

Market Analysis
Horner Apartments
Chesterfield County, Virginia

Prepared for:

Mr. Lee Alford
Better Housing Coalition

March, 2021

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▪ S. PATZ & ASSOCIATES, INC ▪
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March 15, 2021

Mr. Lee Alford
Director of Real Estate
Better Housing Coalition
23 West Broad Street
Suite 100
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Lee:

Attached is our full narrative market analysis for the proposed 49-unit Horner Apartments, to be built in Chesterfield County, on the south side of Genito Road, off Route 360 (Hull Street Road) in the greater Midlothian area of the County. Horner Apartments will offer affordable housing for families, once financed by Virginia Housing, under the federal Low-Income Housing Tax Credit program and using 9% tax credits. Once built, Horner Apartments will have rent and income restrictions, but no age restrictions.

This proposal will be submitted to officials of Virginia Housing as part of the 2021 “competitive round”, which has a March 18, 2021 due date. The report to follow fully complies with the market study guidelines of Virginia Housing and all market and economic data required for the evaluation of the Horner Apartments are provided in the report.

Our analysis shows a ready market for new family affordable housing, as the Midlothian area is expanding with job growth and housing demand. This area has a very small number of apartment units in the competitive market under study. The apartment market that exists for the target households under study has 1,340± apartment units and a less than one percent vacancy rate. The area’s LIHTC apartment properties have a large combined wait list of 260+.

There are no active, competitive pipeline proposals at this time. Given the market area’s population growth, the low vacancy rate for market area affordable housing and the sizable wait list at area LIHTC apartment properties, the conclusion is that a large pent-up demand exists.

Mr. Lee Alford
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As planned, the 49 units, at the rents proposed, will serve the pent-up demand, and most of the proposed apartment units are expected to be pre-leased at the marketable rents proposed.

All data and explanations that support our market study conclusions are presented in the attached report. Please call if any questions or additional data are required.

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 49-unit Horner Apartments. This will be a fully-affordable, new construction family apartment building with construction expected to begin in early-2022 on an attractive site on the south side of Genito Road off U.S. Route 360 (Hull Street Road) in the greater Midlothian area of western Chesterfield County. Once built, Horner Apartments will have rent and income restrictions, but no age restrictions. The proposal is likely to be available for occupancy by early-2023. **The site visit and market study field research was undertaken on March 3, 2021.**

Horner Apartments is designed for moderate-income families and proposed to be financed with 9% Low-Income Housing Tax Credit (LIHTC) through Virginia Housing. The market study is completed within the full guidelines of Virginia Housing. Thus, the report to follow is presented in three sections, which encompasses all of the economic and market data required for LIHTC market studies.

The first section of the report is the Introduction, which provides a detailed analysis of the study site and its setting off U.S. Route 360 in Chesterfield County. Included in the site description is an analysis of adjacent land uses, particularly commercial and public facilities that are needed to serve new residents of the apartment proposal.

The site development plan is also presented, which describes the number and types of apartment units being planned at Horner 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 Chesterfield 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 Chesterfield 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 Horner Apartments. The demographic analysis "solves" for the number of market area households earning 40% of AMI (\$16,000 to \$32,200), 50% of AMI (\$30,800 to \$44,700) and 60% of AMI (\$38,000 to \$53,640). These income categories are based on the proposed rents, as will be described below. The demographic analysis is studied to a forecast date of 2023, as Horner Apartments are likely to be started in late-2021 or early-2022 and open for occupancy in mid-2023.

The second part of Section II is the analysis of the LIHTC general occupancy apartment properties in the defined market area. We identified eight apartment properties that would be most competitive with Horner Apartments, based on rent and income restrictions. Only four of these "comps" have income restrictions in place, with only one of these communities built over the past decade.

These apartment properties are studied for rents, occupancy, unit sizes, characteristics, apartment amenities and features. These project characteristics are compared with the Horner Apartments proposal to determine the subject's competitive position.

The third and final section of the market 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 2020 dollars, and the lease-up period for the 49 proposed apartment units.

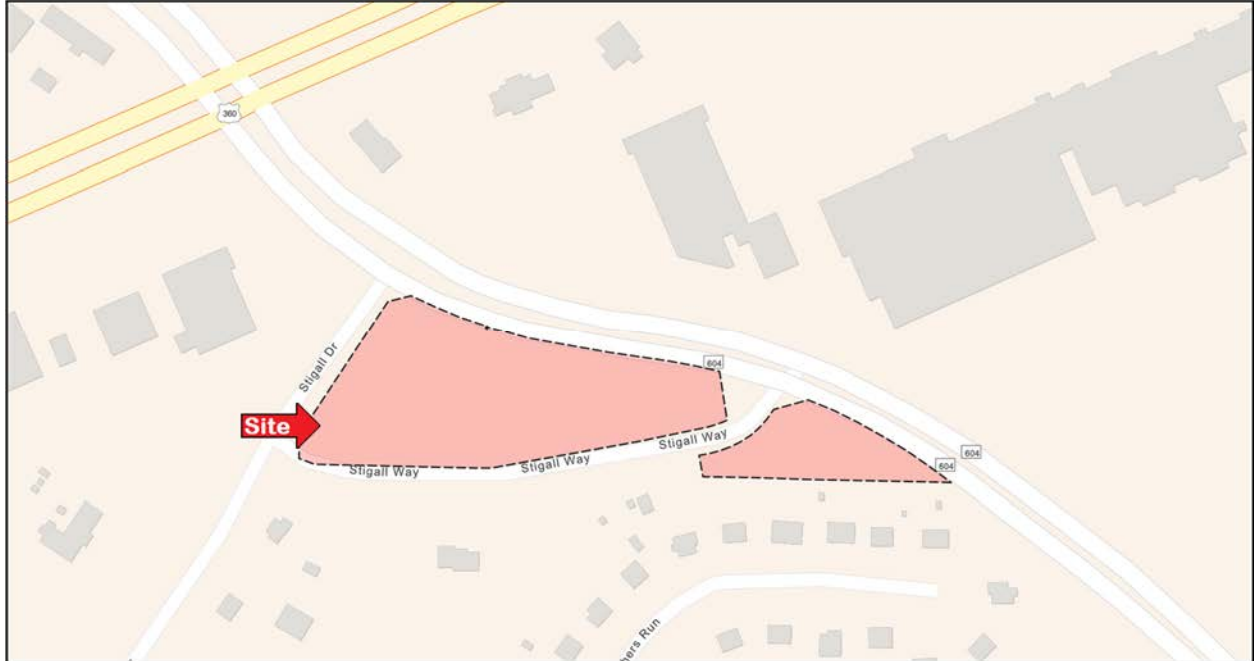
Horner Apartments

Site Description

Map A shows the Horner Apartments site located near the southern intersection of U.S. Route 360 (Hull Street Road) and Genito Road. The site consists of two adjacent parcels, one at the southeastern intersection of Stigall Drive and Genito Road and a second on the southeastern intersection of Stigall Way and Genito Road. The Horner Apartments site is located approximately 1.8 miles east of the U.S. Route 360's full interchange with SR 288.

The study site totals 3.54 acres, including the 2.84-acre western parcel and 0.69-acre eastern parcel. The property is currently zoned R-MF District with Conditional Use Planned Development (CUPD) to permit multifamily uses, plus exceptions to ordinance requirements. Thus, the site is properly zoned for apartment unit development to proceed as currently planned. While the overall site consists of over three acres, development of the apartments is only planned for the western parcel, with the adjacent eastern parcel to remain undeveloped.

The property has access to Chesterfield County sewer and water. A 12" public water line is located in Genito Road, adjacent to the southeast corner of the subject property. An 8" water line is located at the southwest corner of the subject property. An 8" public wastewater line is located at the southwest corner of the subject property.



Map A - Site Location

Next shown is a northern aerial of the Horner Apartments site. The site is shown to be fully wooded and vacant. Also shown is that the site is situated in a mixed-use setting along the Hull Street Road corridor. To the south of the property is the Hunters Landing subdivision (Note 1), which contains well-maintained single-family homes that were largely built in the 1980's and 1990's. Recent resales have been in the mid-\$200,000's.

Commercial development is shown to be situated north of the site along U.S. Route 360. Most notable is the Victorian Square Shopping Center (Note 2), located directly north of the Horner Apartments site. This is a 271,220± square foot shopping center that is anchored by Gabe's, Planet Fitness, Bojangles, Ashley Furniture and Dollar Tree. Other nearby businesses include AutoZone (Note 3), Bruster's Real Ice Cream (Note 4), Safelite Auto Glass (Note 5), Walgreens (Note 6), Burger King (Note 7) and Atlantic Union Bank (Note 8).



Northern Aerial

Presented next is a wider northern aerial view of the study site, which provides a clearer depiction of the site setting. The aerial shows an abundance of commercial space along U.S. Route 360 with a mix of local and national retailers/ restaurants. In addition to the Victorian Square Shopping Center on the north of the site (Note 1) are two other nearby shopping centers, one of which includes a grocery store. Both are briefly detailed in the paragraphs below.

- **Genito Crossing (Note 2)**. This 79,410± square foot shopping center is anchored by a 31,280 square foot Food Lion. Smaller tenants include Your Town Treasures, Design by Shantell, Yen Ching and The Skrimp Shack.
- **Rockwood Square (Note 3)**. This is a 75,400± square foot shopping center that was built in 1980. Tenants include Tea with Kip, Southern Nails, Terry’s Small Engine Repair and Giuseppe’s Pizza.

The aerial also shows that Genito Road, which marks the northern boundary of the study site, is an active development area with two new residential developments. Both are briefly described below.

- **Genito Square (Note 4).** This is a proposal by Ryan Homes to construct a townhome subdivision with 86 units for sale on a 9.8-acre site. These will be two-level townhomes, some with garages. Site work has commenced but home sales have not.
- **Braden Townes (Note 5).** This is an active subdivision along Braden Parke Drive being built and sold by Ryan Homes. The subdivision contains two-story, three-bedroom townhomes each with a one car garage. Home prices start in the upper-\$200,000's.



Wider Northern Aerial

Shown next are photos of the study site and its setting. First shown are photos of the eastern parcel, with frontage along Genito Road. As previously noted, this parcel is wooded and vacant.



View of Eastern Parcel from Genito Road

Next shown is the intersection of Genito Road and Stigall Way, which bisects the two parcels that comprise the study site.



Genito Road/ Stigall Way

The next set of photos show the western parcel, where initial development will occur. As with the eastern parcel, this area is wooded and undeveloped.



Western Parcel from Genito Road



Western Parcel from Stigall Drive

Site Setting

Map B (on Page 12) shows the site setting of the proposed Horner Apartments on the south side of Genito Road and near its intersection with Hull Street Road. Hull Street Road provides access to the western, more rural portions of Chesterfield County. To the east, this roadway accesses Downtown Richmond via the historic Manchester neighborhood. Larger shopping centers along this roadway and near the study site are listed in the chart below:

<u>Shopping Centers along Hull Street Road</u>	
	<u>Anchors</u>
Woodlake Crossing	Goodwill
Hancock Village	Walmart, Dick’s, Hobby Lobby
Winterpock Crossing	Tractor Supply Co.
Deer Run Village	Food Lion
Oxbridge Square	Big Lots
Swift Creek Village	Kroger
Commonwealth Center	Target, Kohl’s, Best Buy
Chesterfield Crossing	Walmart, Home Depot

These shopping centers include several grocery stores, big-box retailers and both regional and national restaurant chains. Freestanding big-box retailers in this area include a Lowe’s Home Improvement.

Of particular note are several recent commercial businesses openings in 2020 along Hull Street Road and near the study site. Listed in Table 1 are the recent commercial openings along this roadway. In total, over 53,000 square feet of commercial space has been leased along this corridor in 2020, despite the COVID-19 pandemic.

Table 1: New Businesses, Hull Street Road Corridor, 2020			
<u>Business Name</u>	<u>Business Type</u>	<u>Space (Sq. Ft.)</u>	<u>Date</u>
Dust to Destiny Counseling and Wellness	Counseling	250	02/2020
Paisley Kate's Boutique	Boutique	1,500	02/2020
Chippenham & Johnston-Willis	Medical	1,200	04/2020
Richmond Women's Specialists	Ob/Gyn	1,200	05/2020
Little Sunshine Music Studio	Music Studio	1,740	07/2020
Vibe Dance Complex	Dance Studio	5,650	08/2020
Gatsby's Sports Bar and Grill	Restaurant	4,000	08/2020
Bee Charmed	Home Goods	6,000	09/2020
Planet Fitness	Fitness Center	2,000	09/2020
Alliance Physical Therapy	Physical Therapist	1,530	09/2020
Hacienda Catering Co.	Catering	1,200	09/2020
Midlothian Tobacco	Tobacco Retail	1,200	09/2020
Body by Maria	Fitness Center	1,000	10/2020
Carelife Medical	Walk-in Clinic	1,210	10/2020
Your Town Treasures	Collectibles Store	9,100	10/2020
Marla Rene Beaty & Co.	Salon	1,200	10/2020
Backstage Salon	Salon	1,200	11/2020
Bon Secours	Health Care	<u>12,400</u>	11/2020
Total		53,580	
Source: S. Patz & Associates, Inc.			

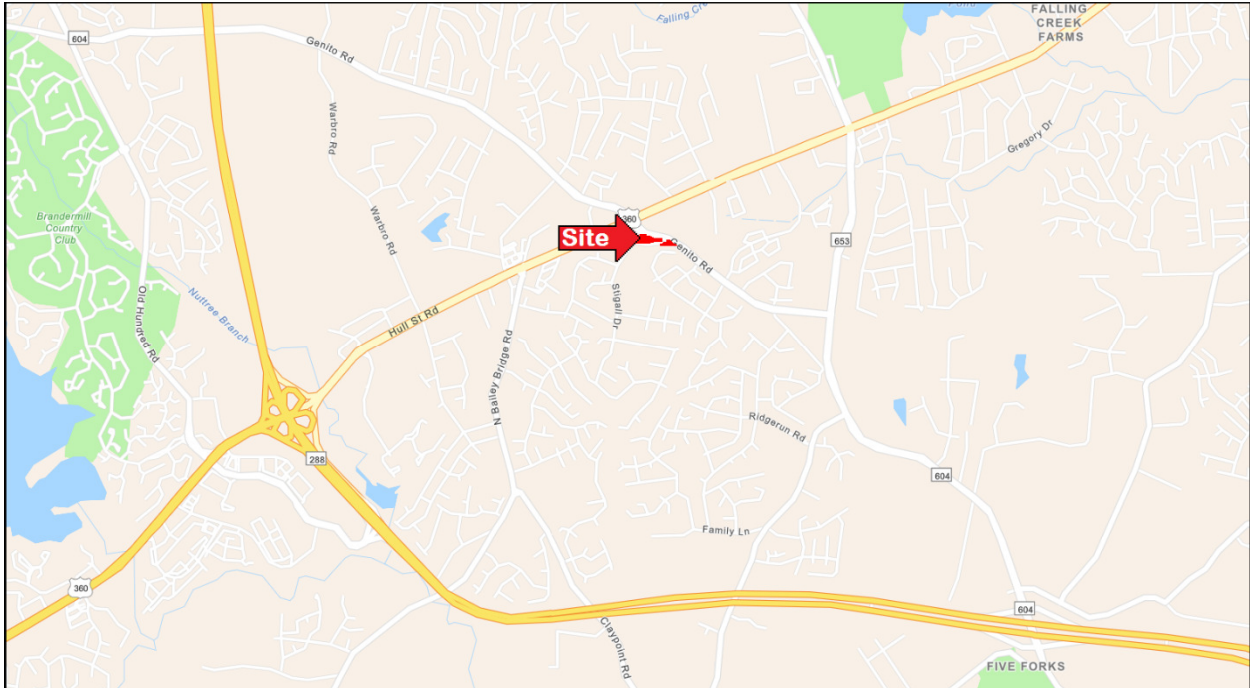
In addition are the ongoing upgrades to the nearby Manchester Family YMCA at 7540 Hull Street Road. Construction began in February, 2020 to upgrade this 35,000± square foot facility. The ten-month project will add a 1,500 square foot child-care area and a bigger lobby, among other amenities. The gym will get a new roof, lockers will be renovated and floors will be refinished as part of the project that also will include a dedicated newcomers welcome center. The YMCA will stay open during construction.

Genito Road, which marks the site's northern boundary, is a secondary route that extends from Courthouse Road, just east of the study site, west into the more rural parts of western Chesterfield County. Development along this roadway is almost entirely residential, apart from its intersection with Hull Street Road just north of the study site. Near the site, this is a four-lane divided roadway.

Stigall Drive, which marks the site's western boundary, is a quiet two-lane roadway that extends for 0.8 miles between Genito Road in the north and Sunfield Drive in the south. Apart from the Church of Our Savior, all development along this roadway consists of single-family homes. Stigall Way is shown to bisect the Horner Apartments site. It is a short two-lane roadway that runs in an east-west direction from Stigall Drive in the west to Genito Road in the east.

Map B also shows the study site's close proximity to SR 288, which has a full interchange with Hull Street Road approximately 1.8 miles west of the site. SR 288 is a partial beltway around the southwest side of the Richmond Region. The route begins at Interstate 95 north of Chester, and extends northwesterly through Chesterfield County and Powhatan County. It crosses the James River on the World War II Veterans Memorial Bridge into Goochland County in Richmond's Far West End area, where it terminates at Interstate 64 near Short Pump, near the northern terminus of Interstate 295.

This roadway provides access from the site to both Midlothian and Chester, most particularly the Meadowville Technology Park at the intersection of Route 10 and I-295. This is the location of several new and expanding employers. The industrial park houses over 2.6 million square feet of space and approximately 3,700 employees.



Map B - Site Setting

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

Community Facilities. The nearest post office is located at 3530 Post Office Road, approximately 0.6 miles northwest of the site. The closest fire station is Station 7 Clover Hill, located 13810 Hull Street Road, approximately 4.1 miles west of the study site. Clover Hill Library is the closest library to the study site. It is located 4.2 miles west of the site at 6701 Deer Run Drive.

Medical Care. Three large hospitals are located near the study site. Each is briefly detailed in the paragraphs below.

- **St. Francis Watkins Centre.** This medical facility, which includes an emergency room, opened in 2011 and 2012 at 601 Watkins Centre Parkway. The facility’s two buildings, one 45,000± and the other 57,200± square feet, house an emergency center department with 16 patient bays, diagnostic imaging, women’s imaging center and medical office facilities. Over 200 people are employed in the two buildings.

- **Bon Secours St. Francis Medical Center.** The 130-bed, 244,000± square foot hospital opened in 2005 and offers all types of surgery, women’s services, 24-hour onsite neonatology, 24-hour emergency care, cardiology, orthopaedics, oncology, urology, pediatric services, cardiac catheterization, MRI/CT, diagnostic imaging and nuclear medicine. It is located at 13710 St Francis Boulevard.

The first major expansion on the medical campus was the two-story, 55,000 square foot Bon Secours St. Francis Cancer Institute, which opened in 2006. A two-story, 60,000± square foot medical office building opened in 2013 next to the hospital. The facility is home to the Advanced Orthopaedic Center which occupies the entire second floor. Other tenants include a women’s center and infectious disease specialist.

The hospital plans on expanding its facility starting in 2021 by adding 55 beds – nine obstetrical, four intensive care and 42 medical/surgical. In all, 110,800± square feet would be added to the hospital, and approximately 14,150± square feet of the existing structure would undergo major renovations as part of the project.

- **Johnston-Willis Hospital** is located at 1401 Johnston Willis Drive. This is a 282-bed hospital offering a wide range of medical services. Construction was completed in the spring of 2018 on a two-story, 50,000± square foot Neuroscience Center of Excellence in front of the existing hospital. The center includes outpatient neurological services, including neuroscience physician practices, a sleep lab, and outpatient physical therapy, speech therapy and occupational therapy clinics for patients rehabilitating from neurological conditions, such as stroke and movement disorders. Medical practices that relocated to the new building include Neurosurgical Associates, Neurological Associates and Johnston-Willis Hospital’s Physical Medicine & Rehabilitation Clinic and Pain Clinic.

The hospital most recently completed construction on a new 40,000± square foot Brain and Spine Center in July, 2018.

Education. Horner Apartments will be served by Chesterfield County Public Schools, which enroll over 58,000 students in 38 elementary schools, 12 middle schools and 11 high schools. None are within walking distance from the study site. School-aged children residing in the property will be served by the following public schools:

<u>Schools to Serve Horner Apartments</u>		
<u>School</u>	<u>Address</u>	<u>Driving Distance</u>
Thelma Crenshaw Elementary School	11901 Bailey Bridge Rd	2.0 miles S
Bailey Bridge Middle School	12501 Bailey Bridge Rd	3.2 miles S
Manchester High School	12601 Bailey Bridge Rd	2.9 miles S
Source: Chesterfield County Public Schools		

In terms of higher education, the Midlothian Campus of John Tyler Community College is located at 800 Charter Colony Parkway. This is a two-year, public institution of higher education and is the fifth largest of the 23 community colleges in Virginia. The college opened a 67,350± square foot building for the fall 2015 semester that houses an engineering lab, a black box teaching theater, a music room, a recording studio and computer labs. In addition to classrooms and offices, it features fitness and dance spaces and a small café. The college also recently built a four-story, 351-space parking deck.

Parks and Recreation. The only nearby park is Rockwood Park. This park, located at 3401 Courthouse Road, is Chesterfield County’s oldest park. This is a 161-acre site that features a complex of ball fields and game courts, a nature center, an archery range, Ruff House Dog Park, garden plots and an extensive system of hard and soft surface nature trails. Other features include picnic shelters, play equipment, concessions and restrooms.

Religious Institutions. Several churches are located near the study site. These are listed in the chart below.

<u>Location of Nearby Churches</u>	
<u>Name</u>	<u>Address</u>
Church of Our Savior	4000 Stigall Dr
Lutheran Church of Our Saviour	9601 Hull Street Rd
Kindred Church	10163 Hull Street Rd
Oak Forest Baptist Church	5101 Courthouse Rd
Good News Free Will Baptist Church	5200 Courthouse Rd
Southwest Church of Christ	5340 Courthouse Rd
Source: S. Patz & Associates, Inc.	

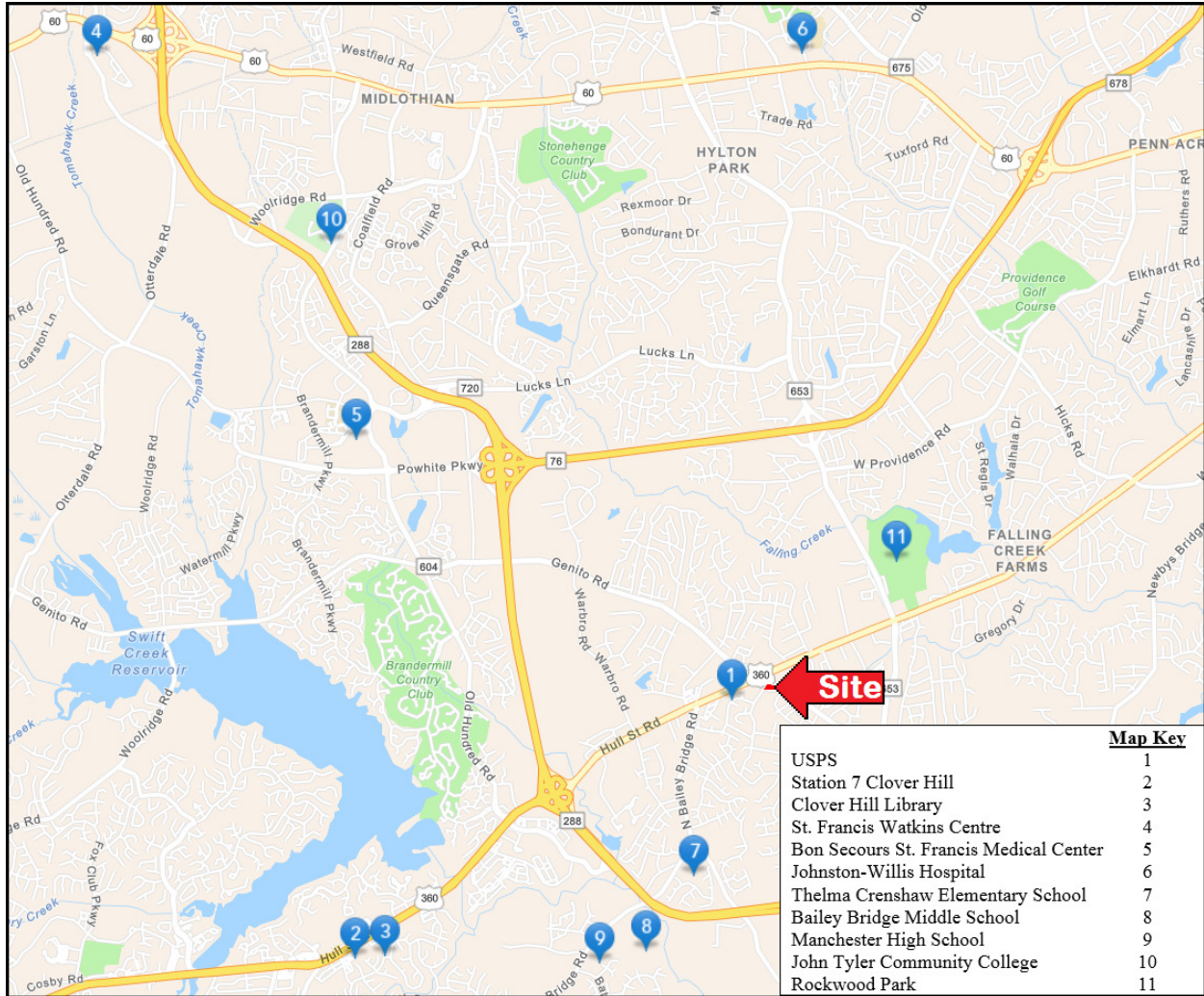
Shopping. As previously noted, the study site’s setting off Hull Street Road is the location of several local and national retailers. Apart from the nearby Food Lion grocery

store are several large big box retailers near the site that include Home Depot, Walmart, Big Lots, Kohl's, Target, and Lowe's Home Improvement. These nearby retailers are shown in Map C below.



Map C - Nearby Retailers

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



Map D - Location of Area Community and Public Facilities

Market Area Definition

Map E describes the market area defined for the Horner Apartments site, based on input from on-site management at a wide range of apartments under study. The western boundary of the market area is the Powhatan County-Chesterfield County border. The southern border is the Amelia County-Chesterfield County boundary. The northern boundary of the market area is Chesterfield County’s border with the City of Richmond and Henrico County. The eastern boundary is generally Iron Bridge Road (SR 10) within Chesterfield County, north of SR 288 and Nash Road (SR 636), and south of Route 288. Within the County, the southern boundary is Hull Street Road (SR 360), Beach Road and Second Branch River.



Map E - Horner Apartments Market Area

The City of Richmond and the Chester area on the southeast of Chesterfield County were defined as separate market areas, based on interviews with management at area apartment communities under study.

The apartment properties in the southeastern part of the County are generally located along Route 10, east of Centralia Road and east of the Village of Chester. These facilities are oriented to the I-95 and I-295 corridors and residents of these communities have different commuting patterns, compared with those who live along U.S. Route 60, Hull Street Road (Route 360) and other major roadways in western Chesterfield County. Census tracts further south and west were also excluded, as these areas are rural with no competitive apartments.

The defined market area is large. It encompasses a significant number of built-up areas with considerable apartment unit development. Geographically, it is a separate submarket within the greater Richmond Region and is primarily defined by the area's primary highways and County boundaries.

The market area encompasses the western portion of Chesterfield County, which includes the Midlothian area along U.S. Route 60 and north, to include the Salisbury and Winterfield areas, the Robious Road corridor, north of U.S. 60, and the greater Brandermill area. Midlothian and Brandermill are both included, because of recent apartment unit development within these two "nodes."

In summary, Chesterfield County has two separate housing market areas. Each submarket has a large employment base and an established highway system.

Horner Apartments Development Program

Table 2 provides a detailed description of the 49-unit Horner Apartments proposal, with data on apartment unit sizes, unit mix and proposed rents. All units will be restricted to 40% (eight units), 50% (17 units) and 60% (24 units) of the Area Median Income (AMI). All one-bedroom units will have a full bathroom, while the two- and three-bedroom floor plans will have two full bathrooms.

The table shows a mix of six one-bedroom (572 square feet), 31 two-bedroom (847 square feet) and 12 three-bedroom (1,171 to 1,322 square feet) units. All six of the one-bedroom units will be restricted to 40% of AMI. Two of the two-bedroom units will be restricted to 40% of AMI, while 11 of these units will be restricted to 50% of AMI. 18 of the two-bedroom units will be restricted to 60% of AMI. Half of the three-bedroom units will be restricted to 50% of AMI while the second half will be restricted to 60% of AMI.

Also shown in Table 2 are the proposed net rents, which will include sewage and trash collection only. Units will not include washers and dryers. The one-bedroom units, all with 40% rents, will be \$400. The two-bedroom 40% unit will rent for \$500, while the

50% unit will rent for \$770 and the 60% unit will rent for \$950. The three-bedroom units will rent for between \$860 for the 50% units and \$1,070 for the 60% units.

Table 2: Proposed Apartment Unit Characteristics, Horner Apartments 1/					
	Units	Size (Sq. Ft.)	Net Rent	Utility Allowance	Gross Rent
<u>1BR/ 1BA</u>					
40% of AMI	6	572	\$400	\$94	\$494
<u>2BR/ 2BA</u>					
40% of AMI	2	847	\$500	\$127	\$627
50% of AMI	11	847	\$770	\$127	\$897
60% of AMI	<u>18</u>	847	\$950	\$127	\$1,077
(Subtotal)	(31)				
<u>3BR/ 2BA</u>					
50% of AMI	6	1,171	\$860	\$165	\$1,025
60% of AMI	<u>6</u>	1,171	\$1,070	\$165	\$1,235
(Subtotal)	(12)				
Total	49				
Notes: 1/ Rents to include sewage and trash collection.					
Source: Better Housing Coalition					

As noted above, the utility allowance (UA) excludes cold water and electricity. The UA estimate is based on the sponsor’s review of other recently built and owned LIHTC properties for families.

Rent Comparison

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

Table 3: Rent Comparison Chart, Horner Apartments and HUD Maximum Allowable Rates

	<u>Horner Apartments</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	
<u>1BR/ 1BA</u>				
40% of AMI	\$400	\$94	\$494	\$671
<u>2BR/ 2BA</u>				
40% of AMI	\$500	\$127	\$627	\$805
50% of AMI	\$770	\$127	\$897	\$1,006
60% of AMI	\$950	\$127	\$1,077	\$1,207
<u>3BR/ 2BA</u>				
50% of AMI	\$860	\$165	\$1,025	\$1,162
60% of AMI	\$1,070	\$165	\$1,235	\$1,395

Source: HUD and Better Housing Coalition

Site Plan and Building Design

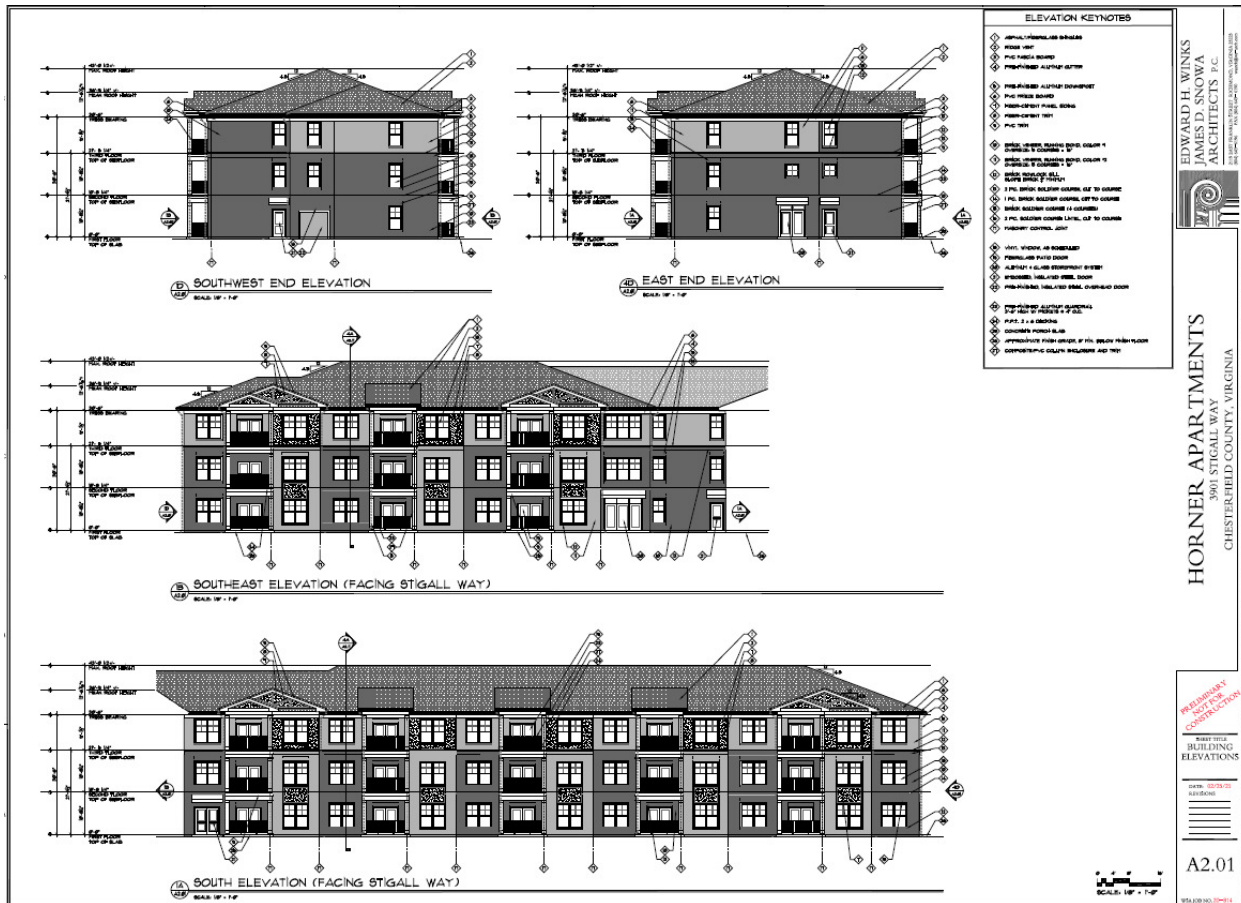
Shown next is a site plan of the proposed Horner Apartments. It shows that all development will occur on the western parcel. The eastern parcel will remain vacant initially, but will likely be developed with additional apartment units in a future phase. The site plan shows a single L-shaped, elevator-served apartment building. Exterior amenities will be limited to open/ green space along Stigall Way to the south. The site plan shows that there will be two access points from the south, both along Stigall Way.

Surface parking will be located in front of the building, buffering it from Stigall Way. There will be a total of 86 parking spaces, which equates to a parking ratio of 1.76 spaces per unit. There will be no charges for parking.



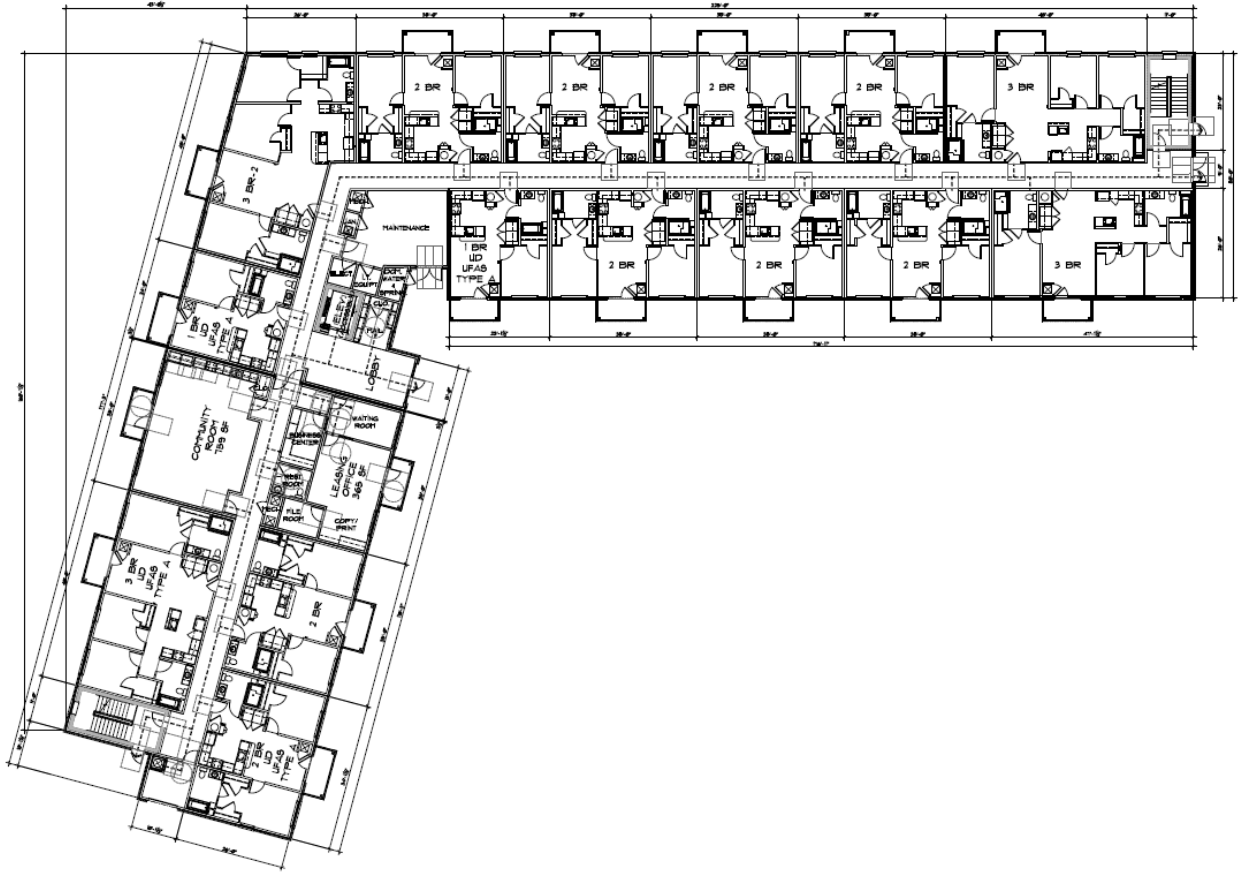
Horner Apartments Site Plan

Shown next are proposed elevations of Horner Apartments. This will be a three-story, elevator building with pitched roofs. The elevations show large windows and balconies/ patios. The façade will have a variety of building materials, primarily with brick and hardiplank.



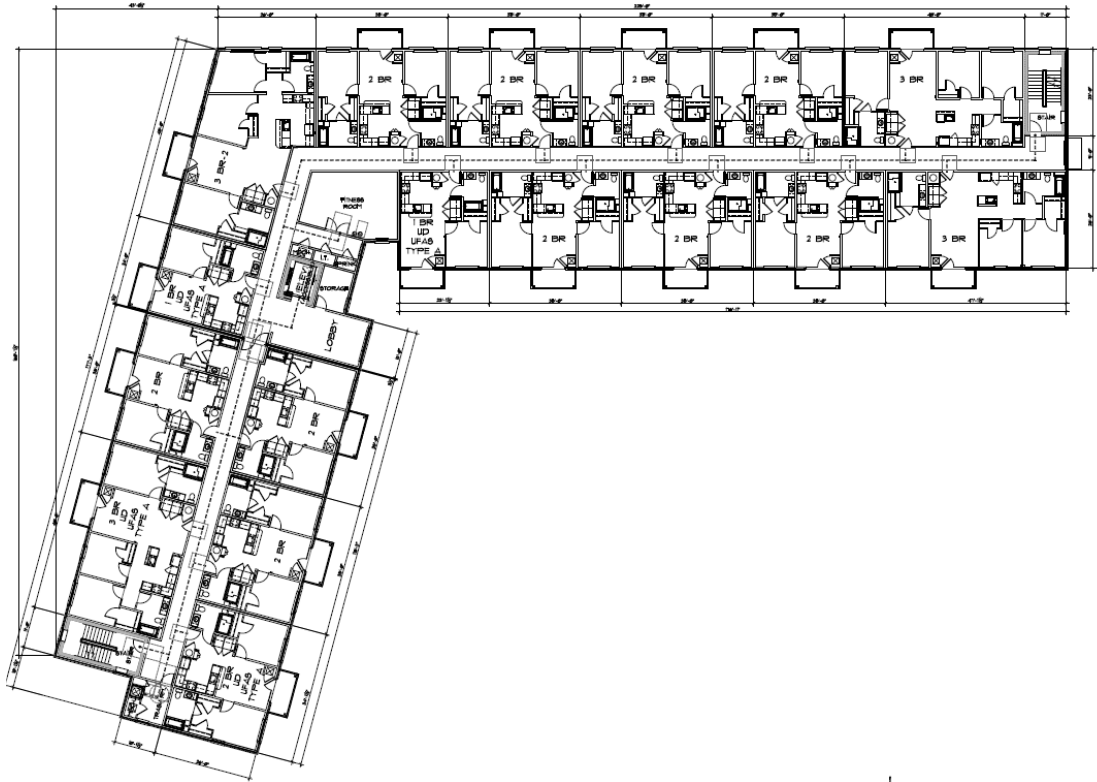
Horner Apartments Elevations

Following are floor plans of each level in the apartment building. First shown is the ground floor. This level is shown to have a mix of 15 apartment units and community space. All units will be accessed by a central corridor. At the center of this level will be a lobby and elevator. This level will contain a 365 square foot leasing office, 759 square foot community room, maintenance room and mail room.



Ground Level Floor Plan

The floor plan for the second level is shown next. This will contain 17 apartments as well as a fitness center.

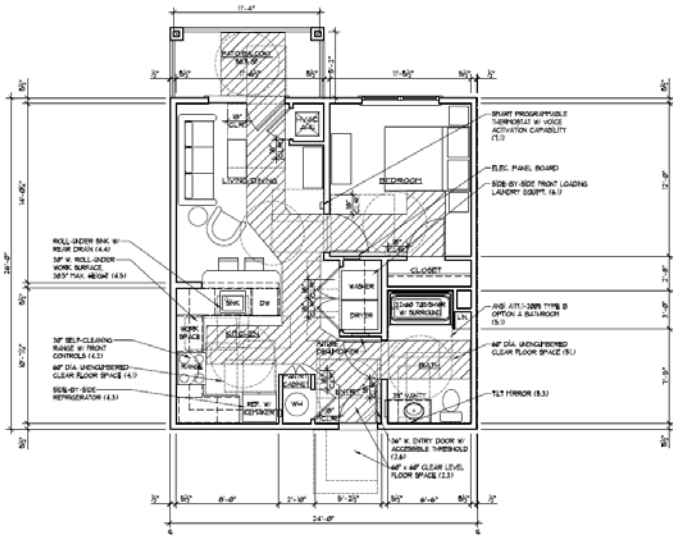


Second Level Floor Plan

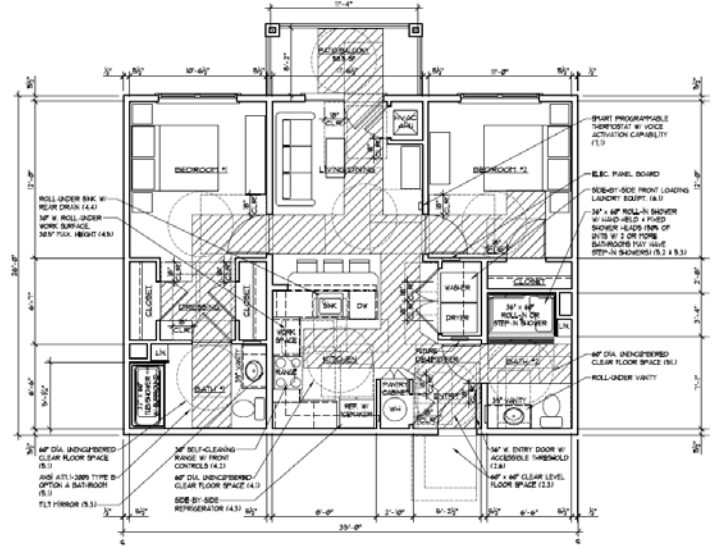
The floor plan for the third level is identical to the second level. However, apart from 17 apartment units, it will contain a residential services office. This office space will be for a third-party provider to offer free counseling services for residents.

Unit Floor Plans

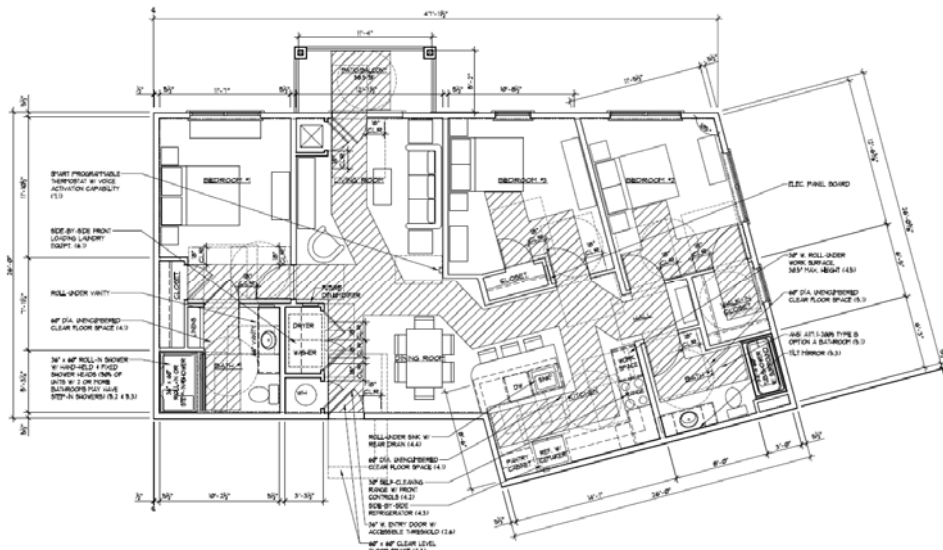
Shown next are typical floor plans for the one-, two- and three-bedroom units. The one-bedroom units will have a full bathroom, while the two- and three-bedroom units will have two full bathrooms. Units will all have access to patios or balconies. All units will have open floor plans that include an open kitchen and combined living and dining room area. Living areas will have vinyl tile flooring while bedrooms will be carpeted. Appliances will be black. All units will have washer/dryer hookups.



Typical 1BR/1BA



Typical 2BR/2BA



Typical 3BR/2BA

Development Costs

The proposed building costs, including soft costs and land acquisition, is \$11.75 million, or \$239,700± per apartment unit. The land was donated.

Market Area Economic Overview

This part of the market analysis presents an economic overview of the defined market area, with base data for all of Chesterfield County as BLS data are not provided below the City level. Three economic factors are presented and analyzed: (1) at-place job growth, (2) employment and labor force trends, and (3) an evaluation of active development plans that are expected to generate 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, particularly for new housing.

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 the market area's economic stability is a key issue related to the demographic growth of the market area.

Specific employment and job data are presented for the market area. Overview data include all of Chesterfield County.

At-Place Jobs

As of year-end 2019, Chesterfield County had nearly 137,110 at-place jobs, which exceeds the 2008 total by 16,910± jobs, or over 14 percent. The market area faced significant job losses between 2008 and 2010 due to the recession of that time. Nearly 1,120 jobs were lost in 2008, while about 5,400 jobs were lost in 2009. Employers eliminated an additional 1,480± jobs in 2010.

At-place employment grew modestly in 2011 before adding 3,810± jobs in 2012. By 2013, total at-place jobs exceeded the pre-recession high with 4,740± new jobs added in that year. While growth slowed in 2014, 2,010± new jobs were still created in that year. At-place job continued to grow in 2015, when 6,730± new jobs were created. 2016 was also a

growth year, albeit slower, in which total at-place jobs grew by an additional 2,940±. Growth continued with 1,750± jobs added in 2017 and 2,560± jobs added in 2018.

Data for 2019 show a loss of 1,270±, the first net loss of jobs since 2010. Part of this is attributable to two major layoffs by Live Well Financial and Northrop Grumman that resulted in the combined loss of nearly 150 jobs. There were also large job losses in the Transportation and Warehousing sector, which eliminated over 1,800 jobs in 2019. County officials do not attribute these losses to any major, announced layoffs.

As shown in Table 4, the largest employment sector in Chesterfield County is the Retail Trade sector, accounting for 18,010± jobs at year-end 2019, or 13.1 percent of total countywide employment. Many of these jobs are for employees working at the many shopping centers along Midlothian Turnpike, Hull Street Road Corridor and in the greater Chester area. In line with national trends, employment in the Retail sector has fallen in recent years, by 200 jobs in 2019.

With nearly 12 percent of countywide employment, the Health Care sector is the second largest employment sector in Chesterfield County and the fastest growing source of new jobs. This sector has added 5,140± jobs since 2008. It has enjoyed uninterrupted growth each year since 2008 adding nearly 200 jobs most recently in 2019. Major Health Care employers in Chesterfield County include the C.J.W. Medical Center, with 1,200± employees, and the Bon Secours St. Francis Medical Center, also with 1,200± employees.

Despite the loss of jobs in 2019, employment in the Transportation and Warehousing sector grew significantly since 2008, adding 4,200± new jobs over the past twelve years. Within this total are over 900 jobs that were added in 2018. Most of the new jobs in this sector were added in the eastern portion of Chesterfield County, where several large industrial parks are located. Many of these new hires were associated with several expansion rounds by Amazon, beginning in 2012, to staff its one million square foot fulfillment center in the Meadowville Technology Park. This is a significant source of employment growth. Data in the chart below show the rapid pace of employment growth

at Amazon between 2012 and 2017, the year for which the most recent data are available. This total excludes seasonal employment, which typically numbers over 4,000.

<u>Employment Growth at Chesterfield County Amazon Fulfillment Center, 2012-2017</u>		
	<u>Employees</u>	<u>Percent Change</u>
2012	1,000	--
2013	1,100	10.0%
2014	1,600	45.5%
2015	3,000	87.5%
2016	3,000	0.0%
2017	3,500	16.7%
Change	2,500	
Source: Chesterfield County Comprehensive Annual Financial Reports		

Other sectors with job growth over the past twelve years include Administrative/ Waste Services (4,100± new jobs), Accommodations/ Food Services (1,900± new jobs), Professional/ Technical Services (840± new jobs), Wholesale Trade (660± new jobs), Arts/ Entertainment/ Recreation (650± new jobs), Federal Government (330± new jobs), Other Services (310± new jobs), Construction (230± new jobs), Management of Companies (80± new jobs), Retail Trade (40± new jobs), Education (30± new jobs) and Utilities (20± new jobs).

Job losses were recorded in only six employment sectors. This includes Information (820± jobs lost), Manufacturing (730± jobs lost), Finance/ Insurance (390± jobs lost), Real Estate (50± jobs lost), State Government (60± jobs lost) and Local Government (20± jobs lost).

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

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Utilities	527	522	539	549	659	668	683	702	708	705	674	547
Construction	9,841	7,880	7,335	7,362	7,790	7,824	8,052	8,754	9,391	9,680	9,994	10,074
Manufacturing	8,696	8,027	8,578	8,164	8,280	8,282	8,372	8,233	8,234	8,400	8,136	7,968
Wholesale Trade	4,737	4,380	4,234	4,464	4,625	5,133	5,121	5,051	5,098	5,063	5,182	5,393
Retail Trade	17,968	17,318	17,025	16,847	17,264	20,179	21,216	19,385	18,397	18,130	18,211	18,007
Transport./ Wareh.	4,429	4,307	4,336	4,542	4,704	4,829	5,245	8,864	9,720	9,570	10,492	8,629
Information	2,132	2,183	ND	2,071	1,567	ND	1,482	1,519	1,445	1,358	1,346	1,311
Finance/Insurance	4,889	4,974	4,977	5,024	5,161	5,065	4,721	4,735	4,557	4,595	4,555	4,496
Real Estate	1,513	1,395	1,368	1,362	1,386	1,265	1,340	1,395	1,428	1,461	1,372	1,460
Prof./Tech.	6,746	6,458	6,197	6,428	6,522	6,943	6,983	7,349	7,171	7,639	7,764	7,584
Mgmt of Co.s	1,208	1,140	1,183	1,221	1,346	1,209	1,169	1,211	1,233	1,208	1,306	1,283
Admin./Waste	6,904	5,498	5,660	5,919	7,890	7,373	7,353	9,789	10,864	10,671	10,513	10,979
Education	1,206	1,194	1,262	1,199	1,217	1,252	1,227	1,296	1,301	1,278	1,286	1,233
Health Care	10,904	11,286	11,582	11,961	12,185	12,940	13,375	14,128	14,601	15,266	15,843	16,039
Arts/Enter./Rec.	2,264	2,260	2,278	2,341	2,266	2,325	2,413	2,646	2,751	2,724	2,739	2,909
Accom./Food	10,295	10,193	9,901	10,044	10,284	10,935	11,126	11,455	12,064	12,251	12,266	12,189
Other Services	4,808	4,734	ND	3,972	4,060	4,117	4,236	4,475	4,576	4,999	5,330	5,116
Local Gov.	13,408	13,396	13,132	12,824	12,940	13,020	13,026	12,911	12,897	12,910	13,069	13,393
State Gov.	4,593	4,521	4,501	4,425	4,363	4,371	4,274	4,104	3,976	4,188	4,452	4,538
Federal Gov.	<u>2,986</u>	<u>2,986</u>	<u>2,997</u>	<u>3,007</u>	<u>3,038</u>	<u>3,034</u>	<u>2,900</u>	<u>2,983</u>	<u>3,246</u>	<u>3,230</u>	<u>3,262</u>	<u>3,312</u>
Total	120,195	114,800	113,322	113,833	117,645	122,389	124,399	131,126	134,066	135,816	138,379	137,108

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

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

Table 5 shows the net change in at-place job totals since 2008. Very few sectors experienced job losses during this period. Besides the diversified economy, the key figure shown in Table 5 is the 14.1 percent net growth in new jobs since 2008, for a net increase of 16,910± jobs.

Table 5: <u>Change in Total At-Place Employment,</u> <u>Chesterfield County, Virginia, 2008-2019</u>		
	<u>Net Change</u>	<u>Percent Increase</u>
Utilities	20	3.8%
Construction	233	2.4%
Manufacturing	-728	-8.4%
Wholesale Trade	656	13.8%
Retail Trade	39	0.2%
Transport./ Warehouse	4,200	94.8%
Information	-821	-38.5%
Finance/Insurance	-393	-8.0%
Real Estate	-53	-3.5%
Prof./Tech.	838	12.4%
Mgmt of Co.s	75	6.2%
Admin./Waste	4,075	59.0%
Education	27	2.2%
Health Care	5,135	47.1%
Arts/Enter./Rec.	645	28.5%
Accom./Food	1,894	18.4%
Other Services	308	6.4%
Local Gov.	-15	-0.1%
State Gov.	-55	-1.2%
Federal Gov.	326	10.9%
Total	16,913	14.1%
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., within Chesterfield County. Data are current to year-end 2019 for Employment and Labor Force.

Chesterfield County realized a net increase in employment of 20,090± jobs over the twelve-year period between 2008 and 2019. Like at-place job trends, employment grew early in the decade, up until 2008, when employment reached a pre-recession peak of 163,730± jobs. Employment totals are larger than at-place job totals, which means net out-commuting occurs into neighboring jurisdictions, primarily to the City of Richmond and Henrico County.

Employment fell sharply in 2009, when 7,510± jobs were lost, pushing the unemployment rate from 3.7 percent to 6.6 percent in a single year. A slow recovery began

soon after in 2010. Growth in employment occurred every year since, with total employment exceeding pre-recession levels in 2013. The labor force has also grown every year since 2011, suggesting growing confidence in the labor market. This has pushed the overall unemployment rate higher than it otherwise would be. 2017 saw significant employment growth, with total employment growing by 3,750±. This growth trend continued into 2018 when employment grew by 3,580±.

Employment growth totaled 3,230± most recently in 2019. Thus, while the number of jobs within Chesterfield County fell in 2019, the number of Chesterfield County residents who were employed expanded.

Data in Table 6 show that the unemployment rate was a low 2.7 percent in 2019, down from 4.3 percent in 2015. The low unemployment rate means that new job growth will require new residents for the County and market area.

Table 6: <u>Trends in Employment and Unemployment,</u> <u>Chesterfield County, Virginia, 2008-2019</u>				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	169,943	163,728	6,215	3.7%
2009	167,338	156,218	11,120	6.6%
2010	168,602	156,307	12,295	7.3%
2011	171,539	159,940	11,599	6.8%
2012	172,990	162,433	10,557	6.1%
2013	174,669	164,793	9,876	5.7%
2014	177,299	168,197	9,102	5.1%
2015	177,940	170,275	7,665	4.3%
2016	180,485	173,447	7,038	3.9%
2017	183,611	177,006	6,605	3.6%
2018	186,121	180,588	5,533	3.0%
2019	189,000	183,821	5,179	2.7%
Net Change	19,057	20,093	-1,036	-1.0%
Source: United States Department of Labor, Bureau of Labor Statistics				

In summary, there has been substantial growth in Chesterfield County in terms of at-place jobs and employment. In both economic factors, at-place jobs and employment current totals are well above past pre-recession totals. This level of growth has generated considerable demand for new housing, as will be shown below.

COVID-19 and Employment

Table 7 shows trends in monthly employment data for Chesterfield County up to December, 2020 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 in the County has fallen by over 10,000, with the number of unemployed growing by over 2,600. The labor force has also contracted by over 7,500 people, meaning that many of those who have lost their jobs have retired or quit searching for employment altogether.

These data show some employment improvements since the pandemic began, with over 9,300 jobs recovered since April, 2020. Nevertheless, current job totals are below the totals in August, 2020 by nearly 2,800. Most of these job losses have been concentrated in the retail, restaurant and hospital sectors.

As will be shown, these employment losses have not translated into occupancy challenges in the competitive apartment market.

Table 7: <u>Trends in Employment and Unemployment</u> <u>Chesterfield County, Virginia, 2019-2020</u>				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2019	189,000	183,821	5,179	2.7%
January, 2020	191,338	185,840	5,498	2.9%
February, 2020	192,727	187,710	5,017	2.6%
March, 2020	190,718	184,639	6,079	3.2%
April, 2020	183,671	164,314	19,357	10.5%
May, 2020	183,715	167,989	15,726	8.6%
June, 2020	184,356	169,794	14,562	7.9%
July, 2020	186,213	172,286	13,927	7.5%
August, 2020	185,435	174,601	10,834	5.8%
September, 2020	182,297	171,825	10,472	5.7%
October, 2020	180,874	172,443	8,431	4.7%
November, 2020	181,499	173,914	7,585	4.2%
December, 2020 1/	181,431	173,612	7,819	4.3%
Net Change	-7,569	-10,209	2,640	1.6%
Notes: 1/ Preliminary. Subject to change.				
Source: United States Department of Labor, Bureau of Labor Statistics				

Economic Development Activity

The past increase in jobs and employment, as noted above, is due to new area developments, some of which are sizable. The paragraphs to follow show the current active County developments within the market area and the likelihood that employment and job growth will continue in the County during 2021 and beyond. These new developments are planned or under construction on the west side of Chesterfield County and within the market area. These new additions will add over 1,300 new jobs to the market area under study.

- **Bon Secours St. Francis Medical Center** is expanding by 110,000± square feet. The expansion will add 55 acute care, obstetrical and intensive care beds. It will build additional floors on top of its emergency department building and its inpatient bed tower. Construction is expected to start in 2021. It also plans on constructed a three-story, 90,000± square foot ambulatory surgery center medical office building.
- **Virginia Physicians for Women** announced in December, 2019 that it would relate its administrative headquarters, surgical center and Midlothian clinic to a new facility to be constructed near Chesterfield Towne Center in Midlothian. Construction on the 60,000± square foot medical office facility is expected to be completed by April, 2021 and create 100 new jobs.
- **Gather**, the Richmond-based operator of coworking spaces, is currently constructing a new office called Gather Midlothian at 14321 Winterbreeze Drive in Winterfield Crossing. The new Gather building will be 25,000± square feet, occupying three floors of a 30,000± square foot office building. Gather said it will be able to accommodate up to 400 people using office space in the building. The site will include 110 offices of varying sizes for anywhere from one to 15 people, along with shared, open-area work spaces, event space and conference rooms. The site also will include a wellness room and a soundproof podcast room.
- **Chase Bank** announced in November, 2020 that it would open a new branch on a surface lot adjacent at the intersection of Huguenot Road and Koger Center Boulevard that's part of a former HHGregg store and next to Chesterfield Towne Center. The branch will open in late-2021.
- **The Crest at Salisbury**. This is a proposed independent living community to be built at 260 Wylderose Drive. A total of 100 units are planned, in a single three- and four-story building.

- **Blackbriar Regulatory Services**, a surgical mask manufacture, announced in June, 2020 that it would expand its Chesterfield facility and hire 195 new employees.
- **ERNI Electronics** completed construction in December, 2019 on a production and distribution facility for high-performance electrical connectors. The facility is expected to employ 105 people within five years.
- **Shamin Hotels** plans to build the 200-room hotel and 10,000± square foot conference center on a 14-acre parcel that is now an empty field between a Firestone store along Midlothian Turnpike and the Richmond Volleyball Club facility on Karl Linn Drive. At 10,000± square feet of space, the conference center would be the largest in Chesterfield and among the largest in the Richmond region.
- **Residence Inn by Marriott**. Construction was completed in June, 2020 on this 111-suite hotel located at 1350 Johnston Willis Drive in Midlothian. The Residence Inn Richmond West/Midlothian is an all-suite hotel that offers studio and one-bedroom suites.
- **Publix** opened a new 48,000± square foot grocery store in in Midlothian on Charter Colony Parkway in June, 2020.
- **Chippenham Hospital**. Construction was completed in mid-2020 on the renovation and expansion of this hospital. The renovation added 18 additional beds, a new walk-in canopy and ambulance canopy entrances, a new pediatric ER entrance and renovated space to create 14 pediatric beds and an expansion of the critical care area.
- **Hancock Station**. This is a proposed commercial development to be built at 14400 Hull Street Road. The proposal calls for five commercial buildings totaling 50,780± square feet of commercial space. This development is not yet approved.

Some of the County's larger developments are in the Chester area on the east side of Chesterfield County. Much of this growth has been in the Meadowville Technology Park. Currently, the industrial park houses over 2.6 million square feet of space and 3,700 employees. It has 683 acres remaining to be developed.

Development activity in the eastern portion of Chesterfield County, but outside of the market area, is detailed below. New job growth from these developments should have an impact on the market area housing market, and are presented here to show the

magnitude of new development in Chesterfield County. These new announcements will likely add 3,600± new jobs in Chesterfield County.

- **Scannell Properties** announced in July, 2019 that it would build a 405,000± square foot distribution facility at 1410 Willis Road. The proposed facility will include several bays at the rear and front of the building for large trucks. It also includes parking for vehicles on the eastern and western side of the complex.
- **Carvana** announced plans in December, 2019 for a vehicle inspection and processing center on a 183-acre site at 13504-15100 Woods Edge Road, along the east side of Interstate 95 just north of Ruffin Mill Road. The project involves competitive state incentives, would include multiple surface parking areas – enough to hold 9,000 vehicles – and the two-story, 200,000± square foot center. The facility is expected to employ 400 people.
- **Cartograf**, a provider of packaging solutions across a wide range of industrial sectors, announced in October, 2019 that it would establish its first folding and micro-corrugated package printing facility on a 100-acre site in Meadowville Technology Park. The 315,000± square foot facility will employ 63 people.
- **DuPoint** announced in January, 2020 that it would modernize and expand its Kevlar manufacturing plant in Chesterfield County and create 60 new jobs.
- **The Results Cos.** announced in March, 2019 that it would open a second call center in Chesterfield County that will employ 600 people. The Results Cos. serves various industries, including technology, energy and financial services.
- **Defense Logistics Agency Aviation.** This project, planned by the Defense Supply Center Richmond, will include a new headquarters for the Virginia Army and Air National Guard, a new operations center for the supply center’s main military unit, and a renovation of the center’s main public entrance. The first phase of the project is the new operation’s center for the Defense Logistics Agency Aviation. Construction on the five-story office building, houses about 875 employees, began in May, 2015 and opened in October, 2018. The reconfiguration of the supply center’s East Access Control Point has started. The new Virginia National Guard Joint Force Headquarters once built, will house the office of the guard’s adjutant general and provide space for about 200 full-time guard members and about 250 members serving on temporary active duty. Phase 2 started in mid-2019 and was completed in mid-2020. This phase included adding a four-story wing to the complex, with space for 575 employees. Construction on the third and final phase is expected to begin in mid-2021 and be completed by mid-2023. This project will add a six-story wing to the building with space for another 1,400 employees.
- **John Tyler Community College.** Construction was recently completed on the renovation and expansion on two buildings in John Tyler Community College’s

Chester campus at 13101 Jefferson Davis Highway. The school renovated and nearly doubled the size of its student center, the Nicholas Center, and renovate Bird Hall, one of its original buildings. The Nicholas Center, a student center featuring a bookstore, fitness center, student lounge and the president's office, received a 25,000± square foot addition and renovations to existing space. JTCC's workforce development program, the Community College Workforce Alliance, is now housed in the center's new addition, as well as a lab, conference room and additional classrooms. The 37,000± square foot Bird Hall received upgrades to make room for the school's health sciences programs, a variety of labs, faculty offices and a student lounge area.

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

In addition to the above are a considerable number of new jobs planned for the City of Richmond that support regional housing growth. These new announcements are likely to generate at least 2,800 new jobs. These are briefly detailed in the paragraphs below.

- **GlaxoSmithKline** announced in November, 2019 that it would expand its consumer healthcare research and development center in Richmond. The global healthcare company chose Virginia as one of three R&D laboratory hubs for its global Consumer Healthcare business and plans to add approximately 150 new jobs at the site.
- **CoStar**, the real estate data company, announced in early-2020 that it would occupy 400,000± square feet in a new building in Downtown Richmond to be constructed by 2023. The expansion will result in the creation of 1,000 new jobs.
- **Werner Enterprises**, a logistics company, announced in March, 2020 that it would expand its Richmond workforce by 27 people.
- **Shamin Hotels** purchased the 172,110± square foot Richmond Times-Dispatch building at 300 East Grace Street in downtown Richmond in January, 2020 where it plans to relocate its headquarters. Shamin's 70 corporate headquarters employees will work on the building's 40,000± square foot third floor and the Times-Dispatch will operate on the fourth floor, which Shamin is currently renovating. Shamin plans to lease out the first and second to other tenants.
- **Christian & Barton** signed a law firm, a lease for 33,000± square feet in One James Center at 901 E. Cary Street in September, 2020. The law firm, which has around three dozen attorneys in Richmond, expects to move into the new space in spring 2021 and will vacate its current longtime home in the Mutual Building at 909 E. Main Street.
- **Tahzoo**, a web hosting company, announced in summer of 2020 that it would hire 15 new employees by the end of 2020 and additional 30 in 2021 at its Scott's Addition offices.
- **Mission Lane**, which offers financial services aimed at people who seek to build or rebuild their credit, announced in May, 2020 that it would open its new 20,000± square foot headquarters at 1504 Belleville Road.
- **The Carytown Exchange**. Construction is ongoing on this 120,000± square foot commercial district in Carytown. Publix will anchor the development with a 49,000± square foot grocery store.
- **500 N. 10th Street**. This site in Downtown Richmond is proposed by Capital City Partners to be redeveloped with a 20-story, 545,000± square foot office building.

300,000± square feet would house administrative and office space for VCU Health designed to support the Adult Outpatient Pavilion building under construction next door, as well as the health system's nearby Children's Hospital Pavilion. The project also would include new locations for The Doorways and Ronald McDonald House Charities, nonprofit organizations that provide space and hospitality for families of patients, and space for VCU Child Care. Construction could begin in 2021.

- **700 Canal Place**. This is a proposal by Dominion Energy for a 17-story, 900,000± square foot office building that could open by the end of 2023.
- **The Salvation Army** announced in early-2020 that it would move from its current 17,000± square foot regional headquarters at 48,000± square feet at 2 W Grace Street to 1900 Chamberlayne Avenue. The increase will enable the Salvation Army to almost double its bedding for emergency housing, from 55 beds to 96. The move is expected to take place summer 2021.
- **CameraMatics**, a Dublin-based technology firm produces equipment for fleet tracking and data gathering, announced in October, 2019 that it would open an office in Richmond where it will employ up to 100 people.
- **Lumber Liquidators** announced in November, 2019 that it is nearly finished renovating its new headquarters at 4901 Bakers Mill Lane, the renovated former Southern Season building that the national flooring retailer is aiming to open by month's-end. The publicly traded company, which is relocating its corporate offices from Toano, will move its batches of workers into the 53,000± square foot space, which will house a total of 2020 employees. Most of those are relocating from Toano, while 50 are moving over from the company's offices on West Broad Street and another 10 are coming from its distribution center in Sandston.
- **Bon Secours and VCU Health** began construction in May, 2019 on a 55,000± square foot outpatient pediatric facility at the former Westhampton School property along Libbie Mill Avenue.
- **Amazon** announced in July, 2019 that it would establish a new specialty fulfillment and last-mile delivery center on the Virginia Interstate 95 Logistics Center site in the City of Richmond. The project will add 150 new jobs.
- **Kinsale Capital Group** is currently building a 150,000± square foot, five-story building at the intersection of Maywill and Thalboro streets. The building will replace Kinsale's current home in the Holland Tower at 2221 Edward Holland Drive near Willow Lawn, where the firm employs about 177 full-time employees across 43,000± square feet. Kehoe said his company would occupy about 75,000± square feet in the new building – leaving the remaining balance of the building for lease to other office users.

- **Clay Suites**. Construction is ongoing on this 14,500± square foot office building at 3117 W. Clay Street in Soctt's Addition. VillageMD announced it will operate a 3,500± square foot primary care chain in the building. Construction is ongoing on this 14,500± square foot office building at 3117 W. Clay Street in Scott's Addition. VillageMD announced it will operate a 3,500± square foot primary care chain in the building.
- **VCU Health** is currently constructing a 17-story adult outpatient facility, on the site of the since-demolished Virginia Treatment Center for Children between North 10th and 11th street. The 603,000± square foot building will be used to consolidate much of VCU Massey Cancer Center's outpatient services, as well as various outpatient clinics currently spread among the downtown campus's Ambulatory Care Center, Nelson Clinic and North Hospital. The structure is across Leigh Street from VCU's recently constructed School of Allied Health Professions building. The building is scheduled for completion in summer 2021.

Summary

Data presented above show that employment in Chesterfield County grew substantially since 2008, with most of that growth occurring since 2010. There was a modest loss of jobs in 2019, but this was largely driven by job losses in one employment sector: Transportation and Warehousing. More importantly, total employment grew considerably in 2019, so these job losses did not translate into overall employment losses among Chesterfield County residents. Future job growth, as presented above, will fully offset these losses.

As of year-end 2019, Chesterfield County's unemployment rate has been reduced to 2.7 percent, from a high of 7.3 percent 10± years ago. This is the lowest unemployment rate in over a decade. The unemployment rate has spiked to 5.7 percent in the wake of the COVID-19 pandemic, with most of these job losses having been concentrated in the retail, restaurant and hospitality sectors. Apartment vacancy rates at the competitive properties, however, have not suffered as result of pandemic-induced job losses. This will be fully documented below.

Additionally, employment grew by over 6,800 between 2017 and 2019. This includes persons who work in or commute outside of Chesterfield County. Some of the

Downtown Richmond job growth is accounted for by residents of Chesterfield County, but with the new jobs added and/or planned in the County, the largest percentage of jobs are likely to be filled by Chesterfield County residents.

The region continues to generate new employment. This job growth is taking place both inside the market area, in the greater Midlothian area, as well as other nearby employment centers such as eastern Chesterfield County and the City of Richmond that are quickly accessible from the study site.

The documented level of ongoing and planned job growth in Chesterfield County, as well as neighboring Richmond, will likely result in continued employment growth over the next few years. This level of job growth has created an increased demand for new housing and that will be shown below in the apartment market analysis. Besides the growth that has occurred to date, the above paragraphs identify 7,700± additional jobs (excluding small company growth, construction growth, spinoff growth and any future job announcements) over the next four to five years. Nearly 5,000 of this total will be new jobs in Chesterfield County. Many of these job openings will occur at the same time as the opening of Horner Apartments.

Section II Affordable Apartment Market Analysis

Following is the supply/demand analysis for the proposed 49-unit Horner 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 2020 dollar values, of the three income groups planned within Horner Apartments. The demographic analysis “solves” for the number of market area households earning 40% of AMI (\$16,000 to \$32,200), 50% of AMI (\$30,800 to \$44,700) and 60% of AMI (\$38,000 to \$53,640). The upper limits are based on the HUD maximum allowable incomes. The forecast date for the demographic analysis is 2023, as Horner Apartments is likely to be ready for occupancy by early-2023.

The second part of Section II is the analysis of the defined competitive affordable apartment market for families within the defined market area. We identified eight apartment properties to study. There are nearly 30 additional market rate rental properties in the market area, but these generate considerably higher rents and thus represent a separate market compared to Horner Apartments.

The apartments under study are delineated into two components: LIHTC apartments and moderate rent market rent apartments. The LIHTC apartments, which represent the most competitive properties, were built between the 1990’s and 2014. The four market rent apartments are the lowest-rent market rate properties in the market area. These are older properties built between the 1970’s and 1990’s. Not all will be direct “comps” for Horner Apartments, but all are studied to show the depth of affordable/moderate rent housing in the market area.

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

Market Area Demographic Analysis

Population Trends and Projections

The market area had a population of 193,610± at the time of the 2010 Census, which is 61.2 percent of the total Chesterfield County population. Between 1990 and 2000, the market area's population increased by approximately 30,170±. The market area population increased by 36,160± from 2000 to 2010, or an average annual population increase of 3,620±. Despite the recession during the last part of the 2000 decade, the market area's population growth during the 2000's exceeded the growth rate of the 1990's.

By 2019, the market area's population is estimated to have reached 215,750±, based on population estimates derived from the Weldon Cooper Center for Public Service. Based on recent trends and economic development activity, the market area population is projected to continue growing and reach 226,590± by 2023. This represents an increase in population of 10,840±.

It is possible that the 2023 market area population projection is conservative, based on current employment/ at-place job trends and new housing proposals. However, it is difficult to determine which part of the County, or region, will attract new residents from expected new job growth, so we used a somewhat conservative population forecast for our analysis, one that is generally consistent with past trends, but reflects increased employment growth. However, even with a conservative forecast, considerable population growth is expected.

Table 8: Trends and Projections of Population and Household by Tenure, Horner Apartments Market Area, 1990-2023

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>2023</u>
Market Area Population 1/	127,280	157,450	193,610	215,750	226,590
Group Quarters Population 2/	670	1,550	1,080	1,150	1,200
Household Population	126,610	155,900	192,530	214,600	225,390
Persons Per Household	2.86	2.74	2.68	2.64	2.62
Total Households	44,220	56,870	71,720	81,290	86,030
Renter Households	7,550	9,630	14,660	19,430	23,200
Percent Renter Households	17.1%	16.9%	20.4%	23.9%	27.0%

Notes: 1/ Market area includes the following 2010 U.S. Census tracts in Chesterfield County: 1001.06, 1001.07, 1002.05, 1002.06, 1002.08, 1002.09, 1002.10, 1008.12, 1008.18, 1008.19, 1008.20, 1008.21, 1009.02, 1009.07, 1009.10, 1009.12, 1009.15, 1009.19, 1009.20, 1009.21, 1009.22, 1009.23, 1009.24, 1009.26, 1009.27, 1009.28, 1009.29, 1009.30, 1009.31, 1009.32, 1009.33, 1009.34, 1009.35, 1009.36, 1010.03, 1010.07, 1010.08, 1010.09, 1010.10, 1010.11, 1010.12 and 1010.13.

2/ Primarily in nursing homes and the Central Virginia Correctional Unit #13.

Source: 1990, 2000 and 2010 Census, U.S. Census Bureau, Weldon Cooper Center; S. Patz & Associates, Inc.

Group Quarters Population

An estimated 1,150± people comprise the market area’s Group Quarters population in 2019. Of these residents, most live in correctional institutions, while nearly 14 percent live in nursing homes. The market area has a very small Group Quarters population, which is stable at this time. It could increase slightly if new nursing homes and/or assisted living facilities are built. The subtraction of the Group Quarters population from total population generates Household Population, which is the basis for the analysis of new housing unit demand.

Households

As of 2019, the market area is estimated to have approximately 81,290± households, an increase of about 9,570± households from the 2010 Census, and 24,420± households compared with the Census figure of 56,870± in 2000. The net increase of households over the past 19 years is the result of the level of new housing unit construction.

One point to note is that the market area average household size has been on the decline since 1990 and likely prior. Average household size was 2.86 in 1990. It fell to 2.74 in 2000 and continued to decrease between 2000 and 2010, when it stood at 2.68. By 2023, average household size in the market area is projected to fall to 2.62. This continued decline is due in part to the large number of apartments in the market area with smaller household sizes.

The average household size is still large in 2019 compared with most communities, as it is a suburban community with a predominance of home ownership. Also to be shown below is a lack of apartment unit development in much of the 1990's and 2000's. However, even under these circumstances, the average household size in the market area declined, consistent with local and national trends.

Renter Households

The vast majority of the market area and current households are homeowners. In 2019, renter households accounted for nearly 24 percent of total households. That total was up from 20.4 percent in 2010 and 16.9 percent in 2000 due to, in part, to the housing "crisis" of the late-2000's and early part of the 2010 decade.

Even with the growth of renter households, 5,030± during the 2000's and 4,770± between 2010 and 2019, the 23.9 percent renters is still below the national and state averages of 35.9 percent and 33.9 percent, respectively.

Total renter households in 2019 number 19,430±. This number is projected to reach 23,200± households by 2023. This growth will be partially driven by the sizeable number of apartment units in active planning and under construction in the market area. The apartment market is now more active because of current and planned net job growth.

Target Renter Households

Horner Apartments will have rents restricted to households earning 40%, 50% and 60% of the Area Median Income (AMI). The paragraphs below will detail each of these demographic cohorts:

- **40% of AMI**. Qualified renter households for this income category must earn annual incomes ranging between \$16,000 and \$32,200, when reported in constant 2020 dollars. The demographic analysis shows that as of 2019, the market area had 2,050± renter households within this income range. The 2019 total exceeds the 2010 total by 400± households. By 2023, the market area is projected to add 180± households within this income category to reach a total of 2,230± households.
- **50% of AMI**. Qualified renter households for this income category must earn annual incomes ranging between \$30,800 and \$44,700, when reported in constant 2020 dollars. As of 2019, the market area totaled 2,570± renter households in this income range, an increase of 550± over the 2010 total. By 2023, the market area is projected to total 2,810± renter households within this income category. This represents an increase of 240± households.
- **60% of AMI**. Qualified renter households for this income category must earn annual incomes ranging between \$38,000 and \$53,640, when reported in constant 2020 dollars. As of 2019, the market area totaled 2,940± renter households in this income range. This represents an increase of 640± over the 2010 total. The market area is projected to add 280± households within this income category by 2023 to reach a total of 3,220± households.

Table 9: Trends and Projections of Renter Households by Income, Horner Apartments Market Area, 1990-2023 (Constant 2020 dollars)					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>2023</u>
Total Renter Households	7,550	9,630	14,660	19,430	23,200
40% of AMI (\$16,000-\$32,200) 1/					
Total Households	800	1,220	1,650	2,050	2,230
Percent of Renter Households	10.6%	12.7%	11.3%	10.6%	9.6%
50% of AMI (\$30,800-\$44,700) 2/					
Total Households	980	1,500	2,020	2,570	2,810
Percent of Renter Households	13.0%	15.6%	13.8%	13.2%	12.1%
60% of AMI (\$38,000-\$53,640) 2/					
Total Households	1,400	1,670	2,300	2,940	3,220
Percent of Renter Households	18.5%	17.3%	15.7%	15.1%	13.8%
Notes: 1/ Assumes maximum three-person households. 2/ Assumes maximum four-person households.					
Source: 1990, 2000 and 2010 Census, S. Patz & Associates, Inc.					

Households by Size

As of 2010, approximately 31 percent of market area renter households were single-person households. An additional 25.9 percent were two-person households while 17.6 percent were three-person households.

Table 10: Renter Household by Size, Chesterfield County, Virginia		
	<u>Number</u>	<u>Percent</u>
Renter Households	26,077	100.0%
1-person household	8,074	31.0%
2-person household	6,749	25.9%
3-person household	4,594	17.6%
4-person household	3,532	13.6%
5-person household	1,835	7.0%
6-person household	798	3.1%
7-or-more-person household	495	1.9%
Source: 2010 U.S. Department of Commerce		

Characteristics of the Competitive Apartment Market

Data in Table 11 list all general occupancy LIHTC apartments as well as four mature market rate apartment communities within in the market area. The market rate

apartments included in the analysis generate the lowest unsubsidized rents in the market area. As will be shown below, however, these generally have higher rents than the proposed LIHTC apartments. These eight properties total 1,336 units, of which only 12 units are vacant at this time.

The market area contains four LIHTC apartments properties that were built between the early-1990's and 2014. The newest to open is the 70-unit Brook Creek Crossings, which opened in April, 2014 with a mix of eight units restricted to 40% of AMI and 62 units restricted to 50% of AMI. This complex is at full occupancy and management maintains an extensive wait list of over 100 households.

The only other LIHTC apartment community to open since 2000 is the 214-unit CreekpoinTE, where all units are restricted to 60% of AMI. The complex has only one vacant unit with eight households on a wait list.

Two LIHTC apartments are older and opened during the 1990's. Genito Glen opened in 1998 with 102 units restricted to 60% of AMI. The complex has four vacant units and five households on a wait list. Mallard Cove opened in two phases in 1992 and 1995 with 252 units, all restricted to 60% of AMI. The community is at full occupancy with an extensive wait list of approximately 150 households.

Apartments with vacant units and a wait list have a demand for an apartment unit size that is not now available.

In addition to the four LIHTC apartments are four mature market rate apartments in the market area with modest rents. These apartments were built between the 1970's and early-1990s. Only seven of 698 units are vacant in these older properties.

Key points in Table 11 are as follows:

- The market area has a very low vacancy rate of 0.9 percent. Approximately 58 percent of the vacant units are in the mature market rate apartment complexes.

- The LIHTC apartments have a vacancy rate of 0.8 percent, with all four apartments at or near full occupancy. Additionally, all of the LIHTC apartments maintain a wait list, with two maintaining a wait list of at least 100 households. The wait list at Brook Creek Crossings is so long that management is no longer accepting additions. There are over 260 households on these wait lists.
- Some properties report some vacancy despite having a wait list. The issue here is that the wait list may be for a two-bedroom unit and only one-bedroom units are available, or vice versa.
- The market rate properties have a vacancy rate of 1.0 percent, with all four apartments being at or near full occupancy. This is typical.
- No properties are facing vacancy issues.
- Approximately 10 percent of units (130±) are occupied by Section 8 voucher holders.
- The total market area wait list is likely to be closer to 200 with adjustments to households that are on more than one list.

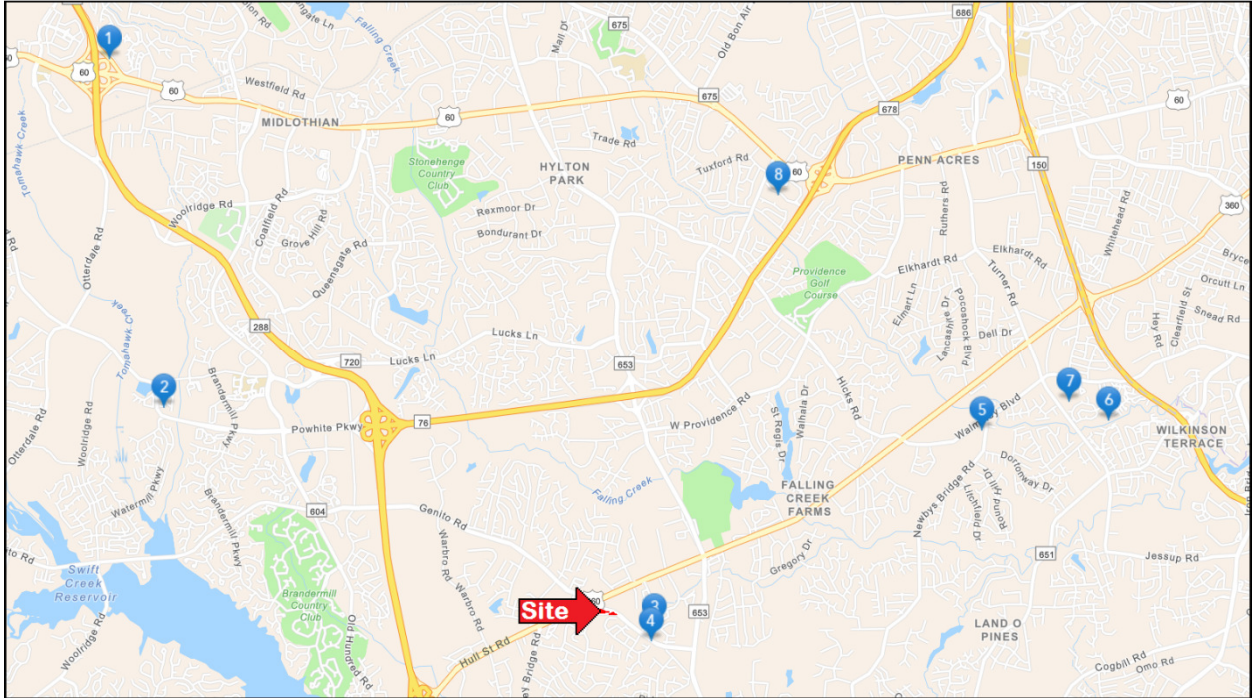
Table 11: Characteristics of Competitive Apartment Communities, Horner Apartments Market Area, March, 2021

	<u>Map F</u> <u>Key</u>	<u>Year</u> <u>Built</u>	<u>Income Restrictions</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>	<u>Wait</u> <u>List</u>
<u>LIHTC Apartments</u>						
Brook Creek Crossings	1	Apr-2014	40% (8)/ 50% (62)	70	0	100+
Creekpointe	2	2003	60%	214	1	8
Genito Glen	3	1998	60%	102	4	5
Mallard Cove I & II	4	1992/95	60%	<u>252</u>	<u>0</u>	<u>150</u>
(Subtotal)				(638)	(5)	(263)
<u>Mature Market Rate Apartments</u>						
Cross Creek	5	1991/17	None	225	0	--
Rollingwood	6	1978	None	278	1	--
Amber Leaves	7	1975	None	67	3	--
North Arch Village	8	1974	None	<u>128</u>	<u>3</u>	<u>--</u>
(Subtotal)				(698)	(7)	(263)
Total				1,336	12	263
Vacancy Rate					0.9%	

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

Map F shows the locations of each of the eight competitive apartments. Five apartments, including two LIHC apartments, are located along the Hull Street Road corridor. These include Genito Glen, Mallard Cove, Cross Creek, Rollingwood and Amber

Leaves. Two apartments—Brook Creek Crossing and North Arch Village, are located along Midlothian Turnpike. Creekpointe is located off Old Hundred Road near St. Francis Medical Center.



Map F - Locations of Competitive Apartments

Shown next are photos of each of the apartments under study. The four LIHTC properties are all three-story, standard garden apartments. None are elevator-served buildings. The older market rate properties have garden and townhome designs, though these are less attractive, older buildings with inferior curb appeal. Brook Creek Crossings is the most attractive, with brick exterior. The photos also show that two of the newer LIHTC communities—Brook Creek Crossings and Creekpointe—provide balconies and patios.



Brook Creek Crossings



Creekpointe



Genito Glen



Mallard Cove



Cross Creek



Rollingwood



Amber Leaves



North Arch Village

Net Rent Analysis

The net rent analysis is presented next in Table 12. Rents were adjusted to include only sewage and trash collection costs to be consistent with the proposed rental structure at Horner Apartments. The data show that none of the LIHTC apartments provide in-unit washers and dryers. Only Cross Creek offers this amenity. All of the LIHTC apartments rent washers and dryers for between \$40 and \$50 per month.

The competitive analysis shows a very small number of one-bedroom units in the “competitive” market area, as most of the apartment properties built in the Midlothian area have traditionally served families. The only LIHTC apartment under study with one-bedroom units is Brook Creek Crossings. As with the one-bedroom units rents proposed for Horner Apartments, these one-bedroom units are restricted to 40% of AMI and rent for \$570. This is \$170 more than the proposed one-bedroom rents at Horner Apartments. As with Horner Apartments, these units have patios/ balconies. The market rate one-bedroom units have higher rents, averaging \$946.

The two-bedroom units at the LIHTC communities rent for an average \$980, which is \$30 above the proposed 60% two-bedroom rents at Horner Apartments. Brook Creek Crossings, Mallard Cove and Amber Leaves are the only market area apartments with two-bedroom rents under \$950. Rollingwood has a handful of two-bedroom units at

\$1,000. Amber Leaves has modest rents for a market rent property of \$861 for the two-bedroom units, each with a 1.5 bathrooms.

The two-bedroom 40% and 50% rents at Brook Creek Crossings are \$219 and \$116 above the proposed two-bedroom 40% and 50% rents at Horner Apartments, respectively.

The three-bedroom LIHTC units in the market area average \$1,122, which is \$52 above the proposed 60% three-bedroom rents and nearly \$262 above the proposed 50% three-bedroom rents at Horner Apartments. Only Brook Creek Crossings and Mallard Cove rents three-bedroom units under \$1,000. Mallard Cove and Rollingwood rent some three-bedroom units for between \$1,000 and \$1,100. All of the other apartments under study rent three-bedroom units for over \$1,100.

The key point in Table 12 is that is that proposed rents at Horner Apartments will generally be lower than existing rents in the market area, despite Horner Apartments being considerably newer than all of the existing properties and in an amenitized elevator-served building.

**Table 12: Rental Rates at Competitive Apartment Communities,
Horner Apartments Market Area, March, 2021** 1/

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>LIHTC Apartments</u>			
Brook Creek Crossings	\$570 (40%)	\$780 (40%) - \$857 (50%)	\$955 (50%)
Creekpointe	--	\$1,084 (60%)	\$1,257 (60%)
Genito Glen	--	\$1,103 (60%)	\$1,272 (60%)
Mallard Cove I & II 2/ (Average)	-- (\$570)	\$916 (60%) (\$980)	\$990 - \$1,020 (60%) (\$1,122)
<u>Mature Market Rate Apartments</u>			
Cross Creek 3/	\$969 - \$989	\$1,079 - \$1,099	\$1,197 - \$1,216
Rollingwood 4/	\$841	\$948 - \$998	\$1,051 - \$1,151
Amber Leaves 5/	--	\$861	--
North Arch Village 5/ (Average)	\$1,017 (\$946)	\$1,184 (\$1,027)	\$1,342 (\$1,217)
Average	\$852	\$1,004	\$1,163
Horner Apartments 40% of AMI	\$400	\$500	--
Horner Apartments 50% of AMI	--	\$770	\$860
Horner Apartments 60% of AMI	--	\$950	\$1,070

Notes: 1/ Rents adjusted to include sewage and trash collection.

2/ Two-bedroom units have 1.0 bathrooms. Smaller three-bedroom units have one bathroom. Includes 62 four-bedroom units that rent for \$1,135.

3/ Larger two-bedroom units have 2.5 baths. Smaller have two baths. Larger two- and three-bedroom units are townhomes. Includes in-unit washer/ dryer.

4/ Two-bedroom units have 1.0 bathrooms. Three-bedroom units have 1.5 bathrooms.

5/ Two-bedroom units have 1.5 bathrooms.

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

Rent per Square Foot

Table 13 shows the rent per square foot calculation for the LIHTC apartments under study, which represent the most direct competition. The average rent per square foot is \$0.75 for the one-bedroom units, \$1.00 for the two-bedroom units and \$0.95 for the three-bedroom units. Apart from the proposed two-bedroom 60% units at Horner Apartments, the rent per square foot calculation among the existing LIHTC units in the market area exceeds those proposed for Horner Apartments.

Table 13: Rent per Square Foot at Competitive Apartment Communities, Horner Apartments Market Area, March, 2021

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>LIHTC Apartments</u>			
Brook Creek Crossings	\$0.75	\$0.78	\$0.84
Creekpointe	--	\$1.08	\$0.99
Genito Glen	--	\$1.16	\$1.12
Mallard Cove I & II	--	\$0.97	\$0.85
Average	\$0.75	\$1.00	\$0.95
Horner Apartments 40% of AMI	\$0.70	\$0.59	--
Horner Apartments 50% of AMI	--	\$0.91	\$0.73
Horner Apartments 60% of AMI	--	\$1.12	\$0.91

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

Apartment Unit Sizes

Table 14 lists the unit sizes at each of the properties under study. At 572 square feet, the proposed one-bedroom units would be 188 square feet smaller than the one-bedroom units at Brook Creek Crossings.

The two-bedroom units are proposed to measure 847 square feet, which is smaller than all of the LIHTC properties by an average of 140 square feet. The three-bedroom units at the LIHTC properties average 1,184 square feet, which is only 13 square feet larger than the proposed three-bedroom units at Horner Apartments. The three-bedroom units at Brook Creek Crossings and several units at Mallard Cove are smaller than the proposed three-bedroom units at Horner Apartments.

Although the units at Horner Apartments are proposed to be somewhat smaller than the existing area apartments, this will be an elevator-served building with a more contemporary design. Thus, smaller unit sizes for such a design is the norm when compared to older garden-style walk-up buildings.

**Table 14: Unit Sizes at Competitive Apartment Communities,
Horner Apartments Market Area, March, 2021**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>LIHTC Apartments</u>			
Brook Creek Crossings	760	1,053	1,143
Creekpointe	--	1,000	1,274
Genito Glen	--	949	1,138
Mallard Cove I & II	--	882-1,008	1,118-1,244
<i>(Average)</i>	<i>(760)</i>	<i>(987)</i>	<i>(1,184)</i>
<u>Mature Market Rate Apartments</u>			
Cross Creek	640	866-1,120	1,050-1,250
Rollingwood	600	872	1,030
Amber Leaves	--	800	--
North Arch Village	688	936	1,147
<i>(Average)</i>	<i>(643)</i>	<i>(900)</i>	<i>(1,109)</i>
Average	672	944	1,152
Horner Apartments	572	847	1,171
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Apartment Unit Mix

Table 15 lists the unit mix at each of the apartments under study. These data show that only 9.0 percent of units are one-bedroom units, though all but six of these units are at the market rate properties. This is compared to 58.5 percent of units that are two-bedroom units and 27.9 percent of units that are three-bedroom units. The fact that over 90 percent of the units under study have two or more bedrooms denotes a market area with an abundance of families.

**Table 15: Unit Mix at Competitive Apartment Communities,
Horner Apartments Market Area, March, 2021**

	<u>One- Bedroom</u>	<u>Two- Bedroom</u>	<u>Three- Bedroom</u>	<u>Four- Bedroom</u>	<u>Total</u>
<u>LIHTC Apartments</u>					
Brook Creek Crossings	6	40	24	0	70
Creekpointe	0	120	94	0	214
Genito Glen	0	78	24	0	102
Mallard Cove I & II	<u>0</u>	<u>94</u>	<u>96</u>	<u>0</u>	<u>252</u>
(Average)	(6)	(332)	(238)	(62)	638
<u>Mature Market Rate Apartments</u>					
Cross Creek	40	134	51	0	225
Rollingwood	62	156	60	0	278
Amber Leaves	0	67	0	0	67
North Arch Village	<u>12</u>	<u>92</u>	<u>24</u>	<u>0</u>	<u>128</u>
(Subtotal)	(114)	(449)	(135)	(0)	(698)
Total	120	781	373	62	1,336
Percent of Total	9.0%	58.5%	27.9%	4.6%	100.0%
Horner Apartments 40% of AMI	6	1	0	0	7
Horner Apartments 50% of AMI	0	12	6	0	18
Horner Apartments 60% of AMI	0	18	6	0	24
Horner Apartments Total	6	31	12	0	49

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

Community Amenities

Table 16 lists the community amenities at each of the comps. The data show that apart from Amber Leaves, all of the apartments are amenitized. All of the LIHTC apartments have pools and playgrounds, and most have clubhouses, fitness center and business centers. Horner Apartments will be the only general occupancy LIHTC community in the market area with elevators. It will not have laundry facilities, though all unit will have washer and dryer hookups.

**Table 16: Community Amenities at Competitive Apartment Communities,
Horner Apartments Market Area, March, 2021**

	<u>Elevator</u>	<u>Clubhouse</u>	<u>Fitness</u>	<u>Business</u>	<u>Pool</u>	<u>Playground</u>	<u>Laundry</u>
<u>LIHTC Apartments</u>							
Brook Creek Crossings	○	●	●	●	●	●	○
Creekpointe	○	●	●	●	●	●	●
Genito Glen	○	●	●	●	●	●	●
Mallard Cove I & II	○	○	○	○	●	●	○
<u>Mature Market Rate Apartments</u>							
Cross Creek	○	●	●	○	●	●	○
Rollingwood	○	●	●	○	●	●	●
Amber Leaves	○	○	○	○	○	○	○
North Arch Village	○	○	○	○	●	●	●
<u>Horner Apartments 1/</u>	●	○	●	○	○	○	○

Note: 1/ Proposal includes a community room.

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

Section III Market Study Conclusions

The analysis presented above shows a very strong affordable apartment market for families in the section of Chesterfield County under study, and with the level of population and household growth, a pent-up demand clearly exists. The current competitive affordable apartment market for families has a low vacancy rate of 0.9 percent and a wait list of at least 200 households. There are only 12 available apartment units at the eight properties under study, with only five of these vacancies located at the four area LIHTC apartments. All four of the affordable apartments under study maintain a wait list.

The market area has had very limited development of income restricted units. Over the past decade, only one apartment complex—Brook Creek Crossings—opened with 70 units. This property is fully occupied with over 100 people on a wait list. Additionally, there are no affordable apartments in active planning or under construction in the market area at this time.

Added to this is that the rents proposed at Horner Apartments are well below market, creating a niche market for the study proposal. The study site is well located and convenient within the greater Midlothian area to a wide range of community facilities. In summary, the Horner Apartments will be well received by the Chesterfield County affordable family market and is expected to be fully preleased.

The following Analysis of Demand will show the evolving supply/demand analysis for family rental housing for the projection period of 2023.

Demand Analysis

Demand Table

The Virginia Housing Demand Table is presented next. It shows a projected net growth of 180± targeted family households for the 2019 to 2023 period for the 40% units.

The growth amount is 240± households for the 50% units and 280± households for the 60% units.

Added to this total is a 10 percent factor to account for expected tenants with vouchers for an increased demand of 20± renter households for the 40% units, 20± renter households for the 50% units and 30± 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 western Chesterfield County. Horner Apartments will not be a senior property. Thus, the total demand is comprised of net target household growth, plus a likely number of households with rent restriction vouchers.

For supply, we noted that there are no apartments in planning or under construction in the market area with income restrictions. The other available apartment units are part of normal market area vacancy. Therefore, these units are excluded from the demand analysis as they are parts of normal vacancy.

This generates a net potential net demand of 200± units for the 40% income category, 260± units for the 50% income category and 310± units for the 60% income category.

Demand Table (2019-2023)

	<u>Up to 40% of AMI</u>	<u>Up to 50% of AMI</u>	<u>Up To 60% of AMI</u>	<u>Total</u>
New Rental Households PLUS	180	240	280	700
Existing Households - Over-Burdened (Rounded) PLUS	20	20	30	70
Existing Households-Substandard Housing PLUS	0	0	0	--
Elderly Households-Likely to Convert to Rental Housing PLUS	0	0	0	--
Existing Qualifying Tenants – to Remain After Renovation	0	0	0	--
Total Demand MINUS	200	260	310	770
Supply (includes directly comparable vacant units completed or in pipeline in PMA <i>Equals</i>)	0	0	0	--
Net Demand	200	260	310	770
Absorption Period (in months)	0	1	1	

At the rents proposed, all apartment units are expected to be preleased.

Capture Rate

The capture rate of total demand is 8.6 percent, or 0.3 percent for the 40% units, 7.0 percent for the 50% units and 7.0 percent for the 60% units. These are conservative calculations, as it does not account for extensive market area wait lists and the level of voucher holders could exceed 10 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

40% of AMI (7 units)	0.3%
50% of AMI (18 units)	7.0%
60% of AMI (24 units)	8.6%
Project Wide Capture Rate - Market Rate Units	N/A
Project Wide Capture Rate - All Units	6.4%
Project Wide Absorption Period (Months)	1 Month 1/

Notes: 1/ Includes a sizable number of 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.



March, 2021

Market Analyst

Date