

**Market Analysis**  
**The Arbors at Birchwood**  
**City of Virginia Beach, Virginia**

**Prepared for:**

**Mr. Brian Staub**  
**Marlyn Development Corporation**

**October, 2021**

**S. Patz and Associates, Inc.**  
**46175 Westlake Drive, Suite 400**  
**Potomac Falls, Virginia 20165**



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

October 7, 2021

Mr. Brian Staub  
Chief Financial Officer  
Marlyn Development Corporation  
308 35th Street, Suite 101  
Virginia Beach, VA 23451

Brian:

Attached is our full narrative market report in support of the proposed new construction, mixed-income The Arbors at Birchwood, which will be built during 2022 and 2024 on an attractive 4.82-acre site in the City of Virginia Beach, Virginia and designated for active adults in search of affordable and market rate housing. The proposal is for a mix of 105 affordable apartment units, restricted to 60% of AMI, alongside 45 market rate apartment units. The active adult market is defined as a household head within the 62 to 79 age category. For this study, adults in this age category with incomes between \$31,200 and \$40,560 (60% of AMI), as well as incomes over \$60,000 (market rate), also reported in 2021 dollars, are defined as the target market for each separate income rent category.

Our research documented that the market area has 3,200± households in the age and income category under study for the affordable housing component, and that sector of the senior housing market is growing by an average annual rate of 110± households per year. The market area has an additional 25,030± households in the age and income category under study for the market rate apartment component, with that sector growing by 660± households per year, on average.

The competitive apartment market for the affordable sector of the housing market contains 988 apartment units with a low 0.7 percent vacancy. Most of the competitive affordable properties are mature and less amenitized compared with The Arbors at Birchwood proposal. These complexes also maintain a waitlist of approximately 120 households.

The market area also contains seven market rate, age-restricted properties with 996 apartment units. All but one of these apartments are fully occupied, and they collectively maintain a waitlist of approximately 60 households.

Mr. Brian Staub  
October 7, 2021

Also of note is that the proposed rents are fully competitive for the unit mix and relatively spacious apartment units for age-restricted housing. These are positive features for this fully-amenitized proposal. Market data show full market support for the proposal, as planned, and at the proposed rents.

Please call if additional data or clarification are needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart M. Patz". The signature is written in a cursive style with a large initial "S" and a stylized "P".

Stuart M. Patz  
President

SMP/mes

**TABLE OF CONTENTS**

	<u>PAGE</u>
Section I Introduction.....	5
Market Area Definition.....	7
The Arbors at Birchwood.....	8
Site Description .....	8
Site Setting.....	14
Development Program.....	18
Rent Comparison .....	19
Site Plan and Building Design .....	20
Unit Floor Plans.....	22
Development Costs.....	23
Market Area Economic Overview.....	23
At-Place Jobs .....	24
Employment and Labor Force .....	27
COVID-19 and Employment.....	28
Military Employment.....	29
Economic Development Activity.....	31
Section II Affordable and Market Rate Senior Apartment Analysis .....	33
Market Area Demographic Analysis .....	34
Population Trends and Projections .....	34
Group Quarters Population .....	34
Households .....	35
Active Senior Demographics.....	35
Target Senior Market.....	36
Households by Size .....	37
Competitive Age-Restricted Rental Housing Market .....	38
Characteristics of the Market Rate Age-Restricted Apartment Market.....	38
Net Rent Analysis .....	43
Apartment Unit Sizes .....	44
Rent per Square Foot .....	45
Apartment Unit Mix.....	45
Community Amenities.....	46
Characteristics of the Affordable Age-Restricted Apartment Market .....	46
Net Rent Analysis .....	51
Rent per Square Foot .....	52
Apartment Unit Sizes .....	53
Apartment Unit Mix.....	54
Community Amenities.....	55
Section III Conclusions.....	56
Projection of New Pipeline Age-Restricted Apartment Units .....	57
Virginia Housing Demand Table .....	59
Conclusions.....	60
Net Rent Evaluation .....	60
Unit Sizes and Unit Mix Evaluation.....	60
Lease-Up Period.....	61
Capture Rate .....	61



## Section I Introduction

This will submit our full narrative market study, within Virginia Housing's market study guidelines, for the proposed, new construction of a 150-unit mixed-income senior apartment building, The Arbors at Birchwood. The apartment complex, with 105 affordable and 45 market rate apartment units, is planned for development beginning in early- to mid-2022 with initial occupancy and lease-up extending throughout 2023 and into 2024. The study site is a 4.82-acre property located in the North Central portion of the City of Virginia Beach.

The report to follow will be submitted to officials of Virginia Housing for tax-exempt bond financing, using 4% Low Income Housing Tax Credits (LIHTC). The proposal is for affordable housing for active seniors. It will have age, income and rent restrictions. All market and economic data required to conform to Virginia Housing's market study requirements are included in the following report. **The site visit and field research were undertaken on September 24, 2021.**

To comply with Virginia Housing's market study report requirements, the following analysis has been prepared with three separate sections. The first, the Introduction, provides a detailed analysis of The Arbors at Birchwood site and its setting along US 58 corridor in the central portion of Virginia Beach near the Town Center of Virginia Beach. Included in this section of the report is a detailed description of the apartment proposal, its setting and the community/commercial facilities available to support new residents expected at the senior apartment building.

Section I has a second subsection, an Economic Overview Analysis of the City of Virginia Beach. Data are presented on job and employment growth, as these are the two key economic factors related to the market area's economic stability and growth.

At-place jobs and employment growth are the economic generators for population and household growth, and the resulting housing unit demand. While job growth is not a direct factor in the support of age-restricted housing, it is a key factor for market area demographic growth and economic stability. It is also a key issue related to seniors remaining in the market area and/or moving to the market area for attractive affordable housing.

Section II of the report is the supply/demand analysis for new age-restricted affordable and market rate housing. The primary target market, based on market data, for The Arbors at Birchwood will likely attract active adults in the 62 to 79 age category, earning annual incomes of between \$31,200± to \$40,600± (60% of AMI) and incomes of over \$60,000 (market rate), when incomes are reported in constant 2021 dollars. Management at many age-restricted apartment properties “market” to residents in the 55 and above (to 61) age category and to older adults over 80 years of age. However, most of these communities attract only a small number of residents below the age of 62 and above the age of 80. Residents under 62 years of age who reside in age-restricted housing are typically disabled and require deep rent subsidies. However, the majority of the market for the subject property are the based on market research within the active age categories and within the income range that supports the proposed rents.

Thus, the demand analysis to follow studies the active adult apartment market (aged 62 to 79) within the income range defined, as required to support the proposed rents, based on HUD guidelines. In the Conclusion section, the number of residents over the age of 79, and the expected percentage of low-income residents holding Section 8 housing vouchers or low-income disabled persons will be noted. Adjustments will be based on current trends in the defined market area to include residents outside the 62 to 79 age category and required rent category.

The second part of Section II is the “supply” analysis, for affordable and market rate age-restricted apartment units. We identified seven affordable age-restricted properties in the market area that would be most competitive with The Arbors at Birchwood, once built. We also identified seven market rate age-restricted communities in the market area. These are standard independent living communities without any services, such as meals, laundry service and housekeeping. Virginia Beach also contains several full-service independent living facilities and Continuing Care Retirement Communities (CCRC’s) with high rents that include meals, housekeeping and added services. These facilities typically attract older seniors with higher incomes, and thus were not included in the analysis.

As described below, the market area includes the City of Virginia Beach. The large market area was necessitated by the scattered locations of apartments for seniors across the City and with

confirmation by on-site management at several properties that the identified communities compete with each other.

Section II analyzes the market area competitive affordable senior apartments to provide data on the date the apartment building was built, project size, rents by AMI rent categories, occupancy, waitlists and project features. These data are compared with The Arbors at Birchwood proposal to determine the “competitive position” of the subject proposal.

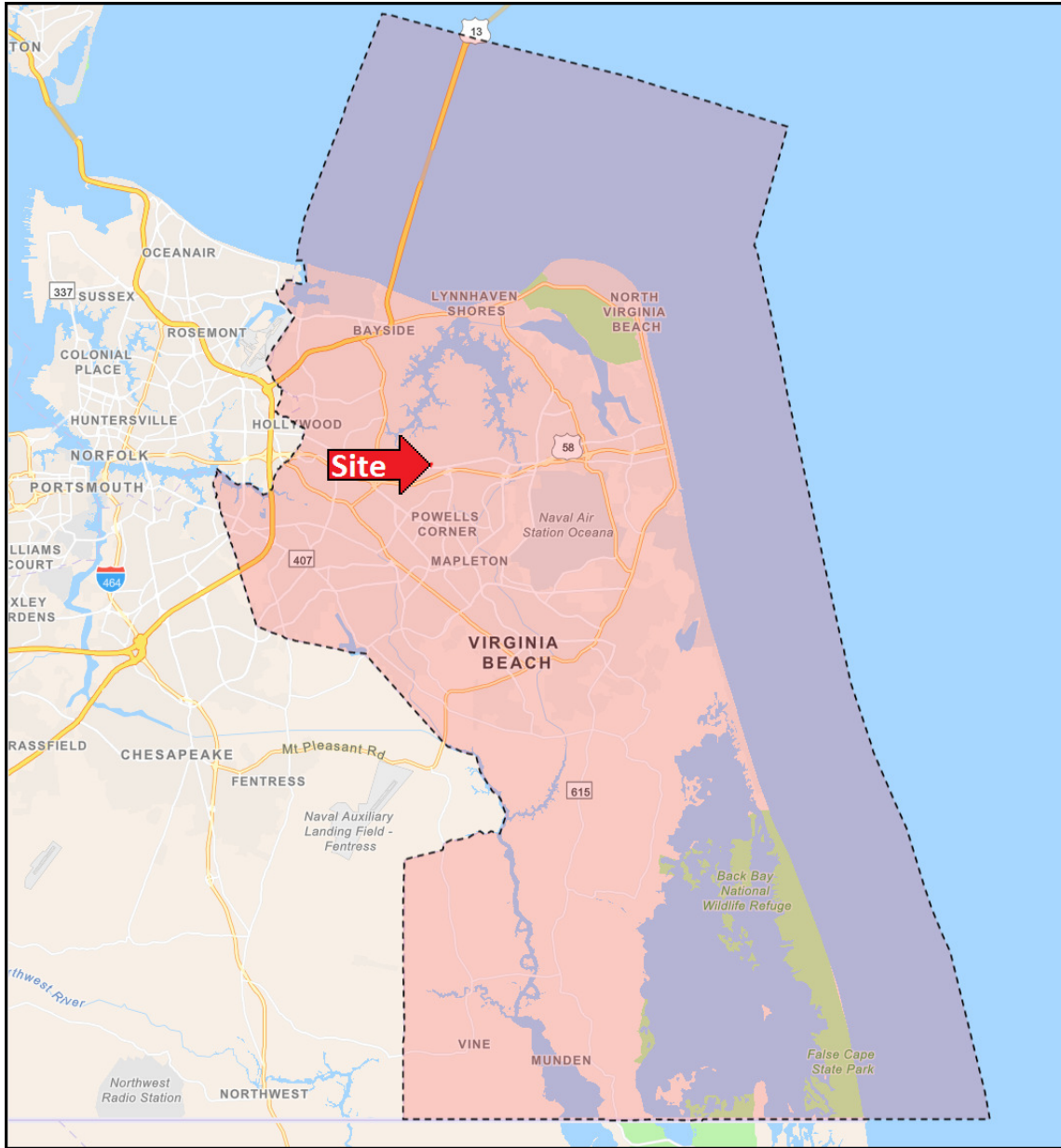
Section III provides the market study conclusions, presented within the market study format that requires the completion of a Demand Table and Capture Rate Chart. The analysis of the proposed rents, unit sizes and unit mix are also part of the market study conclusions.

### **Market Area Definition**

The market area is defined as the City of Virginia Beach, as shown in Map A. The City is bordered on the north and east by the Atlantic Ocean, on the south by the North Carolina state line, and on the west by the cities of Norfolk and Chesapeake.

Management in the Virginia Beach area apartment communities note that most residents originate from the City, while some residents have searched for housing further west in the Norfolk, Portsmouth and Suffolk areas, due to limited availability of age-restricted housing. Many of the existing senior households are either downsizing or are relocating to the area from inside and outside of Virginia, because it is either close to their adult children or they used to live in the area and are familiar with the neighborhood.

As will be shown, the competitive apartment properties under study are scattered throughout the City and none of the “comps” are in the resort area along the oceanfront. The southern part of the City is rural and largely undeveloped.



**Map A - The Arbors at Birchwood Market Area**

**The Arbors at Birchwood**

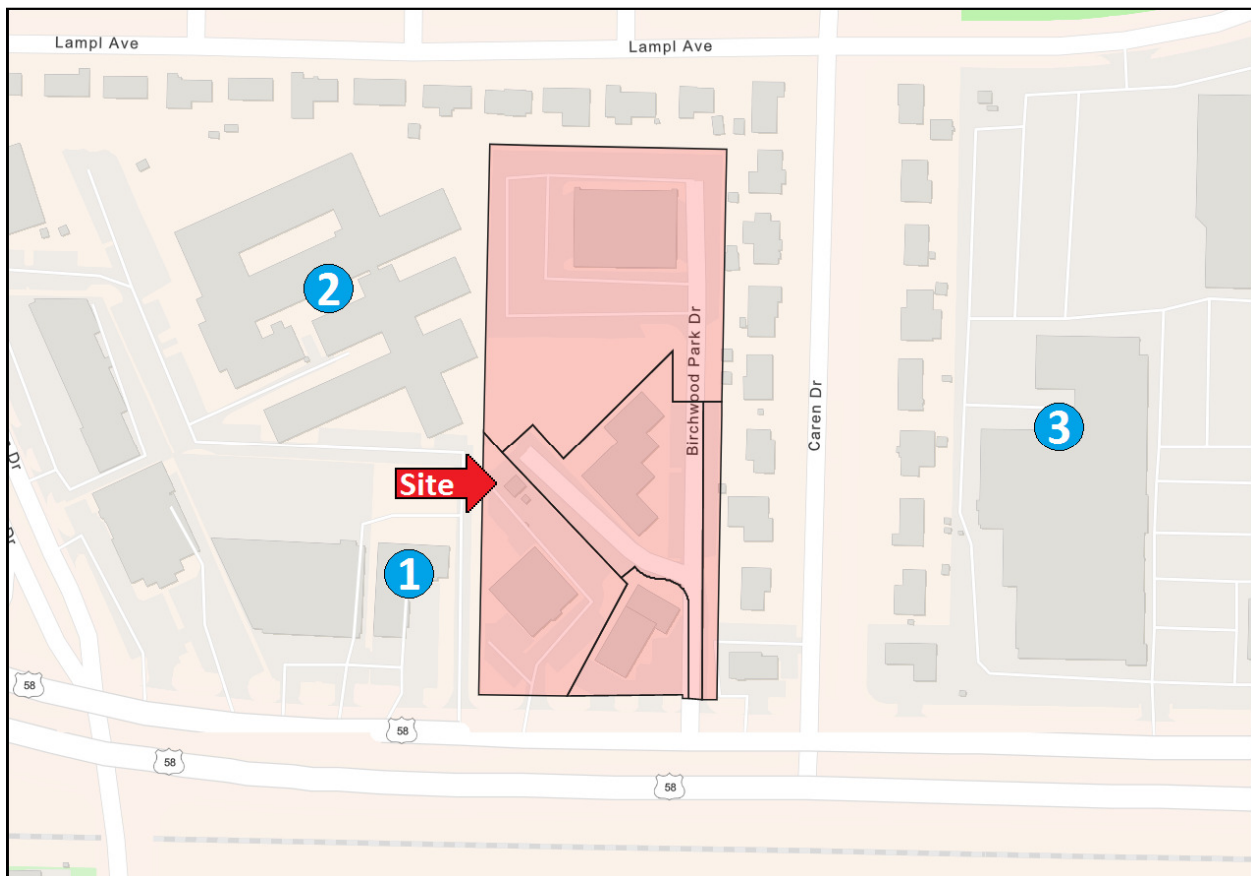
**Site Description**

The Arbors at Birchwood site is comprised of five adjacent parcels totaling approximately 4.82 acres of land in the North Central portion of Virginia Beach, approximately 1.7 miles east of

the Town Center of Virginia Beach, eight miles west of the Virginia Beach oceanfront and less than one mile west of I-264's full interchange with S Rosemont Road.

The site is bounded on the north by single-family homes fronting on Lampl Avenue and to the east by single-family homes fronting on Caren Drive. Its southern boundary is US 58 (Virginia Beach Boulevard). Its western boundary is marked by commercial developments that include Atlantic Bait & Tackle (Note 1) and a 150-bed nursing home called the Citadel Virginia Beach (Note 2).

Map B below shows the location of the study site. It shows the site to be walkable from the nearby Food Lion- and BJ's Wholesale Club-anchored Birchwood Shopping Center (Note 3).



**Map B - Site Location**

There is an existing six-inch City water main encroaching through this development within a 15-foot Public Utility easement. There is also an existing six-inch City water main along

Virginia Beach Boulevard, just south of the property. There are existing 42-, 20- and 16-inch City water transmission mains along Virginia Beach Boulevard. There is an existing eight-inch private sanitary sewer gravity line, a private pump station and force main that serves this property. The three-inch private force main connects to a gravity manhole located in Caren Drive. There is an existing 24-inch HRSD force main along Virginia Beach Boulevard.

The property received a Conditional Use Permit in 2020 for residential development to proceed as planned. Thus, no rezoning will be necessary.

Shown next is a northern aerial of the study site. The aerial shows the site to be in a mixed-use setting with excellent visibility along US 58. The site is developed with multiple office structures in what is currently called the "Birchwood Office Park." The office park has approximately 12,000 square feet of outdated office space in four buildings. Most of the space is vacant. Existing tenants include Rainbow Preschool & Child Care, Beacon House, Stanley Accounting Service and a banquet hall called The Royal Courtyard.





**Northern Aerial**

Shown next is a wider aerial view of the site, which provides a clearer depiction of the site setting. The aerial shows the site's mixed-use setting on the north side of US 58. North of the site are the built-out single-family neighborhoods of Birchwood Gardens, Birchwood South and Malibu.

An abundance of retail space is also shown to be situated near the site. Just east of the site the Birchwood Shopping Center (Note 1). This 378,000± square foot shopping center is anchored by BJ's Wholesale Club, Burlington, Food Lion, Original Mattress Factory, Dollar Tree, Lumber



Liquidators and Party City. Thus, a grocery store is within walking distance from the study site. This is a unique amenity.

Other nearby shopping centers include Loehmann's Plaza (Note 2), with tenants including West Marine, Golf Galaxy, Dress Barn, Applebee's, Hobbytown USA and Verizon Wireless as well as the Farm Fresh-anchored Thalia Collins Square (Note 3). Other major nearby retailers include Home Depot (Note 4) and Sam's Club (Note 5). Several other free-standing retailers and restaurants are located around these shopping centers and along US 58.

The aerial also shows an abundance of auto-related uses nearby on the south side of Bonney Road. This includes a Carmax (Note 6), Fairway Mitsubishi (Note 7) and Hall Nisan Virginia Beach (Note 8). The aerial also shows the location of the nearby 31,000± square foot Meyera E. Oberndorf Central Library along US 58 (Note 9).



Wide Northern Aerial

Shown next are pictures of the site and its setting. All existing structures will be demolished as part of the development program.





**Existing Buildings**



**Existing Buildings**



**View of US 58 from Study Site**

## Site Setting

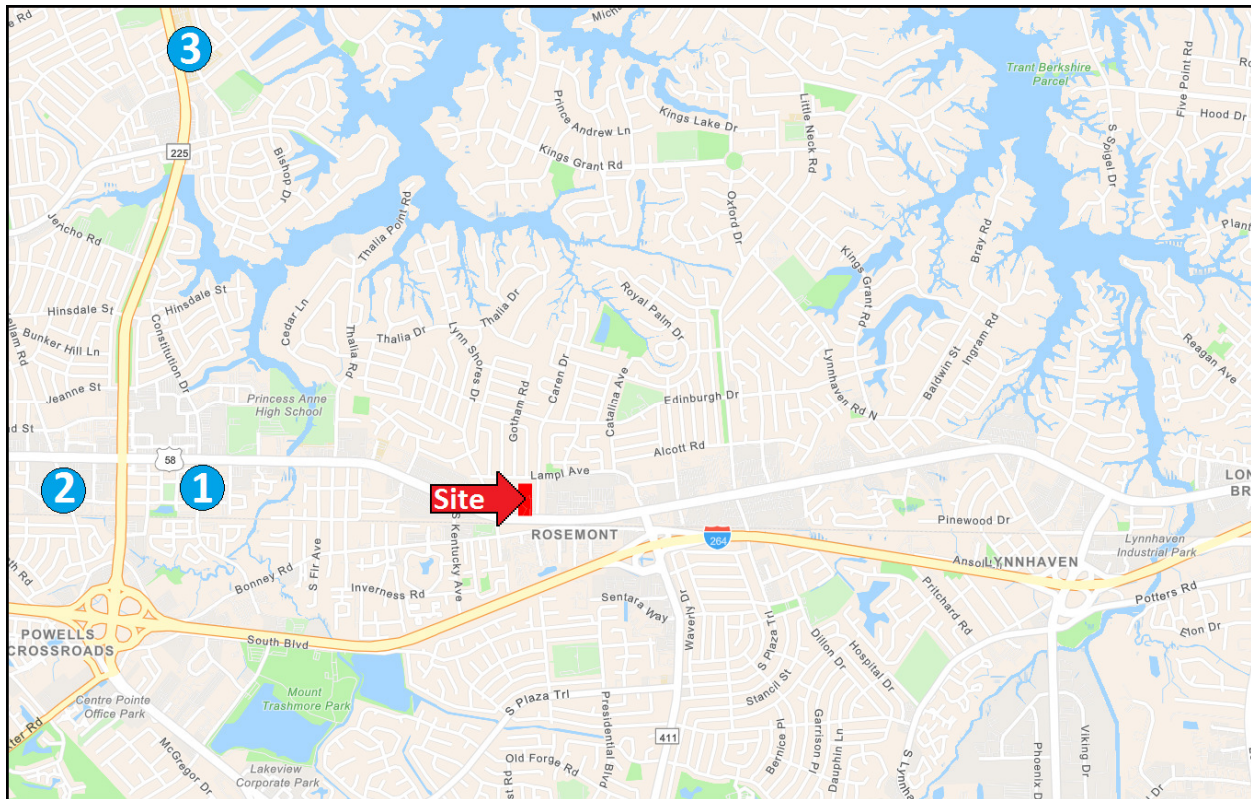
Map C shows the site setting along Virginia Beach Boulevard. This is a major connector highway, which carries US 58 traffic most of its length of Virginia Beach Boulevard and extends from the downtown area of Norfolk to the Oceanfront area of Virginia Beach, passing through the Town Center at Virginia Beach. The roadway, which generally parallels I-264 in the City, is one of the major traffic arteries and commercial corridors of the City of Virginia Beach.

Map C also shows the study site's close proximity to I-264, less than one mile southeast of the site. This interstate highway serves as the primary east-west highway through the South Hampton Roads Region. The route connects the central business districts of Chesapeake, Portsmouth, Norfolk, and Virginia Beach and serves as the most direct link between those cities and the resort beaches along Virginia's Atlantic coast.

Of note is that the site is located less than two miles east of the Town Center at Virginia Beach (Note 1), which is largest commercial hub in the City. This 36-acre mixed-use development houses approximately one million square feet of office space and 650,000 square feet of retail space. It is also the location of the Sandler Center, a 1,300-set performing arts center. Located near the Town Center is a 113,000 square foot Wegmans (Note 2) that opened in April, 2019.

In addition, Map C shows the site's proximity to Sentara Independence Hospital (Note 3), located at 800 Independence Boulevard. The 440,000± square foot, 160-bed facility opened in 2011.





**Map C - Site Setting**

Following are brief descriptions of the public and commercial facilities that serve the current resident population and will serve the future population at The Arbors at Birchwood.

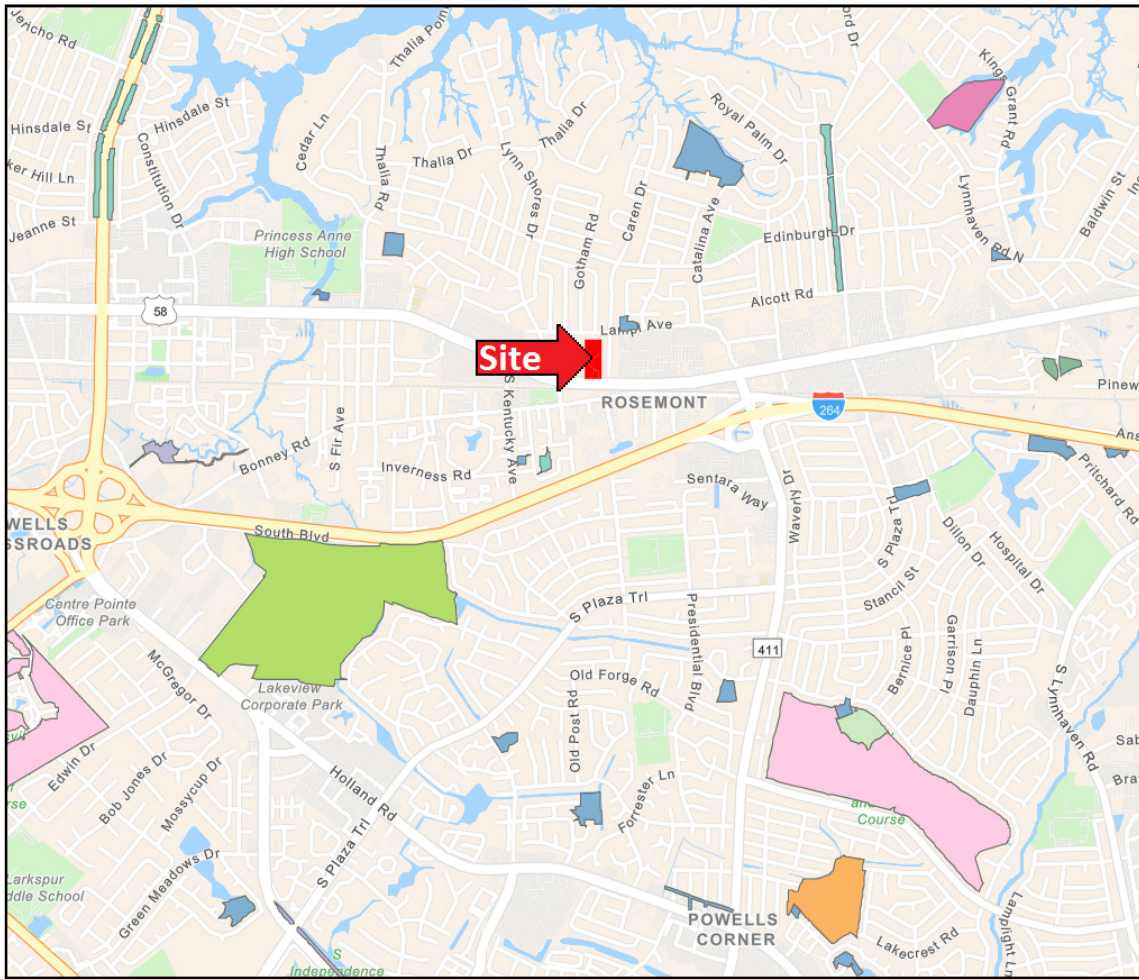
**Medical Care.** As previously noted, the closest hospital to the study site is the Sentara Independence Hospital at 800 Independence Boulevard.

**Community Facilities.** The closest post office to the study site is located approximately 2.5 miles west of the site at 4831 Columbus Street. Virginia Beach Fire Station #7 is located at 4817 Columbus Street, which is 2.3 miles west of the study site. The closest library is the Meyera E. Oberndorf Central Library, which is located less than a mile west of the study site at 4100 Virginia Beach Boulevard.

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

<b><u>Location of Nearby Churches</u></b>	
<b><u>Name</u></b>	<b><u>Address</u></b>
Emmanuel Lutheran Church	3900 Virginia Beach Blvd
Thalia United Methodist Church	4321 Virginia Beach Blvd
Thalia Lynn Baptist Church	4392 Virginia Beach Blvd
Virginia Beach Spanish Seventh-Day Adventist Church	420 Thalia Rd
Light of Hope United Methodist Church	208 S Plaza Trail

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



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

The closest senior center is within the Bow Creek Recreation Center, located at 3427 Club House Road. This is a 67,740± square foot facility that includes a full gym and indoor swimming pool.

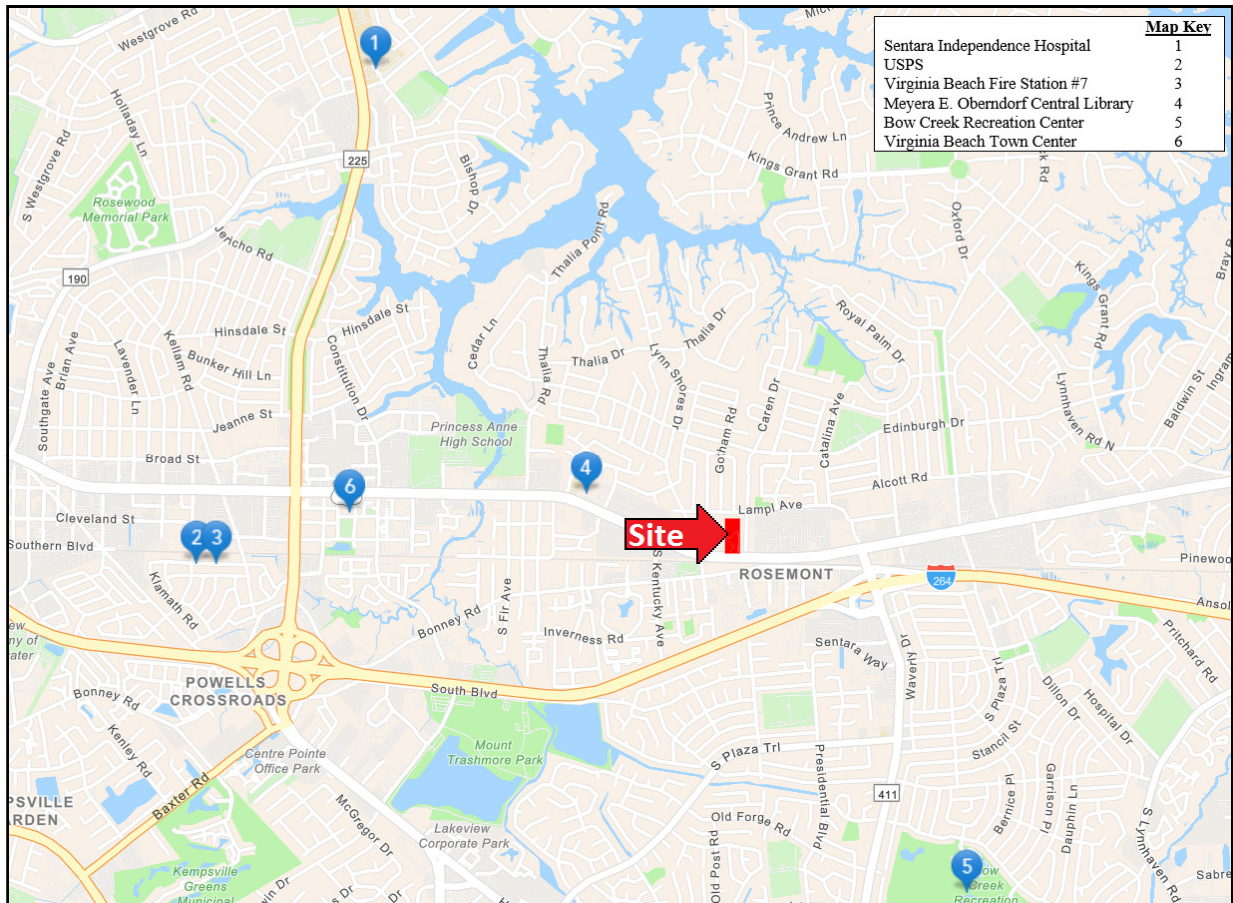


**Shopping.** As previously noted, the study site is located along US 58, which was one of the main commercial corridors in the City of Virginia Beach. This is shown in Map E below. Several grocery stores and big box retailers are located within close proximity of the study site. Nearby grocery stores include Food Lion, Harris Teeter, Farm Fresh and Aldi.



**Map E - Nearby Retailers**

Map F shows the location of the community facilities that will serve residents at The Arbors at Birchwood. Most important is that the setting has a full array of basic services for area residents.



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

**Development Program**

Table 1 provides a detailed description of The Arbors at Birchwood apartment development proposal, with data on total units planned, apartment unit sizes, unit mix and proposed rents. 105 units will be restricted to seniors earning incomes at or below 60 percent of the Area Median Income (AMI) for the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area. The remaining 45 units will have age, but no income restrictions.

The table shows a mix of 63 one-bedroom and 87 two-bedroom units for a total of 150 apartment units. All one-bedroom units will have one full bathroom and will range in size between 706 and 840 square feet. All one-bedroom units will have income restrictions.

67 of the two-bedroom units will have 1.5 bathrooms. 42 of these will measure 1,100 square feet and have income restrictions. 25 units will have no income restrictions and range in size between 1,100 and 1,290 square feet. There will be an additional 20 two-bedroom units with two full bathrooms. These units will all have market rents and have 1,135 square foot floor plans.

Also shown in Table 1 are the proposed rents, **which will include cold water, sewage and trash collection.** Only electricity will be paid for by the tenant. These rates will also include a full-size washer and dryer at no additional cost. One-bedroom affordable net rents will be \$910, while two-bedroom affordable net rents will be \$1,080. All market rate two-bedroom units will rent for \$1,750. Parking will be provided at no additional cost to the tenant.

<b>Table 1: Proposed Unit Characteristics, The Arbors at Birchwood, Virginia Beach, VA, October, 2021</b> <sup>1/</sup>					
	<b>Units</b>	<b>Size (Sq. Ft.)</b>	<b>Net Rent</b>	<b>UA</b>	<b>Gross Rent</b>
<b><u>1BR/ 1BA</u></b>					
60% of AMI	63	706-840	\$910	\$32	\$942
<b><u>2BR/ 1.5BA</u></b>					
60% of AMI	42	1,100	\$1,080	\$51	\$1,131
Market Rate	25	1,100-1,290	\$1,750	--	--
<b><u>2BR/ 2BA</u></b>					
Market Rate	<u>20</u>	1,135	\$1,750	--	--
<b>Total</b>	<b>150</b>				
Notes: 1/ Rents to include cold water, sewage and trash collection.					
Source: Marlyn Development Corporation					

### **Rent Comparison**

Table 2 shows gross rents for the proposed The Arbors at Birchwood apartment units, with a utility allowance (UA) added to net rents for the 105 income-restricted 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 Virginia Housing guidelines. The gross rents shown are compared with the HUD maximum allowable gross rents for the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area . The comparison shows that The Arbors at Birchwood proposed gross rents, based on the calculated UA, are below the maximum allowable rents for the Hampton Roads Region.

<b>Table 2: <u>Rent Comparison Chart, The Arbors at Birchwood and HUD Maximum Allowable Rates, Virginia Beach, Virginia</u></b>				
	<b><u>The Arbors at Birchwood</u></b>			<b><u>HUD Maximum Allowable</u></b>
	<b><u>Net Rent</u></b>	<b><u>UA 1/</u></b>	<b><u>Gross Rent</u></b>	
1BR/ 1BA	\$910	\$32	\$942	\$951
2BR/ 1.5BA	\$1,080	\$51	\$1,131	\$1,141
Notes: 1/ Includes electricity				
Source: HUD and Marlyn Development Corporation				

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

Shown next is the site plan for The Arbors at Birchwood. The site plan shows that the property will be developed with a single irregularly-shaped structure, that “fits” within the property boundary. Access to the apartment complex will be from Virginia Beach Boulevard from the south side of the property. The residential structure will be roughly E-shaped with a main entrance facing the street and wings behind it. Three elevators will service the building.

Common area amenities include secure building entrances with security cameras and key fob entry. On the ground floor, there will be a grand two-story entrance, lobby and community room. The leasing and management offices are located off of the main lobby along with a meeting room, mailroom and restrooms. The community will have a media room, fitness center, multipurpose room, business center/library, beauty salon and billiards room.

The community will have ample outdoor space and amenities, including sidewalks surrounding the building, raised garden plots for resident use, a grilling area and a dog park. There will be plentiful on-site parking at a ratio of 1.24 spaces/unit (186 spaces). A community van will be provided for regularly scheduled outings and shopping trips. An Activity Coordinator will assist residents in planning events and in encouraging socialization. In addition to the Activities Coordinator, the community will employ a manager, leasing assistant, housekeeper, and a maintenance technician. At least one employee will be on call 24 hours per day, seven days per week.





**The Arbors at Birchwood Site Plan**

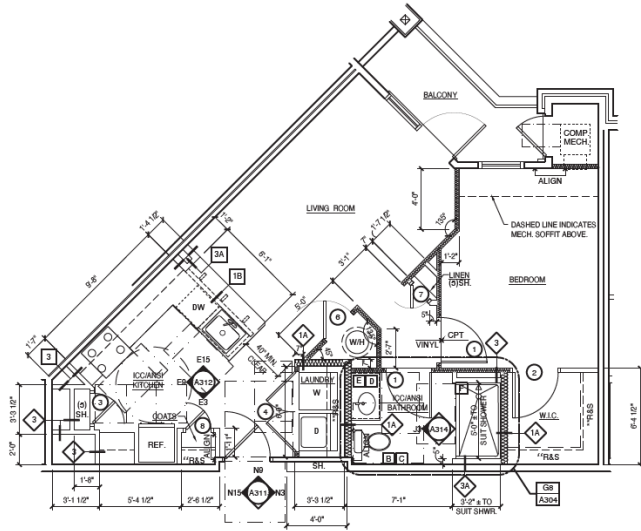
Next shown are the elevations of The Arbors at Birchwood. The proposed apartment units will be located in a four-story wood-framed structure. The building's exterior will feature a combination of brick cementitious panels and vinyl siding. All apartment units will have an abundance of windows for sufficient light and air. Most of the apartment units have recessed balconies. The building will have a main entrance that leads into a lobby area.



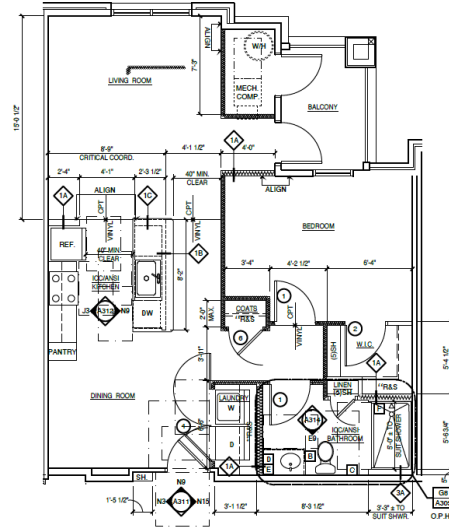
**The Arbors at Birchwood Elevations**

**Unit Floor Plans**

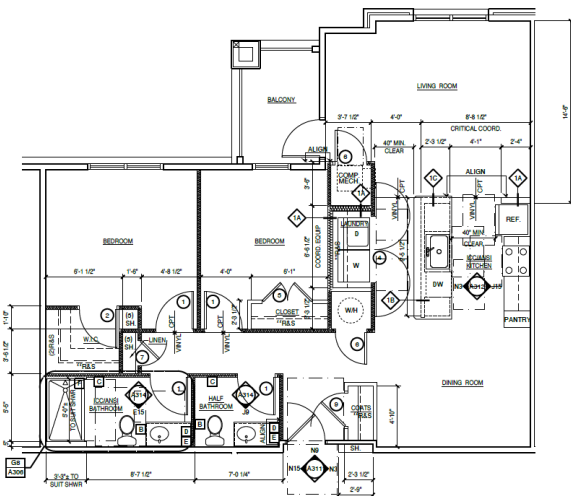
Next shown are the typical unit floor plans. All units at The Arbors at Birchwood will be equipped with emergency pull cords in the bedrooms and bathrooms. The bathrooms will contain one-piece shower or tub fixtures with grab bars. Showers will have molded seats. The living area will have a central kitchen with an island, an electric range, a refrigerator, a dishwasher and a garbage disposal. Full-size washers and dryers will be provided in each unit. All units will have central air conditioning. Flooring will be carpet in the bedrooms, with high-quality wood grained vinyl for kitchens, foyers, living room and bathrooms. All floor plans will include a walk-in bedroom closet and a coat closet. Units will offer private outdoor space in the form of a balcony or patio.



Typical 1BR/1 BA Unit



Typical 2BR/1.5 BA Unit



Typical 2BR/2.0 BA Unit

**Development Costs**

The total development cost, including soft costs, land acquisition fees and developers' fees, is estimated at \$29,862,540±, or \$199,080± per unit, on average.

**Market Area Economic Overview Analysis**

The Arbors at Birchwood proposal is for active seniors, likely with most residents, no longer in the labor force. However, the analysis of the market area economy is a key indicator for

evaluating market support for new affordable senior apartments, as it shows the level of economic stability in the market area, as a stable marketplace will attract new seniors with the knowledge that family will likely remain in place. Likewise, seniors will remain in the market area if their family is fully employed and expects to remain so.

The economic overview describes the growth trends for at-place jobs and employment. These are the two economic indicators that support population and household growth and the resulting demand for new housing units. Data are available from the U.S. Department of Commerce, Bureau of Labor Statistics (BLS) to year-end 2020. Data are presented for all of the City of Virginia Beach.

### **At-Place Jobs**

At-place jobs refer to the number of jobs located within the City of Virginia Beach, and data in Table 3 show a total of 179,380± jobs as of year-end 2019, up nearly 1,200 over the previous year and 15,360± over the past decade. This represents an increase of employment of 9.4 percent, at an average of over 1,500 new jobs each year.

The largest employment sector in Virginia Beach is the Accommodations/ Food Services sector, with 24,910± total at-place jobs, or nearly 14 percent of city-wide employment. This sector is also one of the fastest growing sectors in the City, adding nearly 3,500 new jobs over the past decade. This, employment in this sector has grown by an average of 350± each year since 2010. Much of this growth has been related to the tourism industry and the construction of several new hotels and opening of a wide variety of new restaurants.

The next largest employment sector, and fastest growing sector in the City, is the Health Care sector, with 23,740± jobs at year-end 2019. This sector has added 5,150± jobs since 2010. The largest Health Care employer in the City is Sentara Healthcare with 5,200± employees, up from 4,600± employees in 2011. Other major Health Care employers include LifeNet Health, Seniorcorp, Urology of Virginia and Operation Smile.

The third largest employment sector is Retail Trade, with 22,850± jobs, as of year-end 2019. Though the total number of jobs in this sector has shrunk by 180± between 2018 and 2018, this sector has grown by over 1,000 since 2010. Most employment losses in this sector occurred in the years immediately following the recession of 2008. Major retailer employers in the City include Lynnhaven Mall (2,600± employees), Pembroke Mall (550± employees), Grand Furniture (410± employees) and Haynes Furniture (330± employees).

Virginia Beach also has an especially large Local Government sector, with 20,340± employees as of year-end 2019. Employment in this sector has been relatively flat in recent. A majority of these employees work for Virginia Beach City Public Schools.

Apart from the above, several employment sectors have added a significant number of jobs over the past decade. These include Construction (1,180± new jobs), Professional/ Technical Services (1,100± new jobs), Federal Government (950± new jobs), Manufacturing (870± new jobs), Arts/ Entertainment/ Recreation (850± new jobs), Other Services (550± new jobs), Finance/ Insurance (550± new jobs) and Administrative/ Waste Services (450± new jobs).

Only five employment sectors have had a net loss of jobs over the past decade. The sharpest job losses have been in the Wholesale Trade sector, which has 850 fewer jobs at year-end 2019 compared to year-end 2010. Other sectors with job losses include Information (470± jobs lost), State Government (300± jobs lost), Local Government (210± jobs lost), and Real Estate (190± jobs lost).

**Table 3: Trends in Average At-Place Employment, Virginia Beach, Virginia, 2010-2019**

<b>Industry</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
Agriculture	ND	69	ND	ND	ND	ND	ND	ND	ND	86	--
Mining	ND	8	ND	ND	ND	ND	ND	ND	ND	ND	--
Utilities	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Construction	9,145	8,934	9,089	9,157	9,170	9,581	9,694	9,798	9,867	10,324	1,179
Manufacturing	5,495	5,519	5,587	5,484	5,601	5,626	5,620	5,825	6,252	6,369	874
Wholesale Trade	4,581	4,548	4,290	4,227	4,243	4,061	4,004	3,834	3,686	3,731	-850
Retail Trade	21,791	21,869	22,009	22,809	23,252	23,618	23,765	23,802	23,022	22,847	1,056
Trnsprt. & Wareh.	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	--
Information	3,538	3,301	ND	2,997	3,080	3,152	3,226	3,314	3,195	3,071	-467
Finance/Insurance	7,688	7,871	8,381	8,596	7,796	7,945	8,138	8,216	8,149	8,241	553
Real Estate	4,776	4,695	4,768	4,233	4,317	4,437	4,380	4,421	4,515	4,583	-193
Prof./Tech.	12,055	11,624	11,777	12,474	12,833	12,868	13,028	12,783	13,163	13,163	1,108
Mgmt of Co.s	2,382	2,448	2,614	2,648	2,645	2,729	2,899	2,970	2,938	2,736	354
Admin./Waste	11,342	10,283	10,312	10,769	11,259	1,113	10,833	11,461	11,311	11,792	450
Education	3,429	3,511	3,569	3,503	3,357	3,441	3,502	3,590	3,630	3,489	60
Health Care	18,596	18,859	19,338	20,486	21,104	21,918	22,776	22,745	22,658	23,741	5,145
Arts/Enter./Rec.	2,325	2,257	2,400	2,403	2,425	2,524	3,260	3,109	3,042	3,172	847
Accom./Food	21,413	21,766	22,212	22,873	23,493	23,945	24,593	25,593	25,752	24,906	3,493
Other Services	5,515	5,641	ND	5,773	5,635	5,945	6,089	6,041	6,205	6,068	553
Local Gov.	20,550	20,470	20,402	20,366	20,346	20,202	19,913	20,068	20,201	20,338	-212
State Gov.	2,006	2,004	2,035	2,044	2,108	2,044	1,927	1,885	1,760	1,704	-302
Federal Gov.	<u>5,457</u>	<u>5,039</u>	<u>5,059</u>	<u>6,565</u>	<u>6,319</u>	<u>6,191</u>	<u>6,212</u>	<u>6,295</u>	<u>6,306</u>	<u>6,411</u>	<u>954</u>
<b>Total</b>	<b>164,022</b>	<b>162,574</b>	<b>164,585</b>	<b>169,419</b>	<b>171,026</b>	<b>173,655</b>	<b>176,470</b>	<b>178,341</b>	<b>178,196</b>	<b>179,379</b>	<b>15,357</b>

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

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

Next shown, in Table 4, are the employment changes that occurred in 2020, which is an outlier year given the unusual impact of the COVID-19 pandemic. The data show a significant loss of jobs, with a reduction in employment of nearly 11,600, or by 6.5 percent.

These losses occurred across essentially all employment sectors, with the heaviest job losses impacting the Accommodations/ Food sector (4,350± jobs lost), Retail Trade sector (1,390± jobs lost) and Health Care sector (1,120± jobs lost). Although these losses are severe, many of these layoffs are expected to be temporary and will likely be recovered once 2021 employment data is released. Of note is that these loss of jobs did not impact occupancy at the market area's competitive apartment complexes.

<b>Table 4: Trends in Average At-Place Employment, Virginia Beach, Virginia, 2019-2020</b>			
<b>Industry</b>	<b>2019</b>	<b>2020</b>	<b>Net Change</b>
Agriculture	86	89	3
Mining	ND	ND	--
Utilities	ND	ND	--
Construction	10,324	10,069	-255
Manufacturing	6,369	5,903	-466
Wholesale Trade	3,731	3,433	-298
Retail Trade	22,847	21,455	-1,392
Transportation/Warehousing	ND	ND	--
Information	3,071	2,669	-402
Finance/Insurance	8,241	8,221	-20
Real Estate	4,583	4,380	-203
Professional/Technical Services	13,163	13,018	-145
Management of Companies	2,736	2,655	-81
Admin./Waste Services	11,792	10,945	-847
Educational Services	3,489	3,105	-384
Health Care	23,741	22,617	-1,124
Arts/Entertainment/Recreation	3,172	2,772	-400
Accommodations/Food	24,906	20,558	-4,348
Other Services	6,068	5,063	-1,005
Local Government	20,338	19,709	-629
State Government	1,704	1,637	-67
Federal Government	6,411	6,579	168
<b>Total</b>	<b>179,379</b>	<b>167,802</b>	<b>-11,577</b>

Source: United States Department of Labor

## Employment and Labor Force

Employment differs from at-place jobs, as it refers to the number of market area residents who are employed, no matter where the job is located. At-place jobs refer to where the job is located, i.e., the City of Virginia Beach. Data are current to year-end 2020 for Employment and Labor Force and at-place jobs. Virginia Beach realized a net increase in employment of 3,950± jobs over the eleven-year period between 2010 and 2020. Employment totals are higher than at-place job totals, which means some net out-commuting occurs into neighboring cities and counties in the Hampton Roads Region.

Total employment in the City increased every year between 2010 and 2019, reaching a peak of 229,159±. The City had an average annual increase of 1,710± jobs between 2010 and 2019, adding 2,350± in 2019.



Data in Table 5 show that the unemployment rate was a low 2.6 percent in 2019, down from 6.7 percent in 2010. The low unemployment rate means that new job growth will require new residents for the City.

Total employment declined by 13,170± in 2020, pushing the unemployment rate up from a very low 2.6 percent in 2019 to 6.2 percent, the highest unemployment rate in a decade. As with At-place jobs, many of these losses are expected to be temporary. Nevertheless, total employment in the City of Virginia remains above the figure in 2011.

<b>Table 5: Trends in Employment and Unemployment Virginia Beach, Virginia, 2010-2020</b>				
	<b><u>Labor Force</u></b>	<b><u>Employment</u></b>	<b><u>Unemployment</u></b>	<b><u>Percent Unemployed</u></b>
2010	227,179	212,040	15,139	6.7%
2011	228,853	214,828	14,025	6.1%
2012	228,708	215,847	12,861	5.6%
2013	231,089	218,890	12,199	5.3%
2014	232,581	221,324	11,257	4.8%
2015	229,696	219,985	9,711	4.2%
2016	229,517	220,574	8,943	3.9%
2017	232,751	224,576	8,175	3.5%
2018	233,418	226,811	6,607	2.8%
2019	235,250	229,159	6,091	2.6%
2020	230,322	215,991	14,331	6.2%
<b>Net Change</b>	<b>3,143</b>	<b>3,951</b>	<b>-808</b>	<b>-0.5%</b>
Source: United States Department of Labor, Bureau of Labor Statistics				

### **COVID-19 and Employment**

Table 6 shows monthly employment data until July, 2021 in Virginia Beach to illustrate the local employment impact of the COVID-19 pandemic. This is the date for which the most recent data are available. Trend data show that since January, 2020, employment has fallen by nearly 8,400, with the number of unemployed growing by over 2,300. The labor force has also contracted by over 6,000 people, meaning that many of those who have lost their jobs have retired or quit searching for employment at this time.



The data show some employment improvements since the pandemic began, with over 16,000 jobs recovered since April, 2020. Employment growth has been uninterrupted over the past three months. Of note is that these job losses have not impacted occupancy rates at the competitive apartments under study.

	<b>Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Percent Unemployed</b>
January, 2020	235,025	228,799	6,226	2.6%
February, 2020	236,017	230,456	5,561	2.4%
March, 2020	235,133	228,939	6,194	2.6%
April, 2020	233,066	203,982	29,084	12.5%
May, 2020	226,633	205,919	20,714	9.1%
June, 2020	231,513	211,052	20,461	8.8%
July, 2020	232,231	213,798	18,433	7.9%
August, 2020	233,187	217,338	15,849	6.8%
September, 2020	227,547	213,406	14,141	6.2%
October, 2020	225,951	213,953	11,998	5.3%
November, 2020	223,868	212,474	11,394	5.1%
December, 2020	223,694	211,774	11,920	5.3%
January, 2021	222,946	210,996	11,950	5.4%
February, 2021	223,540	212,454	11,086	5.0%
March, 2021	225,046	214,382	10,664	4.7%
April, 2021	222,504	214,308	8,196	3.7%
May, 2021	224,101	215,490	8,611	3.8%
June, 2021	227,195	217,762	9,433	4.2%
July, 2021 1/	228,989	220,409	8,580	3.7%
<b>Net Change</b>	<b>-6,036</b>	<b>-8,390</b>	<b>2,354</b>	<b>1.1%</b>

Notes: 1/ Preliminary. Subject to change.  
Source: U.S. Department of Labor, Bureau of Labor Statistics

### **Military Employment**

Trends in military-related employment in the Hampton Roads Region are detailed in Table 7. The table shows considerable military employment growth since 2016. As of 2019, the year for which the most recent data are available, there are 171,450± military-related jobs in the region, which generate considerable housing demand. 2020 data will be made available in December, 2021. This employment sector is largely insulated from the job losses associated with the pandemic.

Overall military-related employment grew by over 10,000 since 2016. Nearly all of the employment growth during this period is related to direct military employment. Of note is that

only 4,380± individuals occupy government housing, representing less than three percent of military-related employment in the region. This growth has supported increased demand for housing in the region.

	<b><u>Location</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
<b><u>Naval Station Norfolk</u></b>					
	Norfolk				
Military		56,259	57,861	57,155	55,131
Civilian		13,696	13,435	13,832	14,898
Contractors		<u>3,037</u>	<u>5,438</u>	<u>5,629</u>	<u>5,774</u>
(Subtotal)		(72,992)	(76,734)	(76,616)	(75,803)
<b><u>JEB Little Creek-Ft. Story</u></b>					
	VA Beach				
Military		18,909	18,015	19,469	16,009
Civilian		3,224	3,373	2,943	2,761
Contractors		<u>3,249</u>	<u>3,339</u>	<u>2,240</u>	<u>1,018</u>
(Subtotal)		(25,382)	(24,727)	(24,652)	(19,788)
<b><u>NSA Hampton Roads/NW Annex/NMCP</u></b>					
	Norfolk				
Military		7,024	7,040	6,297	6,235
Civilian		2,961	3,455	2,349	3,374
Contractors		<u>1,957</u>	<u>1,957</u>	<u>2,060</u>	<u>1,815</u>
(Subtotal)		(11,942)	(12,452)	(10,706)	(11,424)
<b><u>Norfolk Naval Shipyard</u></b>					
	Portsmouth				
Military		940	742	320	317
Civilian		13,013	12,922	10,937	10,931
Contractors		<u>624</u>	<u>481</u>	<u>554</u>	<u>1,658</u>
(Subtotal)		(14,577)	(14,145)	(11,811)	(12,906)
<b><u>NAS Oceana/Dam Neck Annex</u></b>					
	VA Beach				
Military		13,040	12,784	12,113	11,067
Civilian		3,529	3,580	3,438	3,027
Contractors		<u>5,362</u>	<u>3,576</u>	<u>3,232</u>	<u>3,272</u>
(Subtotal)		(21,931)	(19,940)	(18,783)	(17,366)
<b><u>NWS Yorktown/Cheatham Annex</u></b>					
	York County				
Military		2,234	2,119	1,914	1,648
Civilian		1,024	1,039	995	979
Contractors		<u>529</u>	<u>530</u>	<u>486</u>	<u>454</u>
(Subtotal)		(3,787)	(3,688)	(3,395)	(3,081)
<b><u>Joint Base Langley-Eustis</u></b>					
	Hampton/ NN				
Military		14,614	14,670	14,670	14,747
Civilian		<u>6,227</u>	<u>5,827</u>	<u>5,827</u>	<u>6,218</u>
(Subtotal)		(20,841)	(20,497)	(20,497)	(20,965)
<b>Total</b>		<b>171,452</b>	<b>172,183</b>	<b>166,460</b>	<b>161,333</b>
<b>Percent Growth from Previous Year</b>		<b>-0.4%</b>	<b>3.4%</b>	<b>3.2%</b>	<b>--</b>

Source: Department of the Navy, Navy Region Mid-Atlantic Public Affairs Office; Langley AFB

## Economic Development Activity

The past increase in jobs and employment, as noted above, is due to new area developments, some of which are sizable. The paragraphs to follow show the current active City developments and the likelihood that employment and job growth will continue during 2021 and beyond. Approximately 1,000 new non-retail jobs are expected, based on these announcements. These are briefly detailed in the paragraphs below.

- **Sunny Farms**, an agricultural startup, announced in April, 2021 that it would build a 32-acre hydroponic operation in Virginia Beach – creating 155 jobs. The facility, which will cover 1.2 million square feet when completed in three years, will be located at Taylor Farms off Dam Neck Road, south of the Oceana Naval Air Station and approximately six miles west of the beach. The project also will be the site of a new nonprofit, One Matters Inc., aimed at providing workforce development opportunities for underserved populations.
- **Decisions LLC**, a provider of no-code, business process automation software, announced in August, 2021 that it would move its headquarters from Chesapeake to the former Sears building at Pembroke Mall in Virginia Beach. The company has leased 52,640± square feet of office space at the shuttered department store at 4588 Virginia Beach Boulevard. 200 people will work in the facility.
- **Premium-PPE**, a manufacturer of AmeriShield branded masks and personal protective equipment, announced in October, 2020 that it would expand its Virginia Beach operations, creating 180 jobs.
- **Acoustical Sheetmetal Company**, a sheet metal company, announced in November, 2020 that it would expand its Virginia Beach facility by adding a 100,000± square foot production facility and creating 200 new jobs.
- **Breeden Company**, a Virginia Beach-based developer with announced in May, 2021 that it would add a 6,560± square foot expansion to its headquarters on Lynnhaven Parkway, just off Interstate 264. The expansion projects will give Breeden space for 16 more employees at the headquarters and 10 more at the construction office.
- **NAP of Virginia Beach**. Construction is ongoing on this 39,530± square foot data center at the Corporate Landing Business Park.
- **Mini Price Storage**. This is a proposed three-story, 169,000± square foot climate controlled self-storage facility to be built at 1089 Old Dam Neck Road.
- **Globalinx** completed a 10,750± square-foot carrier-neutral colocation carrier hotel facility and data center (Phase I) that opened in the first quarter of 2019 and a Phase II expansion

of the data center is underway. This is a four-phase, 21-acre data center campus that at completion, will consist of a carrier hotel and four data center buildings totaling over 280,000± square feet. Globalinx has entered into a purchase agreement to acquire 10 acres from the VBDA to build Phase IV of their data center campus.

- **Regulus Global**, the procurement and logistics support company headquartered at Taylor Farms Commerce Park in Virginia Beach, announced in February, 2021 that it had leased an extra 12,000± square feet in Oceana East Industrial Park to further support its operations. An additional 31 employees will join the company, which works within the global defense, security, intelligence, and humanitarian sectors.

## **Section II Affordable and Market Rate Senior Apartment Analysis**

This section of the market report presents the supply/demand analysis for the proposed 150 senior apartment units at The Arbors at Birchwood, including 105 affordable units restricted to 60% of AMI and 45 market rate units. The first subsection is the demographic analysis that “solves” for the number and growth of active senior households, with the household head 62 to 79 years of age, and with annual incomes of \$31,200± to \$40,600± (60% of AMI) and over \$60,000 (market rate), when incomes are reported in constant 2021 dollars. These are the income category required to support the proposed rents at The Arbors at Birchwood, as presented above, and is within the HUD maximum allowable incomes for LIHTC apartment units in the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area.

The forecast date for the analysis is 2024, as the proposed apartment building is expected to be started by early-2022 and will likely require 18± months to construct, allowing project opening and leasing in 2023 and extending into 2024.

The second part of this section is the competitive apartment analysis for affordable and market-rate age-restricted apartment properties. We identified seven apartment communities that provide affordable apartment units for active seniors in the market area that could be competitive with The Arbors at Birchwood, once built. These seven properties have a combined total of 990± apartment units. This represents a sufficient competitive total to study the proposed 105 affordable units.

Also studied are the area market rate, age-restricted apartments. There are seven age-restricted apartments without services that can be defined as comps for the proposed market rate units at The Arbors at Birchwood. These complexes total nearly 1,000 apartment units. The other market rate age-restricted communities in the City provide full services such as meals and housekeeping. These represent a different housing concept that attracts older seniors with higher incomes and were therefore excluded from the analysis.

These affordable and market rate apartment properties are studied for location, number of apartment units, rents, unit mix, unit characteristics, project features and curb appeal. Age-restricted apartments with deep rent subsidies such as Section 8 were not defined as competitive and are not included in the competitive analysis of this report.

### Market Area Demographic Analysis

#### Population Trends and Projections

The 2020 Census population count for the market area was 459,470±. That total exceeds the 2010 Census count by 24,180±. This is above the net population growth of 12,730± during the 200’s yet below the net population growth of 32,190± during the 1990’s. The more recent accelerated pace of population growth is due to an abundance of new apartment unit development, most of which has not had age-restrictions in place. Over 20 apartment complexes opened during this period. Based on recent trends and ongoing economic expansions, Virginia Beach’s population is projected to grow by 8,590± and reach 468,060± by 2024.

<b>Table 8: Trends and Projections of Population and Households, The Arbors at Birchwood Market Area, 1990-2024</b>					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Market Area Population 1/	393,070	425,260	437,990	459,470	468,060
Group Quarters Population	11,500	7,680	9,250	9,500	9,600
Household Population	381,570	417,580	428,740	449,970	458,480
Persons Per Household	2.81	2.70	2.60	2.57	2.56
Households	135,740	154,460	165,090	175,090	179,090
Notes: 1/ Market area includes City of Virginia Beach.					
Source: U.S. Department of Commerce, Bureau of the Census; S. Patz and Associates, Inc.					

#### Group Quarters Population

Virginia Beach has a sizeable Group Quarters population. In 2010, approximately 32 percent of the Group Quarters population was comprised of incarcerated individuals. Nursing home residents comprise over 16 percent of the Group Quarters population.

The largest portion of the Group Quarters population are those persons living in military quarters, representing 4,700± people in 2010. Most of these are individuals associated with Naval Air Station Oceana. The remaining Group Quarters population is comprised of students living in residence halls, at Regent University, in particular.

Other than the Group Quarters growth at Regent University, the City's Group Quarters population is stable. The projected recent growth since 2010 was driven primarily by new assisted living facilities. The subtraction of the Group Quarters population from total population generates Household Population, which is the basis for the analysis of new housing unit demand.

### **Households**

The trend data on households show a sizable increase since the 1990's. By 2020, the City's household total reached 175,090±, which shows an increase of 10,000± households since 2010. That growth trend is expected to continue for the 2020 to 2024 period. The market area is projected to contain 179,090± households in 2024, an increase of 4,000± over the 2020 household count.

The increase in households, or occupied housing units, is due not only to population growth, but also to steady decrease in the average household size. The 2020 estimated average household size of 2.57 is well below the 2.70 percentage in 2000 and 2.82 percentage in 1990. This trend denotes a significant increase in the number of one- and two-person households over the past two decades, again due to the accelerated pace of new apartment unit development.

### **Active Senior Demographics**

Data in Table 9 show that in 2020, the active senior population (persons between the ages of 62 and 79) in the market area totaled 60,190+, or 13.1 percent of the total market area population. Although adults between the ages of 55 and 61 are often permitted to live in age-restricted communities, this segment of the adult population makes up only a small portion of the potential market for senior housing. Including this demographic would greatly overstate the market.

During the 2010 to 2020 period, the net growth of the active adult population was 13,310±, or 1,330± people per year, on average. This is compared to an annualized growth rate of 1,140± during the 2000's. By 2024, the market area is projected to have a total of 65,810± persons in the active adult age category, or 14.1 percent of the total market area population.

Data in Table 9 also show the growth in the number of households with the household head aged 62 to 79. In 2020, the market area had 36,700± active senior-headed households, at an average household size of 1.64. By 2024, this total is projected to grow by 3,430± and reach 40,130±.

<b>Table 9: Trends and Projections of Population and Households by Age, Arbors at Birchwood Market Area, Virginia, 1990-2024</b>					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Market Area Population	393,070	425,260	437,990	459,470	468,060
Total Households	135,740	154,460	165,090	175,090	179,090
<b><u>Senior Demographics</u> (62-79)</b>					
Senior Population	25,500	35,460	46,880	60,190	65,810
Percent of Total Population	6.5%	8.3%	10.7%	13.1%	14.1%
Senior Households	15,670	22,330	28,540	36,700	40,130
Percent of Total Households	11.5%	14.5%	17.2%	21.0%	22.4%
Source: U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.					

### **Target Senior Market**

The Arbors at Birchwood will have market rents as well as rents restricted to seniors earning 60% of the Area Median Income (AMI) in the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area. Each of these two cohorts are detailed in the paragraphs below.

- **60% of AMI.** Qualified senior households for this income category must earn annual incomes ranging between \$31,200 and \$40,560, when reported in constant 2021 dollars. This represents qualified senior renters who can afford to pay net rents of approximately \$910. The demographic analysis shows that as of 2020, the market area had 3,200± senior households within this income range. The 2020 total exceeds the 2010 total by 850± households. By 2024, the market area is projected to add 450± households within the age and income category under study to reach 3,650± households. Of note, most LIHTC apartment properties for seniors attract some residents under the age of 62 and over 79 years of age. Some residents have Section 8 housing vouchers. Any adjustments, based on current market trends, will be included in the report conclusions.



- **Market Rate.** The demographic analysis shows that as of 2020, the market area had 25,030± households with the household head aged 62 to 79 and earning an annual household income in excess of \$600, when reported in constant 2021 dollars. This represents households that can afford net rents of \$1,750. The annualized growth rate over the 2010 to 2020 period was 660±. This is compared with an annualized growth rate of 510± households during the 2000's. By 2024, the market area is projected to number 27,650± households within this age and income category, or an increase of 2,620± households.

<b>Table 10: Trends and Projections of Population and Households by Age and Income, Arbors at Birchwood Market Area, Virginia, 1990-2024</b> (Constant 2021 Dollars)					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Total Households	135,740	154,460	165,090	175,090	179,090
Senior Households	15,670	22,330	28,540	36,700	40,130
<b><u>Target Market</u></b>					
60% of AMI (\$31,200-\$40,560)					
Total Households	1,170	1,550	2,350	3,200	3,650
Percent of Senior Households	7.5%	6.9%	8.2%	8.7%	9.1%
Percent of Total Households	0.9%	1.0%	1.4%	1.8%	2.0%
Market Rate (\$60,000+)					
Total Households	8,660	13,390	18,470	25,030	27,650
Percent of Senior Households	55.3%	60.0%	64.7%	68.2%	68.9%
Percent of Total Households	6.4%	8.7%	11.2%	14.3%	15.4%
Source: U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.					

### **Households by Size**

As of 2010, over 23 percent of market area households were single-person households. An additional 33.3 percent were two-person households.

**Table 11: Household Size, Virginia Beach, Virginia, 2010**

	<u>Number</u>	<u>Percent</u>
<b>Total Households</b>	<b>165,089</b>	<b>100.0%</b>
1-person household	38,484	23.3%
2-person household	54,935	33.3%
3-person household	31,250	18.9%
4-person household	24,439	14.8%
5-person household	10,281	6.2%
6-person household	3,737	2.3%
7-or-more-person household	1,963	1.2%

Source: 2010 U.S. Department of Commerce

**Competitive Age-Restricted Rental Housing Market**

Following are analyses of the two types of age-restricted rental housing under study, affordable and market rate housing. Each is studied separately, as each has different pricing, unit sizes and amenities. As will be shown, the market area contains one mixed-income community – Silver Hill at Great Neck – that is similar in concept to The Arbors at Birchwood proposal. It has been successful since project opening and is fully occupied at this time. This property, however, is now over two decades old and does not offer the same level as curb appeal that The Arbors at Birchwood will have, once built.

**Characteristics of the Market Rate Age-Restricted Apartment Market**

Table 12 details the competitive market rate, age-restricted apartment communities in the market area. These apartments offer limited services that do not include meals, laundry service or housekeeping within the rental structure. They offer amenities, but no services. This is the most similar concept to The Arbors at Birchwood proposal. Only one community – Silver Hill at Great Neck – is a mixed-income community with both market rate and income-restricted apartment units. Despite having opened over 20 years ago, all market rate units in this complex are occupied.

The data show that three complexes with 354 apartment units opened over the past decade. Each of these complexes is briefly described in the paragraphs below.

- **Overture Virginia Beach**. The newest independent living facility to open is the 171-unit Overture Virginia Beach, which opened in July, 2017. This is a fully-amenitized community with a clubroom, fitness center, heated outdoor swimming pool and movie theater. This community had a slow lease-up pace that was widely attributed to a design flaw, in which the community was built adjacent to the recently opened Lesner Bridge. In addition, the community has particularly high rents compared to others, with one-bedroom rents starting at over \$1,690 and reaching over \$2,300. These rents do include continental breakfast. These high rents are likely part of the reason that the complex has ten vacant units. All of the current market rate vacancies are at this complex.
- **Cottages at Town Center** is a unique concept that opened in 2015. This is a 39-unit two-level townhome community that was built adjacent to the Muse at Town Center. All of the homes are three-bedroom units with two full bathrooms. The master bedrooms are located on the ground level. Amenities include a fitness center, community room and community shuttle. All units are currently occupied.
- **900 Acqua** opened with 144 units in 2012. This is an attractive four-level, elevator-served L-shaped building. Each of the units have nine-foot showers with extending crown molding, open kitchens with black appliances, washer/dryer hookups and large closets. Some units also have walk-in showers and patios/balconies. The community also has a wide range of community amenities including a barbecue and picnic area, business center, courtyard, covered parking, laundry facilities, recreation room, sundeck, fitness center, clubhouse and planned events. The community is fully occupied with 20 households on a waitlist.

In addition to these newer properties are four older properties with 642 apartment units, all of which are fully occupied. Only one complex—Muse at Town Center—opened during the 2000's. This 139-unit community was fully renovated in 2018 and has no vacancies. Management maintains a waitlist of approximately 20 households. One complex—Silver Hill at Great Neck—opened in the 1990's. This is a mixed-income community with 95 affordable and 27 market rate units. All units are occupied at this complex as well. The market area also has two older, large communities that opened in 1970 and have both been renovated since that time. These include Haygood Halls, with 225 units, and Old Donation, with 251 units. Management at Haygood Halls maintains a waitlist of approximately 15 households.

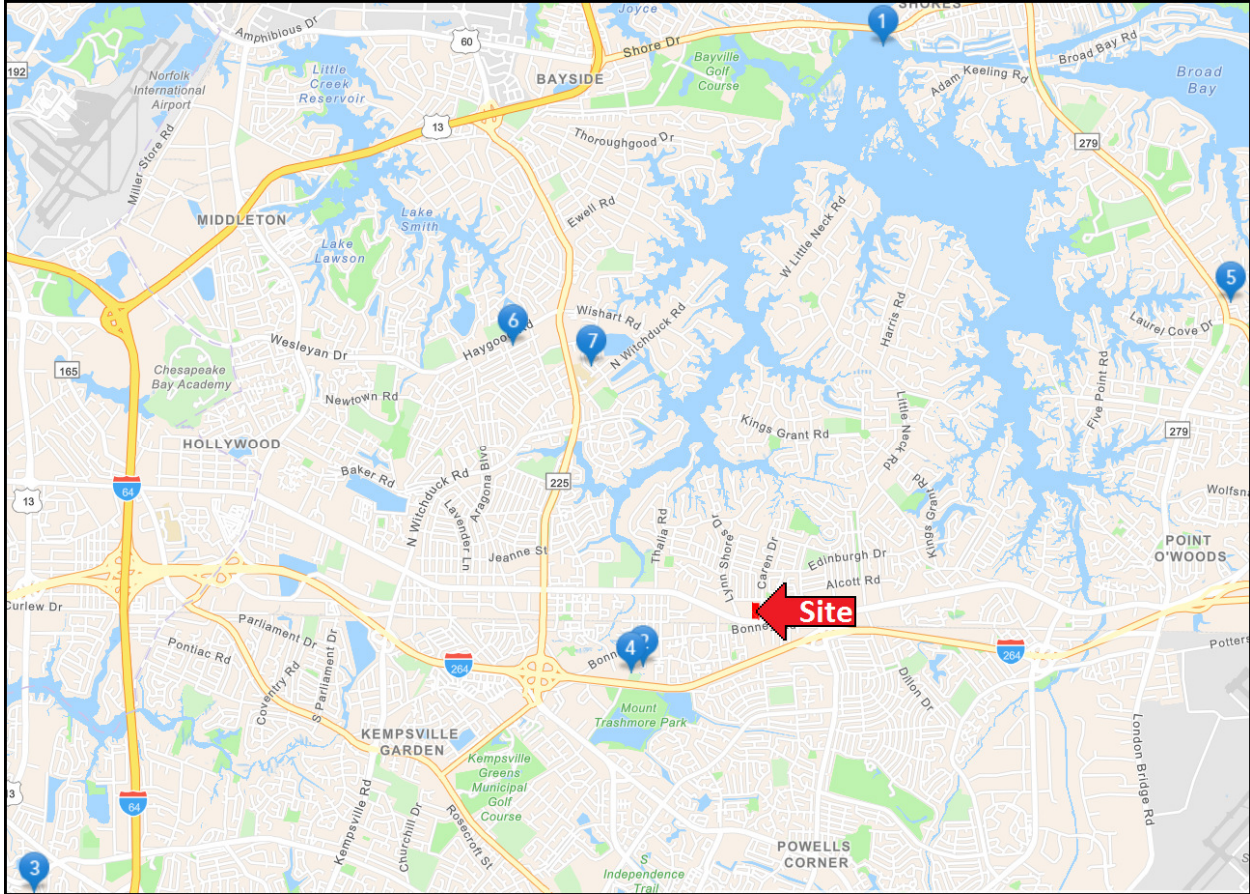
Overall, the market area has 996 market rate, age-restricted apartments. Apart from the ten vacancies at the high rent Overture Virginia Beach, all seven of the communities under study are fully occupied. These complexes maintain waitlists of at least 60 households.

<b>Table 12: Characteristics of Competitive Market Rate Senior Apartment Communities, The Arbors at Birchwood Market Area, October, 2021 1/</b>				
	<b>Map G Key</b>	<b>Year Built</b>	<b>Total Units</b>	<b>Vacant Units</b>
Overture Virginia Beach	1	Jul-17	171	10
Cottages at Town Center	2	2015	39	0
900 Acqua	3	2012	144	0
Muse at Town Center	4	2000/19	139	0
Silver Hill at Great Neck 1/	5	1995	27	0
Haygood Halls	6	1970/14	225	0
Old Donation	7	1970/09	<u>251</u>	<u>0</u>
<b>Total</b>			<b>996</b>	<b>10</b>
<b>Vacancy Rate</b>				<b>1.0%</b>

Notes: 1/ Mixed-income community. Only data on market rate units shown.  
Source: Field and Telephone Survey by S. Patz and Associates, Inc.

Map G below shows the locations of the seven competitive senior apartments. The map shows the apartments to be scattered across the City. Cottages at Town Center and Muse at Town Center are located closest to the study site and near the Town Center at Virginia Beach. Haygood Halls and Old Donation are located along Independence Avenue. Overture Virginia Beach is located off Shore Drive, in the northern portion of Virginia Beach. Silver Hill at Great Neck is located off N. Great Neck Road, not far from the Oceanfront. 900 Acqua is located in in the in the western portion of the City, between I-64 and S Military Highway.

Muse at Town Center is fully occupied. It was upgraded in 2019. Cottages at Town Center is also fully occupied.



**Map G - Locations of Competitive Market Rate Senior Apartments**

Next shown are photos of each of the market rate apartments. Cottages at Town Center, Haygood Halls and Old Donation have townhome designs. The other apartments are located in multi-story, elevator served buildings. Overture Virginia Beach is the one complex with a contemporary design. Haygood Halls and Old Donation have modest designs.





**Overture Virginia Beach**



**Cottages at Town Center**



**900 Acqua**



**Muse at Town Center**



**Silver Hill at Great Neck**



**Haygood Halls**



**Old Donation**

### **Net Rent Analysis**

Data in Table 13 list the rents at the competitive market rate senior apartment communities under study. None of these properties provide in-unit washers and dryers within the base rental fee. The data show a wide range of rents, with Overture Virginia Beach at the high end and Silver Hill at Great Neck at the low end.

The market rate units at The Arbors at Birchwood will all be two-bedroom units that rent for \$1,750. This is compared to a market area average of \$1,790. Overture Virginia Beach has considerably higher two-bedroom units, at over \$2,700. These rents do, however, include a daily continental breakfast. All of the other complexes have lower rents, ranging between \$1,200 at Silver Hill at great Neck and \$1,953 at Haygood Halls. 900 Acqua has two-bedroom rents that reach as high as \$1,695, but this complex is now nearly ten years old.

Most of these units are at least two decades old and with a lower level of finishes and quality compared to what will be offered by The Arbors at Birchwood, once built.

**Table 13: Rental Rates at Competitive Market Rate Senior Apartment Communities,  
The Arbors at Birchwood Market Area, October, 2021** 1/

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>
Overture Virginia Beach 3/ 9/	\$1,745-\$2,281	\$2,732-\$3,994	--
Cottages at Town Center	--	--	\$1,899
900 Acqua	\$1,200-\$1,350	\$1,411-\$1,695	--
Muse at Town Center 4/	\$1,039-\$1,069	\$1,289-\$1,314	--
Silver Hill at Great Neck 4/	\$1,000	\$1,200	--
Haygood Halls 5/	\$1,260-\$1,425	\$1,493-\$1,953	\$1,816-\$2,096
Old Donation 8/	\$1,270	\$1,600	\$2,061
<b>Average</b>	<b>\$1,326</b>	<b>\$1,790</b>	<b>\$1,972</b>
<b>Arbors at Birchwood Market Rents 2/ 7/</b>	<b>--</b>	<b>\$1,750</b>	<b>--</b>

Notes: 1/ Rents adjusted to include cold water, sewage and trash collection.  
2/ Rent includes washer and dryer.  
3/ Larger one-bedroom units have dens.  
4/ Two-bedroom units 1.0 bathrooms.  
5/ Smaller two-bedroom units have 1.5 bathrooms. Larger two-bedroom units have 2.5 bathrooms.  
Larger three-bedroom units have 2.5 bathrooms.  
6/ Smaller two-bedroom units have 1.0 bathrooms. Larger two-bedroom units have 2.5 bathrooms.  
Larger three-bedroom units have 2.5 bathrooms.  
7/ Smaller two-bedroom units have 1.5 bathrooms. Larger two-bedroom units have 2.0 bathrooms.  
8/ Estimates  
9/ Includes continental breakfast.

Source: S. Patz & Associates, Inc.

### Apartment Unit Sizes

Table 14 shows the unit sizes at the competitive market rate senior apartment communities. On average, the one-bedroom units measure 758 square feet. The three-bedroom units average 1,567 square feet.

All market rate units at The Arbors at Birchwood will be two-bedroom units of between 1,100 and 1,135 square feet. The two-bedroom units at the market rate age-restricted communities average 1,092 square feet. Haygood Halls and Old Donation, which are townhomes units, have large two-bedroom units, at between 1,050 and 1,534 square feet. 900 Acqua also has relatively large two-bedroom units, all over 1,000 square feet. Overture Virginia Beach has a wide mix of two-bedroom unit sizes, ranging from under 1,000 square feet to nearly 1,500 square feet. Muse at Town Center and Silver Hill at Great Neck have small two-bedroom units that are all 850 square feet or smaller.



<b>Table 14: <u>Unit Sizes at Competitive Market Rate Senior Apartment Communities, The Arbors at Birchwood Market Area, October, 2021</u></b>			
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>	<b><u>Three-Bedroom</u></b>
Overture Virginia Beach	683-1,018	964-1,456	--
Cottages at Town Center	--	--	1,540
900 Acqua	752-843	1,087-1,245	--
Muse at Town Center	515-570	730-830	--
Silver Hill at Great Neck	498-520	620-850	--
Haygood Halls	880-979	1,210-1,534	1,534-1,680
Old Donation	870-970	1,050-1,530	1,430-1,680
<b>Average</b>	<b>758</b>	<b>1,092</b>	<b>1,567</b>
<b>Arbors at Birchwood Unit Sizes</b>	--	<b>1,100-1,135</b>	--
Source: S. Patz & Associates, Inc.			

### **Rent per Square Foot**

Table 15 calculates the rent per square foot for the two-bedroom units at each of the market rate age-restricted properties. The data show that the proposed rent per square foot at The Arbors at Birchwood is \$1.46, which is compared to a market area average of \$1.65. 900 Acqua, Haygood Halls and Old Donation have lower rent per square foot calculations.

<b>Table 15: <u>Rent per Square Foot at Age-Restricted Communities, The Arbors at Birchwood Market Area, October, 2021</u></b>	
	<b><u>Two-Bedroom</u></b>
Overture Virginia Beach	\$2.78
900 Acqua	\$1.33
Muse at Town Center	\$1.67
Silver Hill at Great Neck	\$1.63
Haygood Halls	\$1.26
Old Donation	\$1.24
<b>Average</b>	<b>\$1.65</b>
<b>Arbors at Birchwood Rent per Square Foot</b>	<b>\$1.46</b>
Source: S. Patz & Associates, Inc.	

### **Apartment Unit Mix**

For the apartment communities under study and where data was made available by on-site management, 32.7 percent of the units are one-bedroom units and 56.8 percent of units are

two-bedroom units. None of the communities offers studios and several offer three-bedroom units.

<b>Table 16: Unit Mix at Competitive Market Rate Senior Apartment Communities, The Arbors at Birchwood Market Area, October, 2021</b>				
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Total Units</u>
Overture Virginia Beach	63	108	0	171
Cottages at Town Center	0	0	39	39
900 Acqua	69	75	0	144
Haygood Halls	81	126	18	225
Old Donation	58	162	31	<u>251</u>
<b>Total</b>	<b>271</b>	<b>471</b>	<b>88</b>	<b>830</b>
<b>Percent of Total</b>	<b>32.7%</b>	<b>56.8%</b>	<b>10.6%</b>	<b>100.0%</b>
<b>Arbors at Birchwood Unit Mix</b>	<b>0</b>	<b>45</b>	<b>0</b>	<b>45</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.				

### Community Amenities

Table 17 details the community amenities at each of the competitive market rate age-restricted complexes. All have a community room and several have swimming pools. The newer communities also have libraries and fitness centers. Most do not have salons.

<b>Table 17: Community Amenities at Market Rate Senior Communities, The Arbors at Birchwood Market Area, October, 2021</b>								
	<u>Community Room</u>	<u>Pool</u>	<u>Restaurant</u>	<u>Fitness</u>	<u>Library</u>	<u>Business</u>	<u>Salon</u>	<u>Laundry</u>
Overture Virginia Beach	●	●	●	●	●	○	●	○
Cottages at Town Center	●	○	○	●	●	●	○	●
900 Acqua	●	●	○	●	●	●	○	●
Muse at Town Center	●	○	○	●	●	●	○	●
Silver Hill at Great Neck	●	○	○	○	●	○	○	●
Haygood Halls	●	●	○	○	○	○	○	●
Old Donation	●	●	○	○	○	○	○	●
<b>Arbors at Birchwood Amenities</b>	●	○	○	●	●	○	●	○
Source: Field and Telephone Survey by S. Patz and Associates, Inc.								

### Characteristics of the Affordable Age-Restricted Apartment Market

Table 18 presents a list of the seven competitive age-restricted and income-restricted apartment properties under study within the market area. One community – Silver Hill at Great Neck – has a mix of market rate and income-restricted units, though only data on the affordable

unit are presented in the analysis to follow. This mixed-income community is closest in concept to The Arbors at Birchwood proposal, however the complex opened over 25 years ago. Its affordable units are fully occupied with a waitlist that management notes extends for at least three months.

Also shown is that all competitive apartments have rents restricted to primarily to 50% and 60% of the Area Median Income (AMI). Approximately 150 units, or over 15 percent of units, are currently occupied by Section 8 voucher holders. Apart from Wesleyan Place and Silver Hill at Great Neck, all of the competitive apartments contain over 100 affordable units. These are Low Income Housing Tax Credit (LIHTC) affordable apartment properties.

Table 18 also shows that most of the apartments are mature, as none have been built over the past decade. Four complexes opened during the 2000's with 515 apartment units. Most recent to open is Wesleyan Place, which opened in 2008. This is a five-story, elevator served apartment building with a mix of ten units restricted to 40% of AMI, 36 units restricted to 50% of AMI and 45 units restricted to 60% of AMI. It currently has only one vacancy.

Victoria Place and Lynnhaven Cove both opened in 2003. Victoria Place, with 122 units, has an even mix of units restricted to 50% and 60% of AMI. All 116 units at Lynnhaven Cove are restricted to 60% of AMI. Both communities are fully occupied. Commons at Princess Anne opened in 2001 with 186 units restricted to 60% of AMI. These units are also fully occupied and management maintains a small waitlist of two households. All three of these complexes are multi-story, elevator buildings.

The market area also contains three older affordable age-restricted apartments that were built in the 1990's, all of which have a mix of income restrictions. Combined, these complexes total 473 affordable units. Holland House and Jamestown Commons have a mix of units restricted to 50% and 60% of AMI. Silver Hill at Great Neck has 85 units restricted to 60% of AMI and 27 market rate units. These three complexes are fully occupied, with Holland House maintaining a waitlist of over 90 households. Silver Hill at Great Neck also maintains a waitlist that extends for three to four months.

The market area has a very low 0.1 percent vacancy rate for the seven properties listed in Table 18. Apart from Wesleyan Place, all of the communities are fully occupied and most maintain waitlist. These seven properties have at least 120 households on multiple waitlists.

**Table 18: Characteristics of Competitive Affordable Senior Apartment Communities, The Arbors at Birchwood Market Area, October, 2021**

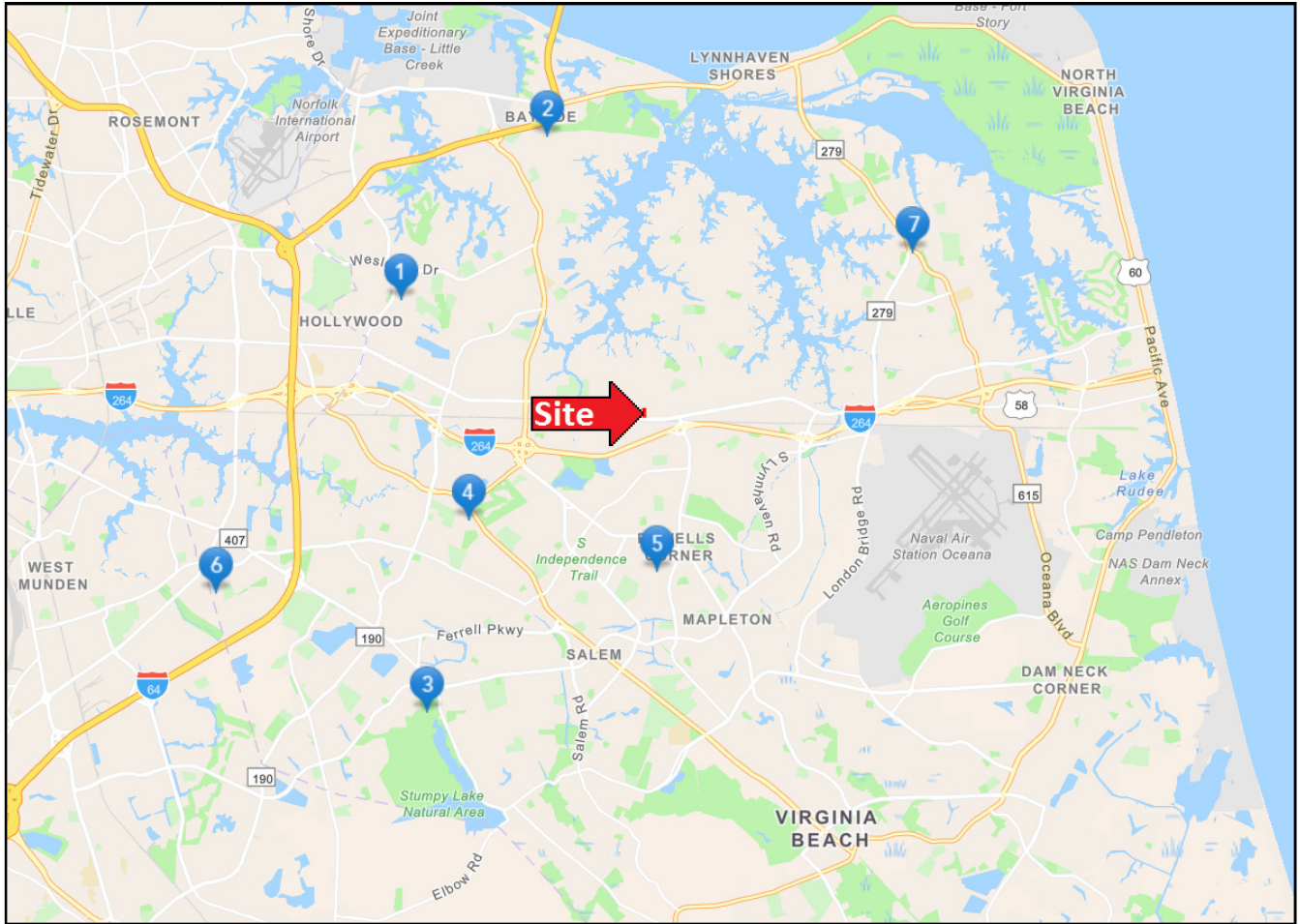
	<u>Map H Key</u>	<u>Year Built</u>	<u>Income Restrictions</u>	<u>Total Units</u>	<u>Vacant Units</u>
Wesleyan Place	1	2008	40% (10)/ 50% (36)/ 60% (45)	91	1
Victoria Place	2	2003	50% (61)/ 60% (61)	122	0
Lynnhaven Cove	3	2003	60%	116	0
Commons at Princess Anne	4	2001	60%	186	0
Holland House	5	1999	50%/60%	112	0
Jamestown Commons	6	1999	50% (61)/ 60% (205)	266	0
Silver Hill at Great Neck 1/	7	1995	60% (95)/ Market (27)	<u>95</u>	<u>0</u>
<b>Total</b>				<b>988 2/</b>	<b>1</b>
<b>Vacancy Rate</b>					<b>0.1%</b>

Notes: 1/ Mixed-income community. Only data on affordable units shown.

2/ Approximately 150 Section 8 voucher holders.

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

Map H shows the locations of these income-restricted apartment communities. The map shows the properties to be scattered across the City of Virginia Beach. None are located near the Town Center at Virginia Beach.



**Map H - Locations of Competitive Affordable Senior Apartments**

Shown next are photos of each of these affordable properties. They show that all of these age-restricted apartment properties are multi-story elevator buildings. The older properties have more modest designs.





**Wesleyan Place**



**Victoria Place**



**Lynnhaven Cove**



**Commons at Princess Anne**



**Holland House**



**Jamestown Commons**





**Silver Hill at Great Neck**

### **Net Rent Analysis**

Data in Table 19 list the rents at all of the apartment properties under study. All of the rents were adjusted to include cold water, sewage and trash collection to be consistent with the proposed rental structure at The Arbors at Birchwood.

Only Commons at Princess Anne provides an in-unit washer and dryer at no additional cost. The Arbors at Birchwood is also proposed to offer this amenity. Also shown is that apart from the two newest properties – Wesleyan Place and Victoria Place – all of the competitive two-bedroom units have only one full bathroom. All affordable two bedroom units at The Arbors at Birchwood are proposed to have 1.5 bathrooms.

The average one-bedroom affordable rents are \$853, which is compared to a proposed one-bedroom rent of \$910 at The Arbors at Birchwood. This would place the one-bedroom rents at the top of the market, however The Arbors at Birchwood will be considerably newer and more attractive than the existing competitive properties. Commons at Princess Anne and Silver Hill at Great Neck are within \$20 of the proposed one-bedroom rents at The Arbors at Birchwood. These units are all occupied.

The two-bedroom units average \$1,051, which is compared to \$1,080 for the proposed two-bedroom units at The Arbors at Birchwood. Silver Hill at Great Neck has higher two-bedroom rents, despite being over 25 years old. These units are also fully occupied.

<b>Table 19: Rental Rates at Competitive Affordable Senior Apartment Communities, The Arbors at Birchwood Market Area, October, 2021</b> <sup>1/</sup>		
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>
Wesleyan Place <sup>3/ 5/</sup>	\$865	\$1,029
Victoria Place <sup>5/</sup>	\$875	\$1,050
Lynnhaven Cove <sup>3/ 4/</sup>	\$875	\$1,060
Commons at Princess Anne <sup>2/ 4/</sup>	\$898	\$1,072
Holland House <sup>3/ 4/</sup>	\$850	\$1,009
Jamestown Commons <sup>4/</sup>	\$707	\$1,046
Silver Hill at Great Neck <sup>4/</sup>	\$899	\$1,089
<b>Average</b>	<b>\$853</b>	<b>\$1,051</b>
<b>Arbors at Birchwood Rents</b> <sup>2/ 5/</sup>	<b>\$910</b>	<b>\$1,080</b>
Notes: <sup>1/</sup> Rents adjusted to include water, sewage and trash collection. Only 50% and 60% rents shown.		
<sup>2/</sup> Includes washer and dryer.		
<sup>3/</sup> Includes cable.		
<sup>4/</sup> Two-bedroom units have one full bathroom.		
<sup>5/</sup> Two-bedroom units have 1.5 bathrooms.		
Source: Field and Telephone Survey by S. Patz and Associates, Inc.		

### **Rent per Square Foot**

Table 20 calculates the rent per square foot at each of the affordable age-restricted properties under study. The one-bedroom units at these properties average \$1.45, which is above the proposed one-bedroom rent per square foot of \$1.18 at The Arbors at Birchwood. All of the apartments have a higher rent per square foot calculation for their one-bedroom units due to their relatively smaller unit sizes.

For the two-bedroom units, the market area average is \$1.24. This is compared to a rent per square foot calculation of only \$0.98 that are proposed for The Arbors at Birchwood. This is a lower rate than all of the comps except. As will be shown, this is attributable to the spacious two-bedroom units proposed for The Arbors at Birchwood.

<b>Table 20: <u>Renter per Square Foot at Competitive Affordable Senior Apartment Communities, The Arbors at Birchwood Market Area, October, 2021</u></b>		
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>
Wesleyan Place	\$1.42	\$1.14
Victoria Place	\$1.26	\$1.19
Lynnhaven Cove	\$1.20	\$1.15
Commons at Princess Anne	\$1.78	\$1.25
Holland House	\$1.42	\$1.18
Jamestown Commons	\$1.27	\$1.29
Silver Hill at Great Neck	\$1.77	\$1.48
<b>Average</b>	<b>\$1.45</b>	<b>\$1.24</b>
<b>Arbors at Birchwood Rent/ Sq. Ft.</b>	<b>\$1.18</b>	<b>\$0.98</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.		

### **Apartment Unit Sizes**

Next shown are the unit sizes for each of the competitive affordable apartment communities. The one-bedroom units are small, at an average of only 600 square feet. Only Lynnhaven Cove has one-bedroom units over 700 square feet. Several complexes have one-bedroom units smaller than 600 square feet, including Commons at Princess Anne, Holland House, Jamestown Commons and Silver Hill at Great Neck. The spacious one-bedroom units floor plans proposed for The Arbors at Birchwood will be unique for this marketplace.

The market area two-bedroom units are also relatively small, averaging 852 square feet. This is compared to the 1,100 square foot two-bedroom units proposed for The Arbors at Birchwood. All of the two-bedroom units under study are smaller than 1,000 square feet and, apart from Wesleyan Place and Victoria Cove, have only one full bathroom.

<b>Table 21: Unit Sizes at Competitive Affordable Senior Apartment Communities, The Arbors at Birchwood Market Area, October, 2021</b>		
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>
Wesleyan Place	610	900
Victoria Place	693	880
Lynnhaven Cove	730	920
Commons at Princess Anne	504	804-915
Holland House	596-600	817-900
Jamestown Commons	555	811
Silver Hill at Great Neck	498-520	620-850
<b>Average</b>	<b>600</b>	<b>852</b>
<b>Arbors at Birchwood Unit Sizes</b>	<b>706-840</b>	<b>1,100</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.		

### **Apartment Unit Mix**

The unit mix of the competitive apartments are shown below in Table 22. Jamestown Commons is the only comp with three-bedroom units, though most units at this community have two bedrooms. Approximately 23 percent of the units are one-bedroom units compared with nearly 76 percent that are two-bedroom units. The majority of units in all communities are two-bedroom units.

<b>Table 22: Unit Mix at Competitive Affordable Senior Apartment Communities, The Arbors at Birchwood Market Area, October, 2021</b>				
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>	<b><u>Three-Bedroom</u></b>	<b><u>Total Units</u></b>
Wesleyan Place	7	84	0	91
Victoria Place	52	70	0	122
Lynnhaven Cove	56	60	0	116
Commons at Princess Anne	2	184	0	186
Holland House	48	64	0	112
Jamestown Commons	<u>38</u>	<u>214</u>	<u>14</u>	<u>266</u>
<b>Total</b>	<b>203</b>	<b>676</b>	<b>14</b>	<b>893</b>
<b>Percent of Total</b>	<b>22.7%</b>	<b>75.7%</b>	<b>1.6%</b>	<b>100.0%</b>
<b>Arbors at Birchwood Unit Mix</b>	<b>63</b>	<b>42</b>	<b>0</b>	<b>105</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.				

**Community Amenities**

Community amenities are shown in Table 23 below. All competitive apartments have a clubroom. Some also have fitness center, libraries, businesses center and salons. None have swimming pools.

**Table 23: Community Amenities at Competitive Affordable Senior Apartment Communities, The Arbors at Birchwood Market Area, October, 2021**

	<u>Community Room</u>	<u>Pool</u>	<u>Restaurant</u>	<u>Fitness</u>	<u>Library</u>	<u>Business</u>	<u>Salon</u>	<u>Laundry</u>
Wesleyan Place	●	○	○	○	●	○	○	●
Victoria Place	●	○	○	○	●	○	○	●
Lynnhaven Cove	●	○	○	○	○	○	●	●
Commons at Princess Anne	●	○	○	●	●	○	●	○
Holland House	●	○	○	●	○	○	○	●
Jamestown Commons	●	○	○	●	○	○	○	●
Silver Hill at Great Neck	●	○	○	○	●	○	○	●
<b>Arbors at Birchwood Amenities</b>	●	○	○	●	●	○	●	○

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

### **Section III Conclusions**

The above analysis described an extremely attractive proposal for new age-restricted affordable housing, within a competitive setting in the center of the City of Virginia Beach. The market area has realized steady population growth over the past decade and the study site is within quick proximity to much of this growth. All required public and commercial facilities needed to support the resident population exists. Medical services are convenient and the local highway system is excellent.

The analysis showed continued expected population and household growth in the defined market area and continued demand for new housing, specifically for seniors. The defined market area has seven somewhat competitive market rate apartment properties and seven competitive affordable apartment properties for active seniors. This includes one very successful mixed-income senior community that is similar in concept to The Arbors at Birchwood proposal.

Both segments of the senior housing market have a very low vacancy rate with extensive waitlists. The market rate properties have a vacancy rate of only 1.0 percent and the affordable properties have a vacancy rate of only 0.1 percent. These low vacancy rates have been the norm for several years given then lack of new age-restricted apartment unit development in the City. The affordable communities maintain waitlists of at least 100 households while the market rate communities have waitlists of at least 60 households.

For the affordable units, most of the defined competitive apartment properties are mature, with an inferior design compared with The Arbors at Birchwood proposal. The newest complex to open opened in 2008. Most of the market rate units are also mature.

The proposed rents at The Arbors at Birchwood are very competitive. The following paragraphs will analyze the demand for new affordable, age-restricted housing and evaluate The Arbors at Birchwood proposal.



The conclusion section has two subsections. The first is the determination of net demand for new affordable and market rate age-restricted apartment units. This is followed by the market study conclusions. Included in the conclusions is the Virginia Housing demand chart that summarizes apartment unit demand and the required capture rate for proposed feasibility.

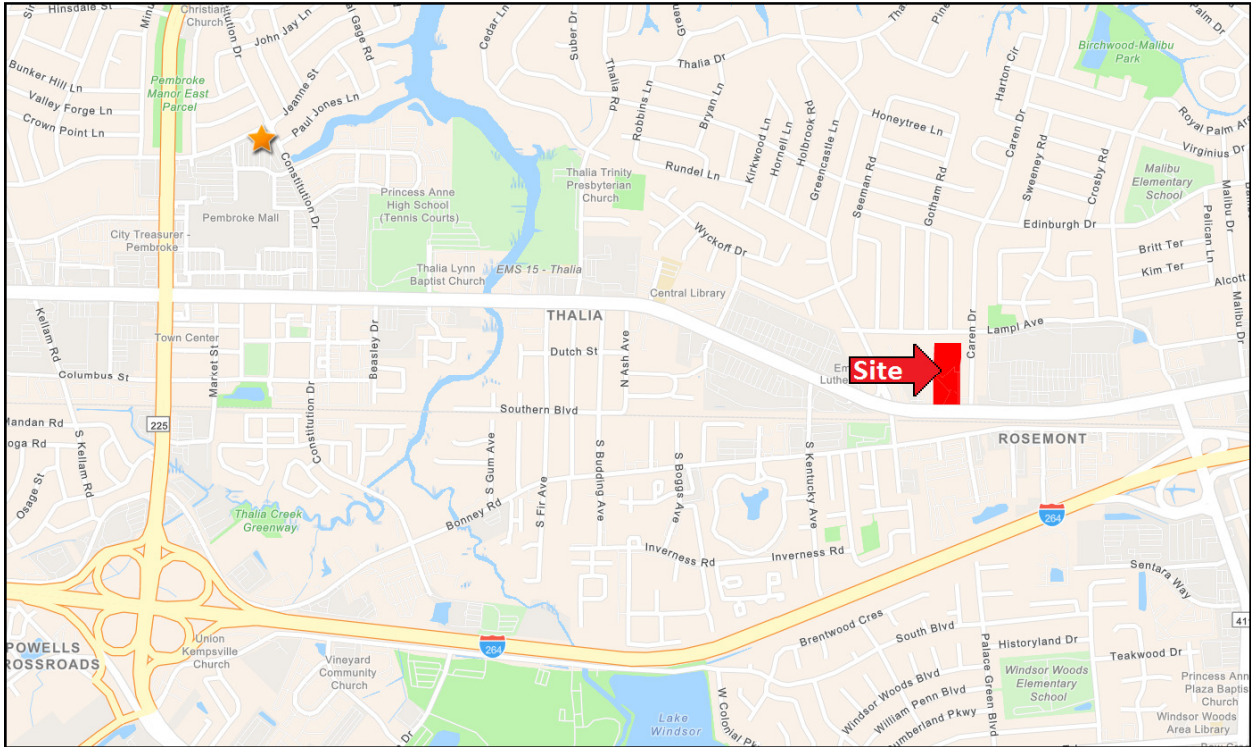
### **Projection of New Pipeline Age-Restricted Apartment Units**

There is currently one age-restricted apartment complex is planning and none under construction in Virginia Beach. The one complex in planning, called Pembroke Senior Living, is planned by Pembroke Realty Group and Beth Sholom Village at the corner of Jeanne Street and Constitution Drive. This is the first phase of a multi-phased redevelopment plan for Pembroke Mall. The facility will include a total of 158 residential units comprised of 126 independent living apartments, 20 assisted living apartments, and 12 memory care rooms. This will be an “all inclusive” community with rents to include all utilities, meals and housekeeping. Thus rents will be considerably higher than the market rents proposed at The Arbors at Birchwood. This community will not be competitive with The Arbors at Birchwood proposal.

The proposed structure will include a seven-story “tower” wrapped with two-story, attached “row house” units along Jeanne Street and a similar looking two-story building along the northern half of Constitution Drive. The units on Jeanne Street will have direct access to the street contributing to a neighborhood feel and activity on the street.

A number of community indoor and outdoor amenity spaces will be provided for residents, including an indoor pool and spa, workout facilities, dining rooms, community gathering rooms, an open-air terrace on the top floor, and an outdoor roof garden on the second level above the covered parking spaces. The property will also feature a pet-friendly environment, beautician services, health and wellness classes, meals with flexible dining options and professional housekeeping services. The property was successfully rezoned in the summer of 2021.

Map I shows the location of the proposed senior community. It is located near the study site, just north of the Town Center of Virginia Beach.



**Map I - Location of Pembroke Senior Living**

Shown next is a rendering of the building as well as a photo of the existing conditions. This building will have a contemporary design with an abundance of amenity space. All levels of care will be in the same structure, but separated by floor level. The photo shows that construction has not yet begun.



**Pembroke Senior Living  
(Rendering)**



**(Current Conditions)**

## Virginia Housing Demand Table

The Demand Table to follow shows an expected net growth of 450± age and income market area targeted households by 2024 for the affordable cohort and 2,620± for the market rate cohort.

Added to this total is an increase in demand of 15 percent of net growth of the target population to account for persons below and above the targeted age group and for voucher holders and other residents with lower incomes. This add-on potentially increases demand by 70± households for the affordable units. Approximately 15 percent of residents in the market area apartments hold vouchers, and a minimum of five percent are persons under 62 and over 79 years of age. Total demand is shown at 520± for the affordable units and 2,620± for the market rate units, which is conservative.

We exclude persons in substandard housing as part of the demand totals, as expected voucher holders account for most of these households and the market area has a limited number of housing units that could be defined as substandard. Seniors who convert to rental housing are accounted for in our demographic analysis. This is a new construction proposal, so no existing residents need to be accounted for.

In total, the market area has a projected gross growth of demand of 520± seniors who represent the potential demand for new affordable age-restricted housing and 2,620± seniors who represent the potential demand for new market rate age-restricted housing, of the type under study for The Arbors at Birchwood.

There are no competitive apartments in planning in the market area, as the one proposal, Pembroke Senior Living, is a full-service community with non-competitive rates and services. We excluded the small number of vacant units from this analysis, as these represent a normal market area vacancy rate. This generates a net potential net demand of 520 units for the affordable component and 2,620 units for the market rate component.

<b><u>Demand Table (2020-2024)</u></b>			
	<b><u>Up to 60% of AMI</u></b>	<b><u>Market Rate</u></b>	<b><u>Combined</u></b>
New Rental Households	450	2,620	3,070
PLUS			
Existing Households - Over-Burdened (Rounded)	70	0	70
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
<b>Total Demand</b>	<b>520</b>	<b>2,620</b>	<b>3,140</b>
MINUS			
<b>Supply</b> (includes directly comparable vacant units completed or in pipeline in PMA)	<b>0</b>	<b>0</b>	<b>0</b>
EQUALS			
<b>Net Demand</b>	<b>520</b>	<b>2,620</b>	<b>3,140</b>
<b>Proposed Units</b>	<b>105</b>	<b>45</b>	<b>150</b>
<b>Capture Rate</b>	<b>20.2%</b>	<b>1.7%</b>	<b>4.8%</b>
<b>Absorption Period (in months)</b>	<b>7</b>	<b>3</b>	<b>7</b>

## **Conclusions**

### **Net Rent Evaluation**

The rent analyses provided in Table 13 and Table 19 show the proposed rents at The Arbors at Birchwood, which include an in-unit washer/dryer, a \$40± premium, are at market with newer and better properties.

### **Unit Sizes and Unit Mix Evaluation**

The unit sizes proposed for The Arbors at Birchwood are considerably larger than affordable apartment units at most area senior affordable apartment properties and at market with the general occupancy units. The unit mix offers more two-bedroom units. This too is at market.

### Lease-Up Period

Given the large pent-up demand that exists, and the sizable net growth in target households, a 15-unit average monthly lease-up pace is projected that will allow for full lease-up in approximately seven months. The lease-up period may be shorter, however, as properties such as The Arbors at Birchwood often pre-lease upwards of 30 to 40 percent of units.

### Capture Rate

The capture rate for the LIHTC component is 20.2 percent while the capture rate for the market rate component is only 1.7 percent. Combined, this equates to a project wide capture rate of 4.8 percent.

Project Wide Capture Rate - LIHTC Units	20.2%
Project Wide Capture Rate - Market Rate Units	1.7%
Project Wide Capture Rate - All Units	4.8%
Project Wide Absorption Period (Months)	7 Months

I affirm the following:

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

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



October 7, 2021

---

Market Analyst

---

Date