

Market Analysis
Colbrook Apartments
Chesterfield County, Virginia

Prepared for:

Mr. Lee Alford
Better Housing Coalition

March, 2021

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March 16, 2021

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Lee:

Attached to this letter is the full narrative market study for the proposed 47-unit, new construction, family LIHTC proposal, Colbrook Apartments, that is planned to be built in 2022 using 9% Low Income Housing Tax Credit financing. This is a proposal for families, which will have income and rent restrictions, but no age restrictions.

The report to follow is prepared within the Virginia Housing market study requirements and all required market and economic data are included in the report. **The site visit and field research for Colbrook Apartments was undertaken on March 3, 2021.**

Market research shows a sizable pent-up demand for the study proposal and that the proposed rental rates and “product” will be very competitive within the defined market area. Market support requires a very low capture rate. Once built, Colbrook Apartments will be one of the more attractive market area affordable apartment properties.

The detailed market and economic data that supports these findings and conclusions are described in the attached report. Please call if any additional data or clarification are needed.

Sincerely,

Stuart M. Patz
President

SMP/mes

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Section I Introduction

Following is the detailed full narrative market study for the proposed 47-unit Colbrook Apartments, which will be a fully-affordable, new construction family apartment building with construction expected to begin in early-2022 on an attractive site on the west side of U.S. Route 1 (Jefferson Davis Highway) in the Chester area of eastern Chesterfield County. Once built, Colbrook Apartments will have rent and income restrictions, but no age restrictions.

Colbrook Apartments is designed for moderate-income families and proposed to be financed with 9% Low-Income Housing Tax Credit (LIHTC) through Virginia Housing. The proposal is envisioned as a 9%/ 4% hybrid development. The 4% component will be built separately from the 9% segment. It will contain 103 apartment units, including 87 in garden apartment buildings and 16 in townhomes. All units in the 4% component will be restricted to 60% of AMI. This component is not yet financed and is not part of this report. The “4%” section will be studied under separate cover.

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 off U.S. Route 1. Included in the site description is an analysis of adjacent land uses, particularly commercial and public facilities that are needed to serve new resident population.

The site development plan is also presented, which describes the number and types of apartment units being planned at Colbrook 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 Chesterfield 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 Chesterfield County'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.

The second section is the supply/demand analysis for new affordable housing. First presented is a demographic analysis of a market area defined for Colbrook Apartments. The demographic analysis "solves" for the number of market area households earning 40% of AMI (\$16,000 to \$32,200), 50% of AMI (\$28,960 to \$44,700) and 60% of AMI (\$35,280 to \$53,640). These income categories are based on the proposed rents for the 9% rental units, as will be described below. The demographic analysis is studied to a forecast date of 2023, as Colbrook Apartments are likely to be started in March, 2022 and open for occupancy in June, 2023.

The second part of Section II is the analysis of the competitive general occupancy apartment properties in the market area. We identified 11 properties that would be most competitive with Colbrook Apartments, based on rent and income restrictions. Six of these "comps" have income restrictions in place, with only one of these communities built over the past decade. The five market rate apartments under study have the lowest rents in the market area without income restrictions.

These apartment properties are studied for rents, occupancy, unit sizes, characteristics, apartment amenities and features. These project characteristics are compared with the Colbrook 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 apartment units for families in the defined market area. Also within this section is the determination of the achievable rents for the proposed

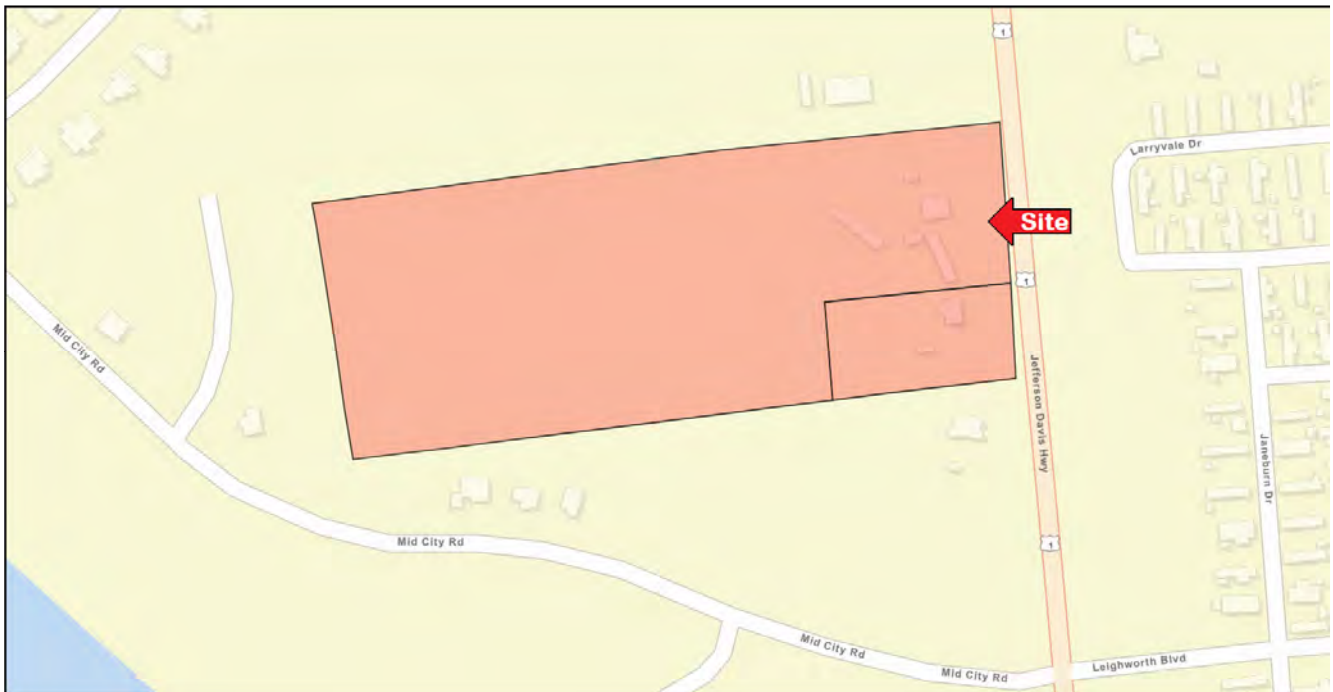
apartment units, expressed in constant 2020 dollars, and the lease-up period for the 47 proposed apartment units.

Colbrook Apartments

Site Description

The Colbrook Apartments site is comprised of two parcels on the west side of U.S. Route 1 in the Chester area of eastern Chesterfield County, approximately three miles south of U.S. Route 1's full interchange with SR 288. The study site totals 9.68 acres and is shown to be rectangular in shape. Map A below shows the location of the study site.

The site is zoned R-MF (Multifamily Residential) and thus is properly zoned for apartment unit development to occur, as proposed. The site has access to County water and sewage. A 12" public water line is located along Jefferson Davis Highway. An 8" public water line is located at the intersection of Laketree Drive and Hillsview Avenue. An 8" public wastewater line is located at the intersection of Laketree Drive and Hillsview Avenue.



Map A - Site Location

The two parcels that comprise the Colbrook Apartments site were formerly developed with a vacant and blighted motel complex, called Colbrook Motel, that fronted U.S. Route 1. This motel, which opened in 1946, was formerly one of the few places in Chesterfield County where Black travelers could spend the night. Shown below is a historic photo of the Colbrook Motel property when it was still in operation. It has since been demolished.



Historic Image of the Colbrook Motel

Next shown is a northern aerial of the Colbrook Apartments site. The aerial was taken prior to the recent demolition of the motel structures. The western portions of the parcel are wooded and undeveloped.



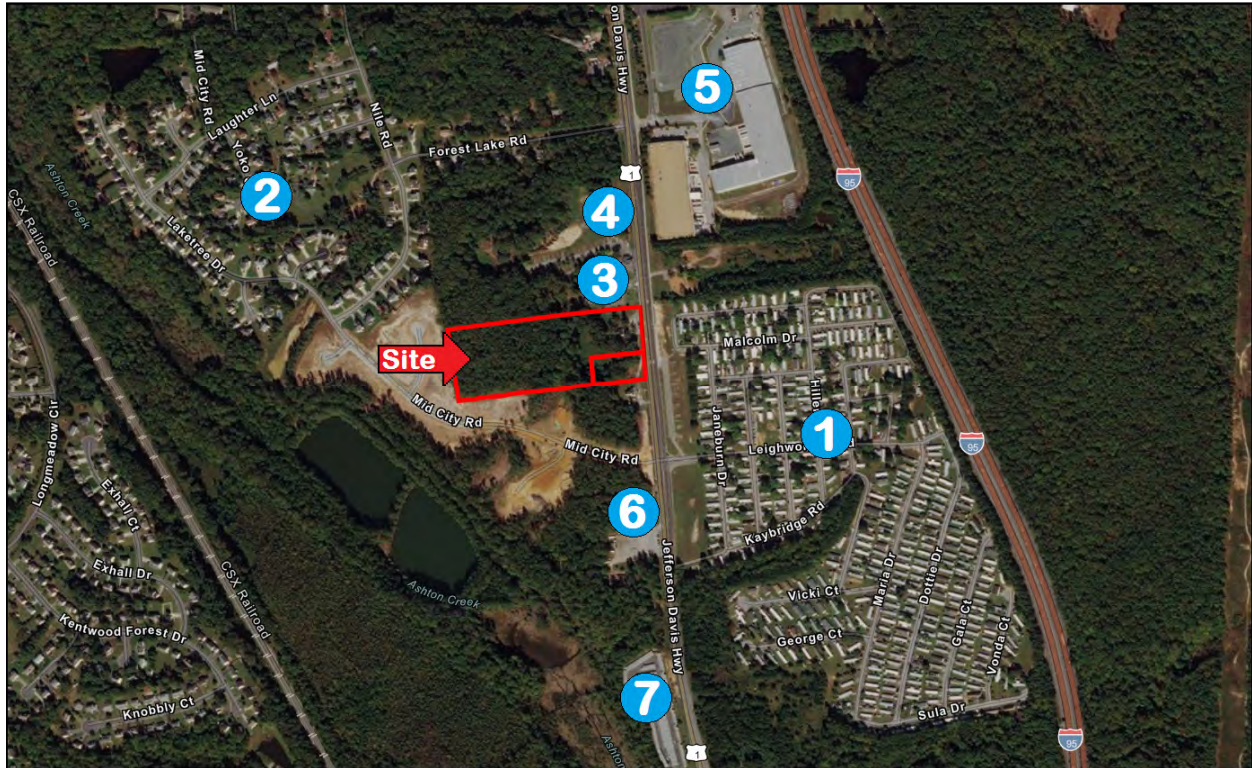
Northern Aerial

Shown next is a wider aerial view of the study site, which provides a clearer illustration of the site setting. The site is shown to be located in a mixed-use setting, with a mix of single-family homes, mobile homes and commercial space flanking U.S. Route 1. To the immediate east of the site is the Greenleigh Mobile Home Park (Note 1). This is a large mobile home park with 514 spaces that opened in 1970. It has very few vacancies.

The only other major residential development near the site is the Forest Lake subdivision (Note 2), which is located to the south and west of the Colbrook Apartments site and accessible by both Mid City Road to the south and Forrest Lake Road to the north. This is an active subdivision with most home sales in the low- to mid-\$200,000's.

North of the site is the Mission Community Church (Note 3) that was constructed in 1993 as well as a small convenience store called Roadrunner Quick Mart (Note 4). Further north is a small employment cluster containing four industrial/ warehouse buildings that were built in phases in the 1980's and 1990's (Note 5). This industrial area totals nearly 400,000 square feet. Major employers in this space include Waubridge Specialty Fabrics, Pre Con, Dupont, Diversified Converters and AdvantaStaff.

To the south of the site, and on the western side of U.S. Route 1, are a handful of small commercial developments that include Virginia Team Predator (Note 6), a youth and high school wrestling club, and Vigilant Self Storage (Note 7), a 59,670± square foot self-storage facility that was built in 2000.



Wide Northern Aerial

Shown next are photos of the study site and its setting along U.S. Route 1. As previously noted, the site has been cleared of the former Colbrook Motel and is now fully vacant. The photos show that the site enjoy excellent visibility along U.S. Route 1.



View of Study Site Along U.S. Route 1



View of Study Site Along U.S. Route 1

Site Setting

Next shown, in Map B, is the site setting within the Chester area of eastern Chesterfield County. As previously noted, the Colbrook Apartments site fronts U.S. Route 1, which is part of the U.S. Highway System that runs from Florida to Delaware. In Virginia, the roadway runs 140± miles from the North Carolina state line near Skippers north to the Maryland state line at the Potomac River near Dahlgren. Near the study site, this is a four-lane divided roadway that extends north into Downtown Richmond and south into Colonial Heights and Petersburg.

Many of the commercial buildings along this roadway date to when the Highway served as the prime north-south connection along the east coast, prior to the completion of I-95 in the 1950's. This includes industrial uses as well, which utilized the area's extensive rail system. With the completion of I-95, business demand along the corridor declined, shifting to areas more accessible to the interstate.

Map B shows the site's close proximity to U.S. Route 1's intersection with SR 288, approximately three miles north of the study site. SR 288 is a partial beltway around the southwest side of the Richmond region. The route begins at I-95 north of Chester, and extends northwesterly through Chesterfield County and Powhatan County. It crosses the James River on the World War II Veterans Memorial Bridge into Goochland County in Richmond's Far West End area, where it terminates at Interstate 64 near Short Pump, near the northern terminus of Interstate 295. This roadway provides access to both Midlothian in the west and Chester in the east, where the study site is located.

Just south of the SR 288 interchange, at the intersection of U.S. Route 1 and SR 10, is the closest retail cluster to the study site. This is the location of the closest grocery store, which is a 62,160± square foot Kroger that anchors the Breckenridge Shopping Center (Note 2). Other large tenants in this shopping center include Kohl's, TJ Maxx, HomeGoods, Ross and PetSmart.

This area is also located near two additional shopping centers: the Lowe's Plaza Shopping Center (Note 3), which is anchored by Lowe's Home Improvements and the Big Lots, and Petco-anchored Bermuda Square (Note 4).

Burlington, the off-price clothing and home décor products retailer, announced in July, 2020 that it would occupy the 34,700± square foot former Martin's Food Markets anchor space in Bermuda Square that has been vacant since the August, 2017 closure of the store. The new space has since been occupied. Additionally, arts and crafts supplies retailer Hobby Lobby recently opened a 50,000± square foot store on part of a six-acre pad site on the southern part of the Bermuda Square property. In addition to those two anchor

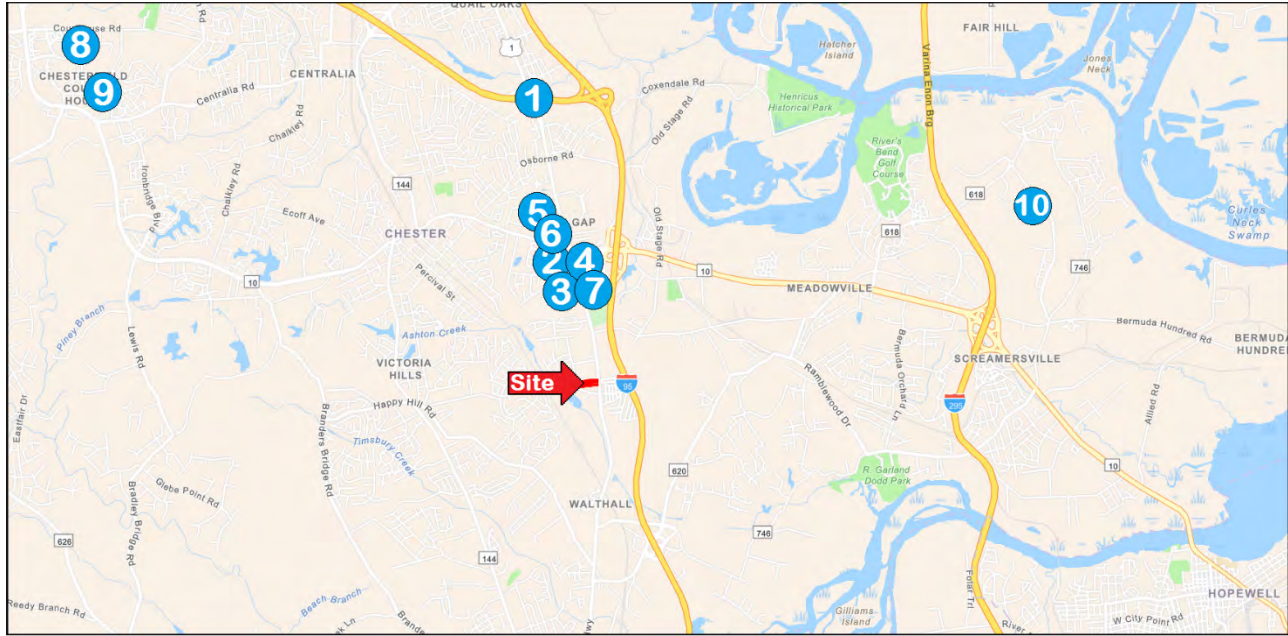
tenants, a 1,670± square foot Valvoline store opened in late-2020 within this shopping center.

The only other shopping center in the area is the Bermuda Crossroads Shopping Center (Note 5), which is anchored by Food Lion and Office Depot. Two free-standing big box retailers are also located in the area include Home Depot (Note 6) and Target (Note 7).

Also shown on Map B is the site's close proximity to several major employment clusters. These are briefly detailed in the paragraphs below.

- **Lucy Corr (Note 8)**. This is a large CCRC. The Health Care Center opened between 1999 and 2009 in multiple phases. The community contains 216 nursing units, 39 assisted living beds, nine memory care beds, 25 independent living cottages and 52 independent living apartments. Approximately 820 people are employed at the facility.
- **Chesterfield County Government Complex (Note 9)** consists of many buildings, somewhat like a corporate complex. Much of the county's 3,430± employees work in this area.
- **Meadowville Technology Park (Note 10)** is located at the intersection of Route 10 and I-295. This is the location of several new and expanding employers, as will be described in greater detail below. The industrial park houses over 2.6 million square feet of space and 3,700± employees.

Overall, the site is centrally-located within close proximity to area grocery stores and retailers, as well as to many of Chesterfield County's larger and expanding employers.



Map B - Site Setting

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

Medical Care. The closest hospital to the study site is Bon Secours St. Francis Medical Center, which is located about 20 miles northwest of the site at 13710 St Francis Boulevard. This 130-bed, 244,000± square foot hospital opened in 2005 and offers all types of surgery, women’s services, 24-hour onsite neonatology, 24-hour emergency care, cardiology, orthopedics, oncology, urology, pediatric services, cardiac catheterization, MRI/CT, diagnostic imaging and nuclear medicine. It is located at 13710 St Francis Boulevard.

The first major expansion on the medical campus was the two-story, 55,000± square foot Bon Secours St. Francis Cancer Institute, which opened in 2006. A two-story, 60,000± square foot medical office building opened in 2013 next to the hospital. The facility is home to the Advanced Orthopedic Center, which occupies the entire second floor. Other tenants include a women’s center and infectious disease specialist.

The hospital plans on expanding its facility starting in 2021 by adding 55 beds – nine obstetrical, four intensive care and 42 medical/surgical. In all, 110,800± square feet would be added to the hospital, and approximately 14,150± square feet of the existing structure would undergo major renovations as part of the project.

In addition to this facility are three urgent care facilities along SR 10 in Chester, including The Little Clinic (10800 Iron Bridge Road), BetterMed Urgent Care (11380 Iron Creek Road) and Patient First (12101 S Chalkley Road). All are within a 15-minute drive of the Colbrook Apartments site.

Community Facilities. The closest post office is located at 12300 Rock Hill Road, about 1.8 miles of the study site. Chesterfield Co Fire Station 14 is the closest fire station to the study site. It is located at 2711 W Hundred Road, about three miles north of the Colbrook Apartments site. The closest library is the Chester branch of the Chesterfield County Public Library, located 6.5 miles northwest of the study site at 11800 Centre Street.

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

| <u>Location of Nearby Churches</u> | |
|---|---------------------------|
| <u>Name</u> | <u>Address</u> |
| Mission Community Church | 13912 Jefferson Davis Hwy |
| Chester Presbyterian Church | 3424 W Hundred Rd |
| Chester Christian Church | 4330 Curtis St |
| Southside Church Chester Campus | 13930 Happy Hill Rd |
| Church of God of Prophecy | 13811 Harrowgate Rd |

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

- **R. Garland Dodd Park at Point Of Rocks.** This park is located at 201 Enon Church Road. This 176-acre park features several athletic facilities and a diverse natural area. Athletic and picnic areas are concentrated in the upper areas of the park, and access to the lower areas is provided by a system of trails including a floating boardwalk through a freshwater tidal marsh. This area also has historical significance, as the land was the southern end of the Union

position during the Bermuda Hundred Campaign. Remnants of Union earthworks can be seen along the park road and trails.

- **Goyne Park** is located at 5300 Ecoff Avenue. This 49-acre site hosts a variety of athletic activities. The western portion of the park offers fields for football, soccer and baseball, as well as tennis courts, a playground, dog park and picnic shelter. The eastern portion of the park features an 18-hole disc golf course.

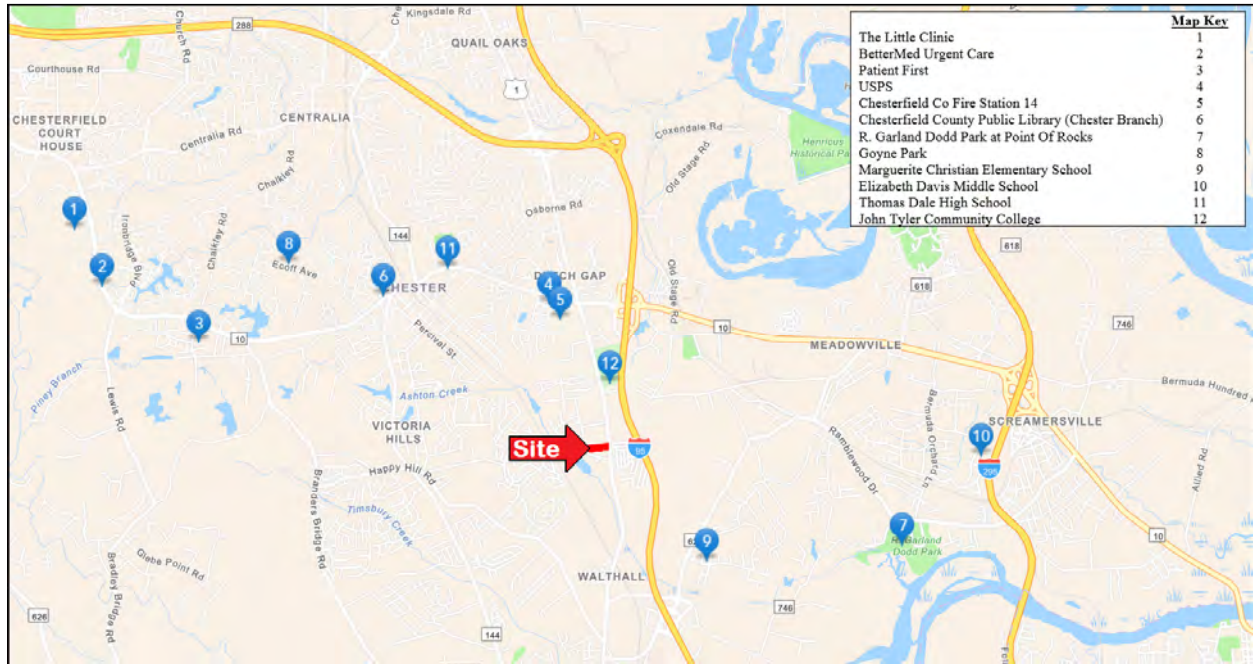
Education. Chesterfield County Public Schools enroll nearly 60,000 students in 63 schools. Chesterfield County has 38 elementary schools (grades K-5), 12 middle schools (grades 6-8), 11 high schools (grades 9-12) and a technical center. None of the zoned schools are within walking distance from the study site, however public school bus service will be available for all potential students. School-aged children residing at Colbrook Apartments will be served by the following schools.

| <u>Schools to Serve Colbrook Apartments</u> | | |
|--|-----------------------|------------------------|
| <u>Name</u> | <u>Address</u> | <u>Distance</u> |
| Marguerite Christian Elementary School | 14801 Woods Edge Rd | 3.5 miles SE |
| Elizabeth Davis Middle School | 601 Corvus Ct | 5.2 miles E |
| Thomas Dale High School | 3626 W Hundred Rd | 2.8 miles NW |
| Source: Chesterfield County Public Schools | | |

In addition to the above is the nearby Chester campus of John Tyler Community College (JTCC) at 13101 Jefferson Davis Highway. JTCC is a public community college with an annual enrollment of about 14,000 students, 55 percent of whom attend the Chester campus. Its students are eligible for admission to all Virginia public colleges.

Shopping. As previously noted, the closest retail cluster is located near the intersection of U.S. Route 1 and SR 10, less than two miles north of the Colbrook Apartment sites. Grocery stores in this area include Food Lion and Kroger. This is also the location of several big box retailers including Home Depot, Lowe’s Home Improvement, Big Lots, Target, TJ Maxx, HomeGoods and Kohl’s.

Map C shows the location of the community facilities that will serve Colbrook Apartments. Most important is that the setting has a full array of basic services for area residents.



Map C - Location of Area Community and Public Facilities

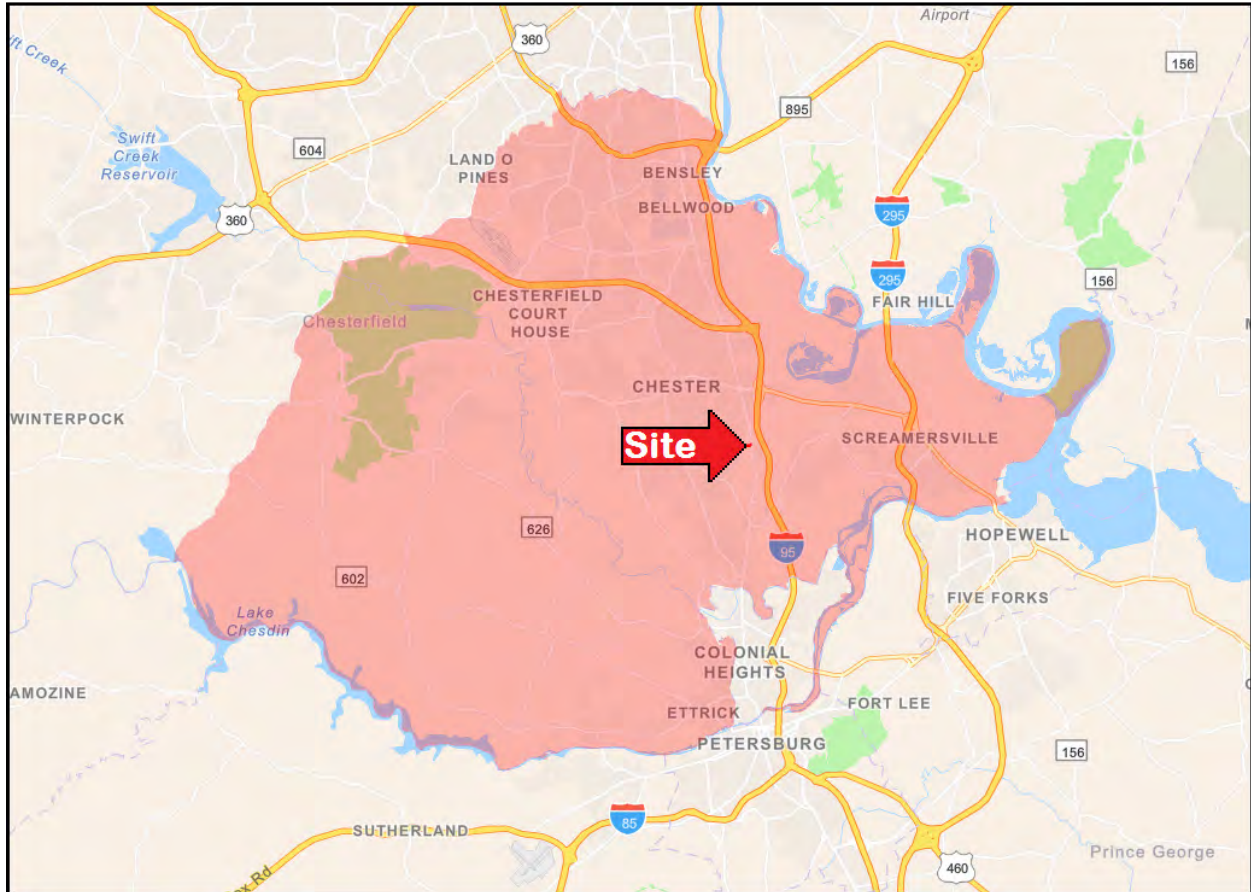
Market Area Definition

The market area defined for Colbrook Apartments is shown in Map D. The market area was defined by input from on-site management at nearby apartment communities, based on current residents and “traffic. The irregular shape of the market area is due to the boundaries of the census tracts that comprise the market area.

Specifically, the market area extends as far north as the City of Richmond and as far south as the city of Colonial Heights. Its eastern boundary is Charles City County and parts of Henrico County. Its western and southern boundaries are generally Second Branch Road and Qualla Road.

Chesterfield County has two separate apartment submarkets. The eastern submarket is the one defined for Colbrook Apartments. It is served by I-95/ U.S. Route

1/301 corridors and Route 10. To a smaller extent, I-295 also serves this part of the County and particularly the Chester area. Route 10 is Iron Bridge Road which generally runs east-west throughout the eastern portion of the County. The market area includes the communities of Chester, Meadowbrook, Centralia, Enon and Rivers Bend.



Map D - Market Area Definition

Colbrook Apartments Development Program

Table 1 provides a detailed description of the 47-unit Colbrook Apartments proposal, with data on apartment unit sizes, unit mix and proposed rents. All units will be restricted to 40% (five units), 50% (19 units) and 60% (23 units) of the Area Median Income (AMI). All one-bedroom units will have a full bathroom while the two- and three-bedroom floor plans will have two full bathrooms. The table shows a mix of nine one-bedroom, 28 two-bedroom and 10 three-bedroom units. One-bedroom units will average

700 square feet while two-bedroom units will average 900 square feet and three-bedroom units will average 1,100 square feet.

Also shown in Table 1 are the proposed rents, which will include sewage and trash collection. The four one-bedroom 40% units will have a net rent of \$400. The single one-bedroom unit with 50% rents will rent for \$724. The four 60% one-bedroom units will have a net rent of \$882. The one two-bedroom unit with 40% rents will rent for \$500. The 13 two-bedroom units with 50% rents will have a net rent of \$859. 13 two-bedroom units will have 60% rents. These units will rent for \$1,060. Five of the three-bedroom units will have 50% net rents of \$977 while six will have 60% net rents of \$1,210.

| Table 1: Proposed Apartment Unit Characteristics, Colbrook Apartments 1/ | | | | | |
|---|--------------------------------|---------------------------|-----------------|------------------------------|-------------------|
| | <u>Number of Units</u> | <u>Size (Sq. Ft.)</u> | <u>Net Rent</u> | <u>Utility Allowance</u> | <u>Gross Rent</u> |
| <u>1BR/ 1BA</u> | | | | | |
| 40% of AMI | 4 | 700 | \$400 | \$94 | \$494 |
| 50% of AMI | 1 | 700 | \$724 | \$94 | \$818 |
| 60% of AMI | <u>4</u> | 700 | \$882 | \$94 | \$976 |
| (Subtotal) | (9) | | | | |
| <u>2BR/ 2BA</u> | | | | | |
| 40% of AMI | 1 | 900 | \$500 | \$127 | \$627 |
| 50% of AMI | 13 | 900 | \$859 | \$127 | \$986 |
| 60% of AMI | <u>13</u> | 900 | \$1,060 | \$127 | \$1,187 |
| (Subtotal) | (27) | | | | |
| <u>3BR/ 2BA</u> | | | | | |
| 50% of AMI | 5 | 1,100 | \$977 | \$165 | \$1,142 |
| 60% of AMI | <u>6</u> | 1,100 | \$1,210 | \$165 | \$1,375 |
| (Subtotal) | (11) | | | | |
| Total | 47 | | | | |
| Notes: 1/ Rents to include sewage and trash collection. | | | | | |
| Source: Better Housing Coalition | | | | | |

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 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.

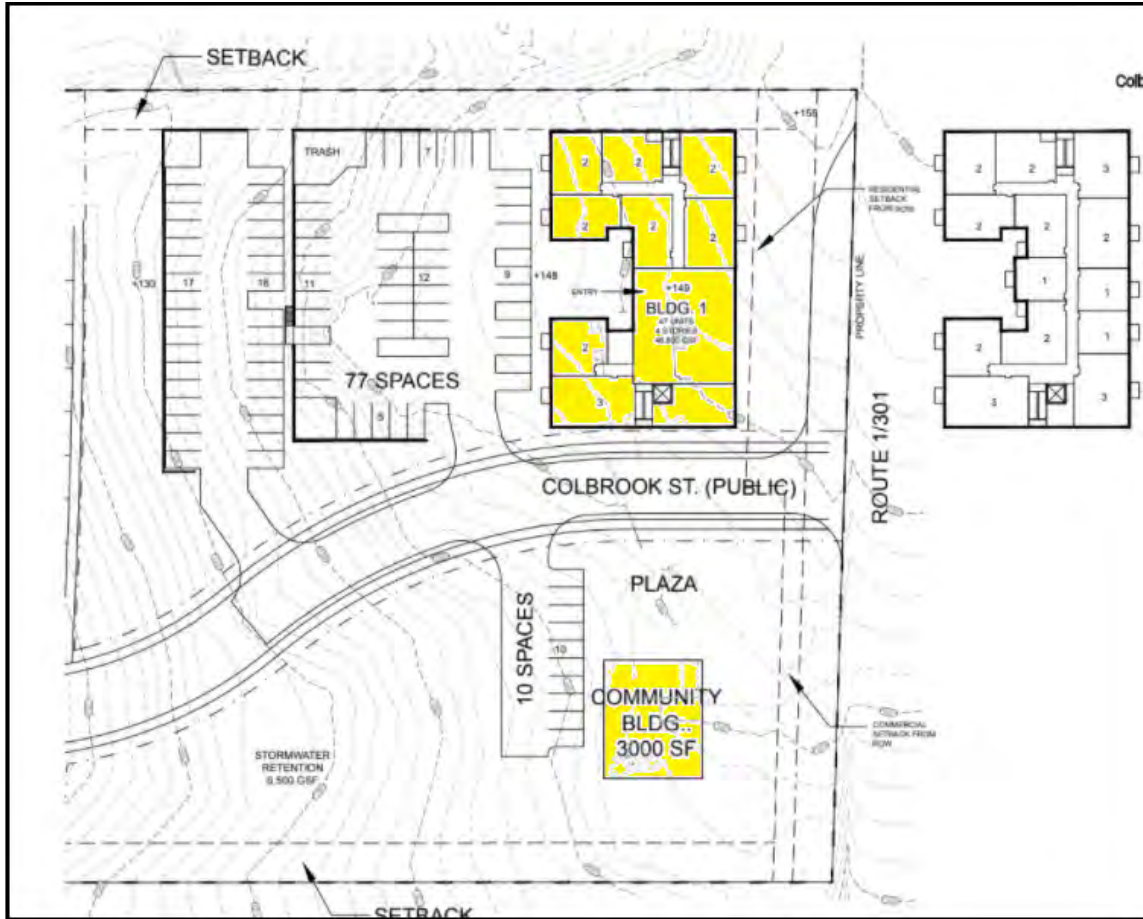
The gross rents shown are compared with the HUD maximum allowable gross rents for the Richmond, VA MSA. The comparison shows that the proposed gross rents, based on the calculated UA, are below the maximum allowable rates.

| Table 2: <u>Rent Comparison Chart, Colbrook Apartments and HUD Maximum Allowable Rates, Chesterfield County, Virginia</u> | | | | |
|--|-----------------------------------|---------------------------------|--------------------------|-------------------------------------|
| | <u>Colbrook Apartments</u> | | | <u>HUD Maximum Allowable</u> |
| | <u>Net Rent</u> | <u>Utility Allowance</u> | <u>Gross Rent</u> | |
| <u>1BR/ 1BA</u> | | | | |
| 40% of AMI | \$400 | \$94 | \$494 | \$671 |
| 50% of AMI | \$724 | \$94 | \$818 | \$838 |
| 60% of AMI | \$882 | \$94 | \$976 | \$1,006 |
| <u>2BR/ 2BA</u> | | | | |
| 40% of AMI | \$500 | \$127 | \$627 | \$805 |
| 50% of AMI | \$859 | \$127 | \$986 | \$1,006 |
| 60% of AMI | \$1,060 | \$127 | \$1,187 | \$1,207 |
| <u>3BR/ 2BA</u> | | | | |
| 50% of AMI | \$977 | \$165 | \$1,142 | \$1,162 |
| 60% of AMI | \$1,210 | \$165 | \$1,375 | \$1,395 |
| Source: HUD and Better Housing Coalition | | | | |

Site Plan and Building Design

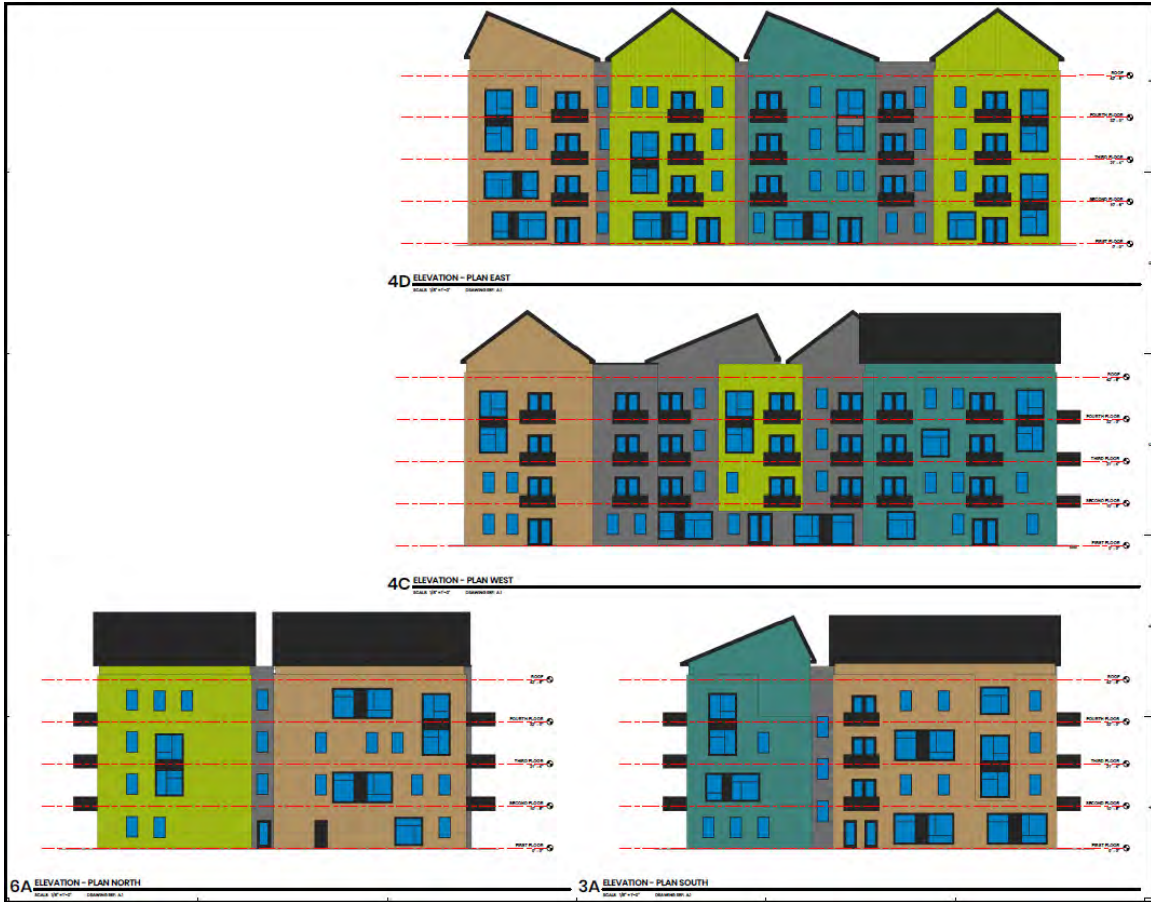
Shown next is a site plan of the proposed Colbrook Apartments. The site plan shows that the community will consist of two buildings. One will be a U-shaped apartment building with some community space, and the second will be a smaller 3,000 square foot community building. The community has not been fully designed, but it is planned to be leased to a separate organization.

Surface parking will be located in front of both buildings. There will be a total of 87 parking spaces, which equates to a parking ratio of 1.85 spaces per unit. There will be no charges for parking.



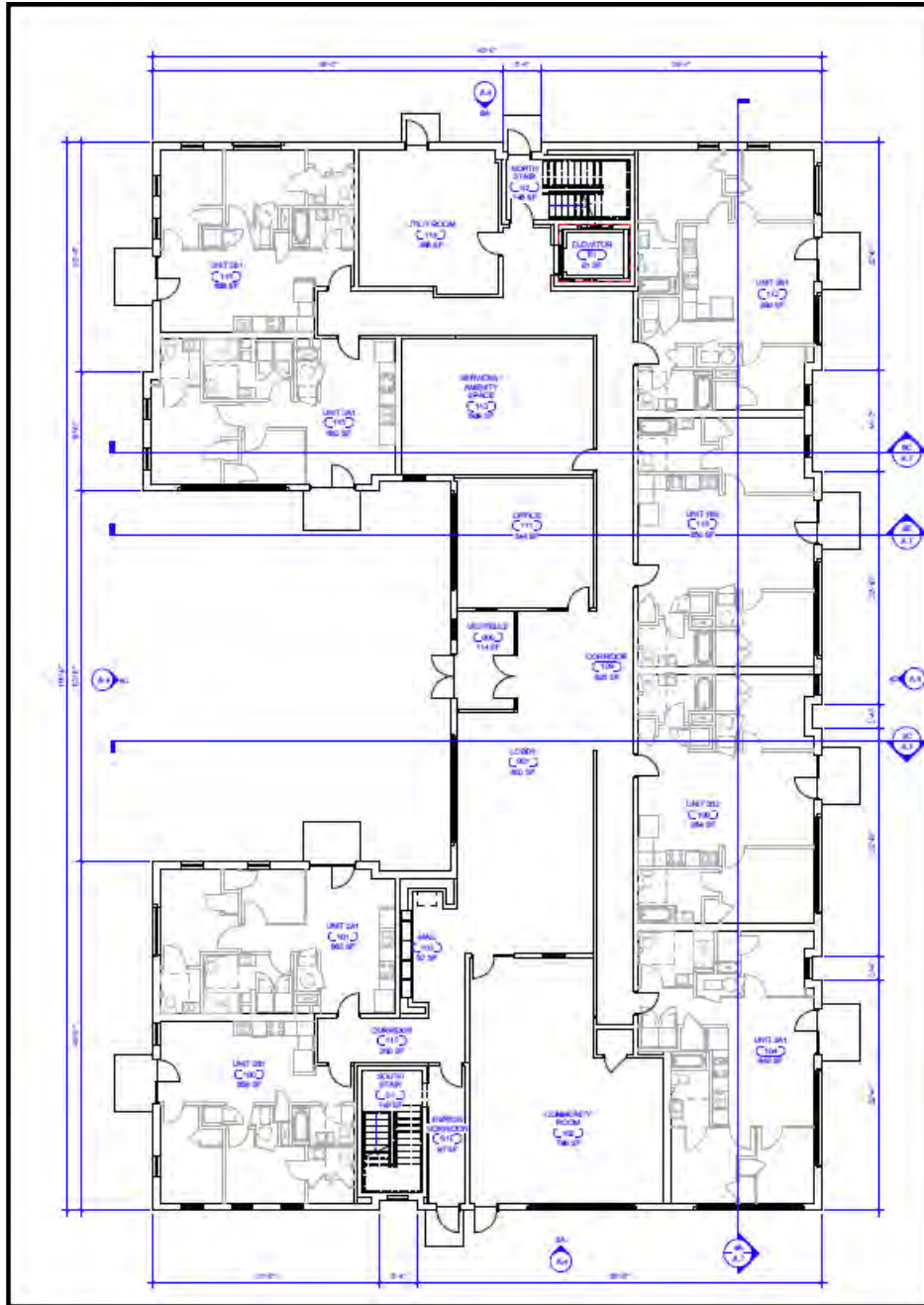
Colbrook Apartments Site Plan

Shown next are proposed elevations of Colbrook Apartments. This will be a four-story, elevator building with pitched roofs. The elevations show large windows and balconies/ patios. The façade will have a variety of building materials, including brick and hardiplank.



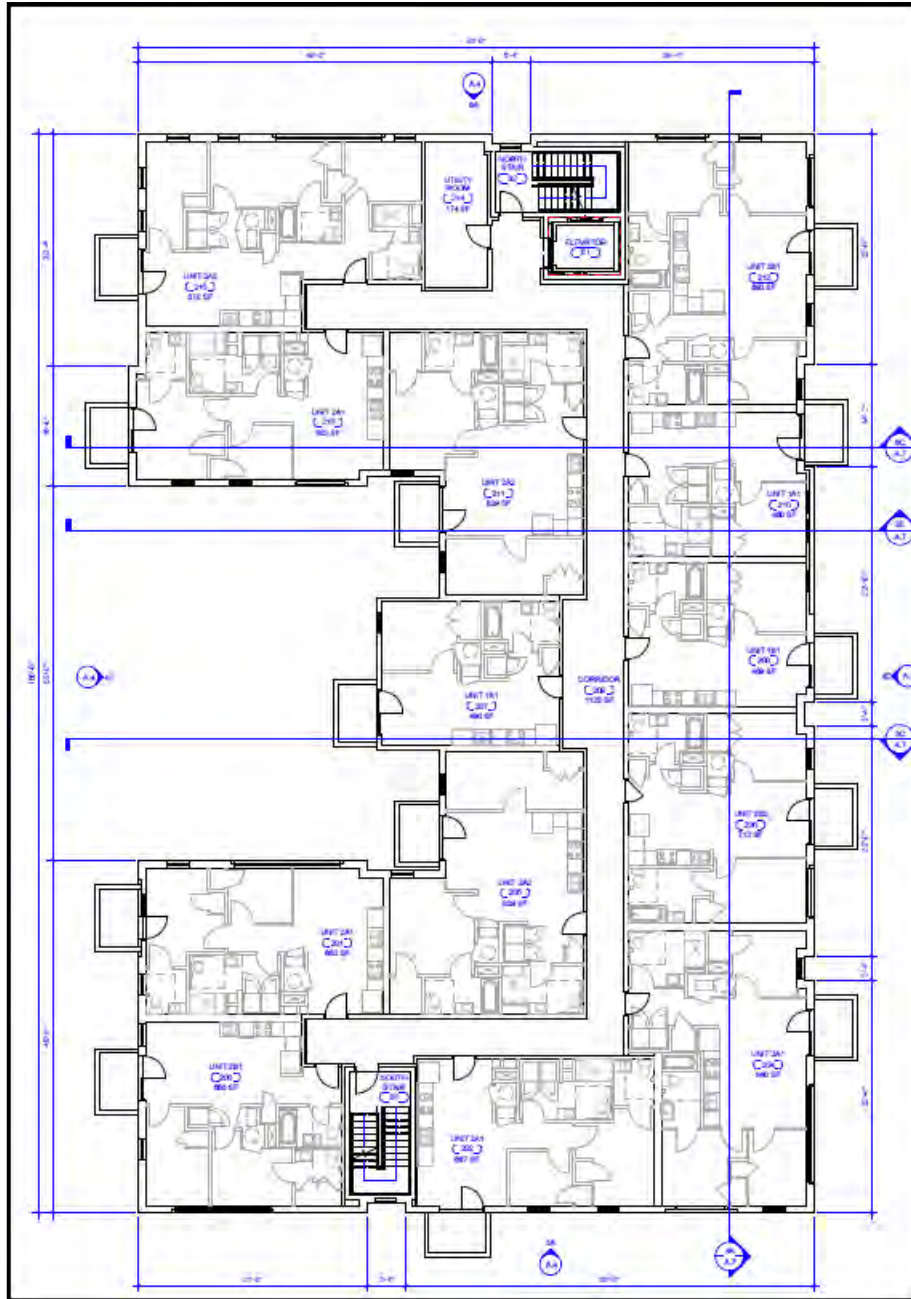
Colbrook Apartments Elevations

Following are floor plans of each level in the apartment building. First shown is the ground level. The entrance of the building will lead to an 800 square foot lobby. This will be the location of a 340 square foot management office and 510 square foot amenity space. The use of this amenity space has not been determined yet, but will likely be a “resident services” space. A mailroom and an 800 square foot community room will be located at the southern end of the ground level. The remaining space on this level will consist of apartment units.



Ground Level

The floor plan for the second level is shown next, which will be similar in design to the third and fourth levels. This floor will be fully residential.

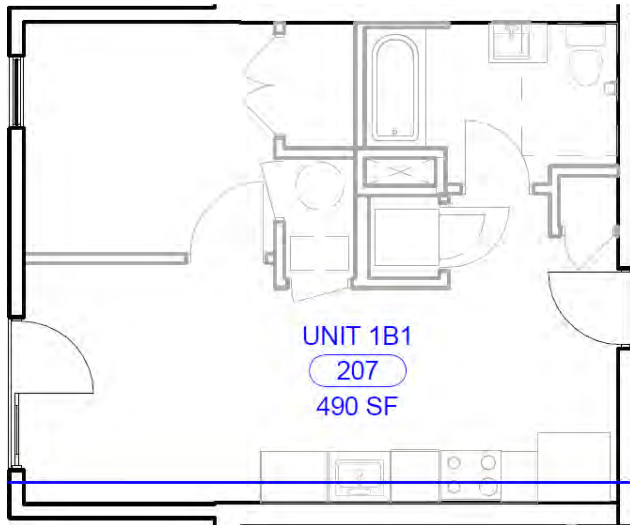


Second Level

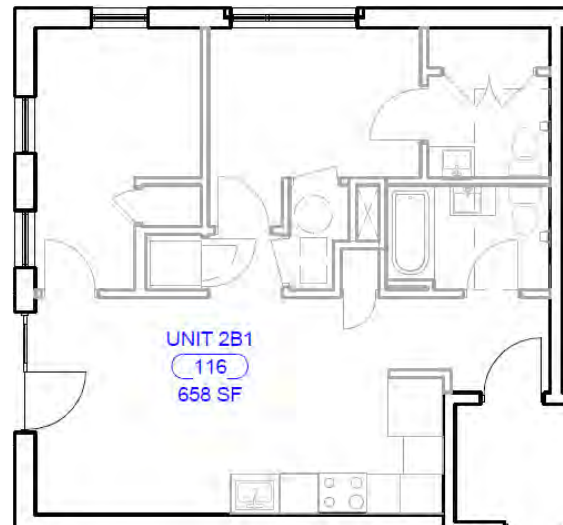
Unit Floor Plans

Shown next are typical floor plans for the one-, two- and three-bedroom units. The one-bedroom units will have a full bathroom, while the two- and three-bedroom units will have two full bathrooms. All units will have open floor plans that include an open kitchen and combined living and dining room. Living areas will have vinyl tile flooring

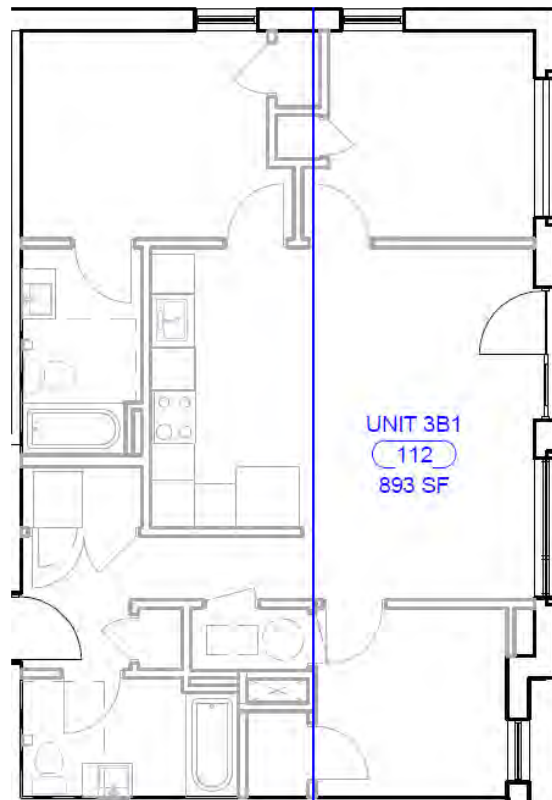
while bedrooms will be carpeted. Appliances will be black. All units will have washer/dryer hookups.



Typical 1BR/1BA



Typical 2BR/2BA



Typical 3BR/2BA

Development Costs

The proposed building costs, including soft costs and land acquisition, is \$14.4 million, or \$305,890 per unit.

Market Area Economic Overview

This part of the market analysis presents an economic overview of the defined market area, with base data for all of Chesterfield County. Three economic factors are presented and analyzed: (1) at-place job growth, (2) employment and labor force trends, and (3) an evaluation of active development plans that are expected to generate new job and employment growth. These are the primary factors that show the level of economic stability in the market area and the ability for new investments, particularly for new housing.

The three economic factors under study are analyzed in the paragraphs to follow. Key to this analysis is that job growth supports growth in population and households, and therefore, housing unit demand, particularly of the type under study. Thus, the establishment of the market area's economic stability is a key issue related to the demographic growth of the market area.

Specific employment and job data are presented for the market area. Overview data include all of Chesterfield County.

At-Place Jobs

As of year-end 2019, Chesterfield County had nearly 137,110 at-place jobs, which exceeds the 2008 total by 16,910± jobs, or over 14 percent. The market area faced significant job losses between 2008 and 2010 due to the recession of that time. Nearly 1,120 jobs were lost in 2008, while about 5,400 jobs were lost in 2009. Employers eliminated an additional 1,480± jobs in 2010.

At-place employment grew modestly in 2011 before adding 3,810± jobs in 2012. By 2013, total at-place jobs exceeded the pre-recession high with 4,740± new jobs added in that year. While growth slowed in 2014, 2,010± new jobs were still created in that year. At-place job continued to grow in 2015 when 6,730± new jobs were created. 2016 was also a growth year, albeit slower, in which total at-place jobs grew by an additional 2,940±. Growth continued with 1,750± jobs added in 2017 and 2,560± jobs added in 2018.

Data for 2019 show a loss of 1,270±, the first net loss of jobs since 2010. Part of this is attributable to two major layoffs by Live Well Financial and Northrop Grumman that resulted in the combined loss of nearly 150 jobs. There were also heavy job losses in the Transportation and Warehousing sector, which eliminated over 1,800 jobs in 2019. County officials do not attribute these losses to any major, announced layoffs.

As shown in Table 3, the largest employment sector in Chesterfield County is the Retail Trade sector, accounting for 18,010± jobs at year-end 2019, or 13.1 percent of total countywide employment. Many of these jobs are for employees working at the many shopping centers along Midlothian Turnpike, Hull Street Road Corridor and in the greater Chester area. In line with national trends, employment in the Retail sector has fallen in recent years, including by 200 jobs in 2019.

With nearly 12 percent of countywide employment, the Health Care sector is the second largest employment sector in Chesterfield County and the fastest growing source of new jobs. This sector has added 5,140± jobs since 2008. It has enjoyed uninterrupted growth each year since 2008 adding nearly 200 jobs most recently in 2019. Major Health Care employers in Chesterfield County include the C.J.W. Medical Center, with 1,200± employees, and the Bon Secours St. Francis Medical Center, also with 1,200± employees.

Despite the loss of jobs in 2019, employment in the Transportation and Warehousing sector grew significantly since 2008, adding 4,200± new jobs over the past twelve years. Within this total are over 900 jobs that were added in 2018. Most of the new jobs in this sector were added in the eastern portion of Chesterfield County, where several

large industrial parks are located. Many of these new hires were associated with several expansion rounds by Amazon, beginning in 2012, to staff its one million square foot fulfillment center in the Meadowville Technology Park. This is a significant source of employment growth. Data in the chart below show the rapid pace of employment growth at Amazon between 2012 and 2017, the year for which the most recent data is available. This total excludes seasonal employment, which typically numbers over 4,000.

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

Other sectors with job growth over the past twelve years include Administrative/ Waste Services (4,100± new jobs), Accommodations/ Food Services (1,900± new jobs), Professional/ Technical Services (840± new jobs), Wholesale Trade (660± new jobs), Arts/ Entertainment/ Recreation (650± new jobs), Federal Government (330± new jobs), Other Services (310± new jobs), Construction (230± new jobs), Management of Companies (80± new jobs), Retail Trade (40± new jobs), Education (30± new jobs) and Utilities (20± new jobs).

Job losses were recorded in only six employment sectors. This includes Information (820± jobs lost), Manufacturing (730± jobs lost), Finance/ Insurance (390± jobs lost), Real Estate (50± jobs lost), State Government (60± jobs lost) and Local Government (20± jobs lost).

Table 3: Trends in Average At-Place Employment, Chesterfield County, 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 | 527 | 522 | 539 | 549 | 659 | 668 | 683 | 702 | 708 | 705 | 674 | 547 |
| Construction | 9,841 | 7,880 | 7,335 | 7,362 | 7,790 | 7,824 | 8,052 | 8,754 | 9,391 | 9,680 | 9,994 | 10,074 |
| Manufacturing | 8,696 | 8,027 | 8,578 | 8,164 | 8,280 | 8,282 | 8,372 | 8,233 | 8,234 | 8,400 | 8,136 | 7,968 |
| Wholesale Trade | 4,737 | 4,380 | 4,234 | 4,464 | 4,625 | 5,133 | 5,121 | 5,051 | 5,098 | 5,063 | 5,182 | 5,393 |
| Retail Trade | 17,968 | 17,318 | 17,025 | 16,847 | 17,264 | 20,179 | 21,216 | 19,385 | 18,397 | 18,130 | 18,211 | 18,007 |
| Transport./ Wareh. | 4,429 | 4,307 | 4,336 | 4,542 | 4,704 | 4,829 | 5,245 | 8,864 | 9,720 | 9,570 | 10,492 | 8,629 |
| Information | 2,132 | 2,183 | ND | 2,071 | 1,567 | ND | 1,482 | 1,519 | 1,445 | 1,358 | 1,346 | 1,311 |
| Finance/Insurance | 4,889 | 4,974 | 4,977 | 5,024 | 5,161 | 5,065 | 4,721 | 4,735 | 4,557 | 4,595 | 4,555 | 4,496 |
| Real Estate | 1,513 | 1,395 | 1,368 | 1,362 | 1,386 | 1,265 | 1,340 | 1,395 | 1,428 | 1,461 | 1,372 | 1,460 |
| Prof./Tech. | 6,746 | 6,458 | 6,197 | 6,428 | 6,522 | 6,943 | 6,983 | 7,349 | 7,171 | 7,639 | 7,764 | 7,584 |
| Mgmt of Co.s | 1,208 | 1,140 | 1,183 | 1,221 | 1,346 | 1,209 | 1,169 | 1,211 | 1,233 | 1,208 | 1,306 | 1,283 |
| Admin./Waste | 6,904 | 5,498 | 5,660 | 5,919 | 7,890 | 7,373 | 7,353 | 9,789 | 10,864 | 10,671 | 10,513 | 10,979 |
| Education | 1,206 | 1,194 | 1,262 | 1,199 | 1,217 | 1,252 | 1,227 | 1,296 | 1,301 | 1,278 | 1,286 | 1,233 |
| Health Care | 10,904 | 11,286 | 11,582 | 11,961 | 12,185 | 12,940 | 13,375 | 14,128 | 14,601 | 15,266 | 15,843 | 16,039 |
| Arts/Enter./Rec. | 2,264 | 2,260 | 2,278 | 2,341 | 2,266 | 2,325 | 2,413 | 2,646 | 2,751 | 2,724 | 2,739 | 2,909 |
| Accom./Food | 10,295 | 10,193 | 9,901 | 10,044 | 10,284 | 10,935 | 11,126 | 11,455 | 12,064 | 12,251 | 12,266 | 12,189 |
| Other Services | 4,808 | 4,734 | ND | 3,972 | 4,060 | 4,117 | 4,236 | 4,475 | 4,576 | 4,999 | 5,330 | 5,116 |
| Local Gov. | 13,408 | 13,396 | 13,132 | 12,824 | 12,940 | 13,020 | 13,026 | 12,911 | 12,897 | 12,910 | 13,069 | 13,393 |
| State Gov. | 4,593 | 4,521 | 4,501 | 4,425 | 4,363 | 4,371 | 4,274 | 4,104 | 3,976 | 4,188 | 4,452 | 4,538 |
| Federal Gov. | <u>2,986</u> | <u>2,986</u> | <u>2,997</u> | <u>3,007</u> | <u>3,038</u> | <u>3,034</u> | <u>2,900</u> | <u>2,983</u> | <u>3,246</u> | <u>3,230</u> | <u>3,262</u> | <u>3,312</u> |
| Total | 120,195 | 114,800 | 113,322 | 113,833 | 117,645 | 122,389 | 124,399 | 131,126 | 134,066 | 135,816 | 138,379 | 137,108 |

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 since 2008. Very few sectors experienced job losses during this period. Besides the diversified economy, the key figure shown in Table 2 is the 14.1 percent net growth in new jobs since 2008, for a net increase of 16,910± jobs.

**Table 4: Change in Total At-Place Employment,
Chesterfield County, Virginia, 2008-2019**

| | <u>Net Change</u> | <u>Percent Increase</u> |
|--------------------|-------------------|-------------------------|
| Utilities | 20 | 3.8% |
| Construction | 233 | 2.4% |
| Manufacturing | -728 | -8.4% |
| Wholesale Trade | 656 | 13.8% |
| Retail Trade | 39 | 0.2% |
| Transport./ Wareh. | 4,200 | 94.8% |
| Information | -821 | -38.5% |
| Finance/Insurance | -393 | -8.0% |
| Real Estate | -53 | -3.5% |
| Prof./Tech. | 838 | 12.4% |
| Mgmt of Co.s | 75 | 6.2% |
| Admin./Waste | 4,075 | 59.0% |
| Education | 27 | 2.2% |
| Health Care | 5,135 | 47.1% |
| Arts/Enter./Rec. | 645 | 28.5% |
| Accom./Food | 1,894 | 18.4% |
| Other Services | 308 | 6.4% |
| Local Gov. | -15 | -0.1% |
| State Gov. | -55 | -1.2% |
| Federal Gov. | 326 | 10.9% |
| Total | 16,913 | 14.1% |

Source: United States Department of Labor

Employment and Labor Force

Employment differs from at-place jobs as it refers to the number of market area residents who are employed, no matter where the job is located. At-place jobs refer to where the job is located, i.e., within Chesterfield County. Data are current to year-end 2019 for Employment and Labor Force.

Chesterfield County realized a net increase in employment of 20,090± jobs over the twelve-year period between 2008 and 2019. Like at-place job trends, employment grew early in the decade, up until 2008, when employment reached a pre-recession peak of 163,730± jobs. Employment totals are larger than at-place job totals, which means net out-commuting occurs into neighboring jurisdictions, primarily to the City of Richmond and Henrico County.

Employment fell sharply in 2009 when 7,510± jobs were lost, pushing the unemployment rate from 3.7 percent to 6.6 percent in a single year. A slow recovery began

soon after in 2010. Growth in employment occurred every year since, with total employment exceeding pre-recession levels in 2013. The labor force has also grown every year since 2011, suggesting growing confidence in the labor market. This has pushed the overall unemployment rate higher than it otherwise would be. 2017 saw significant employment growth, with total employment growing by 3,750±. This growth trend continued into 2018 when employment grew by 3,580±.

Employment growth totaled 3,230± most recently in 2019. Thus, while the number of jobs within Chesterfield County fell in 2019, the number of Chesterfield County residents who were employed expanded.

Data in Table 5 show that the unemployment rate was a low 2.7 percent in 2019, down from 4.3 percent in 2015. The low unemployment rate means that new job growth will require new residents for the County and market area.

| Table 5: <u>Trends in Employment and Unemployment,</u> <u>Chesterfield County, Virginia, 2008-2019</u> | | | | |
|---|---------------------------|--------------------------|----------------------------|----------------------------------|
| | <u>Labor Force</u> | <u>Employment</u> | <u>Unemployment</u> | <u>Percent Unemployed</u> |
| 2008 | 169,943 | 163,728 | 6,215 | 3.7% |
| 2009 | 167,338 | 156,218 | 11,120 | 6.6% |
| 2010 | 168,602 | 156,307 | 12,295 | 7.3% |
| 2011 | 171,539 | 159,940 | 11,599 | 6.8% |
| 2012 | 172,990 | 162,433 | 10,557 | 6.1% |
| 2013 | 174,669 | 164,793 | 9,876 | 5.7% |
| 2014 | 177,299 | 168,197 | 9,102 | 5.1% |
| 2015 | 177,940 | 170,275 | 7,665 | 4.3% |
| 2016 | 180,485 | 173,447 | 7,038 | 3.9% |
| 2017 | 183,611 | 177,006 | 6,605 | 3.6% |
| 2018 | 186,121 | 180,588 | 5,533 | 3.0% |
| 2019 | 189,000 | 183,821 | 5,179 | 2.7% |
| Net Change | 19,057 | 20,093 | -1,036 | -1.0% |
| Source: United States Department of Labor, Bureau of Labor Statistics | | | | |

In summary, there has been substantial growth in Chesterfield County in terms of at-place jobs and employment. In both economic factors, at-place jobs and employment current totals are well above past pre-recession totals. This level of growth has generated considerable demand for new housing, as will be shown below.

COVID-19 and Employment

Table 6 shows monthly employment data until December, 2020 to illustrate the local employment impact of the COVID-19 pandemic. This is the date for which the most recent data is available. Trend data show that since year-end 2019, employment has fallen by over 10,000, with the number of unemployed growing by over 2,600. The labor force has also contracted by over 7,500 people, meaning that many of those who have lost their jobs have retired or quit searching for employment altogether.

The data show some employment improvements since the pandemic began, with over 9,300 jobs recovered since April, 2020. Nevertheless, current job totals are below the totals in August, 2020 by nearly 2,800. Most of these job losses have been concentrated in the retail, restaurant and hospital sectors.

As will be shown, these employment losses have not translated into occupancy challenges in the competitive apartment market.

| Table 6: <u>Trends in Employment and Unemployment</u> <u>Chesterfield County, Virginia, 2019-2020</u> | | | | |
|--|---------------------------|--------------------------|----------------------------|----------------------------------|
| | <u>Labor Force</u> | <u>Employment</u> | <u>Unemployment</u> | <u>Percent Unemployed</u> |
| 2019 | 189,000 | 183,821 | 5,179 | 2.7% |
| January, 2020 | 191,338 | 185,840 | 5,498 | 2.9% |
| February, 2020 | 192,727 | 187,710 | 5,017 | 2.6% |
| March, 2020 | 190,718 | 184,639 | 6,079 | 3.2% |
| April, 2020 | 183,671 | 164,314 | 19,357 | 10.5% |
| May, 2020 | 183,715 | 167,989 | 15,726 | 8.6% |
| June, 2020 | 184,356 | 169,794 | 14,562 | 7.9% |
| July, 2020 | 186,213 | 172,286 | 13,927 | 7.5% |
| August, 2020 | 185,435 | 174,601 | 10,834 | 5.8% |
| September, 2020 | 182,297 | 171,825 | 10,472 | 5.7% |
| October, 2020 | 180,874 | 172,443 | 8,431 | 4.7% |
| November, 2020 | 181,499 | 173,914 | 7,585 | 4.2% |
| December, 2020 1/ | 181,431 | 173,612 | 7,819 | 4.3% |
| Net Change | -7,569 | -10,209 | 2,640 | 1.6% |
| Notes: 1/ Preliminary. Subject to change. | | | | |
| Source: United States Department of Labor, Bureau of Labor Statistics | | | | |

Economic Development Activity

The increase in jobs and employment, as noted above, is due to new area developments, some of which are sizable. The paragraphs to follow show the current active County developments within the market area and the likelihood that employment and job growth will continue in the County. These new developments are planned or under construction on the east side of Chesterfield County and within the market area. These new announcements will likely add 3,600± new jobs.

- **Scannell Properties** announced in July, 2019 that it would build a 405,000± square foot distribution facility at 1410 Willis Road. The proposed facility will include several bays at the rear and front of the building for large trucks. It also includes parking for vehicles on the eastern and western side of the complex.
- **Carvana** announced plans in December, 2019 for a vehicle inspection and processing center on a 183-acre site at 13504-15100 Woods Edge Road, along the east side of Interstate 95 just north of Ruffin Mill Road. The project involves competitive state incentives, would include multiple surface parking areas – enough to hold 9,000 vehicles – and the two-story, 200,000± square foot center. The facility is expected to employ 400 people.
- **Cartograf**, a provider of packaging solutions across a wide range of industrial sectors, announced in October, 2019 that it would establish its first folding and micro-corrugated package printing facility on a 100-acre site in Meadowville Technology Park. The 315,000± square foot facility will employ 63 people.
- **DuPoint** announced in January, 2020 that it would modernize and expand its Kevlar manufacturing plant in Chesterfield County and create 60 new jobs.
- **The Results Cos.** announced in March, 2019 that it would open a second call center in Chesterfield County that will employ 600 people. The Results Cos. serves various industries, including technology, energy and financial services.
- **Defense Logistics Agency Aviation**. This project, planned by the Defense Supply Center Richmond, will include a new headquarters for the Virginia Army and Air National Guard, a new operations center for the supply center's main military unit, and a renovation of the center's main public entrance. The first phase of the project is the new operation's center for the Defense Logistics Agency Aviation. Construction on the five-story office building, houses about 875 employees, began in May, 2015 and opened in October, 2018. The reconfiguration of the supply center's East Access Control Point has started. The new Virginia National Guard Joint Force Headquarters once built, will house the office of the guard's adjutant

general and provide space for about 200 full-time guard members and about 250 members serving on temporary active duty. Phase 2 started in mid-2019 and was completed in mid-2020. This phase included adding a four-story wing to the complex, with space for 575 employees. Construction on the third and final phase is expected to begin in mid-2021 and be completed by mid-2023. This project will add a six-story wing to the building with space for another 1,400 employees.

- **John Tyler Community College**. Construction was recently completed on the renovation and expansion on two buildings in John Tyler Community College's Chester campus at 13101 Jefferson Davis Highway. The school renovated and nearly doubled the size of its student center, the Nicholas Center, and renovate Bird Hall, one of its original buildings. The Nicholas Center, a student center featuring a bookstore, fitness center, student lounge and the president's office, received a 25,000± square foot addition and renovations to existing space. JTCC's workforce development program, the Community College Workforce Alliance, is now housed in the center's new addition, as well as a lab, conference room and additional classrooms. The 37,000± square foot Bird Hall received upgrades to make room for the school's health sciences programs, a variety of labs, faculty offices and a student lounge area.
- **PepsiCo**. Construction is ongoing on this 222,000± square foot distribution facility for PepsiCo at 1608 Willis Road. PepsiCo has not publicly disclosed what will be housed in the facility. The company operates several distribution hubs across Virginia, including a longstanding facility on Mechanicsville Turnpike in Henrico County, and locations in Petersburg and Newport News.
- **Sabra Dipping**. Construction was completed in late-2019 on the expansion of the hummus maker's 220,000± square foot plant at 15900 Sabra Way by nearly 38,000± square feet. The expansion occurred on Sabra's 48-acre campus it owns in the Ruffin Mill Industrial Park and will include eight new loading dock doors for 18-wheeler trucks. Sabra added 12 full-time positions upon completion.
- **Devon USA** began construction in October, 2020 on a 133,040± square foot distribution facility at 1551 Bellwood Road. DuPont Specialty Products USA LLC will lease the facility to distribute products made at the company's Spruance plant on Jefferson Davis Highway in Chesterfield. This will be the final building in the James River Logistics Center. The combined footprint of all four buildings totals 1,267,000 square feet.
- **The FedEx Corporation** completed construction in 2019 on a 160,000± square foot cross-dock facility that employs 200 workers.
- **84 Lumber**, a building materials supplier, is building a 92,000± square foot store at 2510 Bellwood Road. This would be the company's largest store. The new space consolidates two smaller operations the company has in the region - a 22,000± square foot lumber yard store at 2400 Station Road in Chesterfield County and a 22,000± square foot door store at 8801 Landmark Road in Henrico County. That

space will be turned into a manufacturing facility for components used to build a house, such as roof trusses and wall panels.

- **Amazon** announced in June, 2020 that it would lease a 321,000± square foot warehouse for a new facility where packages are sorted before being shipped out to local homes on delivery vans. The online retail giant is using the building at Devon USA's James River Logistics Center on Bellwood Road near Interstate 95 for last mile delivery for packages being shipped directly to homes. The company has begun operations in the space and created more than 100 jobs.

In addition to the above is a considerable level of job growth in western Chesterfield County, in and around the Midlothian area, that is expected to generate at least 1,300 new jobs. New job growth from these developments should have an impact on the market area housing market and are presented here to show the magnitude of new development in Chesterfield County.

- **Bon Secours St. Francis Medical Center** plans on expanding its facility by 110,000± square feet. The expansion will add 55 acute care, obstetrical and intensive care beds. It will build additional floors on top of its emergency department building and its inpatient bed tower. Construction is expected to start in 2021. It also plans on constructed a three-story, 90,000± square foot ambulatory surgery center medical office building.
- **Virginia Physicians for Women** announced in December, 2019 that it would relate its administrative headquarters, surgical center and Midlothian clinic to a new facility to be constructed near Chesterfield Towne Center in Midlothian. Construction on the 60,000± square foot medical office facility is expected to be completed by April, 2021 and create 100 new jobs.
- **Gather**, the Richmond-based operator of coworking spaces is currently constructing a new office called Gather Midlothian at 14321 Winterbreeze Drive in the Winterfield Crossing community. The new Gather location will be 25,000± square feet, occupying three floors of a 30,000± square foot office building. Gather said it will be able to accommodate up to 400 people using office space in the building. The site will include 110 offices of varying sizes for anywhere from one to 15 people, along with shared, open-area work spaces, event space and conference rooms. The site also will include a wellness room and a soundproof podcast room.
- **Chase Bank** announced in November, 2020 that it would open a new branch on a surface lot adjacent at the intersection of Huguenot Road and Koger Center

Boulevard that's part of a former HHGregg store and next to Chesterfield Towne Center. The branch will open in late-2021.

- **The Crest at Salisbury**. This is a proposed independent living community to be built at 260 Wylderose Drive. A total of 100 units are planned, in a single three- and four-story building.
- **Blackbriar Regulatory Services**, a surgical mask manufacturer, announced in June, 2020 that it would expand its Chesterfield facility and hire 195 new employees.
- **KinderCare Learning Center**. Plans were recently submitted to construct a 12,000± square foot day care center at 11171 Robious Road.
- **ERNI Electronics** completed construction in December, 2019 on a production and distribution facility for high-performance electrical connectors. The facility is expected to employ 105 people within five years.
- **Shamin Hotels** plans to build the 200-room hotel and 10,000± square foot conference center on a 14-acre parcel that is now an empty field between a Firestone store along Midlothian Turnpike and the Richmond Volleyball Club facility on Karl Linn Drive. At 10,000± square feet of space, the conference center would be the largest in Chesterfield and among the largest in the Richmond region.
- **Residence Inn by Marriott**. Construction was completed in June, 2020 on this 111-suite hotel located at 1350 Johnston Willis Drive in Midlothian. The Residence Inn Richmond West/Midlothian is an all-suite hotel that offers studio and one-bedroom suites.
- **Publix** opened a new 48,000± square foot grocery store in Midlothian on Charter Colony Parkway in June, 2020.
- **Chippenham Hospital**. Construction was completed in mid-2020 on the renovation and expansion of this hospital. The renovation added 18 additional beds, a new walk-in canopy and ambulance canopy entrances, a new pediatric ER entrance and renovated space to create 14 pediatric beds and an expansion of the critical care area.
- **Hancock Station**. This is a proposed commercial development to be built at 14400 Hull Street Road. The proposal calls for five commercial buildings totaling 50,780± square feet of commercial space. This development is not yet approved.

In addition to the above are a considerable number of new jobs planned for the City of Richmond that support regional housing growth. These new announcements are likely to generate at least 2,800 new jobs. These are briefly detailed in the paragraphs below.

- **GlaxoSmithKline** announced in November, 2019 that it would expand its consumer healthcare research and development center in Richmond. The global healthcare company chose Virginia as one of three R&D laboratory hubs for its global Consumer Healthcare business and plans to add approximately 150 new jobs at the site.
- **CoStar**, the real estate data company, announced in early-2020 that it would occupy 400,000± square feet in a new building in Downtown Richmond to be constructed by 2023. The expansion will result in the creation of 1,000 new jobs.
- **Werner Enterprises**, a logistics company, announced in March, 2020 that it would expand its Richmond workforce by 27 people.
- **Shamin Hotels** purchased the 172,110± square foot Richmond Times-Dispatch building at 300 East Grace Street in downtown Richmond in January, 2020 where it plans to relocate its headquarters. Shamin's 70 corporate headquarters employees will work on the building's 40,000± square foot third floor and the Times-Dispatch will operate on the fourth floor, which Shamin is currently renovating. Shamin plans to lease out the first and second to other tenants.
- **Christian & Barton** signed a law firm, a lease for 33,000± square feet in One James Center at 901 E. Cary Street in September, 2020. The law firm, which has around three dozen attorneys in Richmond, expects to move into the new space in spring 2021 and will vacate its current longtime home in the Mutual Building at 909 E. Main Street.
- **Tahzoo**, a web hosting company, announced in summer of 2020 that it would hire 15 new employees by the end of 2020 and additional 30 in 2021 at its Scott's Addition offices.
- **Mission Lane**, which offers financial services aimed at people who seek to build or rebuild their credit, announced in May, 2020 that it would open its new 20,000± square foot headquarters at 1504 Belleville Road.
- **The Carytown Exchange**. Construction is ongoing on this 120,000± square foot commercial district in Carytown. Publix will anchor the development with a 49,000± square foot grocery store.
- **500 N. 10th Street**. This site in Downtown Richmond is proposed by Capital City Partners to be redeveloped with a 20-story, 545,000± square foot office building.

300,000± square feet would house administrative and office space for VCU Health designed to support the Adult Outpatient Pavilion building under construction next door, as well as the health system's nearby Children's Hospital Pavilion. The project also would include new locations for The Doorways and Ronald McDonald House Charities, nonprofit organizations that provide space and hospitality for families of patients, and space for VCU Child Care. Construction could begin in 2021.

- **700 Canal Place**. This is a proposal by Dominion Energy for a 17-story, 900,000± square foot office building that could open by the end of 2023.
- **The Salvation Army** announced in early-2020 that it would move from its current 17,000± square foot regional headquarters at 48,000± square feet at 2 W Grace Street to 1900 Chamberlayne Avenue. The increase will enable the Salvation Army to almost double its bedding for emergency housing, from 55 beds to 96. The move is expected to take place summer 2021.
- **CameraMatics**, a Dublin-based technology firm produces equipment for fleet tracking and data gathering, announced in October, 2019 that it would open an office in Richmond where it will employ up to 100 people.
- **Lumber Liquidators** announced in November, 2019 that it is nearly finished renovating its new headquarters at 4901 Bakers Mill Lane, the renovated former Southern Season building that the national flooring retailer is aiming to open by month's-end. The publicly traded company, which is relocating its corporate offices from Toano, will move its batches of workers into the 53,000± square foot space, which will house a total of 2020 employees. Most of those are relocating from Toano, while 50 are moving over from the company's offices on West Broad Street and another 10 are coming from its distribution center in Sandston.
- **Bon Secours and VCU Health** began construction in May, 2019 on a 55,000± square foot outpatient pediatric facility at the former Westhampton School property along Libbie Mill Avenue.
- **Amazon** announced in July, 2019 that it would establish a new specialty fulfillment and last-mile delivery center on the Virginia Interstate 95 Logistics Center site in the City of Richmond. The project will add 150 new jobs.
- **Kinsale Capital Group** is currently building a 150,000± square foot, five-story building at the intersection of Maywill and Thalboro streets. The building will replace Kinsale's current home in the Holland Tower at 2221 Edward Holland Drive near Willow Lawn, where the firm employs about 177 full-time employees across 43,000± square feet. Kehoe said his company would occupy about 75,000± square feet in the new building – leaving the remaining balance of the building for lease to other office users.

- **Clay Suites**. Construction is ongoing on this 14,500± square foot office building at 3117 W. Clay Street in Soctt's Addition. VillageMD announced it will operate a 3,500± square foot primary care chain in the building. Construction is ongoing on this 14,500± square foot office building at 3117 W. Clay Street in Scott's Addition. VillageMD announced it will operate a 3,500± square foot primary care chain in the building.
- **VCU Health** is currently constructing a 17-story adult outpatient facility, on the site of the since-demolished Virginia Treatment Center for Children between North 10th and 11th street. The 603,000± square foot building will be used to consolidate much of VCU Massey Cancer Center's outpatient services, as well as various outpatient clinics currently spread among the downtown campus's Ambulatory Care Center, Nelson Clinic and North Hospital. The structure is across Leigh Street from VCU's recently constructed School of Allied Health Professions building. The building is scheduled for completion in summer 2021.

Summary

Data presented above show that employment in Chesterfield County grew substantially since 2008, with most of that growth occurring since 2010. There was a modest loss of jobs in 2019, but this was largely driven by job losses in one employment sector: Transportation and Warehousing. More importantly, total employment grew considerably in 2019, so these job losses did not translate into overall employment losses among Chesterfield County residents. Future job growth, as presented above, will fully offset these losses.

As of year-end 2019, Chesterfield County's unemployment rate has been reduced to 2.7 percent, from a previous high during the past recession of 7.3 percent. This is the lowest unemployment rate in over a decade. The unemployment rate has spiked to 5.7 percent in the wake of the COVID-19 pandemic, with most of these job losses having been concentrated in the retail, restaurant and hospitality sectors. Apartment vacancy rates at the competitive properties, however, have not suffered as result of pandemic-induced job losses. This will be fully documented below.

Additionally, employment grew by over 6,800 between 2017 and 2019. This includes persons who work in or commute outside of Chesterfield County. Some of the

Downtown Richmond job growth is accounted for by residents of Chesterfield County, but with the new jobs added and/or planned in the County, the largest percentage of jobs are likely to be filled by Chesterfield County residents.

The region continues to generate new employment. This job growth is taking place both inside the market area, in the greater Chester area, as well as other nearby employment centers such as western Chesterfield County and the City of Richmond that are quickly accessible from the study site.

The documented level of ongoing and planned job growth in Chesterfield County, as well as neighboring Richmond, will likely result in continued employment growth over the next few years. Besides the growth that has occurred to date, the above paragraphs identify 7,700± additional jobs (excluding small company growth, construction growth, spinoff growth and any future job announcements) over the next four to five years. Nearly 5,000 of this total will be new jobs in Chesterfield County. Many of these job openings will occur at the same time as project opening at Colbrook Apartments.

Section II Affordable Apartment Market Analysis

Following is the supply/demand analysis for the 47-unit Colbrook Apartments. Section II has two subsections. The first is the demographic analysis that “solves” for the number and growth of renter households with incomes, reported in constant 2020 dollar values, of the three income groups within Colbrook Apartments. The demographic analysis “solves” for the number of market area households earning 40% of AMI (\$16,000 to \$32,200), 50% of AMI (\$28,960 to \$44,700) and 60% of AMI (\$35,280 to \$53,640). The upper limits are based on the HUD maximum allowable incomes. The forecast date for the demographic analysis is 2023, as Colbrook Apartments is likely to be ready for occupancy by 2023.

The second part of Section II is the analysis of the competitive affordable apartment market for families within the defined market area. We identified 11 apartment properties to study. There are several additional market rate rental properties in the market area, but these generate considerably higher rents and thus represent a separate market compared to Colbrook Apartments.

The apartments under study are delineated into two components: LIHTC apartments and moderate rent market rate apartments. The LIHTC apartments, which represent the most competitive properties, were built between the 1970’s and 2016. All of the older LIHTC apartments have been renovated. The five market rate apartments are the lowest-rent market rate properties in the market area. These are older properties built between the 1960’s and 1990’s.

These apartment properties are studied for occupancy, rent, unit and property features and characteristics, and curb appeal. They are compared with Colbrook Apartments to determine its competitive market position.

Market Area Demographic Analysis

Population Trends and Projections

The market area had a population of 131,430± at the time of the 2010 Census, which is 41.5 percent of the total Chesterfield County population. Between 1990 and 2000, the market area's population increased by nearly 20,000 people. The market area population increased by 20,360± from 2000 to 2010, or an average annual population increase of 2,040±. Despite the Great Recession during the last part of the 2000 decade, the market area's population growth during the 2000's slightly exceeded the growth rate of the 1990's.

By 2019, the market area's population is estimated to have reached 145,780±, based on population estimates derived from the Weldon Cooper Center for Public Service. Based on recent trends and economic development activity, the market area population is projected to continue growing and reach 152,160± by 2023. This represents an increase in population of 6,380±.

It is possible that the 2023 market area population projection is conservative, based on current employment/ at-place job trends and new housing proposals. However, it is difficult to determine which part of the County, or region, will attract new residents from expected new job growth, so we used a somewhat conservative population forecast for our analysis, one that is generally consistent with past trends, but reflects increased employment growth. However, even with a conservative forecast, considerable growth is expected.

Table 5: Trends and Projections of Population and Households by Tenure, Colbrook Apartments Market Area, 1990-2022

| | 1990 | 2000 | 2010 | 2019 | 2023 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Market Area Population | 91,080 | 111,070 | 131,430 | 145,780 | 152,160 |
| Group Quarters Population | 2,040 | 3,110 | 3,960 | 4,000 | 4,050 |
| Household Population | 89,040 | 107,960 | 127,470 | 141,780 | 148,110 |
| Persons Per Household | 2.76 | 2.70 | 2.70 | 2.69 | 2.69 |
| Households | 32,210 | 39,920 | 47,140 | 52,710 | 55,060 |
| Renter Households | 7,780 | 8,630 | 12,300 | 14,650 | 15,750 |
| Percent of Total | 24.1% | 21.6% | 26.1% | 27.8% | 28.6% |

Notes: 1/ Includes the following 2010 U.S. Census tracts in Chesterfield County:
1003, 1004.03, 1004.04, 1004.04, 1004.05, 1004.06, 1004.07, 1004.09,
1004.10, 1005.05, 1005.06, 1005.07, 1005.08, 1005.09, 1005.10, 1006,
1007.01, 1007.02, 1007.03, 1008.04, 1008.05, 1008.06, 1008.07, 1008.14
1008.15, 1008.16, 1008.17, 1008.19, 1008.20, 1008.21, 1008.22, 1008.23
2/ Based on estimates from the Weldon Cooper Center for Public Service.

Source: 1990, 2000 and 2010 U.S. Department of Commerce, Bureau of the Census;
and S. Patz and Associates, Inc.

Group Quarters Population

The Group Quarters population consists largely of students living in on-campus housing at Virginia State University. On-campus occupancy remained generally unchanged over the past nine-year period and enrollment is not projected to grow significantly in the near-term.

Also included in the Group Quarters population count are seniors living in area nursing homes, assisted living and memory care facilities. As of 2019, the Group Quarters population totals 4,000± people, or 2.7 percent of the market area population. The Group Quarters population is subtracted from total population to determine Household Population. Household Population is the basis for determining housing unit demand.

Households

The trend data on households show a sizable increase since the 1990’s. As of 2019, the market area’s household total stands at 52,710±, which represents an increase of 5,570± households over the 2010 total. The growth trend is expected to continue for the 2019 to

2023 period. The market area is forecasted to contain 55,060± households by 2023, an increase of 2,350± households over the 2019 total.

Also shown is that since 2000, average household size has stayed relatively steady, at an average of between 2.69 and 2.70 persons per households. It is projected to remain stable until 2023. This is a high average and reflects a large home ownership housing market.

Renter Households

In 2019, 27.8 percent of all market area households were renters. This represents 14,650± households. That percentage has increased from 21.6 percent in 2000 to 26.1 percent in 2010. By 2023, the market area renter household total is projected to increase by 1,100± to over 28.6 percent of all households and reach 15,750±. As shown, the growth in the rental market over the past nine years has been more pronounced than expansions in the for-sale market. Most of this growth has been supported by the construction of several new market rate apartments communities in the market area since 2010. Renter household growth is expected to continue.

Target Renter Households

Colbrook Apartments will have rents restricted to households earning 40%, 50% and 60% of the Area Median Income (AMI). The paragraphs below will detail each of these demographic cohorts.

- **40% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$16,000 and \$32,200, when reported in constant 2020 dollars, and depending upon family size. The demographic analysis shows that as of 2019, the market area had 2,150± renter households within this income range. The 2019 total exceeds the 2010 total by 290± households. By 2023, the market area is projected to add 130± households within this income category to reach a total of 2,280± households.
- **50% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$28,960 and \$44,700, when reported in constant

2020 dollars, and again based on family size. As of 2019, the market area totaled 2,260± renter households in this income range, an increase of 350± over the 2010 total. By 2023, the market area is projected to total 2,420± renter households within this income category. This represents an increase of 160± households.

- **60% of AMI.** Qualified renter households for this income category must earn annual incomes ranging between \$35,280 and \$53,640, when reported in constant 2020 dollars. As of 2019, the market area totaled 2,560± renter households in this income range. This represents an increase of 380± over the 2010 total. The market area is projected to add 180± households within this income category by 2023 to reach a total of 2,740± households.

| Table 6: Trends and Projections of Renter Households by Income, Colbrook Apartments Market Area, 1990-2023 (Constant 2020 dollars) | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 1990 | 2000 | 2010 | 2019 | 2023 |
| Total Renter Households | 7,780 | 8,630 | 12,300 | 14,650 | 15,750 |
| 40% of AMI (\$16,000-\$32,200) 1/ | | | | | |
| Total Households | 1,360 | 1,560 | 1,860 | 2,150 | 2,280 |
| Percent of Renter Households | 17.5% | 18.1% | 15.1% | 14.7% | 14.5% |
| 50% of AMI (\$28,960-\$44,700) 2/ | | | | | |
| Total Households | 1,400 | 1,590 | 1,910 | 2,260 | 2,420 |
| Percent of Renter Households | 18.0% | 18.4% | 15.5% | 15.4% | 15.4% |
| 60% of AMI (\$35,280-\$53,640) 2/ | | | | | |
| Total Households | 1,610 | 1,830 | 2,180 | 2,560 | 2,740 |
| Percent of Renter Households | 20.7% | 21.2% | 17.7% | 17.5% | 17.4% |
| Notes: 1/ Assumes maximum three-person households. 2/ Assumes maximum four-person households. | | | | | |
| Source: 1990, 2000 and 2010 Census, S. Patz & Associates, Inc. | | | | | |

Households by Size

As of 2010, approximately 31 percent of market area renter households were single-person households. An additional 25.9 percent were two-person households while 17.6 percent were three-person households. In total, 57± percent of all renter households have one or two persons.

| Table 7: <u>Renter Household by Size,</u> <u>Chesterfield County, Virginia, 2020</u> | | |
|---|----------------------|-----------------------|
| | <u>Number</u> | <u>Percent</u> |
| Renter Households | 26,077 | 100.0% |
| 1-person household | 8,074 | 31.0% |
| 2-person household | 6,749 | 25.9% |
| 3-person household | 4,594 | 17.6% |
| 4-person household | 3,532 | 13.6% |
| 5-person household | 1,835 | 7.0% |
| 6-person household | 798 | 3.1% |
| 7-or-more-person household | 495 | 1.9% |
| Source: 2010 U.S. Department of Commerce | | |

Characteristics of the Competitive Apartment Market

Data in Table 8 list six general occupancy LIHTC apartments, as well as six mature, modest rate market rent apartment communities within in the market area. The market rate apartments included in the analysis generate the lowest unsubsidized rents in the market area. These 12 properties total 2,470 units.

The market area contains six LIHTC apartments properties that were built between the early-1970’s and 2016. These properties have a low vacant rate of only 1.4 percent.

The newest LIHTC apartment to open is the 80-unit Iron Bridge Road Apartments. This complex opened in 2016 with a mix of 50% and 60% units. The complex had a lease-up pace of 40 units per month when it opened. It now has three vacant units, but a wait list of 30 households.

The only other LIHTC apartment community to open since 2000 is the 223-unit Broadwater, which opened in phases in 2001 and 2003. This complex is designed for families, as it consists of three- and four-bedroom townhomes. It has six vacant units at this time.

The remaining LIHTC properties under study were built between the 1970s’ and 1990’s. Two apartments –Grand Oaks and Arbor Lake –opened in the mid-1990’s with

310 units restricted to 60% of AMI. Grand Oaks is at full occupancy and Arbor Lake have only two vacant units. The two oldest LIHTC properties, Colonial Ridge and South Pointe Landing, total 292 units. Both have been fully renovated since opening.

In addition to the six LIHTC apartments are five mature market rate apartments in the market area with modest rents. These apartments were built between the 1970's and early-1990s. One of these complexes—Crystal Lakes—has a large number of vacant units as 40 units are offline for renovations and several tenants have recently moved out. Excluding these vacant units, the mature market rate properties have a vacancy rate of 3.9 percent.

Key points in Table 8 are as follows:

- The market area has a very low vacancy rate of 1.8 percent, when excluding Crystal Lakes. Fewer than ten percent of the current vacancies are the LIHTC properties that are most competitive to the Colbrook Apartments proposal.
- The LIHTC apartments have a vacancy rate of 1.4 percent, with all six apartments at or near fully occupancy. Iron Bridge Road Apartments maintains a wait list of 30 households.
- Nearly 78 percent of current vacancies are at Crystal Lake. Nearly 29 percent of total vacancies are the 40 units at Crystal Lake that are offline and being renovated.
- Approximately 15 percent of units (340±) are occupied by Section 8 voucher holders.

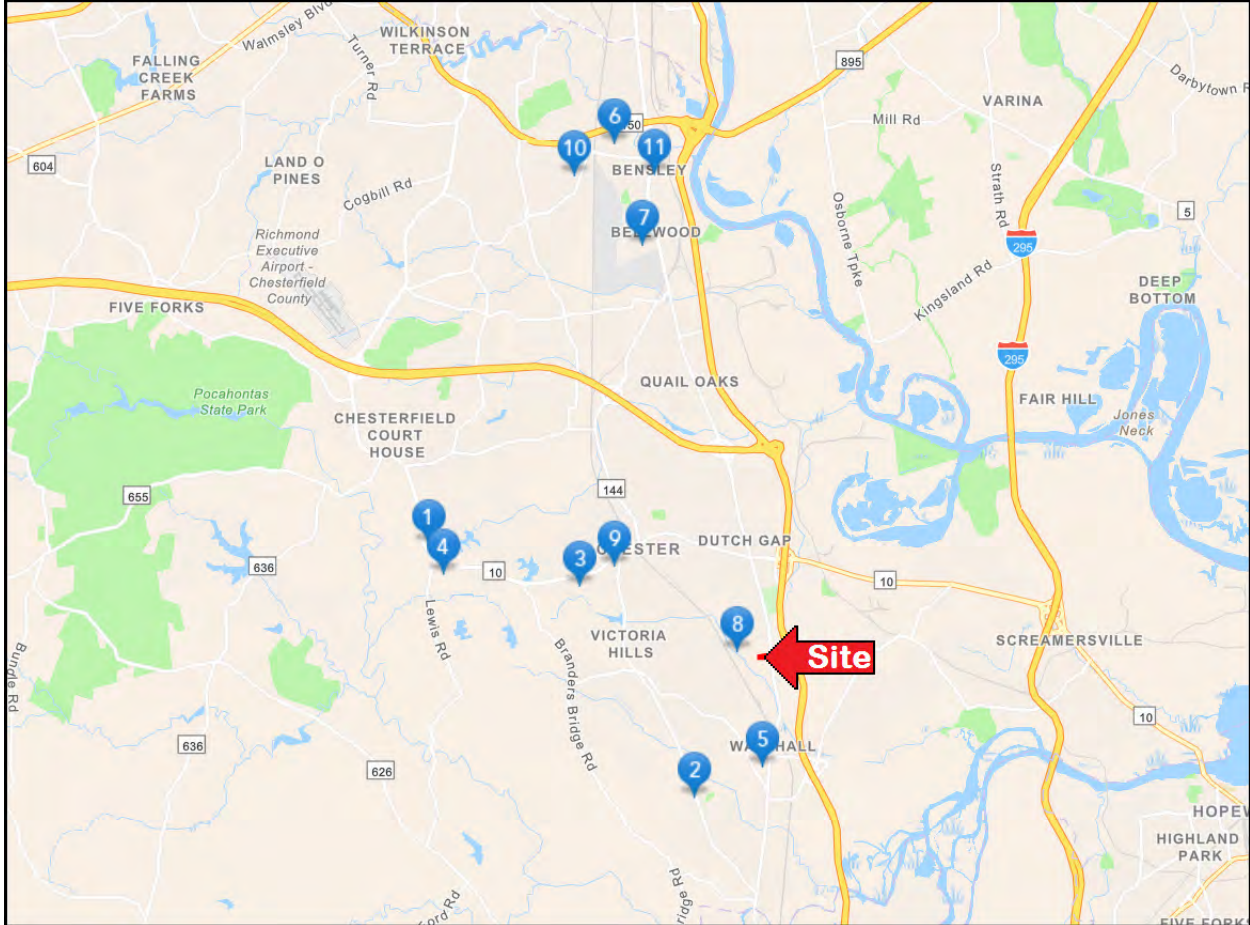
**Table 8: Characteristics of Competitive Apartment Communities,
Colbrook Apartments Market Area, March, 2021**

| | <u>Map E</u> <u>Key</u> | <u>Year</u> <u>Built</u> | <u>Income Restrictions</u> | <u>Total</u> <u>Units</u> | <u>Vacant</u> <u>Units</u> |
|---|----------------------------|-----------------------------|----------------------------|------------------------------|-------------------------------|
| <u>LIHTC Apartments</u> | | | | | |
| Iron Bridge Road Apartments | 1 | 2016 | 50%/60% | 80 | 3 5/ |
| Broadwater I & II | 2 | 2001/03 | 60%/Mkt 1/ | 223 | 6 |
| Grand Oaks | 3 | 1996 | 60% | 184 | 0 |
| Arbor Lake | 4 | 1995 | 60% | 126 | 2 |
| Colonial Ridge | 5 | 1978/19 | 60% 2/ | 100 | 2 |
| South Pointe Landing | 6 | 1979/00 | 50%/60% | <u>192</u> | <u>0</u> |
| (Subtotal) | | | | (905) | (13) |
| <u>Mature Market Rate Apartments</u> | | | | | |
| Winchester Greens | 7 | 1999/06 | None | 240 | 5 |
| Laketree Manor | 8 | 1973 | None | 50 | 0 |
| Chester Townhomes | 9 | 1969 | None | 152 | 0 |
| Crystal Lakes | 10 | 1969/20 | None | 720 | 108 3/ |
| Falling Creek | 11 | 1964 | None | 348 | 13 |
| (Subtotal) | | | | <u>(1,510)</u> | <u>(126)</u> |
| Total | | | | 2,415 | 139 |
| Vacancy Rate | | | | | 1.8% 4/ |

Notes: 1/ Includes 185 affordable and 38 market rate units.
 2/ Excludes 129 units with project-based vouchers.
 3/ Approximately 40 units are offline and being renovated. Several recent evictions have also occurred.
 4/ Excludes Crystal Lakes.
 5/ Leased 40 units per month after opening. 30-household wait list.

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

Map E shows the location of each of the apartments under study. Seven are located in the Chester area and four are located further north near U.S. Route 1's intersection with SR 150.



Map E - Locations of Competitive Apartments

Shown next are photos of each of the apartments under study. Most of the apartments are multi-story garden buildings. Broadwater, Chester Townhomes and some of the units at Winchester Greens are townhome units with individual entryways. Both products have performed well.



Iron Bridge Road Apartments



Broadwater



Grand Oaks



Arbor Lake



Colonial Ridge



South Pointe Landing



Winchester Greens



Laketree Manor



Chester Townhomes



Crystal Lakes



Falling Creek

Net Rent Analysis

The net rent analysis is presented next in Table 9. Rents were adjusted to include the sewage and trash collection to be consistent with the proposed rental structure at Colbrook Apartments. These data show that Broadwater and South Pointe Landing provide in-unit washers and dryers at no additional cost. None of the other apartments under study provide this amenity.

The one-bedroom rents in the market area range between \$737 at Crystal Lake to \$920± at Grand Oaks and Arbor Lane. The LIHTC one-bedroom rents exceed the market rate one-bedroom rents by an average of nearly \$150. This is a reflection of the age of the market rate properties, as these are far older communities. The proposed 60% one-bedroom rents at Colbrook Apartments are nearly \$40 below the 60% one-bedroom rents at Grand Oaks and Arbor Lane. The proposed 50% one-bedroom rents at Colbrook

Apartments are \$80± below the 50% one-bedroom rents at Iron Bridge Road Apartments. None of the apartments in the market area currently offer one-bedroom units restricted to 40% of AMI.

The two-bedroom LIHTC units in the market area rent for an average of \$1,027, which is nearly \$100 above the two-bedroom rents at the mature market rate properties. The proposed 60% two-bedroom rent of \$1,060 at Colbrook Apartments is \$33 above the average two-bedroom rents at the LIHTC properties. This is slightly above the 60% two-bedroom rents at Iron Bridge Road Apartments and South Pointe Landing, but below the rents at Grand Oaks, Arbor Lake and Colonial Ridge which are far older properties. The proposed 50% two-bedroom rents of \$859 at Colbrook Apartments would be only slightly more expensive than the 50% two-bedroom rents at Iron Bridge Road (\$848) and South Pointe Landing (\$854).

The three-bedroom units at the LIHTC properties under study are all restricted to 60% of AMI. These units rent for an average of \$1,225, which is \$15 above the proposed 60% rents at Colbrook Apartments. The only LIHTC property with lower rents is South Pointe Landing, which was built over four decades ago. Some of the market rate apartments have lower rents. The only community with rents below the proposed three-bedroom 50% rents of \$977 at Colbrook Apartments is Crystal Lake.

The key point in Table 9 is that is that proposed rents at Colbrook Apartments will generally be lower than existing LIHTC rents in the market area, despite Colbrook Apartments being considerably newer than all of the existing properties and in an elevator-served building.

**Table 9: Rental Rates at Competitive Apartment Communities,
Colbrook Apartments Market Area, March, 2021 1/**

| | <u>One-Bedroom</u> | <u>Two-Bedroom</u> | <u>Three-Bedroom</u> |
|---|--------------------|-----------------------------|----------------------|
| <u>LIHTC Apartments</u> | | | |
| Iron Bridge Road Apartments | \$807 (50%) | \$848 (50%) - \$1,043 (60%) | -- |
| Broadwater I & II 2/ 3/ 4/ | -- | -- | \$1,264 (60%) |
| Grand Oaks 4/ | \$919 (60%) | \$1,095 (60%) | \$1,221 (60%) |
| Arbor Lake | \$918 (60%) | \$1,071 (60%) | \$1,215 (60%) |
| Colonial Ridge | -- | \$1,121 (60%) | \$1,325 (60%) |
| South Pointe Landing 3/ 5/ 6/ | -- | \$854 (50%) - \$949 (60%) | \$1,102 (60%) |
| (Average) | (\$881) | (\$1,027) | (\$1,225) |
| <u>Mature Market Rate Apartments</u> | | | |
| Winchester Greens 3/ 7/ | -- | \$926 - \$971 | \$1,140 - \$1,265 |
| Laketree Manor 6/ 7/ | -- | \$946 - \$963 | \$1,011 |
| Chester Townhomes 5/ | -- | \$1,021 | \$1,170 |
| Crystal Lakes 6/ 7/ | \$737 - \$812 | \$859 | \$941 - \$947 |
| Falling Creek 5/ 8/ | \$787 - \$817 | \$909 | -- |
| (Average) | (\$734) | (\$930) | (\$1,084) |
| Average | \$844 | \$983 | \$1,162 |
| Colbrook Apartments 40% of AMI | \$400 | \$500 | -- |
| Colbrook Apartments 50% of AMI | \$724 | \$859 | \$977 |
| Colbrook Apartments 60% of AMI | \$882 | \$1,060 | \$1,210 |

Notes: 1/ Rents adjusted to include sewage and trash collection.

2/ Excludes market rate rents.

3/ Include washer and dryer.

4/ Three-bedroom units have 2.5 bathrooms.

5/ Two-bedroom units have 1.0 bathrooms.

6/ Three-bedroom units have 1.5 bathrooms.

7/ Smaller two-bedroom units have 1.0 bathrooms.

8/ Three-bedroom units have 1.0 bathrooms.

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

Rent per Square Foot

Table 10 shows the rent per square foot calculation for the LIHTC apartments under study, which represent the most direct competition. The average rent per square foot is \$1.23 for the one-bedroom units, \$1.10 for the two-bedroom units and \$1.03 for the three-bedroom units. Apart from the proposed two- and three-bedroom 60% units at Colbrook Apartments, the rent per square foot calculation among the existing LIHTC units in the market area exceeds those proposed for Colbrook Apartments.

| Table 10: <u>Rental per Square Foot at Competitive Apartment Communities, Colbrook Apartments Market Area, March, 2021</u> | | | |
|---|---------------------------|---------------------------|-----------------------------|
| | <u>One-Bedroom</u> | <u>Two-Bedroom</u> | <u>Three-Bedroom</u> |
| <u>LIHTC Apartments</u> | | | |
| Iron Bridge Road Apartments | \$1.20 | \$1.01 | -- |
| Broadwater I & II | -- | -- | \$0.87 |
| Grand Oaks | \$1.06 | \$0.96 | \$0.91 |
| Arbor Lake | \$1.43 | \$1.22 | \$1.19 |
| Colonial Ridge | -- | \$1.40 | \$1.36 |
| South Pointe Landing | -- | \$0.92 | \$0.85 |
| Average | \$1.23 | \$1.10 | \$1.03 |
| Colbrook Apartments 40% of AMI | \$0.57 | \$0.56 | -- |
| Colbrook Apartments 50% of AMI | \$1.03 | \$0.95 | \$0.89 |
| Colbrook Apartments 60% of AMI | \$1.26 | \$1.18 | \$1.10 |
| Source: Field and Telephone Survey by S. Patz and Associates, Inc. | | | |

Apartment Unit Sizes

Table 11 lists the unit sizes at each of the properties under study. At 700 square feet, the proposed one-bedroom units would be 27 square feet smaller than the market area LIHTC one-bedroom units. Iron Bridge Road Apartments and Arbor Lake have smaller one-bedroom units that have leased well. The market rate one-bedroom units are considerably smaller, averaging 564 square feet.

The two-bedroom units are proposed to measure 900 square feet, which is 46 square feet smaller than the two-bedroom LIHTC apartments in the market area, on average. Several LIHTC apartments, however, have smaller two-bedroom units, including Arbor Lake and Colonial Ridge. Most of the market rate two-bedroom units are smaller than 900 square feet.

The three-bedroom units at Colbrook apartments are proposed to measure 1,100 square feet. This is smaller than most of the three-bedroom LIHT units in the market area. Arbor Lake and Grand Oaks have smaller three-bedroom units that have leased well.

| Table 11: <u>Unit Sizes at Competitive Apartment Communities,</u> <u>Colbrook Apartments Market Area, March, 2021</u> | | | |
|--|---------------------------|---------------------------|-----------------------------|
| | <u>One-Bedroom</u> | <u>Two-Bedroom</u> | <u>Three-Bedroom</u> |
| <u>LIHTC Apartments</u> | | | |
| Iron Bridge Road Apartments | 671 | 937 | 1,460 |
| Broadwater I & II | -- | -- | 1,336 |
| Grand Oaks | 868 | 1,105-1,167 | 1,025 |
| Arbor Lake | 643 | 880 | 975 |
| Colonial Ridge | -- | 800 | 1,304 |
| South Pointe Landing | -- | 976 | 1,220 |
| <i>(Average)</i> | <i>(727)</i> | <i>(946)</i> | <i>(1,460)</i> |
| <u>Mature Market Rate Apartments</u> | | | |
| Winchester Greens | -- | 870-965 | 1,295-1,300 |
| Laketree Manor | -- | 723-802 | 924 |
| Chester Townhomes | -- | 840 | 1,140 |
| Crystal Lakes | 520-750 | 870-944 | 1,300 |
| Falling Creek | 464-521 | 728-830 | -- |
| <i>(Average)</i> | <i>(564)</i> | <i>(841)</i> | <i>(1,196)</i> |
| Average | 662 | 894 | 1,086 |
| Colbrook Apartments | 700 | 900 | 1,100 |
| Source: Field and Telephone Survey by S. Patz and Associates, Inc. | | | |

Apartment Unit Mix

Table 12 lists the unit mix at each of the apartments under study. The data show that fewer than 15 percent of units are one-bedroom units. Only a quarter of the one-bedroom units have income restrictions in place. This is compared to 56.7 percent of units that are two-bedroom units and 27.2 percent of units that are three-bedroom units.

**Table 12: Unit Mix at Competitive Apartment Communities,
Colbrook Apartments Market Area, March, 2021**

| | <u>One- Bedroom</u> | <u>Two- Bedroom</u> | <u>Three- Bedroom</u> | <u>Four- Bedroom</u> | <u>Total</u> |
|---|-------------------------|-------------------------|---------------------------|--------------------------|---------------|
| <u>LIHTC Apartments</u> | | | | | |
| Iron Bridge Road Apartments | 16 | 64 | 0 | 0 | 80 |
| Broadwater I & II | 0 | 0 | 192 | 31 | 223 |
| Grand Oaks | 48 | 72 | 64 | 0 | 184 |
| Arbor Lake | 24 | 68 | 34 | 0 | 126 |
| Colonial Ridge | 0 | 48 | 52 | 0 | 100 |
| South Pointe Landing | <u>0</u> | <u>160</u> | <u>32</u> | <u>0</u> | <u>192</u> |
| (Subtotal) | (88) | (412) | (374) | (31) | (905) |
| <u>Mature Market Rate Apartments</u> | | | | | |
| Winchester Greens | 0 | 124 | 116 | 0 | 240 |
| Laketree Manor | 0 | 40 | 10 | 0 | 50 |
| Chester Townhomes | 0 | 135 | 17 | 0 | 152 |
| Crystal Lakes | 71 | 510 | 139 | 0 | 720 |
| Falling Creek | <u>200</u> | <u>148</u> | <u>0</u> | <u>0</u> | <u>348</u> |
| (Subtotal) | (271) | (957) | (282) | (0) | (1,510) |
| Total | 359 | 1,369 | 656 | 31 | 2,415 |
| Percent of Total | 14.9% | 56.7% | 27.2% | 1.3% | 100.0% |
| Colbrook Apartments 40% of AMI | 4 | 1 | 0 | 0 | 5 |
| Colbrook Apartments 50% of AMI | 1 | 13 | 5 | 0 | 19 |
| Colbrook Apartments 60% of AMI | 4 | 13 | 6 | 0 | 23 |
| Colbrook Apartments Total | 9 | 27 | 11 | 0 | 47 |

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

Community Amenities

Table 13 lists the community amenities at each of the comps. The data show that all of the apartments are amenitized. All of the LIHTC apartments have pools, and most have clubhouses, fitness center and business centers. Several have laundry facilities. Colbrook Apartments will be the one complex with an elevator.

Table 13: Community Amenities at Competitive Apartment Communities, Colbrook Apartments Market Area, March, 2021

| | <u>Elevator</u> | <u>Clubhouse</u> | <u>Fitness</u> | <u>Business</u> | <u>Pool</u> | <u>Playground</u> | <u>Laundry</u> |
|---|-----------------|------------------|----------------|-----------------|-------------|-------------------|----------------|
| <u>LIHTC Apartments</u> | | | | | | | |
| Iron Bridge Road Apartments | ○ | ● | ○ | ● | ● | ○ | ● |
| Broadwater I & II | ○ | ● | ● | ● | ● | ● | ○ |
| Grand Oaks | ○ | ● | ● | ● | ● | ● | ● |
| Arbor Lake | ○ | ● | ● | ○ | ● | ● | ● |
| Colonial Ridge | ○ | ● | ● | ● | ● | ● | ● |
| South Pointe Landing | ○ | ○ | ○ | ○ | ● | ● | ○ |
| <u>Mature Market Rate Apartments</u> | | | | | | | |
| Winchester Greens | ○ | ● | ● | ● | ● | ● | ○ |
| Laketree Manor | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Chester Townhomes | ○ | ● | ○ | ○ | ● | ● | ● |
| Crystal Lakes | ○ | ● | ○ | ○ | ● | ● | ● |
| Falling Creek | ○ | ○ | ○ | ○ | ○ | ● | ● |
| Colbrook Apartments | ● | ● | ○ | ○ | ○ | ○ | ○ |

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

Section III Market Study Conclusions

The analysis presented above shows a very strong affordable apartment market for families, and with the level of population and household growth, a pent-up demand clearly exists. The current competitive affordable apartment market for families has a low vacancy rate of 1.8 percent. Excluding Crystal Lake, which has a larger number of units offline for renovations and has had a large number of units vacated over the past month, there are only 31 available apartment units at the 11 properties under study, with only 12 of these vacancies located at the six area LIHTC apartments.

The market area has had very limited development of income restricted units. Over the past decade, only one apartment complex—Iron Bridge Road Apartments—opened with 80 units. This property is now five years old and at near-full occupancy with 30 households on a wait list. It leased very quickly, at an average lease up pace 40 units per month.

The following Analysis of Demand will show the evolving supply/demand analysis for family rental housing for the projection period of 2023.

Analysis of Demand

Apartment Pipeline

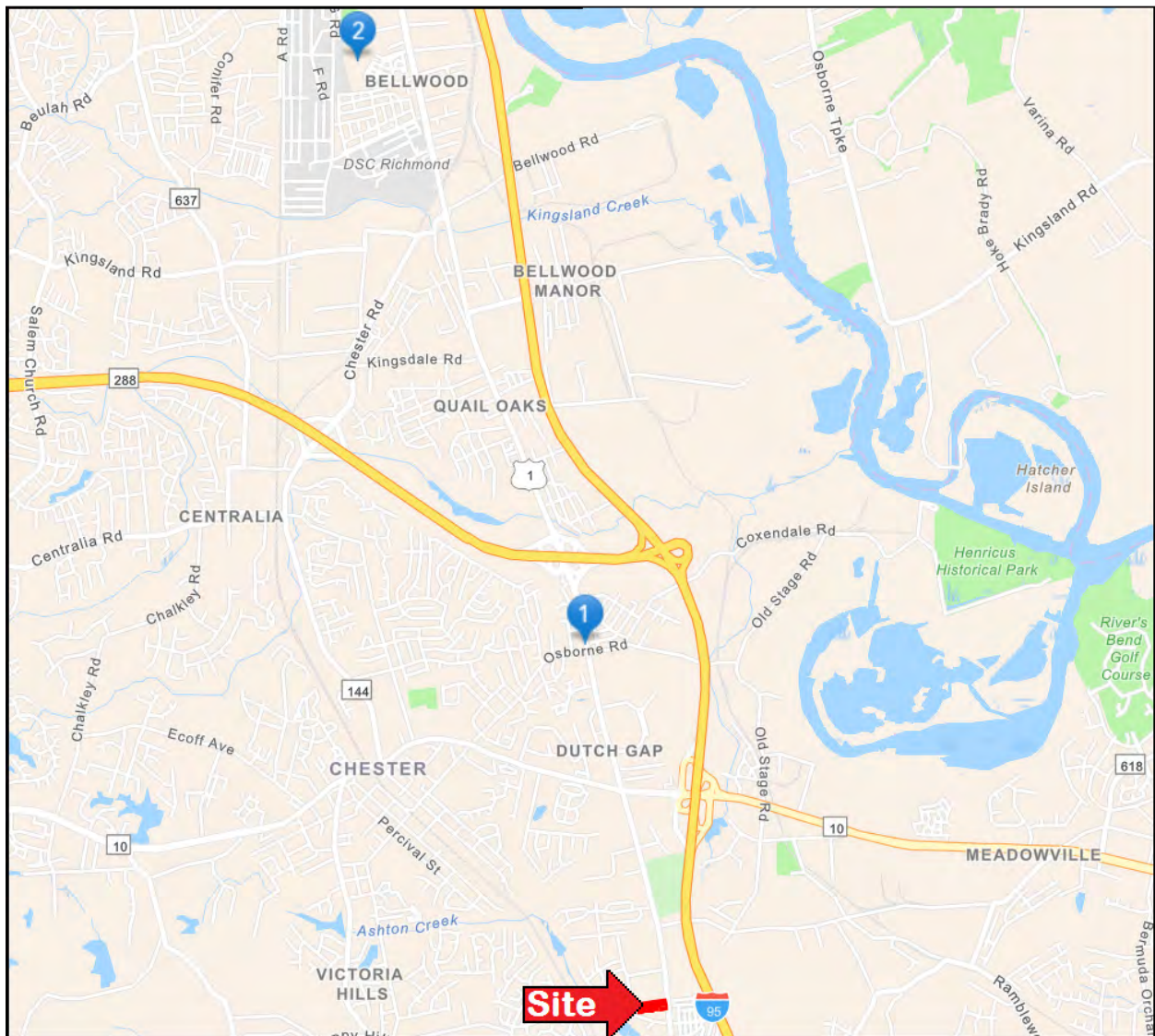
Table 14 below details the two affordable apartments in the market area that are in active planning. Both are mixed-income communities that have been awarded 9% tax credits with construction set to begin in mid-2021. Lambert Landing will contain 64 units, while Winchester Forest will contain 72 units. In total, the two complexes will add seven units restricted to 30% of AMI, 18 units restricted to 40% of AMI, 43 units restricted to 50% of AMI, 42 units restricted to 60% of AMI and 26 units restricted to 80% of AMI.

Table 14: Characteristics of Apartment Pipeline, Colbrook Apartments Market Area, March, 2021

| | <u>Map F</u> <u>Key</u> | <u>30% of</u> <u>AMI</u> | <u>40% of</u> <u>AMI</u> | <u>50% of</u> <u>AMI</u> | <u>60% of</u> <u>AMI</u> | <u>80% of</u> <u>AMI</u> | <u>Total</u> <u>Units</u> | <u>Status</u> |
|-------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------|
| Lambert Landing | 1 | 7 | 7 | 18 | 6 | 26 | 64 | Early-2021 Start |
| Winchester Forest | 2 | 0 | 11 | 25 | 36 | 0 | 72 | Early-2021 Start |
| Total | | 7 | 18 | 43 | 42 | 26 | 136 | |

Source: S. Patz & Associates, Inc.

Map F shows the locations of the Lambert Landing and Winchester Forest proposals. Both are shown to be situated along the U.S. Route 1 corridor.



Map F - Locations of Pipeline Apartments

The paragraphs below briefly detail these two proposals.

- **Lambert Landing**. This is a proposed LIHTC apartment to be built at 11501 Jefferson Davis Highway in Chester. The development will consist of a single four-story elevator-served building. Project amenities will include a laundry room, community room with restrooms, fitness center, playground and bike racks. The project will contain a mix of 48 two-bedroom units (each with 1.5 bathrooms) and 16 three-bedroom units, each with two full bathrooms. The development will have a wide range of income restrictions, including seven units restricted to 30% of AMI, seven units restricted to 40% of AMI, 18 units restricted to 50% of AMI, six units restricted to 60% of AMI and 26 units restricted to 80% of AMI. This proposal was awarded 9% tax credits and construction is expected to begin in the Spring of 2021.
- **Winchester Forest**. This is a proposal for a 72-unit LIHTC apartment community at 2701 Drewrys Bluff Road. The complex will consist of garden apartment buildings. Amenity space will include a fitness room, community room and playgrounds. The complex will have a mix of 14 one-bedroom, 44 two-bedroom and 14 three-bedroom units. The complex will also have a mix of income restrictions, including 11 restricted to 40% of AMI, 25 restricted to 50% of AMI and 36 restricted to 60% of AMI. This proposal was awarded 9% tax credits and construction is expected to begin in the Spring of 2021.

Shown next are photos of the existing conditions of these development sites. As shown, construction has not yet commenced on either of the two sites. Both sites are vacant.



Lambert Landing



Winchester Forest

Demand Table

The demand table is presented next. It shows a projected net growth of 130± targeted family households for the 2019 to 2023 period for the 40% rent units. The growth amount is 160± households for the 50% units and 180± households for the 60% units. In total, the market area is expected to generate 470 net new households within all three income categories by 2023.

Added to this total is a 15 percent growth factor to account for expected tenants with vouchers for an increased demand of 20± renter households for the 40% units, 20± renter households for the 50% units and 30± renter households for the 60% units.

We excluded households in substandard housing in our demand analysis, as that is not a major issue for residents of eastern Chesterfield County. Colbrook Apartments will not be a senior property. Thus, the total demand is comprised of net target household growth for all age categories, plus a likely number of households with rent restriction vouchers.

For supply, we identified 18 new 40% pipeline units, 43 new 50% pipeline units and 42 new 60% pipeline units being added to the market. The market area currently has 13 vacant LITHC units, which are part of normal market area vacancy. Thus, these are excluded from the demand analysis.

This generates a net potential net demand of 130± units for the 40% income category, 140± units for the 50% income category and 170± units for the 60% income category.

| <u>Virginia Housing Demand Table (2019-2023)</u> | | | | |
|--|------------------------------------|------------------------------------|------------------------------------|---------------------|
| | <u>Up to 40% of AMI</u> | <u>Up to 50% of AMI</u> | <u>Up to 60% of AMI</u> | <u>Total</u> |
| New Rental Households | 130 | 160 | 180 | 470 |
| PLUS | | | | |
| Existing Households - Over-Burdened (Rounded) | 20 | 24 | 27 | 71 |
| PLUS | | | | |
| Existing Households-Substandard Housing | 0 | 0 | 0 | 0 |
| PLUS | | | | |
| Elderly Households-Likely to Convert to Rental Housing | 0 | 0 | 0 | 0 |
| PLUS | | | | |
| Existing Qualifying Tenants – to Remain After Renovation | 0 | 0 | 0 | 0 |
| | | | | |
| Total Demand | 150 | 184 | 207 | 541 |
| MINUS | | | | |
| Supply (includes directly comparable vacant units completed or in pipeline in PMA) | 18 | 43 | 42 | 103 |
| EQUALS | | | | |
| Net Demand | 132 | 141 | 165 | 438 |
| Absorption Period (in months) | 0 | 1 | 1 | 1 |

The 40% units are expected to be fully pre-leased prior to project opening, given the large demand that exists and the low rents offered. Lease-up of the 50% and 60% units should occur within one months after preleasing, also due to considerable demand and an attractive rent structure at the apartment proposal.

Capture Rate

The capture rate of total demand is 10.7 percent, or 3.8 percent for the 40% units, 13.5 percent for the 50% units and 13.9 percent for the 60% units. These are conservative calculations, as it does not account market area wait lists and the level of voucher holders could exceed 15 percent. The lease-up period is shown as two months from the start of pre-leasing.

The Virginia Housing capture rate chart is as follows:

| | |
|---|------------|
| Project Wide Capture Rate - LIHTC Units | |
| 40% of AMI (5 units) | 3.8% |
| 50% of AMI (19 units) | 13.5% |
| 60% of AMI (23 units) | 13.9% |
| Project Wide Capture Rate - Market Rate Units | N/A |
| Project Wide Capture Rate - All Units | 10.7% |
| Project Wide Absorption Period (Months) | 1 Month 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.



March, 2021

Market Analyst

Date