

**NEED AND DEMAND ANALYSIS
FOR THE OLD HUNDRED TRACE APARTMENTS
IN
CHESTERFIELD, VIRGINIA**

**Prepared for
Old Hundred Trace VA LLC
for submission to
Virginia Housing**

Virginia Housing Application: 2021 C- 36

As of February 25, 2021

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A. EXECUTIVE SUMMARY

The following provides a brief summary of each of the major sections in the market analysis.

The Old Hundred Trace Apartments will comprise the construction of 54 units: 33 two-bedroom units, and 21 three-bedroom units. Of the 54-unit total, six units will be targeted to households with incomes up to 30 percent of the median, 21 units will be targeted to households with incomes up to 50 percent of the median, with eight units targeted at 60 percent of the median, and 19 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status. Given that the project will include units targeted to households with incomes in excess of 60 percent of the local area median income, income averaging is applied. Thus, the average target income, overall, cannot exceed 60 percent of the median.

There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.

The market area for the proposed development is defined as west-central Chesterfield County.

In Chesterfield County, employment grew from 156,307 in 2010 to 183,821 in 2019.

In Chesterfield County, it is seen that the most recent annual unemployment rate is 2.7 percent, down from 3.0 percent the previous year. The rate was 7.3 percent in 2010.

It should be noted that data - both nationally and locally - suggest that employment gains over the last decade or so have been significantly impacted with the onset of the economic disruption caused by the coronavirus pandemic. In Chesterfield County, for example, 182,297 people were employed in September 2020, compared with 189,081 in September 2019 - 6,784 fewer jobs.

The population of the project market area is projected to increase from 73,016 in 2021 to 78,445 in 2026. The number of households is projected to increase from 27,264 in 2021 to 29,553 in 2026. The number of renter households is projected to increase from 5,275 to 6,402, over the 2021 to 2026 period.

There are several apartment complexes located in the project market area. These typically include conventional/market rate properties, and one property financed with low income housing tax credits.

Based on our survey, there is a market-wide occupancy rate of 96.0 percent. Occupancy at the tax credit property is found to be around 99.5 percent.

The total net need for tax credit units such as is proposed in the western Chesterfield County area by 2026 is calculated to be for 1,574 units. Given the calculated need, the proposed 54-unit development amounts to 3.4 percent of the need, as calculated.

Consideration of the capture rate (3.4 percent), the (1.9 percent) affordability analysis capture rate and (9.5 percent) penetration rate suggests that the proposed development is very marketable, as proposed.

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated four month period, or so.

The proposed development will not have an impact on existing housing in the area.

The proposed development is considered marketable and can be developed as proposed.

Project Wide Capture Rate, LIHTC units: 3.4 percent
Project Wide Capture Rate, market units: n/a
Project Wide Capture Rate, all units: 3.4 percent
Project Wide Absorption Period (Months): four months

B. INTRODUCTION AND SCOPE OF WORK

This report is a professional market analysis of the need and demand for the proposed development.

The report is prepared for the Old Hundred Trace VA LLC, for submission to Virginia Housing.

The report is designed to satisfy the underwriting criteria of the reviewing agency for which it was performed, and the conclusions, based on the results of our research, experience, and expertise reflect the predicted ability of the project, as presented to us, to meet or exceed that reviewing agency's guidelines. Thus, a positive conclusion does not necessarily imply that the project would be found to be feasible or successful under different underwriting standards, and this study does not necessarily incorporate generally accepted professional market study standards and elements pre-empted by the guidelines set out by the reviewing agency.

The report was completed using professional market techniques. The findings of this study are predicated upon the assumption that the proposed development, as presented to us, will be located at the site described in the report, that it will be funded through the program under which it was prepared, and within the stated projection period.

Further, the findings are based on the assumption that once funded, the complex will be well-designed, well-marketed, and professionally managed.

The site of the proposed apartments was visited (on February 25, 2021).

The site was visited by T. Ronald Brown.

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis. The President of the firm is T. Ronald Brown. Mr. Brown has a Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland. He has 35 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last three decades or so, Mr. Brown has produced more than 3,000 studies in at least 20 states, predominantly in the Southeast.

Mr. Brown is responsible for the analysis and write-up of this report – performing the role of both analyst and author.

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

To the best of our knowledge, this report is an accurate representation of market conditions. While due care and professional housing market study techniques were used, no guarantee is made of the findings.

It is stated that we do not have, nor will have in the future, any material interest in the proposed development, and that there is no identity of interest between us and the party for whom the project was prepared. Further, we state that the payment of the fee is not contingent upon a favorable conclusion, nor approval of the project by any agency before or after the fact. The payment of the fee does not include payment for testimony nor further consultation.

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 18534
Asheville, North Carolina 28814
919. 233.0670 or 919.612.5328



Date: March 17, 2021

C. PROJECT DESCRIPTION

The Old Hundred Trace Apartments Gardens will comprise 54 units - 33 two-bedroom units and 21 three-bedroom units. The project is new construction.

The project is to be configured as follows:

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
2 bedroom/2 bath	6	944	\$513	less than 30 percent
2 bedroom/2 bath	21	944	\$915	less than 50 percent
2 bedroom/2 bath	6	944	\$1,110	less than 60 percent
3 bedroom/ 2 bath	2	1,132	\$1,235	less than 60 percent
3 bedroom/ 2 bath	19	1,132	\$1,450	less than 80 percent

** percentage of area median income*

Of the 54-unit total, six units will be targeted to households with incomes up to 30 percent of the median, 21 units will be targeted to households with incomes up to 50 percent of the median, with eight units targeted at 60 percent of the median, and 19 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status. Given that the project will include units targeted to households with incomes in excess of 60 percent of the local area median income, income averaging is applied. Thus, the average target income, overall, cannot exceed 60 percent of the median.

Utilities (excluding trash collection) will be paid by the tenant - utility allowances are \$90 for the two-bedroom units and \$118 for the three-bedroom units. Based on information supplied by the developer, the proposed apartments will meet energy-saving standards, both for construction and for appliances provided.

The property will feature a single-three story building and will have a brick exterior. There will be an elevator. Common area and site amenities include a multi-purpose room and laundry. The property will offer various enhancements, as per Virginia Housing guidelines.

There are 108 parking spaces.

Representative architectural drawings are set out on the following pages.

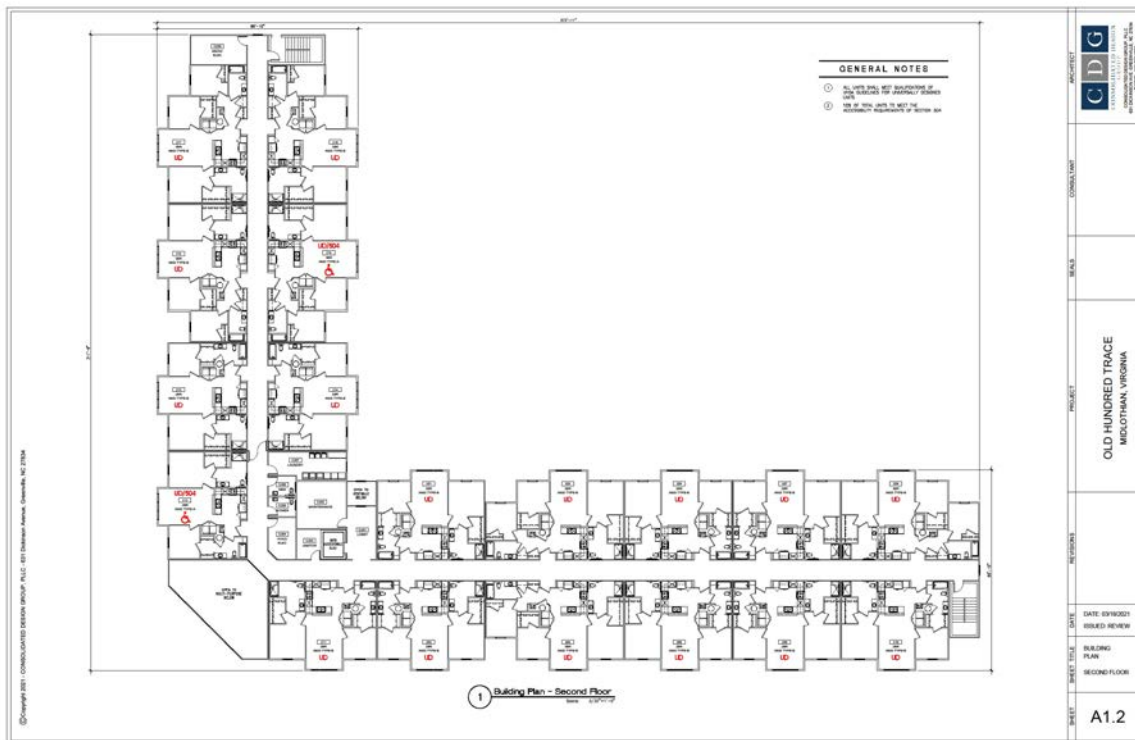
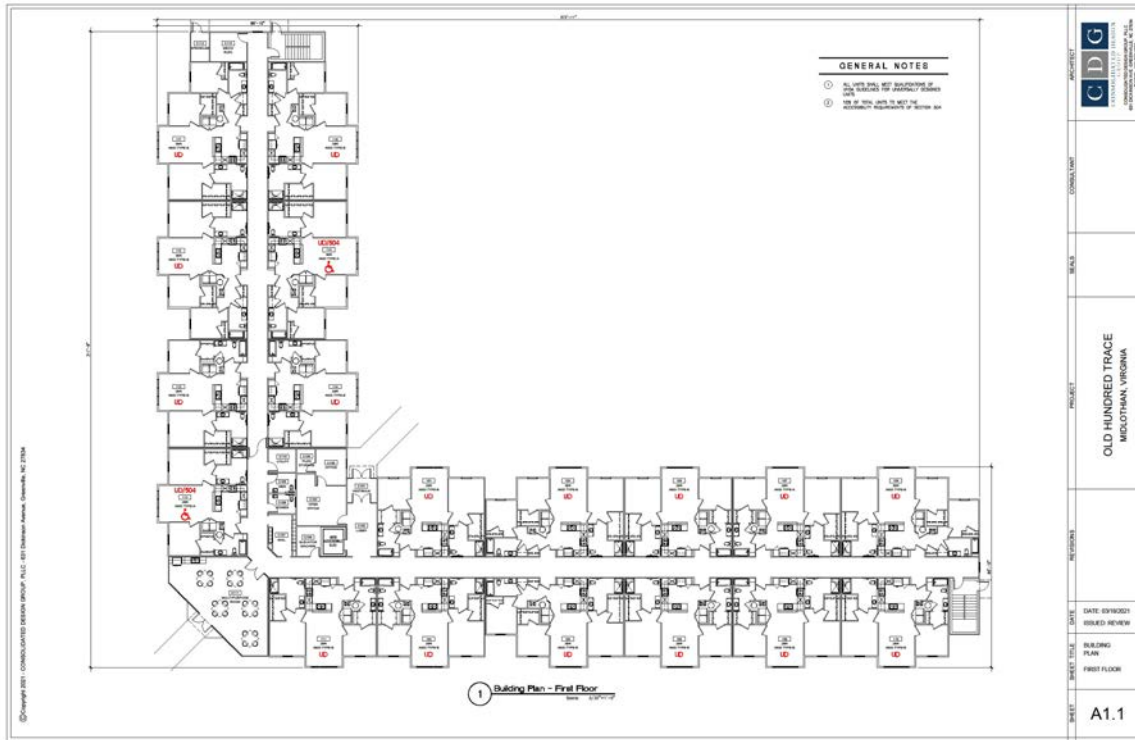
It is understood that the construction program would commence in April 2022, and would be completed within 12 months, or so.

Site plan

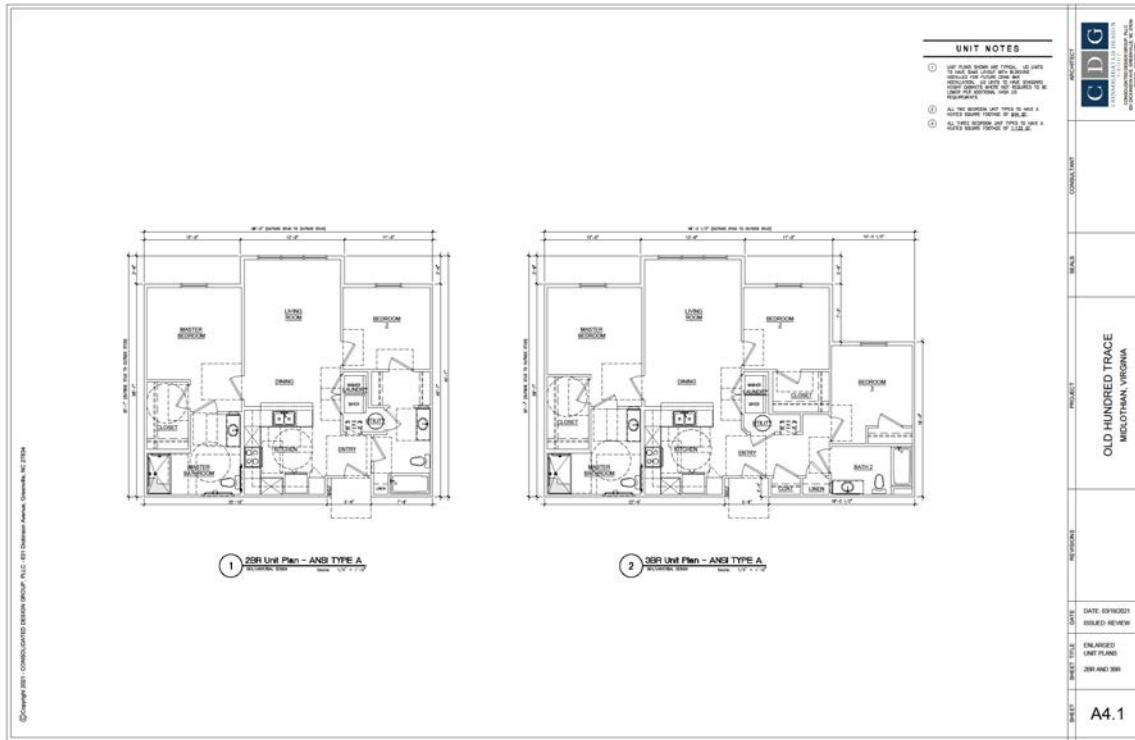


Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

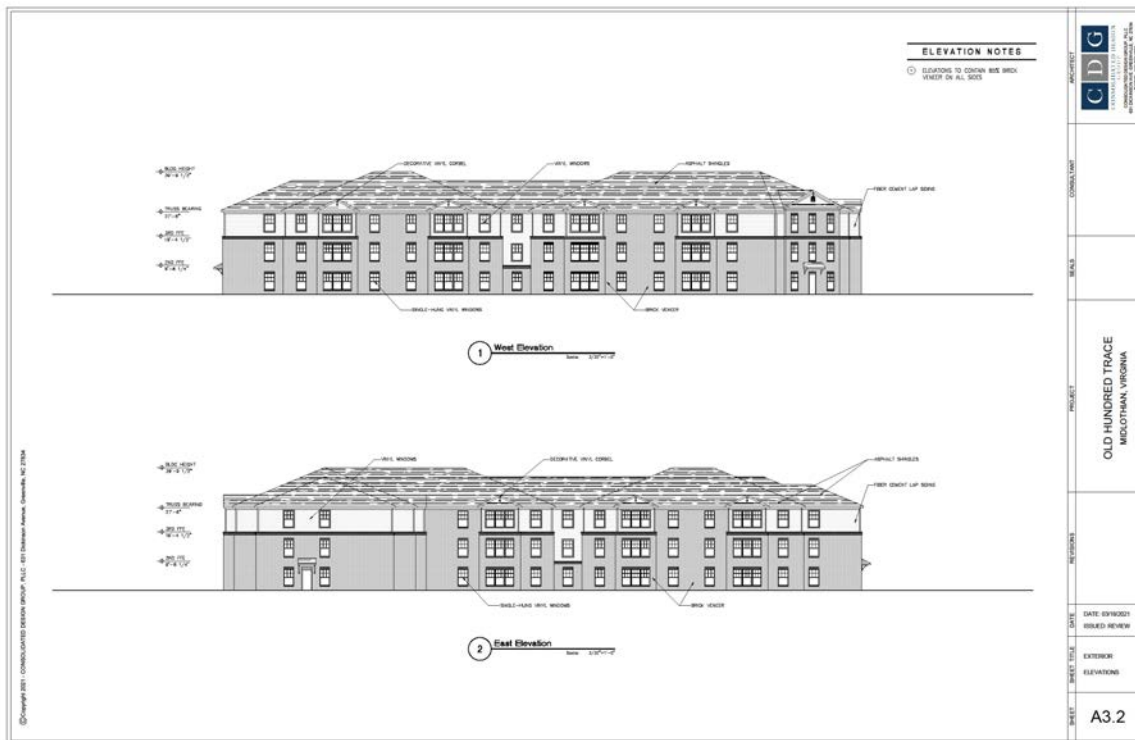
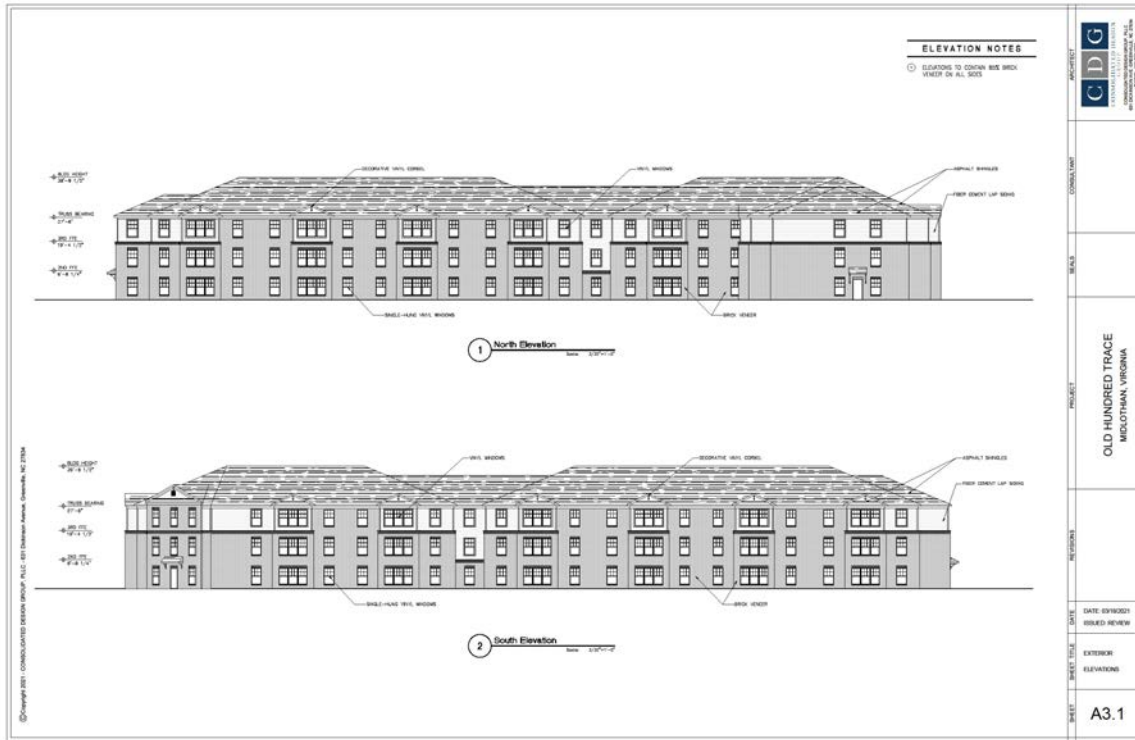
Floor plans



Unit plans

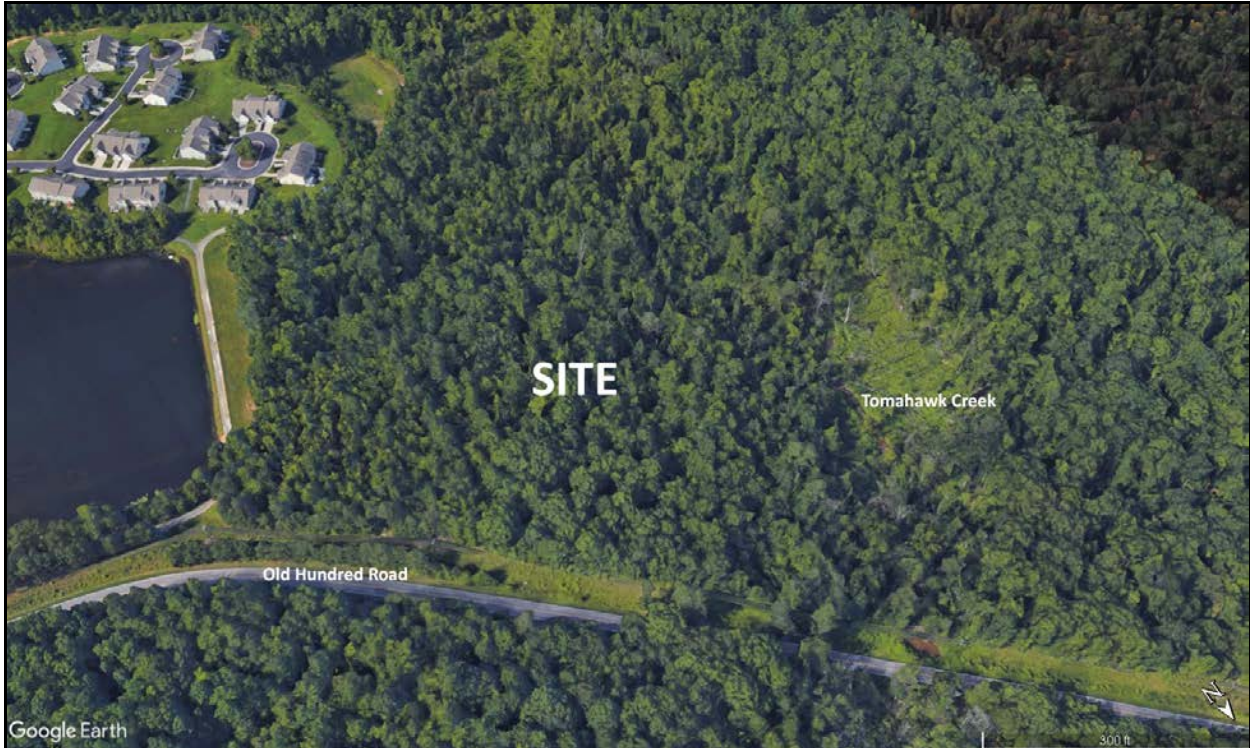


Elevations



D. LOCATION

The site of the proposed Old Hundred Apartments is Old Hundred Road in western Chesterfield County. Adjacent properties include single-family homes and undeveloped land. The CreekpoinTE Apartments - an established tax credit development - is located on Old Hundred Road, to the east of the site. The site is relatively flat and is wooded - the Tomahawk Creek flows to the east of the property, and a small lake is to the west.





View across Old Hundred Road, onto site



View on property



View on property



View east on Old Hundred Rd., at site



View west on Old Hundred Road, at site



View across Old Hundred Rd, from site

The site is located on Old Hundred Road, in western Chesterfield County. Access to the site is very good.

Given the site location and its situation, the site is very visible.

Access from the site to major thoroughfares, shopping, schools, health, and other services is good.

The site is located on Old Hundred Road - a significant thoroughfare serving portions of western Chesterfield County. The site is within three and one-third miles of the intersection of Old Hundred Road/Powhite Parkway and the World War II Veterans Memorial Highway (VA 288).

It is understood that public transportation is available on-demand at the site through Access Chesterfield

The closest shopping is a Food Lion supermarket and CVS drugstore at the Villages at Waterford shopping center at the Charter Colony Parkway and Genito Road, approximately two and two-third miles to the south and east.

The site is located approximately mid-way between significant concentrations of shopping and other services (such as libraries and post offices) to be found focused on the Midlothian Turnpike/US 60 (in the Midlothian area) to the north, and the Clover Hill area focused on Hull Street Road/US 360, to the south - each within five miles, or so, of the site of the proposed development. These areas are served, for example, by Publix and Kroger grocery stores and Target stores.

The site is within one and three quarters of a mile of the Old Hundred Elementary School, and is within two-and one-fourth miles of the Tomahawk Creek Middle School. The Midlothian High School is five miles to the north of the site.

The site is within two miles of the Bon Secours St. Francis Medical Center and associated medical services.

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

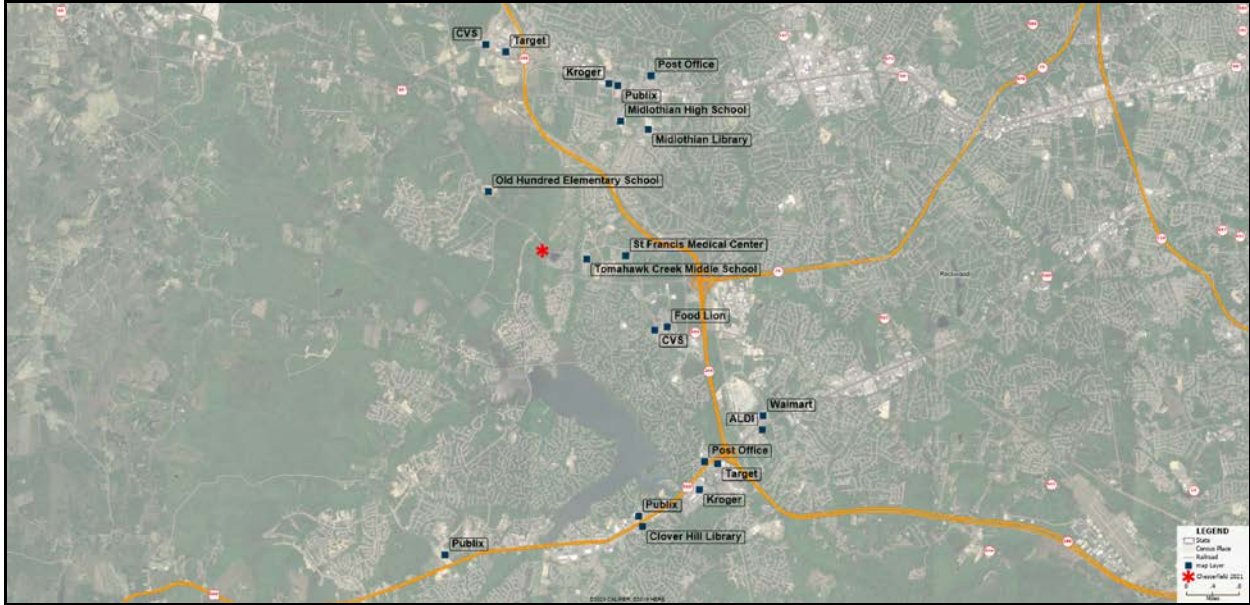
The following table illustrates the noteworthy community amenities serving the site and the (driving) distance to the site.

Table 1 - Distance to Neighborhood and Community Amenities

<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	Veterans Memorial/Powhite Parkway	3.3
Retail - Grocery	Food Lion	2.6
	Kroger (Midlothian)	4.7
	Publix (Midlothian)	4.7
	Kroger (Hull St. Rd)	5.3
	Publix (Hull St. Rd)	6.2
Pharmacies	CVS	2.6
Retail - Other	Target (Midlothian)	4.1
	Target (Hull St Rd)	5.0
	Walmart (Hull St Rd)	5.1
Schools	Old Hundred Elementary School	1.6
	Tomahawk Creek Middle School	2.2
	Midlothian High School	4.9
Library	Midlothian	4.3
	Clover Hill	6.3
Post Office	Midlothian	5.1
	Market Square	4.7
Hospital	Bon Secours St. Francis Med Ctr	1.8

Source: T.Ronald Brown: Research & Analysis

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia



Based on our observations during our site visit, there is no reason to expect that the risk of crime in this neighborhood would be greater or less than that for other parts of the market area.

There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.

The site is considered marketable.

E. MARKET AREA DEFINITION

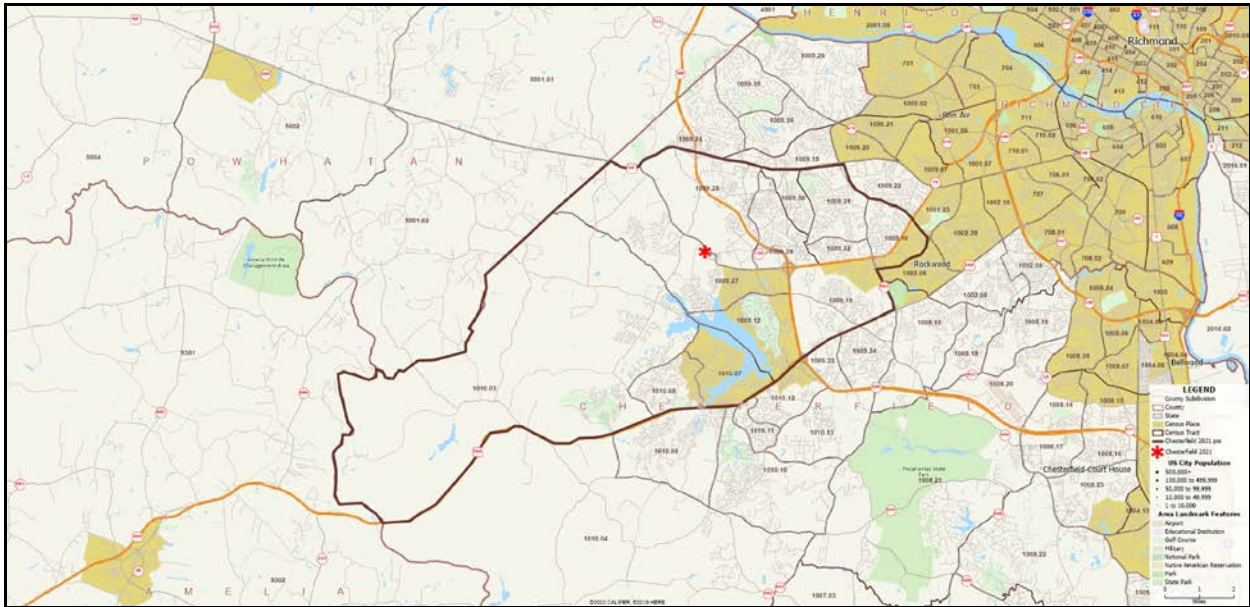
Market areas are defined on the basis of the consideration of many inter-related factors. These include consideration of the site location, consideration of socio-demographic characteristics of the area (tenure, income, rent-levels, etc.), local commuting patterns, physical (or other) boundaries, census geographies, and especially the location of comparable and/or potentially competing communities.

In communities such as county seats where that community is the county's largest community and is centrally located and can draw from the entire county, the county may be the market area. In circumstances where there are potentially competing communities in one county, the market area will be that part of the county (and, potentially, portions of adjacent counties) which the proposed development is most likely to draw from. In urban or suburban markets, the market area will be areas adjacent to the site and will extend to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project. Here combinations of census tracts, may be used to define the market area.

The proposed development is located in western Chesterfield County in central Virginia. The market area for the proposed development is west-central Chesterfield County, as defined by several census tracts. This area is focused on the site of the proposed development and extends to an approximately four- to six-mile hinterland, except where it extends to 12 miles or so, to the west. The market area, as defined, therefore is that which constitutes the area adjacent to the site of the proposed development and extends to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project.

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

Market area



F. EMPLOYMENT AND ECONOMY

The makeup and trends of the labor force and employment have a strong influence on the growth and stability of the local housing market in general.

Employment trends

Employment trends for Chesterfield County are illustrated in the table, below. Employment in 2010 was 156,307. Since then, employment has grown - to 183,821 in 2019 - an increase of over 27,500 jobs over that period.

It should be noted that data - both nationally and locally - suggest that employment gains over the last decade or so have been significantly impacted with the onset of the economic disruption caused by the coronavirus pandemic. In Chesterfield County, for example, 182,297 people were employed in September 2020, compared with 189,081 in September 2019 - 6,784 fewer jobs.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2010	156,307		
2011	159,940	3,633	2.3
2012	162,433	2,493	1.6
2013	164,793	2,360	1.5
2014	168,197	3,404	2.1
2015	170,275	2,078	1.2
2016	173,447	3,172	1.9
2017	177,006	3,559	2.1
2018	180,588	3,582	2.0
2019	183,821	3,233	1.8

Source: Bureau of Labor Statistics

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

Employment trends, by sector

Information on employment, by industry for Chesterfield County in 2018 and 2019 (the most recent annual data) is set out in Table 3, below. From this it is seen that, with respect to employment, the largest subsectors were accommodation and retail trade and healthcare, 13.1 percent and 11.7 percent, respectively, in the most recent year.

Table 3 - Employment, by sector

	2018		2019		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc Mining, etc.					
Utilities	674	0.5	547	0.4	-18.8
Construction	9,997	7.2	10,074	7.3	0.8
Manufacturing	8,135	5.9	7,968	5.8	-2.1
Wholesale trade	5,184	3.7	5,393	3.9	4.0
Retail trade	18,212	13.2	18,007	13.1	-1.1
Transp. and Warehousing	10,545	7.6	8,629	6.3	-18.2
Information	1,346	1.0	1,311	1.0	-2.6
Finance and Insurance	4,555	3.3	4,496	3.3	-1.3
Real estate	1,373	1.0	1,460	1.1	6.3
Professional and Technical services	7,762	5.6	7,584	5.5	-2.3
Management	1,306	0.9	1,283	0.9	-1.8
Administrative and Waste services	10,512	7.6	10,979	8.0	4.4
Educational services	1,286	0.9	1,233	0.9	-4.1
Health Care and Social Assistance	15,843	11.4	16,039	11.7	1.2
Arts, Entertainment, Recreation	2,737	2.0	2,909	2.1	6.3
Accommodation and Food services	12,256	8.9	12,189	8.9	-0.5
Other Services	5,328	3.8	5,116	3.7	-4.0
Unclassified	206	0.1	412	0.3	100.0
Total (all establishments)	138,428		137,108		-1.0

Source: Bureau of Labor Statistics

Unemployment trends

Unemployment trends for Chesterfield County are illustrated in the table, below. Rates for Virginia and for the U.S. as a whole are also shown, for reference. Here it is seen that the most recent annual unemployment rate for that county is 2.7 percent, down from 3.0 percent the previous year. The rate was 7.3 percent in 2010.

Again, the impact of the economic disruption caused by the coronavirus pandemic is revealed in unemployment numbers. In Chesterfield County, for example, the unemployment rate was 5.7 percent in September 2020, compared with 2.6 percent in September 2019. The annual average unemployment rate for the US as a whole was 8.1 percent, compared with 3.7 percent for 2019. (Data for 2020 are not yet available at the state or county level.)

Table 4 - Unemployment trends

	Chesterfield County	Virginia	U.S.
2010	7.3%	7.1%	9.6%
2011	6.8%	6.6%	8.9%
2012	6.1%	6.1%	8.1%
2013	5.7%	5.7%	7.4%
2014	5.1%	5.2%	6.2%
2015	4.3%	4.5%	5.3%
2016	3.9%	4.1%	4.9%
2017	3.6%	3.7%	4.4%
2018	3.0%	3.0%	3.9%
2019	2.7%	2.8%	3.7%
2020			8.1%

Source: Bureau of Labor Statistics

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

Major Employers

The major private employers in the Chesterfield County area are listed in Table 5, below. From this table it is seen that the area’s largest employers include Amazon.com, the local healthcare systems, DuPont, UPS, and Wal-Mart. Significant public sources of employment include the Defense Supply Center, the local public schools, and state and local government.

Table 5 - Major Employers

<u>Employer Name</u>	<u>Product/Service</u>	<u>Employees</u>
Amazon.com	Internet fulfillment center	1,000 +
HCA Virginia Health System	Healthcare	1,000 +
United Parcel Service	Express delivery service	1,000 +
Wal-mart Stores	Retail trade	1,000 +
Dupont Specialty Products	Chemicals manufacturing	1,000 +
Kroger	Retail food distribution	1,000 +
Bon Secours Richmond	Healthcare	1,000 +
Food Lion	Retail food distribution	1,000 +
Capital One	Financial services	1,000 +
Hill Phoenix	Refrigeration equipment	500 - 999
Maximus Services	Administrative/ support services	500 - 999
YMCA	Civic organization	500 - 999
Atlantic Constructors	Construction	500 - 999
Interspan	Administrative/ support services	500 - 999
Sabra Dipping	Hummus, dips	500 - 999
Virginia Credit Union	Financial services	500 - 999
Lowe's Home Centers	Building materials, etc	500 - 999
Integrity Staffing Solutions	Administrative/ support services	500 - 999
Target	Retail trade	250 -499
Home Depot	Building materials supply, etc	250 -499
Abilene Motor Express	Truck Transportation	250 -499
Results Customer Solution	Administrative/ support services	250 -499
WaWa	Gasoline Stations	250 -499
Xerox State Healthcare	Data Processing, etc.	250 -499
Old Dominion Insulation	Specialty contractors	250 -499

Source: Chesterfield Economic Development

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

Virginia Economic Development Partnership reports 1,191 new jobs added at 14 locations in recent years (2019 and 2020). With respect to closures and layoffs, the Virginia Economic Development Partnership reports 145 losses at two locations. The VA WARN system itemizes several layoffs throughout the Richmond area - primarily in the retail and hospitality sectors.

The proposed development is not located in a market - such as a resort area - that would need housing for employees in such a specific market, although, as noted, the tourism industry is significant.

Wages by Industry Sector

Information on wages, by employment sector, for Chesterfield County is set out in Table 6, below. Here, average wages show some variation - both between sectors and also over time - with average wages increasing by 2.4 percent between 2018 and 2019.

Table 6 - Wages by Industry Sector

	<u>2018</u>	<u>2019</u>	<u>pct change</u>
Agriculture, Forestry, etc Mining, etc.			
Utilities	\$2,017	\$2,057	2.0
Construction	\$1,115	\$1,220	9.4
Manufacturing	\$1,407	\$1,400	-0.5
Wholesale trade	\$1,486	\$1,497	0.7
Retail trade	\$563	\$592	5.2
Transp. and Warehousing	\$757	\$873	15.3
Information	\$1,236	\$1,246	0.8
Finance and Insurance	\$1,417	\$1,482	4.6
Real estate	\$1,057	\$1,077	1.9
Professional and Technical services	\$1,524	\$1,496	-1.8
Management	\$2,815	\$2,128	-24.4
Administrative and Waste services	\$669	\$669	0.0
Educational services	\$611	\$630	3.1
Health Care and Social Assistance	\$937	\$970	3.5
Arts, Entertainment, Recreation	\$295	\$292	-1.0
Accommodation and Food services	\$324	\$339	na
Other Services	\$647	\$657	1.5
Unclassified	\$743	\$760	2.3
Total (all establishments)	\$911	\$933	2.4

Source: Bureau of Labor Statistics

Commuting patterns

With respect to commuting, data from the American Community Survey, 46.2 percent of workers resident in the Chesterfield County were employed there. The average driving time to work for residents of that area was 26.6 minutes.

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	173,790	100.0
Worked in County of residence	80,291	46.2
Worked outside County of residence	93,499	53.8
Mean travel time to work (minutes)	26.6	

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

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Commuting patterns data are no longer provided in the Decennial Census. Here, data are obtained from the LEHD Origin-Destination Statistics program available from the Census Bureau’s OnTheMap application. These data, on commuting patterns for persons who live and/or work in the Williamsburg area are set out, below.

Here it is seen that many persons who work in Chesterfield County commute into the County from, adjacent jurisdictions - primarily from Henrico County and the City of Richmond. Likewise, many residents of Chesterfield County commute to work in Richmond and Henrico County, for example.

Table 8 - Commuting Patterns

Working in Chesterfield County	40,805
Where Chesterfield County workers are commuting from:	
Henrico County	13,730
Richmond City	11,548
Hanover County	3,730
Powhatan County	2,766
Petersburg City	2,542
Dinwiddie County	2,091
Prince George County	1,979
Hopewell City	1,957
Colonial Heights City	1,628
Elsewhere	30,466
Where Chesterfield County residents are commuting to:	
Henrico County	27,404
Richmond City	23,070
Hanover County	5,026
Fairfax County	3,946
Goochland County	3,173
Petersburg City	2,007
Colonial Heights City	1,802
Virginia Beach City	1,592
Hopewell City	1,505
Elsewhere	23,065

Source: LEHD Origin-Destination Statistics program/OnTheMap; T.Ronald Brown: Research & Analysis

While the local economy recovers from the impact of the COVID pandemic, the local economic conditions will not likely have a direct positive or negative impact on the subject property, to any significant extent.

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2000, the population of Chesterfield County was 259,903, and in 2010 the population was recorded as 316,236. Population projections for Chesterfield County are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 353,553 by 2021, and to be around 376,244 by 2026.

In 2000, the population of the market area was 51,113, and in 2010 the population was recorded as 63,882. Population projections for the market area are based on the average of several small area population projection techniques using census tract trends for 2000 to 2010 in Chesterfield County, corrected for the official State Data Center numbers. Based on these data, the population of the area is projected to be 73,016 by 2021, and to be around 78,445 by 2026.

Information on population trends and changes between 2000 and 2026 are set out in Table 9, below.

Table 9- Population Trends

	Market Area	Chesterfield County
2000	51,113	259,903
2010	63,882	316,236
2021	73,016	353,553
2026	78,445	376,244
absolute change		
2000-2010	12,769	56,333
2010-2021	9,134	37,317
2021-2026	5,429	22,691
annual change		
2000-2010	1,277	5,633
2010-2021	830	3,392
2021-2026	1,086	4,538

Source: 2000 and 2010 Census; Virginia State Data Center; T.Ronald Brown: Research & Analysis

Projections of the number of households for the project market area, and for Chesterfield County are set out in Table 10, below.

In 2000, there were 93,772 households in Chesterfield County and 115,680 in 2010. Based on the population projections set out, above, there will be around 131,293 households in 2021 and 140,692 in 2026.

There were 17,879 households in the market area in 2000 and 23,382 in 2010. Projections show around 27,264 and 29,553 households in 2021 and 2026, respectively.

Table 10 - Household Trends

	Market Area	Chesterfield County
2000	17,879	93,772
2010	23,382	115,680
2021	27,264	131,293
2026	29,553	140,692
absolute change		
2000-2010	5,503	21,908
2010-2021	3,882	15,613
2021-2026	2,289	9,399
annual change		
2000-2010	550	2,191
2010-2021	353	1,419
2021-2026	458	1,880

Source: 2000 Census and 2010 Census; T.Ronald Brown: Research & Analysis

Population and household characteristics

Age distribution

The distribution of the population, by age, for the market area, and Chesterfield County is set out in Table 11, below. These data are from the 2010 Census.

Table 11 - Age Distribution

	Market Area		Chesterfield County	
	number	percent	number	percent
Under 5 years	4,137	6.5	19,897	6.3
5 to 9 years	5,032	7.9	22,791	7.2
10 to 14 years	5,063	7.9	24,195	7.7
15 to 19 years	4,585	7.2	24,886	7.9
20 to 24 years	2,587	4.0	17,509	5.5
25 to 29 years	3,073	4.8	18,085	5.7
30 to 34 years	4,023	6.3	19,796	6.3
35 to 39 years	4,748	7.4	22,238	7.0
40 to 44 years	4,949	7.7	23,798	7.5
45 to 49 years	5,287	8.3	25,688	8.1
50 to 54 years	5,048	7.9	24,542	7.8
55 to 59 years	4,806	7.5	21,698	6.9
60 to 64 years	3,985	6.2	18,235	5.8
65 to 69 years	2,448	3.8	11,949	3.8
70 to 74 years	1,425	2.2	7,606	2.4
75 to 79 years	1,097	1.7	5,633	1.8
80 to 84 years	878	1.4	4,194	1.3
85 years and over	711	1.1	3,496	1.1
55 and older	15,350	24.0	72,811	23.0
65 and older	6,559	10.3	32,878	10.4
Total	63,882		316,236	

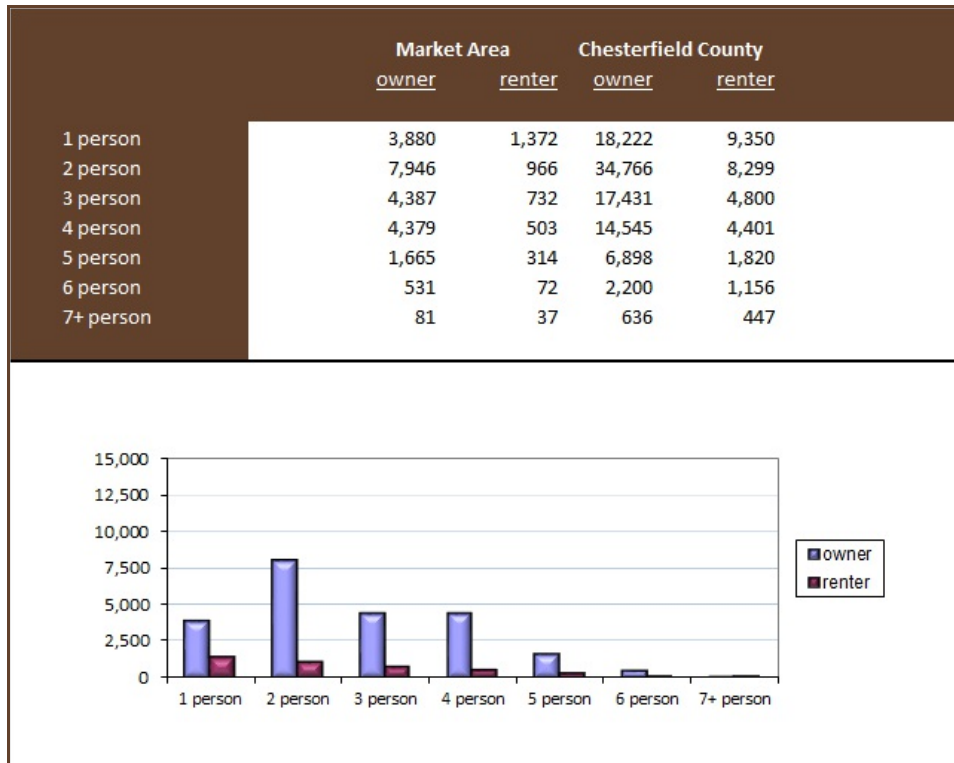
Source: 2010 Census; T.Ronald Brown: Research & Analysis

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

Household size

Table 12 below, sets out household size, by tenure, for households in the market area, and Chesterfield County.

Table 12 - Household Size



Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

Tenure

Table 13, below, sets out the number and proportion of owner and renter households for the market area and for Chesterfield County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 tenure trends. In 2010, 15.1 percent of households in the market area were renters, and 22.5 percent in Chesterfield County were renters.

Table 13 - Tenure

Market Area			persons per household	Owner-occupied		Renter-occupied	
	population	households		number	percent	number	percent
2000	51,113	17,879	2.86	15,726	88.0	2,153	12.0
2010	63,882	23,382	2.73	19,853	84.9	3,529	15.1
2021	73,016	27,264	2.68	21,989	80.7	5,275	19.3
2026	78,445	29,553	2.65	23,151	78.3	6,402	21.7
Chesterfield County							
	population	households	persons per household	number	percent	number	percent
2000	259,903	93,772	2.77	75,874	80.9	17,898	19.1
2010	316,236	115,680	2.73	89,603	77.5	26,077	22.5
2021	353,553	131,293	2.69	95,752	72.9	35,541	27.1
2026	376,244	140,692	2.67	99,302	70.6	41,390	29.4

Source: 2000 Census and 2010 Census; T.Ronald Brown: Research & Analysis

Income Distribution

The distribution of household incomes for the market area, and Chesterfield County, are set out in Table 14, below. These figures are taken from the 2015 to 2019 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for Chesterfield County as a whole is seen to be \$82,559. The median income for the market area is estimated at \$76,613.

Table 14 - Household Income

	Market area		Chesterfield County	
	number	percent	number	percent
less than \$10,000	526	2.0	3,273	2.6
\$10,000 to \$14,999	342	1.3	2,683	2.1
\$15,000 to \$19,999	436	1.6	2,990	2.4
\$20,000 to \$24,999	463	1.7	2,848	2.3
\$25,000 to \$29,999	618	2.3	4,127	3.3
\$30,000 to \$34,999	573	2.1	4,636	3.7
\$35,000 to \$39,999	605	2.3	4,141	3.3
\$40,000 to \$44,999	654	2.4	5,107	4.1
\$45,000 to \$49,999	838	3.1	4,860	3.9
\$50,000 to \$59,999	1,594	5.9	9,779	7.8
\$60,000 to \$74,999	2,397	8.9	12,487	10.0
\$75,000 to \$99,999	3,340	12.4	18,515	14.8
\$100,000 to \$124,999	4,220	15.7	16,608	13.3
\$125,000 to \$149,999	3,123	11.6	10,876	8.7
\$150,000 to \$199,999	3,662	13.6	11,536	9.2
\$200,000 or more	3,474	12.9	10,505	8.4
median income	\$73,613 *		\$82,599	

* Estimate

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Renter Income

The distribution of household incomes for renter households for the market area and Chesterfield County are set out in Table 15, below. These figures are also taken from the 2015 to 2019 American Community Survey.

The median renter household income for Chesterfield County as a whole is seen to be \$50,939. The median income for the market area is estimated at \$52,234.

Table 15 - Household Income, Renter Households

	Market area		Chesterfield County	
	number	percent	number	percent
less than \$10,000	215	5.4	1,661	5.5
\$10,000 to \$19,999	248	6.2	2,510	8.3
\$20,000 to \$34,999	436	10.9	4,973	16.4
\$35,000 to \$49,999	682	17.1	5,686	18.8
\$50,000 to \$74,999	779	19.5	6,338	20.9
\$75,000 to \$99,999	675	16.9	4,008	13.2
\$100,000 or more	961	24.0	5,097	16.8
median income	\$52,234 *		\$50,939	

* Estimate

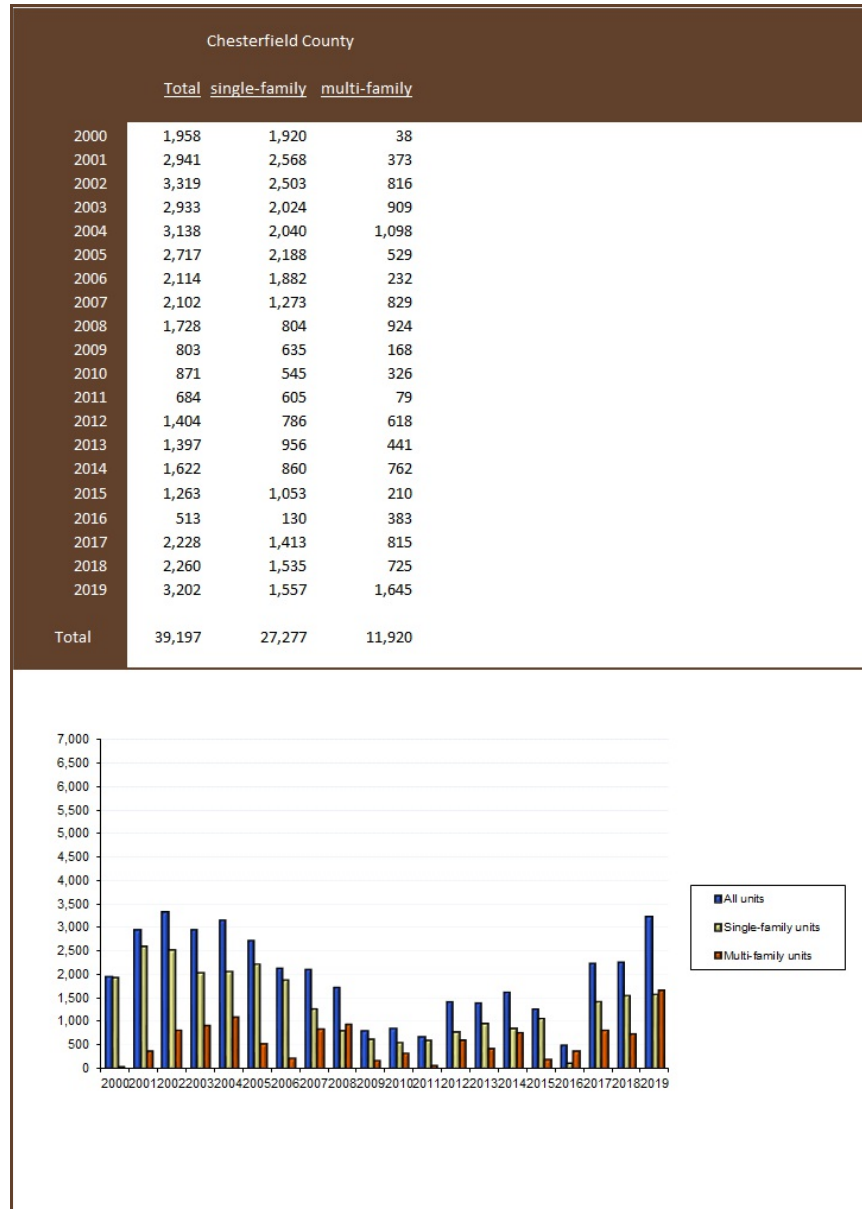
Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

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Building permit trends

Table 16 below gives details of residential construction in Chesterfield County since 2000. Where the data exist, it can be seen that a total of 39,197 units were added throughout the County, of which 11,920 were multi-family units. No data exist for the market area.

Table 16 - Residential Construction Since 2000



Source: Current Construction Reports, Bureau of the Census; T. Ronald Brown: Research & Analysis

H. COMPETITIVE ENVIRONMENT

There are several apartment complexes located in the project market area. These are typically conventional/market rate properties, and one property financed with low income housing tax credits. These complexes were identified and surveyed, and where useful information was made available to us, this is presented, below.

Based on information from Virginia Housing, the following are the significant (non-elderly) properties that have been financed with tax credits in the market area for the proposed development.

Creekpointe (214 units)

Whereas it is seen that there is only one tax credit-financed property in the market area for the proposed development, as defined there are tax credit complexes in adjacent parts of Chesterfield County. These include Brook Creek Crossings - a 70 unit complex awarded credits in 2012, Genito Glen - a 102 unit complex awarded credits in 1997, and Mallard Cove - a two phase project with a total of 231 tax credit units awarded in 1990 and 1994.

The Creekpointe Apartments is located off Old Hundred Road to the east of, and not far from, the site of the proposed development. The complex opened in 2003 and offers 94 two-bedroom units and 120 three-bedroom units. Rents are \$1,050 and \$1,215 for the two- and three-bedroom units, respectively. The complex has amenities that include a pool and fitness center, for example.

As noted, there are several market rate properties in the area. The closest market rate property to the site of the proposed development is the Grove at Swift Creek, which is located immediately south of Creekpointe. The Grove project opened in 1999 and has 240 units: 94 one-bedroom units, 108 two-bedroom units, and 48 three-bedroom units. Rents are \$1,140 for the one-bedroom units, with the two-bedroom units renting for \$1,380 and \$1,400. The three-bedroom units rent for \$1,570.

There has been development activity in the area in recent years - with three complexes added at Centerpointe since 2015 - which again, is to the east of, and not far from, the site of the proposed development. One of these properties - Abberly at Centerpointe - is located off the Brandermill Parkway, west of the Hospital. This complex has a total of 271 units that opened in 2019. Currently, the project is understood to be in the latest phase of its lease-up, and reports 30 vacant units - an 88.9 percent occupancy level. The one-bedroom units at this location rent for \$1,298 to \$1,378. The two-bedroom units are offered in the \$1,517 to \$1,611 range. There are eight three-bedroom units, rents for which are not available at present. The newest complex in the area is Sapphire at Centerpointe. This is 192-unit development that opened in 2020 - it is currently 92.2 percent occupied. Rents range from \$1,265 for a one-bedroom unit to \$1,880 for a three-bedroom model. Two-bedroom rents are in the \$1,440 to \$1,530 range.

Based on our survey, there is a market-wide occupancy rate of 96.0 percent.

Occupancy at the single tax credit property is found to be around 99.5 percent.

Occupancy at the various market rate properties in the market area is seen to be 95.6 percent.

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

In order to determine market rents, a sample of comparable market area properties were identified. The projects selected were chosen on the basis of age, location, and bedroom mix. Information for units at these various properties are summarized below.

Table 17 - Market Rate Properties

<u>Property</u>	<u>Year built</u>	<u>Two-bedroom rents</u>	<u>Three-bedroom rents</u>
Bristol Village	2004	\$1,299-1,431	\$1,266-1,630
Colony at Centerpointe	2015	\$1,473-1,508	\$2,021
Grove at Swift Creek	1999	\$1,380-1,400	\$1,570
Woodlake Village	1988	\$975-1,170	\$1,225

Source: Apartment Managers; T.Ronald Brown: Research & Analysis

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$1,257 for a two-bedroom unit, and \$1,534 for a three-bedroom unit.

These rents are seen to be reasonably above the proposed rents at the proposed development, particularly for those units targeted at or below 60 percent of the median.

The various complexes surveyed are summarized as follows.

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Abberly Centerpointe	conventional	2019	271	30	88.9
Bristol Village at Charter Colony	conventional	2004	121	5	95.9
Colonial Village at Waterford	conventional	1988	312	13	95.8
Colony at Centerpointe	conventional	2015	255	10	96.1
Creekpointe	LIHTC	2003	214	1	99.5
Enclave at the Green	conventional	2006	254	6	97.6
Grove at Swift Creek	conventional	1999	240	2	99.2
Rockwood Park	conventional	1990	132	n/a	n/a
Sapphire at Centerpointe	conventional	2020	192	15	92.2
Woodlake Village	conventional	1988	190	2	98.9
Waterpointe	conventional	1995	51	0	100.0

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

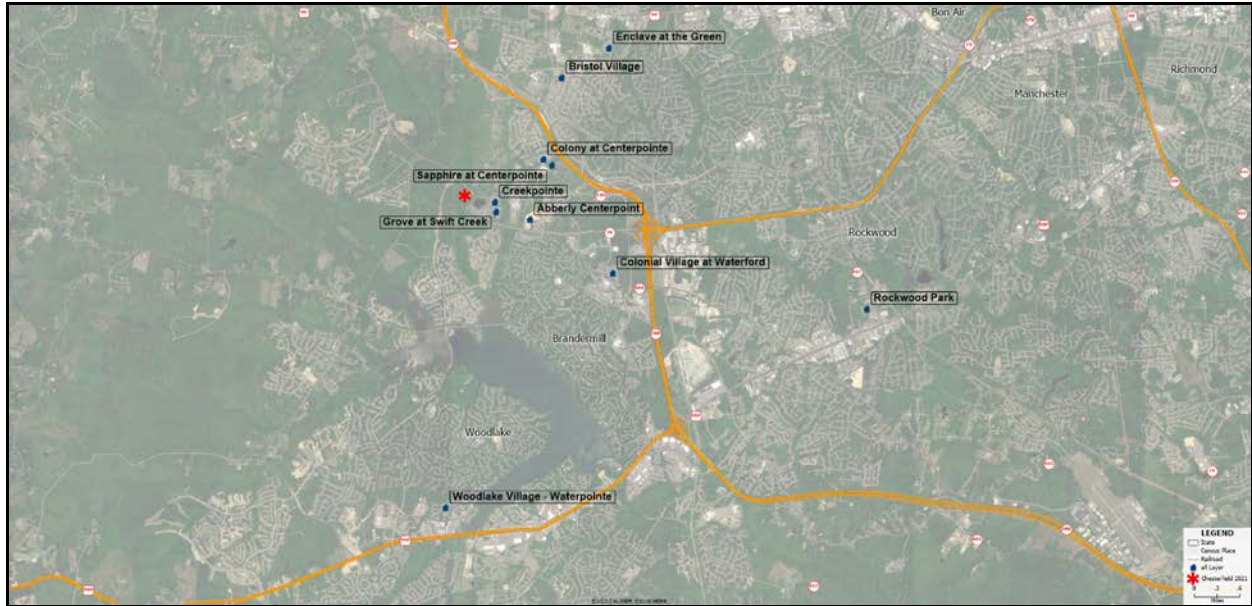
	0 br/1ba			1 br/1ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Old Hundred Trace						
Abberly Centerpointe				118	694-784	\$1,298-1,378
Bristol Village at Charter Colony				49	796-1,140	\$1,185-1,300
Colonial Village at Waterford				116	672-855	\$1,263-1,278
Colony at Centerpointe				72	860	\$1,300
Creekpointe						
Enclave at the Green				96	670-874	\$1,152-1,269
Grove at Swift Creek				84	889	\$1,140
Rockwood Park				28	665	\$1,135-1,620
Sapphire at Centerpointe				66	860	\$1,265
Woodlake Village						
Waterpointe				6	953-998	\$925-960

	2 br/1-1½ ba			2 br/2 ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Old Hundred Trace	33	944	\$513-1,110			
Abberly Centerpointe				145	956-1,275	\$1,517-1,655
Bristol Village at Charter Colony				58	796-1,213	\$1,185-1,500
Colonial Village at Waterford	64	865-870	\$1,418-1,428			
Colony at Centerpointe				147	1,208-1,220	\$1,473-1,508
Creekpointe				94	1,000	\$1,050
Enclave at the Green	44	874-959	\$1,269	90	1,053-1,157	\$1,473-1,523
Grove at Swift Creek				108	1,148-1,158	\$1,380-1,400
Rockwood Park				91	885	\$1,140-1,480
Sapphire at Centerpointe				96	1,208-1,210	\$1,440-1,530
Woodlake Village				158	867-1,269	\$975-1,170
Waterpointe				42	1,242	\$1,100-1,500

	3 br/1-1½ ba			3 br/2+ ba		
	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>	<u>number</u>	<u>size (sq. ft.)</u>	<u>rent</u>
Old Hundred Trace				21	1,132	\$1,235-1,450
Abberly Centerpointe				8	1,347	n/a
Bristol Village at Charter Colony				14	1,266-1,630	\$1,525-1,700
Colonial Village at Waterford				16	1,176	\$1,673
Colony at Centerpointe				36	1,482	\$2,021
Creekpointe				120	1,274	\$1,215
Enclave at the Green				54	1,220-1,352	n/a
Grove at Swift Creek				48	1,35	\$1,570
Rockwood Park				13	1,050	\$1,290-1,500
Sapphire at Centerpointe				30	1,482	\$1,880
Woodlake Village				32	1,269	\$1,225
Waterpointe						

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

Apartment locations





Abberly Centerpoint

Location: 1900 Abberly Circle, Midlothian

Telephone: 833.239.3102

Year built: 2019

Total units: 271

Vacant units: 30 (88.9 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2½ ba</u>	<u>3 br/2 ba</u>
Units:	118	129	16	8
Unit size (sq. ft.):	694-784	956-1,275	1,166	1,347
Rent:	\$1,298-1,378	\$1,517-1,655	\$1,611	n/a
Rent/sq. ft.:	\$1.81	\$1.42	\$1.38	n/a

Management: HHHunt - Caroline (3/1)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies

[3rd party photograph]



Bristol Village at Charter Colony

Location: 500 Bristol Village Drive, Midlothian

Telephone: 804.594.0101

Year built: 2004

Total units: 121

Vacant units: 5 (95.5 percent occupied)

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>
Units:	43	6	48	7
Unit size (sq. ft.):	796-922	1,014-1,140	1,087-1,213	1,305-1,431
Rent:	\$1,185	\$1,300	\$1,299-1,500	\$1,500-1,600
Rent/sq. ft.:	\$1.38	\$1.21	\$1.22	\$1.13
	<u>2 br/2½ ba</u>	<u>3 br/2 ba</u>	<u>3 br/2 ba</u>	<u>3 br/2½ ba</u>
Units:	3	8	4	2
Unit size (sq. ft.):	1,340	1,266-1,401	1,495-1,630	1,362
Rent:	\$1,585	\$1,525	\$1,605	\$1,700
Rent/sq. ft.:	\$1.18	\$1.14	\$1.03	\$1.25

Management: Dreyfus Management (Eddie 1/13)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



Brook Creek Crossings

Location: 700 Colton Creek, Midlothian

Telephone: 804.794.9440

Financing: LIHTC

Year built: 2012

Total units: 70

Vacant units: 1 (98.6 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	6	40	24
Unit size (sq. ft.):	760	1,053	1,143
Rent:	\$543*	\$606-824*	\$913*
Rent/sq. ft.:	\$0.71*	\$0.68*	\$0.80*

Management: Drucker & Falk (Jennifer 1/14)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floors Fireplaces Patios/balconies

* Tax credit



Colonial Village at Waterford

Location: 2810 Pavilion Place, Midlothian

Telephone: 804.744.7900

Year built: 1988

Total units: 312

Vacant units: 14 (95.8 percent occupied)

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	20	96	48	16	96	20	16
Unit size (sq. ft.):	672	855	865	870	1,019	1,054	1,176
Rent:	\$1,278	\$1,263	\$1,428	\$1,418	\$1,398	\$1,513	\$1,673
Rent/sq. ft.:	\$1.90	\$1.48	\$1.65	\$1.63	\$1.37	\$1.44	\$1.42

Management: MAA (Courtenay 1/13)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



Colony at Centerpoint

Location: 14400 Palladium Drive, Midlothian

Telephone: 844.330.2447

Year built: 2015

Total units: 255

Vacant units: 10 (96.1 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	72	78	60	9	36
Unit size (sq. ft.):	860	1,208	1,210	1,220	1,482
Rent:	\$1,300	\$1,500	\$1,508	\$1,473	\$2,021
Rent/sq. ft.:	\$1.51	\$1.24	\$1.25	\$1.21	\$1.36

Management: Preferred Residential Management - Tina (3/1)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



Creekpointe

Location: 14600 Creekpointe Circle, Midlothian

Telephone: 804.897.6965

Financing: LIHTC

Year built: 2003

Total units: 214

Vacant units: 1 (99.5 percent occupied)

	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	94	120
Unit size (sq. ft.):	1,000	1,274
Rent:	\$1,050*	\$1,215*
Rent/sq. ft.:	\$1.05*	\$0.95*

Management: Capreit (Janet 1/13)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies

* Tax credit



Enclave at the Green

Location: 13300 Enclave Drive, Midlothian

Telephone: 804.595.1640

Year built: 2006

Total units: 254

Vacant units: 6 (97.6 percent occupied)

	<u>1 br/1 ba</u>	<u>1 br/1 ba</u>	<u>2 br/1 ba</u>	<u>2 br/1 ba</u>
Units:	30	36	30	14
Unit size (sq. ft.):	670	792	874	959
Rent:	n/a	\$1,152-1,196	\$1,269	n/a
Rent/sq. ft.:	n/a	\$1.48	\$1.45	n/a
	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>	<u>3 br/2½ ba</u>
Units:	66	24	18	36
Unit size (sq. ft.):	1,053	1,157	1,220	1,352
Rent:	\$1,473-1,523	n/a	n/a	n/a
Rent/sq. ft.:	\$1.42	n/a	n/a	n/a

Management: Edward Rose & Associates (Kimberly 1/13)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



Grove at Swift Creek

Location: 14701 Swift Lane, Midlothian

Telephone: 804.897.8766

Year built: 1999

Total units: 240

Vacant units: 2 (99.2 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	94	72	36	48
Unit size (sq. ft.):	889	1,148	1,158	1,435
Rent:	\$1,140	\$1,380	\$1,400	\$1,570
Rent/sq. ft.:	\$1.28	\$1.20	\$1.21	\$1.09

Management: NTS (Lindsay 1/13)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+)
 ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



Rockwood Park

Location: 3310 Old Courthouse Road, Richmond

Telephone: 804.276.4111

Year built: 1990

Total units: 132

Vacant units: n/a

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	28	91	13
Unit size (sq. ft.):	665	885	1,050
Rent:	\$1,135-1,620	\$1,140-1,480	\$1,290-1,500
Rent/sq. ft.:	\$1.71	\$1.29	\$1.23

Management: Bonaventure Property Management (Margaret 1/13)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



Sapphire at Centerpointe

Location: 14250 Sapphire Park Lane, Midlothian

Telephone: 804.376.5604

Year built: 2020

Total units: 192

Vacant units: 15 (92.2 percent occupied)

	<u>1 br/1 ba</u>	<u>2 br/2 ba</u>	<u>3 br/2 ba</u>
Units:	66	96	30
Unit size (sq. ft.):	860	1,208-1,210	1,482
Rent:	\$1,265	\$1,440-1,530	\$1,880
Rent/sq. ft.:	\$1.47	\$1.23	\$1.27

Management: Drucker & Falk (Wendy (3/1))

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'+ ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies



Woodlake Village- Waterpointe

Location: 6500 Woodlake Village Court, Midlothian

Telephone: 804.739.4528

Year built: 1988 (Woodlake Village); 1995 (Waterpointe)

Total units: 190 (Woodlake Village); 51 (Waterpointe)

Vacant units: 2 (98.9 percent occupied) - Woodlake Village; 0 (100 percent occupied) - Waterpointe

Waterpointe	<u>1 br/1 ba</u>	<u>1br/1ba</u>	<u>2br/2 ba</u>	<u>2 br/2 ba</u>	
Units:	3	3	42	3	
Unit size (sq. ft.):	953	998	1,242	1,448	
Rent:	\$925	\$960	\$1,100-1,500	\$1,275	
Rent/sq. ft.:	\$0.97	\$0.96	\$1.05	\$0.88	
Woodlake Village	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>2 br/2 ba</u>	<u>3 br/3 ba</u>
Units:	77	30	32	19	32
Unit size (sq. ft.):	867	989	1,040	1,269	1,269
Rent:	\$975	\$1,025	\$1,050	\$1,170	\$1,225
Rent/sq. ft.:	\$1.12	\$1.04	\$1.01	\$0.92	\$0.97

Management: Havens Properties (Katy 1/13)

Utilities in rent: Water/Sewer Trash Heat Electricity

Amenities: Club House/Community Room Fitness center Pool Tennis Playground
 Business Center Controlled access/Security/gated Elevator Garages Storage Laundry

Unit features: Microwave Dishwasher 9'(+) ceilings High-end kitchen Washer/Dryer
 Washer/Dryer Hook-up Wood/type floor Fireplaces Patios/balconies

I. AFFORDABILITY ANALYSIS, DEMAND ANALYSIS, CAPTURE RATES, AND PENETRATION RATES

Demand Analysis

The market for the proposed apartments is derived from two principal sources: the population and household growth market, and from existing households currently living in the area who could move to the project were it to be made available.

Income is a key variable in the analysis of housing markets. Of the 54 units proposed, six will be targeted at 30 percent of the median, 21 will be targeted to households with incomes up to 50 percent of the median, with eight targeted at 60 percent of the median, and 19 units targeted at 80 percent of the median (and therefore applying income averaging). Thus, the apartments qualify for low income housing tax credit status.

The HUD income limits for Chesterfield County (the Richmond MSA) are set out below. The median income for Chesterfield County in 2020 was \$89,400 - having been \$86,400 in 2019, and \$73,900 in 2010. This represents a 3.5 percent increase over the previous year, and a 21.0 percent increase over the last decade (or an average of 1.92 percent per year).

The maximum housing expenses for the proposed units are based on these income limits and assume an average 1.5 persons per household and that renters will pay no more than 30 percent of their incomes on housing expenses (rent plus utilities).

Table 18 - Income Limits and Maximum Housing Costs

Income Limits				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 person	\$18,780	\$31,300	\$37,560	\$50,080
2 person	\$21,480	\$35,800	\$42,960	\$57,280
3 person	\$24,150	\$40,250	\$48,300	\$64,400
4 person	\$26,820	\$44,700	\$53,640	\$71,520
5 person	\$28,980	\$48,300	\$57,960	\$77,280
6 person	\$31,140	\$51,900	\$62,280	\$83,040

Maximum Housing Costs				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	\$604	\$1,006	\$1,208	\$1,610
3 bedroom	\$698	\$1,163	\$1,395	\$1,860

Source: HUD

Information as to rents and income targeting are set out in Table 19, below

Table 19 - Rents and Income Targeting

income targeting					
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>Total</u>
2 bedroom	6	21	6	0	33
3 bedroom	0	0	2	19	21
Total	6	21	8	19	54

proposed rents				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	\$513	\$915	\$1,110	
3 bedroom			\$1,235	\$1,450

proposed rents as a proportion (%) of maximum				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	99.9	99.9	99.3	
3 bedroom			96.7	83.2

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$90 and \$118 for the two-, and three-bedroom units, respectively

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at the maximum allowable for the units targeted at the 30 percent level and the 50 percent level, and around 99 percent of the maximum at the 60 percent level. The rents for the units targeted at the 80 percent of the median are seen to be around 83 percent of the maximum allowable at that level.

Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom. The qualifying income limits for one- and four bedroom units are based on the proposed rents level relative to the maximum allowable.

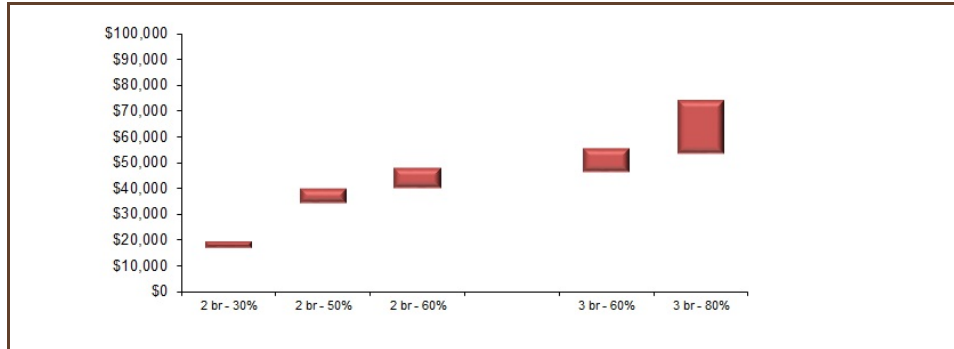
Table 20 - Qualifying Income Ranges

qualifying income ranges		
	30 percent	
	lower	upper
2 bedroom	\$20,674	\$24,150
	50 percent	
	lower	upper
2 bedroom	\$34,457	\$40,250
	60 percent	
	lower	upper
2 bedroom	\$40,114	\$48,300
3 bedroom	\$46,389	\$55,800
	80 percent	
	lower	upper
3 bedroom	\$53,760	\$74,400

Source: Applicant; T Ronald Brown: Research & Analysis

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

The various qualifying income ranges, by bedroom mix and income targeting are illustrated, below. Any gaps and/or overlaps between these target income ranges will necessarily be taken into consideration in our calculations.



The major variables to be examined are tenure and income. These data are no longer available from the Decennial Census. Nonetheless, data can be extrapolated from the most recent American Community Survey - again, subject the limitations of those data. These data, for the market area for the proposed complex, are set out below.

Table 21 - Household Income, Renter Households

Income	All Renters		Overburdened Renters	
	Number	Percent	Number	Percent
Up to \$10,000	215	5.4	130	9.3
\$10,000 - \$19,999	248	6.2	210	15.1
\$20,000 - \$34,999	436	10.9	402	28.9
\$35,000 - \$50,000	682	17.1	323	23.2
\$50,000 - \$75,000	779	19.5	210	15.1
\$75,000 - \$100,000	675	16.9	116	8.3
\$100,000 and over	961	24.0	0	0.0
Total	3,996		1,391	

Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2015 to 2019 - and not for a specific year.

From this table it can be seen that only 5.4 percent of the market area renter households have incomes less than \$10,000, and a further 6.2 percent have incomes between \$10,000 and \$20,000. Around 10.9 percent of renters are seen to be in the \$25,000 to \$35,000 income range. Around 35 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 20 and the income distribution set out in Table 21, it is found that around 2.7 percent of market area renter households qualify for units at 30 percent of the median, and the corresponding figures for units at the 50 percent, 60 percent, and 80 percent levels are 6.3 percent, 8.0 percent, and 14.0 percent, respectively.

Projections of need and demand are based upon a 2021 to 2026 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

Based on the projections set out in Table 13, a total of 1,126 new rental units are needed between 2021 and 2026. A total of 387 units will be for households eligible for the proposed project.

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing renter households who would move to the new apartments were they made available. The extent to which any new development is able to attract a certain share of this market is largely a factor of several interrelated factors. These include the location of the development, the amenities it offers, the quality of design and the effectiveness of the development's marketing and management. That is, the perceived value of the community in terms of price, convenience, and life-style.

Our calculations show that there will be a total of 2,202 renter households in the qualifying income range in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 58.3 percent of renters qualifying for units at 30 percent of the median are rent-overburdened. Likewise, 41.4 percent, 32.5 percent, and 43.6 percent of those qualifying for units at the 50 percent, 60 percent, and 80 percent levels, respectively, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 67 units.

Total demand is therefore seen to amount to 1,595 units. These figures are based on a 2021 to 2026 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been added in the project market area over the projection period, nor are other comparable complexes funded and/or are under construction. The net need is therefore for 1,574 units

The preceding calculations are summarized in the table on the following page.

Table 22 - Demand Calculations

	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>total</u> *
(i) income eligible new renter households	30	71	90	159	387
(ii) income eligible existing renter households	173	404	513	906	2,202
(iii) existing households, likely to move	235	235	212	294	1,120
(iv) need from obsolete housing	5	12	16	27	67
Total demand (i)+(iii)+(iv)	271	319	318	481	1,574
Supply	0	0	0	0	0
Net demand	271	319	318	481	1,574

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 25 percent of the total, two-bedroom units should account for 40 percent of the total, and three-bedroom units should account for 26 percent of the total with four- or more bedroom units accounting for 10 percent.

Capture rates are illustrated in the table on the following page.

Report for the Old Hundred Trace Apartments in Chesterfield, Virginia

Table 23 - Capture Rates

	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>total *</u>
Total demand					
1 bedroom	67	78	78	118	388
2 bedroom	107	126	126	190	622
3 bedroom	71	83	83	125	410
4 bedroom	27	31	31	47	154
Total	271	319	318	481	1,574
Supply					
1 bedroom	0	0	0	0	0
2 bedroom	0	0	0	0	0
3 bedroom	0	0	0	0	0
4 bedroom	0	0	0	0	0
Total	0	0	0	0	0
Net demand					
1 bedroom	67	78	78	118	388
2 bedroom	107	126	126	190	622
3 bedroom	71	83	83	125	410
4 bedroom	27	31	31	47	154
	0				
Total	271	319	318	481	1,574
Units proposed					
1 bedroom	0	0	0	0	0
2 bedroom	6	21	6	0	33
3 bedroom	0	0	2	19	21
4 bedroom	0	0	0	0	0
Total	6	21	8	19	54
Capture rates					
1 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
2 bedroom	5.6%	16.7%	4.8%	0.0%	5.3%
3 bedroom	0.0%	0.0%	2.4%	15.2%	5.1%
4 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Total	2.2%	6.6%	2.5%	4.0%	3.4%

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 54-unit development amounts to 3.4 percent of the total net need.

The capture rate, by bedroom, is determined to be 5.3 percent for the 33 two-bedroom units, and 5.1 percent for the 21 three-bedroom units.

The six units at 30 percent of the median amount to 2.2 percent of the net demand at that level, the 21 units at 50 percent of the median amount to 6.6 percent of demand at that target level, and the eight units targeted at the 60 percent level amount to around 2.5 percent of demand at that level. The 19 units targeted at 80 percent represent 4.0 percent of demand at that level..

The capture rates presented above are considered very reasonable for this property.

ABSORPTION RATES

As noted, the capture rates presented above are considered realistic. Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated four month period, or so.

Affordability Analysis

Here, an affordability analysis addresses the total number of income eligible renter households in the market are relative to the size of the proposed development.

The minimum income is that associated with the rent for the least expensive unit offered, and the upper limit is based on the 80 percent limit (the highest target income range) for the largest unit size, by number of bedrooms. Here, the lower income is seen to be that for the proposed two-bedroom units that will be targeted to households at the 30 percent level. That is, \$513 per month. Given a \$90 utility allowance and a 35 percent rent-to-income ratio, the lower qualifying income is seen to be \$20,674. The upper income is \$74,400. Based on the income data set out in Table 21, there are found to be as many as 2,826 renter households in that range. Thus, the proposed 54-unit development corresponds to a 1.9 percent affordability analysis capture rate.

Penetration rate.

A penetration rate is defined, for the purposes of this analysis, as the proportion of income-eligible households needed to fill the proposed development, plus those in existing competitive units, plus any in competitive units that are approved and funded for future development.

The lower income limit for this analysis is the income needed to afford the least expensive competitive unit in the market (or the rent for the least-expensive proposed unit, if lower), and the upper income limit is the upper income limit for the competitive units (or the proposed units, if higher). Our survey of the existing, competitive inventory, shows that the lowest two bedroom units are those for the more deeply targeted units at the proposed development. Thus, given the rents for the proposed development, the target income range for this market is that for the proposed development. That is, from \$20,674 to \$74,400. Thus, given that there are as, noted, 2,826 qualifying renter households in the market area. It is seen that 54 units are proposed, and there is only one existing comparable tax credit property, with no comparable projects funded for future construction. The Creekpointhe property - amounts to a total of 214 comparable units, plus the proposed 54 units, yields 268 units. Thus, the penetration rate - as defined - amounts to 9.5 percent.

Summary

Consideration of the capture rate (3.4 percent) and the (1.9 percent) affordability analysis capture rate, and (9.5 percent) penetration rate suggests that the proposed development is very marketable, as proposed.

J. LOCAL PERSPECTIVE OF RENTAL HOUSING MARKET

As part of the research for this market study, interviews were held with property managers, local government officials, and others with particular knowledge of the local housing market. The proposed development will offer an attractive, new, apartment complex - to be leased subject to the provisions of the Low Income Housing Tax Credit program. Property managers of existing complexes and/or other representatives of management companies were a potential source of information.

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages). The site manager at CreekpoinTE (Janet) - the only directly comparable property in the market area - believes a new project is a good idea. Jennifer, who manages the Brook Creek Crossings tax credit project, which was built in 2012, also believes that the area could accommodate another tax credit complex.

K. ANALYSIS/CONCLUSIONS

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated four month period, or so.

Based on the proposed development's site, bedroom mix, amenities and features, utility provision and costs, the proposed development is considered marketable and should be well-accepted in this market, particularly as it will be a new, affordable, property.

The site location will offer a significant advantage as will the proposed rents, particularly those set to be affordable to households at 30 percent and 50 percent of the median.

The proposed development should not have a negative impact on existing housing.

It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed, and that the project should be awarded low income housing tax credits. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined and on our project specific demand analysis and survey of the supply of rental housing in the market--as set out in the foregoing report and summarized in the Executive Summary.

L. OTHER REQUIREMENTS

Statement and signature

I affirm the following:

1. that 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 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 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 reservation or allocation of tax credits.



Market Analyst

March 17, 2021

As affirmed in the Scope of Work, there is no identity of interest between the analyst and the entity for which the report has been prepared.

Similarly, the recommendations and conclusions are based solely on the analyst's experience, opinion, and best efforts.

Analyst Qualifications

T. Ronald Brown: Research & Analysis is a planning and economics consulting firm which provides real estate market analysis.

The President of the firm is T. Ronald Brown. He has 35 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 3,000 studies in at least 20 states, predominantly in the Southeast.

Mr. Brown has a Honours Master of Arts degree in Geographical Studies from the University of St. Andrews in St. Andrews, Scotland.

The firm has primary experience in market analysis for residential projects including both single-family homes and multi-family units (for sale and for rent). A significant proportion of the firm's business focuses on apartment market studies—for family renters and for elderly persons. These reports include conventionally financed projects (including HUD 221 (d) (4) projects), affordable housing (including low income tax credit financed projects) and subsidized housing.

Clients include for-profit developers, non-profit developers and community development corporations, state housing finance agencies, syndicators, and municipalities.

List of sources

The foregoing report contains information from a variety of sources - those sources (such as contact numbers for property interviews) are cited at the appropriate place in the report itself. The major sources of data include:

The U.S. Census - 2000 and 2010, and the American Community Survey (2015-2019)
Virginia Housing
U.S. Department of HUD
Virginia State Data Center/Weldon Cooper Center for Public Service
Virginia Employment Commission
Virginia Economic Development Partnership
Chesterfield County
U.S. Bureau of Labor Statistics
HUDUSER (e.g., SOCDs building permits database)

Market study checklist

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MARKET STUDY TERMINOLOGY

The following presents the accepted definitions of various terms typically found in real estate market studies. These definitions are typically followed unless reviewing agency requirements differ.

Absorption period - the period of time necessary for a newly constructed or renovated property to achieve the *stabilized level of occupancy*. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the *stabilized level of occupancy* has a signed lease. Assumes a typical premarketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is assumed to begin should accompany all absorption estimates.

Absorption rate - the average number of units rented each month during the *absorption period*.

Acceptable rent burden - the rent-to-income ratio used to qualify tenants for both income-restricted and non-income restricted units. The acceptable rent burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.

Achievable rents - See *Market Rent, Achievable Restricted Rent*.

Affordable housing - housing affordable to low or very low-income tenants.

Amenity - tangible or intangible benefits offered to a tenant. Typical amenities include on-site recreational facilities, planned programs, services and activities.

Annual demand - the total estimated demand present to the market in any one year for the type of units proposed.

Assisted housing - housing where federal, state or other programs *subsidize* the monthly costs to the tenants.

Bias - a proclivity or preference, particularly one that inhibits or entirely prevents an impartial judgment.

Capture rate - the percentage of age, size, and income qualified renter households in the *primary market area* that the property must capture to fill the units. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. The *Capture Rate* is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the *primary market area*. See also: penetration rate.

Comparable property - a property that is representative of the rental housing choices of the subject's *primary market area* and that is similar in construction, size, amenities, location, and/or age. Comparable and *competitive* properties are generally used to derive market rent and to evaluate the subject's position in the market.

Competitive property - a property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.

Comprehensive market study - NCHMA (the National Council of Housing Market Analysts) defines a comprehensive market study for the purposes of IRC Section 42 as a market study compliant with its Model Content Standards for Market Studies for Rental Housing. Additionally, use of the suggested wording in the NCHMA certification without limitations regarding the comprehensive nature of the study, shows compliance with the IRC Section 42 request for completion of a market study by a 'disinterested party.'

Concession - discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).

Demand - the total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be the appropriate age, income, tenure and size for a specific proposed development. Components of demand vary and can include household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.

Effective rents - contract rent less concessions.

Household trends - changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.e. at marriage or separation), changes in average household size, and net *migration*.

Income band - the range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined *acceptable rent burden* percentage and the maximum typically⁷ is pre-defined by specific program requirements or by general market parameters.

Infrastructure - services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.

Market advantage - the difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property. ($market\ rent - proposed\ rent / market\ rent * 100$)

Market analysis - a study of real estate market conditions for a specific type of property.

Market area - See *primary market area*.

Market demand - the total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand. A common example of market demand used by HUD's MAP program, which is based on three years of renter household growth, loss of existing units due to demolition, and market conditions.

Market rent - the rent that an apartment, without rent or income restrictions or rent subsidies, would command in the *primary market area* considering its location, features and amenities. Market rent should be adjusted for *concessions* and owner paid utilities included in the rent.

Market study - a comprehensive study of a specific proposal including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography.

Marketability - the manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.

Market vacancy rate, economic - percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.

Market vacancy rate, physical - average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.

Migration - the movement of households into or out of an area, especially a *primary market area*.

Mixed income property - an apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. low income tax credit property with income limits of 30%, 50%, and 60%).

Mobility - the ease with which people move from one location to another.

Move-up demand - an estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older tax credit properties to new tax credit properties.

Multi-family - structures that contain more than two housing units.

Neighborhood - an area of a city or town with common demographic and economic features that distinguish it from adjoining areas.

Net rent (also referred to as contract rent or lease rent) - Gross rent less *tenant paid utilities*.

Penetration rate - The percentage of age and income qualified renter households in the *primary market area* that all existing and proposed properties, to be completed with six months of the subject, and which are competitively priced to the subject that must be captured to achieve the *stabilized level of occupancy*. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors. Units in all proposals / households in market * 100, see also: capture rate.

Pent-up demand - a market in which there is a scarcity of supply and vacancy rates are very low.

Population trends - changes in population levels for a particular area over a specific period of time – which is a function of the level of births, deaths, and net *migration*.

Primary market area - a geographic area from which a property is expected to draw the majority of its residents.

Programmatic rents - See *restricted rents*.

Project based rent assistance - rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment - the redesign or rehabilitation of existing properties.

Rent burden - gross rent divided by adjusted monthly household income.

Rent burdened households - households with *rent burden* above the level determined by the lender, investor, or public program to be an acceptable rent-to-income.

Restricted rent - the rent charged under the restrictions of a specific housing program or subsidy.

Restricted rent, achievable - the rents that the project can attain taking into account both market conditions and rent in the *primary market area* and income restrictions.

Saturation - the point at which there is no longer demand to support additional unit. Saturation usually refers to a particular segment of a specific market.

Secondary market area - the portion of a market that supplies additional support to an apartment property beyond that provided by the primary market area.

Special needs population - specific market niche that is typically not catered to in a conventional apartment property. Examples of special needs population include: substance abusers, visually impaired person or persons with mobility limitations.

Stabilized level of occupancy - the underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.

Subsidy - monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's *contract rent* and the amount paid by the tenant toward rent.

Substandard conditions - housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.

Target income band - the *income band* from which the subject property will draw tenants.

Target population - the market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.

Tenant paid utilities - the cost of utilities (not including cable, telephone, or internet) necessary for the habitation of a dwelling unit, which are paid by the tenant.

Turnover period - 1. An estimate of the number of housing units in a market area as a percentage of total housing units in the market area that will likely change occupants in any one year. See also: vacancy period. $\text{Housing units with new occupants} / \text{housing units} * 100$ 2. The percent of occupants in a given apartment complex that move in one year.

Unmet housing need - new units required in the market area to accommodate household growth, homeless people, and housing in substandard conditions.

Unrestricted rents - rents that are not subject to *restriction*.

Unrestricted units - units that are not subject to any income or rent restrictions.

Vacancy period - the amount of time that an apartment remains vacant and available for rent.

Vacancy rate-economic vacancy rate - physical - maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.

Other Terms

The following terms are also to be found in professional market studies - here, this information is drawn from various sources including HUD, the Census Bureau, and the Urban Land Institute.

Area Median Income (AMI) - 100% of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.

Attached housing - two or more dwelling units connected with party walls (e.g. townhouses or flats).

Basic rent - the maximum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.

Below Market Interest Rate program (BMIR) - Program targeted to renters with income not exceeding 80% or area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.

Census tract - a small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants.

Central Business District (CBD) - the center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.

Community Development Corporation (CDC) - entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.

Condominium - a form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.

Contract rent - 1. The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).

Difficult Development Area (DDA) - an area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.

Detached housing - a freestanding dwelling unit, typically single-family, situated on its own lot.

Elder or senior housing - housing where (1) all units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.

Extremely low income - person or household with income below 30% of the Area Median Income adjusted for household size.

Fair Market Rent (FMR) - the estimates established by HUD of the Gross rents (Contract rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally set FMR so that 40% of the rental units have rents below FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50th percentile of rents.

Garden apartments - apartments in low-rise buildings (typically two or four stories) that feature low density, ample open-space around buildings, and on-site parking.

Gross rent - the monthly housing cost to a tenant which equals the Contract rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.

High-rise - a residential building having more than ten stories.

Household - one or more people who occupy a housing unit as their usual place of residence.

Housing unit - house, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

Housing Choice Voucher (Section 8 Program) - federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible households in the use of the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.

Housing Finance Agency (FHA) - state or local agencies responsible for financing housing and administering assisted housing programs.

HUD Section 8 Program - federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the contract rent and a specified percentage of tenants' adjusted income.

HUD Section 202 Program - federal program which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income.

HUD Section 811 Program - federal program which provides direct capital assistance and operating of rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 510(c)(3) nonprofit organization.

HUD Section 236 Program - federal program which provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.

Income limits - maximum household income by county or Metropolitan Statistical Area, adjusted for household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes income limits each year for 30% median. Very low income (50%), and low income (80%), for households with 1 through 8 people.

Low income - person or household with gross household income below 80% of Area Median Income adjusted for household size.

Low income housing tax credit - a program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on those units be restricted accordingly.

Low rise building - a building with one to three stories.

Metropolitan Statistical Area (MSA) - a geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities have a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban.

Mid-rise - a building with four to ten stories.

Moderate income - person or household with gross household income between 80 and 120 percent of area median income adjusted for household size.

Public Housing or Low Income Conventional Public Housing - HUD program administered by local (or regional) Housing Authorities which serves low- and very-low income households with rent based on the same formula used for HUD Section 8 assistance.

Qualified Census Tract (QCT) - any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of households have an income less than 60% of the area median income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credit may qualify for up to 130% of the eligible basis for the purpose of calculating the Tax Credit allocation.

Rural Development (RD) market rent - a monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an unsubsidized mortgage and provide an adequate return to the property owner. The rent is the maximum rent that a tenant can pay at an RD Property.

Rural Development (RD) Program (Formerly the Farmers Home Administration Section 515 Rural Rental Housing Program) - federal program which provides the low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent, which is the higher (but not exceeding the market rent). The program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.

Single-family housing - a dwelling unit, either attached or detached, designed for use by one household and with the direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling.

State Data Center (SDC) - a state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of the census data.

Tenant - one who rents real property from another.

Tenure - the distinction between owner-occupied and renter-occupied housing units.

Townhouse (or Row House) - single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called row house.

Very low income - person or household whose gross household income does not exceed 50% of Area Median Income adjusted for household size.

Zoning - classification and regulation of land by local governments according to use categories (zones); often also includes density designations.