

# EAJOSEPH

## APPRAISAL & CONSULTATION

### A Market Study Report Of:

Carlton Views II  
1333 Carlton Avenue  
Charlottesville, VA 22902



### Prepared For:

Fountainhead Properties  
c/o Mr. Bernard Harkless  
7 East 2<sup>nd</sup> St.,  
Richmond, VA

### Authorized User:

Virginia Housing and Development Authority (VHDA)  
601 S. Belvidere St.  
Richmond, VA 23220

Date of Report: July 27, 2018  
EAJoseph File No. C1807013



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601 S. Belvidere St.  
Richmond, VA 23220

RE: Carlton Views II  
1333 Carlton Avenue  
Charlottesville, VA 22902

Mr. Harkless:

At your request, we have completed the attached Market Analysis of family occupancy rental housing in the subject's Primary Market Area (PMA), which consists of portions of the City of Charlottesville. EAJoseph Appraisal & Consultation was engaged to conduct an analysis of the apartment rental housing market, particularly as it relates to Low Income Housing Tax Credit (LIHTC) apartments in the subject's Primary Market Area (PMA) as defined herein.

The subject property is to be known as Carlton Views II Apartments. The sponsor has proposed to develop the raw land into a 44-unit multifamily development with below-market debt and/or tax credit financing. The community will be a low-income property in which 11 dwelling units will have restrictions at 40% of the Average Medial Income (AMI) for the subjects MSA, and the remaining 33 units will have restrictions at 60% of AMI; these will consist of one and two-bedroom units. This study focuses on apartment housing in the Primary Market Area (PMA) surrounding the subject located in the City of Charlottesville, VA. The purpose of this market study is to;

- Analyze property productivity
- Delineate the market of property users
- Forecast demand
- Measure competitive supply
- Analyze market equilibrium/ disequilibrium
- Forecast subject capture

The entire PMA has been examined about economic factors, population projections, and the existing multi-family housing market. Emphasized examination was given to the subjects' macro Primary Market Area (PMA) and sub-markets relevant to this property have also been examined. This is also the date of observation of the subject site and the surrounding market environs.

July 27, 2018  
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It has been a pleasure to assist you in this assignment. If you have any questions concerning the report, or if we can be of further assistance, please let us know how we may further serve you.

Respectfully submitted,

EAJoseph Appraisal & Consultation



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Eugene A. Joseph, Jr., MAI, SRA, AI-GRS  
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License No. 4001 009492

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## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The subject is well positioned in the market to capture significant tenancy. The housing serves to satisfy the ever-present and growing need for affordable rental housing. The rental rates for the subject are consistent with the rental rates demonstrated in the PMA.

- The residual demand is positive throughout our mid-range forecast period. The residential demand is 2,581 dwelling units blended with 40% and 60% units.
- VHDA requires the analyst to consider the impact, if any, on the analysis for proposed communities in which 20% or more of the units contain at least 3 bedrooms. The subject has no three-bedroom units and therefore, this is inapplicable.
- The subject's capture rate is calculated as the percentage of residential demand the subject would have to capture to achieve stabilization. The total number of units for the subject is segmented by the percentage of units captured in the subject's PMA and a typical vacancy allowance. The adjusted total number of units is 38 units. The subject's overall blended capture rate is 1.46%. The capture rates are low, indicating a strong demand for the subject.
- The subject is expected to be absorbed into the market at a pace of 20 dwelling units per month. Financing is currently available at attractive terms and the feasibility rent is sufficient to cover costs of construction and return a reasonable yield to the investor. This combined with the low capture rate indicates a strong demand for the subject's product type.
- The site is attractive and well located in regard to its access and proximity to employment, community services, shopping, medical, and transportation routes which provides extended access to all points throughout the MSA.
- The location, rents, and amenity package will appeal to the low to moderate income families and professionals.
- The bedroom mix of units, the household size distribution, the capabilities, and the unit vacancy levels indicate that the subject's bedroom mix is appropriate in this market at the rent levels. Market rents are sufficient to support new construction and a positive residual demand indicates new construction in this market is likely.
- Project features are adequate in this portion of the city and county. The inventory is mixed ranging from older 30+ year inventory to newer inventory. The subject's amenity package and features are generally commensurate with other similar class properties in the subject's market.
- The subject property is proposed. The economic infrastructure for the subject properties PMA is fundamentally sound and should continue to grow at a constant and moderate pace.
- The overall development scheme is appropriate and well suited for the market. We make no further recommendations and/ or modifications to the development.

## Summary of Conclusions and Recommendations

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- There do not appear to be any detrimental influences that would impede the absorption rate already established at 20 units per month.
- Our analysis contained herein incorporated the opinions of property managers and leasing agents as well as local market participants that are considered experts in their respective fields.

Given the indications described above, it is reasonable to conclude that the subject's current actual capture rate will continue throughout the mid-range forecast. Given the positive residual demand and the availability of land and capital, new competition is anticipated to materialize in the short and midterm. We have made appropriate allowances for additional new competition.

Noteworthy Issues: None.

## STRENGTHS, WEAKNESSES, OPPORTUNITIES AND WEAKNESSES (SWOT)

Strengths include;

- Market- the subject is in a redeveloping area within the City of Charlottesville.
- Competitive – subject will be competitively priced and will offer commensurate product with its competition

Weaknesses include;

- Market area in a redeveloping area which carries more implicit risk

Opportunities

- Some redevelopment is occurring creating signs of stabilization and growth in certain pockets
- Vacancy levels are stable in the market

Threats

- Uncertainty – an uncertain economic outlook continues to dampen economic growth
- Unemployment – high unemployment rates continue to threaten the real estate market

## PURPOSE OF THE MARKET STUDY

EAJoseph Appraisal & Consultation was engaged by The Client, to prepare an analysis of the family-oriented rental housing, particularly as it relates to Low Income Housing Tax Credit (LIHTC) apartments like the subject. This study focuses on the Primary Market Area surrounding the subject. The purpose of this market study was to;

- Analyze property productivity
- Delineate the market of property users
- Forecast demand
- Measure competitive supply
- Analyze market equilibrium/ disequilibrium
- Forecast subject capture



## A. EXECUTIVE SUMMARY

(Format derived from Version 3.0, Adopted 1/14/2013; Section A; NCHMA)

### I. A CONCISE DESCRIPTION OF THE SITE AND THE IMMEDIATE SURROUNDING AREA.

The subject site consists of one parcel constituting 0.6270±acres, which is accessible via Carlton Avenue. The property will contain a lower parking garage which will be accessible from the Blue Ridge PACE parking lot. The site is generally irregular in shape and extends along Carlton Avenue. The site is elevated from the surrounding properties and contains a large retaining wall in the rear. The site is in the south-eastern portion of the city, an area that has historically exhibited industrial uses and contained lower-income housing. The site is generally level; the site is located along a relatively steep incline along Carlton Avenue, containing a retaining wall in the rear and earth mound along the side. All relevant utilities are available to the sites. The shape of the sites does not appear to impose any developmental issues. Based on a physical inspection of the sites, there do not appear to be any adverse conditions that would impede the marketability of the sites.

Land uses in the immediate area are consistent with and complementary to the proposed development. A brief description of immediate land uses in each direction is as follows;

- North – Industrial
- South – Single Family Trailer-Park community
- East – Single Family; Industrial
- West – Single Family; Industrial

Existing land use patterns are residential in nature with some commercial type uses. Land use patterns are expected to remain the same; however, many of the structures will undergo redevelopment/ renovations as the area continues to improve.

### 2. A BRIEF SUMMARY OF THE PROJECT INCLUDING THE PROPOSED POPULATION TO BE SERVED.

The subject property is to be known as Carlton Views II. The sponsor has proposed to develop the raw land into a 44-unit multifamily development with below-market debt and/or tax credit financing. The community will be a low-income property in in which 11 dwelling units will have restrictions at 40% of the Average Medial Income (AMI) for the subjects MSA, restricted at 40% rent levels as well; these will consist of one and two-bedroom units. The remainder of the units, 33 units, will have restrictions at 60% of the AMI, which will be restricted at 60% rent levels as well; these will consist of one and two-bedroom units as well.

The target market will be households earning below 40% of AMI for the 40% rent/income restricted units, and those households earning below 60% of the area median income for the 60% rent/income restricted units. Household sizes will range from 1.5 persons up to 3 persons per household (based on an average household size of 1.5 persons per bedroom). The minimum household income level will be based upon the assumption that tenants will pay up to 35 percent of income toward rent.

### 3. SUMMARY OF ECONOMIC CONDITIONS

Charlottesville is a continually growing market, as the University of Virginia continues to expand, and a strong local economy and wealthy populace create business opportunities which should continue to attract people to the area. Population is expected to continue to increase in the years to come. The unemployment rate continues to lag the state average. The property is in the immediate vicinity of existing multifamily, SFR, industrial; and retail. The area is urban in nature.

### 4. BRIEF DESCRIPTION AND SUPPORT OF THE DEFINED PRIMARY MARKET AREA;

The subject's PMA is defined as the central and eastern portion of the city of Charlottesville. To determine the PMA for the subject, we conducted multiple interviews with the subject's competitive properties to establish where their tenants were being drawn from. Based upon our interviews, the clear majority of the tenant base was being drawn from other localities within the described limits. We further considered demographic data, employers and commuter patterns in framing the subject's PMA.

### 5. SUMMARY OF KEY DEMOGRAPHIC DATA

- Population is increasing putting upward pressure on the demand for housing
- Incomes are rising
- The number of households are increasing
- Renter ratios are steady; there is a large gap between renter ratio and multifamily ratio which is increasing the demand for additional multifamily housing

### 6. SUMMARY OF COMPETITIVE MARKET CONDITIONS

A summary of some key multifamily economic indicators in the subjects PMA is as follows;

Leasing Units	Survey	5-Year Avg
Vacant Units	975	876
Vacancy Rate	5.1%	5.2%
12 Mo. Absorption Units	1,170	648

Rents	Survey	5-Year Avg
Studio Asking Rent	\$890	\$892
1 Bed Asking Rent	\$896	\$897
2 Bed Asking Rent	\$895	\$887
3+ Bed Asking Rent	\$1,027	\$993
Concessions	2.1%	1.8%

Inventory in Units	Survey	5-Year Avg
Existing Units	26,228	23,706
12 Mo. Const. Starts	200	735
Under Construction	595	1,022
12 Mo. Deliveries	1,136	742

Sales	Past Year	5-Year Avg
Sale Price Per Unit	\$74,379	\$74,493
Asking Price Per Unit	\$89,355	\$71,281
Sales Volume (Mil.)	\$55	\$228
Cap Rate	9.6%	7.6%

## 7. SUMMARY OF DEMAND FOR THE PROPOSED DEVELOPMENT

Include a concise statement of the analyst's opinion of market feasibility, determined by factors of market demand.

- There is a marginal demand pool of 2,581 nits of rental housing (also including assumed utility allowance).
- Based upon our market survey, the subject's proposed rents appear to be achievable in the market place.
- The subject is expected to be absorbed into the market at a pace of 20 dwelling units per month. The absorption period is estimated at +/-2.5 months before the subject achieves stabilized occupancy at 95%. This will likely be achieved during pre-leasing.
- The site is attractive and well located regarding its access and proximity to employment, community services, shopping, medical, and transportation routes which provides extended access to all points throughout the PMA.
- The location, rents, and amenity package will appeal to the low to moderate income families.
- The bedroom mix of units, the household size distribution, the capabilities, and the unit vacancy levels indicate that the subject's bedroom mix is appropriate in this market at the rent levels.

Economic rent is sufficient to cover debt service and return a reasonable return to the investor with the use of LIHTC equity.

## 8. A SUMMARY OF POSITIVE AND NEGATIVE ATTRIBUTES

In addition, include issues that will affect the properties marketability, performance and lease-up and points that will mitigate or reduce any negative attributes.

- (+) The subject provides housing to a growing population and is well positioned in the market.
- (+) The subject is near a vast array of services, employment, transportation infrastructure and there is adequate infrastructure to support growth.
- (-) The subject is in an area that is undergoing a redevelopment period which carries a lower implicit risk.
- (+) The subject will generate additional revenue for purchases of goods and services which will help the local economy. The local spending index potential is as follows;

<b>Demographic Summary</b>		<b>2017</b>	<b>2022</b>	
Population		17,768	19,210	
Households		8,105	8,762	
Average Household Size		2.15	2.15	
Families		3,713	3,980	
Median Age		36.1	36.9	
Median Household Income		\$49,339	\$54,622	
	<b>Spending Potential Index</b>	<b>Average Amount Spent</b>	<b>Total</b>	<b>Percent</b>
Total Expenditures	88	\$61,284.93	\$496,714,328	100.0%
Food	91	\$7,573.83	\$61,385,878	12.4%
Food at Home	90	\$4,516.94	\$36,609,780	7.4%
Food Away from Home	92	\$3,056.89	\$24,776,098	5.0%
Alcoholic Beverages	94	\$520.13	\$4,215,648	0.8%
Housing	91	\$19,433.28	\$157,506,773	31.7%
Shelter	93	\$15,112.11	\$122,483,669	24.7%
Utilities, Fuel and Public Services	86	\$4,321.17	\$35,023,103	7.1%
Household Operations	86	\$1,594.23	\$12,921,219	2.6%
Housekeeping Supplies	86	\$613.65	\$4,973,651	1.0%
Household Furnishings and Equipment	87	\$1,698.90	\$13,769,623	2.8%
Apparel and Services	91	\$1,957.03	\$15,861,728	3.2%
Transportation	88	\$7,177.91	\$58,176,951	11.7%
Travel	85	\$1,760.63	\$14,269,917	2.9%
Health Care	82	\$4,565.79	\$37,005,762	7.5%
Entertainment and Recreation	87	\$2,709.30	\$21,958,916	4.4%
Personal Care Products & Services	89	\$709.39	\$5,749,571	1.2%
Education	93	\$1,359.26	\$11,016,836	2.2%
Smoking Products	91	\$378.14	\$3,064,804	0.6%
Lotteries & Pari-mutuel Losses	91	\$50.12	\$406,253	0.1%
Legal Fees	96	\$177.19	\$1,436,130	0.3%
Funeral Expenses	78	\$65.52	\$531,070	0.1%
Safe Deposit Box Rentals	76	\$3.43	\$27,837	0.0%
Checking Account/Banking Service Charges	102	\$35.67	\$289,090	0.1%
Cemetery Lots/Vaults/Maintenance Fees	83	\$7.80	\$63,217	0.0%
Accounting Fees	82	\$67.09	\$543,751	0.1%
Miscellaneous Personal Services/Advertising/Fine	101	\$63.82	\$517,233	0.1%
Occupational Expenses	90	\$56.80	\$460,345	0.1%
Expenses for Other Properties	73	\$76.50	\$620,056	0.1%
Credit Card Membership Fees	95	\$4.83	\$39,127	0.0%
Shopping Club Membership Fees	91	\$19.17	\$155,356	0.0%
Support Payments/Cash Contributions/Gifts in Kind	83	\$1,941.61	\$15,736,737	3.2%
Life/Other Insurance	75	\$322.33	\$2,612,498	0.5%
Pensions and Social Security	86	\$6,341.56	\$51,398,350	10.3%

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100.

## 9. PRECISE STATEMENT OF KEY CONCLUSIONS REACHED BY THE ANALYST.

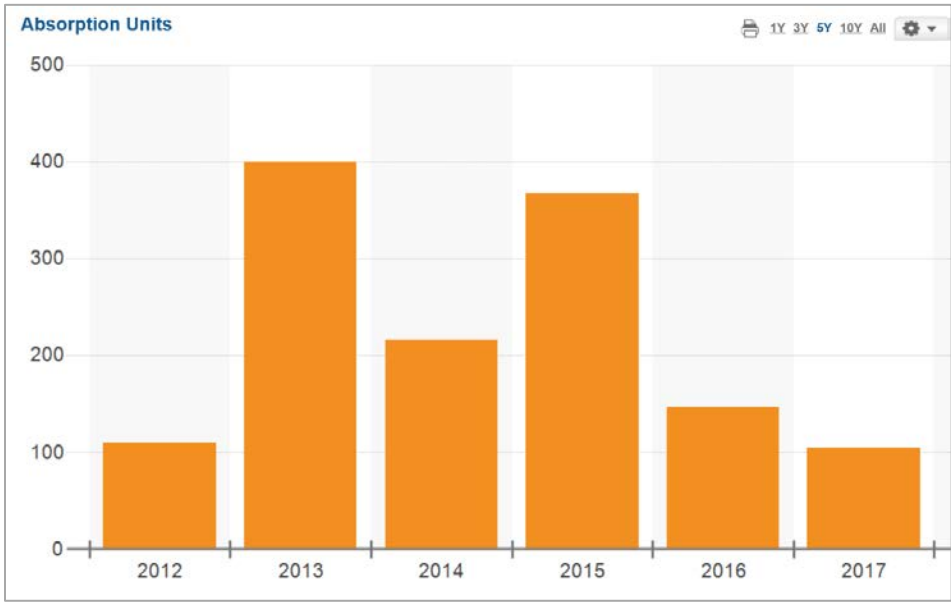
Given the demand for multifamily housing in the subject's PMA, we anticipate the subject to be successful.

## 10. RECOMMENDATIONS AND/ OR SUGGEST MODIFICATIONS TO THE PROPOSED PROJECT IS APPROPRIATE.

Based upon our review of plans provided by the developer, no modifications to the current development are suggested. There will be a high degree of conformity with other competitive assets in the subject's PMA.

II. ABSORPTION RATE

To estimate the absorption rate for the subject, we surveyed other similar assets in the subject's PMA to determine how quickly those assets leased up and achieved stabilization. The newer developments being developed in the area are absorbing at range of 10 to 40 dwelling units per month, depending on size. The subject's sister property, Carlton Views I, leased all units (52) in approximately 45 days. Given the subject's size, we anticipate an average monthly absorption rate of 20 units per month. This will give the subject adequate time to pre-lease all units. It is anticipated that the subject will be stabilized approximately 2.4 months after completion of construction in Summer of 2019. As demonstrated in the below graphic, absorption in the market has been trending upwards since 2012 and has average about 100-400 dwelling units per year over the previous four years. Net absorption has been positive as well.



## B. INTRODUCTION AND SCOPE OF WORK

(Format derived from Version 3.0, Adopted 1/14/2013; Section B; NCHMA)

1. Type of Report – Comprehensive Report
2. Client and project developer – See Letter of Transmittal
3. Intended Use and Users of Report - EAJoseph was engaged to conduct an analysis of the apartment rental housing market. The intended user is the Client and V.H.D.A.
4. Identify Steps taken in completion of report – See below.

The scope of this study requires compliance with the Uniform Standard of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation and the Guide Notes to the Standards of Professional Appraisal Practice adopted by the Appraisal Institute. The standards contain requirements and specific guidelines that deal with the procedures to be followed in developing an appraisal, market study, analysis, or opinion. These uniform standards set the requirements to communicate in a manner that will be meaningful and not misleading in the marketplace. The appraiser/ analyst researched many different resources in the scope of this narrative report. Such information and the source of this information are as follows;

- Information pertaining to the property and the construction particulars was provided by the developer. In addition, we had several conversations with persons familiar with the subject.
- Information concerning the site was obtained from the owner and confirmed through city records.
- Information pertaining to employment data was provided on-line by the Virginia Employment Commission. We further obtained economic infrastructure information from the respective counties/ cities official web sites.
- Information pertaining to demographic data was obtained on-line from American Factfinder which is part of the U.S. Census Bureau's official website. In addition, we used Site-To-Do-Business (STDB) which is a reputable on-line database. Some extrapolations/ projections were done in-house while others were provided by the above stated providers.
- Information pertaining to multifamily market data for the subject submarket and the overall market is taken from on line records, telephone surveys and various publications. This data is considered reliable and we assume it is correct.
- Pertaining to the competitive rental housing market in the subject properties primary market area (PMA), the analyst interviewed a person or persons familiar with each respective property in an effort to obtain germane information to facilitate the analyst in providing a credible market study report. In addition, the analyst performed a windshield inspection of each property.
- In summary, the appraiser/ analyst thoroughly evaluated the subject property in this narrative report.

The market study report will be prepared in accordance with the Uniform Standards of Professional Practice and V.H.D.A. guidelines as promulgated by the National Council of Housing Market Analysts. The format herein is modeled after the most recent version of the Model Content Standards for Rental Housing Market Studies in conjunction with VHDA Market Study Guidelines.

5. Date of Field Work and Site Visit; Field work and site visits were conducted on July 10, 2017.

6. Person conducting field work; Eugene A. Joseph, Jr., MAI, SRA, AI-GRS
7. Primary analyst researching conclusions of report; Eugene A. Joseph, Jr., MAI, SRA, AI-GRS

## C. PROJECT DESCRIPTION

(Format derived from Version 3.0, Adopted 1/14/2013; Section C; Project Description; NCHMA)

### I. UNIT TABULATIONS (PROPOSED)

No.	Unit Type	SF	\$	UA	Gross \$	Rent %	Inc. %	Type
9	1.1	777	\$544	\$96	\$640	40%	40%	LIHTC
27	1.1	777	\$864	\$96	\$960	60%	60%	LIHTC
2	2.2	1092	\$646	\$122	\$768	40%	40%	LIHTC
6	2.2	1092	\$1,030	\$122	\$1,152	60%	60%	LIHTC

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### 2. THE COMMUNITIES TARGET MARKET AND ANY TENANCY RESTRICTIONS

The subject will be a LIHTC community in which 33 units (75%) will be income/ rent restricted at 60% of AMI; the remaining 11 units (25%) will be income/ rent restricted at 40% of AMI. The property does not have any age restrictions placed on the property.



The maximum incomes for the MSA are as follows;

Average Median Income	Maximum Gross Income							
	(\$89,600 (Based on 4 pers on AMI))							
	1 pers on	2 pers on	3 pers on	4 pers on	5 pers on	6 pers on	7 pers on	8 pers on
Adj. for Fam. Size	<b>0.6674</b>	<b>0.7623</b>	<b>0.8571</b>	<b>0.9520</b>	<b>1.0290</b>	<b>1.1049</b>	<b>1.1808</b>	<b>1.2567</b>
% of Median Income								
10%	5,980	6,830	7,680	8,530	9,220	9,900	10,580	11,260
20%	11,960	13,660	15,360	17,060	18,440	19,800	21,160	22,520
30%	17,940	20,490	23,040	25,590	27,660	29,700	31,740	33,780
40%	23,920	27,320	30,720	34,120	36,880	39,600	42,320	45,040
50%	29,900	34,150	38,400	42,650	46,100	49,500	52,900	56,300
60%	35,880	40,980	46,080	51,180	55,320	59,400	63,480	67,560
70%	41,860	47,810	53,760	59,710	64,540	69,300	74,060	78,820
80%	47,840	54,640	61,440	68,240	73,760	79,200	84,640	90,080
90%	53,820	61,470	69,120	76,770	82,980	89,100	95,220	101,340
100%	59,800	68,300	76,800	85,300	92,200	99,000	105,800	112,600
110%	65,780	75,130	84,480	93,830	101,420	108,900	116,380	123,860
120%	71,760	81,960	92,160	102,360	110,640	118,800	126,960	135,120
130%	77,740	88,790	99,840	110,890	119,860	128,700	137,540	146,380
140%	83,720	95,620	107,520	119,420	129,080	138,600	148,120	157,640
150%	89,700	102,450	115,200	127,950	138,300	148,500	158,700	168,900

The maximum income at 40% and 60% of the AMI adjusted for family size is highlighted above. The corresponding maximum rents are as follows;

Average Median Income	Maximum Gross Rents							
	(\$89,600 (Based on 4 pers on AMI))							
	1 pers on	2 pers on	3 pers on	4 pers on	5 pers on	6 pers on	7 pers on	8 pers on
Adj. for Fam. Size	<b>0.6674</b>	<b>0.7623</b>	<b>0.8571</b>	<b>0.9520</b>	<b>1.0290</b>	<b>1.1049</b>	<b>1.1808</b>	<b>1.2567</b>
% of Median Income								
10%	\$150	\$171	\$192	\$213	\$231	\$248	\$265	\$282
20%	\$299	\$342	\$384	\$427	\$461	\$495	\$529	\$563
30%	\$449	\$512	\$576	\$640	\$692	\$743	\$794	\$845
40%	\$598	\$683	\$768	\$853	\$922	\$990	\$1,058	\$1,126
50%	\$748	\$854	\$960	\$1,066	\$1,153	\$1,238	\$1,323	\$1,408
60%	\$897	\$1,025	\$1,152	\$1,280	\$1,383	\$1,485	\$1,587	\$1,689
70%	\$1,047	\$1,195	\$1,344	\$1,493	\$1,614	\$1,733	\$1,852	\$1,971
80%	\$1,196	\$1,366	\$1,536	\$1,706	\$1,844	\$1,980	\$2,116	\$2,252
90%	\$1,346	\$1,537	\$1,728	\$1,919	\$2,075	\$2,228	\$2,381	\$2,534
100%	\$1,495	\$1,708	\$1,920	\$2,133	\$2,305	\$2,475	\$2,645	\$2,815
110%	\$1,645	\$1,878	\$2,112	\$2,346	\$2,536	\$2,723	\$2,910	\$3,097
120%	\$1,794	\$2,049	\$2,304	\$2,559	\$2,766	\$2,970	\$3,174	\$3,378
130%	\$1,944	\$2,220	\$2,496	\$2,772	\$2,997	\$3,218	\$3,439	\$3,660
140%	\$2,093	\$2,391	\$2,688	\$2,986	\$3,227	\$3,465	\$3,703	\$3,941
150%	\$2,243	\$2,561	\$2,880	\$3,199	\$3,458	\$3,713	\$3,968	\$4,223

3. UTILITY

The landlord will pay for trash. The tenant will be responsible for electric, water and sewer. All the appliances will be electric. Nothing will be gas. The utility allowance estimate is included in the above table.

4. DESCRIPTION OF DEVELOPMENT

- a. There will be one structure including; 4-stories. The exteriors will be a cement fiber board.
- b. Common/ site amenities include; small community room, limited access buildings, elevator and off-street parking.
- c. Unit amenities include; range/ oven, refrigerator, microwave, disposal, dishwasher, range hood, central air, carpet/ vinyl flooring, shades/ blinds, cable ready, washer/ dryer, upgraded countertops, upgraded lighting, and cabinets.
- d. Parking options – adequate on-site parking will be provided.

The improvements on this property, upon completion, will be of good quality and are of typical design and exhibit average functional utility. The subject has a high level of functional utility and the improvements are consistent, albeit somewhat superior, with its market and therefore, there is a moderate degree of conformity with other similar class projects. There will be adequate on-site parking. Overall, this is a type of improvement that should be competitive in the local real estate rental and/ or sales market.

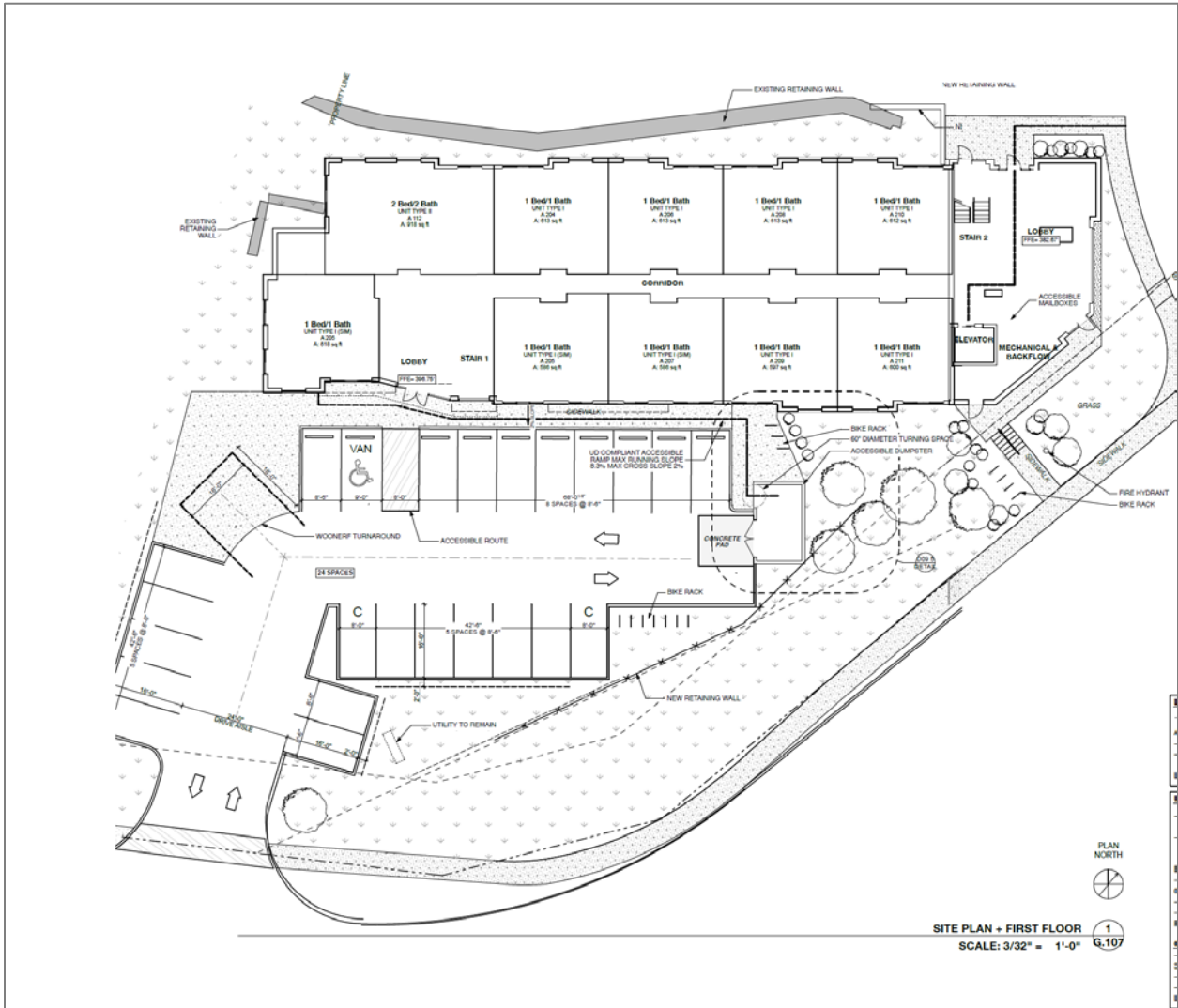
5. FOR REHABILITATION PROJECTS

Not Applicable

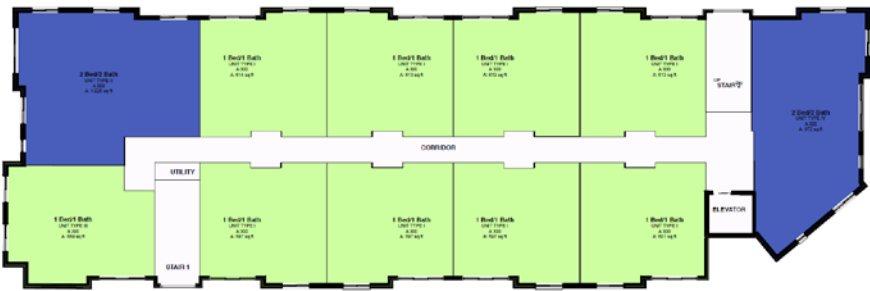
6. INCLUDE THE STATUS OR DATE OF ARCHITECTURAL PLANS

Include name of architect, and or copy of floor plans and elevations. The analyst was provided with a limited set of plans and spec's. The architect is Walter Parks. The floor plans for the building and elevations are shown below:

SITE PLAN



FLOOR PLANS



UNIT TYPE MATRIX			
Unit Type	Bedrooms	Area	Quantity
UNIT TYPE I	1 Bed/1 Bath	14,180	30
UNIT TYPE I GM	1 Bed/1 Bath	1,172	2
UNIT TYPE I	1 Bed/2 Bath	3,963	4
UNIT TYPE II	1 Bed/1 Bath	2,807	3
UNIT TYPE II GM	1 Bed/1 Bath	914	1
UNIT TYPE IV	2 Bed/2 Bath	3,888	4
		<b>50,895 sq ft</b>	<b>44</b>

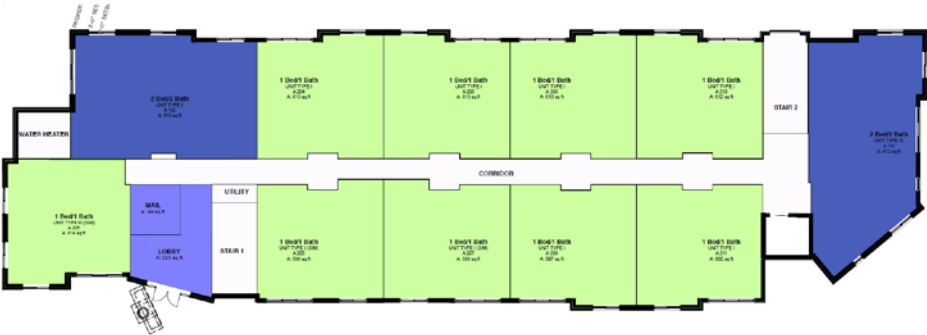
  

BEDROOM MATRIX			
Bedrooms	Area	Quantity	
1 Bed/1 Bath	22,312	39	
2 Bed/2 Bath	2,873	4	
		<b>25,185 sq ft</b>	<b>44</b>

ORA SUMMARY	
Floor Level	Area
GROUND LEVEL	1,350
1ST FLOOR	1,048
2ND FLOOR	13,119
3RD FLOOR	13,218
4TH FLOOR	13,119
<b>32,854 sq ft</b>	

SECOND - FOURTH FLOOR PROFORMA SCALE: 1/8" = 1'-0"



FIRST FLOOR PROFORMA SCALE: 1/8" = 1'-0"

LOWER LEVEL PROFORMA SCALE: 1/8" = 1'-0"

ELEVATIONS



## 7. RELEVANT DATES:

Relevant Dates	
Start Construction	1/1/2019
End	6/1/2020
Months to Build	17.00
Pre-Lease Begins	6/1/2020
Months prior to completion	0.00
Pace	20
Units Pre-Leased	44
Units Total	44
Stabilized	42
Remaining Units	0
Months	2.20
Anticipated Date of Stabilization	8/15/2020

## 8. DESCRIPTION OF SUPPORTIVE SERVICES PROVIDED FOR RESIDENCES, IF PROVIDED.

Not Applicable.

(Additional VHDA 2016 Market Study Guidelines; Project Description)

1. Construction Type – New construction
2. Occupancy Type – Family
3. Special Needs Population – 25% Accessible Housing (11 units)
4. Structure Type – Garden style; urban architecture
5. The subject is not a scattered site development
6. Site amenities – site amenities include; small community room, limited access building, on-site parking, elevator.

## IMPROVEMENT ANALYSIS AND CONCLUSIONS

### Effective Age

“Effective age is the age indicated by the condition and utility of a structure and is based on an appraiser’s judgement and interpretation of market perceptions”. This may be different than a subject’s actual, or chronological age. Effective age estimate considers not only physical wear and tear but also functional and external considerations.

The subject, upon completion/ rehabilitation, will be new/ like new. As per my review of the plans provided, there does not appear to be any functional obsolescence. The subject is in a market in which external obsolescence is present. Therefore, the subject’s effective age is 10± years upon completion of construction.

### Remaining Economic Life

Economic life is the period over which improvements to real property contribute to property value”. “<sup>1</sup>Remaining economic life is the estimated period over which existing improvements are expected to continue to contribute economically to property value”.

The remaining economic life is calculated as the total economic life less the effective age of the subject. The subject has an economic life of 50 to 60 years. Therefore, considering the effective age is 0 years upon completion, the remaining economic life is 50 to 60 years.

### Functional Utility

Architectural style and functional utility are interrelated and their combined effect on property value must be considered. The subject’s architectural style is considered to be a transitional low-rise garden apartment community. The subject’s architectural style is typical of the market for its respective property class status. The multifamily housing market is almost exclusively of this style type and therefore, we can conclude that the subject’s architecture is preferred by the market.

Functional utility is “the ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards. The efficiency of the building’s use in terms of architectural style, design and layout, traffic patterns, and the size and layout of the rooms”. <sup>2</sup>Functional utility is the impairment of the functional capacity of a property or building according to market tastes and standard; equivalent to functional obsolescence because ongoing change makes layouts and features obsolete”.

The subject, upon completion of the construction, will be a 44-unit apartment complex with a mixture of one and two bedroom units. The design and function is like other competing properties in the market. The quality is commensurate with that of similar type properties of similar age. The subject has a commensurate site amenity package with that of similar properties of similar age.

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<sup>1</sup> Source: The Appraisal of Real Estate, 13<sup>th</sup> edition published by the Appraisal Institute; page 415

<sup>2</sup> Source: The Appraisal of Real Estate, 13<sup>th</sup> edition published by the Appraisal Institute; page 262

Property Rating

The Property Rating Sheet contained simply rates the subject relative to comparable properties located in the subject’s competitive market. The elements of comparison considered in the Property Rating Sheet include; design and appearance, quality of construction, condition of improvements, room sizes/ layout, closets/ storage, appliances, unit amenities, site amenities and parking. Future multifamily properties are not expected to differ materially from current projects, hence, the subject is compared with the prevailing competition in the area, which, taken together, epitomizes a comparative standard for the local market. A *typical* rating is assigned a weight of four. Weights range from one through seven with the lower three corresponding to factors rated below typical and weights five through seven are above typical.

The following page displays a chart that itemizes the subject’s attributes and rates the relative influence of each. The standard score for the major competition is 36, calculated by multiplying the 9 factors of comparability by each factor’s average score of four.

Property Rating Sheet

Subject Apartment Building Rating									
Impact of Productivity	Inferior			Typical			Superior		
	High	Mod.	Slight	Average			Slight	Mod.	High
Design and appearance								x	
Quality of Construction								x	
Condition of Improvements								x	
Room Sizes /Layout					x				
Closets /Storage					x				
Appliances								x	
Unit Amenities					x				
Site Amenities					x				
Parking					x				
Number of Items	0	0	0	0	5	0	4	0	0
Times Category Score (weighting)	1	2	3		4		5	6	7
Subtotal Score									
Subtotal Score	0	0	0	0	20	0	20	0	0
Total Subject Score									40

111%

The subject’s score is 40, or 111% of the standard score which indicates the subject is superior to its respective market. The subject property ranked typical in five of the 9 categories considered and superior in the remaining categories. The subject did not rank inferior in any respect. The subject’s improvements have an overall rating of superior as compared to other multifamily complexes located in the subjects PMA.

## D. LOCATION

(Format derived from Version 3.0, Adopted 1/14/2013; Section D; Location; NCHMA)

### 1. Subject Site Photographs and Environs

#### SUBJECT PHOTOGRAPHS



Subject Site



Subject Site



Subject Site



Subject Site



Street Scene



Street Scene



IMMEDIATE MARKET ENVIRONS



Carlton Views I



Proximate Development



Proximate Development



Proximate Development

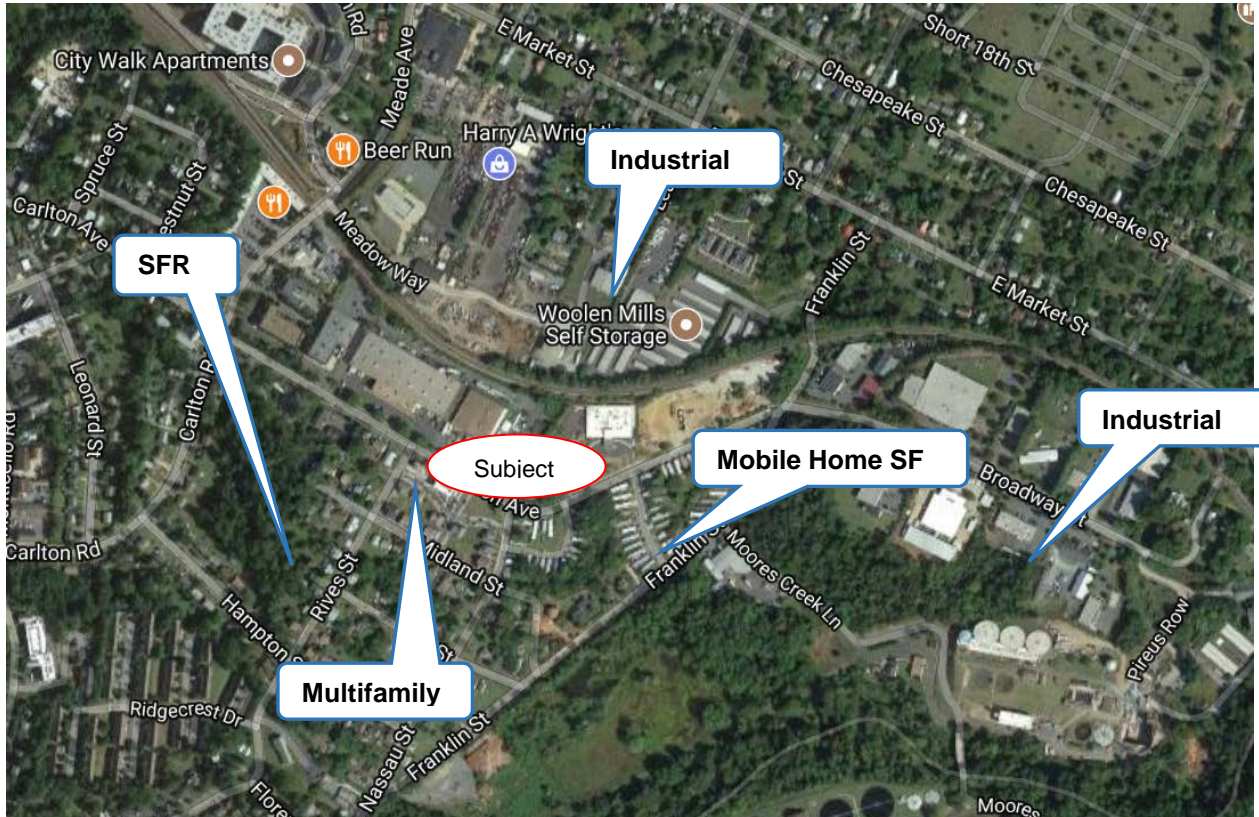
2. IDENTIFY LAND USES DIRECTLY SURROUNDING THE SUBJECT SITE(S)

Land uses in the immediate area are consistent with and complementary to the proposed development. A brief description of immediate land uses in each direction is as follows;

- North – Industrial
- South – Single Family Trailer-Park community
- East – Carlton Views I, Single Family; Industrial
- West – Single Family; Industrial

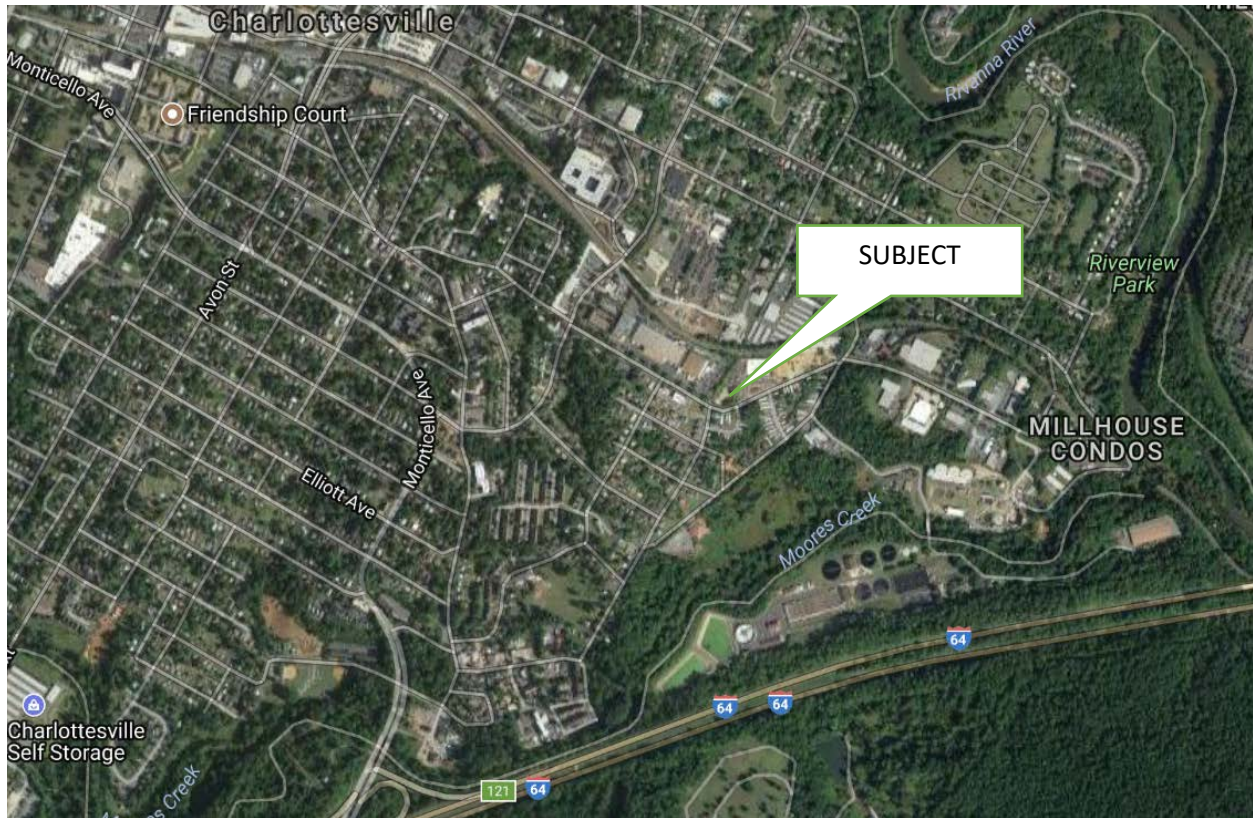
Existing land use patterns are expected to remain the same as the area undergoes modest development.

AERIAL VIEW OF LAND USES

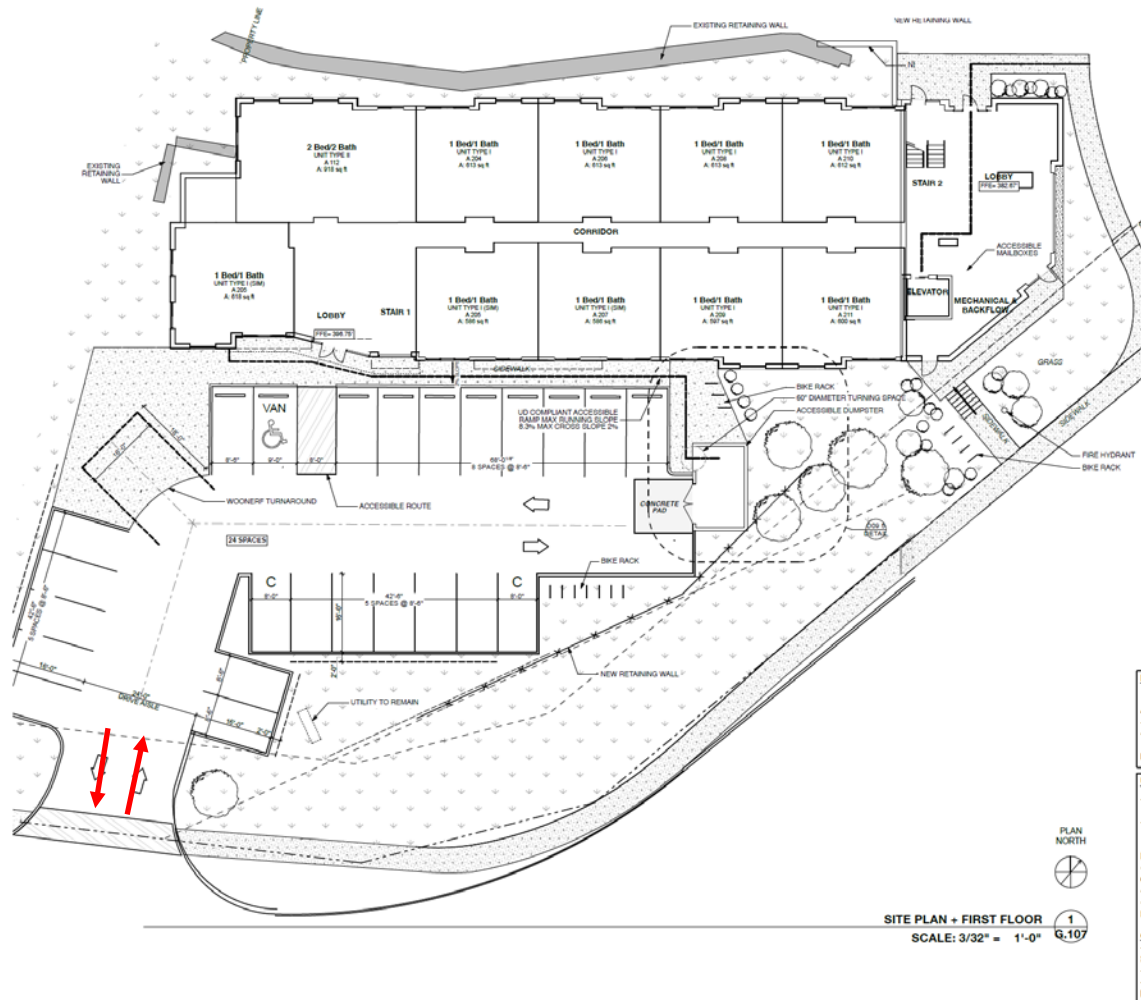


### 3. Map of Subject Site

(North Orientation)



4. INGRESS/ EGRESS



Primary ingress/ egress is gained via Carlton Avenue. Overall access potential is considered adequate for the sites intended use. A lower parking garage for residents is accessed via the Blue Ridge PACE parking lot.

5. DESCRIBE AND EVALUATE THE VISIBILITY OF THE SUBJECT SITE

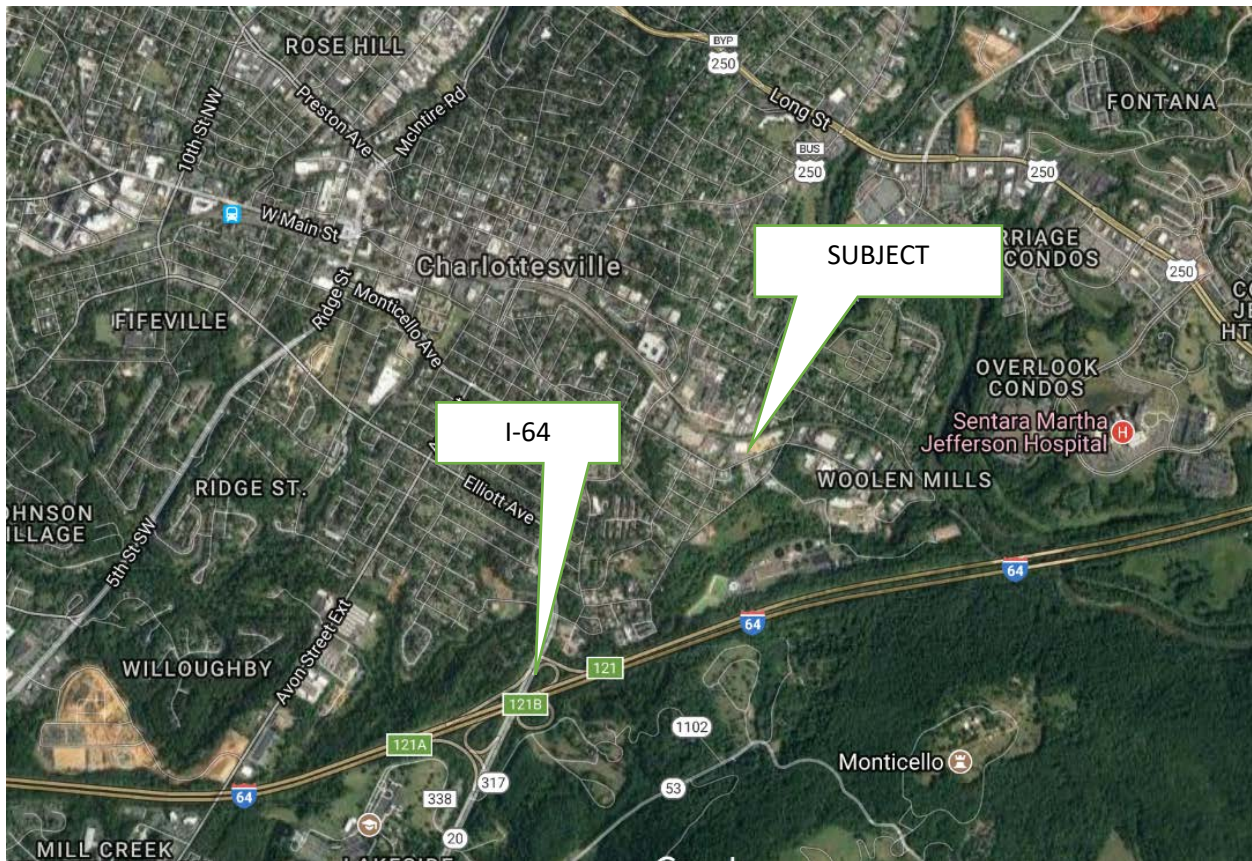
The subject site has adequate visibility from several secondary surface streets. Visibility and access do not adversely affect the subjects' marketability. The subject site appears suitable for its proposed use.

6. PROVIDE ANALYSIS OF NEIGHBORHOOD AMENITIES;

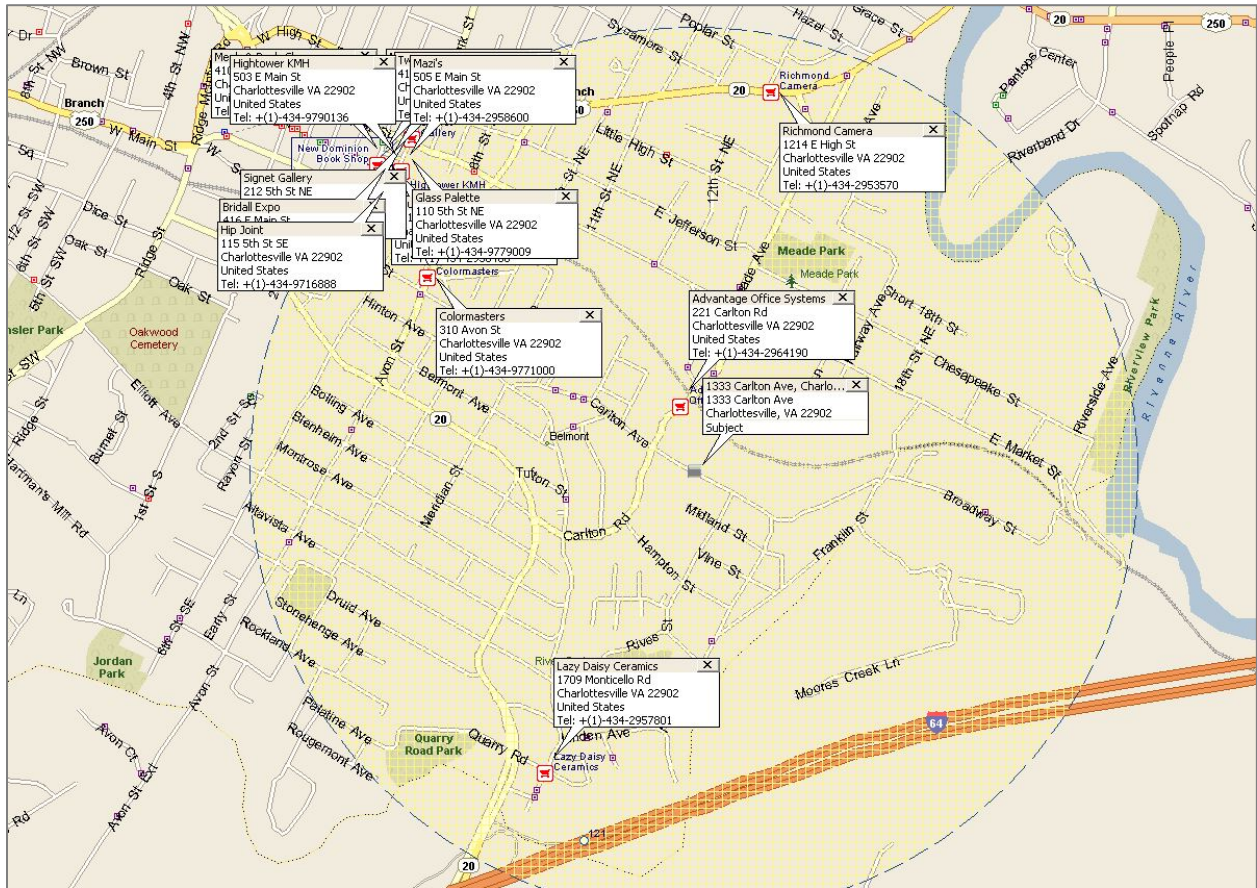
The subject's neighborhood is in immediate proximity to a multitude of amenities including; shopping, entertainment, schools, transportation linkages, medical services, places of worship and much more. The area is urban in nature and as such, destinations are in a concentrated area. The following maps will illustrate the subject's proximity to these various amenities;

### Major Transportation Linkages

The subject site is approximately one mile from Interstate 64. There are adequate primary and secondary transportation routes to facilitate transportation efficiently.

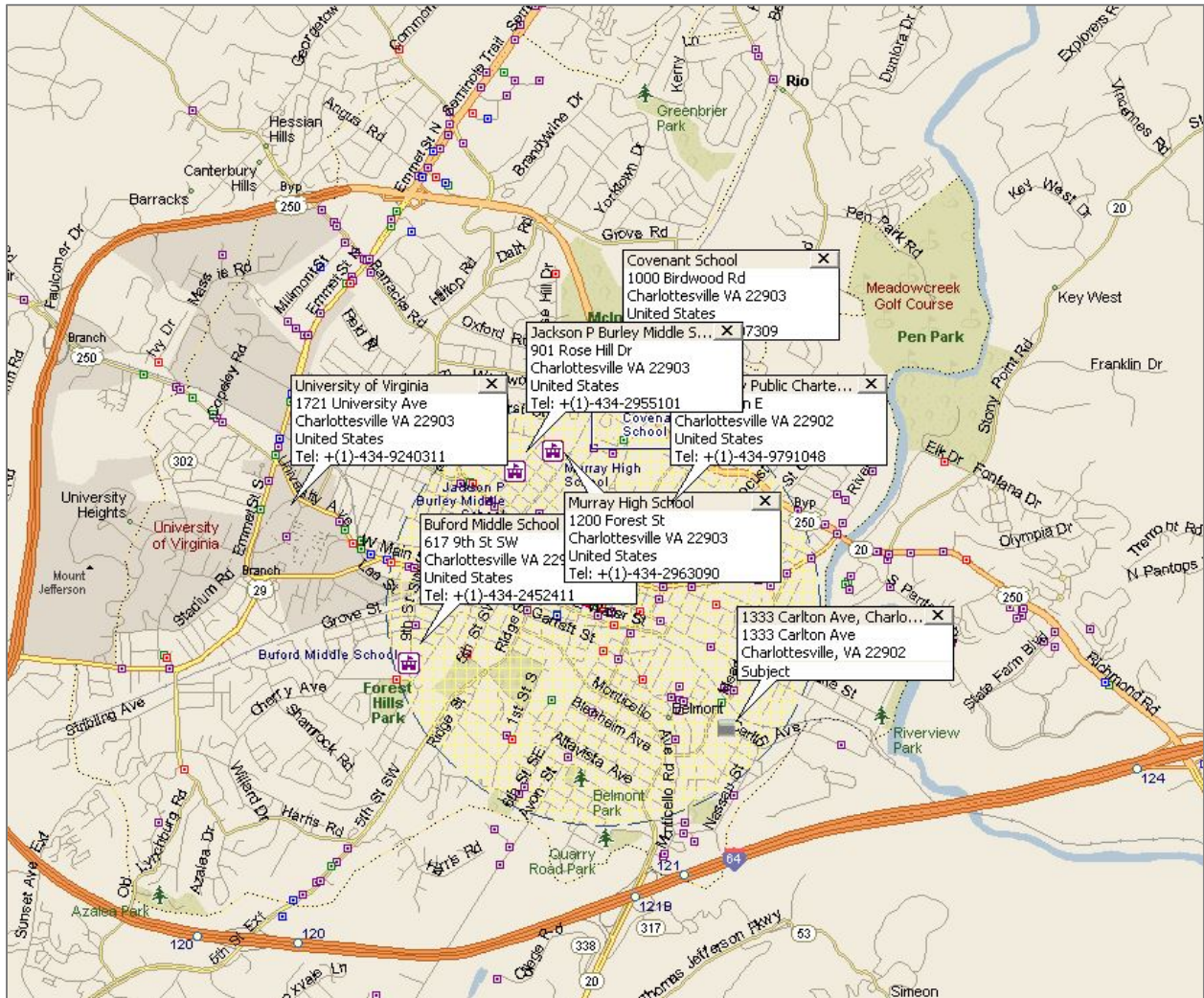


Shopping



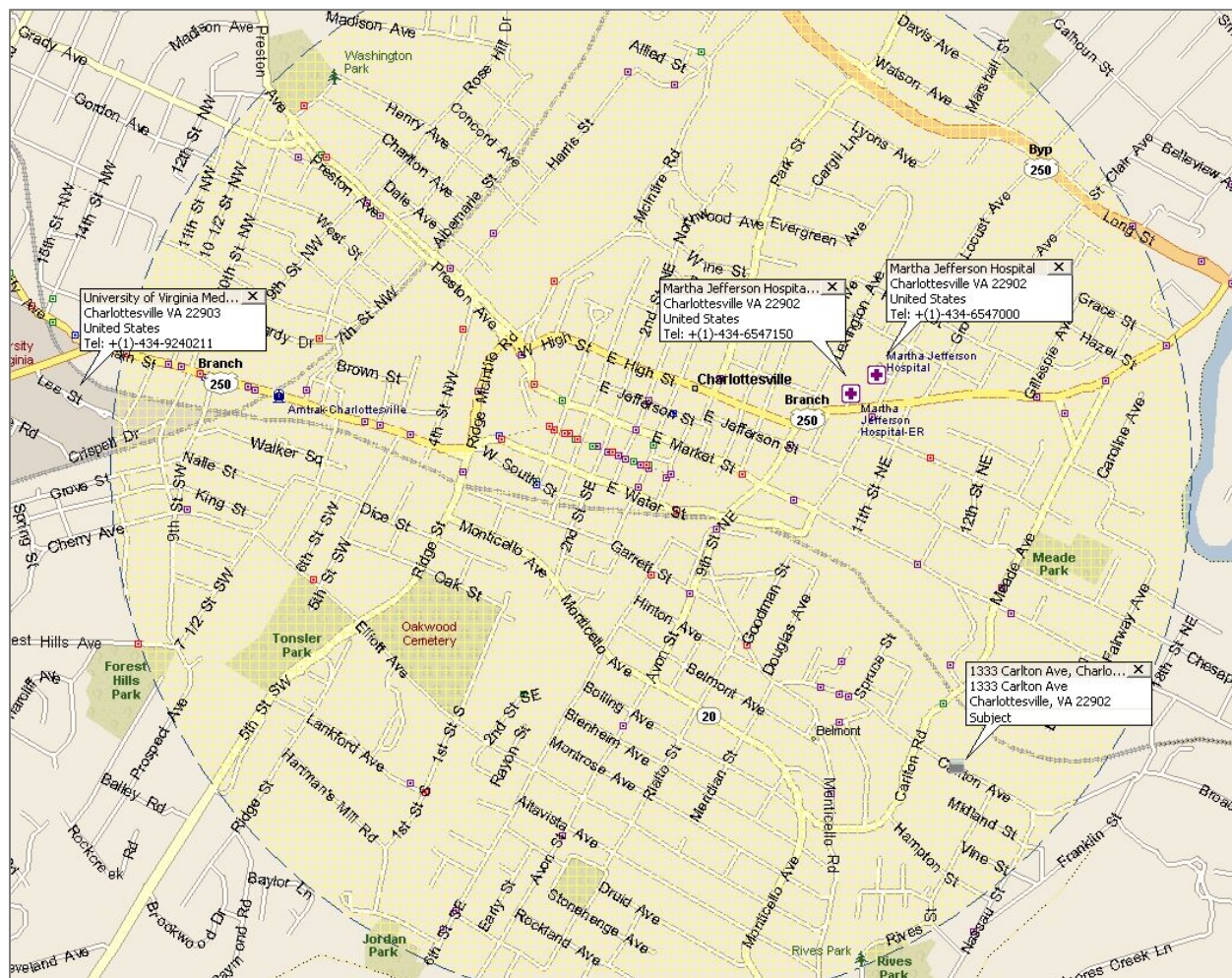
Within 1-mile radius, there is an abundance of shopping places. Some of the larger centers are shown above. The subject is in an urban environment in which development is concentrated in a small geographical area. The major shopping and retail destination in the area is the downtown mall area.

Schools



Within a 1-mile radius, there are 6 public schools. This is considered adequate to service the population.

### Subject and Its Proximity to Hospitals



Within a 1-mile radius, there are 4-full service hospitals. There are also several limited service medical facilities near the subject.

#### Proximity to Public Transportation

There are adequate bus stops in immediate proximity to the subject site. In addition, there are various locations near the subject site for banks, churches, community centers, libraries, and other forms of entertainment. As demonstrated, the subject is near a vast array of services and entertainment.

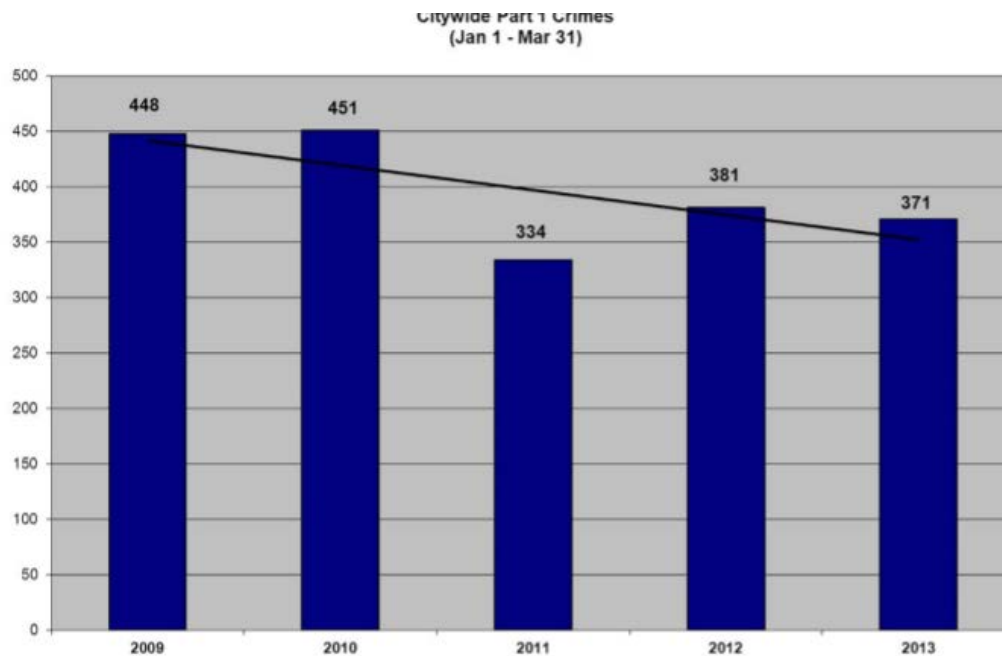
#### 7. COMMENT OF AVAILABILITY OF PUBLIC TRANSPORTATION.

The subject is near public transportation. Carlton Avenue is a heavily traveled bus line within the City of Charlottesville's Charlottesville Area Transit (CAT) public bus system.



## 8. CRIME

City of Charlottesville crime statistics report an overall downward trend in crime based on data from 5 years with violent crime decreasing and property crime decreasing. Based on this trend, the crime rate in Charlottesville for 2017 is expected to be lower than in 2013. The chart below summarizes the most recent crime statistics published by the City of Charlottesville Police Department.



## 9. PROVIDE CONCLUSION CONCERNING THE SUITABILITY OF THE PROPOSED SITE FOR THE PROPOSED USE.

The subject site is generally level and it's considered partially finished acreage. The size and shape are adequate for the proposed use. The site appears suitable for the proposed development. There is tremendous demand for low to moderate income housing in the City of Charlottesville.

### LOCATION ANALYSIS

As part of the location analysis, a competitive location rating of the area is prepared. This rating procedure has two steps. First, each submarket is compared with another area about various factors and each element of comparison is rated in terms of a numerical score. The higher the rating assigned to an area, the higher its score. Second, the submarkets are ranked relative to one another using a calibrating process. The resulting scores are then totaled. A higher score identifies an area considered superior. The rating numbers will range from 1, being the worst, to 3 being the best.

Location Rating Factor (by Submarket)

Rating Factor	Downtown	East	North	UVA	South
Proximity to Existing Development	3	3	3	3	3
Public Planning/Development Support	3	2	3	3	3
Path of Growth	2	3	3	2	3
Reputation/Prestige	3	2	2	3	2
Access/linkages (now and future)	3	2	3	3	2
Schools	3	3	3	3	2
Restaurants/Shopping	3	2	3	3	2
Employment Center	3	2	2	3	1
Higher Income Housing	3	1	2	3	2
Recreational Facilities	3	1	2	3	2
Aesthetics - natural features	3	1	2	3	2
Infrastructure- existing and committed	3	2	3	3	2
*Detrimental Influences	1	2	2	2	2
Score	36	26	33	37	28
% of Total Scores	23%	16%	21%	23%	18%

The Charlottesville market can be divided into 5 submarkets including: Downtown; East; North; UVA; and South. The subject is located in the East submarket, which contains a score of 26. This is mainly an industrial and lower income-oriented area. The subject scored 26 out of a possible 39 which equates to 67%. There are no known hazards, nuisances or detrimental influences in the area. The subject's submarket appears to be suitable for low to moderate income housing.

## E. MARKET AREA DEFINITION

(Format derived from Version 3.0, Adopted 1/14/2013; Section E; Market Area Definition; NCHMA)

### I. DEFINE THE PRIMARY MARKET AREA

The definition of a market area for any real estate use is generally limited to the geographical area within which consumers will consider the available product alternatives to be relatively equal. Frequently, a primary area is defined where consumers will have the highest propensity to choose a specific product at a specific location, and a secondary area is defined where consumers are less likely to select a product at that location, but where demand from consumers will still be significant.

#### Time-Distance Concepts

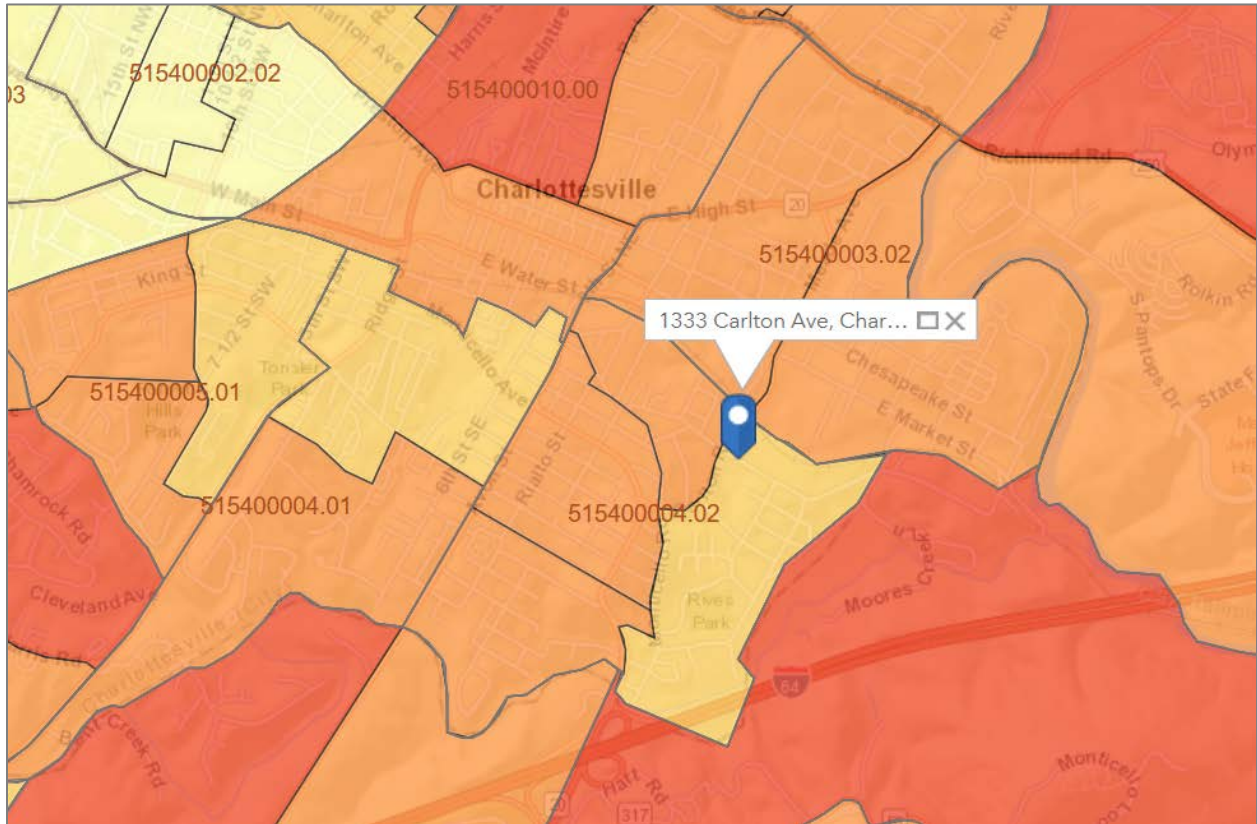
Time distance relationships are often used to determine a subject's Primary Market Area (PMA). A PMA is the geographical area that the subject is expected to draw the vast majority of its tenant base from. Time distance concepts are simply the relationship between the time it takes, and distance one has to travel to get to their respective destination. This concept recognizes the relationship between where a tenant chooses to live and the distance to their respective destination. Some of the most important factors in a time-distance relationship include proximity to work, school, entertainment or shopping.

Competitive Area (area over which equally desirable properties tend to compete with the subject)

After analyzing the time-distance relationship between the subject and employment and support facilities as well as the market area for competitive housing, the analyst concludes that the market area for the subject apartment project includes generally the eastern portion of the City of Charlottesville.

#### Direct Survey Method

In employing the Direct Survey Method, we simply surveyed the existing competitive inventory to determine where they are drawing their residents from in terms of geographical location. Of those properties that participated in our survey, we found that approximately 90% of the residents are being drawn from an approximate 3-mile radius their respective location. Accordingly, based upon our direct survey of the market, we can reasonably account for up to 40 of the 44 dwelling units' demand which equates to 90%. Secondary market would make up the balance of the units, but our analysis only focuses on the PMA.

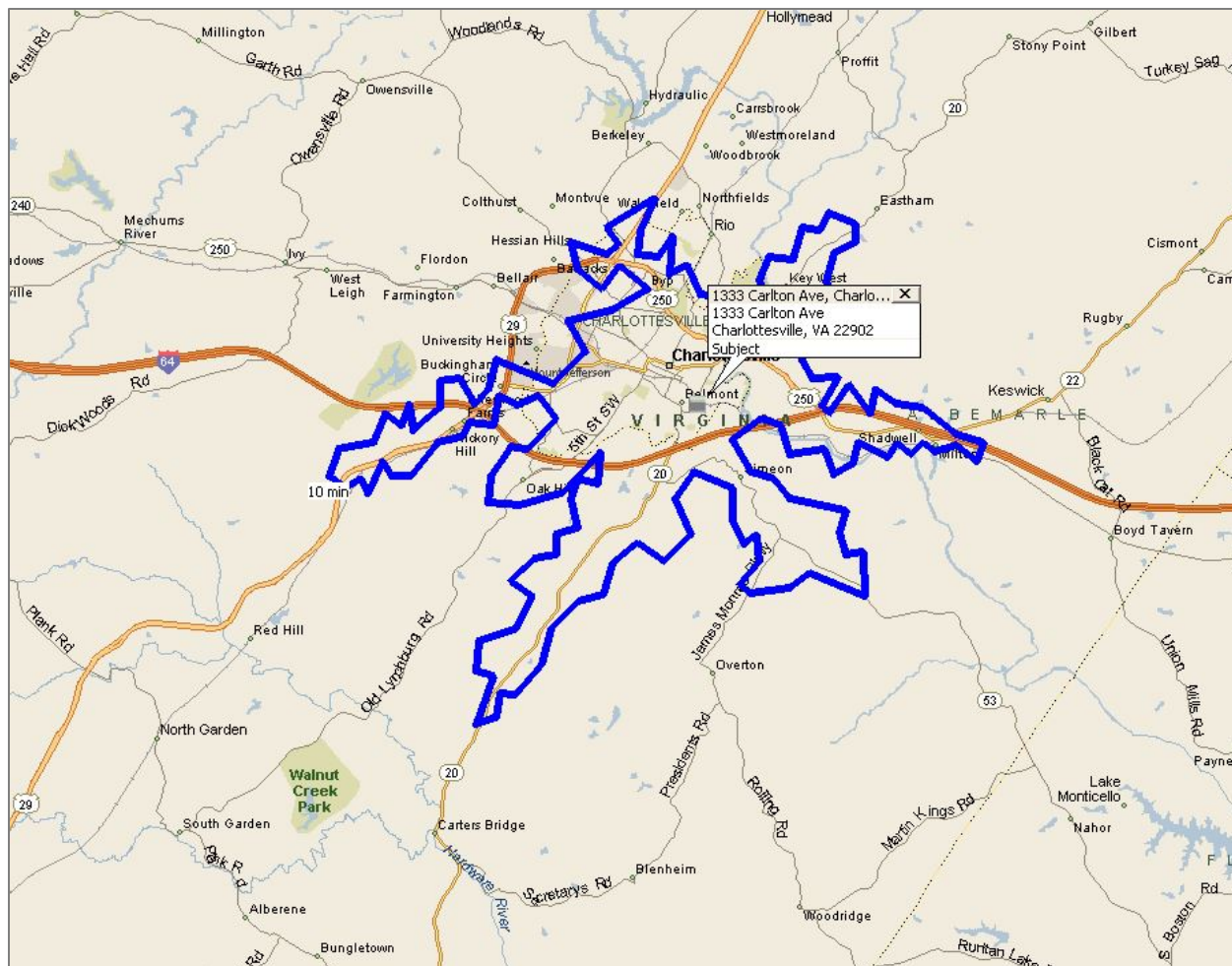


**Commuting Patterns**

Commuting patterns measure the daily travel between places of residence and places of work. To be classified as a commuter, a worker must cross at least one political boundary when traveling between work and home. This information facilitates the analyst in establishing the demarcations of the subject’s PMA. It estimates where employment hubs are in proximity to employee’s places of residence. By measuring the mean travel time to work, we can establish the PMA by simply approximating the distance traveled from home to work. This is a good foundation is facilitating how far residents are willing to travel to work.

Commuting to Work (16+)	%
Less than 5 minutes	2.60%
5 to 9	15.50%
10 to 14	25.00%
15 to 19	26.50%
20 to 24	12.80%
25 to 29	4.20%
30 to 34	6.60%
35 to 39	0.90%
40 to 44	1.30%
45 to 59	1.20%
60 to 89	2.10%
90+	1.40%
Mean travel time to work (min.)	16.9

Approximately 82% of commuters have a commute time of less than the 20-minute mean travel time to work. A drive time map of the average commute time, approximately 10 minutes, is as follows;



The area located within the average commute time appears to geographically cover those relevant destinations to work, shopping, education other relevant destinations a potential tenant consider when selecting their place of residency.

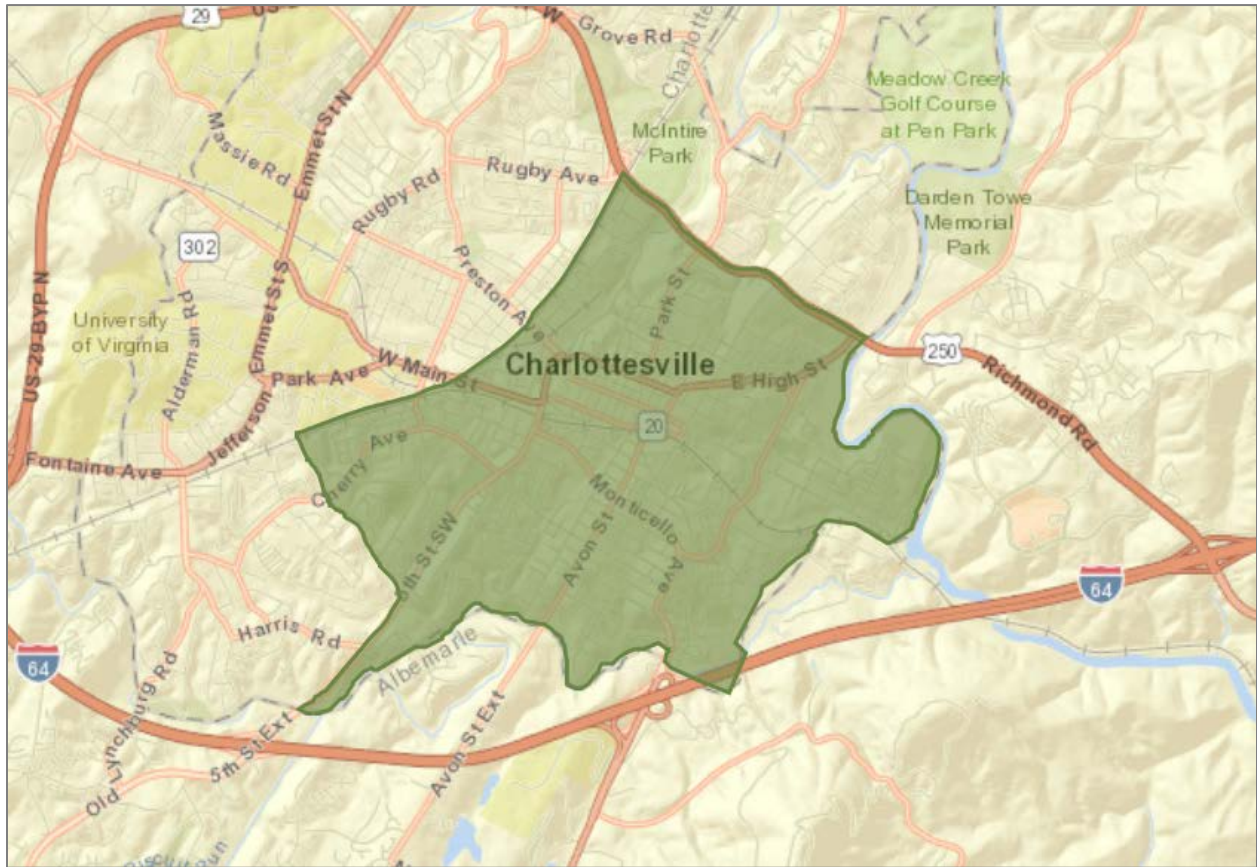
Conclusion

Based on field research and prior analysis of market conditions in the area, along with an assessment of population change and housing development, employment, transportation and geographic patterns, municipality definitions, housing stock conditions, and the location of competitive affordable housing, the effective primary market area for the subject is as follows;

PMA		
<u>Define:</u>	<u>Census Tracts</u>	<u>Jurisdiction</u>
51540000	3.02	Charlottesville
	4.02	Charlottesville
	4.01	Charlottesville
	5.01	Charlottesville
	10	Charlottesville

Secondary markets include concentric areas outward from previous boundaries determine. A Primary Market Area can further be examined on a macro and micro level. A macro PMA is defined where consumers will have the highest propensity to choose a specific product at a specific location (as per the above stated definition) and demand may account for absorbing the vast majority of the proposed units. As previously stated, the subject properties macro-PMA is defined above. The micro-PMA examines relevant trends in the subject properties immediate market area. Because the area of study is significantly smaller than the macro-PMA, demand accounts for absorbing only a small portion of the units. Our micro-PMA includes the census tract in which the subject property is located. For illustrative purposes, we will often refer to demographic trends within the City only. We anticipate 30% of the units to be absorbed from the subject's micro-PMA; 60% to be absorbed by the subject's macro-PMA and the remaining 10% to be absorbed by secondary markets. Thus, we anticipate that by focusing on the subject's macro-PMA, we can reasonably account for 90% of derived demand.

2. A MAP OUTLINING THE SUBJECTS PRIMARY MARKET AREA (PMA) IS AS FOLLOWS;



The subject's PMA is defined in the above map. Land uses in the immediate area are consistent with and complementary to the subject's proposed development. The subject site is in the immediate vicinity of existing residential, office, multifamily, and retail located in along primary transportation routes. There is a wide array of land uses in the subject's immediate market area. The area is semi-urban in nature.

## F. EMPLOYMENT AND ECONOMY

(Format derived from Version 3.0, Adopted 1/14/2013; Section F; Employment and Economy; NCHMA)

### I & 2 EMPLOYMENT BY INDUSTRY

The chart below considers the employment by industry for the city, which most closely approximates the subject's PMA, and the entire MSA. As demonstrated, the composition of employment by industry for the city is consistent with the composition of employment by industry for the entire MSA. This is a diverse industry base with no one sector that is dominating the job sector to the detriment of the rest.

Total Employment by Industry				
	City of Charlottesville	% of Total	MSA	% of Total
Agriculture, Forestry, Fishing and Hunting	0	0.00%	1,043	0.17%
Mining, Quarrying, and Oil and Gas Extraction	0	0.00%	543	0.09%
Utilities	0	0.00%	1,877	0.31%
Construction	1,533	3.94%	34,571	5.65%
Manufacturing	817	2.10%	30,603	5.01%
Wholesale Trade	648	1.67%	24,633	4.03%
Retail Trade	3,570	9.18%	65,975	10.79%
Transportation and Warehousing	323	0.83%	20,810	3.40%
Information	1,311	3.37%	7,221	1.18%
Finance and Insurance	1,367	3.51%	36,747	6.01%
Real Estate and Rental and Leasing	620	1.59%	8,463	1.38%
Professional, Scientific, and Technical Servi	2,519	6.48%	37,433	6.12%
Management of Companies and Enterprises	488	1.25%	21,030	3.44%
Administrative and Support and Waste Management	2,532	6.51%	40,928	6.69%
Educational Services	711	1.83%	8,450	1.38%
Health Care and Social Assistance	3,317	8.53%	80,511	13.17%
Arts, Entertainment, and Recreation	526	1.35%	11,599	1.90%
Accommodation and Food Services	5,761	14.81%	50,285	8.22%
Other Services (except Public Administration)	1,950	5.01%	20,578	3.37%
Government Total	10,909	28.04%	108,117	17.68%
Total, All Industries	38,902	100%	611,417	100%
Max	10,909	28%		



### 3. HISTORICAL UNEMPLOYMENT RATE

Unemployment rates in the city have historically been higher than the state and consistent with US levels.

Year	Char. City	VA	US
2007	3.10%	3.00%	4.60%
2008	3.90%	3.90%	5.80%
2009	6.50%	6.70%	9.30%
2010	6.10%	7.10%	9.60%
2011	5.60%	6.60%	8.90%
2012	5.10%	6.10%	8.10%
2013	4.70%	5.70%	7.40%
2014	4.30%	5.20%	6.20%
2015	3.70%	4.50%	5.30%
2016	3.40%	4.10%	4.90%
2017	3.10%	3.80%	4.40%

Unemployment rates at the city, state and national levels have been trending downwards. Unemployment rates in the city have maintained their lower levels than state and national levels.

Month/ Yr.	Char. City	VA	US
Jun-17	3.50%	3.90%	4.50%
Jul-17	3.60%	3.90%	4.60%
Aug-17	3.60%	3.90%	4.50%
Sep-17	2.80%	3.60%	4.10%
Oct-17	2.70%	3.40%	3.90%
Nov-17	2.70%	3.40%	3.90%
Dec-17	2.50%	3.30%	3.90%
Jan-18	3.30%	3.70%	4.50%
Feb-18	2.60%	3.30%	4.40%
Mar-18	2.60%	3.30%	4.10%
Apr-18	2.20%	2.80%	3.70%
May-18	2.40%	2.90%	3.60%

Monthly trends have been consistent with years past.

4. AREA MAJOR EMPLOYERS

**PMA MAJOR EMPLOYER LIST - 1,000+ { By Number of Employees }**

(Non Retail)

Employer Name	City	#Employees	Industry Sector
UVA Medical Center	Charlottesville		Healthcare
City of Charlottesville	Charlottesville		Government
UVA Health Services Foundation	Charlottesville		Healthcare
Charlottesville School Board	Charlottesville		Government
Lakeland Tours	Charlottesville		Services
Servicelink Mgmt Com, Inc.	Charlottesville		Services
Aramark Campus, LLC	Charlottesville		Educational
SNL Security, LP	Charlottesville		Services
Assoc for Investment Management	Charlottesville		Services
RMC Events	Charlottesville		Services
County of Albemarle	Charlottesville		Government
Morrison Crothall Support	Charlottesville		Services
Kroger	Charlottesville		Retail
St Anne's Belfield	Charlottesville		Educational
Fresh Fields Whole Food Market	Charlottesville		Retail

5. COMMENT OF RECENT OR PLANNED MAJOR EMPLOYMENT EXPANSIONS.

There is no anticipated significant change in employment that is expected to alter the economic fundamentals of the subject’s primary market area. The current employment base is expected to sustain the economy. Charlottesville contains a strong local economy buoyed by the University of Virginia and related activities. Unemployment rates appear to be stable. As the economy improves, the unemployment rate is expected to improve. The MSA is somewhat economically insulated due to the large government-based presence.

6. IN RELEVANT MARKETS, COMMENT OF AVAILABILITY OF AFFORDABLE HOUSING

Primary for employees of businesses and industries that draw from PMA.

Not Applicable

7. TYPICAL WAGES BY OCCUPATION

Average Weekly Wage by Industry	\$
Agriculture, Forestry, Fishing and Hunting	\$748
Mining, Quarrying, and Oil and Gas Extraction	-
Utilities	-
Construction	\$1,009
Manufacturing	\$1,163
Wholesale Trade	\$1,060
Retail Trade	\$502
Transportation and Warehousing	\$731
Information	\$1,539
Finance and Insurance	\$1,685
Real Estate and Rental and Leasing	\$1,001
Professional, Scientific, and Technical Services	\$1,633
Management of Companies and Enterprises	\$1,776
Administrative and Support and Waste Management	\$711
Educational Services	\$873
Health Care and Social Assistance	\$1,754
Arts, Entertainment, and Recreation	\$847
Accommodation and Food Services	\$386
Other Services (except Public Administration)	\$1,130
Government Total	\$1,152
Average for City	\$1,094
Average for MSA	\$915

The total average for the city is \$1,094 which is higher than the average weekly wage for the MSA; \$915.

8. COMMUTING PATTERNS

Commuting patterns measure the daily travel between places of residence and places of work. To be classified as a commuter, a worker must cross at least one political boundary when traveling between work and home.

Commuting Patterns	Persons
People who live and work in area	6,811
In-Commuters	31,055
Out-Commuters	11,497
Net In-Commuters	19,558

There are approximately 6,811 people who reside and work in the City of Charlottesville. The total number of persons commuting into the city is more than those that commute out of the county by approximately 19,558 persons.

## 9. CONCLUSIONS

The market should continue to grow at a moderate and deliberate pace. The growth will continue to be fueled by the public sector. The area will continue to be an attractive business location due to; good location, quality labor supply, and diverse and deep corporate community with global reach.

The velocity of economic activity varies dramatically from an impending upsurge in some submarkets to continued softness in others. The City of Charlottesville is an economically viable market.

## G. DEMOGRAPHIC CHARACTERISTICS

(Format derived from Version 3.0, Adopted 1/14/2013; Section G; Demographic Characteristics; NCHMA)

### POPULATION AND HOUSEHOLD ESTIMATES AND PROJECTIONS

#### General Population Trends

The population for the subject's PMA increased approximately 24% between 2000 and 2017. The total population for the PMA is estimated at 19,210 in 2022 which represents an annual 1.62% growth rate. This change in population over this time span is considered moderate and thus we can conclude that the population in the subject's PMA is growing at a constant and deliberate pace.

General Population Trends			
Year	No.	% Change	Annual % Change
2000	14,322	Base Year	Base
2017	17,768	24.06%	1.42%
2022 (est)	19,210	8.12%	1.62%

#### Population by Age

Population By Age	2017	%	2022 (Est.)	%
0-4	1,137	6.40%	1,210	6.30%
5-9	1,031	5.80%	1,018	5.30%
10-14	853	4.80%	980	5.10%
15-24	2,061	11.60%	2,267	11.80%
25-34	3,465	19.50%	3,554	18.50%
35-44	2,689	15.10%	2,997	15.60%
45-54	2,227	12.50%	2,228	11.60%
55-64	1,978	11.10%	2,094	10.90%
65-74	1,457	8.20%	1,748	9.10%
75-84	622	3.50%	845	4.40%
85+	249	1.40%	269	1.40%
Total	17,768	100%	19,210	100%
Below 35		48.10%		47.00%

As indicated above, approximately 48% of the population is 35 years of age or younger which is the typical age range for an apartment dweller. There does not appear to be any significant shifts in the age composition of the population over our survey period.

General Housing Trends

To take a more detailed look at the average and projected household size, we will take a closer look at the components of this equation; housing trends and population in households.

Housing Trends; PMA					
Year	Population in HH	Households	Housing Units	Persons per HH	Occupancy %
2000	14,247	6,476	6,827	2.20	95%
2017	16,883	7,852	8,579	2.15	92%
2022 (est)	18,273	8,499	9,275	2.15	92%

Household Trend Analysis				
Year	Number	Growth Rate (%)		
	Total	Annual	Total	Annual
2000-2017	1,376	81	21.25%	1.25%
2017-2022 (Proj.)	647	129	8.24%	1.65%

Housing Unit Trend Analysis				
Year	Number	Growth Rate (%)		
	Total	Annual	Total	Annual
2000-2017	1,752	103	25.66%	1.51%
2017-2022 (Proj.)	696	139	8.11%	1.62%

Housing Trends in macro-PMA

- Persons in occupied housing units increased from 2017 to 2022 and is expected to increase at a slightly higher pace well into the future.
- Households increased from 2017 to 2022 and is expected to continue increasing at a slightly higher pace.
- Housing units increased from 2017 to 2022 and is expected to increase at a rate slightly lower than the previous statistical period.
- The persons-per-household has generally remained level and is expected to remain level. Persons per household dropped from 2.20 to 2.15 from 2000 to the current year.
- Occupancy rates have generally remained generally level. It is not uncommon for the ratio of households (occupied houses) to housing units (includes occupied and vacant houses) to be somewhat low because of the higher ratio of abandoned houses.

In almost every market, rural and urban, there has been a decline in the household size since 1960 because of several sociological factors including smaller families, fewer extended or three generation families, greater number of divorces and single parents, increased personal longevity yielding more elderly, one- and two-person households, etc. (By definition, the minimum household size is 1.0.). The PMA is no exception to this trend.

Households by Tenure

Owner/Renter Occupancy in PMA						
	2010	%	2017	%	2022 (Est.)	%
Owner	3,248	41%	3,310	37%	3,584	38%
Renter	3,975	50%	4,797	54%	5,180	54%
Vacant	680	9%	743	8%	793	8%
TOTAL:	7,902	100%	8,850	100%	9,558	100%
<hr/>						
Households	7,222		8,107		8,765	
*Adj Renter %	55%		59%		59%	

\*- nets out vacant households

Based upon information provided by the Site to do Business, the ratio of renters to owners in the subject PMA increased 4% from years 2010 to 2017. This ratio is expected to continue to increase at modest levels off well into the future. The ratio of multifamily households is approximately 27%.

DISTRIBUTION OF INCOME

Income Restrictions

Establishing the factor to identify which target households are eligible by income requires the definition of the limits of the affordable income range. The following table presents the data used in the MSA market in deriving these ranges. The upper limit is constrained using HUD income limits adjusted for household size. This analysis converts household size into bedroom mix using maximum reasonable occupancies, given the household size distribution. Therefore, the expected household size average of an EFF is 1 person; 1 BR is 1.5 persons; 2 BR is 3 persons and a 3 BR is 4.5 persons, etc.

Pertaining to the affordable units; the affordability range, including the lower limits, for the analysis, is estimated using expenditure patterns reflecting what consumers typically pay for housing. The lower limits are typically established by assuming a household can reasonable afford to pay no more than 35% of its income for gross housing expenses, including utilities and maintenance. (The most recent Consumer Expenditure Survey (CEX) by the Census Bureau indicates that the average cost paid by U.S. households is around 38%). The upper limits are established using the HUD limits referred to above.

The analysis is contained on the following page.

The income bands are as follows;

INCOME LIMIT DERIVATION PMA				
	LIHTC @ 40% /40%		LIHTC @ 60% /60%	
Unit Type (No. of BR's)	1.1	2.2	1.1	2.2
No. of Units	9	2	27	6
Proposed Rents	\$544	\$646	\$864	\$1,030
UTILITY ALLOWANCE	\$96	\$122	\$96	\$122
GROSS RENTS	\$640	\$768	\$960	\$1,152
Annual Rent	\$7,680	\$9,216	\$11,520	\$13,824
Incomes needed to Support Gross Rents (with no subsidy component considered)	\$21,943	\$26,331	\$32,914	\$39,497
Proportion of Units Eligible for Restrictions Eligible Households:	100%	100%	100%	100%
Eligible Income, Upper Limit @ 40% of AMI	\$25,620	\$30,720		
Eligible Income, Upper Limit at 50% of AMI				
Eligible Income, Upper Limit at 60% of AMI			\$38,430	\$46,080
Maximum Tax Credit Eligible Gross Rents (40%)	\$640	\$768		
Maximum Tax Credit Eligible Gross Rents (50%)				
Maximum Tax Credit Eligible Gross Rents (60%)			\$960	\$1,152
Target Income Ranges:	\$21,943	\$26,331	\$32,914	\$39,497
to	\$25,620	\$30,720	\$38,430	\$46,080

The income range for the 40% units is \$21,943 to \$25,620 for the 1-BR units, and \$26,331 to \$30,720 for the 2-bedroom units; the income range for the 60% units is \$32,914 to \$38,430 for the 1-BR units, and \$39,497 to \$46,080 for the 2-bedroom units. The rent level, the resulting affordability limits, and the income distribution among the lower income households in the market, creates a segment for family households. The income range for a rental project is illustrated in the above tables.

It is possible that some households, with higher incomes and larger family sizes, could qualify for units, and that some smaller households will also qualify for the bedroom units or choose to pay more than 35% of their income for housing. However, this range is estimated to include the bulk of the potential tenants. This analysis uses the income distributions for family households in the subject's PMA as the income standard, not the MSA. The inclusion of other county/ city households within the PD may skew the market area medians and result in an inaccurate estimation of demand.



AFFORDABILITY

The affordability index quantifies the number of households that fall within the income range established in the previous table. Those households that fall within the income range can afford the proposed product. Within this analysis, we have assumed an even spread of households throughout the income range.

The affordability indexes are as follows;

Household Income Distribution; PMA				Overall		1 BR	2 BR	1 BR	2 BR
Household Income Range	% of HH	# of HH	40%	60%	40%	40%	60%	60%	
\$0 to \$5,000	6.0%	290							
\$5,000 to \$9,999	9.6%	462							
\$10,000 to \$14,999	7.5%	360							
\$15,000 to \$19,999	22.9%	1,098							
\$20,000 to \$24,999	10.2%	487	487	81	487		81		
\$25,000 to \$34,999	12.8%	616	391	647	38	352	647		
\$35,000 to \$49,999	17.5%	842		369				369	
\$50,000 to \$74,999	11.2%	538							
\$75,000 to \$99,999	8.2%	391							
\$100,000 to \$149,000	9.1%	436							
\$150,000 to >	2.3%	112							
Renter HH	117%	4,797	878	1,097	525	352	727	369	
Min Income			\$21,943	\$32,914	\$21,943	\$26,331	\$32,914	\$39,497	
Max Income			\$30,720	\$46,080	\$25,620	\$30,720	\$38,430	\$46,080	
Affordability Index			18%	23%	11%	7%	15%	8%	

The overall affordability index is 41% for all units: 18% for 40% rate units, and 23% for the 60% units. The affordability index is simply the ratio of renter qualified households by the total number of renter households. The affordability index is further segmented by bedroom as demonstrated in the above table.

Adjust for Normal Vacancy

At any given time, some units will be vacant because of seasonal occupancy or the need to refurbish units. A vacancy rate of about 5% is often applied to the demand forecast to reflect a market in equilibrium. In non-valuation studies, such as a feasibility analysis for proposed construction, this adjustment is used to estimate the supportable project size. We have made a 5% allowance in our analysis.

Demand Generators

Marginal demand for real estate is typically of function of two basic indices; Changes in Population and Trends within the Existing Housing Inventory. Within each category, various demand generators are present. A brief description of each form of marginal demand is described below.

### Change in population

Initially, the change in population is the primary component which drives household demand. As population increases/ decreases, the demand for housing increases/ decreases relative to household size. If average household size remains constant, as population increases, the demand for households also increases. Conversely, if population decreases, the demand for household's decreases. The change in population has the potential of increasing/ decreasing overall household demand. This form of demand is new demand.

### Existing Inventory

Movership demand and latent demand (often referred to as "pent-up" demand)

Movership demand is simply a form of trending within the existing household inventory. Movership demand is created as the existing inventory of housing shifts into/ out of the subject's target qualification criteria. Movership demand is demand generated by the upward/ downward mobility of lower/ upper-income households. If move-up demand exceeds move-down demand, then a positive "net" demand is created. This marginal demand estimate can be added to or subtracted from the existing demand, thus increasing/ decreasing overall demand. If move-down demand exceeds move-up demand, then a negative "net" demand is created. This marginal demand estimate is subtracted from the existing demand, thus decreasing overall demand.

Latent demand, which is also referred to as pent-up demand, typically results from under building in an area. If, over the last several years, rental building has not kept pace with the population increase and, more importantly, the percentage of the population desiring (or needing) rental units that had been forecast to increase, latent demand might be present.

During our analysis, we have estimated that "latent" demand will be generated from five sources; existing unmet demand (existing demand exceeds existing supply), cost burden renters, substandard households, waiting lists and conversions.

- Existing Demand may be present if current demand for a product exceeds the current supply for a product type.
- Family/ Elderly Cost Burden Renters are those renters that are spending more than 35%/ 40% of their income for housing costs.
- Substandard Households are those households that have incomplete kitchen facilities, incomplete plumbing facilities or more than one person per room.
- Waiting lists is a form of pent up demand in which a tenant (demand) must wait for a residential unit (supply).
- Conversions are simply those that reside in one form of housing may convert to another form of housing. Most commonly this occurs between home owners and renters.

If latent demand exists, then it always represents a positive adjustment to existing demand.

### Adjust for Movership Demand

As previously discussed, movership demand is created from trending within the existing inventory.

### Trends

Based upon our analysis, we anticipate that "move-up" gains are expected to mostly be cancelled out from "lateral- losses" and thus a 0% additional demand is generated from trending.

### Adjust for Latent Demand

Our analysis indicates that the current demand for the subject exceeds the current supply and therefore, a positive residual demand exists.

Cost Burden Renters are those renters that spending more than 35% of income for housing costs. Based upon information provided by the US Census Bureau, approximately **45%** of renter households are considered cost burden households.

Substandard Households are those households that have incomplete kitchen facilities, incomplete plumbing facilities or more than one person per room. Based upon information provided by the US Census Bureau, less than 6% of renter households are considered substandard households.

It is reasonable to assume that cost burden renters and substandard household renters overlap. In other words, those living in substandard households are also likely to also be cost burden renters and vice-versa, so it would not be appropriate to simply add the 45% cost burden households to 3% of substandard households to derive at a collective 48% ratio. Therefore, we have made appropriate adjustments to account for this overlapping.

We have estimated that **40%** of *current* renter households are a combination of cost burden and substandard households. Not all the cost burden households and substandard households will qualify for the subject; however, more than the average affordability index will qualify given that the subject is designed to cater to this household segment. Therefore, we have estimated the affordability index at **50%** for this household segment. The balance of those households that would not qualify would likely remaining in their current house or find housing with a deeper form of subsidy.

## H. COMPETITIVE ENVIRONMENT

### COMPARABLE PROPERTY PROFILES

The first part of the analysis calls for an inventory of available and anticipated competitive supply. Quantitative supply data can be obtained from many sources. The most common sources include; apartment associations, private market research firms and local municipal governments.

In the second part of the supply analysis, a quantitative ranking of competitive apartments is developed. We relied on judgment to complete the quantitative survey and rate the subject against the competition.

### EXISTING STOCK OF COMPETITIVE PROPERTIES

Predominate type of development and conformity.

The predominately type of development in the subject's PMA is residential in nature. The multifamily inventory is typically garden style walk up communities. The subject will be a Class B community and is anticipated to have a moderate degree of conformity with other Class B projects in the PMA.

#### Existing Properties

Using quantitative data obtained from municipal lists of existing apartments and unit totals, we estimated the multifamily inventory within the subject's PMA at approximately 26,000 multifamily units. Not all these units are competitive with the subject. Some units are occupied by tenants with household incomes above or below the range specified for the subject. The subject will be a family oriented LIHTC property and only other family oriented LIHTC properties are expected to compete with the subject. Therefore, we have conducted a survey on the existing inventory of family oriented LIHTC properties contained in the subject's PMA.

#### Planned Projects

We are not aware of any new LIHTC projects coming online in the subject's PMA, which are currently under construction or in the planning phase. The subject, as well as Carlton Views I, are the most recently LIHTC projects completed. These constitute a total of approximately 100 units. Based upon conversations with city/ county officials and housing trends, an annual allowance of 10 competitive new dwelling units is estimated within the subject's PMA over the mid-range forecast (5 years; 50 in a 5-year span). Because the lending market has become more restrictive, fewer development loans are being made in the area. However, more recently, signs of the lending market relaxing, increased occupancy rates and increasing rents again is expected stir new development in the years to come.

ANALYSIS OF COMPETITIVE SUPPLY AND RATING OF THE SUBJECT AGAINST THE COMPETITION

To obtain an inventory of apartment projects that are competitive with the subject, the noncompetitive properties must be segmented out from the existing and anticipated supply. In this step, noncompetitive supply is identified in the rating process. We have rated apartment complexes in the subject's PMA in terms of three major criteria: location, age/ condition and amenities.

- **Location**  
Each of the areas where apartment communities are clustered was assigned a rating on a scale of 1 to 3; the better the location within the PMA, the higher the rating.
- **Age/ Condition**  
The age/ condition of the apartment complexes was rated 1 to 3. The older complexes received a lower rating whereas; newer complexes received a higher rating.
- **Amenities**  
Property amenities include amenities offered within the apartments and common site amenities. Properties with a superior amenity package received the higher rankings.
- **Other factors considered include whether the project is affordable or market oriented and the overall size of the complex. Properties of similar age and physical characteristics may not be considered competitive with the subject because it is not an affordable community. Also, smaller projects may not be considered competitive either. These factors were considered in our ranking analysis.**

Because the subject will be a family-oriented LIHTC property, all other family oriented LIHTC properties are expected to compete with the subject. Subsidized properties and elderly properties were excluded from our analysis. Our ranking analysis is as follows;

Property	Submarket	Age Group	Units	Property Class	Overall Rating	Type	Build
Carlton Neighborhood Housing	C'Ville	30+	35	C	5	LIHTC	Traditional
Carlton Views I	C'Ville	New	54	B	8	LIHTC	Traditional
Friendship Court	C'Ville	30+	150	B	8	LIHTC	Traditional
Greenstone on 5th	C'Ville	30+	167	B	8	LIHTC	Traditional
Mews on Little High Street	C'Ville	6 to 15	39	C	5	LIHTC	Traditional
Monticello Vista	C'Ville	6 to 15	50	B	8	LIHTC	Traditional
Short I 8th Street	C'Ville	15 to 30	12	C	5	LIHTC	Traditional
Total Units Surveyed in PMA			507				

All the properties above are expected to directly compete with the subject. The communities were sorted by their overall rating. The location ratings, the age ratings and the amenities rating were added to produce the overall rating illustrated above. Using their competitive supply ratings, the 18 communities were grouped into three classes; A, B and C. The following table shows the breakout of the apartment complexes by class.

Class	No. of Communities	% of Total Units	No. of Units per Class	Rating Scores
A	0	0%	0	9+
B	4	57%	421	7, 8
C	3	43%	86	<5
Total	7	100%	507	

### Conclusion of Competitive analysis

#### Class A

- There are no Class A projects located within the subject's PMA.

#### Class B

- There is a total of 4 Class B projects containing 421 dwelling units. The rating scores are 7 and 8.

#### Class C

- There is a total of 3 Class C projects containing 86 dwelling units. The rating scores have a range from 5 and below.

Upon completion, the subject is expected to be a Class B asset community. The subject is expected to compete with all other LIHTC properties within the subject's PMA. The subject is not expected to compete with any market rate, or elderly projects. There is a total of 507 dwelling units between 7 properties surveyed. Of those units surveyed, 100% of the units are expected to compete with the subject.

### Comparable Property Photos and Property Profiles

Per VHDA Guidelines, a general write-up, including photos of all LIHTC properties contained in the subject's PMA is contained on the following pages. Only those LIHTC units that are family oriented and unsubsidized were included in our survey. No market rate properties were included in our survey; however, LIHTC properties with a market rate component were included in our survey as we feel the subject will effectively compete with those units as well.

In some cases, despite our best efforts, properties may not have been surveyed (not returning phone calls, refusal to cooperate). In instances in which we were unable to reach any party to the property, we may have updated older data based on trends, or relied upon online sources. In some cases, in which alternative sources were not available, a property may not have been updated, but still included in our analysis. There is a total of 7 LIHTC properties located in the subject's PMA. Those properties and their status, include;

Property	Status
Carlton Neighborhood Housing	Not Available
Carlton Views I	Updated; phone survey
Friendship Court	Updated; phone survey
Greens tone on 5th	Not Available
Mews on Little High Street	Not Available
Monticello Vista	Trended Data

Several properties could not be reached for a phone survey. No data was available on these properties publicly. Therefore, they are not included in the following comparable write-ups.

A general write-up of the subject and those properties considered comparable are contained on the following pages. The property profile sheets outline each properties unit matrix, unit amenities, site amenities and utilities/ services included in rent. It's used as a basis for determining the subject's true competition and this analysis further establishes the subject's conformity with its competition and highlights unique aspects of the subject that may service as a competitive advantage or deficiency.

EXHIBIT 1  
INFORMATION ON SUBJECT

Property Type: Market ( ) Tax Credit (x) at of AMI Other ( ) Describe \_\_\_\_\_  
 Property Name: Carlton Views II  
 Property Address: 1333 Carlton Avenue Phone: 434-260-5415  
 Physical Occupancy: \_\_\_\_\_ % Estimated ( ) Actual (x) As of (date): Jul-18  
 Specify the property's exterior: Brick (x) Vinyl ( ) T1-11 ( ) Wood ( ) Other (x); Des: Hardiplank  
 Your impression of the Property: Good (x) Average ( ) Poor ( ) Actual/ Effective Age: 0; New Construction  
 What condition was the property in considering its age?: Good (x) Average ( ) Poor ( ) \_\_\_\_\_  
 How would you categorize the property's curb appeal (Good, Average, or Poor) and why?: Good, relative to other properties in the market, the property is anticipated to be comparable in quality, amenities, landscaping and amenities.  
 Has the property been renovated? If so, what was the scope of the work?: The subject property will be new upon completion

Is the property located on or near public transportation; if so, what? Yes  
 Is the property accessed off a primary road or secondary / residential street? Describe: Secondary, the comparable is located along a secondary transportation route.  
 Does the property have a prominent entrance sign visible from the primary road? Yes (x) No ( )

Unit Mix: 44 Total Units

# Units	Type	Square Footage		Rent			Income/ Rent		
		Low	High	Low	High	\$/ PSF	Restrictions	Conc.	Other
9	1x1	777	777	\$544	\$544	\$0.70	40%/40%		
27	1x1	777	777	\$864	\$864	\$1.11	60%/60%		
2	2x2	1092	1092	\$646	\$646	\$0.59	40%/40%		
6	2x2	1092	1092	\$1,030	\$1,030	\$0.94	60%/60%		

Unit Amenities: Check where appropriate

<b>Kitchen</b>	<b>Heat and Cool</b>	<b>Flooring</b>	<b>Other</b>
(x) Range and Oven	(x) Central System	(x) Carpet	(x) Shades/Blinds
(x) Frost Free Ref./ Icemaker	( ) Wall thru	(x) Vinyl	( ) Fireplace
(x) Microwave	( ) Window A/C Units	(x) Hardwood	(x) Cable/ Satellite Ready
(x) Dishwasher	( ) Baseboard Heat	( ) Ceramic	(x) Balcony/Patio
( ) Garbage Disposal	( ) Other: Describe _____	( ) Other	(x) Upgraded Countertops
(x) Range Hood		( ) Other	( ) Garden Tubs
		( ) Ceiling Fans	( ) Moulding
			( ) Exposed Beam/ Brick
			( ) Views
			( ) Upgraded Lighting
			( ) Upgraded Cabinets
			(x) Stainless Steel Appl.
			(x) Other; Describe: some PWD accessible

Site Amenities: Check where appropriate

( ) Pool	( ) Playground/Tot Lots	(x) Elevator	<b>Build</b>	<b>Property Class:</b>
( ) Tennis	( ) Deck Parking/Garages	( ) Storage	(x) Garden	( ) A
( ) Rental Office	(x) Limited Access;	( ) Other; please specify:	( ) TH	(x) B
( ) Car Wash Area	( ) Fitness Center		( ) Mid Rise	( ) C
( ) Business Office for Residents	( ) Laundry Facility		( ) High Rise	( ) Other
(x) Clubhouse/ community room	(x) On-Site Parking			

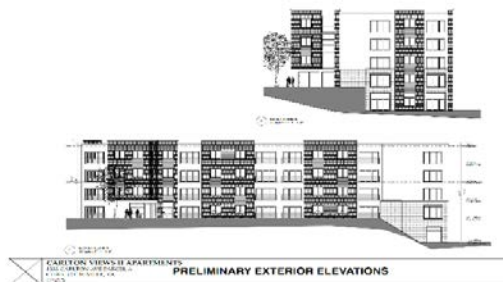
Utilities and Services Included in Rent: Check where appropriate

( ) Water & Sewer	( ) Heat (Gas/ Elec)	( ) All Utilities; includes electricity
(x) Trash Pickup	( ) Hot Water (Gas/ Elec)	( ) No Utilities
( ) Security	( ) Cooking (Gas/ Elec)	( ) Other; please specify: Internet/ cable

Tenant Retention (Annual)	<u>60%</u>
Renewal Rate as %/ of Market Growth:	<u>100%</u>
Typical Annual Market Growth Rate:	<u>1%</u>
Marketing Period	<u>2 weeks</u>

Newer Property Only

Pre-Leasing Began:	<u>Jul-20</u>
Construction Complete:	<u>Jul-20</u>
Stabilization:	<u>Sep-20</u>
Months:	<u>2.40</u>
Stabilized Units:	<u>46</u>
Monthly Absorption Rate:	<u>20.00</u>



Key  
 x= indicates feature is present  
 s= present in select units  
 \$= present for a fee  
 \* See Comments

COMMENTS:

None

CONTACT PERSON: EAJoseph Appraisal & Consultation

POSITION:





EXHIBIT 1  
INFORMATION ON COMPARABLE

Property Type: Market ( ) Tax Credit (x) at of AMI Other ( ) Describe \_\_\_\_\_  
 Property Name: Carlton Views I  
 Property Address: 1335 Carlton Avenue Phone: 434-260-5415  
 Physical Occupancy: 96 % Estimated ( ) Actual (x) As of (date): Jul-17  
 Specify the property's exterior: Brick (x) Vinyl (X) T1-11 ( ) Wood ( ) Other (x); Describe \_\_\_\_\_  
 Your impression of the Property: Good (x) Average ( ) Poor ( ) Actual/ Effective Age: 2017  
 What condition was the property in considering its age?: Good ( ) Average ( x ) Poor ( ) \_\_\_\_\_  
 How would you categorize the property's curb appeal (Good, Average, or Poor) and why?: Good, relative to other properties in the market, the property is anticipated to be comparable in quality, amenities, landscaping and amenities.  
 Has the property been renovated? If so, what was the scope of the work?: Yes, the property has undergone various levels of renovations over the years in order to stay competitive in its respective market.  
 Is the property located on or near public transportation; if so, what? Yes  
 Is the property accessed off a primary road or secondary / residential street? Describe: Secondary, the comparable is located along a secondary transportation route.  
 Does the property have a prominent entrance sign visible from the primary road? Yes (x) No ( )

Unit Mix: 54 Total Units \*\* The rents have been trended year over year

# Units	Type	Square Footage		Rent				Income/ Rent		
		Low	High	Low	High	\$/ PSF	\$/ PSF	Restrictions	Conc.	Other
9	1x1	669	687	535	\$535.00	\$0.80	\$0.78	40%	None	
26	1x1	669	687	853	\$853.00	\$1.28	\$1.24	60%	None	
5	2x2	675	1,009	635	\$635.00	\$0.94	\$0.63	40%	None	
10	2x2	675	1,009	1013	\$1,013.00	\$1.50	\$1.00	60%	None	
4	3x2	1,192	1,192	1178	\$1,178.00	\$0.99	\$0.99	60%	None	

Unit Amenities: Check where appropriate

<b>Kitchen</b>	<b>Heat and Cool</b>	<b>Flooring</b>	<b>Other</b>
(x) Range and Oven	(x) Central System	(x) Carpet	(x) Shades/Blinds ( ) Fireplace ( ) Views
(x) Frost Free Ref./ Icemaker	( ) Wall thru	(x) Vinyl	(x) Cable/ Satellite Ready ( ) Vaulted/ High Ceiling ( ) Upgraded Lighting
(x) Microwave	( ) Window A/C Units	(x) Hardwood	(x) Balcony/Patio ( ) Upgraded Countertops ( ) Upgraded Cabinets
(x) Dishwasher	( ) Baseboard Heat	( ) Ceramic	(x) Washer/ Dryer ( ) Garden Tubs ( ) Stainless Steel Appl.
(x) Garbage Disposal	( ) Other: Describe _____	( ) Other _____	(x) W/D Hook-ups- 3&4 br ( ) Moulding (x) Other: Describe: some PWD accessible
(x) Range Hood			( ) Ceiling Fans ( ) Exposed Beam/ Brick

Site Amenities: Check where appropriate

( ) Pool	(x) Playground/Tot Lots	(x) Elevator	<b>Build</b>	<b>Property Class:</b>
( ) Tennis	( ) Deck Parking/Garages	( x ) Storage	(x) Garden ( ) A	( ) TH (x) B
(x) Rental Office	(x) Limited Access;	( ) Other; please specify:	( ) Mid Rise ( ) C	( ) High Rise ( ) Other
( ) Car Wash Area	( ) Fitness Center			
( ) Business Office for Residents	(x) Laundry Facility			
(x) Clubhouse/ community room	(x) On-Site Parking			

Utilities and Services Included in Rent: Check where appropriate

( ) Water & Sewer	( ) Heat (Gas/ Elec)	( ) All Utilities; includes electricity
( ) Trash Pickup	( ) Hot Water (Gas/ Elec)	( ) No Utilities
( ) Security	( ) Cooking (Gas/ Elec)	( ) Other; please specify: Internet/ cable

Tenant Retention (Annual) 60%  
 Renewal Rate as % of Market Growth: 100%  
 Typical Annual Market Growth Rate: 1%  
 Marketing Period 2 weeks

**Newer Property Only**  
 Pre-Leasing Began: \_\_\_\_\_  
 Construction Complete: \_\_\_\_\_  
 Stabilization: \_\_\_\_\_  
 Months: \_\_\_\_\_  
 Stabilized Units: \_\_\_\_\_  
 Monthly Absorption Rate: \_\_\_\_\_



Key  
 x= indicates feature is present  
 s= present in select units  
 \$= present for a fee  
 \* See Comments

COMMENTS:

None

CONTACT PERSON: EAJoseph Appraisal & Consultation POSITION: \_\_\_\_\_

**EXHIBIT 1  
INFORMATION ON COMPARABLE/ SUBJECT**

Property Type: Market ( ) Tax Credit (x) at \_\_\_\_\_ of AMI Other ( ) Describe \_\_\_\_\_  
 Property Name: Friendship Court  
 Property Address: 418 Garrett Street Phone: 434-295-8005  
 Physical Occupancy: 100 % Estimated ( ) Actual (x) As of (date): Jul-18  
 Specify the property's exterior: Brick (x) Vinyl (X) T1-11 ( ) Wood ( ) Other (x); Describe \_\_\_\_\_  
 Your impression of the Property: Good (x) Average ( ) Poor ( ) Actual/ Effective Age: 1970s  
 What condition was the property in considering its age?: Good ( ) Average ( x ) Poor ( ) \_\_\_\_\_  
 How would you categorize the property's curb appeal (Good, Average, or Poor) and why?: Fair, relative to other properties in the vicinity  
property is anticipated to be comparable in quality, amenities, landscaping and amenities.  
 Has the property been renovated? If so, what was the scope of the work?: Yes, the property was rehabilitated in 2002 with LIHTC funds  
 in order to stay competitive in its respective market.  
 Is the property located on or near public transportation; if so, what? Yes  
 Is the property accessed off a primary road or secondary / residential street? Describe: Secondary, the comparable is located along a secondary  
transportation route.  
 Does the property have a prominent entrance sign visible from the primary road? Yes (x) No ( )

**Unit Mix:** 150 Total Units

# Units	Type	Square Footage		Rent			Income/ Rent		
		Low	High	\$/ PSF	\$/ PSF	Restrictions	Conc.	Other	
80	2x1	Garden	600	\$801.00	\$1.34	60%/ 60%	None		
16	3x2	Garden	700	\$886.00	\$1.27	60%/ 60%	None		
38	3x1.5	TH	800	\$887.00	\$1.11	60%/ 60%	None		
16	4x2.5	Garden	900	\$934.00	\$1.04	60%/ 60%	None		

**Unit Amenities:** Check where appropriate

<b>Kitchen</b>	<b>Heat and Cool</b>	<b>Flooring</b>	<b>Other</b>
(x) Range and Oven	(x) Central System	(x) Carpet	(x) Shades/Blinds ( ) Fireplace ( ) Views
(x) Frost Free Ref./ Icemaker	( ) Wall thru	(x) Vinyl	(x) Cable/ Satellite Ready ( ) Vaulted/ High Ceiling ( ) Upgraded Lighting
( ) Microwave	( ) Window A/C Units	(x) Hardwood	(x) Balcony/Patio ( ) Upgraded Countertops ( ) Upgraded Cabinets
(x) Dishwasher	( ) Baseboard Heat	( ) Ceramic	(x) Washer/ Dryer ( ) Garden Tubs ( ) Stainless Steel Appl.
(x) Garbage Disposal	( ) Other: Describe _____	( ) Other	(x) W/D Hook-ups- 3&4 br ( ) Moulding ( ) Other; Describe: _____
(x) Range Hood			( ) Ceiling Fans ( ) Exposed Beam/ Brick

**Site Amenities:** Check where appropriate

( ) Pool	(x) Playground/Tot Lots	( ) Elevator	<b>Build</b>	<b>Property Class:</b>
( ) Tennis	( ) Deck Parking/Garages	( x ) Storage	(x) Garden ( ) A	( ) TH (x) B
(x) Rental Office	( ) Limited Access;	( ) Other; please specify:	( ) Mid Rise ( ) C	( ) High Rise ( ) Other
( ) Car Wash Area	( ) Fitness Center			
( ) Business Office for Residents	(x) Laundry Facility			
(x) Clubhouse/ community room	(x) On-Site Parking			

**Utilities and Services Included in Rent:** Check where appropriate

(x) Water & Sewer	( ) Heat (Gas/ Elec)	( ) All Utilities; includes electricity
(x) Trash Pickup	( ) Hot Water (Gas/ Elec)	( ) No Utilities
( ) Security	( ) Cooking (Gas/ Elec)	( ) Other; please specify: Internet/ cable

Tenant Retention (Annual) 60%  
 Renewal Rate as % of Market Growth: 100%  
 Typical Annual Market Growth Rate: 1%  
 Marketing Period 2 weeks

**Newer Property Only**  
 Pre-Leasing Began: \_\_\_\_\_  
 Construction Complete: \_\_\_\_\_  
 Stabilization: \_\_\_\_\_  
 Months: \_\_\_\_\_  
 Stabilized Units: \_\_\_\_\_  
 Monthly Absorption Rate: \_\_\_\_\_



**Key**  
 x= indicates feature is present  
 s= present in select units  
 \$= present for a fee  
 \* See Comments

**COMMENTS:**  
 None

CONTACT PERSON: EAJoseph Appraisal & Consultation POSITION: \_\_\_\_\_

**EXHIBIT 1  
INFORMATION ON COMPARABLE/ SUBJECT**

Property Type: Market ( ) Tax Credit (x) at of AMI Other ( ) Describe \_\_\_\_\_  
 Property Name: Monticello Vista  
 Property Address: 1400 Monticello Road Phone: 434-971-6570  
 Physical Occupancy: 100 % Estimated ( ) Actual (x) As of (date): Jul-17  
 Specify the property's exterior: Brick (x) Vinyl (X) T1-11 ( ) Wood ( ) Other (x); Describe \_\_\_\_\_  
 Your impression of the Property: Good (x) Average ( ) Poor ( ) Actual/ Effective Age: 1970s  
 What condition was the property in considering its age?: Good ( ) Average (x) Poor ( ) \_\_\_\_\_  
 How would you categorize the property's curb appeal (Good, Average, or Poor) and why?: Good, relative to other properties in the market, the property is anticipated to be comparable in quality, amenities, landscaping and amenities.  
 Has the property been renovated? If so, what was the scope of the work?: Yes, the property has undergone various levels of renovations over the years in order to stay competitive in its respective market.  
 Is the property located on or near public transportation; if so, what? Yes  
 Is the property accessed off a primary road or secondary / residential street? Describe: Secondary, the comparable is located along a secondary transportation route.  
 Does the property have a prominent entrance sign visible from the primary road? Yes (x) No ( )

**Unit Mix:** 44 Total Units \*\* The rents have been trended year over year

# Units	Type	Square Footage		**Rent			Income/ Rent			
		Low	High	Low	High	\$/ PSF	\$/ PSF	Restrictions	Conc.	Other
21	Efficiency	361	550		\$498.00		\$0.91	40%/40%	None	
3	Efficiency	361	550		\$632.00		\$1.15	50%/50%	None	
2	Efficiency	361	550		\$767.00		\$1.39	60%/60%	None	
7	1x1	624	748		\$518.00		\$0.69	40%/40%	None	
3	1x1	624	770		\$662.00		\$0.86	50%/50%	None	
4	2x2	867	1,276		\$614.00		\$0.48	40%/40%	None	
2	2x2	867	1,276		\$787.00		\$0.62	50%/50%	None	
2	2x2	886	886		\$959.00		\$1.08	60%/60%	None	

**Unit Amenities:** Check where appropriate

<b>Kitchen</b>	<b>Heat and Cool</b>	<b>Flooring</b>	<b>Other</b>
(x) Range and Oven	(x) Central System	(x) Carpet	(x) Shades/Blinds
(x) Frost Free Ref./ Ice maker	( ) Wall thru	(x) Vinyl	(x) Cable/ Satellite Ready
( ) Microwave	( ) Window A/C Units	(x) Hardwood	(x) Balcony/Patio
(x) Dishwasher	( ) Baseboard Heat	( ) Ceramic	( ) Washer/ Dryer
(x) Garbage Disposal	( ) Other: Describe _____	( ) Other	(s) W/D Hook-ups- 3&4 br
(x) Range Hood			( ) Ceiling Fans
			( ) Fireplace
			( ) Vaulted/ High Ceiling
			( ) Upgraded Countertops
			( ) Garden Tubs
			( ) Moulding
			( ) Exposed Beam/ Brick
			( ) Views
			( ) Upgraded Lighting
			( ) Upgraded Cabinets
			( ) Stainless Steel Appl.
			( ) Other; Describe: _____

**Site Amenities:** Check where appropriate

( ) Pool	(x) Playground/Tot Lots	( ) Elevator	<b>Build</b>	<b>Property Class:</b>
( ) Tennis	( ) Deck Parking/Garages	(x) Storage	(x) Garden	( ) A
(x) Rental Office	( ) Limited Access;	( ) Other; please specify:	( ) TH	(x) B
( ) Car Wash Area	( ) Fitness Center		( ) Mid Rise	( ) C
( ) Business Office for Residents	(x) Laundry Facility		( ) High Rise	( ) Other
(x) Clubhouse/ community room	(x) On-Site Parking			

**Utilities and Services Included in Rent:** Check where appropriate

(x) Sewer	( ) Heat (Gas/ Elec)	( ) All Utilities; includes electricity
(x) Trash Pickup	( ) Hot Water (Gas/ Elec)	( ) No Utilities
( ) Security	( ) Cooking (Gas/ Elec)	( ) Other; please specify: Internet/ cable

Tenant Retention (Annual) 60%  
 Renewal Rate as %/ of Market Growth: 100%  
 Typical Annual Market Growth Rate: 1%  
 Marketing Period 2 weeks

**Newer Property Only**

Pre-Leasing Began: \_\_\_\_\_  
 Construction Complete: \_\_\_\_\_  
 Stabilization: \_\_\_\_\_  
 Months: \_\_\_\_\_  
 Stabilized Units: \_\_\_\_\_  
 Monthly Absorption Rate: \_\_\_\_\_



**Key**  
 x= indicates feature is present  
 s= present in select units  
 \$= present for a fee  
 \* See Comments

**COMMENTS:**

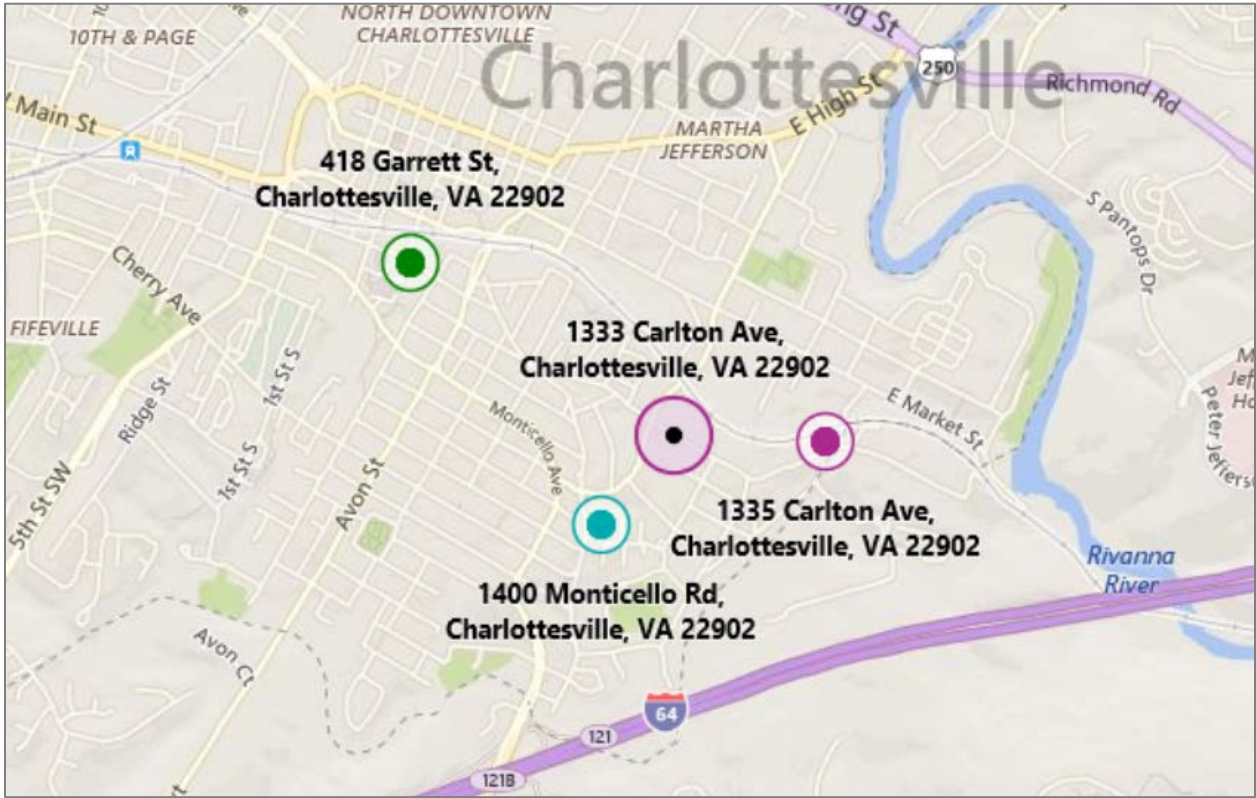
None

CONTACT PERSON: EAJoseph Appraisal & Consultation

POSITION:



LOCATION MAP



The above map provides an illustration of the concentration of communities in various portions of the subject's PMA. Given the density of development, the flags overlap making it difficult of cite any one property.

CONFORMITY

A part of determining the subjects competitive set was surveying properties in the subject's PMA to determine the subject conformity with the competitive set. This also gives insight into the subject's competitive advantages and disadvantages. Because the subject is considered to be a LIHTC property, we limited our phone survey to other similar class assets. There was no need to survey market rate, elderly or subsidized properties as the subject is not expected to directly compete with these asset classes. The analysis is as follows;

Unit Profile	Kitchen					Central HVAC	Flooring		
	Range	Ref.	Micro.	Dish.	Disp.		Carpet	Vinyl	Other
Subject	x	x	x	x		x		x	X
Carlton Views I	x	x	x	x		x		x	x
Friendship Court	x	x		x		x		x	x
Monticello Vista	x	x		x		x		x	x
Compliance Ratio	3 100%	3 100%	1 33%	3 100%	3 100%	3 100%	3 100%	3 100%	3 100%
Overall Compliance Ratio	93%								

The subject's overall compliance ratio with the competitive set is 93%.

Unit Profile	S shades	Bal/Pat.	W/D	Hook ups	Upgrades	High Ceilings
Subject	x		x	x	x	
Carlton Views I	x		x	x	x	
Friendship Court	x		x	x	x	
Monticello Vista	x			x		
Compliance Ratio	3 100%	3 100%	2 67%	3 100%	2 67%	3 100%
Overall Compliance Ratio	89%					

The subject's overall compliance ratio with the competitive set is 89%.

Site Profile	Pool	C.H.	Play Gds.	Fitness	Laundry	Site Parking	Office
Subject		x				x	
			LIHTC				
Carlton Views I		x				x	
Friendship Court		x				x	
Monticello Vista		x			x	x	
Compliance Ratio	3 100%	3 100%	3 100%	3 100%	2 67%	3 100%	3 100%
Overall Compliance Ratio	95%						

The subject's overall compliance ratio with the competitive set is 95%.

Utility Structure	Water	Sewer	Trash	Heat	Hot Water	Cook	Elec.	Other
Subject			x					
			LIHTC					
Carlton Views I			x					
Friendship Court	x	x	x					
Monticello Vista		x	x					
Compliance Ratio	1 33%	2 67%	3 100%	3 100%	3 100%	3 100%	3 100%	3 100%
Overall Compliance Ratio	88%							

The subject's overall compliance ratio of 88%.

Unix Mix	Units	Studio	1 BR	2 BR	3 BR	Other
Subject	44	0%	82%	18%	0%	0%
		LIHTC				
Carlton Views I	54	0%	65%	28%	7%	0%
Friendship Court	150	0%	0%	53%	36%	11%
Monticello Vista	42	62%	24%	19%	0%	0%
Overall Ratio		9%	23%	41%	21%	6%

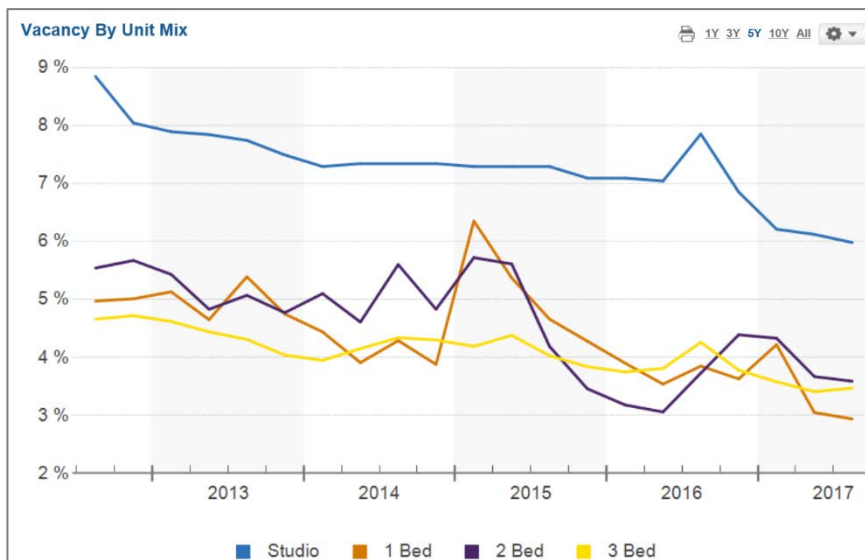
As demonstrated in the above table, the subject's unit mix is consistent with the market. The subject's overall compliance ratio is adequate and therefore, we can conclude that the subject is in compliance with other similar class assets within the subjects PMA.

- Area Vacancy Rates

The subject's PMA was previously defined. Based upon our survey of competitive properties, vacancy levels ranged from 0% to 5% which is considered low indicating a strong demand for affordable housing. No one property appears to be under or over representative in our survey.



The overall vacancy rate in the subject's PMA has remained relatively stable ranging from 5% to nearly 3.5%, and trending downwards.



The vacancy rate by unit type has demonstrated a similar pattern of stability over the same time span.

- Discussion of any significant impact of the subject development on the existing rental housing stock.

The subject is proposed and upon completion of the construction, the subject is anticipated to be consistent with the existing inventory as previously defined. Therefore, the subject is not expected to have a significant impact on the existing rental housing stock.

- Identification of waiting lists – we are not aware of any waiting lists for any of the subject's anticipated competitive inventory. Waiting lists are commonly found among subsidized properties, in which case, subsidized properties are not considered competitive with our subject and therefore, any waiting lists derived at from a subsidized property would be excluded from our analysis.
- Availability of Affordable Housing Options

While there is inventory of LIHTC, public and subsidized housing in the subject's PMA, there is an ever-growing demand for affordable housing.

- Discussion of future changes in housing stock

Based upon conversations with city/ county officials and investor surveys, an annual allowance of **30** competitive new dwelling units is estimated within the subject's PMA over the mid-range forecast. Because the lending market has become more restrictive, fewer development loans are being made in the area. However, more recently, signs of the lending market relaxing, increased occupancy rates and increasing rents again is expected stir new development in the years to come.

Tax Credit and other planned or under construction rental communities in market area.

Only those communities that are considered competitive with the subject are considered germane to our analysis. As previously stated, we have made an annual 10-unit annual allowance over the mid-range forecast. This is the annualized estimate of new LIHTC units in the subject's PMA which are estimated to occur within the next five years, which may compete with the subject.



## I. FUNDAMENTAL MARKET ANALYSIS (FMA) & CONCLUSIONS

### MARKET EQUILIBRIUM

In order to determine the equilibrium status of a particular market, total competitive supply is subtracted from total demand. A negative balance in which supply exceeds demand indicates that there is excess supply. Conversely, a positive balance in which demand exceeds supply indicates excess demand. In this case, qualified demand exceeds competitive supply indicating excess demand.

### RESIDUAL DEMAND CONCEPTS

The findings of the demand analysis and competitive supply analysis are considered and analyzed; if demand exceeds supply, then a positive residual demand exists whereas if supply exceeds demand, then the residual demand is negative. In instances where demand exceeds supply, then upward rental trends occur until new inventory is realized. Once the residual demand is offset by additional inventory, rental rates may decline, or rental concessions may become more prevalent. The increased supply brings the market back towards equilibrium. The residual demand in the subject's PMA is positive for each year in mid-range forecast.

### OBSERVATIONS ON EQUILIBRIUM ANALYSIS

In order to determine the equilibrium status of a particular market, total competitive supply is subtracted from total demand. A negative balance in which supply exceeds demand indicates that there is excess supply. Conversely, a positive balance in which demand exceeds supply indicates excess demand. In this case, qualified demand exceeds competitive supply indicating excess demand. Our base year analysis indicates an excess demand at the 40% and 50% level.

### CAPTURE/ PENETRATION RATES

Fundamental methods were used to estimate the subjects capture and penetration rates, which was then applied to the forecast of the real estate demand for space in the market. The subjects capture rate can be analyzed in a number of ways. We have determined that the most accurate way is to simply divide the marginal demand estimate by the total number of units that would need to be absorbed into the subject properties PMA.

A summary of the table calculating the overall capture rate is contained on the following pages.

Calculation of Housing Demand Schedule @ 40% of AMI

Total Current Population in HH (2017)	16,883
Average Family Household Size	2.15
Current Household Demand Estimate (2017)	7,852
Renter Ratio	59%
Total Demand	4,646
Affordability Index (Overall)	18%
Total Potential Demand in Subject's Economic Segment	850
Existing Competitive Supply	507
Current Residual Demand	343

**Residual Demand from Existing Inventory 343**

Projected Households (2022)	8,499
Projected Change in Households	647
Renter Ratio	59%
Projected Change in Renter Households	383
Affordability Index	18%
Demand from Income Qualified Multifamily Growth	70
Vacancy Allowance	5%
Adjusted Demand	74
Less: New Competitive Rental Housing (U/C or Planned)	50
Residual Multifamily Demand	24

**Adjusted Residual Demand from Growth 24**

**Demand from Existing Households**

Current Number of Renter Households	4,646
Turnover Demand from Cost Burden & Substandard HH	40% 1,859
Movership Demand	0.0% 0
Marginal Demand from all Turnover	<b>1,859</b>
Affordability Index	50%
<b>Adjusted Demand</b>	<b>929</b>
Tenant Retention	0
<b>Net Demand-New &amp; Existing Income Qualified Renter Households</b>	<b>1,296</b>

# of Units (Subject)	11
Times: % drawn from PMA	90%
Adjusted Number of Units to be captured in PMA	10
Times: Ratio of stabilized occupancy	95%
Adjusted Number of Units to be captured in PMA	9

<b>Rate Analysis</b>			
Penetration Rate	Renter HH	Income Qualified HH	
	4,797	566	11.81%
Capture Rate	Subject Units	Units in Demand	
	9	1,296	0.73%

Total Renter HH Demand @ 40%		4,646
	1 BR	2 BR
Tenure by BR	29%	39%
Adjusted Demand by BR	1,340	1,813
Affordability Index	11%	7%
Total Potential Demand in Subject's Economic Segment	345	232
Existing Competitive Supply	146	198
Current Residual Demand	<b>199</b>	<b>34</b>
Projected Change in Renter Households	110	149
Affordability Index	11%	7%
Demand from Income Qualified Multifamily Growth	12.09	10.97
Vacancy Allowance	5%	
Adjusted Demand	12.73	11.55
Less: New Competitive Rental Housing (U/C or Planned)	14	20
Residual Demand from Growth	<b>(2)</b>	<b>(8)</b>
Turnover Demand from Cost Burden & Substandard HH	40% 536	725
Affordability Index	50%	
Adjusted Demand	<b>268</b>	<b>363</b>
Net Demand-New & Existing Income Qualified Renter Households	466	388
Subject Units	9	2
Times: % drawn from PMA	90%	
Times: Ratio of stabilized occupancy	95%	
Adjusted Subject Units	8	2
Capture Rate	1.65%	0.44%

Calculation of Housing Demand Schedule @ 60%

Total Current Population (2017)		16,883
Average Family Household Size		2.15
Current Household Demand Estimate (2017)		7,852
Renter Ratio		59%
Total Demand		4,646
Affordability Index		23%
Total Potential Demand in Subject's Economic Segment		1,062
Existing Competitive Supply		507
Current Residual Demand		555

**Residual Demand from Existing Inventory 555**

Projected Households (2020)		8,499
Projected Change in Households		647
Renter Ratio		59%
Projected Change in Renter Households		383
Affordability Index		23%
Demand from Income Qualified Multifamily Growth		88
Vacancy Allowance	5%	
Adjusted Demand		92
Less: New Competitive Rental Housing (U/C or Planned)		50
Residual Multifamily Demand		42

**Adjusted Residual Demand from Growth 42**

**Demand from Existing Households**

Current Number of Renter Households		4,646
Turnover Demand from Cost Burden & Substandard HH	40%	1,859
Movership Demand	0.0%	0
Marginal Demand from all Turnover		<b>1,859</b>
Affordability Index		50%
<b>Adjusted Demand</b>		<b>929</b>
Tenant Retention		0
<b>Net Demand-New &amp; Existing Income Qualified Renter Households</b>		<b>1,527</b>

# of Units (Subject)		33
Times: % drawn from PMA		90%
Adjusted Number of Units to be captured in PMA		30
Times: Ratio of stabilized occupancy		95%
Adjusted Number of Units to be captured in PMA		28

<b>Rate Analysis</b>			
Penetration Rate	Units	Competitive Units	
	4,797	585	12.20%
Capture Rate	Subject Units	Units in Demand	
	28	1,527	1.85%

Total Renter HH Demand @ 60%		4,646
	1 BR	2 BR
Tenure by BR	29%	39%
Adjusted Demand by BR	1,340	1,813
Affordability Index	15%	8%
Total Potential Demand in Subject's Economic Segment	478	243
Existing Competitive Supply	146	198
Current Residual Demand	<b>332</b>	<b>45</b>
Projected Change in Renter Households	110	149
Affordability Index	15%	8%
Demand from Income Qualified Multifamily Growth	16.74	11.50
Vacancy Allowance	5%	
Adjusted Demand	17.62	12.11
Less: New Competitive Rental Housing (U/C or Planned)	14	20
Residual Demand from Growth	<b>3</b>	<b>(7)</b>
Turnover Demand from Cost Burden & Substandard HH	40% 536	725
Affordability Index	50%	
Adjusted Demand	<b>268</b>	<b>363</b>
Net Demand-New & Existing Income Qualified Renter Households	603	400
Subject Units	27	6
Times: % drawn from PMA	90%	
Times: Ratio of stabilized occupancy	95%	
Adjusted Subject Units	23	5
Capture Rate	<b>3.83%</b>	<b>1.28%</b>

The blended overall capture rate analysis is contained on the following page.

Calculation of Housing Demand Schedule - Blended

Total Current Population (2017)	16,883
Average Family Household Size	2.15
Current Household Demand Estimate (2017)	7,852
Renter Ratio	59%
Total Demand	4,646
Affordability Index	44%
Total Potential Demand in Subject's Economic Segment	2,033
Existing Competitive Supply	507
Current Residual Demand	1,526

**Residual Demand from Existing Inventory 1,526**

Projected Households (2020)	8,499
Projected Change in Households	647
Renter Ratio	59%
Projected Change in Multifamily Households	383
Affordability Index	44%
Demand from Income Qualified Multifamily Growth	167
Vacancy Allowance	5%
Adjusted Demand	176
Less: New Competitive Rental Housing (U/C or Planned)	50
Residual Multifamily Demand	126

**Adjusted Residual Demand from Growth 126**

**Demand from Existing Households**

Current Number of Renter Households		4,646
Turnover Demand from Cost Burden & Substandard HH	40%	1,859
Movership Demand	0.0%	0
Marginal Demand from all Turnover		<b>1,859</b>
Affordability Index		50%
<b>Adjusted Demand</b>		<b>929</b>
Tenant Retention		0
<b>Net Demand-New &amp; Existing Income Qualified Renter Households</b>		<b>2,581</b>

# of Units (Subject)	44
Times: % drawn from PMA	90%
Adjusted Number of Units to be captured in PMA	40
Times: Ratio of stabilized occupancy	95%
Adjusted Number of Units to be captured in PMA	38

<b>Rate Analysis</b>			
Penetration Rate	Units	Competitive Units	
	4,797	595	12.40%
Capture Rate	Subject Units	Units in Demand	
	38	2,581	1.46%

EVALUATION OF PROPOSED RENTS

The subject will contain one, two and three bedrooms dwelling units. In order to make a determination of whether the subject's rent levels are reasonable, we surveyed other similar class LIHTC oriented properties contained in the subject's PMA. The results of our analysis are as follows;

Rents for Similar Class Assets					
Restrictions		1 BR \$	\$/PSF	2 BR \$	\$/PSF
Property					
<i>Subject</i>	60%	<i>\$864</i>	<i>1.11</i>	<i>\$1,030</i>	<i>0.94</i>
Carlton Views I	60%	\$853	1.28	\$1,013	1.00
Friendship Court	60%			\$801	1.14
Monticello Vista	60%			\$959	0.90
Subject	40%	\$544	0.70	\$646	0.59
Carlton Views I	40%	\$535	0.80	\$635	0.63
Monticello Vista	40%	\$518	0.83	\$614	0.57
	Min	518	0.70	614	0.57
	Max	544	0.83	959	1.14
	Average	532	0.78	731	0.77

The subject's proposed rents appear to be reasonable based on comparable properties surveyed. Therefore, the subject's proposed rents appear reasonable and obtainable.

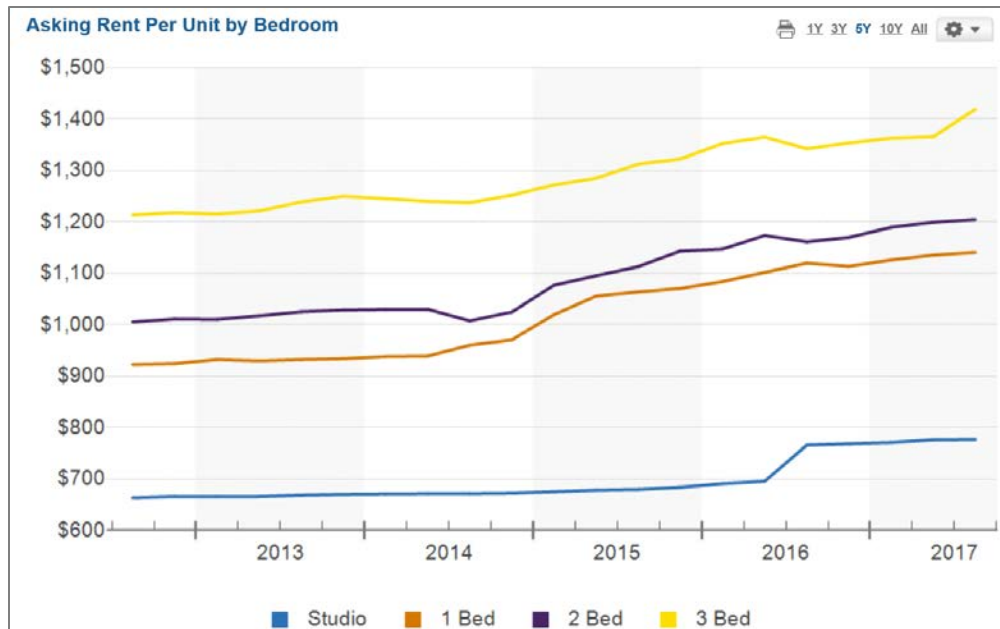
In order to make a determination of rent advantage, we surveyed other similar class market oriented properties contained in the subject's PMA. The results of our analysis are as follows;

Rents for Similar Class Assets					
Property		1 BR \$	\$/PSF	2 BR \$	\$/PSF
<i>Subject</i>	<i>LIHTC @ 40%</i>	<i>\$544</i>	<i>\$0.70</i>	<i>\$646</i>	<i>\$0.59</i>
	<i>LIHTC @ 60%</i>	<i>\$864</i>	<i>\$1.11</i>	<i>\$1,030</i>	<i>\$0.94</i>
<u>Market Rate Apartments</u>					
Beacon On 5th		\$1,329	1.97	\$1,650	1.43
City Walk Apartments		\$1,095	1.70	\$1,555	1.42
Carriage Hill Apartments		\$1,125	1.35	\$1,450	1.27
		Min	1.35		1.27
		Max	1.97		1.43
		Average	1.68		1.37
Subjects Rent Advantage (40% LIHTC)			\$0.98	\$0.78	
%			58.21%	56.97%	
Subjects Rent Advantage (60% LIHTC)			\$0.56	\$0.43	
%			33.62%	31.39%	

As the above table illustrates, the subject will feature a significant rent advantage for each unit type and at each segmentation of income/ rents. The comparables indicate the subject's proposed rent level appears reasonable and achievable. The above analysis indicates the subject's PMA compares favorably to the overall market.



Within the subject's, PMA, asking rates on a per BR basis have been modestly trending upwards. Asking rents for the one, two and three bedrooms are approximately \$970, \$1,050 and \$1,225, respectively.



## ABSORPTION

In order to estimate the absorption rate for the subject, we surveyed other similar assets in the subject's immediate and extended market area to determine how quickly those assets leased up and achieved stabilization. The analysis is as follows;

The best evidence for estimating an appropriate absorption rate for the subject is the adjacent project, Carlton Views I. The subject will be very similar in most aspects physically but will contain no 3-bedroom units. Carlton Views I leased up entirely in a 45-day period, beginning leasing in January of 2017 and completing by the beginning of March 2017. This project contained 54 units, indicating a lease-up rate of approximately 36 units per month.

Given the subject's size and more intensive marketing efforts associated with larger projects, we have estimated a monthly absorption rate of 20 dwelling units per month. With adequate pre-leasing efforts, the subject could achieve stabilization approximately two months after completion of the asset.

## CONCLUSIONS

The subject is well positioned in the market to capture significant tenancy. The housing serves to satisfy the ever-present and growing need for affordable rental housing. The rental rates for the subject are consistent with the rental rates demonstrated in the PMA.

- The residual demand is positive throughout our mid-range forecast period. The residential demand is 2,581 dwelling units blended with 40% and 60% units.
- VHDA requires the analyst to consider the impact, if any, on the analysis for proposed communities in which 20% or more of the units contain at least 3 bedrooms. The subject has no three-bedroom units and therefore, this is inapplicable.
- The subject's capture rate is calculated as the percentage of residential demand the subject would have to capture to achieve stabilization. The total number of units for the subject is segmented by the percentage of units captured in the subject's PMA and a typical vacancy allowance. The adjusted total number of units is 38 units. The subject's overall blended capture rate is 1.46%. The capture rates are low, indicating a strong demand for the subject.
- The subject is expected to be absorbed into the market at a pace of 20 dwelling units per month. Financing is currently available at attractive terms and the feasibility rent is sufficient to cover costs of construction and return a reasonable yield to the investor. This combined with the low capture rate indicates a strong demand for the subject's product type.
- The site is attractive and well located in regard to its access and proximity to employment, community services, shopping, medical, and transportation routes which provides extended access to all points throughout the MSA.
- The location, rents, and amenity package will appeal to the low to moderate income families and professionals.
- The bedroom mix of units, the household size distribution, the capabilities, and the unit vacancy levels indicate that the subject's bedroom mix is appropriate in this market at the rent levels. Market rents are sufficient to support new construction and a positive residual demand indicates new construction in this market is likely.
- Project features are adequate in this portion of the city and county. The inventory is mixed ranging from older 30+ year inventory to newer inventory. The subject's amenity package and features are generally commensurate with other similar class properties in the subject's market.
- The subject property is proposed. The economic infrastructure for the subject properties PMA is fundamentally sound and should continue to grow at a constant and moderate pace.
- The overall development scheme is appropriate and well suited for the market. We make no further recommendations and/ or modifications to the development.

- There do not appear to be any detrimental influences that would impede the absorption rate already established at 20 units per month.
- Our analysis contained herein incorporated the opinions of property managers and leasing agents as well as local market participants that are considered experts in their respective fields.

Given the indications described above, it is reasonable to conclude that the subject's current actual capture rate will continue throughout the mid-range forecast. Given the positive residual demand and the availability of land and capital, new competition is anticipated to materialize in the short and midterm. We have made appropriate allowances for additional new competition.

VHDA NET DEMAND TABLE

Using VHDA's required format, Net Demand is summarized on the following table. It should be noted that this format does not break out the net demand on a per bedroom type bases, but instead it represents the total net demand.

Income Restrictions	None	None	Up to 40%	Up to 60%	None
Min.	n/a	n/a	\$21,943	\$32,914	n/a
Max	n/a	n/a	\$30,720	\$46,080	n/a

Demand from Existing HH		343	555
New Rental HH's		24	42
<b>PLUS</b>			
*Existing HH's (Rent Overburdened+ Substandard HH+ Turnover)		929	929
<b>PLUS</b>			
Existing HH's (Substandard HH's)		see above	see above
<b>PLUS</b>			
Homeowners converting to Rental HH's		0	0
<b>PLUS</b>			
Existing Qualifying Tenants (retain post rehab)		0	0
<b>EQUALS</b>			
Demand		1,296	1,527
<b>MINUS</b>			
**Supply		0	0
<b>EQUALS</b>			
<b>NET DEMAND</b>		1,296	1,527
<b>TOTAL ABSORPTION PERIOD (months)</b>		0.51	1.54

\*Existing HH's combines substandard and cost burden HH's due to overlapping

\*\*Demand estimates reflect 'net' demand in which supply has already been deducted from demand, therefore net supply i

The demand from existing HH's as indicated in the first line is simply latent/ pent up demand in which the existing inventory does not satisfy the existing demand.

## MARKET ANALYSIS STATEMENT OF EXPERIENCE

A representative sample of Due Diligence, Consulting or Valuation Engagements for Eugene A. Joseph, Jr, the primary analyst, includes: (see addenda for primary market analysts and review analysts resume).

- Have managed and conducted numerous market and feasibility studies for affordable and conventional housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered (LIHTC) and unencumbered values were typically derived.
- In accordance with HUD Notice H 00-12, Mr. Joseph has completed numerous rent comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

Selected vendors for demographic information and forecasts include:

- [www.stdbonline.com](http://www.stdbonline.com)
- <http://www.vec.virginia.gov/>
- <http://factfinder.census.gov/home/>

## J. OTHER REQUIREMENTS

### ANALYST STATEMENT:

I affirm the following:

1. I have made a physical inspection of the site and market area.
2. The appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units.
3. To the best of my knowledge the market can support the demand shown in this study. I understand that any misrepresentation in this statement may result in the denial of participation in the Low-Income Housing Tax Credit Program in Virginia as administered by VHDA.
4. Neither I nor anyone at my firm has any interest in the proposed development or a relationship with the ownership entity.
5. Neither I nor anyone at my firm nor anyone acting on behalf of my firm in connection with the preparation of this report has communicated to others that my firm is representing VHDA or in any way acting for, at the request of, or on behalf of VHDA.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.



\_\_\_\_\_

Market Analyst

July 27, 2018

\_\_\_\_\_

Date

CERTIFICATION

The appraisers signing this report make the following certifications to the best of their knowledge and belief.

- The statements of fact contained in this report are true and correct.
- Reported analyses, opinions, and conclusions are limited only by the assumptions and limiting conditions contained within this report, and are the appraisers' personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraisers have no present or prospective interest in the property that is the subject of this report, or personal interest with the parties involved. The appraisers have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- The appraisers have performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report during the three-year period immediately preceding acceptance of this assignment.
- The appraisers have no bias with respect to the subject property or to the parties involved with this assignment.
- This engagement is not contingent upon developing or reporting predetermined results.
- Compensation paid to the appraisers is not contingent upon the development or reporting of a predetermined value, or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- Reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation.
- A statement regarding observation of the subject property by the appraisers is listed below. This viewing, if any, did not attempt to probe, study, investigate, detect, or discover unfavorable physical features.

Appraiser	Observation
Eugene A. Joseph, Jr., MAI, SRA, AI-GRS	Adequate Site Observation

- No one provided significant real property appraisal assistance to the appraiser(s) signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics &

Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice.

- Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Eugene A., Joseph, Jr., MAI, SRA has completed the continuing education program for Designated Members of the Appraisal Institute.

EAJoseph Appraisal & Consultation



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Eugene A. Joseph, Jr., MAI, SRA, AI-GRS  
Principal Appraiser  
Certified General Real Estate Appraiser  
License No. 4001 009492



## SEQUENCE OF ADDENDA MATERIALS

- Contingent and Limiting Conditions
- Appraiser Qualifications
- License
- Insurance Information
- Service Agreement

**Eugene A. Joseph, Jr., MAI, SRA, AI-GRS**  
Proprietor  
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Fax: +1 888 977 3716  
Mobile: +1 804 467 2517  
[gene@ejoseph.com](mailto:gene@ejoseph.com)

EJoseph Appraisal & Consultation  
PO Box 8225  
Richmond, Virginia 23226



## CONTINGENT AND LIMITING CONDITIONS

1. By this notice, all persons, companies, or corporations using or relying on this report in any manner bind themselves to accept these Contingent and Limiting conditions, and all other contingent and limiting conditions contained elsewhere in this report. Do not use any portion of this report unless you fully accept all Contingent and Limiting conditions contained throughout this document.
2. The "Subject" or "Subject Property" refers to the real property that is the subject of this report. An Appraiser is defined as an individual person who is licensed to prepare real estate appraisal-related services in the State of Virginia and affixes his / her signature to this document.
3. Throughout this report, the singular term "Appraiser" also refers to the plural term "Appraisers". The terms "Appraiser" and "Appraisers" also refer collectively to "EAJoseph Appraisal & Consultation ", its officers, employees, subcontractors, and affiliates. The masculine terms "he" or "his" also refer to the feminine term "she" or "her".
4. In these Contingent and Limiting Conditions, the "Parties" refers to all of the following collectively: (a) the Appraiser(s), (b) EAJoseph Appraisal & Consultation, (c) the client, and (d) all intended users.
5. These Contingent and Limiting Conditions are an integral part of this report along with all certifications, definitions, descriptions, facts, statements, assumptions, disclosures, hypotheses, analyses, and opinions.
6. All contents of this report are prepared solely for the explicitly identified client and other explicitly identified intended users. The liability of the Appraiser is limited solely to the client. There is no accountability, obligation, or liability to any other third party. Other intended users may read but not rely on this report.
7. This document communicates the results of an appraisal assignment. This communication is not an inspection, engineering, construction, legal, or architectural report. It is not an examination or survey of any kind. Expertise in these areas is not implied. The Appraiser is not responsible for any costs incurred to discover, or correct any deficiency in the property.
8. As part of this appraisal, information was gathered and analyzed to form opinion(s) that pertain solely to one or more explicitly identified effective value dates. The effective value date is the only point in time that the value applies. Information about the subject property, neighborhood, comparables, or other topics discussed in this report was obtained from sensible sources. In accordance with the extent of research disclosed in the Scope of Work section, all information cited herein was examined for accuracy, is believed to be reliable, and is assumed reasonably accurate. However, no guaranties or warranties are made for this information. No liability or responsibility is assumed for any inaccuracy which is outside the control of the Appraiser, beyond the scope of work, or outside reasonable due diligence of the Appraiser.
9. Real estate values are affected by many changing factors. Therefore, any value opinion expressed herein is considered credible only on the effective value date. Every day that passes thereafter, the degree of credibility wanes as the subject changes physically, the economy changes, or market conditions change. The Appraiser reserves the right to amend these analyses and/or value opinion(s) contained within this appraisal report if erroneous, or more factual-information is subsequently discovered. No guarantee is made for the accuracy of estimates or opinions furnished by others, and relied upon in this report.
10. In the case of limited partnerships, syndication offerings, or stock offerings in the real estate, the client agrees that in case of lawsuit (brought by the lender, partner, or part owner in any form of ownership, tenant, or any other party), the client will hold EAJoseph Appraisal & Consultation , its officers, contractors, employees and associate appraisers completely harmless. Acceptance of, and/or use of this report by the client, or any third party is prima facie evidence that the user understands and agrees to all these conditions.
11. For appraisals of multiunit residential, only a portion of all dwellings was observed. A typical ratio of observed dwellings roughly approximates 10% of the total number of units, and this ratio declines as the number of dwellings grows. It is assumed the functionality, physical condition, construction quality, and interior finish of unseen units are similar to the functionality, physical condition, construction quality, and interior finish of observed units. If unobserved dwellings significantly differ from those that were viewed in functionality, physical condition, quality, or finish, the Appraiser reserves the right to amend theses analysis and/or value opinion(s).

12. If the appraised property consists of a physical portion of a larger parcel is subject to the following limitations. The value opinion for the property appraised pertains only to that portion defined as the subject property. This value opinion should not be construed as applying with equal validity to other complementary portions of the same parcel. The value opinion for the physical portion appraised + the value of all other complementary physical portions may or may not equal the value of the whole parcel.
13. Unless specifically stated otherwise herein, the Appraiser is unaware of any engineering study made to determine the bearing capacity of the subject land, or nearby lands. Improvements in the vicinity, if any, appear to be structurally sound. It is assumed soil and subsoil conditions are stable and free from features that cause supernormal costs to arise. It is also assumed existing soil conditions of the subject land have proper load bearing qualities to support the existing improvements, or proposed improvements appropriate for the site. No investigations for potential seismic hazards were made. This appraisal assumes there are no conditions of the site, subsoil, or structures, whether latent, patent, or concealed that would render the subject property less valuable. Unless specifically stated otherwise in this document, no earthquake compliance report, engineering report, flood zone analysis, hazardous substance determination, or analysis of these unfavorable attributes was made, or ordered in conjunction with this appraisal report. The client is strongly urged to retain experts in these fields, if so desired.
14. If this report involves an appraisal that values an interest, which is less than the whole fee simple estate, then the following disclosure applies. The value for any fractional interest appraised + the value of all other complementary fractional interests may or may not equal the value of the entire fee simple estate.
15. If this appraisal values the subject as though construction, repairs, alterations, remodeling, renovation, or rehabilitation will be completed in the future, then it is assumed such work will be completed in a timely fashion, using non-defective materials, and proper workmanship. All previously completed work is assumed completed in substantial conformance with plans, specifications, descriptions, or attachments made or referred to herein. It is also assumed all planned, in-progress, or recently completed construction complies with the zoning ordinance, and all applicable building codes. A prospective value opinion has an effective value date that is beyond or in the future relative to this report's preparation date. If this appraisal includes a prospective valuation, it is understood and agreed the Appraiser is not responsible for an unfavorable value effect caused by unforeseeable events that occur before completion of the project.
16. This valuation may or may not include an observation of the appraised property by an Appraiser. The extent of any observation is disclosed in the Scope of Work section of this report. Any observation by an Appraiser is not a professional property inspection. Viewing of the subject was limited to components that were not concealed, clearly observable, and readily accessible without a ladder on the property observation date. As used herein, readily accessible means within the Appraiser's normal reach without the movement of any man made or natural object. Comments or descriptions about physical condition of the improvements are based solely on a superficial visual observation. These comments are intended to familiarize the reader with the property in a very general fashion.
17. Electric, heating, cooling, plumbing, water supply, sewer or septic, mechanical equipment, and other property systems were not tested. No determination was made regarding the operability, capacity, or remaining physical life of any component in, on, or under the real estate appraised. All building components are assumed adequate and in good working order unless stated otherwise. Private water wells and private septic systems are assumed sufficient to comply with federal, state, or local health safety standards. No liability is assumed for the soundness of structural members since structural elements were not tested or studied to determine their structural integrity. The roof cover for all structures is assumed water tight unless otherwise noted. This document is not an inspection, engineering or architectural report. If the client has any concern regarding structural, mechanical, or protective components of the improvements, or the adequacy or quality of sewer, water or other utilities, the client should hire an expert in the appropriate discipline before relying upon this report. No warranties or guarantees of any kind are expressed or implied regarding the current or future physical condition or operability of any property component.
18. The allocation of value between the subject's land and improvements, if any, represents our judgment only under the existing use of the property. A re-evaluation should be made if the improvements are removed, substantially altered, or the land is utilized for another purpose.
19. The Client and all intended users agree to all the following. (A) This appraisal does not serve as a warranty on the physical condition or operability of the property appraised. (B) All users of this report should take all

necessary precautions before making any significant financial commitments to or for the subject. (C) Any estimate for repair or alternations is a non-warranted opinion of the Appraiser.

20. No liability is assumed for matters of legal nature that affect the value of the subject property. Unless a clear statement to the contrary is made in this report, value opinion(s) formed herein are predicated upon the following assumptions. (A) The real property is appraised as though, and assumed free from all value impairments including yet not limited to title defects, liens, encumbrances, title claims, boundary discrepancies, encroachments, adverse easements, environmental hazards, pest infestation, leases, and atypical physical deficiencies. (B) All real estate taxes and assessments, of any type, are assumed fully paid. (C) It is assumed ownership of the property appraised is lawful. (D) It is also assumed the subject property is operated under competent and prudent management. (E) The subject property was appraised as though, and assumed free of indebtedness. (F) The subject real estate is assumed fully compliant with all applicable federal, state, and local environmental regulations and laws. (G) The subject is assumed fully compliant with all applicable zoning ordinances, building codes, use regulations, and restrictions of all types. (H) All licenses, consents, permits, or other documentation required by any relevant legislative or governmental authority, private entity, or organization have been obtained, or can be easily be obtained or renewed for a nominal fee.
21. Any exhibits in the report are intended to assist the reader in visualizing the subject property and its surroundings. The drawings are not surveys unless specifically identified as such. No responsibility is assumed for cartographic accuracy. Drawings are not intended to be exact in size, scale, or detail.
22. Value opinions involve only real estate, and inconsequential personal property. Unless explicitly stated otherwise, value conclusions do not include personal property, unaffixed equipment, trade fixtures, business-good will, chattel, or franchise items of material worth.
23. Conversion of the subject's income into a market value opinion is based upon typical financing terms that were readily available from a disinterested, third party lender on this report's effective date. Atypical financing terms and conditions do not influence market value, but may affect investment value.
24. All information and comments concerning the location, market area, trends, construction quality, construction costs, value loss, physical condition, rents, or any other data for the subject represent estimates and opinions of the Appraiser. Expenses shown in the Income Approach, if used, are only estimates. They are based on past operating history, if available, and are stabilized as generally typical over a reasonable ownership period.
25. This appraisal was prepared by EAJoseph Appraisal & Consultation and consists of trade secrets and commercial or financial information, which is privileged, confidential, and exempt from disclosure under 5 U.S.C. 522 (b) (4).
26. The Appraiser is not required to give testimony or produce documents because of having prepared this report unless arrangements are agreed to in advance. If the Appraiser is subpoenaed pursuant to court order or required to produce documents by judicial command, the client agrees to compensate the Appraiser for his appearance time, preparation time, travel time, and document preparation time at the regular hourly rate then in effect plus expenses and attorney fees. In the event the real property appraised is, or becomes the subject of litigation, a condemnation, or other legal proceeding, it is assumed the Appraiser will be given reasonable advanced notice, and reasonable additional time for court preparation.
27. Effective January 26, 1992, the Americans with Disabilities Act (ADA) - a national law, affects all non-residential real estate or the portion of any property, which is non-residential. The Appraiser has not observed the subject property to determine whether the subject conforms to the requirements of the ADA. It is possible a compliance survey, together with a detailed analysis of ADA requirements, could reveal the subject is not fully compliant. If such a determination was made, the subject's value may or may not be adversely affected. Since the Appraiser has no direct evidence, or knowledge pertaining to the subject's compliance or lack of compliance, this appraisal does not consider possible noncompliance or its effect on the subject's value.
28. EAJoseph Appraisal & Consultation and the Appraiser have no expertise in the field of insect, termite, or pest infestation. We are not qualified to detect the presence of these or any other unfavorable infestation. The Appraiser has no knowledge of the existence of any infestation on, under, above, or within the subject real estate. No overt evidence of infestation is apparent to the untrained eye. However, we have not specifically inspected or tested the subject property to determine the presence of any infestation. No effort was made to dismantle or probe the structure. No effort was exerted to observe enclosed, encased, or otherwise concealed evidence of infestation. The presence of any infestation would likely diminish the property's value. All value

opinions in this communication assume there is no infestation of any type affecting the subject real estate or the Appraiser is not responsible for any infestation or for any expertise required to discover any infestation. Our client is urged to retain an expert in this field, if desired.

29. All opinions are those of the signatory Appraiser based on the information in this report. No responsibility is assumed by the Appraiser for changes in market conditions, or for the inability of the client, or any other party to achieve their desired results based upon the appraised value. Some of the assumptions or projections made herein can vary depending upon evolving events. We realize some assumptions may never occur and unexpected events or circumstances may occur. Therefore, actual results achieved during the projection period may differ from those set forth in this report. Compensation for appraisal services is dependent solely on the delivery of this report, and no other event or occurrence
30. No warranties are made by the Appraiser concerning the property's conformance with any applicable government code or property covenant including but not limited to all laws, ordinances, regulations, agreements, declarations, easements, condominium regulations, restrictions, either recorded or unrecorded. The client is urged to engage the services of a licensed attorney to confirm any legal issue affecting the property appraised. No liability or responsibility is assumed by the Appraiser to determine the cost of replacing or curing any supposedly defective physical component.
31. In the event of an alleged claim due to some defective physical component, the client must notify EAJoseph Appraisal & Consultation and allow its representatives and experts to examine and test the alleged defective component before any repairs or modifications are made. If any type of repair or modification is made without the knowledge of the Appraisers, the Appraiser is released from all liability, real or alleged.
32. The client and all explicitly identified intended users agree to notify in writing EAJoseph Appraisal & Consultation , within one year of this report's preparation date, of any claim relating to or arising from this report regardless of any statute of limitations. If EAJoseph Appraisal & Consultation does not receive this written notification within the year period defined in the paragraph, then the claimant releases the Appraiser from all claims arising from or related to this report.
33. The client and all explicitly identified intended users acknowledge that any claim relating to this report shall be settled in accordance with the commercial arbitration rules of the American Arbitration Association with the Parties each paying an equal share of all associated costs.
34. Any alleged claim must be filed in the Circuit Court for the County that encompasses most of or all of Richmond, Virginia 23226 where the Appraiser's business office is located. If a court of law voids any portion of these Contingent and Limiting Conditions, then the remainder remains in full force and effect. The claimants(s) agree not to contest the venue set forth herein and to submit to, and not contest, the exercise of personal jurisdiction over them by the foregoing court. The claimant(s) waive all rights concerning the exercise of personal jurisdiction of them by the foregoing courts and all claims of or concerning forum non-conveniences in the foregoing forum.
35. Superseding all comments to the contrary regardless of date, this report may not be transferred or assigned without the prior written consent of EAJoseph Appraisal & Consultation.
36. No part of this report shall be published or disseminated to the public by the use of advertising media, public relations media, news media, sales media, electronic devices, or other media without the prior written consent of EAJoseph Appraisal & Consultation. This restriction applies particularly as to analyses, opinions, and conclusions; the identity of the Appraiser; and any reference to the Appraisal Institute or its MAI, SRPA, or SRA designations. Furthermore, no part of this report may be reproduced or incorporated into any information retrieval system without written permission from EAJoseph Appraisal & Consultation, the copyright holder.



# Eugene A. Joseph, Jr. MAI, SRA, AI-GRS

PROPRIETOR & CEO  
Appraisal & Consultation Services



Gene@eajoseph.com

## EDUCATION AND QUALIFICATIONS

Virginia Commonwealth University, Richmond, VA

*Bachelor of Science degree in Business, Real Estate and Urban Land Development*

*Graduate Certificate of Real Estate and Urban Land Development*

## STATE CERTIFICATION

Virginia

## CONTACT DETAILS

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DIR +1 804 353 1757  
FAX +1 888 977 3716

EAJoseph Appraisal & Consultation  
Richmond Office  
PO Box 8225  
Richmond, VA 23226

Eugene A. Joseph, Jr. MAI, SRA opened Joseph Appraisal & Consultation in January of 2015 in which Eugene is the owner and operator and is responsible for all phases of real property appraisal and consulting services. In October of 2014, MGMiller Valuations was acquired by Colliers International Valuation & Advisory Services in Richmond, VA. Eugene worked for MGMiller Valuations/ Colliers International since April of 1998 in which he was responsible for all phases of commercial and residential valuation in accordance with USPAP and FIRREA regulations. In 2012, Eugene was promoted to upper management of the commercial division in which his additional responsibilities included performing reviews, scoping and bidding assignments and mentoring members of his commercial team.

## EXPERIENCE

Owner and CEO of EAJoseph Appraisal & Consultation, Richmond, VA, January 2015- present

Senior Valuation Services Director, Colliers International Valuation & Advisory Services, Richmond, VA, October 2014-January 2015

Senior Valuation Appraiser and Director, MGMiller Valuations, Richmond, VA., 1998-2014

## PROFESSIONAL AFFILIATIONS AND ACCREDITATIONS

MAI, SRA, AI-GRS; Appraisal Institute

Member of National Council of Housing Marketing Analyst (NCHMA)

HUD Certified

## APPRAISAL INSTITUTE COURSES

IA1, Real Estate Principals

IA2, Basic Valuation Procedures

Course 510, Advanced Income Analysis

Course 520, Highest and Best Use and Market Analysis

Course 530, Advanced Sales Comparison and Cost Approaches

Course 540, Advanced Report Writing

Course 550, Advanced Applications

CE as needed

## OTHER RELATED COURSES

Real Estate Principals

Real Estate Law

Real Estate Finance

Real Property Management

Real Estate Appraisal

Real Estate Negotiation

Advanced Real Estate Appraisal

Advanced Valuation Analysis (Graduate Level)

Real Estate Investment Analysis (Graduate Level)

Commercial Mortgage Lending (Graduate Level)

Real Property Investment Law (Graduate Level)

Real Estate Development (Graduate Level)

# Matthew W. Davis

ANALYST

EJoseph Appraisal & Consultation Services



Gene@ejoseph.com

## EDUCATION AND QUALIFICATIONS

Hampden Sydney College

*Bachelor of Arts in Economics and Commerce*

Virginia Commonwealth University

*Master of Science in Business: Real Estate Valuation (Candidate)*

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## CONTACT DETAILS

MOB +1 540 580 4049

DIR +1 804 353 1757

FAX +1 888 977 3716

EJoseph Appraisal & Consultation

Richmond Office

PO Box 8225

Richmond, VA 23226

Matt Davis has been with EJoseph since its founding in January of 2015. As an analyst, Matt is responsible for providing written value opinions of real property interests on a variety of property types.

Prior to EJoseph, Matt was an appraisal analyst with MGMiller Valuations in Richmond, VA. While with MGMiller, Matt performed valuations on nearly all generally accepted classifications of commercial property types.

Matt is currently a graduate candidate for a Master of Science in Business with Virginia Commonwealth University, having completed all relevant coursework. This program satisfies the educational requirements for the MAI & CCIM designations, and most of the educational requirements for licensure in the state of Virginia.

## EXPERIENCE

Valuation Analyst, EJoseph Appraisal & Consultation, Richmond, VA, January 2015- present

Valuation Trainee, Colliers International Valuation & Advisory Services, Richmond, VA, October 2014-January 2015

Valuation Analyst, MGMiller Valuations, Richmond, VA., 2011-2014

Residential Analyst, Southern Bankers Services, Roanoke, VA., 2009-2010

## APPRAISAL INSTITUTE COURSES

1A1, Real Estate Principals

1A2, Basic Valuation Procedures

Course 520, Highest and Best Use and Market Analysis

## GRADUATE COURSEWORK

Real Estate Appraisal

Real Estate Development

Real Property Investment Law

Cases in Financial Management

Financial Markets (Asset Pricing and Valuation)

Real Estate Finance and Investments

Statistical Analysis

Using GIS in Real Estate Decisions

Real Estate Investment Analysis

COMMONWEALTH of VIRGINIA

Department of Professional and Occupational Regulation  
9960 Mayland Drive, Suite 400, Richmond, VA 23233  
Telephone: (804) 367-8500

EXPIRES ON  
04-30-2019

NUMBER  
4001009492

REAL ESTATE APPRAISER BOARD

CERTIFIED GENERAL REAL ESTATE APPRAISER



EUGENE ALBER JOSEPH JR  
4612 W FRANKLIN STREET  
RICHMOND, VA 23226



*Jerry W. DeBorja*  
Secretary

Status can be verified at <http://www.dpor.virginia.gov>

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-UC (02/2011)





# HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue Suite 600 Chicago, IL 60603  
(646) 452-2353

## Insurance for Professionals

### DECLARATIONS

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NOTICE: YOUR POLICY CONTAINS CLAIMS-MADE LIABILITY COVERAGE. CLAIMS-MADE COVERAGE APPLIES ONLY TO CLAIMS THAT ARE FIRST MADE AND REPORTED DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD, IF PURCHASED.

THE LIMIT OF LIABILITY AVAILABLE TO PAY DAMAGES WILL BE REDUCED AND MAY BE EXHAUSTED BY CLAIMS EXPENSES. FURTHERMORE, CLAIMS EXPENSES WILL BE APPLIED AGAINST THE RETENTION.

PLEASE READ YOUR POLICY CAREFULLY AND CONSULT YOUR INSURANCE ADVISOR ABOUT ANY QUESTIONS YOU MIGHT HAVE.

<b>Broker No.:</b>	US 0000049	Atlantic Specialty Lines Inc
<b>Policy No.:</b>	MPL1671975.18	9020 Stony Point Pkwy Ste 450
<b>Renewal of:</b>	NEW	Richmond, VA 23235-1953

<b>1. Named Insured:</b>	EA Joseph Appraisal & Consulting Services LLC
<b>Address:</b>	4612 W Franklin St Richmond, VA 23226-1214

<b>2. Policy Period:</b>	<b>Inception Date: 01/12/2018</b>	<b>Expiration Date: 01/12/2019</b>
	Inception date shown shall be at 12:01 A.M. (Standard Time) to Expiration date shown above at 12:01 A.M. (Standard Time) at the address of the Named Insured.	

<b>3. General terms and conditions wording:</b>	PLP P0001 CW (06/14) The General terms and conditions apply to this policy in conjunction with the specific wording detailed in each section below.
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<b>4. Endorsements:</b>	E6020.2 - War and Civil War Exclusion Endorsement, E6017.2 - Nuclear Incident Exclusion Clause-Liability-Direct (Broad) Endorsement, E9044.1 - Virginia Amendatory Endorsement, and E6294.1 - HiscoxPro Plus Endorsement
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<b>5. Optional Extension Period:</b>	Extended Reporting Period of 12/24/36 months at 75/150/225 percent of the annual premium.
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<b>6. Notification of claims to:</b>	Hiscox Claims 520 Madison Avenue, 32nd floor New York, NY 10022 Fax: 212-922-9652 Email: HiscoxClaims@Hiscox.com
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<b>Additional Notification requirements:</b>	NONE
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# HISCOX INSURANCE COMPANY INC. (A Stock Company)

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### DECLARATIONS

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7. Policy Premium: \$ 3,506 Administration Fee: N/A State Surcharge: N/A

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#### Miscellaneous Professional Liability Claims-made and Reported Coverage Part: PLPMPL P0001 CW (06-14)

Covered Professional Services:	services as a real estate appraiser, of non-owned properties, for others for a fee
Professional Liability (PL):	\$ 1,000,000 Each Claim / \$ 1,000,000 Aggregate
Defense of Licensing Proceedings:	\$ 25,000 Aggregate (Separate Limit)
Subpoena Assistance:	\$ 10,000 Aggregate (Separate Limit)
Retroactive Date:	01/12/2015
Retention:	\$ 2,500
PL Premium:	\$ 3,506
Endorsements:	E9159.1 - Virginia Amendatory Endorsement, E6175.1 - Real Estate Appraisers Endorsement (PL Form), E6121.2 - Absolute Intentional Acts Exclusion Endorsement, and E6107.2 - California Exclusion Endorsement

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IN WITNESS WHEREOF, the Insurer indicated above has caused this Policy to be signed by its President and Secretary, but this Policy shall not be effective unless also signed by the Insurer's duly authorized representative.



# HISCOX INSURANCE COMPANY INC. (A Stock Company)

104 South Michigan Avenue Suite 600 Chicago, IL 60603

(646) 452-2353

## Insurance for Professionals DECLARATIONS

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A handwritten signature in black ink that reads "Bijin Wat".

President

A handwritten signature in black ink that reads "Robert L. Apfel".

Secretary

A handwritten signature in black ink that reads "Brett Sadoff".

Authorized Representative

Brett Sadoff

December 21, 2017

Hiscox Inc.

## COPYRIGHT

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Richmond, Virginia 23226  
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All opinions, analyses, and conclusions stated herein are intended for the exclusive use of our client, and other specifically identified intended users. Only the client and other specifically identified intended users may use this report for the sole purpose and intended use stated herein.

END OF REPORT