

**Market Analysis**  
**The Arbors at Pembroke**  
**City of Hampton, Virginia**

**Prepared for:**

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

**October, 2021**

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October 1, 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 Pembroke, which will be built during 2022 and 2024 on an attractive 7.82-acre site in the City of Hampton, Virginia for active adults in search of affordable and market rate housing. The proposal is for a mix of 120 affordable apartment units, restricted to 60% of AMI, alongside 30 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 \$30,860 and \$40,560 (60% of AMI) as well as incomes over \$48,000 (market rate), reported in 2021 dollars, are defined as the target market.

Our research documented that the market area has 3,800± households in the age and income category under study for the affordable component, and that sector of the senior housing market is growing by an average of 110± households per year. The market area has an additional 21,070± households in the age and income category under study for the market rate component, with that sector growing by 400± households per year, on average.

The competitive apartment market for the affordable sector of the housing market contains 870 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 Pembroke proposal. These complexes also maintain a wait list of approximately 70 households.

Although the market area contains nine market rate, age-restricted properties with 990 units, all but two of these complexes are not fully competitive with The Arbors at Pembroke proposal as they are full-service communities with high rents that include all utilities, meals, housekeeping and added services. The two directly competitive properties have a very low vacancy rate of only 1.5 percent.

Mr. Brian Staub  
October 1, 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 fluid and cursive, with a long, sweeping underline that extends to the left.

Stuart M. Patz  
President

SMP/mes

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## **Section I Introduction**

This will submit our full narrative market study, within the Virginia Housing’s market study guidelines, for the proposed, new construction, 150-unit mixed-income senior apartment building, The Arbors at Pembroke. The complex, with 120 affordable and 30 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 7.82-acre parcel located in the south side of the City of Hampton.

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 23, 2021.**

To comply with Virginia Housing’s market study report requirements, the following report has been prepared with three sections. The first, the Introduction, provides a detailed analysis of The Arbors at Pembroke and its setting along the West Pembroke Avenue corridor on the south side of the City of Hampton. 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 Hampton, City of Newport News and York County. Portions of these three jurisdictions are included in the defined market area. 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 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 for The Arbors at Pembroke will likely be active adults in the 62 to 79 age category, earning annual incomes of between \$30,860 to \$40,560 (60% of AMI) and incomes of over \$48,000 (market rate), when incomes are reported in constant 2021 dollars. Management at most age-restricted apartment properties “market” to residents in the 55 and above age category. However, most of these communities attract only a small number of residents below the age of 62. Residents under 62 years of age who reside in age-restricted housing are typically disabled and require deep rent subsidies.

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 residents holding Section 8 housing vouchers 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 in the defined rent categories.

The demographic analysis solves for the 62 to 79 age population, with sufficient incomes to support the proposed rents. The forecast date is 2024, based on the proposed construction period. The Arbors at Pembroke is expected to begin construction by early- or mid-2022 and will require 18± months to construct, which will allow for project completion during 2023/24, with lease-up in 2023 and into 2024.

The second part of Section II is the “supply” analysis, for affordable and market rate age-restricted apartment units. We identified eight affordable age-restricted properties in the market area that would be most competitive with The Arbors at Pembroke, once built. These “comps” exclude two area age-restricted apartment properties that are fully occupied by Section 8 voucher holders – Checed Warwick and Great Oak. We also identified nine market rate age-restricted communities in the market area, though only two are defined as comps as the others are part of Continuing Care Retirement Communities (CCRC’s) or are full-service independent living

facilities with high rents that included meals, housekeeping and added services. These facilities typically attract older and higher income seniors.

As described below, the market area includes the City of Hampton, the City of Newport News and portions of York County. The large market area was necessitated by the scattered locations of apartments for seniors across the region and with confirmation by on-site management at several properties that the identified communities compete with each other.

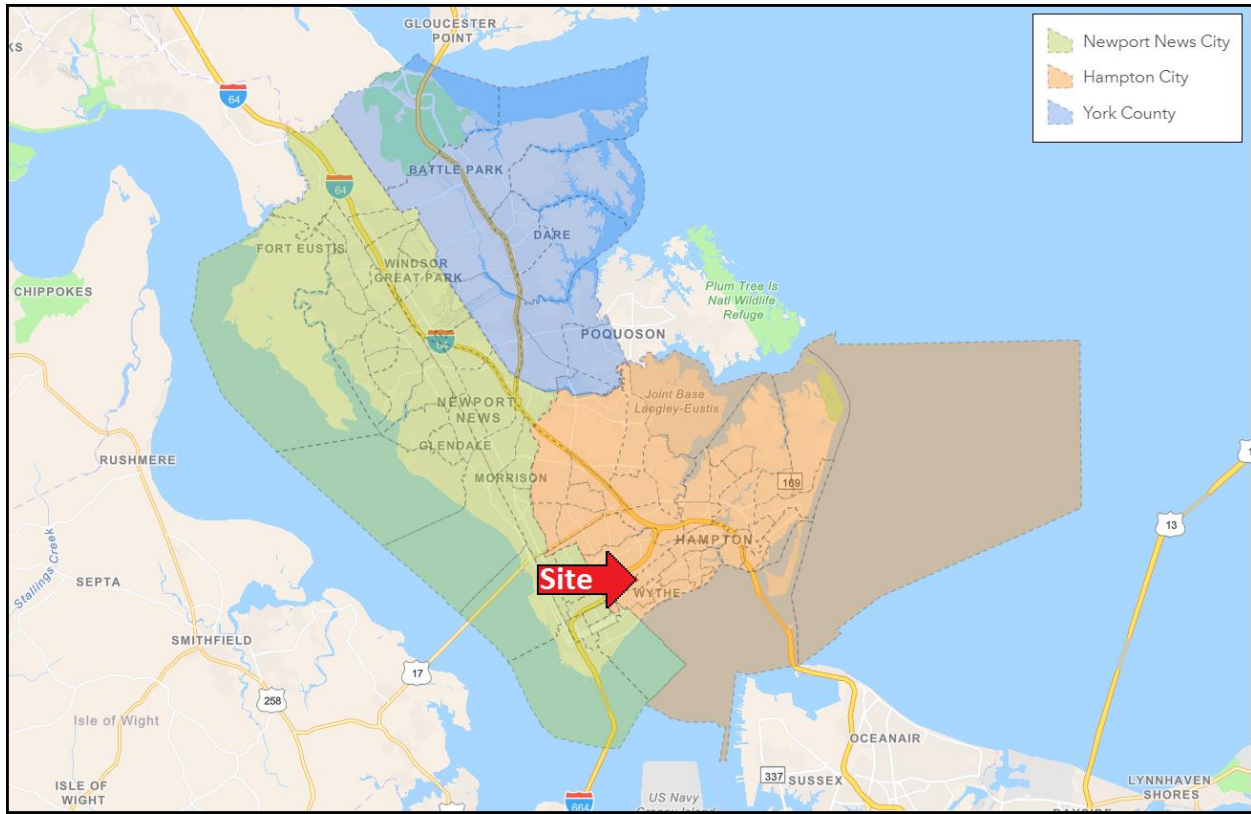
Section II analyzes the market area competitive affordable senior apartments to provide data on the date the apartment building was built, project size, rents by AMI rent categories, occupancy, wait lists and project features. These data are compared with The Arbors at Pembroke proposal to determine 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**

Map A shows the defined market area for The Arbors at Pembroke and the site’s location within the Virginia Peninsula. The market area includes the cities of Hampton and Newport News. The City of Poquoson was excluded, as this is a very blue collar community with predominately low and medium income households. The market area also includes the southern portion of York County, specifically the area south of the Yorktown Naval Weapons Station within close proximity to Hampton and Newport News.

This is a standard market area for new age-restricted apartments in the greater Hampton market. It was also confirmed by on-site staff at several competitive apartments that this market area generates the majority of residents and inquiries. Williamsburg and James City County, to the north, were confirmed to be separate housing markets. Norfolk, Virginia Beach, Chesapeake and Suffolk were also confirmed to be separate markets.



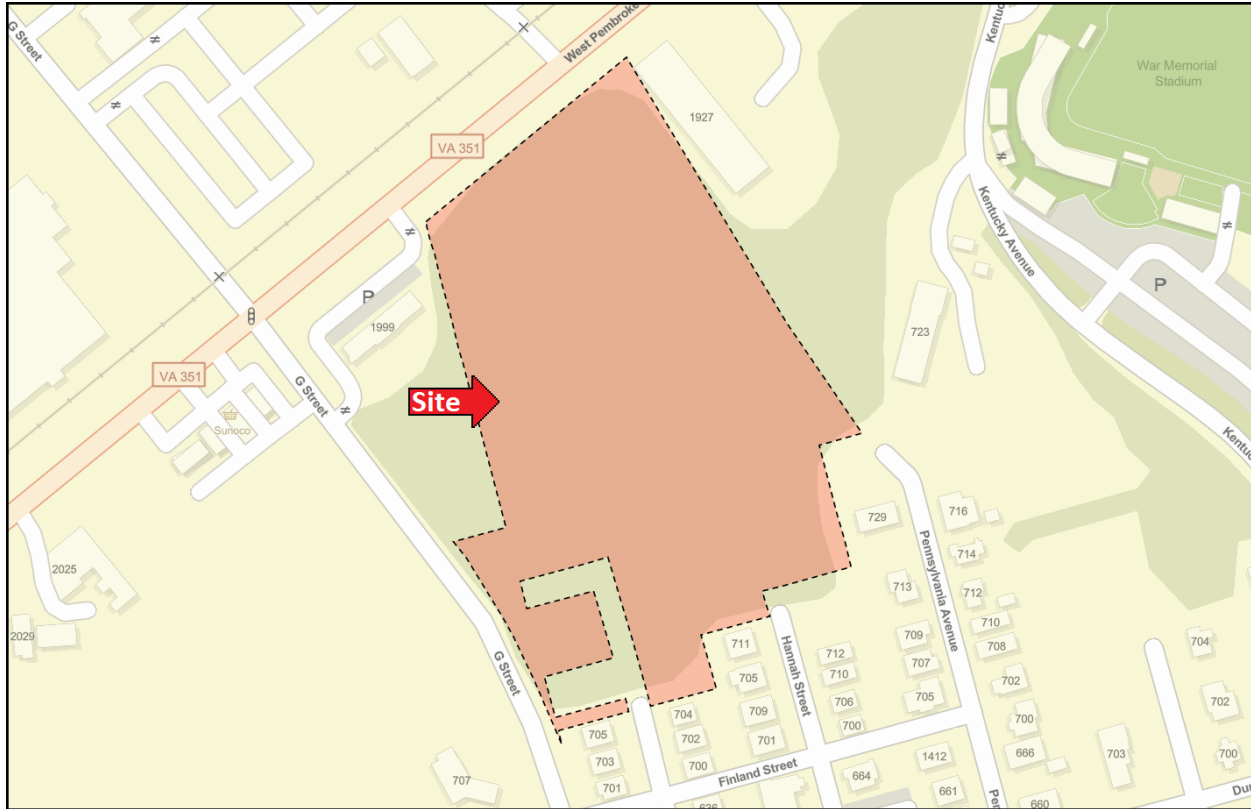
**Map A - Market Area**

### **The Arbors at Pembroke**

#### **Site Description**

The Arbors at Pembroke site is comprised of an irregularly-shaped parcel at 1963 West Pembroke Avenue, in the south side of the City of Hampton. Map B below shows the location of the study site within the Wythe neighborhood of Hampton, approximately 3.3 miles west of Downtown Hampton and less than a half mile west of Powhatan Parkway's full interchange with I-664.





**Map B - Site Location**

The study site measures approximately 7.82 acres. It was successfully rezoned from General Commercial [C-3] District to Multifamily Residential (MD-3) District with Proffered Conditions in August, 2021. Thus, the site is properly zoned for apartment development to proceed, as planned. The site has access to City water and sewer.

Shown next is a northern aerial of the study site. The site is shown to be wooded and fully vacant. The site enjoys excellent visibility along Pembroke Road.

To the north of the site is a cluster of light industrial manufacturing uses (Note 1). Businesses in this area include Dominion Energy, Palantic Trading, Global Recycling and Branscome. Also located in this area is the 55,000± square foot Hampton Community Corrections (Note 2), which houses approximately 300 inmates. This industrial area is separated by both Pembroke Road and an active rail line and does not generate excessive noise or traffic. Thus it is not expected to negatively impact lease-up at The Arbors at Pembroke.

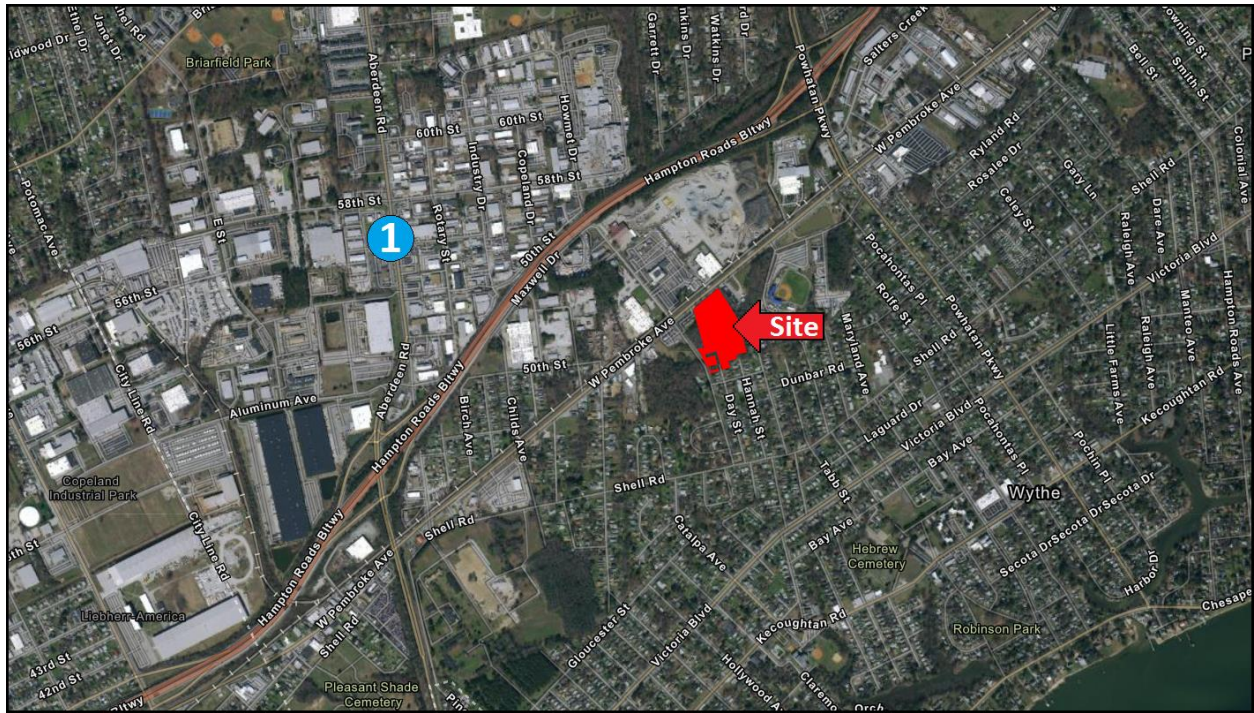
A handful of commercial and community uses are also shown to be located on the south side of Pembroke Avenue and near The Arbors at Pembroke site. These include a Sunoco (Note 3), Hampton Delta Foundation (Note 4) and Virginia Motors Specialists (Note 5). Also located near the site is War Memorial Stadium (Note 6). The 3,750-seat stadium is primarily used for baseball and has been the home of the various incarnations of the Peninsula Pilots, including the current Coastal Plain League incarnation. It is also the home for the Apprentice School Builders college baseball team. The remaining nearby development consist of mature single-family homes to the south.



**Northern Aerial**

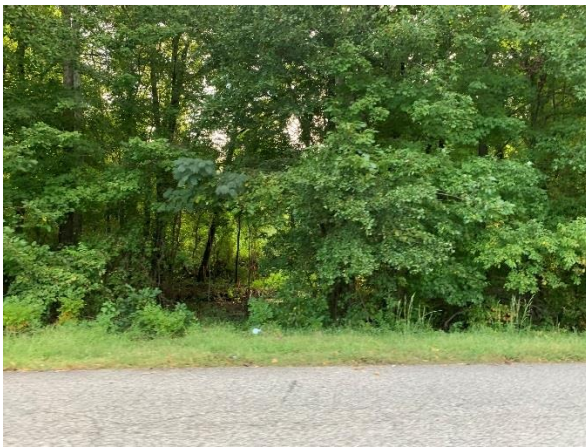
Shown next is a wider aerial view of the site location, which provides a clearer depiction of the site setting. The aerial shows the site's mixed-use setting on the south side of Pembroke Avenue. Pembroke Avenue is a primary state highway that extends for 8.81 miles from US 60 in Newport News east to Second Street in Hampton.

In addition to the small employment cluster just north of the site is the nearby Copeland Industrial Park (Note 1), which is one of the major employment centers in the region. Apart from some scattered commercial developments along Pembroke Avenue, most of the remaining nearby development consists of single-family homes. Most of the nearby areas are fully built out.



**Wide Northern Aerial**

Shown next are photos of the study site. The photos show the site to be vacant and fully wooded.



**View of Site from W Pembroke Avenue**



**View of Site from G Street**



**View of Site from Day Street**



**View of Site from Hannah Street**

### **Site Setting**

Map C shows that the site is located on the south side of Pembroke Avenue in the southern portion of the City of Hampton. I-664 is accessible roughly a half mile northeast of the study site by way of Powhatan Parkway. This is an auxiliary Interstate Highway that runs for nearly 21 miles from I-64 and I-264 in Chesapeake north to I-64 in Hampton. I-664 forms the west side of the Hampton Roads Beltway, a circumferential highway serving the Hampton Roads metropolitan area. The Interstate crosses Hampton Roads via the Monitor-Merrimac Memorial Bridge-Tunnel between Suffolk and Newport News. I-664 is connected to the other major cities of the Hampton Roads region--Portsmouth, Norfolk, and Virginia Beach--by I-264. The Interstate also has a connection to Portsmouth through SR 164 and to Suffolk via US 13, US 58 and US 460.

The site is shown to be located approximately 3.3 miles west of Downtown Hampton (Note 1). In addition to housing a number of office buildings, Downtown Hampton is also a regional tourist destination with a variety of specialty retail, restaurants and museums. Downtown Hampton is also a boating destination and hosts a number of seasonal festivals and special events.

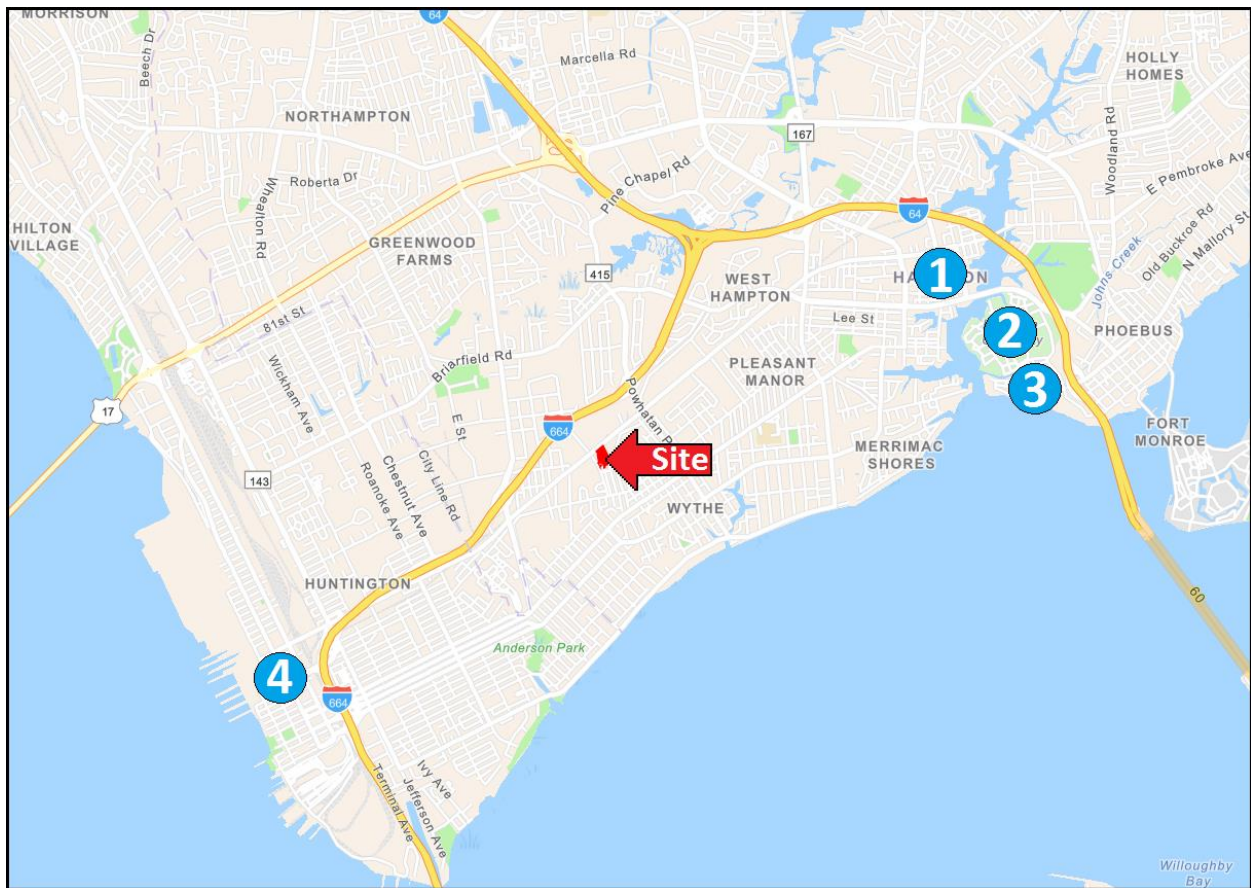
Approximately 8,600± people are currently employed in Downtown Hampton, many of whom are government employees. Major public-sector employers in Downtown Hampton include: Hampton District Court, Hampton Juvenile Court, Hampton Police, Hampton City Schools, Hampton City Hall, US Post Office and the DMV. Major private sector employers include Zel Technologies, M2 Pictures and the 172-room Crowne Plaza, which was recently sold. Several regional and national financial institutions are also located in Downtown Hampton including Towne Bank, SunTrust Bank, Wells Fargo Advisors and Old Point National Bank.

In total, Downtown Hampton is currently home to one hotel (Crowne Plaza), 20± restaurants, approximately fifteen small boutiques, several banks, several government buildings and a fourteen-story, 162,670± square foot office building owned by Hampton University.

To the east of Downtown Hampton are two major employers: Hampton University (Note 2) and the Hampton VA Medical Center (Note 3). Hampton University is a private historically black university that was founded in 1868 on a 314-acre campus that currently totals 118 buildings. Current enrollment exceeds 4,600 undergraduate and graduate/ professional students. With over 1,000 employees, Hampton University is among the largest private-sector employers in the City.

The Hampton VA Medical Center is located to the south of Hampton University and caters to veterans throughout southeastern Virginia and northeastern North Carolina. The 390-bed facility provides primary and specialty care in medicine, surgery and psychiatry. It recently opened a Women's Clinic. This facility employs over 1,600 people.

Apart from Copeland Industrial Park, which was previously noted, the other major nearby employment area is Huntington Ingalls Industries (Note 4). This is the state’s largest industrial employer and the largest employer in the region. It has been the source of much the recent nearby employment growth. Huntington Ingalls Industries employs approximately 24,000 people at its Newport News Shipbuilding division (shipyard) and its nearby affiliated companies. Total employment is projected to grow by 1,000 to 2,000 people by 2025, with much of this growth to be realized by 2022.



Map C - Site Setting

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

**Medical Care.** Apart from the nearby Hampton VA Medical Center, the closest hospital to the study site is Sentara Careplex Hospital. This 224-bed facility is located at 3000 Coliseum Drive, approximately 5.8 miles north of the site. This is an acute care facility that includes an

emergency department and specializes in cardiac, vascular and cancer treatment. The Sentara Center for Health and Fitness is located adjacent to the hospital.

**Community Facilities.** The closest post office is located at 405 Chesterfield Road, approximately one mile southeast of the study site. The closest fire department is the Hampton Fire & Rescue Station #3, located approximately one mile south of the study site at 1430 Kecoughtan Road. Hampton Public Library is located at 4207 Victoria Boulevard, 2.8 miles east of the study site.

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

<b><u>Location of Nearby Churches</u></b>	
<b><u>Name</u></b>	<b><u>Address</u></b>
United Family Worship Center	667 Hannah St
New Life Seventh-Day Adventist Church	1808 Shell Rd
Park Place Baptist Church	711 Spruce St
United Church of God	647 Teach St

**Parks and Recreation.** Two parks are located near the study site. These are detailed in the paragraphs below.

- **Armstrong Neighborhood Park.** This small park, located at 3401 Matoka Road, features two-lighted tennis courts, a playground, little league baseball field and asphalt-walking trail.
- **Y.H. Thomas Neighborhood Park** is located at 1300 Thomas Street, behind the Y.H. Thomas Building. The park features a basketball court, youth baseball field, football field, softball field, playground, and two picnic shelters. The park is also the location of the Y.H. Thomas Community Center, which offers various sports activities and educational programs.

In addition to the above is the **Hampton Senior Center**, located at 3501 Kecoughtan Road, about two miles east of the study site. The center provides a wide variety of programs and activities for seniors including crochet, sewing classes, quilting, bingo, couponing and card games.

**Shopping.** Approximately 2.8 miles east of The Arbors at Pembroke site is the Food Lion-anchored Kecoughtan Shopping Center, located at 3855 Kecoughtan Road. Smaller tenants include Dollar Tree, Number 1 Kitchen, Virginia ABC, Chanello's Pizza, Boost Mobile and H&R Block. This shopping center, which was built in 1994, houses the closest grocery store to the study site (Food Lion).

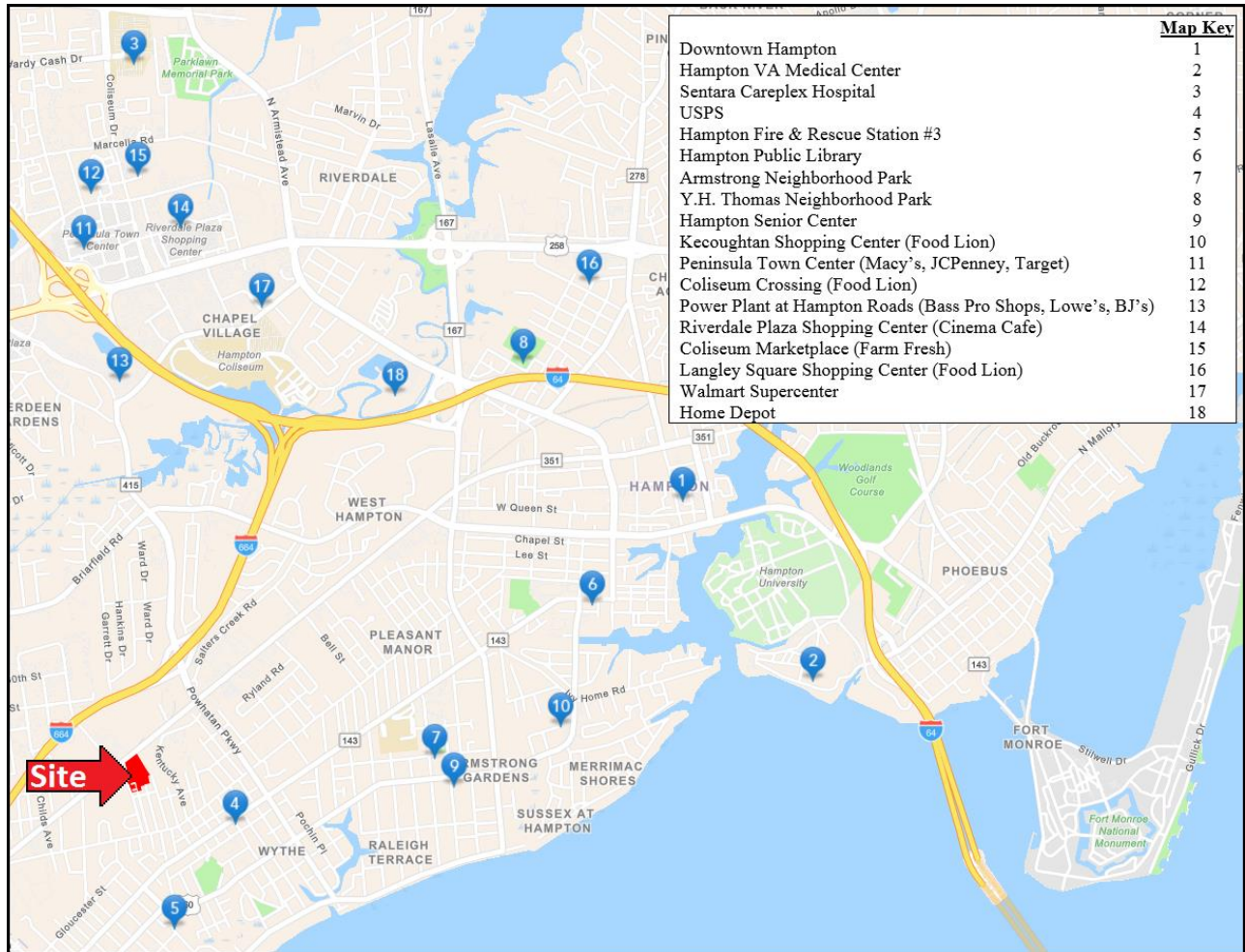
More expansive retail options are located in and around Peninsula Town Center, approximately 3.6 miles north of the site along the intersection of W Mercury Boulevard and I-64. Retailers in this area are detailed below.

- **Peninsula Town Center** opened in 2010 as the redevelopment of the Coliseum Mall at the southwestern intersection of Coliseum Drive and Cunningham Drive. The town center includes 1.1 million square feet of mixed-use space, including 850,000± square feet of retail space and 131,810± square feet of office space. In addition, it includes a multiplex cinema. Anchor tenants include Macy's, JCPenney and Target. The shopping center includes more than 70 specialty retailers.
- **Coliseum Crossing** is located at the intersection of Coliseum Drive and Cunningham Drive, adjacent to the Peninsula Town Center. Anchor tenants at this 221,000± square foot retail center include Petco, David's Bridal, Dollar Tree, Food Lion, Marshall's and Ross Dress For Less.
- **Power Plant at Hampton Roads** is located at the southeastern intersection of Power Plant Parkway and W Mercury Boulevard. This is a 480,000± square foot shopping center that is anchored by Bass Pro Shops Outdoor World, Lowe's, BJ's and Joe's Crab Shack.
- **Riverdale Plaza Shopping Center** is a 221,000± square foot community retail center located at 1044 W Mercury Blvd. Anchor tenants include JoAnn Fabrics, Bare Feet Shoes and Cinema Cafe.
- **Coliseum Marketplace** is a 106,000± square foot shopping center located at 2170 Coliseum Drive. Anchor tenants include a 23,980± square foot Michael's.
- **Langley Square Shopping Center** is a 120,650± square foot shopping center located at 11-77 West Mercury Boulevard. The shopping center is anchored by 43,650± square foot Food Lion.

In addition to the above are several large, free-standing big-box retailers including a Walmart Supercenter and Home Depot.



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



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

**Development Program**

Table 1 provides a detailed description of The Arbors at Pembroke apartment proposal, with data on total units planned, apartment unit sizes, unit mix and proposed rents. 120 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 30 units will have age, but no income restrictions.

The table shows a mix of 55 one-bedroom and 95 two-bedroom units for a total of 150 apartment units. All one-bedroom units will have a full bathroom and will range in size between 706 and 840 square feet. 49 of the one-bedroom units will have income restrictions and six will have market rents

81 of the 95 two-bedroom units will all have 1.5 bathrooms and measure 1,100 square feet. 71 of these units will have income restrictions and ten will have market rents. Also proposed are 14 two-bedroom units at market rents with two full bathrooms. These will measure 1,140 square feet.

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 \$900, while two-bedroom affordable net rents will be \$1,050. Market rate one-bedroom rents will be \$1,400 while the two-bedroom units will rent for between \$1,500 and \$1,600. Parking will be provided at no additional cost to the tenant.

<b>Table 1: <u>Proposed Unit Characteristics, The Arbors at Pembroke, Hampton, Virginia, September, 2021</u> 1/</b>					
	<b><u>Units</u></b>	<b><u>Size (Sq. Ft.)</u></b>	<b><u>Net Rent</u></b>	<b><u>UA</u></b>	<b><u>Gross Rent</u></b>
<b><u>1BR/ 1BA</u></b>					
60% of AMI	49	706-840	\$900	\$34	\$934
Market Rate	<u>6</u>	706-840	\$1,400	--	--
(Subtotal)	(55)				
<b><u>2BR/ 1.5BA</u></b>					
60% of AMI	71	1,100	\$1,050	\$54	\$1,104
Market Rate	<u>10</u>	1,100	\$1,500	--	--
(Subtotal)	(81)				
<b><u>2BR/ 2BA</u></b>					
Market Rate	<u>14</u>	1,140	\$1,600	--	--
<b>Total</b>	<b>150</b>				
Notes: 1/ Rents include cold water, sewage and trash collection.					
Source: Marlyn Development Corporation					

## Rent Comparison

Table 2 shows gross rents for the proposed The Arbors at Pembroke apartment units, with a utility allowance (UA) added to net rents for the 130 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 Pembroke proposed gross rents, based on the calculated UA, are below the maximum allowable gross rents for the greater Hampton Region.

<b>Table 2: <u>Rent Comparison Chart, The Arbors at Pembroke and HUD Maximum Allowable Rates, Hampton, Virginia, September, 2021</u></b>				
	<b><u>The Arbors at Pembroke</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	\$900	\$34	\$934	\$951
2BR/ 1.5BA	\$1,050	\$54	\$1,104	\$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 Pembroke. The site plan shows that the property will be developed with a single irregularly-shaped building that “fits” within the property boundary. Access to the apartment complex will be from both Pembroke Avenue in the north and G Street in the west. The residential structure will be roughly E-shaped with a main entrance facing the west. 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, dog washing station 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 1.29 spaces per unit. 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 either present or on call 24 hours per day, seven days per week.



**Arbors at Pembroke Site Plan**

Next shown are elevations of The Arbors at Pembroke. The proposed apartment units will be located in a four-story wood-framed structure. The building's exterior will feature a combination of brick, Hardie Plank and vinyl siding. The residential structure will have a main

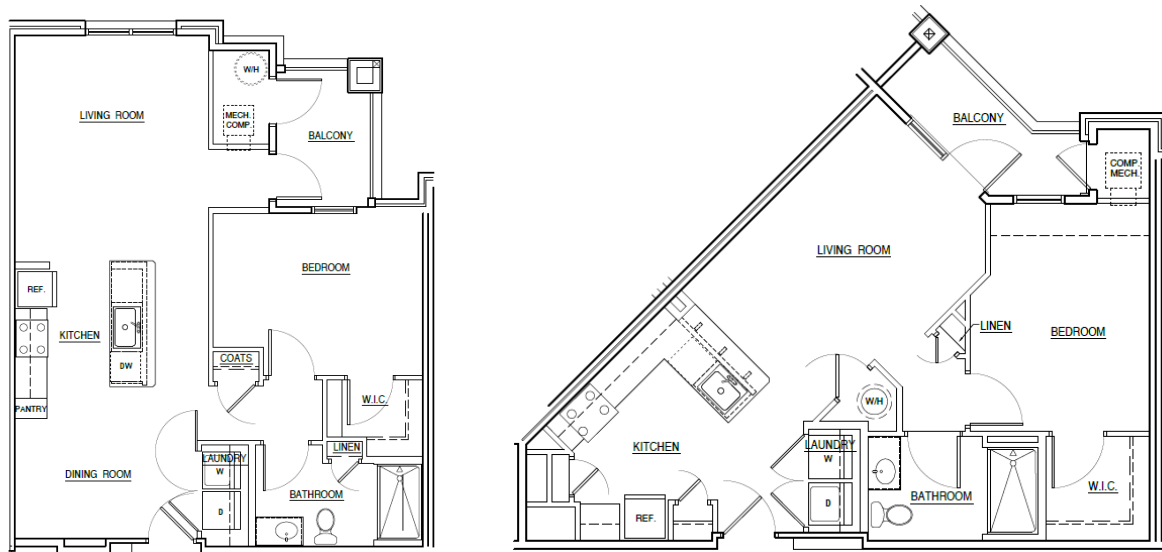
entrance facing Pembroke Avenue with residential wings extending towards the back of the property. Three elevators will service the building.



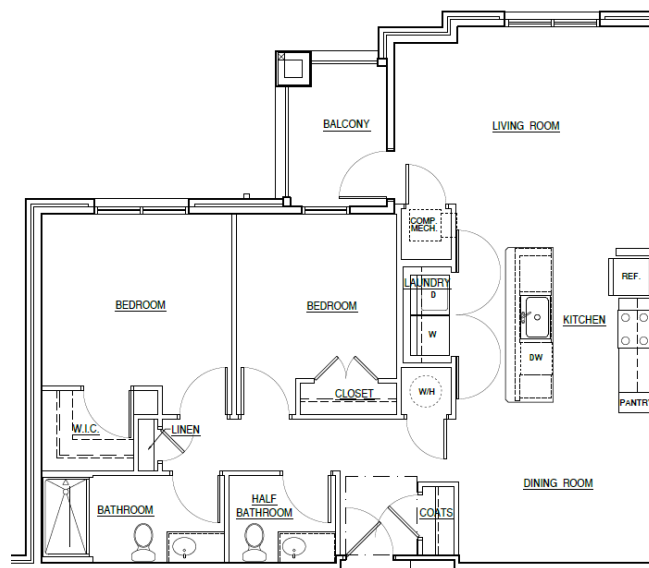
**The Arbors at Pembroke Elevations**

### **Unit Floor Plans**

Next shown are the typical unit floor plans. All units at The Arbors at Pembroke 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. Proposed flooring is carpeting in living rooms and bedrooms, with high-quality wood grained vinyl plank for kitchens, foyers 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**

**Development Costs**

The total development cost, including soft costs, land acquisition fees and developers' fees, is estimated at \$25,095,430±, or \$167,300± per unit, on average.

## Market Area Economic Overview

The Arbors at Pembroke 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 Hampton, Newport News and York County.

### At-Place Jobs

As of year-end 2019, the three-jurisdictional market area had 178,540± at-place jobs, i.e. jobs physically located in these three communities. That total is 650± jobs below the pre-recession employment peak in 2008. There was net growth of at-place jobs in the market area over the 2006 to 2008 period, but that trend was reversed during the recession of the last part of the 2000 decade. A considerable decrease in total at-place jobs occurred after 2008 and the market area has not yet fully rebounded. The at-place job total for 2011 and 2012 fell below the 2009 and 2010 totals. Job growth did occur in 2013, though 350± jobs were eliminated in 2014. Although 1,230± jobs were lost in 2016, 1,900± jobs were added in 2017, fully offsetting the losses in 2016. Many of these job losses were the result of call center closings in layoffs at Newport News Shipbuilding. 2018 has the strongest employment growth in over a decade, with the creation of 3,990± new jobs. 2019 had more modest job growth, with 750± new jobs.

The largest employment sector in the market area is the Manufacturing sector, accounting for 17.4 percent market area-wide employment. Over 4,000 jobs have been added in the Manufacturing sectors since 2008. Although 2,810± Manufacturing jobs were created between

2008 and 2014, losses in 2015 and 2016 fully offset these gains. 830± Manufacturing jobs were eliminated in 2015 and an additional 2,410± jobs were lost in 2016. Most of these reductions were a result of layoffs associated with Newport News Shipbuilding. 2017 was a growth year for the Manufacturing sector when 620± jobs were added. 2018 had more pronounced growth, with the creation of 2,540± new jobs, largely due to expansions at Newport News Shipbuilding. Manufacturing employment grew by 1,330± jobs in 2019.

Since 2008, the market area realized the most net job growth in the Health Care sector, with 4,450± new jobs since that year, including 680± new jobs in 2019. This is one of the few sectors that grew during the recession. Major medical employers in the market area include the Riverside Regional Medical Center, Sentara Hampton General Hospital and Hampton Veteran's Affairs Medical Center. Other industrial sectors with notable job growth over the past decade include Management of Companies (1,600± new jobs), Accommodations/ Food (480± new jobs) and State Government (200± new jobs).

Despite growth in the above sectors, at-place job gains were fully offset by losses in other industrial categories. With 2,390± jobs eliminated between 2008 and 2019, the Local Government has faced the heaviest layoffs over the past decade, though most of these losses occurred immediately following the recession. Other sectors with a significant number of job losses since 2008 include Retail Trade (1,680± jobs lost), Construction (1,580± jobs lost), Real Estate (1,010± jobs lost), Administrative/ Waste Services (920± jobs lost), Education (810± jobs lost), Federal Government (800± jobs lost), and Professional/ Technical Services (610± jobs lost).

One key point is that at-place job data are for civilian employment. The military population/employment increased during the late-2000's and early-2010's and supported new housing unit development.



**Table 3: Trends in Average At-Place Employment, Newport News-Hampton-York County, VA, 2008-2019**

<b>Industry</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Agriculture	ND	ND	51	ND	ND	ND	ND	ND	ND	41	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Utilities	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Construction	8,529	7,236	7,228	6,892	6,584	6,354	ND	6,221	6,305	6,607	ND	6,953
Manufacturing	26,943	26,608	26,504	26,537	27,738	28,934	39,755	28,922	26,495	27,115	29,651	30,978
Wholesale Trade	3,273	3,150	2,891	3,055	3,150	3,188	3,178	ND	ND	ND	ND	ND
Retail Trade	20,296	19,181	19,592	19,445	19,664	19,987	19,952	20,117	20,157	19,758	19,094	18,617
Transport. & Wareh..	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Information	3,279	2,755	2,458	2,523	2,581	ND	2,262	1,898	1,797	1,762	1,687	1,650
Finance/Insurance	2,913	2,743	2,666	2,645	2,616	2,606	2,725	2,640	2,610	2,752	2,451	2,407
Real Estate	3,722	3,373	3,376	3,354	3,344	3,165	3,113	3,153	2,684	2,688	2,760	2,709
Prof./Tech.	11,202	11,384	10,760	10,415	10,213	10,431	10,230	10,301	10,448	10,682	10,604	10,591
Mgmt of Co.s	1,461	1,344	1,904	2,001	2,093	2,240	2,218	2,563	2,724	2,978	3,108	3,057
Admin./Waste	12,565	11,148	10,537	10,146	9,361	8,968	9,252	9,857	10,448	10,534	12,192	11,649
Education	3,292	3,347	3,401	3,367	3,442	3,349	3,180	3,052	2,884	2,751	2,588	2,485
Health Care	16,922	17,069	17,219	17,944	17,956	18,339	18,885	19,533	19,999	20,383	20,689	21,370
Arts/Enter./Rec.	1,819	1,784	1,726	1,843	1,833	1,879	1,720	1,717	1,715	1,842	1,874	1,802
Accom./Food	16,684	16,245	16,352	16,376	15,651	16,168	16,171	16,327	16,556	16,520	16,897	17,161
Other Services	4,786	4,549	4,520	4,583	4,720	ND	4,783	4,728	4,705	4,783	4,695	4,550
Local Gov.	20,872	21,055	20,596	20,255	20,552	19,853	19,389	18,835	18,627	18,678	18,654	18,484
State Gov.	3,269	3,157	3,180	3,211	3,291	3,739	3,497	3,508	3,512	3,492	3,499	3,446
Federal Gov.	<u>14,680</u>	<u>14,806</u>	<u>15,002</u>	<u>14,866</u>	<u>14,361</u>	<u>14,031</u>	<u>13,640</u>	<u>13,617</u>	<u>13,409</u>	<u>13,456</u>	<u>13,656</u>	<u>13,883</u>
<b>Total</b>	<b>179,187</b>	<b>173,408</b>	<b>172,534</b>	<b>172,162</b>	<b>172,025</b>	<b>173,356</b>	<b>173,007</b>	<b>173,133</b>	<b>171,900</b>	<b>173,800</b>	<b>177,782</b>	<b>178,535</b>

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

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

Data in Table 4 below show the net change in employment, by sector up to 2019, within each of the three jurisdictions. Substantial employment growth in Health Care took place in all three jurisdictions and represented the most pronounced sector of employment growth. Manufacturing growth has also been significant in Newport News. Also shown is that a large number of jobs have been lost across a wide range of sectors since 2008.

Of note is that net job growth occurred in Newport News while job losses were recorded in the City of Hampton and York County.

<b>Industry</b>	<b>Newport News</b>	<b>Hampton</b>	<b>York County</b>	<b>Total</b>
Agriculture	--	-1	-4	--
Mining	--	--	--	--
Utilities	--	--	--	--
Construction	-634	24	-966	-1,576
Manufacturing	5,176	-810	-331	4,035
Wholesale Trade	-129	--	-49	--
Retail Trade	-907	-807	35	-1,679
Transport. & Wareh..	--	--	--	--
Information	-334	-1,270	-25	-1,629
Finance/Insurance	-262	-239	-5	-506
Real Estate	-423	-216	-374	-1,013
Prof./Tech.	-34	-789	212	-611
Mgmt of Co.s	1,321	-56	331	1,596
Admin./Waste	184	-1,534	434	-916
Education	-285	-571	49	-807
Health Care	2,374	1,559	515	4,448
Arts/Enter./Rec.	211	14	-242	-17
Accom./Food	191	349	-63	477
Other Services	-348	108	4	-236
Local Gov.	-1,718	-675	5	-2,388
State Gov.	352	-134	-41	177
Federal Gov.	<u>604</u>	<u>-1,348</u>	<u>-53</u>	<u>-797</u>
<b>Total</b>	<b>5,203</b>	<b>-5,438</b>	<b>-417</b>	<b>-652</b>

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

Next shown, in Table 5, are the employment changes that occurred in 2020, which is an outlier year given the unusual impact of the COVID-19 pandemic. Data show a significant loss of jobs, with a reduction in employment of nearly 10,000 jobs , or by 5.5 percent.

These losses occurred across essentially all employment sectors, with the heaviest job losses impacting the Accommodations/ Food sector (3,360± jobs lost), Health Care sector (1,320± jobs lost) and Local Government sector (1,220± 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 as that these loss of jobs did not impact occupancy at the market area’s competitive apartment complexes.

<b>Table 5: Trends in Average At-Place Employment, Hampton-Newport News-York County, Virginia, 2019-2020</b>			
<b>Industry</b>	<b>2019</b>	<b>2020</b>	<b>Net Change</b>
Construction	6,953	6,901	-52
Manufacturing	30,978	30,553	-425
Retail Trade	18,617	17,899	-718
Information	1,650	1,397	-253
Finance/Insurance	2,407	2,305	-102
Real Estate	2,709	2,588	-121
Professional/Technical Services	10,591	10,349	-242
Management of Companies	3,057	2,935	-122
Admin./Waste Services	11,649	10,552	-1,097
Educational Services	2,485	2,233	-252
Health Care	21,370	20,054	-1,316
Arts/Entertainment/Recreation	1,802	1,650	-152
Accommodations/Food	17,161	13,801	-3,360
Other Services	4,550	3,799	-751
Local Government	18,484	17,260	-1,224
State Government	3,446	3,319	-127
Federal Government	<u>13,883</u>	<u>14,090</u>	<u>207</u>
<b>Total</b>	<b>178,535</b>	<b>168,632</b>	<b>-9,903</b>
Source: United States Department of Labor			

**Employment and Labor Force**

At-place jobs refer to where the job is located, and in this instance, that relates to jobs located in one of the three jurisdictions that comprise the market area. Employment refers to the number of market area residents who are employed, no matter where the job is located. Employment totals are slightly higher compared with at-place jobs, which means that some net out-commuting occurs to locations outside the market area. This is likely to the adjacent communities of Williamsburg, James City County, Norfolk and Virginia Beach.

The same “growth” pattern exists for employment and labor force as for at-place jobs – net increase until 2008 and then a decline. For market area employment, growth has not yet fully rebounded. In the market area, there was also a decrease in the labor force between 2009 and 2012. Employment grew between 2017 and 2019, increasing by 2,550± in 2017, 1,280± in 2018 and by 2,510± in 2019.

Total employment declined by 10,550± in 2020, pushing the unemployment rate up from a very low 3.3 percent in 2019 to 8.1 percent, the highest unemployment rate since 2011. As with At-place jobs, many of these losses are expected to be temporary.

<b>Table 6: Trends in Employment and Unemployment, Newport News-Hampton-York County, VA, 2008-2020</b>				
	<b><u>Labor Force</u></b>	<b><u>Employment</u></b>	<b><u>Unemployment</u></b>	<b><u>Percent Unemployed</u></b>
2008	189,762	180,650	9,112	4.8%
2009	193,035	178,792	14,243	7.4%
2010	188,930	173,083	15,847	8.4%
2011	188,746	173,521	15,225	8.1%
2012	187,401	173,675	13,726	7.3%
2013	188,140	175,667	12,473	6.6%
2014	188,732	177,210	11,522	6.1%
2015	185,765	175,814	9,951	5.4%
2016	185,120	175,816	9,304	5.0%
2017	186,821	178,366	8,455	4.5%
2018	186,319	179,643	6,676	3.6%
2019	188,351	182,157	6,194	3.3%
2020	186,709	171,606	15,103	8.1%
<b>Net Change</b>	<b>-3,053</b>	<b>-9,044</b>	<b>5,991</b>	<b>3.3%</b>

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

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

Table 7 shows monthly employment data until July, 2021 in the market area 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 6,900, with the number of unemployed growing by nearly 3,300. The labor force has also contracted by over 3,500 people, meaning that many of those who have lost their jobs have retired or quit searching for employment.

The data show some employment improvements since the pandemic began, with 12,820± jobs recovered since April, 2020. Employment growth has been uninterrupted over the past four months. Of note is that these job losses have not impacted occupancy rates at the competitive apartments under study.

**Table 7: Trends in Employment and Unemployment,  
Hampton-Newport News-York County, Virginia, 2020-2021**

	<b>Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Percent Unemployed</b>
January, 2020	188,432	181,915	6,517	3.5%
February, 2020	189,115	183,232	5,883	3.1%
March, 2020	188,560	182,177	6,383	3.4%
April, 2020	187,329	162,223	25,106	13.4%
May, 2020	183,507	163,440	20,067	10.9%
June, 2020	188,885	167,370	21,515	11.4%
July, 2020	190,588	169,794	20,794	10.9%
August, 2020	190,941	172,488	18,453	9.7%
September, 2020	186,104	169,735	16,369	8.8%
October, 2020	183,895	169,979	13,916	7.6%
November, 2020	181,582	168,713	12,869	7.1%
December, 2020	181,571	168,203	13,368	7.4%
January, 2021	180,980	167,691	13,289	7.3%
February, 2021	181,477	168,754	12,723	7.0%
March, 2021	182,575	170,342	12,233	6.7%
April, 2021	179,747	170,148	9,599	5.3%
May, 2021	180,714	170,871	9,843	5.4%
June, 2021	183,453	172,781	10,672	5.8%
July, 2021 1/	184,858	175,045	9,813	5.3%
<b>Net Change</b>	<b>-3,574</b>	<b>-6,870</b>	<b>3,296</b>	<b>1.8%</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 8. 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 translated to increased demand for apartments in the region.

**Table 8: Military Related Employment, Hampton Roads Region, Virginia, 2016-2019**

	<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**

Following is a list of active and proposed developments in the market area. The purpose of this list is to show the net new job growth expected from these new projects, as the basis for evaluating future job and employment trends. These trends show net job growth. The current development list is sizable.

- **Jefferson Lab**, a laboratory in Newport News specializing in particle physics, has begun early project development of a Medium-Energy Electron Ion Collider (MEIC) in preparation to compete for a high-priority, next-generation Department of Energy multi-phased science initiative. This investment is estimated to support 5,000 new jobs by 2026. A corporate research center is planned adjacent to Jefferson Lab to facilitate the application of its basic research.
  
- **Ferguson Enterprises** announced in June, 2017 that it would open a campus with the potential for multiple buildings at City Center at Oyster Point. The project will house 1,400 information technology and other administrative workers. About 1,000 will be moved from other local offices, while 434 people will be hired. The first, six-story, 260,000± square foot building will be erected along the fountain, next to the Marriott, bounded by Lakefront Commons Road, Canon Boulevard and Town Center Drive. Construction was completed in the summer of 2020. The additional buildings also planned for future phases: an 88,000± square foot, four-story building next door to the first one, along Lakefront Commons, and two six-story buildings – 105,000± square feet and 190,000± square feet. The six-story buildings would face each other on Town Center Drive near Canon Boulevard. Salaries at the new campus will start at \$45,000.
  
- **Riverside Rehabilitation Hospital**. Riverside Health System, in partnership with Select Medical, completed construction in early-2020 on the Riverside Rehabilitation Hospital in York County. Located on Josephs Drive in York County off Route 17, the 50-bed, 52,000± square foot hospital. The hospital is relocating from Newport News. More than 200 Riverside team members will be employed on the new campus, serving an expected 800 patients or more per year. The Riverside Rehabilitation Hospital specializes in working with patients who have suffered from a brain injury, stroke, spinal cord injury, neurological disorder, amputation, orthopedic condition and cancer.
  
- **Building One @ Tech Center Research Park**. Construction was completed in August, 2019 on the first of ten buildings planned for the 50-acre Newport News Research Park. The 81,600± square foot building is 94 percent leased. Its major tenants include coworking firm Gather, which will occupy 27,000± square feet on the first and second floors. Newport News-based iWatch, a medical biosensor technology company, is leasing 25,000± square feet on the first and third floors. ITA International and its subsidiary ITA Data Analytics Center, which provide integrated support services, will be leasing more than 14,000 feet in the facility. The Virginia Tech Corporate Research Center and Virginia Tech Outreach and International Affairs division will also occupy 5,000± square feet in the building. Tech Center Research Park is ultimately planned for 850,000± square feet of office space.
  
- **Eagle Aviation Technologies** announced in September, 2019 that it would expand its Newport News operations by 75 employees. The company develops and manufactures of prototype systems and components for the aviation, space and marine industries.
  
- **Gunsmoke**. This 10.5-acre parcel located at 3200 Magruder Boulevard and the adjoining property located at 36 Research Drive in Hampton is proposed to be redeveloped with a mixed-use development to include: an indoor shooting range and other related sporting activities, such as archery and axe-throwing, office, general retail, a café with drive-thru,

cigar shop, barber shop/beauty salon, and meeting rooms, to create an outdoorsmen's indoor club. The proposal includes an adaptive reuse of existing buildings, incorporating the sporting activities, an indoor drone racing venue called ThunderDrone, a simulation center for modeling and simulations. A new 100,000± square foot building would also be added to the site, to include a 25,000± square foot modeling/simulation center on the first floor with 75,000± square feet on the upper three levels. The projected employment for the project is estimated to add between 30 to 40 new fulltime and part-time jobs.

- **Taylor Made**. The vacant 16,000± square foot building at 803 Diligence Drive in Newport News is proposed to be converted into a private school for children with autism. The school will employ approximately 50 people. The building was previously occupied by a for-profit college (Everest College).
- **Liebherr-International**, a manufacturer of construction machinery and earthmoving equipment, completed construction in the summer of 2020 on three new buildings adjacent to the Liebherr's current manufacturing facility. The new facilities total over 251,000± square feet. Liebherr manufactures large diesel-electric mining industry trucks in Newport News. Liebherr occupies approximately 77 acres in the Copeland Industrial Park. Once the expansion is completed, the company's facilities will total about 811,000± square feet.
- **Hampton Aquatic Center**. This is a proposed two-story, 64,000± square foot building that will feature a 10-lane competition pool, a community pool, four diving boards and a splash park. The design also incorporates a roughly 26,500± square foot splash park that can accommodate 375 bathers. The facility would have a lobby, locker and changing rooms, a whirlpool, a kitchen and offices. The venue would have seating capacity for about 1,500 people and 237 parking spaces.
- **Tapestry by Hilton**. The existing Crowne Plaza along the downtown Hampton waterfront is planned to be renovated and become a Tapestry by Hilton.
- **S23 Holdings LLC**, a maritime company focused on ship repair and manufacturing announced in June, 2020 that it would locate its corporate and industrial campus in Newport News where it will create 332 jobs. The new facility will be on waterfront property at 1201 Terminal Avenue in Newport News and will focus on ship repair, manufacturing and rehabilitation of piers.
- **Virginia Seafood Agriculture Research and Extension Center**. This is a proposed replacement aquaculture facility at 15 Rudd Lane in Hampton's downtown waterfront. The new center will be a raised two-story building with 21,700± square feet of space, more than double the current size. It will have extra office space, an updated microlab and 12 parking spaces, available to the public after regular business hours. The new facility will employ 10 new researchers, technicians and administrative staff.



- **Huntington Ingalls Industries**, the nation's largest military shipbuilding company, announced in May, 2020 that it would establish an unmanned systems center in Hampton, which will 268 jobs.
- **Aery Aviation**, a Newport News-based defense contractor, announced in September, 2021 that it would add 211 jobs with the expansion of its headquarters. The aviation company will build a 60,000± square foot hangar with access to the Newport News/Williamsburg International Airport runway and an engineering technology center to provide maintenance and modification services.
- **IndieDwell**, a modular housing manufacturer, announced in May, 2021 that it plans to establish its first East Coast facility in Newport News, creating 220 jobs. IndieDwell turns recycled shipping containers into small homes with one to four bedrooms to help solve the affordable housing crisis, according to the governor's office. The facility will be located in a portion of 520 21<sup>st</sup> Street.
- **Hampton Roads Center North**. Plans were recently submitted for this shopping center at the northeast corner of Commander Shepard Boulevard and North Campus Parkway in Hampton. To date, the developer has completed construction of Lumen Apartments, a luxury apartment community containing 300 total units. The second phase of the overall development is a commercial retail development to include 30,500± square feet in five one-story buildings.
- **S23 Holdings LLC**, a maritime company focused on ship repair and manufacturing, announced in June, 2020 that it would locate its corporate and industrial campus in Newport News. The announcement will result in the creation of 332 jobs. The new facility will be on waterfront property at 1201 Terminal Avenue in Newport News and will focus on ship repair, manufacturing and rehabilitation of piers.

## **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 Pembroke, including 130 affordable units restricted to 60% of AMI and 20 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 \$30,860 to \$40,560 (60% of AMI) and over \$48,000 (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 Pembroke, 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 eight apartment communities that provide affordable apartment units for active seniors in the market area and could be competitive with The Arbors at Pembroke, once built. These eight properties have a combined total of 870± apartment units. This represents a sufficient competitive total to study the proposed 130 affordable units.

Also studied are the area market rate, age-restricted apartments. There are only two age-restricted apartments without services that can be defined as comps for the proposed market rate units at The Arbors at Pembroke. The other market rate age-restricted communities include five apartments with services (such as meals and housekeeping) and two Continuing Care Retirement Communities (CCRC’s).

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 2010 Census count for the market area was 370,870±. That total is below the 2000 Census count by nearly 2,350, after a net population growth of 35,610± during the 1990's. This makes the Census' population loss during the 2000 decade somewhat suspect. There are concerns with the results of the 2000 Census population count, so the trends shown in Table 9 may not be fully accurate. The issue will be shown to be the result of errors in the Group Quarters population and that is due to military housing.

Growth in the military population was likely the key reason for much of the problems with the 2000 Census count. 2020 population estimates are based from the most recent Census count in 2020. These data show the market area population rising by 8,930± to 379,800± between 2010 and 2020, or an average annual increase of 890±.

The issue related to the 2000 Census figure for population has been evaluated by S. Patz & Associates on a number of occasions for past market studies in the Hampton Roads area. Given the fact that housing unit development and occupancy continued to expand during the 2000 decade, we note that the 2000 Census count was in error, which has been corrected in 2010 and after.

There has been considerable apartment unit development in the market area since the early-2000's. All new apartment properties have successfully leased. Limited single-family attached or detached development has occurred in this nearly built-out market area, but net population and household growth clearly occurred. With 2020 population data showing a population of 379,800±, the 2010 Census figure is deemed accurate.

Data in Table 9 also show that the population of the City of Newport News did increase by 5,530± since 2010. The southern portion of York County has also grown, by 3,690±. The population trends for the City of Hampton were negative, with a population decline of 290± since 2010. With current development activity, and based on past trends, the total market area population is projected to reach 383,370± by 2024. This represents a population increase of 3,570±

<b>Table 9: Trends and Projections of Population and Households, Arbors at Pembroke Market Area, Virginia, 1990-2024</b>					
	<b><u>1990</u></b>	<b><u>2000</u></b>	<b><u>2010</u></b>	<b><u>2020</u></b>	<b><u>2024</u></b>
Market Area Population	337,610	373,220	370,870	379,800	383,370
Newport News City	170,050	180,150	180,720	186,250	--
Hampton City	133,790	146,440	137,440	137,150	--
Southern York County 1/	33,770	46,630	52,710	56,400	--
Group Quarters Population	10,380	18,820	12,330	13,650 2/	13,750
Household Population	327,230	354,400	358,540	366,150	369,620
Persons Per Household	2.61	2.53	2.47	2.45	2.44
Total Households	125,190	139,980	145,080	149,450	151,480
Notes: 1/ Includes the portions of York County south of Yorktown Naval Weapons Station.					
2/ Increase due to opening of 32-bed Huntington at the Newport, 106-bed Crossings on the Peninsula. Also due to on-campus occupancy increase of 950± at Christopher Newport University and 210± at Hampton University.					
Source: U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.					

### **Group Quarters Population**

There is a large Group Quarters population in the market area due to persons residing in military housing and some in on-campus university dorms, particularly at Hampton University and Christopher Newport University. New residence halls at Christopher Newport University, in particular, in recent years have added to the growth of the Group Quarters Population. 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.

The Group Quarters population in 2000 is out of line with 1990 and 2010 counts, as is total population. The 8,440± difference in the 2000 Group Quarters population, if subtracted from total population, would yield a 362,840± market area population in 2000, which is more in line with

the expected population count. The change in the Group Quarters population, either by a reduction by the Department of Defense, or an error, is clearly the issue for the Census population shown between 1990 and 2000.

### **Households**

The 2000 household count shown in Table 9 is likely to be correct, as the Household Population accounts for an over counting of the Group Quarters population. The trend data on households show a sizable increase during the 1990's and a more modest increase during the 2000's and for the 2010 to 2020 period. Part of the reason for this trend is the reduction of developable land in the market area for new housing unit development.

By 2020, the estimate of total households is 149,450±, which shows a slow but steady increase in households since 2000. That trend is expected to continue for the 2020 to 2024 period.

Of note is the average household size in 2020 is low at 2.45. This is compared with 2.47 in the 2010 Census, 2.53 in 2000 and 2.61 in 1990. The average household size is likely to continue to decrease given that much of the new housing development in the market area is multifamily. A continued trend in the market area's average household size by 2024 will likely cause the number of market area households to increase by 2,030±.

### **Active Senior Demographics**

Data in Table 10 show the demographic trends and projections for the age-restricted apartment market. In 2020, the active senior population (persons between the ages of 62 and 79) in the market area totaled 48,990+, or 12.9 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 7,200±, or 720± people per year, on average. This is compared to an annualized growth rate of 570±

during the 2000's. By 2024, the market area is projected to have a total of 51,900± persons in the active adult age category, or 13.5 percent of the total market area population.

Data in Table 10 also show the growth in the number of households with the household head aged 62 to 79. In 2020, the market area had 31200± active senior-headed households, at an average household size of 1.57. By 2024, this total is projected to grow by 1,860± and reach 33,060±.

<b>Table 10: <u>Trends and Projections of Population and Household by Age, Arbors at Pembroke Market Area, Virginia, 1990-2024</u></b>					
	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2020</b>	<b>2024</b>
Market Area Population	337,610	373,220	370,870	379,800	383,370
Total Households	125,190	139,980	145,080	149,450	151,480
<b><u>Senior Demographics</u> (62-79)</b>					
Senior Population	32,430	36,080	41,790	48,990	51,900
Percent of Total Population	9.6%	9.7%	11.3%	12.9%	13.5%
Senior Households	21,050	23,770	26,590	31,200	33,060
Percent of Total Households	16.8%	17.0%	18.3%	20.9%	21.8%
Source: U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.					

### **Target Senior Market**

The Arbors at Pembroke 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 is detailed in the paragraphs below.

- **60% of AMI.** Qualified senior households for this income category must earn annual incomes ranging between \$30,860 and \$40,560, when reported in constant 2021 dollars. This represents qualified senior renters who can afford to pay net rents of approximately \$900. The demographic analysis shows that as of 2020, the market area had 3,680± senior households within this income range. The 2020 total exceeds the 2010 total by 900± households. By 2024, the market area is projected to add 440± households within the age and income category under study to reach 4,240± households. Of note, most age-restricted LIHTC apartment properties 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 21,070± households with the household head aged 62 to 79 and earning an annual household income in excess of \$48,000, when reported in constant 2021 dollars. This

represents households that can afford net rents of \$1,400. The annualized growth rate over the 2010 to 2020 period was 390±. This is compared with an annualized growth rate of 360± households during the 2000's. By 2024, the market area is projected to number 22,680± households within this age and income category, or an increase of 1,610± households.

<b>Table 11: <u>Trends and Projections of Population and Household by Age and Income, Arbors at Pembroke Market Area, Virginia, 1990-2024</u></b> (Constant 2021 Dollars)					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Total Households	125,190	139,980	145,080	149,450	151,480
Senior Households	21,050	23,770	26,590	31,200	33,060
<b><u>Target Market</u></b>					
60% of AMI (\$30,860-\$40,560)					
Total Households	1,960	2,140	2,900	3,800	4,240
Percent of Senior Households	9.3%	9.0%	10.9%	12.2%	12.8%
Percent of Total Households	1.6%	1.5%	2.0%	2.5%	2.8%
Market Rate (\$48,000+)					
Total Households	10,040	13,620	17,200	21,070	22,680
Percent of Senior Households	47.7%	57.3%	64.7%	67.5%	68.6%
Percent of Total Households	8.0%	9.7%	11.9%	14.1%	15.0%
Source: U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.					

### **Households by Size**

As of 2010, over 27 percent of households in Hampton, Newport News and York County were single-person households. An additional 32.8 percent were two-person households.

<b>Table 12: <u>Household Size, Hampton-Newport News-York County, VA, 2010</u></b>		
	<u>Number</u>	<u>Percent</u>
<b>Total Households</b>	<b>149,701</b>	<b>100.0%</b>
1-person household	41,019	27.4%
2-person household	49,100	32.8%
3-person household	26,979	18.0%
4-person household	19,476	13.0%
5-person household	8,478	5.7%
6-person household	3,016	2.0%
7-or-more-person household	1,633	1.1%
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 does have two mixed-income communities – The Woodlands at Phoebus and Somerset at Town Center – that are similar in concept to The Arbors at Pembroke proposal. Both have been successful since project opening.

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

Table 13 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 Pembroke proposal. These two communities – The Woodlands at Phoebus and Somerset at Town Center – are both mixed-income communities with a mix of market rate and income-restricted apartment units. The Woodlands at Phoebus has two vacant units while Somerset at Town Center is fully occupied.

The Woodlands at Phoebus opened in 2016 and is the newest age-restricted apartment community to open in the market area. Somerset at Town Center opened in 2008. These mixed-income concepts have been extremely successful since opening.

<b><u>Table 13: Characteristics of Competitive Market Rate Senior Apartment Communities, The Arbors at Pembroke Market Area, September, 2021</u></b> 1/				
	<b><u>Map E Key</u></b>	<b><u>Year Built</u></b>	<b><u>Total Units</u></b>	<b><u>Vacant Units</u></b>
The Woodlands at Phoebus	1	2016	105	2
Somerset at Town Center	2	2008	<u>33</u>	<u>0</u>
<b>Total</b>			<b>138</b>	<b>2</b>
<b>Vacancy Rate</b>				<b>1.5%</b>
Notes: 1/ Mixed-income communities. Only data on market rate units shown.				
Source: Field and Telephone Survey by S. Patz and Associates, Inc.				

The market area does contain seven other age-restricted apartments, but none are directly competitive with The Arbors at Pembroke proposal, as they are full-service communities that



include all utilities, meals and housekeeping. These communities generate considerably higher monthly fees.

Table 14 details these apartments, to show the depth of the senior rental market. These data show that the market area contains five full-service independent living facilities, most with rents that include all utilities, meals, housekeeping and other services. These facilities total 472 units, of which 4.5 percent are vacant. The newest to open is The Chamberlin. This nine-story, adaptive-reuse community is located in the former historic Chamberlin Hotel in Fort Monroe. It was renovated with historic tax credits in 2008 with 133 market rate units. Colonial Harbor opened with 115 units in 2006. The only other community to open in the 2000's is Arbors at Port Warwick, which has 91 units in total. There are also two older communities, Mennowood Retirement Community, which opened with 24 independent living units in 1995, and The Devonshire, which opened in 1985 with 109 independent living units.

Independent living communities of this type have much higher monthly fees than standard age-restricted apartments. They also attract an older population, with a high percentage of persons over 80 years of age.

The final market "component" contains two area Continuing Care Retirement Communities (CCRC's), which have large buy-in fees. These are properties that offer independent living, assisted living and memory care services all on the same campus.

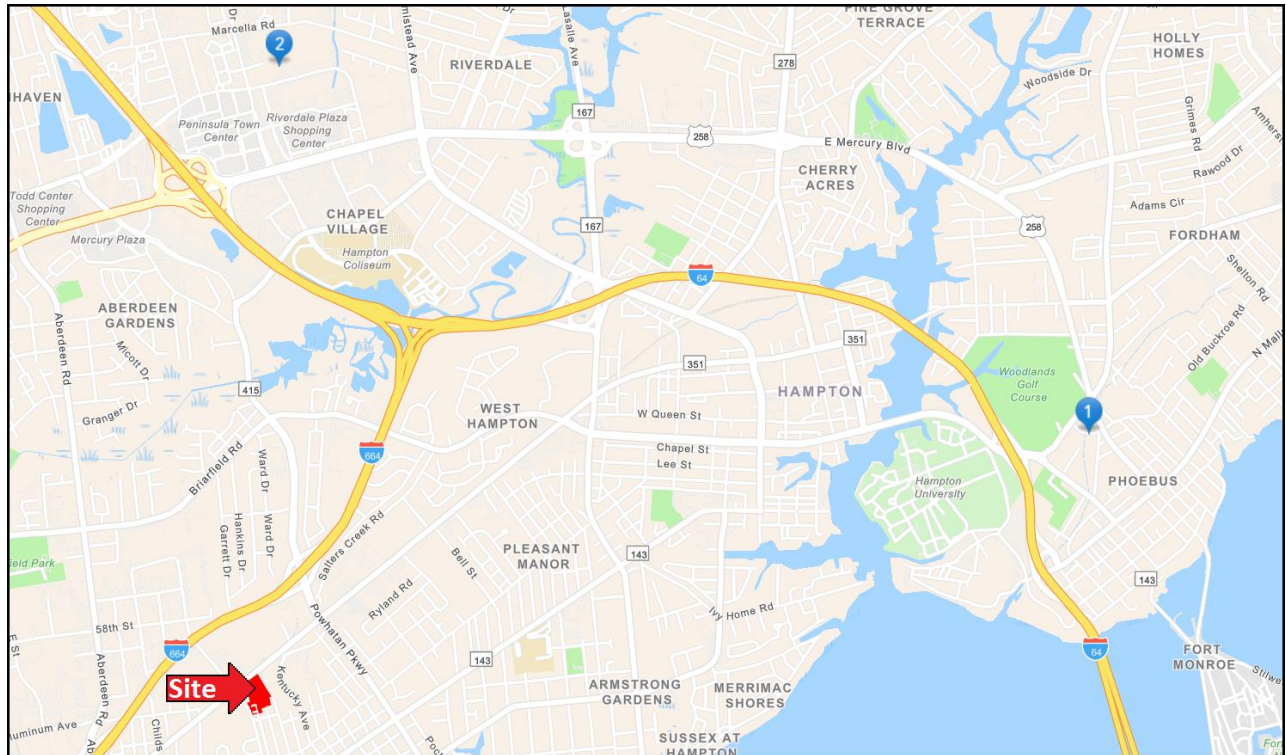
Warwick Forest is an expansive CCRC. The first phase opened in 1988 with 50 residences and common areas. Four additional residences were added in 1994, three were added in 1995 and four were added in 1998. A major expansion of 96 independent living apartments, along with a 25,000± square foot community center, opened in 2008. Since 2008, several independent living units have been converted to assisted living units. There are now a total of 129 independent living units at Warwick Forest, mixed between cottages and apartments. Only four units are currently vacant.

The Chesapeake is located on a 43-acre campus. The original building was constructed in 1969, with additions constructed in 1972 and 1974. In 2002, The Chesapeake completed construction of a three-story building with 81 apartments, 29 cottages, and remodeled part of the existing building to include 33 one- and two-bedroom apartments. In 2003, The Chesapeake completed construction of an additional 81-unit apartment building, and the renovation of the remainder of the original building into 21 additional apartments. The construction of ten additional cottages was completed in 2014.

<b>Table 14: <u>Characteristics of Non-Competitive Market Rate Senior Apartment Communities, The Arbors at Pembroke Market Area, September, 2021</u></b>			
	<b><u>Year Built</u></b>	<b><u>Total Units</u></b>	<b><u>Vacant Units</u></b>
<b><u>Full-Service Independent Living</u></b>			
The Chamberlin	2008	133	8
Colonial Harbor	2006	115	4
Arbors at Port Warwick	2003	91	2
Mennowood Retirement Community	1995	24	1
The Devonshire	1985	<u>109</u>	<u>6</u>
<i>(Subtotal)</i>		<i>(472)</i>	<i>(21)</i>
<b><u>CCRC</u></b>			
Warwick Forest	1988-2008	129	4
The Chesapeake	1969-2004	<u>255</u>	<u>8</u>
<i>(Subtotal)</i>		<i>(384)</i>	<i>(12)</i>
<b>Total</b>		<b>856</b>	<b>33</b>
<b>Vacancy Rate</b>			<b>3.9%</b>
Source: Field and Telephone Survey by S. Patz and Associates, Inc.			

To restate, most of the market rate senior properties in the market area are full service facilities with high rents. These are not competitive with the market rent units planned at The Arbors at Pembroke. There are only two apartment properties in the market area that are competitive with the study site’s 30 market rent apartment units.

Map E below shows the locations of the two competitive senior apartments. Both are located in Hampton. Woodlands at Phoebus is located in the Phoebus neighborhood of Hampton while Somerset at Town Center is located near the Hampton Roads Convention Center.



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

Next shown are photos of each of The Woodlands at Phoebus and Somerset at Town Center. Both are four-story elevator-served buildings. The Woodlands at Phoebus is closest in design to The Arbors at Pembroke proposal.



**The Woodlands at Phoebus**



**Somerset at Town Center**

**Net Rent Analysis**

Data in Table 15 list the rents at the two competitive market rate senior apartment communities under study. Units at The Woodlands at Phoebus include a washer and dryer. Somerset at Town Center does not provide this amenity.

The one-bedroom rents at the Woodlands at Phoebus and Somerset at Town Center are similar and range between \$1,169 and \$1,182. This is compared to the proposed one-bedroom rents of \$1,400 at The Arbors at Pembroke. Although more expensive, the proposed six one-bedroom units at The Arbors at Pembroke will be relatively spacious with attractive finishes.

The two-bedroom units at Somerset at Town Center, which have only one full bathroom, are \$1,269. This is compared to two-bedroom rents of between \$1,420 and \$1,580 at The Woodlands at Phoebus. The proposed two-bedroom rents at The Arbors at Pembroke are between \$1,500 and \$1,600.

<b>Table 15: Rental Rates at Competitive Market Rate Senior Communities, The Arbors at Pembroke Market Area, September, 2021</b>		
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>
The Woodlands at Phoebus 1/ 2/ 3/ 4/	\$1,182	\$1,420-\$1,580
Somerset at Town Center 1/ 5/	\$1,169	\$1,269
<b>Average</b>	<b>\$1,176</b>	<b>\$1,385</b>
<b>Arbors at Pembroke Market Rents 1/ 3/ 4/</b>	<b>\$1,400</b>	<b>\$1,500-\$1,600</b>
Notes: 1/ Includes water, sewage and trash. 2/ Includes cable. 3/ Includes in-unit washer and dryer. 4/ Two-bedroom units have 1.5 bathrooms 5/ Two-bedroom units have 1.0 bathrooms.		
Source: S. Patz & Associates, Inc.		

**Apartment Unit Sizes**

Table 16 shows the unit sizes at the competitive senior apartment communities. On average, the one-bedroom units measure 750 square feet, with one-bedroom units at The Woodlands at Phoebus measuring 732 square feet and one-bedroom units at Somerset at Town

Center measuring 767 square feet. This is compared to one-bedroom units proposed for The Arbors at Pembroke that will range between 706 and 840 square feet.

The two-bedroom units average 1,034 square feet, which is similar in size to the proposed market rate units at The Arbors at Pembroke, which are planned to be 1,100 square feet. The age-restricted apartments average 1,034 square feet for their two-bedroom units, with The Woodlands at Phoebus leasing two-bedroom units of between 964 and 1,174 square feet and Somerset at Town Center leasing two-bedroom units of 998 square feet. The two-bedroom units at The Woodlands at Phoebus have 1.5 bathrooms while the two-bedroom units at Somerset at Town center have one full bathroom.

<b><u>Table 16: Unit Sizes at Competitive Market Rate Senior Communities, The Arbors at Pembroke Market Area, September, 2021</u></b>		
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>
The Woodlands at Phoebus	732	964-1,174
Somerset at Town Center	767	998
<b>Average</b>	<b>750</b>	<b>1,034</b>
<b>Arbors at Pembroke Unit Sizes</b>	<b>706-840</b>	<b>1,100</b>
Source: S. Patz & Associates, Inc.		

**Renter per Square Foot**

Table 17 calculates the rent per square foot for the one- and two-bedroom units at The Woodlands at Phoebus and Somerset at Town Center. The data show that the proposed rent per square foot for the one-bedroom units at The Arbors at Pembroke exceed the market area average by \$0.24. For the two-bedroom units, the proposed rent per square foot at The Arbors at Pembroke exceed the market area average by \$0.04.

**Table 17: Rent per Square Foot at Age-Restricted Communities,  
The Arbors at Pembroke Market Area, September, 2021**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
The Woodlands at Phoebus	\$1.61	\$1.40
Somerset at Town Center	\$1.52	\$1.27
<b>Average</b>	<b>\$1.57</b>	<b>\$1.34</b>
<b>Arbors at Pembroke Rent per Square Foot</b>	<b>\$1.81</b>	<b>\$1.38</b>
Source: S. Patz & Associates, Inc.		

### Apartment Unit Mix

For the apartment communities under study, 21.7 percent of the units are one-bedroom units and 78.3 percent of units are two-bedroom units. None of the communities offers studios or three-bedroom units.

**Table 18: Apartment Unit Mix at Competitive Market Rate Senior Communities,  
The Arbors at Pembroke Market Area, September, 2021**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Total</u>
The Woodlands at Phoebus	17	88	105
Somerset at Town Center	13	20	33
<b>Total</b>	<b>30</b>	<b>108</b>	<b>138</b>
<b>Percent of Total</b>	<b>21.7%</b>	<b>78.3%</b>	<b>100.0%</b>
<b>Arbors at Pembroke Unit Mix</b>	<b>6</b>	<b>24</b>	<b>30</b>
Source: S. Patz & Associates, Inc.			

### Community Amenities

Table 19 details the community amenities at The Woodlands at Phoebus and Somerset at Town Center. Both communities have a clubroom, fitness center, business center and game room. The Woodlands at Phoebus also has a library. The amenity package proposed for The Arbors at Pembroke will be fully competitive and similar to The Woodlands at Phoebus.

**Table 19: Community Amenities at Market Rate Senior Communities, The Arbors at Pembroke Market Area, September, 2021**

	<u>Clubroom</u>	<u>Fitness</u>	<u>Business</u>	<u>Library</u>	<u>Salon</u>	<u>Restaurant</u>	<u>Pool</u>	<u>Game Room</u>	<u>Laundry</u>
The Woodlands at Phoebus	●	●	●	●	○	○	○	●	○
Somerset at Town Center	●	●	●	○	●	○	○	●	●
<b>Arbors at Pembroke Amenities</b>	●	●	●	●	●	○	○	●	○

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

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

Table 20 presents a list of the eight competitive age-restricted and income-restricted apartment properties under study within the market area. Two communities – The Woodlands at Phoebus and Somerset at Town Center – have a mix of market rate and income-restricted units, though only data on the affordable unit are presented in the analysis to follow.

Also shown is that all competitive apartments have rents restricted to primarily to 50% and 60% of the Area Median Income (AMI). Approximately 250 units, or nearly 29 percent of units, are currently occupied by Section 8 voucher holders. Apart from 801 Main Street and the small number of affordable units at The Woodlands at Phoebus, all of the competitive apartments contain over 100 units. These are Low Income Housing Tax Credit (LIHTC) affordable apartment properties.

Table 20 also shows that three communities have been built since 2015. The newest community to open is the 44-unit 801 Main Street, which opened in October, 2017 and is currently fully occupied with a wait list of approximately 30 households. This community contains a mix of five 40% units, 32 50% units and seven 60% units. This is a two-story, elevator-served apartment community with few amenities. The Woodlands at Phoebus opened a year prior and is among the most attractive comps in the market area. It contains 27 affordable units and 105 market rate units. All affordable units are restricted to 50% of AMI. It too is fully occupied. The other “newer” apartment community is Forrest Pines Seniors, with 123 affordable units. This complex opened in 2015 and is fully occupied with 15 households on a wait list.

Three communities – Somerset at Town Center, Sinclair Commons and Tidewater Seniors – were built during the 2000’s with 391 units, of which only one unit is currently vacant.

Somerset at Town Center is a mixed-income community with 118 affordable units and 33 market rate units. Tidewater Seniors has a large number of Section 8 voucher holders. Two communities are older and were built in 1996. These include the 132-unit Lexington Commons and 153-unit Silver Hill at Arboretum. Lexington Commons has only four vacancies while Silver Hill at Arboretum has only one vacant unit.

The market area has a low 0.7 percent vacancy rate for the eight properties listed in Table 20. Seven communities have one or no vacancies. Five of the six vacant units are in the two oldest properties that are 25 years old. These eight properties have approximately 70 households on multiple wait lists.

**Table 20: Characteristics of Competitive Affordable Senior Apartment Communities, The Arbors at Pembroke Market Area, September, 2021**

	<u>Map F Key</u>	<u>Year Built</u>	<u>Income Restrictions</u>	<u>Total Units</u>	<u>Vacant Units</u>
801 Main Seniors	1	Oct-2017	40% (5)/ 50% (32)/ 60% (7)	44	0
The Woodlands at Phoebus 2/	2	2016	50%	27	0
Forrest Pines Seniors	3	2015	60%	123	0
Somerset at Town Center 2/	4	2008	60%	118	0
Sinclair Commons	5	2004	60%	138	1
Tidewater Seniors	6	2001	60%	135	0
Lexington Commons	7	1996	60%	132	4
Silver Hill at Arboretum	8	1996	60%	<u>153</u>	<u>1</u>
<b>Total</b>				<b>870</b> 3/	<b>6</b>
<b>Vacancy Rate</b>					<b>0.7%</b>

Notes: 1/ Excludes 143-unit Great Oak and 48-unit Checed Warwick, which are fully occupied with Section 8 voucher holders.

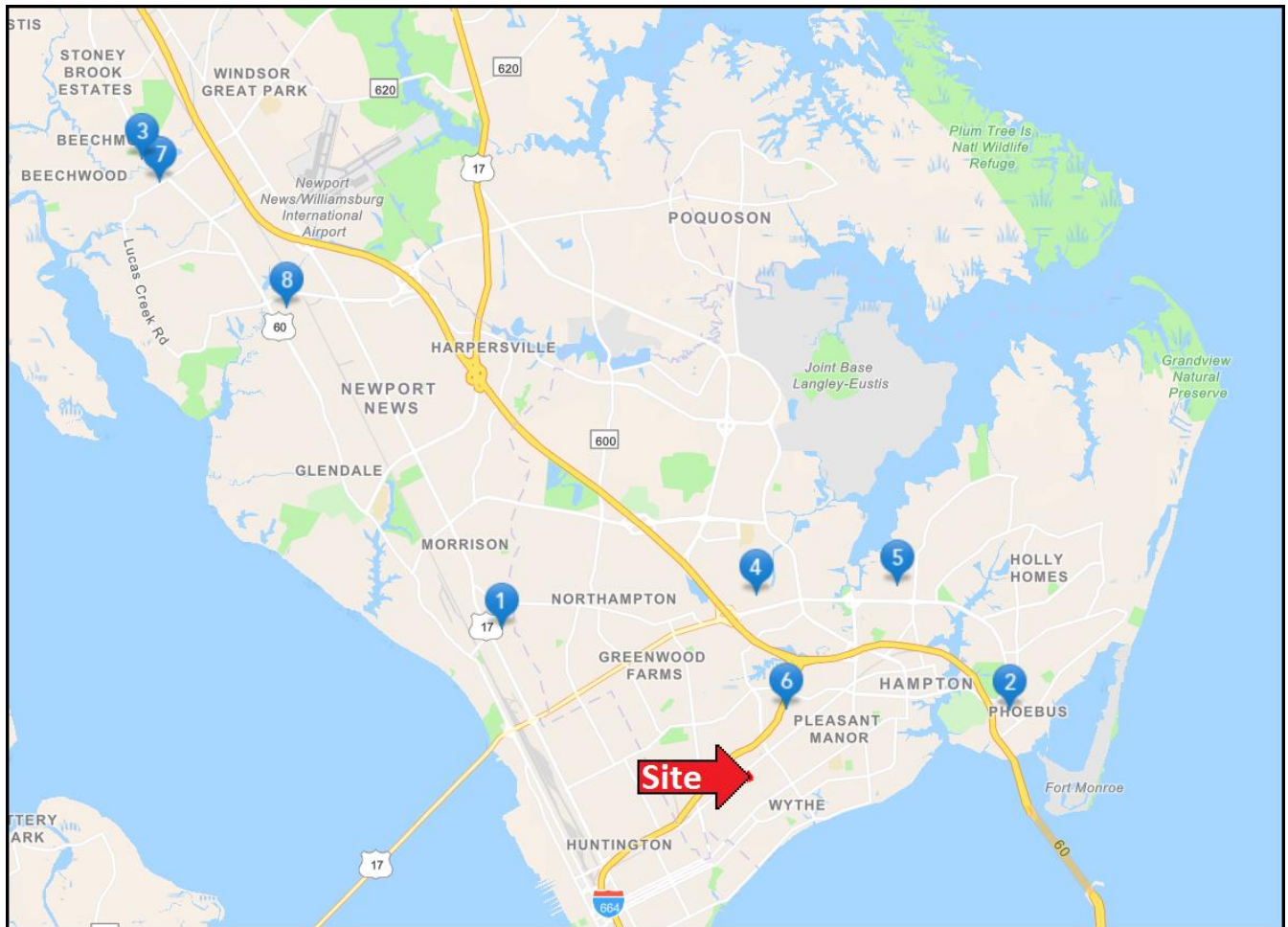
2/ Mixed-income community. Only data on affordable units shown.

4/ Approximately 250± Section 8 voucher holders.

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

Map F shows the locations of these income-restricted apartment communities. Silver Hill at Arboretum is located near the northeastern intersection of Warwick Boulevard and Oyster Point Road. Lexington Commons and Forrest Pines Seniors are located near the Denbigh neighborhood of Newport News. The remaining income restricted communities are located in the southern portion of the market area. 801 Main Seniors is located across the street from Sagedfield Elementary School. The Woodlands at Phoebus, Somerset at Town Center and Tidewater Seniors are located south in Hampton.





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

Shown next are photos of each of these affordable properties. They show that most of these age-restricted apartment properties are three-story elevator buildings. The older properties, such as Lexington Commons and Silver Hill at Arboretum, have more modest designs.



**801 Main Seniors**



**The Woodlands at Phoebus**



**Forrest Pines Seniors**



**Somerset at Town Center**



**Sinclair Commons**



**Tidewater Seniors**



**Lexington Commons**



**Silver Hill at Arboretum**

### **Net Rent Analysis**

Data in Table 21 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 Pembroke.

Only The Woodlands at Phoebus and Tidewater Seniors provide in-unit washers and dryers at no additional cost. As previously noted, all of the affordable rents are restricted to 60% of AMI with the exception of 801 Main Seniors, which has a mix of 40%, 50% and 60% rents, and The Woodlands at Phoebus, which has 27 units restricted to 50% of AMI. Also shown is that apart from 801 Main Street and Forest Pines Seniors, all of the competitive two-bedroom units have only one full bathroom. The Woodlands at Phoebus does not offer two-bedroom units with affordable rents.

The average one-bedroom affordable rents are \$830. The one-bedroom units at The Arbors at Pembroke are proposed to rent for \$900, which would place them at the top of the market. Several of the comps, however, have one-bedroom rents that are near this rate. These include Forrest Pines Seniors (\$890), Somerset at Town Center (\$869), and Sinclair Commons (\$888) and Lexington Commons (\$891). Most of these are over a decade old and none will offer the same level of curb appeal compared to The Arbors at Pembroke.

The two-bedroom units average \$1,003, which is compared to \$1,050 for the proposed two-bedroom units at The Arbors at Pembroke. Forrest Pines Seniors and Somerset at Town Center both rent some two-bedroom units with higher rents without issue.

<b>Table 21: <u>Rental Rates at Competitive Affordable Senior Apartment Communities, The Arbors at Pembroke Market Area, September, 2021</u> 1/</b>		
	<b><u>One-Bedroom</u></b>	<b><u>Two-Bedroom</u></b>
801 Main Seniors 5/	--	\$843
The Woodlands at Phoebus 2/ 3/	\$710	--
Forrest Pines Seniors 3/	\$890	\$995-\$1,165
Somerset at Town Center 4/	\$869	\$1,019
Sinclair Commons 3/ 4/	\$888	\$1,064
Tidewater Seniors 2/ 4/	--	\$989
Lexington Commons 4/	\$891	\$995
Silver Hill at Arboretum 4/	\$732	\$1,032
<b>Average</b>	<b>\$830</b>	<b>\$1,003</b>
<b>Arbors at Pembroke Rents 2/</b>	<b>\$900</b>	<b>\$1,050</b>
Notes: 1/ Rents adjusted to include water, sewage and trash collection. Only 50% and 60% rents shown.		
2/ Includes washer and dryer.		
3/ Includes cable.		
4/ Two-bedroom units have one full bathroom.		
5/ Estimate		
Source: Field and Telephone Survey by S. Patz and Associates, Inc.		

### **Rent per Square Foot**

Table 22 calculates the rent per square foot at each of the affordable age-restricted properties under study. The one-bedroom units at these properties average \$1.18, which is slightly above the proposed one-bedroom rent per square foot of \$1.16 at The Arbors at Pembroke. Several of the apartments, including Forrest Pines Seniors, Sinclair Commons, and Lexington Commons, have a higher rent per square foot calculation for their one-bedroom units.

For the two-bedroom units, the market area average is \$1.15. This is compared to a rent per square foot calculation of only \$0.96 that are proposed for The Arbors at Pembroke. This is a lower rate than all of the comps except for 801 Main Seniors, which has low rents for relatively large two-bathroom units of over 1,000 square feet.

**Table 22: Rent per Square Foot at Competitive Affordable Senior Apartments, The Arbors at Pembroke Market Area, September, 2021 1/**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
801 Main Seniors	--	\$0.78
The Woodlands at Phoebus	\$0.97	--
Forrest Pines Seniors	\$1.24	\$1.15
Somerset at Town Center	\$1.13	\$1.02
Sinclair Commons	\$1.22	\$1.16
Tidewater Seniors	--	\$1.23
Lexington Commons	\$1.34	\$1.24
Silver Hill at Arboretum	\$1.16	\$1.50
<b>Average</b>	<b>\$1.18</b>	<b>\$1.15</b>
<b>Arbors at Pembroke Rent per Square Foot</b>	<b>\$1.16</b>	<b>\$0.96</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 apartment communities. The one-bedroom units average 714 square feet, with most measuring between 700 and 770 square feet. Lexington Commons has relatively small one-bedroom units that measure 665 square feet. Silver Hill at Arboretum has several small units of 531 square feet. The one-bedroom units at The Arbors at Pembroke are proposed to range in size between 706 and 840 square feet. The 840 square foot floor plans would be the largest in the mark area.

The market area two-bedroom units average 891 square feet. 801 Main Seniors has spacious two-bedroom units, ranging between 1,059 and 1,111 square feet. Tidewater Seniors and Lexington commons have two-bedroom units measuring approximately 800 square feet. Silver Hill at Arboretum has small two-bedroom units that measure between 631 and 747 square feet. The two-bedroom units at The Arbors at Pembroke are proposed to measure 1,100 square feet. Apart from a small number of two-bedroom units at 801 Main Street, these would be considerably larger than all of the other two-bedroom units in the market area.

**Table 23: Unit Sizes at Competitive Affordable Senior Apartment Communities, The Arbors at Pembroke Market Area, September, 2021 1/**

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
801 Main Seniors	757	1,059-1,111
The Woodlands at Phoebus	732	--
Forrest Pines Seniors	717	940
Somerset at Town Center	767	998
Sinclair Commons	703-758	893-948
Tidewater Seniors	--	804
Lexington Commons	665	800
Silver Hill at Arboretum	531-733	631-747
<b>Average</b>	<b>714</b>	<b>891</b>
<b>Arbors at Pembroke 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. Silver Hill at Arboretum is the only comp with studio units, though most units at this community are one-bedroom units. Approximately 35 percent of the units are one-bedroom units compared with nearly 64 percent that are two-bedroom units. Most of the units at 801 Main Street, Forrest Pines Senior, Somerset at Town Center and Lexington Commons are two-bedroom units. Tidewater Seniors has only two-bedroom units. The affordable units at The Woodlands at Phoebes are all one-bedroom units. Sinclair Commons has a near even mix of one- and two-bedroom units. The proposed unit mix is in line with the market.

**Table 24: Unit Mix at Competitive Affordable Senior Apartment Communities, The Arbors at Pembroke Market Area, September, 2021** 1/

	<u>Studio</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Total Units</u>
801 Main Seniors	0	6	38	44
The Woodlands at Phoebus	0	27	0	27
Forrest Pines Seniors	0	43	80	123
Somerset at Town Center	0	42	76	118
Sinclair Commons	0	66	72	138
Tidewater Seniors	0	0	135	135
Lexington Commons	0	32	100	132
Silver Hill at Arboretum	<u>14</u>	<u>86</u>	<u>53</u>	<u>153</u>
<b>Total</b>	<b>14</b>	<b>302</b>	<b>554</b>	<b>870</b>
<b>Percent of Total</b>	<b>1.6%</b>	<b>34.7%</b>	<b>63.7%</b>	<b>100.0%</b>
<b>Arbors at Pembroke Unit Mix</b>	<b>0</b>	<b>55</b>	<b>75</b>	<b>130</b>

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

### Community Amenities

Community amenities are shown in Table 25 below. All competitive apartments have a clubroom and most have a fitness center, on-site laundry facilities and game rooms. Several also have libraries, businesses center and salons. Sinclair Commons and Silver Hill at Arboretum have swimming pools.

**Table 25: Community Amenities at Competitive Affordable Senior Apartment Communities, The Arbors at Pembroke Market Area, September, 2021**

	<u>Clubhouse</u>	<u>Business</u>	<u>Game Room</u>	<u>Pool</u>	<u>Fitness</u>	<u>Salon</u>	<u>Library</u>	<u>Laundry</u>
801 Main Seniors	●	●	●	○	●	○	●	●
The Woodlands at Phoebus	●	●	●	○	●	○	●	○
Forrest Pines Seniors	●	●	●	○	●	●	○	●
Somerset at Town Center	●	●	●	○	●	●	●	●
Sinclair Commons	●	○	●	●	●	●	●	●
Tidewater Seniors	●	○	○	○	○	○	○	○
Lexington Commons	●	○	●	○	●	○	●	●
Silver Hill at Arboretum	●	●	●	●	●	○	○	●
<b>Arbors at Pembroke 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 an appealing setting in the south side of the City of Hampton. 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 eight somewhat competitive market rate apartment properties and nine competitive affordable apartment properties for active seniors. This includes two very successful mixed-income senior communities that are similar in concept to The Arbors at Pembroke proposal.

Both segments of the senior housing market have a very low vacancy rate, with the market rate properties having a vacancy rate of only 1.5 percent and the affordable properties having a vacancy rate of only 0.7 percent. These low vacancy rates have been the norm for several years given the lack of new age-restricted apartment unit development in the market area. The affordable communities maintain waitlists numbering approximately 70 households.

For the affordable units, most of the defined competitive apartment properties are mature, with an inferior design compared with The Arbors at Pembroke proposal. Most of the market rate units are in full-service communities that attract an older, less active senior population.

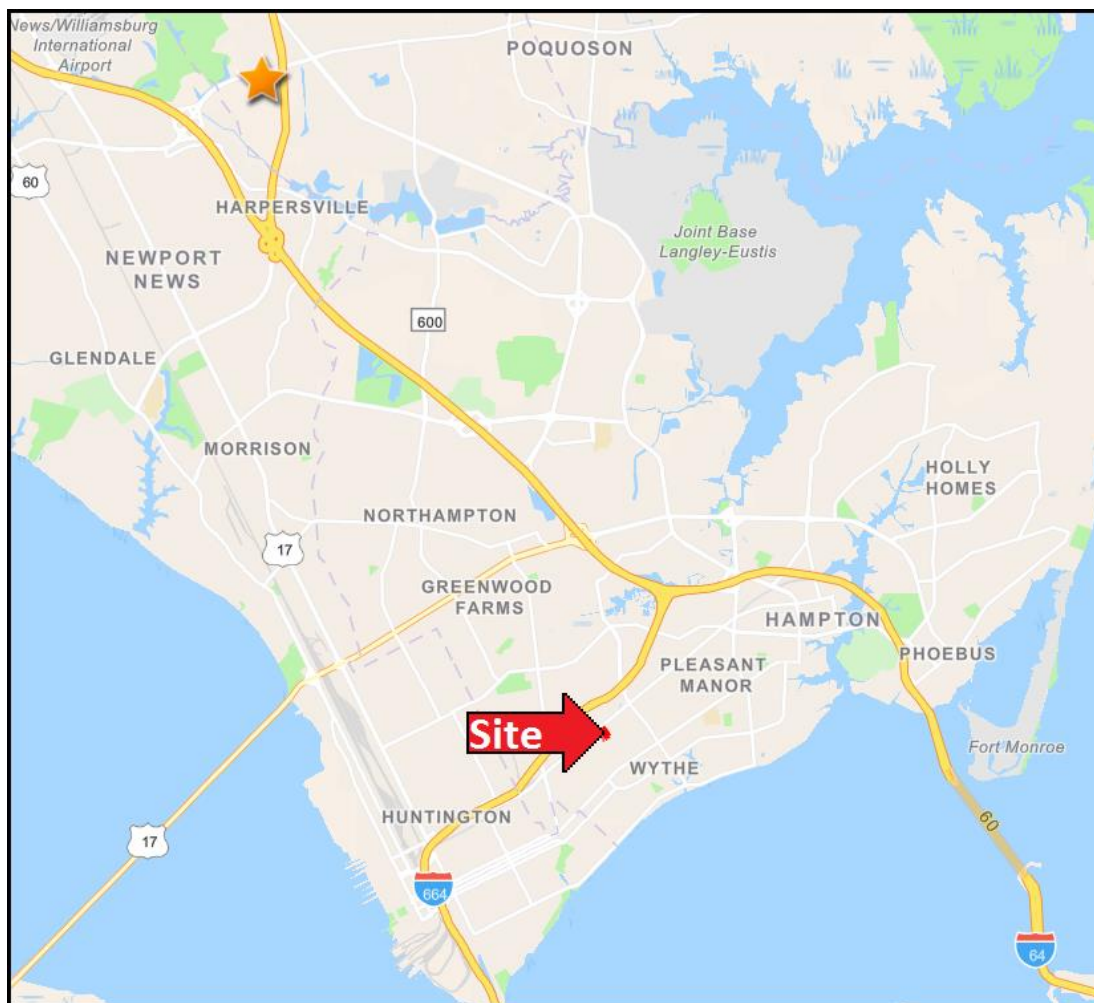
The proposed rents at The Arbors at Pembroke are very competitive. The following paragraphs will analyze the demand for new affordable, age-restricted housing and evaluate The Arbors at Pembroke proposal.



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

The only age-restricted apartment complex in planning is the proposed Harper’s Station at Yorktown, which was approved in April, 2021 for a site at 119-121 Byrd Lane in Yorktown. Construction is likely to begin in late-2021 or early-2022. Map G Shows the location of this proposed senior community in southern York County.



**Map G - Location of Harper’s Station at Yorktown**

This senior living community will contain a total of 157 units, including 75 for independent living, 60 for assisted living and 22 for memory care. By providing a range of senior housing options within a single development, the facility would be similar to a CCRC in which residents are able to “age in place,” moving from one level to another level of housing accommodations as their needs change.

The independent living units will include the costs of all utilities, meals and housekeeping, and thus is not directly comparable to The Arbors at Pembroke proposal. It will include a mix of 47 one- and 28 two-bedroom independent living units. One-bedroom units are proposed to rent for between \$2,750 and \$3,250 while two-bedroom units are proposed to rent for between \$4,000 and \$4,800. At these rents, this community will not be competitive with The Arbors at Pembroke proposal.

Shown next is a rendering of the proposed community. It will be located in a single three-story structure. Amenities will include a beauty salon, library, business center, chapel, craft/activities room, indoor swimming pool and theater room.



**Harper's Station at Yorktown  
(Elevation)**



**(Existing Conditions)**

## Demand Table

The Demand Table to follow shows an expected net growth of 440± age and income market area targeted households by 2024 for the affordable cohort and 1,610± 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 others 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 510± for the affordable units and 1,610± 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 510± seniors who represent the potential demand for new affordable age-restricted housing and 1,610± seniors who represent the potential demand for new market rate age-restricted housing, of the type under study for The Arbors at Pembroke.

There are no competitive apartments in planning in the market area, as the one proposal, Harper's Station at Yorktown, is a full-service community with independent living rents starting at \$2,750. We excluded the vacant units from this analysis, as these are less than one percent of total units and represent a normal market area vacancy rate. This generates a net potential net demand of 510 units for the affordable component 1,610 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	440	1,610	2,050
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>510</b>	<b>1,610</b>	<b>2,120</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>510</b>	<b>1,610</b>	<b>2,120</b>
<b>Proposed Units</b>	<b>120</b>	<b>30</b>	<b>150</b>
<b>Capture Rate</b>	<b>23.5%</b>	<b>1.9%</b>	<b>7.1%</b>
<b>Absorption Period (in months)</b>	<b>8</b>	<b>2</b>	<b>8</b>

## **Conclusions**

### **Net Rent Evaluation**

The rent analyses provided in Table 15 and Table 21 show the proposed rents at The Arbors at Pembroke, 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 Pembroke 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 8± months. The lease-up period may be shorter, however, as properties such as The Arbors at Pembroke often pre-lease upwards of 30 to 40 percent of units.

## Capture Rate

The capture rate for the LIHTC component is 23.5 percent while the capture rate for the market rate component is only 1.9 percent. Combined, this equates to a project wide capture rate of 7.1 percent.

Project Wide Capture Rate - LIHTC Units	23.5%
Project Wide Capture Rate - Market Rate Units	1.9%
Project Wide Capture Rate - All Units	7.1%
Project Wide Absorption Period (Months)	8 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 1, 2021

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Market Analyst

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Date