

Market Analysis
Winchester Forest 9% Apartments
Chesterfield County, Virginia

Prepared for:

Mr. Lee Alford
Better Housing Coalition

March, 2020

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March 9, 2020

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Mr. Alford:

Attached is our full narrative market study for the proposed 72-unit Winchester Forest 9% apartment proposal to be built during 2021, for 2022 delivery. The proposal is to be financed with 9% tax credit financing. The site is located along the Route 1 corridor in northern Chesterfield County and is fully competitive with the Richmond area affordable apartment market.

The site is well located within an established community of attractive affordable housing. The neighborhood is well served by community and public facilities.

The competitive market area has a large affordable apartment market, but is at near fully occupancy, with the successful lease-up of all new apartment properties. This is a sizable growth area with considerable new employment growth that has led to the plans for several new affordable apartment properties. However, our market study shows full market support for the Winchester Forest 9% proposal, with an expected capture rate for the 72 apartment units of under 3 percent. All required market research findings are presented in the attached report.

Our site visit and field research was undertaken on February 12, 2020.

Sincerely,

Stuart M. Patz
President

SMP/mes

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Section I Introduction

This will set forth our market study for the proposed 72-unit Winchester Forest Nine Apartments, proposed to be built during 2021, at a large community, located along the Route 1 corridor in Chesterfield County, Virginia, but within the Richmond metropolitan market area. The proposal is for new construction apartment units to be financed under the federal Low Income Housing Tax Credit (LIHTC) using 9% tax credits. The proposal will be submitted to officials of Virginia Housing Development Authority (VHDA) by March 12, 2020, during the Authority's 2020 9% competitive round. The proposal is for new apartment units for families, with rent and income restrictions for affordable housing in the Richmond Region, but without age restrictions.

The proposal may be expanded by 52 additional apartment units, to be built with non-taxable bonds and 4% tax credits, if approval for the 72 "9%" units is granted. If so, Phase II of Winchester Forest proposal will require a new, independent market study, to be undertaken in Summer or Fall, 2020 for the 52 "4%" rental units.

The market report to follow is to be submitted to officials of VHDA, as part of the financing proposal. As such, the market report has been prepared within the detailed guidelines of VHDA for market studies, and includes all market and economic data required for a full narrative market report. **The field research and data collection for this study was undertaken on February 12, 2020.**

To comply with the VHDA market study requirements, the report to follow is presented in three sections. The first, the Introduction, is a detailed description of the Winchester Forest Nine Apartments proposal, including the site description and a detailed analysis of the development proposal. Included in this analysis are proposed rents, unit mix and sizes and proposed amenities. A brief statement about the potential for a second phase is also described, along with the site setting.

Winchester Forest Nine will be built as part of a larger community. Thus, all public and community services required to serve the future population exists. These are

described as part of the site analysis, along with the evaluation of the site setting along the Route 1 corridor.

Section I has a second subsection, an analysis of the market area's economic trends, with specific reference to at-place job and employment growth. These two key economic indicators are the basis for determining the economic stability of the marketplace under study and the "ability" of the marketplace to be successfully expanded with new housing units.

Additionally, at-place jobs and employment are the basis for evaluating population and household growth, and thus, net housing unit demand, including the type and price range of the subject proposal.

Economic data are provided by the U.S. Department of Commerce, Bureau of Labor (BLS) for job and employment trends. These data are current to year-end 2018 - 2019 data will not be available until Summer, 2020. To supplement the BLS data, we provided a description of new development proposals that will generate net new job growth in the market area.

Section II is the supply-demand analysis. It is separated into two subsections. The first is the demographic analysis which solves for the number and growth of renter households with incomes reported in 2019 dollars (as 2020 dollars are not yet established). The income range under study is \$20,000 to \$51,800, which accounts for rents in the 40% of AMI, 50% of AMI, and 60% AMI categories. The forecast date is 2024, as Winchester Forest will likely not be started until 2021 and will require at least 12 months for construction. However, VHDA requires a five-year forecast period.

The demographic analysis is followed by the competitive apartment study. We identified 23 affordable apartment properties that would be competitive with the 72-unit study proposal. These apartments have a combined total of nearly 3,100 units. The competitive apartment list was separated by post-2000 built communities and pre-2000

built communities, as the quality of the newer LIHTC apartment properties are far superior in design and features compared with more mature properties.

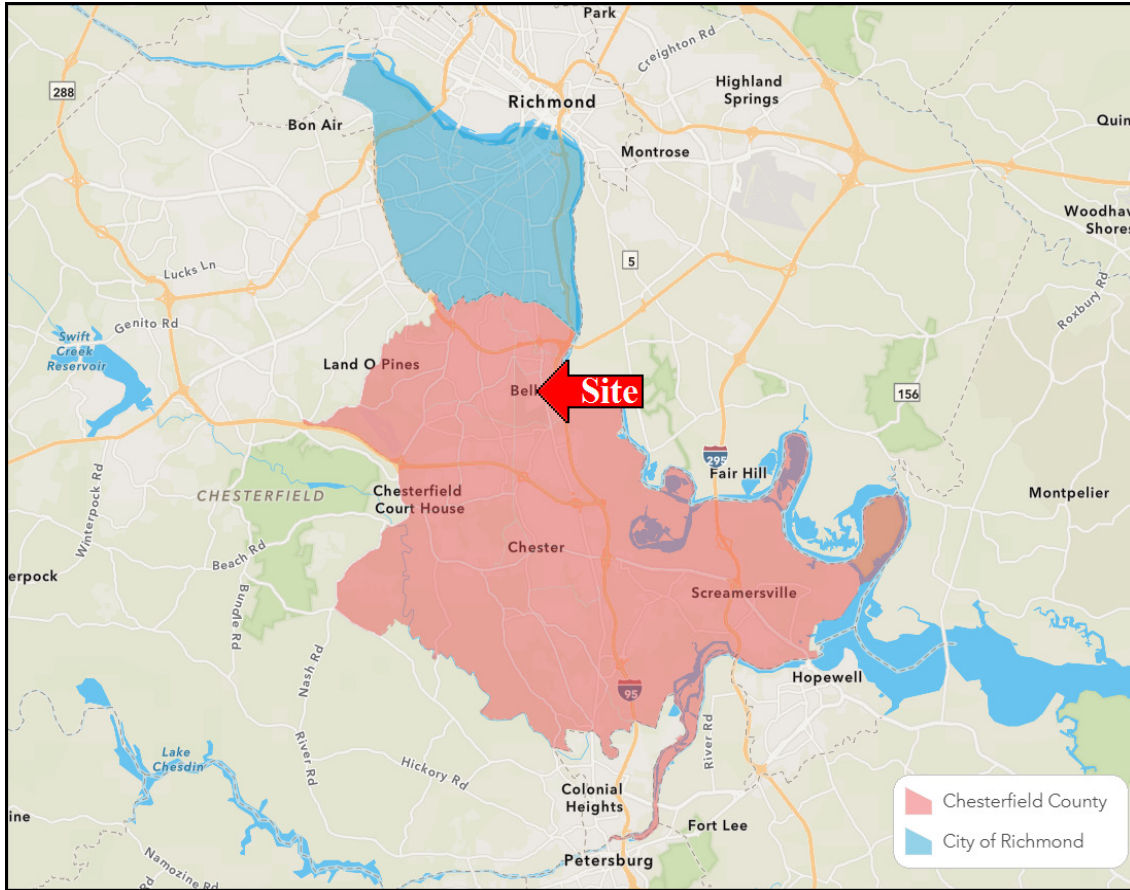
All of these properties are studied for occupancy, rents, unit characteristics and property features.

Section III is the Conclusions which evaluates one planned proposal in terms of rents, lease-up, unit characteristics, and project amenities. The Demand Table presents the net demand analysis.

Market Area Definition

The market area defined for Winchester Forest Nine is shown in Map A. The market area was confirmed by on-site management at Winchester Greens/Market Square, based on current residents at the other area apartment properties and current “traffic.” The irregular shape of the market area is due to the boundaries of the Census tracts that comprise the market area. The Census tracts contained in the market area are presented in the notes in Table 7 on page 43.

Specifically, the market area includes the portions of the City of Richmond south of the James River and east of Rattlesnake Creek. The western boundary in Chesterfield County is generally Belmont Road and Nash Road. Its eastern boundary is Charles City County and Henrico County, which are separated from Chesterfield County by the James River. The southern boundary is the City of Colonial Heights. This geographic area contains a sizable number of LIHTC apartment communities.

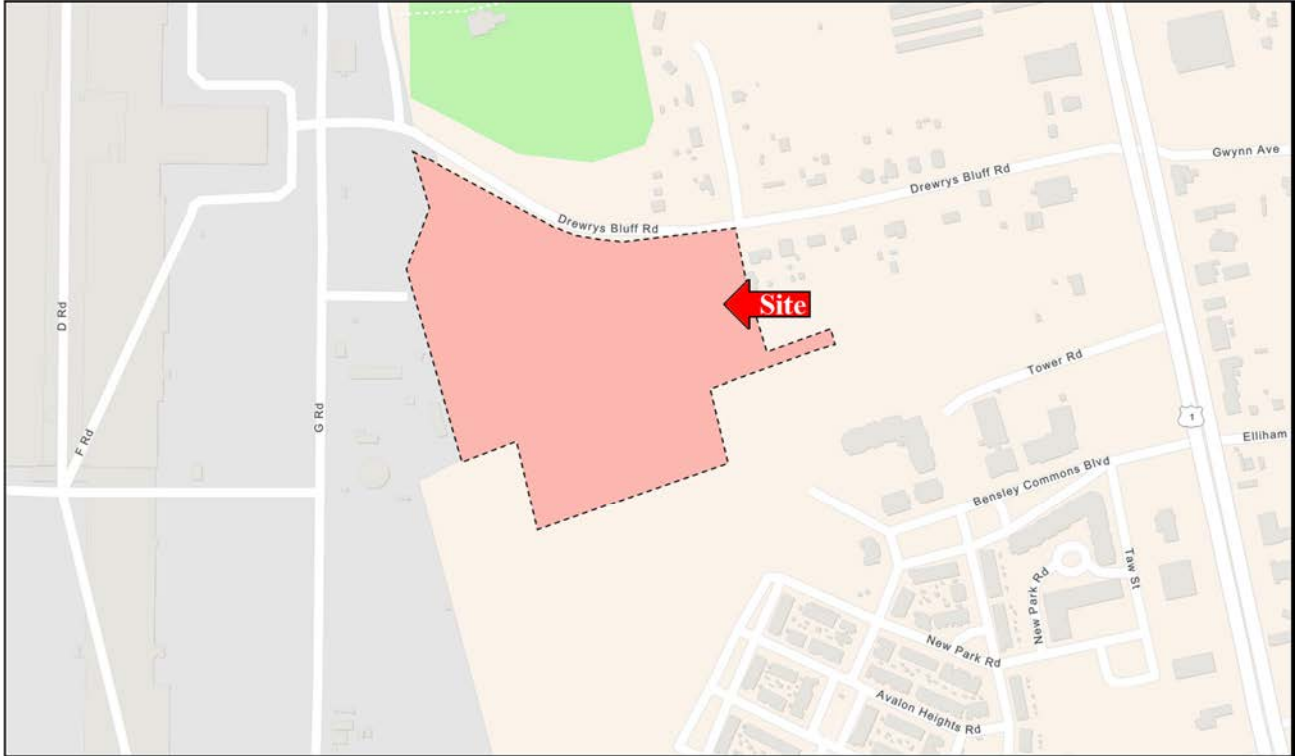


Map A - Winchester Forest Market Area

Winchester Forest Nine

Site Description

The Winchester Forest Nine site is comprised of four parcels, totaling 16.8 acres, and located within the Winchester Greens/Market Square mixed-use community, which includes the existing Market Square I, II, III senior apartments, the construction site for Market Square IV senior apartments, as well as Winchester Greens, a market rate general occupancy apartment community. The study site is located west of Jefferson Davis Highway on the south side of Drewrys Bluff Road in the northeast corner of Chesterfield County, approximately three miles south of the I-95/ Chippenham Parkway (VA Route 150) interchange. Map B below shows the location of the study site.



Map B - Site Location

The study site is irregularly-shaped and has public utilities available, including telephone, cable TV, public water, public sewer, natural gas and electricity. The site is zoned R-MF, which permits the type of development proposed.

Next shown is a northern aerial of the study site. The site is shown to be fully wooded and vacant. It has a generally flat topography.



Northern Aerial

Shown below is a wider northern aerial view of the study site. It shows that Drewrys Bluff Road is lined with mature, single-family homes. On the north side of this roadway is Bensley Park (Note 1). This 17-acre park provides several recreational amenities for area residents, including tennis courts, ball fields, walking trails, a picnic area and a playground. The 5,000± square foot Bensley Recreation Center, which is located within the park, also hosts a variety of programs and events for youths, adults, and seniors.

Apart from a handful of mature single-family homes, the other developments along this roadway are the business of a construction equipment supplier, Torrence Rope & Sling (Note 2); a self-storage facility, called Public Storage (Note 3); and a trailer dealer -- Superior Trailer (Note 4).

To the west of the study site is the expansive 640-acre USA Defense General Supply Center (Note 5). This is an active federal facility, which has been in operation as a DLA supply center since 1941. This facility has undergone several expansions in recent years, which includes the opening of a five-story office building in October, 2018 that houses 875 employees. Construction was also completed in mid-2018 on the Virginia National Guard Joint Force Headquarters that houses the office of the guard's adjutant general and provides space for about 200 full-time guard members and about 250 members serving on temporary active duty. Construction is expected to begin in July, 2020 on the DAL Aviation Operations Center Phase II, which will employ 575 people. Construction on the third and final phase is expected to begin in mid-2021 and be completed by mid-2023. This project will add a six-story wing to the building with space for an additional 1,400 employees.

The remaining adjacent land uses are part of the existing Winchester Greens/Market Square community. This is the redevelopment of the former 424-unit Park Lee Apartments, a dilapidated complex of 35 barracks-style buildings that were purchased by Better Housing Coalition in 1997 from the Department of Housing and Urban Development. A photo of the former apartment complex is shown below.



Park Lee Apartments (Demolished)

Apart from a handful of commercial developments (Wells Fargo Bank, Family Dollar, a day care center, a health clinic and an auto service store), the Winchester Green community is made up of four existing apartment communities and one apartment building that is currently under development. Each is briefly detailed in the paragraphs below.

- **Market Square I** (Note 6). This is an L-shaped two-story masonry and frame elevator apartment building that was constructed in 2001 with 63 units. This is an age-restricted apartment building with rents restricted at 40%, 50% and 60% of AMI. The community has 61 one-bedroom/one-bath units measuring 550 square feet and one one-bedroom/one-bathroom unit measuring 575 square feet. The community also has two two-bedroom/two-bathroom units of 750 square feet. The ground-floor has a community room, a library, the rental office, a resident services advisor's office, community bathrooms, and units along two main corridors. The upper floors have the remaining units, two laundry rooms, and a game room. This community is fully occupied.
- **Market Square II** (Note 7). This is also an L-shaped two-story masonry and frame elevator apartment building that was constructed in 2002 with 42 age-restricted units. All units are restricted to those earning 40% or 50% of AMI. Of the 42 units, 35 units are one-bedroom/ one-bathroom units of 550 square feet. The remaining seven units are two-bedroom/ two-bathroom units that measure 750 square feet. The ground-floor has a community room, a game room (now being used as the rental office due to the water damage at Market Square I), a community bathroom, and units along two main corridors. There is also a gazebo in the parking lot between the Market Square I and Market Square II buildings. The community is fully occupied.
- **Market Square III** (Note 8) opened 2006. This too is an age-restricted community, with rents restricted to 40%, 50% and 60% of AMI. The community consists of 61 apartment units in a three-story L-shaped elevator served building, and eight cottages. The one-bedroom apartments measure 625 square feet, while the one-bedroom cottages measure 754 square feet. The two-bedroom/ two-bathroom apartments are 914 square feet. The two-bedroom/ two-bathroom cottages are larger at 1,074 square feet. There are a total of 51 one-bedroom and 18 two-bedroom units. Amenities include community rooms and lounges with fireplaces, on-site laundry, off-street parking and landscaped courtyards. The cottages include in-unit washers and dryers. This community is fully occupied at this time.
- **Market Square IV** (Note 9). Construction began in mid-2019 on the 69-unit Market Square IV, an age- and income-restricted apartment community located west of Jefferson Davis Highway along the north side of Taw Street,

between Alcott Road its west in the northeast corner of Chesterfield County. The building will include a community room, fitness area, library, onsite leasing office and laundry facility. The apartment community will contain 51 one-bedroom and nine two-bedroom units. Within this total are six units restricted to 40% of AMI. Three of these units will be one-bedroom units and three will have two-bedroom. 24 units will be restricted to 50% of AMI. All but one of these units will be one-bedroom units. A total of 30 units will be restricted to 60% of AMI. 25 units will have one-bedroom and the remaining five will two-bedrooms. The community is expected to open in July, 2020.

- **Winchester Greens** (Note 10). This is a 240-unit market rate apartment community of two- and three-bedroom apartment units, broken down with 216 townhomes and 24 apartment units. Winchester Greens was constructed in 1999. Unit exteriors were renovated in 2006 and some interiors have been renovated at turnover. These apartment units are well-maintained and have access to a full range of amenities including a clubhouse, business center, fitness center, playground and outdoor swimming pool. Two-bedrooms rent in the range between \$925 and \$1,100 while three-bedroom units range in rent between \$1,000 and \$1,300. These rents include water, sewer and trash collection. The community is currently 96.67 percent occupied with 91 voucher holders. Approximately 15 percent of units are occupied by seniors.

Following is a summary of the apartment units at Winchester Greens/Market Square, as described above. There are a total of 475 apartment units (including Market Square IV), of which all are occupied. Of these, 235 are age-restricted apartment units and 240 are units for general occupancy. The general occupancy units reportedly have 15 to 20 senior residents.

<u>Winchester Greens/Market Square</u>		
	<u>No. of Senior Apartments</u>	<u>No. of General Occupancy Apts.</u>
Market Square I	63	--
Market Square II	42	--
Market Square III	61	--
Market Square IV	69	--
Winchester Greens	--	<u>240</u>
Total	235	240

Management at Winchester Greens reports a small wait list of 15± residents. Winchester Greens has approximately 50% of its residents with Section 8 housing

vouchers. Management at Market Square reports no wait list, but a readily available market for any apartment units that become available.

The Winchester Greens/Market Square community has no affordable apartment units for families. Winchester Forest Nine (and possibly Four) will provide those types of units.



Wider Northern Aerial

Shown next area photos of the existing apartment complexes in the Winchester Greens/Market Square community. All are attractive and well-maintained.



Market Square I



Market Square II



Market Square III



Market Square IV (Under Construction)



Winchester Greens

Next shown are photos of the study site. These show a readily available site and areas of tree cover that buffer from adjacent properties. The site is fully vacant and wooded within a quiet setting.



View of Study Site from Drewrys Bluff Road



Western View of Drewerys Bluff Road



Eastern View of Drewerys Bluff Road

Site Setting

As shown in the aerial below, the study site is located on the west side of Jefferson Davis Highway, within the nearly built out greater Bellwood community of northeastern Chesterfield County. A Wells Fargo, Family Dollar and automobile services store

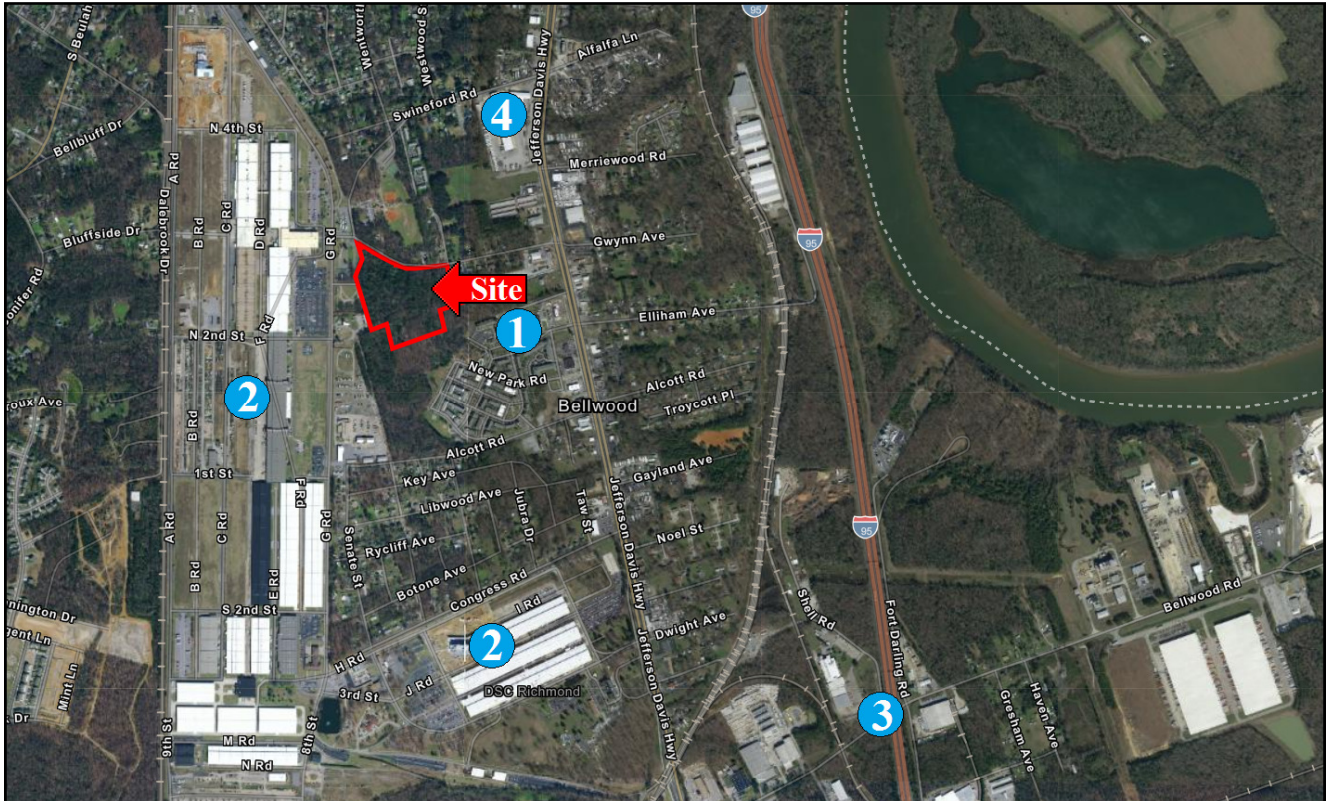
(Henderson's Texaco Service) are situated directly east of the residences on the eastern side of Jefferson Davis Highway. On the north side of the community is a Bojangles' Famous Chicken 'n Biscuits and Genesis Learning Center. This is also the location of the CAHN Bermuda Medical Center (Note 1), which opened in 2013. It is a federally-supported health care facility that offers a wide variety of medical services for area residents. The health center is 4,400 square feet and has nine exam rooms. Health education classes are offered on topics such as diabetes and high blood pressure, and a conference room is available for community meetings.

Most of the other developments along Jefferson Davis Highway near the site consist of modest retailers that primarily serve the local community. Many of the commercial buildings date to when the Highway acted as the prime north-south connection along the east coast, prior to the completion of Interstate 95 in the 1950's. This includes industrial uses as well, which utilized the area's extensive rail system. With the completion of Interstate 95, business demand along the corridor declined, shifting to areas more accessible to the interstate.

The largest development near the study site is the Defense Supply Center Richmond (Note 2), which was previously detailed. This is the location of significant construction activity which will generate job growth until at least 2023.

Other major developments near the study site are primarily manufacturing and warehousing related. To the south, these include manufacturers along the intersection of I-95 and Bellwood Road that include by D & D Mechanical, 84 Lumber, Mc Junkin Red Man Corporation, All Star Blinds, XPO Logistics, DuPont and Symbol Mattress (Note 3). This is the location of a 320,850± square foot warehouse being built by Devon USA, which would be the company's third warehouse. It is also the location of the proposed 92,000± square foot 84 Lumber store. North of the site, on the southern side of Swineford Road, is a large warehousing facility occupied by Wilson Trucking Corporation (Note 4).

Most of the other adjacent land uses are residential, primarily older single-family homes on acreage parcels, as well as mobile home park residences. Most of these neighborhoods are well maintained, but the area commercial space is very dated.



Aerial Setting

Jefferson Davis Highway, (Route 301), is part of the U.S. Highway System that runs from Sarasota, Florida to Glasgow, Delaware. In Virginia, the U.S. Highway runs 140± miles from the North Carolina state line near Skippers north to the Maryland state line at the Potomac River near Dahlgren.

Near the study site, this is a four-lane divided roadway that extends north into Downtown Richmond, passing through the rapidly expanding Manchester neighborhood south of the James River (Note 1). This neighborhood has had significant residential growth in recent years, with over 2,400 new apartment units built in 19 communities since 2010. Approximately a quarter of these units have income restrictions, primarily restricted to 60% of AMI. Nearly 2,000 units in 12 complexes are currently under construction or in

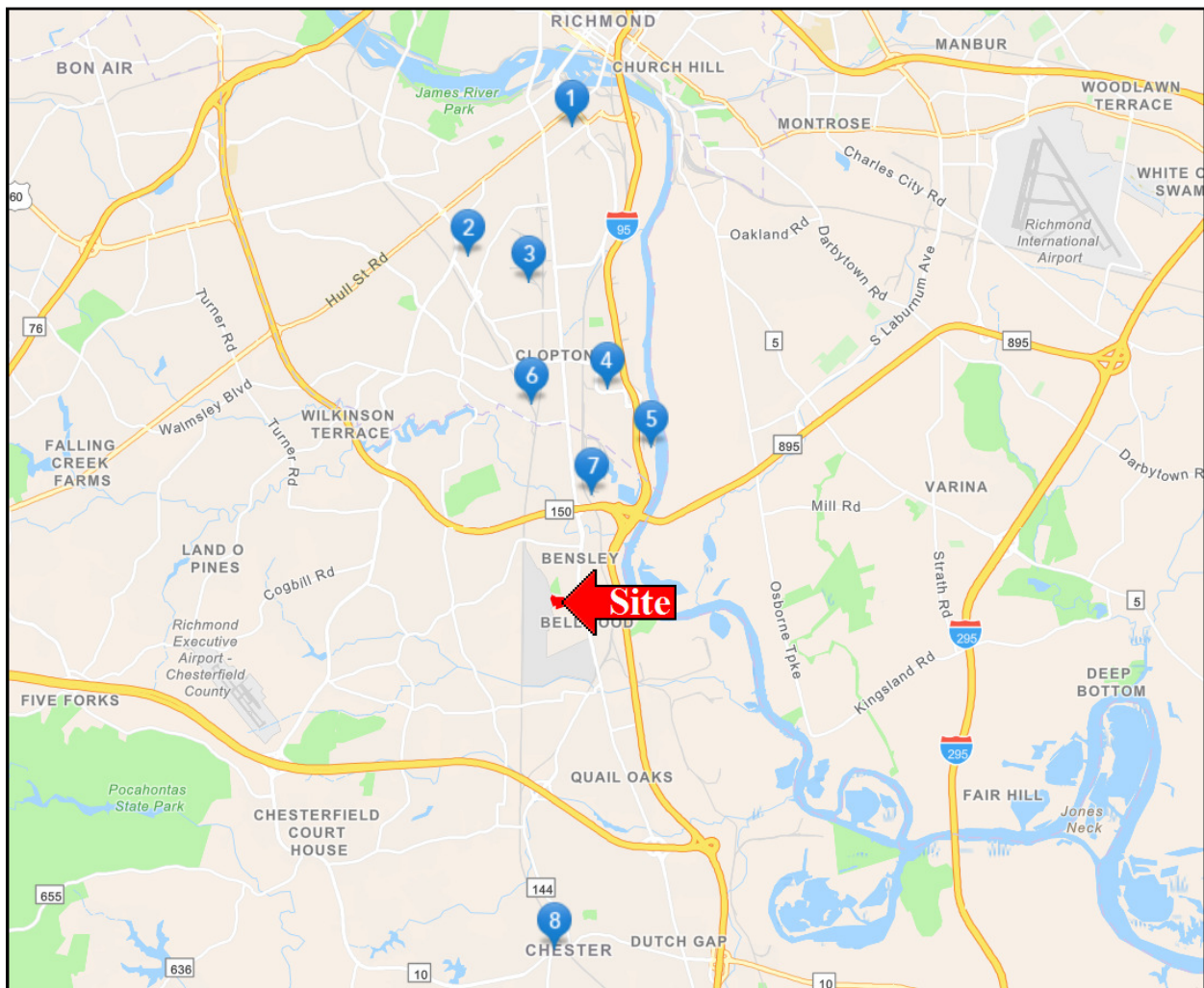
active planning in Manchester, including four income restricted properties. The residential resurgence in Manchester, which began during the post-recessionary period, has also attracted a large number of restaurants, retail storefronts and breweries to the neighborhood and surrounding areas.

Major developments south of Manchester and north of the study site along the Route 301 corridor include:

- **Hunter Holmes McGuire VA Medical Center** (Note 2) is a 400± bed facility that offers a very wide range of medical care. This facility is a national referral center for heart, lung and liver transplants. The hospital is located at 1201 Broad Rock Boulevard and employs over 3,000.
- **Broad Rock Industrial Park** (Note 3). This is a mature industrial park with several manufacturing and storage businesses, including International Paper, United Scrap Metal, ABC Supply Co., Dominion Packaging, Evergreen Packaging and Old Dominion Freight. This is a mature and built out industrial park, with likely limited new employment growth. No estimate for employment at the industrial park was provided by public officials.
- **Philip Morris** (Note 4) has two large industrial properties along the Route 1/301 corridor. The largest is the headquarters and manufacturing facility on Commerce Road, which employs more than 1,000 people. Philip Morris recently consolidated some of its functions to the Manchester location, which brought site employment to its current level. The large Philip Morris facilities along Route 1/301 at Belt Road is primarily a warehouse location with limited employment.
- **Port of Richmond** (Note 5) is a domestic and international multi-model freight and distribution center that handles containers, break bulk, bulk and livestock cargo. The port has container and general cargo facilities. The port has access to water, rail and highway transportation, along with reasonably close proximity to the Richmond Airport.
- **Parnell Air Industrial Park** (Note 6) is an older park that is now built out. City staff have no estimate of employment at this location. Major employers in this park including Progressive Distribution Centers, Star Pipe Products, Cavalier Printing Ink, Open Plan Systems and Owashley Furniture Warehouse.
- **Dupont Industrial Park** (Note 7) in Chesterfield County has been in continuous operation since 1927. It is a manufacturing facility located on

525 acres. The plant has undergone environmental cleanup over the recent past and this is still underway. Manufacturing at one plant includes textile fibers and sheet products. Chesterfield County officials report that approximately 2,000 persons are employed at the plant.

No large developments are located along Jefferson Davis Highway immediately south of the study site. Some retail buildings do line this highway, though all are mature with limited appeal. Also shown in Map C is that the community of Chester (Note 8) is situated approximately six miles south of the study site. This is the location of several nearby retailers.



Map C - Site Setting

Following are brief descriptions of the public and commercial facilities that will serve the resident population at Winchester Forest Nine (and Four).

Medical Care. The closest hospital to the study site is Hunter Holmes McGuire VA Medical Center, which serves the region’s veteran population. This is a 400+bed facility that offers primary, secondary, and tertiary diagnostic and therapeutic health services in medicine, surgery, neurology, rehabilitation medicine, intermediate care, acute and sustaining spinal cord injury, skilled nursing home care, and palliative care.

Apart from Hunter Holmes McGuire VA Medical Center, another close-by hospital to the study site is the expansive VCU Medical Center, located ten miles north 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.

In addition to the above to hospitals is the CAHN Bermuda Medical Center, a small health care facility located on the north side of the Winchester Greens development. Programs and services at this facility include:

- Primary Adult Care
- Medication Assistance
- Patient Advocacy
- Pediatrics
- 24/7 Nurse Advice Line
- Transportation Services
- Health Education
- ACA Enrollment
- Social Services

Community Facilities. The closest post office to the study site is located approximately three miles northwest of the site at 3930 Meadowdale Boulevard. Chesterfield Fire and EMS Station 3 is the nearest fire station to the study site. It is located at 2836 Dundas Road. Meadowdale Library, located at 4301 Meadowdale Boulevard, is the closest library to the study site.

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

<u>Location of Nearby Churches</u>	
<u>Name</u>	<u>Address</u>
Kingsland Baptist Church	8801 Perrymont Road
Oak Grove Baptist Church	3801 Beulah Road
All Nations Church-Nazarene	4252 Panola Road
Kingdom Life Church	6000 Hopkins Rd
St Augustine's Catholic Church	4400 Beulah Road

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

- **Bensley Park and Recreation Center.** This 17-acre park is located at 2900 Drewrys Road, less than one mile north of the study site. It provides several recreational amenities, including tennis courts, ball fields, walking trails, a picnic area and a playground. The 5,000± square foot Bensley Recreation Center, which is located within the park, also hosts a variety of programs and events for youths, adults, and seniors. The facility also includes a game room, arts and crafts room, kitchenette and multipurpose room.
- **Harry G. Daniel Park at Ironbridge** is located at 6600 Whitepine Road approximately seven miles southwest of the study site. This 187-acre park contains several diamond and rectangular fields, game courts, shelters, and trails make this park a popular destination for a wide range of recreational activities. The park is also located next to The First Tee golf course.
- **Bird Athletic Complex.** This 14.3-acre site is located at 10401 Courthouse Road, 7.4 miles southwest of the study site. Amenities include seven lighted baseball/ softball fields, a lightened miracle league field, six lighted tennis courts, a 0.42-mile walking trail, a picnic shelter and playground.

Education. Chesterfield County Public Schools enroll 59,000± students in 63 schools. Chesterfield County has 38 elementary schools (grades K-5), 12 middle schools (grades 6-8), 11 high schools (grades 9-12) and a technical center. None of the zoned schools are within walking distance from the study site, however public school bus service will be available for all potential students. School-aged children residing at Winchester Forest will be served by the following schools.

<u>Schools to Serve Winchester Forest</u>		
<u>Name</u>	<u>Address</u>	<u>Distance</u>
Bellwood Elementary School	9536 Dawnshire Road	3.2 miles
Falling Creek Middle School	4724 Hopkins Road	5.0 miles
Meadowbrook High School	4901 Cogbill Road	4.6 miles
Source: Chesterfield County Public Schools		

Shopping. The closest grocery store to the study site is an unnamed Food Lion-anchored shopping center at 5720 Jefferson Davis Highway, 2.3 miles north of the study site. Other major shopping centers near the study site are detailed in the paragraphs below.

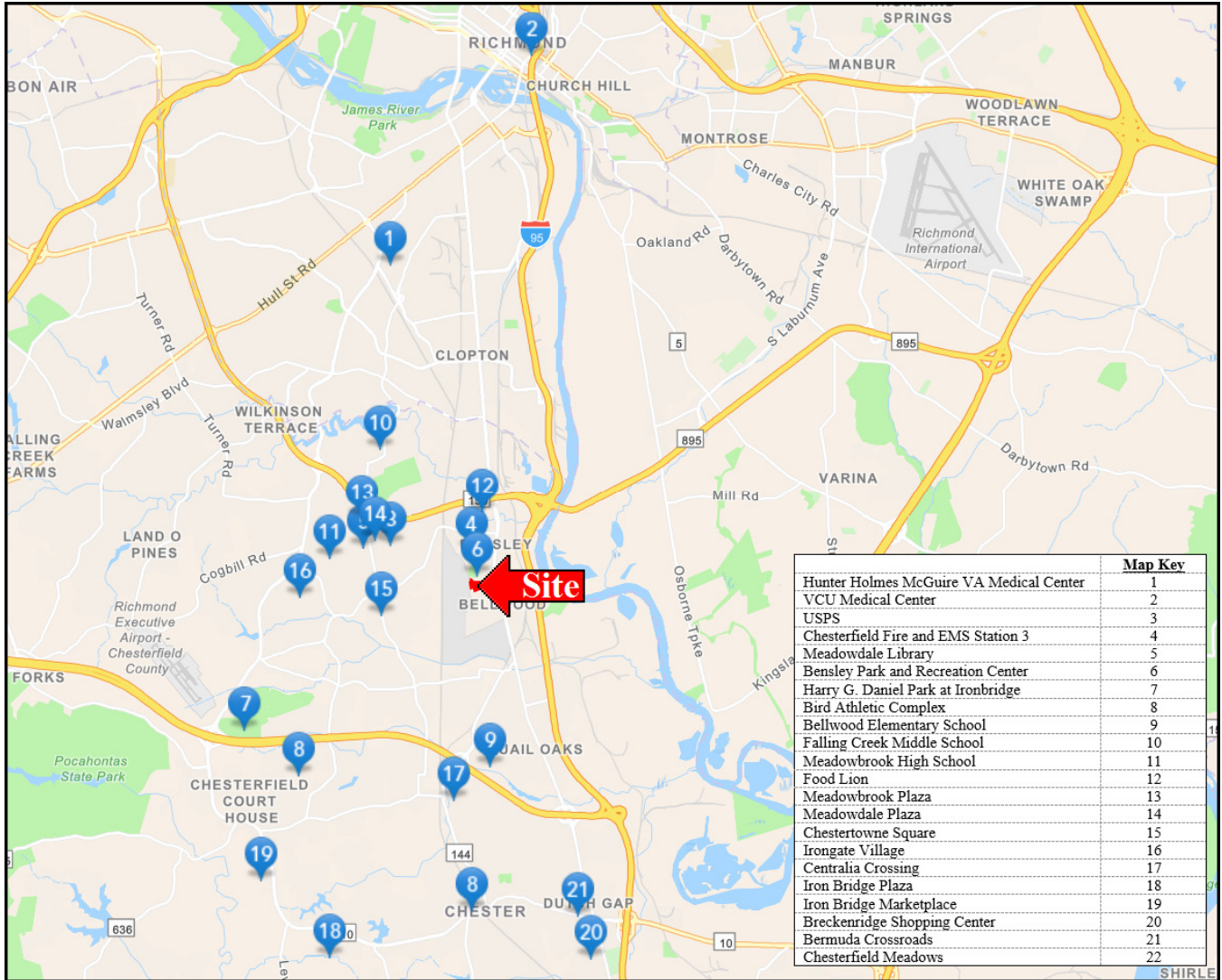
- **Meadowbrook Plaza** is located at 5610 Hopkins Road. This is a mature shopping center that is anchored by a recently built Wal-Mart Neighborhood Market. Smaller tenants include Wells Fargo, Firestone and Virginia Commonwealth Bank.
- **Meadowdale Plaza**. This shopping center is located at 3950-4152 Meadowdale Boulevard. It is anchored by a 35,850± square foot Food Lion. Other major tenants including Super Dollar Tree, Ollie's, Marshalls and Citi Trends.
- **Chestertowne Square**. This mature shopping center is located at 4211 Beulah Road. Anchor tenants include Roses and Rite Aid.
- **Irongate Village Shopping Center**. This 57,830± square foot shopping center is located at 6403-6429 Iron Bridge Place. This shopping center is anchored by Food Lion and Rite Aid. Smaller tenants include Dollar General and Beauty Supply Store.
- **Centralia Crossing**. This Food Lion-anchored shopping center is located at 9801 Chester Road. Smaller tenants include Dollar & Cents, Papa John's Pizza, Tripple Delight and Mirage Day Spa.
- **Iron Bridge Plaza** is located at 11996 Iron Bridge Road in Chester. This shopping center is anchored by a Wal-Mart. Smaller retailers include HNC, T Mobile and China Wok.
- **Iron Bridge Marketplace**. Located at 10800 Iron Bridge Road, this 122,000± square foot shopping center is anchored by a Kroger.

- **Breckenridge Shopping Center** is located at 12806 Jefferson Davis Highway. Anchors include Kroger and Kohl's.
- **Bermuda Crossroads**. This 122,570± square foot shopping center is located at 12100 Bermuda Crossroads Lane. This shopping center is anchored by a Food Lion and Office Max. Smaller tenants consist primarily of restaurants as well as a nail salon and dry cleaners.
- **Chesterfield Meadows** is a 40,850± square foot shopping center located at 6401 Centralia Road. Tenants include Dollar Tree, Pleasants Hardware and several restaurants.

In addition to the above several free-standing big-box retailers in Chester including Lowe's Home Improvement, Target, Big Lots and Home Depot.

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

Summary. The Winchester Forest Nine location contains primarily mature, outdated retail and commercial uses. However, the community at large has an abundance of commercial and service facilities to serve the area population, as evidenced by the full occupancy of the three senior buildings and full occupancy of Winchester Greens and Market Square I, II and III.



Map D - Location of Area Community and Public Facilities

Development Program

Table 1 provides a detailed description of the Winchester Forest Nine apartment proposal, with data on apartment unit sizes, unit mix and proposed rents. This excludes the proposed 52 units that could be built simultaneously as part of the total Winchester Forest proposal and financed with non-taxable bonds and 4% low income housing tax credits.

The table shows a mix of 14 one-bedroom, 44 two-bedroom and 14 three-bedroom units. One-bedroom units measure 724 square feet, while two-bedroom units measure 1,011 square feet. The three-bedroom units measure 1,150 square feet. All one-bedroom units will have a full bathroom while the two- and three-bedroom units will have two full bathrooms.

There will be a total of 11 units restricted to rents of 40% of AMI, 25 units restricted to rents of 50% of AMI and 36 units restricted to rents of 60% of AMI. Six of the 40% one-bedroom units will rent for \$800. Two one's will have Section 504 compliant rents.

Fifteen of the two-bedroom units will have 50% rents at \$750. The remaining two's will have rents of \$882 and \$950. Five two's are at rents based on Section 8.

There will be 19 three-bedroom units with 50% rents, renting for \$850 with the others at rents of \$1,000. Three two's are at rents under the 504 program. **Rents will exclude all utilities, except trash, with the utility allowance covering the costs of cold water, sewer, and electricity.**

The sponsor has applied to the Richmond Redevelopment & Housing Authority (RRHA) for 12 project-based Section 8 vouchers. These have been approved. The mix for these units are: 3 one's, five two's and three three's.

The proposal has large apartment unit sizes, which is atypical for most LIHTC apartment properties. The two- and three-bedroom units have two full baths. The UA was provided by the sponsor, based on the cost of other adjacent apartment properties.

The apartment unit mix is designed for families, with 80 percent of the units two- and three-bedroom. Winchester Greens attracts some seniors, as the Market Square properties are full. Winchester Forest Nine has 14 one's to serve this market, if necessary.

Table 1: Proposed Unit Characteristics, Winchester Forest Nine 1/, Chesterfield County, VA, March, 2020

	<u>Units</u>	<u>Size (Sq. Ft.)</u>	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>
<u>1BR/ 1BA</u>					
40% of AMI	2	724	\$800	\$129	\$629
50% of AMI	6	724	\$650	\$129	\$779
60% of AMI	<u>6</u>	724	\$800	\$129	\$929
(Subtotal)	(14)				
<u>2BR/ 2BA</u>					
40% of AMI	5	1,011	\$882	\$175	\$725
50% of AMI	17	1,011	\$750	\$175	\$925
60% of AMI	<u>22</u>	1,011	\$950	\$175	\$1,125
(Subtotal)	(44)				
<u>3BR/ 2BA</u>					
40% of AMI	4	1,183	\$1,150	\$233	\$833
50% of AMI	2	1,183	\$850	\$233	\$1,083
60% of AMI	<u>8</u>	1,183	\$1,050	\$233	\$1,283
(Subtotal)	(14)				
Total	72 2/				

Notes: 1/ Rents to exclude utilities.

2/ Sponsor applied for 12 project-based vouchers from the RRHA. Likely to be tied to three one-bedrooms, six two-bedrooms and three three-bedroom units.

Source: Better Housing Coalition

Rent Comparison

Table 2 shows the gross rents proposed for the Winchester Forest Nine apartment units with a utility allowance (UA) added to the net rent. These are “market” rents and excludes rates under the 504 Compliant Program for the Section 8 units. The UA was calculated for the sponsor based on the unit sizes and energy efficient HVAC system and appliances. The apartment building will be energy efficient within the 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 Winchester Forest Nine, based on the calculated UA, are below the maximum allowable rates, as defined by HUD.

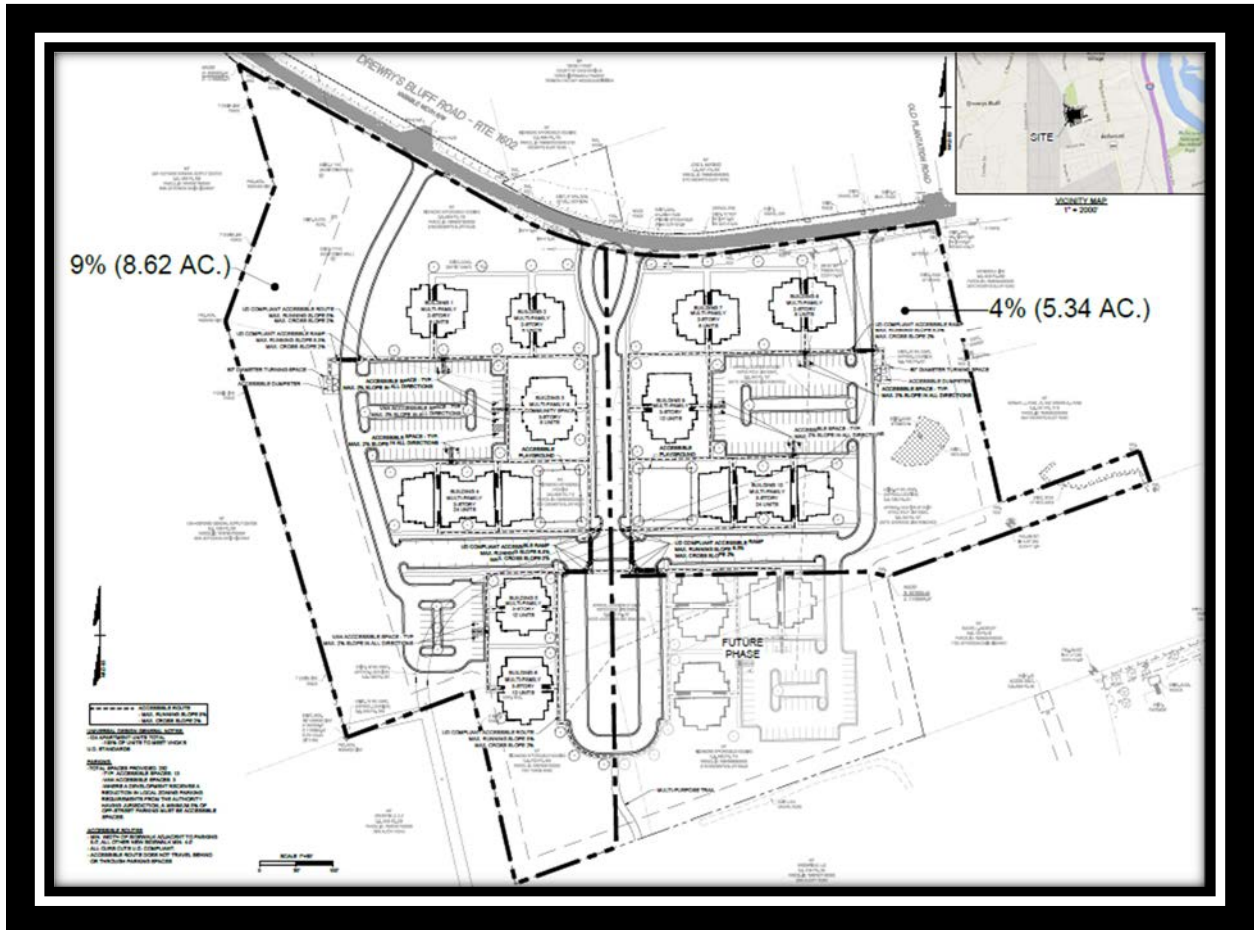
Table 2: <u>Rent Comparison Chart, Winchester Forest Nine and HUD Maximum Allowable Rates, March, 2020</u>				
<u>Winchester Forest</u>				
	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>	<u>HUD Maximum Allowable</u>
<u>One-Bedroom</u>				
40% of AMI	\$500	\$129	\$629	\$648
50% of AMI	\$650	\$129	\$779	\$810
60% of AMI	\$800	\$129	\$929	\$972
<u>Two-Bedroom</u>				
40% of AMI	\$550	\$175	\$725	\$778
50% of AMI	\$750	\$175	\$925	\$972
60% of AMI	\$950	\$175	\$1,125	\$1,167
<u>Three-Bedroom</u>				
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. The plan shows 13 garden apartment buildings on the south side of Drewry’s Bluff Road. There will be three access points from this roadway. Within this total will be four two-story buildings with eight units fronting on Drewry’s Bluff Road, six three-story, 12-unit buildings in the center of the community and at the rear of the community, and two three-story, 24-unit buildings in the center of the complex. Sidewalks will provide pedestrian access throughout the community. One building, on the south side, will have eight upper-level residential units and ground floor amenity space that will include a maintenance shop, fitness room, community room, and office. Also shown are two playgrounds to be built in the toward the center of the community.

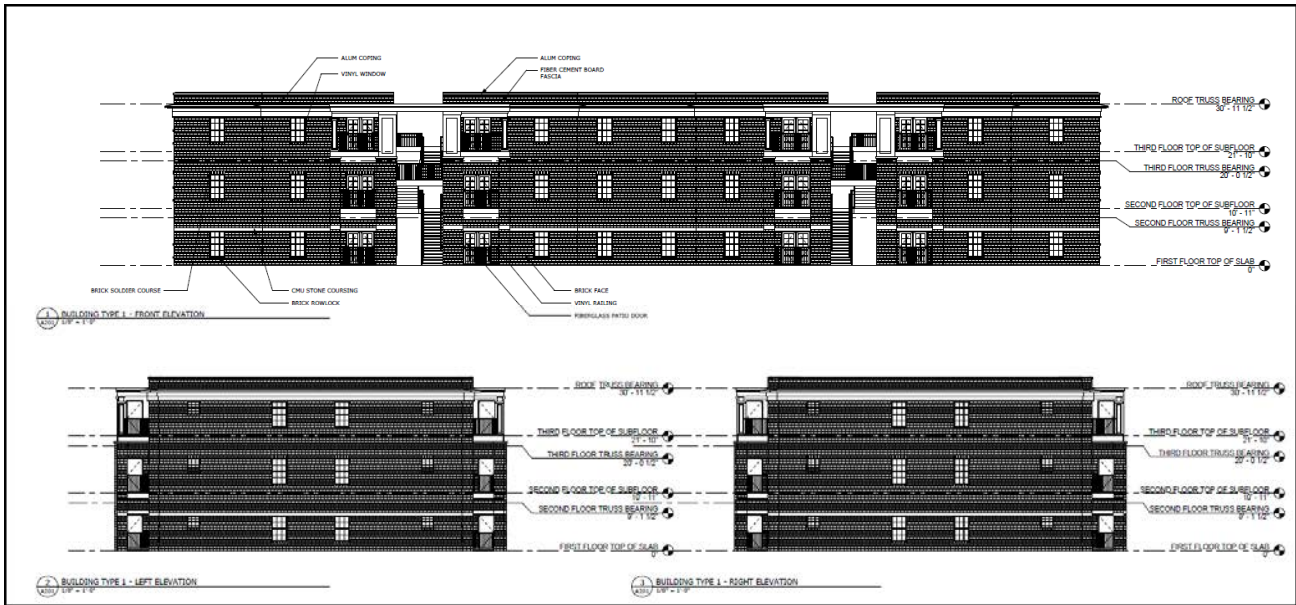
The 72 units at Winchester Forest Nine will contain the six western-most buildings, boxed in red. The proposed 4% portion if built with 52 units, are shown to be on the eastern side of the property. On the southeast side of the site are three buildings for a future phase of 36 “4%” units.

Surface parking for Winchester Forest Nine will front each of the apartment buildings and total 141 spaces, or a ratio of 1.96 spaces per unit. The total project if built and including both phases, will contain 313 parking spaces, or a ratio of 1.89 spaces per unit.



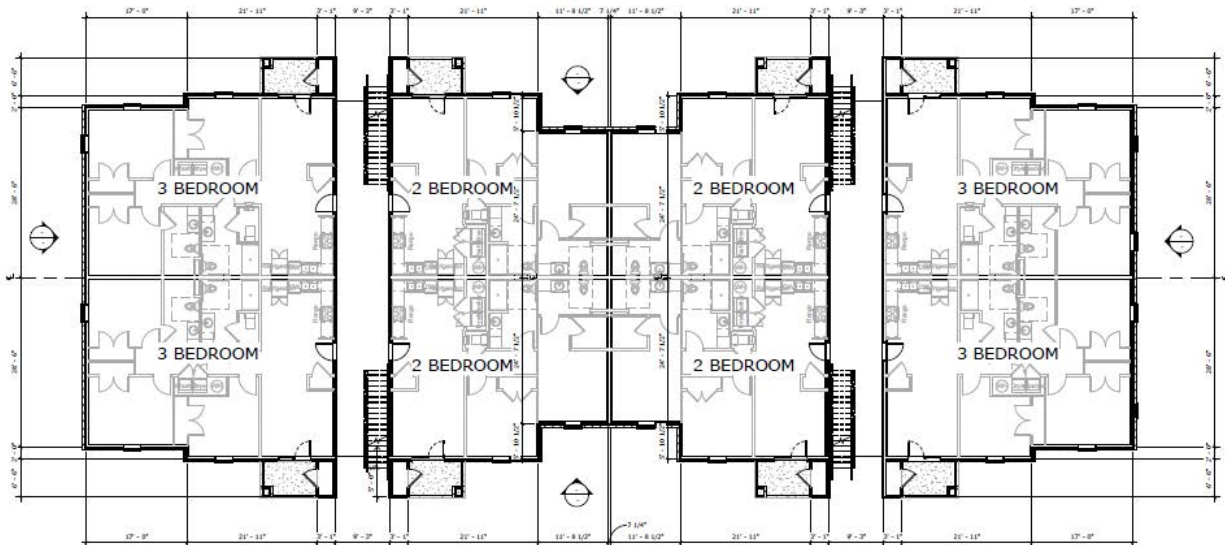
Winchester Forest Nine Site Plan

Shown next are elevations of a typical three-story building at Winchester Forest Nine. The photo shows brick exteriors, open stairwells and a flat roof. The windows are normal sized and all units have small balconies. The buildings will meet Earthcraft Gold standards and defined to be complimentary with the existing apartment buildings within the overall community.



Winchester Forest Nine Typical Elevation

Following is a typical floor plan in one of the buildings. It shows that the buildings will be fully residential and accessed by open stairwells. The balconies have storage areas.

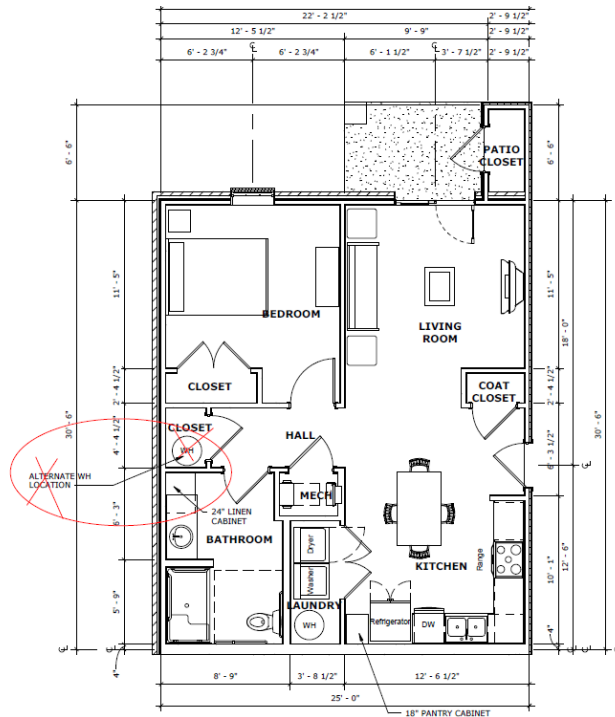


Typical Building Floor Plan

Unit Floor Plans

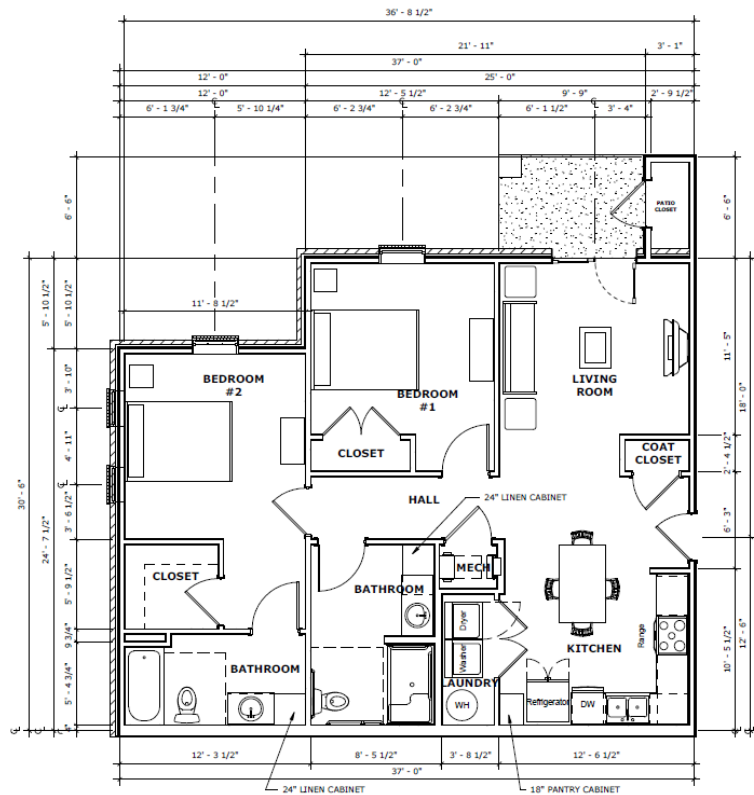
Next shown are each of the proposed floor plans. The apartments will be equipped with laminate counter tops and black appliances. Bedrooms will be carpeted. **Units will have washer and dryer hooks-ups.** All kitchen fixtures will be LED and meet MDCR lighting guidelines.

First shown is the one-bedroom floor plan, which will measure 724 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/balcony with an outdoor storage space. The laundry room will be situated adjacent to the kitchen. The bedroom will be opposite the bathroom and contain a closet. A linen closet is also planned for the space between the bedroom and bathroom.



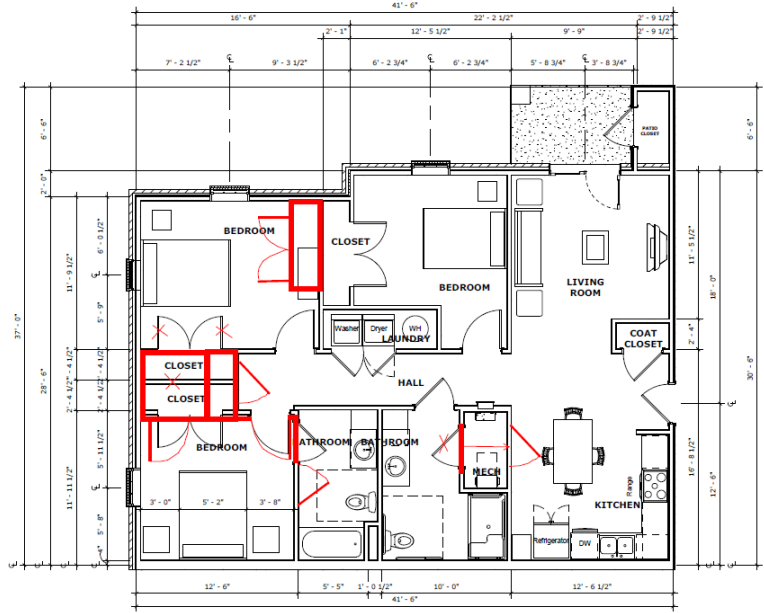
One-Bedroom (724 Square Feet)

Shown next is the proposed two-bedroom floor plan, which will measure 992 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 with an exterior storage space. The master bedroom will have a walk-in closet and private bathroom. The second bedroom will have a smaller closet. The bedrooms are adjacent and both are either adjacent to a bathroom or one is nearby a bedroom.



Two-Bedroom (992 Square Feet)

The three-bedroom units, shown below, will measure 1,292 square feet. As with the other floor plans, these units will have an open kitchen, combined living and dining area and a patio with exterior storage space. The master bedroom will contain a walk-in closet and an attached bathroom. The smaller two bedrooms will each contain a closet. These three bedrooms are all adjacent to a bathroom. **All units have an enclosed laundry room with hook-ups for a full-sized washer/dryer.**



Three-Bedroom (1,292 Square Feet)

Development Costs

The proposed building cost, including soft costs and land acquisition, is \$9.7 million, or \$134,540± per apartment unit.

Summary

Winchester Forest Nine will be built as part of a successful apartment complex. The 100% occupancy rate at the existing 466 apartments attests to the quality of the location for affordable housing and the stability of the setting.

The new units (proposed) have an attractive design and good floor plans. These 72 units will serve a “market” that is not now provided at Winchester Greens/Market Square, affordable housing for families.

Market Area Economic Overview

This part of the market analysis presents an economic overview of the *market area* marketplace in terms of job and employment growth. Economic data are shown for the

City of Richmond and Chesterfield County. Three economic factors are presented and analyzed: (1) at-place job growth, (2) employment and labor force trends, and (3) an evaluation of active development plans that are expected to generate new job and employment growth.

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.

At-Place Jobs

At-place jobs refer to the number of jobs located within the City of Richmond and Chesterfield County, and data in Table 3 show a total of 294,130± jobs as of year-end 2018, up 3,810± over the previous year and exceeding the pre-recession peak in 2008 by 14,870±. Both jurisdictions were studied for job and employment growth due to the study site's setting near the City of Richmond. As of year-end 2018, the market area has fully recovered all jobs lost as a result of the past recession. Employment data, the number of persons employed, presented below, will also show net growth.

As shown in Table 3, the largest employment sector in the market area is the Health Care sector, accounting for 39,340± jobs at year-end 2018, or 13.4 percent of total market area-wide employment. Three of the five largest employers in the City of Richmond 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 combined added a combined 850± new jobs over the past year. Major Health Care employers in Chesterfield County include the C.J.W. Medical Center, with 1,200± employees, and the Bon Secours St. Francis Medical Center, also with 1,200± employees. 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 of Richmond. With 6,710± jobs added since 2008, this is the fastest growing employment sector in the market area.

The second fastest growing employment sector in the market area is the Transportation/Warehousing sector, which added 6,360± jobs since 2008. This represents an increase of nearly 82 percent. 1,120± jobs were added in this sector in 2018. Most of the new jobs in this sector were added in the eastern portion of Chesterfield County, where several large industrial parks are situated. Many of these new hires were associated with several expansion rounds by Amazon, beginning in 2012, to staff its one million square foot fulfillment center in the Meadowville Technology Park. This is a significant source of employment growth. Data in the chart below show the rapid employment growth at Amazon between 2012 and 2017. This total excludes seasonal employment, which typically numbers 4,700±.

<u>Employment Growth at Chesterfield County</u>		
<u>Amazon Fulfillment Center, 2012-2017</u>		
	<u>Employees</u>	<u>Percent Change</u>
2012	1,000	--
2013	1,100	10.0%
2014	1,600	45.5%
2015	3,000	87.5%
2016	3,000	0.0%
2017	3,500	16.7%
Change	2,500	
Source: Chesterfield County Comprehensive Annual Financial Reports		

Another sector with significant growth is the Accommodations/Food sector. Approximately 5,390 jobs were added in this sector since 2008, including 390± jobs that were created in 2018 alone. This is a sector that has grown every year since 2009. Much of this growth is associated with the many hotels that have opened in Richmond and Chesterfield County 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. Several other hotels are in planning and under construction.

Employment in the State Government is also an important segment of the local labor market, particularly in the City of Richmond. 29,650± people work for the State Government, as of year-end 2018. This represents over ten percent of total employment in the market area. The largest State Government employer is Virginia Commonwealth University (VCU). Employment in the State Government has grown by nearly 950 since 2008.

Other sectors with significant growth over the past decade include Admin./ Waste Services (2,800± new jobs), Arts/ Entertainment/ Recreation (1,050± new jobs), Professional/ Technical Services (860± new jobs), Educational Services (650± new jobs), Federal Government (230± new jobs), Finance/ insurance (210± new jobs) and Other Services (180± new jobs).

The market area has become less dependent on traditional manufacturing industries, with the sector comprising only 4.7 percent of the market area's total jobs as of year-end 2018, compared with 6.4 percent in 2008 and a higher percentage prior to 2007. As shown in Table 1, 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: Information (2,100± jobs lost), Management of Companies (1,940± jobs lost), Local Government (1,100± jobs lost), Retail Trade (1,070± jobs lost) and Real Estate (130± jobs lost).

Table 4: Trends in Average At-Place Employment, City of Richmond/ Chesterfield County, VA, 2008-2018

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agriculture, Forestry, Fishing	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Utilities	774	761	780	793	966	984	988	998	1,006	998	895
Construction	ND	13,518	12,430	12,517	12,797	12,948	13,267	14,533	15,362	15,655	16,056
Manufacturing	17,834	15,518	15,483	14,417	14,203	14,188	14,009	ND	13,902	14,092	13,757
Wholesale Trade	9,745	8,986	8,621	8,700	8,657	9,098	8,989	9,013	9,063	8,984	9,371
Retail Trade	27,022	25,604	25,167	25,079	25,759	28,117	29,185	27,224	26,187	25,956	25,949
Transport. & Warehousing	7,757	7,365	7,394	7,622	7,733	7,957	8,498	12,216	13,054	12,991	14,114
Information	5,027	4,651	ND	ND	3,138	ND	3,047	3,032	2,946	2,965	2,926
Finance/Insurance	12,205	11,981	11,886	11,868	12,453	12,266	12,285	12,239	12,157	12,266	12,415
Real Estate	3,464	3,244	3,180	2,901	2,962	2,694	2,781	3,171	3,247	3,375	3,332
Professional/Tech. Services	17,541	16,657	16,433	17,933	17,676	17,671	17,386	17,748	18,019	18,444	18,401
Management of Companies	12,061	11,286	10,647	11,096	10,764	10,312	10,227	10,318	10,194	9,969	10,120
Admin./Waste Services	15,960	13,519	13,735	15,222	15,886	14,940	15,177	17,845	19,656	19,117	18,757
Educational Services	4,181	4,350	4,498	4,439	4,641	4,733	4,771	4,812	4,866	4,899	4,832
Health Care	32,630	32,749	33,397	32,957	33,814	35,622	36,432	36,628	37,530	38,450	39,343
Arts/Enter./Recreation	4,154	4,180	4,299	4,439	4,341	4,573	4,595	4,927	5,109	5,071	5,203
Accommodations/Food	19,433	18,632	18,478	19,344	20,162	21,159	21,627	22,357	23,559	24,428	24,822
Other Services	10,404	10,098	ND	9,304	9,505	9,344	ND	9,515	9,696	10,176	10,582
Local Government	24,549	24,541	24,185	23,767	23,848	23,579	23,339	23,280	23,090	23,154	23,443
State Government	28,707	28,696	28,933	29,057	28,596	28,465	28,810	28,553	28,926	29,501	29,653
Federal Government	<u>8,955</u>	<u>9,045</u>	<u>8,062</u>	<u>7,864</u>	<u>8,002</u>	<u>8,106</u>	<u>8,029</u>	<u>8,375</u>	<u>8,953</u>	<u>9,010</u>	<u>9,180</u>
Total	279,258	265,577	261,405	263,373	266,055	269,996	272,876	280,777	287,194	290,318	294,132

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

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

Table 5 shows the net change in at-place job totals over the past ten years in the City of Richmond and Chesterfield County. It shows that while Richmond shed 3,310± jobs during this period, these losses were fully offset by 18,180± new jobs in Chesterfield County.

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. To restate, Central

Richmond has attracted a large number of persons who reverse commute and live in the City and work in the County.

As previously noted, growth was most pronounced in the Transportation & Warehousing and Health Care and sectors. Employment growth was recorded in a wide range of sectors while few sectors have faced net employment loss since 2008.

Table 5: <u>Change in Total At-Place Employment, City of Richmond/ Chesterfield County, VA, 2008-2018</u>			
	<u>City of Richmond</u>	<u>Chesterfield County</u>	<u>Total</u>
Agriculture, Forestry, Fishing	--	--	--
Mining	--	--	--
Utilities	-26	147	121
Construction	--	153	--
Manufacturing	-3,517	-560	-4,077
Wholesale Trade	-819	445	-374
Retail Trade	-1,316	243	-1,073
Transport. & Warehousing	294	6,063	6,357
Information	-1,315	-786	-2,101
Finance/Insurance	544	-334	210
Real Estate	9	-141	-132
Professional/Tech. Services	-158	1,018	860
Management of Companies	-2,039	98	-1,941
Admin./Waste Services	-812	3,609	2,797
Educational Services	571	80	651
Health Care	1,774	4,939	6,713
Arts/Enter./Recreation	574	475	1,049
Accommodations/Food	3,418	1,971	5,389
Other Services	-344	522	178
Local Government	-767	-339	-1,106
State Government	1,087	-141	946
Federal Government	<u>-51</u>	<u>276</u>	<u>225</u>
Total	-3,310	18,184	14,874
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., within Chesterfield County and the City of Richmond. Data are current to year-end 2018 for Employment and Labor Force.

The market area realized a net increase in employment of 32,800± 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 a pre-recession peak of 259,380± jobs.

Employment fell sharply in 2009 when 11,740± jobs were lost, pushing the unemployment rate from 4.4 percent to 7.7 percent in a single year. A slow recovery began soon after in 2010. Growth in employment occurred every year since, with total employment exceeding pre-recession levels in 2012. The labor force has also grown every year since 2010, suggesting growing confidence in the labor market. This has pushed the overall unemployment rate higher than it otherwise would be. 2016 saw significant employment growth, with total employment growing by 5,500±. This growth trend continued into 2017 when employment grew by 6,140±. Employment grew by 3,480± in 2018.

Data in Table 6 show that in 2018 the unemployment rate was a low 3.2 percent, down from 4.7 percent in 2015. The low unemployment rate means that new job growth will require new residents for the market area.

Table 6: <u>Trends in Employment and Unemployment,</u> <u>Richmond City/ Chesterfield County, VA, 2008-2018</u>				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	271,449	259,378	12,071	4.4%
2009	268,434	247,634	20,800	7.7%
2010	275,058	252,654	22,404	8.1%
2011	279,186	258,460	20,726	7.4%
2012	282,313	263,568	18,745	6.6%
2013	285,131	267,742	17,389	6.1%
2014	289,597	273,582	16,015	5.5%
2015	290,595	277,059	13,536	4.7%
2016	294,971	282,557	12,414	4.2%
2017	300,323	288,696	11,627	3.9%
2018	301,693	292,180	9,513	3.2%
Net Change	30,244	32,802	-2,558	-1.2%
Source: United States Department of Labor, Bureau of Labor Statistics				

In summary, there has been substantial growth in the market area in terms of at-place jobs and employment. In both economic factors, current totals are well above past pre-recession totals. This level of growth has generated considerable demand for new housing.

Market Area Economic Development Activity

The increase in jobs and employment, as noted above, is due to new area developments, some of which are sizable. The paragraphs to follow show the current active developments within the market area and the likelihood that employment and job growth will continue.

- **Chester Solar Technology Park**. Torch Clean Energy, a renewable energy company, filed plans in May, 2019 for a hybrid facility on 1,500 acres situated south of the intersection of Branders Bridge and Bradley Bridge roads. One part of the project would consist of a solar farm that would generate 150 megawatts to primarily power an adjoining data center or centers. The data center portion would fill about 300 acres and employ about 100 workers through one or more users.
- **Scannell Properties** announced in July, 2019 that it would build a 405,000± square foot distribution facility at 1410 Willis Road. The proposed facility will include several bays at the rear and front of the building for large trucks. It also includes parking for vehicles on the eastern and western side of the complex.
- **Shamin Hotels** announced in June, 2019 that it would build a 200-room upscale hotel at Stonebridge and a 180-room dual-branded Hampton Inn and Home2 Suites by Hilton in Chester. In addition to the 200-room hotel, which would be the first full-service, new-construction hotel built in Chesterfield in over 20 years, the Stonebridge project would include a 10,000± square foot conference center. The dual-branded Chester hotels would be built on land between Interstate 95 and three of Shamin's existing properties southeast of the Route 10 interchange.
- **Carvana** announced plans in December, 2019 for a vehicle inspection and processing center on a 183-acre site at 13504-15100 Woods Edge Road, along the east side of Interstate 95 just north of Ruffin Mill Road. The project involves competitive incentives, would include multiple surface parking areas - enough to hold 9,000 vehicles - and the two-story, 200,000± square foot center. The facility is expected to employ 400 people.

- **DuPoint** announced in January, 2020 that it would modernize and expand its manufacturing and technology facility in Chesterfield County and create 60 new jobs.
- **Cartograf**, a provider of packaging solutions across a wide range of industrial sectors, announced in October, 2019 that it would establish its first folding and micro-corrugated package printing facility on a 100-acre site in Meadowville Technology Park. The 315,000± square foot facility will employ 63 people.
- **The Results Cos.** announced in March, 2019 that it would open a second call center in Chesterfield County that will employ 600 people. The Results Cos. serves various industries, including technology, energy and financial services.
- **SpringHill Suites**. This is a an active proposal for a six-story, 118-room SpringHill Suites Marriott hotel at 12301 Redwater Creek Road. The hotel is expected to open in 2020.
- **Defense Logistics Agency Aviation**. This project, planned by the Defense Supply Center Richmond, will include a new headquarters for the Virginia Army and Air National Guard, a new operations center for the supply center's main military unit, and a renovation of the center's main public entrance. The first phase of the project is the new operation's center for the Defense Logistics Agency Aviation. Construction on the five-story office building, houses about 875 employees, began in May, 2015 and opened in October, 2018. The reconfiguration of the supply center's East Access Control Point has started. The new Virginia National Guard Joint Force Headquarters once built, will house the office of the guard's adjutant general and provide space for about 200 full-time guard members and about 250 members serving on temporary active duty. Phase 2 started in mid-2019 and will be completed by mid-2020. This phase will include adding a four-story wing to the complex, with space for 575 employees. Construction on the third and final phase is expected to begin in mid-2021 and be completed by mid-2023. This project will add a six-story wing to the building with space for another 1,400 employees.
- **Bissell Inc.** announced in May, 2018 that it had acquired about 40 acres at 1200 Battery Brooke Parkway in the James River Industrial Center, a parcel that once was slated to be part of the planned 650-acre Shandong Tranlin Paper Co. factory. Bissell plans to construct a multi-phased industrial development on the site. The first phase will consist of a 437,000± square foot industrial building. A second phase will contain a 175,000± square foot building.
- **John Tyler Community College**. Construction was recently completed on the renovation and expansion on two buildings in John Tyler Community College's Chester campus at 13101 Jefferson Davis Highway. The school renovated and nearly doubled the size of its student center, the Nicholas Center, and renovate Bird Hall, one of its original buildings. The Nicholas Center, a student center featuring a bookstore, fitness center, student lounge and the president's office,

received a 25,000± square foot addition and renovations to existing space. JTCC's workforce development program, the Community College Workforce Alliance, is now housed in the center's new addition, as well as a lab, conference room and additional classrooms. The 37,000± square foot Bird Hall received upgrades to make room for the school's health sciences programs, a variety of labs, faculty offices and a student lounge area.

- **PepsiCo**. Construction is ongoing on this 222,000± square foot distribution facility for PepsiCo at 1608 Willis Road. PepsiCo has not publicly disclosed what will be housed in the facility. The company operates several distribution hubs across Virginia, including a longstanding facility on Mechanicsville Turnpike in Henrico County, and locations in Petersburg and Newport News.
- **Sabra Dipping**. Construction was completed in late-2019 on the expansion of the hummus maker's 220,000± square foot plant at 15900 Sabra Way by nearly 38,000± square feet. The expansion occurred on Sabra's 48-acre campus it owns in the Ruffin Mill Industrial Park and will include eight new loading dock doors for 18-wheeler trucks. Sabra added 12 full-time positions upon completion.
- **Devon USA** is currently constructing a 321,000± square foot spec warehouse property on a 44-acre plot in the James River Logistics Center at 1601 Bellwood Drive. The project would cap off the buildout of the industrial park, which consists of two neighboring buildings Devon constructed that total 813,000± square feet at 1401 and 1501 Bellwood Road.
- **Avid Hotel**. This is a proposed four-story, 80-room hotel to be built on about 5 acres at 2302 and 2310 Willis Road near the Willis Road and Interstate 95 interchange. Avid is a new hotel brand owned by the InterContinental Hotels Group, whose other flags include Holiday Inn Express, Crowne Plaza and Staybridge Suites.
- **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. The facility will employ 100 people.
- **84 Lumber**, a building materials supplier, announced in September, 2019 that it would build a 92,000± square foot store at 2510 Bellwood Road. This would be the company's largest store. The new space consolidates two smaller operations the company has in the region - a 22,000± square foot lumber yard store at 2400 Station Road in Chesterfield County and a 22,000± square foot door store at 8801 Landmark Road in Henrico County. That space will be turned into a manufacturing facility for components used to build a house, such as roof trusses and wall panels. That should open sometime during the third quarter of 2020.

These new companies and business expansions could add over 3,000 new jobs to the market area, many over the next few years, in addition to construction jobs and spin-off service jobs.

Section II Affordable Apartment Market

This section of the market analysis presents the supply/demand analysis for the 72 apartment units under study. First presented is the demand analysis, which is the demographic analysis that “solves” for the number and growth of renter households within the \$20,000 to \$51,800 income category, when incomes are presented in constant 2019 dollars. The income range is large, as Winchester Forest Nine will have a wide range of rents, within the 40%, 50% and 60% of AMI categories.

The forecast date is 2024, from the base date of 2019, as a five year forecast period is required by officials at VHDA.

The demographic analysis shows the level of growth for the three income/rent categories under study for Winchester Forest Nine. There is considerable overlap among these income groups. These overlaps will be adjusted in the conclusion section of the report, as part of the demand analysis. The income ranges are based on 30 percent of income allocated to net rent on the low end and the HUD maximum allowable income in each rent category for the higher allowable income.

Demographic Analysis

Population Trends and Projections

The market area, which generally includes eastern Chesterfield County and the portions of Richmond City south of the James River, had a population of 180,240± at the time of the 2010 Census. Between 1990 and 2000, the market area’s population increased by approximately 5,740±, a period in which the population in Chesterfield County grew by 18,750±. The population in the Richmond portion of the market area fell by over 13,000 during this period.

The market area population increased by 15,680± people from 2000 to 2010, or an average annual population increase of 1,570± people. Population growth took place in

both Chesterfield County and Richmond during this period. Despite the recession during the last part of the 2000 decade, the market area's population growth during the 2000's exceeded the growth rate of the 1990's. This is particularly due to sizable growth in the Manchester section of the City and new apartment unit development in the Chesterfield County portion of the market area.

By 2019, the market area's population is estimated to have reached 200,090±, based on estimates from the Weldon Cooper Center for Public Service. Based on recent trends and job-generating economic development activity, the market area population is projected to continue growing and reach 208,910± by 2024.

It is possible that the 2024 market area population projection is conservative, based on current employment and job trends. However, it is difficult to determine which part of the region will attract new residents from the expected job growth, so we are using a somewhat conservative population forecast for our analysis. However, it is certain that jobs, employment and demographic growth will occur and thus net population and household growth will occur. Data in Table 7 show that net growth is expected in both jurisdictions in the market area, with a net population increase of nearly 8,820± for the 2019 to 2024 period.

Table 7: Trends and Projections of Population and Households, By Income, Winchester Forest Nine Market Area, 1990-2024
(Constant 2020 Dollars)

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>2024</u>
Market Area Population	158,820	164,560	180,240	200,090	208,910
Chesterfield County Portion 1/	72,510	91,260	104,560	116,150	121,300
Richmond City Portion 2/	86,310	73,300	75,680	83,940	87,610
Group Quarters Population	1,810	1,670	1,820	1,850	1,850
Household Population	157,010	162,890	178,420	198,240	207,060
Persons Per Household	2.51	2.52	2.57	2.57	2.57
Total Households	62,550	64,530	69,480	77,140	80,570
Renter Households	35,320	24,020	27,890	32,940	35,370
Percent Renter Households	40.4%	37.2%	40.1%	42.7%	43.9%
<u>Target Market</u>					
40% of AMI (\$20,000-\$34,500)					
Total Households	4,640	4,480	5,240	6,230	6,720
Percent of Total Households	13.1%	18.7%	18.8%	18.9%	19.0%
50% of AMI (\$26,000-\$43,200)					
Total Households	5,260	5,200	6,110	7,250	7,820
Percent of Total Households	14.9%	21.7%	21.9%	22.0%	22.1%
60% of AMI (\$32,000-\$51,800)					
Total Households	5,570	5,950	6,970	8,260	8,910
Percent of Total Households	15.8%	24.8%	25.0%	25.1%	25.2%
Notes: 1/ Includes the following 2010 U.S. Census tracts from Chesterfield County: 1003, 1004.03, 1004.04, 1004.05, 1004.06, 1004.07, 1004.09, 1004.10, 1005.05, 1005.06, 1005.07, 1005.08, 1005.09, 1008.04, 1008.05, 1008.06, 1008.07, 1008.14, 1008.15, 1008.16, 1008.17, 1008.19, 1008.20, 1008.22 and 1008.23.					
2/ Includes the following 2010 U.S. Census tracts from Richmond City: 602, 604, 605, 606, 607, 608, 609, 610, 704, 706.01, 706.02, 707, 708.01, 708.02, 709, 710.01, 710.02 and 711.					
3/ Based on population estimates from the Weldon Cooper Center for Public Service.					
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

An estimated 1,820± people comprise the market area’s Group Quarters population in 2010. Of these residents, most live in correctional institutions, nursing homes and assisted living facilities. The market area has a very small Group Quarters population, which is stable at this time. Negligible growth is projected by 2024.

Households

As of 2019, the market area is estimated to have approximately 77,140± households, an increase of about 7,660± households from the 2010 Census and 12,610± households compared with the Census figure of 64,530± in 2000. The net increase of households over the past 19 years is the result of the level of new housing unit construction, particularly single-family homes and townhomes in Chesterfield County and apartments in Richmond's Manchester neighborhood. The continuation of past trends is likely to expand the number of market area households to 80,570± by 2024.

One point to note is that the market area average household size has risen since 1990, and likely prior. Average household size was 2.51 in 1990 and grew slightly to 2.52 by 2000. It continued to increase between 2000 and 2010 and reached at 2.57 in 2010. By 2024, average households size in the market area is projected to remain at 2.57 persons per households. Past growth is attributed to the construction of several new subdivisions that have attracted families.

Renter Households

In 2010, market area renter households equaled nearly 40.1 percent of total households, which is a Census count. The percent of renters has increased over the past two decades, with a significant increase since 2000. This "uptick" in renters during is the direct result of considerable Richmond housing unit development, of which the vast majority was rental housing. By 2024, an estimated 43.9 percent of households in the market area will be renters. This will represent 35,370± households, an increase of 2,430± over the 2019 total.

Target Market

Winchester Forest Nine will have rents restricted to households earning 40%, 50% and 60% of the Area Median Income (AMI). Net rent affordability is based on 30% of

income allocated to net rent and based on the HUD maximum allowable incomes. The paragraphs below will detail each of these demographic cohorts.

- **40% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$20,000 and \$34,500, when reported in constant 2019 dollars. The demographic analysis shows that as of 2019, the market area had 6,230± renter households within this income range. The 2019 total exceeds the 2010 total by 990± households. By 2024, the market area is projected to add 490± households within this income category to reach a total of 6,720± 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 7,250± renter households in this income range, an increase of 1,140± over the 2010 total. By 2024, the market area is projected to total 7,820± renter households within this income category. This represents an increase of 570± 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 8,260± renter households in this income range. This represents an increase of 1,290± over the 2010 total. The market area is projected to add 800± households within this income category by 2024 to reach a total of 9,020± households.

Again, the income ranges under study are based on the entry income of 30% of net rent and the top income level that falls within the HUD maximum allowable rates.

Renter Households by Size

As of 2010, just over 28 percent of all households are single-person households. An additional 32.8 percent are two-person. These percentages, and others, did not change significantly over the 2000 decade.

Table 8: <u>Trends in Household Size, Richmond City/ Chesterfield County, Virginia, 2000-2010</u>				
	<u>2000</u>		<u>2010</u>	
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
Total Households	178,321	100.0%	202,831	100.0%
1-person household	49,124	27.6%	56,920	28.1%
2-person household	57,951	32.5%	66,425	32.8%
3-person household	31,360	17.6%	34,521	17.0%
4-person household	24,632	13.8%	26,551	13.1%
5-person household	10,292	5.8%	11,523	5.7%
6-person household	3,377	1.9%	4,342	2.1%
7-or-more-person household	1,585	0.9%	2,549	1.3%

Source: 2000 and 2010 U.S. Department of Commerce, Bureau of the Census

Competitive Apartment Market

Characteristics of the Market

Listed in Table 9 are the 23 LIHTC apartment properties in the market area identified as “comps” for Winchester Forest Nine. These communities contain 3,080± apartment units in total. The current vacancy rate is approximately 3.7 percent, but this figure includes two communities that have had a large number of recent evictions and move-outs.

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. Phase I of 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.

Eleven additional communities were built during the post-2000 period, totaling 1,419 units, of which only 27 units are now vacant. Six of these properties are at full

occupancy. Combined, the 12 newer apartments have a very low vacancy rate of 1.9 percent.

In addition to the above newer complexes are eleven older apartments that opened prior to 2000. Essentially all of these have undergone renovations. Arbor Lake and Graystone Place have some vacancy issues, but on-site management attributes this to a high number of recent evictions and move-outs and notes that occupancy is typically higher.

The pre-2000 built apartment properties have a 5.5 percent vacancy rate and 75± percent of the market area vacant apartment units are at the more mature properties.

Except for two apartment properties, all of the more mature LIHTC apartments in the market area were built prior to 1980. Three date back to the 1940's and two were built during the 1960's. The more mature properties appear to have small unit sizes and one or 1.5 baths and are no longer as competitive as the newer properties in design, and project features.

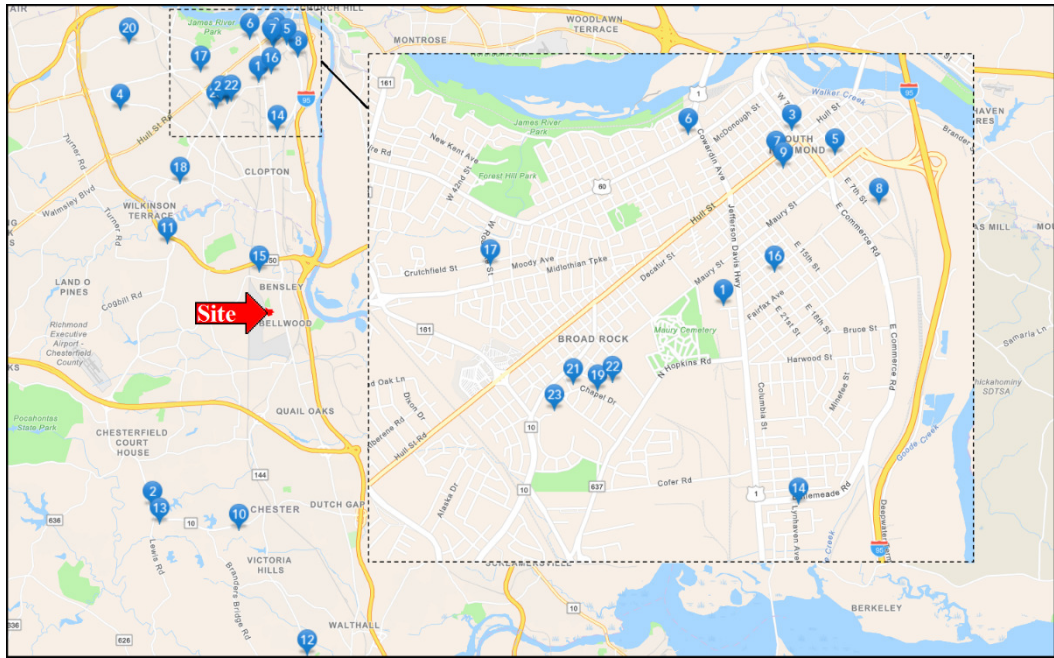
Salient points in Table 9 are as follows:

- In total, 1,554 LIHTC apartment units were placed on the market since 2000. To date, 1,524 of these units were occupied at an average annualized rate of 80±. Thus, the level of vacancy in the market area is due in part to older units, because newer attractive apartment units have leased well.
- Excluding with high levels of recent evictions (Arbor Lake and Graystone Place), the older properties have a low rate of 5.5 percent.
- The notes in Table 9 show that approximately 500± apartment units are occupied by families with Section 8 vouchers. That is nearly 17 percent of the total number of occupied apartment units.

**Table 9: Characteristics of Competitive LIHTC Apartments, Winchester
Forest Nine Market Area, Chesterfield County, VA, February, 2020**

	<u>Map E</u> <u>Key</u>	<u>Year</u> <u>Built</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>
<u>Newer Apartments (Post-2000)</u>				
Port City Apartments	1	Feb-19	135	3
Ironbridge Road Apartments	2	2016	80	0
Hatcher Tobacco Flats	3	2015	152	0
Townhomes at Warwick Place	4	2015	40	0
Miller Lofts at Plant Zero	5	2015	192	0
Belle Summit	6	2013	50	4
City View Place	7	2012	32	0
New Manchester Flats 2/	8	2010/11	172	3
Old Manchester Plaza	9	2009	46	3
Grand Oaks Family	10	2005	184	4
Ivy Walk I & II	11	2002/04	248	13
Broadwater Townhomes I & II	12	2002/04	<u>223</u>	<u>0</u>
(Subtotal)			(1,554)	(30)
<u>Mature Apartments (Pre-2000)</u>				
Arbor Lake	13	1996	126	14 3/
Graystone Place	14	1987/04	135	9 3/
South Pointe Landing	15	1979/00	192	6
Chicago Manor	16	1978/98	74	1
Dunston Manor	17	1973/95	101	0
Tuscany Townhomes	18	1971/14	132	0
Village South Townhomes	19	1947/05	111	13
Morningside Apartments	20	1964/99	392	23
Swansboro	21	1962/02	62	4
Holly Springs	22	1947/02	121	14
McGuire Park	23	1942/04	<u>80</u>	<u>0</u>
(Subtotal)			(1,526)	(84)
Total			3,080 1/	114
Vacancy Rate				3.7%
Notes: 1/ Includes approximately 500± Section 8 voucher holders. 2/ Estimate 3/ Large number of recent evictions and move-outs.				
Source: Field and Telephone Survey by S. Patz and Associates, Inc.				

Map E shows the locations of each of the above comps. Four Apartments—Ironbridge Road Apartments, Grand Oaks Family, Broadwater Townhomes and Arbor Lake -- are located south of the Winchester Forest Nine site in the greater Chester area. The remaining comps are located in Manchester and adjacent neighborhoods on the south side of Richmond.



Map E - Locations of Competitive LIHTC Apartments

Following are photos of each of the post-2000 built LIHTC apartment communities. Port City Apartments, Miller Lofts at Plant Zero, New Manchester Flats and Old Manchester Plaza are adaptive-reuse developments. Hatcher Tobacco Flat and Belle Summit are elevator-served buildings. The remaining comps either have garden or townhome designs.



Port City Apartments



Ironbridge Road Apartments



Hatcher Tobacco Flats



Townhomes at Warwick Place



Miller Lofts at Plant Zero



Belle Summit



City View Place



New Manchester Flats



Old Manchester Plaza



Grand Oaks Family



Ivy Walk



Broadwater Townhomes



Arbor Lake



Graystone Place

Unit Mix by Income Restriction

Table 10 analyzes the competitive apartment units by income restrictions. As shown, 61.8 percent of market area units under study are rent restricted to 60% of AMI, compared to 24.8 percent that are rent restricted to 50% of AMI and 2.1 percent that are rent restricted to 40% of AMI. Ten of the competitive apartment communities rent units exclusively to households earning 60% of the area median income. Of the nearly 3,100 apartment units in these apartment complexes, 300+, or about 10%, are at market rate rents.

Table 9: Distribution of Units by Income Restriction, Winchester Forest Nine Market Area, Chesterfield County, VA February, 2020

	<u>40% of AMI</u>	<u>50% of AMI</u>	<u>60% of AMI</u>	<u>Market Rate</u>	<u>Total Units</u>
<u>Newer Apartments (Post-2000)</u>					
Port City Apartments 1/	14	25	60	0	135
Ironbridge Road Apartments	0	56	24	0	80
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
Grand Oaks Family	0	0	184	0	184
Ivy Walk I & II	0	0	248	0	248
Broadwater Townhomes I & II	<u>0</u>	<u>0</u>	<u>185</u>	<u>38</u>	<u>223</u>
(Subtotal)	(65)	(315)	(971)	(167)	(1,554)
<u>Mature Apartments (Pre-2000)</u>					
Arbor Lake	0	126	0	0	126
Graystone Place	0	0	135	0	135
South Pointe Landing	0	96	96	0	192
Chicago Manor	0	0	74	0	74
Dunston Manor	0	0	101	0	101
Tuscany Townhomes	0	27	105	0	132
Village South Townhomes	0	0	111	0	111
Morningside Apartments	0	0	248	144	392
Swansboro	0	0	62	0	62
Holly Springs	0	121	0	0	121
McGuire Park	0	80	0	0	80
(Subtotal)	(0)	(450)	(932)	(144)	(1,526)
Total	65	765	1,903	311	3,080
Percent of Total	2.1%	24.8%	61.8%	10.1%	98.8%
Winchester Forest Nine Income Restrictions					
	7	29	36	0	72

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 rents at the comps under study. Also noted is the AMI rent categories. Rents were adjusted to exclude utilities for the sake of consistency and to be directly comparable with the Winchester Forest Nine proposed rents. As shown, six apartments include in-unit washers and dryers. These include Hatcher Tobacco Flats, Miller Lofts at Plant Zero, New Manchester Flats, Broadwater Townhomes, South Pointe Landing, and Tuscany Townhomes.

The 40% one-bedroom rents in the apartment properties under study average \$580. All of these units are in the post-2000 properties. This is compared to a proposed 40% one-bedroom rent of \$500 at the subject. The 40% two-bedroom rents average \$640, compared to proposed rents of \$550 for the 40% two-bedroom units at Winchester Forest Nine. The 40% three-bedroom rent comparison of the market area average of \$650 is below the proposed 40% three-bedroom rents at the subject of \$600.

The 50% one-bedroom rents average \$730. This is compared to the proposal's 50% one-bedroom rents of \$650. The two-bedroom market area average rents at the 50% units is \$800, compared to the proposal's rate for 50% two-bedroom rents of \$750. The market area average three-bedroom 50% rents are \$880, compared to the proposal's 50% three-bedroom rents of \$850 rent. On average, the newer properties have 50% rents that are approximately \$60 higher than the older properties. All of the three-bedroom units with 50% rents are in the newer properties.

The proposal's one-bedroom 60% rents are \$800, which is compared to the market area average rent of \$750. The newer apartments generate higher 60% one-bedroom rents, averaging \$860, or \$62 above the proposal's one-bedroom 60% rents. The Winchester Forest Nine's two-bedroom 60% rents are \$950, which is above the market area average of \$860. The newer comps, however, have 60% two-bedroom rents of \$990 or \$40 above the proposed 60% two-bedroom rents. The proposal's three-bedroom 60% rents are \$1,050, which is slightly lower than the average of the 60% three-bedroom units, which is

\$1,073. The newer comps, however, have 60% three-bedroom rents that average \$1,090, or \$40 above the proposed 60% three-bedroom rents.

Overall, the rent comparison analysis for the 40%, 50% and 60% rents at Winchester Forest Nine are at or below market.

Table 11: Rental Rates at Competitive LIHTC Apartments, Winchester Forest Nine Market Area, Chesterfield County, VA, February, 2020 1/			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Newer Apartments (Post-2000)</u>			
Port City Apartments 4/	\$606 (40%)/\$768 (50%)/ \$930 (60%)	\$715 (40%)/ \$909 (50%)/ \$1,104 (60%)	\$1,214 (60%)
Ironbridge Road Apartments	\$493 (40%)	\$850 (50%)/ \$1,045 (60%)	--
Hatcher Tobacco Flats 3/ 4/	\$548 (40%)/ \$710 (50%)	\$843 (50%)	\$966 (50%)
Townhomes at Warwick Place	--	--	\$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%)	--
Grand Oaks Family	\$866 (60%)	\$1,018-\$1,021 (60%)	\$1,158 (60%)
Ivy Walk I & II	--	\$922 (60%)	\$1,001 (60%)
Broadwater Townhomes I & II 3/	--	--	\$1,162 (60%)
(40% Average)	(\$578)	(\$637)	(\$647)
(50% Average)	(\$742)	(\$836)	(\$882)
(60% Average)	(\$862)	(\$991)	(\$1,091)
<u>Mature Apartments (Pre-2000)</u>			
Arbor Lake	\$863 (60%)	\$1,017 (60%)	\$1,141 (60%)
Graystone Place	\$533 (60%)	\$582 (60%)	--
South Pointe Landing 3/	--	\$742 (50%)/ \$833 (60%)	\$960 (60%)
Chicago Manor	--	\$607-\$637 (60%)	--
Dunston Manor	\$523 (60%)	\$607 (60%)	--
Tuscany Townhomes 3/ 4/	--	\$837 (50%)/ \$837 (60%)	--
Village South Townhomes	\$660 (60%)	\$699-\$729 (60%)	\$960 (60%)
Morningside Apartments	--	\$837-\$987 (60%)	\$1,141 (60%)
Swansboro	--	\$729 (60%)	--
Holly Springs	--	\$699 (50%)	--
McGuire Park	\$705 (50%)	\$745 (50%)	--
(50% Average)	(\$705)	(\$756)	(--)
(60% Average)	(\$645)	(\$761)	(\$1,051)
40% Average	\$578	\$637	\$647
50% Average	\$734	\$801	\$882
60% Average	\$753	\$862	\$1,073
Proposed Rents	\$500 (40%)/ \$650 (50%)/ \$800 (60%)	\$550 (40%)/ \$750 (50%)/ \$950 (60%)	\$600 (40%)/ \$850 (50%)/ \$1,050 (60%)

Notes: 1/ Rents adjusted to exclude utilities.

2/ Estimate

3/ Includes washer and dryer.

4/ Rent includes cable and internet.

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

Unit Sizes

Table 12 shows the unit sizes for each of the competitive apartment properties. The data show that the proposed unit sizes at Winchester Forest Nine are larger than the market area average by 130 square feet for the one-bedroom units, 70± square feet for the two-bedroom units and 90± square feet for the three-bedroom units.

Table 12: <u>Unit Sizes at Competitive LIHTC Apartments, Winchester Forest Nine Market Area, Chesterfield County, VA, February, 2020</u>			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Newer Apartments (Post-2000)</u>			
Port City Apartments	677	910	1,201
Ironbridge Road Apartments	656	949	--
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	--
Grand Oaks Family	868	1,105-1,231	1,333
Ivy Walk I & II	--	983	1,112
Broadwater Townhomes I & II	--	--	1,460
<i>(Average)</i>	<i>(685)</i>	<i>(968)</i>	<i>(1,228)</i>
<u>Mature Apartments (Pre-2000)</u>			
Arbor Lake	643	880	1,025
Graystone Place	602	722	--
South Pointe Landing	--	976	1,304
Chicago Manor	--	750	--
Dunston Manor	535-600	771	--
Tuscany Townhomes	--	1,250	--
Village South Townhomes	675	850	1,121
Morningside Apartments	--	874-1,023	1,110
Swansboro	--	760-912	--
Holly Springs	--	795	--
McGuire Park	669	852	--
<i>(Average)</i>	<i>(631)</i>	<i>(876)</i>	<i>(1,140)</i>
Average	665	919	1,201
Proposed Unit Sizes	792	992	1,292
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Rent Per Square Foot

The rent per square foot calculation for the newer 12 apartments are shown in Table 13. It shows that the proposed rent per square foot is considerably lower than the most comps, given the modest rents and large unit sizes.

Table 13: <u>Rent per Square Foot at Competitive LIHTC Apartments, Winchester Forest Nine Market Area, Chesterfield County, VA, February, 2020</u>			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
<u>Newer Apartments (Post-2000)</u>			
Port City Apartments	\$1.13	\$1.01	\$1.01
Ironbridge Road Apartments	\$0.75	\$1.00	--
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	\$1.17	\$0.87	\$0.76
City View Place	--	\$0.68	\$0.60
New Manchester Flats	\$1.03	\$0.94	--
Old Manchester Plaza	\$1.23	\$1.14	--
Grand Oaks Family	\$1.00	\$0.87	\$0.87
Ivy Walk I & II	--	\$0.94	\$0.90
Broadwater Townhomes I & II	--	--	\$0.80
Average	\$1.06	\$0.92	\$0.79
Proposed 40% Rent/ Sq. Ft.	\$0.63	\$0.55	\$0.46
Proposed 50% Rent/ Sq. Ft.	\$0.82	\$0.76	\$0.66
Proposed 60% Rent/ Sq. Ft.	\$1.01	\$0.96	\$0.81
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

Apartment Unit Mix

Next shown are the unit mix at the competitive apartment communities under study. The majority of the apartment units in the market area are two-bedroom units (60± percent). The percentage of three-bedroom units is slightly larger than the percentage of one-bedroom units, 21± percent versus 19± percent. The proposed unit mix is similar to the market area unit mix.

**Table 14: Unit Mix at Competitive LIHTC Apartments, Winchester
Forest Nine Market Area, Chesterfield County, VA, February, 2020**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Total Units</u>
<u>Newer Apartments (Post-2000)</u>				
Port City Apartments	67	67	1	135
Ironbridge Road Apartments	16	64	0	80
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
Grand Oaks Family	48	72	64	184
Ivy Walk I & II	0	124	124	248
Broadwater Townhomes I & II 1/ (Subtotal)	<u>0</u> (410)	<u>0</u> (632)	<u>192</u> (481)	<u>223</u> (1,554)
<u>Mature Apartments (Pre-2000)</u>				
Arbor Lake	24	68	34	126
Graystone Place	20	115	0	135
South Pointe Landing	0	160	32	192
Chicago Manor	0	74	0	74
Dunston Manor	57	44	0	101
Tuscany Townhomes	0	132	0	132
Village South Townhomes	16	79	16	111
Morningside Apartments	0	320	72	392
Swansboro	0	62	0	62
Holly Springs	0	121	0	121
McGuire Park (Subtotal)	<u>48</u> (165)	<u>32</u> (1,207)	<u>0</u> (154)	<u>80</u> (1,526)
Total	575	1,839	635	3,080
Percent of Total	18.7%	59.7%	20.6%	99.0%
Proposed Unit Mix	14	44	14	72

Notes: 1/ Includes 31 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.

Table 15: <u>Community Amenities at Competitive LIHTC Apartment Communities, Winchester Forest Nine Market Area, Chesterfield County, VA, February, 2020</u>						
	<u>Clubhouse</u>	<u>Business Center</u>	<u>Pool</u>	<u>Fitness</u>	<u>Playground</u>	<u>Laundry</u>
<u>Newer Apartments (Post-2000)</u>						
Port City Apartments	●	●	●	●	○	○
Ironbridge Road Apartments	●	○	●	○	○	●
Hatcher Tobacco Flats	●	○	○	●	○	●
Townhomes at Warwick Place	○	○	○	○	○	○
Miller Lofts at Plant Zero	●	●	●	●	○	○
Belle Summit	●	●	○	○	○	●
City View Place	●	●	○	●	●	●
New Manchester Flats	●	○	●	●	●	○
Old Manchester Plaza	○	○	○	○	○	●
Grand Oaks Family	●	●	○	●	●	○
Ivy Walk I & II	●	○	●	●	●	○
Broadwater Townhomes I & II	●	●	●	●	●	○
<u>Mature Apartments (Pre-2000)</u>						
Arbor Lake	●	○	●	●	●	●
Graystone Place	○	○	○	○	●	●
South Pointe Landing	○	○	●	○	●	○
Chicago Manor	○	○	○	○	○	●
Dunston Manor	○	○	○	○	○	●
Tuscany Townhomes	○	○	●	○	●	○
Village South Townhomes	○	○	○	○	●	●
Morningside Apartments	○	○	●	○	●	●
Swansboro	○	○	○	○	●	●
Holly Springs	○	○	○	○	○	●
McGuire Park	○	○	○	○	○	●
Proposed Amenities	●	○	○	●	●	○

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

Section III Conclusions

The conclusion section summarizes the above market analysis in terms of the competitive apartment market in which the 72 new units at Winchester Forest Nine will compete and the competitive position of the proposal.

The proposal will be located in a community with 446 affordable apartment units. These units are fully occupied and are the most attractive of area affordable housing. Within the 446 apartment units at Winchester Green and the three Market Square properties, none offer affordable housing for families. Winchester Forest Nine will fill this need. Of the 72 units proposed, 12 units will have project-based Section 8 rent reductions.

The success of the four adjacent apartment properties, plus the new Market Square IV, establishes the readiness of the site setting to support additional apartment units.

The above analysis shows a very low vacancy rate for LIHTC apartment properties that are defined as competitive with the Winchester Forest Nine proposal. For the 12 newer LIHTC apartments for families, the market is at a near 100 percent occupancy. Some vacancy exists in the older LIHTC properties, which is typical. Of the five new LIHTC properties, with nearly 600 apartment units, only 3 units at the recently opened Port City I Apartments are vacant.

The Winchester Forest Nine proposal has very competitive rents, large unit sizes and a wide mix of rental rates. It is a fully competitive proposal.

The following demand analysis will provide specific data that supports the proposal.

Market Area Apartment Pipeline

Table 16 details the apartments with income restrictions that are currently under construction and/or in active planning. There are five affordable apartments under

construction at this time, totaling 527 units, that will all deliver in 2020. Within this total are three units restricted to 40% of AMI, 60 units restricted to 50% of AMI and 464 units restricted to 60% of AMI.

In addition to these proposals is one complex in active planning that is set to begin construction in mid- or late-2020. This 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. Also in planning is the 4% portion of the Winchester Forest proposal, which would add 88 units restricted to 60% of AMI and be built simultaneously with Winchester Forest Nine.

In total, the affordable apartment pipeline will add 747 income-restricted units. Only ten units will be restricted to 40% of AMI while 86 will be restricted to 50% of AMI and 651 will be restricted to 60% of AMI.

Table 16: Characteristics of Affordable Apartment Pipeline, Winchester Forest Nine Market Area, February, 2020

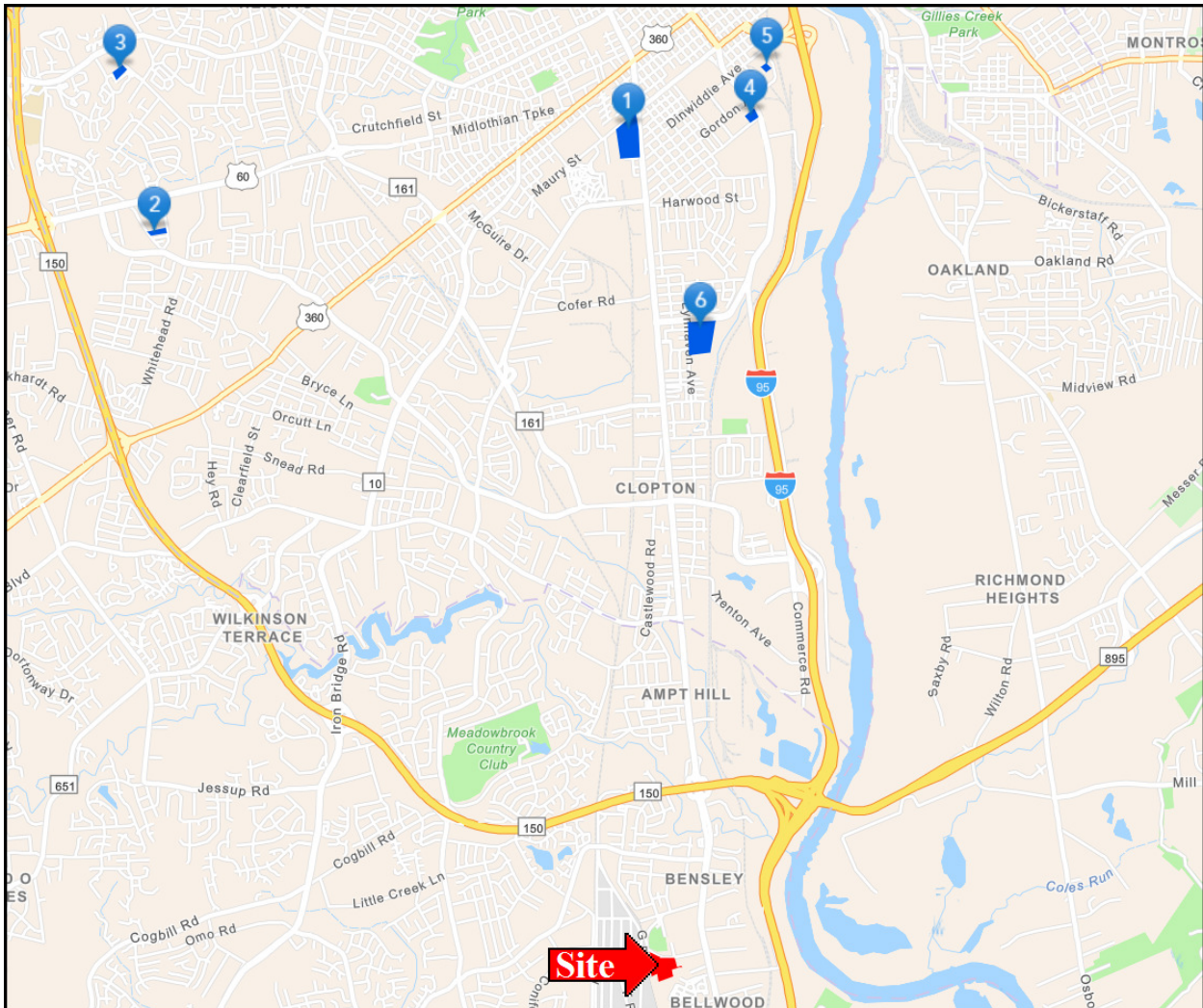
	<u>Map Key</u>	<u>Proposed Units</u>			<u>Total Units</u>	<u>Delivery Date</u>
		<u>40% of AMI</u>	<u>50% of AMI</u>	<u>60% of AMI</u>		
<u>Under Construction</u>						
Port City Apartments II	1	0	0	157	157	Mid-2020
Townhomes at Warwick Place II	2	3	12	15	30	Mid-2020
Alexander at 1090	3	0	48 1/	48	96	Late-2020
Spa Lofts	4	0	0	140	140	Late-2020
New Manchester Flats V	5	<u>0</u>	<u>0</u>	<u>104</u>	<u>104</u>	Late-2020
(Subtotal)		(3)	(60)	(464)	(527)	
<u>Planned</u>						
The Heights at Brady Square	6	7	26	99	132	2021/2022
Winchester Forest Four	--	<u>0</u>	<u>0</u>	<u>88</u>	<u>88</u>	2021/2022
(Subtotal)		<u>(7)</u>	<u>(26)</u>	<u>(187)</u>	<u>(220)</u>	
Total		10	86	651	747	

Notes: 1/ Includes five project-based vouchers.

Source: S. Patz & Associates, Inc.

Shown next, in Map F, are the locations of each of the apartments in active planning and/or under construction. The map shows that all are located in the City of

Richmond. 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.



Map F - Locations of Affordable Pipeline Apartments

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

- **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 4th 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.
- **Winchester Forest 4%.** This will be the 4% portion of the Winchester Forest proposal. It will add 88 units, all to be restricted to 60% of AMI. These units will be built alongside Winchester Forest 9%.

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.



Port City Apartments II



Townhomes at Warwick Place II



Alexander at 1090



Spa Lofts



New Manchester Flats V

Demand Chart

The net household growth numbers have been adjusted to remove any overlaps among income groups. There is a sizable growth in target renter households in the market area. These growth projections are increased by 20 percent to account for voucher holders. This percentage will account for any households in substandard housing. There is no demand from elderly existing tenants. Any elderly expected to commit to rental housing is accounted for in the growth projections.

The total demand numbers from each income category, adjusted to eliminate overlaps in the income categories, are based on relevant add-on totals.

The supply data are based on the pipeline proposals. The current market is at a near 100% occupancy for newer and more direct “comps” for Winchester Forest Nine; the older LIHTC properties have a 5± percent vacancy rate which is consistent for older properties. Many of these older properties are outdated in terms of apartment unit size and number of baths and should not be considered directly competitive properties. The demand analysis was undertaken without input on the 12 vouchers, as market support needs to be based on households with eligible incomes, not with subsidized incomes.

Demand Table (2019-2024)					
Income Restrictions		<u>Up to 40%</u>	<u>Up to 50%</u>	<u>Up to 60%</u>	<u>Market Rate</u>
New Rental Households		220	380	650	1,250
PLUS					
Existing Households - Over-Burdened 1/		40	80	130	250
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		260	460	780	1,500
MINUS					
Supply (includes directly comparable vacant units completed or in pipeline in PMA)		10	90	650	750
<i>EQUALS</i>					
NET DEMAND		250	320	130	750
ABSORPTION PERIOD 1/ (see write-up above)		0	0	6	6

Note: 1/ 20 percent add-on to account for voucher holders.

We expect the “40%” rental units and the “50%” units to be preleased, as their rents are very competitive. The 36 “60%” rental units should be fully leased within six months.

Note: Winchester Forest Nine will have 12 project-based Section 8 vouchers. This does not affect the demand analysis, as market support needs to be shown without deep rent-restricted units.

VHDA capture rate chart is as follows:

	<u>Number</u>
Project Wide Capture Rate - LIHT	4.8%
Project Wide Capture Rate - Market Units	--
Project Wide Capture Rate - All Units	4.8%
Project Wide Absorption Period (in months)	6

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 5, 2020

Market Analyst

Date