

Market Analysis
The Rendezvous Apartments
Hopewell, Virginia

Prepared for:

Mr. Tarvaris McCoy
Hopewell Redevelopment & Housing Authority

March, 2021

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March 15, 2021

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Tarvaris:

Attached is our full, narrative market study of the proposed new construction, 64-unit, The Rendezvous Apartments, to be built in the central portion of the City of Hopewell and within close proximity to the downtown area of Hopewell, as well as to nearby commercial, government, schools, parks and other public amenities for new residents. Once built, The Rendezvous Apartments will have rent and income restrictions, but no age restrictions.

The Rendezvous Apartments will be unique in that all 64 apartment units will be project-based Section 8 rents, with rents at or below 30 percent of resident incomes. This will also be the newest and best designed apartment property in the City, as well as an attractively located one.

However, the apartment proposal needs to be evaluated based on the ability to rent units, if the Section 8 rent restrictions are removed. The report does that and shows full market support for the 64-unit apartment proposal for residents who do not need rental assistance.

The detailed market data that support these findings and conclusions are presented in the attached report. All detailed and economic and market data that support our report findings are included. Please call if additional data or clarification are needed.

Sincerely,

Stuart M. Patz
President

TABLE OF CONTENTS

	<u>PAGE</u>
Section I Introduction	4
The Rendezvous Apartments	6
The Rendezvous Apartments	7
Site and Building Description.....	7
The Rendezvous Apartments Development Plan.....	16
Gross Rent Comparison.....	22
Summary	23
Economic Overview Analysis.....	23
Employment Trends	23
Labor Force Trends	27
Impact of Covid-19 Pandemic	28
Regional Current Economic Development Activity	29
Fort Lee.....	31
Section II Apartment Market Analysis.....	32
Demographic Analysis	33
Population Trends and Projections	33
Target Demographic Trends.....	34
Renter Households by Size	34
Competitive Apartment Market.....	35
Characteristics of the Competitive Apartment Properties.....	35
Net Rental Rates.....	40
Other Apartment Comparison Analysis.....	42
Four-Bedroom Rentals.....	43
Community Amenities	43
Section III Conclusions	44
Demand Analysis	44

Section I Introduction

This will set forth our full narrative market study for the proposed 64-unit, The Rendezvous Apartments, to be built on a vacant, well-located site within the City of Hopewell, Virginia. The proposal is for a new construction apartment complex with 64 apartment units, designated for affordable housing for low-income families. The apartment complex is to be built using 9% Low-Income Housing Tax Credits (LIHTC) and financed under Virginia Housing. Once built, The Rendezvous Apartments will have rent and income restrictions, but no age restrictions.

The market report to follow will be submitted to officials of Virginia Housing for project financing during the 2021 competitive tax credit round on or before March 18, 2021. The report is prepared within the required Virginia Housing format for market studies and includes all market and economic data required by officials of Virginia Housing for LIHTC apartment proposals. **The site visit and field research by the SPA staff was conducted on February 24, 2021.**

To complete the market study within the required guidelines, the report is presented in three sections. The first, the Introduction, is a detailed description of the apartment proposal in terms of number of units, unit sizes, proposed rents and project features. As part of the property description, the “target” market for the apartment units is identified and studied by household income.

Also included, as part of the development proposal, is the site setting within the City of Hopewell, and the site’s proximity to the vast array of community facilities and amenities that are required to serve the new resident population of the apartment complex.

The proposal also studies compliance under the HUD rent and income guidelines, to ensure that the proposed rents, net and gross, fall within the maximum allowable rent limitations, as determined by officials at HUD.

Section I has a second subsection, the Economic Overview Analysis of the market area. This part of the market analysis studies employment and job growth, as the two key economic indicators for a stable and expanding economy. Job and employment growth support area population and household growth, including the type of housing planned at the study site.

Section II of the report is the supply/demand analysis for the defined market area for The Rendezvous Apartments. First presented is the market area demographic analysis which “solves” for the number and growth of market area renter households within three income ranges: 40% of AMI (\$26,400 to \$38,640), 50% of AMI (\$34,000 to \$48,300) and 60% of AMI (\$41,600-\$57,960). These incomes are reported in constant 2020 dollar values, as 2021 dollars are not yet calculated. This is the required income to support the proposed rents, based on 30 percent of gross income allocated to net rent.

Once built, The Rendezvous Apartments will have all apartment units with project-based rent subsidies under the federal Section 8 housing program, and each resident will pay up to 30 percent of household income for net rent. However, the market study needs to show market support for the LIHTC rents, even with the “deep” rent reductions to be provided, in case project-based Section 8 vouchers are removed. Thus, while the expected tenant base at The Rendezvous Apartments will have low incomes, project feasibility requires that market support within the City of Hopewell exists for apartment units at the proposed LIHTC rents.

The second part of Section II is the “competitive” apartment market analysis. These are apartment properties with rents comparable with the rates under the 40%, 50% and 60% rent categories within the market area. We identified 10 apartment properties to study. Most of these are mature properties, but all have rents comparable with the LIHTC rates proposed and under study for The Rendezvous Apartments.

The third and final report section is the Conclusions, which analyzes net demand for the apartment units under study and substantiates the feasibility of the proposed

LIHTC rents. The demand analysis is presented in the Virginia Housing's Demand Chart. Based on this analysis, a capture rate is calculated for the proposal, using the Virginia Housing methodology.

The Rendezvous Apartments

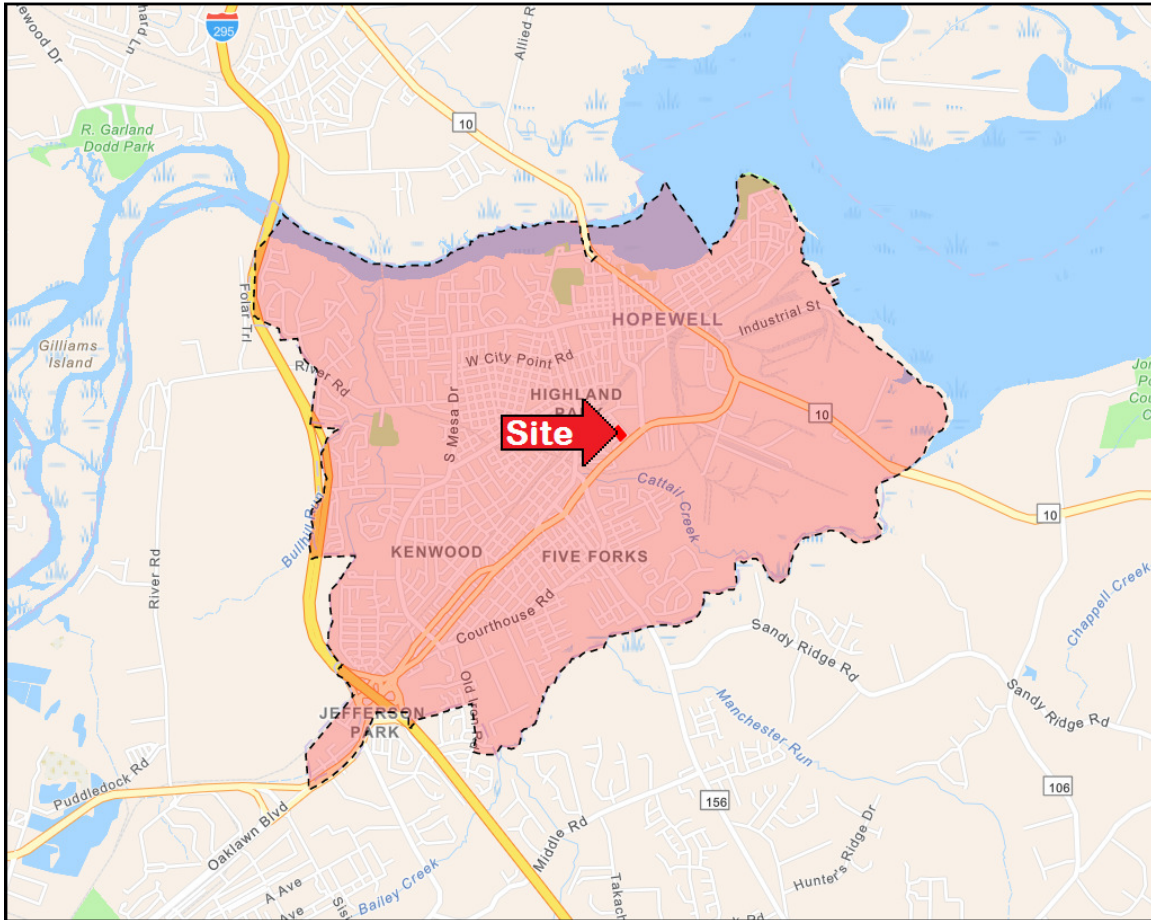
The City of Hopewell is located south of the City of Richmond, along the I-95 and I-295 highway corridors, and within an area referred to as the Tri-Cities area (see Map A). Hopewell, Colonial Heights and Petersburg are independent, blue-collar communities cities that are primarily built out. The Tri-Cities region is largely built out within each city limits, but the adjacent areas of Prince George County, Chesterfield County and Henrico County are rural with less development. This area includes the large Fort Lee Military Base as the primary economic stimulus for the Tri-Cities economy (see Map A).

Typically, this region is studied as one market area, as the three cities are mature and nearly adjacent to each other. However, with The Rendezvous Apartments proposal being only 64 apartment units, and the actual rents having deep subsidies, we defined the market study area as the City of Hopewell. The City has a large enough population and considerable "like" apartment units to be a large enough area to use to study market support for 64 new affordable apartment units. Given the fact that the project sponsor of The Rendezvous Apartments is the Hopewell Redevelopment and Housing Authority (HRHA), Hopewell citizens will be the likely residents.

The market area, i.e., the City of Hopewell, is shown in Map A. It has two interchanges along I-295. Considerable river frontage exists along the James River on the northeast side of the City. Woodlawn Road runs south, past I-295 to Fort Lee and has direct access to the main gates at Fort Lee. Given the study site's location within the center of the City of Hopewell, it makes the City the likely market area.

Of note is our research determined that lower income households within the Tri-Cities that surround Fort Lee typically remain within the City limits of their current

residents when looking for new housing. Thus, all factors point to a defined market area of the City of Hopewell.



Map A - The Rendezvous Apartments Market Area

The Rendezvous Apartments

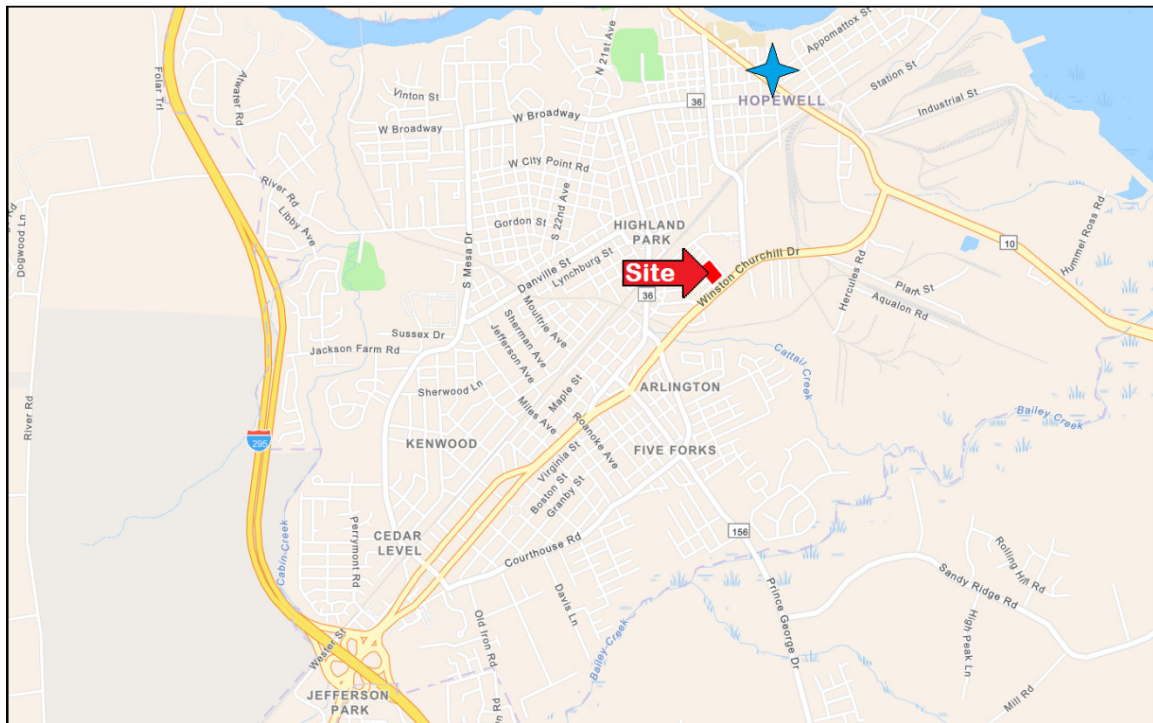
Site & Building Description

The Rendezvous Apartments site is a 3.3-acre vacant property located off of Winston Churchill Boulevard, within the central portion of the City of Hopewell. More specifically, (see Map B) the site fronts on Cedar Street, which is two small blocks west of Winston Churchill Boulevard and is bordered on the north by Market Street and on the west by Highland Street. The site address is 801 Cedar Street.

The “star” shown on Map B is the general location of the downtown area of Hopewell. The downtown is generally along E. Randolph Road on the north side of the City, just east of the northern entrance to the City from Chesterfield County.

Winston Churchill Boulevard runs north/south from E. Randolph Road to the I-295 interchange on the south side of the City and near Fort Lee.

Thus, the site is well located in terms of access to the north to Route 10 in Chesterfield County, which accesses both I-295 and I-95 to the west. To the south, direct access is available to the Hopewell/Fort Lee interchange at I-295. This interchange has evolved as a commercial “hub” with retail centers and hotels that serve Fort Lee. Commercial uses also exist along Winston Churchill Boulevard. The City’s library, government offices, and city hospital are located along or near E. Randolph Road.



Map B - The Rendezvous Apartments Site and Setting

The study site is currently zoned R-3, high density residential and B-3 Highway Commercial Development. Hopewell City Council rezoned the site in late-February to R-

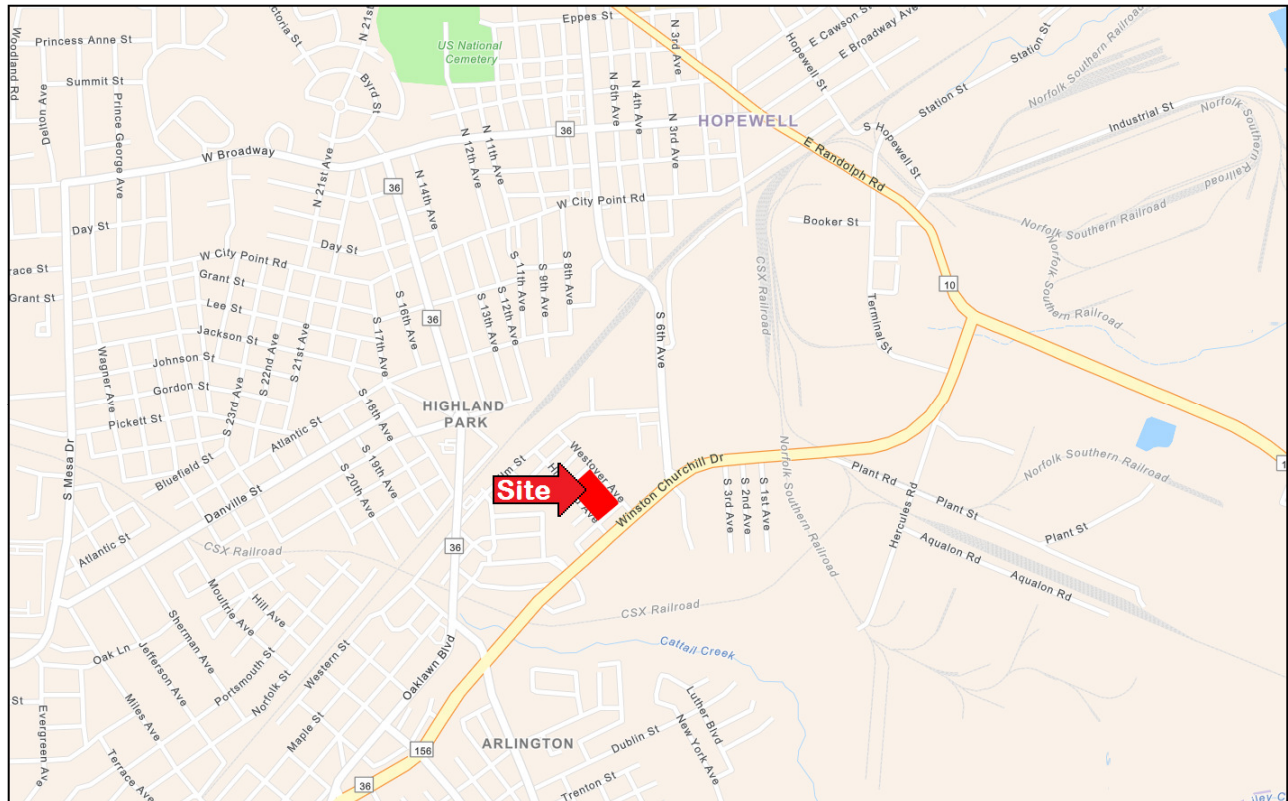
4 Residential, Apartments District. Under this new zoning classification, the site can be developed with the 64 apartment units, as planned.

Map C shows a more defined site location. The small residential neighborhood, where the site is located, is bordered by Winston Churchill Boulevard on the east, Westover Avenue on the north, Elm Street on the west and open space on the south. It is a mature, working class community with old single-story homes on small lots, and vacant parcels intermingled along the communities east/west narrow streets. The streets in this community are small, narrow, two-lane asphalt paved roads with no shoulders, sidewalks, or center lanes.

The neighborhood has an old warehouse that fronts along Winston Churchill Boulevard at the corner of Highland Street and is in front of the apartment site. A large office/industrial building of the Goldschmidt Chemical Corporation encompasses the entire block along Westover Avenue, developed with a stately, office building and “clustered” with outside storage and abandoned trailers.

Of note is that the area along Winston Churchill Boulevard is largely residential on the west side of the Norfolk Southern Railway and south of Arlington Road. This entire area has predominately mature single-family homes on small lots. To the east are largely heavy industrial users.

Following Map C is an aerial of the study site. It is a heavily wooded parcel and much of the adjacent area is also fully wooded, but with small homes hidden under the tree cover.



Map C - The Rendezvous Apartments Site & Setting

The aerial shows Winston Churchill Boulevard to be a wide four-lane street as it runs in front of the site. Note 1 is the Carter G. Woodson Middle School. Note 2 is the large Cavalier Square Shopping Center on the west. It is anchored by a Roses Discount Store.

A gas station exists at the corner of Winston Churchill Boulevard and Cypress Street and a blighted commercial building is located in front of the study site, at the corner of Highland Street and Winston Churchill Boulevard. The remainder of this small neighborhood is single-story homes on small lots and numerous wooded vacant lots.



Northern Aerial of Study Site

Following are photos of the site and adjacent land uses. They show the following:

- The site is heavily wooded and level. It has frontage on Cedar Street and covers the entire block from Cedar Street, Highland Avenue, Spruce Street and Westover Avenue.
- The neighborhood streets are narrow, two-lane roadways with no sidewalks, curb/gutter, or center strip.
- All of the homes in the neighborhood are small, single-story, framed homes on small lots. All were built at the same time. While modest, none of the homes are blighted. None have garages.



View West Into Site



Site Frontage on Cedar St.



View West Into Neighborhood



Warehouse in Front of Site



Typical Neighborhood Home



View East to Carter Winston School

Community Facilities

Map D is the community facilities map that identifies the public and commercial facilities within Hopewell and their proximity to The Rendezvous Apartments site. City schools are noted by numbers 3, 4 & 5. Number 3, on Map D, is the Dupont Elementary School located at 300 S. 18th Avenue. This is one of three elementary schools in the City. This is the closest school to the study site, but is not within walking distance.

Carter G. Woodson Middle School is one block from the study site and is very visible from the property. It is a large school with a considerable amount of sports fields behind the building.

The City's one high school, Hopewell High School, is located on the west side of the City, also beyond walking distance from The Rendezvous Apartments site. The high school is located at 300 S. Mesa Drive.

Overall, the City's schools are in relatively close proximity to The Rendezvous Apartments site. All are in residential neighborhoods.



Map D - Community Facilities

Other area community facilities include:

- **John Randolph Medical Center (Number 2)**, located at 411 West Randolph Road near the entrance to the City, is the one hospital in Hopewell. It is a 147-

bed hospital founded in 1915. The hospital was recently expanded with the Tri-Cities ER, a free-standing emergency center. The hospital has a wide range of medical care, including:

- Behavioral Health
- Cardiology
- Gastroenterology
- Orthopedic Care
- Spine Care
- Breast Health
- Emergency Care
- Oncology
- Physical Therapy
- Surgery

There are a number of medical offices throughout the City, in addition to the facilities at the large hospital complex.

The **Hopewell Library** (Number 1) is located in the downtown area. It is a regional facility managed under the Appomattox Regional Library, which includes libraries Prince George and Dinwiddie counties.

Number 8 on Map D is the City's Fire Department. It too is located in the downtown section of Hopewell and easily accessible to and from the study site.

Shopping Centers. The closest shopping center to the study site is Cavalier Square (Number 7), which is located just north of The Rendezvous Apartments site at Route 36 and Winston Churchill Boulevard. This is a mature strip center that opened in 1967 with 280,000± square feet of gross leasable space. Anchor tenants include Roses, Save a lot and Peebles. The center has approximately 30 on-site stores with a mix of small retail businesses, restaurants and local serving office space.

To the south of the City, near the I-295 interchange, is The Crossings Shopping Center (Number 3) at Route 36 and I-295. This too is a mature center with Big Lots, Rite Aid, and Dollar Tree as the remaining anchor stores. The center is 220,000+ square feet in size and was built in 1972 and renovated in the 1980's.

In Colonial Heights is the large Southpark Shopping Mall with Macy's, JC Penney, Dick's Sporting Goods and a 16-screen cinema.

Considerable commercial space exists along Route 10, in Elon and in and near the Village of Chester.

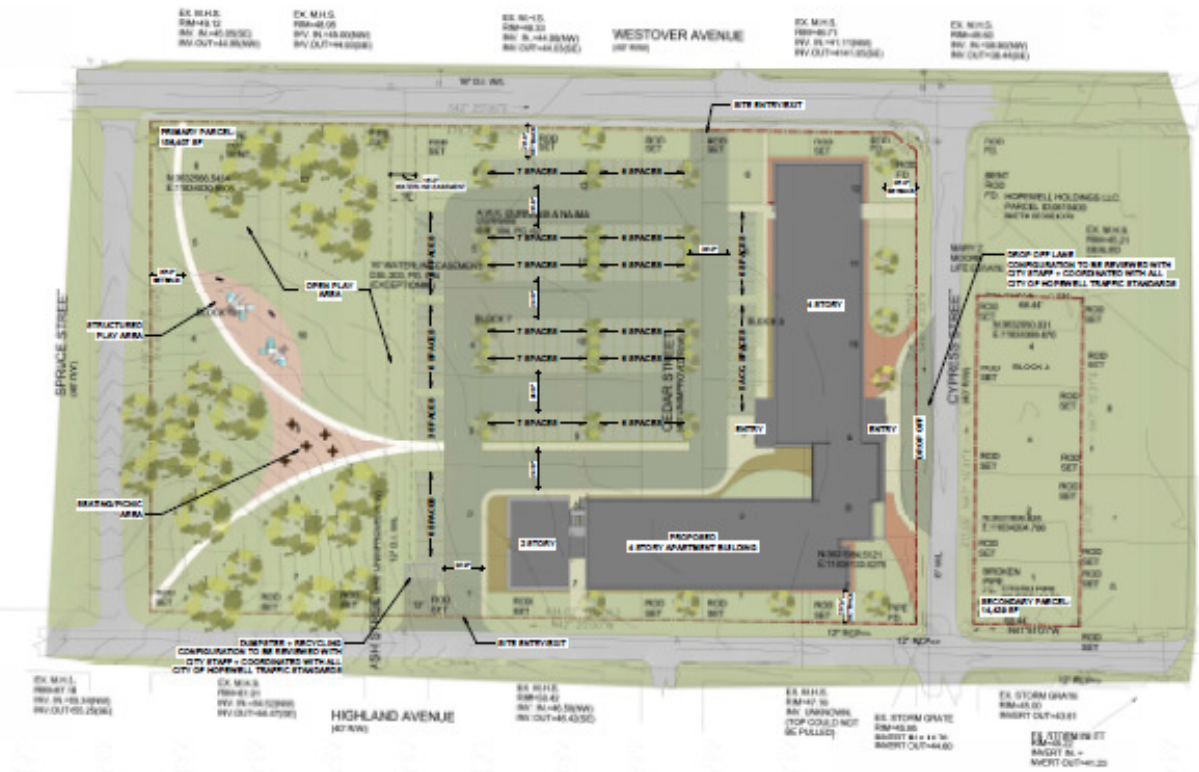
Overall, The Rendezvous Apartments site is located in a mature section of an older city and older regional marketplace. The Tri-Cities area has remained economically stable, due to continued growth at Fort Lee. The study site is well located and convenient to required community facilities, and as is described further below, is in close proximity to most of Hopewell's better apartment properties.

The Rendezvous Apartments Development Plan

Shown next is the proposed development plan for The Rendezvous Apartments, with the City's recent rezoning approval, the site will be developed with 64 apartment units in a predominantly four-story, "L" shaped apartment building. The site is being developed at a low density of approximately 19 units per acre. The building will have 64 units with a mix of one-, two-, three- and four-bedroom apartment units. The site plan shows an abundance of open space on the property, with open play areas and picnic areas along the Spruce Street frontage.

The apartment building will be four stories in height along Cypress Street and Cedar Street. A two-story building with four units attached to the wing of the building along Cedar Street. The site plan shows 106 parking spaces with five HC spaces.

The Rendezvous Apartments Proposal



The building front faces Cypress Street and an entrance from Cypress street is provided to the entry door. Entrance to the parking lot is from both side streets, Cedar Street and Westover Avenue. All parking is located on the back side of the “L” shaped building.

The building and parking areas cover slightly more than half of the study site. The remainder is open area for on-site recreation.

The building exteriors will include a mix of brick and fiber board. The building design is contemporary with flat roofs and large picture windows. Building exteriors are presented next.



Following is a typical floor plan for one building wing. This is the ground floor with office space, lobby area, conference room, large community room, mail room and an elevator.



First Floor Building Plan

All of the building's amenities are on the first floor. Upper floors have identical floor plans.

The unit floor plans are presented next. These will be spacious rectangular units. Four different unit sizes are presented.

The one-bedrooms have standard floor plans. The kitchen is an open area with space for a dining area. The bedroom closet is large and the apartment units have an enclosed laundry room.

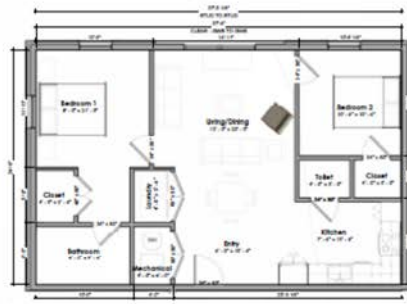
The two-bedroom has a split unit design with one bedroom on each side of the apartment unit. This apartment unit has 1.5 baths, an open kitchen area, with attached dining area and a laundry room.

The three-bedroom units have two full bathrooms, an abundance of closet space and open kitchen area. The four-bedroom has 2.5 bathrooms and other space features similar to the other apartment units.

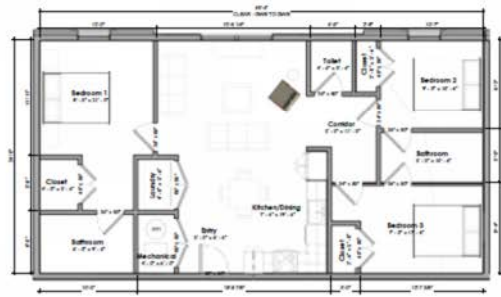
As to size, unit layout, number of bathrooms, laundry area etc., these units are “special” in design and space.



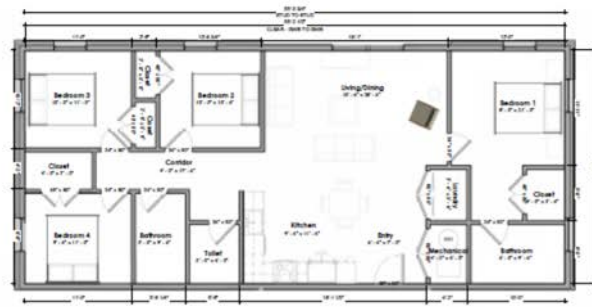
UNIT PLAN - 3B-1.1.5TH
12' x 12'



UNIT PLAN - 3B-1.1.5TH
12' x 12'



UNIT PLAN - 3B-2.1.5TH
12' x 12'



UNIT PLAN - 4B-2.1.5TH
12' x 12'

The unit mix by AMI category is:

	<u>Number of Units</u>
40% of AMI	7
50% of AMI	25
60% of AMI	<u>32</u>
Total	64

Table 1 presents the apartment unit characteristics for The Rendezvous Apartments proposal, which includes the unit mix, unit size and net rents, by AMI category.

There is a wide mix of apartment units, with one-, two-, three- and four-bedroom units. The smaller one-bedroom units have one bathroom. The two-bedroom units have 1.5 bathroom. The three-bedroom units have two full bathrooms while the four-bedroom units have 2.5 bathrooms. The majority of the apartment units are two- and three-bedroom units, as only eight are one-bedroom units and four are four-bedroom units.

The rents range from 40%to 60% of AMI, as will be described below. The rents shown are net rent, which exclude utility costs. The monthly average UA (rounded) by apartment size is:

- One-bedroom - \$60
- Two-bedroom - \$70
- Three-bedroom - \$80
- Four-bedroom - \$100

Table 1: <u>Characteristics of Apartment Units at The Rendezvous Apartments, Hopewell, Virginia, March, 2021</u>			
	<u>Number of Units</u>	<u>Unit Sizes</u>	<u>Net Rents</u>
1BR/ 1.0BA	8	706	\$550-\$865
2BR/ 1.5BA	28	899	\$660-\$1,040
3BR/ 2.0BA	24	1,088	\$760-\$1,200
4BR/ 2.5BA	<u>4</u>	1,303	\$830-\$1,250
Total	64		
Source: Hopewell Redevelopment and Housing Authority			

Gross Rent Comparison

Table 2 presents a comparison of gross rents at The Rendezvous Apartments, i.e., net rents plus a utility allowance (UA) added with the HUD maximum allowable gross rents. In all cases, using the UA provided, the gross rents at The Rendezvous Apartments are all under HUD’s maximum gross rent allocations for the Tri-Cities marketplace.

Table 2: <u>Comparison of Proposed Gross Rents at The Rendezvous Apartments, With the HUD Maximum Allowable Gross Rents, March, 2021</u>				
	<u>The Rendezvous Apartments</u>			<u>HUD Max. Allowable</u>
	<u>Net Rent</u>	<u>UA</u>	<u>Gross Rent</u>	<u>Gross Rent</u>
<u>One-Bedroom</u>				
40% of AMI	\$555	\$60	\$615	\$671
50% of AMI	\$713	\$60	\$773	\$838
60% of AMI	\$872	\$60	\$932	\$932
<u>Two-Bedroom</u>				
40% of AMI	\$659	\$70	\$729	\$805
50% of AMI	\$850	\$70	\$920	\$1,006
60% of AMI	\$1,040	\$70	\$1,110	\$1,207
<u>Three-Bedroom</u>				
40% of AMI	\$755	\$80	\$835	\$930
50% of AMI	\$975	\$80	\$955	\$1,162
60% of AMI	\$1,195	\$80	\$1,275	\$1,470
<u>Four-Bedroom</u>				
50% of AMI	\$1,078	\$100	\$1,178	\$1,297
60% of AMI	\$1,250	\$100	\$1,350	\$1,557
Source: Hopewell Redevelopment and Housing Authority; HUD				

On-site project features are:

- Laundry facilities (each apartment unit will have hook-ups)
- Business center
- Live/work space
- Community room
- Outdoor play area

Summary

In summary, The Rendezvous Apartments are well designed and attractively planned. These will be the newest and most upscale apartment properties in Hopewell. The units are spacious and open, as are units in most contemporary apartment buildings. The proposal has some on-site amenities in terms of a fitness room, work share space, laundry room, conference room and an abundance of outdoor recreation space for both children and adults. The total cost for the apartment proposal is nearly \$18.7 million, broken down by \$16.5+ million for hard costs, and \$400,000 for land acquisition and nearly \$1.8 million in developer fees and other costs.

Economic Overview Analysis

This section of the market study presents an economic overview of the greater Hopewell market area, i.e., the City and adjacent areas. While we defined the market area for the apartment property proposal as the City of Hopewell, for the economic overview, we included the entire Tri-Cities Region, of the cities of Hopewell, Petersburg, Colonial Heights and the adjacent Prince George County. The reasoning behind these decisions are that demographic stability within the greater Hopewell area is based on regional employment growth and investments. Within that stabilized economy, is the niche market for renters to find local alternatives for affordable housing.

Thus, the overview analysis of the area economy will show the overall stability for the Tri-Cities area, which in turn, supports population and household growth in Hopewell, including the type of housing proposed and under study.

Employment Trends

Data in Table 3 show employment trends within the Tri-Cities area, which includes the three area cities of Hopewell, Petersburg, and Colonial Heights, plus the adjacent (and rural) Prince George County.

As of year-end 2019, the Tri-Cities area had an employment total of nearly 46,600. That total has been relatively stable since 2008, with a growth of approximately 1,500 employees since 2008. As show, within the Tri-Cities area, since 2008, there has been no major increase or decrease in employment. These data are for civilian employment and do not include persons on base or employed at Fort Lee

Data in Table 3 are for at-place jobs, i.e., jobs located within the three Tri-Cities geographic area. It includes civilian jobs and thus military employment at Fort Lee are not included in these analyses.

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Utilities	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Construction	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Manufacturing	3,900	3,438	3,299	3,315	3,257	3,262	3,410	3,433	3,441	3,516	3,479	3,466
Wholesale Trade	ND	ND	ND	ND	ND	ND	ND	ND	2,313	2,332	2,259	2,074
Retail Trade	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Trnsprt. & Wareh..	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Information	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Finance/Insurance	894	831	816	790	736	735	726	720	725	685	616	613
Real Estate	483	507	551	495	ND	ND	ND	485	510	509	488	501
Prof./Tech.	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Mgmt of Co.s	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Admin./Waste	ND	1,737	1,874	ND	ND	ND	ND	ND	ND	ND	ND	ND
Education	249	236	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Health Care	6,257	6,783	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Arts/Enter./Rec.	335	ND	ND	ND	346	338	343	357	ND	365	371	373
Accom./Food	4,102	ND	ND	ND	4,318	4,153	4,810	4,954	ND	5,174	5,230	5,084
Other Services	ND	ND	ND	ND	1,478	1,593	1,724	1,720	1,739	1,834	1,847	1,697
Local Gov.	5,994	6,053	6,107	6,011	5,927	5,837	ND	ND	ND	ND	5,722	ND
State Gov.	384	395	415	624	666	683	ND	ND	ND	ND	675	ND
Federal Gov.	4,178	4,481	4,931	5,407	5,469	5,513	5,453	5,301	5,036	4,863	4,892	4,857
Total	45,075	44,859	45,342	46,541	46,680	45,796	46,444	46,882	46,729	46,372	46,853	46,576

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

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

The Tri-Cities area has a considerable number of jobs in hourly wage industries, such as accommodations/food and service sector jobs, etc. There are no “dominant” industries in the area, other than Fort Lee employment. There are a number of disclosure issues noted by the Bureau of Labor Statistics (BLS) data due to small companies and confidentiality issues. Overall, the greater market area has a stable economy and has not had major job losses due to economic trends. The one issue of note is that a large part of the work force has hourly wage jobs.

Table 4 summarizes job changes in each jurisdiction under study. Almost all of the net job growth was in Prince George County, as the County has readily available land for development. Hopewell had a modest decrease in jobs over the 2008 to 2019 period with a mix in job losses in some industries and net growth in others. Overall, the Tri-Cities area had a 1,500± net job increase since the recession of the late-2000's.

Industry	Prince George County	Colonial Heights City	Hopewell City	Petersburg City	Total
Agriculture	--	--	--	--	--
Mining	--	--	--	--	--
Utilities	--	--	-28	--	--
Construction	--	--	--	-723	--
Manufacturing	477	-217	-100	-594	-434
Wholesale Trade	--	70	-53	-514	--
Retail Trade	393	-951	63	--	--
Trnsprt. & Wareh..	174	41	-97	--	--
Information	-44	-13	--	-69	--
Finance/Insurance	-40	-31	-78	-132	-281
Real Estate	43	9	-59	25	18
Prof./Tech.	--	-38	--	--	--
Mgmt of Co.s	--	--	--	--	--
Admin./Waste	--	--	115	68	--
Education	150	1	--	--	--
Health Care	503	425	--	--	--
Arts/Enter./Rec.	-21	69	2	-12	38
Accom./Food	595	263	11	113	982
Other Services	130	-45	--	127	--
Local Gov.	76	--	75	-327	--
State Gov.	60	--	-5	-81	--
Federal Gov.	<u>705</u>	<u>-24</u>	<u>-3</u>	<u>1</u>	<u>679</u>
Total	3,380	75	-464	-1,490	1,501

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

Hopewell. Data in Table 5 show that Hopewell's total employment was 7,800±, as of 2019. Over the 2010 decade, the City's employment generally remained in the 7,900 to 8,000 range, with peak years in 2008 and 2014 and a "down" year in 2016. The two largest employment sectors in Hopewell are Manufacturing and Local Government. Disclosure issues make it hard to determine the trends that have supported the City's employment totals.

Table 5: Trends in Average At-Place Employment, Hopewell City, Virginia, 2008-2019

Industry	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Mining	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Utilities	129	140	139	138	138	138	151	150	150	125	120	101
Construction	ND	ND	518	494	464	441	397	393	491	ND	ND	ND
Manufacturing	2,082	1,923	1,867	1,882	1,939	1,979	2,026	2,089	2,090	2,165	2,157	1,982
Wholesale Trade	184	181	186	131	ND	ND	ND	ND	140	111	125	131
Retail Trade	609	584	584	708	671	666	646	621	616	613	665	672
Trnsprt. & Wareh..	123	90	82	63	ND	ND	ND	ND	17	16	11	26
Information	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Finance/Insurance	188	173	175	154	131	124	122	119	116	113	109	110
Real Estate	121	116	114	85	ND	ND	ND	61	63	62	66	62
Prof./Tech.	ND	192	214	232	250	220	223	247	ND	ND	ND	ND
Mgmt of Co.s	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND	ND
Admin./Waste	219	160	119	ND	ND	ND	ND	ND	221	265	318	334
Education	69	64	ND	ND	ND	ND	ND	15	11	ND	ND	ND
Health Care	1,401	1,417	ND	ND	ND	ND	ND	ND	1,374	1,249	ND	ND
Arts/Enter./Rec.	28	24	26	27	23	30	26	47	33	33	29	30
Accom./Food	781	741	743	765	800	806	815	812	807	850	861	792
Other Services	ND	ND	ND	ND	222	231	228	215	211	226	242	201
Local Gov.	1,236	1,238	1,262	1,233	1,228	1,220	1,212	1,198	1,247	1,277	1,288	1,311
State Gov.	44	47	50	45	47	44	41	44	44	47	43	39
Federal Gov.	<u>33</u>	<u>34</u>	<u>34</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>29</u>	<u>29</u>	<u>30</u>	<u>30</u>	<u>29</u>	<u>30</u>
Total	8,268	7,876	7,905	7,820	7,865	7,971	8,025	7,870	7,650	7,766	7,940	7,804

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

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

There are some positive trends evolving in the City of Hopewell, based on data provided by the City’s director of Economic Development. While not yet announced, an existing City industry is planned for expansion at a cost of \$91 million, which is likely to add 50 to 70 new jobs at salaries that averaged \$57,000. Another industry is expected to open in the City and also add a sizable number of new jobs.

The downtown area has realized some net new investment, with new store openings and some employment growth.

A Richmond area developer, W.E. Bowman, is planning a large mixed-use development in the downtown area of Hopewell, near the City’s library. The proposal will be undertaken in phases, with 68 market rent apartment units in the initial phase, which may be started shortly. An additional 200+ homes are also planned, but details on future plans are not yet known.

More data on development and business expansion plans for Hopewell are presented below.

Labor Force Trends

Data presented above on at-place jobs refers to where the job is located. For this study, at-place jobs refer to jobs located within the Tri-Cities area, and particularly in Hopewell. Employment, as presented below, refer to the number of area residents who are employed, no matter where the job is located.

Data in Table 6 shows a slight decline in persons employed in the Tri-Cities area, including a small decrease in the labor force. Again, these data generally denote a stable market area. A very positive trend shown is the sizable decrease in the percent unemployed, which is now down to 4.1 percent in 2019, and prior to the pandemic of 2020. The Tri-Cities unemployment was over 10 percent at the peak of the recession of the late-2000's. Unemployment in the area was as high as 8.9% up to 2014.

Table 6: <u>Trends in Employment and Unemployment, Prince George County-Colonial Heights-Hopewell-Petersburg, 2008-2019</u>				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	49,255	46,525	2,730	5.5%
2009	49,225	44,436	4,789	9.7%
2010	46,236	41,326	4,910	10.6%
2011	46,715	42,052	4,663	10.0%
2012	46,646	42,352	4,294	9.2%
2013	46,836	42,690	4,146	8.9%
2014	46,890	43,101	3,789	8.1%
2015	46,656	43,474	3,182	6.8%
2016	46,572	43,756	2,816	6.0%
2017	46,550	43,978	2,572	5.5%
2018	46,361	44,233	2,128	4.6%
2019	46,969	45,025	1,944	4.1%
Net Change	-2,286	-1,500	-786	-1.4%
Source: United States Department of Labor, Bureau of Labor Statistics				

Hopewell has an employment total of 9,300, as of late-2019. Employment has grown in the City since 2014, at a sum of 550± since that date. Employment in Hopewell has greatly increased during the post-2008 period and is now at a 4.3 percent unemployment rate.

Table 7: Trends in Employment and Unemployment Hopewell, VA, 2008-2019				
	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2008	10,658	10,022	636	6.0%
2009	10,553	9,454	1,099	10.4%
2010	9,864	8,721	1,143	11.6%
2011	9,911	8,791	1,120	11.3%
2012	9,742	8,762	980	10.1%
2013	9,657	8,714	943	9.8%
2014	9,651	8,782	869	9.0%
2015	9,619	8,890	729	7.6%
2016	9,766	9,122	644	6.6%
2017	9,740	9,144	596	6.1%
2018	9,648	9,178	470	4.9%
2019	9,757	9,341	416	4.3%
Net Change	-901	-681	-220	-1.7%
Source: United States Department of Labor, Bureau of Labor Statistics				

Impact of Covid-19 Pandemic

Table 8 shows employment trends by month in Hopewell for 2020, the dates that the economy was affected due to the effects of the Covid-19 pandemic. The City lost 500+ jobs over that one-year period and the unemployment rate increased. The negative trends slowed after September, 2020 and some net job increase was realized over the past few months.

**Table 8: Trends in Employment and Unemployment
Hopewell City, Virginia, 2019-2020**

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
2019	9,757	9,341	416	4.3%
January, 2020	9,909	9,449	460	4.6%
February, 2020	9,953	9,544	409	4.1%
March, 2020	9,885	9,399	486	4.9%
April, 2020	9,787	8,360	1,427	14.6%
May, 2020	9,842	8,520	1,322	13.4%
June, 2020	9,973	8,599	1,374	13.8%
July, 2020	10,244	8,742	1,502	14.7%
August, 2020	10,034	8,852	1,182	11.8%
September, 2020	9,890	8,739	1,151	11.6%
October, 2020	9,695	8,755	940	9.7%
November, 2020	9,640	8,824	816	8.5%
December, 2020 1/	9,654	8,813	841	8.7%
Net Change	-103	-528	425	4.4%

Notes: 1/ Preliminary. Subject to change.

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

These are not seasonally adjusted employment totals so some adjustment is expected by the Bureau of Labor Statistics (BLS) during 2021. The impact of these pandemic generated trends on the Hopewell apartment market will be analyzed in Section II of the report.

Regional Current Economic Development Activity

Following is a summary of new job growth businesses in the Tri-Cities area, that shows the level of expected new job and employment growth.

- **AdvanSix**, a manufacturer of Nylon 6, a polymer resin which is a synthetic material used to produce engineered plastics, announced in May, 2019 that it would expand its Hopewell facility by 92 people, adding to its existing 750 employees.
- **Civica Rx** announced in January, 2021 that it would build a 120,000± square foot essential medicines manufacturing facility along North Normandy Drive in Petersburg that will employ 186 people. The company is planning to use the facility to manufacture generic drugs as well as vials, syringes and other injectable medicines.

- **Ace Hardware** leased 10,130± square foot at 1 Dunlop Village in January, 2021 in Colonial Heights.
- **Pulmonary Associates of Richmond** leased 7,530± square feet at 2025 Waterside Road in Prince George in April, 2020.
- **The Hollingsworth Cos** began site work in February, 2021 for a 650,000± square foot spec industrial building in the Southpoint Business Park in Prince George. Completion is expected in late-2021. Located at 6162 Quality Drive, the park currently houses about 950,000± square feet of industrial space across 11 buildings on its 152 acres.
- **Hotel Petersburg.** The historic seven-story vacant hotel at 20 W. Tabb Street in Petersburg is proposed to be renovated and reopened as a boutique hotel. The building would be revamped as a 68-room hotel with a restaurant, bar, and other amenities. This proposal was studied two years ago, and to date, has not acquired financing.
- **Reads Moving Systems of Richmond,** a moving company, leased a 12,000± square foot space in October, 2020 at 1000-1060 Port Walthall Drive in Colonial Heights.
- **Hibbett Sporting Goods** leased a 5,300± square foot space in January, 2021 at 70 Southpark Boulevard, #70, in Colonial Heights.
- **No. 1: Locke Supply Co.** leased 35,000± square feet at 3107 Boulevard in Colonial Heights in February, 2021.
- **Mount-It,** a California-based distributor of mounting equipment, announced in October, 2020 that it would occupy an empty building on Quality Way in Prince George's County where it will employ 85 people. When opened, it will be the San Diego company's first warehouse on the East Coast.
- **Amazon** opened a nearly 800,000 square foot fulfillment center in August, 2020 in Prince George's County. Amazon took over the former Ace Hardware Corp. building on Hardware Drive in the SouthPoint Business Park in Prince George County, which closed in 2017. The facility employs 150 people.
- **Phlow,** a pharmaceutical company, is currently expanding its facility in Petersburg that it will employ up to 350 people, many of whom would be trained at VCU labs. Phlow's main objective is to build up a national stockpile of drug ingredients that can be used to make essential, generic drugs domestically. Phlow will produce the drugs being used to treat patients with COVID-19, as well as ingredients for generic, over-the-counter medicines.

Apart from the above, Rolls-Royce announced in August, 2020 that it would close its Prince George aircraft-part plant facility by the end of 2021, eliminating about 280 jobs.

Fort Lee

Fort Lee is a major U.S. Army military installation located in Prince George County and adjacent to Hopewell. It is home to several major military agencies and training facilities, such as the Combined Arms Support Command, Defense Contract Management Agency, Defense Commissary Agency Headquarters, and Army Logistics University. Fort Lee hosts thousands of military and civilian personnel, contractors, and students each year. There are an estimated 3,795 full-time military personnel on the installation, earning an average wage of \$54,770. An estimated 5,150 civilians work on the installation, earning an average wage of \$57,600. At this time, the military base is not expanding.

Section II Apartment Market Analysis

This section of the report is the apartment unit supply/demand analysis. The section is divided into two subsections. The first, the Demographic Analysis, analyzes the number of households in the various (3) income categories under study. The forecast date for the demographic analysis is 2023, as The Rendezvous Apartments is expected to get Virginia Housing, LIHTC approvals by mid-2021, with a start of construction by late-2021 or early-2022. The 64-unit apartment complex will require approximately one year to construct, which will allow preleasing and lease-up to occur in 2023. Full lease-up is expected in 2023.

The second part of Section II is the analysis of the defined competitive apartment market. We identified 10 apartment properties to study. None of these are LIHTC properties and these are the City's newest apartment complexes. The others include: 1) two smaller adaptive-reuse properties that are about 10 years old and (2) mature apartment complexes that were mostly built prior to 1990 and prior to the 1980's.

All project-based Section 8 apartment properties, other than subsidized properties and properties built prior to 1970 and that are not well maintained were also excluded in this analysis. This includes age-restricted properties. The one LIHTC age-restricted apartment property, Kippax, was also not included in this analysis, nor were other properties supported by deep subsidies or with age-restrictions in place.

Thus, the competitive apartment market is limited in Hopewell, and few of the apartment properties under study are within the quality level of The Rendezvous Apartments.

These defined competitive apartments are studied for occupancy, rents, apartment unit characteristics and project amenities. These are compared with The Rendezvous Apartments to evaluate the feasibility of the proposed LIHTC rents.

Demographic Analysis

Population Trends and Projections

Data in Table 9 shows Hopewell’s current (2019) population to be 22,700+. The City’s population has “held” between 22,350 to 23,100 since 1990, with the peak year being 1990 and the “low” period in 2016. The City has had limited new housing development, along with a slight decline in the average household size, which has limited any demographic growth. The current population could increase slightly by 2023 with the successful construction and lease-up of The Rendezvous Apartments and the continued slight decrease in the City’s average household size.

These trends should place the City’s household population at 22,900 in 2023 and the household population of 22,770 by that time. At that population total (22,570) a slight growth in households – occupied housing units, is probable.

Data in Table 9 show a potential projection of 9,370 households in 2023, with some new housing unit additions to the City, as planned and described above.

The new homes are likely to be rental, which would expand the total number of renter households by 210 for the 2019 to 2023 period.

Table 9: <u>Trends and Projections of Population and Household by Tenure, City of Hopewell, Virginia, 1990-2023</u>					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>2023</u>
Market Area Population	23,100	22,350	22,590	22,720	22,900
Group Quarters Population	310	330	240	230	230
Household Population	22,790	22,020	22,350	22,490	22,770
Persons Per Household	2.53	2.43	2.45	2.44	2.43
Total Households	9,010	9,060	9,130	9,220	9,370
Renter Households	3,870	3,990	4,220	4,480	4,690
Percent Renter Households	43.0%	44.0%	46.3%	48.6%	50.0%
Source: 1990, 2000 and 2010 U.S. Census Bureau, U.S. Department of Commerce; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.					

Target Demographic Trends

The sponsor proposes to build 64 apartment units with apartment unit rents in three income categories, as described above, are under study. Data in Table 10 show the number and trends of renter households by the various income categories. A summary of these data show:

- There are 850 households with incomes in the 40% of AMI category in 2019, with 60 household growth over the 2019 to 2023 period.
- There are 1,040 households with incomes in the 50% of AMI category in 2019, with a 50 household growth over the 2019 to 2023 period.
- There are 860 households with incomes in the 60 percent of AMI category in 2019 with a net growth of 20 households by 2023.

Table 10: <u>Target Markets, by Income, City of Hopewell, Virginia, 1990-2023</u> (Constant 2020 dollars)					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>2023</u>
Renter Households	3,870	3,990	4,220	4,480	4,690
Percent Renter Households	43.0%	44.0%	46.3%	48.6%	50.0%
<u>Target Market</u>					
40% of AMI (\$26,400-\$38,640)					
Households Within Income Category	590	680	770	850	910
Percent Within Income Category	15.3%	17.0%	18.2%	19.0%	19.4%
50% of AMI (\$34,000-\$48,300)					
Households Within Income Category	610	760	910	1,040	1,090
Percent Within Income Category	15.8%	19.1%	21.6%	23.2%	24.5%
60% of AMI (\$41,600-\$57,960)					
Households Within Income Category	640	710	780	860	940
Percent Within Income Category	16.5%	17.8%	18.5%	19.2%	20.0%
Source: 1990, 2000 and 2010 U.S. Census Bureau, U.S. Department of Commerce; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.					

Renter Households by Size

Table 11 shows that, as of 2010, the last census count, 32.4 percent of renter households in the City of Hopewell are single-person households. 25.0 percent were two-person households in 2010.

Table 11: <u>Renter Household by Size,</u> <u>Hopewell City, Virginia</u>		
	<u>Number</u>	<u>Percent</u>
Renter Households	4,223	100.0%
1-person household	1,366	32.4%
2-person household	1,056	25.0%
3-person household	762	18.0%
4-person household	540	12.8%
5-person household	273	6.5%
6-person household	131	3.1%
7-or-more-person household	95	2.3%
Source: 2010 U.S. Department of Commerce		

Competitive Apartment Market

The list of the existing apartment properties under study is shown in Table 12, followed by photos of each property and a map of their locations in the City. While data in Table 12 show the properties age, total units and available units, the photos of these properties are a better gauge of how competitive they are compared to The Rendezvous Apartments.

Characteristics of the Competitive Apartment Properties

In total, the 10 “comps” have a combined total of 1,419 apartment units. Two properties, Freedman Point and The Summit Apartments are LIHTC properties and are the newest complexes in Hopewell. Freedman Point, with 68 apartment units, opened in 2019 and is full with a wait list. The Summit, with 56 apartment units, opened in 2014. It too is full, but management notes that it has eight Section 8 project-based units with four that are now vacant. Management is waiting for officials of the Hopewell Redevelopment Housing Authority (HRHA) to find residents for these units. These units are not available to the public without vouchers from HRHA.

The “market” is at near full occupancy. Also all of these properties are full and many have wait lists. Aside from The Summit, which has four Section 8 units to lease up, only Hopewell Lofts has one vacancy. Ingram Properties, which consists of 134 total units,

including four small apartment properties and 30 duplex units, has vacant units. These are 12 “off-line” units at a mature property, Manson Hills. Manson Hills has 12 off-line units that need repaired and are not now available for lease. Ingram Properties has only two units available to rent.

Table 12: <u>Characteristics of Competitive Apartment Properties,</u> <u>Hopewell, Virginia, March, 2021</u>				
	<u>Map E Key</u>	<u>Date Built</u>	<u>Total Units</u>	<u>Vacant Units</u>
Freedman Point 1/	1	2019	68	0 2/
The Summit 1/	2	2014	56	0 2/ 3/
Hopewell Lofts	3	2010	50	1
Butterworth Lofts	4	2010	27	0
Farmingdale Townhomes	5	1997	121	0 2/
Canterbury Townhomes	6	1989	140	0 2/
Twin Rivers	7	1986	155	0
Ingram Properties	8	1990-2008	134 4/	2
Prince George Terrace	9	1970	48	0 2/
Riverside Park	10	1965/67	<u>120</u>	<u>0</u>
Total			1,419	3
Vacancy Rate				0.02%
Notes: 1/ LIHTC property 2/ Wait list 3/ Four project-based Section 8 available pending notification from HRHA. 4/ Includes 30 duplex units and four small townhome properties. 5/ 12 apartment units off-line at Manson Hills				
Source: Field and telephone survey by SPA.				

For the 1,419± units within these “comps”, the vacancy rate for available units is less than 0.02 percent. The waiting list is sizable at some of the newer apartment properties. Both LIHTC apartment properties have a wait list.

Following are photos of the apartment properties under study. The two LIHTC properties are Freedman Point and The Summit. Freedman Point is located in the downtown, near the new library and government office buildings. It is a four-story elevator building with a brick façade, but limited exterior design features. The building covers much of the site and no outdoor facilities exist. This is the newest apartment property in Hopewell.

The Summit is a townhome community with two-story units. The lot is small, but includes sufficient space for parking. The Summit is located near The Rendezvous Apartments property.

The other apartment properties under study are mature. Two – Butterworth Lofts and Hopewell Lofts are small adaptive reuse properties. Butterworth Lofts is in the downtown, along the primary retail street in Hopewell. Hopewell Lofts is the conversion of a former school. It has a large land area that surrounds the apartment building.

The other “comps” are basically mature garden properties. Canterbury is a large community with wood frame townhomes. Ingram Properties has four small apartment properties, plus a considerable number of duplex homes for rent. Almost all of the apartments within the Ingram portfolio are mature and modest.

Prince George Terrace is a 1970’s garden property that had some recent upgrades due to a past fire. Rents are comparable with some of the larger and newer properties.

Overall, Hopewell has numerous affordable apartment properties, but most are mature. The “market” is at near 100% occupancy and a wait list exists. None of the apartment properties under study are comparable in design, curb appeal, available parking, unit sizes, etc., as The Rendezvous Apartments.



Butterworth Lofts



Hopewell Lofts



Riverside Park



Freedman Point



Canterbury Townhomes



Farmingdale Townhomes



Twin Rivers



Prince George Terrace

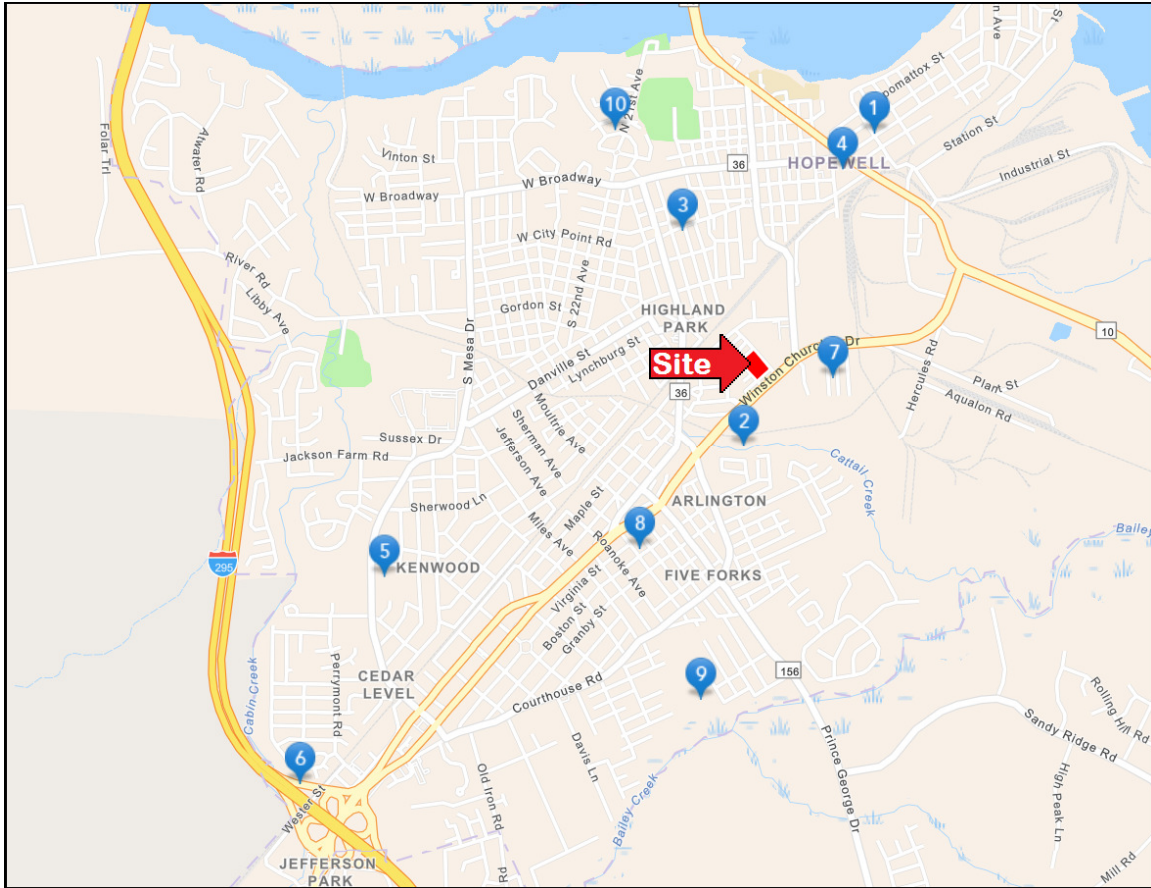


The Summit



**Ingram Properties
(Liberty Townhomes)**

Next shown is a map of the apartment site locations within the City of Hopewell. The apartments are number-keyed to Table 12. Most better apartments in Hopewell are “clustered” near the downtown and near the entrance to the City along Route 10. Two properties are located near the study site along Winston Churchill Boulevard and three are located on the south side of the City. The Rendezvous Apartments is well located as defined by the current market.



Map E - Locations of Competitive Apartment Properties

Net Rental Rates

Following in Table 12 are the net rents at the apartment properties under study, with a comparison to the proposed rents at The Rendezvous Apartments. These rents exclude the cost of electricity, cold water, sewer and trash collection. None of these apartment properties have four-bedroom apartment units. The rents shown for the study site are proposed LIHTC rents and the range for the 40%, 50% and 60% rates.

The lower rent for each apartment unit size are the 40% rents. These rents are well below the rates of the competitive apartment properties. The mid-range rents are at or below the rents of the newer and better properties.

The 60% rents are being accepted at several area apartment properties. The three-bedroom rents at The Rendezvous Apartments are just below the three-bedroom rents at

Hopewell Lofts. Hopewell Lofts has smaller units, less amenities and the units are 10 years old.

Table 13: <u>Net Rental Rates at Competitive Apartment Properties, Hopewell, Virginia, March, 2021</u>			
	<u>One-BR</u>	<u>Two-BR</u>	<u>Three-BR</u>
Freedman Point 2/	--	\$567-\$975	\$640-\$1,110
The Summit 2/	--	\$780	\$892
Hopewell Lofts	\$849	\$1,050	\$1,200±
Butterworth Lofts 1/	\$ 800- \$ 900	\$1,050- \$1,200	--
Farmingdale Townhomes	--	\$1,020-\$1,070	--
Canterbury Townhomes	--	\$955-\$1,059	\$889-\$1,029
Twin Rivers	--	\$690-\$865	--
Ingram Properties	--	\$700-\$800	--
Prince George Terrace	\$575	\$675	\$775
Riverside Park	\$795-\$845	\$910	\$1,070-\$1,099
The Rendezvous Apts.	(\$555-\$872)	(\$659-\$1,040)	(\$795-\$1,195)
Notes: 1/ Estimate 2/ LIHTC property			
Source: Field and telephone survey by SPA.			

The comparison of rents places the rates proposed at The Rendezvous Apartments at a competitive level, and in a few places, below market. The only place where the proposed rents for The Rendezvous Apartments are in close proximity, or above current rates, are the three-bedroom units. However, the study proposal has two full baths. The three-bedroom units at the mature properties typically do not have two full baths.

In summation, and without an analysis here for the four-bedroom rents, other rents proposed at The Rendezvous Apartments are fully competitive and at market.

Table 14 shows the rents, unit mix and apartment unit sizes at the two newest apartment properties in Hopewell, which are both LIHTC properties. This comparison shows:

- All three LIHTC properties have mostly two- and three-bedroom units. The two existing properties have no one's or four bedrooms.

- **Freedman Point** has three rent categories, that match those at the study site. The Summit has all 50% rents.
- The unit sizes are comparable among all three LIHTC properties.
- The rents at the more attractive The Rendezvous Apartments are above the rents at the two more modest LIHTC properties.

This competitive analysis is very positive for the study proposal.

Table 14: Base Characteristics of LIHTC Apartment Properties, Hopewell, Virginia, March, 2021			
	<u>One-BR</u>	<u>Two-BR</u>	<u>Three-BR</u>
<u>Freedman Point</u>			
Rent (40%)	--	\$567	\$640
Rent (50%)	--	\$795	\$895
Rent (60%)	--	\$975	\$1,110
Unit Sizes	--	828-858	1,129
Number of Units	--	48	20
<u>The Summit</u>			
Rent (50%)	--	\$780	\$892
Unit Sizes	--	975	1,175
Number of Units	--	20	36
Source: Field and telephone survey by SPA.			

Other Apartment Comparison Analysis

We did not undertake a rent per square foot analysis, as there are no market area apartment properties that are a good comparison with the study proposal in terms of design, “product” and amenities.

We did not undertake an analysis of unit sizes or unit mix of the mature properties, as they were built at a different time and any comparison with a new property is irrelevant.

A comparison with prior research in 2016 is how considerable rent increases of \$100 or more per month for comparable units.

Four-Bedroom Rentals

None of the apartment properties under study have four-bedroom units. However, Ingram Properties has several communities with four-bedroom homes for rent, mostly duplex units. They are mature homes with two full baths. They are 1,760+ square feet in size and rent for between \$1,195 and \$1,250, net. At this time, all are occupied and the company has a sizable wait list.

Community Amenities

As shown below, two of the apartment properties under study are elevator buildings. Only three of the properties have in-unit washer/dryers, but several have “hook-ups”. Three properties have pools; many are on small lots. Only one has a fitness center.

The Rendezvous Apartments has a club room, fitness center, washer/dryer hook-ups, community room and considerable area for passive recreation and playgrounds.

<u>Amenities at Apartment Properties Under Study</u>				
	<u>Elevator</u>	<u>In-Unit Washer/Dryer</u>	<u>Pool</u>	<u>Fitness Center</u>
Freedman Point	●	○	○	○
The Summit	○	○	○	○
Hopewell Lofts	○	●	○	○
Butterworth Lofts	●	●	○	○
Farmingdale Townhomes	○	●	●	●
Canterbury Townhomes	○	○	●	○
Twin Rivers	○	○	●	○
Ingram Properties	○	○	○	○
Prince George Terrace	○	○	○	○
Riverside Park	○	○	○	○

Source: Field and telephone survey by SPA.

Section III Conclusions

The above analysis showed that the “competitive” apartment market in Hopewell is at or near 100 percent occupancy and that several of the better apartment properties have wait lists. The two newest apartment properties are LIHTC properties and both are full with wait lists.

The overall economy of Hopewell and the demographic trends in Hopewell are stable and have been since 1990. Hopewell and the adjacent areas are realizing some net employment growth. This, in time, should generate population growth, if new housing units are available.

Of note is that over the past 20± years, the Hopewell and area economy has remained steady without any major growth. However, each of the new apartment properties that have opened have leased well and remained at full occupancy. Thus, it is likely that there is considerable “doubling up” of households due to an insufficient housing supply.

All of the market area data presented above support the demand for new housing. At present, there are no new apartment units under study or under construction that would compete for the Hopewell affordable apartment unit demand. Thus, there currently exists no competition for the study proposal, currently or in the near future.

Demand Analysis

Next presented is the Virginia Housing Demand Chart. The chart shows the net renter household growth by AMI incomes for the period of 2019 to 2023. Net growth is expected in each income category under study.

To that net growth is added a 25 percent addition to account for rent overburdened households. For Hopewell, this would be a conservative estimate, as incomes

are low and rents are increasing. This add-on accounts for any household with Section 8 vouchers.

While Hopewell does have a considerable number of sub-standard homes, we did not include any demand from this category in the rent over-burdened category. The elderly market is not relevant to this analysis and any older adult who is attracted to The Rendezvous Apartments is accounted for in the demographic analysis. The resulting total household demand by AMI category is shown.

There are no active competitive pipeline proposals and vacancy is almost non-existent. Thus, total demand and net demand are equal.

The eight 40% units are expected to lease up prior to project opening. Preleasing should attract half of the 24 50% units. The other 12 units will require more than two months to fill. For the 60% units, a 25 percent pre-lease is expected (8). The remaining 24 units should lease in three months.

<u>Demand Table</u> (2019-2023)					
Income Restrictions		Up to 40%	Up to 50%	Up to 60%	Total
New Rental Households		60	50	80	190
PLUS					
Existing Households - Over-Burdened (25%)		15	12	20	47
PLUS					
Existing Households-Substandard Housing		NA	NA	NA	--
PLUS					
Elderly Households-Likely to Convert to Rental Housing		NA	NA	NA	--
PLUS					
Existing Qualifying Tenants – to Remain After Renovation		NA	NA	NA	--
Total Demand		75	62	100	237
MINUS					
Supply (includes directly comparable vacant units completed or in pipeline in PMA)		0	0	0	0
<i>EQUALS</i>					
NET DEMAND		70	60	100	237
ABSORPTION PERIOD 1/		0	2	3	3

The Virginia Housing capture rate chart is as follows:

	<u>Number</u>
Project Wide Capture Rate - LIHTC Units	27.0%
Project Wide Capture Rate - Market Units	N/A
Project Wide Capture Rate - All Units	27.0%
Project Wide Absorption Period (in months)	3 1/

Note: 1/ 24 units expected to be preleased

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