

**Market Analysis**  
**Ballston Station Apartments**  
**Arlington County, Virginia**

**Prepared for:**

**Mr. Charles Sims**  
**Arlington Partnership for Affordable Housing (APAH)**

**April, 2021**

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■ REAL ESTATE CONSULTANTS ■

April 13, 2021

Mr. Charles Sims  
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Charles:

Attached is our full narrative market report, within the current Virginia Housing market study requirements, for the proposed 144-unit, Ballston Station Apartments, to be built during 2022 and 2023 on an attractive site within the Roslyn/Ballston Highway corridor of Arlington County. Once built, Ballston Station Apartments will have rent and income restrictions, but no age restrictions.

The proposal will be submitted to Virginia Housing for project financing, under the federal non-taxable bond program and with 4 percent Low Income Housing Tax Credits (LIHTC). Thus, the report, as presented, was prepared to include all market and economic data required to fully analyze the market support and project feasibility of the proposal.

The market area defined for Ballston Station Apartments is North Arlington. This is an extremely viable growth area, due to area employment and proximity to the District of Columbia. Much of the new growth is high-rent market rent apartment units. Available and affordable land for affordable housing is limited.

This places the Ballston Station Apartments proposal in a strong competitive position for the defined target market of renters with incomes at or below 30%, 50%, and 60% of AMI for the greater Washington, DC Region. The market analysis shows an existing pent-up demand for new affordable housing, noted by the low 13.7 percent capture rate of net target household growth for market support. Thus, the attached market study shows full market support for the proposal, as planned.

The detailed market data that support our findings and conclusions are fully described in the attached market report. Virginia Housing is named as an authorized user of this report. Please call if additional data or clarification are needed.

Mr. Charles Sims  
April 13, 2021

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart M. Patz". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Stuart M. Patz  
President

SMP/mes

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## **Section I Introduction**

Following is the detailed full narrative market study for the proposed 144-unit Ballston Station Apartments. This will be a fully affordable, new construction family apartment building with construction expected to begin in October or November, 2021 on an attractive and highly-visible site on the north site of SR 237 (Fairfax Drive) and within walking distance of the Ballston-MU Metro Station in the Rosslyn-Ballston corridor in Arlington County. Once built, Ballston Station Apartments will have rent and income restrictions, but no age restrictions.

Ballston Station Apartments is designed for moderate-income families. The report will be included in the submittal to officials of Virginia Housing for project financing, to include tax-exempt bonds and 4% Low Income Housing Tax Credit (LIHTC) financing. **The site visit and data collection were conducted on March 22, 2021.**

To follow the market study guidelines of Virginia Housing, the report is presented in three sections. The first section is the Introduction, which provides a detailed analysis of the study site and its setting in the Rosslyn-Ballston corridor of Arlington County. Included in the site description is an analysis of adjacent land uses, particularly commercial and public facilities that are needed to serve the new resident population.

The site development plan is also presented, which describes the number and types of apartment units being planned at Ballston Station Apartments. This analysis studies the types of amenities and building features to be built. A key to the description of the development is the identification of the target market for the apartment building, with particular emphasis of how the proposal meets the HUD income guidelines for LIHTC apartment properties in Arlington County.

Section I has a second subsection, an economic overview of the market area economy. The key factors studied in this subsection are at-place jobs and employment

growth, as these two economic factors are the best determination of Arlington County's economic stability. Additionally, at-place jobs and employment growth are the basis for determining population and household growth, including the type of housing under study. The economic overview includes trends on at-place jobs and employment, but also presents data on new development proposals that are expected to generate net job growth.

The second section is the supply/demand analysis for new affordable housing. First presented is a demographic analysis of a market area defined for Ballston Station Apartments. The demographic analysis "solves" for the number of market area households earning 30% of AMI (\$24,760 to \$30,240), 50% of AMI (\$43,680 to \$63,000) and 60% of AMI (\$53,120 to \$75,600). These income categories are based on the proposed rents, as will be described below, and the percent of household income allocated to monthly rent. The demographic analysis is studied to a forecast date of 2024, as Ballston Station Apartments are likely to be started in late-2021 and open for occupancy in late-2023 or early-2024.

The second part of Section II is the analysis of the competitive general occupancy apartment properties in the market area. We identified 31 properties that would be most competitive with Ballston Station Apartments, based on rent and income restrictions. 16 of these "comps" are newer properties that were built since the late-1990's. Nearly all of these newer apartments have a mix of incomes.

These apartment properties are studied for rents, occupancy, unit sizes, characteristics, apartment amenities and features. Project characteristics of competitive apartment properties are compared with the Ballston Station Apartments proposal to determine the subject's competitive position within the market area.

The third and final section of the report is the Conclusions, which is the net demand analysis for new affordable apartment units for families in the defined market area. Also within this section is the determination of the achievable rents for the

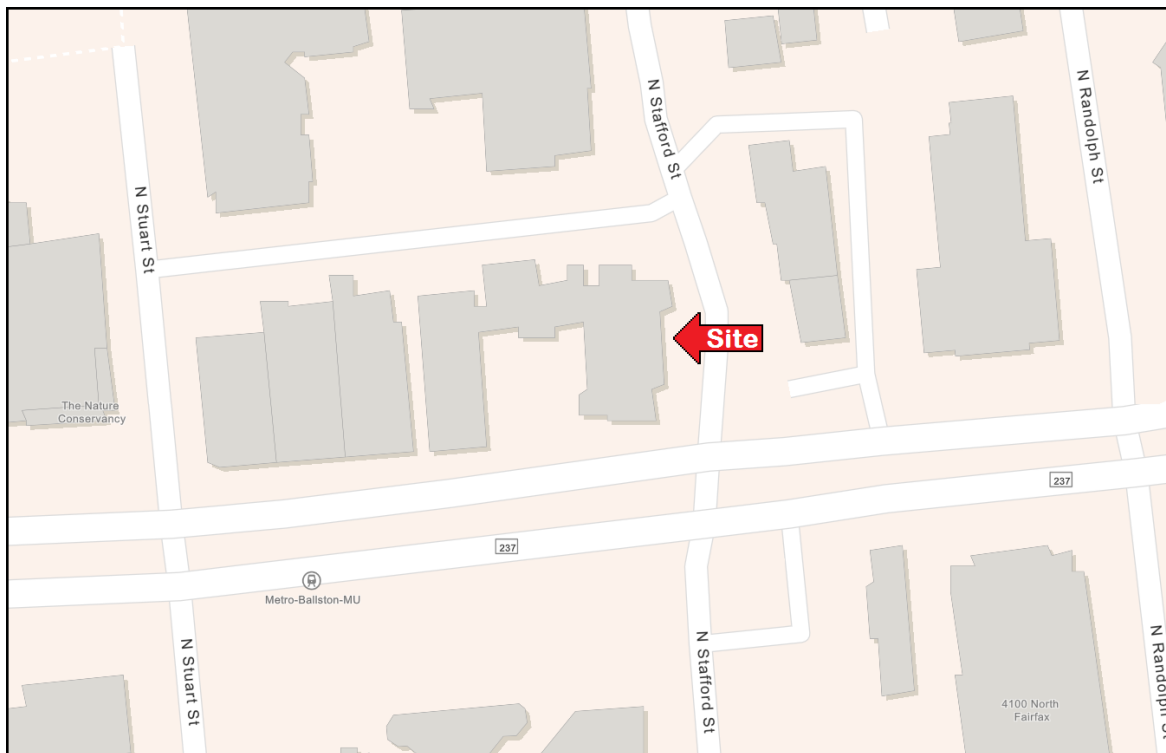
proposed apartment units, expressed in constant 2021 dollars, and the lease-up period for the 144 proposed apartment units.

## Ballston Station Apartments

### Site Description

The study site is the 0.79-acre, rectangular-shaped parcel located at 4201 Fairfax Drive in the Ballston area of Arlington County. The site currently houses the existing Central United Methodist Church, which will occupy new space within the Ballston Station Apartments, as described below.

Specifically, the site is situated at the northwestern intersection of Fairfax Drive and North Stafford Street. As shown in Map A below, the study site is located across the street from the Ballston-MU Metro station and thus is defined as a Transit Oriented Development (TOD). It will be one of only a handful of affordable apartment complexes in Northern Virginia to be within walking distance of a Metro station.



**Map A - Site Location**

Next shown is a northern aerial of the study site. It shows that the site consists of an existing church building of nearly 30,000± square feet that was constructed in 1923. This building will be demolished as part of the development program. Aikido of Northern Virginia, a martial arts school, occupies space on the western side of the building. North of the building is a surface parking lot that serves church members. South of the church building is a courtyard area with walking paths as well as a small playground. The existing building does not hold a historic designation

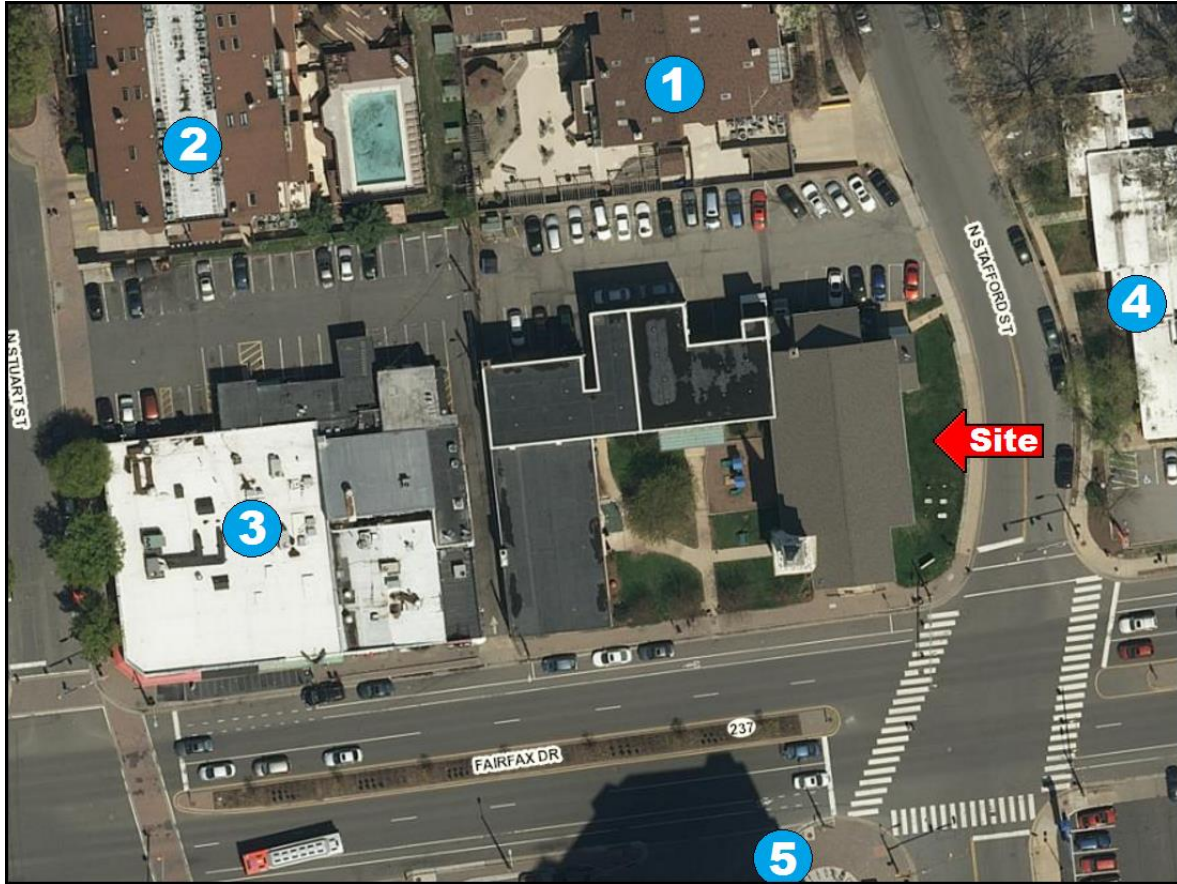
The site also contains the 150-year-old, 325 square foot Robert Ball Sr. Family Burial Ground, which includes six headstones for members of the Ball family, for which Ballston is named. The burial site is located in the southern portion of the open lawn area, between the church building and North Stafford Street. The graveyard was deeded to the church from the Ball family in the 1920's, but is not an active gravesite. It will remain and be incorporated into the project design.

Also shown on the aerial are the commercial and residential buildings located adjacent to the study site, which are detailed in the paragraphs below.

- **Summerwalk at Ballston I & II** (Note 1 and Note 2) are two condominium buildings located directly north of the study site. The two buildings contain a combined total of 179 units and were built in 1985. Condominium units have recently sold in this building in the upper-\$300,000's. The community contains a mix of studio, one-bedroom, one-bedroom/loft and two-bedroom units.
- **4209-4233 Fairfax Drive** (Note 3) is a mature retail structure located directly west of the study site. It contains a mix of retail tenants including Wings & Sport, Earl's Sandwiches, Pizza Roma, Subway, 7-Eleven and Hunan Gate.
- **Wachovia Bank** (Note 4) is located at 1011 N Stafford Street. It totals 4,760± square feet and was built in 1969.
- **Ballston Metro Center** (Note 5). The block bounded by Fairfax Drive, N Stafford Street, 9<sup>th</sup> Street N and N Stuart Street contains three large buildings.. One is the Ballston Metro Center Office, where the Ballston-MU Metro Station is situated. This building was constructed in 1989 and totals 214,310± square feet of office space and 15,150± square feet of retail space. It underwent full renovations in 2002. Also on this block is the 209-room Hilton Hotel Ballston, which was also



constructed in 1989. The third building is the 277-unit Alta Vista Condominium, which was also built in the same year.



### Northern Aerial of Study Site and Setting

Next shown are existing photos of the study site. First shown are photos of the church building along Fairfax Drive. These photos show excellent frontage and visibility along one of the most trafficked corridors in Arlington County. This frontage includes the church sanctuary, day care and playground. Sidewalks serve this roadway.



**View of Site from Fairfax Drive**



**View of Site from Fairfax Drive**

Shown next are photos of the church building from N. Stafford Road to the east. This shows the rear of the building and small surface parking area that currently serves the complex. The photos show that sidewalks serve this roadway.



**View of Site from N Stafford Road**

The next photo shows the Robert Ball Sr. Family Burial Ground on the east side of the church building and fronting N Stafford Road. This burial ground will remain as part of the development program.

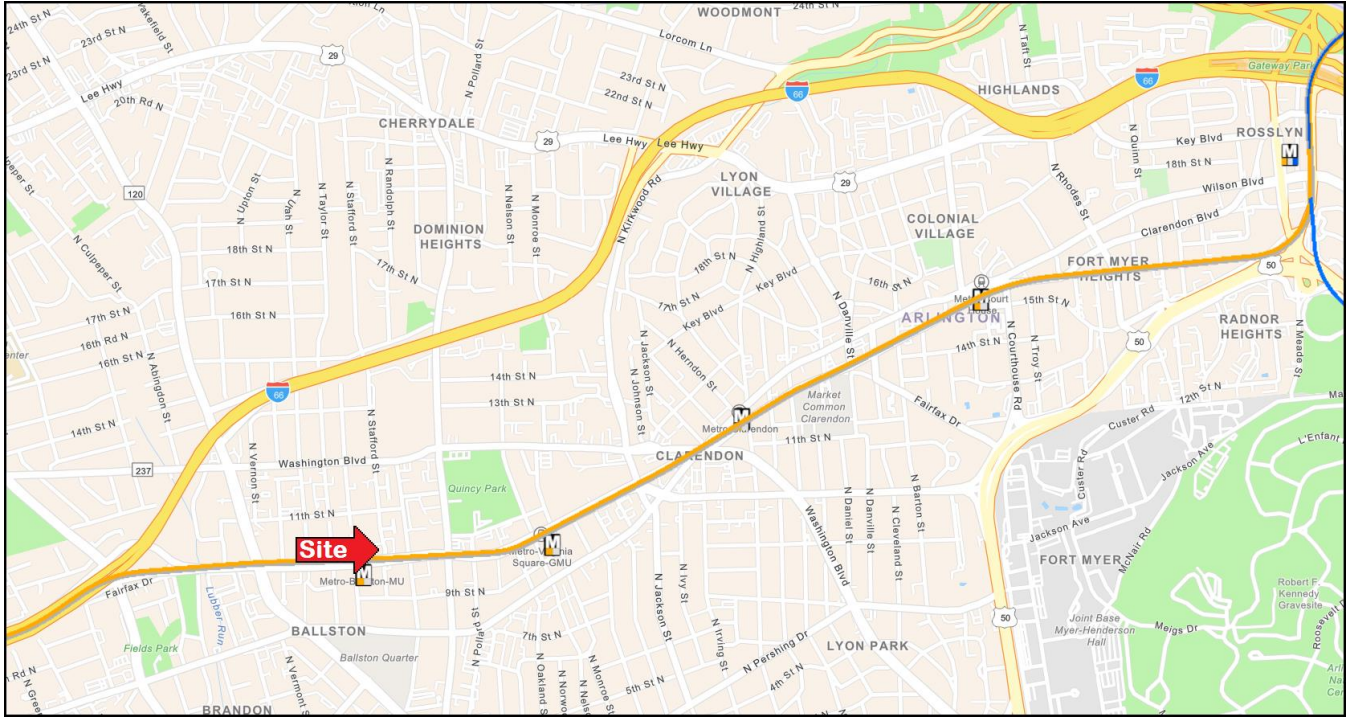


**Robert Ball Sr. Family Burial Ground**

### **Site Setting**

As previously noted, the study site is located across the street from the Ballston-MU Metro station at the intersection of Fairfax Drive and North Stafford Street in the Ballston community. Within northern Arlington County, the study site is located at the western edge of the expanding Rosslyn-Ballston Corridor, the densely developed urban corridor that follows Metro's Orange and Silver lines from Washington, DC through Arlington County to its terminus in Vienna and Loudoun County. This corridor totals approximately 22 million square feet of office space, 3.3 million square feet of retail

space, over 32,000± residential units and nearly 3,700 hotel rooms. The site location, within northern Arlington County and the Rosslyn-Ballston Corridor, is shown in Map B below.



**Map B - Rosslyn-Ballston Corridor Setting**

The Ballston community is centered around the intersection of I-66, Glebe Road, Wilson Boulevard and Fairfax Drive. The Ballston neighborhood is one of the County's earliest communities and has been a major commercial center for several decades. Its recent growth has centered on the development of the Ballston-MU Metro Station, which is the westernmost of the five Arlington County stations along the Orange and Silver lines.

Ballston currently has nearly nine million square feet of commercial space, most of which was developed since the 1980's. Over 85 percent of this commercial space is office space. The Ballston community also totals approximately 1,000± hotel rooms and over 8,000 residential units. The community can generally be described as a mixed-use community with high-rise office, residential and hotel uses that are supported by street

level retailers and restaurants near the study site by the Ballston-MU Metro Station on Fairfax Drive.

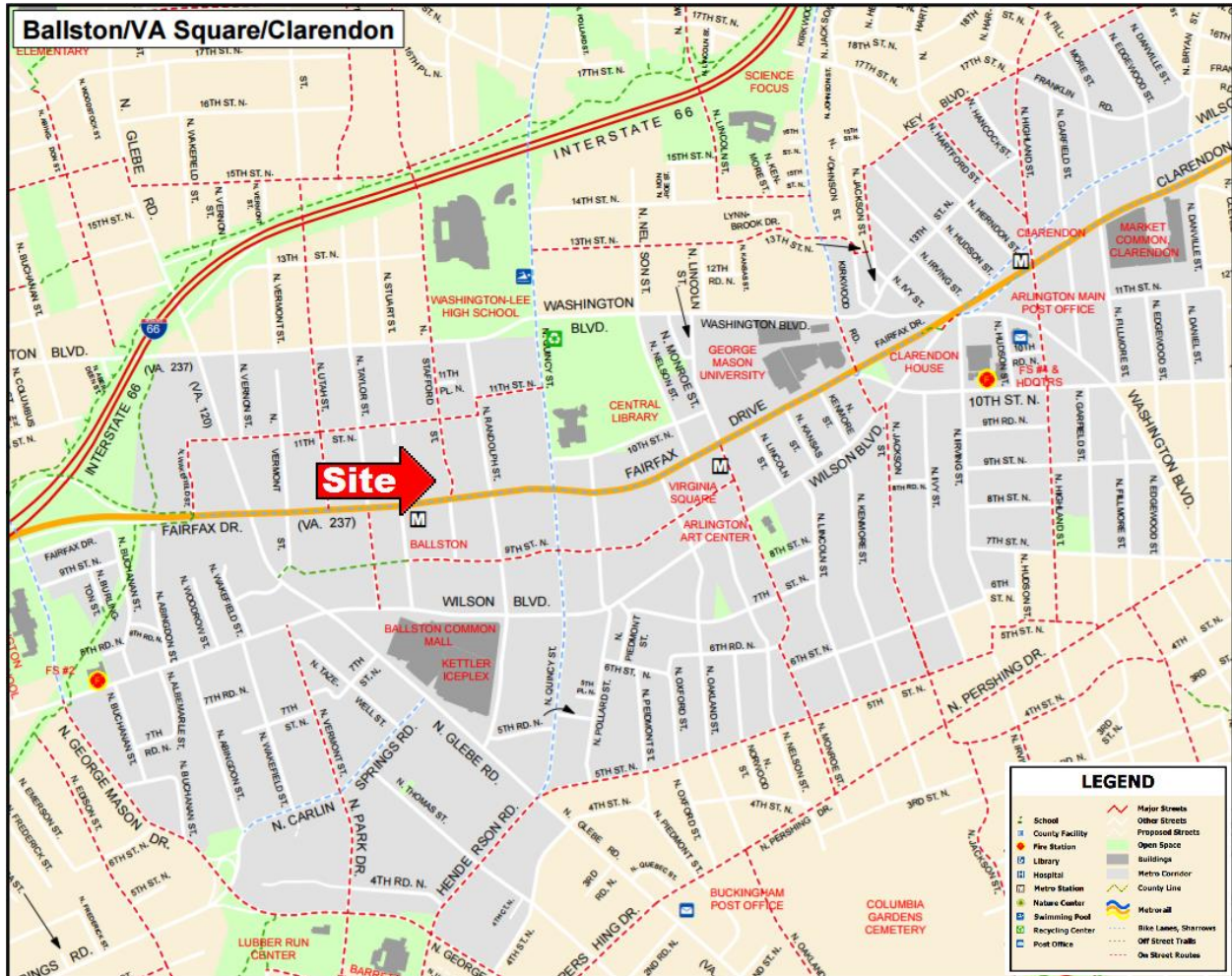
Map C shows the site location off Fairfax Drive within Ballston. Fairfax Drive provides quick access to I-66 approximately 0.5 miles west of the study site near the location of a 221-room Holiday Inn, CACI headquarters building and the recent redevelopment of Marymount University's "Blue Goose" building. I-66 provides quick access into Washington, DC, as well as the suburban areas in Northern Virginia.

Other notable developments west of the study site along Fairfax Drive include Fairgate at Ballston II (199,250± square feet of office/retail space, built in 2002), The Regent (247,230± square feet of office/retail space, built in 2005), Arlington Gateway Office (335,000± square feet of office/retail space, built in 2005) and The Ellipse (205,630± square feet of office space, built in 1989).

Development east of the site along Fairfax Drive includes an IHOP restaurant that opened in 1966 and the 83-unit Berkley at Ballston Station, a ten-story condominium community that opened in 2004. Adjacent to this building is a mixed-use building with 249,430± square feet of office space and 11,410± square feet of retail space that opened in 2002 at 4100 Fairfax Drive. Further east, Fairfax Drive provides access to the developments around Virginia Square Metro station.

North Stafford Street, which marks the eastern boundary of the study site, runs in a north-south direction between Lee Highway in the north and 9<sup>th</sup> Street North in the south. Development north of the site along this roadway and adjacent streets are primarily residential, with a mix of townhomes and condominiums. These include Summerwalk at Ballston I & II, Ballston Park Condominiums, Westview at Ballston Metro Condos, Stuart North Arms Condos, Olde Ballston Townes and Ballston Court Condos. Further north are mature single-family homes.

Development along North Stafford Street south of the study site is largely commercial and includes the 209-room Hilton Hotel, which opened in 1989, and the 360-unit Richmond Square Apartments.



Map C - Site Setting

Ballston is a major employment node within Arlington County. Ballston houses several U.S. government agencies including the U.S. Coast Guard. Other large employers in this area include Defense Advance Research Projects Agency and Office of Naval Research. In addition, a number of non-profit groups, including the Nature Conservancy and National Rural Electric Cooperative Association are located in Ballston, as well as several large government contractors and major professional employers such as CACI, Accenture, and ESI International. Most of these employers are within walking distance of the study site.

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

**Medical Care.** The closest hospital to the study site is the Virginia Hospital Center, located at 1625 N. George Mason Drive, 1.2 miles to the northwest. Established in 1944, Virginia Hospital Center is a 334-bed acute care facility, providing a wide range of medical services. The hospital has a staff of more than 700 physicians and staff for nursing care. The hospital's existing 530,000± square foot building opened in 2004. This hospital is currently expanding its facility with 245,430± square feet of new medical space.

**Community Facilities.** The nearest post office to the study site is a 1.7-mile drive east at 3118 Washington Boulevard. Arlington County Fire Station 4 is located at 3121 10<sup>th</sup> Street North, 1.8 miles east of the study site. The Arlington Public Library is located at 1015 N Quincy Street, 0.3 miles northeast of the study site.

**Schools.** Arlington Public Schools enroll 26,410± students in 23 elementary schools, five middle schools and four high schools. None of the zoned schools are within walking distance from the Ballston Station site, however public school bus service will be available for all the students. School-aged children residing at the property will be served by the following schools.

<b><u>Schools to Serve Ballston Station</u></b>		
<b><u>Name</u></b>	<b><u>Address</u></b>	<b><u>Distance</u></b>
Ashlawn Elementary School	5950 N 8 <sup>th</sup> Rd	1.7 miles W
Swanson Middle School	5800 N Washington Blvd	1.6 miles W
Washington-Lee High School	1300 N Quincy St	0.5 miles N
Source: Arlington Public Schools		

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

- **Quincy Park** is located approximately 0.3 miles northeast of the study site at 1021 N Quincy Street. Adjacent to the Central Library, this four-acre park features six tennis courts, a basketball court, and one sand volleyball court, with plenty of open space for play. Quincy Park also features places for picnics with shelters and a playground.
- **Oakland Park** is a small park located 0.6 miles southeast of the study site at 3705 Wilson Boulevard. It includes a small walking path and picnic tables.
- **Hayes Park** is located at 1516 N Lincoln Street, 1.5 miles northeast of the study site. Hayes Park is a three-acre park featuring two lighted tennis courts and a lighted basketball court. A covered picnic shelter and public restrooms are also available. The park includes both pre-school and school age playgrounds, and a sprayground for cooling off during the summer months. The sprayground is open from Memorial Day to Labor Day.
- **Clarendon Station Park** is a small 0.1-acre park with a playground. It is located at 1300 N Vermont Street, 0.7 miles northwest of the study site.

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

<b><u>Ballston Area Churches</u></b>	
<b><u>Name</u></b>	<b><u>Address</u></b>
National Community Church	4238 Wilson Blvd
First Baptist Church of Clarendon	1031 N Vermont St
San Jose Episcopal Church	911 N Oakland St
St George's Episcopal Church	915 N Oakland St
Capital Life Church	1800 N Glebe Rd
Restoration Anglican Church	1815 N Quincy St

The main campus of Marymount University, with an enrollment of over 3,600 students, is nearby. George Mason University operates an Arlington campus in the Virginia Square area between Clarendon and Ballston. This campus houses the George Mason University School of Law; School of Policy, Government, and International Affairs; and the School for Conflict Analysis & Resolution. In June 2011, Virginia Tech opened the Virginia Tech Research Center - Arlington in Ballston, providing a teaching and research base for graduate students in computer research and engineering. Rosslyn is a location for some of the University of Virginia's business programs, including McIntire School of Commerce Master of Science in the Management of Information



Technology, and Darden School of Business Master of Business Administration (Executive/Global Executive).

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

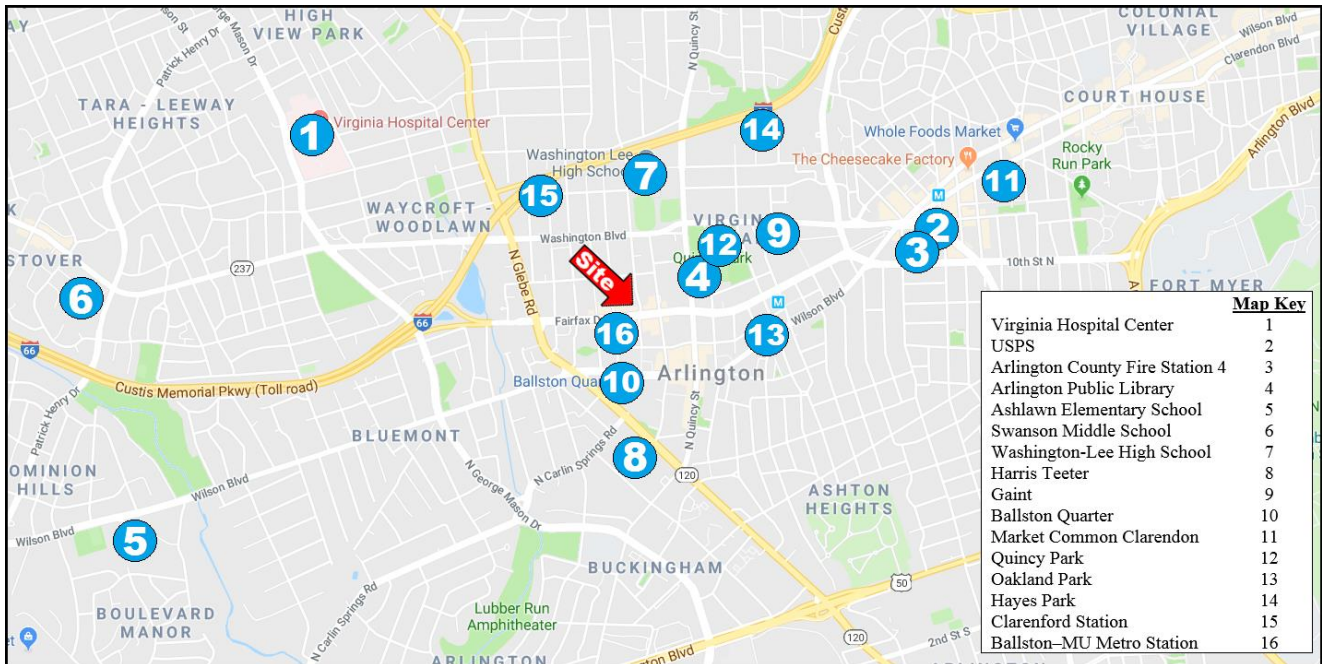
**Shopping.** The closest grocery store to the Ballston Station site is a Harris Teeter, located at 600 N Glebe Road, 0.5 miles south. The 49,440± square foot grocery store opened in 1999. There is also a Giant grocery store located approximately 0.6 miles east of the site at 3450 Washington Boulevard. This 45,120± square foot store opened in 1990.

Apart from these two grocery stores are a wide range of restaurants located in the Ballston Area. These are listed in the chart below.

<b><u>Ballston Area Restaurants</u></b>			
<b><u>Gourmet Markets</u></b>			
Ballston Place Gourmet	Lincoln Towers Gourmet	Marvelous Market	Metro Café & Gourmet
Richmond Square Market			
<b><u>Bars</u></b>			
Carpool	First Down Sports Bar & Grill	The Front Page	Rock Bottom
Union Jack's			
<b><u>Sit-Down Restaurants</u></b>			
Bruegger's Bagels	IHOP	Manhattan Bagel	P.F. Chang's
Hunan Gate	Mastutake Huibachi	Mei's Asian Bistro	Thai Terrace
Sangam	Sichuan Wok	Temple Lounge	Fairgate Café
Ballston Café	Café Amity	Café Tirolo	The Market Place
Festival Café	Gateway Marketplace	Laura Cooks	Vapiano
Mary's Café & Catering	Tutto Bene	The Melting Pot	Willow Restaurant
Cosi Restaurant	Dan & Brad's	Booeymonger	Eat'n'Run Deli
Jacksons' Roasting	Primo Fresh Deli	R-Deli & Grocery	Tivoli Gourmet Deli
Big Buns Gourmet Grill	Rockland's BBQ	Ted's Montana Grill	
Café Triolo	Grand Cru Wine Bar	Pines of Florence	Pinzimini
Caribbean Breeze	Chipotle	Costa Verde	El Pollo Rico
Pike Grill	Pio Pio	Super Pollo	Uncle Julio's
Aladdin's Eatery	Food Factory		
<b><u>Take-Away Restaurants</u></b>			
Mario's Pizza	Pizza Roma	Potbelly's	Quizno's
Smoothie King	Subway	Daily Grind	Starbucks
<b><u>Ice Cream</u></b>			
Carcel	TCBY		

Apart from the Ballston Quarter, which is the redevelopment of the Ballston Common Mall at 4238 Wilson Boulevard with 580,000± square feet of retail space, the only multi-tenant shopping center along the Rosslyn-Ballston Corridor is the Market Common Clarendon, located approximately two miles east of the study site at 2800 Clarendon Boulevard. This 294,370± square foot shopping center is anchored by a 34,000± square foot Whole Foods, 27,070± square foot Barnes & Noble, 36,850± square foot Crate & Barrel, 29,070± square foot Container Store and 20,400± square foot Washington Sports Club.

Map D shows the location of the community facilities that will serve the site. The map legend is attached.



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

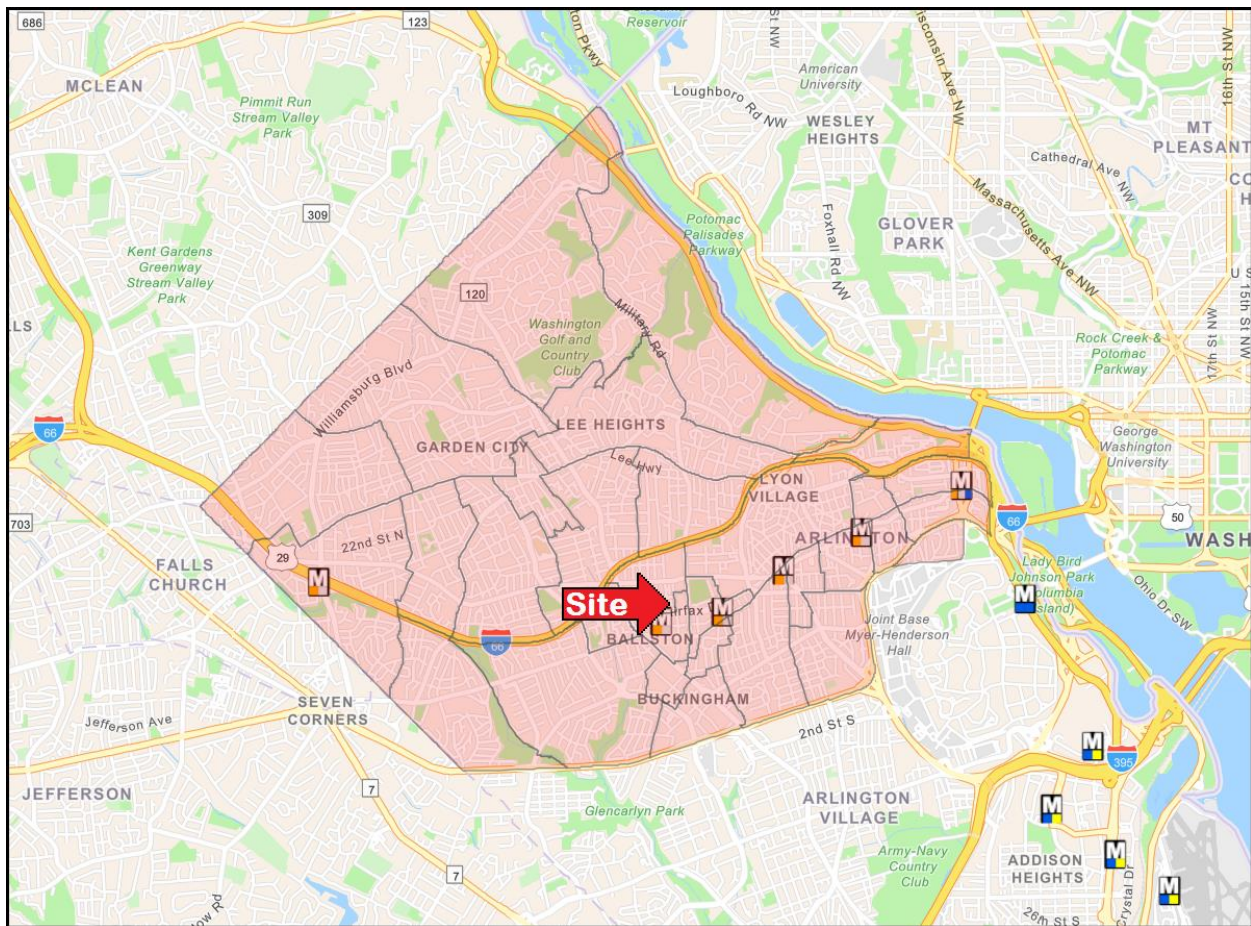
### Summary

Ballston is a very viable marketplace. Much of the area's development occurred during the 1980's, when the Metro stations were built. New development in the area continues at any available, redevelopment site. Ballston is a highly sought-after neighborhood due to the large employment node, variety of restaurants and specialty shops, and Metro access to much of Northern Virginia and the greater DC region.

### Market Area Definition

The market area for the Ballston Station is defined as the northern portion of Arlington County, generally the portion of the county north of U.S. Route 50 (Arlington Boulevard). The market area designation is based on interviews with on-site management at area affordable apartment communities in the area, including the study site. It is a market area that that has been used for past for studies along the Rosslyn-Ballston corridor. Map E shows that the market area extends between U.S. Route 50 in the south, the Potomac River and Fairfax County to the north, and Falls Church and Fairfax County to the west.

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



**Map E - Ballston Station Market Area**

## **Ballston Station Apartments Development Program**

Ballston Station is proposed to be a mixed-use and mixed-income development with 144 affordable apartment units for families. The non-residential component will consist entirely of church uses separate from the apartment component.

Table 1 provides a detailed description of the Ballston Station proposal, with data on apartment unit sizes, unit mix and proposed rents. The complex will contain a mix of 108 one-bedroom, 24 two-bedroom and 12 three-bedroom units. 15 of the one-bedroom units will be restricted to households earning 30% of AMI. An additional 50% of the one-bedroom apartment units will be restricted to 50% of AMI and 33 will be restricted to 60% of AMI. All of the two- and three-bedroom units will be restricted to 60% of AMI. All one-bedroom units will have a full bathroom while the two- and three-bedroom unit will each have two full bathrooms. The one-bedroom units will range in size between 487 and 736 square feet. The two-bedroom units will range in size between 850 and 1,016 square feet. The three-bedroom units will range in size between 1,037 and 1,146 square feet.

Also shown in Table 1 are the proposed net rents, which will only include trash collection. The one-bedroom with rents at 30% will have net rents of \$619. The remaining one-bedroom units will have net rents ranging between \$1,092 (50% rents) and \$1,328 (60% rents). The two-bedroom units, all of which will have 60% rents, will have net rents of \$1,584. The three-bedroom units, also all with 60% rents, will have net rents of \$1,820.

<b>Table 1: <u>Proposed Apartment Unit Characteristics, Ballston Station Apartments</u> 1/</b>					
	<b><u>Units</u></b>	<b><u>Size</u></b> <b><u>(Sq. Ft.)</u></b>	<b><u>Net Rent</u></b>	<b><u>Utility</u></b> <b><u>Allowance</u></b>	<b><u>Gross Rent</u></b>
<b><u>1BR/ 1BA</u></b>					
30% of AMI	15	487-736	\$619	\$89	\$708
50% of AMI	60	487-736	\$1,092	\$89	\$1,181
60% of AMI	<u>33</u>	487-736	\$1,328	\$89	\$1,417
(Subtotal)	(108)				
<b><u>2BR/ 2BA</u></b>					
60% of AMI	24	850-1,016	\$1,584	\$117	\$1,701
<b><u>3BR/ 2BA</u></b>					
60% of AMI	<u>12</u>	1,037-1,146	\$1,820	\$145	\$1,965
<b>Total</b>	<b>144</b>				
Notes: 1/ Rents to include only trash.					
Source: Arlington Partnership for Affordable Housing (APAH)					

Rent data in Table 1 also show the expected UA, or utility costs. The UA excludes trash collection. The UA is slightly below, as trash collection is not included and the apartment units at Ballston Station Apartments is small. The UA is an average.

### **Rent Comparison**

Table 2 shows gross rents for the apartment units with a utility allowance (UA) added to net rents for total utility costs. The UA was calculated for the sponsor by Viridian 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 various apartment unit sizes within the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area. The comparison shows that the proposed gross rents, based on the calculated UA, are at the HUD maximum allowable rates.

<b>Table 2: <u>Rent Comparison Chart, Ballston Station Apartments and HUD Maximum Allowable Rates</u></b>				
	<b><u>Ballston Station Apartments</u></b>			<b><u>HUD Maximum Allowable</u></b>
	<b><u>Net Rent</u></b>	<b><u>Utility Allowance</u></b>	<b><u>Gross Rent</u></b>	
<b><u>1BR/ 1BA</u></b>				
30% of AMI	\$619	\$89	\$708	\$708
50% of AMI	\$1,092	\$89	\$1,181	\$1,181
60% of AMI	\$1,328	\$89	\$1,417	\$1,417
<b><u>2BR/ 2BA</u></b>				
60% of AMI	\$1,584	\$117	\$1,701	\$1,701
<b><u>3BR/ 2BA</u></b>				
60% of AMI	\$1,820	\$145	\$1,965	\$1,965
Source: HUD and Arlington Partnership for Affordable Housing (APAH)				

### **Site Plan and Building Design**

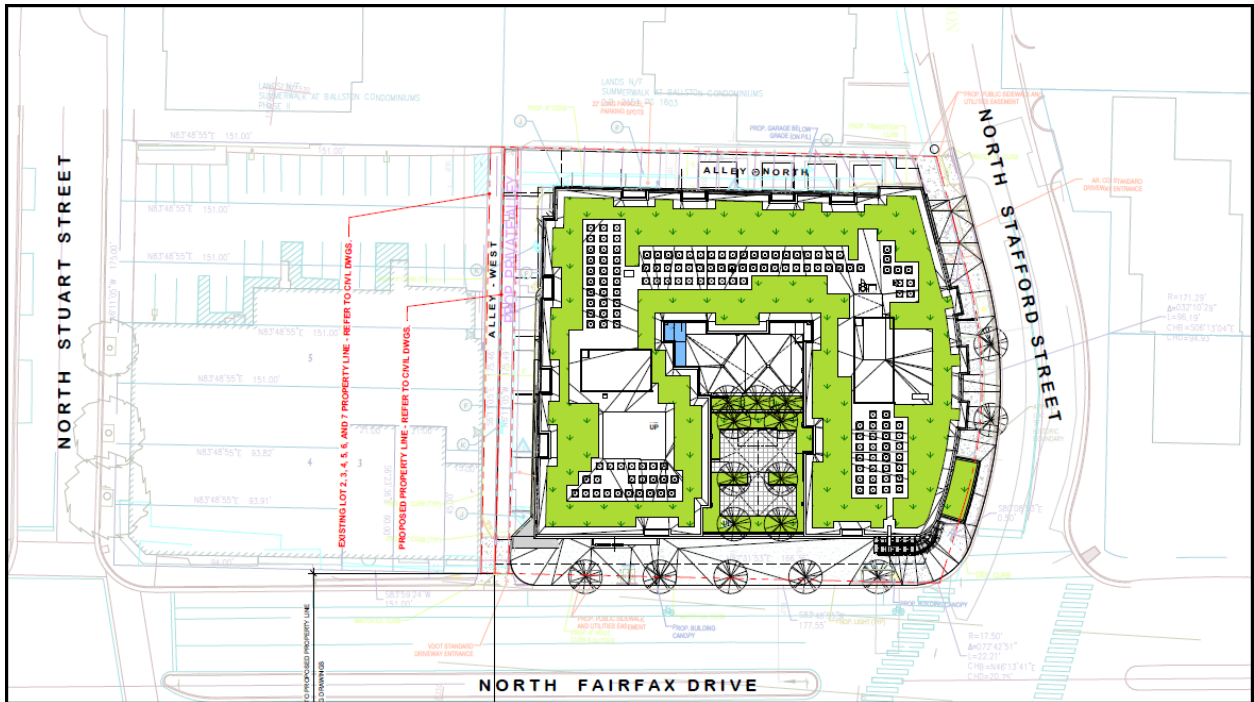
The following site plan shows the location of the proposed apartment building on site, at the northwestern intersection of Fairfax Drive and North Stafford Street. As previously noted, the apartment building will replace the existing Central United Methodist Church building, which will be demolished and rebuilt as part of the proposed Ballston Station building. The building is proposed to be certified EarthCraft Gold. It is shown to be rectangular in shape with a central courtyard.

The proposed building will house the replacement church that will occupy most of the first two floors of the building, with the apartments to be located on the upper six levels. The first two floors will include a daycare facility with a capacity of 100 children and church space with 200 seats. In addition to the daycare and church space, the second floor of the building will include amenities for the apartment residents.

The apartment building will contain a ground level entry lobby with some resident space, two elevators and a stairway. A second stairwell and third elevator will be situated at the rear portion of the building, near the loading dock. A central courtyard will have open green space for residential uses.

The building is proposed to total 53 parking spaces. Within this total will be 42 standard spaces, eight compact spaces one handicap space and one handicap van space. Nine of the spaces will be reserved for church use. Thus, with 44 garage parking spaces reserved for the apartment units, Ballston Station will have a parking ratio of 0.31 spaces per unit. There will be no parking fee. Also proposed are 60 bicycle parking spaces.

Given that Ballston Station will be located within a short walking distance of the study site, this should be an adequate number of parking spaces. The site is located approximately 300 feet from the Ballston-MU Metro Station which serves the Orange and Silver Lines. The Ballston-MU Metro station is served by 15 bus routes provided by WMATA (Metrobus) and Arlington County Transit (ART) bus lines 42, 51, 52, 53, 62 and 75. There are two bus stops within a one block radius of the site serving the 61 A and 61B ART bus routes. There are also four Capital Bikeshare stations within the site vicinity. In addition to the Capital Bikeshare stations, bicycle connectivity is provided via on-street bicycle lanes on Fairfax Drive and N. Quincy Street.



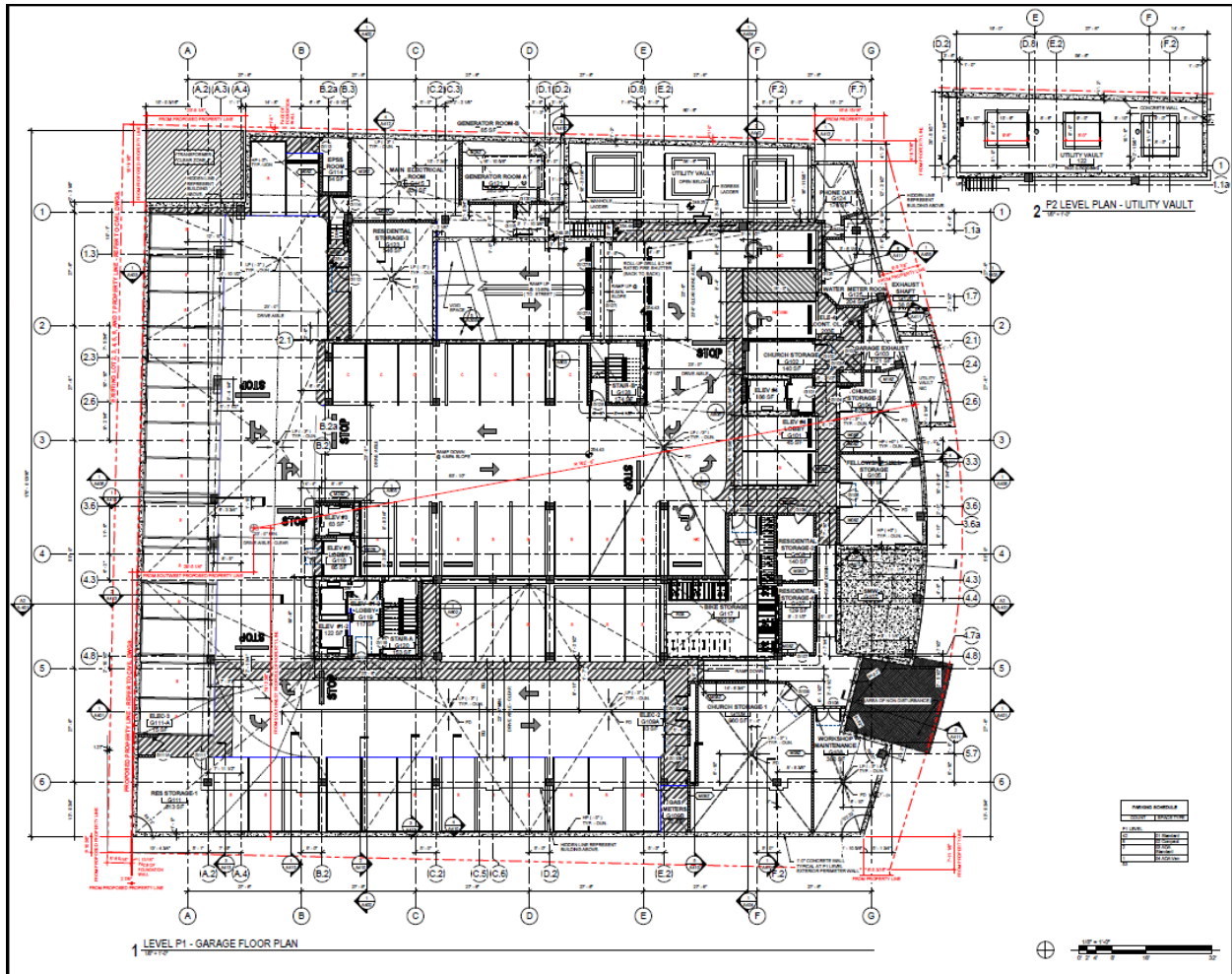
**Ballston Station Site Plan**



As shown in the site plan, the proposed building is oriented toward Fairfax Drive and N. Stafford Street, with a 20-foot alley proposed on the west side of the building off of Fairfax Drive that includes two-way drive aisles and a parking drop-off lane, and a secondary alley on the north side of the proposed building that will provide one-way egress onto N. Stafford Street. This orientation places the church entrance at the corner of Fairfax Drive and N. Stafford Street. The residential lobby will be located off of Fairfax Drive. The daycare facility entrance will be located off of the alley proposed on the west side of the building. The underground parking garage will be accessed by a widened alley off of Fairfax Drive.

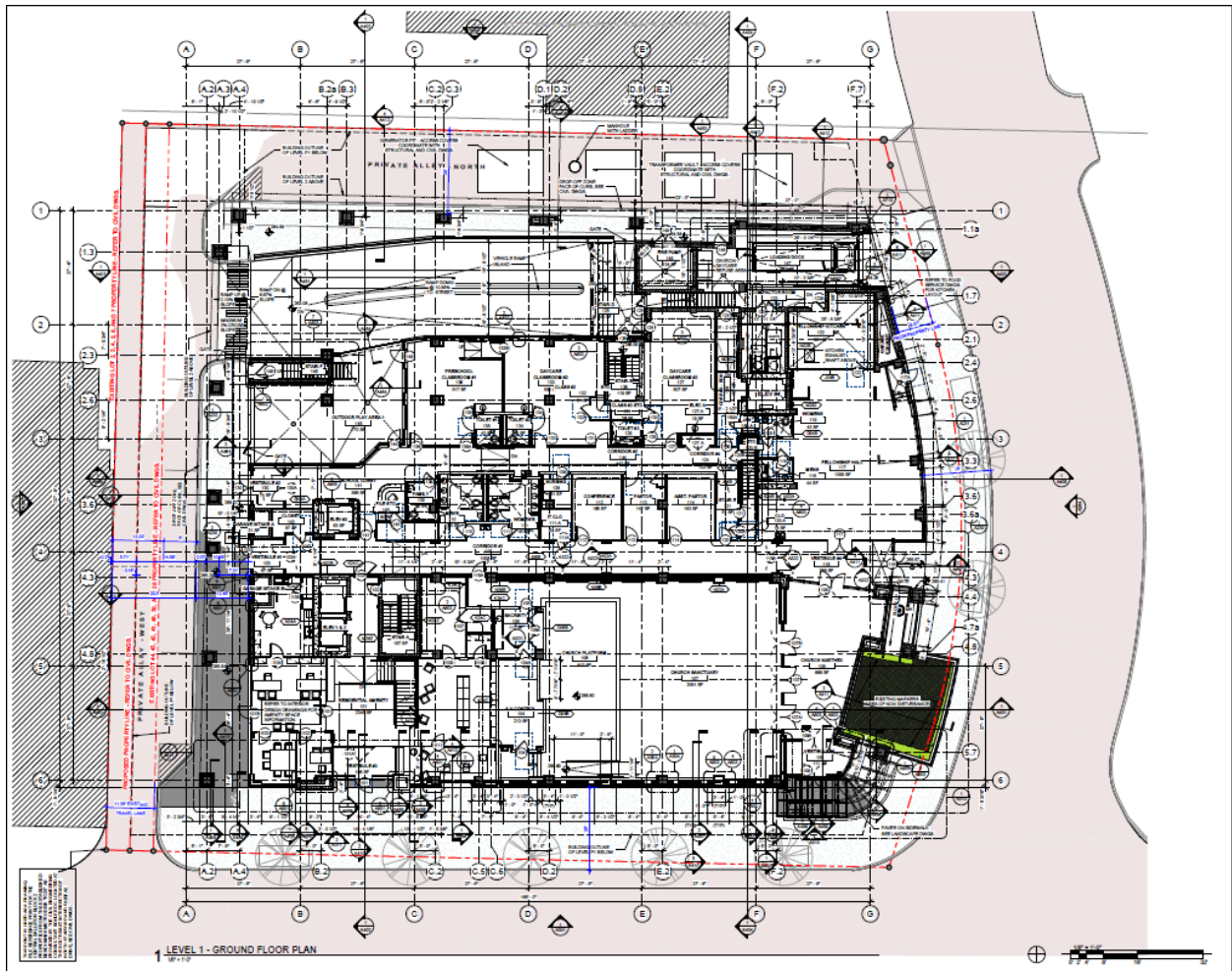
The design for the building carves out an approximately 325 square foot area to preserve the Robert Ball Sr. Burial Ground, currently under consideration for designation as a local historic district. The carve-out area closely lines the estimated limits of the burial ground, and the building overhangs approximately two-thirds of the burial ground area. Six residential units are included in the building area that overhangs the burial ground. The existing retaining wall along N. Stafford Street along the burial ground site will be preserved. The stones from the remaining wall be reused to create a border wall with fence around the burial ground.

Next shown are floor plans for each level of Ballston Station. First shown is the garage floor plan, which will contain all 53 parking spaces and 60 bicycle storage spaces. In addition, this level will contain a 380 square foot workshop maintenance area, 1,130± square foot square feet of residential storage in four spaces and multiple church storage areas totaling 2,380± square feet.



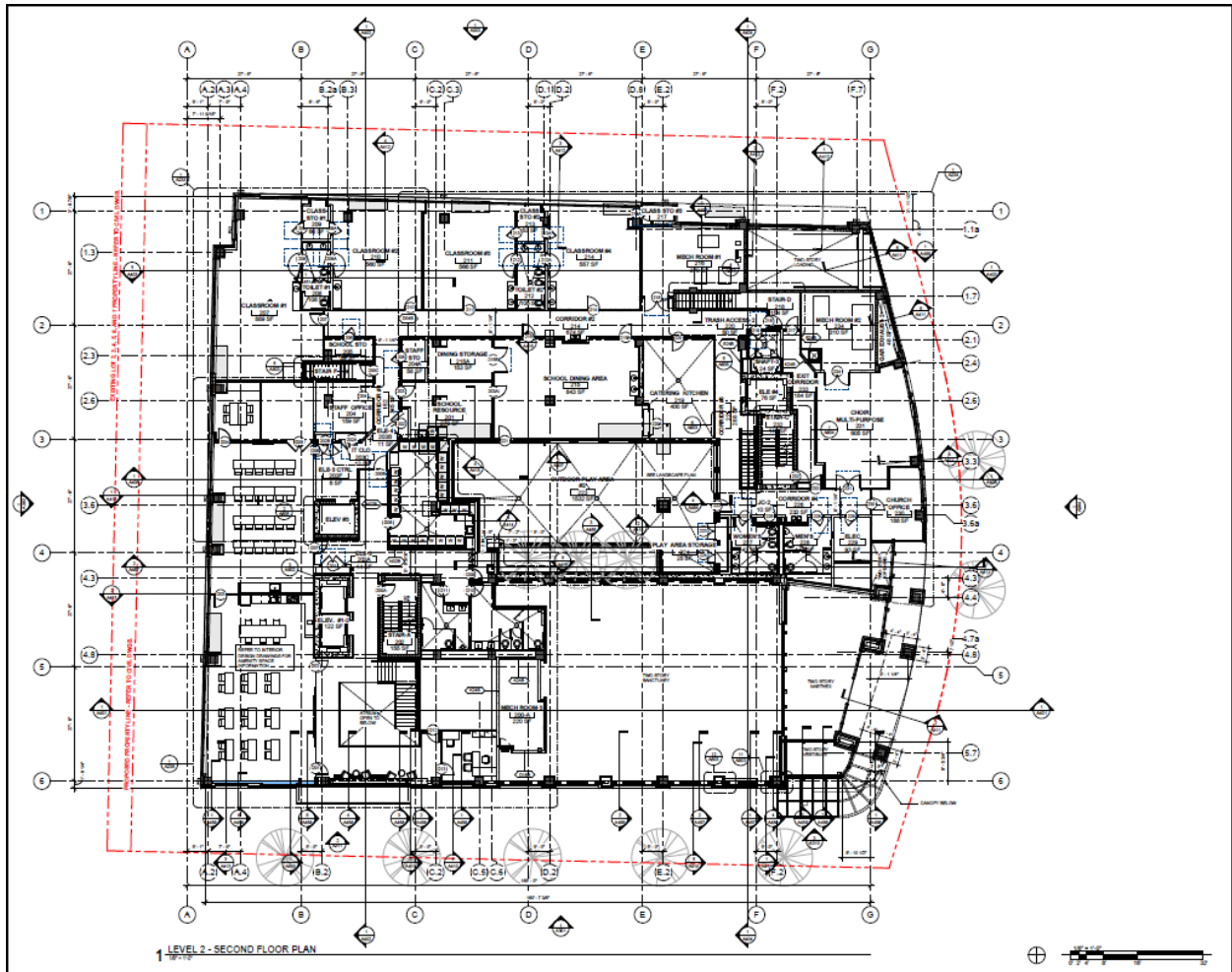
**Garage Floor Plan**

Shown next is the ground level floor plan. As shown, the residential lobby will be located at the southwestern corner of the building. Other residential uses on this level include a leasing/ property management office, a business center and mail room. Most of this level will be occupied by Central United Methodist Church. This space will include a sanctuary, preschool classroom, daycare classroom, school lobby conference room, some church offices and two-level, 1,360 square foot sanctuary. It will also access an exterior outdoor play area.



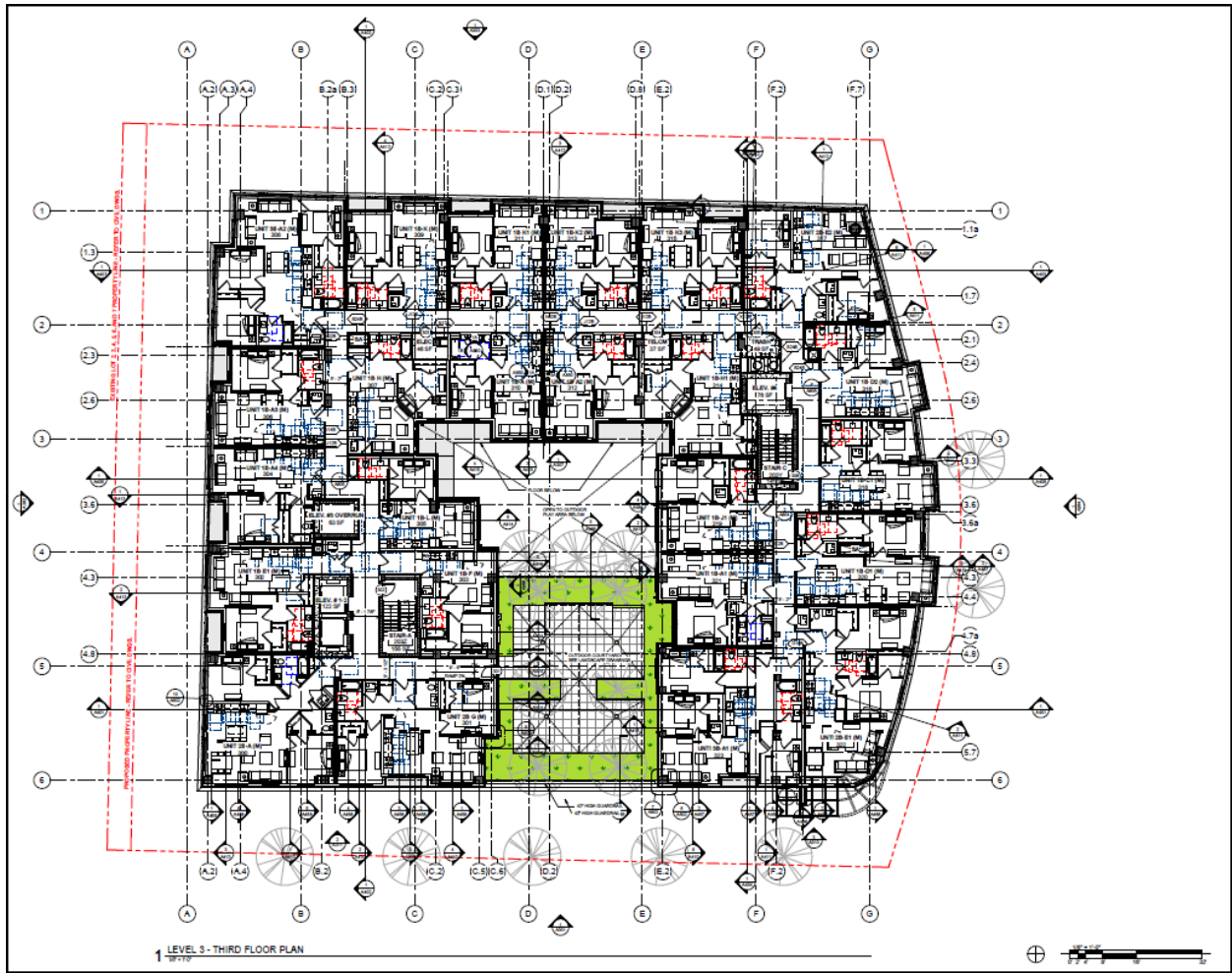
**Ground Level Floor Plan**

The floor plan for the second level is shown next. The only residential uses on the second level will be community amenity space at the southwestern corner of this level and a central laundry facility. This amenity space will consist of a community room and flex space for community and resident services. The remaining floor space on the second level will serve the church and will include the upper level of the church sanctuary. Church/ educational space on this level will include multiple classrooms, a kitchen, dining area, a multi-purpose room, storage area and church offices.



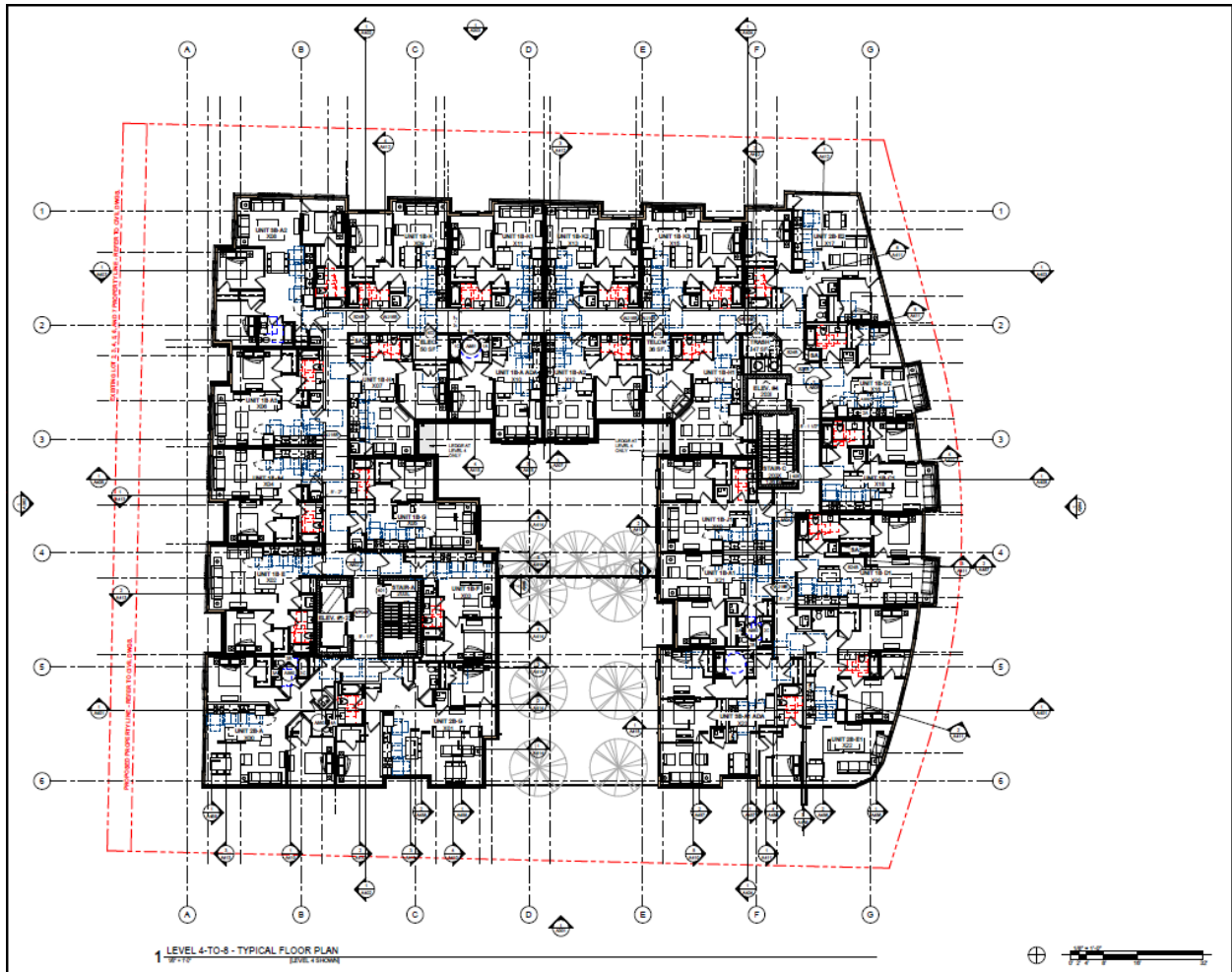
**Second Level Floor Plan**

Next shown is the floor plan for the third level. This level will be fully residential.



**Third Level Floor Plan**

Floor plans for levels four through eight are shown next. These floors will each have near identical designs and will be fully residential.



**Fourth Through Eighth Level Floor Plan**

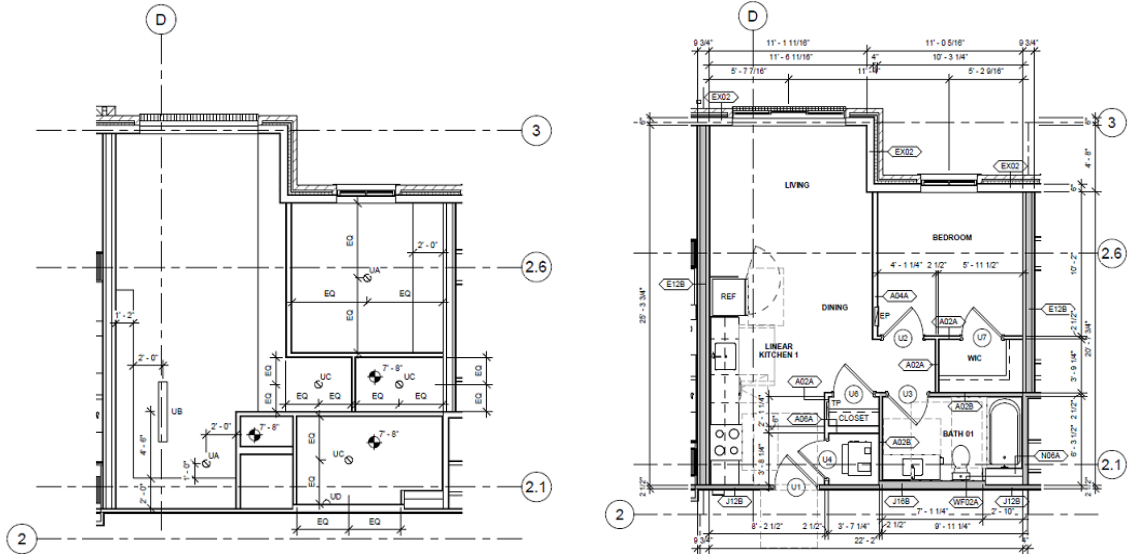
Shown next is a rendering of the Ballston Station Apartments. The building design distinguishes the church and daycare use from the upper-story residential uses with brick material contrasting with white porcelain tile proposed for the upper levels. Stained glass windows from the existing Central United Methodist Church building are to be reused in the church sanctuary façade along Fairfax Drive, framed by windows with a special film that graduates from opaque at the bottom to transparent at the top. No public access is provided to the window either through or around the burial ground site in the current design of the site.



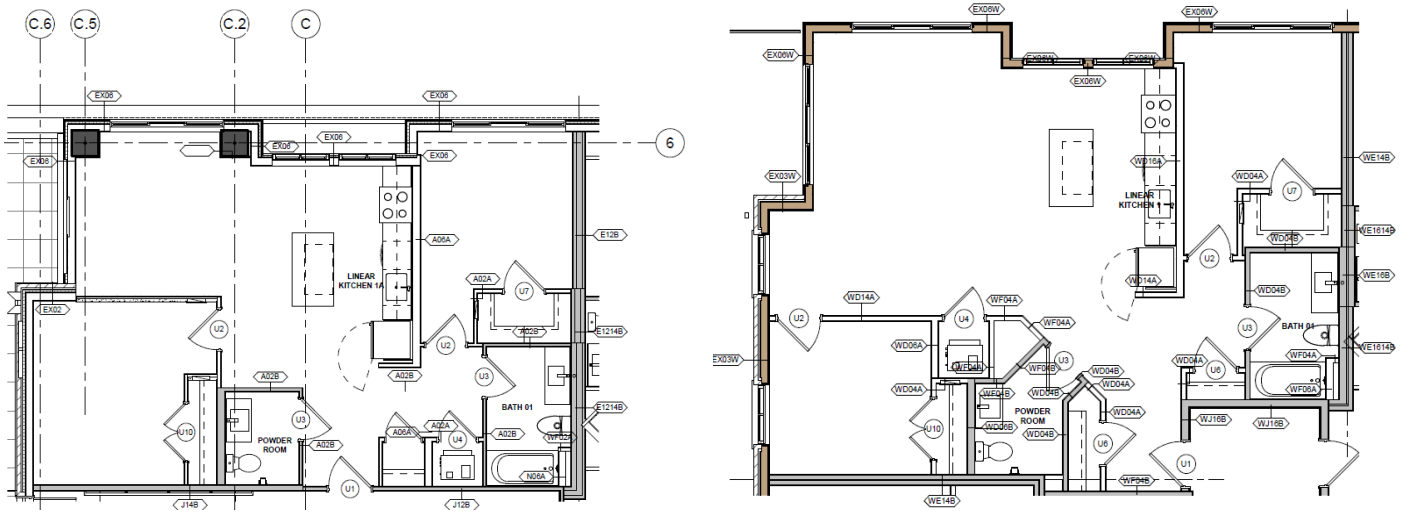
**Ballston Station Rendering**

### **Apartment Unit Floor Plans**

Next shown are better drawings of some typical floor plans proposed for some of the apartment units at Ballston Station. The floor cover will be luxury vinyl flooring in the kitchen and living rooms with carpeting in the bedrooms and hallways. The bathrooms will have tile floors with a tile tub surround and shower stall. The kitchens will be equipped with stainless steel, energy-efficient appliances. They will also have an electric stove, dishwasher, built-in microwave oven, garbage disposal and refrigerator/freezer. The cabinets will be framed Leedo cabinets that are caramel in color. The units will have modern designs with open kitchens and combined living/dining room areas.

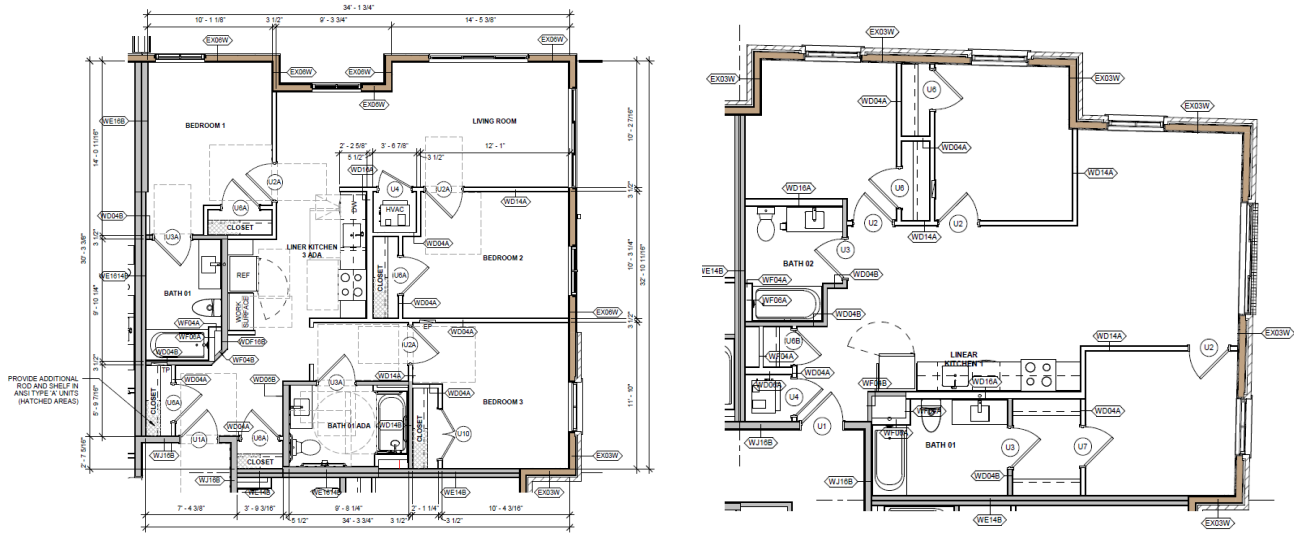


Typical One-Bedroom Units



Typical Two-Bedroom Units





**Typical Three-Bedroom Units**

**Market Area Economic Overview**

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

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

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

## At-Place Jobs

As of year-end 2019, Arlington County had nearly 182,200 at-place jobs. That total is 25,860± above the pre-recession level in 2008. Unlike most jurisdictions in the country, employment in Arlington County grew rapidly in the years following the recession -- 11,940± new jobs were added between 2008 and 2011. Total employment fell between 2012 and 2014 by 2,700±. Most of these job losses were associated with Federal and State contract employment reductions. In 2015, a reversal of trends occurred with the addition of 5,680± new jobs. An additional 2,630± jobs were added in 2016. 3,770± jobs were added in 2017. 1,500± new jobs were added in 2018. Over 4,000 new jobs were added most recently in 2019.

The largest employment sector in Arlington County is the Professional/Technical Services sector, which accounts for over a quarter of total employment in the County. This sector has also been the fastest growing employment sector since 2008, adding 14,430± new jobs over the past twelve years, or 1,200± per year, on average. Most of the employers in this sector have been defense contractors. Several of the County's largest employers are in this sector including Deloitte, Accenture, CEB, Booz Allen Hamilton, CACI, SRA International, General Dynamics, PAE Government Services and Lockheed Martin. Almost all of these companies have added employees over the past decade.

The second largest employment sector in Arlington County is the Federal Government, accounting for over 15 percent of total employment. Approximately 24,000 Federal employees are employed by the Department of Defense, largely at the Pentagon. This is the largest single employer in the County. Federal-level employment has accounted for a smaller share of County-wide employment growth over the past decade. In 2008, federal employees accounted for 18.7 percent of Arlington County's workforce. As of 2019, and following the loss of nearly 1,600± federal jobs, federal employees accounts for 15.1 percent of the County's labor force.

Apart from the rapidly expanding Professional and Technical Services sector, several other employment sectors have added a considerable number of employees since 2008. Sectors that have added over 1,000 new jobs include Administrative/ Waste Services (3,830± new jobs), Health Care (3,160± new jobs), Local Government (1,900± new jobs), Accommodations/ Food (1,470± new jobs), Other Services (1,400± new jobs) and Transportation and Warehouse (1,270± new jobs). Other sectors with job growth include Arts/ Entertainment/ Recreation (950± new jobs), Management of Companies (700± new jobs), Information (380± new jobs) and State Government (220± new jobs).

In terms of job losses, and excluding the Federal Government employment losses, the only sector with a large number of job losses is the Education Services sector, which lost 1,640± jobs since 2008. Most of these jobs were list earlier in the decade. Other sectors with job losses include Construction (850± jobs lost) and Retail Trade (40± jobs lost).

**Table 3: Trends in Average At-Place Employment, Arlington County, Virginia, 2008-2019**

<b>Industry</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
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	ND	ND	673	676	619	506	447	ND	ND	ND	ND	ND
Construction	2,795	2,673	2,266	2,391	2,330	2,244	2,298	2,369	2,180	2,070	2,025	1,947
Manufacturing	ND	ND	747	742	713	ND	1,036	1,080	ND	ND	ND	ND
Wholesale Trade	ND	ND	1,517	1,473	1,243	1,397	1,391	ND	ND	ND	1,613	1,623
Retail Trade	9,424	8,907	8,850	9,114	9,117	8,879	8,859	8,920	8,758	9,627	9,441	9,381
Transport./ Wareh..	8,185	8,133	7,787	7,746	7,987	7,884	8,001	8,149	8,306	8,631	8,741	9,459
Information	5,195	4,922	4,296	4,273	4,133	4,600	4,625	4,999	5,180	5,316	5,435	5,578
Finance/Insurance	3,839	3,517	3,502	3,465	3,644	3,657	3,946	3,762	3,766	3,647	3,668	3,828
Real Estate	3,247	3,126	3,190	3,235	3,194	3,221	3,070	3,101	3,185	3,225	3,298	3,240
Prof./Tech.	32,190	33,388	33,525	36,136	36,102	35,708	35,413	39,929	40,598	42,730	43,864	46,622
Mgmt of Co.s	2,460	2,340	2,926	2,934	2,690	2,683	2,688	2,777	2,739	2,727	2,851	3,159
Admin./Waste	7,602	7,557	8,799	9,176	8,750	9,242	11,044	10,532	11,063	11,541	11,684	11,431
Education	5,677	5,914	6,116	6,463	6,314	5,869	4,533	4,467	4,131	4,227	4,164	4,034
Health Care	7,281	7,764	8,194	8,566	9,014	8,984	9,110	9,322	10,123	10,285	10,328	10,437
Arts/Enter./Rec.	1,685	1,694	1,723	1,742	1,863	1,815	1,799	2,238	2,333	2,255	2,338	2,636
Accom./Food	14,188	13,866	13,932	14,898	15,446	15,569	15,615	16,060	16,301	16,190	16,114	15,661
Other Services	9,737	9,951	10,101	10,509	10,800	10,883	10,872	11,272	11,303	11,120	10,909	11,133
Local Gov.	10,318	10,429	10,381	10,654	10,872	10,964	11,072	11,320	11,646	12,016	12,163	12,221
State Gov.	549	553	557	558	580	635	735	747	703	720	751	766
Federal Gov.	29,157	31,089	33,590	33,514	30,363	29,748	28,019	27,531	27,416	27,138	27,359	27,586
<b>Total</b>	<b>156,333</b>	<b>158,720</b>	<b>162,679</b>	<b>168,271</b>	<b>165,776</b>	<b>165,044</b>	<b>164,576</b>	<b>170,256</b>	<b>172,888</b>	<b>176,659</b>	<b>178,158</b>	<b>182,197</b>

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

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

Table 4 shows the net change in at-place job totals over the past ten years. Apart from growth in Local Government and the Accommodations/ Food sectors, most of the growth in Arlington County since 2008 was concentrated in the service sectors.

<b>Table 4: <u>Change in Total At-Place Employment</u> <u>Arlington County, VA, 2008-2019</u></b>		
<b><u>Industry</u></b>	<b><u>Net Change</u></b>	<b><u>Percent Change</u></b>
Construction	-848	-30.3%
Retail Trade	-43	-0.5%
Transport. & Warehousing	1,274	15.6%
Information	383	7.4%
Finance/Insurance	-11	-0.3%
Real Estate	-7	-0.2%
Professional/Tech. Services	14,432	44.8%
Management of Companies	699	28.4%
Admin./Waste Services	3,829	50.4%
Educational Services	-1,643	-28.9%
Health Care	3,156	43.3%
Arts/Enter./Recreation	951	56.4%
Accommodations/Food	1,473	10.4%
Other Services	1,396	14.3%
Local Government	1,903	18.4%
State Government	217	39.5%
Federal Government	<u>-1,571</u>	<u>-5.4%</u>
<b>Total</b>	<b>25,864</b>	<b>16.5%</b>
Source: United States Department of Labor		

### **Employment and Labor Force**

Employment differs from at-place jobs, as it refers to the number of market area residents who are employed, no matter where the job is located. At-place jobs refer to where the job is located, i.e., Arlington County. Data are current to year-end 2019 for Employment and Labor Force.

Arlington County realized a net increase in employment of 19,450± jobs over the period between 2008 and 2019. Employment grew early in the decade up until 2008, when employment reached 133,350± jobs. Employment totals are lower than at-place job totals, which means some net in-commuting occurs from neighboring jurisdictions, largely the District of Columbia, Suburban Maryland and other parts of the Northern Virginia Region.

Employment fell sharply during the recession in 2009, when 1,990± jobs were lost, pushing the unemployment rate up from 2.5 to 4.3 percent in a single year, but there has been a full recovery since that time. Total employment in Arlington County has grown every year since 2010, with unemployment currently standing at a very low 1.9 percent, which is below the pre-recession level. Total employment grew by 2,650± jobs in 2016, 3,600± in 2017, 2,580± in 2018 and 3,690± in 2019.

<b>Table 5: <u>Trends in Employment and Unemployment,</u> <u>Arlington County Virginia, 2008-2019</u></b>				
	<b><u>Labor Force</u></b>	<b><u>Employment</u></b>	<b><u>Unemployment</u></b>	<b><u>Percent Unemployed</u></b>
2008	136,705	133,349	3,356	2.5%
2009	137,201	131,357	5,844	4.3%
2010	137,368	131,701	5,667	4.1%
2011	141,853	136,519	5,334	3.8%
2012	144,012	139,012	5,000	3.5%
2013	145,047	140,035	5,012	3.5%
2014	144,432	139,692	4,740	3.3%
2015	144,273	140,209	4,064	2.8%
2016	146,178	142,317	3,861	2.6%
2017	149,893	146,174	3,719	2.5%
2018	152,218	149,115	3,103	2.0%
2019	155,769	152,803	2,966	1.9%
<b>Net Change</b>	<b>19,064</b>	<b>19,454</b>	<b>-390</b>	<b>-0.6%</b>
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. In both economic factors, current totals are well above past pre-recession totals. This level of growth has generated considerable demand for new housing.

### **COVID-19 and Employment**

Table 6 shows monthly employment data until January, 2021 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 year-end 2019, employment has fallen by over 12,000, with the number of unemployed growing by over 3,300. The

labor force has also contracted by over 8,800 people, meaning that many of those who have lost their jobs have retired or given up on searching for employment at this time. As will be shown, these employment losses have not translated into occupancy challenges in the competitive apartment market.

<b>Table 6: <u>Trends in Employment and Unemployment</u> <u>Arlington County, Virginia, 2019-2021</u></b>				
	<b><u>Labor Force</u></b>	<b><u>Employment</u></b>	<b><u>Unemployment</u></b>	<b><u>Percent Unemployed</u></b>
2019	155,769	152,803	2,966	1.9%
January, 2020	157,319	154,118	3,201	2.0%
February, 2020	158,455	155,616	2,839	1.8%
March, 2020	157,198	153,757	3,441	2.2%
April, 2020	148,308	137,956	10,352	7.0%
May, 2020	149,048	140,267	8,781	5.9%
June, 2020	151,320	142,542	8,778	5.8%
July, 2020	151,579	143,024	8,555	5.6%
August, 2020	151,658	144,670	6,988	4.6%
September, 2020	149,747	142,934	6,813	4.5%
October, 2020	149,552	143,540	6,012	4.0%
November, 2020	150,280	144,594	5,686	3.8%
December, 2020 1/	149,607	143,909	5,698	3.8%
January, 2021 1/	146,948	140,629	6,319	4.0%
<b>Net Change</b>	<b>-8,821</b>	<b>-12,174</b>	<b>3,353</b>	<b>2.1%</b>
Notes: 1/ Preliminary. Subject to change.				
Source: United States Department of Labor, Bureau of Labor Statistics				

### **Economic Development Activity**

As shown in Table 7 below, 22 businesses in Arlington County have announced plans to either launch operations or expand their workforce as of January, 2019. This excludes the ongoing expansion by Amazon, which plans to ultimately hire 25,000 people for its Crystal City HQ2. Excluding Amazon, these announcements will add a combined 2,540± new jobs in Arlington County. Most are in professional employment sectors with predominately high wage jobs.

**Table 7: New and Expanding Businesses, Arlington County, Virginia, 2019-2020**

<u>Company Name</u>	<u>Business Type</u>	<u>Month Announced</u>	<u>New Jobs</u>
Microsoft	Software developers	September, 2020	45
Favor TechConsulting	IT	July, 2020	20
Interos	AI	July, 2020	40
Energix Renewable Energies	Energy services	May, 2020	33
Parsons Government Services	Defense	March, 2020	100
Brazen Technologies	Software publishers	December, 2019	10
DivvyCloud	Software Publishers	September, 2019	120
Block.On	Finance	September, 2019	170
Nestle US	Consumer products	August, 2019	50
Trilogy Federal	Management consulting	July, 2019	20
Amify	Marketing	July, 2019	80
Applied Predictive Technologies	Business analytics software	July, 2019	30
STG International, Inc.	Defense	July, 2019	80
Scoutbee	AI	July, 2019	12
Attain	Management Consulting	July, 2019	50
Incentive Technology Group	IT	April, 2019	1000
FLIR Systems	Defense	April, 2019	65
Yext	Social media	February, 2019	500
Improbable	Gaming software publisher	February, 2019	10
Rapid7	Software publishers	January, 2019	40
Global Connections to Employment	Human resources consulting	January, 2019	11
The Health Management Academy	Voluntary health organizations	January, 2019	50
<b>Total</b>			<b>2,536</b>

Source: Virginia Economic Development Partnership

### New Commercial Developments

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

- **4040 Wilson Boulevard.** Construction was completed in early-2020 on this mixed-use development which is the final component to the Liberty Center Development and will include 191,300± square feet of office space, 33,400± square feet of retail space and 244 apartment units. AvalonBay Communities has leased three-and-a-half floors, totaling 73,000± square feet.
- **J-Sol Apartments.** Construction is ongoing on this 22-story, 330-unit high rise apartment community at the corner of Fairfax Drive and North Quincy Street. This will be an amenitized community with a rooftop resort-style swimming pool with sundeck, fitness center, a clubroom, a rooftop outdoor lounge with fire pits and multiple grill stations, and 24/7 concierge service. The project will include 264 underground parking spaces and 8,260± square feet of ground-floor retail space.

- **CEB Tower**. Construction was completed in early-2019 on this 31-story office building that totals 570,550± square feet of office space. The Corporate Executive Board (CEB) anchors the building, occupying 350,000± square feet of space.
- **The Highlands**. Ground was broken in September, 2018 on this mixed-use development located at 1555 Wilson Boulevard in Rosslyn. The Highlands will include three glass towers named Pierce, Aubrey and Evo. Pierce will be a 26-story condominium with 104 residences that will have floor-to-ceiling windows and views of the Potomac and the D.C. skyline. The Aubrey will be a 23-story rental apartment building with 331 units, ranging in size from studio to three-bedroom, as well as balconies, a rooftop pool, private club and fitness center. Evo will be a 27-story apartment building with 449 units, ranging in size from studio to three-bedroom. The Highlands replaces a six-story office building and fire station. The development will also include a fire station, and 40,000± square feet of retail space, including a CVS.
- **The Waycroft**. Construction was completed in early-2020 on this 12-story, mixed-use development at 750 N Glebe Road. The building contains 490 residential units and 62,000± square feet of retail space. Tenants include a 41,500 square foot Target.
- **Ballston Quarter** Construction was completed in early-2019 on the redevelopment of the Ballston Common shopping mall. Renovation includes significant upgrades to the existing mall and an additional 11,850± square feet of new space, development of a 406-unit residential tower with more than 66,000± square feet of retail at the site of the Macy's Home Furniture Store, and renovations to the office building above the Macy's Department Store. Existing retailers that will remain include Macy's, Sport & Health, Regal Cinemas, CVS, Capital One, Lenscrafters and the Kettler Capitals Iceplex.
- **Clarendon Market Commons Phase II**. Construction was completed in late-2020 on this 27,950± square foot retail space at 2801 Clarendon Boulevard.
- **2000 Clarendon**. Construction is ongoing on this mixed-use development that will contain 87 condominium units and 1,920± square feet of ground level retail space at 2000 Clarendon Boulevard. It will contain 38 one-bedroom units starting in the upper-\$400,000's, 12 one-bedroom units with dens starting at in the upper-\$500,000's, and 37 two-bedroom units starting in the upper-\$600,000's. All units will include on parking space.
- **Park Arlington at Courthouse**. This is a proposal to convert 187 hotel units of an existing nine-story building at 1200 North Courthouse Road to 180 apartment units.
- **Courthouse Landmark**. This is the proposed redevelopment of the Landmark Block, comprised of seven parcels in the Courthouse neighborhood at 2050 Wilson Boulevard, with a 20-story residential apartment building with ground-



floor retail, rooftop amenities and open space, and a below-grade parking structure. It would include 418 residential units and 17,000± square feet of retail space.

- **2025 Wilson Boulevard.** This site is proposed to be developed with a nine-story commercial building with 188,910± square feet of office space and 6,960 square feet of retail space. The project will replace the now-demolished Wendy's restaurant and Wells Fargo Bank buildings.
- **4000 Fairfax Drive.** Construction was completed in late-2020 on the redevelopment of the Carpool restaurant at 4000-4040 Fairfax Drive into a 22-story apartment building with 330 units.
- **Clarendon West.** The former Red Top Cab property in Clarendon is being redeveloped into a 580-unit apartment building with 3,480± square feet of retail space.
- **Carr Office Building.** This is a proposed office building at 2038 Wilson Boulevard. It will contain 6,960± square feet of ground level retail space and 188,910± square feet of upper-level office space.
- **3901 Fairfax Drive.** This parking lot near Quincy Park, which once housed the Arlington Funeral Home before it closed in 2011 after 55 years in business, is proposed to be developed with a nine-story office building with 184,040± square feet of office space and 12,280± square feet of retail space.
- **Rosslyn Gateway.** This is a proposal to demolish Rosslyn Gateway South (1901 N. Fort Myer Dr.) and an adjacent parking garage to construct a new 25-story office building and a 25-story hotel/residential building. Rosslyn Gateway North (1911 N. Fort Myer Dr.) will remain. The new office building will have 490,060 square feet of office space and 8,690 square feet of retail space. There will be 273 apartment units and 148 hotel rooms.
- **1401 Wilson Blvd.** This is a mixed-use development proposed for 513,000± square feet of office space, 55,540± square feet of retail space, and 274 residential units.
- **Rosslyn Plaza.** This is a proposed mixed-use development for 1001 Wilson Boulevard. Plans call for 1.8 million square feet of office space, 45,000± square feet of retail space, 550 residential units and 200 hotel rooms.
- **1501 Arlington Boulevard.** The existing Best Western Iwo Jima Best Western Hotel in Rosslyn is proposed to be redeveloped with a with a two-building development containing a 150-room hotel, 64-apartments and ground-floor retail. The plan calls for a 12-story hotel with a pool, a fitness center and a rooftop event space, plus a 10-story apartment building with units ranging from

studios to two-bedrooms. The developers plan to bring a gourmet grocer into the project's ground-floor retail.

- **1900 Fort Myer Drive.** This is the proposed redevelopment of the Holiday Inn Rosslyn, planned to be developed with two towers of 26 and 28 stories to total 732,600± square feet. This building will consist of 327 hotel units and 490 apartment units. The project will include a 6,840± square foot ballroom, another 6,000± square foot event space on the taller tower's 38<sup>th</sup> floor, private rooftop spaces, and 13,470± square feet of retail or civic uses, which could include a nearly 7,700± square foot, full-service restaurant. It would also include the demolition of the skybridge crossing Fort Myer Drive. The towers will be built on a podium topping three levels of underground parking and another four above ground, combining for 858 parking spaces.
- **Key Bridge Marriot Redevelopment.** This is the proposed redevelopment of the 583-room hotel at 1401 Lee Highway that includes partially demolishing the building and reducing the number of hotel rooms to 447. The redevelopment would also construct a 300-unit apartment building on top of the existing parking structure, and two condo buildings totaling 151 units on the existing surface lot.
- **Ames Center.** The redevelopment includes two new multifamily residential buildings with ground floor retail space, and incorporation of existing religious institutional and church uses. at 1820 Fort Myer Drive. The first tower is 31 stories with 424 units and the second is a 30-story tower with 365 units, for total of 788 units.
- **3901 Fairfax Drive.** This is a proposed mixed-use development with 184,040± square feet of office space and 10,280 square feet of retail space.
- **Virginia Hospital Center Expansion.** Construction is ongoing on the expansion of the Virginia Hospital Center at 1701 North George Mason Drive. The expansion will add 245,430 square feet of medical space.

## **Summary**

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

## **Section II Affordable Apartment Market Analysis**

Following in Section II is the supply/demand analysis for the proposed 144-unit Ballston Station Apartments. Section II has two subsections. The first is the demographic analysis that “solves” for the number and growth of renter households with incomes, reported in constant 2021 dollar values, for the three income groups proposed at Ballston Station Apartments. The demographic analysis “solves” for the number of market area households earning 30% of AMI (\$24,760 to \$30,240), 50% of AMI (\$43,680 to \$63,000) and 60% of AMI (\$53,120 to \$75,600). The upper limits are based on the HUD maximum allowable incomes by income category. The forecast date for the demographic analysis is 2024, as Ballston Station Apartments is likely to be ready for occupancy by late-2023 or early-2024.

The second part of Section II is the analysis of the competitive affordable apartment market for families within the defined market area. We identified 31 apartment properties to study with income restrictions in place that are similar to those proposed for Ballston Station Apartments.

The apartment properties under study are delineated into two components: apartments that were built since the late-1990’s and older LIHTC properties that were built between the 1930’s and 1960’s and renovated. The newer LIHTC apartments represent the most competitive properties. All of the older LIHTC apartments have been renovated, but often offer small apartment units and mostly apartment units with one full bath.

These apartment properties are studied for occupancy, rent, unit and property features and characteristics, and curb appeal. They are compared with Ballston Station Apartments to determine its competitive market position.

## Market Area Demographic Analysis

### Population Trends and Projections

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

The market area population expanded by approximately 19,890± people between 2010 and 2020. The 2020 population estimate is based on estimates from data collected by the Weldon Cooper Center for Public Service. This represents an annual growth rate of 1,990± people. Based on (1) past population growth trends, (2) the significant number of new jobs to be added in Arlington County and (3) the large number of apartments under construction and in active planning, the market area population is projected to reach 148,300± by the forecast date 2023.

Arlington County also has had a sizable and growing demand for affordable housing. Data presented below will show net growth in the number of affordable apartment units that have been built. Both market sectors have generated the level of population growth shown in Table 8 and that should largely continue.

<b>Table 8: <u>Trends and Projections of Population and Households by Tenure, Ballston Station Apartments Market Area, 1990-2024</u></b>					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Market Area Population 1/	91,840	103,290	118,520	138,410	148,300
Group Quarters Population	1,640	1,970	1,940	1,950	2,000
Household Population	90,200	101,320	116,580	136,460	146,300
Persons Per Household	2.19	2.10	2.11	2.10	2.09
Households	41,120	48,240	55,320	64,980	70,000
Renter Households	19,740	24,550	28,500	33,850	36,820
Percent Renter Households	48.0%	50.9%	51.5%	52.1%	52.6%
Notes: 1/ Market Area includes the following 2010 U.S. Census tracts in Arlington County: 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014.01, 1014.02, 1014.03, 1014.04, 1015, 1016.01, 1016.02, 1016.03, 1017.01, 1017.02, 1017.03, 1018.01, 1018.02, 1018.03, 1019, 1020.01, 1020.02 and 1020.03.					
Source: 1990, 2000 and 2010 Census, U.S. Census Bureau, U.S. Department of Commerce; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.					

### **Group Quarters Population**

The Group Quarters population in the market area is relatively small and includes primarily persons in hospitals, nursing homes, shelters and other institutional housing. The Group Quarters population is not growing, partly due to the high cost of housing for seniors with very high area land costs. As of 2020, it accounts for 1.4 percent of the total market area population. The Group Quarters population is subtracted from the total population to determine Household Population, which is the basis for determining housing unit demand.

### **Households**

As of 2010, there were 55,320± households in the market area. That figure is 7,080+ more than in 2000. A total of 9,660± households were added to the market area between 2010 and 2020. In addition to the level of household growth, another key factor shown in Table 8 is the very small average household size. The average household size was 2.10 in 2000 and 2.11 in 2010. It fell to 2.10 by 2020. The small size is due to the large number of single-person professionals, empty nesters and retirees who live in market area multi-story apartment buildings and condominiums.

The fact that the average household size increased over the 2000 decade was likely due to some doubling up of families and roommates, a result of the recession of the late-2000's. This should stabilize during current economic conditions. Total households are projected to reach 70,000± by 2024, or an average annual increase of 1,260± households.

### **Renter Households**

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

By 2024, renter households are projected to account for 52.6 percent of total households in the market area. This will equate to 36,820± renter households, an increase of 2,970± over the 2020 renter household count.

### **Target Renter Market**

Ballston Station Apartments will have a wide range of income categories restricted 30%, 50% and 60% of the Area Median Income (AMI). Data for each income category are shown in Table 9 below. Household income data are shown in constant 2021 dollar values.

Each income group is detailed in the paragraphs below.

- **30% of Area Median Income (AMI)**. Renter households earning annual incomes between \$24,760 and \$30,240, reported in constant 2021 dollars, fall within this cohort. The total number of renter households within this income range grew by 100± during the 2010's. There were 910± renter households in this income range in 2020. Continued growth will add an additional 50± households by 2024, or 960± households. The modest growth rate was due to

the limited ability for adding low-rent properties to the market area and the inability of some low-income renters to find area affordable housing.

- **50% of Area Median Income (AMI).** Renter households earning annual incomes ranging between \$43,680 and \$63,000, reported in constant 2021 dollars, fall within this cohort. The total number of renter households within this income range grew by 1,000± between 2010 and 2020. There were 5,080± renter households in this income range in 2020. Continued growth will add an additional 420± households by 2024 and reach a total of 5,500± households. This will account for 14.9 percent of market area renter households.
  
- **60% of Area Median Income (AMI).** The market for this income category includes renter households earning annual incomes between \$53,120 and \$75,600, when reported in constant 2021 dollars. There were 6,000± renter households within this income category in 2020, accounting for 17.7 percent of total renter households. Total households within this income category grew by 1,300± during the 2010's. This total is projected to increase by 600± and reach 6,600± by 2023.

<b>Table 9: Trends and Projections of Households by Income, Ballston Station Apartments Market Area 1990-2024</b> (Constant 2021 Dollars)					
	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2020</b>	<b>2024</b>
Renter Households	19,740	24,550	28,500	33,850	36,820
<b>Target Market</b>					
30% of AMI (\$24,760-\$30,240)					
Renter Households	720	710	810	910	960
Percent Renter Households	3.7%	2.9%	2.8%	2.7%	2.6%
50% of AMI (\$43,680-\$63,000)					
Renter Households	3,560	3,120	4,080	5,080	5,500
Percent Renter Households	18.0%	12.7%	14.3%	15.0%	14.9%
60% of AMI (\$53,120-\$75,600)					
Renter Households	3,850	3,620	4,700	6,000	6,600
Percent Renter Households	19.5%	14.8%	16.5%	17.7%	17.9%
Source: 1990 and 2000 Census, U.S. Census Bureau, U.S. Department of Commerce; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.					

**Renter Households by Size**

Table 10 shows the household size of renters in the market area in 2010. Nearly 47 percent are one-person households. Another 33± percent of the households have two

persons. Approximately 21 percent have three or more persons. The number and percentage of single and two-person households likely increased since 2010.

<b>Table 10: <u>Renter Household Size, Ballston Station Apartments Market Area, 2010</u></b>		
	<b><u>Households</u></b>	<b><u>Percent</u></b>
1-person household	13,310	46.7%
2-person household	9,290	32.6%
3-person household	2,910	10.2%
4-person household	1,950	6.8%
5-person household	650	2.3%
6-person household	230	0.8%
7-or-more-person household	<u>160</u>	<u>0.6%</u>
<b>Total Renter Households</b>	<b>28,500</b>	<b>100.0%</b>
Source: 2010 U.S. Census		

### **Characteristics of the Competitive Affordable Apartment Market**

Listed in Table 11 are the 31 competitive apartment properties in the market area with rent restrictions. We excluded some properties that have few competitive affordable units; are older with lower, non-competitive rents; as well as communities with a large number of Section 8 voucher holders. As shown, many of the competitive communities have a mix of income restrictions.

Sixteen properties, totaling 1,110± affordable units, are defined as “newer” properties. Thirteen of these properties are mixed-income communities with a combination of market rate and income-restricted units. There are only 27 vacant affordable units in these newer properties, with most communities at or near fully occupancy. Thus, these newer properties have a combined vacancy rate of only 2.5 percent for the affordable units.

The newest community to open is the mixed-income Waycroft, which opened in April, 2020 with a total of 491 units, including 22 affordable units restricted to 60% of AMI. All of the affordable units are now occupied. Also recent to open is Gables Pointe 14, which is a mixed-income community with 40%, 50%, 60% and market rate units. The



complex, which opened in August, 2019, has 39 income restricted units out of 370 total units. All of the income restricted units are occupied.

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

Fifteen mature affordable communities were also included in the analysis, totaling 1,780± affordable units. These are older properties that have all been renovated. Though these are older units, vacancy is low at these communities at only 2.5 percent for the affordable units.

Overall, the market area contains 2,890± affordable units. The overall occupancy rate is very low at 2.5 percent with 72 vacant units. None of the competitive communities are currently facing any occupancy issues. Most are either fully-occupied or with a small number of vacant units indicative of normal turnover.

Other salient points in Table 11 are:

- Between 2010 and 2020, 470± affordable apartment units were delivered and occupied in the market area, or an average of 50± units per year on average.
- 250± new affordable units were added to the market since early-2016. All are in mixed-income buildings and are most are occupied.
- Six mature communities, with 550± units, underwent significant renovations since 2010, at an average of 70± units per year.
- In recent years, the number of new construction tax credit apartment units have “outpaced” the number of renovations due to the high cost of acquisition for area garden properties and the ability to generate higher rents for the new construction.

Overall, data in Table 11 show a very large and successful affordable apartment market in along the Rosslyn-Ballston Corridor. Only nine apartment properties offer rents at or below 40% of AMI. The majority of LIHTC communities have 50% and 60% rents. Most properties have multiple income restrictions in place.

The newer apartment properties with rent-restricted apartment units have 25 percent affordable units and 75 percent market rate units. The more mature properties have 80+ percent available. Ballston Station will have all affordable apartment units. The description on current development activity presented above shows considerable new market rent development, which places Ballston Station Apartments in a more positive competitive situation within the market area, as the market rent properties could be oversupplied.

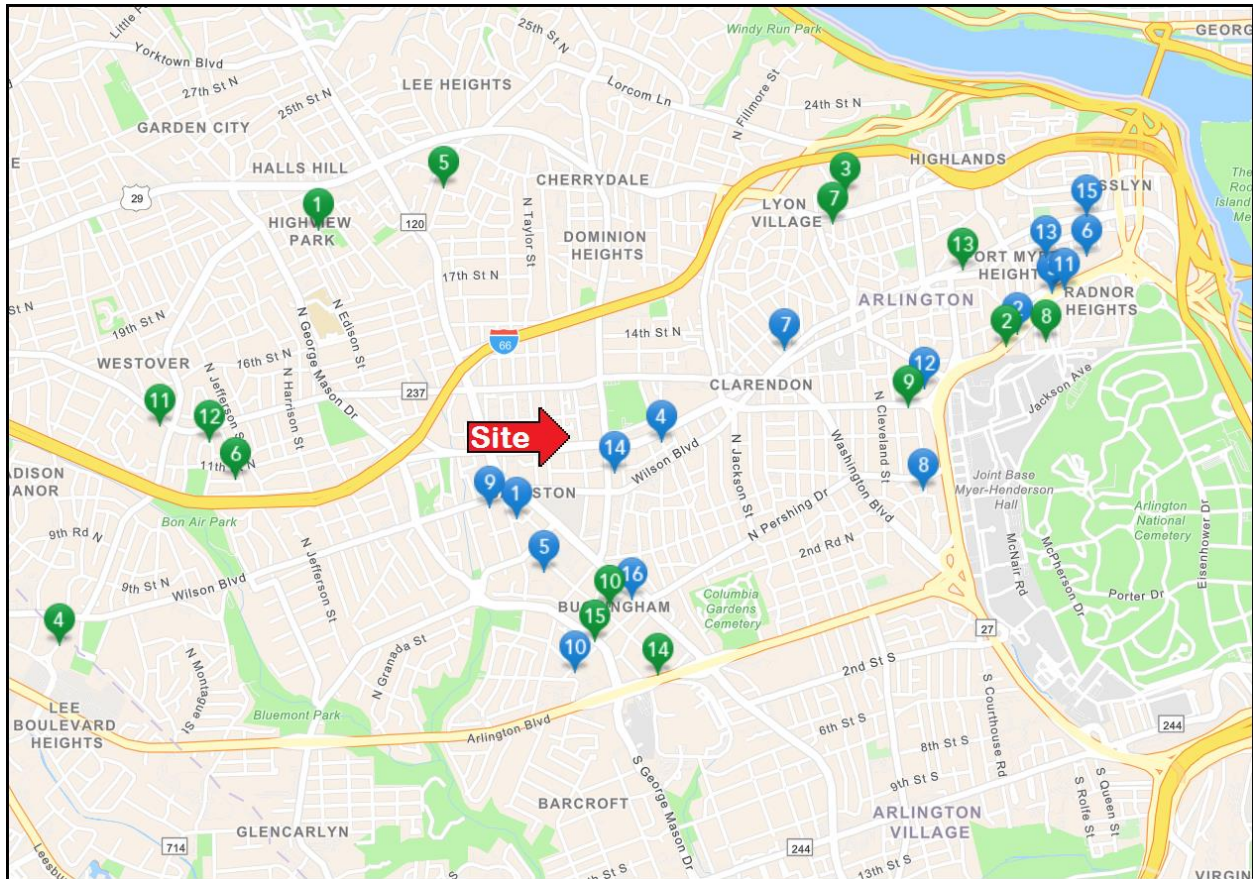
**Table 11: Characteristics of Competitive Affordable Apartment Communities,  
Ballston Station Apartments Market Area, April, 2021**

	<u>Map F Key</u>	<u>Year Built/ Renovated</u>	<u>Income Restrictions</u>	<u>Total Units</u>	<u>Total Affordable Units</u>	<u>Vacant Affordable Units</u>
<b><u>Newer Communities</u></b>						
The Waycroft	1	Apr-20	60%/Mkt	491	22	0
Gables Pointe 14	2	Aug-19	40%/50%/60%/Mkt	370	39	0
Union on Queen	3	Jan-17	50%/60%/Mkt	193	78	3
Latitude Apartments	4	Dec-16	60%/Mkt	265	14	0
The Springs	5	Sep-16	40%/50%/60%/Mkt	104	98	10
Sedona	6	2013	60%/Mkt	474	55	0
VPoint	7	2012	40%/50%/60%/Mkt	116	70	0
2201 Pershing Apartments	8	2012	60%/Mkt	188	18	0
The Jordan	9	2010	50%/60%	90	90	1
Madison at Ballston Station	10	2009	60%/Mkt	504	100	0
Parc Rosslyn	11	2008/18	60%/ Mkt	238	100	5
Frederick at Courthouse	12	2007	60%	108	108	0
Bennett Park	13	2007	50%/60%/Mkt	224	14	0
Quincy Plaza	14	2006	50%/60%/Mkt	499	25	0
1800 Oak Apartments	15	2003	40%/50%/60%	314	38	1
Ballston Park	16	1998	50%/Mkt	513	233	7
(Subtotal)				(4,691)	(1,102)	(27)
<b><u>Mature Communities</u></b>						
Cameron Commons	1	1965/03	30%/50%/60%	16	16	1
Courthouse Crossings	2	1991/07	40%/50%/60%	112	112	2
Larkspur Apartments	3	1958/12	40%/50%/60%	76	76	3
Patrick Henry	4	1958/00	60%	110	110	1
Leckey Gardens	5	1949/01	50%/Mkt	40	33	0
Fisher House II	6	1949/18	60%	68	68	8
Calvert Manor	7	1948/14	50%/80%/Mkt	23	20	1
Marabella	8	1947/99	30%/40%/50%/60%	134	134	5
Woodbury Park	9	1947/06	60%/Mkt	364	204	8
Gates of Ballston	10	1943/07	60%/Mkt	657	464	7
Westover	11	1943/11	60%	153	153	3
Fisher House I	12	1940/08	50%/60%	33	33	4
Colonial Village	13	1939/12	30%/60%	162	162	2
Whitefield Commons	14	1938/05	50%/60%	63	63	0
Buckingham Village	15	1938/14	60%	140	140	0
(Subtotal)				(2,151)	(1,788)	(45)
<b>Total</b>				<b>6,842</b>	<b>2,890</b>	<b>72</b>
<b>Vacancy Rate</b>						<b>2.5%</b>

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

Map F shows the locations of the competitive apartments. Most are located along the Rosslyn-Ballston Corridor. Some of the older communities are located west of Glebe Road both north and south of Interstate 66. A large cluster of affordable apartments are located in the Buckingham neighborhood. These are mostly renovated gardens. A second cluster of apartments is located in the Courthouse area. These properties are a

mix of high-rise and garden properties. Overall, Map F shows the study site to be well-located for affordable housing.



**Map F - Locations of Competitive Apartments**

The following paragraphs describe the three newest LIHTC properties in the market area. Though The Waycroft, Gables Pointe 14, Latitude Apartments and Sedona are newer communities, only a small percentage of these units have income restrictions. These properties were not financed through tax credits.

- **Union on Queen** is a new mixed-income community with 193 units, of which 78 are income-restricted. This community is located at 1515 N. Queen Street. This is the redevelopment of the former Pierce Queen Apartments. Most of the new units are housed in a new construction 12-story high-rise.

Community amenities include a clubroom, fitness room, business center, bike storage, rooftop deck and two outdoor terraces. The building received four green building certifications, including LEED Silver, EarthCraftVA, Energy Star for

Multifamily and Arlington County Transportation Demand Management. The community includes 207 off-street parking spaces, located partially below grade.

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

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

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

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

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

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

Ballston Station Apartments will have a contemporary design comparable to the above three successful communities. It differs from them as it will be a fully affordable complex, which is unique for large, new construction proposal in this part of the region.

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



**The Waycroft**



**Gables Pointe 14**



**Union on Queen**



**Latitude Apartments**



**The Springs**



**Sedona**



**VPoint**



**2201 Pershing Apartments**



**The Jordan**



**Madison at Ballston Station**



**Parc Rosslyn**



**Frederick at Courthouse**



**Bennett Park**



**Quincy Plaza**



**1800 Oak Apartments**



**Ballston Park**



## Net Rental Rate Analysis

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

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

Overall, the high occupancy rate in the market area shows the proposed rents to be achievable. The proposed rents at Ballston Station Apartments fall within these rental ranges and are fully competitive.

Table 12 also shows the average rents delineated by each rent restriction. These data show that the proposed rents for Ballston Station Apartments are at or slightly below the market area average for all rental types.

The 30% one-bedroom rents at Ballston Station are low at \$619. None of the “comps” have rents this low. The one-bedroom 50% rents at \$1,192 are within \$11 of 50% rents at existing properties. The 60% one-bedroom rents are below the market for newer properties.

The 60% two- and three-bedroom rents are fully competitive compared with rents at current properties under study.

**Table 12: Affordable Rental Rates of Competitive Affordable Apartment Communities, Ballston Station Apartments Market Area, April, 2021 1/**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<b><u>Newer Communities</u></b>			
The Waycroft 2/			
Gables Pointe 14 2/	\$1,417 (60%)	\$1,701 (60%)	\$1,965 (60%)
Union on Queen 2/	\$945 (40%) / \$1,181 (50%) / \$1,417 (60%)	\$1,134 (40%) / \$1,417 (50%) / \$1,701 (60%)	--
Latitude Apartments 2/	\$1,213 (50%) / \$1,259 (60%)	\$1,367 (50%) / \$1,486 (60%)	\$1,683 (60%)
The Springs 2/	\$1,417 (60%)	\$1,701 (60%)	--
Sedona 2/	\$945 (40%) / \$1,181 (50%) / \$1,417 (60%)	\$1,134 (40%) / \$1,417 (50%) / \$1,701 (60%)	\$1,410 (40%) / \$1,638 (50%) / \$1,965 (60%)
VPoint 2/	\$1,312 (60%)	\$1,551 (60%)	\$1,758 (60%)
2201 Pershing 2/ 3/	\$945 (40%) / \$1,181 (50%) / \$1,417 (60%)	\$1,134 (40%) / \$1,417 (50%) / \$1,701 (60%)	\$1,410 (40%) / \$1,638 (50%) / \$1,965 (60%)
The Jordan	\$1,417 (60%)	\$1,701 (60%)	--
Madison at Ballston Station 2/	\$1,095 (50%) / \$1,331 (60%)	\$1,293 (50%) / \$1,577 (60%)	\$1,461 (50%) / \$1,788 (60%)
Parc Rosslyn 2/	\$1,350 (60%)	\$1,612 (60%)	\$1,851 (60%)
Frederick at Courthouse	\$1,417 (60%)	\$1,701 (60%)	\$1,965 (60%)
Bennett Park 2/	\$1,284 (60%)	\$1,520 (60%)	\$1,721 (60%)
Quincy Plaza 2 3/	\$1,181 (50%) / \$1,417 (60%)	\$1,417 (50%) / \$1,701 (60%)	--
1800 Oak Apartments 2/ 3/	\$1,181 (50%) / \$1,417 (60%)	\$1,417 (50%) / \$1,701 (60%)	\$1,638 (50%) / \$1,965 (60%)
Ballston Park 2	--	\$1,134 (40%) / \$1,417 (50%) / \$1,701 (60%)	--
<b><u>Mature Communities</u></b>			
Cameron Commons	--	\$850 (30%) / \$1,417 (50%) / \$1,701 (60%)	\$982 (30%) / \$1,638 (50%) / \$1,965 (60%)
Courthouse Crossings	\$945 (40%) / \$1,181 (50%) / \$1,417 (60%)	\$1,134 (40%) / \$1,417 (50%) / \$1,701 (60%)	\$1,310 (40%) / \$1,638 (50%) / \$1,965 (60%)
Larkspur Apartments	\$1,314 (60%)	\$1,569 (60%)	--
Patrick Henry	--	\$1,498 (60%)	\$1,841
Leckey Gardens	\$1,181 (50%)	\$1,417 (50%)	--
Fisher House II	\$1,417 (60%)	\$1,701 (60%)	\$1,965 (60%)
Calvert Manor	\$1,181 (50%)	\$1,417 (50%)	\$1,638 (50%)
Marabella	\$708 (30%) / \$945 (40%) / \$1,181 (50%) / \$1,417 (60%)	\$1,134 (40%) / \$1,417 (50%) / \$1,701 (60%)	\$1,638 (50%) / \$1,965 (60%)
Woodbury Park	\$1,235 (60%)	\$1,570 (60%)	\$1,779 (60%)
Gates of Ballston	\$1,050 (50%) / \$1,286 (60%)	\$1,256 (50%) / \$1,543 (60%)	\$1,445 (50%) / \$1,1772 (60%)
Westover	\$1,313 (60%)	\$1,552 (60%)	--
Fisher House I	\$1,417 (60%)	\$1,417 (50%) / \$1,701 (60%)	\$1,638 (50%) / \$1,965 (60%)
Colonial Village 3/	\$1,320 (60%)	\$1,500 (60%)	\$1,730 (60%)
Whitefield Commons 3/	\$1,060 (50%) / \$1,300 (60%)	\$1,230 (50%) / \$1,500 (60%)	\$1,400 (50%) / \$1,750 (60%)
Buckingham Village	\$1,025 (60%)	\$1,445 (60%)	\$1,680 (60%)
<b>30% Average</b>	<b>\$708</b>	<b>\$850</b>	<b>\$982</b>
<b>50% Average</b>	<b>\$1,164</b>	<b>\$1,392</b>	<b>\$1,583</b>
<b>60% Average</b>	<b>\$1,350</b>	<b>\$1,620</b>	<b>\$1,872</b>
<b>Proposed 30% of AMI</b>	<b>\$619</b>	<b>--</b>	<b>--</b>
<b>Proposed 50% of AMI</b>	<b>\$1,092</b>	<b>--</b>	<b>--</b>
<b>Proposed 60% of AMI</b>	<b>\$1,328</b>	<b>\$1,584</b>	<b>\$1,820</b>

Notes: 1/ Excludes market rate rents. Rents adjusted to exclude utilities.

2/ Includes washer and dryer.

3/ Estimate

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

## **Rent Per Square Foot**

The calculation for the average per square foot net rents was not undertaken, as there are too many variables in the competitive apartment market to make this calculation relevant. This is especially true for the mixed-income properties within the range of amenities. This comparison would also be irrelevant for the more mature properties.

### **Apartment Unit Sizes**

The apartment units at Ballston Station Apartments are slightly smaller than the apartment units at the new construction apartments under study by an average of nearly 60 square feet, but are comparable with many of these successful properties. The smaller one-bedroom units at Ballston Station Apartments will measure 487 square feet, which would be smaller than all of the existing one-bedroom apartments in the market area. The larger 736 square foot one-bedroom units at Ballston Station Apartments will be larger than most of the one-bedroom units under study.

The two-bedroom units at Ballston Station Apartments are proposed to be an average of 933 square feet, which is slightly smaller than the market area average of the newer apartments under study. Nevertheless, several properties lease out smaller two-bedroom units without issue.

The three-bedroom units at Ballston Station Apartments are proposed to measure an average of 1,092 square feet. Several properties, including The Springs, The Jordan and several of the older communities, lease three-bedroom units that are smaller. These units have been fully accepted by the market.

**Table 13: Apartment Unit Sizes of Competitive Affordable Apartment Communities, Ballston Station Apartments Market Area, April, 2021**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<b><u>Newer Communities</u></b>			
The Waycroft	650-654	905-919	1,311
Gables Pointe 14	505-613	805-1,160	--
Union on Queen	610-945	996-1,121	--
Latitude Apartments	617	1,040	--
The Springs	583-636	731-798	892-1,002
Sedona	552-774	852-1,191	--
VPoint	701-831	800-1,063	--
2201 Pershing Apartments	694	873	--
The Jordan	497-647	725-860	946-1,031
Madison at Ballston Station	750-806	861-1,237	1,354-1,408
Parc Rosslyn	683-956	903-1,036	1,610-1,625
Frederick at Courthouse	700	1,050	1,625
Bennett Park	682	1,066	--
Quincy Plaza	500	970	1,150
1800 Oak Apartments	--	885-941	--
Ballston Park	626-675	861-1,011	--
<i>(Average)</i>	<i>(669)</i>	<i>(958)</i>	<i>(1,288)</i>
<b><u>Mature Communities</u></b>			
Cameron Commons	--	722-781	900-1,142
Courthouse Crossings	605-800	890-955	1,050-1,250
Larkspur Apartments	630	740	--
Patrick Henry	--	782	1,092
Leckey Gardens	751-763	773-970	--
Fisher House II	507-595	730-824	1,011-1,167
Calvert Manor	700	804	944
Marabella	565-630	835-955	985
Woodbury Park	530-655	720-830	--
Gates of Ballston	604-666	666-876	1,062
Westover	900	1,200	--
Fisher House I	542-548	701-928	1,045-1,108
Colonial Village	553-599	771-1,155	1,374
Whitefield Commons	603	734	1,310
Buckingham Village	737	1,010-1,015	1,325
<i>(Average)</i>	<i>(656)</i>	<i>(854)</i>	<i>(1,130)</i>
<b>Average</b>	<b>663</b>	<b>908</b>	<b>1,192</b>
<b>Proposed Unit Sizes (Range)</b>	<b>487-736</b>	<b>850-1,016</b>	<b>1,037-1,146</b>
<b>Proposed Unit Sizes (Average)</b>	<b>612</b>	<b>933</b>	<b>1,092</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

### Apartment Unit Mix

Table 14 details the unit mix of newer affordable apartment units, which represent the most competitive set of apartments. The analysis excludes all market rate units. Five of the newer communities offer studio units while several offer no three-

bedroom units. None of the communities have a large number of studios. On average, there is a near even split of one- and two-bedroom units. The Springs and The Jordan have a majority of two-bedroom units. Most of the other newer communities have an abundance of one-bedroom units.

Most of the market area's three-bedroom units are located within the older, renovated communities. Apart from The Springs, which has 21 three-bedroom units, and Union on Queen, with 12 three-bedroom units, all of the newer communities have ten or fewer three-bedroom units.

**Table 14: Unit Mix at Competitive Affordable Apartment Communities, Ballston Station Apartments Market Area, April, 2021** 1/

	<u>Studio</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Total Affordable Units</u>
<b><u>Newer Communities</u></b>					
The Waycroft	6	6	9	1	22
Gables Pointe 14	0	19	20	0	39
Union on Queen	0	17	49	12	78
Latitude Apartments	0	3	11	0	14
The Springs	10	8	59	21	98
Sedona	0	21	28	6	55
VPoint	22	28	14	6	70
2201 Pershing Apartments	0	9	9	0	18
The Jordan	0	17	68	5	90
Madison at Ballston Station	0	60	37	3	100
Parc Rosslyn	6	58	28	8	100
Frederick at Courthouse	0	56	46	6	108
Bennett Park	0	5	9	0	14
Quincy Plaza	0	9	8	8	25
1800 Oak Apartments	0	0	38	0	38
Ballston Park	<u>18</u>	<u>148</u>	<u>61</u>	<u>6</u>	<u>233</u>
<b>Total</b>	<b>62</b>	<b>464</b>	<b>494</b>	<b>82</b>	<b>1,102</b>
<b>30% of AMI Proposed</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>15</b>
<b>50% of AMI Proposed</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>60</b>
<b>60% of AMI Proposed</b>	<b>0</b>	<b>33</b>	<b>24</b>	<b>12</b>	<b>69</b>
<b>Proposed Unit Mix</b>	<b>0</b>	<b>108</b>	<b>24</b>	<b>12</b>	<b>144</b>

Notes: 1/ Excludes market rate units.

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

## Community Amenities

The amenity list at new construction affordable apartment properties in the market area is shown in Table 15. Ballston Station Apartments will contain all basic amenities that will include a clubroom, business center and on-site laundry facilities. Most new communities have in-unit washers and dryers.

<b>Table 15: <u>Community Amenities at Competitive Affordable Apartment Communities, Ballston Station Apartments Market Area, April, 2021</u></b>					
	<u>Clubroom</u>	<u>Business</u>	<u>Pool</u>	<u>Fitness</u>	<u>Laundry</u>
<b><u>Newer Communities</u></b>					
The Waycroft	•	•	•	•	○
Gables Pointe 14	•	•	•	•	○
Union on Queen	•	•	○	•	○
Latitude Apartments	•	•	○	•	○
The Springs	•	•	○	•	○
Sedona	•	•	•	•	○
VPoint	•	•	○	○	○
2201 Pershing Apartments	•	•	•	•	○
The Jordan	•	○	○	○	•
Madison at Ballston Station	•	•	•	•	○
Parc Rosslyn	•	○	•	•	○
Frederick at Courthouse	•	○	○	•	•
Bennett Park	•	•	○	•	○
Quincy Plaza	•	•	•	•	○
1800 Oak Apartments	•	•	•	•	○
Ballston Park	•	○	•	•	○
<b><u>Proposed Amenities</u></b>	•	•	○	○	•
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

### Section III Conclusions

The above analysis shows a large and successful affordable apartment market in North Arlington County. We identified and studied 31 apartment properties with rents at 30%, 50%, and 60% of AMI, and in that regard, are competitive with the proposed rents at Ballston Station Apartments. The market area vacancy rate for affordable properties is low at only 2.5 percent.

We identified nearly 2,900 affordable apartment units in the apartment properties under study. Approximately 62 percent of the market area's affordable apartment units are in mature, renovated garden buildings. Some of these buildings are historic. Most were built prior to 1950, so they offer small unit sizes, often one bathroom units, and spaces without large closet space. Many of these apartments generate rents similar to newer properties.

Since 2005, newer, larger and more upscale apartment properties have been built to serve the affordable market. Most of these have a mix of affordable and market apartment units.

If there is a negative issue related to the market area's affordable apartment market it is the limited number of new affordable units built in recent years. Since 2015, only five properties were placed on the market with a total of 250± affordable units. A lack of available land and buildings for new affordable housing is the cause of the decline in the addition of new apartment units in recent years.

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

Thus, the key points presented above was the quality of the Ballston Station Apartments design and the excellent site location. This proposal will be within a short

walking distance of a Metro station. The 144-unit proposal has a mix of 30%, 50% and 60% rents. The proposal has all of the attributes that generate market support, which is fully described in the paragraphs that follow.

### Analysis of Demand

#### Apartment Pipeline

Table 16 details the four apartments in the market area with income restrictions that are under construction and in active planning. Four apartments are under construction and none are in active planning. These apartments total 522 affordable units with various income restrictions between 30% of AMI and 80% of AMI. These include the 97-unit The Cadence, the 249-unit Queen Court Apartments and the 160-unit Lucille and Bruce Terwilliger Place. Also under construction is a mixed-income complex with 255 units, of which 16 units will have income restrictions. **Direct competition for Ballston Station Apartments are 451 units with rents between 30% and 60% of AMI.**

Combined, these four apartment complexes will contain eight units restricted to 30% of AMI, nine units restricted to 40% of AMI, 134 units restricted to 50% of AMI, 300 units restricted to 60% of AMI, 40 units restricted to 70% of AMI and 31 units restricted to 80% of AMI. Queens Court Apartments will open in 2021 while The Cadence and Lucille and Bruce Terwilliger Place will open in 2022. Washington Boulevard at Kirkwood is likely open by early-2023.

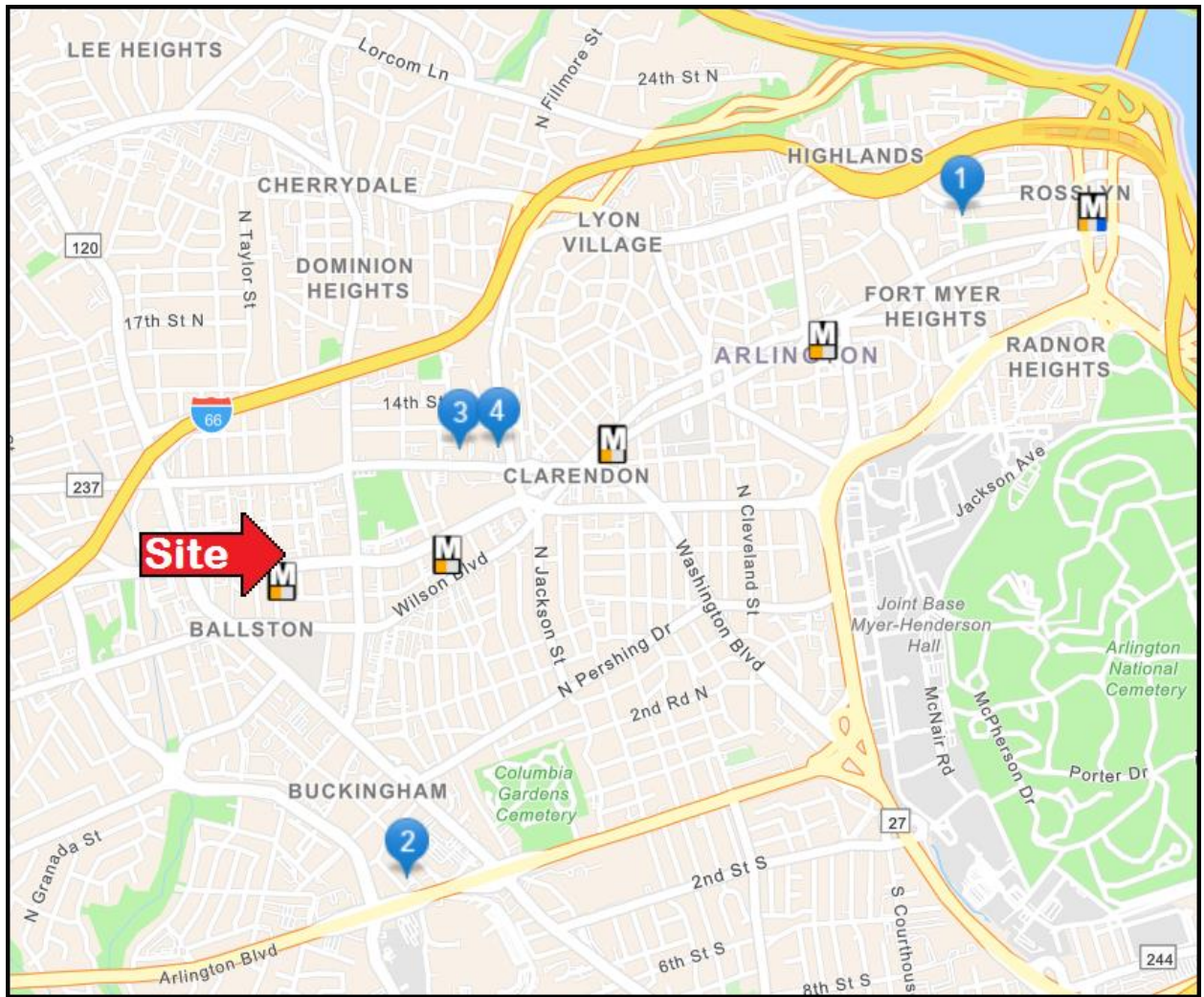
<b>Table 16: <u>Affordable Apartment Pipeline, Marbella Apartments Market Area, April, 2021 1/</u></b>									
<b><u>Under Construction</u></b>	<b><u>Map G Key</u></b>	<b><u>30% of AMI</u></b>	<b><u>40% of AMI</u></b>	<b><u>50% of AMI</u></b>	<b><u>60% of AMI</u></b>	<b><u>70% of AMI</u></b>	<b><u>80% of AMI</u></b>	<b><u>Total Units</u></b>	<b><u>Delivery</u></b>
Queens Court Apartments	1	0	9	36	201	0	3	249	April, 2021
The Cadence	2	0	0	46	11	40	0	97	2022
Lucille and Bruce Terwilliger Place	3	8	0	52	72	0	28	160	2022
Washington Boulevard at Kirkwood	4	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>0</u>	<u>0</u>	<u>16</u> 2/	2023
<b>Total</b>		<b>8</b>	<b>9</b>	<b>134</b>	<b>300</b>	<b>40</b>	<b>31</b>	<b>522</b>	

Notes: 1/ Excludes market rate units.  
2/ Excludes 239 market rate units.

Source: S. Patz & Associates, Inc.



Map G shows the location of the four apartments under construction. The Cadence is being built near the intersection of Arlington Boulevard and N Glebe Road. Queens Court Apartments is being built at the intersection of Key Boulevard and N Quinn Street. Lucile and Bruce Terwilliger Place and Washington Boulevard at Kirkwood will both be located near the intersection of Washington Boulevard and N Kirkwood Road.



**Map G - Location of Pipeline Apartments**

The paragraphs below detail each of the apartments in planning and under construction.

- **Queens Court Apartments.** Construction began in April, 2019 on this 12-story, 249-unit apartment community at 1801 N. Quinn Street. The project will include 150 parking spaces in an underground garage and associated public open space of approximately 9,000 square feet. The property had 39 affordable studio and one-bedroom apartment units that will were razed as part of the development. The redevelopment will have with a mix of nine units at 40% of AMI, 36 units at 50% of AMI, 201 units at 60% of AMI and 3 units at 80% of AMI. The unit mix will be 21 studio units, 94 one-bedroom units, 90 two-bedroom units and 44 three-bedroom units. Move-ins are scheduled to begin in mid-April, 2021. 63 units have been pre-leased to date.
  
- **The Cadence.** Construction began in 2020 on this five-story apartment building with 97 units at 4333 Arlington Boulevard, all of which will have income restrictions. The community will replace the former American Red Cross building (4333 Arlington Boulevard), two, single-family homes (15 and 19 N. Trenton Street) and the parking lot at the Whitefield Commons site. Four studio, 42 one-bedroom, 48 two-bedroom and three three-bedroom units are planned. Within this total will be 46 units restricted to 50% of AMI, 11 units restricted to 60% of AMI and 40 units restricted to 70% of AMI. Amenities will include underground parking, a playground, landscaped courtyard, fitness facilities, and extensive resident services programming. The development will also include two rows of 19 for-sale townhomes that will be sold at market rate by Madison Homes, Inc.
  
- **Lucille and Bruce Terwilliger Place.** Ground was broken in May, 2020 on this 160-unit affordable apartment complex at 3445 Washington Boulevard. In addition to the apartments, the building will house a new ground floor condo for American Legion Post 139, which formerly had a building on the site. Of the 160 units, the complex will have eight units restricted to 30% of AMI, 52 units restricted to 50% of AMI, 72 units restricted to 60% of AMI and 28 units restricted to 80% of AMI. It will have a mix of 48 one-bedroom, 87 two-bedroom and 25 three-bedroom units.
  
- **Washington Boulevard at Kirkwood.** This is a mixed-income proposal by Eleventh Street Development for a site at 1122 North Kirkwood Road, which is walking distance from the Lucille and Bruce Terwilliger Place site. Construction began in late-2020 on this seven-story, 255-unit apartment community. There will be 16 affordable units restricted to 60% of AMI, of which eight units will be one-bedroom and eight will be two-bedroom units.

Shown below are photos of renderings and existing conditions of each of the pipeline proposals. All will be multi-story, elevator served buildings with contemporary designs.



**Queens Court Apartments**  
**(Rendering)**



**(Existing Conditions)**



**The Cadence**  
**(Rendering)**



**(Existing Conditions)**



**Lucille and Bruce Terwilliger Place**  
**(Rendering)**



**(Existing Conditions)**



**Washington Boulevard at Kirkwood  
(Rendering)**



**(Existing Conditions)**

### Demand Table

The demand table is presented next. It shows a projected net growth of 50± targeted family households for the 2020 to 2024 period for the 30% units. The growth amount is 420± households for the 50% units and 600± households for the 60% units.

Added to this total is a 15 percent factor to account for expected tenants with vouchers for an increased demand of households in each rent category. The add-on factor for the 30% units is double. The growth total is high, as few properties are at this rent level. For the 50% units, 60 renters represent the add-on potential and households for the 60% units, 90 renter households for the 60% units.

We excluded households in substandard housing in our demand analysis, as that is not a major issue for residents of Arlington County and where it exists, it is included in the add-on totals. Ballston Station Apartments will not be a senior property, so the add-on data are low. Thus, the total demand is comprised of net target household growth, plus a likely number of voucher holders, which is typical for affordable housing.

For supply, we identified four new pipeline units, with a total of 451 units. The market area currently has 72 vacant affordable units, which are part of normal market area vacancy. Thus, these are excluded from the demand analysis.

The analysis shows a net potential net demand of 50 units for the 30% income category, 349 units for the 50% income category and 390 units for the 60% income category. The total potential demand is 830. From the gross demand is subtracted pipeline units to determine net demand by apartment unit rent category.

<b><u>Demand Table (2020-2024)</u></b>				
	<b><u>Up to 30% of AMI</u></b>	<b><u>Up to 50% of AMI</u></b>	<b><u>Up to 60% of AMI</u></b>	<b><u>Total</u></b>
New Rental Households	50	420	600	1,070
PLUS				
Existing Households - Over-Burdened (Rounded)	50	60	90	200
PLUS				
Existing Households-Substandard Housing	0	0	0	0
PLUS				
Elderly Households-Likely to Convert to Rental Housing	0	0	0	0
PLUS				
Existing Qualifying Tenants – to Remain After Renovation	0	0	0	0
Total Demand	100	480	690	1,270
MINUS				
<b>Supply</b> (includes directly comparable vacant units completed or in pipeline in PMA)	<b>8</b>	<b>134</b>	<b>300</b>	<b>442</b>
EQUALS				
<b>Net Demand (rounded)</b>	<b>90</b>	<b>350</b>	<b>390</b>	<b>830</b>
<b>Proposed Units</b>	<b>15</b>	<b>60</b>	<b>69</b>	<b>144</b>
<b>Capture Rate</b>	<b>16.7%</b>	<b>17.1%</b>	<b>17.7%</b>	<b>13.7%</b>
<b>Absorption Period (in months)</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>

The 30% units are expected to be fully pre-leased at project opening, given the large demand that exists. Lease-up of the 50% and 60% units should occur within three months of opening, including pre-leases.

### **Capture Rate**

The capture rate of total demand is 13.7 percent. These are conservative calculations, as it does not the level of voucher holders could exceed 15 percent. The lease-up period is shown as two months from the start of pre-leasing.

The Virginia Housing capture rate chart is as follows:

Project Wide Capture Rate - LIHTC Units	13.7%
Project Wide Capture Rate - Market Rate Units	N/A
Project Wide Capture Rate - All Units	13.7%
Project Wide Absorption Period (Months)	3 Months 1/

Notes: 1/ Includes units to be pre-leased.

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.



April, 2021

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Market Analyst

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Date