

Market Analysis
The Arbors at 29 North
Greene County, Virginia

Prepared for:

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September, 2022

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September 22, 2022

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Brian:

Attached is our full narrative market analysis in support of the proposed new construction Arbors at 29 North, which will be built during 2023 and 2024 on an attractive 7.8-acre site in the southern edge of Greene County, Virginia for active adults in search of affordable housing. The active adult market is defined as a household head within the 62 to 79 age category. For this study, the target market is defined as adults in this age category earning incomes of between \$39,330 and \$50,340, when reported in constant 2022 dollars.

Our research documented that the market area has over 1,800 households in the age and income category under study and that this sector of the senior housing market is expanding by 70± households per year.

The competitive apartment market for this sector of the housing market contains 1,140± apartment units with a low 1.3 percent vacancy. Most of the defined competitive properties are mature and less amenitized compared with The Arbors at 29 North proposal. Additionally, fewer than 20 percent of the market area's competitive affordable apartment units are within age-restricted apartment communities. Market area seniors have very few options for affordable housing. With the large area waitlists of 180± households for affordable senior housing and the annual growth in demand of 70± households, full market support exists for The Arbors at 29 North proposal.

Also of note is that the proposed rents are fully competitive for the unit mix with 60 percent two-bedroom apartment units and relatively spacious floorplans for age-restricted housing. These are positive features for this fully amenitized proposal. These factors fully support the proposal, as planned, as is fully outlined in the attached market report.

Sincerely,

Stuart M. Patz
President

Ariel Goldring
Vice President

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Section I: Introduction

This will submit our full narrative market study, within Virginia Housing’s market study guidelines, for the proposed 120-unit, affordable senior apartment building, the Arbors at 29 North. The new construction apartment complex is planned for development beginning in May, 2023 with construction expected to be completed in October, 2024 with lease-up extending into 2025. The study site is a 7.76-acre property located in the south side of Greene County and just north of the Albemarle County line.

The report to follow will be submitted to officials of Virginia Housing for tax-exempt bond financing, using 4% Low-Income Housing Tax Credits (LIHTC). The proposal is for affordable housing for active seniors. It will have age, income and rent restrictions. All market and economic data required to conform to Virginia Housing’s market study guidelines are presented in this report. The site visit was completed on September 20th, 2022.

To comply with Virginia Housing’s market study report requirements, the following analysis has been prepared with three separate sections. The first, the Introduction, provides a detailed analysis of the Arbors at 29 North site and its setting along the U.S. Route 29 Corridor in the southern end of Greene County, approximately 14 miles north of Downtown Charlottesville and just south of Ruckersville. Included in this section of the report is a detailed description of the apartment proposal, its setting and the community/ commercial facilities available to support new residents expected at the senior apartment building.

Section I has a second subsection, an Economic Overview Analysis of the market area. Data are presented on job and employment growth, as these are the two key economic factors related to the market area’s economic stability and growth. Also analyzed are the employment impacts of the COVID-19 pandemic.

At-place jobs and employment growth are the economic generators for population and household growth, and the resulting housing unit demand. While job growth is not a direct factor in the support of age-restricted housing, it is a key factor for market area demographic growth

and economic stability. It is also a key issue related to seniors remaining in the market area and/or moving to the market area for attractive affordable housing.

Section II of the report is the supply/demand analysis for new age-restricted affordable housing. The primary target market for the Arbors at 29 North will likely be active adults in the 62 to 79 age category, earning annual incomes of between \$39,330 and \$50,340 (60% of AMI), when incomes are reported in constant 2022 dollars.

Management at many age-restricted apartment properties “market” to residents in the 55 and above age category, including to older adults over 79 years of age. However, most of these communities attract only a small number of residents below the age of 62 and above the age of 79. Residents under 62 years of age who reside in age-restricted housing are typically disabled and require deep rent subsidies. However, the majority of the market for the subject property are based on market research within the active age categories and within the income range that supports the proposed rents.

Thus, the demand analysis to follow studies the active adult apartment market (aged 62 to 79) within the income range defined, as required to support the proposed rents and based on HUD income guidelines. In the Conclusions section, the number of residents over the age of 79, and the expected percentage of low-income residents holding housing vouchers or low-income disabled persons will be noted. Adjustments will be based on current trends in the defined market area to include residents outside the 62 to 79 age category and required income category.

The second part of Section II is the “supply” analysis, for affordable apartment units. We identified four affordable age-restricted properties in the market area that would be most competitive with the Arbors at 29 North, once built. Also analyzed are 12 affordable general occupancy apartment communities in the market area that attract some seniors and have comparable rents.

As described below, the market area includes Greene County, Albemarle County and the City of Charlottesville. The large market area was necessitated by the scattered locations of

apartments for seniors across the region and with confirmation by on-site management at several properties that the identified communities compete with each other. This is a traditional market area for housing in the greater Charlottesville area.

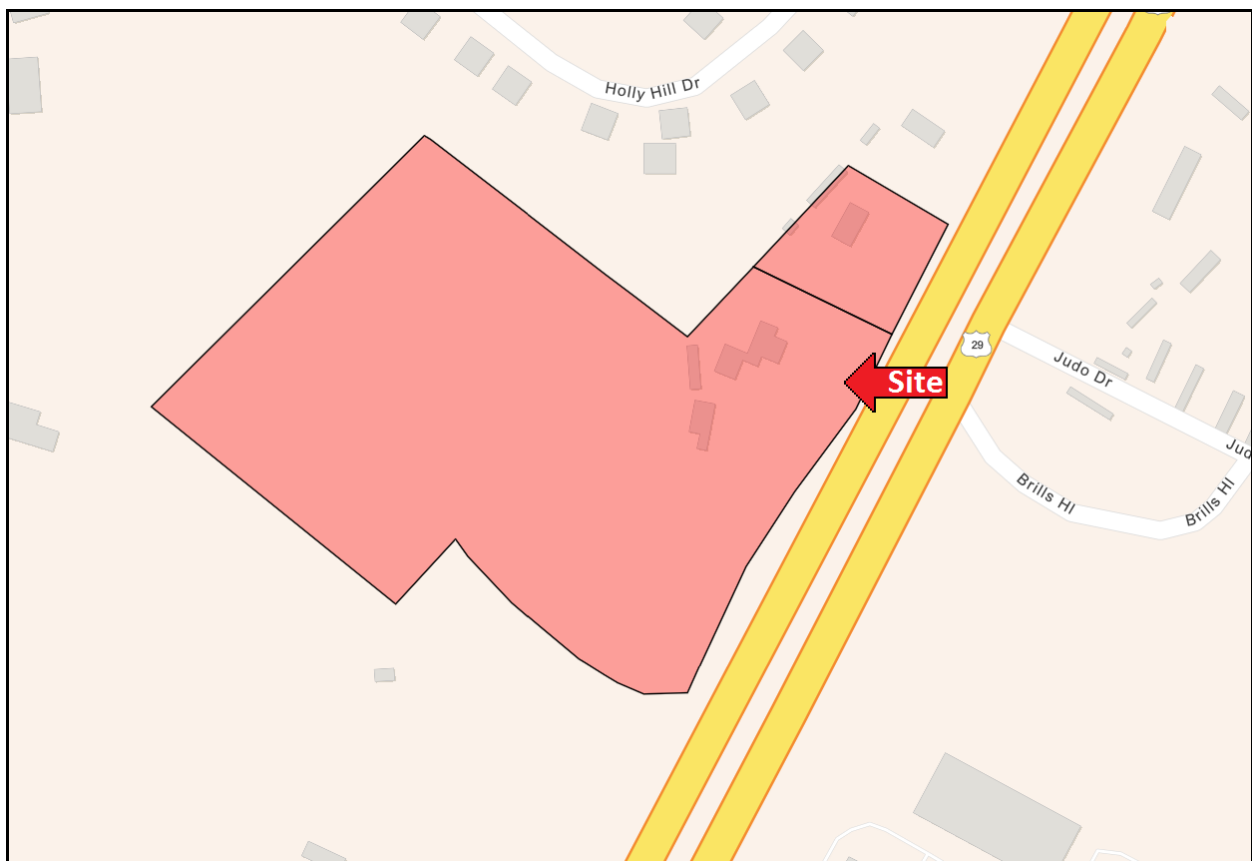
Section II analyzes the market area competitive affordable senior apartments to provide data on the date the apartment complex was built, project size, rents by AMI rent categories, occupancy, waitlists and project features. These data are compared with the Arbors at 29 North proposal to determine its “competitive position.”

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

The Arbors at 29 North

Site Description

The Arbors at 29 North site is an irregularly-shaped property fronting the western side of U.S. Route 29 in the southern portion of Greene County. Map A shows the site to be generally located across from Brills Hill Road and just south of the Holly Hill single-family subdivision. The site is located approximately 14 miles north of Downtown Charlottesville and the expansive University of Virginia Medical Center. The site location is shown in Map A below.



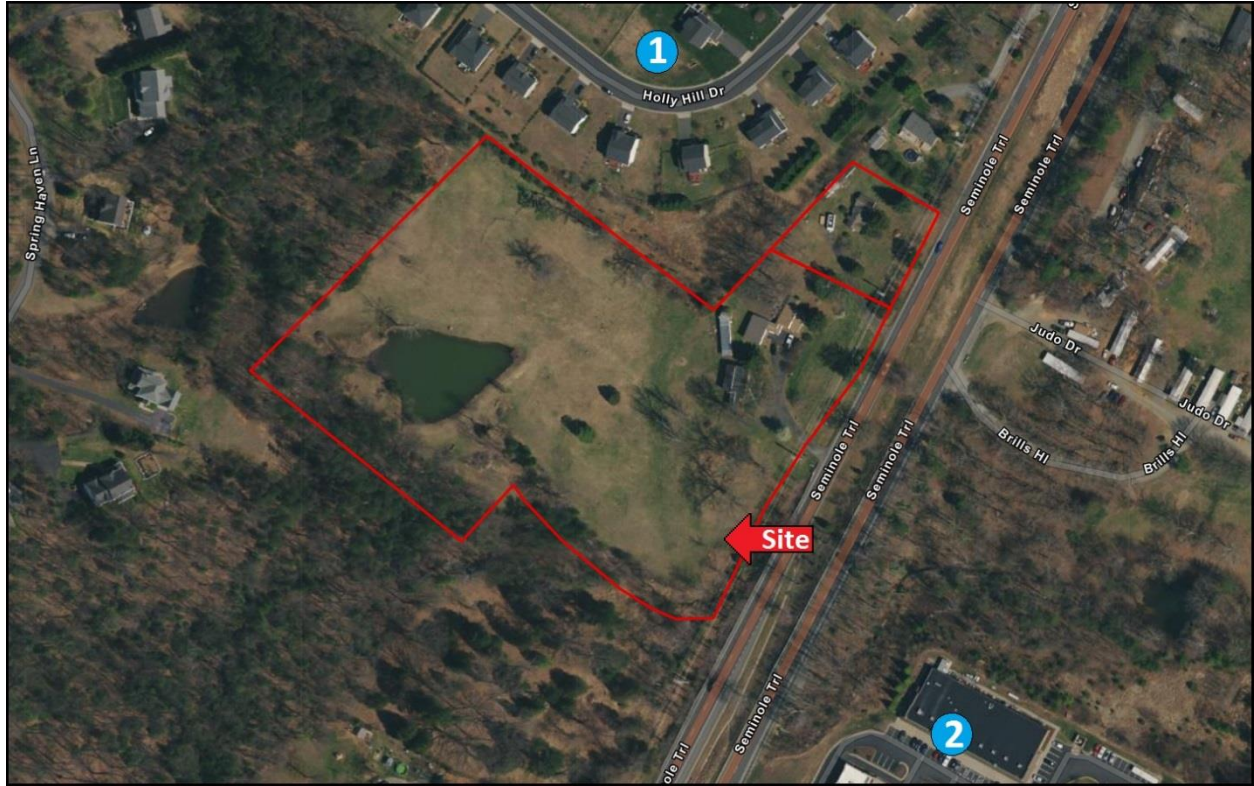
Map A - Site Location

The 7.73-acre study site, which is comprised of two adjacent parcels, has public utilities available, including telephone, cable TV, public water, public sewer and electricity. The site would not need to be rezoned for apartment unit development to proceed as planned.

Shown next is a northern aerial view of the study site. The aerial shows the site to be largely vacant, with a manor home and some small outbuildings that will be demolished as part of the development program. It is a meadowland property with some topography throughout the site. Access to the property is directly from U.S. Route 29.

The aerial shows the property boundary, which is irregular in shape and adjacent to the southern boundary of Ryan Home's Holly Hill subdivision (Note 1). This is a built-out subdivision of attractive two-level, single-family homes on quarter acre lots. Recent resales have been in the mid-\$300,000's and lower-\$400,000. Areas to the west and south sides of the study site are fully wooded. Also shown in the aerial is the site's close proximity to a small retail cluster with tenants including Anytime Fitness, Oasis Day Spa, Dunkin', Edward Jones and a Holiday Inn Express & Suites (Note 2).

This is generally a low-density, quiet section of the U.S. Route 29 Corridor that has easy access to a wide range of retail and commercial services, as will be described below. It is an ideal setting for active older adults in terms of regional proximity.



Northern Aerial

Shown next are photos of the study site from U.S. Route 29. The photos show views west into the Arbors at 29 North site. Of note is the large, wooded areas, “peaceful” setting, rolling meadowland, and generally vacant site.



View of Study Site from U.S. Route 29



View of Study Site from U.S. Route 29

Site Setting

Map B, on Page 12, shows the Arbors at 29 North site setting within the southern part of Greene County along the U.S. Route 29 Corridor and within close proximity to Albemarle County. The nearby 350-unit Terrace Greene Apartments (Note 1) opened in multiple phases between 2010 and 2019, marking this location as a viable setting for area renters. This market rate apartment community is planned to be expanded considerably in the near term.

U. S. Route 29 runs in a north-south direction through Greene and Albemarle Counties, providing access to the City of Charlottesville in the south. This roadway, in addition to the Downtown area of Charlottesville, is the largest concentration of economic activity in the region.

Five minutes to the north, at the intersection of U.S. Route 29 and U.S. Route 33, is the unincorporated community of Ruckersville (Note 2), which is a small, commercial node with a variety of businesses, including several antique stores and other small service businesses. This is also the location of a Walmart Supercenter, Lowe’s Home Improvement, CVS, Advance Auto Zone and Tractor Supply Co. Several restaurants are located in this area.

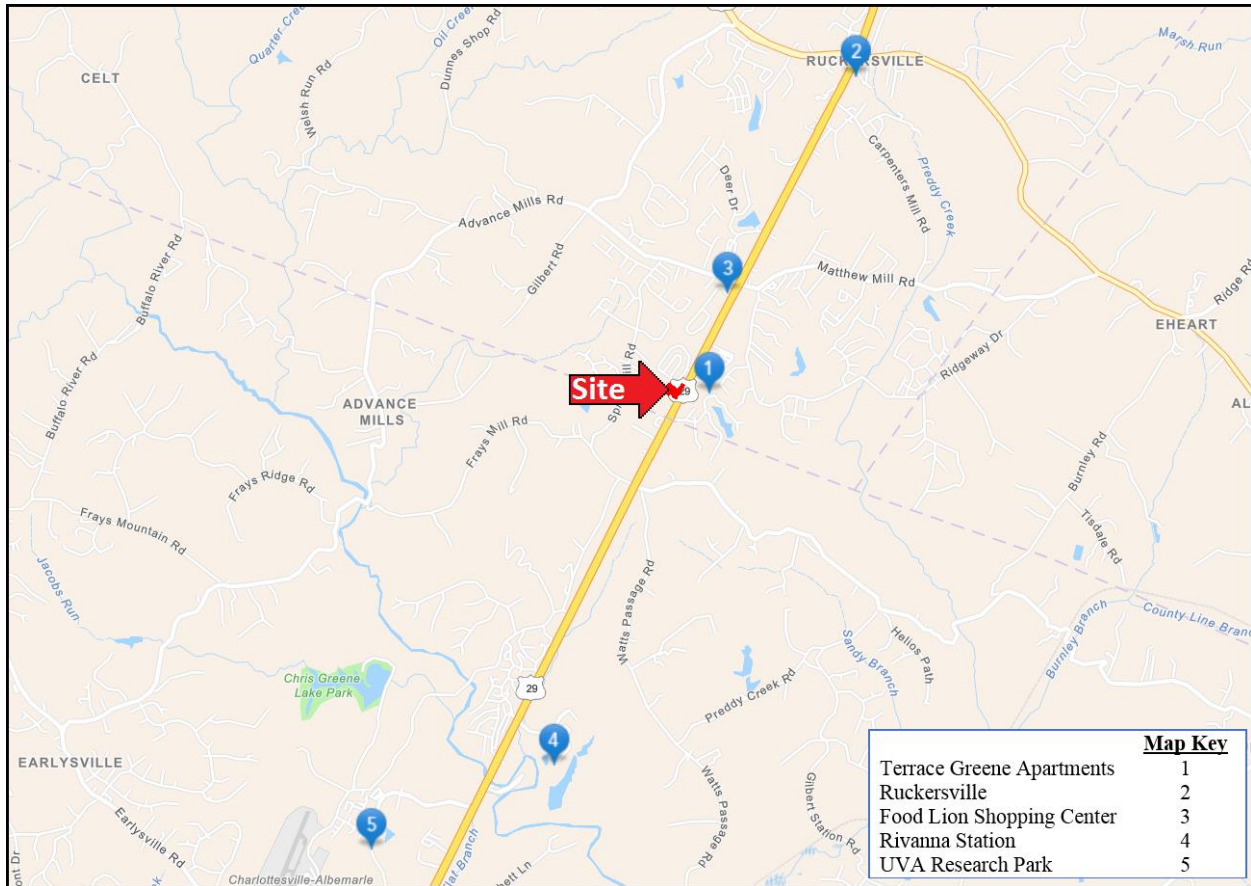
At the intersection of U.S. Route 29 and Cedar Grove Road, one “stop light” north of the study site, is a 53,060± square foot multi-tenant shopping center that was constructed in 1999 and is anchored by a 33,000± square foot Food Lion grocery store (Note 3). The grocery store was renovated in the summer of 2019. Smaller tenants in this shopping center include Sassy Scissors

& Tan, Two Brothers Southwestern Grill, Kyoto Sushi & Teppanyaki, PJ Networks Computer Services and Pro Nails. Several other retailers front U.S. Route 29, including Sheetz, BB&T, Greene Laser Wash, Micah's Coffee, Advance Auto Parts, Family Dollar and Corner Store.

To the south, in Albemarle County, are multiple, large shopping centers and free-standing big box retailers, also fronting U.S. Route 29. Box retailers in this area include Costco, Whole Foods, Walmart, Sam's Club, Lowe's Home Improvement, Harris Teeter, Target, Kroger, Trader Joe's and Michael's.

Map B also identifies several larger employment centers in Albemarle County, including Rivanna Station (Note 4), located off U.S. Route 29 along Boulders Road and approximately five miles south of the study site. The facility houses several defense agencies including the National Ground Intelligence Center (NGIC), Defense Intelligence Agency Joint Use Intelligence Analysis Facility, several private defense contracting firms, the US Army Judge Advocate General School (JAG School), and the US Federal Executive Institute. Approximately 3,000± people are employed at Rivanna Station, which will be detailed further below.

Also nearby is the UVA Research Park (Note 5), a 562-acre business park approximately six miles south of the study site off U.S. Route 29, just north of the Charlottesville-Albemarle Airport. There are currently eight buildings in the Research Park totaling approximately 500,000 square feet of building space, with 30 tenants employing over 1,500 people. Major employers in the park include Booz Allen Hamilton, CACI Enterprise Solutions, Delta Bridge, Eiden Systems Corporation, MITRE Corporation, Siemens and several UVA-affiliated organizations.



Map B - Site Setting

Following are brief descriptions of the public and commercial facilities that will serve the resident population at the Arbors at 29 North.

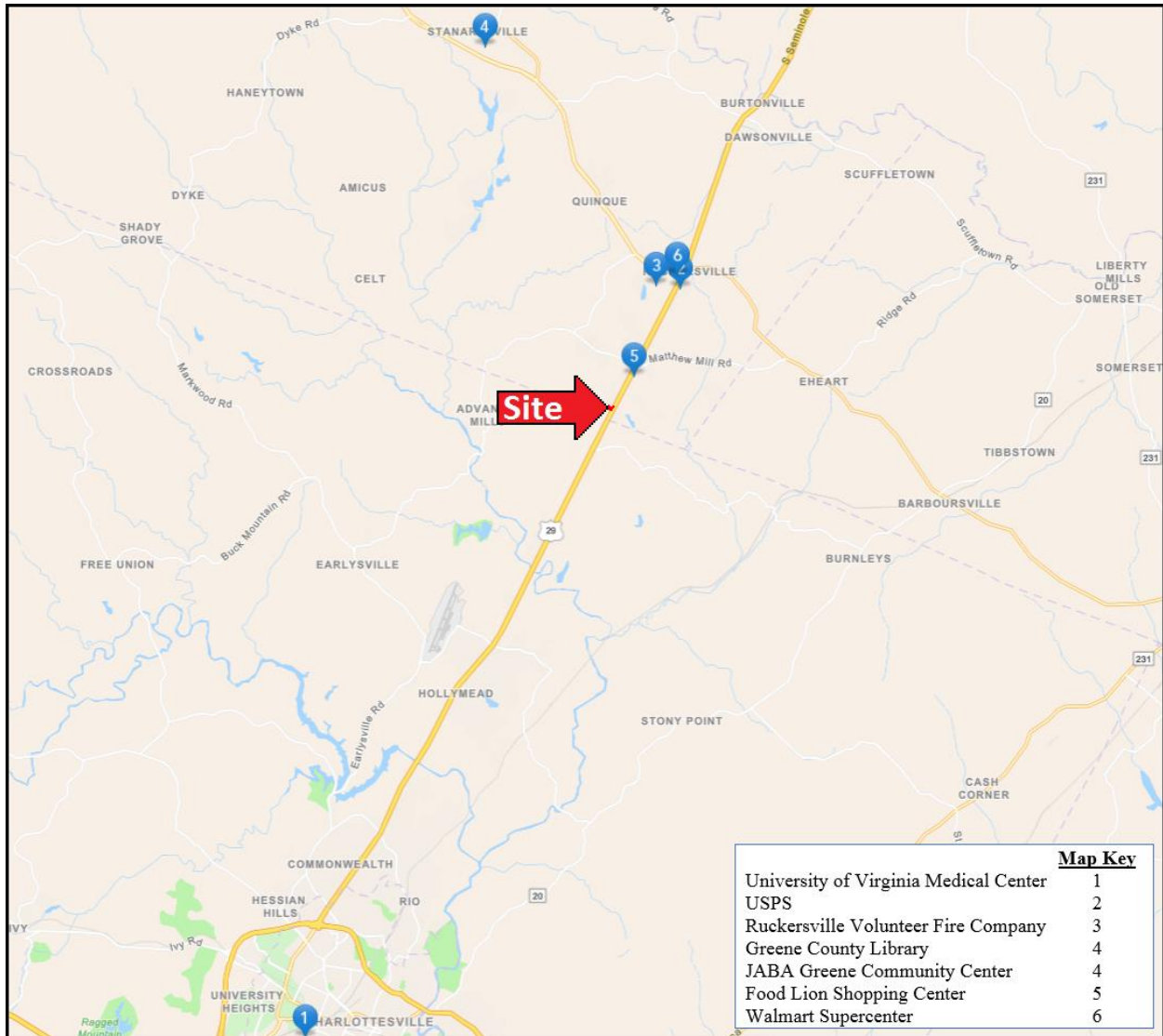
Medical Care. The closest hospital is the University of Virginia Medical Center, which is located at 1215 Lee Street in Charlottesville, approximately 15 miles south of the study site. This 600-bed hospital provides primary, specialty and emergency care and was most recently expanded in 2019.

Community Facilities. The closest post office is located approximately 4.4 miles north of the study site at 8845 Seminole Trail. The Ruckersville Volunteer Fire Company is located at 50 Sassafras Lane in Ruckersville, approximately five miles north of the study site. The Greene County Library is located at 222 Main Street in Stanardsville, approximately 11 miles northwest of the study site. The closest senior center is the JABA Greene Community Center, which is located within the Greene County Library in Stanardsville.

Shopping. As previously noted, the study site is located near a Food Lion and Walmart Supercenter, both within a five-minute drive. More expansive shopping options are available to the south of the site in northern Albemarle County. Retailers in this area are listed in the chart below.

<u>Northern Albemarle County Shopping Centers and Big Box Retailers</u>	
<u>Shopping Centers</u>	<u>Anchors</u>
Hollymead Town Center	Harris Teeter, Target
Rio Hill	Kroger
Albemarle Square	ACAC
29 th Place	HomeGoods, DSW
The Shops at Stonefield	Trader Joe's, Pottery Barn
Fashion Square	Belk, JC Penney
Barracks Road Shopping Center	Harris Teeter, Michael's
Seminole Square	Marshalls
<u>Free Standing Big Box Retailers</u>	
Costco	--
Whole Foods	--
Walmart	--
Sam's Club	--
Lowe's Home Improvement	--

Map C shows the locations of the community facilities that will serve the future residents at the Arbors at 29 North. Most important is that the setting has a full array of basic services for area residents within close proximity to the study site.



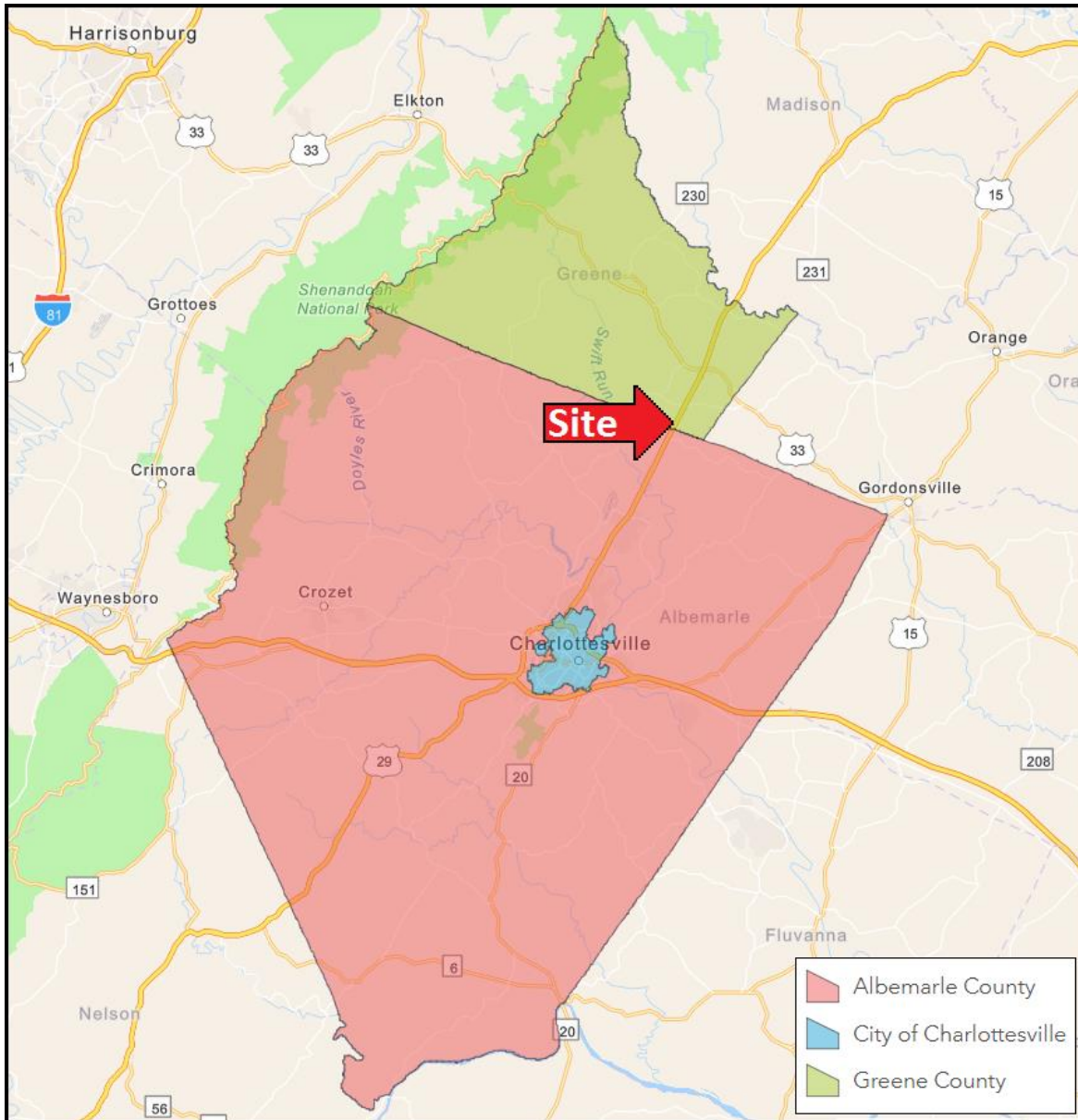
Map C - Location of Area Community and Public Facilities

Market Area Definition

Map D shows the defined market area for the Arbors at 29 North, based on input from on-site managers at area affordable apartment properties. The market area is shown to include Greene County, Albemarle County and the City of Charlottesville. This is a traditional market area for housing in the greater Charlottesville area, particularly for seniors.

As will be fully described in the competitive apartment analysis, the affordable age-restricted apartments are scattered throughout the region, and none are located in Greene County. Most are located in and around Charlottesville or in more rural settings within

Albemarle County. Given the lack of affordable housing options, area property managers report that seniors in the area typically search over large distances for adequate and affordable housing.



Map D - Market Area

The Arbors at 29 North Development Program

Table 1 provides a detailed description of the Arbors at 29 North proposal, with data on apartment unit sizes, unit mix and proposed rents. The community will have a total of 120

apartment units, all of which will be restricted to senior households earning 60% of the Area Median Income (AMI).

The table shows that there will be a mix of 48 one-bedroom and 72 two-bedroom apartment units. The one-bedroom apartment units will range in size between 706 and 840 square feet and rent for \$1,147. The two-bedroom apartment units will each have two full bathrooms and measure 1,100 square feet. These units will all rent for \$1,365. Rents will include water, sewage and trash collection. Of note is that each apartment unit will be equipped with a full-size washer and dryer at no additional cost to the tenant. Parking will also be free.

Table 1: <u>Proposed Unit Characteristics, The Arbors at 29 North</u> 1/					
	<u>Units</u>	<u>Size (Sq. Ft.)</u>	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
1BR/1BA	48	706-840	\$1,147	\$32	\$1,179
2BR/2BA	<u>72</u>	1,100	\$1,365	\$51	\$1,416
Total	120				
Notes: 1/ Rents to include cold water, sewage and trash collection. All units to include washers/ dryers.					
Source: Marlyn Development Corporation					

Rent Comparison

Table 2 shows gross rents for the proposed apartment units with a Utility Allowance (UA) added to net rents. The UA was calculated for the sponsor based on the unit sizes and energy efficient HVAC system and appliances. They are consistent with Virginia Housing’s accepted utility costs. Adding UA to net rent generates a gross rent.

The apartment building will be energy efficient within the Virginia Housing guidelines. The gross rents shown are compared with the HUD maximum allowable gross rents for the Charlottesville, VA MSA. The comparison shows that the proposed gross rents, based on the calculated UA, are at the maximum allowable rates.

Table 2: <u>Rent Comparison Chart, The Arbors at 29 North and HUD Maximum Allowable Rates</u>				
	<u>The Arbors at 29 North</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	
1BR/1BA	\$1,147	\$32	\$1,179	\$1,179
2BR/2BA	\$1,365	\$51	\$1,416	\$1,416
Source: HUD; Marlyn Development Corporation				

Site Plan and Building Design

Shown next is the proposed site plan for the Arbors at 29 North. The site plan shows that the community will be accessed from U.S. Route 29 in the east. The community will be comprised of a single, L-shaped apartment building that will be surrounded by surface parking spaces. Entry will be at the “elbow” of the building.

The community will have ample outdoor space and amenities, including sidewalks surrounding the building, raised garden plots for resident use, a grilling area and a dog park. There will be plentiful on-site parking at a ratio of 1.25 spaces per unit. There will be no parking fees. A community van will be provided for regularly scheduled outings and shopping trips. An Activity Coordinator will assist residents in planning events and in encouraging socialization.



The Arbors at 29 North Site Plan

Shown next are renderings of the Arbors at 29 North. The proposed apartment units will be located in a three- and four-story wood-framed structure. The building’s exterior will feature a combination of brick and vinyl siding. The residential structure will be roughly L-shaped with a central main entrance and two residential wings on each side. Two elevators will service the building.

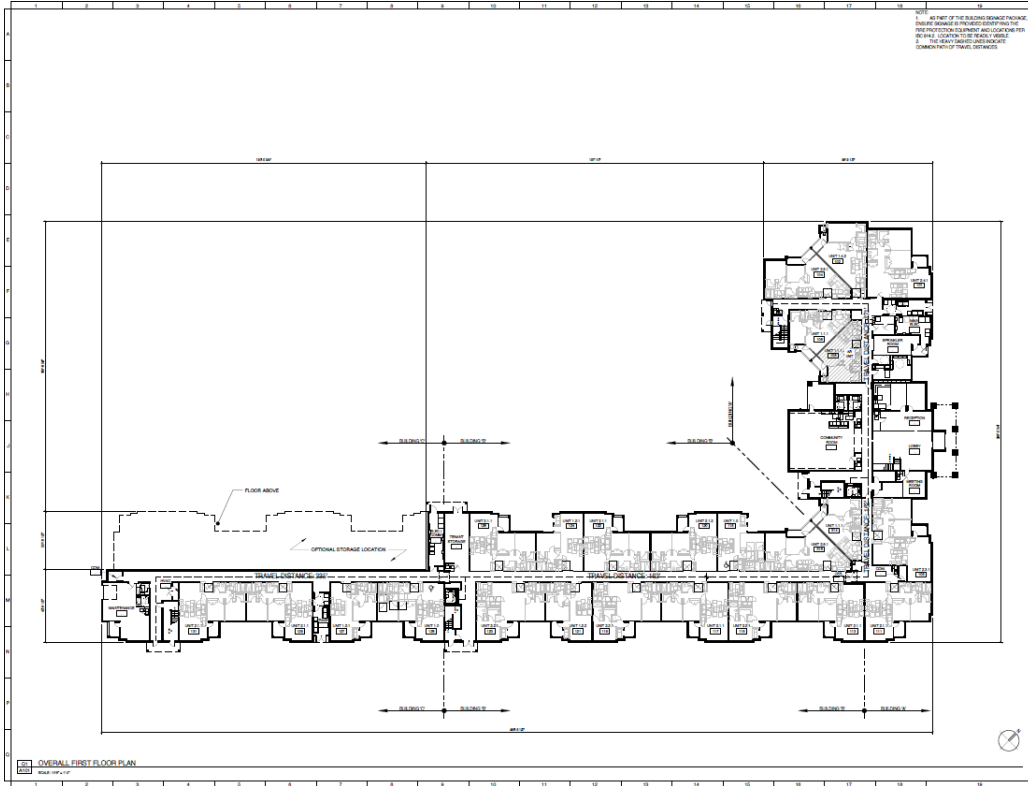
Common area amenities will include secure building entrances with security cameras and key fob entry. On the ground floor, there will be a grand two-story entrance, lobby and community room. The leasing and management offices will be located off of the main lobby along with a meeting room, mailroom and restrooms. The community will have a media room, fitness center, multipurpose room, business center, library, beauty salon and billiards room.



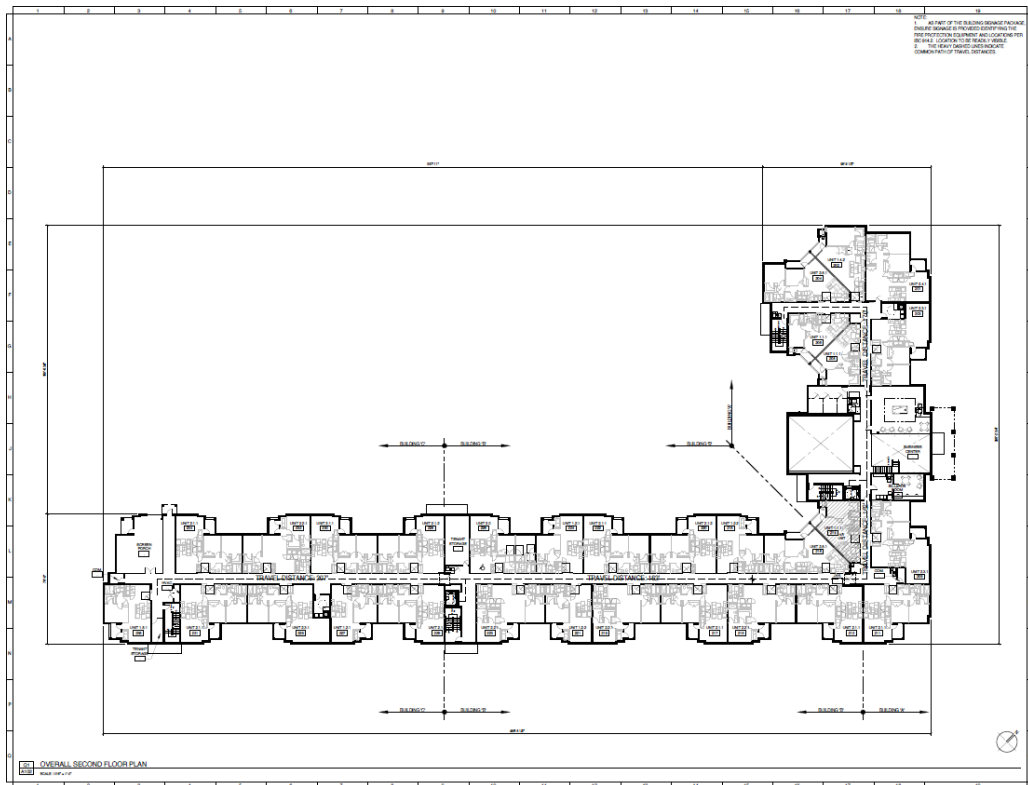
Typical Building Elevations

Building Floor Plans

Presented next are floor plans for each of the four levels that will comprise Arbors at 29 North. In addition to residential units, the ground level will include a lobby, reception area and community room. The second level will contain a business center and billiards room. The third level will be fully residential. The fourth level will contain a fitness center, media room and multi-purpose room.



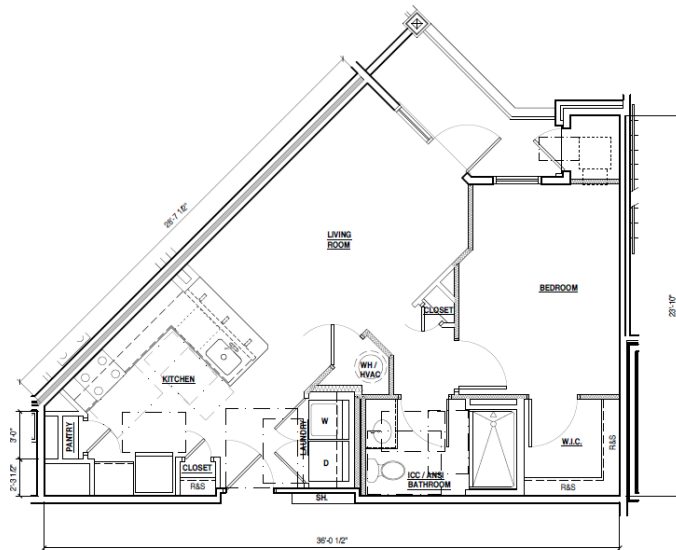
Ground Level Floor Plan



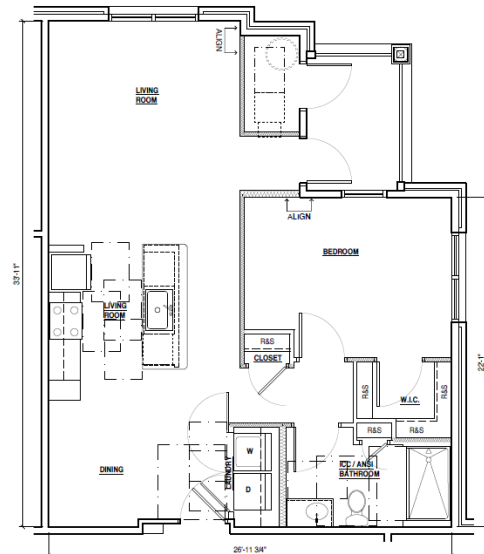
Second Level Floor Plan

Apartment Unit Floor Plans

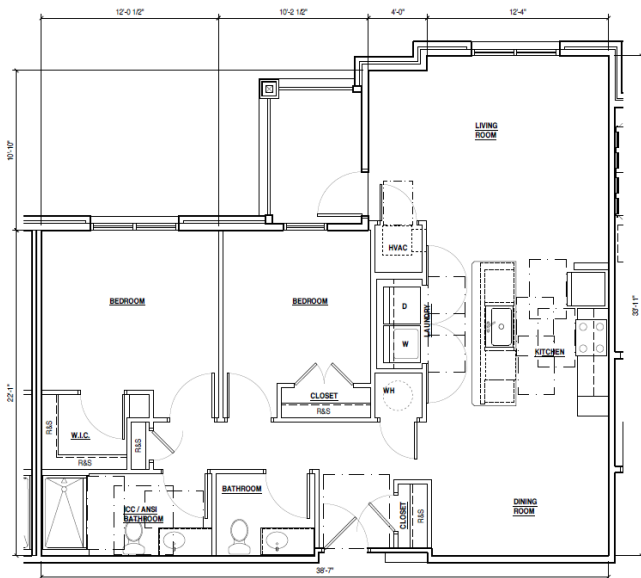
Examples of typical proposed apartment unit floor plans are presented next. All units at the Arbors at 29 North will be equipped with emergency pull cords in the bedrooms and bathrooms. The bathrooms will contain one-piece shower or tub fixtures with grab bars. Showers will have molded seats. The living area will have a central kitchen with an island, an electric range, a microwave, a refrigerator, a dishwasher and a garbage disposal. Full-size washers and dryers will be provided in each unit. All units will have central air conditioning. Proposed flooring is carpeting in bedrooms, with high-quality wood grained plank vinyl for kitchens, foyers, living room and bathrooms. All floor plans will include a walk-in bedroom closet and a coat closet. Units will offer private outdoor space in the form of a balcony or patio.



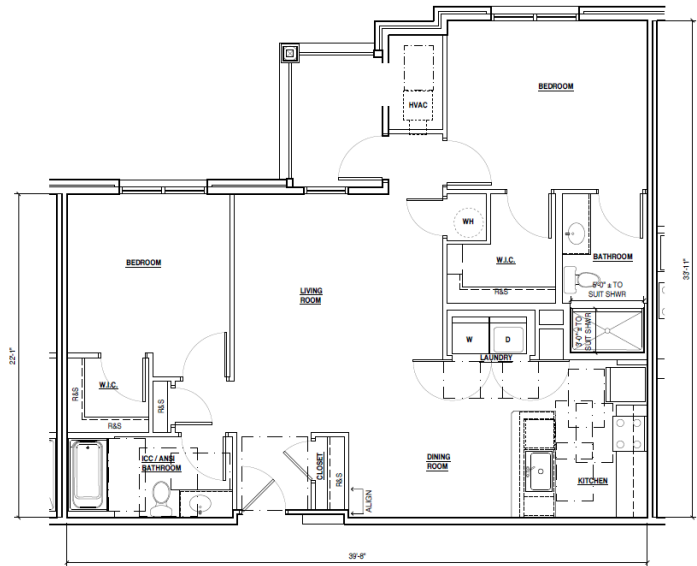
Typical One-Bedroom



Typical One-Bedroom



Typical Two-Bedroom



Typical Two-Bedroom

Development Costs

The proposed building costs, including soft costs and land acquisition, is \$23.0± million, or \$191,580± per apartment unit.

Market Area Economic Overview

The Arbors at 29 North proposal is for active seniors, likely with most new residents outside of the labor force. However, the analysis of the market area economy is a key indicator for evaluating market support for new affordable senior apartments, as it shows the level of economic stability in the market area. A stable marketplace will attract new seniors with the knowledge that family will likely remain in place. Likewise, seniors will remain in the market area if their family is fully employed and expects to remain so.

The economic overview describes the growth trends for at-place jobs and employment. These are the two economic indicators that support population and household growth and the resulting demand for new housing units. Data are available from the U.S. Department of Commerce, Bureau of Labor Statistics (BLS) to year-end 2021. Data are presented for all of the Greene County, Albemarle County and the City of Charlottesville.

At-Place Jobs

At-place employment refers to jobs physically located in Albemarle County, Greene County and the City of Charlottesville. Current at-place employment in the market area is estimated to total 97,690±, as of year-end 2021. This exceeds the 2016 employment count by 860±, with nearly all of this growth occurring in Albemarle County. The trends in at-place employment for the period from 2016 through 2021 are shown in Table 3.

There are a considerable number of non-disclosure issues in the economic data, due to Greene County's small, rural setting, the impact of the University of Virginia on the regional economy and large number of federal contractors. Disclosure issues are typical for rural communities with a small number of employers. Nevertheless, where available, BLS data show a large number of jobs in retail, professional, food services and health care employment sectors.

Data in Table 3 also show that the region experienced considerable job declines in 2020 due to the COVID-19 pandemic. Total at-place jobs contracted by 7.7 percent in that year with the loss of nearly 8,000 jobs. These job losses impacted all three jurisdictions within the market area but were most pronounced in the City of Charlottesville which has a large concentration of retail, hospitality and service sector jobs. Data show that a recovery began in 2021, with at-place employment climbing by 2,660±, or an increase of 2.5 percent. This places year-end at-place jobs at the lowest level since 2016.

The largest employment sector where data are available is the Retail Trade sector, with 9,680± jobs as of year-end 2021. With approximately 450 jobs lost since 2016, this sector has lost among the largest number of jobs in the region over the past five years. Most of these job losses, however, occurred in 2020 as a result of the pandemic. Employment in the Retail Trade sector expanded by over 200 in 2021 in tandem with overall job recoveries in the market area.

The second largest employment sector is the Accommodations/ Food sector, with 8,720± jobs, as of year-end 2021. These are primarily jobs associated with the numerous area hotels and restaurants. With over 1,100 fewer jobs in 2021 compared to 2016, this sector has faced the heaviest declines in the region over the past five years. These job losses were almost entirely attributed to

the pandemic and are expected to be temporary. This sector grew by over 630 between 2016 and 2020 and expanded most recently by over 1,000 in 2021.

Health Care is also an important employment sector, though data are unavailable for Greene County, likely due to the small number of Health Care jobs in the County. As of year-end 2021, Health Care employment totaled 10,320± jobs in Charlottesville and Albemarle County. This represents a growth of over 700 jobs since 2016, including over 600 new jobs in 2021. Major Health Care employers in the region include University of VA Medical Center, Sentara Healthcare and UVA Health Services Foundation.

The Professional and Technical Services sector is also an important area employment sector, accounting for 7,390± jobs as of year-end 2021, or 7.6 percent of market area employment. With the growth of over 800 jobs since 2016, this is the fastest growing local employment sector. Much of this employment is clustered in the UVA Research Park. Of note is that this is the only private employment sector that expanded throughout the pandemic, adding nearly 200 new jobs in 2020 and nearly 280 new jobs in 2021.

Other employment sectors with job growth since 2016 include Wholesale Trade (350± new jobs), Finance/ Insurance (200± new jobs), Manufacturing (110± new jobs) and Real Estate (100± new jobs).

In terms of job losses, and apart from the Accommodations/ Food and Retail Trade sectors noted above, the employment sector that has faced the heaviest job losses since 2016 is the Information sector, which totals 490± fewer jobs in 2021 compared to 2016. Most of these losses occurred more recently during the pandemic.

**Table 3: Trends in Average At-Place Employment,
The Arbors at 29 North Market Area, 2008-2021 1/**

Industry	2016	2017	2018	2019	2020	2021	Net Change
Agriculture	ND	ND	ND	ND	ND	ND	--
Mining	ND	ND	ND	ND	ND	ND	--
Utilities	ND	ND	ND	ND	ND	ND	--
Construction	4,101	4,378	4,424	4,374	4,180	4,117	16
Manufacturing	2,979	ND	3,069	3,106	2,979	3,092	113
Wholesale Trade	1,343	ND	1,505	1,479	ND	1,690	347
Retail Trade	10,123	10,521	10,330	10,079	9,465	9,677	-446
Transport./ Wareh.	ND	ND	ND	ND	ND	ND	--
Information	2,023	1,979	2,015	2,068	1,630	1,537	-486
Finance/Insurance	2,367	2,518	2,622	2,627	2,613	2,570	203
Real Estate	1,502	1,471	1,502	1,513	1,482	1,599	97
Prof./Tech.	6,564	6,829	6,712	6,919	7,111	7,389	825
Mgmt of Co.s	ND	ND	ND	ND	ND	ND	--
Admin./Waste	ND	4,711	4,788	ND	ND	ND	--
Education	ND	ND	ND	ND	ND	ND	--
Health Care	ND	ND	ND	ND	ND	ND	--
Arts/Enter./Rec.	2,331	2,241	2,275	2,427	1,841	2,002	-329
Accom./Food	9,866	10,247	10,467	10,499	7,637	8,715	-1,151
Other Services	4,026	4,185	4,372	4,429	3,799	3,856	-170
Local Gov.	ND	ND	ND	ND	ND	ND	--
State Gov.	ND	ND	ND	ND	ND	ND	--
Federal Gov.	<u>1,302</u>	<u>1,314</u>	<u>1,337</u>	<u>1,378</u>	<u>1,420</u>	<u>1,357</u>	<u>55</u>
Total	96,833	99,315	100,689	103,295	95,303	97,693	860

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

1/ Includes Greene County, Albemarle County and the City of Charlottesville.

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

Data in Table 4 show the net change in at-place job totals over the past five years, delineated by each of the three jurisdictions that comprise the market area. The data show that regional job growth has been supported by employment gains in Albemarle County, which totaled 2,760± new jobs since 2016. At-place employment grew modestly by 40± in Greene County during this same period. This is compared to a loss of nearly 2,000 jobs in the City of Charlottesville since 2016.

Table 4: Trends in Average At-Place Employment,**The Arbors at 29 North Market Area, 2008-2021 1/**

	<u>Albemarle County</u>	<u>Greene County</u>	<u>City of Charlottesville</u>
Agriculture	83	ND	ND
Mining	-12	ND	ND
Utilities	-2	ND	ND
Construction	25	-25	16
Manufacturing	248	-5	-130
Wholesale Trade	176	10	161
Retail Trade	66	141	-653
Transport./ Wareh.	281	ND	ND
Information	-136	8	-358
Finance/Insurance	93	-2	112
Real Estate	194	0	-97
Prof./Tech.	405	-28	448
Mgmt of Co.s	-141	ND	44
Admin./Waste	-161	ND	-388
Education	-24	ND	5
Health Care	701	ND	68
Arts/Enter./Rec.	-463	6	128
Accom./Food	-162	0	-989
Other Services	-138	26	-58
Local Gov.	ND	-54	ND
State Gov.	ND	6	ND
Federal Gov.	<u>51</u>	<u>0</u>	<u>4</u>
Total	2,759	41	-1,940

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

1/ Includes Greene County, Albemarle County and the City of Charlottesville.

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

Employment and Labor Force

At-place jobs refer to jobs physically located in the market area. Employment refers to the number of market area residents who are employed, no matter where that job is located. At-place job totals are higher than employment, which means that some net in-commuting occurs from neighboring counties and cities.

Table 5 provides employment trends in the market area. Employment grew by 7,250± between 2015 and 2019. Data for 2020 show heavy employment losses, mirroring the declines in at-place jobs. This is fully attributable to the impact of the COVID-19 pandemic. Total employment in 2020 declined by 6,650±, pushing the unemployment rate up from a low 2.4 percent in 2019 to 5.6 percent. As with at-place jobs, many of these losses are expected to be temporary.

Data for 2021 show some improvements, with employment expanding by 280± and the number of unemployed declining by over 2,100. The steep decline in the number of unemployed market area residents in 2021 is principally due to a shrinking labor force, suggesting a large number of people either retired or quit looking for work. As of year-end 2021, total employment exceeds the 2016 total by 870±. The current unemployment rate of 3.3 percent is below the 2016 unemployment level by 0.1 percent.

Table 4: Trends in Employment and Unemployment, The Arbors at 29 North Market Area, 2016-2021				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2016	89,396	86,345	3,051	3.4%
2017	92,135	89,211	2,924	3.2%
2018	93,406	90,978	2,428	2.6%
2019	95,898	93,596	2,302	2.4%
2020	92,124	86,938	5,186	5.6%
2021	90,222	87,217	3,005	3.3%
Net Change	826	872	-46	-0.1%
Source: United States Department of Labor, Bureau of Labor Statistics				

COVID-19 and Employment

Data in Table 5 show monthly employment trends up to July, 2022 to illustrate the impact of the COVID-19 pandemic on the labor market. This is the date for which the most recent data are available. Trend data show that employment has decreased by 4,440± since January, 2020, with the number of unemployed growing by nearly 160. The labor force has also declined by over 4,280 people, meaning a large number of local residents have either retired or quit searching for work. Of note is that total employment has increased by over 6,000 since March, 2020.

**Table 5: Trends in Employment and Unemployment,
The Arbors at 29 North Market Area, 2020-2022 YTD**

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
January, 2020	95,866	93,527	2,339	2.4%
February, 2020	96,775	94,797	1,978	2.0%
March, 2020	95,330	92,996	2,334	2.4%
April, 2020	92,192	82,928	9,264	10.0%
May, 2020	90,426	82,280	8,146	9.0%
June, 2020	92,146	83,568	8,578	9.3%
July, 2020	90,945	83,307	7,638	8.4%
August, 2020	90,219	84,195	6,024	6.7%
September, 2020	90,054	85,289	4,765	5.3%
October, 2020	91,478	87,522	3,956	4.3%
November, 2020	90,470	86,796	3,674	4.1%
December, 2020	89,599	86,064	3,535	3.9%
January, 2021	88,628	84,793	3,835	4.3%
February, 2021	89,647	86,071	3,576	4.0%
March, 2021	89,995	86,521	3,474	3.9%
April, 2021	90,114	87,227	2,887	3.2%
May, 2021	90,280	87,112	3,168	3.5%
June, 2021	90,417	86,801	3,616	4.0%
July, 2021	90,870	87,638	3,232	3.6%
August, 2021	89,956	86,853	3,103	3.4%
September, 2021	89,977	87,329	2,648	2.9%
October, 2021	90,974	88,572	2,402	2.6%
November, 2021	90,872	88,736	2,136	2.4%
December, 2021	90,927	88,950	1,977	2.2%
January, 2022	91,596	88,876	2,720	3.0%
February, 2022	91,790	89,524	2,266	2.5%
March, 2022	92,461	90,280	2,181	2.4%
April, 2022	92,087	90,079	2,008	2.2%
May, 2022	91,382	88,908	2,474	2.7%
June, 2022	91,270	88,718	2,552	2.8%
July, 2022 1/	91,585	89,089	2,496	2.7%
Net Change	-4,281	-4,438	157	0.3%

Notes: 1/ Preliminary data. Subject to change.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Economic Development Activity

Greene County has limited ongoing development activity at this time, as most of the regional job growth is occurring in Charlottesville and Albemarle County to the south.

Of note is that the Greene County Board of Supervisors approved a new defense related zoning designation in August, 2020 in an effort to attract new defense-related businesses to the County. The “Defense Production Zone” designation allows anything from research and development to producing a defense-related product to the supply chain. Since passing the zone,

the Greene County Economic Development Authority and area commercial brokers report receiving several inquiries from defense contractors interested in locating in the County, including some who are currently located in Albemarle County. Three federal agencies have reached out to the County as well, but no official announcements have been made. Greene County's land costs, approval process, and proximity to Rivanna Station are considered key drivers for this zone's success.

The National Ground Intelligence Center (NGIC), the largest employer located near the Arbors at 29 North sites, is situated less than six miles south of the study site on U.S. Route 29 in Rivanna Station in northern Albemarle County. This facility provides scientific and technical intelligence and general military intelligence on foreign ground forces. The exact number of employees at NGIC and DIA is classified, but the Charlottesville Regional Chamber of Commerce estimates that approximately 600± people are employed by NGIC. The average salary is approximately \$80,000. The facility added an 80,000± square foot expansion in late-2021 to accommodate 300± additional employees.

Additional nearby agencies associated with NGIC include the Defense Intelligence Agency Joint Use Intelligence Analysis Facility, several private defense contracting firms, the US Army Judge Advocate General School (JAG School), and the US Federal Executive Institute. Combined, these agencies account for approximately 3,000± jobs.

Another important source of employment growth near the study site and in northern Albemarle County is the UVA Research Park, a 562-acre business park approximately six miles south of the study site off U.S. 29, just north of the Charlottesville-Albemarle Airport. There are currently eight buildings in the park totaling approximately 500,000 square feet and housing 30 tenants with over 1,500 employees. Major employers in the park include Booz Allen Hamilton, CACI Enterprise Solutions, Delta Bridge, Eiden Systems Corporation, MITRE Corporation, Siemens and several UVA-affiliated organizations. The park recently added a new office building.

The paragraphs below detail the recently completed, planned and proposed job generating developments in Albemarle County and the City of Charlottesville. The paragraphs

show a considerable number of new jobs, excluding temporary construction, retail and spin-off jobs.

- **BIO-CAT Microbials**, a producer and wholesaler of enzymes, probiotics and microbials, announced in March, 2022 that it would build a fermentation facility in Troy, creating 20 new jobs in the manufacturing, research and development and quality departments during the initial expansion phase.
- **UVA School of Data Sciences**. Ground was broken in January, 2022 on UVA's new 66,000± square foot School of Data Science. The building is expected to open to students in the spring of 2024. It sits on part of a 14-acre site that formerly housed the Cavalier Inn. Additional plans for the site include a hotel, a performing arts center and other academic buildings.
- **Potter's Craft Cider** announced in August, 2022 that it would expand its production operation and add eight no employees. The company will undertake adaptive reuse of a vacant 11,500± square foot warehouse in the Woolen Mills District near downtown Charlottesville.
- **3TWENTY3**. Construction was completed on this 120,000± square foot office building at 323 Second Street SE in 2021. The building was built on what was the back half of The Glass Building and parking lot. The front of the Glass Building continues to be used as retail space. The McGuireWoods law firm occupies 17,220± square feet on the third floor of the building. CoConstruct, which provides a web-based project management system for homebuilders and remodelers, leased 40,000± square feet of space, where 70± people work.
- **Apex Clean Energy** announced in March, 2018 that would build a 130,000± square foot headquarters building in downtown Charlottesville and will occupy 84,000± square feet in the building. Ground was broken on the building in October, 2019 and construction was completed in mid-2021.
- **Castle Hill Gaming** announced in mid-2019 that it would hire 106 people in Albemarle County by the end of 2022.
- **The Center of Developing Entrepreneurs (CODE)**. Construction was completed in the summer of 2021 on the redevelopment of the former Main Street Arena in the Downtown Mall into a 170,000± square foot tech hub. CODE relocated 23.5 percent of its square footage for tech/venture space, and 26 percent toward a common area for events and presentations. Most of the space was pre-leased prior to opening.
- **Bonumose**, a producer of sugar alternatives, announced in October, 2021 that it would expand in Albemarle County in a partnership with The Hershey Co. to research and develop reduced or zero sugar chocolate products, creating 64 jobs. Bonumose will move into 36,000± square feet in the former State Farm building to increase production

capabilities and relocate its research and development lab from North Fork, an industrial park in Charlottesville.

- **UVA Encompass Health Rehabilitation Hospital**, which is currently located in the Fontaine Research Park on the southern edge of Charlottesville, is proposed to be relocated to the UVA Research Park. The hospital will be a single-story, 70-bed inpatient rehabilitation hospital. This will provide 20 additional beds over the current capacity.
- **Anthology Senior Living**. Construction was recently completed on this retirement community located near the intersection of Route 29 and Polo Grounds Road in northern Albemarle County. The facility contains 179 units, including 87 independent living units, 60 assisted living units and 32 memory care units in a single, four-story elevator building.
- **UVA North Town Center IV**. Construction was recently completed on this 103,730± square foot office building at 994 Research Park Boulevard. The building currently has 29,140± square feet remaining to be leased. Major tenants include Success Studio North, a fitness center, and the UVA Biocomplexity Institute and Initiative. Comprised of three divisions, the Biocomplexity Institute and Initiative includes the Network Systems Science & Advanced Computing, Social & Decision Analytics, and Mathematical Biocomplexity divisions. The institute employs approximately 75 people.
- **UVA Medical Center**. Construction was completed in 2020 and 2021 on a 440,000± square foot expansion to the UVA Medical Center that expanded the Emergency Department, surgical services and inpatient care into a new facility. This construction occurred on the east end of University Hospital at the corner of Lee Street and Crispell Drive. The Hospital received a second helipad atop the new facility allowing for multiple landing areas. The expansion added 43 beds to the Emergency Department, for a total of 80 beds. The expansion of the emergency department and the interventional areas opened in summer or fall 2019, and the new patient rooms opened in early-2020. A renovation of 90,000 square feet of existing space also occurred.
- **UVA Musculoskeletal Center**. Ground was broken in September, 2018 this a new facility at the site of the former Kluge Children’s Rehabilitation Center on Ivy Road. The 195,000± square foot facility opened in early-2022 with a retail pharmacy, roughly 95- exam rooms, and six outpatient operating rooms for orthopedic and sports medicine surgeries.

These projected new jobs, primarily office space and high-tech employment, are in addition to continued job growth at the University of Virginia, which has added nearly 1,400 new employees since 2015.

Based on past employment trends, it is clear that future job growth in the market area will be larger than what is described in the paragraphs above. Local and state economic development agencies do not track smaller job announcements or expansions as part of organic growth.

Section II: Affordable Apartment Market Analysis

To follow is the supply/demand analysis for the proposed 120-unit Arbors at 29 North. Section II has two subsections. The first is the demographic analysis that “solves” for the number and growth of senior households with incomes of the demographic cohort planned within the Arbors at 29 North. The demographic analysis “solves” for the number of senior households between the ages of 62 and 79 and earning 60% of the Area Median Income (\$39,330 to \$50,340). The upper income limits are based on the HUD maximum allowable incomes. The forecast date for the demographic analysis is 2025, as the Arbors at 29 North is likely to be ready for occupancy by late-2024, with lease-up extending into 2025.

The second part of Section II is the analysis of the defined competitive affordable apartment market within the defined market area. We identified four age-restricted and 12 general occupancy apartment properties to study. All are LIHTC properties that were built between the 1970’s and 2021.

These apartment properties are studied for occupancy, rent, unit and property features and characteristics, and curb appeal. They are compared with the Arbors at 29 North to determine its competitive market position.

Market Area Demographic Analysis

Population Trends and Projections

As of 2021, the market area’s population totals 186,530±. This is based on recently released population estimates from the Weldon Cooper Center for Public Service. The population increased by 25,680± since 2010 due to a considerable level of housing unit development in all three localities that comprise the market area. This represents an annual average population increase of 2,330± since 2010. This level of population growth is compared to an annualized population growth rate of 2,130± during the 2000’s. The quicker pace of population growth in the post-2010 period is largely attributed to area job growth, expansions at the University of Virginia and its hospital system, and a growing retirement population.

Based on recent population trends and economic development activity, the market area population is projected to increase by 9,340± to reach 195,870± by 2025.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2021</u>	<u>2025</u>
Market Area Population	118,680	139,530	160,850	186,530	195,870
Albemarle County	68,040	79,240	98,970	114,420	--
Greene County	10,300	15,240	18,400	21,030	--
City of Charlottesville	38,110	45,050	43,480	51,080	--
Group Quarters Population	8,490	8,510	9,450	10,460	10,550
Household Population	110,190	131,020	151,400	176,070	185,320
Persons Per Household	2.49	2.41	2.42	2.41	2.40
Total Households	44,190	54,300	62,720	73,060	77,220

Notes: 1/ Includes increase in on-campus housing of 900±.
 Source: 1990-2020 Census, U.S. Census Bureau; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.

Group Quarters Population

The market area has a large Group Quarters population, estimated at 5.6 percent of the general population in 2021. The vast majority of the Group Quarters population consists of students living in on-campus housing at the University of Virginia. A smaller portion is made up of seniors in assisted living and nursing facilities. Persons in Group Quarters were subtracted from the total population to determine the Household Population. Household Population is the basis for the analysis of housing unit demand.

Households

As of 2021 the market area is estimated to have approximately 73,060 households, an increase of 10,340± households from 2010 and 18,760± households compared with the Census figure of 54,300± in 2000. The net increase of households over the past two decades is the result of new housing unit construction. The continuation of past trends is likely to expand the number of market area households to 77,220 ± by 2025.

Data in Table 6 also show that the market area has a relatively large average household size of 2.41 in 2021. This high average household size denotes a large homeownership market

with an abundance of single-family homes and townhomes occupied by families. It is also a reflection of a large student population. The average household size did decrease somewhat during the 1990's but has remained stable since 2000. It is likely to decline slightly by 2025 with the opening of several new apartment communities in the region with primarily one- and two-bedroom apartment units.

Active Senior Demographics

Data in Table 7 show the demographic trends and projections for the age-restricted apartment market. 2021 data are partially derived from population estimates compiled by the Weldon Cooper Center for Public Service that show a significant increase in the market area active senior population over the past decade. In 2021, the active senior population (persons between the ages of 62 and 79) in the market area is estimated to have totaled 29,840±, or 16.0 percent of the market area population. Although adults between the ages of 55 and 61 are typically permitted to live in age-restricted apartment communities, this segment of the adult population makes up only a small portion of the potential market for senior housing. Including these younger households would greatly overstate the potential market.

During the 2010 to 2021 period, the net growth of the active adult population was 10,490±, or 950± people per year, on average. This is compared to an annualized growth rate of 470± during the 2000's. This accelerated growth rate was driven by a mix of new seniors moving to the market area as well as residents who have aged in place. As will be documented below, the vast majority of this growth was among seniors outside of the targeted income bracket for the Arbors at 29 North proposal. By 2025, the market area is projected to house a total of 33,650± persons in the active adult age category, or 17.2 percent of the total market area population. This is an increase of approximately 3,810 seniors.

Data in Table 7 also show the growth in the number of households with the household head aged 62 to 79. In 2021, the market area had 18,650± active senior-headed households, at an average household size of 1.60 persons per household. By 2025, this total is projected to grow by 2,380± and reach 21,030±.

	1990	2000	2010	2021	2025
Market Area Population	118,680	139,530	160,850	186,530	195,870
Total Households	44,190	54,300	62,720	73,060	77,220
Senior Demographics (62-79)					
Total Population	12,160	14,680	19,350	29,840	33,650
Percent of Total Population	10.3%	10.5%	12.1%	16.0%	17.2%
Senior Households	7,700	9,340	12,090	18,650	21,030
Percent of Total Households	17.4%	17.2%	19.3%	25.5%	27.2%
Source: 1990-2020 Census, U.S. Census Bureau; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.					

Target Senior Demographics

All 120 apartment units at the Arbors at 29 North will be restricted to seniors earning 60% of the Area Median Income (AMI) in the Charlottesville, VA MSA. Qualified senior households for this income category must earn annual incomes ranging between \$39,330 and \$50,340, when reported in constant 2022 dollars. This represents senior renters who can afford to pay net rents of approximately \$1,147.

The demographic analysis shows that as of 2021, the market area had 1,810± senior households within this income range. The 2021 total exceeds the 2010 total by 750± households, mirroring the overall growth trends among senior households in the market area. By 2025, the market area is projected to add 270± households within the age and income category under study to reach 2,080± households. Of note is that most age-restricted LIHTC apartment properties attract some residents under the age of 62 and over 79 years of age. Some residents hold housing vouchers as well. Any adjustments, based on current market trends, will be included in the report conclusions.

Table 7: Trends and Projections of Senior Population and Households, by Income, The Arbors at 29 North Market Area, 1990-2025 (Constant 2022 Dollars)					
	1990	2000	2010	2021	2025
Total Households	44,190	54,300	62,720	73,060	77,220
Senior Households	7,700	9,340	12,090	18,650	21,030
Target Market (\$39,330-\$50,340)					
Total Households	710	740	1,060	1,810	2,080
Percent of Total Households	1.6%	1.4%	1.7%	2.5%	2.7%
Percent of Senior Households	9.2%	7.9%	8.8%	9.7%	9.9%
Source: 1990-2020 Census, U.S. Census Bureau; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.					

Households by Size

As of 2010, the date for which the most recent Census data are available, approximately 28.9 percent of all households are single-person households in the market area. An additional 34.8 percent are two-person households. This is shown in Table 8 below. The market area has a larger percentage of two-person households than most housing markets in Virginia.

Table 8: Household Size, The Arbors at 29 North Market Area, 2010		
	Number	Percent
Total Households	62,715	100.00%
1-person household	18,125	28.9%
2-person household	21,821	34.8%
3-person household	9,618	15.3%
4-person household	8,149	13.0%
5-person household	3,147	5.0%
6-person household	1,169	1.9%
7-or-more-person household	686	1.1%
Source: 2010 Census, U.S. Census Bureau		

Competitive Apartment Market

This subsection analyzes the 19 affordable apartment properties identified in the market area that would be most competitive with the Arbors at 29 North, once built. Data shown on each competitive apartment community include the date built, current occupancy, apartment unit characteristics, unit mix and project amenities. These data are compared with the Arbors at 29 North proposal to establish the competitive position and market support for the proposed 120

age-restricted apartment units, which are the basis for establishing competitive rents and market support.

Characteristics of Affordable Apartments

Table 9 presents a list of the 16 affordable apartment properties in the market area that offer apartment units with rents restricted to 60% of AMI, and thus most directly compete with the Arbors at 29 North proposal. Within this total are only four age-restricted properties with 269 apartment units (including 225 units that are restricted to 60% of AMI) and 12 general occupancy apartment properties with 1,139 apartment units (including 910 units that are restricted to 60% of AMI). Excluded from this list are properties with deep rent subsidies that would not be competitive with the Arbors at 29 North proposal. Also excluded are properties with low rents restricted to 40% and 50% of AMI that serve a different demographic cohort. The general occupancy apartment communities are included in the analysis given the limited number of age-restricted properties. Several lease apartment units to seniors.

The paragraphs below briefly detail each of the age-restricted apartment communities in the market area. Of note is that only two age-these apartment complexes with merely 82 apartment units opened over the past decade.

- **Carlton View II** opened in February, 2021 with 37 one- and 11 two-bedroom apartment units just east of Downtown Charlottesville. The elevator-served apartment community offers a mix of 12 apartment units restricted to 40% of AMI and 36 apartment units restricted to 60% of AMI. It was built on the site of a blighted concrete plant and is part of a three-phased affordable apartment community. The other two phases, both of which are full with waitlists, are general occupancy apartment buildings. All units at Carlton View II are currently occupied, and management maintains an extensive waitlist of over 100 households. This is the only age-restricted apartment community that provides in-unit washers and dryers. This is an amenitized community with a clubhouse, fitness center and swimming pool.
- **Scottsville School Apartments** is the adaptive reuse of a formers school building that was originally built in 1925 in the south side of Albemarle County in the Town of Scottsville. The building was renovated using Low-Income Housing Tax Credits as well as Historic Tax Rehab Credits. The 34-unit apartment community opened in 2012 entirely with one-bedroom apartment units. All units are restricted to 50% of AMI, though rents at this property are comparable to several of the area's 60% of AMI apartment units. The

apartment building has two vacant units with a waitlist of 21 households. Management has stopped adding new names to the waitlist as it tries to only maintain a waitlist that can be exhausted in less than 24 months. This is the smallest age-restricted apartment complex under study.

- **Park View at South Pantops** is located along S Pantops Drive to the east of Downtown Charlottesville. This 90-unit, elevator-served apartment building opened in 2006 and offers a mix of 54 one-bedroom and 36 two-bedroom apartment units. Within this total are 12 apartment units restricted to 40% of AMI, 20 units restricted to 50% of AMI and 58 units restricted to 60% of AMI. Four apartment units are vacant at this time and management maintains a waitlist of 21 households. Thus, these vacant units will be filled quickly. Amenities include a clubhouse, business center, library, salon, fitness center and laundry facility. The community also has scheduled social activities.
- **Woods Edge** was constructed in 2002 along Mallside Forest Court in the northern part of Albemarle County. With 97 apartment units, this is largest affordable, age-restricted apartment property in the market area. The community has a mix of 77 one-bedroom and 20 two-bedroom apartment units, all of which are restricted to 60% of AMI. Three of these units were recently vacated and should be filled imminently. Management maintains a wait list of 43 households. On-site amenities include a dog park, fitness center and community garden.

In addition to the four age-restricted apartment communities are 12 general occupancy apartment communities that opened between 1975 and 2020. These apartment properties total 910 units restricted to 60% of AMI, of which at least 100 apartment units are estimated to be occupied by seniors. Two of these apartment properties—Brookdale and Hawk’s Landing—opened in 2020 with 146 units and are now at full occupancy. Four others opened between 2017 and 2019 with 230 apartment units, of which only three units are available. The remaining general occupancy apartment properties are mature, with one (Treesdale Apartments) having opened with 88 units in 2012 and the remainder having been built between the 1970’s and 1990’s with 675 apartment units, or nearly 60 percent of the general occupancy apartment units.

Other salient points in Table 9 are as follows:

- The market area has a very low vacancy rate of only 1.3 percent, or 15 apartment units. Eight of the vacancies are at the age-restricted apartment properties that maintain waitlists and should be filled imminently. These vacancies were all recent.
- Most apartment properties maintain waitlists. All of the age-restricted apartment properties maintain waitlists that total at least 180 households, including over 120 households on waitlists at the two newer age-restricted properties. The general occupancy

apartment properties maintain waitlists of at least 1,000 people. Lily Ridge, in Ruckersville, maintains a waitlist of approximately 600 households. Management at some of the apartment properties note that several prospective tenants have not added names to waitlists due to their lengths.

- None of the apartment properties are facing any vacancy issues. All of the apartment properties under study have three or fewer vacant units.
- The three oldest apartment properties have been renovated to remain competitive.
- An estimated 300± apartment units are occupied by residents with vouchers (20 percent), which is below the rate at most marketplaces.

Table 9: Characteristics of Affordable Apartment Properties, The Arbors at 29 North Market Area, September, 2022 ^{1/}

	<u>Map E</u> <u>Key</u>	<u>Date Built</u>	<u>Restrictions</u> <u>(AMI)</u>	<u>Total</u> <u>Units</u>	<u>Total</u> <u>60% Units</u> ^{3/}	<u>Vacant 60%</u> <u>Units</u>
<u>Age-Restricted</u> ^{2/}						
Carlton Views II	1	Feb-21	40%/60%	48	36	1
Scottsville School Apartments	2	2012	50%	34	34	2
Park View at South Pantops	3	2006	40%/50%/60%	90	58	2
Woods Edge	4	2002	60%	<u>97</u>	<u>97</u>	<u>3</u>
(Subtotal)				(269)	(225)	(8)
<u>General Occupancy</u>						
Brookdale	5	2020	60%	96	96	0
Hawk's Landing	6	2020	50%/60%	50	25	0
Carlton Views III	1	2019	40%/50%/60%	48	24	0
Timberland Park	7	2018	40%/50%/60%	80	40	2
Carlton Views I	1	2017	40%/60%	54	40	1
Lily Ridge	8	2017	60%	48	48	0
Treesdale Apartments	9	2012	60%	88	88	1
Mallside Forest	10	1998	60%	160	160	1
Rio Hill	11	1996	50%/60%	139	60	0
Wilton Farm	12	1992/13	60%/Market	144	117	0
Bailey Court	13	1984-91/15	40%/50% /60%	32	12	2
Hearthwood Townhomes	14	1975/97	60%	<u>200</u>	<u>200</u>	<u>0</u>
(Subtotal)				(1,139)	(910)	(7)
Total				1,408	1,135	15
Vacancy Rate						1.3%

Notes: 1/ Excludes properties with small number of 60% units or fully occupied by voucher holders.

2/ Excludes Timberlake Place and Crozet Meadows, with 50% rents.

3/ Includes Scottsville School Apartments.

Source: S. Patz & Associates, Inc.

Map E shows the locations of each of the apartment properties under study. Three of these apartment communities are located in Greene County. Hawk's Landing and Lily Ridge are located in Ruckersville while Bailey Court is located in Stanardsville. None of the Greene County apartment properties were designed for seniors. Scottsville School Apartments is the one off-

centered property and is located in the Town of Scottsville in the southern end of Albemarle County. All of the remaining apartment communities are located in and around the City of Charlottesville. Of note is that the none of the age-restricted apartment properties are located in Greene County or the northern portions of Albemarle County.



Map E - Locations of Competitive Apartments

Shown next are photos of each of the apartment properties under study. The photos show a wide mix of apartment building designs. Presented first are photos of the affordable age-restricted apartment communities. Carlton Views II is shown to have a contemporary, elevator design. Scottsville School Apartments is the one adaptive-reuse apartment property under study.



Carlton Views II



Scottsville School Apartments



Park View at South Pantops



Woods Edge

Shown next are photos of the affordable general occupancy apartment properties. Only Carlton Views and Hawk's Lading have elevators. The remaining have townhome or garden apartment designs that require stairs to access many of the apartment units and are not designed for the senior market.



Brookdale



Hawk's Landing



Carlton Views III



Timberland Park



Carlton Views I



Lily Ridge



Treesdale Apartments



Mallside Forest



Rio Hill



Wilton Farm



Bailey Court



Hearthwood Townhomes

Net Rent Analysis

The net rent analysis is presented next in Table 10. Rents were adjusted to include the cost of cold water, sewage and trash collection to be consistent with the rental structure proposed for the Arbors at 29 North. The data also show that Carlton Views II is the only age-restricted

apartment property that provides in-unit washers and dryers at no additional cost. That is a \$50± premium. Only five of the general occupancy apartment communities offer in-unit washers and dryers.

The one-bedroom apartment units at the Arbors at 29 North are proposed to rent for \$1,147, which places it at the top of the market and \$148 above the average age-restricted one-bedroom rents and with rents similar to some of the older general occupancy apartments. Nevertheless, Arbors at 29 North will offer newer, more spacious and more upscale units with washers and dryers that will be a “step above” the existing offerings.

The two-bedroom rents at the Arbors at 29 North are proposed to rent for \$1,365, which is \$176 above the average two-bedroom rents at the age-restricted apartment communities. As with the proposed one-bedroom units, these will be larger units than what the other affordable apartment communities offer, particularly at the age-restricted properties.

Park View at South Pantops, which is now 16 years old and does not provide in-unit washers and dryers, generates two-bedroom rents that are only \$56 below the proposed two-bedroom rents. Twenty-eight of the 36 two-bedroom apartment units at the property have 1.5 bathrooms. Woods Edge, the oldest of the age-restricted apartment properties, has low one- and two-bedroom rents.

**Table 10: Net Rental Rates at Affordable Apartment Properties,
The Arbors at 29 North Market Area, September, 2022 1/**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Age-Restricted</u>			
Carlton Views II 2/ 5/	\$1,014	\$1,209	--
Scottsville School Apartments	\$1,027	--	--
Park View at South Pantops 5/	\$1,096	\$1,309	--
Woods Edge	\$860	\$1,050	--
(Average)	(\$999)	(\$1,189)	(--)
<u>General Occupancy</u>			
Brookdale 2/	--	\$1,241	\$1,426
Hawk's Landing	\$991	\$1,036	\$1,121
Carlton Views III 2/	\$1,014	\$1,209	--
Timberland Park	--	--	\$1,413
Carlton Views I 2/	\$1,014	\$1,209	\$1,569
Lily Ridge	\$991	\$1,036	\$1,121
Treesdale Apartments 2/	--	\$1,159	\$1,331
Mallside Forest 3/	\$1,138	\$1,364	\$1,569
Rio Hill 2/ 4/	--	\$1,300	\$1,420
Wilton Farm 4/	--	\$980	\$1,045-\$1,080
Bailey Court 4/	\$917	\$977	--
Hearthwood Townhomes 4/	\$1,025-\$1,100	\$1,225-\$1,350	\$1,475-\$1,550
(Average)	(\$1,018)	(\$1,164)	(\$1,355)
Average	\$1,011	\$1,169	\$1,355
Proposed Rents 2/	\$1,147	\$1,365	--
Notes: 1/ Rents adjusted to include cold water, sewage and trash collection. 2/ Includes in-unit washer and dryer. 3/ Two- and three-bedroom units have washers and dryers. 4/ All two-bedroom units have 1.0 bathrooms. 5/ Smaller two-bedroom units have 1.5 bathrooms.			
Source: S. Patz & Associates, Inc.			

Rent per Square Foot

Table 11 shows the rent per square foot calculation for each of the age-restricted apartment properties under study. The market area average one-bedroom rent per square foot is \$1.63, which is compared to a calculation of \$1.48 for the proposed one-bedroom units at the Arbors at 29 North. The market area average two-bedroom rent per square foot is \$1.43, which is compared to a calculation of \$1.24 for the proposed two-bedroom units at the Arbors at 29 North. Thus, the rents per square foot proposed for the Arbors at 29 North are \$0.17 below the market area average. This reflects the relatively spacious unit sizes that are proposed for the Arbors at 29 North.

Table 11: Rent per Square Foot at Affordable Apartment Properties, The Arbors at 29 North Market Area, September, 2022

<u>Age-Restricted</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
Carlton Views II	\$1.79	\$1.54
Scottsville School Apartments	1/	--
Park View at South Pantops	\$1.62	\$1.39
Woods Edge	\$1.47	\$1.35
Average	\$1.63	\$1.43
Proposed Rent per Square Foot	\$1.48	\$1.24
Notes: 1/ Data not provided by on-site management.		
Source: S. Patz & Associates, Inc.		

Apartment Unit Sizes

Table 12 lists the apartment unit sizes at each of the apartment properties under study. The apartment units proposed for the Arbors at 29 North will be considerably larger than the existing affordable apartment units in the market area.

The one-bedroom apartment units are proposed to range between 706 and 840 square feet, which is larger than all of the affordable age-restricted and general occupancy apartment units in the market area. On average, the proposed one-bedroom units at the Arbors at 29 North would exceed the age-restricted apartment units by an average of over 160 square feet and the general occupancy apartment units by an average of nearly 130 square feet.

The two-bedroom apartment units at the Arbors at 29 North are proposed to measure 1,100 square feet, which apart from a small number of floor plans at Brookdale, is larger than all of the existing affordable two-bedroom apartment units in the market area. On average, these units will be approximately 265 square feet larger than the age-restricted apartment units and 166 square feet larger than the general occupancy apartment units.

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Age-Restricted</u>			
Carlton Views II	546-586	756-815	--
Scottsville School Apartments	1/	--	--
Park View at South Pantops	678	903-982	--
Woods Edge	585	778	--
(Average)	(610)	(835)	
<u>General Occupancy</u>			
Brookdale	--	1,009-1,109	1,176-1,189
Hawk's Landing	604	870	1,206
Carlton Views III	574-598	861-884	--
Timberland Park	--	778-781	929
Carlton Views I	687	990	1,192
Lily Ridge	642	866	1,030
Treesdale Apartments	--	1,082	1,263
Mallside Forest	690	932	1,190
Rio Hill	--	1,100	1,300
Wilton Farm	--	882	1,008-1,244
Bailey Court	592-628	772-812	--
Hearthwood Townhomes	687	987	1,187
(Average)	(644)	(934)	(1,161)
Average	634	915	1,161
Proposed Rents Unit Sizes	706-840	1,100	--
Notes: 1/ Data not provided by on-site management.			
Source: S. Patz & Associates, Inc.			

Apartment Unit Mix

Table 13 lists the apartment unit mix at each of the apartment properties under study. These data show that approximately 75 percent of the age-restricted apartment units have a single bedroom. Fewer than 70 age-restricted apartment units have two-bedroom designs. Scottsville School Apartments has only one-bedroom apartment units.

The general occupancy apartment units are primarily designed for families, not seniors. Over half of these apartment units have two bedrooms. Nearly 29 percent are three-bedroom apartment units and not marketable to low-income seniors. Five of these communities offer no one-bedroom apartment units.

Once built, the Arbors at 29 North will be the only age-restricted apartment property where the majority of floor plans will have two-bedroom designs. Nearly 90 percent of affordable two-bedroom apartment units are at the area general occupancy apartment communities.

**Table 13: Apartment Unit Mix at Affordable Apartment Properties,
The Arbors at 29 North Market Area, September, 2022**

	<u>Studio</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Total</u>
<u>Age-Restricted</u>					
Carlton Views II	0	37	11	0	48
Scottsville School Apartments	0	34	0	0	34
Park View at South Pantops	0	54	36	0	90
Woods Edge	<u>0</u>	<u>77</u>	<u>20</u>	<u>0</u>	<u>97</u>
(Subtotal)	(0)	(202)	(67)	(0)	(269)
<u>General Occupancy</u>					
Brookdale	0	0	48	48	96
Hawk's Landing	0	8	30	12	50
Carlton Views III	0	43	5	0	48
Timberland Park	0	0	24	56	80
Carlton Views I	0	35	15	4	54
Lily Ridge	0	8	28	12	48
Treesdale Apartments	0	0	64	24	88
Mallside Forest	0	32	68	60	160
Rio Hill	0	0	103	36	139
Wilton Farm	0	0	88	56	144
Bailey Court	0	16	16	0	32
Hearthwood Townhomes	<u>41</u>	<u>39</u>	<u>100</u>	<u>20</u>	<u>200</u>
(Subtotal)	(41)	(181)	(589)	(328)	(1,139)
Total	41	383	656	328	1,408
Percent of Total	2.9%	27.2%	46.6%	23.3%	100.0%
Proposed Unit Mix	0	48	72	0	120
Notes: 1/ Includes 41 studio units.					
Source: S. Patz & Associates, Inc.					

Community Amenities

Table 14 lists the community amenities at each of the apartments under study. The data show that nearly all of the apartment properties are amenitized. They each either have a clubhouse or clubroom, and several have fitness centers and outdoor swimming pools. Communities that do not offer in-unit washers and dryers typically have on-site laundry facilities. Apart from Carlton Views and Hawk's Landing, none of the general occupancy apartments have elevators.

The Arbors at 29 North will offer among the most attractive amenity packages in the region that will include a community room, media room, fitness center, multipurpose room, business center, library, beauty salon and billiards room.

**Table 14: Community Amenities at Competitive Apartment Communities,
The Arbors at 29 North Market Area, September, 2022**

	<u>Elevator</u>	<u>Clubroom</u>	<u>Business</u>	<u>Library</u>	<u>Pool</u>	<u>Fitness</u>	<u>Laundry</u>
<u>Age-Restricted</u>							
Carlton Views II	●	●	●	○	●	●	○
Scottsville School Apartments	●	○	○	○	○	○	●
Park View at South Pantops	●	●	●	●	○	●	●
Woods Edge	●	●	○	●	○	●	●
<u>General Occupancy</u>							
Brookdale	○	●	○	○	○	○	○
Hawk's Landing	●	●	●	○	○	○	●
Carlton Views III	●	●	●	○	●	●	○
Timberland Park	○	●	○	○	○	○	●
Carlton Views I	●	●	●	○	●	●	○
Lily Ridge	○	●	○	○	○	○	●
Treesdale Apartments	○	●	○	○	○	●	○
Mallside Forest	○	●	●	○	●	●	●
Rio Hill	○	○	○	○	●	○	○
Wilton Farm	○	○	○	○	○	○	●
Bailey Court	○	●	○	○	○	○	●
Hearthwood Townhomes	○	○	○	○	○	○	●
Proposed Amenities	●	●	●	●	○	●	○

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

Summary

In summary, the Arbors at 29 North proposal compares favorably with the current competitive market, in terms of unit size, amenities and rents. Most of the existing affordable apartment properties are not geared to senior renters.

Although the existing rents in the market area are below those proposed for the Arbors at 29 North. Nevertheless, most of these apartment units are mature, essentially all are smaller and most do not offer washers and dryers. Very few offer equivalent levels of features and amenities. Additionally, none are located in comparability attractive settings.

Section III: Market Study Conclusions

The above analysis described an extremely attractive proposal for new age-restricted affordable housing, within an appealing setting at the southern edge of Greene County. The market area has realized considerable population growth since 2010, including among older adults, and the study site is within quick proximity to much of this growth. All required public and commercial facilities needed to support the resident population exist. Medical services are convenient, and the local highway system is excellent.

The analysis documented continued expected population and household growth in the defined market area and sustained demand for new housing. The defined market area has 16 somewhat competitive affordable apartment properties, though only four are designed for seniors. These apartment properties have a combined vacancy rate of only 1.3 percent, with only eight vacant units at the age-restricted apartment properties. This low vacancy rate has been the norm for several years, as only two new senior income-restricted apartment communities with 82 apartment units have been built during a period of considerable population growth. This is in addition to waitlists of at least 180 households at the four age-restricted apartment communities. Thus, vacancies at the age-restricted properties are “accounted for.”

Most of the defined competitive apartment properties are mature, with inferior and outdated designs compared with the Arbors at 29 North proposal. Most are not designed for seniors. There is an abundance of one-bedroom apartment units at the age-restricted apartment properties and a limited supply of two-bedroom units. The proposed rents at the Arbors at 29 North are at the top of the market, but competitive, particularly given the spacious unit sizes and community features that are a step above nearly all of the existing affordable apartment properties in the market area.

The report conclusions are presented next in the paragraphs that follow. The conclusion section has two subsections. The first is the determination of net demand for new affordable, age-restricted apartment units. This is followed by the market study conclusions. Included in the

conclusions is the Virginia Housing demand chart that summarizes apartment unit demand and the required capture rate for proposed project feasibility.

Demand Analysis

Competitive Pipeline Proposals

There are several affordable general occupancy apartment properties in planning and under construction in the market area at this time, but all are designed for families and therefore are not directly competitive with the Arbors at 29 North proposal. There are no affordable, age-restricted apartment properties in planning or under construction in the market area.

Demand Table

The Demand Table to follow shows an expected net growth of 270± age and income market area targeted households by 2025. Added to this total is an increase in demand of 30 percent of net growth of the target population to account for persons below and above the targeted age group and for voucher holders with lower incomes. Approximately 20 percent of residents in the market area apartments hold vouchers, and a minimum of ten percent are persons under 62 and over 79 years of age. This add-on potentially increases demand by 80± households.

We exclude persons in substandard housing as part of the demand totals, as expected voucher holders account for most of these households and the market area has a limited number of housing units that could be defined as substandard. Seniors who convert to rental housing are accounted for in our demographic analysis. This is a new construction proposal, so no existing residents need to be accounted for.

There are no competitive apartments in planning in the market area, as all of the apartment proposals are for family apartments. We excluded the small number of vacant apartment units from this analysis, as these are less than one percent of total units and represent a normal market area vacancy rate. All of the age-restricted apartment properties with vacancies maintain extensive waitlists.

In total, the market area has a projected gross growth of demand of 350± seniors who represent the potential demand for new affordable age-restricted housing of the type under study for the Arbors at 29 North.

<u>Demand Table (2021-2025)</u>	
	Up to 60% of AMI
New Rental Households	270
PLUS	
Existing Households - Over-Burdened (Rounded)	80
PLUS	
Existing Households-Substandard Housing	0
PLUS	
Elderly Households-Likely to Convert to Rental Housing	0
PLUS	
Existing Qualifying Tenants – to Remain After Renovation	0
Total Demand	350
MINUS	
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	0
Equals	
Net Demand	350
Proposed Units	120
Capture Rate	34.3%
Absorption Period (in months)	8

While not part of net growth, our market research identified a combined waitlist of over 180 households at the age-restricted apartment properties and over 1,000 households at the general occupancy apartment properties. Some of those on the general occupancy waitlists contain seniors. Households on area waitlists are part of the existing housing market.

Net Rent Evaluation

The rent analysis provided in Table 10 shows that the proposed rents at the Arbors at 29 North, which include an in-unit washer/dryer (a \$50± premium), are at the top of the market. However, the community will offer especially large floorplans with an extensive amenity package in a desirable setting. The proposal will be among the most attractive affordable apartment complexes in the Charlottesville Region.

Unit Size and Mix Evaluation

The apartment unit sizes proposed for the Arbors at 29 North are considerably larger than the apartment units at all of the area age affordable age-restricted apartment properties. The unit mix offers more two-bedroom units than one-bedroom units, based on two key issues. First, the “market” is underserved with a limited number of two-bedroom apartment units. Second, the higher rent affordable properties generate more demand for two-bedroom units. Thus, the 60 percent total for the two-bedroom unit count is market supported.

Absorption Period

Given the large pent-up demand that exists, and the sizable net growth in target households, a 15-unit average monthly lease-up pace is projected that will allow for full lease-up within eight months. The lease-up period may be shorter, however, as properties such as The Arbors at 29 North often pre-lease upwards of 30 percent of apartment units.

Capture Rate

Given the large number of apartment units proposed, the capture rate is high, at 34.3 percent. However, when the number of residents on the waitlist of area age-restricted apartment properties are addressed, the capture rate is reduced to 22.6 percent.

The Virginia Housing capture rate chart is as follows:

Project Wide Capture Rate – LIHTC Units	<u>34.3%</u>
Project Wide Capture Rate – Market Rate Units	<u>N/A</u>
Project Wide Capture Rate – All Units	<u>34.3%</u>
Project Wide Absorption Period (Months)	<u>8 Months 1/</u>

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

I affirm the following:

1. I have made a physical inspection of the site and market area.
2. The appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units.
3. To the best of my knowledge, the market can support the demand shown in this study. I understand that any misrepresentation in this statement may result in the denial of participation in the Low-Income Housing Tax Credit Program in Virginia as administered by the Virginia Housing.
4. Neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity.
5. Neither I nor anyone at my firm nor anyone acting on behalf of my firm in connection with the preparation of this report has communicated to others that my firm is representing Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.

Ariel Goldring

Market Analyst

September, 2022

Date