

Market Analysis
The Rendezvous Apartments
Hopewell, Virginia

Prepared for:

Tarvaris McCoy
Hopewell Redevelopment & Housing Authority

February, 2022

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



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

February 21, 2022

Tarvaris J. McCoy
Chief Development Officer
Hopewell Redevelopment and Housing Authority
350 E. Poythress Street
Hopewell, VA 23860

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 supported by project-based vouchers, 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 project-based vouchers 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
spatzec@comcast.net

Ariel Goldring
Vice President
ariel@spatzandassociates.com

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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 2020 competitive tax credit round on or before March 10, 2022. 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 S. Patz and Associates staff was conducted on February 17, 2022.**

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 (\$23,800 to \$36,000), 50% of AMI (\$30,520 to \$48,600) and 60% of AMI (\$37,200-\$58,320). These incomes are reported in constant 2021 dollar values, as 2022 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, all apartment units at The Rendezvous Apartments will have project-based rent subsidies with each resident to pay up to 30 percent of household income toward 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 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.

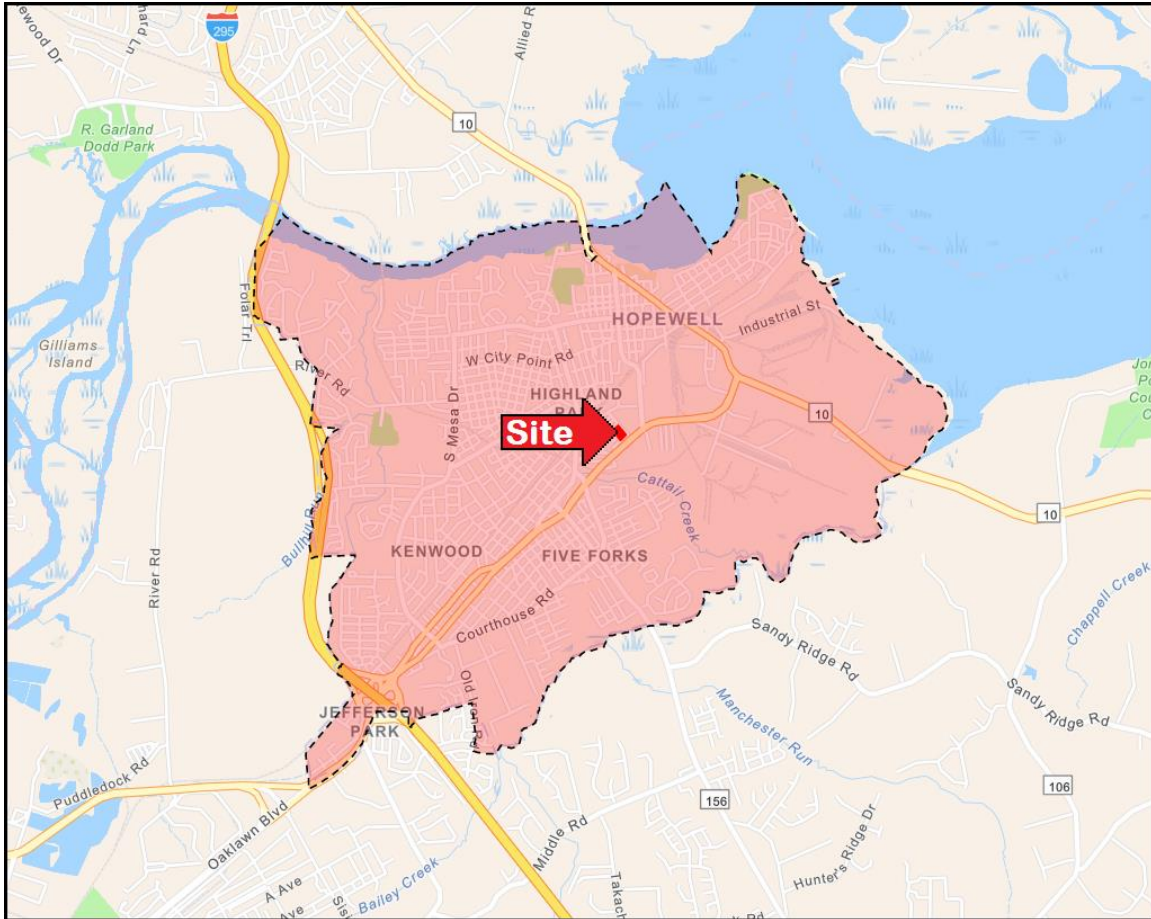
Market Area Definition

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 Region 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

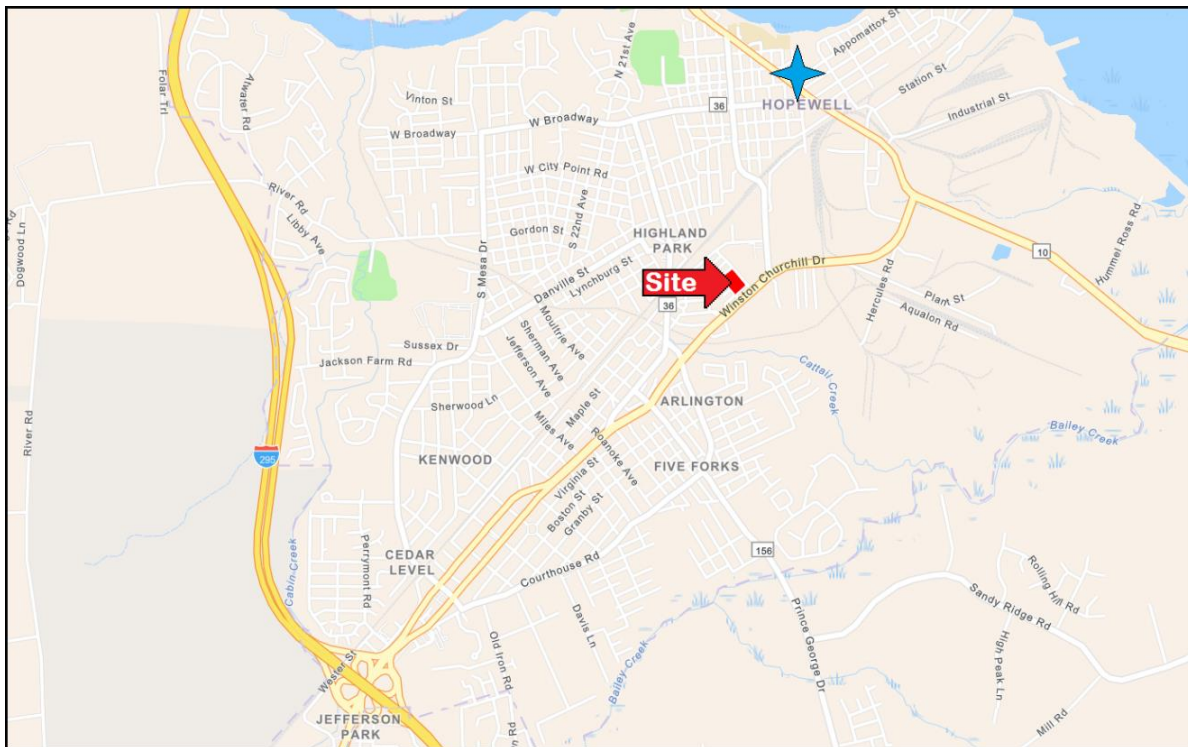
Site & Building Description

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.



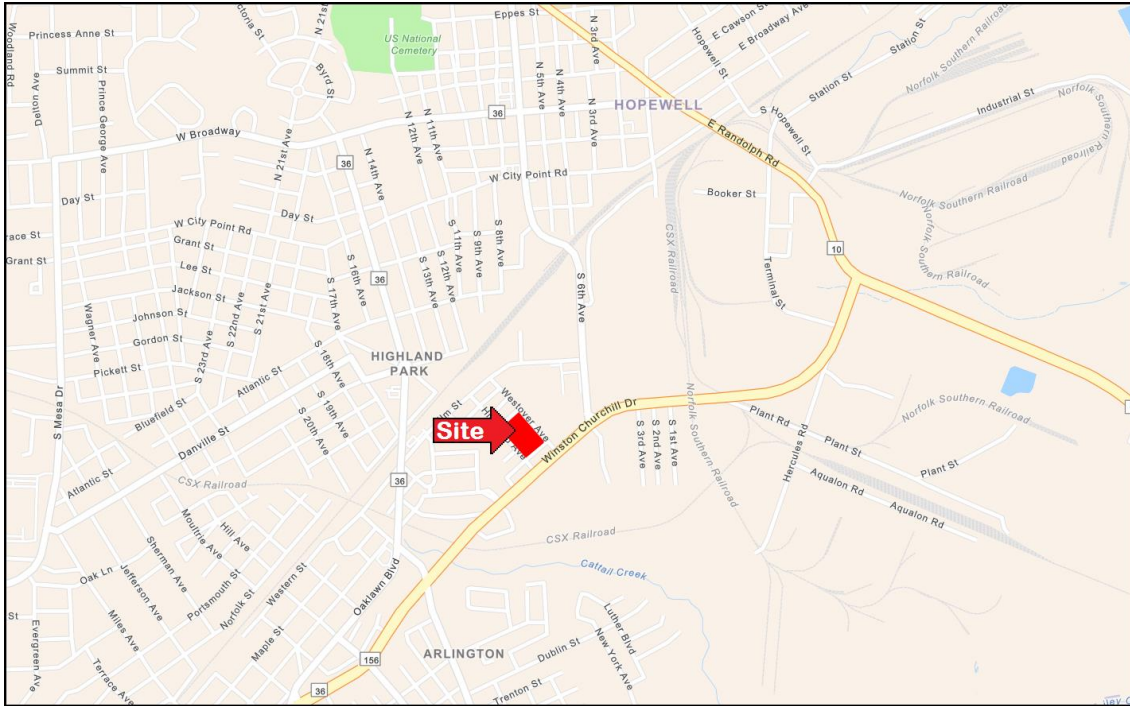
Map B - The Rendezvous Apartments Site and Setting

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.



Map C - The Rendezvous Apartments Site & Setting

Next shown is a northern aerial of the study site. The aerial shows the site to be a heavily wooded parcel. Much of the adjacent area is also fully wooded, but with small homes under the tree cover. 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 is located 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

Shown next are photos of the site as well as adjacent land uses. They show that the site is heavily wooded with a flat topography. 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 shown to be narrow, two-lane roadways with no sidewalks, curb/gutter or center strips.

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 of Site from Westover Avenue



View of Site from Spruce Street



View of Site from Highland Avenue



View of Site from Cypress Street

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 notes 3, 4 and 5. Note 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.

Other area community facilities include:

- **Appomattox Regional Library** (Note 1) is located in the downtown area. It is a regional facility that includes libraries Prince George and Dinwiddie counties.
- **John Randolph Medical Center** (Note 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. There are a number

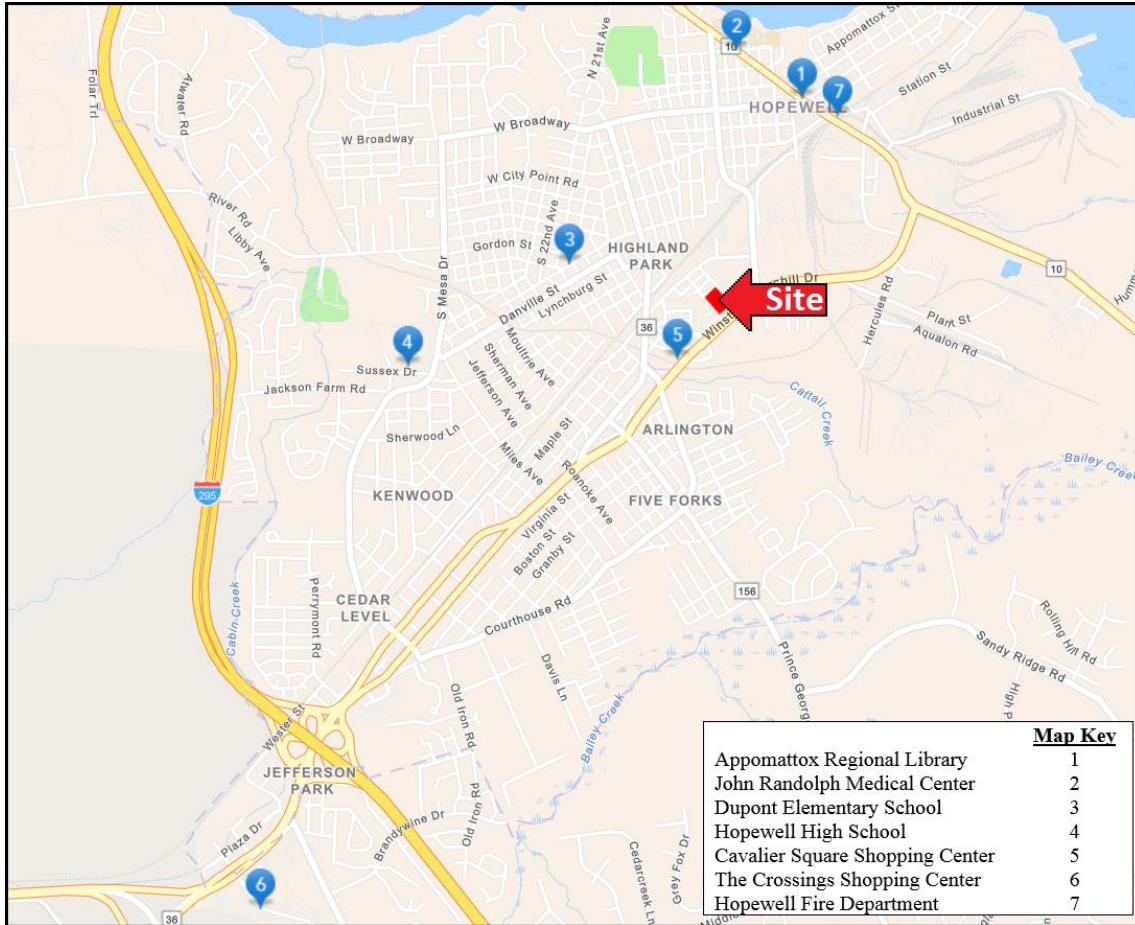
of medical offices throughout the City, in addition to the facilities at the large hospital complex.

- **Shopping Centers.** The closest shopping center to the study site is Cavalier Square (Note 5), 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 (Note 6) 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 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 Region has remained economically stable, due to continued stability 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 other apartment properties.



Map D - Community Facilities

The Rendezvous Apartments Development Plan

Table 1 provides a detailed description of the 64-unit Rendezvous Apartments proposal, with data on apartment unit sizes, unit mix and proposed rents. All units will be restricted to 40% (seven units), 50% (25 units) and 60% (32 units) of the Area Median Income (AMI). All one-bedroom units will have a full bathroom while the two-bedroom units will have 1.5 bathrooms. The three-bedroom units will have two full bathrooms while the four-bedroom units will have 2.5 bathrooms..

The table shows a mix of eight one-bedroom (706 square feet), 28 two-bedroom (899 square feet), 24 three-bedroom (1,088 square feet) and four four-bedroom (1,303 square feet) units. The one-bedroom units will have a mix of one 40%, four 50% and three 60% units. The two-bedroom units will have a mix of three 40%, 14 50% and 11 60% units. The three-bedroom units

will have a mix of three 40%, 12 50% 9 12 60% units. Two of the four-bedroom units will 50% rents while two will have 60% rents.

Also shown in Table 1 are the proposed rents, which will exclude utilities. Units will not include washers and dryers. One-bedroom rents will range between \$595 and \$930. Two-bedroom rents will range between \$708 and \$1,110. Three-bedroom rents will range between \$811 and \$1,275. Four-bedroom rents will range between \$1,157 and \$1,400.

	<u>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	1	706	\$595	\$80	\$675
50% of AMI	4	706	\$763	\$80	\$843
60% of AMI	<u>3</u>	706	\$930	\$80	\$1,010
(Subtotal)	(8)				
<u>2BR/1.5BA</u>					
40% of AMI	3	899	\$708	\$102	\$810
50% of AMI	14	899	\$910	\$102	\$1,012
60% of AMI	<u>11</u>	899	\$1,110	\$102	\$1,212
(Subtotal)	(28)				
<u>3BR/2BA</u>					
40% of AMI	3	1,088	\$811	\$125	\$936
50% of AMI	12	1,088	\$1,045	\$125	\$1,170
60% of AMI	<u>9</u>	1,088	\$1,275	\$125	\$1,400
(Subtotal)	(24)				
<u>4BR/2.5BA</u>					
50% of AMI	2	1,303	\$1,157	\$148	\$1,305
60% of AMI	<u>2</u>	1,303	\$1,400	\$148	\$1,548
(Subtotal)	(4)				
Total	64				
Notes: 1/ Rents to include sewage and trash collection. Includes two 1BR, two 2BR, two 3BR and one 4BR UD/UFAS units.					
Source: Hopewell Redevelopment and Housing Authority					

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 at or below the maximum allowable rates.

Table 2: Rent Comparison Chart, The Rendezvous and HUD Maximum Allowable Rates

	<u>The Rendezvous 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	\$595	\$80	\$675	\$675
50% of AMI	\$763	\$80	\$843	\$843
60% of AMI	\$930	\$80	\$1,010	\$1,012
<u>2BR/1.5BA</u>				
40% of AMI	\$708	\$102	\$810	\$810
50% of AMI	\$910	\$102	\$1,012	\$1,012
60% of AMI	\$1,110	\$102	\$1,212	\$1,215
<u>3BR/2BA</u>				
40% of AMI	\$811	\$125	\$936	\$936
50% of AMI	\$1,045	\$125	\$1,170	\$1,170
60% of AMI	\$1,275	\$125	\$1,400	\$1,404
<u>4BR/2.5BA</u>				
50% of AMI	\$1,157	\$148	\$1,305	\$1,305
60% of AMI	\$1,400	\$148	\$1,548	\$1,566

Source: HUD and Hopewell Redevelopment and Housing Authority

Site Plan and Building Design

Shown next is the proposed site 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 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 108 parking spaces with eight handicap spaces.

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.



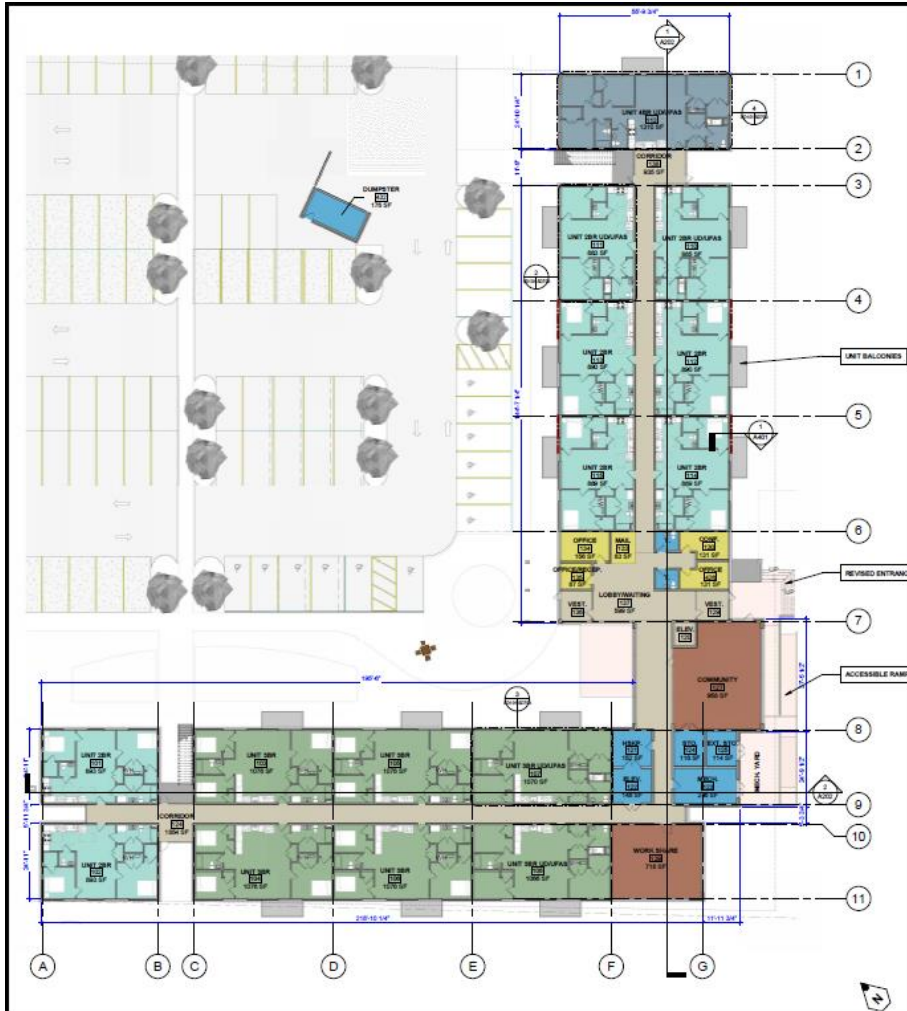
The Rendezvous Site Plan

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



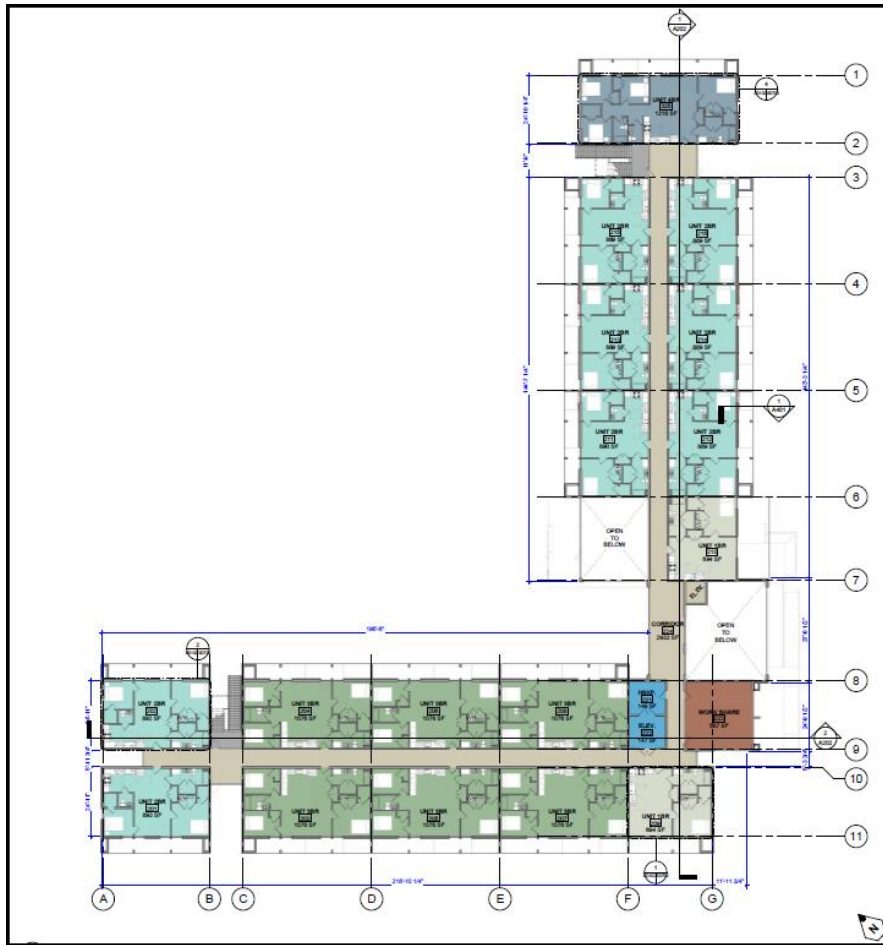
The Rendezvous Renderings

Shown next are floor plans for each of the four levels in the apartment building. Entrance to the building will be at the elbow of the building and into a lobby area where an elevator will be located. The ground level, shown first, will contain 15 units, including eight two-bedroom, six three-bedroom and one four-bedroom units. This level will also include a leasing office, community room, mail room and shared working space.



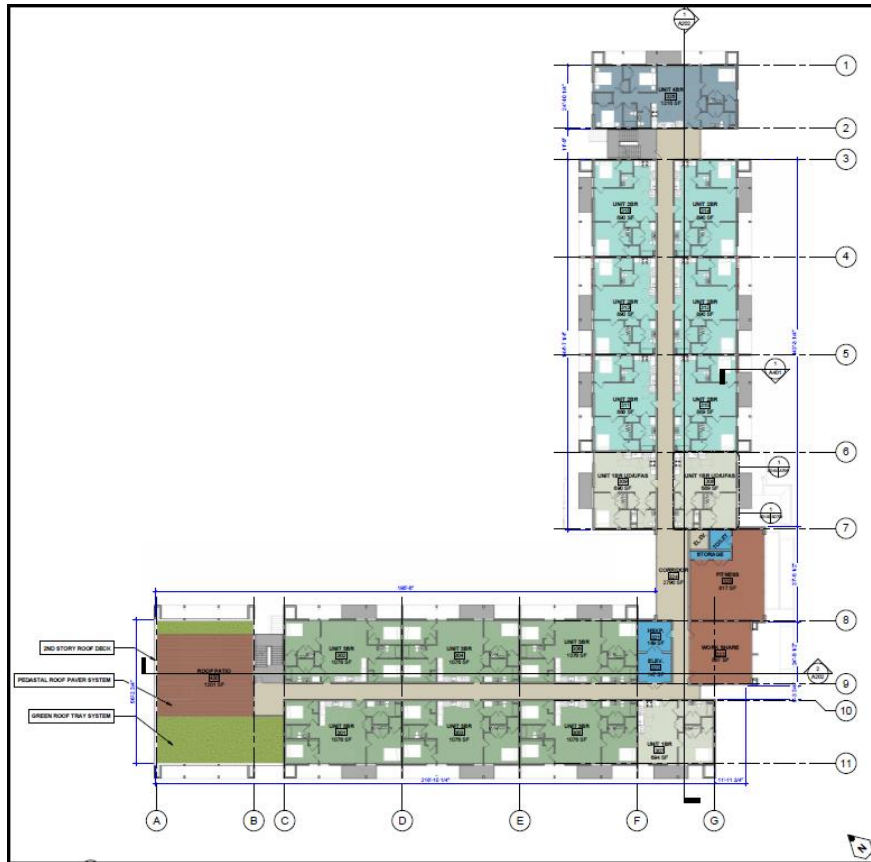
Ground Level

Shown next is the floor plan for the second level. It will include a shared work space. This level will contain 17 apartment units, including two one-bedroom, eight two-bedroom, six three-bedroom and one four-bedroom apartment units.



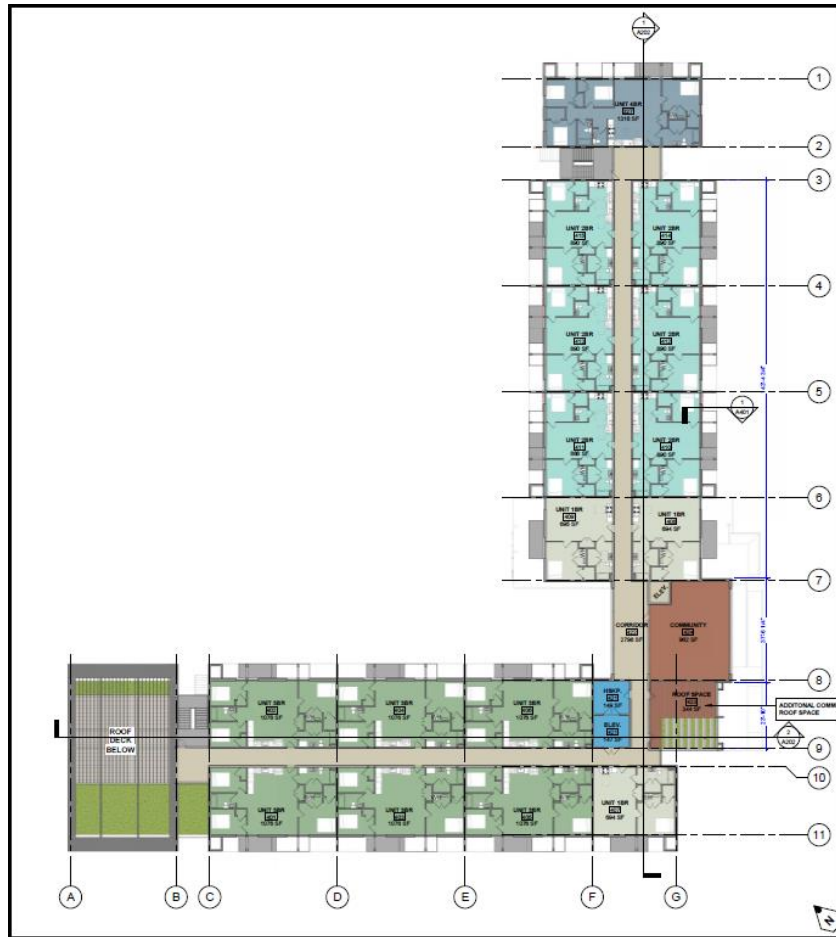
Second Level

The floor plan for the third level is presented next. Community space on this level will be an 820± square foot fitness center and shared work space. 16 apartment units will be located on this level, including three one-bedroom, six two-bedroom, six three-bedroom and one four-bedroom apartment units.



Third Level

The fourth level floor plan is presented next. Common space on this level will include a 960± square foot community and access to a rooftop space. There will be 16 apartment units on this level, including three one-bedroom, six two-bedroom, six three-bedroom and one four-bedroom apartment units.



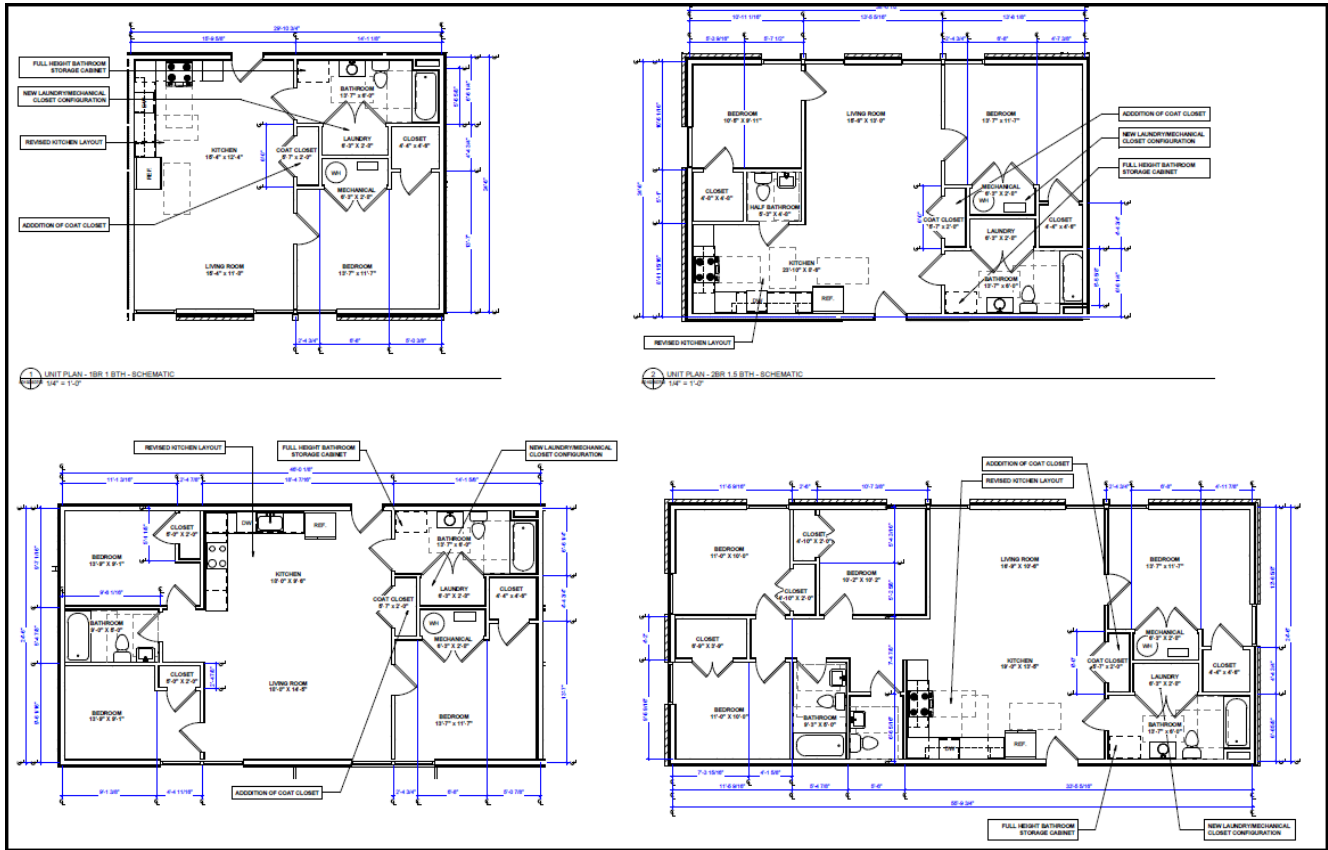
Fourth Level

Unit Floor Plans

The unit floor plans are presented next. These will be spacious, rectangular units. Units will have vinyl flooring in the living areas and carpeting in all bedrooms. Other features will include LED lighting and WaterSense fixtures. Four different unit sizes are presented. All will have balconies or patios.

The one-bedroom units will have standard floor plans. The kitchen will have an open area with space for a dining area. The bedroom closet will be large and the apartment units will have an enclosed laundry room. The two-bedroom units will have a split unit design with one bedroom on each side of the apartment unit. This apartment unit will have 1.5 baths, an open kitchen area, with attached dining area and a laundry room.

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



Apartment Unit floor Plans

Development Costs

The proposed building costs, including soft costs and land acquisition, is \$23.3 million, or \$363,240± per unit.

Summary

In summary, The Rendezvous Apartments are well designed and attractively planned. These will be the newest and most upscale apartment property 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.

Market Area Economic Overview

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.

We also provide a detailed description of the employment impacts at Fort Lee, which are in addition to civilian job growth. Overall, the following economic analysis will show growth in the Tri-Cities Region and continued stability at Fort Lee.

At-Place Jobs

At-place jobs refer to the number of civilian jobs located within the market area and data in Table 3 show a total of 46,580± jobs as of year-end 2019 and prior to the COVID-19 pandemic. This total is down by 280± from the previous year and 310± since 2018, but still exceed the pre-recession level in 2008. The job losses in 2019 follow 480± new jobs that were added in 2018. These data do not include military jobs at Fort Lee.

There are significant disclosure issues within small marketplaces that have few employers, such as the Tri-Cities Region. This is often the case in more rural and sparsely populated regions. Nevertheless, the total job data include all jobs in the market area jurisdictions.

The market area economy has largely expanded due to military growth at Fort Lee, though military employment is not counted in the data in Table 3 and thus the apparent job losses shown do not capture “the full picture.” However, spin-off job and population growth are a result of expansions at Fort Lee, and these data have resulted in area growth.

Job and employment growth are just one sector of the market area economy, but currently, not the principal growth sector. The presence of Fort Lee is a significant advantage for various types of businesses that cater to the military, and a number of local businesses have been established specifically for this reason. Military contractors that do business with Fort Lee generate significant job growth, as these firms provide a wide range of technical services, training, logistics and supplies. This component of the local economy will be detailed further below.

The largest civilian employment sector in the market area is likely the Health Care sector, though disclosure issues make it difficult to quantify the total number of Health Care jobs in the market area. Major Health Care employers include Columbia HCA/John Randolph Hospital (Hopewell), Hopewell Healthcare Center (Hopewell), River View on the Appomattox (Hopewell), Bon Secours – Southside Medical Center (Petersburg), Beverly Home Care (Petersburg), Good Neighbor Homes (Petersburg), Rehabilitation Hospital (Petersburg) and Colonial Heights Convalescent Home (Colonial Heights).

Another particularly large employment category is the Accommodations/ Food Category, which accounts for nearly 11 percent of market area employment and grew by 130± jobs over the 2015 to 2019 period. This is the fastest growing employment sector in the region, where data are available. Much of this growth was associated with new hotel construction to serve the Fort Lee market. The most recent large hotel to open is the 1,000-room Fort Lee Lodge, which opened in 2013 at Fort Lee.

The Federal Government also has a large employment presence, accounting for 10.4 percent of total employment in the market area. Many of these are employees of the Federal

Correctional Complex, Petersburg (FCC Petersburg). Employment in this sector has declined by 440± between 2015 and 2019.

The Manufacturing sector also accounts for a significant number of local jobs, nearly 7.4 of all jobs in the market area. Employment in this sector was steady between 2015 and 2019, growing by 30±.

Table 3: Trends in Average At-Place Employment, Tri-Cities Region, 2015-2019 1/						
Industry	2015	2016	2017	2018	2019	Net Change
Agriculture	ND	ND	ND	ND	ND	--
Mining	ND	ND	ND	ND	ND	--
Utilities	ND	ND	ND	ND	ND	--
Construction	ND	ND	ND	ND	ND	--
Manufacturing	3,433	3,441	3,516	3,479	3,466	33
Wholesale Trade	ND	1,347	1,316	1,198	1,016	--
Retail Trade	ND	ND	ND	ND	ND	--
Transport./ Wareh.	ND	ND	ND	ND	ND	--
Information	ND	ND	ND	ND	ND	--
Finance/Insurance	720	725	685	616	613	-107
Real Estate	485	510	509	488	501	16
Prof./Tech.	ND	ND	ND	ND	ND	--
Mgmt of Co.s	ND	ND	ND	ND	ND	--
Admin./Waste	ND	ND	ND	ND	ND	--
Education	ND	ND	ND	ND	ND	--
Health Care	ND	ND	ND	ND	ND	--
Arts/Enter./Rec.	357	ND	365	371	373	16
Accom./Food	4,954	ND	5,174	5,230	5,084	130
Other Services	1,720	1,739	1,834	1,847	1,697	-23
Local Gov.	ND	ND	ND	5,722	ND	--
State Gov.	ND	ND	ND	675	ND	--
Federal Gov.	<u>5,301</u>	<u>5,036</u>	<u>4,863</u>	<u>4,892</u>	<u>4,857</u>	<u>-444</u>
Total	46,882	46,729	46,372	46,853	46,576	-306

Notes: 1/ Includes City of Petersburg, City of Hopewell, City of Colonial Heights and Prince George County.
 ND = Data do not meet BLS or State agency disclosure standards.

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

The Tri-Cities Region has a considerable number of jobs in hourly wage industries, such as hotels, restaurants and service sector jobs. Many of these serve the Fort Lee market. There are no “dominant” industries in the area, other than Fort Lee employment. Overall, the Tri-Cities Region has a stable economy and has not had major net 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 prior to the pandemic. Almost all net job growth occurred in Prince George County and Petersburg. These two locations have added 200 jobs since 2015. Hopewell and Colonial Heights had a modest decrease in jobs over the 2015 to 2019 period with a mix in job losses in some industries and net growth in others. These job losses offset the job gains in Petersburg and Prince George County. Nevertheless, most job losses during this period were in low-wage sectors and had no impact on the market area's better apartment properties.

Table 4: Change in Total At-Place Employment, Tri-Cities Region, VA, 2015-2019

Industry	Prince George County	Colonial Heights City	Hopewell City	Petersburg City	Net Change
Agriculture	ND	ND	ND	ND	--
Mining	ND	ND	ND	ND	--
Utilities	ND	ND	-49	ND	--
Construction	ND	ND	ND	-104	--
Manufacturing	367	-67	-107	-160	33
Wholesale Trade	-173	33	ND	-160	--
Retail Trade	161	-300	51	ND	--
Trnsprt. & Wareh..	-66	15	ND	ND	--
Information	ND	5	ND	ND	--
Finance/Insurance	-21	-35	-9	-42	-107
Real Estate	17	-23	1	21	16
Prof./Tech.	-135	ND	ND	ND	--
Mgmt of Co.s	ND	ND	ND	ND	--
Admin./Waste	ND	ND	ND	310	--
Education	124	0	ND	ND	--
Health Care	114	-130	ND	ND	--
Arts/Enter./Rec.	4	18	-17	11	16
Accom./Food	73	58	-20	19	130
Other Services	-73	-23	-14	87	-23
Local Gov.	62	ND	113	-87	--
State Gov.	13	ND	-5	-63	--
Federal Gov.	<u>-447</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-444</u>
Total	29	-440	-66	171	-306

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

Next shown, in Table 5, are the employment changes that occurred in 2020, which is an outlier year given the unusual impact of the COVID-19 pandemic. Data is shown for sectors without disclosure issues. The data show a significant loss of jobs, with a reduction in employment of over 3,000, or by 6.5 percent.

These losses occurred across essentially all employment sectors, with the heaviest job losses impacting the Accommodations/ Food sector (590± jobs lost) and Other Services sector (320± jobs lost). Although these losses are severe, many of these layoffs are expected to be temporary and will likely be recovered once 2021 employment data is released.

Of note is that two key employment sectors, Manufacturing and Wholesale Trade, added a combined 370± jobs in 2020. Also of note is that the job losses in 2020 did not impact occupancy at the market area’s competitive apartment properties. In fact, this was a period in which apartment occupancy and rental rates increased in the region.

Industry	2019	2020	Net Change
Manufacturing	3,466	3,807	341
Wholesale Trade	1,016	1,044	28
Finance/Insurance	613	580	-33
Real Estate	501	464	-37
Arts/Enter./Rec.	373	336	-37
Accom./Food	5,084	4,490	-594
Other Services	1,697	1,375	-322
Federal Gov.	4,857	4,861	4
Total	46,576	43,531	-3,045

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 the market area. Again, these data include only civilian employment. Data are current to year-end 2020 for Employment and Labor Force.

The Tri-Cities Region realized a net increase in employment of 980± jobs over the four-year period between 2015 and 2019. Employment totals gains are larger than at-place job totals, which means net out-commuting occurs into neighboring jurisdictions, primarily to Chesterfield County.

Data in Table 6 show that the unemployment rate was a modest 4.0 percent in 2019, down from 6.7 percent in 2015. The low unemployment rate means that new job growth will require new residents for the market area.

Total employment in 2020 declined by 2,520±, pushing the unemployment rate up from a low 4.0 percent in 2019 to 9.7 percent, the highest unemployment rate in over decade. As with at-place jobs, many of these losses are expected to be temporary.

Table 6: Trends in Employment and Unemployment, Tri-Cities Region, Virginia, 2015-2020				
	Labor Force	Employment	Unemployment	Percent Unemployed
2015	46,830	43,681	3,149	6.7%
2016	46,672	43,923	2,749	5.9%
2017	46,786	44,220	2,566	5.5%
2018	46,557	44,479	2,078	4.5%
2019	46,527	44,665	1,862	4.0%
2020	46,647	42,145	4,502	9.7%
Net Change	-183	-1,536	1,353	3.0%
Source: United States Department of Labor, Bureau of Labor Statistics				

COVID-19 and Employment

Table 7 shows monthly employment data until November, 2021 in the market area to illustrate the local employment impact of the COVID-19 pandemic. This is the date for which the most recent data are available.

Trend data show that since January, 2020, employment has fallen by over 3,000, with the number of unemployed growing by just over 240. The labor force has also contracted by over 3,100 people, meaning that many of those who have lost their jobs have retired or quit searching for employment altogether.

The data show significant employment improvements since the start of the pandemic, with 1,130± jobs recovered since April, 2020. Of note is that these job losses have not impacted occupancy rates at the competitive apartments under study. Most job losses were tied to low-wage, service sector employment.

Table 7: Trends in Employment and Unemployment, Tri-Cities Region, Virginia, 2020-2021

	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Percent Unemployed</u>
January, 2020	46,784	44,880	1,904	4.1%
February, 2020	46,845	45,085	1,760	3.8%
March, 2020	46,684	44,797	1,887	4.0%
April, 2020	46,669	40,348	6,321	13.5%
May, 2020	45,691	40,345	5,346	11.7%
June, 2020	47,194	40,982	6,212	13.2%
July, 2020	48,024	41,693	6,331	13.2%
August, 2020	48,031	42,360	5,671	11.8%
September, 2020	46,604	41,476	5,128	11.0%
October, 2020	46,003	41,375	4,628	10.1%
November, 2020	45,669	41,336	4,333	9.5%
December, 2020	45,559	41,062	4,497	9.9%
January, 2021	45,173	40,769	4,404	9.7%
February, 2021	45,172	40,932	4,240	9.4%
March, 2021	45,115	41,183	3,932	8.7%
April, 2021	44,199	41,044	3,155	7.1%
May, 2021	44,222	41,098	3,124	7.1%
June, 2021	44,847	41,487	3,360	7.5%
July, 2021	45,445	42,336	3,109	6.8%
August, 2021	44,591	41,740	2,851	6.4%
September, 2021	43,654	41,224	2,430	5.6%
October, 2021	43,947	41,533	2,414	5.5%
November, 2021 1/	43,622	41,475	2,147	4.9%
Net Change	-3,162	-3,405	243	-0.8%

Notes: 1/ Preliminary data. Subject to change.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Fort Lee

Fort Lee plays a major economic role in the Tri-Cities Region. It is a 5,910± acre military installation located in Prince George County and within six miles of the study site. Fort Lee 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. As a result, Fort Lee hosts thousands of military and civilian personnel, contractors, and students each year.

As of 2020, the date for which the most recent data are available, Fort Lee has 4,830± full-time military personnel (average wage of \$55,000), 5,100± civilians who work on base (average wage of \$66,260) and 1,720± on-base, private-sector contractors (average wage of \$62,000). This level of employment has been relatively steady over the past five years and is not projected to

change significantly in the near term. Thus, Fort Lee accounts for a total of 11,650± employees. Currently, Fort Lee has 1,500 on-site, single-family homes for occupancy by military personnel.

While Fort Lee is a major contributor to the local economy, its overall economic impact depends on federal budget decisions. Thus, the local economy is vulnerable due to this dependency. At this time, job losses are not anticipated at Fort Lee over the next five years. Even if a future BRAC round were to take place, cuts are not expected to occur here, rather it will likely result in growth because other military installations that focus on war fighting, rather than training, will be consolidated. At least 650 individuals transition out of Fort Lee on an annual basis.

Current Developments

Following is a list of active and proposed developments in the market area. The purpose of this list is to show the net new job growth expected from these new projects, and the type of jobs being added, as the basis for evaluating future job and employment trends, and thus the level and type of new housing unit demand.

- **Cameron Lofts**, with 33 one- and two-bedroom apartment units and about 26,000± square feet of office space, was purchased by an investor in January, 2022 who plans on adding a 9,500± square foot event venue and an additional 4,500 square feet of office space in unfinished portions of the existing 80,000± square foot building that is located at 325 Brown Street Petersburg.
- **Hotel Petersburg**. Construction is expected to begin by the Spring of 2022 on the rehab of the old Hotel Petersburg. The seven-story building at 20 W. Tabb St. would be revamped as a 65-room hotel with a restaurant, bar, banquet room and street-facing storefronts. The hotel is expected to open by the fall of 2023.
- **AMPAC Fine Chemicals** announced in May, 2021 that it would hire 156 more employees at its Petersburg facility on North Normandy Drive to increase the pharmaceutical ingredient production capability of the plant. The company, which is a subsidiary of SK Pharmteco, currently has about 110 employees at the plant that opened in 2019.
- **6162 Quality Drive**. The Hollingsworth Cos is building a 650,000± square foot speculative industrial building in the Southpoint Business Park in Prince George. The park currently houses about 950,000± square feet of industrial space across 11 buildings on its 152 acres.

Other tenants at Southpoint include gasket manufacturer VSP Technologies, Carocon Display and Packaging and Service Center Metals.

- **Service Center Metals**, a Prince George County-based aluminum extrusions, announced in September, 2021 that it would build two more facilities at Crosspoint Centre where it would employ 94 people.
- **Civica Rx**, a pharmaceutical manufacturer, announced in January, 2021 that it would establish its first in-house pharmaceutical manufacturing operation in the City of Petersburg where it will employ 186 people. The company announced that it would construct a 120,000± square foot manufacturing facility where it will manufacture vials and syringes of injectable medicines used for COVID- 19 patient care, emergency rooms and surgeries, as well as the treatment of serious infections and hypertension.
- **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 vaccines, antibiotics, pain relievers, and ingredients for generic, over-the-counter medicines.
- **New Visions Industrial Park**. Plans were submitted in the summer of 2021 to construct five industrial buildings with 60,000± square feet of industrial space at the intersection of Chudoba Parkway and Frontage Road in Prince George County. One building will be occupied by New Vision Auto.
- **Quality Trailer Manufacturing** announced plans in late-2021 to open a trailer manufacturing facility at 835 Commerce Street in Petersburg that would employ 25 people with annual wages of approximately \$38,000.

The above list of job announcements shows that the market area will add approximately 830± jobs, excluding construction, spin-off jobs, and military related employment. Subtracted from this growth is the 280 jobs that are in the process of being eliminated by Rolls Royce.

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 income categories under study. The forecast date for the demographic analysis is 2021, as The Rendezvous Apartments is expected to get Virginia Housing, LIHTC approvals by mid-2022, with a start of construction by late-2022 or early-2023. The 64-unit apartment complex will require approximately one year to construct, which will allow preleasing and lease-up to occur in 2024. Full lease-up is expected in 2024.

The second part of Section II is the analysis of the defined competitive apartment market. We identified 10 apartment properties to study. Not all 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. All properties supported by deep subsidies or with age-restrictions in place were excluded from the analysis. 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.

The 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.

Market Area Demographic Analysis

Population Trends and Projections

Data in Table 8 show that Hopewell’s current (2020) population to be 22,030±. This is based on the most recent census count. 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 2000. The City has had limited new housing development, along with a slight decline in the average household size, which has limited demographic growth. The current population could increase slightly by 2024 with the successful construction and lease-up of The Rendezvous Apartments and the continued slight decrease in the City’s average household size. The City’s population grew by 440± since 2010.

These trends should place the City’s household population at 22,980± by 2024. At that population total, a slight growth in households – occupied housing units, is probable.

Data in Table 8 also show a potential projection of 9,460± households in 2024, an increase of 120± households from the 2020 total. Most of these new homes are likely to be renter occupied, which would expand the total number of renter households by 160± for the 2020 to 2024 period.

Table 8: <u>Trends and Projections of Population and Household by Tenure,</u> <u>City of Hopewell, Virginia, 1990-2024</u>					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Market Area Population	23,100	22,350	22,590	23,030	23,210
Group Quarters Population	310	330	240	230	230
Household Population	22,790	22,020	22,350	22,800	22,980
Persons Per Household	2.53	2.43	2.45	2.44	2.43
Total Households	9,010	9,060	9,130	9,340	9,460
Renter Households	3,870	3,990	4,220	4,590	4,750
Percent Renter Households	43.0%	44.0%	46.3%	49.1%	50.2%
Source: 1990-2020 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. Data in Table 9 show the number and trends of renter households within each of these income categories. A summary of these data show:

- There are 950± renter households with incomes in the 40% of AMI category as of 2020, with a household growth of 60± over the 2020 to 2024 period.
- There are 1,220± renter households with incomes in the 50% of AMI category in 2020, with a household growth of 70± over the 2020 to 2024 period.
- There are 1,430± renter households with incomes in the 60% of AMI category in 2020 with a household growth of 90± over the 2020 to 2024 period.

Table 9: Target Renter Household Markets, by Income, City of Hopewell, Virginia, 1990-2024 (Constant 2021 dollars)					
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2024</u>
Renter Households	3,870	3,990	4,220	4,590	4,750
Percent Renter Households	43.0%	44.0%	46.3%	49.1%	50.2%
<u>Target Market</u>					
40% of AMI (\$23,800-\$36,000)					
Households Within Income Category	550	680	810	950	1,010
Percent Within Income Category	14.2%	17.0%	19.2%	20.7%	21.3%
50% of AMI (\$30,520-\$48,600)					
Households Within Income Category	760	900	1,050	1,220	1,290
Percent Within Income Category	19.6%	22.6%	24.9%	26.6%	27.2%
60% of AMI (\$37,200-\$58,320)					
Households Within Income Category	820	1,000	1,200	1,430	1,520
Percent Within Income Category	21.2%	25.1%	28.4%	31.2%	32.0%
Source: 1990-2020 U.S. Census Bureau, U.S. Department of Commerce; S. Patz & Associates, Inc.					

Renter Households by Size

Table 10 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 10: Renter Household by Size,
Hopewell City, Virginia, 2010**

	Number	Percent
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 11, followed by photos of each property and a map of their locations in the City. While data in Table 11 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

Table 11 lists the ten competitive apartment properties in the City of Hopewell. In total, these communities contain 919 apartment units, of which all but five are currently occupied. Two properties, Freedman Point and The Summit Apartments, are LIHTC properties and are the newest complexes in Hopewell.

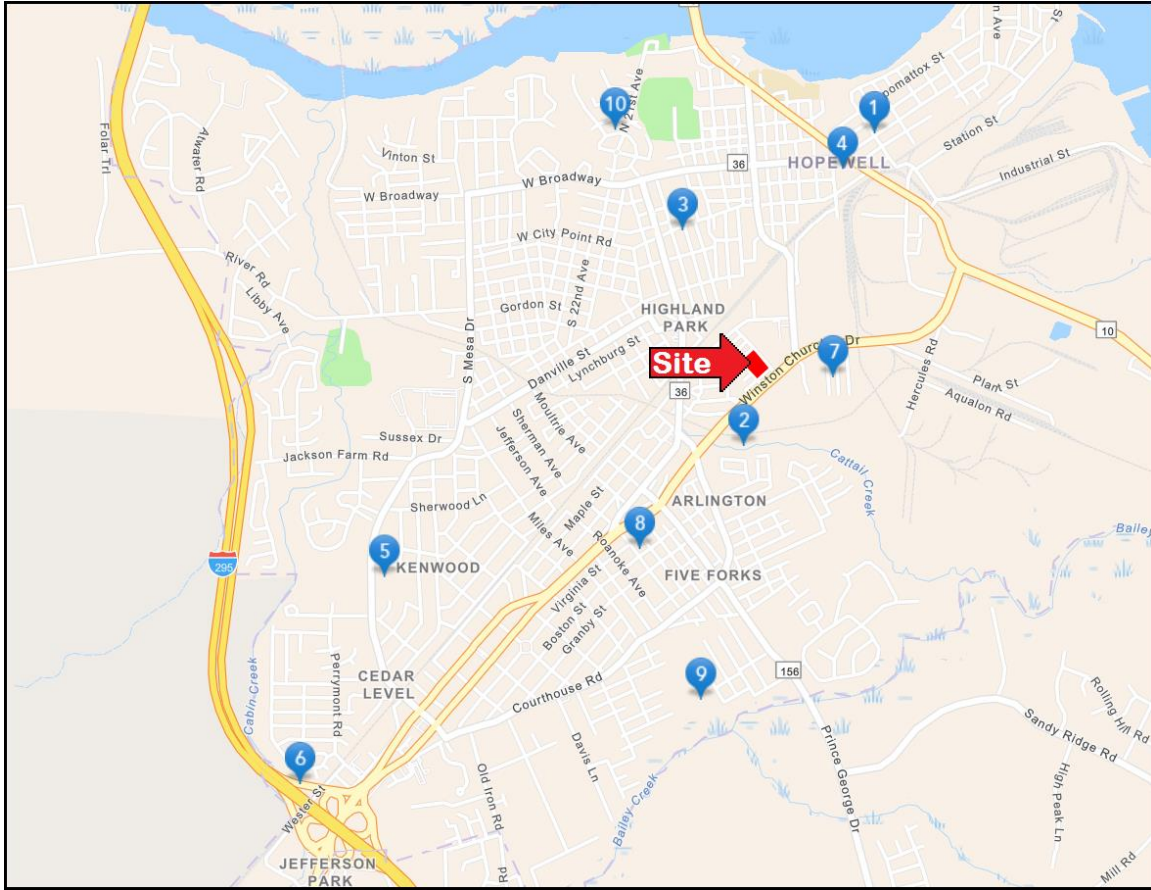
Freedman Point, with 68 apartment units, opened in 2019 and is full with a wait list. The Summit, with 56 apartment units, opened in 2014. It too is full, but management notes that it has 30 project-based units. These units are not available to the public without vouchers from HRHA.

The remaining eight apartment properties are market rate apartments, and most are mature. Hopewell Lofts and Butterworth Lofts are adaptive-reuse properties. Ingram & Associates, which manages of 134 total units, including four small apartment properties and 30 duplex units, has three vacant units, but these are not apartment units. The remaining properties surveyed are mature garden and townhome developments.

Data in Table 11 show that the apartment market is at near full occupancy, with a 0.5 percent vacancy rate. All of these properties are at or near full occupancy and many maintain waitlists. These properties have maintained low vacancy rates for several years. Both LIHTC apartment properties have a wait list.

Table 11: Characteristics of Competitive Apartment Properties, Hopewell, Virginia, February, 2022				
	<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 4/	0 2/
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
Twin Rivers	7	1986	155	1
Ingram & Associates	8	1990-2008	134 3/	3
Prince George Terrace	9	1970	48	0 2/
Riverside Park	10	1965/67	<u>120</u>	<u>0</u>
Total			919	5
Vacancy Rate				0.5%
Notes: 1/ LIHTC property 2/ Wait list 3/ Includes 30 duplex units and four small townhome properties. 4/ 30 project-based vouchers.				
Source: Field and telephone survey by SPA.				

Map E shows the apartment locations within the City of Hopewell. The apartments are number-keyed to Table 11. Most of the 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

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 building. It has a large land area that surrounds the apartment building.

The other apartments are basically mature garden properties and townhomes. Canterbury is a large community with wood frame townhomes. Ingram & Associates 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.



Butterworth Lofts



Hopewell Lofts



Riverside Park



Freedman Point



Canterbury Townhomes



Farmingdale Townhomes



Twin Rivers



Prince George Terrace



The Summit



**Ingram & Associates
(Liberty Townhomes)**

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

Net Rental Rates

Data in Table 12 show the net rents at the apartment properties under study, with a comparison to the proposed rents at The Rendezvous Apartments. These rents were adjusted to exclude the cost of electricity, cold water, sewer and trash collection to be comparable with the proposed rental structure at The Rendezvous Apartments. The only complex with four-bedroom units is Summit Apartments, which offers four four-bedroom units. The rents shown for the study site are proposed LIHTC rents and the range for the 40%, 50% and 60% rates. Three of the apartment communities—Hopewell Lofts, Butterworth Lofts and Farmingdale Townhomes—provide in-unit washers and dryers at no additional cost to the tenant.

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 over a decade old.

	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
Freedman Point ^{3/}	--	\$567-\$975	\$640-\$1,110	--
The Summit ^{2/ 3/}	--	\$800	\$910	\$1,100
Hopewell Lofts ^{4/}	\$897	\$1,044	\$1,345	--
Butterworth Lofts ^{2/ 4/}	\$697	\$1,056	--	--
Farmingdale Townhomes ^{4/}	--	\$1,100-\$1,305	--	--
Canterbury Townhomes	--	\$1,149-\$1,399	--	--
Twin Rivers	--	\$695-\$930	--	--
Ingram Properties	\$900	\$725-\$950	\$1,100	--
Prince George Terrace ^{2/}	\$547	\$631	\$717	--
Riverside Park	\$805-\$890	\$950	\$1,095-\$1,145	--
Average	\$778	\$937	\$1,011	--
Proposed Rents	\$595-\$930	\$708-\$1,110	\$811-\$1,275	\$1,157-\$1,400

Notes: 1/ Rents adjusted to exclude utilities
2/ Estimate
3/ LIHTC property
4/ Four-bedroom rents of \$1,100.
5/ Include washers and dryers.

Source: S. Patz & Associates, Inc.

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 bathrooms. The three-bedroom units at the mature properties typically do not have two full bathrooms. In summation the rents proposed at The Rendezvous Apartments are fully competitive and at market.

Table 13 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 Summit has a small number of four-bedroom units
- 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 13: <u>Base Characteristics of LIHTC Apartment Properties, Hopewell, Virginia, February, 2022</u>			
	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
<u>Freedman Point</u>			
Rent (40% of AMI)	\$567	\$640	--
Rent (50% of AMI)	\$795	\$895	--
Rent (60% of AMI)	\$975	\$1,110	--
Unit Sizes	828-858	1,129	--
Number of Units	48	20	0
<u>The Summit</u>			
Rent (50% of AMI) 1/	\$800	\$910	\$1,100
Unit Sizes	944	1,229	1,309
Number of Units	26	26	4
Notes: 1/ Estimate			
Source: S. Patz & Associates, Inc.			

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 also 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.

Community Amenities

As shown below in Table 14, two of the apartment properties under study are elevator buildings. Only three of the properties have in-unit washer and dryers, but several have hook-ups” Three properties have outdoor swimming pools, but many are on small lots that cannot support this amenity. Only Farmingdale Townhomes has a fitness center.

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

**Table 14: Amenities at Competitive Apartment Properties,
Hopewell, Virginia, February, 2022**

	<u>Elevator</u>	<u>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: S. Patz & Associates, Inc.

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 maintain waitlists. The two newest apartment properties are LIHTC properties and both are full with waitlists. This is typical for these properties.

The overall economy and demographic trends of Hopewell are stable and have been since 1990. Hopewell and the adjacent areas are realizing some net employment growth that should total 800 new jobs over the next few years. Additionally is the ongoing stability at Fort Lee, the largest economy generator in the Tri-Cities Region. This, in time, should generate population growth, if new housing units are available.

Of note is that over the past two decades, 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

The demand table is presented next. It shows a projected net growth of 60± targeted households for the 2020 to 2024 period for the 40% units. The growth amount is 70± households for the 50% units and 90± households for the 60% units.

To that net growth is added a 25 percent addition to account for rent over-burdened 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 substandard 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 in Table 9. The resulting total household demand by AMI category is shown. There are no active competitive pipeline proposals and vacancy is almost non-existent.

This generates a net potential net demand of 80± units for the 40% income category, 90± units for the 50% income category and 110± units for the 60% income category.

<u>Demand Table (2020-2024)</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	60	70	90	220
PLUS				
Existing Households - Over-Burdened (Rounded)	15	18	23	56
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	75	88	113	276
MINUS				
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	0	0	0	0
Equals				
Net Demand	75	88	113	276
Proposed Units	7	32	25	64
Capture Rate	9.4%	36.4%	22.1%	23.2%
Absorption Period (in months)	0	2	3	3

The seven 40% units are expected to lease up prior to project opening. Preleasing should attract half of the 34 50% units. The remaining 17 units will require two months to lease. For the 25 60% units, a 25 percent pre-lease is expected (six units). The remaining 19 units should lease in three months.

Capture Rate

The capture rate of total demand is 23.2 percent. The lease-up period is shown as four months from the start of pre-leasing.

The Virginia Housing capture rate chart is as follows:

Project Wide Capture Rate - LIHTC Units	<u>23.2%</u>
Project Wide Capture Rate - Market Rate Units	<u>N/A</u>
Project Wide Capture Rate - All Units	<u>23.2%</u>
Project Wide Absorption Period (Months)	<u>3 Months 1/</u>
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.

Ariel Goldring

Market Analyst

February, 2022

Date