



**NOVOGRADAC
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CERTIFIED PUBLIC ACCOUNTANTS

**A MARKET FEASIBILITY STUDY OF:
NEW LAKE ANNE
FELLOWSHIP
HOUSE**

A MARKET FEASIBILITY STUDY OF:

NEW LAKE ANNE

FELLOWSHIP HOUSE

11448 North Shore Drive
Reston, Fairfax County, Virginia 20190

Effective Date: March 14, 2019
Report Date: March 25, 2019

Suzanne Welch
Vice President
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8403 Colesville Road, Suite 1150
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March 25, 2019

Suzanne Welch
Vice President
Community Preservation and Development Corporation
8403 Colesville Road, Suite 1150
Silver Spring, MD 20910

Re: Market Study - Application for Lake Anne Fellowship House, located in Reston, Fairfax County, Virginia

Dear Ms. Welch:

At your request, Novogradac & Company LLP performed a study of the multifamily rental market in the Reston, Fairfax County, Virginia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project. The purpose of this market study is to assess the viability of the proposed 240-unit senior LIHTC project. It will be a newly constructed property that will be partially financed with 4% tax-exempt bonds. The Subject will offer studio, one, and two-bedroom units restricted to senior households aged 62 and over earning 60 percent of the area median income (AMI), or less. The Subject will consist of one, seven-story, elevator-serviced, highrise-style building. The Subject will replace Lake Anne Fellowship House I and II, two existing Section 202 and Section 8 senior properties that will be demolished after tenant relocation to the Subject. The Subject will replace all of the 240 existing units at Lake Anne Fellowship House I and II. All of the Subject's 240 units will operate with project-based subsidy through the Rental Assistance Demonstration program, Mark Up to Market, Section 202 project-based vouchers, and project-based vouchers issued by Fairfax County. Tenants will continue to pay up to 30 percent of their incomes toward rent. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. We previously conducted RCS reports for the existing Lake Anne Fellowship House I and II with effective dates of September 30, 2015 and June 25, 2018. We previously conducted RCS reports for the proposed Subject with effective dates of March 11, 2016 and June 25, 2018.

The scope of this report meets the requirements of Virginia Housing Development Authority, including the following:

- Inspecting the site of the proposed Subject, and its general location.
- Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.
- Estimating the market rents, absorption rates and stabilized occupancy levels for the market area.
- Investigating the general economic health and conditions of the multifamily rental market.
- Calculating income bands, given the proposed Subject rents.
- Estimating the number of income-eligible households.
- Reviewing relevant public records and contacting appropriate public agencies.
- Analyzing the economic and social conditions in the market area, in relation to the proposed project.
- Establishing the Subject's Primary and Secondary Market Area(s), if applicable.
- Surveying competing projects, both LIHTC and market rate.

Novogradac & Company LLP adheres to the market study guidelines promulgated by the National Council of Housing Market Analysts (NCHMA). The NCHMA certification and checklist can be found in the Addenda of this report. Please refer to the checklist to find the sections in which content is located.

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The depth of discussion contained in the report is specific to the needs of the client.

Community Preservation and Development Corporation is the client in this engagement and intended user of this report. As our client, Community Preservation and Development Corporation, owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential uses under a separate agreement.

The Stated Purpose of this assignment is for application. You agree not to use the Report other than for the Stated Purpose, and you agree to indemnify us for any claims, damages or losses that we may incur as the result of your use of the Report for other than the Stated Purpose. Without limiting the general applicability of this paragraph, under no circumstances may the Report be used in advertisements, solicitations and/or any form of securities offering.

The authors of this report certify that we are not part of the development team, owner of the Subject property, general contractor, nor are we affiliated with any member of the development team engaged in the development of the Subject property or the development's partners or intended partners. Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,
Novogradac & Company LLP



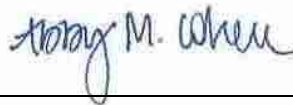
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TABLE OF CONTENTS

| | |
|--|------------|
| A. Executive Summary | 1 |
| Executive Summary..... | 1 |
| B. Introduction and Scope of Work | 8 |
| Introduction and Scope of Work..... | 9 |
| C. Project Description..... | 10 |
| Project Description..... | 11 |
| D. Location | 20 |
| Location | 21 |
| Photographs of Subject and Neighborhood | 29 |
| E. Market Area Definition | 37 |
| Market Area | 38 |
| F. Employment and Economy | 41 |
| Economic Analysis..... | 42 |
| G. Demographic Characteristics | 52 |
| Demographic Characteristics | 53 |
| Senior Population and Households..... | 56 |
| H. Competitive Environment | 63 |
| Housing Summary | 64 |
| Survey of Comparable Properties | 67 |
| Market Characteristics..... | 76 |
| I. Affordability Analysis, Demand Analysis, Capture Rates and Penetration Rates | 86 |
| Affordability Analysis, Demand Analysis, Capture rates, and Penetration Rates..... | 87 |
| Capture Rate Analysis by Unit Type..... | 91 |
| Annual Capture Rate Analysis | 96 |
| VHDA Demand Analysis | 99 |
| Penetration Rate Analysis..... | 101 |
| J. Local Perspectives of Rental Housing Market and Housing Alternatives | 104 |
| Interviews..... | 105 |
| K. Analysis/Conclusions..... | 108 |
| L. Other Requirements | 111 |

Addendum A
Addendum B
Addendum C
Addendum D
Addendum E
Addendum F
Addendum G

A. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

- Subject Site Description:** The Subject will consist of one, seven-story, elevator-serviced, midrise-style building located at 11448 North Shore Drive in Reston, Fairfax County, Virginia. The Subject site is currently vacant but part of the overall parcel currently occupied by Lake Anne Fellowship House I and II, which the Subject will replace. After tenant relocation to the newly-constructed Subject, Lake Anne Fellowship House I and II will be demolished and replaced with for-sale townhomes.
- Surrounding Land Uses:** The Subject will be located in a mixed-use neighborhood in Reston, Fairfax County, Virginia. Surrounding uses in the Subject's neighborhood include the existing Lake Anne Fellowship House I and II, which will be demolished upon completion of the Subject and relocation of tenants, commercial uses in average condition, and single-family and multifamily housing in average to good condition. The Subject's location is considered "Somewhat Walkable" by WalkScore, with a score of 67 out of 100, similar to slightly superior to the majority of the comparable properties' locations. Upon completion, a Fairfax County Connector bus stop will be located on the Subject property, which will provide access to the Reston-Wiehle Metro station.
- Subject Property Description:** New Lake Anne Fellowship House, the Subject, is a proposed, senior LIHTC development for households aged 62 and over that will consist of one, seven-story, elevator-serviced, highrise-style buildings located at 11448 Lake Shore Drive in Reston, Fairfax County, Virginia. The Subject will offer 240 studio, one, and two-bedroom units to senior households aged 62 and over earning 60 percent of the AMI or less. The Subject will replace the existing Lake Anne Fellowship House I and II, which will be demolished after tenant relocation to the Subject and replaced with for-sale townhomes. The Subject will offer 61 studio units, 173 one-bedroom units, and six, two-bedroom units. All of the Subject's units will operate with project-based subsidy through a Housing Assistance Payments (HAP) contract, the Rental Assistance Demonstration (RAD) program, and Section 202 project-based vouchers, as well as project-based vouchers issued by Fairfax County. Tenants will pay up to 30 percent of their incomes towards rent.
- Current Rents:** The Subject will replace the existing Lake Anne Fellowship House I and II. Lake Anne Fellowship House I operates as a Section 8, Section 202, and market-rate development. Lake Anne Fellowship House II operates as a Section 8 property. As of the rent roll dated March 4, 2019, Lake Anne Fellowship House I exhibits 0.7 percent vacancy with a 104-household waiting list, while Lake Anne Fellowship House II exhibits 6.0 percent vacancy with a 310-household waiting list. Note that four of the six vacant units at Lake Anne Fellowship House II are offline. The following table illustrates the Subject's current contract rents with minimum, maximum, and average tenant-paid rents.

CURRENT RENTS - LAKE ANNE FELLOWSHIP HOUSE I

| Unit Type | Number of Units | Contract/Section 202 Rent | Min. Tenant-Paid Rent | Max Tenant-Paid Rent | Average Tenant-Paid Rent |
|--------------------|-----------------|---------------------------|-----------------------|----------------------|--------------------------|
| <i>Section 202</i> | | | | | |
| OBR / 1BA | 22 | \$492 | \$492 | \$492 | \$492 |
| 1BR / 1BA | 49 | \$572 | \$1,747 | \$1,231 | \$1,415 |
| 1BR / 1BA | 39 | \$627 | \$1,913 | \$1,319 | \$1,454 |
| <i>Section 8</i> | | | | | |
| OBR / 1BA | 8 | \$1,275 | \$25 | \$292 | \$221 |
| 1BR / 1BA | 19 | \$1,392 | \$215 | \$505 | \$292 |
| <i>Market</i> | | | | | |
| 1BR / 1BA | 1 | \$1,847 | \$1,847 | \$1,847 | \$1,847 |
| <i>Non-Rental</i> | | | | | |
| 2BR / 1BA | 2 | N/A | N/A | N/A | N/A |
| 140 | | | | | |

Source: Rent roll, March 4, 2019

CURRENT RENTS - LAKE ANNE FELLOWSHIP HOUSE II

| Unit Type | Number of Units | Contract/Section 202 Rent | Min. Tenant-Paid Rent | Max Tenant-Paid Rent | Average Tenant-Paid Rent |
|-------------------|-----------------|---------------------------|-----------------------|----------------------|--------------------------|
| <i>Section 8</i> | | | | | |
| OBR / 1BA | 32 | \$1,572 | \$25 | \$375 | \$213 |
| 1BR / 1BA | 67 | \$1,859 | \$25 | \$509 | \$239 |
| <i>Non-Rental</i> | | | | | |
| 2BR / 1BA | 1 | N/A | N/A | N/A | N/A |
| 100 | | | | | |

Source: Rent roll, March 4, 2019

Proposed Rents:

The following table details proposed rents for the Subject's units.

PROPOSED RENTS

| Unit Type | Unit Size (SF) | Number of Units | Asking Rent | Utility Allowance (1) | Gross Rent | 2018 LIHTC Maximum Allowable Gross Rent | 2019 HUD Fair Market Rents |
|--------------------|----------------|-----------------|-------------|-----------------------|------------|---|----------------------------|
| <i>@60% (PBRA)</i> | | | | | | | |
| OBR / 1BA | 579 | 32 | \$1,700 | \$47 | \$1,747 | \$1,231 | \$1,415 |
| 1BR / 1BA | 674 | 111 | \$2,000 | \$63 | \$2,063 | \$1,319 | \$1,454 |
| 2BR / 1BA | 986 | 6 | \$2,400 | \$79 | \$2,479 | \$1,582 | \$1,665 |
| <i>@60% (RAD)</i> | | | | | | | |
| OBR / 1BA | 579 | 29 | \$1,564 | \$47 | \$1,611 | \$1,231 | \$1,415 |
| 1BR / 1BA | 674 | 62 | \$1,850 | \$63 | \$1,913 | \$1,319 | \$1,454 |
| 240 | | | | | | | |

Notes (1) Source of Utility Allowance provided by the Developer.

All of the Subject's proposed contract rents will be set above the maximum allowable rents. Absent a subsidy, these rents would need to be reduced to achievable LIHTC rents.

Target Household Income Levels: Based on the proposed restrictions, the range of annual household income levels is depicted below.

62+ INCOME LIMITS - AS PROPOSED

| Unit Type | Minimum Allowable Income | Maximum Allowable Income |
|-----------|--------------------------|--------------------------|
| | @60% (Section 8) | |
| OBR | \$0 | \$49,260 |
| 1BR | \$0 | \$56,280 |
| 2BR | \$0 | \$56,280 |

62+ INCOME LIMITS - ABSENT SUBSIDY

| Unit Type | Minimum Allowable Income | Maximum Allowable Income |
|-----------|--------------------------|--------------------------|
| | @60% | |
| OBR | \$36,930 | \$49,260 |
| 1BR | \$39,570 | \$56,280 |
| 2BR | \$47,460 | \$56,280 |

Economic Conditions

Employment in the PMA is concentrated in the professional/scientific/technology services, public administration, and healthcare/social assistance industries, which collectively comprise 45.3 percent of local employment. Overall, the PMA and MSA economies are concentrated in industries that are resilient to economic shocks during periods of downturn. This was evident during the recession, when total employment in the MSA fell by only 1.8 percent, compared to a 4.8 percent decline across the overall nation. Employment in the MSA recovered and surpassed pre-recessionary levels in 2010, four years prior to the overall nation. As of December 2018, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 1.2 percent, compared to 1.9 percent across the overall nation. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.

Primary Market Area

The Subject property will be located in Reston, Virginia. The PMA is generally defined as the Potomac River to the north, Interstate 495 to the east, Interstate 66 and Braddock Road to the south, and VA 659 and Belmont Bridge Road to the west. This area was defined based on interviews with local market participants and local property managers. Property managers at the comparables reported that the majority of their tenants originate from within northern Virginia. The contact at Kendrick Court estimated that 75 percent of tenants are from Northern Virginia, and the contact at Cascades Village estimated that 70 percent of tenants are from northern Virginia. The contact at Forest Glen Phase II reported tenants from New York and Pennsylvania. Based on comments from property managers, we estimated that 30 percent of the Subject's tenants will come from outside of these boundaries.

The Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) will serve as the Secondary Market Area (SMA). The MSA consists of Fairfax, Prince William, Loudoun, Arlington, Stafford, Spotsylvania, Fauquier, Warren, and Clarke Counties in Virginia, as well as the independent Virginia cities of Alexandria, Manassas, Fredericksburg, Fairfax, Manassas Park, and Falls Church; the MSA includes Montgomery, Prince George's, Frederick, Charles, and Calvert Counties in Maryland, Jefferson County, West Virginia, and the District of Columbia.

Demographic Data

The Subject's PMA has been characterized by strong senior population and household growth. This trend is anticipated to continue through 2023, though at a slower rate than experienced over the past eight years. Senior households in the PMA are concentrated among the lowest income cohorts, indicating a need for affordable senior rental housing in the Subject's market. Based on information reported by local property managers, and the *Demand Analysis* illustrated later in this report, there appears to be adequate demand for the Subject's units.

Vacancy

The following table summarizes overall weighted vacancy levels at the surveyed properties.

OVERALL VACANCY

| Property Name | Rent Structure | Tenancy | Total Units | Vacant Units | Vacancy Rate |
|--|----------------|---------|--------------|--------------|--------------|
| Cascades Village | LIHTC | Senior | 150 | 2 | 1.3% |
| Forest Glen Phase II | LIHTC | Senior | 119 | 3 | 2.5% |
| Herndon Harbor House | LIHTC | Senior | 120 | 0 | 0.0% |
| Kendrick Court* | LIHTC | Senior | 140 | 0 | 0.0% |
| The Woods At Birchwood | LIHTC | Senior | 83 | 53 | 63.9% |
| Wingler House Apartments | LIHTC | Senior | 264 | 0 | 0.0% |
| Ashton At Dulles Corner | Market | Family | 454 | 44 | 9.7% |
| BLVD At Reston Station | Market | Family | 448 | 22 | 4.9% |
| Exo Reston* | Market | Family | 457 | 290 | 63.5% |
| Monroe Place | Market | Family | 202 | 4 | 2.0% |
| The Avant At Reston Town Center | Market | Family | 359 | 22 | 6.1% |
| The Cosmopolitan At Reston Town Center | Market | Family | 287 | 11 | 3.8% |
| Total LIHTC | | | 876 | 58 | 6.6% |
| Total LIHTC - Stabilized Properties | | | 793 | 5 | 0.6% |
| Total Market Rate | | | 2,207 | 393 | 17.8% |
| Total Market Rate - Stabilized Properties | | | 2,014 | 103 | 5.1% |
| Overall Total | | | 3,083 | 451 | 14.6% |

*In initial absorption period.

The Woods at Birchwood opened in January 2019 and is in its initial absorption period, and 17 of the vacant units at the property are pre-leased. The weighted average vacancy rate of the other LIHTC comparable properties is 0.6 percent, which is very low and indicates a supply-constrained market for affordable housing. The market-rate comparable properties demonstrate higher vacancy rates. Exo Reston opened in 2018 and is still in its initial absorption period. Excluding this property, the weighted average market-rate vacancy rate is 5.1 percent. The contact at Ashton at Dulles Corner attributed the elevated vacancy rate at that property to a large proportion of contract-based workers as tenants, and the contact at The Avant at Reston Town Center attributed the elevated vacancy rate to seasonal demand trends. We believe the elevated vacancy rates at these two developments are property-specific, but may also be related to the significant influx of new supply in the market over the past two years. Nonetheless, both properties reported significant potential applicant traffic.

Overall, there appears to be demand for market-rate rental housing in the Subject's market, but the market area may be approaching oversupply. We do not believe that the Subject will be negatively impacted by this, as the weighted average vacancy rate among the stabilized LIHTC comparable properties is very low at 0.6 percent. Additionally, the existing Lake Anne Fellowship House I and II exhibit 0.7 and 6.0 percent vacancy, respectively. The Subject will be replacing occupied, subsidized housing, and will be populated with residents from the existing Lake Anne Fellowship House I and II. As an affordable property we anticipate that the Subject would operate with a vacancy rate of five percent or less, both as proposed and absent subsidy.

The following table details vacancy by bedroom type for the comparable properties surveyed:

VACANCY BY BEDROOM TYPE

| Property Name | Rent Structure | Tenancy | OBR | 1BR | 2BR | Overall |
|--|----------------|---------|-----|------|------|---------|
| Cascades Village | LIHTC | Senior | - | - | 0.0% | 1.3% |
| Forest Glen Senior Apartments Phase II | LIHTC | Senior | - | 3.0% | 0.0% | 2.5% |
| Herndon Harbor House | LIHTC | Senior | - | - | - | 0.0% |
| Kendrick Court | LIHTC | Senior | - | 0.0% | 0.0% | 0.0% |
| The Woods At Birchwood | LIHTC | Senior | - | - | - | 63.9% |
| Wingler House Apartments | LIHTC | Senior | - | 0.0% | 0.0% | 0.0% |
| Ashton At Dulles Corner | Market | Family | - | - | - | 9.7% |
| BLVD At Reston Station | Market | Family | - | - | - | 4.9% |
| Exo Reston | Market | Family | - | - | - | 63.5% |
| Monroe Place | Market | Family | - | - | - | 2.0% |
| The Avant At Reston Town Center | Market | Family | - | - | - | 6.1% |
| The Cosmopolitan At Reston Town Center | Market | Family | - | - | - | 3.8% |

The Subject will consist of studio, one, and two-bedroom units. We were only able to obtain vacancy by bedroom type from the LIHTC comparable properties, none of which offer studio units. However, none of the two-bedroom LIHTC units are vacant, and only two of the one-bedroom LIHTC units are vacant. As previously mentioned, the Subject will operate in a supply-constrained market for affordable housing. We do not believe that the Subject will negatively impact existing properties in the market.

Absorption

We obtained absorption information for three comparable properties and several additional properties located in Alexandria and Arlington.

ABSORPTION

| Property Name | Rent | Tenancy | Year | Total Units | Absorption (units/month) |
|-------------------------|--------|---------|------|-------------|--------------------------|
| The Woods at Birchwood* | LIHTC | Senior | 2019 | 82 | 15 |
| Exo Reston* | Market | Family | 2018 | 457 | 19 |
| Abberly Avera | Market | Family | 2018 | 336 | 9 |
| St. James Plaza | LIHTC | Family | 2017 | 93 | 16 |
| The Springs Apartments | LIHTC | Family | 2016 | 104 | 46 |
| BLVD At Reston Station | Market | Family | 2016 | 448 | 14 |
| The Shell | LIHTC | Family | 2015 | 83 | 28 |

*In initial absorption period; absorption rate shown is to date

The properties in the table above indicate absorption paces ranging from nine to 46 units per month, with an average of 21 units per month. The LIHTC properties in the table above experienced an average absorption pace of approximately 31 units per month. As previously discussed, the Subject will operate in a supply-constrained market for affordable housing. We anticipate that the Subject would experience an absorption pace within the range of the LIHTC comparable properties of 20 units per month, for a total absorption period of 12 months. The Subject is anticipated to be populated by residents of the existing Lake Anne Fellowship House I and II, therefore an absorption estimate is hypothetical.

Demand

The Novoco demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation for the LIHTC units is 4.5 percent as proposed and 17.2 percent absent subsidy.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject's first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of

income to living costs). This is a subset of the income-eligible renter households used previously and yields a far more conservative annual capture rate. This annual Novoco capture rate is 9.7 percent as proposed and 38.3 percent absent subsidy for the first year of operation as a LIHTC property. This calculation illustrates that there are approximately 2,360 units of demand in the first year of the Subject’s operation as proposed and approximately 596 units of demand in the first year of the Subject’s operation absent subsidy. The Subject will need to accommodate 228 total units of demand in order to stabilize at 95 percent occupancy. While these annual capture rate absent a subsidy is elevated, it indicates demand for additional affordable senior housing such as the Subject. Additionally, tenants from the existing Lake Anne Fellowship House I and II will be relocated to the newly constructed Subject. Any unaccommodated households will most likely leave the PMA or remain severely rent-overburdened. The lack of available units will force many to look elsewhere.

The VHDA net demand and capture rate table illustrates demand for the Subject based on capture rates of income-eligible renter households. The following table illustrates the conclusions from this table.

| | |
|--|-----------|
| Project Wide Capture Rate- LIHTC Units As Proposed | 14.9% |
| Project Wide Capture Rate- LIHTC Units Absent Subsidy | 37.8% |
| Project Wide Absorption Period (Months) As Proposed | 12 months |
| Project Wide Absorption Period (Months) Absent Subsidy | 12 months |

The capture rate for the Subject as proposed is low and indicative of ample demand for the Subject’s units. The Subject’s capture rate absent a subsidy is moderate. The Subject is anticipated to be populated by residents of the existing Lake Anne Fellowship House I and II, and will operate with project-based subsidy for all of its units. The capture rate analysis in this scenario is purely hypothetical. However, low vacancy rates and waiting lists among the senior LIHTC comparable properties indicates strong demand for affordable senior rental housing in the market.

Strengths

- The Subject will be in excellent condition upon completion, and in an excellent location in close proximity to services and amenities.
- The Subject will similar to superior property amenities to the existing LIHTC competition.
- The Subject will offer competitive unit sizes, particularly for its intended senior tenancy.
- There will be a Fairfax County Connector bus stop on the Subject property, which will provide access to services and amenities outside the neighborhood, as well as the Wiehle-Reston East Metro station.

Weaknesses

- The Subject’s in-unit amenities will be slightly inferior to inferior to three of the LIHTC comparable properties and all of the market-rate comparable properties, as the Subject will not offer in-unit washers and dryers or balconies/patios. Note that half of the senior LIHTC comparable properties do not offer in-unit washers and dryers.

Recommendations

In general, we believe there is demand in the marketplace for the Subject. We recommend no changes for the Subject property.

B. INTRODUCTION AND SCOPE OF WORK

INTRODUCTION AND SCOPE OF WORK

| | |
|--|--|
| Report Description: | Novogradac & Company LLP performed a comprehensive market study of the multifamily rental market in the Reston, Fairfax County, Virginia area relative to Lake Anne Fellowship House, a proposed senior LIHTC and project-based subsidy development that will target households aged 62 and over. Construction of the Subject is anticipated to begin in December 2019, with anticipated completion in November 2021. The Subject will be partially financed with 4% tax-exempt bonds. The Subject will consist of one, seven-story, elevator-serviced, highrise-style building containing 240 revenue-generating units in addition to a community room, on-site management office, exercise facility, picnic area, and recreation areas. All of the Subject's units will operate with project-based subsidy. The Subject will replace the existing Lake Anne Fellowship House I and II, which will be demolished after tenant relocation to the Subject and replaced with for-sale townhomes. |
| Developer/Client Information: | Community Preservation and Development Corporation. |
| Intended Use and Users of the Report: | The report will be submitted to the Virginia Housing Development Authority (VHDA) for application purposes. The intended user of the report is VHDA. |
| Scope of the Report: | <ul style="list-style-type: none">▪ Inspecting the site of the to-be-developed Subject and its general location.▪ Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.▪ Estimating the market rents, absorption rates and stabilized vacancy levels for the market area.▪ Investigating the general economic health and conditions of the senior rental market.▪ Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area.▪ Reviewing relevant public records and contacting appropriate public agencies.▪ Brief analysis of the economic and social conditions in the market area, in relation to the proposed project.▪ Establishing the Subject's Primary Market Area, if applicable.▪ Surveying competing projects, both LIHTC and market-rate. |
| Effective Date: | The Subject site was most recently inspected by Mark Perlman on March 17, 2019, which shall be the effective date of this report. |
| Primary Contact for the Report: | David Boisture, AM, CRE, Leed Green Associate (David.Boisture@novoco.com) and Abby Cohen (Abby.Cohen@novoco.com; 240-235-1701). |

C. PROJECT DESCRIPTION

PROJECT DESCRIPTION

The project description will discuss the physical features of the Subject property, as well as its current and proposed unit mix and rents.

Subject Property Description:

Lake Anne Fellowship House, the Subject, is a proposed, senior LIHTC development that will consist of one, seven-story, elevator-serviced, highrise-style buildings located at 11448 Lake Shore Drive in Reston, Fairfax County, Virginia. The Subject will offer 240 studio, one, and two-bedroom units to senior households aged 62 and over earning 60 percent of the AMI or less. The Subject will replace the existing Lake Anne Fellowship House I and II, which will be demolished after tenant relocation to the Subject and replaced with for-sale townhomes. The Subject will offer 61 studio units, 173 one-bedroom units, and six, two-bedroom units. All of the Subject's units will operate with project-based subsidy through the Mark Up To Market, Rental Assistance Demonstration, and Section 202 voucher programs, as well as project-based vouchers issued by Fairfax County. Tenants will pay up to 30 percent of their incomes towards rent.

Construction Type:

The Subject will be a newly-constructed senior LIHTC property, consisting of one, seven-story, elevator-serviced, highrise-style building. The Subject will have both uncovered surface parking and garage parking.

Occupancy Type:

The Subject will target senior households aged 62 and over.

Proposed Rents:

The following table details the proposed rents for the Subject's units.

PROPOSED RENTS

| Unit Type | Unit Size (SF) | Number of Units | Asking Rent | Utility Allowance (1) | Gross Rent | 2018 LIHTC Maximum Allowable Gross Rent | 2019 HUD Fair Market Rents | |
|-------------|----------------|-----------------|-------------|-----------------------|------------|---|----------------------------|--|
| @60% (PBRA) | | | | | | | | |
| OBR / 1BA | 579 | 32 | \$1,700 | \$47 | \$1,747 | \$1,231 | \$1,415 | |
| 1BR / 1BA | 674 | 111 | \$2,000 | \$63 | \$2,063 | \$1,319 | \$1,454 | |
| 2BR / 1BA | 986 | 6 | \$2,400 | \$79 | \$2,479 | \$1,582 | \$1,665 | |
| @60% (RAD) | | | | | | | | |
| OBR / 1BA | 579 | 29 | \$1,564 | \$47 | \$1,611 | \$1,231 | \$1,415 | |
| 1BR / 1BA | 674 | 62 | \$1,850 | \$63 | \$1,913 | \$1,319 | \$1,454 | |
| | | 240 | | | | | | |

Notes (1) Source of Utility Allowance provided by the Developer.

The Subject's pro forma contract rents are above the maximum allowable 60 percent of AMI LIHTC rents. Absent a subsidy, these rents would need to be reduced to achievable LIHTC rents.

Assisted Housing Program: The Subject will operate with project-based subsidy for all of its units through the Mark Up To Market, Rental Assistance Demonstration, and Section 202 programs, as well as project-based vouchers supplied by Fairfax County.

Construction Date: Construction on the Subject is expected to begin in December 2019 and be completed in November 2021.

Target Household Income Levels: Based on the proposed restrictions, the range of annual household income levels is depicted below.

62+ INCOME LIMITS - AS PROPOSED

| Unit Type | Minimum Allowable Income | Maximum Allowable Income |
|-----------|--------------------------|--------------------------|
| | @60% (Section 8) | |
| 0BR | \$0 | \$49,260 |
| 1BR | \$0 | \$56,280 |
| 2BR | \$0 | \$56,280 |

62+ INCOME LIMITS - ABSENT SUBSIDY

| Unit Type | Minimum Allowable Income | Maximum Allowable Income |
|-----------|--------------------------|--------------------------|
| | @60% | |
| 0BR | \$36,930 | \$49,260 |
| 1BR | \$39,570 | \$56,280 |
| 2BR | \$47,460 | \$56,280 |

Utility Structure: Tenants at the Subject will be responsible for electric heat, cooking, water heating, central air conditioning, and general electric. The landlord will pay water, sewer, and trash expenses. The comparable properties' utility structures are illustrated in the respective property summaries and are adjusted appropriately to account for differences relative to the Subject, based on the Virginia Housing Development Authority utility allowances effective as of July 2018.

HOUSING AUTHORITY UTILITY ALLOWANCE

| UTILITY AND SOURCE | Paid By | Studio | 1BR | 2BR |
|---|----------|-------------|-------------|-------------|
| Heating - Electric | Tenant | \$18 | \$25 | \$32 |
| Cooking - Electric | Tenant | \$3 | \$4 | \$5 |
| Other Electric | Tenant | \$10 | \$14 | \$18 |
| Air Conditioning | Tenant | \$5 | \$7 | \$9 |
| Water Heating - Electric | Tenant | \$9 | \$13 | \$16 |
| Water | Landlord | \$17 | \$23 | \$30 |
| Sewer | Landlord | \$20 | \$27 | \$35 |
| Trash | Landlord | \$12 | \$12 | \$12 |
| TOTAL - Paid By Landlord | | \$49 | \$62 | \$77 |
| TOTAL - Paid By Tenant | | \$45 | \$63 | \$80 |
| TOTAL - Paid By Tenant Provided by Developer | | \$47 | \$63 | \$79 |
| DIFFERENCE | | 104% | 100% | 99% |

Source: Virginia Housing Development Authority, effective July 2018

Unit Mix:

The following table illustrates the proposed Subject’s unit mix and size:

UNIT MIX AND SQUARE FOOTAGE

| Unit Type | Unit Count | Unit Size (SF) | Net Leasable Area |
|--------------|------------|----------------|-------------------|
| Studio | 28 | 501 | 14,028 |
| Studio | 7 | 490 | 3,430 |
| Studio | 7 | 503 | 3,521 |
| Studio | 6 | 751 | 4,506 |
| Studio | 6 | 575 | 3,450 |
| Studio | 6 | 541 | 3,246 |
| Studio | 1 | 617 | 617 |
| Studio | 1 | 652 | 652 |
| 1BR | 42 | 688 | 28,896 |
| 1BR | 25 | 675 | 16,875 |
| 1BR | 51 | 740 | 37,740 |
| 1BR | 21 | 665 | 13,965 |
| 1BR | 6 | 676 | 4,056 |
| 1BR | 6 | 680 | 4,080 |
| 1BR | 7 | 723 | 5,061 |
| 1BR | 7 | 561 | 3,927 |
| 1BR | 7 | 862 | 6,034 |
| 2BR | <u>6</u> | 986 | <u>5,916</u> |
| Total | 240 | | 160,000 |

Net Leasable Area:

Approximately 160,000 square feet.

| | |
|--|---|
| Unit Amenities: | The Subject will offer blinds, refrigerators, ovens, central heating and air conditioning, ceiling fans, coat closets, exterior storage, walk-in closets, dishwashers, garbage disposals, and microwaves. |
| Common Area Amenities: | The Subject will offer a community room, a computer lab, laundry facilities on every floor, an on-site management office, multiple courtyard/outdoor seating areas, an exercise facility, and service coordination. Services will include visits from medical professionals, as well as educational and social programming. |
| Parking: | The Subject will offer 77 garage parking spaces and six, uncovered surface parking spaces for a total of 83 parking spaces, or 0.35 parking spaces per unit. This parking ratio is similar to what is currently offered at the existing Subject development, but lower than what is offered at the LIHTC and market-rate comparable properties. Additionally, the Subject will have a Reston Circulator stop on the property. Overall, we do not believe that the Subject's limited parking will negatively impact its marketability or performance. Nonetheless, we consider the Subject's proposed, limited parking in our market rent conclusions. |
| Number of Stories and Buildings: | The Subject will consist of one, seven-story, elevator-serviced highrise building. |
| Americans with Disabilities Act of 1990: | We assume the property will not have any violations of the Americans with Disabilities Act of 1990. |
| Quality of Construction Condition and Deferred Maintenance: | As new construction, the Subject will not suffer from deferred maintenance. We assume the Subject will be constructed in a timely manner with quality construction. |
| Functional Utility: | We have reviewed the Subject's floor plans and determined them to be functional. |
| Conclusion: | The Subject property will be a new construction, 240-unit senior LIHTC and project-based subsidy development contained in one, seven-story, elevator-serviced, highrise building located in Reston, Virginia. The Subject will exhibit excellent condition upon completion. |
| Architect: | Grimm and Parker. |
| Site and Architectural Plans: | A copy of the site and architectural plans are available on the following pages and in the addenda of this report. |

Subject Site Plan



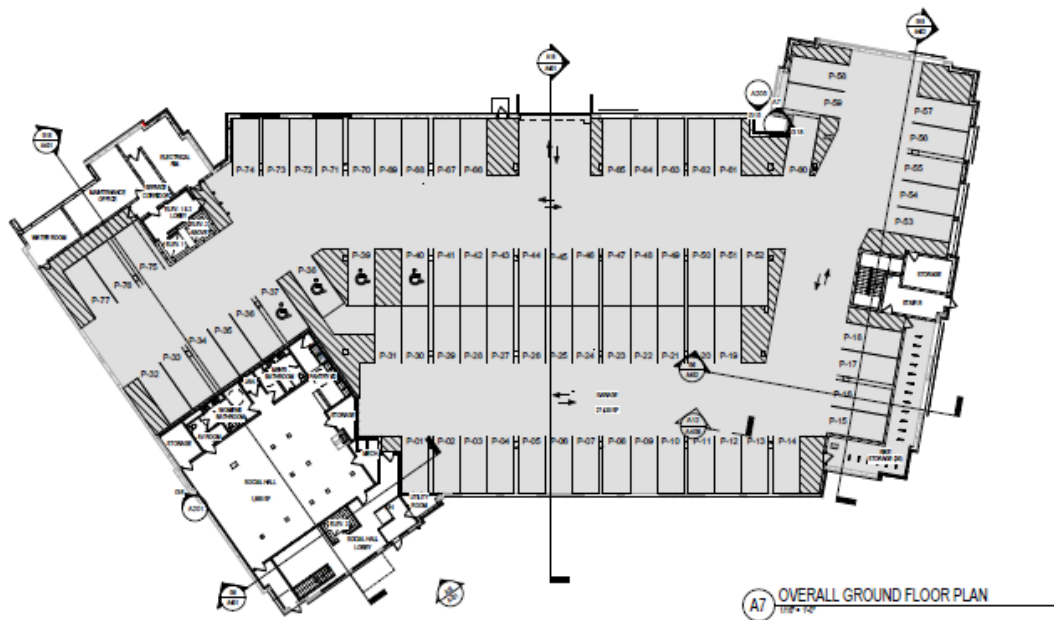
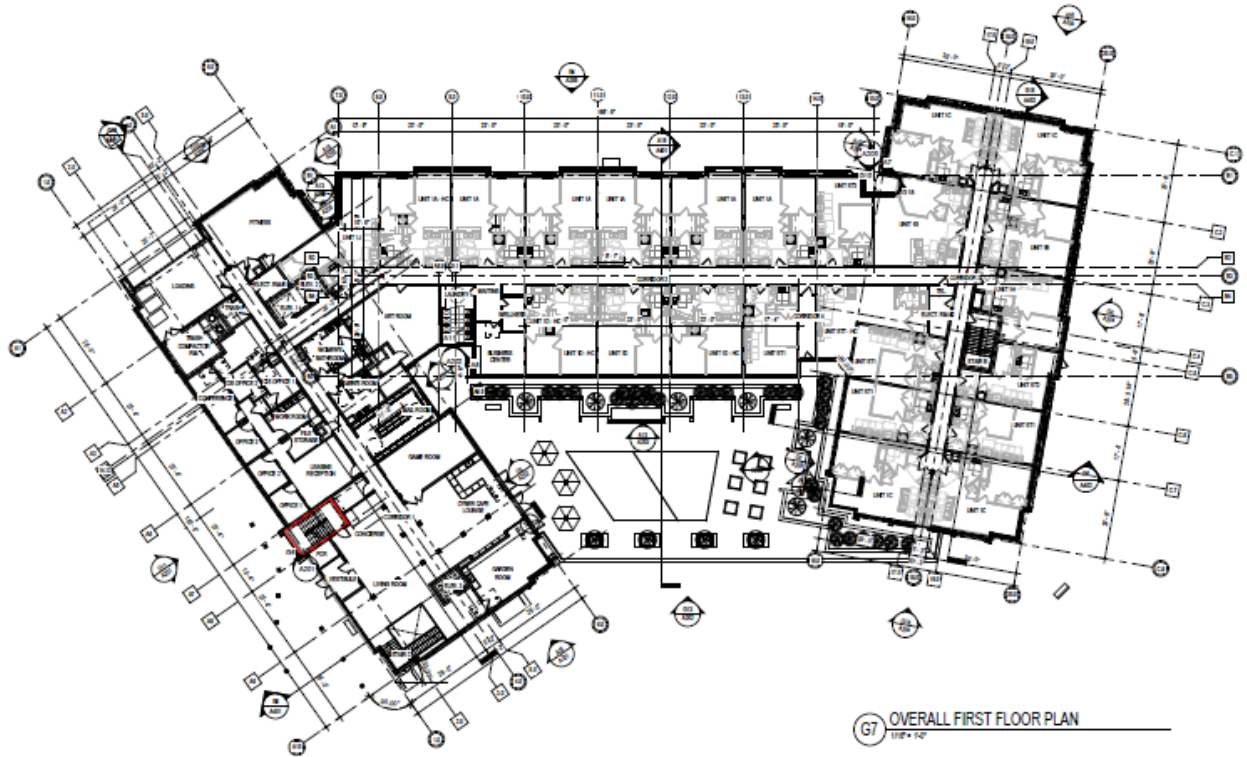
Source: Sponsor, March 2019

Subject Elevations

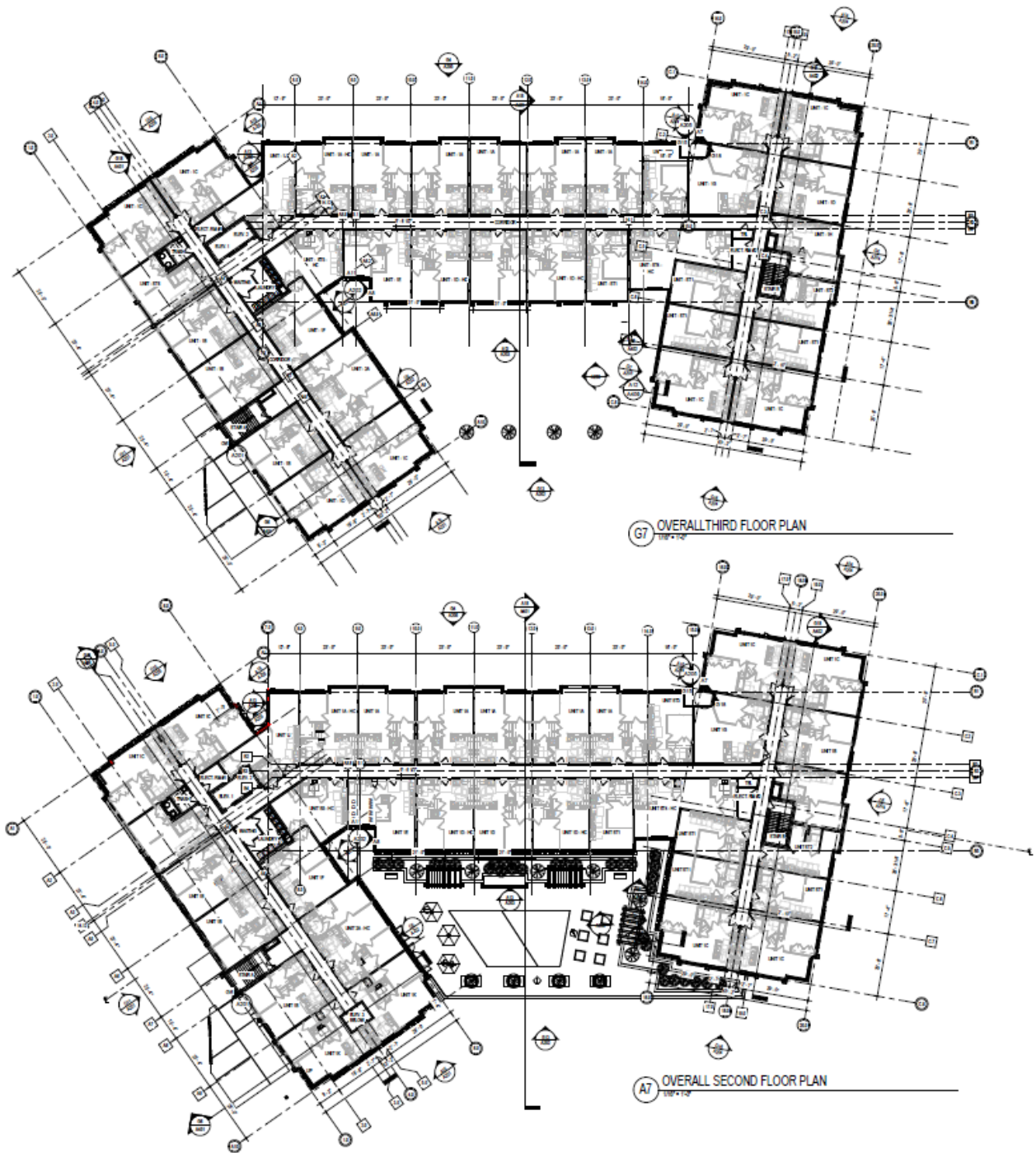


Source: Sponsor, March 2019

Subject Floor Plans



Source: Sponsor, March 2019



Source: Sponsor, March 2019

LAKE ANNE FELLOWSHIP HOUSE – RESTON, VIRGINIA – MARKET STUDY

New Lake Anne Fellowship House

Location 11448 North Shore Drive
Reston, VA 20190
Fairfax County

Units 240

Type Highrise (age-restricted)
(7 stories)

Year Built / Renovated 2021 / n/a



Utilities

| | | | |
|-------------------|-------------------------|-------------------------|--------------|
| A/C | not included – central | Other Electric | not included |
| Cooking | not included – electric | Water | included |
| Water Heat | not included – electric | Sewer | included |
| Heat | not included – electric | Trash Collection | included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max rent? |
|------|-------|----------------------|-------|-----------|---------|----------------------|------------------|--------------|--------|--------------|-----------|
| 0 | 1 | Highrise (7 stories) | 29 | 579 | \$1,564 | \$0 | @60% (Section 8) | n/a | N/A | N/A | N/A |
| 0 | 1 | Highrise (7 stories) | 32 | 579 | \$1,700 | \$0 | @60% (Section 8) | n/a | N/A | N/A | N/A |
| 1 | 1 | Highrise (7 stories) | 62 | 674 | \$1,850 | \$0 | @60% (Section 8) | n/a | N/A | N/A | N/A |
| 1 | 1 | Highrise (7 stories) | 111 | 674 | \$2,000 | \$0 | @60% (Section 8) | n/a | N/A | N/A | N/A |
| 2 | 1 | Highrise (7 stories) | 6 | 986 | \$2,400 | \$0 | @60% (Section 8) | n/a | N/A | N/A | N/A |

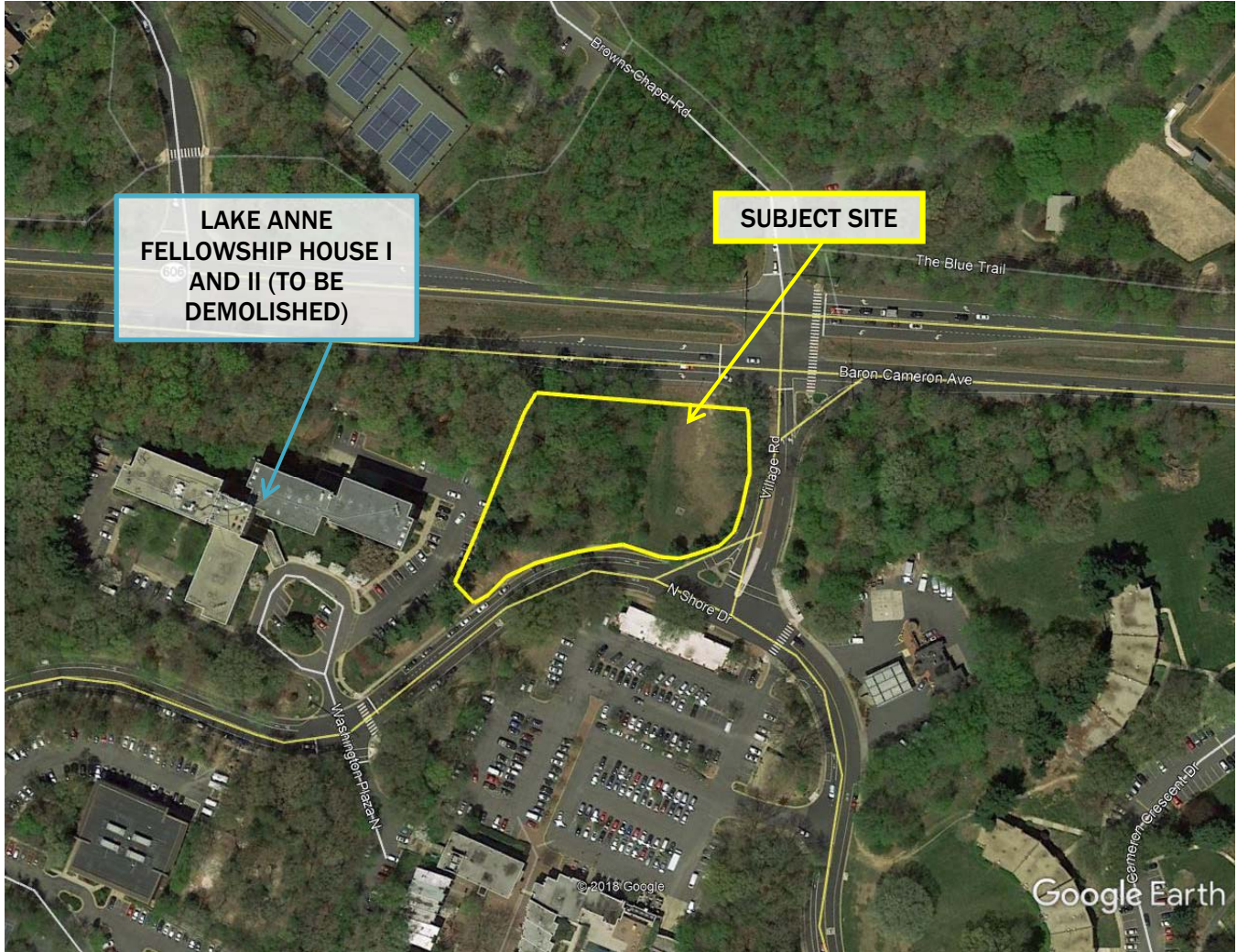
Amenities

| | | | |
|-----------------|---|-----------------|---|
| In-Unit | Blinds Coat Closet Dishwasher Exterior Storage Ceiling Fan Garbage Disposal Microwave Oven Pull Cords Refrigerator Walk-In Closet | Security | Intercom (Buzzer) Limited Access |
| Property | Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Courtyard Elevators Exercise Facility Garage Central Laundry Off-Street Parking On-Site Management Service Coordination | Premium | none |
| Services | none | Other | Bike storage, Fairfax Co. Circulator stop on-site |

D.LOCATION

LOCATION

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description will discuss the physical features of the site, as well as layout, access issues, and traffic flow.



Source: Google Earth, March 2019

| | |
|----------------------------------|---|
| Subject Site Description: | The Subject site is located at 114448 North Shore Drive in Reston, Fairfax County, Virginia 20190. |
| Size: | The total Subject site (including the existing Subject that will be demolished) encompasses six acres. |
| Shape: | The site is irregular in shape. |
| Frontage: | The Subject site has frontage along the south side of Baron Cameron Avenue, the north side of North Shore Drive, and the west side of Village Road. |

Topography: The Subject site is level.

Utilities: All utilities are provided to the site.

Visibility/Views: The Subject site has good visibility from North Shore Drive and Baron Cameron Avenue. Views north consist of wooded land, public tennis courts, and Lake Newport. Views east consist of wooded land, commercial buildings in average condition, and Crescent Apartments, an affordable rental development in average condition excluded from our analysis as it targets family households earning 80 percent of the AMI, or less. Views south of the Subject site consist of commercial uses in average condition. Views west of the Subject site currently consist of the existing Lake Anne Fellowship House I and II, but upon demolition and redevelopment, views will consist of for-sale townhomes in excellent condition. Overall, views are considered good.

Surrounding Uses: The Subject site is located in northeast Reston. The Subject site is rated as “Somewhat Walkable” by WalkScore with a score of 67, indicating that most errands require a car. The following depicts the surrounding uses of the Subject site.



View north from the Subject site



Lake Newport and single-family homes north of the Subject site

North: Immediately north of the Subject site, across Baron Cameron Avenue, is the Lake Newport tennis courts, a house of worship, and Lake Newport. Lake Newport is surrounded by single-family homes in average to good condition. Baron Cameron Park is located northeast of the Subject, and the Lake Newport Pool is located northwest of the Subject. The Apartments at Harbor Park, a garden-style, market-rate rental property in average condition, is located north of the Subject site off of Center Harbor Road. We excluded this property from our analysis due to the availability of other, new construction, highrise properties in the Subject’s market area. According to the property manager, The Apartments at Harbor Park is 95.8 percent occupied and 97.4 percent leased. The property manager estimated 30 inquiries per week, but could not estimate the proportion of senior tenants or the proportion of inquiries from senior households.



View east from the Subject site



Crescent Apartments (excluded)

East: Directly east of the Subject site is a parking lot associated with the commercial uses southeast of the Subject site, as well as a U-Haul. Crescent Apartments, an average-condition family LIHTC property, is located east of the Subject site. This property exhibits 100 percent occupancy. However, we excluded Crescent Apartments from our analysis as it offers an inferior-condition product in a differing development style, and it targets a different tenancy. Farther east of Crescent Apartments is a condominium development in average condition.



View south from the Subject site



Commercial uses south of the Subject site

South: South of the Subject site is the Lake Anne Village Center, a shopping center in average condition that includes restaurants, an art gallery, and other retail uses. Lake Anne is located southeast of the Subject site. Other uses south of the Subject site include townhomes in average condition, Lake Anne Elementary School, and the Hidden Creek Country Club.



Existing Lake Anne Fellowship House I and II



Townhomes west of the Subject site

West: Directly southwest of the Subject site is the existing Lake Anne Fellowship House I and II. Continuing southwest, there are condominiums and townhomes in average condition. West of the Subject site, on the north side of Baron Cameron Avenue, there are townhomes and single-family homes in average to good condition. Farther west, at the intersection of Baron Cameron Avenue and Reston Parkway, there are commercial uses including a Home Depot, a Harris Teeter grocery store, restaurants, and other retail uses. Reston Town center is located southwest of the Subject site at the intersection of New Dominion Parkway and Reston Parkway.

Access and Traffic Flow:

The Subject site is accessible from North Shore Drive, a moderately-trafficked, two-lane road. The Subject site is located 0.1 miles southwest of an access point to Baron Cameron Avenue, a heavily-trafficked, four-lane highway that provides access to Herndon to the west. The Subject site is located approximately 1.7 miles from Virginia 267/Dulles Access Road, which provides access to Dulles International Airport to the west, and Tysons Corner and Interstate 495 to the east. Overall, access and traffic flow are considered good.

Layout and Curb Appeal:

The Subject will consist of one, seven-story, elevator-serviced, highrise building. The Subject will be new construction and will have excellent curb appeal.

Drainage:

We requested, but were not provided with, soil and subsoil reports. Drainage appears adequate, but no tests were performed. Novogradac and Company are not experts in this field and cannot opine further.

Soil and Subsoil Conditions:

We requested, but were not provided with, soil and subsoil reports. Drainage appears adequate, but no tests were performed. Novogradac and Company are not experts in this field and cannot opine further.

Environmental Assessment:

We were provided with a Phase I Environmental Site Assessment (ESA) for the existing Lake Anne Fellowship

House I and II dated September 10, 2015, conducted by Connor Solutions. Connor Solutions' inspection revealed 10,000-gallon underground fuel oil storage tank to the rear east of the existing Subject building. Note that the location of the tank was on the site of Lake Anne Fellowship House I, and not on the site of the proposed Subject. The report advised that the storage tank must be properly abandoned in place or disposed of in accordance with local, state, and federal regulations. According to a closure report provided by ECS Mid-Atlantic, LLC dated April 4, 2016, the tank was removed by Ace Environmental on March 21, 2016. A follow-up screening did not detect any soil contamination.

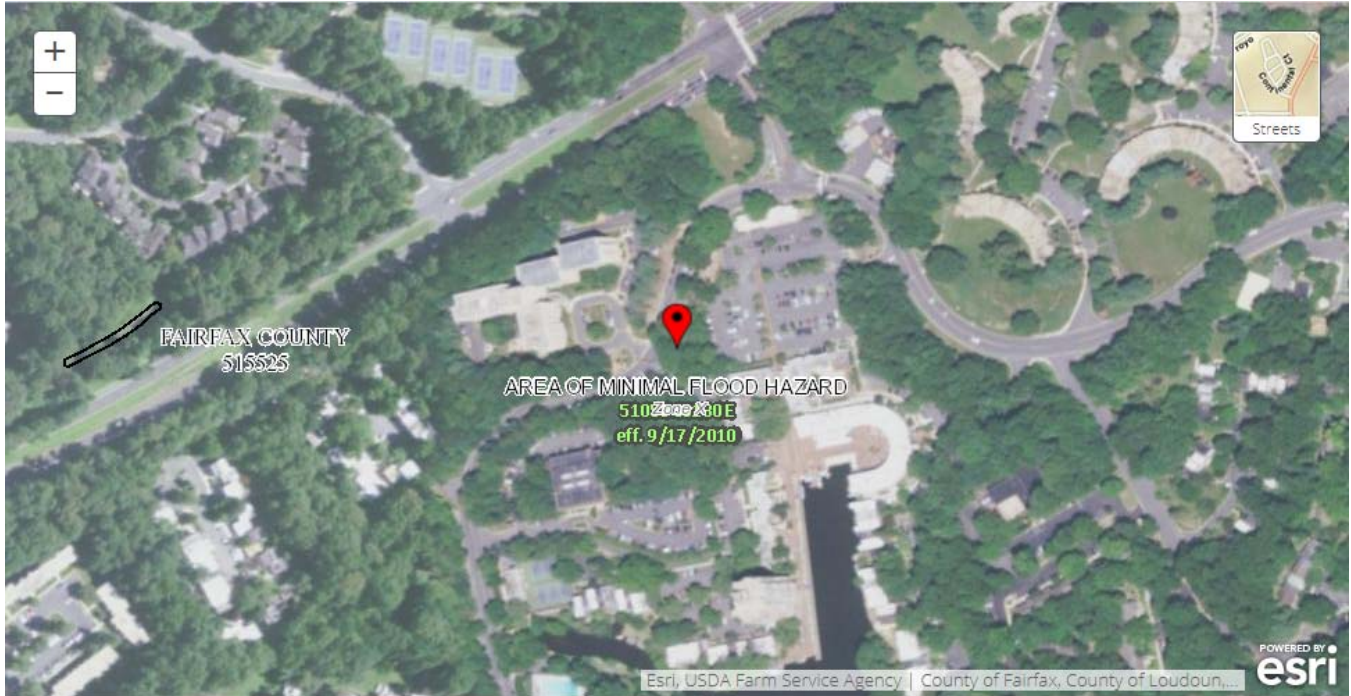
Connor Solutions' review also identified potential asbestos-containing materials in the existing Lake Anne Fellowship House I and II, for which they recommended an Operations and Maintenance program to abate. Connor Solutions' inspection revealed black mold on ceiling tiles in the common kitchen area related to water pipe condensation, and finally, a hydraulic fluid leak from the existing trash compactor. The report recommended repairing the mold damage and addressing the underlying structural cause, as well as using absorbents to address hydraulic fluid leakage until the leak could be repaired. The ESA did not identify any other environmental conditions, recognized or otherwise. Novogradac and Company are not experts in this field and cannot opine.

Detrimental Influences:

No potentially detrimental influences are identified for the Subject site.

Flood Plain:

According to the FEMA Flood Map Service Center Community Panel Number 51059C0130E effective on September 17, 2010, the Subject site is located in Zone X and is located in an area that is not in a flood zone. Further analysis is beyond the scope of this report. Novogradac & Company LLP does not have expertise in this field and cannot opine on this matter.



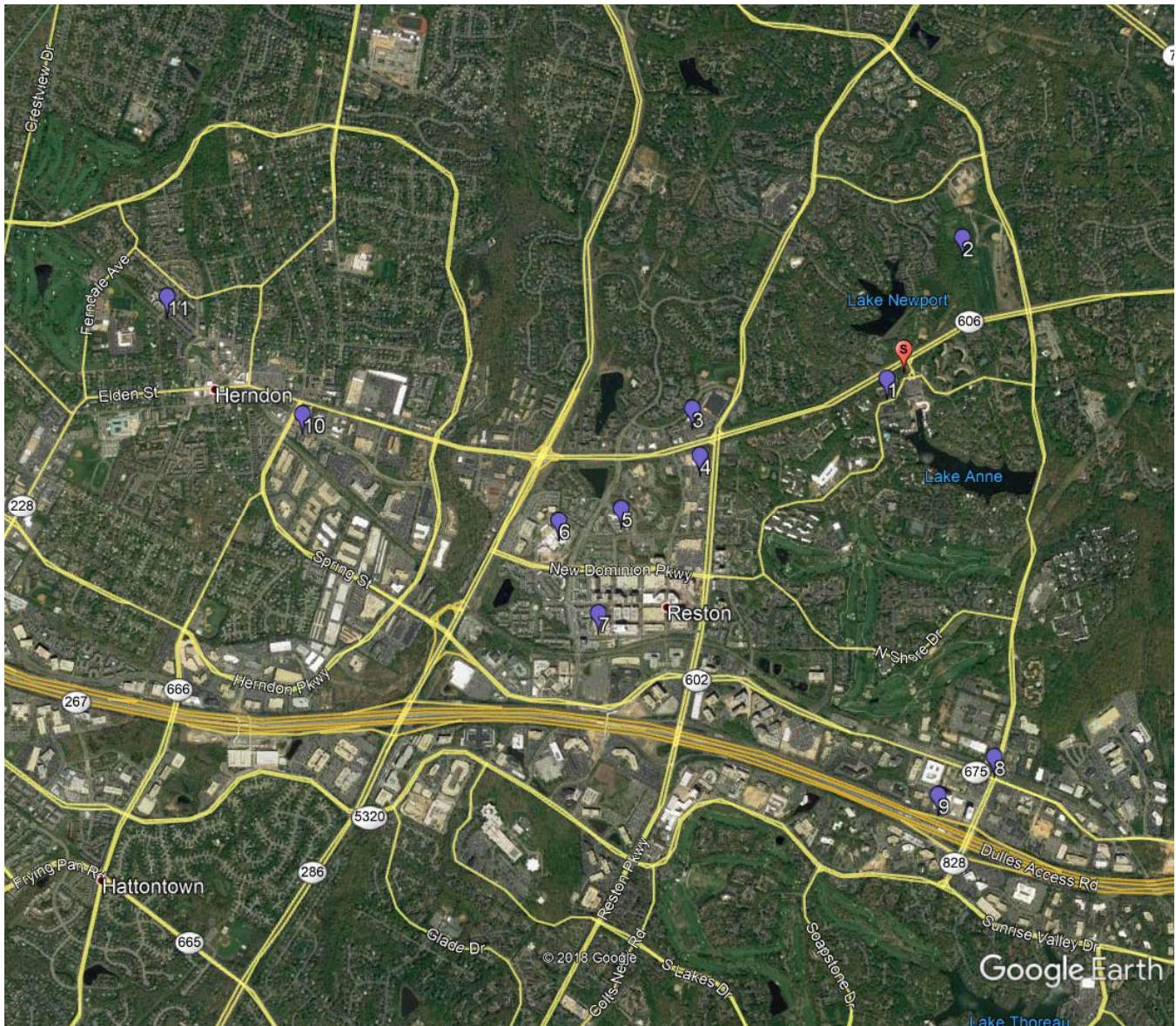
Source: FEMA Flood Map Service Center, March 2019.

Locational Amenities:

The following table and map illustrate the Subject’s proximity to necessary services. Map numbers correspond with the *Locational Amenities Map*, presented below.

LOCATIONAL AMENITIES

| Map # | Service or Amenity | Distance from Subject (Crow) |
|-------|----------------------------------|------------------------------|
| 1 | Bus Stop | < 0.1 miles |
| 2 | Baron Cameron Park | 0.5 miles |
| 3 | Presidential Bank | 0.7 miles |
| 4 | Harris Teeter | 0.7 miles |
| 5 | Fairfax County Police | 1.1 miles |
| 6 | Reston Hospital Center | 1.3 miles |
| 7 | CVS Pharmacy | 1.3 miles |
| 8 | Reston Fire Station | 1.4 miles |
| 9 | Wiehle-Reston East Metro Station | 1.5 miles |
| 10 | United States Postal Service | 2.1 miles |
| 11 | Herndon Senior Center | 2.5 miles |



Source: Google Earth, March 2019

Public Transportation:

According to the client, there will be a Fairfax Connector bus stop at the main entrance of the Subject. This will be served by Route 552, which travels east to Lake Fairfax Park and south to the Wiehle-Reston East Metro station, which is served by the Silver Line. Fairfax Connector one-way fare is \$2.00, or \$1.00 for seniors. Metro fares vary by the distance traveled and time of day.

Crime Statistics:

The following tables show crime statistics from 2018 for the PMA.

2018 CRIME INDICES

| | PMA | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area |
|------------------------|-----------|--|
| Total Crime* | 75 | 100 |
| Personal Crime* | 36 | 110 |
| Murder | 43 | 141 |
| Rape | 65 | 74 |
| Robbery | 38 | 147 |
| Assault | 31 | 96 |
| Property Crime* | 81 | 99 |
| Burglary | 42 | 70 |
| Larceny | 97 | 104 |
| Motor Vehicle Theft | 51 | 140 |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

*Unweighted aggregations

The table above illustrates the crime risk as an index where 100 represents the national average. Indices above 100 are above the national average, and indices below 100 are below the national average. Total crime risk in the PMA is below the national average and the crime risk in the MSA. The Subject will offer limited access and intercom systems. All of the comparable properties offer security features. Overall, the Subject’s security features appear market-oriented.

Conclusion:

The Subject’s neighborhood appears to be a good location for a multifamily development. The Subject’s location is within close proximity of many services and amenities. The Subject will be a compatible use with the existing neighborhood.

PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD



Subject site



Subject site



Subject site



Subject site



View east on North Shore Drive



View west on North Shore Drive



View east on Baron Cameron Avenue



View west on Baron Cameron Avenue



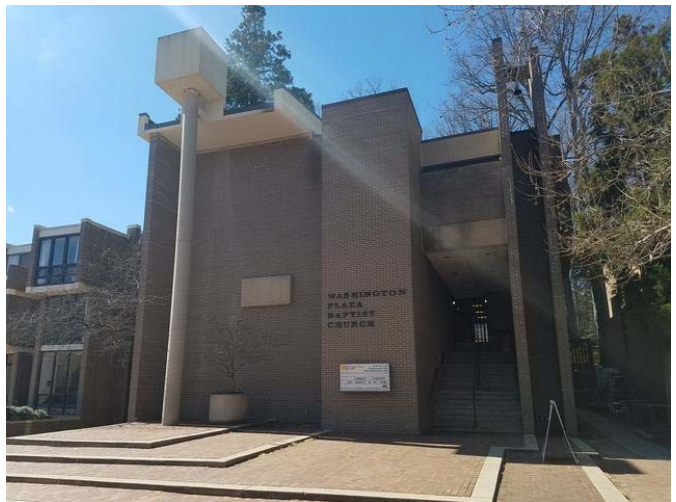
Office use adjacent south of the Subject site



Existing Lake Anne Fellowship House I and II adjacent west of the Subject site (to be demolished)



Office use and parking south of the Subject site



House of worship south of the Subject site



Park, commercial uses, and condominium uses south of the Subject site



Lake Anne and condominiums south of the Subject site



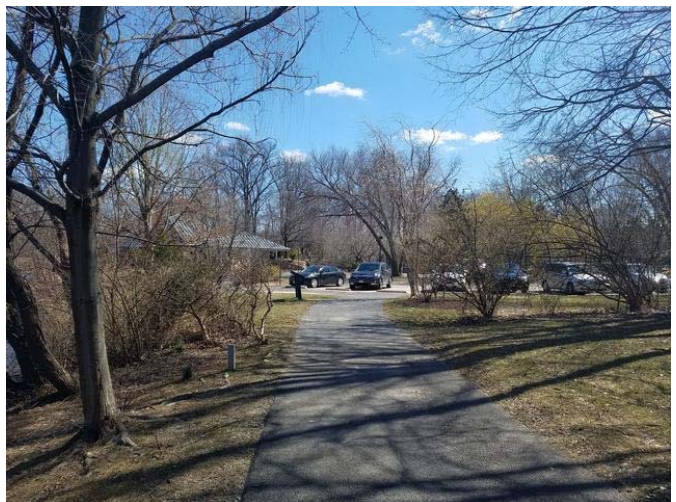
Baron Cameron park north of the Subject site



Lake Newport and single-family homes north of the Subject site



Single-family homes north of the Subject site



Lake Newport walking trail north of the Subject site



Single-family homes north of the Subject site



Single-family homes north of the Subject site



Public pool north of the Subject site



Commercial uses north of the Subject site



Grocery store north of the Subject site



Condominiums north of the Subject site



The Apartments at Harbor Park north of the Subject site (excluded – more comparable properties available)



Single-family home east of the Subject site



Single-family home east of the Subject site



Single-family home east of the Subject site



Single-family home east of the Subject site



Condominiums east of the Subject site



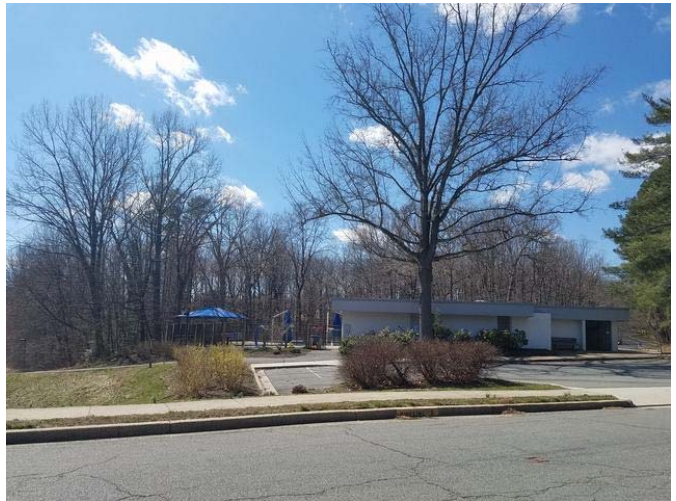
Crescent Apartments east of the Subject site (excluded – condition and tenancy)



Elementary school east of the Subject site



Park east of the Subject site



Public pool east of the Subject site



Condominiums south of the Subject site



Townhomes south of the Subject site



House of worship south of the Subject site



Golf course south of the Subject site



Condominiums west of the Subject site



Condominiums west of the Subject site



Office building west of the Subject site



House of worship west of the Subject site



Elementary school west of the Subject site



Grocery store west of the Subject site



Bank west of the Subject site



Commercial use west of the Subject site



Office building west of the Subject site



Commercial uses west of the Subject site

E. MARKET AREA DEFINITION

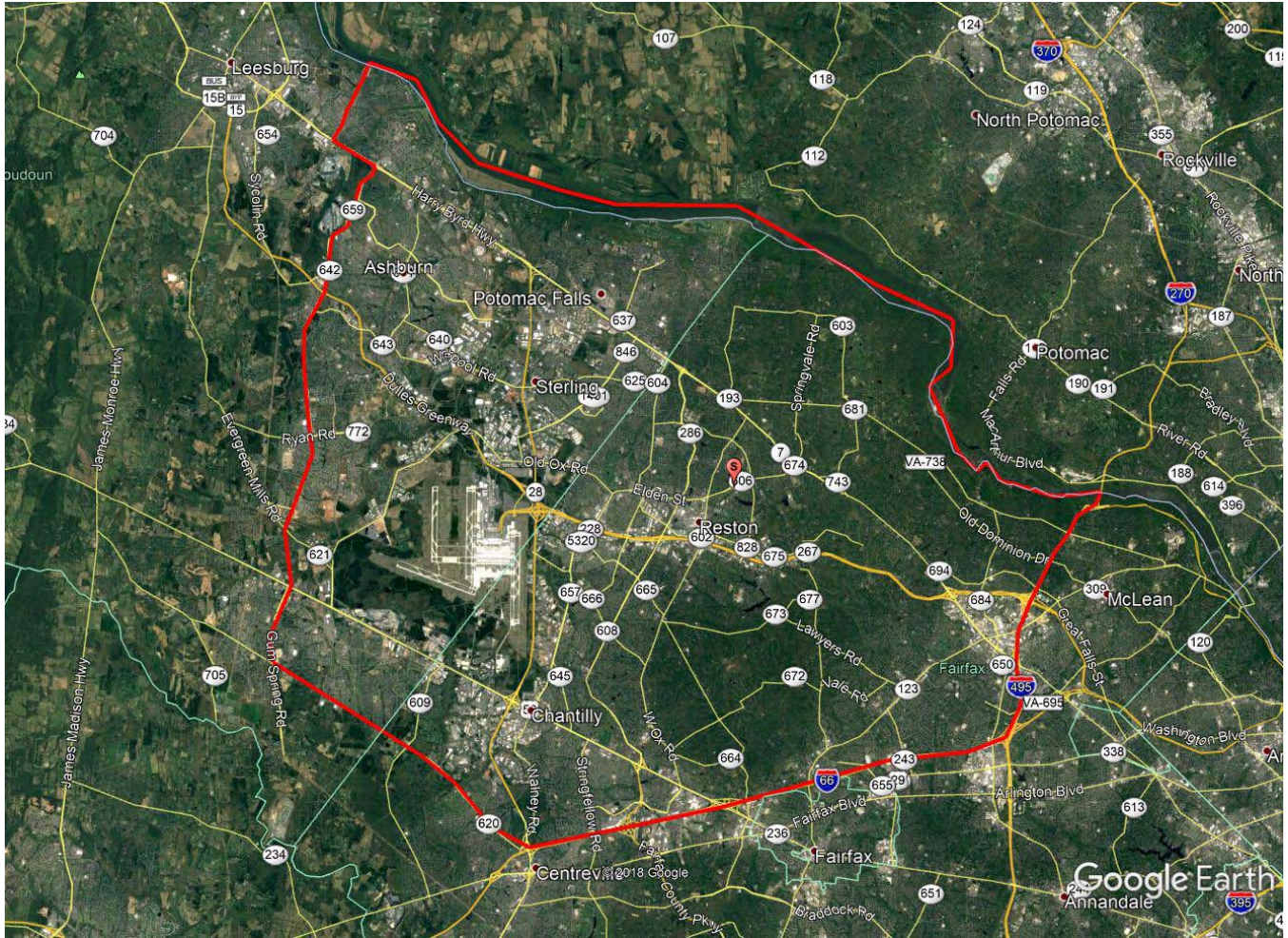
MARKET AREA

For the purpose of this study, it is necessary to define the competitive primary market area (PMA), or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below market rents.

The Subject property will be located in Reston, Virginia. The PMA is generally defined as the Potomac River to the north, Interstate 495 to the east, Interstate 66 and Braddock Road to the south, and VA 659 and Belmont Bridge Road to the west. This area was defined based on interviews with local market participants and local property managers. Property managers at the comparables reported that the majority of their tenants originate from within northern Virginia. The contact at Kendrick Court estimated that 75 percent of tenants are from Northern Virginia, and the contact at Cascades Village estimated that 70 percent of tenants are from northern Virginia. The contact at Forest Glen Phase II reported tenants from New York and Pennsylvania. Based on comments from property managers, we estimated that 30 percent of the Subject’s tenants will come from outside of these boundaries.

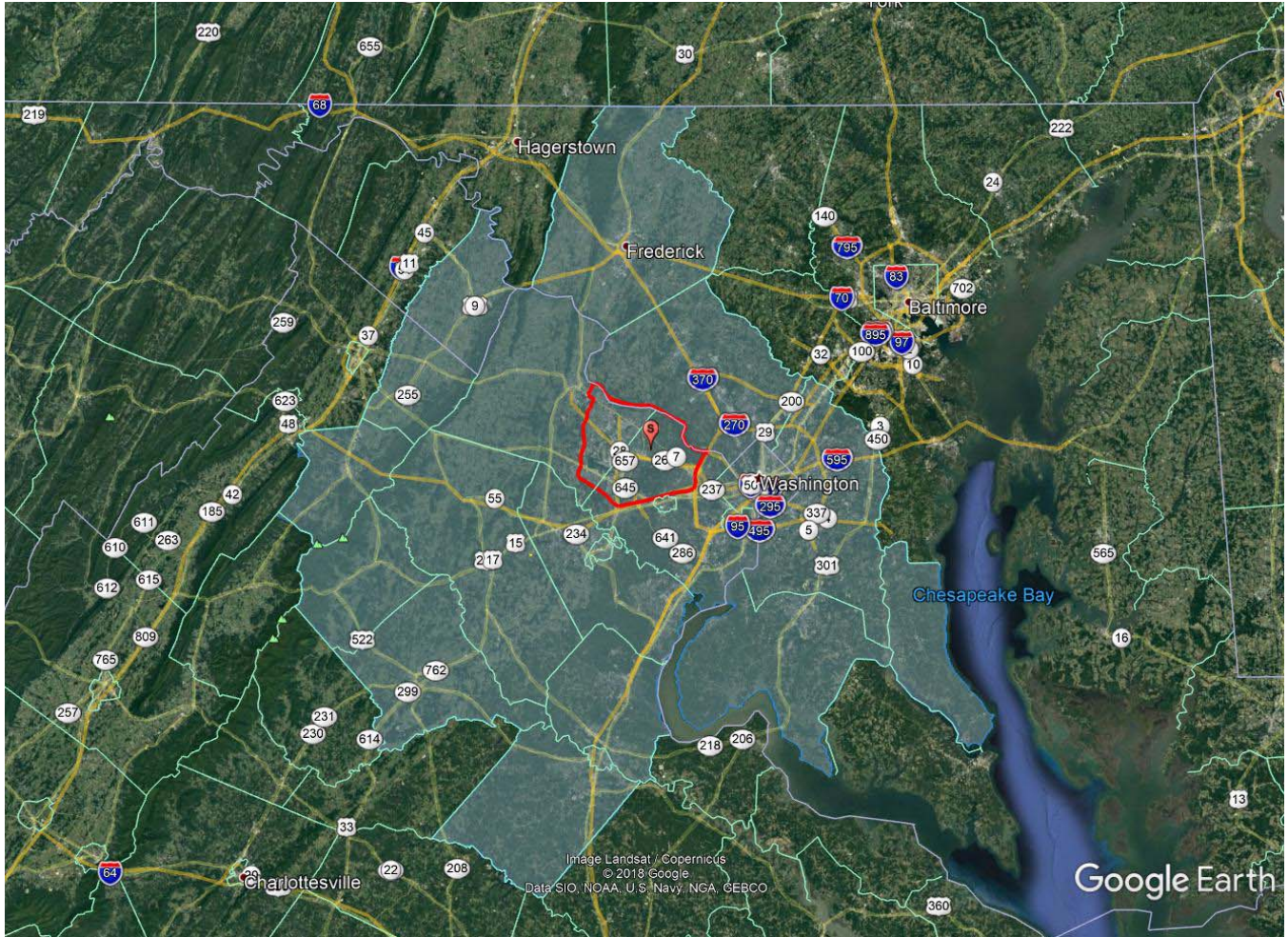
The Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) will serve as the Secondary Market Area (SMA). The MSA consists of Fairfax, Prince William, Loudoun, Arlington, Stafford, Spotsylvania, Fauquier, Warren, and Clarke Counties in Virginia, as well as the independent Virginia cities of Alexandria, Manassas, Fredericksburg, Fairfax, Manassas Park, and Falls Church; the MSA includes Montgomery, Prince George’s, Frederick, Charles, and Calvert Counties in Maryland, Jefferson County, West Virginia, and the District of Columbia. Maps outlining the general PMA boundaries as well as the MSA can be found on the following pages.

Primary Market Area Map



Source: Google Earth, March 2019

Metropolitan Statistical Area (MSA) Map



Source: Google Earth, March 2019

F. EMPLOYMENT AND ECONOMY

ECONOMIC ANALYSIS

The following sections will provide an analysis of the economic and demographic characteristics within the market area. Data such as population, households and growth patterns will be studied to determine if the Primary Market Area (PMA) and the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA) are areas of growth or contraction.

Employment by Industry

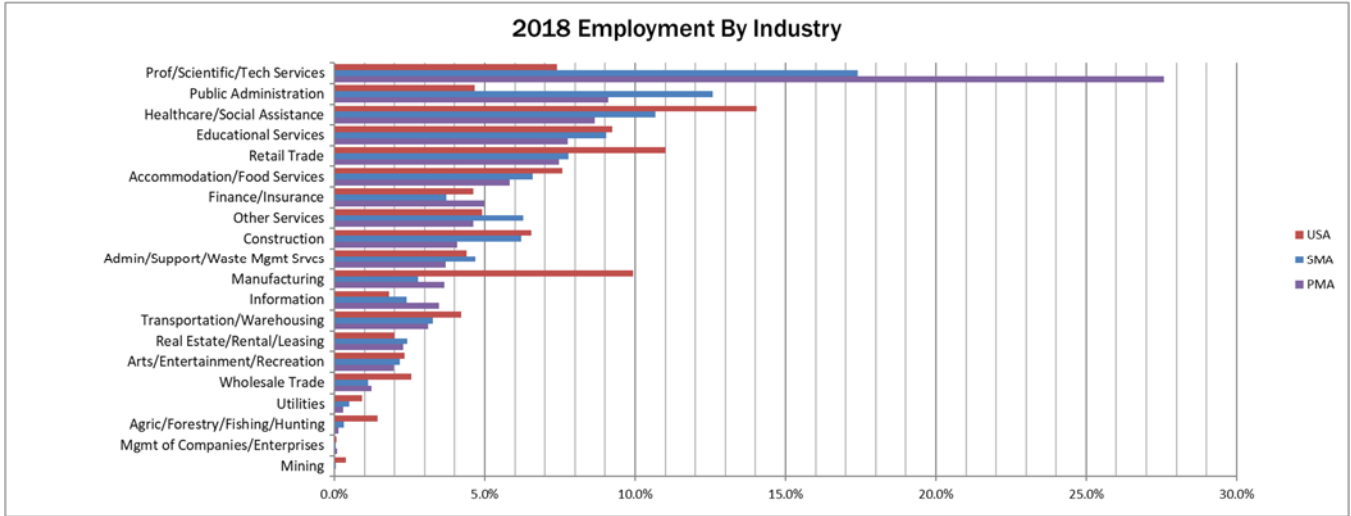
The following chart illustrates employment by industry as of 2018.

2018 EMPLOYMENT BY INDUSTRY

| Industry | PMA | | USA | |
|--------------------------------|-----------------|------------------|--------------------|------------------|
| | Number Employed | Percent Employed | Number Employed | Percent Employed |
| Prof/Scientific/Tech Services | 90,730 | 27.6% | 11,673,939 | 7.4% |
| Public Administration | 29,931 | 9.1% | 7,345,537 | 4.7% |
| Healthcare/Social Assistance | 28,439 | 8.6% | 22,154,439 | 14.0% |
| Educational Services | 25,533 | 7.8% | 14,568,337 | 9.2% |
| Retail Trade | 24,542 | 7.5% | 17,381,607 | 11.0% |
| Accommodation/Food Services | 19,157 | 5.8% | 11,958,374 | 7.6% |
| Finance/Insurance | 16,345 | 5.0% | 7,284,572 | 4.6% |
| Other Services | 15,216 | 4.6% | 7,758,801 | 4.9% |
| Construction | 13,394 | 4.1% | 10,333,928 | 6.5% |
| Admin/Support/Waste Mgmt Svcs | 12,188 | 3.7% | 6,943,459 | 4.4% |
| Manufacturing | 11,986 | 3.6% | 15,694,985 | 9.9% |
| Information | 11,408 | 3.5% | 2,881,691 | 1.8% |
| Transportation/Warehousing | 10,218 | 3.1% | 6,660,099 | 4.2% |
| Real Estate/Rental/Leasing | 7,519 | 2.3% | 3,165,171 | 2.0% |
| Arts/Entertainment/Recreation | 6,501 | 2.0% | 3,672,444 | 2.3% |
| Wholesale Trade | 4,022 | 1.2% | 4,028,405 | 2.6% |
| Utilities | 979 | 0.3% | 1,433,069 | 0.9% |
| Agric/Forestry/Fishing/Hunting | 400 | 0.1% | 2,273,158 | 1.4% |
| Mgmt of Companies/Enterprises | 308 | 0.1% | 87,511 | 0.1% |
| Mining | 74 | 0.0% | 591,596 | 0.4% |
| Total Employment | 328,890 | 100.0% | 157,891,122 | 100.0% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

Employment in the PMA is concentrated in the professional/scientific/technology services, public administration, and healthcare/social assistance industries, which collectively comprise 45.3 percent of local employment. The PMA economy appears to be concentrated in industries that are resilient to economic shocks during periods of downturn. Relative to the overall nation, the PMA features comparatively greater employment in the professional/scientific/technology services, public administration, and information industries. Conversely, the PMA is underrepresented in the manufacturing, healthcare/social assistance, and retail trade industries.



Growth by Industry

The following table illustrates the change in total employment by sector from 2000 to 2018 in the PMA.

2000-2018 CHANGE IN EMPLOYMENT - PMA

| Industry | 2000 | | 2018 | | 2000-2018 | |
|--------------------------------|-----------------|------------------|-----------------|------------------|----------------|--------------------|
| | Number Employed | Percent Employed | Number Employed | Percent Employed | Growth | Annualized Percent |
| Prof/Scientific/Tech Services | 44,902 | 20.3% | 90,730 | 27.6% | 45,828 | 5.7% |
| Public Administration | 22,007 | 9.9% | 29,931 | 9.1% | 7,924 | 2.0% |
| Healthcare/Social Assistance | 15,557 | 7.0% | 28,439 | 8.6% | 12,882 | 4.6% |
| Educational Services | 14,051 | 6.3% | 25,533 | 7.8% | 11,482 | 4.5% |
| Retail Trade | 19,645 | 8.9% | 24,542 | 7.5% | 4,897 | 1.4% |
| Accommodation/Food Services | 10,022 | 4.5% | 19,157 | 5.8% | 9,135 | 5.1% |
| Finance/Insurance | 12,477 | 5.6% | 16,345 | 5.0% | 3,868 | 1.7% |
| Other Services | 11,105 | 5.0% | 15,216 | 4.6% | 4,111 | 2.1% |
| Construction | 10,103 | 4.6% | 13,394 | 4.1% | 3,291 | 1.8% |
| Admin/Support/Waste Mgmt Svcs | 6,901 | 3.1% | 12,188 | 3.7% | 5,287 | 4.3% |
| Manufacturing | 10,900 | 4.9% | 11,986 | 3.6% | 1,086 | 0.6% |
| Information | 21,977 | 9.9% | 11,408 | 3.5% | -10,569 | -2.7% |
| Transportation/Warehousing | 7,981 | 3.6% | 10,218 | 3.1% | 2,237 | 1.6% |
| Real Estate/Rental/Leasing | 4,710 | 2.1% | 7,519 | 2.3% | 2,809 | 3.3% |
| Arts/Entertainment/Recreation | 3,450 | 1.6% | 6,501 | 2.0% | 3,051 | 4.9% |
| Wholesale Trade | 3,942 | 1.8% | 4,022 | 1.2% | 80 | 0.1% |
| Utilities | 833 | 0.4% | 979 | 0.3% | 146 | 1.0% |
| Agric/Forestry/Fishing/Hunting | 320 | 0.1% | 400 | 0.1% | 80 | 1.4% |
| Mgmt of Companies/Enterprises | 169 | 0.1% | 308 | 0.1% | 139 | 4.6% |
| Mining | 230 | 0.1% | 74 | 0.0% | -156 | -3.8% |
| Total Employment | 221,282 | 100.0% | 328,890 | 100.0% | 107,608 | 2.7% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

*Industry data current as of 2010. Other projections current as of 2018.

* Change in percentage is calculated as a rate of change by industry.

Total employment in the PMA increased at an annualized rate of 2.7 percent between 2000 and 2018. The industries which expanded most substantially during this period include professional/scientific/technology services, healthcare/social assistance, and accommodation/food services. Conversely, the information, manufacturing, and wholesale trade sectors experienced contractions. Overall, the PMA economy’s concentration in the professional/scientific/technology services industry is a positive sign of overall stability, as that industry experienced the strongest growth of all the sectors analyzed.

Major Employers

The following table details the largest private employers in Fairfax County as of the second quarter of 2018, according to the Fairfax County Economic Development Authority. Note that specific employee counts for each firm were not available.

MAJOR EMPLOYERS FAIRFAX COUNTY

| Employer Name | Industry | # Of Employees |
|-------------------------------|----------------------------|----------------|
| Inova Health System | Healthcare | 10,000+ |
| Booz Allen Hamilton | Professional Services | 5,000-9,999 |
| Capital One | Finance | 5,000-9,999 |
| Freddie Mac | Finance | 5,000-9,999 |
| SAIC | Professional Services | 5,000-9,999 |
| Amazon | Information/Warehousing | 2,000-4,999 |
| Constellis | Administrative Services | 2,000-4,999 |
| Deloitte | Professional Services | 2,000-4,999 |
| General Dynamics | Professional Services | 2,000-4,999 |
| MITRE Corporation | Professional Services | 2,000-4,999 |
| Navy Federal Credit Union | Finance | 2,000-4,999 |
| Northrop Grumman | Professional Services | 2,000-4,999 |
| Perspecta | Professional Services | 2,000-4,999 |
| Accenture | Professional Services | 1,500-2,499 |
| ADP | Administrative Services | 1,500-2,499 |
| AT&T | Telecommunications | 1,500-2,499 |
| Catholic Diocese of Arlington | Educational/Other Services | 1,500-2,499 |
| CGI | Professional Services | 1,500-2,499 |
| DXC Technology | Professional Services | 1,500-2,499 |
| Ernst and Young | Professional Services | 1,500-2,499 |
| Guidehouse | Professional Services | 1,500-2,499 |
| IBM | Professional Services | 1,500-2,499 |
| Insperty | Administrative Services | 1,500-2,499 |
| Kaiser Permanente | Finance/Insurance | 1,500-2,499 |
| KPMG | Professional Services | 1,500-2,499 |
| ManTech International | Professional Services | 1,500-2,499 |
| Quest Diagnostics | Healthcare | 1,500-2,499 |

Source: Fairfax County Economic Development Authority, Q2 2018; retrieved March 2019

The largest employers in Fairfax County are overwhelmingly concentrated in the professional services industry.

Employment Expansion/Contractions

The following table illustrates layoffs and closures in northern Virginia from March 2017 to present. These are provided from the Worker Adjustment and Retraining Notification (WARN) filings, according to the Virginia Employment Commission.

| NORTHERN VIRGINIA | | | |
|---|-----------------------|--------------------|-------------|
| Company | Industry | Employees Affected | Layoff Date |
| Crowne Plaza Hotels and Resorts | Alexandria, VA | 61 | 6/4/2019 |
| Macy's | Retail | 43 | 3/20/2019 |
| Broadcom | Telecommunications | 64 | 1/8/2019 |
| DH Leesburg Management, LLC | Professional Services | 401 | 12/31/2018 |
| NetCentrics Corporation | Professional Services | 149 | 10/31/2018 |
| Kmart | Retail | 83 | 11/18/2018 |
| CenseoHealth, LLC | Healthcare | 141 | 7/17/2018 |
| Aleut | Manufacturing | 126 | 8/31/2018 |
| Advanced Digestive Care | Healthcare | 90 | 9/1/2018 |
| Dream Center Education Holdings | Education | 118 | 8/28/2018 |
| INOVA Health System | Healthcare | 211 | 8/20/2018 |
| AECOM | Telecommunications | 173 | 7/27/2018 |
| PE Systems | Professional Services | 68 | 8/10/2018 |
| ABM/GCA Vehicle Services | Professional Services | 80 | 7/20/2018 |
| CACI | Professional Services | 65 | 6/30/2018 |
| Amazon | Distribution | 67 | 5/6/2018 |
| NJVC, LLC | Professional Services | 113 | 4/25/2018 |
| Quality Technology Services | Professional Services | 52 | 4/30/2018 |
| General Dynamics Information Technology | Professional Services | 73 | 4/24/2018 |
| AES Corporation | Professional Services | 70 | 4/6/2018 |
| BAE Systems, Inc. | Professional Services | 141 | 3/20/2018 |
| Transportation General, Inc. | Transportation | 80 | 3/4/2018 |
| Eulen America | Professional Services | 216 | 12/15/2017 |
| Zenith Education Group | Education | 33 | 1/8/2018 |
| Leidos | Professional Services | 62 | 12/29/2017 |
| General Dynamics Information Technology | Professional Services | 92 | 12/18/2017 |
| Charter Communications | Telecommunications | 52 | 10/7/2017 |
| First Potomac Realty Trust | Real Estate | 18 | 10/1/2017 |
| Nordstrom | Retail | 153 | 9/8/2017 |
| Leidos | Professional Services | 30 | 8/31/2017 |
| Kmart | Retail | 67 | 7/30/2017 |
| Jacobs Technology Inc. | Technology Services | 55 | 6/17/2017 |
| Cardinal Bank | Banking/Finance | 60 | 6/10/2017 |
| Dollar Express | Retail | 6 | 6/30/2017 |
| Bebe Stores, Inc. | Retail | 36 | 5/27/2017 |
| Macy's | Retail | 119 | 3/20/2017 |
| Charter Communications | Telecommunications | 59 | 3/30/2017 |
| ABM Healthcare Support Services | Healthcare | 130 | 3/31/2017 |
| CACI | Professional Services | 65 | 3/27/2017 |
| Total | | 3,722 | |

Source: Virginia Employment Commission, March 2019

According to the Virginia Employment Commission, there were 3,722 job losses in northern Virginia since March 2017. This represents a minimal proportion of the MSA workforce. Additionally, job gains in the MSA exceeded the losses detailed above.

An important factor underlying the depth of demand for rental units of all types is the level of employment expansion and contraction in a region. Significant economic developments in northern Virginia, according to the Fairfax County Economic Development Authority and the Arlington Economic Development Department, include:

- Appian, a technology development firm, announced in April 2018 the addition of 600 jobs associated with moving its headquarters to Tysons Corner. Appian will invest \$28.4 million and develop a new, 200,000 square foot headquarters. The move is being supported by grants from Fairfax County and the State of Virginia.
- MicroStrategy, another technology firm, announced in 2018 that it would add 300 jobs to its existing headquarters in Tysons Corner.
- KPMG announced the addition of 500 jobs to its existing Tysons Corner location.
- Bechtel, a global construction firm, announced in July 2018 that it would move its headquarters from San Francisco to Reston. Approximately 150 employees will be relocated to the new headquarters from Houston and San Francisco. Bechtel already has a presence in Reston, but will be consolidating operations there.
- In the fourth quarter of 2018, according to the Fairfax County Economic Development Authority, 34 companies announced establishments or expansions totaling 746 new jobs in Fairfax County. These new jobs will be primarily concentrated in the technology and professional services sectors.
- Nestle USA, the world's largest food and beverage company, relocated its U.S. headquarters from California to Arlington. The process was completed in 2018 and added 750 jobs, half of which are new hires.
- Nestlé will invest an additional \$5 million to relocate Gerber from New Jersey to join its U.S. headquarters in Arlington's Rosslyn neighborhood. Gerber is expected to occupy 23,392 square feet of office space in Rosslyn's 1812 North Moore address, creating a total of 150 new jobs. The process will be complete by the end of 2019.
- In December 2018, March of Dimes chose Arlington as its new home after a competitive bid process to relocate its current headquarters from New York. The organization will occupy approximately 28,000 square feet of office space at 1550 Crystal Drive in Crystal City and create 80 new jobs.
- In November 2018, Amazon chose Arlington as one half of its new headquarters. Amazon will invest approximately \$2.5 billion to establish a new headquarters in National Landing, which will create more than 25,000 high paying jobs and occupy four million square feet of energy-efficient office space with the opportunity to expand to eight million square feet over the next 12 years.

Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA from 2002 to December 2018.

EMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

| | <u>Washington-Arlington-Alexandria, DC-VA-MD-WV</u> | | | <u>USA</u> | | |
|-------------------|---|----------|------------------------|------------------|----------|------------------------|
| | <u>Metropolitan Statistical Area</u> | | | | | |
| | Total Employment | % Change | Differential from peak | Total Employment | % Change | Differential from peak |
| 2002 | 2,659,121 | - | -18.5% | 136,485,000 | - | -11.0% |
| 2003 | 2,682,624 | 0.9% | -17.8% | 137,736,000 | 0.9% | -10.2% |
| 2004 | 2,729,743 | 1.8% | -16.3% | 139,252,000 | 1.1% | -9.2% |
| 2005 | 2,803,963 | 2.7% | -14.1% | 141,730,000 | 1.8% | -7.6% |
| 2006 | 2,867,910 | 2.3% | -12.1% | 144,427,000 | 1.9% | -5.8% |
| 2007 | 2,905,565 | 1.3% | -10.9% | 146,047,000 | 1.1% | -4.8% |
| 2008 | 2,946,320 | 1.4% | -9.7% | 145,363,000 | -0.5% | -5.2% |
| 2009 | 2,893,543 | -1.8% | -11.3% | 139,878,000 | -3.8% | -8.8% |
| 2010 | 2,950,674 | 2.0% | -9.6% | 139,064,000 | -0.6% | -9.3% |
| 2011 | 3,002,205 | 1.7% | -8.0% | 139,869,000 | 0.6% | -8.8% |
| 2012 | 3,047,895 | 1.5% | -6.6% | 142,469,000 | 1.9% | -7.1% |
| 2013 | 3,077,800 | 1.0% | -5.7% | 143,929,000 | 1.0% | -6.1% |
| 2014 | 3,098,533 | 0.7% | -5.0% | 146,305,000 | 1.7% | -4.6% |
| 2015 | 3,132,426 | 1.1% | -4.0% | 148,833,000 | 1.7% | -2.9% |
| 2016 | 3,195,403 | 2.0% | -2.1% | 151,436,000 | 1.7% | -1.2% |
| 2017 | 3,262,831 | 2.1% | 0.0% | 153,337,000 | 1.3% | 0.0% |
| 2018 YTD Average* | 3,301,644 | 1.2% | - | 155,761,000 | 1.6% | - |
| Dec-2017 | 3,262,077 | - | - | 153,602,000 | - | - |
| Dec-2018 | 3,300,985 | 1.2% | - | 156,481,000 | 1.9% | - |

Source: U.S. Bureau of Labor Statistics, March 2019

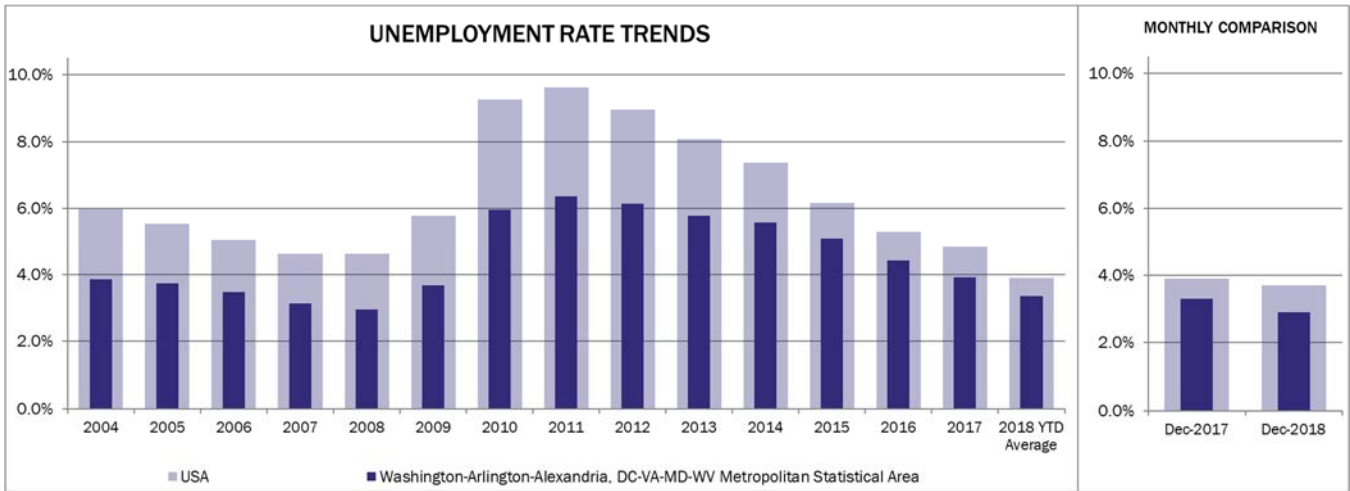
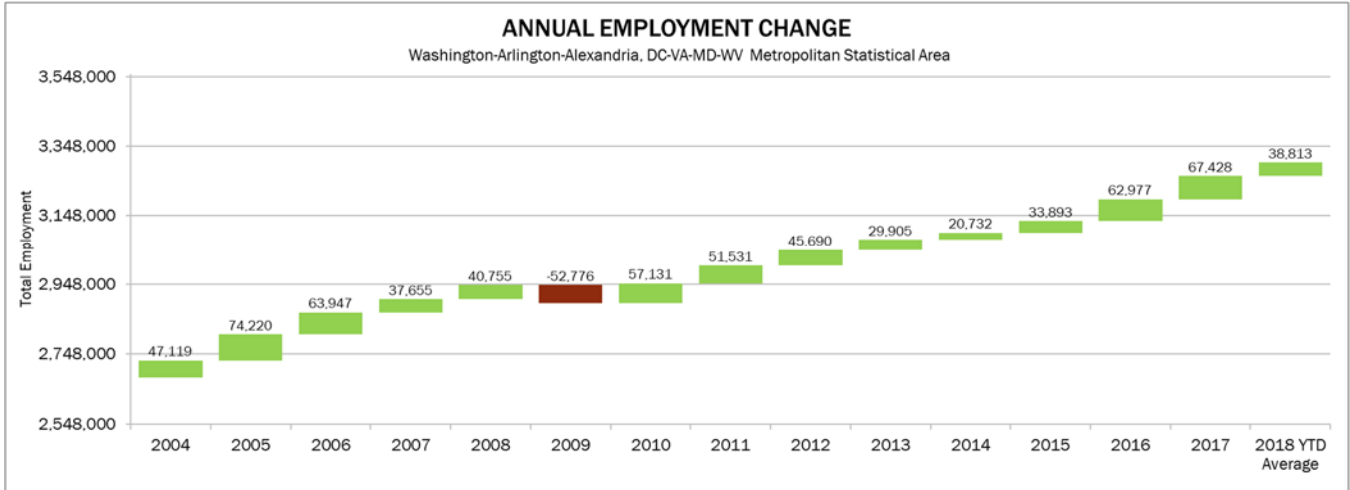
UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

| | <u>Washington-Arlington-Alexandria, DC-VA-MD-WV</u> | | | <u>USA</u> | | |
|-------------------|---|--------|---------------------------|----------------------|--------|---------------------------|
| | <u>Metropolitan Statistical Area</u> | | | | | |
| | Unemployment Rate | Change | Differential from peak | Unemployment Rate | Change | Differential from peak |
| 2002 | 4.0% | - | 1.0% | 5.8% | - | 1.4% |
| 2003 | 3.9% | -0.1% | 0.9% | 6.0% | 0.2% | 1.6% |
| 2004 | 3.7% | -0.1% | 0.8% | 5.5% | -0.5% | 1.2% |
| 2005 | 3.5% | -0.3% | 0.5% | 5.1% | -0.5% | 0.7% |
| 2006 | 3.1% | -0.4% | 0.2% | 4.6% | -0.5% | 0.3% |
| 2007 | 3.0% | -0.2% | 0.0% | 4.6% | 0.0% | 0.3% |
| 2008 | 3.7% | 0.7% | 0.7% | 5.8% | 1.2% | 1.4% |
| 2009 | 6.0% | 2.3% | 3.0% | 9.3% | 3.5% | 4.9% |
| 2010 | 6.4% | 0.4% | 3.4% | 9.6% | 0.3% | 5.3% |
| 2011 | 6.2% | -0.2% | 3.2% | 9.0% | -0.7% | 4.6% |
| 2012 | 5.8% | -0.4% | 2.8% | 8.1% | -0.9% | 3.7% |
| 2013 | 5.6% | -0.2% | 2.6% | 7.4% | -0.7% | 3.0% |
| 2014 | 5.1% | -0.5% | 2.1% | 6.2% | -1.2% | 1.8% |
| 2015 | 4.4% | -0.7% | 1.5% | 5.3% | -0.9% | 0.9% |
| 2016 | 3.9% | -0.5% | 1.0% | 4.9% | -0.4% | 0.5% |
| 2017 | 3.7% | -0.2% | 0.7% | 4.4% | -0.5% | 0.0% |
| 2018 YTD Average* | 3.4% | -0.3% | - | 3.9% | -0.4% | - |
| Dec-2017 | 3.3% | - | - | 3.9% | - | - |
| Dec-2018 | 2.9% | -0.4% | - | 3.7% | -0.2% | - |

Source: U.S. Bureau of Labor Statistics, March 2019

Annual job growth in the MSA outpaced the nation in four of the five years between 2003 and 2007. Comparatively speaking, the MSA economy performed well during the recession. Total MSA employment contracted by only 1.8 percent (2008-2009), less than the 4.8 percent decline reported by the overall nation (2007-2010). Employment in the MSA recovered and surpassed pre-recessionary levels in 2010, four years prior to the overall nation. Since 2012, average employment growth in the MSA trailed the nation in all but two years. As of December 2018, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 1.2 percent, compared to 1.9 percent nationally.

The MSA experienced a lower average unemployment rate relative to the overall nation during the years preceding the recession. The local labor market demonstrated relative strength during the recession, as the rate of unemployment increased by only 3.4 percentage points, compared to a 5.0 percentage point increase across the overall nation. Since 2012, the MSA generally experienced a lower unemployment rate compared to the overall nation. According to the most recent labor statistics, the unemployment rate in the MSA is 2.9 percent, lower than the current national unemployment rate of 3.7 percent. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.



Wages by Occupation

The following table illustrates the wages by occupation for the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA).

WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV METROPOLITAN STATISTICAL AREA - 2ND QTR 2017

| Occupation | Number of Employees | Mean Hourly Wage | Mean Annual Wage |
|--|---------------------|------------------|------------------|
| All Occupations | 2,490,690 | \$33.12 | \$68,880 |
| Legal Occupations | 62,290 | \$69.52 | \$144,610 |
| Management Occupations | 193,260 | \$69.16 | \$143,840 |
| Computer and Mathematical Occupations | 189,120 | \$50.36 | \$104,750 |
| Architecture and Engineering Occupations | 49,000 | \$48.84 | \$101,580 |
| Life, Physical, and Social Science Occupations | 47,670 | \$48.77 | \$101,450 |
| Business and Financial Operations Occupations | 255,890 | \$44.61 | \$92,780 |
| Healthcare Practitioners and Technical Occupations | 105,760 | \$43.29 | \$90,040 |
| Arts, Design, Entertainment, Sports, and Media Occupations | 63,270 | \$37.47 | \$77,930 |
| Education, Training, and Library Occupations | 155,330 | \$31.04 | \$64,560 |
| Community and Social Service Occupations | 32,030 | \$27.79 | \$57,810 |
| Protective Service Occupations | 77,480 | \$27.37 | \$56,930 |
| Installation, Maintenance, and Repair Occupations | 74,340 | \$25.91 | \$53,880 |
| Construction and Extraction Occupations | 91,120 | \$24.09 | \$50,100 |
| Sales and Related Occupations | 209,650 | \$21.53 | \$44,780 |
| Office and Administrative Support Occupations | 323,710 | \$21.35 | \$44,400 |
| Transportation and Material Moving Occupations | 108,190 | \$20.06 | \$41,720 |
| Production Occupations | 39,920 | \$19.88 | \$41,360 |
| Farming, Fishing, and Forestry Occupations | 1,850 | \$18.17 | \$37,790 |
| Healthcare Support Occupations | 46,000 | \$16.18 | \$33,660 |
| Personal Care and Service Occupations | 71,320 | \$14.94 | \$31,080 |
| Building and Grounds Cleaning and Maintenance Occupations | 84,570 | \$14.47 | \$30,110 |
| Food Preparation and Serving Related Occupations | 208,910 | \$12.88 | \$26,780 |

Source: Department Of Labor, Occupational Employment Statistics, 5/2017, retrieved 3/2019

The table above shows the average hourly and annual wages by occupation classification. The classification with the lowest average hourly wage is food preparation and serving related occupations at \$12.88 per hour. The highest average hourly wage, of \$69.52, is for those in legal occupations. Qualifying income for the Subject's affordable units will range between \$0 and \$56,280 under the proposed scenario. Absent subsidy, qualifying income's will range from \$36,930 and \$56,280. This encompasses a significant amount of the employment based on wages in the area. An element not reflected in the data is that many positions represent part-time employment, and starting rates are typically lower than mean wage rates. We expect that part-time employment and entry-level positions will be common amongst the Subject's tenant base.

Commuting Patterns

The chart below shows the travel time to work for the PMA according to US Census data.

COMMUTING PATTERNS

| ACS Commuting Time to Work | Number of Commuters | Percentage |
|----------------------------|---------------------|------------|
| Travel Time < 5 min | 4,147 | 1.5% |
| Travel Time 5-9 min | 17,678 | 6.2% |
| Travel Time 10-14 min | 30,556 | 10.8% |
| Travel Time 15-19 min | 38,974 | 13.7% |
| Travel Time 20-24 min | 38,642 | 13.6% |
| Travel Time 25-29 min | 17,014 | 6.0% |
| Travel Time 30-34 min | 39,690 | 14.0% |
| Travel Time 35-39 min | 9,081 | 3.2% |
| Travel Time 40-44 min | 14,584 | 5.1% |
| Travel Time 45-59 min | 33,122 | 11.7% |
| Travel Time 60-89 min | 30,738 | 10.8% |
| Travel Time 90+ min | 9,817 | 3.5% |
| Weighted Average | 32 minutes | |

Source: US Census 2018, Novogradac & Company, LLP March 2019

As shown in the preceding table, the weighted average commute time in the PMA is approximately 32 minutes. However, approximately 45.8 percent of PMA commuters travel under 24 minutes, indicating many households work in the local area. The national average commute time is approximately 28 minutes.

Conclusion

Employment in the PMA is concentrated in the professional/scientific/technology services, public administration, and healthcare/social assistance industries, which collectively comprise 45.3 percent of local employment. Overall, the PMA and MSA economies are concentrated in industries that are resilient to economic shocks during periods of downturn. This was evident during the recession, when total employment in the MSA fell by only 1.8 percent, compared to a 4.8 percent decline across the overall nation. Employment in the MSA recovered and surpassed pre-recessionary levels in 2010, four years prior to the overall nation. As of December 2018, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 1.2 percent, compared to 1.9 percent across the overall nation. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.

G. DEMOGRAPHIC CHARACTERISTICS

DEMOGRAPHIC CHARACTERISTICS

The table below illustrates population and household trends in the PMA, the MSA, and the nation from 2000 through 2023.

POPULATION

| Year | PMA | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|------|---------------|----------------------|--|----------------------|---------------|----------------------|
| | <i>Number</i> | <i>Annual Change</i> | <i>Number</i> | <i>Annual Change</i> | <i>Number</i> | <i>Annual Change</i> |
| 2000 | 396,581 | - | 4,837,251 | - | 281,038,168 | - |
| 2010 | 526,331 | 3.3% | 5,636,232 | 1.7% | 308,745,538 | 1.0% |
| 2018 | 592,058 | 1.5% | 6,196,188 | 1.2% | 330,088,686 | 0.8% |
| 2023 | 640,066 | 1.6% | 6,558,844 | 1.2% | 343,954,683 | 0.8% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

HOUSEHOLDS

| Year | PMA | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|------|---------------|----------------------|--|----------------------|---------------|----------------------|
| | <i>Number</i> | <i>Annual Change</i> | <i>Number</i> | <i>Annual Change</i> | <i>Number</i> | <i>Annual Change</i> |
| 2000 | 141,849 | - | 1,815,141 | - | 105,403,008 | - |
| 2010 | 187,482 | 3.2% | 2,094,048 | 1.5% | 116,716,296 | 1.1% |
| 2018 | 209,184 | 1.4% | 2,290,757 | 1.1% | 124,110,017 | 0.8% |
| 2023 | 225,178 | 1.5% | 2,420,003 | 1.1% | 128,855,931 | 0.8% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

As the tables illustrate, the PMA and the MSA are areas of population growth. Between 2010 and 2018, the PMA experienced greater population and household growth rates than the MSA or the nation. The rate of growth in the PMA is projected to increase slightly through 2023. This is a positive sign of future demand for rental housing.

Population by Age

POPULATION BY AGE IN 2018

| Age Cohort | PMA | | Washington-Arlington- Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|--------------|----------------|---------------|---|---------------|--------------------|---------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| 0-4 | 39,351 | 6.6% | 370,961 | 6.0% | 19,968,445 | 6.0% |
| 5-9 | 44,914 | 7.6% | 394,167 | 6.4% | 20,460,473 | 6.2% |
| 10-14 | 46,348 | 7.8% | 405,674 | 6.5% | 20,877,164 | 6.3% |
| 15-19 | 36,598 | 6.2% | 382,703 | 6.2% | 21,084,688 | 6.4% |
| 20-24 | 28,874 | 4.9% | 392,474 | 6.3% | 22,646,440 | 6.9% |
| 25-29 | 35,683 | 6.0% | 462,199 | 7.5% | 23,557,337 | 7.1% |
| 30-34 | 40,675 | 6.9% | 469,460 | 7.6% | 22,355,094 | 6.8% |
| 35-39 | 47,032 | 7.9% | 456,209 | 7.4% | 21,419,362 | 6.5% |
| 40-44 | 45,646 | 7.7% | 414,414 | 6.7% | 19,879,801 | 6.0% |
| 45-49 | 45,185 | 7.6% | 422,049 | 6.8% | 20,736,487 | 6.3% |
| 50-54 | 42,333 | 7.2% | 422,099 | 6.8% | 21,395,762 | 6.5% |
| 55-59 | 39,625 | 6.7% | 419,548 | 6.8% | 22,375,085 | 6.8% |
| 60-64 | 32,768 | 5.5% | 361,525 | 5.8% | 20,552,366 | 6.2% |
| 65-69 | 26,036 | 4.4% | 297,036 | 4.8% | 17,874,849 | 5.4% |
| 70-74 | 17,564 | 3.0% | 209,323 | 3.4% | 13,196,470 | 4.0% |
| 75-79 | 10,972 | 1.9% | 135,992 | 2.2% | 9,064,776 | 2.7% |
| 80-84 | 6,375 | 1.1% | 85,943 | 1.4% | 6,007,164 | 1.8% |
| 85+ | 6,077 | 1.0% | 94,412 | 1.5% | 6,636,923 | 2.0% |
| Total | 592,056 | 100.0% | 6,196,188 | 100.0% | 330,088,686 | 100.0% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

POPULATION BY AGE IN 2023 ESTIMATE

| Age Cohort | PMA | | Washington-Arlington- Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|--------------|----------------|---------------|---|---------------|--------------------|---------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| 0-4 | 42,636 | 6.7% | 392,993 | 6.0% | 20,712,703 | 6.0% |
| 5-9 | 45,669 | 7.1% | 394,403 | 6.0% | 20,686,037 | 6.0% |
| 10-14 | 46,948 | 7.3% | 406,353 | 6.2% | 21,356,683 | 6.2% |
| 15-19 | 40,141 | 6.3% | 398,328 | 6.1% | 21,696,066 | 6.3% |
| 20-24 | 29,199 | 4.6% | 382,758 | 5.8% | 21,612,571 | 6.3% |
| 25-29 | 39,217 | 6.1% | 466,931 | 7.1% | 22,724,609 | 6.6% |
| 30-34 | 47,228 | 7.4% | 524,826 | 8.0% | 24,574,306 | 7.1% |
| 35-39 | 49,031 | 7.7% | 498,835 | 7.6% | 23,129,515 | 6.7% |
| 40-44 | 50,712 | 7.9% | 466,781 | 7.1% | 21,944,713 | 6.4% |
| 45-49 | 45,095 | 7.0% | 409,518 | 6.2% | 19,928,478 | 5.8% |
| 50-54 | 44,189 | 6.9% | 418,079 | 6.4% | 20,822,718 | 6.1% |
| 55-59 | 39,266 | 6.1% | 405,700 | 6.2% | 21,014,806 | 6.1% |
| 60-64 | 36,574 | 5.7% | 393,782 | 6.0% | 21,745,623 | 6.3% |
| 65-69 | 29,838 | 4.7% | 334,795 | 5.1% | 19,744,824 | 5.7% |
| 70-74 | 22,954 | 3.6% | 265,228 | 4.0% | 16,251,664 | 4.7% |
| 75-79 | 15,468 | 2.4% | 184,245 | 2.8% | 11,695,481 | 3.4% |
| 80-84 | 8,753 | 1.4% | 110,885 | 1.7% | 7,323,303 | 2.1% |
| 85+ | 7,151 | 1.1% | 104,404 | 1.6% | 6,990,583 | 2.0% |
| Total | 640,069 | 100.0% | 6,558,844 | 100.0% | 343,954,683 | 100.0% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

General Household Income Distribution

The following table illustrates household income distribution in the PMA and the MSA.

HOUSEHOLD INCOME PMA

| Income Cohort | 2018 | | 2023 | | Annual Change 2018 to 2023 | |
|-------------------|----------------|---------------|----------------|---------------|----------------------------|------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| \$0-9,999 | 4,127 | 2.0% | 4,247 | 1.9% | 24 | 0.6% |
| \$10,000-19,999 | 4,800 | 2.3% | 4,928 | 2.2% | 26 | 0.5% |
| \$20,000-29,999 | 5,997 | 2.9% | 6,159 | 2.7% | 32 | 0.5% |
| \$30,000-39,999 | 6,729 | 3.2% | 6,867 | 3.0% | 28 | 0.4% |
| \$40,000-49,999 | 8,163 | 3.9% | 8,327 | 3.7% | 33 | 0.4% |
| \$50,000-59,999 | 8,466 | 4.0% | 8,778 | 3.9% | 62 | 0.7% |
| \$60,000-74,999 | 15,385 | 7.4% | 15,613 | 6.9% | 46 | 0.3% |
| \$75,000-99,999 | 23,845 | 11.4% | 25,041 | 11.1% | 239 | 1.0% |
| \$100,000-124,999 | 25,024 | 12.0% | 26,134 | 11.6% | 222 | 0.9% |
| \$125,000-149,999 | 21,393 | 10.2% | 23,109 | 10.3% | 343 | 1.6% |
| \$150,000-199,999 | 31,207 | 14.9% | 34,091 | 15.1% | 577 | 1.8% |
| \$200,000+ | 54,048 | 25.8% | 61,884 | 27.5% | 1,567 | 2.9% |
| Total | 209,184 | 100.0% | 225,178 | 100.0% | | |

Source: HISTA Data / Ribbon Demographics 2018, Novogradac & Company LLP, March 2019

HOUSEHOLD INCOME MSA

| Income Cohort | 2018 | | 2023 | | Annual Change 2018 to 2023 | |
|-------------------|------------------|---------------|------------------|---------------|----------------------------|------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| \$0-9,999 | 97,257 | 4.2% | 98,230 | 4.1% | 195 | 0.2% |
| \$10,000-19,999 | 104,198 | 4.5% | 106,327 | 4.4% | 426 | 0.4% |
| \$20,000-29,999 | 119,511 | 5.2% | 121,694 | 5.0% | 437 | 0.4% |
| \$30,000-39,999 | 129,958 | 5.7% | 132,709 | 5.5% | 550 | 0.4% |
| \$40,000-49,999 | 137,771 | 6.0% | 140,954 | 5.8% | 637 | 0.5% |
| \$50,000-59,999 | 140,672 | 6.1% | 144,835 | 6.0% | 833 | 0.6% |
| \$60,000-74,999 | 206,542 | 9.0% | 212,668 | 8.8% | 1,225 | 0.6% |
| \$75,000-99,999 | 296,551 | 12.9% | 309,151 | 12.8% | 2,520 | 0.8% |
| \$100,000-124,999 | 259,165 | 11.3% | 271,723 | 11.2% | 2,512 | 1.0% |
| \$125,000-149,999 | 197,056 | 8.6% | 211,902 | 8.8% | 2,969 | 1.5% |
| \$150,000-199,999 | 258,039 | 11.3% | 277,970 | 11.5% | 3,986 | 1.5% |
| \$200,000+ | 344,037 | 15.0% | 391,840 | 16.2% | 9,561 | 2.8% |
| Total | 2,290,757 | 100.0% | 2,420,003 | 100.0% | | |

Source: HISTA Data / Ribbon Demographics 2018, Novogradac & Company LLP, March 2019

Qualifying incomes for the Subject will range from \$0 to \$56,280 as proposed and \$36,930 to \$56,280 absent subsidy.

General Household Size Distribution

The following table is a summary of the household size distribution in the PMA, the MSA and the nation.

AVERAGE HOUSEHOLD SIZE

| Year | PMA | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|------|--------|---------------|--|---------------|--------|---------------|
| | Number | Annual Change | Number | Annual Change | Number | Annual Change |
| 2000 | 2.79 | - | 2.61 | - | 2.59 | - |
| 2010 | 2.80 | 0.0% | 2.64 | 0.1% | 2.58 | -0.1% |
| 2018 | 2.83 | 0.1% | 2.66 | 0.1% | 2.59 | 0.1% |
| 2023 | 2.84 | 0.1% | 2.67 | 0.1% | 2.61 | 0.1% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

The average household size in the PMA is larger than that of the MSA and the nation. According to ESRI demographic projections, household sizes in the PMA, MSA, and nation will increase slightly through 2023.

SENIOR POPULATION AND HOUSEHOLDS

The Subject will target senior households aged 62 and over. The following tables illustrate the population and household growth trends in the PMA, MSA, and nation from 1990 through 2018, as well as projections through 2023.

SENIOR POPULATION, 62+

| Year | PMA | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|------|---------|---------------|--|---------------|------------|---------------|
| | Number | Annual Change | Number | Annual Change | Number | Annual Change |
| 2000 | 30,851 | - | 538,548 | - | 41,431,899 | - |
| 2010 | 58,064 | 8.8% | 736,803 | 3.7% | 50,358,738 | 2.2% |
| 2018 | 86,685 | 6.0% | 1,039,621 | 5.0% | 65,111,602 | 3.6% |
| 2023 | 106,108 | 4.5% | 1,235,826 | 3.8% | 75,053,229 | 3.1% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

As seen in the previous table, senior population growth in the PMA was very strong from 2000 to 2018, outpacing national growth but matching MSA growth. Through 2023, senior population growth in the PMA is expected to slow, yet remain strong and will continue to match MSA growth but exceed national growth. The continued strong growth of the senior demographic in the PMA indicates sizeable demand for the Subject's age-restricted units.

HOUSEHOLDS WITH SENIOR HOUSEHOLDER, 62+

| Year | PMA | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|------|--------|---------------|--|---------------|------------|---------------|
| | Number | Annual Change | Number | Annual Change | Number | Annual Change |
| 2000 | 18,607 | - | 333,959 | - | 26,183,427 | - |
| 2010 | 30,285 | 6.3% | 431,502 | 2.9% | 30,451,595 | 1.6% |
| 2018 | 46,978 | 6.7% | 577,338 | 4.1% | 38,109,323 | 3.0% |
| 2023 | 59,020 | 5.1% | 695,505 | 4.1% | 43,303,850 | 2.7% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

As seen in the previous table, senior household growth in the PMA was strong and outpaced growth in the MSA and nation from 2010 to 2018. Through 2023, senior household growth in the PMA is anticipated to slow, but will remain above the senior household growth rates in the MSA and nation. The continued strong growth of the senior demographic in the PMA indicates sizeable demand for the Subject’s age-restricted units.

Senior Population Outlook

The table below illustrates senior population and household trends in the PMA, MSA, and nation from 2000 through 2023

POPULATION 50-64

| Year | PMA | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|------|---------|---------------|--|---------------|------------|---------------|
| | Number | Annual Change | Number | Annual Change | Number | Annual Change |
| 2000 | 62,864 | - | 743,119 | - | 41,816,260 | - |
| 2010 | 96,368 | 5.3% | 1,046,374 | 4.1% | 58,780,854 | 4.1% |
| 2018 | 114,726 | 2.3% | 1,203,172 | 1.8% | 64,323,213 | 1.1% |
| 2023 | 120,029 | 0.9% | 1,217,561 | 0.2% | 63,583,147 | -0.2% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

The number of adults ages 50 to 64 has increased significantly since 2010. This is due to the aging of the baby boomer cohort. While the growth of this age cohort will slow through 2023, the 62 and over age cohort is anticipated to continue growing at a robust pace. As such, we do not think that demand for the Subject will be negatively impacted by the slowing growth among the 50-64 age cohort.

Senior Household Income Distribution

The following tables illustrate senior household income distribution in 2018 and 2023 in the PMA and MSA.

HOUSEHOLD INCOME PMA 62+

| Income Cohort | PMA | | | | | |
|-------------------|---------------|---------------|---------------|---------------|----------------------------|------------|
| | 2018 | | 2023 | | Annual Change 2018 to 2023 | |
| | Number | Percentage | Number | Percentage | Number | Percentage |
| \$0-9,999 | 1,873 | 4.0% | 2,100 | 3.6% | 45 | 2.4% |
| \$10,000-19,999 | 2,233 | 4.8% | 2,461 | 4.2% | 46 | 2.0% |
| \$20,000-29,999 | 2,408 | 5.1% | 2,820 | 4.8% | 82 | 3.4% |
| \$30,000-39,999 | 2,676 | 5.7% | 3,055 | 5.2% | 76 | 2.8% |
| \$40,000-49,999 | 2,235 | 4.8% | 2,684 | 4.5% | 90 | 4.0% |
| \$50,000-59,999 | 2,290 | 4.9% | 2,813 | 4.8% | 105 | 4.6% |
| \$60,000-74,999 | 3,910 | 8.3% | 4,742 | 8.0% | 166 | 4.3% |
| \$75,000-99,999 | 5,493 | 11.7% | 6,951 | 11.8% | 292 | 5.3% |
| \$100,000-124,999 | 4,933 | 10.5% | 6,271 | 10.6% | 268 | 5.4% |
| \$125,000-149,999 | 3,937 | 8.4% | 5,075 | 8.6% | 228 | 5.8% |
| \$150,000-199,999 | 5,613 | 11.9% | 7,292 | 12.4% | 336 | 6.0% |
| \$200,000+ | 9,377 | 20.0% | 12,756 | 21.6% | 676 | 7.2% |
| Total | 46,978 | 100.0% | 59,020 | 100.0% | | |

Source: HISTA Data / Ribbon Demographics 2018, Novogradac & Company LLP, March 2019

HOUSEHOLD INCOME MSA 62+

| Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | | | | | |
|--|----------------|---------------|----------------|---------------|----------------------------|------------|
| Income Cohort | 2018 | | 2023 | | Annual Change 2018 to 2023 | |
| | Number | Percentage | Number | Percentage | Number | Percentage |
| \$0-9,999 | 31,732 | 5.5% | 36,048 | 5.2% | 863 | 2.7% |
| \$10,000-19,999 | 47,816 | 8.3% | 53,540 | 7.7% | 1,145 | 2.4% |
| \$20,000-29,999 | 44,024 | 7.6% | 50,560 | 7.3% | 1,307 | 3.0% |
| \$30,000-39,999 | 42,016 | 7.3% | 49,016 | 7.0% | 1,400 | 3.3% |
| \$40,000-49,999 | 39,276 | 6.8% | 46,503 | 6.7% | 1,445 | 3.7% |
| \$50,000-59,999 | 37,732 | 6.5% | 45,079 | 6.5% | 1,469 | 3.9% |
| \$60,000-74,999 | 53,454 | 9.3% | 63,905 | 9.2% | 2,090 | 3.9% |
| \$75,000-99,999 | 68,642 | 11.9% | 83,478 | 12.0% | 2,967 | 4.3% |
| \$100,000-124,999 | 53,504 | 9.3% | 65,353 | 9.4% | 2,370 | 4.4% |
| \$125,000-149,999 | 40,065 | 6.9% | 49,920 | 7.2% | 1,971 | 4.9% |
| \$150,000-199,999 | 49,619 | 8.6% | 61,862 | 8.9% | 2,449 | 4.9% |
| \$200,000+ | 69,458 | 12.0% | 90,241 | 13.0% | 4,157 | 6.0% |
| Total | 577,338 | 100.0% | 695,505 | 100.0% | | |

Source: HISTA Data / Ribbon Demographics 2018, Novogradac & Company LLP, March 2019

Senior Household Tenure

The following tables illustrate the tenure patterns for seniors in the PMA for the years 2000 and 2018, as well as the projected tenure patterns for the year 2023.

PMA TENURE PATTERNS OF SENIORS 62+

| Year | Owner-Occupied Units | Percentage Owner-Occupied | Renter-Occupied Units | Percentage Renter-Occupied |
|------|----------------------|---------------------------|-----------------------|----------------------------|
| 2000 | 15,258 | 82.0% | 3,349 | 18.0% |
| 2018 | 36,416 | 77.5% | 10,562 | 22.5% |
| 2023 | 46,513 | 78.8% | 12,507 | 21.2% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

Owner-occupied housing units dominate the housing market in the PMA. Nationally, approximately 15 percent of senior households are renters and 85 percent of senior households are owners. The PMA has a higher percentage of senior renter households than the nation as a whole. Through 2023, while the proportion of senior renter households is projected to decrease slightly, the number of senior renter households is projected to increase.

Senior Renter Household Income Distribution

The following tables illustrate total renter household income distribution.

RENTER HOUSEHOLD INCOME 62+

| Income Cohort | 2018 | | PMA 2023 | | Annual Change 2018 to 2023 | |
|-------------------|---------------|---------------|---------------|---------------|----------------------------|------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| \$0-9,999 | 1,038 | 9.8% | 1,099 | 8.8% | 12 | 1.2% |
| \$10,000-19,999 | 954 | 9.0% | 1,010 | 8.1% | 11 | 1.2% |
| \$20,000-29,999 | 992 | 9.4% | 1,077 | 8.6% | 17 | 1.7% |
| \$30,000-39,999 | 888 | 8.4% | 986 | 7.9% | 20 | 2.2% |
| \$40,000-49,999 | 585 | 5.5% | 690 | 5.5% | 21 | 3.6% |
| \$50,000-59,999 | 646 | 6.1% | 787 | 6.3% | 28 | 4.4% |
| \$60,000-74,999 | 933 | 8.8% | 1,123 | 9.0% | 38 | 4.1% |
| \$75,000-99,999 | 1,122 | 10.6% | 1,360 | 10.9% | 48 | 4.2% |
| \$100,000-124,999 | 987 | 9.3% | 1,230 | 9.8% | 49 | 4.9% |
| \$125,000-149,999 | 683 | 6.5% | 866 | 6.9% | 37 | 5.4% |
| \$150,000-199,999 | 776 | 7.3% | 1,019 | 8.1% | 49 | 6.3% |
| \$200,000+ | 958 | 9.1% | 1,260 | 10.1% | 60 | 6.3% |
| Total | 10,562 | 100.0% | 12,507 | 100.0% | | |

Source: HISTA Data / Ribbon Demographics 2018, Novogradac & Company LLP, March 2019

RENTER HOUSEHOLD INCOME 62+

| Income Cohort | 2018 | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area 2023 | | Annual Change 2018 to 2023 | |
|-------------------|----------------|---------------|--|---------------|----------------------------|------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| \$0-9,999 | 16,375 | 10.6% | 18,385 | 10.1% | 402 | 2.5% |
| \$10,000-19,999 | 22,631 | 14.6% | 25,158 | 13.8% | 505 | 2.2% |
| \$20,000-29,999 | 16,394 | 10.6% | 18,697 | 10.3% | 461 | 2.8% |
| \$30,000-39,999 | 13,846 | 8.9% | 15,958 | 8.8% | 422 | 3.1% |
| \$40,000-49,999 | 11,368 | 7.3% | 13,409 | 7.4% | 408 | 3.6% |
| \$50,000-59,999 | 10,198 | 6.6% | 12,193 | 6.7% | 399 | 3.9% |
| \$60,000-74,999 | 13,441 | 8.7% | 15,830 | 8.7% | 478 | 3.6% |
| \$75,000-99,999 | 14,516 | 9.4% | 17,284 | 9.5% | 554 | 3.8% |
| \$100,000-124,999 | 10,424 | 6.7% | 12,625 | 6.9% | 440 | 4.2% |
| \$125,000-149,999 | 7,804 | 5.0% | 9,649 | 5.3% | 369 | 4.7% |
| \$150,000-199,999 | 8,378 | 5.4% | 10,373 | 5.7% | 399 | 4.8% |
| \$200,000+ | 9,371 | 6.1% | 12,199 | 6.7% | 566 | 6.0% |
| Total | 154,746 | 100.0% | 181,760 | 100.0% | | |

Source: HISTA Data / Ribbon Demographics 2018, Novogradac & Company LLP, March 2019

Depicted above, approximately 44.7 percent of renter households in the PMA aged 62 and over have incomes less than \$40,000 annually. The large share of low-income renter households is a positive indicator for the Subject's proposed affordable units.

Household Size Distribution

The table below shows the breakdown of households by number of persons in the household within the Subject’s PMA.

| PMA HOUSEHOLD SIZE DISTRIBUTION 62+ | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2000 | | 2018 | | 2023 | |
| Household Size | Total | Percent | Total | Percent | Total | Percent |
| 1 persons | 6,262 | 33.7% | 14,493 | 30.9% | 17,804 | 30.2% |
| 2 persons | 9,274 | 49.8% | 22,043 | 46.9% | 27,152 | 46.0% |
| 3 persons | 1,956 | 10.5% | 5,691 | 12.1% | 7,503 | 12.7% |
| 4 persons | 659 | 3.5% | 2,474 | 5.3% | 3,376 | 5.7% |
| 5+ persons | 456 | 2.5% | 2,277 | 4.8% | 3,185 | 5.4% |
| Total | 18,607 | 100.0% | 46,978 | 100.0% | 59,020 | 100.0% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

As of 2018, the majority of households aged 62 and over in the PMA consist of one and two persons.

Renter Household Size Distribution

The table below shows the breakdown of renter households by number of persons in the household within the Subject’s PMA.

| PMA RENTER HOUSEHOLD SIZE DISTRIBUTION 62+ | | | | | | |
|--|--------------|---------------|---------------|---------------|---------------|---------------|
| | 2000 | | 2018 | | 2023 | |
| Household Size | Total | Percent | Total | Percent | Total | Percent |
| 1 persons | 2,101 | 62.7% | 5,494 | 52.0% | 6,434 | 47.7% |
| 2 persons | 881 | 26.3% | 2,692 | 25.5% | 3,141 | 25.5% |
| 3 persons | 173 | 5.2% | 845 | 8.0% | 964 | 9.7% |
| 4 persons | 121 | 3.6% | 731 | 6.9% | 922 | 7.9% |
| 5+ persons | 73 | 2.2% | 800 | 7.6% | 1,046 | 9.2% |
| Total | 3,349 | 100.0% | 10,562 | 100.0% | 12,507 | 100.0% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

Historically, the majority of senior renter households in the PMA have consisted of one and two-person households. In 2018, approximately 77.5 percent of senior renter households were one or two persons. Through 2023, that proportion is expected to decline to approximately 73.2 percent. Nonetheless, the vast majority of senior renter households will continue to be one and two-person households.

Median Household Income Levels

The table below illustrates median household income levels in the PMA, the MSA, and the nation from 2000 through 2023. Note that this is based on data for all household sizes and is independent of the calculation of AMI.

MEDIAN HOUSEHOLD INCOME

| Year | PMA | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|------|-----------|---------------|--|---------------|----------|---------------|
| | Amount | Annual Change | Amount | Annual Change | Amount | Annual Change |
| 2000 | \$76,297 | - | \$66,823 | - | \$44,872 | - |
| 2018 | \$130,917 | 3.9% | \$99,481 | 2.7% | \$58,100 | 1.6% |
| 2023 | \$140,902 | 1.5% | \$108,919 | 1.9% | \$65,727 | 2.6% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

As of 2018, the median income in the PMA is above the median household income of the surrounding MSA. Median household income growth in the PMA exceeded the MSA between 2000 and 2018. Income growth in both geographic areas exceeded national median income growth during this time period. Through 2023, income growth in the PMA is expected to slow below the rates projected for the MSA and nation. However, the PMA will still have the highest median household income of the three geographic areas analyzed. The overall rise in median income levels reflects a market where lower income households may be priced out by more affluent households. It also indicates that affordable housing properties should prosper in the future as incomes and, therefore, achievable rents rise.

Rent Overburdened Households

The following table illustrates the percentage of households paying greater than 35 percent of their income towards housing in the PMA, the MSA, and the nation.

RENT OVERBURDENED

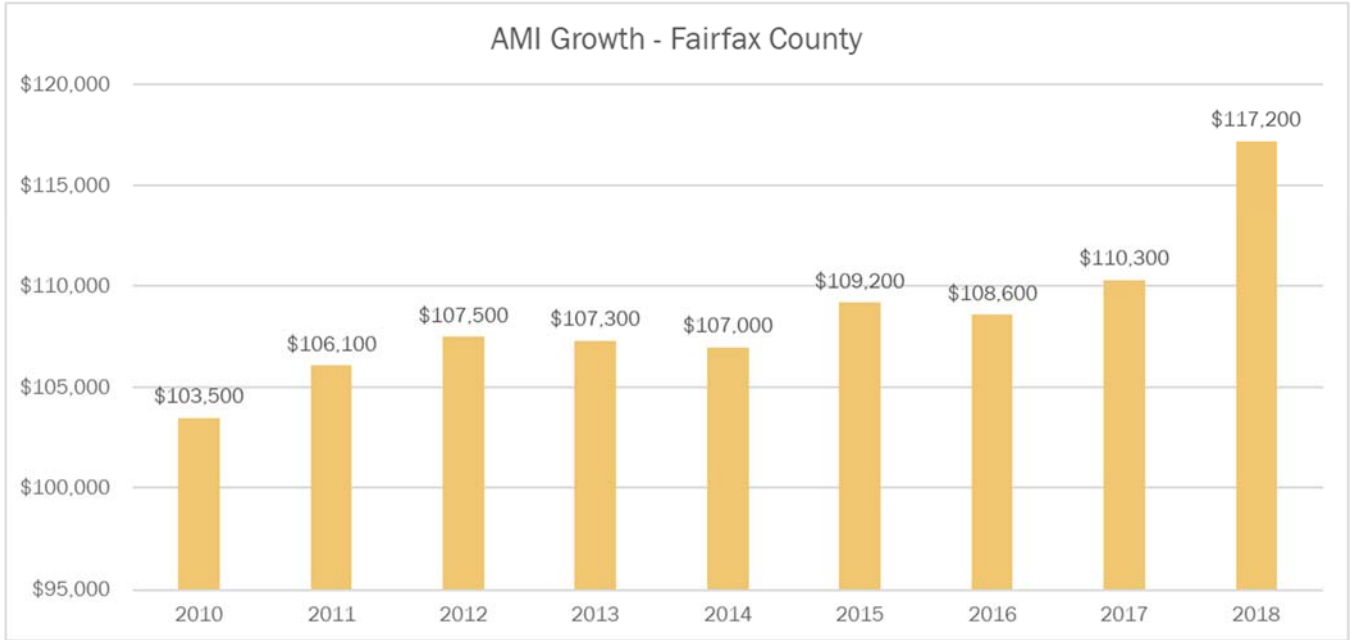
| Year | PMA | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|------|--------|------------|--|------------|------------|------------|
| | Amount | Percentage | Amount | Percentage | Amount | Percentage |
| 2018 | 16,683 | 30.6% | 289,106 | 36.9% | 16,657,755 | 39.5% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

As illustrated, the percentage of rent overburdened households in the PMA is below the MSA and the nation.

Area Median Income

For Section 42 LIHTC rent determination purposes, the AMI is used. The following chart illustrates the AMI level for a four-person household in Fairfax County, Virginia.



Source: Novogradac & Company, LLP, March 2019

Overall, the AMI has increased by an average of 1.7 percent annually between 2000 and 2018. Over 84 percent of counties in the country experienced an increase in AMI in 2018, and this is also true of Fairfax County. The AMI in Fairfax County reached a record high in 2018. The following chart illustrates the annual growth in AMI over the past five years.

FAIRFAX COUNTY AMI GROWTH (2013-2018)

| Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| AMI | \$107,300 | \$107,000 | \$109,200 | \$108,600 | \$110,300 | \$117,200 |
| Percentage | -0.2% | -0.3% | 2.1% | -0.5% | 1.6% | 6.4% |

Conclusion

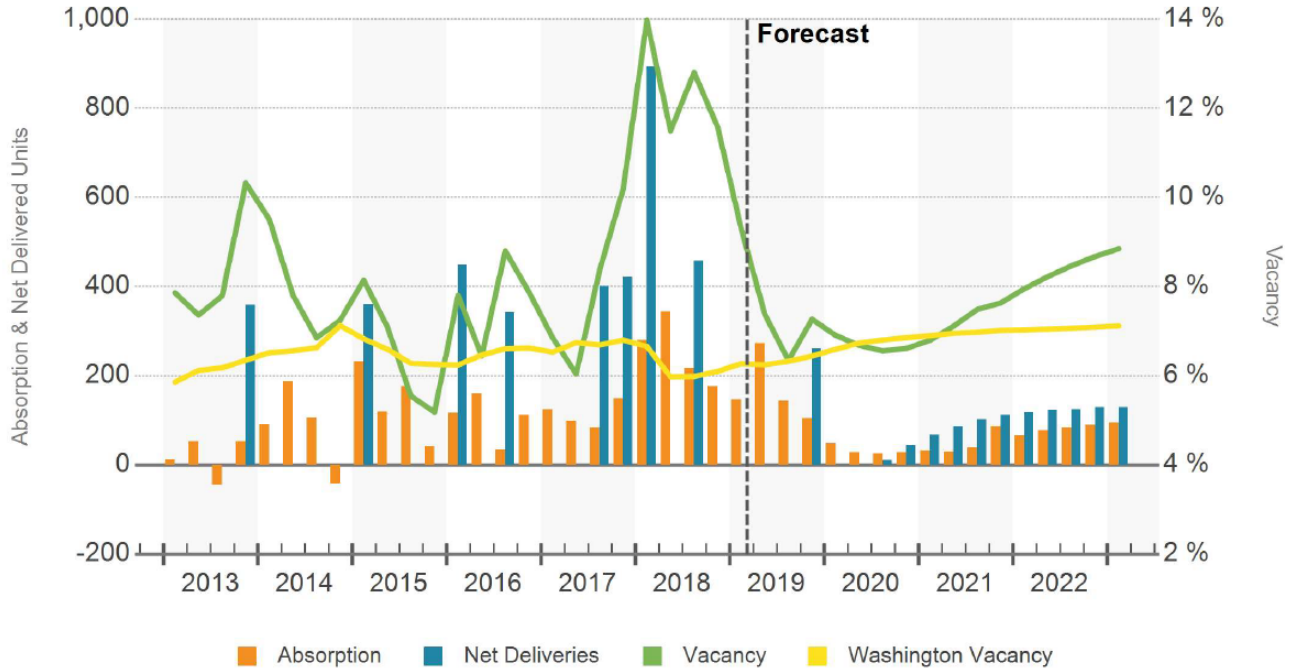
The Subject’s PMA has been characterized by strong senior population and household growth. This trend is anticipated to continue through 2023, though at a slower rate than experienced over the past eight years. Senior households in the PMA are concentrated among the lowest income cohorts, indicating a need for affordable senior rental housing in the Subject’s market. Based on information reported by local property managers, and the *Demand Analysis* illustrated later in this report, there appears to be adequate demand for the Subject’s units.

H.COMPETITIVE ENVIRONMENT

HOUSING SUMMARY

We consulted a Costar submarket report to gather information on the Reston rental market. The table below illustrates net deliveries, net absorption, and average vacancy in the Reston-Herndon Corridor submarket.

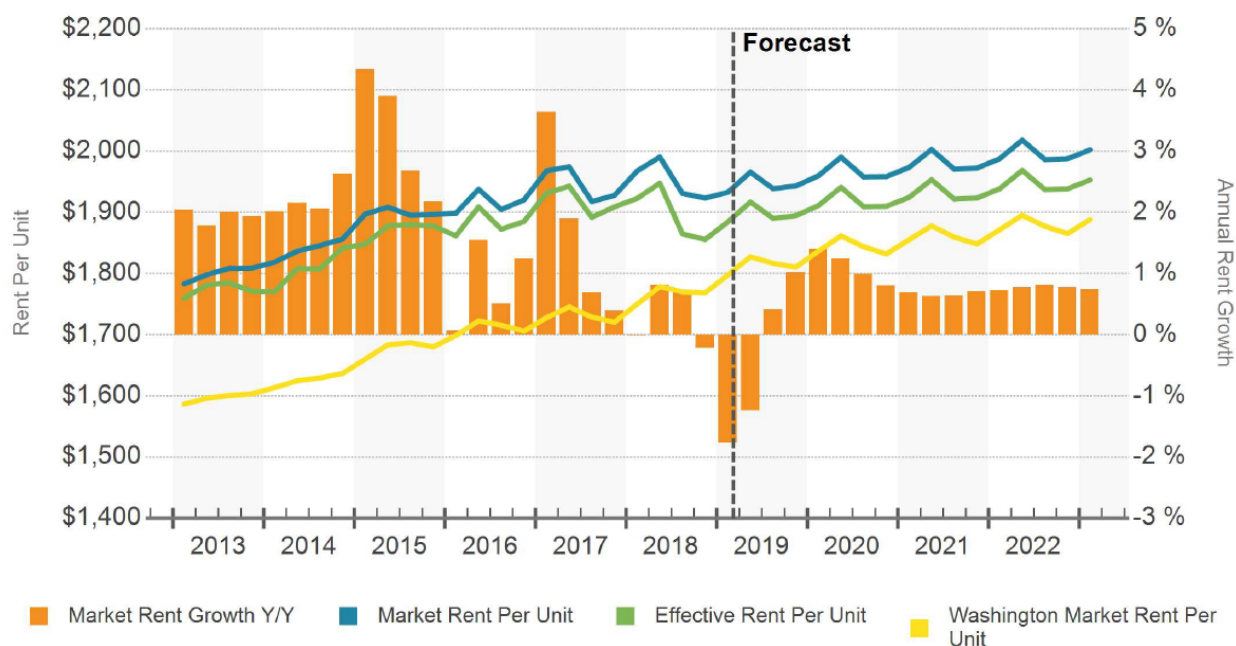
ABSORPTION, NET DELIVERIES & VACANCY



Source: Costar, March 2019

As of the first quarter of 2019, there are 14,320 rental units in the submarket, with an overall submarket vacancy rate of 10.1 percent. The submarket experienced significant additions to new supply over the past two years, related to the extension of the Metro Silver Line, which pushed vacancy rates upwards. However vacancy rates are declining as the new supply is absorbed. The chart above indicates that vacancy will decline to below eight percent over the course of 2019, and then rise through 2022 with modest new supply additions to the market. However, new construction data from CoStar indicates that there are nearly 16,000 multifamily rental units proposed or under construction in the Subject’s PMA. The PMA is projected to experience 1.5 percent annual general household growth through 2023, totaling 15,994 additional households. Even with significant projected household growth, we believe the Subject’s market may be at risk of oversupply. Nonetheless, as an affordable property targeting senior households, we do not believe the Subject will be adversely impacted.

MARKET RENT PER UNIT & RENT GROWTH



Source: Costar, March 2019.

Rent growth in the submarket has fluctuated over the past two years, as an influx of new supply entered the market and vacancy rates spiked. The submarket experienced rent decreases in the past two quarters. However, CoStar predicts that the submarket will achieve positive rent growth by the end of 2019, and continue to do so through 2022. However, quarterly rent growth is projected to be modest at less than one percent from the end of 2020 through 2022, which reflects the submarket’s risk of oversupply.

Age of Housing Stock

The following table illustrate the age of the existing housing stock in the PMA.

HOUSING STOCK BY YEAR BUILT

| | PMA | | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | | USA | |
|----------------------------|----------------|---------------|--|---------------|--------------------|---------------|
| Built 2005 or later | 6,930 | 3.4% | 57,052 | 2.5% | 2,573,002 | 1.9% |
| Built 2000 to 2004 | 46,862 | 23.2% | 353,430 | 15.4% | 19,705,347 | 14.8% |
| Built 1990 to 1999 | 49,204 | 24.4% | 332,994 | 14.5% | 18,762,073 | 14.1% |
| Built 1980 to 1989 | 43,855 | 21.8% | 376,002 | 16.4% | 18,355,676 | 13.7% |
| Built 1970 to 1979 | 33,555 | 16.6% | 340,670 | 14.9% | 20,901,765 | 15.7% |
| Built 1960 to 1969 | 13,620 | 6.8% | 287,385 | 12.5% | 14,563,783 | 10.9% |
| Built 1950 to 1959 | 4,910 | 2.4% | 225,332 | 9.8% | 14,255,447 | 10.7% |
| Built 1940 to 1949 | 1,184 | 0.6% | 120,836 | 5.3% | 6,954,604 | 5.2% |
| Built 1939 or earlier | 1,502 | 0.7% | 197,686 | 8.6% | 17,458,151 | 13.1% |
| Total Housing Units | 201,622 | 100.0% | 2,291,387 | 100.0% | 133,529,848 | 100.0% |

Source: US Census American Community Estimates, March 2019

As illustrated in the previous table, the majority of the housing stock in the Subject’s PMA was built prior to 2000. As new construction, the Subject will have an advantage over the competition.

Substandard Housing

The following table illustrates the percentage of housing units that are considered substandard.

| SUBSTANDARD HOUSING | | | |
|---------------------|------------|--|------------|
| Year | PMA | Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area | USA |
| | Percentage | Percentage | Percentage |
| 2018 | 1.49% | 1.12% | 1.70% |

Source: Esri Demographics 2018, Novogradac & Company LLP, March 2019

The percentage of residents living in substandard housing in the PMA is above that of the MSA, but below the nation.

Building Permits

The following table depicts building activity from 2000 through 2018 for Fairfax County.

| BUILDING PERMITS: FAIRFAX COUNTY 2000 - 2018* | | | | |
|---|--------------------------|-----------------------|---------------------|---------------|
| Year | Single-family and Duplex | Three and Four-Family | Five or More Family | Total Units |
| 2000 | 3,818 | 0 | 1,998 | 5,816 |
| 2001 | 3,498 | 0 | 2,623 | 6,121 |
| 2002 | 2,988 | 0 | 2,991 | 5,979 |
| 2003 | 3,140 | 0 | 880 | 4,020 |
| 2004 | 2,964 | 0 | 3,816 | 6,780 |
| 2005 | 2,276 | 0 | 2,077 | 4,353 |
| 2006 | 1,423 | 0 | 666 | 2,089 |
| 2007 | 1,268 | 0 | 250 | 1,518 |
| 2008 | 892 | 0 | 493 | 1,385 |
| 2009 | 769 | 0 | 0 | 769 |
| 2010 | 896 | 0 | 0 | 896 |
| 2011 | 785 | 0 | 0 | 785 |
| 2012 | 708 | 0 | 726 | 1,434 |
| 2013 | 722 | 0 | 313 | 1,035 |
| 2014 | 925 | 0 | 1,324 | 2,249 |
| 2015 | 837 | 3 | 1,881 | 2,721 |
| 2016 | 885 | 0 | 1,785 | 2,670 |
| 2017 | 1,034 | 0 | 930 | 1,964 |
| 2018* | 1,058 | 0 | 478 | 1,536 |
| Total | 30,886 | 3 | 23,231 | 54,120 |
| Average* | 1,626 | 0 | 1,223 | 2,848 |

*YTD, preliminary

Source: US Census Bureau Building Permits, March 2019

The preceding table indicates that local permit issuance peaked in 2004, several years prior to the national recession. Permit volume declined by 89 percent during the recession, reaching a low in 2009. Permit

issuance rose in four out of nine years between 2009 and 2017. The most recent full years with complete data indicate construction activity declined by 26.4 percent between 2016 and 2017, and remains 27.8 percent beneath post-recessionary highs recorded in 2015. Approximately 42.9 percent of the permits issued were for multifamily housing units over the period of analysis.

Rent/Buy Analysis

All of the Subject's units will be restricted to seniors age 62 and older. Therefore, we do not expect homeownership to be competitive with the Subject's units, and have not conducted a rent/buy analysis.

SURVEY OF COMPARABLE PROPERTIES

Comparable properties are examined on the basis of physical characteristics; i.e., building type, building age/quality, the level of common amenities, absorption rates, and similarity in rent structure. We attempted to compare the Subject to properties from the competing market, in order to provide a picture of the general economic health and available supply in the market.

Description of Property Types Surveyed/Determination of Number of Tax Credit Units

To evaluate the competitive position of the Subject, we surveyed 3,083 units in 12 rental properties. The availability of LIHTC data is considered excellent. We included the six senior LIHTC properties located in the PMA as comparables. In addition, we included six market-rate comparable properties located in the PMA. We selected the market-rate comparable properties primarily based on construction type, age, and unit mix, as well as proximity to the Subject. We excluded several garden-style, average-condition, market-rate properties as we believe our market-rate comparables provide better data for comparison. Overall, we believe the availability of data is adequate to support our conclusions.

Excluded properties include, but are not limited to the properties located in the following table.

EXCLUDED LIST

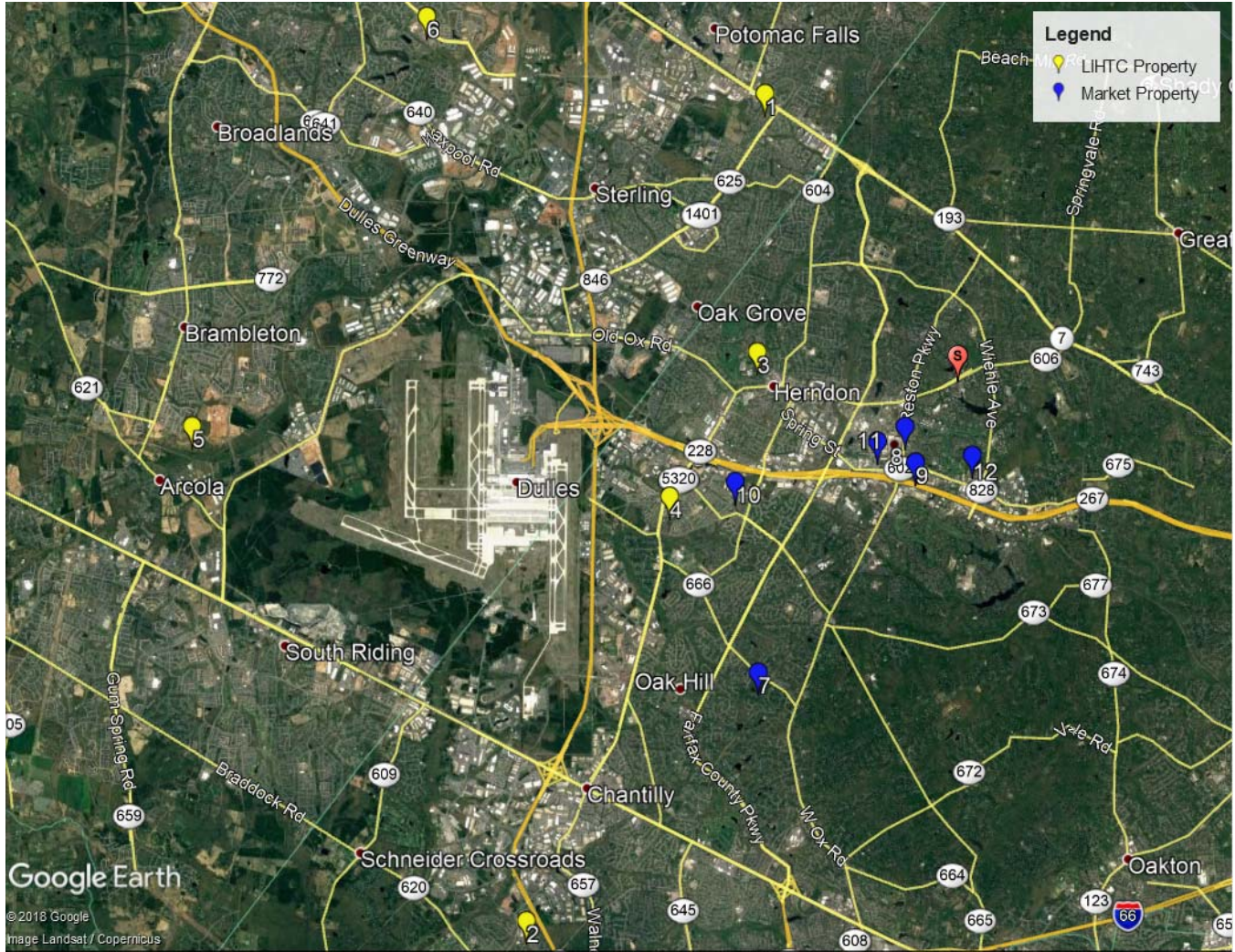
| Property Name | Rent Structure | Tenancy | Reason for Exclusion |
|--|-----------------|---------|------------------------------------|
| Cedar Ridge Apartments | LIHTC/Section 8 | Family | Subsidy/Tenancy |
| William Watters House | LIHTC/Section 8 | Senior | Subsidy |
| Stonegate Village | Section 8 | Family | Subsidy/Tenancy |
| Tyson's Towers | Section 8 | Senior | Subsidy |
| Coppermine Place | Section 8 | Senior | Subsidy |
| Dulles Center | LIHTC | Family | Tenancy/more comparable properties |
| Crescent Apartments | LIHTC | Family | Tenancy/more comparable properties |
| North Park | LIHTC | Family | Tenancy/more comparable properties |
| Jefferson Commons II | LIHTC | Family | Tenancy/more comparable properties |
| Fields at Cascades | LIHTC | Family | Tenancy/more comparable properties |
| Coppermine Run I | LIHTC | Family | Tenancy/more comparable properties |
| Fields of Sterling | LIHTC | Family | Tenancy/more comparable properties |
| Island Walk | LIHTC | Family | Tenancy/more comparable properties |
| Apartments at Harbour Park | Market | Family | Design and condition |
| Fairway Apartments | Market | Family | Design and condition |
| Sycamores | Market | Family | Design and condition |
| The Metropolitan at Reston Town Center | Market | Family | Could not contact |
| Berkdale Apartments | Market | Family | Design and condition |
| Dulles Glen | Market | Family | Design and condition |
| Dulles Greene | Market | Family | Design and condition |
| Hastead Dulles | Market | Family | Design and condition |
| Par Avenue Apartments | Market | Family | Design and condition |
| The Pointe at Dulles | Market | Family | Design and condition |
| Townes at Copper Springs | Market | Family | Design and condition |
| Townes at Herndon Center | Market | Family | Design and condition |
| St. Johns Wood | Market | Family | Design and condition |
| Colvin Woods | Market | Family | Design and condition |
| Waterside at Reston Apartments | Market | Family | Design and condition |
| Stuart Woods | Market | Family | Design and condition |
| Avalon Reston Landing | Market | Family | Design and condition |
| Ashford Meadows | Market | Family | Design and condition |

We excluded Crescent Apartments, a family LIHTC property restricted to households earning 60 percent of the AMI and that is located east of the Subject site, in the Subject’s neighborhood. We excluded this property due to its average condition and its differing tenancy from the proposed Subject. Crescent Apartments exhibits 100 percent occupancy with a waiting list of 29 households. The contact at this property could not estimate the proportion of senior tenants.

We also excluded The Apartments at Harbor Park, an average-condition, garden-style, market-rate property located north of the Subject site in the Subject’s neighborhood. We excluded this property due to its average condition and the availability of more comparable, highrise-style market-rate developments in the Subject’s market area. The Apartments at Harbor Park exhibits 95.8 percent occupancy. The property contact reported that there is not a waiting list, but estimated 30 inquiries per week. The contact at The Apartments at Harbor Park could not estimate the proportion of senior tenants or inquiries from seniors.

Detailed matrices describing the individual competitive properties, as well as the proposed Subject, are provided in the addenda of this report. A map illustrating the location of the Subject in relation to the comparable properties follows.

Comparable Rental Property Map



Source: Google Earth, March 2019

COMPARABLE PROPERTIES

| # | Comparable Property | City | Rent Structure | Tenancy | Distance to Subject |
|----------|--|---------------|-------------------------|---------------|---------------------|
| S | New Lake Anne Fellowship House | Reston | @60% (Section 8) | Senior | - |
| 1 | Cascades Village | Sterling | @50%, @60% | Senior | 4.4 miles |
| 2 | Forest Glen Senior Apartments Phase II | Centreville | @60% | Senior | 9.0 miles |
| 3 | Herndon Harbor House | Herndon | @50%, @60% | Senior | 2.6 miles |
| 4 | Kendrick Court | Herndon | @60% | Senior | 4.0 miles |
| 5 | The Woods At Birchwood | Ashburn | @40%, @50%, @60% | Senior | 9.9 miles |
| 6 | Wingler House Apartments | Ashburn | @60% | Senior | 8.3 miles |
| 7 | Ashton At Dulles Corner | Herndon | Market | Family | 4.6 miles |
| 8 | BLVD At Reston Station | Reston | Market | Family | 0.9 miles |
| 9 | Exo Reston | Reston | Market | Family | 1.2 miles |
| 10 | Monroe Place | Herndon | Market | Family | 3.2 miles |
| 11 | The Avant At Reston Town Center | Reston | Market | Family | 1.3 miles |
| 12 | The Cosmopolitan At Reston Town Center | Reston | Market | Family | 1.0 miles |

LAKE ANNE FELLOWSHIP HOUSE – RESTON, VIRGINIA – MARKET STUDY

SUMMARY MATRIX

| Comp # | Property Name | Distance to Subject | Type / Built / Renovated | Rent Structure | Unit Description | # | % | Size (SF) | Restriction | Rent (Adj) | Max Rent? | Waiting List? | Vacant Units | Vacancy Rate | | | | | | |
|-----------|--|---------------------|--|-------------------------|------------------|--|-----------|---|-------------|------------|-----------|---------------|--------------|--------------|-------|----|-----|---|------|--|
| Subject | New Lake Anne Fellowship House 11448 North Shore Drive Reston, VA 20190 Fairfax County | | Highrise 7-stories 2021 / n/a Senior | @60% (PBRA), @60% (RAD) | 0BR / 1BA | 32 | 13.3% | 579 | @60% (PBRA) | \$1,700 | N/A | N/A | N/A | N/A | | | | | | |
| | | | | | 0BR / 1BA | 29 | 12.1% | 579 | @60% (RAD) | \$1,564 | N/A | N/A | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | 111 | 46.3% | 674 | @60% (PBRA) | \$2,000 | N/A | N/A | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | 62 | 25.8% | 674 | @60% (RAD) | \$1,850 | N/A | N/A | N/A | N/A | | | | | | |
| | | | | | 2BR / 1BA | 6 | 2.5% | 986 | @60% (PBRA) | \$2,400 | N/A | N/A | N/A | N/A | | | | | | |
| | | | | | 240 | | | | | | | | | | | | | | | |
| 1 | Cascades Village 46565 Harry Byrd Highway Sterling, VA 20164 Loudoun County | 4.4 miles | Lowrise 3-stories 2001 / 2018 Senior | @50%, @60% | 1BR / 1BA | 43 | 28.7% | 702 | @60% | \$1,245 | Yes | Yes | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | 40 | 26.7% | 750 | @60% | \$1,245 | Yes | Yes | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | 40 | 26.7% | 768 | @60% | \$1,245 | Yes | Yes | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | 27 | 18.0% | 886 | @50% | \$1,229 | Yes | Yes | 0 | 0.0% | | | | | | |
| | | | | | 150 | | | | | | | | | | | | | | | |
| 2 | Forest Glen Phase II 14400 Woodmere Court Centreville, VA 20120 Fairfax County | 9.0 miles | Midrise 4-stories 1997 / 2017 Senior | @60% | 1BR / 1BA | 101 | 84.9% | 566 | @60% | \$1,230 | Yes | No | 3 | 3.0% | | | | | | |
| | | | | | 2BR / 1BA | 18 | 15.1% | 806 | @60% | \$1,463 | Yes | Yes | 0 | 0.0% | | | | | | |
| | | | | | 119 | | | | | | | | | | | | | | | |
| 3 | Herndon Harbor House 912 Jorris Place Herndon, VA 20170 Fairfax County | 2.6 miles | Midrise 4-stories 1998 / n/a Senior | @50%, @60% | 1BR / 1BA | 4 | 3.3% | 485 | @50% | \$927 | Yes | Yes | 0 | 0.0% | | | | | | |
| | | | | | 1BR / 1BA | 56 | 46.7% | 572 | @50% | \$927 | Yes | Yes | 0 | 0.0% | | | | | | |
| | | | | | 1BR / 1BA | 4 | 3.3% | 485 | @60% | \$1,033 | No | Yes | 0 | 0.0% | | | | | | |
| | | | | | 1BR / 1BA | 56 | 46.7% | 572 | @60% | \$1,033 | No | Yes | 0 | 0.0% | | | | | | |
| | | | | | 120 | | | | | | | | | | | | | | | |
| 4 | Kendrick Court 13430 Coppermine Road Herndon, VA 20170 Fairfax County | 4.0 miles | Midrise 4-stories 1999 / n/a Senior | @60% | 1BR / 1BA | 34 | 24.3% | 600 | @60% | \$1,244 | No | No | 0 | 0.0% | | | | | | |
| | | | | | 2BR / 1BA | 40 | 28.6% | 800 | @60% | \$1,484 | No | No | 0 | 0.0% | | | | | | |
| | | | | | 2BR / 2BA | 66 | 47.1% | 900 | @60% | \$1,484 | No | No | 0 | 0.0% | | | | | | |
| | | | | | | | | | | 140 | | | | | | | | | | |
| 5 | The Woods At Birchwood Shreveport Drive & Loudoun County Parkway Ashburn, VA 20148 Loudoun County | 9.9 miles | Midrise 4-stories 2019 / n/a Senior | @40%, @50%, @60% | 1BR / 1BA | 3 | 3.6% | 763 | @40% | \$774 | Yes | N/A | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | 12 | 14.5% | 763 | @50% | \$1,006 | Yes | N/A | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | 10 | 12.1% | 763 | @60% | \$1,055 | Yes | N/A | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | 20 | 24.1% | 857 | @60% | \$1,080 | Yes | N/A | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | 3 | 3.6% | 1,183 | @40% | \$925 | Yes | N/A | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | 10 | 12.1% | 1,183 | @50% | \$1,198 | Yes | N/A | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | 13 | 15.7% | 1,183 | @60% | \$1,327 | Yes | N/A | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | 12 | 14.5% | 1,203 | @60% | \$1,327 | Yes | N/A | N/A | N/A | | | | | | |
| | | | | | | | | | | 83 | | | | | | | | | | |
| | | | | | 6 | Wingler House Apartments 20900 Runnymede Terrace Ashburn, VA 20147 Loudoun County | 8.3 miles | Midrise 4-stories 1999 / 2003 Senior | @60% | 1BR / 1BA | 40 | 15.2% | 545 | @60% | \$912 | No | Yes | 0 | 0.0% | |
| 1BR / 1BA | 44 | 16.7% | 598 | @60% | | | | | | \$972 | Yes | Yes | 0 | 0.0% | | | | | | |
| 2BR / 2BA | 180 | 68.2% | 878 | @60% | | | | | | \$1,142 | Yes | Yes | 0 | 0.0% | | | | | | |
| | | | | | | | | | | 264 | | | | | | | | | | |
| 7 | Ashton At Dulles Corner 13958 Mansarde Avenue Herndon, VA 20171 Fairfax County | 4.6 miles | Midrise 5-stories 2009 / n/a Family | Market | 0BR / 1BA | 5 | 1.1% | 524 | Market | \$1,511 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | 258 | 56.8% | 895 | Market | \$1,637 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | 167 | 36.8% | 1,416 | Market | \$2,447 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 3BR / 2BA | 24 | 5.3% | 1,690 | Market | \$2,370 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 454 | | | | | | | | | | | | | | | |
| 8 | BLVD At Reston Station 1904 Reston Metro Plaza Reston, VA 20190 Fairfax County | 0.9 miles | Highrise 16-stories 2016 / n/a Family | Market | 0BR / 1BA | N/A | N/A | 585 | Market | \$1,586 | N/A | No | 6 | N/A | | | | | | |
| | | | | | 1BR / 1BA | N/A | N/A | 766 | Market | \$2,062 | N/A | No | 7 | N/A | | | | | | |
| | | | | | 1.5BR / 1BA | N/A | N/A | 936 | Market | \$2,114 | N/A | No | 0 | N/A | | | | | | |
| | | | | | 2BR / 2BA | N/A | N/A | 1,090 | Market | \$2,951 | N/A | No | 8 | N/A | | | | | | |
| | | | | | 2.5BR / 2BA | N/A | N/A | 1,383 | Market | \$2,775 | N/A | No | 0 | N/A | | | | | | |
| | | | | | 3BR / 2BA | N/A | N/A | 2,013 | Market | \$4,633 | N/A | No | 0 | N/A | | | | | | |
| | | | | | 3.5BR / 2.5BA | N/A | N/A | 1,912 | Market | \$4,674 | N/A | No | 1 | N/A | | | | | | |
| | | | | | | | | | | 448 | | | | | | | | | | |
| 9 | Exo Reston 1897 Oracle Way Reston, VA 20190 Fairfax County | 1.2 miles | Highrise 16-stories 2018 / n/a Family | Market | 1BR / 1BA | 214 | 46.8% | 720 | Market | \$1,850 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 1.5BR / 1BA | 2 | 0.4% | 720 | Market | \$2,391 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | 209 | 45.7% | 1,034 | Market | \$2,444 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 3BR / 2BA | 32 | 7.0% | 1,377 | Market | \$3,424 | N/A | No | N/A | N/A | | | | | | |
| | | | | | | | | | | 457 | | | | | | | | | | |
| 10 | Monroe Place 2300 Woodland Crossing Drive Herndon, VA 20171 Fairfax County | 3.2 miles | Midrise 4-stories 2009 / n/a Family | Market | 1BR / 1BA | N/A | N/A | 713 | Market | \$1,632 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | N/A | N/A | 758 | Market | \$1,682 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2BR / 1BA | N/A | N/A | 904 | Market | \$1,867 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | N/A | N/A | 940 | Market | \$2,082 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | N/A | N/A | 982 | Market | \$2,122 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 202 | | | | | | | | | | | | | | | |
| 11 | The Avant At Reston Town Center 12025 Town Square Street Reston, VA 20190 Fairfax County | 1.3 miles | Highrise 13-stories 2014 / n/a Family | Market | 0BR / 1BA | N/A | N/A | 591 | Market | \$1,868 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 0BR / 1BA | N/A | N/A | 591 | Market | \$2,006 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 0BR / 1BA | N/A | N/A | 591 | Market | \$1,958 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 1BR / 1BA | N/A | N/A | 806 | Market | \$2,406 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 1.5BR / 1BA | N/A | N/A | 904 | Market | \$2,265 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | N/A | N/A | 1,273 | Market | \$3,306 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | N/A | N/A | 1,440 | Market | \$3,662 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | N/A | N/A | 1,106 | Market | \$2,953 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2.5BR / 2BA | N/A | N/A | 1,281 | Market | \$3,300 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2.5BR / 2BA | N/A | N/A | 1,284 | Market | \$3,420 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 2.5BR / 2BA | N/A | N/A | 1,277 | Market | \$3,180 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 3BR / 2BA | N/A | N/A | 1,478 | Market | \$4,283 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 3BR / 2BA | N/A | N/A | 1,551 | Market | \$4,969 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 3BR / 2BA | N/A | N/A | 1,404 | Market | \$3,598 | N/A | No | N/A | N/A | | | | | | |
| | | | | | 359 | | | | | | | | | | | | | | | |
| 12 | The Cosmopolitan At Reston Town Center 1855 St. Francis Street Reston, VA 20190 Fairfax County | 1.0 miles | Highrise 21-stories 2007 / n/a Family | Market | 0BR / 1BA | N/A | N/A | 613 | Market | \$2,137 | N/A | Yes | 0 | N/A | | | | | | |
| | | | | | 1BR / 1BA | N/A | N/A | 926 | Market | \$2,150 | N/A | Yes | N/A | N/A | | | | | | |
| | | | | | 2BR / 2BA | N/A | N/A | 1,306 | Market | \$2,771 | N/A | Yes | N/A | N/A | | | | | | |
| | | | | | 287 | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | 11 | 3.8% | | | | | | |

Location

LOCATION COMPARISON SUMMARY

| # | Property Name | City | Tenancy | Rent Structure | Distance to Subject | Household Income | Median Home Value | Median Rent | Crime Index | Walk Score | Transit Score | Vacant Housing | % Renter HH |
|----|--|-------------|---------|------------------|---------------------|------------------|-------------------|-------------|-------------|------------|---------------|----------------|-------------|
| S | New Lake Anne Fellowship House | Reston | Senior | LIHTC/ Section 8 | - | \$100,906 | \$430,100 | \$1,643 | 94 | 67 | 0 | 4.1% | 36.1% |
| 1 | Cascades Village | Sterling | Senior | LIHTC | 4.4 miles | \$105,929 | \$323,000 | \$1,630 | 58 | 58 | 0 | 3.8% | 21.2% |
| 2 | Forest Glen Senior Apartments Phase II | Centreville | Senior | LIHTC | 9.0 miles | \$105,973 | \$440,500 | \$1,705 | 87 | 30 | 0 | 1.7% | 38.7% |
| 3 | Herndon Harbor House | Herndon | Senior | LIHTC | 2.6 miles | \$85,539 | \$436,200 | \$1,786 | 59 | 66 | 0 | 3.8% | 32.1% |
| 4 | Kendrick Court | Herndon | Senior | LIHTC | 4.0 miles | \$94,451 | \$436,200 | \$1,786 | 82 | 70 | 0 | 5.8% | 59.4% |
| 5 | The Woods At Birchwood | Ashburn | Senior | LIHTC | 9.9 miles | \$173,822 | \$552,800 | \$1,930 | 74 | 4 | 0 | 0.6% | 1.3% |
| 6 | Wingler House Apartments | Ashburn | Senior | LIHTC | 8.3 miles | \$110,681 | \$457,400 | \$1,714 | 29 | 46 | 0 | 4.9% | 30.5% |
| 7 | Ashton At Dulles Corner | Herndon | Family | Market | 4.6 miles | \$191,297 | \$570,100 | \$1,806 | 22 | 0 | 0 | 0.4% | 5.2% |
| 8 | BLVD At Reston Station | Reston | Family | Market | 0.9 miles | \$103,821 | \$430,100 | \$1,643 | 98 | 88 | 0 | 7.8% | 56.3% |
| 9 | Exo Reston | Reston | Family | Market | 1.2 miles | \$101,666 | \$430,100 | \$1,643 | 82 | 72 | 0 | 6.5% | 49.4% |
| 10 | Monroe Place | Herndon | Family | Market | 3.2 miles | \$105,775 | \$570,100 | \$1,806 | 72 | 62 | 0 | 5.7% | 60.8% |
| 11 | The Avant At Reston Town Center | Reston | Family | Market | 1.3 miles | \$113,722 | \$430,100 | \$1,643 | 83 | 86 | 0 | 7.9% | 48.5% |
| 12 | The Cosmopolitan At Reston Town Center | Reston | Family | Market | 1.0 miles | \$93,042 | \$430,100 | \$1,643 | 50 | 41 | 0 | 4.5% | 69.1% |

The Subject will be located in a mixed-use neighborhood, with surrounding uses that include for-sale and for-rent multifamily housing, single-family homes and townhouses, commercial uses, and institutional and community uses such as schools, parks, and recreation facilities. The Subject’s neighborhood is considered “Somewhat Walkable” by Walk Score, with a score of 67 out of 100. The majority of the comparable properties are located within five miles of the Subject site, in mixed-use neighborhoods with surrounding uses of similar type and condition to those around the Subject site. The Subject will offer a similar location to the majority of the comparable properties.

Forest Glen Senior Apartments Phase II is located nine miles from the Subject site in Centreville, in a neighborhood with a similar median household income and crime indices, but that is less walkable than the Subject’s location. We consider this comparable to be in a slightly inferior location to the proposed Subject. The Woods at Birchwood and Wingler House Apartments are located in Ashburn, which is a less-developed area than Reston. We consider these two properties to be in slightly inferior locations to the proposed Subject.

Age, Condition, and Design

The following table illustrates the Subject’s design and condition in comparison to the comparable properties.

| | Subject | Cascades Village | Forest Glen Senior Apartments Phase II | Hemdon Harbor House | Kendrick Court | The Woods At Birchwood | Wingler House Apartments | Ashton At Dulles Corner | BLVD At Reston Station | Exo Reston | Monroe Place | The Avant At Reston Town Center | The Cosmopolitan At Reston Town Center |
|-----------------|-----------------|------------------|--|---------------------|----------------|------------------------|--------------------------|-------------------------|------------------------|------------|--------------|---------------------------------|--|
| Rent Structure | LIHTC/Section 8 | LIHTC | LIHTC | LIHTC | LIHTC | LIHTC | LIHTC | Market | Market | Market | Market | Market | Market |
| Tenancy | Senior | Senior | Senior | Senior | Senior | Senior | Senior | Family | Family | Family | Family | Family | Family |
| Building | | | | | | | | | | | | | |
| Property Type | Highrise | Midrise | Midrise | Midrise | Midrise | Midrise | Midrise | Midrise | Highrise | Highrise | Midrise | Highrise | Highrise |
| # of Stories | 7-stories | 3-stories | 4-stories | 4-stories | 4-stories | 4-stories | 4-stories | 5-stories | 16-stories | 16-stories | 4-stories | 13-stories | 21-stories |
| Year Built | 2021 | 2001 | 1997 | 1998 | 1999 | 2019 | 1999 | 2009 | 2016 | 2018 | 2009 | 2014 | 2007 |
| Year Renovated | n/a | 2018 | n/a | n/a | n/a | n/a | 2003 | n/a | n/a | n/a | n/a | n/a | n/a |
| Commercial | no | no | no | no | no | no | no | no | no | no | no | yes | no |
| Elevators | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| Courtyard | yes | no | yes | yes | no | yes | no | no | yes | no | no | no | no |

The Subject will be new construction and in excellent condition upon completion. The Woods at Birchwood opened in January 2019 and exhibits excellent condition, similar to the Subject’s anticipated condition. Cascades Village underwent renovations in 2018 and exhibits good condition, slightly inferior to the Subject’s anticipated condition. The remaining LIHTC comparable properties exhibit average condition, which will be inferior to the Subject. The Cosmopolitan at Reston Town Center was built in 2007 and also exhibits average condition, which will be inferior to the Subject. Ashton at Dulles Corner and The Avant at Reston Town Center were built in 2009 but exhibit good condition based on our site inspection, slightly inferior to the proposed Subject. BLVD at Reston Station, Exo Reston, and The Avant at Reston Town Center exhibit excellent condition, similar to the Subject’s anticipated condition.

The Subject will consist of one, seven-story, elevator-serviced highrise building. The majority of the comparable properties offer elevator-serviced, midrise to highrise-style designs, similar to the proposed Subject. Two LIHTC comparable properties, Crescent Apartments and North Point, offer walk-up, garden-style designs. This design is considered less desirable for the Subject’s intended senior tenancy. Overall, the Subject’s design will be accepted in the market.

Unit Size

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject’s unit size and the surveyed average unit sizes in the market.

UNIT SIZE COMPARISON - STUDIO UNITS

| Bedroom Type | OBR | OBR | OBR | OBR | OBR | OBR | OBR | OBR |
|------------------------|------|------|------|-----|-----|-----|-----|-----|
| Subject | 490 | 501 | 503 | 541 | 575 | 617 | 652 | 751 |
| Average | 583 | 583 | 583 | 583 | 583 | 583 | 583 | 583 |
| Min | 524 | 524 | 524 | 524 | 524 | 524 | 524 | 524 |
| Max | 613 | 613 | 613 | 613 | 613 | 613 | 613 | 613 |
| Advantage/Disadvantage | -16% | -14% | -14% | -7% | -1% | 6% | 12% | 29% |

UNIT SIZE COMPARISON - ONE-BEDROOM UNITS

| Bedroom Type | 1BR | 1BR | 1BR | 1BR | 1BR | 1BR | 1BR | 1BR | 1BR |
|------------------------|------|-----|-----|-----|-----|-----|-----|-----|-----|
| Subject | 561 | 662 | 665 | 675 | 676 | 680 | 688 | 723 | 740 |
| Average | 717 | 717 | 717 | 717 | 717 | 717 | 717 | 717 | 717 |
| Min | 485 | 485 | 485 | 485 | 485 | 485 | 485 | 485 | 485 |
| Max | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 | 936 |
| Advantage/Disadvantage | -22% | -8% | -7% | -6% | -6% | -5% | -4% | 1% | 3% |

UNIT SIZE COMPARISON - TWO-BEDROOM UNITS

| Bedroom Type | 2BR |
|------------------------|-------|
| Subject | 986 |
| Average | 1,119 |
| Min | 800 |
| Max | 1,440 |
| Advantage/Disadvantage | -12% |

The Subject will offer a range of studio and one-bedroom unit sizes. The Subject’s studio unit sizes will range from offering a disadvantage to the surveyed average of the comparable properties to a significant advantage, and the one-bedroom unit sizes will range from offering a disadvantage to a slight advantage to the surveyed average. Approximately 68 percent of the Subject’s studio units will be between 490 and 503 square feet, which will be slightly inferior to inferior to the majority of the comparable studio units. Approximately 58 percent of the Subject’s one-bedroom units will be between 665 and 688 square feet, which will be similar to slightly superior to the majority of the senior LIHTC comparables. The Subject’s two-bedroom unit sizes will have an advantage over the majority of the senior LITHC comparables. Overall, we believe the Subject’s unit sizes will be accepted in the market. We consider the Subject’s unit sizes in our estimation of achievable market rents.

SQUARE FOOTAGE RANKING COMPARISON

| Studio One Bath | | One-Bedroom One Bath | | Two-Bedroom One Bath | |
|---|------------|---|------------|--|------------|
| Property Name | Size | Property Name | Size | Property Name | Size |
| New Lake Anne Fellowship House (@60%) | 751 | The Cosmopolitan At Reston Town Center (Market) | 926 | The Avant At Reston Town Center (Market)(2BA) | 1,440 |
| New Lake Anne Fellowship House (@60%) | 652 | Ashton At Dulles Corner (Market) | 895 | Ashton At Dulles Corner (Market)(2BA) | 1,416 |
| New Lake Anne Fellowship House (@60%) | 617 | New Lake Anne Fellowship House (@60%) | 862 | The Cosmopolitan At Reston Town Center (Market)(2BA) | 1,306 |
| The Cosmopolitan At Reston Town Center (Market) | 613 | The Woods At Birchwood (@60%) | 857 | The Avant At Reston Town Center (Market)(2BA) | 1,273 |
| The Avant At Reston Town Center (Market) | 591 | The Avant At Reston Town Center (Market) | 806 | The Woods At Birchwood (@60%)(2BA) | 1,203 |
| The Avant At Reston Town Center (Market) | 591 | Cascades Village (@60%) | 768 | The Woods At Birchwood (@60%)(2BA) | 1,183 |
| The Avant At Reston Town Center (Market) | 591 | BLVD At Reston Station (Market) | 766 | The Woods At Birchwood (@50%)(2BA) | 1,183 |
| BLVD At Reston Station (Market) | 585 | The Woods At Birchwood (@50%) | 763 | The Woods At Birchwood (@40%)(2BA) | 1,183 |
| New Lake Anne Fellowship House (@60%) | 575 | The Woods At Birchwood (@60%) | 763 | The Avant At Reston Town Center (Market)(2BA) | 1,106 |
| New Lake Anne Fellowship House (@60%) | 541 | The Woods At Birchwood (@40%) | 763 | BLVD At Reston Station (Market)(2BA) | 1,090 |
| Ashton At Dulles Corner (Market) | 524 | Monroe Place (Market) | 758 | Exo Reston (Market)(2BA) | 1,034 |
| New Lake Anne Fellowship House (@60%) | 503 | Cascades Village (@60%) | 750 | New Lake Anne Fellowship House (@60%) | 986 |
| New Lake Anne Fellowship House (@60%) | 501 | New Lake Anne Fellowship House (@60%) | 740 | Monroe Place (Market)(2BA) | 982 |
| New Lake Anne Fellowship House (@60%) | 490 | New Lake Anne Fellowship House (@60%) | 723 | Monroe Place (Market)(2BA) | 940 |
| | | Exo Reston (Market) | 720 | Monroe Place (Market) | 904 |
| | | Monroe Place (Market) | 713 | Kendrick Court (@60%)(2BA) | 900 |
| | | New Lake Anne Fellowship House (@60%) | 688 | Cascades Village (@50%)(2BA) | 886 |
| | | New Lake Anne Fellowship House (@60%) | 680 | Wingler House Apartments (@60%)(2BA) | 878 |
| | | New Lake Anne Fellowship House (@60%) | 676 | Forest Glen Senior Apartments Phase II (@60%) | 806 |
| | | New Lake Anne Fellowship House (@60%) | 675 | Kendrick Court (@60%) | 800 |
| | | New Lake Anne Fellowship House (@60%) | 665 | | |
| | | Cascades Village (@60%) | 702 | | |
| | | Kendrick Court (@60%) | 600 | | |
| | | Wingler House Apartments (@60%) | 598 | | |
| | | Herndon Harbor House (@60%) | 572 | | |
| | | Herndon Harbor House (@50%) | 572 | | |
| | | Forest Glen Senior Apartments Phase II (@60%) | 566 | | |
| | | New Lake Anne Fellowship House (@60%) | 561 | | |
| | | Wingler House Apartments (@60%) | 545 | | |
| | | Herndon Harbor House (@60%) | 485 | | |
| | | Herndon Harbor House (@50%) | 485 | | |

Utility Structure

The following tables detail the Subject’s utility structure in comparison to the comparable properties. The utility conventions differ at the comparable properties; therefore, we have adjusted “base” or “asking” rents of the comparable properties to “net” rents, reflecting the Subject’s utility convention.

LAKE ANNE FELLOWSHIP HOUSE – RESTON, VIRGINIA – MARKET STUDY

| Subject | Cascades Village | Forest Glen Senior Apartments Phase II | Herndon Harbor House | Kendrick Court | The Woods At Birchwood | Wingler House Apartments | Ashton At Dulles Corner | BLVD At Reston Station | Exo Reston | Monroe Place | The Avant At Reston Town Center | The Cosmopolitan At Reston Town Center |
|--------------------------|------------------|--|----------------------|----------------|------------------------|--------------------------|-------------------------|------------------------|------------|--------------|---------------------------------|--|
| Rent Structure | LIHTC/Section 8 | LIHTC | LIHTC | LIHTC | LIHTC | LIHTC | Market | Market | Market | Market | Market | Market |
| Tenancy | Senior | Senior | Senior | Senior | Senior | Senior | Family | Family | Family | Family | Family | Family |
| Utility Structure | | | | | | | | | | | | |
| Cooking | no | no | no | yes | no | no | no | no | no | no | no | no |
| Water Heat | no | no | yes | yes | yes | no | yes | no | no | no | no | no |
| Heat | no | no | yes | yes | yes | no | yes | no | no | no | no | no |
| Other Electric | no | no | no | yes | no | no | no | no | no | no | no | no |
| Water | yes | yes | yes | yes | yes | no | yes | no | no | no | no | no |
| Sewer | yes | yes | yes | yes | yes | no | yes | no | no | no | no | no |
| Trash | yes | yes | yes | yes | yes | yes | yes | no | no | no | no | no |

In-Unit Amenities

The following tables compare the Subject’s in-unit amenities with comparable properties.

| Subject | Cascades Village | Forest Glen Phase II | Herndon Harbor House | Kendrick Court | The Woods At Birchwood | Wingler House Apartments | Ashton At Dulles Corner | BLVD At Reston Station | Exo Reston | Monroe Place | The Avant At Reston Town Center | The Cosmopolitan At Reston Town Center |
|-----------------------|------------------|----------------------|----------------------|----------------|------------------------|--------------------------|-------------------------|------------------------|------------|--------------|---------------------------------|--|
| Rent Structure | LIHTC/PBRA | LIHTC | LIHTC | LIHTC | LIHTC | LIHTC | Market | Market | Market | Market | Market | Market |
| Tenancy | Senior | Senior | Senior | Senior | Senior | Senior | Family | Family | Family | Family | Family | Family |
| Accessibility | | | | | | | | | | | | |
| Grab Bars | yes | no | no | no | no | yes | no | no | no | no | no | no |
| Hand Rails | yes | yes | yes | yes | no | yes | no | no | no | no | no | no |
| Pull Cords | yes | yes | yes | no | no | yes | yes | no | no | no | no | no |
| Unit Amenities | | | | | | | | | | | | |
| Balcony/Patio | no | no | yes | yes | yes | yes | yes | no | no | yes | yes | yes |
| Blinds | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| Carpeting | no | yes | yes | yes | yes | yes | yes | no | yes | no | no | no |
| Hardwood | no | no | no | no | no | no | no | no | yes | no | yes | yes |
| Central A/C | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| Ceiling Fan | yes | no | no | no | yes | no | yes | no | no | no | no | no |
| Coat Closet | yes | yes | yes | yes | yes | yes | yes | yes | yes | no | no | yes |
| Exterior Storage | yes | no | no | no | no | no | no | no | no | no | no | no |
| Fireplace | no | no | no | no | no | no | no | yes | no | no | no | yes |
| Walk-In Closet | yes | no | yes | no | no | yes | no | yes | yes | yes | yes | yes |
| Washer/Dryer | no | yes | no | no | no | yes | no | yes | yes | yes | yes | yes |
| W/D Hookup | no | yes | no | no | no | yes | no | yes | yes | yes | yes | yes |
| Kitchen | | | | | | | | | | | | |
| Dishwasher | yes | yes | yes | no | yes | yes | yes | yes | yes | yes | yes | yes |
| Disposal | yes | yes | yes | yes | yes | yes | yes | no | yes | yes | no | yes |
| Microwave | yes | no | no | yes | no | yes | no | yes | yes | yes | yes | yes |
| Oven | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| Refrigerator | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |

The Subject will offer grab bars, hand rails, emergency pull cords, ceiling fans, and exterior storage, which the majority of the comparable properties do not offer. However, the Subject will not offer in-unit washers and dryers, which are available at the majority of the comparable properties. Overall, the Subject will offer inferior in-unit amenities to the majority of the comparable properties due to its proposed lack of in-unit washers and dryers. The Subject will offer slightly inferior in-unit amenities to Crescent Apartments, slightly superior in-unit amenities to Herndon Harbor House, and similar in-unit amenities to Kendrick Court and Wingler House Apartments.

Property Amenities

The following tables compare the Subject’s property amenities with comparable properties.

LAKE ANNE FELLOWSHIP HOUSE – RESTON, VIRGINIA – MARKET STUDY

| Subject | Cascades Village | Forest Glen Senior Apartments Phase II | Herndon Harbor House | Kendrick Court | The Woods At Birchwood | Wingler House Apartments | Ashton At Dulles Corner | BLVD At Reston Station | Exo Reston | Monroe Place | The Avant At Reston Town Center | The Cosmopolitan At Reston Town Center |
|------------------------|------------------|--|----------------------|----------------|------------------------|--------------------------|-------------------------|------------------------|------------|--------------|---------------------------------|--|
| Rent Structure | LIHTC/Section 8 | LIHTC | LIHTC | LIHTC | LIHTC | LIHTC | Market | Market | Market | Market | Market | Market |
| Tenancy | Senior | Senior | Senior | Senior | Senior | Senior | Family | Family | Family | Family | Family | Family |
| Community | | | | | | | | | | | | |
| Business Center | yes | no | no | no | yes | no | no | yes | yes | yes | yes | yes |
| Community Room | yes | yes | yes | no | yes | yes | yes | yes | yes | no | yes | yes |
| Central Laundry | yes | yes | yes | yes | yes | no | yes | no | no | no | no | no |
| On-Site Mgmt | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| Concierge | no | no | no | no | no | no | no | yes | no | yes | yes | yes |
| Recreation | | | | | | | | | | | | |
| Exercise Facility | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| Swimming Pool | no | no | no | no | no | no | no | yes | yes | no | yes | yes |
| Picnic Area | no | no | yes | no | no | no | no | yes | no | yes | yes | no |
| Jacuzzi | no | no | no | no | no | no | no | yes | no | no | no | no |
| Hot Tub | no | no | no | no | no | no | no | yes | no | no | no | no |
| Recreational Area | no | no | yes | no | yes | no | no | no | no | no | no | no |
| WiFi | no | no | no | no | no | no | no | no | yes | no | no | no |
| Service Coordination | yes | no | no | no | no | no | no | no | no | no | no | no |
| Senior Services | | | | | | | | | | | | |
| Hairdresser/Barber | no | yes | no | no | yes | no | no | no | no | no | no | no |

The Subject will offer service coordination, which the majority of the comparable properties do not offer. Services will include visits from medical professionals, classes, and social programming. The majority of the market-rate comparable properties offer swimming pools, which the Subject will not offer. We weight this amenity less heavily for senior properties than for family properties. Overall, the Subject will offer similar to superior property amenities to the LIHTC comparable properties, and similar to inferior property amenities to the market-rate comparable properties.

Security Features

The following table compares the Subject’s security amenities with comparable properties.

| Subject | Cascades Village | Forest Glen Senior Apartments Phase II | Herndon Harbor House | Kendrick Court | The Woods At Birchwood | Wingler House Apartments | Ashton At Dulles Corner | BLVD At Reston Station | Exo Reston | Monroe Place | The Avant At Reston Town Center | The Cosmopolitan At Reston Town Center |
|--------------------|------------------|--|----------------------|----------------|------------------------|--------------------------|-------------------------|------------------------|------------|--------------|---------------------------------|--|
| Rent Structure | LIHTC/Section 8 | LIHTC | LIHTC | LIHTC | LIHTC | LIHTC | Market | Market | Market | Market | Market | Market |
| Tenancy | Senior | Senior | Senior | Senior | Senior | Senior | Family | Family | Family | Family | Family | Family |
| Crime Risk Index | 94 | 58 | 87 | 59 | 82 | 74 | 29 | 22 | 98 | 82 | 72 | 83 |
| Security | | | | | | | | | | | | |
| In-Unit Alarm | no | no | no | yes | no | no | no | yes | no | no | no | no |
| Intercom (Buzzer) | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| Intercom (Phone) | no | no | yes | yes | yes | no | yes | no | no | yes | no | no |
| Limited Access | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes | yes |
| Perimeter Fencing | no | no | no | yes | no | no | no | no | no | no | no | no |
| Video Surveillance | no | yes | yes | no | no | yes | yes | no | yes | yes | yes | no |

The Subject will offer limited access and an intercom system as security features, similar to the existing Lake Anne Fellowship House I and II. All of the comparable properties offer some form of security feature. Overall, the Subject’s proposed security features appear market-oriented.

Parking

The following table compares the Subject’s parking amenities with comparable properties.

| Subject | Cascades Village | Forest Glen Senior Apartments Phase II | Herndon Harbor House | Kendrick Court | The Woods At Birchwood | Wingler House Apartments | Ashton At Dulles Corner | BLVD At Reston Station | Exo Reston | Monroe Place | The Avant At Reston Town Center | The Cosmopolitan At Reston Town Center |
|--------------------|------------------|--|----------------------|----------------|------------------------|--------------------------|-------------------------|------------------------|------------|--------------|---------------------------------|--|
| Rent Structure | LIHTC/Section 8 | LIHTC | LIHTC | LIHTC | LIHTC | LIHTC | Market | Market | Market | Market | Market | Market |
| Tenancy | Senior | Senior | Senior | Senior | Senior | Senior | Family | Family | Family | Family | Family | Family |
| Walk Score | 67 | 58 | 30 | 66 | 70 | 4 | 46 | 0 | 88 | 72 | 62 | 86 |
| Parking | | | | | | | | | | | | |
| Carport | no | no | yes | no | no | no | no | no | no | no | no | no |
| Carport Fee | \$0 | \$0 | \$30 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Garage | yes | no | no | no | no | yes | no | yes | no | yes | yes | yes |
| Garage Fee | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$50 | \$0 | \$0 |
| Off-Street Parking | yes | yes | yes | yes | yes | yes | yes | yes | yes | no | yes | no |

The Subject will offer 77 garage parking spaces and six, uncovered parking spaces, for a total parking ratio of 0.35 spaces per unit. This parking ratio is very low but similar to the parking ratio at the existing Lake Anne

Fellowship House I and II. However, the Subject’s proposed parking ratio is lower than at the majority of the comparable properties. The Subject will have a Fairfax Connector bus stop on the property, which will be served by a route that connects to the Wiehle-Reston Metro station. Based on the similar parking amenities to the existing Lake Anne Fellowship House I and II and the Subject’s intended senior tenancy, we believe that the proposed parking will be adequate. Additionally, none of the LIHTC comparable properties offer garage parking. Overall, while the Subject will offer garage parking and we believe that the parking ratio will be appropriate for the Subject as proposed, given the limited amount of parking, we consider the Subject’s proposed parking to be slightly inferior to the comparable properties.

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Tenant Makeup

The Subject will target tenants aged 62 and over. All of the comparable LIHTC properties target senior households aged 55 and over or aged 62 and over. Cascades Village and Herndon Harbor House reported that the average age of residents is 80. The contact at Kendrick Court reported an average tenant age of 73, and the contact at Wingler House Apartments could not estimate the average age of tenants. The contact at The Avant at Reston Town Center reported that less than 25 percent of residents are seniors, and the contacts at the remaining market-rate comparable properties reported minimal senior tenancy or could not provide an estimate. The following table illustrates voucher usage among the comparable properties.

TENANTS WITH VOUCHERS

| Property Name | Rent Structure | Tenancy | Housing Choice Voucher Tenants |
|--|----------------|---------|--------------------------------|
| Cascades Village | LIHTC | Senior | 30% |
| Forest Glen Senior Apartments Phase II | LIHTC | Senior | 24% |
| Herndon Harbor House | LIHTC | Senior | 10% |
| Kendrick Court | LIHTC | Senior | 23% |
| The Woods At Birchwood | LIHTC | Senior | N/A |
| Wingler House Apartments | LIHTC | Senior | 4% |
| Ashton At Dulles Corner | Market | Family | 1% |
| BLVD At Reston Station | Market | Family | 0% |
| Exo Reston | Market | Family | 0% |
| Monroe Place | Market | Family | 0% |
| The Avant At Reston Town Center | Market | Family | 0% |
| The Cosmopolitan At Reston Town Center | Market | Family | 0% |

The LIHTC comparable properties reported voucher usage rates ranging from four to 30 percent, with an average of 18 percent. The majority of the market-rate comparable properties did not report any voucher usage, or do not accept Housing Choice Vouchers. As proposed, the Subject will operate with project-based subsidy for all of its units. Absent subsidy, we anticipate that the Subject would operate with voucher usage of 20 percent or less.

Turnover

The following table illustrates reported turnover for the comparable properties.

| TURNOVER | | | |
|--|----------------|---------|-----------------|
| Property Name | Rent Structure | Tenancy | Annual Turnover |
| Cascades Village | LIHTC | Senior | 10% |
| Forest Glen Senior Apartments Phase II | LIHTC | Senior | 5% |
| Herndon Harbor House | LIHTC | Senior | 2% |
| Kendrick Court | LIHTC | Senior | 7% |
| The Woods At Birchwood | LIHTC | Senior | N/A |
| Wingler House Apartments | LIHTC | Senior | 5% |
| Ashton At Dulles Corner | Market | Family | 9% |
| BLVD At Reston Station | Market | Family | N/A |
| Exo Reston | Market | Family | N/A |
| Monroe Place | Market | Family | 40% |
| The Avant At Reston Town Center | Market | Family | 4% |
| The Cosmopolitan At Reston Town Center | Market | Family | 42% |
| Average Turnover | | | 14% |

The Subject's market is characterized by moderate turnover rates. Turnover rates at the LIHTC and mixed-income properties range from two to 10 percent, with an average of six percent. Senior properties typically experience lower turnover rates than family properties, as units vacate only when residents pass away or move to assisted living facilities. Based on the comparable senior properties, we estimate that the Subject will operate with an annual turnover rate of 10 percent or less upon stabilization.

Vacancy Levels

The following table summarizes overall weighted vacancy levels at the surveyed properties.

| OVERALL VACANCY | | | | | |
|--|----------------|---------|--------------|--------------|--------------|
| Property Name | Rent Structure | Tenancy | Total Units | Vacant Units | Vacancy Rate |
| Cascades Village | LIHTC | Senior | 150 | 2 | 1.3% |
| Forest Glen Phase II | LIHTC | Senior | 119 | 3 | 2.5% |
| Herndon Harbor House | LIHTC | Senior | 120 | 0 | 0.0% |
| Kendrick Court* | LIHTC | Senior | 140 | 0 | 0.0% |
| The Woods At Birchwood | LIHTC | Senior | 83 | 53 | 63.9% |
| Wingler House Apartments | LIHTC | Senior | 264 | 0 | 0.0% |
| Ashton At Dulles Corner | Market | Family | 454 | 44 | 9.7% |
| BLVD At Reston Station | Market | Family | 448 | 22 | 4.9% |
| Exo Reston* | Market | Family | 457 | 290 | 63.5% |
| Monroe Place | Market | Family | 202 | 4 | 2.0% |
| The Avant At Reston Town Center | Market | Family | 359 | 22 | 6.1% |
| The Cosmopolitan At Reston Town Center | Market | Family | 287 | 11 | 3.8% |
| Total LIHTC | | | 876 | 58 | 6.6% |
| Total LIHTC - Stabilized Properties | | | 793 | 5 | 0.6% |
| Total Market Rate | | | 2,207 | 393 | 17.8% |
| Total Market Rate - Stabilized Properties | | | 2,014 | 103 | 5.1% |
| Overall Total | | | 3,083 | 451 | 14.6% |

*In initial absorption period.

The Woods at Birchwood opened in January 2019 and is in its initial absorption period, and 17 of the vacant units at the property are pre-leased. The weighted average vacancy rate of the other LIHTC comparable properties is 0.6 percent, which is very low and indicates a supply-constrained market for affordable housing. The market-rate comparable properties demonstrate higher vacancy rates. Exo Reston opened in 2018 and is still in its initial absorption period. Excluding this property, the weighted average market-rate vacancy rate is 5.1 percent. The contact at Ashton at Dulles Corner attributed the elevated vacancy rate at that property to a large proportion of contract-based workers as tenants, and the contact at The Avant at Reston Town Center attributed the elevated vacancy rate to seasonal demand trends. We believe the elevated vacancy rates at these two developments are property-specific, but may also be related to the significant influx of new supply in the market over the past two years. Nonetheless, both properties reported significant potential applicant traffic.

Overall, there appears to be demand for market-rate rental housing in the Subject’s market, but the market area may be approaching oversupply. We do not believe that the Subject will be negatively impacted by this, as the weighted average vacancy rate among the stabilized LIHTC comparable properties is very low at 0.6 percent. Additionally, the existing Lake Anne Fellowship House I and II exhibit 0.7 and 6.0 percent vacancy, respectively. The Subject will be replacing occupied, subsidized housing, and will be populated with residents from the existing Lake Anne Fellowship House I and II. As an affordable property we anticipate that the Subject would operate with a vacancy rate of five percent or less, both as proposed and absent subsidy.

The following table details vacancy by bedroom type for the comparable properties surveyed:

| VACANCY BY BEDROOM TYPE | | | | | | |
|--|----------------|---------|-----|------|------|---------|
| Property Name | Rent Structure | Tenancy | 0BR | 1BR | 2BR | Overall |
| Cascades Village | LIHTC | Senior | - | - | 0.0% | 1.3% |
| Forest Glen Senior Apartments Phase II | LIHTC | Senior | - | 3.0% | 0.0% | 2.5% |
| Herndon Harbor House | LIHTC | Senior | - | - | - | 0.0% |
| Kendrick Court | LIHTC | Senior | - | 0.0% | 0.0% | 0.0% |
| The Woods At Birchwood | LIHTC | Senior | - | - | - | 63.9% |
| Wingler House Apartments | LIHTC | Senior | - | 0.0% | 0.0% | 0.0% |
| Ashton At Dulles Corner | Market | Family | - | - | - | 9.7% |
| BLVD At Reston Station | Market | Family | - | - | - | 4.9% |
| Exo Reston | Market | Family | - | - | - | 63.5% |
| Monroe Place | Market | Family | - | - | - | 2.0% |
| The Avant At Reston Town Center | Market | Family | - | - | - | 6.1% |
| The Cosmopolitan At Reston Town Center | Market | Family | - | - | - | 3.8% |

The Subject will consist of studio, one, and two-bedroom units. We were only able to obtain vacancy by bedroom type from the LIHTC comparable properties, none of which offer studio units. However, none of the two-bedroom LIHTC units are vacant, and only two of the one-bedroom LIHTC units are vacant. As previously mentioned, the Subject will operate in a supply-constrained market for affordable housing. We do not believe that the Subject will negatively impact existing properties in the market.

Concessions

The table below illustrates concessions among the comparable properties.

CONCESSIONS

| Property Name | Rent Structure | Tenancy | Concessions |
|--|----------------|---------|-------------------|
| Cascades Village | LIHTC | Senior | None |
| Forest Glen Senior Apartments Phase II | LIHTC | Senior | None |
| Herndon Harbor House | LIHTC | Senior | None |
| Kendrick Court | LIHTC | Senior | None |
| The Woods At Birchwood | LIHTC | Senior | None |
| Wingler House Apartments | LIHTC | Senior | None |
| Ashton At Dulles Corner | Market | Family | \$750 rent credit |
| BLVD At Reston Station | Market | Family | Two months free |
| Exo Reston | Market | Family | Two months free |
| Monroe Place | Market | Family | None |
| The Avant At Reston Town Center | Market | Family | None |
| The Cosmopolitan At Reston Town Center | Market | Family | None |

None of the LIHTC comparable properties are offering concessions at this time. Management at The Woods at Birchwood reported offering half off the first month’s rent until the end of February 2019, after which the concession was discontinued. Three of the market-rate comparable properties are offering substantial concessions. Exo Reston is offering its concession as it is in its initial absorption period. Management at BLVD at Reston Station is offering the current concession for move-in by the end of March 2019, with a planned shift to one month free for April and May move-ins. As an affordable property, we do not believe the Subject will need to offer concessions to achieve or maintain stabilized occupancy.

Waiting Lists

The following table illustrates the length of waiting lists reported at the comparable developments.

WAITING LIST

| Property Name | Rent Structure | Tenancy | Waiting List Length |
|--|----------------|---------|--|
| Cascades Village | LIHTC | Senior | Yes, two households |
| Forest Glen Senior Apartments Phase II | LIHTC | Senior | Six households for two-bedroom units |
| Herndon Harbor House | LIHTC | Senior | Yes, 100 households |
| Kendrick Court | LIHTC | Senior | None |
| The Woods At Birchwood | LIHTC | Senior | None |
| Wingler House Apartments | LIHTC | Senior | Yes, 198 households |
| Ashton At Dulles Corner | Market | Family | None |
| BLVD At Reston Station | Market | Family | None |
| Exo Reston | Market | Family | None |
| Monroe Place | Market | Family | Yes, five households for affordable dwelling units |
| The Avant At Reston Town Center | Market | Family | None |
| The Cosmopolitan At Reston Town Center | Market | Family | Yes, four households |

The majority of the LIHTC comparable properties reported maintaining waiting lists. Kendrick Court does not maintain a waiting list but exhibits zero percent vacancy. The Woods at Birchwood is in its initial absorption period. Two market-rate comparable properties maintain waiting lists. The existing Lake Anne Fellowship House I and II maintain a combined waiting list of 414 households. We anticipate that the Subject will operate with low vacancy and will maintain a waiting list, both as proposed and absent subsidy.

Absorption

We obtained absorption information for three comparable properties and several additional properties located in Alexandria and Arlington.

ABSORPTION

| Property Name | Rent | Tenancy | Year | Total Units | Absorption (units/month) |
|-------------------------|--------|---------|------|-------------|--------------------------|
| The Woods at Birchwood* | LIHTC | Senior | 2019 | 82 | 15 |
| Exo Reston* | Market | Family | 2018 | 457 | 19 |
| Abberly Avera | Market | Family | 2018 | 336 | 9 |
| St. James Plaza | LIHTC | Family | 2017 | 93 | 16 |
| The Springs Apartments | LIHTC | Family | 2016 | 104 | 46 |
| BLVD At Reston Station | Market | Family | 2016 | 448 | 14 |
| The Shell | LIHTC | Family | 2015 | 83 | 28 |

*In initial absorption period; absorption rate shown is to date

The properties in the table above indicate absorption paces ranging from nine to 46 units per month, with an average of 21 units per month. The LIHTC properties in the table above experienced an average absorption pace of approximately 31 units per month. As previously discussed, the Subject will operate in a supply-constrained market for affordable housing. We anticipate that the Subject would experience an absorption pace within the range of the LIHTC comparable properties of 20 units per month, for a total absorption period of 12 months. The Subject is anticipated to be populated by residents of the existing Lake Anne Fellowship House I and II, therefore an absorption estimate is hypothetical.

Rental Rate Increases

The following table illustrates rental rate increases as reported by the comparable properties.

RENT GROWTH

| Property Name | Rent Structure | Tenancy | Rent Growth |
|--|----------------|---------|---|
| Cascades Village | LIHTC | Senior | Increased six percent |
| Forest Glen Senior Apartments Phase II | LIHTC | Senior | Increased five percent |
| Herndon Harbor House | LIHTC | Senior | Increased six percent |
| Kendrick Court | LIHTC | Senior | Increased eight percent |
| The Woods At Birchwood | LIHTC | Senior | None |
| Wingler House Apartments | LIHTC | Senior | Increased three percent |
| Ashton At Dulles Corner | Market | Family | Increased up to 21 percent |
| BLVD At Reston Station | Market | Family | Decreased 19 percent to increased seven percent |
| Exo Reston | Market | Family | N/A |
| Monroe Place | Market | Family | Increased up to two percent |
| The Avant At Reston Town Center | Market | Family | Increased up to eight percent |
| The Cosmopolitan At Reston Town Center | Market | Family | Increased up to 34 percent |

The majority of the comparable properties reported rent growth in the past year. BLVD at Reston Station also experienced a rent decrease. The Subject will operate with project-based subsidy as proposed. Absent a subsidy, the Subject’s rents would need to be reduced to achievable LIHTC net rents. In this scenario, rent growth would depend on AMI growth.

Reasonability of Rents

The following table is a comparison of the Subject’s and comparable properties’ rents. For the purposes of this market study, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “Net rents” are rents adjusted for the cost of utilities (adjusted to the Subject’s convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an “apples-to-apples” comparison of rents. The table below illustrates the Subject’s rents and unit mix.

PROPOSED RENTS

| Unit Type | Unit Size (SF) | Number of Units | Asking Rent | Utility Allowance (1) | Gross Rent | 2018 LIHTC Maximum Allowable Gross Rent | 2019 HUD Fair Market Rents | |
|-------------------------|----------------|-----------------|-------------|-----------------------|------------|---|----------------------------|--|
| <i>@60% (Section 8)</i> | | | | | | | | |
| OBR / 1BA | 490 - 751 | 29 | \$1,564 | \$47 | \$1,611 | \$1,231 | \$1,415 | |
| OBR / 1BA | 490 - 751 | 32 | \$1,700 | \$47 | \$1,747 | \$1,231 | \$1,415 | |
| 1BR / 1BA | 561 - 740 | 62 | \$1,850 | \$63 | \$1,913 | \$1,319 | \$1,454 | |
| 1BR / 1BA | 561 - 740 | 111 | \$2,000 | \$63 | \$2,063 | \$1,319 | \$1,454 | |
| 2BR / 1BA | 986 | 6 | \$2,400 | \$79 | \$2,479 | \$1,582 | \$1,665 | |
| | | 240 | | | | | | |

Notes (1) Source of Utility Allowance provided by the Developer.

Comparable LIHTC Rents

The Subject’s proposed contract rents are set above the maximum allowable level. Absent subsidy, rents would need to be reduced to the maximum allowable levels. The following table illustrates the Subject’s contract rents compared to the LIHTC rents of the comparable LIHTC properties. The rents have been adjusted for variance in utilities, as well as concessions, if applicable.

| LIHTC RENT COMPARISON @60% | | | | | | |
|---|---------|---------|----------------|----------------|----------------|---------------|
| Property Name | County | Tenancy | OBR | 1BR | 2BR | Rents at Max? |
| New Lake Anne Fellowship House (Contract Rents) | Fairfax | Senior | \$1,700 | \$2,000 | \$2,400 | N/A |
| LIHTC Maximum Rent (Net) | Fairfax | | \$1,184 | \$1,256 | \$1,503 | |
| LIHTC Maximum Rent (Net) (Loudoun County) | Loudoun | | \$1,184 | \$1,256 | \$1,503 | |
| Forest Glen Senior Apartments Phase II | Fairfax | Senior | - | \$1,230 | \$1,463 | Yes |
| The Woods At Birchwood | Loudoun | Senior | - | \$1,080 | \$1,327 | No |
| Cascades Village | Loudoun | Senior | - | \$1,245 | - | Yes |
| Herndon Harbor House | Fairfax | Senior | - | \$1,033 | - | No |
| Kendrick Court | Fairfax | Senior | - | \$1,244 | \$1,484 | Yes |
| Wingler House Apartments | Loudoun | Senior | - | \$972 | \$1,142 | No |
| Average | | | - | \$1,134 | \$1,354 | |
| Achievable LIHTC Rent | | | \$1,184 | \$1,256 | \$1,503 | Yes |

Three comparable properties reported achieving the maximum allowable LIHTC net rents at 60 percent of the AMI. The Subject will be most similar to Kendrick Court, a senior property located four miles from the Subject, in a generally similar location based on the type and condition of surrounding uses, as well as median household incomes, median rents, walkability, and crime risk indices. The contact at this property reported that rents are below the maximum allowable levels, but the adjusted rents are similar to the maximum allowable rents. This property was built in 1999 and exhibits average condition, inferior to the Subject’s anticipated condition upon completion. The Subject will offer similar in-unit and property amenities to Kendrick Court, as well as unit sizes that will range from similar to slightly superior to the unit sizes at the comparable property. Kendrick Court exhibits zero percent vacancy and does not maintain a waiting list. Overall, the Subject will be slightly superior to Kendrick Court.

The Woods at Birchwood is the newest senior affordable property on the market. This 82-unit property opened January 24, 2019, and as of March 15, 2019 there were 30 occupied units with an additional 17 pre-leased units. The Woods at Birchwood is located 9.9 miles northwest of the Subject site in Ashburn, in a more rural location with a lesser concentration of services and amenities, as well as lack of access to public transportation. We consider the Subject’s location slightly superior to that of The Woods at Birchwood. This comparable property offers superior in-unit amenities to the proposed Subject, as it offers balconies and in-unit washers and dryers, as well as garage parking on the ground floor of each building. However, it offers slightly inferior property amenities to the proposed Subject as it lacks a business center and service coordination, both of which will be offered at the Subject. The Woods at Birchwood is not achieving the maximum allowable rent, but it is in its initial absorption period. Based on the absorption pace at the property, we believe it would be capable of achieving the maximum allowable rents upon stabilization.

The Subject will be slightly superior to Cascades Village, a senior property located 4.4 miles from the Subject in a slightly inferior location based primarily on the type and condition of surrounding uses, as well as that property being located farther from the public transportation, services, and amenities of the central Reston-Herndon Corridor than the Subject will be. This comparable property was built in 2001 and exhibits average condition, inferior to the Subject’s anticipated condition. The Subject will offer similar unit sizes to Cascades Village, and slightly superior property amenities, but inferior in-unit amenities as it will lack in-unit washers and dryers. Cascades Village exhibits 1.3 percent vacancy and maintains a short, two-household waiting list.

Overall, the Subject will offer a slightly superior to superior product to the comparable properties that are achieving the maximum allowable LIHTC rents at 60 percent of the AMI. The Subject will also be slightly superior to superior to the remaining LIHTC comparable properties, all of which exhibit zero percent vacancy and maintain waiting lists of up to 198 households. Overall, the Subject will offer an excellent-quality product with competitive unit sizes and property amenities. Given the anticipated quality of the Subject and the indicated demand for affordable senior rental housing, we conclude that the maximum allowable 60 percent of AMI rents are achievable for the Subject in a hypothetical, absent-subsidy scenario.

Most Similar LIHTC

Based upon the overall comparison ratings, the Subject will be most similar to Kendrick Court and Woods at Birchwood.

Kendrick Court is a 140-unit senior LIHTC development constructed in 1999. This property exhibits average condition, inferior to the Subject's anticipated condition upon completion, and is located in a similar neighborhood based on the type and condition of surrounding uses. Kendrick Court offers elevator-serviced, midrise-style one and two-bedroom units restricted at 60 percent of the AMI. The property is 100 percent occupied, but management does not maintain a waiting list. Kendrick Court offers one-bedroom units that are similar to slightly inferior to the Subject's proposed one-bedroom units, and two-bedroom unit sizes that are slightly inferior to the Subject's proposed unit sizes. This comparable property offers similar in-unit and property amenities to the proposed Subject.

Woods at Birchwood is an 83-unit senior LIHTC development that was completed in March 2019 and is in its initial absorption period. This property exhibits excellent condition, inferior to the Subject's anticipated condition. Woods at Birchwood is located 9.9 miles from the Subject site in Ashburn, in a slightly inferior location to the proposed Subject's location based on the Subject's anticipated proximity to services, amenities, and transportation options. The comparable property offers one and two-bedroom units restricted to senior households aged 55 and over earning 40, 50, and 60 percent of the AMI, or less, in a four-story, elevator-serviced, midrise-style design. The Woods at Birchwood is 63.9 percent occupied, and 17 units are pre-leased. The comparable property offers superior in-unit amenities to the proposed Subject, as it offers balconies and in-unit washers and dryers, but slightly inferior property amenities.

Kendrick Court is achieving the maximum allowable rents, while Woods at Birchwood is not achieving the maximum allowable rents. Kendrick Court is 100 percent occupied, indicating that the maximum allowable rents are achievable for senior properties in the market. Woods at Birchwood is in its initial absorption period, and management does not appear to be testing achievable rents. The Subject will be slightly superior to Kendrick Court and slightly inferior to Woods at Birchwood.

Achievable Market Rents

Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the Subject's rental rates are above the achievable market rents. The following table shows both market rent comparisons and achievable market rents.

SUBJECT COMPARISON TO MARKET RENTS

| Unit Type | Rent Level | Unit Size / Range (SF) | Subject Achievable LIHTC Rent | Surveyed Min | Surveyed Max | Surveyed Average | Achievable Market Rent | Subject Rent Advantage |
|-----------|------------------|------------------------|-------------------------------|--------------|--------------|------------------|------------------------|------------------------|
| OBR / 1BA | @60% (Section 8) | 490 - 503 | \$1,184 | \$1,511 | \$2,137 | \$1,844 | \$1,700 | 30% |
| OBR / 1BA | @60% (Section 8) | 541 - 575 | \$1,184 | \$1,511 | \$2,137 | \$1,844 | \$1,750 | 32% |
| OBR / 1BA | @60% (Section 8) | 617 - 652 | \$1,184 | \$1,511 | \$2,137 | \$1,844 | \$1,800 | 34% |
| OBR / 1BA | @60% (Section 8) | 751 | \$1,184 | \$1,511 | \$2,137 | \$1,844 | \$1,850 | 36% |
| 1BR / 1BA | @60% (Section 8) | 561 | \$1,256 | \$1,632 | \$2,406 | \$1,917 | \$2,000 | 37% |
| 1BR / 1BA | @60% (Section 8) | 662 - 688 | \$1,256 | \$1,632 | \$2,406 | \$1,917 | \$2,100 | 40% |
| 1BR / 1BA | @60% (Section 8) | 723 - 740 | \$1,256 | \$1,632 | \$2,406 | \$1,917 | \$2,150 | 42% |
| 2BR / 1BA | @60% (Section 8) | 986 | \$1,503 | \$1,867 | \$3,662 | \$2,661 | \$2,400 | 37% |

The Subject’s achievable LIHTC rents at all AMI levels are below the achievable market rents and offer an advantage of 30 to 42 percent over the achievable market rents. The Subject will be considered most similar to Liberty Apartments and Heritage at Settler’s Landing.

Monroe Place is a 202-unit, midrise development located 3.2 miles from the Subject site, in a similar location to the proposed Subject. The property was built in 2009 and currently exhibits average condition, inferior to the Subject’s anticipated condition upon completion. Compared to the Subject, Monroe Place offers superior in-unit amenities as it offers in-unit washers and dryers and balconies, and similar property amenities. The comparable property offers one-bedroom unit sizes that are larger than the Subject’s smallest one-bedroom floor plans, and similar to slightly superior to the majority of the Subject’s floor plans. Monroe Place offers similar two-bedroom unit sizes to the proposed Subject. This comparable property exhibits 2.0 percent vacancy. This property is achieving some of the lowest one and two-bedroom rents among the market-rate comparable properties. We believe that, as a new construction property, the Subject would be able to achieve higher unrestricted rents than Monroe Place. The table below illustrates the Subject’s estimated achievable market rents compared to the market rents at Monroe Place.

SUBJECT COMPARISON TO MONROE PLACE

| Unit Type | Subject Achievable Market Rent | Unit Size / Range (SF) | Subject Achievable Market RPSF | Monroe Place Rent | Square Feet | Monroe Place RPSF |
|-----------|--------------------------------|------------------------|--------------------------------|-------------------|-------------|-------------------|
| OBR / 1BA | \$1,700 | 490 - 503 | \$3.38 - \$3.47 | - | - | - |
| OBR / 1BA | \$1,750 | 541 - 575 | \$3.04 - \$3.23 | - | - | - |
| OBR / 1BA | \$1,800 | 617 - 652 | \$2.77 - \$2.92 | - | - | - |
| OBR / 1BA | \$1,850 | 751 | \$2.46 | - | - | - |
| 1BR / 1BA | \$2,000 | 561 | \$3.57 | \$1,632 | 713 | \$2.29 |
| 1BR / 1BA | \$2,100 | 662 - 688 | \$3.05 - \$3.17 | \$1,632 | 713 | \$2.29 |
| 1BR / 1BA | \$2,150 | 723 - 740 | \$2.91 - \$2.97 | \$1,682 | 758 | \$2.22 |
| 2BR / 1BA | \$2,400 | 986 | \$2.43 | \$2,122 | 982 | \$2.16 |

The Subject will be slightly inferior to The Cosmopolitan at Reston Town Center. This 287-unit, market-rate property is located 1.0 miles from the Subject site, in a slightly superior location to the proposed Subject’s location as it is within the Reston Town Center development with walking access to dining, retail, and other amenities. The Cosmopolitan at Reston Town Center was built in 2007 and exhibits average condition, inferior to the Subject’s anticipated condition upon completion. The Subject will offer similar unit sizes to this comparable property, but slightly inferior property amenities and inferior in-unit amenities as it will lack in-unit washers and dryers, balconies, fireplaces, concierge service, and a swimming pool. The Cosmopolitan at Reston Town Center exhibits 3.8 percent vacancy and maintains a short waiting list. We believe that the Subject would be able to achieve similar to slightly lower rents than this property as an unrestricted

development. The following table illustrates the Subject’s estimated achievable market rents compared to the rents at The Cosmopolitan at Reston Town Center.

SUBJECT COMPARISON TO THE COSMOPOLITAN AT RESTON TOWN CENTER

| Unit Type | Subject Achievable Market Rent | Unit Size / Range (SF) | Subject Achievable Market RPSF | The Cosmopolitan At Reston Town Center Rent | Square Feet | The Cosmopolitan at Reston Town Center RPSF |
|-----------|--------------------------------|------------------------|--------------------------------|---|-------------|---|
| OBR / 1BA | \$1,700 | 490 - 503 | \$3.38 - \$3.47 | \$2,137 | 613 | \$3.49 |
| OBR / 1BA | \$1,750 | 541 - 575 | \$3.04 - \$3.23 | \$2,137 | 613 | \$3.49 |
| OBR / 1BA | \$1,800 | 617 - 652 | \$2.77 - \$2.92 | \$2,137 | 613 | \$3.49 |
| OBR / 1BA | \$1,850 | 751 | \$2.46 | \$2,137 | 613 | \$3.49 |
| 1BR / 1BA | \$2,000 | 561 | \$3.57 | \$2,150 | 926 | \$2.32 |
| 1BR / 1BA | \$2,100 | 662 - 688 | \$3.05 - \$3.17 | \$2,150 | 926 | \$2.32 |
| 1BR / 1BA | \$2,150 | 723 - 740 | \$2.91 - \$2.97 | \$2,150 | 926 | \$2.32 |
| 2BR / 1BA | \$2,400 | 986 | \$2.43 | \$2,771 | 1,306 | \$2.12 |

Summary Evaluation

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property as conceived. Strengths of the Subject will include its excellent condition, location, and competitive property amenities and unit sizes. Potential weaknesses include limited on-site parking and the lack of in-unit washers and dryers, which many unrestricted comparable properties offer. However, the Subject will offer a slightly superior to superior product to the LIHTC comparable properties, the majority of which exhibit zero percent vacancy and maintain waiting lists. The Subject will operate in a supply-constrained market for affordable housing. The vacancy rate at the stabilized senior LIHTC comparable properties is very low at 0.6 percent, and the majority of the LIHTC comparable properties reported maintaining waiting lists. This indicates strong demand in the market for affordable senior rental housing. The Subject will have condition, location, and property amenity advantages over the existing affordable competition. We therefore conclude that the maximum allowable 60 percent of AMI rents are achievable for the Subject in a hypothetical, absent subsidy scenario. These rents offer a discount to our estimated achievable market rents.

I. AFFORDABILITY ANALYSIS, DEMAND ANALYSIS, CAPTURE RATES AND PENETRATION RATES

AFFORDABILITY ANALYSIS, DEMAND ANALYSIS, CAPTURE RATES, AND PENETRATION RATES

Introduction

When evaluating demand for a particular proposed development we rely primarily on two methods. These are a supply analysis and a demand analysis. The supply analysis focuses on satisfied demand and anecdotal reports from property managers and market participants regarding demand. We believe this evidence of demand is the most clear and reliable when measuring housing need in a market area. We explored that indication in the previous sections of this report.

This section focuses on analyzing demographic data to determine housing need. According to NCHMA model content standards there are two measurements used to evaluate demand based on the demographic data. The first measurement is termed the capture rate. NCHMA define Capture Rate as: “The percentage of age, size, and income qualified renter households in the primary market area that the property must capture to fill the units. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the primary market area.”

The second measurement is the Penetration Rate, which has similarities to the capture rate. NCHMA defines Penetration Rate as “The percentage of age and income qualified renter households in the *primary market area* that all existing and proposed properties, to be completed within six months of the Subject, and which are competitively priced to the subject that must be captured to achieve the *stabilized level of occupancy*.”

Capture Rate Determination

The following analysis will take the reader through a multi-step process in determining an appropriate capture rate for the Subject. Our analysis takes the entire population and distributes it by the following characteristics:

- 1) PMA Demography
- 2) Income Qualified
- 3) Renter Households
- 4) Unit Size Appropriate

The following text will examine each step through the process.

Step One – PMA Demography

Primary Market Area Defined

For the purposes of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood-oriented” and are generally very reluctant to move from the area in which they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below-market rents. A certain percent of the Subject’s tenants are expected to hail from the PMA; demand estimates will be adjusted to reflect the potential for “leakage.”

The Subject property will be located in Reston, Virginia. The PMA is generally defined as the Potomac River to the north, Interstate 495 to the east, Interstate 66 and Braddock Road to the south, and VA 659 and Belmont Bridge Road to the west. This area was defined based on interviews with local market participants and local property managers. We estimated that 30 percent of the Subject’s tenants will come from outside of these boundaries.

Demographic Information

The basic demographic information is based upon the definition of a primary market area (“PMA”) and an estimate of the characteristics of the people living within that geographic definition.

Demographic data originates from the Census and is compiled by a third party data provider. Novogradac & Company uses data provided by the ESRI Business Analyst. Business Analyst brings in data as produced by ESRI’s team of demographers. Sources include the US Census, American Community Survey, and other reputable sources. Housing characteristics are derived from several data sources, including construction data from Hanley Wood Market Intelligence, building permits from counties, the USPS, HUD, BLS, and the Census bureau. Owner and renter occupied units come from the Current Population Survey (BLS) and the Housing Vacancy Survey (Census). Data has been ground-truthed by ESRI staff and proven effective.

ESRI’s products have been used by almost all US federal agencies (including HUD and USDA) , top state level agencies, over 24,000 state and local governments worldwide, as well as many industry leading technology users—AT&T, Citrix, SAP, Oracle, Microsoft. ESRI produces timely updates based on new releases of data.

Step one is to identify demographic data such as number of households, renter households, income distribution and AMI levels. The appropriate demographic is used based on the tenancy for the proposed development. When analyzing a property designated for families the demographics for the entire population within the PMA is used. However, senior properties are restricted to tenants who have reached the age of at least 55 or 62 years based upon the specifics of the applicable program. A property designated for seniors is analyzed using demographic data that includes only those households that are 65 years old and above. Even if a project has the lower restriction of 55 years of age, we still use the 65 plus as our research indicates that those younger than 65 are unlikely to seek age restrictive housing. The demographic information was detailed in the demographic section of this report.

Step Two – Income Qualified

Assumptions and Data necessary for this calculation are:

| | |
|--------------------------------|--------------------|
| Appropriate Municipality: | Fairfax County, VA |
| AMI for four person household: | \$117,200 |
| Tenancy (Family vs Senior): | Senior |
| Affordability percentage: | 40 percent |
| Leakage: | 30 percent |

To establish the number of income-eligible potential tenants for the Subject, the calculations are as follows:

First, we estimate the Subject’s minimum and maximum income levels (income bands) for the proposed LIHTC project. HUD determines maximum income guidelines for tax credit properties, based on the AMI. This provides the upper end of the income band as illustrated below. However, the minimum income is not established by HUD and must be estimated. Often, lower-income families pay a higher percentage of gross income toward housing costs. The industry standard is 35 percent for LIHTC-only calculations for family oriented properties. For senior properties this number increases to 40 percent based upon the nature of senior household economics. The lower end of the income band is calculated by taking the proposed rent by bedroom type multiplying by 12 and dividing by the application percentage to determine an income level. For example, if a property has a one bedroom unit with proposed gross rents of \$500, the estimated low end of the income range would be \$17,143 based on the family 35 percent or \$15,000 based on the senior 40 percent. *It should be noted that the Subject’s units will operate with Project Based Rental Assistance (PBRA).*

62+ INCOME LIMITS - AS PROPOSED

| Unit Type | Minimum Allowable Income | Maximum Allowable Income |
|-----------|--------------------------|--------------------------|
| | @60% (Section 8) | |
| OBR | \$0 | \$49,260 |
| 1BR | \$0 | \$56,280 |
| 2BR | \$0 | \$56,280 |

62+ INCOME LIMITS - ABSENT SUBSIDY

| Unit Type | Minimum Allowable Income | Maximum Allowable Income |
|-----------|--------------------------|--------------------------|
| | @60% | |
| OBR | \$36,930 | \$49,260 |
| 1BR | \$39,570 | \$56,280 |
| 2BR | \$47,460 | \$56,280 |

Second, we illustrate the household population segregated by income band in order to determine those who are income-qualified to reside in the Subject property. This income distribution was illustrated previously in the demographic analysis section of this report.

RENTER HOUSEHOLD INCOME 62+

| Income Cohort | PMA | | | | | |
|-------------------|---------------|---------------|---------------|---------------|----------------------------|------------|
| | 2018 | | 2023 | | Annual Change 2018 to 2023 | |
| | Number | Percentage | Number | Percentage | Number | Percentage |
| \$0-9,999 | 1,038 | 9.8% | 1,099 | 8.8% | 12 | 1.2% |
| \$10,000-19,999 | 954 | 9.0% | 1,010 | 8.1% | 11 | 1.2% |
| \$20,000-29,999 | 992 | 9.4% | 1,077 | 8.6% | 17 | 1.7% |
| \$30,000-39,999 | 888 | 8.4% | 986 | 7.9% | 20 | 2.2% |
| \$40,000-49,999 | 585 | 5.5% | 690 | 5.5% | 21 | 3.6% |
| \$50,000-59,999 | 646 | 6.1% | 787 | 6.3% | 28 | 4.4% |
| \$60,000-74,999 | 933 | 8.8% | 1,123 | 9.0% | 38 | 4.1% |
| \$75,000-99,999 | 1,122 | 10.6% | 1,360 | 10.9% | 48 | 4.2% |
| \$100,000-124,999 | 987 | 9.3% | 1,230 | 9.8% | 49 | 4.9% |
| \$125,000-149,999 | 683 | 6.5% | 866 | 6.9% | 37 | 5.4% |
| \$150,000-199,999 | 776 | 7.3% | 1,019 | 8.1% | 49 | 6.3% |
| \$200,000+ | 958 | 9.1% | 1,260 | 10.1% | 60 | 6.3% |
| Total | 10,562 | 100.0% | 12,507 | 100.0% | | |

Source: HISTA Data / Ribbon Demographics 2018, Novogradac & Company LLP, March 2019

Step Three – Income Distribution

Third, we combine the allowable income bands with the income distribution analysis in order to determine the number of potential income-qualified households. The Cohort Overlap is defined as the income amount within income bands defined above that falls within the ESRI provided Income Cohort. The % in Cohort is simply the cohort overlap divided by the income cohort range (generally \$10,000). The # in Cohort is determined by multiplying total renter households by the % in Cohort determination. In some cases the income-eligible band overlaps with more than one income cohort. In those cases, the cohort overlap for more than one income

cohort will be calculated. The sum of these calculations provides an estimate of the total number of households that are income-eligible, both by AMI level and in total.

62+ INCOME DISTRIBUTION 2018 - AS PROPOSED

| Income Cohort | Total Renter Households | @60% (Section 8) | | | All Units | | |
|-------------------|-------------------------|------------------|--------------|--------------|----------------|---------------|--------------|
| | | cohort overlap | % in cohort | # in cohort | cohort overlap | % in cohort | # in cohort |
| \$0-9,999 | 1,038 | 9,999 | 100.0% | 1,038 | 9,999 | 100.0% | 1,038 |
| \$10,000-19,999 | 954 | 9,999 | 100.0% | 954 | 9,999 | 100.0% | 954 |
| \$20,000-29,999 | 992 | 9,999 | 100.0% | 992 | 9,999 | 100.0% | 992 |
| \$30,000-39,999 | 888 | 9,999 | 100.0% | 888 | 9,999 | 100.0% | 888 |
| \$40,000-49,999 | 585 | 9,999 | 100.0% | 585 | 9,999 | 100.0% | 585 |
| \$50,000-59,999 | 646 | 6,281 | 62.8% | 406 | 6,281 | 62.8% | 406 |
| \$60,000-74,999 | 933 | | | | | | |
| \$75,000-99,999 | 1,122 | | | | | | |
| \$100,000-124,999 | 987 | | | | | | |
| \$125,000-149,999 | 683 | | | | | | |
| \$150,000-199,999 | 776 | | | | | | |
| \$200,000+ | 958 | | | | | | |
| Total | 10,562 | | 46.0% | 4,863 | | 46.04% | 4,863 |

62+ INCOME DISTRIBUTION 2018 - ABSENT SUBSIDY

| Income Cohort | Total Renter Households | @60% | | | All Units | | |
|-------------------|-------------------------|----------------|--------------|--------------|----------------|--------------|--------------|
| | | cohort overlap | % in cohort | # in cohort | cohort overlap | % in cohort | # in cohort |
| \$0-9,999 | 1,038 | | | | | | |
| \$10,000-19,999 | 954 | | | | | | |
| \$20,000-29,999 | 992 | | | | | | |
| \$30,000-39,999 | 888 | 3,068 | 30.7% | 272 | 3,068 | 30.7% | 272 |
| \$40,000-49,999 | 585 | 9,999 | 100.0% | 585 | 9,999 | 100.0% | 585 |
| \$50,000-59,999 | 646 | 6,281 | 62.8% | 406 | 6,281 | 62.8% | 406 |
| \$60,000-74,999 | 933 | | | | | | |
| \$75,000-99,999 | 1,122 | | | | | | |
| \$100,000-124,999 | 987 | | | | | | |
| \$125,000-149,999 | 683 | | | | | | |
| \$150,000-199,999 | 776 | | | | | | |
| \$200,000+ | 958 | | | | | | |
| Total | 10,562 | | 12.0% | 1,263 | | 12.0% | 1,263 |

Step Four – Income Eligible - Renter Households by Number of People in Household

At this point we know how many income eligible renter households there are within the PMA by AMI level. Using that household figure we have also calculated percentage of income eligible households to total households by AMI level (AMI percentage eligible). However, in order to provide a demand analysis by bedroom type the number of households must now be allocated to a bedroom mix. The first step in that process is to determine the number of income qualified renter households by the number of persons per household. This can be completed by applying the total number of rental households by person by the AMI percentage eligible. The

total number of renter households by person is information provided by ESRI and illustrated in the demographic discussion.

Step Five – Unit Size Appropriate

Household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. Additionally HUD assumes that one-person households are accommodated in one-bedroom units. For LIHTC income purposes, the actual size of the household is used.

The distribution of households by unit type is dependent on the following assumptions. This table has been developed by Novogradac as a result of market research.

| HOUSEHOLD DISTRIBUTION | | |
|------------------------|-----|--|
| Studio | 30% | Of one-person households in studio units |
| 1 BR | 60% | Of one-person households in 1BR units |
| | 30% | Of two-person households in 1BR units |
| 2 BR | 10% | Of one-person households in 2BR units |
| | 70% | Of two-person households in 2BR units |

The projected renter household demand by bedroom size can then be determined by applying these weightings to the number of income qualified renter households determined in Step Four.

Step Six – Capture Rate by Bedroom Mix

The capture rate is simply determined by dividing the number of units by unit type for the Subject by the total number of qualified renter households for that unit type. This calculation is then adjusted for leakage to arrive at a final determination of capture rate by bedroom type and AMI level.

CAPTURE RATE ANALYSIS BY UNIT TYPE

In order to determine demand for the proposed market mix, we also analyzed the demand capture rates expected at the Subject by bedroom type. This analysis illustrates demand for all AMI levels.

60 Percent of AMI Demand – As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2018

| | Renter Household Size Distribution | Total Number of Renter Households |
|--------------|---------------------------------------|--------------------------------------|
| 1 person | 52.0% | 5,494 |
| 2 persons | 25.5% | 2,692 |
| 3 persons | 8.0% | 845 |
| 4 persons | 6.9% | 731 |
| 5+ persons | 7.6% | 800 |
| Total | 100.0% | 10,562 |

Income-Qualified Renter Demand

| | Total Number of Renter Households | | % Income-Qualified Renter Households | Number Qualified Renter Households |
|--------------|--------------------------------------|---|---|---------------------------------------|
| 1 person | 5,494 | x | 46.0% | 2,529 |
| 2 persons | 2,692 | x | 46.0% | 1,239 |
| 3 persons | 845 | x | 46.0% | 389 |
| 4 persons | 731 | x | 46.0% | 337 |
| 5+ persons | 800 | x | 46.0% | 368 |
| Total | 10,562 | | | 4,863 |

Projected Renter Household Demand by Bedroom Size

| | Number of Qualified Renter Households |
|--------------|--|
| OBR | 759 |
| 1BR | 1,890 |
| 2BR | 1,121 |
| Total | 3,769 |

Capture Rate Analysis - @60% (Section 8) - As Proposed

| | Developer's Unit Mix | Capture Rate |
|----------------------|----------------------|--------------|
| OBR | 61 | 8.04% |
| 1BR | 173 | 9.16% |
| 2BR | 6 | 0.54% |
| Total/Overall | 240 | 6.37% |

Adjusted for Leakage from Outside of the PMA

30%

| | | |
|----------------------|------------|--------------|
| OBR | 61 | 5.63% |
| 1BR | 173 | 6.41% |
| 2BR | 6 | 0.37% |
| Total/Overall | 240 | 4.46% |

All Units Demand – As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2018

| | Renter Household Size Distribution | Total Number of Renter Households |
|--------------|---------------------------------------|--------------------------------------|
| 1 person | 52.0% | 5,494 |
| 2 persons | 25.5% | 2,692 |
| 3 persons | 8.0% | 845 |
| 4 persons | 6.9% | 731 |
| 5+ persons | 7.6% | 800 |
| Total | 100.0% | 10,562 |

Income-Qualified Renter Demand

| | Total Number of Renter Households | | % Income-Qualified Renter Households | Number Qualified Renter Households |
|--------------|--------------------------------------|---|---|---------------------------------------|
| 1 person | 5,494 | x | 46.0% | 2,529 |
| 2 persons | 2,692 | x | 46.0% | 1,239 |
| 3 persons | 845 | x | 46.0% | 389 |
| 4 persons | 731 | x | 46.0% | 337 |
| 5+ persons | 800 | x | 46.0% | 368 |
| Total | 10,562 | | | 4,863 |

Projected Renter Household Demand by Bedroom Size

| | Number of Qualified Renter Households |
|--------------|--|
| OBR | 759 |
| 1BR | 1,890 |
| 2BR | 1,121 |
| Total | 3,769 |

Capture Rate Analysis - All Units As Proposed

| | Developer's Unit Mix | Capture Rate |
|----------------------|----------------------|--------------|
| OBR | 61 | 8.04% |
| 1BR | 173 | 9.16% |
| 2BR | 6 | 0.54% |
| Total/Overall | 240 | 6.37% |

Adjusted for Leakage from Outside of the PMA

30%

| | | |
|----------------------|------------|--------------|
| OBR | 61 | 5.63% |
| 1BR | 173 | 6.41% |
| 2BR | 6 | 0.37% |
| Total/Overall | 240 | 4.46% |

60 Percent of AMI Demand – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2018

| | Renter Household Size Distribution | Total Number of Renter Households |
|--------------|---------------------------------------|--------------------------------------|
| 1 person | 52.0% | 5,494 |
| 2 persons | 25.5% | 2,692 |
| 3 persons | 8.0% | 845 |
| 4 persons | 6.9% | 731 |
| 5+ persons | 7.6% | 800 |
| Total | 100.0% | 10,562 |

Income-Qualified Renter Demand

| | Total Number of Renter Households | | % Income-Qualified Renter Households | Number Qualified Renter Households |
|--------------|--------------------------------------|---|---|---------------------------------------|
| 1 person | 5,494 | x | 12.0% | 657 |
| 2 persons | 2,692 | x | 12.0% | 322 |
| 3 persons | 845 | x | 12.0% | 101 |
| 4 persons | 731 | x | 12.0% | 87 |
| 5+ persons | 800 | x | 12.0% | 96 |
| Total | 10,562 | | | 1,263 |

Projected Renter Household Demand by Bedroom Size

| | Number of Qualified Renter Households |
|--------------|--|
| OBR | 197 |
| 1BR | 491 |
| 2BR | 291 |
| Total | 979 |

Capture Rate Analysis - @60% Absent Subsidy

| | Developer's Unit Mix | Capture Rate |
|----------------------|----------------------|---------------|
| OBR | 61 | 30.94% |
| 1BR | 173 | 35.24% |
| 2BR | 6 | 2.06% |
| Total/Overall | 240 | 24.51% |

Adjusted for Leakage from Outside of the PMA

30%

| | | |
|----------------------|------------|---------------|
| OBR | 61 | 21.66% |
| 1BR | 173 | 24.67% |
| 2BR | 6 | 1.44% |
| Total/Overall | 240 | 17.16% |

All Units Demand – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2018

| | Renter Household Size Distribution | Total Number of Renter Households |
|--------------|---------------------------------------|--------------------------------------|
| 1 person | 52.0% | 5,494 |
| 2 persons | 25.5% | 2,692 |
| 3 persons | 8.0% | 845 |
| 4 persons | 6.9% | 731 |
| 5+ persons | 7.6% | 800 |
| Total | 100.0% | 10,562 |

Income-Qualified Renter Demand

| | Total Number of Renter Households | % Income-Qualified Renter Households | Number Qualified Renter Households |
|--------------|--------------------------------------|---|---------------------------------------|
| 1 person | 5,494 | x | 12.0% |
| 2 persons | 2,692 | x | 12.0% |
| 3 persons | 845 | x | 12.0% |
| 4 persons | 731 | x | 12.0% |
| 5+ persons | 800 | x | 12.0% |
| Total | 10,562 | | 1,263 |

Projected Renter Household Demand by Bedroom Size

| | Number of Qualified Renter Households |
|--------------|--|
| OBR | 197 |
| 1BR | 491 |
| 2BR | 291 |
| Total | 979 |

Capture Rate Analysis - All Units Absent Subsidy

| | Developer's Unit Mix | Capture Rate |
|----------------------|----------------------|---------------|
| OBR | 61 | 30.94% |
| 1BR | 173 | 35.24% |
| 2BR | 6 | 2.06% |
| Total/Overall | 240 | 24.51% |

Adjusted for Leakage from Outside of the PMA

30%

| | | |
|----------------------|------------|---------------|
| OBR | 61 | 21.66% |
| 1BR | 173 | 24.67% |
| 2BR | 6 | 1.44% |
| Total/Overall | 240 | 17.16% |

ANNUAL CAPTURE RATE ANALYSIS

The following calculation derives an estimated market penetration rate based on per annum demand. This is an indication of the percentage of net demand penetration that the Subject must attract in order to reach stabilized occupancy. This measure essentially takes the available household demand searching for apartments in the market area and deducts competition in order to determine net demand available to the Subject. The table below outlines the analysis of this methodology.

The annual demand for rental housing depends upon the following factors:

Population/Household Change

Population change as a result of new households moving in or out of the area: This was previously calculated, in the estimated population increase from 2018 to 2023. Since the newly derived population will all be eligible, they are included directly into the annual demand estimate.

Additions to Supply

According to the Virginia Housing Development Authority, between 2015 and January 2019, there is one project that was allocated tax credits in the PMA.

RECENT LIHTC ALLOCATIONS IN PMA

| Property Name | Year Allocated | Rent Structure | Tenancy | Total Units | Competitive Units | Distance to Subject |
|------------------------|----------------|----------------|---------|-------------|-------------------|---------------------|
| The Woods at Birchwood | 2016 | LIHTC | Senior | 83 | 55 | 9.9 miles |
| | | | | 83 | 55 | |

Source: Virginia Housing Development Authority, March 2019

- **The Woods at Birchwood** is an 83-unit, senior LIHTC property located 9.9 miles from the Subject site in Ashburn. This property opened in January 2019 and is used as a comparable in our analysis. This property offers one and two-bedroom units restricted to senior households aged 55 and over earning 40, 50, and 60 percent of the AMI, or less. There are 30 occupied units at the property, and 17 pre-leased units. There are 55 units at the property restricted to households earning 60 percent of the AMI, or less, 23 of which are vacant. We deduct these 23 units from our analysis.

Annual Demand Table – As Proposed

| ANNUAL DEMAND - AS PROPOSED | | |
|--|----|--------------|
| Calculation | | PMA |
| Number of Renter Households in 2018 | | 10,562 |
| Increase in Number of Renter Households | | 1,945 |
| Number of Renter Households in 2023 | | 12,507 |
| <i>Existing Demand</i> | | |
| Percentage of Total Households that are Renter | | 22.5% |
| Percentage of Income-Qualified Renter Households | | 46.0% |
| Number of Income-Qualified Renter Households | | 4,863 |
| Percentage of Rent-Overburdened | | 30.6% |
| Existing Income-Qualified Renter Household Turnover | | 1,489 |
| <i>New Income-Qualified Demand, Stated Annually</i> | | |
| Increase in Renter Households per Annum | | 389 |
| Percentage of Income-Qualified Renter Households | | 46.0% |
| New Rental Income Qualified Households | | 179 |
| <i>Capture Rate Analysis</i> | | |
| Number of Units in Subject | | 240 |
| Occupied Units at Subject With Vacancy of: | 5% | 228 |
| Units Pre-Leased | | 0 |
| Total Demand (Turnover and Growth) from within PMA | | 1,668 |
| Portion Originating within PMA | | 70% |
| Total Demand (Turnover and Growth) from within PMA | | 2,383 |
| Less: Existing LIHTC Projects in Absorption Process (Number of Units) | 23 | |
| Total Demand after Competition (Turnover and Growth) | | 2,360 |
| Yielded Annual Capture Rate of Available Demand in 2019 | | 9.7% |

The yielded capture rate is approximately 9.7 percent of available demand per annum, for the Subject’s units as proposed, which is low and indicative of demand for additional affordable senior housing in the market. Tenants from the existing Lake Anne House I and II will be relocated to the Subject; a full annual capture rate analysis is hypothetical.

Annual Demand Table – Absent Subsidy

| ANNUAL DEMAND - ABSENT SUBSIDY | | |
|--|----|--------------|
| Calculation | | PMA |
| Number of Renter Households in 2018 | | 10,562 |
| Increase in Number of Renter Households | | 1,945 |
| Number of Renter Households in 2023 | | 12,507 |
| <i>Existing Demand</i> | | |
| Percentage of Total Households that are Renter | | 22.5% |
| Percentage of Income-Qualified Renter Households | | 12.0% |
| Number of Income-Qualified Renter Households | | 1,263 |
| Percentage of Rent-Overburdened | | 30.6% |
| Existing Income-Qualified Renter Household Turnover | | 387 |
| <i>New Income-Qualified Demand, Stated Annually</i> | | |
| Increase in Renter Households per Annum | | 389 |
| Percentage of Income-Qualified Renter Households | | 12.0% |
| New Rental Income Qualified Households | | 47 |
| <i>Capture Rate Analysis</i> | | |
| Number of Units in Subject | | 240 |
| Occupied Units at Subject With Vacancy of: | 5% | 228 |
| Units Pre-Leased | | 0 |
| Total Demand (Turnover and Growth) from within PMA | | 433 |
| Portion Originating within PMA | | 70% |
| Total Demand (Turnover and Growth) from within PMA | | 619 |
| Less: Existing LIHTC Projects in Absorption Process (Number of Units) | 23 | |
| Total Demand after Competition (Turnover and Growth) | | 596 |
| Yielded Annual Capture Rate of Available Demand in 2019 | | 38.3% |

The yielded capture rate is approximately 38.3 percent of available demand per annum, for the Subject’s units as proposed, which is elevated. Tenants from the existing Lake Anne House I and II will be relocated to the Subject. Additionally, the Subject will operate with project-based subsidy. An annual capture rate analysis in the unsubsidized scenario is hypothetical.

VHDA DEMAND ANALYSIS

We also included the required demand table from the VHDA market study guidelines. The following table illustrates the total demand, the net demand, and the absorption period for the Subject property. The supply illustrates all proposed or under construction units in the PMA.

We have included the directly comparable vacant units at the comparable properties. The Woods at Birchwood is a recently-completed property that is directly competitive with the Subject. This property consists of units restricted to senior households earning 40, 50, and 60 percent of the AMI, or less. There are 55 units at the property restricted to households earning 60 percent of the AMI or less; according to the property contact, 23 of these units are vacant. In addition, we included directly comparable vacant units among the other comparable properties. There are 29 vacant units that are directly competitive with the Subject as proposed, and 28 units that are directly competitive absent subsidy. The following tables detail the distribution of the competitive units among the planned, under-construction, and existing comparable properties for the Subject as proposed and absent a subsidy.

AMI DISTRIBUTION FOR PLANNED DEVELOPMENTS AND VACANT UNITS

| Property Name | Total Units | Competitive Units As Proposed | Competitive Units Absent Subsidy |
|---|--------------|----------------------------------|--|
| <i>Planned and Under Construction</i> | | | |
| The Woods at Birchwood (in initial absorption period) | 83 | 23 | 23 |
| <i>Vacant Units</i> | | | |
| Cascades Village | 150 | 2 | 2 |
| Forest Glen Senior Apartments Phase II | 119 | 3 | 3 |
| Herndon Harbor House | 120 | 0 | 0 |
| Kendrick Court | 140 | 0 | 0 |
| Wingler House Apartments | 264 | 0 | 0 |
| Coppermine Place (excluded - subsidized) | 22 | 0 | 0 |
| William Watters House (excluded - subsidized) | 91 | 1 | 0 |
| Cedar Ridge Apartments | 198 | 0 | 0 |
| Tyson's Towers (excluded - subsidized) | <u>274</u> | 0 | 0 |
| Total | 1,461 | 29 | 28 |

The following table illustrates the resulting capture rates for demand currently existing in PMA.

| Income Restrictions | Up to 60% absent subsidy (min. income to max income) | Up to 60% with subsidy (min. income to max income) | Project Total absent subsidy (min. income to max. income) | Project Total with subsidy (min. income to max. income) |
|---|--|--|---|---|
| New Rental Households | 6 | 82 | 6 | 82 |
| + | | | | |
| Existing Households - Overburdened | 386 | 1,488 | 386 | 1,488 |
| + | | | | |
| Existing Households -Substandard Housing | 19 | 72 | 19 | 72 |
| + | | | | |
| Senior Households - Likely to Covert to Rental Housing | 253 | n/a | 253 | n/a |
| + | | | | |
| TOTAL DEMAND | 664 | 1,643 | 664 | 1,643 |
| - | | | | |
| Supply (includes directly comparable vacant units or in pipeline in PMA) | 28 | 29 | 28 | 29 |
| NET DEMAND | 636 | 1,614 | 636 | 1,614 |
| PROPOSED UNITS | 240 | 240 | 240 | 240 |
| CAPTURE RATE | 37.8% | 14.9% | 37.8% | 14.9% |
| ABSORPTION PERIOD | 12 months | 12 months | 12 months | 12 months |

We believe there is ample demand for the Subject. Our concluded capture rates and absorption are shown in the table below.

| | |
|--|-----------|
| Project Wide Capture Rate- LIHTC Units As Proposed | 14.9% |
| Project Wide Capture Rate- LIHTC Units Absent Subsidy | 37.8% |
| Project Wide Absorption Period (Months) As Proposed | 12 months |
| Project Wide Absorption Period (Months) Absent Subsidy | 12 months |

Capture Rate and VHDA Conclusion

The Novoco demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation for the LIHTC units is 4.5 percent as proposed and 17.2 percent absent subsidy.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject’s first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This is a subset of the income-eligible renter households used previously and yields a far more conservative annual capture rate. This annual Novoco capture rate is 9.7 percent as proposed and 38.3 percent absent subsidy for the first year of operation as a LIHTC property. This calculation illustrates that there are approximately 2,360 units of demand in the first year of the Subject’s operation as proposed and approximately 596 units of demand in the first year of the Subject’s operation absent subsidy. The Subject will need to accommodate 228 total units of demand in order to stabilize at 95 percent occupancy. While these annual capture rate absent a subsidy is elevated, it indicates demand for additional affordable senior housing such as the Subject. Additionally, tenants from the existing Lake Anne Fellowship House I and II will

be relocated to the newly constructed Subject. Any unaccommodated households will most likely leave the PMA or remain severely rent-overburdened. The lack of available units will force many to look elsewhere.

The VHDA net demand and capture rate table illustrates demand for the Subject based on capture rates of income-eligible renter households. The following table illustrates the conclusions from this table.

| | |
|--|-----------|
| Project Wide Capture Rate- LIHTC Units As Proposed | 14.9% |
| Project Wide Capture Rate- LIHTC Units Absent Subsidy | 37.8% |
| Project Wide Absorption Period (Months) As Proposed | 12 months |
| Project Wide Absorption Period (Months) Absent Subsidy | 12 months |

The capture rate for the Subject as proposed is low and indicative of ample demand for the Subject’s units. The Subject’s capture rate absent a subsidy is moderate. The Subject is anticipated to be populated by residents of the existing Lake Anne Fellowship House I and II, and will operate with project-based subsidy for all of its units. The capture rate analysis in this scenario is purely hypothetical. However, low vacancy rates and waiting lists among the senior LIHTC comparable properties indicates strong demand for affordable senior rental housing in the market.

PENETRATION RATE ANALYSIS

Per VHDA guidelines, we also performed a penetration rate analysis for the Subject’s units as proposed and absent subsidy, as illustrated in the following tables.

| PENETRATION RATE - Methodology Two (Market Focus - NCHMA) | |
|---|--------------|
| Number of Proposed Competitive Affordable Units in the PMA | 53 |
| | + |
| Number of Existing Competitive Senior Affordable Units in the PMA | 1,301 |
| | + |
| Number of Proposed Affordable Units at the Subject | 240 |
| | = |
| Total | 1,594 |
| | / |
| Income Eligible Households - All AMI Levels | 4,863 |
| | = |
| Overall Penetration Rate - Market Focus (NCHMA) | 32.8% |

| PENETRATION RATE - Methodology Two (Market Focus - NCHMA) | |
|--|--------------|
| Number of Proposed Competitive LIHTC Units in the PMA | 53 |
| | + |
| Number of Existing Competitive Senior LIHTC Units in the PMA | 848 |
| | + |
| Number of Proposed LIHTC Units at the Subject | 240 |
| | = |
| Total | 1,141 |
| | / |
| Income Eligible Households - All AMI Levels | 1,263 |
| | = |
| Overall Penetration Rate - Market Focus (NCHMA) | 90.3% |

The overall penetration rate is derived by taking the number of LIHTC units proposed or under construction within the PMA, combined with the number of existing LIHTC units, and the number of the Subject's units divided by the number of income eligible households.

Our capture and penetration rate analyses indicate adequate depth of demand to support additional affordable housing in the market. Tenants from the existing Lake Anne Fellowship House I and II will be relocated to the newly-constructed Subject. Therefore, our capture and penetration rate analyses are conservative. Furthermore, capture and penetration rates in the absent subsidy scenario are hypothetical. The following table illustrates the existing units in the market that will be competitive with the Subject.

EXISTING AFFORDABLE PROPERTIES IN PMA

| Property Name | Rent Structure | Tenancy | Total Units | Competitive LIHTC Units | Competitive Subsidized Units |
|-------------------------------|----------------|---------|--------------|-------------------------|------------------------------|
| Cascades Village | LIHTC | Senior | 150 | 150 | 0 |
| Woods at Birchwood | LIHTC | Senior | 83 | 55 | 0 |
| Herndon Harbor House | LIHTC | Senior | 120 | 120 | 0 |
| Kendrick Court | LIHTC | Senior | 140 | 140 | 0 |
| Forest Glen Senior Apartments | LIHTC | Senior | 119 | 119 | 0 |
| Wingler House | LIHTC | Senior | 264 | 264 | 0 |
| Coppermine Place | Section 8 | Senior | 88 | 0 | 88 |
| Tyson's Towers | Section 8 | Senior | 274 | 0 | 274 |
| William Watters House | Sectoin 8 | Senior | 91 | 0 | 91 |
| Totals | | | 1,329 | 848 | 453 |

We obtained absorption information for three comparable properties and several additional properties located in Alexandria and Arlington.

ABSORPTION

| Property Name | Rent | Tenancy | Year | Total Units | Absorption (units/month) |
|-------------------------|--------|---------|------|-------------|--------------------------|
| The Woods at Birchwood* | LIHTC | Senior | 2019 | 82 | 15 |
| Exo Reston* | Market | Family | 2018 | 457 | 19 |
| Abberly Avera | Market | Family | 2018 | 336 | 9 |
| St. James Plaza | LIHTC | Family | 2017 | 93 | 16 |
| The Springs Apartments | LIHTC | Family | 2016 | 104 | 46 |
| BLVD At Reston Station | Market | Family | 2016 | 448 | 14 |
| The Shell | LIHTC | Family | 2015 | 83 | 28 |

*In initial absorption period; absorption rate shown is to date

The properties in the table above indicate absorption paces ranging from nine to 46 units per month, with an average of 21 units per month. The LIHTC properties in the table above experienced an average absorption pace of approximately 31 units per month. As previously discussed, the Subject will operate in a supply-constrained market for affordable housing. We anticipate that the Subject would experience an absorption pace within the range of the LIHTC comparable properties of 20 units per month, for a total absorption period of 12 months. The Subject is anticipated to be populated by residents of the existing Lake Anne Fellowship House I and II, therefore an absorption estimate is hypothetical.

Rent conclusions were provided in Section H.

We do not anticipate any future changes in the housing stock or risks in the market area that would adversely affect the Subject. The Novoco achievable market rents are reasonable and as a LIHTC property, we believe the Subject will operate with a stabilized occupancy rate.

**J. LOCAL PERSPECTIVES OF
RENTAL HOUSING MARKET
AND HOUSING
ALTERNATIVES**

INTERVIEWS

In order to ascertain the need for housing and affordable housing in the Subject’s area, interviews were conducted with various local officials.

Local Housing Authority Discussion

We were unable to speak with anyone at the Fairfax County Housing Authority to obtain the number of vouchers allocated to Fairfax County, and how many are in use. According to the housing authority’s website, the waiting list for Housing Choice Vouchers is closed. Payment standards for Fairfax County are issued by the Virginia Housing Development Authority. These are illustrated in the following table.

| PAYMENT STANDARDS | |
|--------------------------|-----------------|
| Unit Type | Standard |
| Studio | \$1,654 |
| One-Bedroom | \$1,717 |
| Two-Bedroom | \$1,972 |

Source: VHDA, effective November 2017

The payment standards are above the achievable LIHTC rents for all of the Subject’s units. Therefore, absent subsidy, tenants using vouchers will not have to pay additional rent out of pocket to reside at the Subject.

Planning Discussion

The following table illustrates proposed and under construction multifamily developments in the PMA according to Costar.

NEW LAKE ANNE FELLOWSHIP HOUSE – RESTON, VIRGINIA – MARKET STUDY

PLANNED DEVELOPMENT

| Property Name | Rent Structure | Tenancy | Total Units | Competitive Units | Construction Status | Distance to Subject |
|----------------------------------|-------------------|---------|---------------|-------------------|---------------------|---------------------|
| 1831 Wiehle Ave | Market | Family | 504 | 0 | Proposed | 1.5 miles |
| 2005 Edmund Halley Dr | Market | Family | 380 | 0 | Proposed | 1.6 miles |
| 2007 Edmund Halley Dr | Market | Family | 230 | 0 | Proposed | 1.6 miles |
| 2009 Edmund Halley Dr | Market | Family | 250 | 0 | Proposed | 1.6 miles |
| 3905 Fair Ridge Dr | Market | Family | 36 | 0 | Proposed | 6.9 miles |
| Block E1A | Market | Family | 260 | 0 | Proposed | 1.3 miles |
| Block C | Market | Family | 140 | 0 | Proposed | 2.9 miles |
| Block C | Market | Family | 380 | 0 | Proposed | 1.8 miles |
| Block D | Market | Family | 375 | 0 | Proposed | 2.9 miles |
| Block E2 | Market | Family | 260 | 0 | Proposed | 1.2 miles |
| Block E2A | Market | Family | 260 | 0 | Proposed | 1.2 miles |
| Block N1 | Market | Family | 260 | 0 | Proposed | 1.1 miles |
| Block N2 | Market | Family | 260 | 0 | Proposed | 1.1 miles |
| Block N3 | Market | Family | 260 | 0 | Proposed | 1.2 miles |
| Block W2 | Market | Family | 260 | 0 | Proposed | 1.1 miles |
| Block W2A | Market | Family | 260 | 0 | Proposed | 1.1 miles |
| Bldv Two | Market | Family | 275 | 0 | Proposed | 1.5 miles |
| Davis Dr | Market | Family | 395 | 0 | Proposed | 4.5 miles |
| Dulles East | Market | Family | 596 | 0 | Proposed | 4.6 miles |
| Faraday Park | Market | Family | 407 | 0 | Proposed | 1.7 miles |
| Greensboro Park Place Tower A | Market | Family | 276 | 0 | Proposed | 6.9 miles |
| Greensboro Park Place Tower B | Market | Family | 244 | 0 | Proposed | 6.9 miles |
| Innovation Ave | Market | Family | 560 | 0 | Proposed | 4.4 miles |
| Lincoln at Wiehle Station | Market | Family | 260 | 0 | Under Construction | 1.7 miles |
| Lumens at Tysons | Market | Family | 398 | 0 | Under Construction | 6.9 miles |
| MF | Market | Family | 255 | 0 | Proposed | 2.4 miles |
| MF-2 | Market | Family | 200 | 0 | Proposed | 2.4 miles |
| Pender Oaks | Market | Family | 219 | 0 | Proposed | 6.8 miles |
| Preserve at Westfields | Market | Family | 805 | 0 | Under Construction | 8.8 miles |
| Rise | Market | Family | n/a | 0 | Under Construction | 6.6 miles |
| Roland Clarke Pl | Market | Family | 308 | 0 | Proposed | 1.5 miles |
| RTC West Phase II | Market | Family | n/a | 0 | Proposed | 1.6 miles |
| Shaw Rd | Market | Family | 700 | 0 | Proposed | 4.5 miles |
| St. John's Wood | Market | Family | 481 | 0 | Proposed | 0.8 miles |
| Sterling Plaza I | Market | Family | 30 | 0 | Proposed | 3.9 miles |
| Sunrise Assisted Living Facility | Market | Family | 80 | 0 | Proposed | 6.2 miles |
| The Boro | Market | Family | 835 | 0 | Under Construction | 6.7 miles |
| The Boro - Phase II | Market | Family | 1175 | 0 | Proposed | 6.6 miles |
| The Hub - Phase II | Market | Family | 498 | 0 | Proposed | 4.2 miles |
| The Hub- Phase I | Market | Family | 473 | 0 | Proposed | 4.3 miles |
| The View | Market | Family | n/a | 0 | Proposed | 6.4 miles |
| Tysons West Phase III | Market | Family | 120 | 0 | Under Construction | 5.9 miles |
| Westpark Plaza Apartments | Market | Family | 1300 | 0 | Proposed | 6.6 miles |
| Woodland Park East | Market/Affordable | Family | 679 | 0 | Proposed | 2.9 miles |
| Total | | | 15,944 | | | |

According to Costar, there are nearly 16,000 proposed or under-construction multifamily units in the PMA. We believe that the market may be at risk of oversupply. However, as an affordable property that targets senior households, we believe that the Subject will not be negatively impacted by any oversupply.

Woodland Park East will be a mixed-use development that will include residential, office, and commercial space. The development will include 74 for-sale townhomes, 90 for-sale, two-over-two, stacked townhomes, and 515 rental units. According to Fairfax County, 12 percent of the development's units will be set-aside as affordable or workforce housing. This equates to 62 affordable rental units and 20 for-sale units. As the development will target family tenancy, we do not deduct any affordable rental units from our analysis.

According to the Virginia Housing Development Authority, between 2015 and January 2019, there is one project that was allocated tax credits in the PMA.

RECENT LIHTC ALLOCATIONS IN PMA

| Property Name | Year Allocated | Rent Structure | Tenancy | Total Units | Competitive Units | Distance to Subject |
|------------------------|----------------|----------------|---------|-------------|-------------------|---------------------|
| The Woods at Birchwood | 2016 | LIHTC | Senior | 83 | 55 | 9.9 miles |
| | | | | 83 | 55 | |

Source: Virginia Housing Development Authority, March 2019

- The Woods at Birchwood** is an 83-unit, senior LIHTC property located 9.9 miles from the Subject site in Ashburn. This property opened in January 2019 and is used as a comparable in our analysis. This property offers one and two-bedroom units restricted to senior households aged 55 and over earning 40, 50, and 60 percent of the AMI, or less. There are 30 occupied units at the property, and 17 pre-leased units. There are 55 units at the property restricted to households earning 60 percent of the AMI, or less, 23 of which are vacant. We deduct these 23 units from our analysis.

K.ANALYSIS/CONCLUSIONS

Recommendations

In general, we believe there is demand in the marketplace for the Subject. We recommend no changes for the Subject property.

Demand Summary

We believe there is ample demand for the Subject. Our concluded capture rates and absorption are shown in the table below.

| | |
|--|-----------|
| Project Wide Capture Rate- LIHTC Units As Proposed | 14.9% |
| Project Wide Capture Rate- LIHTC Units Absent Subsidy | 37.8% |
| Project Wide Absorption Period (Months) As Proposed | 12 months |
| Project Wide Absorption Period (Months) Absent Subsidy | 12 months |

The capture rate for the Subject as proposed is low and indicative of ample demand for the Subject’s units. The Subject’s capture rate absent a subsidy is moderate. The Subject is anticipated to be populated by residents of the existing Lake Anne Fellowship House I and II, and will operate with project-based subsidy for all of its units. The capture rate analysis in this scenario is purely hypothetical. However, low vacancy rates and waiting lists among the senior LIHTC comparable properties indicates strong demand for affordable senior rental housing in the market.

Strengths and Weaknesses of the Subject

Strengths

- The Subject will be in excellent condition upon completion, and in an excellent location in close proximity to services and amenities.
- The Subject will similar to superior property amenities to the existing LIHTC competition.
- The Subject will offer competitive unit sizes, particularly for its intended senior tenancy.
- There will be a Fairfax County Connector bus stop on the Subject property, which will provide access to services and amenities outside the neighborhood, as well as the Wiehle-Reston East Metro station.

Weaknesses

- The Subject’s in-unit amenities will be slightly inferior to inferior to three of the LIHTC comparable properties and all of the market-rate comparable properties, as the Subject will not offer in-unit washers and dryers or balconies/patios. Note that half of the senior LIHTC comparable properties do not offer in-unit washers and dryers.

Absorption Estimate

We obtained absorption information for three comparable properties and several additional properties located in Alexandria and Arlington.

ABSORPTION

| Property Name | Rent | Tenancy | Year | Total Units | Absorption (units/month) |
|-------------------------|--------|---------|------|-------------|-----------------------------|
| The Woods at Birchwood* | LIHTC | Senior | 2019 | 82 | 15 |
| Exo Reston* | Market | Family | 2018 | 457 | 19 |
| Abberly Avera | Market | Family | 2018 | 336 | 9 |
| St. James Plaza | LIHTC | Family | 2017 | 93 | 16 |
| The Springs Apartments | LIHTC | Family | 2016 | 104 | 46 |
| BLVD At Reston Station | Market | Family | 2016 | 448 | 14 |
| The Shell | LIHTC | Family | 2015 | 83 | 28 |

*In initial absorption period; absorption rate shown is to date

The properties in the table above indicate absorption paces ranging from nine to 46 units per month, with an average of 21 units per month. The LIHTC properties in the table above experienced an average absorption pace of approximately 31 units per month. As previously discussed, the Subject will operate in a supply-constrained market for affordable housing. We anticipate that the Subject would experience an absorption pace within the range of the LIHTC comparable properties of 20 units per month, for a total absorption period of 12 months. The Subject is anticipated to be populated by residents of the existing Lake Anne Fellowship House I and II, therefore an absorption estimate is hypothetical.

L. OTHER REQUIREMENTS

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.



Mark Perlman
Market Analyst

March 17, 2019
Date

ADDENDUM A
Assumptions and Limiting Conditions

ASSUMPTIONS AND LIMITING CONDITIONS

1. In the event that the client provided a legal description, building plans, title policy and/or survey, etc., the market analyst has relied extensively upon such data in the formulation of all analyses.
2. The legal description as supplied by the client is assumed to be correct and the author assumes no responsibility for legal matters, and renders no opinion of property title, which is assumed to be good and merchantable.
3. All encumbrances, including mortgages, liens, leases, and servitudes, were disregarded in this valuation unless specified in the report. It was recognized, however, that the typical purchaser would likely take advantage of the best available financing, and the effects of such financing on property value were considered.
4. All information contained in the report, which others furnished, was assumed to be true, correct, and reliable. A reasonable effort was made to verify such information, but the author assumes no responsibility for its accuracy.
5. The report was made assuming responsible ownership and capable management of the property.
6. The sketches, photographs, and other exhibits in this report are solely for the purpose of assisting the reader in visualizing the property. The author made no property survey, and assumes no liability in connection with such matters. It was also assumed there is no property encroachment or trespass unless noted in the report.
7. The author of this report assumes no responsibility for hidden or unapparent conditions of the property, subsoil or structures, or the correction of any defects now existing or that may develop in the future. Equipment components were assumed in good working condition unless otherwise stated in this report.
8. It is assumed that there are no hidden or unapparent conditions for the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover such factors.
9. The investigation made it reasonable to assume, for report purposes, that no insulation or other product banned by the Consumer Product Safety Commission has been introduced into the Subject premises. Visual inspection by the market analyst did not indicate the presence of any hazardous waste. It is suggested the client obtain a professional environmental hazard survey to further define the condition of the Subject soil if they deem necessary.
10. Any distribution of total property value between land and improvements applies only under the existing or specified program of property utilization. Separate valuations for land and buildings must not be used in conjunction with any other study or market study and are invalid if so used.
11. Possession of the report, or a copy thereof, does not carry with it the right of publication, nor may it be reproduced in whole or in part, in any manner, by any person, without the prior written consent of the author particularly as to value conclusions, the identity of the author or the firm with which he or she is connected. Neither all nor any part of the report, or copy thereof shall be disseminated to the general public by the use of advertising, public relations, news, sales, or other media for public communication without the prior written consent and approval of the market analyst. Nor shall the market analyst, firm, or professional organizations of which the market analyst is a member be identified without written consent of the market analyst.

12. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the professional organization with which the market analyst is affiliated.
13. The author of this report is not required to give testimony or attendance in legal or other proceedings relative to this report or to the Subject property unless satisfactory additional arrangements are made prior to the need for such services.
14. The opinions contained in this report are those of the author and no responsibility is accepted by the author for the results of actions taken by others based on information contained herein.
15. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the Subject property will sell or lease for the indicated amounts.
16. All applicable zoning and use regulations and restrictions are assumed to have been complied with, unless nonconformity has been stated, defined, and considered in the market study report.
17. It is assumed that all required licenses, permits, covenants or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
18. On all studies, Subject to satisfactory completion, repairs, or alterations, the report and conclusions are contingent upon completion of the improvements in a workmanlike manner and in a reasonable period of time.
19. All general codes, ordinances, regulations or statutes affecting the property have been and will be enforced and the property is not Subject to flood plain or utility restrictions or moratoriums, except as reported to the market analyst and contained in this report.
20. The party for whom this report is prepared has reported to the market analyst there are no original existing condition or development plans that would Subject this property to the regulations of the Securities and Exchange Commission or similar agencies on the state or local level.
21. Unless stated otherwise, no percolation tests have been performed on this property. In making the market study, it has been assumed the property is capable of passing such tests so as to be developable to its highest and best use.
22. No in-depth inspection was made of existing plumbing (including well and septic), electrical, or heating systems. The market analyst does not warrant the condition or adequacy of such systems.
23. No in-depth inspection of existing insulation was made. It is specifically assumed no Urea Formaldehyde Foam Insulation (UFFI), or any other product banned or discouraged by the Consumer Product Safety Commission has been introduced into the property. The market analyst reserves the right to review and/or modify this market study if said insulation exists on the Subject property.
24. Estimates presented in this report are assignable to parties to the development's financial structure.

ADDENDUM B
Subject Property and Neighborhood Photographs

PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD



Subject site



Subject site



Subject site



Subject site



View east on North Shore Drive



View west on North Shore Drive



View east on Baron Cameron Avenue



View west on Baron Cameron Avenue



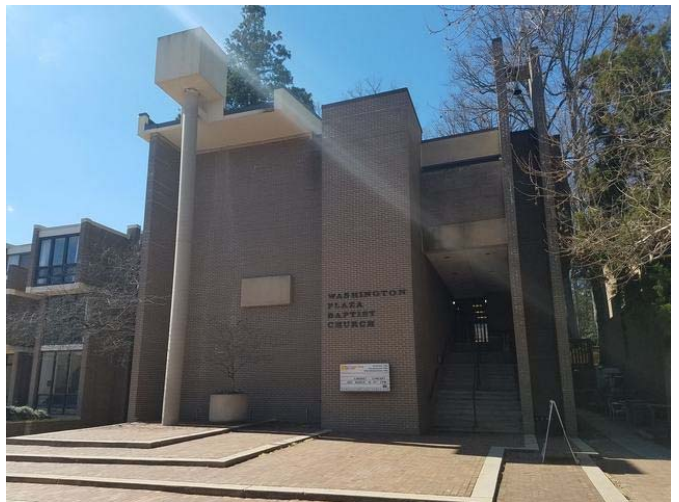
Office use adjacent south of the Subject site



Existing Lake Anne Fellowship House I and II adjacent west of the Subject site (to be demolished)



Office use and parking south of the Subject site



House of worship south of the Subject site



Park, commercial uses, and condominium uses south of the Subject site



Lake Anne and condominiums south of the Subject site



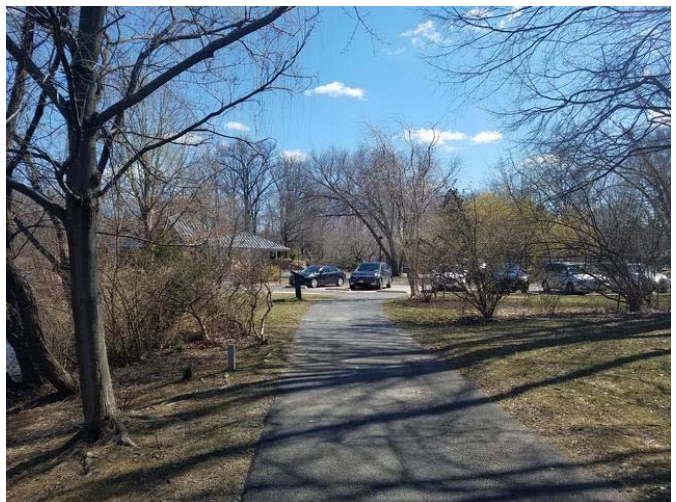
Baron Cameron park north of the Subject site



Lake Newport and single-family homes north of the Subject site



Single-family homes north of the Subject site



Lake Newport walking trail north of the Subject site



Single-family homes north of the Subject site



Single-family homes north of the Subject site



Public pool north of the Subject site



Commercial uses north of the Subject site



Grocery store north of the Subject site



Condominiums north of the Subject site



The Apartments at Harbor Park north of the Subject site (excluded – more comparable properties available)



Single-family home east of the Subject site



Single-family home east of the Subject site



Single-family home east of the Subject site



Single-family home east of the Subject site



Condominiums east of the Subject site



Crescent Apartments east of the Subject site (excluded – condition and tenancy)



Elementary school east of the Subject site



Park east of the Subject site



Public pool east of the Subject site



Condominiums south of the Subject site



Townhomes south of the Subject site



House of worship south of the Subject site



Golf course south of the Subject site



Condominiums west of the Subject site



Condominiums west of the Subject site



Office building west of the Subject site



House of worship west of the Subject site



Elementary school west of the Subject site



Grocery store west of the Subject site



Bank west of the Subject site



Commercial use west of the Subject site



Office building west of the Subject site



Commercial uses west of the Subject site

ADDENDUM C
Subject Matrices and Property Profiles

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

| | | Units Surveyed: | 3,083 | Weighted Occupancy: | 85.4% | |
|-----------------------------|---|---|---|-------------------------------|--|----------------|
| | | Market Rate | 2,207 | Market Rate | 82.2% | |
| | | Tax Credit | 876 | Tax Credit | 93.4% | |
| | | Studio One Bath Property | Average | One-Bedroom One Bath Property | Average | |
| | | Property | Average | Property | Average | |
| RENT | The Cosmopolitan At Reston Town Center (Market) | \$2,137 | The Avant At Reston Town Center (Market) | \$2,406 | The Avant At Reston Town Center (Market)(2BA) | \$3,662 |
| | The Avant At Reston Town Center (Market) | \$2,006 | The Cosmopolitan At Reston Town Center (Market) | \$2,150 | The Avant At Reston Town Center (Market)(2BA) | \$3,306 |
| | The Avant At Reston Town Center (Market) | \$1,958 | BLVD At Reston Station (Market) | \$2,062 | The Avant At Reston Town Center (Market)(2BA) | \$2,953 |
| | The Avant At Reston Town Center (Market) | \$1,868 | New Lake Anne Fellowship House (@60%) | \$2,000 | BLVD At Reston Station (Market)(2BA) | \$2,951 |
| | New Lake Anne Fellowship House (@60%) | \$1,700 | Exo Reston (Market) | \$1,850 | The Cosmopolitan At Reston Town Center (Market)(2BA) | \$2,771 |
| | BLVD At Reston Station (Market) | \$1,586 | New Lake Anne Fellowship House (@60%) | \$1,850 | Ashton At Dulles Corner (Market)(2BA) | \$2,447 |
| | New Lake Anne Fellowship House (@60%) | \$1,564 | Monroe Place (Market) | \$1,682 | Exo Reston (Market)(2BA) | \$2,444 |
| | Ashton At Dulles Corner (Market) | \$1,511 | Ashton At Dulles Corner (Market) | \$1,637 | New Lake Anne Fellowship House (@60%) | \$2,400 |
| | | | Monroe Place (Market) | \$1,632 | Monroe Place (Market)(2BA) | \$2,122 |
| | | | Cascades Village (@60%) | \$1,245 | Monroe Place (Market)(2BA) | \$2,082 |
| | | | Cascades Village (@60%) | \$1,245 | Monroe Place (Market) | \$1,867 |
| | | | Cascades Village (@60%) | \$1,245 | Kendrick Court (@60%)(2BA) | \$1,484 |
| | | | Kendrick Court (@60%) | \$1,244 | Kendrick Court (@60%) | \$1,484 |
| | | | Forest Glen Senior Apartments Phase II (@60%) | \$1,230 | Forest Glen Senior Apartments Phase II (@60%) | \$1,463 |
| | | | The Woods At Birchwood (@60%) | \$1,080 | The Woods At Birchwood (@60%)(2BA) | \$1,327 |
| | | | The Woods At Birchwood (@60%) | \$1,055 | The Woods At Birchwood (@60%)(2BA) | \$1,327 |
| | | | Herndon Harbor House (@60%) | \$1,033 | Cascades Village (@50%)(2BA) | \$1,229 |
| | | | Herndon Harbor House (@60%) | \$1,033 | The Woods At Birchwood (@50%)(2BA) | \$1,198 |
| | | | The Woods At Birchwood (@50%) | \$1,006 | Wingler House Apartments (@60%)(2BA) | \$1,142 |
| | | | Wingler House Apartments (@60%) | \$972 | The Woods At Birchwood (@40%)(2BA) | \$925 |
| | | Herndon Harbor House (@50%) | \$927 | | | |
| | | Herndon Harbor House (@50%) | \$927 | | | |
| | | Wingler House Apartments (@60%) | \$912 | | | |
| | | The Woods At Birchwood (@40%) | \$774 | | | |
| SQUARE FOOTAGE | The Cosmopolitan At Reston Town Center (Market) | 613 | The Cosmopolitan At Reston Town Center (Market) | 926 | The Avant At Reston Town Center (Market)(2BA) | 1,440 |
| | The Avant At Reston Town Center (Market) | 591 | Ashton At Dulles Corner (Market) | 895 | Ashton At Dulles Corner (Market)(2BA) | 1,416 |
| | The Avant At Reston Town Center (Market) | 591 | The Woods At Birchwood (@60%) | 857 | The Cosmopolitan At Reston Town Center (Market)(2BA) | 1,306 |
| | The Avant At Reston Town Center (Market) | 591 | The Avant At Reston Town Center (Market) | 806 | The Avant At Reston Town Center (Market)(2BA) | 1,273 |
| | BLVD At Reston Station (Market) | 585 | Cascades Village (@60%) | 768 | The Woods At Birchwood (@60%)(2BA) | 1,203 |
| | New Lake Anne Fellowship House (@60%) | 579 | BLVD At Reston Station (Market) | 766 | The Woods At Birchwood (@50%)(2BA) | 1,183 |
| | New Lake Anne Fellowship House (@60%) | 579 | The Woods At Birchwood (@50%) | 763 | The Woods At Birchwood (@40%)(2BA) | 1,183 |
| | Ashton At Dulles Corner (Market) | 524 | The Woods At Birchwood (@40%) | 763 | The Woods At Birchwood (@60%)(2BA) | 1,183 |
| | | | The Woods At Birchwood (@60%) | 763 | The Avant At Reston Town Center (Market)(2BA) | 1,106 |
| | | | Monroe Place (Market) | 758 | BLVD At Reston Station (Market)(2BA) | 1,090 |
| | | | Cascades Village (@60%) | 750 | Exo Reston (Market)(2BA) | 1,034 |
| | | | Exo Reston (Market) | 720 | New Lake Anne Fellowship House (@60%) | 986 |
| | | | Monroe Place (Market) | 713 | Monroe Place (Market)(2BA) | 982 |
| | | | Cascades Village (@60%) | 702 | Monroe Place (Market)(2BA) | 940 |
| | | | New Lake Anne Fellowship House (@60%) | 674 | Monroe Place (Market) | 904 |
| | | | New Lake Anne Fellowship House (@60%) | 674 | Kendrick Court (@60%)(2BA) | 900 |
| | | | Kendrick Court (@60%) | 600 | Cascades Village (@50%)(2BA) | 886 |
| | | | Wingler House Apartments (@60%) | 598 | Wingler House Apartments (@60%)(2BA) | 878 |
| | | | Herndon Harbor House (@50%) | 572 | Forest Glen Senior Apartments Phase II (@60%) | 806 |
| | | | Herndon Harbor House (@60%) | 572 | Kendrick Court (@60%) | 800 |
| | | Forest Glen Senior Apartments Phase II (@60%) | 566 | | | |
| | | Wingler House Apartments (@60%) | 545 | | | |
| | | Herndon Harbor House (@60%) | 485 | | | |
| | | Herndon Harbor House (@50%) | 485 | | | |
| RENT PER SQUARE FOOT | The Cosmopolitan At Reston Town Center (Market) | \$3.49 | The Avant At Reston Town Center (Market) | \$2.99 | BLVD At Reston Station (Market)(2BA) | \$2.71 |
| | The Avant At Reston Town Center (Market) | \$3.39 | New Lake Anne Fellowship House (@60%) | \$2.97 | The Avant At Reston Town Center (Market)(2BA) | \$2.67 |
| | The Avant At Reston Town Center (Market) | \$3.31 | New Lake Anne Fellowship House (@60%) | \$2.74 | The Avant At Reston Town Center (Market)(2BA) | \$2.60 |
| | The Avant At Reston Town Center (Market) | \$3.16 | BLVD At Reston Station (Market) | \$2.69 | The Avant At Reston Town Center (Market)(2BA) | \$2.54 |
| | New Lake Anne Fellowship House (@60%) | \$2.94 | Exo Reston (Market) | \$2.57 | New Lake Anne Fellowship House (@60%) | \$2.43 |
| | Ashton At Dulles Corner (Market) | \$2.88 | The Cosmopolitan At Reston Town Center (Market) | \$2.32 | Exo Reston (Market)(2BA) | \$2.36 |
| | BLVD At Reston Station (Market) | \$2.71 | Monroe Place (Market) | \$2.29 | Monroe Place (Market)(2BA) | \$2.21 |
| | New Lake Anne Fellowship House (@60%) | \$2.70 | Monroe Place (Market) | \$2.22 | Monroe Place (Market)(2BA) | \$2.16 |
| | | | Forest Glen Senior Apartments Phase II (@60%) | \$2.17 | The Cosmopolitan At Reston Town Center (Market)(2BA) | \$2.12 |
| | | | Herndon Harbor House (@60%) | \$2.13 | Monroe Place (Market) | \$2.07 |
| | | | Kendrick Court (@60%) | \$2.07 | Kendrick Court (@60%) | \$1.86 |
| | | | Herndon Harbor House (@50%) | \$1.91 | Forest Glen Senior Apartments Phase II (@60%) | \$1.82 |
| | | | Ashton At Dulles Corner (Market) | \$1.83 | Ashton At Dulles Corner (Market)(2BA) | \$1.73 |
| | | | Herndon Harbor House (@60%) | \$1.81 | Kendrick Court (@60%)(2BA) | \$1.65 |
| | | | Cascades Village (@60%) | \$1.77 | Cascades Village (@50%)(2BA) | \$1.39 |
| | | | Wingler House Apartments (@60%) | \$1.67 | Wingler House Apartments (@60%)(2BA) | \$1.30 |
| | | | Cascades Village (@60%) | \$1.66 | The Woods At Birchwood (@60%)(2BA) | \$1.12 |
| | | | Wingler House Apartments (@60%) | \$1.63 | The Woods At Birchwood (@60%)(2BA) | \$1.10 |
| | | | Cascades Village (@60%) | \$1.62 | The Woods At Birchwood (@50%)(2BA) | \$1.01 |
| | | | Herndon Harbor House (@50%) | \$1.62 | The Woods At Birchwood (@40%)(2BA) | \$0.78 |
| | | The Woods At Birchwood (@60%) | \$1.38 | | | |
| | | The Woods At Birchwood (@50%) | \$1.32 | | | |
| | | The Woods At Birchwood (@60%) | \$1.26 | | | |
| | | The Woods At Birchwood (@40%) | \$1.01 | | | |

SUMMARY MATRIX

| Comp # | Property Name | Distance to Subject | Type / Built / Renovated | Rent Structure | Unit Description | # | % | Size (SF) | Restriction | Rent (Adj) | Max Rent? | Waiting List? | Vacant Units | Vacancy Rate |
|----------------|--|---------------------|--|-------------------------|--|--|--|--|--|--|---|--|---|---|
| Subject | New Lake Anne Fellowship House 11448 North Shore Drive Reston, VA 20190 Fairfax County | | Highrise 7-stories 2021 / n/a Senior | @60% (PBRA), @60% (RAD) | OBR / 1BA OBR / 1BA 1BR / 1BA 1BR / 1BA 2BR / 1BA | 32 29 111 62 6 | 13.3% 12.1% 46.3% 25.8% 2.5% | 579 579 674 674 986 | @60% (PBRA) @60% (RAD) @60% (PBRA) @60% (RAD) @60% (PBRA) | \$1,700 \$1,564 \$2,000 \$1,850 \$2,400 | N/A N/A N/A N/A N/A | N/A N/A N/A N/A N/A | N/A N/A N/A N/A N/A | N/A N/A N/A N/A N/A |
| | | | | | | 240 | | | | | | | | |
| 1 | Cascades Village 46565 Harry Byrd Highway Sterling, VA 20164 Loudoun County | 4.4 miles | Lowrise 3-stories 2001 / 2018 Senior | @50%, @60% | 1BR / 1BA 1BR / 1BA 1BR / 1BA 2BR / 2BA | 43 40 40 27 | 28.7% 26.7% 26.7% 18.0% | 702 750 768 886 | @60% @60% @60% @50% | \$1,245 \$1,245 \$1,245 \$1,229 | Yes Yes Yes Yes | Yes Yes Yes Yes | N/A N/A N/A 0 | N/A N/A N/A 0.0% |
| | | | | | | 150 | | | | | | | | |
| 2 | Forest Glen Phase II 14400 Woodmere Court Centreville, VA 20120 Fairfax County | 9.0 miles | Midrise 4-stories 1997 / 2017 Senior | @60% | 1BR / 1BA 2BR / 1BA | 101 18 | 84.9% 15.1% | 566 806 | @60% @60% | \$1,230 \$1,463 | Yes Yes | No Yes | 3 0 | 3.0% 0.0% |
| | | | | | | 119 | | | | | | | | |
| | | | | | | | | | | | | 3 | 2.5% | |
| 3 | Herndon Harbor House 912 Jorss Place Herndon, VA 20170 Fairfax County | 2.6 miles | Midrise 4-stories 1998 / n/a Senior | @50%, @60% | 1BR / 1BA 1BR / 1BA 1BR / 1BA 1BR / 1BA | 4 56 4 5 | 3.3% 46.7% 3.3% 46.7% | 485 572 485 572 | @50% @50% @60% @60% | \$927 \$927 \$1,033 \$1,033 | Yes Yes No No | Yes Yes Yes Yes | 0 0 0 0 | 0.0% 0.0% 0.0% 0.0% |
| | | | | | | 120 | | | | | | | | |
| 4 | Kendrick Court 13430 Coppermine Road Herndon, VA 20170 Fairfax County | 4.0 miles | Midrise 4-stories 1999 / n/a Senior | @60% | 1BR / 1BA 2BR / 1BA 2BR / 2BA | 34 40 66 | 24.3% 28.6% 47.1% | 600 800 900 | @60% @60% @60% | \$1,244 \$1,484 \$1,484 | No No No | No No No | 0 0 0 | 0.0% 0.0% 0.0% |
| | | | | | | 140 | | | | | | | | |
| | | | | | | | | | | | | 0 | 0.0% | |
| 5 | The Woods At Birchwood Shreveport Drive & Loudoun County Parkway Ashburn, VA 20148 Loudoun County | 9.9 miles | Midrise 4-stories 2019 / n/a Senior | @40%, @50%, @60% | 1BR / 1BA 1BR / 1BA 1BR / 1BA 1BR / 1BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 2BR / 2BA | 3 12 10 20 3 10 13 12 | 3.6% 14.5% 12.1% 24.1% 3.6% 12.1% 15.7% 14.5% | 763 763 763 857 1,183 1,183 1,183 1,183 1,203 | @40% @50% @60% @60% @40% @50% @60% @60% | \$774 \$1,006 \$1,055 \$1,080 \$925 \$1,198 \$1,327 \$1,327 | Yes Yes Yes Yes Yes Yes Yes Yes | N/A N/A N/A N/A N/A N/A N/A N/A | N/A N/A N/A N/A N/A N/A N/A N/A | N/A N/A N/A N/A N/A N/A N/A N/A |
| | | | | | | 83 | | | | | | | | |
| | | | | | | | | | | | | 53 | 63.9% | |
| 6 | Wingler House Apartments 20900 Runnymede Terrace Ashburn, VA 20147 Loudoun County | 8.3 miles | Midrise 4-stories 1999 / 2003 Senior | @60% | 1BR / 1BA 1BR / 1BA 2BR / 2BA | 40 44 180 | 15.2% 16.7% 68.2% | 545 598 878 | @60% @60% @60% | \$912 \$972 \$1,142 | No Yes Yes | Yes Yes Yes | 0 0 0 | 0.0% 0.0% 0.0% |
| | | | | | | 264 | | | | | | | | |
| | | | | | | | | | | | | 0 | 0.0% | |
| 7 | Ashton At Dulles Corner 13958 Mansarde Avenue Herndon, VA 20171 Fairfax County | 4.6 miles | Midrise 5-stories 2009 / n/a Family | Market | OBR / 1BA 1BR / 1BA 2BR / 2BA 3BR / 2BA | 5 258 167 24 | 1.1% 56.8% 36.8% 5.3% | 524 895 1,416 1,690 | Market Market Market Market | \$1,511 \$1,637 \$2,447 \$2,370 | N/A N/A N/A N/A | No No No No | N/A N/A N/A N/A | N/A N/A N/A N/A |
| | | | | | | 454 | | | | | | | | |
| | | | | | | | | | | | | 44 | 9.7% | |
| 8 | BLVD At Reston Station 1904 Reston Metro Plaza Reston, VA 20190 Fairfax County | 0.9 miles | Highrise 16-stories 2016 / n/a Family | Market | OBR / 1BA 1BR / 1BA 1.5BR / 1BA 2BR / 2BA 2.5BR / 2BA 3BR / 2BA 3.5BR / 2.5BA | N/A N/A N/A N/A N/A N/A N/A | N/A N/A N/A 1,090 1,383 2,013 1,912 | 585 766 936 1,090 1,383 2,013 1,912 | Market Market Market Market Market Market Market | \$1,586 \$2,062 \$2,114 \$2,951 \$2,775 \$4,633 \$4,674 | N/A N/A N/A N/A N/A N/A N/A | No No No No No No No | 6 7 0 8 0 0 1 | N/A N/A N/A N/A N/A N/A N/A |
| | | | | | | 448 | | | | | | | | |
| | | | | | | | | | | | | 22 | 4.9% | |
| 9 | Exo Reston 1897 Oracle Way Reston, VA 20190 Fairfax County | 1.2 miles | Highrise 16-stories 2018 / n/a Family | Market | 1BR / 1BA 1.5BR / 1BA 2BR / 2BA 3BR / 2BA | 214 2 209 32 | 46.8% 0.4% 45.7% 7.0% | 720 720 1,034 1,377 | Market Market Market Market | \$1,850 \$2,391 \$2,444 \$3,424 | N/A N/A N/A N/A | No No No No | N/A N/A N/A N/A | N/A N/A N/A N/A |
| | | | | | | 457 | | | | | | | | |
| | | | | | | | | | | | | 290 | 63.5% | |
| 10 | Monroe Place 2300 Woodland Crossing Drive Herndon, VA 20171 Fairfax County | 3.2 miles | Midrise 4-stories 2009 / n/a Family | Market | 1BR / 1BA 1BR / 1BA 2BR / 1BA 2BR / 2BA 2BR / 2BA | N/A N/A N/A N/A N/A | N/A N/A N/A N/A N/A | 713 758 904 940 982 | Market Market Market Market Market | \$1,632 \$1,682 \$1,867 \$2,082 \$2,122 | N/A N/A N/A N/A N/A | No No No No No | N/A N/A N/A N/A N/A | N/A N/A N/A N/A N/A |
| | | | | | | 202 | | | | | | | | |
| | | | | | | | | | | | | 4 | 2.0% | |
| 11 | The Avant At Reston Town Center 12025 Town Square Street Reston, VA 20190 Fairfax County | 1.3 miles | Highrise 13-stories 2014 / n/a Family | Market | OBR / 1BA OBR / 1BA OBR / 1BA 1BR / 1BA 1.5BR / 1BA 2BR / 2BA 2BR / 2BA 2BR / 2BA 2.5BR / 2BA 2.5BR / 2BA 2.5BR / 2BA 3BR / 2BA 3BR / 2BA 3BR / 2BA | N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A | N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A | 591 591 591 806 904 1,273 1,440 1,106 1,281 1,284 1,277 1,478 1,551 1,404 | Market Market Market Market Market Market Market Market Market Market Market Market Market Market | \$1,868 \$2,006 \$1,958 \$2,406 \$2,265 \$3,306 \$3,662 \$2,953 \$3,300 \$3,420 \$3,180 \$4,283 \$4,969 \$3,598 | N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A | No No No No No No No No No No No No No | N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A | N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A |
| | | | | | | 359 | | | | | | | | |
| | | | | | | | | | | | | 22 | 6.1% | |
| 12 | The Cosmopolitan At Reston Town Center 1855 St. Francis Street Reston, VA 20190 Fairfax County | 1.0 miles | Highrise 21-stories 2007 / n/a Family | Market | OBR / 1BA 1BR / 1BA 2BR / 2BA | N/A N/A N/A | N/A N/A N/A | 613 926 1,306 | Market Market Market | \$2,137 \$2,150 \$2,771 | N/A N/A N/A | Yes Yes Yes | 0 N/A N/A | N/A N/A N/A |
| | | | | | | 287 | | | | | | | | |
| | | | | | | | | | | | | 11 | 3.8% | |

RENT AND SQUARE FOOTAGE RANKING -- All rents adjusted for utilities and concessions extracted from the market.

| | | Units Surveyed: | 3,083 | Weighted Occupancy: | 85.4% |
|-----------------------------|---|--------------------------|---|--|----------------|
| | | Market Rate | 2,207 | Market Rate | 82.2% |
| | | Tax Credit | 876 | Tax Credit | 93.4% |
| | | Studio One Bath Property | Average | One-Bedroom One Bath Property | Average |
| | | | | Two-Bedroom One Bath Property | Average |
| RENT | The Cosmopolitan At Reston Town Center (Market) | \$2,137 | | The Avant At Reston Town Center (Market) | \$2,406 |
| | The Avant At Reston Town Center (Market) | \$2,006 | | The Cosmopolitan At Reston Town Center (Market) | \$2,150 |
| | The Avant At Reston Town Center (Market) | \$1,958 | | BLVD At Reston Station (Market) | \$2,062 |
| | The Avant At Reston Town Center (Market) | \$1,868 | | New Lake Anne Fellowship House (@60%) | \$2,000 |
| | New Lake Anne Fellowship House (@60%) | \$1,700 | | Exo Reston (Market) | \$1,850 |
| | BLVD At Reston Station (Market) | \$1,586 | | New Lake Anne Fellowship House (@60%) | \$1,850 |
| | New Lake Anne Fellowship House (@60%) | \$1,564 | | Monroe Place (Market) | \$1,682 |
| | Ashton At Dulles Corner (Market) | \$1,511 | | Ashton At Dulles Corner (Market) | \$1,637 |
| | | | | Monroe Place (Market) | \$1,632 |
| | | | | Cascades Village (@60%) | \$1,245 |
| | | | | Cascades Village (@60%) | \$1,245 |
| | | | | Cascades Village (@60%) | \$1,245 |
| | | | | Kendrick Court (@60%) | \$1,244 |
| | | | | Forest Glen Senior Apartments Phase II (@60%) | \$1,230 |
| | | | | The Woods At Birchwood (@60%) | \$1,080 |
| | | | | The Woods At Birchwood (@60%) | \$1,055 |
| | | | | Herndon Harbor House (@60%) | \$1,033 |
| | | | | Herndon Harbor House (@60%) | \$1,033 |
| | | | | The Woods At Birchwood (@50%) | \$1,006 |
| | | | | Wingler House Apartments (@60%) | \$972 |
| | | | Herndon Harbor House (@50%) | \$927 | |
| | | | Herndon Harbor House (@50%) | \$927 | |
| | | | Wingler House Apartments (@60%) | \$912 | |
| | | | The Woods At Birchwood (@40%) | \$774 | |
| | | | | The Avant At Reston Town Center (Market)(2BA) | \$3,662 |
| | | | | The Avant At Reston Town Center (Market)(2BA) | \$3,306 |
| | | | | The Avant At Reston Town Center (Market)(2BA) | \$2,953 |
| | | | | BLVD At Reston Station (Market)(2BA) | \$2,951 |
| | | | | The Cosmopolitan At Reston Town Center (Market)(2BA) | \$2,771 |
| | | | | Ashton At Dulles Corner (Market)(2BA) | \$2,447 |
| | | | | Exo Reston (Market)(2BA) | \$2,444 |
| | | | | New Lake Anne Fellowship House (@60%) | \$2,400 |
| | | | | Monroe Place (Market)(2BA) | \$2,122 |
| | | | | Monroe Place (Market)(2BA) | \$2,082 |
| | | | | Monroe Place (Market) | \$1,867 |
| | | | | Kendrick Court (@60%)(2BA) | \$1,484 |
| | | | | Kendrick Court (@60%) | \$1,484 |
| | | | | Forest Glen Senior Apartments Phase II (@60%) | \$1,463 |
| | | | | The Woods At Birchwood (@60%)(2BA) | \$1,327 |
| | | | | The Woods At Birchwood (@60%)(2BA) | \$1,327 |
| | | | | Cascades Village (@50%)(2BA) | \$1,229 |
| | | | | The Woods At Birchwood (@50%)(2BA) | \$1,198 |
| | | | | Wingler House Apartments (@60%)(2BA) | \$1,142 |
| | | | | The Woods At Birchwood (@40%)(2BA) | \$925 |
| SQUARE FOOTAGE | The Cosmopolitan At Reston Town Center (Market) | 613 | | The Cosmopolitan At Reston Town Center (Market) | 926 |
| | The Avant At Reston Town Center (Market) | 591 | | Ashton At Dulles Corner (Market) | 895 |
| | The Avant At Reston Town Center (Market) | 591 | | The Woods At Birchwood (@60%) | 857 |
| | The Avant At Reston Town Center (Market) | 591 | | The Avant At Reston Town Center (Market) | 806 |
| | BLVD At Reston Station (Market) | 585 | | Cascades Village (@60%) | 768 |
| | New Lake Anne Fellowship House (@60%) | 579 | | BLVD At Reston Station (Market) | 766 |
| | New Lake Anne Fellowship House (@60%) | 579 | | The Woods At Birchwood (@50%) | 763 |
| | Ashton At Dulles Corner (Market) | 524 | | The Woods At Birchwood (@40%) | 763 |
| | | | | The Woods At Birchwood (@60%) | 763 |
| | | | | Monroe Place (Market) | 758 |
| | | | | Cascades Village (@60%) | 750 |
| | | | | Exo Reston (Market) | 720 |
| | | | | Monroe Place (Market) | 713 |
| | | | | Cascades Village (@60%) | 702 |
| | | | | New Lake Anne Fellowship House (@60%) | 674 |
| | | | | New Lake Anne Fellowship House (@60%) | 674 |
| | | | | Kendrick Court (@60%) | 600 |
| | | | | Wingler House Apartments (@60%) | 598 |
| | | | | Herndon Harbor House (@50%) | 572 |
| | | | | Herndon Harbor House (@60%) | 572 |
| | | | Forest Glen Senior Apartments Phase II (@60%) | 566 | |
| | | | Wingler House Apartments (@60%) | 545 | |
| | | | Herndon Harbor House (@60%) | 485 | |
| | | | Herndon Harbor House (@50%) | 485 | |
| | | | | The Avant At Reston Town Center (Market)(2BA) | 1,440 |
| | | | | Ashton At Dulles Corner (Market)(2BA) | 1,416 |
| | | | | The Cosmopolitan At Reston Town Center (Market)(2BA) | 1,306 |
| | | | | The Avant At Reston Town Center (Market)(2BA) | 1,273 |
| | | | | The Woods At Birchwood (@60%)(2BA) | 1,203 |
| | | | | The Woods At Birchwood (@50%)(2BA) | 1,183 |
| | | | | The Woods At Birchwood (@40%)(2BA) | 1,183 |
| | | | | The Woods At Birchwood (@60%)(2BA) | 1,183 |
| | | | | The Avant At Reston Town Center (Market)(2BA) | 1,106 |
| | | | | BLVD At Reston Station (Market)(2BA) | 1,090 |
| | | | | Exo Reston (Market)(2BA) | 1,034 |
| | | | | New Lake Anne Fellowship House (@60%) | 986 |
| | | | | Monroe Place (Market)(2BA) | 982 |
| | | | | Monroe Place (Market)(2BA) | 940 |
| | | | | Monroe Place (Market) | 904 |
| | | | | Kendrick Court (@60%)(2BA) | 900 |
| | | | | Cascades Village (@50%)(2BA) | 886 |
| | | | | Wingler House Apartments (@60%)(2BA) | 878 |
| | | | | Forest Glen Senior Apartments Phase II (@60%) | 806 |
| | | | | Kendrick Court (@60%) | 800 |
| RENT PER SQUARE FOOT | The Cosmopolitan At Reston Town Center (Market) | \$3.49 | | The Avant At Reston Town Center (Market) | \$2.99 |
| | The Avant At Reston Town Center (Market) | \$3.39 | | New Lake Anne Fellowship House (@60%) | \$2.97 |
| | The Avant At Reston Town Center (Market) | \$3.31 | | New Lake Anne Fellowship House (@60%) | \$2.74 |
| | The Avant At Reston Town Center (Market) | \$3.16 | | BLVD At Reston Station (Market) | \$2.69 |
| | New Lake Anne Fellowship House (@60%) | \$2.94 | | Exo Reston (Market) | \$2.57 |
| | Ashton At Dulles Corner (Market) | \$2.88 | | The Cosmopolitan At Reston Town Center (Market) | \$2.32 |
| | BLVD At Reston Station (Market) | \$2.71 | | Monroe Place (Market) | \$2.29 |
| | New Lake Anne Fellowship House (@60%) | \$2.70 | | Monroe Place (Market) | \$2.22 |
| | | | | Forest Glen Senior Apartments Phase II (@60%) | \$2.17 |
| | | | | Herndon Harbor House (@60%) | \$2.13 |
| | | | | Kendrick Court (@60%) | \$2.07 |
| | | | | Herndon Harbor House (@50%) | \$1.91 |
| | | | | Ashton At Dulles Corner (Market) | \$1.83 |
| | | | | Herndon Harbor House (@60%) | \$1.81 |
| | | | | Cascades Village (@60%) | \$1.77 |
| | | | | Wingler House Apartments (@60%) | \$1.67 |
| | | | | Cascades Village (@60%) | \$1.66 |
| | | | | Wingler House Apartments (@60%) | \$1.63 |
| | | | | Cascades Village (@60%) | \$1.62 |
| | | | | Herndon Harbor House (@50%) | \$1.62 |
| | | | The Woods At Birchwood (@60%) | \$1.38 | |
| | | | The Woods At Birchwood (@50%) | \$1.32 | |
| | | | The Woods At Birchwood (@60%) | \$1.26 | |
| | | | The Woods At Birchwood (@40%) | \$1.01 | |
| | | | | BLVD At Reston Station (Market)(2BA) | \$2.71 |
| | | | | The Avant At Reston Town Center (Market)(2BA) | \$2.67 |
| | | | | The Avant At Reston Town Center (Market)(2BA) | \$2.60 |
| | | | | The Avant At Reston Town Center (Market)(2BA) | \$2.54 |
| | | | | New Lake Anne Fellowship House (@60%) | \$2.43 |
| | | | | Exo Reston (Market)(2BA) | \$2.36 |
| | | | | Monroe Place (Market)(2BA) | \$2.21 |
| | | | | Monroe Place (Market)(2BA) | \$2.16 |
| | | | | The Cosmopolitan At Reston Town Center (Market)(2BA) | \$2.12 |
| | | | | Monroe Place (Market) | \$2.07 |
| | | | | Kendrick Court (@60%) | \$1.86 |
| | | | | Forest Glen Senior Apartments Phase II (@60%) | \$1.82 |
| | | | | Ashton At Dulles Corner (Market)(2BA) | \$1.73 |
| | | | | Kendrick Court (@60%)(2BA) | \$1.65 |
| | | | | Cascades Village (@50%)(2BA) | \$1.39 |
| | | | | Wingler House Apartments (@60%)(2BA) | \$1.30 |
| | | | | The Woods At Birchwood (@60%)(2BA) | \$1.12 |
| | | | | The Woods At Birchwood (@60%)(2BA) | \$1.10 |
| | | | | The Woods At Birchwood (@50%)(2BA) | \$1.01 |
| | | | | The Woods At Birchwood (@40%)(2BA) | \$0.78 |

PROPERTY PROFILE REPORT

Cascades Village

| | |
|------------------------|--|
| Effective Rent Date | 3/11/2019 |
| Location | 46565 Harry Byrd Highway Sterling, VA 20164 Loudoun County |
| Distance | 4.4 miles |
| Units | 150 |
| Vacant Units | 2 |
| Vacancy Rate | 1.3% |
| Type | Lowrise (age-restricted) (3 stories) |
| Year Built/Renovated | 2001 / 2018 |
| Marketing Began | N/A |
| Leasing Began | N/A |
| Last Unit Leased | N/A |
| Major Competitors | Winger House, Copper Manor, Forest Glen |
| Tenant Characteristics | Seniors 55+, average age of 80. |
| Contact Name | Greg / Tracy |
| Phone | 703-896-9771 |



Market Information

| | |
|----------------------|--------------------------------|
| Program | @50%, @60% |
| Annual Turnover Rate | 10% |
| Units/Month Absorbed | N/A |
| HCV Tenants | 30% |
| Leasing Pace | Pre-leased |
| Annual Chg. in Rent | Increased two to three percent |
| Concession | None |
| Waiting List | Two households |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- electric |
| Water Heat | not included -- electric |
| Heat | not included -- electric |
| Other Electric | not included |
| Water | included |
| Sewer | included |
| Trash Collection | included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|---------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1 | 1 | Lowrise (3 stories) | 43 | 702 | \$1,245 | \$0 | @60% | Yes | N/A | N/A | yes | None |
| 1 | 1 | Lowrise (3 stories) | 40 | 750 | \$1,245 | \$0 | @60% | Yes | N/A | N/A | yes | None |
| 1 | 1 | Lowrise (3 stories) | 40 | 768 | \$1,245 | \$0 | @60% | Yes | N/A | N/A | yes | None |
| 2 | 2 | Lowrise (3 stories) | 27 | 886 | \$1,229 | \$0 | @50% | Yes | 0 | 0.0% | yes | None |

Unit Mix

| @50% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent | @60% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|-----------|-----------|-------|-------------|------------|-----------|-----------|-----------|-------|-------------|------------|-----------|
| 2BR / 2BA | \$1,229 | \$0 | \$1,229 | \$0 | \$1,229 | 1BR / 1BA | \$1,245 | \$0 | \$1,245 | \$0 | \$1,245 |

Cascades Village, continued

Amenities

| In-Unit | | Security | Services |
|----------------------------------|---------------------|----------------------|----------------|
| Blinds | Carpeting | Intercom (Buzzer) | None |
| Central A/C | Coat Closet | Limited Access | |
| Dishwasher | Garbage Disposal | Video Surveillance | |
| Hand Rails | Oven | | |
| Pull Cords | Refrigerator | | |
| Washer/Dryer | Washer/Dryer hookup | | |
| Property | | Premium | Other |
| Clubhouse/Meeting Room/Community | Elevators | Hairdresser / Barber | Theatre, Zumba |
| Exercise Facility | Central Laundry | | |
| Off-Street Parking(\$0.00) | On-Site Management | | |

Comments

The property manager mentioned they installed new vinyl flooring in the apartments in 2018 and added new furniture and window treatments in common areas, but have not had any other major renovations. The contact reported a strong demand for affordable housing in the market.

Photos



PROPERTY PROFILE REPORT

Forest Glen Phase II

| | |
|------------------------|---|
| Effective Rent Date | 3/15/2019 |
| Location | 14400 Woodmere Court Centreville, VA 20120 Fairfax County |
| Distance | 9 miles |
| Units | 119 |
| Vacant Units | 3 |
| Vacancy Rate | 2.5% |
| Type | Midrise (age-restricted) (4 stories) |
| Year Built/Renovated | 1997 / 2017 |
| Marketing Began | N/A |
| Leasing Began | N/A |
| Last Unit Leased | N/A |
| Major Competitors | None identified |
| Tenant Characteristics | Most from Northern Virginia; some from NY or PA; 20% former homeowners; average age is 65 |
| Contact Name | James |
| Phone | (703) 802-9502 |



Market Information

| | |
|----------------------|--------------------------------------|
| Program | @60% |
| Annual Turnover Rate | 5% |
| Units/Month Absorbed | N/A |
| HCV Tenants | 24% |
| Leasing Pace | Within one week |
| Annual Chg. in Rent | Increased five percent |
| Concession | None |
| Waiting List | Six households for two-bedroom units |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- electric |
| Water Heat | included -- gas |
| Heat | included -- gas |
| Other Electric | not included |
| Water | included |
| Sewer | included |
| Trash Collection | included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|---------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1 | 1 | Midrise (4 stories) | 101 | 566 | \$1,268 | \$0 | @60% | No | 3 | 3.0% | yes | None |
| 2 | 1 | Midrise (4 stories) | 18 | 806 | \$1,511 | \$0 | @60% | Yes | 0 | 0.0% | yes | None |

Unit Mix

| @60% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|-----------|-----------|-------|-------------|------------|-----------|
| 1BR / 1BA | \$1,268 | \$0 | \$1,268 | -\$38 | \$1,230 |
| 2BR / 1BA | \$1,511 | \$0 | \$1,511 | -\$48 | \$1,463 |

Forest Glen Phase II, continued

Amenities

| In-Unit | | Security | Services |
|----------------------------|----------------------------------|--------------------|----------|
| Balcony/Patio | Blinds | Intercom (Buzzer) | None |
| Carpeting | Central A/C | Limited Access | |
| Coat Closet | Dishwasher | Video Surveillance | |
| Garbage Disposal | Hand Rails | | |
| Oven | Pull Cords | | |
| Refrigerator | Walk-In Closet | | |
| Property | | Premium | Other |
| Carport(\$30.00) | Clubhouse/Meeting Room/Community | None | None |
| Courtyard | Elevators | | |
| Exercise Facility | Central Laundry | | |
| Off-Street Parking(\$0.00) | On-Site Management | | |
| Picnic Area | Recreation Areas | | |

Comments

The contact stated that there is high demand in the area for affordable senior housing in the area. The contact stated that there is higher demand for one-bedroom units than for two-bedroom units at the property. Two of the vacant units are pre-leased. Major renovations to Forest Glen were finished in early 2017 which include new flooring, new hvac, new cabinetry, and new appliances.

Photos



PROPERTY PROFILE REPORT

Herndon Harbor House

| | |
|------------------------|--|
| Effective Rent Date | 3/11/2019 |
| Location | 912 Jorss Place Herndon, VA 20170 Fairfax County |
| Distance | 2.6 miles |
| Units | 120 |
| Vacant Units | 0 |
| Vacancy Rate | 0.0% |
| Type | Midrise (age-restricted) (4 stories) |
| Year Built/Renovated | 1998 / N/A |
| Marketing Began | N/A |
| Leasing Began | N/A |
| Last Unit Leased | N/A |
| Major Competitors | Kendrick Court, Wingler House |
| Tenant Characteristics | Seniors 62+, average age 80 |
| Contact Name | Kim |
| Phone | 703-904-9444 |



Market Information

| | |
|----------------------|-------------------------|
| Program | @50%, @60% |
| Annual Turnover Rate | 2% |
| Units/Month Absorbed | N/A |
| HCV Tenants | 10% |
| Leasing Pace | Within one week |
| Annual Chg. in Rent | Increased three percent |
| Concession | None |
| Waiting List | 100 households |

Utilities

| | |
|------------------|----------------------|
| A/C | included -- central |
| Cooking | included -- electric |
| Water Heat | included -- gas |
| Heat | included -- gas |
| Other Electric | included |
| Water | included |
| Sewer | included |
| Trash Collection | included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|---------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1 | 1 | Midrise (4 stories) | 4 | 485 | \$990 | \$0 | @50% | Yes | 0 | 0.0% | yes | None |
| 1 | 1 | Midrise (4 stories) | 56 | 572 | \$990 | \$0 | @50% | Yes | 0 | 0.0% | yes | None |
| 1 | 1 | Midrise (4 stories) | 4 | 485 | \$1,096 | \$0 | @60% | Yes | 0 | 0.0% | no | None |
| 1 | 1 | Midrise (4 stories) | 56 | 572 | \$1,096 | \$0 | @60% | Yes | 0 | 0.0% | no | None |

Unit Mix

| @50% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent | @60% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|-----------|-----------|-------|-------------|------------|-----------|-----------|-----------|-------|-------------|------------|-----------|
| 1BR / 1BA | \$990 | \$0 | \$990 | -\$63 | \$927 | 1BR / 1BA | \$1,096 | \$0 | \$1,096 | -\$63 | \$1,033 |

Herndon Harbor House, continued

Amenities

| In-Unit | | Security | Services |
|----------------------------|--------------------|-------------------|----------|
| Balcony/Patio | Blinds | In-Unit Alarm | None |
| Carpeting | Central A/C | Intercom (Buzzer) | |
| Coat Closet | Garbage Disposal | Intercom (Phone) | |
| Hand Rails | Microwave | Limited Access | |
| Oven | Refrigerator | Perimeter Fencing | |
| Property | | Premium | Other |
| Courtyard | Elevators | None | None |
| Exercise Facility | Central Laundry | | |
| Off-Street Parking(\$0.00) | On-Site Management | | |

Comments

The contact reported 100 inquiries per week. No major renovations have taken place, only regular upkeep of apartments as the apartments turnover.

Photos



PROPERTY PROFILE REPORT

Kendrick Court

| | |
|------------------------|--|
| Effective Rent Date | 3/11/2019 |
| Location | 13430 Coppermine Road Herndon, VA 20170 Fairfax County |
| Distance | 4 miles |
| Units | 140 |
| Vacant Units | 0 |
| Vacancy Rate | 0.0% |
| Type | Midrise (age-restricted) (4 stories) |
| Year Built/Renovated | 1999 / N/A |
| Marketing Began | N/A |
| Leasing Began | N/A |
| Last Unit Leased | N/A |
| Major Competitors | Wingler House, Harbor House, Forest Glen |
| Tenant Characteristics | Seniors 55+, average age of 73. |
| Contact Name | Jamie |
| Phone | 703-793-9300 |



Market Information

| | |
|----------------------|-------------------------------------|
| Program | @60% |
| Annual Turnover Rate | 7% |
| Units/Month Absorbed | N/A |
| HCV Tenants | 23% |
| Leasing Pace | Within two weeks |
| Annual Chg. in Rent | Increased approximately two percent |
| Concession | None |
| Waiting List | None |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- electric |
| Water Heat | included -- gas |
| Heat | included -- gas |
| Other Electric | not included |
| Water | included |
| Sewer | included |
| Trash Collection | included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|---------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1 | 1 | Midrise (4 stories) | 34 | 600 | \$1,282 | \$0 | @60% | No | 0 | 0.0% | no | None |
| 2 | 1 | Midrise (4 stories) | 40 | 800 | \$1,532 | \$0 | @60% | No | 0 | 0.0% | no | None |
| 2 | 2 | Midrise (4 stories) | 66 | 900 | \$1,532 | \$0 | @60% | No | 0 | 0.0% | no | None |

Unit Mix

| @60% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|-----------|-----------|-------|-------------|------------|-----------|
| 1BR / 1BA | \$1,282 | \$0 | \$1,282 | -\$38 | \$1,244 |
| 2BR / 1BA | \$1,532 | \$0 | \$1,532 | -\$48 | \$1,484 |
| 2BR / 2BA | \$1,532 | \$0 | \$1,532 | -\$48 | \$1,484 |

Kendrick Court, continued

Amenities

| In-Unit | | Security | Services |
|------------------------------|----------------------------------|----------------------|-----------------------------|
| Balcony/Patio | Blinds | Intercom (Buzzer) | None |
| Carpeting | Central A/C | Intercom (Phone) | |
| Coat Closet | Dishwasher | Limited Access | |
| Garbage Disposal | Oven | | |
| Refrigerator | | | |
| Property | | Premium | Other |
| Business Center/Computer Lab | Clubhouse/Meeting Room/Community | Hairdresser / Barber | library, Emergency Response |
| Elevators | Exercise Facility | | |
| Central Laundry | Off-Street Parking(\$0.00) | | |
| On-Site Management | Recreation Areas | | |

Comments

The property manager was unable to confirm the annual turnover rate and the percentage of tenants using Housing Choice Vouchers. Additionally, the contact was unsure of the proportion of tenants who were previously homeowners. The rents are not set at maximum allowable levels, but they are attainable per the contact. The property installed new flooring in the apartments in 2018, but no other major renovations have taken place since the building opened.

Photos



PROPERTY PROFILE REPORT

The Woods At Birchwood

| | |
|------------------------|--|
| Effective Rent Date | 3/16/2019 |
| Location | Shreveport Drive & Loudoun County Parkway Ashburn, VA 20148 Loudoun County |
| Distance | 9.9 miles |
| Units | 83 |
| Vacant Units | 53 |
| Vacancy Rate | 63.9% |
| Type | Midrise (age-restricted) (4 stories) |
| Year Built/Renovated | 2019 / N/A |
| Marketing Began | N/A |
| Leasing Began | 1/24/2019 |
| Last Unit Leased | N/A |
| Major Competitors | None identified |
| Tenant Characteristics | Seniors 55+ |
| Contact Name | TM Associates |
| Phone | (240) 683-0300 |



Market Information

| | |
|----------------------|------------------|
| Program | @40%, @50%, @60% |
| Annual Turnover Rate | N/A |
| Units/Month Absorbed | 15 |
| HCV Tenants | N/A |
| Leasing Pace | N/A |
| Annual Chg. in Rent | None |
| Concession | None |
| Waiting List | None |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- electric |
| Water Heat | not included -- electric |
| Heat | not included -- electric |
| Other Electric | not included |
| Water | not included |
| Sewer | not included |
| Trash Collection | included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|---------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1 | 1 | Midrise (4 stories) | 3 | 763 | \$724 | \$0 | @40% | N/A | N/A | N/A | yes | None |
| 1 | 1 | Midrise (4 stories) | 12 | 763 | \$956 | \$0 | @50% | N/A | N/A | N/A | yes | None |
| 1 | 1 | Midrise (4 stories) | 10 | 763 | \$1,005 | \$0 | @60% | N/A | N/A | N/A | yes | None |
| 1 | 1 | Midrise (4 stories) | 20 | 857 | \$1,030 | \$0 | @60% | N/A | N/A | N/A | yes | None |
| 2 | 2 | Midrise (4 stories) | 3 | 1,183 | \$860 | \$0 | @40% | N/A | N/A | N/A | yes | None |
| 2 | 2 | Midrise (4 stories) | 10 | 1,183 | \$1,133 | \$0 | @50% | N/A | N/A | N/A | yes | None |
| 2 | 2 | Midrise (4 stories) | 13 | 1,183 | \$1,262 | \$0 | @60% | N/A | N/A | N/A | yes | None |
| 2 | 2 | Midrise (4 stories) | 12 | 1,203 | \$1,262 | \$0 | @60% | N/A | N/A | N/A | yes | None |

The Woods At Birchwood, continued

Unit Mix

| @40% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent | @50% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|-----------|-------------------|-------|-------------------|------------|-------------------|-----------|-----------|-------|-------------|------------|-----------|
| 1BR / 1BA | \$724 | \$0 | \$724 | \$50 | \$774 | 1BR / 1BA | \$956 | \$0 | \$956 | \$50 | \$1,006 |
| 2BR / 2BA | \$860 | \$0 | \$860 | \$65 | \$925 | 2BR / 2BA | \$1,133 | \$0 | \$1,133 | \$65 | \$1,198 |
| @60% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent | | | | | | |
| 1BR / 1BA | \$1,005 - \$1,030 | \$0 | \$1,005 - \$1,030 | \$50 | \$1,055 - \$1,080 | | | | | | |
| 2BR / 2BA | \$1,262 | \$0 | \$1,262 | \$65 | \$1,327 | | | | | | |

Amenities

| In-Unit | | Security | Services |
|----------------------------------|--------------------|--------------------|----------|
| Balcony/Patio | Blinds | Intercom (Buzzer) | None |
| Carpeting | Central A/C | Limited Access | |
| Coat Closet | Dishwasher | Video Surveillance | |
| Exterior Storage | Ceiling Fan | | |
| Garbage Disposal | Grab Bars | | |
| Microwave | Oven | | |
| Pull Cords | Refrigerator | | |
| Walk-In Closet | Washer/Dryer | | |
| Washer/Dryer hookup | | | |
| Property | | Premium | Other |
| Clubhouse/Meeting Room/Community | Courtyard | None | None |
| Elevators | Garage(\$0.00) | | |
| Off-Street Parking(\$0.00) | On-Site Management | | |
| Picnic Area | | | |

Comments

The property opened at the end of January 2019. Of the vacant units, 17 are pre-leased. Management offered half off the first month's rent until the end of February 2019.

Photos



PROPERTY PROFILE REPORT

Wingler House Apartments

| | |
|------------------------|--|
| Effective Rent Date | 3/08/2019 |
| Location | 20900 Runnymede Terrace Ashburn, VA 20147 Loudoun County |
| Distance | 8.3 miles |
| Units | 264 |
| Vacant Units | 0 |
| Vacancy Rate | 0.0% |
| Type | Midrise (age-restricted) (4 stories) |
| Year Built/Renovated | 1999 / 2003 |
| Marketing Began | N/A |
| Leasing Began | N/A |
| Last Unit Leased | N/A |
| Major Competitors | None identified |
| Tenant Characteristics | Seniors 55+ |
| Contact Name | Claudia |
| Phone | 703-858-9507 |



Market Information

| | |
|----------------------|-------------------------|
| Program | @60% |
| Annual Turnover Rate | 5% |
| Units/Month Absorbed | N/A |
| HCV Tenants | 4% |
| Leasing Pace | Within two weeks |
| Annual Chg. in Rent | Increased three percent |
| Concession | None |
| Waiting List | Yes, 198 households |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- electric |
| Water Heat | included -- gas |
| Heat | included -- gas |
| Other Electric | not included |
| Water | included |
| Sewer | included |
| Trash Collection | included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|---------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1 | 1 | Midrise (4 stories) | 40 | 545 | \$950 | \$0 | @60% | Yes | 0 | 0.0% | no | None |
| 1 | 1 | Midrise (4 stories) | 44 | 598 | \$1,010 | \$0 | @60% | Yes | 0 | 0.0% | yes | None |
| 2 | 2 | Midrise (4 stories) | 180 | 878 | \$1,190 | \$0 | @60% | Yes | 0 | 0.0% | yes | None |

Unit Mix

| @60% | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|-----------|-----------------|-------|-----------------|------------|---------------|
| 1BR / 1BA | \$950 - \$1,010 | \$0 | \$950 - \$1,010 | -\$38 | \$912 - \$972 |
| 2BR / 2BA | \$1,190 | \$0 | \$1,190 | -\$48 | \$1,142 |

Wingler House Apartments, continued

Amenities

| In-Unit | | Security | Services |
|----------------------------------|--------------------|--------------------|----------|
| Balcony/Patio | Blinds | Intercom (Buzzer) | None |
| Carpeting | Central A/C | Intercom (Phone) | |
| Dishwasher | Garbage Disposal | Limited Access | |
| Hand Rails | Oven | Video Surveillance | |
| Pull Cords | Refrigerator | | |
| Property | | Premium | Other |
| Clubhouse/Meeting Room/Community | Elevators | None | None |
| Exercise Facility | Central Laundry | | |
| Off-Street Parking(\$0.00) | On-Site Management | | |

Comments

The contact reported 10 inquiries per week. There are no current vacancies, however there will be one small one-bedroom unit and two, two-bedroom units available in April. These three units are pre-leased. The contact would not disclose the percentage of renters who were former homeowners, nor the average age of tenants. There is a \$25 premium on units in the newer building since there are laundry rooms on each floor, as opposed to the original building with central laundry on the first floor. The higher rents are displayed in the profile.

Photos



PROPERTY PROFILE REPORT

Ashton At Dulles Corner

| | |
|------------------------|--|
| Effective Rent Date | 3/11/2019 |
| Location | 13958 Mansarde Avenue Herndon, VA 20171 Fairfax County |
| Distance | 4.6 miles |
| Units | 454 |
| Vacant Units | 44 |
| Vacancy Rate | 9.7% |
| Type | Midrise (5 stories) |
| Year Built/Renovated | 2009 / N/A |
| Marketing Began | N/A |
| Leasing Began | N/A |
| Last Unit Leased | N/A |
| Major Competitors | The Point at Herndon, Courts at Dulles, Camden |
| Tenant Characteristics | Primarily younger professionals and couples; few seniors |
| Contact Name | Chris |
| Phone | 866-440-9558 |



Market Information

| | |
|----------------------|----------------------------|
| Program | Market |
| Annual Turnover Rate | 9% |
| Units/Month Absorbed | N/A |
| HCV Tenants | 1% |
| Leasing Pace | Within one month |
| Annual Chg. in Rent | Increased up to 21 percent |
| Concession | \$750 credit |
| Waiting List | None |

Utilities

| | |
|------------------|-------------------------|
| A/C | not included -- central |
| Cooking | not included -- gas |
| Water Heat | not included -- gas |
| Heat | not included -- gas |
| Other Electric | not included |
| Water | not included |
| Sewer | not included |
| Trash Collection | not included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|---------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 0 | 1 | Midrise (5 stories) | 5 | 524 | \$1,525 | \$63 | Market | No | N/A | N/A | N/A | None |
| 1 | 1 | Midrise (5 stories) | 258 | 895 | \$1,638 | \$63 | Market | No | N/A | N/A | N/A | None |
| 2 | 2 | Midrise (5 stories) | 167 | 1,416 | \$2,433 | \$63 | Market | No | N/A | N/A | N/A | None |
| 3 | 2 | Midrise (5 stories) | 24 | 1,690 | \$2,342 | \$63 | Market | No | N/A | N/A | N/A | None |

Unit Mix

| Market | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|--------------|-----------|-------|-------------|------------|-----------|
| Studio / 1BA | \$1,525 | \$63 | \$1,462 | \$49 | \$1,511 |
| 1BR / 1BA | \$1,638 | \$63 | \$1,575 | \$62 | \$1,637 |
| 2BR / 2BA | \$2,433 | \$63 | \$2,370 | \$77 | \$2,447 |
| 3BR / 2BA | \$2,342 | \$63 | \$2,279 | \$91 | \$2,370 |

Amenities

| | | | |
|------------------------------|----------------------------------|-------------------|-----------------|
| In-Unit | | Security | Services |
| Balcony/Patio | Blinds | In-Unit Alarm | None |
| Carpeting | Central A/C | Intercom (Buzzer) | |
| Coat Closet | Dishwasher | Limited Access | |
| Ceiling Fan | Garbage Disposal | | |
| Microwave | Oven | | |
| Refrigerator | Washer/Dryer | | |
| Washer/Dryer hookup | | | |
| | | | |
| Property | | Premium | Other |
| Business Center/Computer Lab | Clubhouse/Meeting Room/Community | None | None |
| Elevators | Exercise Facility | | |
| Garage(\$0.00) | Jacuzzi | | |
| Off-Street Parking(\$0.00) | On-Site Management | | |
| Picnic Area | Swimming Pool | | |

Comments

The contact would not disclose the percentage of seniors at the property and was unable to confirm the amount of affordable dwelling units set aside at the property. The pool area, roof and front facade of the building are undergoing renovations. The property receives 200 inquiries per week. The property is waiving the one time \$400 security deposit and offering \$750 off the first month's rent. The contact reported one-bedroom units turn in two weeks or less on average. Two and three-bedroom units will stay vacant for one month on average. The property uses Yield Star to set pricing so rates change daily. The contact attributed the elevated vacancy rate to the fact more people are buying homes, and the proportion of tenants who are contract based employees.

Photos



PROPERTY PROFILE REPORT

BLVD At Reston Station

| | |
|------------------------|---|
| Effective Rent Date | 3/12/2019 |
| Location | 1904 Reston Metro Plaza Reston, VA 20190 Fairfax County |
| Distance | 0.9 miles |
| Units | 448 |
| Vacant Units | 22 |
| Vacancy Rate | 4.9% |
| Type | Highrise (16 stories) |
| Year Built/Renovated | 2016 / N/A |
| Marketing Began | 11/01/2015 |
| Leasing Began | 3/01/2016 |
| Last Unit Leased | N/A |
| Major Competitors | The Harrison |
| Tenant Characteristics | None identified |
| Contact Name | Chris |
| Phone | 703-230-1110 |



Market Information

| | |
|----------------------|---|
| Program | Market |
| Annual Turnover Rate | N/A |
| Units/Month Absorbed | 14 |
| HCV Tenants | 0% |
| Leasing Pace | N/A |
| Annual Chg. in Rent | Decreased 19 percent to increased seven |
| Concession | Two months free rent |
| Waiting List | None |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- gas |
| Water Heat | not included -- electric |
| Heat | not included -- electric |
| Other Electric | not included |
| Water | not included |
| Sewer | not included |
| Trash Collection | not included |

BLVD At Reston Station, continued

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|-----------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 0 | 1 | Highrise (16 stories) | N/A | 585 | \$1,845 | \$308 | Market | No | 6 | N/A | N/A | AVG* |
| 0 | 1 | Highrise (16 stories) | N/A | 674 | \$1,900 | \$317 | Market | No | N/A | N/A | N/A | HIGH |
| 0 | 1 | Highrise (16 stories) | N/A | 495 | \$1,790 | \$298 | Market | No | N/A | N/A | N/A | LOW |
| 1 | 1 | Highrise (16 stories) | N/A | 766 | \$2,400 | \$400 | Market | No | 7 | N/A | N/A | AVG* |
| 1 | 1 | Highrise (16 stories) | N/A | 913 | \$2,760 | \$460 | Market | No | N/A | N/A | N/A | HIGH |
| 1 | 1 | Highrise (16 stories) | N/A | 618 | \$2,040 | \$340 | Market | No | N/A | N/A | N/A | LOW |
| 1.5 | 1 | Highrise (16 stories) | N/A | 936 | \$2,463 | \$411 | Market | No | 0 | N/A | N/A | AVG* |
| 1.5 | 1 | Highrise (16 stories) | N/A | 1,041 | \$2,575 | \$429 | Market | No | N/A | N/A | N/A | HIGH |
| 1.5 | 1 | Highrise (16 stories) | N/A | 830 | \$2,350 | \$392 | Market | No | N/A | N/A | N/A | LOW |
| 2 | 2 | Highrise (16 stories) | N/A | 1,090 | \$3,448 | \$574 | Market | No | 8 | N/A | N/A | AVG* |
| 2 | 2 | Highrise (16 stories) | N/A | 1,263 | \$3,585 | \$598 | Market | No | N/A | N/A | N/A | HIGH |
| 2 | 2 | Highrise (16 stories) | N/A | 916 | \$2,495 | \$416 | Market | No | N/A | N/A | N/A | LOW |
| 2.5 | 2 | Highrise (16 stories) | N/A | 1,383 | \$3,238 | \$540 | Market | No | 0 | N/A | N/A | AVG* |
| 2.5 | 2 | Highrise (16 stories) | N/A | 1,468 | \$3,700 | \$617 | Market | No | N/A | N/A | N/A | HIGH |
| 2.5 | 2 | Highrise (16 stories) | N/A | 1,298 | \$2,775 | \$462 | Market | No | N/A | N/A | N/A | LOW |
| 3 | 2 | Highrise (16 stories) | N/A | 2,013 | \$5,450 | \$908 | Market | No | 0 | N/A | N/A | AVG* |
| 3 | 2 | Highrise (16 stories) | N/A | 2,152 | \$7,000 | \$1,167 | Market | No | N/A | N/A | N/A | HIGH |
| 3 | 2 | Highrise (16 stories) | N/A | 1,873 | \$3,900 | \$650 | Market | No | N/A | N/A | N/A | LOW |
| 3.5 | 2.5 | Highrise (16 stories) | N/A | 1,912 | \$5,500 | \$917 | Market | No | 1 | N/A | N/A | AVG* |
| 3.5 | 2.5 | Highrise (16 stories) | N/A | 2,160 | \$6,000 | \$1,000 | Market | No | N/A | N/A | N/A | HIGH |
| 3.5 | 2.5 | Highrise (16 stories) | N/A | 1,664 | \$5,000 | \$833 | Market | No | N/A | N/A | N/A | LOW |

Unit Mix

| Market | Face Rent | Conc. | Concd. Rent | Util. | Adj. Rent |
|---------------|-------------------|-----------------|-------------------|-------|-------------------|
| Studio / 1BA | \$1,790 - \$1,900 | \$298 - \$317 | \$1,492 - \$1,583 | \$49 | \$1,541 - \$1,632 |
| 1BR / 1BA | \$2,040 - \$2,760 | \$340 - \$460 | \$1,700 - \$2,300 | \$62 | \$1,762 - \$2,362 |
| 1.5BR / 1BA | \$2,350 - \$2,575 | \$392 - \$429 | \$1,958 - \$2,146 | \$62 | \$2,020 - \$2,208 |
| 2BR / 2BA | \$2,495 - \$3,585 | \$416 - \$598 | \$2,079 - \$2,987 | \$77 | \$2,156 - \$3,064 |
| 2.5BR / 2BA | \$2,775 - \$3,700 | \$462 - \$617 | \$2,313 - \$3,083 | \$77 | \$2,390 - \$3,160 |
| 3BR / 2BA | \$3,900 - \$7,000 | \$650 - \$1,167 | \$3,250 - \$5,833 | \$91 | \$3,341 - \$5,924 |
| 3.5BR / 2.5BA | \$5,000 - \$6,000 | \$833 - \$1,000 | \$4,167 - \$5,000 | \$91 | \$4,258 - \$5,091 |

Amenities

| | | | |
|------------------------------|----------------------------------|--------------------|-----------------|
| In-Unit | | Security | Services |
| Blinds | Central A/C | Intercom (Buzzer) | None |
| Coat Closet | Dishwasher | Limited Access | |
| Fireplace | Microwave | Video Surveillance | |
| Oven | Refrigerator | | |
| Walk-In Closet | Washer/Dryer | | |
| Washer/Dryer hookup | | | |
| | | | |
| Property | | Premium | Other |
| Business Center/Computer Lab | Clubhouse/Meeting Room/Community | None | None |
| Concierge | Courtyard | | |
| Elevators | Exercise Facility | | |
| Garage(\$0.00) | Off-Street Parking(\$0.00) | | |
| On-Site Management | Swimming Pool | | |

Comments

Units are priced differently based on square footage, views, floor level, and whether the unit has a balcony. The contact estimated that units with west-facing views are between \$30-40 more expensive than units with other views. Units with balconies cost between \$150-250 more than units without balconies, and units cost \$25 more per floor, going up. The property is offering a concession of two months of free rent for new tenants who move in by the end of March 2018. For April and May move-ins, the concession will be one month of free rent. The contact could not comment on demand from senior households. An unreserved garage parking space is \$75 per month, and a reserved garage parking space is \$125 per month.

Photos



PROPERTY PROFILE REPORT

Exo Reston

| | |
|------------------------|---|
| Effective Rent Date | 3/13/2019 |
| Location | 1897 Oracle Way Reston, VA 20190 Fairfax County |
| Distance | 1.2 miles |
| Units | 457 |
| Vacant Units | 290 |
| Vacancy Rate | 63.5% |
| Type | Highrise (16 stories) |
| Year Built/Renovated | 2018 / N/A |
| Marketing Began | 5/01/2018 |
| Leasing Began | 7/21/2018 |
| Last Unit Leased | N/A |
| Major Competitors | Signature, BLVD, Reston Station, Avant |
| Tenant Characteristics | None identified |
| Contact Name | Lindsay |
| Phone | 703-215-1280 |



Market Information

| | |
|----------------------|-----------------|
| Program | Market |
| Annual Turnover Rate | N/A |
| Units/Month Absorbed | 19 |
| HCV Tenants | 0% |
| Leasing Pace | N/A |
| Annual Chg. in Rent | N/A |
| Concession | Two months free |
| Waiting List | None |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- electric |
| Water Heat | not included -- electric |
| Heat | not included -- electric |
| Other Electric | not included |
| Water | not included |
| Sewer | not included |
| Trash Collection | not included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|-----------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1 | 1 | Highrise (16 stories) | 214 | 720 | \$2,145 | \$357 | Market | No | N/A | N/A | N/A | None |
| 1.5 | 1 | Highrise (16 stories) | 2 | 720 | \$2,795 | \$466 | Market | No | N/A | N/A | N/A | None |
| 2 | 2 | Highrise (16 stories) | 209 | 1,034 | \$2,840 | \$473 | Market | No | N/A | N/A | N/A | None |
| 3 | 2 | Highrise (16 stories) | 32 | 1,377 | \$4,000 | \$667 | Market | No | N/A | N/A | N/A | None |

Unit Mix

| Market | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|-------------|-----------|-------|-------------|------------|-----------|
| 1BR / 1BA | \$2,145 | \$357 | \$1,788 | \$62 | \$1,850 |
| 1.5BR / 1BA | \$2,795 | \$466 | \$2,329 | \$62 | \$2,391 |
| 2BR / 2BA | \$2,840 | \$473 | \$2,367 | \$77 | \$2,444 |
| 3BR / 2BA | \$4,000 | \$667 | \$3,333 | \$91 | \$3,424 |

Amenities

| In-Unit | | Security | Services |
|------------------------------|----------------------------------|--------------------|----------|
| Blinds | Carpet/Hardwood | Intercom (Buzzer) | None |
| Carpeting | Central A/C | Limited Access | |
| Coat Closet | Dishwasher | Video Surveillance | |
| Garbage Disposal | Microwave | | |
| Oven | Refrigerator | | |
| Walk-In Closet | Washer/Dryer | | |
| Washer/Dryer hookup | | | |
| Property | | Premium | Other |
| Business Center/Computer Lab | Clubhouse/Meeting Room/Community | None | None |
| Elevators | Exercise Facility | | |
| Off-Street Parking(\$0.00) | On-Site Management | | |
| Picnic Area | Wi-Fi | | |

Comments

The contact reported 100 inquiries per week but would not disclose the percentage of seniors at the property. Rental rates shown are starting rates for each unit type.

Photos



PROPERTY PROFILE REPORT

Monroe Place

| | |
|------------------------|---|
| Effective Rent Date | 3/08/2019 |
| Location | 2300 Woodland Crossing Drive Herndon, VA 20171 Fairfax County |
| Distance | 3.2 miles |
| Units | 202 |
| Vacant Units | 4 |
| Vacancy Rate | 2.0% |
| Type | Midrise (4 stories) |
| Year Built/Renovated | 2009 / N/A |
| Marketing Began | N/A |
| Leasing Began | N/A |
| Last Unit Leased | N/A |
| Major Competitors | Woodland Park and Icon |
| Tenant Characteristics | None identified |
| Contact Name | Jason |
| Phone | (866) 642-1716 |



Market Information

| | |
|----------------------|--|
| Program | Market |
| Annual Turnover Rate | 40% |
| Units/Month Absorbed | N/A |
| HCV Tenants | 0% |
| Leasing Pace | Within two weeks |
| Annual Chg. in Rent | Increased up to two percent |
| Concession | None |
| Waiting List | Yes, five households for affordable dwelling units |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- electric |
| Water Heat | not included -- electric |
| Heat | not included -- electric |
| Other Electric | not included |
| Water | not included |
| Sewer | not included |
| Trash Collection | not included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|---------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 1 | 1 | Midrise (4 stories) | N/A | 713 | \$1,570 | \$0 | Market | No | N/A | N/A | N/A | None |
| 1 | 1 | Midrise (4 stories) | N/A | 758 | \$1,620 | \$0 | Market | No | N/A | N/A | N/A | None |
| 2 | 1 | Midrise (4 stories) | N/A | 904 | \$1,790 | \$0 | Market | No | N/A | N/A | N/A | None |
| 2 | 2 | Midrise (4 stories) | N/A | 940 | \$2,005 | \$0 | Market | No | N/A | N/A | N/A | None |
| 2 | 2 | Midrise (4 stories) | N/A | 982 | \$2,045 | \$0 | Market | No | N/A | N/A | N/A | None |

Unit Mix

| Market | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|-----------|-------------------|-------|-------------------|------------|-------------------|
| 1BR / 1BA | \$1,570 - \$1,620 | \$0 | \$1,570 - \$1,620 | \$62 | \$1,632 - \$1,682 |
| 2BR / 1BA | \$1,790 | \$0 | \$1,790 | \$77 | \$1,867 |
| 2BR / 2BA | \$2,005 - \$2,045 | \$0 | \$2,005 - \$2,045 | \$77 | \$2,082 - \$2,122 |

Monroe Place, continued

Amenities

| In-Unit | | Security | Services |
|------------------------------|-------------------|--------------------|----------|
| Balcony/Patio | Blinds | Intercom (Buzzer) | None |
| Central A/C | Dishwasher | Intercom (Phone) | |
| Garbage Disposal | Microwave | Limited Access | |
| Oven | Refrigerator | Video Surveillance | |
| Walk-In Closet | Washer/Dryer | | |
| Washer/Dryer hookup | | | |
| Property | | Premium | Other |
| Business Center/Computer Lab | Concierge | None | None |
| Elevators | Exercise Facility | | |
| Garage(\$50.00) | Picnic Area | | |
| Swimming Pool | | | |

Comments

The contact would not comment on the percentage of seniors at the property, and could not estimate the number of inquiries per week. The property maintains a waiting list of five households for the 10 affordable dwelling units at the property. The property does not accept Housing Choice Vouchers.

Photos



PROPERTY PROFILE REPORT

The Avant At Reston Town Center

| | |
|------------------------|--|
| Effective Rent Date | 3/08/2019 |
| Location | 12025 Town Square Street Reston, VA 20190 Fairfax County |
| Distance | 1.3 miles |
| Units | 359 |
| Vacant Units | 22 |
| Vacancy Rate | 6.1% |
| Type | Highrise (13 stories) |
| Year Built/Renovated | 2014 / N/A |
| Marketing Began | N/A |
| Leasing Began | N/A |
| Last Unit Leased | N/A |
| Major Competitors | The Harrison, Cosmopolitan, and Signature |
| Tenant Characteristics | Less than 25 percent seniors |
| Contact Name | Rachel |
| Phone | (571) 385-0214 |



Market Information

| | |
|----------------------|-------------------------------|
| Program | Market |
| Annual Turnover Rate | 4% |
| Units/Month Absorbed | 22 |
| HCV Tenants | 0% |
| Leasing Pace | Within two months |
| Annual Chg. in Rent | Increased up to eight percent |
| Concession | None |
| Waiting List | None |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- electric |
| Water Heat | not included -- electric |
| Heat | not included -- electric |
| Other Electric | not included |
| Water | not included |
| Sewer | not included |
| Trash Collection | not included |

The Avant At Reston Town Center, continued

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|-----------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 0 | 1 | Highrise (13 stories) | N/A | 591 | \$1,819 | \$0 | Market | No | N/A | N/A | N/A | AVG* |
| 0 | 1 | Highrise (13 stories) | N/A | 591 | \$1,957 | \$0 | Market | No | N/A | N/A | N/A | HIGH* |
| 0 | 1 | Highrise (13 stories) | N/A | 591 | \$1,909 | \$0 | Market | No | N/A | N/A | N/A | LOW* |
| 1 | 1 | Highrise (13 stories) | N/A | 806 | \$2,344 | \$0 | Market | No | N/A | N/A | N/A | AVG* |
| 1 | 1 | Highrise (13 stories) | N/A | 920 | \$2,779 | \$0 | Market | No | N/A | N/A | N/A | HIGH |
| 1 | 1 | Highrise (13 stories) | N/A | 692 | \$1,995 | \$0 | Market | No | N/A | N/A | N/A | LOW |
| 1.5 | 1 | Highrise (13 stories) | N/A | 904 | \$2,203 | \$0 | Market | No | N/A | N/A | N/A | AVG* |
| 1.5 | 1 | Highrise (13 stories) | N/A | 920 | \$2,351 | \$0 | Market | No | N/A | N/A | N/A | HIGH |
| 1.5 | 1 | Highrise (13 stories) | N/A | 888 | \$2,055 | \$0 | Market | No | N/A | N/A | N/A | LOW |
| 2 | 2 | Highrise (13 stories) | N/A | 1,273 | \$3,229 | \$0 | Market | No | N/A | N/A | N/A | AVG* |
| 2 | 2 | Highrise (13 stories) | N/A | 1,440 | \$3,585 | \$0 | Market | No | N/A | N/A | N/A | HIGH* |
| 2 | 2 | Highrise (13 stories) | N/A | 1,106 | \$2,876 | \$0 | Market | No | N/A | N/A | N/A | LOW* |
| 2.5 | 2 | Highrise (13 stories) | N/A | 1,281 | \$3,223 | \$0 | Market | No | N/A | N/A | N/A | AVG* |
| 2.5 | 2 | Highrise (13 stories) | N/A | 1,284 | \$3,343 | \$0 | Market | No | N/A | N/A | N/A | HIGH* |
| 2.5 | 2 | Highrise (13 stories) | N/A | 1,277 | \$3,103 | \$0 | Market | No | N/A | N/A | N/A | LOW* |
| 3 | 2 | Highrise (13 stories) | N/A | 1,478 | \$4,192 | \$0 | Market | No | N/A | N/A | N/A | AVG* |
| 3 | 2 | Highrise (13 stories) | N/A | 1,551 | \$4,878 | \$0 | Market | No | N/A | N/A | N/A | HIGH* |
| 3 | 2 | Highrise (13 stories) | N/A | 1,404 | \$3,507 | \$0 | Market | No | N/A | N/A | N/A | LOW* |

Unit Mix

| Market | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|--------------|-------------------|-------|-------------------|------------|-------------------|
| Studio / 1BA | \$1,819 - \$1,957 | \$0 | \$1,819 - \$1,957 | \$49 | \$1,868 - \$2,006 |
| 1BR / 1BA | \$1,995 - \$2,779 | \$0 | \$1,995 - \$2,779 | \$62 | \$2,057 - \$2,841 |
| 1.5BR / 1BA | \$2,055 - \$2,351 | \$0 | \$2,055 - \$2,351 | \$62 | \$2,117 - \$2,413 |
| 2BR / 2BA | \$2,876 - \$3,585 | \$0 | \$2,876 - \$3,585 | \$77 | \$2,953 - \$3,662 |
| 2.5BR / 2BA | \$3,103 - \$3,343 | \$0 | \$3,103 - \$3,343 | \$77 | \$3,180 - \$3,420 |
| 3BR / 2BA | \$3,507 - \$4,878 | \$0 | \$3,507 - \$4,878 | \$91 | \$3,598 - \$4,969 |

Amenities

| In-Unit | Security | Services |
|------------------------------|--------------------|----------|
| Balcony/Patio | Intercom (Buzzer) | None |
| Carpet/Hardwood | Limited Access | |
| Dishwasher | Video Surveillance | |
| Oven | | |
| Walk-In Closet | | |
| Washer/Dryer hookup | | |
| | | |
| Property | Premium | Other |
| Business Center/Computer Lab | None | None |
| Commercial/Retail | | |
| Elevators | | |
| Garage(\$0.00) | | |
| On-Site Management | | |
| Swimming Pool | | |

Comments

The contact reported 100 inquiries per week and said the elevated number of vacancies can be attributed to the winter season. The property accepts Housing Choice Vouchers, although no tenants are currently utilizing them. None of the units are pre-leased.

Photos



PROPERTY PROFILE REPORT

The Cosmopolitan At Reston Town Center

| | |
|------------------------|---|
| Effective Rent Date | 3/13/2019 |
| Location | 1855 St. Francis Street Reston, VA 20190 Fairfax County |
| Distance | 1 mile |
| Units | 287 |
| Vacant Units | 11 |
| Vacancy Rate | 3.8% |
| Type | Highrise (21 stories) |
| Year Built/Renovated | 2007 / N/A |
| Marketing Began | N/A |
| Leasing Began | N/A |
| Last Unit Leased | N/A |
| Major Competitors | Avant, Harrison, BLVD, Signature |
| Tenant Characteristics | Mostly from Reston, some tenants relocating from out of state |
| Contact Name | Gigi |
| Phone | 866-311-6470 |



Market Information

| | |
|----------------------|----------------------------|
| Program | Market |
| Annual Turnover Rate | 42% |
| Units/Month Absorbed | N/A |
| HCV Tenants | 0% |
| Leasing Pace | Within two weeks |
| Annual Chg. in Rent | Increased up to 34 percent |
| Concession | None |
| Waiting List | Yes, four households |

Utilities

| | |
|------------------|--------------------------|
| A/C | not included -- central |
| Cooking | not included -- gas |
| Water Heat | not included -- electric |
| Heat | not included -- electric |
| Other Electric | not included |
| Water | not included |
| Sewer | not included |
| Trash Collection | not included |

Unit Mix (face rent)

| Beds | Baths | Type | Units | Size (SF) | Rent | Concession (monthly) | Restriction | Waiting List | Vacant | Vacancy Rate | Max Rent? | Range |
|------|-------|-----------------------|-------|-----------|---------|----------------------|-------------|--------------|--------|--------------|-----------|-------|
| 0 | 1 | Highrise (21 stories) | N/A | 613 | \$2,088 | \$0 | Market | Yes | 0 | N/A | N/A | None |
| 1 | 1 | Highrise (21 stories) | N/A | 926 | \$2,088 | \$0 | Market | Yes | N/A | N/A | N/A | None |
| 2 | 2 | Highrise (21 stories) | N/A | 1,306 | \$2,694 | \$0 | Market | Yes | N/A | N/A | N/A | None |

Unit Mix

| Market | Face Rent | Conc. | Concd. Rent | Util. Adj. | Adj. Rent |
|--------------|-----------|-------|-------------|------------|-----------|
| Studio / 1BA | \$2,088 | \$0 | \$2,088 | \$49 | \$2,137 |
| 1BR / 1BA | \$2,088 | \$0 | \$2,088 | \$62 | \$2,150 |
| 2BR / 2BA | \$2,694 | \$0 | \$2,694 | \$77 | \$2,771 |

The Cosmopolitan At Reston Town Center, continued

Amenities

| | | | |
|------------------------------|----------------------------------|-------------------|-----------------|
| In-Unit | | Security | Services |
| Balcony/Patio | Blinds | Intercom (Buzzer) | None |
| Carpet/Hardwood | Central A/C | Limited Access | |
| Coat Closet | Dishwasher | Patrol | |
| Fireplace | Garbage Disposal | | |
| Microwave | Oven | | |
| Refrigerator | Walk-In Closet | | |
| Washer/Dryer | Washer/Dryer hookup | | |
| Property | | Premium | Other |
| Business Center/Computer Lab | Clubhouse/Meeting Room/Community | None | None |
| Concierge | Elevators | | |
| Exercise Facility | Garage(\$0.00) | | |
| On-Site Management | Swimming Pool | | |

Comments

The property receives approximately 40 inquiries per week. The contact would not disclose the percentage of senior tenants. Rental rates are set by Alero and change daily. The property does not accept Housing Choice Vouchers. The contact was unable to provide an annual turnover rate. The property is 96 percent occupied and 96 percent leased.

Photos



ADDENDUM D
Site and Floor Plans

Subject Site Plan



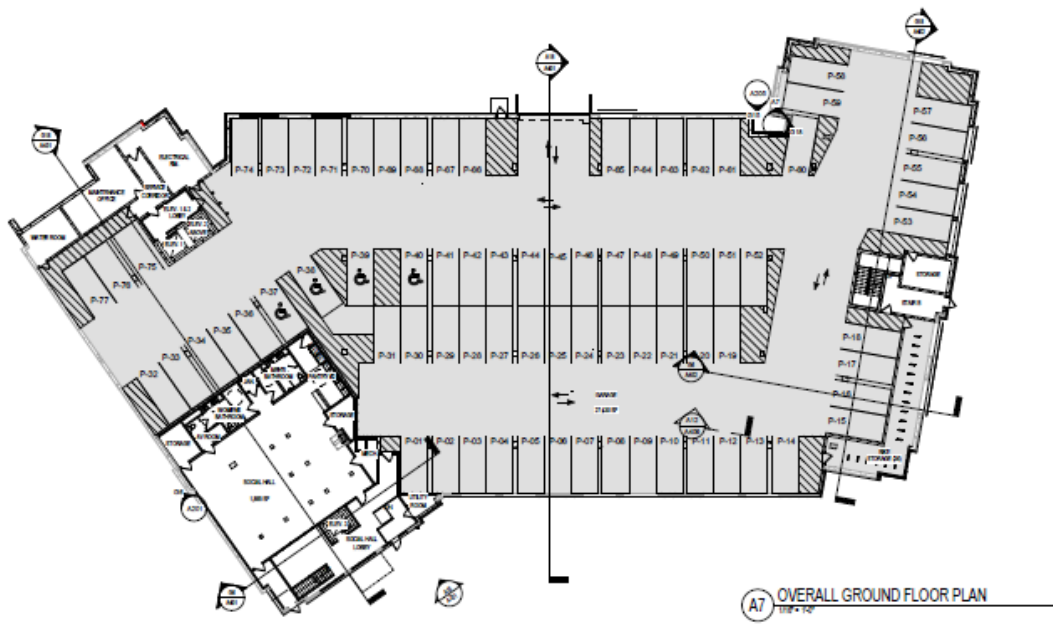
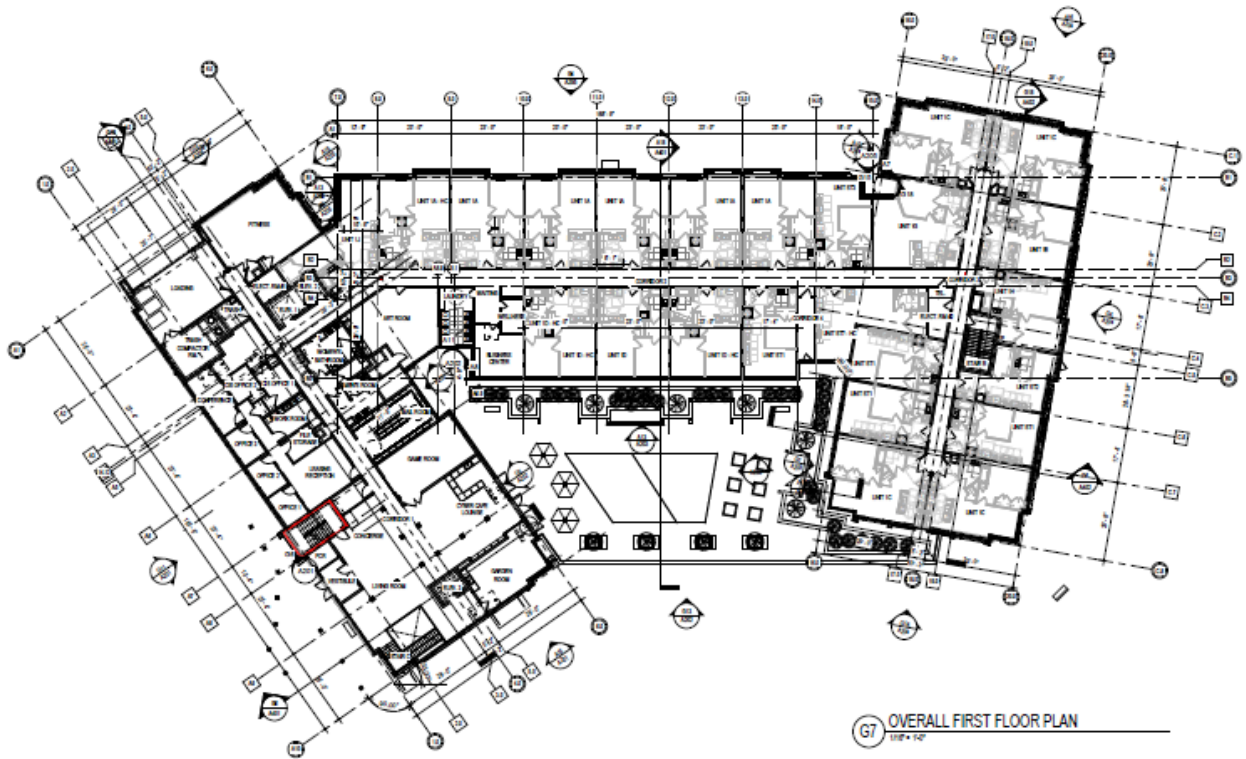
Source: Sponsor, March 2019

Subject Elevations



Source: Sponsor, March 2019

Subject Floor Plans



Source: Sponsor, March 2019

ADDENDUM E
Utility Allowance



Virginia Housing Development Authority
Housing Choice Voucher Program

**Allowances for
Tenant-Furnished Utilities
and Other Services**

| |
|---|
| Family Name: _____ Unit Address: _____ _____ Voucher Size*: _____ Unit Bedroom Size*: _____ <i>*Use smaller size to calculate tenant-supplied utilities and appliances.</i> |
|---|

| | | Unit Type: 1 Exposed Wall | | | | Effective Date: 07/01/2018 | | | |
|---------------------------------|-----------------|---------------------------|---------|---------|----------|----------------------------|----------|----------|----------|
| Utility | Usage | Monthly Dollar Amount | | | | | | | |
| | | 0 BR | 1 BR | 2BR | 3BR | 4BR | 5 BR | 6 BR | 7BR |
| Appliance | Range/Microwave | \$2.00 | \$2.00 | \$2.00 | \$2.00 | \$2.00 | \$2.00 | \$2.00 | \$2.00 |
| | Refrigerator | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 | \$3.00 |
| Bottled Gas | Cooking | \$8.00 | \$11.00 | \$14.00 | \$18.00 | \$22.00 | \$26.00 | \$29.00 | \$32.00 |
| | Home Heating | \$47.00 | \$65.00 | \$84.00 | \$102.00 | \$130.00 | \$149.00 | \$167.00 | \$186.00 |
| | Water Heating | \$20.00 | \$28.00 | \$36.00 | \$44.00 | \$56.00 | \$64.00 | \$72.00 | \$80.00 |
| Electricity | Cooking | \$3.00 | \$4.00 | \$5.00 | \$6.00 | \$7.00 | \$8.00 | \$9.00 | \$10.00 |
| | Cooling (A/C) | \$5.00 | \$7.00 | \$9.00 | \$11.00 | \$14.00 | \$16.00 | \$18.00 | \$20.00 |
| | Home Heating | \$18.00 | \$25.00 | \$32.00 | \$39.00 | \$49.00 | \$56.00 | \$63.00 | \$70.00 |
| | Other Electric | \$10.00 | \$14.00 | \$18.00 | \$22.00 | \$28.00 | \$32.00 | \$36.00 | \$40.00 |
| | Water Heating | \$9.00 | \$13.00 | \$16.00 | \$20.00 | \$25.00 | \$29.00 | \$32.00 | \$36.00 |
| Natural Gas | Cooking | \$2.00 | \$2.00 | \$3.00 | \$3.00 | \$4.00 | \$5.00 | \$5.00 | \$6.00 |
| | Home Heating | \$10.00 | \$13.00 | \$17.00 | \$21.00 | \$27.00 | \$30.00 | \$34.00 | \$38.00 |
| | Water Heating | \$4.00 | \$6.00 | \$7.00 | \$9.00 | \$11.00 | \$13.00 | \$14.00 | \$16.00 |
| Oil | Home Heating | \$36.00 | \$50.00 | \$64.00 | \$78.00 | \$99.00 | \$114.00 | \$128.00 | \$142.00 |
| | Water Heating | \$16.00 | \$22.00 | \$28.00 | \$34.00 | \$43.00 | \$50.00 | \$56.00 | \$62.00 |
| Sewer | Other | \$20.00 | \$27.00 | \$35.00 | \$43.00 | \$55.00 | \$62.00 | \$70.00 | \$78.00 |
| Trash Collection | Other | \$12.00 | \$12.00 | \$12.00 | \$12.00 | \$12.00 | \$12.00 | \$12.00 | \$12.00 |
| Water | Other | \$17.00 | \$23.00 | \$30.00 | \$36.00 | \$46.00 | \$53.00 | \$59.00 | \$66.00 |
| UTILITY ALLOWANCE TOTAL: | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |

ADDENDUM F
Qualifications of Consultants

STATEMENT OF PROFESSIONAL QUALIFICATIONS

DAVID BOISTURE, AM

I. Education

Ohio University, Athens, Ohio
Masters of Public Administration

Frostburg State University, Frostburg, Maryland
Bachelor of Science in Political Science and Justice Studies

II. Professional Experience

Partner, Novogradac & Company LLP
Graduate Assistant, Institute for Local Government and Rural Development

III. Professional Affiliation

Accredited Member of the American Society of Appraisers (AM)
Member, The Counselors of Real Estate (CRE)
Designated Member of the National Council of Housing Market Analysts (NCHMA)
LEED Green Associate

IV. Professional Training

Machinery and Equipment Valuation – Advanced Topics and Report Writing, January 2017
Machinery and Equipment Advanced Topics and Case Studies, November 2016
Machinery and Equipment Valuation Methodology, September 2016
Introduction to Machinery and Equipment Valuation, May 2016
IRS Valuation Summit, October 2014
Basic Appraisal Procedures, March 2014
15-hour National USPAP Equivalent, March 2014
Valuation of Solar Photovoltaic, February 2014
Residential Solar Photovoltaic Leases: Market Value Dilemma, February 2014
Basic Appraisal Principles, February 2014
Wind Projects and Land Value, October 2012

V. Real Estate Assignments

A representative sample of Due Diligence, Consulting, or Valuation Engagements includes:

- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The clients include lenders, investors, and developers. The reports are used by clients and their advisors to evaluate certain tax consequences applicable to ownership. Additionally, the reports have been used in the ITC funding process and in connection with the application for the federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009.

- Have managed and prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation.
- Have managed and assisted in appraisals of proposed new construction, rehabilitation, and existing Low- Income Housing Tax Credit properties, USDA Rural Development, HUD subsidized properties, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Assisted in preparing a comprehensive senior housing study in Seattle, Washington for the Seattle Housing Authority. This study evaluated the Seattle Housing Authority's affordable senior housing project for their position within the entire city's senior housing market. The research involved analysis of the senior population by neighborhood, income, household size, racial composition, and tenure.
- Have managed and assisted in the preparation of Rent Comparability Studies according the HUD Section 8 Renewal Policy in the Chapter 9 guidelines.
- Assisted in the review of Rent Comparability Studies for HUD Contract Administrators.
- Assisted in the HUD MAP Quality Control market study and appraisal reviews.
- Managed and assisted in the preparation of market studies for projects under the HUD Multifamily Accelerated Processing program. The market studies meet the requirements outlined in Chapter 7 of the HUD MAP Guide.
- Managed and assisted in appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. The appraisals meet the requirements outlined in Chapter 7 of the HUD MAP Guide.
- Assisted in preparing an approved HUD Consolidated Plan for the City of Gainesville, GA; which included a housing and homeless needs assessment, market analysis, non-housing needs analysis, and a strategic plan, which conformed to 24CFR Part 91, Consolidated Plan Regulations for the ensuing five-year period (2004-2009).
- Assisted in various appraisals for the US Army Corps of Engineers including Walter Reed Army Medical Center, proposed office site on the Enhanced Use Lease sites Y and Z at Fort Meade, proposed automobile testing facility at the Yuma Proving Grounds, proposed industrial park at Camp Navajo, and the National Geospatial-Intelligence Agency.
- Managed the preparation of Site Inspection Reports and Appraisals as the subcontractor to the Transaction Team Specialist hired by the Department of Housing and Urban Development to facilitate the design and sale of HUD's nonperforming Multifamily and Healthcare notes.

- Completed analyses of overall reasonableness with regard to Revenue Procedure 2014-12. Transactions analyzed include renewable energy projects involving the use of Investment Tax Credits. Fees and arrangements tested for reasonableness include developer fees, construction management fees, asset management fees, various leasing-related payments, and overall master lease terms.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

ABBY M. COHEN

I. Education

The Pennsylvania State University, University Park, PA
Bachelor of Arts

II. Licensing and Professional Affiliation

Certified General Appraiser, MD License #40032823
Certified General Appraiser, NC License #A8127
Certified General Appraiser, NJ License #42RG00255000
Certified General Appraiser, SC License #7487

Candidate for Designation in the Appraisal Institute
Designated Member of the National Council of Housing Market Analysts (NCHMA)
Member of Commercial Real Estate Women (CREW) Network

III. Professional Experience

Novogradac & Company LLP, Principal
Novogradac & Company LLP, Manager
Novogradac & Company LLP, Senior Real Estate Analyst

IV. Professional Training

7-Hour National USPAP Update for 2018-2019, February 2018
Appraisal of Land Subject to Ground Leases, December 2017
Business Practices and Ethics, January 2017
General Appraiser Report Writing and Case Studies, February 2015
General Appraiser Sales Comparison Approach, February 2015
General Appraiser Site Valuation and Cost Approach, February 2015
Expert Witness for Commercial Appraisers, January 2015
Commercial Appraisal Review, January 2015
Real Estate Finance Statistics and Valuation Modeling, December 2014
General Appraiser Income Approach Part II, December 2014
General Appraiser Income Approach Part I, November 2014
General Appraiser Market Analysis and Highest & Best Use, November 2014
IRS Valuation Summit, October 2014
15-Hour National USPAP Equivalent, April 2013
Basic Appraisal Procedures, March 2013
Basic Appraisal Principles, January 2013

V. Publications

Co-authored "Post Rev. Proc. 2014-12 Trend Emerges: Developer Fee Reasonableness Opinions," Novogradac Journal of Tax Credits, March 2016

VI. Real Estate Assignments

A representative sample of Asset Management, Due Diligence, and Valuation Engagements includes:

- Performed a variety of asset management services for a lender including monitoring and reporting property performance on a monthly basis. Data points monitored include economic vacancy, levels of concessions, income and expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.
- Performed asset management services for lenders and syndicators on underperforming assets to identify significant issues facing the property and recommend solutions. Scope of work included analysis of deferred maintenance and property condition, security issues, signage, marketing strategy, condition of units upon turnover and staffing plan. Performed a physical inspection of the assets, to include interior and exterior of property and assessed how the property compares to competition. Analyzed operating expense results.
- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation. Completed market studies in all states.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, USDA Rural Development, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Assisted in appraisal work for retail and commercial properties in various parts of the country for various lenders. The client utilized the study for underwriting purposes.
- Conducted market studies and appraisals for projects under the HUD Multifamily Accelerated Processing program.
- Prepared Rent Comparability Studies for expiring Section 8 contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.
- Completed numerous reasonableness opinions related to Revenue Procedure 2014-12. Transactions analyzed include projects involving the use of Historic Tax Credits, New Markets Tax Credits and Investment Tax Credits. Fees and arrangements tested for reasonableness include developer fees, construction management fees, property management fees, asset management fees, various leasing-related payments and overall master lease terms.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

MARK PERLMAN

I. Education

University of Maryland School of Public Policy - College Park, MD
Master of Public Policy

Ohio State University – Columbus, OH
Bachelor of Arts, International Studies

II. Professional Experience

Analyst, Novogradac & Company LLP, December 2016 - Present

Junior Analyst, Novogradac & Company LLP August 2015 – December 2016

Research and Policy Associate, National Community Land Trust Network, August 2014 – July 2015

Examiner, Federal Housing Finance Agency, June 2013 – August 2014

Program Associate, Meridian International Center, July 2010 – July 2011

Community-Based Organization Advisor, US Peace Corps, May 2007 – July 2009

III. Research Assignments

A representative sample of work on various types of projects:

- Perform and write market studies and appraisals of proposed and existing Low-Income Housing Tax credit (LIHTC) properties
- Research web-based rent reasonableness systems and contact local housing authorities for utility allowance schedules, payment standards, and housing choice voucher information
- Completed numerous market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes: unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

Craig T. Kerkhoff

I. Education

Ohio University – Athens, OH
Bachelor of Arts: English - Creative Writing

II. Professional Experience

Junior Analyst, *Novogradac & Company LLP* – August 2018 - Present
Equipment Manager, *Rudd Equipment Company* – January 2013 – February 2018
Sales Representative, *Rudd Equipment Company* – December 2011 – January 2013
Store Manager, *Sherwin Williams* – May 2011 – December 2011
Assistant Manager, *Sherwin Williams* – September 2009 – May 2011

III. Research Assignments

A representative sample of work on various types of projects:

- Assist in performing and writing markets studies of proposed and existing Low-Income Housing Tax Credit (LIHTC) properties.
- Research web-based rent reasonableness systems and contact local housing authorities for utility allowance schedules, payment standards, and Housing Choice Voucher information.
- Assisted numerous market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes: unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.

ADDENDUM G
NCHMA Certification and Checklist



Formerly known as
National Council of Affordable
Housing Market Analysts

NCHMA MEMBER CERTIFICATION

This market study has been prepared by **Novogradac & Company LLP**, a member in good standing of the National Council of Housing Market Analysts (NCHMA). This study has been prepared in conformance with the standards adopted by NCHMA for the market analysts' industry. These standards include the *Standard Definitions of Key Terms Used in Market Studies*, and *Model Content Standards for the Content of Market Studies*. These Standards are designed to enhance the quality of market studies and to make them easier to prepare, understand, and use by market analysts and by the end users. These Standards are voluntary only, and no legal responsibility regarding their use is assumed by the National Council of Housing Market Analysts.

Novogradac & Company LLP is duly qualified and experienced in providing market analysis for Affordable Housing. The company's principals participate in the National Council of Housing Market Analysts (NCHMA) educational and information sharing programs to maintain the highest professional standards and state-of-the-art knowledge. **Novogradac & Company LLP** is an independent market analyst. No principal or employee of **Novogradac & Company LLP** has any financial interest whatsoever in the development for which this analysis has been undertaken.

Mark Perlman
Analyst

NCHMA Market Study Index

Introduction: Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. By completion of this checklist, the analyst asserts that he/she has completed all required items per section.

| | | Page Number(s) |
|------------------------------------|--|--------------------|
| Executive Summary | | |
| 1 | Executive Summary | 1 |
| Scope of Work | | |
| 2 | Scope of Work | transmittal letter |
| Project Description | | |
| 3 | Unit mix including bedrooms, bathrooms, square footage, rents, and income targeting | 2 |
| 4 | Utilities (and utility sources) included in rent | 13 |
| 5 | Target market/population description | 11 |
| 6 | Project description including unit features and community amenities | 14 |
| 7 | Date of construction/preliminary completion | 11 |
| 8 | If rehabilitation, scope of work, existing rents, and existing vacancies | 11-12 |
| Location | | |
| 9 | Concise description of the site and adjacent parcels | 20 |
| 10 | Site photos/maps | 26 |
| 11 | Map of community services | 24 |
| 12 | Site evaluation/neighborhood including visibility, accessibility, and crime | 20-25 |
| Market Area | | |
| 13 | PMA description | 32 |
| 14 | PMA Map | 32 |
| Employment and Economy | | |
| 15 | At-Place employment trends | 35-41 |
| 16 | Employment by sector | 35 |
| 17 | Unemployment rates | 39 |
| 18 | Area major employers/employment centers and proximity to site | 37 |
| 19 | Recent or planned employment expansions/reductions | 38 |
| Demographic Characteristics | | |
| 20 | Population and household estimates and projections | 44 |
| 21 | Area building permits | 54 |
| 22 | Population and household characteristics including income, tenure, and size | 44-49 |
| 23 | For senior or special needs projects, provide data specific to target market | N/A |
| Competitive Environment | | |
| 24 | Comparable property profiles and photos | Addendum C |
| 25 | Map of comparable properties | 56 |
| 26 | Existing rental housing evaluation including vacancy and rents | 66-72 |
| 27 | Comparison of subject property to comparable properties | 55-72 |
| 28 | Discussion of availability and cost of other affordable housing options including homeownership, if applicable | 54 |
| 29 | Rental communities under construction, approved, or proposed | 90-91 |
| 30 | For senior or special needs populations, provide data specific to target market | N/A |

NCHMA Market Study Index

Introduction: Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. By completion of this checklist, the analyst asserts that he/she has completed all required items per section.

| | | Page Number(s) |
|---|---|----------------|
| Affordability, Demand, and Penetration Rate Analysis | | |
| 31 | Estimate of demand | 74-87 |
| 32 | Affordability analysis with capture rate | 81-86 |
| 33 | Penetration rate analysis with capture rate | 86-87 |
| Analysis/Conclusions | | |
| 34 | Absorption rate and estimated stabilized occupancy for subject | 88 |
| 35 | Evaluation of proposed rent levels including estimate of market/achievable rents. | 70-72 |
| 36 | Precise statement of key conclusions | 93-94 |
| 37 | Market strengths and weaknesses impacting project | 93 |
| 38 | Product recommendations and/or suggested modifications to subject | 93 |
| 39 | Discussion of subject property's impact on existing housing | 88 |
| 40 | Discussion of risks or other mitigating circumstances impacting subject | 88 |
| 41 | Interviews with area housing stakeholders | 90-91 |
| Other Requirements | | |
| 42 | Certifications | 96 |
| 43 | Statement of qualifications | Addendum F |
| 44 | Sources of data not otherwise identified | Addendum D,E |