

NEED AND DEMAND ANALYSIS
FOR THE GRANDE OAK III APARTMENTS
IN
WILLIAMSBURG, VIRGINIA

Prepared for
Grande Oak III VA LLC
for submission to
Virginia Housing

Virginia Housing Application: 2022 C- 52

As of February 26, 2022

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A. EXECUTIVE SUMMARY

The following provides a brief summary of each of the major sections in the market analysis.

The Grande Oak III Apartments will comprise the construction of 49 units for elderly households. All units will be two bedroom units. Five units will be targeted to households with incomes up to 30 percent of the median, 20 units will be targeted to households with incomes up to 50 percent of the median (including five rent-assisted units), with six units targeted at 60 percent of the median, one unit targeted at 70 percent of the median, and 17 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status. 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.

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

The market area for the proposed development is defined as development is defined as James City County, Williamsburg and adjacent portions of York County.

In York County, employment grew from 29,904 in 2011 to 32,457 in 2019, but decreased to 30,587 in 2020, as a consequence of the COVID-19 pandemic.

In York County, it is seen that the most recent annual average unemployment rate is 5.6 percent, up from 2.6 percent the previous year. The rate was 6.1 percent in 2011. The most recent monthly unemployment rate (December 2021) was 2.2 percent.

The population of the project market area is projected to increase from 114,491 in 2022 to 124,807 in 2027. The number of households is projected to increase from 45,059 in 2022 to 49,635 in 2027. The number of renter households is projected to increase from 12,833 to 14,318 over this period.

The elderly population (55 years and older) of the project market area is projected to increase from 41,873 in 2022 to 45,401 in 2027. The number of older households is projected to increase from 24,660 in 2022 to 26,737 in 2027. The number of older renters is projected to increase from 3,736 to 4,050 over this period.

There are several apartment complexes designated for seniors located in the York County and Williamsburg area. These properties are established subsidized housing for very low income households, and newer complexes that are financed with low income housing tax credits.

Based on our survey of the stabilized senior units in this area, there is a market-wide occupancy rate of 100 percent for all units - both tax credit and subsidized.

The net need for tax credit units such as is proposed in the York County/Williamsburg area by 2027 is calculated to be for 1,262 units. Given this calculated need, the proposed 49-unit development amounts to 3.9 percent of the need, as calculated.

Consideration of the capture rate (3.9 percent), the (2.7 percent) affordability analysis capture rate and (15.7 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 four 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: 3.9 percent
Project Wide Capture Rate, market units: n/a
Project Wide Capture Rate, all units: 3.9 percent
Project Wide Absorption Period (Months): four 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 Grand Oak III 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 (most recently, on February 26, 2022).

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.

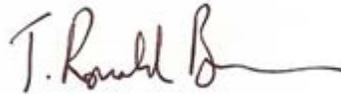
Report for the Grande Oak III Apartments in Williamsburg, Virginia

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 6, 2022

C. PROJECT DESCRIPTION

The Grande Oak III Apartments will comprise 49 units - all two-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/1 ½ bath	5	950	\$460	less than 30 percent
2 bedroom/1 ½ bath	15	950	\$840	less than 50 percent
2 bedroom/1 ½ bath	5	950	\$1,195	less than 50 percent **
2 bedroom/1 ½ bath	6	950	\$1,030	less than 60 percent
2 bedroom/1 ½ bath	1	950	\$1,030	less than 70 percent
2 bedroom/1 ½ bath	17	950	\$1,030	less than 80 percent

* percentage of area median income

** rent assisted

Of the 49-unit total, all will be targeted to elderly households (55 years and older). Five units will be targeted to households with incomes up to 30 percent of the median, 20 units will be targeted to households with incomes up to 50 percent of the median (of which five will be rent assisted), with six units targeted at 60 percent of the median. One unit will be targeted at 70 percent of the median and 17 units will be targeted at 80 percent of the median, and therefore qualify the apartments for low income housing tax credit status. 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 \$109 for the two-bedroom units. Based on information supplied by the developer, the proposed apartments will meet energy-saving standards, both for construction and for appliances provided.

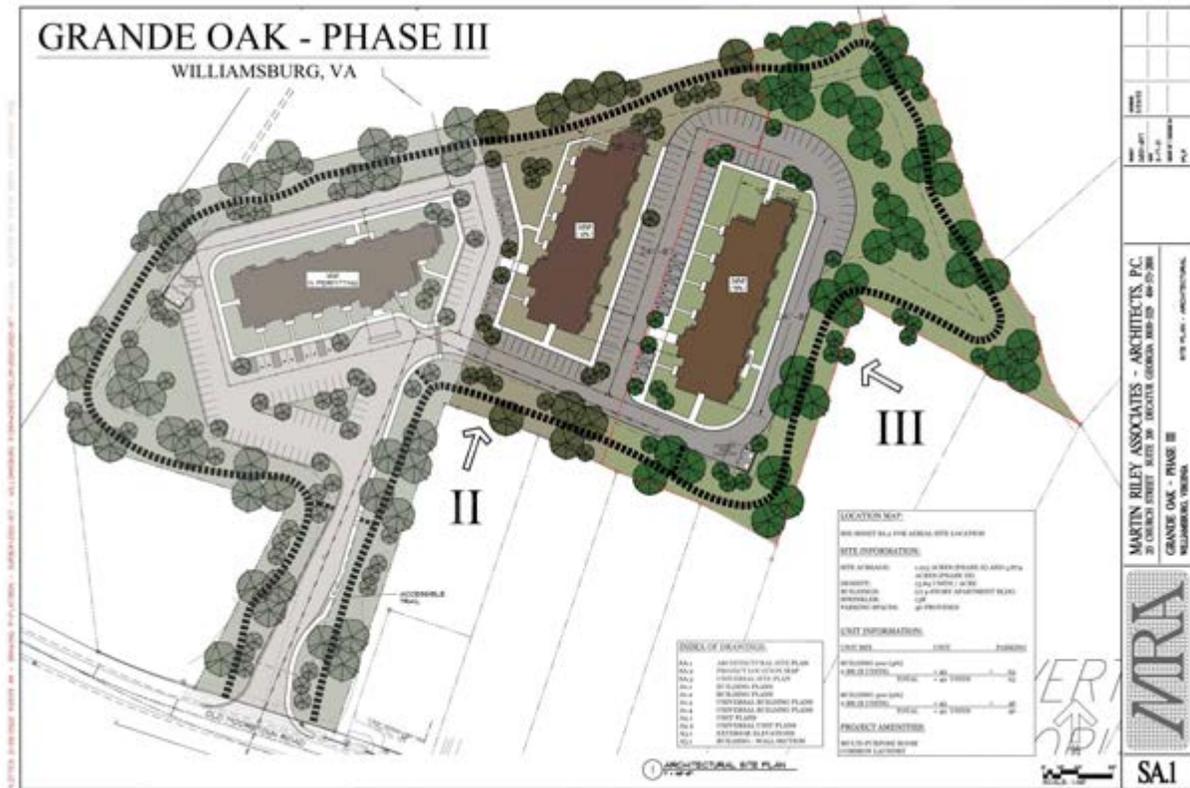
The property will feature a single-four story building and will have a combination exterior. There will be an elevator. Common area and site amenities include a multi-purpose room and laundry. The property will offer various enhancements, as per Virginia Housing guidelines.

There will be 46 parking spaces.

Representative architectural drawings are set out on the following pages.

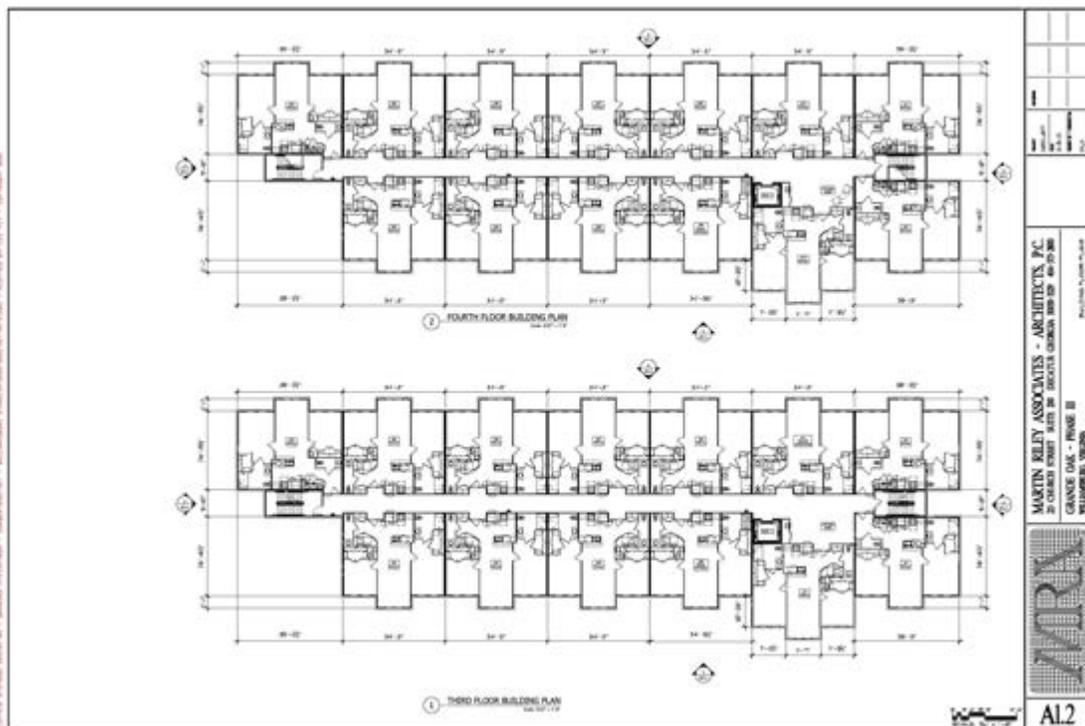
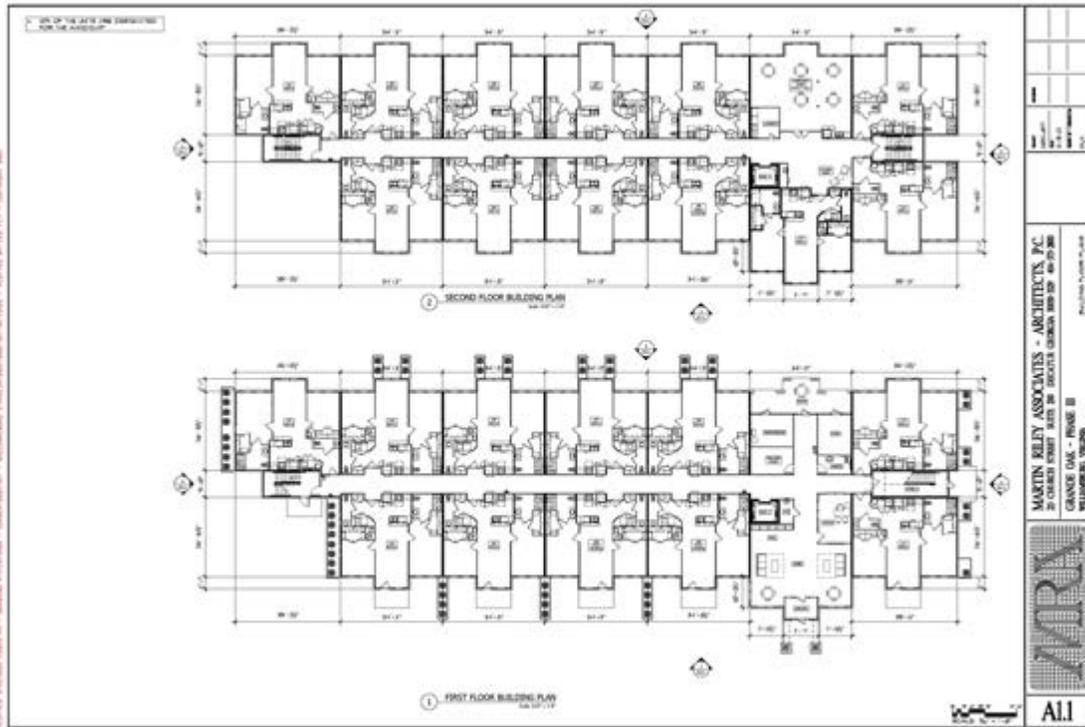
It is understood that the construction program would commence in July 2022, and would be completed within 12 months, or so.

Site plan

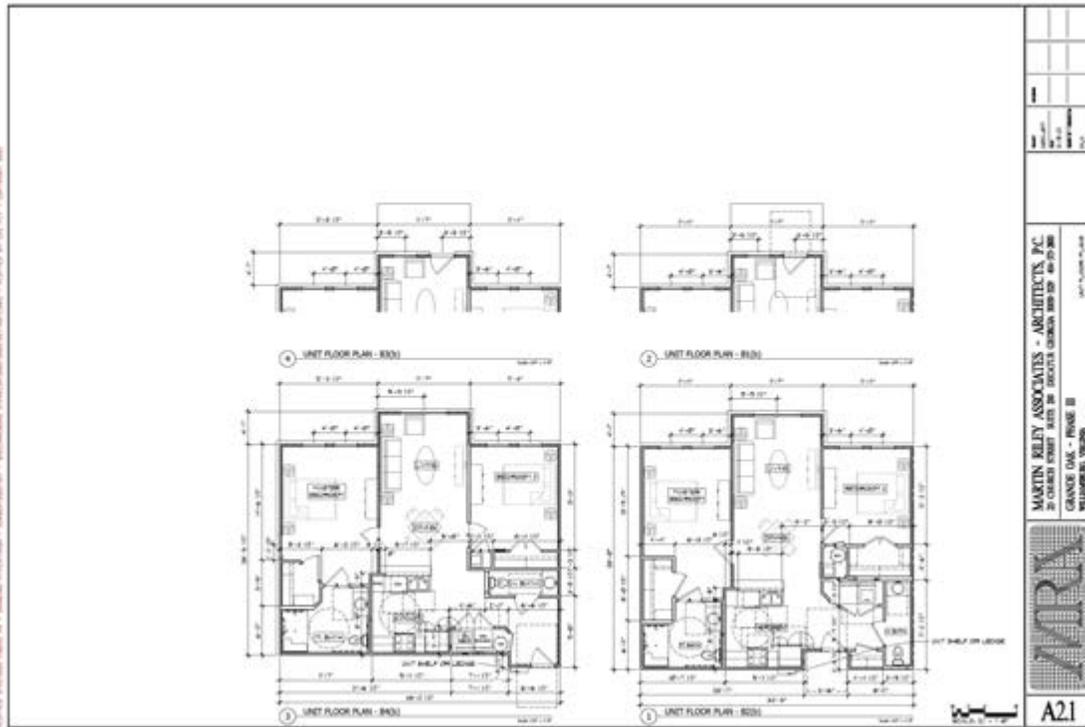


Report for the Grande Oak III Apartments in Williamsburg, Virginia

Floor plan



Unit plans



Elevations



D. LOCATION

The Grande Oak III Apartments are located on the Old Mooretown Road, to the east of Lighfoot Road and adjacent to the Humelsine Parkway (VA 199), in York County, to the north of Williamsburg. An abandoned single-family house is located on the property. Adjacent properties include the site of the initial phases of the development, established single-family homes, a self-storage facility, the Sentara Hospital, and undeveloped land. The site is flat and is wooded, except at the Old Mooretown Road.





View across Old Mooretown Rd., to property



View of property



View on property



View across Old Mooretown Rd., to property



View of property



View on property



View east on Old Mooretown Rd., at site



View west on Old Mooretown Rd., at site



View across Old Mooretown Rd., from site

The site is located on the Old Mooretown Road, to the east of Lightfoot Road. Access to the site is good.

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

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

The site is within two-thirds of one mile of the intersection of Lightfoot Road and the Richmond Road (US 60) a major route serving the area. The site is within one mile of the intersection of the Richmond Road and the Humelsine Parkway. The site is within two miles of the intersection of the Parkway and Interstate 64.

The site is within one- and one half miles of the Williamsburg Marketplace shopping center and the Cedar Valley shopping center, to the north. The latter is anchored by a Wal-mart Supercenter. The site is within one mile of the Lightfoot Marketplace shopping center - which is anchored by a Harris Teeter grocery store.

The site is within one-third of a mile of the Sentara Hospital, which is located to the east of the site.

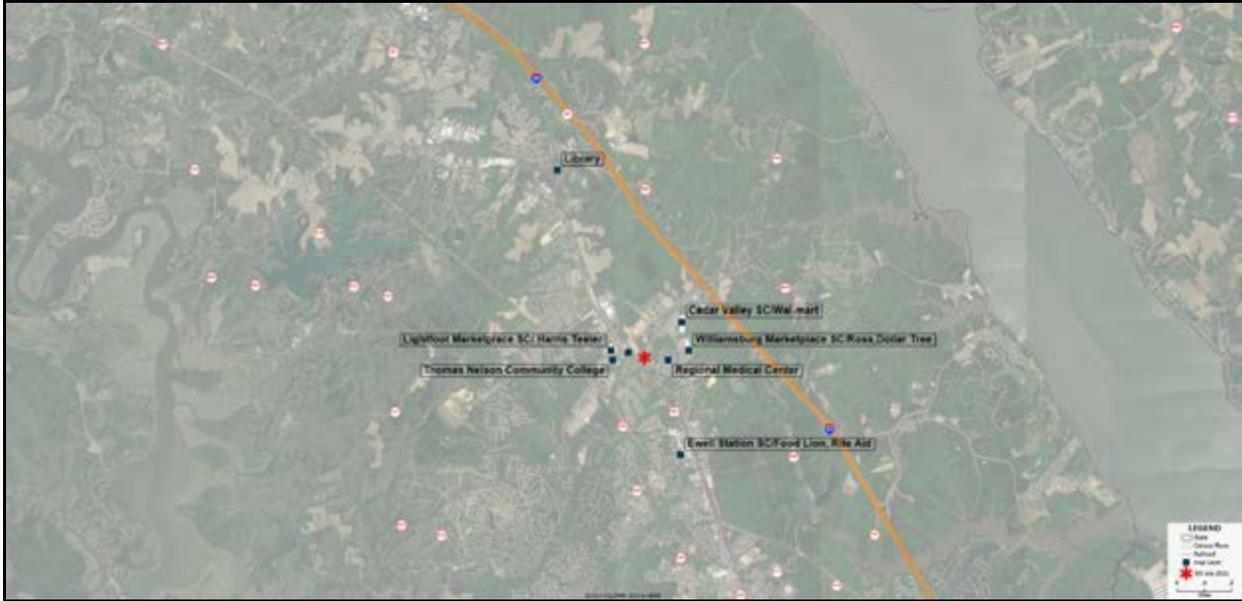
Report for the Grande Oak III Apartments in Williamsburg, Virginia

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	Lightfoot Road/VA 646	0.4
	Richmond Road/US 60	0.5
	Humelsine Parkway/VA 199	1.4
	Interstate 64	2.1
Public Transportation	WATA	0.2
	Amtrak	5.8
Retail - Grocery	Harris Teeter	0.7
	Food Lion	2.8
Retail - Other	Ross	1.2
	Wal-mart	1.5
	Rite- Aid	2.8
Pharmacies	Rite- Aid	2.8
City Hall	n/a	
Post Office	Lightfoot Post Office	0.7
Hospital	Sentara Hospital	0.7

Source: T.Ronald Brown: Research & Analysis



Public transportation is available (on Lighfoot Road, the Richmond Road, and at the Hospital).

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

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

The site is considered marketable.

E. MARKET AREA DEFINITION

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

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

The proposed development is located in York County, adjacent to James City County, not far north of the City of Williamsburg on the Virginia Peninsula in eastern Virginia. The market area for the proposed development is defined as James City County, Williamsburg and adjacent portions of York County, as defined by several census tracts. This area is focused on the site of the proposed development and extends to an approximately seven- to 12-mile hinterland. 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 York County are illustrated in the table, below. Employment in 2011 was 29,904. Since then, employment has grown - to 32,457 in 2019, for example - an increase of over 2,500 jobs over that period.

It should be noted that data - both nationally and locally - suggest that employment gains over the last decade or so have been significantly impacted with the onset of the economic disruption caused by the coronavirus pandemic. In York County, for example, employment decreased by 1,870 between 2019 and 2020 as a consequence of the COVID-19 pandemic.

Table 2 - Total Employment

		Change over previous year	
		<u>number</u>	<u>percent</u>
2011	29,904		
2012	29,876	-28	-0.1
2013	30,175	299	1.0
2014	30,376	201	0.7
2015	30,763	387	1.3
2016	30,926	163	0.5
2017	31,534	608	2.0
2018	31,905	371	1.2
2019	32,457	552	1.7
2020	30,587	-1,870	-5.8

Source: Bureau of Labor Statistics

Employment trends, by sector

Information on employment, by industry for York County in 2019 and 2020 (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 accommodation and food services (tourism-related), and retail trade which employed 14.6 percent, 18.7 percent, respectively, in the most recent year.

Table 3 - Employment, by sector

	2019		2020		pct change
	number	percent	number	percent	
Agriculture, Forestry, etc Mining, etc.	11	0.1	12	0.1	9.1
Utilities	61	0.3	53	0.3	-13.1
Construction	1,488	6.9	1,485	7.6	-0.2
Manufacturing	363	1.7	352	1.8	-3.0
Wholesale trade	326	1.5	349	1.8	7.1
Retail trade	3,628	16.9	3,633	18.7	0.1
Transp. and Warehousing	375	1.7	385	2.0	2.7
Information	74	0.3	71	0.4	-4.1
Finance and Insurance	294	1.4	278	1.4	-5.4
Real estate	325	1.5	235	1.2	-27.7
Professional and Technical services	1,307	6.1	1,087	5.6	-16.8
Management	391	1.8	363	1.9	-7.2
Administrative and Waste services	1,753	8.2	1,616	8.3	-7.8
Educational services	128	0.6	123	0.6	-3.9
Health Care and Social Assistance	1,479	6.9	1,381	7.1	-6.6
Arts, Entertainment, Recreation	328	1.5	402	2.1	22.6
Accommodation and Food services	3,810	17.7	2,833	14.6	-25.6
Other Services	994	4.6	690	3.5	-30.6
Unclassified	25	0.1	50	0.3	100.0
Total (all establishments)	21,481		19,458		-9.4

Source: Bureau of Labor Statistics

Unemployment trends

Unemployment trends for York County 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 5.6 percent, up from 2.6 percent the previous year. The rate was 6.1 percent in 2011.

Again, the impact of the economic disruption caused by the coronavirus pandemic is revealed in unemployment numbers. In York County, for example, the unemployment rate was 2.2 percent in December 2021, compared with 4.8 percent in December 2020 (having reached 10.8 percent in April 2020). The annual average unemployment rate for the US as a whole in 2021 was 5.3 percent, having been 8.1 percent in 2020, compared with 3.7 percent for 2019. (Data for 2021 are not yet available at the state or county level.)

Table 4 - Unemployment trends

	York County	Virginia	U.S.
2011	6.1%	6.6%	8.9%
2012	5.7%	5.9%	8.1%
2013	5.3%	5.6%	7.4%
2014	4.9%	5.1%	6.2%
2015	4.2%	4.4%	5.3%
2016	3.8%	4.0%	4.9%
2017	3.5%	3.7%	4.4%
2018	2.8%	2.9%	3.9%
2019	2.6%	2.7%	3.7%
2020	5.6%	6.2%	8.1%
2021			5.3%

Source: Bureau of Labor Statistics

Major Employers

The major employers in the Williamsburg area are listed in Table 5, below. Here it is seen that the largest single employers include the local school systems, local hospitals, Busch Gardens, the College of William and Mary, Colonial Williamsburg, Wal Mart, and local government.

Table 5 - Major Employers

Williamsburg City

College of William and Mary
Colonial Williamsburg Foundation
Sentara Healthcare
Colonial Williamsburg Hotel
City of Williamsburg
ADP Technology Services
Williamsburg James City County School Board
Sodexo
Harris Teeter Supermarkets (Kroger)
OS Restaurant Services

York County

York County School Board
County of York
Wal Mart
US Department of Defense
Busch Entertainment Corporation
Great Lakes Services
Food Lion
Kroger
Sentara Healthcare
Snow & Associates

James City County

Busch Entertainment Corporation
Williamsburg James City County School Board
Wal Mart
County of James City
Riverside Regional Medical Center
Eastern State Hospital
Anheuser-Busch
Avid Medical
Williamsburg Landing
Mastercorp

Source: Virginia Employment Commission

Report for the Grande Oak III Apartments in Williamsburg, Virginia

Virginia Economic Development Partnership reports no jobs lost in York County or in Williamsburg in recent years (2020 through 2021). With respect to new jobs, the Virginia Economic Development Partnership similarly reports new recent job announcements with one new company (KD Navien) creating 180 jobs in James City County), one other firm adding 18 persons to its workforce. The VA WARN system itemizes several layoffs throughout the Williamsburg area - primarily in the retail and hospitality sectors - Busch Gardens, for example, laid-off 1,810 persons.

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, and was impacted by the covid-related economic disruption.

Wages by Industry Sector

Information on wages, by employment sector, for York County 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 4.1 percent between 2019 and 2020.

Table 6 - Average Wages by Industry Sector

	<u>2019</u>	<u>2020</u>	<u>pct change</u>
Agriculture, Forestry, etc Mining, etc.	\$705	\$735	4.3
Utilities	\$2,041	\$1,903	-6.8
Construction	\$985	\$980	-0.5
Manufacturing	\$955	\$1,003	5.0
Wholesale trade	\$1,588	\$1,583	-0.3
Retail trade	\$539	\$571	5.9
Transp. and Warehousing	\$900	\$970	7.8
Information	\$1,001	\$1,095	9.4
Finance and Insurance	\$1,155	\$1,360	17.7
Real estate	\$809	\$818	1.1
Professional and Technical services	\$1,266	\$1,248	-1.4
Management	\$1,310	\$1,381	5.4
Administrative and Waste services	\$784	\$800	2.0
Educational services	\$678	\$806	18.9
Health Care and Social Assistance	\$822	\$892	8.5
Arts, Entertainment, Recreation	\$464	\$301	-35.1
Accommodation and Food services	\$415	\$395	-4.8
Other Services	\$524	\$686	30.9
Unclassified	\$799	\$779	-2.5
Total	\$782	\$814	4.1

Source: Virginia Labor Market Information

Commuting patterns

With respect to commuting, data from the American Community Survey, 48.9 percent of workers resident in Williamsburg were employed there. The average driving time to work for residents of Williamsburg was 19.1 minutes.

Table 7 - Commuting Data

	<u>number</u>	<u>percent</u>
Total Workers	6,278	100.0
Worked in Place of residence	3,070	48.9
Worked in County of residence	3,070	48.9
Worked outside Place of residence	3,208	51.1
Worked outside County of residence	3,208	51.1
Mean travel time to work (minutes)	19.1	

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

Report for the Grande Oak III Apartments in Williamsburg, Virginia

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 York County are set out, below.

Here it is seen that many persons who work in York County commute into the County from, for example, Newport News, Hampton and James City County. Likewise, many residents of York County commute to work in Newport News in particular.

Table 8 - Commuting Patterns

Working in York County	2,632
Where York County workers are commuting from:	
Newport News City	3,084
James City County	2,001
Hampton City	1,368
Gloucester County	945
Virginia Beach City	644
Suffolk City	371
Chesapeake City	369
Norfolk City	320
Poquoson City	295
Elsewhere	4,569
Where York County residents are commuting to:	
Newport News City	6,491
Hampton City	2,112
James City County	1,783
Norfolk City	802
Williamsburg City	740
Virginia Beach City	685
Fairfax County	581
Henrico County	537
Chesapeake City	493
Elsewhere	4,035

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

While the local economy recovers from the impact of the COVID pandemic, the local economic conditions will not likely have a direct positive or negative impact on the subject property, to any significant extent.

G. DEMOGRAPHIC CHARACTERISTICS

Population and Household Trends

In 2000, the population of York County was 56,297, and in 2010 the population was recorded as 65,464. Population projections for York County are provided by the Virginia State Data Center. Based on these data, the population of the area is projected to be 74,733 by 2022, and to be around 78,815 by 2027.

In 2000, the population of the market area was 69,763, and in 2010 the population was recorded as 93,831. 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 York County, corrected for the official State Data Center numbers, and on official projections for James City County and the City of Williamsburg. Based on these data, the population of the area is projected to be 114,491 by 2022, and to be around 124,887 by 2027.

Information on population trends and changes between 2000 and 2027 are set out in Table 9, below.

Table 9- Population Trends

	Williamsburg	Market Area	York County
2000	11,998	69,763	56,297
2010	14,068	93,831	65,464
2022	15,928	114,491	74,734
2027	16,816	124,887	78,815
absolute change			
2000-2010	2,070	24,068	9,167
2010-2022	1,860	20,660	9,270
2022-2027	888	10,396	4,081
annual change			
2000-2010	207	2,407	917
2010-2022	155	1,722	773
2022-2027	178	2,079	816

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

Projections of the number of households for Williamsburg, the market area, and for York County are set out in Table 10, below.

In 2000, there were 20,000 households in York County and 24,006 in 2010. Based on the population projections set out, above, there will be around 28,343 households in 2022 and 30,335 in 2027.

There were 26,212 households in the market area in 2000 and 36,051 in 2010. Projections show around 45,059 and 49,635 households in 2022 and 2027, respectively.

Table 10 - Household Trends

	Williamsburg	Market Area	York County
2000	3,619	26,212	20,000
2010	4,571	36,051	24,006
2022	5,657	45,059	28,343
2027	6,198	49,635	30,335
absolute change			
2000-2010	952	9,839	4,006
2010-2022	1,086	9,008	4,337
2022-2027	541	4,576	1,992
annual change			
2000-2010	95	984	401
2010-2022	91	751	361
2022-2027	108	915	398

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

Population and household characteristics

Age distribution

The distribution of the population, by age, for the City of Williamsburg, the market area, and York County is set out in Table 11, below. These data are from the 2010 Census. Here it is seen that the high proportions of younger persons in Williamsburg reflects the student population there.

Table 11 - Age Distribution

	Williamsburg		Market Area		York County	
	number	percent	number	percent	number	percent
Under 5 years	433	3.1	4,650	5.0	3,812	5.8
5 to 9 years	366	2.6	5,103	5.4	4,745	7.2
10 to 14 years	364	2.6	5,593	6.0	5,241	8.0
15 to 19 years	2,337	16.6	7,376	7.9	5,182	7.9
20 to 24 years	3,887	27.6	7,996	8.5	3,606	5.5
25 to 29 years	1,024	7.3	4,954	5.3	3,413	5.2
30 to 34 years	600	4.3	4,429	4.7	3,393	5.2
35 to 39 years	449	3.2	4,993	5.3	3,862	5.9
40 to 44 years	473	3.4	5,798	6.2	4,838	7.4
45 to 49 years	500	3.6	6,587	7.0	6,030	9.2
50 to 54 years	553	3.9	6,490	6.9	5,533	8.5
55 to 59 years	549	3.9	6,094	6.5	4,181	6.4
60 to 64 years	654	4.6	6,184	6.6	3,694	5.6
65 to 69 years	597	4.2	5,558	5.9	2,801	4.3
70 to 74 years	474	3.4	4,205	4.5	1,950	3.0
75 to 79 years	378	2.7	3,360	3.6	1,466	2.2
80 to 84 years	225	1.6	2,298	2.4	954	1.5
85 years and over	205	1.5	2,163	2.3	763	1.2
55 and older	3,082	21.9	29,862	31.8	15,809	24.1
65 and older	1,879	13.4	17,584	18.7	7,934	12.1
Total	14,068		93,831		65,464	

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

Age projections

Official population projections by age at the County level are provided by the Virginia State Data Center. Here, the population of York County aged 55 years and older is projected to increase from 15,809 in 2010 to 24,660 in 2022 and to 24,420 by 2027.

In 2010, there were a total of 29,862 persons aged 55 years or older in the project market area, in 17,586 households. By 2022, it is projected (on the basis of survivorship rates and the County projections for York County, James City County and Williamsburg) that there will be 41,873 elderly persons in 24,660 households in the market area. By 2027 it is projected that there will be 45,401 elderly persons in 26,737 households in the market area. The number of older renters is projected to increase from 3,736 to 4,050 between 2022 and 2027.

Table 12 - Population and Households, 55 years and older

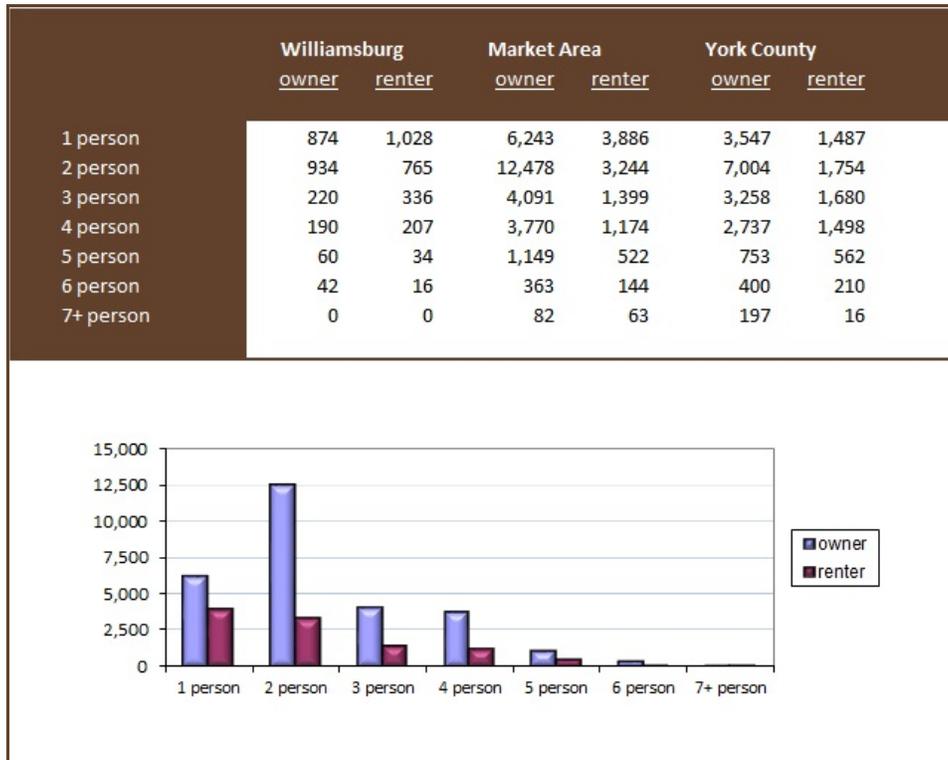
Market Area			
	<u>Population</u>	<u>H'holds</u>	<u>Renters</u>
2000	18,288	10,845	1,769
2010	29,862	17,586	2,664
2022	41,873	24,660	3,736
2027	45,401	26,737	4,050
York County			
	<u>Population</u>	<u>H'holds</u>	<u>Renters</u>
2000	10,406	6,197	453
2010	15,809	9,455	903
2022	23,132	13,835	1,821
2027	24,420	14,605	2,197

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

Household size

Table 13 below, sets out household size, by tenure, for households in Williamsburg, the market area, and York County.

Table 13 - Household Size



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

Tenure

Table 14, below, sets out the number and proportion of owner and renter households for Williamsburg, the market area, and for York County. In the years beyond 2010, the tenure proportions are based on 2000 to 2010 tenure trends. In 2010, 56.3 percent of households in Williamsburg were renters, 27.6 percent of households in the market area were renters, and 25.0 percent in York County were renters.

Table 14 - Tenure

Williamsburg				persons per		Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	11,998	3,619	3.32	1,602	44.3	2,017	55.7		
2010	14,068	4,571	3.08	1,998	43.7	2,573	56.3		
2022	15,928	5,657	2.82	2,435	43.0	3,222	57.0		
2027	16,816	6,198	2.71	2,650	42.8	3,548	57.2		
Market Area				persons per		Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	69,763	26,212	2.66	19,154	73.1	7,058	26.9		
2010	93,831	36,051	2.60	26,093	72.4	9,958	27.6		
2022	114,491	45,059	2.54	32,226	71.5	12,833	28.5		
2027	124,887	49,635	2.52	35,317	71.2	14,318	28.8		
York County				persons per		Owner-occupied		Renter-occupied	
	<u>population</u>	<u>households</u>	<u>household</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
2000	56,297	20,000	2.81	15,157	75.8	4,843	24.2		
2010	65,464	24,006	2.73	18,044	75.2	5,962	24.8		
2022	74,734	28,343	2.64	21,087	74.4	7,256	25.6		
2027	78,815	30,335	2.60	22,470	74.1	7,865	25.9		

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

Tenure by age

Table 15, below, sets out the number of owner and renter households, by age of household head for older households in Williamsburg, the market area, and York County, based on data in the 2015 to 2019 American Community Survey. From this table it can be seen that, for example, 3,349 out of 21,333 households headed by a person 55 years or older in the market area are renters (15.7 percent).

Table 15 - Tenure of Elderly Households

	Households	Owner-occupied		Renter-occupied	
		number	percent	number	percent
Williamsburg					
55 to 59 years	377	214	56.8	163	43.2
60 to 64 years	440	255	58.0	185	42.0
65 to 74 years	781	632	80.9	149	19.1
75 to 84 years	579	463	80.0	116	20.0
85 years and older	143	137	95.8	6	4.2
total, 55 and older	2,320	1,701	73.3	619	26.7
total, 65 and older	1,503	1,232	82.0	271	18.0
Market Area					
55 to 59 years	3,328	2,834	85.2	494	14.8
60 to 64 years	4,128	3,510	85.0	618	15.0
65 to 74 years	7,528	6,844	90.9	684	9.1
75 to 84 years	4,504	3,689	81.9	815	18.1
85 years and older	1,845	1,107	60.0	738	40.0
total, 55 and older	21,333	17,984	84.3	3,349	15.7
total, 65 and older	13,877	11,640	83.9	2,237	16.1
York County					
55 to 59 years	2,658	2,329	87.6	329	12.4
60 to 64 years	2,368	2,104	88.9	264	11.1
65 to 74 years	3,537	3,275	92.6	262	7.4
75 to 84 years	2,088	1,869	89.5	219	10.5
85 years and older	866	582	67.2	284	32.8
total, 55 and older	11,517	10,159	88.2	1,358	11.8
total, 65 and older	6,491	5,726	88.2	765	11.8

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

Income Distribution

The distribution of household incomes for Williamsburg, the market area, and York County, are set out in Table 16, below. These figures are taken from the 2015 to 2019 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for Williamsburg is around \$57,463, and that for York County as a whole is seen to be \$92,069. The median income for the market area is estimated at \$79,932.

Table 16 - Household Income

	Williamsburg		Market area		York County	
	number	percent	number	percent	number	percent
less than \$10,000	445	9.5	1,741	4.7	690	2.7
\$10,000 to \$14,999	149	3.2	825	2.2	524	2.1
\$15,000 to \$19,999	162	3.4	1,092	3.0	593	2.4
\$20,000 to \$24,999	240	5.1	1,312	3.6	451	1.8
\$25,000 to \$29,999	218	4.6	1,438	3.9	492	2.0
\$30,000 to \$34,999	168	3.6	829	2.3	684	2.7
\$35,000 to \$39,999	205	4.4	1,136	3.1	856	3.4
\$40,000 to \$44,999	128	2.7	1,357	3.7	685	2.7
\$45,000 to \$49,999	211	4.5	1,303	3.5	926	3.7
\$50,000 to \$59,999	515	10.9	2,736	7.4	1,686	6.7
\$60,000 to \$74,999	362	7.7	3,568	9.7	2,616	10.4
\$75,000 to \$99,999	555	11.8	5,415	14.7	3,565	14.2
\$100,000 to \$124,999	344	7.3	4,771	12.9	3,229	12.9
\$125,000 to \$149,999	241	5.1	3,399	9.2	2,569	10.2
\$150,000 to \$199,999	271	5.8	3,599	9.8	2,741	10.9
\$200,000 or more	492	10.5	2,321	6.3	2,796	11.1
median income	\$57,463		\$79,932 *		\$92,069	

* Estimate

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

Income, by age

The distribution of household incomes for persons aged 65 years and older in Williamsburg, the market area, and York County are set out in Table 17, below. Again, these figures are taken from the 2015 to 2019 American Community Survey, and as such are subject to the limitations imposed by this source.

The median household income for older households in Williamsburg is around \$66,705, and that for York County as a whole is seen to be \$62,248. The median income for the market area is estimated at \$76,858.

Table 17 - Household Income, Households aged 65 and older

	Williamsburg		Market area		York County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	51	3.4	509	3.7	258	4.0
\$10,000 to \$14,999	37	2.5	342	2.5	266	4.1
\$15,000 to \$19,999	68	4.5	657	4.7	395	6.1
\$20,000 to \$24,999	41	2.7	498	3.6	235	3.6
\$25,000 to \$29,999	99	6.6	619	4.5	232	3.6
\$30,000 to \$34,999	56	3.7	329	2.4	217	3.3
\$35,000 to \$39,999	45	3.0	499	3.6	298	4.6
\$40,000 to \$44,999	30	2.0	471	3.4	255	3.9
\$45,000 to \$49,999	48	3.2	561	4.0	331	5.1
\$50,000 to \$59,999	238	15.8	982	7.1	620	9.6
\$60,000 to \$74,999	113	7.5	1,323	9.5	730	11.2
\$75,000 to \$99,999	162	10.8	2,050	14.8	649	10.0
\$100,000 to \$124,999	143	9.5	1,682	12.1	609	9.4
\$125,000 to \$149,999	106	7.1	1,286	9.3	412	6.3
\$150,000 to \$199,999	82	5.5	1,075	7.7	514	7.9
\$200,000 or more	184	12.2	994	7.2	470	7.2
median income	\$66,705		\$76,858 *		\$62,248	

* Estimate

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

Renter Income

The distribution of household incomes for renter households for Williamsburg, the market area, and York County. are set out in Table 18, below. These figures are also taken from the 2015 to 2019 American Community Survey.

The median renter household income for Williamsburg is around \$37,750, and that for York County as a whole is seen to be \$64,428. The median income for the market area is estimated at \$48,112.

Table 18 - Household Income, Renter Households

	Williamsburg		Market area		York County	
	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>	<u>number</u>	<u>percent</u>
less than \$10,000	399	16.7	1,191	11.4	336	4.7
\$10,000 to \$19,999	208	8.7	842	8.1	534	7.4
\$20,000 to \$34,999	463	19.4	1,734	16.6	604	8.4
\$35,000 to \$49,999	403	16.9	1,660	15.9	1,096	15.2
\$50,000 to \$74,999	440	18.4	1,766	16.9	1,654	22.9
\$75,000 to \$99,999	243	10.2	1,167	11.2	1,387	19.2
\$100,000 or more	230	9.6	2,072	19.9	1,596	22.1
median income	\$37,750		\$48,112 *		\$64,428	

* Estimate

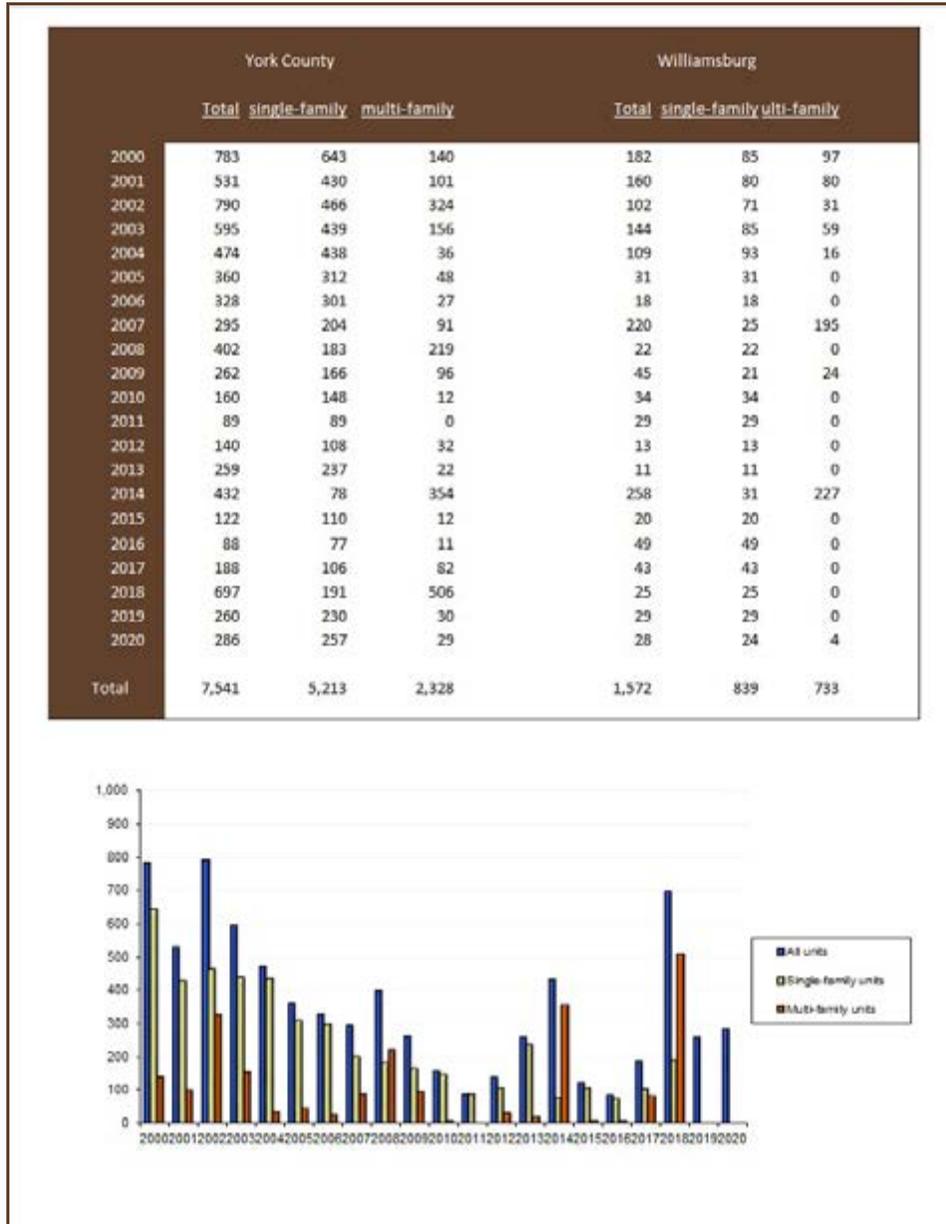
Source: 2015 to 2019 American Community Survey; T.Ronald Brown: Research & Analysis

Report for the Grande Oak III Apartments in Williamsburg, Virginia

Building permit trends

Table 19 below gives details of residential construction in York County and Williamsburg since 2000. Where the data exist, it can be seen that a total of 7,541 units were added in throughout the County, and 1,572 were added in Williamsburg. No data exist for the market area.

Table 19 - Residential Construction Since 2000



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

H. COMPETITIVE ENVIRONMENT

There are several apartment complexes located in the York County and Williamsburg area. These properties are established subsidized housing for very low income households, and newer complexes that are financed with low income housing tax credits. 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 elderly properties that have been financed with tax credits in the market area for the proposed development.

Arbors at Towne Park (130 units)
Arbors at Williamsburg (150 units)
Burnt Ordinary Village (22 units)
Grande Oak I (49 units)
Grande Oak II (48 units)
Grande Oak III (49 units) - subject
Lafayette Village Elderly (32 units)

As noted, the Arbors at Towne Park is a 130-unit tax credit property for seniors. It is located in the Towne Park community, off Route 603, near the Sentara Hospital. There are 55 one bedroom units and 75 two bedroom (one and one-half bath) units. Twenty of the units are market rate: eight one-bedroom units and twelve two-bedroom units. All the tax credit units are targeted at 60 percent of the median. The tax credit rent is \$916, and \$1,095 or \$1,097 for the one- and two-bedroom units, respectively, and the equivalent numbers for the market rate units are \$1,375, and \$1,585 and \$1,590. Rents include utilities. The property opened in 2019 and rented-up in seven months or so. Currently, there are no vacant units.

The Arbors at Williamsburg is a 150-unit bond-financed development that was awarded tax credits in 2020. The complex is currently under construction and is scheduled to open in July, 2022. The project is located on the site of a former shopping center on Pocahontas Trail in Williamsburg, in the south/eastern portion of the market area for the proposed development. Of the 150-unit total, it is understood that 120 will be rented at market rates and that 30 units (26 one-bedroom units and six two-bedroom units) will be rented to households at 50 percent of the area median income. Market rents are advertized at \$1,295 to \$1,495 for one-bedroom units, and \$1,595 and \$1,695 for two-bedroom models.

The Burnt Ordinary Village complex is a 22-unit project that was originally developed in 1985, and is financed under the USDA/Rural Development Section 515 Rural Rental Housing program. It is fully occupied.

* There are three tax credit-financed complex for families in the market area. The Rolling Meadows complex is a 200-unit property that opened in 1993. Two bedroom rents at this location are reported to be up to \$1,067. The Longhill Grove property in Williamsburg dates from 2004 and has a total of 170 units, where two-bedroom units rent for up to \$1,004. The newest complex, the Station at Norge, offers 104 units that were built in 2007 at a site in James City County. Two bedroom units rent for \$1,025 at that location.

Grande Oak is the original phase of the proposed development. There are to be 49 units, all of which will have two-bedrooms, and will be targeted to households between 30 and 80 percent of the area median income, with rents in the \$472 to \$1,198 range.

Grande Oak II is the second phase of the proposed development. There are to be 48 units, all of which will have two-bedrooms, and will rent for \$1,043, being targeted to households at 60 percent of the area median income.

Lafayette Village Elderly is a 32-unit project that was originally developed in 1989, and is financed under the USDA/Rural Development Section 515 Rural Rental Housing program. It is fully occupied.

In addition to the above, tax credit, properties there is one other income-restricted property for seniors in the market area for the proposed development. This is Parker View - a HUD Section 202 complex that opened in 2009 and offers 67 one-bedroom units. Again, it is fully occupied, with a waiting list.

Based on our survey of the stabilized senior units in this area, there is a market-wide occupancy rate of 100 percent for all units - both tax credit and subsidized.

Report for the Grande Oak III Apartments in Williamsburg, Virginia

There are no solely market rate apartment developments that cater specifically to the elderly in the market area. However, as noted, there are 20 market rate units out of a total of 130 units at The Arbors at Towne Park. These rent for \$1,375 for a one-bedroom unit, and for \$1,585 or \$1,590 for a two-bedroom model. Also, the new Arbors at Williamsburg will offer 120 market rate units for seniors: with one-bedroom units priced at \$1,295 to \$1,495, and two-bedroom units in the \$1,595 to \$1,695 range.

In order estimate market rents, following Virginia Housing guidelines, several market rate open/family properties have been identified as potential comparable properties. These have been chosen on the basis of age, location, and bedroom mix. Information for the two-bedroom units at these properties are summarized below. Two of these complexes - the Apartments at Kelton Station and the Aura at Arbordale - are new , and are located within one-third and one and one-quarter of mile of the site of the proposed development, respectively.

Table 20 - Market Rate Properties

<u>Property</u>	<u>Year built</u>	<u>Two-bedroom rents</u>
Apts at Kelton Station	2020	\$1,637-1,728
Aura at Arbordale	2019	\$1,640-1,730
Elan Williamsburg	2018	\$1,549-1,779
Spotswood Commons	2002	\$1,810-2,015
Sterling Manor	2008	\$2,075-2,583

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



Apartments at Kelton Station



Aura at Arbordale



Elan Williamsburg



Spottswood Commons



Sterling Manor

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 \$1,675 for a two-bedroom unit.

These rents are seen to be reasonably above the proposed rents at the proposed development, particularly those at or below 50 percent of the local area median. The proposed rents targeted at the 60 percent level and above - \$1,030 - are also seen to be reasonably below the estimated market rents.

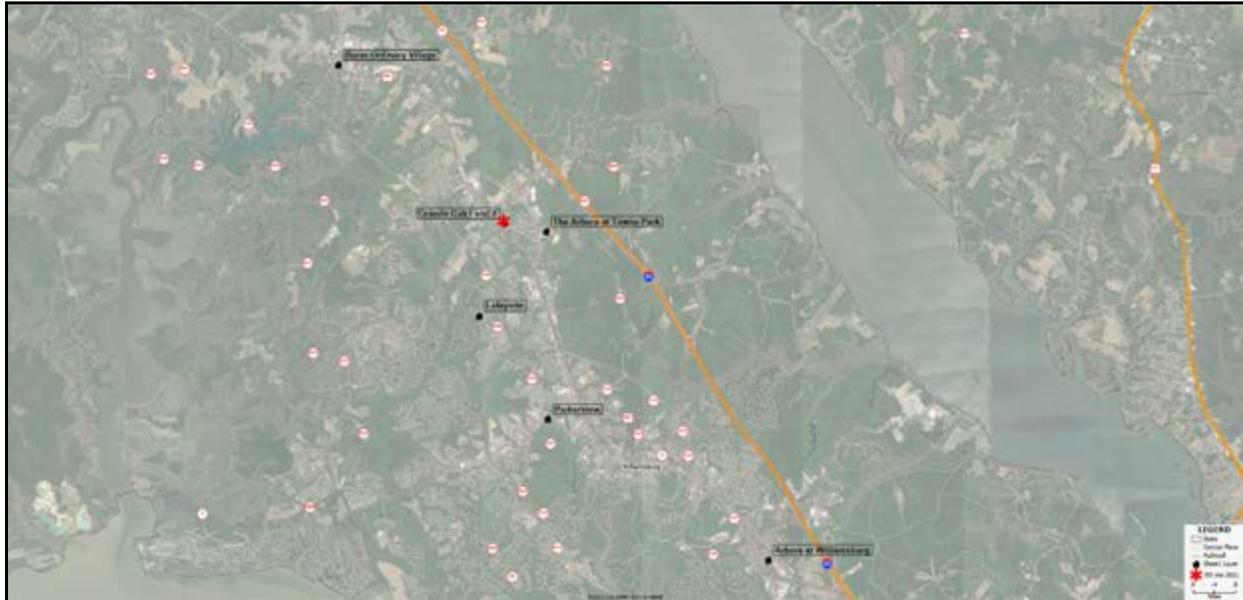
Report for the Grande Oak III Apartments in Williamsburg, Virginia

The various complexes surveyed are summarized as follows:

Complex name	Financing	Year built	Total units	Vacant units	Occupancy (%)
Arbors at Towne Park	LIHTC	2019	110	0	100.0
Arbors at Towne Park	market rate	2019	20	0	100.0
Arbors at Williamsburg	LIHTC	2023	120	n/a	n/a
Arbors at Williamsburg	market rate	2023	30	n/a	n/a
Burnt Ordinary	USDA/RD	1985	22	0	100.0
Grand Oak I	LIHTC	2023	49	n/a	n/a
Grand Oak II	LIHTC	2023	49	n/a	n/a
Lafayette	USDA/RD	1989	32	0	100.0
Parker View	HUD § 202	2009	67	0	100.0

	0 br/1ba			1 br/1ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Grande Oak III						
Arbors at Towne Park (LIHTC)				47	650-782	\$916
Arbors at Towne Park (market)				8	782	\$1,375
Arbors at Williamsburg (LIHTC)				24	706-840	\$757
Arbors at Williamsburg (market)				26	656-935	\$1,295-1,495
Burnt Ordinary				22	n/a	boi
Grand Oak I						
Grand Oak II						
Lafayette				32	555	boi
Parker View				67	539	boi
	2 br/1-1½ ba			2 br/2 ba		
	number	size (sq. ft.)	rent	number	size (sq. ft.)	rent
Grande Oak III	49	950	\$460-1,030			
Arbors at Towne Park (LIHTC)	63	1,030	\$1,000			
Arbors at Towne Park (market)	12	1,030	\$1,570			
Arbors at Williamsburg (LIHTC)	6	1,100	\$899			
Arbors at Williamsburg (market)	70	1,037-1,174	\$1,595-1,695	24	1,076	\$1,695
Burnt Ordinary						
Grand Oak I	49	950	\$472-1,198			
Grand Oak II	48	950	\$1,043			
Lafayette						
Parker View						

Apartment Locations





Complex: Arbors at Towne Park

Location: 101 Rosco Crossing, Williamsburg

Financing: LIHTC elderly (targeting: 60% AMI, market)

Year Built: 2019

Telephone: 757.345.3531

Total units: 130

Management: Franklin Johnston Group

Vacant units: 0 (100 percent occupied)

Contact: (2/17) telephone onsite other

Waiting list:

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Rent</u>	<u>UA</u>	<u>Community Amenities</u>
1/1	47	650-782	\$916*	\$35	Clubhouse/community room <input checked="" type="checkbox"/>
1/1	8	782	\$1,375		Fitness Center <input checked="" type="checkbox"/>
					Business Center <input checked="" type="checkbox"/>
2/1½	63	1,030	\$1,095-1,097*	\$44-46	Pool <input type="checkbox"/>
2/1½	12	1,030	\$1,585-1,590		Playground <input type="checkbox"/>
					Controlled access/gated <input checked="" type="checkbox"/>
					Elevator <input checked="" type="checkbox"/>
					Garages <input type="checkbox"/>
					Storage <input type="checkbox"/>
					Laundry <input type="checkbox"/>

*Tax credit

Unit Amenities

Microwave	<input checked="" type="checkbox"/>
Dishwasher	<input checked="" type="checkbox"/>
Washer/dryer	<input type="checkbox"/>
Washer/dryer hook-up	<input checked="" type="checkbox"/>
9' ceilings	<input type="checkbox"/>
High-end kitchen	<input checked="" type="checkbox"/>
Wood/style floors	<input type="checkbox"/>
Fireplaces	<input type="checkbox"/>
Patios/balconies	<input type="checkbox"/>

Utilities in rent:

Water/sewer Trash Electricity Heat



Complex: Arbors at Williamsburg

Location: 1915 Pocahontas Trail, Williamsburg

Financing: LIHTC elderly (targeting: 30 units at 50% AMI, 120 units at market)

Year Built: July, 2022

Telephone: 757.699.1226

Total units: 150

Management: Franklin Johnston Group

Vacant units: n/a

Contact: telephone onsite other

Waiting list: n/a

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Rent</u>	<u>UA</u>	<u>Community Amenities</u>
1/1	24	706-840	\$757*	n/a	Clubhouse/community room <input checked="" type="checkbox"/>
1/1	26	656-935	\$1,295-1,495		Fitness Center <input checked="" type="checkbox"/>
					Business Center <input checked="" type="checkbox"/>
2/1½	6	1,100	\$899*	n/a	Pool <input type="checkbox"/>
2/1½	70	1,037-1,174	\$1,595-1,695		Playground <input type="checkbox"/>
2/2	24	1,076	\$1,695		Controlled access/gated <input checked="" type="checkbox"/>
					Elevator <input checked="" type="checkbox"/>
					Garages <input type="checkbox"/>
					Storage <input type="checkbox"/>
					Laundry <input type="checkbox"/>

*Tax credit

Unit Amenities

Microwave	<input checked="" type="checkbox"/>
Dishwasher	<input checked="" type="checkbox"/>
Washer/dryer	<input type="checkbox"/>
Washer/dryer hook-up	<input checked="" type="checkbox"/>
9' ceilings	<input checked="" type="checkbox"/>
High-end kitchen	<input checked="" type="checkbox"/>
Wood/style floors	<input type="checkbox"/>
Fireplaces	<input type="checkbox"/>
Patios/balconies	<input checked="" type="checkbox"/>

Utilities in rent:

Water/sewer * Trash Electricity Heat



Complex: Burnt Ordinary Village

Location: 3301 Toano Drive, Toano

Financing: USDA/RD § 515

Year Built: 1985 (renovated 2012)

Total units: 22

Vacant units: 0 (100 percent occupied)

Waiting list:

Telephone: 757.566.1771

Management: TM Associates

Contact: Christine (2/17) telephone onsite other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Basic rent</u>	<u>Market rent</u>	<u>Community Amenities</u>
1/1	22	n/a	\$709	n/a	Clubhouse/community room <input checked="" type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input checked="" type="checkbox"/>
					<u>Unit Amenities</u>
					Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/>
					<u>Utilities in rent:</u>
					Water/sewer <input checked="" type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



Complex: Lafayette Village

Location: 121 Lafayette Boulevard, Williamsburg

Financing: USDA/RD § 515

Year Built: 1989 (renovated 2007)

Telephone: 757.565.1610

Total units: 32

Management: Community Housing Partners

Vacant units: 0 (100 percent occupied)

Contact: Sheila (2/27) telephone onsite other

Waiting list:

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Basic Rent</u>	<u>Market Rent</u>	<u>Community Amenities</u>
1/1	32	555	\$552	\$715	Clubhouse/community room <input checked="" type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input checked="" type="checkbox"/>
					<u>Unit Amenities</u>
					Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/>
					<u>Utilities in rent:</u>
					Water/sewer <input type="checkbox"/> Trash <input type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>



Complex: Parker View

Location: 121 Lafayette Boulevard, Williamsburg

Financing: HUD § 202

Year Built: 2009

Total units: 67

Vacant units: 0 (100 percent occupied)

Waiting list:

Telephone: 757.345.0896

Management: Bay Aging

Contact: Hanna (2/22) telephone onsite other

<u>Br/Ba</u>	<u>Units</u>	<u>Sq. Feet</u>	<u>Contract Rent</u>	<u>Community Amenities</u>
1/1	67	539	\$587	Clubhouse/community room <input checked="" type="checkbox"/> Fitness Center <input type="checkbox"/> Business Center <input type="checkbox"/> Pool <input type="checkbox"/> Playground <input type="checkbox"/> Controlled access/gated <input type="checkbox"/> Elevator <input checked="" type="checkbox"/> Garages <input type="checkbox"/> Storage <input type="checkbox"/> Laundry <input checked="" type="checkbox"/>
				<u>Unit Amenities</u>
				Microwave <input type="checkbox"/> Dishwasher <input type="checkbox"/> Washer/dryer <input type="checkbox"/> Washer/dryer hook-up <input type="checkbox"/> 9' ceilings <input type="checkbox"/> High-end kitchen <input type="checkbox"/> Wood/style floors <input type="checkbox"/> Fireplaces <input type="checkbox"/> Patios/balconies <input type="checkbox"/>
				<u>Utilities in rent:</u>
				Water/sewer <input checked="" type="checkbox"/> Trash <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Heat <input type="checkbox"/>

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

Demand Analysis

The proposed development will rent to older adults - defined as those aged 55 years and older.

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. With respect to the latter, separate consideration is given to market area renter households and market area owner-occupied households.

Income is a key variable in the analysis of housing markets. Of the 49 units proposed, five will be targeted to households with incomes up to 30 percent of the median, 20 will be targeted to households with incomes up to 50 percent of the median, with six targeted at 60 percent of the median, one unit will be targeted at 70 percent of the median, and 17 units will be targeted at 80 percent of the median (and therefore applying income averaging).

The HUD income limits for York County (the Virginia Beach-Norfolk-Newport News MSA) are set out below. The median income for York County in 2021 is \$84,450 - having been \$82,500 in 2020, and \$69,900 in 2011. This represents a 2.4 percent increase over the previous year, and a 20.9 percent increase over the last decade (or an average of 1.91 percent per year).

The maximum housing expenses for the proposed units are based on the above 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 21 - Income Limits and Maximum Housing Costs

Income Limits					
	30 percent	50 percent	60 percent	70 percent	80 percent
1 person	\$17,760	\$29,600	\$35,520	\$41,440	\$47,360
2 person	\$20,280	\$33,800	\$40,560	\$47,320	\$54,080
3 person	\$22,830	\$38,050	\$45,660	\$53,270	\$60,880
Maximum Housing Costs					
	30 percent	50 percent	60 percent	70 percent	80 percent
1 bedroom	\$476	\$793	\$951	\$1,110	\$1,268
2 bedroom	\$571	\$951	\$1,142	\$1,332	\$1,522

Source: HUD

Information as to rents and income targeting, and qualifying income ranges are set out in Table 22, below

Table 22 - Rents and Income Targeting

Income targeting						
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>	<u>Total</u>
2 bedroom	5	20	6	1	17	49
total	5	20	6	1	17	49
proposed rents						
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>	
2 bedroom	\$460	\$840	\$1,030	\$1,030	\$1,030	
proposed rents as a proportion (%) of maximum						
	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>	
2 bedroom	99.7	99.8	99.8	85.5	74.8	

Source: Applicant; T Ronald Brown: Research & Analysis

The utility allowance for the proposed development is \$109 for the two-bedroom units.

From the table above, it can be seen that housing expenses at the proposed apartments effectively fall at or near the maximum allowable for the units targeted at each of the 30 percent, 50 percent, and 60 percent levels, and around 86 to 75 percent of the maximum for the units targeted at 70 percent and 80 percent.

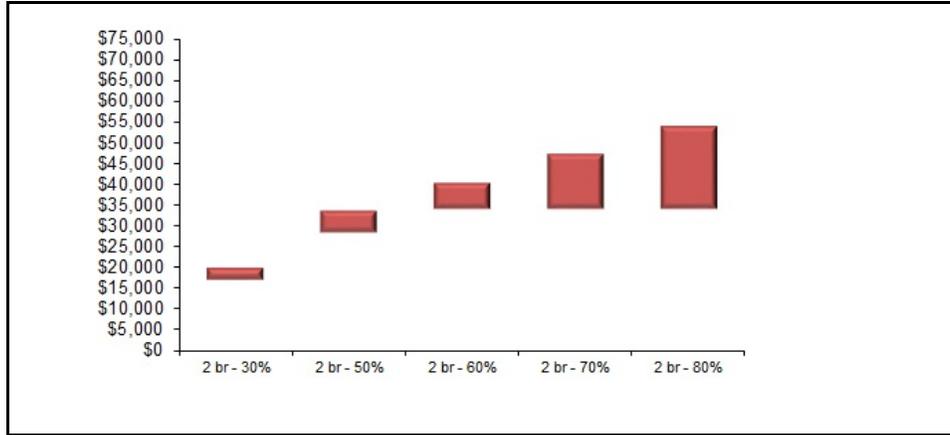
Qualifying income ranges are a function of the income needed to afford the proposed units and the mandated upper income limits. There is no official lower income limit for the proposed apartments. However, for the purposes of this report it is assumed that tenants will pay no more than 40 percent of 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, capped at two persons for elderly complexes). The qualifying income limits for one- bedroom units are based on the proposed two-bedroom unit rent levels relative to the maximum allowable. Similarly, rent assisted units are analyzed without that assistance, and rent for those units is assumed to be the maximum allowable.

Table 23 - Qualifying Income Ranges

		<u>30 percent</u>	
		lower	upper
2 bedroom		\$17,070	\$20,280
		<u>50 percent</u>	
		lower	upper
2 bedroom		\$28,470	\$33,800
		<u>60 percent</u>	
		lower	upper
2 bedroom		\$34,170	\$40,560
		<u>70 percent</u>	
		lower	upper
2 bedroom		\$34,170	\$47,320
		<u>80 percent</u>	
		lower	upper
2 bedroom		\$34,170	\$54,080

Source: Applicant; T Ronald Brown: Research & Analysis

The various qualifying income ranges, by bedroom mix and income targeting are illustrated, below. It should be noted from the diagram that the target income ranges for the two-bedroom units are somewhat compressed because two-person households are to be used for the upper income limit (and 1.5 persons for one-bedroom units). 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 age, 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 24 - Household Income and Rent overburdening, Older Households

Income	All Older Owners		All Older Renters		Overburdened Renters	
	Number	Percentage	Number	Percentage	Number	Percentage
Up to \$10,000	305	1.5	229	6.5	147	8.7
\$10,000 - \$19,999	1,052	5.3	518	14.6	359	21.2
\$20,000 - \$34,999	2,066	10.4	811	22.8	549	32.4
\$35,000 - \$50,000	2,366	11.9	520	14.6	335	19.8
\$50,000 - \$75,000	3,559	17.9	570	16.0	193	11.4
\$75,000 - \$100,000	2,900	14.6	328	9.2	46	2.7
\$100,000 and over	7,642	38.4	576	16.2	65	3.8
Total	19,889		3,551		1,695	

Source: 2015 to 2019 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 2015 to 2019 - and not for a specific year.

From this table it can be seen that 6.5 percent of the market area older renter households have incomes less than \$10,000 and a further 14.6 percent have incomes between \$10,000 and \$20,000. Around 22.8 percent of older renters are seen to be in the \$25,000 to \$35,000 income range. Around 48 percent of all older renters are rent-overburdened. This table also illustrates how rent-overburdened households are concentrated in the lower income groups.

Based on the income ranges set out in Table 23 and the income distribution set out in Table 24, it is found that 5.8 percent of households at the 30 percent level qualify for the proposed units, and around 10.1 percent of market area older renter households qualify for units at 50 percent of the median. The corresponding figures for units at the 60 percent, 70 percent, and 80 percent levels are 9.8 percent, 16.2 percent, and 21.7 percent, respectively.

Projections of need and demand are based upon a 2022 to 2027 projection period and the resulting calculations are corrected to account for any construction of comparable projects and/or planned comparable units.

The number of elderly renters is projected to increase by 315 between 2022 and 2027 (from 3,736 to 4,050 households). Based on the distribution of elderly renter household incomes there are 119 new elderly renter households which qualify for the proposed development.

Again, the market for the proposed apartments comprises not only demand from population and household growth, but also from existing older households—both homeowners and renters—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 1,531 older renter households in the qualifying income ranges 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, 69.3 percent of renters at the 30 percent level are rent-overburdened, and 67.7 percent of renters qualifying at 50 percent are overburdened. Around 66.0 percent of those at 60 percent of the median are rent-overburdened, with the corresponding proportions for households at 70 percent and 80 percent of the median being 65.5 percent and 60.5 percent, respectively. 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 46 units.

Our calculations show that there will be a total of 4,913 older owner-occupied households in the qualifying income ranges in the market area. With respect to the existing elderly homeowners it is realistically assumed that perhaps 5 percent would consider moving to the proposed apartments. This translates to around 246 new older renters.

Total demand is therefore seen to amount to 1,389 units. This total demand has to be segmented to determine demand by number of bedrooms per unit. For the purposes of this report, it can be reasonably assumed that up two-thirds of older households would choose a one-bedroom unit, and one-third would chose a two-bedroom unit.

These figures are based on a 2022 to 2027 projection period and therefore have been corrected to account for the funding and/or construction of any directly comparable projects in the market area. No directly comparable projects have been leased-up and reached stabilized occupancy in the project market area over the projection period. However, three potentially comparable properties have been awarded tax credits in recent years. These are the initial phase of Grande Oak where there will be a total of 49 units (all with two bedrooms). These will be targeted to elderly households at 30 percent, 50 percent, 60 percent, 70 percent, and 80 percent of the median. The second phase at Grande Oaks will offer 48 two-bedroom units, all targeted at 50 percent of the area median income. It is understood that construction on these properties will begin in the fall of 2022. Additionally, a 150-unit property - the Arbors at Williamsburg - was funded in 2020. Here, it is understood that there will be 120 market rate units and 30 potentially comparable tax credit units. The latter are understood to comprise 24 one-bedroom units and six two-bedroom units, targeted at 50 percent of the median. No other comparable units have been funded or are under construction. The latter developments amount to 127 new units; thus, the net need is for 1,262 units.

The preceding calculations are summarized in the table, below.

Table 25 - Demand Calculations

	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>	<u>total *</u>
(i) income eligible new renter households	18	32	31	51	68	119
(ii) income eligible existing renter households	236	409	396	655	877	1,531
(iii) existing renter households, likely to move	163	277	262	429	530	978
(iv) renters in obsolete housing	7	12	12	20	27	46
(v) income eligible existing owner households	479	1,042	1,349	2,527	3,715	4,913
(vi) existing owner households, likely to move	24	52	67	126	186	246
 Total demand (i)+(iii)+(iv)+(vi)	 213	 373	 372	 626	 811	 1,389
 Supply	 5	 55	 54	 1	 12	 127
 Net demand	 208	 318	 318	 625	 799	 1,262

Total excludes gaps/overlap

Source: T. Ronald Brown: Research & Analysis

Capture rates are illustrated in the table, below.

Table 26 - Capture Rates

	<u>30 percent</u>	<u>50 percent</u>	<u>60 percent</u>	<u>70 percent</u>	<u>80 percent</u>	<u>total</u>
Total demand						
1 bedroom	140	246	245	413	535	917
2 bedroom	72	127	126	213	276	472
Total	213	373	372	626	811	1,389
Supply						
1 bedroom	0	24	0	0	0	24
2 bedroom	5	31	54	1	12	103
Total	5	55	54	1	12	127
Net demand						
1 bedroom	140	222	245	413	535	893
2 bedroom	67	96	72	212	264	369
Total	208	318	318	625	799	1,262
Units proposed						
1 bedroom	0	0	0	0	0	0
2 bedroom	5	20	6	1	17	49
Total	5	20	6	1	17	49
Capture rates						
1 bedroom	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2 bedroom	7.4%	20.9%	8.3%	0.5%	6.4%	13.3%
Total	2.4%	6.3%	1.9%	0.2%	2.1%	3.9%

Total excludes gaps/overlap

Source: T. Ronald Brown: Research & Analysis

Given the calculated need, the proposed 49-unit development amounts to 3.9 percent of the total net need.

The capture rate, by bedroom, is determined to be 13.3 percent for the 49 two-bedroom units.

The five two-bedroom units targeted at 30 percent of the median amount to 7.4 percent of the demand for two-bedroom units at that target income level. The 20 two-bedroom units at 50 percent of the median amount to 20.9 percent of demand at that target level, and the six two-bedroom units targeted at the 60 percent level amount to around 8.3 percent of demand at that level. The one two-bedroom unit at 70 percent of the median and the 17 two-bedroom units targeted at 80 percent, represent 0.5 percent and 6.4 percent of demand at those levels.

The capture rates presented above are considered very 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 four month period, or so. This is likely to be abbreviated assuming that the waiting list for the initial phases can be drawn-on.

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, \$447 per month. Given a \$109 utility allowance and a 40 percent rent-to-income ratio, the lower qualifying income is seen to be \$16,680. The upper income is \$52,800. Based on the income data set out in Table 24, there are found to be 1,820 older renter households in that range. Thus, the proposed 49-unit development corresponds to a 2.7 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 these criteria are met by the proposed development. Thus, given the rents for the proposed development, the target income range for this market is that as set out above. That is, from \$16,680 to \$52,800. Thus, there are as, noted, 1,820 qualifying elderly renter households in the market area. It is seen that 49 units are proposed, there are 110 tax credit units at the Arbors at Towne Park, with 49 comparable tax credit units funded at the initial phase at Grande Oak, and 48 units at the second phase of Grande Oak, and that there are 30 tax credit units to be developed at the Arbors at Williamsburg, with no others under construction or funded for future construction. These amount to 237 units; thus, the penetration rate - as defined - amounts to 15.7 percent.

Summary

Consideration of the capture rate (3.9 percent), the (2.7 percent) affordability analysis capture rate and (15.7 percent) penetration rate suggests that the proposed development is very marketable, as proposed.

J. LOCAL PERSPECTIVES 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). Pat, the manager at the only existing comparable senior property - the Arbors at Towne Park believes that the area could absolutely accommodate another senior development.

K. ANALYSIS/CONCLUSIONS

Based on the above, the project could expect to lease-up (reach stabilized occupancy) over an estimated four month period, or so. Again, this is likely to be abbreviated assuming that the waiting list for the initial phases can be drawn-on.

Based on the proposed development's site, bedroom mix, amenities and features, the proposed development is considered marketable and should be accepted in this market.

The site location will offer a significant advantage as will the proposed rents, particularly those set to be affordable to households at the lower target income ranges.

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

Date: March 6, 2022

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

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

Analyst Qualifications

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

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

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

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

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

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

List of sources

The foregoing reports 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
York County
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 units rented each month during the *absorption period*.

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

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

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

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

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

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

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

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

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

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

Comprehensive market study - NCHMA (the National Council of Housing Market Analysts) defines a

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

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

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

Effective rents - contract rent less concessions.

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

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

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

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

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

Market area - See *primary market area*.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Programmatic rents - See *restricted rents*.

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

Redevelopment - the redesign or rehabilitation of existing properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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