

**Market Analysis**  
**Horner Apartments**  
**Chesterfield County, Virginia**

**Prepared for:**

**Lee Alford**  
**Better Housing Coalition**

**February, 2022**

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February 25, 2022

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Lee:

Attached is our full narrative market analysis for the proposed 49-unit Horner Apartments, to be built in Chesterfield County, on the south side of Genito Road, off Route 360 (Hull Street Road) in the greater Midlothian area of the County. Horner Apartments will offer affordable housing for families, once financed by Virginia Housing, under the federal Low-Income Housing Tax Credit program and using 9% tax credits. Once built, Horner Apartments will have rent and income restrictions, but no age restrictions.

This proposal will be submitted to officials of Virginia Housing as part of the 2022 “competitive round,” which has a March 10, 2022 due date. The report to follow fully complies with the market study guidelines of Virginia Housing and all market and economic data required for the evaluation of the Horner Apartments are provided in the report.

Our analysis shows a ready market for new family affordable housing, as the Midlothian area is expanding with job growth and housing demand. This area has a very small number of apartment units in the competitive market under study. The apartment market that exists for the target households under study has 1,340± apartment units and a less than one percent vacancy rate. The area’s LIHTC apartment properties have a large combined wait list over 150.

There is only one active, competitive pipeline proposals at this time. Given the market area’s population growth, the low vacancy rate for market area affordable housing and the sizable wait list at area LIHTC apartment properties, the conclusion is that a large pent-up demand exists.

As planned, the 49 units, at the rents proposed, will serve the pent-up demand, and many of the proposed apartment units are expected to be pre-leased at the marketable rents proposed. All data and explanations that support our market study conclusions are presented in the attached report. Please call if any questions or additional data are required.

Sincerely,

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## **Section I Introduction**

Following is the detailed, full narrative market study for the proposed 49-unit Horner Apartments. This will be a fully affordable, new construction family apartment building with construction expected to begin in January, 2023 on an attractive site on the south side of Genito Road off U.S. Route 360 (Hull Street Road) in the greater Midlothian area of western Chesterfield County. Once built, Horner Apartments will have rent and income restrictions, but no age restrictions. The proposal is likely to be available for occupancy by March or April, 2024. The site visit and market study field research were undertaken on February 17, 2022.

Horner Apartments is designed for moderate-income families and proposed to be financed with 9% Low-Income Housing Tax Credit (LIHTC) through Virginia Housing. The market study is completed within the full guidelines of Virginia Housing. Thus, the report to follow is presented in three sections, which encompasses all of the economic and market data required for LIHTC market studies.

The first section of the report is the Introduction, which provides a detailed analysis of the study site and its setting off U.S. Route 360 in Chesterfield County. Included in the site description is an analysis of adjacent land uses, particularly commercial and public facilities that are needed to serve new residents of the apartment proposal.

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

Section I has a second subsection, an economic overview of the market area economy. The key factors studied in this subsection are at-place jobs and employment growth, as these two economic factors are the best determination of Chesterfield County's economic stability. Additionally, at-place jobs and employment growth are the basis for determining population and household growth, including the type of housing under study. The economic overview includes

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trends on at-place jobs and employment, but also presents data on new development proposals that are expected to generate net job growth.

The second section is the supply/demand analysis for new affordable housing. First presented is a demographic analysis of a market area defined for Horner Apartments. The demographic analysis “solves” for the number of market area households earning 40% of AMI (\$16,000 to \$32,400), 50% of AMI (\$34,160 to \$45,000) and 60% of AMI (\$42,480 to \$54,000). These income categories are based on the proposed rents, as will be described below. The demographic analysis is studied to a forecast date of 2024, as Horner Apartments are likely to be started in early-2023 and open for occupancy in 2024.

The second part of Section II is the analysis of the LIHTC general occupancy apartment properties in the defined market area. We identified eight apartment properties that would be most competitive with Horner Apartments, based on rent and income restrictions. Only four of these “comps” have income restrictions in place, with only one of these communities built over the past decade.

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

The third and final section of the market report is the Conclusions, which is the net demand analysis for new affordable apartment units for families in the defined market area. Also, within this section is the determination of the achievable rents for the proposed apartment units, expressed in constant 2022 dollars, and the lease-up period for the 49 proposed apartment units.

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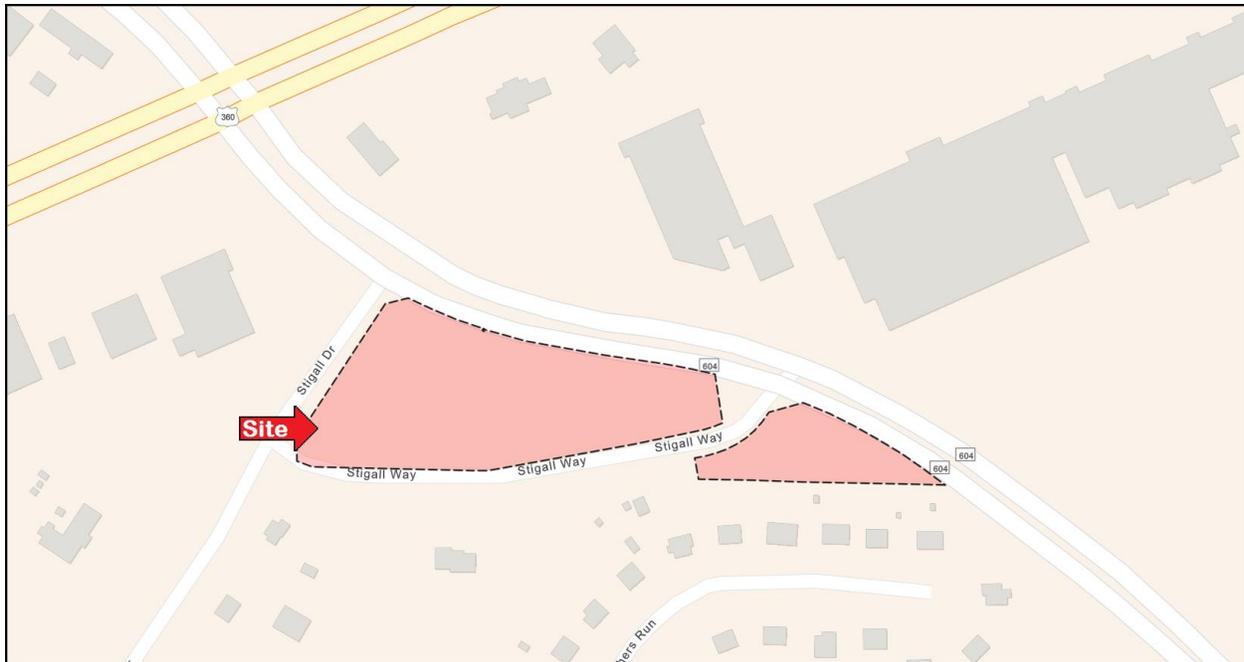
## Horner Apartments

### Site Description

Map A shows the Horner Apartments site located near the southern intersection of U.S. Route 360 (Hull Street Road) and Genito Road. The site consists of two adjacent parcels, one at the southeastern intersection of Stigall Drive and Genito Road and a second on the southeastern intersection of Stigall Way and Genito Road. The Horner Apartments site is located approximately 1.8 miles east of the U.S. Route 360's full interchange with SR 288.

The study site totals 3.54 acres, including the 2.84-acre western parcel and 0.69-acre eastern parcel. The property is currently zoned R-MF District with Conditional Use Planned Development (CUPD) to permit multifamily uses, plus exceptions to ordinance requirements. Thus, the site is properly zoned for apartment unit development to proceed as currently planned. While the overall site consists of over three acres, development of the apartments is only planned for the western parcel, with the adjacent eastern parcel to remain undeveloped.

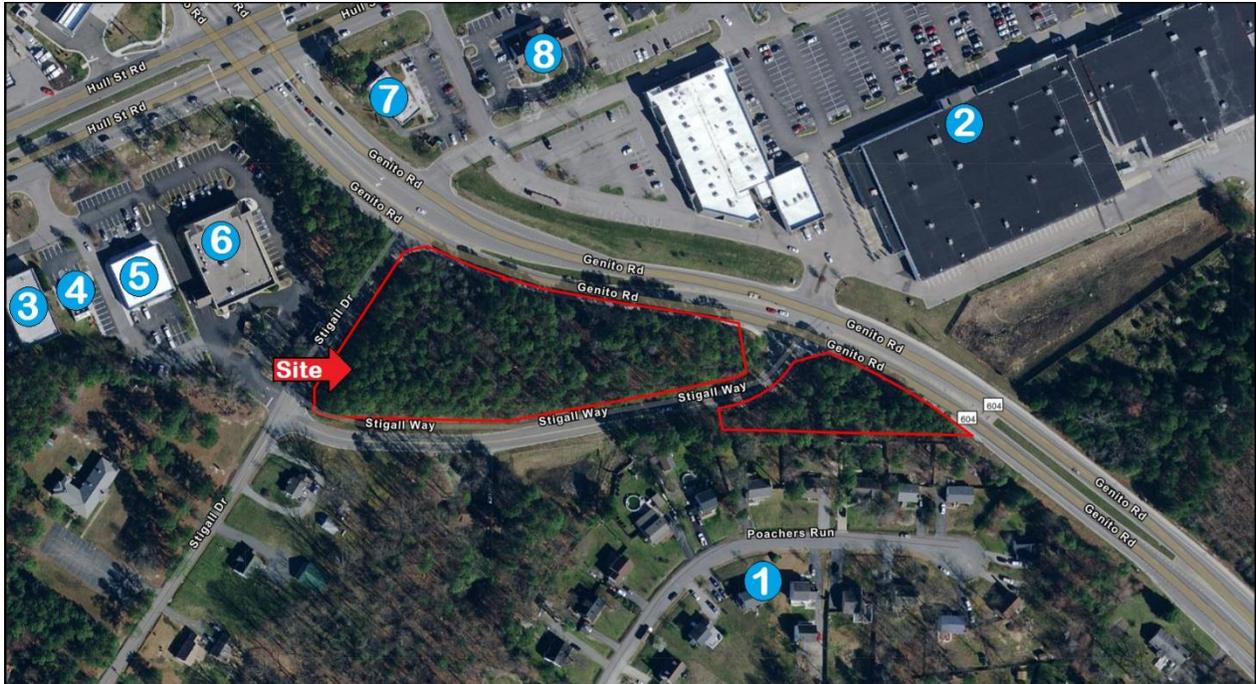
The property has access to Chesterfield County sewer and water. A 12" public water line is located at Genito Road, adjacent to the southeast corner of the subject property. An 8" water line is located at the southwest corner of the subject property. An 8" public wastewater line is located at the southwest corner of the subject property.



**Map A - Site Location**

Next shown is a northern aerial of the Horner Apartments site. The site is shown to be fully wooded and vacant. Also shown is that the site is situated in a mixed-use setting along the Hull Street Road corridor. To the south of the property is the Hunters Landing subdivision (Note 1), which contains well-maintained single-family homes that were largely built in the 1980's and 1990's. Recent resales have been in the mid-\$200,000's.

Commercial development is shown to be situated north of the site along U.S. Route 360. Most notable is the Victorian Square Shopping Center (Note 2), located directly north of the Horner Apartments site. This is a 271,220± square foot shopping center that is anchored by Gabe's, Planet Fitness, Bojangles, Ashley Furniture and Dollar Tree. Other nearby businesses include AutoZone (Note 3), Bruster's Real Ice Cream (Note 4), Safelite Auto Glass (Note 5), Walgreens (Note 6), Burger King (Note 7) and Atlantic Union Bank (Note 8).



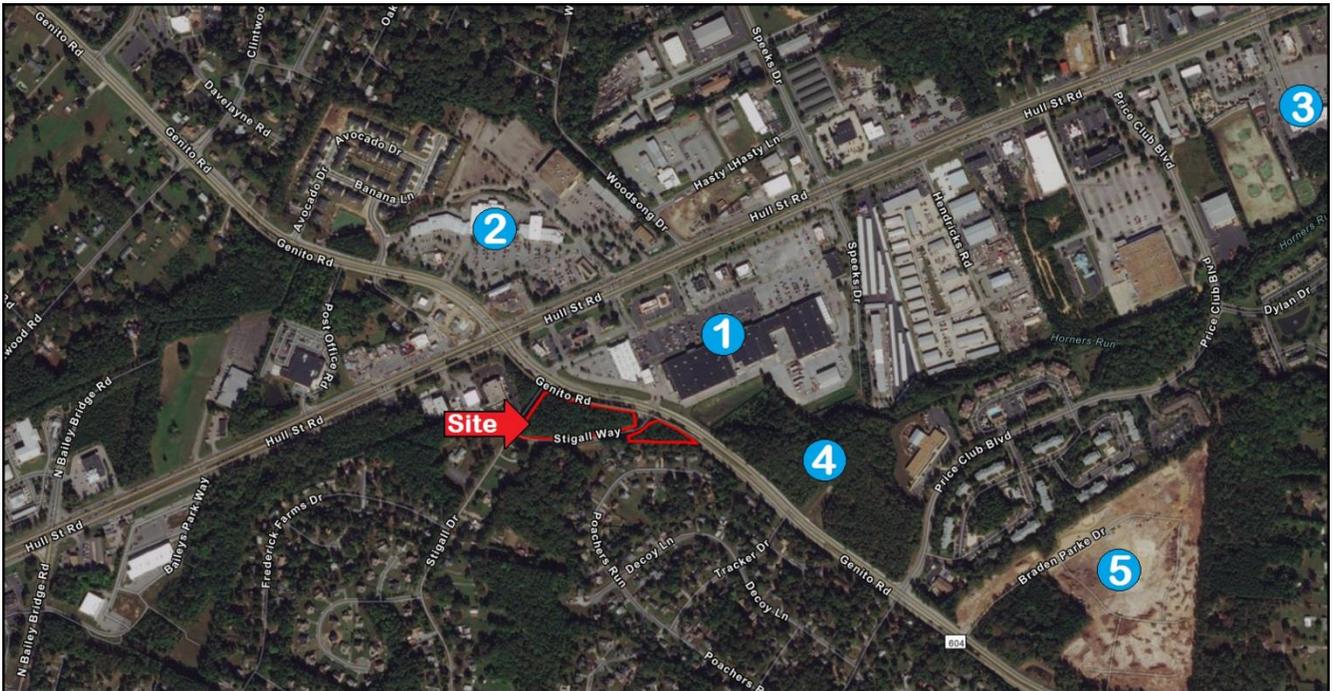
**Northern Aerial**

Presented next is a wider northern aerial view of the study site, which provides a clearer depiction of the site setting. The aerial shows an abundance of commercial space along U.S. Route 360 with a mix of local and national retailers/ restaurants. In addition to the Victorian Square Shopping Center on the north of the site (Note 1) are two other nearby shopping centers, one of which includes a grocery store. Both are briefly detailed in the paragraphs below.

- **Genito Crossing (Note 2)**. This 79,410± square foot shopping center is anchored by a 31,280 square foot Food Lion. Smaller tenants include Your Town Treasures, Design by Shantell, Yen Ching and The Skrimp Shack.
- **Rockwood Square (Note 3)**. This is a 75,400± square foot shopping center that was built in 1980. Tenants include Tea with Kip, Southern Nails, Terry's Small Engine Repair and Giuseppe's Pizza.

The aerial also shows that Genito Road, which marks the northern boundary of the study site, is an active development area with two new residential developments. Both are briefly described below.

- **Genito Square (Note 4).** This is a proposal by Ryan Homes to construct a townhome subdivision with 86 units for sale on a 9.8-acre site. These will be two-level townhomes, some with garages. Site work has commenced but home sales have not.
- **Braden Townes (Note 5).** This is an active subdivision along Braden Parke Drive being built and sold by Ryan Homes. The subdivision contains two-story, three-bedroom townhomes each with a one car garage. Home prices start in the upper-\$200,000's.



**Wider Northern Aerial**

Shown next are photos of the study site and its setting. First shown are photos of the eastern parcel, with frontage along Genito Road. As previously noted, this parcel is wooded and vacant.



**View of Eastern Parcel from Genito Road**

Next shown is the intersection of Genito Road and Stigall Way, which bisects the two parcels that comprise the study site.



**Genito Road/ Stigall Way**

The next set of photos show the western parcel, where initial development will occur. As with the eastern parcel, this area is wooded and undeveloped.



**Western Parcel from Genito Road**



**Western Parcel from Stigall Drive**

**Site Setting**

Map B (on Page 14) shows the site setting of the proposed Horner Apartments on the south side of Genito Road and near its intersection with Hull Street Road. Hull Street Road provides access to the western, more rural portions of Chesterfield County. To the east, this roadway accesses Downtown Richmond via the historic Manchester neighborhood. Larger shopping centers along this roadway and near the study site are listed in the chart below:

<b>Table 1: <u>Shopping Centers along Hull Street Road</u></b>	
	<b><u>Anchors</u></b>
Woodlake Crossing	Goodwill
Hancock Village	Walmart, Dick’s, Hobby Lobby
Winterpock Crossing	Tractor Supply Co.
Deer Run Village	Food Lion
Oxbridge Square	Big Lots
Swift Creek Village	Kroger
Commonwealth Center	Target, Kohl’s, Best Buy
Chesterfield Crossing	Walmart, Home Depot
Source: S. Patz & Associates, Inc.	

These shopping centers include several grocery stores, big-box retailers and both regional and national restaurant chains. Freestanding big-box retailers in this area include a Lowe’s Home Improvement.

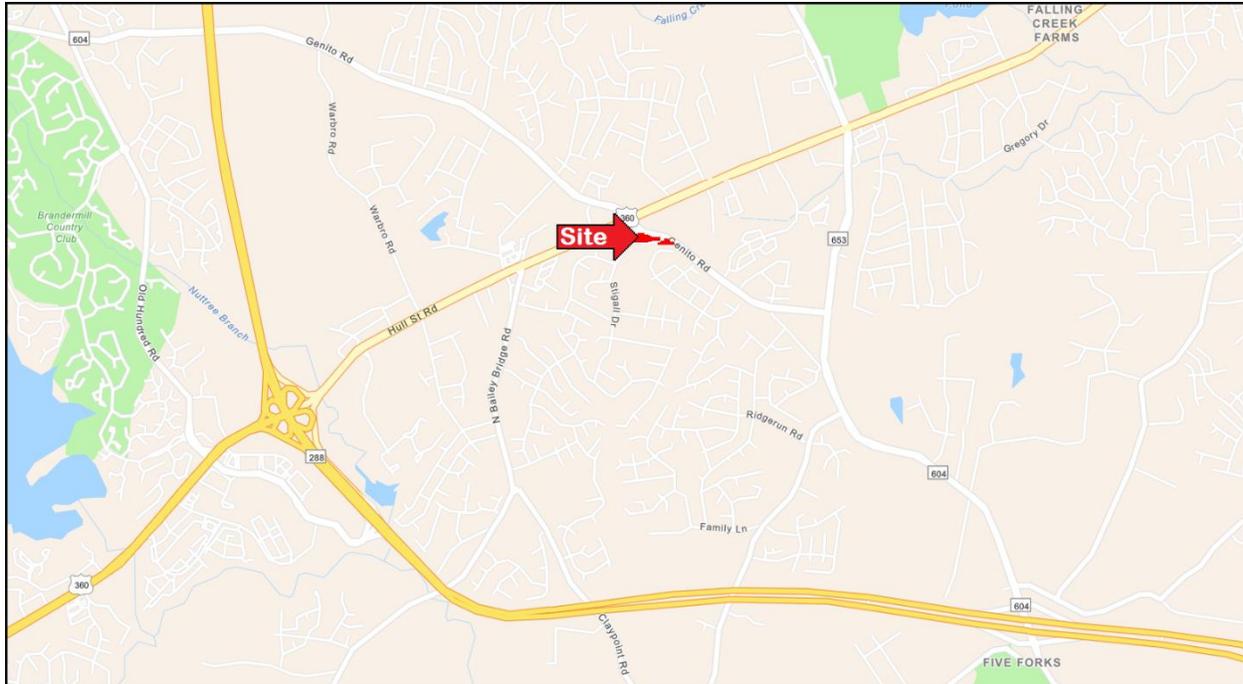
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Genito Road, which marks the site's northern boundary, is a secondary route that extends from Courthouse Road, just east of the study site, west into the more rural parts of western Chesterfield County. Development along this roadway is almost entirely residential, apart from its intersection with Hull Street Road just north of the study site. Near the site, this is a four-lane divided roadway.

Stigall Drive, which marks the site's western boundary, is a quiet two-lane roadway that extends for 0.8 miles between Genito Road in the north and Sunfield Drive in the south. Apart from the Church of Our Savior, all development along this roadway consists of single-family homes. Stigall Way is shown to bisect the Horner Apartments site. It is a short two-lane roadway that runs in an east-west direction from Stigall Drive in the west to Genito Road in the east.

Map B also shows the study site's close proximity to SR 288, which has a full interchange with Hull Street Road approximately 1.8 miles west of the site. SR 288 is a partial beltway around the southwest side of the Richmond Region. The route begins at Interstate 95 north of Chester and extends northwesterly through Chesterfield County and Powhatan County. It crosses the James River on the World War II Veterans Memorial Bridge into Goochland County in Richmond's Far West End area, where it terminates at Interstate 64 near Short Pump, near the northern terminus of Interstate 295.

This roadway provides access from the site to both Midlothian and Chester, most particularly the Meadowville Technology Park at the intersection of Route 10 and I-295. This is the location of several new and expanding employers. The industrial park houses over 2.6 million square feet of space and approximately 3,700 employees.



**Map B - Site Setting**

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

**Community Facilities.** The nearest post office is located at 3530 Post Office Road, approximately 0.6 miles northwest of the site. The closest fire station is Station 7 Clover Hill, located 13810 Hull Street Road, approximately 4.1 miles west of the study site. Clover Hill Library is the closest library to the study site. It is located 4.2 miles west of the site at 6701 Deer Run Drive.

**Medical Care.** Three large hospitals are located near the study site. Each is briefly detailed in the paragraphs below.

- **Johnston-Willis Hospital** is located at 1401 Johnston Willis Drive. This is a 282-bed hospital offering a wide range of medical services. Construction was completed in the spring of 2018 on a two-story, 50,000± square foot Neuroscience Center of Excellence in front of the existing hospital. The center includes outpatient neurological services, including neuroscience physician practices, a sleep lab, and outpatient physical therapy, speech therapy and occupational therapy clinics for patients rehabilitating from neurological conditions such as stroke and movement disorders. Practices that relocated to the new building include Neurosurgical Associates, Neurological Associates and

Johnston-Willis Hospital’s Physical Medicine & Rehabilitation Clinic and Pain Clinic. The hospital completed construction on a new 40,000± square foot Brain and Spine Center in July, 2018. More recent to open is a 20-bed, 12,000± square foot neonatal intensive care unit that opened in February, 2021.

- **St. Francis Medical Center.** This medical facility, which includes an emergency room, opened in 2011 and 2012 at 601 Watkins Centre Parkway. The facility’s two buildings, one 45,000± and the other 57,200± square feet, house an emergency center department with 16 patient bays, diagnostic imaging, women’s imaging center and medical office facilities. Over 200 people are employed in the two buildings.
- **Bon Secours St. Francis Medical Center.** The 130-bed, 244,000± square foot hospital opened in 2005 and offers all types of surgery, women’s services, 24-hour onsite neonatology, 24-hour emergency care, cardiology, orthopedics, oncology, urology, pediatric services, cardiac catheterization, MRI/CT, diagnostic imaging and nuclear medicine. It is located at 13710 St Francis Boulevard.

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

This facility is proposed to be expanded to add 55 acute-care beds and nearly 110,000± square feet of new space to the hospital’s main facility. At the conclusion of construction, which is slated for early 2024, the hospital will have the capacity for 185 acute-care beds. The project would also include 10 new observation beds and renovate about 70,000± square feet of existing facilities. The hospital is expected to add another 100 employees.

**Education.** Horner Apartments will be served by Chesterfield County Public Schools, which enroll over 58,000 students in 38 elementary schools, 12 middle schools and 11 high schools. None are within walking distance from the study site. School-aged children residing in the property will be served by the following public schools:

<b><u>Schools to Serve Horner Apartments</u></b>		
<b><u>School</u></b>	<b><u>Address</u></b>	<b><u>Driving Distance</u></b>
Thelma Crenshaw Elementary School	11901 Bailey Bridge Rd	2.0 miles S
Bailey Bridge Middle School	12501 Bailey Bridge Rd	3.2 miles S
Manchester High School	12601 Bailey Bridge Rd	2.9 miles S
Source: Chesterfield County Public Schools		

In terms of higher education, the Midlothian Campus of John Tyler Community College is located at 800 Charter Colony Parkway. This is a two-year, public institution of higher education and is the fifth largest of the 23 community colleges in Virginia. The college opened a 67,350± square foot building for the fall 2015 semester that houses an engineering lab, a black box teaching theater, a music room, a recording studio and computer labs. In addition to classrooms and offices, it features fitness and dance spaces and a small café. The college also recently built a four-story, 351-space parking deck.

**Parks and Recreation.** The only nearby park is Rockwood Park. This park, located at 3401 Courthouse Road, is Chesterfield County’s oldest park. This is a 161-acre site that features a complex of ball fields and game courts, a nature center, an archery range, Ruff House Dog Park, garden plots and an extensive system of hard and soft surface nature trails. Other features include picnic shelters, play equipment, concessions and restrooms.

**Religious Institutions.** Several churches are located near the study site. These are listed in the chart below.

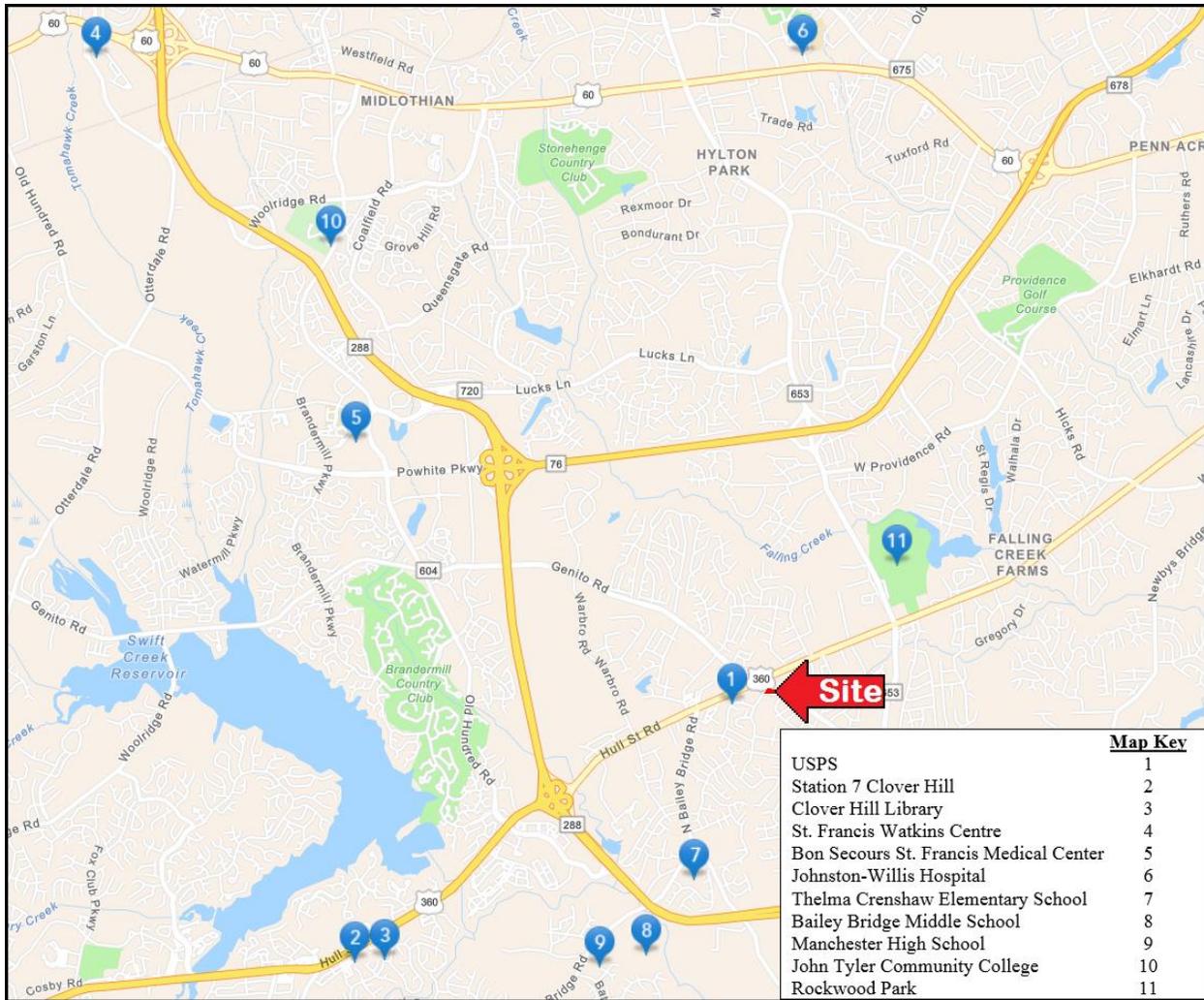
<b><u>Location of Nearby Churches</u></b>	
<b><u>Name</u></b>	<b><u>Address</u></b>
Church of Our Savior	4000 Stigall Dr
Lutheran Church of Our Saviour	9601 Hull Street Rd
Kindred Church	10163 Hull Street Rd
Oak Forest Baptist Church	5101 Courthouse Rd
Good News Free Will Baptist Church	5200 Courthouse Rd
Southwest Church of Christ	5340 Courthouse Rd
Source: S. Patz & Associates, Inc.	

**Shopping.** As previously noted, the study site’s setting off Hull Street Road is the location of several local and national retailers. Apart from the nearby Food Lion grocery store are several large big box retailers near the site that include Home Depot, Walmart, Big Lots, Kohl’s, Target, and Lowe’s Home Improvement. These nearby retails are shown in Map C below.



Map C - Nearby Retailers

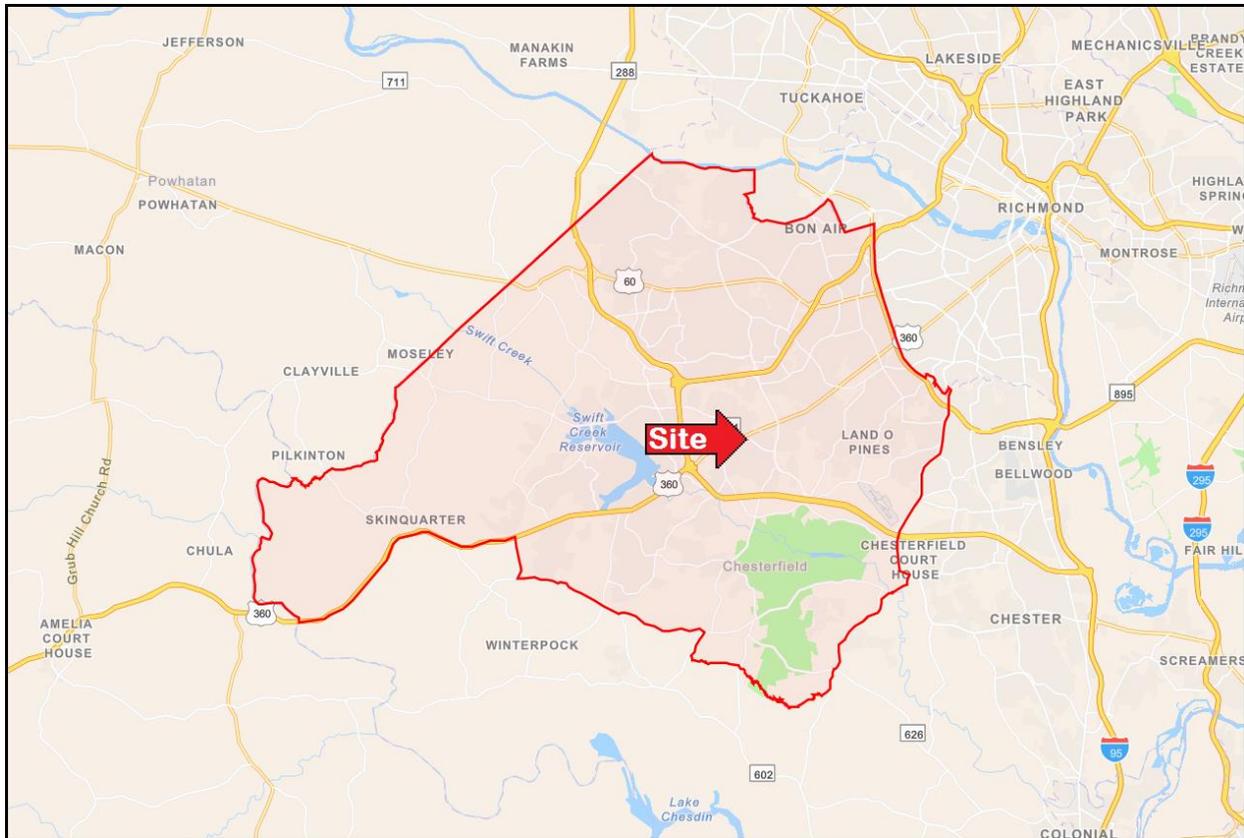
Map D shows the location of the community facilities that will serve Horner Apartments. Most important is that the setting has a full array of basic services for area residents.



**Map D - Location of Area Community and Public Facilities**

### Market Area Definition

Map E describes the market area defined for the Horner Apartments site, based on input from on-site management at a wide range of apartments under study. The western boundary of the market area is the Powhatan County-Chesterfield County border. The southern border is the Amelia County-Chesterfield County boundary. The northern boundary of the market area is Chesterfield County's border with the City of Richmond and Henrico County. The eastern boundary is generally Iron Bridge Road (SR 10) within Chesterfield County, north of SR 288 and Nash Road (SR 636), and south of Route 288. Within the County, the southern boundary is Hull Street Road (SR 360), Beach Road and Second Branch River.



**Map E - Horner Apartments Market Area**

The City of Richmond and the Chester area on the southeast of Chesterfield County were defined as separate market areas, based on interviews with management at area apartment communities under study.

The apartment properties in the southeastern part of the County are generally located along Route 10, east of Centralia Road and east of the Village of Chester. These facilities are oriented to the I-95 and I-295 corridors and residents of these communities have different commuting patterns, compared with those who live along U.S. Route 60, Hull Street Road (Route 360) and other major roadways in western Chesterfield County. Census tracts further south and west were also excluded, as these areas are rural with no competitive apartments.

The defined market area is large. It encompasses a significant number of built-up areas with considerable apartment unit development. Geographically, it is a separate submarket within

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the greater Richmond Region and is primarily defined by the area's primary highways and County boundaries.

The market area encompasses the western portion of Chesterfield County, which includes the Midlothian area along U.S. Route 60 and north, to include the Salisbury and Winterfield areas, the Robious Road corridor, north of U.S. 60, and the greater Brandermill area. Midlothian and Brandermill are both included, because of recent apartment unit development within these two "nodes."

In summary, Chesterfield County has two separate housing market areas. Each submarket has a large employment base and an established highway system.

### **Horner Apartments Development Program**

Table 2 provides a detailed description of the 49-unit Horner Apartments proposal, with data on apartment unit sizes, unit mix and proposed rents. All units will be restricted to 40% (eight units), 50% (17 units) and 60% (24 units) of the Area Median Income (AMI). All one-bedroom units will have a full bathroom, while the two- and three-bedroom floor plans will have two full bathrooms.

The table shows a mix of six one-bedroom (572 square feet), 31 two-bedroom (847 square feet) and 12 three-bedroom (1,171 to 1,322 square feet) apartment units. All six of the one-bedroom apartment units will be restricted to 40% of AMI. Two of the two-bedroom apartment units will be restricted to 40% of AMI, while 11 of these apartment units will be restricted to 50% of AMI. 18 of the two-bedroom apartment units will be restricted to 60% of AMI. Half of the three-bedroom apartment units will be restricted to 50% of AMI while the second half will be restricted to 60% of AMI.

Also shown in Table 2 are the proposed net rents, which will include sewer and trash collection only. Units will not include washers and dryers. The one-bedroom apartment units, all with 40% rents, will have rents of \$400. The two-bedroom 40% apartment units will rent for \$500, while the 50% apartment units will rent for \$854 and the 60% apartment units will rent for \$1,062.

The three-bedroom apartment units will rent for between \$980 for the 50% apartment units and \$1,214 for the 60% apartment units.

<b>Table 2: Proposed Apartment Unit Characteristics, Horner Apartments 1/</b>					
	<b>Units</b>	<b>Size (Sq. Ft.)</b>	<b>Net Rent</b>	<b>Utility Allowance</b>	<b>Gross Rent</b>
<b><u>1BR/ 1BA</u></b>					
40% of AMI	6	572	\$400	\$95	\$495
<b><u>2BR/ 2BA</u></b>					
40% of AMI	2	847	\$500	\$128	\$628
50% of AMI	11	847	\$854	\$128	\$982
60% of AMI	<u>18</u>	847	\$1,062	\$128	\$1,190
(Subtotal)	(31)				
<b><u>3BR/ 2BA</u></b>					
50% of AMI	6	1,171-1,322	\$980	\$168	\$1,148
60% of AMI	<u>6</u>	1,171-1,322	\$1,214	\$168	\$1,382
(Subtotal)	(12)				
<b>Total</b>	<b>49</b>				
Notes: 1/ Rents to include sewer and trash collection.					
Source: Better Housing Coalition					

As noted above, the Utility Allowance (UA) excludes cold water and electricity. The UA estimate is based on the sponsor's review of other recently built and owned LIHTC properties for families.

### **Rent Comparison**

Table 3 shows gross rents for the apartment units with a utility allowance (UA) added to net rents. The UA was calculated by the sponsor based on the unit sizes and energy efficient HVAC system and appliances. The apartment building will be energy efficient within the Virginia Housing guidelines. The gross rents shown are compared with the HUD maximum allowable gross rents for the Richmond, VA MSA. The comparison shows that the proposed gross rents, based on the calculated UA, are well below the maximum allowable rates.

**Table 3: Rent Comparison Chart, Horner Apartments and HUD Maximum Allowable Rates**

	<u>Horner Apartments</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>	
<b><u>1BR/ 1BA</u></b>				
40% of AMI	\$400	\$95	\$495	\$675
<b><u>2BR/ 2BA</u></b>				
40% of AMI	\$500	\$128	\$628	\$810
50% of AMI	\$854	\$128	\$982	\$1,012
60% of AMI	\$1,062	\$128	\$1,190	\$1,215
<b><u>3BR/ 2BA</u></b>				
50% of AMI	\$980	\$168	\$1,148	\$1,170
60% of AMI	\$1,214	\$168	\$1,382	\$1,404

Source: HUD and Better Housing Coalition

### **Site Plan and Building Design**

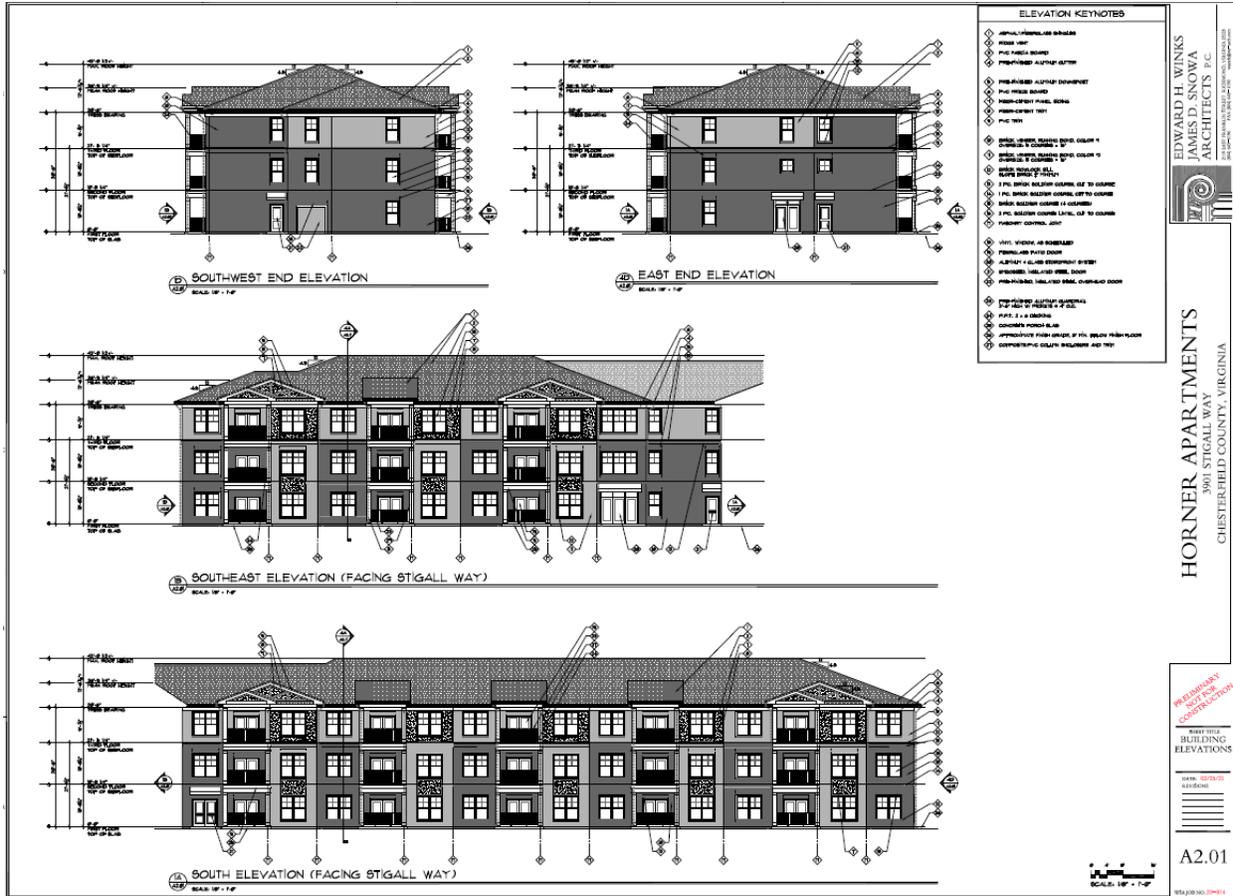
Shown next is a site plan of the proposed Horner Apartments. It shows that all development will occur on the western parcel. The eastern parcel will remain vacant initially, but will likely be developed with additional apartment units in a future phase. The site plan shows a single L-shaped, elevator-served apartment building. Exterior amenities will be limited to open/green space along Stigall Way to the south. The site plan shows that there will be two access points from the south, both along Stigall Way.

Surface parking will be located in front of the building, buffering it from Stigall Way. There will be a total of 86 parking spaces, which equates to a parking ratio of 1.76 spaces per unit. There will be no charges for parking.



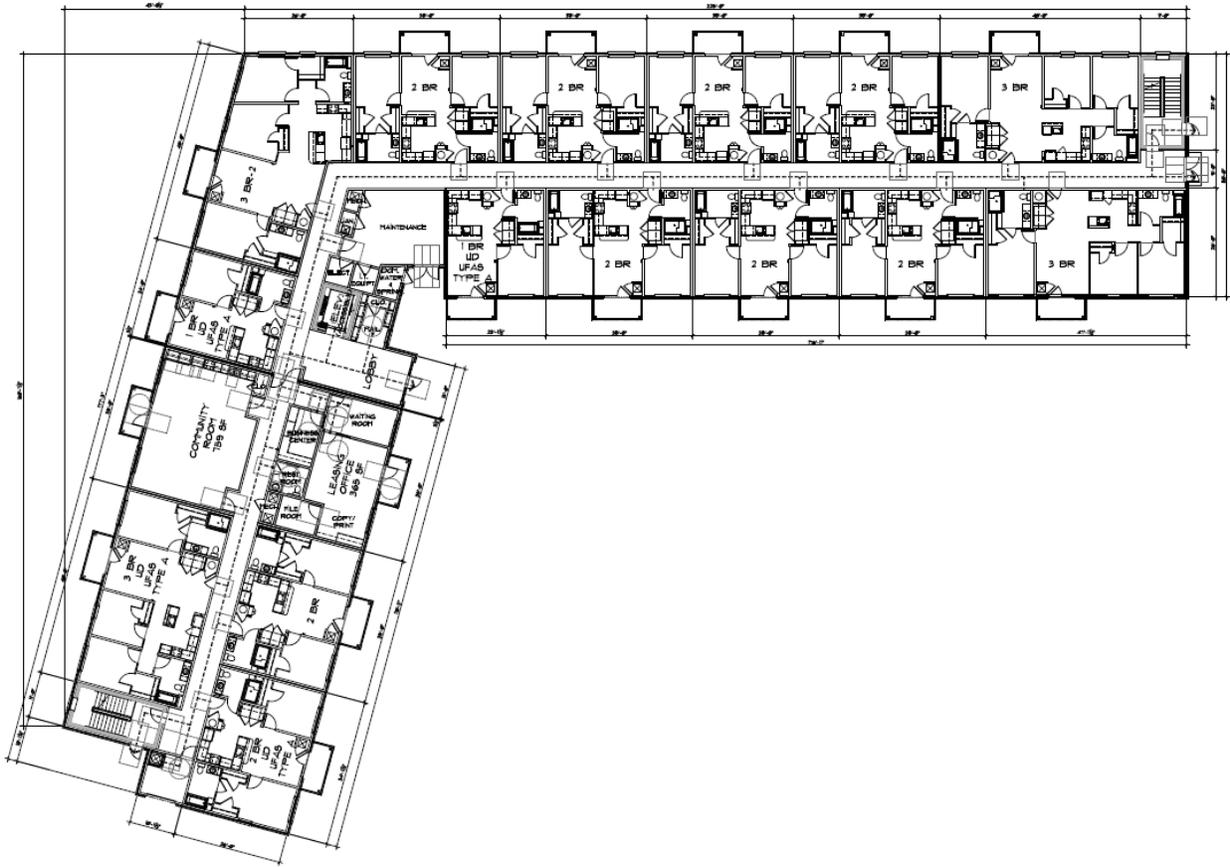
**Horner Apartments Site Plan**

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



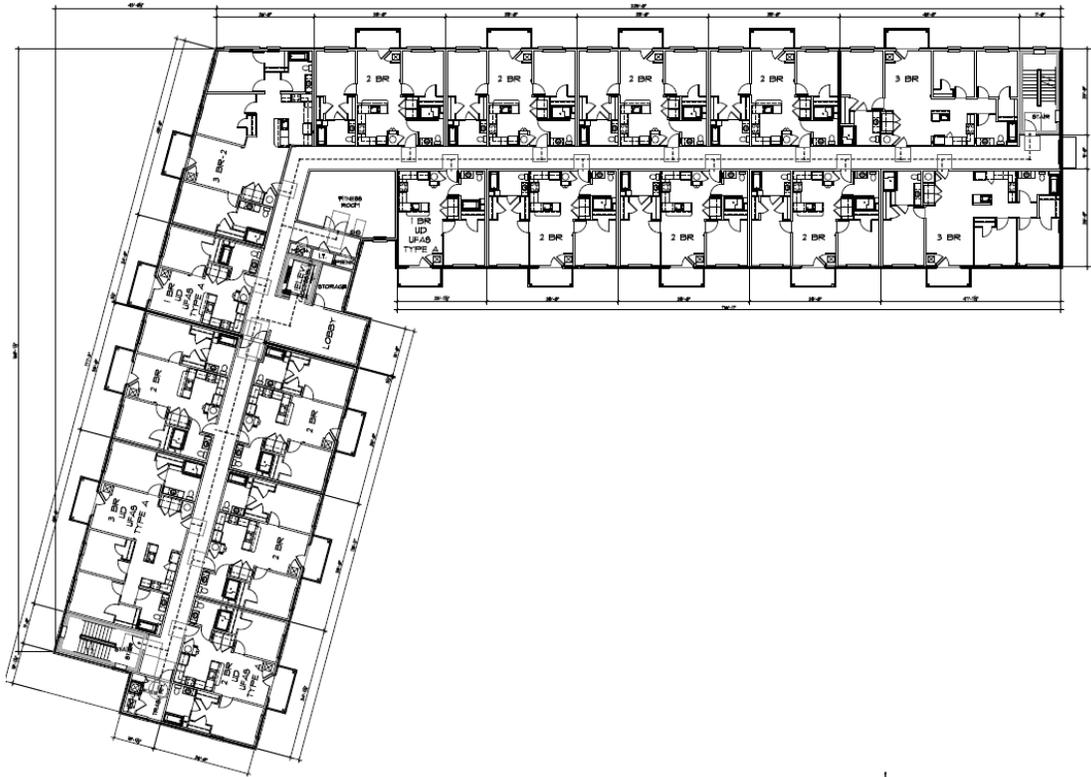
**Horner Apartments Elevations**

Following are floor plans of each level in the apartment building. First shown is the ground floor. This level is shown to have a mix of 15 apartment units and community space. All units will be accessed by a central corridor. At the center of this level will be a lobby and elevator. This level will contain a 365 square foot leasing office, 759 square foot community room, maintenance room and mail room.



### Ground Level Floor Plan

The floor plan for the second level is shown next. This will contain 17 apartment units as well as a fitness center.

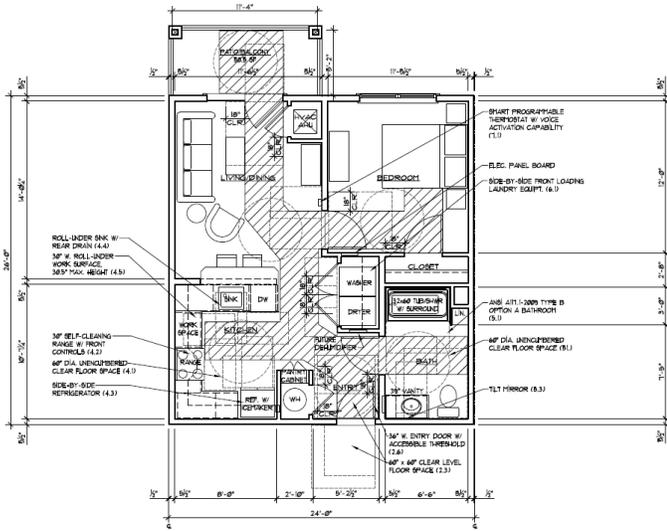


**Second Level Floor Plan**

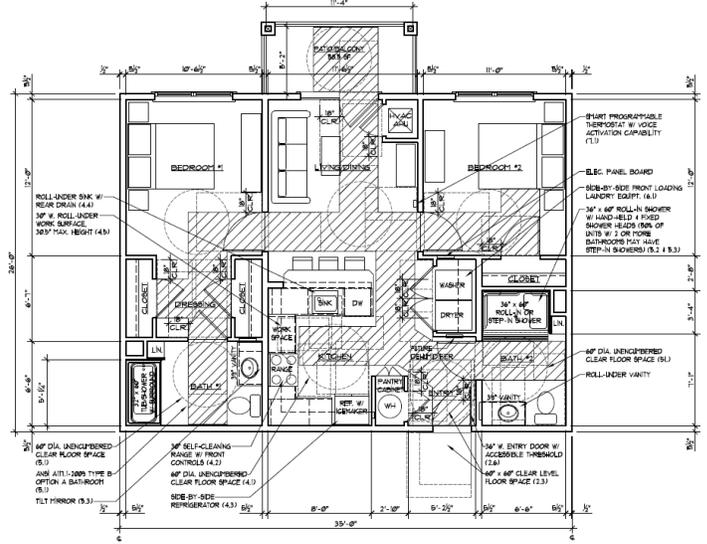
The floor plan for the third level is identical to the second level. However, apart from 17 apartment units, it will contain a residential services office. This office space will be for a third-party provider to offer free counseling services for residents.

### **Unit Floor Plans**

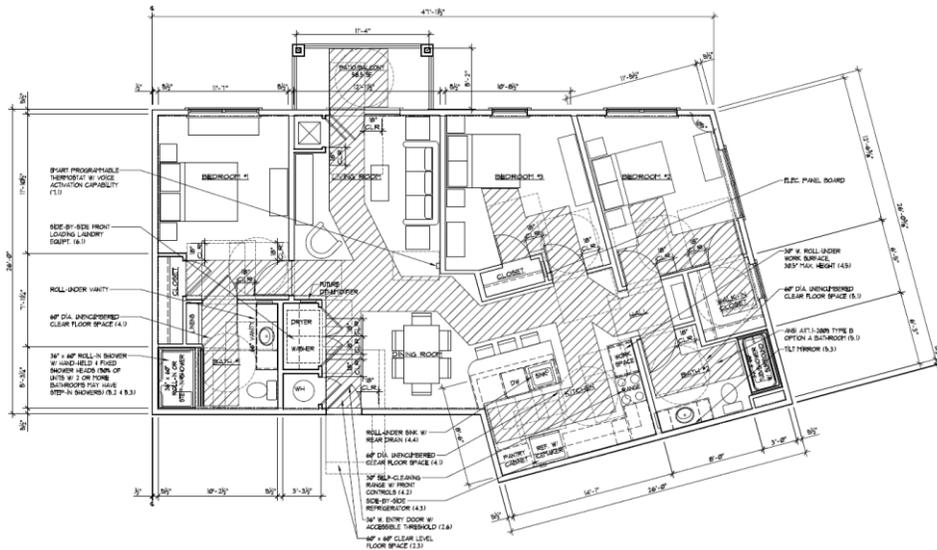
Shown next are typical floor plans for the one-, two- and three-bedroom units. The one-bedroom units will have a full bathroom, while the two- and three-bedroom units will have two full bathrooms. Units will all have access to patios or balconies. All units will have open floor plans that will include an open kitchen and combined living and dining room area. Living areas will have vinyl tile flooring while bedrooms will be carpeted. Appliances will be black. All units will have washer/dryer hookups.



Typical 1BR/1BA



Typical 2BR/2BA



Typical 3BR/2BA

## Development Costs

The proposed building costs, including soft costs and land acquisition, is \$15.4 million, or \$314,150± per apartment unit. The land was donated.

## Market Area Economic Overview

This part of the market analysis presents an economic overview of the defined market area, with base data for all of Chesterfield County, as BLS data are not provided below the County

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level. Three economic factors are presented and analyzed: (1) at-place job growth, (2) employment and labor force trends, and (3) an evaluation of active development plans that are expected to generate new job and employment growth. These are the primary factors that show the level of economic stability in the market area and the ability for new investments, particularly for new housing.

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

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

### **At-Place Jobs**

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

As shown in Table 4, the largest employment sector in Chesterfield County is Retail Trade, which accounts for 18,010± jobs at year-end 2019, or 13.1 percent of total countywide employment. Many of these jobs are for employees working at the many shopping centers along Midlothian Turnpike, Hull Street Road Corridor and in the greater Chester area. Mirroring national trends, employment in the Retail sector has fallen in recent years, by 200 jobs in 2019.

With nearly 12 percent of countywide employment, the Health Care sector is the second largest employment sector in Chesterfield County and the fastest growing source of new jobs. This sector has added 1,910± jobs since 2015. It has enjoyed uninterrupted growth each year since

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2008 adding nearly 200 jobs most recently in 2019. Major Health Care employers in Chesterfield County include the C.J.W. Medical Center, with 1,200± employees, and the Bon Secours St. Francis Medical Center, also with 1,200± employees. Several medical employers, most of which are located near the study site, are actively expanding at this time.

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

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

**Table 4: Trends in Average At-Place Employment, Chesterfield County, Virginia, 2015-2019**

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

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

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

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

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

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

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

Source: United States Department of Labor

## **Employment and Labor Force**

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

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

Data in Table 6 show that the unemployment rate was a low 2.6 percent in 2019, down from 4.2 percent in 2015. The low unemployment rate means that new job growth will require new residents for the County and market area.

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

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

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

**COVID-19 and Employment**

Table 7 shows monthly employment data until November, 2021 in Chesterfield County to illustrate the local employment impact of the COVID-19 pandemic. This is the date for which the most recent data are available. Trend data show that since January, 2020, employment has fallen by nearly 14,000, with the number of unemployed growing by just over 400. The labor force has also contracted by over 14,000 people, meaning that many of those who have lost their jobs have retired or quit searching for employment altogether. This is one of the reasons behind the low unemployment rate and a contributor to the region’s “labor crunch.”

The data show significant employment improvements since the start of the pandemic, with just over 5,000 jobs recovered since April, 2020. Employment growth has been uninterrupted

over the past three months. Of note is that these job losses have not impacted occupancy rates at the competitive apartments under study.

**Table 7: Trends in Employment and Unemployment, Chesterfield County, Virginia, 2020-2021**

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

Notes: 1/ Preliminary data. Subject to change.

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

### **Economic Development Activity**

The past increase in jobs and employment, as noted above, is due to new area developments, some of which are sizable. The paragraphs to follow show the larger active County developments within the market area and the likelihood that employment and job growth will continue in the County during 2022 and beyond. These new developments are planned or under construction on the west side of Chesterfield County and within the market area. These new additions will add 2,000± new jobs to the market area under study.

- **St. Francis Medical Center Ph II.** This existing medical facility in Midlothian is proposed to be expanded to add 55 acute-care beds and nearly 110,000± square feet of new space to

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the hospital's main facility. At the conclusion of construction, which is slated for early 2024, the hospital will have the capacity for 185 acute-care beds. The project would also include 10 new observation beds and renovate about 70,000± square feet of existing space. The hospital is expected to add another 100 employees

- **Virginia Physicians for Women** completed construction in October, 2021 on a 60,000± square foot medical office near Chesterfield Towne Center in Midlothian. The facility resulted in the creation of 100 new jobs.
- **Gather**, the Richmond-based operator of coworking spaces, recently opened a new office called Gather Midlothian at 14321 Winterbreeze Drive in Winterfield Crossing. The new Gather building will be 25,000± square feet, occupying three floors of a 30,000± square foot office building. Gather said it will be able to accommodate up to 400 people using office space in the building. The site will include 110 offices of varying sizes for anywhere from one to 15 people, along with shared, open area workspaces, event space and conference rooms. The site also will include a wellness room and a soundproof podcast room.
- **Chase Bank** opened a new branch in late-2021 adjacent at the intersection of Huguenot Road and Koger Center Boulevard that is part of a former HHGregg store and next to Chesterfield Towne Center.
- **Blackbriar Regulatory Services**, a surgical mask manufacture, announced in June, 2020 that it would expand its Chesterfield facility and hire 195 new employees. Hiring is reportedly ongoing.
- **ERNI Electronics** completed construction in December, 2019 on a production and distribution facility for high-performance electrical connectors. The facility is expected to employ 105 people within five years.
- **Embassy Suites**. This is a proposed 250-room hotel to be built in the Stonebridge mixed-use development. Construction on the hotel, to include 25,000± square feet of conference space, is expected to begin in mid-2022. The hotel will have about 150 employees.
- **Residence Inn by Marriott**. Construction was completed in June, 2020 on this 111-suite hotel located at 1350 Johnston Willis Drive in Midlothian.
- **Surplus Freight** leased 24,770± square feet at 9790 Midlothian Turnpike in early-2021.
- **Chippenham Hospital**. Construction was completed in mid-2020 on the renovation and expansion of this hospital. The renovation added 18 additional beds, a new walk-in canopy and ambulance canopy entrances, a new pediatric ER entrance and renovated space to create 14 pediatric beds and an expansion of the critical care area.

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- **Hancock Station**. This is a proposed commercial development to be built at 14400 Hull Street Road. The proposal calls for five commercial buildings totaling 50,780± square feet of commercial space. This development is not yet approved.
  - **Oasis Park**. This is a proposed 175-unit assisted living facility planned for a site along Cosby Road, Millwood School Lane and Village Square Parkway.
  - **Super Radiator Coils** announced in March, 2021 that it would expand its Chesterfield County facility. The company will increase the size of its 121,000± square foot manufacturing and engineering facility at 451 Southlake Boulevard by 56,000± square feet. Super Radiator Coils builds specialty cooling coils that are used by data centers, food processors, the military and other industries. The company expects to add up to 50 new jobs as part of the expansion. The facility currently has about 210 workers.
  - **Watercrest Richmond**. Construction is ongoing and will be completed in the fall of 2022 on this 98-unit assisted living and memory care facility at 5500 Woolridge Road. The facility will offer 76 assisted living and 22 memory care apartments.
  - **Thales Academy at CenterPointe**. Plans were submitted in mid-2021 to construct a private school at 14101 Center Pointe Parkway. The school will provide education for students in Pre-K through 12<sup>th</sup> grade. The project may be constructed in two phases with Pre-K through 8<sup>th</sup> grade constructed first and 9<sup>th</sup> through 12<sup>th</sup> grade constructed second. The estimated enrollment at build-out is 1,200 students with 50 employees.
  - **Galen College of Nursing** is planning to open a nursing school at 7300 Beaufont Springs Drive in the Boulders office park. The school will take over a 35,000± square-foot space in the building. It will feature patient simulation labs and classrooms. The school is expected to hold its first semester of classes in the spring of 2022.
  - **Johnston-Willis Hospital** opened a 20-bed, 12,000± square foot neonatal intensive care unit in February, 2021. The new facility provides individual private rooms that allow parents to remain with their babies for the duration of their care.
  - **Pet Paradise**. Plans were submitted in late-2021 for this 15,220± square foot commercial kennel (dog daycare and boarding facility) to be built at 15901 Cosby Road. The facility will have 185 dog suites and would contain indoor and outdoor space for dogs.
  - **Amplify Senior Living**. Plans were submitted in late-2021 for the construction of senior living facility at 12015 Midlothian Turnpike. The facility will offer a continuum of care including independent living, assisted living, and memory care. The site will be comprised of two separate buildings. One will be a three-story 150-unit independent living community fronting Midlothian Turnpike. The second building towards the rear of the site is the three-story assisted living facility, also with 150 units. Construction is expected to begin in 2022.

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- **RCG Behavioral Health Network**. Construction began in late- 2021 on this single-story, 5,000± square foot office building to house RCG Behavioral Health Network, a mental health services agency.
  - **Kindercare Learning Center** is constructing a new single-story, 11,990± square foot childcare facility at 1991 Old Farm Road.
  - **BJ's Wholesale Club** announced in September, 2021 that plans on building a new location on a 28-acre site on the south side of Hull between Bridgewood Road and Lonas Parkway. The store will likely be 113,000± square feet.
  - **Paymerang**, which makes software for payment processing, completed its expansion into the fourth level of 7401 Beaufont Springs Drive in the Boulders office park in January, 2022. The move gives the company an extra 13,000± square feet, bringing its total footprint in the building to about 33,500± square feet. The company hired about 100 people last year and plans to hire another 150 to 170 employees in 2022

Some of Chesterfield County's larger developments are in the Chester area on the east side of the County. Much of this growth has been in and around the Meadowville Technology Park. Currently, the industrial park houses over 2.6 million square feet of space and 3,700± employees. It has over 680 acres remaining to be developed.

Development activity in the eastern portion of Chesterfield County, but outside of the market area, has also been evaluated. These new announcements will likely add 3,650± new jobs in Chesterfield County. In addition are a considerable number of new jobs planned for the City of Richmond that support regional housing growth. New announcements in the City are likely to generate at least 4,000 new jobs. New job growth from these developments would have an impact on the market area housing market.

### **Economic Overview Summary**

Data presented above show that employment in Chesterfield County grew substantially since 2015. There was a modest loss of jobs in 2019, but this was largely driven by job losses in one employment sector: Transportation and Warehousing. More importantly, the number of employment Chesterfield County residents grew considerably in 2019, so these job losses did not contribute to net employment losses. Moreover, employment in the Transportation and

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Warehousing expanded by over 1,000 in 2020, despite the COVID-19 pandemic. Future job growth, as presented above, will fully offset recent job losses.

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

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

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

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

The region continues to generate new employment growth. This job growth is taking place both inside the market area, in the greater Midlothian area, as well as other nearby employment

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centers such as eastern Chesterfield County and the City of Richmond. Both areas are quickly accessible from the study site.

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

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## **Section II Affordable Apartment Market Analysis**

Following is the supply/demand analysis for the proposed 49-unit Horner Apartments. Section II has two subsections. The first is the demographic analysis that “solves” for the number and growth of renter households with incomes, reported in constant 2022 dollar values, of the three demographic cohorts planned within Horner Apartments. The demographic analysis “solves” for the number of market area households earning 40% of AMI (\$16,000 to \$32,400), 50% of AMI (\$34,160 to \$45,000) and 60% of AMI (\$42,480 to \$54,000). The upper limits are based on the HUD maximum allowable incomes. The forecast date for the demographic analysis is 2024, as Horner Apartments is likely to be ready for occupancy by early-2024.

The second part of Section II is the analysis of the defined competitive affordable apartment market for families within the defined market area. We identified eight apartment properties to study. There are nearly 30 additional market rate rental properties in the market area, but these generate considerably higher rents and thus represent a separate market compared to Horner Apartments.

The apartments under study are delineated into two components: LIHTC apartments and moderate rent market rent apartments. The LIHTC apartments, which represent the most competitive properties, were built between the 1990’s and 2014. The four market rent apartments are the lowest-rent market rate properties in the market area. These are older properties built between the 1970’s and 1990’s. Not all will be direct “comps” for Horner Apartments, but all are studied to show the depth of affordable/ moderate rent housing in the market area.

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

### **Market Area Demographic Analysis**

#### **Population Trends and Projections**

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The market area had a population of 193,610± at the time of the 2010 Census, which is 61.2 percent of the total Chesterfield County population. Between 1990 and 2000, the market area's population increased by approximately 30,170±. The market area population increased by 36,160± from 2000 to 2010, or an average annual population increase of 3,620±. Despite the Great Recession during the last part of the 2000 decade, the market area's population growth during the 2000's exceeded the growth rate of the 1990's.

By 2020, the market area's population is estimated to have reached 223,190±, based on county-wide population counts derived from the recently released 2020 census. 2020 Census data on the census tract level is not yet available. Based on recent population trends and economic development activity, the market area population is projected to continue growing and reach 235,020± by 2024. This represents an increase in population of 11,830±.

It is possible that the 2024 market area population projection is conservative, based on current employment, job trends and new housing proposals. However, it is difficult to determine which part of the County (or region) will attract new residents from expected new job growth. Also, the current pandemic may impede some expected population growth. We therefore used a somewhat conservative population forecast for our analysis, one that is generally consistent with past trends, but reflects increased employment growth and current pandemic-related issues. However, even with a conservative forecast, considerable population growth is expected.

**Table 8: Trends and Projections of Population and Household by Tenure, Horner Apartments Market Area, 1990-2024**

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Market Area Population 1/	127,280	157,450	193,610	223,190	235,020
Group Quarters Population 2/	670	1,550	1,080	1,100	1,200
Household Population	126,610	155,900	192,530	222,090	233,820
Persons Per Household	2.86	2.74	2.68	2.64	2.62
Total Households	44,220	56,870	71,720	84,130	89,240
Renter Households	7,550	9,630	14,660	20,440	24,810
Percent Renter Households	17.1%	16.9%	20.4%	24.3%	27.8%

Notes: 1/ Market area includes the following 2010 U.S. Census tracts in Chesterfield County: 1001.06, 1001.07, 1002.05, 1002.06, 1002.08, 1002.09, 1002.10, 1008.12, 1008.18, 1008.19, 1008.20, 1008.21, 1009.02, 1009.07, 1009.10, 1009.12, 1009.15, 1009.19, 1009.20, 1009.21, 1009.22, 1009.23, 1009.24, 1009.26, 1009.27, 1009.28, 1009.29, 1009.30, 1009.31, 1009.32, 1009.33, 1009.34, 1009.35, 1009.36, 1010.03, 1010.07, 1010.08, 1010.09, 1010.10, 1010.11, 1010.12 and 1010.13.

2/ Primarily in nursing homes and the Central Virginia Correctional Unit #13.

Source: 1990-2020 Census, U.S. Census Bureau; S. Patz & Associates, Inc.

### Group Quarters Population

An estimated 1,100± people comprise the market area’s Group Quarters population in 2020. Of these residents, most live in correctional institutions, while nearly 14 percent live in nursing homes. The market area has a very small Group Quarters population, which is stable at this time. It could increase slightly if new nursing homes and/or assisted living facilities are built. The subtraction of the Group Quarters population from total population generates Household Population, which is the basis for the analysis of new housing unit demand.

### Households

As of 2020, the market area is estimated to have approximately 84,130± households, an increase of about 12,410± households from the 2010 Census, and 27,260± households compared with the Census figure of 56,870± in 2000. The net increase of households over the past 20 years is the result of the level of new housing unit construction.

One point to note is that the market area average household size has been on the decline since 1990 and likely prior. Average household size was 2.86 in 1990. It fell to 2.74 in 2000 and continued to decrease between 2000 and 2010, when it stood at 2.68. By 2024, average household

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size in the market area is projected to fall to 2.62. This continued decline is due in part to the large number of apartments in the market area with smaller household sizes.

The average household size is still large in 2020 compared with most communities, as it is a suburban community with a predominance of home ownership. Also to be shown below is a lack of apartment unit development in much of the 1990's and 2000's. However, even under these circumstances, the average household size in the market area declined, consistent with local and national trends.

### **Renter Households**

The vast majority of the market area and current households are homeowners. In 2020, renter households accounted for just over 24 percent of total households. That total was up from 20.4 percent in 2010 and 16.9 percent in 2000 due to, in part, to the housing "crisis" of the late-2000's and early part of the 2010 decade.

Even with the growth of renter households, 5,030± during the 2000's and 5,780± between 2010 and 2020, the 24.3 percent renters is still below the national and state averages of 35.9 percent and 33.9 percent, respectively.

Total renter households in 2020 number 20,440±. This number is projected to reach 24,810± households by 2024. This growth will be partially driven by the sizeable number of apartment units in active planning and under construction in the market area. The apartment market is now more active because of current and planned net job growth.

### **Target Renter Households**

Horner Apartments will have rents restricted to households earning 40%, 50% and 60% of the Area Median Income (AMI). The paragraphs below will detail each of these demographic cohorts:

- **40% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$16,000 and \$32,200, when reported in constant 2022 dollars. The demographic analysis shows that as of 2020, the market area had 1,800± renter households within this income range. The 2020 total exceeds the 2010 total by 370± households. By 2024, the market area is projected to add 150± households within this income category to reach a total of 1,950± households.
- **50% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$34,160 and \$45,000, when reported in constant 2022 dollars. As of 2020, the market area totaled 2,000± renter households in this income range, an increase of 480± over the 2010 total. By 2024, the market area is projected to total 2,200± renter households within this income category. This represents an increase of 200± households.
- **60% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$42,480 and \$54,000, when reported in constant 2022 dollars. As of 2020, the market area totaled 2,100± renter households in this income range. This represents an increase of 640± over the 2010 total. The market area is projected to add 220± households within this income category by 2024 to reach a total of 2,320± households.

**Table 9: Trends and Projections of Renter Households by Income, Horner Apartments Market Area, 1990-2024**  
(Constant 2022 dollars)

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Total Renter Households	7,550	9,630	14,660	20,440	24,810
40% of AMI (\$16,000-\$32,400) 1/					
Total Households	690	1,060	1,430	1,800	1,950
Percent of Renter Households	9.1%	11.0%	9.8%	8.8%	7.9%
50% of AMI (\$34,160-\$45,000) 2/					
Total Households	640	1,080	1,520	2,000	2,200
Percent of Renter Households	8.5%	11.2%	10.4%	9.8%	8.9%
60% of AMI (\$42,480-\$54,000) 2/					
Total Households	970	1,140	1,610	2,100	2,320
Percent of Renter Households	12.9%	11.8%	11.0%	10.3%	9.4%

Notes: 1/ Assumes maximum three-person households.

2/ Assumes maximum four-person households.

Source: 1990, 2000 and 2010 Census, S. Patz & Associates, Inc.

### Households by Size

As of 2010, approximately 31 percent of market area renter households were single-person households. An additional 25.9 percent were two-person households while 17.6 percent were three-person households.

**Table 10: Renter Household by Size,  
Chesterfield County, Virginia, 2010**

	<u>Number</u>	<u>Percent</u>
<b>Renter Households</b>	26,077	100.0%
1-person household	8,074	31.0%
2-person household	6,749	25.9%
3-person household	4,594	17.6%
4-person household	3,532	13.6%
5-person household	1,835	7.0%
6-person household	798	3.1%
7-or-more-person household	495	1.9%
Source: 2010 U.S. Department of Commerce		

### **Characteristics of the Competitive Apartment Market**

Data in Table 11 list all general occupancy LIHTC apartments as well as four mature market rate apartment communities within in the market area. The market rate apartments included in the analysis generate the lowest unsubsidized rents in the market area. As will be shown below, however, these generally have higher rents than the proposed LIHTC apartments. These eight properties total 1,336 apartment units, of which only five apartment units are vacant at this time. All five vacant units are at Mallard Cove, the oldest LIHTC community in the market area.

The market area contains four LIHTC apartment properties that were built between the early-1990's and 2014. The newest to open is the 70-unit Brook Creek Crossings, which opened in April, 2014 with a mix of eight units restricted to 40% of AMI and 62 units restricted to 50% of AMI. This complex is at full occupancy and management maintains an extensive wait list of over 100 households.

The only other LIHTC apartment community to open since 2000 is the 214-unit CreekpoinTE, where all units are restricted to 60% of AMI. The complex has no vacancies and a small waitlist.

Two LIHTC apartment properties are older and opened during the 1990's. Genito Glen opened in 1998 with 102 units restricted to 60% of AMI. The complex has no vacant units and 28

households on a wait list. Mallard Cove opened in two phases in 1992 and 1995 with 252 units, all restricted to 60% of AMI. The community has five vacant units.

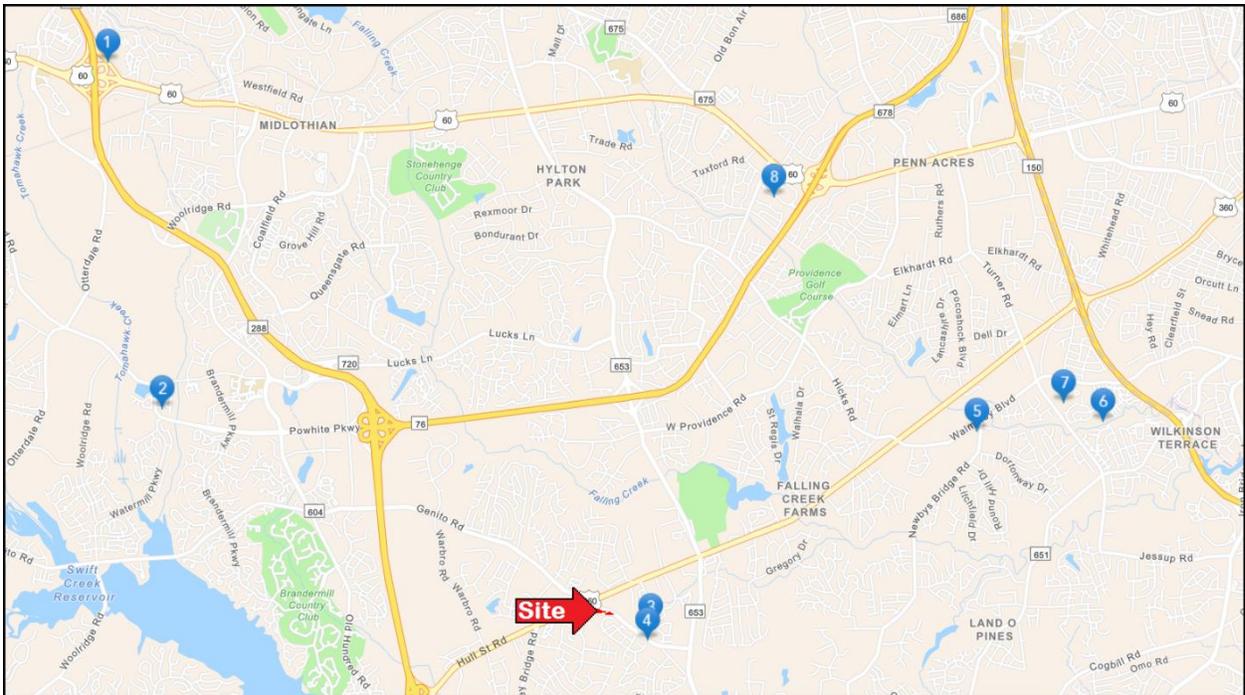
In addition to the four LIHTC apartments are four mature market rate apartments in the market area with modest rents. These apartments were built between the 1970's and early-1990s. None of the 698 apartment units are vacant in these older properties.

Key points in Table 11 are as follows:

- The market area has a very low vacancy rate of 0.4 percent. The small number of vacancies are in Mallard Cove, the oldest of the area LHITC apartment communities.
- The LIHTC apartments have a vacancy rate of 0.8 percent, with all four apartments at or near full occupancy. Additionally, most of the LIHTC apartments maintain a wait list. The wait list at Brook Creek Crossings is so long that management is no longer accepting additions. There are approximately 150 households on these wait lists.
- The market rate properties have no vacancies. This is typical.
- No properties are facing vacancy issues.
- Approximately 10 percent of units (130±) are occupied by Section 8 voucher holders.

<b>Table: 11: Characteristics of Competitive Apartment Communities, Horner Apartments Market Area, February, 2022</b>					
	<b><u>Map F Key</u></b>	<b><u>Year Built</u></b>	<b><u>Income Restrictions</u></b>	<b><u>Total Units</u></b>	<b><u>Vacant Units</u></b>
<b><u>LIHTC Apartments</u></b>					
Brook Creek Crossings	1	Apr-2014	40% (8)/ 50% (62)	70	0
Creekpointe	2	2003	60%	214	0
Genito Glen	3	1998	60%	102	0
Mallard Cove I & II	4	1992/95	60%	<u>252</u>	<u>0</u>
(Subtotal)				(638)	(5)
<b><u>Mature Market Rate Apartments</u></b>					
Cross Creek	5	1991/17	None	225	0
Rollingwood	6	1978	None	278	0
Amber Leaves	7	1975	None	67	0
North Arch Village	8	1974	None	<u>128</u>	<u>0</u>
(Subtotal)				(698)	(0)
<b>Total</b>				<b>1,336</b>	<b>5</b>
<b>Vacancy Rate</b>					<b>0.4%</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

Map F shows the locations of each of the eight competitive apartments. Five apartments, including two LIHC apartments, are located along the Hull Street Road corridor. These include Genito Glen, Mallard Cove, Cross Creek, Rollingwood and Amber Leaves. Two apartments— Brook Creek Crossing and North Arch Village, are located along Midlothian Turnpike. CreekpoinTE is located off Old Hundred Road near St. Francis Medical Center.



**Map F - Locations of Competitive Apartments**

Shown next are photos of each of the apartments under study. The four LIHTC properties are all three-story, standard garden apartments. None are elevator-served buildings. The older market rate properties have garden and townhome designs, though these are less attractive, older buildings with inferior curb appeal. Brook Creek Crossings is the most attractive, with brick exterior. The photos also show that two of the newer LIHTC communities— Brook Creek Crossings and CreekpoinTE— provide balconies and patios.



**Brook Creek Crossings**



**Creekpointe**



**Genito Glen**



**Mallard Cove**



**Cross Creek**



**Rollingwood**



**Amber Leaves**



**North Arch Village**

### **Net Rent Analysis**

The net rent analysis is presented next in Table 12. Rents were adjusted to include only sewage and trash collection costs to be consistent with the proposed rental structure at Horner Apartments. The data show that none of the LIHTC apartments provide in-unit washers and dryers. Only Cross Creek offers this amenity. All of the LIHTC apartments rent washers and dryers for between \$40 and \$50 per month.

The competitive analysis shows a very small number of one-bedroom units in the “competitive” market area, as most of the apartment properties built in the Midlothian area have traditionally served families. The only LIHTC apartment under study with one-bedroom units is Brook Creek Crossings. As with the one-bedroom units rents proposed for Horner Apartments, these one-bedroom units are restricted to 40% of AMI and rent for \$572. This is \$170± more than the proposed one-bedroom rents at Horner Apartments. Similar to Horner Apartments, these units have patios/ balconies. The market rate one-bedroom units have higher rents, averaging \$1,028.

The two-bedroom apartment units at the LIHTC communities rent for an average \$964, which is \$98 below the proposed 60% two-bedroom rents at Horner Apartments. Brook Creek Crossings, Genito Glen, Mallard Cove and Amber Leaves are the only market area apartments with two-bedroom rents below \$1,000. Amber Leaves has modest rents for a market rent property of \$862 for the two-bedroom units, each with a 1.5 bathrooms.

The two-bedroom 40% and 50% rents at Brook Creek Crossings are \$284 and \$8 above the proposed two-bedroom 40% and 50% rents at Horner Apartments, respectively.

The three-bedroom 60% LIHTC apartment units in the market area range between \$998 and \$1,279. This is compared to a proposed rent of \$1,214 for the three-bedroom 60% apartment units at Horner apartments. The three-bedroom 50% rents at Brook Creek Crossings are approximately \$20 less expensive than the proposed three-bedroom 50% rents at Horner Apartments.

<b>Table 12: <u>Rental Rates at Competitive Apartment Communities, Horner Apartments Market Area, February, 2022</u> 1/</b>			
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>	<b><u>Three-Bedroom</u></b>
<b><u>LIHTC Apartments</u></b>			
Brook Creek Crossings	\$572 (40%)	\$784 (40%) - \$862 (50%)	\$959 (50%)
Creekpointe	--	\$1,104 (60%)	\$1,279 (60%)
Genito Glen	--	\$902-\$1,105 (60%)	\$1,036-\$1,207 (60%)
Mallard Cove I & II 2/ (Average)	-- (\$572)	\$924 (60%) (\$964)	\$998-\$1,028 (60%) (\$1,093)
<b><u>Mature Market Rate Apartments</u></b>			
Cross Creek 3/	\$1,039-\$1,059	\$1,158-\$1,178	\$1,326-\$1,346
Rollingwood 4/	\$898-\$1,013	\$1,097-\$1,197	\$1,255
Amber Leaves 5/	--	\$862	--
North Arch Village 5/ (Average)	\$1,079 (\$1,028)	\$1,263 (\$1,110)	\$1,446 (\$1,346)
<b>Average</b>	<b>\$914</b>	<b>\$1,037</b>	<b>\$1,201</b>
<b>Horner Apartments 40% of AMI</b>	<b>\$400</b>	<b>\$500</b>	<b>--</b>
<b>Horner Apartments 50% of AMI</b>	<b>--</b>	<b>\$854</b>	<b>\$980</b>
<b>Horner Apartments 60% of AMI</b>	<b>--</b>	<b>\$1,062</b>	<b>\$1,214</b>
Notes: 1/ Rents adjusted to include sewage and trash collection. 2/ Two-bedroom units have 1.0 bathrooms. Smaller three-bedroom units have one bathroom. Includes 62 four-bedroom units that rent for \$1,135. 3/ Larger two-bedroom units have 2.5 baths. Smaller have two baths. Larger two- and three-bedroom units are townhomes. Includes in-unit washer/ dryer. 4/ Two-bedroom units have 1.0 bathrooms. Three-bedroom units have 1.5 bathrooms. 5/ Two-bedroom units have 1.5 bathrooms.			
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

The key point in Table 12 is that is that proposed rents at Horner Apartments will generally be lower than existing rents in the market area, despite Horner Apartments being

considerably newer than all of the existing properties and in an amenitized elevator-served building.

### **Rent per Square Foot**

Table 13 shows the rent per square foot calculation for the LIHTC apartments under study, which represent the most direct competition. The average rent per square foot is \$0.75 for the one-bedroom units, \$0.98 for the two-bedroom units and \$0.92 for the three-bedroom units.

	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>	<b><u>Three-Bedroom</u></b>
<b><u>LIHTC Apartments</u></b>			
Brook Creek Crossings	\$0.75	\$0.78	\$0.84
Creekpointe	--	\$1.10	\$1.00
Genito Glen	--	\$1.06	\$0.99
Mallard Cove I & II	--	\$0.98	\$0.86
<b>Average</b>	<b>\$0.75</b>	<b>\$0.98</b>	<b>\$0.92</b>
<b>Horner Apartments 40% of AMI</b>	<b>\$0.70</b>	<b>\$0.59</b>	<b>--</b>
<b>Horner Apartments 50% of AMI</b>	<b>--</b>	<b>\$1.01</b>	<b>\$0.84</b>
<b>Horner Apartments 60% of AMI</b>	<b>--</b>	<b>\$1.25</b>	<b>\$1.04</b>

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

### **Apartment Unit Sizes**

Table 14 lists the unit sizes at each of the properties under study. At 572 square feet, the proposed one-bedroom units would be 188 square feet smaller than the one-bedroom units at Brook Creek Crossings.

The two-bedroom units are proposed to measure 847 square feet, which is smaller than all of the LIHTC properties by an average of 140 square feet. The three-bedroom units at the LIHTC properties average 1,184 square feet, which is only 13 square feet larger than the proposed three-bedroom units at Horner Apartments. The three-bedroom units at Brook Creek Crossings and several units at Mallard Cove are smaller than the proposed three-bedroom units at Horner Apartments.

Although the units at Horner Apartments are proposed to be somewhat smaller than the existing area apartments, this will be an elevator-served building with a more contemporary design. Thus, smaller unit sizes for such a design is the norm when compared to older garden-style walk-up buildings.

<b>Table 14: <u>Unit Sizes at Competitive Apartment Communities,</u> <u>Horner Apartments Market Area, February, 2022</u></b>			
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>	<b><u>Three-Bedroom</u></b>
<b><u>LIHTC Apartments</u></b>			
Brook Creek Crossings	760	1,053	1,143
Creekpointe	--	1,000	1,274
Genito Glen	--	949	1,138
Mallard Cove I & II	--	882-1,008	1,118-1,244
<i>(Average)</i>	<i>(760)</i>	<i>(987)</i>	<i>(1,184)</i>
<b><u>Mature Market Rate Apartments</u></b>			
Cross Creek	640	866-1,120	1,050-1,250
Rollingwood	600	872	1,030
Amber Leaves	--	800	--
North Arch Village	688	936	1,147
<i>(Average)</i>	<i>(643)</i>	<i>(900)</i>	<i>(1,109)</i>
<b>Average</b>	<b>672</b>	<b>944</b>	<b>1,152</b>
<b>Horner Apartments</b>	<b>572</b>	<b>847</b>	<b>1,171</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

### **Apartment Unit Mix**

Table 15 lists the unit mix at each of the apartments under study. These data show that only 9.0 percent of units are one-bedroom units, though all but six of these units are at the market rate properties. This is compared to 58.5 percent of units that are two-bedroom units and 27.9 percent of units that are three-bedroom units. The fact that over 90 percent of the units under study have two or more bedrooms denotes a market area with an abundance of families.

	<b><u>One- Bedroom</u></b>	<b><u>Two- Bedroom</u></b>	<b><u>Three- Bedroom</u></b>	<b><u>Four- Bedroom</u></b>	<b><u>Total</u></b>
<b><u>LIHTC Apartments</u></b>					
Brook Creek Crossings	6	40	24	0	70
Creekpointe	0	120	94	0	214
Genito Glen	0	78	24	0	102
Mallard Cove I & II	<u>0</u>	<u>94</u>	<u>96</u>	<u>0</u>	<u>252</u>
(Average)	(6)	(332)	(238)	(62)	638
<b><u>Mature Market Rate Apartments</u></b>					
Cross Creek	40	134	51	0	225
Rollingwood	62	156	60	0	278
Amber Leaves	0	67	0	0	67
North Arch Village	<u>12</u>	<u>92</u>	<u>24</u>	<u>0</u>	<u>128</u>
(Subtotal)	<u>(114)</u>	<u>(449)</u>	<u>(135)</u>	<u>(0)</u>	<u>(698)</u>
<b>Total</b>	<b>120</b>	<b>781</b>	<b>373</b>	<b>62</b>	<b>1,336</b>
<b>Percent of Total</b>	<b>9.0%</b>	<b>58.5%</b>	<b>27.9%</b>	<b>4.6%</b>	<b>100.0%</b>
<b>Horner Apartments 40% of AMI</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Horner Apartments 50% of AMI</b>	<b>0</b>	<b>12</b>	<b>6</b>	<b>0</b>	<b>18</b>
<b>Horner Apartments 60% of AMI</b>	<b>0</b>	<b>18</b>	<b>6</b>	<b>0</b>	<b>24</b>
<b>Horner Apartments Total</b>	<b>6</b>	<b>31</b>	<b>12</b>	<b>0</b>	<b>49</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

### **Community Amenities**

Table 16 lists the community amenities at each of the apartments under study. The data show that apart from Amber Leaves, all of the apartments are amenitized. All of the LIHTC apartments have pools and playgrounds, and most have clubhouses, fitness center and business centers. Horner Apartments will be the only general occupancy LIHTC community in the market area with elevators. It will not have laundry facilities, though all unit will have washer and dryer hookups.

**Table 16: Community Amenities at Competitive Apartment Communities, Horner Apartments Market Area, February, 2022**

	<u>Elevator</u>	<u>Clubhouse</u>	<u>Fitness</u>	<u>Business</u>	<u>Pool</u>	<u>Playground</u>	<u>Laundry</u>
<b><u>LIHTC Apartments</u></b>							
Brook Creek Crossings	○	●	●	●	●	●	○
Creekpointe	○	●	●	●	●	●	●
Genito Glen	○	●	●	●	●	●	●
Mallard Cove I & II	○	○	○	○	●	●	○
<b><u>Mature Market Rate Apartments</u></b>							
Cross Creek	○	●	●	○	●	●	○
Rollingwood	○	●	●	○	●	●	●
Amber Leaves	○	○	○	○	○	○	○
North Arch Village	○	○	○	○	●	●	●
<b>Horner Apartments 1/</b>	●	○	●	○	○	○	○

Note: 1/ Proposal includes a community room.

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

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### **Section III Market Study Conclusions**

The analysis presented above shows a very strong affordable apartment market for families in the section of Chesterfield County under study, and with the level of population and household growth, a pent-up demand clearly exists. The current competitive affordable apartment market for families has a low vacancy rate of 0.4 percent and a wait list of at least 150 households. There are only five available apartment units at the eight properties under study.

The market area has had very limited development of income restricted apartment units. Over the past decade, only one apartment complex – Brook Creek Crossings – opened with 70 units. This property is fully occupied with approximately 100 people on a wait list. Additionally, there is only one affordable apartment community in active planning, which will be detailed further below.

Added to this is that some of the rents proposed at Horner Apartments are below market, creating a niche market for the study proposal. The study site is well located and convenient within the greater Midlothian area to a wide range of community facilities. In summary, Horner Apartments will be well received by the Chesterfield County affordable family market.

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

#### **Demand Analysis**

##### **Competitive Pipeline Proposals**

There is currently one competitive apartment in planning in the market area and none under construction. The proposal, called 288 Lofts, is planned for a vacant site at the intersection of Wylderose Avenue and Creekwillow Drive in Midlothian. It is proposed for a 160-unit apartment units.

The concept is for 112 units to be financed through 9% Low Income Housing Tax Credits and 48 units through 4% Low Income Housing Tax Credits. All units will be income restricted

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with 12 units restricted to 30% of AMI, 44 units restricted to 50% of AMI, 48 units restricted to 60% of AMI, 38 units restricted to 70% of AMI and 18 units restricted to 80% of AMI.

The complex will be comprised of four four-story elevator buildings as well as a clubhouse with a fitness center, business center, community room and leasing office. Also planned is an outdoor pool, playground and grilling stations. The complex has been financed and is likely to begin construction in June, 2022 with the first units to be completed by June, 2023 and full construction to be completed by October, 2023.

Shown below is a rendering of the community as well as a photo of the existing conditions of the site. The photo shows that site work has not yet begun.



**(Rendering)**

**288 Lofts**



**(Existing Conditions)**

### **Demand Table**

The Virginia Housing Demand Table is presented next. It shows a projected net growth of 150± targeted family households for the 2020 to 2024 period for the 40% apartment units. The growth amount is 200± households for the 50% apartment units and 220± households for the 60% apartment units.

Added to this total is a 10 percent factor to account for expected tenants with vouchers for an increased demand of 20± renter households for the 40% apartment units, 20± renter households for the 50% apartment units and 20± renter households for the 60% apartment units.

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

For supply, we noted that one apartment complex, the 160-unit 288 Lofts, is in active planning with 12 units restricted to 30% of AMI, 44 units restricted to 50% of AMI, 48 units restricted to 60% of AMI, 38 units restricted to 70% of AMI and 18 units restricted to 80% of AMI. Only some of these apartment units will compete with Horner Apartments. The other available apartment units are part of normal market area vacancy. Therefore, these are excluded from the demand analysis.

This generates a net potential net demand of 170± units for the 40% income category, 180± units for the 50% income category and 190± units for the 60% income category.

<b><u>Demand Table (2020-2024)</u></b>				
	<b><u>Up to 40% of AMI</u></b>	<b><u>Up to 50% of AMI</u></b>	<b><u>Up to 60% of AMI</u></b>	<b><u>Total</u></b>
New Rental Households	150	200	220	570
PLUS				
Existing Households - Over-Burdened (Rounded)	20	20	20	60
PLUS				
Existing Households-Substandard Housing	0	0	0	0
PLUS				
Elderly Households-Likely to Convert to Rental Housing	0	0	0	0
PLUS				
Existing Qualifying Tenants – to Remain After Renovation	0	0	0	0
Total Demand	170	220	240	630
MINUS				
<b>Supply</b> (includes directly comparable vacant units completed or in pipeline in PMA)	0	44	48	92
<b>Equals</b>				
<b>Net Demand</b>	<b>170</b>	<b>176</b>	<b>192</b>	<b>538</b>
<b>Proposed Units</b>	<b>8</b>	<b>17</b>	<b>24</b>	<b>49</b>
<b>Capture Rate</b>	<b>4.7%</b>	<b>9.7%</b>	<b>12.5%</b>	<b>9.1%</b>
<b>Absorption Period (in months)</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>

At the rents proposed, the eight 40% apartment units are expected to be pre-leased prior to project opening. The 17 50% apartment units should be fully leased within a month of opening, including pre-leases. The 24 60% apartment units should be fully leased within two months of project opening, at a lease-up pace of approximately 15 apartment units per month.

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## Capture Rate

The capture rate of total demand is 9.1 percent, or 4.7 percent for the 40% apartment units, 9.7 percent for the 50% apartment units and 12.5 percent for the 60% apartment units. These are conservative calculations, as it does not account for extensive market area wait lists and the level of voucher holders could exceed 10 percent. The lease-up period is shown as two months from the start of pre-leasing.

The Virginia Housing capture rate chart is as follows:

Project Wide Capture Rate - LIHTC Units	<u>9.1%</u>
40% of AMI (8 units)	<u>4.7%</u>
50% of AMI (17 units)	<u>9.7%</u>
60% of AMI (24 units)	<u>12.5%</u>
Project Wide Capture Rate - Market Rate Units	<u>N/A</u>
Project Wide Capture Rate - All Units	<u>9.1%</u>
Project Wide Absorption Period (Months)	<u>2 Month</u> 1/

Notes: 1/ Includes a units to be pre-leased.

I affirm the following:

1. I have made a physical inspection of the site and market area.
2. The appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units.
3. To the best of my knowledge, the market can support the demand shown in this study. I understand that any misrepresentation in this statement may result in the denial of participation in the Low Income Housing Tax Credit Program in Virginia as administered by the Virginia Housing.
4. Neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity.
5. Neither I nor anyone at my firm nor anyone acting on behalf of my firm in connection with the preparation of this report has communicated to others that my firm is representing Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing.

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6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.

*Ariel Goldring*

Market Analyst

February, 2022

Date