

NEED AND DEMAND ANALYSIS
FOR THE BELLEVUE GARDENS APARTMENTS
IN
RICHMOND, VIRGINIA

Prepared for
Bellevue Gardens VA LLC
for submission to
Virginia Housing

Virginia Housing Application: 2022 - C - 27

As of March 3, 2023

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A. EXECUTIVE SUMMARY

The site of the proposed Bellevue Gardens Apartments is located at the Legacy at Imperial Village retirement complex off Bellevue Avenue, west of its intersection with Hermitage Road, in northern Richmond in eastern Virginia. The site is located on that part of the property which is north of Rosedale Avenue, to the west of Hill Monument Parkway. There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.

The Bellevue Gardens Apartments will comprise 78 units - Five one-bedroom units, 37 two-bedroom units and 36 three-bedroom units. The project is new construction. Of the 78-unit total, eight units will be targeted to households with incomes up to 30 percent of the median, 34 units will be targeted to households with incomes up to 50 percent of the median, seven units will be targeted at the 60 percent level, and the remaining 29 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

Employment in Richmond in 2021 - the most recent annual report shows employment at 109,892. Employment showed modest growth from 2012 to 2020 when 6,560 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2021 show that, locally, employment is not quite yet to show net gains.

In Richmond, it is seen that the most recent annual average unemployment rate is 5.5 percent, down from 8.8 percent the previous year. The rate was 7.3 percent in 2012.

The market area for the proposed development is that portion of northside Richmond, located to the east of Interstate 95, north of Interstate 64, to the west of East Highland Park and south of Chamberlayne and Lakeside.

The population of the market area is projected to decrease from 32,051 in 2023, to 29,815 in 2028. The number of households is projected to decrease, from 13,821 in 2023 to 12,995 in 2028. The number of renter households in the market area is projected to increase from 7,671 to 7,283 over the 2023 to 2028 projection period.

There are several apartment complexes located in the northside Richmond area. These include conventional/market rate properties, properties financed with low income housing tax credits, and subsidized housing for very low income households.

Based on our survey, there is a market-wide occupancy rate of 94.4 percent. Occupancy at tax credit properties is found to be around 95.3 percent (with many of the vacant units representing turnover).

The total need for tax credit units such as is proposed in the project market area by 2028 is calculated to be for 804 units. The net need is for 749 units. Given the calculated net need, the proposed 78-unit development amounts to 10.4 percent of the need.

Consideration of the capture rate (10.4 percent) and the (2.0 percent) affordability analysis capture rate, and (38.7 percent) penetration rate suggests that the proposed development is marketable, as proposed.

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

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

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

Astoria data:

Project Wide Capture Rate, LIHTC units: 10.4 percent

Project Wide Capture Rate, market units: n/a

Project Wide Capture Rate, all units: 10.4 percent

Project Wide Absorption Period (Months): nine months

B. INTRODUCTION AND SCOPE OF WORK

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

The report is prepared for Bellevue Gardens VA LLC, for submission to Virginia Housing.

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

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

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

The site of the proposed apartments was visited on March 3, 2023.

The site was visited by T. Ronald Brown.

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

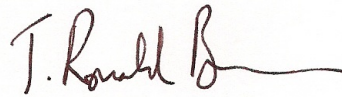
Mr. Brown is responsible for the analysis and write-up of this report – performing the role of both analyst and author.

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

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

Submitted, and attested to, by:

T. Ronald Brown, President
T. Ronald Brown: Research & Analysis
P.O. Box 18534
Asheville, North Carolina 28814-0534
919. 233.0670 or 919.612.5328



Date: March 14, 2023

C. PROJECT DESCRIPTION

The Bellevue Gardens Apartments will comprise 78 units - Five one-bedroom units, 37 two-bedroom units and 36 three-bedroom units. The project is new construction.

The project is to be configured as follows:

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
1 bedroom/ 1 bath	5	1,021	\$829	less than 50 percent **
2 bedroom/1 ½ bath	8	1,074	\$531	less than 30 percent
2 bedroom/1 ½ bath	10	1,074	\$984	less than 50 percent
2 bedroom/1 ½ bath	7	1,074	\$1,211	less than 60 percent
2 bedroom/1 ½ bath	12	1,074	\$1,325	less than 80 percent
3 bedroom/2 bath	19	1,204	\$1,645	less than 50 percent ***
3 bedroom/2 bath	17	1,204	\$1,495	less than 80 percent

* percentage of area median income

** Rent -assisted Richmond Behavioral Health Authority

*** HUD § 8

Of the 78-unit total, eight units will be targeted to households with incomes up to 30 percent of the median, 34 units will be targeted to households with incomes up to 50 percent of the median, seven units will be targeted at the 60 percent level, and the remaining 29 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

There are 19 units of project based rental assistance from the Richmond Housing Authority, with a further five units of assistance to be provided by the Richmond Behavioral Health Authority.

Given that the project will include units targeted to households with incomes in excess of 60 percent of the local area median income, income averaging is applied. Thus, the average target income, overall, cannot exceed 60 percent of the median.

Utilities (excluding trash collection) will be paid by the tenant - utility allowances are \$115 for the one-bedroom units, \$149 for the two-bedroom units, and \$163 for the three-bedroom units. Based on information supplied by the developer, the proposed apartments will meet energy-saving standards, both for construction and for appliances provided.

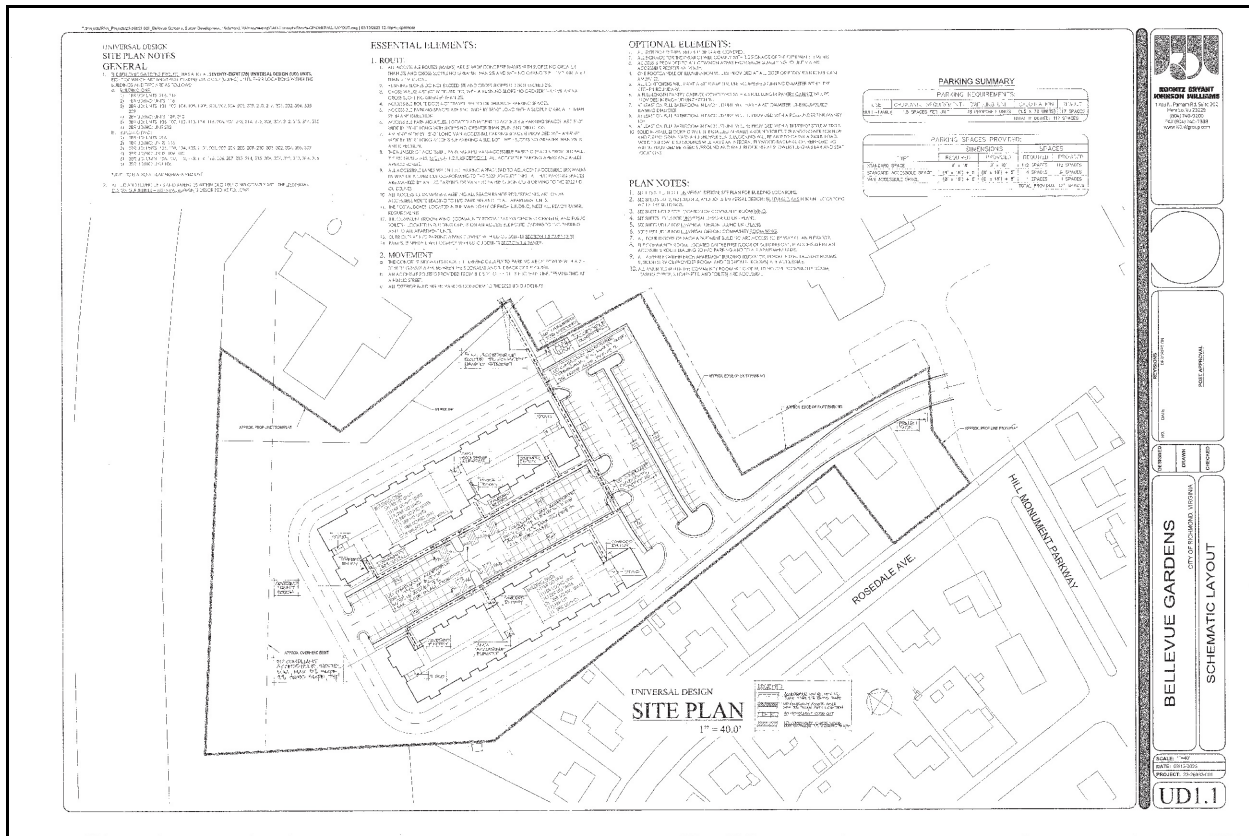
The property will feature two three-story buildings, each of which will have an elevator. The buildings will have a combination exterior. Common area and site amenities include a multi-purpose room and laundry. The property will offer various enhancements, as per Virginia Housing guidelines.

There will be 121 parking spaces.

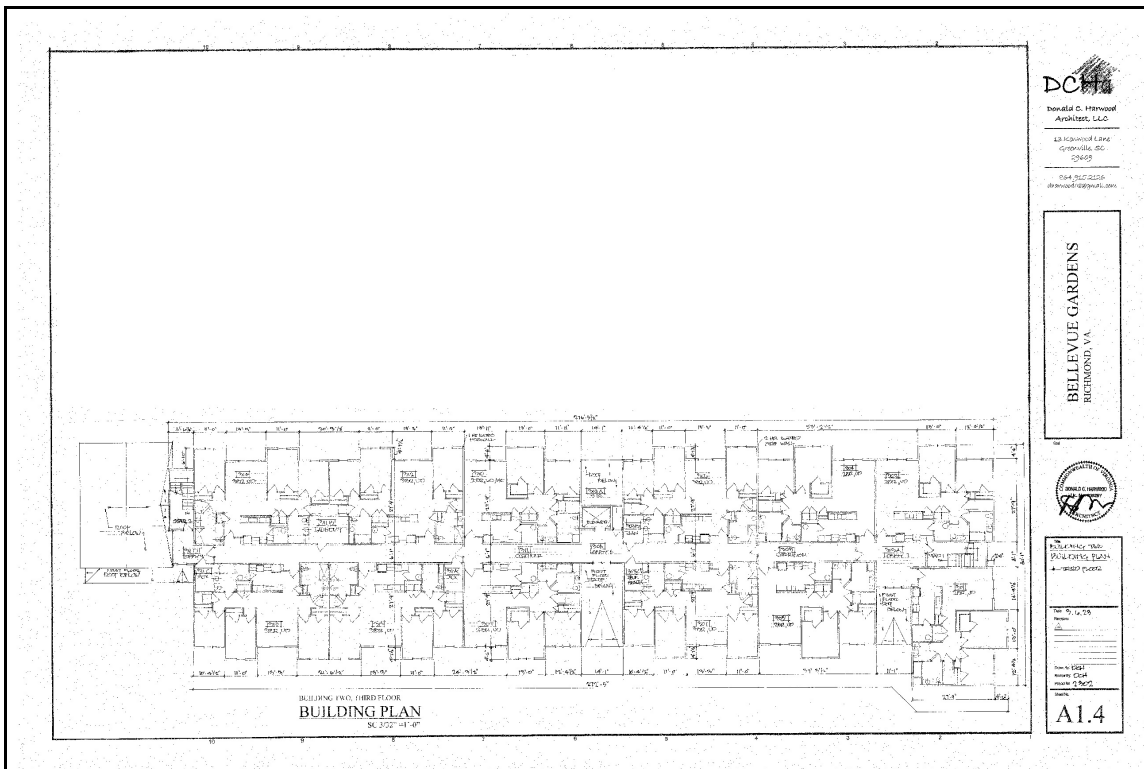
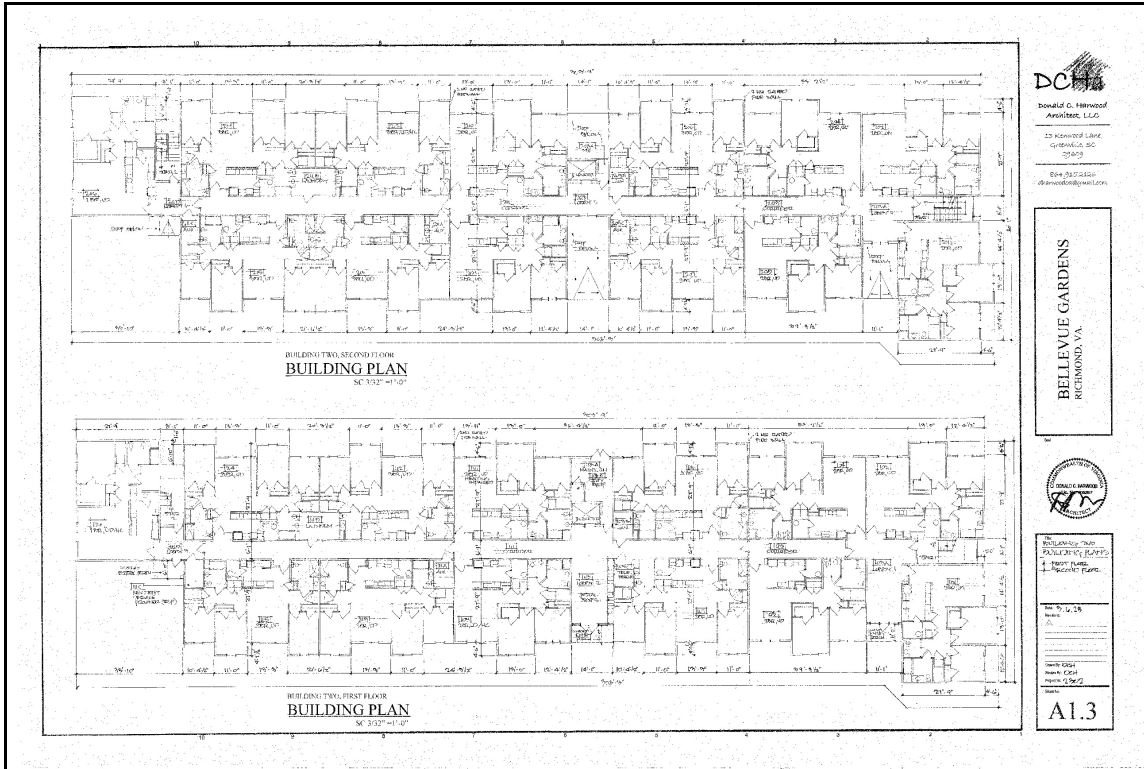
Representative architectural drawings are set out on the following pages.

It is understood that the construction program would commence in April, 2024 and would be completed within 12 months, or so.

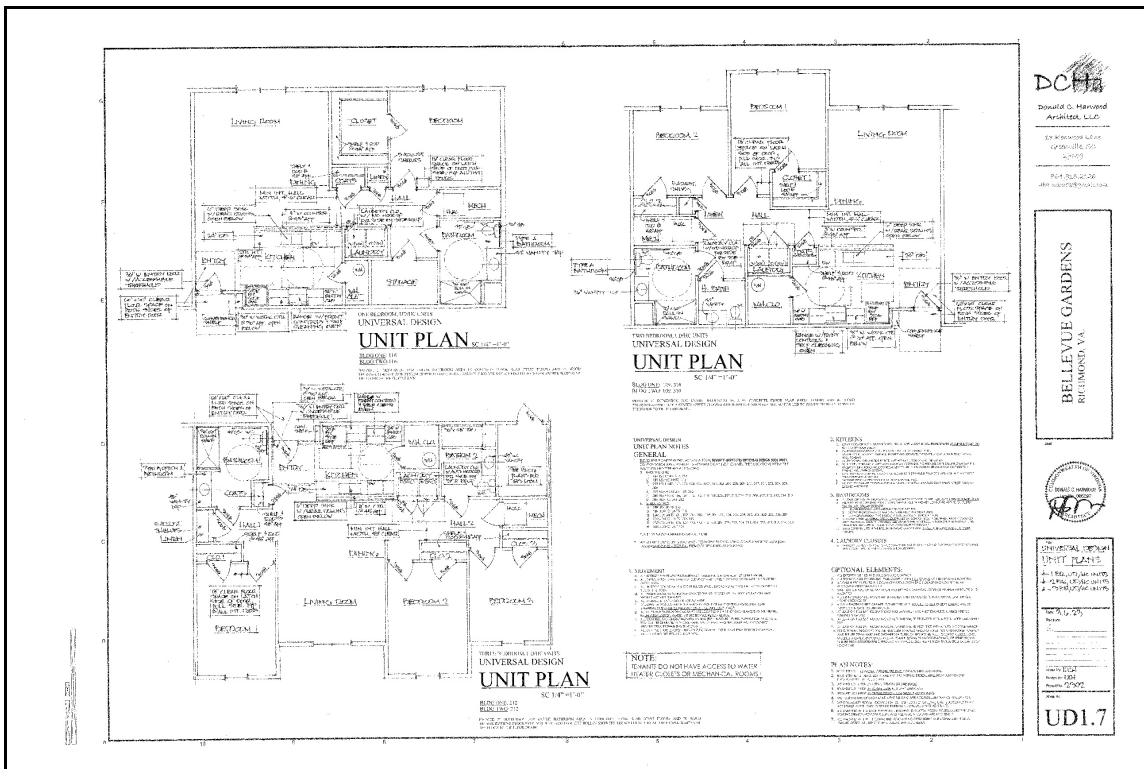
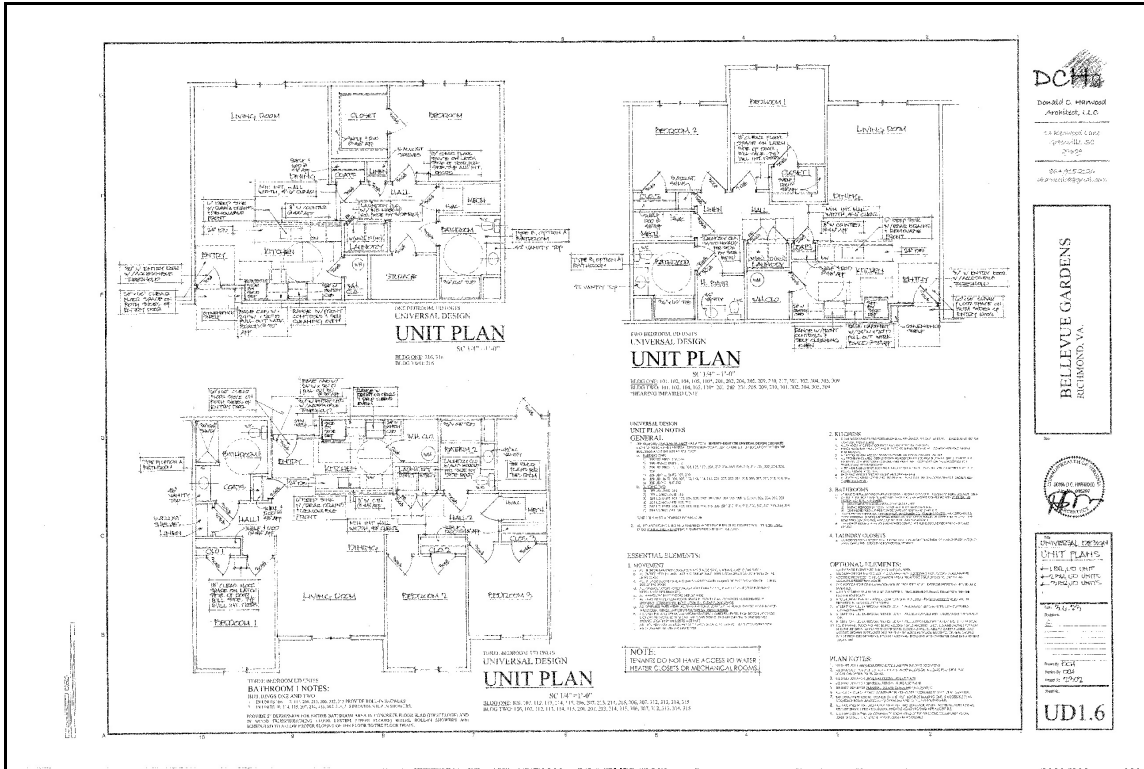
Site plan



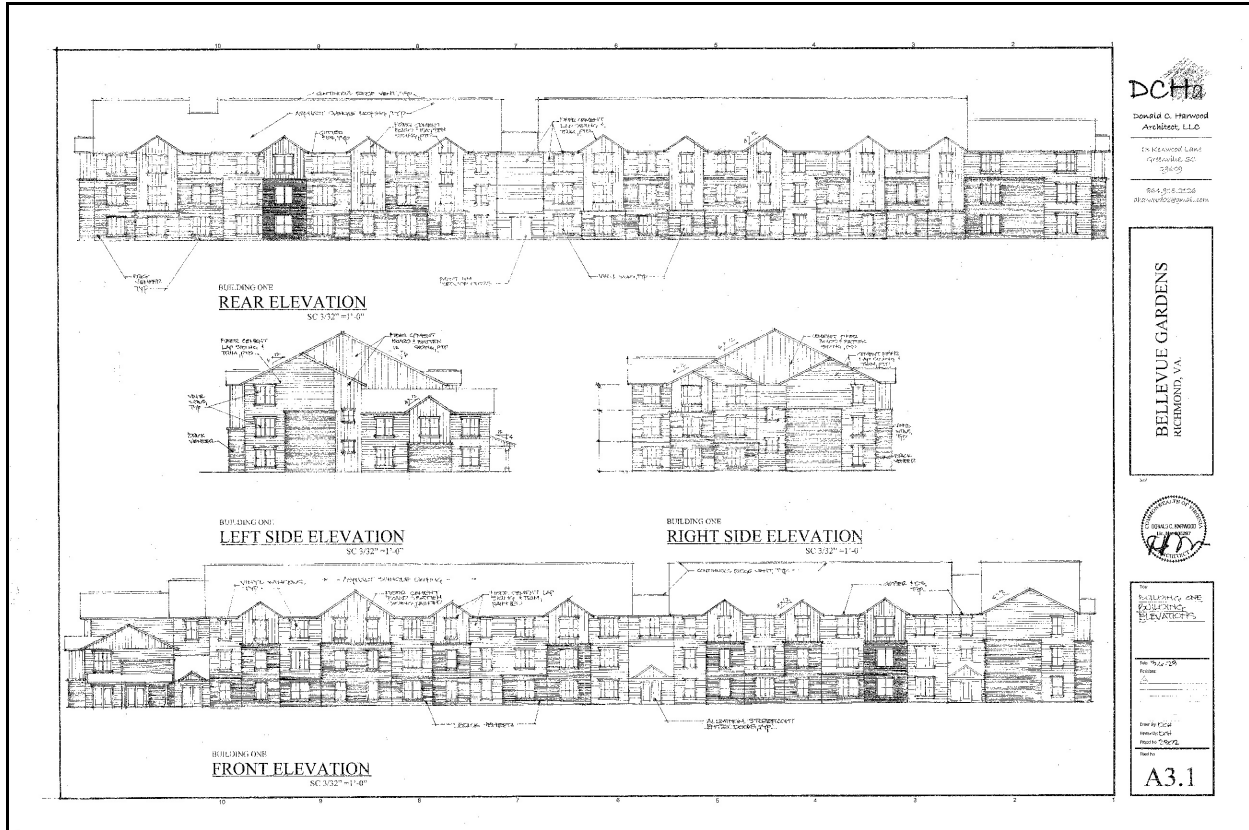
Floor plans



Unit plans



Elevations



D. LOCATION

The site of the proposed Bellevue Gardens Apartments is located at the Legacy at Imperial Village retirement complex off Bellevue Avenue, west of its intersection with Hermitage Road, in northern Richmond in eastern Virginia. The site is located on that part of the property which is north of Rosedale Avenue, to the west of Hill Monument Parkway. Adjacent uses include the various facilities in the Imperial Village complex, a portion of the Interstate 64/95 interchange, and single-family homes. The property is flat and is mostly cleared.



Currently the property is located within the gated retirement complex, with no public access. Upon development, the site will be accessed via an entrance on the extension of Hill Monument Avenue. The following site photographs necessarily reflect the current lack of public access.



View of gate at Hill Monument and Rosedale



View onto property looking towards site location



Third party (Google) view towards site from highway



View along Rosedale Ave., from site entrance



View along Hill Monument Pkwy, from site entrance

The site is located off Hill Monument Parkway at Rosedale Avenue. Given the site location and its situation, the site would be likely not be very visible from the immediate neighborhood.

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

The site is within one third of one mile of Laburnum Avenue (VA 197) - a major east-west route serving the local area. Chamberlayne Avenue (US 1/301) - a major north-south route - is within one and one-fourth miles of the site. The site is within one half-mile of Interstate 64/95. Access to the site will be quite good.

Regularly-schedule public bus service is available on the GRTC transit system, with stops less than one quarter of a mile from the subject property.

The site is within three miles of a Food Lion grocery store and a Wal Mart neighborhood store. A Wal Mart Supercenter is just over four miles from the site. There are two drugstores within two miles of the site.

Bryan Park is just over one mile from the site.

The site is within one half mile of the Linwood Holton Elementary School, and is within two miles of the Thomas Henderson Middle School and the John Marshall High School.

The various government, shopping, and other services located in the Richmond downtown business district are within six miles, or so, of the site. The Richmond post office is within three and one fourth miles of the site.

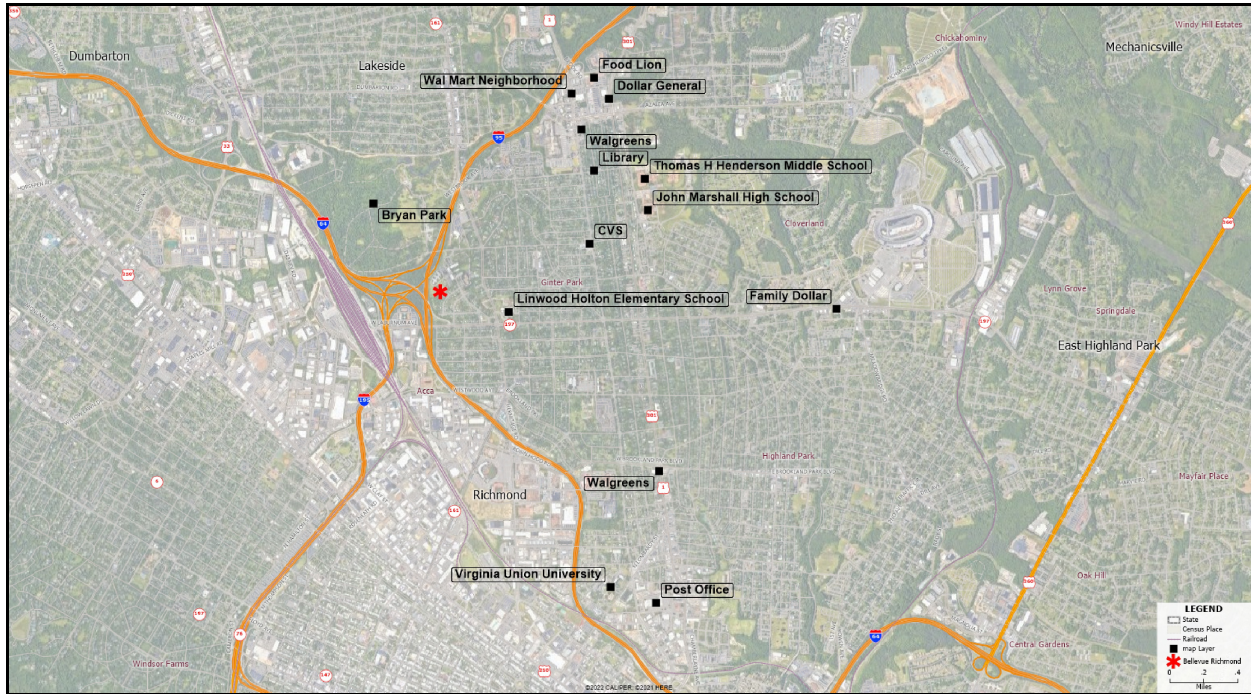
The Bon Secours Regional Medical Center and associated medical services in Mechanicsville is within seven miles of the site, as is the VCU Medical Center West, in downtown Richmond.

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

Table 1 - Distance to Neighborhood and Community Amenities

<u>Category</u>	<u>Neighborhood/Community Amenity</u>	<u>Distance (miles)</u>
Highways	Laburnum Ave (VA 197)	0.3
	Chamberlayne Ave (US 1/301)	1.2
	Interstate 64/95	0.5
Public Transportation	GRTC	0.4
Retail - Grocery	Food Lion	2.7
	Wal Mart Neighborhood	2.4
Retail - Other	Dollar General	2.2
	Wal mart Supercenter	4.1
Pharmacies	CVS	1.1
	Walgreens	1.8
Schools	Linwood Holton Elementary School	0.4
	Thomas H Henderson Middle School	1.9
	John Marshall High School	1.7
Recreation	Bryan Park	1.1
Post Office	Richmond	3.2
Library	Ginter Park	1.7
Hospital	Bon Secours Regional Medical Center	6.7
	VCU Medical Center West	6.3

Source: T.Ronald Brown: Research & Analysis



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

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

The site is considered marketable.

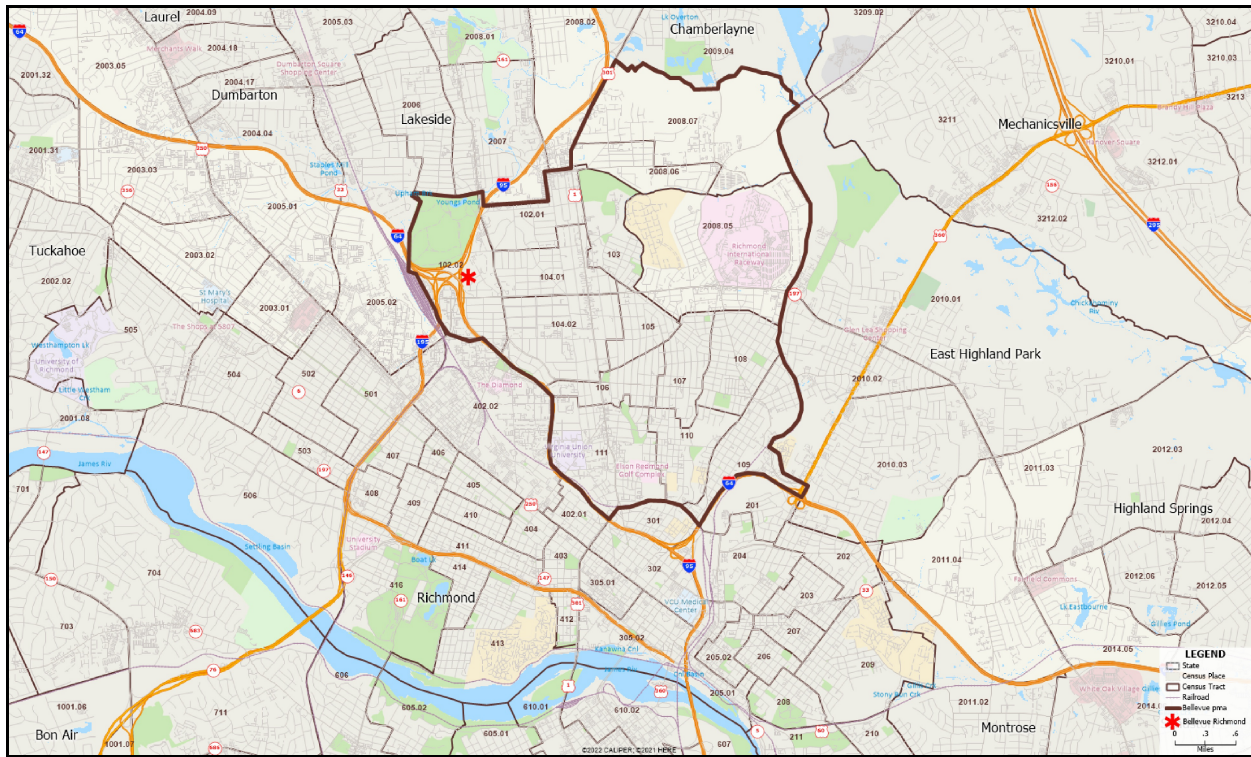
E. MARKET AREA DEFINITION

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

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

The proposed development is located in the City of Richmond in eastern Virginia. The market area for the proposed development is that portion of northside Richmond located to the east of Interstate 95, north of Interstate 64, to the west of East Highland Park and south of Chamberlayne and Lakeside, as defined by several census tracts. This area extends to approximately three- and one half miles to the east, north-east and south-east. The market area, as defined, therefore is that which constitutes the area adjacent to the site of the proposed development and extends to all locations of relatively similar character, and with residents or potential residents likely to be interested in the project.

Market area



F. EMPLOYMENT AND ECONOMY

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

Employment trends

Employment trends for the City of Richmond are illustrated in the table, below. Employment in 2021 - the most recent annual report - shows employment at 109,892.

Employment showed modest growth from 2012 to 2020 when 6,560 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2021 show that, locally, employment is not quite yet to show net gains.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2012	101,114		
2013	103,127	2,013	2.0
2014	105,947	2,820	2.7
2015	107,324	1,377	1.3
2016	109,549	2,225	2.1
2017	112,921	3,372	3.1
2018	114,564	1,643	1.5
2019	116,513	1,949	1.7
2020	109,953	-6,560	-5.6
2021	109,892	-61	-0.1

Source: Bureau of Labor Statistics

Employment trends, by sector

Information on employment, by industry for the City of Richmond in 2020 and 2021 (the most recent annual data) is set out in Table 2, below. From this it is seen that, with respect to employment, the largest subsectors was healthcare - employing as many as 20.6 percent of the total in the most recent year.

Table 3 - Employment, by sector

	2020		2021		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc	21	0.0	31	0.0	47.6
Mining, etc.	32	0.0	32	0.0	0.0
Utilities			254	0.2	
Construction	5,398	5.0	5,670	5.2	5.0
Manufacturing	5,327	5.0	5,543	5.0	4.1
Wholesale trade	4,026	3.8	3,933	3.6	-2.3
Retail trade	7,249	6.8	7,346	6.7	1.3
Transp. and Warehousing			3,725	3.4	
Information	1,241	1.2	1,255	1.1	1.1
Finance and Insurance	8,472	7.9	8,437	7.7	-0.4
Real estate	2,196	2.1	2,265	2.1	3.1
Professional and Technical services	10,321	9.6	10,691	9.7	3.6
Management	9,001	8.4	8,721	7.9	-3.1
Administrative and Waste services	7,796	7.3	8,094	7.4	3.8
Educational services	3,493	3.3	3,542	3.2	1.4
Health Care and Social Assistance	22,970	21.5	22,588	20.6	-1.7
Arts, Entertainment, Recreation	1,884	1.8	2,152	2.0	14.2
Accommodation and Food services	8,402	7.9	10,002	9.1	19.0
Other Services	4,753	4.4	5,103	4.6	7.4
Unclassified	382	0.4	464	0.4	21.5
Total (private)	106,994		109,816		2.6

Source: Bureau of Labor Statistics

Unemployment trends

Unemployment trends for the City of Richmond are illustrated in the table, below. Rates for Virginia and for the U.S. as a whole are also shown, for reference. Here it is seen that the most recent annual unemployment rate for the City is 5.5 percent, down from 8.8 percent the previous year. The rate was 7.3 percent a decade earlier. As can be seen, this pattern is repeated at the state and national level over this period.

Table 4 - Unemployment trends

	Richmond		
	<u>City</u>	<u>Virginia</u>	<u>U.S.</u>
2012	7.3%	5.9%	8.9%
2013	6.6%	5.6%	8.1%
2014	6.0%	5.1%	7.4%
2015	5.1%	4.4%	6.2%
2016	4.6%	4.0%	5.3%
2017	4.3%	3.7%	4.9%
2018	3.5%	3.0%	4.4%
2019	3.3%	2.8%	3.9%
2020	8.8%	6.2%	8.1%
2021	5.5%	3.9%	5.3%

Source: Bureau of Labor Statistics

Major Employers

The major private employers in the Richmond area are listed in Table 5, below. Here it is seen that the largest single employers include local hospitals and healthcare systems, in addition to the local public schools, and local government.

Table 5 - Major Employers

<u>Employer</u>
Virginia Commonwealth University
MCV Hospital
City of Richmond
Richmond City Public Schools
US Dept. of Veterans Affairs
HCA Virginia Health System
Truist
MCV Physicians
Federal Reserve Bank, Richmond
University of Richmond
Dominion Resources
Philip Morris USA
Costar Realty Information
Insight Global
Estes Express Lines
VDOT
Sentara Health Mangement
Virginia State Dept of Health
Virginia Dept of motor vehicles
Dominion Power

Source: Virginia Economic Development Partnership

The Virginia Economic Development Partnership reports a total of 3,207 new jobs added at 17 locations in recent years (since 2020). The most significant of these was the provision of 1,984 new jobs at CoStar.

With respect to closures and layoffs, the Virginia Economic Development Partnership reports none in Richmond since 2020.

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

Wages by Industry Sector

Information on wages, by employment sector, for the City of Richmond is set out in Table 6, below. Here, average wages show some variation - both between sectors and also over time - with average wages increasing by 3.1 percent between 2020 and 2021.

Table 6 - Average Wages by Industry Sector

	<u>2020</u>	<u>2021</u>	<u>pct change</u>
Agriculture, Forestry, etc	\$804	\$793	-1.4
Mining, etc.	\$2,104	\$2,034	-3.3
Utilities		\$2,398	
Construction	\$1,190	\$1,229	3.3
Manufacturing	\$1,485	\$1,426	-4.0
Wholesale trade	\$1,344	\$1,452	8.0
Retail trade	\$664	\$698	5.1
Transp. and Warehousing		\$1,142	
Information	\$1,497	\$1,528	2.1
Finance and Insurance	\$2,568	\$2,759	7.4
Real estate	\$1,430	\$1,436	0.4
Professional and Technical services	\$2,072	\$2,188	5.6
Management	\$2,817	\$2,822	0.2
Administrative and Waste services	\$890	\$964	8.3
Educational services	\$1,136	\$1,202	5.8
Health Care and Social Assistance	\$1,147	\$1,222	6.5
Arts, Entertainment, Recreation	\$571	\$581	1.8
Accommodation and Food services	\$442	\$494	11.8
Other Services	\$953	\$972	2.0
Unclassified	\$1,062	\$1,230	15.8
Total	\$1,400	\$1,443	3.1

Source: Virginia Labor Market Information

Commuting patterns

Based on data from the American Community Survey, 58.4 percent of workers resident in Richmond were employed in Richmond, with 41.6 percent employed elsewhere. The average driving time to work for residents of Richmond was 21.7 minutes, compared with 28.2 minutes for Virginia as a whole.

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	117,797	100.0
Worked in Place of residence	68,793	58.4
Worked in County of residence	68,793	58.4
Worked outside Place of residence	49,004	41.6
Worked outside County of residence	49,004	41.6
Mean travel time to work (minutes)	21.7	

Source: 2016 to 2020 American Community Survey; T.Ronald Brown: Research & Analysis

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

Here it is seen that many persons who work in the City of Richmond commute into the City from, as one would expect, the neighboring counties of Chesterfield and Henrico. Likewise, many residents of Richmond commute to work in those adjacent counties.

Table 8 - Commuting Patterns

Working in Richmond	38,004
Where Richmond workers are commuting from:	
Henrico County	35,917
Chesterfield County	34,704
Hanover County	9,006
Fairfax County	2,401
Powhatan County	2,028
Virginia Beach City	1,707
Goochland County	1,662
New Kent County	1,530
Prince William County	1,513
Elsewhere	36,708
Where Richmond residents are commuting to:	
Henrico County	25,657
Chesterfield County	14,020
Hanover County	4,950
Fairfax County	2,803
Goochland County	1,950
Virginia Beach City	829
Norfolk City	771
Albemarle County	5,660
Prince William County	657
Elsewhere	13,634

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

It is expected that the local economic conditions will not likely have a direct positive or negative impact on the subject property, to any significant extent.

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2000, the population of the City of Richmond was 197,790, and in 2010 the population was recorded as 204,214. Population projections for Richmond are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 232,101 by 2023, and to be around 241,550 in 2028.

In 2000, the population of the market area was 42,125, and in 2010 the population was recorded as 38,745. Population projections for the market area are based on the average of several small area population projection techniques using census tract trends for 2000 to 2010 in both the City of Richmond and Henrico County, corrected for the official State Data Center numbers for those areas. Based on these data, the population of the area is projected to be 32,051 by 2023, and to be around 29,815 by 2028.

Information on population trends and changes between 2001 and 2028 are set out in Table 9, below.

Table 9- Population Trends

	Market Area	Richmond City
2000	42,125	197,790
2010	38,745	204,214
2023	32,051	232,101
2028	29,815	241,550
absolute change		
2000-2010	-3,380	6,424
2010-2023	-6,694	27,887
2023-2028	-2,236	9,449
annual change		
2000-2010	-338	642
2010-2023	-515	2,145
2023-2028	-447	1,890

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

Projections of the number of households for the market area and the City of Richmond are set out in Table 10, below.

In 2000, there were 84,549 households in Richmond and 87,151 in 2010. Based on the population projections set out, above, there will be around 105,868 households in 2023 and 112,945 in 2028.

There were 17,187 households in the market area in 2000, and 16,229 in 2010. Projections show around 13,821 and 12,995 households in 2023 and 2028, respectively.

Table 10 - Household Trends

	Market Area	Richmond City
2000	17,187	84,549
2010	16,229	87,151
2023	13,821	105,868
2028	12,995	112,945
absolute change		
2000-2010	-958	2,602
2010-2023	-2,408	18,717
2023-2028	-826	7,077
annual change		
2000-2010	-96	260
2010-2023	-185	1,440
2023-2028	-165	1,415

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

Population and household characteristics

Age distribution

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

Table 11 - Age Distribution

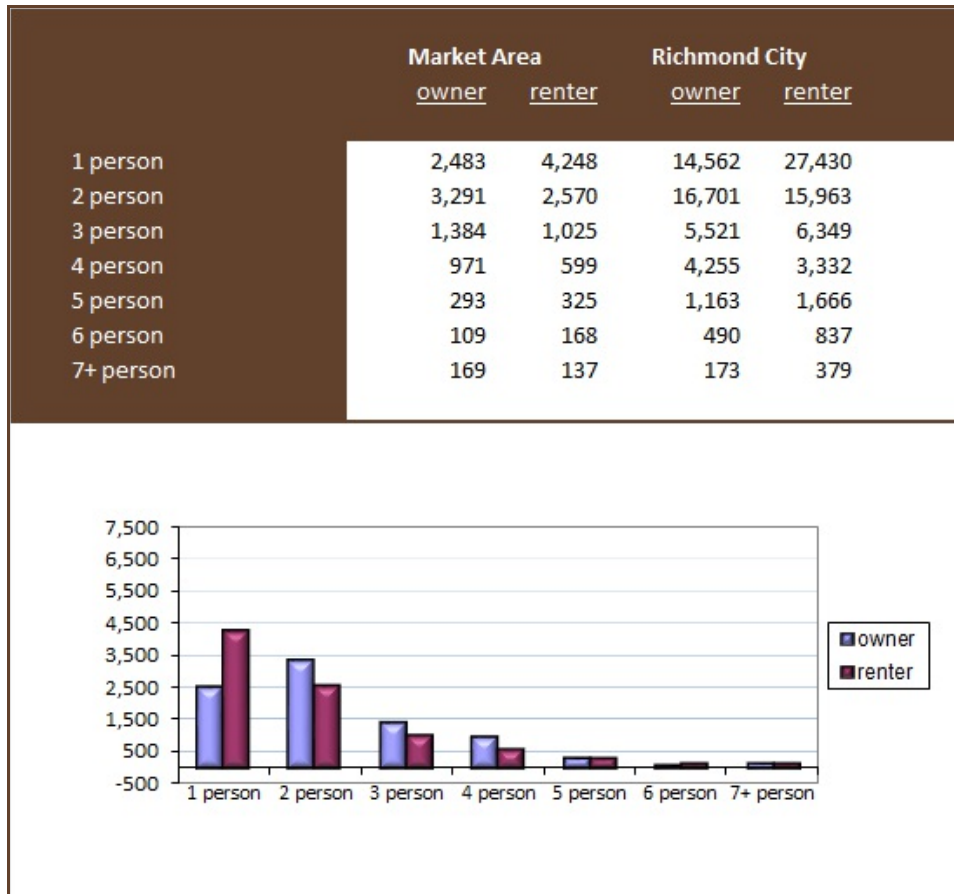
	Market Area		Richmond City	
	number	percent	number	percent
Under 5 years	2,540	6.6	12,798	6.3
5 to 9 years	2,206	5.7	10,266	5.0
10 to 14 years	2,143	5.5	9,170	4.5
15 to 19 years	2,927	7.6	15,782	7.7
20 to 24 years	3,128	8.1	26,889	13.2
25 to 29 years	2,588	6.7	20,483	10.0
30 to 34 years	2,241	5.8	14,743	7.2
35 to 39 years	2,281	5.9	11,942	5.8
40 to 44 years	2,441	6.3	11,603	5.7
45 to 49 years	2,862	7.4	12,645	6.2
50 to 54 years	3,007	7.8	13,111	6.4
55 to 59 years	2,670	6.9	12,285	6.0
60 to 64 years	1,996	5.2	9,878	4.8
65 to 69 years	1,453	3.8	6,578	3.2
70 to 74 years	1,132	2.9	4,822	2.4
75 to 79 years	1,022	2.6	3,968	1.9
80 to 84 years	847	2.2	3,412	1.7
85 years and over	1,261	3.3	3,839	1.9
55 and older	10,381	26.8	44,782	21.9
65 and older	5,715	14.8	22,619	11.1
Total	38,745		204,214	

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

Household size

Table 12 below, sets out household size, by tenure, for households in the market area and the City of Richmond.

Table 12 - Household Size



Source: 2016 to 2020 American Community Survey; T.Ronald Brown: Research & Analysis

Tenure

Table 13, below, sets out the number and proportion of owner and renter households for the market area and the City of Richmond. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 tenure trends. In 2010, 56.9 percent of households in Richmond were renters, 54.1 percent of households in the market area were renters.

Table 13 - Tenure

Market Area			persons per household	Owner-occupied		Renter-occupied	
	population	households		number	percent	number	percent
2000	42,125	17,187	2.45	8,068	46.9	9,119	53.1
2010	38,745	16,229	2.39	7,448	45.9	8,781	54.1
2023	32,051	13,821	2.32	6,150	44.5	7,671	55.5
2028	29,815	12,995	2.29	5,712	44.0	7,283	56.0
Richmond City							
	population	households	persons per household	number	percent	number	percent
2000	197,790	84,549	2.34	39,008	46.1	45,541	53.9
2010	204,214	87,151	2.34	37,596	43.1	49,555	56.9
2023	232,101	105,868	2.19	41,279	39.0	64,589	61.0
2028	241,550	112,945	2.14	42,147	37.3	70,798	62.7

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

Income Distribution

The distribution of household incomes for the market area and the City of Richmond County are set out in Table 14, below. These figures are taken from the 2016 to 2020 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for Richmond is around \$54,795. The median income for the market area is estimated at \$50,222.

The median income for the census tract in which the site of the proposed development is located is estimated to be around \$57,570 - based on the American Community Survey data.

Table 14 - Household Income

	Market area		Richmond City	
	number	percent	number	percent
less than \$10,000	1,541	8.9	8,940	9.0
\$10,000 to \$14,999	886	5.1	5,029	5.1
\$15,000 to \$19,999	1,171	6.8	5,311	5.4
\$20,000 to \$24,999	1,117	6.5	4,150	4.2
\$25,000 to \$29,999	898	5.2	4,846	4.9
\$30,000 to \$34,999	803	4.6	4,456	4.5
\$35,000 to \$39,999	912	5.3	5,075	5.1
\$40,000 to \$44,999	825	4.8	4,978	5.0
\$45,000 to \$49,999	468	2.7	3,481	3.5
\$50,000 to \$59,999	1,554	9.0	7,964	8.1
\$60,000 to \$74,999	1,722	9.9	9,226	9.3
\$75,000 to \$99,999	2,143	12.4	11,153	11.3
\$100,000 to \$124,999	1,289	7.4	6,831	6.9
\$125,000 to \$149,999	688	4.0	4,771	4.8
\$150,000 to \$199,999	801	4.6	5,178	5.2
\$200,000 or more	489	2.8	7,432	7.5
median income	\$50,222 *		\$54,795	

* Estimate

Source: 2016 to 2020 American Community Survey; T.Ronald Brown: Research & Analysis

Renter Income

The distribution of household incomes for renter households for the market area and the City of Richmond are set out in Table 15, below. These figures are also taken from the 2016 to 2020 American Community Survey.

The median renter household income for Richmond is around \$39,385. The median renter income for the market area is estimated at \$33,622.

The median renter income for the census tract in which the site of the proposed development is located is estimated to be around \$44,104 - based on the American Community Survey data.

Table 15 - Household Income, Renter Households

	Market area		Richmond City	
	number	percent	number	percent
less than \$10,000	1,225	13.5	7,464	13.3
\$10,000 to \$19,999	1,606	17.7	7,913	14.1
\$20,000 to \$34,999	1,873	20.6	9,519	17.0
\$35,000 to \$49,999	1,489	16.4	9,091	16.2
\$50,000 to \$74,999	1,807	19.9	9,897	17.7
\$75,000 to \$99,999	571	6.3	5,510	9.8
\$100,000 or more	501	5.5	6,562	11.7
median income	\$33,622 *		\$39,385	

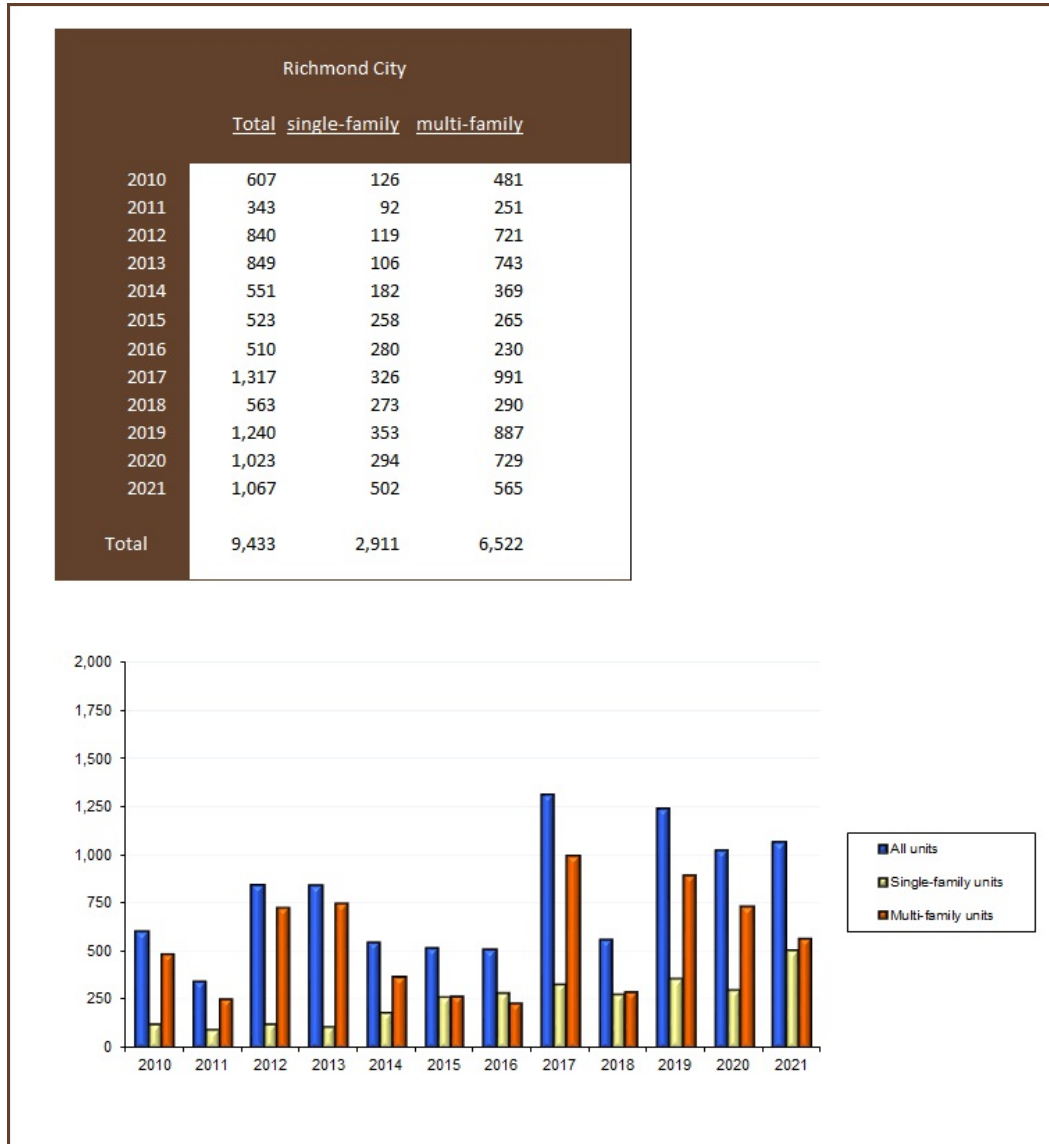
* Estimate

Source: 2016 to 2020 American Community Survey; T.Ronald Brown: Research & Analysis

Building permit trends

Table 16 below gives details of residential construction in the City of Richmond since 2010. Where the data exist, it can be seen that a total of 9,433 units were added in the City, of which 6,522 were multi-family units. No data exist for the market area.

Table 16 - Residential Construction Since 2010



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

H. COMPETITIVE ENVIRONMENT

There are several apartment complexes located in the northside Richmond area. These include conventional/market rate properties, properties financed with low income housing tax credits, and subsidized housing for very low income households. These complexes were identified and surveyed, and where useful information was made available to us, this is presented, below.

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

Brookland Park (66 units)
Delmont Village (94 units)
Fieldcrest (29 units)
Highland Grove I (80 units)
Highland Grove II (38 units)
Lincoln Mews I (115 units)
Lincoln Mews II (130 units)
Newman Village (99 units)
North Oak (144 units)
Richfield Place (266 units)
St. Luke (496 units)
(Terrace at) Bellevue (143 units)
Village at the Arbors (292 units)

These various properties are, by and large, old-established rental properties that have been preserved by being rehabilitated using tax credit financing. Most complexes are relatively large and are typically lacking in amenities, reflecting their age.

The St. Luke and Newman Village developments are established HUD Section 8 properties that have also been rehabilitated using tax credits.

The Highland Grove properties comprise a total of 118 units developed by the Richmond Housing Authority. This is new construction and offers rent-assisted, tax credit, and market rate units.

Brookland Park is a 66-unit complex that was awarded 4% tax credits in 2021.

There are many market rate properties in the area - again, these are typically old-established developments that are lacking modern amenities. The exception to the latter is the Canopy at Gitner Park Apartments. This is a 301-unit complex that was developed at a site on Brook Road in 2019. The property offers one-bedroom units that rent from \$1,683 to \$2,035, with two-bedroom models offered between \$2,059 and \$2,910. The project is reported to be 96.0 percent occupied at present.

Based on our survey, there is a market-wide occupancy rate of 94.4 percent.

Occupancy at tax credit properties is found to be 95.3 percent.

Occupancy at the various market rate properties in the market area is seen to be 90.4 percent.

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

Table 17 - Market Rate Properties

<u>Property</u>	<u>Year built</u>	<u>One-bedroom rents</u>	<u>Two-bedroom rents</u>	<u>Three-bedroom rents</u>
Canopy at Ginter Park	2019	\$1,683-2,035	\$2,059-2,910	
Linden at Parkside	1966	\$1,155-1,750	\$1,350	\$1,675-2,460
Treehouse	1974	\$1,145-1,280	\$1,275-1,595	\$1,645-1,985
Victory at Edgewood	1971		\$1,133-1,618	

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

The location, rent levels, unit size, age, features, and amenities were analyzed in order to try to establish an estimate of market rent levels for the subject property. Following this approach we have determined that, all things being equal, these market properties suggest a rent of around \$1,475 for a one-bedroom unit, around \$1,565 for a two-bedroom unit, and \$1,825 for a three-bedroom unit.

The various complexes surveyed are summarized as follows (tax credit properties are shown in bold face):

Complex name	Location	Financing	Year built	Total units	Vacant units	Occupancy (%)
Canopy at Ginter Park	Richmond	Conventional	2019	301	12	96.0
Delmont Village	Richmond	LIHTC	2007	94	7	92.6
Fieldcrest	Richmond	LIHTC	2007	29	0	100.0
Highland Grove	Richmond	LIHTC	2014	128	5	96.1
Lincoln Mews	Richmond	LIHTC	1970	245	10	95.9
Linden at Parkside	Richmond	Conventional	1966	156	16	89.7
Newman Village	Richmond	HUD §8	1975	99	2	98.0
North Oak	Richmond	LIHTC	1966	143	0	100.0
Richfield Place	Richmond	LIHTC	1974	266	12	95.5
St.Luke	Richmond	HUD §8	1982	496	20	96.0
Terraces at Bellevue	Richmond	LIHTC	1946	143	8	94.4
Treehouse	Richmond	Conventional	1974	266	n/a	n/a
Victory at Edgewood	Richmond	Conventional	1971	145	30	79.3
Village at the Arbors	Richmond	LIHTC	1965	292	21	92.8

		0 br/1ba		1 br/1ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Bellevue Gardens				5	1,021	\$829
Canopy at Ginter Park				n/a	699-726	\$1,683-2,035
Delmont Village						
Fieldcrest						
Highland Grove				n/a	761-903	boi-\$834
Lincoln Mews				32	605	\$839
Linden at Parkside				n/a	650	\$1,155-1,750
Newman Village				8	n/a	boi
North Oak				32	529	n/a
Richfield Place				51	736	\$730
St.Luke				80	505	boi
Terraces at Bellevue				36	540-580	\$924
Treehouse				150	586-723	\$1,145-1,280
Victory at Edgewood						
Village at the Arbors				40	740	\$890

		2 br/1-1½ ba		2 br/2 ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Bellevue Gardens	37	1,074	\$531-1,300			
Canopy at Ginter Park				n/a	1,050-1,327	\$2,059-2,910
Delmont Village	18	654	\$800-934	52	890	\$930
Fieldcrest	19	1,066	\$1,019			
Highland Grove	n/a	1,056	boi-\$918	n/a	1,084-1,155	boi-\$1,150
Lincoln Mews	161	747-749	\$1,004			
Linden at Parkside	n/a	850	\$1,350			
Newman Village	60	n/a	boi			
North Oak	36	713	n/a			
Richfield Place	160	736-875	\$730			
St.Luke	96	741	boi			
Terraces at Bellevue	96	785	\$1,014			
Treehouse	308	857	\$1,275-1,595			
Victory at Edgewood	145	784	\$1,133-1,618			
Village at the Arbors	204	950	\$990			

		3 br/1-1½ ba		3 br/2+ ba		
	number	size (sq. ft).	rent	number	size (sq. ft).	rent
Bellevue Gardens				36	1,204	\$1,450
Canopy at Ginter Park						
Delmont Village				24	1,095	\$1,075
Fieldcrest				10	1,238	\$1,152
Highland Grove				n/a	1,334-1,513	boi-\$1,250
Lincoln Mews	14	893	\$1,157	27	893-1,178	\$1,157
Linden at Parkside	n/a	1,150-1,250	\$1,675-2,460			
Newman Village	31	n/a	boi			
North Oak						
Richfield Place	55	922	\$950			
St.Luke	260	841	boi			
Terraces at Bellevue	12	1,050	\$1,214			
Treehouse	8	1,003	\$1,645-1,985			
Victory at Edgewood						
Village at the Arbors	48	1,080	\$1,160			

		4 br/2+ba	
	number	size (sq. ft).	rent
Lincoln Mews	10	1,057	\$1,293

Apartment locations





Canopy at Ginter Park

Location: 3200 Brook Road
Richmond

Financing: Conventional

Year Built: 2019

Total Units: 301

Vacant units: 12 96.0% occupied

Telephone: 804.509.2551

Management: BH Management Services
[2/27]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	n/a	699	\$1,725-1,935	\$2.62	Microwave ●
1/1	n/a	726	\$1,683-2,035	\$2.56	Dishwasher ●
					Washer/dryer ●
					Washer/dryer hook-up ●
2/2	n/a	1,050	\$2,059-2,586	\$2.21	9' Ceilings ●
2/2	n/a	1,082	\$2,412-2,767	\$2.39	High-end kitchen ●
2/2½	n/a	1,237	\$2,350-2,696	\$2.04	Wood/style floors ●
2/2	n/a	1,307	\$2,536-2,910	\$2.08	Fireplaces ●
2/2	n/a	1,327	\$2,407-2,784	\$1.96	Patios/balconies ●
					<u>Community Amenities</u>
					Clubhouse/community room ●
					Fitness center ●
					Business center ●
					Pool ●
					Playground ●
					Controlled access/gated ●
					Elevator ●
					Garages ●
					Storage ●
					Laundry ●



Delmont Village

Location: 3716 Delmont Street
Richmond

Financing: LIHTC

Year Built: 2007

Total Units: 94

Vacant units: 7 92.6% occupied

Telephone: 804.329.1881

Management: United Property Associates
[3/1]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/1	10	654	40%	\$800	\$194	\$1.22	Microwave
2/1	8	654	50%	\$930	\$194	\$1.42	Dishwasher ●
2/2	52	890	50%	\$930	\$194	\$1.04	Washer/dryer ●
3/2	24	1,095	50%	\$1,075	\$238	\$0.98	Washer/dryer hook-up ●
							9' Ceilings
							High-end kitchen
							Wood/style floors
							Fireplaces
							Patios/balconies
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground ●
							Controlled access/gated ●
							Elevator
							Garages
							Storage
							Laundry ●
							<u>Utilities in Rent</u>
							Water
							Sewer
							Trash ●



Fieldcrest

Location: 3731 Delmont Street
Richmond

Financing: LIHTC

Year Built: 2007

Total Units: 29

Vacant units: 0 100.0% occupied

Telephone: 804.329.1881

Management: United Property Associates
[3/1]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/1½	19	1,066	60%	\$1,019	\$114	\$0.96	Microwave
							Dishwasher ●
							Washer/dryer ●
3/2½	10	1,238	60%	\$1,152	\$157	\$0.93	Washer/dryer hook-up ●
							9' Ceilings
							High-end kitchen
							Wood/style floors
							Fireplaces
							Patios/balconies
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground ●
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry
<u>Utilities in Rent</u>							
Water	●						
Sewer	●						
Trash	●						



Highland Grove

Location: 1132 Dove Street
Richmond

Financing: LIHTC

Year Built: 2014

Total Units: 128

Vacant units: 5 96.1% occupied

Telephone: 804.477.7504

Management: Laurel Street
[3/3]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1		761-903	40%	boi	\$100	n/a	Microwave ●
1/1		761-903	50%	\$834	\$100	\$1.00	Dishwasher ●
							Washer/dryer ●
							Washer/dryer hook-up ●
2/1½		1,056	40%	boi	\$137	n/a	9' Ceilings
2/1½		1,056	50%	\$918	\$137	\$0.87	High-end kitchen
2/2		1,084-1,155	40%	boi	\$137	n/a	Wood/style floors
2/2		1,084-1,155	50%	\$1,150	\$137	\$1.03	Fireplaces
							Patios/balconies ●
3/2		1,334-1,371	40%	boi	\$158	n/a	
3/2		1,334-1,371	50%	\$1,250	\$158	\$0.92	<u>Community Amenities</u>
3/2		1,334-1,371	market	\$1,250	\$158	\$0.92	Clubhouse/community room ●
							Fitness center ●
3/2½		1,511-1,513	40%	boi	\$158	n/a	Business center ●
3/2½		1,511-1,513	50%	\$1,250	\$158	\$0.83	Pool
3/2½		1,511-1,513	market	\$1,250	\$158	\$0.83	Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry

Utilities in Rent

Water

Sewer ● boi - based on income

Trash ●



Lincoln Mews

Location: 4101 North Avenue
Richmond

Financing: LIHTC

Year Built: 1970

Total Units: 245

Vacant units: 10 95.9% occupied

Telephone: 804.321.6225

Management: Better Housing Coalition
[2/28]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	32	605	50%	\$839	n/a	\$1.39	Microwave Dishwasher • Washer/dryer
2/1	36	747-749	50%	\$1,004	n/a	\$1.34	Washer/dryer hook-up
2/1½	32	747-748	50%	\$1,004	n/a	\$1.34	9' Ceilings
2/1½	93	747-748	60%	\$1,004	n/a	\$1.34	High-end kitchen Wood/style floors
3/1½	14	893	50%	\$1,157	n/a	\$1.30	Fireplaces
3/2	7	893-1,178	50%	\$1,157	n/a	\$1.12	Patios/balconies
3/2	20	893-1,178	60%	\$1,157	n/a	\$1.12	
4/2	10	1,507	60%	\$1,293	n/a	\$0.86	<u>Community Amenities</u> Clubhouse/community room • Fitness center Business center Pool Playground • Controlled access/gated Elevator Garages Storage Laundry •
<u>Utilities in Rent</u>							
Water							
Sewer							
Trash							



Linden at Parkside

Location: 628 Windomere Avenue
Richmond

Financing: Conventional

Year Built: 1966

Total Units: 156

Vacant units: 16 89.7% occupied

Telephone: 804.562.9830

Management: Gates Hudson
[2/28]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	n/a	650	\$1,155-1,750	\$2.23	Microwave Dishwasher Washer/dryer Washer/dryer hook-up 9' Ceilings
2/1½	n/a	850	\$1,350	\$1.59	High-end kitchen Wood/style floors Fireplaces Patios/balconies
3/1½	n/a	1,150	\$1,695-2,460	\$1.81	
3/1½	n/a	1,250	\$1,675	\$1.66	

Community Amenities				
				Clubhouse/community room
				Fitness center
				Business center
				Pool
				Playground
				Controlled access/gated
				Elevator
				Garages
				Storage
				Laundry



Newman Village

Location: 4053 Old Brook Road
Richmond

Financing: HUD §8
Year Built: 1975
Total Units: 99
Vacant units: 2 98.0% occupied

Telephone: 804.329.7432
Management: CRG Management
[2/28]

<u>Br/ba</u>	<u>Units</u>	<u>Sq. ft</u>	<u>Contract Rent</u>	<u>Unit Amenities</u>
1/1	8	n/a	n/a	Microwave
				Dishwasher ●
				Washer/dryer
2/1	60	n/a	n/a	Washer/dryer hook-up
				9' Ceilings
3/1½	31	n/a	n/a	High-end kitchen
				Wood/style floors
				Fireplaces
				Patios/balconies
				<u>Community Amenities</u>
				Clubhouse/community room
				Fitness center
				Business center
				Pool
				Playground ●
				Controlled access/gated
				Elevator
				Garages
				Storage
				Laundry ●
				<u>Utilities in Rent</u>
				Water ●
				Sewer ●
				Trash ●



North Oak

Location: 617 West Laburnam Avenue
Richmond

Financing: LIHTC

Year Built: 1966

Total Units: 143

Vacant units: 100.0% occupied

Telephone: 804.321.1155

Management: Better Housing Coalition

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	32	529	60%			\$0.00	Microwave
2/1	36	713	60%			\$0.00	Dishwasher • Washer/dryer Washer/dryer hook-up 9' Ceilings High-end kitchen Wood/style floors Fireplaces Patios/balconies
							<u>Community Amenities</u>
							Clubhouse/community room
							Fitness center
							Business center
							Pool
							Playground •
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry •
<u>Utilities in Rent</u>							
Water							
Sewer							
Trash							



Richfield Place

Location: 6001 Grammercy Circle
Richmond

Financing: LIHTC

Year Built: 1974

Total Units: 266

Vacant units: 12 95.5% occupied

Telephone: 804.264.2737

Management: FPI Management
[2/28]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	51	736	60%	\$730	n/a	\$0.99	Microwave Dishwasher ● Washer/dryer ●
2/1	n/a	736	60%	\$730	n/a	\$0.99	Washer/dryer hook-up ●
2/1½	n/a	794	60%	\$750	n/a	\$0.94	9' Ceilings
2/1½	n/a	875	60%	\$780	n/a	\$0.89	High-end kitchen Wood/style floors
3/1½	55	922	60%	\$950	n/a	\$1.03	Fireplaces Patios/balconies ●
							<u>Community Amenities</u>
							Clubhouse/community room
							Fitness center
							Business center
							Pool ●
							Playground ●
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
<u>Utilities in Rent</u>							
Water							●
Sewer							●
Trash							●



St.Luke

Location: 3901 Pilot's Lane
Richmond

Financing: HUD §8
Year Built: 1982
Total Units: 496
Vacant units: 20 96.0% occupied

Telephone: 804.329.5820
Management: Corbus Property Intelligence
[2/28]

Br/ba	Units	Sq. ft	Contract Rent
1/1	80	505	\$1,465
2/1	96	741	\$1,725
3/1	124	841	\$2,000
3/1	136	984	\$2,085

- Unit Amenities
- Microwave
 - Dishwasher ●
 - Washer/dryer ●
 - Washer/dryer hook-up
 - 9' Ceilings
 - High-end kitchen
 - Wood/style floors
 - Fireplaces
 - Patios/balconies

- Community Amenities
- Clubhouse/community room ●
 - Fitness center
 - Business center ●
 - Pool
 - Playground ●
 - Controlled access/gated
 - Elevator
 - Garages
 - Storage
 - Laundry ●

- Utilities in Rent
- Water ●
 - Sewer ●
 - Trash ●



Terraces at Bellevue

Location: 3942 Chamberlayne Avenue
Richmond

Financing: LIHTC

Year Built: 1946

Total Units: 143

Vacant units: 8 94.4% occupied

Telephone: 804.228.1363

Management: Genesis Properties
[2/27]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	36	540-580	60%	\$924	n/a	\$1.65	<ul style="list-style-type: none"> Microwave ● Dishwasher ● Washer/dryer
2/1	96	785	60%	\$1,014	n/a	\$1.36	<ul style="list-style-type: none"> Washer/dryer hook-up ● 9' Ceilings
3/1	12	1,050	60%	\$1,214	n/a	\$1.16	<ul style="list-style-type: none"> High-end kitchen Wood/style floors ● Fireplaces Patios/balconies
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center
							Business center
							Pool
							Playground ●
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry ●
<u>Utilities in Rent</u>							
Water ●							
Sewer ●							
Trash ●							



Treehouse

Location: 5701 Pony Farm Road
Richmond

Financing: Conventional

Year Built: 1974

Total Units: 266

Vacant units: n/a n/a occupied

Telephone: 804.395.6871

Management: General Services Corporation
[2/28]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	30	586	\$1,145-1,205	\$2.01	Microwave
1/1	120	723	\$1,200-1,280	\$1.72	Dishwasher
					Washer/dryer ●
					Washer/dryer hook-up
2/1½	308	857	\$1,275-1,595	\$1.67	9' Ceilings
					High-end kitchen
					Wood/style floors
					Fireplaces
					Patios/balconies
					<u>Community Amenities</u>
					Clubhouse/community room
					Fitness center ●
					Business center
					Pool ●
					Playground ●
					Controlled access/gated
					Elevator
					Garages
					Storage
					Laundry



Victory at Edgewood

Location: 319 Winston Street
Richmond

Financing: Conventional

Year Built: 1971

Total Units: 145

Vacant units: 30 79.3% occupied

Telephone: 804.395.6871

Management: General Services Corporation
[2/28]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
2/1	145	784	\$1,133-1,618	\$1.75

Unit Amenities

- Microwave
- Dishwasher
- Washer/dryer ●
- Washer/dryer hook-up
- 9' Ceilings
- High-end kitchen
- Wood/style floors ●
- Fireplaces
- Patios/balconies ●

Community Amenities

- Clubhouse/community room
- Fitness center
- Business center
- Pool ●
- Playground ●
- Controlled access/gated
- Elevator
- Garages
- Storage
- Laundry

Utilities in Rent

- Water ●
- Sewer ●
- Trash ●



Village at the Arbors

Location: 5613 Crenshaw Road
Richmond

Financing: LIHTC
Year Built: 1965
Total Units: 292
Vacant units: 21 92.8% occupied

Telephone: 804.352.6673
Management: Franklin Johnston Group
[2/27]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	40	740	60%	\$890	\$107	\$1.20	Microwave Dishwasher Washer/dryer
2/1	204	950	60%	\$990	\$132	\$1.04	Washer/dryer hook-up 9' Ceilings
3/1½	48	1,080	60%	\$1,160	\$157	\$1.07	High-end kitchen Wood/style floors ● Fireplaces Patos/balconies ●
							<u>Community Amenities</u>
							Clubhouse/community room ●
							Fitness center ●
							Business center ●
							Pool ●
							Playground
							Controlled access/gated
							Elevator
							Garages
							Storage
							Laundry
<u>Utilities in Rent</u>							
Water	●						
Sewer	●						
Trash	●						

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

Demand Analysis

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

Income is a key variable in the analysis of housing markets. Of the 78 units proposed, eight will be targeted at 30 percent of the median, 34 will be targeted to households with incomes up to 50 percent of the median, with seven targeted at 60 percent of the median, and 29 units targeted at 80 percent of the median (and therefore applying income averaging). Thus, the apartments qualify for low income housing tax credit status.

The HUD income limits for the City of Richmond (the Richmond MSA) are set out below. The median income for the City of Richmond in 2022 was \$101,000 - having been \$90,000 in 2021, and \$75,600 in 2012. This represents a 12.2 percent increase over the previous year, and a 33.6 percent increase over the last decade (or an average of 2.94 percent per year).

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

Table 18 - Income Limits and Maximum Housing Costs

Income Limits				
	30 percent	50 percent	60 percent	80 percent
1 person	\$21,150	\$35,250	\$42,300	\$56,400
2 person	\$24,180	\$40,300	\$48,360	\$64,480
3 person	\$27,210	\$45,350	\$54,420	\$72,560
4 person	\$30,210	\$50,350	\$60,420	\$80,560
5 person	\$32,640	\$54,400	\$65,280	\$87,040
6 person	\$35,070	\$58,450	\$70,140	\$93,520

Maximum Housing Costs				
	30 percent	50 percent	60 percent	80 percent
1 bedroom	\$567	\$944	\$1,133	\$1,511
2 bedroom	\$680	\$1,134	\$1,361	\$1,814
3 bedroom	\$786	\$1,309	\$1,571	\$2,095

Source: HUD

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

Table 19 - Rents and Income Targeting

income targeting					
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>Total</u>
1 bedroom	0	5	0	0	5
2 bedroom	8	10	7	12	37
3 bedroom	0	19	0	17	36
Total	8	34	7	29	78

proposed rents				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 bedroom		\$829		
2 bedroom	\$531	\$984	\$1,211	\$1,325
3 bedroom		\$1,645		\$1,495

proposed rents as a proportion (%) of maximum				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 bedroom		100.0		
2 bedroom	100.0	99.9	100.0	79.6
3 bedroom		143.5		77.4

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$115, \$149 and \$163 for the one-, two-, and three-bedroom units, respectively

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at the maximum allowable for the units targeted at the 30 percent level. Units at the 50 percent level are also at the maximum allowable, except for the three bedroom units which have rental assistance. Rents for the units at the 60 percent level are also at the maximum. The rents for the units targeted at the 80 percent of the median are seen to be around 77 to 80 percent of the maximum allowable at that level.

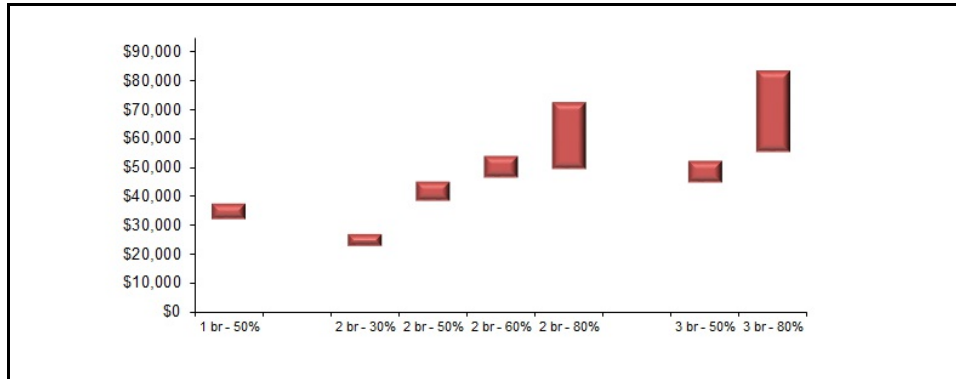
Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of their income on housing costs (rent and utilities). The upper limits are a function of household size - based on a standard of one and one-half persons per bedroom. The qualifying income limits for one- and four bedroom units are based on the proposed rents level relative to the maximum allowable. Similarly, rent assisted units are analyzed without that assistance, and rent for those units is assumed to be the maximum allowable (or the proposed rent, whichever is lower).

Table 20 - Qualifying Income Ranges

qualifying income ranges		
	<u>30 percent</u>	
	lower	upper
1 bedroom	\$19,406	\$22,665
2 bedroom	\$23,314	\$27,210
3 bedroom	\$26,949	\$31,425
	<u>50 percent</u>	
	lower	upper
1 bedroom	\$32,366	\$37,775
2 bedroom	\$38,846	\$45,350
3 bedroom	\$44,893	\$52,375
	<u>60 percent</u>	
	lower	upper
1 bedroom	\$38,854	\$45,330
2 bedroom	\$46,629	\$54,420
3 bedroom	\$53,871	\$62,850
	<u>80 percent</u>	
	lower	upper
1 bedroom	\$41,276	\$60,440
2 bedroom	\$50,537	\$72,560
3 bedroom	\$56,846	\$83,800

Source: Applicant; T Ronald Brown: Research & Analysis

The various qualifying income ranges, by bedroom mix and income targeting are illustrated, below. Here, the qualifying income ranges for those units set at or near the maximum allowable are seen to be very narrow. Any gaps and/or overlaps between these target income ranges will necessarily be taken into consideration in our calculations.



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

Table 21 - Household Income, Renter Households

Income	All Renters		Overburdened Renters	
	Number	Percent	Number	Percent
Up to \$10,000	1,192	13.2	971	22.6
\$10,000 - \$19,999	1,606	17.8	1,190	27.7
\$20,000 - \$34,999	1,873	20.7	1,278	29.7
\$35,000 - \$50,000	1,489	16.5	626	14.6
\$50,000 - \$75,000	1,807	20.0	232	5.4
\$75,000 - \$100,000	571	6.3	0	0.0
\$100,000 and over	501	5.5	0	0.0
Total	9,039		4,297	

Source: 2016 to 2020 American Community Survey; T.Ronald Brown: Research & Analysis

As noted, these data are necessarily from the American Community Survey and are based on the 5-year average for the period from 2016 to 2020 - and not for a specific year.

From this table it can be seen that 13.2 percent of the market area renter households have incomes less than \$10,000, and a further 17.8 percent have incomes between \$10,000 and \$20,000. Around 20.7 percent of renters are seen to be in the \$25,000 to \$35,000 income range. Around 47.5 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 20 and the income distribution set out in Table 21, it is found that around 5.8 percent of market area renter households qualify for units at 30 percent of the median, and the corresponding figures for units at the 50 percent, 60 percent, and 80 percent levels are 6.5 percent, 7.4 percent, and 15.1 percent, respectively.

Projections of need and demand are based upon a 2023 to 2028 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

Based on the projections set out in Table 13, no new rental units are needed between 2023 and 2028.

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

Our calculations show that there will be a total of 2,321 renter households in the qualifying income range in the project market area. These figures have to be adjusted to reflect the proportion that are likely to move to a new complex. With respect to existing households in the project market area it is found that, based on the most recent American Community Survey data, 68.5 percent of renters qualifying for units at 30 percent of the median are rent-overburdened. Likewise, 38.3 percent, 23.9 percent, and 16.5 percent of those qualifying for units at the 50 percent, 60 percent, and 80 percent levels, respectively, are rent-overburdened. Here, these proportions are applied to the number of income eligible existing renter households to estimate how many of those households are likely to consider moving to the proposed apartments.

State Agency market study guidelines allow for the replacement of rental units due to demolition, abandonment, obsolescence and the like. The proportion is based on a two-year loss of 1.2 percent of rental units detailed in the 2016 Edition of "Components of Inventory Change" published by HUD. Based on the number of rental units in the project market area this translates to a need for an additional 70 units.

Total demand is therefore seen to amount to 804 units. These figures are based on a 2023 to 2028 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. One directly comparable project has been added in the project market area over the projection period. These are the 66 units at the Brookland Park project - the redevelopment of a former church on Brookland Park Boulevard. This property will add 55 units that are comparable to the proposed development. No other comparable complexes are funded and/or are under construction. Given that this supply, the net need is therefore for 749 units.

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

Table 22 - Demand Calculations

	30 percent	50 percent	60 percent	80 percent	total *
(i) income eligible new renter households	0	0	0	0	0
(ii) income eligible existing renter households	422	476	538	1,099	2,321
(iii) existing households, likely to move	289	182	128	181	733
(iv) need from obsolete housing	13	14	16	33	70
Total demand (i)+(iii)+(iv)	302	197	145	215	804
Supply	0	11	48	0	55
Net demand	302	186	97	215	749

*Total excludes gaps/overlap

Source: T. Ronald Brown: Research & Analysis

Demand has to be segmented to determine demand by number of bedrooms per unit. Based on the distribution of household size in the market area and given data from the American Housing Survey correlating typical household size and number of bedrooms, we have determined that one-bedroom units should account for 32 percent of the total, two-bedroom units should account for 40 percent of the total, and three-bedroom units should account for 21 percent of the total with four- or more bedroom units accounting for 7 percent.

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

Table 23 - Capture Rates

	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>total *</u>
Total demand					
1 bedroom	97	63	46	69	257
2 bedroom	122	79	58	86	324
3 bedroom	63	41	30	45	169
4 bedroom	20	13	10	14	54
Total	302	197	145	215	804
Supply					
1 bedroom	0	6	21	0	24
2 bedroom	0	5	24	0	27
3 bedroom	0	0	3	0	4
4 bedroom	0	0	0	0	0
Total	0	11	48	0	55
Net demand					
1 bedroom	97	57	25	69	233
2 bedroom	122	74	34	86	297
3 bedroom	63	41	27	45	165
4 bedroom	20	13	10	14	54
Total	302	186	97	215	749
Units proposed					
1 bedroom	0	5	0	0	5
2 bedroom	8	10	7	12	37
3 bedroom	0	19	0	17	36
4 bedroom	0	0	0	0	0
Total	8	34	7	29	78
Capture rates					
1 bedroom	0.0%	8.8%	0.0%	0.0%	2.1%
2 bedroom	6.6%	13.5%	20.4%	13.9%	12.5%
3 bedroom	0.0%	46.1%	0.0%	37.7%	21.9%
4 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Total	2.6%	18.3%	7.2%	13.5%	10.4%

**Total excludes gaps/overlap*

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 78- unit development amounts to 10.4 percent of the total net need.

The capture rate, by bedroom, is determined to be 2.1 percent for the five one-bedroom units, 12.5 percent for the 37 two-bedroom units, and 21.9 percent for the 36 three-bedroom units.

The eight units at 30 percent of the median amount to 2.6 percent of the net demand at that level, the 34 units at 50 percent of the median amount to 18.3 percent of demand for unassisted units at that target level, and the seven units targeted at the 60 percent level amount to around 7.2 percent of demand at that level. The 29 units targeted at 80 percent represent 13.5 percent of demand at that level.

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

ABSORPTION RATES

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

Affordability Analysis

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

The minimum income is that associated with the rent for the least expensive unit offered, and the upper limit is based on the 80 percent limit (the highest target income range) for the largest unit size, by number of bedrooms. Here, the lower income is seen to be that for the proposed two-bedroom units that will be targeted to households at the 30 percent level. That is, \$531 per month. Given a \$149 utility allowance and a 35 percent rent-to-income ratio, the lower qualifying income is seen to be \$23,314. The upper income is \$83,800. Based on the income data set out in Table 21, there are found to be 3,832 renter households in that range in 2028. Thus, the proposed 78-unit development corresponds to a 2.0 percent affordability analysis capture rate.

Penetration rate.

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

The lower income limit for this analysis is the income needed to afford the least expensive competitive unit in the market (or the rent for the least-expensive proposed unit, if lower), and the upper income limit is the upper income limit for the competitive units (or the proposed units, if higher). Our survey of the existing, competitive inventory, shows that the lowest two bedroom units are those at the subject property. Thus, the target income range for this market is from \$23,314 to \$83,800. There are seen to be 3,832 qualifying renter households in this income range in the market area. The existing unsubsidized tax credit projects comprise a total of 1,340, plus the 66 units at Brookland Park, plus the proposed 78 units, yields 1,484 units. Thus, the penetration rate - as defined - amounts to 38.7 percent.

Summary

Consideration of the capture rate (10.4 percent) and the (2.0 percent) affordability analysis capture rate, and (38.7 percent) penetration rate suggests that the proposed development is marketable, as proposed.

J. LOCAL PERSPECTIVE OF RENTAL HOUSING MARKET

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

As noted, property managers are a major source of information for a project such as that proposed (their contact details are provided as part of the rental survey set out in the previous pages). The only potentially comparable tax credit financed new construction property - Highland Grove. The manager at this location notes that there is always a need for affordable housing.

K. ANALYSIS/CONCLUSIONS

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

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

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

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

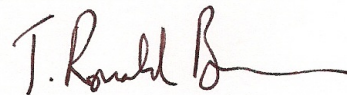
It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed, and that the project should be awarded low income housing tax credits. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined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

L. OTHER REQUIREMENTS

Statement and signature

I affirm the following:

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



Market Analyst

March 14, 2023

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

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

Analyst Qualifications

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

The President of the firm is T. Ronald Brown. He has more than 35 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 2,500 studies in at least 20 states, predominantly in the Southeast.

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

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

Mr. Brown is a member of several groups that promote housing in general and affordable housing in particular. These include the North Carolina Housing Coalition, Preservation North Carolina, the Virginia Housing Alliance, and the National Council of Housing Market Analysts.

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

NCHMA MEMBER CERTIFICATION

This market study has been prepared by T. Ronald Brown: Research & Analysis, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard Definitions of Key Terms used in Market Studies*, and *Model Content Standards for the Content of Market Studies*. These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and the by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts .

T.Ronald Brown: Research & Analysis is duly qualified and experienced in providing market analysis for Affordable Housing. The company's principal participates in the National Council of Housing Market Analysts (NCHMA) educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. T.Ronald Brown: Research and Analysis is an independent market analyst. No principle or employee of T. Ronald Brown: Research & Analysis has any financial interest whatsoever in the development for which this analysis has been undertaken.

Attested by:



T. Ronald Brown



List of sources

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

The U.S. Census - 2000 and 2010, and the American Community Survey (2014-2019)
Virginia Housing
U.S. Department of HUD
U.S. Department of Agriculture
Virginia State Data Center/Weldon Cooper Center for Public Service
Virginia Employment Commission
Virginia Economic Development Partnership
City of Richmond
U.S. Bureau of Labor Statistics
HUDUSER (e.g., SOCDs building permits database)

Market study checklist

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MARKET STUDY TERMINOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective rents - contract rent less concessions.

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

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

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

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

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

Market area - See *primary market area*.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Programmatic rents - See *restricted rents*.

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

Redevelopment - the redesign or rehabilitation of existing properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tenant - one who rents real property from another.

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

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

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

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