



**NOVOGRADAC  
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CERTIFIED PUBLIC ACCOUNTANTS

**A MARKET FEASIBILITY STUDY OF:  
1218 PARK  
AVENUE**

# **A MARKET FEASIBILITY STUDY OF:**

# **1218 PARK AVENUE**

1218 Park Avenue  
Lynchburg, VA 24501

Effective Date: February 15, 2019  
Report Date: March 13, 2019

Prepared for:  
Mr. RJ Pasquesi  
KCG Development  
11555 N Meridian Street, Suite 400  
Carmel, IN 46032

Assignment Code: KCG600-043

Prepared by:  
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**NOVOGRADAC  
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CERTIFIED PUBLIC ACCOUNTANTS

March 13, 2019

Mr. RJ Pasquesi  
KCG Development  
11555 N Meridian Street, Suite 400  
Carmel, IN 46032

Re: Market Study - Application for 1218 Park Avenue, located in Lynchburg, Virginia

Dear Mr. Pasquesi:

At your request, Novogradac & Company LLP has performed a study of the multifamily rental market in the Lynchburg, Virginia area relative to the above-referenced proposed Low-Income Housing Tax Credit (LIHTC) project. We have not performed any services relating to this project in the past three years.

The purpose of this market study is to assess the viability of 1218 Park Avenue, a proposed LIHTC property. The Subject will offer 35 units restricted at 40, 50, and 60 percent of the Area Median Income (AMI) or less. Additionally, up to 25 percent of the units will provide leasing preference to individuals with developmental disabilities and/or at risk of homelessness. The client has indicated that this report is being submitted to the Virginia Housing Development Authority (VHDA) for application purposes. 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 2018 market study requirements of the VHDA. This report conforms to VHDA guidelines and no others for simplicity. Furthermore, this document conforms to the prescribed format VHDA stipulates.

Novogradac & Company LLP adheres to the market study guidelines promulgated by the NCHMA.

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

- Inspecting the Subject, and its general location.
- 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.
- Estimating the number of income-eligible households and performing an analysis of relevant demographic demand for the Subject.
- Analyzing the economic and social conditions in the market area, in relation to the project.
- Establishing the Subject's Primary and Secondary Market Area(s), if applicable.
- Surveying competing projects, both LIHTC and market-rate.

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

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The depth of discussion contained in the report is specific to the needs of the client. Please do not hesitate to contact us if there are any questions

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MR. RJ PASQUESI  
KCG DEVELOPMENT  
MARCH 13, 2018  
PAGE 2

regarding the report or if Novogradac & Company LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,  
Novogradac & Company LLP



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# **A. EXECUTIVE SUMMARY**

**EXECUTIVE SUMMARY**

**Subject Site Description:** The Subject site is located on 1218 Park Avenue, Lynchburg, VA, 24501.

**Surrounding Land Uses:** The Subject site is located in a predominantly residential neighborhood roughly one half mile from downtown Lynchburg. Land use immediately north of the Subject site consists of an auto-oriented use, a water treatment plant, and single-family homes in fair to average condition, followed by commercial and religious uses along Fifth Street. Land use immediately east of the Subject site consists of single-family homes in fair to average condition, followed by a religious use. Land use immediately south of the Subject site is the Subject’s parking lot, which will offer 25 parking spaces to residents, followed by single-family homes in fair to average condition, and a funeral home. Farther south are more single-family homes in fair to average condition and religious uses. Land use west of the Subject includes a public park, Lynchburg High Apartments, a Section 8 property that was excluded as a comparable due to offering subsidized rents, followed by single-family homes in fair to average condition.

**Site Description:** The site has an irregular shape with access points on the east sides of Park Avenue and Wise Street, the south side of 7<sup>th</sup> Street, and the west side of Taylor Street. The proposed Subject site is currently improved with a vacant industrial building, which was formerly a bread factory and later operated as a tire factory, and will be converted into 35-unit LIHTC development.

**Proposed Rents:** The following table details proposed rents for the Subject’s units.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents	
@40%								
1BR / 1BA	617	3	\$389	\$88	\$477	\$477	\$636	
2BR / 1.5BA	979	2	\$462	\$110	\$572	\$572	\$793	
3BR / 2BA	1,032	1	\$530	\$131	\$661	\$661	\$1,079	
@50%								
1BR / 1BA	617	1	\$508	\$88	\$596	\$596	\$636	
2BR / 1.5BA	979	3	\$606	\$110	\$716	\$716	\$793	
3BR / 2BA	1,032	8	\$696	\$131	\$827	\$827	\$1,079	
@60%								
1BR / 1BA	617	1	\$628	\$88	\$716	\$716	\$636	
2BR / 1.5BA	979	12	\$749	\$110	\$859	\$859	\$793	
3BR / 2BA	1,032	4	\$861	\$131	\$992	\$992	\$1,079	
		<b>35</b>						

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

Once placed in service the Subject will be restricted at 40, 50, and 60 percent of AMI or less. The proposed rents at all set asides are set at the 2018 maximum allowable rents.

**Scope of Construction:**

The proposed site contains a 56,000 square foot vacant industrial building which was formerly use as a bread factory and later a tire factory. The Subject consists of the adaptive reuse of the existing industrial building, as well as a partial demolition of the building and new construction. The Subject site will be improved with one five story elevator-serviced building. Based on information provided by the client, construction costs with overhead, profit, and general requirements is approximately \$13,900,000 million or roughly \$235,593 per unit. It should be noted that the Subject will feature 2,000 square feet of ground floor commercial space. However, an analysis of the commercial component is beyond the scope of work. It should be noted, the amount of rentable commercial space and intended use was not provided by the client.

**Target Household Income Levels:**

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

**FAMILY INCOME LIMITS**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@50%		@60%	
1BR	\$13,371	\$20,360	\$17,451	\$25,450	\$21,566	\$30,540
2BR	\$15,771	\$22,920	\$20,709	\$28,650	\$25,611	\$34,380
3BR	\$17,931	\$27,480	\$23,623	\$34,350	\$29,280	\$41,220

Economic Conditions

The Lynchburg area has a strong and diverse economy that has employment concentrated in the healthcare/social assistance, professional/scientific/technical services, and retail trade sectors. Additionally, Lynchburg is a primarily residential area that benefits from its close proximity to the state capital, Richmond.

Primary Market Area

The Subject property is located in Lynchburg, Virginia. The PMA boundaries are: State Road 669 and Boonsboro Road to the north; Northeast Expressway to the east; Highway 29 and the Lynchburg Expressway to the south to the south; and Highway 29 to the west. The PMA encompasses 48 square miles. We believe that additional support will originate from areas outside of the established PMA. We estimate a leakage of 10 percent. To provide a broader economic context for the Subject, we also include a Secondary Market Area (SMA). The SMA is defined as the Lynchburg Metropolitan Statistical Area (MSA), which consist of the Independent City of Lynchburg, as well as surrounding counties including Amherst, Appomattox, Bedford and Campbell.

Demographic Data

The population in the PMA increased by 6.2 between 2000 and 2018, compared to the 20.0 percent increase in the regional MSA and 17.5 percent increase across the overall nation. The percentage of renter households in the PMA increased between 2000 and 2018, and is estimated to be 49.3 percent as of 2018. This is more than the estimated 33 percent of renter households across the overall nation. As of 2018, the median income



in the PMA is below the surrounding MSA. Median household income growth in the PMA exceeded the MSA between 2000 and 2018. Income growth in both geographic areas exceeded the overall nation during this time period. In particular, median income in the PMA rose from 44 percent of the national median income in 2000 to 64 percent in 2018. Overall, the combination of rising population and household income levels bodes well for future demand for multifamily housing.

Vacancy

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

OVERALL VACANCY					
Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Jobbers Overall Apartments	LIHTC	Family	44	0	0.0%
Kemper Lofts	LIHTC	Family	41	10	24.4%
Timber Ridge Apartments I*	LIHTC	Family	96	0	0.0%
Timber Ridge Apartments II*	LIHTC	Family	72	0	0.0%
Vistas At Dreaming Creek*	LIHTC/ Market	Family	176	9	5.1%
City Market Lofts	Market	Family	69	6	8.7%
Cliff Edge Lofts	Market	Family	52	0	0.0%
Imperial Tobacco Lofts	Market	Family	62	1	1.6%
Factory 88	Market	Family	23	0	0.0%
Midpoint	Market	Family	48	1	2.1%
<b>Total LIHTC</b>			<b>429</b>	<b>19</b>	<b>4.4%</b>
<b>Total Market Rate</b>			<b>254</b>	<b>8</b>	<b>3.1%</b>
<b>Overall Total</b>			<b>683</b>	<b>27</b>	<b>4.0%</b>

\*Located outside of the PMA

Absorption

None of the comparable properties were able to report a recent absorption rate. For support, we have listed recent absorption data for other properties in the Subject’s general broader market as follows.

ABSORPTION					
Property name	Type	Tenancy	Year Built	Number of Units	Units Absorbed / Month
Carlton Views	LIHTC	Family	2017	54	18
Treesdale Apartments	LIHTC	Family	2012	88	11

Both the properties leased-up at a rate of 11 to 18 units per month, with an average of 15 units per month. Based on the performance of recently-opened properties in the region, we have estimated that the Subject would absorb approximately 17 units per month, for an absorption period of approximately two months. It should be noted that we do not expect that this absorption will adversely impact other LIHTC properties, which are generally performing well. Additionally, approximately 51 percent of the Subject's units will target households earning 50 percent of AMI or less, which will facilitate a rapid absorption.

Demand

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

Project Wide Capture Rate - LIHTC Units	2.5%
Project Wide Absorption Period	2 months

### Strengths and Weaknesses

#### **Strengths**

- The Subject will be adaptive reuse and new construction, offering superior condition.
- The Subject will offer elevator serviced design.
- The Subject will offer a good location near downtown Lynchburg.

#### **Weaknesses**

- The Subject's unit sizes are inferior to some comparables.

### Conclusions

The Subject will be well-positioned in the market. As a newly constructed property, the Subject will be in superior condition to most of the comparable properties. The market exhibits moderate to strong demand for affordable housing, with vacancy rates averaging 4.4 percent at the comparable LIHTC properties. After excluding Kemper Lofts, which is an outlier, the average LIHTC vacancy rate is 1.27 percent. Vacancy loss at the Subject is expected to be no more than three percent over the long term. Based on the comparable data, maximum allowable rents appear to be achievable at all set asides. The Subject will be well-accepted in the market as a LIHTC property.

### Recommendations

In general, we believe there is demand in the marketplace for the Subject. Additionally, the market has reported strong occupancy rates.

## **B. INTRODUCTION AND SCOPE OF WORK**

## INTRODUCTION AND SCOPE OF WORK

<b>Report Description:</b>	Novogradac & Company LLP has performed a comprehensive market study of the multifamily rental market in the Lynchburg, Virginia area relative to 1218 Park Avenue, a proposed LIHTC development. We have not performed any services on this project in the past three years.
<b>Developer/Client Information:</b>	KCG Development.
<b>Intended Use and Users of the Report:</b>	The report will be submitted to the Virginia Housing Development Authority (VHDA) for application purposes. The intended users of the report are VHDA and KCG Development.
<b>Scope of the Report:</b>	<ul style="list-style-type: none"><li>▪ Inspecting the site of the to-be-developed Subject and its general location.</li><li>▪ Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.</li><li>▪ Estimating the market rents, absorption rates and stabilized vacancy levels for the market area.</li><li>▪ Investigating the general economic health and conditions of the rental market.</li><li>▪ Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area.</li><li>▪ Reviewing relevant public records and contacting appropriate public agencies.</li><li>▪ Brief analysis of the economic and social conditions in the market area, in relation to the proposed project.</li><li>▪ Establishing the Subject's Primary Market Area, if applicable.</li><li>▪ Surveying competing projects, both LIHTC and market-rate.</li></ul>
<b>Effective Date:</b>	The Subject site was inspected by Ben Torpey on February 15, 2019, which is the effective date of this report.
<b>Primary Contact for the Report:</b>	Brad Weinberg, MAI, CRE (Brad.Weinberg@novoco.com); Lindsey Sutton (Lindsey.Sutton@novoco.com); Erik Johnson (Erik.Johnson@novoco.com, 562-256-3574)

## **C. PROJECT DESCRIPTION**

## PROJECT DESCRIPTION

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

**Site Description:** The site has an irregular shape with access points on the east sides of Park Avenue and Wise Street, the south side of 7<sup>th</sup> Street, and the west side of Taylor Street. The proposed Subject site is currently improved with a vacant industrial building.

**Construction Type:** The Subject consists of the adaptive reuse of an existing 56,000 square foot vacant industrial building (which formerly operated as a bread factory and later a tire shop), as well as a partial demolition of the building and new construction.

**Occupancy Type:** The Subject will target family households.

**Proposed Rents:** The following table details proposed rents for the Subject's units.

### PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents	
@40%								
1BR / 1BA	617	3	\$389	\$88	\$477	\$477	\$636	
2BR / 1.5BA	979	2	\$462	\$110	\$572	\$572	\$793	
3BR / 2BA	1,032	1	\$530	\$131	\$661	\$661	\$1,079	
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1BR / 1BA	617	1	\$508	\$88	\$596	\$596	\$636	
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1BR / 1BA	617	1	\$628	\$88	\$716	\$716	\$636	
2BR / 1.5BA	979	12	\$749	\$110	\$859	\$859	\$793	
3BR / 2BA	1,032	4	\$861	\$131	\$992	\$992	\$1,079	
		<b>35</b>						

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

Once placed in service the Subject will be restricted at 40, 50, and 60 percent of AMI or less. All of the proposed rents are at the 2018 maximum allowable rents. It should be noted that the 2019 maximum allowable rents have not been released as of the effective date of this report.

**Assisted Housing Program:** None of the Subject's units will operate with rental assistance.

**Construction Date:** Construction will commence in October 2020 and is projected to take 13 months to complete.

**Target Household Income Levels:**

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

**FAMILY INCOME LIMITS**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@50%		@60%	
1BR	\$13,371	\$20,360	\$17,451	\$25,450	\$21,566	\$30,540
2BR	\$15,771	\$22,920	\$20,709	\$28,650	\$25,611	\$34,380
3BR	\$17,931	\$27,480	\$23,623	\$34,350	\$29,280	\$41,220

**Utility Structure:**

Tenants at the Subject will be responsible for electric cooking, electric-heated hot water, electric heat, central air-conditioning, general electric, and cold water and sewer expenses. Trash expenses will be paid by the landlord. The comparable properties’ utility structures are illustrated in the respective property summaries and are adjusted appropriately to account for differences relative to the Subject, based on the utility allowances provided by the Virginia Housing Development Authority, effective July 1, 2018.

**HOUSING AUTHORITY UTILITY ALLOWANCE**

UTILITY AND SOURCE	Paid By	1BR	2BR	3BR
Heating - Electric	Tenant	\$25	\$32	\$39
Cooking - Electric	Tenant	\$4	\$5	\$6
Other Electric	Tenant	\$14	\$18	\$22
Air Conditioning	Tenant	\$7	\$9	\$11
Water Heating - Electric	Tenant	\$13	\$16	\$20
Water	Tenant	\$23	\$30	\$36
Sewer	Tenant	\$27	\$35	\$43
Trash	Landlord	\$12	\$12	\$12
<b>TOTAL - Paid By Landlord</b>		<b>\$12</b>	<b>\$12</b>	<b>\$12</b>
<b>TOTAL - Paid By Tenant</b>		<b>\$113</b>	<b>\$145</b>	<b>\$177</b>
<b>TOTAL - Paid By Tenant Provided by Developer</b>		<b>\$88</b>	<b>\$110</b>	<b>\$131</b>
<b>DIFFERENCE</b>		<b>78%</b>	<b>76%</b>	<b>74%</b>

Source: VHDA, effective 7/2018

The developer’s estimates of tenant paid utilities are slightly above the housing authority’s estimates. Housing authority estimates are used to adjust the comparable properties with differing utility structures to the Subject’s utility structure for an “apples-to-apples” comparison.

**Unit Mix:**

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

**UNIT MIX AND SQUARE FOOTAGE**

Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area
1BR / 1BA	5	617	3,085
2BR / 1.5BA	17	979	16,643
3BR / 2BA	13	1,032	13,416
<b>TOTAL</b>	<b>35</b>		<b>33,144</b>

**Unit Amenities:**

The Subject will offer blinds, central air-conditioning, coat closets, dishwashers, exterior storage, garbage disposals, handrails and pull cords in select units, microwaves, ovens, refrigerators, and walk-in closets. Overall the Subject’s in-unit amenity package will be considered similar to slightly inferior overall to the surveyed comparables.

**Common Area Amenities:**

Upon completion, the Subject’s common area amenities will include a business center/computer lab, a clubhouse/meeting/community room, courtyards, elevators, central laundry, non-shelter services, off-street parking, on-site management, and service coordination. Overall, we expect the Subject’s common area amenities to be slightly inferior to superior to the comparables.

**Parking:**

The Subject will offer approximately 25 surface parking spaces, which equates to approximately 0.42 spaces per unit. Additionally, there appears to be ample street parking in the Subject’s neighborhood, based on our inspection. Parking is included in the cost of rent. It should be noted that the Subject is located adjacent to public transportation and is located in a walkable neighborhood.

**Number of Stories and Buildings:**

Upon completion, the Subject site will be improved with one five story elevator-serviced building.

**Americans with Disabilities Act of 1990:**

As new construction, 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 anticipate that the Subject will be constructed using good-quality materials.

**Functional Utility:**

Based upon our review of the floor and site plans, as well as the site inspection and local interviews, we believe the Subject will be functional upon completion. Copies of the site plan can be found in the *Addenda* of this report.

**Conclusion:**

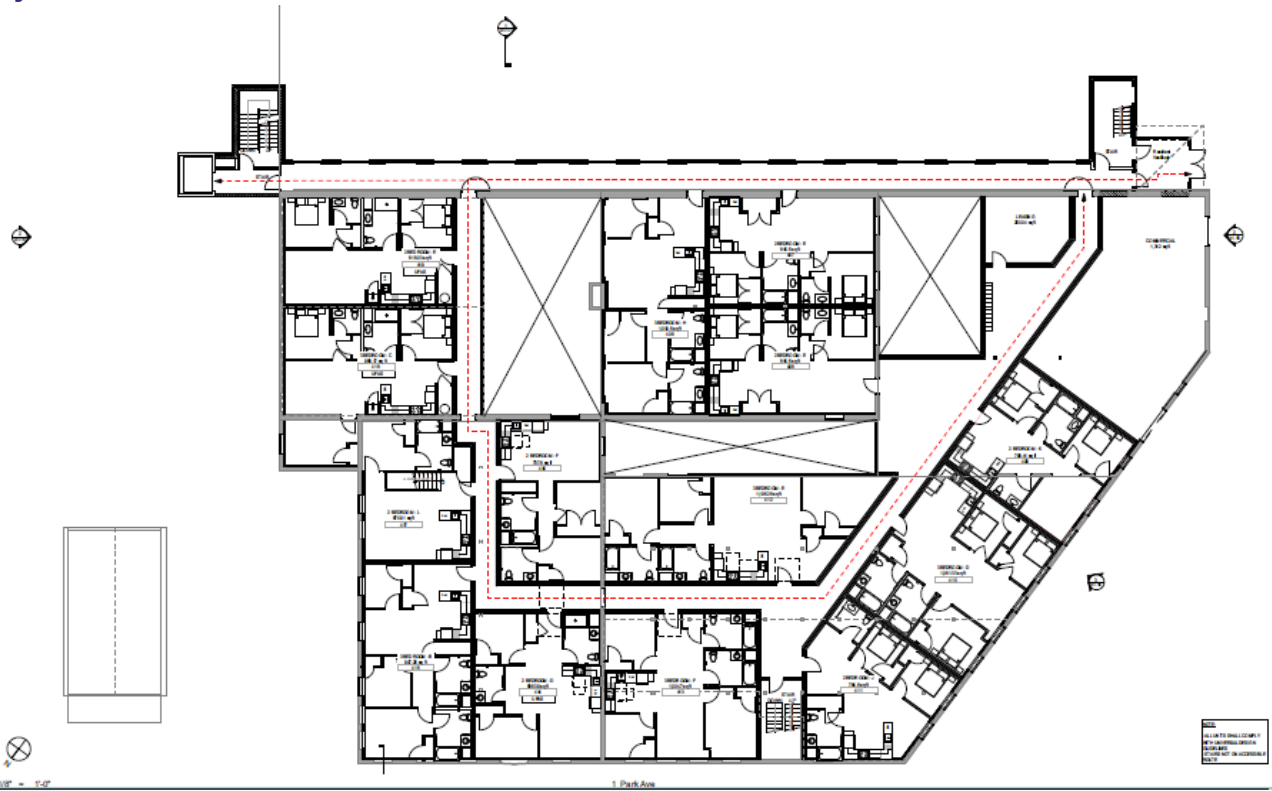
We have reviewed the development scheme and it appears the Subject will not suffer from functional or physical obsolescence and will provide good utility for its intended use, upon completion.



**Site and Architectural Plans:**

Based upon our review of the floor and site plans, as well as the site inspection and local interviews, we believe the Subject will be functional upon completion.

### Subject Site Plan



**CJMW**  
ARCHITECTURE

1218 Park Ave  
Park Ave Plan

3/11/2019

Source: Provided by client

# PROPERTY PROFILE REPORT

## 1218 Park

Effective Rent Date	2/06/2019
Location	1218 Park Avenue Lynchburg, VA 24501 County
Distance	N/A
Units	35
Vacant Units	N/A
Vacancy Rate	N/A
Type	Conversion (4 stories)
Year Built/Renovated	1915 / 2020
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	N/A
Contact Name	N/A
Phone	N/A



### Market Information

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

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Conversion (4 stories)	3	617	\$389	\$0	@40%	N/A	N/A	N/A	yes	None
1	1	Conversion (4 stories)	1	617	\$508	\$0	@50%	N/A	N/A	N/A	yes	None
1	1	Conversion (4 stories)	1	617	\$628	\$0	@60%	N/A	N/A	N/A	yes	None
2	1.5	Conversion (4 stories)	2	979	\$462	\$0	@40%	N/A	N/A	N/A	yes	None
2	1.5	Conversion (4 stories)	3	979	\$606	\$0	@50%	N/A	N/A	N/A	yes	None
2	1.5	Conversion (4 stories)	12	979	\$749	\$0	@60%	N/A	N/A	N/A	yes	None
3	2	Conversion (4 stories)	1	1,032	\$530	\$0	@40%	N/A	N/A	N/A	yes	None
3	2	Conversion (4 stories)	8	1,032	\$696	\$0	@50%	N/A	N/A	N/A	yes	None
3	2	Conversion (4 stories)	4	1,032	\$861	\$0	@60%	N/A	N/A	N/A	yes	None

## 1218 Park, 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	\$389	\$0	\$389	\$0	\$389	1BR / 1BA	\$508	\$0	\$508	\$0	\$508
2BR / 1.5BA	\$462	\$0	\$462	\$0	\$462	2BR / 1.5BA	\$606	\$0	\$606	\$0	\$606
3BR / 2BA	\$530	\$0	\$530	\$0	\$530	3BR / 2BA	\$696	\$0	\$696	\$0	\$696
@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
1BR / 1BA	\$628	\$0	\$628	\$0	\$628						
2BR / 1.5BA	\$749	\$0	\$749	\$0	\$749						
3BR / 2BA	\$861	\$0	\$861	\$0	\$861						

### Amenities

In-Unit		Security	Services
Blinds	Central A/C	Intercom (Buzzer)	None
Coat Closet	Dishwasher	Limited Access	
Exterior Storage	Garbage Disposal	Video Surveillance	
Hand Rails	Microwave		
Oven	Pull Cords		
Refrigerator	Vaulted Ceilings		
Walk-In Closet			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Courtyard	Elevators		
Central Laundry	Non-shelter Services		
Off-Street Parking(\$0.00)	On-Site Management		
Service Coordination			

### Comments

This property will offer 59 units restricted at 40, 50, and 60 percent Area Median Income (AMI) or less. Up to 25 percent of units will provide leasing preference to individuals with developmental disabilities and/or at risk of homelessness.

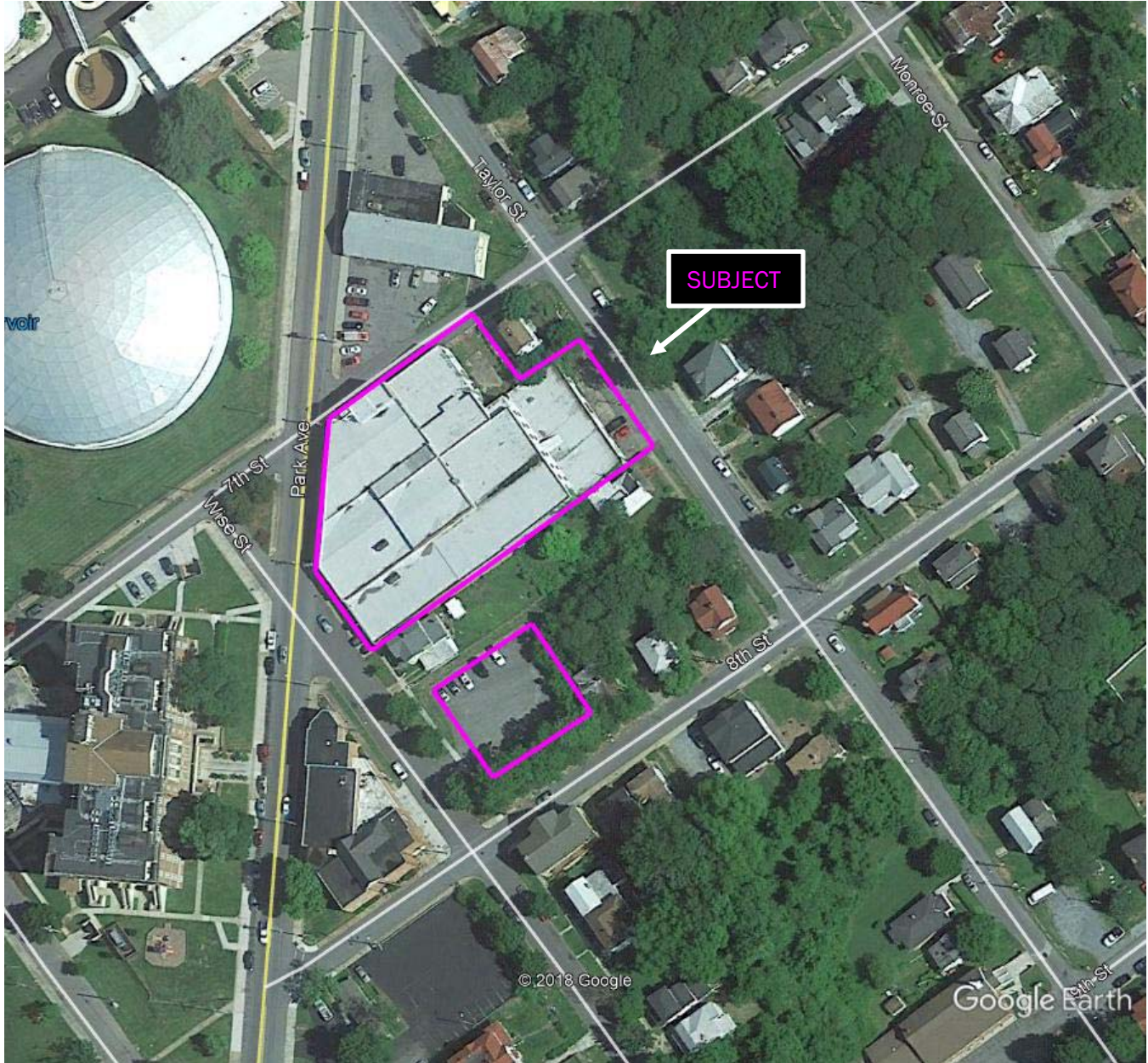
Photos



## **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.



**Subject Site Location:**

The Subject is located on 1218 Park Avenue, Lynchburg, VA, 24501.

**Size:**

The Subject site is 1.159 acres (including the parking lot), according to information provided by the client.

**Shape:**

The site is irregular in shape.

<b>Frontage:</b>	The Subject site has frontage along the east sides of Park Avenue and Wise Street, the south side of 7 <sup>th</sup> Street, and the west side of Taylor Street.
<b>Topography:</b>	The Subject site consists of flat topography.
<b>Utilities:</b>	All utilities are provided to the site.
<b>Visibility/Views:</b>	The Subject site is located a predominantly residential area. The Subject will be visible from Park Avenue, Wise Street, 7 <sup>th</sup> Street, and Taylor Street. Views to the north of the Subject site will primarily consist of an auto-oriented use, a water treatment plant, and single-family homes in fair to average condition. Views to the east of the Subject site will primarily consist of single-family homes in fair to average condition. Views south of the Subject site will primarily consist of the Subject's parking lot which will offer 25 spaces to the residents, single-family homes in fair to average condition, and a funeral home. Views to the west of the Subject site consist primarily of a public park. Overall, the Subject's views and visibility is considered average.
<b>Surrounding Uses:</b>	The Subject site is located in a predominantly residential neighborhood roughly one half mile from downtown Lynchburg. Land use immediately north of the Subject site consists of an auto-oriented use, a water treatment plant, and single-family homes in fair to average condition, followed by commercial and religious uses along Fifth Street. Land use immediately east of the Subject site consists of single-family homes in fair to average condition, followed by a religious use. Land use immediately south of the Subject site is the Subject's parking lot, which will offer 25 spaces to the residents, single-family homes in fair to average condition, and a funeral home. Farther south are more single-family homes in fair to average condition and religious uses. Land use west of the Subject includes a public park, Lynchburg High Apartments, a Section 8 property that was excluded as a comparable due to offering subsidized rents, followed by single-family homes in fair to average condition.





Typical single-family home in Subject neighborhood



Typical single-family home in Subject neighborhood



Water treatment facility north of the Subject



Uses to the east



Uses to the north



Uses to the south



Uses to the west



Uses to the west

**Access and Traffic Flow:**

The Subject is accessible from Park Avenue, Wise Street, 7<sup>th</sup> Street, and Taylor Street. Park Avenue is a two-lane moderately -trafficked road that provides access to 5<sup>th</sup> Street roughly 0.2 miles to the north. Downtown Lynchburg is accessible roughly 0.5 miles to the east along 5<sup>th</sup> Street. Continuing on 5<sup>th</sup> Street roughly 1.5 miles east of downtown provides access to U.S. 29, which provides access to Charlottesville, Virginia roughly 50 miles to the northeast. Interstate 64 is accessible in Charlottesville and provides access to Richmond, Virginia roughly 65 miles to the east. Overall, accessibility is considered average.

**Layout and Curb Appeal:**

The Subject site appears to have a functional layout based upon our review of the site plan and inspection of the property. The proposed Subject site is currently a vacant industrial building that will undergo an adaptive reuse. The Subject site will be improved with one five story elevator-serviced building. Based on information provided by the client, construction costs with overhead, profit, and general requirements is approximately \$13,900,000 million or roughly \$235,593 per unit. It should be noted that the Subject will feature 2,000 square feet of ground floor commercial space. However, an analysis of the commercial component is beyond the scope of work. It should be noted, the amount of rentable commercial space and intended use was not provided by the client.

**Drainage:**

Appears adequate, however, no specific tests were performed. Further, we are not experts in this field and cannot opine on this issue.

**Soil and Subsoil Conditions:**

Novogradac did not perform any soil and subsoil test 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.

**Environmental Assessment:**

Novogradac did not perform an environmental report, as this is beyond the scope of work. We have not been provided with an environmental report. We are not experts in this field and assume the site is adequate for development.

**Detrimental Uses:**

There were no detrimental influences identified at the time of inspection. It should be noted that rail tracks are located roughly four blocks from the Subject, and a water treatment facility is located roughly 1.5 blocks from the Subject. However, several single-family homes are located adjacent to the treatment center and proximate to the tracks, and do not appear to be negatively impacted. Additionally, our inspection revealed no odors from the facility.

**Flood Plain:**

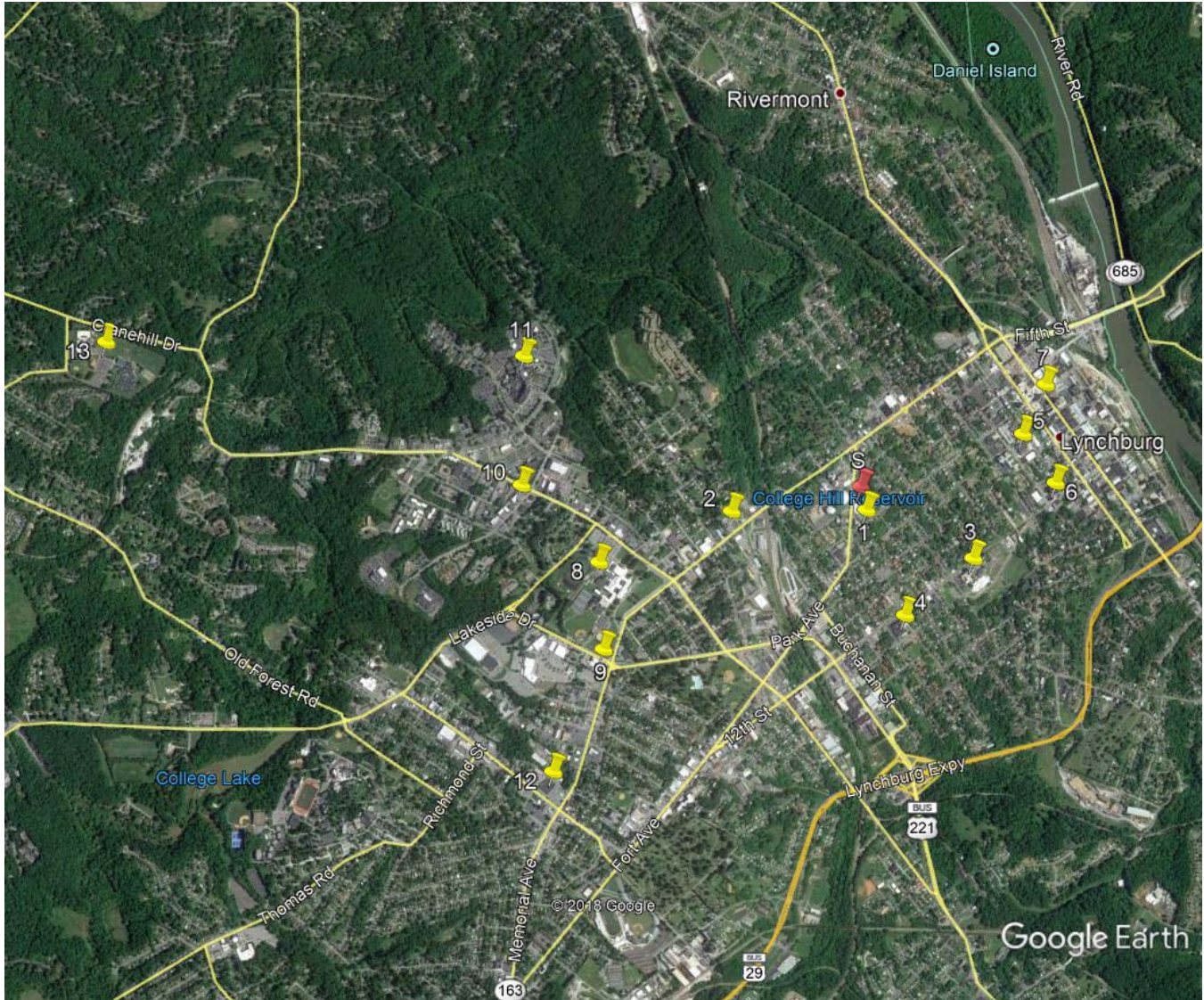
According to [www.floodinsights.com](http://www.floodinsights.com) Community Panel number 5100930042D dated June 3, 2008, the Subject site is located in Zone X, which is defined as an area outside of 100 and 500-year flood plains. Further analysis is beyond the scope of this report. Novogradac & Company LLP does not have expertise in this field and cannot opine on this matter.

**Locational Amenities:**

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

**LOCATIONAL AMENITIES**

Map #	Service or Amenity	Distance from Subject
1	Bus Stop	0.1 miles
2	Gas Station	0.4 miles
3	Dunbar Middle School	0.4 miles
4	Robert S Payne Elementary School	0.4 miles
5	Police Station	0.5 miles
6	Post Office	0.6 miles
7	Essex Bank	0.6 miles
8	Glass High School	0.8 miles
9	Public Library	0.9 miles
10	CVS Pharmacy	1.0 miles
11	Lynchburg General Hospital	1.1 miles
12	Food Lion	1.2 miles



**Public Transportation:**

Greater Lynchburg Transit Company operates a series of bus routes in the greater Lynchburg area. The closest stop is served by the Route 3B bus line and is located 150 feet from the Subject at the corner of Wise Street and 8<sup>th</sup> Street. It provides access to Downtown Lynchburg roughly 0.5 miles to the east.

**Crime Statistics:**

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

**2018 CRIME INDICES**

	PMA	Lynchburg, VA Metropolitan Statistical Area
<b>Total Crime*</b>	<b>89</b>	<b>60</b>
<b>Personal Crime*</b>	<b>93</b>	<b>56</b>
Murder	88	69
Rape	83	65
Robbery	72	37
Assault	105	64
<b>Property Crime*</b>	<b>88</b>	<b>60</b>
Burglary	70	49
Larceny	100	67
Motor Vehicle Theft	49	30

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

\*Unweighted aggregations

Total crime risk indices in the PMA are slightly below the national average and above the MSA. Both geographic areas feature crime risk indices below the overall nation. The Subject's security features include limited access, intercom systems, and video surveillance, which appear to be market oriented.

**Conclusion:**

The Subject site is located in a primarily residential neighborhood. Access to groceries, pharmacy, public transportation and shopping are good. The Subject's location is considered average. The neighborhood is well-suited for this type of housing.

1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



SUBJECT



SUBJECT



SUBJECT



SUBJECT



SUBJECT



SUBJECT

1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



SUBJECT



SUBJECT



SUBJECT



SUBJECT



SUBJECT



STREET VIEW

1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



SURROUNDING USES



SURROUNDING USES



1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



SURROUNDING USES



SURROUNDING USES



SURROUNDING USES



SURROUNDING USES



SURROUNDING USES



SURROUNDING USES

**1218 Park – Lynchburg, VA**  
**Source: Ben Torpey, Novogradac and Company**  
**Date: 2/15/2019**



**SURROUNDING USES**



**SURROUNDING USES**



**SURROUNDING USES**



**TYPICAL SINGLE-FAMILY HOME**



**TYPICAL SINGLE-FAMILY HOME**



**TYPICAL SINGLE-FAMILY HOME**

1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG

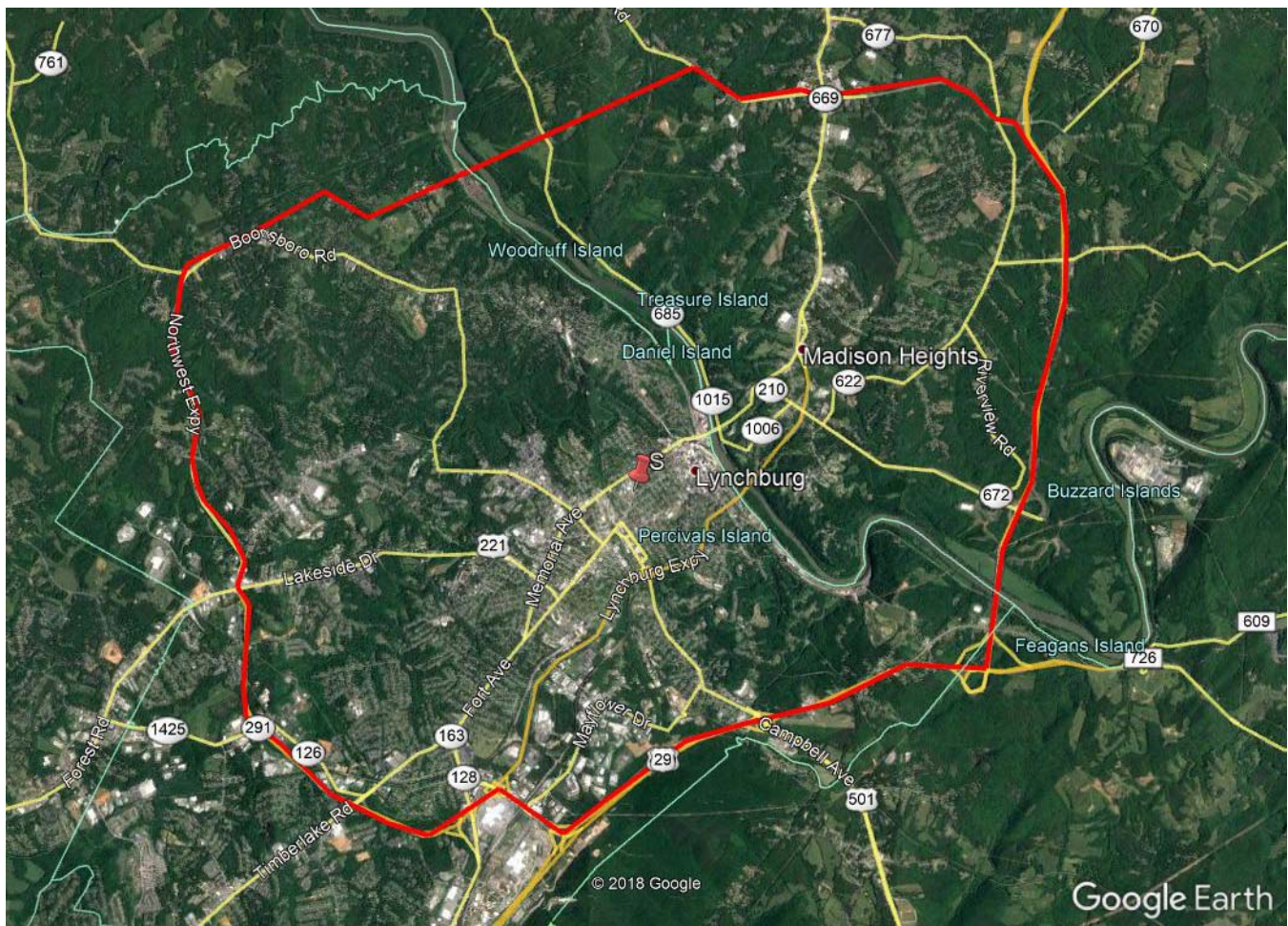
## **E. MARKET AREA DEFINITION**

## MARKET AREA

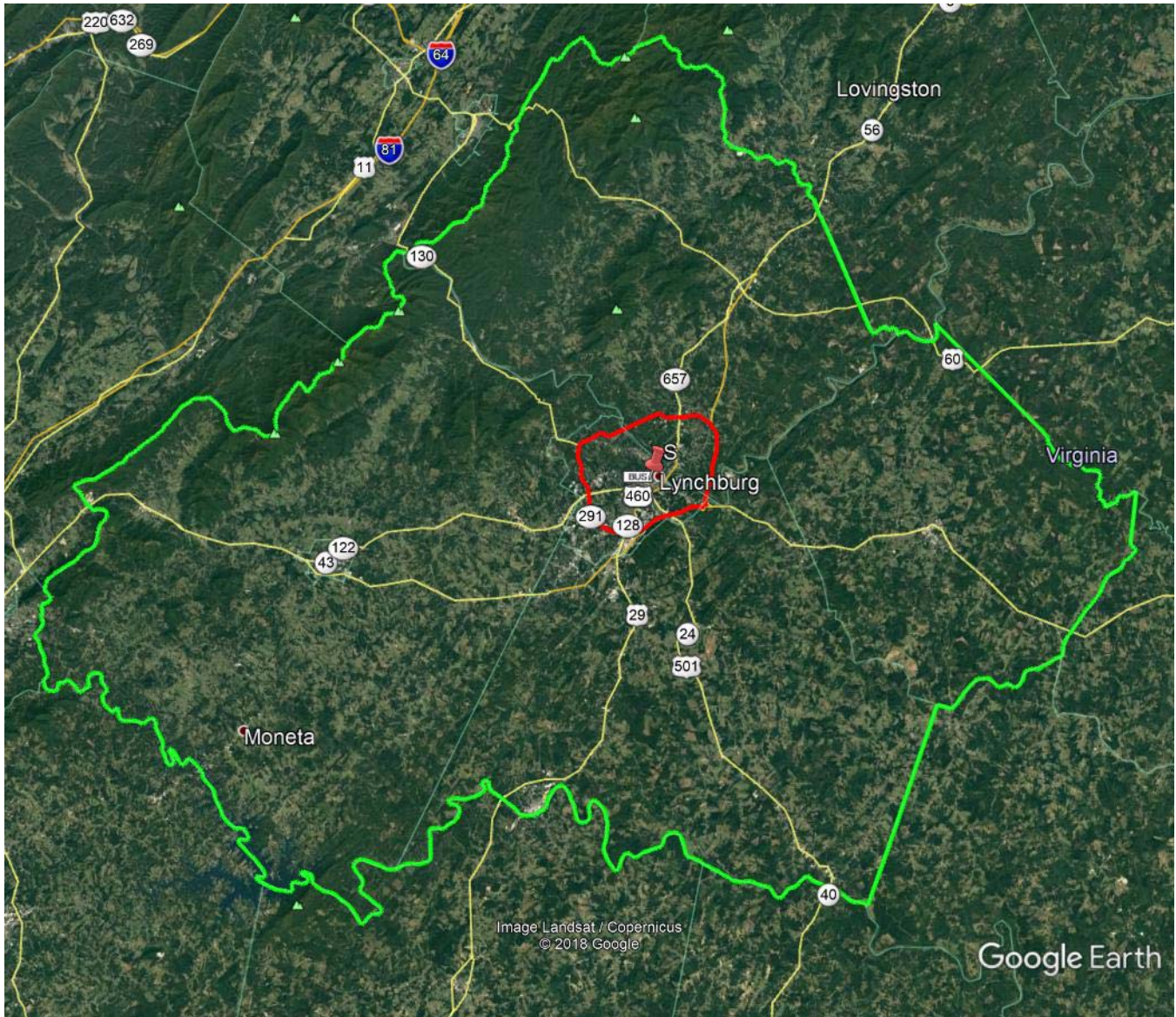
For the purpose of this study, it is necessary to define the competitive primary market area (PMA), or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood oriented” and are generally very reluctant to move from the area where 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 Lynchburg, Virginia. The PMA boundaries are: State Road 669 and Boonsboro Road to the north; Northeast Expressway to the east; Highway 29 and the Lynchburg Expressway to the south to the south; and Highway 29 to the west. The PMA encompasses 48 square miles. We believe that additional support will originate from areas outside of the established PMA. We estimate a leakage of 10 percent. To provide a broader economic context for the Subject, we also include a Secondary Market Area (SMA). The SMA is defined as the Lynchburg Metropolitan Statistical Area (MSA), which consist of the Independent City of Lynchburg, as well as surrounding counties including Amherst, Appomattox, Bedford and Campbell. We include economic indicators for the SMA regarding employment and unemployment trends. In addition, our demographic analysis utilizes the SMA as an additional area of comparison for population and household trends.

## Primary Market Area Map



**Metropolitan Statistical Area (MSA) Map**



# **F. EMPLOYMENT AND ECONOMY**

## ECONOMIC ANALYSIS

The Lynchburg area has a strong and diverse economy that has employment concentrated in the healthcare/social assistance, professional/scientific/technical services, and retail trade sectors. Additionally, Lynchburg is a primarily residential area that benefits from its close proximity to the state capital, Richmond.

### Employment by Industry

The following table depicts employment by industry in the Primary Market Area (PMA) and the nation.

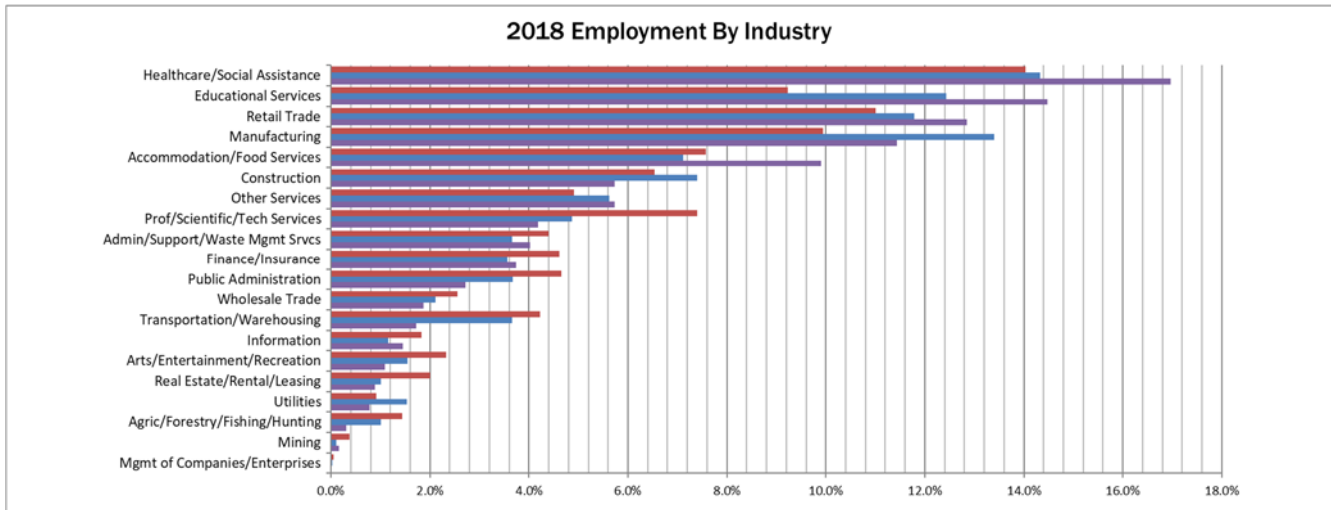
#### 2018 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	4,589	17.0%	22,154,439	14.0%
Educational Services	3,913	14.5%	14,568,337	9.2%
Retail Trade	3,474	12.8%	17,381,607	11.0%
Manufacturing	3,091	11.4%	15,694,985	9.9%
Accommodation/Food Services	2,678	9.9%	11,958,374	7.6%
Construction	1,550	5.7%	10,333,928	6.5%
Other Services	1,549	5.7%	7,758,801	4.9%
Prof/Scientific/Tech Services	1,131	4.2%	11,673,939	7.4%
Admin/Support/Waste Mgmt Svcs	1,086	4.0%	6,943,459	4.4%
Finance/Insurance	1,012	3.7%	7,284,572	4.6%
Public Administration	734	2.7%	7,345,537	4.7%
Wholesale Trade	505	1.9%	4,028,405	2.6%
Transportation/Warehousing	464	1.7%	6,660,099	4.2%
Information	392	1.4%	2,881,691	1.8%
Arts/Entertainment/Recreation	293	1.1%	3,672,444	2.3%
Real Estate/Rental/Leasing	241	0.9%	3,165,171	2.0%
Utilities	209	0.8%	1,433,069	0.9%
Agric/Forestry/Fishing/Hunting	82	0.3%	2,273,158	1.4%
Mining	43	0.2%	591,596	0.4%
Mgmt of Companies/Enterprises	2	0.0%	87,511	0.1%
<b>Total Employment</b>	<b>27,038</b>	<b>100.0%</b>	<b>157,891,122</b>	<b>100.0%</b>

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

Employment in the PMA is concentrated in the healthcare/social assistance, educational services, and retail trade industries, which collectively comprise 44.3 percent of local employment. The large share of PMA employment in retail trade is notable as this industry is historically volatile, and prone to contraction during economic downturns. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. Relative to the overall nation, the PMA features comparatively greater employment in the educational services, healthcare/social assistance, and accommodation/food services industries. Conversely, the PMA is underrepresented in the prof/scientific/tech services, transportation/warehousing, and public administration industries.





**Growth by Industry**

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

**2000-2018 CHANGE IN EMPLOYMENT - PMA**

Industry	2000		2018		2000-2018	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Growth	Annualized Percent
Healthcare/Social Assistance	3,657	14.1%	4,589	17.0%	932	1.4%
Educational Services	2,803	10.8%	3,913	14.5%	1,110	2.2%
Retail Trade	3,149	12.1%	3,474	12.8%	325	0.6%
Manufacturing	4,926	19.0%	3,091	11.4%	-1,835	-2.1%
Accommodation/Food Services	1,883	7.2%	2,678	9.9%	795	2.3%
Construction	1,643	6.3%	1,550	5.7%	-93	-0.3%
Other Services	1,404	5.4%	1,549	5.7%	145	0.6%
Prof/Scientific/Tech Services	993	3.8%	1,131	4.2%	138	0.8%
Admin/Support/Waste Mgmt Svcs	680	2.6%	1,086	4.0%	406	3.3%
Finance/Insurance	1,141	4.4%	1,012	3.7%	-129	-0.6%
Public Administration	620	2.4%	734	2.7%	114	1.0%
Wholesale Trade	888	3.4%	505	1.9%	-383	-2.4%
Transportation/Warehousing	792	3.0%	464	1.7%	-328	-2.3%
Information	518	2.0%	392	1.4%	-126	-1.4%
Arts/Entertainment/Recreation	198	0.8%	293	1.1%	95	2.7%
Real Estate/Rental/Leasing	405	1.6%	241	0.9%	-164	-2.2%
Utilities	184	0.7%	209	0.8%	25	0.8%
Agric/Forestry/Fishing/Hunting	83	0.3%	82	0.3%	-1	-0.1%
Mining	22	0.1%	43	0.2%	21	5.3%
Mgmt of Companies/Enterprises	0	0.0%	2	0.0%	2	0.0%
<b>Total Employment</b>	<b>25,989</b>	<b>100.0%</b>	<b>27,038</b>	<b>100.0%</b>	<b>1,049</b>	<b>0.2%</b>

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

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

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

Total employment in the PMA increased at an annualized rate of 0.2 percent between 2000 and 2017. The industries which expanded most substantially during this period include educational services, healthcare/social assistance, and accommodation/food services. Conversely, the manufacturing, wholesale

trade, and transportation/warehousing sectors experienced the least growth. Overall, we view the lessening reliance on the volatile manufacturing sector, and concurrent rise in healthcare-related employment as a positive aspect of the local economy.

### Major Employers

The following table details the major employers within the greater Lynchburg area. It is the most recent data available from the Lynchburg Regional Business Alliance.

#### MAJOR EMPLOYERS LYNCHBURG, VIRGINIA

Employer Name	Industry	# Of Employees
Liberty University	Educational Services	6,041
CENTRA	Healthcare/Social Assistance	3,330
BWX Technologies, Inc.	Utilities/Manufacturing	2,600
AREVA Inc.	Utilities/Manufacturing	1,978
Lynchburg City Schools	Educational Services	1,400
City of Lynchburg	Public Administration	1,209
Genworth Financial	Finance/Insurance	1,200
Kroger Office	Retail Trade	839
Horizon Behavioral Health	Healthcare/Social Assistance	750
J. Crew	Retail Trade	640
HARRIS Corporation/RF Communications	Utilities	620
Lynchburg College	Educational Services	504
Mary Baldwin College	Educational Services	500
<b>Totals</b>		<b>21,611</b>

Source: Lynchburg Regional Business Alliance, Novogradac and Company, retrieved 2/2019

As seen in the previous table, the largest employers within Lynchburg are concentrated in the education, health care, and utilities/manufacturing industries. The largest employer in Lynchburg, Liberty University, operates a residential campus in Lynchburg, as well as offering educational programs online. The university has approximately 13,000 resident students in the area. Additional employers in the region include a mix of retail trade, support, financial, insurance, and manufacturing companies.

### Employment Expansion/Contractions

The table that follows on the next page lists business closures and layoffs within Lynchburg from 2014 to year-to-date 2019, according to Virginia Workforce Network’s Worker Adjustment and Retraining Notification (WARN) filings.

**WARN LISTINGS**  
Lynchburg, Virginia

Company	Industry	Employees Affected	Layoff Date
Avante-Lynchburg	Nursing Home	11	5/31/2018
Dollar Express*	Retail	11	6/30/2017
Areva	Nuclear Power	300	2014-2016
Genworth Financial	Insurance/Financial	42	8/16/2016
Genworth Financial*	Insurance/Financial	336	4/10/2016
Nationwide Mutual Insurance	Insurance/Financial	85	3/16/2016
B&W mPower	Manufacturing	211	6/16/2014
Kroger Food Stores	Retail	98	3/21/2014
<b>Total</b>		<b>1094</b>	

As seen in the previous table, a total of 1,094 positions have been affected by WARN filings since 2014. Of note, Avante-Lynchburg, a nursing home facility specializing in long-term care filed a WARN notice for 11 jobs, the only disclosure filed for professions in healthcare. Genworth Financial filed a WARN notice for both Richmond and Lynchburg, as all 378 lost jobs referenced are not located in the Lynchburg area. Additionally, Nationwide Insurance, a national financial/insurance firm, downsized in the market as it laid off 85 workers, effective March 2016. B&W Power, a manufacturing group in Lynchburg, laid off 211 employees. Finally, Areva North America, a nuclear power generator decreased its workforce in the Lynchburg area by 300 over the past three years, including 50 jobs at the beginning of 2016. Areva still employs more than 1,900 persons in the area.

We have conducted additional research to determine business expansions within the Lynchburg Area. While several companies have announced job cuts or operation closings in the area, others have been expanding.

According to a March 2018 article in Business Facilities, Tessa Plastics will invest \$9.2 million to expand its manufacturing operations in the City of Lynchburg. The custom injection molded plastic components maker will create 34 new jobs. Additionally, according to the Lynchburg Economic Development Authority’s website, Convergys Corporation announced in January 2017 plans to open a call center in Lynchburg bringing 600 jobs to the area over the next two years.

**Employment and Unemployment Trends**

The table below illustrates the total workforce, total employed, and unemployment rate for the Lynchburg, VA MSA from 2002 to 2018 (year to date) with comparisons between December 2017 to December 2018.

**EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)**

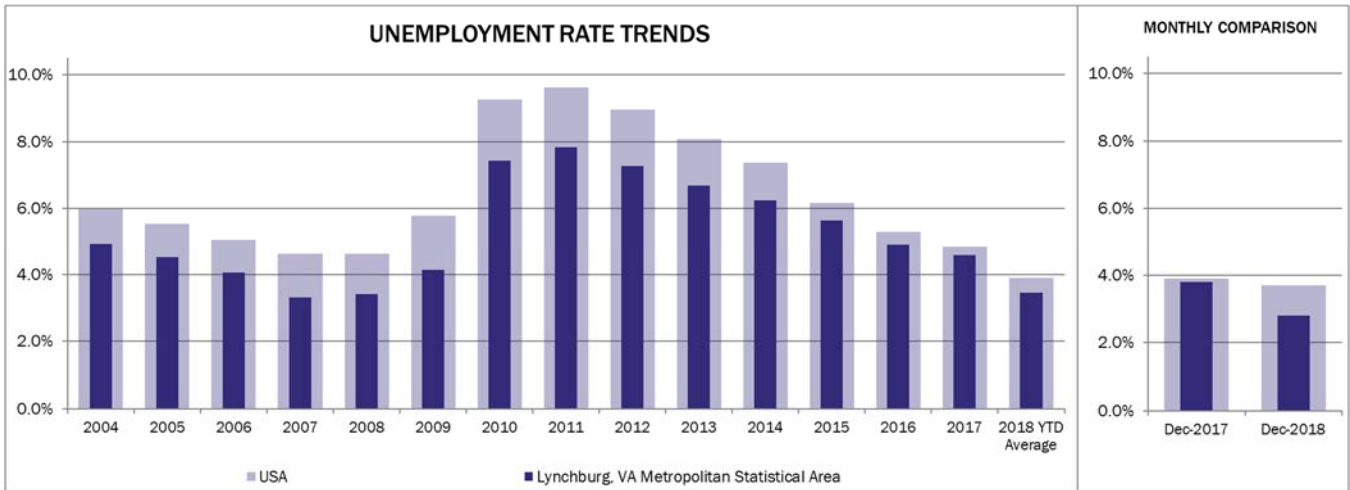
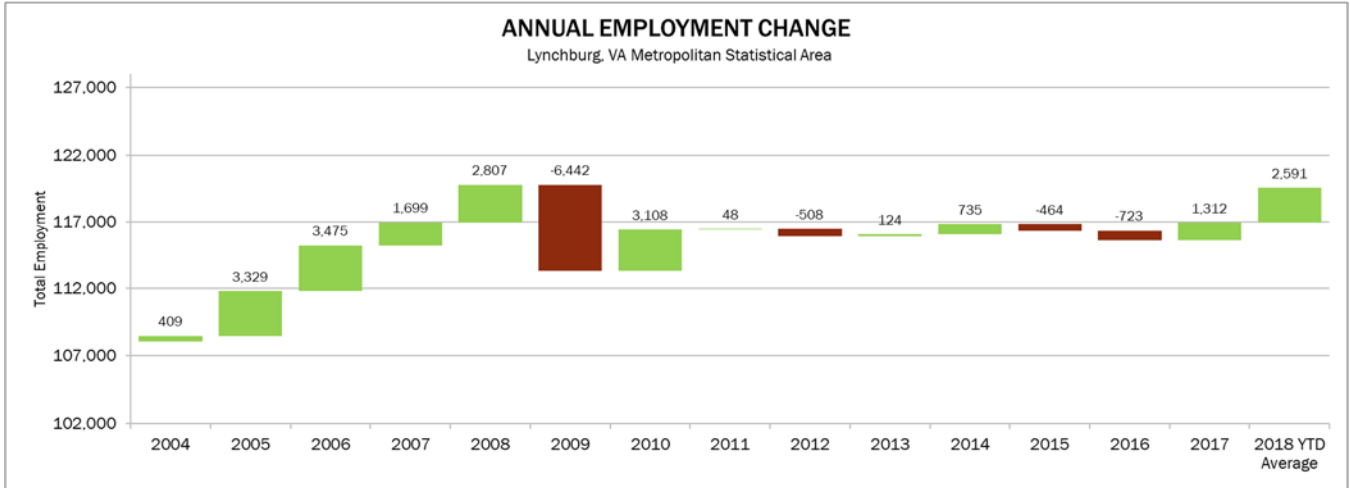
Year	Lynchburg, VA Metropolitan Statistical Area				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2002	107,220	-	5.4%	-	136,485,000	-	5.8%	-
2003	108,069	0.8%	4.9%	-0.5%	137,736,000	0.9%	6.0%	0.2%
2004	108,477	0.4%	4.5%	-0.4%	139,252,000	1.1%	5.5%	-0.5%
2005	111,806	3.1%	4.1%	-0.5%	141,730,000	1.8%	5.1%	-0.5%
2006	115,282	3.1%	3.3%	-0.7%	144,427,000	1.9%	4.6%	-0.5%
2007	116,981	1.5%	3.4%	0.1%	146,047,000	1.1%	4.6%	0.0%
2008	119,788	2.4%	4.1%	0.7%	145,363,000	-0.5%	5.8%	1.2%
2009	113,346	-5.4%	7.4%	3.3%	139,878,000	-3.8%	9.3%	3.5%
2010	116,454	2.7%	7.8%	0.4%	139,064,000	-0.6%	9.6%	0.3%
2011	116,502	0.0%	7.3%	-0.6%	139,869,000	0.6%	9.0%	-0.7%
2012	115,993	-0.4%	6.7%	-0.6%	142,469,000	1.9%	8.1%	-0.9%
2013	116,118	0.1%	6.3%	-0.4%	143,929,000	1.0%	7.4%	-0.7%
2014	116,852	0.6%	5.6%	-0.6%	146,305,000	1.7%	6.2%	-1.2%
2015	116,388	-0.4%	4.9%	-0.7%	148,833,000	1.7%	5.3%	-0.9%
2016	115,666	-0.6%	4.6%	-0.3%	151,436,000	1.7%	4.9%	-0.4%
2017	116,977	1.1%	4.3%	-0.2%	153,337,000	1.3%	4.4%	-0.5%
2018 YTD Average*	119,568	2.2%	3.5%	-0.9%	155,761,000	1.6%	3.9%	-0.4%
Dec-2017	116,997	-	3.8%	-	153,602,000	-	3.9%	-
Dec-2018	120,151	2.7%	2.8%	-1.0%	156,481,000	1.9%	3.7%	-0.2%

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

\*2018 data is through December

Prior to the national recession, average employment growth in the MSA generally exceeded the nation. Annual job growth in the MSA outpaced the nation in three of the five years between 2003 and 2007. The effects of the recession were particularly pronounced in the MSA, which suffered a 5.4 percent contraction in employment growth (2008-2009), well below the 4.8 percent contraction reported by the nation as a whole (2007-2010). More recently, average employment growth in the MSA lagged the nation in every year since 2012. As of December 2018, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 2.7 percent, compared to 1.9 percent across the overall nation.

The MSA experienced a lower average unemployment rate relative to the overall nation during the years preceding the recession. Unemployment in the MSA reached a historic low in 2006, a year before the overall nation. The local labor market demonstrated relative strength during the recession, as the rate of unemployment increased by only 4.4 percentage points, compared to a 5.0 percentage point increase across the overall nation. Since 2012, the MSA generally experienced a lower unemployment rate compared to the overall nation. According to the most recent labor statistics, the unemployment rate in the MSA is 2.8 percent, lower than the current national unemployment rate of 3.7 percent. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.



## Wages by Occupation

The following table illustrates the wages by occupation for the Lynchburg, VA MSA.

### LYNCHBURG, VA METROPOLITAN STATISTICAL AREA - 2ND QTR 2017 AREA WAGE ESTIMATES

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
<b>All Occupations</b>	<b>98,690</b>	<b>\$19.58</b>	<b>\$40,730</b>
Management Occupations	3,360	\$50.46	\$104,950
Computer and Mathematical Occupations	1,970	\$37.49	\$77,980
Architecture and Engineering Occupations	2,230	\$36.92	\$76,790
Legal Occupations	380	\$33.44	\$69,560
Healthcare Practitioners and Technical Occupations	6,480	\$33.24	\$69,150
Life, Physical, and Social Science Occupations	520	\$30.79	\$64,040
Business and Financial Operations Occupations	3,760	\$30.33	\$63,080
Protective Service Occupations	1,740	\$21.54	\$44,810
Education, Training, and Library Occupations	5,940	\$21.46	\$44,640
Arts, Design, Entertainment, Sports, and Media Occupations	880	\$21.25	\$44,200
Installation, Maintenance, and Repair Occupations	4,520	\$20.18	\$41,980
Farming, Fishing, and Forestry Occupations	290	\$18.41	\$38,290
Community and Social Service Occupations	2,090	\$18.26	\$37,970
Production Occupations	9,680	\$17.38	\$36,150
Construction and Extraction Occupations	4,040	\$17.00	\$35,360
Sales and Related Occupations	10,810	\$15.76	\$32,780
Office and Administrative Support Occupations	14,760	\$15.00	\$31,200
Transportation and Material Moving Occupations	6,150	\$14.98	\$31,150
Healthcare Support Occupations	3,360	\$13.35	\$27,760
Building and Grounds Cleaning and Maintenance Occupations	2,920	\$11.74	\$24,430
Personal Care and Service Occupations	3,660	\$10.61	\$22,070
Food Preparation and Serving Related Occupations	9,160	\$9.97	\$20,750

Source: Department Of Labor, Occupational Employment Statistics, 5/2017, retrieved 2/2019

The table above shows the average hourly and annual wages by occupation classification. The classification with the lowest average hourly wage is food preparation and serving related occupations at \$9.97 per hour. The highest average hourly wage, of \$50.46, is for those in management occupations. Qualifying income for the Subject's affordable units will range between \$13,371 and \$41,220. This encompasses a significant amount of the employment based on wages in the area. An element not reflected in the data is that many positions represent part-time employment, and starting rates are typically lower than mean wage rates. We expect that part-time employment and entry-level positions will be common amongst the Subject's tenant base.

## Commuting Patterns

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

COMMUTING PATTERNS		
ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	797	3.1%
Travel Time 5-9 min	4,402	17.3%
Travel Time 10-14 min	6,747	26.5%
Travel Time 15-19 min	5,677	22.3%
Travel Time 20-24 min	3,423	13.4%
Travel Time 25-29 min	889	3.5%
Travel Time 30-34 min	1,933	7.6%
Travel Time 35-39 min	133	0.5%
Travel Time 40-44 min	244	1.0%
Travel Time 45-59 min	522	2.0%
Travel Time 60-89 min	476	1.9%
Travel Time 90+ min	251	1.0%
<b>Weighted Average</b>	<b>19 minutes</b>	

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

As shown in the preceding table, the weighted average commute time in the PMA is approximately 19 minutes. More than 82 percent of PMA commuters travel under 24 minutes, indicating many households work in the local area. The average commute time across the overall nation is approximately 28 minutes.

## Conclusion

Employment in the PMA is concentrated in the healthcare/social assistance, educational services, and retail trade industries, which collectively comprise 44.3 percent of local employment. The large share of PMA employment in retail trade is notable as this industry is historically volatile, and prone to contraction during economic downturns. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. The effects of the recession were more pronounced in the MSA, which suffered a 5.4 percent employment contraction, compared to only 4.8 percent across the overall nation. As of December 2018, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 2.7 percent, compared to 1.9 percent across the overall nation. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.

# **G. DEMOGRAPHIC CHARACTERISTICS**



## DEMOGRAPHIC CHARACTERISTICS

The table below illustrates population and household trends in the PMA, MSA, and nation from 2000 through 2022.

### POPULATION

Year	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	60,170	-	222,297	-	281,038,168	-
2010	60,680	0.1%	252,634	1.4%	308,745,538	1.0%
2018	63,874	0.6%	266,858	0.7%	330,088,686	0.8%
2023	65,778	0.6%	275,368	0.6%	343,954,683	0.8%

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

### HOUSEHOLDS

Year	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	24,045	-	87,198	-	105,403,008	-
2010	24,542	0.2%	99,553	1.4%	116,716,296	1.1%
2018	25,693	0.6%	104,965	0.7%	124,110,017	0.8%
2023	26,315	0.5%	108,160	0.6%	128,855,931	0.8%

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

Historical population growth in the PMA trailed the MSA between 2000 and 2010. However, population growth in the broader MSA exceeded the nation by 0.4 percent during the same time period. Population growth in the PMA accelerated between 2010 and 2018, and grew at a rate similar to the MSA. According to ESRI demographic projections, annualized PMA growth is expected to remain relatively stable at 0.6 percent through 2023, similar to the MSA and slightly below the nation.

Historical household growth in the PMA trailed the MSA between 2000 and 2010. Although PMA growth also trended below the nation, household growth in the broader MSA exceeded the nation by 0.3 percent during the same time period. Household growth in the PMA accelerated between 2010 and 2018, and grew at a rate similar to the MSA. According to ESRI demographic projections, annualized PMA growth is expected to remain relatively stable at 0.5 percent through 2023, similar to the MSA and slightly below the nation.

Population by Age

POPULATION BY AGE IN 2018

Age Cohort	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	3,924	6.1%	13,576	5.1%	19,968,445	6.0%
5-9	3,586	5.6%	14,048	5.3%	20,460,473	6.2%
10-14	3,319	5.2%	14,543	5.4%	20,877,164	6.3%
15-19	4,432	6.9%	18,726	7.0%	21,084,688	6.4%
20-24	6,439	10.1%	21,387	8.0%	22,646,440	6.9%
25-29	5,003	7.8%	17,490	6.6%	23,557,337	7.1%
30-34	4,293	6.7%	16,104	6.0%	22,355,094	6.8%
35-39	3,525	5.5%	14,487	5.4%	21,419,362	6.5%
40-44	3,141	4.9%	14,151	5.3%	19,879,801	6.0%
45-49	3,390	5.3%	16,076	6.0%	20,736,487	6.3%
50-54	3,624	5.7%	17,414	6.5%	21,395,762	6.5%
55-59	3,954	6.2%	19,328	7.2%	22,375,085	6.8%
60-64	3,772	5.9%	18,413	6.9%	20,552,366	6.2%
65-69	3,314	5.2%	16,602	6.2%	17,874,849	5.4%
70-74	2,688	4.2%	13,051	4.9%	13,196,470	4.0%
75-79	2,050	3.2%	9,261	3.5%	9,064,776	2.7%
80-84	1,478	2.3%	6,011	2.3%	6,007,164	1.8%
85+	1,943	3.0%	6,190	2.3%	6,636,923	2.0%
<b>Total</b>	<b>63,875</b>	<b>100.0%</b>	<b>266,858</b>	<b>100.0%</b>	<b>330,088,686</b>	<b>100.0%</b>

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

POPULATION BY AGE IN 2023 ESTIMATE

Age Cohort	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	4,018	6.1%	13,685	5.0%	20,712,703	6.0%
5-9	3,636	5.5%	14,165	5.1%	20,686,037	6.0%
10-14	3,446	5.2%	15,033	5.5%	21,356,683	6.2%
15-19	4,569	6.9%	19,205	7.0%	21,696,066	6.3%
20-24	6,202	9.4%	19,883	7.2%	21,612,571	6.3%
25-29	4,534	6.9%	15,220	5.5%	22,724,609	6.6%
30-34	4,428	6.7%	17,372	6.3%	24,574,306	7.1%
35-39	3,986	6.1%	16,694	6.1%	23,129,515	6.7%
40-44	3,565	5.4%	15,348	5.6%	21,944,713	6.4%
45-49	3,272	5.0%	14,908	5.4%	19,928,478	5.8%
50-54	3,495	5.3%	16,823	6.1%	20,822,718	6.1%
55-59	3,650	5.5%	17,765	6.5%	21,014,806	6.1%
60-64	3,974	6.0%	19,529	7.1%	21,745,623	6.3%
65-69	3,559	5.4%	18,151	6.6%	19,744,824	5.7%
70-74	3,223	4.9%	15,552	5.6%	16,251,664	4.7%
75-79	2,553	3.9%	11,873	4.3%	11,695,481	3.4%
80-84	1,721	2.6%	7,483	2.7%	7,323,303	2.1%
85+	1,947	3.0%	6,679	2.4%	6,990,583	2.0%
<b>Total</b>	<b>65,778</b>	<b>100.0%</b>	<b>275,368</b>	<b>100.0%</b>	<b>343,954,683</b>	<b>100.0%</b>

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

### General Household Income Distribution

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

#### HOUSEHOLD INCOME PMA

Income Cohort	2018		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	3,379	13.2%	3,308	12.6%	-14	-0.4%
\$10,000-19,999	3,799	14.8%	3,673	14.0%	-25	-0.7%
\$20,000-29,999	3,848	15.0%	3,810	14.5%	-8	-0.2%
\$30,000-39,999	2,694	10.5%	2,791	10.6%	19	0.7%
\$40,000-49,999	2,688	10.5%	2,679	10.2%	-2	-0.1%
\$50,000-59,999	1,685	6.6%	1,814	6.9%	26	1.5%
\$60,000-74,999	2,263	8.8%	2,299	8.7%	7	0.3%
\$75,000-99,999	2,157	8.4%	2,326	8.8%	34	1.6%
\$100,000-124,999	1,383	5.4%	1,487	5.7%	21	1.5%
\$125,000-149,999	722	2.8%	841	3.2%	24	3.3%
\$150,000-199,999	581	2.3%	687	2.6%	21	3.6%
\$200,000+	494	1.9%	600	2.3%	21	4.3%
<b>Total</b>	<b>25,693</b>	<b>100.0%</b>	<b>26,315</b>	<b>100.0%</b>		

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

#### HOUSEHOLD INCOME SMA

Income Cohort	2018		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	8,719	8.3%	8,481	7.8%	-48	-0.5%
\$10,000-19,999	11,983	11.4%	11,503	10.6%	-96	-0.8%
\$20,000-29,999	11,239	10.7%	11,100	10.3%	-28	-0.2%
\$30,000-39,999	10,524	10.0%	10,545	9.7%	4	0.0%
\$40,000-49,999	10,190	9.7%	10,120	9.4%	-14	-0.1%
\$50,000-59,999	8,785	8.4%	8,925	8.3%	28	0.3%
\$60,000-74,999	11,445	10.9%	11,666	10.8%	44	0.4%
\$75,000-99,999	12,652	12.1%	13,416	12.4%	153	1.2%
\$100,000-124,999	8,683	8.3%	9,335	8.6%	130	1.5%
\$125,000-149,999	4,564	4.3%	5,440	5.0%	175	3.8%
\$150,000-199,999	3,584	3.4%	4,309	4.0%	145	4.0%
\$200,000+	2,597	2.5%	3,320	3.1%	145	5.6%
<b>Total</b>	<b>104,965</b>	<b>100.0%</b>	<b>108,160</b>	<b>100.0%</b>		

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

Annual household income levels will range from \$13,371 and \$41,220 for the Subject's housing units.

### General Household Size Distribution

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

Year	AVERAGE HOUSEHOLD SIZE					
	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.30	-	2.44	-	2.59	-
2010	2.17	-0.5%	2.40	-0.1%	2.58	-0.1%
2018	2.31	0.8%	2.42	0.1%	2.59	0.1%
2023	2.33	0.2%	2.42	0.1%	2.61	0.1%

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

The average household size in the PMA is smaller than that of the MSA and the nation. According to ESRI demographic projections, household sizes in the PMA will remain stable along with the MSA and the nation through 2023.

### General Household Tenure

The table below shows the breakdown of households by tenure within the Subject’s PMA.

Year	TENURE PATTERNS PMA			
	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	13,828	57.5%	10,217	42.5%
2018	13,028	50.7%	12,665	49.3%
2023	13,580	51.6%	12,735	48.4%

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

The preceding table details household tenure patterns in the PMA since 2000. The percentage of renter households in the PMA increased between 2000 and 2018, and is estimated to be 49.3 percent as of 2018. This is more than the estimated 33 percent of renter households across the overall nation. According to ESRI demographic projections, the percentage of renter households in the PMA is expected to remain relatively stable through 2023.

### General Renter Household Income Distribution

The following table illustrates total renter household income distribution.

RENTER HOUSEHOLD INCOME						
Lynchburg, VA Metropolitan Statistical Area						
Income Cohort	2018		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	5,549	17.3%	5,292	16.5%	-51	-0.9%
\$10,000-19,999	6,162	19.2%	5,829	18.2%	-67	-1.1%
\$20,000-29,999	4,622	14.4%	4,408	13.8%	-43	-0.9%
\$30,000-39,999	3,590	11.2%	3,581	11.2%	-2	-0.1%
\$40,000-49,999	3,133	9.8%	3,083	9.6%	-10	-0.3%
\$50,000-59,999	2,351	7.3%	2,389	7.5%	8	0.3%
\$60,000-74,999	2,556	8.0%	2,633	8.2%	15	0.6%
\$75,000-99,999	1,546	4.8%	1,633	5.1%	17	1.1%
\$100,000-124,999	1,032	3.2%	1,151	3.6%	24	2.3%
\$125,000-149,999	674	2.1%	832	2.6%	32	4.7%
\$150,000-199,999	505	1.6%	655	2.0%	30	5.9%
\$200,000+	391	1.2%	510	1.6%	24	6.1%
<b>Total</b>	<b>32,111</b>	<b>95.1%</b>	<b>31,996</b>	<b>100.0%</b>		

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

In the previous tables, the percentage of renter occupied households was applied to the total number of households in each income level. As illustrated, the largest concentrations of renter households in the PMA are in the five lowest income cohorts.

### 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						
Household Size	2000		2018		2023	
	Total	Percent	Total	Percent	Total	Percent
1 persons	7,871	32.7%	8,954	34.8%	9,143	34.7%
2 persons	7,874	32.7%	8,065	31.4%	8,271	31.4%
3 persons	3,974	16.5%	4,084	15.9%	4,198	16.0%
4 persons	2,556	10.6%	2,644	10.3%	2,721	10.3%
5+ persons	1,770	7.4%	1,946	7.6%	1,982	7.5%
<b>Total</b>	<b>24,045</b>	<b>100.0%</b>	<b>25,693</b>	<b>100.0%</b>	<b>26,315</b>	<b>100.0%</b>

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

Historically, the majority of renter households in the PMA have consisted of one and two-person households. The Subject will target one to five-person households. Through 2023, the percentage of one to five-person households is projected to be relatively stable. The projected household size composition of renter households in the PMA is a positive indicator for the Subject's units.

### 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**

Household Size	2000		2018		2023	
	Total	Percent	Total	Percent	Total	Percent
1 persons	4,228	41.4%	5,641	44.5%	5,685	44.6%
2 persons	2,767	27.1%	3,215	25.4%	3,211	25.2%
3 persons	1,546	15.1%	1,780	14.1%	1,796	14.1%
4 persons	860	8.4%	1,028	8.1%	1,036	8.1%
5+ persons	816	8.0%	1,001	7.9%	1,007	7.9%
<b>Total</b>	<b>10,217</b>	<b>100.0%</b>	<b>12,665</b>	<b>100.0%</b>	<b>12,735</b>	<b>100.0%</b>

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

Historically, the majority of renter households in the PMA have consisted of one and two-person households. In 2018, approximately 70 percent of renter-households were one or two-person.

### Median Household Income Levels

The table below illustrates the median household income for all households in the PMA, the MSA and the nation from 2000 through 2023.

**MEDIAN HOUSEHOLD INCOME**

Year	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$19,962	-	\$36,373	-	\$44,872	-
2018	\$37,330	4.8%	\$49,474	2.0%	\$58,100	1.6%
2023	\$41,309	2.1%	\$55,313	2.4%	\$65,727	2.6%

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

As of 2018, the median income in the PMA is below the surrounding MSA. Median household income growth in the PMA exceeded the MSA between 2000 and 2018. Income growth in both geographic areas exceeded the overall nation during this time period. In particular, median income in the PMA rose from 44 percent of the national median income in 2000 to 64 percent in 2018. The overall rise in median income levels reflects a market where lower income households may be priced out by more affluent households. It also indicates that affordable housing properties should prosper in the future as incomes and, therefore, achievable rents rise. According to ESRI demographic projections, annualized PMA growth is expected to decline significantly to 2.1 percent through 2023, slightly below the MSA and below the nation.

### Rent Overburdened Households

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

**RENT OVERBURDENED**

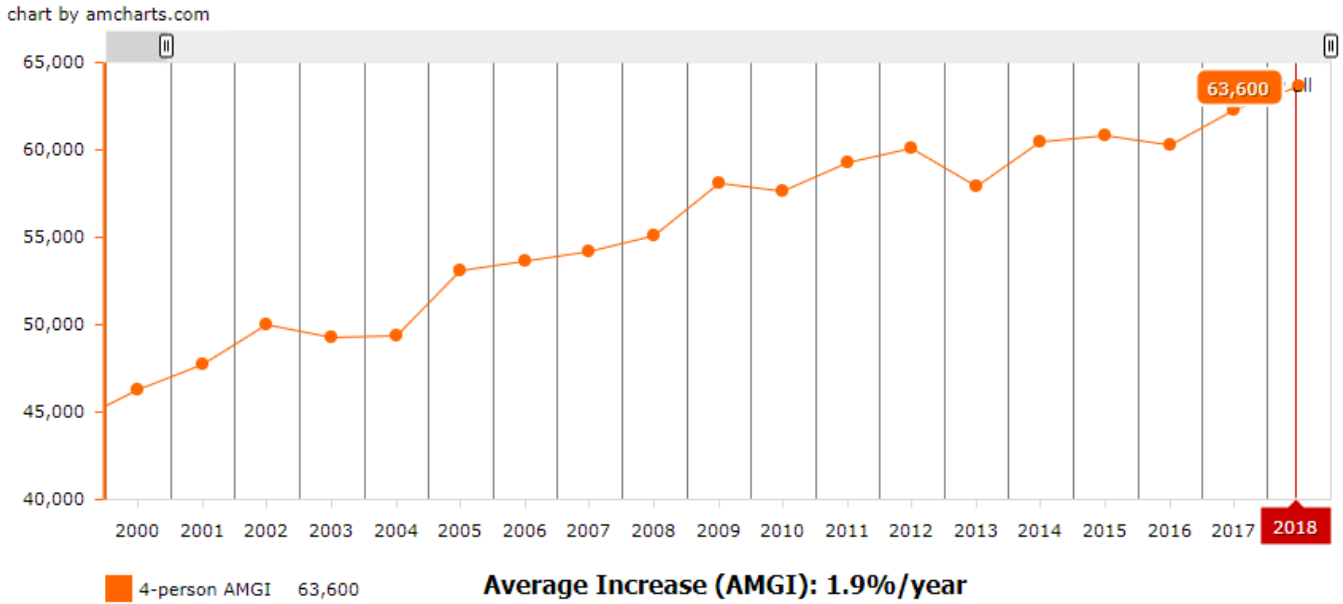
Year	PMA		Lynchburg, VA Metropolitan Statistical Area		USA	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
2018	4,908	43.0%	11,128	38.2%	16,657,755	39.5%

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

The percentage of rent-overburdened households in the PMA is similar to the MSA. The prevalence of rent-overburdened households in both geographic areas is similar to the overall nation.

**Area Median Income**

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



The AMI increased at an annual rate of 1.9 percent between 2010 and 2018. Over 84 percent of counties in the nation experienced an increase in AMI in 2017. This was also true in Lynchburg County, which also increased in 2018 and is at peak levels. Rising AMI levels bode well for future rent growth at affordable developments, such as the proposed Subject. The following chart illustrates the change in AMI over the past five years.

**LYNCHBURG CITY AMI GROWTH (2013 - 2018)**

Year	2013	2014	2015	2016	2017	2018
AMI	\$57,900	\$60,500	\$60,800	\$60,300	\$62,300	\$63,600
Percentage	-3.7%	4.5%	0.5%	-0.8%	3.3%	2.2%

All of the Subject’s proposed rents are set at the maximum allowable levels. Thus, the Subject’s rent increases are primarily dependent on future increases in AMI.

**Conclusion**

The population in the PMA increased by 6.2 between 2000 and 2018, compared to the 20.0 percent increase in the regional MSA and 17.5 percent increase across the overall nation. The percentage of renter households in the PMA increased between 2000 and 2018, and is estimated to be 49.3 percent as of 2018. This is more than the estimated 33 percent of renter households across the overall nation. As of 2018, the median income in the PMA is below the surrounding MSA. Median household income growth in the PMA exceeded the MSA between 2000 and 2018. Income growth in both geographic areas exceeded the overall nation during this time period. In particular, median income in the PMA rose from 44 percent of the national median income in

2000 to 64 percent in 2018. Overall, the combination of rising population and household income levels bodes well for future demand for multifamily housing.



# H. COMPETITIVE ENVIRONMENT

## HOUSING SUMMARY

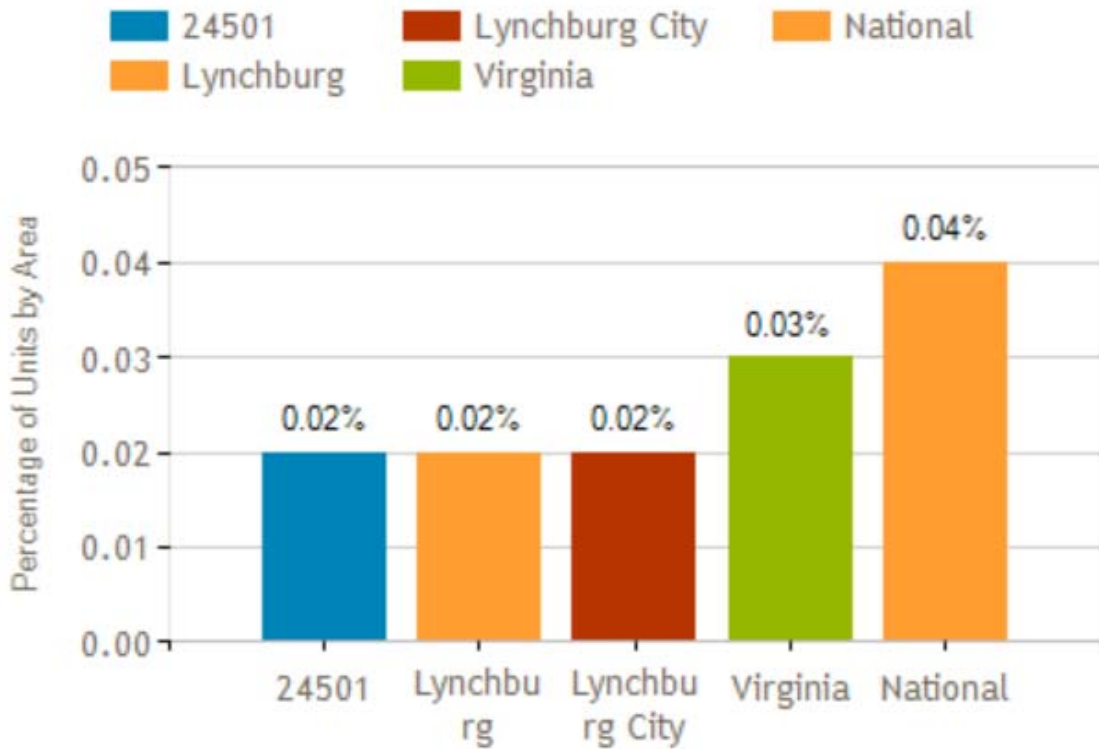
We conducted a search of CoStar’s database for information regarding the multifamily market. As illustrated in the table below, the current YTD vacancy rate of 3.3 percent is expected to increase slightly over the next several years, capping out in 2020 before decreasing again in the following years through 2023. Additionally, market rents are expected to continue to steadily rise through 2023. Overall, the rising rents and low vacancy rates in the Lynchburg market bode well for the Subject.

### OVERALL VACANCY & RENT

Year	Vacancy			Market Rent				Effective Rent	
	Units	Percent	Ppts Chg	Per Unit	Per SF	% Growth	Ppts Chg	Per Unit	Per SF
2023	341	4.2%	0	\$857	\$0.85	0.4%	(0.3)	\$853	\$0.84
2022	334	4.2%	(0.2)	\$853	\$0.84	0.7%	0.3	\$849	\$0.84
2021	347	4.4%	(0.8)	\$847	\$0.84	0.5%	(0.3)	\$843	\$0.83
2020	405	5.3%	1.3	\$843	\$0.83	0.8%	(2.1)	\$839	\$0.83
2019	274	3.9%	0.8	\$836	\$0.83	2.9%	1.0	\$832	\$0.82
YTD	232	3.3%	0.1	\$820	\$0.82	0.9%	(1.0)	\$816	\$0.81
2018	227	3.2%	(2.3)	\$813	\$0.81	1.9%	0.1	\$811	\$0.81
2017	393	5.5%	(0.8)	\$798	\$0.79	1.7%	1.4	\$790	\$0.79
2016	451	6.3%	1.1	\$784	\$0.78	0.3%	(0.8)	\$775	\$0.77
2015	367	5.2%	0.2	\$782	\$0.78	1.1%	(0.1)	\$778	\$0.77
2014	331	5.1%	(0.2)	\$773	\$0.77	1.2%	(0.3)	\$769	\$0.76
2013	335	5.2%	0	\$764	\$0.76	1.5%	0	\$761	\$0.76
2012	328	5.2%	0.1	\$753	\$0.75	1.5%	0.5	\$746	\$0.74
2011	319	5.2%	(1.2)	\$742	\$0.74	1.0%	(0.7)	\$737	\$0.73
2010	386	6.3%	0.6	\$735	\$0.73	1.6%	4.8	\$729	\$0.72
2009	331	5.8%	0.4	\$723	\$0.72	-3.1%	(3.9)	\$719	\$0.71
2008	310	5.4%	0.1	\$746	\$0.74	0.8%	(2.4)	\$740	\$0.74
2007	261	5.3%	0.5	\$741	\$0.74	3.2%	-	\$737	\$0.73

According to RealtyTrac.com, “there are currently six properties in the Subject’s zip code that are in some stage of foreclosure (default, auction or bank owned) while the number of homes listed for sale on RealtyTrac is 52. In November 2018, the number of properties that received a foreclosure filing in Lynchburg, VA was 67 percent lower compared to the same time last year.”

The following chart depicts the percentage of units by area currently in some stage of foreclosure within the Virginia and the nation for comparison purposes. Overall, the Subject’s zip code is experiencing a similar foreclosure rate compared to that of the city, and lower than the state and nation as a whole.



Source: Realtytrac.com, February 2019

According to Realtor.com, the median listing price of homes in Lynchburg, VA is \$165,500.

### Age of Housing Stock

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

#### AGE OF HOUSING STOCK IN PMA

Years	Number of Units	Percent of Housing Stock
Built 2005 or later	163	0.6%
Built 2000 to 2004	1,692	6.2%
Built 1990 to 1999	2,048	7.5%
Built 1980 to 1989	2,328	8.6%
Built 1970 to 1979	4,421	16.3%
Built 1960 to 1969	3,998	14.7%
Built 1950 to 1959	4,154	15.3%
Built 1940 to 1949	2,475	9.1%
Built 1939 or earlier	5,877	21.6%
<b>Total</b>	<b>27,156</b>	<b>100.0%</b>

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

The data demonstrates a significant portion of the existing housing stock, 77 percent, was constructed prior to 1980. Therefore, the PMA exhibits an older housing stock. The data does not reflect condition, which oftentimes is well-maintained through ongoing maintenance. The field inspection of the area reflects a generally fair to average condition for the local housing stock in the Subject's immediate neighborhood.

**Substandard Housing**

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

<b>SUBSTANDARD HOUSING</b>			
<b>Year</b>	<b>PMA</b>	<b>Lynchburg, VA Metropolitan Statistical Area</b>	<b>USA</b>
	<i>Percentage</i>	<i>Percentage</i>	<i>Percentage</i>
<b>2018</b>	<b>1.38%</b>	<b>1.17%</b>	<b>1.70%</b>

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

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

## Building Permits

The following table depicts building activity from 2001 through 2018 for Lynchburg.

**BUILDING PERMITS: LYNCHBURG CITY 2000 - 2018\***

Year	Single-family and Duplex	Three and Four- Family	Five or More Family	Total Units
2000	166	0	198	364
2001	278	8	0	286
2002	275	48	0	323
2003	395	0	0	395
2004	210	8	0	218
2005	471	0	25	496
2006	434	0	0	434
2007	396	0	104	500
2008	249	0	0	249
2009	125	0	0	125
2010	120	0	24	144
2011	61	0	0	61
2012	117	0	119	236
2013	152	0	0	152
2014	92	0	0	92
2015	77	3	201	281
2016	60	0	94	154
2017	108	0	48	156
2018*	53	0	80	133
<b>Total</b>	<b>3,839</b>	<b>67</b>	<b>893</b>	<b>4,799</b>
<b>Average*</b>	<b>202</b>	<b>4</b>	<b>47</b>	<b>253</b>

\*YTD, preliminary

Source: US Census Bureau Building Permits, March 2019

The preceding table indicates that local permit issuance peaked in 2007, near the onset of the national recession. Permit volume declined by 88 percent during the recession, reaching a low in 2011. Permit issuance rose in three out of seven years between 2011 and 2017. The most recent years with finalized data indicate construction activity increased by 1.3 percent between 2016 and 2017, however, remains 44.5 percent beneath post-recessionary highs recorded in 2015.

## Rent/Buy Analysis

We performed a rent/buy analysis. Our inputs assume a three-bedroom single-family home that was recently sold and listed on www.zillow.com in the Subject’s neighborhood with a purchase price of \$165,000 and an interest rate of 4.25 percent with a ten percent down payment. This was compared to the cost to rent the Subject’s three-bedroom unit at the 60 percent AMI level. The rent buy analysis is illustrated in the table on the following page.

<b>RENT BUY ANALYSIS</b>				
<b>Property Type:</b>	<b>Three-Bedroom Single Family Home</b>			
Sale Price			\$165,500	
Down Payment at 10%			\$16,550	
Mortgage Amount			\$148,950	
Current Interest Rate			4.25%	
	<i>Homeownership Costs</i>	<i>Monthly</i>	<i>% of Home Value</i>	<i>Annual</i>
Mortgage Payment		\$733		\$8,793
Property Taxes		\$172	1.25%	\$2,069
Private Mortgage Insurance <sup>1</sup>		\$62	0.50%	\$745
Maintenance		\$276	2.00%	\$3,310
Utility Costs <sup>2</sup>		\$12		\$144
Tax Savings		-\$174		-\$2,088
<b>Cost Comparison</b>				
		<i>Monthly</i>		<i>Annual</i>
Costs of Homeownership		\$1,081		\$12,973
Cost of Renting At Subject	-	\$854		\$10,248
<b>Differential</b>		<b>\$227</b>		<b>\$2,725</b>
<b>Cost of Occupancy</b>				
<i>Homeownership</i>				
Closing Costs			3.0%	\$4,965
Down Payment at 10%			10.0%	\$16,550
<b>Total</b>				<b>\$21,515</b>
<i>Subject Rental</i>				
First Month's Rent		\$854		
Security Deposit		\$854		
<b>Total</b>		<b>\$1,708</b>		

As illustrated, the “cash due at occupancy” category adds to \$21,515 for the down payment and closing costs on a three-bedroom single-family home. The analysis indicates a monthly differential of \$227, or \$2,725 annually, over the Subject’s three-bedroom unit rent. As such, it is more affordable to rent rather than purchase a single-family home. In addition, it is also important to note the typical 10 percent down payment and credit qualification issues which can be a hurdle for some families. The cash necessary for homeownership is still a barrier to many families, given the high home prices in the PMA. For these reasons, along with the monthly difference in cost between owning and renting, we do not believe that the Subject will face competition from homeownership.

## 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, 683 units in 10 rental properties were surveyed in depth. The availability of LIHTC data is considered average. We have included five comparable LIHTC properties in our analysis, two of which are located within the PMA and three of which are located outside the PMA. Two of these properties offer rents at the 60 percent of AMI level and the remaining properties offers rents at the 40 and 50 percent of AMI level. Two of the LIHTC comparables are located within 0.7 miles of the Subject, while the remaining three LIHTC comparables are located outside of the PMA roughly five miles from the Subject. The availability of market rate data is considered good. We have included five market rate properties, all of which are also located less than one mile of the Subject. Additionally, all of the market rate comparables are adaptive reuse projects, similar to the Subject. Overall, we believe the availability of data is adequate to support our conclusions.

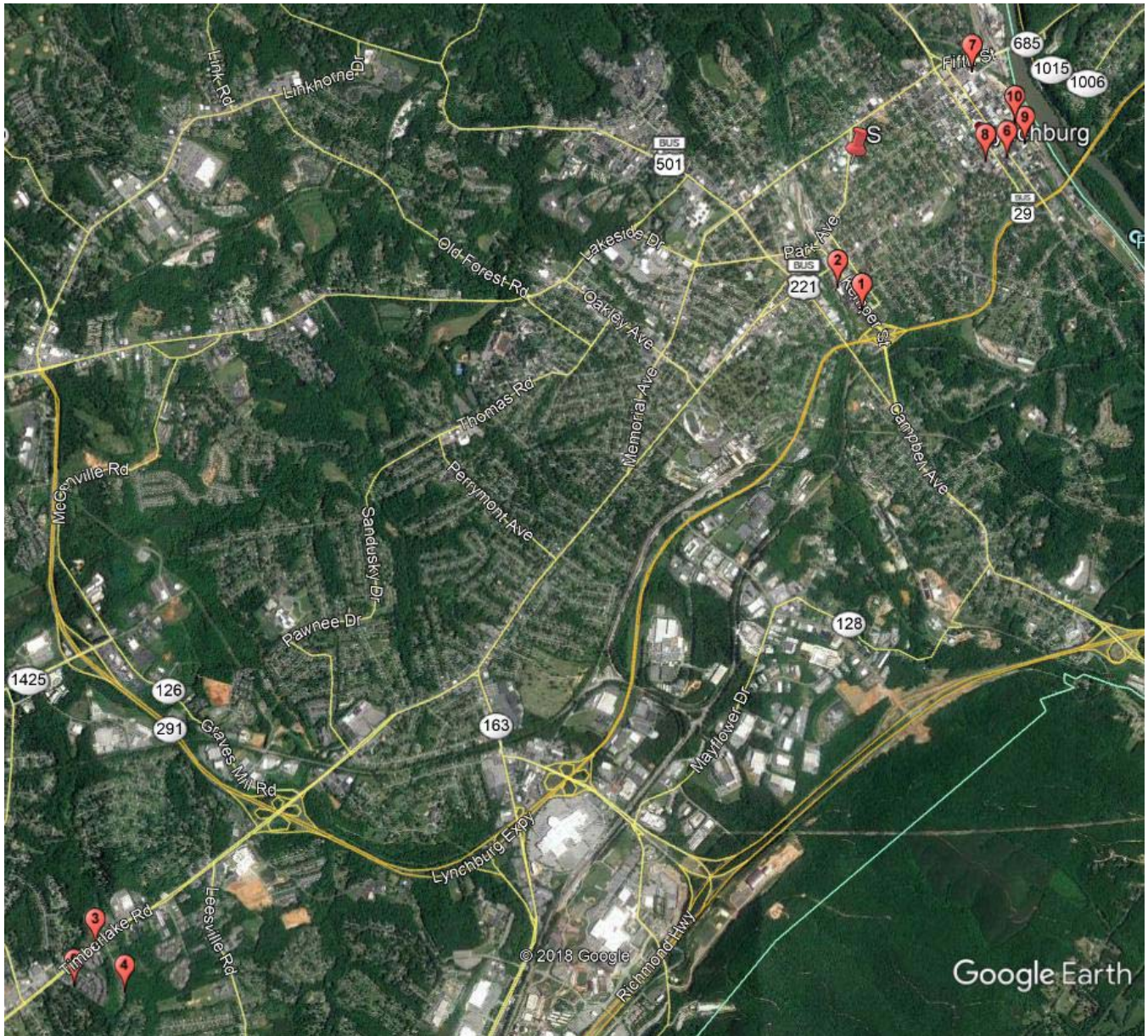
Excluded properties include, but are not limited to the properties located in the following table.

#### EXCLUDED LIST

Property Name	Rent Structure	Tenancy	Reason for Exclusion
Jefferson House Senior	LIHTC	Senior	Senior Tenancy
Tinbridge Manor	LIHTC	Senior	Senior Tenancy
Central City Homes	LIHTC	Family	Unable to Contact
College Hill Homes	LIHTC	Family	Unable to Contact
James Crossing	LIHTC	Family	Unable to Contact
Village Oaks Town Homes	Market	Family	More Similar Comparable Used (Age/Condition, Design)
Landover Apartments	Market	Family	More Similar Comparable Used (Age/Condition, Design)
Park Place Apartments	Market	Family	More Similar Comparable Used (Age/Condition, Design)
McCausland Ridge	Market	Family	More Similar Comparable Used (Age/Condition, Design)
Lakeside Plaza Apartments	Market	Family	More Similar Comparable Used (Age/Condition, Design)
Lynchburg High Apartments	Section 8	Family	Subsidized Rent
Frank Roane	Section 8	Family	Subsidized Rent
Burton Creek Apartments	Section 8/LIHTC	Family	Subsidized Rent
James River Crossing	Section 8/LIHTC	Family	Subsidized Rent
The Virginian	Section 8/LIHTC	Family	Subsidized Rent

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

### Comparable Rental Property Map





**COMPARABLE PROPERTIES**

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
<b>S</b>	<b>1218 Park</b>	<b>Lynchburg</b>	<b>LIHTC</b>	<b>Family</b>	-
1	Jobbers Overall Apartments	Lynchburg	LIHTC	Family	0.7 miles
2	Kemper Lofts	Lynchburg	LIHTC	Family	0.5 miles
3	Timber Ridge Apartments I*	Lynchburg	LIHTC	Family	5.3 miles
4	Timber Ridge Apartments II*	Lynchburg	LIHTC	Family	5.2 miles
5	Vistas At Dreaming Creek*	Lynchburg	LIHTC/ Market	Family	5.3 miles
6	City Market Lofts	Lynchburg	Market	Family	0.7 miles
7	Cliff Edge Lofts	Lynchburg	Market	Family	0.7 miles
8	Imperial Tobacco Lofts	Lynchburg	Market	Family	0.7 miles
9	Factory 88	Lynchburg	Market	Family	0.6 miles
10	Midpoint	Lynchburg	Market	Family	0.8 miles

\*Located outside PMA

**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
<b>Subject</b>	1218 Park Avenue Lynchburg, VA 24501 County	-	Conversion 4-stories 1915 / 2020 Family	@40%, @50%, @60%	1BR / 1BA	3	8.6%	617	@40%	\$389	Yes	N/A	N/A	N/A
					1BR / 1BA	1	2.9%	617	@50%	\$508	Yes	N/A	N/A	N/A
					1BR / 1BA	1	2.9%	617	@60%	\$628	Yes	N/A	N/A	N/A
					2BR / 1.5BA	2	5.7%	979	@40%	\$462	Yes	N/A	N/A	N/A
					2BR / 1.5BA	3	8.6%	979	@50%	\$606	Yes	N/A	N/A	N/A
					2BR / 1.5BA	12	34.3%	979	@60%	\$749	Yes	N/A	N/A	N/A
					3BR / 2BA	1	2.9%	1,032	@40%	\$530	Yes	N/A	N/A	N/A
					3BR / 2BA	8	22.9%	1,032	@50%	\$696	Yes	N/A	N/A	N/A
	3BR / 2BA	4	11.4%	1,032	@60%	\$861	Yes	N/A	N/A	N/A				
					<u>35</u>							N/A	N/A	
1	Jobbers Overall Apartments 1423 & 1503 Kemper Street Lynchburg, VA 24501 Lynchburg County	0.7 miles	Lowrise 3-stories 1920 / 2012 Family	@40%, @50%	2BR / 2BA	3	6.8%	972	@40%	\$383	Yes	Yes	0	0.0%
					2BR / 2BA	17	38.6%	972	@50%	\$526	Yes	Yes	0	0.0%
					3BR / 2BA	2	4.6%	1,205	@40%	\$426	Yes	Yes	0	0.0%
					3BR / 2BA	22	50.0%	1,205	@50%	\$591	Yes	Yes	0	0.0%
					<u>44</u>							0	0.0%	
2	Kemper Lofts 1401 Kemper Street Lynchburg, VA 24501 Lynchburg County	0.5 miles	Conversion 4-stories 1910 / 2010 Family	@40%, @50%, @60%	1BR / 1BA	2	4.9%	683	@40%	\$323	No	No	0	0.0%
					1BR / 1BA	7	17.1%	683	@50%	\$451	No	No	N/A	N/A
					1BR / 1BA	6	14.6%	683	@60%	\$565	No	No	N/A	N/A
					2BR / 1.5BA	2	4.9%	800	@40%	\$392	No	No	N/A	N/A
					2BR / 1.5BA	10	24.4%	800	@50%	\$520	No	No	N/A	N/A
					2BR / 1.5BA	6	14.6%	800	@60%	\$595	No	No	N/A	N/A
					3BR / 2BA	1	2.4%	1,050	@40%	\$435	No	No	N/A	N/A
					3BR / 2BA	3	7.3%	1,050	@50%	\$594	No	No	N/A	N/A
	3BR / 2BA	4	9.8%	1,050	@60%	\$713	No	No	N/A	N/A				
					<u>41</u>							10	24.4%	
3	Timber Ridge Apartments I 7500 Timberlake Road Lynchburg, VA 24501 Lynchburg County	5.3 miles	Garden 3-stories 2009 / n/a Family	@40%, @50%	1BR / 1BA	3	3.1%	744	@40%	\$371	Yes	No	0	0.0%
					1BR / 1BA	9	9.4%	744	@50%	\$490	Yes	No	0	0.0%
					2BR / 2BA	6	6.3%	1,076	@40%	\$434	Yes	No	0	0.0%
					2BR / 2BA	54	56.3%	1,076	@50%	\$577	Yes	No	0	0.0%
					3BR / 2BA	1	1.0%	1,283	@40%	\$458	Yes	No	0	0.0%
	3BR / 2BA	23	24.0%	1,283	@50%	\$623	Yes	No	0	0.0%				
					<u>96</u>							0	0.0%	
4	Timber Ridge Apartments II 7502 Timberlake Road Lynchburg, VA 24501 Lynchburg County	5.2 miles	Garden 3-stories 2009 / n/a Family	@40%, @50%	1BR / 1BA	2	2.8%	744	@40%	\$371	Yes	No	0	0.0%
					1BR / 1BA	10	13.9%	744	@50%	\$490	Yes	No	0	0.0%
					2BR / 2BA	4	5.6%	1,076	@40%	\$434	Yes	No	0	0.0%
					2BR / 2BA	38	52.8%	1,076	@50%	\$577	Yes	No	0	0.0%
					3BR / 2BA	2	2.8%	1,283	@40%	\$458	Yes	No	0	0.0%
	3BR / 2BA	16	22.2%	1,283	@50%	\$623	Yes	No	0	0.0%				
					<u>72</u>							0	0.0%	
5	Vistas At Dreaming Creek 7612 Timberlake Road Lynchburg, VA 24502 Lynchburg County	5.3 miles	Midrise 4-stories 2001 / n/a Family	@60%, Market	1BR / 1BA	8	4.6%	790	@60%	\$630	Yes	Yes	0	0.0%
					1BR / 1BA	8	4.6%	790	Market	\$735	N/A	Yes	0	0.0%
					2BR / 2BA	60	34.1%	960	@60%	\$719	No	No	5	8.3%
					2BR / 2BA	84	47.7%	950	Market	\$865	N/A	No	2	2.4%
					3BR / 2BA	8	4.6%	1,159	@60%	\$847	No	No	1	12.5%
					3BR / 2BA	8	4.6%	1,159	Market	\$950	N/A	No	1	12.5%
					<u>176</u>							9	5.1%	
6	City Market Lofts 1225 Main Street Lynchburg, VA 24505 Lynchburg County	0.7 miles	Conversion 3-stories 1878/2007 / n/a Family	Market	1BR / 1BA	12	17.4%	875	Market	\$850	N/A	No	1	8.3%
					1BR / 1BA	N/A	N/A	875	Market	\$900	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	875	Market	\$800	N/A	No	0	N/A
					2BR / 1.5BA	37	53.6%	1,238	Market	\$984	N/A	No	4	10.8%
					2BR / 1.5BA	N/A	N/A	1,238	Market	\$1,035	N/A	No	0	N/A
					2BR / 1.5BA	N/A	N/A	1,238	Market	\$935	N/A	No	0	N/A
					3BR / 2BA	10	14.5%	1,819	Market	\$1,346	N/A	No	1	10.0%
					3BR / 2BA	N/A	N/A	1,819	Market	\$1,421	N/A	No	0	N/A
	3BR / 2BA	N/A	N/A	1,819	Market	\$1,271	N/A	No	0	N/A				
					<u>69</u>							6	8.7%	
7	Cliff Edge Lofts 612 Commerce Street Lynchburg, VA 24504 Lynchburg County	0.7 miles	Conversion 2-stories 1910 / 2012 Family	Market	OBR / 1BA	N/A	N/A	350	Market	\$513	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	675	Market	\$770	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	956	Market	\$1,100	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	480	Market	\$545	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,000	Market	\$1,035	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,175	N/A	Yes	0	N/A
	2BR / 2BA	N/A	N/A	800	Market	\$879	N/A	Yes	0	N/A				
					<u>52</u>							0	0.0%	
8	Factory 88 320 12th Street Lynchburg, VA 24504 Lynchburg County	0.6 miles	Conversion 2-stories 1850 / 2016 Family	Market	1BR / 1BA	23	100.0%	524	Market	\$850	N/A	No	0	0.0%
					<u>23</u>								0	0.0%
9	Imperial Tobacco Lofts 1220 Commerce St Lynchburg, VA 24504 Lynchburg County	0.7 miles	Conversion 3-stories 1900 / 2015 Family	Market	OBR / 1BA	N/A	N/A	350	Market	\$513	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	575	Market	\$708	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	650	Market	\$850	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	500	Market	\$565	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	950	Market	\$1,110	N/A	Yes	1	N/A
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,350	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	800	Market	\$870	N/A	Yes	0	N/A
					3BR / 3.5BA	N/A	N/A	1,730	Market	\$1,544	N/A	Yes	0	N/A
3BR / 3.5BA	N/A	N/A	1,850	Market	\$1,701	N/A	Yes	0	N/A					
	3BR / 3.5BA	N/A	N/A	1,500	Market	\$1,386	N/A	Yes	0	N/A				
					<u>62</u>							1	1.6%	
10	Midpoint 1101 Jefferson Street Lynchburg, VA 24504 Virginia County	0.8 miles	Conversion 6-stories 1900 / 2014 Family	Market	OBR / 1BA	N/A	N/A	350	Market	\$513	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	575	Market	\$708	N/A	Yes	1	N/A
					1BR / 1BA	N/A	N/A	650	Market	\$850	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	500	Market	\$565	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,000	Market	\$953	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,350	N/A	Yes	0	N/A
	2BR / 2BA	N/A	N/A	800	Market	\$870	N/A	Yes	0	N/A				
					<u>48</u>							1	2.1%	

## Location

The Subject site is located in a predominantly residential neighborhood roughly one half mile from downtown Lynchburg. Seven of the comparable properties are located less than one miles from the Subject. The remaining comparables are located roughly five miles from the Subject.

The Subject is considered similar to Jobbers Overall Apartments and Kemper Lofts, which are located in the same neighborhood as the Subject. The remaining LIHTC comparables are located in a neighborhood with higher median rents, incomes, and home values. However, the Subject is within walking distance from downtown Lynchburg, and is superior in terms of amenities and employment opportunities. Taking these factors into account, we have considered the Subject’s location to be slightly superior to these comparables overall.

The market rate comparables are all located in downtown Lynchburg, and are therefore considered slightly superior to the Subject.

### LOCATION COMPARISON

No.	Property Name	Zip Code	Median Income	Median Rent	Median Home Value	Rent Differential
<b>S</b>	<b>1218 Park</b>	<b>24501</b>	<b>\$30,606</b>	<b>\$697</b>	<b>\$109,100</b>	<b>-</b>
1	Jobbers Overall Apartments	24501	\$30,606	\$697	\$109,100	0.0%
2	Kemper Lofts	24501	\$30,606	\$697	\$109,100	0.0%
3	Timber Ridge Apartments I*	24502	\$46,008	\$844	\$155,100	17.4%
4	Timber Ridge Apartments II*	24502	\$46,008	\$844	\$155,100	17.4%
5	Vistas At Dreaming Creek	24502	\$46,008	\$844	\$155,100	17.4%
6	City Market Lofts	24504	\$31,399	\$638	\$109,900	-9.2%
7	Cliff Edge Lofts	24504	\$31,399	\$638	\$109,900	-9.2%
8	Imperial Tobacco Lofts	24504	\$31,399	\$638	\$109,900	-9.2%
9	Factory 88	24504	\$31,399	\$638	\$109,900	-9.2%
10	Midpoint	24504	\$31,399	\$638	\$109,900	-9.2%

## Size, Age, Condition, and Design

	Subject	Jobbers Overall Apartments	Kemper Lofts	Timber Ridge Apartments I	Timber Ridge Apartments II	Vistas At Dreaming Creek	City Market Lofts	Cliff Edge Lofts	Factory 88	Imperial Tobacco Lofts	Midpoint
<b>Rent Structure</b>	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/Market	Market	Market	Market	Market	Market
<b>Tenancy</b>	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family
<b>Building</b>											
<b>Property Type</b>	Midrise	Lowrise	Conversion	Garden	Garden	Midrise	Conversion	Conversion	Conversion	Conversion	Conversion
<b># of Stories</b>	5-stories	3-stories	4-stories	3-stories	3-stories	4-stories	3-stories	2-stories	2-stories	3-stories	6-stories
<b>Year Built</b>	1915	1920	1910	2009	2009	2001	1878/2007	1910	1850	1900	1900
<b>Year Renovated</b>	2020	2012	2010	n/a	n/a	n/a	n/a	2012	2016	2015	2014
<b>Commercial</b>	no	no	no	no	no	no	no	yes	no	no	no
<b>Elevators</b>	yes	yes	yes	no	no	no	yes	yes	no	yes	yes
<b>Courtyard</b>	yes	no	no	no	no	no	no	no	no	no	no

The LIHTC properties are smaller to larger than the Subject with 41 to 176 units. There appears to be adequate demand for affordable housing and we do not believe the size of the proposed Subject will be problematic for absorption. The market rate properties are also smaller to larger than the Subject with 23 to 69 units.

The Subject will be placed in service in 2020 and will be in excellent condition. The LIHTC properties were built or most recently renovated between 2001 and 2012. Jobbers Overall, Vistas at Dreaming and Kemper Lofts

appear to be inferior to the proposed Subject. Timber Ridge Phase I and Timber Ridge Phase II appear to be in good condition, slightly inferior to the Subject once complete.

The market rate properties are all adaptive reuse projects that have been renovated between 2007 and 2016. All of the comparables are considered similar to the proposed Subject in terms of design. Factory 88 appears to be in excellent condition, while the remaining market rate comparables are considered slightly inferior to inferior to the proposed Subject.

### Unit Size

The table below illustrates the unit sizes for the Subject compared to those at the comparable properties surveyed.

Bedroom Type	1BR	2BR	3BR
<b>Subject</b>	<b>617</b>	<b>979</b>	<b>1,032</b>
Average	696	1,010	1,385
Min	480	800	1,050
Max	956	1,238	1,850
<b>Advantage/Disadvantage</b>	<b>-13%</b>	<b>-3%</b>	<b>-34%</b>

The Subject will offer one-, two-, and three-bedroom units. As the unit size table above indicates, the Subject’s one and three-bedroom units are below the surveyed average, and the two-bedroom units are slightly below the surveyed average. However, all of the Subject’s units are within the range of surveyed comparables. The Subject’s unit sizes have been considered in our market rent determinations.

### Utility Structure

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

	Subject	Jobbers Overall Apartments	Kemper Lofts	Timber Ridge Apartments I	Timber Ridge Apartments II	Vistas At Dreaming Creek	City Market Lofts	Cliff Edge Lofts	Imperial Tobacco Lofts	Factory 88	Midpoint
<b>Rent Structure</b>	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/ Market	Market	Market	Market	Market	Market
<b>Tenancy</b>	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family
<b>Utility Structure</b>											
<b>Cooking</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Water Heat</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Heat</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Other Electric</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Water</b>	no	yes	yes	no	no	no	yes	yes	yes	yes	yes
<b>Sewer</b>	no	yes	yes	no	no	no	yes	yes	yes	yes	yes
<b>Trash</b>	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

### In-Unit Amenities

The following table compares the Subject’s in-unit amenities with comparable properties.

UNIT AMENITIES

	Subject	Jobbers Overall Apartments	Kemper Lofts	Timber Ridge Apartments I	Timber Ridge Apartments II	Vistas At Dreaming Creek	City Market Lofts	Cliff Edge Lofts	Imperial Tobacco Lofts	Factory 88	Midpoint
<b>Rent Structure</b>	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/ Family	Market Family	Market Family	Market Family	Market Family	Market Family
<b>Tenancy</b>	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family
<b>Accessibility</b>											
<b>Grab Bars</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Hand Rails</b>	yes	no	no	no	no	no	no	no	no	no	no
<b>Pull Cords</b>	yes	no	no	no	no	no	no	no	no	no	no
<b>Unit Amenities</b>											
<b>Balcony/Patio</b>	no	yes	no	yes	yes	yes	no	no	no	no	no
<b>Blinds</b>	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Cable/Satellite</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Carpeting</b>	no	no	no	yes	yes	yes	no	no	no	no	no
<b>Hardwood</b>	no	yes	yes	no	no	no	yes	yes	yes	yes	yes
<b>Central A/C</b>	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Ceiling Fan</b>	no	yes	yes	no	no	no	yes	no	no	no	yes
<b>Coat Closet</b>	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	no
<b>Exterior Storage</b>	yes	no	no	yes	yes	yes	no	no	no	no	no
<b>Fireplace</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Furnishing</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Skylights</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Vaulted Ceilings</b>	yes	no	yes	no	no	no	yes	yes	yes	yes	yes
<b>Walk-In Closet</b>	yes	no	yes	yes	yes	yes	yes	yes	yes	no	no
<b>Wall A/C</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Window A/C</b>	no	no	no	no	no	no	no	no	no	no	no
<b>Washer/Dryer</b>	no	no	no	no	no	yes	no	yes	yes	yes	yes
<b>W/D Hookup</b>	no	yes	no	yes	yes	yes	yes	yes	yes	yes	yes
<b>Kitchen</b>											
<b>Dishwasher</b>	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Disposal</b>	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Microwave</b>	yes	yes	no	no	no	yes	yes	yes	yes	yes	yes
<b>Oven</b>	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Refrigerator</b>	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

The Subject’s units will offer blinds, central air conditioning, coat closets, exterior storage, vaulted ceilings, walk-in closets, dishwasher, garbage disposals, microwaves, ovens, and refrigerators as well as hand rails and pull cords in select units. The Subject is considered similar overall relative to the comparables.

**Property Amenities**

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

PROPERTY AMENITIES

	Subject	Jobbers Overall Apartments	Kemper Lofts	Timber Ridge Apartments I	Timber Ridge Apartments II	Vistas At Dreaming Creek	City Market Lofts	Cliff Edge Lofts	Factory 88	Imperial Tobacco Lofts	Midpoint
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/Market	Market	Market	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family
<b>Community</b>											
Business Center	yes	yes	yes	no	no	no	no	no	no	no	no
Community Room	yes	yes	yes	yes	yes	yes	no	yes	no	no	no
Central Laundry	yes	yes	yes	yes	yes	no	yes	no	no	no	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	no	no	yes
Concierge	no	no	no	no	no	no	no	no	no	no	no
<b>Recreation</b>											
Basketball Court	no	no	no	no	no	no	no	no	no	no	no
Exercise Facility	no	no	yes	no	no	yes	no	yes	no	yes	no
Playground	no	no	yes	yes	yes	yes	no	no	no	no	no
Swimming Pool	no	no	no	yes	yes	yes	no	no	no	no	no
Picnic Area	no	no	no	no	no	no	no	no	no	no	yes
Sport Court	no	no	no	no	no	no	no	no	no	no	no
Tennis Court	no	no	no	no	no	no	no	no	no	no	no
Sauna	no	no	no	no	no	no	no	no	no	no	no
Jacuzzi	no	no	no	no	no	no	yes	no	no	no	no
Hot Tub	no	no	no	no	no	no	yes	no	no	no	no
Theatre	no	no	no	no	no	no	no	no	no	no	no
Recreational Area	no	no	no	no	no	no	no	no	no	no	no
Volleyball Court	no	no	no	no	no	yes	no	no	no	no	no
WiFi	no	no	no	no	no	no	no	no	no	no	no

The Subject will feature a business center, clubhouse/community room, central laundry, and on-site management. Overall, we believe that the unit amenities will be generally competitive in the market.

Security Features

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

SECURITY AMENITIES

	Subject	Jobbers Overall Apartments	Kemper Lofts	Timber Ridge Apartments I	Timber Ridge Apartments II	Vistas At Dreaming Creek	City Market Lofts	Cliff Edge Lofts	Factory 88	Imperial Tobacco Lofts	Midpoint
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/Market	Market	Market	Market	Market	Market
Tenancy	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family	Family
<b>Security</b>											
In-Unit Alarm	no	no	no	no	no	no	no	no	no	no	no
Intercom (Buzzer)	yes	yes	yes	no	no	no	no	no	no	no	no
Intercom (Phone)	no	no	no	no	no	no	yes	no	no	no	no
Limited Access	yes	yes	yes	no	no	no	yes	yes	yes	yes	yes
Patrol	no	no	no	no	no	no	no	no	no	no	no
Perimeter Fencing	no	no	no	no	no	no	no	no	no	no	no
Video Surveillance	yes	no	yes	no	no	no	no	yes	no	no	yes

The Subject will offer intercoms, limited access and video surveillance. The majority of comparables offer at least one security feature, while three comparables offer no security features, and are therefore considered inferior.

Parking

The Subject will offer approximately 25 off-street parking spaces. There is no fee charged for parking. Additionally, there is ample street parking in the Subject’s neighborhood. One of the comparables offers no off-street parking and is considered slightly inferior. The remaining comparables are considered similar to superior. It should be noted that the Subject is located adjacent to public transportation.

## MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

### Tenant Makeup

The following table illustrates voucher usage at the comparables.

TENANTS WITH VOUCHERS			
Property Name	Rent Structure	Tenancy	Housing Choice Voucher Tenants
Jobbers Overall Apartments	LIHTC	Family	35%
Kemper Lofts	LIHTC	Family	35%
Timber Ridge Apartments I	LIHTC	Family	13%
Timber Ridge Apartments II	LIHTC	Family	22%
Vistas At Dreaming Creek	LIHTC/ Market	Family	10%
City Market Lofts	Market	Family	0%
Cliff Edge Lofts	Market	Family	0%
Imperial Tobacco Lofts	Market	Family	0%
Factory 88	Market	Family	0%
Midpoint	Market	Family	0%

The comparable properties reported voucher usage ranging from zero to 35 percent. None of the market rate properties reported voucher usage. Five of the LIHTC properties reported voucher usage, with an average utilization of 23 percent. The highest voucher usage was reported by Jobbers Overall Apartments, a 44-unit LIHTC property located 0.7 miles south of the Subject. Based on the performance of the LIHTC comparables, we expect the Subject will operate with voucher usage of approximately 25 percent.

### Turnover

The following table illustrates reported turnover for the comparable properties.

TURNOVER			
Property Name	Rent Structure	Tenancy	Annual Turnover
Jobbers Overall Apartments	LIHTC	Family	10%
Kemper Lofts	LIHTC	Family	40%
Timber Ridge Apartments I	LIHTC	Family	25%
Timber Ridge Apartments II	LIHTC	Family	25%
Vistas At Dreaming Creek	LIHTC/ Market	Family	28%
City Market Lofts	Market	Family	45%
Cliff Edge Lofts	Market	Family	20%
Imperial Tobacco Lofts	Market	Family	25%
Factory 88	Market	Family	N/A
Midpoint	Market	Family	25%
<b>Average Turnover</b>			<b>27%</b>

It should be noted that we were unable to obtain turnover data for one of the surveyed comparables Factory 88. The remaining comparables reported turnover rates ranging from ten to 45 percent, with an overall average of 27 percent. The LIHTC comparables operate with an average turnover rate of 25.6 percent, which was similar to the 28.7 percent average reported by the market rate properties. Based on the performance of the LIHTC comparables, we expect the Subject will operate a turnover rate of approximately 25 percent.

## Vacancy Levels

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

OVERALL VACANCY					
Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Jobbers Overall Apartments	LIHTC	Family	44	0	0.0%
Kemper Lofts	LIHTC	Family	41	10	24.4%
Timber Ridge Apartments I*	LIHTC	Family	96	0	0.0%
Timber Ridge Apartments II*	LIHTC	Family	72	0	0.0%
Vistas At Dreaming Creek *	LIHTC/ Market	Family	176	9	5.1%
City Market Lofts	Market	Family	69	6	8.7%
Cliff Edge Lofts	Market	Family	52	0	0.0%
Imperial Tobacco Lofts	Market	Family	62	1	1.6%
Factory 88	Market	Family	23	0	0.0%
Midpoint	Market	Family	48	1	2.1%
<b>Total LIHTC</b>			<b>429</b>	<b>19</b>	<b>4.4%</b>
<b>Total Market Rate</b>			<b>254</b>	<b>8</b>	<b>3.1%</b>
<b>Overall Total</b>			<b>683</b>	<b>27</b>	<b>4.0%</b>

\*Located outside of the PMA

The comparables reported vacancy rates ranging from zero to 24.4 percent, with an overall weighted average of 4.0 percent. Managers at three of the five LIHTC properties reported being fully occupied. The average vacancy rate reported by the affordable comparables was 4.4 percent, slightly above the 3.1 percent average reported by the market rate properties. The highest LIHTC vacancy was reported by Kemper Lofts, a 41-unit LIHTC property located 0.5 miles south of the Subject. Based on our interview, new management took over this property in January 2019, and indicated that the property had been poorly managed for the past year. Thus, we consider this property to be an outlier. After excluding Kemper Lofts, the average LIHTC vacancy rate is 1.27 percent. All of the market rate properties reported vacancy rates of 8.7 percent or lower. It should be noted that the manager for City Market indicated that rents may be slightly higher than the market, which explains the high vacancy rate. Based on the performance of the LIHTC comparables, we expect the Subject will operate a vacancy rate of approximately five percent or less.

## Trended Vacancy Levels

The following table details the trended vacancy levels at comparable properties.

CHANGE IN VACANCY RATES										
Comparable Property	Type	1QTR 2016	2QTR 2016	1QTR 2017	2QTR 2017	4QTR 2017	1QTR 2018	3QTR 2018	4QTR 2018	1QTR 2019
<b>1218 Park</b>		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Jobbers Overall Apartments</b>	Lowrise	N/A	N/A	2.30%	N/A	0.00%	0.00%	2.30%	N/A	0.00%
<b>Kemper Lofts</b>	Midrise	0.00%	N/A	4.90%	N/A	N/A	0.00%	14.60%	N/A	24.40%
<b>Timber Ridge Apartments I</b>	Garden	0.00%	N/A	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Timber Ridge Apartments II</b>	Garden	0.00%	N/A	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Vistas At Dreaming Creek</b>	Garden	2.80%	N/A	6.20%	N/A	N/A	8.50%	0.60%	5.10%	5.10%
<b>City Market Lofts</b>	Conversion	6.80%	6.80%	N/A	4.30%	N/A	N/A	N/A	N/A	8.70%
<b>Cliff Edge Lofts</b>	Conversion	0.00%	0.00%	N/A	0.00%	N/A	N/A	N/A	N/A	0.00%
<b>Factory 88</b>	Conversion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00%
<b>Imperial Tobacco Lofts</b>	Conversion	0.00%	0.00%	N/A	0.00%	N/A	N/A	N/A	N/A	1.60%
<b>Midpoint</b>	Conversion	0.00%	0.00%	N/A	2.10%	N/A	N/A	N/A	N/A	2.10%
		1.20%	1.70%	2.70%	1.60%	0%	1.70%	3.50%	1.70%	4.20%



The vacancy rates at the surveyed LIHTC property have remained generally stable, with the exception of Kemper Lofts. Overall, historical vacancy rates at the comparable properties have been low over the past several years, which bodes well for the performance of the Subject.

### Concessions

None of the comparable properties utilized for this market study reported the use of concessions. Thus, we do not believe the Subject will need to offer rent concessions.

### Waiting Lists

The following table details waiting lists at comparable properties.

WAITING LIST			
Property Name	Rent Structure	Tenancy	Waiting List Length
Jobbers Overall Apartments	LIHTC	Family	Yes, 6-8 months
Kemper Lofts	LIHTC	Family	None
Timber Ridge Apartments I	LIHTC	Family	None
Timber Ridge Apartments II	LIHTC	Family	None
Vistas At Dreaming Creek	LIHTC/ Market	Family	Yes, 1BR units only, 3-6 months
City Market Lofts	Market	Family	None
Cliff Edge Lofts	Market	Family	Yes 5-7HH
Imperial Tobacco Lofts	Market	Family	Yes 5-7HH
Factory 88	Market	Family	Yes 5-7HH
Midpoint	Market	Family	Yes 5-7HH

Two of the LIHTC comparables reported waiting lists, and four of the five market rate comparables reported waiting lists. As a newly constructed property, we believe the Subject will operate with a short to moderate waiting list.

### Absorption

None of the comparable properties were able to report a recent absorption rate. For support, we have listed recent absorption data for other properties in the Subject’s general broader market as follows.

ABSORPTION					
Property name	Type	Tenancy	Year Built	Number of Units	Units Absorbed / Month
Carlton Views	LIHTC	Family	2017	54	18
Treesdale Apartments	LIHTC	Family	2012	88	11

Both the properties leased-up at a rate of 11 to 18 units per month, with an average of 15 units per month. Based on the performance of recently-opened properties in the region, we have estimated that the Subject would absorb approximately 15 units per month, for an absorption period of approximately four months. It should be noted that we do not expect that this absorption will adversely impact other LIHTC properties, which are generally performing well. Additionally, approximately 51 percent of the Subject's units will target households earning 50 percent of AMI or less, which will facilitate a rapid absorption.

### Rental Rate Increases

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

**RENT GROWTH**

Property Name	Rent Structure	Tenancy	Rent Growth
Jobbers Overall Apartments	LIHTC	Family	Increased 2.1%-2.4% Jan. 2019
Kemper Lofts	LIHTC	Family	None
Timber Ridge Apartments I	LIHTC	Family	None
Timber Ridge Apartments II	LIHTC	Family	None
Vistas At Dreaming Creek	LIHTC/ Market	Family	Fluctuated
City Market Lofts	Market	Family	None
Cliff Edge Lofts	Market	Family	None
Imperial Tobacco Lofts	Market	Family	None
Factory 88	Market	Family	None
Midpoint	Market	Family	None

There is moderate growth in the LIHTC market, as one of the LIHTC comparable properties reported rent growth of roughly 2.4 percent. None of the market rate property reported rent growth over the past year. It should be noted that the proposed rents are set at the maximum limits so rent growth will be driven by increases in AMI as well as market conditions. Overall, we believe that the Subject will experience rent growth in line with comparable properties.

**Similarity Matrix**

The following table ranks the amenities, location, age, and unit size of the properties surveyed as inferior, slightly inferior, similar, slightly superior, and superior. This will provide us with an overall picture of the market perception of the comparable properties in relation to the Subject.

**SIMILARITY MATRIX**

#	Property Name	Program	Tenancy	Property Amenities	Unit Features	Location	Age / Condition	Unit Sizes	Overall Comparison
1	Jobbers Overall Apartments	LIHTC	Family	Similar	Similar	Similar	Slightly Inferior	Slightly Superior	0
2	Kemper Lofts	LIHTC	Family	Slightly Superior	Similar	Similar	Slightly Inferior	Slightly Inferior	-5
3	Timber Ridge Apartments I	LIHTC	Family	Similar	Similar	Similar	Similar	Slightly Superior	5
4	Timber Ridge Apartments II	LIHTC	Family	Similar	Similar	Similar	Similar	Slightly Superior	5
5	Vistas At Dreaming Creek	LIHTC/ Market	Family	Slightly Superior	Similar	Similar	Slightly Inferior	Slightly Superior	5
6	City Market Lofts	Market	Family	Similar	Slightly Superior	Slightly Superior	Slightly Inferior	Superior	15
7	Cliff Edge Lofts	Market	Family	Similar	Slightly Superior	Slightly Superior	Slightly Inferior	Similar	5
8	Imperial Tobacco Lofts	Market	Family	Inferior	Slightly Superior	Slightly Superior	Similar	Slightly Superior	5
9	Factory 88	Market	Family	Inferior	Similar	Slightly Superior	Similar	Similar	-5
10	Midpoint	Market	Family	Inferior	Similar	Slightly Superior	Slightly Inferior	Similar	-10

\*Inferior=-10, slightly inferior=-5, similar=0, slightly superior=5, superior=10.

**Reasonability of Rents**

The table below illustrates the Subject’s proposed rents and unit mix.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@40%							
1BR / 1BA	617	1	\$389	\$88	\$477	\$477	\$636
2BR / 1.5BA	979	5	\$462	\$110	\$572	\$572	\$793
3BR / 2BA	1,032	3	\$530	\$131	\$661	\$661	\$1,079
@50%							
1BR / 1BA	617	4	\$508	\$88	\$596	\$596	\$636
2BR / 1.5BA	979	13	\$606	\$110	\$716	\$716	\$793
3BR / 2BA	1,032	4	\$696	\$131	\$827	\$827	\$1,079
@60%							
1BR / 1BA	617	1	\$628	\$88	\$716	\$716	\$636
2BR / 1.5BA	979	15	\$749	\$110	\$859	\$859	\$793
3BR / 2BA	1,032	13	\$861	\$131	\$992	\$992	\$1,079
<b>59</b>							

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

**Comparable LIHTC Rents**

The Subject’s proposed LIHTC rents are set at the maximum allowable level for all set asides. The following tables illustrate the Subject’s LIHTC rents compared to the LIHTC rents of the comparable LIHTC properties. The rents have been adjusted for variance in utilities, as well as concessions.

**LIHTC Rent Comparison - @40%**

Property Name	1BR	2BR	3BR
1218 Park (Subject)	\$389	\$462	\$530
<b>LIHTC Maximum (Net)</b>	<b>\$389</b>	<b>\$462</b>	<b>\$530</b>
Jobbers Overall Apartments	-	\$383	\$426
Kemper Lofts	\$323	\$392	\$435
Timber Ridge Apartments I	\$371	\$434	\$458
Timber Ridge Apartments II	\$371	\$434	\$458
<b>Average (excluding Subject)</b>	<b>\$355</b>	<b>\$411</b>	<b>\$444</b>

**LIHTC Rent Comparison - @50%**

Property Name	1BR	2BR	3BR
1218 Park (Subject)	\$508	\$606	\$696
<b>LIHTC Maximum (Net)</b>	<b>\$508</b>	<b>\$606</b>	<b>\$696</b>
Jobbers Overall Apartments	-	\$526	\$591
Kemper Lofts	\$451	\$520	\$594
Timber Ridge Apartments I	\$490	\$577	\$623
Timber Ridge Apartments II	\$490	\$577	\$623
<b>Average (excluding Subject)</b>	<b>\$477</b>	<b>\$550</b>	<b>\$608</b>

LIHTC Rent Comparison - @60%

Property Name	1BR	2BR	3BR
1218 Park (Subject)	\$628	\$749	\$861
<b>LIHTC Maximum (Net)</b>	<b>\$628</b>	<b>\$749</b>	<b>\$861</b>
Kemper Lofts	\$565	\$595	\$713
Vistas At Dreaming Creek	\$630	\$719	\$847
<b>Average (excluding Subject)</b>	<b>\$598</b>	<b>\$657</b>	<b>\$780</b>

With the exception of Kemper Lofts, all of the LIHTC properties reported maximum allowable rents at 40 and 50 percent of AMI. As previously discussed, the performance of Kemper Lofts appears to be property-specific issue. It should be noted that any difference between the LIHTC maximum allowable rental levels and property specific maximum allowable rental levels is assumed to be caused by different property specific utility allowances.

**Most Similar LIHTC**

The Subject will be most similar to Jobbers Overall Apartments and Vistas at Dreaming Creek.

**Jobbers Overall Apartments** is a 44-unit LIHTC development renovated in 2012. The property offers two-, and three-bedroom lowrise units restricted at 40 and 50 percent of AMI. Regarding condition, it will be inferior to the newly constructed Subject. Regarding design, Jobbers Overall Apartments lowrise design is similar to the Subject’s proposed design. This property is 100 percent occupied and maintains a waiting list. This property offers slightly larger units than the Subject and a similar location. Additionally, it will offer slightly similar in-unit and common area amenities. This property reported maximum allowable rents for all of its units.

**Vistas at Dreaming Creek** is a 176-unit LIHTC development that was constructed in 2001. The property offers one-, two- and three-bedroom garden-style units. With respect to condition, it will be considered slightly inferior to the newly constructed Subject. It is currently 95 percent occupied and maintains a waiting list for its one-bedroom units. This property offers slightly superior unit sizes. Additionally, it offers a slightly superior location and slightly superior amenities. This property reported maximum allowable rents for its one-bedroom units and rents slightly below the maximum level for its two- and three-bedroom units.

Given that the majority of the comparables reported maximum allowable rents at 40 and 50 percent of AMI, we believe maximum allowable rents are achievable at these set asides. Vistas at Dreaming Creek is the only comparable other than Kemper Lofts that offers units at 60 percent of AMI. As previously mentioned, this comparable reported maximum allowable rents for its one-bedroom units and rents slightly below the maximum level for its two- and three-bedroom units. However, based on the excellent condition of the proposed Subject, as well as its access to amenities and employment opportunities in downtown Lynchburg, we believe maximum allowable rents are achievable for all of the Subject’s units, including 60 percent of AMI. Our analysis is further supported by the Subject’s achievable market rents in the following section, which indicate a rent advantage of at least 26 percent for all of the Subject’s units.

**Achievable Market Rents**

The maximum achievable market rents were determined by comparing the property amenities, unit features, location, condition, and unit sizes to that of the market rate projects in the area. Novogradac & Company concluded that the Subject will be competitive with the market rate competition and its achievable rents are within the market rental range. Achievable rents represent net market rate rent levels that we believe a project of the Subject’s condition and quality could reasonably achieve. We have made adjusted the rents at the comparable market rate properties in the previously displayed rent grids. The following table summarizes our conclusions.

**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	@40%	\$389	\$812	\$874	\$846	\$850	54%
1BR / 1BA	@50%	\$509	\$812	\$874	\$846	\$850	40%
1BR / 1BA	@60%	\$628	\$812	\$874	\$846	\$850	26%
2BR / 1.5BA	@40%	\$462	\$968	\$1,094	\$1,036	\$1,050	56%
2BR / 1.5BA	@50%	\$606	\$968	\$1,094	\$1,036	\$1,050	42%
2BR / 1.5BA	@60%	\$749	\$968	\$1,094	\$1,036	\$1,050	29%
3BR / 2BA	@40%	\$530	\$1,132	\$1,272	\$1,223	\$1,225	57%
3BR / 2BA	@50%	\$696	\$1,132	\$1,272	\$1,223	\$1,225	43%
3BR / 2BA	@60%	\$861	\$1,132	\$1,272	\$1,223	\$1,225	30%

Our concluded affordable rents result in a rent advantage of 26 to 57 percent.

In summary, our estimated achievable market rents are provided in the table below.

**SUBJECT'S ACHIEVABLE MARKET RENT**

Unit Type	Achievable Market Rent
1BR/1BA	\$850
2BR / 1.5BA	\$1,050
3BR/2BA	\$1,225

**Summary Evaluation of the Project**

The Subject will be well-positioned in the market. As a newly constructed property, the Subject will be in superior condition to most of the comparable properties. The market exhibits moderate to strong demand for affordable housing, with vacancy rates averaging 4.4 percent at the comparable LIHTC properties. After excluding Kemper Lofts, which is an outlier, the average LIHTC vacancy rate is 1.27 percent. Vacancy loss at the Subject is expected to be no more than three percent over the long term. Based on the comparable data, maximum allowable rents appear to be achievable at all set asides. The Subject will be well-accepted in the market as a LIHTC property.

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

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

### Introduction

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

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

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

### Capture Rate Determination

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

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

The following text will examine each step through the process.

#### Step One – PMA Demography

### Primary Market Area Defined

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

### Demographic Information

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

Demographic data originates from the Census and is compiled by a third party data provider. Novogradac & Company uses data provided by the ESRI Business Analyst. Business Analyst brings in data as produced by ESRI’s team of demographers. Sources include the US Census, American Community Survey, and other reputable sources. Housing characteristics are derived from several data sources, including construction data

from Hanley Wood Market Intelligence, building permits from counties, the USPS, HUD, BLS, and the Census bureau. Owner and renter occupied units come from the Current Population Survey (BLS) and the Housing Vacancy Survey (Census). Data has been ground-truthed by ESRI staff and proven effective.

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

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

**Step Two – Income Qualified**

Assumptions and Data necessary for this calculation are:

Appropriate Municipality:	Lynchburg, VA
AMI for four-person household:	\$63,600
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.

**FAMILY INCOME LIMITS**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@50%		@60%	
1BR	\$13,371	\$20,360	\$17,451	\$25,450	\$21,566	\$30,540
2BR	\$15,771	\$22,920	\$20,709	\$28,650	\$25,611	\$34,380
3BR	\$17,931	\$27,480	\$23,623	\$34,350	\$29,280	\$41,220



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	2018		PMA		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	2,774	21.9%	2,706	21.2%	-14	-0.5%		
\$10,000-19,999	2,382	18.8%	2,266	17.8%	-23	-1.0%		
\$20,000-29,999	2,233	17.6%	2,194	17.2%	-8	-0.3%		
\$30,000-39,999	1,320	10.4%	1,375	10.8%	11	0.8%		
\$40,000-49,999	1,154	9.1%	1,149	9.0%	-1	-0.1%		
\$50,000-59,999	749	5.9%	823	6.5%	15	2.0%		
\$60,000-74,999	855	6.8%	886	7.0%	6	0.7%		
\$75,000-99,999	457	3.6%	499	3.9%	8	1.8%		
\$100,000-124,999	322	2.5%	352	2.8%	6	1.9%		
\$125,000-149,999	222	1.8%	254	2.0%	6	2.9%		
\$150,000-199,999	112	0.9%	125	1.0%	3	2.3%		
\$200,000+	85	0.7%	106	0.8%	4	4.9%		
<b>Total</b>	<b>12,665</b>	<b>100.0%</b>	<b>12,735</b>	<b>100.0%</b>				

Source: HISTA Data / Ribbon Demographics 2018, Novogradac & Company LLP, February 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 2018**

Income Cohort	Total Renter Households	@40%			@50%			@60%			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	2,774												
\$10,000-19,999	2,382	6,661	66.6%	1,587	2,581	25.8%	615				6,661	66.6%	1,587
\$20,000-29,999	2,233	7,481	74.8%	1,671	9,999	100.0%	2,233	8,467	84.7%	1,891	9,999	100.0%	2,233
\$30,000-39,999	1,320				4,351	43.5%	574	9,999	100.0%	1,320	9,999	100.0%	1,320
\$40,000-49,999	1,154							1,221	12.2%	141	1,221	12.2%	141
\$50,000-59,999	749												
\$60,000-74,999	855												
\$75,000-99,999	457												
\$100,000-124,999	322												
\$125,000-149,999	222												
\$150,000-199,999	112												
\$200,000+	85												
<b>Total</b>	<b>12,665</b>		<b>25.7%</b>	<b>3,257</b>		<b>27.0%</b>	<b>3,422</b>		<b>26.5%</b>	<b>3,352</b>		<b>41.70%</b>	<b>5,281</b>

**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		
<b>1 BR</b>	90%	Of one-person households in 1BR units
	20%	Of two-person households in 1BR units
<b>2 BR</b>	10%	Of one-person households in 2BR units
	80%	Of two-person households in 2BR units
	60%	Of three-person households in 2BR units
	30%	Of four-person households in 2BR units
<b>3 BR</b>	40%	Of three-person households in 3BR units
	40%	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.

**40 Percent of AMI Demand**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	44.5%	5,641
2 persons	25.4%	3,215
3 persons	14.1%	1,780
4 persons	8.1%	1,028
5+ persons	7.9%	1,001
<b>Total</b>	<b>100.0%</b>	<b>12,665</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	5,641	x	1,451
2 persons	3,215	x	827
3 persons	1,780	x	458
4 persons	1,028	x	264
5+ persons	1,001	x	257
<b>Total</b>	<b>12,665</b>		<b>3,257</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	1,471
2BR	1,161
3BR	1,161
<b>Total</b>	<b>3,792</b>

*Capture Rate Analysis - @40%*

	Developer's Unit Mix	Capture Rate
1BR	3	0.20%
2BR	2	0.17%
3BR	1	0.09%
<b>Total/Overall</b>	<b>6</b>	<b>0.16%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	3	0.18%
2BR	2	0.16%
3BR	1	0.08%
<b>Total/Overall</b>	<b>6</b>	<b>0.14%</b>

**50 Percent of AMI Demand**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	44.5%	5,641
2 persons	25.4%	3,215
3 persons	14.1%	1,780
4 persons	8.1%	1,028
5+ persons	7.9%	1,001
<b>Total</b>	<b>100.0%</b>	<b>12,665</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	5,641	x 27.0%	1,524
2 persons	3,215	x 27.0%	869
3 persons	1,780	x 27.0%	481
4 persons	1,028	x 27.0%	278
5+ persons	1,001	x 27.0%	270
<b>Total</b>	<b>12,665</b>		<b>3,422</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	1,546
2BR	1,219
3BR	439
<b>Total</b>	<b>3,204</b>

*Capture Rate Analysis - @50%*

	Developer's Unit Mix	Capture Rate
1BR	1	0.06%
2BR	3	0.25%
3BR	8	1.82%
<b>Total/Overall</b>	<b>12</b>	<b>0.37%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	1	0.06%
2BR	3	0.22%
3BR	8	1.64%
<b>Total/Overall</b>	<b>12</b>	<b>0.34%</b>

**60 Percent of AMI Demand**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	44.5%	5,641
2 persons	25.4%	3,215
3 persons	14.1%	1,780
4 persons	8.1%	1,028
5+ persons	7.9%	1,001
<b>Total</b>	<b>100.0%</b>	<b>12,665</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	5,641	x	26.5%
2 persons	3,215	x	26.5%
3 persons	1,780	x	26.5%
4 persons	1,028	x	26.5%
5+ persons	1,001	x	26.5%
<b>Total</b>	<b>12,665</b>		<b>3,352</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	1,514
2BR	1,194
3BR	430
<b>Total</b>	<b>3,138</b>

*Capture Rate Analysis - @60%*

	Developer's Unit Mix	Capture Rate
1BR	1	0.07%
2BR	12	1.00%
3BR	4	0.93%
<b>Total/Overall</b>	<b>17</b>	<b>0.54%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	1	0.06%
2BR	12	0.90%
3BR	4	0.84%
<b>Total/Overall</b>	<b>17</b>	<b>0.49%</b>

All Units

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	44.5%	5,641
2 persons	25.4%	3,215
3 persons	14.1%	1,780
4 persons	8.1%	1,028
5+ persons	7.9%	1,001
<b>Total</b>	<b>100.0%</b>	<b>12,665</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	5,641	x 41.7%	2,352
2 persons	3,215	x 41.7%	1,341
3 persons	1,780	x 41.7%	742
4 persons	1,028	x 41.7%	429
5+ persons	1,001	x 41.7%	417
<b>Total</b>	<b>12,665</b>		<b>5,281</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	2,385
2BR	1,882
3BR	677
<b>Total</b>	<b>4,943</b>

*Capture Rate Analysis - All Units As Proposed*

	Developer's Unit Mix	Capture Rate
1BR	5	0.21%
2BR	17	0.90%
3BR	13	1.92%
<b>Total/Overall</b>	<b>35</b>	<b>0.71%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	5	0.19%
2BR	17	0.81%
3BR	13	1.73%
<b>Total/Overall</b>	<b>35</b>	<b>0.64%</b>

## ANNUAL CAPTURE RATE ANALYSIS

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

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

### Population/Household Change

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

### Additions to Supply

We consulted a January 2019 CoStar construction report to get an understanding of proposed, under construction, and recently completed multifamily developments in the PMA. Additionally, we consulted the Virginia Housing and Development Authority (VHDA) website in order to determine properties that were recently allocated tax credits within the PMA. According to the VHDA website, there have been two properties allocated tax credits in the PMA besides the Subject since 2014. These developments are detailed in the following table.

PLANNED DEVELOPMENT IN THE PMA

Property Name	Address	Tenancy	Rent Structure	Status	Number Of Units	Competitive Units	Distance to Subject
Krise Building MF	203 9th St	Family	Market	Under Construction	23	0	0.6 miles
Eleven 25	1125 Old Graves Mill Rd	Family	Market	Under Construction	228	0	4.9 miles
Mill's Crossing	6231 Old Mill Rd	Family	Market	Under Construction	156	0	3.9 miles
Frank Roan Apartments	900 Federal Street	Senior	LIHTC/Section 8	Recently Complete	26	0	0.3 miles
Old Forest Village	2516 Old Forest Road	Disabled	LIHTC	Under Construction	28	0	2.5 miles

In 2017, tax credits were awarded to Old Forest Village for a new construction development. Old Forest Village will offer 28 fully handicapped-accessible, low-income units to disabled households. According to the property website, this development is still under construction. Given its tenancy, we do not consider the proposed Old Forest Village to be competitive to the Subject.

In 2014, tax credits were awarded to Frank Roane Apartments. This was awarded LIHTCs for an acquisition/rehabilitation. Frank Roane Apartments was originally built in 1899 as a school and converted to its current use in 1980. The property offers 26 units targeted to seniors. According to management at the property, the renovation work is complete. Details regarding the scope of the renovation work were not provided. Given its tenancy, we do not consider Frank Roane Apartments competitive with the Subject.

All of the remaining recently completed and under construction developments are market rate properties targeted towards families and students. Given the market rate rent structure, these units are not competitive with the Subject.

## Annual Demand Table

<b>ANNUAL DEMAND</b>		
Calculation		PMA
<b>Number of Renter Households in 2018</b>		12,665
<b>Increase in Number of Renter Households</b>		70
<b>Number of Renter Households in 2023</b>		12,735
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		49.3%
Percentage of Income-Qualified Renter Households		41.7%
Number of Income-Qualified Renter Households		5,281
Percentage of Rent-Overburdened		43.0%
<b>Existing Income-Qualified Renter Household Turnover</b>		<b>2,268</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		14
Percentage of Income-Qualified Renter Households		41.7%
<b>New Rental Income Qualified Households</b>		<b>6</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		35
Occupied Units at Subject With Vacancy of:	5%	33
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		2,274
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		2,527
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	0	
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>2,527</b>
<b>Yielded Annual Capture Rate of Available Demand in 2019</b>		<b>1.3%</b>

The yielded capture rate is approximately 1.3 percent of available demand per annum, for the Subject's units.

## 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 property. The supply illustrates all proposed or under construction units in the PMA.

We have determined that the LIHTC vacancy rate among the comparable properties is 4.4 percent. We have extrapolated the number of vacant units in the PMA based on this figure. On the following pages, we illustrate that there are a total of 16 competitive units in the PMA, which would be in direct competition with the



Subject’s units. This indicates there are approximately 16 vacant competitive units in the PMA. Therefore, we have deducted the 16 units from these properties in our analysis.

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

Income Restrictions	Up to 40%	Up to 50%	Up to 60%	Project Total
	(\$13,371 - \$27,480)	(\$17,451 - \$34,350)	(\$21,566 - \$41,220)	(\$13,371 - \$41,220)
New Rental Households	18	19	19	29
+				
Existing Households - Overburdened	1,401	1,472	1,441	2,271
+				
Existing Households -Substandard Housing	45	47	46	73
+				
Senior Households - Likely to Covert to Rental Housing	n/a	n/a	n/a	n/a
+				
Qualified Tenants- To Remain After <b>Renovation</b>	n/a	n/a	n/a	n/a
<b>TOTAL DEMAND</b>	1,464	1,538	1,506	2,373
-				
Supply (includes directly comparable vacant units or in pipeline in PMA )	3	3	10	16
<b>NET DEMAND</b>	1,461	1,535	1,496	2,357
PROPOSED UNITS	9	21	29	59
<b>CAPTURE RATE</b>	0.6%	1.4%	1.9%	2.5%
ABSORPTION PERIOD	2 months	2 months	2 months	2 months

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

Project Wide Capture Rate - LIHTC Units	2.5%
Project Wide Absorption Period	2 months

### Capture Rate and VHDA Conclusion

The Novoco demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation illustrates an overall capture rate of 0.41, 0.76, and 0.54 percent at the 40, 50 and 60 percent of AMI levels, respectively.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject’s first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This is a subset of the income-eligible renter households used previously and yields a far more conservative annual capture rate. This annual Novoco capture rate is 1.3 percent for the first year of operation. 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 3,380 units of demand in the first year of the Subject’s operation as a mixed-income property. The Subject’s units will need to accommodate 56 total units of demand in order to stabilize at 95 percent occupancy, as if 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 - LIHTC Units	2.5%
Project Wide Absorption Period	2 months

This is a strong capture rate and indicative of adequate demand for the Subject.

### PENETRATION RATE ANALYSIS

Per VHDA guidelines, we also performed a penetration rate analysis for the Subject’s units, as seen in the following table.

PENETRATION RATE - Methodology Two (Market Focus - NCHMA)	
Number of Proposed Competitive LIHTC Units in the PMA	0
	+
Number of Existing Competitive Family LIHTC Units in the PMA	147
	+
Number of Proposed LIHTC Units at the Subject	35
	=
Total	182
	/
Income Eligible Households - All AMI Levels	5,281
	=
<b>Overall Penetration Rate - Market Focus (NCHMA)</b>	<b>3.4%</b>

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.

#### EXISTING LIHTC PROPERTIES IN PMA

Property Name	Rent Structure	Tenancy	Total Units	Competitive LIHTC Units	Competitive Subsidized Units	Distance from Subject
<b>1218 Park</b>	<b>LIHTC</b>	<b>Family</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>-</b>
Jobbers Overall Apartments	LIHTC	Family	44	44	0	0.7 miles
Kemper Lofts	LIHTC	Family	41	41	0	0.5 miles
College Hill Homes	LIHTC	Family	28	28	0	0.5 miles
Central City Homes	LIHTC	Family	34	34	0	0.5 miles
Jefferson House	LIHTC	Senior	101	0	0	1.2 miles
James River Crossing	LIHTC/Sec 8	Family	288	0	0	1.8 miles
<b>Totals</b>			<b>536</b>	<b>147</b>	<b>0</b>	

The overall penetration rate for the market is 2.9 percent. The penetration rate analysis we have presented is conservative because it does not account for renter household growth and leakage (i.e. tenants originating outside of the PMA). This penetration rate is considered reasonable.

**Absorption**

None of the comparable properties were able to report a recent absorption rate. For support, we have listed recent absorption data for other properties in the Subject’s general broader market as follows.

ABSORPTION					
Property name	Type	Tenancy	Year Built	Number of Units	Units Absorbed / Month
Carlton Views	LIHTC	Family	2017	54	18
Treesdale Apartments	LIHTC	Family	2012	88	11

Both the properties leased-up at a rate of 11 to 18 units per month, with an average of 15 units per month. Based on the performance of recently-opened properties in the region, we have estimated that the Subject would absorb approximately 17 units per month, for an absorption period of approximately two months. It should be noted that we do not expect that this absorption will adversely impact other LIHTC properties, which are generally performing well. Additionally, approximately 51 percent of the Subject's units will target households earning 50 percent of AMI or less, which will facilitate a rapid absorption *Rent conclusions were provided in Section H.*

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

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

## INTERVIEWS

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

### Local Housing Authority Discussion

We attempted to contact Chandra Hyacinth, Compliance Manager with the Lynchburg Redevelopment and Housing Authority, regarding the total allocation of Housing Choice Vouchers for the City of Lynchburg for 2018. To date, our calls have not been returned. As of 2016, the total allocation for the city was approximately 979 vouchers, of which 886 had been issued. According to the Lynchburg Redevelopment and Housing Authority website, the waiting list has 159 households on it and is currently closed.

#### PAYMENT STANDARDS

Unit Type	Standard
One-Bedroom	\$699
Two-Bedroom	\$872
Three-Bedroom	\$1,186

### Planning Discussion

We consulted a January 2019 CoStar construction report to get an understanding of proposed, under construction, and recently completed multifamily developments in the PMA. Additionally, we consulted the Virginia Housing and Development Authority (VHDA) website in order to determine properties that were recently allocated tax credits within the PMA. According to the VHDA website, there have been two properties allocated tax credits in the PMA besides the Subject since 2014. These developments are detailed in the following table.

#### PLANNED DEVELOPMENT IN THE PMA

Property Name	Address	Tenancy	Rent Structure	Status	Number Of Units	Competitive Units	Distance to Subject
Krise Building MF	203 9th St	Family	Market	Under Construction	23	0	0.6 miles
Eleven 25	1125 Old Graves Mill Rd	Family	Market	Under Construction	228	0	4.9 miles
Mill's Crossing	6231 Old Mill Rd	Family	Market	Under Construction	156	0	3.9 miles
Frank Roan Apartments	900 Federal Street	Senior	LIHTC/Section 8	Recently Complete	26	0	0.3 miles
Old Forest Village	2516 Old Forest Road	Disabled	LIHTC	Under Construction	28	0	2.5 miles

In 2017, tax credits were awarded to Old Forest Village for a new construction development. Old Forest Village will offer 28 fully handicapped-accessible, low-income units to disabled households. According to the property website, this development is still under construction. Given its tenancy, we do not consider the proposed Old Forest Village to be competitive to the Subject.

In 2014, tax credits were awarded to Frank Roane Apartments. This was awarded LIHTCs for an acquisition/rehabilitation. Frank Roane Apartments was originally built in 1899 as a school and converted to its current use in 1980. The property offers 26 units targeted to seniors. According to management at the property, the renovation work is complete. Details regarding the scope of the renovation work were not provided. Given its tenancy, we do not consider Frank Roane Apartments competitive with the Subject.

All of the remaining recently completed and under construction developments are market rate properties targeted towards families and students. Given the market rate rent structure, these units are not competitive with the Subject.

### **Recent LIHTC Allocations**

According to the VHDA website, there have been two properties allocated tax credits in the PMA besides the Subject since 2014.

In 2017, tax credits were awarded to Old Forest Village for a new construction development. Old Forest Village will offer 28 fully handicapped-accessible, low-income units to disabled households. According to the property website, this development is still under construction. Given its tenancy, we do not consider the proposed Old Forest Village to be competitive to the Subject.

In 2014, tax credits were awarded to Frank Roane Apartments. This was awarded LIHTCs for an acquisition/rehabilitation. Frank Roane Apartments was originally built in 1899 as a school and converted to its current use in 1980. The property offers 26 units targeted to seniors. According to management at the property, the renovation work is complete. Details regarding the scope of the renovation work were not provided. Given its tenancy, we do not consider Frank Roane Apartments competitive with the Subject.

# K. ANALYSIS/CONCLUSIONS

## Recommendations

In general, we believe there is demand in the marketplace for the Subject. Additionally, the market has reported strong occupancy rates.

## Demand Summary

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

Project Wide Capture Rate - LIHTC Units	2.5%
Project Wide Absorption Period	2 months

Additionally, the overall penetration rate for the market is 2.5 percent. The penetration rate analysis we have presented is conservative because it does not account for renter household growth and leakage (i.e. tenants originating outside of the PMA). This penetration rate is considered reasonable.

## Strengths and Weaknesses of the Subject

### Strengths

- The Subject will be adaptive reuse and new construction, offering superior condition.
- The Subject will offer elevator serviced design.
- The Subject will offer a good location near downtown Lynchburg.

### Weaknesses

- The Subject's unit sizes are inferior to the some comparables.

## Absorption Estimate

None of the comparable properties were able to report a recent absorption rate. For support, we have listed recent absorption data for other properties in the Subject's general broader market as follows.

### ABSORPTION

Property name	Type	Tenancy	Year Built	Number of Units	Units Absorbed / Month
Carlton Views	LIHTC	Family	2017	54	18
Treesdale Apartments	LIHTC	Family	2012	88	11

Both the properties leased-up at a rate of 11 to 18 units per month, with an average of 15 units per month. Based on the performance of recently-opened properties in the region, we have estimated that the Subject would absorb approximately 17 units per month, for an absorption period of approximately two months. It should be noted that we do not expect that this absorption will adversely impact other LIHTC properties, which are generally performing well. Additionally, approximately 51 percent of the Subject's units will target households earning 50 percent of AMI or less, which will facilitate a rapid absorption.



# L. OTHER REQUIREMENTS

1. We 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.



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**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**

1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



SUBJECT



SUBJECT



SUBJECT



SUBJECT



SUBJECT



SUBJECT

1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



SUBJECT



SUBJECT



SUBJECT



SUBJECT



SUBJECT



STREET VIEW



1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



SURROUNDING USES



SURROUNDING USES

1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



SURROUNDING USES



SURROUNDING USES



SURROUNDING USES



SURROUNDING USES



SURROUNDING USES



SURROUNDING USES

**1218 Park – Lynchburg, VA**  
**Source: Ben Torpey, Novogradac and Company**  
**Date: 2/15/2019**



**SURROUNDING USES**



**SURROUNDING USES**



**SURROUNDING USES**



**TYPICAL SINGLE-FAMILY HOME**



**TYPICAL SINGLE-FAMILY HOME**



**TYPICAL SINGLE-FAMILY HOME**

1218 Park – Lynchburg, VA  
Source: Ben Torpey, Novogradac and Company  
Date: 2/15/2019



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG



DOWNTOWN LYNCHBURG

**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
<b>Subject</b>	1218 Park Avenue Lynchburg, VA 24501 County	-	Conversion 4-stories 1915 / 2020 Family	@40%, @50%, @60%	1BR / 1BA	3	8.6%	617	@40%	\$389	Yes	N/A	N/A	N/A
					1BR / 1BA	1	2.9%	617	@50%	\$508	Yes	N/A	N/A	N/A
					1BR / 1BA	1	2.9%	617	@60%	\$628	Yes	N/A	N/A	N/A
					2BR / 1.5BA	2	5.7%	979	@40%	\$462	Yes	N/A	N/A	N/A
					2BR / 1.5BA	3	8.6%	979	@50%	\$606	Yes	N/A	N/A	N/A
					2BR / 1.5BA	12	34.3%	979	@60%	\$749	Yes	N/A	N/A	N/A
					3BR / 2BA	1	2.9%	1,032	@40%	\$530	Yes	N/A	N/A	N/A
					3BR / 2BA	8	22.9%	1,032	@50%	\$696	Yes	N/A	N/A	N/A
					3BR / 2BA	4	11.4%	1,032	@60%	\$861	Yes	N/A	N/A	N/A
					<u>35</u>							N/A	N/A	
1	Jobbers Overall Apartments 1423 & 1503 Kemper Street Lynchburg, VA 24501 Lynchburg County	0.7 miles	Lowrise 3-stories 1920 / 2012 Family	@40%, @50%	2BR / 2BA	3	6.8%	972	@40%	\$383	Yes	Yes	0	0.0%
					2BR / 2BA	17	38.6%	972	@50%	\$526	Yes	Yes	0	0.0%
					3BR / 2BA	2	4.6%	1,205	@40%	\$426	Yes	Yes	0	0.0%
					3BR / 2BA	22	50.0%	1,205	@50%	\$591	Yes	Yes	0	0.0%
						<u>44</u>								
2	Kemper Lofts 1401 Kemper Street Lynchburg, VA 24501 Lynchburg County	0.5 miles	Conversion 4-stories 1910 / 2010 Family	@40%, @50%, @60%	1BR / 1BA	2	4.9%	683	@40%	\$323	No	No	0	0.0%
					1BR / 1BA	7	17.1%	683	@50%	\$451	No	No	N/A	N/A
					1BR / 1BA	6	14.6%	683	@60%	\$565	No	No	N/A	N/A
					2BR / 1.5BA	2	4.9%	800	@40%	\$392	No	No	N/A	N/A
					2BR / 1.5BA	10	24.4%	800	@50%	\$520	No	No	N/A	N/A
					2BR / 1.5BA	6	14.6%	800	@60%	\$595	No	No	N/A	N/A
					3BR / 2BA	1	2.4%	1,050	@40%	\$435	No	No	N/A	N/A
					3BR / 2BA	3	7.3%	1,050	@50%	\$594	No	No	N/A	N/A
					3BR / 2BA	4	9.8%	1,050	@60%	\$713	No	No	N/A	N/A
	<u>41</u>										10	24.4%		
3	Timber Ridge Apartments I 7500 Timberlake Road Lynchburg, VA 24501 Lynchburg County	5.3 miles	Garden 3-stories 2009 / n/a Family	@40%, @50%	1BR / 1BA	3	3.1%	744	@40%	\$371	Yes	No	0	0.0%
					1BR / 1BA	9	9.4%	744	@50%	\$490	Yes	No	0	0.0%
					2BR / 2BA	6	6.3%	1,076	@40%	\$434	Yes	No	0	0.0%
					2BR / 2BA	54	56.3%	1,076	@50%	\$577	Yes	No	0	0.0%
					3BR / 2BA	1	1.0%	1,283	@40%	\$458	Yes	No	0	0.0%
					3BR / 2BA	23	24.0%	1,283	@50%	\$623	Yes	No	0	0.0%
	<u>96</u>										0	0.0%		
4	Timber Ridge Apartments II 7502 Timberlake Road Lynchburg, VA 24501 Lynchburg County	5.2 miles	Garden 3-stories 2009 / n/a Family	@40%, @50%	1BR / 1BA	2	2.8%	744	@40%	\$371	Yes	No	0	0.0%
					1BR / 1BA	10	13.9%	744	@50%	\$490	Yes	No	0	0.0%
					2BR / 2BA	4	5.6%	1,076	@40%	\$434	Yes	No	0	0.0%
					2BR / 2BA	38	52.8%	1,076	@50%	\$577	Yes	No	0	0.0%
					3BR / 2BA	2	2.8%	1,283	@40%	\$458	Yes	No	0	0.0%
					3BR / 2BA	16	22.2%	1,283	@50%	\$623	Yes	No	0	0.0%
	<u>72</u>										0	0.0%		
5	Vistas At Dreaming Creek 7612 Timberlake Road Lynchburg, VA 24502 Lynchburg County	5.3 miles	Midrise 4-stories 2001 / n/a Family	@60%, Market	1BR / 1BA	8	4.6%	790	@60%	\$630	Yes	Yes	0	0.0%
					1BR / 1BA	8	4.6%	790	Market	\$735	N/A	Yes	0	0.0%
					2BR / 2BA	60	34.1%	960	@60%	\$719	No	No	5	8.3%
					2BR / 2BA	84	47.7%	950	Market	\$865	N/A	No	2	2.4%
					3BR / 2BA	8	4.6%	1,159	@60%	\$847	No	No	1	12.5%
					3BR / 2BA	8	4.6%	1,159	Market	\$950	N/A	No	1	12.5%
						<u>176</u>								
6	City Market Lofts 1225 Main Street Lynchburg, VA 24505 Lynchburg County	0.7 miles	Conversion 3-stories 1878/2007 / n/a Family	Market	1BR / 1BA	12	17.4%	875	Market	\$850	N/A	No	1	8.3%
					1BR / 1BA	N/A	N/A	875	Market	\$900	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	875	Market	\$800	N/A	No	0	N/A
					2BR / 1.5BA	37	53.6%	1,238	Market	\$984	N/A	No	4	10.8%
					2BR / 1.5BA	N/A	N/A	1,238	Market	\$1,035	N/A	No	0	N/A
					2BR / 1.5BA	N/A	N/A	1,238	Market	\$935	N/A	No	0	N/A
					3BR / 2BA	10	14.5%	1,819	Market	\$1,346	N/A	No	1	10.0%
					3BR / 2BA	N/A	N/A	1,819	Market	\$1,421	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,819	Market	\$1,271	N/A	No	0	N/A
	<u>69</u>										6	8.7%		
7	Cliff Edge Lofts 612 Commerce Street Lynchburg, VA 24504 Lynchburg County	0.7 miles	Conversion 2-stories 1910 / 2012 Family	Market	0BR / 1BA	N/A	N/A	350	Market	\$513	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	675	Market	\$770	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	956	Market	\$1,100	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	480	Market	\$545	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,000	Market	\$1,035	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,175	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	800	Market	\$879	N/A	Yes	0	N/A
	<u>52</u>										0	0.0%		
8	Factory 88 320 12th Street Lynchburg, VA 24504 Lynchburg County	0.6 miles	Conversion 2-stories 1850 / 2016 Family	Market	1BR / 1BA	23	100.0%	524	Market	\$850	N/A	No	0	0.0%
						<u>23</u>								
9	Imperial Tobacco Lofts 1220 Commerce St Lynchburg, VA 24504 Lynchburg County	0.7 miles	Conversion 3-stories 1900 / 2015 Family	Market	0BR / 1BA	N/A	N/A	350	Market	\$513	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	575	Market	\$708	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	650	Market	\$850	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	500	Market	\$565	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	950	Market	\$1,110	N/A	Yes	1	N/A
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,350	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	800	Market	\$870	N/A	Yes	0	N/A
					3BR / 3.5BA	N/A	N/A	1,730	Market	\$1,544	N/A	Yes	0	N/A
					3BR / 3.5BA	N/A	N/A	1,850	Market	\$1,701	N/A	Yes	0	N/A
	<u>62</u>										1	1.6%		
10	Midpoint 1101 Jefferson Street Lynchburg, VA 24504 Virginia County	0.8 miles	Conversion 6-stories 1900 / 2014 Family	Market	0BR / 1BA	N/A	N/A	350	Market	\$513	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	575	Market	\$708	N/A	Yes	1	N/A
					1BR / 1BA	N/A	N/A	650	Market	\$850	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	500	Market	\$565	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,000	Market	\$953	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,350	N/A	Yes	0	N/A
	<u>48</u>										1	2.1%		

**AMENITY MATRIX**

	Subject	Jobbers Overall Apartments	Kemper Lofts	Timber Ridge Apartments I	Timber Ridge Apartments II	Vistas At Dreaming Creek	City Market Lofts	Cliff Edge Lofts	Factory 88	Imperial Tobacco Lofts	Midpoint
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/Market	Market	Market	Market	Market	Market
<b>Building</b>											
Property Type	Conversion	Lowrise	Conversion	Garden	Garden	Midrise	Conversion	Conversion	Conversion	Conversion	Conversion
# of Stories	4-stories	3-stories	4-stories	3-stories	3-stories	4-stories	3-stories	2-stories	2-stories	3-stories	6-stories
Year Built	1915	1920	1910	2009	2009	2001	1878/2007	1910	1850	1900	1900
Year Renovated	2020	2012	2010	n/a	n/a	n/a	n/a	2012	2016	2015	2014
Commercial	no	no	no	no	no	no	no	yes	no	no	no
Elevators	yes	yes	yes	no	no	yes	yes	yes	no	yes	yes
Courtyard	yes	no	no	no	no	no	no	no	no	no	no
<b>Utility Structure</b>											
Cooking	no	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no
Water	no	yes	yes	no	no	no	yes	yes	yes	yes	yes
Sewer	no	yes	yes	no	no	no	yes	yes	yes	yes	yes
Trash	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Accessibility</b>											
<b>Unit Amenities</b>											
Balcony/Patio	no	yes	no	yes	yes	yes	no	no	no	no	no
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	no	no	no	yes	yes	yes	no	no	no	no	no
Hardwood	no	yes	yes	no	no	no	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	yes	yes	no	no	no	yes	no	no	no	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	no
Exterior Storage	yes	no	no	yes	yes	yes	no	no	no	no	no
Vaulted Ceilings	yes	no	yes	no	no	no	yes	yes	yes	yes	yes
Walk-In Closet	yes	no	yes	yes	yes	yes	yes	yes	no	yes	no
Washer/Dryer	no	no	no	no	no	yes	no	yes	yes	yes	yes
W/D Hookup	no	yes	no	yes	yes	yes	yes	yes	yes	yes	yes
<b>Kitchen</b>											
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Disposal	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Microwave	yes	yes	no	no	no	yes	yes	yes	yes	yes	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Community</b>											
Business Center	yes	yes	yes	no	no	no	no	no	no	no	no
Community	yes	yes	yes	yes	yes	yes	no	yes	no	no	no
Central Laundry	yes	yes	yes	yes	yes	no	yes	no	no	no	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	no	no	yes
<b>Recreation</b>											
Exercise Facility	no	no	yes	no	no	yes	no	yes	no	yes	no
Playground	no	no	yes	yes	yes	yes	no	no	no	no	no
Swimming Pool	no	no	no	yes	yes	yes	no	no	no	no	no
Picnic Area	no	no	no	no	no	no	no	no	no	no	yes
Jacuzzi	no	no	no	no	no	no	yes	no	no	no	no
Hot Tub	no	no	no	no	no	no	yes	no	no	no	no
Volleyball Court	no	no	no	no	no	yes	no	no	no	no	no
Adult Education	no	no	yes	no	no	no	no	no	no	no	no
Non-Shelter	yes	no	no	no	no	no	no	no	no	no	no
Service	yes	no	no	no	no	no	no	no	no	no	no
<b>Security</b>											
Intercom	yes	yes	yes	no	no	yes	no	no	no	no	no
Intercom (Phone)	no	no	no	no	no	no	yes	no	no	no	no
Limited Access	yes	yes	yes	no	no	yes	yes	yes	yes	yes	yes
Video	yes	no	yes	no	no	no	no	yes	no	no	yes
<b>Parking</b>											
Carport	no	no	no	yes	yes	no	no	no	no	no	no
Carport Fee	\$0	\$0	\$0	\$20	\$20	\$0	\$0	\$0	\$0	\$0	\$25
Garage	no	no	no	yes	yes	no	yes	yes	no	no	no
Garage Fee	\$0	\$0	\$0	\$40	\$40	\$0	\$30	\$95	\$0	\$0	\$0

# PROPERTY PROFILE REPORT

## Jobbers Overall Apartments

Effective Rent Date	2/08/2019
Location	1423 & 1503 Kemper Street Lynchburg, VA 24501 Lynchburg County
Distance	0.7 miles
Units	44
Vacant Units	0
Vacancy Rate	0.0%
Type	Lowrise (3 stories)
Year Built/Renovated	1920 / 2012
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Kemper Lofts, James Crossing
Tenant Characteristics	Majority families, some seniors
Contact Name	Ashley
Phone	(434)-847-0800



### Market Information

Program	@40%, @50%
Annual Turnover Rate	10%
Units/Month Absorbed	4
HCV Tenants	35%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Increased 2.1%-2.4% Jan. 2019
Concession	None
Waiting List	Yes, six to eight 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	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
2	2	Lowrise (3 stories)	17	972	\$591	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Lowrise (3 stories)	3	972	\$448	\$0	@40%	Yes	0	0.0%	yes	None
3	2	Lowrise (3 stories)	2	1,205	\$505	\$0	@40%	Yes	0	0.0%	yes	None
3	2	Lowrise (3 stories)	22	1,205	\$670	\$0	@50%	Yes	0	0.0%	yes	None

### Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 2BA	\$448	\$0	\$448	-\$65	\$383	2BR / 2BA	\$591	\$0	\$591	-\$65	\$526
3BR / 2BA	\$505	\$0	\$505	-\$79	\$426	3BR / 2BA	\$670	\$0	\$670	-\$79	\$591



## Jobbers Overall Apartments, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpet/Hardwood	Central A/C	Limited Access	
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	Covered community porch
Elevators	Central Laundry		
Off-Street Parking(\$0.00)	On-Site Management		

### Comments

The contact reported the property has performed well during the past year and maintains a modest waiting list ranging from three to six months.

## Jobbers Overall Apartments, continued

### Trend Report

#### Vacancy Rates

4Q17	1Q18	3Q18	1Q19
0.0%	0.0%	2.3%	0.0%

#### Trend: @40%

##### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	4	0.0%	\$436	\$0	\$436	\$371
2018	1	0.0%	\$436	\$0	\$436	\$371
2018	3	0.0%	\$437	\$0	\$437	\$372
2019	1	0.0%	\$448	\$0	\$448	\$383

##### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	4	0.0%	\$492	\$0	\$492	\$413
2018	1	0.0%	\$492	\$0	\$492	\$413
2018	3	0.0%	\$494	\$0	\$494	\$415
2019	1	0.0%	\$505	\$0	\$505	\$426

#### Trend: @50%

##### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	4	0.0%	\$576	\$0	\$576	\$511
2018	1	0.0%	\$576	\$0	\$576	\$511
2018	3	0.0%	\$577	\$0	\$577	\$512
2019	1	0.0%	\$591	\$0	\$591	\$526

##### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	4	0.0%	\$654	\$0	\$654	\$575
2018	1	0.0%	\$654	\$0	\$654	\$575
2018	3	4.5%	\$656	\$0	\$656	\$577
2019	1	0.0%	\$670	\$0	\$670	\$591

### Trend: Comments

4Q17	Management reported strong demand for affordable housing in the local area.
1Q18	N/A
3Q18	The single vacancy at the property is pre-leased. The contact reported rental rates below the maximum allowable levels.
1Q19	The contact reported the property has performed well during the past year and maintains a modest waiting list ranging from three to six months.

Photos



# PROPERTY PROFILE REPORT

## Kemper Lofts

**Effective Rent Date** 2/08/2019  
**Location** 1401 Kemper Street  
 Lynchburg, VA 24501  
 Lynchburg County  
**Distance** 0.6 miles  
**Units** 41  
**Vacant Units** 10  
**Vacancy Rate** 24.4%  
**Type** Conversion (4 stories)  
**Year Built/Renovated** 1910 / 2010  
**Marketing Began** N/A  
**Leasing Began** N/A  
**Last Unit Leased** N/A  
**Major Competitors** None identified  
**Tenant Characteristics** Mixed  
**Contact Name** Christina  
**Phone** 434-528-4956



### Market Information

**Program** @40%, @50%, @60%  
**Annual Turnover Rate** 40%  
**Units/Month Absorbed** 8  
**HCV Tenants** 35%  
**Leasing Pace** One to two weeks  
**Annual Chg. in Rent** None  
**Concession** None  
**Waiting List** No

### 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	Conversion (4 stories)	2	683	\$373	\$0	@40%	No	0	0.0%	no	None
1	1	Conversion (4 stories)	7	683	\$501	\$0	@50%	No	N/A	N/A	no	None
1	1	Conversion (4 stories)	6	683	\$615	\$0	@60%	No	N/A	N/A	no	None
2	1.5	Conversion (4 stories)	2	800	\$457	\$0	@40%	No	N/A	N/A	no	None
2	1.5	Conversion (4 stories)	10	800	\$585	\$0	@50%	No	N/A	N/A	no	None
2	1.5	Conversion (4 stories)	6	800	\$660	\$0	@60%	No	N/A	N/A	no	None
3	2	Conversion (4 stories)	1	1,050	\$514	\$0	@40%	No	N/A	N/A	no	None
3	2	Conversion (4 stories)	3	1,050	\$673	\$0	@50%	No	N/A	N/A	no	None
3	2	Conversion (4 stories)	4	1,050	\$792	\$0	@60%	No	N/A	N/A	no	None

## Kemper Lofts, 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	\$373	\$0	\$373	-\$50	\$323	1BR / 1BA	\$501	\$0	\$501	-\$50	\$451
2BR / 1.5BA	\$457	\$0	\$457	-\$65	\$392	2BR / 1.5BA	\$585	\$0	\$585	-\$65	\$520
3BR / 2BA	\$514	\$0	\$514	-\$79	\$435	3BR / 2BA	\$673	\$0	\$673	-\$79	\$594

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$615	\$0	\$615	-\$50	\$565
2BR / 1.5BA	\$660	\$0	\$660	-\$65	\$595
3BR / 2BA	\$792	\$0	\$792	-\$79	\$713

### Amenities

In-Unit		Security	Services
Blinds	Carpet/Hardwood	Intercom (Buzzer)	Adult Education
Central A/C	Coat Closet	Limited Access	
Dishwasher	Ceiling Fan	Video Surveillance	
Garbage Disposal	Oven		
Refrigerator	Vaulted Ceilings		
Walk-In Closet			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Elevators	Exercise Facility		
Central Laundry	Off-Street Parking(\$0.00)		
On-Site Management	Playground		

### Comments

The contact reported that she took over the property at the start of 2019 noting previous management was incompetent. Vacancy rates were consistently high at the property over the past 12 to 18 months. The contact acknowledged that many applicants do not meet the income requirements but for the most part, previous management was unable to resolve tenant issues and the property was consistently under achieving.

Trend Report

Vacancy Rates

1Q17	1Q18	3Q18	1Q19
4.9%	0.0%	14.6%	24.4%

Trend: @40%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	1	0.0%	\$364	\$0	\$364	\$314
2018	1	0.0%	\$373	\$0	\$373	\$323
2018	3	0.0%	\$373	\$0	\$373	\$323
2019	1	0.0%	\$373	\$0	\$373	\$323

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	1	0.0%	\$437	\$0	\$437	\$372
2018	1	0.0%	\$445	\$0	\$445	\$380
2018	3	0.0%	\$445	\$0	\$445	\$380
2019	1	N/A	\$457	\$0	\$457	\$392

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	1	0.0%	\$492	\$0	\$492	\$413
2018	1	0.0%	\$501	\$0	\$501	\$422
2018	3	0.0%	\$501	\$0	\$501	\$422
2019	1	N/A	\$514	\$0	\$514	\$435

Trend: @50%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	1	0.0%	\$478	\$0	\$478	\$428
2018	1	0.0%	\$490	\$0	\$490	\$440
2018	3	14.3%	\$490	\$0	\$490	\$440
2019	1	N/A	\$501	\$0	\$501	\$451

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	1	0.0%	\$571	\$0	\$571	\$506
2018	1	0.0%	\$585	\$0	\$585	\$520
2018	3	20.0%	\$585	\$0	\$585	\$520
2019	1	N/A	\$585	\$0	\$585	\$520

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	1	0.0%	\$649	\$0	\$649	\$570
2018	1	0.0%	\$663	\$0	\$663	\$584
2018	3	0.0%	\$663	\$0	\$663	\$584
2019	1	N/A	\$673	\$0	\$673	\$594

Trend: @60%

1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	1	0.0%	\$575	\$0	\$575	\$525
2018	1	0.0%	\$600	\$0	\$600	\$550
2018	3	16.7%	\$600	\$0	\$600	\$550
2019	1	N/A	\$615	\$0	\$615	\$565

2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	1	0.0%	\$677	\$0	\$677	\$612
2018	1	0.0%	\$702	\$0	\$702	\$637
2018	3	0.0%	\$702	\$0	\$702	\$637
2019	1	N/A	\$660	\$0	\$660	\$595

3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	1	50.0%	\$767	\$0	\$767	\$688
2018	1	0.0%	\$792	\$0	\$792	\$713
2018	3	50.0%	\$792	\$0	\$792	\$713
2019	1	N/A	\$792	\$0	\$792	\$713

Trend: Comments

- 1Q17 The waiting list consists of four households.
- 1Q18 The contact reported the waiting list is four households. Turnover is higher in the summer but typically around one or two per month. The contact indicated that maximum allowable rents are not feasible in the market.
- 3Q18 The contact reported that maximum allowable rents are not achievable in the market. The contact acknowledged vacancy is elevated, but reported that it was not typical for the property and attributed the vacancies to applicants not meeting the income requirements.
- 1Q19 The contact reported that she took over the property at the start of 2019 noting previous management was incompetent. Vacancy rates were consistently high at the property over the past 12 to 18 months. The contact acknowledged that many applicants do not meet the income requirements but for the most part, previous management was unable to resolve tenant issues and the property was consistently under achieving.

Photos





# PROPERTY PROFILE REPORT

## Timber Ridge Apartments I

Effective Rent Date	2/08/2019
Location	7500 Timberlake Road Lynchburg, VA 24501 Lynchburg County
Distance	5.2 miles
Units	96
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2009 / N/A
Marketing Began	6/01/2008
Leasing Began	6/01/2008
Last Unit Leased	5/31/2009
Major Competitors	Vistas at Dreaming Creek
Tenant Characteristics	Mixed tenancy
Contact Name	Erin
Phone	434.237.3560



### Market Information

Program	@40%, @50%
Annual Turnover Rate	25%
Units/Month Absorbed	8
HCV Tenants	13%
Leasing Pace	Pre-leased
Annual Chg. in Rent	No increase
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	3	744	\$371	\$0	@40%	No	0	0.0%	yes	None
1	1	Garden (3 stories)	9	744	\$490	\$0	@50%	No	0	0.0%	yes	None
2	2	Garden (3 stories)	6	1,076	\$434	\$0	@40%	No	0	0.0%	yes	None
2	2	Garden (3 stories)	54	1,076	\$577	\$0	@50%	No	0	0.0%	yes	None
3	2	Garden (3 stories)	1	1,283	\$458	\$0	@40%	No	0	0.0%	yes	None
3	2	Garden (3 stories)	23	1,283	\$623	\$0	@50%	No	0	0.0%	yes	None

### Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$371	\$0	\$371	\$0	\$371	1BR / 1BA	\$490	\$0	\$490	\$0	\$490
2BR / 2BA	\$434	\$0	\$434	\$0	\$434	2BR / 2BA	\$577	\$0	\$577	\$0	\$577
3BR / 2BA	\$458	\$0	\$458	\$0	\$458	3BR / 2BA	\$623	\$0	\$623	\$0	\$623

## Timber Ridge Apartments I, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Carport(\$20.00)	Clubhouse/Meeting Room/Community	None	None
Garage(\$40.00)	Central Laundry		
Off-Street Parking(\$0.00)	On-Site Management		
Playground	Swimming Pool		

### Comments

Washers and dryers can be rented for an additional \$40 per month. The property has 22 garage units, though the utilization rate was not available. The property no longer maintains a waiting list.

# Timber Ridge Apartments I, continued

## Trend Report

### Vacancy Rates

1Q18	3Q18	4Q18	1Q19
0.0%	0.0%	0.0%	0.0%

### Trend: @40%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$376	\$0	\$376	\$376
2018	3	0.0%	\$371	\$0	\$371	\$371
2018	4	0.0%	\$371	\$0	\$371	\$371
2019	1	0.0%	\$371	\$0	\$371	\$371

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$416	\$0	\$416	\$416
2018	3	0.0%	\$434	\$0	\$434	\$434
2018	4	0.0%	\$434	\$0	\$434	\$434
2019	1	0.0%	\$434	\$0	\$434	\$434

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$456	\$0	\$456	\$456
2018	3	0.0%	\$458	\$0	\$458	\$458
2018	4	0.0%	\$458	\$0	\$458	\$458
2019	1	0.0%	\$458	\$0	\$458	\$458

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$493	\$0	\$493	\$493
2018	3	0.0%	\$490	\$0	\$490	\$490
2018	4	0.0%	\$490	\$0	\$490	\$490
2019	1	0.0%	\$490	\$0	\$490	\$490

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$556	\$0	\$556	\$556
2018	3	0.0%	\$577	\$0	\$577	\$577
2018	4	0.0%	\$577	\$0	\$577	\$577
2019	1	0.0%	\$577	\$0	\$577	\$577

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$618	\$0	\$618	\$618
2018	3	0.0%	\$623	\$0	\$623	\$623
2018	4	0.0%	\$623	\$0	\$623	\$623
2019	1	0.0%	\$623	\$0	\$623	\$623

## Trend: Comments

1Q18	Washers and dryers can be rented for an additional \$40 per month. Garages and carports rent for \$40 and \$20 per month, respectively. The property has 22 garage units, though the utilization rate was not available. Total carports available was not provided.
3Q18	Washers and dryers can be rented for an additional \$40 per month. Garages and carports rent for \$40 and \$20 per month, respectively. The property has 22 garage units, though the utilization rate was not available. The property no longer maintains a waiting list for administrative purposes.
4Q18	Washers and dryers can be rented for an additional \$40 per month. Garages and carports rent for \$40 and \$20 per month, respectively. The property has 22 garage units, though the utilization rate was not available. The property no longer maintains a waiting list.
1Q19	Washers and dryers can be rented for an additional \$40 per month. The property has 22 garage units, though the utilization rate was not available. The property no longer maintains a waiting list.

Photos



# PROPERTY PROFILE REPORT

## Timber Ridge Apartments II

Effective Rent Date	2/08/2019
Location	7502 Timberlake Road Lynchburg, VA 24501 Lynchburg County
Distance	5.2 miles
Units	72
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2009 / N/A
Marketing Began	5/01/2009
Leasing Began	11/01/2009
Last Unit Leased	7/15/2010
Major Competitors	Vistas at Dreaming Creek
Tenant Characteristics	Mixed tenancy
Contact Name	Erin
Phone	434.237.3560



### Market Information

Program	@40%, @50%
Annual Turnover Rate	25%
Units/Month Absorbed	8
HCV Tenants	22%
Leasing Pace	Pre-leased
Annual Chg. in Rent	None
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	2	744	\$371	\$0	@40%	No	0	0.0%	yes	None
1	1	Garden (3 stories)	10	744	\$490	\$0	@50%	No	0	0.0%	yes	None
2	2	Garden (3 stories)	4	1,076	\$434	\$0	@40%	No	0	0.0%	yes	None
2	2	Garden (3 stories)	38	1,076	\$577	\$0	@50%	No	0	0.0%	yes	None
3	2	Garden (3 stories)	2	1,283	\$458	\$0	@40%	No	0	0.0%	yes	None
3	2	Garden (3 stories)	16	1,283	\$623	\$0	@50%	No	0	0.0%	yes	None

### Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$371	\$0	\$371	\$0	\$371	1BR / 1BA	\$490	\$0	\$490	\$0	\$490
2BR / 2BA	\$434	\$0	\$434	\$0	\$434	2BR / 2BA	\$577	\$0	\$577	\$0	\$577
3BR / 2BA	\$458	\$0	\$458	\$0	\$458	3BR / 2BA	\$623	\$0	\$623	\$0	\$623

## Timber Ridge Apartments II, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Carport(\$20.00)	Clubhouse/Meeting Room/Community	None	None
Garage(\$40.00)	Central Laundry		
Off-Street Parking(\$0.00)	On-Site Management		
Playground	Swimming Pool		

### Comments

Washers and dryers can be rented for an additional \$40 per month. The property has 22 garage units, though the utilization rate was not available. The property no longer maintains a waiting list.

# Timber Ridge Apartments II, continued

## Trend Report

### Vacancy Rates

1Q18	3Q18	4Q18	1Q19
0.0%	0.0%	0.0%	0.0%

### Trend: @40%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$376	\$0	\$376	\$376
2018	3	0.0%	\$371	\$0	\$371	\$371
2018	4	0.0%	\$371	\$0	\$371	\$371
2019	1	0.0%	\$371	\$0	\$371	\$371

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$416	\$0	\$416	\$416
2018	3	0.0%	\$434	\$0	\$434	\$434
2018	4	0.0%	\$434	\$0	\$434	\$434
2019	1	0.0%	\$434	\$0	\$434	\$434

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$456	\$0	\$456	\$456
2018	3	0.0%	\$458	\$0	\$458	\$458
2018	4	0.0%	\$458	\$0	\$458	\$458
2019	1	0.0%	\$458	\$0	\$458	\$458

### Trend: @50%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$493	\$0	\$493	\$493
2018	3	0.0%	\$490	\$0	\$490	\$490
2018	4	0.0%	\$490	\$0	\$490	\$490
2019	1	0.0%	\$490	\$0	\$490	\$490

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$556	\$0	\$556	\$556
2018	3	0.0%	\$577	\$0	\$577	\$577
2018	4	0.0%	\$577	\$0	\$577	\$577
2019	1	0.0%	\$577	\$0	\$577	\$577

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$618	\$0	\$618	\$618
2018	3	0.0%	\$623	\$0	\$623	\$623
2018	4	0.0%	\$623	\$0	\$623	\$623
2019	1	0.0%	\$623	\$0	\$623	\$623

## Trend: Comments

1Q18	N/A
3Q18	Washers and dryers can be rented for an additional \$40 per month. Garages and carports rent for \$40 and \$20 per month, respectively. The property has 22 garage units, though the utilization rate was not available. The property no longer maintains a waiting list for administrative purposes.
4Q18	Washers and dryers can be rented for an additional \$40 per month. Garages and carports rent for \$40 and \$20 per month, respectively. The property has 22 garage units, though the utilization rate was not available. The property no longer maintains a waiting list.
1Q19	Washers and dryers can be rented for an additional \$40 per month. The property has 22 garage units, though the utilization rate was not available. The property no longer maintains a waiting list.

Photos





# PROPERTY PROFILE REPORT

## Vistas At Dreaming Creek

Effective Rent Date	2/08/2019
Location	7612 Timberlake Road Lynchburg, VA 24502 Lynchburg County
Distance	5.3 miles
Units	176
Vacant Units	9
Vacancy Rate	5.1%
Type	Midrise (4 stories)
Year Built/Renovated	2001 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Stone Mill, Willow Brook
Tenant Characteristics	Mixed local tenancy
Contact Name	Becca
Phone	434-582-4748



### Market Information

Program	@60%, Market
Annual Turnover Rate	28%
Units/Month Absorbed	N/A
HCV Tenants	10%
Leasing Pace	N/A
Annual Chg. in Rent	Increased/decreased
Concession	None
Waiting List	Yes, 1BR units only, 3-6 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	Midrise (4 stories)	8	790	\$630	\$0	@60%	Yes	0	0.0%	yes	None
1	1	Midrise (4 stories)	8	790	\$735	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Midrise (4 stories)	60	960	\$719	\$0	@60%	No	5	8.3%	no	None
2	2	Midrise (4 stories)	84	950	\$865	\$0	Market	No	2	2.4%	N/A	None
3	2	Midrise (4 stories)	8	1,159	\$847	\$0	@60%	No	1	12.5%	no	None
3	2	Midrise (4 stories)	8	1,159	\$950	\$0	Market	No	1	12.5%	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$630	\$0	\$630	\$0	\$630	1BR / 1BA	\$735	\$0	\$735	\$0	\$735
2BR / 2BA	\$719	\$0	\$719	\$0	\$719	2BR / 2BA	\$865	\$0	\$865	\$0	\$865
3BR / 2BA	\$847	\$0	\$847	\$0	\$847	3BR / 2BA	\$950	\$0	\$950	\$0	\$950

Amenities

<b>In-Unit</b>		<b>Security</b>	<b>Services</b>
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher		
Exterior Storage	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
<b>Property</b>		<b>Premium</b>	<b>Other</b>
Clubhouse/Meeting Room/Community	Elevators	None	None
Exercise Facility	Off-Street Parking(\$0.00)		
On-Site Management	Playground		
Swimming Pool	Volleyball Court		

Comments

The contact reported four of six income restricted units are preleased. Rents decreased on the affordable two- and three-bedroom units by 2.7 percent to 5.0 percent. Market rate units increased 2.7 to 3.2 percent at the start of the year. She noted the rent decrease for the affordable housing units was to stimulate the leasing pace although she did state several applicants are over the income limits.

# Vistas At Dreaming Creek, continued

## Trend Report

### Vacancy Rates

1Q18	3Q18	4Q18	1Q19
8.5%	0.6%	5.1%	5.1%

### Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$616	\$0	\$616	\$616
2018	3	0.0%	\$630	\$0	\$630	\$630
2018	4	0.0%	\$630	\$0	\$630	\$630
2019	1	0.0%	\$630	\$0	\$630	\$630

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	15.0%	\$721	\$0	\$721	\$721
2018	3	1.7%	\$739	\$0	\$739	\$739
2018	4	11.7%	\$739	\$0	\$739	\$739
2019	1	8.3%	\$719	\$0	\$719	\$719

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	12.5%	\$827	\$0	\$827	\$827
2018	3	0.0%	\$890	\$0	\$890	\$890
2018	4	0.0%	\$890	\$0	\$890	\$890
2019	1	12.5%	\$847	\$0	\$847	\$847

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	0.0%	\$715	\$0	\$715	\$715
2018	3	0.0%	\$715	\$0	\$715	\$715
2018	4	0.0%	\$715	\$0	\$715	\$715
2019	1	0.0%	\$735	\$0	\$735	\$735

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	4.8%	\$845 - \$855	\$0	\$845 - \$855	\$845 - \$855
2018	3	0.0%	\$855	\$0	\$855	\$855
2018	4	2.4%	\$855	\$0	\$855	\$855
2019	1	2.4%	\$865	\$0	\$865	\$865

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	1	12.5%	\$920	\$0	\$920	\$920
2018	3	0.0%	\$920	\$0	\$920	\$920
2018	4	0.0%	\$920	\$0	\$920	\$920
2019	1	12.5%	\$950	\$0	\$950	\$950

## Trend: Comments

1Q18	The property has nine vacancies for the two-bedroom tax-credit units. The contact could not provide an explanation for this elevated vacancy.
3Q18	The contact was unable to estimate absorption or leasing pace but reported strong demand for affordable housing in the market. This property is the first Phase of a two Phase development. The second phase, known as Grand Vistas, offers luxury apartments.
4Q18	This property is the first Phase of a two Phase development. The second phase, known as Grand Vistas, offers luxury apartments.
1Q19	The contact reported four of six income restricted units are preleased. Rents decreased on the affordable two- and three-bedroom units by 2.7 percent to 5.0 percent. Market rate units increased 2.7 to 3.2 percent at the start of the year. She noted the rent decrease for the affordable housing units was to stimulate the leasing pace although she did state several applicants are over the income limits.

Photos





# PROPERTY PROFILE REPORT

## City Market Lofts

Effective Rent Date	2/11/2019
Location	1225 Main Street Lynchburg, VA 24505 Lynchburg County
Distance	0.7 miles
Units	69
Vacant Units	6
Vacancy Rate	8.7%
Type	Conversion (3 stories)
Year Built/Renovated	1878/2007 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Singles and small families
Contact Name	Lisa
Phone	434-845-6305



### Market Information

Program	Market
Annual Turnover Rate	45%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Up to one month
Annual Chg. in Rent	None
Concession	None
Waiting List	None

### Utilities

A/C	not included -- central
Cooking	not included -- electric
Water Heat	not included -- electric
Heat	not included -- electric
Other Electric	not included
Water	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	Conversion (3 stories)	12	875	\$900	\$0	Market	No	1	8.3%	N/A	AVG
1	1	Conversion (3 stories)	N/A	875	\$950	\$0	Market	No	0	N/A	N/A	HIGH
1	1	Conversion (3 stories)	N/A	875	\$850	\$0	Market	No	0	N/A	N/A	LOW
2	1.5	Conversion (3 stories)	37	1,238	\$1,049	\$0	Market	No	4	10.8%	N/A	AVG
2	1.5	Conversion (3 stories)	N/A	1,238	\$1,100	\$0	Market	No	0	N/A	N/A	HIGH
2	1.5	Conversion (3 stories)	N/A	1,238	\$1,000	\$0	Market	No	0	N/A	N/A	LOW
3	2	Conversion (3 stories)	10	1,819	\$1,425	\$0	Market	No	1	10.0%	N/A	AVG
3	2	Conversion (3 stories)	N/A	1,819	\$1,500	\$0	Market	No	0	N/A	N/A	HIGH
3	2	Conversion (3 stories)	N/A	1,819	\$1,350	\$0	Market	No	0	N/A	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$850 - \$950	\$0	\$850 - \$950	-\$50	\$800 - \$900
2BR / 1.5BA	\$1,000 - \$1,100	\$0	\$1,000 - \$1,100	-\$65	\$935 - \$1,035
3BR / 2BA	\$1,350 - \$1,500	\$0	\$1,350 - \$1,500	-\$79	\$1,271 - \$1,421

## City Market Lofts, continued

### Amenities

In-Unit		Security	Services
Blinds	Carpet/Hardwood	Intercom (Phone)	None
Central A/C	Coat Closet	Limited Access	
Dishwasher	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Vaulted Ceilings	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Elevators	Garage(\$30.00)	None	None
Jacuzzi	Central Laundry		
Off-Street Parking(\$0.00)	On-Site Management		

### Comments

The contact indicated that variation in rents results from differing floorplan and views. The property offers a total of 16 underground garage parking spaces, which are available for \$30 per month. All spaces are currently in use. This property does not accept Housing Choice Vouchers. The contact who was new to the property, noted prices may be too high for many prospective renters so units tend to sit vacant for longer periods. General concessions are not offered but discounts may be given on case by case basis with approval by the area manager.

## City Market Lofts, continued

### Trend Report

#### Vacancy Rates

1Q16	2Q16	2Q17	1Q19
6.8%	6.8%	4.3%	8.7%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$800 - \$900	\$0	\$800 - \$900	\$750 - \$850
2016	2	N/A	\$800 - \$900	\$0	\$800 - \$900	\$750 - \$850
2017	2	N/A	\$850 - \$950	\$0	\$850 - \$950	\$800 - \$900
2019	1	N/A	\$850 - \$950	\$0	\$850 - \$950	\$800 - \$900

#### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$950 - \$1,000	\$0	\$950 - \$1,000	\$885 - \$935
2016	2	N/A	\$950 - \$1,000	\$0	\$950 - \$1,000	\$885 - \$935
2017	2	N/A	\$1,000 - \$1,100	\$0	\$1,000 - \$1,100	\$935 - \$1,035
2019	1	N/A	\$1,000 - \$1,100	\$0	\$1,000 - \$1,100	\$935 - \$1,035

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$1,300 - \$1,400	\$0	\$1,300 - \$1,400	\$1,221 - \$1,321
2016	2	N/A	\$1,300 - \$1,400	\$0	\$1,300 - \$1,400	\$1,221 - \$1,321
2017	2	N/A	\$1,350 - \$1,450	\$0	\$1,350 - \$1,450	\$1,271 - \$1,371
2019	1	N/A	\$1,350 - \$1,500	\$0	\$1,350 - \$1,500	\$1,271 - \$1,421

### Trend: Comments

1Q16	The contact indicated that variation in rents results from differences floorplans and views. A total of 16 underground garage parking spaces are available for \$30 per month. This property does not accept Housing Choice Vouchers.
2Q16	The contact indicated that variation in rents results from differing floorplan and views. The property offers a total of 16 underground garage parking spaces, which are available for \$30 per month. All spaces are currently in use. The contact was unable to provide an explanation for the elevated vacancy rate at the property. This property does not accept Housing Choice Vouchers.
2Q17	The contact indicated that variation in rents results from differing floorplan and views. The property offers a total of 16 underground garage parking spaces, which are available for \$30 per month. All spaces are currently in use. This property does not accept Housing Choice Vouchers.
1Q19	The contact indicated that variation in rents results from differing floorplan and views. The property offers a total of 16 underground garage parking spaces, which are available for \$30 per month. All spaces are currently in use. This property does not accept Housing Choice Vouchers. The contact who was new to the property, noted prices may be too high for many prospective renters so units tend to sit vacant for longer periods. General concessions are not offered but discounts may be given on case by case basis with approval by the area manager.



Photos



# PROPERTY PROFILE REPORT

## Cliff Edge Lofts

Effective Rent Date	2/12/2019
Location	612 Commerce Street Lynchburg, VA 24504 Lynchburg County
Distance	0.7 miles
Units	52
Vacant Units	0
Vacancy Rate	0.0%
Type	Conversion (2 stories)
Year Built/Renovated	1910 / 2012
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mix of younger professionals
Contact Name	Sheryl
Phone	434-528-1112



### Market Information

Program	Market
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one week
Annual Chg. in Rent	None
Concession	None
Waiting List	Yes 5-7HH

### 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
0	1	Conversion (2 stories)	N/A	350	\$550	\$0	Market	Yes	0	N/A	N/A	None
1	1	Conversion (2 stories)	N/A	675	\$820	\$0	Market	Yes	0	N/A	N/A	AVG
1	1	Conversion (2 stories)	N/A	956	\$1,150	\$0	Market	Yes	0	N/A	N/A	HIGH
1	1	Conversion (2 stories)	N/A	480	\$595	\$0	Market	Yes	0	N/A	N/A	LOW
2	2	Conversion (2 stories)	N/A	1,000	\$1,100	\$0	Market	Yes	0	N/A	N/A	AVG
2	2	Conversion (2 stories)	N/A	1,200	\$1,240	\$0	Market	Yes	0	N/A	N/A	HIGH
2	2	Conversion (2 stories)	N/A	800	\$944	\$0	Market	Yes	0	N/A	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$550	\$0	\$550	-\$37	\$513
1BR / 1BA	\$595 - \$1,150	\$0	\$595 - \$1,150	-\$50	\$545 - \$1,100
2BR / 2BA	\$944 - \$1,240	\$0	\$944 - \$1,240	-\$65	\$879 - \$1,175

Amenities

<p><b>In-Unit</b> Blinds Central A/C Dishwasher Microwave Refrigerator Walk-In Closet Washer/Dryer hookup</p>	<p>Carpet/Hardwood Coat Closet Garbage Disposal Oven Vaulted Ceilings Washer/Dryer</p>	<p><b>Security</b> Intercom (Video) Limited Access Video Surveillance</p>	<p><b>Services</b> None</p>
<p><b>Property</b> Clubhouse/Meeting Room/Community Elevators Garage(\$95.00) On-Site Management</p>	<p>Commercial/Retail Exercise Facility Off-Street Parking(\$0.00)</p>	<p><b>Premium</b> None</p>	<p><b>Other</b> Stainless steel, granite counters,</p>

Comments

This property along with Imperial Tobacco Lofts, Factory 88 and Midpoint are managed by the same company. The collective waiting list for all four properties consists of five to seven applicants.

The property offers 14 parking spots that are reserved in a city owned garage, which are available for \$95 per month. All parking spots are currently in use with a waiting list. Additional city lots are available for \$25 per month. Each single unit at the property is unique in size and layout, and as such rents have been provided as a range.

## Trend Report

## Vacancy Rates

1Q16	2Q16	2Q17	1Q19
0.0%	0.0%	0.0%	0.0%

## Trend: Market

## 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$595 - \$900	\$0	\$595 - \$900	\$545 - \$850
2016	2	N/A	\$595 - \$900	\$0	\$595 - \$900	\$545 - \$850
2017	2	N/A	\$595 - \$1,150	\$0	\$595 - \$1,150	\$545 - \$1,100
2019	1	N/A	\$595 - \$1,150	\$0	\$595 - \$1,150	\$545 - \$1,100

## 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$900 - \$1,300	\$0	\$900 - \$1,300	\$835 - \$1,235
2016	2	N/A	\$900 - \$1,300	\$0	\$900 - \$1,300	\$835 - \$1,235
2017	2	N/A	\$944 - \$1,240	\$0	\$944 - \$1,240	\$879 - \$1,175
2019	1	N/A	\$944 - \$1,240	\$0	\$944 - \$1,240	\$879 - \$1,175

## Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$500	\$0	\$500	\$463
2016	2	N/A	\$500	\$0	\$500	\$463
2017	2	N/A	\$545	\$0	\$545	\$508
2019	1	N/A	\$550	\$0	\$550	\$513

## Trend: Comments

1Q16 Imperial Tobacco Lofts, Cliff Edge Lofts and Midpoint are jointly operate under one pricing system. The principle distinction between these properties is that Imperial Tobacco Lofts offers three-bedroom units while Cliff Edge Lofts and Midpoint do not. The collective waiting list for all three properties consists of five households.

This property offers high-end finishes and amenities including stainless steel appliances, exposed spiral ductwork, and granite countertops. The clubroom offers direct access to Blackwater Creek Trail and community park. This property does not accept Housing Choice Vouchers.

2Q16 Imperial Tobacco Lofts, Cliff Edge Lofts and Midpoint are managed by the same company and operate under under one pricing system. The principle distinction between these properties is that Imperial Tobacco Lofts offers three-bedroom units while Cliff Edge Lofts and Midpoint do not. The collective waiting list for all three properties consists of five households.

This property offers high-end finishes and amenities including stainless steel appliances, exposed spiral ductwork, and granite countertops. The clubroom offers direct access to Blackwater Creek Trail and community park. The contact indicated variation in rents occurs due differences in floor plans and views, however could not provide additional details. The property offers 14 garage parking spots, which are available for \$95 per month. All parking spots are currently in use with a waiting list. This property does not accept Housing Choice Vouchers.

2Q17 Imperial Tobacco Lofts, Cliff Edge Lofts and Midpoint are managed by the same company and operate under under one pricing system. The principle distinction between these properties is that Imperial Tobacco Lofts offers three-bedroom units while Cliff Edge Lofts and Midpoint do not. The collective waiting list for all three properties consists of five households.

This property offers high-end finishes and amenities including stainless steel appliances, exposed spiral ductwork, and granite countertops. The clubroom offers direct access to Blackwater Creek Trail and community park. The contact indicated variation in rents occurs due differences in floor plans and views, however could not provide additional details. The property offers 14 garage parking spots, which are available for \$95 per month. All parking spots are currently in use with a waiting list. This property does not accept Housing Choice Vouchers. Every single unit at the property is unique, and as such rents have been provided as a range.

1Q19 This property along with Imperial Tobacco Lofts, Factory 88 and Midpoint are managed by the same company. The collective waiting list for all four properties consists of five to seven applicants.

The property offers 14 parking spots that are reserved in a city owned garage, which are available for \$95 per month. All parking spots are currently in use with a waiting list. Additional city lots are available for \$25 per month. Each single unit at the property is unique in size and layout, and as such rents have been provided as a range.

Photos



# PROPERTY PROFILE REPORT

## Factory 88

Effective Rent Date	2/12/2019
Location	320 12th Street Lynchburg, VA 24504 Lynchburg County
Distance	0.6 miles
Units	23
Vacant Units	0
Vacancy Rate	0.0%
Type	Conversion (2 stories)
Year Built/Renovated	1850 / 2016
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	City Market Lofts
Tenant Characteristics	Mix of local professionals
Contact Name	Sheryl
Phone	434-260-9494



### Market Information

Program	Market
Annual Turnover Rate	N/A
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one to two weeks
Annual Chg. in Rent	None
Concession	None
Waiting List	Yes 5-7 applicants

### 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	Conversion (2 stories)	23	524	\$900	\$0	Market	No	0	0.0%	N/A	AVG*
1	1	Conversion (2 stories)	0	666	\$1,150	\$0	Market	No	0	N/A	N/A	HIGH
1	1	Conversion (2 stories)	0	382	\$650	\$0	Market	No	0	N/A	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$650 - \$1,150	\$0	\$650 - \$1,150	-\$50	\$600 - \$1,100

### Amenities

In-Unit	Security	Services
Blinds	Limited Access	None
Central A/C		
Garbage Disposal		
Oven		
Vaulted Ceilings		
Washer/Dryer hookup		
Carpet/Hardwood		
Dishwasher		
Microwave		
Refrigerator		
Washer/Dryer		
Property	Premium	Other
Off-Street Parking(\$25.00)	None	Stainless steel, quartz counters,

### Comments

This property along with Cliff Edge Lofts, Imperial Tobacco Lofts, and Midpoint share the same management company and collectively have a waiting list with five to seven applicants. The property is a conversion of an old tobacco factory into one-bedroom apartments. Each unit is unique in size and style and rent ranges were provided as no two units are the same. A small lot is available for an additional \$25 per month owned by the property and there are other parking options within walking distance owned by the city.

Photos





# PROPERTY PROFILE REPORT

## Imperial Tobacco Lofts

Effective Rent Date	2/12/2019
Location	1220 Commerce St Lynchburg, VA 24504 Lynchburg County
Distance	0.8 miles
Units	62
Vacant Units	1
Vacancy Rate	1.6%
Type	Conversion (3 stories)
Year Built/Renovated	1900 / 2015
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mix of younger professionals
Contact Name	Sheryl
Phone	434-528-1112



### Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one week
Annual Chg. in Rent	None
Concession	None
Waiting List	Yes 5-7HH

### 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
0	1	Conversion (3 stories)	N/A	350	\$550	\$0	Market	Yes	0	N/A	N/A	None
1	1	Conversion (3 stories)	N/A	575	\$758	\$0	Market	Yes	0	N/A	N/A	AVG
1	1	Conversion (3 stories)	N/A	650	\$900	\$0	Market	Yes	0	N/A	N/A	HIGH
1	1	Conversion (3 stories)	N/A	500	\$615	\$0	Market	Yes	0	N/A	N/A	LOW
2	2	Conversion (3 stories)	N/A	950	\$1,175	\$0	Market	Yes	1	N/A	N/A	AVG
2	2	Conversion (3 stories)	N/A	1,200	\$1,415	\$0	Market	Yes	0	N/A	N/A	HIGH
2	2	Conversion (3 stories)	N/A	800	\$935	\$0	Market	Yes	0	N/A	N/A	LOW
3	3.5	Conversion (3 stories)	N/A	1,730	\$1,623	\$0	Market	Yes	0	N/A	N/A	AVG
3	3.5	Conversion (3 stories)	N/A	1,850	\$1,780	\$0	Market	Yes	0	N/A	N/A	HIGH
3	3.5	Conversion (3 stories)	N/A	1,500	\$1,465	\$0	Market	Yes	0	N/A	N/A	LOW

## Imperial Tobacco Lofts, continued

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$550	\$0	\$550	-\$37	\$513
1BR / 1BA	\$615 - \$900	\$0	\$615 - \$900	-\$50	\$565 - \$850
2BR / 2BA	\$935 - \$1,415	\$0	\$935 - \$1,415	-\$65	\$870 - \$1,350
3BR / 3.5BA	\$1,465 - \$1,780	\$0	\$1,465 - \$1,780	-\$79	\$1,386 - \$1,701

### Amenities

In-Unit		Security	Services
Blinds	Carpet/Hardwood	Intercom (Video)	None
Central A/C	Coat Closet	Limited Access	
Dishwasher	Garbage Disposal		
Microwave	Oven		
Refrigerator	Vaulted Ceilings		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Elevators	Exercise Facility	None	None

### Comments

This property along with Factory 88, Cliff Edge Lofts and Midpoint are managed by the same company. The collective waiting list for all three properties consists of five to seven applicants. Variation in rents occurs due to differences in each unit having unique floor plans and views. Parking is not provided but a nearby city lot is available for an additional \$25 per month. The current vacancy is preleased at this time.

## Imperial Tobacco Lofts, continued

### Trend Report

#### Vacancy Rates

1Q16	2Q16	2Q17	1Q19
0.0%	0.0%	0.0%	1.6%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$595 - \$900	\$0	\$595 - \$900	\$545 - \$850
2016	2	N/A	\$595 - \$900	\$0	\$595 - \$900	\$545 - \$850
2017	2	N/A	\$615 - \$900	\$0	\$615 - \$900	\$565 - \$850
2019	1	N/A	\$615 - \$900	\$0	\$615 - \$900	\$565 - \$850

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$900 - \$1,300	\$0	\$900 - \$1,300	\$835 - \$1,235
2016	2	N/A	\$900 - \$1,300	\$0	\$900 - \$1,300	\$835 - \$1,235
2017	2	N/A	\$933 - \$1,415	\$0	\$933 - \$1,415	\$868 - \$1,350
2019	1	N/A	\$935 - \$1,415	\$0	\$935 - \$1,415	\$870 - \$1,350

#### 3BR / 3.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$1,350 - \$1,600	\$0	\$1,350 - \$1,600	\$1,271 - \$1,521
2016	2	N/A	\$1,350 - \$1,600	\$0	\$1,350 - \$1,600	\$1,271 - \$1,521
2017	2	N/A	\$1,465 - \$1,780	\$0	\$1,465 - \$1,780	\$1,386 - \$1,701
2019	1	N/A	\$1,465 - \$1,780	\$0	\$1,465 - \$1,780	\$1,386 - \$1,701

#### Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$500	\$0	\$500	\$463
2016	2	N/A	\$500	\$0	\$500	\$463
2017	2	N/A	\$550	\$0	\$550	\$513
2019	1	N/A	\$550	\$0	\$550	\$513

### Trend: Comments

1Q16 Imperial Tobacco Lofts, Cliff Edge Lofts and Midpoint are jointly operate under one pricing system. The principle distinction between these properties is that Imperial Tobacco Lofts offers three-bedroom units while Cliff Edge Lofts and Midpoint do not. The collective waiting list for all three properties consists of five households.

This property was delivered in MMM 2015, and reported an absorption rate of ## units per month. At present time there, is insufficient operating history to determine a meaningful turnover rate. This property does not accept Housing Choice Vouchers.

2Q16 Imperial Tobacco Lofts, Cliff Edge Lofts and Midpoint are jointly operate under one pricing system. The principle distinction between these properties is that Imperial Tobacco Lofts offers three-bedroom units while Cliff Edge Lofts and Midpoint do not. The collective waiting list for all three properties consists of five households.

Variation in rents occurs due to differences in individual floor plans and views. The contact was unable to provide a turnover rate. This property does not accept Housing Choice Vouchers.

2Q17 Imperial Tobacco Lofts, Cliff Edge Lofts and Midpoint are jointly operate under one pricing system. The principle distinction between these properties is that Imperial Tobacco Lofts offers three-bedroom units while Cliff Edge Lofts and Midpoint do not. The collective waiting list for all three properties consists of five households.

Variation in rents occurs due to differences in individual floor plans and views. The contact was unable to provide a turnover rate. This property does not accept Housing Choice Vouchers. Every single unit at this property is a unique floor plan, so rents have been given as a range.

1Q19 This property along with Factory 88, Cliff Edge Lofts and Midpoint are managed by the same company. The collective waiting list for all three properties consists of five to seven applicants. Variation in rents occurs due to differences in each unit having unique floor plans and views. Parking is not provided but a nearby city lot is available for an additional \$25 per month. The current vacancy is preleased at this time.

Photos



# PROPERTY PROFILE REPORT

## Midpoint

Effective Rent Date	2/12/2019
Location	1101 Jefferson Street Lynchburg, VA 24504 Virginia County
Distance	0.8 miles
Units	48
Vacant Units	1
Vacancy Rate	2.1%
Type	Conversion (6 stories)
Year Built/Renovated	1900 / 2014
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy
Contact Name	Sheryl
Phone	434-582-1112



### Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one week
Annual Chg. in Rent	None
Concession	None
Waiting List	Yes 5-7HH

### 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
0	1	Conversion (6 stories)	N/A	350	\$550	\$0	Market	Yes	0	N/A	N/A	None
1	1	Conversion (6 stories)	N/A	575	\$758	\$0	Market	Yes	1	N/A	N/A	AVG
1	1	Conversion (6 stories)	N/A	650	\$900	\$0	Market	Yes	0	N/A	N/A	HIGH
1	1	Conversion (6 stories)	N/A	500	\$615	\$0	Market	Yes	0	N/A	N/A	LOW
2	2	Conversion (6 stories)	N/A	1,000	\$1,018	\$0	Market	Yes	0	N/A	N/A	AVG
2	2	Conversion (6 stories)	N/A	1,200	\$1,415	\$0	Market	Yes	0	N/A	N/A	HIGH
2	2	Conversion (6 stories)	N/A	800	\$935	\$0	Market	Yes	0	N/A	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$550	\$0	\$550	-\$37	\$513
1BR / 1BA	\$615 - \$900	\$0	\$615 - \$900	-\$50	\$565 - \$850
2BR / 2BA	\$935 - \$1,415	\$0	\$935 - \$1,415	-\$65	\$870 - \$1,350

## Amenities

In-Unit		Security	Services
Blinds	Carpet/Hardwood	Intercom (Video)	None
Central A/C	Dishwasher	Limited Access	
Ceiling Fan	Garbage Disposal	Video Surveillance	
Microwave	Oven		
Refrigerator	Vaulted Ceilings		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Elevators	Off-Street Parking(\$0.00)	None	None
On-Site Management	Picnic Area		

## Comments

This property along with Imperial Tobacco Lofts, Cliff Edge Lofts and Factory 88 are managed by the same company. Every floor plan is unique due to the adaptive reuse of a historic building. The collective waiting list for all three properties consists of five to seven households.

This property offers high-end finishes and amenities including stainless steel appliances, exposed spiral ductwork, and granite countertops. Gated, off-street parking is available for \$25 per month; the contact could not provide the number of parking spaces but noted not all spaces are being used. The property also offers an outdoor barbecue area which overlooks the Saint James River. This property does not accept Housing Choice Vouchers.

## Trend Report

## Vacancy Rates

1Q16	2Q16	2Q17	1Q19
0.0%	0.0%	2.1%	2.1%

## Trend: Market

## 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$595 - \$900	\$0	\$595 - \$900	\$545 - \$850
2016	2	N/A	\$595 - \$900	\$0	\$595 - \$900	\$545 - \$850
2017	2	N/A	\$615 - \$900	\$0	\$615 - \$900	\$565 - \$850
2019	1	N/A	\$615 - \$900	\$0	\$615 - \$900	\$565 - \$850

## 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$900 - \$1,300	\$0	\$900 - \$1,300	\$835 - \$1,235
2016	2	N/A	\$900 - \$1,300	\$0	\$900 - \$1,300	\$835 - \$1,235
2017	2	N/A	\$933 - \$1,415	\$0	\$933 - \$1,415	\$868 - \$1,350
2019	1	N/A	\$935 - \$1,415	\$0	\$935 - \$1,415	\$870 - \$1,350

## Studio / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2016	1	N/A	\$500	\$0	\$500	\$463
2016	2	N/A	\$500	\$0	\$500	\$463
2017	2	N/A	\$550	\$0	\$550	\$513
2019	1	N/A	\$550	\$0	\$550	\$513

## Trend: Comments

1Q16	<p>Imperial Tobacco Lofts, Cliff Edge Lofts and Midpoint are jointly operate under one pricing system. The principle distinction between these properties is that Imperial Tobacco Lofts offers three-bedroom units while Cliff Edge Lofts and Midpoint do not. The collective waiting list for all three properties consists of five households.</p> <p>This property offers high-end finishes and amenities including stainless steel appliances, exposed spiral ductwork, and granite countertops. The property also offers an outdoor barbecue area which overlooks the Saint James River. This property does not accept Housing Choice Vouchers.</p>
2Q16	<p>Imperial Tobacco Lofts, Cliff Edge Lofts and Midpoint are managed by the same company and operate under under one pricing system. The principle distinction between these properties is that Imperial Tobacco Lofts offers three-bedroom units while Cliff Edge Lofts and Midpoint do not. The collective waiting list for all three properties consists of five households.</p> <p>This property offers high-end finishes and amenities including stainless steel appliances, exposed spiral ductwork, and granite countertops. Variation in rents occurs due to differences in individual floor plans and views. Gated, off-street parking is available for \$25 per month; the contact could not provide the number of parking spaces but noted not all spaces are being used. The property also offers an outdoor barbecue area which overlooks the Saint James River. This property does not accept Housing Choice Vouchers.</p>
2Q17	<p>Imperial Tobacco Lofts, Cliff Edge Lofts and Midpoint are managed by the same company and operate under under one leasing system. Every floor plan in the building is unique due to the adaptive reuse of a historic structure. The collective waiting list for all three properties consists of five households.</p> <p>This property offers high-end finishes and amenities including stainless steel appliances, exposed spiral ductwork, and granite countertops. Gated, off-street parking is available for \$25 per month; the contact could not provide the number of parking spaces but noted not all spaces are being used. The property also offers an outdoor barbecue area which overlooks the Saint James River. This property does not accept Housing Choice Vouchers.</p>
1Q19	<p>This property along with Imperial Tobacco Lofts, Cliff Edge Lofts and Factory 88 are managed by the same company. Every floor plan is unique due to the adaptive reuse of a historic building. The collective waiting list for all three properties consists of five to seven households.</p> <p>This property offers high-end finishes and amenities including stainless steel appliances, exposed spiral ductwork, and granite countertops. Gated, off-street parking is available for \$25 per month; the contact could not provide the number of parking spaces but noted not all spaces are being used. The property also offers an outdoor barbecue area which overlooks the Saint James River. This property does not accept Housing Choice Vouchers.</p>

Photos



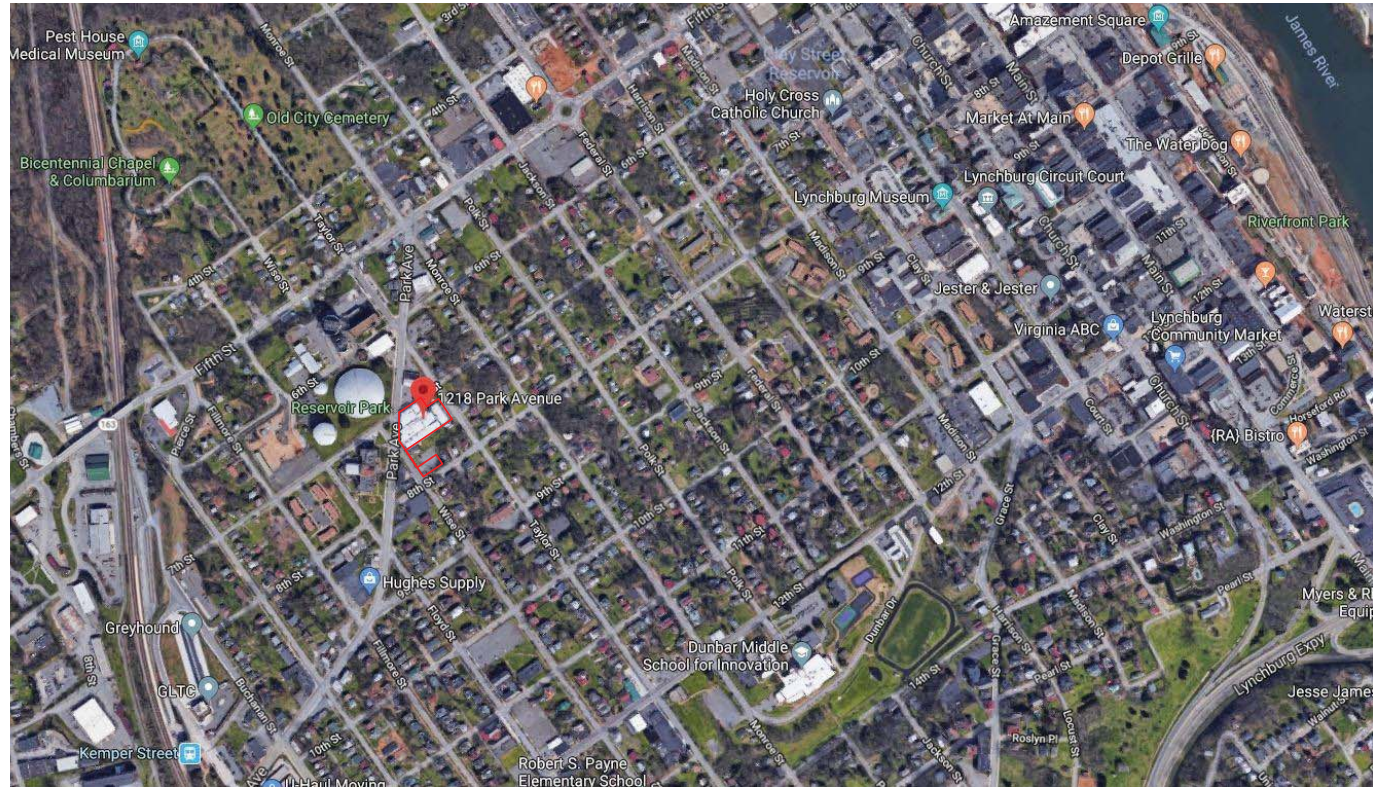


**ADDENDUM D**  
**Site and Floor Plans**

VHDA FAMILY  
100% UD

NEW CONSTRUCTION AND ADAPTIVE REUSE

ACCESSIBLE AMENITIES INCLUDE:  
COMMUNITY ROOM (749 SQFT MIN)  
LEASING OFFICE  
FITNESS ROOM  
LAUNDRY



Site Image

FLOOR	1 BEDROOM	2 BEDROOM	3 BEDROOM	TOTAL	# of UD
TAYLOR STREET	1	1	2	4	4
LOWER LEVEL	1	3	2	6	6
PARK AVE	0	8	6	14	14
UPPER LEVEL	3	5	3	11	11
	5	17	13		35
<b>TOTAL</b>				<b>35 UNITS</b>	

**UNIVERSAL DESIGN LEGEND NOTES**

**ACCESSIBLE ROUTES**

- 5% MAX. RUNNING SLOPE
- 2% MAX. CROSS SLOPE

**UNIVERSAL DESIGN GENERAL NOTES**

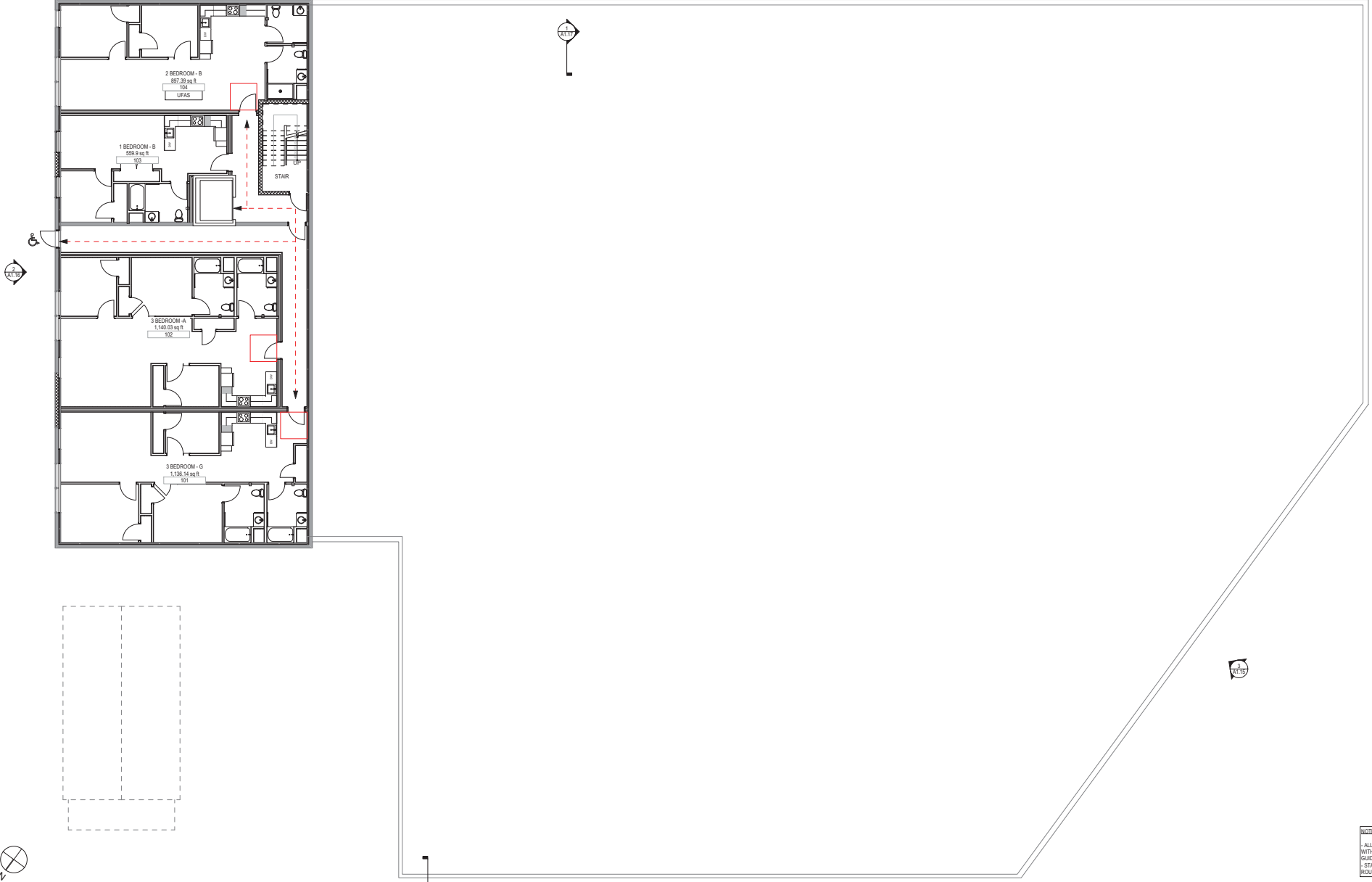
- 59 APARTMENT UNITS TOTAL
- 59 UD UNITS (100% OF TOTAL)
- SIDEWALKS: MIN WIDTH 5'-0" ADJACENT TO PARKING, ALL OTHERS MIN OF 4'-0"
- ONE ADDITIONAL ACCESSIBLE SPACE FOR PUBLIC ACCOMMODATION
- ALL CURB CUT OUTS SHALL BE UD COMPLIANT
- ACCESSIBLE ROUTE SHALL NOT PASS BEHIND OR THROUGH PARKING SPACES

**PROJECT NOTES**

- MAILBOXES ON LEVEL 1, NEAR MAIN ENTRANCE ON WISE ST
- LEASING OFFICE ON LEVEL 1
- COMMUNITY ROOM ON LEVEL -1
- LAUNDRY ON LEVELS -2, -1, AND 2
- DUMPTER ON TAYLOR STREET
- ELEVATOR PROVIDES ACCESS TO ALL LEVELS, UNITS, AND AMENITIES
- ZONING ALLOWS FOR ON STREET PARKING
- 9 UFAS UNITS
- 9 ACCESSIBLE SPACES PROVIDED ON ACCESSIBLE ROUTE



Site Plan

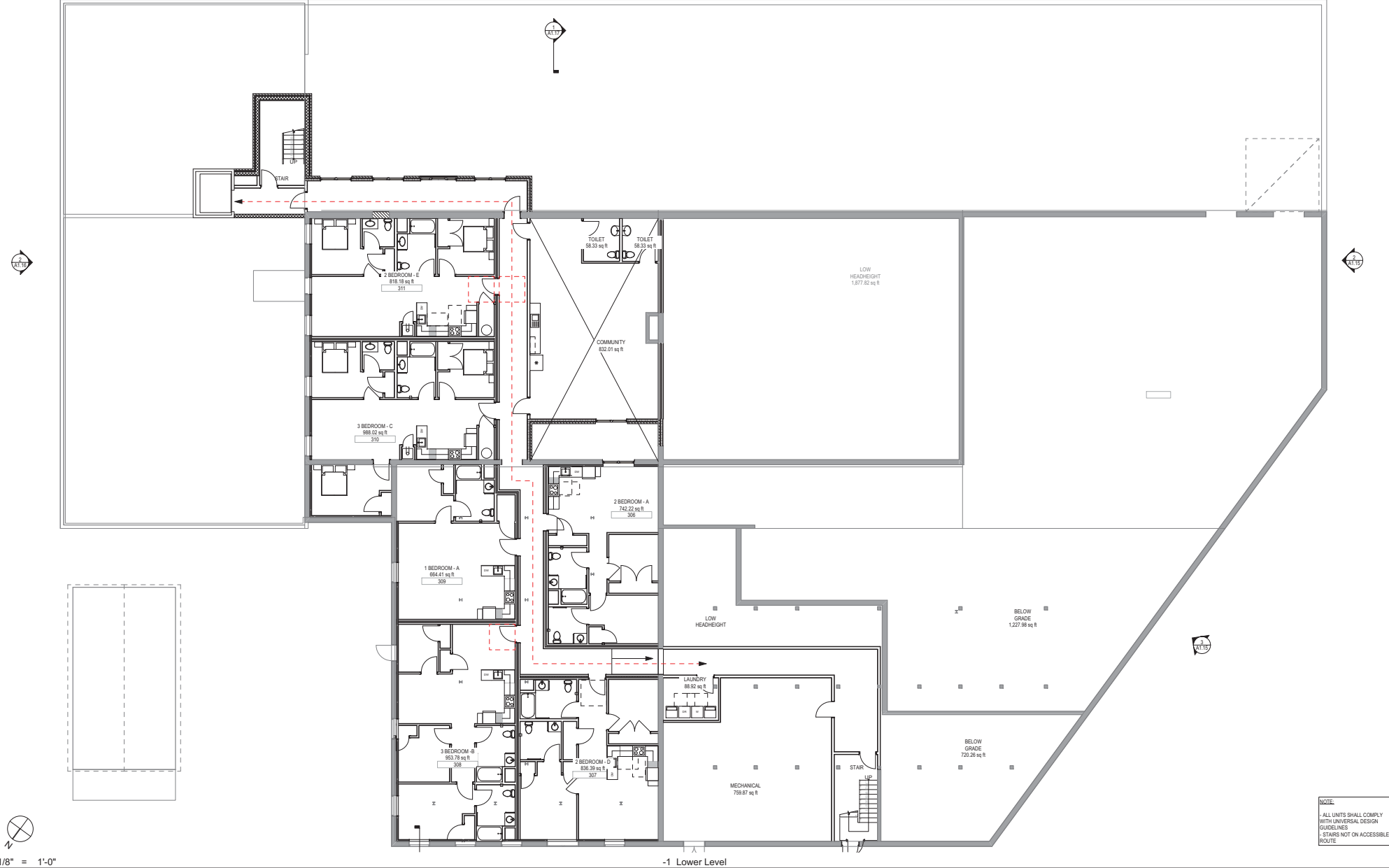


1/8" = 1'-0"

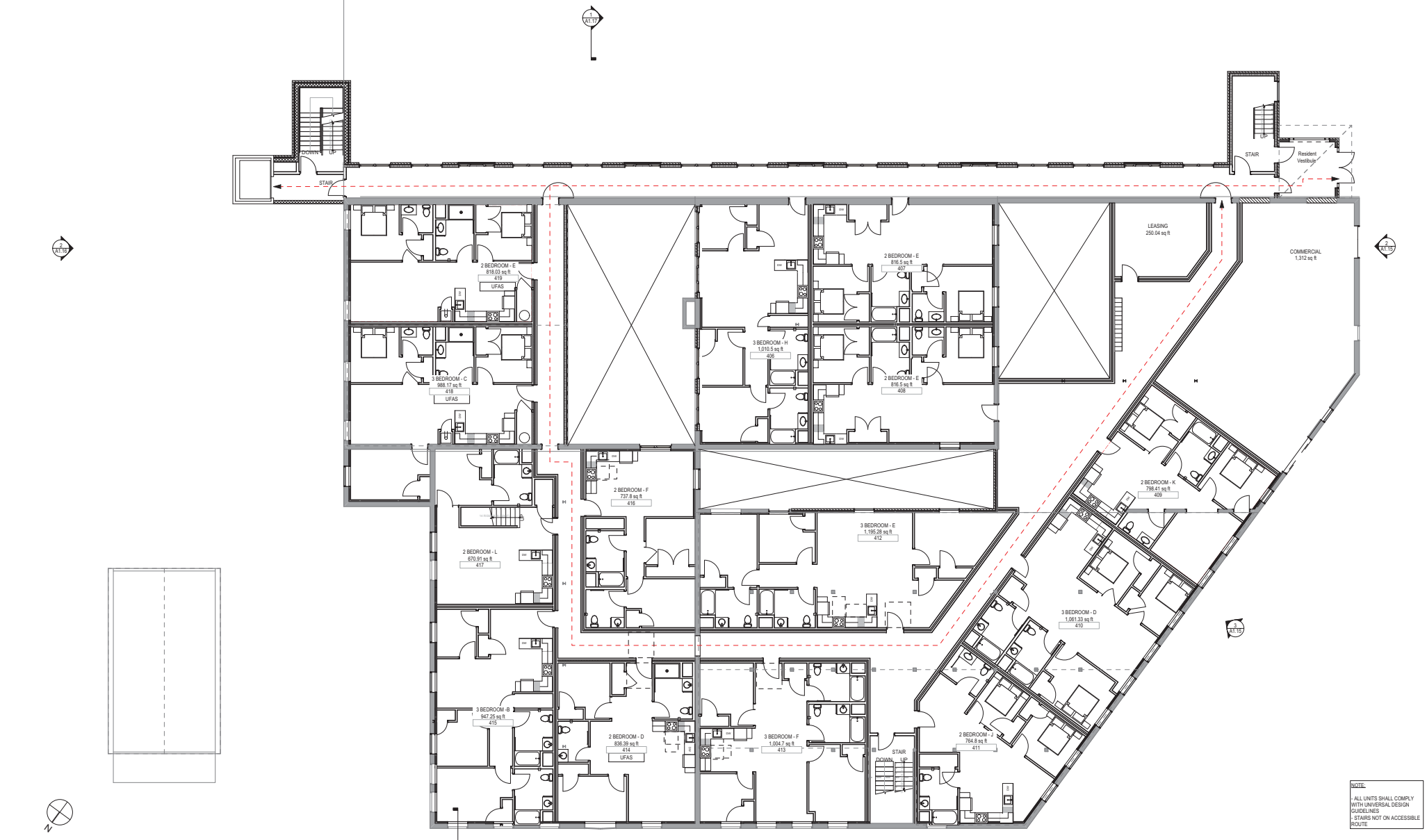
-3 Flats

**NOTE:**

- ALL UNITS SHALL COMPLY WITH UNIVERSAL DESIGN GUIDELINES
- STAIRS NOT ON ACCESSIBLE ROUTE



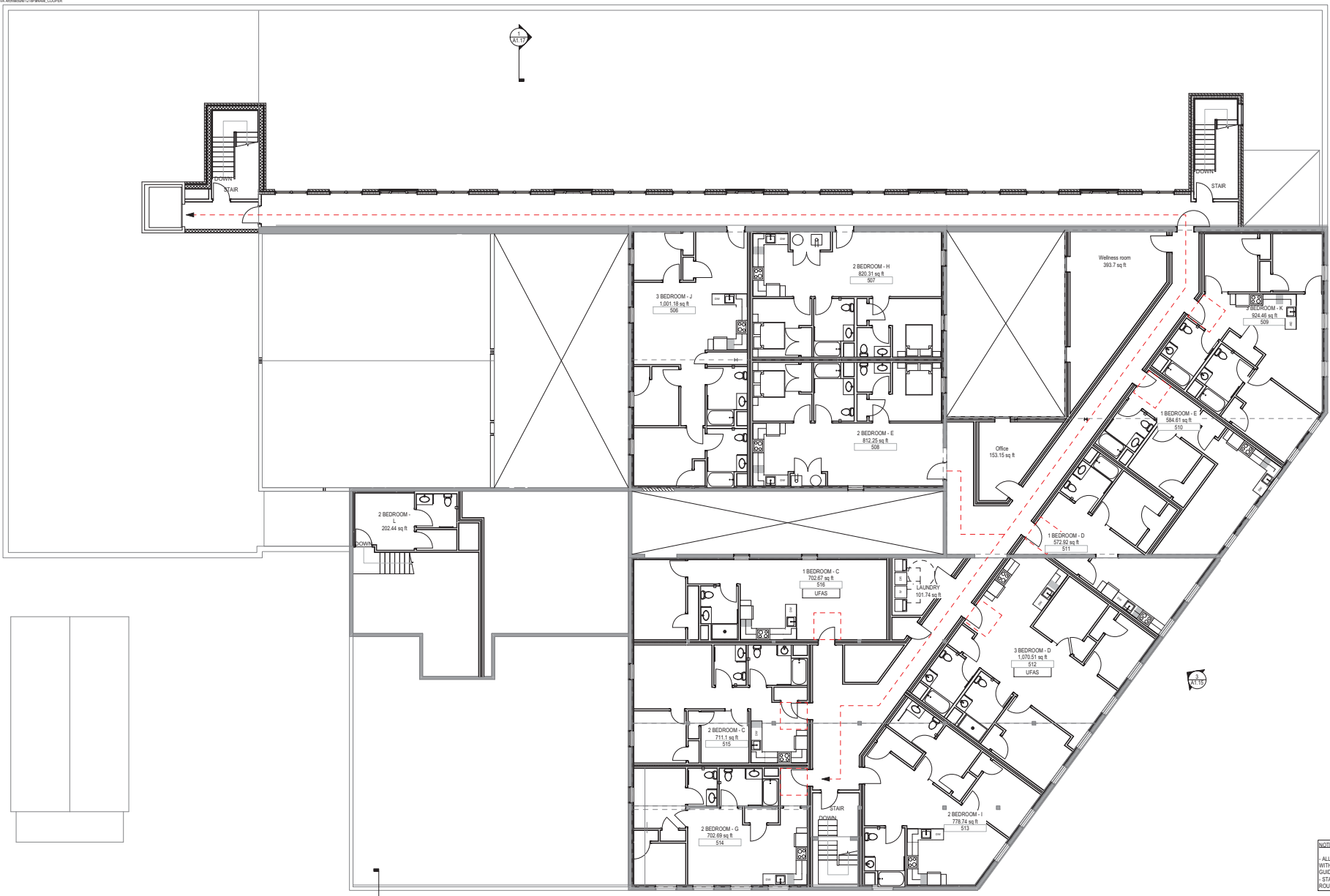
**NOTE:**  
 - ALL UNITS SHALL COMPLY WITH UNIVERSAL DESIGN GUIDELINES  
 - STAIRS NOT ON ACCESSIBLE ROUTE



**NOTE:**  
 - ALL UNITS SHALL COMPLY WITH UNIVERSAL DESIGN GUIDELINES  
 - STAIRS NOT ON ACCESSIBLE ROUTE



1/8" = 1'-0"



2 Upper Level

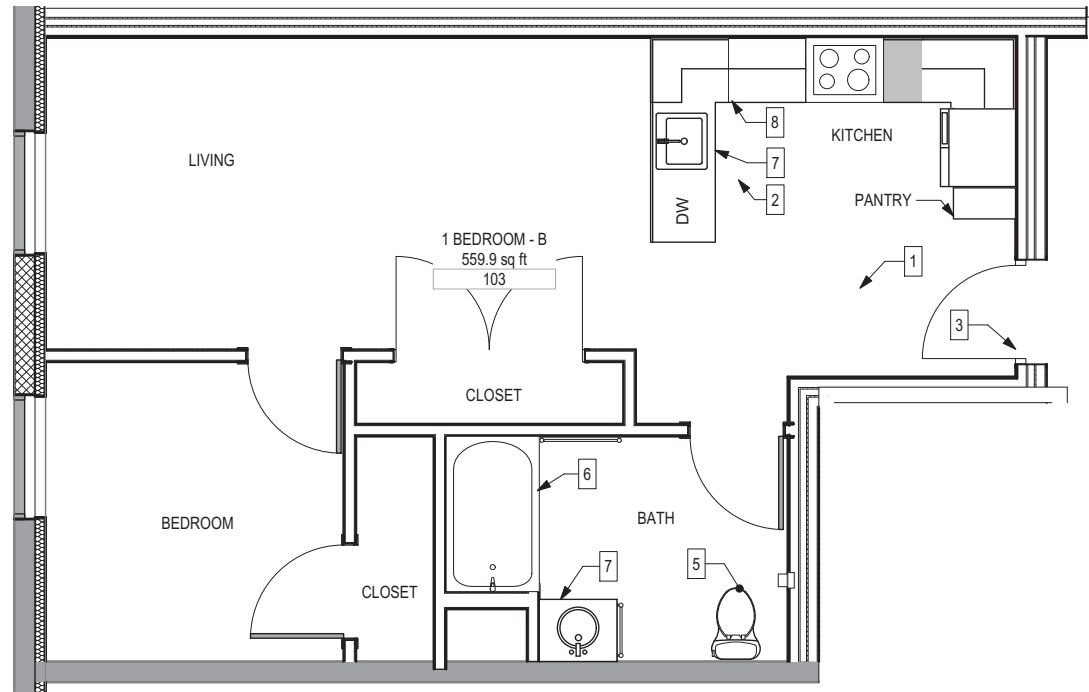
**NOTE:**  
 - ALL UNITS SHALL COMPLY WITH UNIVERSAL DESIGN GUIDELINES  
 - STAIRS NOT ON ACCESSIBLE ROUTE

**UNIVERSAL DESIGN: GENERAL NOTES**

- A. PROVIDE CLEAR SPACE MIN 18" BEYOND LATCH AT PULL SIDE OF ALL DOORS
- B. PROVIDE CLEAR OPENING WIDTH NOT LESS THAN 32" AT PASSAGE DOORS
- C. PROVIDE LEVER HANDLES AT ALL DOORS. PRIVACY LOCKS, WHERE PROVIDED, SHALL BE PUSH BUTTON TYPE
- D. PROVIDE LEVER HANDLES AT ALL PLUMBING FIXTURES
- E. PROVIDE ALL CONTROLS, SWITCHES, OUTLETS, AND EP BREAKERS WITHIN UD REACH RANGES
- F. PROVIDE SELF-CLEANING RANGE WITH FRONT CONTROLS
- G. PROVIDE SIDE BY SIDE REFRIGERATOR WITH ALL CONTROLS WITHIN REACH RANGES
- H. PROVIDE MULTI-HEIGHT WORK SURFACE
- I. PROVIDE MIN. OF (1) 15" WIDE BASE CABINET WITH TOP DRAWER
- J. PROVIDE HAND-HELD CONTROLS AT ALL ROLL-IN AND STEP-IN SHOWERS
- K. PROVIDE SPACE FOR FRONT LOAD WASHER AND DRYER

**UNIVERSAL DESIGN: KEY NOTES #**

- 1. 60"x60" CLEAR FLOOR SPACE, MAX. 1:50 CROSS-SLOPE, 18" PAST THE LATCH OF THE DOOR
- 2. 30"x48" CLEAR FLOOR SPACE CENTERED ON EQUIPMENT
- 3. 36" ENTRY DOOR WITH ACCESSIBLE THRESHOLD
- 4. MIN 42" WIDE CORRIDOR
- 5. ICC A117.1-2009 TYPE B, OPTION A TOILET
- 6. ROLL IN OR STEP IN SHOWER WHERE REQUIRED
- 7. 30" REMOVABLE SINK BASE WITH REAR DRAIN SINK
- 8. UD WORKTOP, SHOWN 30" WIDE.



1/4" = 1'-0"

AR 1 Bedroom Unit - Taylor Street Infill

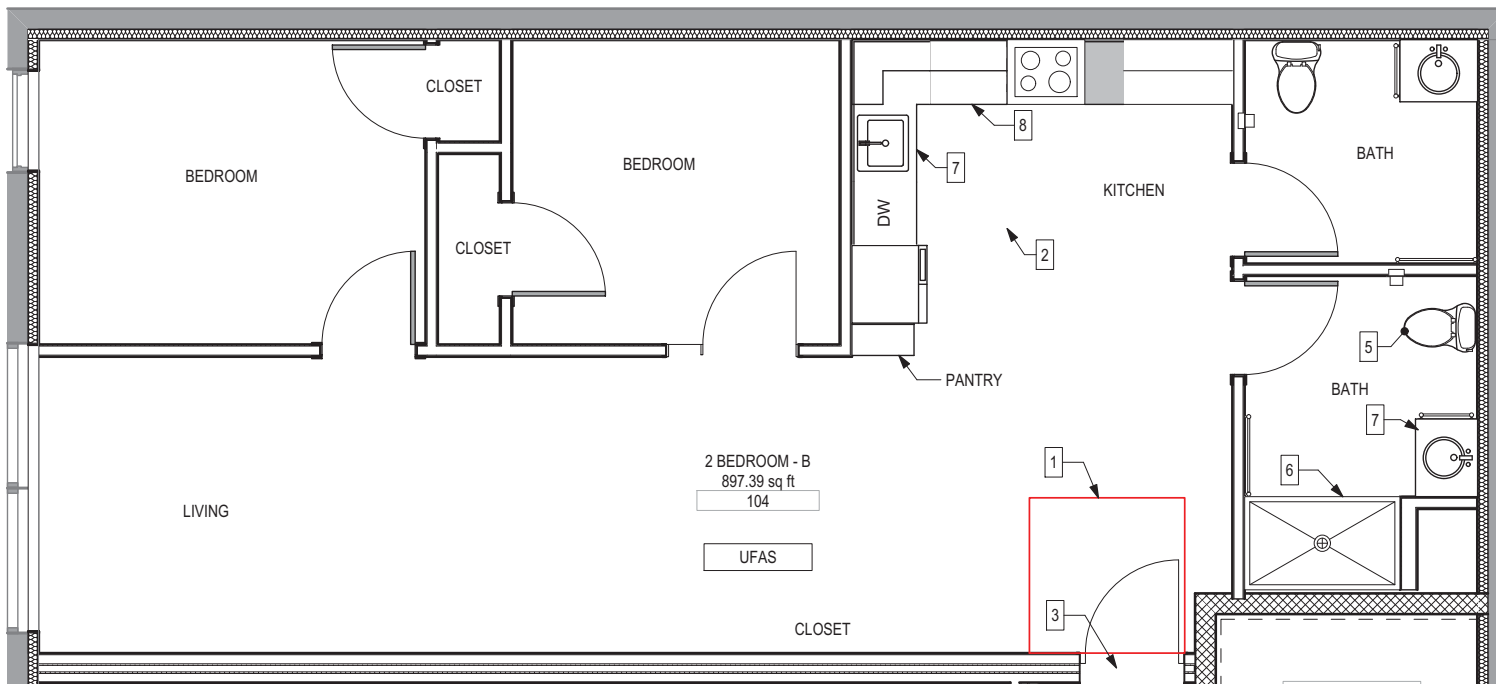


**UNIVERSAL DESIGN: GENERAL NOTES**

- A. PROVIDE CLEAR SPACE MIN 18" BEYOND LATCH AT PULL SIDE OF ALL DOORS
- B. PROVIDE CLEAR OPENING WIDTH NOT LESS THAN 32" AT PASSAGE DOORS
- C. PROVIDE LEVER HANDLES AT ALL DOORS. PRIVACY LOCKS, WHERE PROVIDED, SHALL BE PUSH BUTTON TYPE
- D. PROVIDE LEVER HANDLES AT ALL PLUMBING FIXTURES
- E. PROVIDE ALL CONTROLS, SWITCHES, OUTLETS, AND EP BREAKERS WITHIN UD REACH RANGES
- F. PROVIDE SELF-CLEANING RANGE WITH FRONT CONTROLS
- G. PROVIDE SIDE BY SIDE REFRIGERATOR WITH ALL CONTROLS WITHIN REACH RANGES
- H. PROVIDE MULTI-HEIGHT WORK SURFACE
- I. PROVIDE MIN. OF (1) 15" WIDE BASE CABINET WITH TOP DRAWER
- J. PROVIDE HAND-HELD CONTROLS AT ALL ROLL-IN AND STEP-IN SHOWERS
- K. PROVIDE SPACE FOR FRONT LOAD WASHER AND DRYER

**UNIVERSAL DESIGN: KEY NOTES #**

- 1. 60"x60" CLEAR FLOOR SPACE, MAX. 1:50 CROSS-SLOPE, 18" PAST THE LATCH OF THE DOOR
- 2. 30"x48" CLEAR FLOOR SPACE CENTERED ON EQUIPMENT
- 3. 36" ENTRY DOOR WITH ACCESSIBLE THRESHOLD
- 4. MIN 42" WIDE CORRIDOR
- 5. ICC A117.1-2009 TYPE B, OPTION A TOILET
- 6. ROLL IN OR STEP IN SHOWER WHERE REQUIRED
- 7. 30" REMOVABLE SINK BASE WITH REAR DRAIN SINK
- 8. UD WORKTOP, SHOWN 30" WIDE.



2 BEDROOM - B  
897.39 sq ft  
104

UFAS

1/4" = 1'-0"

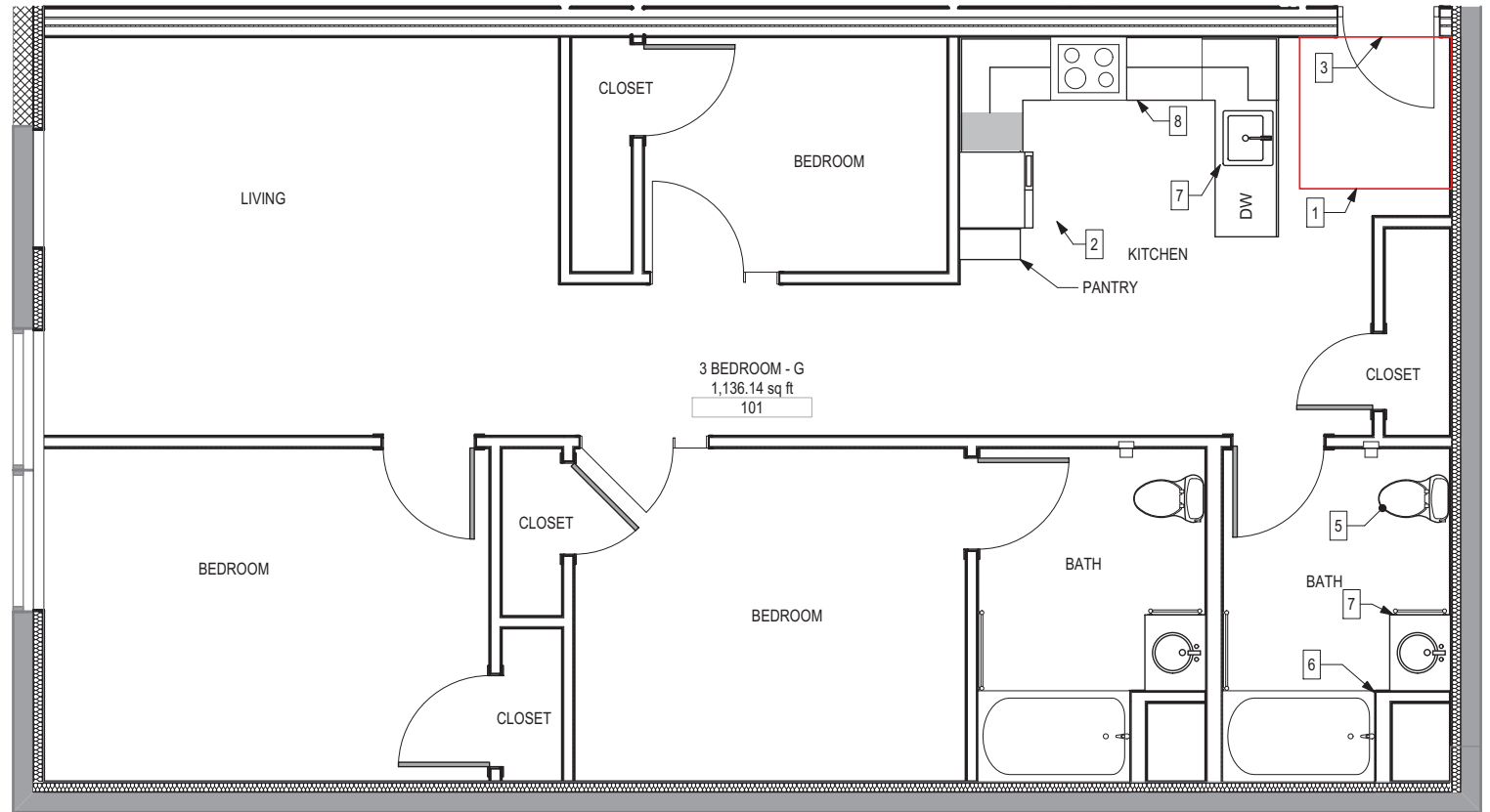
AR 2 Bedroom Unit - Taylor Street Infill

**UNIVERSAL DESIGN: GENERAL NOTES**

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1/4" = 1'-0"

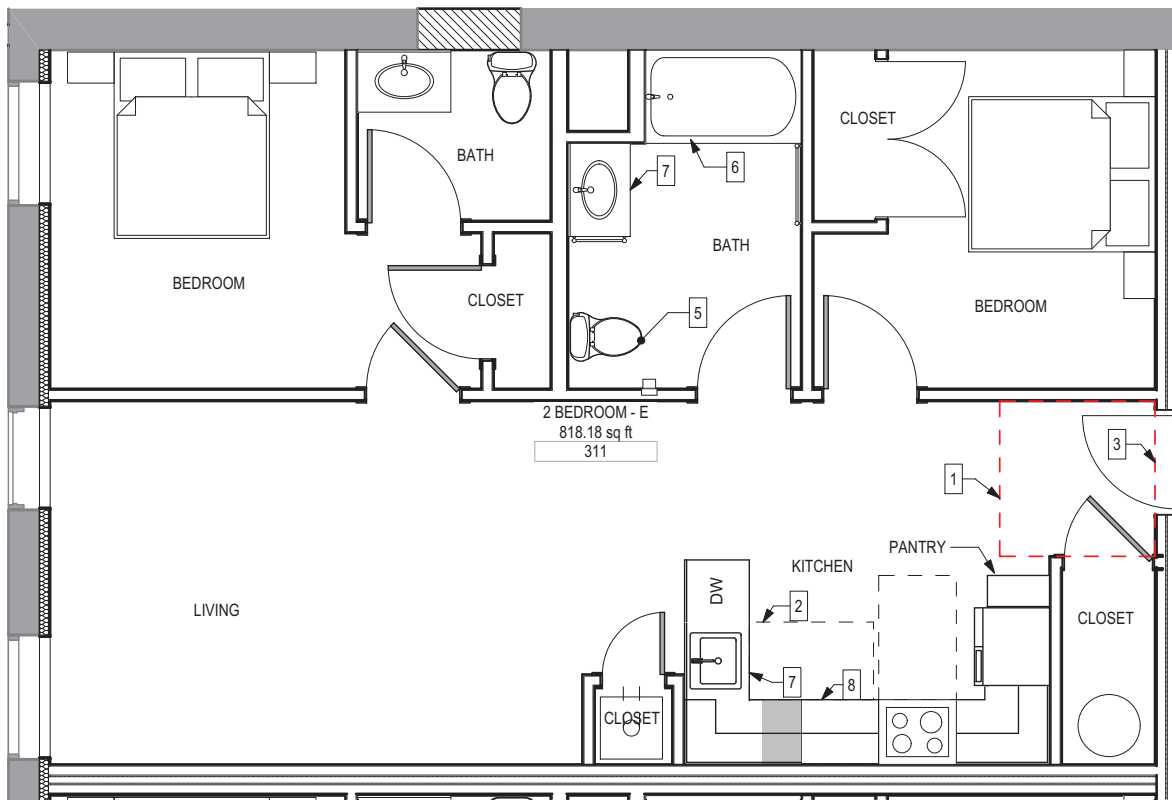
AR 3 Bedroom Unit - Taylor Street Infill

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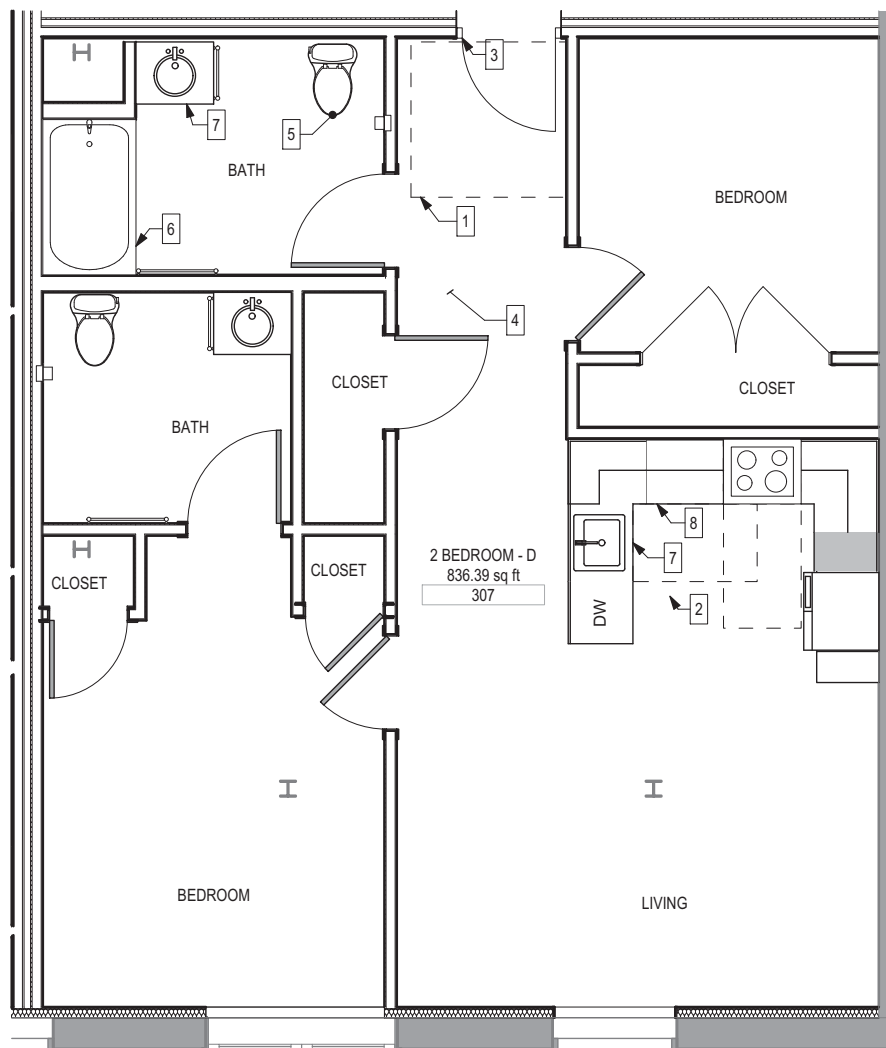
AR 2 Bedroom Unit - Lower Level

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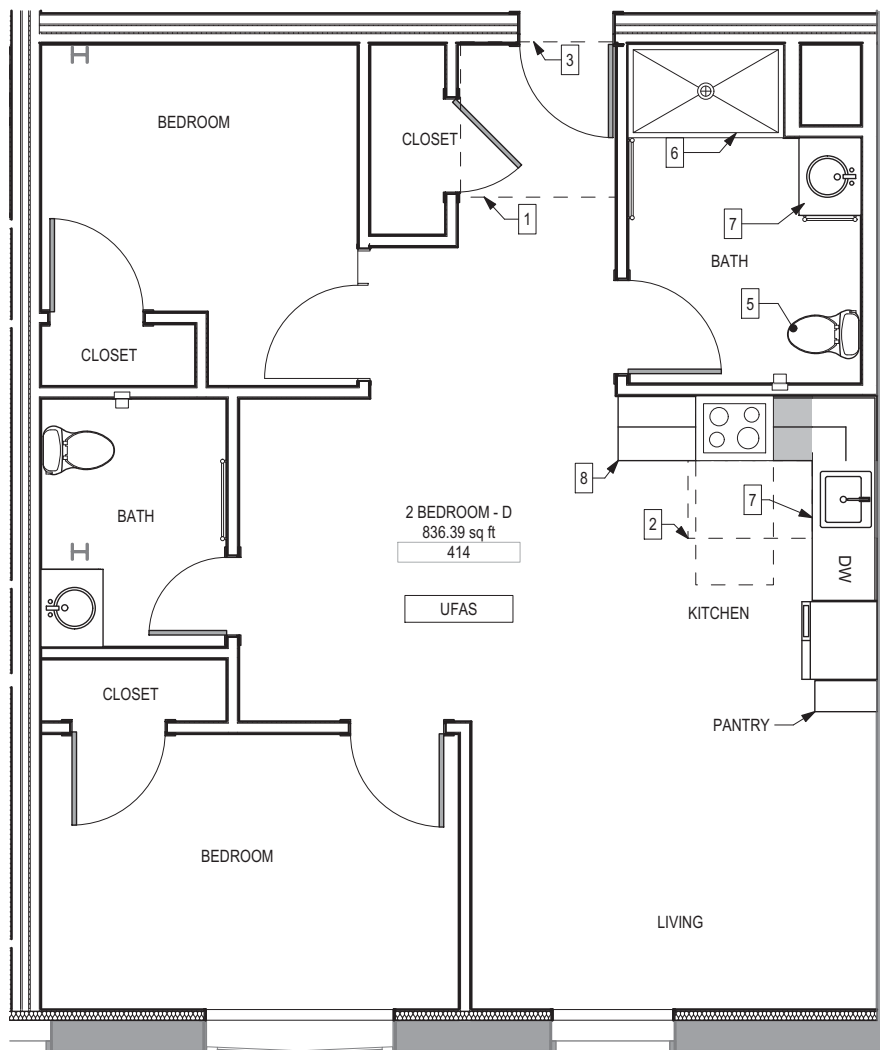
1/4" = 1'-0" AR 2 Bedroom Unit - Lower Level

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- 6. ROLL IN OR STEP IN SHOWER WHERE REQUIRED
- 7. 30" REMOVABLE SINK BASE WITH REAR DRAIN SINK
- 8. UD WORKTOP, SHOWN 30" WIDE.



2 BEDROOM - D  
836.39 sq ft  
414  
UFAS

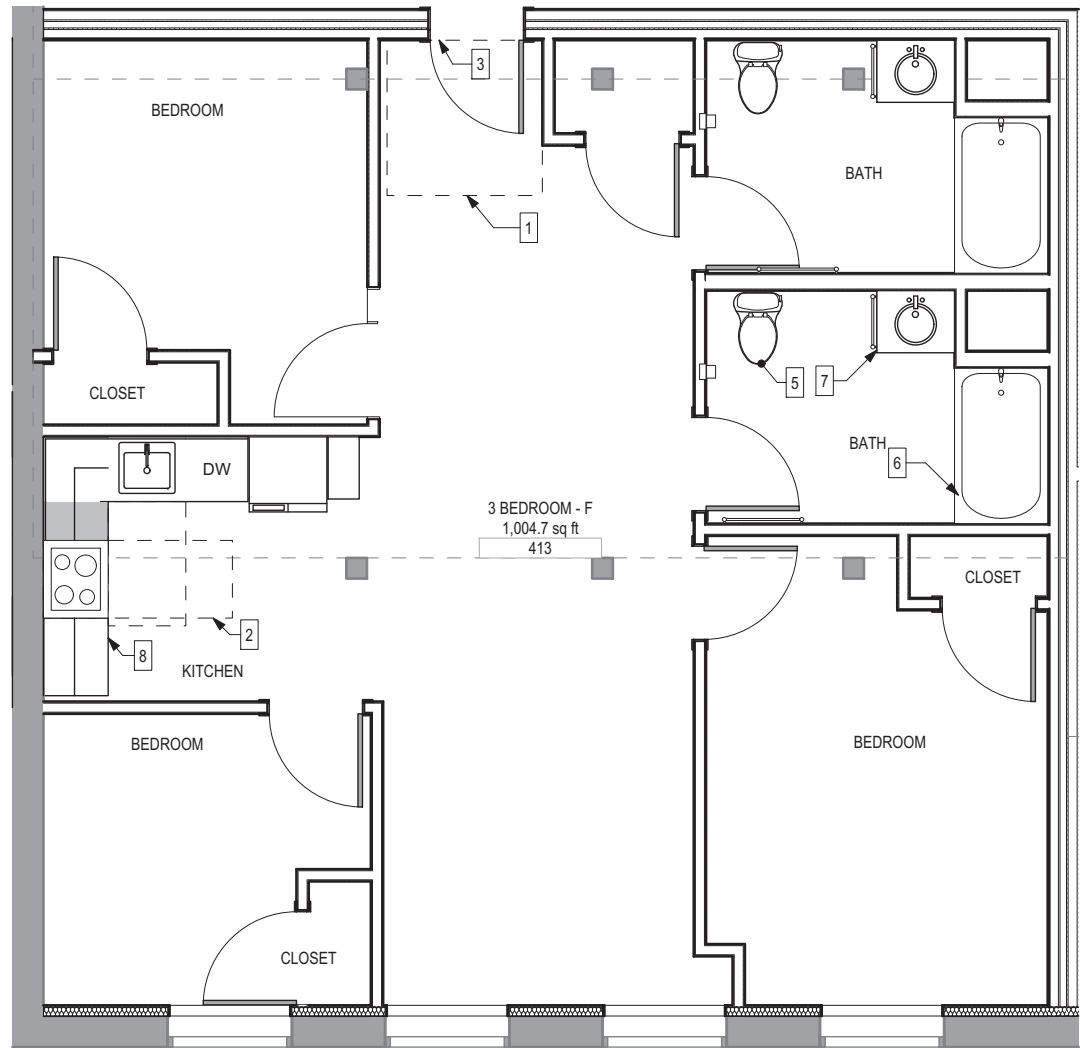
1/4" = 1'-0" AR 2 Bedroom Unit - Park Ave

**UNIVERSAL DESIGN: GENERAL NOTES**

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- 4. MIN 42" WIDE CORRIDOR
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- 8. UD WORKTOP, SHOWN 30" WIDE.



3 BEDROOM - F  
1,004.7 sq ft  
413

1/4" = 1'-0"

AR 3 Bedroom Unit - Park Ave

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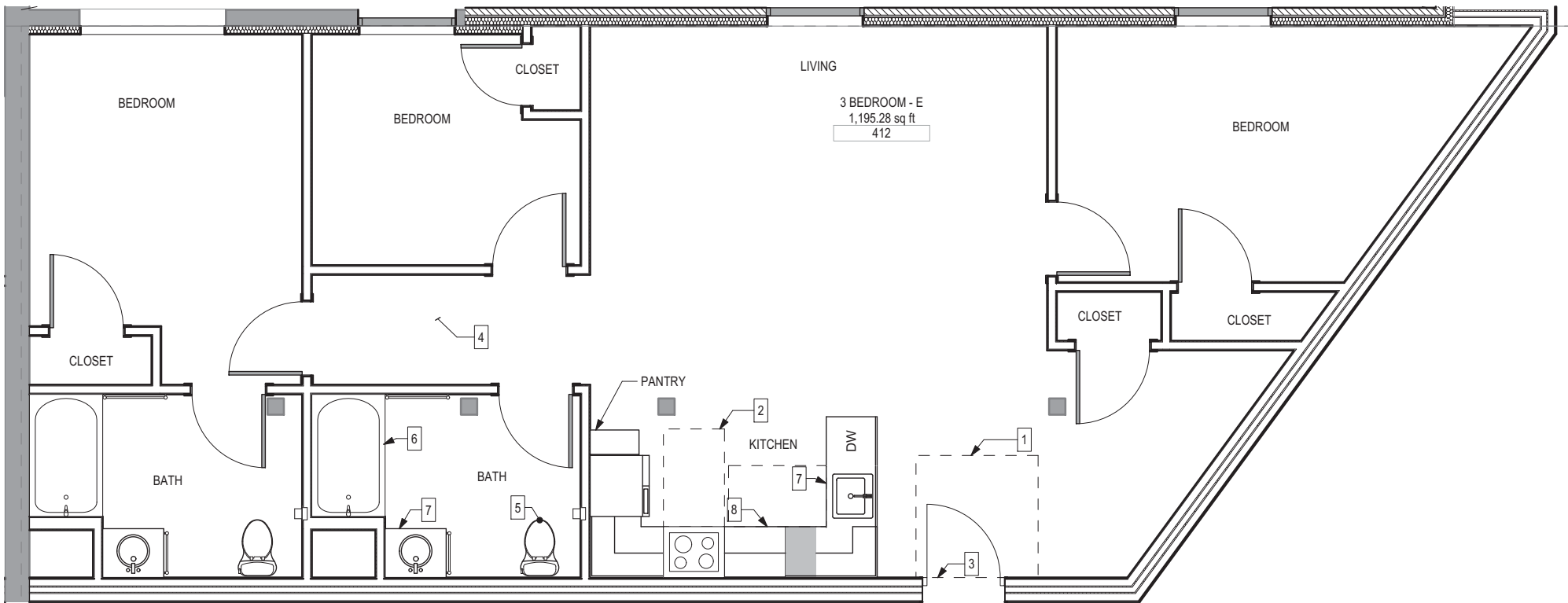
J. PROVIDE HAND-HELD CONTROLS AT ALL ROLL-IN AND STEP-IN SHOWERS

K. PROVIDE SPACE FOR FRONT LOAD WASHER AND DRYER

**UNIVERSAL DESIGN: KEY NOTES #**

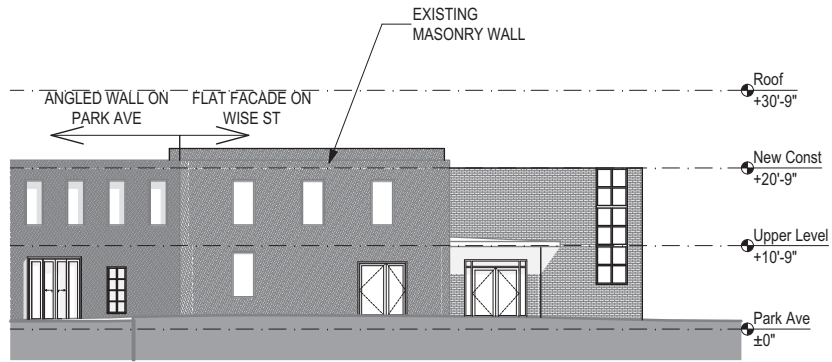
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- 8. UD WORKTOP, SHOWN 30" WIDE.



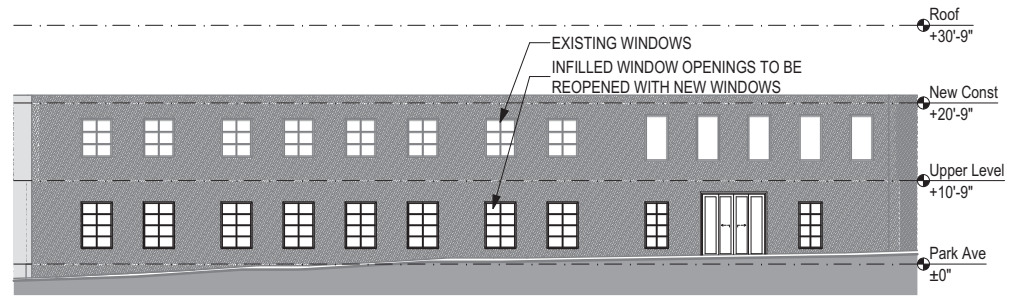
1/4" = 1'-0"

AR 3 Bedroom Unit - Park Ave



1/16" = 1'-0"

Wise St Elevation



1/16" = 1'-0"

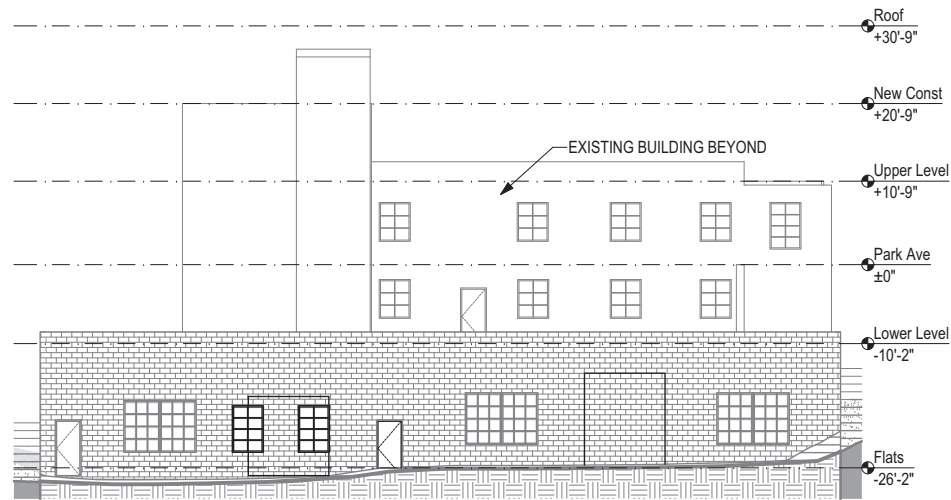
Park Ave Elevation



1/16" = 1'-0"

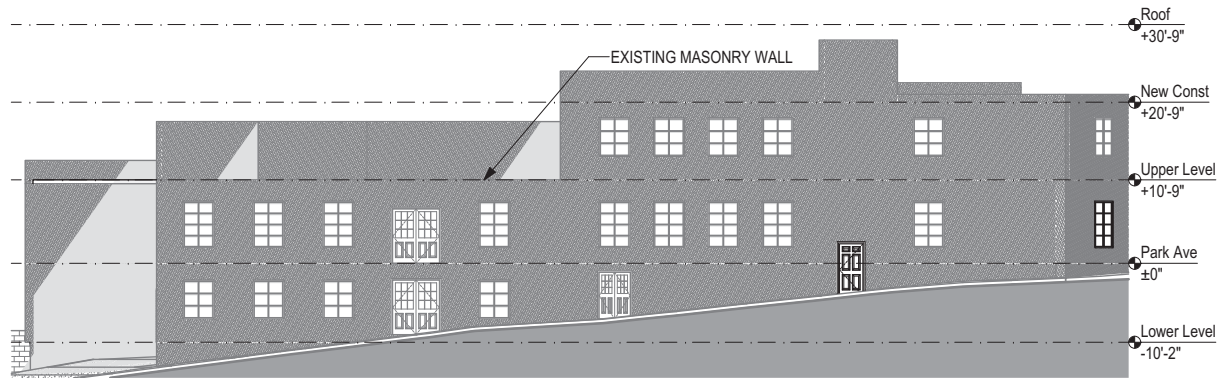
New Construction Elevation





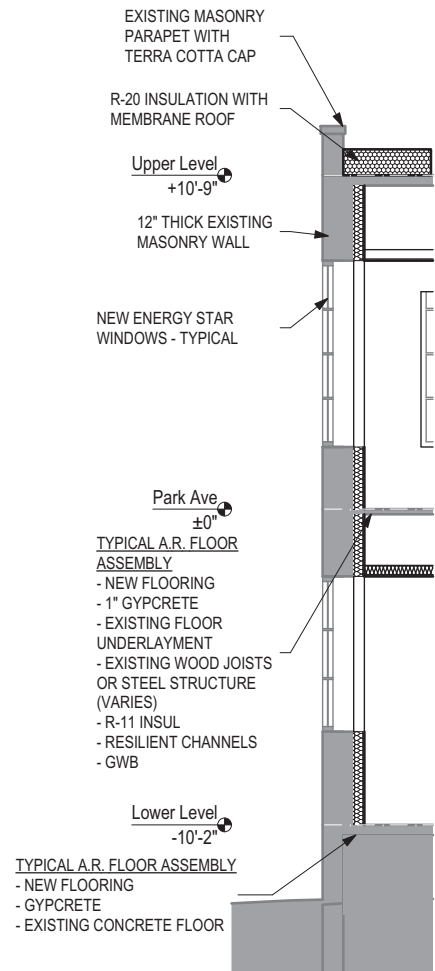
1/16" = 1'-0"

Taylor Street Elevation



1/16" = 1'-0"

7th Street Elevation



1/4" = 1'-0" WALL SECTION AR

**ADDENDUM E**  
Utility Allowance



**Virginia Housing Development Authority**  
Housing Choice Voucher Program

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

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

		Unit Type: 2 Exposed Walls				Effective Date: 07/01/2018			
Utility	Usage	Monthly Dollar Amount							
		0 BR	1 BR	2BR	3BR	4BR	5 BR	6 BR	7BR
<b>Appliance</b>	Range/Microwave	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
	Refrigerator	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Bottled Gas</b>	Cooking	\$8.00	\$11.00	\$14.00	\$18.00	\$22.00	\$26.00	\$29.00	\$32.00
	Home Heating	\$49.00	\$68.00	\$88.00	\$107.00	\$137.00	\$156.00	\$175.00	\$195.00
	Water Heating	\$20.00	\$28.00	\$36.00	\$44.00	\$56.00	\$64.00	\$72.00	\$80.00
<b>Electricity</b>	Cooking	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00
	Cooling (A/C)	\$5.00	\$7.00	\$9.00	\$12.00	\$15.00	\$17.00	\$19.00	\$21.00
	Home Heating	\$19.00	\$26.00	\$34.00	\$41.00	\$51.00	\$59.00	\$66.00	\$74.00
	Other Electric	\$10.00	\$14.00	\$18.00	\$22.00	\$28.00	\$32.00	\$36.00	\$40.00
	Water Heating	\$9.00	\$13.00	\$16.00	\$20.00	\$25.00	\$29.00	\$32.00	\$36.00
<b>Natural Gas</b>	Cooking	\$2.00	\$2.00	\$3.00	\$3.00	\$4.00	\$5.00	\$5.00	\$6.00
	Home Heating	\$11.00	\$14.00	\$18.00	\$22.00	\$28.00	\$32.00	\$36.00	\$40.00
	Water Heating	\$4.00	\$6.00	\$7.00	\$9.00	\$11.00	\$13.00	\$14.00	\$16.00
<b>Oil</b>	Home Heating	\$38.00	\$53.00	\$67.00	\$82.00	\$104.00	\$120.00	\$134.00	\$149.00
	Water Heating	\$16.00	\$22.00	\$28.00	\$34.00	\$43.00	\$50.00	\$56.00	\$62.00
<b>Sewer</b>	Other	\$20.00	\$27.00	\$35.00	\$43.00	\$55.00	\$62.00	\$70.00	\$78.00
<b>Trash Collection</b>	Other	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
<b>Water</b>	Other	\$17.00	\$23.00	\$30.00	\$36.00	\$46.00	\$53.00	\$59.00	\$66.00
<b>UTILITY ALLOWANCE TOTAL:</b>		\$	\$	\$	\$	\$	\$	\$	\$

**ADDENDUM F**  
**Qualifications of Consultants**

**CURRICULUM VITAE**  
**BRAD E. WEINBERG, MAI, CVA, CRE**

**I. Education**

University of Maryland, Masters of Science in Accounting & Financial Management  
University of Maryland, Bachelors of Arts in Community Planning

**II. Licensing and Professional Affiliations**

MAI Member, Appraisal Institute, No. 10790  
Certified Valuation Analyst (CVA), National Association of Certified Valuers and Analysts (NACVA)

Member, The Counselors of Real Estate (CRE)

Member, Urban Land Institute

Member, National Council of Housing Market Analysts (NCHMA)

State of Alabama – Certified General Real Estate Appraiser, No. G00628

State of California – Certified General Real Estate Appraiser, No. 27638

Washington, D.C. – Certified General Real Estate Appraiser; No. GA10340

State of Florida – Certified General Real Estate Appraiser; No. RZ3249

State of Maine – Certified General Real Estate Appraiser, No. CG3435

State of Maryland – Certified General Real Estate Appraiser; No. 6048

Commonwealth of Massachusetts – Certified General Real Estate Appraiser; No. 103769

State of Michigan – Certified General Real Estate Appraiser, No. 1201074327

State of Nebraska – Certified General Real Estate Appraiser, No. CG2015008R

State of New Jersey – Certified General Real Estate Appraiser; No. 42RG00224900

State of Ohio – Certified General Real Estate Appraiser; No. 2006007302

State of Pennsylvania – Certified General Real Estate Appraiser; No. GA004111

State of South Carolina – Certified General Real Estate Appraiser; No. 4566

**III. Professional Experience**

Partner, Novogradac & Company LLP

President, Capital Realty Advisors, Inc.

Vice President, The Community Partners Realty Advisory Services Group, LLC

President, Weinberg Group, Real Estate Valuation & Consulting

Manager, Ernst & Young LLP, Real Estate Valuation Services

Senior Appraiser, Joseph J. Blake and Associates

Senior Analyst, Chevy Chase F.S.B.

Fee Appraiser, Campanella & Company

#### **IV. Professional Training**

Appraisal Institute Coursework and Seminars Completed for MAI Designation and Continuing Education Requirements

Commercial Investment Real Estate Institute (CIREI) Coursework and Seminars Completed for CCIM Designation and Continuing Education Requirements

#### **V. Speaking Engagements and Authorship**

Numerous speaking engagements at Affordable Housing Conferences throughout the Country  
Participated in several industry forums regarding the Military Housing Privatization Initiative

Authored "New Legislation Emphasizes Importance of Market Studies in Allocation Process," *Affordable Housing Finance*, March 2001

#### **VI. Real Estate Assignments**

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

- On a national basis, conduct market studies and appraisals for proposed Low-Income Housing Tax Credit properties. Analysis includes preliminary property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis and operating expense analysis to determine appropriate cost estimates.
- On a national basis, conduct market studies and appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. This includes projects under the 221(d)3, 221(d)4, 223(f), and 232 programs.
- Completed numerous FannieMae and FreddieMac appraisals of affordable and market rate multifamily properties for DUS Lenders.
- Managed and completed numerous Section 8 Rent Comparability Studies in accordance with HUD's Section 9 Renewal Policy and Chapter 9 for various property owners and local housing authorities.
- Developed a Flat Rent Model for the Trenton Housing Authority. Along with teaming partner, Quadel Consulting Corporation, completed a public housing rent comparability study to determine whether the flat rent structure for public housing units is reasonable in comparison to similar, market-rate units. THA also requested a flat rent schedule and system for updating its flat rents. According to 24 CFR 960.253, public housing authorities (PHAs) are required to establish flat rents, in order to provide residents a choice between paying a "flat" rent, or an "income-based" rent. The flat rent is based on the "market rent", defined as the rent charged for a comparable unit in the private,

unassisted market at which a PHA could lease the public housing unit after preparation for occupancy. Based upon the data collected, the consultant will develop an appropriate flat rent schedule, complete with supporting documentation outlining the methodology for determining and applying the rents. We developed a system that THA can implement to update the flat rent schedule on an annual basis.

- As part of an Air Force Privatization Support Contractor team (PSC) to assist the Air Force in its privatization efforts. Participation has included developing and analyzing housing privatization concepts, preparing the Request for Proposal (RFP), soliciting industry interest and responses to housing privatization RFP, Evaluating RFP responses, and recommending the private sector entity to the Air Force whose proposal brings best value to the Air Force. Mr. Weinberg has participated on numerous initiatives and was the project manager for Shaw AFB and Lackland AFB Phase II.
- Conducted housing market analyses for the U.S. Army in preparation for the privatization of military housing. This is a teaming effort with Parsons Corporation. These analyses were done for the purpose of determining whether housing deficits or surpluses exist at specific installations. Assignment included local market analysis, consultation with installation housing personnel and local government agencies, rent surveys, housing data collection, and analysis, and the preparation of final reports.
- Developed a model for the Highland Company and the Department of the Navy to test feasibility of developing bachelor quarters using public-private partnerships. The model was developed to test various levels of government and private sector participation and contribution. The model was used in conjunction with the market analysis of two test sites to determine the versatility of the proposed development model. The analysis included an analysis of development costs associated with both MILCON and private sector standards as well as the potential market appeal of the MILSPECS to potential private sector occupants.



**STATEMENT OF PROFESSIONAL QUALIFICATIONS  
LINDSEY SUTTON**

**EDUCATION**

Texas State University, Bachelor of Business Administration in Finance

**LICENSING AND CERTIFICATIONS**

Certified General Real Estate Appraiser – State of Texas (TX 1380684-G)  
Certified General Real Estate Appraiser – State of Washington (1102489)

**EXPERIENCE**

Novogradac & Company LLP, Principal, December 2017- Present  
Novogradac & Company LLP, Manager  
Novogradac & Company LLP, Real Estate Analyst  
Novogradac & Company LLP, Real Estate Researcher

**PROFESSIONAL TRAINING**

National USPAP and USPAP Updates  
General Appraiser Report Writing and Case Studies  
General Appraiser Sales Comparison Approach  
General Appraiser Site Valuation and Cost Approach  
Expert Witness for Commercial Appraisers  
Commercial Appraisal Review  
Real Estate Finance Statistics and Valuation Modeling  
General Appraiser Income Approach Part II  
General Appraiser Income Approach Part I  
General Appraiser Market Analysis and Highest & Best Use  
Basic Appraisal Procedures  
Basic Appraisal Principles

**REAL ESTATE ASSIGNMENTS**

A representative sample of work on various types of projects:

- Managed and completed hundreds of market studies and appraisals for proposed new construction and existing Low Income Housing Tax Credit, USDA Rural Development, Section 8 and market rate multifamily and age-restricted developments. This included property screenings, market and demographic analysis, comparable rent surveys, supply and demand analysis, determination of market rents, expense comparability analysis, and other general market analysis. Property types include proposed multifamily, acquisition with rehabilitation, historic rehabilitation, adaptive reuse, and single-family development.
- Conduct physical inspections of subject properties and comparables to determine condition and evaluate independent physical condition assessments.
- Complete agency and HUD appraisals using the cost approach, income capitalization approach, and sales comparison approach for Low Income Housing Tax Credit, USDA Rural Development, and Section 8 properties. Additional assignments also include partnership valuations and commercial land valuation.
- Prepared HUD Market-to-Market rent comparability studies for Section 8 multifamily developments.

- Perform valuations of General and/or Limited Partnership Interest in a real estate transaction, as well as LIHTC Year 15 valuation analysis.
- Prepare Fair Market Value analyses for solar panel installations in connection with financing and structuring analyses performed for various clients. The reports are used by clients to evaluate with their advisors certain tax consequences applicable to ownership. Additionally, these reports can be used in connection with application for the Federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009 and the ITC funding process.
- Perform market studies and appraisals for proposed and existing multifamily properties under the HUD MAP program. These reports meet the requirements outlined in Chapter 7 of the HUD MAP Guide for the 221(d)4, 223(f), and the LIHTC Pilot Program.
- Consult with lenders and developers and complete valuation assignments for developments converting under the RAD program.

**STATEMENT OF PROFESSIONAL QUALIFICATIONS**  
**Ben Torpey**

**I. Education**

Radford University – College of Business & Economics  
Bachelor of Science in Economics

**II. Professional Experience**

*Novogradac & Company LLP* – October 2018 – Present  
Junior Analyst  
*Novogradac & Company LLP* – July 2018 – September 2018  
Junior Analyst Intern  
*New Frontier Financials* – June 2015 – August 2015  
Data Analyst Intern

**III. Research Assignments**

A representative sample of work on various types of projects:

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

**ADDENDUM G**  
**NCHMA Certification and Checklist**



Formerly known as  
National Council of Affordable  
Housing Market Analysts

### NCHMA MEMBER CERTIFICATION

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

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

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