

Market Analysis
Braddock Four Apartments
Fairfax County, Virginia

Prepared for:

Ms. Becca Garman
Arlington Partnership for Affordable Housing (APAH)

March, 2021

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March 22, 2021

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Becca, this will set forth our full narrative market study for 4 percent portion of a hybrid affordable housing proposal for active older adults. The proposal, Braddock Four Apartments, will include 44 apartment units that will be financed with non-taxable bonds and 4% LIHTC. Within the same building will be a second section of 36 apartment units, which will be set aside for 9% Low-Income Housing Tax Credit (LIHTC) and restricted to a wider mix of incomes between 30% and 60% of AMI. All 80 apartment units will be built simultaneously and share amenities. The Virginia Housing requirements and the federal requirements for LIHTC financing require that each section be approved for financing separately. The report to follow is in support of the 4%, 44-unit proposal. The 36-unit phase was studied under separate cover.

The study site is located along the Braddock Road corridor in Fairfax County, Virginia and more specifically, at the northwestern edge of the former Northern Virginia Training Center (NVTC) at 9901 Braddock Road, approximately three miles south of Fairfax City and within 2.5 miles east of the George Mason University campus. **The site visit and field research for this assignment were conducted on February 5, 2021.**

Construction on this 80-unit apartment building is expected to begin in March, 2022. The 4% component under study will contain a mix of 40 one-bedroom and four two-bedroom units. All 40 apartment units will be restricted to 60% of the Area Median Income (AMI).

The site location is excellent, as it is located within an area with considerable population and employment growth and longstanding shortage of affordable housing units. Additionally, market area age- and income-restricted apartments are typically at or near full occupancy with several maintaining extensive wait lists.

Ms. Becca Garman
March 22, 2021

The Fairfax County marketplace has supported a growing number of attractive affordable housing and the demand for this type of housing continues, based on net household growth within the income and age ranges under study.

The attached Demand Table shows a 12.1 percent required capture rate of the identified target market for the 44 LIHTC units. All of the detailed market and economic data required for the Virginia Housing market study requirements are included in the attached report. Please call if additional data or clarification are needed.

Sincerely,

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

Stuart M. Patz
President

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Section I Introduction

Following is the detailed full narrative market study for the proposed 44-unit phase of the affordable new construction, age-restricted Braddock Four Apartments. Construction is expected to begin in March, 2022 on the former campus of the Northern Virginia Training Center (NVTC) located on the south side of Braddock Road in Fairfax County and near George Mason University's Fairfax Campus. The complex is to be financed through a hybrid of 4% (44 units) and 9% (36 units) tax credits to be constructed within a single apartment structure. The report to follow will be included in the submittal to officials of Virginia Housing for project financing, which will include tax exempt bonds for the 4% Low-Income Housing Tax Credit apartment units. The 9% component has sought financing separately and is currently in process.

Once built, Braddock Four Apartments will have rent, income and age restrictions. To follow the market study guidelines of Virginia Housing, the report to follow is presented in three sections.

The first section is the Introduction, which provides a detailed analysis of the study site and its setting along Braddock Road and within Fairfax County, Virginia. Included in the site description is an analysis of adjacent land uses, particularly commercial and public facilities, that are needed to serve the new resident population.

The site development plan is also presented, which describes the number and types of apartment units being planned at Braddock Four Apartments. This analysis studies the types of amenities and building features to be built. A key to the description of the development is the identification of the target market for the apartment building, with particular emphasis of how the proposal meets the HUD income guidelines for LIHTC apartment properties in Fairfax County.

Section I has a second subsection, an economic overview of the market area economy. The key factors studied in this subsection are at-place jobs and employment growth, as these two economic factors are the best determination of the market area's

economic stability. Additionally, at-place jobs and employment growth are the basis for determining population and household growth, including the type of housing under study. The economic overview includes trends on at-place jobs and employment, but also presents data on new development proposals that are expected to generate net job 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 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 housing. The target market for Braddock Four Apartments will primary be active adults in the 62 to 79 age category, and with incomes restricted to 60% of AMI (annual incomes of between \$45,020 and \$60,480). Most age-restricted apartment properties allow residents in the 55 and above age category, however Braddock Four Apartments will be restricted to seniors over the age of 62.

Thus, the demand analysis to follow studies the active adult apartment market (aged 62 to 79) and within the income range defined, as required to support the proposed rents, based on HUD guidelines. In the Conclusion section, the report will adjust market support demographic data to account for persons older than the defined target market of 62 to 79 years of age, and the expected percentage of residents with Section 8 housing vouchers, as affordable senior housing has specific “target” markets.

The demographic analysis solves for the number of households in the 62 to 79 age population, and with sufficient incomes to support the proposed rents. The forecast date is 2023. Braddock Four Apartments is expected to be started by early-2022, which will allow for project completion by mid-2023 and lease-up in 2023.

The second part of Section II is the analysis of the age-restricted, LIHTC apartment properties in the market area. We identified nine apartment properties that would be most competitive with Braddock Four Apartments, based on rent and income restrictions. Only three of these “comps” were built over the past decade. None are in lease-up.

These apartment properties are studied for rents, occupancy, unit sizes, characteristics, apartment amenities and features. These project characteristics are compared with the Braddock Four Apartments proposal to determine the subject’s competitive position.

The third and final section of the report is the Conclusions, which is the net demand analysis for new affordable age-restricted apartment units in the defined market area. Also within this section is the evaluation of net achievable rents and the lease-up period for the 44 proposed apartment units. If required, recommendation for changes to the proposal are provided.

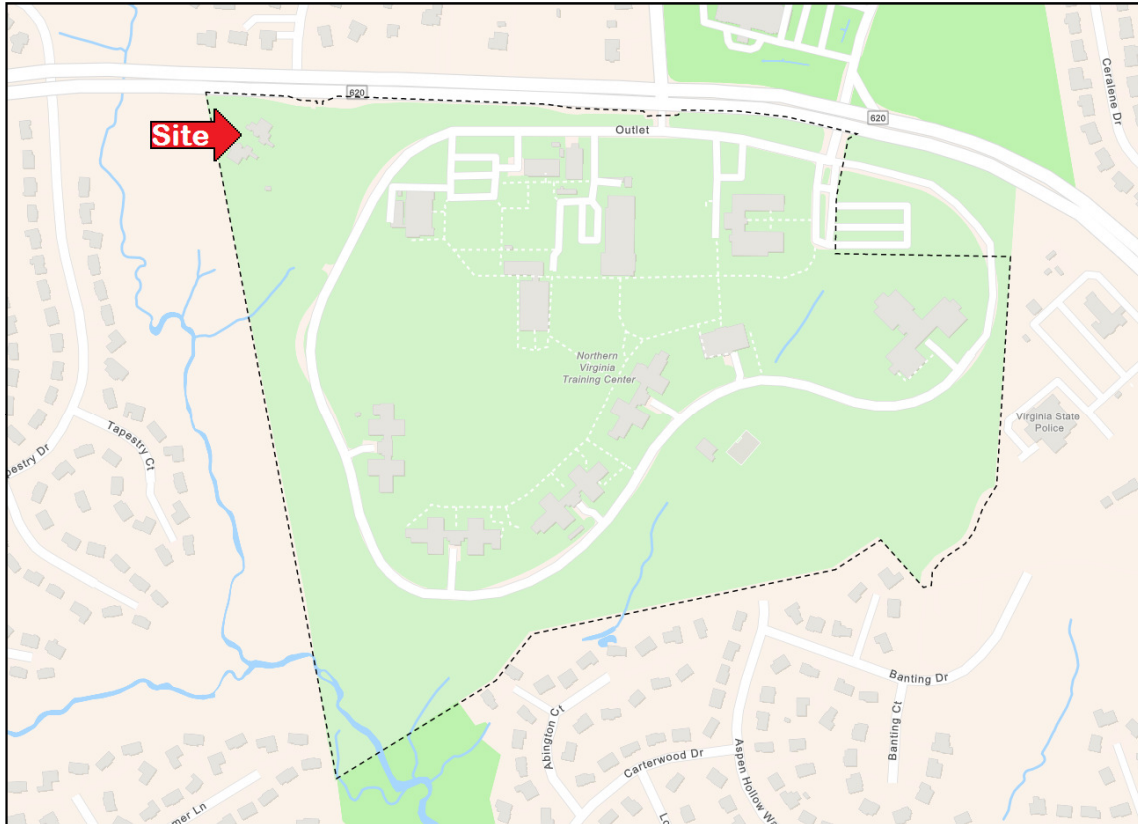
Braddock Four Apartments

Site Description

The Braddock Four Apartments site is located at the northwestern edge of the former Northern Virginia Training Center (NVTC) at 9901 Braddock Road, approximately three miles south of the Downtown Fairfax and approximately 2.5 miles east of George Mason University in Fairfax County.

Demolition of the vacant buildings on this 78.9-acre property, built for the disabled, is ongoing and is expected to be completed in early-2021. In addition to the apartments under study, the former campus will also house a large Continuing Care Retirement Community (CCRC) that is expected to begin construction in 2021. This proposal for senior housing will have no income restrictions.

The site location, south of the intersection of Braddock Road and Burke Station Road, is shown in Map A and fully described.



Map A - Site Location

Next shown is a northern aerial of the study site, as well as a view of the larger NVTC campus. The campus, which opened in 1973, formally provided facilities for administration, food services, residences, outpatient programs, transportation and various types of therapy for individuals with intellectual and developmental disabilities. The site was developed with 14 buildings totaling approximately 245,890± square feet. The NVTC was once home to more than 250 residents on-site and employed more than 550 people prior to its closure in March, 2016.

Three full driveways on the south side of Braddock Road currently provide access to the campus. Vehicular access to the proposed redevelopment buildings continue to be provided by these existing driveways.

The portion of the property that will be redeveloped for the affordable apartment building contains two vacant residential buildings. The remainder of the site contains institutional buildings. All of the existing buildings will be demolished. The site is properly zoned for the proposed development that is to occur, as proposed.

The aerial to follow shows that most of the nearby development to the site is residential, consisting of mature single-family homes built in the 1970's on wooded lots. These include the built-out subdivisions of Kings Park West to the west, Briarwood and Penns Crossing to the south and George Mason Forest to the north. Most recent home resales in these subdivisions are between the upper-\$400,000's and upper-\$600,000's.

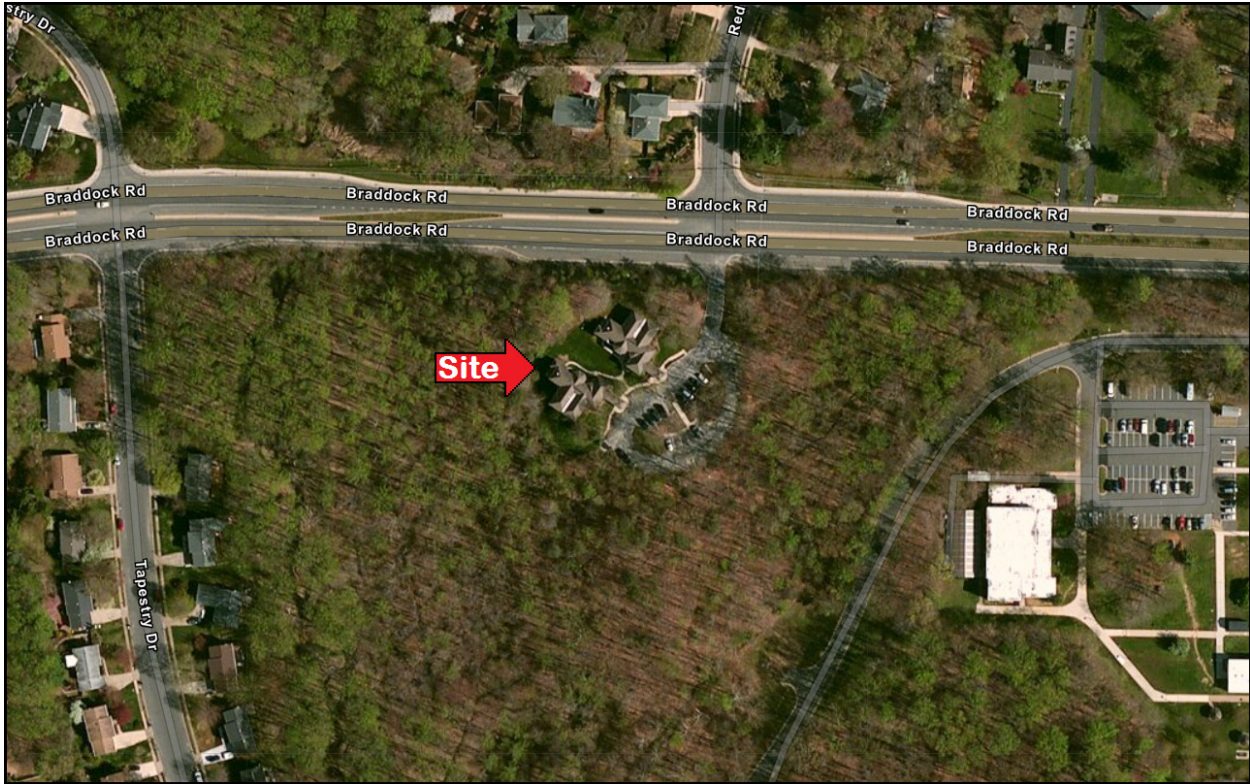
The aerial also shows a handful of non-residential developments in the immediate area. These are briefly detailed in the paragraphs below.

- **Woodleigh Chase** (Note 1). This is a proposed CCRC that will comprise the bulk of the former NVTC site. At build-out, the facility is proposed to total approximately 1,225 housing units, including approximately 1,050 independent living units and approximately 175 assisted living/ skilled nursing units. The site plan is currently under review and construction on the initial phase of development is planned to begin in 2021. The initial development phases will include three independent living buildings with approximately 220 units. These units will have no income restrictions.
- **State Police Division Seven** (Note 2). This is a 30,100± square foot building that houses the state police offices.
- **National Guard Recruiting** (Note 3). This building is located adjacent to the state police building and houses office for the National Guard recruitment effort.
- **Fairfax Memorial Funeral Home** (Note 4). This is a 19,490± square foot funeral home that was constructed in 2002.



Northern Aerial

The next aerial shows a closer view of the portion of the NVTTC campus that will be redeveloped to accommodate the Braddock Four proposal. It shows the development area which contains two vacant residential structures, as well as a surface parking area. The site is buffered on all sides by trees.



Closer Northern Aerial

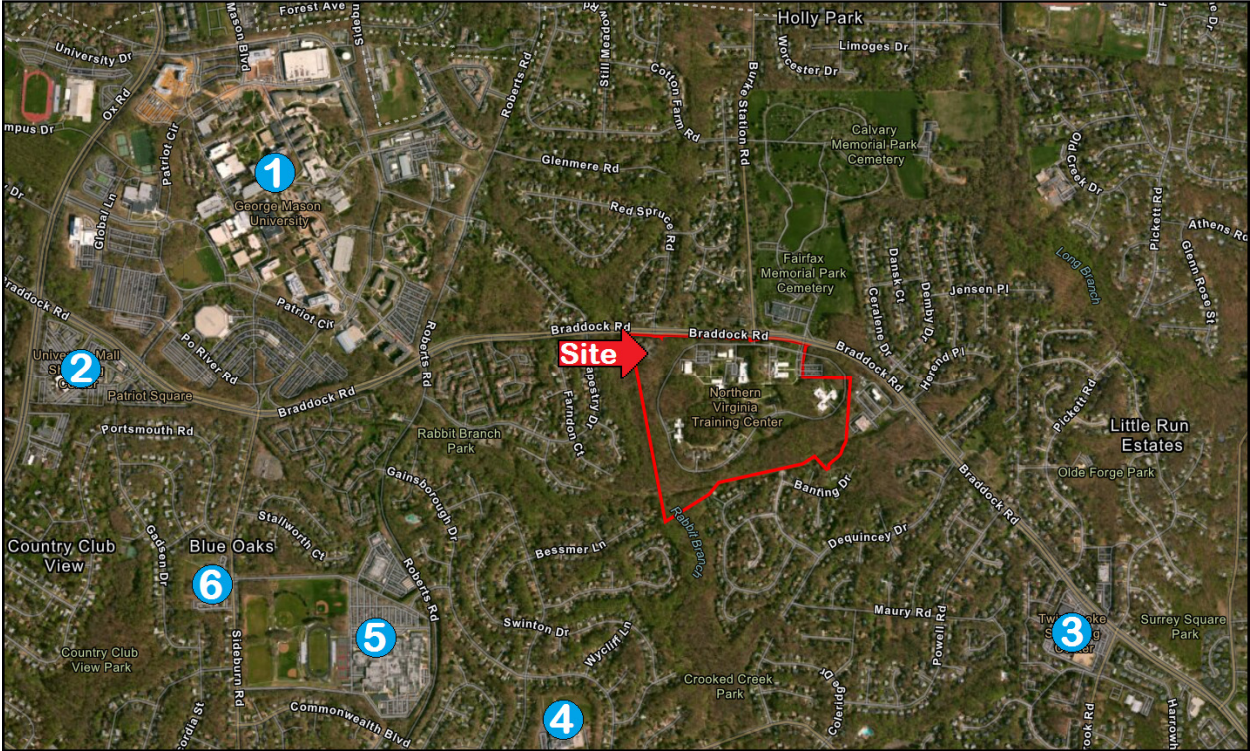
Shown next is a wider aerial view of the NVTC site, which provides a clearer depiction of the site setting. It shows the setting to be largely residential. The largest nearby development is George Mason University's 677-acre Fairfax campus (Note 1), located less than three miles west of the study site. The Fairfax campus enrolls over 32,000 students and hosts many events and activities that are open to the public.

The aerial also shows that there are two shopping centers located within close proximity to the study site. Both are detailed in the paragraphs below.

- **University Mall** (Note 2). This is a 182,370± square foot shopping center located at 10653 Braddock Road that was fully renovated and expanded in 2016. It is anchored by a 50,820± square foot Giant grocery store. Smaller tenants include Orange Theory, McAlister's Deli, Oh George!, Sola Salon, Teddy Bear Daycare, Sunoco gas station and Taco Bamba.
- **Twinbrook Shopping Center** (Note 3). This shopping center, located at 9521-9581 Braddock Road, is anchored by a 35,000± square foot Safeway grocery

store. Smaller tenants include Anytime Fitness, Outback Steakhouse, and ABC store.

Apart from some churches, the only other non-residential developments in the area are three schools: Laurel Ridge Elementary School (Note 4), James W Robinson Jr. Secondary School (Note 5) and Oakwood Elementary School (Note 6).



Wide Northern Aerial

Shown next are photos of the study site and its setting along Braddock Road. First shown is the access to the site from Braddock Road on the north. This is a sperate entrance than the remainder of the NVTC campus, which is accessible several hundred feet east of the study site.



Entrance/ Exit to Site from Braddock Road

Next shown are photos of the two residential structures on the site that will be demolished. Also shown is the parking area that served these buildings. This area will be fully redeveloped.



Existing Buildings



Existing Buildings



Parking Area



Next shown is the site frontage along Braddock Road. The photos show that the apartments will have excellent visibility from this busy roadway.



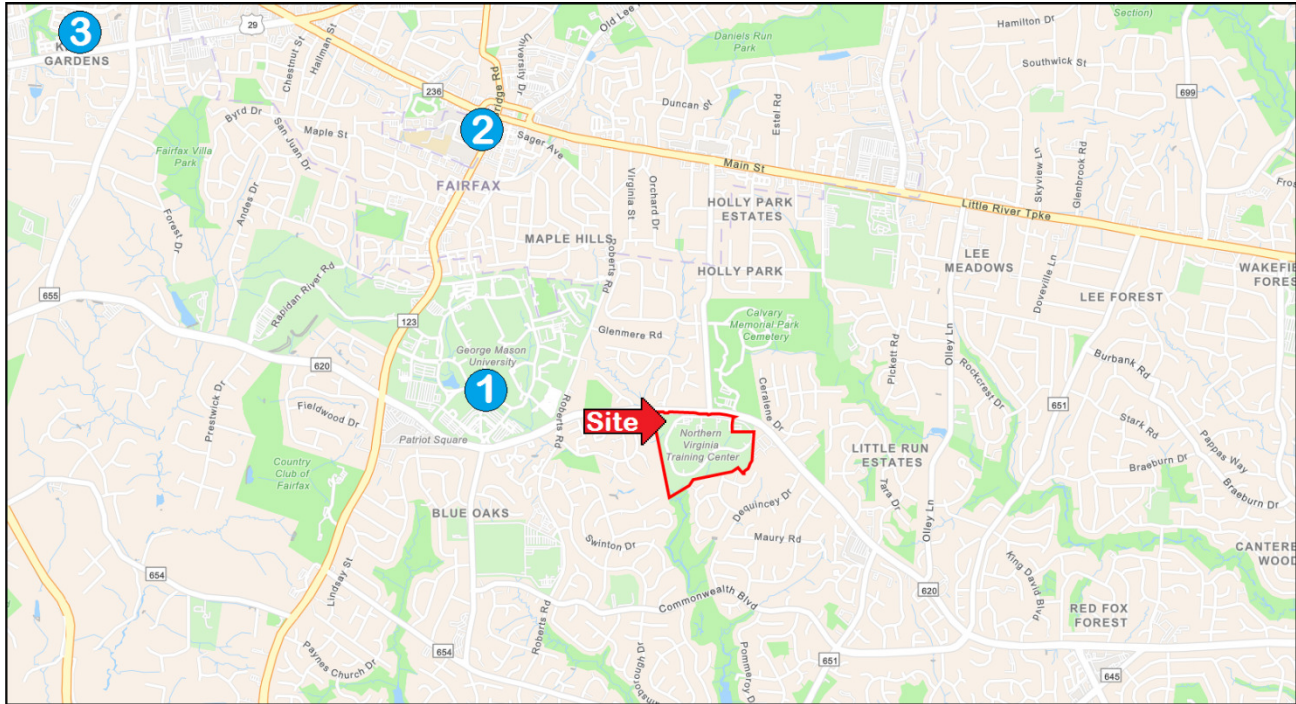
View from Braddock Road

Site Setting

Next shown, in Map B, is the site setting along the south side Braddock Road. This is a major state highway that runs for nearly 16 miles from U.S. Route 29 and US 50 in Fairfax east to SR 400 in Alexandria. SR 236 is a major suburban arterial highway that connects the cities of Fairfax and Alexandria via Annandale in Fairfax County. Near the study site, this is a four-lane, median-divided roadway.

The map shows the site to be located within close proximity to several major development areas. As previously noted, George Mason University's Fairfax campus (Note 1) is located nearby and also off Braddock Road. North of the campus is Downtown Fairfax (Note 2), which is the location of some office space and many restaurant and small retailers.

The third nearby development cluster is along U.S. Route 29 (Note 3), which is the location of several major retailers and grocery stores. Big box retailers in this area are: Lowe's home improvement, Wegmans, Costco, Lidl, Burlington, Office Depot and Home Depot.



Map B - Site Setting

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

Medical Care. The closest hospital to the study site is Inova Fair Oaks Hospital, located approximately 10 miles from the site at 3600 Joseph Siewick Drive. This is an 182-bed hospital that offers a full array of medical care. The hospital completed a 55,000± square foot expansion in 2017.

Community Facilities. The closest post office to the study site is located at 10660 Page Avenue, approximately 4.1 miles northwest of the study site. The Fairfax Volunteer Fire Department is located at 4081 University Drive, about 3.2 miles north of the study site. The City of Fairfax Regional Library is located at 10360 North Street, approximately three miles north of the site.

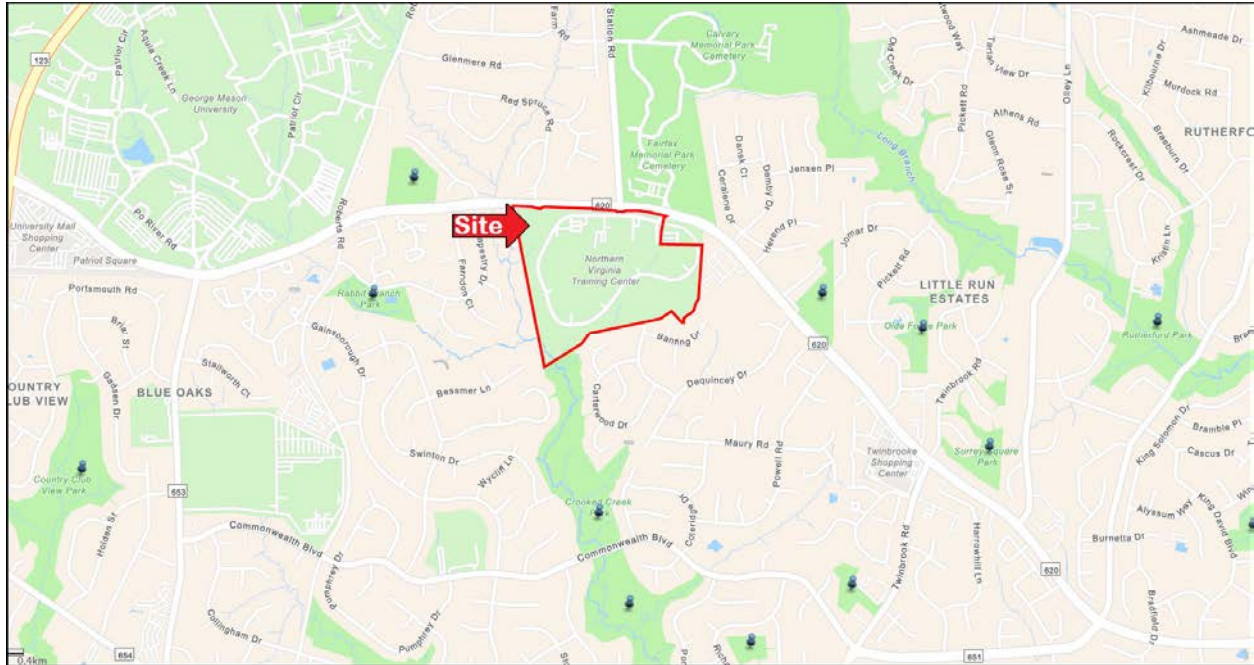
The Little River Glen Senior Center is located at 4001 Barker Court, approximately 3.8 miles northeast of the study site in Fairfax City. This is a full-service senior center with crafts, education, exercise and social service activities.

In addition, Erickson Living, which is building the Woodleigh Chase development at the same site, will also proffer a portion of the former NVTC site to Fairfax County for the creation of a new community facility. This will be a publicly accessible community recreation facility with up to 35,000 square feet of floor area. The building will accommodate inclusive all-abilities recreation facilities. It will also contain an outdoor community park area and parking lot.

Religious Institutions. Several churches are located within close proximity to the study site. These are detailed in the chart below. One of Northern Virginia’s larger synagogues is also located close by.

<u>Location of Nearby Churches</u>	
<u>Name</u>	<u>Address</u>
Korean Presbyterian Church of Washington	9524 Braddock Rd
Lord of Life Lutheran Church	5114 Twinbrook Rd
St. Mary of Sorrows Catholic Church	5222 Sideburn Rd
St. Stephen's United Methodist Church	9203 Braddock Rd
Redeeming Grace Church	5200 Ox Rd
Source: S. Patz & Associates, Inc.	

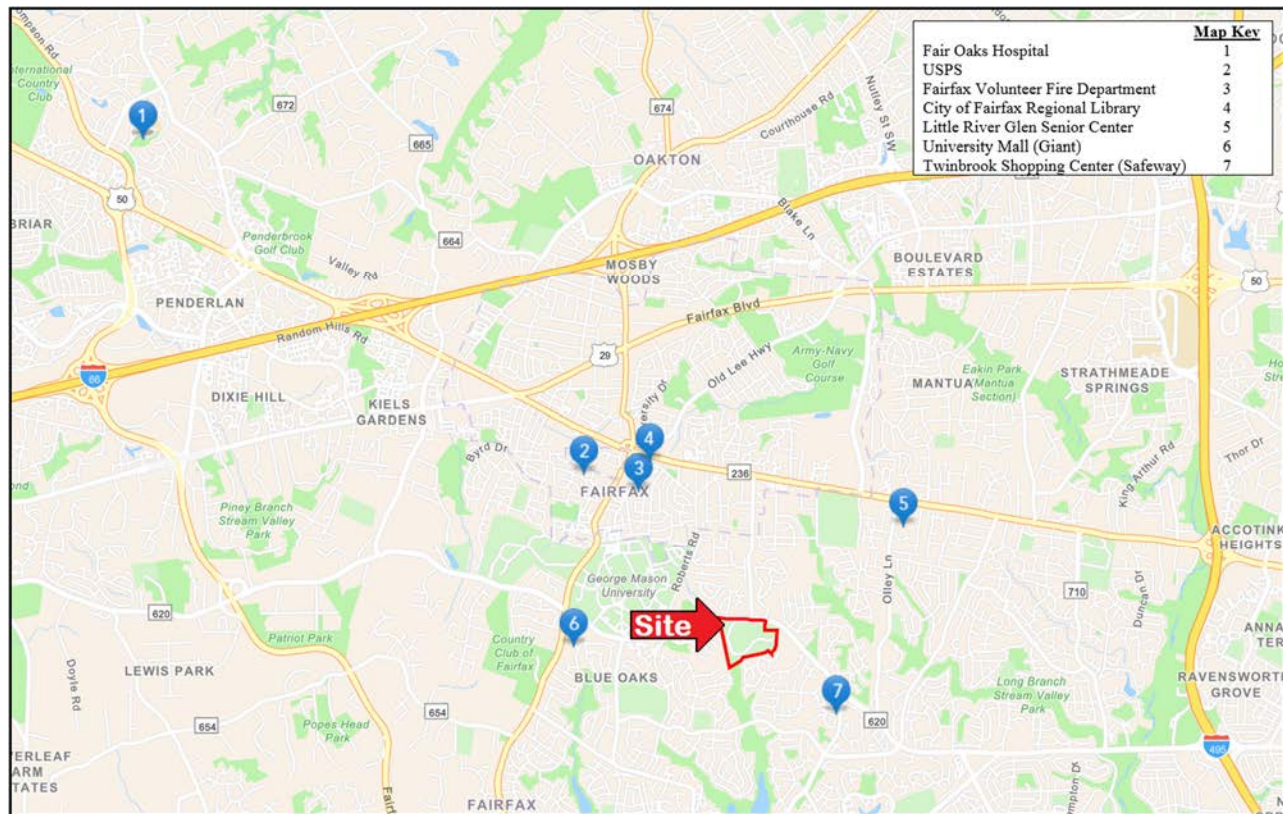
Parks and Recreation. The study site is located near a large number of County parks that are easily accessible to the public and the study site. The locations of these parks are shown in Map C.



Map C - Nearby Parks

Shopping. As previously noted, two shopping centers are located near the site, both of which are anchored by grocery stores. One is the Giant-anchored University Mall. The second is the Safeway-anchored Twinbrook Shopping Center.

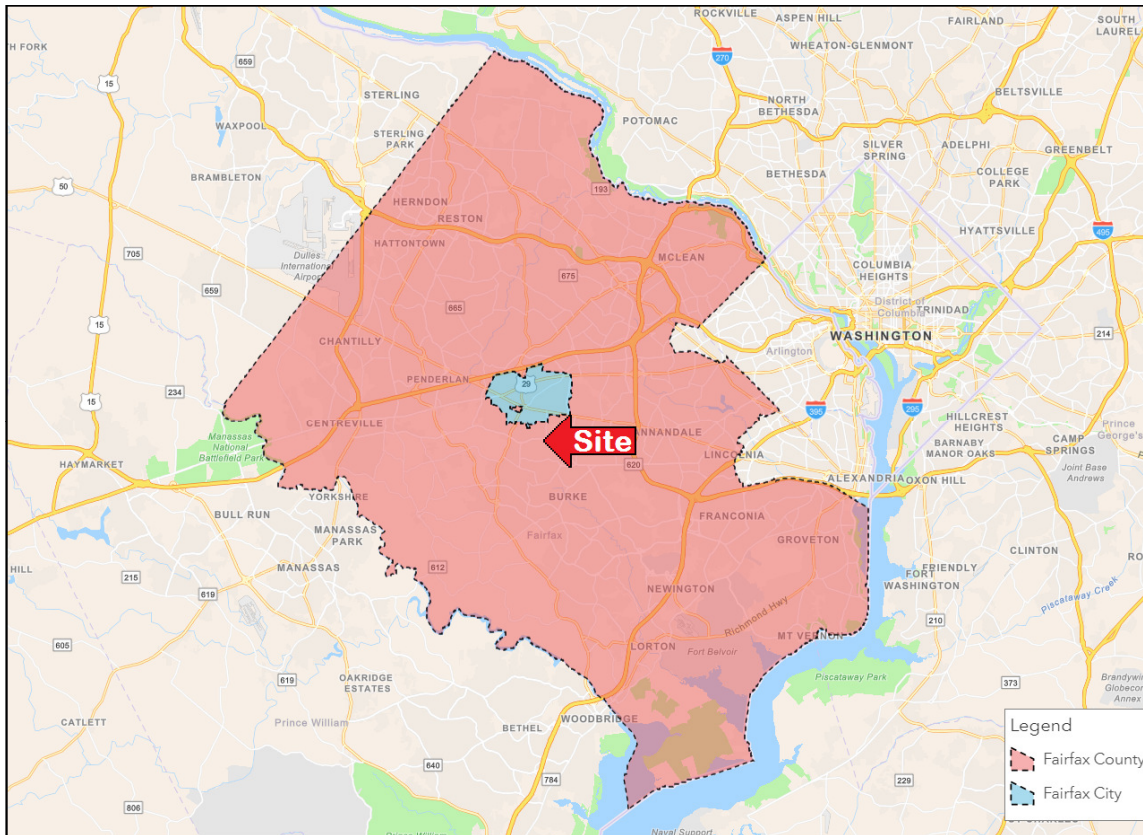
Map D shows the location of the community facilities that will serve the future residents at Braddock Four Apartments. Most important is that the setting has a full array of basic services for area residents.



Map D - Location of Area Community and Public Facilities

Market Area Definition

Map E shows the market area defined for the Braddock Four Apartments proposal, which is Fairfax County and Fairfax City. As will be fully described in the competitive apartment market, the area's existing affordable, age-restricted apartments are scattered throughout the greater Fairfax City/Fairfax County area. The study site is centrally located within the County, just south of Fairfax City. Management at area affordable senior apartments note that they are fully competitive with other Fairfax County properties within this large geographic area, in part because of the limited supply of this type of housing. Thus, seniors in Fairfax County and Fairfax City have traditionally looked across this geographic area for adequate housing.



Map E - Market Area Definition

Braddock Four Apartments Development Program

Table 1 provides a detailed description of the 44-unit phase of Braddock Four Apartments proposal, with data on apartment unit sizes, unit mix and proposed rents. All units will be restricted to seniors earning 60 percent of the Area Median Income (AMI) for the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area. Data are also shown for the Braddock Nine Apartments, which will be built simultaneously with the 4% component and within the same structure. This section will contain a total of 36 units, including 32 one-bedroom and four two-bedroom units. Within this total will be four units restricted to 30% of AMI, 14 units restricted to 50% of AMI and 18 units restricted to 60% of AMI.

The Braddock Four Apartments will have a mix of 40 one-bedroom and four two-bedroom units for a total of 36 units. All one-bedroom units will have a full bathroom and will range in size between 626 and 761 square feet. The two-bedroom units will have two

full bathrooms and all measure 970 square feet. Table 1 shows data on the unit totals and mix for both phases of development for Braddock Nine and Braddock Four.

Also shown in Table 1 are the proposed rents, which will include trash collection and individual high-speed Wi-Fi. These rates will also include a front-loading washer and dryer at no additional cost. Parking will be included in the base rental rate. Rents are shown to top be restricted to 60% of AMI. The one-bedroom units will have net rents of \$1,313 while the two-bedroom units will have net rents of \$1,570.

Table 1: Proposed Unit Characteristics, Braddock Nine and Braddock Four, Fairfax County, Virginia, March, 2021 1/						
	Restrictions	Units	Size (Sq. Ft.)	Net Rent	UA	Gross Rent
Braddock Rd. Four						
1BR/1BA	60% of AMI	12	647	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	4	626	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	1	697	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	3	658	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	6	761	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	3	692	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	8	707	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	<u>3</u>	647	\$1,313	\$104	\$1,417
(Subtotal/Average)		(40)	(679)			
2BR/2BA	60% of AMI	1	970	\$1,570	\$131	\$1,701
2BR/2BA	60% of AMI	2	970	\$1,570	\$131	\$1,701
2BR/2BA	60% of AMI	<u>1</u>	970	\$1,570	\$131	\$1,701
(Subtotal/Average)		(4)	(970)			
Braddock Four Total		44				
Braddock Rd. Nine 2/						
1BR/1BA	30% of AMI	3	647	\$604	\$104	\$708
1BR/1BA	50% of AMI	4	647	\$1,077	\$104	\$1,181
1BR/1BA	50% of AMI	7	630	\$1,077	\$104	\$1,181
1BR/1BA	50% of AMI	2	647	\$1,077	\$104	\$1,181
1BR/1BA	60% of AMI	2	697	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	1	688	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	3	768	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	8	707	\$1,313	\$104	\$1,417
1BR/1BA	60% of AMI	<u>2</u>	647	\$1,313	\$104	\$1,417
(Subtotal/Average)		(32)	(675)			
2BR/2BA	30% of AMI	1	1,005	\$719	\$131	\$850
2BR/2BA	50% of AMI	1	1,005	\$1,286	\$131	\$1,417
2BR/2BA	60% of AMI	<u>2</u>	1,005	\$1,570	\$131	\$1,701
(Subtotal/Average)		(4)	(1,005)			
Braddock Nine Total		36				
Braddock Nine + Four		80				
Notes: 1/ Rents to include trash collection, high-speed wi-fi and in-unit washer/ dryer.						
2/ Not part of Braddock Four proposal.						
Source: Arlington Partnership for Affordable Housing (APAH)						

Maximum Allowable Rent Comparison

Table 2 shows gross rents for the apartment units with a utility allowance (UA) added to net rents for utility costs for the 44 income-restricted units. The UA was calculated by Viridiant for the sponsor based on the unit sizes with 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 Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area. The comparison shows that the proposed gross rents, based on the calculated UA, are at the maximum allowable rates.

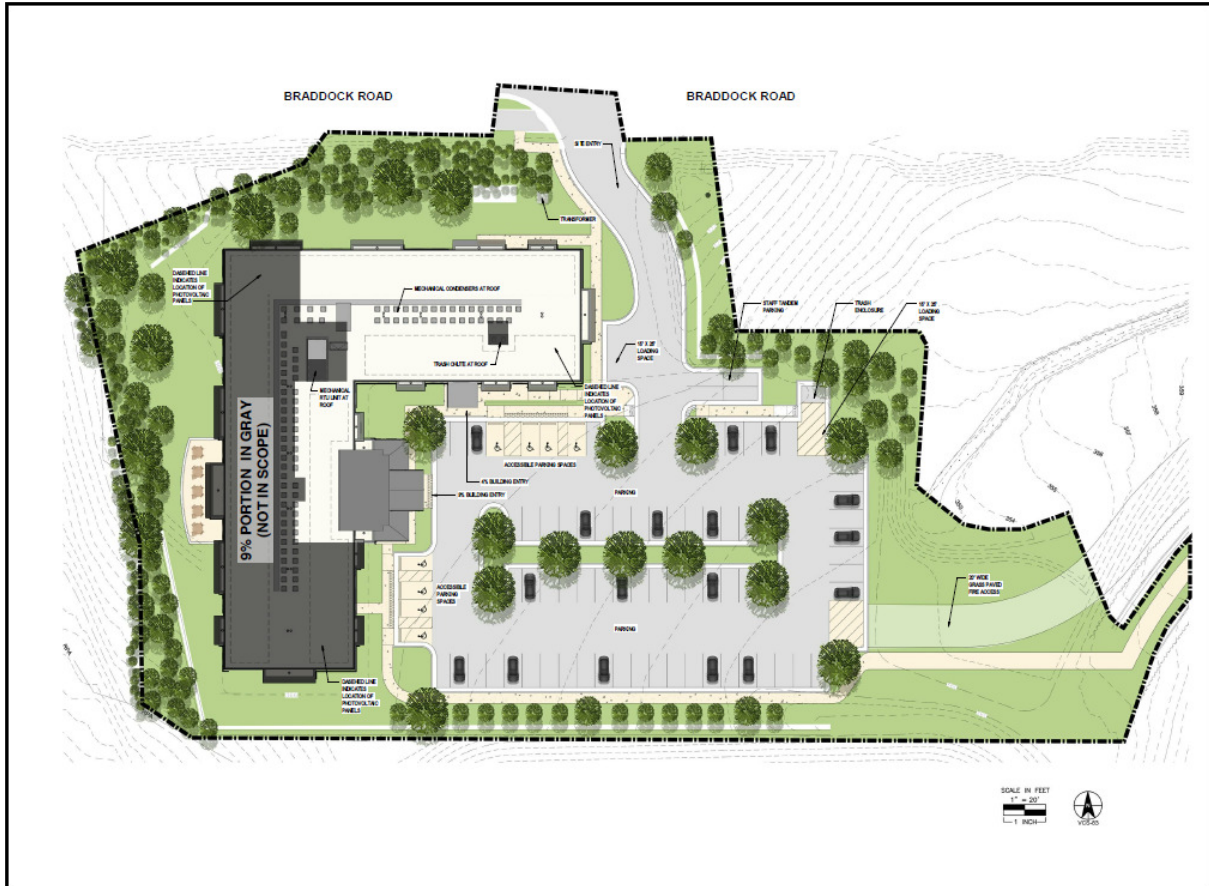
Table 2: <u>Rent Comparison Chart, Braddock Four Apartments and HUD Maximum Allowable Rates, March, 2021</u>				
	<u>Braddock Four Apartments</u>			<u>HUD Maximum Allowable</u>
	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>	
<u>One-Bedroom</u>				
60% of AMI	\$1,313	\$104	\$1,417	\$1,417
<u>Two-Bedroom</u>				
60% of AMI	\$1,570	\$131	\$1,701	\$1,701
Source: HUD and Arlington Partnership for Affordable Housing				

Site Plan and Building Design

Shown next is the site plan for Braddock Four Apartments, which as shown will also include the 36 units in the Braddock Nine Apartments segment within the same building. The site plan shows that site access will be from Braddock Road to the north. The complex will be an L-shaped building with surface parking on its east side. The only exterior amenity will be a private outdoor patio in the rear of the building.

There will be a total of 79 surface parking spaces for the combined 80 units in Braddock Nine and Braddock Four, which equates to a partaking ratio of 0.99 spaces per unit. The Braddock Nine project will have 46 parking spaces. The future Braddock Four will have 33 spaces. There is also a loading space and four staff parking spaces, separate

from the residential parking. Bus stops are located directly across from the study site along Braddock Road.



Braddock Four Apartments Site Plan

Shown next are renderings of the Braddock Four Apartments building. The renderings show the complex to comprise of a single four-story, elevator-served building. The building will have a contemporary design with a flat roof and exterior made primarily of brick.



PERSPECTIVE AERIAL



PERSPECTIVE AERIAL



PERSPECTIVE 1



PERSPECTIVE 2



PERSPECTIVE 3



PERSPECTIVE 4

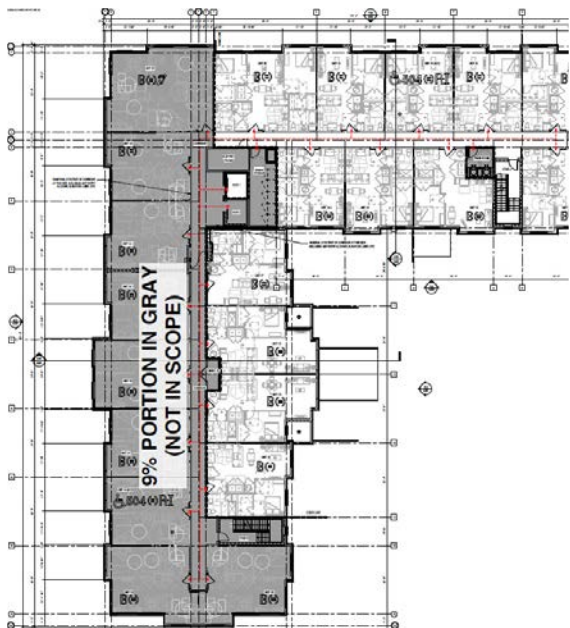
Braddock Four Renderings

Shown next are building floor plans for each level of the apartment complex. First shown is the ground level, which will include the building entrance and lobby. The lobby area will also contain a leasing office, two unisex bathrooms, a mailroom, resident service area and business center. A fitness center, multipurpose room and community room that includes a kitchen will be located at the rear of the building. The community room will have an outdoor furnished patio area as well. Free Wi-Fi will be made available to residents in the community room. This is in addition to the high-speed Wi-Fi available in all residential units. Two elevators and a tenant storage area are shown to be located at the “elbow” of the building. There is one elevator for Braddock Four. Braddock Nine will be served by an adjacent elevator. All of the non-residential space on the ground level will be part of the 9% portion of the development.

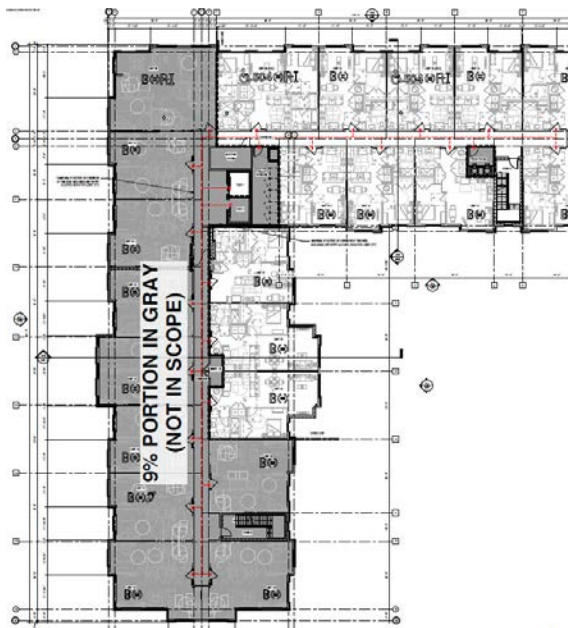


Ground Level Floor Plan

The floor plans for the upper three levels are shown next. Apart from tenant storage space near the elevators at the center of the building that are part of the 9% portion of the development, these three floors will be fully residential.



Second Level Floor Plan



Third Level Floor Plan

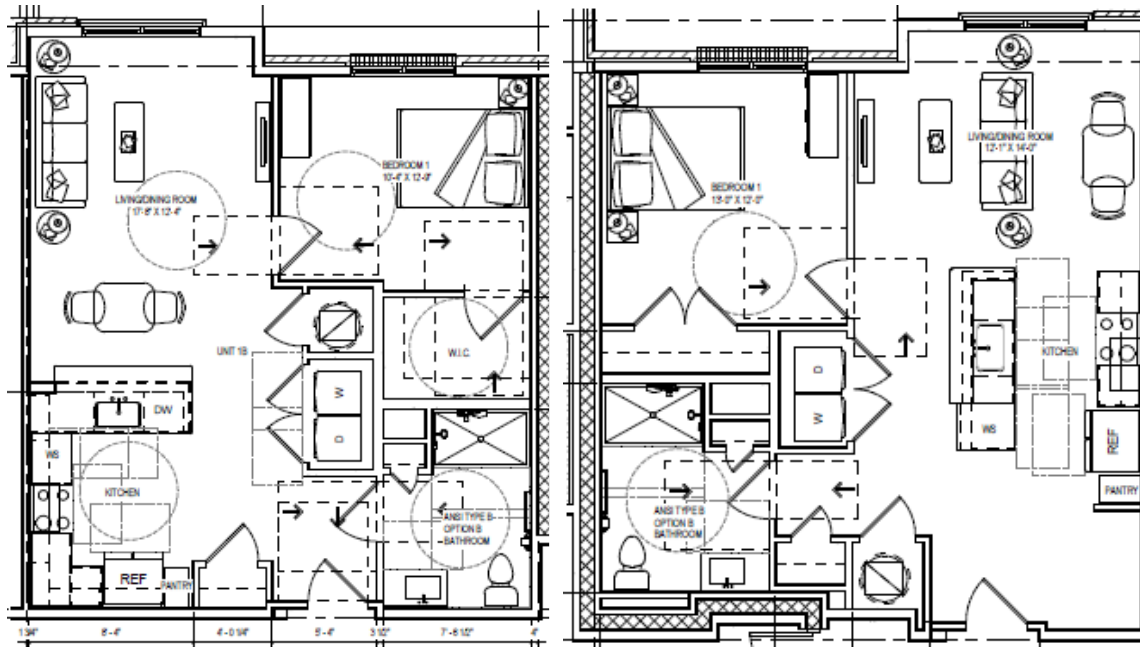


Fourth Level Floor Plan

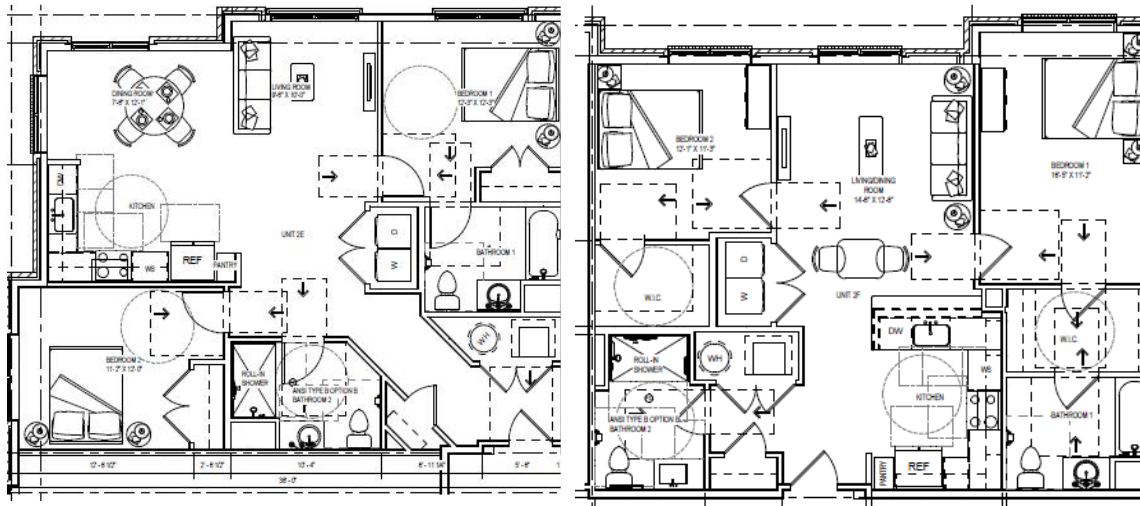
Apartment Unit Floor Plans

Next shown are typical apartment unit floor plans, all of which will have a universal design. All units will have luxury vinyl tile in kitchens and living areas. Bathrooms will be tiled. Bedrooms will be carpeted. The units will have black GE appliances to include a refrigerator, oven range, dishwasher and microwave. All units will also be equipped with a front-loading washer and dryer. The bedrooms and living areas will have ceiling fans. Other building features will fully comply with Virginia Housing standards for energy efficient buildings. The building will be certified EarthCraft Gold.

The apartment units will be spacious for buildings of this type. They will have open designs with a combined living and dining area. Master bedrooms will have walk-in closets and all units will have a closet near the entryway. The two-bedroom units will each have two full bathrooms.



Typical One-Bedroom Floor Plans



Typical One-Bedroom Floor Plans

Development Costs

The proposed building costs, including soft costs and land acquisition, is \$13.9 million or \$315,950± per unit.

Economic Overview Analysis

The Braddock Four Apartments proposal is for active seniors, likely with most new 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 their 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 2019. Data are presented for all of the Fairfax County and Fairfax City.

At-Place Jobs

At-place employment refers to jobs physically based at employers in the market area, whether the job is based in private sector or government offices, manufacturing facilities, schools, retail stores, restaurants, nursing home, or other facilities.

As of year-end 2019, Fairfax County and Fairfax City had nearly 642,000 at-place jobs. That total is 35,640± jobs above the pre-recession peak in 2008. Data in Table 3 show that the market area faced significant job losses in 2009, when over 15,000 jobs were eliminated due to the recession of that period. Nevertheless, total employment began growing again by 2010 and exceeded the pre-recession levels by 2013. Employment growth has continued every year since. Most recently, the market area added 11,180± new jobs in 2018, while an additional 9,640± new jobs were added in 2019.

The largest employment sector in the market area is the Professional and Technical Services sector, which accounts for just over a quarter of total market area-wide employment. With over 4,200 new jobs added in this sector since 2008, this has been one of the fastest growing employment sectors in the market area. Much of this employment relies on federal contracts.

The second largest employment sector is the Health Care sector, which accounts for nearly ten percent of total employment in the market area. This has also been the fastest growing employment sector, growing by nearly 17,00 since 2008, or over 1,400 new Health Care jobs each year, on average. Many of the region's largest employers are in the Health Care sector. Inova Health System is Northern Virginia's largest hospital system and one of the largest employers in Fairfax County with over 10,000 employees.

Apart from the Information industrial category, several other employment sectors have added jobs since 2008. These include: Accommodations/ Food Services (8,220± new jobs), Finance/ Insurance (5,570± new jobs), Administrative/ Waste Services (3,890± new jobs), Federal Government (3,220± new jobs), Education (2,810± new jobs), and Arts/ Entertainment and Recreation (1,600 new jobs), State Government (760± new jobs) and Management of Companies (610± new jobs).

In terms of job losses, the sector that shed the largest number of jobs since 2008 was the Information sector, which had 7,860± fewer jobs in 2019 compared to 2008. Most of these jobs, however, were lost early in the decade. Employment in this sector expanded by nearly 600 in 2019. The Manufacturing sector also faced heavy job losses during this period, eliminating over 5,000 jobs since 2008. As with the Information sector, most of these losses occurred soon after the Great Recession. On a positive note, employment in the Manufacturing sector expanded by over 800 most recently in 2019.

Other sectors with job losses since 2008 include: Construction (3,500± jobs lost), Wholesale Trade (2,320± jobs lost) and Retail Trade (900± jobs lost).

Table 3: Trends in Average At-Place Employment, Fairfax County and Fairfax City, Virginia, 2008-2019

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	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	29,076	25,993	25,123	25,231	25,745	25,292	24,297	23,500	23,796	24,118	24,765	25,574
Manufacturing	10,861	10,269	9,771	9,318	8,551	6,579	6,530	6,324	5,753	5,958	5,824	5,810
Wholesale Trade	16,309	15,214	ND	ND	ND	ND	ND	ND	ND	14,188	14,209	13,985
Retail Trade	56,706	53,515	54,046	55,375	55,910	6,614	57,336	58,337	58,265	57,779	57,529	55,811
Transport./ Wareh..	ND	ND	ND	6,350	6,585	6,816	7,074	7,046	6,813	ND	ND	ND
Information	28,419	25,418	23,697	22,794	22,095	22,135	23,167	22,282	20,812	20,200	19,969	20,563
Finance/Insurance	23,463	22,448	23,460	23,839	23,744	3,178	23,605	24,781	26,655	28,688	28,965	29,032
Real Estate	10,266	9,718	9,145	9,069	9,261	9,748	9,846	9,806	9,704	9,833	10,007	10,294
Prof./Tech.	158,740	159,882	162,892	165,098	165,411	160,159	154,420	154,740	156,854	158,197	161,625	162,961
Mgmt of Co.s	19,963	19,461	19,488	19,325	22,298	21,703	19,033	18,581	17,940	17,530	17,772	20,575
Admin./Waste	40,571	37,635	37,756	38,152	39,426	40,995	40,844	40,767	41,207	42,169	43,675	44,463
Education	9,079	9,260	9,749	10,211	10,773	10,755	11,047	11,499	11,579	11,542	11,942	11,887
Health Care	46,757	47,954	48,952	49,856	50,453	51,489	52,388	54,816	57,815	59,609	62,042	63,744
Arts/Enter./Rec.	7,676	7,486	7,513	7,606	7,939	8,048	8,137	8,817	9,111	8,917	9,202	9,272
Accom./Food	40,567	39,092	39,166	40,119	41,715	42,480	43,034	45,315	47,042	47,952	48,252	48,788
Other Services	21,567	20,858	20,735	21,213	21,731	21,834	21,853	22,028	22,334	22,217	22,225	21,663
Local Gov.	47,433	47,537	47,195	47,731	48,538	47,561	48,145	48,169	48,436	48,498	49,757	49,896
State Gov.	8,934	9,083	9,201	9,486	9,762	9,957	9,952	9,893	9,568	9,430	9,600	9,689
Federal Gov.	<u>21,498</u>	<u>22,139</u>	<u>23,211</u>	<u>23,802</u>	<u>24,861</u>	<u>24,716</u>	<u>23,921</u>	<u>24,624</u>	<u>24,277</u>	<u>24,390</u>	<u>24,690</u>	<u>24,720</u>
Total	606,253	591,075	593,428	600,629	610,221	606,308	599,203	606,437	614,540	621,068	632,251	641,891

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

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

Table 4 shows the net change in at-place job totals over the past twelve years in Fairfax County and Fairfax City. As shown, most employment growth was concentrated in professional employment sectors, with only a few sectors experiencing job losses. Besides the diversified economy, the key figure shown in Table 4 is the 5.9 percent net growth in new jobs since 2008, for a net increase of 35,640± jobs.

Table 4: <u>Change in Total At-Place Employment,</u> <u>Fairfax County/ City, Virginia, 2008-2019</u>			
	<u>Fairfax County</u>	<u>Fairfax City</u>	<u>Total</u>
Agriculture	-67	--	--
Mining	162	--	--
Utilities	--	--	--
Construction	-3,011	-491	-3,502
Manufacturing	-5,002	-49	-5,051
Wholesale Trade	-2,206	-118	-2,324
Retail Trade	-648	-247	-895
Transport./ Wareh..	--	--	--
Information	-7,430	-426	-7,856
Finance/Insurance	5,560	9	5,569
Real Estate	55	-27	28
Prof./Tech.	5,384	-1,163	4,221
Mgmt of Co.s	648	-36	612
Admin./Waste	4,045	-153	3,892
Education	2,835	-27	2,808
Health Care	15,950	1,037	16,987
Arts/Enter./Rec.	1,221	375	1,596
Accom./Food	7,596	625	8,221
Other Services	-43	139	96
Local Gov.	1,870	593	2,463
State Gov.	869	-114	755
Federal Gov.	3,705	-483	<u>3,222</u>
Total	36,499	-861	35,638
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 physically located in Fairfax County and Fairfax City. Employment refers to the number of market area residents who are employed, no matter where the job is located. At-place job totals are slightly higher compared with employment, which means that some net in-commuting occurs from neighboring counties and cities, particularly Fairfax County, Arlington County and other Northern Virginia locations.

Table 5 details employment data in the market area. Employment grew by 49,670± over the past twelve years, which is slightly larger than at-place job growth. That is the reason for the high demand for new housing in the market area. That is likely the result of increased residential growth. 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 rebounded from the pre-recession employment level in 2011. This is the same pattern as at-place employment growth.

Total employment has increased every year since 2010, which is a positive sign. Employment grew by 15,430± most recently in 2019. The increase in the labor force since 2009 is also a positive sign, suggesting growing confidence in the economy among the market area’s population.

Table 5: Trends in Employment and Unemployment, Fairfax County/ Fairfax City, Virginia, 2008-2019				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	607,312	590,008	17,304	2.8%
2009	602,109	573,366	28,743	4.8%
2010	623,184	591,473	31,711	5.1%
2011	632,909	602,774	30,135	4.8%
2012	636,776	608,063	28,713	4.5%
2013	637,375	609,249	28,126	4.4%
2014	632,620	606,147	26,473	4.2%
2015	626,375	604,017	22,358	3.6%
2016	628,858	608,388	20,470	3.3%
2017	635,941	616,645	19,296	3.0%
2018	640,183	624,245	15,938	2.5%
2019	654,607	639,678	14,929	2.3%
Net Change	47,295	49,670	-2,375	-0.5%
Source: United States Department of Labor, Bureau of Labor Statistics				

COVID-19 and Employment

Table 6 shows monthly employment data until November, 2020 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 year-end 2019, employment in the market area has fallen by over 36,000, with the number of unemployed growing by nearly 13,000. The labor force has also contracted by over 23,000 people, meaning many of those who have lost their jobs have retired or decided not to search for employment at this time.

Recent trend data do not show a consistent recovery. Employment grew constantly and by 29,670± between May, 2020 and August, 2020, but 7,330 jobs were lost in September, 2020. These losses eliminated nearly a quarter of the employment gains that were recorded over the summer. On a positive note, employment did grow in both October and November, 2020 by 5,150±. Thus, current employment levels are below the levels in August, 2020.

The effects of these job losses have been concentrated in the Leisure and Hospitality sectors, which include restaurant and hotel positions. Job losses have also significantly impacted the Retail sector and Other Services sector, which includes personal care, maintenance, and in-home household services. The unemployment rate is likely to decrease in 2021, as more control of the COVID-19 pandemic is achieved.

Table 6: <u>Trends in Employment and Unemployment</u> <u>Fairfax County/ Fairfax City, Virginia, 2019-2020</u>				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2019	654,607	639,678	14,929	2.3%
January, 2020	660,773	644,981	15,792	2.4%
February, 2020	665,334	651,241	14,093	2.1%
March, 2020	660,407	642,905	17,502	2.7%
April, 2020	642,595	576,987	65,608	10.2%
May, 2020	642,585	588,003	54,582	8.5%
June, 2020	649,004	598,110	50,894	7.8%
July, 2020	647,619	599,321	48,298	7.5%
August, 2020	645,017	606,653	38,364	5.9%
September, 2020	634,525	597,941	36,584	5.8%
October, 2020	631,986	601,198	30,788	4.9%
November, 2020	631,247	603,093	28,154	4.5%
Net Change	-23,360	-36,585	13,225	2.2%

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

Net Job Growth

Following in Table 7 is a list of new job announcements since 2020 tracked by the Virginia Economic Development Partnership. There is no doubt that job growth in the market area is significantly larger than the 5,390± new jobs is listed in Table 7. Most of the new jobs are in professional employment sectors.

Table 7: New and Expanding Business, Fairfax County/ Fairfax City, Virginia, 2020-2021 1/

<u>Company Name</u>	<u>Business Description</u>	<u>Date Announced</u>	<u>New Jobs</u>
Kreative Technologies	Security Management	02/2021	296
ID.me	Digital Security	12/2020	478
Parsons	Defense	10/2020	317
Blacksky	Information Technology	09/2020	23
Randstad North America	Employment Services	09/2020	155
Securitas Security Services	Security	09/2020	100
Aerotek	Employment Services	06/2020	1,500
Aexus Europe	Business Consulting	06/2020	10
AMPCUS	Information Technology	06/2020	35
Avasant	Management consulting	06/2020	12
Axxum Technologies	Information Technology	06/2020	20
Carahsoft	Information Technology	06/2020	200
CTAC	System Integration Services	06/2020	10
Credence Management Solutions	Information Technology	06/2020	27
Datastrong	Business Management	06/2020	23
Forescout Technologies	Cyber Security	06/2020	15
Harmonia Holdings Group	Information Technology	06/2020	29
IDEMIA	Cyber Security	06/2020	35
IDEMIA	Cyber Security	06/2020	38
Interstate Van Lines	Transportation and Logistics	06/2020	44
Medallia	AI Software	06/2020	26
Merlin International	Cyber Security	06/2020	10
NASK Incorporated	Defense	06/2020	15
Navitas Business Consulting	Information Technology	06/2020	20
Qomplx	Software	06/2020	42
Radus Software	Information Technology	06/2020	10
RIVA Solutions	Information Technology	06/2020	32
Spire Global	Cloud-to-data and Analytics	06/2020	11
Unissant	Software	06/2020	47
Microsoft Corp.	Software	04/2020	1,500
Expel, Inc.	Cyber Security	01/2020	164
Macedon Technologies	Business Process Management	01/2020	<u>147</u>
Total			5,391

Notes: 1/ Only announcements with ten or more new employees shown.

Source: Virginia Economic Development Partnership

Section II Affordable Senior Apartment Analysis

This section of the market report presents the supply/demand analysis for the proposed 44 planned affordable senior apartment units at Braddock Four Apartments. 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 between \$45,020 and \$60,480 (60% of AMI), when incomes are reported in constant 2020 dollars. These income categories are required to support the proposed rents at Braddock Four Apartments, as presented above, and are within the HUD maximum allowable incomes for LIHTC apartment units in the HUD Metro FMR Area.

The forecast date for the analysis is 2023, as construction on the proposed apartment building is expected to be started by early-2022 with opening by the summer of 2023.

The second part of this section is the competitive apartment analysis for affordable age-restricted apartment properties. We identified nine apartments that would/ could be competitive with Braddock Four Apartments, and these have a combined total of 860± units. This represents a sufficient competitive total. Thus, we did not study the market rate independent living senior market, as monthly fees for those properties are well above the rates proposed for Braddock Four Apartments. The nine competitive apartment properties are studied for location, number of units, rents, unit mix, unit characteristics, project features and curb appeal.

Demographic Analysis

Population Trends and Projections

The market area, which includes both Fairfax County and Fairfax City, had a population of 1.1 million at the time of the 2010 Census. Between 2000 and 2010, the market area’s population increased by 113,040 people. This growth occurred primarily in Fairfax County, though the population in Fairfax City also expanded during this period.

Based on population estimates from the Weldon Cooper Center for Public Service, the market area population increased by 63,180± between 2010 and 2019 to over 1.2 million people. This represents an annual growth rate of 7,020±. This is below the growth rate of the 2000's, when the population increased by an average of 10,700± annually, and the 1990's, when the population increased by an average of 15,300± annually. One reason for the slower population growth compared to the past is limited available land and higher land costs for land that remains readily available for residential development.

These data were used to calculate the projected 2023 population increase of 28,080± by 2023. In addition to data from the Weldon Cooper Center for Public Service, we used new development activity, including employment and housing unit development, to determine expected population growth in the post-2019 period.

Data presented in Table 8 show demographic trends among the entire market area population related to population and households. Also shown are the number of active senior residents in the market area and the number of households with the head of household being 62 to 79 years of age.

**Table 8: Trends and Projections of Population and Households by Tenure and Income,
Braddock Four Market Area, 1990-2023**
(Constant 2020 Dollars)

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>2023</u>
Market Area Population	838,210	991,250	1,104,290	1,167,470	1,195,550
Fairfax County	818,580	969,750	1,081,730	1,143,530	1,171,000
Fairfax City	19,620	21,500	22,570	23,940	24,550
Group Quarters Population	14,660	10,830	9,810	10,000	10,100
Household Population	823,550	980,420	1,094,480	1,157,470	1,185,450
Persons Per Household	2.75	2.73	2.74	2.73	2.73
Households	299,710	358,750	399,970	423,980	434,230
<u>Senior Demographics</u> (62-79)					
Total Population	61,880	81,880	117,470	147,100	160,200
Percent of Total Population	7.4%	8.3%	10.6%	12.6%	13.4%
Senior Households	38,090	52,640	68,840	86,230	93,900
Percent of Total Households	12.7%	14.7%	17.2%	20.3%	21.6%
<u>Target Market</u> (60% of AM)					
Total Households	3,620	4,210	5,100	6,200	6,700
Percent of Total Households	1.2%	1.2%	1.3%	1.5%	1.5%
Percent of Senior Households	9.5%	8.0%	7.4%	7.2%	7.1%
Source: 1990, 2000 and 2010 U.S. Department of Commerce, Bureau of the Census; Weldon Cooper Center for Public Service; S. Patz and Associates, Inc.					

Group Quarters Population

The market area has a small Group Quarters population, due primarily to on-campus housing for students at George Mason University. The Group Quarters population also includes persons in jails, hospitals, nursing homes, shelters, etc. The market area's Group Quarters population totals approximately 10,000±, or approximately 0.8 percent of total population. The Group Quarters population is subtracted from total population to determine Household Population. Household Population is the key determinate for the analysis of housing unit demand.

Households

As of 2019, the market area had an estimated 423,980± households, an increase of about 24,010± households from the 2010 census count. The net increase of households over the past nine years is the result of continued new housing unit construction, though this

development has been at a slower pace than in the past. The continuation of past trends is likely to expand the number of market area households to 434,230± by 2023.

Active Senior Demographics

In 2019, the active senior population (persons between the ages of 62 and 79) in the market area totaled 147,100±, or 12.6 percent of the total market area population. Although adults over the age of 79 are 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 overstate the market.

During the 2010 to 2019 period, the net growth of the active adult population was 24,960±, or 3,290± people per year, on average. This is compared to an annualized growth rate of 3,560± during the 2000's. By 2023, the market area is projected to house 160,200± persons in the active adult age category, or 12.3 percent of the total market area population. This forecast is for a net growth of 13,100± persons in the age category under study.

Data in Table 8 also show the growth in the number of households with the household head aged 62 to 79. In 2019, the market area had 83,260± active senior-headed households, at an average household size of 1.71. By 2023, this total is projected to grow by 7,670± and reach 93,900±.

Target Senior Market

Braddock Four Apartments will have rents restricted to seniors earning 60% of the Area Median Income (AMI). The paragraphs below detail each of these cohorts. Qualified senior households for this income category must earn annual incomes ranging between \$45,020 and \$60,480, when reported in constant 2020 dollars. The demographic analysis shows that as of 2019, the market area had 6,200± senior households within this income range. The 2019 total exceeds the 2010 total by 1,100± households. By 2023, the market

area is projected to add 500± households within the age and income category under study to reach 6,700± households.

Of note, most LIHTC apartment properties for seniors attract some residents under the age of 62 and over 80 years of age. Some residents hold Section 8 housing vouchers. These adjustments, based on current market trends, will be included in the report conclusions.

Households by Size

As of 2010, nearly 23 percent of market area households were single-person households. An additional 31.2 percent were two-person households. This is shown in Table 9 below.

Table 9: <u>Household Size,</u> <u>Braddock Four Market Area, 2010</u>		
	<u>2010</u>	
	<u>Number</u>	<u>Percent</u>
Total Households	399,970	100.0%
1-person household	91,050	22.8%
2-person household	124,600	31.2%
3-person household	70,250	17.6%
4-person household	64,930	16.2%
5-person household	28,710	7.2%
6-person household	11,580	2.9%
7-or-more-person household	8,850	2.2%

Source: 2010 U.S. Department of Commerce

Competitive Apartment Analysis

This subsection analyzes the nine affordable, age-restricted apartment properties identified in the market area. Data shown on each competitive apartment building include date built, current occupancy, apartment unit characteristics, unit mix and project amenities. These data are compared with the Braddock Four Apartments proposal to

establish the competitive position and market support for the proposed 44 apartment units.

Characteristics of Affordable Senior Apartments

We identified nine apartment properties that are defined as competitive with Braddock Four Apartments, once built, based on rental rates and rent restrictions. Within this total are 861 units. This includes 450 units restricted to seniors with incomes of 50% of AMI and 389 units restricted to seniors with incomes of 60% of AMI. This is an unusual mix for Virginia, as most affordable housing markets offer primarily units restricted to 60% of AMI.

The apartment properties under study were built between the mid-1990's and 2018. The newest senior affordable apartment property is The Fallstead, located in McLean. This complex opened in October, 2018 with 82 units and achieved full occupancy in under two months. This is a mixed-income community, with 60 units restricted to 50% of AMI and the remaining 22 units having project-based vouchers. Management maintains an extensive wait list of approximately 100 households.

Two other apartment properties for seniors were built during the 2010's. Lindsay Hill Seniors opened in 2017 with 55 units, of which three units are vacant. This is also a mixed-income community with 28 units restricted to 50% of AMI and 27 units restricted to 60% of AMI. Olley Glen opened in 2010 with 90 units, largely restricted to 50% of AMI. All of the units are currently occupied and management maintains a wait list of over approximately 110 people.

Two other apartments opened in the early-2000's: the 60-unit Gum Springs Glen and the 136-unit Manchester Lakes. Both are fully restricted to 50% of AMI. Gum Springs Glen has no vacancies and a wait list of 50 households. Manchester Lakes has 14 vacant units, which is higher than normal and reportedly due to several recent move-outs.

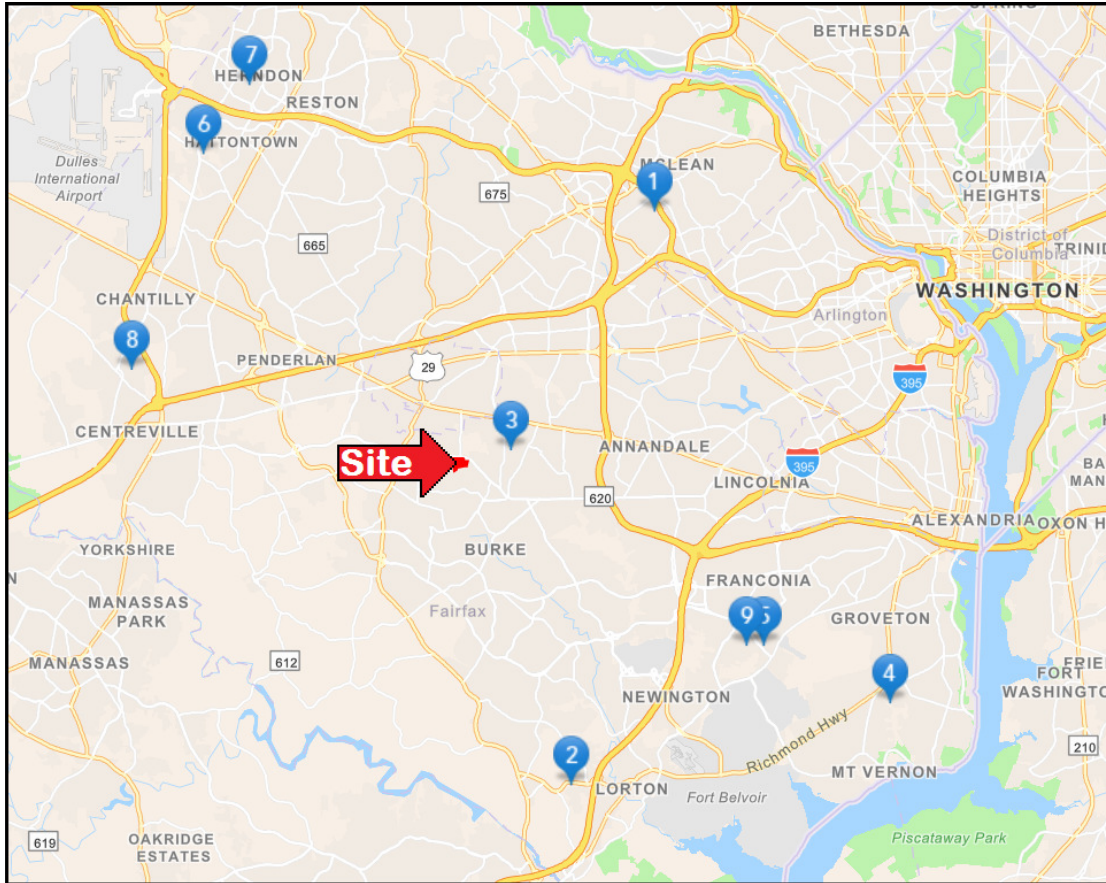
Four apartments with 438 units, or just over half of the units under study, were built in the 1990's. These include the 139-unit Kendrick Court, 120-unit Herndon Harbor House, 119-unit Forest Glen and 60-unit Morris Glen. Apart from Kendrick Court, which has nine vacant units, the other three properties are fully occupied. Herndon Harbor House has a wait list of approximately 100 people while Forest Glen has 11 households on its wait list.

Key points in Table 10 are as follows:

- The market area has a very low vacancy rate of only 3.0 percent. This low vacancy rate has been the norm for several years.
- Six properties have no vacancies and maintain wait lists. **There are approximately 370 people on wait lists at the competitive properties, including 290± for the 50% units and 80± for the 60% units.**
- Over half of all vacancies are in one property, Manchester Lakes, which is atypical for this complex and due to several recent move-outs.
- The COVID-19 pandemic does not appear to have impacted occupancy rates at these senior, rent-restricted properties.
- Approximately 15 percent of occupied units, or 130± units, are occupied by Section 8 voucher holders.
- Forest Glen had a fire in one of their two buildings about 2 to 3 years ago. The building is now rebuilt and likely to open momentarily. We show this building as part of the pipeline units.

Table 10: Characteristics of Affordable Age-Restricted Apartment Properties, Braddock Four Apartments Market Area, February, 2021						
	<u>Map F</u> <u>Key</u>	<u>Date</u> <u>Built</u>	<u>Restrictions</u>	<u>Total</u> <u>Units</u>	<u>Vacant</u> <u>Units</u>	<u>Wait</u> <u>List</u>
The Fallstead	1	Oct-18	PBV (22)/ 50% (60)	82	0	100
Lindsay Hill Seniors	2	2017	50% (28)/60% (27)	55	3	0
Olley Glen	3	2010	50% (78)/60% (12)	90	0	110
Gum Spring Glen	4	2003	50%	60	0	50
Manchester Lakes	5	2000	50%	136	14	0
Kendrick Court	6	1999	60%	139	9	0
Herndon Harbor House	7	1998/01	50% (60) /60% (60)	120	0	100
Forest Glen	8	1995	60%	119	0	11
Morris Glen	9	1995	50% (28)/60% (32)	<u>60</u>	<u>0</u>	<u>0</u>
Total				861	26	371
Vacancy Rate					3.0%	
Notes: 1/ 83-unit building burned down and is now being rebuilt 2/ Excludes 71 market rate units.						
Source: S. Patz & Associates, Inc.						

Map F shows the location of these nine properties under study. The map shows the properties to be scattered across Fairfax County. None are located in the City of Fairfax. Olley Glen is the one property with a Fairfax City address. The Fallstead is located in McClean. Lindsay Hill Seniors is located in Lorton. Three of the older properties—Kendrick Court, Herndon Harbor House and Forest Glen—are located in western Fairfax County in Herndon and Centreville. Three properties are located in eastern Fairfax County with Alexandria addresses: Gum Springs Glen, Manchester Lakes and Morris Glen.



Map F - Locations of Competitive Apartments

The photos of the apartments to follow show the quality of the design of the Braddock Four Apartments proposal compared with the competition, which are predominantly older properties. One property, Lindsay Hill Seniors, is an adaptive-reuse of five buildings that were once part of the Lorton Reformatory prison. The others are new construction buildings. None have the distinctive design of the study proposal. All are elevator buildings.



The Fallstead



Lindsay Hill Seniors



Olley Glen



Gum Springs Glen



Manchester Lakes



Kendrick Court



Herndon Harbor House



Forest Glen



Morris Glen

Net Rent Analysis

Table 11 presents the net rents at each of the nine competitive senior apartment properties under study. Rents were adjusted to exclude all utilities to be consistent with the proposed rental structure at Braddock Four Apartments. Only Olley Glen provides in-unit washers and dryers at no additional cost. The other apartments have washer/ dryer hookups and on-site laundry facilities.

All of the apartments have rents restricted to either 50% of 60% of AMI, and four have a mix of both. The lower rents at Lindsay Hill Senior, Olley Glen, Herndon Harbour House and Morris Glen are 50% rents, while the higher rents at these four properties are

60% rents. Kendrick Court and Forest Glen have all 60% units. Gum Springs Glen and Manchester Lakes have only 50% rents. None of the apartments have units restricted to 30% of AMI.

The market area one-bedroom 60% rents average \$1,157, which is \$156 below the proposed one-bedroom 60% rents at Braddock Four Apartments that would be at the top of the market. Kendrick Court has slightly more expensive two-bedroom rents of \$1,328, though this property is now over two decades old. Forest Glen and Olley Glen have one-bedroom 60% units that are slightly lower, ranging between \$1,197 and \$1,291.

The market area average for the 60% two-bedroom units is \$1,374, or \$196 below the proposed two-bedroom units restricted 60% of AMI at Braddock Four Apartments. Kendrick Court and Forest Glen both have two-bedroom rents that exceed \$1,500.

Of note is that apart from a small number of larger units at Kendrick Court, all of the market area two-bedroom units have only 1.0 or 1.5 bathrooms. While the proposed rents at Braddock Four Apartments are above the existing market area rents, the units at Braddock Four Apartments will be larger and in a new, more contemporary building than nearly all of the others in the market area.

Table 11: <u>Rental Rates at Affordable Age-Restricted Apartment Properties, Braddock Four Apartments Market Area, February, 2021</u> 1/			
	<u>Income Restrictions</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
The Fallstead 3/	50% of AMI	\$1,016	\$1,222
Lindsay Hill Seniors 3/	50%/ 60% of AMI	\$890-\$1,008	\$975-\$1,060
Olley Glen 2/	50%/ 60% of AMI	\$942-\$1,197	--
Gum Spring Glen 3/	50% of AMI	\$1,027	\$1,137
Manchester Lakes 4/	50% of AMI	\$1,141	\$1,227
Kendrick Court 5/	60% of AMI	\$1,328	\$1,525
Herndon Harbor House	50%/ 60% of AMI	\$917-\$1,024	--
Forest Glen 4/	60% of AMI	\$1,291	\$1,536
Morris Glen	50%/60% of AMI	\$863-\$1,094	--
50% of AMI Average		\$971	\$1,140
60% of AMI Average		\$1,157	\$1,374
Proposed 60% of AMI 2/	60% of AMI	\$1,313	\$1,570
Notes: 1/ Rents adjusted to exclude utilities. 2/ Includes in-unit washer and dryer. 3/ Two-bedroom units have 1.5 bathrooms. 4/ Two-bedroom units have 1.0 bathrooms. 5/ Smaller two-bedroom units have one bathroom.			
Source: S. Patz & Associates, Inc.			

Net Rent per Square Foot

Table 12 presents the rent per square foot at each of the apartments under study. These data show that the rent per square foot rates at Braddock Four Apartments will be below the market area average.

Table 12: <u>Rent per Square Foot at Affordable Age-Restricted Apartment Properties, Braddock Four Apartments Market Area, February, 2021</u>		
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
The Fallstead	\$1.56	\$1.36
Lindsay Hill Seniors	\$1.36	\$1.17
Olley Glen	\$2.40	--
Gum Spring Glen	\$1.91	\$1.38
Manchester Lakes	\$2.02	\$1.53
Kendrick Court	\$2.38	\$1.76
Herndon Harbor House	\$1.84	--
Forest Glen	\$2.28	\$1.91
Morris Glen	\$1.91	--
50% of AMI Average	\$1.76	\$1.35
60% of AMI Average	\$2.15	\$1.63
Proposed 60% of AMI	\$1.73-\$2.09	\$1.62
Source: S. Patz & Associates, Inc.		

Unit Sizes

Table 13 presents the unit sizes at each of the apartments under study. At an average of 694 square feet, the proposed Braddock Four Apartments one-bedroom units will be over 130 square feet larger than the market area average. Only a handful of one-bedroom units at Lindsay Hill Seniors are larger than the proposed one-bedroom units at Braddock Four Apartments.

The two-bedroom units at Braddock four Apartments will also be relatively large, averaging 970 square feet, which is nearly 130 square feet larger than the market area average. None of the apartments under study have two-bedroom units over 950 square feet. Additionally, apart from a handful of two-bedroom units at Kendrick Court, all of the two-bedroom units have 1.0 or 1.5 bathrooms.

<u>Table 13: Unit Sizes at Affordable Age-Restricted Apartment Properties, Braddock Four Apartments Market Area, February, 2021</u>		
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>
The Fallstead	650	900
Lindsay Hill Seniors	613-781	818-921
Olley Glen	375-517	--
Gum Spring Glen	538	823
Manchester Lakes	564	803
Kendrick Court	558	836-894
Herndon Harbor House	485-572	--
Forest Glen	564-566	806
Morris Glen	432-590	--
Average	562	844
Proposed Unit Sizes	626-761	970
Source: S. Patz & Associates, Inc.		

Unit Mix

The apartment unit mix is presented next in Table 14. The current market has a higher percentage of one-bedroom units, at 79.9 percent, as these are older properties designed for a more moderate-income market. 20.1 percent of the competitive apartments are two-bedroom units.

Three properties – Olley Glen, Herndon Harbour House and Morris Glen – have only one-bedroom units. Kendrick Court is the one property where the majority of units have two bedrooms. As with the Braddock Four Apartments proposal, most of the other properties have a small number of two-bedroom units.

Table 14: Unit Mix at Affordable Age-Restricted Apartment Properties, Braddock Four Apartments Market Area, February, 2021			
	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Total</u>
The Fallstead	72	10	82
Lindsay Hill Seniors	40	15	55
Olley Glen	90	0	90
Gum Spring Glen	56	4	60
Manchester Lakes	83	53	136
Kendrick Court	66	73	139
Herndon Harbor House	120	0	120
Forest Glen	101	18	119
Morris Glen	60	0	60
Total	688	173	861
Percent of Total	79.9%	20.1%	100.0%
Proposed Unit Mix	40	4	44
Source: S. Patz & Associates, Inc.			

Project Amenities

Table 15 lists the project amenities at each of the apartments under study. All have either a clubhouse or clubroom with an on-site management office. Several have game rooms and most have fitness centers. Nearly all have laundry facilities. Lindsay Hill Seniors is the one complex with a swimming pool, which is indoors. Braddock Four Apartments will be fully amenitized with an onsite management office, community room, fitness center and business center.

Table 15: Project Amenities at Affordable Age-Restricted Apartment Properties, Braddock Four Apartments Market Area, February, 2021

	<u>Community Room</u>	<u>Salon</u>	<u>Game Room</u>	<u>Pool</u>	<u>Fitness</u>	<u>Laundry</u>
The Fallstead	●	○	●	○	●	●
Lindsay Hill Seniors	●	○	●	●	●	●
Olley Glen	●	○	○	○	○	○
Gum Spring Glen	●	○	●	○	●	●
Manchester Lakes	●	●	●	○	●	●
Kendrick Court	●	○	○	○	●	●
Herndon Harbor House	●	○	○	○	○	●
Forest Glen	●	○	●	○	●	●
Morris Glen	●	○	○	○	●	●
Proposed Amenities	●	○	○	○	●	○

Note: 1/ The proposed amenities are located in Braddock Nine, but are accessible to all residents.
Source: S. Patz & Associates, Inc.

Section III Conclusions

The above analysis described an extremely attractive proposal for new age-restricted affordable housing within an appealing setting along Braddock Road in Fairfax County. The Braddock Four Apartments site is located within an established upscale neighborhood in Northern Virginia. All required public and commercial facilities needed to support the resident population exist. Medical services are convenient and the local highway system is excellent.

The analysis showed an expedited continuation of population and household growth in the defined market area and continued demand for new housing. The defined market area has nine competitive affordable apartment properties for active seniors that are at a combined low 3.0 percent vacancy rate.

Most of the defined competitive apartment properties are mature, with less attractive designs compared with the Braddock Four Apartments proposal. The proposed rents at Braddock Four Apartments are at the top of the market, but will be competitive, especially considering the type of product that will be built and the premium associated with a new apartment building. The following paragraphs will analyze the demand for new affordable, age-restricted housing and evaluate the Braddock Four Apartments proposal.

Analysis of Demand

Projection of New Pipeline Apartment Units

Table 16 details the three apartments in planning and under construction with age- and income-restrictions in the market area. Two complexes are now under construction. One is a new building at Forest Glen, which will have 119 units restricted to 60% of AMI and will open in the Spring of 2021. These units will replace an 83-unit building that burned down in 2018.

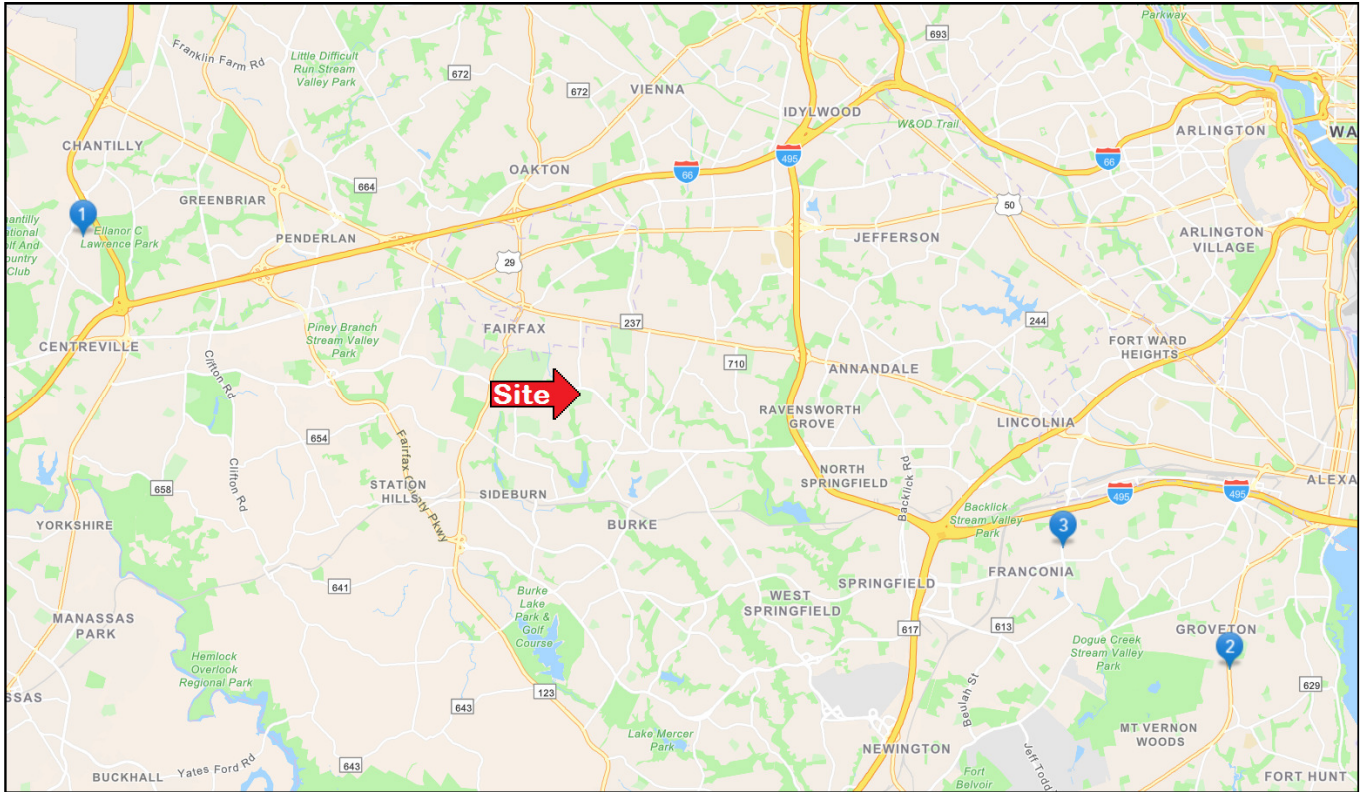
The second apartment under construction is Senior Residences at North Hill. It will total 63 units, of which 18 units will have 30% rents, 14 units will have 50% rents and 31 units will have 60% rents. All of the 30% units and seven of 50% units will have project-based vouchers. This complex will deliver in the Fall of 2022.

In addition is one complex that is approved and financed: Oakwood Senior Apartments. This will be a 150-unit complex with a mix of 15 units restricted to 30% of AMI, 60 units restricted to 50% of AMI and 75 units restricted to 60% of AMI. Eight of the 60% units will have project-based vouchers. Construction on this building is planned to begin in the Summer of 2021.

In total, and excluding units with project-based vouchers, these three communities will add 332 affordable units, of which 15 will have 30% rents, 67 will have 50% rents and 217 will have 60% rents.

Table 16: Affordable Age-Redistricted Apartment Pipeline, Braddock Four Market Area, March, 2021						
	<u>Map G</u>	<u>30% of</u>	<u>50% of</u>	<u>60% of</u>	<u>Total</u>	<u>Status</u>
	<u>Key</u>	<u>AMI</u>	<u>AMI</u>	<u>AMI</u>	<u>Units</u>	
Forest Glen	1	0	0	119	119	UC – Spring, 2021 Opening
Senior Residences at North Hill	2	18 2/	14 3/	31	63	UC – Fall, 2022 Opening
Oakwood Senior Apartments	3	<u>15</u>	<u>60</u>	<u>75</u> 4/	<u>150</u>	Planned – Spring, 2021 Start
Total		33	74	225	332	
Total (Excluding Vouchers)		15	67	217	299	
Notes: 1/ Excludes 240-unit New Lake Anne, which will operate with project-based subsidy through a Housing Assistance Payments (HAP) contract, the Rental Assistance Demonstration (RAD) program, Section 202 project-based vouchers and project-based vouchers issued by Fairfax County.						
2/ 18 project-based vouchers.						
3/ 7 project-based vouchers.						
4/ 8 project-based vouchers.						
Source: S. Patz & Associates, Inc.						

Map G shows the locations of the above the apartments. Forest Glen is being built in Centreville. Senior Residences at North Hill and Oakwood Senior Apartments will be located in eastern Fairfax County near the City of Alexandria.



Map G - Locations of Pipeline Apartments

The paragraphs below detail each of the affordable senior apartments in planning and under construction.

- **Forest Glen.** Construction began in March, 2020 to replace the original 83 units that burned down in May, 2018 with a new four-story building totaling 119 units. These units will all be restricted to 60% of AMI. A percentage of the former residents are expected to return to the building once construction is completed. Construction is nearing completion and move-ins will begin in the spring of 2021.
- **Senior Residences at North Hill.** Ground was broken in July, 2020 on this 63-unit age-restricted apartments in a single elevator building at 7201 Richmond Highway. Amenities will include a community center, fitness center, laundry facility and garage parking. As shown in the table below, 18 units are proposed to be restricted to 30% of AMI, 14 units are proposed to be restricted to 50% of AMI and 31 units are proposed to be restricted to 60% of AMI. 25 units will have project-based rental assistance, including all of the 30% of AMI units and seven of the 50% of AMI units.

<u>Proposed Unit Characteristics, Senior Residences at North Hill</u>			
	<u>Units</u>	<u>Size</u>	<u>Net Rent</u>
<u>1BR/1BA</u>			
30% of AMI	10 1/	670	\$1,513
50% of AMI	14 2/	670	\$971
60% of AMI	<u>30</u>	670	\$1,178
(Subtotal)	(54)		
<u>2BR/1.5BA</u>			
30% of AMI	8 3/	1,104	\$1,746
60% of AMI	<u>1</u>	912	\$1,404
(Subtotal)	(9)		
Total	<u>63</u>		
Notes: 1/ Ten project-based vouchers. 2/ Seven project-based vouchers 3/ Eight project-based vouchers. Source: Community Housing Partners			

- **Oakwood Senior Apartments.** This is a proposed 150-unit age-restricted apartment complex 5815 S Van Dorn Street. The development will feature landscaped areas, resident services offices, and communal multipurpose spaces to allow for computer/library and meeting areas. The development will also include services and programs that support all residents – including wellness programs and activities. The table to follow shows the proposed unit characteristics at Oakwood Senior Apartments. The complex will contain a mix of 107 one-bedroom and 43 two-bedroom units. Within this total will be 15 units restricted to 30% of AMI, 60 units restricted to 50% of AMI and 75 units restricted to 60% of AMI. Eight of the 60% units will have project-based vouchers.

<u>Proposed Unit Characteristics, Oakwood Senior Apartments</u>			
	<u>Units</u>	<u>Size</u>	<u>Net Rent</u>
<u>1BR/1BA</u>			
30% of AMI	11	633-666	\$610
50% of AMI	51	633-774	\$1,083
60% of AMI	<u>45</u> 1/	633-983	\$1,319
(Subtotal)	(107)		
<u>2BR/1.5BA</u>			
30% of AMI	4	620-920	\$729
50% of AMI	9	666-920	\$1,296
60% of AMI	<u>30</u> 2/	873-976	\$1,580
(Subtotal)	(43)		
Total	<u>150</u>		
Notes: 1/ Six project-based vouchers. 2/ Two project-based vouchers Source: Arlington Partnership for Affordable Housing (APAH)			

This proposal is approved by Fairfax County and has earned a combination of 9% and 4% tax credits from Virginia Housing. Construction is expected to begin in the Summer of 2021.

Shown next is a renderings and photo of the existing conditions of each of the senior affordable apartments in planning. All will be midrise elevator-served buildings.



Forest Glen

(Rendering)



(Existing Conditions)



Senior Residences at North Hill

(Rendering)



(Existing Conditions)



Oakwood Senior Apartments

(Rendering)



(Existing Conditions)

In addition to the above is the 36-unit Braddock Nine Apartments, which would be built as part of the Braddock Four Apartments proposal. Of the 36 units, four will be restricted to 30% of AMI, 14 will be restricted to 50% of AMI and 18 will be restricted to 60% of AMI.

Rent Analysis

The rent comparison analysis presented above shows that the proposed 60% rents at Braddock Four Apartments are at the top of the market. One reason for this is that Braddock Four Apartments will have in-unit washers/dryers. It will be a new building compared with the more mature competition. It has a “secure” location and one of the County’s attractive neighborhoods.

These rents will compete with older properties that were not as well located and without the same amenity package. The unit sizes are considerable larger at Braddock Four Apartments compared with the competition.

The more upscale proposal justifies the higher rents. The several apartment properties with more comparable rents and less property features have leased well.

Unit Sizes and Mix

As shown in Table 13, the apartment units at Braddock Four Apartments are considerably higher than the units at current competition. This is an attractive feature for the study proposal.

In terms of unit mix, the competitive apartment market for affordable senior housing has an abundance of one-bedroom apartment units. The unit mix for Braddock Four Apartments is consistent with the current market and is at a competitive mix.

We offer no changes to the proposal and support the 44 units “as is”.

Demand Table

The Demand Table to follow shows an expected net growth of 500± age and income market area targeted households for 60% units by 2023. Added to this total is an increase in demand of 20 percent of net growth of the target population to account for persons above the targeted age group (over the age of 79) and for persons with lower incomes but with housing vouchers. The market area apartments have approximately 15 percent of residents with vouchers and a minimum of five percent of persons over 79 years of age. This add-on is a potential increase of demand of 40± households for 30% units, 90± households for the 50% units and 100± households for the 60% units.

We excluded persons in substandard housing as part of the demand totals, as these households are accounted for by expected voucher holders and Northern Virginia has a limited number of substandard housing units, especially in the market area. The elderly population who convert to rental housing are included in our demographic analysis. This is a new construction proposal.

In total, the market area has a projected total growth of demand of 600± senior households for the 60% income category who represent the potential demand for new affordable age-restricted housing, of the type under study for Braddock four Apartments.

Subtracted from the total are (1) the pipeline units listed in Table 16 that are restricted to 60% of AMI and are not tied to project-based vouchers as well as (2) the proposed 18 units to be restricted to 60% of AMI that will be part of the Braddock Nine Apartments proposal and built within the same building as Braddock Four Apartments. This equates to a total of 235 units restricted to 60% of AMI. The 26 vacant apartment units at existing properties are part of normal vacancy.

<u>Demand Table (2019-2023)</u>	
	<u>Up to 60% of AMI</u>
New Rental Households	500
PLUS	
Existing Households - Over-Burdened (Rounded)	100
PLUS	
Existing Households-Substandard Housing	0
PLUS	
Elderly Households-Likely to Convert to Rental Housing	0
PLUS	
Existing Qualifying Tenants – to Remain After Renovation	0
Total Demand	600
MINUS	
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	235
<i>Equals</i>	
Net Demand	365
Proposed Units	44
Capture Rate	12.1%
Absorption Period (in months)	2

Lease-up of these units should occur within two months after preleasing.

Capture Rate

The capture rate of total demand is 12.1 percent. These are conservative calculations, as the level of voucher holders could be higher than 15 percent and the extensive wait lists documented above were not incorporated into this calculation.

Given the low vacancy rate in the market area, the lease-up success of The Fallstead, the extensive wait lists at competitive properties, the steady growth of age- and income qualified seniors and the quality of the subject proposal, a two-month lease-up period is projected.

	<u>Number</u>
Project Wide Capture Rate – LIHTC Units	12.1%
Project Wide Capture Rate – Market Rate Units	N/A
Project Wide Capture Rate – All Units	12.1%
Project Wide Absorption Period	2 months 1/

Notes: 1/ Includes units to be pre-leased.

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.



Market Analyst

March, 2021

Date