

A MARKET FEASIBILITY STUDY OF:

MARKET HEIGHTS

PHASE II

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PHASE II

630 Tidewater Drive
Norfolk, Virginia 23504

Effective Date: October 7, 2019
Report Date: November 14, 2019

Prepared for:
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The Lawson Companies
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Prepared by:
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November 14, 2019

Mr. Austin Pittman
Development Manager
The Lawson Companies
373 Edwin Drive
Virginia Beach, VA 23462

Re: Market Study - Application for proposed Market Heights Phase II, located in Norfolk, Virginia

Dear Mr. Pittman:

At your request, Novogradac Consulting LLP has performed a market study of the multifamily rental market in the Norfolk, Virginia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project. We previously completed a market study for Market Heights Phase I in February 2019.

The purpose of this market study is to assess the viability of the proposed new construction of Market Heights Apartments Phase II (Subject), a proposed new construction development. The Subject will consist of 84 one, two, and three-bedroom units rent restricted at 50, 60, and 70 percent of the area median income (AMI) or less, with 21 of the units having a Section 8 overlay. The Subject will be new construction with an anticipated 18-month construction timeframe starting April 2020. 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.

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 Consulting 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.

The Lawson Companies is the client in this engagement and intended user of this report. Furthermore, Virginia Housing Development Authority (VHDA) is an authorized use of this market study and VHDA may rely on representations made herein. As our client, The Lawson Companies 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 Consulting LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,
Novogradac Consulting LLP



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A. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Subject Site Description: The Subject will be located at 630 Tidewater Drive in Norfolk, Virginia 23504.

Surrounding Land Uses: The Subject site is located in a mixed-use neighborhood east of Downtown Norfolk. Land use adjacent north of the site consist of the site for Market Heights Phase I, a proposed 80-unit LIHTC development offering one, two, and three-bedroom units at 40, 50, and 60 percent of AMI. The common-area amenities at Market Heights Phase I, including a community room, exercise facility, and on-site management, will be shared with the Subject. Additionally, both developments will share a playground and off-street parking. Land uses further north consist of commercial, industrial, and retail uses, with minimal single-family homes in average condition to the northwest. Land uses east consist of commercial uses, industrial uses, and a middle school, followed further east by single-family homes in good condition. Uses south consist of a park, bordered on the southern side by Interstate 264. Views west consist of the Tidewater Gardens Apartments, a recently closed public housing development that is planned for demolition and redevelopment as part of the St. Paul's Choice Neighborhoods Initiative, as well as a YMCA. Overall, the majority of surrounding land uses are in average condition. The Subject site is rated as "Somewhat Walkable" by WalkScore with a score of 61, indicating that some errands can be accomplished by foot.

Subject Property Description: Market Heights Apartments Phase II, the Subject, is a proposed new construction of an 84-unit LIHTC/Section 8 development. Construction of the Subject will begin in April 2020 and is expected to last for 18-months. Following construction, the Subject's units will be LIHTC restricted at 50, 60, and 70 percent of AMI. The Subject will offer 21 Project-based Voucher (PBV) units. As such, tenants in these units will pay 30 percent of their income towards rent. The proposed 50 percent contract rents are set above the 2019 maximum allowable rents, while the 60 and 70 percent AMI rents are set below the maximum allowable levels. In the event that the Subject were to lose its subsidy, the proposed contract rents would be need to be lowered to the achievable LIHTC rents, which are set at the maximum allowable levels, in order to be market compliant. The Subject will consist of a four-story low-rise, elevator-serviced building with one, two, and three-bedroom units.

It should be noted that the Subject, which is proposed to be financed through the four percent bond program, is being developed concurrently with a first phase, which will be financed through the competitive nine percent LIHTC program. This first phase will consist of 80 units LIHTC restricted to 40, 50, and 60 percent of AMI. Additionally, 20 of these units will operate with Project Based Vouchers. Similar to the Subject, the first phase will offer low-rise one, two, and three-bedroom units with shared property amenities. The

developments will share 183 surface parking spaces among 164 units for a parking ratio of 1.12 spaces per unit.

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	2019 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@50% (Section 8)*							
1BR / 1BA	707	1	\$860	\$158	\$1,018	\$744	\$925
2BR / 2BA	962	15	\$1,003	\$211	\$1,214	\$892	\$1,104
3BR / 2BA	1,200	5	\$1,445	\$263	\$1,708	\$1,031	\$1,553
@60%							
1BR / 1BA	707	3	\$765	\$105	\$870	\$893	\$925
2BR / 2BA	962	29	\$893	\$119	\$1,012	\$1,071	\$1,104
3BR / 2BA	1,200	10	\$1,028	\$142	\$1,170	\$1,237	\$1,553
@70%							
1BR / 1BA	707	1	\$765	\$105	\$870	\$1,042	\$925
2BR / 2BA	962	15	\$893	\$119	\$1,012	\$1,249	\$1,104
3BR / 2BA	1,200	5	\$1,028	\$142	\$1,170	\$1,443	\$1,553
84							

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

*Denotes contract rents

The Subject’s proposed rents 50 percent AMI contract rents are set above the maximum allowable LIHTC rents, while the 60 and 70 percent AMI rents are set below the maximum allowable levels. In the event that the Subject were to lose its subsidy, the contract rents would need to be lowered in order to be LIHTC compliant.

Target Household Income Levels:

Based on the proposed restrictions, the range of annual household income levels is depicted below.

FAMILY INCOME LIMITS - AS PROPOSED

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50% (Section 8)		@60%		@70%	
1BR	\$0	\$31,750	\$30,617	\$38,100	\$35,726	\$44,450
2BR	\$0	\$35,700	\$36,720	\$42,840	\$42,823	\$49,980
3BR	\$0	\$42,850	\$42,411	\$51,420	\$49,474	\$59,990

FAMILY INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50%		@60%		@70%	
1BR	\$25,509	\$31,750	\$30,617	\$38,100	\$35,726	\$44,450
2BR	\$30,583	\$35,700	\$36,720	\$42,840	\$42,823	\$49,980
3BR	\$35,349	\$42,850	\$42,411	\$51,420	\$49,474	\$59,990

Economic Conditions

The Virginia Beach-Norfolk-Newport News, VA-NC MSA has a strong and diverse economy that sees employment within the healthcare/social assistance, educational services, and accommodation/food services sectors. Huntington Ingalls Industries Inc. is the largest employer with 24,000 employees, followed by Sentara Healthcare and Virginia Beach City Public Schools. Between September 2018 and September 2019, the MSA total employment increased 2.7 percent, which is higher than the national growth of 1.5 percent. As of 2013, the MSA surpassed pre-recessionary levels of total employment, while the nation did not reach pre-recessionary employment levels until 2014, indicating that the MSA recovered slightly faster when compared to the nation in terms of employment. Between September 2018 and September 2019, the unemployment rate decreased 0.4 percentage points to 2.7 percent, while the nation reported a decrease of 0.3 percentage points to 3.3 percent. The MSA’s consistent employment growth and declining unemployment rate are indicators that the local economy has long since recovered from the national recession, and is in a period of expansion.

Primary Market Area

The Subject property is located in Norfolk, Virginia. The PMA is generally defined as the City of Norfolk. The PMA boundaries are: Interstate 64, Interstate 564, and Terminal Boulevard to the north; Interstate 64 to the east; Interstate 264 to the south; and the Elizabeth River to the west. The PMA was determined based on input from area property managers. Management at the majority of the rent comparables noted that the majority of their tenants originate from within the greater metro region. We have estimated that 10 percent of the Subject’s tenants will come from outside of these boundaries.

The Virginia Beach-Norfolk-Newport News, VA Metropolitan Statistical Area (MSA) will serve as the Secondary Market Area (SMA).

Demographic Data

Since 2000, PMA population and households have grown overall. However, population in the PMA decreased from 2010 to 2019, while households increased. Both the PMA and MSA are projected to experience population and household growth through 2024. As of 2019, approximately 75.2 percent of renter households within the PMA have annual incomes below \$60,000, though the percentage and number of low-income renter households is projected to decline slightly. As proposed, the incomes for the Subject will range from \$0 to \$59,990. With a large percentage of renters with low income, coupled with an aging housing stock, we project that there will be substantial demand for new or renovated affordable housing units.

Vacancy

The following table illustrates vacancy rates at the comparable properties.

OVERALL VACANCY

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate -	
					November 2019	February 2019
Meadowood Apartments	LIHTC/ Market	Family	180	0	0.0%	0.0%
Mission College Apartments	LIHTC/ Market	Family	260	7	2.7%	3.1%
Quill Farms	LIHTC	Family	180	0	0.0%	0.0%
St. Paul's Apartments	LIHTC/ Market	Family	126	1	0.8%	N/A
The Banks At Berkley*	LIHTC	Family	50	0	0.0%	0.0%
The Clairmont At Campostella Station*	LIHTC	Family	152	0	0.0%	0.0%
The Pointe At Pickett Farms	LIHTC	Family	120	0	0.0%	0.0%
Monticello Station	Market	Family	121	1	0.8%	1.7%
River House Apartments	Market	Family	194	12	6.2%	2.1%
The Alexander At Ghent	Market	Family	268	4	1.5%	2.2%
The Belmont At Freemason	Market	Family	239	0	0.0%	4.2%
The Heritage At Freemason Harbour	Market	Family	185	5	2.7%	5.4%
Broad Creek**	LIHTC/Market	Family	300	0	N/A	0.0%
Total LIHTC			1,068	8	0.7%	0.6%
Total Market Rate			1,007	22	2.2%	3.2%
Overall Total			2,075	30	1.4%	1.8%

*Located outside of the PMA

**Not utilized as a comparable property

The comparables reported vacancy rates ranging from zero to 6.2 percent, with an average of 1.4 percent. The overall vacancy rate decreased slightly since February 2019. Managers at five of the seven LIHTC properties reported being fully occupied and all of the LIHTC properties were occupied at 97 percent or higher. The average vacancy rate reported by the affordable comparables was 0.7 percent, slightly below the 2.2 percent average reported by the market rate properties. Further, the comparable LIHTC vacancy rate has increased slightly since February 2019. The average LIHTC vacancy rate of 0.6 percent is low and indicative of supply constrained conditions. All of the market rate properties reported vacancy rates of 6.2 percent or lower. One comparable, River House Apartments, reported a slightly elevated vacancy rate of 6.2 percent. However, the contact attributed the elevated vacancy rate to multiple recent move-outs and noted that management expects occupancy to stabilize within the next two weeks. Based on the performance of the LIHTC comparables, we expect the Subject will operate at a vacancy rate of 5.0 percent or less.

Absorption

We were able to obtain absorption data from three of the comparable properties. This absorption information is presented in the following table. We attempted to gather information on both the Pointe at Pickett Farms and Quill Farms, comparable properties that were constructed in 2014 and 2015, respectively. However, the contacts at the properties could not provide absorption information.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
St. Paul's Apartments	LIHTC	Family	2019	126	21
The Clairmont at Campostella Station	LIHTC	Family	2017	50	15
The Banks at Berkely	LIHTC	Family	2017	50	25
Average				75	20

The properties have reported absorption rates of 15 to 25 units per month. We believe the Subject would experience an absorption rate most similar to the similarly sized LIHTC properties. Therefore, we expect the Subject will experience an absorption rate of 20 units per month, indicating an absorption period of approximately four to five months.

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 illustrates an overall capture rate of 0.4 percent “As Proposed” scenario and 0.9 percent in the “Absent Subsidy” scenario. Per VHDA demand requirements, all renter households are utilized.

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 annual Novoco capture rate is 0.7 percent for the first year of operation as a LIHTC property “As Proposed.” Additionally, the annual Novoco capture rate is 1.6 percent for the first year of operation as a LITHC property “Absent Subsidy.” This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

This calculation illustrates that there are approximately 11,273 and 4,944 units of demand in the first year of the Subject’s operation after completion, “As Proposed” and “Absent Subsidy” respectively,. The Subject’s units will need to accommodate 80 total units of demand in order to stabilize at 95 percent occupancy, if hypothetically vacant. 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 - All Units*	1.9%
Project Wide Absorption Period (Months)	4- 5 months

*Does not include the units for Phase I of the Subject

This capture rate is slightly higher the overall Novoco overall capture rate As Proposed and below the capture rate for the Absent Subsidy scenario. However, the capture rate is indicative of adequate demand for the Subject. It is clear there is ample demand for the Subject given current LIHTC comparable performance and projected demographic trends.

Strengths

- The Subject will offer a four-story, low-rise elevator-serviced design. Only one LIHTC comparable property an elevator-serviced design while five market rate comparables offer elevator-service; as such, we believe the building design is a competitive advantage among affordable properties.
- The Subject will be new construction and will be among the newest multifamily developments in the market. Upon completion, the property will be slightly superior to superior to the comparable properties.
- The local economy has a lower unemployment rate than the national economy. Additionally, employment has grown in eight of the nine years since 2010. Between September 2018 and September 2019, employment grew 2.7 percent, slightly higher than the nation. Additionally, over the same period, the unemployment rate in the MSA decreased 0.4 percentage points to 2.7 percent, while the nation reported a decrease of 0.3 percentage points to 3.3 percent.
- Vacancy rates among the LIHTC properties range from zero to 2.7 percent, with an average of just 0.7 percent. Additionally, five of the seven LIHTC comparables maintain waiting lists, indicating strong demand for affordable housing in the market.
- The Subject site is located in close proximity to many services, public transportation, and retailers.

Weaknesses

- We have identified no weaknesses with the proposed Subject that would impact its marketability.

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 Consulting LLP has performed a comprehensive market study of the multifamily rental market in the Norfolk, Virginia area relative to Market Heights Apartments Phase II, a proposed new construction development. Construction of the Subject will begin in April 2020 and is expected to last for 18-months. Following construction, the Subject's units will be LIHTC restricted at 50, 60, and 70 percent of AMI. The Subject will offer 21 Project-based Voucher (PBV) units LIHTC restricted at 50 percent of AMI. As such, tenants in these units will pay 30 percent of their income towards rent. The proposed 50 percent contract rents are set above the 2019 maximum allowable rents, while the 60 and 70 percent AMI rents are set below the 2019 maximum allowable levels. In the event that the Subject were to lose its subsidy, the contract rents would be need to be lowered to the achievable LIHTC rent levels. The Subject will consist of a four-story low-rise, elevator-serviced building with one, two, and three-bedroom units.

It should be noted that the Subject, which is proposed to be financed through the four percent bond program, is being developed concurrently with a first phase, which will be financed through the competitive nine percent LIHTC program. This first phase will consist of 80 units LIHTC restricted to 40, 50, and 60 percent of AMI. Additionally, 20 of these units will operate with Project Based Vouchers. Similar to the Subject, the first phase will offer low-rise one, two, and three-bedroom units with shared property amenities. The developments will share 183 surface parking spaces among 164 units for a parking ratio of 1.12 spaces per unit.

Developer/Client Information:

The Lawson Companies

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:

- 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 family 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 H. Blair Kincer on October 7, 2019, which shall be the effective date of this report.

Primary Contact for the Report:

David Boisture, AM, CRE (David.Boisture@novoco.com) and K. David Adamescu (David.Adamescu@novoco.com).

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:

Market Heights Apartments Phase II, the Subject, is a proposed new construction of an 84-unit LIHTC/Section 8 development. Construction of the Subject will begin in April 2020 and is expected to last for 18-months. Following construction, the Subject's units will be LIHTC restricted at 50, 60, and 70 percent of AMI. The Subject will offer 21 Project-based Voucher (PBV) units. As such, tenants in these units will pay 30 percent of their income towards rent. The proposed 50 percent contract rents are set above the 2019 maximum allowable rents, while the 60 and 70 percent AMI rents are set below the maximum allowable levels. In the event that the Subject were to lose its subsidy, the proposed contract rents would need to be lowered to the achievable LIHTC rents, which are set at the maximum allowable levels, in order to be market compliant. The Subject will consist of a four-story low-rise, elevator-serviced building with one, two, and three-bedroom units.

It should be noted that the Subject, which is proposed to be financed through the four percent bond program, is being developed concurrently with a first phase, which will be financed through the competitive nine percent LIHTC program. This first phase will consist of 80 units LIHTC restricted to 40, 50, and 60 percent of AMI. Additionally, 20 of these units will operate with Project Based Vouchers. Similar to the Subject, the first phase will offer low-rise one, two, and three-bedroom units with shared property amenities. The developments will share 183 surface parking spaces among 164 units for a parking ratio of 1.12 spaces per unit.

Construction Type:

The Subject is a proposed new construction LIHTC/PBV development to be constructed with funding under the LIHTC program.

Occupancy Type:

The Subject will target family households.

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	2019 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@50% (Section 8)*							
1BR / 1BA	707	1	\$860	\$158	\$1,018	\$744	\$925
2BR / 2BA	962	15	\$1,003	\$211	\$1,214	\$892	\$1,104
3BR / 2BA	1,200	5	\$1,445	\$263	\$1,708	\$1,031	\$1,553
@60%							
1BR / 1BA	707	3	\$765	\$105	\$870	\$893	\$925
2BR / 2BA	962	29	\$893	\$119	\$1,012	\$1,071	\$1,104
3BR / 2BA	1,200	10	\$1,028	\$142	\$1,170	\$1,237	\$1,553
@70%							
1BR / 1BA	707	1	\$765	\$105	\$870	\$1,042	\$925
2BR / 2BA	962	15	\$893	\$119	\$1,012	\$1,249	\$1,104
3BR / 2BA	1,200	5	\$1,028	\$142	\$1,170	\$1,443	\$1,553
84							

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

*Denotes contract rents

The Subject's proposed 60 and 70 percent AMI rents will be set below the maximum allowable level. Additionally, the proposed contract rents are set above the 2019 maximum allowable levels. In the event that the Subject were to lose its subsidy, these rents would need to be lowered to the achievable LIHTC rent levels.

Assisted Housing Program:

Of the 84 total units, 21 will operate with Project-based Voucher subsidies.

Construction Date:

Construction on the Subject is expected to begin in April 2020 with an 18-month construction timeline.

Target Household Income Levels:

Based on the proposed restrictions, the range of annual household income levels is depicted below.

FAMILY INCOME LIMITS - AS PROPOSED

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50% (Section 8)		@60%		@70%	
1BR	\$0	\$31,750	\$30,617	\$38,100	\$35,726	\$44,450
2BR	\$0	\$35,700	\$36,720	\$42,840	\$42,823	\$49,980
3BR	\$0	\$42,850	\$42,411	\$51,420	\$49,474	\$59,990

FAMILY INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50%		@60%		@70%	
1BR	\$25,509	\$31,750	\$30,617	\$38,100	\$35,726	\$44,450
2BR	\$30,583	\$35,700	\$36,720	\$42,840	\$42,823	\$49,980
3BR	\$35,349	\$42,850	\$42,411	\$51,420	\$49,474	\$59,990

Utility Structure:

The tenants will be responsible for electric cooking, heating, hot water, and other electric expenses, as well as water and sewer expenses. The landlord will be responsible for trash expenses and common area amenities. The Subject utilizes a project-specific utility allowance, which are \$105, \$119, and \$142 for its one, two, and three-bedroom units, respectively. The utility structure varies among the comparable properties; we have adjusted the comparables' rents in accordance with the utility schedule obtained from the Norfolk Housing and Redevelopment Authority, effective February 1, 2019. It should be noted that the developer will utilize a project-specific utility allowance which differs from the total tenant-paid utilities listed below. Additionally, the LIHTC units will utilize a different utility allowance than the units operating with subsidy.

HOUSING AUTHORITY UTILITY ALLOWANCE

UTILITY AND SOURCE	Paid By	1BR	2BR	3BR
Heating - Electric	Tenant	\$15	\$20	\$25
Cooking - Electric	Tenant	\$6	\$8	\$11
Other Electric	Tenant	\$22	\$30	\$38
Air Conditioning	Tenant	\$9	\$13	\$16
Water Heating - Electric	Tenant	\$14	\$17	\$21
Water	Tenant	\$37	\$48	\$58
Sewer	Tenant	\$48	\$68	\$87
Trash	Landlord	\$29	\$29	\$29
Total Utility Allowance		\$105	\$119	\$142
Total Utility Allowance - Section 8		\$158	\$211	\$263
TOTAL - Paid By Landlord		\$29	\$29	\$29
TOTAL - Paid By Tenant		\$151	\$204	\$256

Source: Norfolk Housing and Redevelopment Authority, effective 2/2019

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

UNIT MIX AND SQUARE FOOTAGE			
Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area
1BR / 1BA	5	707	3,535
2BR / 2BA	59	962	56,758
3BR / 2BA	20	1,200	24,000
TOTAL	84		84,293

Net Leasable Area: Approximately 84,293 square feet as outlined in the table above.

Unit Amenities: The Subject’s units will offer a balcony/patio, blinds, central a/c, coat closets, and washer/dryer hookups. Appliances include a dishwasher, range/oven, and refrigerator. The property will rent washer and dryer units to tenants for \$50 per month.

Common Area Amenities: The Subject will feature a clubhouse/community room, elevators, an exercise facility, central laundry, off-street parking, on-site management, and a playground. The community room, exercise facility, and on-site manager will be located in the building for Phase I of the development, but will accessible to tenants of both phases. Additionally, the off-street parking and playground will be shared between the two phases.

Parking: The Subject will offer off-street parking to its tenants at no additional cost. There will be 183 parking spaces, shared among the total 164 units at the Subject and the first phase of the development, which equates to a parking ratio of approximately 1.12 spaces per unit. Overall, the parking offered at the Subject is reasonable given its tenancy and proximity to public transportation.

Number of Stories and Buildings: The property will consist of one four-story low-rise residential 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: We expect the Subject to be constructed using good-quality materials. As new construction, the Subject will not suffer from deferred maintenance and will be in excellent condition.

Functional Utility: We have reviewed the Subject’s floor plans and determined them to be reasonable market oriented and functional.

Conclusion:

The Subject property is a proposed 84-unit LIHTC development and will be in excellent condition following construction. As new construction with market-oriented floor plans, the Subject will not suffer from functional obsolescence and will provide good utility for its intended use. Additionally, the Subject will be amongst the newest supply in the market and will be generally similar to superior to the existing supply.

Site Plans:

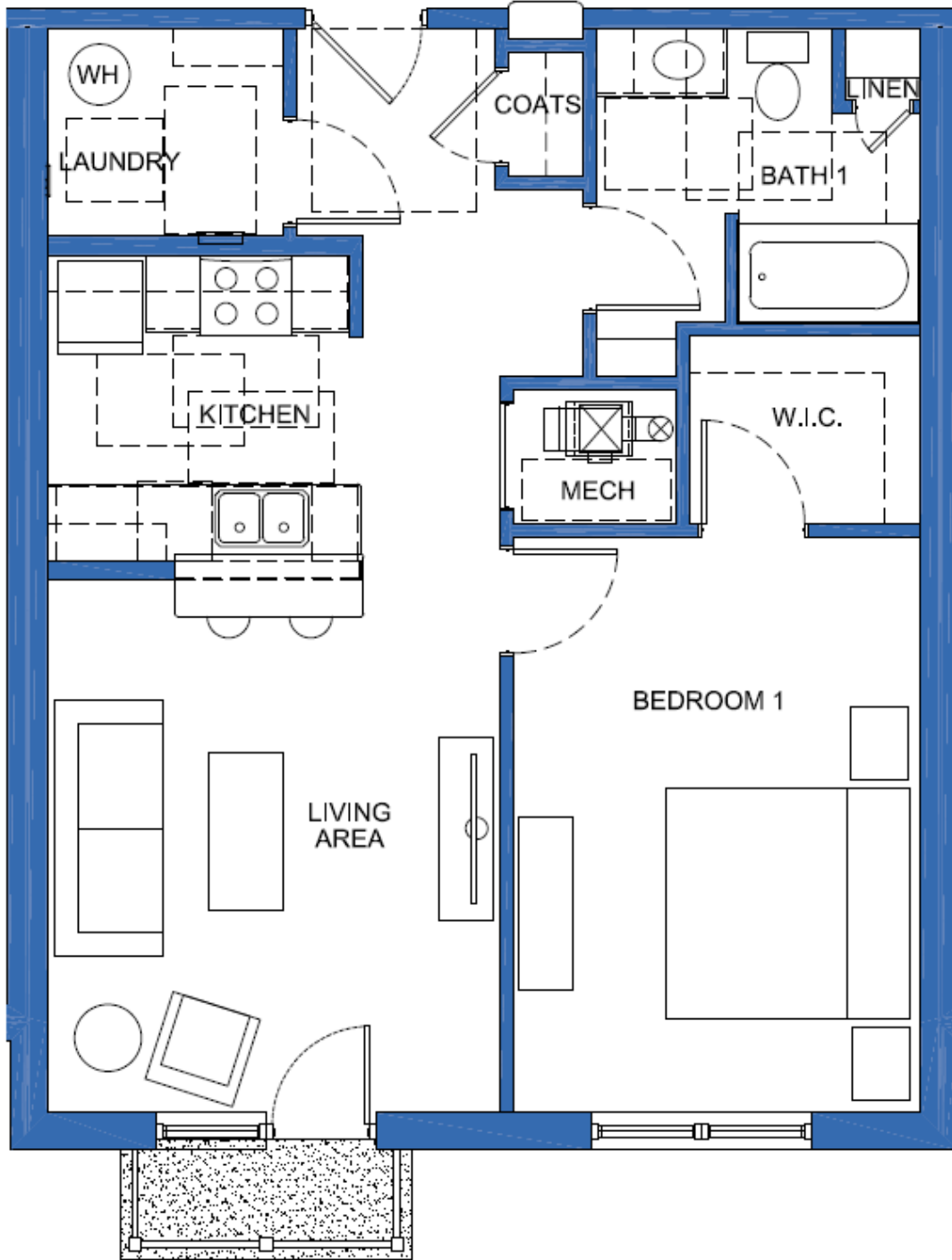
A copy of the site and architectural plans are available on the following pages and in the addenda of this report.

Subject Site Plan

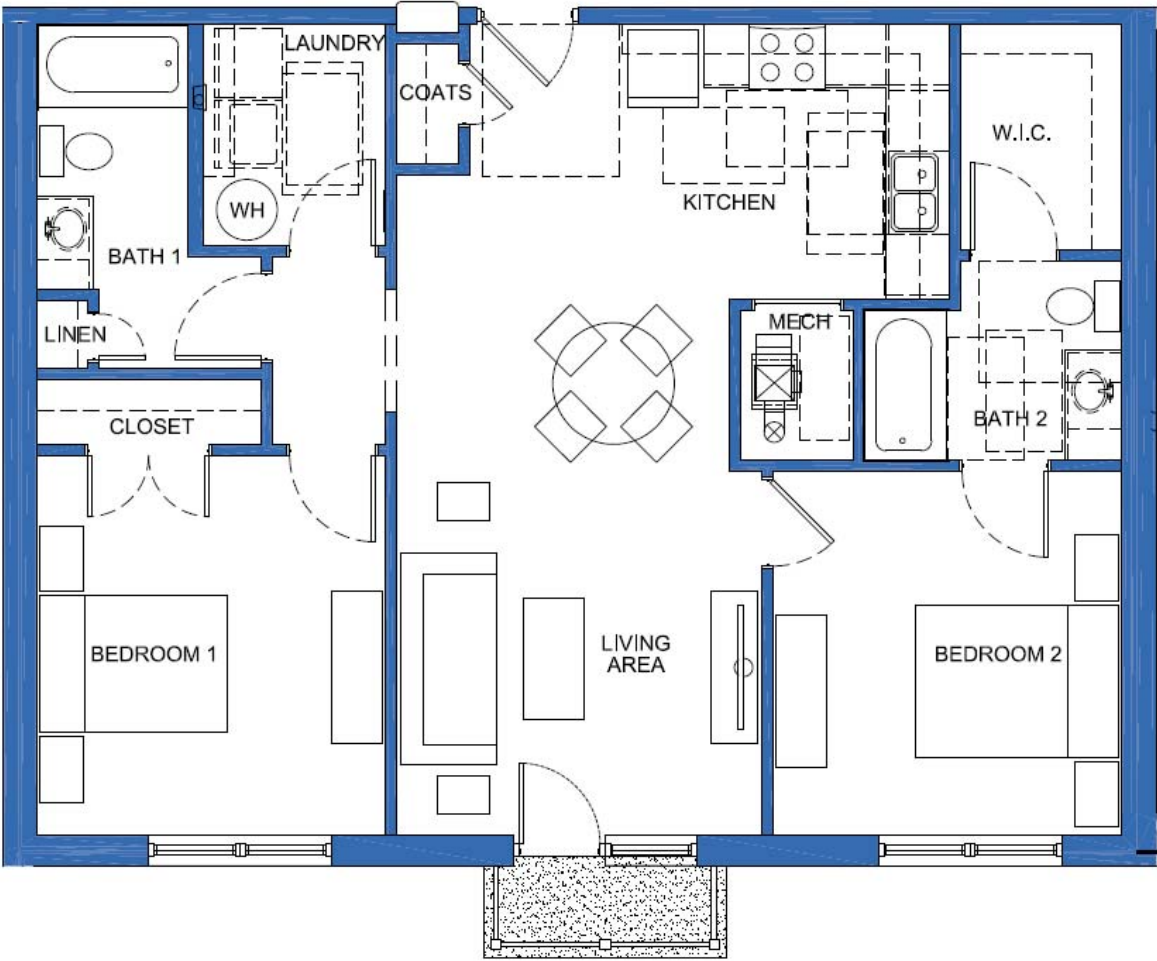


Source: Sponsor, November 2019

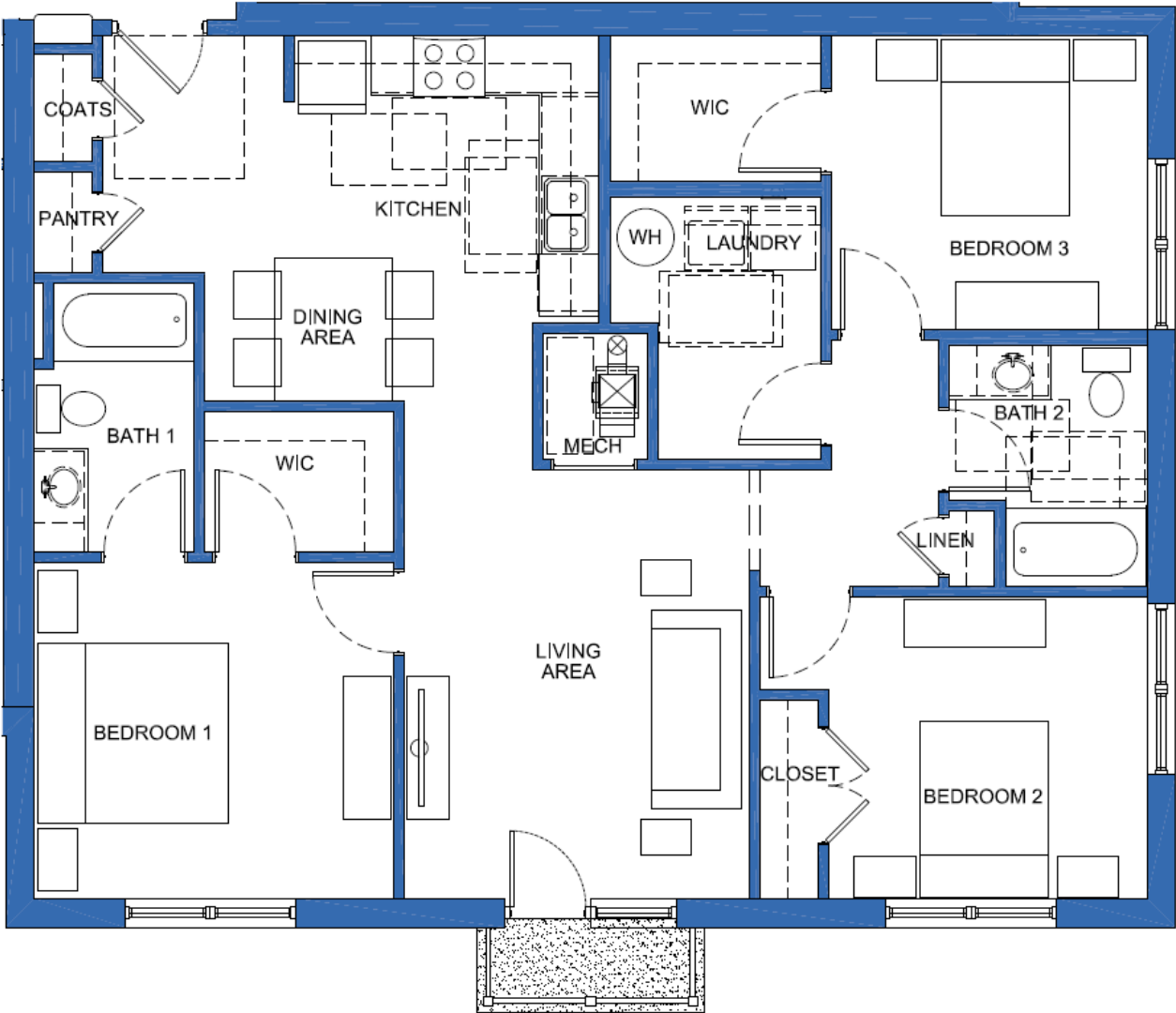
Subject Floor Plans



Source: Sponsor, November 2019




Source: Sponsor, November 2019



Source: Sponsor, November 2019

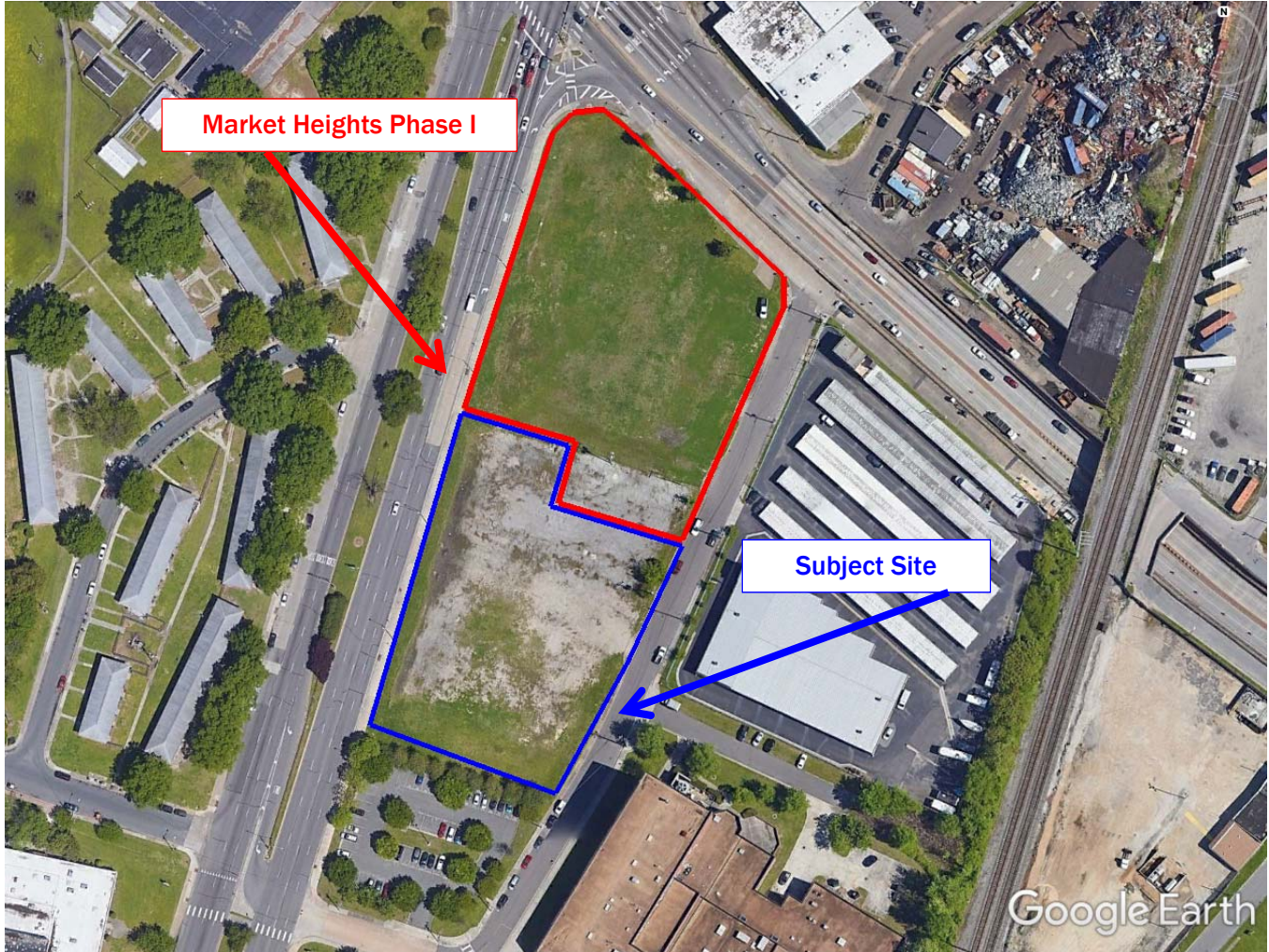
MARKET HEIGHTS – PHASE II – NORFOLK, VIRGINIA – MARKET STUDY

Property Profile Report											
Market Heights - Phase II											
Comp #	Subject										
Effective Rent Date	1/1/2020										
Location	630 Tidewater Dr Norfolk, VA 23504 Norfolk County										
Units	84										
Type	Lowrise (4 stories)										
Year Built / Renovated	2021										
											
Market											
Program	@50% (Section 8), @60%, @70%					Leasing Pace	n/a				
Annual Turnover Rate	N/A					Change in Rent (Past Year)	n/a				
Units/Month Absorbed	n/a					Concession					
Section 8 Tenants	N/A										
Utilities											
A/C	not included – central					Other Electric	not included				
Cooking	not included – electric					Water	not included				
Water Heat	not included – electric					Sewer	not 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?
1	1	Lowrise (4 stories)	1	707	\$860	\$0	@50% (Section 8)	n/a	N/A	N/A	N/A
1	1	Lowrise (4 stories)	3	707	\$765	\$0	@60%	n/a	N/A	N/A	N/A
1	1	Lowrise (4 stories)	1	707	\$765	\$0	@70%	n/a	N/A	N/A	N/A
2	2	Lowrise (4 stories)	15	962	\$1,003	\$0	@50% (Section 8)	n/a	N/A	N/A	N/A
2	2	Lowrise (4 stories)	29	962	\$893	\$0	@60%	n/a	N/A	N/A	N/A
2	2	Lowrise (4 stories)	15	962	\$893	\$0	@70%	n/a	N/A	N/A	N/A
3	2	Lowrise (4 stories)	5	1,200	\$1,445	\$0	@50% (Section 8)	n/a	N/A	N/A	N/A
3	2	Lowrise (4 stories)	10	1,200	\$1,028	\$0	@60%	n/a	N/A	N/A	N/A
3	2	Lowrise (4 stories)	5	1,200	\$1,028	\$0	@70%	n/a	N/A	N/A	N/A
Amenities											
In-Unit	Balcony/Patio Blinds Central A/C Coat Closet Dishwasher Oven Refrigerator Walk-In Closet Washer/Dryer hookup					Security	Intercom (Buzzer) Limited Access Patrol				
Property	Clubhouse/Meeting Room/Community Room Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management Playground					Premium	none				
Services	none					Other	none				
Comments											
<p>The Subject, which will offer 84 units, is part of a 164 unit development financed with both four and nine percent LIHTC financing, wherein 84 units (provided in the unit mix) will be financed exclusively with four percent bonds. All of the units at the Subject will be LIHTC restricted to 50, 60, and 70 percent of AMI. Twenty-one of the Subject's units will operate with Project-Based Voucher (PBV) subsidies, LIHTC restricted to 50 percent of AMI. Washer/dryer units will be rented out to tenants for \$50 per month. The property will consist of a five-story building, with ground level parking under a podium and four levels of residential units above. Note that parking, as well as the common-area amenities including the clubhouse, exercise facility, and on-site management, will be located in Phase I of the development, but will be available to tenants in both phases.</p>											

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, November 2019

Subject Site Description:

The Subject will be located at 630 Tidewater Drive in Norfolk, Virginia 23504.

Size:

The Subject site is located on a parcel that is 3.9272 acres, or 171,068 square feet. This parcel will consist of both the Subject and the first phase of development.

Shape:

The site is irregular in shape.

Frontage:

The Subject has frontage along the east side of Waterside Drive, the south side of E. Brambleton Avenue, and the western and northern side of May Avenue.

Topography:

The Subject site is level.

Utilities:

All utilities are provided to the site.

Visibility/Views:

The Subject site has excellent visibility from Tidewater Drive, E. Brambleton Avenue, and May Avenue. Views to the north of the site for Market Heights Phase I. Views further north are commercial and industrial uses. Gutterman Iron and Metal Corporation, a metal recycling yard, operates northwest of the Subject across Bramelton Avenue. Single-family residential uses east of this lot appear to be in good condition and well occupied. Consequently, we do not believe that this will be a detrimental influence to the Subject, upon completion. Views to the east consist of storage space, commercial space, and a middle school. Views to the south consist of a local park. Lastly, views to the west consist of the Tidewater Gardens Apartments and a YMCA. Tidewater Gardens Apartments is a recently closed public housing development that is planned for demolition and redevelopment as part of the St. Paul's Choice Neighborhoods Initiative. The redevelopment will consist of replacement housing for the public housing units, as well as the addition of low and moderate-income and market-rate units. Overall, visibility is considered excellent, and views are considered average.

Surrounding Uses:

The Subject is located in a mixed-use neighborhood east of Downtown Norfolk. The Subject site is rated as "Somewhat Walkable" by WalkScore with a score of 61, indicating that errands can be accomplished by foot. The following depicts the surrounding uses of the Subject.



Truck Repair center north of Subject site



Metal Supplier north of Subject site

North: Land use to the adjacent north of the site consist of the site for Market Heights Phase I, followed further north by commercial, industrial, and retail uses, with minimal single-family homes in average condition.



Life Storage east of Subject site



Middle school east of Subject site

East: Land uses east consist of commercial uses, industrial uses, and a middle school, followed further east by single-family homes in good condition.



Views south along Tidewater Drive



Views south along Tidewater Drive

South: Uses south consist of park, bordered on the southern side by Interstate 264.



View of Tidewater Gardens Apartments (west)



View of Tidewater Gardens Apartments (west)

West: Views west consist of the Tidewater Gardens Apartments, a recently close public housing development that has been designated for demolition and redevelopment, and a YMCA.

Access and Traffic Flow:

The Subject, as well as Market Heights Phase I, will be accessible via the west side of May Avenue. May Avenue is a two-lane, lightly traveled access road that connects Tidewater Drive and E. Brambelton Avenue. E. Brambelton Avenue is moderately trafficked two-lane road traversing west to Downtown Norfolk and southeast through the southern portion of Norfolk. Additionally, the Subject has direct access to Interstate 264 less than 0.1 miles south via Tidewater Drive. Interstate 264 provides access to the eastern portion of Norfolk, as well as Interstate 464 and Interstate 64, which provide access through most of the exterior of Norfolk. Overall, traffic in the Subject's immediate area is considered moderate, and access is considered good.

Layout and Curb Appeal:

Based on our review of the floor plans provided by the developer, the Subject will have a functional layout and good curb appeal.

Drainage:

Appears adequate, however, no specific tests were performed. Further, Novogradac is not an expert in this field and cannot opine on this issue.

Soil and Subsoil Conditions:

Novogradac did not perform any soil and subsoil tests upon inspection of the site, as this is beyond the scope of work. We have not been provided with a soil and subsoil report. We are not experts in this field and assume the soil is adequate for development.

Detrimental Influences:

Note that the Subject is located within 0.1 miles of a metal recycling plant. However, per our inspection of the site, we do not believe the that noise from this plant represents a

detrimental influence. No other potential detrimental influences were identified.

Flood Plain:

Based on information provided by www.Floodinsights.com, the Subject site is located within Zone AE, an area inundated by the one-percent-annual-chance flood, but outside of the area inundated by 100-year and 500-year flood plains. The corresponding FEMA map is community panel number 510104-0057H, revised February 17, 2017. Further analysis by Novogradac is beyond the scope of the report. We assume that the sponsor will have adequate flood insurance.



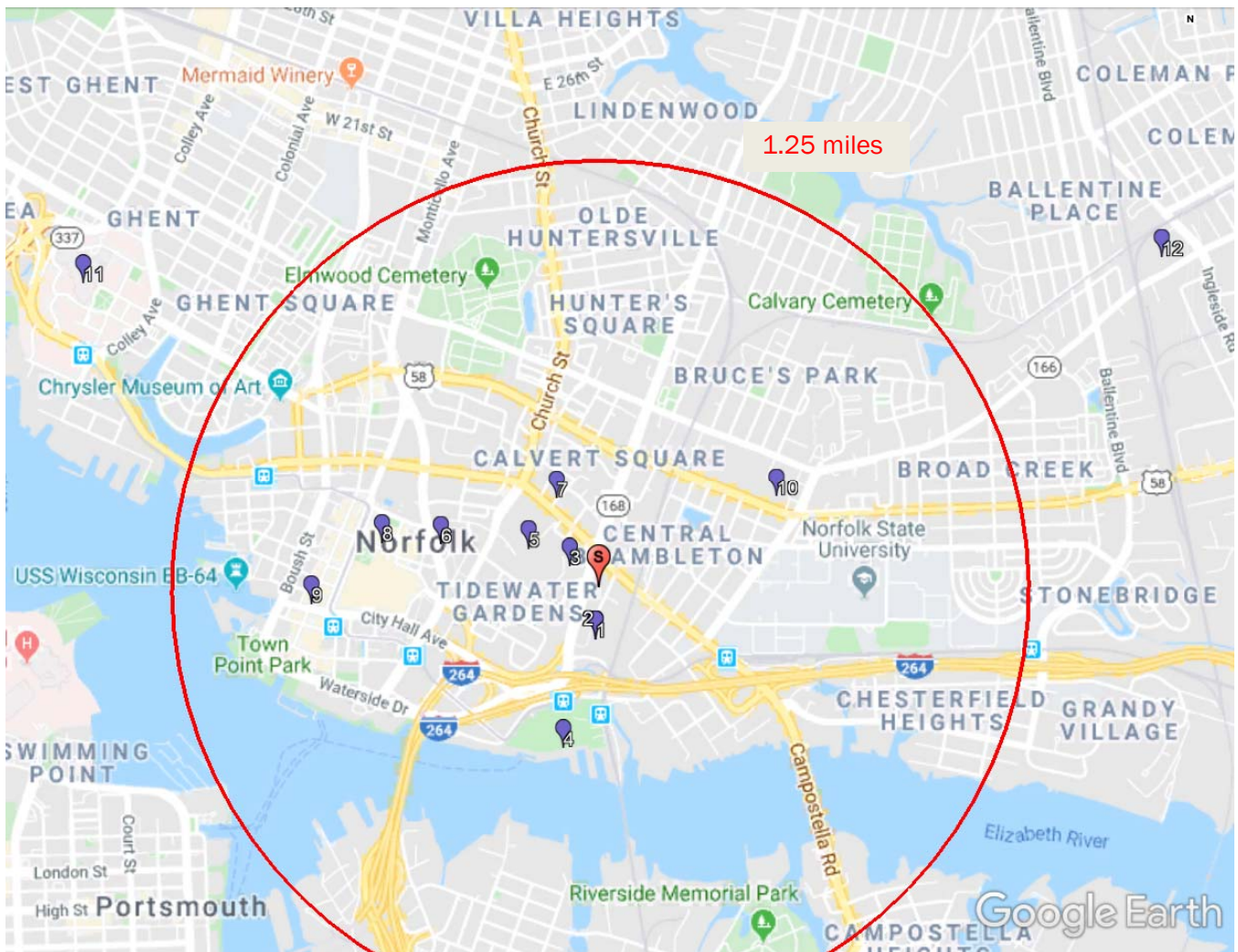
Source: FEMA Flood Map Service Center, November 2019

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.

LOCALATIONAL AMENITIES

Map #	Service or Amenity	Distance from Subject (Driving)
1	Bus Stop	<0.1 miles
2	William H. Ruffner Middle School	0.3 miles
3	Tidewater Park Elementary	0.4 miles
4	U.S. Post Office	0.4 miles
5	Save-A-Lot	0.4 miles
6	Booker T. Washington High School	1.0 miles
7	Harbor Park Train Station	1.0 miles
8	Norfolk Fire Rescue Station #1	1.2 miles
9	Norfolk Police Chief Office	1.3 miles
10	Wells Fargo Bank	1.3 miles
11	Sentara Norfolk General Hospital	2.1 miles
12	Walmart Neighborhood Market	2.4 miles



Source: Google Earth, November 2019

Public Transportation:

Norfolk is served by the Hampton Roads Transit (HRT). The HRT operates in Norfolk, as well as Virginia Beach, Newport News, Hampton, Portsmouth, and Chesapeake. HRT offers over thirty bus routes within Norfolk, as well as “The Tide” light rail route. The closest bus stop is adjacent to the Subject along Tidewater Drive. Bus and light rail one-way fares are \$2 for adults, with discounts for children and seniors.

Crime Statistics:

The following tables show crime statistics from 2019 for the PMA.

2019 CRIME INDICES

	PMA	Virginia Beach-Norfolk- Newport News, VA-NC
Total Crime*	249	127
Personal Crime*	235	108
Murder	367	162
Rape	206	112
Robbery	344	147
Assault	182	88
Property Crime*	250	129
Burglary	187	99
Larceny	275	144
Motor Vehicle Theft	223	94

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 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, personal, and property crime indices in the PMA are above that of the MSA and nation. The Subject will offer limited access and a courtesy patrol. All of the comparable properties offer some form of security feature. We believe that the Subject’s security features will be competitive and market oriented.

Conclusion:

The Subject’s neighborhood appears to be a good location for a multifamily development. The majority of the local amenities are located within approximately two miles of the Subject. The Subject is located in a mixed-use neighborhood with multifamily housing, commercial, industrial, and retail uses. The Subject is a compatible use within the existing neighborhood.

PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD



View of Subject site facing west



View of Subject site facing southeast



View of Subject site facing northeast



View of Subject site facing northeast



View northeast along May Avenue



View southwest along May Avenue



View northeast along Tidewater Drive



View south along Tidewater Drive



View of Tidewater Gardens Apartments (west)



William H. Ruffner Academy, east of Subject site



Storage facility east of Subject site



Commercial space northeast of Subject site



Habitat for Humanity northwest of Subject site



Norfolk Truck, north of Subject site



Single-family homes east of Subject site



Single-family homes east of Subject site

E. MARKET AREA DEFINITION

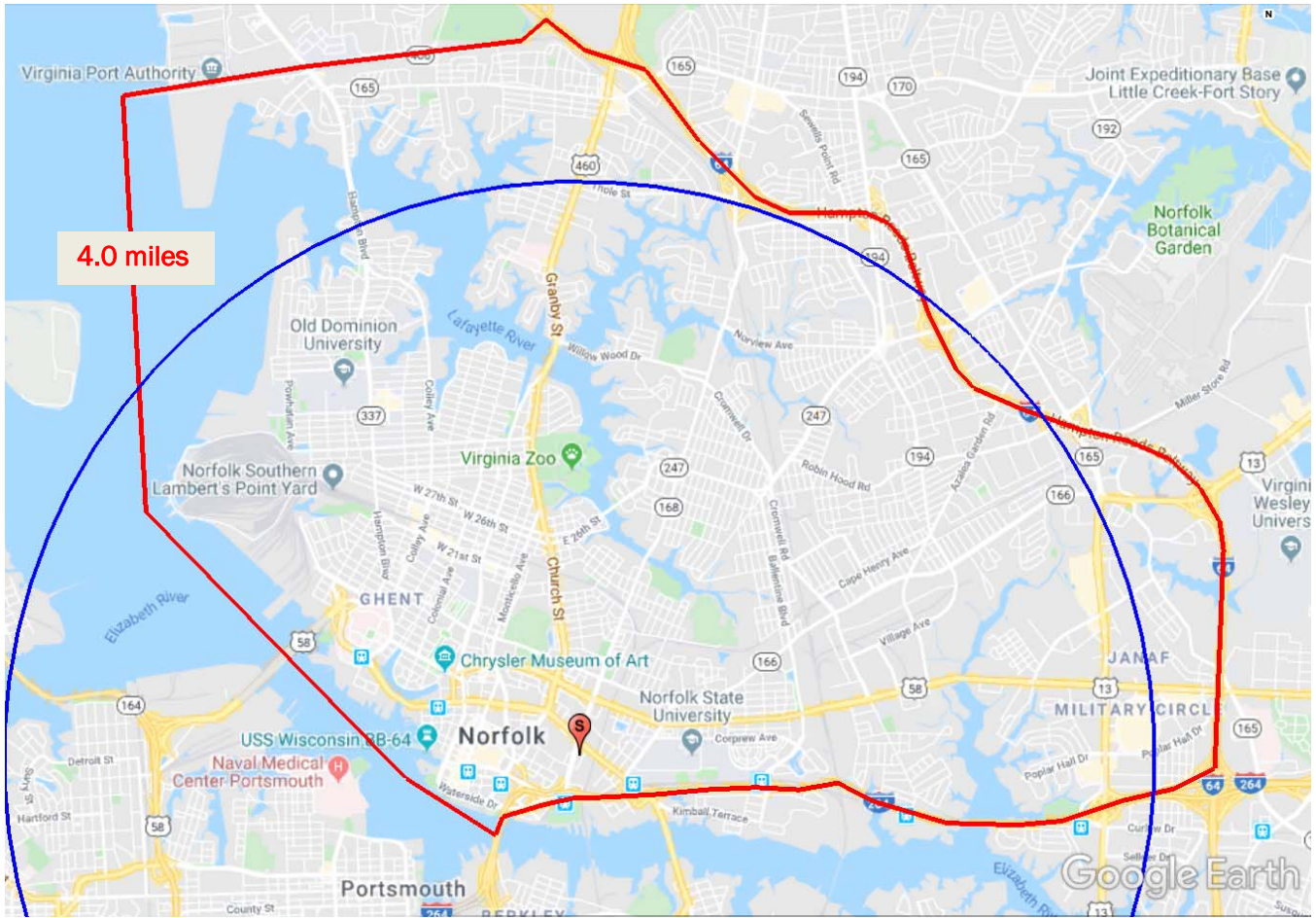
MARKET AREA

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 is located in Norfolk, Virginia. The PMA is generally defined as the City of Norfolk. The PMA boundaries are: Interstate 64, Interstate 564, and Terminal Boulevard to the north; Interstate 64 to the east; Interstate 264 to the south; and the Elizabeth River to the west. The PMA was determined based on input from area property managers. Management at the majority of the rent comparables noted that the majority of their tenants originate from within the greater metro. We have estimated that 10 percent of the Subject’s tenants will come from outside of these boundaries.

The Virginia Beach-Norfolk-Newport News, VA Metropolitan Statistical Area (MSA) will serve as the Secondary Market Area (SMA). 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, November 2019

Metropolitan Statistical Area (MSA) Map



Source: Google Earth, November 2019

F. EMPLOYMENT AND ECONOMY

ECONOMIC ANALYSIS

The Greater Norfolk metropolitan area has a strong and diverse economy that is concentrated within the healthcare/social assistance, educational services, and retail trade sectors. Hampton Roads is a major military center, of which Norfolk is home to the most important regional installation, the Naval Station Norfolk. This installation is the headquarters of the Atlantic Fleet, as well as the home port of the 2nd fleet, which is comprised of 81,030 active duty personnel. Additionally, Norfolk is home to Virginia Port Authority, which owns and operates three major port facilities in Hampton Roads for break-bulk and container type cargo. The Norfolk economy significantly benefits from its mid-Atlantic location.

In January 2019, we spoke with Mr. Robert Sharak at City of Norfolk Development Department regarding the economic impact of the Norfolk Naval Station in the greater Norfolk area. Mr. Sharak informed us that the Naval Station employed the highest number of active-duty participants following September 11, 2001, with approximately 112,000 “uniformed” federal workers stationed at the base. The total number of uniformed federal workers has declined considerably since this time, with 81,030 active-duty personnel for 2017; however, it should be noted that the rate of decline has leveled off over the past three years.

Mr. Sharak maintained that since the peak of naval activity in 2001, the city and region has made attempts to diversify. Consequently, employment in the MSA has grown eight out of the last nine years, despite declines in active-duty personnel. Federal civilian employment has grown overall since 2001. Additionally, supplemental services related to the naval base, including defense contracting, manufacturing, and information technology, have become a mainstay for the area. Mr. Sharak stated that Norfolk and surrounding areas will continue to be impacted by trends in growth at the Naval Base. However, the city has engendered lower economic dependence on the base through economic diversification.

Employment by Industry

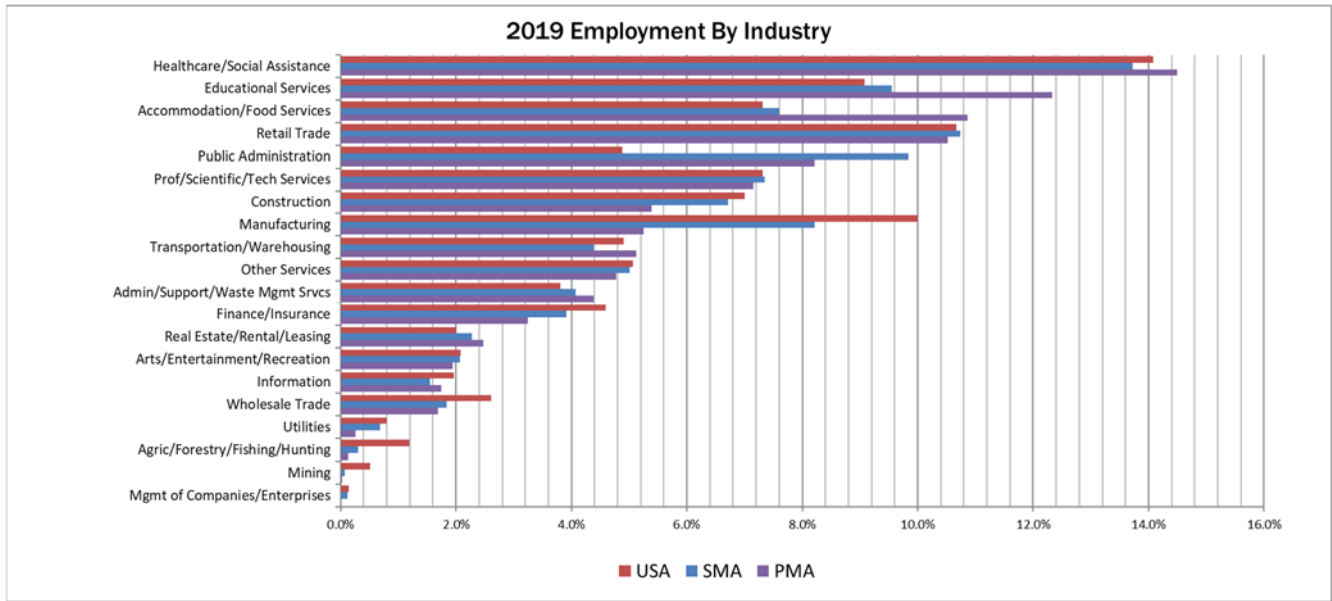
The following chart illustrates employment by industry as of 2019.

2019 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	8,614	14.5%	22,612,482	14.1%
Educational Services	7,324	12.3%	14,565,802	9.1%
Accommodation/Food Services	6,459	10.9%	11,738,765	7.3%
Retail Trade	6,250	10.5%	17,127,172	10.7%
Public Administration	4,879	8.2%	7,828,907	4.9%
Prof/Scientific/Tech Services	4,247	7.1%	11,744,228	7.3%
Construction	3,201	5.4%	11,245,975	7.0%
Manufacturing	3,118	5.2%	16,057,876	10.0%
Transportation/Warehousing	3,044	5.1%	7,876,848	4.9%
Other Services	2,840	4.8%	8,141,078	5.1%
Admin/Support/Waste Mgmt Svcs	2,605	4.4%	6,106,184	3.8%
Finance/Insurance	1,926	3.2%	7,377,311	4.6%
Real Estate/Rental/Leasing	1,467	2.5%	3,204,043	2.0%
Arts/Entertainment/Recreation	1,152	1.9%	3,332,132	2.1%
Information	1,040	1.8%	3,157,650	2.0%
Wholesale Trade	1,003	1.7%	4,183,931	2.6%
Utilities	154	0.3%	1,276,400	0.8%
Agric/Forestry/Fishing/Hunting	76	0.1%	1,915,709	1.2%
Mining	19	0.0%	819,151	0.5%
Mgmt of Companies/Enterprises	8	0.0%	237,307	0.1%
Total Employment	59,426	100.0%	160,548,951	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

Employment within the PMA is concentrated in the healthcare/social assistance, educational services, and accommodation/food services industries. Together, these industries comprise 37.7 percent of total employment in the PMA. While the healthcare/social assistance and educational services sectors are typically stable during times of recession, the accommodation/food services sector tends to be more volatile during times of economic downturn. Compared to the nation, the educational services and public administration industries are overrepresented in the PMA. Conversely, the manufacturing, construction, and finance/insurance industries are underrepresented in the PMA compared to the nation.



Growth by Industry

The following table illustrates the change in total employment by sector from 2000 to 2019 in the PMA.

2000-2019 CHANGE IN EMPLOYMENT - PMA

Industry	2000		2019		2000-2019	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Growth	Annualized Percent
Healthcare/Social Assistance	5,638	12.7%	8,614	14.5%	2,976	2.8%
Educational Services	5,088	11.5%	7,324	12.3%	2,236	2.3%
Accommodation/Food Services	4,208	9.5%	6,459	10.9%	2,251	2.8%
Retail Trade	5,527	12.5%	6,250	10.5%	723	0.7%
Public Administration	2,704	6.1%	4,879	8.2%	2,175	4.2%
Prof/Scientific/Tech Services	2,390	5.4%	4,247	7.1%	1,857	4.1%
Construction	2,879	6.5%	3,201	5.4%	322	0.6%
Manufacturing	2,908	6.6%	3,118	5.2%	210	0.4%
Transportation/Warehousing	2,049	4.6%	3,044	5.1%	995	2.6%
Other Services	2,189	4.9%	2,840	4.8%	651	1.6%
Admin/Support/Waste Mgmt Svcs	2,284	5.1%	2,605	4.4%	321	0.7%
Finance/Insurance	1,550	3.5%	1,926	3.2%	376	1.3%
Real Estate/Rental/Leasing	1,033	2.3%	1,467	2.5%	434	2.2%
Arts/Entertainment/Recreation	961	2.2%	1,152	1.9%	191	1.0%
Information	1,314	3.0%	1,040	1.8%	-274	-1.1%
Wholesale Trade	1,337	3.0%	1,003	1.7%	-334	-1.3%
Utilities	213	0.5%	154	0.3%	-59	-1.5%
Agric/Forestry/Fishing/Hunting	30	0.1%	76	0.1%	46	8.1%
Mining	60	0.1%	19	0.0%	-41	-3.6%
Mgmt of Companies/Enterprises	0	0.0%	8	0.0%	8	0.0%
Total Employment	44,362	100.0%	59,426	100.0%	15,064	1.8%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

The industries that have experienced the most employment growth between 2000 and 2019 are healthcare/social assistance, educational services, and professional/scientific/technical services. In contrast, the information and wholesale trade sectors experienced decline over the same time period.

Major Employers

The following table illustrates the major employers in the region.

MAJOR EMPLOYERS		
Virginia Beach-Norfolk-Newport News, VA-NC MSA		
Employer Name	Industry	# Of Employees
Huntington Ingalls Industries Inc	Manufacturing	24,000
Sentara Healthcare	Healthcare	22,000
Virginia Beach City Public Schools	Education	10,576
Norfolk Naval Shipyard	Public Administration	8,500
Riverside Health System	Healthcare	8,000
Virginia Beach City	Public Administration	7,000
Norfolk City Public Schools	Education	6,527
Chesapeake City Public Schools	Education	5,726
Newport News City	Public Administration	5,600
Naval Medical Center Portsmouth	Healthcare	5,400
Newport News City Public Schools	Education	4,600
Norfolk City	Public Administration	4,364
NASA Langley Research Center	Public Administration	4,000
Totals		116,293

Source: Hampton Roads Economic Development Alliance, Retrieved 11/2019

The largest employers in the Virginia Beach-Norfolk-Newport News, VA-NC region are within the manufacturing, government, healthcare, and education sectors. Huntington Ingalls Industries is the largest employer with 24,000 employees, followed by Sentara Healthcare and Virginia Beach City Public Schools. Huntington Ingalls Industries is a ship-manufacturing plant that works largely with the Naval Station Norfolk. Additionally, the Norfolk Naval Shipyard is a naval base, primarily comprised of civil servants. The major employers in the area provide employment for a broad range of workers and predominantly stable industries.

Employment Expansion/Contractions

The following table lists business closures and layoffs in Norfolk, Virginia from 2017 to 2019 year-to-date, according to the Virginia Employment Commission’s Worker Adjustment and Retraining Notification (WARN) filings.

**WARN LISTINGS
CITY OF NORFOLK, VA**

Company	Industry	Employees Affected	Layoff Date
AECOM	Technology	96	2/7/2019
Kroger Store #536	Retail Trade	102	10/18/2018
DAL Global Services	Technology	102	8/6/2018
Farm Fresh	Retail Trade	395	3/14/2018
Sams Club	Retail Trade	140	1/11/2018
Old Dominion Peanut Company	Manufacturing	69	1/4/2018
URS Federal Services	Technology	78	12/26/2017
Air Wisconsin Airline Corporation	Aviation	213	12/13/2017
Boats Group	Technology	72	6/1/2017
Dollar Express	Retail Trade	44	3/30/2017
Bebe Stores	Retail Trade	18	3/25/2017
Total		1,329	

Source: Virginia Employment Commission, 11/2019

As seen in the previous table, there have been a total of 1,329 positions affected by WARN filings since 2017.

We attempted to contact the Hampton Roads Economic Development Alliance for recent business expansion information. However, despite numerous messages our calls have not been returned. We conducted internet research regarding recent business expansions and contractions in the area, and identified the following expansion announcements.

- According to WTKR, a CBS affiliated news outlet, in September 2019, the Norfolk City County voted seven to one in favor of a new casino resort in Norfolk. The resort is anticipated to be the result of a \$700 million investment. The number of anticipated jobs was not available.
- The Virginian-Pilot maintains a catalogue of small businesses and restaurants that have opened in the Hampton Roads area. Recent openings in the Norfolk area include the reopening of the Alkaline ramen-bar, as well as the opening of Battle Grounds Coffehouse and Grill, Primo Cigars and Coffee, 350 Grace restaurant, and Wink’s Lash and Beauty Bar.
- In April 2019, Norfolk welcomed its first Ikea store, a 331,000 square-foot facility with a 354-seat restaurant. The total number of jobs added at the facility was not provided.
- Optima Health announced plans in November 2018 to add 200 full-time jobs in the Norfolk area in order to support a Medicaid expansion. Optima renovated office space at a former J.C. Penny department store in Norfolk in 2016 and it plans to use the space to double its workforce in the area to 400 employees.

Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA from 2002 to November 2019.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

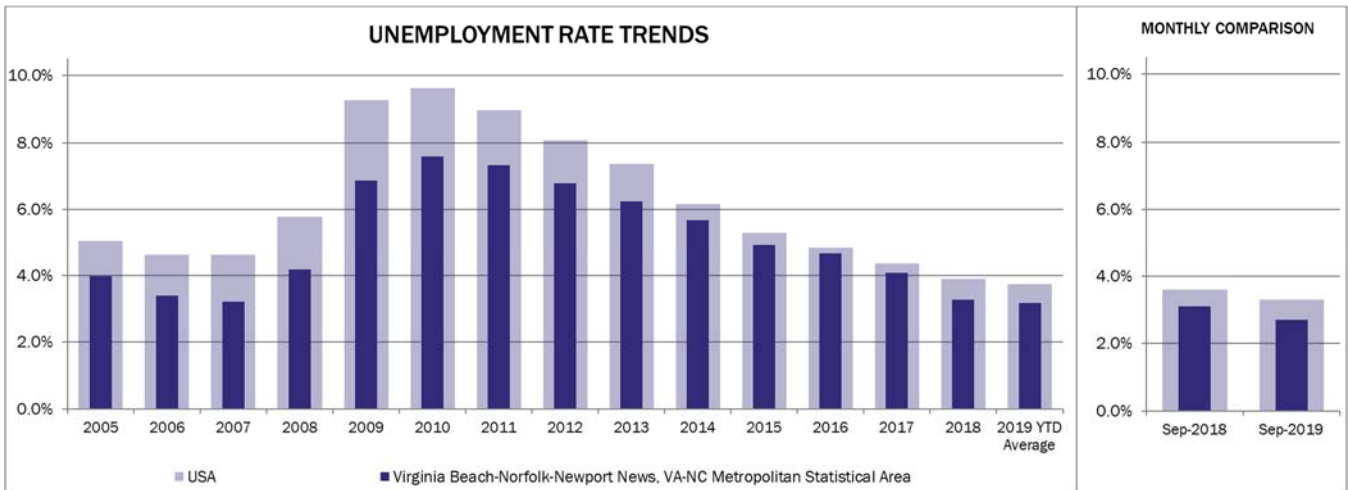
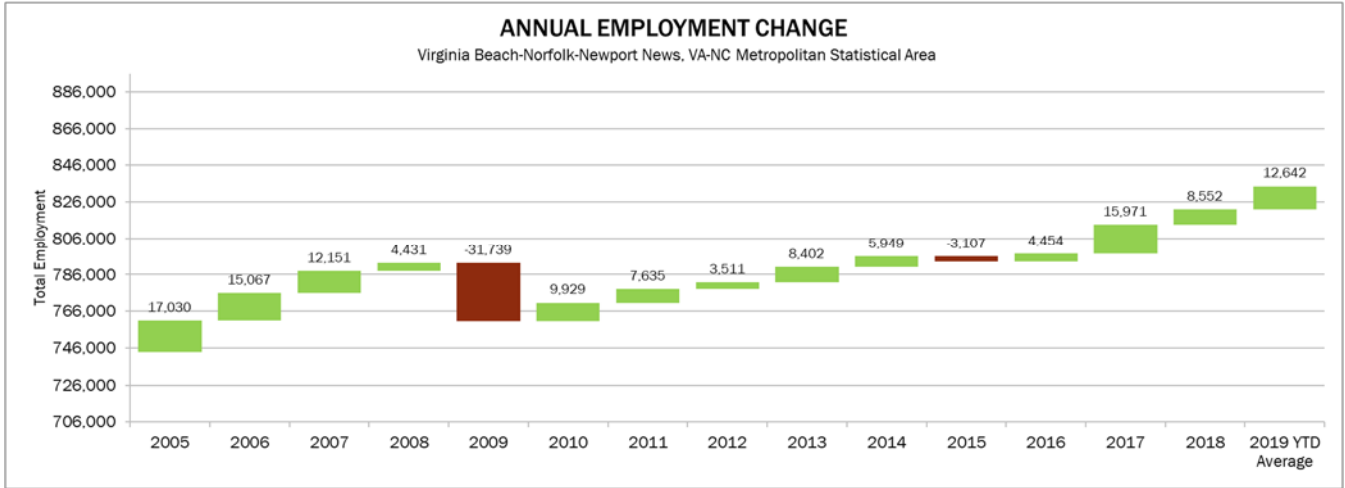
Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area					USA			
Year	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2003	735,598	-	4.2%	-	137,736,000	-	6.0%	-
2004	743,738	1.1%	4.1%	-0.1%	139,252,000	1.1%	5.5%	-0.5%
2005	760,768	2.3%	4.0%	-0.1%	141,730,000	1.8%	5.1%	-0.5%
2006	775,834	2.0%	3.4%	-0.6%	144,427,000	1.9%	4.6%	-0.5%
2007	787,986	1.6%	3.2%	-0.2%	146,047,000	1.1%	4.6%	0.0%
2008	792,416	0.6%	4.2%	1.0%	145,363,000	-0.5%	5.8%	1.2%
2009	760,677	-4.0%	6.9%	2.7%	139,878,000	-3.8%	9.3%	3.5%
2010	770,605	1.3%	7.6%	0.7%	139,064,000	-0.6%	9.6%	0.3%
2011	778,240	1.0%	7.3%	-0.3%	139,869,000	0.6%	9.0%	-0.7%
2012	781,751	0.5%	6.8%	-0.5%	142,469,000	1.9%	8.1%	-0.9%
2013	790,153	1.1%	6.2%	-0.5%	143,929,000	1.0%	7.4%	-0.7%
2014	796,102	0.8%	5.7%	-0.6%	146,305,000	1.7%	6.2%	-1.2%
2015	792,995	-0.4%	4.9%	-0.7%	148,833,000	1.7%	5.3%	-0.9%
2016	797,450	0.6%	4.7%	-0.3%	151,436,000	1.7%	4.9%	-0.4%
2017	813,421	2.0%	4.1%	-0.6%	153,337,000	1.3%	4.4%	-0.5%
2018	821,973	1.1%	3.3%	-0.8%	155,761,000	1.6%	3.9%	-0.4%
2019 YTD Average*	834,615	1.5%	3.2%	-0.1%	157,300,800	1.0%	3.7%	-0.2%
Sep-2018	816,733	-	3.1%	-	156,191,000	-	3.6%	-
Sep-2019	838,819	2.7%	2.7%	-0.4%	158,478,000	1.5%	3.3%	-0.3%

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

*2019 data is through September

Prior to the national recession, average employment growth in the MSA was generally similar to the nation. The effects of the recession in the MSA were slightly less than that of the nation overall, with only one year of employment decline in 2009. Further, the MSA did recover at a slightly quicker rate than the nation overall. In subsequent years, the MSA has experienced job growth that has been somewhat uneven, ranging from moderately below to slightly above that of the nation overall. Of note, the economy did experience a slight employment decline in 2015, followed by increases in 2016 through 2019 year-to-date. The MSA economy surpassed pre-recessionary employment levels in 2014. From September 2018 to September 2019, total employment in the MSA is at a post-recessionary high and increased at an annualized rate of 2.7 percent, compared to 1.5 percent across the overall nation.

The MSA experienced a lower average unemployment rate relative to the overall nation during the years preceding and during the most recent recession. Unemployment in the MSA reached a historic annual low in 2007, at 3.2 percent. The effects of the recession were more seen in the MSA though less pronounced than the nation overall. The MSA peak unemployment rate was 7.6 percent versus the 9.6 percent figure nationally. The MSA unemployment rate is currently 2.7 percent, moderately below the national rate of 3.3 percent, which is consistent with historical trends. Overall, the local economy appears to be in an expansionary phase.



Wages by Occupation

The following table illustrates the mean hourly and annual wages for various occupations in the Virginia Beach-Norfolk-Newport News, VA-NC MSA; information at the PMA level was not available.

VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC METROPOLITAN STATISTICAL AREA - 2ND QTR

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
All Occupations	754,600	\$23.29	\$48,450
Management Occupations	26,540	\$57.43	\$119,460
Computer and Mathematical Occupations	20,860	\$40.91	\$85,090
Architecture and Engineering Occupations	21,830	\$39.84	\$82,860
Legal Occupations	4,880	\$39.68	\$82,540
Healthcare Practitioners and Technical Occupations	44,760	\$37.36	\$77,700
Business and Financial Operations Occupations	43,090	\$36.25	\$75,400
Life, Physical, and Social Science Occupations	5,980	\$34.22	\$71,170
Education, Training, and Library Occupations	45,530	\$27.81	\$57,840
Arts, Design, Entertainment, Sports, and Media Occupations	8,840	\$24.68	\$51,340
Community and Social Service Occupations	12,280	\$24.03	\$49,980
Installation, Maintenance, and Repair Occupations	35,190	\$23.69	\$49,280
Construction and Extraction Occupations	37,530	\$21.88	\$45,510
Protective Service Occupations	20,330	\$21.32	\$44,340
Production Occupations	35,630	\$19.97	\$41,530
Transportation and Material Moving Occupations	49,780	\$18.18	\$37,810
Office and Administrative Support Occupations	113,080	\$17.74	\$36,900
Sales and Related Occupations	80,510	\$17.01	\$35,380
Farming, Fishing, and Forestry Occupations	720	\$16.46	\$34,250
Healthcare Support Occupations	21,950	\$15.80	\$32,870
Building and Grounds Cleaning and Maintenance Occupations	24,680	\$12.47	\$25,940
Personal Care and Service Occupations	27,000	\$12.25	\$25,490
Food Preparation and Serving Related Occupations	73,600	\$11.39	\$23,690

Source: Department Of Labor, Occupational Employment Statistics, 5/2018, retrieved 11/2019

The previous chart illustrates average hourly and annual wages by employment classification. The classification with the lowest average hourly wage is food preparation and serving-related occupations at \$11.39 per hour. Those in management occupations obtained the highest average hourly wage of \$57.43. Utilizing the average wage of the food preparation and serving-related occupations at \$11.39 per hour at 2,080 annual hours equates to \$23,691. The qualifying incomes for the Subject's units as proposed will range from \$0 to \$59,990. The upper end of the qualifying income is \$59,990, which corresponds to an approximate hourly wage rate of \$28.84, which is higher than the mean hourly and mean annual wage in the MSA.

An element not reflected in the wage rate data is that many positions represent part-time employment, and the starting rates are typically lower than mean wage rates. Household income data shown later in this report demonstrates a significant number of households within the region have earnings of less than \$60,000.

Commuting Patterns

The chart below shows the travel time to work for commuters in the PMA according to ESRI data.

COMMUTING PATTERNS		
ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	1,781	3.0%
Travel Time 5-9 min	6,228	10.4%
Travel Time 10-14 min	9,808	16.4%
Travel Time 15-19 min	12,504	20.9%
Travel Time 20-24 min	10,274	17.2%
Travel Time 25-29 min	3,870	6.5%
Travel Time 30-34 min	8,069	13.5%
Travel Time 35-39 min	1,058	1.8%
Travel Time 40-44 min	1,121	1.9%
Travel Time 45-59 min	2,467	4.1%
Travel Time 60-89 min	1,544	2.6%
Travel Time 90+ min	1,132	1.9%
Weighted Average	24 minutes	

Source: US Census 2019, Novogradac Consulting LLP, November 2019

As shown above, the average travel time for individuals in the PMA is 24 minutes. Approximately 68 percent of the workers in the PMA have a commute time of 24 minutes or less. Overall, it appears that most residents work within Norfolk for employment opportunities.

Conclusion

The Virginia Beach-Norfolk-Newport News, VA-NC MSA has a strong and diverse economy that sees employment within the healthcare/social assistance, educational services, and accommodation/food services sectors. Huntington Ingalls Industries Inc. is the largest employer with 24,000 employees, followed by Sentara Healthcare and Virginia Beach City Public Schools. Between September 2018 and September 2019, the MSA total employment increased 2.7 percent, which is higher than the national growth of 1.5 percent. As of 2013, the MSA surpassed pre-recessionary levels of total employment, while the nation did not reach pre-recessionary employment levels until 2014, indicating that the MSA recovered slightly faster when compared to the nation in terms of employment. Between September 2018 and September 2019, the unemployment rate decreased 0.4 percentage points to 2.7 percent, while the nation reported a decrease of 0.3 percentage points to 3.3 percent. The MSA's consistent employment growth and declining unemployment rate are indicators that the local economy has long since recovered from the national recession, and is in a period of expansion.

G. DEMOGRAPHIC CHARACTERISTICS

DEMOGRAPHIC CHARACTERISTICS

The following tables illustrate general population and households in the PMA, the MSA and the nation from 2000 through 2024.

POPULATION

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	112,192	-	1,551,400	-	281,250,431	-
2010	142,122	2.7%	1,676,822	0.8%	308,745,538	1.0%
2019	127,748	-1.1%	1,771,432	0.6%	332,417,793	0.8%
2024	129,648	0.3%	1,820,702	0.6%	345,487,602	0.8%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

HOUSEHOLDS

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	43,954	-	577,747	-	105,409,439	-
2010	47,442	0.8%	630,416	0.9%	116,716,296	1.1%
2019	49,399	0.4%	663,467	0.6%	125,168,557	0.8%
2024	50,204	0.3%	681,358	0.5%	129,589,563	0.7%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

As illustrated, the total population and number of households in the PMA increased from 2000 to 2010, while households increased from 2010 to 2019 and total population decreased. Population in the PMA increased at a higher rate relative to the MSA from 2000 to 2010, but decreased from 2010 to 2019, compared to overall population growth in the MSA and the nation over this time period. Through 2024, population and number of households within the PMA are projected to both increase, though at a lower rate than the MSA and the nation.

Population by Age

POPULATION BY AGE IN 2019

Age Cohort	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,661	6.0%	104,000	5.9%	19,910,625	6.0%
5-9	7,228	5.7%	105,646	6.0%	20,403,851	6.1%
10-14	7,078	5.5%	108,347	6.1%	20,943,945	6.3%
15-19	10,318	8.1%	116,240	6.6%	21,063,657	6.3%
20-24	13,788	10.8%	138,738	7.8%	22,226,943	6.7%
25-29	11,461	9.0%	136,564	7.7%	23,947,414	7.2%
30-34	9,523	7.5%	127,416	7.2%	22,590,667	6.8%
35-39	8,082	6.3%	117,658	6.6%	21,864,602	6.6%
40-44	6,732	5.3%	102,622	5.8%	19,913,297	6.0%
45-49	6,522	5.1%	105,739	6.0%	20,647,083	6.2%
50-54	7,033	5.5%	110,407	6.2%	20,930,948	6.3%
55-59	7,688	6.0%	120,727	6.8%	22,429,066	6.7%
60-64	7,069	5.5%	108,578	6.1%	20,971,686	6.3%
65-69	5,779	4.5%	89,629	5.1%	18,029,377	5.4%
70-74	4,215	3.3%	69,763	3.9%	14,131,085	4.3%
75-79	2,976	2.3%	47,114	2.7%	9,484,194	2.9%
80-84	2,110	1.7%	30,660	1.7%	6,213,244	1.9%
85+	2,489	1.9%	31,584	1.8%	6,716,109	2.0%
Total	127,752	100.0%	1,771,432	100.0%	332,417,793	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

POPULATION BY AGE IN 2024 ESTIMATE

Age Cohort	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,778	6.0%	106,943	5.9%	20,731,783	6.0%
5-9	7,063	5.4%	104,943	5.8%	20,679,798	6.0%
10-14	6,844	5.3%	107,421	5.9%	21,345,192	6.2%
15-19	10,588	8.2%	118,819	6.5%	21,702,946	6.3%
20-24	13,789	10.6%	134,856	7.4%	21,636,277	6.3%
25-29	10,650	8.2%	124,392	6.8%	22,383,185	6.5%
30-34	9,630	7.4%	132,061	7.3%	24,777,046	7.2%
35-39	8,408	6.5%	127,893	7.0%	23,320,935	6.8%
40-44	7,527	5.8%	117,246	6.4%	22,225,551	6.4%
45-49	6,505	5.0%	102,632	5.6%	20,020,272	5.8%
50-54	6,572	5.1%	104,768	5.8%	20,593,987	6.0%
55-59	6,752	5.2%	106,345	5.8%	20,604,708	6.0%
60-64	7,197	5.6%	115,603	6.3%	21,810,786	6.3%
65-69	6,483	5.0%	102,560	5.6%	20,047,387	5.8%
70-74	5,058	3.9%	80,933	4.4%	16,440,719	4.8%
75-79	3,804	2.9%	60,896	3.3%	12,350,266	3.6%
80-84	2,472	1.9%	37,793	2.1%	7,653,913	2.2%
85+	2,528	1.9%	34,598	1.9%	7,162,851	2.1%
Total	129,648	100.0%	1,820,702	100.0%	345,487,602	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

General Household Income Distribution

The following tables illustrate the household income distribution for the PMA and MSA for 2019 and 2024.

HOUSEHOLD INCOME PMA

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	5,922	12.0%	5,698	11.3%	-45	-0.8%
\$10,000-19,999	6,297	12.7%	6,074	12.1%	-45	-0.7%
\$20,000-29,999	5,167	10.5%	5,076	10.1%	-18	-0.4%
\$30,000-39,999	5,106	10.3%	4,893	9.7%	-43	-0.8%
\$40,000-49,999	4,068	8.2%	4,063	8.1%	-1	0.0%
\$50,000-59,999	3,696	7.5%	3,724	7.4%	6	0.2%
\$60,000-74,999	4,481	9.1%	4,601	9.2%	24	0.5%
\$75,000-99,999	4,991	10.1%	5,183	10.3%	38	0.8%
\$100,000-124,999	3,477	7.0%	3,720	7.4%	49	1.4%
\$125,000-149,999	1,976	4.0%	2,296	4.6%	64	3.2%
\$150,000-199,999	1,995	4.0%	2,234	4.4%	48	2.4%
\$200,000+	2,223	4.5%	2,642	5.3%	84	3.8%
Total	49,399	100.0%	50,204	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, November 2019

HOUSEHOLD INCOME SMA

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	39,701	6.0%	38,703	5.7%	-200	-0.5%
\$10,000-19,999	54,100	8.2%	52,394	7.7%	-341	-0.6%
\$20,000-29,999	60,453	9.1%	58,891	8.6%	-312	-0.5%
\$30,000-39,999	62,671	9.4%	61,147	9.0%	-305	-0.5%
\$40,000-49,999	59,348	8.9%	59,069	8.7%	-56	-0.1%
\$50,000-59,999	55,354	8.3%	55,420	8.1%	13	0.0%
\$60,000-74,999	72,124	10.9%	73,105	10.7%	196	0.3%
\$75,000-99,999	90,237	13.6%	93,423	13.7%	637	0.7%
\$100,000-124,999	63,068	9.5%	67,413	9.9%	869	1.4%
\$125,000-149,999	39,132	5.9%	43,312	6.4%	836	2.1%
\$150,000-199,999	36,796	5.5%	41,478	6.1%	936	2.5%
\$200,000+	30,483	4.6%	37,003	5.4%	1,304	4.3%
Total	663,467	100.0%	681,358	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, November 2019

As of 2019, approximately 61.2 percent of households within the PMA have annual incomes below \$60,000. Through 2024, the percentage of low-income households earning less than \$60,000 annually is projected to decline slightly to 58.8 percent.

General Household Size Distribution

The following table is a summary of the average household size in the PMA, the MSA and the nation from 2000 through 2024.

AVERAGE HOUSEHOLD SIZE						
Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.42	-	2.58	-	2.59	-
2010	2.87	1.9%	2.55	-0.1%	2.58	-0.1%
2019	2.39	-1.8%	2.56	0.1%	2.59	0.1%
2024	2.39	0.0%	2.57	0.0%	2.60	0.1%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

As shown in the previous table, the average household size in the PMA decreased from 2000 to 2019, but is projected to remain at the same level through 2024. The average household size in the MSA has decreased from 2000 to 2019, and it is projected to remain stable through 2024. Overall, the average household size in the PMA is below that of the MSA and nation, a trend which will continue through 2024.

General Household Tenure

The following table illustrates the breakdown of households by tenure within the Subject’s PMA.

TENURE PATTERNS PMA				
Year	Owner-	Percentage	Renter-	Percentage
	Occupied Units	Owner-Occupied	Occupied Units	Renter-Occupied
2000	20,038	45.6%	23,916	54.4%
2019	21,291	43.1%	28,108	56.9%
2024	22,065	44.0%	28,139	56.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

As of 2019, approximately 56.9 percent of households in the PMA reside in renter-occupied housing units. Through 2024, the percentage of renter-occupied housing units is projected to decrease slightly, while the number of renter-occupied housing units is projected to increase.

General Renter Household Income Distribution

The following tables illustrate the renter household income distribution for the PMA and MSA for 2019 and 2024.

RENTER HOUSEHOLD INCOME

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,980	17.7%	4,799	17.1%	-36	-0.7%
\$10,000-19,999	4,753	16.9%	4,521	16.1%	-46	-1.0%
\$20,000-29,999	3,680	13.1%	3,609	12.8%	-14	-0.4%
\$30,000-39,999	3,302	11.7%	3,075	10.9%	-45	-1.4%
\$40,000-49,999	2,381	8.5%	2,356	8.4%	-5	-0.2%
\$50,000-59,999	2,042	7.3%	2,103	7.5%	12	0.6%
\$60,000-74,999	2,185	7.8%	2,336	8.3%	30	1.4%
\$75,000-99,999	1,969	7.0%	2,076	7.4%	21	1.1%
\$100,000-124,999	1,007	3.6%	1,113	4.0%	21	2.1%
\$125,000-149,999	795	2.8%	949	3.4%	31	3.9%
\$150,000-199,999	535	1.9%	624	2.2%	18	3.3%
\$200,000+	479	1.7%	578	2.1%	20	4.1%
Total	28,108	100.0%	28,139	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, November 2019

RENTER HOUSEHOLD INCOME

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	26,671	10.4%	25,597	10.0%	-215	-0.8%
\$10,000-19,999	32,424	12.6%	30,677	12.0%	-349	-1.1%
\$20,000-29,999	34,104	13.3%	32,441	12.7%	-333	-1.0%
\$30,000-39,999	34,230	13.3%	32,476	12.7%	-351	-1.0%
\$40,000-49,999	28,054	10.9%	27,569	10.8%	-97	-0.3%
\$50,000-59,999	23,448	9.1%	23,355	9.1%	-19	-0.1%
\$60,000-74,999	25,566	9.9%	26,078	10.2%	102	0.4%
\$75,000-99,999	23,582	9.2%	24,690	9.6%	222	0.9%
\$100,000-124,999	11,917	4.6%	13,048	5.1%	226	1.9%
\$125,000-149,999	6,896	2.7%	7,839	3.1%	189	2.7%
\$150,000-199,999	5,592	2.2%	6,487	2.5%	179	3.2%
\$200,000+	4,809	1.9%	6,079	2.4%	254	5.3%
Total	257,293	100.0%	256,336	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, November 2019

As illustrated above, the income cohort with the highest percentage of renters is the \$0 to \$9,999 cohort, followed by the \$10,000 to \$19,999 and the \$20,000 to \$29,999 cohorts, respectively. As of 2019, approximately 75.2 percent of renter households within the PMA have annual incomes below \$60,000.

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						
	2000		2019		2024	
Household Size	Total	Percent	Total	Percent	Total	Percent
1 persons	13,787	31.4%	16,622	33.6%	16,981	33.8%
2 persons	13,608	31.0%	15,004	30.4%	15,272	30.4%
3 persons	7,400	16.8%	8,047	16.3%	8,147	16.2%
4 persons	5,213	11.9%	5,434	11.0%	5,470	10.9%
5+ persons	3,946	9.0%	4,292	8.7%	4,334	8.6%
Total	43,954	100.0%	49,399	100.0%	50,204	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

As of 2019, the majority of households 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						
	2000		2019		2024	
Household Size	Total	Percent	Total	Percent	Total	Percent
1 persons	8,759	36.6%	11,301	40.2%	11,397	40.5%
2 persons	6,546	27.4%	7,250	25.8%	7,177	25.5%
3 persons	3,952	16.5%	4,404	15.7%	4,405	15.7%
4 persons	2,598	10.9%	2,855	10.2%	2,855	10.1%
5+ persons	2,061	8.6%	2,298	8.2%	2,305	8.2%
Total	23,916	100.0%	28,108	100.0%	28,139	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

Historically, the majority of renter households in the PMA have consisted of one and two-person households. In 2019, approximately 66 percent of renter-households were one or two-persons. The number of three-person and larger renter households has increased overall since 2000.

Median Household Income Levels

The following table illustrates the median household income for all households in the PMA, the MSA, and the nation from 2000 through 2024.

MEDIAN HOUSEHOLD INCOME						
Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$25,463	-	\$41,304	-	\$44,882	-
2019	\$51,717	5.4%	\$65,648	3.1%	\$60,548	1.8%
2024	\$57,801	2.4%	\$74,365	2.7%	\$69,180	2.9%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

As of 2019, the median household income of the PMA is below the MSA and the nation. Through 2024, the PMA median household income is projected to increase at a slightly lower rate than the MSA and the nation and it will remain well below both.

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

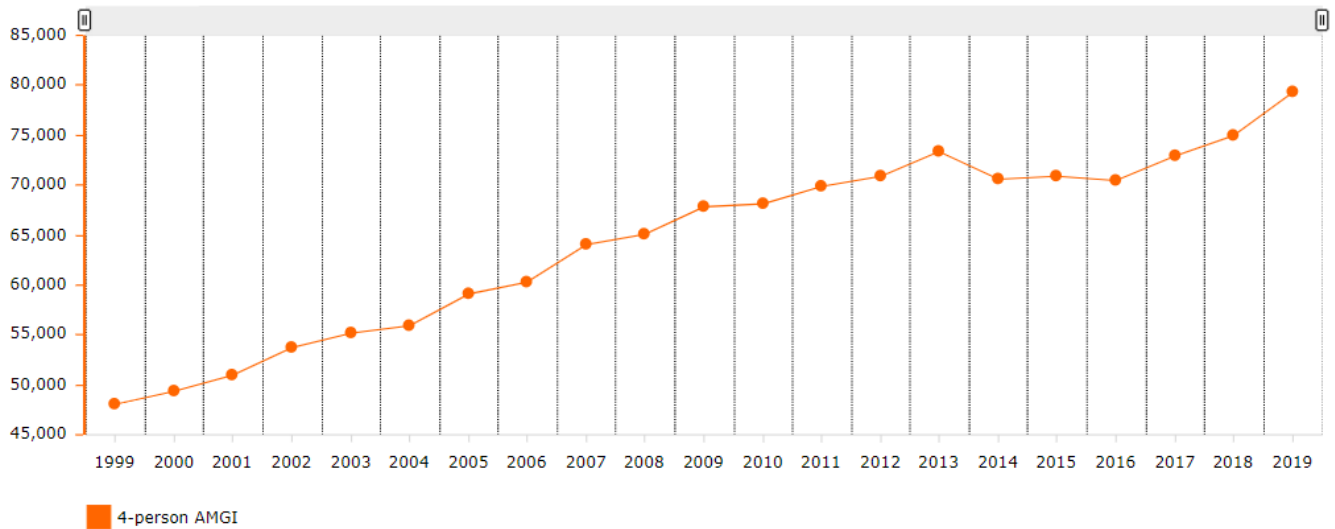
Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
2019	12,296	48.6%	102,587	44.6%	16,657,755	42.7%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

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

Area Median Income

The following chart illustrates the area median gross income (AMGI) of a four-person household in the Virginia Beach-Norfolk-Newport News, VA-NC MSA between 1999 and 2019.



Source: Novogradac Consulting LLP, November 2019

Overall, the AMI has increased by an average of 2.5 percent annually between 1999 and 2019. The chart above illustrates that the AMI in the MSA has generally increased since 1999, with decreases in 2014 and 2016. As of 2019, the AMI in MSA is \$79,300 and is at its peak. In 2013, the AMI declined in 84 percent of counties nationwide based on a HUD methodological change, though the MSA was not affected by this methodology change. The majority of counties and regions in the nation are currently experiencing their highest AMI levels to date, which is also true for the Virginia Beach-Norfolk-Newport News, VA-NC MSA.

NORFOLK CITY COUNTY AMI GROWTH (2013-2019)

Year	2013	2014	2015	2016	2017	2018	2019
AMI	\$73,300	\$70,600	\$70,900	\$70,500	\$73,000	\$75,000	\$79,300
Percentage	3.4%	-3.7%	0.4%	-0.6%	3.5%	2.7%	5.7%

The Subject’s proposed 60 and 70 percent AMI rents are set below the 2019 maximum allowable levels, while the 50 percent AMI contract rents are above the maximum; therefore, rent increases in the 60 and 70 percent AMI units would not be dependent on AMI growth.

Conclusion

Since 2000, PMA population and households have grown overall. However, population in the PMA decreased from 2010 to 2019, while households increased. Both the PMA and MSA are projected to experience population and household growth through 2024. As of 2019, approximately 75.2 percent of renter households within the PMA have annual incomes below \$60,000, though the percentage and number of low-income renter households is projected to decline slightly. As proposed, the incomes for the Subject will range from \$0 to \$59,990. With a large percentage of renters with low income, coupled with an aging housing stock, we project that there will be substantial demand for new or renovated affordable housing units.

H. COMPETITIVE ENVIRONMENT

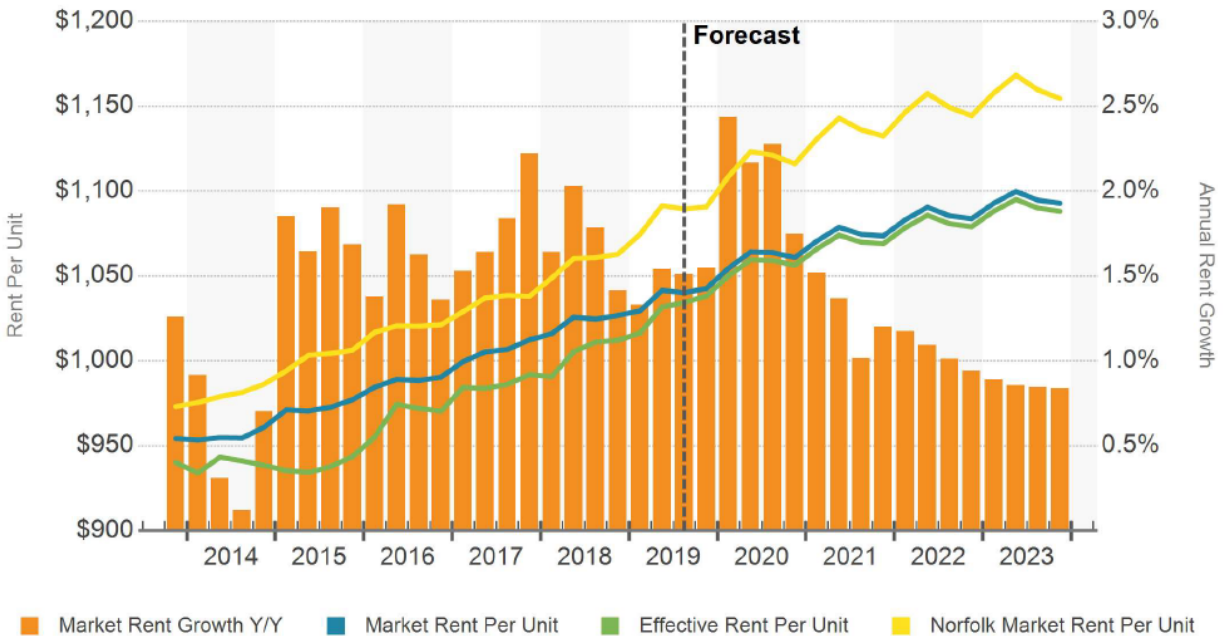
HOUSING SUMMARY

Based on the fourth quarter 2019 report from CoStar, Norfolk experienced a slight decrease of 0.8 percentage points in vacancy rates between the fourth quarter of 2018 and the fourth quarter of 2019. As illustrated in the tables and chart following, the vacancy rate for the Norfolk City submarket is currently 4.8 percent and is projected to increase to approximately 6.0 percent through 2023.

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	3,394	4.3%	\$1,490	\$1,483	(4)	0	396
3 Star	8,353	4.8%	\$1,021	\$1,018	8	0	257
1 & 2 Star	9,146	4.9%	\$864	\$860	(8)	0	0
Submarket	20,893	4.8%	\$1,043	\$1,038	(4)	0	653

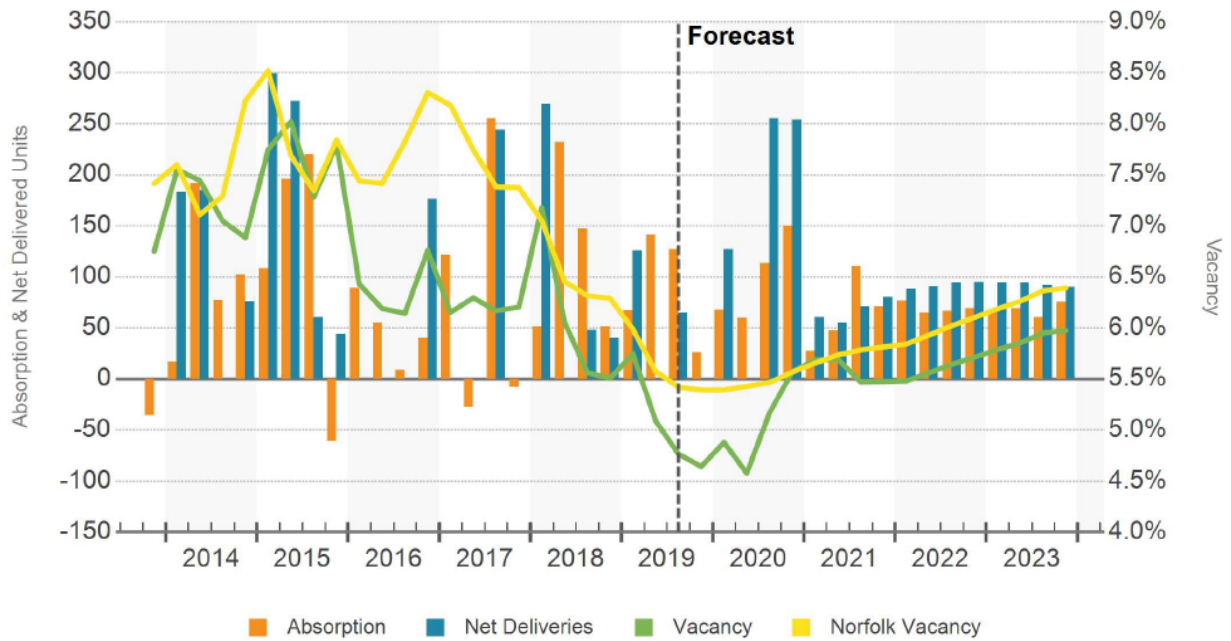
Source: CoStar, November 2019

MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar, November 2019

ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar, November 2019

Average asking rents increased 1.7 percent over the last year, and are expected to increase at an average of 1.3 percent through 2023.

Age of Housing Stock

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

HOUSING STOCK BY YEAR BUILT

	PMA		Virginia Beach-Norfolk- Newport News, VA-NC		USA	
Built 2005 or later	753	1.4%	20,073	2.9%	3,112,243	2.3%
Built 2000 to 2004	4,496	8.6%	94,285	13.4%	19,663,902	14.7%
Built 1990 to 1999	3,000	5.7%	107,688	15.3%	18,945,953	14.1%
Built 1980 to 1989	5,092	9.7%	137,958	19.6%	18,399,296	13.7%
Built 1970 to 1979	5,494	10.5%	113,713	16.2%	20,920,173	15.6%
Built 1960 to 1969	6,297	12.0%	84,579	12.0%	14,577,264	10.9%
Built 1950 to 1959	8,511	16.2%	71,846	10.2%	14,229,384	10.6%
Built 1940 to 1949	7,132	13.6%	33,526	4.8%	6,903,420	5.1%
Built 1939 or earlier	11,660	22.2%	40,169	5.7%	17,451,760	13.0%
Total Housing Units	52,435	100.0%	703,837	100.0%	134,203,395	100.0%

Source: US Census American Community Estimates, November 2019

Of the housing stock, 64.1 percent was constructed prior to 1970, with 22.2 percent of housing stock built prior to 1939. The PMA exhibits a low concentration of newer housing stock, as only 15.7 percent of the housing stock was built in 1990 or later. The data does not reflect condition, as many properties can be well-maintained through ongoing maintenance. The field inspection of the area reflects a varied housing stock, generally in average condition.

Substandard Housing

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

SUBSTANDARD HOUSING			
Year	PMA	Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan	USA
	Percentage	Percentage	Percentage
2019	0.96%	1.01%	1.70%

Source: Esri Demographics 2019, Novogradac Consulting LLP, November 2019

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

Building Permits

Historical building permit information for Norfolk, obtained from the U.S. Census Bureau, is presented in the following chart.

BUILDING PERMITS: NORFOLK CITY 2000 - 2017				
Year	Single-family and	Three and Four-	Five or More	Total Units
2000	169	0	0	169
2001	217	0	51	268
2002	265	0	54	319
2003	530	0	334	864
2004	652	9	163	824
2005	548	15	149	712
2006	391	8	87	486
2007	326	0	0	326
2008	238	4	503	745
2009	163	3	415	581
2010	178	0	164	342
2011	219	0	292	511
2012	296	0	225	521
2013	335	0	588	923
2014	346	0	10	356
2015	338	4	182	524
2016	452	0	587	1,039
2017	435	0	0	435
2018	325	0	275	600
2019*	257	8	384	649
Total	6,680	51	4,463	11,194
Average*	338	2	215	555

*YTD

Source: US Census Bureau Building Permits, November 2019

As illustrated in the previous table, since 2000, approximately 59.7 percent of the residential units permitted in the city of Norfolk have been single-family and duplex homes, while the remaining 40.3 percent of the residential units permitted in Norfolk have been for developments of three or more units. Overall, single-family building permits in Norfolk have slightly outpaced by multifamily units since 2000.

RENT/BUY ANALYSIS

We performed a rent/buy analysis for three-bedroom units at 70 percent AMI at the Subject. Our inputs assume a three-bedroom home on www.zillow.com in the city of Norfolk with a purchase price of \$191,400 and an interest rate of 3.74 percent with a ten percent down payment. This was compared to the cost to rent the Subject's three-bedroom proposed LIHTC units. This analysis indicates that with a monthly differential of \$205. It is more affordable to rent from the Subject than to purchase a three-bedroom home in Norfolk. As illustrated, the "cost of occupancy" category adds \$24,882 for the down payment and closing costs. The cash necessary for homeownership is still a barrier for many families. In general, first-time homebuyers have difficulty saving for a down payment. Furthermore, since the recession, higher standards for credit has made it more difficult than ever for buyers with less than perfect credit to obtain financing. For these reasons, we believe the Subject will face limited competition from homeownership.

The following table illustrates our findings.

RENT BUY ANALYSIS				
Property Type:		Three-Bedroom Single Family Home		
Sale Price				\$191,400
Down Payment at 10%				\$19,140
Mortgage Amount				\$172,260
Current Interest Rate				3.74%
<i>Homeownership Costs</i>		<i>Monthly</i>	<i>% of Home Value</i>	<i>Annual</i>
Mortgage Payment		\$797		\$9,561
Property Taxes		\$199	1.25%	\$2,393
Private Mortgage Insurance ¹		\$72	0.50%	\$861
Maintenance		\$319	2.00%	\$3,828
Utility Costs ²		\$29		\$348
Tax Savings		-\$183		-\$2,195
Cost Comparison				
		<i>Monthly</i>		<i>Annual</i>
Costs of Homeownership		\$1,233		\$14,796
Cost of Renting At Subject	-	\$1,028		\$12,336
Differential		\$205		\$2,460
Cost of Occupancy				
<i>Homeownership</i>				
Closing Costs			3.0%	\$5,742
Down Payment at 10%			10.0%	\$19,140
Total				\$24,882
<i>Subject Rental</i>				
First Month's Rent		\$1,028		
Security Deposit		<u>\$1,028</u>		
Total		\$2,056		

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Subject

Additions to Supply

To determine the amount of competitive new supply entering the market, we consulted a September 2018 CoStar report and performed an internet search. We also attempted to contact the City of Norfolk Planning Department regarding the development pipeline in the city. To date, our calls have not been returned. The following table illustrates proposed, planned, under construction, and recently completed developments in the Subject’s PMA.

PLANNED DEVELOPMENT						
Property Name	Rent Structure	Tenancy	Total Units	Competitive Units	Construction Status	Distance to Subject
1500 Monticello	Market	Family	258	0	Under Construction	1.4 miles
4013 Colley Ave	Market	Family	5	0	Under Construction	2.5 miles
Chenman Lofts	Market	Family	43	0	Under Construction	1.9 miles
Peanut Factory Flats	Market	Family	84	0	Under Construction	1.6 miles
Tazewell Hotel	Market	Family	56	0	Under Construction	1.2 miles
The Depot	Market	Family	25	0	Under Construction	1.6 miles
Newport Plaza - Park Place	Market	Family	52	0	Proposed	2.2 miles
St. Paul's Area Choice Neighborhood Initiative	Affordable	Family	709	0	Proposed	0.3 miles
PABP Apartments	LIHTC	Family	70	70	Proposed	0.7 miles
Market Heights - Phase I	LIHTC	Family	80	80	Proposed	Adjacent
Totals			1,382	150		

Source: CoStar, November 2019

The above summary list includes the LIHTC new construction developments that were summarized previously. The table illustrates the construction pipeline, which includes primarily family market rate properties. These developments will not be directly competitive with the Subject.

The St. Paul’s Area Choice Neighborhoods Initiative is a planned \$30 million redevelopment and new construction project. The specific timeline for construction of the development was not provided. However, the 709-unit development will serve as replacement housing for the existing Tidewater Gardens, a 618-unit Public Housing development that is owned and managed by the Norfolk Housing and Redevelopment Authority, located adjacent west of the Subject site. Additionally, the remaining 91 units will be low to moderate-income and market-rate units. The specific unit-mix, AMI targeting, or affordable programs were not provided for the 91 units. We have conservatively assumed that all of the 91 units will be competitive with the Subject upon completion.

According to the Virginia Housing Development Authority (VHDA), there have been four recently funded developments within the Subject’s PMA. According to the VHDA allocation lists since 2015, the following developments have recently received funding. In addition, the Subject’ sponsor is proposing a concurrent LIHTC development.

- The Subject will be built concurrently with an 80-unit LIHTC development funded through the nine percent bond program, which is considered Phase I of the Subject development (i.e. Market Heights – Phase I). This development will consist of 80 one, two, and three-bedroom units restricted to 40, 50 and 60 percent AMI. Additionally, 12 units at 40 percent and eight units at 50 percent of AMI will operate with Project Based Vouchers. All of the units in this development will have competitive overlap with the Subject as proposed, while only the 68 units at 50 and 60 percent of AMI will have competitive overlap absent subsidy. These units have been accounted for in our demand analysis.
- PABP Apartments is a proposed 70-unit new construction LIHTC development that was awarded LIHTC funding in 2019. The development will offer one, two, and three-bedroom units restricted to 40, 50 and 60 percent of AMI. Additionally, all seven of the units at 40 percent of AMI will also operate with

Project-based Vouchers (PBV), wherein tenants will contribute 30 percent of their income towards rent. Upon completion, all of the units at this property will have competitive overlap with the Subject as proposed, while 63 units will have competitive overlap absent subsidy. These units have been accounted for in our demand analysis.

- Church Street Station Studios is an existing, new construction family/supportive housing development that currently offers 80 units, of which all of the units are subsidized. The project received LIHTC allocations in 2016 and opened in 2017. The development is located approximately 1.6 miles from the Subject site. This property offers 45 units targeted towards formerly homeless clients and 35 units towards individuals earning 50 percent of AMI or less. The development's 35 general tenancy units have competitive overlap with the Subject as proposed. However, these units have been accounted for as existing competitive units in our demand analysis.
- St. Paul's Apartments is an existing, new construction family development that will offer a combined 126 one, two, and three-bedroom units. The project was completed in 2019 and is utilized as a comparable property in our report. The development is located at 531 Posey Lane, approximately 0.7 miles west of the Subject. St. Paul's Apartments offer 13 units restricted to 40 percent AMI, 51 units at 50 percent AMI, and 56 units at 60 percent AMI, as well as six market rate units. Additionally, the 13 units restricted to 40 percent of AMI will operate with PBRA subsidies. Of the 126 total units, 120 units have competitive overlap with the Subject as proposed, while 107 units have competitive overlap absent subsidy. However, these units have been accounted for as existing competitive units in our demand 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 several market rate and LIHTC properties in depth. We have utilized four generally tenancy LIHTC properties, three mixed-income properties, and five family market rate properties, 10 of which are located within the PMA. We also visited and surveyed other properties that were excluded from the market survey because they are not considered comparable to the Subject or would not participate in the survey. Property managers were interviewed for information on unit mix, size, absorption, unit features and project amenities; tenant profiles; and market trends in general. The table following details affordable properties in the PMA.

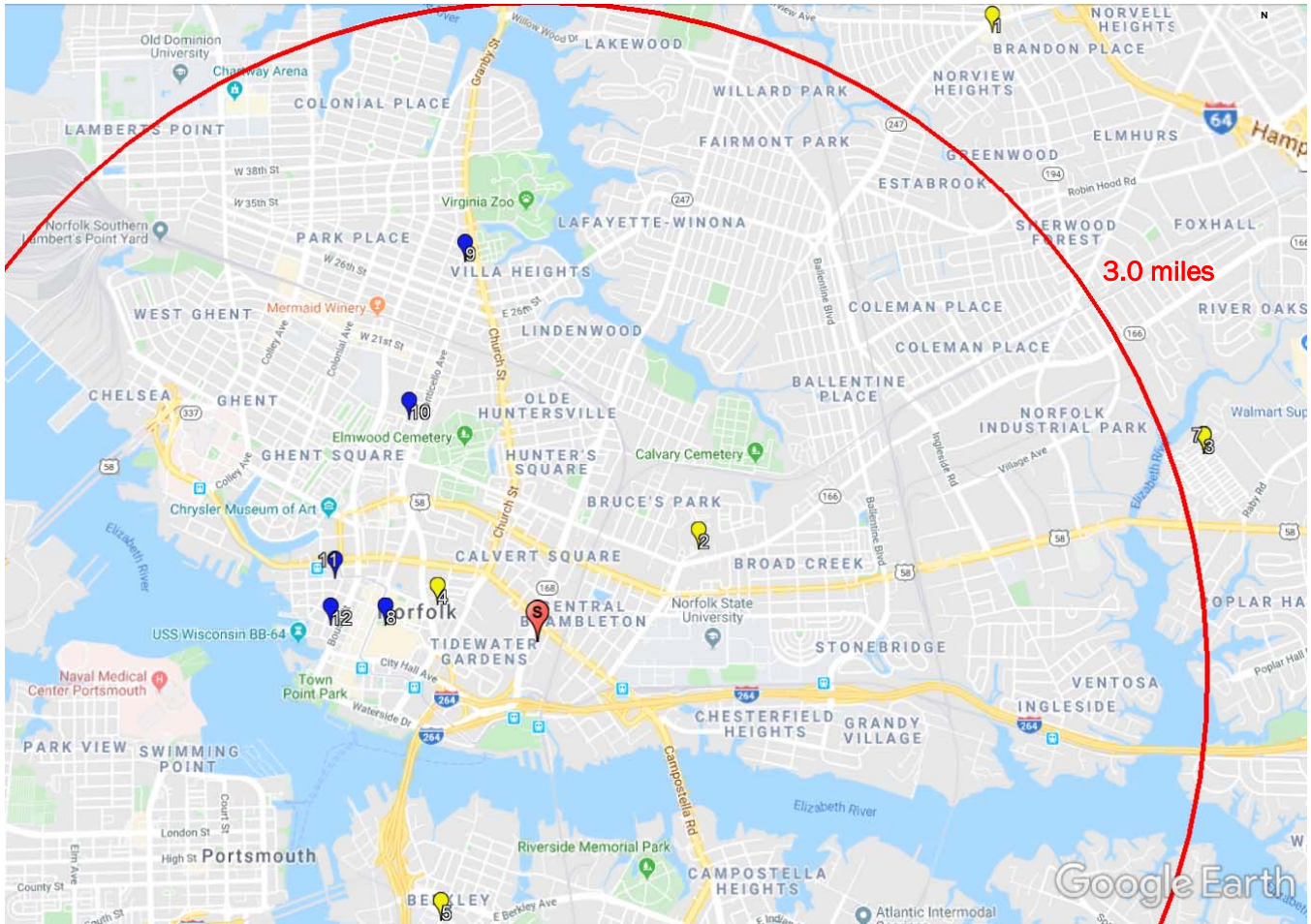
Excluded properties include, but are not limited to the properties located in the following table.

EXCLUDED AFFORDABLE HOUSING IN THE PMA

Property Name	Rent Structure	Tenancy	Units	Reason for Exclusion
Broad Creek	LIHTC/Market	Family	300	Could not contact for interview in person or by phone
Parkwood Manor Apartments	LIHTC	Family	100	Inferior Property
Riverpoint Apartments	LIHTC	Family	220	Inferior Property
Villa Terrace	LIHTC	Family	82	Inferior Property
Archer's Green Apartments	LIHTC/ Market	Family	224	Inferior Property
Church Street Station Studios	LIHTC/Section 8	Family	80	Subsidized Tenancy
Annetta M. Lane Apartments	Section 8	Family	40	Subsidized Tenancy
Calvary Towers	Section 8	Family	112	Subsidized Tenancy
Cogic High Rise Apartments	Section 8	Family	150	Subsidized Tenancy
Colonial Hall Apts.	Section 8	Family	40	Subsidized Tenancy
Grace Place	Section 8	Family	40	Subsidized Tenancy
Granby House	Section 8	Family	154	Subsidized Tenancy
Kennon Avenue	Section 8	Family	3	Subsidized Tenancy
Lexington Park Apartments	Section 8	Family	180	Subsidized Tenancy
Moultrie Drive	Section 8	Family	5	Subsidized Tenancy
Multrie Drive	Section 8	Family	5	Subsidized Tenancy
Park Terrace	Section 8	Family	81	Subsidized Tenancy
So Hampton Rds Area Supportive	Section 8	Family	25	Subsidized Tenancy
Suburban House	Section 8	Family	154	Subsidized Tenancy
Thole Street Group Home	Section 8	Family	5	Subsidized Tenancy
Tidewater Gardens	Section 8	Family	618	Subsidized Tenancy
Village Pointe Apartments	Section 8	Family	59	Subsidized Tenancy
Lakewood Plaza	Section 8	Senior	200	Subsidized Tenancy
Young Terrace Phase I	Public Housing	Family	199	Subsidized Tenancy

Comparable Rental Property Map

A map illustrating the location of the Subject in relation to the comparable properties is located below. A summary table comparing the individual comparable properties with the proposed Subject and individual property profiles are also provided on the following page. We have also included an amenity comparison matrix and a rent and square footage ranking table.



Source: Google Earth, November 2019

COMPARABLE PROPERTIES

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
1	Meadowood Apartments	Norfolk	LIHTC/Market	Family	3.5 miles
2	Mission College Apartments	Norfolk	LIHTC/Market	Family	0.9 miles
3	Quill Farms	Norfolk	LIHTC	Family	3.1 miles
4	St. Paul's Apartments	Norfolk	LIHTC/Market	Family	0.5 miles
5	The Banks At Berkley*	Norfolk	LIHTC	Family	1.2 miles
6	The Clairmont At Campostella Station*	Norfolk	LIHTC	Family	1.6 miles
7	The Pointe At Pickett Farms	Norfolk	LIHTC	Family	3.1 miles
8	Monticello Station	Norfolk	Market	Family	0.7 miles
9	River House Apartments	Norfolk	Market	Family	1.8 miles
10	The Alexander At Ghent	Norfolk	Market	Family	1.2 miles
11	The Belmont At Freemason	Norfolk	Market	Family	1.0 miles
12	The Heritage At Freemason Harbour	Norfolk	Market	Family	0.9 miles

*Located outside PMA

MARKET HEIGHTS – PHASE II – NORFOLK, 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	Market Heights - Phase II 630 Tidewater Dr Norfolk, VA 23504 Norfolk County	-	Lowrise 4-stories 2021 / n/a Family	@50% (Section 8), @60%, @70%	1BR / 1BA	1	1.2%	707	@50% (Section 8)	\$860	N/A	N/A	N/A	N/A				
					1BR / 1BA	3	3.6%	707	@60%	\$765	No	N/A	N/A	N/A				
					1BR / 1BA	1	1.2%	707	@70%	\$765	No	N/A	N/A	N/A				
					2BR / 2BA	15	17.9%	962	@50% (Section 8)	\$1,003	N/A	N/A	N/A	N/A				
					2BR / 2BA	29	34.5%	962	@60%	\$893	No	N/A	N/A	N/A				
					2BR / 2BA	15	17.9%	962	@70%	\$893	No	N/A	N/A	N/A				
					3BR / 2BA	5	6.0%	1,200	@50% (Section 8)	\$1,445	N/A	N/A	N/A	N/A				
					3BR / 2BA	10	11.9%	1,200	@60%	\$1,028	No	N/A	N/A	N/A				
					3BR / 2BA	5	6.0%	1,200	@70%	\$1,028	No	N/A	N/A	N/A				
										84								
1	Meadowood Apartments 6130 Edward Street Norfolk, VA 23513 County	3.5 miles	Garden 3-stories 2011 / n/a Family	@80%, Market	1BR / 1BA	N/A	N/A	850	@80%	\$809	Yes	No	0	N/A				
					1BR / 1BA	N/A	N/A	850	Market	\$1,178	N/A	No	0	N/A				
					2BR / 2BA	N/A	N/A	1,200	@80%	\$969	No	No	0	N/A				
					2BR / 2BA	N/A	N/A	1,230	@80%	\$1,004	Yes	No	0	N/A				
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,448	N/A	No	0	N/A				
					2BR / 2BA	N/A	N/A	1,230	Market	\$1,478	N/A	No	0	N/A				
					3BR / 2BA	N/A	N/A	1,380	@80%	\$1,109	Yes	No	0	N/A				
					3BR / 2BA	N/A	N/A	1,380	Market	\$1,628	N/A	No	0	N/A				
					180							0	0.0%					
2	Mission College Apartments 1300 Lead Street Norfolk, VA 23504 Norfolk County	0.9 miles	Garden 3-stories 1990 / 2008 Family	@50%, Market	1BR / 1BA	24	9.2%	850	@50%	\$585	No	No	1	4.2%				
					1BR / 1BA	12	4.6%	850	Market	\$680	N/A	No	0	0.0%				
					2BR / 1BA	84	32.3%	1,050	@50%	\$683	No	No	2	2.4%				
					2BR / 1BA	84	32.3%	1,050	Market	\$749	N/A	No	2	2.4%				
					3BR / 2BA	12	4.6%	1,200	@50%	\$774	No	No	1	8.3%				
					3BR / 2BA	24	9.2%	1,200	Market	\$835	N/A	No	0	0.0%				
					4BR / 2.5BA	10	3.9%	1,350	@50%	\$844	No	No	0	0.0%				
					4BR / 2.5BA	10	3.9%	1,350	Market	\$930	N/A	No	1	10.0%				
										260							7	2.7%
					3	Quill Farms 5424 Greenplain Road Norfolk, VA 23502 Norfolk County	3.1 miles	Garden 3-stories 2015 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$789	Yes	Yes	0
2BR / 2BA	N/A	N/A	1,035	@60%						\$924	Yes	Yes	0	N/A				
3BR / 2BA	N/A	N/A	1,222	@60%						\$1,060	Yes	Yes	0	N/A				
										180						0	0.0%	
4	St. Paul's Apartments 494 St. Paul's Boulevard Norfolk, VA 23510 County	0.5 miles	Garden 2-stories 2019 / n/a Family	@40% (Project Based Rental Assistance - PBRA), @50%, @60%, Market	1BR / 1BA	7	5.6%	640	@40% (Project Based Rental Assistance - PBRA)	\$637	N/A	Yes	0	0.0%				
					1BR / 1BA	7	5.6%	640	@50%	\$654	Yes	Yes	0	0.0%				
					1BR / 1BA	6	4.8%	640	@60%	\$801	Yes	Yes	0	0.0%				
					2BR / 2BA	6	4.8%	946	@40% (Project Based Rental Assistance - PBRA)	\$940	N/A	Yes	0	0.0%				
					2BR / 2BA	44	34.9%	946	@50%	\$773	Yes	Yes	0	0.0%				
					2BR / 2BA	27	21.4%	946	@60%	\$952	Yes	Yes	0	0.0%				
					2BR / 2BA	3	2.4%	946	Market	\$1,320	N/A	No	1	33.3%				
					3BR / 2BA	23	18.3%	1,291	@60%	\$1,083	Yes	Yes	0	0.0%				
					3	2.4%	1,291	Market	\$1,575	N/A	No	0	0.0%					
					126							1	0.8%					
5	The Banks At Berkley 701 S Main St Norfolk, VA 23523 Norfolk County	1.2 miles	Midrise 4-stories 2017 / n/a Family	@40%, @50%, @60%	2BR / 1.5BA	4	8.0%	871	@40%	\$566	Yes	Yes	0	0.0%				
					2BR / 1.5BA	31	62.0%	871	@50%	\$744	Yes	Yes	0	0.0%				
					2BR / 1.5BA	4	8.0%	871	@60%	\$785	No	Yes	0	0.0%				
					3BR / 2BA	1	2.0%	1,083	@40%	\$643	Yes	Yes	0	0.0%				
					3BR / 2BA	4	8.0%	1,083	@50%	\$849	Yes	Yes	0	0.0%				
					3BR / 2BA	6	12.0%	1,083	@60%	\$880	No	Yes	0	0.0%				
										50							0	0.0%
6	The Clairmont At Campostella Station 1030 Berkley Avenue Norfolk, VA 23523 Norfolk County	1.6 miles	Garden 3-stories 2017 / n/a Family	@40%, @50%, @60%	1BR / 1BA	2	1.3%	720	@40%	\$494	Yes	Yes	0	0.0%				
					1BR / 1BA	2	1.3%	720	@50%	\$635	Yes	Yes	0	0.0%				
					1BR / 1BA	18	11.8%	720	@60%	\$775	Yes	Yes	0	0.0%				
					2BR / 2BA	4	2.6%	1,070	@40%	\$582	Yes	Yes	0	0.0%				
					2BR / 2BA	14	9.2%	1,070	@50%	\$750	Yes	Yes	0	0.0%				
					2BR / 2BA	46	30.3%	1,070	@60%	\$920	Yes	Yes	0	0.0%				
					3BR / 2BA	4	2.6%	1,260	@40%	\$658	Yes	Yes	0	0.0%				
					3BR / 2BA	16	10.5%	1,260	@50%	\$853	Yes	Yes	0	0.0%				
					3BR / 2BA	46	30.3%	1,260	@60%	\$1,046	Yes	Yes	0	0.0%				
										152							0	0.0%
7	The Pointe At Pickett Farms 5424 Greenplain Road Norfolk, VA 23502 County	3.1 miles	Garden 3-stories 2014 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$789	Yes	Yes	0	N/A				
					2BR / 2BA	N/A	N/A	1,035	@60%	\$924	Yes	Yes	0	N/A				
					3BR / 2BA	N/A	N/A	1,222	@60%	\$1,060	Yes	Yes	0	N/A				
										120						0	0.0%	
8	Monticello Station 328 East Freemason Street Norfolk, VA 23510 Norfolk City County	0.7 miles	Midrise 4-stories 2010 / n/a Family	Market	1BR / 1BA	43	35.5%	878	Market	\$1,479	N/A	No	0	0.0%				
					2BR / 2BA	63	52.1%	1,249	Market	\$1,983	N/A	No	1	1.6%				
					2BR / 2BA	N/A	N/A	1,400	Market	\$2,240	N/A	No	0	N/A				
					2BR / 2BA	N/A	N/A	1,085	Market	\$1,726	N/A	No	0	N/A				
					3BR / 2BA	11	9.1%	1,377	Market	\$2,323	N/A	No	0	0.0%				
					3BR / 3BA	2	1.7%	1,450	Market	\$2,214	N/A	No	0	0.0%				
					4BR / 3BA	2	1.7%	1,610	Market	\$2,453	N/A	No	0	0.0%				
					121							1	0.8%					
9	River House Apartments 4253 Llewellyn Avenue Norfolk, VA 23504 County	1.8 miles	Midrise 4-stories 2010 / n/a Family	Market	1BR / 1BA	45	23.2%	825	Market	\$1,328	N/A	No	0	0.0%				
					2BR / 2BA	66	34.0%	1,157	Market	\$1,569	N/A	No	6	9.1%				
					2BR / 2BA	65	33.5%	1,167	Market	\$1,569	N/A	No	3	4.6%				
					3BR / 2BA	9	4.6%	1,352	Market	\$1,924	N/A	No	2	22.2%				
					3BR / 2BA	9	4.6%	1,506	Market	\$2,429	N/A	No	1	11.1%				
					194							12	6.2%					
10	The Alexander At Ghent 1600 Granby Street Norfolk, VA 23510 Norfolk County	1.2 miles	Midrise 4-stories 2007 / n/a Family	Market	0BR / 1BA	12	4.5%	565	Market	\$1,289	N/A	No	0	0.0%				
					0BR / 1BA	50	18.7%	695	Market	\$1,289	N/A	No	1	2.0%				
					1BR / 1BA	12	4.5%	565	Market	\$1,329	N/A	No	0	0.0%				
					1BR / 1BA	56	20.9%	748	Market	\$1,394	N/A	No	0	0.0%				
					1BR / 1BA	6	2.2%	825	Market	\$1,434	N/A	No	0	0.0%				
					2BR / 2BA	84	31.3%	1,036	Market	\$1,419	N/A	No	3	3.6%				
					2BR / 2BA	36	13.4%	1,192	Market	\$1,519	N/A	No	0	0.0%				
					3BR / 2BA	12	4.5%	1,324	Market	\$1,979	N/A	No	0	0.0%				
					268							4	1.5%					
11	The Belmont At Freemason 260 York Street Norfolk, VA 23510 County	1.0 miles	Highrise 7-stories 2009 / n/a Family	Market	1BR / 1BA	N/A	N/A	769	Market	\$1,376	N/A	No	0	N/A				
					1BR / 1BA	N/A	N/A	836	Market	\$1,473	N/A	No	0	N/A				
					1BR / 1BA	N/A	N/A	702	Market	\$1,279	N/A	No	0	N/A				
					2BR / 2BA	N/A	N/A	1,123	Market	\$1,758	N/A	No	0	N/A				
					2BR / 2BA	N/A	N/A	1,182	Market	\$1,604	N/A	No	0	N/A				
					239							0	0.0%					
12	The Heritage At Freemason Harbour 200 College Place Norfolk, VA 23510 Norfolk County	0.9 miles	Midrise 4-stories 1999 / 2018 Family	Market	1BR / 1BA	51	27.6%	768	Market	\$1,469	N/A	No	2	3.9%				
					1BR / 1BA	N/A	N/A	768	Market	\$1,484	N/A	No	0	N/A				
					1BR / 1BA	N/A	N/A	768	Market	\$1,454	N/A	No	0	N/A				
					2BR / 2BA	109	58.9%	1,201	Market	\$1,694	N/A	No	2	1.8%				
					2BR / 2BA	N/A	N/A	1,330	Market	\$1,739	N/A	No	0	N/A				
					2BR / 2BA	N/A	N/A	1,071	Market	\$1,649	N/A	No	0	N/A				
					3BR / 2BA	25	13.5%	1,259	Market	\$1,809	N/A	No	1	4.0%				
					3BR / 2BA	N/A	N/A	1,330	Market	\$1,924	N/A	No	0	N/A				
					3	1.8%	1,187	Market	\$1,694	N/A	No	0	N/A					
					185							5	2.7%					

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	Market Heights - Phase II	Norfolk	Family	LIHTC/ Section 8	-	\$14,499	\$173,900	\$764	228	70	60	4.9%	84.5%
1	Meadowood Apartments	Norfolk	Family	LIHTC/ Market	3.5 miles	\$50,549	\$150,800	\$1,067	230	50	33	11.4%	38.5%
2	Mission College Apartments	Norfolk	Family	LIHTC/ Market	0.9 miles	\$19,875	\$173,900	\$764	232	61	40	12.3%	64.8%
3	Quill Farms	Norfolk	Family	LIHTC	3.1 miles	\$56,435	\$189,600	\$1,126	377	24	36	2.1%	82.1%
4	St. Paul's Apartments	Norfolk	Family	LIHTC/ Market	0.5 miles	\$20,220	\$366,000	\$1,190	223	85	62	7.3%	82.1%
5	The Banks At Berkley*	Norfolk	Family	LIHTC	1.2 miles	\$32,135	\$174,000	\$765	273	59	36	3.9%	51.4%
6	The Clairmont At Campostella Station*	Norfolk	Family	LIHTC	1.6 miles	\$31,820	\$174,000	\$765	221	34	33	5.4%	56.2%
7	The Pointe At Pickett Farms	Norfolk	Family	LIHTC	3.1 miles	\$56,435	\$189,600	\$1,126	377	24	36	2.1%	82.1%
8	Monticello Station	Norfolk	Family	Market	0.7 miles	\$60,361	\$366,000	\$1,190	223	84	62	11.0%	72.4%
9	River House Apartments	Norfolk	Family	Market	1.8 miles	\$28,680	\$173,900	\$764	191	77	39	15.2%	56.8%
10	The Alexander At Ghent	Norfolk	Family	Market	1.2 miles	\$81,326	\$366,000	\$1,190	226	76	52	10.1%	57.8%
11	The Belmont At Freemason	Norfolk	Family	Market	1.0 miles	\$82,111	\$366,000	\$1,190	248	87	60	12.2%	62.9%
12	The Heritage At Freemason Harbour	Norfolk	Family	Market	0.9 miles	\$81,586	\$366,000	\$1,190	248	84	60	13.4%	65.8%

*Located outside of the PMA

The Subject’s location has a lower median household income to all of the comparables. This can be primarily attributed to the large presence of subsidized housing in the Subject’s immediate area, as well as Tidewater Gardens, a recently closed public housing development. Additionally, the Subject has a similar to inferior median home value and a similar to inferior median rent to the comparables. The Subject, which is considered Somewhat Walkable, has a WalkScore that is superior to four comparables, similar to four, and inferior to four. Additionally, the Subject has a transit score that is similar to superior to the comparables. Monticello Station, The Alexander at Ghent, The Belmont at Freemason, and The Heritage at Freemason Harbour are located in or in close proximity to Downtown Norfolk and are considered to have slightly superior locations to the Subject. The remaining comparables offer generally similar locations to the Subject.

Age, Condition, and Design

The Subject will represent new construction and will be in excellent condition.

Quill Farms, The Banks at Berkley, The Clairmont at Campostella, and St. Paul’s Apartments were built between 2015 and 2019 and exhibit excellent condition, similar to the Subject upon completion. The remaining eight comparables were built or renovated between 2007 and 2018 and represent good condition, slightly inferior to the Subject upon completion.

The LIHTC and mixed-income properties range in size from 50 to 260 units, with an average development size of 153 units, while the market rate developments range from 121 to 268 units, with an average development size of 201 units. The Subject is within the range of development sizes for LIHTC properties and below the range of development size for the market rate properties. However, there is no distinct correlation between property size and rental rates.

Unit Size

The following table illustrates the unit sizes of the Subject and the comparable properties.

UNIT SIZE COMPARISON			
Bedroom Type	1BR	2BR	3BR
Subject	707	962	1,200
Average	755	1,093	1,273
Min	565	871	1,083
Max	878	1,400	1,506
Advantage/Disadvantage	-6%	-12%	-6%

The Subject will offer one, two, and three-bedroom unit sizes that are below the average unit sizes of the comparables. However, all of the Subject’s unit sizes are within the range of the comparable unit sizes. Based on the low-vacancy rate among LITHC comparables, we believe that the Subject’s unit sizes are reasonable and will be accepted in the market. We have considered the Subject’s unit sizes in our achievable rent determination.

MARKET HEIGHTS – PHASE II – NORFOLK, VIRGINIA – MARKET STUDY

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.						
	Units Surveyed:	2,075	Weighted Occupancy:	98.6%		
	Market Rate	1,007	Market Rate	97.8%		
	Tax Credit	1,068	Tax Credit	99.3%		
RENT	One Bedroom One Bath		Two Bedroom Two Bath		Three Bedroom Two Bath	
	Property	Average	Property	Average	Property	Average
	The Heritage At Freemason Harbour (Market)	\$1,484	Monticello Station (Market)	\$2,240	River House Apartments (Market)	\$2,429
	Monticello Station (Market)	\$1,479	Monticello Station (Market)	\$1,983	Monticello Station (Market)(3BA)	\$2,323
	The Belmont At Freemason (Market)	\$1,473	The Belmont At Freemason (Market)	\$1,758	The Alexander At Ghent (Market)	\$2,214
	The Heritage At Freemason Harbour (Market)	\$1,469	The Heritage At Freemason Harbour (Market)	\$1,739	The Alexander At Ghent (Market)	\$1,979
	The Heritage At Freemason Harbour (Market)	\$1,454	Monticello Station (Market)	\$1,726	River House Apartments (Market)	\$1,924
	The Alexander At Ghent (Market)	\$1,434	The Heritage At Freemason Harbour (Market)	\$1,694	The Heritage At Freemason Harbour (Market)	\$1,924
	The Alexander At Ghent (Market)	\$1,394	The Heritage At Freemason Harbour (Market)	\$1,649	The Heritage At Freemason Harbour (Market)	\$1,809
	The Belmont At Freemason (Market)	\$1,376	The Belmont At Freemason (Market)	\$1,628	The Heritage At Freemason Harbour (Market)	\$1,694
	The Alexander At Ghent (Market)	\$1,329	The Belmont At Freemason (Market)	\$1,604	Meadowood Apartments (Market)	\$1,628
	River House Apartments (Market)	\$1,328	River House Apartments (Market)	\$1,569	St. Paul's Apartments (Market)	\$1,575
	The Belmont At Freemason (Market)	\$1,279	River House Apartments (Market)	\$1,569	Market Heights - Phase II (@60%)	\$1,445
	Meadowood Apartments (Market)	\$1,178	The Alexander At Ghent (Market)	\$1,519	Meadowood Apartments (@80%)	\$1,109
	Market Heights - Phase II (@60%)	\$860	Meadowood Apartments (Market)	\$1,478	St. Paul's Apartments (@60%)	\$1,083
	Meadowood Apartments (@80%)	\$809	Meadowood Apartments (Market)	\$1,448	Quill Farms (@60%)	\$1,060
	St. Paul's Apartments (@60%)	\$801	The Alexander At Ghent (Market)	\$1,419	The Pointe At Pickett Farms (@60%)	\$1,060
	The Pointe At Pickett Farms (@60%)	\$789	St. Paul's Apartments (Market)	\$1,320	The Claimant At Campostella Station (@60%)	\$1,046
	Quill Farms (@60%)	\$789	Meadowood Apartments (@50%)	\$1,004	Market Heights - Phase II (@60%)	\$1,038
	The Claimant At Campostella Station (@60%)	\$775	Market Heights - Phase II (@60%)	\$1,003	Market Heights - Phase II (@70%)	\$1,028
	Market Heights - Phase II (@70%)	\$765	Meadowood Apartments (@80%)	\$969	The Banks At Berkeley (@50%)	\$880
	Market Heights - Phase II (@60%)	\$765	St. Paul's Apartments (@60%)	\$952	The Claimant At Campostella Station (@50%)	\$853
	Mission College Apartments (Market)	\$680	St. Paul's Apartments (@40%)	\$940	The Banks At Berkeley (@50%)	\$849
	St. Paul's Apartments (@50%)	\$654	The Pointe At Pickett Farms (@60%)	\$924	Mission College Apartments (Market)	\$835
	St. Paul's Apartments (@40%)	\$637	Quill Farms (@60%)	\$924	Mission College Apartments (@50%)	\$774
	The Claimant At Campostella Station (@50%)	\$635	The Claimant At Campostella Station (@60%)	\$920	The Claimant At Campostella Station (@40%)	\$658
	Mission College Apartments (@50%)	\$585	Market Heights - Phase II (@70%)	\$893	The Banks At Berkeley (@40%)	\$643
	The Claimant At Campostella Station (@40%)	\$494	Market Heights - Phase II (@60%)	\$893		
			The Banks At Berkeley (@60%)(1.5BA)	\$785		
			St. Paul's Apartments (@50%)	\$773		
			The Claimant At Campostella Station (@50%)	\$750		
			Mission College Apartments (Market)(1BA)	\$749		
			The Banks At Berkeley (@50%)(1.5BA)	\$744		
			Mission College Apartments (@50%)(1BA)	\$683		
			The Claimant At Campostella Station (@40%)	\$582		
			The Banks At Berkeley (@40%)(1.5BA)	\$566		
SQUARE FOOTAGE	One Bedroom One Bath		Two Bedroom Two Bath		Three Bedroom Two Bath	
	Property	Average	Property	Average	Property	Average
	Monticello Station (Market)	878	Monticello Station (Market)	1,400	River House Apartments (Market)	1,506
	Meadowood Apartments (@80%)	850	The Heritage At Freemason Harbour (Market)	1,330	Monticello Station (Market)(3BA)	1,450
	Mission College Apartments (@50%)	850	Monticello Station (Market)	1,249	Meadowood Apartments (Market)	1,380
	Meadowood Apartments (Market)	850	Meadowood Apartments (Market)	1,230	Meadowood Apartments (@80%)	1,380
	Mission College Apartments (Market)	850	Meadowood Apartments (@80%)	1,230	Monticello Station (Market)	1,377
	The Belmont At Freemason (Market)	836	The Heritage At Freemason Harbour (Market)	1,201	River House Apartments (Market)	1,352
	The Alexander At Ghent (Market)	825	Meadowood Apartments (Market)	1,200	The Heritage At Freemason Harbour (Market)	1,330
	River House Apartments (Market)	825	Meadowood Apartments (@80%)	1,200	The Alexander At Ghent (Market)	1,324
	The Belmont At Freemason (Market)	769	The Alexander At Ghent (Market)	1,192	St. Paul's Apartments (Market)	1,291
	The Heritage At Freemason Harbour (Market)	768	The Belmont At Freemason (Market)	1,182	St. Paul's Apartments (@50%)	1,291
	The Heritage At Freemason Harbour (Market)	768	River House Apartments (Market)	1,167	The Claimant At Campostella Station (@60%)	1,260
	The Heritage At Freemason Harbour (Market)	768	River House Apartments (Market)	1,157	The Claimant At Campostella Station (@50%)	1,260
	The Alexander At Ghent (Market)	748	The Belmont At Freemason (Market)	1,123	The Claimant At Campostella Station (@40%)	1,260
	The Claimant At Campostella Station (@50%)	720	Monticello Station (Market)	1,085	The Heritage At Freemason Harbour (Market)	1,259
	Quill Farms (@60%)	720	The Heritage At Freemason Harbour (Market)	1,071	The Pointe At Pickett Farms (@60%)	1,222
	The Claimant At Campostella Station (@60%)	720	The Claimant At Campostella Station (@50%)	1,070	Quill Farms (@60%)	1,222
	The Pointe At Pickett Farms (@60%)	720	The Claimant At Campostella Station (@40%)	1,070	Mission College Apartments (Market)	1,200
	The Claimant At Campostella Station (@40%)	720	The Claimant At Campostella Station (@60%)	1,070	Mission College Apartments (@50%)	1,200
	Market Heights - Phase II (@60%)	707	The Belmont At Freemason (Market)	1,065	Market Heights - Phase II (@70%)	1,200
	Market Heights - Phase II (@60%)	707	Mission College Apartments (Market)(1BA)	1,050	Market Heights - Phase II (@60%)	1,200
	Market Heights - Phase II (@70%)	707	Mission College Apartments (@50%)(1BA)	1,050	Market Heights - Phase II (@60%)	1,200
	The Belmont At Freemason (Market)	702	The Alexander At Ghent (Market)	1,036	The Heritage At Freemason Harbour (Market)	1,187
	St. Paul's Apartments (@50%)	640	The Pointe At Pickett Farms (@60%)	1,035	The Banks At Berkeley (@40%)	1,083
	St. Paul's Apartments (@40%)	640	Quill Farms (@60%)	1,035	The Banks At Berkeley (@50%)	1,083
	St. Paul's Apartments (@60%)	640	Market Heights - Phase II (@60%)	962	The Banks At Berkeley (@60%)	1,083
	The Alexander At Ghent (Market)	565	Market Heights - Phase II (@70%)	962		
			Market Heights - Phase II (@50%)	962		
			St. Paul's Apartments (@60%)	946		
			St. Paul's Apartments (@40%)	946		
			St. Paul's Apartments (Market)	946		
			St. Paul's Apartments (@50%)	946		
			The Banks At Berkeley (@60%)(1.5BA)	871		
			The Banks At Berkeley (@50%)(1.5BA)	871		
			The Banks At Berkeley (@40%)(1.5BA)	871		
RENT PER SQUARE FOOT	One Bedroom One Bath		Two Bedroom Two Bath		Three Bedroom Two Bath	
	Property	Average	Property	Average	Property	Average
	The Alexander At Ghent (Market)	\$2.35	Monticello Station (Market)	\$1.60	Monticello Station (Market)	\$1.69
	The Heritage At Freemason Harbour (Market)	\$1.93	Monticello Station (Market)	\$1.59	River House Apartments (Market)	\$1.61
	The Heritage At Freemason Harbour (Market)	\$1.91	Monticello Station (Market)	\$1.59	Monticello Station (Market)(3BA)	\$1.53
	The Heritage At Freemason Harbour (Market)	\$1.89	The Belmont At Freemason (Market)	\$1.57	The Alexander At Ghent (Market)	\$1.49
	The Alexander At Ghent (Market)	\$1.86	The Heritage At Freemason Harbour (Market)	\$1.54	The Heritage At Freemason Harbour (Market)	\$1.45
	The Belmont At Freemason (Market)	\$1.82	The Belmont At Freemason (Market)	\$1.53	The Heritage At Freemason Harbour (Market)	\$1.44
	The Belmont At Freemason (Market)	\$1.79	The Heritage At Freemason Harbour (Market)	\$1.41	The Heritage At Freemason Harbour (Market)	\$1.43
	The Belmont At Freemason (Market)	\$1.76	St. Paul's Apartments (Market)	\$1.40	River House Apartments (Market)	\$1.42
	The Alexander At Ghent (Market)	\$1.74	The Alexander At Ghent (Market)	\$1.37	St. Paul's Apartments (Market)	\$1.22
	Monticello Station (Market)	\$1.68	The Belmont At Freemason (Market)	\$1.36	Market Heights - Phase II (@60%)	\$1.20
	River House Apartments (Market)	\$1.61	River House Apartments (Market)	\$1.36	Meadowood Apartments (Market)	\$1.18
	Meadowood Apartments (Market)	\$1.39	River House Apartments (Market)	\$1.34	Quill Farms (@60%)	\$0.87
	St. Paul's Apartments (@60%)	\$1.25	The Heritage At Freemason Harbour (Market)	\$1.31	The Pointe At Pickett Farms (@60%)	\$0.87
	Market Heights - Phase II (@50%)	\$1.22	The Alexander At Ghent (Market)	\$1.27	Market Heights - Phase II (@70%)	\$0.86
	Quill Farms (@60%)	\$1.10	Meadowood Apartments (Market)	\$1.21	Market Heights - Phase II (@60%)	\$0.86
	The Pointe At Pickett Farms (@60%)	\$1.10	Meadowood Apartments (Market)	\$1.20	St. Paul's Apartments (@50%)	\$0.84
	Market Heights - Phase II (@60%)	\$1.08	Market Heights - Phase II (@50%)	\$1.04	The Claimant At Campostella Station (@60%)	\$0.83
	Market Heights - Phase II (@70%)	\$1.08	St. Paul's Apartments (@60%)	\$1.01	The Banks At Berkeley (@60%)	\$0.81
	The Claimant At Campostella Station (@60%)	\$1.05	St. Paul's Apartments (@40%)	\$0.99	Meadowood Apartments (@80%)	\$0.80
	St. Paul's Apartments (@50%)	\$1.02	Market Heights - Phase II (@70%)	\$0.93	The Banks At Berkeley (@50%)	\$0.78
	St. Paul's Apartments (@40%)	\$1.00	Market Heights - Phase II (@60%)	\$0.93	Mission College Apartments (Market)	\$0.70
	Meadowood Apartments (@80%)	\$0.95	The Banks At Berkeley (@60%)(1.5BA)	\$0.90	The Claimant At Campostella Station (@50%)	\$0.68
	The Claimant At Campostella Station (@50%)	\$0.88	The Pointe At Pickett Farms (@60%)	\$0.89	Mission College Apartments (@50%)	\$0.65
	Mission College Apartments (Market)	\$0.80	Quill Farms (@60%)	\$0.89	The Banks At Berkeley (@40%)	\$0.59
	Mission College Apartments (@50%)	\$0.69	The Claimant At Campostella Station (@60%)	\$0.86	The Claimant At Campostella Station (@40%)	\$0.52
	The Claimant At Campostella Station (@40%)	\$0.69	The Banks At Berkeley (@50%)(1.5BA)	\$0.85		
			St. Paul's Apartments (@50%)	\$0.82		
			Meadowood Apartments (@80%)	\$0.82		
			Meadowood Apartments (@80%)	\$0.81		
			Mission College Apartments (Market)(1BA)	\$0.71		
			The Claimant At Campostella Station (@50%)	\$0.70		
			Mission College Apartments (@50%)(1BA)	\$0.65		
			The Banks At Berkeley (@40%)(1.5BA)	\$0.65		
			The Claimant At Campostella Station (@40%)	\$0.54		

In-Unit Amenities

The Subject's units will offer a balcony/patio, blinds, central a/c, coat closets, and washer/dryer hookups. Appliances include a dishwasher, range/oven, and refrigerator. For a detailed comparison between the Subject and the comparables, please refer to the amenity matrix in *addendum C*. Regarding in-unit amenities, the Subject will not offer in-unit washer/dryers, which nine comparables include. However, washer/dryer units will be available to rent at the Subject for \$50 per month. The Subject will not offer garbage disposals, which all of the comparables include. Overall, the Subject's unit-amenities are considered generally similar to slightly inferior to the LIHTC comparables, as well as to the market rate comparables. We believe that the unit amenities will be competitive.

Property Amenities

The Subject will feature a clubhouse/community room, elevators, an exercise facility, central laundry, off-street parking, on-site management, and a playground. However, it should be noted that the clubhouse/community room, exercise facility, and on-site management will be located in the building of Phase I of the Subject development. For a detailed comparison between the Subject and the comparables, please refer to the amenity matrix in *addendum C*. Regarding community amenities, the Subject is considered generally similar to the majority of LIHTC comparables, and slightly inferior to the market rate comparables. Nonetheless, we believe that the common area amenities will be sufficiently competitive as an affordable property. It should be noted that some common area amenities will be shared between the Subject and the second phase of the development.

Security Features

The Subject will offer limited access and patrol. All of the comparables offer at least one type of security feature, such as an intercom system, limited access, patrol, perimeter fencing, or video surveillance. We believe that these security features will be competitive within the market.

Utility Structure

The tenant will be responsible for electric cooking, heating, hot water, and general electric expenses, as well as cold water and sewer expenses. The landlord will be responsible for trash expenses and common area amenities. The utility structure varies among the comparable properties; we have adjusted the comparables' rents in accordance with the utility schedule obtained from the Norfolk Housing and Redevelopment Authority, effective February 1, 2019.

Parking

The Subject will offer off street parking to its tenants at no additional cost. There will be 183 parking spaces, shared among the total 164 units at the Subject and the first phase of the development, which equates to a parking ratio of approximately 1.12 spaces per unit. Overall, the parking offered at the Subject is competitive, particularly given the proximity to public transportation. Eleven of the comparable properties offer free off-street parking, similar to the Subject. Only two comparables were able to provide their off-street parking ratios, which ranged from 1.42 to 2.44 spaces per unit. In addition, four comparables include garage parking in rent. The Subject will be considered similar to slightly inferior to the comparables in terms of parking.

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Turnover

The following table details turnover rates at comparable properties.

Property Name	TURNOVER		
	Rent Structure	Tenancy	Annual Turnover
Meadowood Apartments	LIHTC/ Market	Family	15%
Mission College Apartments	LIHTC/ Market	Family	20%
Quill Farms	LIHTC	Family	10%
St. Paul's Apartments	LIHTC/ Market	Family	N/A
The Banks At Berkley*	LIHTC	Family	N/A
The Clairmont At Campostella Station*	LIHTC	Family	10%
The Pointe At Pickett Farms	LIHTC	Family	10%
Monticello Station	Market	Family	30%
River House Apartments	Market	Family	25%
The Alexander At Ghent	Market	Family	30%
The Belmont At Freemason	Market	Family	30%
The Heritage At Freemason Harbour	Market	Family	25%
Average Turnover			21%

*Located outside of the PMA

Turnover rates in the market range from 10 to 30 percent, with an average of 21 percent. The LIHTC properties averaged 13 percent turnover and the market rate properties averaged 28 percent turnover annually. Overall, we expect that the Subject will experience a turnover rate of 20 percent or less.

Vacancy Levels

The following table illustrates vacancy rates at the comparable properties.

OVERALL VACANCY

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate -	
					November 2019	February 2019
Meadowood Apartments	LIHTC/ Market	Family	180	0	0.0%	0.0%
Mission College Apartments	LIHTC/ Market	Family	260	7	2.7%	3.1%
Quill Farms	LIHTC	Family	180	0	0.0%	0.0%
St. Paul's Apartments	LIHTC/ Market	Family	126	1	0.8%	N/A
The Banks At Berkley*	LIHTC	Family	50	0	0.0%	0.0%
The Clairmont At Campostella Station*	LIHTC	Family	152	0	0.0%	0.0%
The Pointe At Pickett Farms	LIHTC	Family	120	0	0.0%	0.0%
Monticello Station	Market	Family	121	1	0.8%	1.7%
River House Apartments	Market	Family	194	12	6.2%	2.1%
The Alexander At Ghent	Market	Family	268	4	1.5%	2.2%
The Belmont At Freemason	Market	Family	239	0	0.0%	4.2%
The Heritage At Freemason Harbour	Market	Family	185	5	2.7%	5.4%
Broad Creek**	LIHTC/Market	Family	300	0	N/A	0.0%
Total LIHTC			1,068	8	0.7%	0.6%
Total Market Rate			1,007	22	2.2%	3.2%
Overall Total			2,075	30	1.4%	1.8%

*Located outside of the PMA

**Not utilized as a comparable property

The comparables reported vacancy rates ranging from zero to 6.2 percent, with an average of 1.4 percent. The overall vacancy rate decreased slightly since February 2019. Managers at five of the seven LIHTC properties reported being fully occupied and all of the LIHTC properties were occupied at 97 percent or higher. The average vacancy rate reported by the affordable comparables was 0.7 percent, slightly below the 2.2 percent average reported by the market rate properties. Further, the comparable LIHTC vacancy rate has increased slightly since February 2019. The average LIHTC vacancy rate of 0.6 percent is low and indicative of supply constrained conditions. All of the market rate properties reported vacancy rates of 6.2 percent or lower. One comparable, River House Apartments, reported a slightly elevated vacancy rate of 6.2 percent. However, the contact attributed the elevated vacancy rate to multiple recent move-outs and noted that management expects occupancy to stabilize within the next two weeks. Based on the performance of the LIHTC comparables, we expect the Subject will operate at a vacancy rate of 5.0 percent or less.

VACANCY BY BEDROOM TYPE

Property Name	Rent Structure	One-Bedroom Units	Two-Bedroom Units	Three-Bedroom Units	Overall Vacancy Rate
Meadowood Apartments	LIHTC/Market	0.00%	0.00%	0.00%	0.00%
Mission College Apartments	LIHTC/Market	2.80%	2.40%	2.80%	2.70%
Quill Farms	LIHTC	0.00%	0.00%	0.00%	0.00%
St. Paul's Apartments	LIHTC/Market	0.00%	1.30%	0.00%	0.80%
The Banks At Berkley	LIHTC	0.00%	0.00%	0.00%	0.00%
The Clairmont At Campostella Station	LIHTC	0.00%	0.00%	0.00%	0.00%
The Pointe At Pickett Farms	LIHTC	0.00%	0.00%	0.00%	0.00%
Monticello Station	Market	0.00%	1.60%	0.00%	0.80%
River House Apartments	Market	0.00%	6.90%	16.70%	6.20%
The Alexander At Ghent	Market	0.00%	2.50%	0.00%	1.50%
The Belmont At Freemason	Market	0.00%	0.00%	0.00%	0.00%
The Heritage At Freemason Harbour	Market	3.90%	1.80%	4.00%	2.70%

The Subject consists of one, two, and three-bedroom units. Vacancy rates in the market for one-bedroom units range from zero to 3.9 percent, from zero to 6.9 percent for the two-bedroom units, and from zero to 16.7 percent for the three-bedroom units. Overall, the vacancy rates in the market are low. Given the local household growth rates, we believe the Subject will not negatively impact the existing properties in the market

Concessions

None of the comparable are currently offering concessions. We do not anticipate that the Subject will need to offer concessions to maintain a stabilized occupancy rate.

Waiting Lists

The following table illustrates the waiting lists reported at the comparable properties.

WAITING LIST			
Property Name	Rent Structure	Tenancy	Waiting List Length
Meadowood Apartments	LIHTC/ Market	Family	None
Mission College Apartments	LIHTC/ Market	Family	None
Quill Farms	LIHTC	Family	Yes, two to six months
St. Paul's Apartments	LIHTC/ Market	Family	300 Households
The Banks At Berkley*	LIHTC	Family	Yes; multiple HH for each unit size
The Clairmont At Campostella Station*	LIHTC	Family	Yes, approximately 50 HH for 1BD, 60 HH for 2BD, 25 HH for 3BD
The Pointe At Pickett Farms	LIHTC	Family	Yes, two to six months
Monticello Station	Market	Family	None
River House Apartments	Market	Family	None currently
The Alexander At Ghent	Market	Family	None
The Belmont At Freemason	Market	Family	None
The Heritage At Freemason Harbour	Market	Family	None

*Located outside of the PMA

Five of the seven LIHTC properties maintain waiting lists, while none of the market rate comparables maintains a waiting list. The waiting lists at the LIHTC comparables are extensive and indicative of a supply constrained market. The waiting lists at the LIHTC-only developments indicate significant demand for affordable housing in the market. We anticipate that the Subject will maintain a waiting list to facilitate leasing upon turnover.

Absorption

We were able to obtain absorption data from three of the comparable properties. This absorption information is presented in the following table. We attempted to gather information on both the Pointe at Pickett Farms and Quill Farms, comparable properties that were constructed in 2014 and 2015, respectively. However, the contacts at the properties could not provide absorption information.

ABSORPTION						
Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)	
St. Paul's Apartments	LIHTC	Family	2019	126	21	
The Clairmont at Campostella Station	LIHTC	Family	2017	50	15	
The Banks at Berkely	LIHTC	Family	2017	50	25	
Average				75	20	

The properties have reported absorption rates of 15 to 25 units per month. We believe the Subject would experience an absorption rate most similar to the similarly sized LIHTC properties. Therefore, we expect the Subject will experience an absorption rate of 20 units per month, indicating an absorption period of approximately four to five months.

Rental Rate Increases

The following table illustrates the rent increases at the comparable properties.

RENT GROWTH			
Property Name	Rent Structure	Tenancy	Rent Growth
Meadowood Apartments	LIHTC/ Market	Family	Kept at Max; Market Rents increase 1 to 2 percent
Mission College Apartments	LIHTC/ Market	Family	Increased one to six percent
Quill Farms	LIHTC	Family	Kept at max
St. Paul's Apartments	LIHTC/ Market	Family	Kept at max
The Banks At Berkley*	LIHTC	Family	Kept at Max; Increased four to ten percent
The Clairmont At Campostella Station*	LIHTC	Family	Kept at Max
The Pointe At Pickett Farms	LIHTC	Family	Kept at Max
Monticello Station	Market	Family	Changes daily (LRO)
River House Apartments	Market	Family	No change to increased 30 percent
The Alexander At Ghent	Market	Family	Rents vary; LRO Report
The Belmont At Freemason	Market	Family	Rents changed weekly
The Heritage At Freemason Harbour	Market	Family	Changes weekly; LRO report

*Located outside of the PMA

The majority of LIHTC comparables have reported maintaining rents at the maximum allowable levels. We believe that the maximum allowable LIHTC rents are achievable for the Subject. Therefore, we believe that rent growth within the allowable limits would likely be achievable. The market rate properties reported a mix of rent growth and rent decreases over the past year.

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	2019 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@50% (Section 8)*							
1BR / 1BA	707	1	\$860	\$158	\$1,018	\$744	\$925
2BR / 2BA	962	15	\$1,003	\$211	\$1,214	\$892	\$1,104
3BR / 2BA	1,200	5	\$1,445	\$263	\$1,708	\$1,031	\$1,553
@60%							
1BR / 1BA	707	3	\$765	\$105	\$870	\$893	\$925
2BR / 2BA	962	29	\$893	\$119	\$1,012	\$1,071	\$1,104
3BR / 2BA	1,200	10	\$1,028	\$142	\$1,170	\$1,237	\$1,553
@70%							
1BR / 1BA	707	1	\$765	\$105	\$870	\$1,042	\$925
2BR / 2BA	962	15	\$893	\$119	\$1,012	\$1,249	\$1,104
3BR / 2BA	1,200	5	\$1,028	\$142	\$1,170	\$1,443	\$1,553
84							

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

*Denotes contract rents

Comparable LIHTC Rents

The following tables compare the Subject’s and the 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. Additionally, it is important to note that we compared to concessured rent levels at the comparable properties. Note that some of the comparable property’s LIHTC rents appear to be above the maximum levels; however, these are the result of differing utility allowances at the comparables. The Subject will offer 21 units with Project-Based Voucher subsidies. Were the Subject to lose its subsidy, these units would be restricted to 50 percent of AMI.

50% AMI

LIHTC RENT COMPARISON @50%

Property Name	Tenancy	1BR	2BR	3BR
Market Heights - Phase II	Family	\$860*	\$1,003*	\$1,445*
LIHTC Maximum Rent (Net)		\$639	\$773	\$889
Mission College Apartments	Family	\$585	\$683	\$774
St. Paul's Apartments	Family	\$654	\$773	-
The Banks At Berkley	Family	-	\$744	\$849
The Clairmont At Campostella Station	Family	\$635	\$750	\$853
Average		\$625	\$738	\$825
Achievable LIHTC Rent		\$639	\$773	\$889

*Denotes contract rents

60% AMI

LIHTC RENT COMPARISON @60%

Property Name	Tenancy	1BR	2BR	3BR
Market Heights - Phase II	Family	\$765	\$893	\$1,028
LIHTC Maximum Rent (Net)		\$788	\$952	\$1,095
Quill Farms	Family	\$789	\$924	\$1,060
St. Paul's Apartments	Family	\$801	\$952	\$1,083
The Banks At Berkley	Family	-	\$785	\$880
The Clairmont At Campostella Station	Family	\$775	\$920	\$1,046
The Pointe At Pickett Farms	Family	\$789	\$924	\$1,060
Average		\$789	\$901	\$1,026
Achievable LIHTC Rent		\$789	\$952	\$1,095

70% AMI

LIHTC RENT COMPARISON @70%

Property Name	Tenancy	1BR	2BR	3BR
Market Heights - Phase II	Family	\$765	\$893	\$1,028
LIHTC Maximum Rent (Net) @70%		\$937	\$1,130	\$1,301
LIHTC Maximum Rent (Net) @80%		\$1,086	\$1,309	\$1,508
Meadowood Apartments (@80%)	Family	\$809	\$1,004	\$1,109
Average		\$809	\$1,004	\$1,109
Achievable LIHTC Rent		\$937	\$1,130	\$1,301

Four of the comparable developments offer units at 50 percent of AMI. Management at The Clairmont at Campostella, Banks at Berkley, and St. Paul’s Apartments reported they are achieving the maximum allowable rents at their respective AMI levels, while management at Mission College Apartments reported achieving rents below the maximum allowable levels. However, this property operates at 97.3 percent occupancy. The contact at Mission College Apartments did not opine as to whether maximum allowable rents would be achievable at

the property and could not provide a reason for rents being set below the 2019 maximum allowable levels. We believe that this property is not testing the upper limits of the LIHTC maximum allowable rent levels. St. Paul's Apartments, The Banks at Berkley, and Clairmont at Campostella Station maintain sizeable waiting lists for all of their units.

Five total developments offer units at 60 percent of the AMI. Four of the comparable developments reported achieving rents at the maximum allowable levels for 60 percent of the AMI. Slight differences in rents are attributable to differing utility structures. Management at The Banks at Berkley reported achieving rents below the maximum allowable levels at 60 percent of AMI. However, as stated above, we believe that this property is not testing the upper limits of the LIHTC maximum allowable rent levels. The remaining developments offering units at 60 percent of the AMI reported low vacancy rates. Additionally, all properties with units at 60 percent of AMI reported extensive waiting lists indicating a supply constrained market.

We were unable to identify any comparable properties offering units at 70 percent of AMI. However, Meadowood Apartments offers units restricted at 80 percent of AMI, which we have compared against the Subject's proposed 70 percent AMI units. Management at Meadowood Apartments maintained that the units are kept at the 80 percent maximum allowable level. However, it should be noted that the units at this property are restricted under the 80/20 Workforce, which has different regulatory maximums from Section 42/LIHTC units. The contact at the property informed us that the property could likely achieve higher rents, though he was unable to opine as to whether 80 percent AMI maximum allowable LIHTC rents would be achievable. The property is currently fully occupied and operates on a first-come, first-served basis.

The Subject will offer washer/dryer hookups, which will be similar to three of the LIHTC comparables and slightly inferior to the remaining four comparables. Additionally, the Subject will offer generally similar to slightly inferior community amenities to the LIHTC comparables, as all properties include a community room and on-site management. The Subject will be similar to superior in condition to the LIHTC comparables, which were built or renovated between 2008 and 2019. Quill Farms, The Banks at Berkley, the Clairmont at Campostella, and St. Paul's Apartments were built between 2015 and 2019 and exhibit excellent condition, similar to the Subject upon completion. The remaining comparables exhibit good condition, which will be slightly inferior to the Subject upon completion.

Overall, given the high demand for affordable housing the market, we believe the Subject would be able to achieve rents at the maximum allowable levels for its units at 50 and 60 percent of AMI. Additionally, we believe that the Subject can achieve maximum allowable rents at 70 percent of AMI. It should be noted that these rents would be untested in the market, as none of the comparables offer LIHTC-restricted units at 70 or 80 percent of AMI. However, the 70 percent AMI achievable LIHTC rents represent a rent advantage of 21 to 30 percent over the Novoco achievable market rents.

Achievable Market Rents

The following table compares the Subject’s current rents to comparable market rate developments. Rents have been adjusted for differences in utility structure and concessions if applicable.

SUBJECT COMPARISON TO MARKET RENTS

Unit Type	Rent Level	Subject Achievable LIHTC Rent	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent	Subject Rent Advantage
1BR / 1BA	@50% (Section 8)	\$639	\$680	\$1,484	\$1,335	\$1,300	51%
1BR / 1BA	@60%	\$788	\$680	\$1,484	\$1,335	\$1,300	39%
1BR / 1BA	@70%	\$937	\$680	\$1,484	\$1,335	\$1,300	28%
2BR / 2BA	@50% (Section 8)	\$773	\$749	\$2,240	\$1,594	\$1,425	46%
2BR / 2BA	@60%	\$952	\$749	\$2,240	\$1,594	\$1,425	33%
2BR / 2BA	@70%	\$1,130	\$749	\$2,240	\$1,594	\$1,425	21%
3BR / 2BA	@50% (Section 8)	\$889	\$835	\$2,429	\$1,849	\$1,850	52%
3BR / 2BA	@60%	\$1,095	\$835	\$2,429	\$1,849	\$1,850	41%
3BR / 2BA	@70%	\$1,301	\$835	\$2,429	\$1,849	\$1,850	30%

The comparable market properties will be similar to superior to the proposed Subject, upon completion. The location of the Subject will be similar to slightly inferior to the market rate comparable properties. However, the condition of the Subject will be generally similar to superior to the market rate comparables. The Subject will offer generally inferior in-unit amenities, as it will not include in-unit washers and dryers or garbage disposals, and similar to inferior community amenities package in comparison to the market rate comparable properties. The Subject will offer similar security features, limited access and a patrol. The Subject’s unit sizes will be smaller than the average unit size, but within the range of the comparable unit sizes. Overall, the Subject will be most similar to the Alexander at Ghent and River House Apartments.

Achievable Market Rent

The Alexander at Ghent offers studio through three-bedroom market rate units. Management reported that the property was 98.5 percent occupied. The comparable, which was constructed in 2007, exhibits good condition and will be slightly inferior to the Subject’s anticipated condition following construction. The Alexander at Ghent is located approximately 1.3 miles from the Subject in a slightly superior location. The unit amenities and community amenities at the Subject are inferior to the Alexander at Ghent. The Alexander offers a low-rise, elevator-serviced designed, similar to the Subject’s low-rise design. Additionally, the Subject’s unit sizes will be slightly inferior to inferior to the units at the Alexander at Ghent. Overall, relative to the Subject, the Alexander at Ghent will be similar, and, therefore, we believe the Subject could achieve market rents similar to slightly lower than this comparable, as an unrestricted property.

River House Apartments offers one, two, and three-bedroom market rate units. Management reported that the property was 94.8 percent occupied. The contact at the property attributed the elevated vacancy rate to multiple recent move-outs and noted that management expects occupancy to stabilize within the next two weeks. The comparable was constructed in 2010 and exhibits good condition, which will be slightly inferior to the Subject’s anticipated condition following construction. River House Apartments is located approximately two miles from the Subject in a slightly superior location. In terms of amenities, the comparable will offer slightly superior unit and community amenities. River House’s one, two, and three-bedroom midrise, elevator-serviced design will be similar to the Subject’s low-rise design. The comparables’ unit sizes will be slightly superior to those of the Subject. Overall, we believe the Subject could achieve rents similar to below this comparable as an unrestricted property.

The following tables compare the Subject’s rents (Novoco achievable LIHTC rents) with the rents achieved at the Alexander at Ghent and River House Apartments.

SUBJECT COMPARISON TO THE ALEXANDER AT GHENT

Unit Type	Rent Level	Subject Achievable LIHTC Rent	Square Feet	Subject RPSF	The Alexander At Ghent Rent	Square Feet	The Alexander At Ghent RPSF	Subject Rent Advantage
1BR / 1BA	@50% (Section 8)	\$639	707	\$0.90	\$1,394	748	\$1.86	54.2%
1BR / 1BA	@60%	\$788	707	\$1.11	\$1,394	748	\$1.86	43.5%
1BR / 1BA	@70%	\$937	707	\$1.33	\$1,394	748	\$1.86	32.8%
2BR / 2BA	@50% (Section 8)	\$773	962	\$0.80	\$1,419	1,036	\$1.37	45.5%
2BR / 2BA	@60%	\$952	962	\$0.99	\$1,419	1,036	\$1.37	32.9%
2BR / 2BA	@70%	\$1,130	962	\$1.17	\$1,419	1,036	\$1.37	20.4%
3BR / 2BA	@50% (Section 8)	\$889	1,200	\$0.74	\$1,979	1,324	\$1.49	55.1%
3BR / 2BA	@60%	\$1,095	1,200	\$0.91	\$1,979	1,324	\$1.49	44.7%
3BR / 2BA	@70%	\$1,301	1,200	\$1.08	\$1,979	1,324	\$1.49	34.3%

SUBJECT COMPARISON TO RIVER HOUSE APARTMENTS

Unit Type	Rent Level	Subject Achievable LIHTC Rent	Square Feet	Subject RPSF	River House Apartments Rent	Square Feet	River House Apartments RPSF	Subject Rent Advantage
1BR / 1BA	@50% (Section 8)	\$639	707	\$0.90	\$1,328	825	\$1.61	51.9%
1BR / 1BA	@60%	\$788	707	\$1.11	\$1,328	825	\$1.61	40.7%
1BR / 1BA	@70%	\$937	707	\$1.33	\$1,328	825	\$1.61	29.4%
2BR / 2BA	@50% (Section 8)	\$773	962	\$0.80	\$1,569	1,157	\$1.36	50.7%
2BR / 2BA	@60%	\$952	962	\$0.99	\$1,569	1,157	\$1.36	39.3%
2BR / 2BA	@70%	\$1,130	962	\$1.17	\$1,569	1,157	\$1.36	28.0%
3BR / 2BA	@50% (Section 8)	\$889	1,200	\$0.74	\$1,924	1,352	\$1.42	53.8%
3BR / 2BA	@60%	\$1,095	1,200	\$0.91	\$1,924	1,352	\$1.42	43.1%
3BR / 2BA	@70%	\$1,301	1,200	\$1.08	\$1,924	1,352	\$1.42	32.4%

The average market rate vacancy rate is 2.2 percent, which indicates a supply constrained market. We have placed the Subject’s achievable market rents slightly below the surveyed average rent in the market, but within the range of the comparable properties due to the Subject’s slightly smaller unit sizes and inferior in-unit amenity package. The Subject’s achievable market rate rent per square foot is similar to those of the market rate comparable properties. The Subject’s achievable LIHTC rents represent advantages of 21 to 52 percent over the achievable market rents for the Subject’s one, two, and three-bedroom units. The following table displays the concluded achievable market rents at the Subject.

SUBJECT ACHIEVABLE MARKET RENTS

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF
1BR / 1BA	\$1,300	707	\$1.84
2BR / 2BA	\$1,425	962	\$1.48
3BR / 2BA	\$1,850	1200	\$1.54

Summary Evaluation

The Subject will be well-positioned in the market. As a newly-constructed property, the Subject will be in generally similar to superior condition to most of the comparable properties. Vacancy rates among the LIHTC properties range from zero to 2.7 percent, with an average of 0.7 percent. Vacancy/collection loss at the Subject is expected to be no more than five percent over the long term. Based on the comparable data, rental rates at the maximum allowable levels are achievable. We believe that the Subject could achieve rents at the 50, 60, and 70 percent AMI maximum allowable level. Overall, the Subject will be well-accepted in the market as a LIHTC property.

Impact on Existing Housing Stock

All the data combined with interviews of real estate professionals demonstrate a continuing need for affordable housing over the foreseeable term. The comparables surveyed include a total of 2,075 units at 12 properties. The affordable properties in the area reported occupancy rates of 97.3 percent or higher and five of the LIHTC comparables reported maintaining waiting lists. From February 2019 to November 2019, the LIHTC vacancy rate increased slightly from 1.6 to 1.7 percent, while the overall vacancy rate decreased from 1.8 to 1.4 percent. Additionally, the strong occupancy rates at the majority of the market rate projects in the PMA are evidence of a stable rental market and strong demand.

Our demand calculations illustrate a need for affordable housing in the area when we consider the Subject's achievable LIHTC rents. The existing and planned apartment developments will not hinder each other's ability to maintain high occupancy. Additionally, the construction of the property through the LIHTC program will have a positive impact on the surrounding neighborhood, and will not adversely affect the existing housing located in the PMA.

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) Income Distribution
- 4) Income Eligible - Renter Households
- 5) Unit Size Appropriate
- 6) Capture Rate by Bedroom Mix

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 is located in Norfolk, Virginia. The PMA is generally defined as the City of Norfolk. The PMA boundaries are: Interstate 64, Interstate 564, and Terminal Boulevard to the north; Interstate 64 to the east; Interstate 264 to the south; and the Elizabeth River to the west. The PMA was determined based on input from area property managers.

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 Consulting LLP 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:	City of Norfolk, VA
AMI for four person household:	\$79,300
Tenancy (Family vs Senior):	Family
Affordability percentage:	35 percent
Leakage:	10 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 21 of the Subject’s units will operate with Section 8 subsidy.* The minimum incomes are based upon the Subject’s achievable LIHTC rents.

FAMILY INCOME LIMITS - AS PROPOSED

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50% (Section 8)		@60%		@70%	
1BR	\$0	\$31,750	\$30,617	\$38,100	\$35,726	\$44,450
2BR	\$0	\$35,700	\$36,720	\$42,840	\$42,823	\$49,980
3BR	\$0	\$42,850	\$42,411	\$51,420	\$49,474	\$59,990

FAMILY INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50%		@60%		@70%	
1BR	\$25,509	\$31,750	\$29,829	\$38,100	\$29,829	\$44,450
2BR	\$30,583	\$35,700	\$34,697	\$42,840	\$34,697	\$49,980
3BR	\$35,349	\$42,850	\$40,114	\$51,420	\$40,114	\$59,990

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

Income Cohort	PMA					
	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,980	17.7%	4,799	17.1%	-36	-0.7%
\$10,000-19,999	4,753	16.9%	4,521	16.1%	-46	-1.0%
\$20,000-29,999	3,680	13.1%	3,609	12.8%	-14	-0.4%
\$30,000-39,999	3,302	11.7%	3,075	10.9%	-45	-1.4%
\$40,000-49,999	2,381	8.5%	2,356	8.4%	-5	-0.2%
\$50,000-59,999	2,042	7.3%	2,103	7.5%	12	0.6%
\$60,000-74,999	2,185	7.8%	2,336	8.3%	30	1.4%
\$75,000-99,999	1,969	7.0%	2,076	7.4%	21	1.1%
\$100,000-124,999	1,007	3.6%	1,113	4.0%	21	2.1%
\$125,000-149,999	795	2.8%	949	3.4%	31	3.9%
\$150,000-199,999	535	1.9%	624	2.2%	18	3.3%
\$200,000+	479	1.7%	578	2.1%	20	4.1%
Total	28,108	100.0%	28,139	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, November 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.

FAMILY INCOME DISTRIBUTION 2019 - AS PROPOSED

Income Cohort	Total Renter Households	@50% (Section 8)			@60%			@70%			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	4,980	9,999	100.0%	4,980						9,999	100.0%	4,980	
\$10,000-19,999	4,753	9,999	100.0%	4,753						9,999	100.0%	4,753	
\$20,000-29,999	3,680	9,999	100.0%	3,680						9,999	100.0%	3,680	
\$30,000-39,999	3,302	9,999	100.0%	3,302	9,381	93.8%	3,098	4,273	42.7%	1,411	9,999	100.0%	3,302
\$40,000-49,999	2,381	2,851	28.5%	679	9,999	100.0%	2,381	9,999	100.0%	2,381	9,999	100.0%	2,381
\$50,000-59,999	2,042				1,421	14.2%	290	9,991	99.9%	2,040	9,991	99.9%	2,040
\$60,000-74,999	2,185												
\$75,000-99,999	1,969												
\$100,000-124,999	1,007												
\$125,000-149,999	795												
\$150,000-199,999	535												
\$200,000+	479												
Total	28,108		61.9%	17,394		20.5%	5,769		20.8%	5,832		75.2%	21,136

FAMILY INCOME DISTRIBUTION 2019 - ABSENT SUBSIDY

Income Cohort	Total Renter Households	@50%			@60%			@70%			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	4,980												
\$10,000-19,999	4,753												
\$20,000-29,999	3,680	4,490	44.9%	1,652							4,490	44.9%	1,652
\$30,000-39,999	3,302	9,999	100.0%	3,302	9,381	93.8%	3,098	4,273	42.7%	1,411	9,999	100.0%	3,302
\$40,000-49,999	2,381	2,851	28.5%	679	9,999	100.0%	2,381	9,999	100.0%	2,381	9,999	100.0%	2,381
\$50,000-59,999	2,042				1,421	14.2%	290	9,991	99.9%	2,040	9,991	99.9%	2,040
\$60,000-74,999	2,185												
\$75,000-99,999	1,969												
\$100,000-124,999	1,007												
\$125,000-149,999	795												
\$150,000-199,999	535												
\$200,000+	479												
Total	28,108		20.0%	5,633		20.5%	5,769		20.8%	5,832		33.4%	9,376

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

HOUSEHOLD DISTRIBUTION		
1 BR	80%	Of one-person households in 1BR units
	20%	Of two-person households in 1BR units
2 BR	10%	Of one-person households in 2BR units
	80%	Of two-person households in 2BR units
	60%	Of three-person households in 2BR units
3 BR	40%	Of three-person households in 3BR units
	70%	Of four-person households in 3BR units
	50%	Of five-person households in 3BR 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.

50% AMI Demand (Section 8) – As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,301
2 persons	25.8%	7,250
3 persons	15.7%	4,404
4 persons	10.2%	2,855
5+ persons	8.2%	2,298
Total	100.0%	28,108

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,301	x 61.9%	6,993
2 persons	7,250	x 61.9%	4,486
3 persons	4,404	x 61.9%	2,725
4 persons	2,855	x 61.9%	1,767
5+ persons	2,298	x 61.9%	1,422
Total	28,108		17,394

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	6,492
2BR	5,924
3BR	3,038
Total	15,454

Capture Rate Analysis - @50% (Section 8)

	Developer's Unit Mix	Capture Rate
1BR	1	0.02%
2BR	15	0.25%
3BR	5	0.16%
Total/Overall	21	0.14%

Adjusted for Leakage from Outside of the PMA

10%

1BR	1	0.01%
2BR	15	0.23%
3BR	5	0.15%
Total/Overall	21	0.12%

60% AMI Demand - As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,301
2 persons	25.8%	7,250
3 persons	15.7%	4,404
4 persons	10.2%	2,855
5+ persons	8.2%	2,298
Total	100.0%	28,108

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,301	x 20.5%	2,320
2 persons	7,250	x 20.5%	1,488
3 persons	4,404	x 20.5%	904
4 persons	2,855	x 20.5%	586
5+ persons	2,298	x 20.5%	472
Total	28,108		5,769

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,153
2BR	1,965
3BR	1,008
Total	5,126

Capture Rate Analysis - @60%

	Developer's Unit Mix	Capture Rate
1BR	3	0.14%
2BR	29	1.48%
3BR	10	0.99%
Total/Overall	42	0.82%

Adjusted for Leakage from Outside of the PMA

10%

1BR	3	0.13%
2BR	29	1.33%
3BR	10	0.89%
Total/Overall	42	0.74%

70% AMI Demand - As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,301
2 persons	25.8%	7,250
3 persons	15.7%	4,404
4 persons	10.2%	2,855
5+ persons	8.2%	2,298
Total	100.0%	28,108

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,301	x 20.8%	2,345
2 persons	7,250	x 20.8%	1,504
3 persons	4,404	x 20.8%	914
4 persons	2,855	x 20.8%	592
5+ persons	2,298	x 20.8%	477
Total	28,108		5,832

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,177
2BR	1,986
3BR	1,019
Total	5,182

Capture Rate Analysis - @70%

	Developer's Unit Mix	Capture Rate
1BR	1	0.05%
2BR	15	0.76%
3BR	5	0.49%
Total/Overall	21	0.41%

Adjusted for Leakage from Outside of the PMA

10%

1BR	1	0.04%
2BR	15	0.68%
3BR	5	0.44%
Total/Overall	21	0.36%

All Units – As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,301
2 persons	25.8%	7,250
3 persons	15.7%	4,404
4 persons	10.2%	2,855
5+ persons	8.2%	2,298
Total	100.0%	28,108

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,301	x 75.2%	8,498
2 persons	7,250	x 75.2%	5,452
3 persons	4,404	x 75.2%	3,312
4 persons	2,855	x 75.2%	2,147
5+ persons	2,298	x 75.2%	1,728
Total	28,108		21,136

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	7,889
2BR	7,198
3BR	3,691
Total	18,778

Capture Rate Analysis - All Units As Proposed

	Developer's Unit Mix	Capture Rate
1BR	5	0.06%
2BR	59	0.82%
3BR	20	0.54%
Total/Overall	84	0.45%

Adjusted for Leakage from Outside of the PMA

10%

1BR	5	0.06%
2BR	59	0.74%
3BR	20	0.49%
Total/Overall	84	0.40%

50% AMI Demand – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,301
2 persons	25.8%	7,250
3 persons	15.7%	4,404
4 persons	10.2%	2,855
5+ persons	8.2%	2,298
Total	100.0%	28,108

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,301	x	20.0%	2,265
2 persons	7,250	x	20.0%	1,453
3 persons	4,404	x	20.0%	883
4 persons	2,855	x	20.0%	572
5+ persons	2,298	x	20.0%	461
Total	28,108			5,633

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,103
2BR	1,919
3BR	984
Total	5,005

Capture Rate Analysis - @50% Absent Subsidy

	Developer's Unit Mix	Capture Rate
1BR	1	0.05%
2BR	15	0.78%
3BR	5	0.51%
Total/Overall	21	0.42%

Adjusted for Leakage from Outside of the PMA

10%

1BR	1	0.04%
2BR	15	0.70%
3BR	5	0.46%
Total/Overall	21	0.38%

60% AMI Demand – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,301
2 persons	25.8%	7,250
3 persons	15.7%	4,404
4 persons	10.2%	2,855
5+ persons	8.2%	2,298
Total	100.0%	28,108

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,301	x 21.5%	2,427
2 persons	7,250	x 21.5%	1,557
3 persons	4,404	x 21.5%	946
4 persons	2,855	x 21.5%	613
5+ persons	2,298	x 21.5%	493
Total	28,108		6,036

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,253
2BR	2,056
3BR	1,054
Total	5,362

Capture Rate Analysis - @60% Absent Subsidy

	Developer's Unit Mix	Capture Rate
1BR	3	0.13%
2BR	29	1.41%
3BR	10	0.95%
Total/Overall	42	0.78%

Adjusted for Leakage from Outside of the PMA

10%

1BR	3	0.12%
2BR	29	1.27%
3BR	10	0.85%
Total/Overall	42	0.70%

70% AMI Demand – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,301
2 persons	25.8%	7,250
3 persons	15.7%	4,404
4 persons	10.2%	2,855
5+ persons	8.2%	2,298
Total	100.0%	28,108

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,301	x 27.7%	3,130
2 persons	7,250	x 27.7%	2,008
3 persons	4,404	x 27.7%	1,220
4 persons	2,855	x 27.7%	791
5+ persons	2,298	x 27.7%	637
Total	28,108		7,786

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,906
2BR	2,652
3BR	1,360
Total	6,917

Capture Rate Analysis - @70% Absent Subsidy

	Developer's Unit Mix	Capture Rate
1BR	1	0.03%
2BR	15	0.57%
3BR	5	0.37%
Total/Overall	21	0.30%

Adjusted for Leakage from Outside of the PMA

10%

1BR	1	0.03%
2BR	15	0.51%
3BR	5	0.33%
Total/Overall	21	0.27%

All Units – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,301
2 persons	25.8%	7,250
3 persons	15.7%	4,404
4 persons	10.2%	2,855
5+ persons	8.2%	2,298
Total	100.0%	28,108

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,301	x 33.4%	3,770
2 persons	7,250	x 33.4%	2,418
3 persons	4,404	x 33.4%	1,469
4 persons	2,855	x 33.4%	952
5+ persons	2,298	x 33.4%	767
Total	28,108		9,376

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	3,499
2BR	3,193
3BR	1,638
Total	8,330

Capture Rate Analysis - All Units Absent Subsidy

	Developer's Unit Mix	Capture Rate
1BR	5	0.14%
2BR	59	1.85%
3BR	20	1.22%
Total/Overall	84	1.01%

Adjusted for Leakage from Outside of the PMA

10%

1BR	5	0.13%
2BR	59	1.66%
3BR	20	1.10%
Total/Overall	84	0.91%

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 2019 to 2024. 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 (VHDA), there have been four recently funded developments within the Subject's PMA. According to the VHDA allocation lists since 2015, the following developments have recently received funding. In addition, the Subject's sponsor is proposing a concurrent LIHTC development.

- The Subject will be built concurrently with an 80-unit LIHTC development funded through the nine percent bond program, which is considered Phase I of the Subject development (i.e. Market Heights – Phase I). This development will consist of 80 one, two, and three-bedroom units restricted to 40, 50 and 60 percent AMI. Additionally, 12 units at 40 percent and eight units at 50 percent of AMI will operate with Project-based Vouchers. All of the units in this development will have competitive overlap with the Subject as proposed, while only the 60 units at 50 and 60 percent of AMI will have competitive overlap absent subsidy. These units have been accounted for in our demand analysis.
- PABP Apartments is a proposed 70-unit new construction LIHTC development that was awarded LIHTC funding in 2019. The development will offer one, two, and three-bedroom units restricted to 40, 50 and 60 percent of AMI. Additionally, all seven of the units at 40 percent of AMI will also operate with Project-based Vouchers (PBV), wherein tenants will contribute 30 percent of their income towards rent. Upon completion, all of the units at this property will have competitive overlap with the Subject as proposed, while 63 units will have competitive overlap absent subsidy. These units have been accounted for in our demand analysis.
- Church Street Station Studios is an existing, new construction family/supportive housing development that currently offers 80 units, of which all of the units are subsidized. The project received LIHTC allocations in 2016 and opened in 2017. The development is located approximately 1.6 miles from the Subject site. This property offers 45 units targeted towards formerly homeless clients and 35 units towards individuals earning 50 percent of AMI or less. The development's 80 units have competitive overlap with the Subject as proposed. However, these units have been accounted for as existing competitive units in our demand analysis.
- St. Paul's Apartments is an existing, new construction family development that will offer a combined 126 one, two, and three-bedroom units. The project was completed in 2019 and is utilized as a comparable property in our report. The development is located at 531 Posey Lane, approximately 0.7 miles west of the Subject. St. Paul's Apartments offer 13 units restricted to 40 percent AMI, 51 units at 50 percent AMI, and 56 units at 60 percent AMI, as well as six market rate units. Additionally, the 13 units restricted to 40 percent of AMI will operate with PBRA subsidies. Of the 126 total units, 120

units have competitive overlap with the Subject as proposed, while 107 units have competitive overlap absent subsidy. However, these units have been accounted for as existing competitive units in our demand analysis.

We have also identified a planned demolition and new construction project next to the Subject site. The St. Paul's Area Choice Neighborhoods Initiative is a planned \$30 million redevelopment and new construction project. The specific timeline for construction of the development was not provided. However, the 709-unit development will serve as replacement housing for the existing Tidewater Gardens, a 618-unit Public Housing development that is owned and managed by the Norfolk Housing and Redevelopment Authority and located adjacent west of the Subject site. Additionally, the remaining 91 units will be low to moderate-income and market-rate units. The specific unit-mix, AMI targeting, or affordable programs were not provided for the 91 units. We have conservatively assumed that all of the 91 units will be competitive with the Subject upon completion.

Therefore, we have removed 859 under construction units that are expected to be competitive with the Subject "As Proposed" and 214 units "Absent Subsidy," from our *Demand Analysis*.

Annual Demand Table – As Proposed

ANNUAL DEMAND		
Calculation		PMA
Number of Renter Households in 2019		28,108
Increase in Number of Renter Households		31
Number of Renter Households in 2024		28,139
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		56.9%
Percentage of Income-Qualified Renter Households		75.2%
Number of Income-Qualified Renter Households		21,136
Percentage of Rent-Overburdened		48.6%
Existing Income-Qualified Renter Household Turnover		10,276
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		6
Percentage of Income-Qualified Renter Households		75.2%
New Rental Income Qualified Households		5
<i>Capture Rate Analysis</i>		
Number of Units in Subject		84
Occupied Units at Subject With Vacancy of:	5%	80
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		10,281
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		11,423
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	859	
Total Demand after Competition (Turnover and Growth)		10,564
Yielded Annual Capture Rate of Available Demand in 2019		0.8%

The yielded capture rate is approximately 0.8 percent of available demand per annum, for the Subject’s units as proposed, which is low and indicative of strong demand.

Annual Demand Table – Absent Subsidy

ANNUAL DEMAND - ABSENT SUBSIDY		
Calculation		PMA
Number of Renter Households in 2019		28,108
Increase in Number of Renter Households		31
Number of Renter Households in 2024		28,139
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		56.9%
Percentage of Income-Qualified Renter Households		33.4%
Number of Income-Qualified Renter Households		9,376
Percentage of Rent-Overburdened		48.6%
Existing Income-Qualified Renter Household Turnover		4,559
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		6
Percentage of Income-Qualified Renter Households		33.4%
New Rental Income Qualified Households		2
<i>Capture Rate Analysis</i>		
Number of Units in Subject		84
Occupied Units at Subject With Vacancy of:	5%	80
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		4,561
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		5,067
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	214	
Total Demand after Competition (Turnover and Growth)		4,853
Yielded Annual Capture Rate of Available Demand in 2019		1.6%

The yielded capture rate is approximately 1.6 percent of available demand per annum, for the Subject’s units absent the subsidy, which is low and indicative of strong demand.

VHDA DEMAND ANALYSIS

We have 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 site. The supply illustrates all proposed or under construction units in the PMA.

For the following VHDA demand analysis, we have considered the Subject's 84 proposed units. Additionally, we have determined that there are 214 proposed competitive LIHTC units in the PMA, along with four vacant units at the comparable LIHTC properties considered directly competitive with the Subject's LIHTC units. Note that this includes the 60 competitive proposed units at Phase I of the Subject restricted to 50 and 60 percent of AMI. Further, this includes the 91 proposed mixed-income units at the St. Paul's Choice Neighborhoods Initiative redevelopment of the former Tidewater Gardens public housing development. We have assumed that these units will operate at 60 percent of AMI.

Regarding sub-standard housing, U.S. Census information was referenced in regard to the general number of housing units lacking complete plumbing facilities in the City of Norfolk. Of the total occupied housing units in the PMA, approximately 0.2 percent lacked adequate plumbing facilities.

The table below illustrates the resulting capture rates for demand currently proposed in PMA.

MARKET HEIGHTS APARTMENTS- NORFOLK, VIRGINIA – MARKET STUDY

Income Restrictions	Up to 50% (min. income to max. income)	Up to 60% (min. income to max. income)	Up to 70% (min. income to max. income)	Project Total (min. income to max. income)
New Rental Households	1	1	1	4
+ Existing Households - Overburdened	2,739	2,805	2,836	4,559
+ Existing Households - Substandard Housing	54	55	56	90
+ Senior Households - Likely to Convert to Rental Housing	0	0	0	0
+ Existing Qualifying Tenants - to Remain After Renovation	0	0	0	0
TOTAL DEMAND	2,794	2,862	2,893	4,653
- Supply (includes directly comparable vacant units completed or in pipeline in PMA)*	52	166	0	218
NET DEMAND	2,742	2,696	2,893	4,435
PROPOSED UNITS	21	42	21	84
CAPTURE RATE	0.8%	1.6%	0.7%	1.9%
ABSORPTION PERIOD	1 - 2 months	2-3 months	1-2 months	4-5 months

*Supply include the Subject's Phase I 9% units that target 50 and 60% AMI

We believe there is ample demand for the Subject as proposed, especially given the high occupancy rates among comparable affordable properties, as well as the prevalence of waiting lists at the majority of LITHC properties. Our concluded capture rate and absorption period are shown in the table below.

Project Wide Capture Rate - All Units*	1.9%
Project Wide Absorption Period (Months)	4- 5 months

*Does not include the units for Phase I of the Subject

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. *Note that the total proposed competitive supply includes the Subject’s Phase I nine percent LIHTC units.*

PENETRATION RATE - AS PROPOSED	
Number of Proposed Competitive LIHTC Units in the PMA	859
	+
Number of Existing Competitive Family LIHTC Units in the PMA	2,432
	+
Number of Proposed LIHTC Units at the Subject	84
	=
Total	3,375
	/
Income Eligible Households - All AMI Levels	21,136
	=
Overall Penetration Rate	16.0%

PENETRATION RATE - ABSENT SUBSIDY	
Number of Proposed Competitive <i>LIHTC</i> Units in the PMA	214
	+
Number of Existing Competitive Family LIHTC Units in the PMA	1,089
	+
Number of Proposed <i>LIHTC</i> Units at the Subject	84
	=
Total	1,387
	/
Income Eligible Households - All AMI Levels	9,376
	=
Overall Penetration Rate	14.8%

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. The following table illustrates the LIHTC properties within the PMA that offer similar unit types and AMI levels, and are family oriented. LIHTC properties in the PMA that are fully subsidized are excluded from this table since they are not directly

According to the Virginia Housing Development Authority (VHDA), there have been four recently funded developments within the Subject’s PMA. According to the VHDA allocation lists since 2015, the following developments have recently received funding. In addition, the Subject’ sponsor is proposing a concurrent LIHTC development.

- The Subject will be built concurrently with an 80-unit LIHTC development funded through the nine percent bond program, which is considered Phase I of the Subject development (i.e. Market Heights – Phase I). This development will consist of 80 one, two, and three-bedroom units restricted to 40, 50 and 60 percent AMI. Additionally, 12 units at 40 percent and eight units at 50 percent of AMI will operate with Project-based Vouchers. All of the units in this development will have competitive overlap with the Subject as proposed, while only the 60 units at 50 and 60 percent of AMI will have competitive overlap absent subsidy. These units have been accounted for in our demand analysis.

- PABP Apartments is a proposed 70-unit new construction LIHTC development that was awarded LIHTC funding in 2019. The development will offer one, two, and three-bedroom units restricted to 40, 50 and 60 percent of AMI. Additionally, all seven of the units at 40 percent of AMI will also operate with Project-based Vouchers (PBV), wherein tenants will contribute 30 percent of their income towards rent. Upon completion, all of the units at this property will have competitive overlap with the Subject as proposed, while 63 units will have competitive overlap absent subsidy. These units have been accounted for in our demand analysis.
- Church Street Station Studios is an existing, new construction family/supportive housing development that currently offers 80 units, of which all of the units are subsidized. The project received LIHTC allocations in 2016 and opened in 2017. The development is located approximately 1.6 miles from the Subject site. This property offers 45 units targeted towards formerly homeless clients and 35 units towards individuals earning 50 percent of AMI or less. The development's 80 units have competitive overlap with the Subject as proposed. However, these units have been accounted for as existing competitive units in our demand analysis.
- St. Paul's Apartments is an existing, new construction family development that will offer a combined 126 one, two, and three-bedroom units. The project was completed in 2019 and is utilized as a comparable property in our report. The development is located at 531 Posey Lane, approximately 0.7 miles west of the Subject. St. Paul's Apartments offer 13 units restricted to 40 percent AMI, 51 units at 50 percent AMI, and 56 units at 60 percent AMI, as well as six market rate units. Additionally, the 13 units restricted to 40 percent of AMI will operate with PBRA subsidies. Of the 126 total units, 120 units have competitive overlap with the Subject as proposed, while 107 units have competitive overlap absent subsidy. However, these units have been accounted for as existing competitive units in our demand analysis.

We have also identified a planned demolition and new construction project next to the Subject site. The St. Paul's Area Choice Neighborhoods Initiative is a planned \$30 million redevelopment and new construction project. The specific timeline for construction of the development was not provided. However, the 709-unit development will serve as replacement housing for the existing Tidewater Gardens, a 618-unit Public Housing development that is owned and managed by the Norfolk Housing and Redevelopment Authority and located adjacent west of the Subject site. Additionally, the remaining 91 units will be low to moderate-income and market-rate units. The specific unit-mix, AMI targeting, or affordable programs were not provided for the 91 units. We have conservatively assumed that all of the 91 units will be competitive with the Subject upon completion.

Therefore, we have removed 859 under construction units that are expected to be competitive with the Subject "As Proposed" and 214 units "Absent Subsidy," from our *Demand Analysis*.

Existing affordable housing projects in the PMA will not be adversely affected by the proposed construction of the Subject property. A survey of comparable affordable LIHTC rental housing developments in the area demonstrates significant demand for quality rental units.

EXISTING AFFORDABLE PROPERTIES IN PMA

Property Name	Rent Structure	Tenancy	Total Units	Competitive As Proposed	Competitive Absent Subsidy
Parkwood Manor Apartments	LIHTC	Family	100	100	100
Quill Farms*	LIHTC	Family	180	180	180
Riverpoint Apartments	LIHTC	Family	220	220	220
The Pointe at Pickett Farms*	LIHTC	Family	120	120	120
Villa Terrace	LIHTC	Family	82	82	82
Archer's Green Apartments	LIHTC/ Market	Family	224	0	0
Broad Creek	LIHTC/Market	Family	300	150	150
Meadowood Apartments*	LIHTC/Market	Family	180	0	0
Mission College Apartments*	LIHTC/Market	Family	260	130	130
St. Paul's Apartments	LIHTC/Market	Family	126	120	107
Church Street Station Studios	LIHTC/Section 8	Family	80	80	0
Annetta M. Lane Apartments	Section 8	Family	40	40	0
Calvary Towers	Section 8	Family	112	112	0
Cogic High Rise Apartments	Section 8	Family	150	148	0
Colonial Hall Apts.	Section 8	Family	40	40	0
Grace Place	Section 8	Family	40	39	0
Granby House	Section 8	Family	154	154	0
Kennon Avenue	Section 8	Family	3	3	0
Lexington Park Apartments	Section 8	Family	180	180	0
Moultrie Drive	Section 8	Family	5	5	0
Multrie Drive	Section 8	Family	5	5	0
Park Terrace	Section 8	Family	81	81	0
So Hampton Rds Area Supportive	Section 8	Family	25	25	0
Suburban House	Section 8	Family	154	154	0
Thole Street Group Home	Section 8	Family	5	5	0
Village Pointe Apartments	Section 8	Family	59	59	0
Lakewood Plaza	Section 8	Senior	200	200	0
Total			3,125	2,432	1,089

*Utilized as a comparable property

We were able to obtain absorption data from three of the comparable properties. This absorption information is presented in the following table. We attempted to gather information on both the Pointe at Pickett Farms and Quill Farms, comparable properties that were constructed in 2014 and 2015, respectively. However, the contacts at the properties could not provide absorption information.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
St. Paul's Apartments	LIHTC	Family	2019	126	21
The Clairmont at Campostella Station	LIHTC	Family	2017	50	15
The Banks at Berkely	LIHTC	Family	2017	50	25
Average				75	20

The properties have reported absorption rates of 15 to 25 units per month. We believe the Subject would experience an absorption rate most similar to the similarly sized LIHTC properties. Therefore, we expect the Subject will experience an absorption rate of 20 units per month, indicating an absorption period of approximately four to five months for the Subject's Phase II units. When considering the 80 Phase I units, the overall absorption rate would be approximately 20 units per month, indicating an absorption period of approximately eight to nine months.

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.

**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

In February 2019, we spoke with Ms. Jones-Watford of the Norfolk Redevelopment Housing Authority (NRHA), who administers Section 8 Housing Choice Vouchers (HCV) in Norfolk regarding HCV usage in Norfolk. Ms. Jones-Watford informed us that Norfolk is allocated 4,429 vouchers. Ms. Jones-Watford could not provide any additional information, as information releases need to be approved by NRHA’s communications department. According to the NRHA website, the waiting list for the HCV program is currently closed. Additionally, the payment standards for Norfolk are as follows.

PAYMENT STANDARDS

Unit Type	Standard
One-Bedroom	\$1,018
Two-Bedroom	\$1,214
Three-Bedroom	\$1,708

Source: Norfolk Housing and Redevelopment Authority, effective September 2019

All of the payment standards are above the Subject’s proposed LIHTC gross rents, indicating that voucher tenants will not have to pay additional rent out of pocket.

Planning Discussion

To determine the amount of competitive new supply entering the market, we consulted a September 2018 CoStar report and performed an internet search. We also attempted to contact the City of Norfolk Planning Department regarding the development pipeline in the city. To date, our calls have not been returned. The following table illustrates proposed, planned, under construction, and recently completed developments in the Subject’s PMA.

PLANNED DEVELOPMENT

Property Name	Rent Structure	Tenancy	Total Units	Competitive Units	Construction Status	Distance to Subject
1500 Monticello	Market	Family	258	0	Under Construction	1.4 miles
4013 Colley Ave	Market	Family	5	0	Under Construction	2.5 miles
Chenman Lofts	Market	Family	43	0	Under Construction	1.9 miles
Peanut Factory Flats	Market	Family	84	0	Under Construction	1.6 miles
Tazewell Hotel	Market	Family	56	0	Under Construction	1.2 miles
The Depot	Market	Family	25	0	Under Construction	1.6 miles
Newport Plaza - Park Place	Market	Family	52	0	Proposed	2.2 miles
St. Paul's Area Choice Neighborhood Initiative	Affordable	Family	709	0	Proposed	0.3 miles
PABP Apartments	LIHTC	Family	70	70	Proposed	0.7 miles
Market Heights - Phase I	LIHTC	Family	80	80	Proposed	Adjacent
Totals			1,382	150		

Source: CoStar, November 2019

The above summary list includes the LIHTC new construction developments that were summarized previously. The table illustrates the construction pipeline, which includes primarily family market rate properties. These developments will not be directly competitive with the Subject.

The St. Paul’s Area Choice Neighborhoods Initiative is a planned \$30 million redevelopment and new construction project. The specific timeline for construction of the development was not provided. However, the

709-unit development will serve as replacement housing for the existing Tidewater Gardens, a 618-unit Public Housing development that is owned and managed by the Norfolk Housing and Redevelopment Authority, located adjacent west of the Subject site. Additionally, the remaining 91 units will be low to moderate-income and market-rate units. The specific unit-mix, AMI targeting, or affordable programs were not provided for the 91 units. We have conservatively assumed that all of the 91 units will be competitive with the Subject upon completion.

According to the Virginia Housing Development Authority (VHDA), there have been four recently funded developments within the Subject's PMA. According to the VHDA allocation lists since 2015, the following developments have recently received funding. In addition, the Subject' sponsor is proposing a concurrent LIHTC development.

- The Subject will be built concurrently with an 80-unit LIHTC development funded through the nine percent bond program, which is considered Phase I of the Subject development (i.e. Market Heights – Phase I). This development will consist of 80 one, two, and three-bedroom units restricted to 40, 50 and 60 percent AMI. Additionally, 12 units at 40 percent and eight units at 50 percent of AMI will operate with Project Based Vouchers. All of the units in this development will have competitive overlap with the Subject as proposed, while only the 68 units at 50 and 60 percent of AMI will have competitive overlap absent subsidy. These units have been accounted for in our demand analysis.
- PABP Apartments is a proposed 70-unit new construction LIHTC development that was awarded LIHTC funding in 2019. The development will offer one, two, and three-bedroom units restricted to 40, 50 and 60 percent of AMI. Additionally, all seven of the units at 40 percent of AMI will also operate with Project-based Vouchers (PBV), wherein tenants will contribute 30 percent of their income towards rent. Upon completion, all of the units at this property will have competitive overlap with the Subject as proposed, while 63 units will have competitive overlap absent subsidy. These units have been accounted for in our demand analysis.
- Church Street Station Studios is an existing, new construction family/supportive housing development that currently offers 80 units, of which all of the units are subsidized. The project received LIHTC allocations in 2016 and opened in 2017. The development is located approximately 1.6 miles from the Subject site. This property offers 45 units targeted towards formerly homeless clients and 35 units towards individuals earning 50 percent of AMI or less. The development's 35 general tenancy units have competitive overlap with the Subject as proposed. However, these units have been accounted for as existing competitive units in our demand analysis.
- St. Paul's Apartments is an existing, new construction family development that will offer a combined 126 one, two, and three-bedroom units. The project was completed in 2019 and is utilized as a comparable property in our report. The development is located at 531 Posey Lane, approximately 0.7 miles west of the Subject. St. Paul's Apartments offer 13 units restricted to 40 percent AMI, 51 units at 50 percent AMI, and 56 units at 60 percent AMI, as well as six market rate units. Additionally, the 13 units restricted to 40 percent of AMI will operate with PBRA subsidies. Of the 126 total units, 120 units have competitive overlap with the Subject as proposed, while 107 units have competitive overlap absent subsidy. However, these units have been accounted for as existing competitive units in our demand analysis.

Therefore, we have removed 859 under construction units that are expected to be competitive with the Subject "As Proposed" and 214 units "Absent Subsidy," from our *Demand 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 - All Units*	1.9%
Project Wide Absorption Period (Months)	4- 5 months

*Does not include the units for Phase I of the Subject

Additionally, the overall penetration rate for the Subject is 1.9 percent . It should be noted that the penetration rate analysis we have derived is conservative because it does not account for leakage (i.e. tenants originating outside of the PMA). Overall, the derived penetration rate for the Subject is considered reasonable.

Strengths and Weaknesses of the Subject

Strengths

- The Subject will offer a four-story, low-rise elevator-serviced design. Only one LIHTC comparable property an elevator-serviced design while five market rate comparables offer elevator-service; as such, we believe the building design is a competitive advantage among affordable properties.
- The Subject will be new construction and will be among the newest multifamily developments in the market. Upon completion, the property will be slightly superior to superior to the comparable properties.
- The local economy has a lower unemployment rate than the national economy. Additionally, employment has grown in eight of the nine years since 2010. Between September 2018 and September 2019, employment grew 2.7 percent, slightly higher than the nation. Additionally, over the same period, the unemployment rate in the MSA decreased 0.4 percentage points to 2.7 percent, while the nation reported a decrease of 0.3 percentage points to 3.3 percent.
- Vacancy rates among the LIHTC properties range from zero to 2.7 percent, with an average of just 0.7 percent. Additionally, five of the seven LIHTC comparables maintain waiting lists, indicating strong demand for affordable housing in the market.
- The Subject site is located in close proximity to many services, public transportation, and retailers.

Weaknesses

- We have identified no weaknesses with the proposed Subject that would impact its marketability.

Absorption Estimate

We were able to obtain absorption data from three of the comparable properties. This absorption information is presented in the following table. We attempted to gather information on both the Pointe at Pickett Farms and Quill Farms, comparable properties that were constructed in 2014 and 2015, respectively. However, the contacts at the properties could not provide absorption information.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
St. Paul's Apartments	LIHTC	Family	2019	126	21
The Clairmont at Campostella Station	LIHTC	Family	2017	50	15
The Banks at Berkely	LIHTC	Family	2017	50	25
Average				75	20

The properties have reported absorption rates of 15 to 25 units per month. We believe the Subject would experience an absorption rate most similar to the similarly sized LIHTC properties. Therefore, we expect the Subject will experience an absorption rate of 20 units per month, indicating an absorption period of approximately four to five months for the Subject's Phase II units. When considering the 80 Phase I units, the overall absorption rate would be approximately 20 units per month, indicating an absorption period of approximately eight to nine months.

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.



K. David Adamescu
Manager

November 14, 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



View of Subject site facing west



View of Subject site facing southeast



View of Subject site facing northeast



View of Subject site facing northeast



View northeast along May Avenue



View southwest along May Avenue



View northeast along Tidewater Drive



View south along Tidewater Drive



View of Tidewater Gardens Apartments (west)



William H. Ruffner Academy, east of Subject site



Storage facility east of Subject site



Commercial space northeast of Subject site



Habitat for Humanity northwest of Subject site



Norfolk Truck, north of Subject site



Single-family homes east of Subject site



Single-family homes east of Subject site

ADDENDUM C
Subject Matrices and Property Profiles

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	Market Heights - Phase II 630 Tidewater Dr Norfolk, VA 23504 Norfolk County		Lowrise 4 stories 2021 / n/a Family	@50% (Section 8), @60%, @70%	1BR / 1BA	1	1.2%	707	@50% (Section 8)	\$860	N/A	N/A	N/A	N/A					
					1BR / 1BA	3	3.6%	707	@60%	\$765	No	N/A	N/A	N/A					
					1BR / 1BA	1	1.2%	707	@70%	\$765	No	N/A	N/A	N/A					
					2BR / 2BA	15	17.9%	962	@50% (Section 8)	\$1,003	N/A	N/A	N/A	N/A					
					2BR / 2BA	29	34.5%	962	@60%	\$893	No	N/A	N/A	N/A					
					2BR / 2BA	15	17.9%	962	@70%	\$893	No	N/A	N/A	N/A					
					3BR / 2BA	5	6.0%	1,200	@50% (Section 8)	\$1,445	N/A	N/A	N/A	N/A					
					3BR / 2BA	10	11.9%	1,200	@60%	\$1,028	No	N/A	N/A	N/A					
					3BR / 2BA	5	6.0%	1,200	@70%	\$1,028	No	N/A	N/A	N/A					
										84							N/A	N/A	
1	Meadowood Apartments 6130 Edward Street Norfolk, VA 23513 County	3.5 miles	Garden 3 stories 2011 / n/a Family	@80%, Market	1BR / 1BA	N/A	N/A	850	@80%	\$809	Yes	No	0	N/A					
					1BR / 1BA	N/A	N/A	850	Market	\$1,178	N/A	No	0	N/A					
					2BR / 2BA	N/A	N/A	1,200	@80%	\$969	No	No	0	N/A					
					2BR / 2BA	N/A	N/A	1,230	@80%	\$1,004	Yes	No	0	N/A					
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,448	N/A	No	0	N/A					
					2BR / 2BA	N/A	N/A	1,230	Market	\$1,478	N/A	No	0	N/A					
					3BR / 2BA	N/A	N/A	1,380	@80%	\$1,109	Yes	No	0	N/A					
					3BR / 2BA	N/A	N/A	1,380	Market	\$1,628	N/A	No	0	N/A					
										180							0	0.0%	
																	0	0.0%	
2	Mission College Apartments 1300 Lead Street Norfolk, VA 23504 Norfolk County	0.9 miles	Garden 3 stories 1990 / 2008 Family	@50%, Market	1BR / 1BA	24	9.2%	850	@50%	\$585	Yes	No	1	4.2%					
					1BR / 1BA	12	4.6%	850	Market	\$680	N/A	No	0	0.0%					
					2BR / 1BA	84	32.3%	1,050	@50%	\$683	Yes	No	2	2.4%					
					2BR / 1BA	84	32.3%	1,050	Market	\$749	N/A	No	2	2.4%					
					3BR / 2BA	12	4.6%	1,200	@50%	\$774	Yes	No	1	8.3%					
					3BR / 2BA	24	9.2%	1,200	Market	\$835	N/A	No	0	0.0%					
					4BR / 2.5BA	10	3.9%	1,350	@50%	\$844	Yes	No	0	0.0%					
					4BR / 2.5BA	10	3.9%	1,350	Market	\$930	N/A	No	1	10.0%					
										260							7	2.7%	
																	0	N/A	
3	Quill Farms 5424 Greenplain Road Norfolk, VA 23502 Norfolk County	3.1 miles	Garden 3 stories 2015 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$789	Yes	Yes	0	N/A					
					2BR / 2BA	N/A	N/A	1,035	@60%	\$924	Yes	Yes	0	N/A					
					3BR / 2BA	N/A	N/A	1,222	@60%	\$1,060	Yes	Yes	0	N/A					
					180							0	0.0%						
4	St. Paul's Apartments 494 St. Paul's Boulevard Norfolk, VA 23510 County	0.5 miles	Garden 2 stories 2019 / n/a Family	@40% (Project Based Rental Assistance - PBRA), @50%, @60%, Market	1BR / 1BA	7	5.6%	640	@40% (Project Based Rental Assistance - PBRA)	\$637	N/A	Yes	0	0.0%					
					1BR / 1BA	7	5.6%	640	@50%	\$654	Yes	Yes	0	0.0%					
					1BR / 1BA	6	4.8%	640	@60%	\$801	Yes	Yes	0	0.0%					
					2BR / 2BA	6	4.8%	946	@40% (Project Based Rental Assistance - PBRA)	\$940	N/A	Yes	0	0.0%					
					2BR / 2BA	44	34.9%	946	@50%	\$773	Yes	Yes	0	0.0%					
					2BR / 2BA	27	21.4%	946	@60%	\$952	Yes	Yes	0	0.0%					
					2BR / 2BA	3	2.4%	946	Market	\$1,320	N/A	No	1	33.3%					
					3BR / 2BA	23	18.3%	1,291	@60%	\$1,083	Yes	Yes	0	0.0%					
					3BR / 2BA	3	2.4%	1,291	Market	\$1,575	N/A	No	0	0.0%					
										126							1	0.8%	
5	The Banks At Berkley 701 S Main St Norfolk, VA 23523 Norfolk County	1.2 miles	Midrise 4 stories 2017 / n/a Family	@40%, @50%, @60%	2BR / 1.5BA	4	8.0%	871	@40%	\$566	No	Yes	0	0.0%					
					2BR / 1.5BA	31	62.0%	871	@50%	\$744	No	Yes	0	0.0%					
					2BR / 1.5BA	4	8.0%	871	@60%	\$785	No	Yes	0	0.0%					
					3BR / 2BA	1	2.0%	1,083	@40%	\$643	No	Yes	0	0.0%					
					3BR / 2BA	4	8.0%	1,083	@50%	\$849	No	Yes	0	0.0%					
					3BR / 2BA	6	12.0%	1,083	@60%	\$880	No	Yes	0	0.0%					
										50							0	0.0%	
					6	The Claimont At Campostella Station 1030 Berkley Avenue Norfolk, VA 23523 Norfolk County	1.6 miles	Garden 3 stories 2017 / n/a Family	@40%, @50%, @60%	1BR / 1BA	2	1.3%	720	@40%	\$494	Yes	Yes	0	0.0%
										1BR / 1BA	2	1.3%	720	@50%	\$635	Yes	Yes	0	0.0%
										1BR / 1BA	18	11.8%	720	@60%	\$775	Yes	Yes	0	0.0%
2BR / 2BA	4	2.6%	1,070	@40%						\$582	Yes	Yes	0	0.0%					
2BR / 2BA	14	9.2%	1,070	@50%						\$750	Yes	Yes	0	0.0%					
2BR / 2BA	46	30.3%	1,070	@60%						\$920	Yes	Yes	0	0.0%					
3BR / 2BA	4	2.6%	1,260	@40%						\$658	Yes	Yes	0	0.0%					
3BR / 2BA	16	10.5%	1,260	@50%						\$853	Yes	Yes	0	0.0%					
3BR / 2BA	46	30.3%	1,260	@60%						\$1,046	Yes	Yes	0	0.0%					
										152							0	0.0%	
7	The Pointe At Pickett Farms 5424 Greenplain Road Norfolk, VA 23502 County	3.1 miles	Garden 3 stories 2014 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$789	Yes	Yes	0	N/A					
					2BR / 2BA	N/A	N/A	1,035	@60%	\$924	Yes	Yes	0	N/A					
					3BR / 2BA	N/A	N/A	1,222	@60%	\$1,060	Yes	Yes	0	N/A					
										120						0	0.0%		
8	Monticello Station 328 East Freemason Street Norfolk, VA 23510 Norfolk City County	0.7 miles	Midrise 4 stories 2010 / n/a Family	Market	1BR / 1BA	43	35.5%	878	Market	\$1,479	N/A	No	0	0.0%					
					2BR / 2BA	63	52.1%	1,249	Market	\$1,983	N/A	No	1	1.6%					
					2BR / 2BA	N/A	N/A	1,400	Market	\$2,240	N/A	No	0	N/A					
					2BR / 2BA	N/A	N/A	1,085	Market	\$1,726	N/A	No	0	N/A					
					3BR / 3BA	11	9.4%	1,377	Market	\$2,323	N/A	No	0	0.0%					
					3BR / 3BA	2	1.7%	1,450	Market	\$2,214	N/A	No	0	0.0%					
					4BR / 3BA	2	1.7%	1,610	Market	\$2,453	N/A	No	0	0.0%					
					121							1	0.8%						
9	River House Apartments 4253 Llewellyn Avenue Norfolk, VA 23504 County	1.8 miles	Midrise 4 stories 2010 / n/a Family	Market	1BR / 1BA	45	23.2%	825	Market	\$1,328	N/A	No	0	0.0%					
					2BR / 2BA	66	34.0%	1,157	Market	\$1,569	N/A	No	6	9.1%					
					2BR / 2BA	65	33.5%	1,167	Market	\$1,569	N/A	No	3	4.6%					
					3BR / 2BA	9	4.6%	1,352	Market	\$1,924	N/A	No	2	22.2%					
					3BR / 2BA	9	4.6%	1,506	Market	\$2,429	N/A	No	1	11.1%					
										194							12	6.2%	
10	The Alexander At Ghent 1600 Granby Street Norfolk, VA 23510 Norfolk County	1.2 miles	Midrise 4 stories 2007 / n/a Family	Market	0BR / 1BA	12	4.5%	565	Market	\$1,289	N/A	No	0	0.0%					
					0BR / 1BA	50	18.7%	695	Market	\$1,289	N/A	No	1	2.0%					
					1BR / 1BA	12	4.5%	565	Market	\$1,329	N/A	No	0	0.0%					
					1BR / 1BA	56	20.9%	748	Market	\$1,394	N/A	No	0	0.0%					
					1BR / 1BA	6	2.2%	825	Market	\$1,434	N/A	No	0	0.0%					
					2BR / 2BA	84	31.3%	1,036	Market	\$1,419	N/A	No	3	3.6%					
					2BR / 2BA	36	13.4%	1,192	Market	\$1,519	N/A	No	0	0.0%					
					3BR / 2BA	12	4.5%	1,324	Market	\$1,979	N/A	No	0	0.0%					
					268							4	1.5%						
11	The Belmont At Freemason 260 York Street Norfolk, VA 23510 County	1.0 miles	Highrise 7 stories 2009 / n/a Family	Market	1BR / 1BA	N/A	N/A	769	Market	\$1,376	N/A	No	0	N/A					
					1BR / 1BA	N/A	N/A	836	Market	\$1,473	N/A	No	0	N/A					
					1BR / 1BA	N/A	N/A	702	Market	\$1,279	N/A	No	0	N/A					
					2BR / 2BA	N/A	N/A	1,123	Market	\$1,758	N/A	No	0	N/A					
					2BR / 2BA	N/A	N/A	1,182	Market	\$1,604	N/A	No	0	N/A					
					2BR / 2BA	N/A	N/A	1,065	Market	\$1,628	N/A	No	0	N/A					
					239							0	0.0%						
12	The Heritage At Freemason Harbour 200 College Place Norfolk, VA 23510 Norfolk County	0.9 miles	Midrise 4 stories 1999 / 2018 Family	Market	1BR / 1BA	51	27.6%	768	Market	\$1,469	N/A	No	2	3.9%					
					1BR / 1BA	N/A	N/A	768	Market	\$1,484	N/A	No	0	N/A					
					1BR / 1BA	N/A	N/A	768	Market	\$1,454	N/A	No	0	N/A					
					2BR / 2BA	109	58.9%	1,201	Market	\$1,694	N/A	No	2	1.8%					
					2BR / 2BA	N/A	N/A	1,330	Market	\$1,739	N/A	No	0	N/A					
					2BR / 2BA	N/A	N/A	1,071	Market	\$1,649	N/A	No	0	N/A					
					3BR / 2BA	25	13.5%	1,259	Market	\$1,809	N/A	No	1	4.0%					
					3BR / 2BA	N/A	N/A	1,330	Market	\$1,924	N/A	No	0	N/A					
3BR / 2BA	N/A	N/A	1,187	Market	\$1,694	N/A	No	0	N/A										
					185							5	2.7%						

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.						
	Units Surveyed:	2,075	Weighted Occupancy:	98.6%		
	Market Rate	1,007	Market Rate	97.8%		
	Tax Credit	1,068	Tax Credit	99.3%		
RENT	One Bedroom One Bath	Average	Two Bedroom Two Bath	Average	Three Bedroom Two Bath	
	Property		Property		Property	
	The Heritage At Freemason Harbour (Market)	\$1,484	Monticello Station (Market)	\$2,240	River House Apartments (Market)	\$2,429
	Monticello Station (Market)	\$1,479	Monticello Station (Market)	\$1,983	Monticello Station (Market)	\$2,323
	The Belmont At Freemason (Market)	\$1,473	The Belmont At Freemason (Market)	\$1,758	Monticello Station (Market)(3BA)	\$2,214
	The Heritage At Freemason Harbour (Market)	\$1,469	The Heritage At Freemason Harbour (Market)	\$1,726	The Alexander At Ghent (Market)	\$1,979
	The Heritage At Freemason Harbour (Market)	\$1,454	Monticello Station (Market)	\$1,726	River House Apartments (Market)	\$1,924
	The Alexander At Ghent (Market)	\$1,434	The Heritage At Freemason Harbour (Market)	\$1,694	The Heritage At Freemason Harbour (Market)	\$1,924
	The Alexander At Ghent (Market)	\$1,394	The Heritage At Freemason Harbour (Market)	\$1,649	The Heritage At Freemason Harbour (Market)	\$1,809
	The Belmont At Freemason (Market)	\$1,376	The Belmont At Freemason (Market)	\$1,628	The Heritage At Freemason Harbour (Market)	\$1,694
	The Alexander At Ghent (Market)	\$1,329	The Belmont At Freemason (Market)	\$1,604	Meadowood Apartments (Market)	\$1,628
	River House Apartments (Market)	\$1,328	River House Apartments (Market)	\$1,569	St. Paul's Apartments (Market)	\$1,575
	The Belmont At Freemason (Market)	\$1,279	River House Apartments (Market)	\$1,569	Market Heights - Phase II (@60%)	\$1,445
	Meadowood Apartments (Market)	\$1,178	The Alexander At Ghent (Market)	\$1,519	Meadowood Apartments (@80%)	\$1,109
	Market Heights - Phase II (@50%)	\$860	Meadowood Apartments (Market)	\$1,478	St. Paul's Apartments (@60%)	\$1,083
	Meadowood Apartments (@80%)	\$809	Meadowood Apartments (Market)	\$1,448	Quill Farms (@60%)	\$1,060
	St. Paul's Apartments (@60%)	\$801	The Alexander At Ghent (Market)	\$1,419	The Pointe At Pickett Farms (@60%)	\$1,060
	The Pointe At Pickett Farms (@60%)	\$789	St. Paul's Apartments (Market)	\$1,320	The Claimont At Campostella Station (@60%)	\$1,046
	Quill Farms (@60%)	\$789	Meadowood Apartments (@80%)	\$1,004	Market Heights - Phase II (@60%)	\$1,028
	The Claimont At Campostella Station (@60%)	\$775	Market Heights - Phase II (@50%)	\$1,003	Market Heights - Phase II (@70%)	\$1,028
	Market Heights - Phase II (@70%)	\$765	Meadowood Apartments (@80%)	\$969	The Banks At Berkeley (@60%)	\$880
	Market Heights - Phase I (@60%)	\$765	St. Paul's Apartments (@60%)	\$952	The Claimont At Campostella Station (@50%)	\$853
	Mission College Apartments (Market)	\$680	St. Paul's Apartments (@40%)	\$940	The Banks At Berkeley (@50%)	\$849
	St. Paul's Apartments (@50%)	\$654	The Pointe At Pickett Farms (@60%)	\$924	Mission College Apartments (Market)	\$835
	St. Paul's Apartments (@40%)	\$637	Quill Farms (@60%)	\$924	Mission College Apartments (@50%)	\$774
	The Claimont At Campostella Station (@50%)	\$635	The Claimont At Campostella Station (@60%)	\$920	The Claimont At Campostella Station (@40%)	\$658
	Mission College Apartments (@50%)	\$585	Market Heights - Phase II (@70%)	\$893	The Banks At Berkeley (@40%)	\$643
	The Claimont At Campostella Station (@40%)	\$494	Market Heights - Phase II (@60%)	\$893		
			The Banks At Berkeley (@60%)(1.5BA)	\$785		
			St. Paul's Apartments (@50%)	\$773		
			The Claimont At Campostella Station (@50%)	\$750		
			Mission College Apartments (Market)(1BA)	\$749		
			The Banks At Berkeley (@50%)(1.5BA)	\$744		
			Mission College Apartments (@50%)(1BA)	\$683		
			The Claimont At Campostella Station (@40%)	\$582		
			The Banks At Berkeley (@40%)(1.5BA)	\$566		
SQUARE FOOTAGE	Monticello Station (Market)	878	Monticello Station (Market)	1,400	River House Apartments (Market)	1,506
	Meadowood Apartments (@80%)	850	The Heritage At Freemason Harbour (Market)	1,330	Monticello Station (Market)(3BA)	1,450
	Mission College Apartments (@50%)	850	Monticello Station (Market)	1,249	Meadowood Apartments (Market)	1,380
	Meadowood Apartments (Market)	850	Meadowood Apartments (Market)	1,230	Meadowood Apartments (@80%)	1,380
	Mission College Apartments (Market)	850	Meadowood Apartments (@80%)	1,230	Monticello Station (Market)	1,377
	The Belmont At Freemason (Market)	836	The Heritage At Freemason Harbour (Market)	1,201	River House Apartments (Market)	1,352
	The Alexander At Ghent (Market)	825	Meadowood Apartments (Market)	1,200	The Heritage At Freemason Harbour (Market)	1,330
	River House Apartments (Market)	825	Meadowood Apartments (@80%)	1,200	The Alexander At Ghent (Market)	1,324
	The Belmont At Freemason (Market)	769	The Alexander At Ghent (Market)	1,192	St. Paul's Apartments (Market)	1,291
	The Heritage At Freemason Harbour (Market)	768	The Belmont At Freemason (Market)	1,182	St. Paul's Apartments (@60%)	1,291
	The Heritage At Freemason Harbour (Market)	768	River House Apartments (Market)	1,167	The Claimont At Campostella Station (@60%)	1,260
	The Heritage At Freemason Harbour (Market)	768	River House Apartments (Market)	1,157	The Claimont At Campostella Station (@50%)	1,260
	The Alexander At Ghent (Market)	748	The Belmont At Freemason (Market)	1,123	The Claimont At Campostella Station (@40%)	1,260
	The Claimont At Campostella Station (@50%)	720	Monticello Station (Market)	1,085	The Heritage At Freemason Harbour (Market)	1,259
	Quill Farms (@60%)	720	The Heritage At Freemason Harbour (Market)	1,071	The Pointe At Pickett Farms (@60%)	1,222
	The Claimont At Campostella Station (@60%)	720	The Claimont At Campostella Station (@50%)	1,070	Quill Farms (@60%)	1,222
	The Pointe At Pickett Farms (@60%)	720	The Claimont At Campostella Station (@40%)	1,070	Mission College Apartments (Market)	1,200
	The Claimont At Campostella Station (@40%)	720	The Claimont At Campostella Station (@60%)	1,070	Mission College Apartments (@50%)	1,200
			The Belmont At Freemason (Market)	1,065	Market Heights - Phase II (@70%)	1,200
			Mission College Apartments (Market)(1BA)	1,050	Market Heights - Phase II (@50%)	1,200
			Mission College Apartments (@50%)(1BA)	1,050	Market Heights - Phase II (@60%)	1,200
			The Alexander At Ghent (Market)	1,036	The Heritage At Freemason Harbour (Market)	1,187
			The Pointe At Pickett Farms (@60%)	1,035	The Banks At Berkeley (@40%)	1,083
			Quill Farms (@60%)	962	The Banks At Berkeley (@50%)	1,083
			Market Heights - Phase II (@60%)	962	The Banks At Berkeley (@60%)	1,083
			Market Heights - Phase II (@70%)	962		
			Market Heights - Phase II (@50%)	962		
			St. Paul's Apartments (@60%)	946		
			St. Paul's Apartments (@40%)	946		
			St. Paul's Apartments (Market)	946		
			St. Paul's Apartments (@50%)	946		
			The Banks At Berkeley (@60%)(1.5BA)	871		
			The Banks At Berkeley (@50%)(1.5BA)	871		
			The Banks At Berkeley (@40%)(1.5BA)	871		
RENT PER SQUARE FOOT	The Alexander At Ghent (Market)	\$2.35	Monticello Station (Market)	\$1.80	Monticello Station (Market)	\$1.69
	The Heritage At Freemason Harbour (Market)	\$1.93	Monticello Station (Market)	\$1.59	River House Apartments (Market)	\$1.61
	The Heritage At Freemason Harbour (Market)	\$1.91	Monticello Station (Market)	\$1.59	Monticello Station (Market)(3BA)	\$1.53
	The Heritage At Freemason Harbour (Market)	\$1.89	The Belmont At Freemason (Market)	\$1.57	The Alexander At Ghent (Market)	\$1.49
	The Alexander At Ghent (Market)	\$1.86	The Heritage At Freemason Harbour (Market)	\$1.54	The Heritage At Freemason Harbour (Market)	\$1.45
	The Belmont At Freemason (Market)	\$1.82	The Belmont At Freemason (Market)	\$1.53	The Heritage At Freemason Harbour (Market)	\$1.44
	The Belmont At Freemason (Market)	\$1.79	The Heritage At Freemason Harbour (Market)	\$1.41	The Heritage At Freemason Harbour (Market)	\$1.43
	The Belmont At Freemason (Market)	\$1.76	St. Paul's Apartments (Market)	\$1.40	River House Apartments (Market)	\$1.42
	The Alexander At Ghent (Market)	\$1.74	The Alexander At Ghent (Market)	\$1.37	St. Paul's Apartments (Market)	\$1.22
	Monticello Station (Market)	\$1.68	The Belmont At Freemason (Market)	\$1.36	Market Heights - Phase II (@50%)	\$1.20
	River House Apartments (Market)	\$1.61	River House Apartments (Market)	\$1.36	Meadowood Apartments (Market)	\$1.18
	Meadowood Apartments (Market)	\$1.39	River House Apartments (Market)	\$1.34	Quill Farms (@60%)	\$0.87
	St. Paul's Apartments (@60%)	\$1.25	The Heritage At Freemason Harbour (Market)	\$1.31	The Pointe At Pickett Farms (@60%)	\$0.87
	Market Heights - Phase II (@50%)	\$1.22	The Alexander At Ghent (Market)	\$1.27	Market Heights - Phase II (@70%)	\$0.86
	Quill Farms (@60%)	\$1.10	Meadowood Apartments (Market)	\$1.21	Market Heights - Phase II (@60%)	\$0.86
	The Pointe At Pickett Farms (@60%)	\$1.10	Meadowood Apartments (Market)	\$1.20	St. Paul's Apartments (@60%)	\$0.84
	Market Heights - Phase II (@60%)	\$1.08	Market Heights - Phase II (@80%)	\$1.04	The Claimont At Campostella Station (@60%)	\$0.83
	Market Heights - Phase II (@70%)	\$1.08	St. Paul's Apartments (@60%)	\$1.01	The Banks At Berkeley (@60%)	\$0.81
	The Claimont At Campostella Station (@60%)	\$1.08	St. Paul's Apartments (@40%)	\$0.99	Meadowood Apartments (@80%)	\$0.80
	St. Paul's Apartments (@50%)	\$1.02	Market Heights - Phase II (@70%)	\$0.93	The Banks At Berkeley (@50%)	\$0.78
	St. Paul's Apartments (@40%)	\$1.00	Market Heights - Phase II (@60%)	\$0.93	Mission College Apartments (Market)	\$0.70
	Meadowood Apartments (@80%)	\$0.95	The Banks At Berkeley (@50%)(1.5BA)	\$0.90	The Claimont At Campostella Station (@50%)	\$0.68
	The Claimont At Campostella Station (@50%)	\$0.88	The Pointe At Pickett Farms (@60%)	\$0.89	Mission College Apartments (@50%)	\$0.65
	Mission College Apartments (Market)	\$0.80	Quill Farms (@60%)	\$0.89	The Banks At Berkeley (@40%)	\$0.59
	Mission College Apartments (@50%)	\$0.69	The Claimont At Campostella Station (@60%)	\$0.86	The Claimont At Campostella Station (@40%)	\$0.52
	The Claimont At Campostella Station (@40%)	\$0.69	The Banks At Berkeley (@50%)(1.5BA)	\$0.85		
			St. Paul's Apartments (@50%)	\$0.82		
			Meadowood Apartments (@80%)	\$0.82		
			Meadowood Apartments (@80%)	\$0.81		
			Mission College Apartments (Market)(1BA)	\$0.71		
			The Claimont At Campostella Station (@50%)	\$0.70		
			Mission College Apartments (@50%)(1BA)	\$0.65		
			The Banks At Berkeley (@40%)(1.5BA)	\$0.65		
			The Claimont At Campostella Station (@40%)	\$0.54		

PROPERTY PROFILE REPORT

Meadowood Apartments

Effective Rent Date	11/05/2019
Location	6130 Edward Street Norfolk, VA 23513 County
Distance	3.5 miles
Units	180
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2011 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Mostly military personnel and with families.
Contact Name	Jeff
Phone	757-965-5252



Market Information

Program	@80%, Market
Annual Turnover Rate	15%
Units/Month Absorbed	23
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Kept at Max; Market Rents increase 1 to 2
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

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	850	\$780	\$0	@80%	No	0	N/A	yes	None
1	1	Garden (3 stories)	N/A	850	\$1,149	\$0	Market	No	0	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,200	\$940	\$0	@80%	No	0	N/A	no	None
2	2	Garden (3 stories)	N/A	1,230	\$975	\$0	@80%	No	0	N/A	yes	None
2	2	Garden (3 stories)	N/A	1,200	\$1,419	\$0	Market	No	0	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,230	\$1,449	\$0	Market	No	0	N/A	N/A	None
3	2	Garden (3 stories)	N/A	1,380	\$1,080	\$0	@80%	No	0	N/A	yes	None
3	2	Garden (3 stories)	N/A	1,380	\$1,599	\$0	Market	No	0	N/A	N/A	None

Unit Mix

@80%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$780	\$0	\$780	\$29	\$809	1BR / 1BA	\$1,149	\$0	\$1,149	\$29	\$1,178
2BR / 2BA	\$940 - \$975	\$0	\$940 - \$975	\$29	\$969 - \$1,004	2BR / 2BA	\$1,419 - \$1,449	\$0	\$1,419 - \$1,449	\$29	\$1,448 - \$1,478
3BR / 2BA	\$1,080	\$0	\$1,080	\$29	\$1,109	3BR / 2BA	\$1,599	\$0	\$1,599	\$29	\$1,628

Meadowood Apartments, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpet/Hardwood	Central A/C	Limited Access	
Coat Closet	Dishwasher	Perimeter Fencing	
Exterior Storage	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
Exercise Facility	Off-Street Parking		
On-Site Management	Picnic Area		
Playground	Swimming Pool		

Comments

The leasing associate was not able to provide the total number of units for each unit type. Turnover is typically very low at the property. This property is not Section 42/LIHTC restricted. Units operate under the 80/20 Workforce program, where 80 percent of units are restricted to 150 percent of AMI (listed as market rate in unit mix), or less, and 20 percent of units are restricted to 80 percent of AMI, or less. The contact maintained that the 80 percent AMI units are set at their regulatory maximum. The contact noted that the property could likely achieve higher rents, though he could not opine as to whether 80 percent maximum allowable LIHTC rents would be achievable.

Photos



PROPERTY PROFILE REPORT

Mission College Apartments

Effective Rent Date	11/04/2019
Location	1300 Lead Street Norfolk, VA 23504 Norfolk County
Distance	0.9 miles
Units	260
Vacant Units	7
Vacancy Rate	2.7%
Type	Garden (3 stories)
Year Built/Renovated	1990 / 2008
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Ingleside Square Aaprtments
Tenant Characteristics	Local Families
Contact Name	Antoine
Phone	(757) 640-1300



Market Information

Program	@50%, Market
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	40%
Leasing Pace	Pre-leased to within two weeks
Annual Chg. in Rent	Increased one to six 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	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	Garden (3 stories)	24	850	\$670	\$0	@50%	No	1	4.2%	no	None
1	1	Garden (3 stories)	12	850	\$765	\$0	Market	No	0	0.0%	N/A	None
2	1	Garden (3 stories)	84	1,050	\$799	\$0	@50%	No	2	2.4%	no	None
2	1	Garden (3 stories)	84	1,050	\$865	\$0	Market	No	2	2.4%	N/A	None
3	2	Garden (3 stories)	12	1,200	\$919	\$0	@50%	No	1	8.3%	no	None
3	2	Garden (3 stories)	24	1,200	\$980	\$0	Market	No	0	0.0%	N/A	None
4	2.5	Garden (3 stories)	10	1,350	\$1,019	\$0	@50%	No	0	0.0%	no	None
4	2.5	Garden (3 stories)	10	1,350	\$1,105	\$0	Market	No	1	10.0%	N/A	None

Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$670	\$0	\$670	-\$85	\$585	1BR / 1BA	\$765	\$0	\$765	-\$85	\$680
2BR / 1BA	\$799	\$0	\$799	-\$116	\$683	2BR / 1BA	\$865	\$0	\$865	-\$116	\$749
3BR / 2BA	\$919	\$0	\$919	-\$145	\$774	3BR / 2BA	\$980	\$0	\$980	-\$145	\$835
4BR / 2.5BA	\$1,019	\$0	\$1,019	-\$175	\$844	4BR / 2.5BA	\$1,105	\$0	\$1,105	-\$175	\$930

Mission College Apartments, continued

Amenities

In-Unit		Security	Services
Blinds	Carpeting	Video Surveillance	None
Central A/C	Coat Closet		
Dishwasher	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Central Laundry	Off-Street Parking		
On-Site Management	Playground		
Swimming Pool			

Comments

For the market rate units, none of the utilities are included. The property rents washers and dryers for \$40 per month for the three and four-bedroom units. The property operates on a first-come, first-served basis, though it will keep a list for interested renters that intend to move in at a later date. The contact noted multiple recent tenant move-outs. However, the property expects to fill the vacant units within the next two weeks.

Photos



PROPERTY PROFILE REPORT

Quill Farms

Effective Rent Date	11/05/2019
Location	5424 Greenplain Road Norfolk, VA 23502 Norfolk County
Distance	3.1 miles
Units	180
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2015 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None noted
Tenant Characteristics	Families from the area
Contact Name	Jamie
Phone	(757) 962-3159



Market Information

Program	@60%
Annual Turnover Rate	10%
Units/Month Absorbed	0
HCV Tenants	10%
Leasing Pace	Pre-leased to within two weeks
Annual Chg. in Rent	Kept at max
Concession	None
Waiting List	Yes, two to six months

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	Garden (3 stories)	N/A	720	\$789	\$0	@60%	Yes	0	N/A	yes	None
2	2	Garden (3 stories)	N/A	1,035	\$924	\$0	@60%	Yes	0	N/A	yes	None
3	2	Garden (3 stories)	N/A	1,222	\$1,060	\$0	@60%	Yes	0	N/A	yes	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$789	\$0	\$789	\$0	\$789
2BR / 2BA	\$924	\$0	\$924	\$0	\$924
3BR / 2BA	\$1,060	\$0	\$1,060	\$0	\$1,060

Quill Farms, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Phone)	None
Carpeting	Central A/C	Limited Access	
Garbage Disposal	Microwave	Perimeter Fencing	
Oven	Refrigerator		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		

Comments

The property is adjacent to the Pointe at Pickett Farms, a general tenancy LIHTC property with 120 units that is under the same management. The contact could not provide a unit-mix breakdown. The community has shared amenities, including the community room, exercise facility, and playground.

Photos



PROPERTY PROFILE REPORT

St. Paul's Apartments

Effective Rent Date	10/03/2019
Location	494 St. Paul's Boulevard Norfolk, VA 23510 County
Distance	0.5 miles
Units	126
Vacant Units	1
Vacancy Rate	0.8%
Type	Garden (2 stories)
Year Built/Renovated	2019 / N/A
Marketing Began	N/A
Leasing Began	2/01/2019
Last Unit Leased	8/01/2019
Major Competitors	N/A
Tenant Characteristics	Families, singles, couples from Norfolk
Contact Name	N/A
Phone	N/A



Market Information

Program	@40% (Project Based Rental Assistance -
Annual Turnover Rate	N/A
Units/Month Absorbed	21
HCV Tenants	N/A
Leasing Pace	N/A
Annual Chg. in Rent	Kept at max
Concession	None
Waiting List	300 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	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	Garden (2 stories)	7	640	\$637	\$0	@40% (Project Based Rental Assistance - PBRA)	Yes	0	0.0%	N/A	None
1	1	Garden (2 stories)	7	640	\$654	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (2 stories)	6	640	\$801	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (2 stories)	6	946	\$940	\$0	@40% (Project Based Rental Assistance - PBRA)	Yes	0	0.0%	N/A	None
2	2	Garden (2 stories)	44	946	\$773	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (2 stories)	27	946	\$952	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (2 stories)	3	946	\$1,320	\$0	Market	No	1	33.3%	N/A	None
3	2	Garden (2 stories)	23	1,291	\$1,083	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (2 stories)	3	1,291	\$1,575	\$0	Market	No	0	0.0%	N/A	None

St. Paul's Apartments, 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	\$637	\$0	\$637	\$0	\$637	1BR / 1BA	\$654	\$0	\$654	\$0	\$654
2BR / 2BA	\$940	\$0	\$940	\$0	\$940	2BR / 2BA	\$773	\$0	\$773	\$0	\$773
@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$801	\$0	\$801	\$0	\$801	2BR / 2BA	\$1,320	\$0	\$1,320	\$0	\$1,320
2BR / 2BA	\$952	\$0	\$952	\$0	\$952	3BR / 2BA	\$1,575	\$0	\$1,575	\$0	\$1,575
3BR / 2BA	\$1,083	\$0	\$1,083	\$0	\$1,083						

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher	Perimeter Fencing	
Garbage Disposal	Microwave	Video Surveillance	
Oven	Refrigerator		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	Dog park
Courtyard	Exercise Facility		
Central Laundry	Off-Street Parking		
On-Site Management	Picnic Area		
Playground	Recreation Areas		
Swimming Pool			

Comments

The property opened in February 2019 and was fully leased within six months. Management was unable to provide number of Housing Choice voucher tenants. Washer/dryers are available for rent for \$40.

Photos



PROPERTY PROFILE REPORT

The Banks At Berkley

Effective Rent Date	11/04/2019
Location	701 S Main St Norfolk, VA 23523 Norfolk County
Distance	1.2 miles
Units	50
Vacant Units	0
Vacancy Rate	0.0%
Type	Midrise (4 stories)
Year Built/Renovated	2017 / N/A
Marketing Began	12/01/2017
Leasing Began	N/A
Last Unit Leased	1/31/2018
Major Competitors	Not provided
Tenant Characteristics	Not provided
Contact Name	Wanda
Phone	757-375-7216



Market Information

Program	@40%, @50%, @60%
Annual Turnover Rate	N/A
Units/Month Absorbed	25
HCV Tenants	10%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Kept at max; Increased four to ten percent
Concession	None
Waiting List	Yes; multiple HH for each unit size

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
2	1.5	Midrise (4 stories)	4	871	\$566	\$0	@40%	Yes	0	0.0%	yes	None
2	1.5	Midrise (4 stories)	31	871	\$744	\$0	@50%	Yes	0	0.0%	yes	None
2	1.5	Midrise (4 stories)	4	871	\$785	\$0	@60%	Yes	0	0.0%	no	None
3	2	Midrise (4 stories)	1	1,083	\$643	\$0	@40%	Yes	0	0.0%	yes	None
3	2	Midrise (4 stories)	4	1,083	\$849	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Midrise (4 stories)	6	1,083	\$880	\$0	@60%	Yes	0	0.0%	no	None

Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1.5BA	\$566	\$0	\$566	\$0	\$566	2BR / 1.5BA	\$744	\$0	\$744	\$0	\$744
3BR / 2BA	\$643	\$0	\$643	\$0	\$643	3BR / 2BA	\$849	\$0	\$849	\$0	\$849
@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
2BR / 1.5BA	\$785	\$0	\$785	\$0	\$785						
3BR / 2BA	\$880	\$0	\$880	\$0	\$880						

The Banks At Berkley, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Dishwasher	Garbage Disposal	Patrol	
Microwave	Oven	Video Surveillance	
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Elevators	None	None
Garage	Central Laundry		
Off-Street Parking	On-Site Management		
Playground			

Comments

The contact reported the property does keep a waiting list of at least a few households for each unit size. Rents at the property are kept below the maximum allowable levels for the 60 percent AMI units. The property is not managed by a non-profit entity. The contact maintained that the property could achieve the maximum allowable rent levels, though she could not provide a reason for 60 percent AMI rents being below the 2019 maximum allowable levels.

Photos



PROPERTY PROFILE REPORT

The Clairmont At Campostella Station

Effective Rent Date	11/05/2019
Location	1030 Berkley Avenue Norfolk, VA 23523 Norfolk County
Distance	1.6 miles
Units	152
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2017 / N/A
Marketing Began	5/01/2017
Leasing Began	N/A
Last Unit Leased	8/31/2017
Major Competitors	None provided
Tenant Characteristics	Not provided
Contact Name	Tiffany
Phone	757-802-9811



Market Information

Program	@40%, @50%, @60%
Annual Turnover Rate	10%
Units/Month Absorbed	15
HCV Tenants	25%
Leasing Pace	Pre-leased to within one week
Annual Chg. in Rent	Kept at Max
Concession	None
Waiting List	Yes, approximately 50 HH for 1BD, 60 HH for 2BD, 25 HH for 3BD

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	Garden (3 stories)	2	720	\$494	\$0	@40%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	2	720	\$635	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	18	720	\$775	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	4	1,070	\$582	\$0	@40%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	14	1,070	\$750	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	46	1,070	\$920	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	4	1,260	\$658	\$0	@40%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	16	1,260	\$853	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	46	1,260	\$1,046	\$0	@60%	Yes	0	0.0%	yes	None

Photos



PROPERTY PROFILE REPORT

The Pointe At Pickett Farms

Effective Rent Date	11/05/2019
Location	5424 Greenplain Road Norfolk, VA 23502 County
Distance	3.1 miles
Units	120
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2014 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None noted
Tenant Characteristics	Mostly families from the local area.
Contact Name	Jamaica
Phone	(757) 962-3159



Market Information

Program	@60%
Annual Turnover Rate	10%
Units/Month Absorbed	60
HCV Tenants	10%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Kept at Max
Concession	None
Waiting List	Yes, two to six months

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	Garden (3 stories)	N/A	720	\$789	\$0	@60%	Yes	0	N/A	yes	None
2	2	Garden (3 stories)	N/A	1,035	\$924	\$0	@60%	Yes	0	N/A	yes	None
3	2	Garden (3 stories)	N/A	1,222	\$1,060	\$0	@60%	Yes	0	N/A	yes	None

Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$789	\$0	\$789	\$0	\$789
2BR / 2BA	\$924	\$0	\$924	\$0	\$924
3BR / 2BA	\$1,060	\$0	\$1,060	\$0	\$1,060

The Pointe At Pickett Farms, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Phone)	None
Carpeting	Central A/C	Limited Access	
Dishwasher	Garbage Disposal	Perimeter Fencing	
Microwave	Oven		
Refrigerator	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Off-Street Parking	On-Site Management		
Playground	Swimming Pool		

Comments

The property is adjacent to Quill Farms, a general tenancy LIHTC property with 180 units that is under the same management. The contact could not provide a unit-mix breakdown. The community has shared amenities, including the community room, exercise facility, and playground.

Photos



PROPERTY PROFILE REPORT

Monticello Station

Effective Rent Date	11/05/2019
Location	328 East Freemason Street Norfolk, VA 23510 Norfolk City County
Distance	0.7 miles
Units	121
Vacant Units	1
Vacancy Rate	0.8%
Type	Midrise (4 stories)
Year Built/Renovated	2010 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Watermark Apartments
Tenant Characteristics	Mixed tenancy from the local area.
Contact Name	Angela
Phone	(757) 321-7282



Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	0
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Changes daily (LRO)
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

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)	43	878	\$1,450	\$0	Market	No	0	0.0%	N/A	AVG*
2	2	Midrise (4 stories)	63	1,249	\$1,954	\$0	Market	No	1	1.6%	N/A	AVG*
2	2	Midrise (4 stories)	0	1,400	\$2,211	\$0	Market	No	0	N/A	N/A	HIGH*
2	2	Midrise (4 stories)	0	1,085	\$1,697	\$0	Market	No	0	N/A	N/A	LOW*
3	2	Midrise (4 stories)	11	1,377	\$2,294	\$0	Market	No	0	0.0%	N/A	AVG*
3	3	Midrise (4 stories)	2	1,450	\$2,185	\$0	Market	No	0	0.0%	N/A	None
4	3	Midrise (4 stories)	2	1,610	\$2,424	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,450	\$0	\$1,450	\$29	\$1,479
2BR / 2BA	\$1,697 - \$2,211	\$0	\$1,697 - \$2,211	\$29	\$1,726 - \$2,240
3BR / 2BA	\$2,294	\$0	\$2,294	\$29	\$2,323
3BR / 3BA	\$2,185	\$0	\$2,185	\$29	\$2,214
4BR / 3BA	\$2,424	\$0	\$2,424	\$29	\$2,453

Monticello Station, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher	Video Surveillance	
Exterior Storage(\$100.00)	Ceiling Fan		
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
Courtyard	Elevators		
Exercise Facility	Garage(\$50.00)		
On-Site Management	Picnic Area		
Swimming Pool	Wi-Fi		

Comments

Garage parking is available for \$50 per month. Rents vary considerably at the property, as it relies on a daily LRO report. The property has not had an available three-bedroom, three-bathroom unit in many months and the contact provided an estimated rental rate. The square footage for the one and three-bedroom units are average square footages.

Photos



PROPERTY PROFILE REPORT

River House Apartments

Effective Rent Date	11/04/2019
Location	4253 Llewellyn Avenue Norfolk, VA 23504 County
Distance	1.8 miles
Units	194
Vacant Units	12
Vacancy Rate	6.2%
Type	Midrise (4 stories)
Year Built/Renovated	2010 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	201 Twenty-One, Ghent Village, The Element
Tenant Characteristics	Mixed tenancy from the local area, some military.
Contact Name	Jordan
Phone	757-305-9296



Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	16
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	No change to increased 30 percent
Concession	None
Waiting List	None currently

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)	45	825	\$1,299	\$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (4 stories)	66	1,157	\$1,540	\$0	Market	No	6	9.1%	N/A	None
2	2	Midrise (4 stories)	65	1,167	\$1,540	\$0	Market	No	3	4.6%	N/A	None
3	2	Midrise (4 stories)	9	1,352	\$1,895	\$0	Market	No	2	22.2%	N/A	None
3	2	Midrise (4 stories)	9	1,506	\$2,400	\$0	Market	No	1	11.1%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,299	\$0	\$1,299	\$29	\$1,328
2BR / 2BA	\$1,540	\$0	\$1,540	\$29	\$1,569
3BR / 2BA	\$1,895 - \$2,400	\$0	\$1,895 - \$2,400	\$29	\$1,924 - \$2,429

River House Apartments, continued

Amenities

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

Comments

Base rents and square footage are reflected in the property profile. The contact noted that there are several premium amenities offered that can increase the monthly rent by up to \$200; these amenities can include a creek view, a river view, a double balcony, vaulted ceilings, and granite counter top. Rents at the property increased for the largest three-bedroom unit type, but have not changed for the remaining unit sizes. The property does not accept Housing Choice Vouchers. The contact attributed the elevated vacancy rate to multiple recent move-outs and noted that management expects occupancy to stabilize within the next two weeks.

Photos



PROPERTY PROFILE REPORT

The Alexander At Ghent

Effective Rent Date	11/05/2019
Location	1600 Granby Street Norfolk, VA 23510 Norfolk County
Distance	1.2 miles
Units	268
Vacant Units	4
Vacancy Rate	1.5%
Type	Midrise (4 stories)
Year Built/Renovated	2007 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Heritage at Freemason Harbour
Tenant Characteristics	Approximately 35 percent military. Mostly tenants from the Norfolk area.
Contact Name	Jessica
Phone	(757) 516-7465



Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	0
HCV Tenants	N/A
Leasing Pace	Within two weeks
Annual Chg. in Rent	Rents vary; LRO Report
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

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 (4 stories)	12	565	\$1,260	\$0	Market	No	0	0.0%	N/A	None
0	1	Midrise (4 stories)	50	695	\$1,260	\$0	Market	No	1	2.0%	N/A	None
1	1	Midrise (4 stories)	12	565	\$1,300	\$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (4 stories)	56	748	\$1,365	\$0	Market	No	0	0.0%	N/A	None
1	1	Midrise (4 stories)	6	825	\$1,405	\$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (4 stories)	84	1,036	\$1,390	\$0	Market	No	3	3.6%	N/A	None
2	2	Midrise (4 stories)	36	1,192	\$1,490	\$0	Market	No	0	0.0%	N/A	None
3	2	Midrise (4 stories)	12	1,324	\$1,950	\$0	Market	No	0	0.0%	N/A	None

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$1,260	\$0	\$1,260	\$29	\$1,289
1BR / 1BA	\$1,300 - \$1,405	\$0	\$1,300 - \$1,405	\$29	\$1,329 - \$1,434
2BR / 2BA	\$1,390 - \$1,490	\$0	\$1,390 - \$1,490	\$29	\$1,419 - \$1,519
3BR / 2BA	\$1,950	\$0	\$1,950	\$29	\$1,979

The Alexander At Ghent, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpet/Hardwood	Carpeting	Limited Access	
Central A/C	Coat Closet		
Dishwasher	Ceiling Fan		
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
Courtyard	Elevators		
Exercise Facility	Garage		
Off-Street Parking	On-Site Management		
Picnic Area	Swimming Pool		
Wi-Fi			

Comments

The property does not accept Housing Choice Vouchers. Each unit comes with an attached garage at no additional charge. Additional spaces are available for a price of \$50 per space.

Photos



PROPERTY PROFILE REPORT

The Belmont At Freemason

Effective Rent Date	11/05/2019
Location	260 York Street Norfolk, VA 23510 County
Distance	1 mile
Units	239
Vacant Units	0
Vacancy Rate	0.0%
Type	Highrise (7 stories)
Year Built/Renovated	2009 / N/A
Marketing Began	1/01/2009
Leasing Began	6/01/2009
Last Unit Leased	6/01/2011
Major Competitors	The Heritage at Freemason Harbour, The James
Tenant Characteristics	Most of the tenants are from outside of the Norfolk area.
Contact Name	Becca/Theresa
Phone	757-275-7340



Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	10
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Rents changed weekly
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

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 (7 stories)	N/A	769	\$1,347	\$0	Market	No	0	N/A	N/A	AVG*
1	1	Highrise (7 stories)	0	836	\$1,444	\$0	Market	No	0	N/A	N/A	HIGH*
1	1	Highrise (7 stories)	0	702	\$1,250	\$0	Market	No	0	N/A	N/A	LOW*
2	2	Highrise (7 stories)	N/A	1,123	\$1,729	\$0	Market	No	0	N/A	N/A	AVG*
2	2	Highrise (7 stories)	0	1,182	\$1,725	\$150	Market	No	0	N/A	N/A	HIGH*
2	2	Highrise (7 stories)	0	1,065	\$1,599	\$0	Market	No	0	N/A	N/A	LOW*

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,250 - \$1,444	\$0	\$1,250 - \$1,444	\$29	\$1,279 - \$1,473
2BR / 2BA	\$1,599 - \$1,729	\$0 - \$150	\$1,575 - \$1,729	\$29	\$1,604 - \$1,758

The Belmont At Freemason, continued

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Intercom (Phone)	
Coat Closet	Dishwasher	Limited Access	
Ceiling Fan	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		
Garage	Off-Street Parking		
On-Site Management			

Comments

The property does not accept Housing Choice Vouchers. One-bedroom units come with one free parking space, and two-bedroom units come with two free parking spaces. Additional garage spaces lease for \$50 per month. The contact was not able to provide a unit-mix breakdown. The property will occasionally offer rental concessions, though it does not currently offer any.

Photos



PROPERTY PROFILE REPORT

The Heritage At Freemason Harbour

Effective Rent Date	11/04/2019
Location	200 College Place Norfolk, VA 23510 Norfolk County
Distance	0.9 miles
Units	185
Vacant Units	5
Vacancy Rate	2.7%
Type	Midrise (4 stories)
Year Built/Renovated	1999 / 2018
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Belmont at Freemason Harbor, The Element
Tenant Characteristics	Most of the tenants are from out of the Norfolk area.
Contact Name	Carlos
Phone	757-623-2200



Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one to two weeks
Annual Chg. in Rent	Changes weekly; LRO report
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

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)	51	768	\$1,440	\$0	Market	No	2	3.9%	N/A	AVG*
1	1	Midrise (4 stories)	0	768	\$1,455	\$0	Market	No	0	N/A	N/A	HIGH*
1	1	Midrise (4 stories)	0	768	\$1,425	\$0	Market	No	0	N/A	N/A	LOW*
2	2	Midrise (4 stories)	109	1,201	\$1,665	\$0	Market	No	2	1.8%	N/A	AVG*
2	2	Midrise (4 stories)	0	1,330	\$1,710	\$0	Market	No	0	N/A	N/A	HIGH*
2	2	Midrise (4 stories)	0	1,071	\$1,620	\$0	Market	No	0	N/A	N/A	LOW*
3	2	Midrise (4 stories)	25	1,259	\$1,780	\$0	Market	No	1	4.0%	N/A	AVG*
3	2	Midrise (4 stories)	0	1,330	\$1,895	\$0	Market	No	0	N/A	N/A	HIGH*
3	2	Midrise (4 stories)	0	1,187	\$1,665	\$0	Market	No	0	N/A	N/A	LOW*

The Heritage At Freemason Harbour, continued

Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,425 - \$1,455	\$0	\$1,425 - \$1,455	\$29	\$1,454 - \$1,484
2BR / 2BA	\$1,620 - \$1,710	\$0	\$1,620 - \$1,710	\$29	\$1,649 - \$1,739
3BR / 2BA	\$1,665 - \$1,895	\$0	\$1,665 - \$1,895	\$29	\$1,694 - \$1,924

Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	In-Unit Alarm	None
Carpeting	Central A/C	Intercom (Buzzer)	
Coat Closet	Dishwasher	Limited Access	
Exterior Storage(\$30.00)	Fireplace		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Vaulted Ceilings	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	Off-Street Parking		
On-Site Management	Service Coordination		
Wi-Fi			

Comments

The property does not accept Housing Choice Vouchers. One uncovered parking space and one carport parking space is included in rent. Small and large exterior storage space is available to rent for \$35 and \$65, respectively. The small storage spaces are four feet by five feet. The large storage spaces are five feet by eight feet. The contact was unable to estimate the percentage of storage units in use or the total number of storage units. Rents were only provided for units that are currently available. The property renovates units on an ongoing basis.

Photos



ADDENDUM D
Site and Floor Plans

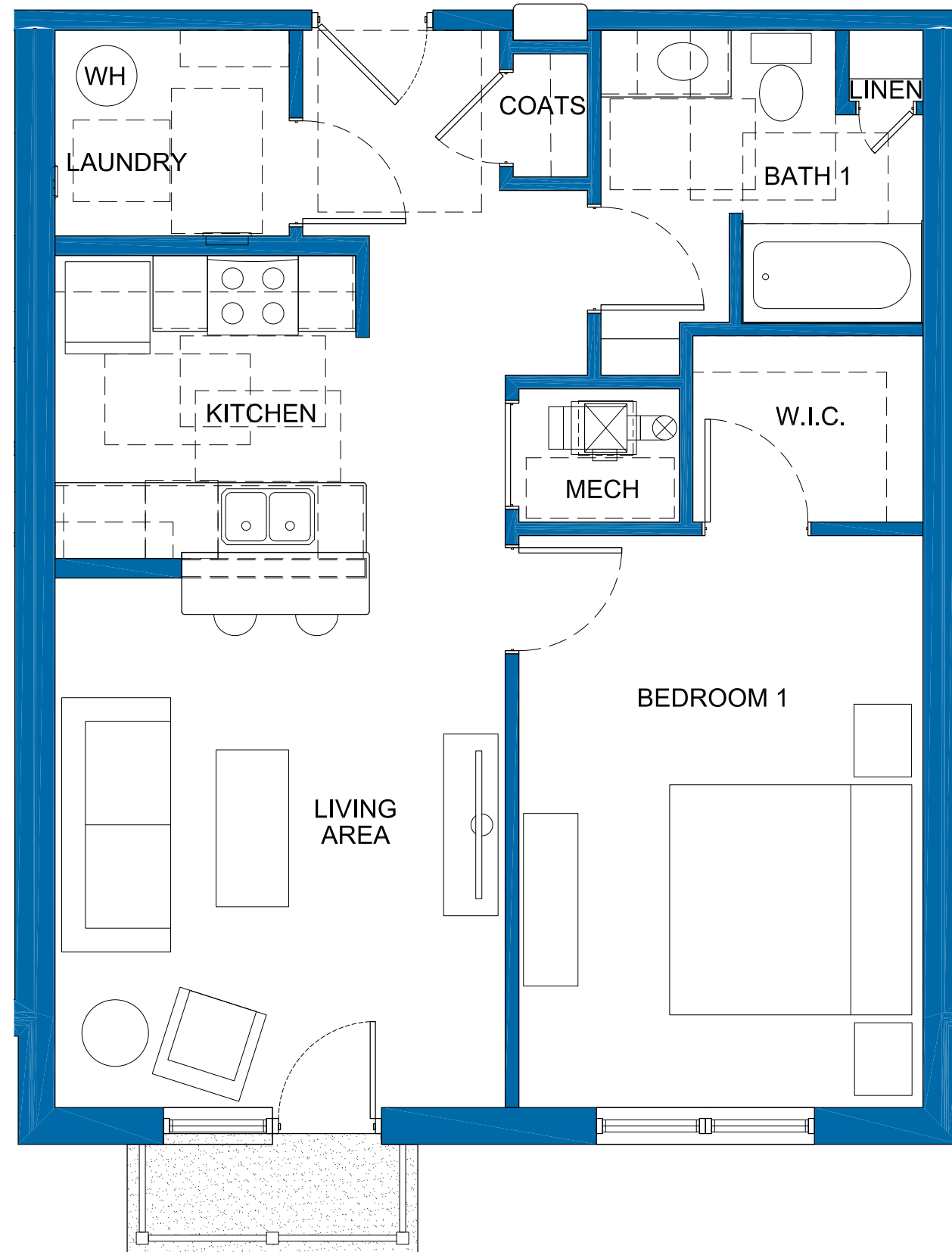


CONCEPTUAL SITE PLAN

MARKET HEIGHTS | 630 TIDEWATER DRIVE - NORFOLK, VIRGINIA

ONE BEDROOM UNIT 1.1

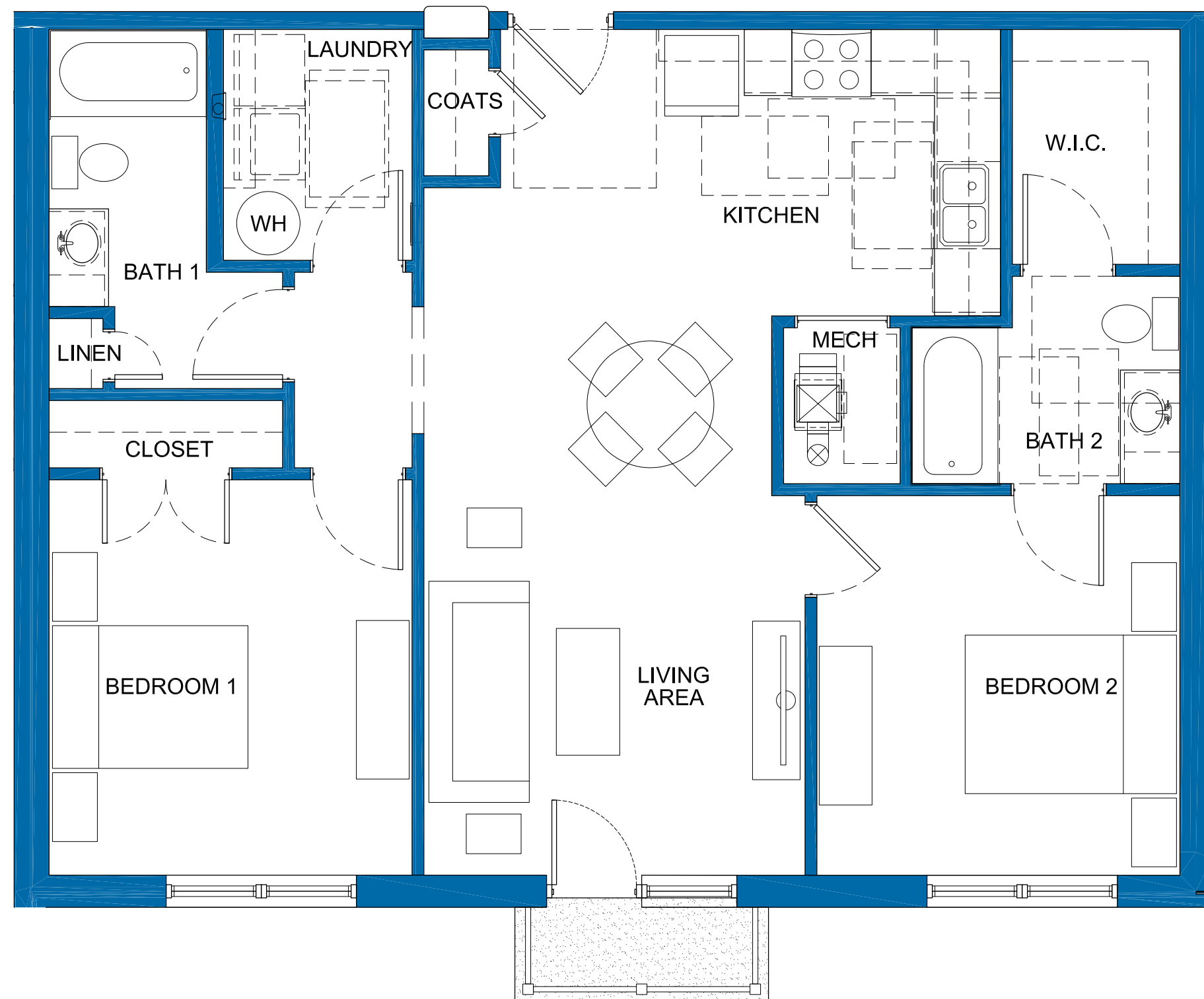
NET SQUARE FEET: 708
GROSS SQUARE FEET: 780
QUANTITY: 9



MARKET HEIGHTS
630 TIDEWATER DRIVE
NORFOLK, VIRGINIA
01.30.19
SCALE : 1/4" = 1'-0"

TWO BEDROOM UNIT 2.1

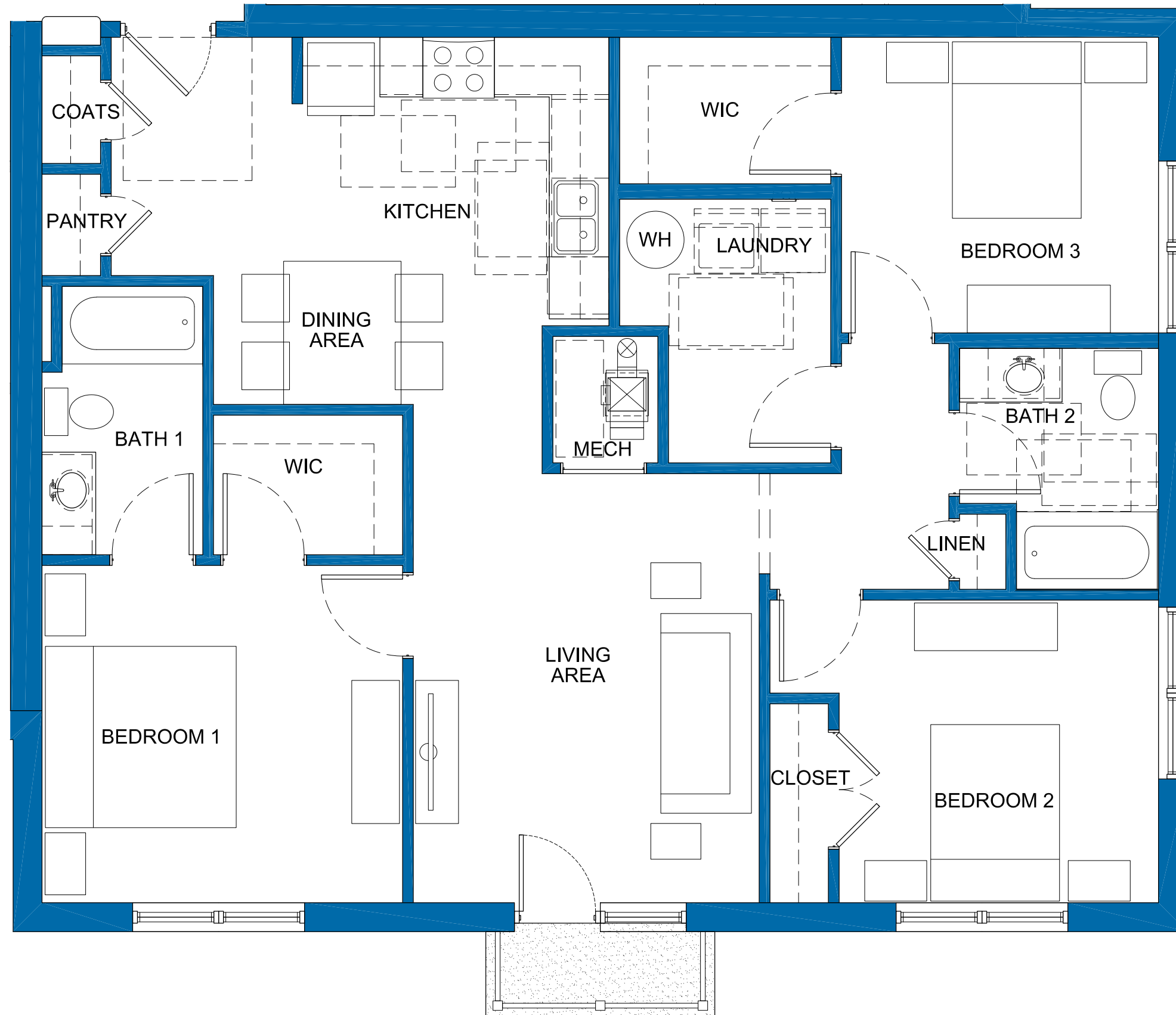
NET SQUARE FEET: 951
GROSS SQUARE FEET: 1,037
QUANTITY: 53



MARKET HEIGHTS
630 TIDEWATER DRIVE
NORFOLK, VIRGINIA
01.30.19
SCALE : 1/4" = 1'-0"

THREE BEDROOM UNIT 3.1

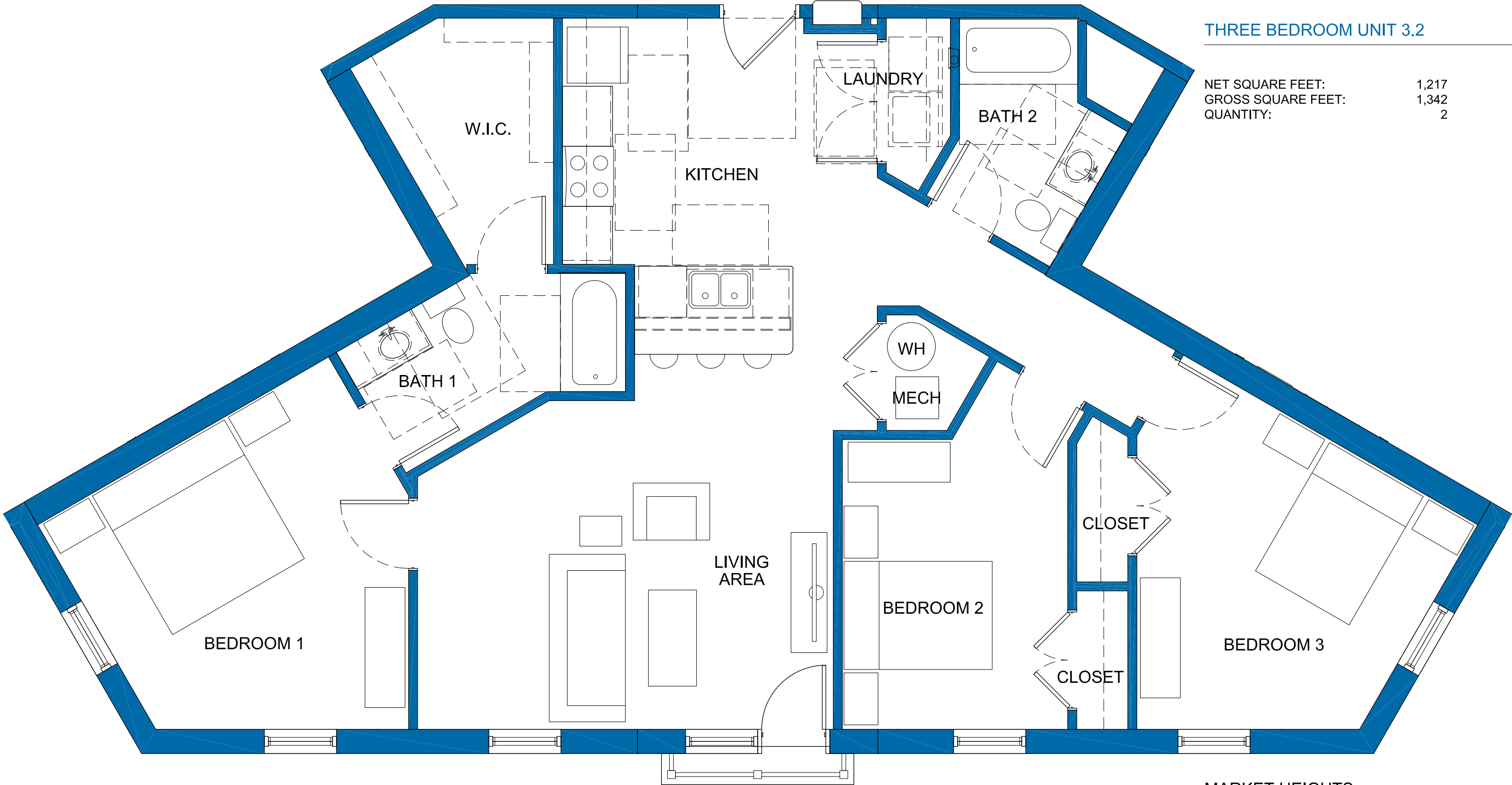
NET SQUARE FEET: 1,179
GROSS SQUARE FEET: 1,288
QUANTITY: 16



MARKET HEIGHTS
630 TIDEWATER DRIVE
NORFOLK, VIRGINIA
01.30.19
SCALE : 1/4" = 1'-0"

THREE BEDROOM UNIT 3.2

NET SQUARE FEET: 1,217
 GROSS SQUARE FEET: 1,342
 QUANTITY: 2



MARKET HEIGHTS
 630 TIDEWATER DRIVE
 NORFOLK, VIRGINIA
 01.30.19
 SCALE : 1/4" = 1'-0"

ADDENDUM E
Utility Allowance

**Allowances for Tenant
Furnished Utilities and
other Services**

U.S. Department of Housing and Urban
Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp. 04/30/2018))

Locality: Norfolk Redevelopment & Housing Authority, VA Unit Type: Multifamily Garden/Apartment Date: 02/01/2019

Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	15.00	18.00	21.00	24.00	26.00	29.00
	b. Bottle Gas/Propane	70.00	86.00	98.00	111.00	119.00	135.00
	c. Electric	13.00	15.00	20.00	25.00	29.00	34.00
	d. Electric Heat Pump	11.00	13.00	16.00	18.00	20.00	22.00
	e. Oil / Other	46.00	56.00	63.00	69.00	76.00	86.00
Cooking	a. Natural Gas	3.00	3.00	5.00	6.00	8.00	9.00
	b. Bottle Gas/Propane	12.00	12.00	21.00	29.00	37.00	41.00
	c. Electric	5.00	6.00	8.00	11.00	13.00	16.00
Other Electric(Lights & Appliances)		18.00	22.00	30.00	38.00	47.00	55.00
Air Conditioning		8.00	9.00	13.00	16.00	20.00	23.00
Water Heating	a. Natural Gas	6.00	7.00	11.00	13.00	16.00	19.00
	b. Bottle Gas/Propane	29.00	33.00	49.00	62.00	78.00	90.00
	c. Electric	12.00	14.00	17.00	21.00	25.00	29.00
	d. Oil/Other	17.00	20.00	30.00	40.00	50.00	56.00
Water		36.00	37.00	48.00	58.00	68.00	78.00
Sewer		47.00	48.00	68.00	87.00	107.00	126.00
Trash Collection		29.00	29.00	29.00	29.00	29.00	29.00
Range / Microwave Tenant-purchasing/leasing		11.00	11.00	11.00	11.00	11.00	11.00
Refrigerator Tenant-purchasing/leasing		12.00	12.00	12.00	12.00	12.00	12.00
other-- Monthly Electric Fee\$6.73		\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
Specify: MonthlyGas Fee \$20.00		\$20.00	20.00	20.00	20.00	20.00	20.00
Actual Family Allowances				Utility or Service		per month cost	
To be used by the family to compute allowance. Complete below for the actual unit rented.				Heating		\$	
				Cooking		\$	
Name of Family				other Electric		\$	
				Air Conditioning		\$	
				Water Heating		\$	
Address of Unit				Water		\$	
				Sewer		\$	
				Trash Collection		\$	
				Range / Microwave		\$	
				Refrigerator		\$	
				Other		\$	
Number of Bedrooms				Other		\$	
				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
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

K. DAVID ADAMESCU

I. Education

The Ohio State University, Columbus, OH
Masters of City and Regional Planning (MCRP)
Bachelors of Arts, Economics

II. Professional Experience

Manager, Novogradac & Company LLP
Real Estate Analyst, Novogradac & Company LLP
Project Director, VWB Research
Field Analyst, The Danter Company

III. Real Estate Assignments

A summary of assignments relating to market feasibility studies and appraisals includes:

- Written and supervised the production of over 1,000 rental housing market studies for projects located throughout 47 states as well as Puerto Rico and Virgin Islands. The preponderance of experience is with affordable housing developments, particularly those that operate with Section 42 Low-income Housing Tax Credit, HUD Section 8/202, and/or USDA Rural Development financing. Scope of analysis typically has included physical inspection of the property and market (have conducted over 400 property inspections throughout the United States and Puerto Rico), concept analysis, demographic and economic analysis, demand and absorption projections, comparable surveying, supply analysis and rent determination.
- Assisted in over 200 appraisals of multifamily rental housing, commercial office, and commercial retail properties. Analysis has included assisting with supply analysis and rent determination, operating expense analysis, capitalization rate determination, valuation utilizing the three approaches to value, insurable value estimation, and LIHTC equity valuation.
- Additional experience authoring market feasibility analyses for condominium housing, single-family housing, senior-oriented housing, seasonal housing, retail, office, golf course/marina resorts, and mixed-use developments.
- Conducted special research for highest and best use evaluations, the impact of “green” development principals on marketability, and seasonal housing dynamics.
- Reviewed third-party market studies and appraisals for investors in the secondary market.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

Robert McCarthy

I. Education

The Ohio State University, Columbus, Ohio
Bachelor of Science in Economics, Bachelor of Arts in Public Affairs

II. Professional Experience

Junior Analyst, Novogradac & Company LLP, August 2017 – Present
Regional Field Organizer, AARP Take a Stand Campaign, June 2016 – December 2016

III. Real Estate Assignments

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

- Assisted with market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, 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, rental rate analysis, competitive property surveying, and overall market analysis.
- Assisted with appraisals of new construction and existing LIHTC and market-rate properties, as well as solar farm developments.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

H. BLAIR KINCER, MAI, CRE

I. Education

Duquesne University, Pittsburgh, Pennsylvania
Masters in Business Administration
Graduated Summa Cum Laude

West Virginia University, Morgantown, West Virginia
Bachelor of Science in Business Administration
Graduated Magna Cum Laude

II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)
Member, The Counselors of Real Estate (CRE)
LEED Green Associate
Member, National Council of Housing Market Analysts (NCHMA)
Past Member Frostburg Housing Authority

Certified General Real Estate Appraiser, No. GA12288 – District of Columbia
Certified General Real Estate Appraiser, No CG1694 – State of Maine
Certified General Real Estate Appraiser, No. 1326 – State of Maryland
Certified General Real Estate Appraiser, No. 103789 – State of Massachusetts
Certified General Real Estate Appraiser, No. 46000039124 – State of New York
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia

III. Professional Experience

Partner, Novogradac & Company LLP
Vice President/Owner, Capital Realty Advisors, Inc.
Vice President - Acquisitions, The Community Partners Development Group, LLC
Commercial Loan Officer/Work-Out Specialist, First Federal Savings Bank of Western MD
Manager - Real Estate Valuation Services, Ernst & Young LLP
Senior Associate, Joseph J. Blake and Associates, Inc.
Senior Appraiser, Chevy Chase, F.S.B.
Senior Consultant, Pannell Kerr Forster

IV. Professional Training

Have presented at and attended various industry conferences regarding the HTC, RETC, NMTC and LIHTC and various market analysis and valuation issues.

Obtained the MAI designation in 1998, maintaining continuing education requirements since. Registered as completing additional professional development programs administered by the Appraisal Institute in the following topic areas:

- 1) Valuation of the Components of a Business Enterprise
- 2) Valuation of Sustainable Buildings: Commercial
- 3) Valuation of Sustainable Buildings: Residential

V. Real Estate Assignments – Examples

In general, have managed and conducted numerous market analyses and appraisals for all types of commercial real estate since 1988.

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA
- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.
- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.
- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered

(LIHTC) and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.

- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.
- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA and the developer in the underwriting process. Market studies are compliant to State, FannieMae and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.
- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.
- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.
- 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.

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 Consulting 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 Consulting 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 Consulting LLP** is an independent market analyst. No principal or employee of **Novogradac Consulting LLP** has any financial interest whatsoever in the development for which this analysis has been undertaken.

K. David Adamescu
Manager

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 built with low income housing tax credits. 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. Components reported in the market study are indicated by a page number.

		Page Number(s)
Executive Summary		
1	Executive Summary	I
Project Description		
2	Proposed number of bedrooms and baths proposed, income limitation, proposed rents and utility allowances	I
3	Utilities (and utility sources) included in rent.	III
4	Project design description	II
5	Unit and project amenities; parking	V
6	Public programs included	I
7	Target population description	II
8	Date of construction/preliminary completion	II
9	If rehabilitation, existing unit breakdown and rents.	II
10	Reference to review/status of project plans	III
Location and Market Area		
11	Market area/secondary market area description	III
12	Concise description of the site and adjacent parcels	III
13	Description of site characteristics	III
14	Site photos/maps	III
15	Map of community services	III
16	Visibility and accessibility evaluation	III
17	Crime information	III
Employment and Economy		
18	Employment by industry	IV
19	Historical unemployment rate	IV
20	Area major employers	IV
21	Five-year employment growth	IV
22	Typical wages by occupation	IV
23	Discussion of commuting patterns of area workers	IV
Demographic Characteristics		
24	Population and household estimates and projections	IV
25	Area building permits	IV
26	Distribution of income	IV
27	Households by tenure	IV
Competitive Environment		
28	Comparable property profiles	V
29	Map of comparable properties	V
30	Comparable property photos	Add. B
31	Existing rental housing evaluation	V
32	Comparable property discussion	V

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 built with low income housing tax credits. 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. Components reported in the market study are indicated by a page number.

		Page Number(s)
33	Area vacancy rates, including rates for Tax Credit and government-subsidized	VI
34	Comparison of subject property to comparable properties	VI
35	Availability of Housing Choice Vouchers	VI
36	Identification of waiting lists	VI
37	Description of overall rental market including share of market-rate and affordable properties	VI
38	List of existing a LIHTC properties	VI
39	Discussion of future changes in housing stock	VI
40	including homeownership	VI
41	Tax credit and other planned or under construction rental communities in market area	VI
Analysis/Conclusions		
42	Calculation and analysis of Capture Rate	VII
43	Calculation and analysis of Penetration Rate	VII
44	Evaluation of proposed rent levels	VII
45	Derivation of Achievable Market Rent and Market Advantage	VII
46	Derivation of Achievable Restricted Rent	VII
47	Precise statement of key conclusions	VII
48	Market strengths and weaknesses impacting project	VII
49	Recommendations and/or modification to project discussion	N/A
50	Discussion of subject property's impact on existing housing	VII
51	Absorption projection with issues impacting performance	VII
52	Discussion of risks or other mitigating circumstances impacting project	VII
53	Interviews with area housing stakeholders	V
Other Requirements		
54	Preparation date of report	Cover
55	Date of field work	Cover
56	Certifications	Add. F
57	Statement of qualifications	Add. E
58	Sources of data not otherwise identified	N/A
59	Utility allowance schedule	Add. D