	4.4%
May, 2021	463,604	442,799	20,805	4.5%
June, 2021 1/	470,050	447,164	22,886	4.9%
Net Change	-26,108	-35,135	9,027	2.1%
Notes: 1/ Preliminary. Subject to change.				
Source: United States Department of Labor, Bureau of Labor Statistics				

Economic Development Activity

The increase in jobs and employment, as noted above, is due to new area developments, some of which are sizable. The paragraphs to follow show the current active Chesterfield County, Henrico County and City of Richmond developments within the market area and the likelihood that employment and job growth will continue in the market area. These new announcements will likely add over 10,000 new jobs.

- **Scannell Properties** announced in July, 2019 that it would build a 405,000± square foot distribution facility at 1410 Willis Road. The proposed facility will include several bays at the rear and front of the building for large trucks. It also includes parking for vehicles on the eastern and western side of the complex.

- **Carvana** confirmed plans in April, 2021 for a vehicle inspection and processing center on a 183-acre site at 13504-15100 Woods Edge Road, along the east side of Interstate 95 just north of Ruffin Mill Road. The project involves competitive state incentives, would include multiple surface parking areas - enough to hold 9,000 vehicles - and the two-story, 200,000± square foot center. The facility is expected to employ 400 people.
- **Cartograf**, a provider of packaging solutions across a wide range of industrial sectors, announced in October, 2019 that it would establish its first folding and micro-corrugated package printing facility on a 100-acre site in Meadowville Technology Park. The 315,000± square foot facility will employ 63 people.
- **DuPoint** announced in January, 2020 that it would modernize and expand its Kevlar manufacturing plant in Chesterfield County and create 60 new jobs.
- **The Results Cos.** announced in March, 2019 that it would open a second call center in Chesterfield County that will employ 600 people. The Results Cos. serves various industries, including technology, energy and financial services.
- **Defense Logistics Agency Aviation.** This project, planned by the Defense Supply Center Richmond, will include a new headquarters for the Virginia Army and Air National Guard, a new operations center for the supply center's main military unit, and a renovation of the center's main public entrance. The first phase of the project is the new operation's center for the Defense Logistics Agency Aviation. Construction on the five-story office building, houses about 875 employees, began in May, 2015 and opened in October, 2018. The reconfiguration of the supply center's East Access Control Point has started. The new Virginia National Guard Joint Force Headquarters once built, will house the office of the guard's adjutant general and provide space for about 200 full-time guard members and about 250 members serving on temporary active duty. Phase 2 started in mid-2019 and was completed in mid-2020. This phase included adding a four-story wing to the complex, with space for 575 employees. Construction on the third and final phase is expected to begin in mid-2021 and be completed by mid-2023. This project will add a six-story wing to the building with space for another 1,400 employees.
- **John Tyler Community College.** Construction was recently completed on the renovation and expansion on two buildings in John Tyler Community College's Chester campus at 13101 Jefferson Davis Highway. The school renovated and nearly doubled the size of its student center, the Nicholas Center, and renovate Bird Hall, one of its original buildings. The Nicholas Center, a student center featuring a bookstore, fitness center, student lounge and the president's office, received a 25,000± square foot addition and renovations to existing space. JTCC's workforce development program, the Community College Workforce Alliance, is now housed in the center's new addition, as well as a lab, conference room and additional classrooms. The 37,000± square foot Bird Hall received upgrades to

make room for the school's health sciences programs, a variety of labs, faculty offices and a student lounge area.

- **PepsiCo**. Construction is ongoing on this 222,000± square foot distribution facility for PepsiCo at 1608 Willis Road. PepsiCo has not publicly disclosed what will be housed in the facility. The company operates several distribution hubs across Virginia, including a longstanding facility on Mechanicsville Turnpike in Henrico County, and locations in Petersburg and Newport News.
- **Sabra Dipping**. Construction was completed in late-2019 on the expansion of the hummus maker's 220,000± square foot plant at 15900 Sabra Way by nearly 38,000± square feet. The expansion occurred on Sabra's 48-acre campus it owns in the Ruffin Mill Industrial Park and will include eight new loading dock doors for 18-wheeler trucks. Sabra added 12 full-time positions upon completion.
- **Devon USA** began construction in October, 2020 on a 133,040± square foot distribution facility at 1551 Bellwood Road. DuPont Specialty Products USA LLC will lease the facility to distribute products made at the company's Spruance plant on Jefferson Davis Highway in Chesterfield. This will be the final building in the James River Logistics Center. The combined footprint of all four buildings totals 1,267,000 square feet.
- **The FedEx Corporation** completed construction in 2019 on a 160,000± square foot cross-dock facility that employs 200 workers.
- **84 Lumber**, a building materials supplier, is building a 92,000± square foot store at 2510 Bellwood Road. This would be the company's largest store. The new space consolidates two smaller operations the company has in the region - a 22,000± square foot lumber yard store at 2400 Station Road in Chesterfield County and a 22,000± square foot door store at 8801 Landmark Road in Henrico County. That space will be turned into a manufacturing facility for components used to build a house, such as roof trusses and wall panels.
- **Amazon** announced in June, 2020 that it would lease a 321,000± square foot warehouse for a new facility where packages are sorted before being shipped out to local homes on delivery vans. The online retail giant is using the building at Devon USA's James River Logistics Center on Bellwood Road near Interstate 95 for last mile delivery for packages being shipped directly to homes. The company has begun operations in the space and created more than 100 jobs.
- **Bon Secours St. Francis Medical Center** plans on expanding its facility by 110,000± square feet. The expansion will add 55 acute care, obstetrical and intensive care beds. It will build additional floors on top of its emergency department building and its inpatient bed tower. Construction is expected to start in 2021. It also plans on constructed a three-story, 90,000± square foot ambulatory surgery center medical office building.

- **Virginia Physicians for Women** announced in December, 2019 that it would relocate its administrative headquarters, surgical center and Midlothian clinic to a new facility to be constructed near Chesterfield Towne Center in Midlothian. Construction on the 60,000± square foot medical office facility was completed in early-2021 and created 100 new jobs.
- **Gather**, the Richmond-based operator of coworking spaces recently opened a new office called Gather Midlothian at 14321 Winterbreeze Drive in the Winterfield Crossing community. The new Gather location is 25,000± square feet, occupying three floors of a 30,000± square foot office building. Gather will be able to accommodate up to 400 people using office space in the building. The site includes 110 offices of varying sizes for anywhere from one to 15 people, along with shared, open-area work spaces, event space and conference rooms. The site also includes a wellness room and a soundproof podcast room.
- **Chase Bank** announced in November, 2020 that it would open a new branch on a surface lot adjacent at the intersection of Huguenot Road and Koger Center Boulevard that's part of a former HHGregg store and next to Chesterfield Towne Center. The branch should open in late-2021.
- **Blackbriar Regulatory Services**, a surgical mask manufacture, announced in June, 2020 that it would expand its Chesterfield facility and hire 195 new employees.
- **KinderCare Learning Center**. Plans were recently submitted to construct a 12,000± square foot day care center at 11171 Robious Road.
- **ERNI Electronics** completed construction in December, 2019 on a production and distribution facility for high-performance electrical connectors. The facility is expected to employ 105 people within five years.
- **Shamin Hotels** plans to build the 200-room hotel and 10,000± square foot conference center on a 14-acre parcel that is now an empty field between a Firestone store along Midlothian Turnpike and the Richmond Volleyball Club facility on Karl Linn Drive. At 10,000± square feet of space, the conference center would be the largest in Chesterfield and among the largest in the Richmond region.
- **Residence Inn by Marriott**. Construction was completed in June, 2020 on this 111-suite hotel located at 1350 Johnston Willis Drive in Midlothian. The Residence Inn Richmond West/Midlothian is an all-suite hotel that offers studio and one-bedroom suites.

- **SpringHill**. Construction is ongoing on this seven-story, 122-room hotel at 12301 Redwater Creek Road in Chester
- **Publix** opened a new 48,000± square foot grocery store in in Midlothian on Charter Colony Parkway in June, 2020.
- **Chippenham Hospital**. Construction was completed in mid-2020 on the renovation and expansion of this hospital. The renovation added 18 additional beds, a new walk-in canopy and ambulance canopy entrances, a new pediatric ER entrance and renovated space to create 14 pediatric beds and an expansion of the critical care area.
- **Hancock Station**. This is a proposed commercial development to be built at 14400 Hull Street Road. The proposal calls for five commercial buildings totaling 50,780± square feet of commercial space. This development is not yet approved.
- **Super Radiator Coils**, which manufactures coils for the heat exchange industry, announced in April, 2021 that it would add 56,000± square feet and up to 50 jobs to its northern Chesterfield County facility. The company employs around 210 people at its plant on Southlake Boulevard in Chesterfield, where it makes specialty coils for such industries as power generation, food processing, data center cooling and the military.
- **GlaxoSmithKline** announced in November, 2019 that it would expand its consumer healthcare research and development center in Richmond. The global healthcare company chose Virginia as one of three R&D laboratory hubs for its global Consumer Healthcare business and plans to add approximately 150 new jobs at the site.
- **CoStar**, the real estate data company, announced in March, 2021 that it would occupy 51,000± square feet of space n the ninth, tenth and eleventh floors of Riverfront Plaza’s east tower. With the move into Riverfront Plaza, CoStar said it expects to add 200 employees to its Richmond workforce of more than 1,000 people.
- **Werner Enterprises**, a logistics company, announced in March, 2020 that it would expand its Richmond workforce by 27 people.
- **Shamin Hotels** purchased the 172,110± square foot Richmond Times-Dispatch building at 300 East Grace Street in downtown Richmond in January, 2020 where it plans to relocate its headquarters. Shamin’s 70 corporate headquarters employees will work on the building’s 40,000± square foot third floor and the Times-Dispatch will operate on the fourth floor, which Shamin is currently renovating. Shamin plans to lease out the first and second to other tenants.

- **Christian & Barton** signed a law firm, a lease for 33,000± square feet in One James Center at 901 E. Cary Street in September, 2020. The law firm, which has around three dozen attorneys in Richmond, expects to move into the new space in spring 2021 and will vacate its current longtime home in the Mutual Building at 909 E. Main Street.
- **Tahzoo**, a web hosting company, announced in summer of 2020 that it would hire 15 new employees by the end of 2020 and additional 30 in 2021 at its Scott's Addition offices.
- **Mission Lane**, which offers financial services aimed at people who seek to build or rebuild their credit, announced in May, 2020 that it would open its new 20,000± square foot headquarters at 1504 Belleville Road.
- **The Carytown Exchange**. Construction is ongoing on this 120,000± square foot commercial district in Carytown. Publix will anchor the development with a 49,000± square foot grocery store.
- **500 N. 10th Street**. This site in Downtown Richmond is proposed by Capital City Partners to be redeveloped with a 20-story, 545,000± square foot office building. 300,000± square feet would house administrative and office space for VCU Health designed to support the Adult Outpatient Pavilion building under construction next door, as well as the health system's nearby Children's Hospital Pavilion. The project also would include new locations for The Doorways and Ronald McDonald House Charities, nonprofit organizations that provide space and hospitality for families of patients, and space for VCU Child Care.
- **700 Canal Place**. This is a proposal by Dominion Energy for a 17-story, 900,000± square foot office building that could open by the end of 2023.
- **The Salvation Army** announced in early-2020 that it would move from its current 17,000± square foot regional headquarters at 48,000± square feet at 2 W Grace Street to 1900 Chamberlayne Avenue. The increase will enable the Salvation Army to almost double its bedding for emergency housing, from 55 beds to 96. The move is expected to take place on or about Summer, 2021.
- **CameraMatics**, a Dublin-based technology firm produces equipment for fleet tracking and data gathering, announced in October, 2019 that it would open an office in Richmond where it will employ up to 100 people.
- **Lumber Liquidators** announced in November, 2019 that it is nearly finished renovating its new headquarters at 4901 Bakers Mill Lane, the renovated former Southern Season building that the national flooring retailer is aiming to open by month's-end. The publicly traded company, which is relocating its corporate offices from Toano, will move its batches of workers into the 53,000± square foot space, which will house a total of 2020 employees. Most of those are relocating

from Toano, while 50 are moving over from the company's offices on West Broad Street and another 10 are coming from its distribution center in Sandston.

- **Bon Secours and VCU Health** began construction in May, 2019 on a 55,000± square foot outpatient pediatric facility at the former Westhampton School property along Libbie Mill Avenue.
- **Amazon** announced in July, 2019 that it would establish a new specialty fulfillment and last-mile delivery center on the Virginia Interstate 95 Logistics Center site in the City of Richmond. The project will add 150 new jobs.
- **Kinsale Capital Group** is currently building a 150,000± square foot, five-story building at the intersection of Maywill and Thalboro streets. The building will replace Kinsale's current home in the Holland Tower at 2221 Edward Holland Drive near Willow Lawn, where the firm employs about 177 full-time employees across 43,000± square feet. Kehoe said his company would occupy about 75,000± square feet in the new building – leaving the remaining balance of the building for lease to other office users.
- **Clay Suites**. Construction is ongoing on this 14,500± square foot office building at 3117 W. Clay Street in Soctt's Addition. VillageMD announced it will operate a 3,500± square foot primary care chain in the building. Construction is ongoing on this 14,500± square foot office building at 3117 W. Clay Street in Scott's Addition. VillageMD announced it will operate a 3,500± square foot primary care chain in the building.
- **VCU Health** is currently constructing a 17-story adult outpatient facility, on the site of the since-demolished Virginia Treatment Center for Children between North 10th and 11th street. The 603,000± square foot building will be used to consolidate much of VCU Massey Cancer Center's outpatient services, as well as various outpatient clinics currently spread among the downtown campus's Ambulatory Care Center, Nelson Clinic and North Hospital. The structure is across Leigh Street from VCU's recently constructed School of Allied Health Professions building.
- **Aditx Therapeutics**, announced in early-2021 that it would develop an immune monitoring center in the Bio+Tech 8 building at 737 N. Fifth St. on the downtown campus in Richmond. The facility, which is slated to begin operations in the second half of this year, will initially fill 25,000 square feet in the building with plans to expand. The so-called AditxtScore Center is expected to create more than 300 jobs over time.
- **Grenova**, a Richmond-based biotech firm, announced in April, 2021 that it would move from Southside's Clopton Siteworks to the former Sampson Coatings facility at 1900 Ellen Road. The move will also involve adding 250 jobs by 2024, more than quadrupling its existing staff count.

- **Babylon Micro-Farms**, which develops and produces remotely controlled, indoor hydroponic systems for vegetables and herbs, announced in February, 2021 that it would expand in Richmond by adding 24 new employees.
- **Vytal Companies**, an education and training content development and producer, announced in February, 2021 that it would relocate its corporate headquarters from Austin, Texas, to the City of Richmond. The company will renovate the facility at 1802 Semmes Avenue to include studio space for filming content and office space for development and post-production functions. The firm will employ 155 people.
- **601 N. Parham Road**. Construction began in March, 2020 on a 150-unit senior living facility with a mix of independent living, assisted living and memory care components at 601 N. Parham Road. 62 units will be for assisted living while the remaining 56 units will be for independent living. It is scheduled to open in fall 2021.
- **ePac Flexible Packaging**, a packaging manufacturer, announced in February, 2020 that it would establish a manufacturing facility in North Run Business Park near interstates 95 and 295. The facility will employ 35 people.
- **Chase Bank** plans on constructing a one-story, 3,300± square foot bank building with a drive-through ATM on West Broad Street, approximately 350 feet west of Willow Lawn Drive, on the site of the former Extra Billy's restaurant.
- **Discovery Village at West End** submitted plans in the summer of 2020 to construct a four-story addition with 109 independent living units along with a one-story addition containing a pool, to an existing five-story independent living building.
- **Encompass Health RVA** is currently expanding its medical facility, located on the southern corner of the intersection at Libbie Avenue and Fitzhugh Avenue, by 10,500± square feet.
- **Kroger Mid-Atlantic** announced in August, 2020 that it would relocate its division office from Roanoke to Glen Allen by the end of 2020. The division office in Roanoke currently employs approximately 100 people, and all associates are being offered opportunities to remain with the company, including relocation to Richmond. The Kroger Mid-Atlantic division office will move from 3631 Peters Creek Road in Roanoke to 140 East Shore Drive in Glen Allen, an existing 26,000± square foot space.
- **ASGN**, a professional services company, announced in June, 2020 that it would expand its facility at 4400 Cox Road where it will employ 121 people. The Henrico headquarters will pay an average of about \$106,000 a year. ASGN provides staffing and consulting services in technology, engineering, life sciences and other disciplines in the business and government sectors of the economy.

- **Wipro Limited**, a global information technology, consulting and business process services company, announced in October, 2020 that it would create 200 additional jobs in the SunTrust Center Two building at 11013 W. Broad Street in Glen Allen by 2021. Wipro's new 10,000± square foot facility will focus on full-stack engineering solutions, customer experience and accelerators across cybersecurity, cloud, digital and DevOps. It will also host customized visits, workshops on design thinking and innovation, and projects featuring collaboration across different industries.
- **Dominion Imaging**, which provides diagnostic radiology services (such as X-ray and ultrasounds), and sister practice **Virginia Interventional & Vascular Associates**, which does outpatient interventional radiology services (such as treatments for uterine fibroids and varicose veins), opened a 10,000± square foot medical office space in the newly renovated Brookfield Commons building at 6600 W. Broad St. across from Reynolds Crossing in June, 2020.
- **Breeden Construction** moved its headquarters office to an 8,100± square foot space at 1700 Bayberry Court in April, 2020, nearly tripling its previous office space. The company is expected to add ten employees to its 50-person staff by the end of 2020.
- **Moore DM Group**, a marketing conglomerate, announced in March, 2020 that it would reopen the former Colortree Group plant at 8000 Villa Park Drive that shuttered in 2019. The new plant will be run as Richmond Print Group and employ 239 people.
- **The Westmont at Short Pump**. Construction is ongoing on this 123-bed assisted living, memory care and independent living facility at the corner of North Gayton and Pouncey Tract roads. It also will have a fine dining room, library, theater, bistro and walking trails. The facility will employ 150 people once it opens.
- **SimpliSafe**, a home security system manufacturer, announced in February, 2020 that it would establish a customer support center at 1601 Willow Lawn Drive in western Henrico County, a deal expected to create 572 jobs. SimpliSafe provides self-installed home security devices, 24-hour monitoring and software for residential use. SimpliSafe will occupy a 57,110± square foot office space.
- **Marathon Consulting**, an IT consultant, announced in January, 2020 that it would expand its Glen Allen location at 4480 Cox Road by hiring 51 new people.
- **Genetworx**, a molecular diagnostic testing lab, announced in July, 2020 that it would hire about 400 employees in Innsbrook as it ramps up its testing capability for the virus that causes COVID-19. The jobs include data entry, lab technicians, tech assistants, project managers, business managers, hiring managers and others. The jobs would pay between \$40,000 and \$100,000 a year.

- **Poole & Poole Architecture** announced in October, 2020 that it would move from Winterfield Place near Midlothian to Innsbrook, where it recently purchased the former 12,500± square foot American Cancer Society building at 4240 Park Place Court. 23 people will work in the office.
- **Sevier County Bank** in Sevierville, Tenn., opened a branch as Southern Community Bank in January, 2021 at 4421 Cox Road.
- **CapCenter**, a mortgage lender, announced in September, 2020 that it had purchased the 72,000± square foot office building at 4461 Cox Road to eventually serve as the company's new headquarters, replacing its current hub up the street at 4510 Cox Road, where it leases 30,000± square feet. The company has hired approximately 100 people in 2020 and expects to fill an additional 100 positions. The new offices will include operations for CapCenter's main business arms: home purchase loans, residential brokerage and realty insurance.
- **Innsbrook Technical Center**. This is a proposal by Dominion Energy to construct a two-story, 53,980± square foot laboratory addition to its facility at 5000 Dominion Boulevard.
- **Landmark Tech Center**. Plans were submitted in late-2020 to construct a 29,440 square foot flex building on Landmark Road and a 15,190± square foot flex building on Old Staples Mill Road.
- **Sunset Hills Square**. Plans were submitted in late-2020 to construct this 14,920± square foot medical office building at 7250 Patterson Avenue.
- **Virginia Family Dentistry at The Professional Offices at Crossridge**. Plans were submitted in late-2020 to construct a one-story, 9,970± square foot medical office building to house a dental practice.

Overall, considerable economic development is occurring and plans exist for major investments in housing, employment, hotels, etc. The market area's employment growth will continue and offset the recent job losses associated with the COVID-19 pandemic. This level of new job growth will attract new families to the area, which in turn, will be a catalyst for older adults to stay or move to the area to be with family.

Also of note is the Hull Street Corridor Revitalization Plan, scheduled to start in 2022. The Hull Street Corridor Revitalization Plan provides a comprehensive, implementation-oriented strategy for creating sound, economically sustainable quality of life enhancements along a 4.7-mile stretch of the Hull Street Road corridor extending through both the City of Richmond and Chesterfield County. These improvements

include strong and safe multi-modal connections, transportation infrastructure upgrades, visual and physical enhancements, improved housing options, expanded job opportunities and recreational and environmental investments.

Section II Affordable Senior Apartment Analysis

This section of the market report presents the supply/demand analysis for the proposed 186 affordable senior apartment units in Phase I at The Arbors at Hull Street. The first subsection is the demographic analysis that “solves” for the number and growth of active senior households, with the household head 62 to 79 years of age, and with annual incomes of \$31,710 to \$43,200, when incomes are reported in constant 2021 dollars. This is the income category required to support the proposed rents at The Arbors at Hull Street, as presented above, and is within the HUD maximum allowable incomes for LIHTC apartment units in the Richmond, VA MSA.

The forecast date for the analysis is 2024, as the proposed apartment building is expected to be started by early-2022 and will likely require 18± months to construct, allowing project opening and leasing in 2023 and extending into 2024.

The second part of this section is the competitive apartment analysis for affordable age-restricted apartment properties. We identified 24 apartments that provide affordable rent apartment units for active seniors and could be competitive with The Arbors once built. These 24 properties have a combined total of 2,162 apartment units. This represents a sufficient competitive total to study the 186-unit Arbors at Hull Street proposal, so we did not study the market rate independent living senior market, as monthly fees for those properties are typically well above the rates proposed for The Arbors at Hull Street and sufficient competition exists to fully evaluate market support. We also did not fully study the general occupancy affordable apartment market.

The 24 competitive apartment properties are studied for location, number of units, rents, unit mix, unit characteristics, project features and curb appeal. Age-restricted apartments with deep rent subsidies such as Section 8 were not defined as competitive.

Demographic Analysis

Population Trends and Projections

The market area had a population of 731,370± at the time of the 2010 Census. Between 2000 and 2010, the market area's population increased by ten percent, or by approximately 62,760 people. This growth occurred in both the City of Richmond and Chesterfield County. This is compared to a growth rate of 11.0 percent during the 1990's, a period in which the City of Richmond lost nearly 5,300 residents.

Based on estimates from the Weldon Cooper Center for Public Service, the market area population increased by 80,390± between 2010 and 2020 to reach 811,760±. This represents an annual growth rate of 8,040±. These data were used to calculate the 2024 population forecast of 842,920±. In addition to data from the Weldon Cooper Center for Public Service, we used new development activity, including employment and housing unit development, to determine expected population growth in the post-2020 period.

Part of the market area's population growth since 2000 is attributable to student enrollment growth at Virginia Commonwealth University (VCU). However, there was also a significant level of new employment growth supported principally by new area businesses, which in turn, generates increased demand for new downtown Richmond apartment unit development, and to a lesser extent, condominium development.

Since 2000, downtown Richmond realized the development of over 8,500 new housing units, mostly rental apartments. Thus, the combination of student growth and growth in the professional population in Downtown Richmond was the reason behind the significant population growth since 2000, which is the antithesis of trends in most downtown areas of larger and mid-sized cities. The downtown population growth for students, professionals in the various adaptive-reuse buildings, and some empty nester growth in downtown condominiums, were large enough to offset any population declines in mature neighborhoods in the City. Steady employment-driven population growth in Chesterfield County also contributed to the population increase during this period.

Data presented in Table 9 show demographic trends in the entire market area population related to population and households. Also shown are the number of active senior residents in the market area and the number of households with the head of household being 62 to 79 years of age.

Table 9: <u>Trends and Projections of Population and Households by Tenure and Income, The Arbors at Hull Street Market Area, 1990-2024</u> (Constant 2021 Dollars)					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Market Area Population	556,600	639,020	731,370	811,760	843,920
Chesterfield County	209,270	259,900	316,240	355,080	--
City of Richmond	203,060	197,790	204,210	229,070	--
Western Henrico County 1/	144,270	181,330	210,920	227,610	--
Group Quarters Population	15,930	18,700	19,470	21,170 2/	21,200
Household Population	540,670	620,320	711,900	790,590	822,720
Persons Per Household	2.47	2.44	2.45	2.43	2.42
Households	219,050	254,090	290,150	325,350	339,970
<u>Senior Demographics</u> (62-79)					
Total Population	61,370	64,030	80,090	97,410	104,650
Percent of Total Population	11.0%	10.0%	11.0%	12.0%	12.4%
Senior Households	39,360	42,880	51,240	62,440	67,080
Percent of Total Households	18.0%	16.9%	17.7%	19.2%	19.7%
<u>Target Market</u> (\$31,710-\$43,200)					
Total Households	4,290	4,570	6,520	8,760	9,680
Percent of Total Households	2.0%	1.8%	2.3%	2.7%	2.9%
Percent of Senior Households	10.9%	10.7%	12.7%	14.0%	14.4%
Notes: 1/ Includes the following 2010 Census Tracts in Henrico County, VA: 2001.04, 2001.05, 2001.06, 2001.07, 2001.08, 2001.09, 2001.12, 2001.16, 2001.19, 2001.20, 2001.21, 2001.22, 2001.23, 2001.24, 2001.25, 2001.26, 2001.27, 2001.28, 2001.29, 2001.30, 2002.10, 2002.02, 2003.01, 2003.02, 2003.03, 2003.05, 2004.04, 2004.06, 2007.07, 2004.09, 2004.10, 2004.12, 2004.12, 2004.13, 2004.14, 2005.01, 2005.02, 2005.03, 2006, 2007, 2008.01, 2008.02, 2009.03, 2009.05, 2009.06.					
2/ On-campus housing occupancy increase of 1,500± students at VCU.					
Source: 1990, 2000 and 2010 U.S. Department of Commerce, Bureau of the Census; Weldon Cooper Center for Public Service; S. Patz and Associates, Inc.					

Group Quarters Population

The market area has a large Group Quarters population, due primarily to on-campus housing for students at VCU. The Group Quarters population also includes persons in jails, hospitals, nursing homes, shelters, etc. The market area's Group Quarters

population totals approximately 21,200±, or approximately 2.6 percent of total population. This is higher than most areas, but not unusual given the large number of VCU students residing in residence halls.

Of note is that the Group Quarters population expanded considerably between 2010 and 2019. Much of this growth took place in the fall of 2018 with the opening of the 1,518-bed Gladding Residence Center in mid-2018. The Group Quarters population is subtracted from total population to determine Household Population. Household Population is the key determinate for the analysis of housing unit demand.

Households

As of 2020, the market area had an estimated 325,350± households, an increase of about 35,200± households from the 2010 census count, and 71,260± households compared with the Census figure of 254,000± in 2000. The net increase of households over the past two decades is the result of continued new housing unit construction, particularly in Chesterfield County, Downtown Richmond and more recently in the Manchester neighborhood near the study site. The continuation of past trends is likely to expand the number of market area households to 339,970± by 2024. VCU students who live off campus are part of the Richmond Region's household totals.

Active Senior Demographics

In 2020, the active senior population (persons between the ages of 62 and 79) in the market area totaled 97,410+, or 12.0 percent of the total market area population. Although adults between the ages of 55 and 61 are often permitted to live in age-restricted communities, this segment of the adult population makes up only a small portion of the potential market for senior housing. Including this demographic would greatly overstate the market.

Past analyses note at up to 20 percent of the household population at affordable, age-restricted housing are outside of the defined market of 62 to 79 aged households with

incomes of \$32,000 to \$43,000. These include younger people with disabilities, Section 8 voucher holders, and the over 80 population. Adjustments to the demographics are presented in the report conclusions.

During the 2010 to 2020 period, the net growth of the active adult population was 17,320±, or 1,730± people per year, on average. This is compared to an annualized growth rate of 1,600± during the 2000's. By 2024, the market area is projected to have a total of 104,650± persons in the active adult age category, or 12.4 percent of the total market area population.

Data in Table 9 also show the growth in the number of households with the household head aged 62 to 79. In 2020, the market area had 62,440± active senior-headed households, at an average household size of 1.56. By 2024, this total is projected to grow by 4,640± and reach 67,080±.

Target Senior Market

The Arbors at Hull Street will have rents restricted to seniors earning 60% of the Area Median Income (AMI) in the Richmond, VA MSA. Qualified senior households for this income category must earn annual incomes ranging between \$31,710 and \$43,200, when reported in constant 2021 dollars. This represents qualified senior renters who can afford to pay net rents of approximately \$925.

The demographic analysis shows that as of 2020, the market area had 8,760± senior households within this income range. The 2020 total exceeds the 2010 total by 2,240± households. By 2024, the market area is projected to add 920± households within the age and income category under study to reach 9,680± households.

Of note, most LIHTC apartment properties for seniors attract some residents under the age of 62 and over 79 years of age. Some residents have Section 8 housing vouchers. Any adjustments, based on current market trends, will be included in the report conclusions.

Households by Size

As of 2010, nearly 30 percent of market area households were single-person households. An additional 32.8 percent were two-person households. These percentages, and others, did not change significantly over the 2000's decade.

Table 10: Trends in Household Size, Richmond/ Chesterfield County, VA, 2000-2010				
	2000		2010	
	Number	Percent	Number	Percent
Total Households	178,321	100.0%	202,831	100.0%
1-person household	49,150	27.6%	56,920	28.1%
2-person household	57,946	32.5%	66,425	32.8%
3-person household	31,346	17.6%	34,521	17.0%
4-person household	24,652	13.8%	26,551	13.1%
5-person household	10,091	5.7%	11,523	5.7%
6-person household	3,348	1.9%	4,342	2.1%
7-or-more-person household	1,788	1.0%	2,549	1.3%

Source: 2000 and 2010 U.S. Department of Commerce

Data presented above states that households in the 62 to 79 age category have an average household size of 1.55. That means that almost half of the target market for Arbors at Hull Street are single-person households.

Richmond Senior Demographics

The defined market area for The Arbors at Hull Street includes a large geographic area outside of the City of Richmond, as the large and attractive senior apartment proposal has considerable and long-range market appeal. Data presented in the chart below show that the City of Richmond has a large senior, affordable income population and these demographics can “support” more of the Phase I units.

As shown, the City has over 2,000 “target” households in terms of age and income qualifications. This total has increased steadily over the past few years and is expected to continue to grow as new housing is built.

Approximately 23.5 percent of the defined market target population reside in the City of Richmond. These data are presented to show that the City’s population is large enough to support a high percentage of the apartment units that are planned in Phase I of The Arbors at Hull Street.

<u>Trends and Projections of Senior Households by Income, City of Richmond, Virginia, 1990-2024</u>					
(Constant 2021 Dollars)					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Market Area Senior Target Households	4,290	4,570	6,520	8,760	9,680
Total Richmond Households	85,340	84,550	87,150	98,070	103,490
Senior Richmond Households (62-79)	19,060	15,920	14,400	15,170	15,720
Richmond Target Senior Households (\$32,000-\$43,000)	2,050	1,650	1,800	2,060	2,170
Percent of Total Richmond Households	2.4%	2.0%	2.1%	2.1%	2.1%
Percent of Senior Richmond Households	10.8%	10.4%	12.5%	13.6%	13.8%
Percent of Market Area Senior Target Households	47.8%	36.7%	27.6%	23.5%	22.4%

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.

Competitive Affordable Apartment Market

The following subsection analyzes the competitive affordable, age-restricted apartment market under study, compared with the competition with the proposal for The Arbors at Hull Street. This analysis is the basis for determining apartment unit demand for The Arbors at Hull Street and the proposed rents and unit mix.

Characteristics of the Market

Table 11 lists the 24 competitive LIHTC age-restricted apartment properties in the market area. This total excludes several Section 8 senior properties that are not competitive with The Arbors proposal. Also excluded is the mature 61-unit Omni Park located on the north part of the market area and away from the study site.

These “comps” exclude two new “deliveries” in 2019: The Rosa Apartments and Armstrong Renaissance Senior Apartments, both of which are located in the City of Richmond and both are at full occupancy with low-income renters. The communities

under study are competitive, as all have rents at 50% and 60% of the Area Median Income (AMI), while rents at All units at The Arbors will be at the 60% of AMI level. However, most of the existing competitive properties are old.

These apartment properties are subdivided into the two jurisdictions that comprise the market area: The City of Richmond/ Western Henrico County and Chesterfield County. Fifteen of the senior apartment properties, with 1,431 units, are located in Richmond and nearby locations in western Henrico County, while nine senior apartment properties, with 731 units, are located in Chesterfield County. The Richmond/ Western Henrico County apartment properties have a combined vacancy rate of 1.1 percent, while the Chesterfield County apartments have a combined vacancy rate of 2.5 percent.

Within Richmond/ Western Henrico County, the newest senior community to open is Somanath Senior Apartments. This small complex of 39 apartment units opened in 2013 (eight years ago) with rents restricted to 40% and 50% of AMI. The property is at full occupancy with a wait list of approximately 30 households. The complex includes one three-story, 32-unit and a one-story, seven-unit apartment building.

Atlantic at Brook Run opened with 120 units in 2009 and currently has eight vacant units. This is a higher vacancy rate than normal, which management attributes to a handful of recent move-outs. This is a single elevator-served building that typically maintains a 95 percent occupancy rate.

Seven additional apartment properties with 682 units opened during the 2000's in Richmond/ Western Henrico County. All of these apartment properties are at or near full occupancy with a combined vacancy rate of only 0.9 percent.

Six senior properties in Richmond were built prior to the 2000's, with a total of 590 units. Despite being mature, these communities are also at or near full occupancy with a combined vacancy rate of only 0.3 percent. Several maintain wait lists.

Only one apartment complex opened in Chesterfield County over the past decade -- Market Woods opened in October, 2020. It is a single elevator-served building with 60 units. It is located on the same development as Market Square I, II and III. Market Woods is a mixed-income property with four units restricted to 40% of AMI, 24 units restricted to 50% of AMI and 30 units restricted to 60% of AMI. The community is at stabilized occupancy and leased approximately 22 units per month during its lease-up period.

The remaining Chesterfield County properties opened during the 2000's. The three Market Square properties, which opened in phases in 2001, 2003 and 2006 with 174 units, have a combined vacancy rate of 3.7 percent. Apart from Park at Ridgedale, which has seven vacant units, the remaining Chesterfield County properties, with 671 units, have one or no vacant units. Several maintain waitlists.

Salient points in Table 11 are as follows:

- A large number of age-restricted affordable apartment units were added during the 1990's and 2000's, while very few new units have been constructed since. Only two small complexes, Somanath Senior Apartments and Market Woods, opened during the post-2010 period.
- Overall, the market area totals 2,162 affordable, age-restricted units, with only 34 vacant units.
- Twenty properties have three or fewer vacant units. The market area has a low vacancy rate of 1.6 percent.
- Several of the apartment properties under study maintain wait lists. The waitlist total is estimated at a combined 500± households.
- Approximately 300 of the 2,160± units are occupied by voucher holders, a ratio of nearly 14 percent, which is "on par" with most market areas.
- For the apartment properties listed in Table 11, approximately 1,560 units (72 percent) are restricted to households earning 60% of AMI.

The two primary points shown in Table 11 are:

- That the majority of the senior, affordable apartment properties are mature and most are at modest sizes in terms of total units; and
- The market area occupancy rate is high and lease-up of new units is comparable with past trends. This is evident at Market Woods which opened in late-2020.

Of note, many of these apartment properties are small. The largest is Guardian Place with 236 units built in two phases. Chester Village has 163 apartment units and Carter Woods has 152 units, also built in phases. In summary, only a small number of these apartment properties are good “comps” for The Arbors at Hull Street.

Table 11: Characteristics of Competitive Affordable, Age-Restricted Apartments, The Arbors at Hull Street Market Area, Summer, 2021

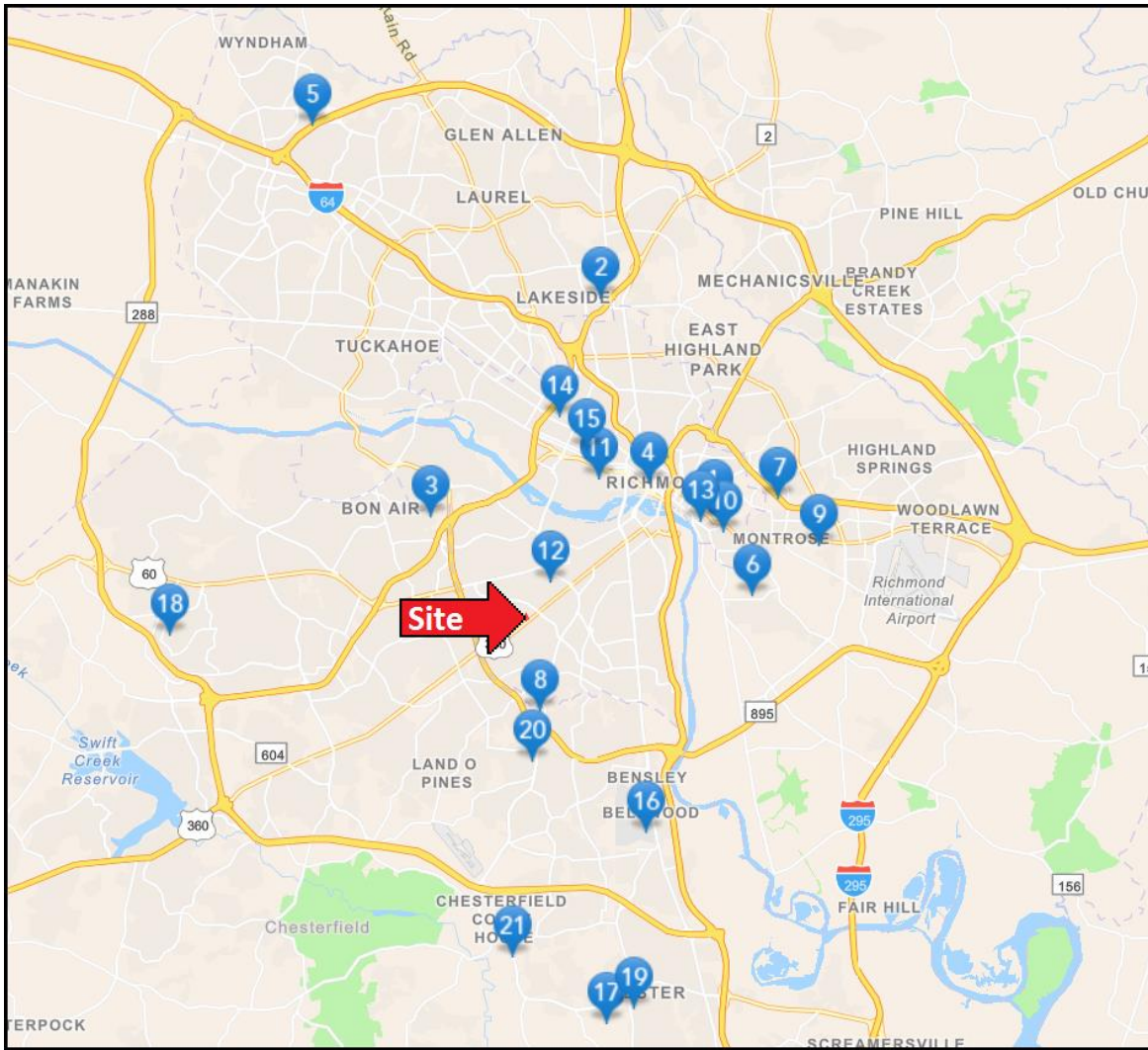
	<u>Map E</u> <u>Key</u>	<u>Year</u> <u>Built</u>	<u>Income</u> <u>Restrictions</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>
<u>City of Richmond/ Henrico County</u>					
Somanath Senior Apartments	1	2013	40%/50%	39	0
Atlantic at Brook Run	2	2009	60%	120	8 4/
Arbors Senior Apartments	3	2008	60%	86	0
Washington Plaza	4	2008	60%	28	0
Atlantic at Twin Hickory	5	2007	60%	110	0
Darby House 6/	6	2006	40%/50%	108	1
Carter Woods I & II 1/	7	2004/06	40%/50%/60%	152	5
Forest Creek Senior Apartments	8	2002	60%	94	0
Reflections Apartments 1/ 6/	9	2002	40%/50%	104	0
Bacon Retirement Community	10	1999	50%/60%	58	0
Columns on Grove	11	1998	50%/60%	21	1
Norcroft Townhomes	12	1997	50%/60%	109	1
Bowler Retirement Community	13	1997	50%/60%	62	0
Guardian Place I & II 1/	14	1994/00	60%	236	0
William Byrd	15	1971/16	60%	<u>104</u>	<u>0</u>
(Subtotal)				(1,431)	(16)
<u>Chesterfield County</u>					
Market Woods	16	10/2020	40%/50%/60%	60	1
Grand Oaks Senior	17	2008	60%	32	0
Atlantic at Charter Colony	18	2006	60%	113	1
Market Square III 2/	16	2006	40%/50%/60%	69	2
Chester Village Apartments	19	2004	60%	163	0
Market Square II	16	2003	40%/50%	42	5
Park at Ridgedale	20	2003	60%	120	7
Courthouse Seniors	21	2002	60%	69	1
Market Square I	16	2001	40%/50%/60%	<u>63</u>	<u>1</u>
(Subtotal)				(731)	(18)
Total				2,162 3/	34
Vacancy Rate					1.6%
Notes: 1/ Built in phases. 2/ 61 apartments and eight cottages. 3/ Approximately 300± Section 8 voucher holders. 5/ Several recent move-outs. Typically at 95% occupancy. 6/ Slightly outside market area, but competitive.					
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

Map E identifies the locations of each of these senior affordable apartment properties. Atlantic at Brook Run and at Atlantic at Twin Hickory are the only properties in Henrico County. Management notes that they compete with the Richmond area properties. Three properties—Somanath Senior Apartments, Bacon Retirement Community and Bowler Retirement Community—are located in the Church Hill neighborhood of Richmond. Carter Woods and Reflections Apartments are located

further east in Henrico County. These are located just over the County line and compete with the other comps, based on input from on-site management. Washington Plaza, William Byrd and Columns on Grove are located in the Richmond Downtown area. Guardian Place is located west of Downtown Richmond at the northern intersection of W. Broad Street and N. Hamilton Street. Three properties are located on the south side of Richmond (Arbors Senior Apartments, Norcroft Townhomes and Forest Creek Senior Apartments).

Atlantic at Charter Colony is located in the Midlothian portion of western Chesterfield County. Grand Oaks Senior, Chester Village Apartments and Courthouse Seniors are located in the Chester area of eastern Chesterfield County. Market Square I, II and II and Market Woods are located off Route 1, just north of Chester and within the Winchester Forest mixed-use development. Park at Ridgedale is located between Midlothian and Chester, just south of Chippenham Parkway.

Overall, the 24 senior affordable apartment properties are located throughout the market area, but most are clustered and are near the urban areas of Richmond.



Map E - Locations of Competitive Apartments

Shown next are photos of each of the competitive senior apartments. Washington Plaza, Columns on Grove, Bacon Retirement Community, Bowler Retirement Community and William Byrd are adaptive-reuse developments. Most of the senior apartment properties are new construction communities. Apart from the single-level Reflection Apartments, Norcroft Townhomes, Grand Oaks Seniors, Courthouse Seniors, Forest Creek Apartments, all of the competitive apartments are multi-level, elevator-served communities.



Somanath Senior Apartments



Atlantic at Brook Run



Arbors Senior Apartments



Washington Plaza



Darby House



Carter Woods



Forest Creek Senior Apartments



Reflections Apartments



Bacon Retirement Community



Columns on Grove



Norcroft Townhomes



Bowler Retirement Community



William Byrd



Guardian Place



Grand Oaks Senior



Atlantic at Charter Colony



Market Square III



Chester Village Apartments



Market Square II



Park at Ridgedale



Courthouse Seniors



Market Square I



Market Woods



Atlantic at Twin Hickory

Rent Analysis

Data in Table 12 shows the net rents restricted at or below 50% and 60% of AMI at the senior apartment communities under study. To be consistent with the proposed rental structure at The Arbors at Hull Street, rents shown below have been adjusted to include only cold water, sewage and trash collection. Apart from Park at Ridgedale, and a handful of cottage units at Market Square III, none of these communities offer in-unit washers and dryers, as part of the base rental fee. **The Arbors at Hull Street will provide washers and dryers in all units.**

The rents in bold in Table 12 represent 60% of AMI rents. The remaining rents are at 50% of AMI rents. Area seniors have readily accepted these rents, which have a wide range. 40% rents are excluded.

Overall, the one-bedroom net rents average \$830, which is \$95 below the proposed one-bedroom rents at The Arbors at Hull Street. The Chesterfield County properties rent for an average of \$50± above the Richmond/ Henrico County properties. Several of the apartments under study have one-bedroom rents at \$900 or above, including six in Richmond (Atlantic at Brook Run, Arbors Senior Apartments, Carter Woods, Columns on Grove, Guardian Place and William Byrd), and six in Chesterfield County (Atlantic at Charter Colony, Market Square III, Market Square II, Market Square I, Courthouse Seniors and Park at Ridgedale). Many of these are older properties with a lower level of curb appeal compared to The Arbors proposal. However, they are the best “comps” related to net rent.

The two-bedroom apartments average \$997 in rent, which is \$58 below the proposed two-bedroom net rents at The Arbors at Hull Street. As with the one-bedroom units, the rents in Chesterfield County slightly exceed those in Richmond. Chesterfield County’s two-bedroom rents average \$45 more than the two-bedroom rents in Richmond.

Several properties in both Richmond and Chesterfield County have two-bedroom rents over \$1,000. This includes seven properties in Richmond (Atlantic at Brook Run,

Arbors Senior Apartments, Carter Woods, Forest Creek, Columns on Grove, Guardian Place and William Byrd) and four properties in Chesterfield County (Grand Oaks Senior, Atlantic at Charter Colony, Park at Ridgedale and Courthouse Seniors). All have leased well. Rents at The Arbors at Hull Street include in-unit washer/dryers, which is a \$40± premium, making the proposed rents at The Arbors on par with the higher rent market area properties.

The two-bedroom units at The Arbors at Hull Street will contain 1.5 bathrooms. Several of the competitive apartments also have two-bedroom units with 1.5 bathrooms. These units have leased without issue. These include Arbors Senior Apartments, Forest Creek Senior Apartments and Park at Ridgedale.

The following chart summarizes the net rent ranges as of Summer, 2021 being achieved in the better market area properties:

	<u>Rent Range</u>
<u>50% of AMI</u>	
One-Bedroom	\$601-\$760
Two-Bedroom	\$815-\$905
<u>60% of AMI</u>	
One-Bedroom	\$830-\$939
Two-Bedroom	\$905-\$1,121

Some rents are outside of these ranges, but these ranges provide a good summary. They show that the proposed rents at The Arbors are well within the 60% of AMI rent ranges. These rent data also show that a considerable number of apartment units are at rents well below the proposed rates at The Arbors at Hull Street and thus not directly comparable.

Table 12: Net Rental Rates at Competitive Apartment Communities, The Arbors at Hull Street Market Area, Summer, 2021 1/

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
<u>City of Richmond/ Henrico County</u>		
Somanath Senior Apartments 4/	\$637	\$758
Atlantic at Brook Run	\$923	\$1,091
Arbors Senior Apartments 4/	\$939	\$1,019
Washington Plaza	\$745-\$770	\$855-\$905
Atlantic at Twin Hickory	\$935	\$1,120
Darby House	\$695	\$815
Carter Woods I & II	\$760-\$905	\$905-\$1,105
Forest Creek Senior Apartments 4/	--	\$1,075
Reflections Apartments 5/	\$713	\$923
Bacon Retirement Community	\$601-\$858	\$819
Columns on Grove	\$650-\$900	\$900-\$1,000
Norcroft Townhomes 5/	\$830	\$984
Bowler Retirement Community	\$836	--
Guardian Place I & II	\$905	\$1,095-\$1,100
William Byrd	\$861-\$893	\$1,169
(Average)	(\$813)	(\$979)
<u>Chesterfield County</u>		
Market Woods	\$694-\$862	\$816-\$995
Grand Oaks Senior	--	\$1,116-\$1,121
Atlantic at Charter Colony	\$932	\$1,108
Market Square III 2/	\$755-\$925	\$905-\$995
Chester Village Apartments	\$786-\$839	\$999
Market Square II	\$735-\$905	\$905-\$995
Park at Ridgedale 3/ 4/	\$925	\$1,114
Courthouse Seniors	\$941	\$1,124
Market Square I	\$735-\$905	\$905-\$995
(Average)	(\$859)	(\$1,024)
Average	\$830	\$997
Proposed Rents (60% of AMI) 3/ 5/	\$925	\$1,055
Notes: 1/ Only 50% and 60% rents shown. 60% rents shown in bold. Rents adjusted to include cold water, sewage and trash collection.		
2/ Some units include washers and dryers.		
3/ Includes washers and dryers.		
4/ Two-bedroom units have 1.0 bathrooms.		
5/ Two-bedroom units have 1.5 bathrooms.		
Source: Field and Telephone Survey by S. Patz and Associates, Inc.		

Rent per Square Foot

This calculation was not done, as none of the competitive properties are in the age and rent ranges of The Arbors at Hull Street, making the calculation irrelevant to any rent comparison.

Apartment Unit Sizes

Table 13 shows the unit sizes for each of the competitive affordable apartment communities under study. The one-bedroom sizes at the senior apartments average 616 square feet. The Chesterfield County “comps” have one-bedroom units that average slightly larger than the Richmond properties. The one-bedroom units at The Arbors at Hull Street will be spacious in comparison, at between 650 and 780 square feet. The only senior apartments in the market area with similarly sized one-bedroom units to The Arbors at Hull Street are Reflections Apartments, Norcroft Townhomes, Chester Village Apartments, Courthouse Seniors, Atlantic at Charter Colony, and a handful of units at Market Woods and Market Square III. All of the other properties have small one-bedroom units, with several having one-bedroom units smaller than 600 square feet.

The two-bedroom units in the market area average 860± square feet. On average, the Chesterfield County “comps” are 45± square feet larger than the two-bedroom units in Richmond. The proposed two-bedroom units at The Arbors at Hull Street would be 1,030 square feet. Apart from a small number of larger cottage units at Market Square III, all of the area apartments have two-bedroom units smaller than 1,000 square feet.

**Table 13: Unit Sizes at Competitive Apartment Communities,
The Arbors at Hull Street Market Area, Summer, 2021**

City of Richmond/ Henrico County	One-Bedroom	Two-Bedroom
Somanath Senior Apartments	609	841
Atlantic at Brook Run	620	835
Arbors Senior Apartments	564	802
Washington Plaza	450-620	720-921
Atlantic at Twin Hickory	595	835
Darby House	623-643	883
Carter Woods I & II	600	800
Forest Creek Senior Apartments	--	875
Reflections Apartments	788	997
Bacon Retirement Community	678	985
Columns on Grove	600	640
Norcroft Townhomes	682	913
Bowler Retirement Community	600	--
Guardian Place I & II	549	824
William Byrd	416-525	--
<i>(Average)</i>	<i>(609)</i>	<i>(850)</i>
<u>Chesterfield County</u>		
Market Woods	538-648	802
Grand Oaks Senior	--	998
Atlantic at Charter Colony	683	835
Market Square III	625-754	914-1,074
Chester Village Apartments	786	958
Market Square II	550	750
Park at Ridgedale	520	804
Courthouse Seniors	640	894
Market Square I	550-575	750
<i>(Average)</i>	<i>(628)</i>	<i>(895)</i>
Average	616	856
Proposed Unit Sizes	650-780	1,030
Source: Field and Telephone Survey by S. Patz and Associates, Inc.		

Apartment Unit Mix

The unit mix at each of the competitive properties is shown below in Table 14. Only Guardian Place and Atlantic at Charter Colony offer studio units, with a combined total of 94 units. Approximately 61.2 percent of the competitive units, are one-bedroom units compared with 34.5 percent that are two-bedroom units.

**Table 14: Unit Mix at Competitive Apartment Communities,
The Arbors at Hull Street Market Area, Summer, 2021**

	<u>Studio</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Total Units</u>
<u>City of Richmond/ Henrico County</u>				
Somanath Senior Apartments	0	32	7	39
Atlantic at Brook Run	0	80	40	120
Arbors Senior Apartments	0	72	14	86
Washington Plaza	0	18	10	28
Atlantic at Twin Hickory	0	74	36	110
Darby House	0	76	32	108
Carter Woods I & II	0	91	61	152
Forest Creek Senior Apartments	0	0	94	94
Reflections Apartments	0	52	52	104
Bacon Retirement Community	0	57	1	58
Columns on Grove	0	18	3	21
Norcroft Townhomes	0	55	54	109
Bowler Retirement Community	0	62	0	62
Guardian Place I & II	54	138	44	236
William Byrd	<u>0</u>	<u>104</u>	<u>0</u>	<u>104</u>
(Subtotal)	(54)	(929)	(448)	(1,431)
<u>Chesterfield County</u>				
Market Woods	0	51	9	60
Grand Oaks Senior	0	0	32	32
Atlantic at Charter Colony	40	71	2	113
Market Square III	0	51	18	69
Chester Village Apartments	0	65	98	163
Market Square II	0	35	7	42
Park at Ridgedale	0	3	117	120
Courthouse Seniors	0	56	13	69
Market Square I	<u>0</u>	<u>62</u>	<u>1</u>	<u>63</u>
(Subtotal)	<u>(40)</u>	<u>(394)</u>	<u>(297)</u>	<u>(731)</u>
Total	94	1,323	745	2,162
Percent of Total	4.3%	61.2%	34.5%	100.0%
Unit Mix The Arbors	0	68	174	242
Source: Field and Telephone Survey by S. Patz and Associates, Inc.				

Community Amenities

Table 15 lists the community amenities offered at each of the competitive apartments. Nearly all have a community room or clubhouse. All of the properties, apart from Park at Ridgedale that provides in-unit washers and dryers, have on-site laundry facilities. A handful of the properties also have computer/ game rooms and fitness centers. Park at Ridgedale is the one property with a swimming pool.

The proposed amenity package at The Arbors at Hull Street will be fully competitive with the market. Amenities at The Arbors at Hull Street will also include a community bus, raised garden plots for resident use, a grilling area and a dog park.

Table 15: Community Amenities at Competitive Apartment Communities, The Arbors at Hull Street Market Area, Summer, 2021

	<u>Community Room</u>	<u>Computer/Game</u>	<u>Pool</u>	<u>Fitness</u>	<u>Laundry</u>
<u>City of Richmond/ Henrico County</u>					
Somanath Senior Apartments	●	○	○	○	●
Atlantic at Brook Run	●	○	○	●	●
Arbors Senior Apartments	●	○	○	●	●
Washington Plaza	●	○	○	●	●
Atlantic at Twin Hickory	●	●	○	○	●
Darby House	●	●	○	●	●
Carter Woods I & II	●	●	○	●	●
Forest Creek Senior Apartments	●	○	○	○	●
Reflections Apartments	●	○	○	○	●
Bacon Retirement Community	●	○	○	○	●
Columns on Grove	○	○	○	○	●
Norcroft Townhomes	●	○	○	○	●
Bowler Retirement Community	●	○	○	○	●
Guardian Place I & II	●	○	○	●	●
William Byrd	○	○	○	○	●
<u>Chesterfield County</u>					
Market Woods	●	○	○	●	●
Grand Oaks Senior	●	○	○	○	●
Atlantic at Charter Colony	●	●	○	○	●
Market Square III	●	○	○	●	●
Chester Village Apartments	●	○	○	●	●
Market Square II	●	○	○	●	●
Park at Ridgedale	●	○	●	●	○
Courthouse Seniors	●	●	○	●	●
Market Square I	●	○	○	●	●
Proposed Amenities	●	●	○	●	○

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

Section III Conclusions

The above analysis described an extremely attractive proposal for new age-restricted affordable housing, within an appealing setting at the southern edge of the City of Richmond. The market area has realized considerable population growth over the past decade and the study site is within quick proximity to much of the growth. All required public and commercial facilities needed to support the resident population exists. Medical services are convenient and the local highway system is excellent.

The analysis showed continued expected population and household growth in the defined market area and continued demand for new housing. The defined market area has 24 somewhat competitive affordable apartment properties for active seniors that are at a combined low 1.6 percent vacancy rate. This low vacancy rate has been the norm for several years, as only two new senior income-restricted apartments with only 100± units have been during a period of considerable population growth.

Most of the defined competitive apartment properties are mature, with an inferior design compared with The Arbors at Hull Street proposal. There are an abundance of one-bedroom units at these properties and a limited supply of two-bedroom units. This is especially true among the newer properties. The proposed rents at The Arbors at Hull Street are very competitive. The following paragraphs will analyze the demand for new affordable, age-restricted housing and evaluate The Arbors proposal.

We note that The Arbors at Hull Street proposal is large, at 186 units, compared with existing properties. However, at this time, the current affordable, age-restricted apartment market is:

- At a very low vacancy rate
- Has considerable growth expected
- Has limited land that is well-located and properly priced for new affordable housing for the evolving competitive senior market.

These factors support this more upscale and sizable proposal.

The report conclusions are presented next in the paragraphs that follow. The conclusion section has two subsections. The first is the determination of net demand for new affordable, age-restricted apartment units. This is followed by the market study conclusions. Included in the conclusions is the Virginia Housing demand chart that summarizes apartment unit demand and the required capture rate for proposed feasibility.

Projection of New Pipeline Apartment Units

There are three age- and income-restricted apartments under construction or in active planning in the market area that would be competitive with The Arbors at Hull Street proposal. These are detailed in Table 16. Chamberlayne Senior Apartments is currently under construction near Downtown Richmond with a total of 152 units. All are one-bedroom units restricted to rents of 60% of AMI. The complex will likely deliver in late-2021.

In addition to Chamberlayne Senior Apartments are two additional proposals in Chesterfield County, both of which have been financed. One is Watermark Gardens, which will have 80 units, of which only 12 will be restricted to 60% of AMI. The second is the 67-unit Ashlake Trail, which will have 31 units restricted to 60% of AMI. Construction on Watermark Gardens is expected to begin by the end of the Summer, 2021 while construction on Ashlake Trail is not expected to begin until Summer, 2022.

In total, the competitive pipeline will add 232 apartment units, of which 197 will be restricted to 60% of AMI and directly competitive with The Arbors proposal.

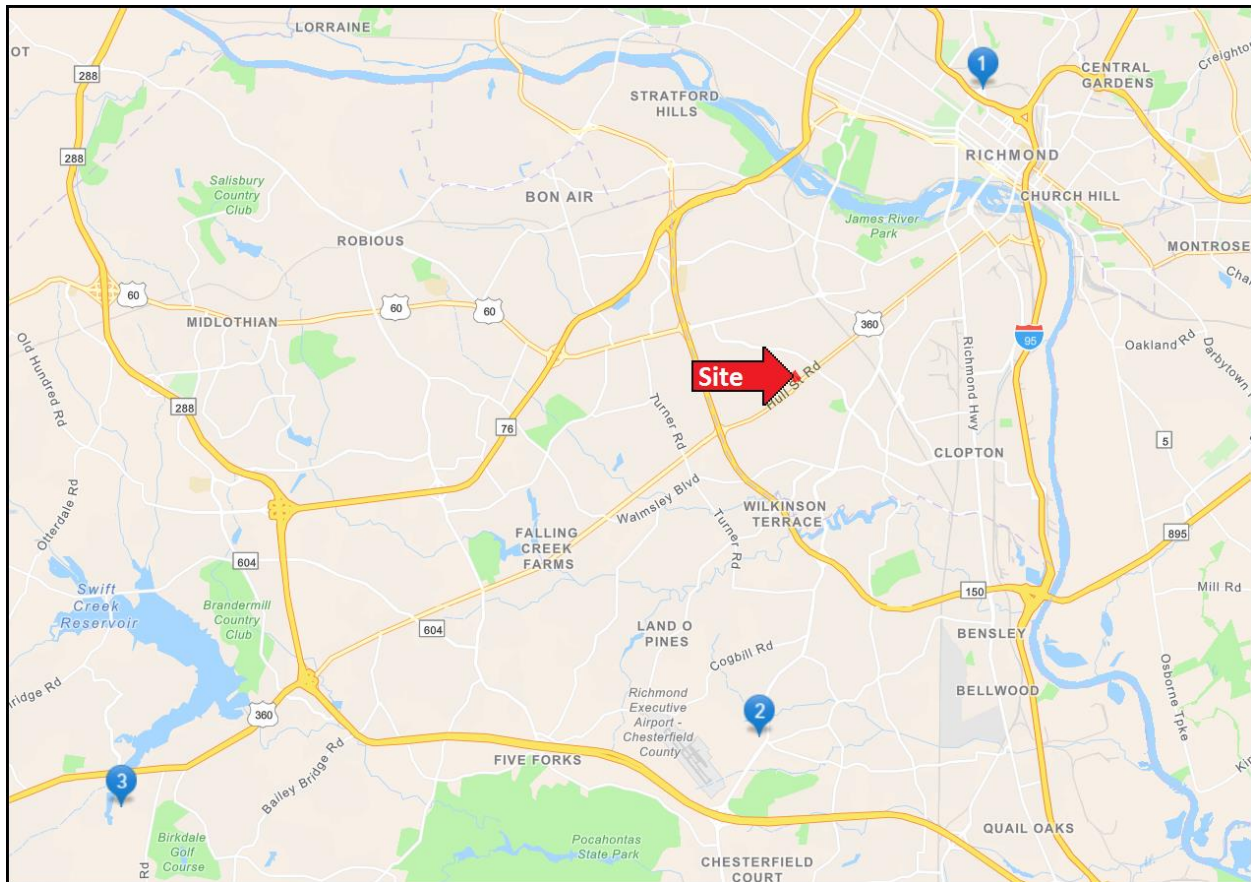
Table 16: Apartment Pipeline, The Arbors at Hull Street Market Area, Summer, 2021 1/

	<u>Map F Key</u>	<u>Total Units</u>	<u>60% of AMI Units</u>	<u>Status</u>
Chamberlayne Senior Apartments	1	152	152	UC – Summer 2020 Start
Watermark Gardens	2	<u>80</u>	12	Approved – Summer, 2021 Start
Ashlake Trail	3	<u>67</u>	<u>33</u>	Approved – Summer, 2022 Start
Total		232	197	

Notes: 1/ Excludes 51-unit Baker School Apartments. This is an adaptive-reuse of a vacant 1939-built school building at 100 West Baker Street in Richmond. Construction began in March, 2021. All units will have project based vouchers with age restrictions in place.

Source: S. Patz & Associates, Inc.

Map F shows the locations of the three pipeline apartments. Chamberlayne Senior Apartments is being built just east of Virginia Union University near the intersection of I-95 and Route 1. Watermark Gardens will be built on the west side of Iron Bridge Road near the Chesterfield County Airport. Ashlake Trail will be located off Hull Street Road near the Brandermill area of Chesterfield County.



Map F - Locations of Pipeline Apartments

The paragraphs below briefly detail each of the above three apartments.

- **Chamberlayne Senior Apartments** is currently under construction at 1705 Chamberlayne Parkway in Richmond. Construction began in the summer of 2020 on this 152-unit complex, financed using 4% tax-exempt bonds, with all one-bedroom units with rents restricted to 60% of AMI. The units will range in size between 517 and 764 square feet. All units will be equipped with washers and dryers. The apartments will be built in a single four-story, elevator-served building with a contemporary design. Amenities will include community space and a fitness center.
- **Watermark Gardens**. This is a proposal for an 80-unit age-restricted apartment complex to be built at the southwestern intersection of Iron Bridge Road and Rombauer Parkway in Chesterfield County. The table below shows the proposed unit characteristics at Watermark Gardens. The complex will contain a mix of eight one-bedroom units and 72 two-bedroom units. The one-bedroom units, all of which will be at rents restricted to 50% of AMI, will be 600 square foot units and rent for \$820. All of these units will be project-based Section 8 vouchers, however. The two-bedroom units will each have 1.5 bathrooms and measure 950 square feet. Within this total will be eight units restricted to rents at 30% of AMI, 24 units restricted to rents at 50% of AMI, 12 units restricted to rents at 60% of AMI and 28 units restricted to rents at 80% of AMI. Given that the project will include units targeted to households with incomes in excess of 60 percent of the local area median income, income averaging will be applied. Utilities (excluding trash collection) will be paid by the tenant.

<u>Proposed Unit Characteristics, Watermark Gardens</u>			
	<u>Units</u>	<u>Size</u>	<u>Restrictions</u>
1BR/ 1BA	8	600	50% of AMI
2BR/ 2.5BA	8	950	30% of AMI
2BR/ 2.5BA	24	950	50% of AMI
2BR/ 2.5BA	12	950	60% of AMI
2BR/ 2.5BA	<u>28</u>	950	80% of AMI
Total	80		
Source: Surber Development and Consulting LLC			

The property will feature a single-three story, elevator-served brick building. Common area and site amenities include a multi-purpose room and laundry. The proposal earned tax credits in the 2020 9% competitive round and construction is expected to begin in by August, 2021.

- **Ashlake Trails**. This is a proposal for a 67-unit age- and income restricted apartment complex at 14500 Ashbrook Parkway in Chesterfield County. This will be a single elevator-served apartment building. Amenities will include a BBQ area, business/computer center, community center, fitness center, gazebo/patio,

and picnic area. There will also be a central laundry area. Units will have washers and dryers. Unit characteristics are shown in the table below. The complex will contain a mix of 36 one-bedroom and 31 two-bedroom units. Within this total will be 31 units restricted to 60% of AMI.

<u>Proposed Unit Characteristics, Ashlake Trails</u>			
	<u>Units</u>	<u>Size</u>	<u>Restrictions</u>
1BR/ 1BA	4	711	30% of AMI
1BR/ 1BA	3	707	30% of AMI
1BR/ 1BA	17	707	50% of AMI
1BR/ 1BA	12	707	60% of AMI
2BR/ 2BA	10	987	50% of AMI
2BR/ 2BA	<u>21</u>	987	60% of AMI
Total	67		
Source: Mark-Dana Corporation			

The proposal earned tax credits in the 2021 9% competitive round and construction is expected to begin in June, 2022 with a June, 2023 opening date.

In total, these three pipeline proposals will add 197 age-restricted units with rents restricted to 60% of AMI to the market area, including 164 one-bedroom units and 33 two-bedroom units.

Demand Table

The Demand Table to follow shows an expected net growth of 920± age and income market area targeted households by 2024. Added to this total is an increase in demand of 15 percent of net growth of the target population to account for persons below and above the targeted age group and for voucher holders and others with lower incomes. This add-on potentially increases demand by 140± households. Approximately 15 percent of residents in market area apartments hold vouchers, and a minimum of five percent are persons under 62 and over 79 years of age. Total demand is shown at 1,060±, which is conservative.

We exclude persons in substandard housing as part of the demand totals, as expected voucher holders account for most of these households and the market area has a limited number of housing units that are substandard. The senior population who

convert to rental housing are accounted for in our demographic analysis. This is a new construction proposal, so no existing residents need to be accounted for.

In total, the market area has a projected gross growth of demand of 1,060± seniors who represent the potential demand for new affordable age-restricted housing, of the type under study for The Arbors at Hull Street.

Subtracted from the total are 197 pipeline units that are restricted to 60% of AMI, as described above. We excluded the vacant units from this analysis, as these are less than two percent of total units and represent a normal market area vacancy rate. This generates a net potential net demand of 860± units.

<u>Demand Table (2020-2024)</u>	
	<u>Up to 60% of AMI</u>
New Rental Households	920
PLUS	
Existing Households - Over-Burdened (Rounded)	140
PLUS	
Existing Households-Substandard Housing	0
PLUS	
Elderly Households-Likely to Convert to Rental Housing	0
PLUS	
Existing Qualifying Tenants – to Remain After Renovation	0
Total Demand	1,060
MINUS	
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	197 1/
EQUALS`	
Net Demand	863
Proposed Units (Phase I)	186
Capture Rate	21.6%
Absorption Period (in months)	11
Notes: 1/ Pipeline units restricted to 60% of AMI only. Rounded.	

While not part of net growth, our market research identified a combined wait list of over 500 households. Those households are part of the existing market. Thus, there is an expected growth of 1,060± target households, plus 140± potential households that are outside of the normal parameters for The Arbors at Hull Street in terms of age and income

and 500± households on the wait list of current affordable, age-restricted apartment properties. Combined, full market support exists for the 186 units proposed in Phase I.

Conclusions

Net Rent Evaluation

The rent analysis provided in Table 12 shows the proposed rents at The Arbors at Hull Street, which include an in-unit washer/dryer, a \$40± premium, are at market with newer and better properties. A few apartment properties without an in-unit washer/dryer generate slightly higher rents, but sufficient evidence exists that the \$925 and \$1,055 net rents, for a one- and two-bedroom unit, are feasible.

Unit Sizes and Unit Mix

The unit sizes proposed for The Arbors at Hull Street are considerably larger than apartment units at most area senior affordable apartment properties.

The unit mix offers more two-bedroom units, based on two key issues. First, the “market” is underserved with few two-bedroom units. Second, the higher rent affordable, senior properties generate more demand for two-bedroom units. Thus, the 64± percent total for the two-bedroom is market supported.

Lease-Up Period

Given the large pent-up demand that exists, and the sizable net growth in target households, a 20-unit average monthly lease-up pace is projected that will allow for full lease-up in 11± months. The lease-up period may be shorter, however, as properties like The Arbors at Hull Street often pre-lease upwards of 30 to 40 percent of units.

Capture Rate

The capture rate is modest, given the large number of units proposed, at 21.6 percent. However, the capture rate does not account for the large number of households at the market area’s competitive apartment wait lists.

Project Wide Capture Rate - LIHTC Units	21.6%
Project Wide Capture Rate - Market Rate Units	N/A
Project Wide Capture Rate - All Units	21.6%
Project Wide Absorption Period (Months)	11 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.
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 Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.



August 30, 2021

Market Analyst

Date