

NEED AND DEMAND ANALYSIS
FOR THE HILLPOINT TRACE APARTMENTS
IN
SUFFOLK, VIRGINIA

Prepared for
Hillpoint Trace VA LLC
for submission to
Virginia Housing

Virginia Housing Application: 2023 - C - 35

As of March 4, 2023

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A. EXECUTIVE SUMMARY

The site of the proposed Hillpoint Trace Apartments is on the south side of Hillpoint Boulevard, off Godwin Boulevard, to the north of Suffolk. There are no apparent physical, environmental, or other constraints upon the construction and marketing of the proposed project at this location.

The Hillpoint Trace Apartments will comprise 75 units - 40 two-bedroom units and 35 three-bedroom units. The project is new construction. Of the 75-unit total, eight units will be targeted to households with incomes up to 30 percent of the median, 32 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 28 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

Employment in Suffolk in 2021 - the most recent annual report shows employment at 42,283. Employment showed modest growth from 2012 to 2020 when 1,996 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2021 show that, locally, employment is yet to show net gains.

In Suffolk, it is seen that the most recent annual average unemployment rate is 4.4 percent, down from 6.4 percent the previous year. The rate was 6.9 percent in 2012.

The proposed development is to be located on the City of Suffolk in Tidewater Virginia. The market area for the proposed development is the City of Suffolk less that northern portion of the City that is located nearer to Hampton Roads, and is more oriented to the cities of Portsmouth and Norfolk.

The population of the market area is projected to decrease, slightly, from 56,243 in 2023, to 56,176 in 2028. The number of households is projected to increase, from 21,743 in 2023 to 22,136 in 2028. The number of renter households in the market area is projected to increase from 6,694 to 6,815 over the 2023 to 2028 projection period.

There are several apartment complexes located in the Suffolk 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 92.1 percent. Occupancy at tax credit properties is found to be around 100 percent.

The total need for tax credit units such as is proposed in the Suffolk area by 2028 is calculated to be for 852 units. The net need is for 694 units. Given the calculated net need, the proposed 75-unit development amounts to 10.8 percent of the need.

Consideration of the capture rate (10.8 percent) and the (2.2 percent) affordability analysis capture rate, and (16.4 percent) penetration rate suggests that the proposed development is very marketable, as proposed.

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated 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: 10.8 percent

Project Wide Capture Rate, market units: n/a

Project Wide Capture Rate, all units: 10.8 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 Hillpoint Trace VA LLC, for submission to Virginia Housing.

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

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

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

The site of the proposed apartments was visited on March 4, 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.

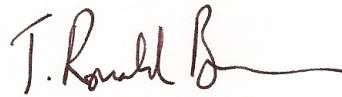
Mr. Brown is responsible for the analysis and write-up of this report – performing the role of both analyst and author.

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 Hillpoint Trace Apartments will comprise 75 units - 40 two-bedroom units and 35 three-bedroom units. The project is new construction.

The project is to be configured as follows:

	<u>Units</u>	<u>sq. ft</u>	<u>Rent</u>	<u>Targeting*</u>
2 bedroom/2 bath	8	1,024	\$490	less than 30 percent
2 bedroom/2 bath	24	1,024	\$911	less than 50 percent **
2 bedroom/2 bath	7	1,024	\$1,122	less than 60 percent
2 bedroom/2 bath	1	1,024	\$1,200	less than 80 percent
3 bedroom/2 bath	8	1,237	\$2,033	less than 50 percent ***
3 bedroom/2 bath	27	1,237	\$1,495	less than 80 percent

* percentage of area median income

** 10 units of Western Tidewater CSB rental assistance

*** HUD § 8 rental assistance

Of the 75-unit total, eight units will be targeted to households with incomes up to 30 percent of the median, 32 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 28 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status.

There are to be eight units of HUD § 8 rental assistance and ten units of rental assistance from Western Tidewater CSB.

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 \$141 for the two-bedroom units, and \$161 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.

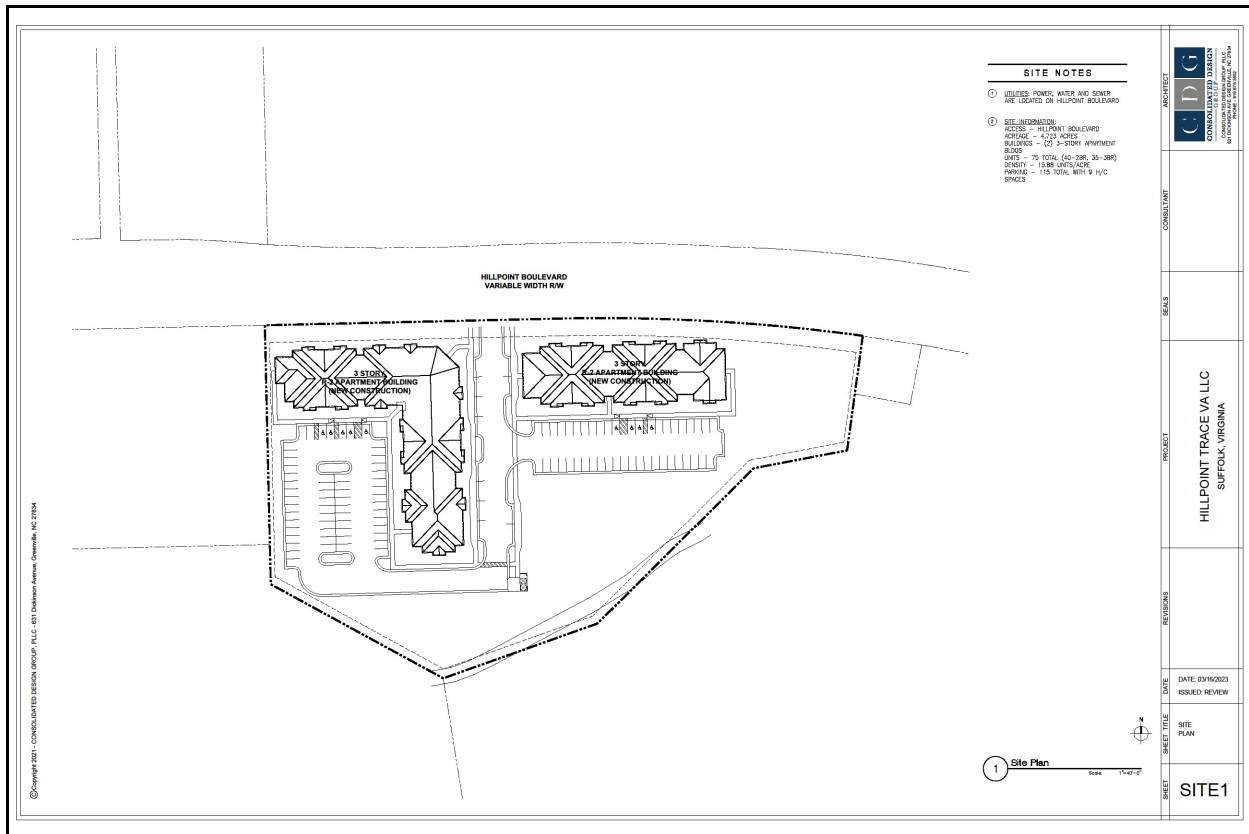
The property will feature two three-story buildings, each of which will have an elevator. The buildings will have a combination exterior. Common area and site amenities include a multi-purpose room and laundry. The property will offer various enhancements, as per Virginia Housing guidelines.

There will be 115 parking spaces.

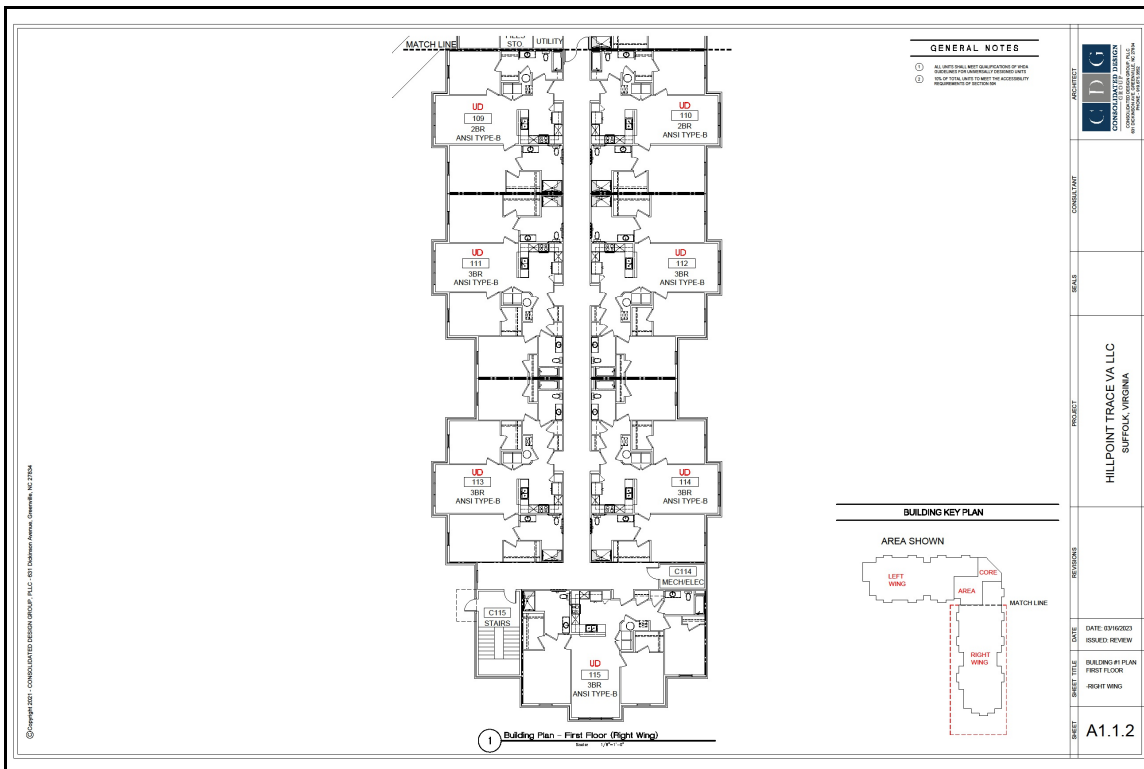
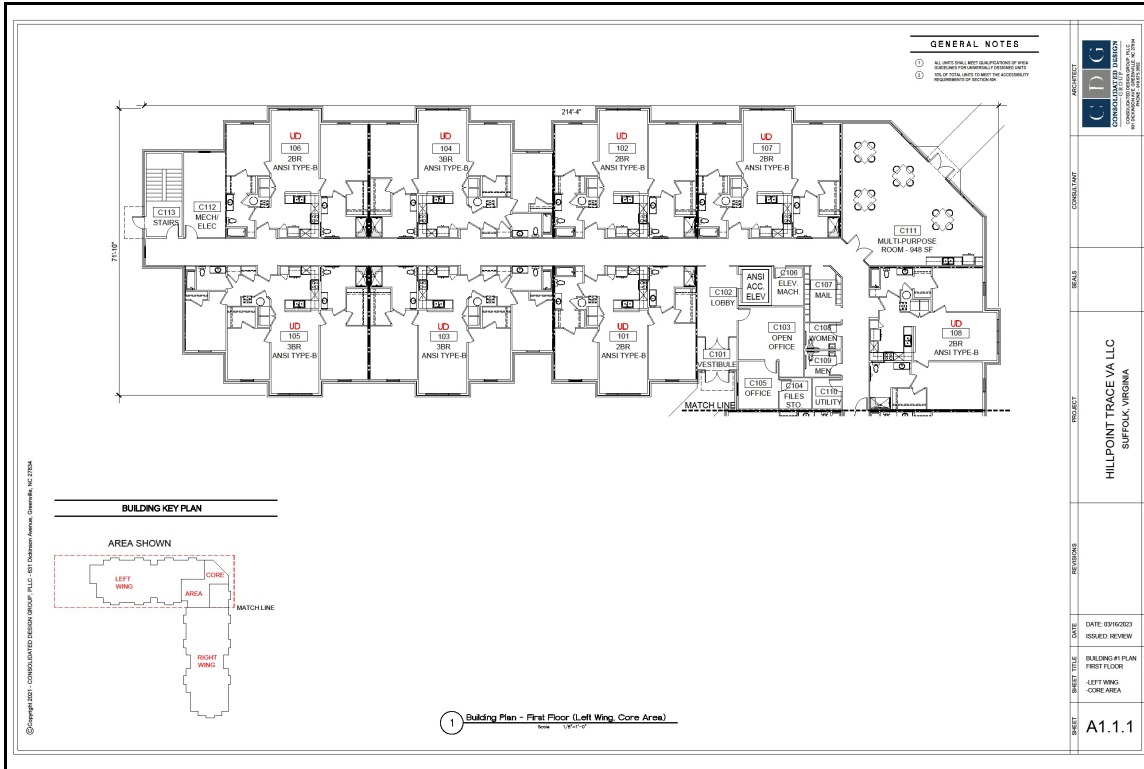
Representative architectural drawings are set out on the following pages.

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

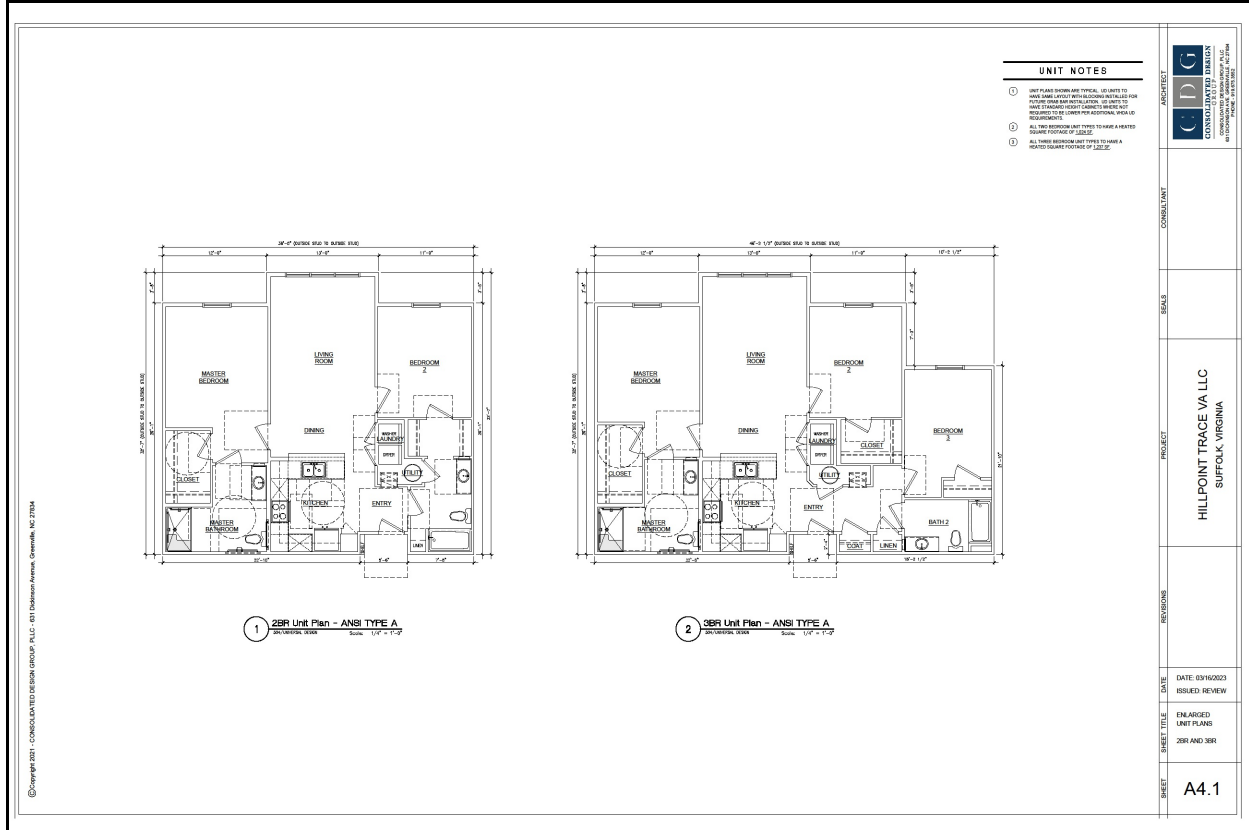
Site plan



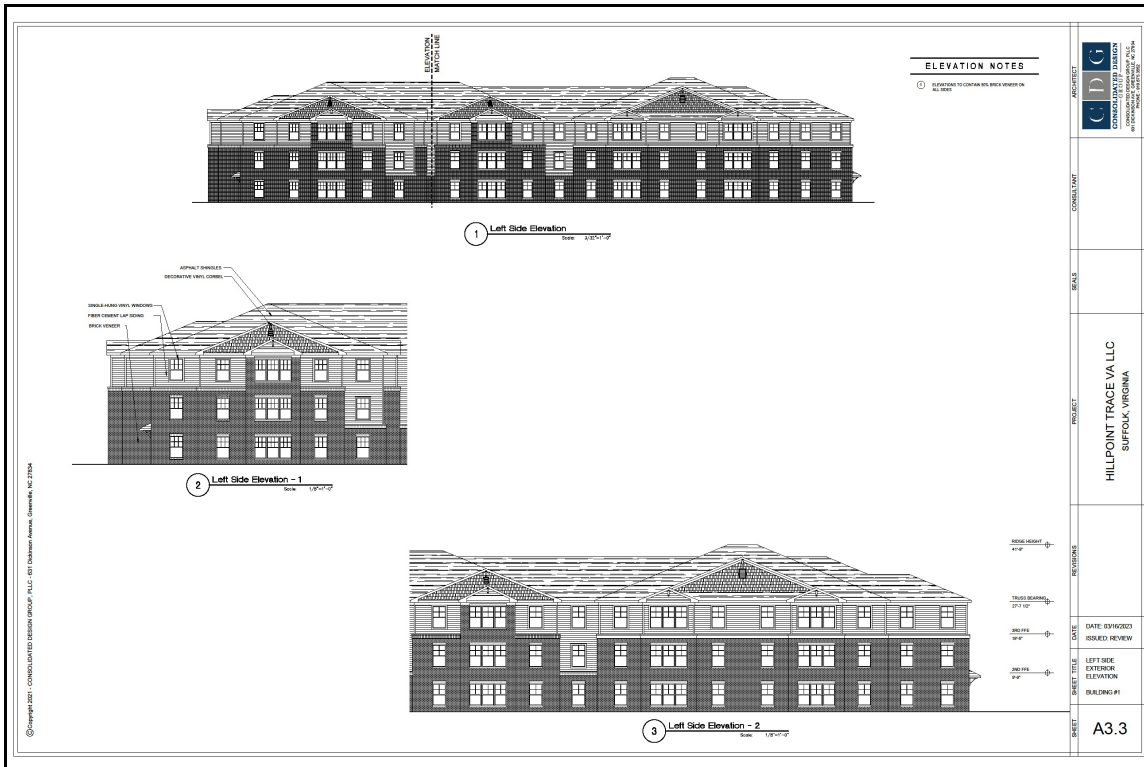
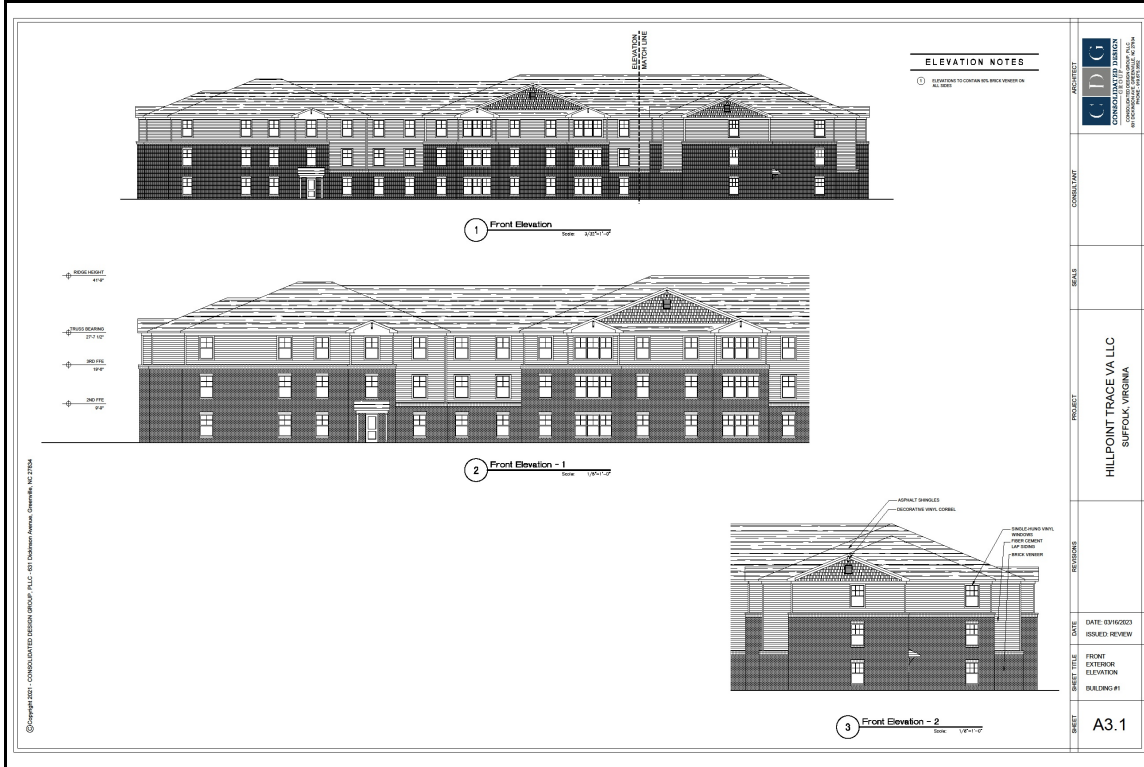
Floor plans



Unit plans



Elevations



D. LOCATION

The site of the proposed Hillpoint Trace Apartments is on the south side of Hillpoint Boulevard, off Godwin Boulevard, to the north of Suffolk. Adjacent uses include the Hillpoint Woods Apartments, new rental townhouses (Preserve at Hillpoint), and undeveloped land. The property is flat and is mostly wooded.





View towards property



View on property



View onto property from Hillpoint Woods Apts



View west on Hillpoint Blvd., at site



View east on Hillpoint Blvd., at site



View across Hillpoint Blvd., from site

The Hillpoint Trace Apartments are located on Hillpoint Boulevard, to the north of downtown Suffolk, in the City of Suffolk in Tidewater Virginia. Access to the site is very good.

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

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

The site is within easy reach of Godwin Boulevard (VA 32), the northern extension of Main Street (US 13, business) the major north-south thoroughfare serving Suffolk. The site is within one and one-half miles or so of US 58, to the south.

Regularly-scheduled public transportation is available on the Suffolk Transit system - with a stop on that system's Green line located on Hillpoint Boulevard, one tenth of one mile from the site.

The site is within one mile of a Food Lion grocery store on Godwin Boulevard, to the south. The site is approximately three- to three and one half miles from a Kroger supermarket, a Belk department store, and a Walmart Supercenter - located on North Main Street, north of downtown Suffolk. A Rite Aid drugstore and a Walgreens drugstore are located within four miles of the site, again, to the south.

The site is within one and one-half miles of the Sentara Obici hospital and associated medical services on Godwin Boulevard.

The site is within one and three-fourth miles of the Hillpoint Elementary School, and is within one and one-half miles of both the Kings Fork Middle School and the Kings Fork High School.

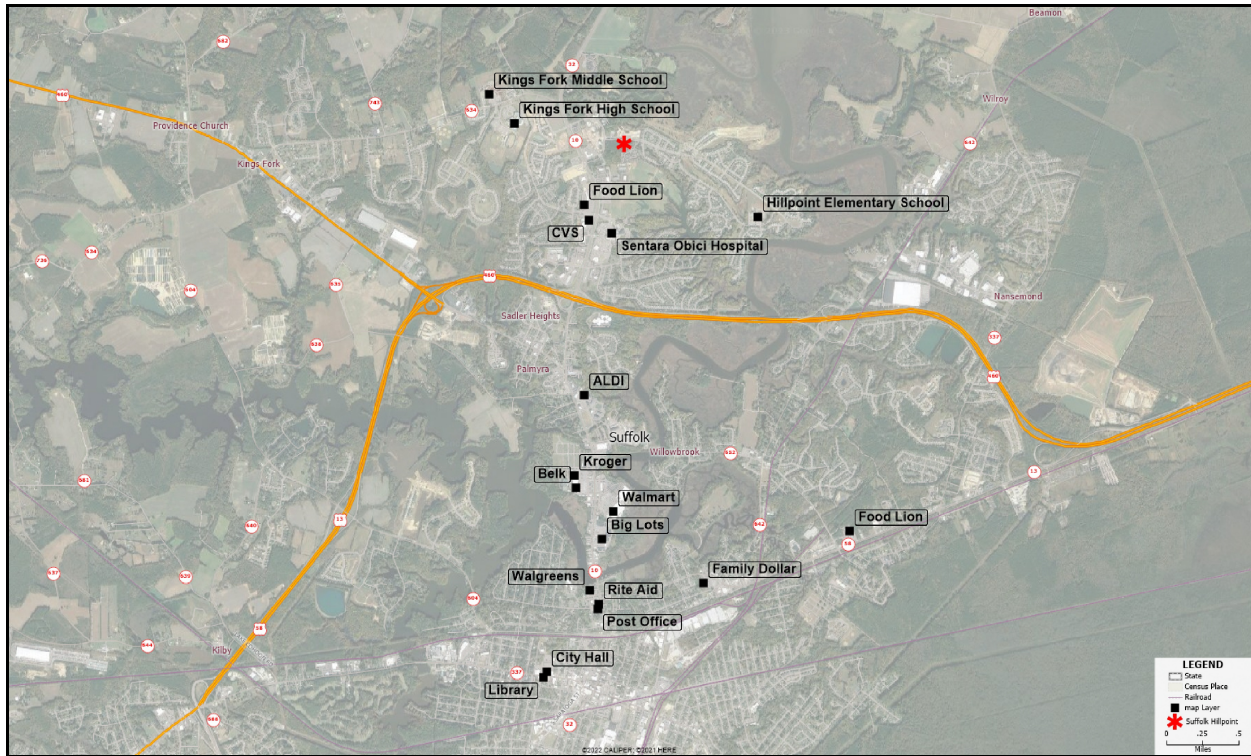
The government, shopping, and other services located in downtown Suffolk are within four- and four and one-half miles of the property.

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	US 13/58	1.5
Public Transportation	Suffolk Transit (green route)	0.1
Retail - Grocery	Kroger	3.0
	Food Lion	1.0
Retail - Other	Wal-mart	3.2
Pharmacies	Rite- Aid	3.9
	Walgreens	4.0
Hospital	Sentara Obici Hospital	1.3
Schools	Hillpoint Elementary School	1.7
	Kings Fork Middle School	1.2
	Kings Fork High School	1.1
Library	Morgan Memorial Library	4.9
Post Office	Suffolk	4.2
City Hall	Suffolk	4.4

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, other than any imposed by topography.

The site is considered marketable.

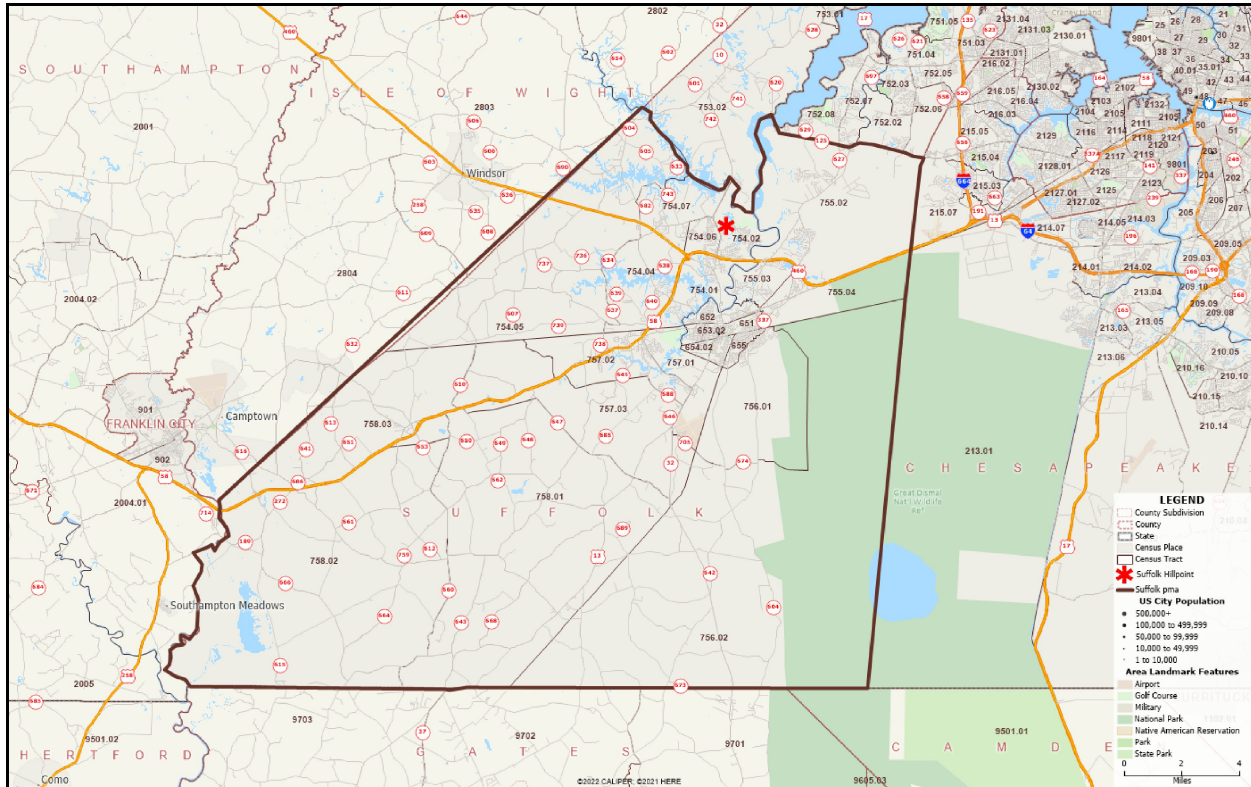
E. MARKET AREA DEFINITION

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 to be located on the City of Suffolk in Tidewater Virginia. The market area for the proposed development is the City of Suffolk less that northern portion of the City that is located nearer to Hampton Roads, and is more oriented to the cities of Portsmouth and Norfolk. This area is focused on the site of the proposed development and extends up to 16 miles or so, to the south. 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 Suffolk are illustrated in the table, below. Employment in 2021 - the most recent annual report shows employment at 42,283.

Employment showed modest growth from 2012 to 2020 when 1,996 jobs were lost from 2019 - a consequence of the COVID-19 pandemic. Data for 2021 show that, locally, employment is yet to show net gains.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2012	38,861		
2013	39,393	532	1.4
2014	40,105	712	1.8
2015	40,380	275	0.7
2016	41,030	650	1.6
2017	42,616	1,586	3.9
2018	43,510	894	2.1
2019	44,444	934	2.1
2020	42,448	-1,996	-4.5
2021	42,283	-165	-0.4

Source: Bureau of Labor Statistics

Employment trends, by sector

Information on employment, by industry for Suffolk City 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 were healthcare and retail trade which employed 14.2 percent and 10.9 percent, respectively, in the most recent year.

Table 3 - Employment, by sector

	2020		2021		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc Mining, etc. Utilities					
Construction	1,355	4.2	1,304	3.9	-3.8
Manufacturing	1,988	6.2	2,050	6.1	3.1
Wholesale trade					
Retail trade	3,650	11.4	3,650	10.9	0.0
Transp. and Warehousing	2,403	7.5	2,804	8.4	16.7
Information	116	0.4	118	0.4	1.7
Finance and Insurance	559	1.7	581	1.7	3.9
Real estate	230	0.7	223	0.7	-3.0
Professional and Technical services	3,273	10.2	3,430	10.3	4.8
Management	584	1.8	570	1.7	-2.4
Administrative and Waste services	1,159	3.6	1,428	4.3	23.2
Educational services	332	1.0	347	1.0	4.5
Health Care and Social Assistance	4,551	14.2	4,753	14.2	4.4
Arts, Entertainment, Recreation	326	1.0	325	1.0	-0.3
Accommodation and Food services	2,789	8.7	3,007	9.0	7.8
Other Services	741	2.3	864	2.6	16.6
Unclassified	78	0.2	94	0.3	20.5
Total (all establishments)	32,063		33,419		4.2

Source: Bureau of Labor Statistics

Unemployment trends

Unemployment trends for the City of Suffolk 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 county is 4.4 percent, down from 6.4 percent the previous year. The rate was 6.9 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

	Suffolk <u>City</u>	<u>Virginia</u>	<u>U.S.</u>
2012	6.9%	5.9%	8.9%
2013	6.2%	5.6%	8.1%
2014	5.7%	5.1%	7.4%
2015	4.9%	4.4%	6.2%
2016	4.6%	4.0%	5.3%
2017	4.0%	3.7%	4.9%
2018	3.2%	3.0%	4.4%
2019	3.0%	2.8%	3.9%
2020	6.4%	6.2%	8.1%
2021	4.4%	3.9%	5.3%

Source: Bureau of Labor Statistics

Major Employers

The major employers in the Suffolk area are listed in Table 5, below. Here it is seen that the largest single employers include the local school systems, military and military-related organizations, the local healthcare system and the Suffolk City government.

Table 5 - Major Employers

<u>Employer</u>
Suffolk Public Schools
Science Applications International Corp
Sentara Healthcare
Target Corp
City of Suffolk
US Dept. of Defense
CVN Distribution Company
Towne Bank
Wal Mart
Western Tidewater and Mental health
Constant Staffing
VDOT

Source: Virginia Labor Market Information

The Virginia Economic Development Partnership reports a total of 1,461 new jobs added at ten locations in Suffolk in recent years (since 2020). The largest announcement was the establishment of an Amazon fulfillment center, employing 1,000 persons. With respect to closures and layoffs, the Virginia Economic Development Partnership reports one in Suffolk since 2020 - with the loss of 76 jobs.

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 Suffolk City 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 4.8 percent between 2020 and 2021.

Table 6 - Wages by Industry Sector

	2020	2021	pct change
Agriculture, Forestry, etc Mining, etc. Utilities			
Construction	\$1,203	\$1,161	-3.5
Manufacturing	\$1,226	\$1,221	-0.4
Wholesale trade			
Retail trade	\$553	\$585	5.8
Transp. and Warehousing	\$780	\$776	-0.5
Information	\$1,214	\$1,200	-1.2
Finance and Insurance	\$1,371	\$150	-89.1
Real estate	\$1,043	\$1,193	14.4
Professional and Technical services	\$2,281	\$2,507	9.9
Management	\$1,596	\$1,620	1.5
Administrative and Waste services	\$588	\$599	1.9
Educational services	\$655	\$651	-0.6
Health Care and Social Assistance	\$995	\$1,086	9.1
Arts, Entertainment, Recreation	\$372	\$387	4.0
Accommodation and Food services	\$332	\$379	14.2
Other Services	\$580	\$605	4.3
Unclassified	\$654	\$700	7.0
Total	\$1,056	\$1,107	4.8

Source: Virginia Labor Market Information

Commuting patterns

With respect to commuting, data from the American Community Survey, 40.3 percent of workers resident in the Suffolk City/County were employed there. The average driving time to work for residents of Suffolk City/County was 29.6 minutes, compared with 28.2 minutes for the state as a whole..

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	44,903	100.0
Worked in Place of residence	18,096	40.3
Worked in County of residence	18,096	40.3
Worked outside Place of residence	26,807	59.7
Worked outside County of residence	26,807	59.7
Mean travel time to work (minutes)	29.6	

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 Williamsburg area are set out, below.

Here it is seen that many persons who work in Suffolk commute into the City from various jurisdictions throughout the Hampton Roads area. Likewise, many residents of Suffolk City commute to work throughout that area.

Table 8 - Commuting Patterns

Working in Suffolk City	9,634
Where Suffolk workers are commuting from:	
Chesapeake City	5,569
Norfolk City	5,030
Virginia Beach City	4,273
Newport News City	3,888
Portsmouth City	3,006
Hampton City	1,625
Isle of Wight County	1,400
Fairfax County	580
Henrico County	550
Elsewhere	5,418
Where Suffolk residents are commuting to:	
Chesapeake City	3,631
Portsmouth City	2,543
Virginia Beach City	2,460
Isle of Wight County	1,589
Norfolk City	1,463
Newport News City	1,198
Hampton City	882
Southampton County	593
Gates County, NC	430
Elsewhere	6,041

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

It is expected that 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 Suffolk City was 63,677, and in 2010 the population was recorded as 84,585. Population projections for Suffolk City are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 96,729 by 2023, and to be around 100,866 by 2028.

In 2000, the population of the market area was 44,949, and in 2010 the population was recorded as 54,502. 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 Suffolk City, corrected for the official State Data Center numbers. Based on these data, the population of the area is projected to be 56,243 by 2023, and to be around 56,176 by 2028.

Information on population trends and changes between 2000 and 2028 are set out in Table 9, below.

Table 9- Population Trends

	Suffolk	Market Area	Suffolk City
2000	14,637	44,949	63,677
2010	14,190	54,502	84,585
2023	11,152	56,243	96,729
2028	9,871	56,176	100,866
absolute change			
2000-2010	-447	9,553	20,908
2010-2023	-3,038	1,741	12,144
2023-2028	-1,281	-67	4,137
annual change			
2000-2010	-45	955	2,091
2010-2023	-234	134	934
2023-2028	-256	-13	827

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

* Throughout this report, data are presented for the area that encompassed the City of Suffolk prior to its consolidation with the former Nansemond County.

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

In 2000, there were 23,283 households in Suffolk City and 30,868 in 2010. Based on the population projections set out, above, there will be around 37,049 households in 2023 and 39,252 in 2028.

There were 16,690 households in the market area in 2000 and 20,028 in 2010. Projections show around 21,743 and 23,136 households in 2023 and 2028, respectively.

Table 10 - Household Trends

	Suffolk	Market Area	Suffolk City
2000	5,675	16,690	23,283
2010	5,425	20,028	30,868
2023	4,482	21,743	37,049
2028	4,042	22,136	39,252
absolute change			
2000-2010	-250	3,338	7,585
2010-2023	-943	1,715	6,181
2023-2028	-440	393	2,203
annual change			
2000-2010	-25	334	759
2010-2023	-73	132	475
2023-2028	-88	79	441

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 Suffolk, the market area, and Suffolk City is set out in Table 11, below. These data are from the 2010 Census.

Table 11 - Age Distribution

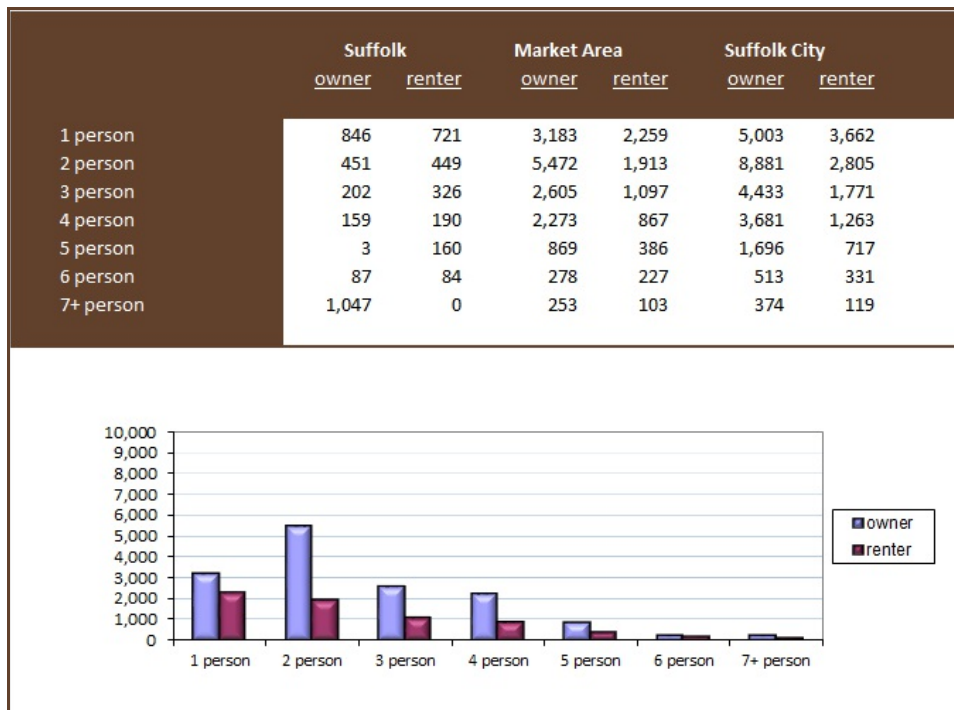
	Suffolk		Market Area		Suffolk City	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
Under 5 years	1,105	7.8	3,765	6.9	5,961	7.0
5 to 9 years	1,142	8.0	3,861	7.1	6,217	7.4
10 to 14 years	1,078	7.6	3,849	7.1	6,129	7.2
15 to 19 years	1,066	7.5	3,941	7.2	5,912	7.0
20 to 24 years	882	6.2	3,037	5.6	4,562	5.4
25 to 29 years	954	6.7	3,195	5.9	4,859	5.7
30 to 34 years	948	6.7	3,330	6.1	5,278	6.2
35 to 39 years	877	6.2	3,835	7.0	6,167	7.3
40 to 44 years	877	6.2	3,959	7.3	6,429	7.6
45 to 49 years	1,130	8.0	4,673	8.6	7,208	8.5
50 to 54 years	1,029	7.3	4,161	7.6	6,468	7.6
55 to 59 years	860	6.1	3,344	6.1	5,222	6.2
60 to 64 years	672	4.7	2,820	5.2	4,446	5.3
65 to 69 years	476	3.4	2,124	3.9	3,300	3.9
70 to 74 years	368	2.6	1,685	3.1	2,361	2.8
75 to 79 years	263	1.9	1,167	2.1	1,655	2.0
80 to 84 years	211	1.5	871	1.6	1,223	1.4
85 years and over	252	1.8	885	1.6	1,188	1.4
55 and older	3,102	21.9	12,896	23.7	19,395	22.9
65 and older	1,570	11.1	6,732	12.4	9,727	11.5
Total	14,190		54,502		84,585	

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

Household size

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

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 Suffolk, the market area, and for Suffolk City. In the years beyond 2010, the tenure proportions are based on 2010 tenure proportions. In 2010, 56.7 percent of households in the former extent of the City of Suffolk were renters, 30.8 percent of households in the market area were renters, and 27.2 percent in Suffolk City were renters.

Table 13 - Tenure

Suffolk	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	14,637	5,675	2.58	2,491	43.9	3,184	56.1
2010	14,190	5,425	2.62	2,351	43.3	3,074	56.7
2023	11,152	4,482	2.49	1,909	42.6	2,573	57.4
2028	9,871	4,042	2.44	1,711	42.3	2,331	57.7

Market Area	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	44,949	16,690	2.69	11,244	67.4	5,446	32.6
2010	54,502	20,028	2.72	13,862	69.2	6,166	30.8
2023	56,243	21,743	2.59	15,049	69.2	6,694	30.8
2028	56,176	22,136	2.54	15,321	69.2	6,815	30.8

Suffolk City	population	households	persons per household	Owner-occupied		Renter-occupied	
				number	percent	number	percent
2000	63,677	23,283	2.73	16,815	72.2	6,468	27.8
2010	84,585	30,868	2.74	22,472	72.8	8,396	27.2
2023	96,729	37,049	2.61	26,972	72.8	10,077	27.2
2028	100,866	39,252	2.57	28,576	72.8	10,676	27.2

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

Income Distribution

The distribution of household incomes for the former City, the market area, and Suffolk City 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 the former City is estimated at around \$43,902, and that for Suffolk City as a whole is seen to be \$81,883. The median income for the market area is estimated at \$56,410.

Table 14 - Household Income

	Suffolk		Market area		Suffolk City	
	number	percent	number	percent	number	percent
less than \$10,000	533	9.7	1,325	6.2	1,608	4.6
\$10,000 to \$14,999	361	6.5	775	3.7	1,040	3.0
\$15,000 to \$19,999	384	7.0	960	4.5	1,390	3.9
\$20,000 to \$24,999	439	8.0	983	4.6	1,208	3.4
\$25,000 to \$29,999	280	5.1	828	3.9	1,307	3.7
\$30,000 to \$34,999	300	5.4	629	3.0	816	2.3
\$35,000 to \$39,999	286	5.2	743	3.5	984	2.8
\$40,000 to \$44,999	223	4.0	859	4.1	1,203	3.4
\$45,000 to \$49,999	326	5.9	907	4.3	1,371	3.9
\$50,000 to \$59,999	283	5.1	1,551	7.3	2,350	6.7
\$60,000 to \$74,999	585	10.6	1,909	9.0	2,934	8.3
\$75,000 to \$99,999	552	10.0	3,147	14.8	4,950	14.0
\$100,000 to \$124,999	428	7.8	2,566	12.1	4,272	12.1
\$125,000 to \$149,999	322	5.8	1,881	8.9	3,543	10.1
\$150,000 to \$199,999	75	1.4	1,281	6.0	3,028	8.6
\$200,000 or more	139	2.5	862	4.1	3,245	9.2
median income	\$43,902 *		\$56,410 *		\$81,883	

*Estimate

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

Renter Income

The distribution of household incomes for renter households for the former City, the market area, and Suffolk City. 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 the former City estimated to be around \$38,435, and that for Suffolk City as a whole is seen to be \$45,664. The median renter income for the market area is estimated at \$33,045.

Table 15 - Household Income, Renter Households

	Suffolk		Market area		Suffolk City	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	444	14.9	1,014	14.8	1,154	10.8
\$10,000 to \$19,999	573	19.2	1,115	16.3	1,453	13.6
\$20,000 to \$34,999	625	21.0	1,052	15.4	1,625	15.2
\$35,000 to \$49,999	543	18.2	1,065	15.5	1,680	15.7
\$50,000 to \$74,999	421	14.1	1,299	19.0	2,049	19.2
\$75,000 to \$99,999	169	5.7	565	8.2	1,012	9.5
\$100,000 or more	202	6.8	742	10.8	1,695	15.9
median income	\$38,485 *		\$33,045 *		\$45,664	

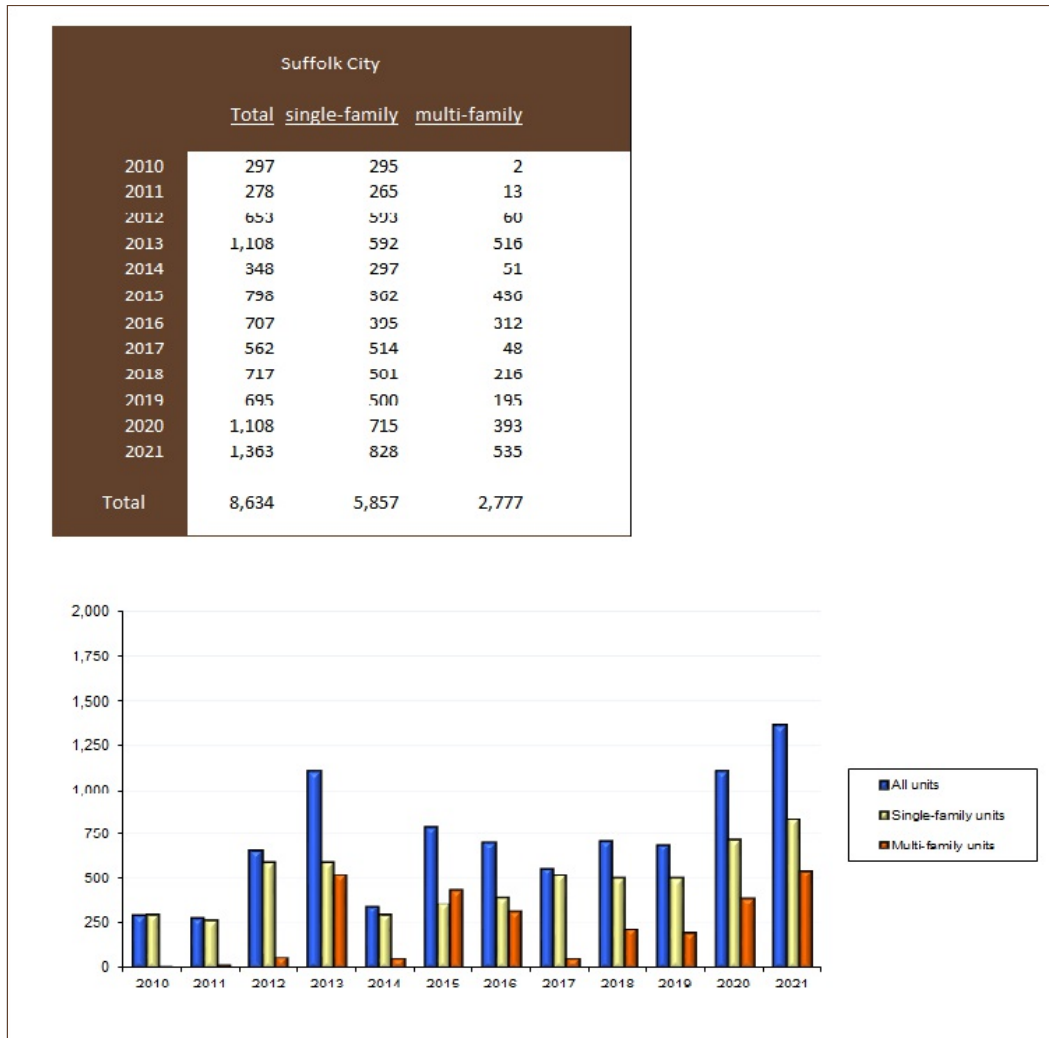
* Estimate

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

Building permit trends

Table 16 below gives details of residential construction in Suffolk City since 2010. Where the data exist, it can be seen that a total of 8,634 units were added in throughout the City, of which 2,777 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 Suffolk 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.

Autumn Ridge (48 units)
Heritage Acres (76 units)
Kings Landing (120 units)
Oak Terrace (120 units)
October Station (48 units)
Residences at October (72 units)
Saratoga Place (76 units)
Villas at October (39 units)
White Marsh Pointe at Eagle Landing (206 units)

Autumn Ridge is a 176-unit property that no longer incorporates tax credit-financed units

Heritage Acres is a 76-unit acquisition/rehabilitation of a HUD project funded in 2018.

Kings Landing opened in 1990 and provides 48 one-bedroom units and 72 two-bedroom units. Rents are \$950 and \$1,100 for one- and two-bedroom units, respectively. The property is reported to be fully occupied, and to remain so on an ongoing basis.

Oak Terrace was funded in 2020 and will provide 120 units. Construction has yet to commence.

October Station is one of three tax credit-financed sites at the October redevelopment. The October Station complex offers 48 units - a mix of two- and three-bedroom units. There are 72 units at the Residences at October: 48 two bedroom units and 24 three-bedroom units There are 39 units at the Villas at October. This property opened in 2018 and provides a mix of two- and three-bedroom units, with two four-bedroom units. Despite multiple attempts over an extended period of to contact this property - by telephone and e-mail we were not able to obtain occupancy and other data. We did obtain unconfirmed rents on the website.

Saratoga Place was funded in 2021. Construction at this site on Saratoga Street, near downtown Suffolk, is yet to begin. There will be 40 two-bedroom units and 36 three-bedroom units. Rents are understood to be in the \$962 to \$1,213 range.

The White Marsh at Eagle Landing project was funded in 2019. This is a redevelopment of a Suffolk Redevelopment and Housing Authority site, and is fully rent-assisted.

There are several market rate properties in the area.

Hillpoint Woods is located adjacent to the site of the proposed development. The project dates from 2005 and has a mix of one- and two-bedroom units. The one-bedroom units rent for \$1,100 and \$1,150, with the two bedroom units renting for \$1,200 (one bath) and \$1,250 (two baths). There is currently one vacant unit - a 99.3 percent occupancy rate.

The largest, newest, market rate complex is the Port 58 at Hillpoint project. This property is located between Hillpoint Boulevard and Godwin Boulevard, to the west of the site of the proposed complex. The property is in the later stages of lease-up (it is almost 90 percent occupied). One bedroom units rent in the \$1,250 to \$1,574 range, with two-bedroom units being offered between \$1,740 and \$1,900. The three-bedroom units at this property rent for \$2,100.

A new rental townhouse community has been developed across Hillpoint Boulevard from the site. This property, Hillpoint Preserve, offers 50 three-bedroom/two and one-half bath townhomes of 1,602 to 1,961 square feet. Rents are from \$2,400 to \$2,750.

A large mixed-use complex, the Gallery at Godwin - is under construction at a site on Godwin Boulevard, near Hillpoint Boulevard.

In addition to the above there are several properties that are subsidized and available to low and very low income households.

Based on our survey, there is a market-wide occupancy rate of 92.1 percent.

Occupancy (where made available to us) at tax credit properties is found to be around 100 percent.

Occupancy at the various market rate properties in the market area (excluding the Port 58 complex, which is yet to reach stabilized full occupancy) is seen to be 88.9 percent (and that for the subsidized property is 100.0 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>Two-bedroom rents</u>	<u>Three-bedroom rents</u>
Hillpoint Woods	2005	\$1,200-1,250	
Meridian Obici	2016	\$1,675-1,860	\$2,457
Port 58	2022	\$1,740-1,900	\$2,100
Sandler Pond	1989	\$1,275-1,375	\$1,379-1,475

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 \$1,470 for a two-bedroom unit, and \$1,960 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 (%)
Autumn Ridge	Suffolk	Conventional	1983 -	176	49	72.2
Hillpoint Woods	Suffolk	Conventional	2005	144	0	100.0
Kings Landing	Suffolk	LIHTC	1990	120	0	100.0
Meridian Obici	Suffolk	Conventional	2016	224	15	93.3
Oak Terrace	Suffolk	LIHTC	2024	120	n/a	n/a
October Station	Suffolk	LIHTC	2018	48	n/a	n/a
Port 58	Suffolk	Conventional	2022	230	24	89.6
Residences at October	Suffolk	LIHTC	2010	72	n/a	n/a
Sandler Pond	Suffolk	Conventional	1989	108	3	97.2
Saratoga Place	Suffolk	LIHTC	2023	76	n/a	n/a
Suffolk Station	Suffolk	Conventional	1987	111	8	92.8
Villas at October	Suffolk	LIHTC	2018	39	n/a	n/a
Wilson Pines	Suffolk	HUD §8	1982	104	0	100.0

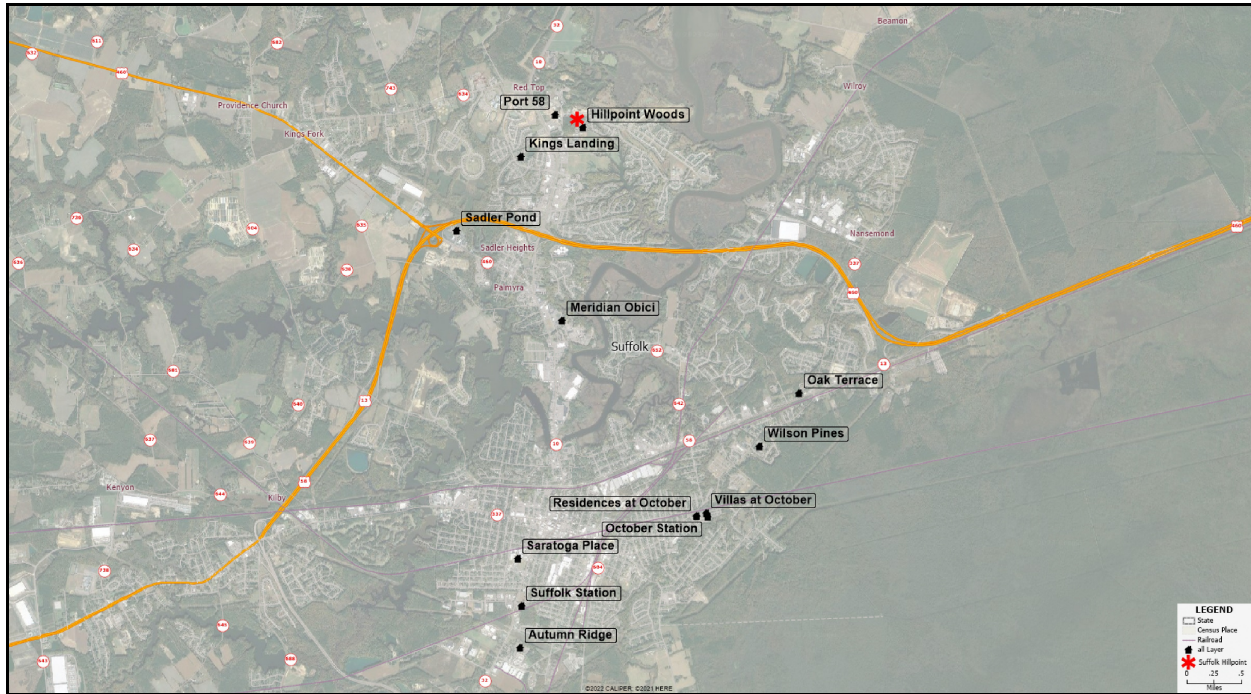
	0 br/1ba			1 br/1ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Hillpoint Trace						
Autumn Ridge				24	556	\$1,000
Hillpoint Woods				24	772-864	\$1,100-1,150
Kings Landing				48	661	\$950
Meridian Obici				128	716-916	\$1,381-1,484
Oak Terrace						
October Station					715-926	\$1,250-1,574
Port 58						
Residences at October						
Sandler Pond						
Saratoga Place						
Suffolk Station						
Villas at October						
Wilson Pines				12	660	boi

	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Hillpoint Trace				40	1,024	\$491-1,200
Autumn Ridge	112	731-850	\$925			
Hillpoint Woods	64	902	\$1,200	56	924	\$1,250
Kings Landing	72	858	\$1,100			
Meridian Obici				80	1,062-1,259	\$1,675-1,860
Oak Terrace				72	975	\$462-1515
October Station				36	952-962	
Port 58					1,055-1,268	\$1,740-1,900
Residences at October	48	924				
Sandler Pond				84	1,000	\$1,275-1,375
Saratoga Place				40	944	\$962
Suffolk Station				75	1,000	\$875
Villas at October				10	1,142-1,156	
Wilson Pines	80	960	boi			

	3 br/1-1½ ba			3 br/2+ ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Hillpoint Trace				35	1,237	\$1,470
Autumn Ridge	32	990-1,013	\$1,300			
Hillpoint Woods						
Kings Landing						
Meridian Obici				15	1,432	\$2,457
Oak Terrace				48	1,100	\$519-1,625
October Station				12	1,086	
Port 58					1,432	\$2,100
Residences at October				24	1,054	
Sandler Pond				24	1,100	\$1,379-1,475
Saratoga Place				36	1,132	\$1,200
Suffolk Station				36	1,110	\$950
Villas at October				27	1,225-1,407	
Wilson Pines	12	1,426	boi			

	4 br/2+ba		
	number	size (sq. ft.)	rent
Villas at October	2	1,429	

Apartment locations





Autumn Ridge

Location: 114 Nancy Drive
Suffolk

Financing: Conventional

Year Built: 1983 -

Total Units: 176

Vacant units: 49 72.2% occupied

Telephone: 757.934.0847

Management: North Bay Properties
[2/15]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
1/1	24	556	\$1,000	\$1.80
2/1	88	731	\$925	\$1.27
2/1	24	850	\$925	\$1.09
3/1	16	990	\$1,300	\$1.31
3/1½	16	1,013	\$1,300	\$1.28

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 ●



Hillpoint Woods

Location: 601 Hill Point Boulevard
Suffolk

Financing: Conventional

Year Built: 2005

Total Units: 144

Vacant units: 0 100.0% occupied

Telephone: 757.923.2700

Management: Ashby Development
[2/17]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	12	772	\$1,100	\$1.42	Microwave ●
1/1	12	864	\$1,150	\$1.33	Dishwasher ●
					Washer/dryer ●
					Washer/dryer hook-up ●
2/1	64	902	\$1,200	\$1.33	9' Ceilings
2/2	56	924	\$1,250	\$1.35	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



Kings Landing

Location: 1000 Lilton Lane
Suffolk

Financing: LIHTC

Year Built: 1990

Total Units: 120

Vacant units: 0 100.0% occupied (waiting list)

Telephone: 877.883.0784

Management: Perrell Management
[2/14]

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
1/1	48	661	60%	\$950	\$60	\$1.44	Microwave Dishwasher Washer/dryer
2/1	72	858	60%	\$1,100	\$88	\$1.28	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							•



Meridian Obici

Location: 1000 Meridian Obici Way
Suffolk

Financing: Conventional

Year Built: 2016

Total Units: 224

Vacant units: 15 93.3% occupied

Telephone: 757.347.5844

Management: Graystar
[2/14]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1	36	716	\$1,381-1,409	\$1.95	Microwave ●
1/1	44	839	\$1,469-1,484	\$1.76	Dishwasher ●
1/1	48	916	\$1,461-1,482	\$1.61	Washer/dryer ●
					Washer/dryer hook-up ●
					9' Ceilings ●
2/2	64	1,062	\$1,675-1,720	\$1.60	High-end kitchen ●
2/2	16	1,259	\$1,850-1,860	\$1.47	Wood/style floors ●
					Fireplaces ●
3/2	15	1,432	\$2,457	\$1.72	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

Oak Terrace

Location: 1140 Portsmouth Boulevard
Suffolk

Financing: LIHTC

Year Built: 2023

Total Units: 120

Vacant units: occupied

Telephone:

Management:

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	8	975	30%	\$462	\$169	\$0.47	Microwave
2/2	26	975	50%	\$883	\$169	\$0.91	Dishwasher
2/2	26	975	70%	\$1,304	\$169	\$1.34	Washer/dryer
2/2	12	975	80%	\$1,515	\$169	\$1.55	Washer/dryer hook-up
3/2	4	1,100	30%	\$519	\$210	\$0.47	9' Ceilings
3/2	22	1,100	50%	\$1,005	\$210	\$0.91	High-end kitchen
3/2	12	1,100	70%	\$1,491	\$210	\$1.36	Wood/style floors
3/2	10	1,100	80%	\$1,625	\$210	\$1.48	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



October Station

Location: 2065 Freeney Avenue
Suffolk

Financing: LIHTC
Year Built: 2018
Total Units: 48
Vacant units: n/a

Telephone: 757.935.5212
Management: Lawson Companies

occupied

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	36	952-962	n/a	\$1,040	n/a	\$1.09	<ul style="list-style-type: none"> Microwave ● Dishwasher ● Washer/dryer Washer/dryer hook-up ● 9' Ceilings High-end kitchen Wood/style floors ● Fireplaces Patios/balconies ●
3/2	12	1,086	n/a	\$1,377	n/a	\$1.27	<ul style="list-style-type: none"> Community Amenities Clubhouse/community room ● Fitness center ● Business center Pool Playground ● Controlled access/gated Elevator Garages Storage Laundry ●

<u>Utilities in Rent</u>	
Water	
Sewer	
Trash	●



Port 58

Location: 1000 Skipjack Lane
Suffolk

Financing: Conventional

Year Built: 2022

Total Units: 230

Vacant units: 24 89.6% occupied

Telephone: 757.231.3441

Management: SL Nusbaum
[3/3]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
1/1		715	\$1,250	\$1.75	Microwave ●
1/1		838	\$1,425	\$1.70	Dishwasher ●
1/1		926	\$1,574	\$1.70	Washer/dryer ●
					Washer/dryer hook-up ●
					9' Ceilings ●
2/2		1,055	\$1,740	\$1.65	High-end kitchen ●
2/2		1,070	\$1,765	\$1.65	Wood/style floors ●
2/2		1,268	\$1,900	\$1.50	Fireplaces ●
					Patios/balconies ●
3/2		1,432	\$2,100	\$1.47	
					<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



Residences at October

Location: 2028 Freeney Avenue
Suffolk

Financing: LIHTC

Year Built: 2010

Total Units: 72

Vacant units: n/a occupied

Telephone: 757.935.5212

Management: Lawson Companies

<u>Br/ba</u>	<u>Units</u>	<u>Sq. ft</u>	<u>Targeting</u>	<u>Rent</u>	<u>U/A</u>	<u>Rent/sq.ft</u>	<u>Unit Amenities</u>
2/1	48	924	n/a	\$879	n/a	\$0.95	Microwave
							Dishwasher ●
							Washer/dryer
3/2	24	1,054	n/a	\$995	n/a	\$0.94	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 ●



Sandler Pond

Location: 2500 Sandy Spring Lane
Suffolk

Financing: Conventional

Year Built: 1989

Total Units: 108

Vacant units: 3 97.2% occupied

Telephone: 757.934.0738

Management: United Property Associates
[2/15]

Br/ba	units	sq. ft	Rent	Rent/sq.ft
2/2	84	1,000	\$1,275-1,375	\$1.33
3/2	24	1,110	\$1,379-1,475	\$1.29

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 ●

Saratoga Place

Location: 273 South Saratoga Street
Suffolk

Financing: LIHTC
Year Built: 2023
Total Units: 76
Vacant units:

occupied

Telephone:
Management: GEM Management

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2	40	944	60%	\$962	\$126	\$1.02	Microwave Dishwasher Washer/dryer Washer/dryer hook-up
3/2	8	1,132	30%	\$1,213	\$142	\$1.07	9' Ceilings
3/2	28	1,132	60%	\$1,200	\$142	\$1.06	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 •							



Suffolk Station

Location: 2500 Sandy Spring Lane
Suffolk

Financing: Conventional

Year Built: 1987

Total Units: 111

Vacant units: 8 92.8% occupied

Telephone: 757.934.3444

Management: United Property Associates
[2/17]

Br/ba	units	sq. ft	Rent	Rent/sq.ft	Unit Amenities
2/2	75	1,000	\$875	\$0.88	Microwave Dishwasher ● Washer/dryer Washer/dryer hook-up ● 9' Ceilings High-end kitchen Wood/style floors Fireplaces Patos/balconies
3/2	36	1,110	\$950	\$0.86	

<u>Utilities in Rent</u>	<u>Community Amenities</u>
Water	Clubhouse/community room
Sewer	Fitness center
Trash	Business center
	Pool
	Playground
	Controlled access/gated
	Elevator
	Garages
	Storage ●
	Laundry



Villas at October

Location: 2028 Freeney Avenue
Suffolk

Financing: LIHTC
Year Built: 2018
Total Units: 39
Vacant units: n/a

Telephone: 757.935.5212
Management: Lawson Companies

occupied

Br/ba	Units	Sq. ft	Targeting	Rent	U/A	Rent/sq.ft	Unit Amenities
2/2½	10	1,142-1,156	n/a	\$1,074	n/a	\$0.93	Microwave ● Dishwasher ● Washer/dryer
3/2½	27	1,225-1,407	n/a	\$1,240	n/a	\$0.94	Washer/dryer hook-up ● 9' Ceilings High-end kitchen Wood/style floors Fireplaces Patios/balconies ●
4/2½	2	1,429	n/a	\$1,345	n/a	\$0.94	Community Amenities Clubhouse/community room ● Fitness center ● Business center Pool Playground ● Controlled access/gated Elevator Garages Storage Laundry ●
<u>Utilities in Rent</u>							
							Water
							Sewer
							Trash ●



Wilson Pines

Location: 2525 East Washington Street
Suffolk

Financing: HUD §8

Year Built: 1982

Total Units: 104

Vacant units: 0 100.0% occupied

Telephone: 757.809.3414

Management: HMR Properties
[3/1]

<u>Br/ba</u>	<u>Units</u>	<u>Sq. ft</u>	<u>Contract Rent</u>	<u>Unit Amenities</u>
1/1	12	660	\$997	Microwave Dishwasher Washer/dryer
2/1	80	960	\$1,181	Washer/dryer hook-up ● 9' Ceilings
3/1	12	1,426	\$1,418	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 ●				

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 75 units proposed, eight will be targeted at 30 percent of the median, 32 will be targeted to households with incomes up to 50 percent of the median, with seven targeted at 60 percent of the median, and 28 units targeted at 80 percent of the median (and therefore applying income averaging). Thus, the apartments qualify for low income housing tax credit status. Eight three-bedroom units will be rent-assisted (as will ten two-bedroom units at the 50 percent level)

The HUD income limits for the City of Suffolk (the Virginia Beach-Norfolk-Newport News metro area) are set out below. The median income for Suffolk in 2022 was \$93,500 - having been \$84,500 in 2021, and \$70,900 in 2012. This represents a 10.7 percent increase over the previous year, and a 31.9 percent increase over the last decade (or an average of 2.81 percent per year).

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

Table 18 - Income Limits and Maximum Housing Costs

Income Limits				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
1 person	\$19,650	\$32,750	\$39,300	\$52,400
2 person	\$22,440	\$37,400	\$44,880	\$59,840
3 person	\$25,260	\$42,100	\$50,520	\$67,360
4 person	\$28,050	\$46,750	\$56,100	\$74,800
5 person	\$30,300	\$50,500	\$60,600	\$80,800
6 person	\$32,550	\$54,250	\$65,100	\$86,800

Maximum Housing Costs				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	\$632	\$1,053	\$1,263	\$1,684
3 bedroom	\$729	\$1,216	\$1,459	\$1,945

Source: HUD

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

Table 19 - Rents and Income Targeting

income targeting					
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>	<u>Total</u>
2 bedroom	8	24	7	1	40
3 bedroom	0	8	0	27	35
Total	8	32	7	28	75

proposed rents				
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>80 percent</u>
2 bedroom	\$490	\$911	\$1,122	\$1,200
3 bedroom		\$2,033		\$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>
2 bedroom	99.7	99.8	99.9	77.7
3 bedroom		193.7		84.0

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowances for the proposed development are \$141 and \$161 for the two-, and three-bedroom units, respectively.

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at the maximum allowable for the units targeted at the 30 percent level, 50 percent level and 60 percent levels - where the rents for (subsidized) three-bedroom units at the 50 percent level) exceed the maximum. Rents are at 78 to 84 percent of the maximum for the units at the 80 percent level.

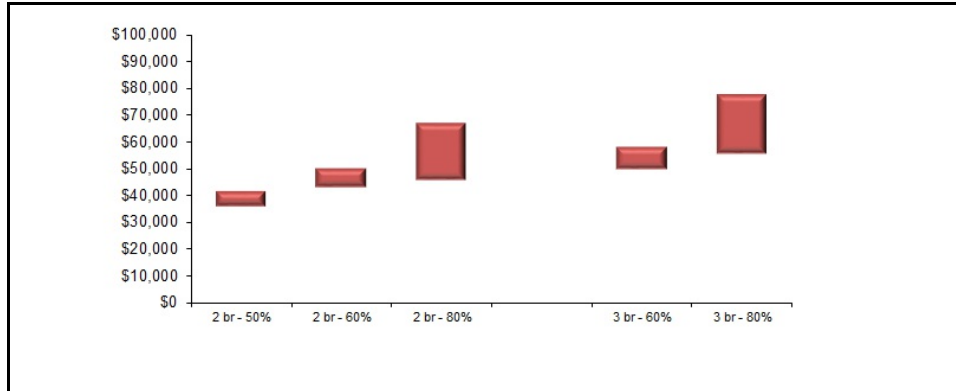
Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 35 percent of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

Table 20 - Qualifying Income Ranges

qualifying income ranges		
	<u>30 percent</u>	
	lower	upper
2 bedroom	\$21,634	\$25,260
	<u>50 percent</u>	
	lower	upper
2 bedroom	\$36,069	\$42,100
3 bedroom	\$41,691	\$48,625
	<u>60 percent</u>	
	lower	upper
2 bedroom	\$43,303	\$50,520
	<u>80 percent</u>	
	lower	upper
2 bedroom	\$45,977	\$67,360
3 bedroom	\$56,777	\$77,800

Source: Applicant; T Ronald Brown: Research & Analysis

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



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

Table 21 - Household Income, Renter Households

Income	All Renters		Overburdened Renters	
	Number	Percent	Number	Percent
Up to \$10,000	974	14.3	632	21.5
\$10,000 - \$19,999	1,115	16.4	760	25.9
\$20,000 - \$34,999	1,052	15.4	831	28.3
\$35,000 - \$50,000	1,065	15.6	432	14.7
\$50,000 - \$75,000	1,299	19.1	261	8.9
\$75,000 - \$100,000	565	8.3	21	0.7
\$100,000 and over	742	10.9	0	0.0
Total	6,812		2,937	

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 14.3 percent of the market area renter households have incomes less than \$10,000, and a further 16.4 percent have incomes between \$10,000 and \$20,000. Around 15.6 percent of renters are seen to be in the \$25,000 to \$35,000 income range.

Around 42 percent of all renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups (where 71 percent of overburdened renters have incomes less than \$35,000).

Based on the income ranges set out in Table 20 and the income distribution set out in Table 21, it is found that around 4.3 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 6.4 percent, 6.8 percent, and 15.3 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, a total of 121 new rental units are needed between 2023 and 2028. A total of 35 units will be for households eligible for the proposed project.

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

Our calculations show that there will be a total of 1,967 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, 77.0 percent of renters qualifying for units at 30 percent of the median are rent-overburdened. Likewise, 47.6 percent, 30.0 percent, and 25.7 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 60 units.

Total demand is therefore seen to amount to 852 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 over that period. Two directly comparable projects have been awarded tax credits. The first is the 120-unit Oak Terrace development, where construction has yet to commence. The second new project is Saratoga Place, which will offer 76 new units. No other comparable complexes have been funded or are under construction. Given the income targeting for the proposed development, the two new properties will add 158 comparable units. The net need is therefore for 694 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	5	8	8	19	35
(ii) income eligible existing renter households	292	436	462	1,044	1,975
(iii) existing households, likely to move	225	208	139	268	757
(iv) need from obsolete housing	9	13	14	32	60
Total demand (i)+(iii)+(iv)	239	229	161	318	852
Supply	20	48	68	22	158
Net demand	219	181	93	296	694

* excludes gap/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 25 percent of the total, two-bedroom units should account for 40 percent of the total, and three-bedroom units should account for 26 percent of the total with four- or more bedroom units accounting for 10 percent.

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

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	59	56	40	78	209
2 bedroom	96	92	65	127	341
3 bedroom	62	59	42	82	220
4 bedroom	23	22	16	31	83
Total	239	229	161	318	852
Supply					
1 bedroom	0	0	0	0	0
2 bedroom	8	26	40	12	86
3 bedroom	12	22	28	10	72
4 bedroom	0	0	0	0	0
Total	20	48	68	22	158
Net demand					
1 bedroom	59	56	40	78	209
2 bedroom	88	66	25	115	255
3 bedroom	50	37	14	72	148
4 bedroom	23	22	16	31	83
Total	219	181	93	296	694
Units proposed					
1 bedroom	0	0	0	0	0
2 bedroom	8	24	7	1	40
3 bedroom	0	8	0	27	35
4 bedroom	0	0	0	0	0
Total	8	32	7	28	75
Capture rates					
1 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
2 bedroom	9.1%	36.6%	28.5%	0.9%	15.7%
3 bedroom	0.0%	21.7%	0.0%	37.5%	23.7%
4 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%
Total	3.7%	17.7%	7.5%	9.4%	10.8%

* excludes gap/overlap

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 75-unit development amounts to 10.8 percent of the total net need.

The capture rate, by bedroom, is determined to be 15.8 percent for the 40 two-bedroom units, and 23.7 percent for the 35 three-bedroom units.

The eight units at 30 percent of the median amount to 3.7 percent of the net demand at that level, the 32 units at 50 percent of the median amount to 17.7 percent of demand at that target level, and the seven units targeted at the 60 percent level amount to around 7.5 percent of demand at that level. The 28 units targeted at 80 percent represent 9.4 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, \$490 per month. Given a \$141 utility allowance and a 35 percent rent-to-income ratio, the lower qualifying income is seen to be \$21,634. The upper income is \$77,800. Based on the income data set out in Table 21, there are found to be 3,364 renter households in that range. Thus, the proposed 75-unit development corresponds to a 2.2 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 rents are those for the more deeply targeted units at the proposed development and at Oak Terrace - where gross rents are at the maximum allowable at each property. Thus, given the rents for those developments, the target income range for this market is that for the proposed development. That is, from \$21,634 to \$77,800. There are as, noted, 3,364 qualifying renter households in the market area. There are four existing comparable tax credit properties units these properties - Kings Landing, October Station, Residences at October, and the Villas at October - amounting to a total of 279 comparable units, plus the 120 units at Oak Terrace and the 76 units at Saratoga Place, plus the proposed 75 units, yielding 550 units. Consequently, the penetration rate - as defined - amounts to 16.4 percent.

Summary

Consideration of the capture rate (10.8 percent) and the (2.2 percent) affordability analysis capture rate and (16.4 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 site manager at the new Port 58 property, located near the site of the proposed project, believes that a new tax credit property would be well-received.

K. ANALYSIS/CONCLUSIONS

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated six 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 and 50 percent of the median.

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

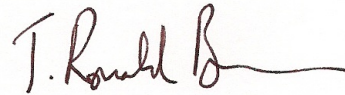
It is our recommendation that, based upon our analysis, the proposed apartments should be developed as proposed, and that the project should be awarded low income housing tax credits. This conclusion is based on our analysis of the economic and demographic criteria of the project market area as defined 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 16, 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 35 years experience in the provision of market studies for subsidized and unsubsidized apartment developments and for-sale housing. Over the last two decades or so, Mr. Brown has produced around 3,000 studies in at least 20 states, predominantly in the Southeast.

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

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

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

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 (2015-2019)
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 Suffolk
U.S. Bureau of Labor Statistics
HUDUSER (e.g., SOCDs building permits database)

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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 unites 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.g. 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 typically 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. Housing units with new occupants / 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.