

Market Analysis
Belmont Green 9%
Caroline County, Virginia

Prepared for:

Jen Surber
Surber Development

February, 2022

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February 25, 2022

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Jen,

Attached is our full narrative market report within the Virginia Housing market study requirements for the proposed 66 apartment units at Belmont Green 9%, an affordable apartment community planned for new construction at an attractive site near an I-95 interchange in the Ruther Glen community of Caroline County, Virginia. The proposal is for low- and moderate-income families with incomes within the 30%, 50%, 60% and 80% of AMI categories. The proposal is to be financed with 9% Low Income Tax Credits (LIHTC) and built alongside a 66-unit component to be financed through non-taxable bonds and 4% Low Income Tax Credits (LIHTC). Once built, Belmont Green 9% will have rent and income restrictions, but no age restrictions.

The proposal is planned for a relatively rural site, but one with close proximity to an I-95 interchange and within a marketplace with considerable new job growth planned. That growth is somewhat regionwide, but in areas with insufficient housing to sever the level of new employment.

Our analysis determined that the Ruther Glen area is “ripe” for new development due to considerable area employment growth and limited available supply of housing, currently and in the near future. This is particularly the case for the Belmont Green 9% proposal, which is well “perceived” and attractively designed.

The report conclusions are substantiated with the data presented in the attached market report. The market analysis shows considerable pent-up demand for new affordable apartment units and will require a 7.5 percent capture rate of net apartment unit demand for project success.

Sincerely,

Stuart M. Patz
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Section I Introduction

Following is the detailed, full narrative market study for the proposed 9% component of the new construction Belmont Green Apartments. This will be a 66-unit portion of an affordable, general occupancy apartment complex, with construction expected to begin in April, 2023 on an attractive site on the north side of Carmel Church Loop in the Ruther Glen area of southwestern Caroline County, Virginia. Once built, Belmont Green 9% will have rent and income restrictions, but no age restrictions. The site visit and market study field research was undertaken on February 17, 2022.

An additional 66 apartment units are also proposed as part of the development to be financed with tax-exempt bonds and 4% Low Income Housing Tax Credit (LIHTC) financing through Virginia Housing. These would be built simultaneously and all units would be restricted to 60% of AMI. The report to follow studies only the 9% component.

To follow the market study guidelines of Virginia Housing, the report to follow is presented in three sections.

The first section is the Introduction, which provides a detailed analysis of the study site and its setting near the intersection of Interstate 95 and SR 207 in the south portion of Caroline County. Included in the site description is an analysis of adjacent land uses, particularly commercial and public facilities, that are needed to serve the new resident population at Belmont Green, once built.

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

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

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

The second section of the report is the supply/demand analysis for new affordable housing. First presented is a demographic analysis of the market area defined for Belmont Green 9%. The demographic analysis "solves" for the number of market area renter households earning annual incomes of between \$16,680 and \$27,000 (30% of AMI), between \$30,160 and \$45,000 (50% of AMI), between \$36,000 and \$54,000 (60% of AMI) and between \$47,200 and \$72,000 (80% of AMI). These income categories are based on the proposed rents, as will be described below. The demographic analysis is studied to a forecast date of 2024, as Belmont Green 9% is likely to be started in early-2023 and open for occupancy by early- or mid-2024.

The second part of Section II is the analysis of the LIHTC general occupancy apartment properties in the market area. We identified ten properties that would be most competitive with Belmont Green 9%, based on rent and income restrictions. Only four of these "comps" were recently built.

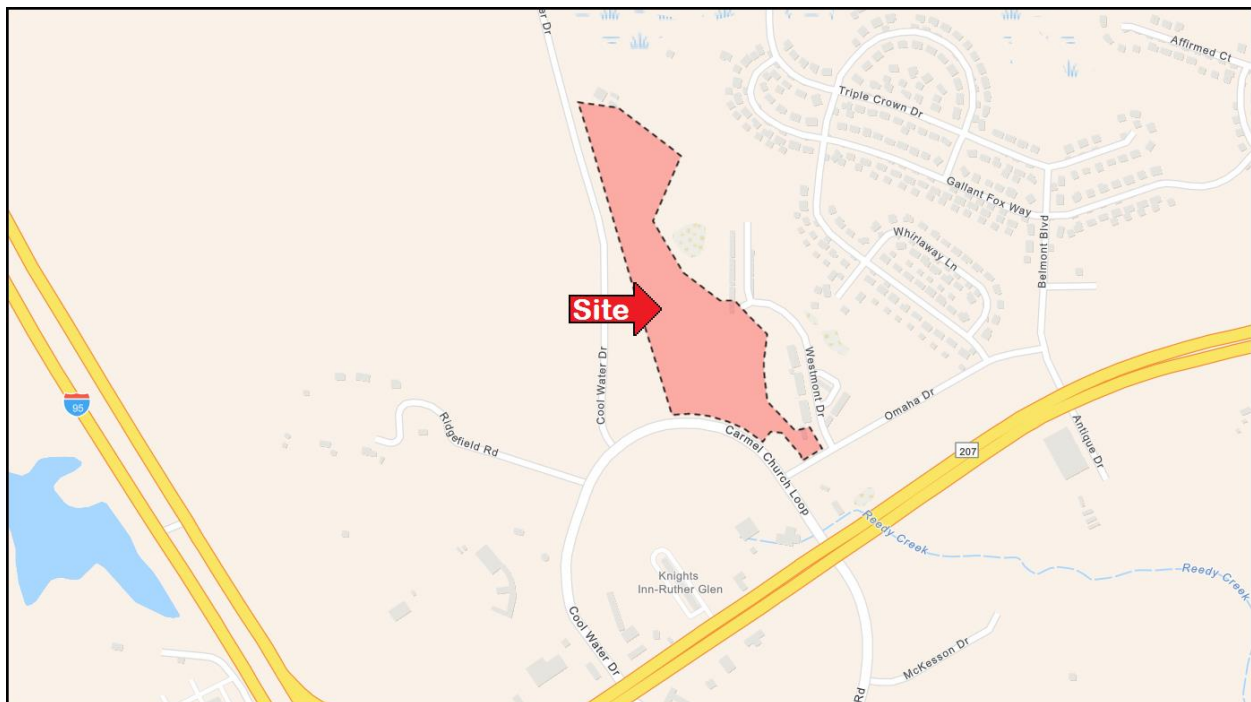
These apartment properties are studied for rents, occupancy, unit sizes, characteristics, apartment amenities and features. These project characteristics are compared with the Belmont Green 9% proposal to determine the subject's competitive position.

The third and final section of the report is the Conclusions, which provides the net demand analysis for new affordable apartment units for families in the defined market area. Also within this section is the lease-up period for the 66 proposed apartment units.

Belmont Green 9%

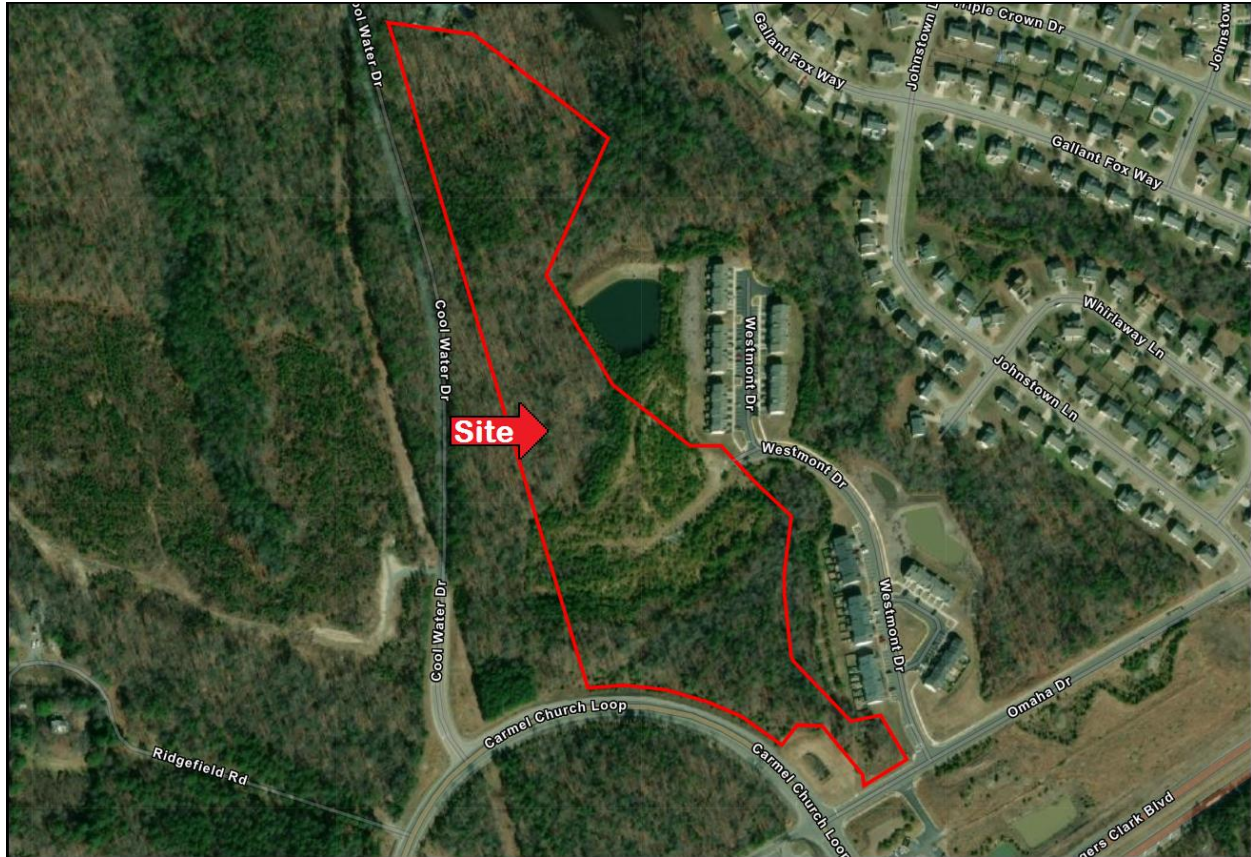
Site Description

The Belmont Green 9% site, shown in Map A, is an irregularly-shaped, parcel that fronts the north side of Carmel Church Loop, to the east of Cool Water Drive, and near the northeastern intersection of Interstate 95 and SR 207 in the unincorporated community of Ruther Glen in southwestern Caroline County. The study site, which spans 10.48 acres, is located within one of Caroline County's two principal employment hubs and is situated approximately 25 miles south of the expanding commercial areas of Spotsylvania County and 15 miles north of the Town of Ashland.



Map A - Site Location

Shown next is a northern aerial of the study site. It shows the site to be fully vacant with a rolling topography. The parcel is wooded with access to county water and sewer. The site is zoned Planned Residential Development (PRD), and thus is properly zoned for development to occur as proposed.



Northern Aerial

The above aerial shows that areas immediately west and north of the site is wooded and vacant. A subdivision, Belmont at Carmel Church, is shown to be located directly east of the study site. This community has a mix of townhomes and single-family homes that were built and sold between 2007 and 2017. The townhomes have typically re-sold in the upper-\$100,000's while the single-family homes have re-sold in the mid-\$200,000's. Photos of these well-maintained homes are shown below.



**Belmont at Carmel Church
(Townhomes)**



**Belmont at Carmel Church
(Single-Family Homes)**

Next shown is a wider aerial of the study site, which presents a clearer depiction of the site's setting on the north side of SR 207. South of the site is a commercial cluster that largely serves automobile travelers along the nearby I-95 corridor. This area includes a mix of gas stations, restaurants and hotels.

Hotels in this area include Quality Inn & Suites, Comfort Inn and Knights Inn. Gas Stations include Flying J Travel Center, Love's Travel Stop, Exxon, Valero and Mr. Fuel Travel Center. Restaurants include Wendy's, Golden Corral, Waffle House, Arby's, Taco Bell and Denny's. Other businesses in this area include Speedco Truck Lube and Tires and a 7-Eleven. Most of these employers pay hourly wages.

Also shown is the site's close proximity to Carmel Church Business Center, which is one of the largest concentrations of employment in Caroline County, and the location of much of the county's jobs. Over 400 people work in this industrial park, with much of this growth occurring over the past decade. Most of these facilities are distribution facilities paying annual wages of between \$40,000 and \$45,000. The park's employers are briefly detailed in the paragraphs below.

- **McKesson Corp.** (Note 1) is a pharmaceutical and health care company that operates a 340,000± square foot distribution facility here that opened in early-2012. The plant features equipment that allows workers to process the vast array of health care products McKesson distributes to drug stores, hospitals, nursing homes and more. About 150 people work at the facility, with the last expansion of 60 employees occurring in 2016.

-
- **Value City Furniture** (Note 2) operates a 359,800± square foot distribution facility that opened in 1999. The facility, with 200 employees, most recently expanded by 50 jobs in 2014.
 - **Coastal Companies** (Note 3), a distributor of fresh produce and dairy, began moving into the former 123,580± square foot building previously occupied by Russell Stover Candies in late-2019. The company plans to hire 50 employees by 2022.
 - **Fixture Specialists** (Note 4), a mechanical plumbing contractor, occupies a 15,800± square foot industrial building that was constructed in 1996.

In addition to the above companies are three other non-retail/ hospitality employers in the area. These are briefly detailed below.

- **Union First Market Bankshares Corporation** (Note 5), a Richmond-based bank, operates its 71,250± Operations Center, which serves the holding company and its four subsidiaries.
- **C. C. Carpentry** (Note 6), a residential framing contractor moved into the vacant 29,000± square foot building at 24061 Co Op Drive in early-2020. The building formerly housed the Culpeper Farmer's Cooperative agriculture center prior to the last recession. Approximately 15 people work at the facility.
- **PACS Urgent Care** (Note 7). This is an 11,160± square foot urgent care facility that opened in 2015.

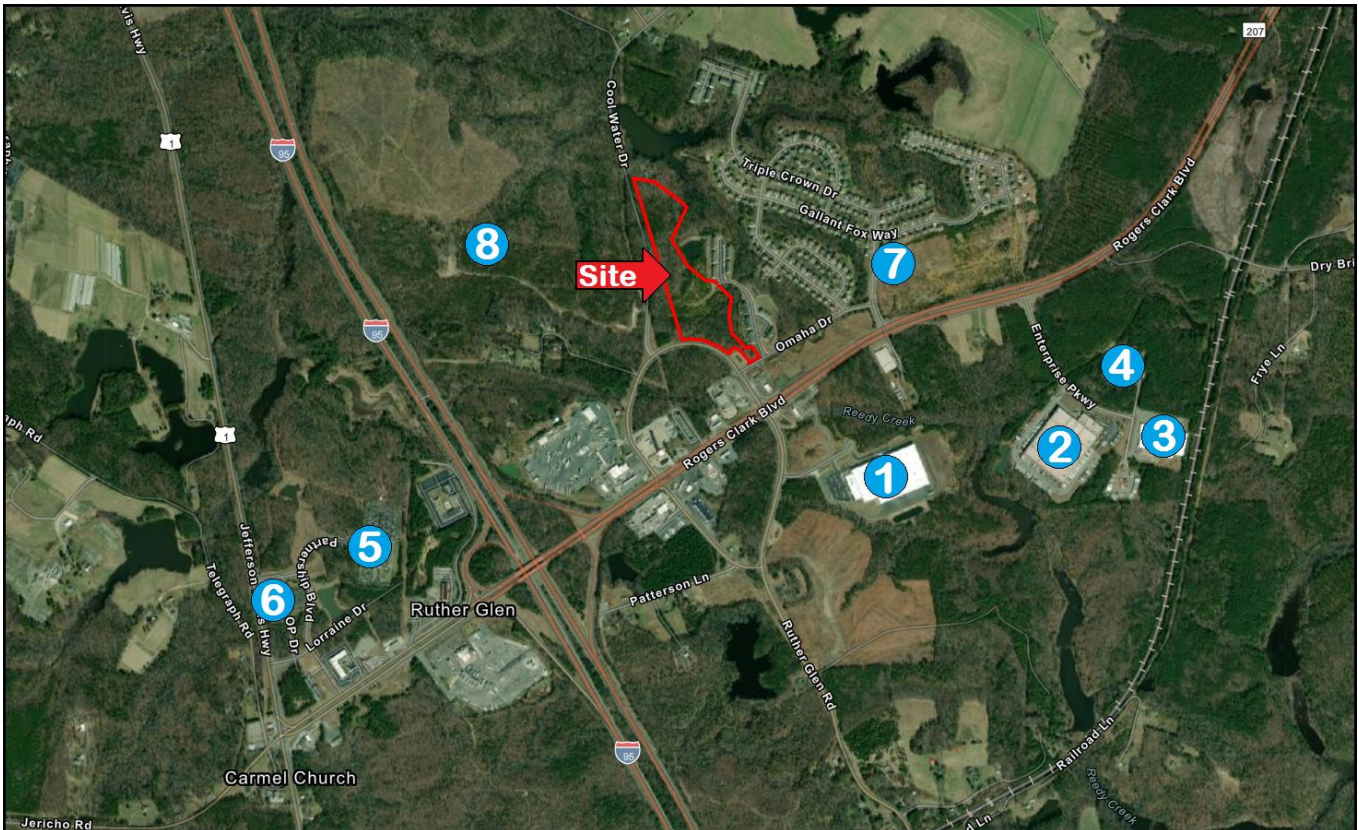
In total, these non-retail companies have a combined total of 600± employees. The area's retail businesses would increase this total.

The aerial also shows one major development area (Note 8) that is owned by Harris Teeter and situated to the west of the Belmont Green 9% site, on the west side of Cool Water Drive. The grocery store purchased this 190-acre property in 2016, and it announced plans to build a 1.5 million square foot distribution center in two phases, with the initial phases to total 650,000± square feet and employ 500 people at wages of approximately \$40,000.

Since the announcement and purchase of the land, Harris Teeter has not yet proceeded with development. Staff at the County's Economic Development Authority report that Harris Teeter does not have a set start time, and have not fully committed to constructing the facility,

despite the level of prior press coverage. No site plans have been submitted to the County for review.

County officials report that they are working with several other companies that are looking at Caroline County for a new business locations. These are reported to be premature at this time and are not able to be made public.



Wide Northern Aerial

Shown next are photos of the study site and its setting. The photos show the site to be fully vacant and wooded with frontage along Carmel Church Loop.



View of Study Site from Carmel Church Loop



View of Study Site from Carmel Church Loop

Site Setting

Map B shows the site setting of the proposed Belmont Green 9% on the north side of Carmel Church Loop, which provides access south to SR 207 as well as to the nearby McKesson facility south of this commercial roadway.

Cool Water Lane generally marks the western boundary of the site. This is a rural roadway that separates the study site from the vacant Harris Teeter property to the west. It runs from Carmel Church Loop in the south to sparsely developed rural portions of Caroline County to the north.

SR 207 is a primary state highway that runs for nearly 20 miles between US 1 in Ruther Glen east to US 301 and SR 2 in Bowling Green. Bowling Green (Note 1) is a small town of

approximately 1,100 residents. The Town, which is located approximately 11 miles from the Belmont Green 9% site, is the County seat and the location of most of the County's 260± employees, an increase of approximately 50 employees over the past decade. It is also the location of a Food Lion grocery store.

This roadway also provides direct access to Fort A.P. Hill (Note 2), approximately 13 miles east of the site, to the northeast of Bowling Green. Fort A.P. Hill is a specialized training post for all branches of the military and has very few staff and soldiers who live permanently on base. Soldiers who come to the fort for training exercises generally stay one or two weeks. The facility supports 60± active duty personnel and 280± civilian employees. It supports an additional 890± indirect jobs.

SR 207 also accesses the Caroline Detention Facility (Note 3), a 172,250± square foot, 336-bed detention center that houses undocumented immigrants held as they wait for administrative hearings. It is one of Caroline County's largest employers with a staff of approximately 100 people.

Additionally, SR 207 has an interchange with I-95 about a half mile southwest of the Belmont Green 9% site. The interstate runs in a north-south direction and accesses the nearby employment clusters around Fredericksburg to the north and Richmond to the south. Ladysmith (Note 4), which is Caroline County's second major employment area, is a ten-minute drive north of Ruther Glen along I-95. Most of the recent employment growth in Ladysmith has been in the retail sector and includes a Sheetz and Tractor Supply. The largest employer in Ladysmith is VSE, which opened a military vehicle and equipment refurbishment center in 2008 with 180 employees.

Excluding retail announcements, the only active job growth occurring in Ladysmith is a proposal by Keys Academy to occupy an 8,800± square foot space for a school for children with disabilities. It will employ approximately 15 people.

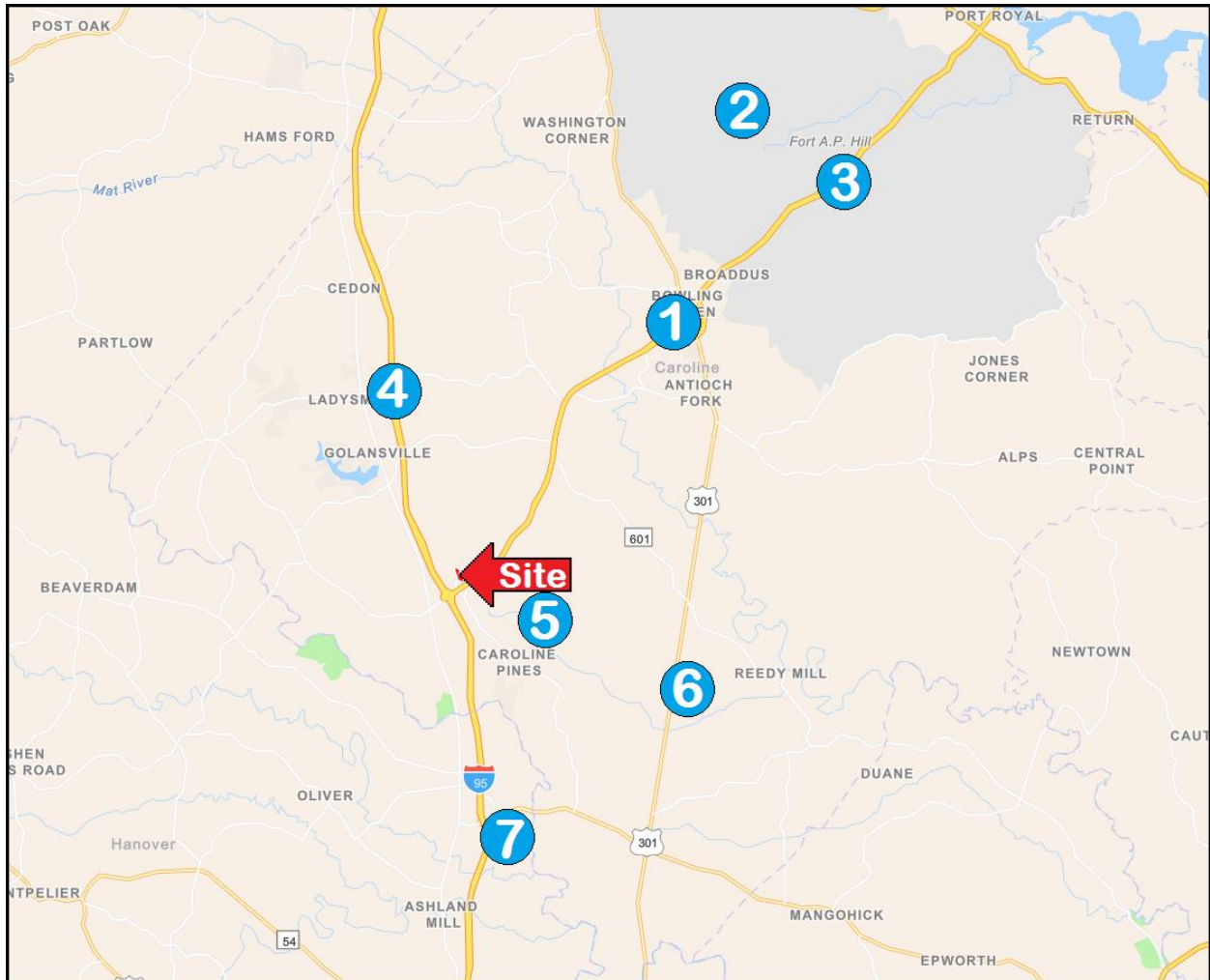
Ladysmith is also the location of the closest retail node outside of Ruther Glen. It includes a Food Lion, which is the closest grocery store to the Belmont Green 9% site. This grocery store anchors the 61,340± square foot Shops at Ladysmith. Smaller tenants in this shopping center include Family Dollar, Subway and an ABC location. Other nearby retailers include a CVS, Dollar General and Advance Auto Parts.

Map B also identifies two additional nearby locations in Caroline County that will generate near-term employment growth. One is an ongoing expansion by M.C. Dean (Note 5) on the west side of Coleman's Mill Road that will add 150 new jobs. The second is Ashton Lewis Holding Company's recently opened sawmill along Doggetts Fork Road that will add 44 new employees (Note 6).

The final nearby employment cluster is Doswell (Note 7), in the northwestern edge of Hanover County and less than ten minutes from the Belmont Green 9% site. The largest employer in this area is Kings Dominion, a combination amusement and water park situated on approximately 738 acres. Kings Dominion employs approximately 200 full-time employees and 4,000 seasonal employees.

Just north of Kings Dominion, along Verdon Road, is Specialty Coating & Laminating, which manufactures custom wide-width coating and laminating for the flexible packaging industry. The company announced in March, 2020 that it would expand its facility and hire 40 new employees by 2024.

Another major development project is occurring south of Kings Dominion at the former 600,000± square foot Bear Island Paper Mill, where Cascades, Inc. is in the process of establishing a lightweight recycled containerboard operation that will employ 140 people.



Map B - Site Setting

Summary

In summary, the Belmont Green 9% site is centrally located to a considerable level of ongoing and future employment growth. Excluding the Sheetz (30± new jobs) and Tractor Supply (25± new jobs) in Ladysmith, as well as the uncertain Harris Teeter property across the street from the site, there are seven new job announcements totaling over 450 new positions near the study site. This is the most pronounced level of employment growth in the area over the past decade. Most of these jobs will pay wages that will income qualify employees to reside at Belmont Green. Furthermore, Belmont Green 9% will be the closest and newest apartment to these expansions.

<u>Nearby Employment Growth</u>		
	<u>Driving Distance</u>	<u>New Jobs</u>
Coastal Companies	1.1 miles	50
C.C. Carpentry	1.7 miles	15
M.C. Dean	2.8 miles	150
Specialty Coating & Laminating	6.3 miles	40
Keys Academy	7.6 miles	15
Ashton Lewis Holding	9.0 Miles	44
Cascades, Inc.	11.8 miles	<u>140</u>
Total		454
Source: S. Patz & Associates, Inc.		

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

Community Facilities. The nearest post office to the Belmont Green 9% site is located at 18014 Jefferson Davis Highway in Ladysmith, approximately seven miles north. Ladysmith Rescue Squad is the closest fire station to the site. It is located at 18287 Jefferson Davis Highway. A new fire station is in planning closer to the site and in Ruther Glen. The closest library is the Ladysmith branch of the Caroline County Library. It is located at 7199 Clara Smith Drive.

Medical Care. There are no hospitals located within Caroline County. The closest hospital is the Spotsylvania Regional Medical Center, located at 4600 Spotsylvania Parkway, about 25 miles north of the site. PACS Urgent Care operates a 11,160± square foot urgent care facility located near the site at 11073 Colonel Armistead Drive. The facility provides urgent care, digital x-rays, lab testing and immunizations.

Education. Belmont Green 9% will be served by Caroline County Public Schools, which enrolls over 4,500 students in three elementary schools, one middle school and one high school. None are within walking distance from the study site. School-aged children residing in the property will be served by the following public schools:

<u>Schools to Serve Belmont Green</u>		
<u>School</u>	<u>Address</u>	<u>Driving Distance</u>
Bowling Green Elementary School	17502 New Baltimore Rd	10.7 miles NE
Caroline Middle School	13325 Devils Three Jump Rd	5.7 miles NE
Caroline High School	19155 Rogers Clark Blvd	5.3 miles NE
Source: Caroline County Public Schools		

There are no institutes of higher education in Caroline County.

Parks and Recreation. There are only two parks located near the Belmont Green 9% site. Both are briefly detailed in the paragraphs below.

- **Caroline Recreation Park** is located at 19127 County Park Drive, behind Caroline High School. The park has soccer fields, baseball diamonds and tennis courts.
- **Robert Farmer Park** is located at 16221 Richmond Turnpike. This park has playground equipment and a baseball diamond.

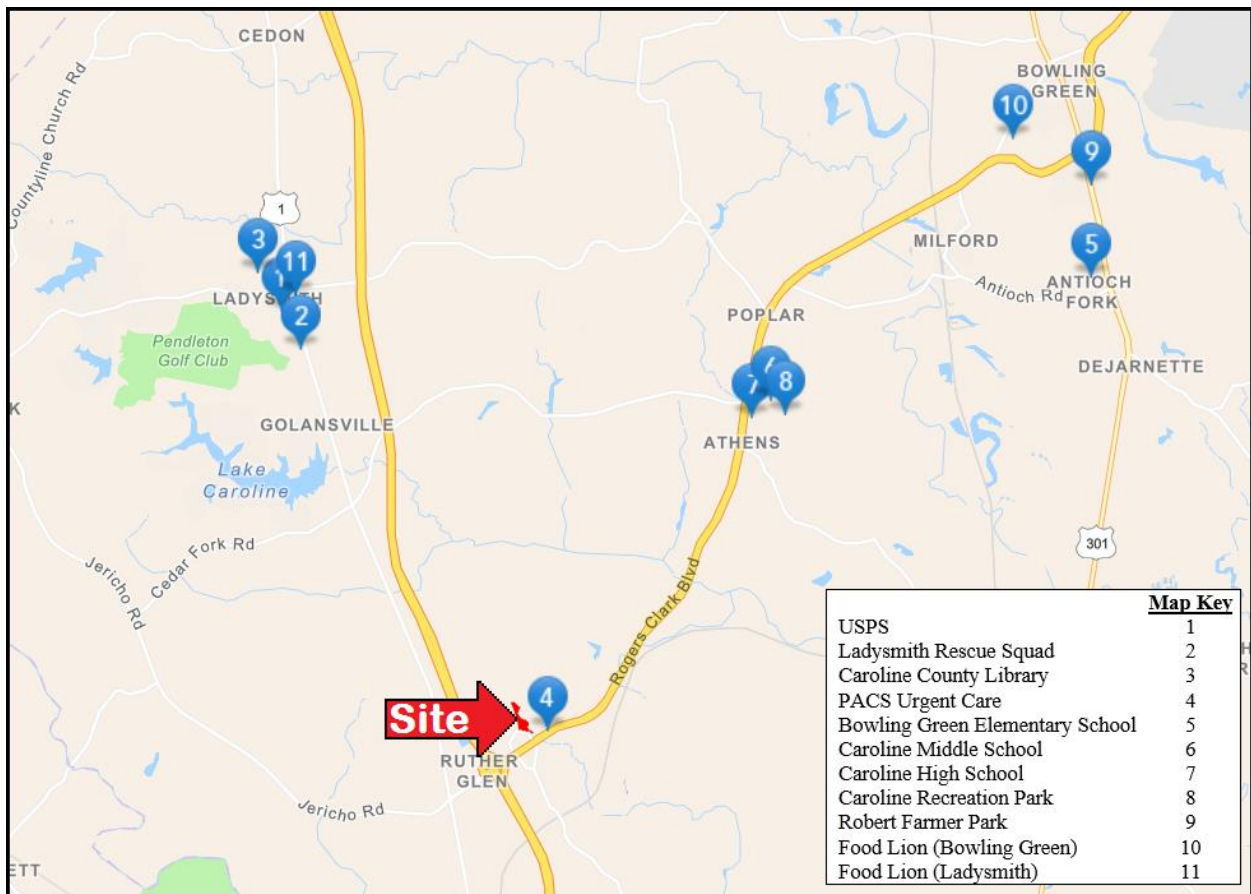
Religious Institutions. Several churches are located near the Belmont Green. These are listed in the chart below.

<u>Location of Nearby Churches</u>	
<u>Name</u>	<u>Address</u>
Cardinal Baptist Church	25050 Ruther Glen Rd
Carmel Baptist Church	24320 Jefferson Davis Hwy
Oxford Mt Zion Baptist Church	25215 Zion Rd
Jericho Baptist Church	8435 Jericho Rd
Saint Tikhon Orthodox Church	26255 Jefferson Davis Hwy
Second Baptist Church	26725 Ruther Glen Rd
Source: S. Patz & Associates, Inc.	

Shopping. As previously noted, several restaurants are located south of the site along SR 207. Most of these are fast food restaurants. There are two grocery stores in Caroline County, both of which are Food Lions. One is located in Bowling Green and one is located in Ladysmith. Both are about a ten-minute drive from the study site. Although there are some smaller retailers in Bowling Green and Ladysmith, Caroline County offers few retail options, as no big box retailers are located in the County.

The closest retail cluster is Ashland, which is about 15 miles south of the study site. Major retailers in Ashland include Walmart Supercenter, Petco, Tractor Supply and Roses Discount Store. The Cosner’s Corner area of Spotsylvania County, about 25 miles north of the Belmont Green 9% site, provides a wider array of retailers. Big box retailers in this area include Walmart Supercenter, Lowe’s Home Improvement, Target, PetSmart, Cost Plus World Market, Ross Dress For Less and Kohl’s. Both retail areas are easily accessible from I-95.

Map C shows the location of the community facilities that will serve Belmont Green.



Map C - Location of Area Community and Public Facilities

Market Area Definition

The defined market area for Belmont Green 9% is generally the communities located along the I-95 corridor south of the City of Fredericksburg and north of the City of Richmond. The

irregular shape of the market area is due to the Census tract boundaries that were used to calculate the market area demographic trends and projections.

The market area includes all of Caroline County, where the study site is located. It contains the rural communities of Cedon, Ladysmith and Ruther Glen, along I-95 and where most of the County's population resides. It also includes Fort A.P. Hill, near the Town of Bowling Green in the northeast corner of the County. This military base occupies approximately 77,000 acres of land and is used for year-round military training of both active and reserve troops of the Army, Navy, Marines and Air Force, as well as other government agencies.

Soldiers who come to the fort for training exercise generally stay for one or two weeks, some of them never leaving the base, and rarely bringing their families with them. Only 340± employees live on the base permanently.

Within Spotsylvania County, the market area generally extends from its northern boundary with the City of Fredericksburg south to its boundary with Caroline County. Its eastern boundary is the border with Caroline County and its western boundary is generally Towles Mill Road. The City of Fredericksburg was excluded from the market area given the distance from Carmel Church.

The Hanover County portion of the market area extends from its northern boundary with Caroline County south to Sliding Hill Road, just north of Henrico County. It includes the community of Doswell and Town of Ashland, both along I-95. This was confirmed to be part of the market area as some Caroline County employees are commuting from the greater Ashland area.

Ruther Glen, where the Belmont Green 9% site is located, is in the center of the market area. New jobs to be created in this area are likely to attract people from both the north and south parts of the market area.



Map D - Market Area Definition

Housing costs are considerably higher in Spotsylvania County compared with the greater Ashland area. While Ashland is closer to Caroline County, Spotsylvania County has a larger and faster growing population. It is also the location of more LIHTC development. Persons from Spotsylvania County will find housing prices much less expensive to the south and in Ruther Glen. Given our analysis of the competitive apartment market, a large geographic area was determined to be more relevant for the market area, as both communities – Spotsylvania County and the greater Ashland area – needed to be included.

Belmont Green 9% Development Program

Table 1 provides a detailed description of the Belmont Green 9% proposal, with data on apartment unit sizes, unit mix and proposed rents. All rents will be restricted at or below 80% of

the Area Median Income (AMI). The proposal will include seven units restricted to 30% of AMI, 26 units restricted to 50% of AMI, 26 units restricted to 60% of AMI and seven units restricted to 80% of AMI. Income averaging will be applied to this proposal. Therefore, the average target income will not exceed 60% of AMI.

The table shows a mix of 10 one-bedroom, 43 two-bedroom and 13 three-bedroom units. All one-bedroom units will have a full bathroom, while the two-bedroom units will have 1.5 bathrooms and the three-bedroom units will have two full bathrooms. The one-bedroom units will measure 696 square feet. The two-bedroom units will measure 787 square feet. The three-bedroom units will measure 1,100 square feet.

Also shown in Table 1 are the proposed net rents, which will exclude utilities. Depending on the income restrictions, the one-bedroom units will rent for between \$417 and \$900. The two-bedroom units will rent for between \$494 and \$1,180. The three-bedroom units will rent for between \$567 and \$1,350. Units will not include washers and dryers. The rents shown in Table 1 are presented in constant 2022 dollars.

Of note is that all units are proposed to meet Virginia Housing's Universal Design standards.

Table 1: Proposed Unit Characteristics, Belmont Green 9%, Caroline County, Virginia, February, 2022 1/

	<u>Units</u>	<u>Size (Sq. Ft.)</u>	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>
<u>One-Bedroom</u>					
30% of AMI	4	696	\$417	\$89	\$506
50% of AMI	<u>2</u>	696	\$754	\$89	\$843
60% of AMI	<u>4</u>	696	\$900	\$89	\$989
(Subtotal)	(10)				
<u>Two-Bedroom</u>					
30% of AMI	2	787	\$494	\$113	\$607
50% of AMI	21	787	\$890	\$113	\$1,003
60% of AMI	17	787	\$1,075	\$113	\$1,188
80% of AMI	<u>3</u>	787	\$1,180	\$113	\$1,293
(Subtotal)	(43)				
<u>Three-Bedroom</u>					
30% of AMI	1	1,100	\$567	\$135	\$702
50% of AMI	3	1,100	\$1,000	\$135	\$1,135
60% of AMI	5	1,100	\$1,240	\$135	\$1,375
80% of AMI	<u>4</u>	1,100	\$1,350	\$135	\$1,485
(Subtotal)	(13)				
Total	66				
Notes: 1/ Rents to include trash collection and Wi-Fi.					
Source: Surber Development					

Rent Comparison

Table 2 shows gross rents for the apartment units with a utility allowance (UA) added to net rents. The UA was calculated for the sponsor based on the unit sizes and an energy efficient HVAC system and appliances. The apartment buildings will be energy efficient within the Virginia Housing guidelines. The gross rents shown are compared with the HUD maximum allowable gross rents for the Richmond, VA MSA, the designated area for comparison for Caroline County. The comparison shows that the proposed gross rents, based on the calculated UA, are at or below the maximum allowable rates.

Table 2: <u>Rent Comparison Chart, Belmont Green 9% and HUD Maximum Allowable Rates, February, 2022</u>				
	<u>Belmont Green 9%</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>	
<u>One-Bedroom</u>				
30% of AMI	\$417	\$89	\$506	\$506
50% of AMI	\$754	\$89	\$843	\$843
60% of AMI	\$900	\$89	\$989	\$1,012
<u>Two-Bedroom</u>				
30% of AMI	\$494	\$113	\$607	\$607
50% of AMI	\$890	\$113	\$1,003	\$1,012
60% of AMI	\$1,075	\$113	\$1,188	\$1,215
80% of AMI	\$1,180	\$113	\$1,293	\$1,620
<u>Three-Bedroom</u>				
30% of AMI	\$567	\$135	\$702	\$702
50% of AMI	\$1,000	\$135	\$1,135	\$1,170
60% of AMI	\$1,240	\$135	\$1,375	\$1,404
80% of AMI	\$1,350	\$135	\$1,485	\$1,872
Source: HUD and Surber Development				

Site Plan and Building Design

Shown next is the proposed site plan for Belmont Green. Site access is shown to be from both Westmont Drive and Cool Water Lane. The site plan shows four residential buildings that will total 264 apartment units. The first phase of development, which will include the 66-unit 9% component under study, is shaded in dark brown and fronts Westmont Drive.

At the entrance to the property will be a single-story clubhouse and outdoor swimming pool. The clubhouse will include a fitness center, business center, laundry facility and on-site leasing. This amenity space would be built as part of the second phase of development, and thus is not part of the Belmont Green 9% proposal.

Belmont Green 9% will be served by 137 surface parking spaces. This is a parking ratio of 2.08 spaces per apartment unit. Parking will be included in the base rental structure. The community is proposed to obtain National Green Building Standard (NGBS) certification or higher.



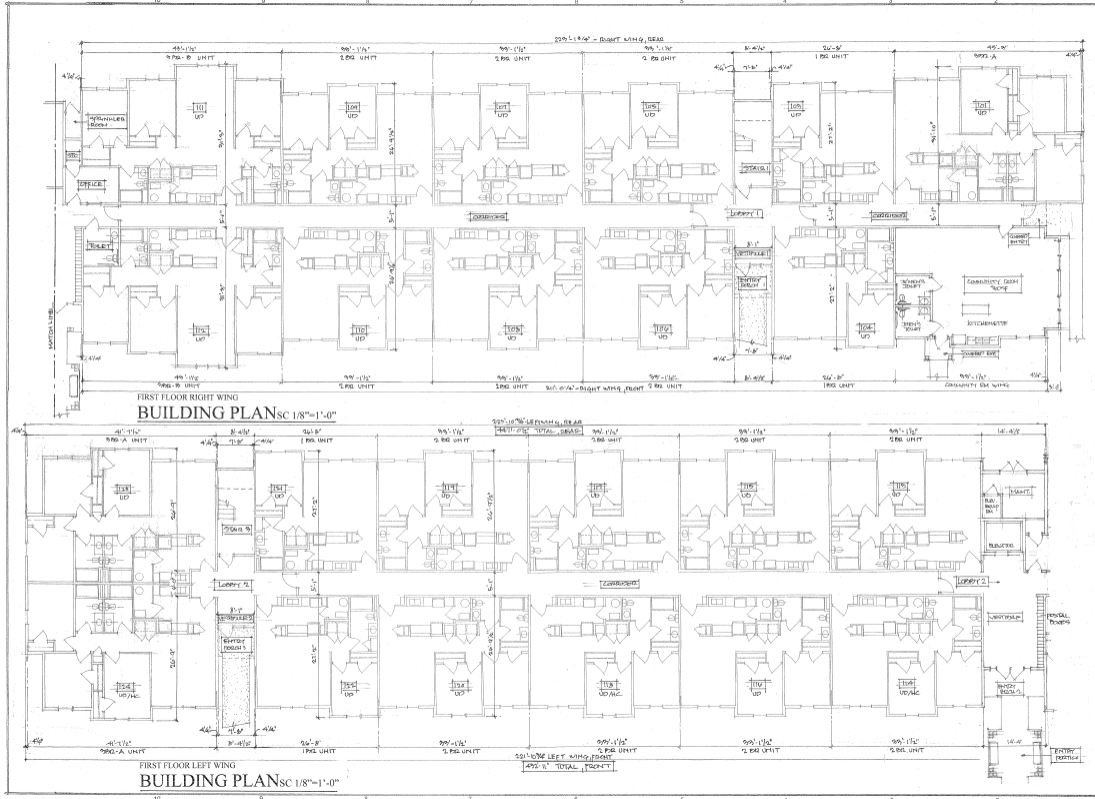
Belmont Green Site Plan

Next shown are the building elevations. Belmont Green 9% will consist of a single three-story, elevator-served apartment building with a contemporary design and flat roofs. The building exteriors will 50 percent brick and 50 percent Hardi or equivalent. All apartment units will have an abundance of windows for air and light.

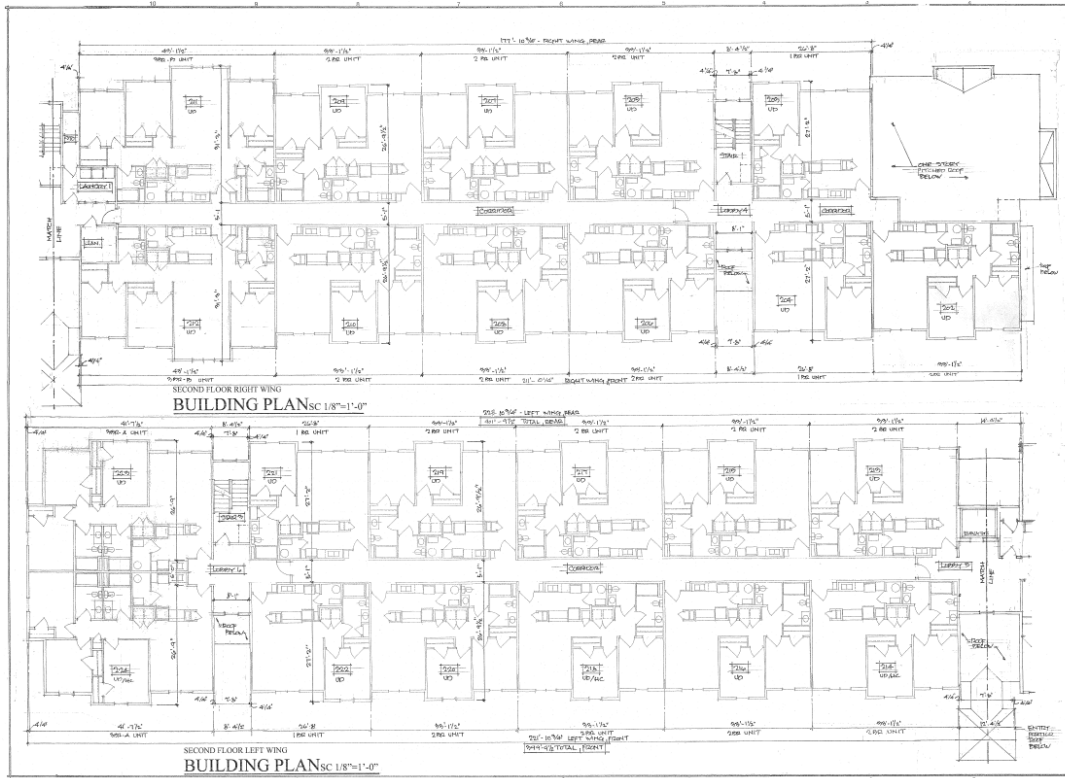


Building Elevations

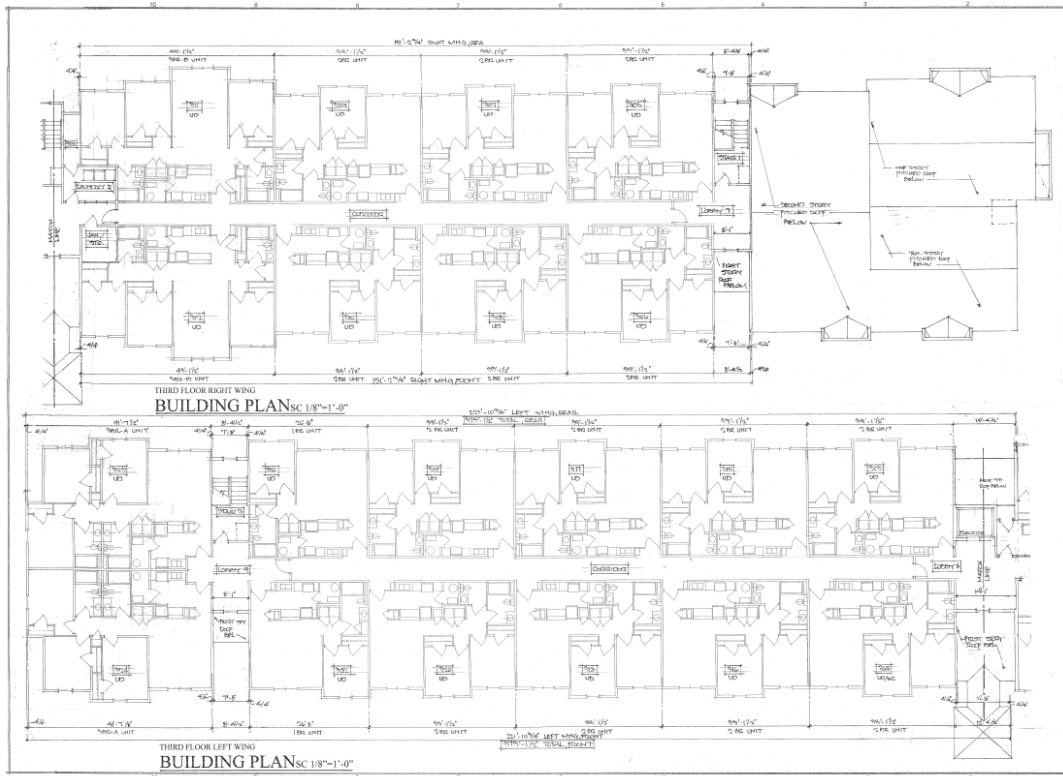
Next shown are building floor plans for each of the three levels of the apartment building. The floor plans show that apart from a 760 square foot community room with kitchenette and leasing office on the ground floor, all three levels will be fully residential with a central corridor accessing each of the apartment units.



Ground Level Floor Plan



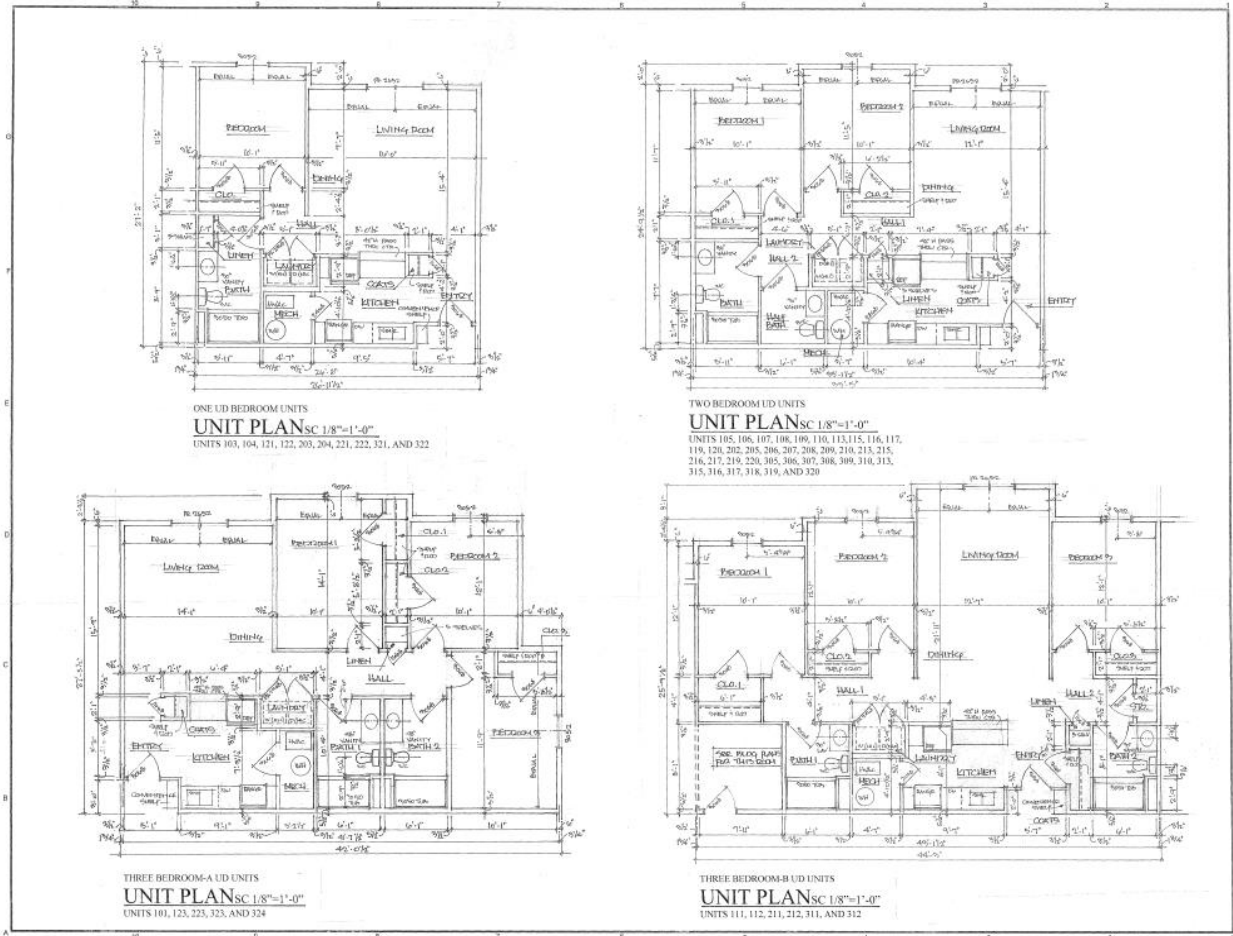
Second Level Floor Plan



Third Level Floor Plan

Apartment Unit Floor Plans

Shown next are typical apartment unit floor plans proposed for Belmont Green 9%. There will be a mix of one-, two- and three-bedroom apartment units. The apartment units will have contemporary designs with open kitchens, a combined living and dining area and bedrooms with large closets. The apartment units will each offer an enclosed laundry room. None of the apartment units will have balconies or patios



Belmont Green 9% Apartment Unit Floor Plans

Development Costs

The proposed building costs, including soft costs and land acquisition, is \$16.6 million, or \$251,790± per apartment unit.

Market Area Economic Overview Analysis

This part of the market analysis presents an economic overview of the defined market area in terms of job and employment growth. Three economic factors are presented and analyzed: (1) at-place job growth, (2) employment and labor force trends, and (3) an evaluation of active development plans that are expected to generate new job and employment growth.

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

Data are presented for all of Caroline County, Spotsylvania County and Hanover County, as BLS data are published only on a county-wide or city-wide basis. Market support for the study proposal are as likely to come from adjacent counties, as well as Caroline County

At-Place Jobs

At-place employment refers to jobs physically based at employers in the market area, whether the job is based in private sector or government offices, manufacturing facilities, schools, retail stores, restaurants, nursing home, or other facilities. As shown in Table 3, the region under study has many data disclosure issues due to the small number of employers. This is often the case in more rural, sparsely-populated communities such as Caroline County.

As of year-end 2019 and prior to the COVID-19 pandemic, the three-county region under study had 93,380± at-place jobs. That total is 14,800± jobs above the pre-recession peak in 2008, a growth rate of 15± percent over the past 12 years. Data in Table 3 show that the market area faced significant job losses in 2009 when nearly 2,600 jobs were eliminated during that recession period. Nevertheless, the total jobs increased in 2010 and subsequent growth exceeded the pre-recession levels by 2012. Employment growth has continued every year since. 2,330± new jobs were created in 2018 while an additional 1,310 new jobs were added most recently in 2019.

The largest employment sector in the region is the Retail Trade sector, which accounts for over 15 percent of area employment. Most of these employers are situated in Spotsylvania County and the greater Ashland area. Unlike most regions in Virginia, the Retail Trade sector did experience considerable growth over the past twelve years.

The Health Care sector is also an important employment sector in the region, accounting for over 11,000 jobs in Hanover County and Spotsylvania County. Due to the small number of

jobs in this sector in Caroline County, data is not disclosed on total Health Care employment. Several of the region's largest employers are in the Health Care sector, which include HCA Virginia Health System, the largest private employer in Spotsylvania County, Bon Secours Richmond Health System, the largest private employer in Hanover County.

The two next biggest employment sectors include Construction and Accommodations/ Food Services, both with over 8,000 jobs. Much of the construction jobs are associated with new home building in the region, particularly in Spotsylvania County. The Accommodation/ Food Services sector jobs are largely related to the many new restaurants and hotels that have opened across the region over the past decade. Although employment in the Construction sector fell by over 1,700 since 2008, most of these losses occurred in 2008 and as a result of the past recession. Construction employment has grown every year since 2016, adding nearly 460 jobs since that time. Employment in the Accommodations/ Food Services has been more pronounced, increasing by over 2,200 since 2008, making it the second fastest growing employment sector in the market area.

The sector with the most pronounced growth since 2008 has been the Administrative Services/ Waste sector, which expanded by 2,460± jobs, or an average of over 200 new jobs each year. The Transportation/ Warehousing sector also had a significant level of growth, adding nearly 1,600 new jobs since 2008. Other sectors with employment growth include Other Services (630± new jobs) and Arts/ Entertainment/ Recreation (400± new jobs).

In terms of job losses, and excluding the losses in the Construction sector, the sector with the highest level of employment losses has been the Manufacturing sector, which has 480± fewer jobs at year-end 2019 compared to year-end 2008. As with the Construction sector, most of these losses occurred immediately following the Great Recession. Major losses in this sector during this period include layoffs by Therma-Tru Doors (231 jobs lost in 2008), Tysons Foods (192 jobs lost in 2008), Covalence Specialty Coatings (66 jobs lost in 2010), Bear Island Paper (164 jobs lost in 2017), Metrie (59 jobs lost in 2018) and Dianne's Fine Desserts (97 jobs lost in 2019). All of these major losses occurred in Spotsylvania and Hanover Counties.

The only other two sectors with job losses were the Finance/ Insurance sector, with 340± jobs lost, and the Federal Government, with nearly 70 jobs lost.

Table 3: Trends in Average At-Place Employment, Caroline County-Spotsylvania County-Hanover County, Virginia, 2008-2019

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Utilities	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Construction	9,757	7,995	7,348	6,969	6,928	7,042	7,873	7,650	7,587	7,829	7,903	8,042
Manufacturing	5,315	4,650	4,366	4,443	4,350	4,895	4,900	5,010	5,058	5,100	4,913	4,836
Wholesale Trade	4,993	ND	ND	ND	5,858	6,179	5,900	16,518	6,658	ND	ND	ND
Retail Trade	13,846	13,469	13,551	13,626	13,578	14,020	14,074	14,515	14,402	14,373	14,572	14,623
Transport./ Wareh..	2,908	2,773	2,835	2,633	2,834	2,904	2,882	2,871	3,008	3,068	3,411	4,487
Information	798	740	696	874	656	792	897	825	784	790	ND	809
Finance/Insurance	1,551	1,440	1,385	1,246	1,221	1,224	1,263	1,256	1,264	1,200	1,171	1,212
Real Estate	1,225	1,118	996	945	929	902	829	907	1,056	1,126	1,144	1,153
Prof./Tech.	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	4,740	ND
Mgmt of Co.s	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Admin./Waste	3,147	3,144	3,263	3,456	3,909	4,123	4,140	4,171	4,523	ND	ND	5,609
Education	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Health Care	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Arts/Enter./Rec.	2,374	2,239	2,213	2,251	2,323	2,581	2,468	2,740	2,781	2,699	2,757	2,772
Accom./Food	6,666	6,752	6,943	6,889	7,414	7,754	7,947	8,301	8,593	8,701	8,796	8,873
Other Services	3,070	3,010	3,118	3,248	3,344	3,249	3,371	3,516	3,583	3,734	4,022	3,697
Local Gov.	ND	10,468	11,007	10,649	10,748	10,589	10,740	10,921	11,100	11,444	11,793	11,408
State Gov.	ND	1,107	1,166	1,112	1,075	994	997	1,034	1,058	1,099	1,130	1,104
Federal Gov.	681	731	768	698	663	634	653	647	629	642	619	616
Total	81,581	78,983	79,716	80,128	81,860	84,385	86,644	89,551	91,049	92,742	95,069	96,383

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

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

Table 4 shows the net change in at-place job totals, separated by jurisdiction, between 2008 and 2019. Job growth is shown to have occurred in both professional and blue-collar employment categories. The table also shows that net job growth took place in all three jurisdictions. The market area added 14,800± jobs during this period.

Table 4: Trends in Average At-Place Employment, By Jurisdiction, 2008-2019

<u>Industry</u>	<u>Caroline County</u>	<u>Spotsylvania County</u>	<u>Hanover County</u>	<u>Total</u>
Agriculture	--	--	--	--
Mining	--	--	--	--
Utilities	3	--	14	--
Construction	-291	-479	-945	-1,715
Manufacturing	-5	-550	76	-479
Wholesale Trade	172	--	603	--
Retail Trade	-102	-144	1,023	777
Transport./ Wareh..	-67	-134	1,780	1,579
Information	-30	-39	80	11
Finance/Insurance	-211	3	-131	-339
Real Estate	-3	-36	-33	-72
Prof./Tech.	--	900	913	--
Mgmt of Co.s	--	146	426	--
Admin./Waste	289	635	1,538	2,462
Education	--	64	-10	--
Health Care	--	2,213	1,957	--
Arts/Enter./Rec.	-44	122	320	398
Accom./Food	157	1,236	814	2,207
Other Services	99	363	165	627
Local Gov.	--	1,019	-65	--
State Gov.	--	122	-99	--
Federal Gov.	<u>-65</u>	<u>8</u>	<u>-8</u>	<u>-65</u>
Total	272	6,049	8,481	14,802

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

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

Next shown, in Table 5, are the employment changes that occurred in 2020, which is an outlier year given the unusual impact of the COVID-19 pandemic. Data is shown for sectors without disclosure issues. The data show a significant loss of jobs, with a reduction in employment of over 5,400 or by 5.7 percent.

These losses occurred across essentially all employment sectors, with the heaviest job losses impacting the Accommodations/ Food sector (1,410± jobs lost) and Arts/ Entertainment/ Recreation sector (1,200± jobs lost). Although these losses are severe, many of these layoffs are expected to be temporary and will likely be recovered once 2021 employment data is released.

Of note is that one key employment sector, Transportation and Warehousing, added a 1,080± jobs in 2020 and despite the pandemic. Also of note is that the job losses in 2020 did not impact occupancy at the market area's competitive apartment properties.

Table 5: Trends in Average At-Place Employment, 2019-2020

Industry	2019	2020	Net Change
Construction	8,042	7,945	-97
Manufacturing	4,836	4,659	-177
Retail Trade	14,623	13,992	-631
Transport./ Wareh.	4,487	5,570	1,083
Information	809	682	-127
Finance/Insurance	1,212	1,216	4
Real Estate	1,153	1,124	-29
Admin./Waste	5,609	4,791	-818
Arts/Enter./Rec.	2,772	1,577	-1,195
Accom./Food	8,873	7,466	-1,407
Other Services	3,697	3,248	-449
Local Gov.	11,408	10,783	-625
State Gov.	1,104	1,100	-4
Federal Gov.	<u>616</u>	634	<u>18</u>
Total	96,383	90,911	-5,472

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

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

Employment and Labor Force

Employment differs from at-place jobs as it refers to the number of market area residents who are employed, no matter where the job is located. At-place jobs refer to where the job is located, i.e., within the market area. Data are current to year-end 2020 for Employment and Labor Force.

The market area realized a net increase in employment of 10,420± jobs over the five-year period between 2015 and 2019. Employment totals gains are larger than at-place job totals, which means net out-commuting occurs into neighboring jurisdictions, primarily to the Richmond region and Northern Virginia.

Data in Table 6 show that the unemployment rate was a very low 2.6 percent in 2019, down from an already low 4.3 percent in 2015. The low unemployment rate means that new job growth will require new residents for the market area.

Total employment in 2020 declined by 7,610±, pushing the unemployment rate up from a low 2.6 percent in 2019 to 5.6 percent, the highest unemployment rate in over decade. As with at-place jobs, many of these losses are expected to be temporary.

Table 6: <u>Trends in Employment and Unemployment,</u> <u>Belmont Green 9% Market Area, 2015-2020</u>				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2015	135,312	129,481	5,831	4.3%
2016	137,157	131,917	5,240	3.8%
2017	139,224	134,231	4,993	3.6%
2018	140,729	136,675	4,054	2.9%
2019	143,678	139,903	3,775	2.6%
2020	140,139	132,297	7,842	5.6%
Net Change	4,827	2,816	2,011	1.3%
Source: United States Department of Labor, Bureau of Labor Statistics				

COVID-19 and Employment

Table 7 shows monthly employment data until November, 2021 in the market area to illustrate the local employment impact of the COVID-19 pandemic. This is the date for which the most recent data are available.

Trend data show that since January, 2020, employment has fallen by over 7,800, with the number of unemployed growing by just over 500. The labor force has also contracted by over 8,300 people, meaning that many of those who have lost their jobs have retired or quit searching for employment altogether.

The data show significant employment improvements since the start of the pandemic, with 6,380± jobs recovered since April, 2020. Of note is that these job losses have not impacted occupancy rates at the competitive apartments under study.

Table 7: Trends in Employment and Unemployment, Belmont Green 9% Market Area, 2020-2021

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
January, 2020	144,542	140,675	3,867	2.7%
February, 2020	144,950	141,493	3,457	2.4%
March, 2020	144,155	140,360	3,795	2.6%
April, 2020	141,152	126,492	14,660	10.4%
May, 2020	137,521	126,664	10,857	7.9%
June, 2020	140,196	129,005	11,191	8.0%
July, 2020	140,386	130,474	9,912	7.1%
August, 2020	141,483	132,899	8,584	6.1%
September, 2020	137,688	130,025	7,663	5.6%
October, 2020	136,986	130,257	6,729	4.9%
November, 2020	136,581	130,045	6,536	4.8%
December, 2020	136,032	129,172	6,860	5.0%
January, 2021	135,245	128,466	6,779	5.0%
February, 2021	135,440	128,963	6,477	4.8%
March, 2021	136,122	129,809	6,313	4.6%
April, 2021	134,783	130,066	4,717	3.5%
May, 2021	135,595	130,584	5,011	3.7%
June, 2021	137,624	131,979	5,645	4.1%
July, 2021	138,814	133,758	5,056	3.6%
August, 2021	137,199	132,561	4,638	3.4%
September, 2021	135,306	131,247	4,059	3.0%
October, 2021	136,752	132,934	3,818	2.8%
November, 2021 1/	136,214	132,873	3,341	2.5%
Net Change	-8,328	-7,802	-526	-0.2%

Notes: 1/ Preliminary data. Subject to change.

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

Market Area Economic Development Activity

Following is a detailed analysis of active developments in each jurisdiction of the region under study. These data show the level of new employment growth that has occurred or is expected. These announcements will add nearly 2,200 new jobs within the market area, excluding construction and spin-off jobs.

- **Ashton Lewis Holding Company** announced in June, 2020 that it would establish a new specialty southern yellow pine sawmill in Ruther Glen, where it would employ 44 people. Many of these new jobs have already been filled.
- **Sheetz**. Plans were submitted in mid-2020 to construct a Sheetz fueling station and 6,080± square foot convenience store at the northwestern quadrant of Ladysmith Road and I-95. The store will employ 30 people.
- **Keys Academy**. Plans were submitted in mid-2020 for this training center for handicapped children on the 8,800± square foot second floor of the existing Ladysmith

Professional Building at 8051 Prosperity Way in the Ladysmith Business Park. This would be a private, co-educational school serving special education students in grades K-12 who have classifications of disabilities. The school would have an initial capacity of 24 students. It will employ approximately 15 people.

- **Coastal Companies**, a distributor of fresh produce and dairy, announced in early-2019 that it would occupy a 123,580± square foot building previously occupied by Russell Stover Candies in Ruther Glen. The company plans to hire 50 employees by 2022.
- **M.C. Dean** broke ground in May, 2021 on an 84,000± square foot modular manufacturing and systems integration facility at its Center for Innovation and Industry in Caroline County. The building will be home to ModularMEP, M.C. Dean's line of modular electrical buildings, rooms and assemblies, which are shipped to project and construction sites across the country. The expansion to more than 300,000 square feet will increase production and manufacturing space. The company expects to add at least 150 new employees by 2024.
- **Tractor Supply** completed construction on a new store on the east side of U.S. 1 in the Ladysmith Business Park in the summer of 2021. The 20,000± square foot store employs approximately 25 people.
- **Caroline 95 Logistics**. Plans were submitted in the summer of 2021 for this 1.1 million square foot industrial building at 11498 Chesterfield Road in Ruther Glen. The building could support 575 jobs, but no official tenant has been named.
- **Project Copper**. Panattoni Development Corporation submitted plans in November, 2021 to construct a 517,220± square foot distribution center at the southeast corner of I-95 and Route 639. An end user has reportedly been found but details have not been made public. The facility is expected to employ at least 200 people and as many as 600.
- **Brown Assisted Living**. This is a proposal for a new 25-bed assisted living facility in a former motel at 3050 Richmond Turnpike.
- **Performance Food Group Co**, a foods distributor, announced in November, 2021 that it would build a new 325,000± square foot facility in Ashland that will employ 125 people. The plan is to move into the new facility in June, 2023.
- **Northlake Industrial Park**. Construction is ongoing on a 655,000± square foot expansion phase of this industrial park in Ashland. Matan Companies began construction in April, 2021 on the first three of five planned industrial buildings that will make up Northlake II. The buildings are expected to be completed in October, 2022. No tenants have signed leases yet.
- **Cascades, Inc.** is in the process of establishing a lightweight recycled containerboard operation at the former 600,000± square foot Bear Island Paper Mill that will employ 140 people. The facility opened in the spring of 2021.

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- **Specialty Coating & Laminating**, which manufactures custom wide-width coating and laminating for the flexible packaging industry, announced in March, 2020 that it would expand its facility and hire 40 new employees by 2024.
 - **Wegmans Food Markets** announced in December, 2019 that it would build a 1.7 million-square-foot facility on about 220 acres just east of Hanover County Municipal Airport. The property is bordered to the north by Ashcake Road and to the east by Sliding Hill Road. The project will create 700 full-time jobs, 140 or so of which would be executive-level positions. The facility will include executive offices and the distribution facility that will initially serve approximately 44 stores. Construction is ongoing.
 - **Age Wise Virginia** has plans to construct a 43-bed assisted living facility in a 40,970± square foot building at 6425 Harrison Road in Spotsylvania County.
 - **The U.S. Department of Veterans Affairs** purchased a 48.8-acre parcel at 5317 Jefferson Davis Highway in February, 2021 where it plans on constructing a 450,000± square foot, four-story outpatient clinic. The project is expected to create 550 jobs and be completed in late-2023.

Section II Affordable Apartment Market Analysis

Following is the supply/demand analysis for the 66-unit Belmont Green 9%. Section II has two subsections. The first is the demographic analysis that “solves” for the number and growth of renter households with incomes, reported in constant 2022 dollar values, of the multiple income groups within Belmont Green 9%. This includes households earning annual incomes of between \$16,680 and \$27,000 (30% of AMI), between \$30,160 and \$45,000 (50% of AMI), between \$36,000 and \$54,000 (60% of AMI) and between \$47,200 and \$72,000 (80% of AMI).

This is based on the proposed net rents at Belmont Green. The income ceiling limits are based on the HUD maximum allowable rate for a family of four for a three-bedroom apartment unit. The forecast date for the demographic analysis is 2024, as Belmont Green 9% are likely to be ready for occupancy by 2024. Rent data are reported in constant 2022 dollars.

The second part of Section II is the analysis of the competitive affordable apartment market for families within the defined market area. We identified ten apartment properties to study. These were built over the 1989 to 2020 period, with approximately half of these apartment properties built prior to 2000. Not all will be direct “comps” for Belmont Green 9%, but all are studied to show the depth of affordable housing in the market area.

These apartment properties are studied for occupancy, rent, unit and property features and characteristics, and curb appeal. They are compared with Belmont Green 9% to determine its competitive market position.

Market Area Demographic Analysis

Market Area Population

The 2020 market area population count, which is based on recently released 2020 census data, totals 129,300±. In terms of population growth, the market area realized a net growth of 26,700± during the 1990's, 11,960± during the 2000's and 13,860± between 2010 and 2020, or an average of 1,390± per year. Thus, the current rate of annualized population growth slightly exceeds the population growth rate of the 2000's. Based on past demographic trends and

economic development activity in the region, the market area population is projected to grow by 5,540± and reach a total of 134,840± by 2024.

As noted, net population growth has been steady in each of the counties that comprise the market area, except for the 1990 to 2010 period for the Hanover County portion of the market area. Most of the market area’s population growth has been in Spotsylvania County, due to its proximity to Northern Virginia. Caroline County’s population increased by 2,340± over the past decade.

	1990	2000	2010	2020	2024
Market Area Population	76,780	103,480	115,440	129,300	134,840
Caroline County	19,220	22,120	28,550	30,890	--
Spotsylvania County Portion 1/	33,660	58,340	64,770	74,100	--
Hanover County Portion 2/	23,900	23,020	22,120	24,310	--
Group Quarters Population	1,730	1,870	1,720	1,800	1,800
Household Population	75,050	101,610	113,720	127,500	133,040
Persons Per Household	2.87	2.77	2.77	2.76	2.76
Total Households	26,200	36,620	41,130	46,200	48,200
Rental Households	5,340	7,460	8,900	10,530	11,300
Percent Rental	20.4%	20.4%	21.6%	22.8%	23.4%
Notes: 1/ Includes the following 2010 U.S. Census tracts in Spotsylvania County: 201.07, 202.01, 202.02, 202.03, 202.04, 202.05, 203.04, 203.05, 203.06, 203.07, 203.08, 203.09, 203.10, 203.11 and 204.03.					
2/ Includes the following 2010 U.S. Census tracts in Hanover County: 3201, 3205, 3206.01, 3206.02, 3207.01 and 3208.01.					
Source: 1990-2020 Census, U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.					

Group Quarters Population

The Group Quarters population consists almost entirely of seniors in nursing homes and hospitals, inmates in correctional institutions, those residing in military quarters in Fort A.P. Hill, and students living in on-campus housing at Randolph-Macon College in Ashland. Students comprise the largest component of the Group Quarters population in the market area. The Group Quarters population has remained steady since the 1990’s.

As of 2020, the Group Quarters population totals 1,800± people, or 1.4 percent of the market area population. The Group Quarters population is subtracted from total population to determine Household Population. Household Population is the basis for determining housing unit demand.

Households

The trend data on households show a sizable increase since the 1990's. As of 2020, the market area's household total stands at 46,200±, which represents an increase of 5,070± households over the 2010 total. This growth trend is expected to continue for the 2020 to 2024 period. The market area is forecasted to contain 48,200± households by 2024, an increase of 2,000± households over the 2020 total.

Part of the reason that population increased at a slightly slower rate than households is that the average market area household size has decreased. It was 2.87 in 1990 and fell to 2.76 by 2020. This is a high average compared with most communities and reflects a suburban marketplace with an abundance of for-sale homes with families, as shown by the tenure split in Table 8.

Renter Households

In 2020, 22.8 percent of all market area households were renters. That percentage has increased from 20.4 percent in 2000 to 21.6 percent in 2010. This was a period in which several market rate and LIHTC apartments were constructed in Spotsylvania County. By 2024, the market area renter household total is projected to increase to 23.4 percent, accounting for 11,340± renter households.

Target Renter Market

Belmont Green 9% will have rents restricted to households earning incomes of 30%, 50%, 60% and 80% of the Area Median Income (AMI). The paragraphs below will detail each of these

demographic cohorts, which are shown in Table 9. Income averaging will be applied to this proposal. Therefore, the average target income will not exceed 60% of AMI.

- **30% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$16,680 and \$27,000, when reported in constant 2022 dollars, based on 30 percent of income allocated to net rent. The demographic analysis shows that as of 2020, the market area had 1,360± renter households within this income range. The 2020 total exceeds the 2010 total by 330± households. By 2024, the market area is projected to add 130± households within this income category to reach a total of 1,490± households.
- **50% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$30,160 and \$45,000, when reported in constant 2022 dollars. As of 2020, the market area totaled 1,960± renter households in this income range. This represents an increase of 450± over the 2010 total. The market area is projected to add 180± households within this income category by 2024 to reach a total of 2,140± households.
- **60% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$36,000 and \$54,000, when reported in constant 2022 dollars. As of 2020, the market area totaled 2,400± renter households in this income range. This represents an increase of 600± over the 2010 total. The market area is projected to add 250± households within this income category by 2024 to reach a total of 2,650± households.
- **80% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$47,200 and \$72,000, when reported in constant 2021 dollars. As of 2020 the market area totaled 2,880± renter households in this income range. This represents an increase of 650± over the 2010 total. The market area is projected to add 260± households within this income category by 2024 to reach a total of 3,140± households.

Table 9: Trends and Projections of Population and Household by and Income, Belmont Green 9% Market Area, 1990-2024 (Constant 2022 Dollars)					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Rental Households	5,340	7,460	8,900	10,530	11,300
30% of AMI (\$16,680-\$27,000)					
Total Households	370	700	1,030	1,360	1,490
Percent of Renter Households	6.9%	9.4%	11.6%	12.9%	13.2%
50% of AMI (\$30,160-\$45,000)					
Total Households	610	1,060	1,510	1,960	2,140
Percent of Renter Households	11.4%	14.2%	17.0%	18.6%	18.9%
60% of AMI (\$36,000-\$54,000)					
Total Households	820	1,310	1,800	2,400	2,650
Percent of Renter Households	15.4%	17.6%	20.2%	22.8%	23.5%
80% of AMI (\$47,200-\$72,000)					
Total Households	1,210	1,620	2,230	2,880	3,140
Percent of Renter Households	22.7%	21.7%	25.1%	27.4%	28.8%
Source: 1990-2020 Census, U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.					

Renter Households by Size

The following chart shows that 26.8 percent of all renter households in Caroline County are one-person households. Two-person households equal nearly 25 percent of total renter households. Data are from the 2010 Census.

Table 10: Renter-Occupied Housing Units by Size, Caroline County, Virginia, 2010		
	<u>Number</u>	<u>Percent</u>
1-person household	524	26.8%
2-person household	486	24.9%
3-person household	360	18.4%
4-person household	261	13.4%
5-person household	183	9.4%
6-person household	85	4.4%
7-or-more-person household	54	2.8%
Total	1,953	100.0%
Source: 2010 U.S. Census Bureau		

Characteristics of the Competitive Apartment Market

Data in Table 11 list 10 of the general occupancy LIHTC apartment properties in the market area, delineated by submarket. The two LIHTC apartment properties in Caroline County (Angelwood at Caroline and Caroline Manor) are small, low rent properties with 67 units that are not competitive with the Belmont Green 9% proposal. Both are fully occupied with a wait list of nearly 200 households. They are not included in the competitive apartment market.

The two closest apartment “nodes” are the Route 1 corridor in Spotsylvania County on the north and Ashland on the south. The Spotsylvania marketplace is a 30± minute drive to the study site in Caroline County. The Ashland marketplace is about a 15± minute drive, however, there are few comparable properties in Ashland.

Belmont Green 9% is likely to be successful with lease-up from the new area job growth. The two “markets” under study, Spotsylvania County and Ashland, are presented to show the lack of availability of area apartments and the achievable rents in this region. That analysis is very competitive for the Belmont Green 9% proposal, as described below, and illustrates the need for more affordable rental housing. Thus, we used the two closest apartment nodes for study.

There are eight competitive apartments in Spotsylvania County, including four that opened most recently since 2016. Most recent to open is Keswick Village, with 236 apartment units restricted to rents of 40%, 50% and 60% of AMI. This complex opened in August, 2020 and has a quick lease-up pace of 30± units per month, on average. The complex is fully occupied at this time and management maintains a wait list of 975 households.

Orchard Ridge at Jackson Village, the one Spotsylvania County apartment complex with elevators, opened in two phases in 2018 and 2019. Management leased an average of 18 units per month in the first phase and 17 units per month in the second phase. The community currently has a 98 percent occupancy rate. It is typically at or near full occupancy. All units in this complex are restricted to 60% of AMI.

Also to open during this period is the 102-unit New Post Apartments. This complex opened in March, 2018 with a mix of 40%, 50% and 60% rents. Management achieved stabilized occupancy within six months, leasing an average of 17 units per month. The complex is fully occupied with a 30-person wait list.

The fourth new apartment complex is Overlook Terrace, which opened in February, 2016 with 72 units restricted to rents of 40% and 50%. The complex reached stabilized occupancy within six months, averaging 12 leases per month during its initial lease-up period. This complex is at full occupancy.

The four older Spotsylvania County properties were built between 1996 and 2001 with a combined total of 754 units. Apart from 11 vacant apartment units at Hideaway Townhomes and 10 vacant apartment units at Salem Run, these apartments are fully occupied. Salem Run is a garden apartment, while the other older properties have townhome designs, some with four-bedroom units. Salem Run maintains an extensive wait list of 150 people.

The two Ashland apartment properties are mature, being built prior to 2000. Ashland Woods was built in two phases with a total of 150 units. Management maintains a wait list of over 400 households. Laurel Woods is an older 1980's property with only 40 units. It too is fully occupied with a wait list.

Key points in Table 11 are as follows:

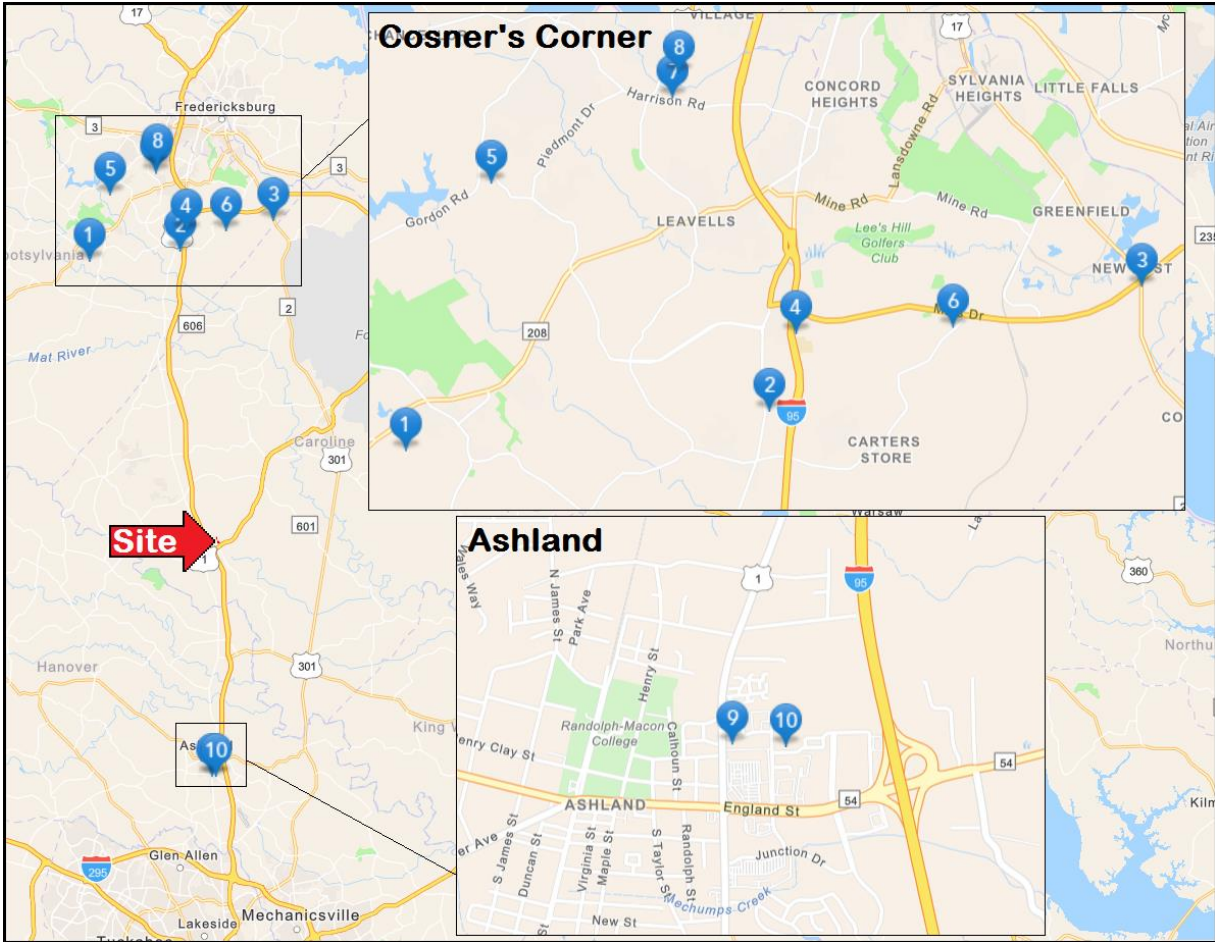
- The market area has a very low vacancy rate of 1.8 percent. The Spotsylvania County submarket has a vacancy rate of only 1.9 percent. The Ashland submarket has only two vacant units.
- The newest complex, Keswick Apartments, has leased especially quickly, averaging 30 leases per month since opening.
- All of the newer properties have leased well. New additions to the market have not had any adverse impacts on older properties.
- 1,260± of the units, or 78.9 percent, are restricted to 60% of AMI.

- Approximately 15 percent of units (230±) are occupied by Section 8 voucher holders.
- Nearly all of the apartment properties maintain waitlists, and some are especially long. These waitlists number at least 1,600 people.
- The market area absorbed nearly 580 apartment units between 2018 and 2020, or 190± units per year, on average. No new affordable apartment units delivered over the past year.
- In terms of occupancy, the pandemic has not adversely impacted the market area's affordable apartment properties.

Table 11: Characteristics of LIHTC Apartment Communities, Belmont Green 9% Market Area, February, 2022

	<u>Map E</u> <u>Key</u>	<u>Year</u> <u>Built</u>	<u>Income Restrictions</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>
<u>Spotsylvania County</u>					
Keswick Apartments	1	Aug-20	40% (24)/ 50% (95)/ 60% (117)	236	0 1/
Orchard Ridge at Jackson Village I & II	2	2018/19 2/	60%	245	5
New Post Apartments	3	Mar-18 3/	40% (11)/ 50% (41)/60% (50)	102	0 6/
Overlook Terrace	4	Feb-16 4/	40% (4)/ 50% (68)	72	0
Salem Fields 5/	5	2001	60%	139	0
Timber Ridge	6	1999	60%	147	0
Hideaway Townhomes 5/	7	1997	60%	200	11
Salem Run 5/	8	1996	50% (54)/ 60% (214)	<u>268</u>	<u>10 7/</u>
(Subtotal)				(1,409)	(26)
<u>Ashland</u>					
Ashland Woods I & II	9	1990/00	60%	150	2 8/
Laurel Woods	10	1989	50%	<u>40</u>	<u>0</u>
(Subtotal)				(190)	(2)
Total				1,599	28
Vacancy Rate					1.8%
Notes: 1/ 975-person wait list. 2/ Phase I - 05/2018 (leased 18 units/ month). Phase II - 02/2019 (leased 17 units/month). 3/ Fully leased in six months (17 units per month). 4/ Fully leased in six months (12 units/ month) 5/ Slightly outside market area. 6/ 30-person wait list. 7/ 150-person wait list. 8/ 400-person wait list.					
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

Map E shows the locations of each of the ten competitive apartments. Two are located in Ashland. The remaining are generally located in Cosner's Corner area of Spotsylvania County.



Map E - Locations of Competitive Apartments

Besides the rapid lease-up and high occupancy rates, the key to the data in Table 11 is the lack of available apartment units for the Caroline County marketplace. New employees in both Spotsylvania County and Ashland will likely need to drive to Caroline County for affordable housing. Caroline County’s housing demand will increase alongside current job growth.

Shown next are photos of each of the apartment properties under study. The photos show a diverse mix of building designs. Orchard Ridge at Jackson Village has elevator served buildings. Keswick Apartments, Newville Post Apartments, Overlook Terrace and Salem Run are standard garden apartments with pitched roofs. The remaining complexes offer townhome rentals. These pictures show that the Ashland properties are not direct comps, as they are modest properties. The better apartment properties are located in Spotsylvania County, but these are at higher rents for new properties.



Keswick Apartments



Orchard Ridge at Jackson Village



New Post Apartments



Overlook Terrace



Salem Fields



Timber Ridge



Hideaway Townhomes



Salem Run



Ashland Woods



Laurel Woods

Only the newer properties are directly competitive, and these are generally at higher rents compared with the rents proposed for Belmont Green 9%.

Net Rent Analysis

The net rent analysis is presented next in Table 12. Rents were adjusted to exclude the costs of utilities to be consistent with the rental structure at Belmont Green 9%. The data also show that five of the Spotsylvania County properties provide in-unit washers and dryers at no additional cost. That is a \$40± premium. The data also show that none of the existing LIHTC properties offer units restricted to 30% or 80% of AMI.

Only four of the newer apartments in Spotsylvania County have one-bedroom units. Keswick Apartments and New Post Apartments rent one-bedroom apartment units restricted to 50% of AMI for \$820±, which is \$66 above the proposed one-bedroom 50% rents at Belmont Green 9%. The one-bedroom 60% apartment units in the market area range between \$947 and \$1,150. This is higher than the proposed one-bedroom 60% rents of \$900 at Belmont Green 9%.

The 50% two-bedroom apartment units at Belmont Green 9% are proposed to rent for \$890. 50% two-bedroom apartment units in the market area are all higher, renting from between \$900 and \$1,299. A similar pattern exists for the two-bedroom 60% apartment units. These units are proposed to rent for \$1,075 at Belmont Green 9%. Within the market area, these apartment units rent for between \$1,037 and \$1,589.

The three-bedroom 50% apartment units at Belmont Green 9% are proposed to rent for \$1,000. Within the market area, three-bedroom 50% apartment units are renting for between \$1,092 and \$1,492. The three-bedroom 60% apartment units are proposed to rent for \$1,240 at Belmont Green 9%. Apart from the mature Ashland Woods, all of the other apartment properties rent these apartment units at higher rates, ranging between \$1,242 and \$1,805.

One key point in Table 12 is that the LIHTC rents at the Spotsylvania County properties are largely above market for new employees in Caroline County. These communities can generate higher rents as Spotsylvania County is within the Washington, DC MSA. Caroline County is not.

In terms of location and proposed rents, Belmont Green 9% will have a unique competitive position for this region of Virginia and will likely be able to draw from a wide geographic area.

Table 12: Rental Rates at LIHTC Apartment Communities, Belmont Green 9% Market Area, February, 2022 1/

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Spotsylvania County</u>			
Keswick Apartments 3/	\$722 (40%), \$822 (50%), \$947 (60%)	\$1,016 (50%), \$1,106 (60%)	\$1,092 (50%), \$1,242 (60%)
Orchard Ridge at Jackson Village 2/	\$1,150 (60%)	\$1,335-\$1,385 (60%)	\$1,650 (60%)
New Post Apartments	\$823 (50%), \$947(60%)	\$1,086 (50%), \$1,161 (60%)	\$1,232 (50%), \$1,337 (60%)
Overlook Terrace 2/ 7/	\$960 (60%)	\$1,200 (60%)	\$1,350 (60%)
Salem Fields 2/ 4/	--	--	\$1,709 (60%)
Timber Ridge 2/ 4/ 5/	--	\$1,430 (60%)	\$1,805 (60%)
Hideaway Townhomes 6/	--	\$1,415 (60%)	\$1,675 (60%)
Salem Run 2/	--	\$1,299 (50%), \$1,589 (60%)	\$1,492 (50%)
<u>Ashland</u>			
Ashland Woods 5/	--	\$1,037 (60%)	\$1,166 (60%)
Laurel Woods 7/	\$700 (50%)	\$900 (50%)	--
Proposed 30% Rents	\$417	\$494	\$567
Proposed 50% Rents	\$754	\$890	\$1,000
Proposed 60% Rents	\$900	\$1,075	\$1,240
Proposed 80% Rents	--	\$1,180	\$1,350

Notes: 1/ Rents adjusted to exclude utilities.
 2/ Includes in-unit washer and dryer.
 3/ Two-bedroom units have one bathroom.
 4/ Three-bedroom units have 2.5 bathrooms
 5/ Two-bedroom units have 1.5 bathrooms.
 6/ Two- and three-bedroom units have 2.5 bathrooms.
 7/ Estimate.

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

Rent per Square Foot

Table 13 calculates the rent per square foot calculation for each of the apartment properties under study. In Spotsylvania County, the average one-bedroom rent per square foot is \$1.22, which is \$0.29 above the proposed rent per square foot at Belmont Green 9%. At \$0.95, \$1.06 and \$0.87, the proposed rent per square foot calculations at Belmont Green 9% would be the lowest in the market area.

Table 13: Rent per Square Foot at LIHTC Apartment Communities, Belmont Green 9% Market Area, February, 2022

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Spotsylvania County</u>			
Keswick Apartments	\$1.08	\$1.09	\$1.06
Orchard Ridge at Jackson Village	\$1.50	\$1.34	\$1.28
New Post Apartments	\$1.26	\$1.15	\$1.17
Overlook Terrace	\$1.05	\$1.07	\$0.96
Salem Fields	--	--	\$1.18
Timber Ridge	--	\$1.24	\$1.25
Hideaway Townhomes	--	\$1.29	\$1.28
Salem Run	--	\$1.31	\$1.13
<i>(Average)</i>	<i>(\$1.22)</i>	<i>(\$1.21)</i>	<i>(\$1.16)</i>
<u>Ashland</u>			
Ashland Woods	--	\$1.15	\$1.02
Laurel Woods	\$1.65	\$1.21	--
<i>(Average)</i>	<i>(\$1.65)</i>	<i>(\$1.18)</i>	<i>(\$1.02)</i>
Average	\$1.31	\$1.21	\$1.15
Proposed Rent per Square Foot	\$0.95	\$1.06	\$0.87

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

Apartment Unit Sizes

Table 14 lists the apartment unit sizes at each of the properties under study. At 696 square feet, the proposed one-bedroom units at Belmont Green 9% would be smaller than the Spotsylvania County apartment properties by 93 square feet.

The two-bedroom units at Belmont Green 9% are proposed to measure 787 square feet, which is smaller than all of the Spotsylvania County properties, but larger than Laurel Woods in Ashland. The Spotsylvania County apartments have large two-bedroom units, measuring 975 square feet or larger. Many of these are townhome units.

The proposed three-bedroom apartment units at Belmont Green 9% will measure 1,100 square feet, which is similar in size to Keswick Apartments and Newport Apartment, but smaller than the other area three-bedroom apartment units. The other properties have especially spacious three-bedroom units, though many are townhome units.

Table 14: Apartment Unit Sizes at LIHTC Apartment Communities, Belmont Green 9% Market Area, February, 2022			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Spotsylvania County</u>			
Keswick Apartments	775	975	1,100
Orchard Ridge at Jackson Village	765	1,015	1,291
New Post Apartments	700	975	1,100
Overlook Terrace	917	1,126	1,399
Salem Fields	--	--	1,451
Timber Ridge	--	1,156	1,440
Hideaway Townhomes	--	1,093	1,309
Salem Run	--	1,100	1,325
<i>(Average)</i>	<i>(789)</i>	<i>(1,063)</i>	<i>(1,302)</i>
<u>Ashland</u>			
Ashland Woods	--	900	1,140
Laurel Woods	423	742	--
<i>(Average)</i>	<i>(423)</i>	<i>(821)</i>	<i>(1,140)</i>
Average	716	1,009	1,284
Proposed Unit Sizes	696	787	1,100
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Apartment Unit Mix

Table 15 lists the unit mix at each of the apartments under study. These data show that only 8.6 percent of units are one-bedroom units, and nearly all of these are at the four newer Spotsylvania County properties. Five of the older complexes have no three-bedroom units. Approximately 60 percent of the apartments are two-bedroom and 27.6 percent are one-bedroom units. Two of the townhome properties – Salem Fields and Hideaway Townhomes – have four-bedroom units.

**Table 15: Apartment Unit Mix at LIHTC Apartment Communities,
Belmont Green 9% Market Area, February, 2022**

	<u>One- Bedroom</u>	<u>Two- Bedroom</u>	<u>Three- Bedroom</u>	<u>Four- Bedroom</u>	<u>Total</u>
<u>Spotsylvania County</u>					
Keswick Apartments	44	142	50	0	236
Orchard Ridge at Jackson Village	56	179	10	0	245
New Post Apartments	18	48	36	0	102
Overlook Terrace	12	36	24	0	72
Salem Fields	0	0	100	39	139
Timber Ridge	0	84	63	0	147
Hideaway Townhomes	0	104	78	18	200
Salem Run	<u>0</u>	<u>214</u>	<u>54</u>	<u>0</u>	<u>268</u>
(Subtotal)	(130)	(807)	(415)	(57)	(1,409)
<u>Ashland</u>					
Ashland Woods	0	124	26	0	150
Laurel Woods	<u>8</u>	<u>32</u>	<u>0</u>	<u>0</u>	<u>40</u>
(Subtotal)	(8)	(156)	(26)	(0)	(190)
Total	138	963	441	57	1,599
Percent of Total	8.6%	60.2%	27.6%	3.6%	100.0%
Proposed Unit Mix	10	43	13	0	66
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

Community Amenities

Table 16 lists the community amenities at each of the apartments under study. Only Orchard Ridge at Jackson Village has elevators. All of the Spotsylvania County properties are amenitized with a clubhouse, fitness center and playground. Several also have business centers and pools. Most of the properties that do not offer in-unit washers and dryers have no-site laundry facilities. Belmont Green 9% will have a community room on-site management office.

**Table 16: Community Amenities at LIHTC Apartment Communities,
Belmont Green 9% Market Area, February, 2022**

	<u>Elevator</u>	<u>Clubhouse</u>	<u>Fitness</u>	<u>Business</u>	<u>Pool</u>	<u>Playground</u>	<u>Laundry</u>
<u>Spotsylvania County</u>							
Keswick Apartments	○	●	●	●	○	●	●
Orchard Ridge at Jackson Village	●	●	●	○	●	●	○
New Post Apartments	○	●	●	●	○	●	●
Overlook Terrace	○	●	●	●	●	●	○
Salem Fields	○	●	●	●	●	●	○
Timber Ridge	○	●	●	●	●	●	○
Hideaway Townhomes	○	●	●	●	●	●	○
Salem Run	○	●	●	●	○	●	●
<u>Ashland</u>							
Ashland Woods	○	●	○	○	●	●	●
Laurel Woods	○	○	○	○	○	●	●
Proposed Amenities	●	●	●	●	○	○	●

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

Section III Conclusions

The analysis presented above shows a very strong apartment market for families. With the level of market area population and household growth that is generated by job growth, a pent-up demand clearly exists. This is especially true given the ongoing in employment growth in Caroline County and in nearby locations in neighboring Spotsylvania County and Hanover County. The existing competitive affordable apartment market for families has a low vacancy rate of only 1.8 percent. All of the market area affordable apartment properties are at or near full occupancy.

No new apartment properties opened in either 2021 or 2022. The one apartment complex to open in 2020, Keswick Apartments, leased especially quickly at a pace of 30 apartment units per month, on average. The community is now at full occupancy and management maintains an particularly long waitlist of 975 people.

Given that the Spotsylvania County properties generally generate rents that are well above market for new employees in Caroline County and that the Ashland area properties are mature and less competitive, the Belmont Green 9% proposal is uniquely positioned to provide a product that does not now exist in the Caroline County housing market.

The competitive apartment market has only a limited supply of available apartment units for the target markets under study. This is in a marketplace with several hundred jobs in the pipeline.

Caroline County has two small, low rent general-occupancy apartment properties. These are full with long waitlists, likely for lower income families. Management at the two County apartments report a high percentage of residents have moved to Caroline County from Northern Virginia.

In the past, Caroline County has not had sufficient apartment unit inventory to attract moderate- and middle-income renters. So the question exists, where will people come from to support the Belmont Green 9% proposal?

Caroline County, southern Spotsylvania County and northern Hanover County are rural settings with limited apartment unit development. This makes the Belmont Green 9% site especially attractive for local population growth in this geographic area, and population growth is expected.

In addition, the market area has 2,200± new jobs in planning, excluding spinoff jobs. Other proposals exist for future job growth. There is insufficient local housing to support this growth. Most of the market area is devoid of sufficient new apartment unit development to support this level job growth

Furthermore, Naval Support Facility Dahlgren (NSF Dahlgren), which has a military employment of about 6,000 and a contractor labor force of about 5,000 is located within commuting distance of the study site. As of 2020, 35 percent of the 11,000± total employment at Dahlgren commute from the Fredericksburg/Spotsylvania area via Route 301. The 45-minute drive to the Belmont Green 9% site from Dahlgren is not much farther from the drive to Fredericksburg compared with the commute to Caroline County.

Currently, about three percent of the NSF Dahlgren workforce commute to Caroline County, or about 200 employees. This is at a time when Caroline County has no attractive and moderate rent apartment units. An increase of one half of one percent of persons commuting from Caroline County could add 60± new commuters to the County, which is a conservative projection given the current lack of area housing.

In summary, the immediate area's 2,200± new jobs are in nearby jurisdictions and in areas without sufficient level of new affordable housing. Added to this is the level of the greater Fredericksburg area's growth and annual employee turnover at NSF Dahlgren that supports a sizable demand for new housing. Most important is that considerable job growth will generate a higher demand compared with current supply.

There is sufficient current job growth locally to support the Belmont Green 9% proposal. The tendency of area workers to commute long distances for adequate housing is a positive supplement to current growth trends.

The following Analysis of Demand will show the evolving supply/demand analysis for affordable family rental housing for the projection period of 2024.

Analysis of Demand

Competitive Pipeline Proposals

There is currently only one affordable apartment complex under construction and none in active planning in the market area. Palmer's Creek Apartments is under construction with 200 apartment units at 9012 Jefferson Davis Highway in Spotsylvania County, with move-ins to begin in March, 2022. It is being developed utilizing financing from the 4% Tax-Exempt Bond program. The community will contain two four-story, elevator-equipped residential buildings. This will be a fully amenitized community with a 6,690± square foot community building, outdoor swimming pool, fitness center, business center, game room and walking paths.

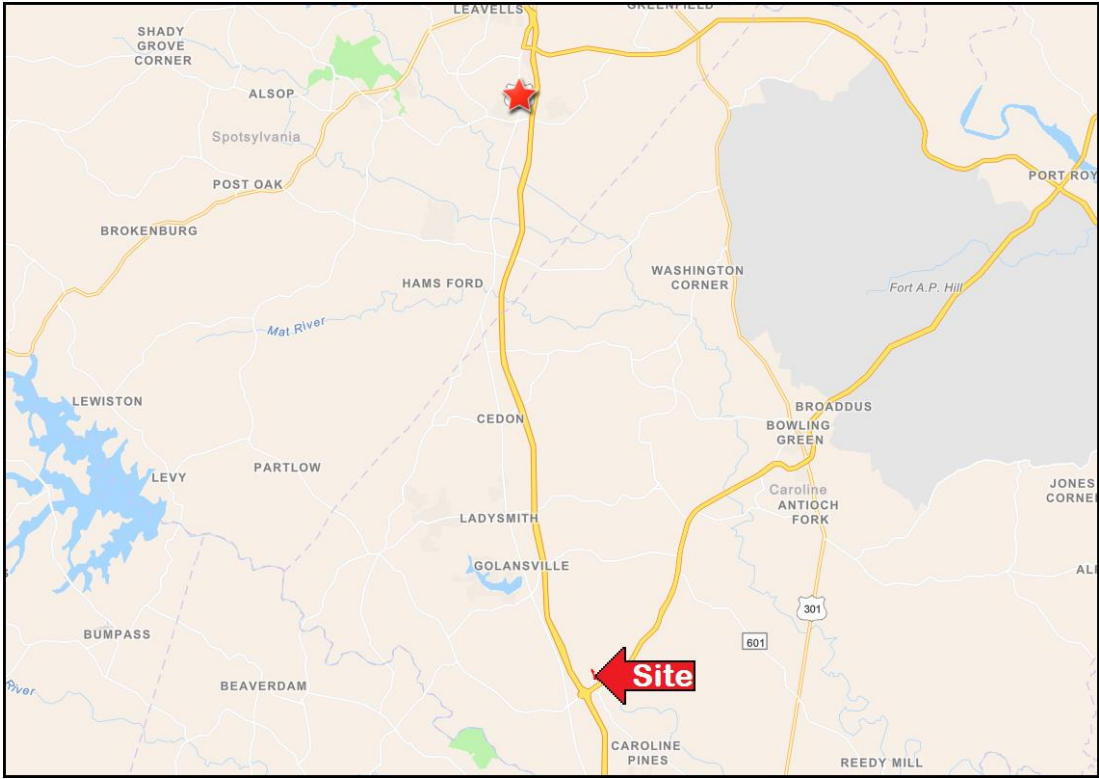
Table 17 below details the proposed unit characteristics at Palmer's Creek Apartments. It shows that all units will contain washers and dryers and will be restricted to rents at 60% of AMI. All two- and three-bedroom units will have two full bathrooms. The unit mix will be 30 one-bedroom, 109 two-bedroom and 61 three-bedroom units. These rents, all of which will be restricted to 60% of AMI, are considerably higher than those proposed for Belmont Green 9%.

Thus, we did not use this proposal in our demand analysis, as the rents are well above the Caroline County marketplace and the two- and three-bedroom rents will require higher incomes than the rates under study.

Table 17: Proposed Unit Characteristics, Palmer's Creek Apartments 1/				
	Restrictions	Units	Size	Net Rent
1BR/ 1BA	60% of AMI	30	707-765	\$1,249-\$1,298
2BR/ 2BA	60% of AMI	109	950-1,149	\$1,550-\$1,555
3BR/ 2BA	60% of AMI	<u>61</u>	1,305-1,326	\$1,794
Total		200		

Notes: 1/ Includes in-unit washer and dryer.
Source: Bonaventure Realty Group

Map F shows the location of Palmer's Creek Apartments within Spotsylvania County. Its location is identified by the red star. The site is shown to be located in the Cosner's Corner area of the County, on the west side of U.S. Route 1, across the street from the new Orchard Ridge at Jackson Village



Map F - Location of Palmer's Creek Apartments

Shown next are photos of the existing conditions as well as a rendering of Palmer's Creek Apartments. The photo shows construction to be nearly completed.



(Existing Conditions)



Palmer's Creek Apartments

(Rendering)

The only other proposal is the 66-unit 4% component of Belmont Green that will be built simultaneously with Belmont Green 9%. All of these units will be restricted to 60% of AMI.

Demand Table

The Virginia Housing Demand Table is presented next. It shows a projected net growth of 130± targeted family households for the 2020 to 2024 period for the 30% apartment units. The growth amount is 180± households for the 50% apartment units, 250± apartment households for the 60% apartment units and 260± apartment households for the 60% units.

Added to this total is a 15 percent factor to account for expected tenants with vouchers for an increased demand of 20± renter households for the 30% apartment units, 30± renter households for the 50% apartment units, 40± renter households for the 60% apartment units and 40± renter households for the 80% apartment units.

We excluded households in substandard housing in our demand analysis, as that is not a major issue for residents of the market area at this income level. Belmont Green 9% will have no age restrictions and will be a new construction community. Thus, the total demand of 950± is comprised of net target household growth, plus a likely number of households with vouchers.

For supply, we included the 66 apartment units proposed for Belmont Green 4%. All will be restricted to 60% of AMI. Palmer's Creek Apartments was excluded, as it will generate rents

well above the allowable 60% rate for Caroline County. The market area currently has 28 apartment units that are vacant. These are excluded from the demand analysis as they are part of normal vacancy.

This generates a net potential net demand of 150± apartment units for the 30% income category, 210± apartment units for the 50% income category, 220± apartment units for the 60% income category and 300± apartment units for the 80% income category.

<u>Demand Table (2020-2024)</u>					
	<u>Up to 30% of AMI</u>	<u>Up to 50% of AMI</u>	<u>Up to 60% of AMI</u>	<u>Up to 80% of AMI</u>	<u>Total</u>
New Rental Households	130	180	250	260	820
PLUS					
Existing Households - Over-Burdened (Rounded)	20	30	40	40	130
PLUS					
Existing Households-Substandard Housing	0	0	0	0	0
PLUS					
Elderly Households-Likely to Convert to Rental Housing	0	0	0	0	0
PLUS					
Existing Qualifying Tenants – to Remain After Renovation	0	0	0	0	0
Total Demand	150	210	290	300	950
MINUS					
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	0	0	66	0	66
Equals					
Net Demand	150	210	224	300	884
Proposed Units	7	26	26	7	66
Capture Rate	4.7%	12.4%	11.6%	2.3%	7.5%
Absorption Period (in months)	0	2	2	1	2

The 30% apartment units are likely to be fully pre-leased prior to project opening. The 50%, 60% and 80% components should each have a lease-up pace of approximately 15 units per month, on average. At this pace, stabilized occupancy should be achieved within two months of project opening, including pre-leasing.

Capture Rate

The capture rate of total demand is 7.5 percent, or 4.7 percent for the 30% apartment units, 12.4 percent for the 50% apartment units, 11.6 percent for the 60% apartment units and 2.3 percent for the 80% apartment units. These are conservative calculations, as it does not account for extensive market area wait lists and the level of voucher holders could exceed 15 percent.

The Virginia Housing capture rate chart is as follows:

Project Wide Capture Rate - LIHTC Units (66 units)	<u>7.5%</u>
30% of AMI (7 units)	<u>4.7%</u>
50% of AMI (26 units)	<u>12.4%</u>
60% of AMI (26 units)	<u>11.6%</u>
80% of AMI (7 units)	<u>2.3%</u>
Project Wide Capture Rate - Market Rate Units	<u>N/A</u>
Project Wide Capture Rate - All Units	<u>7.5%</u>
Project Wide Absorption Period (Months)	<u>2 months</u>

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

February, 2022

Date