

**Market and Fiscal Impacts Analyses  
Warrenton Village  
Town of Warrenton, Virginia**

**Prepared for:  
Jess Achenbach  
Castle Development Partners**

**June 2023**



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June 12, 2023

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Jess:

Attached is our full-narrative market study and resulting Fiscal Impacts Analysis (FIA) for the proposed Warrenton Village proposal, to include 376 rental units. The proposal is for three residential components: a 320-unit elevator-served apartment building alongside 36 two-over-two and 20 townhome units. All rental units proposed for Warrenton Village will have market rents and no age restrictions.

The report is presented in three sections. The first is a description of the study site and development proposal. Detailed data describe the Warrenton Village site. The second section is a brief market analysis for the new rental units planned. The market study is not prepared in the same depth as a study for a lender package, as all building and unit designs are not yet set, but sufficient data are provided to determine market support for the proposed 376 rental units. The third section, based on market data, shows the net tax benefits to the Town of Warrenton from the development proposal. The analysis to follow shows full market support for the apartment units at the proposed rents.

The FIA, based on the result of the market analysis, shows a net benefit for the proposal to the Town of Warrenton at \$46,100± annually, after build-out. Most of the revenue to the Town will be generated from off-site impacts, as the Town of Warrenton levies low real estate and personal property tax rates. This is reflected in the General Fund revenues. The following table presents the FIA conclusions at build-out.

**Summary of On-Site and Off-Site Fiscal Impacts of Apartments,  
Warrenton Village at Build-Out, Warrenton, Virginia**

(Constant 2023 Dollars)

| <u>Source of Fiscal Impacts on the</u><br><u>Town</u> | <u>Impacts On-Site in</u><br><u>Warrenton</u> | <u>Impacts Off-Site in</u><br><u>Warrenton</u> | <u>Total Fiscal</u><br><u>Impacts</u> |
|---|---|--|---------------------------------------|
| <b><u>Apartments (320 Units)</u></b>                  |   |  |                                       |
| Revenues to the Town                                  | \$117,560                                     | \$338,870                                      | \$456,430                             |
| Town Costs  | <u>-\$280,280</u>                             | <u>-\$145,920</u>                              | <u>-\$426,200</u>                     |
| <i>Subtotal</i>                                       | <i>-\$162,720</i>                             | <i>\$192,950</i>                               | <i>\$30,230</i>                       |
| <b><u>Two-Over-Two (36 Units)</u></b>                 |   |  |                                       |
| Revenues to the Town                                  | \$14,550                                      | \$55,520                                       | \$70,070                              |
| Town Costs  | <u>-\$42,740</u>                              | <u>-\$23,490</u>                               | <u>-\$66,230</u>                      |
| <i>Subtotal</i>                                       | <i>-\$28,190</i>                              | <i>\$32,030</i>                                | <i>\$3,840</i>                        |
| <b><u>Townhomes (20 Units)</u></b>                    |   |  |                                       |
| Revenues to the Town                                  | \$8,050                                       | \$41,150                                       | \$49,200                              |
| Town Costs  | <u>-\$23,310</u>                              | <u>-\$13,860</u>                               | <u>-\$37,170</u>                      |
| <i>Subtotal</i>                                       | <i>-\$15,260</i>                              | <i>\$27,290</i>                                | <i>\$12,030</i>                       |
| <b><u>Total Residential (376 units)</u></b>           |   |  |                                       |
| Revenues to the Town                                  | \$140,160                                     | \$435,540                                      | \$575,700                             |
| Town Costs  | <u>-\$346,330</u>                             | <u>-\$183,270</u>                              | <u>-\$529,600</u>                     |
| <b>Net Fiscal Benefits</b>                            | <b><u>-\$206,170</u></b>                      | <b><u>\$252,270</u></b>                        | <b><u>\$46,100</u></b>                |

Source: Town of Warrenton, VA; S. Patz & Associates, Inc.

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

Sincerely,

*Ariel Goldring*

Ariel Goldring  
President

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## Section I: Introduction

This will set forth our market and Fiscal Impacts Analysis (FIA) for the proposed Warrenton Village apartment community, planned for a well-located 6.46-acre site along the south side of Oak Springs Drive and just north of W. Lee Highway in the Town of Warrenton, Virginia. The vacant property benefits from its close proximity to several large shopping centers, including the Safeway-anchored Warrenton Village, Marshalls-anchored Warrenton Center, and Giant-anchored Oak Springs Plaza. The site is currently zoned C (Commercial). The sponsor is submitting for a Special Use Permit under the existing zoning.

The proposal is for an attractive 376-unit rental community consisting of 320 elevator-served apartment units, alongside 36 two-over-two and 20 townhome units. The complex will offer a wide range of amenities, including a clubhouse, fitness center and outdoor swimming pool. No such concept currently exists in the Town of Warrenton or elsewhere in Fauquier County, and once built, Warrenton Village will be a “step above” the existing apartment market in the Town and County. Construction is planned to begin in late-2024 with a late-2026 delivery.

The Special Use Permit requires a Fiscal Impacts Analysis (FIA), which calculates the net tax benefits that will accrue to the Town of Warrenton at project build-out. The FIA to follow includes net tax benefits from on-site development and off-site expenditures in the Town, as will be fully explained later in the report. The FIA is based on the ability of the site to be developed, as planned, which is described in the market analysis undertaken for this report.

The report to follow is presented in three sections. The first, the Introduction, is an analysis of the Warrenton Village site and a description of the development proposal. Also part of the description is an analysis of the local economy, which shows the level of job growth that supports the magnitude of new housing unit demand planned for the study site.

Section II is an overview analysis of the Warrenton area apartment market. This is not a full-narrative market analysis that would be acceptable by a lender or investor. Rather, it provides

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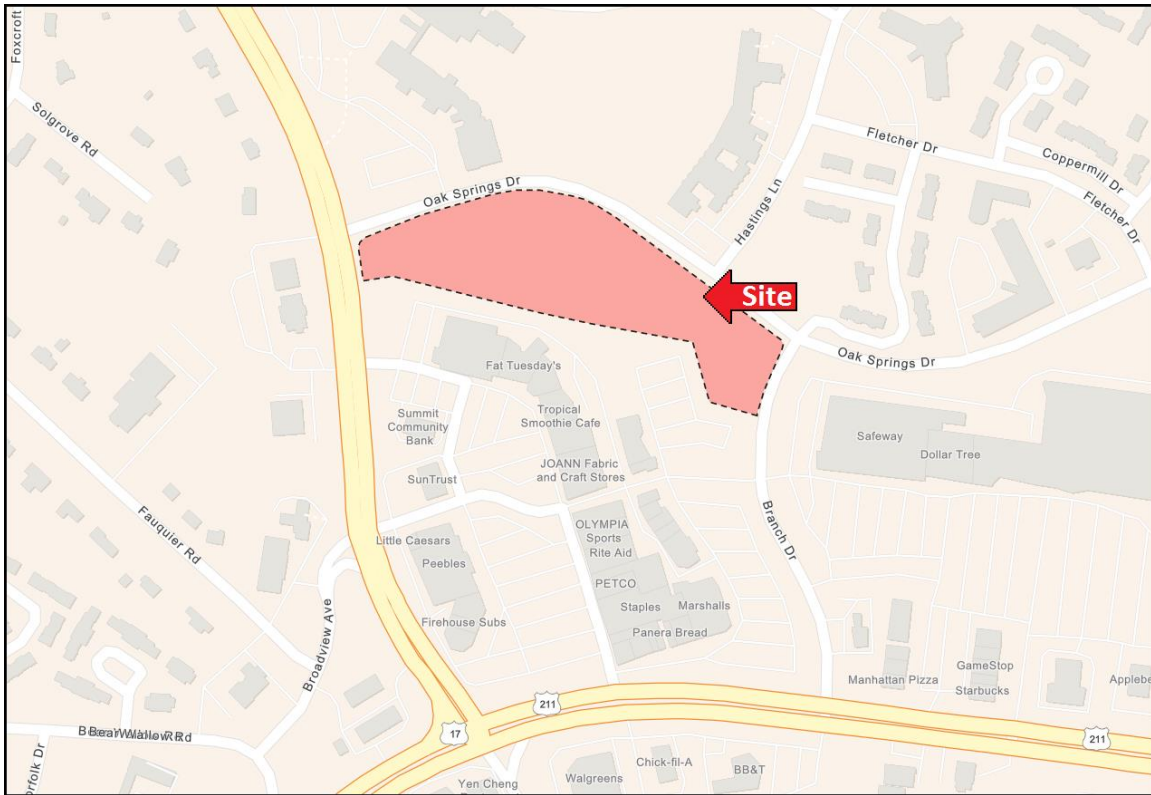
sufficient market data to support the development proposal, as planned. The Conclusions of the market analysis will be the base data for the preparation of the FIA.

Section III is the calculation of the full-narrative FIA that documents annual net tax revenue from the Warrenton Village proposal, based on on-site and off-site revenues from on-site expenditures. Town costs are subtracted from the revenue estimates to establish a net fiscal benefit. For this analysis, all tax revenue and cost data are presented in constant 2023 dollars.

## **Warrenton Village**

### **Site Description**

Map A shows the location of the study site along the southern side of Oak Springs Drive in the Town of Warrenton. The site is bounded to the west by Broadview Drive and to the east by Branch Drive. Its southern boundary is the Warrenton Village Shopping Center, with tenants including Petco, Staples and Marshalls. The study site is shown to be near W Lee Highway, which is a major arterial roadway in the Town that provides direct access to Fauquier Health in the south and U.S. Route 15 in the east.

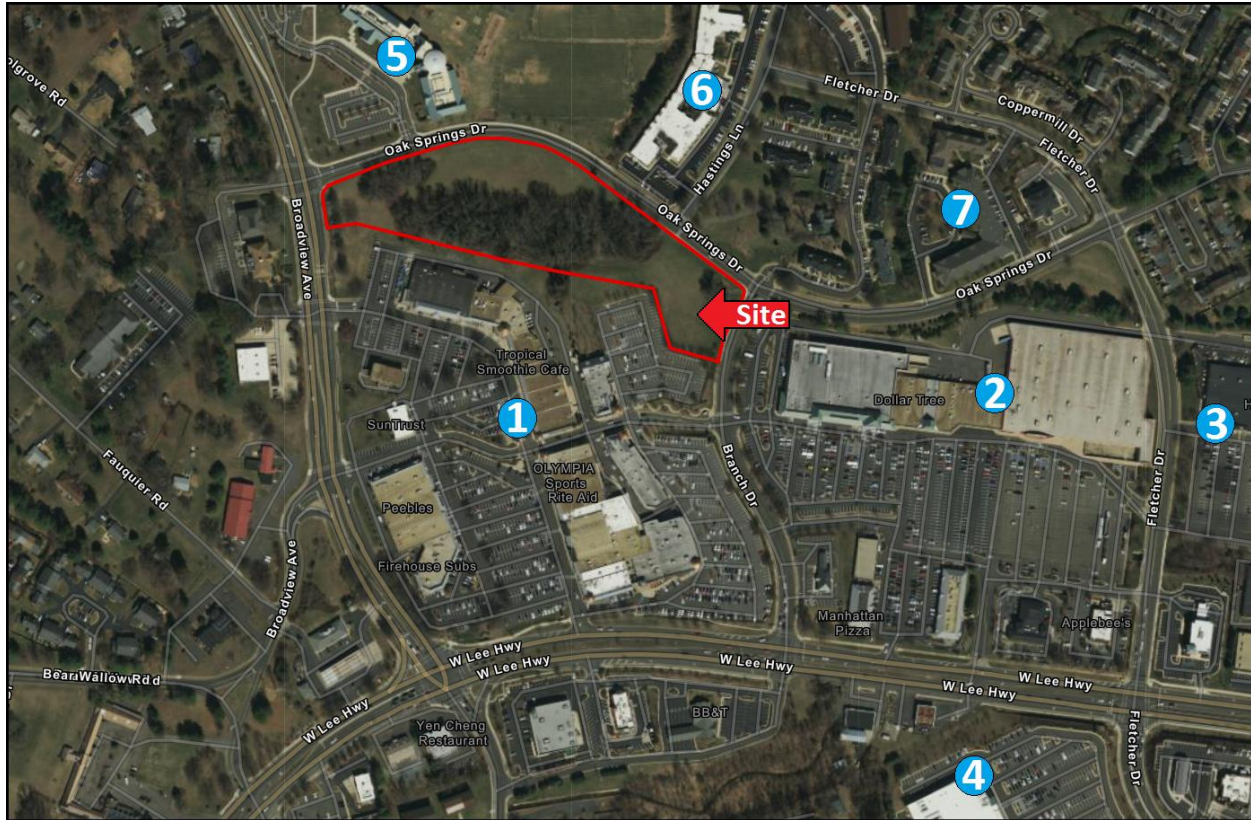


**Map A - Site Location**

Shown next is a northern aerial of the study site. The aerial shows the irregularly shaped site to be located within a mixed-use setting. Commercial uses generally flank W Lee Highway to the south. This includes the Marshalls-anchored Warrenton Center (Note 1), Safeway-anchored Warrenton Village (Note 2), Giant-anchored Oak Springs Plaza (Note 3) and Harris Teeter-anchored North Rock Shopping Center (Note 4). This is the largest commercial concentration in the Warrenton area. Many of the area restaurants and retailers are within walking distance of the Warrenton Village site.

To the north of the study site is a large private school with over 500 students called Highland School (Note 5) as well as the 130-bed Brookside Rehab & Nursing Center (Note 6). Residential areas are situated to the northeast of the study site and include The Oaks of Warrenton (Note 7), a 111-unit affordable, age-restricted apartment community that was built in two phases

in 1996 and 2001. Most of the other nearby homes are townhomes and condos that have generally sold in the \$200,000s and \$300,000s.



Northern Aerial

Overall, the study site is well-located and in close proximity to local arterial streets, an interchange with U.S. Route 15, nearby employment centers, and a host of big-box and small retailers that serve the existing residential market.

Map C, on page 10, depicts the site setting within the Town of Warrenton. As previously noted, the site is located near W Lee Highway, which accesses U.S. Route 15 less than a mile to the east. This roadway provides direct access to the greater Gainesville/ Haymarket area of western Prince William County, which is the nearest employment cluster outside of Fauquier County. Gainesville is an approximately 12-mile drive from the study site and is the location of



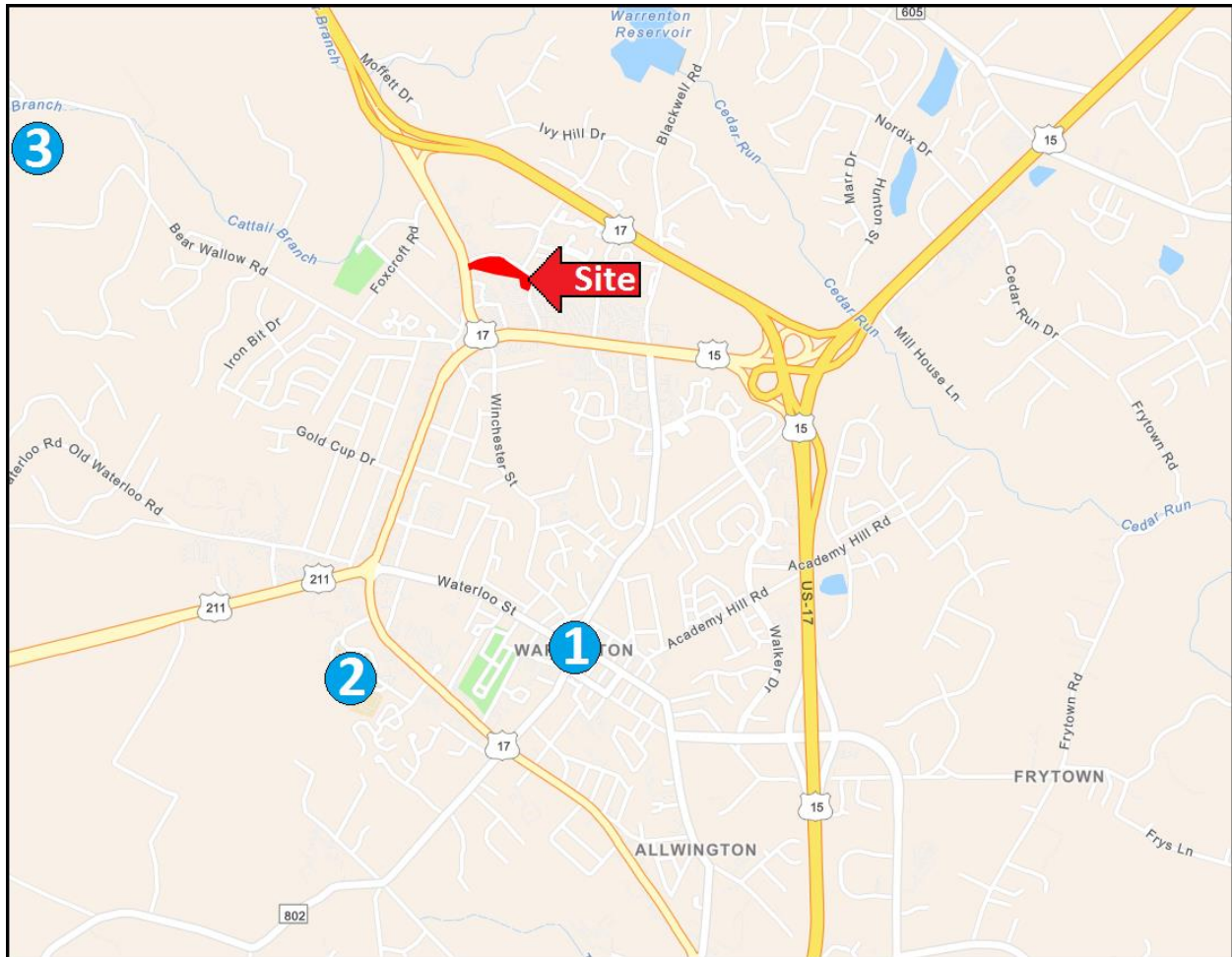
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an interchange with I-66 that extends to other major employment centers elsewhere in Northern Virginia.

U.S. Route 17 is also shown to be located just north of the study site via Broadview Avenue. This roadway accesses the community of Marshall at the northern edge of Fauquier County, as well as Bealeton to the south. Both locations are primarily residential. In addition, Map C shows the site's close proximity to Downtown Warrenton, approximately 1.5 miles from the study site. This is the location of several restaurants, specialty retailers and professional office space.

Also shown to be located near the study site is Fauquier Hospital (Note 2), which is located at 500 Hospital Drive in Warrenton. This is a 97-bed, acute care hospital offering surgical services (including robotics), a 24-hour Emergency Department, extensive medical imaging capabilities and an Intensive Care Unit. Construction was recently completed in 2020 on the hospital's new 25,640± square foot Cancer Center. There is approximately 50,000 square feet of medical office space adjacent to Fauquier Hospital. North of the hospital is the large Fauquier Health Rehabilitation and Nursing Center and four office structures that are occupied by County officials.

Map C also shows the site to be located within close proximity of the Warrenton Training Center (Note 3), which is a 346-acre classified United States government communication complex. County staff estimate that the complex employs approximately 350 people.



**Map C - Site Setting**

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



**Southern View of site from Oak Springs Drive**

### **Development Program**

The development program for Warrenton Village involves the development of a vacant 6.46-acre parcel with a mix of an elevator-served apartment building alongside two-over-two and townhomes for rent.

Table 1 provides a detailed description of the study proposal, with data on unit sizes, unit mix and proposed rents. The table shows a mix of 133 one-bedroom, 159 two-bedroom and 84 three-bedroom units. One-bedroom apartment units will be spacious and range in size between 642 and 950 square feet, or an average of 771 square feet. Two-bedroom units, each with two full bathrooms will also be large, ranging in size between 980 and 1,184 square feet, or an average of 1,103 square feet. The three-bedroom apartment units will range in size between 1,388 and 2,583 square feet. The three-bedroom two-over-two units will be 1,586 and 2,583 square feet. The three-bedroom townhome units will all measure 2,050 square feet. The three-bedroom units will have between 2.0 and 3.5 bathrooms.

Rents will exclude utilities but will include in-unit washers and dryers at no additional cost to the tenant. One-bedroom rents are proposed to range between \$1,650 and \$1,900, or an average of \$1,750. The smaller two-bedroom apartment units will rent for \$2,200 while the larger two-bedroom apartment units will rent for \$2,350. The two-bedroom units will rent for an average of \$2,250. The three-bedroom apartment units will rent for between \$2,400 and \$2,550. The three-

bedroom two-over-two units will rent for between \$2,800 and \$3,000. The three-bedroom townhome units will rent for between \$3,100 and \$3,200.

|  | <b>Unit Type</b> | <b>Bathrooms</b> | <b>Total Units</b> | <b>Unit Sizes (Sq. Ft.)</b> | <b>Proposed Rents 1/</b> |
|--|------------------|------------------|--------------------|-----------------------------|--------------------------|
| <b><u>One-Bedroom</u></b>                              |                  |                  |                    |                             |                          |
| A1   | Apartment        | 1.0              | 50                 | 642                         | \$1,650                  |
| A2   | Apartment        | 1.0              | 28                 | 725                         | \$1,725                  |
| A3   | Apartment        | 1.0              | 2                  | 790                         | \$1,750                  |
| A4   | Apartment        | 1.0              | 22                 | 768                         | \$1,750                  |
| A5   | Apartment        | 1.0              | 11                 | 850                         | \$1,800                  |
| A5A  | Apartment        | 1.0              | 3                  | 950                         | \$1,900                  |
| A6   | Apartment        | 1.0              | 6                  | 750                         | \$1,750                  |
| A7A  | Apartment        | 1.0              | 4                  | 724                         | \$1,700                  |
| A7B  | Apartment        | 1.0              | 4                  | 738                         | \$1,725                  |
| A8   | Apartment        | 1.0              | <u>3</u>           | 775                         | \$1,750                  |
| <i>Subtotal/ Average</i>                               |                  |                  | <i>133</i>         | <i>771</i>                  | <i>\$1,750</i>           |
| <b><u>Two-Bedroom</u></b>                              |                  |                  |                    |                             |                          |
| B1   | Apartment        | 2.0              | 92                 | 1,054                       | \$2,200                  |
| B2   | Apartment        | 2.0              | 45                 | 1,167                       | \$2,300                  |
| B3   | Apartment        | 2.0              | 7                  | 1,040                       | \$2,200                  |
| B4   | Apartment        | 2.0              | 4                  | 1,130                       | \$2,300                  |
| B5A  | Apartment        | 2.0              | 3                  | 1,184                       | \$2,350                  |
| B5B  | Apartment        | 2.0              | 4                  | 1,164                       | \$2,300                  |
| B6   | Apartment        | 2.0              | <u>4</u>           | 980                         | \$2,100                  |
| <i>Subtotal/ Average</i>                               |                  |                  | <i>159</i>         | <i>1,103</i>                | <i>\$2,250</i>           |
| <b><u>Three-Bedroom</u></b>                            |                  |                  |                    |                             |                          |
| C1   | Apartment        | 2.0              | 17                 | 1,388                       | \$2,400                  |
| C2   | Apartment        | 2.0              | 4                  | 1,425                       | \$2,500                  |
| C3   | Apartment        | 3.0              | 7                  | 1,496                       | \$2,550                  |
| D1   | Two-Over Two     | 2.5              | 18                 | 1,586                       | \$2,800                  |
| D2   | Two-Over Two     | 2.5              | 18                 | 2,583                       | \$3,000                  |
| E1   | Townhome         | 2.5              | 10                 | 2,050                       | \$3,100                  |
| E2   | Townhome         | 3.5              | <u>10</u>          | 2,050                       | \$3,200                  |
| <i>Subtotal/ Average</i>                               |                  |                  | <i><u>84</u></i>   | <i>1,797</i>                | <i>\$2,793</i>           |
| <b>Total</b>   |                  |                  | <b>376</b>         |                             |                          |
| Notes: 1/ Excludes utilities. Includes washer/ dryers. |                  |                  |                    |                             |                          |
| Source: Castle Development Partners                    |                  |                  |                    |                             |                          |

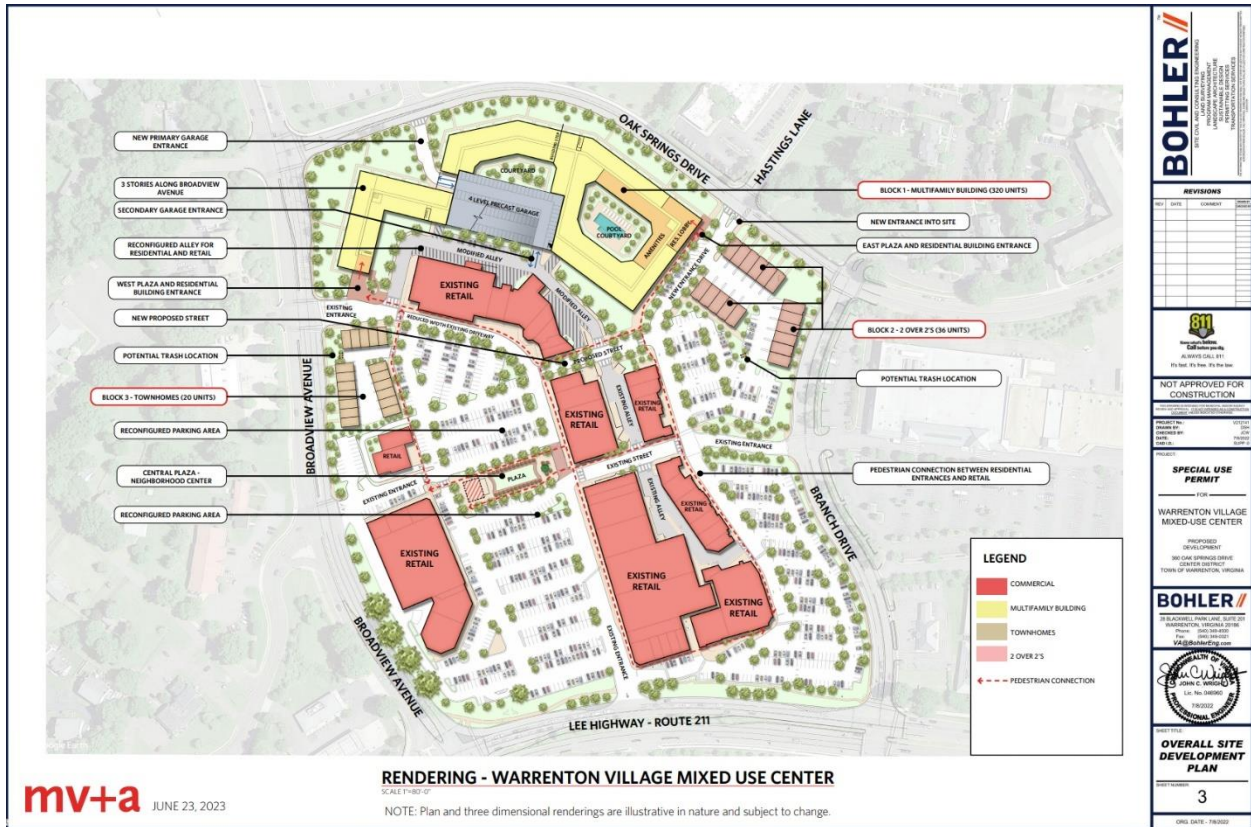
The Warrenton Village proposal will considerably exceed the quality, designs, finishes, and amenities at the market area's apartment properties. The rental units will be comparatively large and, unlike any other rental units in the market area, within walking distance of a host of area retailers and restaurants. Unit features will include granite countertops, stainless steel

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appliances, LVT plank throughout (with exception of carpet in bedrooms), 9' ceilings, LED lights, and balconies in all apartment units.

Shown next is the proposed site plan for Warrenton Village. The site plan shows that the apartment community will be accessed from Oak Springs Drive in the north by a newly built roadway.

The community will consist of two development areas. To the west will be a large three- and four-story 320-unit, elevator apartment building. This building will contain 10,000± square feet of amenity space, including a leasing office, large clubroom, fitness center and business center. It will also contain two landscaped courtyards, one of which will include a large outdoor swimming pool. The building will also access a four-story, 445-space parking garage. The eastern side of the property will include the remaining rental units. There will be a total of 574 parking spaces. This equates to a parking ratio of 1.53 spaces per housing unit.



## Warrenton Village Site Plan

A rendering of the proposed apartment existing community is presented next. The renderings show a contemporary and attractive flat roof design that is well above the competition in terms of curb appeal and design features. The building exteriors will contain a mix of masonry, wood siding and white cement panel. Overall, Warrenton Village will be an attractive, upscale community with no direct area competition.



## Warrenton Village Rendering

### Market Area Economic Overview

This part of Section I of the market analysis presents an economic overview of Fauquier County, with base data for all of Fauquier County, which includes the Town of Warrenton. Data from the U.S. Bureau of Labor Statistics do not provide employment data on the Town level. Three economic factors are presented and analyzed to show the economic stability of the County: (1) at-place job growth, (2) employment and labor force trends, and (3) an evaluation of active development plans that are expected to generate new job and employment growth. These are the primary factors that show the level of economic stability in the market area and the ability for new investments, particularly for new housing.

The three economic factors under study are analyzed in the paragraphs to follow. Key to this analysis is that job growth supports growth in population and households, and therefore,

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housing unit demand, particularly of the type of housing under study. Thus, the establishment of the market area's economic stability is a key issue related to the demographic growth of the market area. The economic analysis is presented to support the demographic projections used to support future apartment unit demand.

### **At-Place Jobs**

At-place employment refers to jobs physically based at employers in Fauquier County, whether the job is based in private sector or government offices, manufacturing facilities, schools, retail stores, restaurants, nursing home or other facilities. As of year-end 2019, and prior to the more recent pandemic-induced job losses, Fauquier County had 22,250± at-place jobs, which exceeds the 2008 total by over 850 jobs, or four percent.

The County faced heavy job losses between 2008 and 2010 due to the recession of that time and a period in which at-place employment declined by 1,250±. Net job growth began soon after in 2011, with at-place jobs exceeding the pre-recession peak in 2013. Most recently, employment expanded by 300± in 2018, but fell by 170± in 2019. The job losses in 2019 were not associated with any mass layoffs and were principally driven by the loss of 120± jobs in the Accommodations/Food sector.

Public sector jobs account for the majority of employment in the County, with nearly 20 percent of jobs in Fauquier County associated with local, state or federal employment. Most of these public sector jobs are associated with local government and tied to the Fauquier County School Board. Much of the federal employment is related to the U.S. Department of Transportation, which operates a facility in Warrenton. Public sector employment has also been a source of modest job growth, with nearly 360 public sector jobs added since 2008.

The largest private employment sector in Fauquier County is the Retail Trade sector, which accounts for nearly 13 percent of County-wide employment. Much of this employment is clustered in and around Warrenton, and to a smaller extent the Bealeton area. Several of the



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County's larger employers are in this sector, including Walmart, Food Lion and Home Depot. Employment in this sector has expanded by 160± since 2008.

The next largest private employment sector in the County is the Health Care sector, accounting for 2,550± jobs, or 11.5 percent of County employment. Much of this employment is associated with the Fauquier Health System, which is the largest private employment in the County with over 1,000 employees.

Several other employment sectors have recorded job growth during this period. These include Professional/ Technical Services (420± new jobs), Accommodations/ Food (230± new jobs), Administrative/ Waste Services (160± new jobs), Education (120± new jobs), Education (120± new jobs), Other Services (80± new jobs), Finance/ Insurance (70± new jobs), Manufacturing (60± new jobs) and Real Estate (40± new jobs).

Only four employment sectors have recorded a net loss of jobs since 2008. The heaviest job losses were concentrated in the Construction sector, which has 350 fewer jobs as of year-end 2019 compared to year-end 2018. Most of these losses, however, occurred in the years immediately following the Great Recession. Construction employment has grown every year since 2014, with over 500 jobs added since that time. Other sectors with job losses since 2008 include Wholesale Trade (240± jobs lost), Information (70± jobs lost) and Management of Companies (40± jobs lost).

**Table 2: Trends in Average At-Place Employment, Fauquier County, Virginia, 2008-2019**

| <b>Industry</b>    | <b>2008</b>   | <b>2009</b>   | <b>2010</b>   | <b>2011</b>   | <b>2012</b>   | <b>2013</b>   | <b>2014</b>   | <b>2015</b>   | <b>2016</b>   | <b>2017</b>   | <b>2018</b>   | <b>2019</b>   |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Agriculture        | 550           | 393           | 401           | ND            | ND            | ND            | 396           | 396           | 392           | ND            | ND            | ND            |
| Mining             | 57            | 53            | 51            | ND            | ND            | ND            | 54            | 56            | 64            | ND            | ND            | ND            |
| Utilities          | ND            | ND            | ND            | ND            | ND            | ND            | ND            | ND            | ND            | ND            | ND            | 116           |
| Construction       | 2,880         | 2,316         | 2,248         | 2,112         | 2,066         | 2,023         | 2,117         | 2,210         | 2,292         | 2,350         | 2,459         | 2,530         |
| Manufacturing      | 863           | 797           | 756           | 794           | 798           | 825           | 873           | 918           | 950           | 958           | 935           | 923           |
| Wholesale Trade    | 727           | 615           | 546           | 563           | 481           | 448           | 420           | 434           | 448           | 507           | 490           | 485           |
| Retail Trade       | 2,713         | 2,573         | 2,637         | 2,673         | 2,790         | 2,864         | 2,859         | 2,994         | 3,044         | 2,950         | 2,899         | 2,873         |
| Transport./ Wareh. | ND            | ND            | ND            | ND            | ND            | ND            | ND            | ND            | ND            | ND            | ND            | 239           |
| Information        | 246           | 197           | 162           | 147           | 160           | 101           | 113           | 128           | 133           | 140           | 137           | 181           |
| Finance/Insurance  | 479           | 445           | 486           | 509           | 501           | 504           | 515           | 467           | 497           | 496           | 526           | 553           |
| Real Estate        | 218           | 315           | 318           | 308           | 365           | 377           | 363           | 288           | 262           | 271           | 253           | 258           |
| Prof./Tech.        | 1,307         | 1,339         | 1,352         | 1,632         | 1,662         | 1,658         | 1,654         | 1,716         | 1,761         | 1,690         | 1,792         | 1,727         |
| Mgmt of Co.s       | 212           | 213           | 192           | ND            | 242           | 175           | 174           | 181           | 178           | 176           | 167           | 169           |
| Admin./Waste       | 487           | 432           | 413           | ND            | 534           | 485           | 472           | 484           | 522           | 548           | 622           | 645           |
| Education          | 365           | 350           | 319           | 322           | 339           | 338           | 342           | 421           | 448           | 482           | 524           | 484           |
| Health Care        | 2,415         | 2,499         | 2,386         | 2,386         | 2,703         | 2,781         | 2,747         | 2,686         | 2,575         | 2,532         | 2,544         | 2,549         |
| Arts/Enter./Rec.   | 442           | 414           | 467           | 444           | 417           | 411           | 359           | 346           | 334           | 328           | 303           | 306           |
| Accom./Food        | 2,067         | 1,932         | 1,962         | 1,969         | 2,025         | 2,095         | 2,050         | 2,201         | 2,370         | 2,407         | 2,414         | 2,293         |
| Other Services     | 998           | 943           | 972           | 972           | 1,081         | 1,009         | 1,060         | 1,110         | 1,119         | 1,154         | 1,192         | 1,080         |
| Local Gov.         | 3,199         | 3,268         | 3,264         | 3,434         | 3,314         | 3,302         | 3,226         | 3,194         | 3,263         | 3,280         | 3,314         | 3,350         |
| State Gov.         | 392           | 398           | 401           | 389           | 404           | 413           | 409           | 393           | 391           | 390           | 394           | 394           |
| Federal Gov.       | 421           | 435           | 454           | 564           | 623           | 610           | 597           | 581           | 601           | 610           | 618           | 625           |
| <b>Total</b>       | <b>21,395</b> | <b>20,273</b> | <b>20,145</b> | <b>20,781</b> | <b>21,387</b> | <b>21,213</b> | <b>21,076</b> | <b>21,549</b> | <b>22,054</b> | <b>22,116</b> | <b>22,417</b> | <b>22,249</b> |

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

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

Table 3 shows the net change in at-place job totals since 2008. Very few sectors experienced job losses during this period. Job growth has been spread among a diverse set of sectors. The key figure shown in Table 3 is the 4.0 percent net growth in new jobs since 2008, for a net increase of 850± jobs.

**Table 3: Change in Average At-Place Employment,  
Fauquier County, Virginia, 2008-2019**

| <u>Industry</u>   | <u>Net Change</u> | <u>Percent Change</u> |
|-------------------|-------------------|-----------------------|
| Construction      | -350              | -12.2%                |
| Manufacturing     | 60                | 7.0%                  |
| Wholesale Trade   | -242              | -33.3%                |
| Retail Trade      | 160               | 5.9%                  |
| Information       | -65               | -26.4%                |
| Finance/Insurance | 74                | 15.4%                 |
| Real Estate       | 40                | 18.3%                 |
| Prof./Tech.       | 420               | 32.1%                 |
| Mgmt of Co.s      | -43               | -20.3%                |
| Admin./Waste      | 158               | 32.4%                 |
| Education         | 119               | 32.6%                 |
| Health Care       | 134               | 5.5%                  |
| Arts/Enter./Rec.  | -136              | -30.8%                |
| Accom./Food       | 226               | 10.9%                 |
| Other Services    | 82                | 8.2%                  |
| Local Gov.        | 151               | 4.7%                  |
| State Gov.        | 2                 | 0.5%                  |
| Federal Gov.      | <u>204</u>        | <u>48.5%</u>          |
| <b>Total</b>      | <b>854</b>        | <b>4.0%</b>           |

Notes: ND = Data do not meet BLS or State agency disclosure standards.  
Source: United States Department of Labor, Bureau of Labor Statistics

Next shown, in Table 4, are the employment changes that occurred in 2020, which is an outlier year given the unusual impact of the COVID-19 pandemic. The data show a significant loss of jobs, with a reduction in employment of over 880, or by 4.0 percent.

These losses occurred across most employment sectors, with the heaviest job losses impacting the Accommodations/ Food services sector (370± jobs lost), Local Government sector (190± jobs lost) and Health Care sector (170± jobs lost). Although these losses are sizeable, many of these layoffs are expected to be temporary and will likely be recovered once 2021 employment data are released. The local housing market has not been negatively affected by these job losses.

Of note is that several employment sectors did add jobs in 2020, including the Professional/ Technical Services sector (130± new jobs), Retail Trade sector (50± new jobs) and the Transportation/ Warehousing sector (50± new jobs).

Data for 2021 show an increase of 440± jobs in Fauquier County, which signals a continued recovery. Several employment categories recorded net job growth. There are just over 430 fewer at-place jobs at year-end 2021 compared to the pre-pandemic peak.

|                                 | <u>2019</u>   | <u>2020</u>   | <u>2021</u>   | <u>Net Change</u> |
|---------------------------------|---------------|---------------|---------------|-------------------|
| Utilities                       | 116           | 122           | 117           | 1                 |
| Construction                    | 2,530         | 2,527         | 2,624         | 94                |
| Manufacturing                   | 923           | 841           | 960           | 37                |
| Wholesale Trade                 | 485           | 473           | 454           | -31               |
| Retail Trade                    | 2,873         | 2,921         | 2,944         | 71                |
| Transportation/Warehousing      | 239           | 286           | 311           | 72                |
| Information                     | 181           | 163           | 179           | -2                |
| Finance/Insurance               | 553           | 550           | 549           | -4                |
| Real Estate                     | 258           | 260           | 268           | 10                |
| Professional/Technical Services | 1,727         | 1,859         | 1,871         | 144               |
| Management of Companies         | 169           | 158           | 126           | -43               |
| Admin./Waste Services           | 645           | 593           | 622           | -23               |
| Educational Services            | 484           | 460           | 504           | 20                |
| Health Care                     | 2,549         | 2,379         | 2,269         | -280              |
| Arts/Entertainment/Recreation   | 306           | 235           | 241           | -65               |
| Accommodations/Food             | 2,293         | 1,926         | 2,058         | -235              |
| Other Services                  | 1,080         | 955           | 1,061         | -19               |
| Local Government                | 3,350         | 3,161         | 3,209         | -141              |
| State Government                | 394           | 396           | 362           | -32               |
| Federal Government              | <u>625</u>    | <u>652</u>    | <u>659</u>    | <u>34</u>         |
| <b>Total</b>                    | <b>22,249</b> | <b>21,370</b> | <b>21,813</b> | <b>-436</b>       |

Source: United States Department of Labor

The U.S. Bureau of Labor Statistics has not yet released year-end data for 2022. However, as of September 2022, the date for which the most recent data are available, Fauquier County totals nearly 22,400 at-place jobs, which is in line with pre-pandemic employment levels.

### **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 Fauquier County. Data are current to year-end 2021 for Employment and Labor Force.

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Fauquier County realized a net increase in employment of 770± over the twelve-year period between 2008 and 2019. Like at-place job trends, employment grew early in the decade, up until 2008, when employment reached a pre-recession peak of 36,400± jobs.

Employment totals are larger than at-place job totals, which means net out-commuting occurs into neighboring jurisdictions. These trends are an indication of the market for housing in Fauquier County, with a high percentage of County labor force working across the Washington Region. However, they are selecting homes in Fauquier County.

Employment fell sharply in 2009 when 940± jobs were lost, pushing the unemployment rate from 3.6 percent to 5.6 percent in a single year. A slow recovery began soon after in 2011. Growth in employment occurred every year since, with total employment exceeding pre-recession levels in 2019. The labor force has also grown every year between 2015 and 2019, suggesting sustained confidence in the labor market. This has pushed the overall unemployment rate higher than it otherwise would be.

Recent years have been characterized by a steady increase in the pace of job growth. Employment grew by 350± in 2017, 1,010± in 2018 and 1,070± in 2019. This exceeds the level of growth of at-place jobs and denotes that part of the growth in the resident population of Fauquier County was driven by new jobs in neighboring communities.

Data in Table 5 show that the unemployment rate was a low 2.4 percent in 2019, down from 3.9 percent in 2015. The low unemployment rate means that new job growth will require new residents for the County.

Total employment declined by 2,110± in 2020, pushing the unemployment rate up from a low 2.4 percent in 2019 to 4.7 percent, the highest unemployment rate since 2013. Data for 2021 show some improvements, with employment expanding by 80±. The labor force declined by 560± in 2021, which contributed to the low unemployment rate of 3.0 percent.

**Table 5: Trends in Employment and Unemployment,  
Fauquier County, Virginia, 2008-2021**

|                   | <u>Labor Force</u> | <u>Employment</u> | <u>Unemployment</u> | <u>Percent Unemployed</u> |
|-------------------|--------------------|-------------------|---------------------|---------------------------|
| 2008              | 37,765             | 36,403            | 1,362               | 3.6%                      |
| 2009              | 37,560             | 35,459            | 2,101               | 5.6%                      |
| 2010              | 35,805             | 33,536            | 2,269               | 6.3%                      |
| 2011              | 36,073             | 34,092            | 1,981               | 5.5%                      |
| 2012              | 35,975             | 34,162            | 1,813               | 5.0%                      |
| 2013              | 35,928             | 34,198            | 1,730               | 4.8%                      |
| 2014              | 36,049             | 34,427            | 1,622               | 4.5%                      |
| 2015              | 35,873             | 34,477            | 1,396               | 3.9%                      |
| 2016              | 35,977             | 34,745            | 1,232               | 3.4%                      |
| 2017              | 36,269             | 35,091            | 1,178               | 3.2%                      |
| 2018              | 37,054             | 36,096            | 958                 | 2.6%                      |
| 2019              | 38,085             | 37,168            | 917                 | 2.4%                      |
| 2020              | 36,777             | 35,058            | 1,719               | 4.7%                      |
| 2021              | 36,217             | 35,138            | 1,079               | 3.0%                      |
| <b>Net Change</b> | <b>-1,548</b>      | <b>-1,265</b>     | <b>-283</b>         | <b>-0.6%</b>              |

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

### COVID-19 and Employment

Table 6 shows monthly employment data as of April 2023 in Fauquier County 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 total employment has increased by nearly 1,400 since January 2020, with the number of unemployed shrinking by over 120. These data show considerable economic improvements.

The unemployment rate, as of April 2023, is a very low 2.1 percent, down from 9.1 percent in April 2020. The low unemployment rate reflects the difficulty that local employers report in hiring new staff and necessitates new residents to the County to fill vacant and future jobs.

**Table 6: Trends in Employment and Unemployment,  
Fauquier County, Virginia, 2020-2023 YTD**

|                   | <b>Labor Force</b> | <b>Employment</b> | <b>Unemployment</b> | <b>Percent Unemployed</b> |
|-------------------|--------------------|-------------------|---------------------|---------------------------|
| January 2020      | 37,631             | 36,674            | 957                 | 2.5%                      |
| February 2020     | 37,692             | 36,824            | 868                 | 2.3%                      |
| March 2020        | 37,237             | 36,207            | 1,030               | 2.8%                      |
| April 2020        | 35,897             | 32,638            | 3,259               | 9.1%                      |
| May 2020          | 35,376             | 32,643            | 2,733               | 7.7%                      |
| June 2020         | 36,700             | 33,899            | 2,801               | 7.6%                      |
| July 2020         | 36,521             | 34,131            | 2,390               | 6.5%                      |
| August 2020       | 36,545             | 34,630            | 1,915               | 5.2%                      |
| September 2020    | 35,851             | 34,310            | 1,541               | 4.3%                      |
| October 2020      | 36,555             | 35,198            | 1,357               | 3.7%                      |
| November 2020     | 36,289             | 34,973            | 1,316               | 3.6%                      |
| December 2020     | 36,117             | 34,929            | 1,188               | 3.3%                      |
| January 2021      | 36,048             | 34,716            | 1,332               | 3.7%                      |
| February 2021     | 35,894             | 34,635            | 1,259               | 3.5%                      |
| March 2021        | 36,013             | 34,747            | 1,266               | 3.5%                      |
| April 2021        | 36,141             | 35,085            | 1,056               | 2.9%                      |
| May 2021          | 36,334             | 35,173            | 1,161               | 3.2%                      |
| June 2021         | 37,478             | 36,109            | 1,369               | 3.7%                      |
| July 2021         | 37,536             | 36,293            | 1,243               | 3.3%                      |
| August 2021       | 37,231             | 36,054            | 1,177               | 3.2%                      |
| September 2021    | 36,740             | 35,719            | 1,021               | 2.8%                      |
| October 2021      | 37,217             | 36,329            | 888                 | 2.4%                      |
| November 2021     | 36,843             | 36,218            | 625                 | 1.7%                      |
| December 2021     | 37,157             | 36,284            | 873                 | 2.3%                      |
| January 2022      | 37,155             | 36,215            | 940                 | 2.5%                      |
| February 2022     | 37,078             | 36,203            | 875                 | 2.4%                      |
| March 2022        | 37,349             | 36,459            | 890                 | 2.4%                      |
| April 2022        | 37,520             | 36,729            | 791                 | 2.1%                      |
| May 2022          | 37,611             | 36,624            | 987                 | 2.6%                      |
| June 2022         | 38,342             | 37,327            | 1,015               | 2.6%                      |
| July 2022         | 38,549             | 37,524            | 1,025               | 2.7%                      |
| August 2022       | 38,216             | 37,051            | 1,165               | 3.0%                      |
| September 2022    | 37,678             | 36,664            | 1,014               | 2.7%                      |
| October 2022      | 38,207             | 37,193            | 1,014               | 2.7%                      |
| November 2022     | 37,968             | 36,945            | 1,023               | 2.7%                      |
| December 2022     | 37,974             | 37,115            | 859                 | 2.3%                      |
| January 2023      | 38,232             | 37,132            | 1,100               | 2.9%                      |
| February 2023     | 38,299             | 37,320            | 979                 | 2.6%                      |
| March 2023        | 38,759             | 37,783            | 976                 | 2.5%                      |
| April 2023        | 38,846             | 38,012            | 834                 | 2.1%                      |
| <b>Net Change</b> | <b>1,215</b>       | <b>1,338</b>      | <b>-123</b>         | <b>-0.4%</b>              |

Notes: 1/ Preliminary. Subject to change.

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

## Current Developments

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Most businesses in Fauquier County are small, with over 90 percent having fewer than 20 employees. The largest employer in the County is the Fauquier County School Board, with over 1,900 employees. The second largest employer is the Fauquier Health System, which employs over 1,000 people. The next two largest employers are the U.S. Department of Transportation and Walmart. All of these employers are located within quick driving distance of the Warrenton Village site.

The agriculture and forestry industries directly employ over 500 people, with many more employed in related industries. Tourism represents a growing segment of the economic sector in Fauquier County with nearly 30 vineyards and wineries spread across the County. More recently, the County has also targeted defense and other government contractors as a vital sector, with over 100 firms operating in the County.

Recent job generating development activity in Fauquier County include:

- **E-Z Treat**, a manufacturer of residential and commercial wastewater treatment systems, announced in December 2022 that it would expand its Catlett operations with a new 33,000± square foot building that will generate 16 new engineering and manufacturing jobs.
- **Silver Branch Brewing**, a Maryland-based brewery, announced in June, 2023 that it would open a location in Fauquier County, adding 38 new jobs. The expansion will be the second location for the brewery. Silver Branch is taking over the Warrenton location of the former Wort Hog Brewing Co., which closed in early-2022. The brewery will have 18 to 24 rotating taps at each location. The Warrenton location will add between 750 to 1,000 barrels of capacity. The facility is expected to open in the fall of 2023.
- **Piedmont Urgent Care** announced in September 2021 that it would build a single-story, 7,540± square foot urgent care facility and pharmacy on the corner of Blackwell Road and Walker Drive in Warrenton. The facility has since opened.
- **Oak View National Bank** announced in May 2021 that it would build a 7,000± square foot building on a vacant lot on Waterloo Street, near its current headquarters on Broadview Avenue in Warrenton. The new Warrenton facility will feature a drive thru. Construction was completed in 2022.



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- **Lord Fairfax Community College.** Construction was completed in June 2022 on a new science and technology building on the Fauquier campus of Lord Fairfax Community College to be called Eleanor C. and William A. Hazel Hall. The two-story, 40,000± square foot building houses a nursing skills lab, science labs, engineering and fabrication labs, classrooms, a board room, faculty offices, study spaces and a lounge and a conference center with banquet seating for 275 people. The college also has plans currently under review to construct a single-story, 8,130± square foot trades lab building. The new building will allow the college to offer trades classes for the first time on the Fauquier Campus, including a new carpentry program. Other programs planned for the new building include electrical, HVAC, plumbing and heavy equipment operator.
  - **Catlett Data Center Park.** This is a proposal to construct two data centers of 1.4 million square feet at Route 28 and Gaskins Lane.
  - **Royal Farms.** Construction was completed in 2022 on new Royal Farms at the southwest corner of Routes 17 and 29 at Opal. The development includes a 4,650± square foot convenience store and 14 fuel pumps. Future development of the remaining 2.1 acres calls for an unspecified 3,160± square foot fast-food restaurant, which would share the same entrance with Royal Farms.
  - **Hilton Home2 Suites at Mintbrook.** This is proposed four-story, 90- to 100-room hotel planned for a site within the Mintbrook development in Bealeton. The proposal is currently under review.
  - **Puller Veterans Care Center.** Construction was completed in March 2022 on this long-term care center at Vint Hill for military veterans at Vint Hill Road and MacIntosh Drive in eastern Fauquier. The 145,000± square foot, 128-bed facility has eight, 16-bed “houses” flanking the “community center.” Each resident has a private room and bathroom. The center has a large dining area, but each house also has a kitchen for smaller meal gatherings, including those with family members. The facility employs approximately 220 people.
  - **Lock-It-Up Self Storage.** Plans were submitted in mid-2022 to construct a self-service storage facility, to include storage units and an office, at 10526 Global Way in Bealeton. The facility will consist of six self-storage buildings, totaling 65,750± square feet. The individual storage buildings range from 4,400± square feet to 21,750± square feet. Approximately 1,050± square feet within one of the buildings will be dedicated for office space for the facility.
  - **Wexford Village.** Plans were submitted in mid-2022 for commercial development on the west side of Marsh Road across from Village Center Drive in Bealeton. Plans call for a car wash as well as a total of 90,000± square feet of warehouse/self-storage facility use.

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- **The Bank of Clarke County** opened a new branch at 530 Blackwell Road in Warrenton in July 2022.
  - **17/66 Industrial Park Lot 8**. Plans were submitted in mid-2022 for the construction of a 104,700± square foot warehouse building along Whitting Road between the Norfolk Southern Railroad and Brampton Court. The proposal is still under review.
  - **Vint Hill Independent /Assisted Living**. This is a proposal for a retirement community to be built near the intersection of Rogues Road and Farm Station Road in the Vint Hill area. The facility, which is currently under review, is proposed for 90 apartment units.
  - **Amazon Web Services** announced in June 2022 that it would build a 220,200± square foot data center in Warrenton, at the intersection of Blackwell Road and Lee Highway. The Warrenton Town Council approved a special use permit for the project in February 2023. The facility is expected to employ approximately 52 people.

It is difficult to quantify the level of future job growth in Fauquier County, as many employers are small and therefore their expansion plans are not tracked by local or state economic development agencies. Economic development officials note that many local employers have vacant positions that they are struggling to fill, partially due to housing availability for prospective employees.

In addition is a significant level of future job growth in neighboring Prince William County. Data in Table 3 and Table 5 above show that Fauquier County is the location of a considerable number of commuters, and thus the local housing market is greatly impacted by job growth elsewhere in Northern Virginia.

Research from S. Patz & Associates has identified at least 3,500 new jobs that have been publicly announced over the next few years within neighboring Prince William County. This total likely undercounts the level of future job growth as many expansions are smaller in scale and not publicly reported. Many of these jobs are in the western portion of Prince William County and near Fauquier County. In addition are several million square feet within multiple data centers that are planned and under construction in this part of the county that will generate new, high-paid jobs.

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## Demographic Trends and Projections

Demographic trends for Fauquier County, which include the Town of Warrenton, as well as the adjacent areas of western Prince William County, are presented in Table 7. The Prince William County portion of the market area includes the community of Gainesville and the Town of Haymarket. This portion of Prince William County was included in the market area based on interviews with area apartment managers who note a very limited supply of upscale apartment units in Warrenton, with Warrenton likely to compete with the greater Gainesville/ Haymarket area for the upscale rental market.

The market area's population, as of 2022, is estimated to total 203,890±, based on calculations from the Weldon Cooper Center for Public Service and derived from the most recent 2020 U.S. Census count. For Fauquier County, the 2022 population total of 73,540± exceeds the 2010 census count by 8,340±, or an annual population growth rate of nearly 700. This means that population growth in the County for the 2010 decade is below the rate of the 2000 decade, when the population increased by an annual average of approximately 1,000 people. The Prince William County portion of the market area had a significant increase in population since 2010, with the population expanding by over 28,000. This was a slower pace of population growth compared to the 2000s.

The slower level population growth that has occurred in Fauquier County and western Prince William County since 2010 is due to a lack of new housing development and readily available land for the development of new homes. Modest employment growth in Fauquier County is a second factor. The analysis to follow shows only a limited number of new and proposed apartment communities in the market area at this time. Based on population trends, planned housing developments and some job growth, the market area population is projected to reach 219,280± by 2027.

The target market for the new apartment units at Warrenton Village is renter households earning incomes of \$66,000 and above, when incomes are reported in constant 2023 dollars.

Households in this income category can afford net rents of \$1,650 and above, based on 30 percent of income allocated toward net rents.

As of 2022, the market area has approximately 8,780 renter households in the target income category. This total is 2,640± more than in 2010, with much of this growth supported almost by renters in scattered rental units within for-sale subdivisions. As will be shown below, the market area has very few “upscale” apartment communities, and most are now mature. Trend data and future employment growth support a continued net increase in renters within this income category, with an expectation to reach 9,880± target renter households by 2027, the forecast date of this report. This represents an increase of 1,100± households.

| <b>Table 7: Trends and Projections of Population and Households,<br/>Warrenton Village Market Area, 1990-2027</b><br>(Constant 2023 dollars)   |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|
|  | <b>1990</b> | <b>2000</b> | <b>2010</b> | <b>2022</b> | <b>2027</b> |
| Market Area Population   | 69,950      | 93,140      | 166,960     | 203,890     | 219,280     |
| Fauquier County  | 48,740      | 55,140      | 65,200      | 73,540      | --          |
| Prince William County Portion 3/   | 21,210      | 38,000      | 101,760     | 130,350     | --          |
| Group Quarters Population  | 1,470       | 770 1/      | 750         | 1,150       | 1,150       |
| Household Population   | 68,480      | 92,370      | 166,210     | 202,740     | 218,130     |
| Persons Per Household  | 2.84        | 2.74        | 2.91        | 2.90        | 2.89        |
| Total Households   | 24,140      | 33,770      | 57,040      | 71,630      | 75,480      |
| Renter Households  | 7,100       | 8,740       | 13,240      | 18,160      | 20,210      |
| Percent Renter Households  | 29.4%       | 25.9%       | 23.2%       | 25.4%       | 26.7%       |
| <b>Target Market (\$66,000+)</b>   |             |             |             |             |             |
| Total Households   | 3,070       | 3,960       | 6,140       | 8,780       | 9,880       |
| Percent of Renter Households   | 43.2%       | 45.3%       | 46.4%       | 48.3%       | 48.9%       |
| Notes: 1/ Decline due to closure of Vint Hill Station in 1997, a U.S. Army and NSA signals intelligence and electronic warfare facility.   |             |             |             |             |             |
| 2/ Growth driven by opening of White Springs Senior Living, Poet’s Walk Warrenton, The Villa at Suffield Meadows, and Puller Veterans Station.   |             |             |             |             |             |
| 3/ Includes the following U.S. Census tracts in Prince William County, VA: 9014.03, 9014.07, 9014.08, 9014.09, 9014.10, 9014.11, 9014.12, 9014.13, 9014.14, 9014.15, 9014.16, 9014.17, 9015.03, 9015.04, 9015.05, 9015.06, 9015.07, 9015.08, 9015.09, 9015.10 and 9015.11. |             |             |             |             |             |
| Source: U.S. Census Bureau; Weldon Cooper Center for Public Service; S. Patz & Associates, Inc.  |             |             |             |             |             |

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It should be noted that the demographic trends and projections detailed in Table 7 include the Town of Warrenton. Demographic trends and projections are analyzed for the entire market area, which is comprised of Fauquier County (including Warrenton), as well as the adjacent areas of Gainesville and Haymarket in Prince William County. The market area is the geographic area from which the majority of future tenants at Warrenton Village are expected to originate from and where the competitive rental housing alternatives are located. An analysis of demographic trends and projections of only the Town of Warrenton would understate the market for future renters.

Data in Table 8 show the demographic trends and projections within the Town of Warrenton for comparison purposes. The projections shown are opportunity projections, as they rely on the ability of the Warrenton Village proposal to be built and occupied. Absent this proposal, the projected population in the Town would be reduced.

The data show modest growth among target income households prior to 2022, which is principally due to a lack of new apartment unit development targeting the upscale market. A comparison to the data in Table 7 shows that most target income households have resorted to renting outside of the Town of Warrenton.

**Table 8: Trends and Projections of Population and Households,  
Town of Warrenton, Virginia, 1990-2027**  
(Constant 2023 dollars)

|                                  | <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2022</u> | <u>2027</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Town of Warrenton Population     | 4,830       | 6,670       | 9,610       | 10,200      | 10,850      |
| Group Quarters Population        | 270         | 410         | 340         | 340         | 340         |
| Household Population             | 4,560       | 6,260       | 9,270       | 9,860       | 10,510      |
| Persons Per Household            | 2.34        | 2.34        | 2.48        | 2.48        | 2.47        |
| Total Households                 | 1,950       | 2,680       | 3,740       | 3,980       | 4,260       |
| Renter Households                | 920         | 1,140       | 1,510       | 1,570       | 1,950       |
| Percent Renter Households        | 47.1%       | 42.3%       | 40.3%       | 39.5%       | 45.8%       |
| <b>Target Market</b> (\$66,000+) |             |             |             |             |             |
| Total Households                 | 460         | 440         | 590         | 630         | 1,030       |
| Percent of Renter Households     | 50.0%       | 38.6%       | 38.9%       | 40.1%       | 52.8%       |

Source: U.S. Census Bureau; S. Patz & Associates, Inc.

The key point in Table 8 is that the Town of Warrenton has historically had a small number of renter households, particularly in the targeted income range under study. This is a supply, rather than a demand issue, as the shortage of quality rental housing has pushed prospective renters outside of the Town and in many cases outside of Fauquier County. The construction of a new and attractive rental community, of the type proposed for Warrenton Village, provides an opportunity to reverse these past trends. Again, it should be noted that while Warrenton Village will clearly impact the Town of Warrenton the most, it is likely to attract renters from outside of the Town as well.

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## **Section II: Apartment Market Analysis**

This part of the report studies the depth of the greater Warrenton area “better” apartment market. The analysis is intended to determine market support for the apartment units proposed at Warrenton Village. As will be shown, there are no upscale, professionally managed market rate apartment properties in Fauquier County.

In addition to the analysis of the current apartment market, the last subsection of Section II studies the apartment unit pipeline in the market area. These apartment properties are studied for development status, project size and comparison with the Warrenton Village proposal.

### **Characteristics of the Current Apartment Market**

#### **Competitive Apartment Market**

The existing professionally managed apartment market in the greater Warrenton area is small, with nearly all professionally managed apartment buildings having income- or age-restrictions in place. Thus, most apartment communities in the Warrenton area and elsewhere in Fauquier County serve a separate population compared to the Warrenton Village proposal. The small number of market rate apartment units in the area are mature, and not fully competitive with the upscale and fully-amenitized Warrenton Village proposal.

The existing market rate apartments in the greater Warrenton area include the 100-unit Aspen Apartments South, 24-unit Green Street Apartments and 24-unit Victoria Gardens Apartments. These are mature, modest rental properties that were built between the 1960s and 1980s and are routinely at full occupancy. They serve a more modest income market compared to the Warrenton Village proposal with lower, non-competitive rents. They therefore do not represent true competition for the Warrenton Village proposal.

The demographic analysis shown above in Table 7 identifies a considerable number of higher-income renter households in the market area, with over 40 percent of renters earning

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annual incomes over \$66,000. These renters almost entirely occupy scattered townhomes and single-family homes that were not initially built as rental properties, but are instead leased by private individuals, realtors and property management firms. Most are two- and three-bedroom units, with two-bedroom units renting between \$1,600 and \$2,100 and three-bedroom units primarily renting for over \$2,000. Essentially all of these homes are occupied at this time. Data in Table 8 show that a small share of these households currently resides in the Town of Warrenton, with the small percentage due to the persistent limited supply of upscale rental housing.

The closest upscale apartment cluster to Warrenton is the greater Gainesville/ Haymarket area of western Prince William County, which is an approximately 20-minute drive from Warrenton. Management at apartment properties in this area note that they partially compete with the Warrenton market given the severely limited supply of “better” apartments there. There are only three “somewhat” upscale apartments in this part of western Prince William County, as detailed in Table 9 below.

All are now becoming somewhat mature, with two properties—Somershill Farms and Marque Apartments—now 17 years old, and one property—Somerset Pointe—over 20 years old. Marque Apartments generates one-bedroom rents of between \$2,205 and \$2,215. Two-bedroom rents at Somershill Farms and Marque Apartments exceed \$2,200. Somerset Pointe has more modest rents as this is an older apartment property. These rents have been readily accepted by the market as all three properties are at or near full occupancy.

The one-bedroom rents at Warrenton Village are proposed to be below the one-bedroom rooms at Marque Apartments and Somershill Farms. The two-bedroom rents proposed for Warrenton Village will be approximately \$200 below the two-bedroom rents at Marque Apartments and Somershill Farms, on average. The proposed three-bedroom rents of between \$2,400 and \$3,000 are similar to the rents being generated at area scattered three-bedroom units, most of which offer no on-site amenities and require tenants to cover the costs of landscaping and snow removal. Most are now at least a decade old and with lesser levels of unit finishes and



features compared to the Warrenton Village proposal. The proposed three-bedroom rents are above the rents at Somerset Pointe, which is now over two decades old.

**Table 9: Characteristics of Better Apartment Communities, Gainesville/Haymarket, VA, June 2022**

|                                  | <u>Year Built</u> | <u>Total Units</u> | <u>Vacant Units</u> | <u>One-Bedroom</u>     | <u>Two-Bedroom</u>     | <u>Three-Bedroom</u>   |
|----------------------------------|-------------------|--------------------|---------------------|------------------------|------------------------|------------------------|
| Residences at Somerhill Farms 1/ | 2006              | 140                | 1                   | \$1,893-\$1,967        | \$2,262-\$2,924        | \$2,398                |
| Marque Apartments                | 2006              | 200                | 7                   | \$2,205-\$2,215        | \$2,214-\$2,466        | \$2,963-\$2,998        |
| Somerset Pointe                  | 2001              | 173                | 3                   | \$1,517                | \$1,815                | \$2,088                |
| <b>Proposed Rents</b>            |                   |                    |                     | <b>\$1,650-\$1,900</b> | <b>\$2,200-\$2,350</b> | <b>\$2,400-\$3,000</b> |

Notes: 1/ Rent data only provided for vacant and soon-to-be vacant units.  
Source: Field and Telephone Survey by S. Patz and Associates, Inc.

Shown next are photos of the above apartment properties. All are multi-level buildings, but none have contemporary designs, and none are as attractive as the Warrenton Village proposal.



**Somerhill Farms**



**Marque Apartments**



**Somerset Pointe**

The key point is that the Town of Warrenton does not currently offer any upscale, professionally managed apartment units that would be fully competitive with Warrenton Village. The same is true for other locations in Fauquier County. Western Prince William County does have a small number of more upscale apartment units, but these are now becoming mature and do not offer the same level of amenities and features as other newly built apartment properties in Northern Virginia.

Despite the lack of inventory, the market area does have a considerable number of higher-income renter households, with nearly half of these renters earning annual incomes above \$66,000. This denotes that most of these renters are leasing scattered, non-amenitized townhomes and single-family homes. Many of these households can afford “better” apartment units but have few available options. Most of the newer scattered rental units are renting at similar rents to those proposed for Warrenton Village. There is clearly a market for upscale rental housing that is not being adequately served at this time.

### **Apartment Pipeline**

There is currently only one apartment community in active planning in Fauquier County, and none under construction. Vint Hill Lofts is proposed for 183 apartment units to be built at

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the former Vint Hill Farm Station Barrack at 4221 Sigler Road and 4285 Bludau Drive. The community will contain a mix of 29 studio, 128 one-bedroom and 26 two-bedroom apartment units. Studio rents will start at \$1,175, one-bedroom rents will start at \$1,550 and two-bedroom rents will start at \$2,050. Rents will include water, sewage, trash and basic high-speed internet. All units will be equipped with a washer and dryer. The developers, Echelon Resources, have not yet secured all County approvals.

### **Apartment Market Summary and Demand Analysis**

At this time, the rental market under study is fully occupied and a sizable pent-up demand exists due to job growth in Warrenton, elsewhere in Fauquier County and neighboring jurisdictions in Northern Virginia. Coupled with this job growth is the longstanding lack of upscale apartment unit development in the area. Area employers, many of which are actively filling open positions, report challenges with attracting new employees, which is partially a function of a very limited supply of apartments in the greater Warrenton area.

The Town of Warrenton and Fauquier County have not been the location of new market rate apartment unit development in several decades. This is despite the fact that the number of higher income renters has steadily increased in the area since 2000, denoting that many of these households have resorted to renting scattered, non-amenitized rental units within for-sale subdivisions. Western Prince William County has also not been the location of new apartment unit development, with the newest apartments now 17 years old. This is partially due to a lack of property zoned land for apartment unit development. The better apartment properties in this portion of Prince William County are typically fully occupied or with very few vacant apartment units.

Many protentional renters who are employed locally have resorted to renting outside of the market area due to the limited apartment unit supply, a trend that could be reversed if a new attractive apartment community were to be built in Warrenton. Additionally, commuters who may want to select Warrenton as an attractive location to relocate have limited options. Some

renters have also resorted to leasing less desirable units due to the extremely limited rental housing supply.

The net demand analysis is shown below based on the projection of new apartment units less vacant and pipeline proposals. From the 1,100± total apartment unit demand projection is subtracted 183 pipeline apartment units proposed for Vint Hill Lofts and the 376-unit Warrenton Village proposal. There are essentially no vacancies in the market area for comparable upscale rental units. The net demand analysis shows an underserved market, resulting in a surplus demand of 540± apartment units.

The 1,100 figure is an extrapolation from the analysis of demographic trends and projections, which begins on Page 27. This number represents the total growth in demand for the competitive apartment market area, distinct from the County itself. The boundaries of the market area are detailed in Table 8, which includes small portions of Prince William County.

Our demand projection is likely to “be in the ballpark,” but it is difficult to make projections within a marketplace that has not added new market rate apartment units in several years. Nevertheless, the demand analysis is defined as positive.

| <b><u>Net Demand Analysis</u></b><br><b>(2022-2027)</b> |                           |
|---|---------------------------|
|   | <b><u>Total Units</u></b> |
| Demand  | 1,100                     |
| Less:   |                           |
| Pipeline Units  | 183                       |
| Warrenton Village                                       | <u>376</u>                |
| <i>(Subtotal)</i>                                       | <i>(559)</i>              |
| <b>Surplus Demand</b>                                   | <b>541</b>                |

We are aware that the Warrenton Village proposal is large, but the analysis above clearly indicates a pent-up demand for new, upscale apartment units. The proposal offers a diversity of unit types, including three-bedroom townhomes attractive to families, and elevator-served apartment units that will likely attract young professionals and active seniors. The contemporary

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design, expansive amenity package and walkability to area retailers, grocery stores and restaurants will set Warrenton Village apart from all of the existing apartments in Fauquier County and the greater Gainesville area. If built as proposed, Warrenton Village should be successful in terms of lease up and at the rents proposed.

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### **Section III: Fiscal Impacts Analysis**

This section of the report outlines the methodology and findings of the Fiscal Impacts Analysis (FIA) for the proposed residential development comprising Warrenton Village in the Town of Warrenton at build-out. The FIA compares the tax revenues expected from the proposal, as previously described, with the tax-supported costs the Town of Warrenton will incur to serve the project once it is fully developed. The net fiscal benefits will be the difference between those revenues and the various costs to the Town associated with new development. As noted above, the development plan involves constructing 376 rental units.

On-site fiscal impacts from Warrenton Village pertain to development on the site itself. Fiscal impacts generated off-site, due to the spin-off effects of resident and employee expenditures within the Town of Warrenton, are examined separately. For off-site impacts, economic impact assessments are undertaken to demonstrate how consumer expenditures will stimulate new business within the Town, based on new business receipts, employment, and employee earnings resulting from those expenditures.

#### **Summary of Fiscal Impacts**

Table 10 presents a summary of the revenues, costs and net fiscal benefits (revenue surplus or deficit) for the proposed 320 apartment, 36 two-over-two and 20 rental townhome units that are proposed for the Warrenton Village site and for the economic activity that would be generated in the Town of Warrenton by residents off-site.

The data in Table 10 show negative on-site impacts, which is primarily due to two factors. For one, the Town of Warrenton levies a low real estate tax rate of only \$0.0401 per \$100 of value. Thus, while Warrenton Village will likely be assessed at over \$100 million, the taxable amount to the Town of Warrenton for the property would be relatively modest. Second, the largest revenue sources for the General Fund Budget are other local taxes. These include nine different local taxes, most of which do not generate on-site revenues. The majority of local tax revenues, for instance,

are generated by the Meals Tax, BPOL and Local Sales Taxes. As a consequence of the above two factors, a large share of total fiscal impacts will be generated by off-site economic activity.

In total, and at build-out, the full development and occupancy of the new rental units at Warrenton Village will generate a positive annual fiscal benefit of approximately \$46,100, reported in constant 2023 dollars.

**Table 10: Summary of On-Site and Off-Site Fiscal Impacts of Apartments,  
Warrenton Village at Build-Out, Warrenton, Virginia**  
(Constant 2023 Dollars)

| <u>Source of Fiscal Impacts on the Town</u> | <u>Impacts On-Site in Warrenton</u> | <u>Impacts Off-Site in Warrenton</u> | <u>Total Fiscal Impacts</u> |
|---|-------------------------------------|--------------------------------------|-----------------------------|
| <b><u>Apartments (320 Units)</u></b>        |                                     |                                      |                             |
| Revenues to the Town                        | \$117,560                           | \$338,870                            | \$456,430                   |
| Town Costs                                  | <u>-\$280,280</u>                   | <u>-\$145,920</u>                    | <u>-\$426,200</u>           |
| <i>Subtotal</i>                             | <i>-\$162,720</i>                   | <i>\$192,950</i>                     | <i>\$30,230</i>             |
| <b><u>Two-Over-Two (36 Units)</u></b>       |                                     |                                      |                             |
| Revenues to the Town                        | \$14,550                            | \$55,520                             | \$70,070                    |
| Town Costs                                  | <u>-\$42,740</u>                    | <u>-\$23,490</u>                     | <u>-\$66,230</u>            |
| <i>Subtotal</i>                             | <i>-\$28,190</i>                    | <i>\$32,030</i>                      | <i>\$3,840</i>              |
| <b><u>Townhomes (20 Units)</u></b>          |                                     |                                      |                             |
| Revenues to the Town                        | \$8,050                             | \$41,150                             | \$49,200                    |
| Town Costs                                  | <u>-\$23,310</u>                    | <u>-\$13,860</u>                     | <u>-\$37,170</u>            |
| <i>Subtotal</i>                             | <i>-\$15,260</i>                    | <i>\$27,290</i>                      | <i>\$12,030</i>             |
| <b><u>Total Residential (376 units)</u></b> |                                     |                                      |                             |
| Revenues to the Town                        | \$140,160                           | \$435,540                            | \$575,700                   |
| Town Costs                                  | <u>-\$346,330</u>                   | <u>-\$183,270</u>                    | <u>-\$529,600</u>           |
| <b>Net Fiscal Benefits</b>                  | <b>-\$206,170</b>                   | <b>\$252,270</b>                     | <b>\$46,100</b>             |

Source: Town of Warrenton, VA; S. Patz & Associates, Inc.

In addition to the on-site fiscal impacts, the economic impacts off-site in the Town of Warrenton from new resident expenditures would generate additional tax revenue. Based on anticipated household incomes, resident expenditures could equal approximately \$26.4 million annually at businesses in the Town, with another \$52.3 million in business expenditures to be generated by the “ripple effect” of resident expenditures across the local economy. This would generate a total of over \$78.6 million in business activity in the Town.

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The off-site expenditures will generate new jobs. These would be added region-wide and not just in the Town of Warrenton. Annual earnings from these new jobs would provide additional fiscal impacts across the region. These calculations were reduced by 30 percent to account for consumer expenditures outside of the Town, particularly elsewhere in Fauquier County and in neighboring communities such as Prince William County. Thus, the off-site calculations capture expenditures only within Warrenton.

The following analysis presents the derivation of the fiscal impacts to be derived from the development at the Warrenton Village site. These impacts include the net fiscal benefits of the proposed rental units, being the difference between tax revenue generated for the Town of Warrenton and the costs of public services to serve residents of the new development. As stated above, economic impacts include new business revenue, employees, and employee earnings that would accrue in the Town as a result of resident expenditures in the Town annually.

### **On-Site Fiscal Impacts: From New Rental Units**

The following analyses derive the revenues generated for the Town of Warrenton from Warrenton Village “on-site.” “On-site” denotes revenues that are derived directly from real estate development and personal property taxes, while “off-site” impacts are generated from local business growth based on new resident expenditures. Off-site impacts will be treated separately as “economic impacts,” although their fiscal benefits are also assessed. Data in the tables to follow are rounded off to the nearest ten dollars and represent annual amounts after build-out. All data are presented in constant 2023 dollars.

Table 11 summarizes the various revenues to accrue to the Town of Warrenton from the development and lease-up of the 376 rental units to be built at the study site. Real Estate taxes would account for nearly 38 percent of the revenue to be generated on-site. Personal Property and Consumer Utility taxes would account for the remainder of the \$140,160 in on-site tax revenue.



**Table 11: Summary of Annual On-Site Revenues,  
Warrenton Village at Build-Out,  
Warrenton, Virginia**  
(Constant 2023 Dollars)

|   | <u>Amount</u>    | <u>Percent of Total</u> |
|---|------------------|-------------------------|
| <b><u>Apartments</u></b>                              |                  |                         |
| Real Estate Tax                                       | \$44,060         | 37.5%                   |
| Personal Property Tax                                 | \$13,980         | 11.9%                   |
| Consumer Utility Tax                                  | <u>\$59,520</u>  | <u>50.6%</u>            |
| <i>Subtotal</i>                                       | <i>\$117,560</i> | <i>100.0%</i>           |
| <b><u>Two-Over-Two</u></b>                            |                  |                         |
| Real Estate Tax                                       | \$5,530          | 38.0%                   |
| Personal Property Tax                                 | \$2,300          | 15.8%                   |
| Consumer Utility Tax                                  | <u>\$6,720</u>   | <u>46.2%</u>            |
| <i>Subtotal</i>                                       | <i>\$14,550</i>  | <i>100.0%</i>           |
| <b><u>Townhomes</u></b>                               |                  |                         |
| Real Estate Tax                                       | \$3,150          | 39.1%                   |
| Personal Property Tax                                 | \$1,250          | 15.5%                   |
| Consumer Utility Tax                                  | <u>\$3,650</u>   | <u>45.3%</u>            |
| <i>Subtotal</i>                                       | <i>\$8,050</i>   | <i>100.0%</i>           |
| <b><u>Total</u></b>                                   |                  |                         |
| Real Estate Tax                                       | \$52,740         | 37.6%                   |
| Personal Property Tax                                 | \$17,530         | 12.5%                   |
| Consumer Utility Tax                                  | <u>\$69,890</u>  | <u>49.9%</u>            |
| <b>Total Revenue</b>                                  | <b>\$140,160</b> | <b>100.0%</b>           |
| Source: Town of Warrenton; S. Patz & Associates, Inc. |                  |                         |

Each revenue source will be explained in the paragraphs to follow. A separate section of the report will address the costs of services and facilities that the Town of Warrenton must provide to serve the future development.

### **Real Estate Tax**

Development costs for Warrenton Village are detailed in Table 12. Total development costs are expected to be approximately \$343,277 per apartment unit, \$383,277 per two-over-two and \$393,277 per townhome unit, including site preparation and land acquisition costs. These costs are based on data provided by the sponsor and are consistent with developments costs for other new, upscale rental communities in this part of Virginia. The total property development cost is approximately \$131.5 million. At the Town’s real estate tax rate of \$0.0401 per \$100 of

assessed value, real estate taxes would total \$52,740 each year after buildout, in constant 2023 dollars.

|                        | <u>Apartments</u> | <u>Two-Over-Two</u> | <u>Townhomes</u> | <u>Total</u>    |
|------------------------|-------------------|---------------------|------------------|-----------------|
| Cost/Price per Unit    | \$343,277         | \$383,277           | \$393,277        | \$349,852       |
| Number of Units        | 320               | 36                  | 20               | 376             |
| Total Cost             | \$109,880,640     | \$13,797,972        | \$7,865,540      | \$131,544,152   |
| Tax Rate               | \$0.0401/\$100    | \$0.0401/\$100      | \$0.0401/\$100   | \$0.0401/\$100  |
| <b>Real Estate Tax</b> | <b>\$44,060</b>   | <b>\$5,530</b>      | <b>\$3,150</b>   | <b>\$52,740</b> |

Source: Town of Warrenton, VA; S. Patz & Associates, Inc.

### Personal Property Tax

Personal property taxes for residences in Virginia are based on the depreciated values of vehicles used solely for residential purposes. Residents at Warrenton Village are projected to own approximately 575 vehicles, based on an estimated 1.53 vehicles per apartment unit and 2.00 per two-over two and townhome units at the community. This is in line with the average car ownership rate in the Town of Warrenton.

Residents of Warrenton are required to pay a flat fee of \$25 per vehicle, as well as a personal property tax on vehicles at a rate of \$1.00 per \$100 in assessed value. The Town exempts the personal property tax on vehicles valued at less than \$20,000 and exempts the tax on the first \$20,000 of value for those that are worth more. To be conservative, only 15 percent of vehicles are estimated to be valued above \$20,000. At this value, the total on-site personal property value for residents would come to approximately \$298,000. At the tax rate of \$1.00 per \$100 of assessed value, on-site personal property taxes would be \$2,980 annually in constant 2023 dollars. Added to this total is a flat fee of \$25 per vehicle, which adds an additional revenue of \$14,550 for a total revenue of \$17,530. This is shown in Table 13.

**Table 13: Personal Property Taxes, Warrenton Village at Build-Out, Warrenton, Virginia**  
(Constant 2023 Dollars)

|  | <u>Apartments</u> | <u>Two-Over-Two</u> | <u>Townhomes</u> | <u>Total</u>    |
|--|-------------------|---------------------|------------------|-----------------|
| Number of Units                                | 320               | 36                  | 20               | 376             |
| Percent Occupied                               | 97.0%             | 97.0%               | 97.0%            | 97.0%           |
| Occupied Units                                 | 310               | 35                  | 19               | 364             |
| Vehicles per Unit                              | 1.53              | 2.00                | 2.00             | 1.60            |
| Number of Vehicles                             | 474               | 70                  | 38               | 582             |
| Number of Vehicles above \$20,000 (15%)        | 71                | 11                  | 6                | 88              |
| Depreciated Value Per Vehicle (Above \$20,000) | \$3,000           | \$5,000             | \$5,000          | \$3,350         |
| Total Depreciated Value                        | \$213,000         | \$55,000            | \$30,000         | \$298,000       |
| <b>Tax at \$1.00/\$100</b>                     | <b>\$2,130</b>    | <b>\$550</b>        | <b>\$300</b>     | <b>\$2,980</b>  |
| <b>+ \$25/Vehicle</b>                          | <b>\$11,850</b>   | <b>\$1,750</b>      | <b>\$950</b>     | <b>\$14,550</b> |
| <b>Total Tax</b>                               | <b>\$13,980</b>   | <b>\$2,300</b>      | <b>\$1,250</b>   | <b>\$17,530</b> |

Source: Town of Warrenton; S. Patz & Associates, Inc.

### Consumer Utility Tax

Consumer utility taxes are taxes on expenditures on consumer utilities including electricity, natural gas and telephone utilities. These taxes are collected by the utility companies and remitted to the Town. While the tax rates for the different utilities vary, experience has shown that the average tax is about \$4.00 per utility, per month. This analysis assumes an occupancy rate of 97 percent to allow for lease-up and normal turnover. At this rate, there would be 364 occupied rental units. For four utilities per household, averaging \$4.00 per utility per month for 12 months, the total utility tax for Warrenton Village would be \$69,890 annually. This is shown in Table 14.

**Table 14: Consumer Utility Taxes, Warrenton Village at Build-Out, Warrenton, Virginia**  
(Constant 2023 Dollars)

|                          | <u>Apartments</u> | <u>Two-Over-Two</u> | <u>Townhomes</u> | <u>Total</u>    |
|--------------------------|-------------------|---------------------|------------------|-----------------|
| Number of Units          | 320               | 36                  | 20               | 376             |
| Percent Occupied         | 97.0%             | 97.0%               | 97.0%            | 97.0%           |
| Occupied Units           | 310               | 35                  | 19               | 364             |
| Utilities Per Unit       | 4                 | 4                   | 4                | 4               |
| Each Utility Average     | \$4.00            | \$4.00              | \$4.00           | \$4.00          |
| Number of Months         | 12                | 12                  | 12               | 12              |
| <b>Total Utility Tax</b> | <b>\$59,520</b>   | <b>\$6,720</b>      | <b>\$3,650</b>   | <b>\$69,890</b> |

Source: Town of Warrenton; S. Patz & Associates, Inc.

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## On-Site Fiscal Impacts: Town Costs to Serve Warrenton Village

The focus of the on-site fiscal impacts of costs to the Town of Warrenton from Warrenton Village is the General Fund Budget expenditures expressed on a per capita basis. Per capita expenditures are allocated (by type) to residents and businesses (in terms of numbers of employees) on a proportional basis according to utilization by each type of persons. These costs cover both other operations for services and capital improvements in the form of annual debt service to support the capital improvements programs of the Town. There are no impacts on schools, as public schools are funded by county, state and federal sources.

Budget expenditures will be discussed below, and per capita costs will be calculated based on current types of users. Applying these costs per capita to the residents of Warrenton Village produces an estimate of the annual costs to the Town for services to the proposed new apartment units.

For the Town's adopted FY 2023 budget, approximately 67.8 percent of all General Fund expenditures are supported by local taxes, the remainder being revenues from the state and federal governments. An examination of budgeted revenues for the year will demonstrate this proportion. The fiscal impact costs are based on General Fund expenditures supported by local taxes.

| <b>Table 15: <u>General Fund Revenue by Type from Local Taxes,</u><br/><u>Town of Warrenton, Virginia</u></b> |                      |                                |
|---|----------------------|--------------------------------|
|   | <b><u>Amount</u></b> | <b><u>Percent of Total</u></b> |
| General Property Taxes  | \$1,449,235          | 8.8%                           |
| Other Local Taxes   | <u>\$9,675,138</u>   | <u>58.9%</u>                   |
| <i>Subtotal Local Taxes</i>   | <i>\$11,124,373</i>  | <i>67.8%</i>                   |
| Non-Tax Revenue   | \$5,288,712          | 32.2%                          |
| <b>Total General Fund Revenue</b>   | <b>\$16,413,085</b>  | <b>100.0%</b>                  |
| Source: Adopted FY 2023 Budget for the Town of Warrenton  |                      |                                |

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When the expenditures for each type of user are determined, and the tax-supported proportions are calculated, these costs are divided by the number of persons by type. The population of the Town of Warrenton is estimated to total 10,330± as of 2023, based on recent census data. Regarding jobs in the Town, data from the U.S. Bureau of Labor Statistics (BLS) only track the number of at-place jobs at the county-wide level and not the town level. This is the standard source of employment data for analyses of this type. Data from the Fauquier County Department of Economic Development show that approximately 14,000 people are employed within the Town limits. This is nearly 70 percent of total employment in Fauquier County.

When the expenditures for each type of user are determined, and the tax-supported proportions are calculated, these costs are divided by the number of persons by type. For residents, this is calculated at \$558 per person, while it stands at \$388 per employee for businesses. The disparity is due to approximately \$2.61 million allocated to the Town's Parks and Recreation department.

The budget total for the Town for FY 2023, is \$16.41 million, with 42.5 percent of that cost for the Town's population and 57.5 percent for employment, or persons with jobs in the Town.

**Table 16: Allocation of General Fund Expenditures by Type for Residents (Population) and Businesses (Employees), Town of Warrenton, Virginia**  
(Constant 2023 dollars)

|  | <u>Adopted FY 2023</u><br><u>Population</u> | <u>Adopted FY 2023</u><br><u>Employment</u> | <u>Adopted FY 2023</u><br><u>Total</u> |
|--|---|---|--|
| General Gov't Admin.                   | \$915,956                                   | \$1,241,372                                 | \$2,157,328                            |
| Public Safety                          | \$1,806,918                                 | \$2,448,872                                 | \$4,255,790                            |
| Public Works                           | \$1,939,681                                 | \$2,628,802                                 | \$4,568,483                            |
| Parks, Rec. & Culture                  | \$2,608,455                                 | \$0   | \$2,608,455                            |
| Community Development                  | \$571,657                                   | \$774,754                                   | \$1,346,411                            |
| Contributions                          | \$29,022                                    | \$39,332                                    | \$68,354                               |
| Non-departmental                       | \$149,726                                   | \$202,919                                   | \$352,645                              |
| Dept Service                           | \$358,785                                   | \$492,341                                   | \$855,618                              |
| Transfer to Capital                    | <u>\$84,916</u>                             | <u>\$115,084</u>                            | <u>\$200,000</u>                       |
| <b>Total General Fund Expenditures</b> | <b>\$8,465,114</b>                          | <b>\$7,943,477</b>                          | <b>\$16,413,084</b>                    |
| Percent Tax Support                    | 67.78%                                      | 67.78%                                      | 67.78%                                 |
| Tax-supported Expenditures             | \$5,737,440                                 | \$5,383,888                                 | \$11,124,372                           |
| Number of Persons                      | 10,330                                      | 14,000                                      | 24,330                                 |
| Per Capita Tax Support                 | \$555                                       | \$385                                       | \$457                                  |

Sources: FY 2023 Adopted Budget for Town of Warrenton, VA; U.S. Census Bureau, Fauquier County Department of Economic Development;

### Tax-Supported Costs of Warrenton Village

As explained above, costs to the Town to serve Warrenton Village are derived by multiplying the per capita costs of residents and employees by the numbers of those persons. These are tax-supported costs, to be compared to the taxes generated by Warrenton Village. The costs will cover costs of facilities in terms of debt service for capital improvements.

There is expected to be about 624 residents at Warrenton Village at build out, at a ratio of 1.3 people for one-bedroom units, 1.8 people for two-bedroom units and 2.2 persons for three-bedroom units. These data are based on current demographic trends at the existing newly built apartment complexes in the market area. Data were derived from interviews with on-site property managers in the region.

It was shown above in Table 16 that the average tax-supported cost for residents in the Town is \$555 per resident. For the residents of Warrenton Village, total tax-supported costs to the

Town of Warrenton would be approximately \$346,330. This calculation is presented in Table 17 below.

| <b>Table 17: Tax Supported Costs for Residents, Warrenton Village, at Build-Out, Warrenton, Virginia</b><br>(Constant 2023 Dollars) |                   |                     |                  |                  |
|---|-------------------|---------------------|------------------|------------------|
|   | <b>Apartments</b> | <b>Two-Over-Two</b> | <b>Townhomes</b> | <b>Total</b>     |
| Number of Units   | 320               | 36                  | 20               | 376              |
| Percent Occupied  | 97.0%             | 97.0%               | 97.0%            | 97.0%            |
| Occupied Units  | 310               | 35                  | 19               | 364              |
| Persons per Unit  | 1.63              | 2.20                | 2.20             | 1.71             |
| Residents   | 505               | 77                  | 42               | 624              |
| Expenditure Per Capita  | \$555             | \$555               | \$555            | \$555            |
| <b>Population Expenditures</b>  | <b>\$280,280</b>  | <b>\$42,740</b>     | <b>\$23,310</b>  | <b>\$346,330</b> |

Source: Town of Warrenton; S. Patz & Associates, Inc.

### On-Site Fiscal Impacts

Data in Table 18 below compares the calculated on-site tax revenues expected from Warrenton Village at build-out with the tax-supported costs required to serve the residents of the new rental units to be built. The annual net fiscal benefit will be a deficit of \$206,170, in constant 2023 dollars.

| <b>Table 18: Net On-Site Fiscal Tax Benefit, Warrenton Village, at Build-Out, Warrenton, Virginia</b><br>(Constant 2023 dollars) |                   |                     |                  |                   |
|--|-------------------|---------------------|------------------|-------------------|
|  | <b>Apartments</b> | <b>Two-Over-Two</b> | <b>Townhomes</b> | <b>Total</b>      |
| Total Tax Revenue  | \$117,560         | \$14,550            | \$8,050          | \$140,160         |
| Population Expenditures  | <u>-\$280,280</u> | <u>-\$42,740</u>    | <u>-\$23,310</u> | <u>-\$346,330</u> |
| <b>Net Fiscal Benefit</b>  | <b>-\$162,720</b> | <b>-\$28,190</b>    | <b>-\$15,260</b> | <b>-\$206,170</b> |

Source: Town of Warrenton; S. Patz & Associates, Inc.

### Off-Site Impacts: Economic and Fiscal

In addition to the revenues and costs that accrue to the Town of Warrenton from the apartments “on-site” – that is, due to the apartments and residents themselves in their dwellings, there are also off-site impacts that occur, as residents spend part of their income in the Town for consumer goods, and as businesses re-spend the income from purchases by residents by the

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purchase of goods and services from other vendors in the Town. Calculations to follow are reduced by 30 percent to account for expenditure that occurs to businesses outside of the Town. This ratio is based on the number of employees in the Town relative to the County. This is a conservative estimate.

The U.S. Bureau of Labor Statistics details average consumer expenditure by location and income levels. There is no direct budget information for Fauquier County or the Town of Warrenton. Instead, national data for a budget for household incomes, based on national averages, has been chosen for this calculation. Among the larger expenditures by consumers are over 20± percent for housing and over 25± percent for retail trade, including automobiles.

Consumer expenditures made off-site in Warrenton are translated into economic impacts in the Town using multiplier matrices provided for the local area by the U.S. Bureau of Economic Analysis, Department of Commerce. These multipliers capture the round-by-round flows of expenditures in the Town initiated by residents at the new homes. There are separate matrices for business receipts, employment and employee earnings. The items in the consumer budget are multiplied in turn by these expenditure-specific categories in each matrix and summed to give the “ripple effect” of circulation of money through the economy. The ripple effects, plus the original consumer expenditures, equal the total economic impacts of homes residents on the Town economy.

### **Business Receipts**

Residents of Warrenton Village are anticipated to allocate approximately 78.9 percent of their total income towards non-housing expenditures. The residual income is predominantly apportioned towards taxes and personal savings. The income estimates of future tenants are deduced from the proposed rents outlined in Table 1, with an assumption that a typical household will have an income that is approximately 15.0 percent higher than the minimum required to qualify for residency in the community. This requirement stipulates that a minimum of 30 percent of income be allocated towards net rent. This income range is conservative and is



representative of the anticipated typical renter demographic within the community, as the majority are expected to earn above the established minimum threshold.

Overall, this equates to \$26.4 million in annual consumer expenditures from the expected residents at full build-out. The ripple, or multiplier effect, will generate another \$52.3 million in annual receipts among Town businesses, for a total business receipts impact of \$78.6 million. These business receipts will form the basis for many tax receipts for the Town of Warrenton from the impacted businesses.

| <u>Source of Impact</u>        | <u>Apartments</u>   | <u>Two-Over-Two</u> | <u>Townhomes</u>   | <u>Total</u>        |
|--------------------------------|---------------------|---------------------|--------------------|---------------------|
| Direct Consumer Expenditures   | \$20,324,220        | \$3,268,300         | \$2,753,100        | \$26,345,620        |
| Indirect Ripple Effect         | \$41,637,240        | \$6,695,610         | \$3,948,100        | \$52,280,950        |
| <b>Total Business Receipts</b> | <b>\$61,961,460</b> | <b>\$9,963,910</b>  | <b>\$6,701,200</b> | <b>\$78,626,570</b> |

### Employment and Earnings

Since there are only a few employees on-site for the apartment units, essentially all employment and employee earnings impacts come from the ripple or multiplier effects on businesses, i.e., employee earnings that support increased business receipts in the Town. There will be approximately 476 new full-time equivalent employment positions created from resident expenditures at Warrenton Village, over time, with total earnings for these employees of \$21.5 million.

| <u>Spinoff Employment and Salaries</u> |                  |                       |                       |
|--|------------------|-----------------------|-----------------------|
|  | <u>Employees</u> | <u>Average Salary</u> | <u>Total Earnings</u> |
| Apartments                             | 379              | \$45,185              | \$17,125,115          |
| Two-Over-Two                           | 61               | \$45,183              | \$2,756,163           |
| Townhomes                              | 36               | \$45,450              | \$1,636,200           |
| <b>Total/ Average</b>                  | <b>476</b>       | <b>\$45,273</b>       | <b>\$21,517,478</b>   |

The new jobs to be created by the construction of Warrenton Village would not only enhance Warrenton’s economic vitality but also diversify the employment base. The creation of these new jobs will span various sectors, reflecting the broad impact of the proposed

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development. It is important to underscore that this job growth will have a multiplier effect, stimulating other sectors of the local economy indirectly. The new jobs, along with the associated attraction of new residents and increased patronage of local businesses, would significantly contribute to attracting further investment from potential employers.

Furthermore, the proposed development aligns with Warrenton's comprehensive plan which envisions the Town as a hub for culture, entertainment, and the arts. The design elements of the project are formulated to enrich the Town's cultural fabric, including providing a diversity of home types. As such, the merits of this development extend beyond immediate economic advantages and aim to cultivate a long-term vision for Warrenton.

### **Off-Site Fiscal Impact**

Table 19 summarizes the revenues and costs to the Town of Warrenton from the off-site impacts of Warrenton Village. These impacts derive primarily from the \$78.6 million in new business receipts in the Town, plus estimates of real property and business personal property for a typical commercial operation. It is proper to look at these impacts as long-term. That is, it is not likely that the projected 476 new employees will be immediate or lead to abrupt expansion of the property tax base, but this should happen over time as part of business expansion in the Town.

Other tax receipts should accrue as soon as consumers at Warrenton Village begin making expenditures, that is, as soon as the property is built out and stabilized occupancies are achieved. In the short run, revenues should start at approximately \$65,330 rising to \$435,540 as businesses expand physically. Costs are based on 476 new employees within the Town at a cost to the Town of \$385 per employee, as derived above in Table 16. With costs of \$183,270, the net fiscal benefits from off-site expenditures from Warrenton Village residents should be approximately \$252,270.

**Table 19: Off-Site Fiscal Impact of Consumer Expenditures by Type,  
Residents of Warrenton Village, at Build-Out, Warrenton, Virginia**  
(Constant 2023 dollars)

| <b><u>Annual Revenues for the Town:</u></b> | <b><u>Apartments</u></b> | <b><u>Two-Over-Two</u></b> | <b><u>Townhomes</u></b> | <b><u>Total</u></b> |
|---|--------------------------|----------------------------|-------------------------|---------------------|
| Real Estate Tax                             | \$12,150                 | \$1,950                    | \$1,640                 | \$15,740            |
| Business Property Tax                       | \$37,870                 | \$6,090                    | \$5,100                 | \$49,060            |
| Cigarette Tax                               | \$2,190                  | \$350                      | \$210                   | \$2,750             |
| Machinery and Tools Tax                     | \$34,820                 | \$5,600                    | \$4,720                 | \$45,140            |
| Retail Sales Tax                            | \$38,890                 | \$6,250                    | \$5,270                 | \$50,410            |
| BPOL Tax                                    | \$37,910                 | \$6,100                    | \$5,130                 | \$49,140            |
| Transient Occupancy Tax                     | \$24,880                 | \$4,000                    | \$3,370                 | \$32,250            |
| Utility Tax                                 | \$13,040                 | \$2,130                    | \$1,290                 | \$16,460            |
| Bank Franchise Tax                          | \$10,950                 | \$2,760                    | \$1,640                 | \$15,350            |
| Meals Tax                                   | \$105,680                | \$16,990                   | \$10,020                | \$132,690           |
| Motor Vehicle Licenses                      | \$10,650                 | \$1,720                    | \$1,430                 | \$13,800            |
| Personal Property Tax                       | \$9,840                  | \$1,580                    | \$1,330                 | \$12,750            |
| <b>Total Revenue</b>                        | <b>\$338,870</b>         | <b>\$55,520</b>            | <b>\$41,150</b>         | <b>\$435,540</b>    |
| <b>Less Costs to the Town</b>               | <b>-\$145,920</b>        | <b>-\$23,490</b>           | <b>-\$13,860</b>        | <b>-\$183,270</b>   |
| <b>Net Fiscal Benefit to the Town</b>       | <b>\$192,950</b>         | <b>\$32,030</b>            | <b>\$27,290</b>         | <b>\$252,270</b>    |

Source: RIMS II Modeling System; U.S. Bureau of Economic Analysis; S. Patz & Associates, Inc.

### **Warrenton Village Conclusions**

Table 20 shows a summary of net tax benefits for the proposed rental units at Warrenton Village. On-site benefits will produce a deficit of \$206,170 due to the Town's low real estate tax rates. The off-site benefits will total \$252,270, and therefore fully offset any on-site losses. Combined, this will generate a fiscal surplus of \$46,100 annually at build-out for the Town of Warrenton.

**Table 20: Summary of On-Site and Off-Site Fiscal Impacts of Apartments,  
Warrenton Village at Build-Out, Warrenton, Virginia**

(Constant 2023 Dollars)

| <u>Source of Fiscal Impacts on the</u><br><u>Town</u> | <u>Impacts On-Site in</u><br><u>Warrenton</u> | <u>Impacts Off-Site in</u><br><u>Warrenton</u> | <u>Total Fiscal</u><br><u>Impacts</u> |
|---|---|--|---------------------------------------|
| <b><u>Apartments (320 Units)</u></b>                  |   |  |                                       |
| Revenues to the Town                                  | \$117,560                                     | \$338,870                                      | \$456,430                             |
| Town Costs  | <u>-\$280,280</u>                             | <u>-\$145,920</u>                              | <u>-\$426,200</u>                     |
| <i>Subtotal</i>                                       | <i>-\$162,720</i>                             | <i>\$192,950</i>                               | <i>\$30,230</i>                       |
| <b><u>Two-Over-Two (36 Units)</u></b>                 |   |  |                                       |
| Revenues to the Town                                  | \$14,550                                      | \$55,520                                       | \$70,070                              |
| Town Costs  | <u>-\$42,740</u>                              | <u>-\$23,490</u>                               | <u>-\$66,230</u>                      |
| <i>Subtotal</i>                                       | <i>-\$28,190</i>                              | <i>\$32,030</i>                                | <i>\$3,840</i>                        |
| <b><u>Townhomes (20 Units)</u></b>                    |   |  |                                       |
| Revenues to the Town                                  | \$8,050                                       | \$41,150                                       | \$49,200                              |
| Town Costs  | <u>-\$23,310</u>                              | <u>-\$13,860</u>                               | <u>-\$37,170</u>                      |
| <i>Subtotal</i>                                       | <i>-\$15,260</i>                              | <i>\$27,290</i>                                | <i>\$12,030</i>                       |
| <b><u>Total Residential (376 units)</u></b>           |   |  |                                       |
| Revenues to the Town                                  | \$140,160                                     | \$435,540                                      | \$575,700                             |
| Town Costs  | <u>-\$346,330</u>                             | <u>-\$183,270</u>                              | <u>-\$529,600</u>                     |
| <b>Net Fiscal Benefits</b>                            | <b><u>-\$206,170</u></b>                      | <b><u>\$252,270</u></b>                        | <b><u>\$46,100</u></b>                |

Source: Town of Warrenton, VA; S. Patz & Associates, Inc.