

Market Analysis for Renovation
Crescent Halls
Charlottesville, Virginia

Prepared for:

Mr. Grant Duffield
Crescent Halls Reno, LLC

February, 2019

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▪ S. PATZ & ASSOCIATES, INC ▪
▪ REAL ESTATE CONSULTANTS ▪

March 5, 2019

Mr. Grant Duffield
Executive Director
Charlottesville Redevelopment & Housing Authority
500 South First Street
Charlottesville, Virginia 22902

Dear Mr. Duffield

Attached is our full narrative market study for the proposed extensive renovation of Crescent Halls Apartments, a 105-unit public housing buildings for active, low-income seniors. The renovation will be undertaken with residents in place, but CRHA will relocate residents temporarily, once the unit renovations are underway. Once renovated, Crescent Halls will remain a rent, income and age-restricted apartment property.

The renovation is extensive and is estimated to cost approximately \$17.2 million, or \$166,000 per apartment unit. The work tasks include upgrades to all apartment units, within the EarthCraft Gold requirements for energy efficiency; full elevator modernization; cleaning and painting of brick and masonry; upgrades to exterior concrete paving and streets; and renovations to all common areas.

Once renovated, Crescent Halls will have an even mix of public housing and Section 8 apartment units. Rents will be primarily at 50% and 60% of AMI, if project rent subsidies are removed. All, or almost all, of the existing residents will remain. Crescent Halls has an extensive waiting list of over 100, so any turnover units will be occupied by residents on the waiting list.

The greater Charlottesville area has nine age-restricted, affordable apartment units with a total of 539 apartment units. Occupancy is 100 percent and a 200-person waiting list exists. In addition, the market area has 10 general occupancy LIHTC apartment properties. These properties have a combined total of over 1,300 units, of these, 100± are occupied senior-headed households. Thus, a sizable pent-up demand exists for affordable apartment unit for active seniors, which shows full market support for the renovation proposal.

Mr. Grant Duffield
March 5, 2019

The pent-up demand is shown in the demand table at the end of the report. The market area has net household growth demand and demand from residents who do not have adequate housing in the market area. Given these findings and conclusions, the renovated apartment units are expected to be fully occupied as the renovated units are placed back on the market.

Our report shows a recommended slight change to the proposed rents, to better coincide with the current competitive affordable apartment market rents.

The detailed market data that support our recommendations and full narrative analysis are presented in the attached market report. Please call if additional data or clarification are needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart M. Patz". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Stuart M. Patz
President

SMP/mes

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Section I Introduction

Following is the market analysis, prepared within the VHDA market study requirements, for the proposed full renovation of the 105-unit, Crescent Halls, a public housing apartment building for low-income seniors, owned by the Charlottesville Redevelopment and Housing Authority (CRHA). The renovation concept is for renovation to occur with current residents in place. Once renovated, Crescent Hall will remain public housing, with approximately half of the apartment units with rents under the federal public housing program and half designated with Low Income Housing Tax Credit (LIHTC) rents.

However, once renovated, Crescent Halls will continue to be an age-restricted apartment building for residents of 62 years of age and older, or residents with disabilities, and with rents designated for very low-income residents, as described below. Thus, after renovation, Crescent Hall will remain a rent, income and age-restricted apartment building.

Market studies for rent-restricted apartment properties, that will remain rent-restricted, need to evaluate the demand for the apartment units (here 105 units) with the assumption of no rental assistance. Thus, while it is understood that age, rent and income restrictions will remain in place after renovation, the market study must show market support with age-restrictions, but no rent restrictions.

This analysis is done in the following market study, which is prepared for submittal to officials of Virginia Housing Development Authority for 9% Low Income Housing Tax Credit financing during the “competitive” round, which has a due date for applications of March 14, 2019. The following market study is completed within the guidelines of VHDA. **The subject site inspection, and inspection of competitive properties, was undertaken on January 16, 2019.**

The report to follow is presented in three separate sections in order to provide all data and analysis required. Section I is the Introduction, which is a detailed analysis of the Crescent Halls apartment building, its site characteristics and the setting near the downtown area of Charlottesville. The renovation proposal is fully described, which includes an analysis of the current residents general demographic characteristics. As part of the site setting, the level of public and commercial services that serve the current residents are fully described.

Section I has a second part, an Economic Overview Analysis of the Charlottesville area economy, which is undertaken with an analysis of trends in at-place jobs and employment growth. The level and trends in at-place jobs and employment are key to the evaluation of the market area stability, which in turn, establishes the stability of the market area to support new investment of the type under study. At-place job and employment growth support population and household growth, and thus, housing unit demand.

For the subject study, job and employment growth “allows” for residents to stay in place and remain the Charlottesville area. That “allows” parents to stay locally and/or attract parents to move to the area.

Section II is the supply-demand analysis for affordable senior housing. First presented is the demographic analysis of the defined market area (see definition below) which “solves” for the number and growth of households 62+ years of age, or with disabilities, and with incomes of \$18,750 to \$35,000. This is the defined target market for Crescent Halls, once renovated, based on the proposal, as described below.

The second part of Section II is the competitive affordable apartment analysis. For this analysis, we identified nine affordable age-restricted apartment properties, most of which were fully rent-restricted with Section 8 rents, and 10 family affordable apartment properties, which have an abundance of senior residents. Combined, these 19 apartment

properties, studied separately, represent the competitive apartment market for Crescent Halls.

We found only one modest truly independent apartment properties without rent restrictions. Charlottesville has: (1) condos that attract seniors; (2) assisted living facilities (ALF) that have independent living apartments, but with services and a high level of amenities; and (3) continuing care retirement communities (CCRC) that require a large entrance fee and are fully amenitized with meals, health care, etc.

Thus, we “limited” our analysis to the market area’s LIHTC communities, as these represent true “comps” for Crescent Halls. The identified comps are studied for rents, occupancy, project features, and amenities. Smaller properties of below 20 apartment units and LIHTC properties designed primarily for disabled persons were not part of the competitive analysis.

The third and final section of the report are the Conclusions which describe the achievable rents proposed for Crescent Halls, under the subject proposal and show net demand for the 105 apartment units, without rent subsidies.

Market Area Definition

The defined market area for Crescent Halls, and all other affordable area apartment communities, is Albemarle County and the City of Charlottesville. All of the urban development and apartment unit development within Albemarle County are located in the City or close to the city limits of Charlottesville, particularly along U.S. Route 29, and particularly on the north side of the City. This is the location of much of the commercial services for the city and also for most of the defined competitive apartment properties.

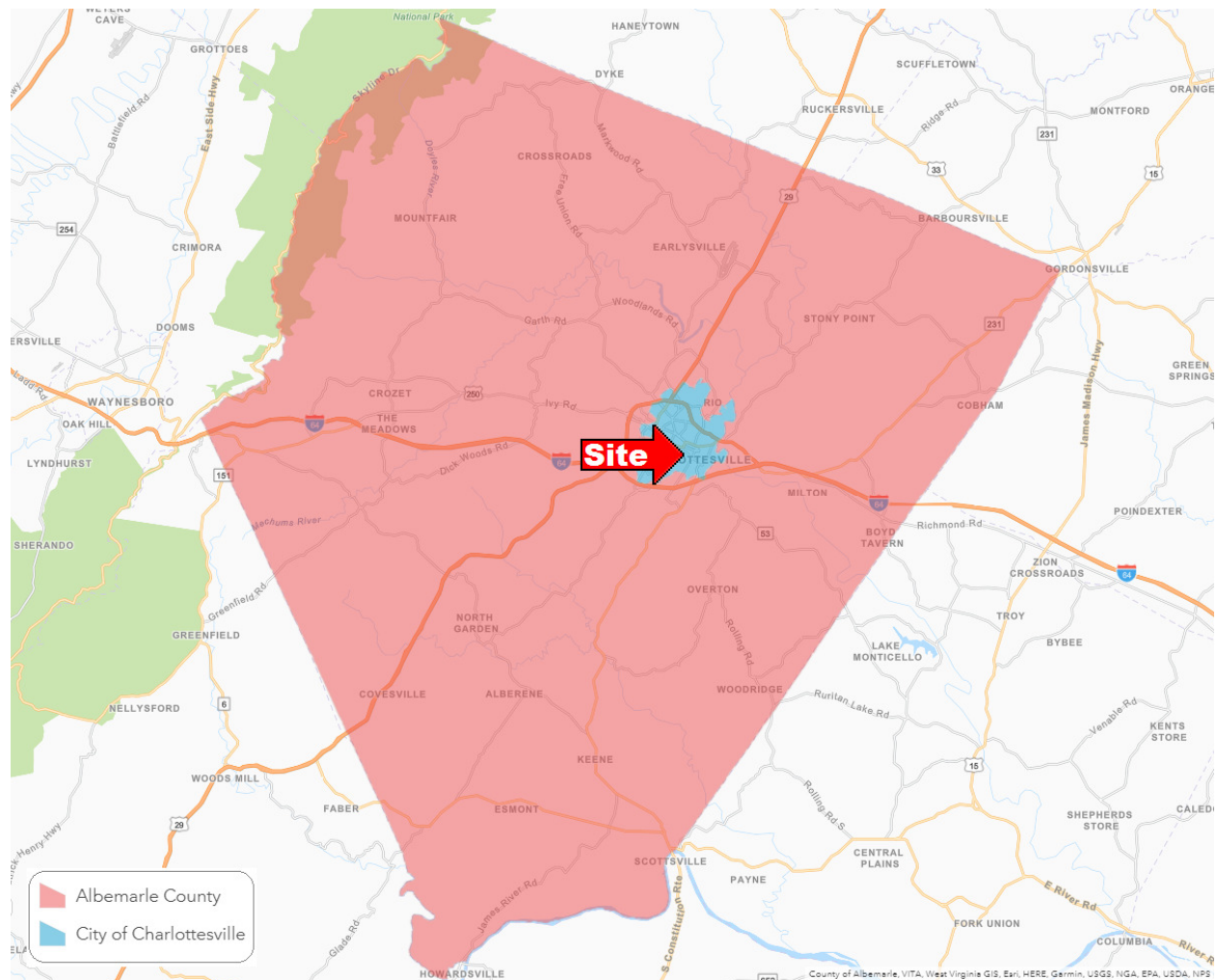
The City has a large number of apartment properties that compete exclusively for students at UVA. These are not competitive with the Crescent Halls proposal, which is

also the case for older, blighted and very low rent properties, for this study, as described. There is a mix of a large number of subsidized apartment properties in the City and also numerous upscale ones. Both the City and County have a limited number of LIHTC apartment communities.

Management at all of these properties report that there is no real distinction between the City and County in terms of apartment unit demand for affordable, professionals and blue-collar workers. Nearly of the apartment complexes within the County are located close to the City, with the exception being a few properties in the Crozet area west of Charlottesville. UVA and other large employment centers in the region are located both in the City and County. There is a total connection between both jurisdictions.

Map A shows the site location within the defined market area. The north part of the County is mostly rural, as is Greene County. This is also true of Fluvanna County to the east, and Buckingham and Nelson counties to the south. The parts of Albemarle County near these adjacent counties are also rural. The City of Waynesboro and Augusta County do have apartment affordable properties, but with much lower rents compared with Charlottesville area affordable apartment market.

Thus, given the close proximity of City and County apartment locations and the fact that adjacent areas located outside of the County have no direct competitive apartment properties, the market area is defined as the City of Charlottesville and Albemarle County, with the understanding that almost all renters are located in the urban areas of the County in and near the City.



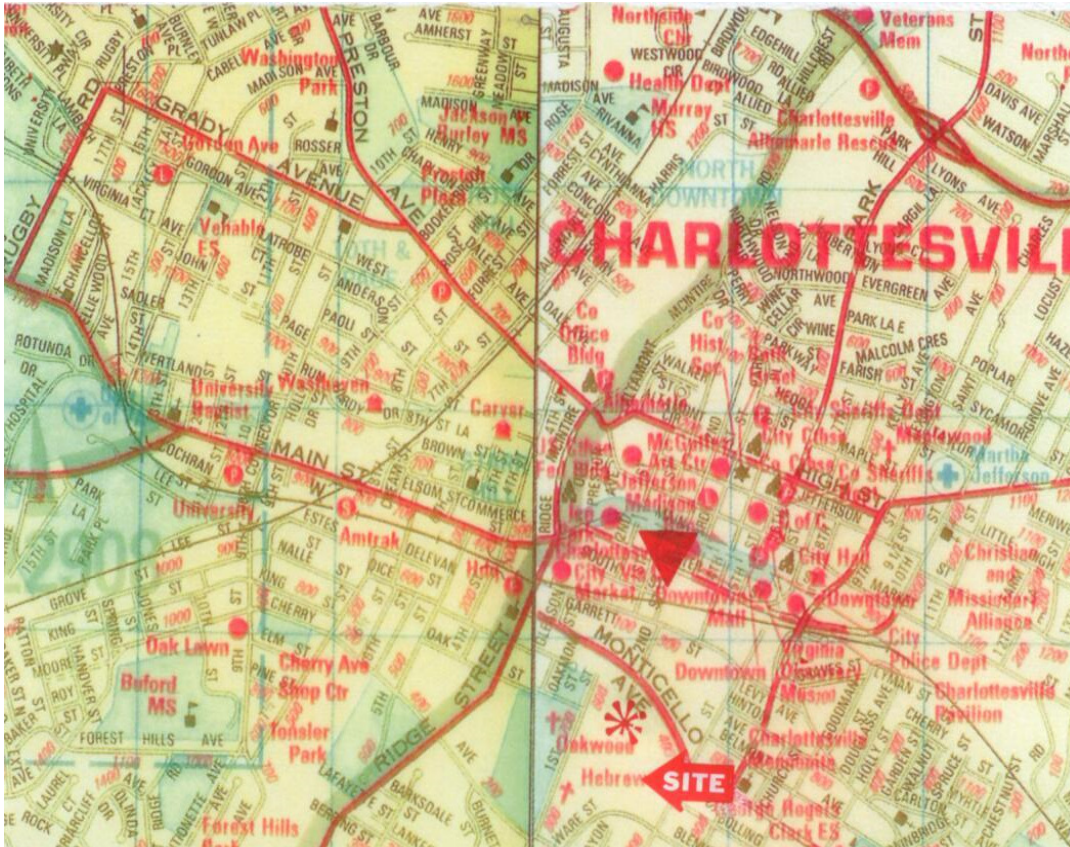
Map A - Crescent Halls Market Area

Crescent Halls

Site Description and Setting

Crescent Halls is an eight-story, 105-unit, elevator building, constructed in 1976 on a 3.0-acre property along Second Street, SE and at the southwest intersection of Second Street and Monticello Avenue (see map). It is located just south of downtown Charlottesville and the Charlottesville pedestrian mall (shown by a triangle). The star is the location of an adjacent parcel that is planned for development with 63 new apartment units in three garden buildings. These will be affordable apartment units for families, as

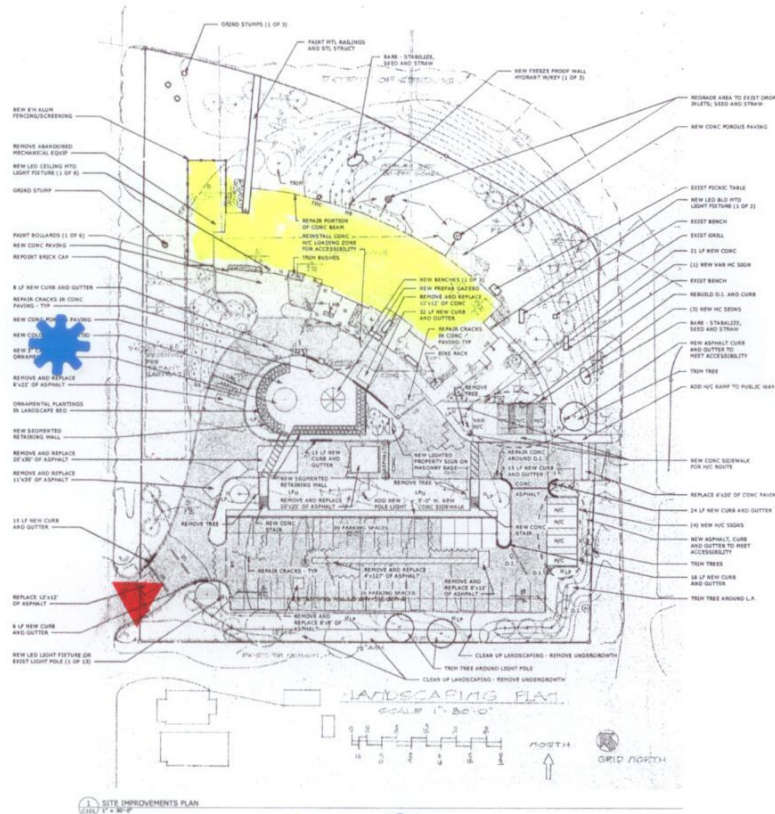
described below, and proposed for development at the same time as the renovation of Crescent Halls.



Map B - Crescent Halls Site & Setting

The site map to follow shows that the site is somewhat irregular in shape and that the northern boundary of the property runs along Monticello Avenue. Second Street runs north-south from Ware Street on the south to Garrett Street on the north. Site access is from Second Street on the south end of the property.

The property has slight topography and rises from south to north, however, this has not been an issue for active adults, or the residents at Crescent Halls. There are approximately 50 surface parking spaces on site, which is reported by management to be sufficient for current residents, as many do not have automobiles. The City of Charlottesville provides public bus service for the site with a regular bus stop at the building entrance.



Site Plan

The site plan shows the location of the surface parking spaces. Several HC spaces are located at the building entrance. A small amount of grass area separates the apartment buildings from the parking spaces. In the rear of the building is a small picnic area with tables and chairs. To the west of the site is a 7.86-acre property (see star) that is the location for a new garden apartment property, also planned by the CRHA. This site will have 62 apartments in three garden buildings. Units will be a mix of one-bedroom, two-bedroom and three-bedroom. Rents will be at or below the 40% and 50% of AMI, plus Section 8 and Section 9 rental assistance. This site can be accessed from the Crescent Halls circular driveway via First Street. First Street runs north from the City's southern boundary, along the border of Oakwood Hebrew Cemetery, to the site. Residents of the new apartment unit site, South First Street Apartments, will likely use the Crescent Halls entrance road for site access or Ridge Road to Elliott Street and north on First Street. Photos of the Crescent Halls site and building are shown next:

- Photo 1 shows Crescent Halls to be an eight-story elevator building with a primary brick exterior and a design that reflects its construction date of 1976. The driveway runs up to the main door. The entrance has a concrete canopy. The location of the truck and trailer in the picture is the bus stop within the property.
- Photo 2 shows the location of the management office, which is set aside on the east side of the building, on the ground floor.
- Photo 3 and 4 is a view into the site from the building looking south. The photo shows the parking spaces and the slight rise in topography.



Photo 1



Photo 2



Photo 3



Photo 4

- Photo 5 shows a view to the back of the apartment building and the location of the picnic tables.
- Photo 6 shows the garden apartment site to the immediate west of the Crescent Halls site. This is a vacant parcel.



Photo 5



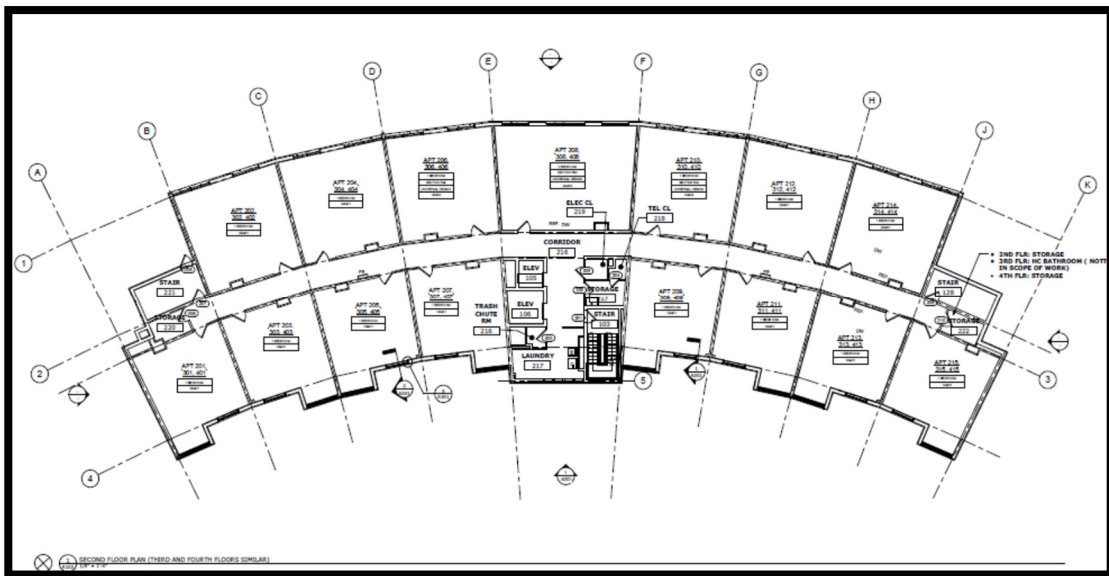
Photo 6

The interior pictures are self-explanatory. The hallways are basic, the building has a laundry room on each floor, and there is a “game” room.



Apartment Units

Of the 105 apartment units at Crescent Halls, 98 of the units are 510 to 626 square foot one-bedroom units, while 7 are two-bedroom with 819 square feet and one full bath. There are 15 units per floor for the seven floors above the ground level. Following is a typical floor plan with seven apartment units that front on the south side of the building and overlook the parking lot and the residential streets to the south. The north side of the building has eight units per floor. The floor plans show a central lobby on each floor, which includes two elevators, a stairwell, storage area and small laundry room. There are also storage areas and stairway on both ends of the building.



Typical Floor Plan

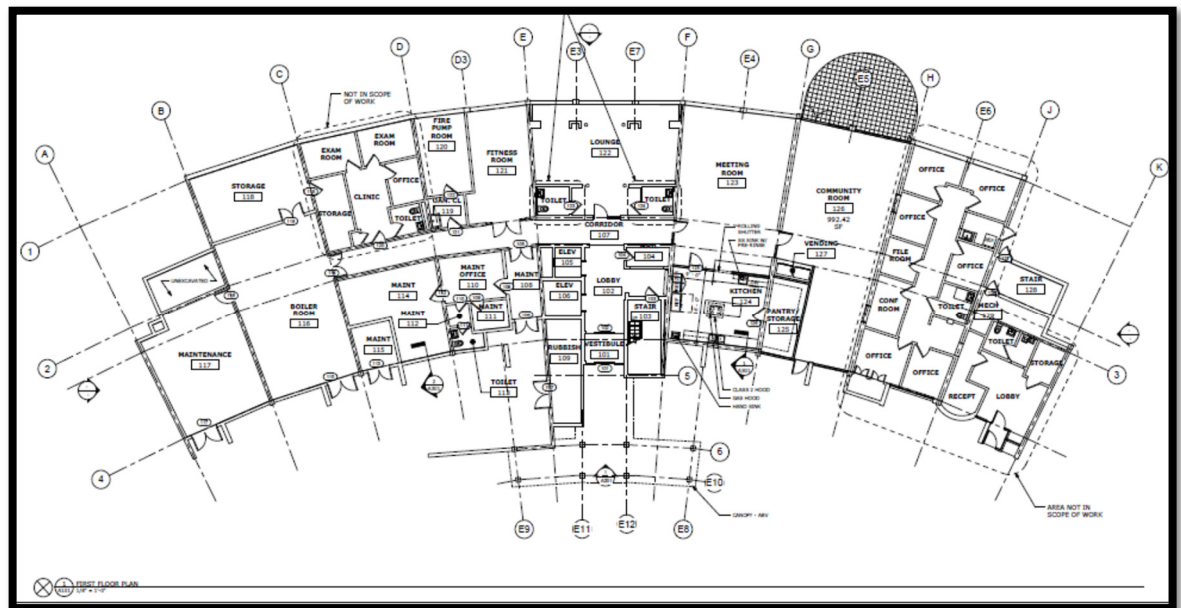
Photos of the apartment units are shown next. The units are small, with small kitchens and bathrooms and a small living/dining area. While the apartment units are small, they are nicely designed and fully livable.



Building Facilities

Except for storage and laundry room, which are on all floors above the ground floor, the ground floor has an extensive amount of common area space and amenities:

- Living and management office
- Meeting rooms
- Building and maintenance rooms
- Offices
- Community room with kitchen
- Fitness room
- lounge



Ground Floor

Other Pertinent Issues and Facts

The apartment building is now over 43 years old and has not had any major repairs. In early-2018 a major plumbing problem occurred and caused flooding in the building. While the building appears to be generally in good condition, it is mature and clearly needs modernized.

The apartment building has six vacant apartment units. These are units that are off-line and not available for occupancy. They will not be made ready for occupancy until the entire building undergoes renovation. Management has a 100+-person waiting list, so all units will be occupied once all apartment units are habitable.

Residents at Crescent Halls are at least 62 years old, or are disabled. All pay a very low amount of rent, with rents being fully subsidized under the Public Housing program. Management reports that competitive apartment properties include the LIHTC communities that were built under the federal LIHTC program. These apartment properties are listed in the competitive apartment analysis to follow.

Resident Characteristics

Following is a chart that shows the ages of the current residents at Crescent Halls. The 42 residents (40± percent), under the age of 62, have disabilities. There are 30 residents in the 62 to 69 age and a nearly equal number of residents within the over 70 age category.

<u>Residents by Age</u>	
Under 62	42
62-69	30
Over 70	<u>25</u>
Total	97

The following chart shows the income of residents. Approximately 85 percent have incomes under \$15,000. Seven have incomes over \$20,000.

<u>Incomes of Residents</u>	
	<u>Number</u>
Under \$10,000	58
\$10,000-\$14,999	25
\$15,000-\$19,999	6
Over \$20,000	7
Total	96

Approximately 70 percent of current residents pay rents of \$250 or less.

<u>Rents Paid by Residents</u>	
	<u>Number</u>
Under \$250	66
\$250-\$299	8
\$300-\$499	15
Over \$500	4
Total	93

Renovation Plan

Renovation at Crescent Halls will be done with residents “in place”. 105 of the apartment units will be subsidized. Officials of the CRHA will pay for tenant relocation at the time of renovation of individual apartment units. Crescent Halls will remain an affordable apartment building for seniors aged 62 years and above or with disabilities. All residents will remain, or will be replaced by residents on the CRHA waiting list. The proposal is to retain the public housing designation (Section 9) for 53 apartment units and use Section 8 vouchers for 52 units. LIHTC purposed rents are at 50% and 60% of AMI.

The total renovation budget is approximately \$17.3 million, with \$13 million dollars in hard construction costs and \$4.3 million for soft costs, administration fees, developer fees, etc. The cost averages \$166,000 per apartment unit, with hard costs averaging \$124,000 per unit.

As proposed, the rents under the renovation plan for fully renovated units in an upgraded building are shown below, with 11 40% of AMI mix and a nearly even mix of 50% and 60% rent units:

<u>Proposed Post-Renovation Rent</u>			
	<u>Rent Target</u>	<u>Number of Units</u>	<u>Monthly Rent Per Unit</u>
One-BR-1 Bath	40% AMI	11	\$605
One-BR-1 Bath	50% AMI	3	\$605
One-BR-1 Bath	50% AMI	14	\$605
One-BR-1 Bath	50% AMI	14	\$605
One-BR-1 Bath	50% AMI	11	\$605
One-BR-1 Bath	60% AMI	3	\$1,009
One-BR-1 Bath	60% AMI	14	\$1,009
One-BR-1 Bath	60% AMI	14	\$1,009
One-BR-1 Bath	60% AMI	14	\$1,009
Two-BR-1 Bath	60% AMI	7	\$1,152
Total		105	

Without rent subsidies, the \$605 net rent is affordable to residents with incomes of \$18,750+, when 40% of income is allocated to net rent. For the higher rent units, without rent subsidies, household income requirements will be \$30,800±. Without rent subsidies, the maximum income requirement would be at or below 60% of AMI. Thus, the target market has two income categories for seniors:

- \$18,750 - \$25,000
- \$30,800-\$35,000

We show incomes for one- and two-person households, as the target market is seniors and the unit sizes are small. This may be a conservative approach, but is a realistic one.

Renovation Work Tasks

The architect for the renovation, Arnold Design Studio, describes the building as:

- Existing slab on grade construction with concrete structural columns and floor plates. The exterior walls are brick masonry with wood framing, aluminum clad windows and fiber cement bound siding.

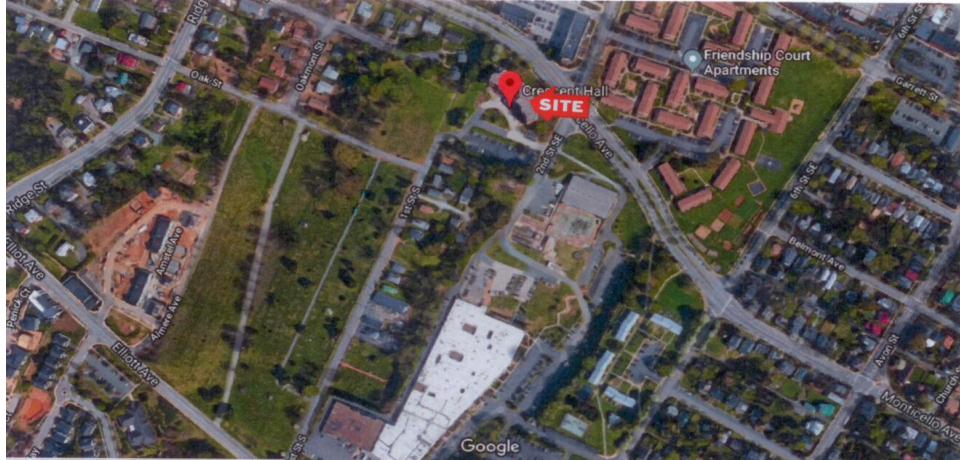
The scope of the interior work includes:

- New apartment unit layouts, finishes, plumbing fixtures, electrical light fixtures, mechanical systems, elevator modernization and new appliances.
- Full elevation improvements, including new CA interiors.
- Renovations will meet Earthcraft Gold standards for multifamily housing.
- Upgrade to curb and grates, concrete paving and stairs.
- Cleaning of brick and repainting of masonry.
- Upgrades to metal fabrications, wood, plastics, wood
- Upgrades and repairs to thermal and moisture protection
- New doors and windows
- General repairs to non-structural metal framing
- Full upgrades to bathrooms with new cabinets
- Upgrades to kitchens with new appliances
- Upgrades to HVAC
- Electrical upgrades

Rents will be sub-metered for water at a rate of \$20 to \$27. This does not affect the residents of Crescent Halls.

Site Setting

Crescent Halls is located in the center of Charlottesville near the downtown area. Second Street at this location is commercial on the east side with a mix of mature warehouse and commercial buildings, as shown in the aerial to follow. Where Second Street curves to the east is a viable retail complex with specialty stores, service businesses and restaurants. These are in mature warehouse buildings that are no longer occupied by industrial or warehouse uses. This has become a trendy area for Charlottesville residents.



Immediate Site Setting

To the north of Monticello Avenue, along Second Street, is office buildings, a gym and the large Friendship Court Apartments, a rent-restricted property described in the competitive apartment section. Second Street runs north to the pedestrian mall in downtown.

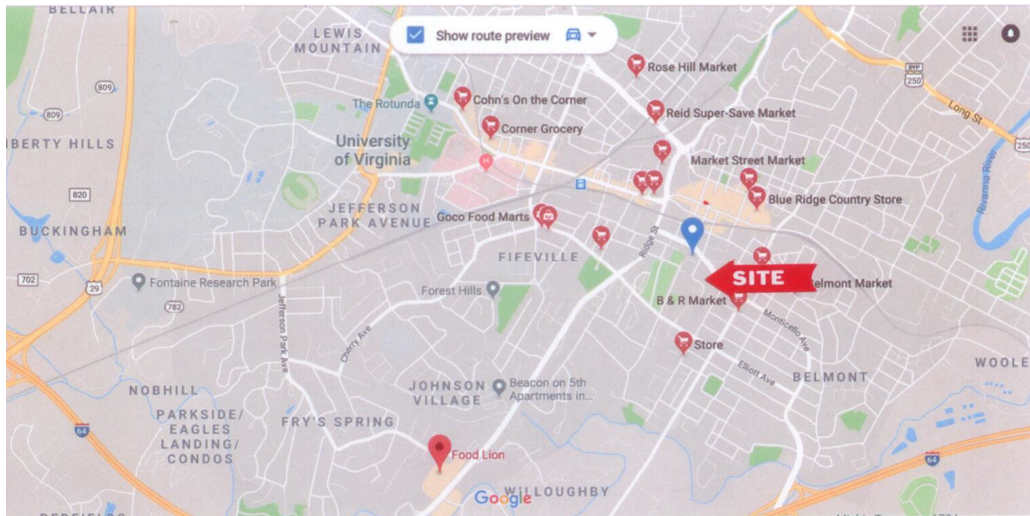
As shown in the aerial, First Street is a largely residential street within the Ridge Street neighborhood. The area has mature single-family homes within a low density setting (see pictures to follow). A mature cemetery is located on the west side of First Street. The site for the new garden apartment units is a vacant parcel on the north side of the cemetery.



The site is not in a walkable setting for seniors, as Second Street rises from south to east. Monticello Avenue is a primary arterial that separates Crescent Halls from the areas closer to downtown. However, Crescent Halls has been a successful apartment building for seniors for 40+ years and is within close proximity to shopping, medical care and health care, as shown on Map C.

Map C shows retail stores located near Crescent Halls. A Food Lion is located south on Ridge Street/5th Street at Willoughby Square Shopping Center which also includes Family Dollar and CVS, among other stores. Otherwise, there are an abundance of nearby small markets.

The Crescent Halls site is not necessarily convenient to area shopping, but with City bus service, residents are adequately served.



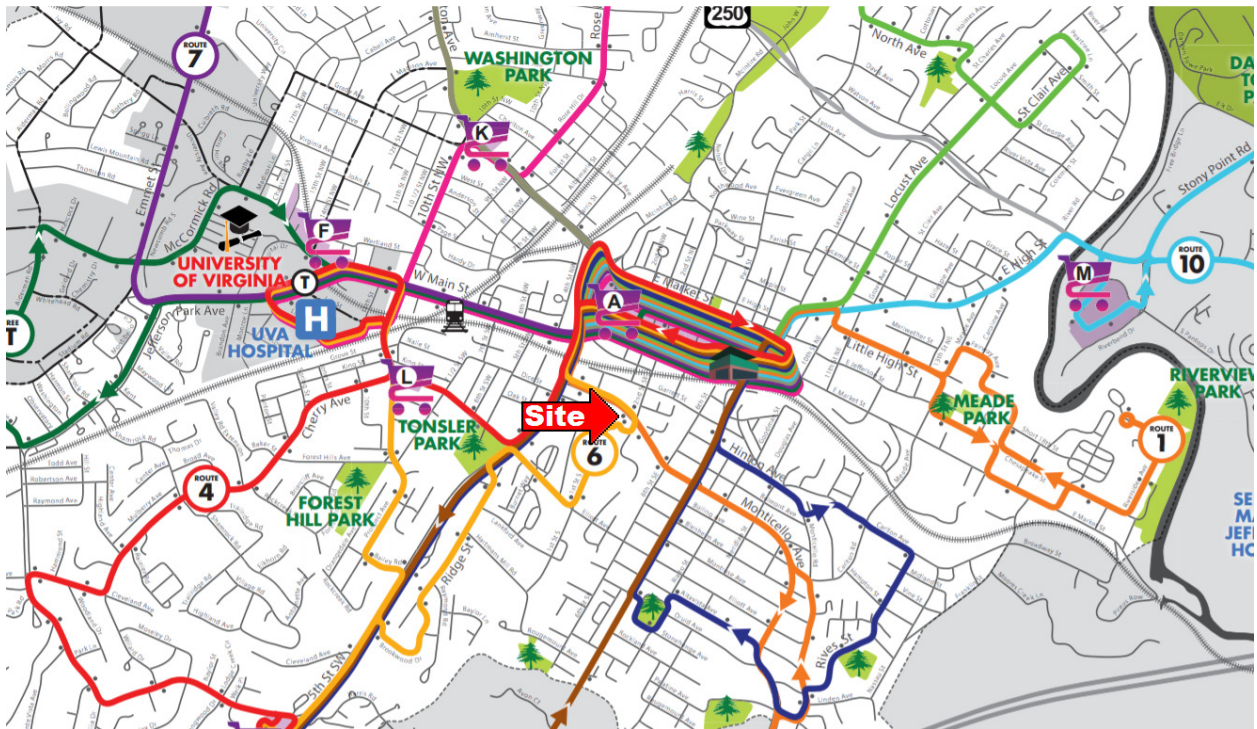
Map C - Area Retail Locations

A new large shopping center, Fifth Street Station, has recently opened, anchored by Wegman's. This center is further south on Fifth Street.

Map D shows the Route 6 bus route that serves Crescent Halls. The Route 6 bus line serves the Downtown Mall area, the UVA Hospital, the Ridge Street/Fifth Street corridors and some of the retail stores in the area.

Summary

Crescent Halls has been a successful, affordable apartment property for 40 years, as it is well located and well designed for low- and moderate-income seniors. It is at a 100 percent occupancy for units that are available for occupancy. The waiting list is 109, for 105 apartment units. Once renovated, occupancy will continue to be at 100 percent and a large waiting list will continue to exist.



Map D - Local Bus Routes (Charlottesville Area Transit)

Market Area Economic Overview

This economic stability and growth of the Charlottesville marketplace is an important factor in evaluating the feasibility of the Crescent Halls renovation, as a stable economy means that residents, and family, will remain in the market area. Thus, even though current and future residents of Crescent Halls are likely not to be in the workforce, the study of at-place jobs and employment growth is an integral part of the market study.

The Economic Overview Analysis is presented in this part of the report. The intent is to show the level of job growth in the market area, as a prelude to determining housing unit demand. First presented are trends in market area at-place jobs. This is followed by employment and labor force data and then by a description of active developments, and the likely magnitude of new jobs that these projects will generate. These data and trends will be used to determine demographic growth and the resulting market area housing unit demand.

At-Place Jobs

At-place jobs refer to the number of jobs in the defined market area of both the City of Charlottesville and Albemarle County. As of year-end 2017, the total number of at-place jobs in the market area totaled 95,600±. The most recent at-place job totals are 9,230± more than in 2008, indicating an average annual growth of 920± jobs over the past decade.

Data in Table 1 show a decrease in total jobs in the key recession year of 2009, which followed sizable growth for the first eight years of the 2000 decade. The recession years of 2009 and 2010 were not growth years. For the period of 2010 to 2017, net job growth was 12,400±, or approximately 1,770± per year on average. Current at-place job totals are at an “all time” high for the market area and expanding. Over 3,300 new jobs were created in 2015, over 1,900 jobs were created in 2016 and over 2,400 jobs were created in 2017.

The market area has a very diversified job market with no dominant industry. The industrial categories of Retail Trade, Health Care and Accommodations and Food are the largest categories. State Government should likely be included in that group with the large number of employees affiliated with the University of Virginia, but these data are not published.

The sector with the most pronounced growth has been the Health Care sector, which added 1,710± jobs over the past decade, largely in Albemarle County. Several of

the market area's largest employers are in the Health Care Sector including the University of VA Medical Center, Sentara Healthcare and UVA Health Services Foundation. Employment in this sector is likely to continue growing due to several major medical expansions associated with UVA.

The Accommodations/ Food sector is the second fastest growing employment sector, having grown by 1,540± since 2008. Much of this growth has been associated with five new hotels that have opened over the past decade. These include:

- Residence Inn Charlottesville Downtown (124 rooms, opened in 2016)
- Country Inn & Suites Charlottesville UVA (87 rooms, opened in 2016)
- Oakhurst Inn (27 rooms, opened in 2014)
- Homewood Suites by Hilton Charlottesville (150 rooms, opened in 2014)
- Hyatt Place Charlottesville (137 rooms, opened in 2013)

Several other hotels opened in 2018, are under construction and are in planning. This will further increase employment in this employment sector over the coming years.

Other job sectors with growth over past decade include Admin./ Waste Services (1,470± new jobs), Arts/ Entertainment/ Recreation (680± new jobs), Other Services (610± new jobs), Finance/ Insurance (610± new jobs), Professional/ Technical Services (490± new jobs), Educational Services (430± new jobs), and Real Estate (90± new jobs).

Since 2008, the industrial sectors with the most pronounced job losses have been the Construction and Manufacturing sectors. Notable manufacturing losses during this period include GE Fanuc Intelligent Platforms (50± layoffs in 2009), Biotage (70± layoffs in 2009), LexisNexis (60± layoffs in 2010), and Hyosung America (110± layoffs in 2010).

Table 1: Trends in Average At-Place Employment, Charlottesville City-Albemarle County, VA, 2008-2017

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture, Forestry, Fishing	519	476	479	447	ND	ND	ND	ND	599	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	91
Utilities	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Construction	4,951	4,167	3,964	3,771	3,803	3,771	3,696	4,021	3,794	4,061
Manufacturing	3,745	3,406	3,058	2,948	ND	ND	ND	ND	2,917	ND
Wholesale Trade	ND	ND	ND	1,354	1,392	1,297	1,325	1,282	1,263	1,312
Retail Trade	9,831	9,054	8,736	8,915	8,963	9,122	9,124	9,281	9,449	9,821
Transport. & Warehousing	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Information	2,193	2,051	2,035	2,021	2,108	2,094	2,035	2,018	2,008	1,963
Finance/Insurance	1,858	1,794	1,797	1,779	1,747	2,245	2,305	2,336	2,318	2,464
Real Estate	1,358	1,255	1,226	1,252	1,319	1,473	1,461	1,500	1,480	1,443
Professional/Tech. Services	6,069	5,931	5,668	5,581	5,493	5,635	5,644	5,955	6,300	6,562
Management of Companies	1,802	1,906	1,884	1,850	1,920	1,943	1,903	1,916	1,873	1,815
Admin./Waste Services	3,035	2,842	2,830	2,889	3,505	3,541	4,099	4,471	4,534	4,500
Educational Services	1,217	1,248	1,298	1,388	1,523	1,583	1,604	1,720	1,679	1,649
Health Care	8,005	8,316	8,479	8,588	8,521	8,615	8,608	9,115	9,546	9,718
Arts/Enter./Recreation	1,515	1,541	1,812	1,883	1,909	1,914	2,006	2,142	2,281	2,194
Accommodations/Food	8,357	8,124	8,116	8,163	8,318	8,423	8,827	9,083	9,494	9,896
Other Services	3,369	3,375	3,435	3,587	3,644	3,615	3,782	3,808	3,896	4,029
Local Government	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
State Government	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Federal Government	<u>1,309</u>	<u>1,354</u>	<u>1,365</u>	<u>1,250</u>	<u>1,249</u>	<u>1,236</u>	<u>1,220</u>	<u>1,247</u>	<u>1,270</u>	<u>1,281</u>
Total	86,381	83,872	83,199	84,237	85,611	86,179	87,939	91,263	93,164	95,596

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

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

Table 2 shows the net change in at-place job totals, separated by jurisdiction, over the previous ten years. The data shows employment growth in a wide range of employment sectors in both Charlottesville and Albemarle County.

	<u>Charlottesville City</u>	<u>Albemarle County</u>	<u>Total</u>
Agriculture, Forestry, Fishing	--	127	--
Mining	--	20	--
Utilities	--	--	--
Construction	-188	-702	-890
Manufacturing	--	-859	--
Wholesale Trade	-75	--	--
Retail Trade	-639	629	-10
Transport. & Warehousing	--	-8	--
Information	-354	124	-230
Finance/Insurance	626	-20	606
Real Estate	-40	125	85
Professional/Tech. Services	-347	840	493
Management of Companies	199	-186	13
Admin./Waste Services	1,337	128	1,465
Educational Services	251	181	432
Health Care	-121	1,834	1,713
Arts/Enter./Recreation	223	456	679
Accommodations/Food	562	977	1,539
Other Services	495	165	660
Local Government	--	--	--
State Government	--	--	--
Federal Government	-242	214	-28
Total	3,033	6,182	9,215

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

Overall, at-place job trends in the market area are positive. The at-place job totals did not decrease much during the recession, and in fact, remained higher than the pre-recession peak of 2008. The recession resulted in job losses in 2009 and 2010, but net growth has occurred since 2010, with the 2014 job totals area above the pre-recession year total.

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. Year-end 2017 employment data are available and show that 78,670± employees exist in the market area, approximately 16,920 below at-place jobs.

The comparison of at-place jobs and employment indicates in-commuting into the market area for employment, likely from all of the adjacent counties – Greene, Nelson,

and Augusta. Persons in these counties seek more affordable housing, but work at better paying jobs within the market area. Employment in the market area grew by 880± jobs in 2016 and 2,250± in 2017. Employment increased by 6,710± since 2008, which is less than the increases of at-place jobs.

The number of persons in the Labor Force grew at a slightly quicker pace than employment. That is one reason that the market area unemployment rate has not decreased more, in spite of the net employment growth. The market area unemployment rate is a moderate 3.2 percent as of year-end 2017. This is down from the previous year's rate of 3.5 percent. Trend data show that the market area's unemployment rate is well below the national average and has remained relatively low even during the past recession of the late-2000's.

Employment is a better indicator of housing unit demand, as it refers to where people live. The market area has had net employment growth and has a large labor force to support additional growth.

Table 3: Trends in Employment and Unemployment, Charlottesville/ Albemarle County, Virginia, 2008-2017				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	74,380	71,967	2,413	3.2%
2009	73,650	69,586	4,064	5.5%
2010	74,190	69,727	4,463	6.0%
2011	75,408	71,199	4,209	5.6%
2012	76,070	72,117	3,953	5.2%
2013	75,926	72,284	3,642	4.8%
2014	77,813	74,349	3,464	4.5%
2015	78,558	75,543	3,015	3.8%
2016	79,219	76,424	2,795	3.5%
2017	81,306	78,672	2,634	3.2%
Net Change	6,926	6,705	221	0.0%
Source: United States Department of Labor, Bureau of Labor Statistics				

Market Area Development Activity

The University of Virginia is by far the largest area employer. Second, is likely to be the National Ground Intelligence Center (NGIC) and the associated Defense Intelligence Agencies (DIA) located at Rivanna Station near the Charlottesville Albemarle Airport in northern Albemarle County. The growth trend at these large employers are presented below, followed by a list and description of active new developments.

University of Virginia (UVA). UVA is a key economic “driver” in the market area. Thus, the growth trends at UVA are included in our Economic Overview.

Table 4 shows the enrollment trends at UVA for the ten-year period between 2009 and 2018. These data represent total on-campus fall enrollment headcount totals. The enrollment data show a net growth of 2,090± students over this period, or ten percent increase. This represents an average enrollment growth rate of 210± students per year. Net growth has been recorded in both the undergraduate and graduate populations. Undergraduate enrollment grew by 13.6 percent and graduate enrollment grew by 2.2 percent during this period.

<u>Table 4: UVA On-Campus Fall Headcount Enrollment Trends, Fall 2009- Fall 2018</u>			
	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
Fall 2009	14,297	6,598	20,895
Fall 2010	14,445	6,604	21,049
Fall 2011	14,591	6,515	21,106
Fall 2012	14,641	6,454	21,095
Fall 2013	14,898	6,340	21,238
Fall 2014	15,405	6,395	21,800
Fall 2015	15,669	6,316	21,985
Fall 2016	15,891	6,500	22,391
Fall 2017	16,034	6,771	22,805
Fall 2018	16,239	6,746	22,985
Net Change	1,942	148	2,090
Percent Change	13.6%	2.2%	10.0%

Source: UVA Office of Institutional Assessment and Studies

Data in Table 5 show the projection for total enrollment to a 2022 forecast date and a breakout of student enrollment projections by category. Projection data show moderate growth, with enrollment expanding by only 870± students by 2022. Undergraduate enrollment is projected to increase by 230± students by the Fall, 2022 semester. Graduate enrollment is projected to increase by 640± students by 2022.

Table 5: <u>UVA On-Campus Fall Headcount Enrollment Projections, Fall 2018 – Fall 2022</u>			
	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>
Fall 2018 (Realized)	16,239	6,746	22,985
Fall 2019	16,317	7,049	23,366
Fall 2020	16,395	7,173	23,568
Fall 2021	16,456	7,276	23,732
Fall 2022	16,469	7,387	23,856
Net Change	230	641	871
Percent Change	1.4%	9.5%	3.8%
Source: State Council of Higher Education for Virginia (SCHEV)			

Often, student enrollment growth projections are conservative, so these numbers may change.

Employment at UVA. Employment at the University of Virginia currently stands at 17,480± persons, which is up 3,120± over the 2012 total. This represents an increase in employment of nearly 22 percent. UVA is the region’s largest employer. About 85 percent of employees are full-time employees. The following table shows the significant growth of employment at the University since 2012, with most growth related to full time employees. Much of this growth was driven by expansions at the UVA Medical Center.

Table 6: <u>Trends in Employment at UVA,</u> <u>Fall 2012 – Fall 2018</u>			
	<u>Full Time</u>	<u>Part Time</u>	<u>Total</u>
Fall 2012	12,271	2,086	14,357
Fall 2013	12,288	2,224	14,512
Fall 2014	12,620	2,433	15,053
Fall 2015	12,978	2,676	15,654
Fall 2016	13,525	2,650	16,175
Fall 2017	14,136	2,652	16,788
Fall 2018	14,769	2,712	17,481
Net Change	2,498	626	3,124
Percent Change	20.4%	30.0%	21.8%
Source: University of Virginia Office of Institutional Assessment and Studies			

UVA Development. Several construction projects are planned and ongoing at UVA. Major ones are detailed in the paragraphs below. They will add net job growth at the University.

- **UVA Medical Center.** Construction is ongoing on a 440,000± square foot expansion to the UVA Medical Center that will expand the Emergency Department, surgical services and inpatient care into a new facility. This construction is occurring on the east end of University Hospital at the corner of Lee Street and Crispell Drive. The Hospital will receive a second helipad atop the new facility allowing for multiple landing areas. The expansion will add 43 beds to the Emergency Department, for a total of 80 beds. The expansion of the emergency department and the interventional areas are scheduled to open in summer or fall 2019, and the new patient rooms are slated to open in early 2020. A renovation of 90,000 square feet of existing space is scheduled for completion in 2021.
- **UVA Musculoskeletal Center.** Ground was broken in September, 2018 on a new facility at the site of the former Kluge Children’s Rehabilitation Center on Ivy Road. The 195,000± square foot facility will have a retail pharmacy, roughly 95-exam rooms, and six outpatient operating rooms for orthopedic and sports medicine surgeries. The facility is expected to open in February, 2022.
- **Brandon Avenue Upper Class Housing.** Construction is ongoing on this six-story residence hall on Brandon Avenue. The building, to include two levels of podium parking, will accommodate 313 students in apartment-style housing and parking for 137 vehicles. There will be some programmable space on the first floor of the building, which could include academic and multi-use spaces that will serve the

Brandon Avenue district as well as others within the University community. Delivery is slated for the summer of 2019.

- **New Student Health Center.** This is a proposed 100,000± square foot student health center that may possibly include a second 66,000± square foot facility for tenants. The entire structure, with tenants, will be three to five stories tall plus two lower-level parking platforms that will have grade access to Monroe Lane.
- **The McCormick Road Houses.** The project consists of six, four-story residence hall buildings, including four at approximately 60,000± square feet, two at 30,000± square feet, and a 10-acre site with sidewalks, ramps and stairs connecting the buildings. The renovation of the 1950's residence halls will include the replacement of mechanical, plumbing, and electrical systems and the renovation of The Castle dining facility. Completion is expected in May, 2020.

The National Ground Intelligence Center (NGIC). This large employment facility is part of the United States Army Intelligence and Security Command. It is located in Albemarle County on Route 29, near the Charlottesville Albemarle Airport and north of Charlottesville. Due to its size, it is highlighted there as a major employer. The exact number of employees at NGIC and DIA is classified, but the Charlottesville Regional Chamber of Commerce estimates that approximately 600± people are employed there. The average salary is approximately \$80,000. Additional agencies associated with NGIC nearby include the US Department of Defense Intelligence Agency Joint Use Intelligence Analysis Facility, several private defense contracting firms, the US Army Judge Advocate General School (JAG School), and the US Federal Executive Institute. Combined, these account for approximately 3,000± jobs. Growth at these federal facilities is stagnant at this time.

Charlottesville/Albemarle Development Activity

Following is a list and description of the recent new area developments that have, or will, add new jobs to the market area. These projects are scattered throughout the market area

- **3TWENTY3.** Ground was broken in November, 2018 on this 120,000± square foot office building at 323 Second St. S.E. The be five-story office building with a four-

level parking garage is slated for to open in the spring of 2020. The building will be built on what is now the back half of The Glass Building and a parking lot. The front of the Glass Building – currently occupied by Augustiner, The Bluegrass Grill & Bakery and Paradox Pastry – will continue to be used as retail space. McGuireWoods already has signed up to occupy 17,220± square feet on the third floor of the building. Building amenities include a rooftop terrace with patio, an event facility and electric-car charging stations.

- **The Draftsman**. Construction was completed in May, 2018 on this 150-room hotel with 2,300 square feet of event space, a fitness center and an on-site farm-to-table restaurant called Renewal. The hotel is located at 1106 W. Main Street.
- **Apex Clean Energy** announced in March, 2018 that would build a 130,000± square foot headquarters in downtown Charlottesville and will occupy 60,000± square feet in the seven-story building on Garrett Street. The remaining space will be leased to other tenants, including 10,000 square feet of street-level retail space. Apex Clean Energy builds, owns and operates utility-scale wind and solar power facilities.
- **WillowTree Inc.**, a mobile applications developer, announced in August, 2018 that it would renovate and lease 50,000± square feet in the former Woolen Mills factory in Albemarle County. The expansion is expected to create 200 jobs, doubling the workforce at WillowTree.
- **CoConstruct**, which provides a web-based project management system for customer homebuilders and remodelers, announced in May, 2018 that it would expand its Albemarle County operation, creating 69 new jobs.
- **Lighthouse Industries**, a global supplier of laser test and measurement systems for pharmaceutical and contract manufacturing industries, announced in February, 2018 that it would expand its medical manufacturing operation in Albemarle County and hire ten additional employees.
- **Home2Suites by Hilton**. Construction was completed in September, 2018 on this 113-room hotel at 201 Monticello Avenue. In addition to two meeting rooms, the hotel includes a fitness center, swimming pool, and business center.
- **Staybridge Suites Charlottesville Airport**. Construction is nearing completion on this 103-room hotel located at 3060 Laurel Park Lane. The four-story hotel includes an indoor swimming pool, fitness center and business center.
- **Quirck Hotel**. Construction is ongoing on this 80-room hotel at 425, 501 and 503 W. Main Street, near Charlottesville’s Downtown Mall. The hotel will include a rooftop bar and on-site restaurant.

- **Gallery Court Hotel**. This is a proposed seven-story, 72-room hotel planned for 140 Emmett Street. The hotel will replace the existing 40-room Excel Inn & Suites, which was heavily damaged by fire in May, 2017.
- **Dairy Central**. Construction is ongoing on this multi-phase renovation and expansion of the old Monticello Dairy building at the intersection of Preston and Grady avenues and 10th Street NW. Phase I of the project includes renovating the 37,000± square foot original dairy space into Dairy Market, a 20-stall food hall, with around 7,000± square feet of open seating. Behind the dairy, 63,000± square feet of office space on multiple floors will be added. Phase I is expected to delivery January, 2020. Phase II is a residential component with 175 apartments. 20 units will be restricted to 80% of AMI and the remaining will be market rate.
- **The Center of Developing Entrepreneurs (CODE)**. This project is the redevelopment of the former Main Street Arena in the Downtown Mall into a 170,000± square foot tech hub. CODE will allocate 23.5 percent of its square footage for tech/venture space, and 26 percent goes toward a common area for events and presentations. An unnamed anchor-tenant will use 35 percent of the space, with the remaining saved for smaller offices and other retail. Construction is expected to be completed by the summer of 2020.

Section II: Affordable Senior Apartment Analysis

Section II presents the supply-demand analysis for the Crescent Halls renovation proposal. First presented is the demographic analysis that “solves” for the number of active, older adults who are in the \$18,750 to \$35,000 income range. Households with incomes at or below \$18,750 are one-person households at the 40% and 50% of AMI rate for the Charlottesville market area. Households with incomes of \$30,000 are one- or two-person households with incomes at or below 50% of AMI.

Thus, the target market for Crescent Halls, after renovation, as required for market studies for affordable housing, is one- and two-person households with incomes (rounded) of \$19,000 to \$35,000.

To restate, one-half of the apartment units at Crescent Halls will remain under Section 9 rents and one-half will be at Section 8 rents. Ten or so units could be LIHTC rental units, with incomes at or below 50% of AMI. The following market analysis will show the number of one- and two-person households within this income category, which shows the level of potential demand, if rent subsidies are not available for the apartment building in the future.

The market analysis needs to determine the expected turnover at Crescent Halls, for future lease-up purposes. Management has over 100 persons on the wait list, so leasing to “the public” is not an issue.

The second part of Section II is the competitive affordable apartment market. We separated this subsection into three parts. The first is an analysis of CRHA’s public housing units. The Authority has 376 public housing apartment units in seven apartment properties and four homes. These are studied for occupancy, waiting list, resident demographics, etc.

Next presented is the analysis of the market area's age-restricted and rent-restricted apartment properties. There are nine properties in this age and rent category, but most are fully Section 8 occupied.

Therefore, we also studied the ground occupancy, rent-restricted apartment properties, as these have at least 50 senior residents. These apartment properties provide a better definition of the potential market support for Crescent Halls, if rent subsidies are not available.

Demographic Analysis

Population

The estimated 2018 population for the two jurisdictions in the market area, as shown in Table 7, is approximately 157,920, based on estimates from the Weldon Cooper Center for Public Service. At this level, the market area population increased by approximately 15,470 since 2010, or over 1,900± per year on average. Both the City of Charlottesville and Albemarle County realized net population growth since 2010, but the majority of the population growth occurred in the County, as more developable land exists there. The nearly 6,000 increase in the City's population between 2010 and 2018, after a small population loss during the 2000's, is likely due to new apartment unit development, both for the UVA and non-UVA market, and particularly in the downtown. As with many cities across the country, population growth occurred in central cities in new construction and adaptive reuse properties. As stated above, the UVA enrolment also grew considerably during the 2010 decade. The net population growth in the City occurred after the post-recession ended.

In addition, employment growth generated some of the recent market area's net population growth. This is shown in the Group Quarters population. Based on past trends and ongoing employment growth, the market area population is projected to increase by 5,810± and reach 163,730± by 2021. The projections show population growth in both jurisdictions in the market area.

**Table 7: Senior Population Trends and Projections by Age,
Charlottesville-Albemarle County, Virginia, 1990-2021**
(Constant 2018 Dollars)

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u>	<u>2021</u>
Market Area Population	108,380	124,290	142,450	157,920 1/	163,730
City of Charlottesville	40,340	45,050	43,480	49,280	51,460
Albemarle County	68,040	79,240	98,970	108,640	112,270
Group Quarters Population	8,490	8,370	9,300	10,000 2/	10,050 3/
Household Population	99,890	115,920	133,150	147,920	153,680
Persons Per Household	2.47	2.38	2.38	2.37	2.36
Total Households	40,440	48,730	55,940	62,410	65,120
<u>Active Senior Demographics</u> (62-84)					
Total Population	12,640	15,220	19,530	23,370	24,890
Percent of Total Population	11.7%	12.3%	13.7%	14.8%	15.2%
Senior Households	7,960	9,650	12,580	15,080	16,060
Percent of Total Households	19.6%	19.8%	22.5%	24.2%	24.7%
<u>Target Market</u> (\$18,750-\$25,000)					
Total Households	700	740	900	1,150	1,300
Percent of Senior Households	8.8%	7.7%	7.2%	7.6%	8.1%

Notes: 1/ Based on population estimates from the Weldon Cooper Center for Public Service.

2/ Includes in on-campus occupancy growth of 630± students at UVA.

3/ Includes new UVA residence hall with 313 beds that will open in 2019.

Source: 1990, 2000 and 2010 Census, U.S. Census Bureau; State Council of Higher Education for Virginia; Weldon Cooper Center for Public Service; U.S. Department of Commerce; S. Patz & Associates, Inc.

Group Quarters Population. The Group Quarters Population consists primarily of UVA students living in on-campus residence halls, in addition seniors in nursing homes or assisted living facilities and persons in hospitals, shelters and jails. UVA students who live in privately-owned homes, condos or apartment units off campus, are part of the household population and therefore are excluded from the Group Quarters total. With or without the on-campus population at UVA, the Group Quarters Population is growing. New assisted living apartments are part of this growth.

The Group Quarters Population of 10,000± in 2018 was deducted from total population to determine Household Population, as shown. Household Population is the basis for determining housing unit demand. It was 147,920± in 2018.

Households. The market area had a total of 62,410± households (occupied housing units), as of 2018. That total is 6,470± more than the 2010 total. By 2021, forecast data show the potential for a net growth of 2,710± households, based on population growth and the trends in average household size. Thus, there could be an estimated 65,210± households in the market area by 2021.

The current average household size is estimated at 2.37, which has been nearly unchanged since 2000. It decreased slightly over the past 20 years from 2.47 in 1990. The average household size has been low since 1990 compared with other communities of the size of the market area and this is somewhat surprising as students living off campus typically have three to four persons per household.

However, the greater Charlottesville area is an attractive retirement community and has a sizable number of senior adult households. Graduate students at UVA would typically be one- or two-person households. Whatever the case, the market area's average household size is low. By 2021, the average household size is projected to decrease slightly to 2.36.

Active Senior Demographics. In 2018, the active senior population (defined as persons between the ages of 62 and 84) in the market area totaled nearly 33,400±, or 15± percent of the total market area population. During the 2010 to 2018 period, the net growth of this population was nearly 4,000±, or 500± people per year, on average. This is compared to an annualized growth rate for this sector of the population of 360± during the 2000's. By 2021, the market area is projected to total 24,900± persons in this age category, or 15 percent of the total population. This forecast is for a net growth of 1,390± persons in the age category under study.

Target Market. Because of the wide range of rents proposed at Crescent Halls after renovation, due in part to the several different income categories being used for financing, with Section 8 and Section 9 rental assistance, and the fact that 93± percent of the apartment units are one-bedroom, we separated the target market for households, 62

to 84 years of age with incomes of \$18,750 to \$25,000, and for adults with incomes of \$30,000 to \$35,000, as households in this income category can pay \$1,000 and above for net rent.

Data in Table 7 show the growth in the number of households with the household head aged 62 to 84 and with incomes of \$18,750 to \$25,900. This household income range is for one-person households in the active age group under study and with incomes within the 40% to 50% of AMI range. It is the total number of households who would be eligible based on age and income for housing at Crescent Halls, without rent subsidies, and at the 40% and 50% of AMI rent category. These are one-person households. The current total of households in the target market for LIHTC rents at Crescent Halls is 1,150. That total is expected to increase to 1,300 by 2021.

Section 8 and Two-Bedroom Target Market

Following is a chart shows the number of seniors who can pay rents of over \$1,000, as proposed for half of the renovated units at Crescent Halls, including the seven two-bedrooms:

	<u>Number of Higher Income Target Households</u>
1990	350
2000	400
2010	500
2018	600
2021	650

The market area has a modest number of active adult headed households in the \$30,000 to \$35,000 income range, when incomes are reported in constant 2018 dollar values. We estimate 600 active senior households in this income category and a projected net growth of 500 by 2021.

CRHA Properties

Table 8 lists the market area apartment properties owned by CRHA. Crescent Halls is the only public housing apartment for seniors. The other properties are for general occupancy. There are 370 total public housing units.

<u>Table 8 Apartment Properties Owned by CRHA, February, 2019</u>	
<u>Address</u>	<u>Number of Units</u>
900-1000 South First Street	58
500 Crescent Halls	105
707-713 Sixth Street, SE	25
801-836 Hardy Drive	126
309-323 Riverside Avenue	16
1609-1623 Madison Avenue	18
2021-2025 Michie Avenue	23
613 Hinton Avenue	1
905 Monticello Avenue	1
712 Elsom Street	1
715-A & 715-B Ridge Street	<u>2</u>
Total	376
Source: Charlottesville Redevelopment and Housing Authority.	

Crescent Halls has 97 apartments occupied, with 55 households with household head 62+ years of age. The other 42 tenants are younger and disabled. **There are 36 households at the other CRHA properties in the 62+ age category.** Officials at the main office for CRHA report that Crescent Halls has a 109-person waiting list, and the total waiting list for the CRHA properties is 474, with likely 140± older adults, including the Crescent Halls waiting list.

In summary, Crescent Halls has 109 persons on their waiting list and the other CRHA apartment properties have additional residents on the CHRA waiting list in the 62+ age category and/or persons who are disabled.

Age-Restricted Affordable Apartments

Characteristics of the Market

We identified nine rent-restricted apartment properties in the market area that would be “comps” for Crescent Halls, once renovated. These are listed in Table 9 and are number-keyed to Map E. Of these nine apartment properties, only two, Park View and Crozet Meadows, are not fully subsidized with Section 8 renters. The others are summarized in Table 9:

- The apartments are 100% occupied and have a combined 200-person waiting list. This is in addition to the waiting list at CRHA’s properties for senior residents.
- There are a total of 539 apartment units at these apartment properties. Only one, the 30-unit Meadowlands, was built since 2015. Three others were built after 2010. Three are mature, with openings prior to 2000.

These apartment properties are number-keyed to Map E. The orange dots are the age-restricted apartments; the blue numbers are family properties.

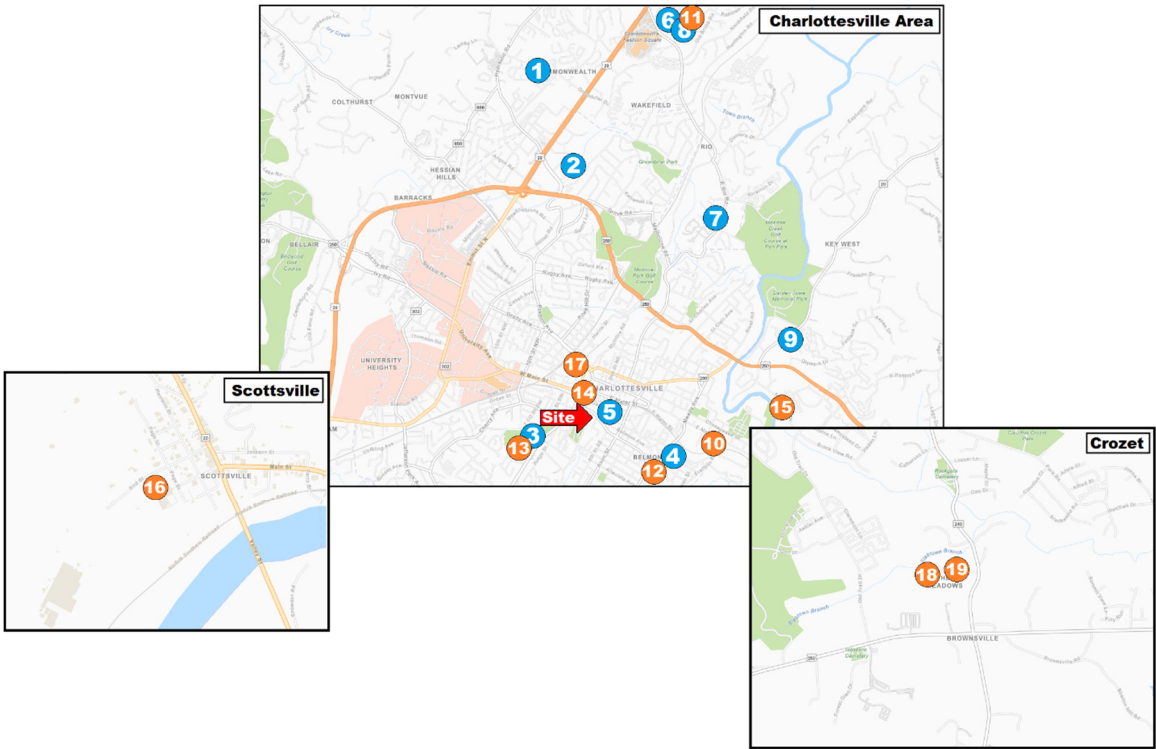
<u>Table 9 Characteristics of Age-Restricted Affordable Apartment Properties, Charlottesville Market Area, February, 2019</u>				
	<u>Map E</u>	<u>Date</u>	<u>Total</u>	<u>Vacant</u>
	<u>Key</u>	<u>Built</u>	<u>Units</u>	<u>Units</u>
Woods Edge	11	2001	97	0 1/
Monticello Vista	12	1992/02	50	0 1/ 2/
Ephphatha Village	13	2011	14	0 1/ 2/
Midway Manor	14	1984	98	0 1/ 2/
Park View at So. Pantops	15	2006	90	0
Scottsville School	16	2013	34	0 1/ 2/
Crossings at Fourth	17	2012	60	0 1/ 2/
Meadowlands	18	2016	30	0 1/ 2/
Crozet Meadows	19	1979/10	<u>66</u>	<u>0 1/</u>
Total			539	0
Notes: 1/ Waiting list, combined total of 200+.				
2/ 100% Section 8				
Source: Field and telephone survey by SPA				

We included non-age-restricted properties in our analysis, as most of the age-restricted are Section 8 properties and they have a sizable waiting list. These are studied in the next subsection. **There are 100 seniors residing at the tax credit general occupancy properties.**

Meadowlands is the newest of these properties, opening in 2016. Three other properties opened after 2010. Three of these properties were built prior to 2000.

Photos of these apartment properties follow. These photos show a wide mix of apartment types. Midway Manor is the only elevator-served apartment property for seniors. Monticello Vista and Ephphatha Village are mature and modest. Woods Edge, Crossing at Fourth, Park View and Crozet Meadows are attractive properties. Most of these apartment properties appear well maintained with good curb appeal.

Map E shows that these properties are scattered throughout the region. Crossings at Fourth, Midway Manor, Monticello Vista, Ephphatha Village are located near Crescent Halls in the City of Charlottesville. Seven of these properties are located to the north in the market and in Albemarle County.



Map E - Locations of Competitive Apartments



Woods Edge



Monticello Vista



Ephphatha Village



Midway Manor



Park View at So. Pantops



Scottsville School



Crossings at Fourth



The Meadowlands



Crozet Meadows

Net Rents

The net rents at the two age-restricted LIHTC apartment properties that are not 100% Section 8 are:

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
Park View at So. Pantops	\$895	\$1,072
Crozet Meadows	\$670	--

These rents include cold water, sewer and trash collection. Park View rents are at 60% of AMI. The rents at Crozet Meadows are at 50% and 40% of AMI. The rents at Crozet Meadows (50% of AMI) are consistent with the 40% and 50% rents proposed at Crescent Halls. The two-bedroom (6%) rents at Park View are consistent with the higher rents at Crozet Meadows.

Apartment Unit Mix

Approximately 85 percent of the apartment units at the age-restricted apartment properties are one's. The others are two's.

Apartment Unit Sizes

The one-bedroom units at these rent-restricted apartments average 640 square feet in size and range from 525 to 703 square feet. The two's average 930 square feet and range from 800 to 1,000± square feet.

Arbor Crest

Arbor Crest is a mature, modest rent, age-restricted apartment community located on Hydraulic Road. It is a 55+ age community without rent restrictions. The two-bedroom/one bath unit has one vacant unit which rents for \$1,061. This rent is about equal to the rents at Crescent Halls, once renovated. Arbor Crest is a modest property with no curb appeal, no landscaping, limited amenities, and is located on a site with considerable topography. In spite of this, the property is nearly full.



Arbor Crest

Competitive General Occupancy Affordable Apartments

We analyzed the affordable general occupancy apartment market because there are 100 seniors living in these properties and only two age-restricted apartment properties have tax credit rents. Thus, the analysis of these properties are a better gauge of rents for LIHTC apartment properties.

General Occupancy

There are 10 general occupancy affordable apartment properties in the market area. These are shown in blue on Map E. Total apartment units at these properties is 1,317. The vacancy rate is 1.5 percent, without apartment units still in lease-up at Timberland Place. Most of these apartment properties are at 100 percent occupancy:

- Most have waiting lists (and with possibly some duplication) at a combined total of 600.
- 100 of the occupied units (7.7%) have senior head of households.
- Carlton Vista has a 48-unit expansion planned for 2020 opening.
- Timberland Place opened in December, 2018 and has 50± units leased to date, since the start of preleasing.

The apartment market is strong for rent restricted units; possibly stronger for affordable general occupancy apartments compared with age-restricted apartments. The pent-up demand for age-restricted properties can be shown with the large number of seniors in the apartment units listed in Table 9. These apartments have 440± persons with Section 8 vouchers, or 30± percent of total occupied units.

These properties are generally older than the senior properties, as only three were built since 2010 and only one was built during the 2000's. However, in 2017 and 2018, 140± new units were placed on the market in two new properties, and 100 of those units have been leased - in two or less years. These data show a strong pent-up demand for affordable units, bot age-restricted and family.

These apartments are also shown on Map E (in blue).

Table 10 Characteristics of Family Affordable Apartment Properties, Charlottesville Market Area, February, 2019

	<u>Map E</u> <u>Key</u>	<u>Date</u> <u>Built</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>
Parks Edge	1	2003	96	3
Hearthwood Apts.	2	1970/17	200	0 1/
Greenstone on Fifth	3	1979/15	202	0 1/
Carlton Views	4	2017	54	0 1/ 2/
Friendship Courts	5	1978/03	150	0 1/
Rio Hill	6	1995	139	0 1/
Treesdale Apts.	7	2012	92	0 1/
Mallside Forest	8	1990	160	14 3/
Wilton Farm	9	1991	144	2
Timberland Place	10	2018	<u>80</u>	<u>6/</u>
Total			1,317 8/	19

Notes: 1/ Waiting list. Total wait list for all apartment properties is 600±, but could have duplications.
 2/ 44-unit expansion planned to open in 2020.
 3/ Management change/problems
 4/ **Total of 100 seniors in these apartment properties.**
 5/ Excludes smaller properties and PWD disabled properties.

- Carlton Neighborhood – 35 apts.
- Virnita Court – 16 units

6/ In lease-up; 48 units leased since preleasing and Dec. 2018 opening.
 7/ Brookdale with 84 units is under construction for 2020 opening.
 8/ 440± units are occupied by residents with Section 8 rental assistance.

Source: Field and telephone survey by SPA

Photos of these properties are shown next. The older properties have the basic design of three-story garden buildings. Greenstone, Carlton Views and Timberland Place are more modern in design and do not have the “institutional” look.



Parks Edge



Hearthwood



Greenstone on Fifth



Carlton Views



Friendship Courts



Rio Hill



Treesdale



Mallside Forest



Wilton Farm



Timberland Place

Net Rents

Table 11 shows the net rents at the 10 affordable apartment properties for general occupancy. Rents include cold water, sewer and trash collection. The one-bedroom rents average \$820 and range from \$665 to \$960. The two-bedroom rents average \$940 and range from \$765 to \$1,182. These rents are being readily accepted, as evidenced by the near 100 percent occupancy rate.

Table 11 Net Rents at Family Affordable Apartment Properties, Charlottesville Market Area, February, 2019

	<u>One-BR</u>	<u>Two-BR</u>	<u>Three-BR</u>
Parks Edge 1/	\$722	\$853	\$980
Hearthwood Apts. 1/ 2/	\$899	\$1,049-\$1,080	\$1,249-\$1,269
Greenstone of Fifth 1/	\$665	\$765	\$850
Carlton Vista I 3/	\$850	\$1,015	\$1,155
Friendship Courts	4/	4/	4/
Rio Hill 1/	--	\$880-\$970	\$1,000-\$1,097
Treesdale Apts. 2/	--	\$815	\$1,150
Mallside Forest 1/	\$960	\$1,182	\$1,331
Wilton Farms 1/	--	\$930	\$995
Timberland Place 2/	--	\$820	\$1,120
Average	(\$820)	(\$940)	(\$1,100)
Notes: 1/ Includes cold water, sewer and trash collection. 2/ Studio unit at \$699 rent. 3/ Trash only 4/ Section 8 rents			
Source: Field and telephone survey by SPA			

Rent Increases. Rent data listed in Table 12 show the recent rent increases at these tax credit properties. Since 2009, rents have increased by \$24 per year on average for the one-bedroom units and \$23 on average for the two's. These trends, along with near 100 percent occupancy, a large waiting list and recent quick lease-up at the two newest tax credit properties confirm a very strong pent-up demand for affordable housing in the greater Charlottesville market area.

Table 12 Change in Net Rents at Older Affordable Family Apartment Properties, Charlottesville Market Area, February, 2009-2019

	<u>One-BR</u>	<u>Two-BR</u>	<u>Three-BR</u>
Parks Edge	\$167	\$135	\$140
Hearthwood	\$200	\$270	\$364
Rio Hill	--	\$130	\$240
Treesdale Apts.	--	\$145	\$425
Mallside Forest	\$300	\$390	\$350
(Average)	(\$220)	(\$210)	(\$300)
% Increase	34%	29%	34%
Annual Average Increases	\$24	\$23	\$33
Source: Field and telephone survey by SPA			

Apartment Unit Sizes

Data in Table 13 show the unit sizes at the market area's affordable, general occupancy apartment properties. These are modest in size.

Table 13 <u>Apartment Unit Sizes at Selected Family Affordable Apartment Properties, Charlottesville Market Area, February, 2019</u>			
	<u>One-BR</u>	<u>Two-BR</u>	<u>Three-BR</u>
Parks Edge	690	835-994	1,128
Hearthwood Apts.	686	980	1,100
Greenstone of Fifth	585	708	861
Carlton Vista I	NA	NA	NA
Friendship Courts	NA	NA	NA
Rio Hill	--	1,100	1,300
Treesdale Apts.	--	1,082	1,213
Mallside Forest	690	932	1,191
Wilton Farms	--	882-1,008	1,118-1,241
Timberland Place	--	781	929
(Average)	(662)	(935)	(1,120)

Source: Field and telephone survey by SPA

Apartment Unit Mix

The unit mix is shown next for apartment properties where data were available. These data are not fully relevant for the Crescent Halls proposal.

Table 14 Apartment Unit Mix at Selected Family Affordable Apartment Properties, Charlottesville Market Area, February, 2019

	<u>One-BR</u>	<u>Two-BR</u>	<u>Three-BR</u>	<u>Total</u>
Parks Edge	19	57	20	96
Hearthwood Apts.	83	80	37	200
Rio Hill	--	103	36	139
Treesdale Apts.	--	64	24	88
Mallside Forest	32	68	60	160
Wilton Farm	--	88	56	144
Timberland Place				
Total	115	460	233	808
% of Total	14.2%	56.9%	28.9%	100%

Source: Field and telephone survey by SPA

Rent Per Square Foot

We did not undertake this calculation, as there are too many variables in the market to make this calculation relevant.

Section III Conclusions

In terms of supply/demand, the Charlottesville apartment market is fully underserved with affordable housing:

- The affordable apartment market; LIHTC senior properties, LIHTC general occupancy apartment properties; and CRHA properties are all at full occupancy and with large waiting lists.
- The waiting lists for the 62+ age market is 109 persons at Crescent Halls, 40± persons at other CRHA properties, 200 at LIHTC senior LIHTC properties, and 100+ persons at family tax credit properties for a total wait list of 450± persons.

At this time, there are no other active senior, affordable proposals.

The above analysis shows that a sizable pent-up demand exists for age-restricted affordable housing. The following analysis will evaluate the demand for the renovated apartment units without rent subsidies. The market area has no age-restricted pipeline proposals.

Net Rent Analysis

The net rent analysis is difficult, as it is based on assumptions for non-subsidized rents. The best comps are the LIHTC properties. Also shown is the rent at Arbor Crest, a modest age-restricted market rent property. Again, this comparison analysis is for the purpose of determining net rents without utilities.

<u>Net Rent Comparisons</u>		
	<u>One- Bedroom</u>	<u>Two- Bedroom</u>
Crescent Halls (proposed) (Section 8)	\$605 \$1,009	-- \$1,152
LIHTC Senior	\$670	\$1,072
LIHTC Family	\$665-\$722 1/	\$765-\$930 1/
Arbor Crest	--	\$1,061
Note: Lower range		

This analysis shows:

- That the \$605 one-bedroom rent is low and can be increased to \$695.
- That the \$1,009 rent is above market and needs to be \$725.
- That the two-bedroom rent is high and needs to be reduced to \$1,099.

Within this analysis, premiums are given for site location and the elevator-served apartment units.

Demand Chart

The VHDA Demand Chart is shown next. We show the projected net household growth. The wait list was reduced considerably to eliminate those households with rents below the required income category. The other categories are not relevant for this demand analysis. The chart “conclusions” show a total demand of 350 households. This is for 52 50% income households and 53 households at the higher rent range. The capture rate by income category is:

- 50% - 17.7%
- Section 8 - 52%

Full preleasing should eliminate an absorption rate.

Demand Table (2018-2021)				
Income Restrictions			<u>Up to 50%</u>	<u>Up to 60% (Section 8)</u>
New Rental Households			150	50
PLUS				
Existing Households - Over-Burdened			150 1/	50 1/
PLUS				
Existing Households-Substandard Housing			--	0
PLUS				
Elderly Households-Likely to Convert to Rental Housing			--	0
PLUS				
Existing Qualifying Tenants – to Remain After Renovation			--	--
Total Demand			300	100
MINUS				
Supply (includes directly comparable vacant units completed or in pipeline in PMA)			0 2/	0 2/
<i>EQUALS</i>				
NET DEMAND			300	100
ABSORPTION PERIOD 1/ (see write-up above)			0	0

Notes: 1/ Reduced to account for income qualification.

2/ There are no age-restricted pipeline proposals or vacant age-restricted apartment units.

Absorption Period

Crescent Halls is expected to be fully pre-leased.

The VHDA capture rate chart is as follows:

	<u>Number</u>
Project Wide Capture Rate - LIHTC Units	26.2%
Project Wide Capture Rate - Market Units	--
Project Wide Capture Rate - All Units	26.2%
Project Wide Absorption Period (in months)	0

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 Development Authority.
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 VHDA or in any way acting for, at the request of, or on behalf of VHDA.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.



February 19, 2019

Market Analyst

Date