

**Market Analysis**  
**Cameo Street Apartments**  
**Richmond, Virginia**

**Prepared for:**

**Mr. Lee Alford**  
**Better Housing Coalition**

**March, 2020**

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▪ REAL ESTATE CONSULTANTS ▪

March 9, 2020

Mr. Lee Alford  
Director of Multifamily Real Estate  
Better Housing Coalition  
23 West Broad Street  
Suite 100  
Richmond, Virginia 23220

Lee:

This will set forth our full narrative market study for the proposed 67-unit, Cameo Street Apartments, to be built during 2021, for 2022 delivery. The apartment units are to be affordable for a wide range of income groups and will be located in the historic Jackson Ward neighborhood near downtown Richmond, Virginia.

The site location is excellent, as it is located within a thriving community with new apartment unit development and within close proximity to employment, community facilities and neighborhood eateries.

The 67-unit new construction building will be attractive, with a mix of one-, two- and three-bedroom units, with rents for renters within the 40%, 50% and 60% income categories for the Richmond Region.

The Richmond marketplace has supported an abundance of attractive affordable housing and the demand for this type of housing continues, based on net household growth within the income ranges under study, generated by an abundance of new employment growth.

The attached Demand Table shows a 2.8 percent required capture rate for market support of the 67 proposed apartment units and a likely five-month lease-up period.

All of the detailed market and economic data required for the VHDA market study requirements are included in the attached report. Please call if additional data or clarification are needed.

Mr. Lee Alford  
March 9, 2020

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

This will set forth our report on the market support for the proposed new construction, 67-unit, Cameo Street Apartments, planned for development during 2021 for affordable housing for families. The site is located in the Jackson Ward neighborhood in downtown Richmond, Virginia, and more specifically, at the northwest corner of W. Jackson Street and Cameo Street. The apartment proposal is being submitted to officials at Virginia Housing Development Authority (VHDA) for Low Income Housing Tax Credits (LIHTC) financing. Once built, Cameo Street Apartments will have rent and income restrictions, but no age restrictions.

The report to follow will be included in the submittal to officials at VHDA for LIHTC financing during the 2020 competitive round, with a report submittal date of March 12, 2020. The report is prepared within the detailed market study requirements of VHDA and all market and economic data and analyses for a full narrative market report are included in the analysis to follow. **The site visit and field research were completed on February 11, 2020.**

To comply with the market study requirements for tax credit financing, the report is prepared in three separate sections. The first, the Introduction, presents a description of the study site and its setting within the Jackson Ward neighborhood of downtown Richmond. Included in this description are: (1) an analysis of the study site, (2) its setting within the Jackson Ward neighborhood, and (3) its proximity to the center of downtown Richmond. A major part of the site description is the analysis of the development proposed for 67 affordable apartment units and the amenities that are to be associated with the apartment building development.

Section I has a second subsection which includes an analysis of economic trends within the defined market area, with particular emphasis on at-place jobs and employment. Job and employment growth are the key economic factors that support population and household growth, and the resulting housing unit demand. These economic data are published by the Department of Commerce, Bureau of Labor Statistics

(BLS). They are current to year-end 2018. 2019 data are expected to be available by Summer, 2020.

To supplement current 2018 data, we included an analysis of current and expected net new job growth within the market area. These data will show the expected level of growth for the post-2018 period.

Section II is the supply-demand analysis for the market area. First presented is the demographic analysis that “solves” for the number and growth of renter households with incomes, reported in 2019 dollars, (as 2020 dollars are not yet calculated) of \$20,000 to \$51,800. The wide range of incomes is due to the study proposal that includes rents at 40%, 50%, and 60% of AMI. The forecast date for the demographic analysis is 2023, as the project start date is likely to be in early-2021 and the development period will likely require 12 to 15 months, placing project opening and active lease-up by early- to mid-2022.

The second part of Section II is the competitive apartment market. We identified 29 LIHTC apartment properties in the market area to study, with a total of nearly 3,200 apartment units. These are all general occupancy properties, but exclude affordable apartment properties with an abundance of Section 8 renters or all Section 8 renters. This list of “comps” is divided into two subgroups: (1) the post-2000 properties and (2) the pre-2000 properties, as there is considerable difference in quality in the newer LIHTC properties. **The date of the field survey for these properties is identical with the site visit of February 11, 2020.**

These apartment properties are studied for occupancy, net rent, unit sizes and mix, project and unit amenities, and number or percent of residents with Section 8 vouchers.

Section III is the market study conclusions related to achievable rents; market support, as calculated by the VHDA Demand Chart; and capture rate.

## Market Area Definition

The defined market area for Cameo Street Apartments is the City of Richmond. On-site management at several competitive area apartment communities state that they attract families from across the City, including from affordable properties located south of the James River. Based on input from these and other on-site managers, it was determined that the Jackson Ward setting is not competitive with LIHTC properties located outside of the City in the neighboring communities of Hanover County and Henrico County, but will compete with all moderate-income communities in the City. The market area is shown on Map A.

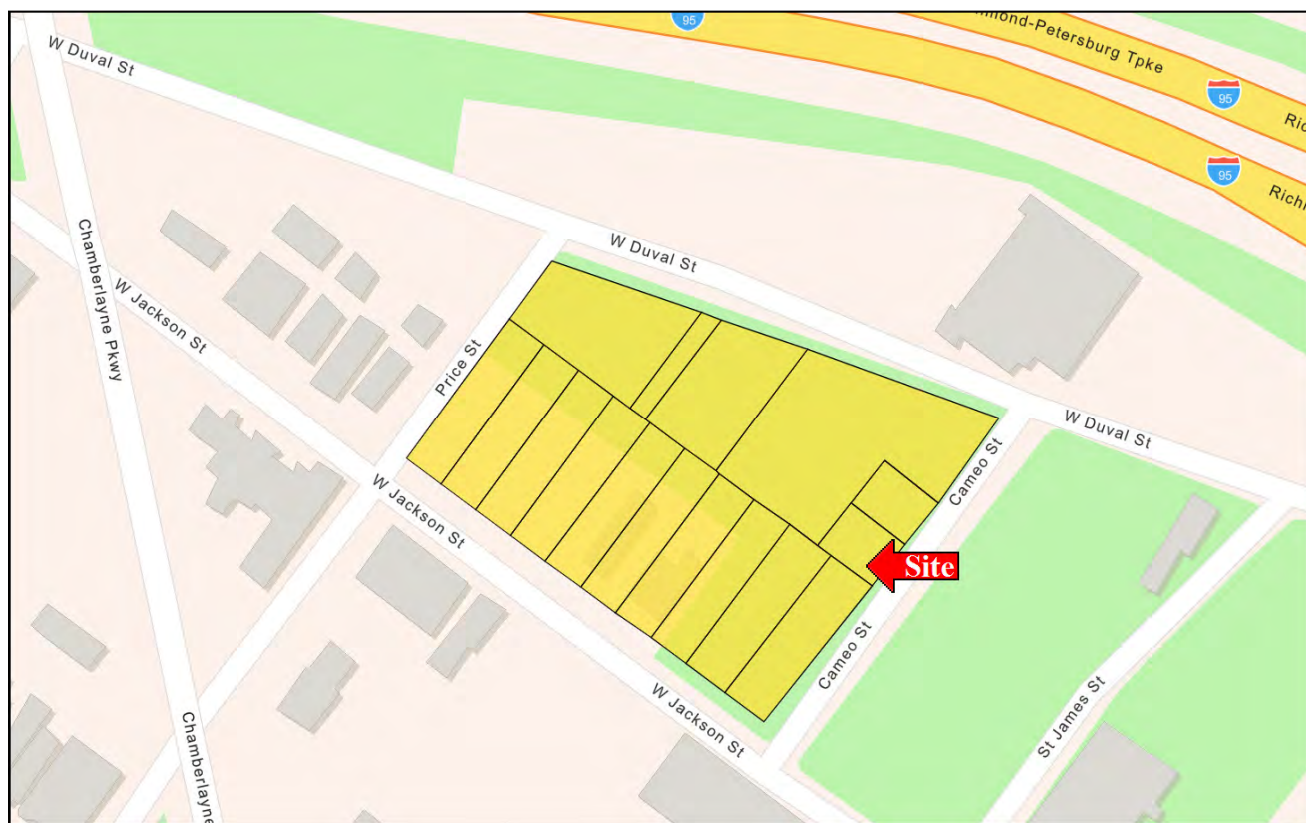


**Map A - Market Area Definition**

## Cameo Street Apartments

### Site Description

The Cameo Street Apartments site is comprised of 16 small parcels totaling approximately 1.6 acres and located within the historic Jackson Ward neighborhood of Central Richmond. The site is bounded on the north by W Duval Street, on the east by Cameo Street, on the south by W. Jackson Street and on the west by Price Street. The study site is located just south of I-64, approximately one mile west of the expansive VCU Medical Center and 1.5 miles northwest of Richmond's Central Business District. Map B below shows the location of the study site.



**Map B - Site Location**

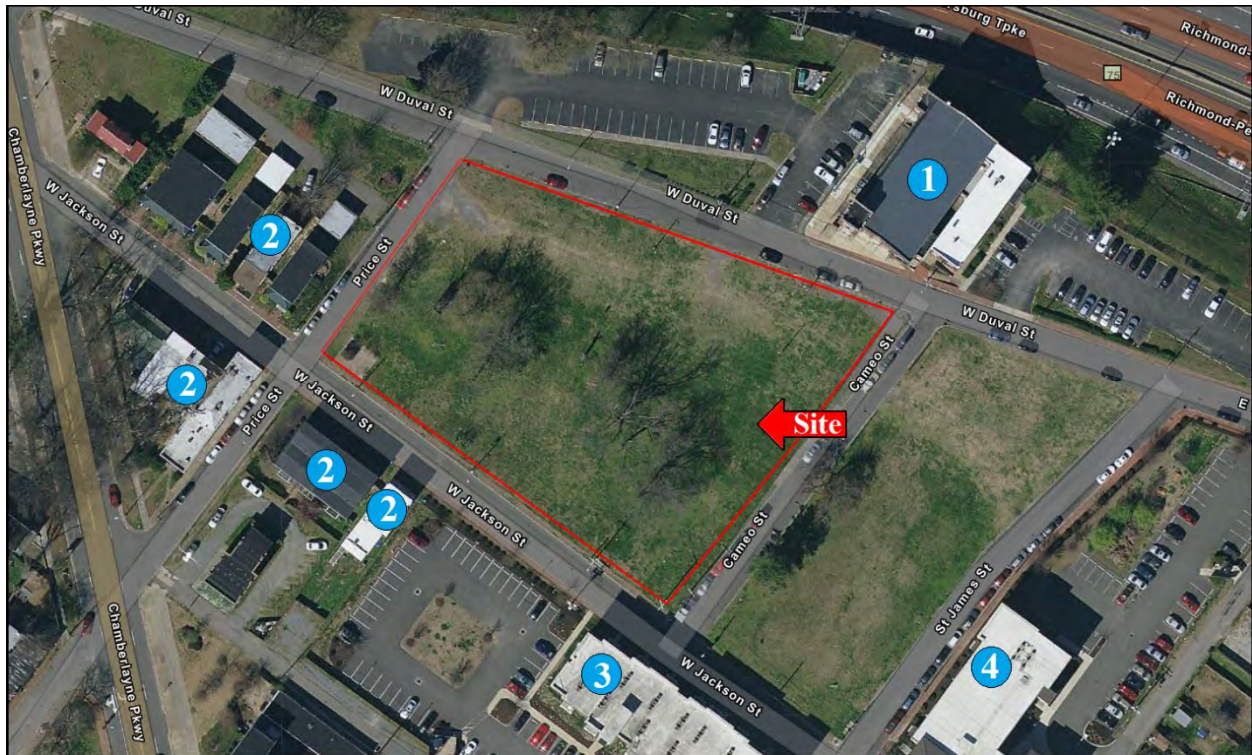
The site is currently zoned R-63 - Residential (Multi-Family Urban), and thus would not require rezoning for development to occur, as planned. As previously noted, the site is located within Jackson Ward, a historically African-American district that is



situated less than a mile from the Virginia State Capital. The neighborhood was listed as a National Historic Landmark District in 1978.

Shown next is a northern aerial view of the study site. The site is shown to be fully vacant, generally flat and largely cleared of trees. Adjacent development is almost entirely residential. To the east of the site, on the eastern side of Cameo Street, are several vacant parcels that are zoned to permit multifamily development. These parcels are owned by the Richmond Redevelopment and Housing Authority as well as the Sixth Mount Zion Baptist Church. There are no active development plans for these parcels. Other adjacent land uses are briefly detailed in the paragraphs below.

- **Sixth Mount Zion Baptist Church** (Note 1). This is a historic African-American Baptist church. The sanctuary was built in 1887, and expanded in 1925. It was listed on the National Register of Historic Places in 1996.
- **Infill Development/ Historic Homes** (Note 2). This area contains a mix of two-story single-family and attached homes that were built through infill development during the mid-2000's as well as a handful of historic homes that were built in the 1800's. All are attractive and well-maintained.
- **One West Jackson Apartments** (Note 3). This is a 53-unit market rate apartment complex that opened in 2013. This community has a mix of 12 studio units and 42 one-bedroom units. All units are equipped with washers and dryers. This community is typically fully-occupied. One-bedroom units rent for \$940.
- **701 Saint James Street Apartments** (Note 4). This is a 41-unit, market rate apartment building that was constructed in 2011. The community has a mix of one- and two-bedroom units, with rents starting at \$955.



**Northern Aerial**

One key advantage is the site's location is its close proximity to significant development activity and employment growth. Job-generating developments within near the site detailed in the paragraphs below. Their location is identified in Map C.

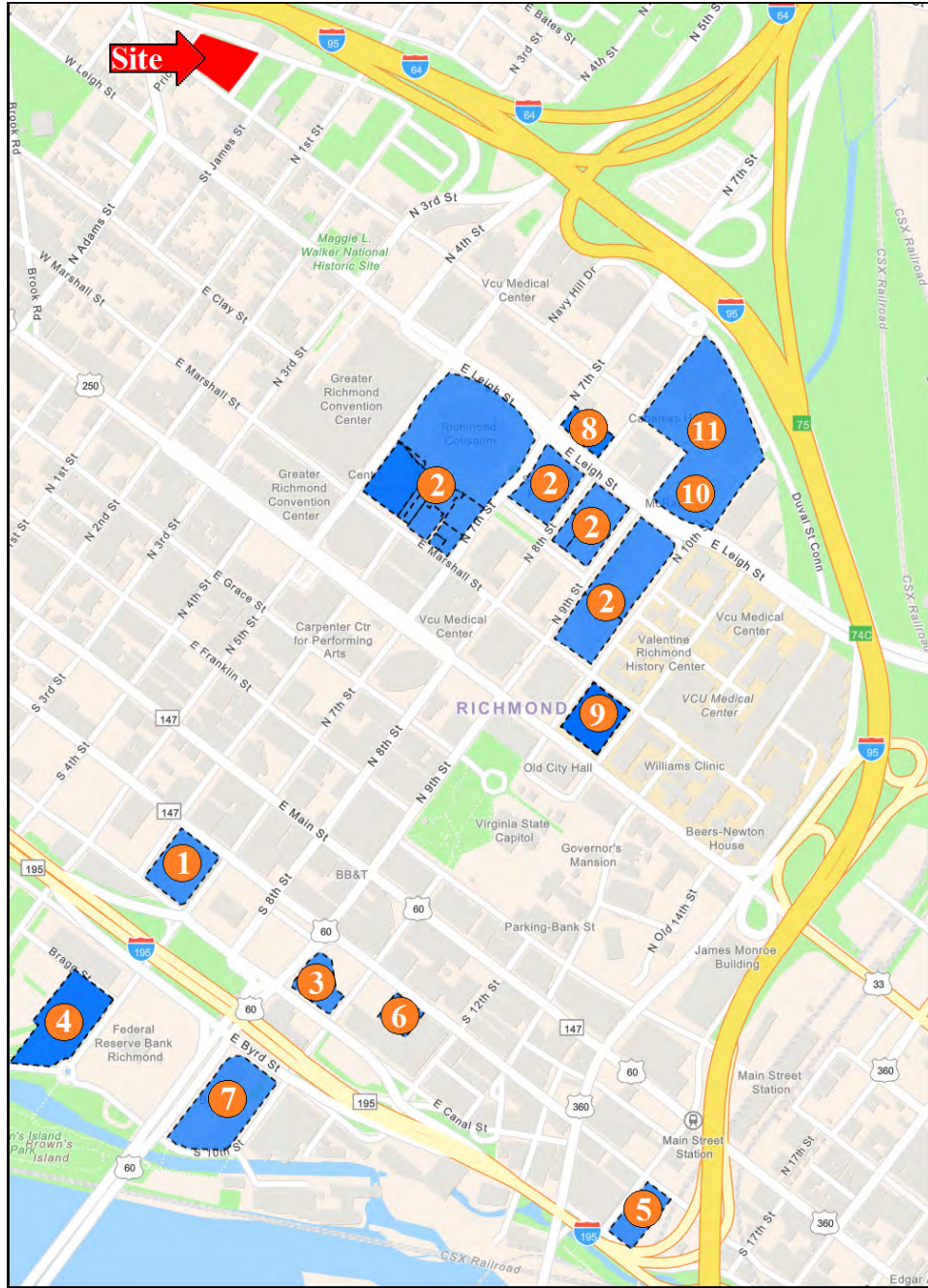
- **Dominion Energy Headquarters (Note 1).** Construction was completed in the summer of 2019 on the new 20-story, million square foot building at 111 S 6<sup>th</sup> Street that will house over 1,000 Dominion employees. The tower holds 17 floors of office space, two floors of above-ground parking and four floors of underground parking. Around 5,000 square feet of ground floor retail space is located the building's northeast side on Seventh Street and Cary Street. Currently, Dominion Energy has about 2,500 downtown employees in several buildings: A three building corporate headquarters complex on Tredegar St., One James River Plaza, the 20-story Eighth and Main Building and a couple of buildings on Grayland Ave. 1,200 people now work in the new building.

Dominion Energy also announced in October, 2019 that it would demolish its adjacent 21-story One James River Plaza office building at 701 E. Cary Street. One James River Plaza was completed in 1978. It is expected to be a 17-story, 900,000± square foot building. It could open by late-2022 or early-2023. It would house more than 1,000 employees and connect to the new building by a sky bridge.

- **Navy Hill-Richmond Arena Redevelopment (Note 2)**. This is the proposed redevelopment of a 10-block area of Downtown Richmond. The centerpiece of the project is a 17,500± square foot arena to replace the 48-year-old Richmond Coliseum. It would be the state's largest entertainment venue. The plans also include 260,000± square feet of retail and restaurant space; a 541-room luxury hotel within walking distance of the Greater Richmond Convention Center; 1 million square feet of commercial and office space; more than 2,500 apartments; a \$10 million renovation of the Blues Armory; and a GRTC Transit System bus transfer station. At build-out, the development is expected to generate 9,300± permanent jobs. There is no timeline for this project yet.
  
- **South State Bank (Note 3)** announced in October, 2019 that it would occupy an additional 8,800± square feet of space in One James Center at 901 E. Cary Street. The added space will be filled by 20 employees who currently work in the bank's Innsbrook office at 4222 Cox Road. They'll add to 25 already downtown. Another 30 will continue to be spread around the bank's seven area branches.
  
- **CoStar (Note 4)**, a real estate research firm, announced in July, 2019 that it would add 100 jobs to its Richmond office at 501 S. Fifth Street as a result of changes at its Apartments.com unit, which it purchased in 2014. The move to add 100 multifamily sales jobs. The company announced in January, 2020 that it would build a 400,000± square foot building that would double the number of employees to 2,000± from the existing 1,000±. If the CoStar project goes forward, the company would move its employees from its 501 S. 5<sup>th</sup> Street. office to the Navy Hill building
  
- **HCA Healthcare Capital Division (Note 3)**, which oversees 18 hospitals throughout Virginia, Kentucky, Indiana and New Hampshire, announced in June, 2019 that it would relocate its management offices to the former 16,700± square foot Bull & Bear Club on the 21<sup>st</sup> floor of One James Center at 901 E. Cary Street. The move-in is expected to take place in early-2020.
  
- **CarMax (Note 5)** announced in May, 2019 that it has signed a lease for 14,000± square feet in the Canal Crossing building at 101 S. 15<sup>th</sup> Street in Shockoe Slip. The new space will add to the company's nearby Digital & Technology Innovation Center, which it opened in 2016, housed in 32,000 square feet at the Lady Byrd Hat building. The company said the deal will give it room for about 180 employees downtown. CarMax also signed a lease in September, 2019 to take over 78,000± square feet of the original Putney Building at 2220 W. Broad St. in the Whole Foods-anchored Sauer Center development. Over 100 people are expected to work in the building.
  
- **Whiteford Taylor & Preston (Note 6)**, a Baltimore-based law firm that opened its first office in Richmond in the summer of 2018, signed a lease for entire 14,000± square foot 17<sup>th</sup> floor at Two James Center. 20 attorneys will work in the space.

- **Freeborn & Peters (Note 7)**, a Chicago-based mid-sized law firm, signed a lease in January, 2019 for 11,000± square feet in Riverfront Plaza's west tower at 901 E. Byrd Street. The firm is taking over about half of the building's ninth floor, space left vacant years ago by the departure of the former Wachovia Securities. The new office gives the firm room to get up to about 15 attorneys.
- **Activation Capital (Note 8)** announced in September, 2019 that it would build a six-story, 100,000± square foot research building at 706 E Leigh Street. The building will occupy a roughly two-acre block bounded by East Jackson, East Leigh, North Seventh and North Eighth Streets. Plans also include a 740-space parking deck.
- **Children's Hospital of Richmond at VCU (Note 9)**. This is a proposed inpatient medical facility at 1001 E. Marshall Street, between 10<sup>th</sup> and 11<sup>th</sup> streets. The 16-story, 500,000± square foot facility will include operating rooms and emergency services, and house 86 beds, with capacity to increase to 125. It will be an addition to VCU Health's Children's Pavilion, a pediatric outpatient facility at 1000 E. Broad St. that opened in 2016. Children's Hospital of Richmond's current inpatient services are housed at VCU Health's Main Hospital at 1250 E. Marshall St., which would connect to the new facility via a bridge. Construction began in the Spring of 2019 and is expected to be completed by late-2022.
- **VCU Outpatient Facility (Note 10)**. Ground was broken in June, 2018 on this 16-story, 603,000± square foot building on the grounds of the former Virginia Treatment Center for Children on the MCV Campus, at the corner of North 10<sup>th</sup> and East Leigh streets. of VCU. The development will also include a 472,000± square foot parking deck with more than 1,000 parking spaces. The new outpatient facility will consolidate most of VCU Massey Cancer Center's outpatient care, on-site laboratory services, medical imaging, and women's and rehabilitation services. It is expected to open in the summer of 2020.
- **VCU's School of Allied Health Professions (Note 11)**. Construction is nearing completion on this 154,000± square foot building that will provide a unified space for Virginia Commonwealth University's School of Allied Health Professions. The building will host the college's nine academic units, the doctoral program in health-related sciences, the dean's office and the Virginia Center on Aging.

The above announcements will generate several thousand new jobs within close proximity to the Cameo Street Apartments site. The locations of each of these are shown in Map C below.

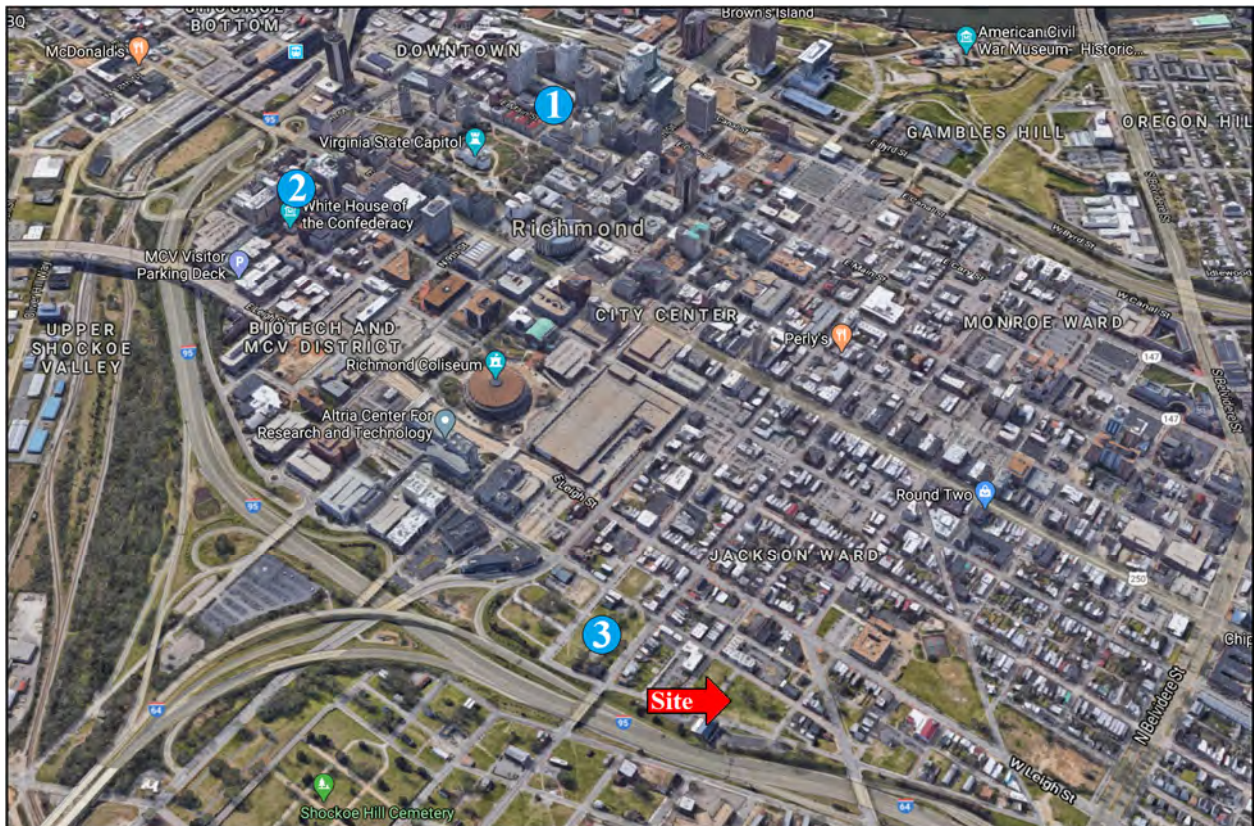


**Map C - Locations of New Developments**

The wider southern aerial view to follow provides a better “analysis” of the site setting, as it clearly shows the site’s proximity to Richmond’s Downtown (Note 1) and VCU Medical Center (Note 2). These are two of the largest employment clusters in the City. The site arrow shows the Cameo Street Apartments in a quiet residential portion on

the north side of Jackson Ward. This neighborhood is shown to be nearly built out, with few vacant parcels remaining.

Also shown is the site of the 154-unit Jackson Place redevelopment (Note 3), which is the largest active development project in Jackson Ward. One portion of the complex includes the Van de Vyer Apartments, which is nearing completion. This is will be an 82-unit mixed-income, mixed-use community. The building will contain 36 apartments with rents affordable to households earning less than 60% of the area median income. The remaining 46 apartments will be leased at market rates. The building will also contain 6,000 square feet of retail space. The first phase of development includes 72 age- and income-restricted apartments that opened in late-2019. This development replaces a former Franciscan convent that was abandoned in 1993.



**Southern Aerial of Jackson Ward and Downtown Richmond**

Following are photos of the Cameo Street site and its setting. Again, the site is fully vacant.



**Study Site**



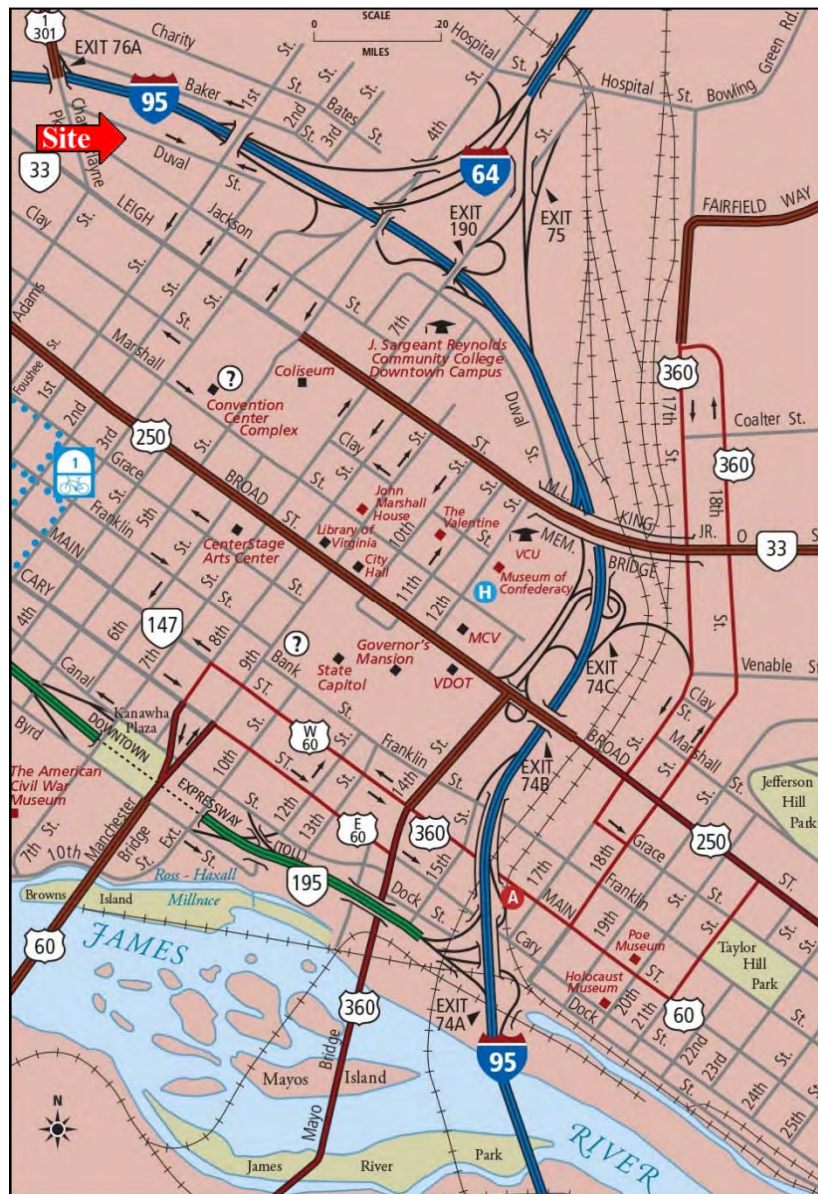
**Study Site**

### **Site Setting**

Map D shows the site setting in Jackson Ward, between E. Duval Street in the north and E. Jackson Street in the south, and between Cameo Street in the east and Price Street in the west. Jackson Ward has a largely residential character.

Cameo Street is a short roadway that runs for approximately 300 feet between Jackson Street in the south and W. Duval Street in the north. Price Street runs parallel to Cameo Street for approximately 500 feet between W. Leigh Street in the south and W. Duval Street in the north. It is flanked on both sides almost entirely by residential uses. W. Duval is a short roadway that runs for approximately 0.5 miles between an access point

to I-64 in the west and N. 2<sup>nd</sup> Street to the east. Essentially development in this area is residential. W. Leigh Street runs for approximately 3.3 miles between the rapidly expanding Scott's Addition neighborhood in the west and the Union Hill neighborhood to the east. It also provides access to the neighboring Carver neighborhood immediate west of Jackson Ward as well as to the as well as to VCU's MCV campus, where its medical facilities are situated. Map D shows the site to be located less than a mile northwest of Downtown Richmond office market and is surrounded by a wide range of office uses.



Map D - Site Setting



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

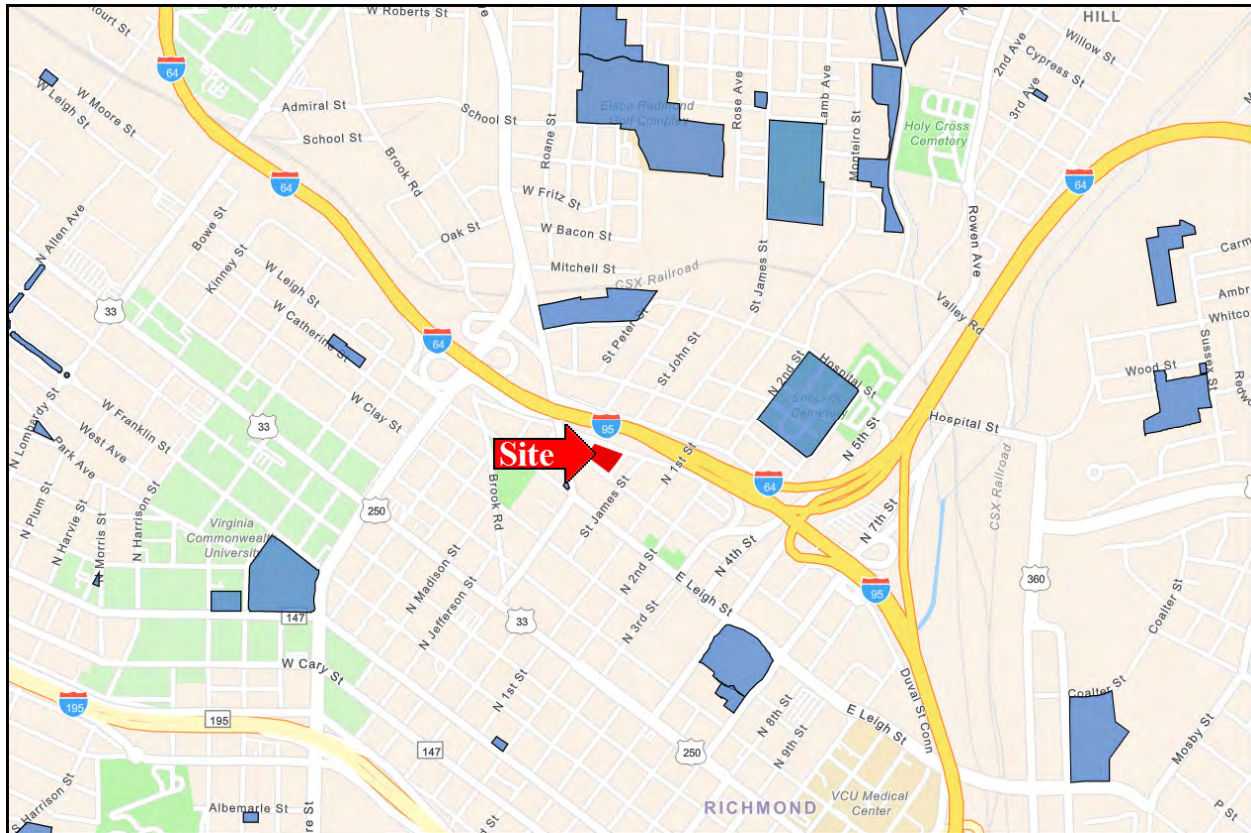
**Medical Care.** The closest hospital to the study site is the VCU Medical Center, located approximately one mile southeast of the site at 1213 E. Clay Street. The 865-bed medical center is a regional referral center for the state and is the region’s only Level I Trauma Center. The medical center offers more than 200 specialty areas. This is a major facility with several ongoing and planned developments that will expand medical services.

**Community Facilities.** The closest post office to the study site is located approximately 0.6 miles southwest of the site at 205 N. 2<sup>nd</sup> Street. Fire Station No.5 is the nearest fire station to the study site. It is located at 324 W. Leigh Street, approximately 0.4 miles west of the study site. The main branch of the Richmond Public Library is located at 101 E. Franklin Street, 0.5 miles southeast of the study site.

**Religious Institutions.** Several churches are located within close proximity to 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>
Sixth Mt. Zion Baptist Church	14 W. Duval St
Hood Temple A.M.E. Zion Church	16 W. Clay St
LUX Church	22 E. Leigh St
Third Street Bethel AME Church	614 N. 3 <sup>rd</sup> St
Greater Mt. Moriah Baptist Church	913 N. 1st St

**Parks and Recreation.** Several parks and recreational facilities are located near the study site. These are shown in Map E below.



**Map E - Nearby Parks and Recreational Facilities**

**Education.** Cameo Street Apartments will be served by Richmond Public Schools, which enrolls over 23,000 students in 26 elementary schools, including one charter school, eight middle schools, five comprehensive high schools and three specialty schools. School-aged children residing in the community will be served by the following public schools:

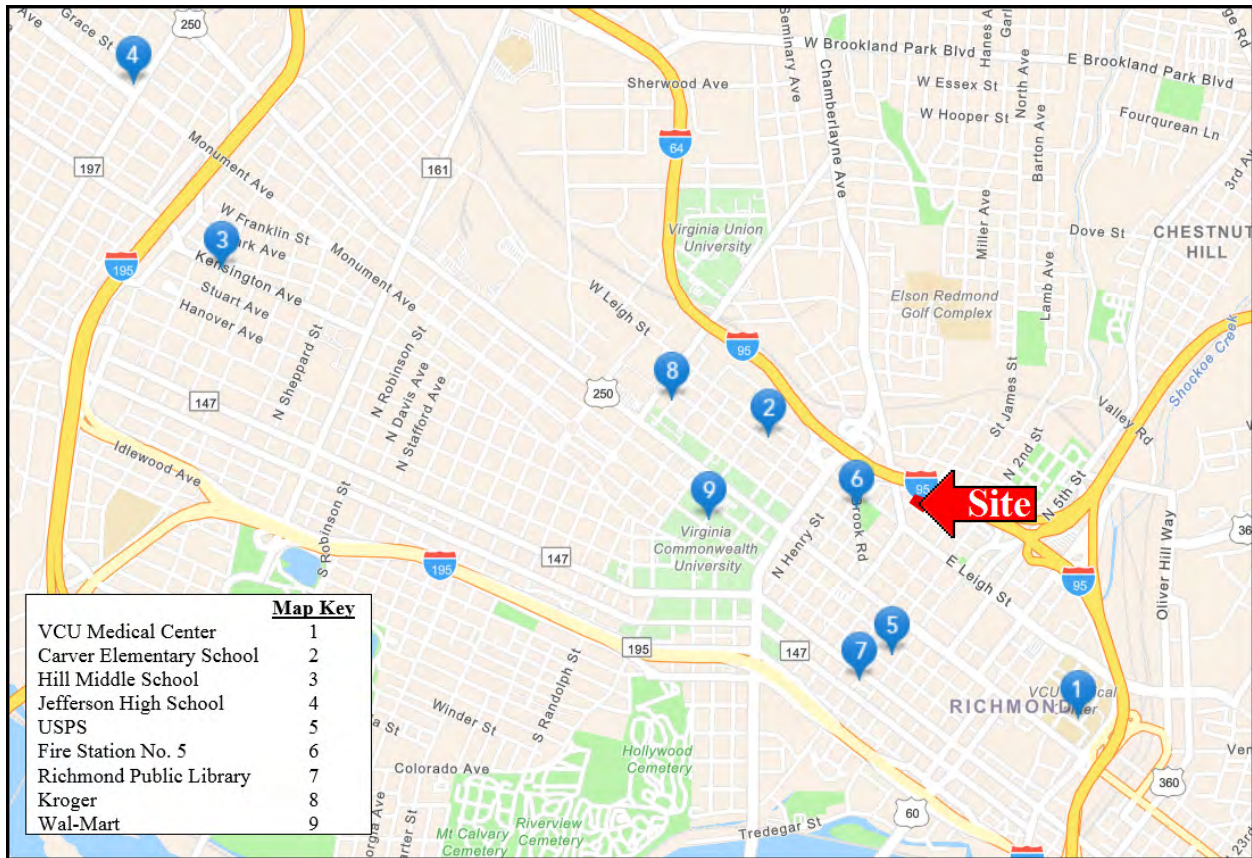
<b><u>Schools to Serve Cameo Street Apartments</u></b>		
<b><u>School</u></b>	<b><u>Address</u></b>	<b><u>Distance</u></b>
Carver Elementary School	1110 W. Leigh St	0.8 miles W.
Hill Middle School	3400 Patterson Ave	3.1 miles W.
Jefferson High School	4100 W. Grace St	3.5 miles W.
Source: Richmond Public Schools		

Several colleges and universities are located within the City of Richmond including Virginia Commonwealth University, University of Richmond, Virginia Union University, Virginia College, Union Theological Seminary & Presbyterian School of

Christian Education, and the Baptist Theological Seminary in Richmond. In addition, there are several Technical Colleges in Richmond including ITT Technical Institute, ECPI College of Technology and Beta Tech. There are several vocational colleges also, such as Fortis College and Bryant Stratton College.

**Shopping.** The closest shopping cluster to the study site is located along Broad Street several blocks north of the study site. The nearest grocery store is a Kroger, located at 1.2 miles northwest of the site at 901 N. Lombardy Street. Lowe's Home Improvement operates a store adjacent to the Kroger. A Wal-Mart is also located near the study site at 914 W. Grace Street. More expansive retail options are situated along Brook Road, north of I-95, approximately six miles north of the site. Major retailers in this area include Wal-Mart, Food Lion and Big Lots.

Map F shows the location of the community facilities that will serve residents at Cameo Street Apartments. important is that the setting has a full array of basic services for area residents.



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

**Development Program**

Table 1 provides a detailed description of the Cameo Street Apartments proposal, with data on apartment unit sizes, unit mix and proposed rents. The table shows a mix of 13 one-bedroom, 39 two-bedroom and 15 three-bedroom units. One-bedroom units will (all but one unit) measure 641 square feet, while two-bedroom units will measure 886 square feet and three-bedroom units will measure 1,006 square feet. All one-bedroom units will have a full bathroom while the two- and three-bedroom units will have two full bathrooms.

The proposal has been approved for 12 project-based vouchers.

There will be a total of 11 units restricted to rents at 40% of AMI, 23 units restricted to rents at 50% of AMI, and 33 units restricted to rents at 60% of AMI. Two of the one-bedroom will have 40% rents at \$800 which reflects the voucher allowed rents. Five one's will have 50% rents at \$650. Five will have 60% rents at \$800. Four of the two-bedroom units will have 40% rents at \$885 (also P.B. rates); 16 will have 50% rents at \$750 and 19 will have 60% rents \$950. There will be four three-bedroom units with 40% rents, renting for \$1,177. Three three-bedroom units will have 50% rents at \$850. Nine three-bedroom units will have 60% rents at \$1,050. **The rents will exclude all utilities (except trash), with the utility allowance covering the costs of cold water, sewer, trash and electricity.**

The sponsor has been approved for 12 project-based Section 8 vouchers with the Richmond Redevelopment & Housing Authority (RRHA). Voucher rents are reflected in Table 1. The mix for these units would likely be proportional to the unit mix.

<b>Table 1: <u>Proposed Apartment Unit Characteristics and Rents, Cameo Street Apartments, City of Richmond, March, 2020</u></b>					
	<b>Units</b>	<b>Size (Sq. Ft.)</b>	<b>Net Rent</b>	<b>UA</b>	<b>Gross Rent</b>
<b><u>1BR/ 1BA</u></b>					
40% of AMI	3	568	\$800	\$129	\$929
50% of AMI	5	568	\$800	\$129	\$929
60% of AMI	<u>5</u>	568	\$800	\$129	\$929
(Subtotal)	(13)				
<b><u>2BR/ 2BA</u></b>					
40% of AMI	4	861	\$885	\$175	\$1,060
50% of AMI	16	861	\$750	\$175	\$925
60% of AMI	<u>19</u>	861	\$950	\$175	\$1,125
(Subtotal)	(39)				
<b><u>3BR/ 2BA</u></b>					
40% of AMI	4	1,006	\$1,177	\$233	\$1,410
50% of AMI	2	1,006	\$850	\$233	\$1,083
60% of AMI	<u>9</u>	1,006	\$1,050	\$233	\$1,283
(Subtotal)	(15)				
<b>Total</b>	<b>67</b> 2/				
Notes: 1/ Rents to exclude utilities.					
2/ Sponsor applied for 12 project-based vouchers from the RRHA.					
Source: Better Housing Coalition					

**Rent Comparison**

Table 2 shows gross rents for the apartment units with a utility allowance (UA) added to net rents. These are LIHTC rents, and excludes “PB” rents. The UA was calculated for the sponsor based on the unit sizes and energy efficient HVAC system and appliances. The apartment building will have energy efficient HVAC units, appliances, windows, etc. that comply with the VHDA guidelines.

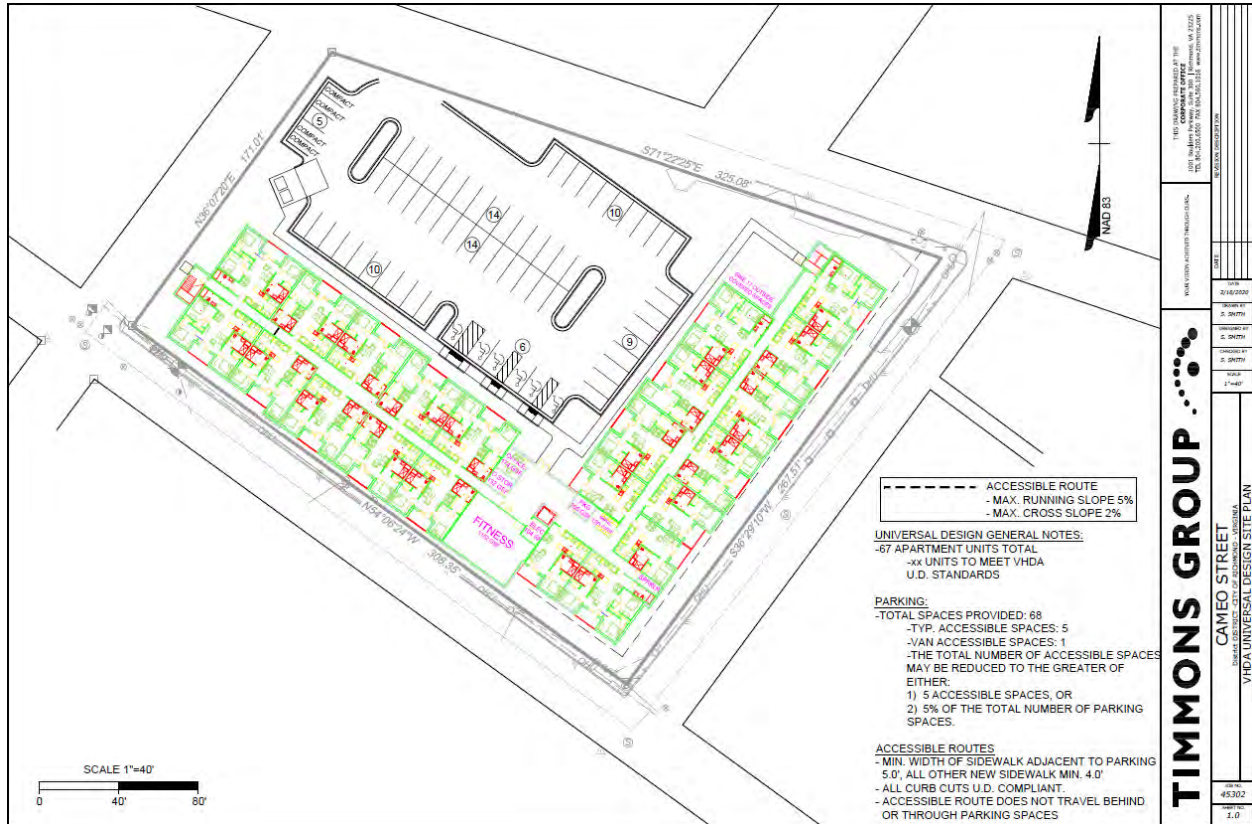
The gross rents shown are compared with the HUD maximum allowable gross rents for the Richmond, VA MSA. The comparison shows that the proposed gross rents at Cameo Street Apartments, based on the calculated UA, are below the maximum allowable rates for LIHTC apartments in the Richmond Region.

<b>Table 2: <u>Rent Comparison Chart, Cameo Street Apartments and HUD Maximum Allowable Rates, City of Richmond, March, 2020</u></b>				
	<b><u>Cameo Street Apartments</u></b>			<b><u>HUD Maximum Allowable</u></b>
	<b><u>Net Rent</u></b>	<b><u>UA</u></b>	<b><u>Gross Rent</u></b>	
<b><u>One-Bedroom</u></b>				
40% of AMI	\$500	\$129	\$629	\$648
50% of AMI	\$650	\$129	\$779	\$810
60% of AMI	\$800	\$129	\$929	\$972
<b><u>Two-Bedroom</u></b>				
40% of AMI	\$550	\$175	\$725	\$778
50% of AMI	\$750	\$175	\$925	\$972
60% of AMI	\$950	\$175	\$1,125	\$1,167
<b><u>Three-Bedroom</u></b>				
40% of AMI	\$600	\$233	\$833	\$899
50% of AMI	\$850	\$233	\$1,083	\$1,123
60% of AMI	\$1,050	\$233	\$1,283	\$1,348
Source: HUD and Better Housing Coalition				

**Site Plan and Building Design**

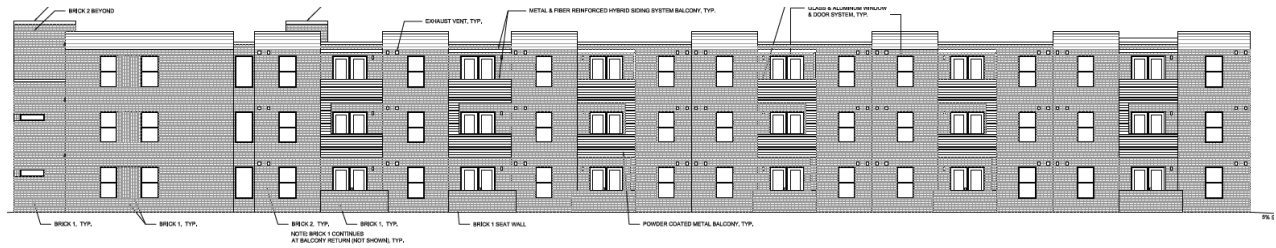
The following site plan shows the location of the proposed apartment complex within the study site. The plan shows a single L-shaped building fronting Jackson Street on the south and Cameo Street on the east. Access will be provided from the north from

Duval Street. A surface parking lot will be built on the north side of the building and include 68 parking spaces, or a ratio of approximately one space per unit. 17 covered bicycle storage spaces will be located on the north side of the building.



**Cameo Street Apartments Site Plan**

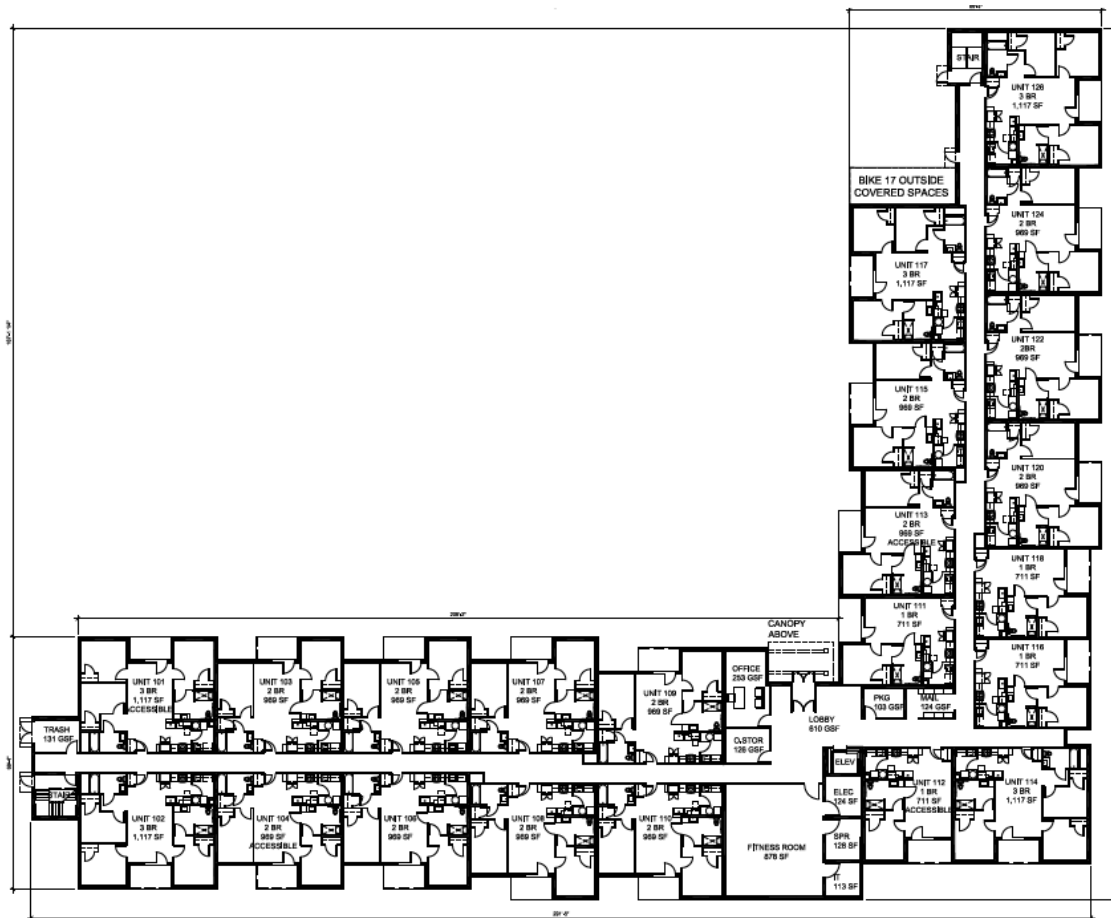
Shown next is an elevation of Cameo Street Apartments. It shows that this will be a three-story, elevator-served building with a flat roof. The building exterior will be primarily brick. The building will obtain Earthcraft Gold certification.



**Cameo Street Apartments Elevation**

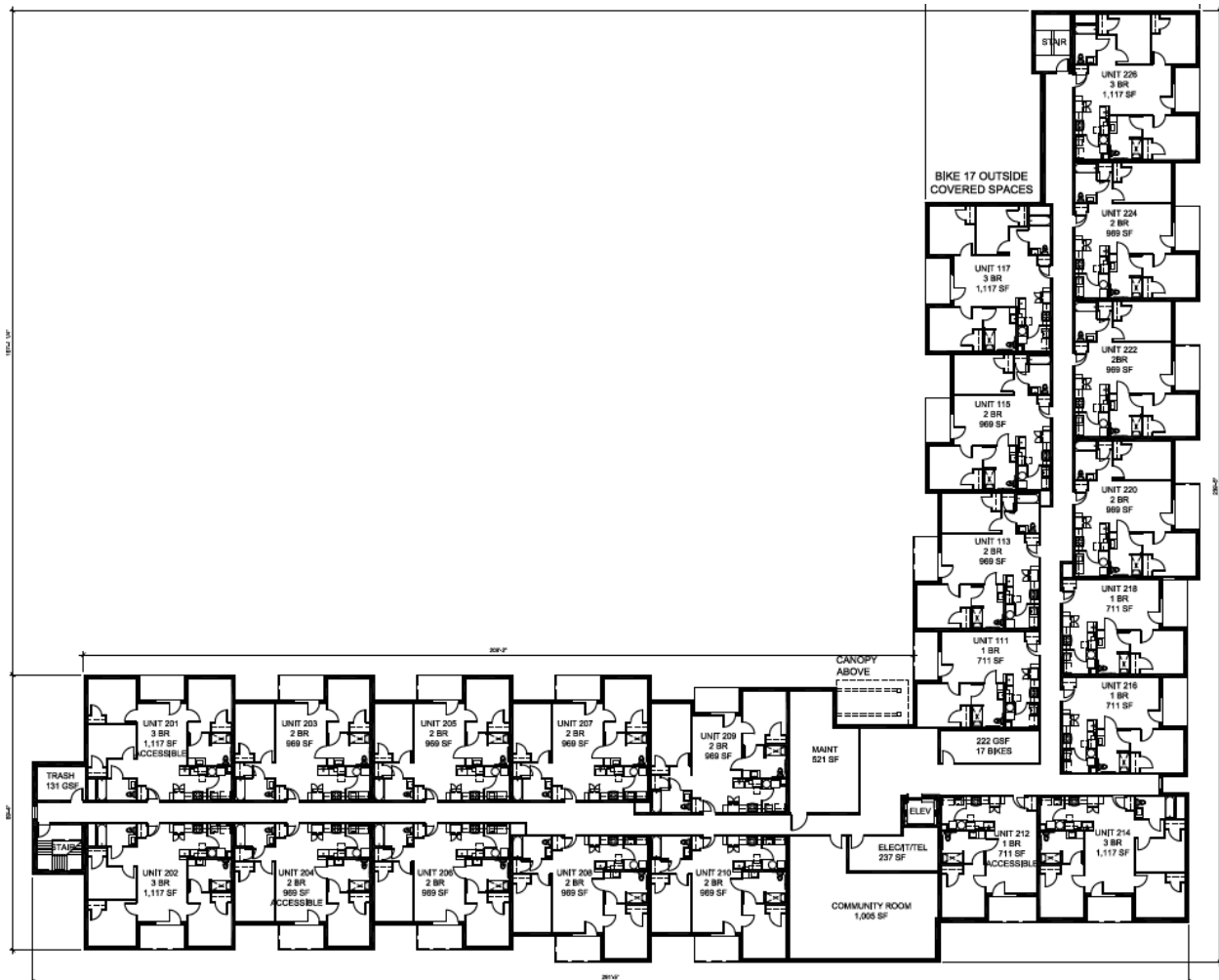
Following are floor plans for each level in the building. First shown is the ground level. The building entrance and lobby will be located at the elbow of the building. This will also be the location of the management office and an 878 square foot fitness facility. The remaining space on this level will be fully residential and accessible by a central corridor.





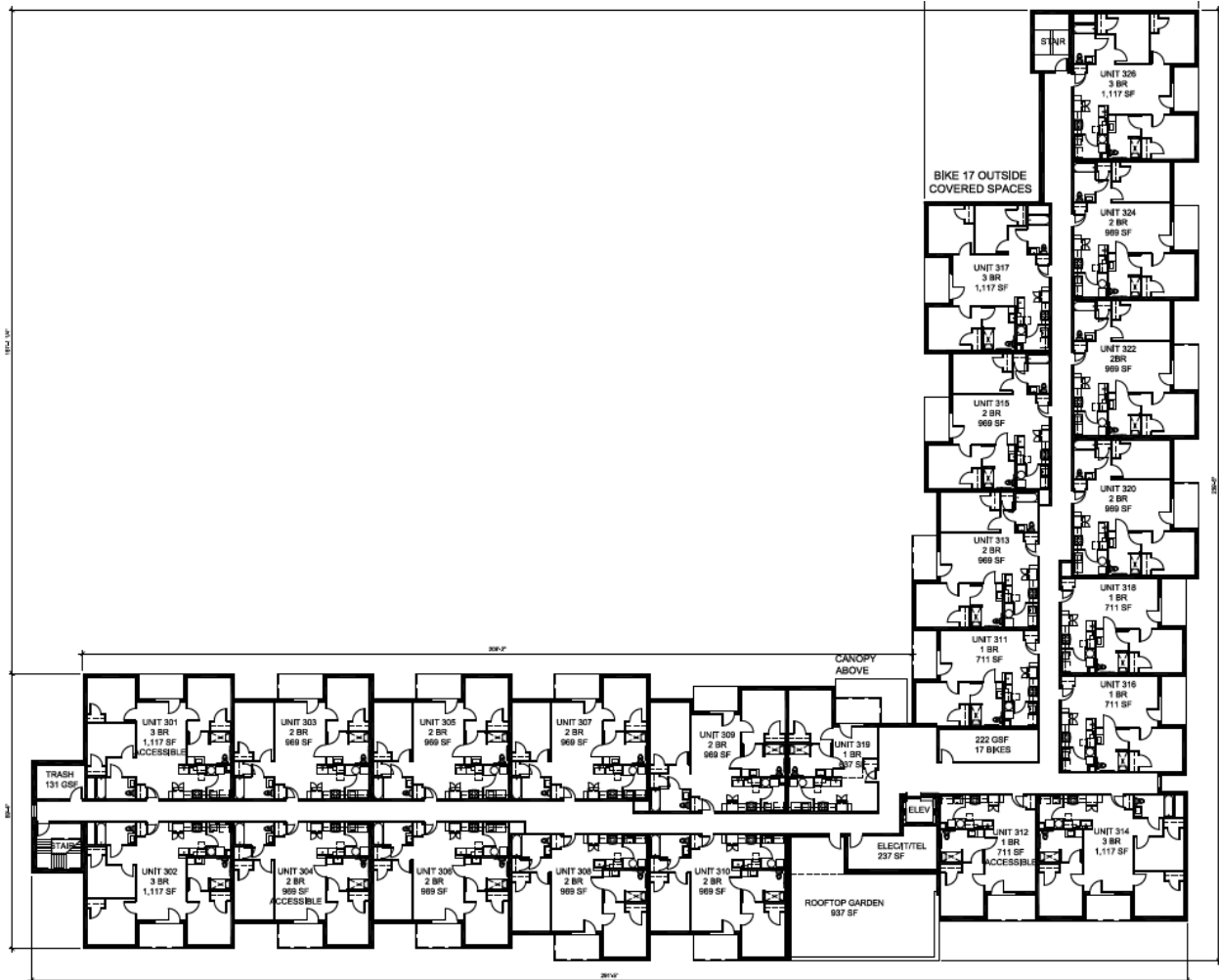
**Ground Level Floor Plan**

The floor plan for the second level is shown next. Apart from a 1,005 square foot community room, 521 square foot maintenance office, and bicycle storage room (capacity for 17) at the elbow, this level is fully residential.



**Second Level Floor Plan**

The third level floor plan is presented next. It shows that this level will be largely residential. Non-residential uses include a storage space for 17 bicycles and a 937 square foot rooftop garden.



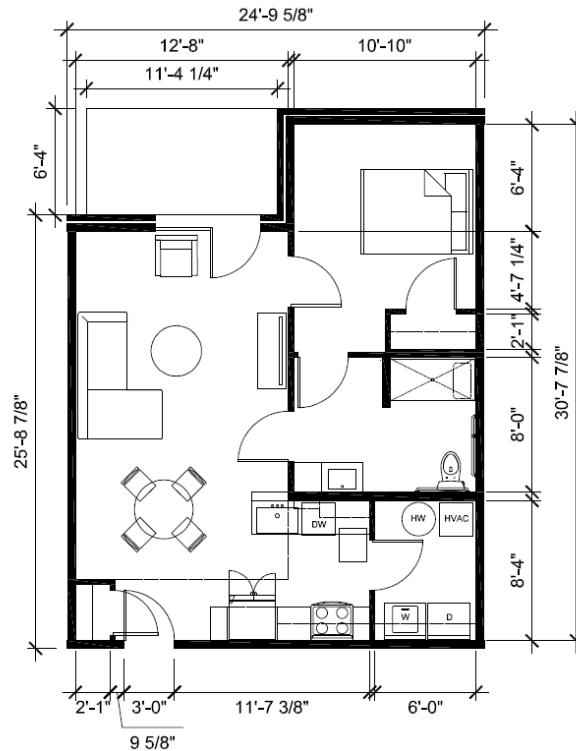
**Third Level Floor Plan**

**Unit Floor Plans**

Next shown are each of the proposed floor plans. The apartments will be equipped with laminate counter tops and black appliances. Bedrooms will be carpeted. Units will also have washer and dryer hooks-ups. All kitchen fixtures will be LED and meet MDCR lighting guidelines.

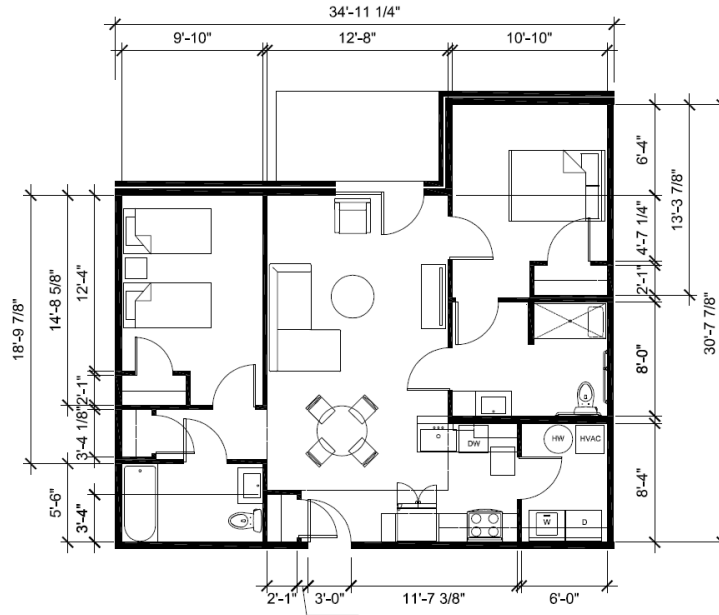
First shown is the one-bedroom floor plan, which will measure 760 square feet. The kitchens will have an open design and the living and dining room will share a combined space. The living room will access a patio. The bedroom will contain a walk-in

closet and a pass-through to the bathroom. The bathroom will also be accessible from the living/ dining area.



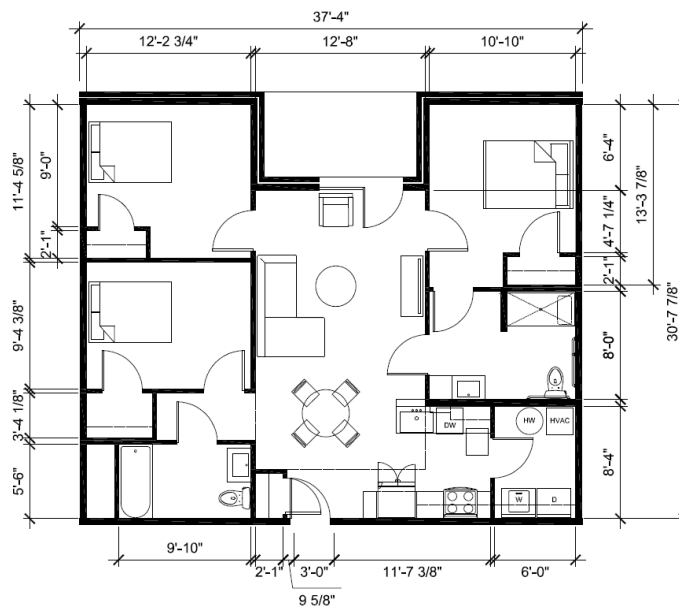
**One-Bedroom (760 Square Feet)**

Shown next is the proposed two-bedroom floor plan, which will measure 1,050 square feet. As with the one-bedroom design, the two-bedroom units will have an open kitchen and combined living and dining area. The living room will also access a patio. The master bedroom will have a walk-in closet and pass-through to a private bathroom. The second bedroom will have a smaller closet. This bedroom will have a pass-through to one of the bathrooms.



**Two-Bedroom (1,050 Square Feet)**

The three-bedroom units, shown below, will measure 1,135 square feet. As with the other floor plans, these units will have an open kitchen, combined living and dining area and a patio. The master bedroom will contain a walk-in closet and pass-pass through to a full bathroom. The smaller two bedrooms will each contain a closet.



**Three-Bedroom (1,135 Square Feet)**

## **Development Costs**

The proposed building costs, including soft costs and land acquisition, is \$8.6 million, or approximately \$128,060± per unit.

## **Summary**

The Cameo Street Apartments site is well located in a historic district that has realized significant new development in recent years. Jackson Ward has a mix of affordable and market rent apartment properties, as well as attractive historic homes. Employment is close by, as are a variety of public and commercial facilities. Jackson Ward is a very viable neighborhood for families of all income categories.

The proposed apartment building is unique for the area, being an elevator served building. Few general occupancy apartment properties in the urban sections of Richmond have elevator service. The building design is attractive, and the brick exterior blends in well with the historic architecture of the neighborhood. The report to follow will show the Cameo Street proposal to be at the top of the market for the City's affordable housing.

## **Market Area Economic Overview**

The report section to follow presents an economic overview of the Richmond marketplace in terms of job and employment growth. Economic data are shown primarily for the City of Richmond, but trend data are also presented for the adjacent counties of Henrico and Chesterfield. 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 net new job and employment growth.

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 housing type under study. Thus, the establishment of market area economic stability is a key issue related to the

demographic growth of the market area and the market area's ability to support new apartment unit development.

### **At-Place Jobs**

At-place jobs refer to the number of jobs located within the City of Richmond, and data in Table 3 show a total of 155,750± jobs as of year-end 2018, up 1,250± over the previous year yet down 3,310± since 2008. As of year-end 2018, Richmond has not fully recovered all jobs lost as a result of the recession of the late-2000's. Nevertheless, employment growth has taken place every year since 2013, with 7,340± new jobs added since that time. These data refer to at-place jobs. Employment data, the number of persons employed, presented below, will show more growth.

As with many urban areas, growth in the housing market is larger than the job growth market, as many renter households desire to live in an evolving downtown location and commute to the suburbs. That is the case in Richmond. Employment refers to the number of persons employed and is a better indication of housing unit demand, compared with at-place job growth. This will be described in more detail below.

To restate, Central Richmond has attracted a large number of persons who reverse commute to the City's adjacent counties and live in the city and work in the County. These residents are studied in employment. They represent a sizable part of the net household growth in the Central area of Richmond.

The largest employment sector in Richmond is State Government, which accounted for 25,200± jobs as of year-end 2018. This represents 16.2 percent of total employment in the City. The largest State Government employer is Virginia Commonwealth University (VCU).

The second largest employment sector in Richmond is Health Care, accounting for a total of 23,500± jobs in 2018, or approximately 15.1 percent of total employment. Three

of the five largest employers in the City are in the Health Care industry. These include the VCU Health System, with 9,310± employees, HCA Virginia Health System, with 7,630± employees, and Bon Secours Richmond Health System, with 7,140± employees. These three employers added a combined total of 850± new jobs over the past year. This is an employment sector that will almost certainly continue to grow for several years given the ongoing and planned construction of several large medical facilities in the City. With 1,770± new jobs added over the past decade, this sector is among the fastest growing employment sectors in Richmond.

Another sector with significant growth is the Accommodations/Food sector. Approximately 3,420 jobs were added in this sector since 2008 and 380± jobs were created in 2018 alone. This is an industrial sector that has grown every year since 2009. Much of this growth is associated with the many hotels that have opened in Richmond over the past decade. Two new hotels opened recently, the 144-room Hampton Inn & Suites and the 100-room Homewood Suites. Both delivered in Downtown Richmond in 2016. In 2017, the 205-room Graduate Richmond Hotel opened on West Franklin Street, also in Downtown Richmond.

Other sectors with significant growth over the past decade include Educational Services (570± new jobs), and Arts/Enter./Recreation (570± new jobs), Finance/Insurance (540± new jobs) and Transportation and Warehousing (290± new jobs).

Richmond has become less dependent on traditional manufacturing industries in recent years, with manufacturing employment comprising less than four percent of the City's total jobs as of year-end 2018, compared with 5.8 percent in 2008 and a higher percentage prior to 2007. As shown in Table 3, 3,520± Manufacturing jobs were lost since 2011, with job losses recovered every year between 2007 and 2014. A small number of manufacturing jobs were added between 2014 and 2017. There was no growth in this industrial sector in 2018. This sector has lost more jobs than any other private sector over the past decade.



Major manufacturing losses over the past decade include Evergreen Packaging Group (120± jobs cut in 2008), Reynolds Packaging Group (490± jobs cut in 2008 and 160± jobs cut in 2009), PM Beef Holdings (80± jobs cut in 2008), Caraustar Industries (50± jobs cut in 2008), Duro Bag Manufacturing Co. (170± jobs cut in 2011) and Carpenter Company (60± jobs lost in June, 2015). Most recently Land-O-Sun Dairies closed its fluid milk processing facility in October, 2017, which resulted in the loss of 70± jobs.

Other sectors with employment losses include: Management of Companies (2,090± jobs lost), Information (1,320± jobs lost), Retail Trade (1,320± jobs lost), Wholesale Trade (820± jobs lost), Admin./ Waste Services (810± jobs lost), Local Government (770± jobs lost), Other Services (340± jobs lost), Professional/ Technical Services (160± jobs lost) and Federal Government (50± jobs lost).

**Table 3: Trends in Average At-Place Employment, Richmond, Virginia, 2008-2018**

<b>Industry</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Agriculture	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	23
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	28
Utilities	247	239	241	244	307	316	305	296	298	293	221
Construction	ND	5,638	5,095	5,155	5,007	5,124	5,215	5,779	5,971	5,975	6,062
Manufacturing	9,138	7,491	6,905	6,253	5,923	5,906	5,637	ND	5,668	5,692	5,621
Wholesale Trade	5,008	4,606	4,387	4,236	4,032	3,965	3,868	3,962	3,965	3,921	4,189
Retail Trade	9,054	8,286	8,142	8,232	8,495	7,938	7,969	7,839	7,790	7,826	7,738
Transport. & Warehousing	3,328	3,058	3,058	3,080	3,029	3,128	3,253	3,352	3,334	3,421	3,622
Information	2,895	2,468	2,138	ND	1,571	ND	1,565	1,513	1,501	1,607	1,580
Finance/Insurance	7,316	7,007	6,909	6,844	7,292	7,201	7,564	7,504	7,600	7,671	7,860
Real Estate	1,951	1,849	1,812	1,539	1,576	1,429	1,441	1,776	1,819	1,914	1,960
Professional/Tech. Services	10,795	10,199	10,236	11,505	11,154	10,728	10,403	10,399	10,848	10,805	10,637
Management of Companies	10,853	10,146	9,464	9,875	9,418	9,103	9,058	9,107	8,961	8,761	8,814
Admin./Waste Services	9,056	8,021	8,075	9,303	7,996	7,567	7,824	8,056	8,792	8,446	8,244
Educational Services	2,975	3,156	3,236	3,240	3,424	3,481	3,544	3,516	3,565	3,621	3,546
Health Care	21,726	21,463	21,815	20,996	21,629	22,682	23,057	22,500	22,929	23,184	23,500
Arts/Enter./Recreation	1,890	1,920	2,021	2,098	2,075	2,248	2,182	2,281	2,358	2,347	2,464
Accommodations/Food	9,138	8,439	8,577	9,300	9,878	10,224	10,501	10,902	11,495	12,177	12,556
Other Services	5,596	5,364	5,735	5,332	5,445	5,227	ND	5,040	5,120	5,177	5,252
Local Government	11,141	11,145	11,053	10,943	10,908	10,559	10,313	10,369	10,193	10,244	10,374
State Government	24,114	24,175	24,432	24,632	24,233	24,094	24,536	24,449	24,950	25,313	25,201
Federal Government	<u>5,969</u>	<u>6,059</u>	<u>5,065</u>	<u>4,857</u>	<u>4,964</u>	<u>5,072</u>	<u>5,129</u>	<u>5,392</u>	<u>5,707</u>	<u>5,780</u>	<u>5,918</u>
<b>Total</b>	<b>159,063</b>	<b>150,777</b>	<b>148,083</b>	<b>149,540</b>	<b>148,410</b>	<b>147,607</b>	<b>148,477</b>	<b>149,651</b>	<b>153,128</b>	<b>154,502</b>	<b>155,753</b>

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

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

Table 4 shows the net change in at-place job totals over the past ten years. As previously noted, growth was most pronounced in the Health Care and

Accommodations/Food sectors. Losses were largely in the Manufacturing, Information, Management of Companies, Wholesale Trade and Retail Trade sectors. There has been a net growth of 7,340± at-place jobs since 2013, as the national and local economies expanded after the recession.

<b>Table 4: <u>Change in Total At-Place Employment,</u> <u>Richmond, VA, 2008-2018</u></b>		
	<b><u>Net Change</u></b>	<b><u>Percent Change</u></b>
Utilities	-26	-10.5%
Manufacturing	-3,517	-38.5%
Wholesale Trade	-819	-16.4%
Retail Trade	-1,316	-14.5%
Transport. & Warehousing	294	8.8%
Information	-1,315	-45.4%
Finance/Insurance	544	7.4%
Real Estate	9	0.5%
Professional/Tech. Services	-158	-1.5%
Management of Companies	-2,039	-18.8%
Admin./Waste Services	-812	-9.0%
Educational Services	571	19.2%
Health Care	1,774	8.2%
Arts/Enter./Recreation	574	30.4%
Accommodations/Food	3,418	37.4%
Other Services	-344	-6.1%
Local Government	-767	-6.9%
State Government	1,087	4.5%
Federal Government	-51	-0.9%
<b>Total</b>	<b>-3,310</b>	<b>-2.1%</b>

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

### **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., the City of Richmond. Data are current to year-end 2018 for Employment and Labor Force and at-place jobs.

Richmond realized a net increase in employment of 17,480± jobs over the eleven-year period between 2008 and 2018. Like at-place job trends, employment grew early in the decade up until 2008, when employment reached 95,650± jobs. Employment totals are

lower than at-place job totals, which means some net in-commuting occurs into the City from neighboring counties.

Employment fell sharply in 2009 when 4,230± jobs were lost, pushing the unemployment rate up from 5.8 percent to 9.6 percent in a single year. Total employment in the City has increased every year since 2010 and currently stands at 113,130±, which is 17,480± more jobs than the pre-recession high. Employment grew by 1,910± in 2016, 2,370± in 2017 and 1,370± in 2018.

Coupled with employment growth has been the ongoing expansion of the labor force, which has also grown every year since 2010, suggesting growing confidence in the labor market, which is a positive sign. This has pushed the overall unemployment rate higher than it otherwise would be. The unemployment rate in the City currently stands at 3.5 percent, the lowest rate in over a decade.

<b>Table 5: Trends in Employment and Unemployment Richmond, Virginia, 2008-2018</b>				
	<b>Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Percent Unemployed</b>
2008	101,506	95,650	5,856	5.8%
2009	101,096	91,416	9,680	9.6%
2010	106,456	96,347	10,109	9.5%
2011	107,647	98,520	9,127	8.5%
2012	109,323	101,135	8,188	7.5%
2013	110,462	102,949	7,513	6.8%
2014	112,298	105,385	6,913	6.2%
2015	112,678	106,801	5,877	5.2%
2016	114,503	109,125	5,378	4.7%
2017	116,779	111,758	5,021	4.3%
2018	117,259	113,125	4,134	3.5%
<b>Net Change</b>	<b>15,753</b>	<b>17,475</b>	<b>-1,722</b>	<b>-2.3%</b>
Source: United States Department of Labor, Bureau of Labor Statistics				

A key factor in the comparison of At-place jobs with Employment is that Employment grew by over 17,000± since 2008, yet At-place jobs decreased during that same period. That comparison denotes the fact that some persons living in the Richmond commute outside of the City for work. That factor has been identified from interviews

with on-site management at several apartment buildings. Employment is a better indicator for housing unit demand, as it refers to where people live. The point is restated here.

There are two salient points that need further explanation. First, some of the job and employment losses in the City are often due to shifts to the suburbs. This is particularly true for Henrico County and Chesterfield County, where job growth since 2008 has equaled 31,020±. The two adjacent counties to the City realized job losses during the recession and have fully recovered (see Table 6). A sizable and growing part of the Richmond residents undertake a reverse commute to the suburbs.

<b>Table 6: <u>Trends in At-Place Employment, Henrico-Chesterfield Counties, VA, 2008-2018</u></b>			
<b><u>Year</u></b>	<b><u>Chesterfield County Jobs</u></b>	<b><u>Henrico County Jobs</u></b>	<b><u>Total Suburban Jobs</u></b>
2008	120,195	178,807	299,002
2009	114,800	170,881	285,681
2010	113,322	170,411	283,733
2011	113,833	172,959	286,792
2012	117,645	178,088	295,733
2013	122,389	179,427	301,816
2014	124,399	179,377	303,776
2015	131,126	187,015	318,141
2016	134,066	189,377	323,443
2017	135,816	192,970	328,786
2018	138,428	191,595	330,023
<b>Net Change</b>	<b>18,233</b>	<b>12,788</b>	<b>31,021</b>
Source: United States Department of Labor, Bureau of Labor Statistics			

**Unemployment.** During the past recession period of the late-2000’s, Richmond’s unemployment rate exceeded nine percent and stayed above seven percent until 2013. It has now decreased to 3.5 percent, the lowest rate in over a decade. The decrease is due to net job growth since 2009.

## Economic Development Activity

A considerable number of developments are ongoing and planned in in the market area. Job-generating developments within the market area are detailed in the paragraphs below.

- **Residence Inn by Marriott**. Plans were submitted in November, 2019 to construct a five-story, 127-room hotel at the corner of Floyd Avenue and North Thompson Street, just off Interstate 1-95. Plans call for the existing cluster of offices, mostly converts of single-family homes dating to the late-1940's, to be razed and replaced with the hotel. About 5,600 square feet of retail or restaurant space would be included at the street level of the new development, mainly fronting Floyd Avenue
- **Ocean Network Express**, a global container shipping company, announced in August, 2018 that it would expand its North American headquarters in Richmond and create 129 new jobs. Ocean Network Express currently has 216 employees in Richmond.
- **GlaxoSmithKline**, the global health care company that concluded a merger with Pfizer in August, 2019, announced in October, 2019 that it would hire 150 additional employees in Richmond for a research and development.
- **CameraMatics**, a Dublin-based technology firm produces equipment for fleet tracking and data gathering, announced in October, 2019 that it would open an office in Richmond where it will employ up to 100 people.
- **Fresenius Kidney Care Center**. This is a proposed two-story medical office building to be built at 3407 West Broad Street in Scott's Addition. The 8,500± square foot building will house a Fresenius Kidney Care Center
- **The Community Foundation** relocated from the Boulders office park in Chesterfield County to its new headquarters at 3409 W. Moore Street in Scott's Addition. The nonprofit, which provides grant money to other local nonprofits, moved into the new space in late-November, 2018. 50 people work in the space. Other tenants in the 106,000± square foot former laundry warehouse include Tazza Kitchen and tech company CloudBees. Thalhimer Realty Partners, which bought the site in 2016.
- **HalioDx**, an immuno-oncology cancer diagnostic company, opened its first North American facility in February, 2019 at the Virginia Bio+Tech Park in the City of Richmond. HalioDx leased 9,000± square feet in the BioTech 8 building and plans to create 20 jobs.

- **2900-2904 W. Clay St.** The buildings at 2900 and 2904 W. Clay St. in Scott's Addition are proposed to be converted into a 7,800± square foot food hall that would house a variety of restaurants and beverage makers.
- **Lumber Liquidators** announced in November, 2019 that it is nearly finished renovating its new headquarters at 4901 Bakers Mill Lane, the renovated former Southern Season building that the national flooring retailer is aiming to open by month's-end. The campus, which is relocating its corporate offices from Toano, will move its batches of workers into the 53,000± square foot space, which will house a total of 2020 employees. Most of those are relocating from Toano, while 50 are moving over from the company's offices on West Broad Street and another 10 are coming from its distribution center in Sandston.
- **Bon Secours and VCU Health** began construction in May, 2019 on a 55,000± square foot outpatient pediatric facility at the former Westhampton School property along Libbie Mill Avenue.
- **Amazon** announced in July, 2019 that it would establish a new specialty fulfillment and last-mile delivery center on the Virginia Interstate 95 Logistics Center site in the City of Richmond. The project will add 150 new jobs.
- **Dominion Energy Headquarters**, as described above, was completed in the summer of 2019 on the new 20-story, million square foot building at 111 S 6<sup>th</sup> Street that will house over 1,000 Dominion employees. Dominion Energy also announced in October, 2019 that it would demolish One James River Plaza office building and construct a new 17-story, 900,000± square foot building by late-2022 or early-2023. It would house more than 1,000 employees and connect to the new building by a sky bridge.
- **PRO Vision**, which manufactures vehicle tracking and telematics equipment, announced in September, 2019 that it would hire 100 people in Richmond.
- **VCU Engineering Research Building**. Ground was broken in May, 2018 on this research building on the northeast corner of Cary and Belvidere streets. The 133,000 square foot building, scheduled to open in 2020, will significantly expand the college's laboratory capacity and serve as a collaboration hub for advanced research, economic development initiatives and hands-on approaches to engineering.
- **Mapop Hotel**. This is a proposed five-story, hotel with 30 rooms, a restaurant, a small-batch brewing and winemaking operation, a rooftop bar and a spa. The hotel will be located at 1129 Hull Street. The ShellCraft, the name of the planned small-batch craft brewery and winery, would be located on the ground level. The plan is for the beer and wine to be piped directly to the hotel's restaurants, rooftop bar and guest rooms.

- **Pamunkey Casino.** Pamunkey Indian Tribe announced plans in January, 2020 to construct a large casino on 36 acres near the intersection of Ingraham Avenue and Commerce Road in Manchester. The casino would also include a 275-room hotel and 1,000 space parking garage. Plans also include a spa, fitness center, pool, a “high-end steak and seafood restaurant,” and sports bar. The tribe is under contract to purchase three parcels of land at 1401 Commerce Road, 1120 Gordon Avenue. and 1260 Ingram Avenue, where the casino would sit. The casino is anticipated to create 1,000 new jobs.
- **Green Leaf Medical of Virginia** will complete construction in March, 2020 on an 82,000± square foot a medical cannabidiol processing operations facility at 2804 Decatur Street in the City’s Southside

These announcements, along with the ones described above in the site setting description, will add several thousand new jobs in the City. In terms of layoffs, there have been three layoff announcements in Richmond since 2019, none of which occurred in 2020. These layoffs have resulted in the loss of approximately 450 jobs. These three layoffs are detailed in the chart below.

<b><u>Major Layoffs, Richmond, Virginia, 2019-2020</u></b>			
<b><u>Company</u></b>	<b><u>Business Description</u></b>	<b><u>Jobs Lost</u></b>	<b><u>Layoff Date</u></b>
Confluence Coffee	Coffee Manufacturing	33	02/2019
Genworth Financial	Insurance	21	05/2019
Health Diagnostic Laboratory	Clinical Laboratory Diagnostics	<u>399</u>	07/2019
<b>Total</b>		<b>453</b>	
Source: Virginia Economic Development Partnership			

**Summary.** In addition to the sizable employment growth that occurred in the City of Richmond since the recession, there has been a net growth of nearly 30,000 of new employment in the two adjacent suburban counties since 2008. Combined, the employment growth has generated demand for significant new housing units.

## **Section II Affordable Apartment Market**

This section of the report is the supply/demand analysis for new affordable housing for renters within the three income categories under study, as will be described below. Each income category is studied separately.

The second subsection is a detailed analysis of the City's existing LIHTC properties, with specific attention to occupancy, rental rates and project location.

### **Demographic Analysis**

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

The City of Richmond's population, as of 2010, and based on the most recent Census count, was just over 204,200. Richmond's population increased by over 6,000 during the 2000 decade, after a loss of 5,000± people during the 1990's. The City's 2010 population now exceeds the 1990 population total, due primarily to an 8,300± increase in VCU student enrollment during the 2000 decade. Students living on or off-campus on April 15th of the Census year are counted in the population of that jurisdiction.

The City has a large Group Quarters population, due primarily to on-campus housing related to VCU. The Group Quarters population also includes persons in jails, hospitals, nursing homes, shelters, etc. The Group Quarters population is subtracted from total population to determine Household Population. Household Population is the key determinate for the analysis of housing unit demand.

Much of the City's population growth since 2000 was VCU student growth. However, there was also a significant amount of new professional growth supported by new downtown apartment unit development, and to a lesser extent, condominium development. Since 2000, the downtown area realized the development of over 9,000 new housing units. Thus, the combination of student and professional growth in Downtown Richmond was the reason for the significant population growth since 2000, which is the



antithesis of trends in most downtown areas of larger and mid-sized cities. The downtown population growth for students, professionals in the various adaptive-reuse buildings, and some empty nester growth in downtown condominiums, were large enough to offset any population declines in other neighborhoods in the City.

Based on estimates from the Weldon Cooper Center for Public Service, the population in Richmond increased by 22,630± between 2010 and 2019 to reach 226,840± as of 2019. This represents an annual growth rate of 2,510±. These data were used to calculate the 2024 population forecast of 236,900±. In addition to the Weldon Cooper Center, we used new development activity, including employment and housing unit development to determine expected population growth after 2019.

The City’s demographic trends are very positive, and again, it is largely based on quality new housing being built in the downtown, which has attracted net new growth and transfer demand from other parts of the Richmond metro area due to the quality of new apartment unit construction. This is expected to continue.

<b>Table 7: Trends and Projections of Population and Households, By Income, Cameo Street Apartments Market Area, 1990-2024</b>					
(Constant 2020 Dollars)					
	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2019</b>	<b>2024</b>
Market Area Population	203,060	197,790	204,210	226,840 2/	236,900
Group Quarters Population	11,110	11,240	12,730	14,300 3/	14,400
Household Population	191,950	186,550	191,480	212,540	222,500
Persons Per Household	2.25	2.18	2.20	2.19	2.17
Total Households	85,340	85,550	87,150	97,050	102,530
Renter Households	45,820	45,540	49,560	57,840	63,500
Percent Renter Households	53.7%	53.9%	56.9%	59.6%	61.9%
<b>Target Market</b>					
40% of AMI (\$20,000-\$34,600)					
Total Households	8,940	9,030	9,960	10,800	11,170
Percent of Total Households	19.5%	19.8%	20.1%	18.7%	17.6%
50% of AMI (\$26,000-\$43,200)					
Total Households	9,790	9,480	10,380	11,190	11,940
Percent of Total Households	21.1%	20.8%	20.9%	19.3%	18.8%
60% of AMI (\$32,000-\$51,800)					
Total Households	9,630	10,240	11,890	13,770	15,240
Percent of Total Households	21.0%	22.5%	24.0%	23.8%	24.0%
Notes: 1/ Includes the City of Richmond					
2/ Based on population estimates from the Weldon Cooper Center for Public Service.					
3/ Due to growth in on-campus housing at VCU by 1,500±.					
Source: 1990, 2000 and 2010 Census, U.S. Census Bureau, Weldon Cooper Center for Public Service; U.S. Department of Commerce; S. Patz & Associates, Inc.					

### **Group Quarters Population**

The City's Group Quarters population is approximately 14,300, or approximately 6.3 percent of total population. It has grown considerably with new enrollment at VCU and significant growth in students living in residence halls, in particular. Much of the VCU student population resides within the City and off campus. The student population is essentially not eligible for affordable housing under the LIHTC program.

### **Households**

The City's total number of households in 2010 was 87,150±. There was a net growth of 1,600± households in the City during the 2000 decade, which equates to an average annual growth of 160±. The City's household total is estimated to have reached 97,050±, as of 2019, an increase of 1,100+ households per year on average since 2010. Clearly, the City population and households grew at a much higher rate during the 2010 decade compared with the 2000 decade. That is largely due to the effects of new housing development in the greater Downtown area, supported by new employment growth.

By 2024, the market area is expected to realize an increase of 5,480± new households, in addition to a growth of VCU students in residence halls. This equals to a growth of approximately 1,400± households annually for the 2019 to 2024 period.

Of note is the small average household size in the City. As of 2019, the average household size was 2.19. The fact that the size increased slightly during the 2000's, compared with a decrease during the 1990's, is due in part to families and households doubling up during the recession. A reversal of that trend is expected by 2024 as the City continues to attract smaller households, including single-household students who live off-campus.

The population and household growth rates for the post-2010 period are significantly greater than the rate of growth during the 2000 decade. Continued growth

in VCU enrollment and continued and projected occupancy of new housing are the key issues related to the larger level of population and household growth.

### **Renter Households**

In 2010, renter households in Richmond equaled nearly 57 percent of total households, which is a Census count. The percent of renters has increased over the past two decades, with a significant increase during the 2000 decade due to off-campus housing demand from VCU students and the stagnation of the for-sale housing market. The “uptick” in renters during the 2000 decade is the direct result of considerable downtown Richmond apartment unit development, of which the vast majority was rental housing. By 2024, an estimated 61.9 percent of households in the City will be renters. This will represent 63,500± households.

### **Target Market**

Cameo Street Apartments will have rents restricted to households earning 40%, 50% and 60% of the Area Median Income (AMI). The paragraphs below will detail trends and projections in each of these demographic cohorts. There is expected to be a sizable increase in the target market, as there are nearly 1,500 new LIHTC apartment units being built and/or planned for the market area. In this case, supply will affect demand.

- **40% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$20,000 and \$34,600, when reported in constant 2019 dollars. The demographic analysis shows that as of 2019, the market area had 10,800± renter households within this income range. The 2019 total exceeds the 2010 total by 840± households. By 2024, the market area is projected to add 370 households within this income category to reach a total of 11,170± households.
- **50% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$26,000 and \$43,200, when reported in constant 2019 dollars. As of 2019, the market area totaled 11,190± renter households in this income range, an increase of 810± over the 2010 total. By 2024, the market area is projected to total 11,940± renter households within this income category. This represents an increase of 740 households.

- **60% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$32,000 and \$51,800, when reported in constant 2019 dollars. As of 2019, the market area totaled 13,770± renter households in this income range. This represents an increase of 1,880± over the 2010 total. The market area is projected to add 1,470± households within this income category by 2024 to reach a total of 12,240± households.

The projected increases in target renters is high. The City has an abundance of attractive LIHTC proposals. This will expand prior growth rates.

**Summary**

**In total, the target market is expected to expand by 1,840 households between 2019 and 2024, when the overlaps of the income categories are removed.** This total is divided by the three income categories. There is considerable overlap among the three income categories. The removal of the overlaps will be more evident in the report conclusions related apartment unit demand in the Demand Chart.

**Renter Households by Size**

As of 2010, the data of the last census count, nearly 42 percent of all renter households were one-person. An additional 28 percent were two-person. These percentages, and others, did not change much over the 2000 decade.

	<u>2000</u>		<u>2010</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
<b>Total Renter Households</b>	45,540	100.0%	49,560	100.0%
1-person household	19,710	43.3%	20,680	41.7%
2-person household	12,630	27.7%	14,020	28.3%
3-person household	6,380	14.0%	7,080	14.3%
4-person household	3,760	8.3%	4,120	8.3%
5-person household	1,820	4.0%	2,010	4.1%
6-person household	750	1.7%	940	1.9%
7-or-more-person household	500	1.1%	720	1.5%

Source: 2000 and 2010 U.S. Department of Commerce, Bureau of the Census; and S. Patz and Associates, Inc.

## Competitive Apartment Market

### Characteristics of the Market

Listed in Table 9 are the 29 LIHTC apartment properties in the market area that were identified as “comps”. These communities contain 3,167 apartment units in total. The current vacancy rate is approximately 3.6 percent. The notes in Table 9 show that approximately 500± of the apartment units are occupied by families with Section 8 vouchers. That is nearly 16 percent of the total number of occupied apartment units.

The newest LIHTC apartment community to open is the 135-unit Port City Apartments, which opened its initial phase in February, 2019 and is now adding a second phase of 157 units. This complex is at near full occupancy, with management noting that they leased an average of 26 units per month since opening. Stabilized occupancy was achieved in approximately six months. This community has a wide mix of income restrictions, ranging between units restricted to 30% of AMI to those restricted to 80% of AMI. Most units are restricted to 60% of AMI.

Ten additional communities were built during the post-2000 period, totaling 880 units, of which only 14 units are now vacant. All of these are communities are at or near full occupancy, with four these properties fully occupied. Combined, the 11 newer apartments have a very low vacancy rate of merely 1.7 percent.

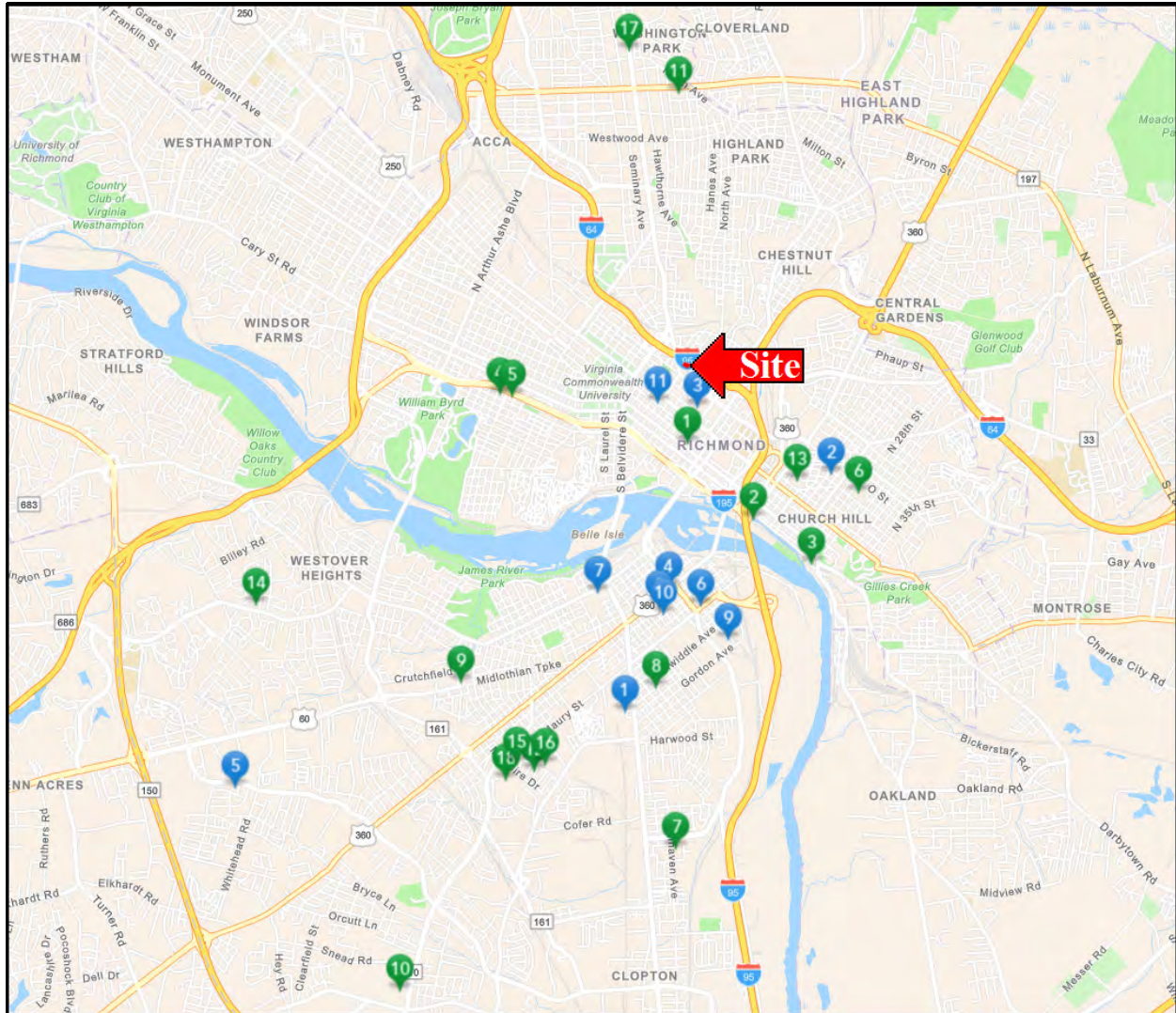
In total, 856 LIHTC apartment units were placed on the market since 2010. To date, 844 of these units were occupied at an average annualized rate of 80±, including some Section 8 renters. These newer properties have a vacancy rate of 1.4 percent.

In addition to the above newer complexes are 18 older apartments that opened prior to 2000. Essentially all of these have undergone renovations and none are facing any vacancy issues. These older properties have a vacancy rate of 4.6 percent.

**Table 9: Characteristics of Competitive LIHTC Apartments, Cameo Street Apartments Market Area, Richmond, Virginia, February, 2020**

	<u>Map G</u> <u>Key</u>	<u>Year</u> <u>Built</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>
<b><u>Newer Apartments (Post-2000)</u></b>				
Port City Apartments	1	Feb-19	135	3
Goodwyn at Union Hill	2	Oct-18	52	1
Eggleston Plaza	3	2017	31	1
Hatcher Tobacco Flats	4	2015	152	0
Townhomes at Warwick Place	5	2015	40	0
Miller Lofts at Plant Zero	6	2015	192	0
Belle Summit	7	2013	50	4
City View Place	8	2012	32	0
New Manchester Flats	9	2010/11	172	3 2/
Old Manchester Plaza	10	2009	46	3
Richmond Dairy	11	2001	113	2
(Subtotal)			(1,015)	(17)
<b><u>Mature Apartments (Pre-2000)</u></b>				
Grace Place	1	1999	58	10
Market Slip	2	1997	30	0
Tobacco Landing	3	1996	62	0
Cary 2000 I, II, & III	4	1994/95/97/14	84	0
Cary Street West	5	1992/15	47	1
Jefferson Mews/ Spring Hill	6			
Townhomes		1988/14	56	1
Graystone Place	7	1987/04	135	9
Chicago Manor	8	1978/98	74	1
Dunston Manor	9	1973/95	101	0
Tuscany Townhomes	10	1971/14	132	0
Lincoln Mews	11	1970	245	5
Village South Townhomes	12	1947/05	111	13
Jefferson Townhomes	13	1965/08	218	15
Morningside Apartments	14	1964/99	392	23
Swansboro	15	1962/02	62	4
Holly Springs	16	1947/02	121	14
Terraces at Bellevue	17	1946/18	144	2
McGuire Park	18	1942/04	80	0
(Subtotal)			(2,152)	(98)
<b>Total</b>			<b>3,167</b>	<b>115</b>
<b>Vacancy Rate</b>			1/	<b>3.6%</b>
Notes: 1/ Includes approximately 500± Section 8 voucher holders. 2/ Estimate				
Source: Field and Telephone Survey by S. Patz and Associates, Inc.				

Map G shows the locations of each of the apartments described above. All but three of the newer comps were built in Manchester and in the south side of the City of Richmond. Only three apartments – Eggleston Plaza, Richmond Dairy and Grace Place – are situated in the wider Downtown area. The remaining “comps” are scattered throughout the City, primarily in Shockoe Bottom and greater Manchester area.



**Map G - Locations of Competitive LIHTC Apartments**

Following are photos of each of the post-2000 LIHTC apartment communities. Richmond Dairy, Eggleston Plaza, Port City Apartments, Miller Lofts at Plant Zero, New Manchester Flats, Grace Place, Market Slip and Old Manchester Plaza are adaptive-reuse developments. Goodwyn at Union Hill has a mix of a new construction, as well as an adaptive-reuse component. Hatcher Tobacco Flat and Belle Summit are elevator-served, new construction buildings. The remaining comps either have garden or townhome designs.



**Port City Apartments**



**Goodwyn at Union Hill**



**Eggleston Plaza**



**Hatcher Tobacco Flats**



**Townhomes at Warwick Place**



**Miller Lofts at Plant Zero**





**Belle Summit**



**City View Place**



**New Manchester Flats**



**Old Manchester Plaza**



**Richmond Dairy**



**Grace Place**

## Unit Mix by Income Restriction

Table 10 analyzes the competitive units by income restrictions. As shown, 62.5 percent of market area units under study are restricted to 60% of AMI, compared to 24.8 percent that are restricted to 50% of AMI and 2.4 percent that are restricted to 40% of AMI. Eleven of the competitive apartment communities rent units exclusively to households earning 60% of the area median income.

	<u>40% of AMI</u>	<u>50% of AMI</u>	<u>60% of AMI</u>	<u>Market Rate</u>	<u>Total Units</u>
<b><u>Newer Apartments (Post-2000)</u></b>					
Port City Apartments 1/	14	25	60	0	135
Goodwyn at Union Hill	6	20	26	0	52
Eggleston Plaza	0	0	31	0	31
Hatcher Tobacco Flats	15	136	0	1	152
Townhomes at Warwick Place	4	20	16	0	40
Miller Lofts at Plant Zero	0	0	192	0	192
Belle Summit	5	45	0	0	50
City View Place	5	27	0	0	32
New Manchester Flats	22	0	22	128	172
Old Manchester Plaza	0	6	40	0	46
Richmond Dairy	0	0	99	14	113
<i>(Subtotal)</i>	<i>(71)</i>	<i>(279)</i>	<i>(486)</i>	<i>(143)</i>	<i>(1,015)</i>
<b><u>Mature Apartments (Pre-2000)</u></b>					
Grace Place	0	0	58	0	58
Market Slip	0	7	23	0	30
Tobacco Landing	0	15	47	0	62
Cary 2000 I, II, & III	1	39	44	0	84
Cary Street West	5	12	30	0	47
Jefferson Mews/ Spring Hill THs	0	0	56	0	56
Graystone Place	0	0	135	0	135
Chicago Manor	0	0	74	0	74
Dunston Manor	0	0	101	0	101
Tuscany Townhomes	0	27	105	0	132
Lincoln Mews	0	245	0	0	245
Village South Townhomes	0	0	111	0	111
Jefferson Townhomes	0	0	218	0	218
Morningside Apartments	0	0	248	144	392
Swansboro	0	0	62	0	62
Holly Springs	0	121	0	0	121
Terraces at Bellevue	0	0	144	0	144
McGuire Park	0	40	40	0	80
<i>(Subtotal)</i>	<i>(6)</i>	<i>(506)</i>	<i>(1,496)</i>	<i>(144)</i>	<i>(2,152)</i>
<b>Total</b>	<b>77</b>	<b>785</b>	<b>1,982</b>	<b>287</b>	<b>3,167</b>
<b>Percent of Total</b>	<b>2.4%</b>	<b>24.8%</b>	<b>62.5%</b>	<b>9.1%</b>	<b>98.8%</b>
<b>Proposed Income Restrictions</b>	<b>11</b>	<b>23</b>	<b>33</b>	<b>0</b>	<b>67</b>
Notes: 1/ Includes one 30% unit, 20 70% units and 15 80% units.					
Source: Field and Telephone Survey by S. Patz and Associates, Inc.					

## Net Rents

Table 11 lists the net LIHTC rents at the comps under study based on tax credit rents. Also noted is the AMI rent categories. Rents were adjusted to exclude all utilities (except trash) for the sake of consistency and to be directly comparable with the Cameo Street Apartments proposed rents. As shown, seven apartments include in-unit washers and dryers. These include Goodwyn at Union Hill, Eggleston Plaza, Hatcher Tobacco Flats, Miller Lofts at Plant Zero, Market Slip, New Manchester Flats and Tuscany Townhomes.

The 40% one-bedroom rents in the apartment properties under study average about \$540. Most of these units are in the post-2000 properties. This is compared to a proposed 40% one-bedroom rent of \$500 at Cameo Street Apartments.

The 40% two-bedroom rents average \$625, compared to proposed rents of \$550 for the 40% two-bedroom units at Cameo Street Apartments. The three-bedroom rent comparison is similar, with the average 40% three-bedroom rents being \$653 while the proposal's 40% three-bedroom rents will be \$600.

The 50% one-bedroom units average \$680 in rent. This is compared to proposed 50% one-bedroom rents at the Cameo Street Apartments of \$650. The two-bedroom market area average rent for the 50% units is \$795, compared to the subject's proposed 50% two-bedroom rents of \$750. The average three-bedroom 50% rents are \$860, compared to the 50% three-bedroom rents of \$850 at the study proposal. On average, the newer properties have 50% rents that are approximately \$60 higher than the older properties.

The study proposal's one-bedroom 60% rents are \$800, which is compared to the market area average of \$750. The newer apartments generate higher 60% one-bedroom rents, averaging \$810, or \$10± above the proposed one-bedroom 60% rents. The Cameo Street Apartment's two-bedroom 60% rents are \$950, which is above the market area

average of \$840. The newer comps, however, have 60% two-bedroom rents of \$960, or \$10 above the proposal's 60% two-bedroom rents. The proposed three-bedroom 60% rents are \$1,050, which is slightly higher than the average of the 60% three-bedroom units at Cameo Street Apartments, which is \$1,010. The newer comps, however, have 60% three-bedroom rents that average \$1,060, or \$10 above the proposed 60% three-bedroom rents.

Overall, the net rent comparison analysis for the 40%, 50% and 60% rents at Cameo Street Apartments are positive, as they are well below the net rents at the market area's newer properties.

**Table 11: Rental Rates at Competitive LIHTC Apartments, Cameo Street Apartments Market Area, Richmond, Virginia, February, 2020 1/**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<b><u>Newer Apartments (Post-2000)</u></b>			
Port City Apartments 4/	\$606 (40%)/ \$768 (50%)/ \$930 (60%)	\$715 (40%)/ \$909 (50%)/ \$1,104 (60%)	\$1,214 (60%)
Goodwyn at Union Hill 3/	\$501 (40%)/ \$652 (50%)/ \$813 (60%)	\$588 (40%)/ \$779 (50%)/ \$966 (60%)	\$670 (40%)/ \$886 (50%)/ \$1,130 (60%)
Eggleston Plaza 3/	\$783 (60%)	\$932 (60%)	--
Hatcher Tobacco Flats 3/ 4/	\$548 (40%)/ \$710 (50%)	\$843 (50%)	\$966 (50%)
Townhomes at Warwick Place 2/	--	--	\$560 (40%)/ \$760 (50%)/ \$920 (60%)
Miller Lofts at Plant Zero 3/	\$843 (60%)	\$992 (60%)	--
Belle Summit	\$580 (40%)/ \$735 (50%)	\$650 (40%)/ \$860 (50%)	\$760 (40%)/ \$980 (50%)
City View Place 2/	--	\$545 (40%) / \$720 (50%)	\$620 (40%)/ \$820 (50%)
New Manchester Flats 2/ 3/ 4/	\$760 (60%)	\$890 (60%)	--
Old Manchester Plaza	\$753 (50%)/ \$808 (60%)	\$962(60%)	--
Richmond Dairy	\$718-\$758 (60%)	\$877 (60%)	--
(40% Average)	(\$560)	(\$625)	(\$653)
(50% Average)	(\$720)	(\$822)	(\$882)
(60% Average)	(\$810)	(\$960)	(\$1,061)
<b><u>Mature Apartments (Pre-2000)</u></b>			
Grace Place	\$683 (60%)	\$762 (60%)	--
Market Slip 3/	\$680 (50%)/ \$850 (60%)	\$834 (50%)/ \$862 (60%)	--
Tobacco Landing	\$680 (50%)/ \$850 (60%)	\$834 (50%)/ \$862 (60%)	--
Cary 2000 I, II, & III 2/	\$551 (40%)/ \$598 (50%)/ \$778 (60%)	\$747 (50%)/ \$787 (60%)	\$856 (50%)/ \$896 (60%)
Cary Street West	\$478 (40%)/ \$633 (50%)/ \$768 (60%)	\$867 (50%)/ \$847 (60%)	\$856 (50%)/ \$966 (60%)
Jefferson Mews/ Spring Hill THs	\$793 (60%)	\$942 (60%)	\$1,036 (60%)
Graystone Place	\$533 (60%)	\$582 (60%)	--
Chicago Manor	--	\$607-\$637 (60%)	--
Dunston Manor	\$523 (60%)	\$607 (60%)	--
Tuscany Townhomes 3/ 4/	--	\$837 (50%)/ \$837 (60%)	--
Lincoln Mews	\$577 (50%)	\$667 (50%)	\$775-\$796 (50%)
Village South Townhomes	\$660 (60%)	\$699-\$729 (60%)	\$960 (60%)
Jefferson Townhomes	\$657 (60%)	\$752 (60%)	\$861-\$886 (60%)
Morningside Apartments	--	\$837-\$987 (60%)	\$1,141 (60%)
Swansboro	--	\$729 (60%)	--
Holly Springs	--	\$699 (50%)	--
Terraces at Bellevue	\$747-\$767 (60%)	\$856 (60%)	\$1,015 (60%)
McGuire Park	\$705 (50%)	\$745 (50%)	--
(40% Average)	(\$515)	(--)	(--)
(50% Average)	(\$646)	(\$779)	(\$833)
(60% Average)	(\$714)	(\$778)	(\$984)
<b>40% Average</b>	<b>\$544</b>	<b>\$625</b>	<b>\$653</b>
<b>50% Average</b>	<b>\$681</b>	<b>\$795</b>	<b>\$864</b>
<b>60% Average</b>	<b>\$752</b>	<b>\$836</b>	<b>\$1,012</b>
<b>Proposed Rents 5/</b>	<b>\$500 (40%)/ \$650 (50%)/ \$800 (60%)</b>	<b>\$550 (40%)/ \$750 (50%)/ \$950 (60%)</b>	<b>\$600 (40%)/ \$850 (50%)/ \$1,050 (60%)</b>

Notes: 1/ Rents adjusted to exclude utilities.  
 2/ Estimate  
 3/ Includes washer and dryer.  
 4/ Rent includes cable and internet.  
 5/ Includes trash collections.

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

## Unit Sizes

Table 12 shows the unit sizes for each of the comps. The data show that the proposed unit sizes at Cameo Street Apartments are generally at the market area average for the one's and two's, but smaller for the three-bedrooms. The market area average for the three-bedroom units is seven square feet larger than the proposed three-bedroom units at Cameo Street Apartments.

**Table 12: Unit Sizes at Competitive LIHTC Apartments, Cameo Street Apartments Market Area, Richmond, Virginia, February, 2020**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<b><u>Newer Apartments (Post-2000)</u></b>			
Port City Apartments	677	910	1,201
Goodwyn at Union Hill	548	758	935
Eggleston Plaza	520	729	--
Hatcher Tobacco Flats	586-776	946-1,161	1,028-1,174
Townhomes at Warwick Place	--	--	1,312-1,390
Miller Lofts at Plant Zero	607-734	908-1,164	--
Belle Summit	556	830-897	1,066-1,106
City View Place	--	927	1,207
New Manchester Flats	660-818	824-1,064	1,200
Old Manchester Plaza	586-684	710-972	--
Richmond Dairy	500-650	760-1,075	--
<i>(Average)</i>	<i>(622)</i>	<i>(898)</i>	<i>(1,154)</i>
<b><u>Mature Apartments (Pre-2000)</u></b>			
Grace Place	560	790	--
Market Slip	613	848	--
Tobacco Landing	700	899	--
Cary 2000 I, II, & III	600-631	711-750	1,233-1,300
Cary Street West	700	950	1,150
Jefferson Mews/ Spring Hill Townhomes	700	1,100	1,300
Graystone Place	602	722	--
Chicago Manor	--	750	--
Dunston Manor	535-600	771	--
Tuscany Townhomes	--	1,250	--
Lincoln Mews	605	746-748	893-1,178
Village South Townhomes	675	850	1,121
Jefferson Townhomes	620	770	920-1,106
Morningside Apartments	--	874-1,023	1,110
Swansboro	--	760-912	--
Holly Springs	--	795	--
Terraces at Bellevue	560	785	1,050
McGuire Park	669	852	--
<i>(Average)</i>	<i>(630)</i>	<i>(855)</i>	<i>(1,131)</i>
<b>Average</b>	<b>627</b>	<b>870</b>	<b>1,142</b>
<b>Proposed Unit Sizes</b>	<b>641</b>	<b>886</b>	<b>1,006</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

### **Rent Per Square Foot**

The rent per square foot calculation for the newer 11 apartments are shown in Table 13. It shows that the proposed rent per square foot at Cameo Street Apartments is considerably lower than most of the competitive LIHTC properties, given the modest rents and large unit sizes.

**Table 13: Rent per Square Foot at Competitive LIHTC Apartments, Cameo Street Apartments Market Area, February, Richmond, Virginia, 2020**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<b><u>Newer Apartments (Post-2000)</u></b>			
Port City Apartments	\$1.13	\$1.00	\$1.01
Goodwyn at Union Hill	\$1.20	\$1.03	\$0.96
Eggleston Plaza	\$1.51	\$1.28	--
Hatcher Tobacco Flats	\$0.92	\$0.80	\$0.88
Townhomes at Warwick Place	--	--	\$0.55
Miller Lofts at Plant Zero	\$1.26	\$0.96	--
Belle Summit	\$1.18	\$0.87	\$0.80
City View Place	--	\$0.68	\$0.60
New Manchester Flats	\$1.03	\$0.94	--
Old Manchester Plaza	\$1.23	\$1.14	--
Richmond Dairy	\$1.28	\$0.96	--
<b>Average</b>	<b>\$1.19</b>	<b>\$0.97</b>	<b>\$0.80</b>
<b>Proposed 40% Rent/ Sq. Ft.</b>	<b>\$0.80</b>	<b>\$0.63</b>	<b>\$0.60</b>
<b>Proposed 50% Rent/ Sq. Ft.</b>	<b>\$1.04</b>	<b>\$0.86</b>	<b>\$0.87</b>
<b>Proposed 60% Rent/ Sq. Ft.</b>	<b>\$1.26</b>	<b>\$1.12</b>	<b>\$1.04</b>

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

### Apartment Unit Mix

Next shown are the unit mixes at the competitive apartment communities under study. The majority of the LIHTC apartment units in the market area are two-bedroom units (57.7 percent). The percentage of three-bedroom units is slightly larger than the percentage of one-bedroom units, 27.7 percent versus 11.8 percent. The Cameo Street Apartment's unit mix is similar to the newer comps in the market area.

**Table 14: Apartment Unit Mix, Cameo Street Apartments  
Market Area, Richmond, Virginia, February, 2020**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Total Units</u>
<b><u>Newer Apartments (Post-2000)</u></b>				
Port City Apartments	67	67	1	135
Goodwyn at Union Hill	8	33	11	52
Eggleston Plaza	25	5	1	31
Hatcher Tobacco Flats	32	92	28	152
Townhomes at Warwick Place	0	0	40	40
Miller Lofts at Plant Zero	124	68	0	192
Belle Summit	10	30	10	50
City View Place	0	14	18	32
New Manchester Flats	84	84	4	172
Old Manchester Plaza	29	17	0	46
Richmond Dairy 1/	<u>69</u>	<u>28</u>	<u>0</u>	<u>113</u>
(Subtotal)	(448)	(438)	(113)	(1,015)
<b><u>Mature Apartments (Pre-2000)</u></b>				
Grace Place 2/	28	20	0	58
Market Slip	23	7	0	30
Tobacco Landing	53	9	0	62
Cary 2000 I, II, & III	37	33	14	84
Cary Street West	9	29	9	47
Jefferson Mews/ Spring Hill THs	8	17	31	56
Graystone Place	20	115	0	135
Chicago Manor	0	74	0	74
Dunston Manor	57	44	0	101
Tuscany Townhomes	0	132	0	132
Lincoln Mews	34	150	61	245
Village South Townhomes	16	79	16	111
Jefferson Townhomes 3/	61	80	45	218
Morningside Apartments	0	320	72	392
Swansboro	0	62	0	62
Holly Springs	0	121	0	121
Terraces at Bellevue	36	96	12	144
McGuire Park	<u>48</u>	<u>32</u>	<u>0</u>	<u>80</u>
(Subtotal)	(430)	(1,420)	(260)	(2,152)
<b>Total</b>	<b>878</b>	<b>1,858</b>	<b>373</b>	<b>3,167</b>
<b>Percent of Total</b>	<b>27.7%</b>	<b>58.7%</b>	<b>11.8%</b>	<b>98.2%</b>
<b>Proposed Unit Mix</b>	<b>13</b>	<b>39</b>	<b>15</b>	<b>67</b>

Notes: 1/ Includes 16 studio units.

2/ Includes 10 studio units.

3/ Includes 32 four-bedroom units

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



## Community Amenities

Table 15 shows the community amenities at the competitive LIHTC apartments. Nearly all of the communities that do not provide washers and dryers have on-site laundry facilities. Several communities are amenitized with a clubhouse, fitness center and outdoor swimming pool. Many of the newer communities have business centers. Several also have playgrounds. Eleven of the comps, primarily those built since 2000, have elevators.

**Table 15: Community Amenities at Competitive LIHTC Apartment Communities, Cameo Street apartments Market Area, Richmond, Virginia, February, 2020**

	<u>Elevator</u>	<u>Clubhouse</u>	<u>Business Center</u>	<u>Pool</u>	<u>Fitness</u>	<u>Playground</u>	<u>Laundry</u>
<b><u>Newer Apartments (Post-2000)</u></b>							
Port City Apartments	●	●	●	●	●	○	○
Goodwyn at Union Hill	●	●	○	○	○	○	○
Eggleston Plaza	●	○	○	○	○	○	○
Hatcher Tobacco Flats	●	●	○	○	●	○	●
Townhomes at Warwick Place	○	○	○	○	○	○	○
Miller Lofts at Plant Zero	○	●	●	●	●	○	○
Belle Summit	●	●	●	○	○	○	●
City View Place	○	●	●	○	●	●	●
New Manchester Flats	●	●	○	●	●	●	○
Old Manchester Plaza	●	○	○	○	○	○	●
Richmond Dairy	●	●	○	○	●	○	●
<b><u>Mature Apartments (Pre-2000)</u></b>							
Grace Place	●	○	○	○	●	○	●
Market Slip	○	○	○	○	○	○	○
Tobacco Landing	●	○	○	○	○	○	●
Cary 2000 I, II, & III	○	●	○	○	○	○	●
Cary Street West	●	○	○	○	○	○	●
Jefferson Mews/ Spring Hill THs	○	○	○	○	○	○	○
Graystone Place	○	○	○	○	○	●	●
Chicago Manor	○	○	○	○	○	○	●
Dunston Manor	○	○	○	○	○	○	●
Tuscany Townhomes	○	○	○	●	○	●	○
Lincoln Mews	○	●	●	○	○	●	●
Village South Townhomes	○	○	○	○	○	●	●
Jefferson Townhomes	○	○	○	○	○	○	●
Morningside Apartments	○	○	○	●	○	●	●
Swansboro	○	○	○	○	○	●	●
Holly Springs	○	○	○	○	○	○	●
Terraces at Bellevue	○	○	○	○	○	○	○
McGuire Park	○	○	○	○	○	○	●
<b>Proposed Amenities</b>	●	●	○	○	●	●	○

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

### **Section III Conclusions**

The City's (and market area) total of LIHTC apartment units for families is a sizable 3,170±. Of these, 500± apartment units are occupied by persons with Section 8 rental assistance. 115 apartment units, of the 3,167 units, are vacant. Thus, the current LIHTC properties provide housing for 2,550± renters, within the income range under study, or approximately 15 percent of total renter households within the income categories under study. Thus, sufficient potential market for new affordable housing clearly exists in the City.

This fact is clearly evidence by the expected growth of target renters, as shown in Table 7, above, and by the fact that the current market for LIHTC apartment units is at a low 3.6% vacancy rate, in spite of an abundance of mature apartment units. Seventy (70) of the City's 115 vacant LIHTC apartment units are at properties built in 1965 and prior. These are mature properties with small unit sizes, likely one full bath, and limited (or no) amenities.

The two newest LIHTC properties - Port City and Goodwyn at Union Hill, with a combined total of 187 apartment units, have two vacant units. The vacancy rate for the post-2000 built properties are at a 1.7 percent vacancy rate.

The Cameo Street Apartments proposal is attractive and extremely well located. Rents are below market and the proposal has large apartment units and on-site amenities. It is expected to be fully competitive within the defined market area. This will be defined by the following demand analysis.

#### **Conclusions**

The proposed rents were shown to be at or below market for a brand new apartment property.

The unit sizes at Cameo Street Apartments are spacious and very competitive.

The unit mix is well conceived; the “market” shows full support for all unit sizes.

### **Demand Analysis**

First presented in the Demand Analysis is the pipeline proposals for new LIHTC studies.

**Apartment Pipeline.** Table 16 details the apartments with income restrictions that are currently under construction and in active planning within the City of Richmond. There are ten affordable apartments under construction at this time totaling 934 affordable units that will all likely deliver in 2020. Within this total are 25 units restricted to 40% of AMI, 142 units restricted to 50% of AMI and 767 units restricted to 60% of AMI.

In addition to these are three complexes in active planning that are set to begin construction in mid- or late-2020. One community, The Heights at Brady Square, will total 132 units, of which seven will be restricted to 40% of AMI, 26 will be restricted to 50% of AMI and 99 will be restricted to 60% of AMI. The second, Venable Street Apartments, will total 151 units, with most units to be restricted to 60% of AMI. The Foundry will include 200 units with 60% rents.

In total, the affordable apartment pipeline will add 1,417 income-restricted units. Excluding units with project-based vouchers, this total will include 19 units restricted to 40% of AMI, 162 units restricted to 50% of AMI and 1,191 units restricted to 60% of AMI.

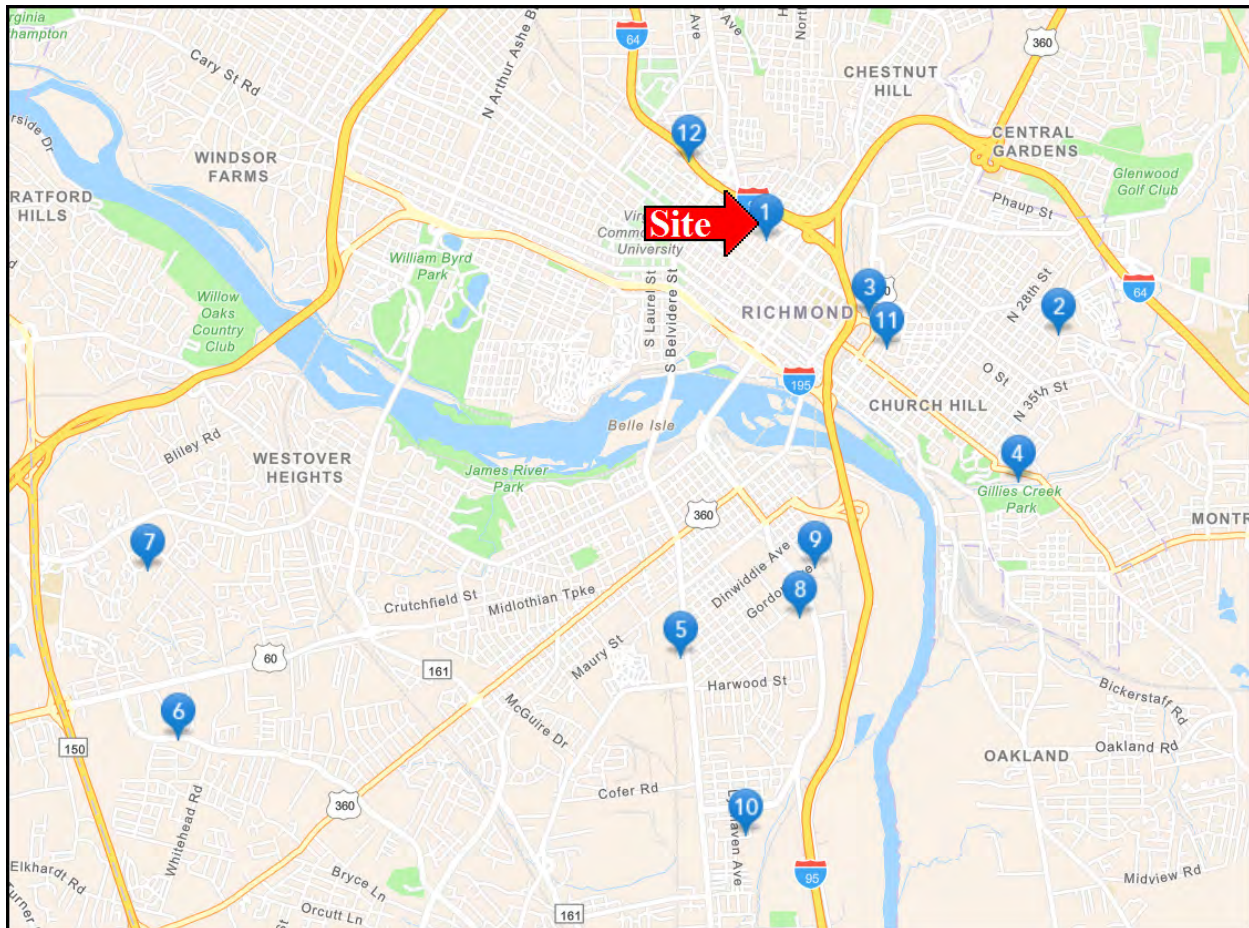
**Table 16: Characteristics of Affordable Apartment Pipeline, City of Richmond, February, 2020**

	<u>Map Key</u>	<u>Proposed Units</u>			<u>Affordable Units</u>	<u>Delivery Date</u>
		<u>40% of AMI</u>	<u>50% of AMI</u>	<u>60% of AMI</u>		
<b><u>Under Construction</u></b>						
Van de Vyver	1	0	0	36	36 6/	Mid-2020
Church Hill North 1A	2	5 3/	20 4/	25	50 5/	Mid-2020
Church Hill North 2A	2	8 1/	29 2/	33	70	Mid-2020
Herod Seed Lofts	3	0	0	169	169	Mid-2020
Glenwood Ridge	4	9	33	40	82	Mid-2020
Port City Apartments II	5	0	0	157	157	Mid-2020
Townhomes at Warwick Place II	6	3	12	15	30	Mid-2020
Alexander at 1090	7	0	48 3/	48	96	Late-2020
Spa Lofts	8	0	0	140	140	Late-2020
New Manchester Flats V	9	0	0	104	104	Late-2020
(Subtotal)		(25)	(142)	(767)	(934)	
<b><u>Planned</u></b>						
The Heights at Brady Square	10	7	26	99	132	2021/2022
Venable Street Apartments	11	5 3/	21	125	151	2021/2022
The Foundry	12	0	0	200	200	2021/2022
(Subtotal)		(12)	(47)	(424)	(483)	
<b>Total</b>		<b>37</b>	<b>189</b>	<b>1,191</b>	<b>1,417</b>	
<b>Total (Excluding Vouchers)</b>		<b>19</b>	<b>162</b>	<b>1,191</b>	<b>1,372</b>	

Notes: 1/ Includes eight project-based vouchers.  
 2/ Includes nine project-based vouchers.  
 3/ Includes five project-based vouchers.  
 4/ Includes 13 project-based vouchers.  
 5/ Excludes ten market rate units.  
 6/ Excludes 46 market rate units.

Source: S. Patz & Associates, Inc.

Shown next, in Map H, are the locations of each of the apartments in active planning and/or under construction. Four of the apartments—Port City II, Spa Lofts, New Manchester Flats V and The Heights at Brady Square—are situated in the greater Manchester Area. Townhomes at Warwick Place II is being built along Old Warwick Road, just south of Route 60. Alexander at 1090 is being built near the intersection of German School Road and Janhke Road. Van de Vyver Apartments is located closest to the study site off E. Duval Street in Jackson Ward. The Foundry is located nearby, just north of I-64 and near Virginia Union University. Herod Seed Lofts and Venable Street Apartments are located just north of Shockoe Bottom. Glenwood Ridge, Church Hill North 1A and Church Hill North 2A are being built in the greater Church Hill area.



**Map H - Locations of Affordable Pipeline Apartments**

The paragraphs below detail each of the apartments in the pipeline.

- **Van de Vyver Apartments.** Construction is nearing completion on this 82-unit apartment community at 105 East Duval Street. This is a mixed-income community, with 46 market rate units and 36 units restricted to 60% of AMI.
- **Church Hill North 1A.** Construction will be completed in early-2020 on this 60-unit apartment complex on the campus of the former Armstrong High School. It will contain a mix of eight one-bedroom, 33 two-bedroom and 19 three-bedroom units. Within this total will be 10 market rate units, five units restricted to 40% of AMI, 20 units restricted to 50% of AMI and 25 units restricted to 60% of AMI. All of the 40% units will have vouchers while 13 of the 50% units will have vouchers.
- **Church Hill North Phase 2A.** Construction began in mid-2019 on this 70-unit apartment community at 1611 North 31<sup>st</sup> Street. This project is part of the Church Hill North Revitalization project and will occupy just over three acres scattered over multiple parcels on the campus of the former Armstrong High School. The community will have a mix of 10 one-bedroom, 27 two-bedroom, 29 three-bedroom and four four-bedroom units in a combination of garden- and

townhome-style units within 25, one- to three-story structures. There will be eight units restricted to 40% of AMI, 29 units restricted to 50% of AMI and 33 units restricted to 60% of AMI. All of the 40% units will have vouchers while nine of the 50% units will have vouchers. Amenities will include a clubhouse and playground. All units will have washers and dryers.

- **Glenwood Ridge**. Construction began in January, 2019 on this 82-unit apartment community at 3801 Glenwood Ridge, in Church Hill. The community will contain nine units restricted to 40% of AMI, 33 units restricted to 50% of AMI and 40 units restricted to 60% of AMI. The development will consist of two elevator served buildings built to an Earthcraft Gold Standard. This will be an amenitized community with a fitness room, computer room, leasing office, community room, food pantry and a central laundry facility. Additional on- site amenities will include a picnic shelter, playground and community garden. Unit amenities will include a refrigerator, range/oven, garbage disposal, dishwasher, microwave, washer dryer hookups, carpet, tile, blinds, ceiling fans, walk- in closets and coat closets. Delivery is slated for mid-2020.
- **Herod Seed Lofts**. Construction will be completed in mid-2020 on the redevelopment of the old Herod Seeds building and adjacent property at 904, 908 and 1020 Oliver Hill Way in Shockoe Valley. The complex will contain 169 units, each of which will have rents restricted to 60% of AMI. Community amenities will include a rooftop deck, secure package lockers, a larger common area and onsite storage.
- **Port City Apartments II** is the second phase of two-phased affordable apartment community located at 800 Jefferson Davis Highway. The first phase of 134 units opened in February, 2019. The second phase of 157 units, which will include 23 artist studios, will be located in ten of the former one-story metal warehouses. Rents will be restricted to 60% of AMI. Construction on this phase is expected to be completed in early-2020. Port City's amenity package, which includes 213 spaces of onsite parking, a leasing office, fitness center and community room, also are included in the first phase. A swimming pool and additional exterior gathering spaces are being planned for Phase II. This phase is expected to open in mid-2020.
- **Townhomes at Warwick Place II**. Construction began in late-2019 on the second phase of Townhomes at Warwick Place, located at 6278 Old Warwick Road. The proposal calls for three 40% units, 12 50% units and 15 60% units. All units will be three-bedroom townhomes with 2.5 bathrooms. Delivery is expected by mid-2020.
- **Alexander at 1090**. Construction began in mid-2019 on this 96-unit affordable apartment complex at 1090 German School Road. The development includes a mix of 64 two-bedroom units and 32 three-bedroom units. Half of the units will be restricted to 50% of AMI while half will be restricted to 60% of AMI. Amenities will include a clubhouse, fitness center, laundry facility, business center, dog park, bike storage and a playground. Delivery is slated for late- 2020.

- **Spa Lofts**. This project, located at 1125 Commerce Road, is the conversion of the 142,000± square foot building, built in 1954 and used to house Caritas' furniture bank, into 140 affordable units restricted to 60% of AMI. Amenities will include a courtyard gardens, pool, gym and community space. Within this total will be 131 one-bedroom units and nine two-bedroom units. Construction is ongoing and approximately 30 percent complete, with delivery anticipated by the end of 2020.
  
- **New Manchester Flats V**. This is the fifth phase of the mixed-income New Manchester Flats, located at 915 E 4<sup>th</sup> Street. This phase will contain a new construction two-story building with 104 units, with a mix of 85 one-bedroom and 19 two-bedroom units, all of which will be restricted to 60% of AMI. Amenities will include a community room, swimming pool, fitness center and volleyball court. Construction is ongoing with delivery expected by October, 2020
  
- **The Heights at Brady Square** was awarded 9% tax credits during the 2019 allocation round. The project is proposed for 132 affordable units at 2200 Brady Street. It will contain 12 one-bedroom, 12 two-bedroom and 12 three-bedroom garden-style units as well as 14 one-bedroom, 68 two-bedroom and 14 three-bedroom townhome-style units. Within this total will be seven 40% units, 26 50% units and 99 60% units. Community amenities will include a clubhouse, fitness center, playground, laundry facility and picnic area. Construction is planned to begin in the summer or fall of 2020.
  
- **Venable Street Apartments**. Construction is expected to begin in mid-2020 on this five-story apartment at 1900 Venable Street. Plans call for 150 affordable units, with 72 one-bedroom, 68 two-bedroom and 11 three-bedroom units. Five of the units will be restricted to 40% of AMI while 21 will be restricted to 50% of AMI and 125 will be restricted to 60% of AMI. All of the 40% units will have project-based vouchers. Amenities will include a community room and elevators. All units will have a washer and dryer.
  
- **The Foundry**. This is a proposed affordable apartment community to be built at 950 Sledd Street. The community will contain 200 units, all of which will be restricted to 60% of AMI. Within this total will be 36 one-bedroom, 88 two-bedroom and 76 three-bedroom. Community amenities will include a clubhouse, swimming pool, laundry facility, fitness center and playground. Construction is likely to begin mid-2020.

Next shown are photos of the existing conditions of each of the above apartments that are currently under construction. Port City Apartments II and Spa Lofts are adaptive-reuse developments. Townhomes at Warwick Place II and approximately 73 percent of the units at Heights at Brady Square will be townhome units. The remaining units at Heights at Brady Square will be garden-style apartments. New Manchester Flats V will be

a two-story, elevator-served building. Alexander at 1090 will consist of walk-up, garden style residential structures. Van de Vyver Apartments, The Foundry Venable Street Apartments and Glenwood Ridge will be midrise, elevator-served buildings. Herod Seed Lofts is a mix of a new construction elevator-served building an adaptive-reuse of an existing historic structure. Church Hill North 1A and 2A will have a mix of garden and townhome-style units.



**Church Hill North 1A/ 2A**



**(New Construction)**

**Herod Seed Lofts**

**(Adaptive-Reuse)**





**Glenwood Ridge**



**Van de Vyver Apartments**



**Port City Apartments II**



**Townhomes at Warwick Place II**



**Alexander at 1090**



**Spa Lofts**



**New Manchester Flats V**

### Demand Table

The demand table is presented next. It shows:

- Net target household growth by each AMI income category, with adjustments made to account for the overlap of the income categories.
- An add-on demand is shown to account for households with Section 8 vouchers. This adjustment is 15 percent of net growth demand, based on the current percent of voucher holders at current LIHTC apartment properties.
- Richmond's substandard household total count can be accounted for in the rent over-burdened calculation.
- The elderly household totals are not a factor for Cameo Street Apartments, as is the case for current residents.

The total demand for each income category is presented. We subtracted vacant units from the pre-2000 built apartment properties, but these units are likely to remain vacant due to age and building design.

We added pipeline units, both under construction and planned, as these are all approved properties, which total 1,370± new units, excluding units designed for voucher holders (who are not included in the target household totals).

The eleven 40% apartment units are expected to be pre-leased. The 23 “50%” rent units are expected to be rented in three months. The 33 “60%” units are expected to be rented in five months.

Please note that the market study and demand analysis are based on resident incomes and do not take into account voucher rents to determine market support.

<b><u>Demand Table</u></b> <b>(2019-2024)</b>					
Income Restrictions		<b><u>Up to 40%</u></b>	<b><u>Up to 50%</u></b>	<b><u>Up to 60%</u></b>	<b><u>Total</u></b>
New Rental Households 1/		370	740	1,470	2,600
PLUS					
Existing Households - Over-Burdened 2/		50	110	220	380
PLUS					
Existing Households-Substandard Housing		0	0	0	--
PLUS					
Elderly Households-Likely to Convert to Rental Housing		0	0	0	--
PLUS					
Existing Qualifying Tenants – to Remain After Renovation		0	0	0	--
Total Demand		420	850	1,690	2,960
MINUS					
<b>Supply</b> (includes directly comparable vacant units completed or in pipeline in PMA 3/		0	50	50	100
		20	160	1,190	1,370
<i>EQUALS</i>					
NET DEMAND		400	640	450	1,490
ABSORPTION PERIOD 1/		0	3	5	5
Notes: 1/Adjusted for overlapping income categories 2/ 15% increase for Section 8 and disabled tenants 3/ Vacant units on top; units designated for voucher holders not include; Pipeline units on bottom (includes units in planning);					

The VHDA capture rate chart is as follows:

	<u>Number</u>
Project Wide Capture Rate - LIHTC Units	2.8%
Project Wide Capture Rate - Market Unit	NA
Project Wide Capture Rate - All Units	2.8%
Project Wide Absorption Period (in months)	5

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.



March 9, 2020

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Market Analyst

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Date