

Market Analysis
Colbrook Apartments
Chesterfield County, Virginia

Prepared for:

Lee Alford
Better Housing Coalition

March, 2022

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March 4, 2022

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Lee:

Attached to this letter is the full narrative market study for the proposed 47-unit Colbrook Apartments, which is planned to be built in 2023 using 9% Low-Income Housing Tax Credit financing. This is a proposal for families that will have income and rent restrictions, but no age restrictions.

The report to follow is prepared within the Virginia Housing market study requirements, and all required market and economic data are included. The site visit and field research for Colbrook Apartments was undertaken on February 18, 2022.

Market research shows a sizable pent-up demand for the study proposal and that the proposed rental rates and “product” will be very competitive within the defined market area. Once built, Colbrook Apartments will be one of the more attractive market area affordable apartment properties. The detailed market and economic data that supports these findings and conclusions are described in the attached report. Please call if any additional data or clarification are needed.

Sincerely,

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Section I Introduction

Following is the detailed full narrative market study for the proposed 47-unit Colbrook Apartments, which will be a fully-affordable, new construction general occupancy apartment building with construction expected to begin in early-2023 on an attractive site on the west side of U.S. Route 1 in the Chester area of eastern Chesterfield County. Once built, Colbrook Apartments will have rent and income restrictions, but no age restrictions.

Colbrook Apartments is designed for moderate-income families and proposed to be financed with 9% Low-Income Housing Tax Credit (LIHTC) through Virginia Housing. The proposal is envisioned as a 9%/ 4% hybrid development. The 4% component will be built separately from the 9% segment. It will contain 103 apartment units, including 47 apartment units. All units in the 4% component will be restricted to 60% of AMI. This component is not yet financed and is not part of this report. The “4%” section will be studied under separate cover at a future date. A future phase of 40 apartments in a three-story garden building alongside 16 townhomes is also planned.

To follow the market study guidelines of Virginia Housing, the report to follow is presented in three sections. The first section is the Introduction, which provides a detailed analysis of the study site and its setting off U.S. Route 1. Included in the site description is an analysis of adjacent land uses, particularly commercial and public facilities that are needed to serve new resident population.

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

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

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

The second section is the supply/demand analysis for new affordable housing. First presented is a demographic analysis of a market area defined for Colbrook Apartments. The demographic analysis “solves” for the number of market area renter households 50% of AMI (\$15,960 to \$45,000) and 60% of AMI (\$35,240 to \$54,000). These income categories are based on the proposed rent restrictions, as will be described below. The demographic analysis is studied to a forecast date of 2024, as Colbrook Apartments are likely to be started in early-2023 and open for occupancy in mid-2024.

The second part of Section II is the analysis of the competitive general occupancy apartment properties in the market area. We identified 11 properties that would be most competitive with Colbrook Apartments, based on rent and income restrictions. Six of these “comps” have income restrictions in place, with only one of these communities built over the past decade. The five market rate apartments under study have the lowest rents in the market area without income restrictions.

These apartment properties are studied for rents, occupancy, unit sizes, characteristics, apartment amenities and features. These project characteristics are compared with the Colbrook Apartments proposal to determine the subject’s competitive position.

The third and final section of the report is the Conclusions, which is the net demand analysis for new affordable apartment units for families in the defined market area. Also within this section is the determination of the achievable rents for the proposed apartment units, expressed in constant 2022 dollars, and the lease-up period for the 47 proposed apartment units.

Colbrook Apartments

Site Description

The Colbrook Apartments site is comprised of two parcels on the west side of U.S. Route 1 in the Chester area of eastern Chesterfield County, approximately three miles south of U.S. Route 1's full interchange with SR 288. The study site totals 9.81 acres and is shown to be rectangular in shape. Map A below shows the location of the study site.

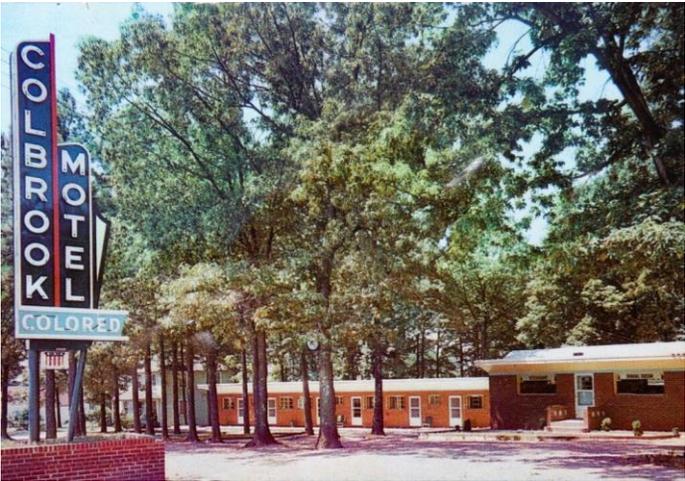
The site is zoned R-MF (Multifamily Residential) and thus is properly zoned for apartment unit development to occur, as proposed. The site has access to County water and sewage. A 12" public water line is located along Jefferson Davis Highway. An 8" public water line is located at the intersection of Laketree Drive and Hillsview Avenue. An 8" public wastewater line is located at the intersection of Laketree Drive and Hillsview Avenue.



Map A - Site Location

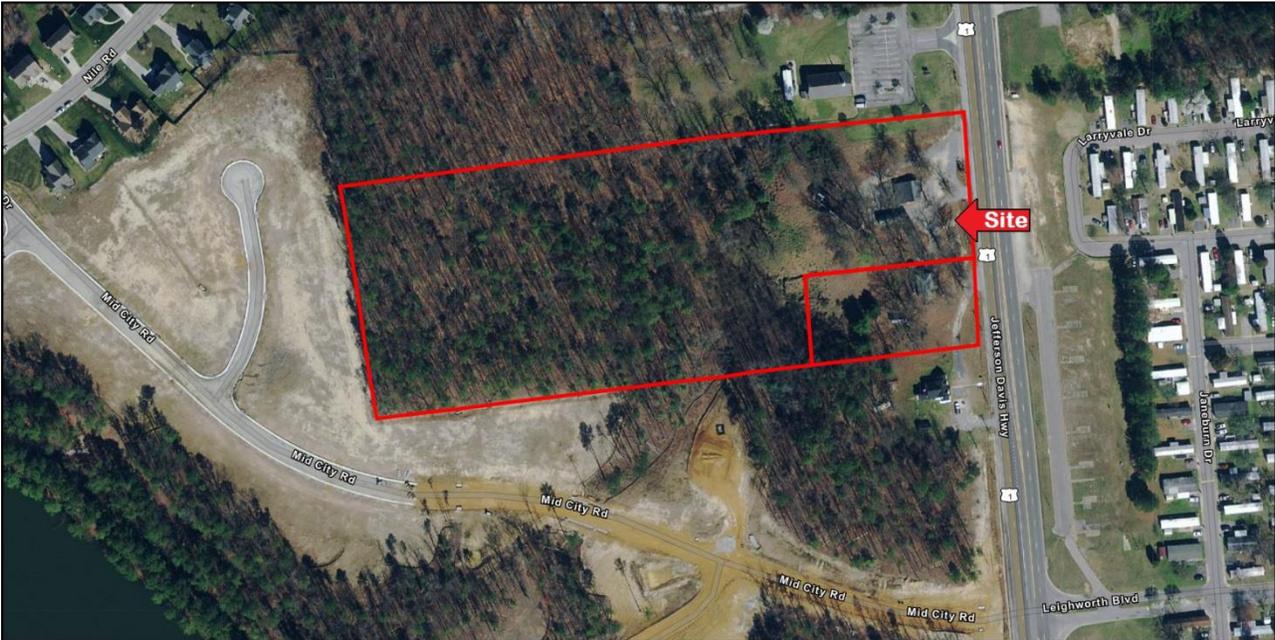
The two parcels that comprise the Colbrook Apartments site were formerly developed with a vacant and blighted motel complex, called Colbrook Motel, that fronted U.S. Route 1. This motel, which opened in 1946, was formerly one of the few places in Chesterfield County where

Black travelers could spend the night. Shown below is a historic photo of the Colbrook Motel property when it was still in operation. It has since been demolished.



Historic Image of the Colbrook Motel

Next shown is a northern aerial of the Colbrook Apartments site. The aerial was taken prior to the recent demolition of the motel structures. The western portions of the parcel are wooded and undeveloped.



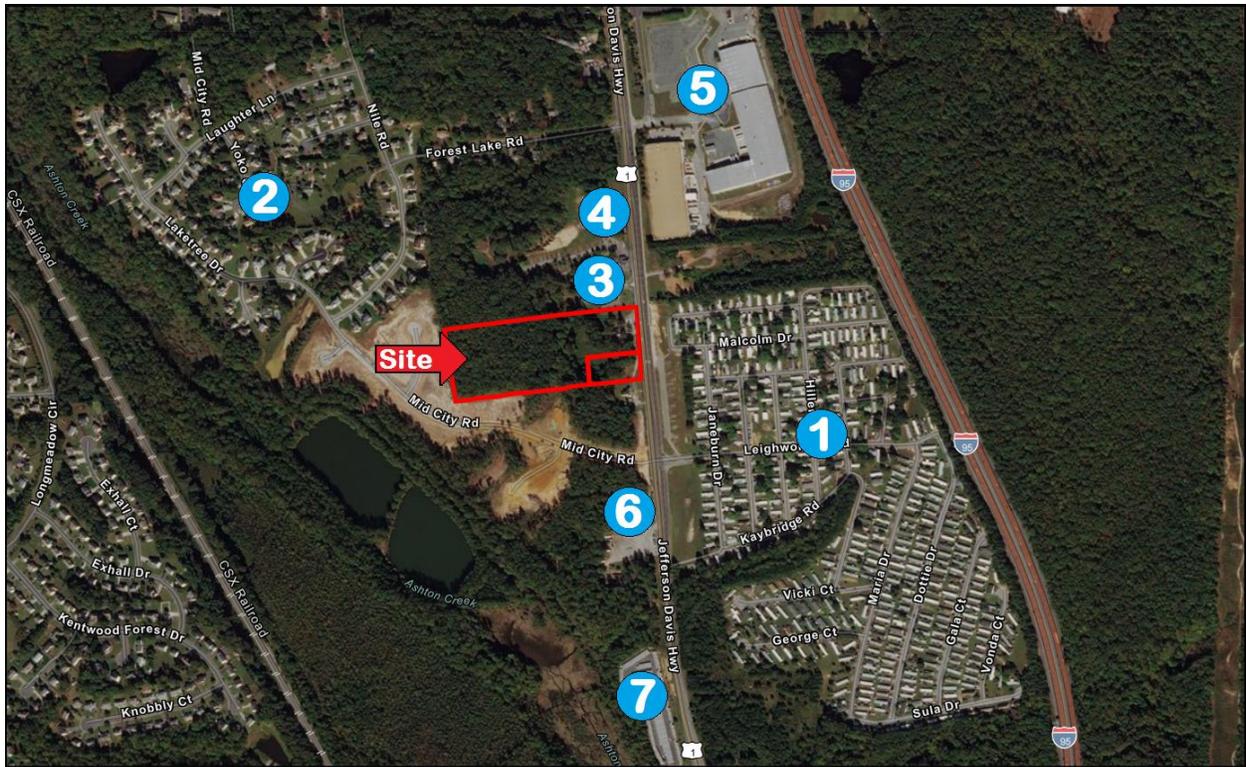
Northern Aerial

Shown next is a wider aerial view of the study site, which provides a clearer illustration of the site setting. The site is shown to be located in a mixed-use setting, with a mix of single-family homes, mobile homes and commercial space flanking U.S. Route 1. To the immediate east of the site is the Greenleigh Mobile Home Park (Note 1). This is a large mobile home park with 514 spaces that opened in 1970. It has very few vacancies.

The only other major residential development near the site is the Forest Lake subdivision (Note 2), which is located to the south and west of the Colbrook Apartments site and accessible by both Mid City Road to the south and Forrest Lake Road to the north. This is an active subdivision with most home sales in the low- to mid-\$200,000's.

North of the site is the Mission Community Church (Note 3) that was constructed in 1993 as well as a small convenience store called Roadrunner Quick Mart (Note 4). Further north is a small employment cluster containing four industrial/ warehouse buildings that were built in phases in the 1980's and 1990's (Note 5). This industrial area totals nearly 400,000 square feet. Major employers in this space include Waubridge Specialty Fabrics, Pre Con, Dupont, Diversified Converters and AdvantaStaff.

To the south of the site, and on the western side of U.S. Route 1, are a handful of small commercial developments that include Virginia Team Predator (Note 6), a youth and high school wrestling club, and Vigilant Self Storage (Note 7), a 59,670± square foot self-storage facility that was built in 2000.



Wide Northern Aerial

Shown next are photos of the study site and its setting along U.S. Route 1. As previously noted, the site has been cleared of the former Colbrook Motel and is now fully vacant. The photos show that the site enjoy excellent visibility along U.S. Route 1.



View of Study Site along U.S. Route 1

Site Setting

Next shown, in Map B, is the site setting within the Chester area of eastern Chesterfield County. As previously noted, the Colbrook Apartments site fronts U.S. Route 1, which is part of the U.S. Highway System that runs from Florida to Delaware. In Virginia, the roadway runs 140± miles from the North Carolina state line near Skippers north to the Maryland state line at the Potomac River near Dahlgren. Near the study site, this is a four-lane divided roadway that extends north into Downtown Richmond and south into Colonial Heights and Petersburg.

Many of the commercial buildings along this roadway date to when the Highway served as the prime north-south connection along the east coast, prior to the completion of I-95 in the 1950's. This includes industrial uses as well, which utilized the area's extensive rail system. With the completion of I-95, business demand along the corridor declined, shifting to areas more accessible to the interstate.

Map B shows the site's close proximity to U.S. Route 1's intersection with SR 288, approximately three miles north of the study site. SR 288 is a partial beltway around the southwest side of the Richmond region. The route begins at I-95 north of Chester and extends northwesterly through Chesterfield County and Powhatan County. It crosses the James River on the World War II Veterans Memorial Bridge into Goochland County in Richmond's Far West End area, where it terminates at Interstate 64 near Short Pump, near the northern terminus of Interstate 295. This roadway provides access to both Midlothian in the west and Chester in the east, where the study site is located.

Just south of the SR 288 interchange, at the intersection of U.S. Route 1 and SR 10, is the closest retail cluster to the study site. This is the location of the closest grocery store, which is a 62,160± square foot Kroger that anchors the Breckenridge Shopping Center (Note 2). Other large tenants in this shopping center include Kohl's, TJ Maxx, HomeGoods, Ross and PetSmart.

This area is also located near two additional shopping centers: the Lowe's Plaza Shopping Center (Note 3), which is anchored by Lowe's Home Improvements and the Big Lots, and Petco-anchored Bermuda Square (Note 4).

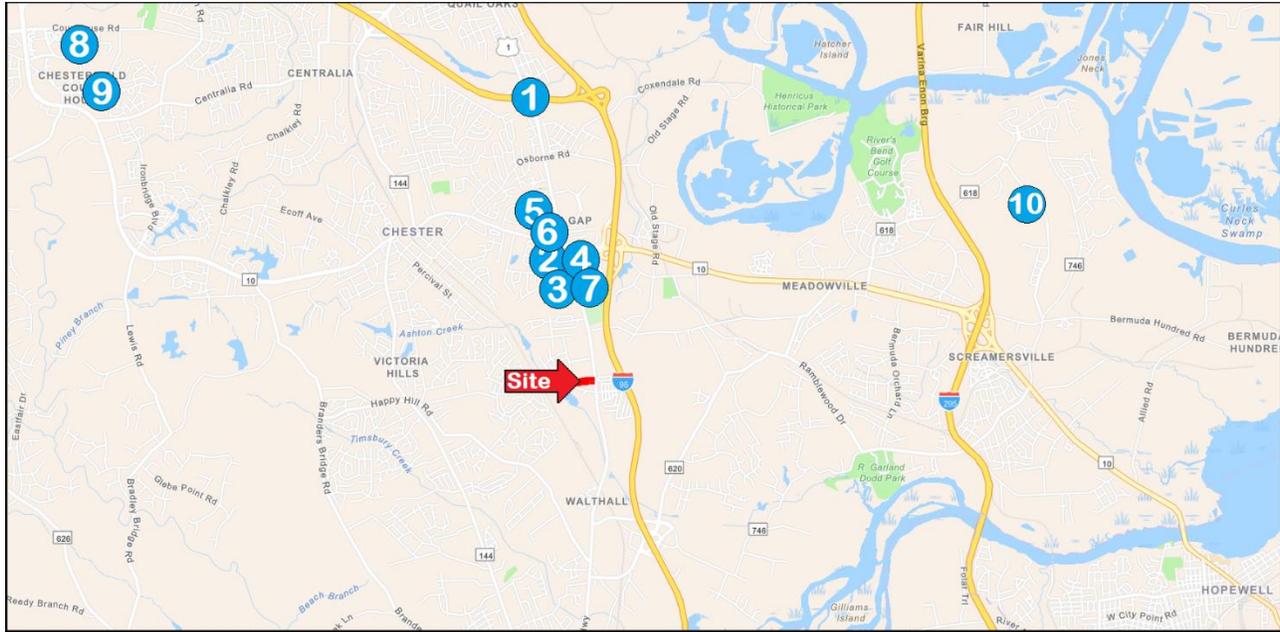
Burlington, the off-price clothing and home décor products retailer, announced in July, 2020 that it would occupy the 34,700± square foot former Martin's Food Markets anchor space in Bermuda Square that has been vacant since the August, 2017 closure of the store. The new space has since been occupied. Additionally, arts and crafts supplies retailer Hobby Lobby recently opened a 50,000± square foot store on part of a six-acre pad site on the southern part of the Bermuda Square property. In addition to those two anchor tenants, a 1,670± square foot Valvoline store opened in late-2020 within this shopping center.

The only other shopping center in the area is the Bermuda Crossroads Shopping Center (Note 5), which is anchored by Food Lion and Office Depot. Two free-standing big box retailers are also located in the area include Home Depot (Note 6) and Target (Note 7).

Also shown on Map B is the site's close proximity to several major employment clusters. These are briefly detailed in the paragraphs below.

- **Lucy Corr (Note 8)**. This is a large CCRC. The Health Care Center opened between 1999 and 2009 in multiple phases. The community contains 216 nursing units, 39 assisted living beds, nine memory care beds, 25 independent living cottages and 52 independent living apartments. Approximately 820 people are employed at the facility.
- **Chesterfield County Government Complex (Note 9)** consists of many buildings, somewhat like a corporate complex. Much of the county's 3,430± employees work in this area.
- **Meadowville Technology Park (Note 10)** is located at the intersection of Route 10 and I-295. This is the location of several new and expanding employers, as will described in greater detail below. The industrial park houses over 2.6 million square feet of space and 3,700± employees.

Overall, the site is centrally located within close proximity to area grocery stores and retailers, as well as to many of Chesterfield County's larger and expanding employers.



Map B - Site Setting

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

Medical Care. The closest hospital to the study site is Bon Secours St. Francis Medical Center, which is located about 20 miles northwest of the site at 13710 St Francis Boulevard. This 130-bed, 244,000± square foot hospital opened in 2005 and offers all types of surgery, women’s services, 24-hour onsite neonatology, 24-hour emergency care, cardiology, orthopedics, oncology, urology, pediatric services, cardiac catheterization, MRI/CT, diagnostic imaging and nuclear medicine. It is located at 13710 St Francis Boulevard.

The first major expansion on the medical campus was the two-story, 55,000± square foot Bon Secours St. Francis Cancer Institute, which opened in 2006. A two-story, 60,000± square foot medical office building opened in 2013 next to the hospital. The facility is home to the Advanced Orthopedic Center, which occupies the entire second floor. Other tenants include a women’s center and infectious disease specialist.

The hospital plans on expanding its facility starting in 2021 by adding 55 beds – nine obstetrical, four intensive care and 42 medical/surgical. In all, 110,800± square feet would be

added to the hospital, and approximately 14,150± square feet of the existing structure would undergo major renovations as part of the project.

In addition to this facility are three urgent care facilities along SR 10 in Chester, including The Little Clinic (10800 Iron Bridge Road), BetterMed Urgent Care (11380 Iron Creek Road) and Patient First (12101 S Chalkley Road). All are within a 15-minute drive of the Colbrook Apartments site.

Community Facilities. The closest post office is located at 12300 Rock Hill Road, about 1.8 miles of the study site. Chesterfield Co Fire Station 14 is the closest fire station to the study site. It is located at 2711 W Hundred Road, about three miles north of the Colbrook Apartments site. The closest library is the Chester branch of the Chesterfield County Public Library, located 6.5 miles northwest of the study site at 11800 Centre Street.

Religious Institutions. Several churches are located within close proximity to the Colbrook Apartments site. These are listed in the chart below.

<u>Location of Nearby Churches</u>	
<u>Name</u>	<u>Address</u>
Mission Community Church	13912 Jefferson Davis Hwy
Chester Presbyterian Church	3424 W Hundred Rd
Chester Christian Church	4330 Curtis St
Southside Church Chester Campus	13930 Happy Hill Rd
Church of God of Prophecy	13811 Harrowgate Rd

Parks and Recreation. Two parks are located near the study site. Each is briefly described in the paragraphs below.

- **R. Garland Dodd Park at Point Of Rocks.** This park is located at 201 Enon Church Road. This 176-acre park features several athletic facilities and a diverse natural area. Athletic and picnic areas are concentrated in the upper areas of the park, and access to the lower areas is provided by a system of trails including a floating boardwalk through a freshwater tidal marsh. This area also has historical significance, as the land was the southern end of the Union position during the Bermuda Hundred Campaign. Remnants of Union earthworks can be seen along the park road and trails.

- **Goyne Park** is located at 5300 Ecoff Avenue. This 49-acre site hosts a variety of athletic activities. The western portion of the park offers fields for football, soccer and baseball, as well as tennis courts, a playground, dog park and picnic shelter. The eastern portion of the park features an 18-hole disc golf course.

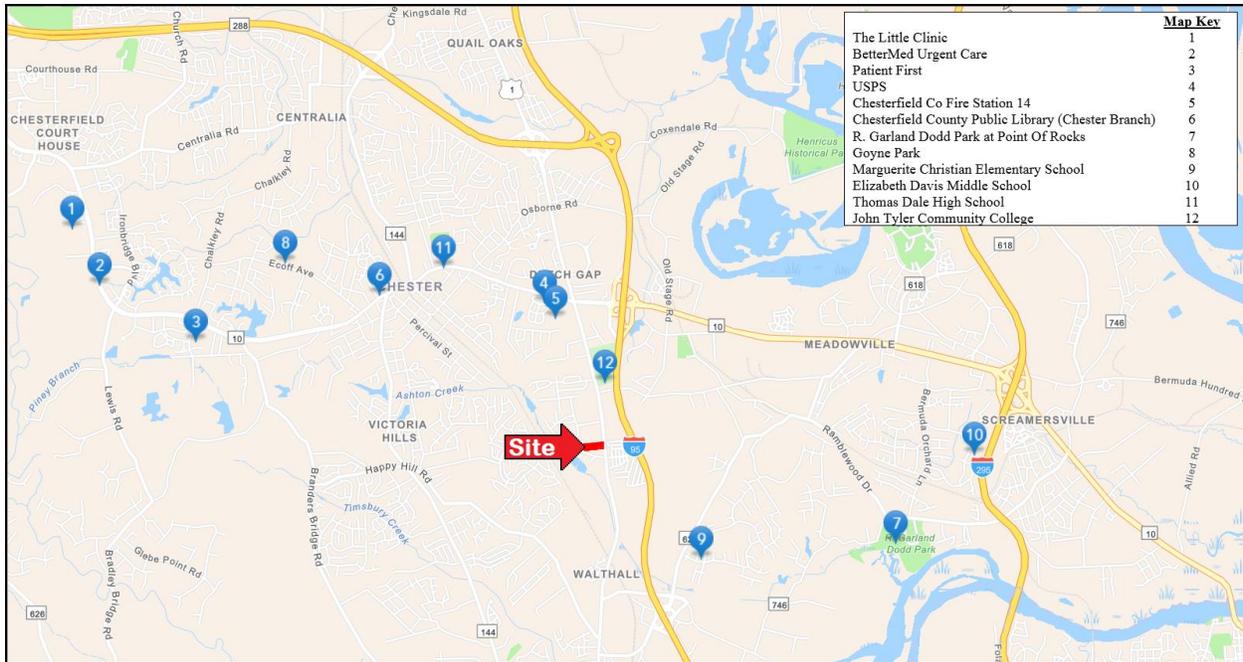
Education. Chesterfield County Public Schools enroll nearly 60,000 students in 63 schools. Chesterfield County has 38 elementary schools (grades K-5), 12 middle schools (grades 6-8), 11 high schools (grades 9-12) and a technical center. None of the zoned schools are within walking distance from the study site, however public school bus service will be available for all potential students. School-aged children residing at Colbrook Apartments will be served by the following schools.

<u>Schools to Serve Colbrook Apartments</u>		
<u>Name</u>	<u>Address</u>	<u>Distance</u>
Marguerite Christian Elementary School	14801 Woods Edge Rd	3.5 miles SE
Elizabeth Davis Middle School	601 Corvus Ct	5.2 miles E
Thomas Dale High School	3626 W Hundred Rd	2.8 miles NW
Source: Chesterfield County Public Schools		

In addition to the above is the nearby Chester campus of John Tyler Community College (JTCC) at 13101 Jefferson Davis Highway. JTCC is a public community college with an annual enrollment of about 14,000 students, 55 percent of whom attend the Chester campus. Its students are eligible for admission to all Virginia public colleges.

Shopping. As previously noted, the closest retail cluster is located near the intersection of U.S. Route 1 and SR 10, less than two miles north of the Colbrook Apartment sites. Grocery stores in this area include Food Lion and Kroger. This is also the location of several big box retailers including Home Depot, Lowe’s Home Improvement, Big Lots, Target, TJ Maxx, HomeGoods and Kohl’s.

Map C shows the location of the community facilities that will serve Colbrook Apartments. Most important is that the setting has a full array of basic services for area residents.



Map C - Location of Area Community and Public Facilities

Market Area Definition

The market area defined for Colbrook Apartments is shown in Map D. The market area was defined by input from on-site management at nearby apartment communities, based on current residents and “traffic. The irregular shape of the market area is due to the boundaries of the census tracts that comprise the market area.

Specifically, the market area extends as far north as the City of Richmond and as far south as the city of Colonial Heights. Its eastern boundary is Charles City County and parts of Henrico County. Its western and southern boundaries are generally Second Branch Road and Qualla Road.

Chesterfield County has two separate apartment submarkets. The eastern submarket is the one defined for Colbrook Apartments. It is served by I-95/ U.S. Route 1/301 corridors and Route 10. To a smaller extent, I-295 also serves this part of the County and particularly the Chester area. Route 10 is Iron Bridge Road which generally runs east-west throughout the eastern portion of the County. The market area includes the communities of Chester, Meadowbrook, Centralia, Enon and Rivers Bend.



Map D - Market Area Definition

Colbrook Apartments Development Program

Table 1 provides a detailed description of the 47-unit Colbrook Apartments proposal, with data on apartment unit sizes, unit mix and proposed rents. All units will be restricted to income levels of 50% (24 units) and 60% (23 units). The rent levels are a mix of 40%, 50%, and 60%, as shown. Five units will have rent levels at 40%, with 19 units at 50% rents, and 23 units at 60% rents.

Table 1 shows that Colbrook Apartments will have eight apartment units with project-based vouchers. This will include three one-bedroom, three two-bedroom and two three-bedroom apartment units.

All one-bedroom units will have a full bathroom, while 16 of the two-bedrooms will have 1.5 baths. The remainder of the two- and three-bedroom floor plans will have two full bathrooms. The table shows a mix of nine one-bedroom, 28 two-bedroom and 11 three-bedroom units. One-bedroom units will average range between 480 and 489 square feet, while two-bedroom units will range in size between 658 and 852 square feet. The three-bedroom units will range between 839 and 893 square feet. For all of these floor plans, the larger units will be for those that are restricted to 60% of AMI.

Also shown in Table 1 are the proposed rents, which will include sewage and trash collection only. The four one-bedroom 40% units will have a net rent of \$400. The single one-bedroom unit with 50% rents will rent for \$724. The four 60% one-bedroom units will have a net rent of \$882. The one two-bedroom unit with 40% rents will rent for \$500. The 13 two-bedroom units with 50% rents will have a net rent of \$859. 13 two-bedroom units will have 60% rents. These units will rent for \$1,060. Five of the three-bedroom units will have 50% net rents of \$977 while six will have 60% net rents of \$1,210.

	<u>Number of Units</u>	<u>Bathrooms</u>	<u>Size (Sq. Ft.)</u>	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
<u>One-Bedroom</u>						
40% of AMI	4	1.0	480-489	\$399 2/	\$95	\$494
50% of AMI	1	1.0	489	\$723	\$95	\$818
60% of AMI	<u>4</u>	1.0	489	\$881	\$95	\$976
(Subtotal)	(9)					
<u>Two-Bedroom</u>						
40% of AMI	1	1.5	658	\$1,035 3/	\$128	\$1,163
50% of AMI	13	1.5	658-679	\$858 4/	\$128	\$986
60% of AMI	<u>13</u>	2.0	711-852	\$1,059	\$128	\$1,187
(Subtotal)	(27)					
<u>Three-Bedroom</u>						
50% of AMI	5	2.0	839-892	\$977 5/	\$165	\$1,142
60% of AMI	<u>6</u>	2.0	870-893	\$1,210	\$165	\$1,375
(Subtotal)	(11)					
Total	47					
Notes: 1/ Rents to include sewage and trash collection.						
2/ Three units with project-based vouchers (\$925).						
3/ Unit will have project-based voucher.						
4/ Two units with project-based vouchers (\$1,035).						
5/ Two units with project-based vouchers (\$1,373).						
Source: Better Housing Coalition						

Rent Comparison

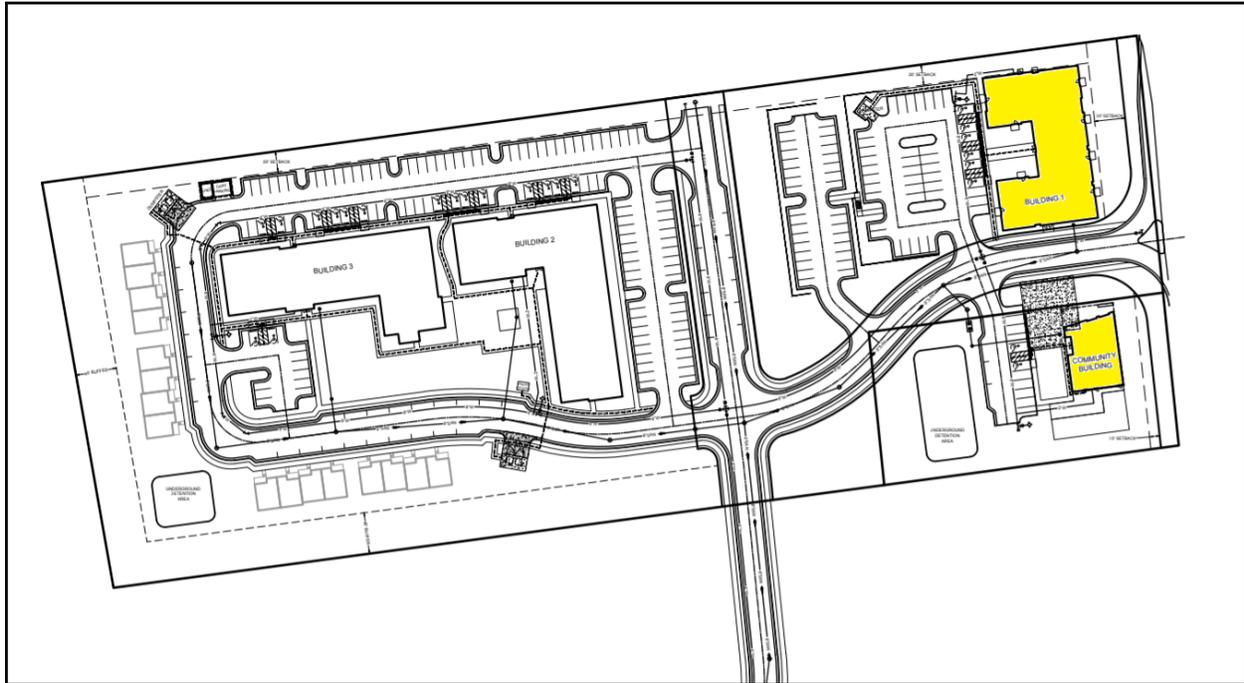
Table 2 shows gross rents for the apartment units with a utility allowance (UA) added to net rents for utility costs for the income-restricted units. Excluded are the units with project-based vouchers. The UA was calculated for the sponsor based on the unit sizes and energy efficient HVAC system and appliances. The apartment building will be energy efficient within the Virginia Housing guidelines. The gross rents shown are compared with the HUD maximum allowable gross rents for the Richmond, VA MSA. The comparison shows that the proposed gross rents, based on the calculated UA, are below the maximum allowable rates.

Table 2: <u>Rent Comparison Chart, Colbrook Apartments and HUD Maximum Allowable Rates, Chesterfield County, Virginia</u>				
	<u>Colbrook Apartments</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	
<u>One-Bedroom</u>				
40% of AMI	\$399	\$95	\$494	\$675
50% of AMI	\$723	\$95	\$818	\$843
60% of AMI	\$881	\$95	\$976	\$1,012
<u>Two-Bedroom</u>				
50% of AMI	\$858	\$128	\$986	\$1,012
60% of AMI	\$1,059	\$128	\$1,187	\$1,215
<u>Three-Bedroom</u>				
50% of AMI	\$977	\$165	\$1,142	\$1,170
60% of AMI	\$1,210	\$165	\$1,375	\$1,404
Source: HUD and Better Housing Coalition				

Site Plan and Building Design

Shown next is a site plan of the proposed Colbrook Apartments. The site plan shows that the community will consist of two buildings, which are highlighted in yellow. Future phases are shown on the left side of the site plan. One built will be a U-shaped apartment building with some community space, and the second will be a smaller 3,180± square foot community building. The community space has not been fully designed, but it is planned to be leased to a separate organization.

Surface parking will front each of the buildings. There will be a total of 88 parking spaces, which equates to a parking ratio of 1.87 spaces per unit. There will be no charges for parking.



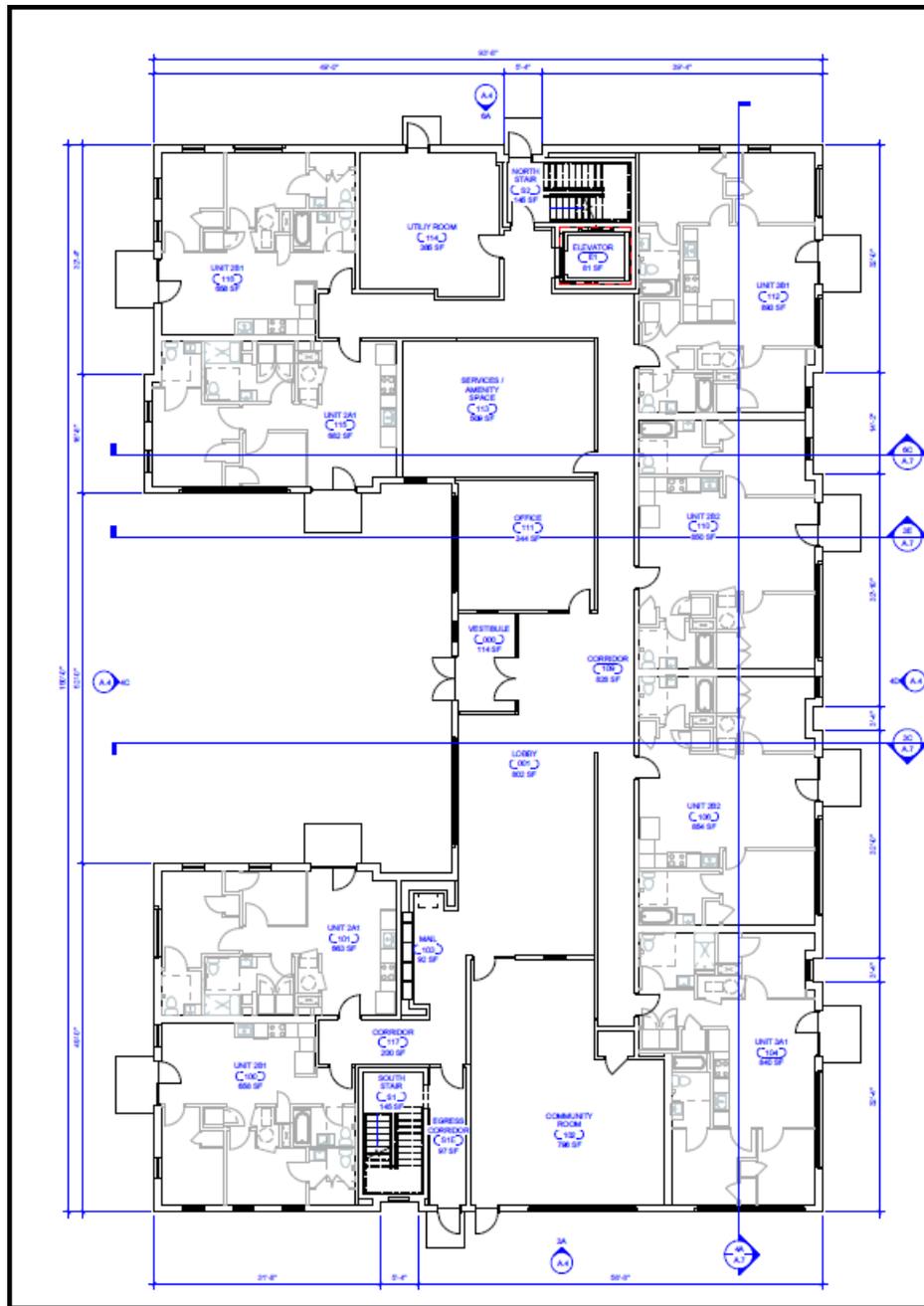
Colbrook Apartments Site Plan

Shown next are proposed elevations of Colbrook Apartments. This will be a four-story, elevator buildings with pitched roofs. The elevations show large windows and balconies/ patios. The façade will have a variety of building materials, including brick and hardiplank.



Colbrook Apartments Elevations

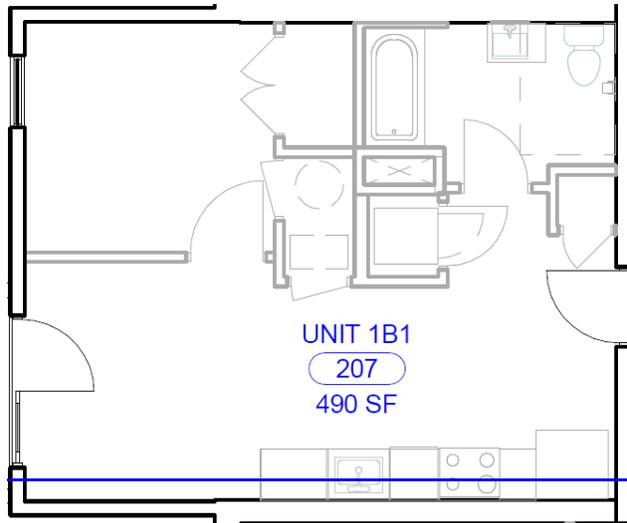
Following are floor plans of each level in the apartment building. First shown is the ground level. The entrance of the building will lead to an 800 square foot lobby. This will be the location of a 340 square foot management office and 510 square foot amenity space. The use of this amenity space has not been determined yet, but it will likely be a “resident services” space. A mailroom and an 800 square foot community room will be located at the southern end of the ground level. The remaining space on this level will consist of apartment units.



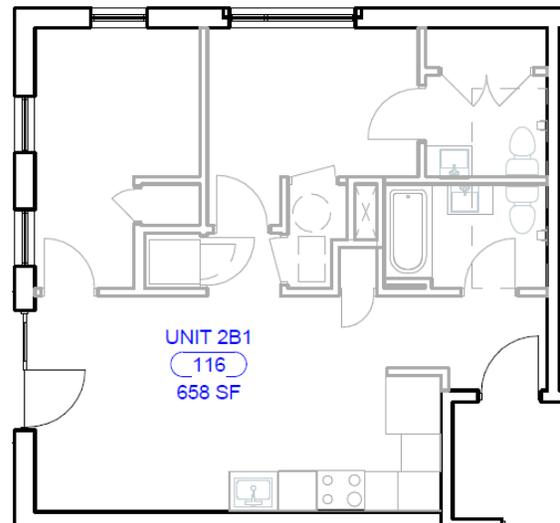
Ground Level

The floor plan for the second level is shown next, which will be similar in design to the third and fourth levels. This floor will be fully residential.

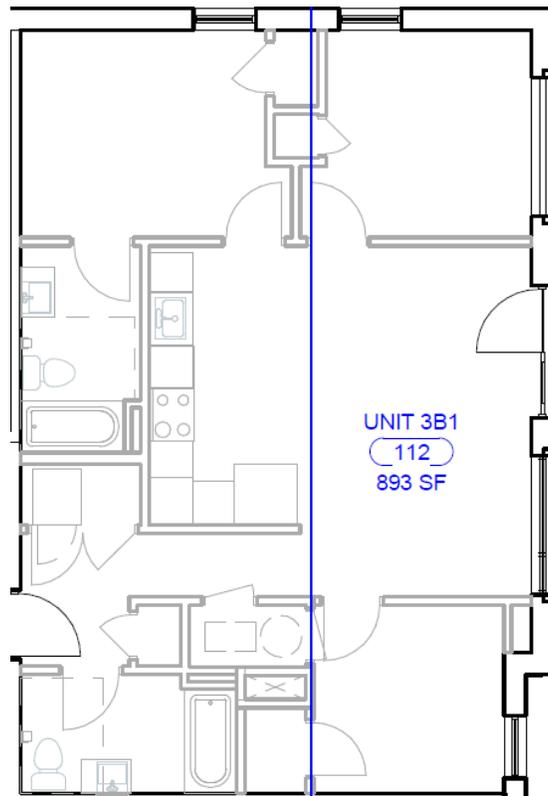
room. Living areas will have vinyl tile flooring while bedrooms will be carpeted. Appliances will be black. All units will have washer/ dryer hookups.



Typical 1BR/ 1BA



Typical 2BR/ 2BA



Typical 3BR/ 2BA

Development Costs

The proposed building costs, including soft costs and land acquisition, is \$16.8 million, or \$356,680± per unit.

Market Area Economic Overview

This part of the market analysis presents an economic overview of the defined market area, with base data for all of Chesterfield County, as BLS data are not provided below the County level. Three economic factors are presented and analyzed: (1) at-place job growth, (2) employment and labor force trends, and (3) an evaluation of active development plans that are expected to generate new job and employment growth. These are the primary factors that show the level of economic stability in the market area and the ability for new investments, particularly for new housing.

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

Specific employment and job data are presented for the market area. Overview data include all of Chesterfield County.

At-Place Jobs

As of year-end 2019, and prior to the job losses associated with the COVID-19 pandemic, Chesterfield County had nearly 137,110 at-place jobs, which exceeds the 2015 total by 5,980± jobs, or by nearly five percent. Data for 2019 show a loss of 1,270± jobs, the first net loss of jobs since 2010. Part of this is attributable to two major layoffs by Live Well Financial and Northrop Grumman that resulted in the combined loss of nearly 150 jobs. There were also large job losses in the Transportation and Warehousing sector, which eliminated over 1,800 jobs in 2019.

As shown in Table 3, the largest employment sector in Chesterfield County is Retail Trade, which accounts for 18,010± jobs at year-end 2019, or 13.1 percent of total countywide employment. Many of these jobs are for employees working at the many shopping centers along Midlothian Turnpike, Hull Street Road Corridor and in the greater Chester area. Mirroring national trends, employment in the Retail sector has fallen in recent years, by 200 jobs in 2019.

With nearly 12 percent of countywide employment, the Health Care sector is the second largest employment sector in Chesterfield County and the fastest growing source of new jobs. This sector has added 1,910± jobs since 2015. It has enjoyed uninterrupted growth each year since 2008 adding nearly 200 jobs most recently in 2019. Major Health Care employers in Chesterfield County include the C.J.W. Medical Center, with 1,200± employees, and the Bon Secours St. Francis Medical Center, also with 1,200± employees. Several medical employers, most of which are located near the study site, are actively expanding at this time.

Other sectors with job growth since 2015 include Construction (1,320± new jobs added), Administrative/ Waste Services (1,190± new jobs), Accommodations/ Food Services (730± new jobs), Other Services (640± new jobs), Local Government (480± new jobs), State Government (430± new jobs), Wholesale Trade (340± new jobs), Federal Government (330± new jobs), Arts/ Entertainment/ Recreation (260± new jobs) and Professional/ Technical Services (240± new jobs).

Job losses were recorded in only seven employment sectors and were fully offset by job gains in other employment sectors. Apart from losses in Retail, these include Manufacturing (270± jobs lost), Transportation/ Warehousing (240± jobs lost), Finance/ Insurance (240± jobs lost), Information (210± jobs lost), Utilities (160± jobs lost) and Education (60± jobs lost).

Table 3: Trends in Average At-Place Employment, Chesterfield County, Virginia, 2015-2019

Industry	2015	2016	2017	2018	2019	Net Change
Agriculture	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND
Utilities	702	708	705	674	547	-155
Construction	8,754	9,391	9,680	9,994	10,074	1,320
Manufacturing	8,233	8,234	8,400	8,136	7,968	-265
Wholesale Trade	5,051	5,098	5,063	5,182	5,393	342
Retail Trade	19,385	18,397	18,130	18,211	18,007	-1,378
Transport./ Wareh.	8,864	9,720	9,570	10,492	8,629	-235
Information	1,519	1,445	1,358	1,346	1,311	-208
Finance/Insurance	4,735	4,557	4,595	4,555	4,496	-239
Real Estate	1,395	1,428	1,461	1,372	1,460	65
Prof./Tech.	7,349	7,171	7,639	7,764	7,584	235
Mgmt of Co.s	1,211	1,233	1,208	1,306	1,283	72
Admin./Waste	9,789	10,864	10,671	10,513	10,979	1,190
Education	1,296	1,301	1,278	1,286	1,233	-63
Health Care	14,128	14,601	15,266	15,843	16,039	1,911
Arts/Enter./Rec.	2,646	2,751	2,724	2,739	2,909	263
Accom./Food	11,455	12,064	12,251	12,266	12,189	734
Other Services	4,475	4,576	4,999	5,330	5,116	641
Local Gov.	12,911	12,897	12,910	13,069	13,393	482
State Gov.	4,104	3,976	4,188	4,452	4,538	434
Federal Gov.	<u>2,983</u>	<u>3,246</u>	<u>3,230</u>	<u>3,262</u>	<u>3,312</u>	<u>329</u>
Total	131,126	134,066	135,816	138,379	137,108	5,982

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

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

Next shown, in Table 4, are the employment changes that occurred in 2020, which is an outlier year given the unusual impact of the COVID-19 pandemic. The data show a significant loss of jobs, with a reduction in employment of nearly 5,500, or by 4.0 percent.

These losses impacted essentially all employment sectors, with the heaviest job losses affecting the Accommodations/ Food sector (1,890± jobs lost), Other Services sector (1,170± jobs lost) and Health Care sector (790± jobs lost). Although these losses are severe, many of these layoffs are expected to be temporary and will likely be recovered once 2021 employment data is released.

Of note is that these job losses did not impact occupancy at the market area's better apartments. Also of note is that some employment sectors expanded in 2020, despite the pandemic. Most notable is the Transportation/ Warehousing sector which added over 1,000 new jobs in 2020.

Industry	2019	2020	Net Change
Utilities	547	551	4
Construction	10,074	10,197	123
Manufacturing	7,968	8,047	79
Wholesale Trade	5,393	5,143	-250
Retail Trade	18,007	17,578	-429
Transportation/ Warehousing	8,629	9,631	1,002
Information	1,311	1,189	-122
Finance/Insurance	4,496	4,518	22
Real Estate	1,460	1,312	-148
Professional/Technical Services	7,584	7,268	-316
Management of Companies	1,283	1,307	24
Admin. /Waste Services	10,979	10,728	-251
Educational Services	1,233	1,148	-85
Health Care	16,039	15,247	-792
Arts/Entertainment/Recreation	2,909	2,249	-660
Accommodations/Food	12,189	10,303	-1,886
Other Services	5,116	3,945	-1,171
Local Government	13,393	12,818	-575
State Government	4,538	4,358	-180
Federal Government	3,312	3,367	55
Total	137,108	131,637	-5,471

Source: United States Department of Labor

Employment and Labor Force

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

Chesterfield County realized a net increase in employment of 14,440± jobs over the four-year period between 2015 and 2019. Employment totals and gains are larger than at-place job totals, which means net out-commuting occurs into neighboring jurisdictions, primarily to the City of Richmond and Henrico County.

Data in Table 5 show that the unemployment rate was a low 2.6 percent in 2019, down from 4.2 percent in 2015. The low unemployment rate means that new job growth will require new residents for the County and market area.

Total employment in 2020 declined by 10,420±, pushing the unemployment rate up from a very low 2.6 percent in 2019 to 5.9 percent, the highest unemployment rate since 2012. As with at-place jobs, many of these losses are expected to be temporary. Nevertheless, total employment in Chesterfield County exceeds the 2015 total by over 4,000.

Table 5: Trends in Employment and Unemployment, Chesterfield County, Virginia, 2015-2020				
	Labor Force	Employment	Unemployment	Percent Unemployed
2015	178,675	171,090	7,585	4.2%
2016	180,972	174,105	6,867	3.8%
2017	184,565	177,975	6,590	3.6%
2018	186,989	181,588	5,401	2.9%
2019	190,548	185,534	5,014	2.6%
2020	186,087	175,116	10,971	5.9%
Net Change	7,412	4,026	3,386	1.7%
Source: United States Department of Labor, Bureau of Labor Statistics				

In summary, there has been substantial growth in Chesterfield County in terms of at-place jobs and employment. In both economic factors, at-place jobs and employment current totals are well above past pre-recession totals. This level of growth has generated considerable demand for new housing, as will be shown below.

COVID-19 and Employment

Table 6 shows monthly employment data until November, 2021 in Chesterfield County to illustrate the local employment impact of the COVID-19 pandemic. This is the date for which the most recent data are available. Trend data show that since January, 2020, employment has fallen by nearly 14,000, with the number of unemployed growing by just over 400. The labor force has also contracted by over 14,000 people, meaning that many of those who have lost their jobs have retired or quit searching for employment altogether. This is one of the reasons behind the low unemployment rate and a contributor to the region’s “labor crunch.”

The data show significant employment improvements since the start of the pandemic, with just over 5,000 jobs recovered since April, 2020. Employment growth has been uninterrupted over the past three months. Of note is that these job losses have not impacted occupancy rates at the competitive apartments under study.

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
January, 2020	191,450	186,380	5,070	2.6%
February, 2020	191,822	187,256	4,566	2.4%
March, 2020	191,085	185,994	5,091	2.7%
April, 2020	187,605	167,527	20,078	10.7%
May, 2020	182,830	167,768	15,062	8.2%
June, 2020	186,266	170,523	15,743	8.5%
July, 2020	187,423	173,287	14,136	7.5%
August, 2020	188,492	176,148	12,344	6.5%
September, 2020	183,303	172,231	11,072	6.0%
October, 2020	181,516	171,875	9,641	5.3%
November, 2020	181,004	171,785	9,219	5.1%
December, 2020	180,246	170,621	9,625	5.3%
January, 2021	178,708	169,350	9,358	5.2%
February, 2021	179,062	170,172	8,890	5.0%
March, 2021	179,836	171,193	8,643	4.8%
April, 2021	177,269	170,706	6,563	3.7%
May, 2021	178,032	171,090	6,942	3.9%
June, 2021	180,282	172,543	7,739	4.3%
July, 2021	182,844	175,957	6,887	3.8%
August, 2021	179,884	173,481	6,403	3.6%
September, 2021	176,688	171,115	5,573	3.2%
October, 2021	177,928	172,641	5,287	3.0%
November, 2021 1/	177,218	172,585	4,633	2.6%
Net Change	-14,232	-13,795	-437	0.0%

Notes: 1/ Preliminary data. Subject to change.
Source: U.S. Department of Labor, Bureau of Labor Statistics

Economic Development Activity

The past increase in jobs and employment, as noted above, is due to new area developments, some of which are sizable. The paragraphs to follow show the larger active County developments within the market area and the likelihood that employment and job growth will continue in the County during 2022 and beyond. These new developments are planned or under construction on the east side of Chesterfield County and within the market area. These new additions will add 3,650± new jobs to the market area under study.

- **Havertys Furniture** submitted plans in late-2021 to expand its existing warehouse at 1720 Port Walthall Drive by 133,260± square feet to its existing 129,320± square foot facility.
- **Southeast Connections** announced in January, 2022 that it would expand its operations with a new facility in Chester. The new location is located at 13201-A Ramblewood Drive. It includes a 4,000± square foot warehouse and shop, as well as a large equipment yard. The facility is expected to create 35 new jobs.

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- **Starplast USA**, a subsidiary of Israel-based plastic manufacturer Starplast, announced in December, 2021 that it would retrofit an existing industrial building near Meadowville Technology Park, on Bermuda Hundred Road in the southern part of the County where it will employ 300 people 2026.
 - **Scannell Properties** announced in July, 2019 that it would build a 405,000± square foot distribution facility at 1410 Willis Road. The proposed facility will include several bays at the rear and front of the building for large trucks. It also includes parking for vehicles on the eastern and western side of the complex. The building was completed in the summer of 2021 and is now fully occupied by iFIT Health & Fitness.
 - **Carvana** confirmed plans in April, 2021 for a vehicle inspection and processing center on a 183-acre site at 13504-15100 Woods Edge Road, along the east side of Interstate 95 just north of Ruffin Mill Road. The project involves competitive state incentives, would include multiple surface parking areas – enough to hold 9,000 vehicles – and the two-story, 193,000± square foot center. The facility is expected to employ 400 people. Construction began in late-2021.
 - **Cartograf**, a provider of packaging solutions across a wide range of industrial sectors, announced in October, 2019 that it would establish its first folding and micro-corrugated package printing facility on a 100-acre site in Meadowville Technology Park. The 315,000± square foot facility will employ 63 people. Construction was completed in late-2021.
 - **DuPont** announced in January, 2020 that it would modernize and expand its Kevlar manufacturing plant in Chesterfield County and create 60 new jobs.
 - **The Results Cos.** announced in March, 2019 that it would open a second call center in Chesterfield County that will employ 600 people within several years. The Results Cos. serves various industries, including technology, energy and financial services.
 - **Defense Logistics Agency Aviation.** This project, planned by the Defense Supply Center Richmond, will include a new headquarters for the Virginia Army and Air National Guard, a new operations center for the supply center’s main military unit, and a renovation of the center’s main public entrance. The first phase of the project is the new operation’s center for the Defense Logistics Agency Aviation. Construction on the five-story office building, houses about 875 employees, began in May, 2015 and opened in October, 2018. The reconfiguration of the supply center’s East Access Control Point has started. The new Virginia National Guard Joint Force Headquarters once built, will house the office of the guard’s adjutant general and provide space for about 200 full-time guard members and about 250 members serving on temporary active duty. Phase 2 started in mid-2019 and was completed in mid-2020. This phase included adding a four-story wing to the complex, with space for 575 employees. Construction on the third and final phase began in mid-2021 and will be completed by mid-2023. This project will add a six-story wing to the building with space for another 1,400 employees.

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- **John Tyler Community College**. Construction was recently completed on the renovation and expansion on two buildings in John Tyler Community College's Chester campus at 13101 Jefferson Davis Highway. The school renovated and nearly doubled the size of its student center, the Nicholas Center, and renovate Bird Hall, one of its original buildings. The Nicholas Center, a student center featuring a bookstore, fitness center, student lounge and the president's office, received a 25,000± square foot addition and renovations to existing space. JTCC's workforce development program, the Community College Workforce Alliance, is now housed in the center's new addition, as well as a lab, conference room and additional classrooms. The 37,000± square foot Bird Hall received upgrades to make room for the school's health sciences programs, a variety of labs, faculty offices and a student lounge area.
 - **PepsiCo**. Construction is ongoing on this 222,000± square foot distribution facility for PepsiCo at 1608 Willis Road. PepsiCo has not publicly disclosed what will be housed in the facility. The company operates several distribution hubs across Virginia, including a longstanding facility on Mechanicsville Turnpike in Henrico County, and locations in Petersburg and Newport News.
 - **Devon USA** began construction in October, 2020 on a 133,040± square foot distribution facility at 1551 Bellwood Road. DuPont Specialty Products USA LLC will lease the facility to distribute products made at the company's Spruance plant on Jefferson Davis Highway in Chesterfield. This will be the final building in the James River Logistics Center. The combined footprint of all four buildings totals 1,267,000 square feet.
 - **84 Lumber**, a building materials supplier, is building a 92,000± square foot store at 2510 Bellwood Road. This would be the company's largest store. The new space consolidates two smaller operations the company has in the region - a 22,000± square foot lumber yard store at 2400 Station Road in Chesterfield County and a 22,000± square foot door store at 8801 Landmark Road in Henrico County. That space will be turned into a manufacturing facility for components used to build a house, such as roof trusses and wall panels.
 - **Amazon** announced in June, 2020 that it would lease a 321,000± square foot warehouse for a new facility where packages are sorted before being shipped out to local homes on delivery vans. The online retail giant is using the building at Devon USA's James River Logistics Center on Bellwood Road near Interstate 95 for last mile delivery for packages being shipped directly to homes. The company has begun operations in the space and created more than 100 jobs.
 - **SpringHill Suites**. Construction is ongoing on this seven-story, 122-room hotel at 12301 Redwater Creek Road in Chester. Targeted for completion in the spring of 2022, the hotel will include a 5,000± square foot meeting space planned on its lower level and another 1,100± square foot event space on the floor above that.
 - **The Bon Secours Chester Emergency Center**. Ground was broken in May, 2021 on a one-story, 24,000± square foot emergency center at 12021 Richmond Highway in Chester. It will house an 11-bed emergency department as well as an imaging center. It's slated to open in the summer 2022 and will provide 24-hour, hospital-level care and services. The

center will provide walk-in and emergency medical services. It also will have the ability to offer CT, ultrasound, MRI and radiography for scheduled outpatient and emergency patients as well as occupational health services.

- **Red Rock Development** announced in March, 2021 that it would construct a 353,040± square foot warehouse facility at 1400 Bermuda Hundred Road in the Meadowville Technology Park. The project is the first speculative development to take place in the industrial park. Construction began in 2021.
- **Swift Creek Renewables.** This is a proposal for a gas processing facility for collected landfill gas at 11520 Iron Bridge Road in Chester. The Facility will compress and treat collected landfill gas to make a salable gas product that consists mostly of methane. Approximately 15 people will staff the facility.

Development activity in the western portion of Chesterfield County, but outside of the market area, has also been evaluated. These new announcements will likely add 2,000± new jobs in Chesterfield County. In addition are a considerable number of new jobs planned for the City of Richmond that support regional housing growth. New announcements in the City are likely to generate at least 4,000 new jobs. New job growth from these developments would have an impact on the market area housing market.

Economic Overview Summary

Data presented above show that employment in Chesterfield County grew substantially since 2015. There was a modest loss of jobs in 2019, but this was largely driven by job losses in one employment sector: Transportation and Warehousing. More importantly, the number of employment Chesterfield County residents grew considerably in 2019, so these job losses did not contribute to net employment losses. Moreover, employment in the Transportation and Warehousing expanded by over 1,000 in 2020, despite the COVID-19 pandemic. Future job growth, as presented above, will fully offset recent job losses.

As of year-end 2019, Chesterfield County's unemployment rate has been reduced to 2.6 percent, from a high of 7.3 percent 10± years ago. This is the lowest unemployment rate in over a decade. The unemployment rate remains at 2.6 percent as of November, 2021 and in the wake of the pandemic. This is partly attributed to a contraction of the local labor force and will necessitate new residents to the market area and support future apartment unit demand.

Of note is that the job losses associated with the pandemic have been concentrated in the retail, restaurant and hospitality sectors. These generate limited demand in the market area's newer and better apartment complexes. Apartment vacancy rates at the competitive properties, therefore, have not suffered as result of pandemic-induced job losses. This will be fully documented below.

Additionally, employment grew by over 6,800 between 2017 and 2019. This includes persons who work in or commute outside of Chesterfield County. Some of the Downtown Richmond job growth is accounted for by residents of Chesterfield County, but with the new jobs added and/or planned in the County, the largest percentage of jobs are likely to be filled by Chesterfield County residents.

Employment data for 2020 show a loss of jobs, but this is fully attributable to the pandemic. BLS data show a partial recovery, as over 5,000 jobs have been recovered since April, 2020. Most of these job losses have been in low wage sectors, such as hospitality, retail and the food services industry. Again, these job losses did not impact occupancy at any of the existing apartments. As will be shown, lease-up at new properties has been robust throughout the pandemic.

The region continues to generate new employment growth. This job growth is taking place both inside the market area, in the greater Chester area, as well as other nearby employment centers such as western Chesterfield County and the City of Richmond. Both areas are quickly accessible from the study site.

The documented level of ongoing and planned job growth will likely result in continued employment growth over the next few years. This level of job growth has created an increased demand for new housing and that will be shown below in the apartment market analysis. Besides the growth that has occurred to date, the above paragraphs identify 9,650± additional jobs (excluding small company growth, construction growth, spinoff growth and any future job announcements) over the next four to five years. Approximately 5,650 of these jobs will be in

Chesterfield County. Many of these job openings will occur at the same time as the opening of Colbrook Apartments.

Section II Affordable Apartment Market Analysis

Following is the supply/demand analysis for the 47-unit Colbrook Apartments. Section II has two subsections. The first is the demographic analysis that “solves” for the number and growth of renter households with incomes, reported in constant 2022 dollar values, of the three income groups within Colbrook Apartments. The demographic analysis “solves” for the number of market area renter households earning 40% of AMI (\$15,960 to \$32,400), 50% of AMI (\$28,920 to \$45,000) and 60% of AMI (\$35,240 to \$54,000). The upper limits are based on the HUD maximum allowable incomes. The forecast date for the demographic analysis is 2024, as Colbrook Apartments is likely to be ready for occupancy by 2024.

The second part of Section II is the analysis of the competitive affordable apartment market for families within the defined market area. We identified 11 apartment properties to study. There are several additional market rate rental properties in the market area, but these generate considerably higher rents and thus represent a separate market compared to Colbrook Apartments.

The apartments under study are delineated into two components: LIHTC apartments and moderate rent, market rate apartments. The LIHTC apartments, which represent the most competitive properties, were built between the 1970’s and 2016. All of the older LIHTC apartments have been renovated. The five market rate apartments are the lowest-rent market rate properties in the market area. These are older properties built between the 1960’s and 1990’s.

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

Market Area Demographic Analysis

Population Trends and Projections

The market area had a population of 131,430± at the time of the 2010 Census, which is 41.5 percent of the total Chesterfield County population. Between 1990 and 2000, the market area's population increased by nearly 20,000 people. The market area population increased by 20,360± from 2000 to 2010, or an average annual population increase of 2,040±. Despite the Great Recession during the last part of the 2000 decade, the market area's population growth during the 2000's slightly exceeded the growth rate of the 1990's.

By 2020, the market area's population is estimated to have reached 151,510±, based on recently released 2020 census data. Based on recent trends and economic development activity, the market area population is projected to continue growing and reach 159,540± by 2024. This represents an increase in population of 8,030±.

It is possible that the 2024 market area population projection is conservative, based on current employment/ at-place job trends and new housing proposals. However, it is difficult to determine which part of the County, or region, will attract new residents from expected new job growth, so we used a somewhat conservative population forecast for our analysis, one that is generally consistent with past trends, but reflects increased employment growth. However, even with a conservative forecast, considerable growth is expected.

Table 7: Trends and Projections of Population and Households by Tenure, Colbrook Apartments Market Area, 1990-2024

	1990	2000	2010	2020	2024
Market Area Population	91,080	111,070	131,430	151,510	159,540
Group Quarters Population	2,040	3,110	3,960	4,000	4,050
Household Population	89,040	107,960	127,470	147,510	155,490
Persons Per Household	2.76	2.70	2.70	2.69	2.68
Households	32,210	39,920	47,140	54,840	58,020
Renter Households	7,780	8,630	12,300	15,360	16,710
Percent of Total	24.1%	21.6%	26.1%	28.0%	28.8%
Notes: 1/ Includes the following 2010 U.S. Census tracts in Chesterfield County: 1003, 1004.03, 1004.04, 1004.05, 1004.06, 1004.07, 1004.09, 1004.10, 1005.05, 1005.06, 1005.07, 1005.08, 1005.09, 1005.10, 1006, 1007.01, 1007.02, 1007.03, 1008.04, 1008.05, 1008.06, 1008.07, 1008.14, 1008.15, 1008.16, 1008.17, 1008.19, 1008.20, 1008.21, 1008.22, 1008.23					
2/ Based on estimates from the Weldon Cooper Center for Public Service.					
Source: 1990-2020 U.S. Department of Commerce, Bureau of the Census; S. Patz and Associates, Inc.					

Group Quarters Population

The Group Quarters population consists largely of students living in on-campus housing at Virginia State University. On-campus occupancy remained generally unchanged over the past nine-year period and enrollment is not projected to grow significantly in the near-term.

Also included in the Group Quarters population count are seniors living in area nursing homes, assisted living and memory care facilities. As of 2020, the Group Quarters population totals 4,000± people, or 2.6 percent of the market area population. The Group Quarters population is subtracted from total population to determine Household Population. Household Population is the basis for determining housing unit demand.

Households

The trend data on households show a sizable increase since the 1990’s. As of 2020, the market area’s household total stands at 54,840±, which represents an increase of 7,700± households over the 2010 total. The growth trend is expected to continue for the 2020 to 2024 period. The market area is forecasted to contain 58,020± households by 2024, an increase of 3,180± households over the 2020 total.

Also shown is that since 2000, average household size has stayed relatively steady, at an average of between 2.69 and 2.70 persons per households. It is projected to remain relatively stable until 2024. This is a high average and reflects a large home ownership housing market.

Renter Households

In 2020, 28.0 percent of all market area households were renters. This represents 15,360± households. That percentage has increased from 21.6 percent in 2000 to 26.1 percent in 2010. By 2024, the market area renter household total is projected to increase by 1,350± to 28.8 percent of all households and reach 516,710±.

As shown, the growth in the rental market over the past decade has been more pronounced than expansions in the for-sale market. Most of this growth has been supported by the construction of several new market rate apartments communities in the market area since 2010. Renter household growth is expected to continue.

Target Renter Households

Colbrook Apartments will have rents restricted to renter households earning incomes of 40%, 50% and 60% of the Area Median Income (AMI). The paragraphs below will detail each of these demographic cohorts, which are shown in Table 8.

- **40% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$15,960 and \$32,400, when reported in constant 2022 dollars and depending upon household size. The demographic analysis shows that as of 2020, the market area had 2,060± renter households within this income range. The 2020 total exceeds the 2010 total by 320± households. By 2024, the market area is projected to add 130± renter households within this income category to reach a total of 2,190± households.
- **50% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$28,920 and \$45,000, when reported in constant 2022 dollars, and again based on household size. As of 2020, the market area totaled 2,190± renter households in this income range, an increase of 390± over the 2010 total. By 2024, the market area is projected to total 2,350± renter households within this income category. This represents an increase of 160± households.

- **60% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$35,240 and \$54,000, when reported in constant 2022 dollars and depending on household size. As of 2020, the market area totaled 2,530± renter households in this income range. This represents an increase of 430± over the 2010 total. The market area is projected to add 200± households within this income category by 2024 to reach a total of 2,730± households.

Table 8: Trends and Projections of Renter Households by Income, Colbrook Apartments Market Area, 1990-2024 (Constant 2022 dollars)					
	1990	2000	2010	2020	2024
Total Renter Households	7,780	8,630	12,300	15,360	16,710
40% of AMI (\$15,960-\$32,400) 1/					
Total Households	1,240	1,440	1,740	2,060	2,190
Percent of Renter Households	15.9%	16.7%	14.2%	13.4%	13.1%
50% of AMI (\$28,920-\$45,000) 2/					
Total Households	1,320	1,480	1,800	2,190	2,350
Percent of Renter Households	17.0%	17.2%	14.6%	14.3%	14.1%
60% of AMI (\$35,240-\$54,000) 2/					
Total Households	1,520	1,750	2,100	2,530	2,730
Percent of Renter Households	19.5%	20.3%	17.1%	16.5%	16.3%
Notes: 1/ Assumes maximum three-person households. 2/ Assumes maximum four-person households.					
Source: 1990-2020 Census, S. Patz & Associates, Inc.					

Households by Size

As of 2010, approximately 31 percent of market area renter households were single-person households. An additional 25.9 percent were two-person households while 17.6 percent were three-person households. In total, 57± percent of all renter households have one or two persons.

Table 9: Renter Household by Size, Chesterfield County, Virginia, 2010		
	Number	Percent
Renter Households	26,077	100.0%
1-person household	8,074	31.0%
2-person household	6,749	25.9%
3-person household	4,594	17.6%
4-person household	3,532	13.6%
5-person household	1,835	7.0%
6-person household	798	3.1%
7-or-more-person household	495	1.9%
Source: 2010 U.S. Department of Commerce		

Characteristics of the Competitive Apartment Market

Data in Table 10 list six general occupancy LIHTC apartments, as well as five mature, modest market rent apartment communities within the market area. The market rate apartments included in the analysis generate the lowest unsubsidized rents in the market area. These 11 properties total 2,470 units.

The market area's six LIHTC apartment properties were built between the early-1970's and 2016. These properties have a low vacant rate of only 0.7 percent. The newest LIHTC apartment community to open is the 80-unit Iron Bridge Road Apartments. This complex opened in 2016 with a mix of 50% and 60% units. The complex had a lease-up pace of 40 units per month when it opened. It now has four vacant units but a waitlist of 80 households.

The only other LIHTC apartment community to open since 2000 is the 223-unit Broadwater, which opened in phases in 2001 and 2003. This complex is designed for families, as it consists of three- and four-bedroom townhomes. It is fully occupied.

The remaining LIHTC properties under study were built between the 1970s' and 1990's. Two apartments—Grand Oaks and Arbor Lake—opened in the mid-1990's with 310 units restricted to 60% of AMI. Grand Oaks is fully occupied. Arbor Lake also has no vacancies and has a waitlist of 15 households. The two oldest LIHTC properties, Colonial Ridge and South Pointe Landing, total 292 units. Both have been fully renovated since opening and have no vacancies.

In addition to the six LIHTC apartments are five mature market rate apartments that generate modest rents. These apartments were built between the 1970's and early-1990s. Winchester Greens maintains a waitlist of approximately 100 households. The mature market rate properties have a vacancy rate of nearly two percent.

Key points in Table 10 are as follows:

- The market area has a very low vacancy rate of 1.5 percent. Fewer than 17 percent of the current vacancies are at the LIHTC properties that are most competitive to the Colbrook Apartments proposal.

- The LIHTC apartments have a vacancy rate of 0.7 percent, with all six apartments at or near fully occupancy.
- These apartment properties maintain waitlists of approximately 200 households.
- Approximately 15 percent of units (340±) are occupied by Section 8 voucher holders.

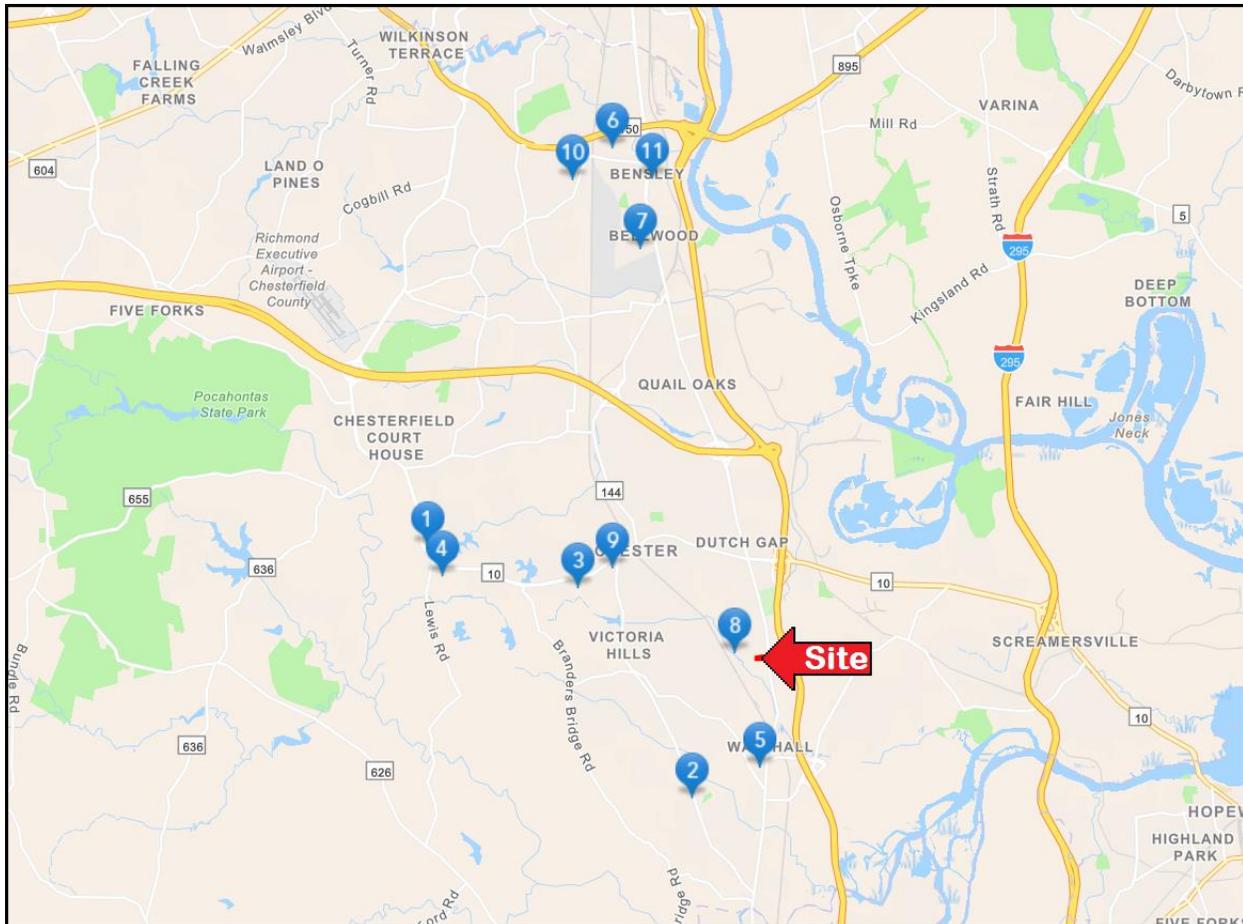
**Table 10: Characteristics of Competitive Apartment Communities,
Colbrook Apartments Market Area, February, 2022**

	<u>Map E</u> <u>Key</u>	<u>Year</u> <u>Built</u>	<u>Income Restrictions</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>
<u>LIHTC Apartments</u>					
Iron Bridge Road Apartments	1	2016	50%/60%	80	4 3/
Broadwater I & II	2	2001/03	60%/Market 1/	223	0
Grand Oaks	3	1996	60%	184	0
Arbor Lake	4	1995	60%	126	0 4/
Colonial Ridge	5	1978/19	60% 2/	100	2
South Pointe Landing	6	1979/00	50%/60%	<u>192</u>	<u>0</u>
(Subtotal)				(905)	(6)
<u>Mature Market Rate Apartments</u>					
Winchester Greens	7	1999/06	None	240	7 5/
Laketree Manor	8	1973	None	50	0
Chester Townhomes	9	1969	None	152	0
Crystal Lakes	10	1969/20	None	720	20 6/
Falling Creek	11	1964	None	348	<u>3</u>
(Subtotal)				<u>(1,510)</u>	<u>(30)</u>
Total				2,415	36
Vacancy Rate					1.5%

Notes: 1/ Includes 185 affordable and 38 market rate units.
 2/ Excludes 129 units with project-based vouchers.
 3/ Leased 40 units per month after opening. 80-household waitlist.
 4/ 15-household waitlist
 5/ 100-household waitlist.
 6/ Estimate.

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

Map E shows the location of each of the apartments under study. Seven are located in the Chester area and four are located further north near U.S. Route 1's intersection with SR 150.



Map E - Locations of Competitive Apartments

Shown next are photos of each of the apartments under study. Most of the apartments are multi-story garden buildings. Broadwater, Chester Townhomes and some of the units at Winchester Greens are townhome units with individual entryways. Both products have performed well.



Iron Bridge Road Apartments



Broadwater



Grand Oaks



Arbor Lake



Colonial Ridge



South Pointe Landing



Winchester Greens



Laketree Manor



Chester Townhomes



Crystal Lakes



Falling Creek

Net Rent Analysis

The net rent analysis is presented next in Table 9. Rents were adjusted to include only sewage and trash collection to be consistent with the proposed rental structure at Colbrook Apartments. These data show that Broadwater and South Pointe Landing provide in-unit washers and dryers at no additional cost. None of the other apartments under study provide this amenity.

The one-bedroom rents in the market area range between \$592 for the 50% units at Iron Bridge Road Apartments to nearly \$1,000 at Falling Creek. The market rate one-bedroom rents exceed the LIHTC one-bedroom rents by an average of approximately \$50. This reflects the age of the market rate properties.

The proposed 60% one-bedroom rents at Colbrook Apartments are nearly \$40 below the 60% one-bedroom rents at Grand Oaks and Arbor Lane. Iron Bridge Road Apartments has low 60% rents of \$760. The proposed 50% one-bedroom rents at Colbrook Apartments are \$130± above the 50% one-bedroom rents at Iron Bridge Road Apartments, which are very low. None of the apartments in the market area currently offer one-bedroom apartment units restricted to 40% of AMI.

The two-bedroom LIHTC apartment units in the market area rent for an average of \$1,074, which is approximately \$40 below the two-bedroom rents at the mature market rate properties. The proposed 60% two-bedroom rent of \$1,059 at Colbrook Apartments is \$15 below the average two-bedroom rents at the LIHTC properties. Apart from Colonial Ridge and South Pointe Landing, all of the LIHTC properties generate higher 60% two-bedroom rents. The proposed 50% two-bedroom rent of \$858 at Colbrook Apartments would be below the 50% two-bedroom rents at Iron Bridge Road (\$912) and South Pointe Landing (\$941).

The three-bedroom units at the LIHTC properties under study are all restricted to 60% of AMI. These units rent for an average of \$1,300, which is \$90 above the proposed 60% rents at Colbrook Apartments. All of the LIHTC apartment communities generate rates above those proposed for the 60% three-bedroom units at Colbrook Apartments.

The key point in Table 9 is that is that proposed rents at Colbrook Apartments will generally be lower than existing LIHTC rents in the market area, despite Colbrook Apartments being considerably newer than all of the existing properties and in an elevator-served building.

**Table 11: Rental Rates at Competitive Apartment Communities,
Colbrook Apartments Market Area, February, 2022 1/**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>LIHTC Apartments</u>			
Iron Bridge Road Apartments	\$592 (50%) - \$760 (60%)	\$912 (50%) - \$1,115 (60%)	--
Broadwater I & II 2/ 3/ 4/	--	--	\$1,268 (60%)
Grand Oaks 4/	\$917 (60%)	\$1,093 (60%)	\$1,219 (60%)
Arbor Lake	\$923 (60%)	\$1,094 (60%)	\$1,238 (60%)
Colonial Ridge	--	\$1,176 (60%)	\$1,358 (60%)
South Pointe Landing 3/ 5/ 6/	--	\$941 (50%) - \$1,047 (60%)	\$1,305 (60%)
(Average)	(\$839)	(\$1,074)	(\$1,300)
<u>Mature Market Rate Apartments</u>			
Winchester Greens 3/ 7/	--	\$934-\$969	\$1,138-\$1,263
Laketree Manor 6/ 7/	--	\$1,152-\$1,316	\$1,212-\$1,299
Chester Townhomes 5/	--	\$1,219	\$1,493
Crystal Lakes 6/ 7/	\$833-\$932	\$956-\$1,288	\$1,234-\$1,444
Falling Creek 5/ 8/	\$809-\$993	\$1,018-\$1,102	--
(Average)	(\$892)	(\$1,117)	(\$1,362)
Average	\$860	\$1,096	\$1,323
Colbrook Apartments 40% of AMI 9/	\$399	--	--
Colbrook Apartments 50% of AMI 9/	\$723	\$858	\$977
Colbrook Apartments 60% of AMI	\$881	\$1,059	\$1,210

Notes: 1/ Rents adjusted to include sewage and trash collection.

2/ Excludes market rate rents.

3/ Include washer and dryer.

4/ Three-bedroom units have 2.5 bathrooms.

5/ Two-bedroom units have 1.0 bathrooms.

6/ Three-bedroom units have 1.5 bathrooms.

7/ Smaller two-bedroom units have 1.0 bathrooms.

8/ Three-bedroom units have 1.0 bathrooms.

9/ Excludes project-based rents.

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

Rent per Square Foot

Table 12 shows the rent per square foot calculation for the LIHTC apartments under study, which represent the most direct competition. The average rent per square foot is \$1.17 for the one-bedroom, \$1.16 for the two-bedroom and \$1.09 for the three-bedroom apartment units. Apart from the proposed 40% one-bedroom apartment units at Colbrook Apartments, most floor plans have higher rent per square foot calculations compared to the apartment properties under study. At the rents proposed, these units will be fully competitive.

Table 12: Rent per Square Foot at Competitive Apartment Communities, Colbrook Apartments Market Area, February, 2022			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>LIHTC Apartments</u>			
Iron Bridge Road Apartments	\$1.01	\$1.08	--
Broadwater I & II	--	--	\$0.94
Grand Oaks	\$1.06	\$0.96	\$0.91
Arbor Lake	\$1.44	\$1.24	\$1.21
Colonial Ridge	--	\$1.47	\$1.39
South Pointe Landing	--	\$1.02	\$1.00
Average	\$1.17	\$1.16	\$1.09
Colbrook Apartments 40% of AMI	\$0.82	--	--
Colbrook Apartments 50% of AMI	\$1.48	\$1.28	\$1.13
Colbrook Apartments 60% of AMI	\$1.80	\$1.36	\$1.37
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Apartment Unit Sizes

Table 13 lists the apartment unit sizes at each of the properties under study. At between 480 and 489 square feet, the proposed one-bedroom apartments units would be smaller than most one-bedroom apartment units in the market area. Falling Creek has some 464 square foot one-bedroom units. In addition, both Falling Creek and Crystal Lakes offer one-bedroom units smaller than 600 square feet without issue. The market rate one-bedroom apartment units are considerably smaller than the LIHTC one-bedroom apartment units, averaging 564 square feet.

The two-bedroom apartment units are proposed to range in size between 658 and 852 square feet. The smaller units would be amongst the smallest in the market area. The larger units would be similar in size to the market rate and some of the older LIHTC apartment properties. Most of the market rate two-bedroom units are smaller than 900 square feet.

The three-bedroom units at Colbrook apartments are proposed to range in size between 839 and 893 square feet. This is smaller than the three-bedroom LIHTC units by an average of 354 square feet.

Table 13: Apartment Unit Sizes at Competitive Apartment Communities, Colbrook Apartments Market Area, February, 2022

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>LIHTC Apartments</u>			
Iron Bridge Road Apartments	671	937	1,460
Broadwater I & II	--	--	1,336
Grand Oaks	868	1,105-1,167	1,025
Arbor Lake	643	880	975
Colonial Ridge	--	800	1,304
South Pointe Landing	--	976	1,220
<i>(Average)</i>	<i>(727)</i>	<i>(946)</i>	<i>(1,220)</i>
<u>Mature Market Rate Apartments</u>			
Winchester Greens	--	870-965	1,295-1,300
Laketree Manor	--	723-802	924
Chester Townhomes	--	840	1,140
Crystal Lakes	520-750	870-944	1,300
Falling Creek	464-521	728-830	--
<i>(Average)</i>	<i>(564)</i>	<i>(841)</i>	<i>(1,165)</i>
Average	662	894	1,196
Colbrook Apartments	480-489	658-852	839-893
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Apartment Unit Mix

Table 14 lists the apartment unit mix at each of the apartments under study. The data show that fewer than 15 percent of units are one-bedroom units. Only a quarter of the one-bedroom units have income restrictions in place. This is compared to 56.7 percent of units that are two-bedroom apartment units and 27.2 percent of units that are three-bedroom apartment units.

Table 14: Apartment Unit Mix at Competitive Apartment Communities, Colbrook Apartments Market Area, February, 2022

	<u>One- Bedroom</u>	<u>Two- Bedroom</u>	<u>Three- Bedroom</u>	<u>Four- Bedroom</u>	<u>Total</u>
<u>LIHTC Apartments</u>					
Iron Bridge Road Apartments	16	64	0	0	80
Broadwater I & II	0	0	192	31	223
Grand Oaks	48	72	64	0	184
Arbor Lake	24	68	34	0	126
Colonial Ridge	0	48	52	0	100
South Pointe Landing	<u>0</u>	<u>160</u>	<u>32</u>	<u>0</u>	<u>192</u>
<i>(Subtotal)</i>	<i>(88)</i>	<i>(412)</i>	<i>(374)</i>	<i>(31)</i>	<i>(905)</i>
<u>Mature Market Rate Apartments</u>					
Winchester Greens	0	124	116	0	240
Laketree Manor	0	40	10	0	50
Chester Townhomes	0	135	17	0	152
Crystal Lakes	71	510	139	0	720
Falling Creek	<u>200</u>	<u>148</u>	<u>0</u>	<u>0</u>	<u>348</u>
<i>(Subtotal)</i>	<i>(271)</i>	<i>(957)</i>	<i>(282)</i>	<i>(0)</i>	<i>(1,510)</i>
Total	359	1,369	656	31	2,415
Percent of Total	14.9%	56.7%	27.2%	1.3%	100.0%
Colbrook Apartments 40% of AMI	4	1	0	0	5
Colbrook Apartments 50% of AMI	1	13	5	0	19
Colbrook Apartments 60% of AMI	4	13	6	0	23
Colbrook Apartments Total	9	27	11	0	47

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

Community Amenities

Table 15 lists the community amenities at each of the comps. The data show that all of the apartment properties are amenitized. All of the LIHTC apartments have pools, and most have clubhouses, fitness center and business centers. Several have laundry facilities. Colbrook Apartments will be the one complex with an elevator.

**Table 15: Community Amenities at Competitive Apartment Communities,
Colbrook Apartments Market Area, February, 2022**

	<u>Elevator</u>	<u>Clubhouse</u>	<u>Fitness</u>	<u>Business</u>	<u>Pool</u>	<u>Playground</u>	<u>Laundry</u>
<u>LIHTC Apartments</u>							
Iron Bridge Road Apartments	○	●	○	●	●	○	●
Broadwater I & II	○	●	●	●	●	●	○
Grand Oaks	○	●	●	●	●	●	●
Arbor Lake	○	●	●	○	●	●	●
Colonial Ridge	○	●	●	●	●	●	●
South Pointe Landing	○	○	○	○	●	●	○
<u>Mature Market Rate Apartments</u>							
Winchester Greens	○	●	●	●	●	●	○
Laketree Manor	○	○	○	○	○	○	○
Chester Townhomes	○	●	○	○	●	●	●
Crystal Lakes	○	●	○	○	●	●	●
Falling Creek	○	○	○	○	○	●	●
Colbrook Apartments	●	●	○	○	○	○	○

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

Section III Market Study Conclusions

The analysis presented above shows a very strong affordable apartment market for families, and with the level of population and household growth, a pent-up demand clearly exists. The current competitive affordable apartment market for families has a low vacancy rate of 1.5 percent. There are only 36 available apartment units at the 11 properties under study, with only 12 of these vacancies located at the six area LIHTC apartments.

The market area has had very limited development of income restricted units. Over the past decade, only one apartment complex—Iron Bridge Road Apartments—opened with 80 apartment units. This property is now six years old and at near-full occupancy with 80 households on a waitlist. It leased especially quickly, at an average lease up pace 40 apartment units per month. Of note is that Colbrook Apartments will offer extremely competitive rents that will generally be below the rents at existing LIHTC properties in the market area.

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

Analysis of Demand

Apartment Pipeline

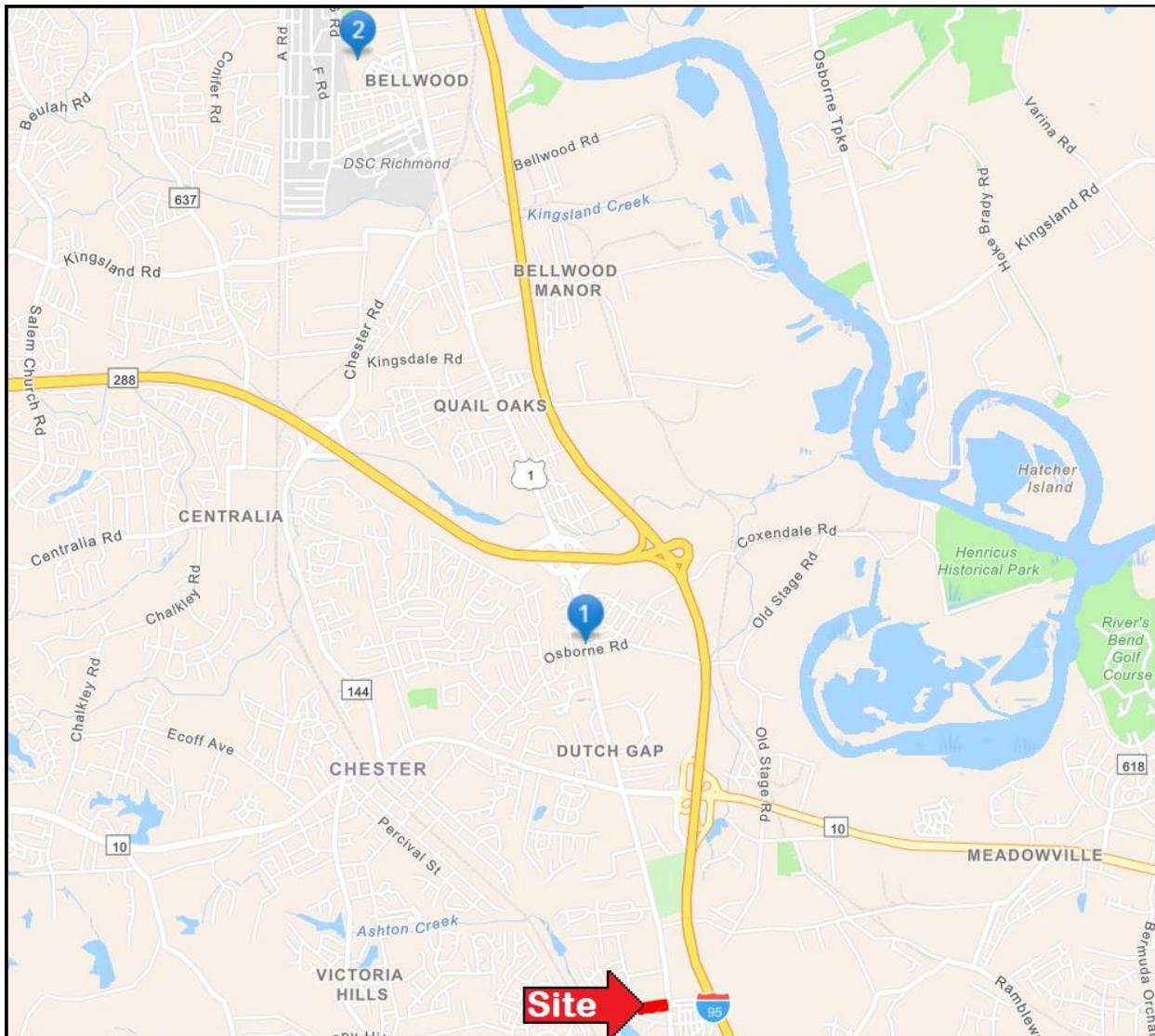
Table 16 below details the two affordable apartments in the market area that are in active planning. Both are mixed-income communities that have been awarded tax credits with construction set to begin in 2022. Lambert Landing will contain 64 apartment units, while Winchester Forest will contain 160 apartment units. In total, the two complexes will add seven units restricted to 30% of AMI, 18 units restricted to 40% of AMI, 43 units restricted to 50% of AMI, 130 units restricted to 60% of AMI and 26 units restricted to 80% of AMI.

Table 16: Characteristics of Apartment Pipeline, Colbrook Apartments Market Area, March, 2021

	<u>Map F</u> <u>Key</u>	<u>30% of</u> <u>AMI</u>	<u>40% of</u> <u>AMI</u>	<u>50% of</u> <u>AMI</u>	<u>60% of</u> <u>AMI</u>	<u>80% of</u> <u>AMI</u>	<u>Total</u> <u>Units</u>	<u>Status</u>
Lambert Landing	1	7	7	18	6	26	64	March, 2022 Start
Winchester Forest	2	0	11	25	124	0	160	June, 2022 Start
Total		7	18	43	130	26	224	

Source: S. Patz & Associates, Inc.

Map F shows the locations of the Lambert Landing and Winchester Forest proposals. Both are shown to be situated along the U.S. Route 1 corridor.



Map F - Locations of Pipeline Apartments

The paragraphs below briefly detail these two proposals.

- **Lambert Landing**. This is a proposed LIHTC apartment to be built at 11501 Jefferson Davis Highway in Chester. The development will consist of a single four-story elevator-served building. Project amenities will include a laundry room, community room with restrooms, fitness center, playground and bike racks. The project will contain a mix of 48 two-bedroom units (each with 1.5 bathrooms) and 16 three-bedroom units, each with two full bathrooms. The development will have a wide range of income restrictions, including seven units restricted to 30% of AMI, seven units restricted to 40% of AMI, 18 units restricted to 50% of AMI, six units restricted to 60% of AMI and 26 units restricted to 80% of AMI. This proposal was awarded 9% tax credits and construction is expected to begin by the end of March, 2022.
- **Winchester Forest**. This is a proposal for a 160-unit LIHTC apartment community at 2701 Drewrys Bluff Road. The complex will consist of garden apartment buildings. Amenity space will include a fitness room, community room and playgrounds. The complex will have a mix of 26 one-bedroom, 102 two-bedroom and 32 three-bedroom apartment units. The complex will also have a mix of income restrictions, including 11 restricted to 40% of AMI, 25 restricted to 50% of AMI and 124 restricted to 60% of AMI. This proposal was awarded tax credits and construction is expected to begin in June, 2022.

Shown next are photos of the existing conditions of these development sites. As shown, construction has not yet commenced on either of the two. Both sites are vacant.



Lambert Landing



Winchester Forest

Demand Table

The demand table is presented next. It shows a projected net growth of 130± targeted family households for the 2020 to 2024 period for the 40% rent units. The growth amount is 160± households for the 50% units and 200± households for the 60% units.

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

We excluded households in substandard housing in our demand analysis, as that is not a major issue for residents of eastern Chesterfield County. Colbrook Apartments will not be a senior property. Thus, the total demand is comprised of net target household growth for all age categories, plus a likely number of households with rent restriction vouchers.

For supply, we identified 18 new 40% pipeline units, 43 new 50% pipeline units and 130 new 60% pipeline units being added to the market. The market area currently has 36 vacant LITHC units, which are part of normal market area vacancy. Thus, these are excluded from the demand analysis.

This generates a net potential net demand of 130± units for the 40% income category, 140± units for the 50% income category and 100± units for the 60% income category.

Demand Table (2020-2024)				
	Up to 40% of AMI	Up to 50% of AMI	Up to 60% of AMI	Total
New Rental Households	130	160	200	490
PLUS				
Existing Households - Over-Burdened (Rounded)	20	20	30	70
PLUS				
Existing Households-Substandard Housing	0	0	0	0
PLUS				
Elderly Households-Likely to Convert to Rental Housing	0	0	0	0
PLUS				
Existing Qualifying Tenants – to Remain After Renovation	0	0	0	0
Total Demand	150	180	230	560
MINUS				
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	18	43	130	191
Equals				
Net Demand	132	137	100	369
Proposed Units	5	19	23	47
Capture Rate	3.8%	13.9%	23.0%	12.7%
Absorption Period (in months)	0	1	1	1

The 40% units are expected to be fully pre-leased prior to project opening, given the large demand that exists and the low rents offered. Lease-up of the 50% and 60% units should occur within one months after preleasing, also due to considerable demand and an attractive rent structure proposed for Colbrook Apartments.

Capture Rate

The capture rate of total demand is 10.7 percent, or 3.8 percent for the 40% units, 13.5 percent for the 50% units and 13.9 percent for the 60% units. These are conservative calculations, as it does not account market area wait lists and the level of voucher holders could exceed 15 percent. The lease-up period is shown as two months from the start of pre-leasing.

The Virginia Housing capture rate chart is as follows:

Project Wide Capture Rate - LIHTC Units	<u>12.7%</u>
Project Wide Capture Rate - Market Rate Units	<u>N/A</u>
Project Wide Capture Rate - All Units	<u>12.7%</u>
Project Wide Absorption Period (Months)	1 Month 1/
Notes: 1/ Includes units to be pre-leased.	

I affirm the following:

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

Ariel Goldring

Market Analyst

March, 2022

Date