



**NOVOGRADAC  
& COMPANY** LLP®

CERTIFIED PUBLIC ACCOUNTANTS

**A MARKET FEASIBILITY STUDY OF:  
MARKET HEIGHTS  
APARTMENTS**

**A MARKET FEASIBILITY STUDY OF:**  
**MARKET HEIGHTS**  
**APARTMENTS**

630 Tidewater Drive  
Norfolk, Virginia 23504

Effective Date: January 23, 2019  
Report Date: February 5, 2019

Prepared for:  
Austin Pittman  
Development Manager  
The Lawson Companies  
373 Edwin Drive  
Virginia Beach, VA 23462

Prepared by:  
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4416 East-West Highway, Suite 200  
Bethesda, MD 20814  
240-235-1701





February 5, 2019

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

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

Dear Mr. Pittman:

At your request, Novogradac & Company LLP has performed a market study of the multifamily rental market in the Norfolk, Virginia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project. It should be noted that we have previously prepared a rent and demand letter for the Subject in October 2018.

The purpose of this market study is to assess the viability of the proposed new construction of Market Heights Apartments (Subject), a proposed new construction development. The Subject will consist of 80 one, two, and three-bedroom units rent restricted at 40, 50 and 60 percent of the area median income (AMI) or less, with some of the units having a Section 8 overlay. The Subject will be new construction with an anticipated 18-month construction timeframe starting April 2020. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions.

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

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

Novogradac & 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.

Market Heights Apartments, LP, is the client in this engagement and intended user of this report. Furthermore, Virginia Housing Development Authority (VHDA) is an authorized use of this market study and VHDA may rely on representations made herein. As our client, Market Heights Apartments, LP, owns this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential uses under a separate agreement.

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

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

Respectfully submitted,  
Novogradac & Company LLP



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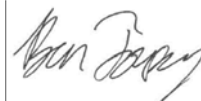
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# **A. EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

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

**Surrounding Land Uses:** The Subject is located in a mixed-use neighborhood east of Downtown Norfolk. Land use to the north consists of commercial, industrial, and retail uses, with minimal single-family homes in average condition to the northwest. Land uses east consist of commercial uses, industrial uses, and a middle school, followed further east by single-family homes in good condition. Uses south consist of a park, bordered on the southern side by Interstate 264. Views west consist of the Tidewater Gardens Apartments, a subsidized property that has been excluded from our rental analysis, and a YMCA. Overall, the majority of surrounding land uses are in average condition. The Subject site is rated as “Somewhat Walkable” by WalkScore with a score of 61, indicating that some errands can be accomplished by foot.

**Subject Property Description:** Market Heights Apartments, the Subject, is a proposed new construction of an 80-unit LIHTC/Section 8 development. Construction of the Subject will begin in April 2020 and is expected to last for 18-months. Following construction, the Subject’s units will be LIHTC restricted at 40, 50, and 60 percent of AMI. The Subject will offer 20 Project Based Voucher (PBV) units. As such, tenants in these units will pay 30 percent of their income towards rent. The proposed LIHTC 50 percent AMI rents are set at the 2018 maximum allowable rents, while the 60 percent AMI rents are below the maximum allowable levels. Additionally, the proposed contract rents are set at the 2018 maximum allowable levels. In the event that the Subject were to lose its subsidy, these rents would not be required to change. The Subject will consist of a four-story low-rise, elevator-serviced building with one, two, and three-bedroom units. We have previously prepared a rent and demand letter for the Subject in October 2018. We have not performed any other services in the past three years for the Subject property.

It should be noted that the Subject, which is proposed to be financed through the competitive nine percent LIHTC program, is being developed concurrently with a second phase, which will be financed through the four percent bond program. This second phase will consist of 84 units LIHTC restricted to 60 percent of AMI. Additionally, 21 of these units will operate with Project Based Vouchers. Similar to the Subject, the second phase will offer low-rise one, two, and three-bedroom units with shared property amenities. The developments will share 196 surface parking spaces among 164 units for a parking ratio of 1.2 spaces per unit.

**Proposed Rents:**

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

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
<i>@40% (Section 8)*</i>							
1BR / 1BA*	708	1	\$457	\$105	\$562	\$562	\$925
2BR / 2BA*	951	8	\$556	\$119	\$675	\$675	\$1,104
3BR / 2BA*	1,179	3	\$638	\$142	\$780	\$780	\$1,553
<i>@50%</i>							
1BR / 1BA	708	7	\$598	\$105	\$703	\$703	\$925
2BR / 2BA	951	13	\$724	\$119	\$843	\$843	\$1,104
<i>@50% (Section 8)*</i>							
1BR / 1BA*	708	1	\$598	\$105	\$703	\$703	\$925
2BR / 2BA*	951	5	\$724	\$119	\$843	\$843	\$1,104
3BR / 2BA*	1,179	2	\$833	\$142	\$975	\$975	\$1,553
<i>@60%</i>							
2BR / 2BA	951	27	\$848	\$119	\$967	\$1,012	\$1,104
3BR / 2BA	1,179	13	\$977	\$142	\$1,119	\$1,170	\$1,553
<b>80</b>							

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

\*Denotes Proposed Contract Rents

The Subject’s proposed rents 40 and 50 percent AMI rents are set at the maximum allowable LIHTC rents, while the 60 percent AMI rents are set below the maximum allowable levels. Additionally, the proposed contract rents are set at the 2018 maximum allowable levels. In the event that the Subject were to lose its subsidy, these rents would be market compliant.

**Target Household Income Levels:**

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

**FAMILY INCOME LIMITS - AS PROPOSED**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	<i>@40% (Section 8)</i>		<i>@50%</i>		<i>@50% (Section 8)</i>		<i>@60%</i>	
1BR	\$0	\$24,000	\$24,103	\$30,000	\$0	\$30,000	-	-
2BR	\$0	\$27,000	\$28,903	\$33,750	\$0	\$33,750	\$33,154	\$40,500
3BR	\$0	\$32,400	-	-	\$0	\$40,500	\$38,366	\$48,600



**FAMILY INCOME LIMITS - ABSENT SUBSIDY**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@50%		@60%	
1BR	\$19,269	\$24,000	\$24,103	\$30,000	-	-
2BR	\$23,143	\$27,000	\$28,903	\$33,750	\$33,154	\$40,500
3BR	\$26,743	\$32,400	\$33,429	\$40,500	\$38,366	\$48,600

Economic Conditions

The Virginia Beach-Norfolk-Newport News, VA-NC MSA has a strong and diverse economy that sees employment within the healthcare/social assistance, educational services, and retail trade sectors. Huntington Ingalls Industries Inc. is the largest employer with 24,000 employees, followed by Sentara Healthcare and Virginia Beach City Public Schools. Between November 2017 and November 2018, the MSA total employment increased 1.9 percent, which is higher than the national growth of 1.8 percent. As of 2013, the MSA surpassed pre-recessionary levels of total employment, while the nation did not reach pre-recessionary employment levels until 2014, indicating that the MSA recovered slightly faster when compared to the nation in terms of employment. Between November 2017 and November 2018, the unemployment rate decreased 0.8 percentage points to 3.0 percent, while the nation reported a decrease of 0.4 percentage points to 3.5 percent. The MSA’s consistent employment growth and declining unemployment rate are indicators that the local economy has long since recovered from the national recession, and is in a period of expansion.

Primary Market Area

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

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

Demographic Data

Since 2000, PMA population and households have grown overall. However, both have decreased from 2010 to 2018. However, both the PMA and MSA are projected to experience population and household growth through 2023. As of 2018, approximately 59.5 percent of renter households within the PMA have annual incomes below \$40,000, though the percentage and number of low-income renter households is projected to decline slightly. As proposed, the incomes for the Subject will range from \$0 to \$48,600. With a large percentage of renters with low income, coupled with an aging housing stock, we project that there will be substantial demand for new or renovated affordable housing units.

Vacancy

The following table illustrates vacancy rates at the comparable properties.

**OVERALL VACANCY**

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Broad Creek	LIHTC/ Market	Family	300	0	0.0%
Meadowood Apartments	LIHTC/ Market	Family	180	0	0.0%
Mission College Apartments	LIHTC/ Market	Family	260	8	3.1%
Quill Farms	LIHTC	Family	180	0	0.0%
The Banks At Berkley*	LIHTC	Family	50	0	0.0%
The Clairmont At Campostella Station*	LIHTC	Family	152	0	0.0%
The Pointe At Pickett Farms	LIHTC	Family	120	0	0.0%
Monticello Station	Market	Family	121	2	1.7%
River House Apartments	Market	Family	194	4	2.1%
The Alexander At Ghent	Market	Family	268	6	2.2%
The Belmont At Freemason	Market	Family	239	10	4.2%
The Heritage At Freemason Harbour	Market	Family	185	10	5.4%
<b>Total LIHTC</b>			<b>1,242</b>	<b>8</b>	<b>0.6%</b>
<b>Total Market Rate</b>			<b>1,007</b>	<b>32</b>	<b>3.2%</b>
<b>Overall Total</b>			<b>2,249</b>	<b>40</b>	<b>1.8%</b>

\*Located outside of the PMA

The comparables reported vacancy rates ranging from zero to 5.4 percent, with an average of 1.8 percent. Managers at six of the seven LIHTC properties reported being fully occupied and all of the LIHTC properties were occupied at 96 percent or higher. The average vacancy rate reported by the affordable comparables was 0.6 percent, slightly below the 3.2 percent average reported by the market rate properties. The average LIHTC vacancy rate of 0.6 percent is low and indicative of supply constrained conditions. All of the market rate properties reported vacancy rates of 5.4 percent or lower. Based on the performance of the LIHTC comparables, we expect the Subject will operate at a vacancy rate of 5.0 percent or less.

Absorption

We were able to obtain absorption data from two of the comparable properties. We have also added absorption information for one additional property in the PMA, Promenade Pointe. This absorption information is presented in the following table. We attempted to gather information on both the Pointe at Pickett Farms and Quill Farms, comparable properties that were constructed in 2014 and 2015, respectively. However, the contacts at the properties could not provide absorption information.

**ABSORPTION**

Property Name	Rent Structure	Tenancy	Year Built	Number of Units	Units Absorbed / Month
The Clairmont At Campostella Station	LIHTC	Family	2017	152	15
The Banks At Berkley	LIHTC	Family	2017	50	25
Promenade Pointe*	Market	Family	2014	183	13
<b>Average</b>				<b>128</b>	<b>18</b>

\*Located outside of the PMA

The properties have reported absorption rates of 13 to 25 units per month. We believe the Subject would experience an absorption rate most similar to the similarly sized LIHTC properties. Therefore, we expect the Subject will experience an absorption rate of 20 units per month, indicating an absorption period of just under four months for the Subject's proposed 80 LIHTC units. When considering the 84 Phase II units, the overall

absorption rate would be approximately 15 to 18 units per month, indicating an absorption period of approximately 10 months.

Demand

The Novoco demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation illustrates an overall capture rate of 0.42 percent “As Proposed” scenario and 0.83 percent in the “Absent Subsidy” scenario. Per VHDA demand requirements, all renter households are utilized.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject’s first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This annual Novoco capture rate is 0.8 percent for the first year of operation as a LIHTC property “As Proposed.” Additionally, the annual Novoco capture rate is 1.6 percent for the first year of operation as a LITHC property “Absent Subsidy.” This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

This calculation illustrates that there are approximately 9,772 and 4,784 units of demand in the first year of the Subject’s operation after completion, “As Proposed” and “Absent Subsidy” respectively,. The Subject’s units will need to accommodate 76 total units of demand in order to stabilize at 95 percent occupancy, if hypothetically vacant. Any unaccommodated households will most likely leave the PMA or remain severely rent-overburdened. The lack of available units will force many to look elsewhere.

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

Project Wide Capture Rate - All Units*	2.3%
Project Wide Absorption Period (Months)	10 months

\*The proposed units include the Subject's 84 Phase II 4% units that all target 60% AMI

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

Strengths

- The Subject will offer a four-story, low-rise elevator-serviced design. Only one LIHTC comparable property an elevator-serviced design while five market rate comparables offer elevator-service; as such, we believe the building design is a competitive advantage among affordable properties.
- The Subject will be new construction and will be among the newest multifamily developments in the market. Upon completion, the property will be slightly superior to superior to the comparable properties.
- The local economy has a lower unemployment rate than the national economy. Additionally, employment has grown in eight of the nine years since 2010. Between November 2017 and November 2018, employment grew 1.9 percent, slightly higher than the nation. Additionally, over the same period, the unemployment rate in the MSA decreased 0.8 percentage points to 3.0 percent, while the nation reported a decrease of 0.4 percentage points to 3.5 percent.

- Vacancy rates among the LIHTC properties range from zero to 3.1 percent, with an average of just 0.6 percent. Additionally, five of the seven LIHTC comparables maintain waiting lists, indicating strong demand for affordable housing in the market.
- The Subject site is located in close proximity to many services, public transportation, and retailers.

#### Weaknesses

- The Subject's one and two-bedroom unit sizes are below the surveyed average, but within the range of the comparables, while the three-bedroom unit size will be below the range of the comparable unit sizes. However, based on the low vacancies in the smallest unit sizes among comparable properties, in addition to the low-vacancy rate among LIHTC comparables, we believe that the Subject's unit sizes are reasonable and will be accepted in the market. We considered the proposed unit sizes in our rent determinations.

#### Recommendations

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

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

## INTRODUCTION AND SCOPE OF WORK

### Report Description:

Novogradac & Company LLP has performed a comprehensive market study of the multifamily rental market in the Norfolk, Virginia area relative to Market Heights Apartments, a proposed new construction development. Construction of the Subject will begin in April 2020 and is expected to last for 18-months. Following construction, the Subject's units will be LIHTC restricted at 40, 50, and 60 percent of AMI. The Subject will offer 20 Project Based Voucher (PBV) units LIHTC restricted to 40 and 50 percent of AMI. As such, tenants in these units will pay 30 percent of their income towards rent. The proposed 40 and 50 percent LIHTC rents are set at the 2018 maximum allowable rents, while the 60 percent AMI rents are set below the 2018 maximum allowable levels. Additionally, the proposed contract rents are set at the 2018 maximum allowable levels. In the event that the Subject were to lose its subsidy, these rents would be market compliant. The Subject will consist of a four-story low-rise, elevator-serviced building with one, two, and three-bedroom units. We have previously prepared a rent and demand letter for the Subject in October 2018. We have not performed any other services in the past three years for the Subject property.

It should be noted that the Subject, which is proposed to be financed through the competitive nine percent LIHTC program, is being developed concurrently with a second phase, which will be financed through the four percent bond program. This second phase will consist of 84 units LIHTC restricted to 60 percent of AMI. Additionally, 21 of these units will operate with Project Based Vouchers. Similar to the Subject, the second phase will offer low-rise one, two, and three-bedroom units with shared property amenities. The developments will share 196 surface parking spaces among 164 units for a parking ratio of 1.2 spaces per unit.

### Developer/Client Information:

The Lawson Companies

### Intended Use and Users of the Report:

The report will be submitted to the Virginia Housing Development Authority (VHDA) for application purposes. The intended user of the report is VHDA.

### Scope of the Report:

- Inspecting the site of the to-be-developed Subject and its general location.
- Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.
- Estimating the market rents, absorption rates and stabilized vacancy levels for the market area.
- Investigating the general economic health and conditions of the senior rental market.
- Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area.

- Reviewing relevant public records and contacting appropriate public agencies.
- Brief analysis of the economic and social conditions in the market area, in relation to the proposed project.
- Establishing the Subject’s Primary Market Area, if applicable.
- Surveying competing projects, both LIHTC and market-rate.

**Effective Date:**

The Subject site was most recently inspected by Ben Torpey on January 23, 2019, which shall be the effective date of this report.

**Primary Contact for the Report:**

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

## **C. PROJECT DESCRIPTION**



## PROJECT DESCRIPTION

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

### Subject Property Description:

Market Heights Apartments, the Subject, is a proposed new construction of an 80-unit LIHTC/Section 8 development. Construction of the Subject will begin in April 2020 and is expected to last for 18-months. Following construction, the Subject's units will be LIHTC restricted at 40, 50, and 60 percent of AMI. The Subject will offer 20 Project Based Voucher (PBV) units. As such, tenants in these units will pay 30 percent of their income towards rent. The proposed 50 percent LIHTC rents are set at the 2018 maximum allowable rents, while the 60 percent AMI rents are set below the maximum allowable level. Additionally, the proposed contract rents are set at the 2018 maximum allowable levels. In the event that the Subject were to lose its subsidy, these rents would be market compliant. The Subject will consist of a four-story low-rise, elevator-serviced building with one, two, and three-bedroom units. We have previously prepared a rent and demand letter for the Subject in October 2018. We have not performed any other services in the past three years for the Subject property.

It should be noted that the Subject, which is proposed to be financed through the competitive nine percent LIHTC program, is being developed concurrently with a second phase, which will be financed through the four percent bond program. This second phase will consist of 84 units LIHTC restricted to 60 percent of AMI. Additionally, 21 of these units will operate with Project Based Vouchers. Similar to the Subject, the second phase will offer low-rise one, two, and three-bedroom units with shared property amenities. The developments will share 196 surface parking spaces among 164 units for a parking ratio of 1.2 spaces per unit.

### Construction Type:

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

### Occupancy Type:

The Subject targets family households.

### Proposed Rents:

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

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents	
@40% (Section 8)*								
1BR / 1BA*	708	1	\$457	\$105	\$562	\$562	\$925	
2BR / 2BA*	951	8	\$556	\$119	\$675	\$675	\$1,104	
3BR / 2BA*	1,179	3	\$638	\$142	\$780	\$780	\$1,553	
@50%								
1BR / 1BA	708	7	\$598	\$105	\$703	\$703	\$925	
2BR / 2BA	951	13	\$724	\$119	\$843	\$843	\$1,104	
@50% (Section 8)*								
1BR / 1BA*	708	1	\$598	\$105	\$703	\$703	\$925	
2BR / 2BA*	951	5	\$724	\$119	\$843	\$843	\$1,104	
3BR / 2BA*	1,179	2	\$833	\$142	\$975	\$975	\$1,553	
@60%								
2BR / 2BA	951	27	\$848	\$119	\$967	\$1,012	\$1,104	
3BR / 2BA	1,179	13	\$977	\$142	\$1,119	\$1,170	\$1,553	
		<b>80</b>						

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

\*Denotes Proposed Contract Rents

The Subject's proposed 50 percent LIHTC rents will be set at the maximum allowable LIHTC rents, while the 60 percent AMI rents will be set below the maximum allowable level. Additionally, the proposed contract rents are set at the 2018 maximum allowable levels. In the event that the Subject were to lose its subsidy, these rents would not be required to change.

**Assisted Housing Program:**

Of the 80 total units, 20 will operate with Project Based Voucher subsidies.

**Construction Date:**

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

**Target Household Income Levels:**

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

**FAMILY INCOME LIMITS - AS PROPOSED**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40% (Section 8)		@50%		@50% (Section 8)		@60%	
1BR	\$0	\$24,000	\$24,103	\$30,000	\$0	\$30,000	-	-
2BR	\$0	\$27,000	\$28,903	\$33,750	\$0	\$33,750	\$33,154	\$40,500
3BR	\$0	\$32,400	-	-	\$0	\$40,500	\$38,366	\$48,600

**FAMILY INCOME LIMITS - ABSENT SUBSIDY**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@50%		@60%	
1BR	\$19,269	\$24,000	\$24,103	\$30,000	-	-
2BR	\$23,143	\$27,000	\$28,903	\$33,750	\$33,154	\$40,500
3BR	\$26,743	\$32,400	\$33,429	\$40,500	\$38,366	\$48,600

**Utility Structure:**

The tenant will be responsible for electric cooking, heating, hot water, and other electric expenses, as well as water and sewer expenses. The landlord will be responsible for trash expenses and common area amenities. The Subject utilizes a project-specific utility allowance, which are \$105, \$119, and \$142 for its one, two, and three-bedroom units, respectively. The utility structure varies among the comparable properties; we have adjusted the comparables' rents in accordance with the utility schedule obtained from the Norfolk Housing and Redevelopment Authority, effective February 1, 2018. It should be noted that the developer will utilize a project-specific utility allowance which differs from the total tenant-paid utilities listed below.

**HOUSING AUTHORITY UTILITY ALLOWANCE**

UTILITY AND SOURCE	Paid By	1BR	2BR	3BR
Heating - Electric	Tenant	\$15	\$19	\$23
Cooking - Electric	Tenant	\$5	\$8	\$10
Other Electric	Tenant	\$20	\$28	\$36
Air Conditioning	Tenant	\$9	\$12	\$15
Water Heating - Electric	Tenant	\$13	\$16	\$20
Water	Tenant	\$37	\$46	\$56
Sewer	Tenant	\$45	\$64	\$82
Trash	Landlord	\$29	\$29	\$29
<b>Total Utility Allowance</b>		<b>\$173</b>	<b>\$222</b>	<b>\$271</b>
<b>TOTAL - Paid By Landlord</b>		<b>\$29</b>	<b>\$29</b>	<b>\$29</b>
<b>TOTAL - Paid By Tenant</b>		<b>\$144</b>	<b>\$193</b>	<b>\$242</b>

Source: Norfolk Housing and Redevelopment Authority, effective 2/2018

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

**UNIT MIX AND SQUARE FOOTAGE**

<b>Unit Type</b>	<b>Number of Units</b>	<b>Unit Size (SF)</b>	<b>Net Leasable Area</b>
1BR / 1BA	9	708	6,372
2BR / 2BA	53	951	50,403
3BR / 2BA	18	1,179	21,222
<b>TOTAL</b>	<b>80</b>		<b>77,997</b>

**Net Leasable Area:** Approximately 77,997 square feet as outlined in the table above.

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

**Common Area Amenities:** The Subject will feature a clubhouse/community room, elevators, an exercise facility, central laundry, off-street parking, on-site management, and a playground.

**Parking:** The Subject will offer off-street parking to its tenants at no additional cost. There will be 196 parking spaces, shared among the total 164 units at the Subject and the second phase of the development, which equates to a parking ratio of approximately 1.2 spaces per unit. Overall, the parking offered at the Subject is reasonable given its tenancy and proximity to public transportation.

**Number of Stories and Buildings:** The property consists of one four-story low-rise residential building.

**Americans with Disabilities Act of 1990:** We assume the property does not have any violations of the Americans with Disabilities Act of 1990.

**Quality of Construction Condition and Deferred Maintenance:** We expect the Subject to be constructed using good-quality materials. As new construction, the Subject will not suffer from deferred maintenance and will be in excellent condition.

**Functional Utility:** We have reviewed and inspected the Subject’s floor plans and determined them to be reasonable.

**Conclusion:** The Subject property is a proposed 80-unit LIHTC development and will be in excellent condition following construction. As new construction with market-oriented floor plans, the Subject will not suffer from functional obsolescence and will provide good utility for its intended use. Additionally, the Subject will be amongst the newest

supply in the market and will be generally similar to superior to the existing supply.

**Site Plans:**

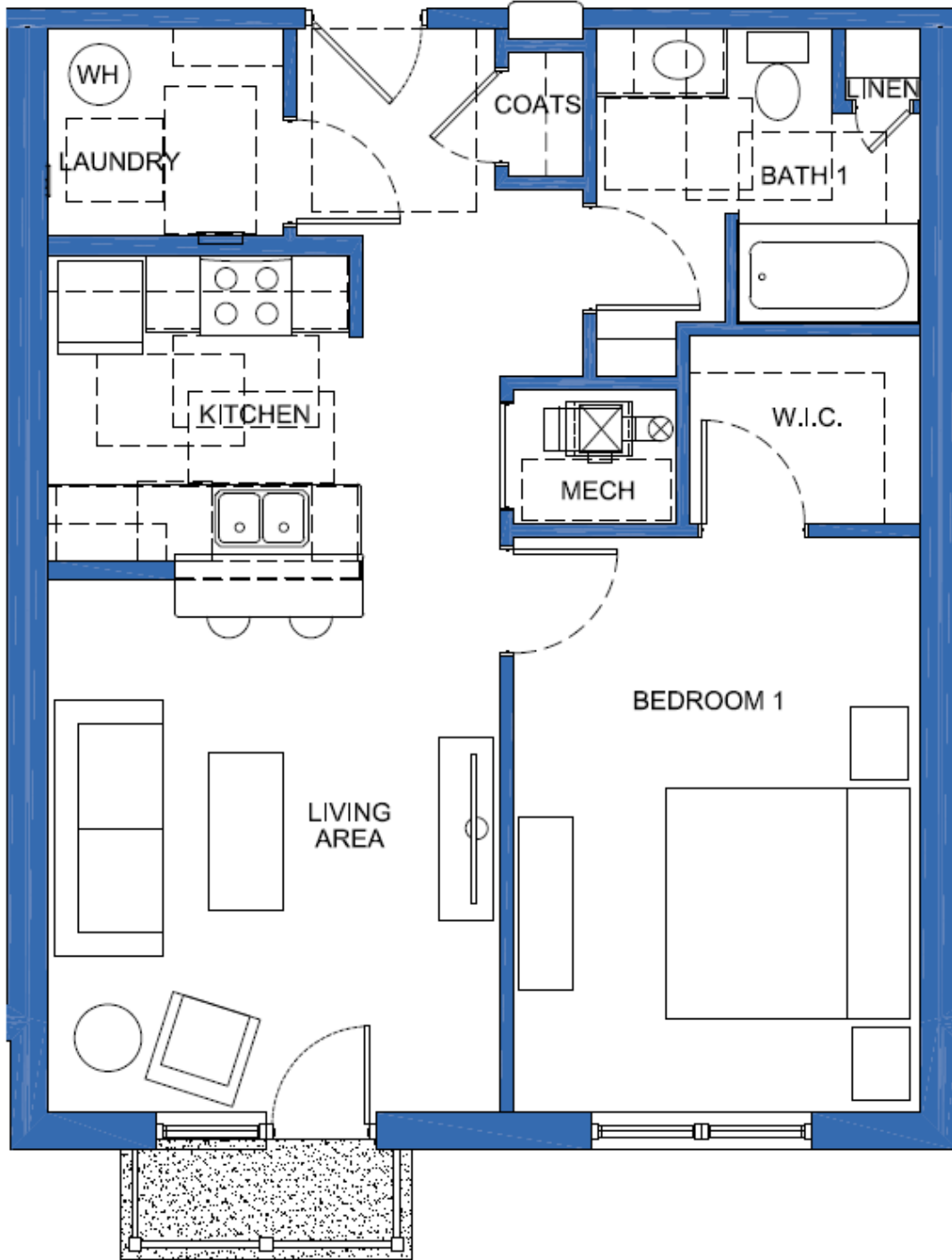
A copy of the site and architectural plans are available on the following pages and in the addenda of this report.

**Subject Site Plan**

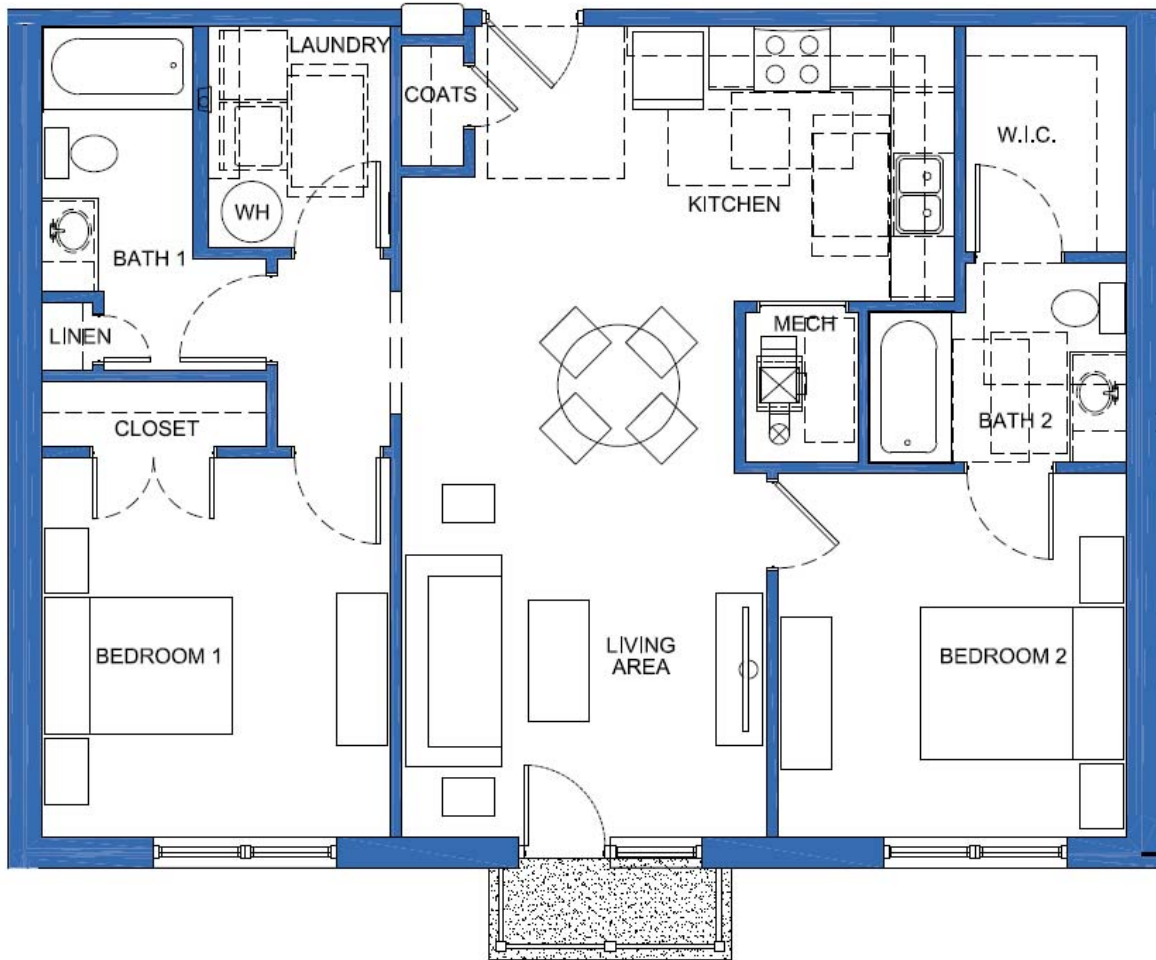


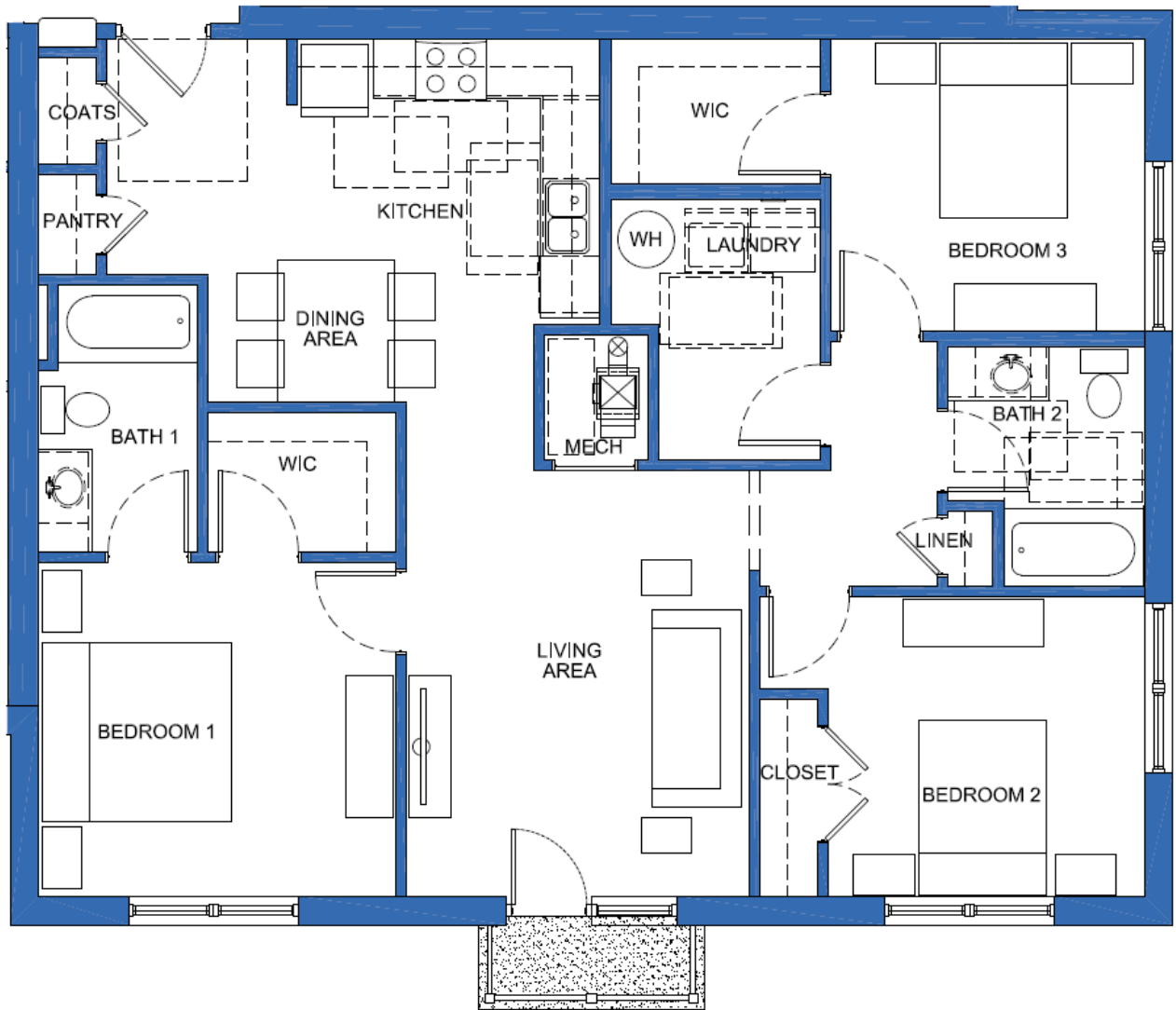
Source: Sponsor, February 2019

Subject Floor Plans




Source: Sponsor, February 2019







**MARKET HEIGHTS APARTMENTS- NORFOLK, VIRGINIA – MARKET STUDY**

<b>Property Profile Report</b>											
<b>Market Heights Apartments</b>											
<b>Comp #</b>	Subject										
<b>Effective Rent Date</b>	1/1/2019										
<b>Location</b>	630 Tidewater Drive Norfolk, VA 23504										
<b>Units Type</b>	Lowrise (4 stories)										
<b>Year Built /</b>	2020 / n/a										
<b>Market</b>											
<b>Program</b>	@40% (Section 8), @50%, @50% (Section 8), @60%			<b>Leasing Pace</b>	n/a						
<b>Annual Turnover Rate</b>	N/A			<b>Change in Rent (Past Year)</b>	n/a						
<b>Units/Month Absorbed</b>	n/a			<b>Concession</b>							
<b>Section 8 Tenants</b>	N/A										
<b>Utilities</b>											
<b>A/C</b>	not included – central			<b>Other Electric</b>	not included						
<b>Cooking</b>	not included – electric			<b>Water</b>	not included						
<b>Water Heat</b>	not included – electric			<b>Sewer</b>	not included						
<b>Heat</b>	not included – electric			<b>Trash Collection</b>	included						
<b>Unit Mix (face rent)</b>											
Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
1	1	Lowrise (4 stories)	1	708	\$457	\$0	@40% (Section 8)	n/a	N/A	N/A	N/A
1	1	Lowrise (4 stories)	7	708	\$598	\$0	@50%	n/a	N/A	N/A	N/A
1	1	Lowrise (4 stories)	1	708	\$598	\$0	@50% (Section 8)	n/a	N/A	N/A	N/A
2	2	Lowrise (4 stories)	8	951	\$556	\$0	@40% (Section 8)	n/a	N/A	N/A	N/A
2	2	Lowrise (4 stories)	13	951	\$724	\$0	@50%	n/a	N/A	N/A	N/A
2	2	Lowrise (4 stories)	5	951	\$724	\$0	@50% (Section 8)	n/a	N/A	N/A	N/A
2	2	Lowrise (4 stories)	27	951	\$848	\$0	@60%	n/a	N/A	N/A	N/A
3	2	Lowrise (4 stories)	3	1,179	\$638	\$0	@40% (Section 8)	n/a	N/A	N/A	N/A
3	2	Lowrise (4 stories)	2	1,179	\$833	\$0	@50% (Section 8)	n/a	N/A	N/A	N/A
3	2	Lowrise (4 stories)	13	1,179	\$977	\$0	@60%	n/a	N/A	N/A	N/A
<b>Amenities</b>											
<b>In-Unit</b>	Balcony/Patio Blinds Carpeting Central A/C Coat Closet Dishwasher Oven Refrigerator Walk-In Closet Washer/Dryer hookup			<b>Security</b>	Limited Access Patrol						
<b>Property</b>	Clubhouse/Meeting Room/Community Room Elevators Exercise Facility Central Laundry Off-Street Parking On-Site Management Playground			<b>Premium</b>	none						
<b>Services</b>	none			<b>Other</b>	none						
<b>Comments</b>											
The Subject, which will offer 80 units, is part of a 164 unit development financed with both nine and four percent bond financing, wherein 80 units (provided in the unit mix) will be financed exclusively with nine percent bonds. All of the units at the Subject will be LIHTC restricted to 40, 50, and 60 percent of AMI. Additionally, twenty of the Subject's units will operate with Project-Based Voucher (PBV) subsidies, LIHTC restricted to 40 and 50 percent of AMI. Washer/dryer units will be rented out to tenants. The property will consist of a four-story building.											

## **D. LOCATION**

## LOCATION

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



Source: Google Earth, January 2019

### Subject Site Description:

The Subject will be located at Market Heights Apartments in Norfolk, Virginia 23504.

### Size:

The Subject site is 3.9272 acres, or 171,068 square feet. This site will consist of both the Subject the second phase of development.

<b>Shape:</b>	The site is generally irregular in shape.
<b>Frontage:</b>	The Subject has frontage along the east side of Waterside Drive, the south side of E. Brambleton Avenue, and the western and northern side of May Avenue.
<b>Topography:</b>	The Subject site is level.
<b>Utilities:</b>	All utilities are provided to the site.
<b>Visibility/Views:</b>	<p>The Subject site has excellent visibility from Tidewater Drive, E. Brambleton Avenue, and May Avenue. Views to the north of the site consist of commercial and industrial uses. Gutterman Iron and Metal Corporation, a metal recycling yard, operates northwest of the Subject across Bramelton Avenue. Single-family residential uses east of this lot appear to be in good condition and well occupied. Consequently, we do not believe that this will be a detrimental influence to the Subject, upon completion. Views to the east consist of storage space, commercial space, and a middle school. Views to the south consist of a local park. Lastly, views to the west consist of the Tidewater Gardens Apartments and a YMCA. Tidewater Gardens is a 618-unit Section 8 development that is owned and managed by the Norfolk Housing and Redevelopment Authority. Due to its subsidized tenancy, this property has been excluded from our competitive rental analysis. We attempted to contact the property regarding its current vacancy. However, as of the date of this report, our calls have not been returned. Overall, visibility is considered excellent, and views are considered average.</p>
<b>Surrounding Uses:</b>	<p>The Subject is located in a mixed-use neighborhood east of Downtown Norfolk. The Subject site is rated as “Somewhat Walkable” by WalkScore with a score of 61, indicating that errands can be accomplished by foot. The following depicts the surrounding uses of the Subject.</p>



Metal Supplier north of Subject site



Metal Supplier north of Subject site

North: Land use to the north consists of commercial, industrial, and retail uses, with minimal single-family homes in average condition to the northwest.



Life Storage east of Subject site



Middle school east of Subject site

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



Views south along Tidewater Drive



Amtrak Station south of Interstate 264

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



View of Tidewater Gardens Apartments (west)



View of Tidewater Gardens Apartments (west)

*West:* Views west consist of the Tidewater Gardens Apartments, a subsidized property that has been excluded from our rental analysis, and a YMCA.

**Access and Traffic Flow:**

The Subject will be accessible via the south side of Brambleton Avenue and the west side of May Avenue. May Avenue is a two-lane, lightly traveled access road that connects Tidewater Drive and E. Brambleton Avenue. E. Brambleton Avenue is moderately trafficked two-lane road traversing west to Downtown Norfolk and southeast through the southern portion of Norfolk. Additionally, the Subject has direct access to Interstate 264 less than 0.1 miles south via Tidewater Drive. Interstate 264 provides access to the eastern portion of Norfolk, as well as Interstate 464 and Interstate 64, which provide access through most of the

exterior of Norfolk. Overall, traffic in the Subject’s immediate area is considered moderate, and access is considered good.

**Layout and Curb Appeal:**

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

**Drainage:**

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

**Soil and Subsoil Conditions:**

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

**Detrimental Influences:**

No detrimental influences were identified.

**Flood Plain:**

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



Source: FEMA Flood Map Service Center

**Locational Amenities:**

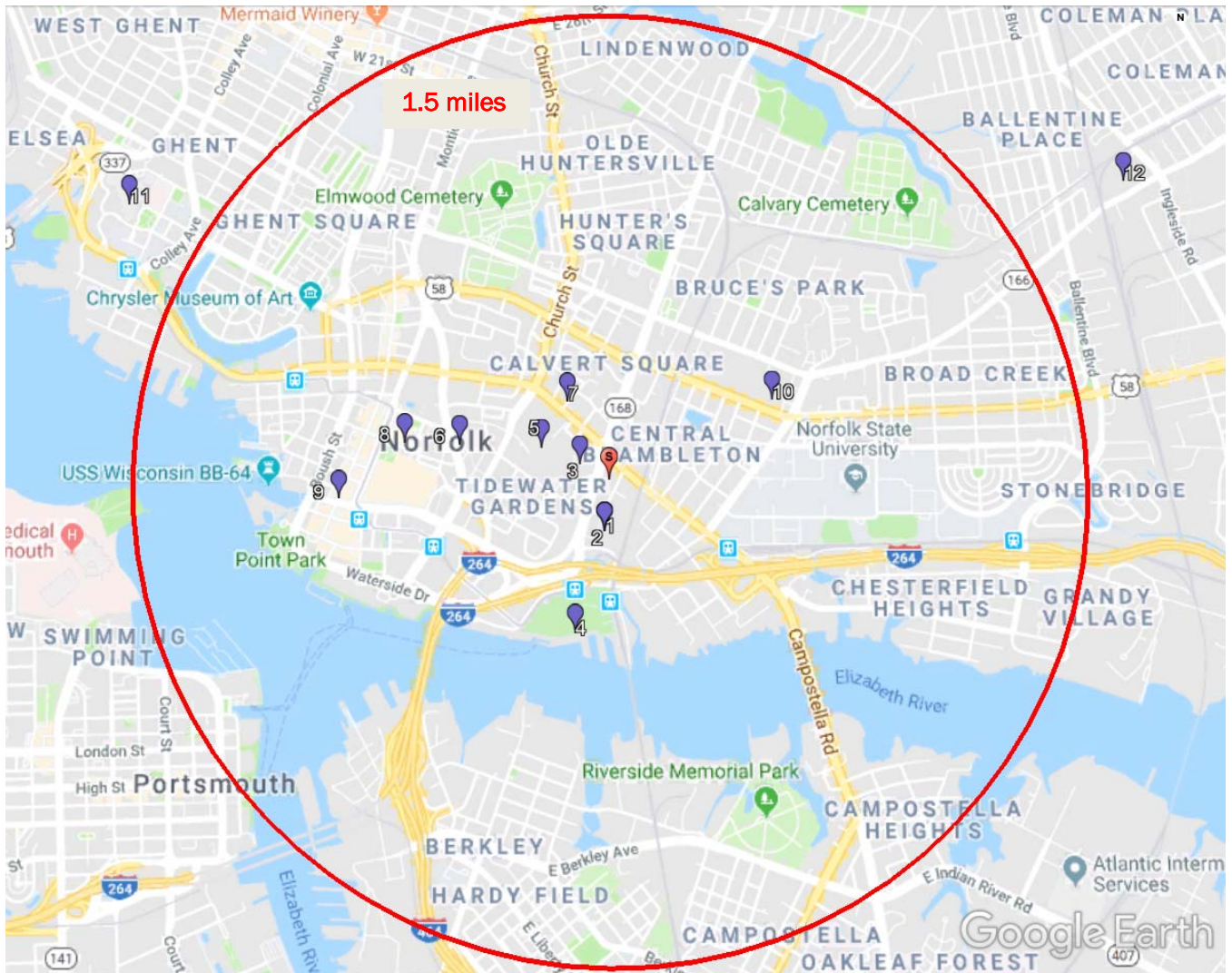
The following table and map illustrate the Subject’s proximity to necessary services. Map numbers correspond with the *Locational Amenities Map*, presented below.

**LOCATIONAL AMENITIES**

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



## MARKET HEIGHTS APARTMENTS– NORFOLK, VIRGINIA – MARKET STUDY



Source: Google Earth, January 2019

### Public Transportation:

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

### Crime Statistics:

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

**2018 CRIME INDICES**

	PMA	Washington-Arlington-Alexandria, DC-VA-MD-WV MSA
<b>Total Crime*</b>	<b>95</b>	<b>100</b>
<b>Personal Crime*</b>	<b>47</b>	<b>110</b>
Murder	37	141
Rape	64	74
Robbery	72	147
Assault	33	96
<b>Property Crime*</b>	<b>102</b>	<b>99</b>
Burglary	46	70
Larceny	121	104
Motor Vehicle Theft	98	140

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

\*Unweighted aggregations

The table above illustrates the crime risk as an index where 100 represents the national average. Indices above 100 are above the national average, and indices below 100 are below the national average. Total, personal, and property crime indices in the PMA are above that of the MSA and nation. The Subject will offer limited access and a courtesy patrol. All of the comparable properties offer some form of security feature. We believe that the Subject’s security features will be competitive and market oriented.

**Conclusion:**

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

**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD**



View of Subject site facing northwest



View of Subject site facing west



View of Subject site facing southwest



View of Subject site facing northeast



View of school from Subject site, facing southeast



View of Subject site from May Avenue



View of Subject site



View of bus stop adjacent to subject site



View of Subject site from May Avenue



View of Subject site from May Avenue



View north along May Avenue



View south along May Avenue



View north along Tidewater Drive



View south along Tidewater Drive



View west along E. Brambleton Avenue



View east along E. Brambleton Avenue



Metal Supplier north of Subject site



House of worship east of Subject site



Life Storage east of Subject site



View of Tidewater Gardens Apartments (west)



Research center southeast of Subject site



Amtrak station southwest of Subject site



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood

## **E. MARKET AREA DEFINITION**



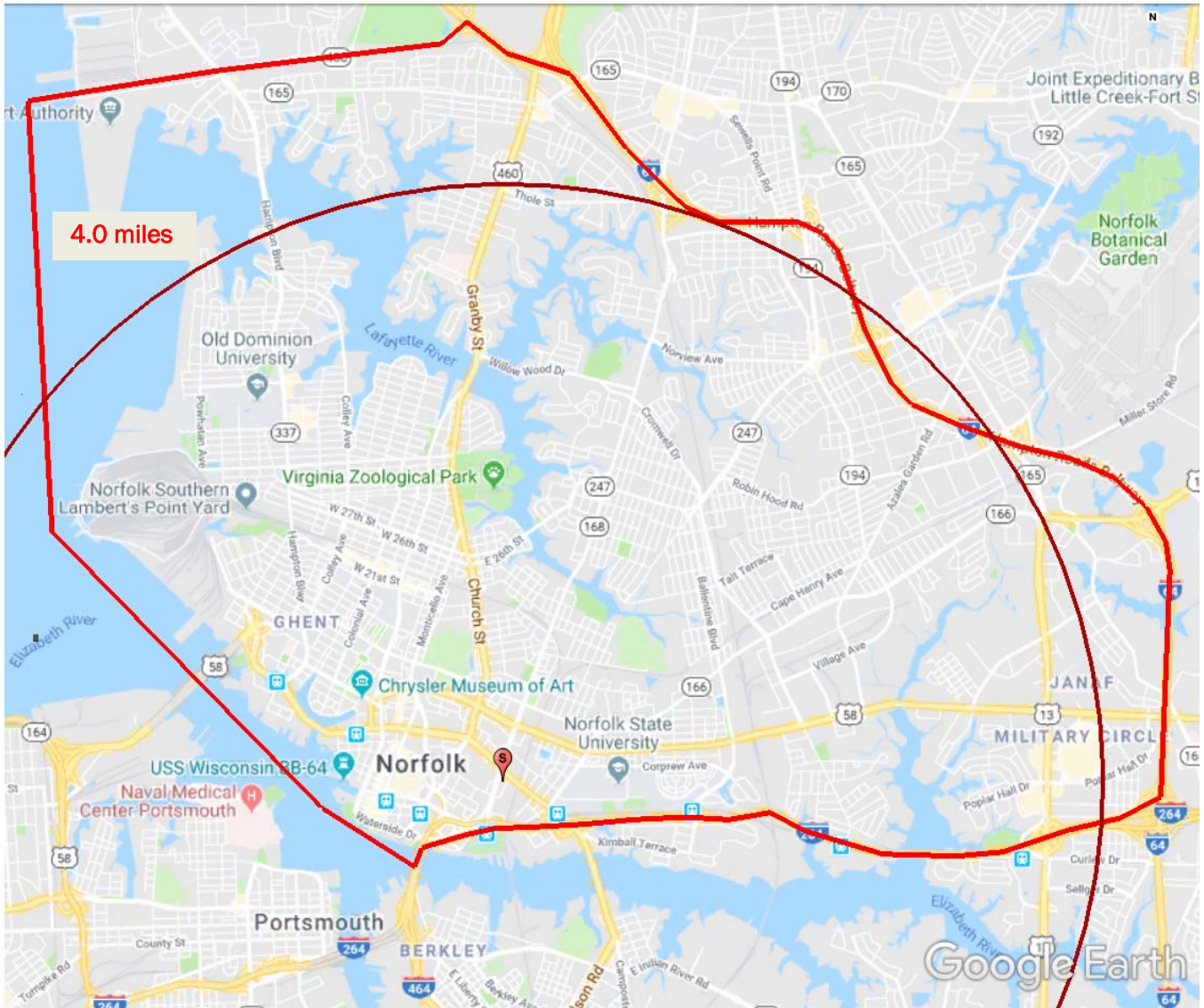
## MARKET AREA

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

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

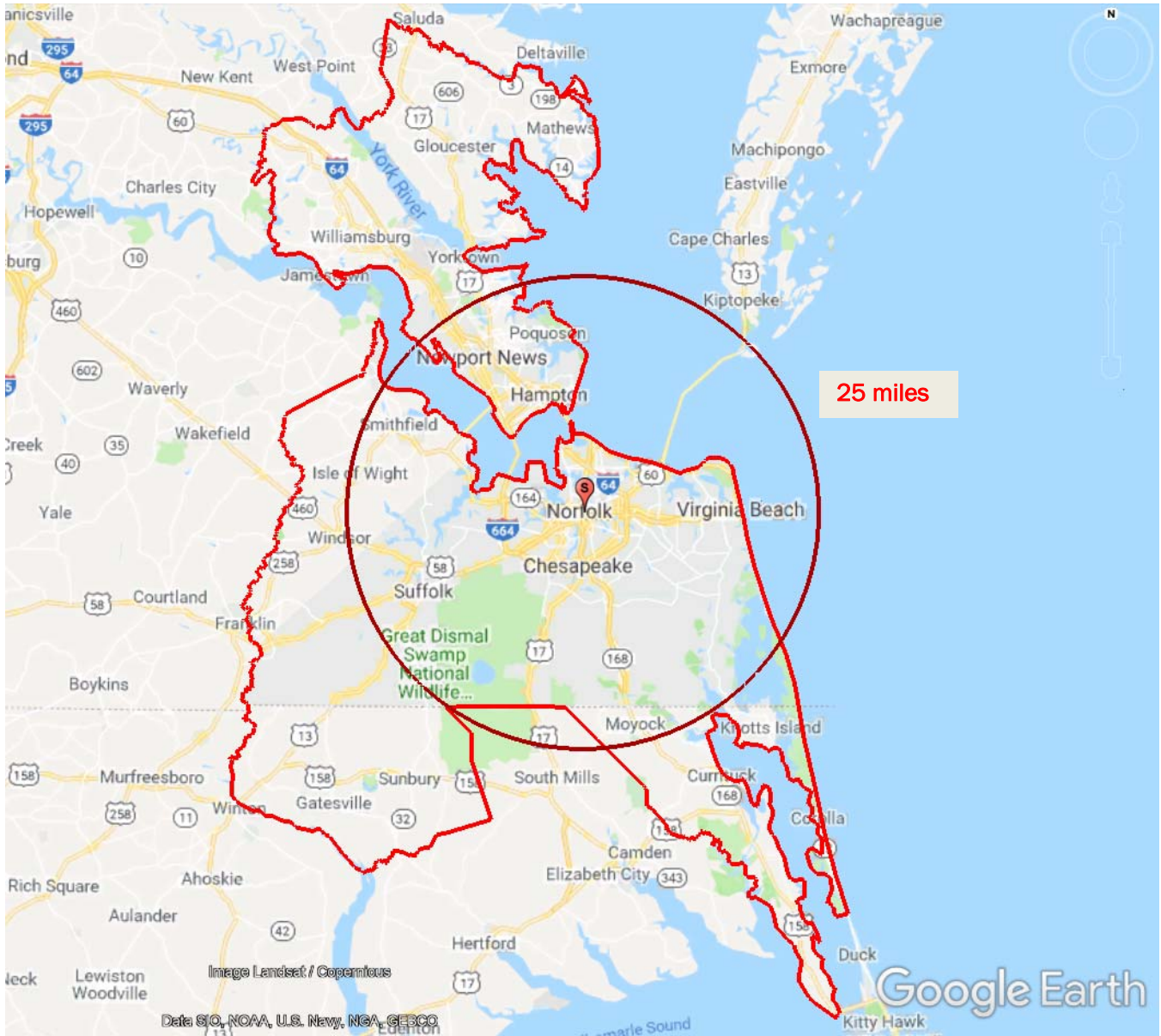
The Virginia Beach-Norfolk-Newport News, VA Metropolitan Statistical Area (MSA) will serve as the Secondary Market Area (SMA). Maps outlining the general PMA boundaries as well as the MSA can be found on the following pages.

Primary Market Area Map



Source: Google Earth, January 2019

**Metropolitan Statistical Area (MSA) Map**



Source: Google Earth, January 2019

# **F. EMPLOYMENT AND ECONOMY**

## ECONOMIC ANALYSIS

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

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

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

## Employment by Industry

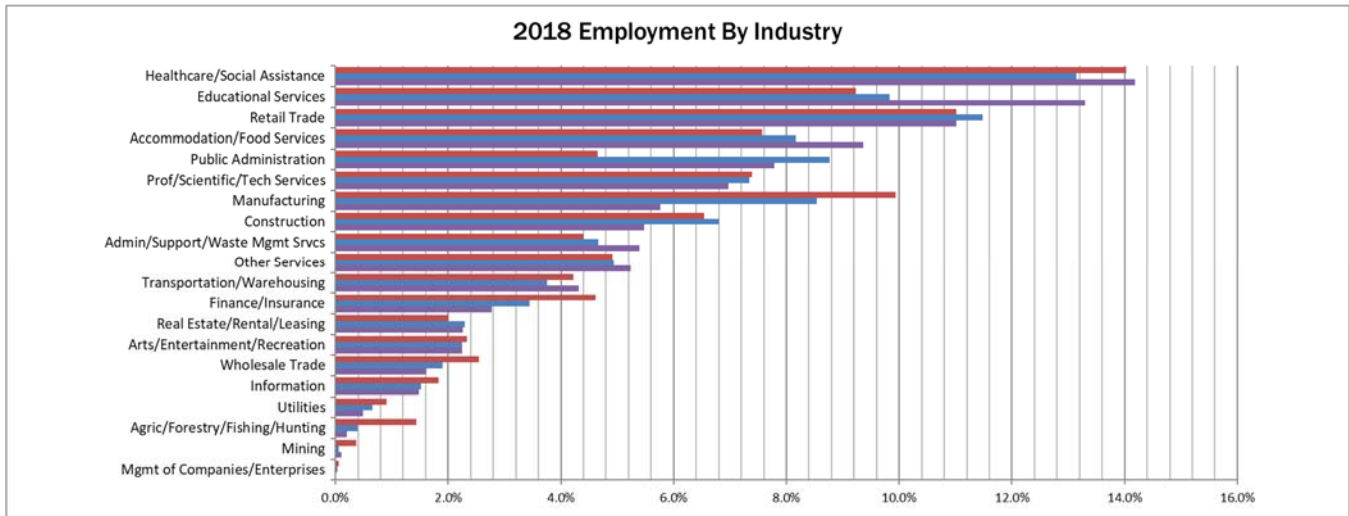
The following chart illustrates employment by industry as of 2018.

### 2018 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	8,100	14.2%	22,154,439	14.0%
Educational Services	7,595	13.3%	14,568,337	9.2%
Retail Trade	6,290	11.0%	17,381,607	11.0%
Accommodation/Food Services	5,346	9.4%	11,958,374	7.6%
Public Administration	4,444	7.8%	7,345,537	4.7%
Prof/Scientific/Tech Services	3,981	7.0%	11,673,939	7.4%
Manufacturing	3,289	5.8%	15,694,985	9.9%
Construction	3,126	5.5%	10,333,928	6.5%
Admin/Support/Waste Mgmt Svcs	3,080	5.4%	6,943,459	4.4%
Other Services	2,988	5.2%	7,758,801	4.9%
Transportation/Warehousing	2,466	4.3%	6,660,099	4.2%
Finance/Insurance	1,584	2.8%	7,284,572	4.6%
Real Estate/Rental/Leasing	1,289	2.3%	3,165,171	2.0%
Arts/Entertainment/Recreation	1,285	2.3%	3,672,444	2.3%
Wholesale Trade	922	1.6%	4,028,405	2.6%
Information	844	1.5%	2,881,691	1.8%
Utilities	282	0.5%	1,433,069	0.9%
Agric/Forestry/Fishing/Hunting	118	0.2%	2,273,158	1.4%
Mining	61	0.1%	591,596	0.4%
Mgmt of Companies/Enterprises	0	0.0%	87,511	0.1%
<b>Total Employment</b>	<b>57,090</b>	<b>100.0%</b>	<b>157,891,122</b>	<b>100.0%</b>

Source: Esri Demographics 2018, Novogradac & Company LLP, January 2018

Employment within the PMA is concentrated in the healthcare/social assistance, educational services, and retail trade industries. Together, these industries comprise 38.5 percent of total employment in the PMA. While the healthcare/social assistance and educational services sectors are typically stable during times of recession, the retail trade sector tends to be more volatile during times of economic downturn. Compared to the nation, the educational services and public administration industries are overrepresented in the PMA. Conversely, the manufacturing, construction, and finance/insurance industries are underrepresented in the PMA compared to the nation.



**Growth by Industry**

The following table illustrates the change in total employment by sector from 2000 to 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	5,676	12.0%	8,100	14.2%	2,424	2.4%
Educational Services	5,408	11.4%	7,595	13.3%	2,187	2.2%
Retail Trade	5,848	12.4%	6,290	11.0%	442	0.4%
Accommodation/Food Services	4,363	9.2%	5,346	9.4%	983	1.3%
Public Administration	2,971	6.3%	4,444	7.8%	1,473	2.8%
Prof/Scientific/Tech Services	2,500	5.3%	3,981	7.0%	1,481	3.3%
Manufacturing	3,233	6.8%	3,289	5.8%	56	0.1%
Construction	2,947	6.2%	3,126	5.5%	179	0.3%
Admin/Support/Waste Mgmt Svcs	2,423	5.1%	3,080	5.4%	657	1.5%
Other Services	2,335	4.9%	2,988	5.2%	653	1.6%
Transportation/Warehousing	2,397	5.1%	2,466	4.3%	69	0.2%
Finance/Insurance	1,782	3.8%	1,584	2.8%	-198	-0.6%
Real Estate/Rental/Leasing	1,205	2.5%	1,289	2.3%	84	0.4%
Arts/Entertainment/Recreation	1,003	2.1%	1,285	2.3%	282	1.6%
Wholesale Trade	1,376	2.9%	922	1.6%	-454	-1.8%
Information	1,483	3.1%	844	1.5%	-639	-2.4%
Utilities	256	0.5%	282	0.5%	26	0.6%
Agric/Forestry/Fishing/Hunting	53	0.1%	118	0.2%	65	6.8%
Mining	0	0.0%	61	0.1%	61	0.0%
Mgmt of Companies/Enterprises	0	0.0%	0	0.0%	0	0.0%
<b>Total Employment</b>	<b>47,259</b>	<b>100.0%</b>	<b>57,090</b>	<b>100.0%</b>	<b>9,831</b>	<b>1.2%</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.

The industries that have experienced the most employment growth between 2000 and 2018 are healthcare/social assistance, educational services, and professional/scientific/technical services. In contrast, the information and wholesale trade sectors experienced decline over the same time period.

### Major Employers

The following table illustrates the major employers in the region.

**MAJOR EMPLOYERS**  
Virginia Beach-Norfolk-Newport News, VA-NC MSA

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

Source: Hampton Roads Economic Development Alliance, Retrieved 1/2019

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



## Employment Expansion/Contractions

The following table lists business closures and layoffs in Norfolk, Virginia from 2017 to 2018 year-to-date, according to the Virginia Employment Commission’s Worker Adjustment and Retraining Notification (WARN) filings.

**WARN LISTINGS  
CITY OF NORFOLK, VA**

Company	Industry	Employees Affected	Layoff Date
Kroger Store #536	Retail Trade	102	10/18/2018
DAL Global Services	Technology	102	8/6/2018
Farm Fresh	Retail Trade	395	3/14/2018
Sams Club	Retail Trade	140	1/11/2018
Old Dominion Peanut Company	Manufacturing	69	1/4/2018
URS Federal Services	Technology	78	12/26/2017
Air Wisconsin Airline Corporation	Aviation	213	12/13/2017
Boats Group	Technology	72	6/1/2017
Dollar Express	Retail Trade	44	3/30/2017
Bebe Stores	Retail Trade	18	3/25/2017
<b>Total</b>		<b>1,131</b>	

Source: Virginia Employment Commission, 1/2019

As seen in the previous table, there have been a total of 1,131 positions affected by WARN filings since 2017.

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

- Optima Health announced plans in November 2018 to add 200 full-time jobs in the Norfolk area in order to support a Medicaid expansion. Optima renovated office space at a former J.C. Penny department store in Norfolk in 2016 and it plans to use the space to double its workforce in the area to 400 employees.
- Electric Motor & Contracting announced in January 2018 plans to invest \$3 million in a 22,500 square feet addition to its nuclear services building in Chesapeake, which brings the company’s total manufacturing space to 185,000 square feet. The expansion is expected to add approximately 10 employees upon completion.
- Sentara Norfolk General hospital recently completed a major five-year expansion in July 2018 that cost an estimated \$199 million, adding two additional wings and 54-beds in addition to modernizing the facility.
- In December 2017 Instant Systems, a manufacturer of medical equipment, announced plans to invest \$900,000 to expand in Norfolk in a new facility that would add approximately 72 new jobs.

## Employment and Unemployment Trends

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

### EMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

	Beach-Norfolk-Newport News, VA-NC Metropolitan Statisti			USA		
	Total Employment	% Change	Differential from peak	Total Employment	% Change	Differential from peak
2002	730,220	-	-10.2%	136,485,000	-	-11.0%
2003	735,598	0.7%	-9.6%	137,736,000	0.9%	-10.2%
2004	743,738	1.1%	-8.6%	139,252,000	1.1%	-9.2%
2005	760,768	2.3%	-6.5%	141,730,000	1.8%	-7.6%
2006	775,834	2.0%	-4.6%	144,427,000	1.9%	-5.8%
2007	787,986	1.6%	-3.1%	146,047,000	1.1%	-4.8%
2008	792,416	0.6%	-2.6%	145,363,000	-0.5%	-5.2%
2009	760,677	-4.0%	-6.5%	139,878,000	-3.8%	-8.8%
2010	770,605	1.3%	-5.3%	139,064,000	-0.6%	-9.3%
2011	778,240	1.0%	-4.3%	139,869,000	0.6%	-8.8%
2012	781,751	0.5%	-3.9%	142,469,000	1.9%	-7.1%
2013	790,153	1.1%	-2.9%	143,929,000	1.0%	-6.1%
2014	796,631	0.8%	-2.1%	146,305,000	1.7%	-4.6%
2015	793,110	-0.4%	-2.5%	148,833,000	1.7%	-2.9%
2016	797,447	0.5%	-2.0%	151,436,000	1.7%	-1.2%
2017	813,385	2.0%	0.0%	153,337,000	1.3%	0.0%
2018 YTD Average*	824,497	1.4%	-	155,761,000	1.6%	-
Nov-2017	807,607	-	-	154,180,000	-	-
Nov-2018	823,110	1.9%	-	157,015,000	1.8%	-

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

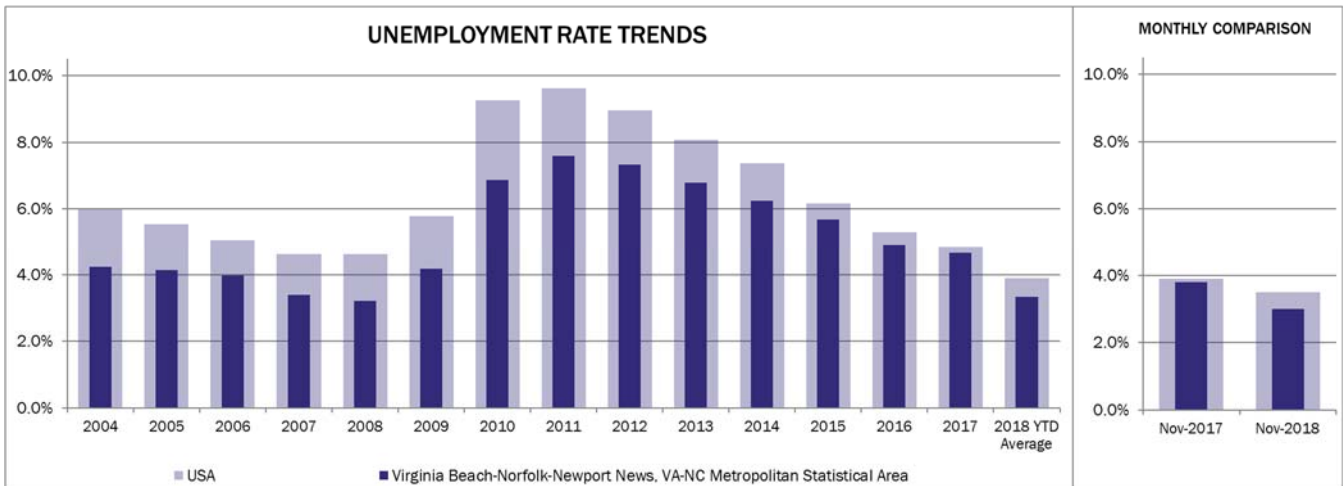
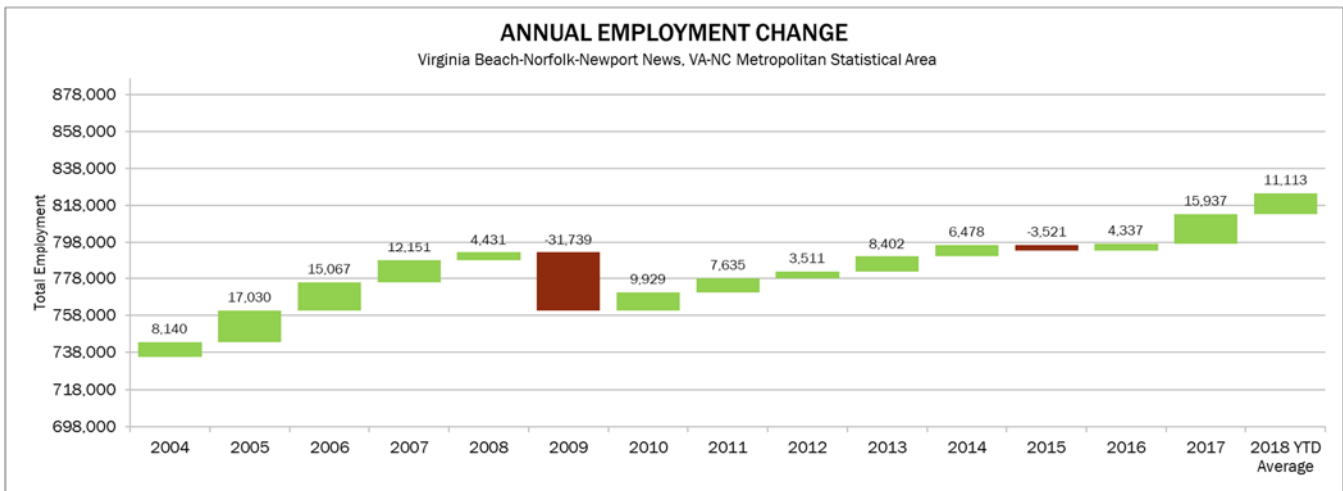
### UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

	Beach-Norfolk-Newport News, VA-NC Metropolitan Statisti			USA		
	Unemployment Rate	Change	Differential from peak	Unemployment Rate	Change	Differential from peak
2002	4.1%	-	0.9%	5.8%	-	1.4%
2003	4.2%	0.1%	1.0%	6.0%	0.2%	1.6%
2004	4.1%	-0.1%	0.9%	5.5%	-0.5%	1.2%
2005	4.0%	-0.1%	0.8%	5.1%	-0.5%	0.7%
2006	3.4%	-0.6%	0.2%	4.6%	-0.5%	0.3%
2007	3.2%	-0.2%	0.0%	4.6%	0.0%	0.3%
2008	4.2%	1.0%	1.0%	5.8%	1.2%	1.4%
2009	6.9%	2.7%	3.7%	9.3%	3.5%	4.9%
2010	7.6%	0.7%	4.4%	9.6%	0.3%	5.3%
2011	7.3%	-0.3%	4.1%	9.0%	-0.7%	4.6%
2012	6.8%	-0.5%	3.6%	8.1%	-0.9%	3.7%
2013	6.2%	-0.5%	3.0%	7.4%	-0.7%	3.0%
2014	5.7%	-0.6%	2.5%	6.2%	-1.2%	1.8%
2015	4.9%	-0.8%	1.7%	5.3%	-0.9%	0.9%
2016	4.7%	-0.3%	1.5%	4.9%	-0.4%	0.5%
2017	4.2%	-0.5%	0.9%	4.4%	-0.5%	0.0%
2018 YTD Average*	3.3%	-0.8%	-	3.9%	-0.4%	-
Nov-2017	3.8%	-	-	3.9%	-	-
Nov-2018	3.0%	-0.8%	-	3.5%	-0.4%	-

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

Prior to the national recession, average employment growth in the MSA was generally similar to the nation. The effects of the recession in the MSA were slightly less than that of the nation overall, with only one year of employment decline in 2009. Further, the MSA did recover at a slightly quicker rate than the nation overall. In subsequent years, the MSA has experienced job growth that has been somewhat uneven, ranging from moderately below to slightly above that of the nation overall. Of note, the economy did experience a slight employment decline in 2015, followed by increases in 2016 through 2018 year- to-date. The MSA economy surpassed pre-recessionary employment levels in 2014. As of 2018 YTD, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 1.4 percent, compared to 1.6 percent across the overall nation.

The MSA experienced a lower average unemployment rate relative to the overall nation during the years preceding and during the most recent recession. Unemployment in the MSA reached a historic annual low in 2007, at 3.2 percent. The effects of the recession were more seen in the MSA though less pronounced than the nation overall. The MSA peak unemployment rate was 7.6 percent versus the 9.6 percent figure nationally. The MSA unemployment rate is currently 3.0 percent, moderately below the national rate of 3.5 percent, which is consistent with historical trends. Overall, the local economy appears to be in an expansionary phase.



## Wages by Occupation

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

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

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
<b>All Occupations</b>	<b>738,300</b>	<b>\$22.34</b>	<b>\$46,470</b>
Management Occupations	26,280	\$55.18	\$114,770
Computer and Mathematical Occupations	22,180	\$39.73	\$82,630
Architecture and Engineering Occupations	21,580	\$38.82	\$80,730
Legal Occupations	4,350	\$37.19	\$77,360
Healthcare Practitioners and Technical Occupations	43,160	\$36.62	\$76,170
Business and Financial Operations Occupations	40,140	\$35.12	\$73,040
Life, Physical, and Social Science Occupations	5,540	\$33.05	\$68,740
Education, Training, and Library Occupations	45,410	\$25.43	\$52,890
Arts, Design, Entertainment, Sports, and Media Occupations	8,230	\$23.17	\$48,190
Installation, Maintenance, and Repair Occupations	33,280	\$22.28	\$46,340
Community and Social Service Occupations	11,760	\$22.14	\$46,050
Construction and Extraction Occupations	36,120	\$20.63	\$42,920
Protective Service Occupations	18,860	\$20.62	\$42,900
Production Occupations	35,160	\$19.28	\$40,110
Transportation and Material Moving Occupations	47,990	\$17.86	\$37,150
Office and Administrative Support Occupations	109,750	\$17.27	\$35,920
Sales and Related Occupations	84,820	\$15.92	\$33,100
Healthcare Support Occupations	20,920	\$13.98	\$29,070
Farming, Fishing, and Forestry Occupations	1,010	\$13.40	\$27,860
Building and Grounds Cleaning and Maintenance Occupations	23,400	\$12.29	\$25,560
Personal Care and Service Occupations	25,100	\$11.62	\$24,160
Food Preparation and Serving Related Occupations	73,270	\$11.44	\$23,800

Source: Department Of Labor, Occupational Employment Statistics, 5/2017, retrieved 1/2019

The previous chart illustrates average hourly and annual wages by employment classification. The classification with the lowest average hourly wage is food preparation and serving-related occupations at \$11.44 per hour. Those in management occupations obtained the highest average hourly wage of \$55.18. Utilizing the average wage of the food preparation and serving-related occupations at \$10.99 per hour at 2,080 annual hours equates to \$23,795. The qualifying incomes for the Subject's units as proposed will range from \$0 to \$48,600. The upper end of the qualifying income is \$48,600, which corresponds to an approximate hourly wage rate of \$23.37, which is slightly higher than the mean hourly and mean annual wage in the MSA.

An element not reflected in the wage rate data is that many positions represent part-time employment, and the starting rates are typically lower than mean wage rates. Household income data shown later in this report demonstrates a significant number of households within the region have earnings of less than \$40,000. It should be noted that as an age-restricted development, tenants may be retirees or have part-time employment.

## Commuting Patterns

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

COMMUTING PATTERNS		
ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	1,527	2.6%
Travel Time 5-9 min	5,891	10.2%
Travel Time 10-14 min	9,932	17.2%
Travel Time 15-19 min	11,981	20.7%
Travel Time 20-24 min	9,444	16.3%
Travel Time 25-29 min	3,868	6.7%
Travel Time 30-34 min	7,974	13.8%
Travel Time 35-39 min	992	1.7%
Travel Time 40-44 min	1,172	2.0%
Travel Time 45-59 min	2,526	4.4%
Travel Time 60-89 min	1,487	2.6%
Travel Time 90+ min	1,046	1.8%
<b>Weighted Average</b>	<b>33 minutes</b>	

Source: US Census 2018, Novogradac & Company, LLP January 2018

As shown above, the average travel time for individuals in the PMA is 33 minutes. Approximately 67 percent of the workers in the PMA have a commute time of 24 minutes or less. Overall, it appears that most residents work within Norfolk for employment opportunities.

## Conclusion

The Virginia Beach-Norfolk-Newport News, VA-NC MSA has a strong and diverse economy that sees employment within the healthcare/social assistance, educational services, and retail trade sectors. Huntington Ingalls Industries Inc. is the largest employer with 24,000 employees, followed by Sentara Healthcare and Virginia Beach City Public Schools. Between November 2017 and November 2018, the MSA total employment increased 1.9 percent, which is higher than the national growth of 1.8 percent. As of 2013, the MSA surpassed pre-recessionary levels of total employment, while the nation did not reach pre-recessionary employment levels until 2014, indicating that the MSA recovered slightly faster when compared to the nation in terms of employment. Between November 2017 and November 2018, the unemployment rate decreased 0.8 percentage points to 3.0 percent, while the nation reported a decrease of 0.4 percentage points to 3.5 percent. The MSA's consistent employment growth and declining unemployment rate are indicators that the local economy has long since recovered from the national recession, and is in a period of expansion.

## **G. DEMOGRAPHIC CHARACTERISTICS**

**DEMOGRAPHIC CHARACTERISTICS**

The following tables illustrate general population and households in the PMA, the MSA and the nation from 2000 through 2023.

**POPULATION**

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	118,042	-	1,577,031	-	281,038,168	-
2010	142,122	2.0%	1,676,822	0.6%	308,745,538	1.0%
2018	127,791	-1.2%	1,772,840	0.7%	330,088,686	0.8%
2023	130,053	0.4%	1,829,535	0.6%	343,954,683	0.8%

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

**HOUSEHOLDS**

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>	<i>Number</i>	<i>Annual Change</i>
2000	46,559	-	580,304	-	105,403,008	-
2010	47,424	0.2%	630,413	0.9%	116,716,296	1.1%
2018	49,572	0.5%	664,629	0.7%	124,110,017	0.8%
2023	50,228	0.3%	683,324	0.6%	128,855,931	0.8%

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

As illustrated, the total population and number of households in the PMA increased from 2000 to 2010, while households increased from 2010 to 2018 and total population decreased. Population in the PMA increased at a higher rate relative to the MSA from 2000 to 2010, but decreased from 2010 to 2018, compared to overall population growth in the MSA and the nation over this time period. Through 2023, population and number of households within the PMA are projected to both increase, though at a lower rate than the MSA and the nation.

Population by Age

POPULATION BY AGE IN 2018

Age Cohort	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,759	6.1%	105,245	5.9%	19,968,445	6.0%
5-9	7,398	5.8%	107,528	6.1%	20,460,473	6.2%
10-14	7,027	5.5%	108,955	6.1%	20,877,164	6.3%
15-19	10,294	8.1%	117,083	6.6%	21,084,688	6.4%
20-24	14,057	11.0%	141,618	8.0%	22,646,440	6.9%
25-29	11,454	9.0%	136,938	7.7%	23,557,337	7.1%
30-34	9,504	7.4%	126,700	7.1%	22,355,094	6.8%
35-39	7,977	6.2%	115,476	6.5%	21,419,362	6.5%
40-44	6,707	5.2%	102,907	5.8%	19,879,801	6.0%
45-49	6,689	5.2%	107,823	6.1%	20,736,487	6.3%
50-54	7,271	5.7%	114,870	6.5%	21,395,762	6.5%
55-59	7,714	6.0%	120,701	6.8%	22,375,085	6.8%
60-64	6,941	5.4%	106,129	6.0%	20,552,366	6.2%
65-69	5,732	4.5%	89,367	5.0%	17,874,849	5.4%
70-74	3,940	3.1%	65,616	3.7%	13,196,470	4.0%
75-79	2,823	2.2%	45,109	2.5%	9,064,776	2.7%
80-84	2,049	1.6%	29,664	1.7%	6,007,164	1.8%
85+	2,455	1.9%	31,111	1.8%	6,636,923	2.0%
<b>Total</b>	<b>127,791</b>	<b>100.0%</b>	<b>1,772,840</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		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,943	6.1%	108,063	5.9%	20,712,703	6.0%
5-9	7,154	5.5%	106,324	5.8%	20,686,037	6.0%
10-14	6,917	5.3%	109,264	6.0%	21,356,683	6.2%
15-19	10,514	8.1%	119,512	6.5%	21,696,066	6.3%
20-24	13,729	10.6%	135,330	7.4%	21,612,571	6.3%
25-29	10,985	8.4%	127,502	7.0%	22,724,609	6.6%
30-34	9,810	7.5%	133,644	7.3%	24,574,306	7.1%
35-39	8,413	6.5%	127,642	7.0%	23,129,515	6.7%
40-44	7,508	5.8%	116,155	6.3%	21,944,713	6.4%
45-49	6,498	5.0%	103,002	5.6%	19,928,478	5.8%
50-54	6,728	5.2%	107,466	5.9%	20,822,718	6.1%
55-59	6,942	5.3%	110,479	6.0%	21,014,806	6.1%
60-64	7,228	5.6%	115,430	6.3%	21,745,623	6.3%
65-69	6,450	5.0%	101,019	5.5%	19,744,824	5.7%
70-74	4,958	3.8%	80,565	4.4%	16,251,664	4.7%
75-79	3,527	2.7%	58,071	3.2%	11,695,481	3.4%
80-84	2,306	1.8%	36,250	2.0%	7,323,303	2.1%
85+	2,443	1.9%	33,817	1.8%	6,990,583	2.0%
<b>Total</b>	<b>130,053</b>	<b>100.0%</b>	<b>1,829,535</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 tables illustrate the household income distribution for the PMA and MSA for 2018 and 2023.

### HOUSEHOLD INCOME PMA

Income Cohort	2018		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	6,150	12.4%	5,887	11.7%	-53	-0.9%
\$10,000-19,999	6,414	12.9%	6,118	12.2%	-59	-0.9%
\$20,000-29,999	5,281	10.7%	5,175	10.3%	-21	-0.4%
\$30,000-39,999	5,137	10.4%	4,882	9.7%	-51	-1.0%
\$40,000-49,999	4,181	8.4%	4,149	8.3%	-6	-0.2%
\$50,000-59,999	3,702	7.5%	3,731	7.4%	6	0.2%
\$60,000-74,999	4,407	8.9%	4,553	9.1%	29	0.7%
\$75,000-99,999	4,913	9.9%	5,140	10.2%	45	0.9%
\$100,000-124,999	3,377	6.8%	3,632	7.2%	51	1.5%
\$125,000-149,999	1,974	4.0%	2,285	4.5%	62	3.2%
\$150,000-199,999	1,915	3.9%	2,156	4.3%	48	2.5%
\$200,000+	2,121	4.3%	2,520	5.0%	80	3.8%
<b>Total</b>	<b>49,572</b>	<b>100.0%</b>	<b>50,228</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	40,497	6.1%	39,417	5.8%	-216	-0.5%
\$10,000-19,999	54,851	8.3%	52,891	7.7%	-392	-0.7%
\$20,000-29,999	60,912	9.2%	59,219	8.7%	-339	-0.6%
\$30,000-39,999	63,525	9.6%	62,058	9.1%	-293	-0.5%
\$40,000-49,999	59,833	9.0%	59,662	8.7%	-34	-0.1%
\$50,000-59,999	55,750	8.4%	55,884	8.2%	27	0.0%
\$60,000-74,999	71,985	10.8%	73,213	10.7%	246	0.3%
\$75,000-99,999	89,577	13.5%	93,043	13.6%	693	0.8%
\$100,000-124,999	62,723	9.4%	67,250	9.8%	905	1.4%
\$125,000-149,999	38,665	5.8%	42,943	6.3%	856	2.2%
\$150,000-199,999	36,296	5.5%	41,077	6.0%	956	2.6%
\$200,000+	30,015	4.5%	36,667	5.4%	1,330	4.4%
<b>Total</b>	<b>664,629</b>	<b>100.0%</b>	<b>683,324</b>	<b>100.0%</b>		

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

As of 2018, approximately 46.4 percent of households within the PMA have annual incomes below \$40,000. Through 2023, the percentage of low-income households earning less than \$40,000 annually is projected to decline slightly to 43.9 percent.

**General Household Size Distribution**

The following table is a summary of the average household size in the PMA, the MSA and the nation from 2000 through 2023.

AVERAGE HOUSEHOLD SIZE						
Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.41	-	2.60	-	2.59	-
2010	2.87	1.9%	2.55	-0.2%	2.58	-0.1%
2018	2.39	-2.0%	2.56	0.1%	2.59	0.1%
2023	2.40	0.1%	2.57	0.1%	2.61	0.1%

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

As shown in the previous table, the average household size in the PMA decreased slightly from 2000 to 2018, but is projected to increase slightly through 2023. The average household size in the MSA has decreased from 2000 to 2018, though it is projected to increase slightly through 2023. Overall, the average household size in the PMA is below that of the MSA and nation, a trend which will continue through 2023.

**General Household Tenure**

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

TENURE PATTERNS PMA				
Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	21,224	45.6%	25,335	54.4%
2018	20,322	41.0%	29,250	59.0%
2023	21,195	42.2%	29,033	57.8%

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

As of 2018, approximately 59.0 percent of households in the PMA reside in renter-occupied housing units. Through 2023, the percentage and number of renter-occupied housing units is projected to decrease slightly, while the percentage and number of owner-occupied housing units is projected to increase.

### General Renter Household Income Distribution

The following tables illustrate the renter household income distribution for the PMA and MSA for 2018 and 2023.

#### RENTER HOUSEHOLD INCOME

Income Cohort	2018		PMA		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	5,181	17.7%	4,939	17.0%	-48	-0.9%		
\$10,000-19,999	4,946	16.9%	4,639	16.0%	-61	-1.2%		
\$20,000-29,999	3,827	13.1%	3,732	12.9%	-19	-0.5%		
\$30,000-39,999	3,437	11.8%	3,171	10.9%	-53	-1.5%		
\$40,000-49,999	2,481	8.5%	2,433	8.4%	-10	-0.4%		
\$50,000-59,999	2,128	7.3%	2,175	7.5%	9	0.4%		
\$60,000-74,999	2,269	7.8%	2,418	8.3%	30	1.3%		
\$75,000-99,999	2,050	7.0%	2,151	7.4%	20	1.0%		
\$100,000-124,999	1,046	3.6%	1,154	4.0%	22	2.1%		
\$125,000-149,999	831	2.8%	975	3.4%	29	3.5%		
\$150,000-199,999	557	1.9%	648	2.2%	18	3.3%		
\$200,000+	497	1.7%	598	2.1%	20	4.1%		
<b>Total</b>	<b>29,250</b>	<b>100.0%</b>	<b>29,033</b>	<b>100.0%</b>				

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

#### RENTER HOUSEHOLD INCOME

Income Cohort	2018		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	27,504	10.4%	26,282	10.0%	-244	-0.9%		
\$10,000-19,999	33,438	12.6%	31,337	11.9%	-420	-1.3%		
\$20,000-29,999	35,167	13.3%	33,308	12.6%	-372	-1.1%		
\$30,000-39,999	35,301	13.3%	33,416	12.7%	-377	-1.1%		
\$40,000-49,999	28,928	10.9%	28,384	10.8%	-109	-0.4%		
\$50,000-59,999	24,180	9.1%	24,046	9.1%	-27	-0.1%		
\$60,000-74,999	26,369	9.9%	26,874	10.2%	101	0.4%		
\$75,000-99,999	24,319	9.2%	25,430	9.7%	222	0.9%		
\$100,000-124,999	12,293	4.6%	13,417	5.1%	225	1.8%		
\$125,000-149,999	7,106	2.7%	8,047	3.1%	188	2.6%		
\$150,000-199,999	5,763	2.2%	6,652	2.5%	178	3.1%		
\$200,000+	4,957	1.9%	6,230	2.4%	255	5.1%		
<b>Total</b>	<b>265,325</b>	<b>93.3%</b>	<b>263,423</b>	<b>100.0%</b>				

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

As of 2018, approximately 59.5 percent of renter households within the PMA have annual incomes below \$40,000. Through 2023, the percentage of low-income renter households earning less than \$40,000 annually is projected to decline to 56.8 percent.

### 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	14,605	31.4%	16,917	34.1%	17,080	34.0%
2 persons	14,415	31.0%	14,973	30.2%	15,236	30.3%
3 persons	7,838	16.8%	8,023	16.2%	8,150	16.2%
4 persons	5,522	11.9%	5,397	10.9%	5,442	10.8%
5+ persons	4,179	9.0%	4,262	8.6%	4,320	8.6%
<b>Total</b>	<b>46,559</b>	<b>100.0%</b>	<b>49,572</b>	<b>100.0%</b>	<b>50,228</b>	<b>100.0%</b>

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

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

### Renter Household Size Distribution

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

PMA RENTER HOUSEHOLD SIZE DISTRIBUTION						
Household Size	2000		2018		2023	
	Total	Percent	Total	Percent	Total	Percent
1 persons	9,279	36.6%	11,752	40.2%	11,645	40.1%
2 persons	6,933	27.4%	7,542	25.8%	7,428	25.6%
3 persons	4,187	16.5%	4,583	15.7%	4,588	15.8%
4 persons	2,753	10.9%	2,981	10.2%	2,974	10.2%
5+ persons	2,183	8.6%	2,392	8.2%	2,398	8.3%
<b>Total</b>	<b>25,335</b>	<b>100.0%</b>	<b>29,250</b>	<b>100.0%</b>	<b>29,033</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 66 percent of renter-households were one or two-persons. The number of three-person and larger renter households has increased overall since 2000.

### Median Household Income Levels

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

Year	MEDIAN HOUSEHOLD INCOME					
	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$26,861	-	\$43,142	-	\$44,872	-
2018	\$45,938	3.9%	\$61,617	2.3%	\$58,100	1.6%
2023	\$52,573	2.9%	\$70,277	2.8%	\$65,727	2.6%

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

As of 2018, the median household income of the PMA is below the MSA and the nation. Through 2023, the PMA median household income is projected to increase at a slightly higher rate than the MSA and the nation, though it will remain well below both.

### Rent Overburdened Households

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

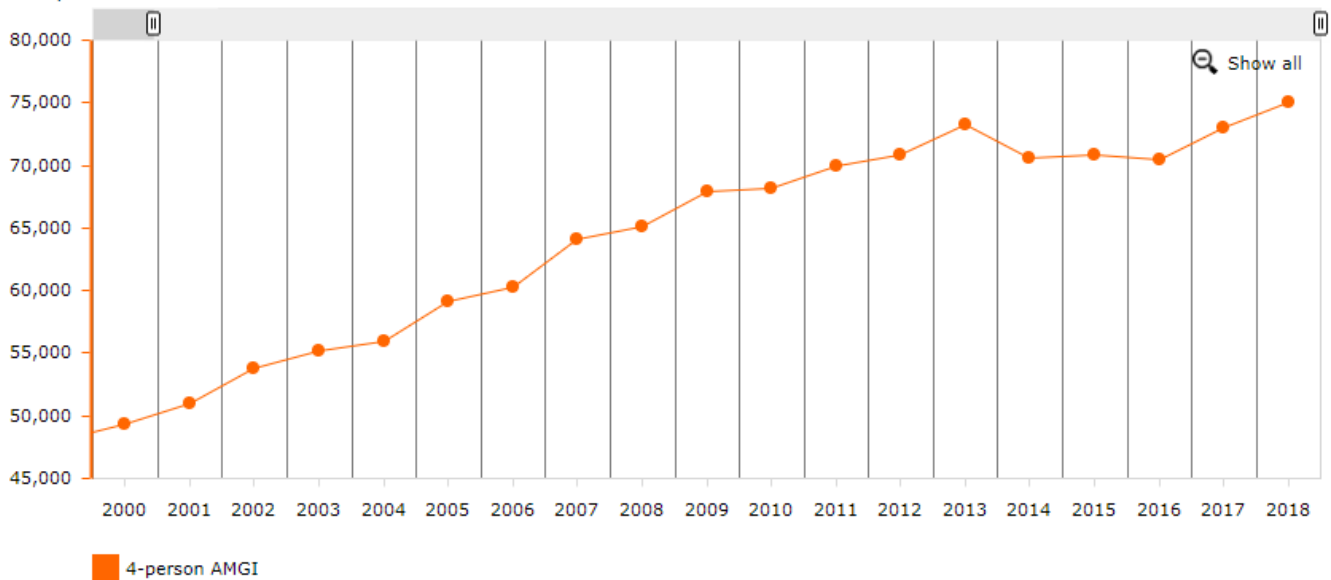
RENT OVERBURDENED						
Year	PMA		Washington-Arlington-Alexandria, DC-VA-MD-WV MSA		USA	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
2018	6,974	35.0%	289,106	36.9%	16,657,755	39.5%

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

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

### Area Median Income

The following chart illustrates the area median gross income (AMGI) of a four-person household in the Virginia Beach-Norfolk-Newport News, VA-NC MSA between 1999 and 2018.



Source: Novogradac & Company LLP, January 2019

Overall, the AMI has increased by an average of 2.4 percent annually between 1999 and 2018. The chart above illustrates that the AMI in the MSA has generally increased since 1999, with decreases in 2014 and 2016. As of 2018, the AMI in MSA is \$75,000 and is at its peak. In 2013, the AMI declined in 84 percent of counties nationwide based on a HUD methodological change, though the MSA was not affected by this methodology change. The majority of counties and regions in the nation are currently experiencing their highest AMI levels to date, which is also true for the Virginia Beach-Norfolk-Newport News, VA-NC MSA.

**NORFOLK CITY COUNTY AMI GROWTH (2013-2018)**

Year	2013	2014	2015	2016	2017	2018
AMI	\$73,300	\$70,600	\$70,900	\$70,500	\$73,000	\$75,000
Percentage	3.4%	-3.7%	0.4%	-0.6%	3.5%	2.8%

The Subject’s proposed 40 and 50 percent AMI rents are set at the 2018 maximum allowable levels, while the 60 percent AMI proposed rents are below the maximum; therefore, rent increases in the 40 and 50 percent AMI units will be dependent on AMI growth.

**Conclusion**

Since 2000, PMA population and households have grown overall. However, both have decreased from 2010 to 2018. However, both the PMA and MSA are projected to experience population and household growth through 2023. As of 2018, approximately 59.5 percent of renter households within the PMA have annual incomes below \$40,000, though the percentage and number of low-income renter households is projected to decline slightly. As proposed, the incomes for the Subject will range from \$0 to \$48,600. With a large percentage of renters with low income, coupled with an aging housing stock, we project that there will be substantial demand for new or renovated affordable housing units.

## **H. COMPETITIVE ENVIRONMENT**

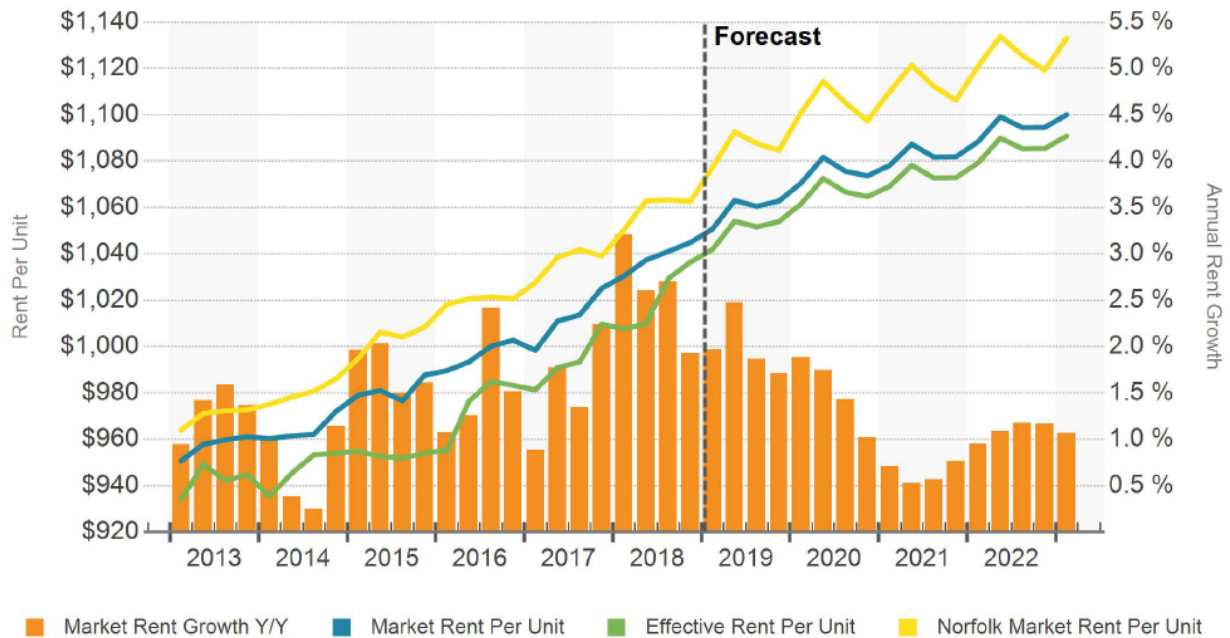
## HOUSING SUMMARY

Based on the first quarter 2019 report from CoStar, Norfolk experienced a slight decrease of 0.8 percentage points in vacancy rates between the first quarter of 2018 and the first quarter of 2019. As illustrated in the tables and chart following, the vacancy rate for the Norfolk City submarket is currently 5.3 percent and is projected to increase above 6.0 percent through 2022.

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	3,392	6.9%	\$1,479	\$1,463	(1)	0	5
3 Star	8,151	4.8%	\$1,046	\$1,039	5	0	191
1 & 2 Star	8,982	5.2%	\$843	\$837	(1)	0	0
<b>Submarket</b>	<b>20,525</b>	<b>5.3%</b>	<b>\$1,045</b>	<b>\$1,036</b>	<b>3</b>	<b>0</b>	<b>196</b>

Source: CoStar, January 2019

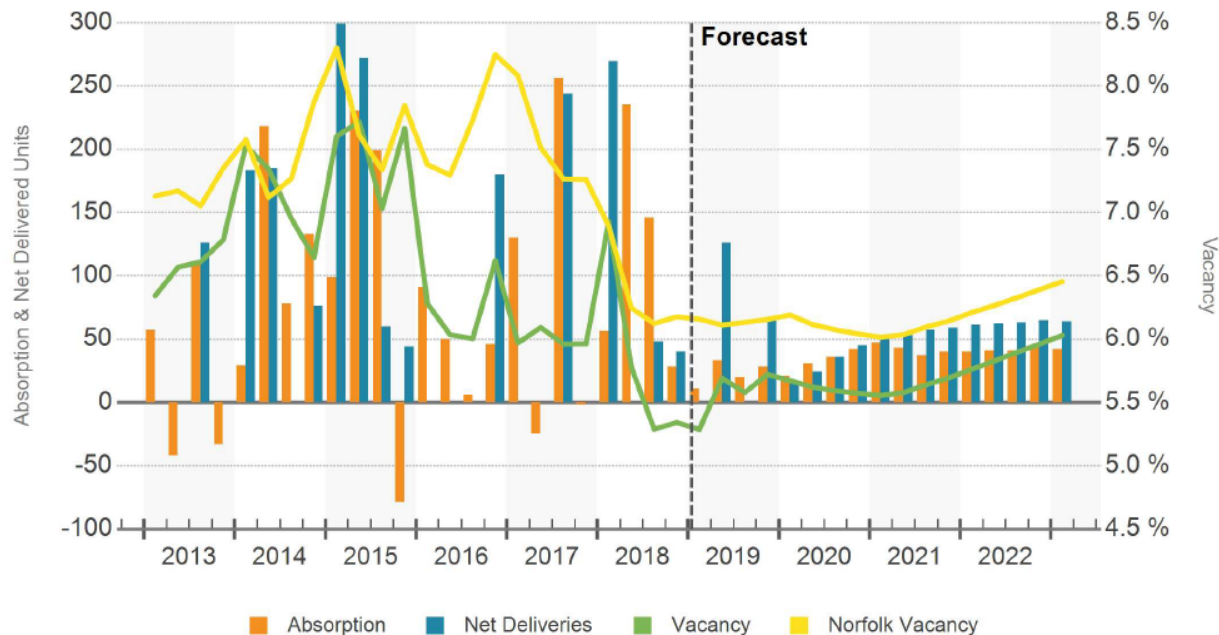
## MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar, January 2019



ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar, January 2019

Average asking rents increased 1.8 percent over the last year, and are expected to increase at an average of 1.2 percent through 2022.

**Age of Housing Stock**

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

**HOUSING STOCK BY YEAR BUILT**

	PMA		Virginia Beach-Norfolk- Newport News, VA-NC		USA	
Built 2005 or later	773	1.5%	16,512	2.3%	2,573,002	1.9%
Built 2000 to 2004	4,696	9.0%	93,786	13.3%	19,705,347	14.8%
Built 1990 to 1999	2,719	5.2%	107,995	15.3%	18,762,073	14.1%
Built 1980 to 1989	5,087	9.7%	138,418	19.7%	18,355,676	13.7%
Built 1970 to 1979	5,143	9.8%	112,779	16.0%	20,901,765	15.7%
Built 1960 to 1969	6,545	12.5%	86,667	12.3%	14,563,783	10.9%
Built 1950 to 1959	8,838	16.9%	72,717	10.3%	14,255,447	10.7%
Built 1940 to 1949	7,179	13.7%	34,206	4.9%	6,954,604	5.2%
Built 1939 or earlier	11,439	21.8%	40,483	5.8%	17,458,151	13.1%
<b>Total Housing Units</b>	<b>52,419</b>	<b>100.0%</b>	<b>703,563</b>	<b>100.0%</b>	<b>133,529,848</b>	<b>100.0%</b>

Source: US Census American Community Estimates, February 2019

Of the housing stock, 64.9 percent was constructed prior to 1970, with 21.8 percent of housing stock built prior to 1939. The PMA exhibits a low concentration of newer housing stock along, as 16.7 percent of the housing stock was built in 1990 or later. The data does not reflect condition, as many properties can be well-maintained through ongoing maintenance. The field inspection of the area reflects a varied housing stock, generally in average condition.

## Substandard Housing

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

SUBSTANDARD HOUSING			
Year	PMA	Virginia Beach-Norfolk- Newport News, VA-NC	USA
	<i>Percentage</i>	<i>Percentage</i>	<i>Percentage</i>
2018	0.96%	1.01%	1.70%

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

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

## Building Permits

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

BUILDING PERMITS: NORFOLK CITY - 2017				
Year	Single-family and Duplex	Three and Four- Family	Five or More Family	Total Units
2000	169	0	0	169
2001	217	0	51	268
2002	265	0	54	319
2003	530	0	334	864
2004	652	9	163	824
2005	548	15	149	712
2006	391	8	87	486
2007	326	0	0	326
2008	238	4	503	745
2009	163	3	415	581
2010	178	0	164	342
2011	219	0	292	511
2012	296	0	225	521
2013	335	0	588	923
2014	346	0	10	356
2015	338	4	182	524
2016	458	0	587	1,039
2017	441	0	192	633
2018*	279	0	5	284
<b>Total*</b>	<b>6,389</b>	<b>43</b>	<b>4,001</b>	<b>10,427</b>
<b>Average</b>	<b>336</b>	<b>2</b>	<b>211</b>	<b>549</b>

Source: US Census Bureau Building Permits, January 2019; \*YTD

As illustrated in the previous table, since 2000, approximately 61.3 percent of the residential units permitted in the city of Norfolk have been single-family and duplex homes, while 38.4 percent of the residential units permitted in Norfolk have been for multifamily developments of five or more units. Overall, single-family building permits in Norfolk have slightly outpaced by multifamily units since 2000.

## RENT/BUY ANALYSIS

We performed a rent/buy analysis for three-bedroom units at the Subject. Our inputs assume a three-bedroom home on www.zillow.com in the Subject’s neighborhood with a purchase price of \$180,000 and an interest rate of 4.41 percent with a ten percent down payment. This was compared to the cost to rent the Subject’s three-bedroom proposed LIHTC units. This analysis indicates that with a monthly differential of \$467. It is more affordable to rent from the Subject than to purchase a three-bedroom home in the Subject’s neighborhood. As illustrated, the “cost of occupancy” category adds \$23,400 for the down payment and closing costs. The cash necessary for homeownership is still a barrier for many families. In general, first-time homebuyers have difficulty saving for a down payment. Furthermore, since the recession, higher standards for credit has made it more difficult than ever for buyers with less than perfect credit to obtain financing. For these reasons, we believe the Subject will face limited competition from homeownership.

The following table illustrates our findings.

RENT BUY ANALYSIS				
<b>Property Type:</b>		<b>Three-Bedroom Single Family Home</b>		
Sale Price				\$180,000
Down Payment at 10%				\$18,000
Mortgage Amount				\$162,000
Current Interest Rate				4.41%
<i>Homeownership Costs</i>		<i>Monthly</i>	<i>% of Home Value</i>	<i>Annual</i>
Mortgage Payment		\$812		\$9,746
Property Taxes		\$188	1.25%	\$2,250
Private Mortgage Insurance <sup>1</sup>		\$68	0.50%	\$810
Maintenance		\$300	2.00%	\$3,600
Utility Costs <sup>2</sup>		\$271		\$3,252
Tax Savings		-\$195		-\$2,335
<b>Cost Comparison</b>				
		<i>Monthly</i>		<i>Annual</i>
Costs of Homeownership		\$1,444		\$17,323
Cost of Renting At Subject	-	\$977		\$11,724
<b>Differential</b>		<b>\$467</b>		<b>\$5,599</b>
<b>Cost of Occupancy</b>				
<i>Homeownership</i>				
Closing Costs			3.0%	\$5,400
Down Payment at 10%			10.0%	\$18,000
<b>Total</b>				<b>\$23,400</b>
<i>Subject Rental</i>				
First Month's Rent		\$977		
Security Deposit		\$977		
<b>Total</b>		<b>\$1,954</b>		

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Subject

### Additions to Supply

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

- Church Street Station Studios is an existing, new construction family/supportive housing development that currently offers 80 units, of which all of the units are subsidized. The project received LIHTC allocations in 2016 and opened in 2017. The development is located approximately 1.6 miles from the Subject site. This property offers 45 units targeted towards formerly homeless clients and 35 units towards individuals earning 50 percent of AMI or less. The development's 35 general tenancy units will have competitive overlap with the Subject as proposed.
- St. Paul's Apartments is a new construction family development that will offer a combined 126 one, two, and three-bedroom units. The project received LIHTC allocations in 2016 and is set to be complete in 2019. The development is located at 531 Posey Lane, approximately 0.7 miles west of the Subject. The development will offer 51 units restricted to 50 and 56 units restricted to 60 percent of AMI, as well as six market rate units. Additionally, the property will offer 13 units restricted to 40 percent of AMI, operating with PBRA subsidies. This development will compete with the Subject upon completion.
- The Subject will be built concurrently with an 84-unit LIHTC development funded through the four percent bond program, which is considered Phase II of the Subject development. This development will consist of 84 one, two, and three-bedroom units restricted to 60 percent AMI. Additionally, 21 of these units will operate with Project Based Vouchers. This development will have competitive overlap with the Subject and has been accounted for in our demand analysis.

## SURVEY OF COMPARABLE PROPERTIES

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

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

To evaluate the competitive position of the Subject, we surveyed several market rate and LIHTC properties in depth. We have utilized four generally tenancy LIHTC properties, three mixed-income properties, and five family market rate properties, ten of which are located within the PMA. We also visited and surveyed other properties that were excluded from the market survey because they are not considered comparable to the Subject or would not participate in the survey. Property managers were interviewed for information on unit mix, size, absorption, unit features and project amenities; tenant profiles; and market trends in general. The table following details affordable properties in the PMA.

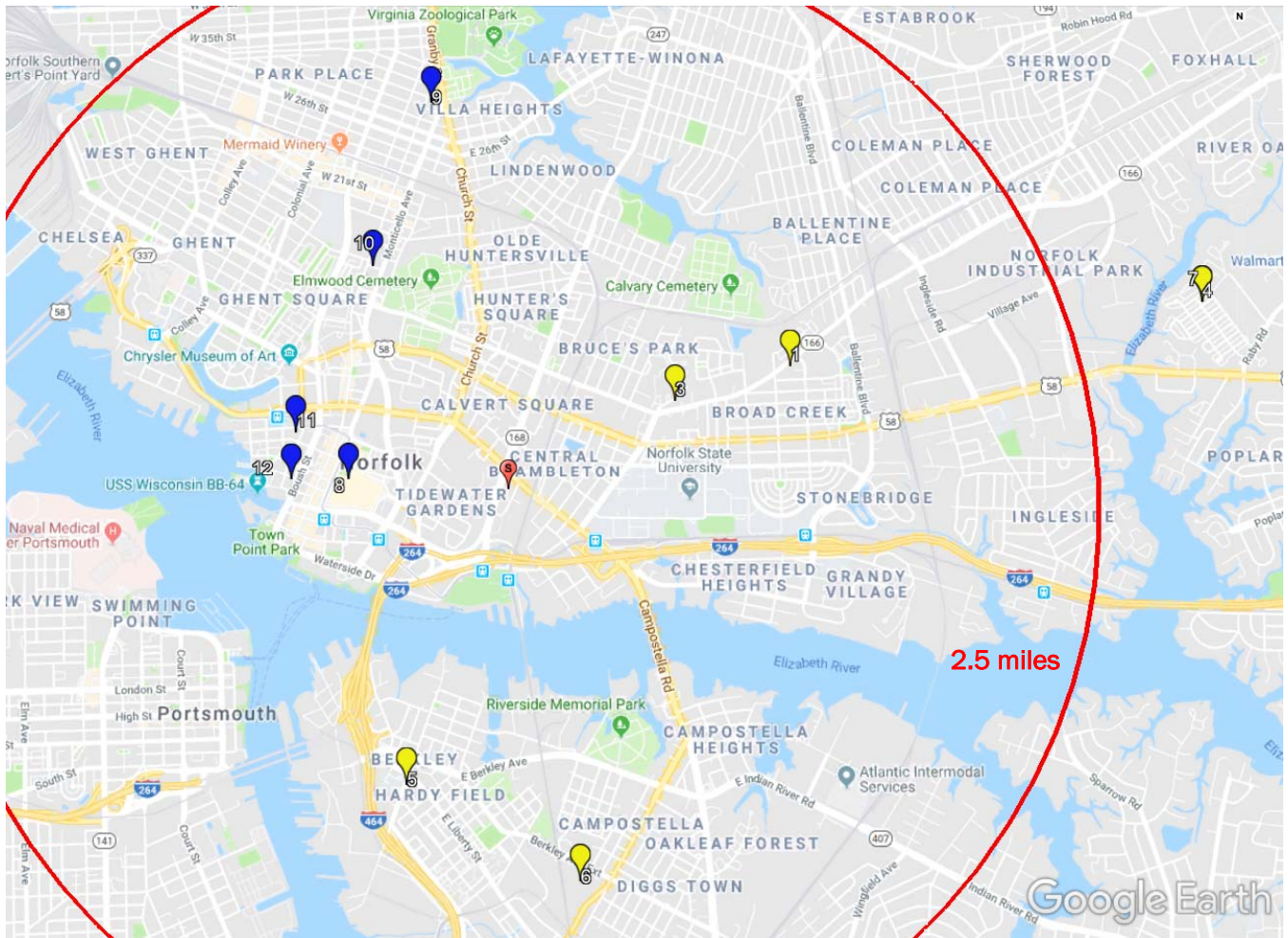
Excluded properties include, but are not limited to the properties located in the following table.

### EXCLUDED AFFORDABLE HOUSING IN THE PMA

Property Name	Rent Structure	Tenancy	Units	Reason for Exclusion
Parkwood Manor Apartments	LIHTC	Family	100	Inferior Property
Riverpoint Apartments	LIHTC	Family	220	Inferior Property
Villa Terrace	LIHTC	Family	82	Inferior Property
Archer's Green Apartments	LIHTC/ Market	Family	224	Inferior Property
St. Paul's Apartments	LIHTC/ Market	Family	126	Under Construction
Church Street Station Studios	LIHTC/Section 8	Family	80	Subsidized Tenancy
Annetta M. Lane Apartments	Section 8	Family	40	Subsidized Tenancy
Calvary Towers	Section 8	Family	112	Subsidized Tenancy
Cogic High Rise Apartments	Section 8	Family	150	Subsidized Tenancy
Colonial Hall Apts.	Section 8	Family	40	Subsidized Tenancy
Grace Place	Section 8	Family	40	Subsidized Tenancy
Granby House	Section 8	Family	154	Subsidized Tenancy
Kennon Avenue	Section 8	Family	3	Subsidized Tenancy
Lexington Park Apartments	Section 8	Family	180	Subsidized Tenancy
Moultrie Drive	Section 8	Family	5	Subsidized Tenancy
Multrie Drive	Section 8	Family	5	Subsidized Tenancy
Park Terrace	Section 8	Family	81	Subsidized Tenancy
So Hampton Rds Area Supportive	Section 8	Family	25	Subsidized Tenancy
Suburban House	Section 8	Family	154	Subsidized Tenancy
Thole Street Group Home	Section 8	Family	5	Subsidized Tenancy
Tidewater Gardens	Section 8	Family	618	Subsidized Tenancy
Village Pointe Apartments	Section 8	Family	59	Subsidized Tenancy
Lakewood Plaza	Section 8	Senior	200	Subsidized Tenancy
Young Terrace Phase I	Public Housing	Family	199	Subsidized Tenancy

**Comparable Rental Property Map**

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



Source: Google Earth, January 2019

**COMPARABLE PROPERTIES**

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
1	Broad Creek	Norfolk	LIHTC/Market	Family	1.5 miles
2	Meadowood Apartments	Norfolk	LIHTC/Market	Family	3.7 miles
3	Mission College Apartments	Norfolk	LIHTC/Market	Family	1.0 miles
4	Quill Farms	Norfolk	LIHTC	Family	3.3 miles
5	The Banks At Berkley*	Norfolk	LIHTC	Family	1.0 miles
6	The Clairmont At Campostella Station*	Norfolk	LIHTC	Family	1.4 miles
7	The Pointe At Pickett Farms	Norfolk	LIHTC	Family	3.3 miles
8	Monticello Station	Norfolk	Market	Family	0.7 miles
9	River House Apartments	Norfolk	Market	Family	2.0 miles
10	The Alexander At Ghent	Norfolk	Market	Family	1.3 miles
11	The Belmont At Freemason	Norfolk	Market	Family	1.0 miles
12	The Heritage At Freemason Harbour	Norfolk	Market	Family	0.9 miles

\*Located outside PMA

# MARKET HEIGHTS APARTMENTS- NORFOLK, VIRGINIA - MARKET STUDY

## SUMMARY MATRIX

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
Subject	Market Heights Apartments 630 Tidewater Drive Norfolk, VA 23504	-	Lowrise 4-stories 2020 / n/a Family	@40% (Section 8), @50%, @50% (Section 8), @60%	1BR / 1BA	1	1.3%	708	@40% (Section 8)	\$457	Yes	N/A	N/A	N/A
					1BR / 1BA	7	8.8%	708	@50%	\$598	Yes	N/A	N/A	N/A
					1BR / 1BA	1	1.3%	708	@50% (Section 8)	\$598	Yes	N/A	N/A	N/A
					2BR / 2BA	8	10.0%	951	@40% (Section 8)	\$556	Yes	N/A	N/A	N/A
					2BR / 2BA	13	16.3%	951	@50%	\$724	Yes	N/A	N/A	N/A
					2BR / 2BA	5	6.3%	951	@50% (Section 8)	\$724	Yes	N/A	N/A	N/A
					2BR / 2BA	27	33.8%	951	@60%	\$848	No	N/A	N/A	N/A
					3BR / 2BA	3	3.8%	1,179	@40% (Section 8)	\$638	Yes	N/A	N/A	N/A
					3BR / 2BA	2	2.5%	1,179	@50% (Section 8)	\$833	Yes	N/A	N/A	N/A
					3BR / 2BA	13	16.3%	1,179	@60%	\$977	No	N/A	N/A	N/A
										80				
1	Broad Creek 1420 Merrimac Avenue Norfolk, VA 23504 Norfolk County	1.5 miles	Various 2-stories 2004 / 2015 Family	@60%, Market	1BR / 1BA	N/A	N/A	748	@60%	\$685	No	Yes	0	N/A
					1BR / 1BA	N/A	N/A	748	Market	\$740	N/A	Yes	0	N/A
					2BR / 1BA	N/A	N/A	960	@60%	\$817	No	Yes	0	N/A
					2BR / 1BA	N/A	N/A	960	Market	\$905	N/A	Yes	0	N/A
					2BR / 1.5BA	N/A	N/A	1,024	@60%	\$817	No	Yes	0	N/A
					2BR / 1.5BA	N/A	N/A	1,024	Market	\$905	N/A	Yes	0	N/A
					3BR / 2.5BA	N/A	N/A	1,408	@60%	\$918	No	Yes	0	N/A
					3BR / 2.5BA	N/A	N/A	1,408	Market	\$1,066	N/A	Yes	0	N/A
					4BR / 2BA	N/A	N/A	1,535	@60%	\$1,095	N/A	Yes	0	N/A
										300				
2	Meadowood Apartments 6130 Edward Street Norfolk, VA 23513 County	3.7 miles	Garden 3-stories 2011 / n/a Family	@80%, Market	1BR / 1BA	N/A	N/A	850	@80%	\$801	Yes	No	0	N/A
					1BR / 1BA	N/A	N/A	850	Market	\$1,170	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,200	@80%	\$958	No	No	0	N/A
					2BR / 2BA	N/A	N/A	1,230	@80%	\$993	Yes	No	0	N/A
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,417	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,230	Market	\$1,447	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,380	@80%	\$1,097	Yes	No	0	N/A
3BR / 2BA	N/A	N/A	1,380	Market	\$1,616	N/A	No	0	N/A					
					180							0	0.0%	
3	Mission College Apartments 1300 Lead Street Norfolk, VA 23504 Norfolk County	1.0 miles	Garden 3-stories 1990 / 2008 Family	@50%, Market	1BR / 1BA	24	9.2%	850	@50%	\$576	Yes	No	1	4.2%
					1BR / 1BA	12	4.6%	850	Market	\$695	N/A	No	0	0.0%
					2BR / 1BA	84	32.3%	1,050	@50%	\$689	Yes	No	2	2.4%
					2BR / 1BA	84	32.3%	1,050	Market	\$787	N/A	No	1	1.2%
					3BR / 2BA	12	4.6%	1,200	@50%	\$789	Yes	No	1	8.3%
					3BR / 2BA	24	9.2%	1,200	Market	\$889	N/A	No	2	8.3%
					4BR / 2.5BA	10	3.9%	1,350	@50%	\$961	Yes	No	0	0.0%
					4BR / 2.5BA	10	3.9%	1,350	Market	\$1,095	N/A	Yes	1	10.0%
					260							8	3.1%	
4	Quill Farms 5424 Greenplain Road Norfolk, VA 23502 Norfolk County	3.3 miles	Garden 3-stories 2015 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$748	Yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,035	@60%	\$884	Yes	Yes	0	N/A
					3BR / 2BA	N/A	N/A	1,222	@60%	\$1,009	Yes	Yes	0	N/A
										180				
5	The Banks At Berkley 701 S Main St Norfolk, VA 23523 Norfolk County	1.0 miles	Midrise 4-stories 2017 / n/a Family	@40%, @50%, @60%	2BR / 1.5BA	4	8.0%	871	@40%	\$494	No	Yes	0	0.0%
					2BR / 1.5BA	31	62.0%	871	@50%	\$654	No	Yes	0	0.0%
					2BR / 1.5BA	4	8.0%	871	@60%	\$754	No	Yes	0	0.0%
					3BR / 2BA	1	2.0%	1,083	@40%	\$554	No	Yes	0	0.0%
					3BR / 2BA	4	8.0%	1,083	@50%	\$714	No	Yes	0	0.0%
					3BR / 2BA	6	12.0%	1,083	@60%	\$840	No	Yes	0	0.0%
					50							0	0.0%	
6	The Clairmont At Campostella Station 1030 Berkley Avenue Norfolk, VA 23523 Norfolk County	1.4 miles	Garden 3-stories 2017 / n/a Family	@40%, @50%, @60%	1BR / 1BA	2	1.3%	720	@40%	\$464	Yes	Yes	0	0.0%
					1BR / 1BA	2	1.3%	720	@50%	\$605	Yes	Yes	0	0.0%
					1BR / 1BA	18	11.8%	720	@60%	\$743	Yes	Yes	0	0.0%
					2BR / 2BA	4	2.6%	1,070	@40%	\$552	Yes	Yes	0	0.0%
					2BR / 2BA	14	9.2%	1,070	@50%	\$720	Yes	Yes	0	0.0%
					2BR / 2BA	46	30.3%	1,070	@60%	\$886	Yes	Yes	0	0.0%
					3BR / 2BA	4	2.6%	1,260	@40%	\$628	Yes	Yes	0	0.0%
					3BR / 2BA	16	10.5%	1,260	@50%	\$823	Yes	Yes	0	0.0%
					3BR / 2BA	46	30.3%	1,260	@60%	\$1,016	Yes	Yes	0	0.0%
					152							0	0.0%	
7	The Pointe At Pickett Farms 5424 Greenplain Road Norfolk, VA 23502 County	3.3 miles	Garden 3-stories 2014 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$748	Yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,035	@60%	\$884	Yes	Yes	0	N/A
					3BR / 2BA	N/A	N/A	1,222	@60%	\$1,009	Yes	Yes	0	N/A
										120				
8	Monticello Station 328 East Freemason Street Norfolk, VA 23510 Norfolk City County	0.7 miles	Midrise 4-stories 2010 / n/a Family	Market	1BR / 1BA	43	35.5%	878	Market	\$1,401	N/A	No	1	2.3%
					1BR / 1BA	N/A	N/A	960	Market	\$1,488	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	770	Market	\$1,313	N/A	No	0	N/A
					2BR / 2BA	63	52.1%	1,249	Market	\$1,773	N/A	No	0	0.0%
					2BR / 2BA	N/A	N/A	1,400	Market	\$1,952	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,085	Market	\$1,594	N/A	No	0	N/A
					3BR / 2BA	11	9.1%	1,377	Market	\$2,056	N/A	No	0	0.0%
					3BR / 2BA	N/A	N/A	1,400	Market	\$2,078	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,350	Market	\$2,028	N/A	No	0	N/A
					3BR / 3BA	2	1.7%	1,450	Market	\$2,200	N/A	No	1	50.0%
4BR / 3BA	2	1.7%	1,610	Market	\$2,457	N/A	No	0	0.0%					
					121							2	1.7%	
9	River House Apartments 4253 Llewellyn Avenue Norfolk, VA 23504 County	2.0 miles	Midrise 4-stories 2010 / n/a Family	Market	1BR / 1BA	45	23.2%	825	Market	\$1,320	N/A	Yes	0	0.0%
					2BR / 2BA	66	34.0%	1,157	Market	\$1,557	N/A	Yes	3	4.6%
					2BR / 2BA	65	33.5%	1,167	Market	\$1,557	N/A	Yes	1	1.5%
					3BR / 2BA	9	4.6%	1,352	Market	\$1,912	N/A	Yes	0	0.0%
					3BR / 2BA	9	4.6%	1,506	Market	\$1,867	N/A	Yes	0	0.0%
					194							4	2.1%	

## MARKET HEIGHTS APARTMENTS– NORFOLK, VIRGINIA – MARKET STUDY

### SUMMARY MATRIX

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
10	The Alexander At Ghent 1600 Granby Street Norfolk, VA 23510 Norfolk County	1.3 miles	Midrise 4-stories 2007 / n/a Family	Market	0BR / 1BA	12	4.5%	565	Market	\$1,025	N/A	No	1	8.3%
					0BR / 1BA	50	18.7%	695	Market	\$1,055	N/A	No	1	2.0%
					1BR / 1BA	12	4.5%	565	Market	\$1,106	N/A	No	1	8.3%
					1BR / 1BA	56	20.9%	748	Market	\$1,201	N/A	No	1	1.8%
					1BR / 1BA	6	2.2%	825	Market	\$1,286	N/A	No	0	0.0%
					2BR / 2BA	84	31.3%	1,036	Market	\$1,378	N/A	No	1	1.2%
					2BR / 2BA	36	13.4%	1,192	Market	\$1,513	N/A	No	1	2.8%
					3BR / 2BA	12	4.5%	1,324	Market	\$1,767	N/A	No	0	0.0%
										<u>268</u>				
11	The Belmont At Freemason 260 York Street Norfolk, VA 23510 County	1.0 miles	Highrise 7-stories 2009 / n/a Family	Market	1BR / 1BA	N/A	N/A	769	Market	\$1,299	N/A	No	6	N/A
					1BR / 1BA	N/A	N/A	836	Market	\$1,426	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	702	Market	\$1,171	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,123	Market	\$1,530	N/A	No	4	N/A
					2BR / 2BA	N/A	N/A	1,182	Market	\$1,593	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,065	Market	\$1,467	N/A	No	0	N/A
					<u>239</u>							10	4.2%	
12	The Heritage At Freemason Harbour 200 College Place Norfolk, VA 23510 Norfolk County	0.9 miles	Midrise 4-stories 1999 / 2018 Family	Market	1BR / 1BA	51	27.6%	768	Market	\$1,343	N/A	No	2	3.9%
					1BR / 1BA	N/A	N/A	768	Market	\$1,366	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	768	Market	\$1,320	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,071	Market	\$1,528	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,330	Market	\$1,922	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,187	Market	\$1,826	N/A	No	0	N/A
					<u>185</u>							10	5.4%	



## Location

LOCATION COMPARISON SUMMARY

#	Property Name	City	Tenancy	Rent Structure	Distance to Subject	Household Income	Median Home Value	Median Rent	Crime Index	Walk Score	Transit Score	Vacant Housing	% Renter HH
S	Market Heights Apartments	Norfolk	Family	LIHTC/ Sections	-	\$14,482	\$170,900	\$733	235	61	59	6.8%	82.5%
1	Broad Creek	Norfolk	Family	LIHTC/ Market	1.5 miles	\$31,740	\$170,900	\$733	317	60	37	9.7%	60.8%
2	Meadowood Apartments	Norfolk	Family	LIHTC/ Market	3.7 miles	\$44,107	\$157,300	\$970	230	49	34	11.3%	41.7%
3	Mission College Apartments	Norfolk	Family	LIHTC/ Market	1.0 miles	\$22,325	\$170,900	\$733	232	60	41	10.8%	67.7%
4	Quill Farms	Norfolk	Family	LIHTC	3.3 miles	\$51,545	\$193,200	\$1,049	377	21	36	7.8%	78.2%
5	The Banks At Berkley*	Norfolk	Family	LIHTC	1.0 miles	\$35,000	\$159,100	\$781	273	54	37	5.9%	53.4%
6	The Clairmont At Campostella Station*	Norfolk	Family	LIHTC	1.4 miles	\$30,308	\$159,100	\$781	221	47	33	6.1%	59.1%
7	The Pointe At Pickett Farms	Norfolk	Family	LIHTC	3.3 miles	\$51,545	\$193,200	\$1,049	377	21	36	7.8%	78.2%
8	Monticello Station	Norfolk	Family	Market	0.7 miles	\$56,540	\$386,600	\$1,120	223	90	62	14.2%	68.9%
9	River House Apartments	Norfolk	Family	Market	2.0 miles	\$28,656	\$170,900	\$733	191	77	39	14.7%	59.6%
10	The Alexander At Ghent	Norfolk	Family	Market	1.3 miles	\$73,369	\$386,600	\$1,120	226	77	52	12.9%	56.3%
11	The Belmont At Freemason	Norfolk	Family	Market	1.0 miles	\$74,133	\$386,600	\$1,120	248	87	60	15.2%	59.7%
12	The Heritage At Freemason Harbour	Norfolk	Family	Market	0.9 miles	\$75,054	\$386,600	\$1,120	248	87	60	17.4%	61.2%

\*Located outside of the PMA

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

## Age, Condition, and Design

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

Quill Farms, the Banks at Berkley, and the Clairmont at Campostella were built between 2015 and 2017 and exhibit excellent condition, similar to the Subject upon completion. The remaining nine comparables were built or renovated between 2007 and 2018 and represent good condition, slightly inferior to the Subject upon completion.

The LIHTC and mixed-income properties range in size from 50 to 300 units, with an average development size of 177 units, while the market rate developments range from 121 to 268 units, with an average development size of 20 units. The Subject is within the range of development sizes for LIHTC properties, but just below the range of development size for the market rate properties. However, there is no distinct correlation between property size and rental rates.

**Unit Size**

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

<b>UNIT SIZE COMPARISON</b>			
<b>Bedroom Type</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>
<b>Subject</b>	<b>708</b>	<b>951</b>	<b>1,179</b>
Average	778	1,088	1,292
Min	565	871	1,083
Max	960	1,400	1,506
<b>Advantage/Disadvantage</b>	<b>-10%</b>	<b>-14%</b>	<b>-10%</b>

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

# MARKET HEIGHTS APARTMENTS– NORFOLK, VIRGINIA – MARKET STUDY

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.						
	Units Surveyed:	2,249	Weighted Occupancy:	98.2%		
	Market Rate	1,007	Market Rate	96.8%		
	Tax Credit	1,242	Tax Credit	99.4%		
	One-Bedroom One Bath Property	Average	Two-Bedroom Two Bath Property	Average	Three-Bedroom Two Bath Property	Average
RENT	Monticello Station (Market)	\$1,401	Monticello Station (Market)	\$1,773	Monticello Station (Market)(3BA)	\$2,200
	The Heritage At Freemason Harbour (Market)	\$1,343	River House Apartments (Market)	\$1,557	Monticello Station (Market)	\$2,056
	River House Apartments (Market)	\$1,320	River House Apartments (Market)	\$1,557	The Heritage At Freemason Harbour (Market)	\$1,922
	The Belmont At Freemason (Market)	\$1,299	The Belmont At Freemason (Market)	\$1,530	River House Apartments (Market)	\$1,912
	The Alexander At Ghent (Market)	\$1,286	The Heritage At Freemason Harbour (Market)	\$1,528	River House Apartments (Market)	\$1,867
	The Alexander At Ghent (Market)	\$1,201	The Alexander At Ghent (Market)	\$1,513	The Heritage At Freemason Harbour (Market)	\$1,826
	Meadowood Apartments (Market)	\$1,170	Meadowood Apartments (Market)	\$1,447	The Alexander At Ghent (Market)	\$1,767
	The Alexander At Ghent (Market)	\$1,106	Meadowood Apartments (Market)	\$1,417	Meadowood Apartments (Market)	\$1,616
	Meadowood Apartments (@80%)	\$801	The Alexander At Ghent (Market)	\$1,378	Meadowood Apartments (@80%)	\$1,097
	Quill Farms (@60%)	\$748	Meadowood Apartments (@80%)	\$993	Broad Creek (Market)(2.5BA)	\$1,066
	The Pointe At Pickett Farms (@60%)	\$748	Meadowood Apartments (@80%)	\$958	The Clairmont At Campostella Station (@60%)	\$1,016
	The Clairmont At Campostella Station (@60%)	\$743	Broad Creek (Market)(1BA)	\$905	Quill Farms (@60%)	\$1,009
	Broad Creek (Market)	\$740	Broad Creek (Market)(1.5BA)	\$905	The Pointe At Pickett Farms (@60%)	\$1,009
	Mission College Apartments (Market)	\$695	The Clairmont At Campostella Station (@60%)	\$886	<b>Market Heights Apartments (@60%)</b>	<b>\$977</b>
	Broad Creek (@60%)	\$685	The Pointe At Pickett Farms (@60%)	\$884	Broad Creek (@60%)(2.5BA)	\$918
	The Clairmont At Campostella Station (@50%)	\$605	Quill Farms (@60%)	\$884	Mission College Apartments (Market)	\$889
	<b>Market Heights Apartments (@50%)</b>	<b>\$598</b>	<b>Market Heights Apartments (@60%)</b>	<b>\$848</b>	<b>Market Heights Apartments (@60%)</b>	<b>\$883</b>
	<b>Market Heights Apartments (@50%)</b>	<b>\$598</b>	Broad Creek (@60%)(1.5BA)	\$817	The Banks At Berkley (@60%)	\$840
	Mission College Apartments (@50%)	\$576	Broad Creek (@60%)(1BA)	\$817	The Clairmont At Campostella Station (@50%)	\$823
	The Clairmont At Campostella Station (@40%)	\$464	Mission College Apartments (Market)(1BA)	\$787	Mission College Apartments (@50%)	\$789
	<b>Market Heights Apartments (@40%)</b>	<b>\$457</b>	The Banks At Berkley (@60%)(1.5BA)	\$754	The Banks At Berkley (@50%)	\$714
			<b>Market Heights Apartments (@60%)</b>	<b>\$724</b>	<b>Market Heights Apartments (@40%)</b>	<b>\$638</b>
			<b>Market Heights Apartments (@50%)</b>	<b>\$724</b>	The Clairmont At Campostella Station (@40%)	\$628
			The Clairmont At Campostella Station (@50%)	\$720	The Banks At Berkley (@40%)	\$554
			Mission College Apartments (@50%)(1BA)	\$689		
		The Banks At Berkley (@50%)(1.5BA)	\$654			
		<b>Market Heights Apartments (@40%)</b>	<b>\$556</b>			
		The Clairmont At Campostella Station (@40%)	\$552			
		The Banks At Berkley (@40%)(1.5BA)	\$494			
SQUARE FOOTAGE	Monticello Station (Market)	878	Monticello Station (Market)	1,249	River House Apartments (Market)	1,506
	Meadowood Apartments (@80%)	850	Meadowood Apartments (@80%)	1,230	Monticello Station (Market)(3BA)	1,450
	Mission College Apartments (@50%)	850	Meadowood Apartments (Market)	1,230	Broad Creek (@60%)(2.5BA)	1,408
	Meadowood Apartments (Market)	850	Meadowood Apartments (Market)	1,200	Broad Creek (Market)(2.5BA)	1,408
	Mission College Apartments (Market)	850	Meadowood Apartments (@80%)	1,200	Meadowood Apartments (@80%)	1,380
	River House Apartments (Market)	825	The Alexander At Ghent (Market)	1,192	Meadowood Apartments (Market)	1,380
	The Alexander At Ghent (Market)	825	River House Apartments (Market)	1,167	Monticello Station (Market)	1,377
	The Belmont At Freemason (Market)	769	River House Apartments (Market)	1,157	River House Apartments (Market)	1,352
	The Heritage At Freemason Harbour (Market)	768	The Belmont At Freemason (Market)	1,123	The Heritage At Freemason Harbour (Market)	1,330
	The Alexander At Ghent (Market)	748	The Heritage At Freemason Harbour (Market)	1,071	The Alexander At Ghent (Market)	1,324
	Broad Creek (@60%)	748	The Clairmont At Campostella Station (@40%)	1,070	The Clairmont At Campostella Station (@60%)	1,260
	Broad Creek (Market)	748	The Clairmont At Campostella Station (@50%)	1,070	The Clairmont At Campostella Station (@40%)	1,260
	The Clairmont At Campostella Station (@40%)	720	The Clairmont At Campostella Station (@60%)	1,070	The Clairmont At Campostella Station (@50%)	1,260
	Quill Farms (@60%)	720	Mission College Apartments (Market)(1BA)	1,050	Quill Farms (@60%)	1,222
	The Clairmont At Campostella Station (@50%)	720	Mission College Apartments (@50%)(1BA)	1,050	The Pointe At Pickett Farms (@60%)	1,222
	The Clairmont At Campostella Station (@60%)	720	The Alexander At Ghent (Market)	1,036	Mission College Apartments (Market)	1,200
	The Pointe At Pickett Farms (@60%)	720	The Pointe At Pickett Farms (@60%)	1,035	Mission College Apartments (@50%)	1,200
	<b>Market Heights Apartments (@40%)</b>	<b>708</b>	Quill Farms (@60%)	1,035	The Heritage At Freemason Harbour (Market)	1,187
	<b>Market Heights Apartments (@50%)</b>	<b>708</b>	Broad Creek (@60%)(1.5BA)	1,024	<b>Market Heights Apartments (@60%)</b>	<b>1,179</b>
	<b>Market Heights Apartments (@50%)</b>	<b>708</b>	Broad Creek (Market)(1.5BA)	1,024	<b>Market Heights Apartments (@40%)</b>	<b>1,179</b>
	The Alexander At Ghent (Market)	565	Broad Creek (Market)(1BA)	960	<b>Market Heights Apartments (@60%)</b>	<b>1,179</b>
			Broad Creek (@60%)(1BA)	960	The Banks At Berkley (@40%)	1,083
			<b>Market Heights Apartments (@60%)</b>	<b>951</b>	The Banks At Berkley (@60%)	1,083
			<b>Market Heights Apartments (@50%)</b>	<b>951</b>	The Banks At Berkley (@50%)	1,083
			<b>Market Heights Apartments (@40%)</b>	<b>951</b>		
		<b>Market Heights Apartments (@50%)</b>	<b>951</b>			
		The Banks At Berkley (@60%)(1.5BA)	871			
		The Banks At Berkley (@40%)(1.5BA)	871			
		The Banks At Berkley (@50%)(1.5BA)	871			
RENT PER SQUARE FOOT	The Alexander At Ghent (Market)	\$1.96	The Heritage At Freemason Harbour (Market)	\$1.43	The Heritage At Freemason Harbour (Market)	\$1.54
	The Heritage At Freemason Harbour (Market)	\$1.75	Monticello Station (Market)	\$1.42	Monticello Station (Market)(3BA)	\$1.52
	The Belmont At Freemason (Market)	\$1.69	The Belmont At Freemason (Market)	\$1.36	Monticello Station (Market)	\$1.49
	The Alexander At Ghent (Market)	\$1.61	River House Apartments (Market)	\$1.35	The Heritage At Freemason Harbour (Market)	\$1.45
	River House Apartments (Market)	\$1.60	River House Apartments (Market)	\$1.33	River House Apartments (Market)	\$1.41
	Monticello Station (Market)	\$1.60	The Alexander At Ghent (Market)	\$1.33	The Alexander At Ghent (Market)	\$1.33
	The Alexander At Ghent (Market)	\$1.56	The Alexander At Ghent (Market)	\$1.27	River House Apartments (Market)	\$1.24
	Meadowood Apartments (Market)	\$1.38	Meadowood Apartments (Market)	\$1.18	Meadowood Apartments (Market)	\$1.17
	Quill Farms (@60%)	\$1.04	Meadowood Apartments (Market)	\$1.18	<b>Market Heights Apartments (@60%)</b>	<b>\$0.83</b>
	The Pointe At Pickett Farms (@60%)	\$1.04	Broad Creek (Market)(1BA)	\$0.94	The Pointe At Pickett Farms (@60%)	\$0.83
	The Clairmont At Campostella Station (@60%)	\$1.03	<b>Market Heights Apartments (@60%)</b>	<b>\$0.89</b>	Quill Farms (@60%)	\$0.83
	Broad Creek (Market)	\$0.99	Broad Creek (Market)(1.5BA)	\$0.88	The Clairmont At Campostella Station (@60%)	\$0.81
	Meadowood Apartments (@80%)	\$0.94	The Banks At Berkley (@60%)(1.5BA)	\$0.87	Meadowood Apartments (@80%)	\$0.79
	Broad Creek (@60%)	\$0.92	The Pointe At Pickett Farms (@60%)	\$0.85	The Banks At Berkley (@60%)	\$0.78
	<b>Market Heights Apartments (@50%)</b>	<b>\$0.84</b>	Quill Farms (@60%)	\$0.85	Broad Creek (Market)(2.5BA)	\$0.76
	<b>Market Heights Apartments (@50%)</b>	<b>\$0.84</b>	Broad Creek (@60%)(1BA)	\$0.85	<b>Market Heights Apartments (@60%)</b>	<b>\$0.75</b>
	The Clairmont At Campostella Station (@50%)	\$0.84	The Clairmont At Campostella Station (@60%)	\$0.83	Mission College Apartments (Market)	\$0.74
	Mission College Apartments (Market)	\$0.82	Meadowood Apartments (@80%)	\$0.81	The Banks At Berkley (@50%)	\$0.66
	Mission College Apartments (@50%)	\$0.68	Meadowood Apartments (@80%)	\$0.80	Mission College Apartments (@50%)	\$0.66
	<b>Market Heights Apartments (@40%)</b>	<b>\$0.65</b>	Broad Creek (@60%)(1.5BA)	\$0.80	The Clairmont At Campostella Station (@50%)	\$0.65
	The Clairmont At Campostella Station (@40%)	\$0.64	<b>Market Heights Apartments (@50%)</b>	<b>\$0.76</b>	Broad Creek (@60%)(2.5BA)	\$0.65
			<b>Market Heights Apartments (@50%)</b>	<b>\$0.76</b>	<b>Market Heights Apartments (@40%)</b>	<b>\$0.54</b>
			The Banks At Berkley (@50%)(1.5BA)	\$0.75	The Banks At Berkley (@40%)	\$0.51
			Mission College Apartments (Market)(1BA)	\$0.75	The Clairmont At Campostella Station (@40%)	\$0.50
			The Clairmont At Campostella Station (@50%)	\$0.67		
		Mission College Apartments (@50%)(1BA)	\$0.66			
		<b>Market Heights Apartments (@40%)</b>	<b>\$0.58</b>			
		The Banks At Berkley (@40%)(1.5BA)	\$0.57			
		The Clairmont At Campostella Station (@40%)	\$0.52			

### **Utility Structure**

The tenant is responsible for electric cooking, heating, hot water, and general electric expenses, as well as cold water and sewer expenses. The landlord is responsible for trash expenses and common area amenities. The utility structure varies among the comparable properties; we have adjusted the comparables' rents in accordance with the utility schedule obtained from the Norfolk Housing and Redevelopment Authority, effective February 1, 2018.

### **In-Unit Amenities**

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

### **Property Amenities**

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

### **Security Features**

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

### **Utility Structure**

The tenant is responsible for electric cooking, heating, hot water, and general electric expenses, as well as cold water and sewer expenses. The landlord is responsible for trash expenses and common area amenities. The utility structure varies among the comparable properties; we have adjusted the comparables' rents in accordance with the utility schedule obtained from the Norfolk Housing and Redevelopment Authority, effective February 1, 2018.

### **Parking**

The Subject will offer off street parking to its tenants at no additional cost. There will be 196 parking spaces, shared among the total 164 units at the Subject and the second phase of the development, which equates to a parking ratio of approximately 1.2 spaces per unit. Overall, the parking offered at the Subject is competitive, particularly given the proximity to public transportation. Eleven of the comparable properties offer free off-street parking, similar to the Subject. Only two comparables were able to provide their off-street parking ratios, which ranged from 1.42 to 2.44 spaces per unit. In addition, four comparables include garage parking in rent. The Subject will be considered similar to slightly inferior to the comparables in terms of parking.

## MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

### Turnover

The following table details turnover rates at comparable properties.

TURNOVER			
Property Name	Rent Structure	Tenancy	Annual Turnover
Broad Creek	LIHTC/ Market	Family	20%
Meadowood Apartments	LIHTC/ Market	Family	35%
Mission College Apartments	LIHTC/ Market	Family	20%
Quill Farms	LIHTC	Family	10%
The Banks At Berkley	LIHTC	Family	N/A
The Clairmont At Campostella Station	LIHTC	Family	10%
The Pointe At Pickett Farms	LIHTC	Family	10%
Monticello Station	Market	Family	30%
River House Apartments	Market	Family	25%
The Alexander At Ghent	Market	Family	30%
The Belmont At Freemason	Market	Family	30%
The Heritage At Freemason Harbour	Market	Family	25%
<b>Average Turnover</b>			<b>22%</b>

Turnover rates in the market range from ten to 35 percent, with an average of 22 percent. The LIHTC properties averaged 18 percent turnover and the market rate properties averaged 28 percent turnover annually. Overall, we expect that the Subject will experience a turnover rate of 20 percent or less.

### Vacancy Levels

The following table illustrates vacancy rates at the comparable properties.

OVERALL VACANCY					
Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Broad Creek	LIHTC/ Market	Family	300	0	0.0%
Meadowood Apartments	LIHTC/ Market	Family	180	0	0.0%
Mission College Apartments	LIHTC/ Market	Family	260	8	3.1%
Quill Farms	LIHTC	Family	180	0	0.0%
The Banks At Berkley*	LIHTC	Family	50	0	0.0%
The Clairmont At Campostella Station*	LIHTC	Family	152	0	0.0%
The Pointe At Pickett Farms	LIHTC	Family	120	0	0.0%
Monticello Station	Market	Family	121	2	1.7%
River House Apartments	Market	Family	194	4	2.1%
The Alexander At Ghent	Market	Family	268	6	2.2%
The Belmont At Freemason	Market	Family	239	10	4.2%
The Heritage At Freemason Harbour	Market	Family	185	10	5.4%
<b>Total LIHTC</b>			<b>1,242</b>	<b>8</b>	<b>0.6%</b>
<b>Total Market Rate</b>			<b>1,007</b>	<b>32</b>	<b>3.2%</b>
<b>Overall Total</b>			<b>2,249</b>	<b>40</b>	<b>1.8%</b>

\*Located outside of the PMA

The comparables reported vacancy rates ranging from zero to 5.4 percent, with an average of 1.8 percent. Managers at six of the seven LIHTC properties reported being fully occupied and all of the LIHTC properties

were occupied at 96 percent or higher. The average vacancy rate reported by the affordable comparables was 0.6 percent, slightly below the 3.2 percent average reported by the market rate properties. The average LIHTC vacancy rate of 0.6 percent is low and indicative of supply constrained conditions. All of the market rate properties reported vacancy rates of 5.4 percent or lower. Based on the performance of the LIHTC comparables, we expect the Subject will operate at a vacancy rate of 5.0 percent or less.

**VACANCY BY BEDROOM TYPE**

Property Name	Rent Structure	1BR	2BR	3BR	Overall
Broad Creek	LIHTC/ Market	-	-	-	0.0%
Meadowood Apartments	LIHTC/ Market	-	-	-	0.0%
Mission College Apartments	LIHTC/ Market	2.8%	1.8%	8.3%	3.1%
Quill Farms	LIHTC	-	-	-	0.0%
The Banks At Berkley	LIHTC	-	0.0%	0.0%	0.0%
The Clairmont At Campostella Station	LIHTC	0.0%	0.0%	0.0%	0.0%
The Pointe At Pickett Farms	LIHTC	-	-	-	0.0%
Monticello Station	Market	2.3%	0.0%	7.7%	1.7%
River House Apartments	Market	0.0%	3.1%	0.0%	2.1%
The Alexander At Ghent	Market	2.7%	1.7%	0.0%	2.2%
The Belmont At Freemason	Market	-	-	-	4.2%
The Heritage At Freemason Harbour	Market	3.9%	-	-	5.4%

The Subject consists of one, two, and three-bedroom units. Vacancy rates in the market for one-bedroom units range from zero to 3.9 percent, from zero to 3.1 percent two-bedroom units, and from zero to 8.3 percent for the three-bedroom Overall, the vacancy rates in the market are. Given the strong local household growth rates, we believe the Subject will not negatively impact the existing properties in the market

**Concessions**

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

**Waiting Lists**

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

**WAITING LIST**

Property Name	Rent Structure	Tenancy	Waiting List Length
Broad Creek	LIHTC/ Market	Family	Yes, at least one year on all units
Meadowood Apartments	LIHTC/ Market	Family	None
Mission College Apartments	LIHTC/ Market	Family	None
Quill Farms	LIHTC	Family	Yes, multiple HH for each unit type
The Banks At Berkley	LIHTC	Family	Yes; multiple HH for each unit size
The Clairmont At Campostella Station	LIHTC	Family	Yes, 50 HH for 1BD, 60 HH for 2BD, 25 HH for 3BD
The Pointe At Pickett Farms	LIHTC	Family	Yes, multiple households for each bedroom type
Monticello Station	Market	Family	None
River House Apartments	Market	Family	Yes, unknown length
The Alexander At Ghent	Market	Family	None
The Belmont At Freemason	Market	Family	None
The Heritage At Freemason Harbour	Market	Family	None

Five of the seven LIHTC properties maintain waiting lists, while only one of the market rate comparables maintains a waiting list. The waiting lists at the LIHTC comparables are extensive and indicative of a supply constrained market. The waiting lists at the LIHTC-only developments indicate significant demand for

affordable housing in the market. We anticipate that the Subject will maintain a waiting list to facilitate leasing upon turnover.

### Absorption

We were able to obtain absorption data from two of the comparable properties. We have also added absorption information for one additional property in the PMA, Promenade Pointe. This absorption information is presented in the following table. We attempted to gather information on both the Pointe at Pickett Farms and Quill Farms, comparable properties that were constructed in 2014 and 2015, respectively. However, the contacts at the properties could not provide absorption information.

#### ABSORPTION

Property Name	Rent Structure	Tenancy	Year Built	Number of Units	Units Absorbed / Month
The Clairmont At Campostella Station	LIHTC	Family	2017	152	15
The Banks At Berkley	LIHTC	Family	2017	50	25
Promenade Pointe*	Market	Family	2014	183	13
<b>Average</b>				<b>128</b>	<b>18</b>

\*Located outside of the PMA

The properties have reported absorption rates of 13 to 25 units per month. We believe the Subject would experience an absorption rate most similar to the similarly sized LIHTC properties. Therefore, we expect the Subject will experience an absorption rate of 20 units per month, indicating an absorption period of approximately four months.

### Rental Rate Increases

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

#### RENT GROWTH

Property Name	Rent Structure	Tenancy	Rent Growth
Broad Creek	LIHTC/ Market	Family	None
Meadowood Apartments	LIHTC/ Market	Family	Kept at Max; Market Rents increase 1 to 2 percent
Mission College Apartments	LIHTC/ Market	Family	Kept at Max; No change on market
Quill Farms	LIHTC	Family	Kept at max
The Banks At Berkley	LIHTC	Family	Two to three percent increase
The Clairmont At Campostella Station	LIHTC	Family	Kept at Max
The Pointe At Pickett Farms	LIHTC	Family	Increased one to two percent
Monticello Station	Market	Family	Changes daily (LRO)
River House Apartments	Market	Family	None reported
The Alexander At Ghent	Market	Family	Rents vary; LRO Report
The Belmont At Freemason	Market	Family	Rents changed weekly
The Heritage At Freemason Harbour	Market	Family	Changes weekly; LRO report

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

### Reasonability of Rents

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

#### PROPOSED RENTS

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@40% (Section 8)*							
1BR / 1BA*	708	1	\$457	\$105	\$562	\$562	\$925
2BR / 2BA*	951	8	\$556	\$119	\$675	\$675	\$1,104
3BR / 2BA*	1,179	3	\$638	\$142	\$780	\$780	\$1,553
@50%							
1BR / 1BA	708	7	\$598	\$105	\$703	\$703	\$925
2BR / 2BA	951	13	\$724	\$119	\$843	\$843	\$1,104
@50% (Section 8)*							
1BR / 1BA*	708	1	\$598	\$105	\$703	\$703	\$925
2BR / 2BA*	951	5	\$724	\$119	\$843	\$843	\$1,104
3BR / 2BA*	1,179	2	\$833	\$142	\$975	\$975	\$1,553
@60%							
2BR / 2BA	951	27	\$848	\$119	\$967	\$1,012	\$1,104
3BR / 2BA	1,179	13	\$977	\$142	\$1,119	\$1,170	\$1,553

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

\*Denotes Proposed Contract Rents

### Comparable LIHTC Rents

The following tables compare the Subject’s and the comparable properties’ rents. For the purposes of this market study, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “Net rents” are rents adjusted for the cost of utilities (adjusted to the Subject’s convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an “apples-to-apples” comparison of rents. Additionally, it is important to note that we compared to concessed rent levels at the comparable properties. Note that some of the comparable property’s LIHTC rents appear to be above the maximum levels; however, these are the result of differing utility allowances at the comparables. The Subject will offer 20 units with Project-Based Voucher subsidies. Were the Subject to lose its subsidy, 12 units would be restricted to 40 percent of AMI rents, while eight would be restricted to 50 percent of AMI rents.



**40% AMI**

**LIHTC RENT COMPARISON @40%**

Property Name	Tenancy	1BR	2BR	3BR
Market Heights Apartments	Family	\$457*	\$556*	\$638*
<b>LIHTC Maximum Rent (Net)</b>		<b>\$457</b>	<b>\$556</b>	<b>\$638</b>
The Banks At Berkley	Family	-	\$494	\$554
The Clairmont At Campostella Station	Family	\$464	\$552	\$628
<b>Average</b>		<b>\$464</b>	<b>\$523</b>	<b>\$591</b>
<b>Achievable LIHTC Rent</b>		<b>\$457</b>	<b>\$556</b>	<b>\$638</b>

\*PBV Contract Rent

**50% AMI**

**LIHTC RENT COMPARISON @50%**

Property Name	Tenancy	1BR	2BR	3BR
Market Heights Apartments	Family	\$598	\$724	\$833
<b>LIHTC Maximum Rent (Net)</b>		<b>\$598</b>	<b>\$724</b>	<b>\$833</b>
The Banks At Berkley	Family	-	\$654	\$714
The Clairmont At Campostella Station	Family	\$605	\$720	\$823
<b>Average</b>		<b>\$591</b>	<b>\$688</b>	<b>\$775</b>
<b>Achievable LIHTC Rent</b>		<b>\$598</b>	<b>\$724</b>	<b>\$833</b>

Note that both one and two-bedroom rents represent LIHTC and contract rents

**60% AMI**

**LIHTC RENT COMPARISON @60%**

Property Name	Tenancy	2BR	3BR
Market Heights Apartments	Family	\$848	\$977
<b>LIHTC Maximum Rent (Net)</b>		<b>\$893</b>	<b>\$1,028</b>
Broad Creek	Family	\$817	\$918
Quill Farms	Family	\$884	\$1,009
The Banks At Berkley	Family	\$754	\$840
The Clairmont At Campostella Station	Family	\$886	\$1,016
The Pointe At Pickett Farms	Family	\$884	\$1,009
<b>Average</b>		<b>\$845</b>	<b>\$958</b>
<b>Achievable LIHTC Rent</b>		<b>\$893</b>	<b>\$1,028</b>

Two comparable developments, the Banks at Berkley and the Clairmont at Campostella Station, offer units at 40 and 50 percent of AMI. Additionally, Mission College Apartments offers units at 50 percent of AMI. Management at the Clairmont at Campostella and Mission College Apartments reported they are achieving the maximum allowable rents at their respective AMI levels, while management at the Banks at Berkley reported achieving rents below the maximum allowable levels. However, this property operates at 100 percent occupancy and maintains a waiting list on both unit types. The contact at the Banks at Berkley maintained that the property could likely increase rents to achieve the maximum allowable 40 and 50 percent AMI rents. However, the contact could not provide a reason for rents being set below the 2018 maximum allowable levels. We believe that this property is not testing the upper limits of the LIHTC maximum allowable rent levels. Both the Banks at Berkley and Clairmont at Campostella Station maintain sizeable waiting lists for all of their units.

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

The Subject will offer washer/dryer hookups, which will be similar to two LIHTC comparables and slightly inferior to the remaining five comparables. Additionally, the Subject will offer generally similar to slightly inferior community amenities to the LIHTC comparables, as all properties include a community room and on-site management. The Subject will be similar to superior in condition to the comparables, which were built or renovated between 2004 and 2017. Both the Banks at Berkley and Clairmont at Campostella Station were built in 2017 and exhibit excellent condition, similar to the proposed Subject. The remaining comparables exhibit good condition, which will be slightly inferior to the Subject upon completion. Overall, given the high demand for affordable housing the market, we believe the Subject would be able to achieve rents at the maximum allowable levels for its units at 40, 50, and 60 percent of AMI.

**Achievable Market Rents**

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

**SUBJECT COMPARISON TO MARKET RENTS**

Unit Type	Rent Level	Square Feet	Subject Achievable LIHTC Rent	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent	Subject Rent Advantage
1BR / 1BA	@40% (Section 8)	708	\$457	\$695	\$1,488	\$1,228	\$1,200	62%
1BR / 1BA	@50%	708	\$598	\$695	\$1,488	\$1,228	\$1,200	50%
1BR / 1BA	@50% (Section 8)	708	\$598	\$695	\$1,488	\$1,228	\$1,200	50%
2BR / 2BA	@40% (Section 8)	951	\$556	\$787	\$1,952	\$1,431	\$1,380	60%
2BR / 2BA	@50%	951	\$724	\$787	\$1,952	\$1,431	\$1,380	48%
2BR / 2BA	@50% (Section 8)	951	\$724	\$787	\$1,952	\$1,431	\$1,380	48%
2BR / 2BA	@60%	906	\$893	\$787	\$1,952	\$1,431	\$1,380	35%
3BR / 2BA	@40% (Section 8)	1,179	\$638	\$889	\$2,200	\$1,769	\$1,750	64%
3BR / 2BA	@50% (Section 8)	1,179	\$833	\$889	\$2,200	\$1,769	\$1,750	52%
3BR / 2BA	@60%	1,179	\$1,028	\$889	\$2,200	\$1,769	\$1,750	41%

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

**Achievable Market Rent**

**The Alexander at Ghent** offers studio through three-bedroom market rate units. Management reported that the property was 97.8 percent occupied. The comparable, which was constructed in 2007, exhibits good condition and will be slightly inferior to the Subject’s anticipated condition following construction. The

Alexander at Ghent is located approximately 1.3 miles from the Subject in a slightly superior location. The unit amenities and community amenities at the Subject are inferior to the Alexander at Ghent. The Alexander offers a low-rise, elevator-serviced designed, similar to the Subject’s low-rise design. Additionally, the Subject’s unit sizes will be slightly inferior to inferior to the units at the Alexander at Ghent. Overall, relative to the Subject, the Alexander at Ghent will be similar, and, therefore, we believe the Subject could achieve market rents similar to slightly lower than this comparable, as an unrestricted property.

**River House Apartments** offers one, two, and three-bedroom market rate units. Management reported that the property was 97.9 percent occupied. The comparable was constructed in 2010 and exhibits good condition, which will be slightly inferior to the Subject’s anticipated condition following construction. River House Apartments is located approximately two miles from the Subject in a slightly superior location. In terms of amenities, the comparable will offer slightly superior unit and community amenities. River House’s one, two, and three-bedroom midrise, elevator-serviced design will be similar to the Subject’s low-rise design. The comparables’ unit sizes will be slightly superior to those of the Subject. Overall, we believe the Subject could achieve rents below this comparable as an unrestricted property.

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

**SUBJECT COMPARISON TO THE ALEXANDER AT GHENT**

Unit Type	Rent Level	Subject Achievable LIHTC Rent	Square Feet	Subject RPSF	The Alexander At Ghent Rent	Square Feet	The Alexander At Ghent RPSF	Subject Rent Advantage
1BR / 1BA	@40% (Section 8)	\$457	708	\$0.65	\$1,201	748	\$1.61	62%
1BR / 1BA	@50%	\$598	708	\$0.84	\$1,201	748	\$1.61	50%
1BR / 1BA	@50% (Section 8)	\$598	708	\$0.84	\$1,201	748	\$1.61	50%
2BR / 2BA	@40% (Section 8)	\$556	951	\$0.58	\$1,378	1,036	\$1.33	60%
2BR / 2BA	@50%	\$724	951	\$0.76	\$1,378	1,036	\$1.33	47%
2BR / 2BA	@50% (Section 8)	\$724	951	\$0.76	\$1,378	1,036	\$1.33	47%
2BR / 2BA	@60%	\$893	951	\$0.94	\$1,378	1,036	\$1.33	35%
3BR / 2BA	@40% (Section 8)	\$638	1,179	\$0.54	\$1,767	1,324	\$1.33	64%
3BR / 2BA	@50% (Section 8)	\$833	1,179	\$0.71	\$1,767	1,324	\$1.33	53%
3BR / 2BA	@60%	\$1,028	1,179	\$0.87	\$1,767	1,324	\$1.33	42%

**SUBJECT COMPARISON TO RIVER HOUSE APARTMENTS**

Unit Type	Rent Level	Subject Achievable LIHTC Rent	Square Feet	Subject RPSF	River House Apartments Rent	Square Feet	River House Apartments RPSF	Subject Rent Advantage
1BR / 1BA	@40% (Section 8)	\$457	708	\$0.65	\$1,320	825	\$1.60	65%
1BR / 1BA	@50%	\$598	708	\$0.84	\$1,320	825	\$1.60	55%
1BR / 1BA	@50% (Section 8)	\$598	708	\$0.84	\$1,320	825	\$1.60	55%
2BR / 2BA	@40% (Section 8)	\$556	951	\$0.58	\$1,557	1,157	\$1.35	64%
2BR / 2BA	@50%	\$724	951	\$0.76	\$1,557	1,157	\$1.35	53%
2BR / 2BA	@50% (Section 8)	\$724	951	\$0.76	\$1,557	1,157	\$1.35	53%
2BR / 2BA	@60%	\$893	951	\$0.94	\$1,557	1,157	\$1.35	43%
3BR / 2BA	@40% (Section 8)	\$638	1,179	\$0.54	\$1,912	1,352	\$1.41	67%
3BR / 2BA	@50% (Section 8)	\$833	1,179	\$0.71	\$1,912	1,352	\$1.41	56%
3BR / 2BA	@60%	\$1,028	1,179	\$0.87	\$1,912	1,352	\$1.41	46%

The average market rate vacancy rate is 1.8 percent, which indicates a supply constrained market. We have placed the Subject’s achievable market rents slightly below the surveyed average rent in the market, but within the range of the comparable properties due to the Subject’s slightly smaller unit sizes and inferior in-unit amenity package. The Subject’s achievable market rate rent per square foot is similar to those of the market rate comparable properties. The Subject’s achievable LIHTC rents represent advantages of 34 to 61 percent over the achievable market rents for the Subject’s one, two, and three-bedroom units. The following table displays the concluded achievable market rents at the Subject.

**SUBJECT ACHIEVABLE MARKET RENTS**

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF
1BR/ 1BA	\$1,200	708	\$1.69
2BR / 2BA	\$1,380	951	\$1.45
3BR / 2BA	\$1,750	1,179	\$1.48

**Summary Evaluation**

The Subject will be well-positioned in the market. As a newly-renovated property, the Subject will be in generally similar to slightly superior condition to most of the comparable properties. Vacancy rates among the LIHTC properties range from zero to 4.8 percent, with an average of 1.0 percent. Vacancy/collection loss at the Subject is expected to be no more than five percent over the long term. Based on the comparable data, rental rates at the maximum allowable levels are achievable. We believe the proposed 40 and 50 percent AMI rent levels are achievable. Additionally, we believe that the Subject could achieve rents at the 60 percent AMI maximum allowable level. Overall, the Subject will be well-accepted in the market as a LIHTC property.

**Impact on Existing Housing Stock**

All the data combined with interviews of real estate professionals demonstrate a continuing need for affordable housing over the foreseeable term. The comparables surveyed include a total of 2,249 units at 12 properties. The affordable properties in the area reported occupancy rates of 96.9 percent or higher and five of the LIHTC comparables reported maintaining waiting lists. Additionally, the strong occupancy rates at the majority of the market rate projects in the PMA are evidence of a stable rental market and strong demand.

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

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

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

### **Introduction**

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

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

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

### **Capture Rate Determination**

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

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

The following text will examine each step through the process.

#### Step One – PMA Demography

### **Primary Market Area Defined**

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

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

### **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:	City of Norfolk, VA
AMI for four person household:	\$75,200
Tenancy (Family vs Senior):	Family
Affordability percentage:	35 percent
Leakage:	10 percent

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

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

**FAMILY INCOME LIMITS - AS PROPOSED**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40% (Section 8)		@50%		@50% (Section 8)		@60%	
1BR	\$0	\$24,000	\$24,103	\$30,000	\$0	\$30,000	-	-
2BR	\$0	\$27,000	\$28,903	\$33,750	\$0	\$33,750	\$33,154	\$40,500
3BR	\$0	\$32,400	-	-	\$0	\$40,500	\$38,366	\$48,600

**FAMILY INCOME LIMITS - ABSENT SUBSIDY**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@50%		@60%	
1BR	\$19,269	\$24,000	\$24,103	\$30,000	-	-
2BR	\$23,143	\$27,000	\$28,903	\$33,750	\$33,154	\$40,500
3BR	\$26,743	\$32,400	\$33,429	\$40,500	\$38,366	\$48,600

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

**RENTER HOUSEHOLD INCOME**

Income Cohort	PMA					
	2018		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	5,181	17.7%	4,939	17.0%	-48	-0.9%
\$10,000-19,999	4,946	16.9%	4,639	16.0%	-61	-1.2%
\$20,000-29,999	3,827	13.1%	3,732	12.9%	-19	-0.5%
\$30,000-39,999	3,437	11.8%	3,171	10.9%	-53	-1.5%
\$40,000-49,999	2,481	8.5%	2,433	8.4%	-10	-0.4%
\$50,000-59,999	2,128	7.3%	2,175	7.5%	9	0.4%
\$60,000-74,999	2,269	7.8%	2,418	8.3%	30	1.3%
\$75,000-99,999	2,050	7.0%	2,151	7.4%	20	1.0%
\$100,000-124,999	1,046	3.6%	1,154	4.0%	22	2.1%
\$125,000-149,999	831	2.8%	975	3.4%	29	3.5%
\$150,000-199,999	557	1.9%	648	2.2%	18	3.3%
\$200,000+	497	1.7%	598	2.1%	20	4.1%
<b>Total</b>	<b>29,250</b>	<b>100.0%</b>	<b>29,033</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.



**MARKET HEIGHTS APARTMENTS– NORFOLK, VIRGINIA – MARKET STUDY**

**FAMILY INCOME DISTRIBUTION 2018 - AS PROPOSED**

Income Cohort	Total Renter Households	@40% (Section 8)			@50%			@50% (Section 8)			@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	cohort overlap	% in cohort	# in cohort
\$0-9,999	5,181	9,999	100.0%	5,181												
\$10,000-19,999	4,946	9,999	100.0%	4,946												
\$20,000-29,999	3,827	9,999	100.0%	3,827	5,897	59.0%	2,257	9,999	100.0%	3,827						
\$30,000-39,999	3,437	2,400	24.0%	825	3,750	37.5%	1,289	9,999	100.0%	3,437	6,845	68.5%	2,353	9,999	100.0%	3,437
\$40,000-49,999	2,481							500	5.0%	124	8,600	86.0%	2,134	8,600	86.0%	2,134
\$50,000-59,999	2,128															
\$60,000-74,999	2,269															
\$75,000-99,999	2,050															
\$100,000-124,999	1,046															
\$125,000-149,999	831															
\$150,000-199,999	557															
\$200,000+	497															
<b>Total</b>	<b>29,250</b>		<b>50.5%</b>	<b>14,779</b>		<b>12.1%</b>	<b>3,546</b>		<b>59.9%</b>	<b>17,515</b>		<b>15.3%</b>	<b>4,487</b>		<b>66.75%</b>	<b>19,525</b>

**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	5,181												
\$10,000-19,999	4,946	730	7.3%	361							730	7.3%	361
\$20,000-29,999	3,827	9,999	100.0%	3,827	5,897	59.0%	2,257	9,999	100.0%	3,437	9,999	100.0%	3,827
\$30,000-39,999	3,437	2,400	24.0%	825	9,999	100.0%	3,437	6,845	68.5%	2,353	9,999	100.0%	3,437
\$40,000-49,999	2,481				500	5.0%	124	8,600	86.0%	2,134	8,600	86.0%	2,134
\$50,000-59,999	2,128												
\$60,000-74,999	2,269												
\$75,000-99,999	2,050												
\$100,000-124,999	1,046												
\$125,000-149,999	831												
\$150,000-199,999	557												
\$200,000+	497												
<b>Total</b>	<b>29,250</b>		<b>17.1%</b>	<b>5,013</b>		<b>19.9%</b>	<b>5,818</b>		<b>15.3%</b>	<b>4,487</b>		<b>33.4%</b>	<b>9,759</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**

HOUSEHOLD DISTRIBUTION		
<b>1 BR</b>	80%	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
<b>3 BR</b>	40%	Of three-person households in 3BR units
	70%	Of four-person households in 3BR units
	50%	Of five-person households in 3BR units

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

Step Six – Capture Rate by Bedroom Mix

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

**CAPTURE RATE ANALYSIS BY UNIT TYPE**

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

**40% AMI Demand (Subsidized) – As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,752
2 persons	25.8%	7,542
3 persons	15.7%	4,583
4 persons	10.2%	2,981
5+ persons	8.2%	2,392
<b>Total</b>	<b>100.0%</b>	<b>29,250</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,752	x	5,938
2 persons	7,542	x	3,811
3 persons	4,583	x	2,316
4 persons	2,981	x	1,506
5+ persons	2,392	x	1,209
<b>Total</b>	<b>29,250</b>		<b>14,779</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	5,512
2BR	5,032
3BR	2,585
<b>Total</b>	<b>13,129</b>

*Capture Rate Analysis - @40% (Section 8)*

	Developer's Unit Mix	Capture Rate
1BR	1	0.02%
2BR	8	0.16%
3BR	3	0.12%
<b>Total/Overall</b>	<b>12</b>	<b>0.09%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	1	0.02%
2BR	8	0.14%
3BR	3	0.10%
<b>Total/Overall</b>	<b>12</b>	<b>0.08%</b>

**50% AMI Demand – As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,752
2 persons	25.8%	7,542
3 persons	15.7%	4,583
4 persons	10.2%	2,981
5+ persons	8.2%	2,392
<b>Total</b>	<b>100.0%</b>	<b>29,250</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,752	x 12.1%	1,425
2 persons	7,542	x 12.1%	914
3 persons	4,583	x 12.1%	556
4 persons	2,981	x 12.1%	361
5+ persons	2,392	x 12.1%	290
<b>Total</b>	<b>29,250</b>		<b>3,546</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	1,323
2BR	1,207
3BR	-
<b>Total</b>	<b>2,530</b>

*Capture Rate Analysis - @50%*

	Developer's Unit Mix	Capture Rate
1BR	7	0.53%
2BR	13	1.08%
3BR	-	-
<b>Total/Overall</b>	<b>20</b>	<b>0.79%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	7	0.48%
2BR	13	0.97%
3BR	-	-
<b>Total/Overall</b>	<b>20</b>	<b>0.71%</b>

**50% AMI Demand (Subsidized)- As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,752
2 persons	25.8%	7,542
3 persons	15.7%	4,583
4 persons	10.2%	2,981
5+ persons	8.2%	2,392
<b>Total</b>	<b>100.0%</b>	<b>29,250</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,752	x 59.9%	7,037
2 persons	7,542	x 59.9%	4,516
3 persons	4,583	x 59.9%	2,744
4 persons	2,981	x 59.9%	1,785
5+ persons	2,392	x 59.9%	1,432
<b>Total</b>	<b>29,250</b>		<b>17,515</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	6,533
2BR	5,963
3BR	3,063
<b>Total</b>	<b>15,560</b>

*Capture Rate Analysis - @50% (Section 8)*

	Developer's Unit Mix	Capture Rate
1BR	1	0.02%
2BR	5	0.08%
3BR	2	0.07%
<b>Total/Overall</b>	<b>8</b>	<b>0.05%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	1	0.01%
2BR	5	0.08%
3BR	2	0.06%
<b>Total/Overall</b>	<b>8</b>	<b>0.05%</b>

**60% AMI Demand - As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,752
2 persons	25.8%	7,542
3 persons	15.7%	4,583
4 persons	10.2%	2,981
5+ persons	8.2%	2,392
<b>Total</b>	<b>100.0%</b>	<b>29,250</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,752	x 15.3%	1,803
2 persons	7,542	x 15.3%	1,157
3 persons	4,583	x 15.3%	703
4 persons	2,981	x 15.3%	457
5+ persons	2,392	x 15.3%	367
<b>Total</b>	<b>29,250</b>		<b>4,487</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	-
2BR	1,528
3BR	785
<b>Total</b>	<b>2,312</b>

*Capture Rate Analysis - @60%*

	Developer's Unit Mix	Capture Rate
1BR	-	-
2BR	27	1.77%
3BR	13	1.66%
<b>Total/Overall</b>	<b>40</b>	<b>1.73%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	-	-
2BR	27	1.59%
3BR	13	1.49%
<b>Total/Overall</b>	<b>40</b>	<b>1.56%</b>

All Units – As Proposed

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,752
2 persons	25.8%	7,542
3 persons	15.7%	4,583
4 persons	10.2%	2,981
5+ persons	8.2%	2,392
<b>Total</b>	<b>100.0%</b>	<b>29,250</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,752	x	66.8%	7,845
2 persons	7,542	x	66.8%	5,034
3 persons	4,583	x	66.8%	3,059
4 persons	2,981	x	66.8%	1,990
5+ persons	2,392	x	66.8%	1,597
<b>Total</b>	<b>29,250</b>			<b>19,525</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	7,283
2BR	6,648
3BR	3,415
<b>Total</b>	<b>17,345</b>

*Capture Rate Analysis - All Units As Proposed*

	Developer's Unit Mix	Capture Rate
1BR	9	0.12%
2BR	53	0.80%
3BR	18	0.53%
<b>Total/Overall</b>	<b>80</b>	<b>0.46%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	9	0.11%
2BR	53	0.72%
3BR	18	0.47%
<b>Total/Overall</b>	<b>80</b>	<b>0.42%</b>

**40% AMI Demand – Absent Subsidy**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,752
2 persons	25.8%	7,542
3 persons	15.7%	4,583
4 persons	10.2%	2,981
5+ persons	8.2%	2,392
<b>Total</b>	<b>100.0%</b>	<b>29,250</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,752	x	17.1%	2,014
2 persons	7,542	x	17.1%	1,293
3 persons	4,583	x	17.1%	785
4 persons	2,981	x	17.1%	511
5+ persons	2,392	x	17.1%	410
<b>Total</b>	<b>29,250</b>			<b>5,013</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	1,870
2BR	1,707
3BR	877
<b>Total</b>	<b>4,454</b>

*Capture Rate Analysis - @40% Absent Subsidy*

	Developer's Unit Mix	Capture Rate
1BR	1	0.05%
2BR	8	0.47%
3BR	3	0.34%
<b>Total/Overall</b>	<b>12</b>	<b>0.27%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	1	0.05%
2BR	8	0.42%
3BR	3	0.31%
<b>Total/Overall</b>	<b>12</b>	<b>0.24%</b>



**50% AMI Demand – Absent Subsidy**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,752
2 persons	25.8%	7,542
3 persons	15.7%	4,583
4 persons	10.2%	2,981
5+ persons	8.2%	2,392
<b>Total</b>	<b>100.0%</b>	<b>29,250</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,752	x 19.9%	2,338
2 persons	7,542	x 19.9%	1,500
3 persons	4,583	x 19.9%	912
4 persons	2,981	x 19.9%	593
5+ persons	2,392	x 19.9%	476
<b>Total</b>	<b>29,250</b>		<b>5,818</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	2,170
2BR	1,981
3BR	1,018
<b>Total</b>	<b>5,169</b>

*Capture Rate Analysis - @50% Absent Subsidy*

	Developer's Unit Mix	Capture Rate
1BR	8	0.37%
2BR	18	0.91%
3BR	2	0.20%
<b>Total/Overall</b>	<b>28</b>	<b>0.54%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	8	0.33%
2BR	18	0.82%
3BR	2	0.18%
<b>Total/Overall</b>	<b>28</b>	<b>0.49%</b>

**60% AMI Demand – Absent Subsidy**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,752
2 persons	25.8%	7,542
3 persons	15.7%	4,583
4 persons	10.2%	2,981
5+ persons	8.2%	2,392
<b>Total</b>	<b>100.0%</b>	<b>29,250</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,752	x 15.3%	1,803
2 persons	7,542	x 15.3%	1,157
3 persons	4,583	x 15.3%	703
4 persons	2,981	x 15.3%	457
5+ persons	2,392	x 15.3%	367
<b>Total</b>	<b>29,250</b>		<b>4,487</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	-
2BR	1,528
3BR	785
<b>Total</b>	<b>2,312</b>

*Capture Rate Analysis - @60% Absent Subsidy*

	Developer's Unit Mix	Capture Rate
1BR	-	-
2BR	27	1.77%
3BR	13	1.66%
<b>Total/Overall</b>	<b>40</b>	<b>1.73%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	-	-
2BR	27	1.59%
3BR	13	1.49%
<b>Total/Overall</b>	<b>40</b>	<b>1.56%</b>

All Units – Absent Subsidy

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	40.2%	11,752
2 persons	25.8%	7,542
3 persons	15.7%	4,583
4 persons	10.2%	2,981
5+ persons	8.2%	2,392
<b>Total</b>	<b>100.0%</b>	<b>29,250</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,752	x	3,921
2 persons	7,542	x	2,516
3 persons	4,583	x	1,529
4 persons	2,981	x	995
5+ persons	2,392	x	798
<b>Total</b>	<b>29,250</b>		<b>9,759</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	3,640
2BR	3,323
3BR	1,707
<b>Total</b>	<b>8,669</b>

*Capture Rate Analysis - All Units Absent Subsidy*

	Developer's Unit Mix	Capture Rate
1BR	9	0.25%
2BR	53	1.60%
3BR	18	1.05%
<b>Total/Overall</b>	<b>80</b>	<b>0.92%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

1BR	9	0.22%
2BR	53	1.44%
3BR	18	0.95%
<b>Total/Overall</b>	<b>80</b>	<b>0.83%</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

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

- Church Street Station Studios is an existing, new construction family/supportive housing development that currently offers 80 units, of which all of the units are subsidized. The project received LIHTC allocations in 2016 and opened in 2017. The development is located approximately 1.6 miles from the Subject site. This property offers 45 units targeted towards formerly homeless clients and 35 units towards individuals earning 50 percent of AMI or less. The development's 35 general tenancy units will have competitive overlap with the Subject as proposed.
- St. Paul's Apartments is a new construction family development that will offer a combined 126 one, two, and three-bedroom units. The project received LIHTC allocations in 2016 and is set to be complete in 2019. The development is located at 531 Posey Lane, approximately 0.7 miles west of the Subject. The development will offer 51 units restricted to 50 and 56 units restricted to 60 percent of AMI, as well as six market rate units. Additionally, the property will offer 13 units restricted to 40 percent of AMI, operating with PBRA subsidies. This development will compete with the Subject upon completion.
- The Subject will be built concurrently with an 84-unit LIHTC development funded through the four percent bond program, which is considered Phase II of the Subject development. This development will consist of 84 one, two, and three-bedroom units restricted to 60 percent AMI. Additionally, 21 of these units will operate with Project Based Vouchers. This development will have competitive overlap with the Subject and has been accounted for in our demand analysis.

Therefore, we have removed 239 under construction units that are expected to be competitive with the Subject "As Proposed" and 170 units "Absent Subsidy," from our *Demand Analysis*.

**Annual Demand Table – As Proposed**

<b>ANNUAL DEMAND</b>		
Calculation		PMA
<b>Number of Renter Households in 2018</b>		29,250
<b>Increase in Number of Renter Households</b>		(217)
<b>Number of Renter Households in 2023</b>		29,033
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		59.0%
Percentage of Income-Qualified Renter Households		66.8%
Number of Income-Qualified Renter Households		19,525
Percentage of Rent-Overburdened		46.1%
<b>Existing Income-Qualified Renter Household Turnover</b>		<b>9,004</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		(43)
Percentage of Income-Qualified Renter Households		66.8%
<b>New Rental Income Qualified Households</b>		<b>(29)</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		80
Occupied Units at Subject With Vacancy of:	5%	76
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		8,975
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		9,972
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	239	
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>9,733</b>
<b>Yielded Annual Capture Rate of Available Demand in 2019</b>		<b>0.8%</b>

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

**Annual Demand Table – Absent Subsidy**

<b>ANNUAL DEMAND - ABSENT SUBSIDY</b>		
<b>Calculation</b>		<b>PMA</b>
<b>Number of Renter Households in 2018</b>		29,250
<b>Increase in Number of Renter Households</b>		(217)
<b>Number of Renter Households in 2023</b>		29,033
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		59.0%
Percentage of Income-Qualified Renter Households		33.4%
Number of Income-Qualified Renter Households		9,759
Percentage of Rent-Overburdened		46.1%
<b>Existing Income-Qualified Renter Household Turnover</b>		<b>4,500</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		(43)
Percentage of Income-Qualified Renter Households		33.4%
<b>New Rental Income Qualified Households</b>		<b>(15)</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		80
Occupied Units at Subject With Vacancy of:	5%	76
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		4,486
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		4,984
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	170	
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>4,814</b>
<b>Yielded Annual Capture Rate of Available Demand in 2019</b>		<b>1.6%</b>

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

## **VHDA DEMAND ANALYSIS**

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

For the following VHDA demand analysis, we have considered all of the Subject's 164 proposed units, including 80 nine percent LIHTC units and 84 four percent LIHTC units. Further, we have determined that there are 155 proposed competitive LIHTC units in the PMA, along with four vacant units at the comparable LIHTC properties considered directly competitive with the Subject's LIHTC units.

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

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

**MARKET HEIGHTS APARTMENTS- NORFOLK, VIRGINIA – MARKET STUDY**

Income Restrictions	Up to 40% (min. income to max. income)	Up to 50% (min. income to max. income)	Up to 60% (min. income to max. income)	Project Total (min. income to max. income)
New Rental Households	-7	-9	-7	-23
+ Existing Households - Overburdened	2,312	2,683	2,069	7,064
+ Existing Households - Substandard Housing	48	56	43	147
+ Senior Households - Likely to Convert to Rental Housing	0	0	0	0
+ Existing Qualifying Tenants - to Remain After Renovation	0	0	0	0
<b>TOTAL DEMAND</b>	<b>2,353</b>	<b>2,730</b>	<b>2,106</b>	<b>7,188</b>
- Supply (includes directly comparable vacant units completed or in pipeline in PMA)	13	86	56	155
<b>NET DEMAND</b>	<b>2,340</b>	<b>2,644</b>	<b>2,050</b>	<b>7,033</b>
PROPOSED UNITS*	12	28	124	164
<b>CAPTURE RATE</b>	<b>0.5%</b>	<b>1.1%</b>	<b>6.1%</b>	<b>2.3%</b>
ABSORPTION PERIOD	1 month	2-3 months	8-10 months	10 months

\*The proposed units include the Subject's 84 Phase II 4% units that all target 60% AMI

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

Project Wide Capture Rate - All Units*	2.3%
Project Wide Absorption Period (Months)	10 months

\*The proposed units include the Subject's 84 Phase II 4% units that all target 60% AMI



**PENETRATION RATE ANALYSIS**

Per VHDA guidelines, we also performed a penetration rate analysis for the Subject’s units as proposed and absent subsidy, as illustrated in the following tables. *Note that the total proposed competitive supply includes the Subject’s 84 Phase II four percent LIHTC units.*

PENETRATION RATE - AS PROPOSED	
Number of Proposed Competitive <i>LIHTC/Section 8</i> Units in the PMA	239
	+
Number of Existing Competitive Family LIHTC Units in the PMA	2,459
	+
Number of Proposed LIHTC Units at the Subject	80
	=
Total	2,778
	/
Income Eligible Households - All AMI Levels	19,525
	=
<b>Overall Penetration Rate - Market Focus (NCHMA)</b>	<b>14.2%</b>

PENETRATION RATE - ABSENT SUBSIDY	
Number of Proposed Competitive <i>LIHTC</i> Units in the PMA	170
	+
Number of Existing Competitive Family LIHTC Units in the PMA	1,129
	+
Number of Proposed <i>LIHTC</i> Units at the Subject	80
	=
Total	1,379
	/
Income Eligible Households - All AMI Levels	9,759
	=
<b>Overall Penetration Rate - Market Focus (NCHMA)</b>	<b>14.1%</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, and are family oriented. LIHTC properties in the PMA that are fully subsidized are excluded from this table since they are not directly

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

- Church Street Station Studios is an existing, new construction family/supportive housing development that currently offers 80 units, of which all of the units are subsidized. The project received LIHTC allocations in 2016 and opened in 2017. The development is located approximately 1.6 miles from the Subject site. This development’s 35 subsidized family tenancy units will have competitive overlap with the Subject’s subsidized units.
- St. Paul’s Apartments is a new construction family development that will offer a combined 126 one, two, and three-bedroom units. The project received LIHTC allocations in 2016 and is set to be complete

in 2019. The development is located at 531 Posey Lane, approximately 0.7 miles west of the Subject. The development will offer 51 units restricted to 50 and 56 units restricted to 60 percent of AMI, as well as six market rate units. Additionally, the property will offer 13 units restricted to 40 percent of AMI, operating with PBRA subsidies. This development will compete with the Subject upon completion.

- The Subject will be built concurrently with an 84-unit LIHTC development funded through the four percent bond program. This development will consist of 84 one, two, and three-bedroom units restricted to 60 percent AMI. Additionally, 21 of these units will operate with Project Based Vouchers. This development will have competitive overlap with the Subject and has been accounted for in our demand analysis.

Overall, all of these developments are considered in our VHDA demand for a total of 239 proposed LIHTC units.

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

EXISTING AFFORDABLE PROPERTIES IN PMA

Property Name	Rent Structure	Tenancy	Total Units	Competitive LIHTC Units	Competitive Subsidized Units
Parkwood Manor Apartments	LIHTC	Family	100	100	0
Quill Farms*	LIHTC	Family	180	180	0
Riverpoint Apartments	LIHTC	Family	220	220	0
The Pointe at Pickett Farms*	LIHTC	Family	120	120	0
Villa Terrace	LIHTC	Family	82	81	0
Archer's Green Apartments	LIHTC/ Market	Family	224	112	0
Broad Creek*	LIHTC/Market	Family	300	150	0
Meadowood Apartments*	LIHTC/Market	Family	180	36	0
Mission College Apartments*	LIHTC/Market	Family	260	130	0
Church Street Station Studios	LIHTC/Section 8	Family	80	0	80
Annetta M. Lane Apartments	Section 8	Family	40	0	40
Calvary Towers	Section 8	Family	112	0	112
Cogic High Rise Apartments	Section 8	Family	150	0	148
Colonial Hall Apts.	Section 8	Family	40	0	40
Grace Place	Section 8	Family	40	0	39
Granby House	Section 8	Family	154	0	154
Kennon Avenue	Section 8	Family	3	0	3
Lexington Park Apartments	Section 8	Family	180	0	180
Moultrie Drive	Section 8	Family	5	0	5
Multrie Drive	Section 8	Family	5	0	5
Park Terrace	Section 8	Family	81	0	81
So Hampton Rds Area Supportive	Section 8	Family	25	0	25
Suburban House	Section 8	Family	154	0	154
Thole Street Group Home	Section 8	Family	5	0	5
Village Pointe Apartments	Section 8	Family	59	0	59
Lakewood Plaza	Section 8	Senior	200	0	200
<b>Total</b>			<b>2,999</b>	<b>1,129</b>	<b>1,330</b>

\*Utilized as a comparable property

We were able to obtain absorption data from two of the comparable properties. We have also added absorption information for one additional property in the PMA, Promenade Pointe. This absorption information is presented in the following table. We attempted to gather information on both the Pointe at Pickett Farms and Quill Farms, comparable properties that were constructed in 2014 and 2015, respectively. However, the contacts at the properties could not provide absorption information.

**ABSORPTION**

Property Name	Rent Structure	Tenancy	Year Built	Number of Units	Units Absorbed / Month
The Clairmont At Campostella Station	LIHTC	Family	2017	152	15
The Banks At Berkley	LIHTC	Family	2017	50	25
Promenade Pointe*	Market	Family	2014	183	13
<b>Average</b>				<b>128</b>	<b>18</b>

\*Located outside of the PMA

The properties have reported absorption rates of 13 to 25 units per month. We believe the Subject would experience an absorption rate most similar to the similarly sized LIHTC properties. Therefore, we expect the Subject will experience an absorption rate of 20 units per month, indicating an absorption period of just under four months for the Subject’s proposed 80 LIHTC units. When considering the 84 Phase II units, the overall absorption rate would be approximately 15 to 18 units per month, indicating an absorption period of approximately 10 months.

Rent conclusions were provided in *Section H*.

We do not anticipate any future changes in the housing stock or risks in the market area that would adversely affect the Subject. The proposed rents appear to be achievable and we do not believe the Subject will need to rely on voucher support or a project-based subsidy in the future.

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

#### PAYMENT STANDARDS

Unit Type	Standard
One-Bedroom	\$953
Two-Bedroom	\$1,150
Three-Bedroom	\$1,601

Source: Norfolk Redevelopment and Housing Authority , effective January 2016

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

### Planning Discussion

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

#### PLANNED DEVELOPMENT IN THE PMA

Property Name	Rent Structure	Tenancy	Total Units	Competitive Units	Construction Status	Distance to Subject
1500 Monticello	Market	Family	258	0	Under Construction	1.4 miles
4013 Colley Ave	Market	Family	5	0	Under Construction	2.6 miles
Ghent Art Apartments	Market	Family	48	0	Under Construction	1.1 miles
St. Paul's Apartment Homes	Market	Family	126	0	Under Construction	0.5 miles
Tazewell Hotel	Market	Family	56	0	Under Construction	1.2 miles
Tidewater Square	Market	Family	65	0	Under Construction	1.9 miles
J.E.B. Stuart School Apartments	Market	Family	68	0	Planned	2.9 miles
Tarrant's Bay Highrise Apartments	Market	Family	482	0	Planned	2.1 miles
The Rockefeller Phase II	Market	Family	40	0	Planned	1.3 miles
Newport Plaza - Park Place	Market	Family	52	0	Planned	2.3 miles
<b>Totals</b>			<b>1,200</b>	<b>0</b>		

Source: Costar, January 2019

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

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

- Church Street Station Studios is an existing, new construction family/supportive housing development that currently offers 80 units, of which all of the units are subsidized. The project received LIHTC allocations in 2016 and opened in 2017. The development is located approximately 1.6 miles from the Subject site. This development will have competitive overlap with the Subject’s subsidized units.
- St. Paul’s Apartments is a new construction family development that will offer a combined 126 one, two, and three-bedroom units. The project received LIHTC allocations in 2016 and is set to be complete in 2019. The development is located at 531 Posey Lane, approximately 0.7 miles west of the Subject. The development will offer 51 units restricted to 50 and 56 units restricted to 60 percent of AMI, as well as six market rate units. Additionally, the property will offer 13 units restricted to 40 percent of AMI, operating with PBRA subsidies. This development will compete with the Subject upon completion.
- The Subject will be built concurrently with an 84-unit LIHTC development funded through the four percent bond program. This development will consist of 84 one, two, and three-bedroom units restricted to 60 percent AMI. Additionally, 21 of these units will operate with Project Based Vouchers. This development will have competitive overlap with the Subject and has been accounted for in our demand analysis.

Therefore, we have removed 239 under construction units that are expected to be competitive with the Subject “As Proposed” and 170 units “Absent Subsidy,” from our *Demand Analysis*.

## **K. ANALYSIS/CONCLUSIONS**



**Recommendations**

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

**Demand Summary**

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

Project Wide Capture Rate - All Units*	2.3%
Project Wide Absorption Period (Months)	10 months

\*The proposed units include the Subject's 84 Phase II 4% units that all target 60% AMI

Additionally, the overall penetration rate for the Subject is 2.3 percent . It should be noted that the penetration rate analysis we have derived is conservative because it does not account for leakage (i.e. tenants originating outside of the PMA). Overall, the derived penetration rate for the Subject is considered reasonable.

**Strengths and Weaknesses of the Subject**

Strengths

- The Subject will offer a four-story, low-rise elevator-serviced design. Only one LIHTC comparable property an elevator-serviced design while five market rate comparables offer elevator-service; as such, we believe the building design is a competitive advantage among affordable properties.
- The Subject will be new construction and will be among the newest multifamily developments in the market. Upon completion, the property will be slightly superior to superior to the comparable properties.
- The local economy has a lower unemployment rate than the national economy. Additionally, employment has grown in eight of the nine years since 2010. Between November 2017 and November 2018, employment grew 1.9 percent, slightly higher than the nation. Additionally, over the same period, the unemployment rate in the MSA decreased 0.8 percentage points to 3.0 percent, while the nation reported a decrease of 0.4 percentage points to 3.5 percent.
- Vacancy rates among the LIHTC properties range from zero to 3.1 percent, with an average of just 0.6 percent. Additionally, five of the seven LIHTC comparables maintain waiting lists, indicating strong demand for affordable housing in the market.
- The Subject site is located in close proximity to many services, public transportation, and retailers.

Weaknesses

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

**Absorption Estimate**

We were able to obtain absorption data from two of the comparable properties. We have also added absorption information for one additional property in the PMA, Promenade Pointe. This absorption information is presented in the following table. We attempted to gather information on both the Pointe at Pickett Farms and Quill Farms, comparable properties that were constructed in 2014 and 2015, respectively. However, the contacts at the properties could not provide absorption information.

**ABSORPTION**

Property Name	Rent Structure	Tenancy	Year Built	Number of Units	Units Absorbed / Month
The Clairmont At Campostella Station	LIHTC	Family	2017	152	15
The Banks At Berkley	LIHTC	Family	2017	50	25
Promenade Pointe*	Market	Family	2014	183	13
<b>Average</b>				<b>128</b>	<b>18</b>

\*Located outside of the PMA

The properties have reported absorption rates of 13 to 25 units per month. We believe the Subject would experience an absorption rate most similar to the similarly sized LIHTC properties. Therefore, we expect the Subject will experience an absorption rate of 20 units per month, indicating an absorption period of just under four months for the Subject’s proposed 80 LIHTC units. When considering the 84 Phase II units, the overall absorption rate would be approximately 15 to 18 units per month, indicating an absorption period of approximately 10 months.

## **L. OTHER REQUIREMENTS**

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



K. David Adamescu  
Manager

February 5, 2019  
Date

**ADDENDUM A**  
**Assumptions and Limiting Conditions**

## **ASSUMPTIONS AND LIMITING CONDITIONS**

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

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

**ADDENDUM B**  
**Subject Property and Neighborhood Photographs**



**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD**



View of Subject site facing northwest



View of Subject site facing west



View of Subject site facing southwest



View of Subject site facing northeast



View of school from Subject site, facing southeast



View of Subject site from May Avenue



View of Subject site



View of bus stop adjacent to subject site



View of Subject site from May Avenue



View of Subject site from May Avenue



View north along May Avenue



View south along May Avenue



View north along Tidewater Drive



View south along Tidewater Drive



View west along E. Brambleton Avenue



View east along E. Brambleton Avenue



Metal Supplier north of Subject site



House of worship east of Subject site



Life Storage east of Subject site



View of Tidewater Gardens Apartments (west)



Research center southeast of Subject site



Amtrak station southwest of Subject site



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood

**ADDENDUM C**  
**Subject Matrices and Property Profiles**

**SUMMARY MATRIX**

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
Subject	Market Heights Apartments 630 Tidewater Drive Norfolk, VA 23504 Alleghany County	-	Lowrise 4-stories 2020 / n/a Family	@40% (Section 8), @50%, @50% (Section 8), @60%	1BR / 1BA	1	1.3%	708	@40% (Section 8)	\$457	Yes	N/A	N/A	N/A
					1BR / 1BA	7	8.8%	708	@50%	\$598	Yes	N/A	N/A	N/A
					1BR / 1BA	1	1.3%	708	@50% (Section 8)	\$598	Yes	N/A	N/A	N/A
					2BR / 2BA	8	10.0%	951	@40% (Section 8)	\$556	Yes	N/A	N/A	N/A
					2BR / 2BA	13	16.3%	951	@50%	\$724	Yes	N/A	N/A	N/A
					2BR / 2BA	5	6.3%	951	@50% (Section 8)	\$724	Yes	N/A	N/A	N/A
					2BR / 2BA	27	33.8%	951	@60%	\$848	No	N/A	N/A	N/A
					3BR / 2BA	3	3.8%	1,179	@40% (Section 8)	\$638	Yes	N/A	N/A	N/A
					3BR / 2BA	2	2.5%	1,179	@50% (Section 8)	\$883	Yes	N/A	N/A	N/A
					3BR / 2BA	13	16.3%	1,179	@60%	\$977	No	N/A	N/A	N/A
					<b>80</b>									
1	Broad Creek 1420 Merrimac Avenue Norfolk, VA 23504 Norfolk County	1.5 miles	Various 2-stories 2004 / 2015 Family	@60%, Market	1BR / 1BA	N/A	N/A	748	@60%	\$685	No	Yes	0	N/A
					1BR / 1BA	N/A	N/A	748	Market	\$740	N/A	Yes	0	N/A
					2BR / 1BA	N/A	N/A	960	@60%	\$817	No	Yes	0	N/A
					2BR / 1BA	N/A	N/A	960	Market	\$905	N/A	Yes	0	N/A
					2BR / 1.5BA	N/A	N/A	1,024	@60%	\$817	No	Yes	0	N/A
					2BR / 1.5BA	N/A	N/A	1,024	Market	\$905	N/A	Yes	0	N/A
					3BR / 2.5BA	N/A	N/A	1,408	@60%	\$918	No	Yes	0	N/A
					3BR / 2.5BA	N/A	N/A	1,408	Market	\$1,066	N/A	Yes	0	N/A
					4BR / 2BA	N/A	N/A	1,535	@60%	\$1,095	N/A	Yes	0	N/A
					<b>300</b>									
2	Meadowood Apartments 6130 Edward Street Norfolk, VA 23513 County	3.7 miles	Garden 3-stories 2011 / n/a Family	@80%, Market	1BR / 1BA	N/A	N/A	850	@80%	\$801	Yes	No	0	N/A
					1BR / 1BA	N/A	N/A	850	Market	\$1,170	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,200	@80%	\$958	No	No	0	N/A
					2BR / 2BA	N/A	N/A	1,230	@80%	\$993	Yes	No	0	N/A
					2BR / 2BA	N/A	N/A	1,200	Market	\$1,417	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,230	Market	\$1,447	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,380	@80%	\$1,097	Yes	No	0	N/A
3BR / 2BA	N/A	N/A	1,380	Market	\$1,616	N/A	No	0	N/A					
<b>180</b>														
3	Mission College Apartments 1300 Lead Street Norfolk, VA 23504 Norfolk County	1.0 miles	Garden 3-stories 1990 / 2008 Family	@50%, Market	1BR / 1BA	24	9.2%	850	@50%	\$576	Yes	No	1	4.2%
					1BR / 1BA	12	4.6%	850	Market	\$695	N/A	No	0	0.0%
					2BR / 1BA	84	32.3%	1,050	@50%	\$689	Yes	No	2	2.4%
					2BR / 1BA	84	32.3%	1,050	Market	\$787	N/A	No	1	1.2%
					3BR / 2BA	12	4.6%	1,200	@50%	\$789	Yes	No	1	8.3%
					3BR / 2BA	24	9.2%	1,200	Market	\$889	N/A	No	2	8.3%
					4BR / 2.5BA	10	3.9%	1,350	@50%	\$961	Yes	No	0	0.0%
					4BR / 2.5BA	10	3.9%	1,350	Market	\$1,095	N/A	Yes	1	10.0%
<b>260</b>														
4	Quill Farms 5424 Greenplain Road Norfolk, VA 23502 Norfolk County	3.3 miles	Garden 3-stories 2015 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$748	Yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,035	@60%	\$884	Yes	Yes	0	N/A
					3BR / 2BA	N/A	N/A	1,222	@60%	\$1,009	Yes	Yes	0	N/A
					<b>180</b>									
5	The Banks At Berkley 701 S Main St Norfolk, VA 23523 Norfolk County	1.0 miles	Midrise 4-stories 2017 / n/a Family	@40%, @50%, @60%	2BR / 1.5BA	4	8.0%	871	@40%	\$494	No	Yes	0	0.0%
					2BR / 1.5BA	31	62.0%	871	@50%	\$654	No	Yes	0	0.0%
					2BR / 1.5BA	4	8.0%	871	@60%	\$754	No	Yes	0	0.0%
					3BR / 2BA	1	2.0%	1,083	@40%	\$554	No	Yes	0	0.0%
					3BR / 2BA	4	8.0%	1,083	@50%	\$714	No	Yes	0	0.0%
					3BR / 2BA	6	12.0%	1,083	@60%	\$840	No	Yes	0	0.0%
<b>50</b>														
6	The Clairmont At Campostella Station 1030 Berkley Avenue Norfolk, VA 23523 Norfolk County	1.4 miles	Garden 3-stories 2017 / n/a Family	@40%, @50%, @60%	1BR / 1BA	2	1.3%	720	@40%	\$464	Yes	Yes	0	0.0%
					1BR / 1BA	2	1.3%	720	@50%	\$605	Yes	Yes	0	0.0%
					1BR / 1BA	18	11.8%	720	@60%	\$743	Yes	Yes	0	0.0%
					2BR / 2BA	4	2.6%	1,070	@40%	\$552	Yes	Yes	0	0.0%
					2BR / 2BA	14	9.2%	1,070	@50%	\$720	Yes	Yes	0	0.0%
					2BR / 2BA	46	30.3%	1,070	@60%	\$886	Yes	Yes	0	0.0%
					3BR / 2BA	4	2.6%	1,260	@40%	\$628	Yes	Yes	0	0.0%
					3BR / 2BA	16	10.5%	1,260	@50%	\$823	Yes	Yes	0	0.0%
					3BR / 2BA	46	30.3%	1,260	@60%	\$1,016	Yes	Yes	0	0.0%
<b>152</b>														
7	The Pointe At Pickett Farms 5424 Greenplain Road Norfolk, VA 23502 County	3.3 miles	Garden 3-stories 2014 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$748	Yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,035	@60%	\$884	Yes	Yes	0	N/A
					3BR / 2BA	N/A	N/A	1,222	@60%	\$1,009	Yes	Yes	0	N/A
					<b>120</b>									
8	Monticello Station 328 East Freemason Street Norfolk, VA 23510 Norfolk City County	0.7 miles	Midrise 4-stories 2010 / n/a Family	Market	1BR / 1BA	43	35.5%	878	Market	\$1,401	N/A	No	1	2.3%
					1BR / 1BA	N/A	N/A	960	Market	\$1,488	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	770	Market	\$1,313	N/A	No	0	N/A
					2BR / 2BA	63	52.1%	1,249	Market	\$1,773	N/A	No	0	0.0%
					2BR / 2BA	N/A	N/A	1,400	Market	\$1,952	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,085	Market	\$1,594	N/A	No	0	N/A
					3BR / 2BA	11	9.1%	1,377	Market	\$2,056	N/A	No	0	0.0%
					3BR / 2BA	N/A	N/A	1,400	Market	\$2,078	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,350	Market	\$2,028	N/A	No	0	N/A
					3BR / 3BA	2	1.7%	1,450	Market	\$2,200	N/A	No	1	50.0%
4BR / 3BA	2	1.7%	1,610	Market	\$2,457	N/A	No	0	0.0%					
<b>121</b>														
9	River House Apartments 4253 Llewellyn Avenue Norfolk, VA 23504 County	2.0 miles	Midrise 4-stories 2010 / n/a Family	Market	1BR / 1BA	45	23.2%	825	Market	\$1,320	N/A	Yes	0	0.0%
					2BR / 2BA	66	34.0%	1,157	Market	\$1,557	N/A	Yes	3	4.6%
					2BR / 2BA	65	33.5%	1,167	Market	\$1,557	N/A	Yes	1	1.5%
					3BR / 2BA	9	4.6%	1,352	Market	\$1,912	N/A	Yes	0	0.0%
					3BR / 2BA	9	4.6%	1,506	Market	\$1,867	N/A	Yes	0	0.0%
<b>194</b>														
<b>4</b>														
<b>2.1%</b>														

**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
10	The Alexander At Ghent 1600 Granby Street Norfolk, VA 23510 Norfolk County	1.3 miles	Midrise 4-stories 2007 / n/a Family	Market	0BR / 1BA	12	4.5%	565	Market	\$1,025	N/A	No	1	8.3%
					0BR / 1BA	50	18.7%	695	Market	\$1,055	N/A	No	1	2.0%
					1BR / 1BA	12	4.5%	565	Market	\$1,106	N/A	No	1	8.3%
					1BR / 1BA	56	20.9%	748	Market	\$1,201	N/A	No	1	1.8%
					1BR / 1BA	6	2.2%	825	Market	\$1,286	N/A	No	0	0.0%
					2BR / 2BA	84	31.3%	1,036	Market	\$1,378	N/A	No	1	1.2%
					2BR / 2BA	36	13.4%	1,192	Market	\$1,513	N/A	No	1	2.8%
					3BR / 2BA	12	4.5%	1,324	Market	\$1,767	N/A	No	0	0.0%
										<u>268</u>				
11	The Belmont At Freemason 260 York Street Norfolk, VA 23510 County	1.0 miles	Highrise 7-stories 2009 / n/a Family	Market	1BR / 1BA	N/A	N/A	769	Market	\$1,299	N/A	No	6	N/A
					1BR / 1BA	N/A	N/A	836	Market	\$1,426	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	702	Market	\$1,171	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,123	Market	\$1,530	N/A	No	4	N/A
					2BR / 2BA	N/A	N/A	1,182	Market	\$1,593	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,065	Market	\$1,467	N/A	No	0	N/A
					<u>239</u>							10	4.2%	
12	The Heritage At Freemason Harbour 200 College Place Norfolk, VA 23510 Norfolk County	0.9 miles	Midrise 4-stories 1999 / 2018 Family	Market	1BR / 1BA	51	27.6%	768	Market	\$1,343	N/A	No	2	3.9%
					1BR / 1BA	N/A	N/A	768	Market	\$1,366	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	768	Market	\$1,320	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,071	Market	\$1,528	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,330	Market	\$1,922	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,187	Market	\$1,826	N/A	No	0	N/A
					<u>185</u>							10	5.4%	



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

		Units Surveyed:	2,249	Weighted Occupancy:	98.2%	
		Market Rate	1,007	Market Rate	96.8%	
		Tax Credit	1,242	Tax Credit	99.4%	
		One-Bedroom One Bath Property	Average	Two-Bedroom Two Bath Property	Average	
		Property	Average	Property	Average	
		Three-Bedroom Two Bath Property	Average	Property	Average	
<b>RENT</b>	Monticello Station (Market)	\$1,401	Monticello Station (Market)	\$1,773	Monticello Station (Market)(3BA)	\$2,200
	The Heritage At Freemason Harbour (Market)	\$1,343	River House Apartments (Market)	\$1,557	Monticello Station (Market)	\$2,056
	River House Apartments (Market)	\$1,320	River House Apartments (Market)	\$1,557	The Heritage At Freemason Harbour (Market)	\$1,922
	The Belmont At Freemason (Market)	\$1,299	The Belmont At Freemason (Market)	\$1,530	River House Apartments (Market)	\$1,912
	The Alexander At Ghent (Market)	\$1,286	The Heritage At Freemason Harbour (Market)	\$1,528	River House Apartments (Market)	\$1,867
	The Alexander At Ghent (Market)	\$1,201	The Alexander At Ghent (Market)	\$1,513	The Heritage At Freemason Harbour (Market)	\$1,826
	Meadowood Apartments (Market)	\$1,170	Meadowood Apartments (Market)	\$1,447	The Alexander At Ghent (Market)	\$1,767
	The Alexander At Ghent (Market)	\$1,106	Meadowood Apartments (Market)	\$1,417	Meadowood Apartments (Market)	\$1,616
	Meadowood Apartments (@80%)	\$801	The Alexander At Ghent (Market)	\$1,378	Meadowood Apartments (@80%)	\$1,097
	Quill Farms (@60%)	\$748	Meadowood Apartments (@80%)	\$993	Broad Creek (Market)(2.5BA)	\$1,066
	The Pointe At Pickett Farms (@60%)	\$748	Meadowood Apartments (@80%)	\$958	The Clairmont At Campostella Station (@60%)	\$1,016
	The Clairmont At Campostella Station (@60%)	\$743	Broad Creek (Market)(1BA)	\$905	Quill Farms (@60%)	\$1,009
	Broad Creek (Market)	\$740	Broad Creek (Market)(1.5BA)	\$905	The Pointe At Pickett Farms (@60%)	\$1,009
	Mission College Apartments (Market)	\$695	The Clairmont At Campostella Station (@60%)	\$886	<b>Market Heights Apartments (@60%)</b>	<b>\$977</b>
	Broad Creek (@60%)	\$685	The Pointe At Pickett Farms (@60%)	\$884	Broad Creek (@60%)(2.5BA)	\$918
	The Clairmont At Campostella Station (@50%)	\$605	Quill Farms (@60%)	\$884	Mission College Apartments (Market)	\$889
	<b>Market Heights Apartments (@50%)</b>	<b>\$598</b>	<b>Market Heights Apartments (@60%)</b>	<b>\$848</b>	<b>Market Heights Apartments (@60%)</b>	<b>\$883</b>
	<b>Market Heights Apartments (@50%)</b>	<b>\$598</b>	Broad Creek (@60%)(1.5BA)	\$817	The Banks At Berkeley (@60%)	\$840
	Mission College Apartments (@50%)	\$576	Broad Creek (@60%)(1BA)	\$817	The Clairmont At Campostella Station (@50%)	\$823
	The Clairmont At Campostella Station (@40%)	\$464	Mission College Apartments (Market)(1BA)	\$787	Mission College Apartments (@60%)	\$789
	<b>Market Heights Apartments (@40%)</b>	<b>\$457</b>	The Banks At Berkeley (@60%)(1.5BA)	\$754	The Banks At Berkeley (@50%)	\$714
			<b>Market Heights Apartments (@60%)</b>	<b>\$724</b>	<b>Market Heights Apartments (@40%)</b>	<b>\$638</b>
			<b>Market Heights Apartments (@60%)</b>	<b>\$724</b>	The Clairmont At Campostella Station (@40%)	\$628
			The Clairmont At Campostella Station (@50%)	\$720	The Banks At Berkeley (@40%)	\$554
			Mission College Apartments (@50%)(1BA)	\$689		
		The Banks At Berkeley (@50%)(1.5BA)	\$654			
		<b>Market Heights Apartments (@40%)</b>	<b>\$556</b>			
		The Clairmont At Campostella Station (@40%)	\$552			
		The Banks At Berkeley (@40%)(1.5BA)	\$494			
<b>SQUARE FOOTAGE</b>	Monticello Station (Market)	878	Monticello Station (Market)	1,249	River House Apartments (Market)	1,506
	Meadowood Apartments (@80%)	850	Meadowood Apartments (@80%)	1,230	Monticello Station (Market)(3BA)	1,450
	Mission College Apartments (@50%)	850	Meadowood Apartments (Market)	1,230	Broad Creek (@60%)(2.5BA)	1,408
	Meadowood Apartments (Market)	850	Meadowood Apartments (Market)	1,200	Broad Creek (Market)(2.5BA)	1,408
	Mission College Apartments (Market)	850	Meadowood Apartments (@80%)	1,200	Meadowood Apartments (@80%)	1,380
	River House Apartments (Market)	825	The Alexander At Ghent (Market)	1,192	Meadowood Apartments (Market)	1,380
	The Alexander At Ghent (Market)	825	River House Apartments (Market)	1,167	Monticello Station (Market)	1,377
	The Belmont At Freemason (Market)	769	River House Apartments (Market)	1,157	River House Apartments (Market)	1,352
	The Heritage At Freemason Harbour (Market)	768	The Belmont At Freemason (Market)	1,123	The Heritage At Freemason Harbour (Market)	1,330
	The Alexander At Ghent (Market)	748	The Heritage At Freemason Harbour (Market)	1,071	The Alexander At Ghent (Market)	1,324
	Broad Creek (@60%)	748	The Clairmont At Campostella Station (@40%)	1,070	The Clairmont At Campostella Station (@60%)	1,260
	Broad Creek (Market)	748	The Clairmont At Campostella Station (@50%)	1,070	The Clairmont At Campostella Station (@40%)	1,260
	The Clairmont At Campostella Station (@40%)	720	The Clairmont At Campostella Station (@60%)	1,070	The Clairmont At Campostella Station (@50%)	1,260
	Quill Farms (@60%)	720	Mission College Apartments (Market)(1BA)	1,050	Quill Farms (@60%)	1,222
	The Clairmont At Campostella Station (@50%)	720	Mission College Apartments (@50%)(1BA)	1,050	The Pointe At Pickett Farms (@60%)	1,222
	The Clairmont At Campostella Station (@60%)	720	The Alexander At Ghent (Market)	1,036	Mission College Apartments (Market)	1,200
	The Pointe At Pickett Farms (@60%)	720	The Pointe At Pickett Farms (@60%)	1,035	Mission College Apartments (@50%)	1,200
	<b>Market Heights Apartments (@40%)</b>	<b>708</b>	Quill Farms (@60%)	1,035	The Heritage At Freemason Harbour (Market)	1,187
	<b>Market Heights Apartments (@50%)</b>	<b>708</b>	Broad Creek (@60%)(1.5BA)	1,024	<b>Market Heights Apartments (@60%)</b>	<b>1,179</b>
	<b>Market Heights Apartments (@50%)</b>	<b>708</b>	Broad Creek (Market)(1.5BA)	1,024	<b>Market Heights Apartments (@40%)</b>	<b>1,179</b>
	The Alexander At Ghent (Market)	565	Broad Creek (Market)(1BA)	960	<b>Market Heights Apartments (@60%)</b>	<b>1,179</b>
			Broad Creek (@60%)(1BA)	960	The Banks At Berkeley (@40%)	1,083
			<b>Market Heights Apartments (@60%)</b>	<b>951</b>	The Banks At Berkeley (@60%)	1,083
			<b>Market Heights Apartments (@50%)</b>	<b>951</b>	The Banks At Berkeley (@50%)	1,083
			<b>Market Heights Apartments (@40%)</b>	<b>951</b>		
		<b>Market Heights Apartments (@50%)</b>	<b>951</b>			
		The Banks At Berkeley (@60%)(1.5BA)	871			
		The Banks At Berkeley (@40%)(1.5BA)	871			
		The Banks At Berkeley (@50%)(1.5BA)	871			
<b>RENT PER SQUARE FOOT</b>	The Alexander At Ghent (Market)	\$1.96	The Heritage At Freemason Harbour (Market)	\$1.43	The Heritage At Freemason Harbour (Market)	\$1.54
	The Heritage At Freemason Harbour (Market)	\$1.75	Monticello Station (Market)	\$1.42	Monticello Station (Market)(3BA)	\$1.52
	The Belmont At Freemason (Market)	\$1.69	The Belmont At Freemason (Market)	\$1.36	Monticello Station (Market)	\$1.49
	The Alexander At Ghent (Market)	\$1.61	River House Apartments (Market)	\$1.35	The Heritage At Freemason Harbour (Market)	\$1.45
	River House Apartments (Market)	\$1.60	River House Apartments (Market)	\$1.33	River House Apartments (Market)	\$1.41
	Monticello Station (Market)	\$1.60	The Alexander At Ghent (Market)	\$1.33	The Alexander At Ghent (Market)	\$1.33
	The Alexander At Ghent (Market)	\$1.56	The Alexander At Ghent (Market)	\$1.27	River House Apartments (Market)	\$1.24
	Meadowood Apartments (Market)	\$1.38	Meadowood Apartments (Market)	\$1.18	Meadowood Apartments (Market)	\$1.17
	Quill Farms (@60%)	\$1.04	Meadowood Apartments (Market)	\$1.18	<b>Market Heights Apartments (@60%)</b>	<b>\$0.83</b>
	The Pointe At Pickett Farms (@60%)	\$1.04	Broad Creek (Market)(1BA)	\$0.94	The Pointe At Pickett Farms (@60%)	\$0.83
	The Clairmont At Campostella Station (@60%)	\$1.03	<b>Market Heights Apartments (@60%)</b>	<b>\$0.89</b>	Quill Farms (@60%)	\$0.83
	Broad Creek (Market)	\$0.99	Broad Creek (Market)(1.5BA)	\$0.88	The Clairmont At Campostella Station (@60%)	\$0.81
	Meadowood Apartments (@80%)	\$0.94	The Banks At Berkeley (@60%)(1.5BA)	\$0.87	Meadowood Apartments (@80%)	\$0.79
	Broad Creek (@60%)	\$0.92	The Pointe At Pickett Farms (@60%)	\$0.85	The Banks At Berkeley (@60%)	\$0.78
	<b>Market Heights Apartments (@50%)</b>	<b>\$0.84</b>	Quill Farms (@60%)	\$0.85	Broad Creek (Market)(2.5BA)	\$0.76
	<b>Market Heights Apartments (@50%)</b>	<b>\$0.84</b>	Broad Creek (@60%)(1BA)	\$0.85	<b>Market Heights Apartments (@60%)</b>	<b>\$0.75</b>
	The Clairmont At Campostella Station (@50%)	\$0.84	The Clairmont At Campostella Station (@60%)	\$0.83	Mission College Apartments (Market)	\$0.74
	Mission College Apartments (Market)	\$0.82	Meadowood Apartments (@80%)	\$0.81	The Banks At Berkeley (@50%)	\$0.66
	Mission College Apartments (@50%)	\$0.68	Meadowood Apartments (@80%)	\$0.80	Mission College Apartments (@50%)	\$0.66
	<b>Market Heights Apartments (@40%)</b>	<b>\$0.65</b>	Broad Creek (@60%)(1.5BA)	\$0.80	The Clairmont At Campostella Station (@50%)	\$0.65
	The Clairmont At Campostella Station (@40%)	\$0.64	<b>Market Heights Apartments (@50%)</b>	<b>\$0.76</b>	Broad Creek (@60%)(2.5BA)	\$0.65
			<b>Market Heights Apartments (@50%)</b>	<b>\$0.76</b>	<b>Market Heights Apartments (@40%)</b>	<b>\$0.54</b>
			The Banks At Berkeley (@50%)(1.5BA)	\$0.75	The Banks At Berkeley (@40%)	\$0.51
			Mission College Apartments (Market)(1BA)	\$0.75	The Clairmont At Campostella Station (@40%)	\$0.50
			The Clairmont At Campostella Station (@50%)	\$0.67		
		Mission College Apartments (@50%)(1BA)	\$0.66			
		<b>Market Heights Apartments (@40%)</b>	<b>\$0.58</b>			
		The Banks At Berkeley (@40%)(1.5BA)	\$0.57			
		The Clairmont At Campostella Station (@40%)	\$0.52			

AMENITY MATRIX

	Subject	Broad Creek	Meadowood Apartments	Mission College Apartments	Quill Farms	The Banks At Berkley	The Clairmont At Campostella	The Pointe At Pickett Farms	Monticello Station	River House Apartments	The Alexander At Ghent	The Belmont At Freemason	The Heritage At Freemason Harbour
Rent Structure	LIHTC/	LIHTC/	LIHTC/ Market	LIHTC/	LIHTC	LIHTC	LIHTC	LIHTC	Market	Market	Market	Market	Market
<b>Building</b>													
Property Type	Lowrise	Various	Garden	Garden	Garden	Midrise	Garden	Garden	Midrise	Midrise	Midrise	Highrise	Midrise
# of Stories	4-stories	2-stories	3-stories	3-stories	3-stories	4-stories	3-stories	3-stories	4-stories	4-stories	4-stories	7-stories	4-stories
Year Built	2020	2004	2011	1990	2015	2017	2017	2014	2010	2010	2007	2009	1999
Year Renovated	n/a	2015	n/a	2008	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2018
Elevators	yes	no	no	no	no	yes	no	no	yes	yes	yes	yes	yes
Courtyard	no	no	no	no	no	no	no	no	yes	no	yes	no	yes
<b>Utility Structure</b>													
Cooking	no	no	no	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no	no	no
Water	no	yes	no	yes	no	no	no	no	no	no	no	no	no
Sewer	no	yes	no	yes	no	no	no	no	no	no	no	no	no
Trash	yes	yes	no	yes	yes	yes	yes	yes	no	no	no	no	no
<b>Unit Amenities</b>													
Balcony/Patio	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Hardwood	no	no	yes	no	no	no	no	no	no	no	yes	no	no
Central A/C	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	no	no	no	no	no	no	no	yes	yes	yes	yes	no
Coat Closet	yes	no	yes	yes	no	no	no	no	yes	yes	yes	yes	yes
Exterior Storage	no	no	yes	no	no	no	no	no	yes	no	no	no	yes
Fireplace	no	no	no	no	no	no	no	no	no	no	no	no	yes
Vaulted Ceilings	no	yes	no	no	no	no	no	no	no	no	no	no	yes
Walk-In Closet	yes	no	yes	yes	no	yes	no	no	yes	yes	yes	yes	yes
Washer/Dryer	no	yes	yes	no	yes	no	no	yes	yes	yes	yes	yes	yes
W/D Hookup	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Kitchen</b>													
Dishwasher	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes
Disposal	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Microwave	no	no	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Community</b>													
Business Center	no	yes	yes	no	no	no	no	no	yes	no	yes	yes	yes
Community Room	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central Laundry	yes	no	no	yes	no	yes	no	no	no	no	no	no	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Concierge	no	no	no	no	no	no	no	no	no	no	no	no	yes
<b>Recreation</b>													
Exercise Facility	yes	no	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes
Playground	yes	no	yes	yes	yes	yes	no	yes	no	no	no	no	no
Swimming Pool	no	no	yes	yes	yes	no	yes	yes	yes	yes	yes	no	no
Picnic Area	no	no	yes	no	no	no	no	no	yes	yes	yes	no	no
Jacuzzi	no	no	no	no	no	no	no	no	no	yes	no	no	no
Hot Tub	no	no	no	no	no	no	no	no	no	yes	no	no	no
WiFi	no	no	no	no	no	no	no	no	yes	no	yes	no	yes
Service	no	no	no	no	no	no	no	no	no	no	no	no	yes
<b>Security</b>													
Intercom (Buzzer)	no	no	yes	no	no	yes	no	no	yes	yes	yes	yes	yes
Intercom (Phone)	no	no	no	no	yes	no	no	yes	no	no	no	yes	no
Limited Access	yes	no	yes	no	yes	yes	no	yes	yes	yes	yes	yes	yes
Patrol	yes	yes	no	no	no	yes	no	no	no	no	no	no	no
Perimeter Fencing	no	no	yes	no	yes	no	yes	yes	no	yes	no	no	no
Video Surveillance	no	no	no	yes	no	yes	no	no	yes	no	no	no	no
<b>Parking</b>													
Garage	no	no	no	no	no	yes	no	no	yes	no	yes	yes	yes
Garage Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50	\$0	\$0	n/a	\$0
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes

# PROPERTY PROFILE REPORT

## Broad Creek

Effective Rent Date	1/22/2019
Location	1420 Merrimac Avenue Norfolk, VA 23504 Norfolk County
Distance	1.5 miles
Units	300
Vacant Units	0
Vacancy Rate	0.0%
Type	Various (2 stories)
Year Built/Renovated	2004 / 2015
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy; majority families
Contact Name	Denisa
Phone	757-628-8270



### Market Information

Program	@60%, Market
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	5%
Leasing Pace	Within one to two weeks
Annual Chg. in Rent	None
Concession	None
Waiting List	Yes, at least one year on all units

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	N/A	748	\$745	\$0	@60%	Yes	0	N/A	no	None
1	1	Garden (2 stories)	N/A	748	\$800	\$0	Market	Yes	0	N/A	N/A	None
2	1	Garden (2 stories)	N/A	960	\$885	\$0	@60%	Yes	0	N/A	no	None
2	1	Garden (2 stories)	N/A	960	\$973	\$0	Market	Yes	0	N/A	N/A	None
2	1.5	Townhouse (2 stories)	N/A	1,024	\$885	\$0	@60%	Yes	0	N/A	no	None
2	1.5	Townhouse (2 stories)	N/A	1,024	\$973	\$0	Market	Yes	0	N/A	N/A	None
3	2.5	Townhouse (2 stories)	N/A	1,408	\$999	\$0	@60%	Yes	0	N/A	no	None
3	2.5	Townhouse (2 stories)	N/A	1,408	\$1,147	\$0	Market	Yes	0	N/A	N/A	None
4	2	Garden (2 stories)	N/A	1,535	\$1,095	\$0	@60%	Yes	0	N/A	N/A	None

## Broad Creek, continued

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$745	\$0	\$745	-\$82	\$663	1BR / 1BA	\$800	\$0	\$800	-\$82	\$718
2BR / 1BA	\$885	\$0	\$885	-\$110	\$775	2BR / 1BA	\$973	\$0	\$973	-\$110	\$863
2BR / 1.5BA	\$885	\$0	\$885	-\$110	\$775	2BR / 1.5BA	\$973	\$0	\$973	-\$110	\$863
3BR / 2.5BA	\$999	\$0	\$999	-\$138	\$861	3BR / 2.5BA	\$1,147	\$0	\$1,147	-\$138	\$1,009
4BR / 2BA	\$1,095	\$0	\$1,095	-\$166	\$929						

### Amenities

In-Unit	Security	Services
Balcony/Patio	Patrol	None
Carpeting		
Dishwasher		
Oven		
Vaulted Ceilings		
Washer/Dryer hookup		
Property	Premium	Other
Business Center/Computer Lab	None	None
Off-Street Parking(\$0.00)		

### Comments

The property has maintained a waiting list since opening in 2004. Phase V was allocated tax credit funding in 2014 and was completed in 2016, adding an additional 50 units. The development was built in multiple phases and was formerly known as Bowling Green and Marshall Manor. The development also contains four-bedroom public housing units, which are not included in the unit mix. The contact estimated that there were 10 units vacant at the property, though they expect to have them filled soon. This property was developed by a non-profit entity and keeps rents intentionally below the maximum allowable levels.

Photos



# PROPERTY PROFILE REPORT

## Meadowood Apartments

Effective Rent Date	1/15/2019
Location	6130 Edward Street Norfolk, VA 23513 County
Distance	3.7 miles
Units	180
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2011 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	N/A
Tenant Characteristics	Mostly military personnel and with families.
Contact Name	Desiree
Phone	757-965-5252



### Market Information

Program	@80%, Market
Annual Turnover Rate	35%
Units/Month Absorbed	23
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Kept at Max; Market Rents increase 1 to 2
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	850	\$780	\$0	@80%	No	0	N/A	yes	None
1	1	Garden (3 stories)	N/A	850	\$1,149	\$0	Market	No	0	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,200	\$940	\$0	@80%	No	0	N/A	no	None
2	2	Garden (3 stories)	N/A	1,230	\$975	\$0	@80%	No	0	N/A	yes	None
2	2	Garden (3 stories)	N/A	1,200	\$1,399	\$0	Market	No	0	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,230	\$1,429	\$0	Market	No	0	N/A	N/A	None
3	2	Garden (3 stories)	N/A	1,380	\$1,080	\$0	@80%	No	0	N/A	yes	None
3	2	Garden (3 stories)	N/A	1,380	\$1,599	\$0	Market	No	0	N/A	N/A	None

### Unit Mix

@80%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$780	\$0	\$780	\$29	\$809	1BR / 1BA	\$1,149	\$0	\$1,149	\$29	\$1,178
2BR / 2BA	\$940 - \$975	\$0	\$940 - \$975	\$29	\$969 - \$1,004	2BR / 2BA	\$1,399 - \$1,429	\$0	\$1,399 - \$1,429	\$29	\$1,428 - \$1,458
3BR / 2BA	\$1,080	\$0	\$1,080	\$29	\$1,109	3BR / 2BA	\$1,599	\$0	\$1,599	\$29	\$1,628

## Meadowood Apartments, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpet/Hardwood	Central A/C	Limited Access	
Coat Closet	Dishwasher	Perimeter Fencing	
Exterior Storage	Garbage Disposal		
Microwave	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Off-Street Parking(\$0.00)		
On-Site Management	Picnic Area		
Playground	Swimming Pool		

### Comments

The leasing associate was not able to provide the total number of units for each unit type. Turnover has been exceptionally low at the property, which has not had a vacant unit since June. This property is not Section 42/LIHTC restricted. Units operate under the 80/20 Workforce program, where 80 percent of units are restricted to 150 percent of AMI (listed as market rate in unit mix), or less, and 20 percent of units are restricted to 80 percent of AMI, or less.

Photos





# PROPERTY PROFILE REPORT

## Mission College Apartments

Effective Rent Date	1/15/2019
Location	1300 Lead Street Norfolk, VA 23504 Norfolk County
Distance	1 mile
Units	260
Vacant Units	8
Vacancy Rate	3.1%
Type	Garden (3 stories)
Year Built/Renovated	1990 / 2008
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Ingleside Square Aaprtments
Tenant Characteristics	Local Families
Contact Name	Antoine
Phone	(757) 640-1300



### Market Information

Program	@50%, Market
Annual Turnover Rate	20%
Units/Month Absorbed	N/A
HCV Tenants	40%
Leasing Pace	Pre-leased to within two weeks
Annual Chg. in Rent	Kept at Max; No change on market
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	24	850	\$636	\$0	@50%	No	1	4.2%	yes	None
1	1	Garden (3 stories)	12	850	\$755	\$0	Market	No	0	0.0%	N/A	None
2	1	Garden (3 stories)	84	1,050	\$757	\$0	@50%	No	2	2.4%	yes	None
2	1	Garden (3 stories)	84	1,050	\$855	\$0	Market	No	1	1.2%	N/A	None
3	2	Garden (3 stories)	12	1,200	\$870	\$0	@50%	No	1	8.3%	yes	None
3	2	Garden (3 stories)	24	1,200	\$970	\$0	Market	No	2	8.3%	N/A	None
4	2.5	Garden (3 stories)	10	1,350	\$961	\$0	@50%	No	0	0.0%	yes	None
4	2.5	Garden (3 stories)	10	1,350	\$1,095	\$0	Market	Yes	1	10.0%	N/A	None

### Unit Mix

@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$636	\$0	\$636	-\$82	\$554	1BR / 1BA	\$755	\$0	\$755	-\$82	\$673
2BR / 1BA	\$757	\$0	\$757	-\$110	\$647	2BR / 1BA	\$855	\$0	\$855	-\$110	\$745
3BR / 2BA	\$870	\$0	\$870	-\$138	\$732	3BR / 2BA	\$970	\$0	\$970	-\$138	\$832
4BR / 2.5BA	\$961	\$0	\$961	-\$166	\$795	4BR / 2.5BA	\$1,095	\$0	\$1,095	-\$166	\$929

## Mission College Apartments, continued

### Amenities

In-Unit		Security	Services
Blinds	Carpeting	Video Surveillance	None
Central A/C	Coat Closet		
Dishwasher	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer hookup		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Central Laundry	Off-Street Parking(\$0.00)		
On-Site Management	Playground		
Swimming Pool			

### Comments

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

Photos



# PROPERTY PROFILE REPORT

## Quill Farms

Effective Rent Date	1/15/2019
Location	5424 Greenplain Road Norfolk, VA 23502 Norfolk County
Distance	3.3 miles
Units	180
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2015 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None noted
Tenant Characteristics	Families from the area
Contact Name	Jamie
Phone	(757) 962-3159



### Market Information

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

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	720	\$748	\$0	@60%	Yes	0	N/A	yes	None
2	2	Garden (3 stories)	N/A	1,035	\$884	\$0	@60%	Yes	0	N/A	yes	None
3	2	Garden (3 stories)	N/A	1,222	\$1,009	\$0	@60%	Yes	0	N/A	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$748	\$0	\$748	\$0	\$748
2BR / 2BA	\$884	\$0	\$884	\$0	\$884
3BR / 2BA	\$1,009	\$0	\$1,009	\$0	\$1,009

## Quill Farms, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Phone)	None
Carpeting	Central A/C	Limited Access	
Garbage Disposal	Microwave	Perimeter Fencing	
Oven	Refrigerator		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Off-Street Parking(\$0.00)	On-Site Management		
Playground	Swimming Pool		

### Comments

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

Photos



# PROPERTY PROFILE REPORT

## The Banks At Berkley

Effective Rent Date	1/21/2019
Location	701 S Main St Norfolk, VA 23523 Norfolk County
Distance	1 mile
Units	50
Vacant Units	0
Vacancy Rate	0.0%
Type	Midrise (4 stories)
Year Built/Renovated	2017 / N/A
Marketing Began	12/01/2017
Leasing Began	N/A
Last Unit Leased	1/31/2018
Major Competitors	Not provided
Tenant Characteristics	Not provided
Contact Name	Wanda
Phone	757-375-7216



### Market Information

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

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1.5	Midrise (4 stories)	4	871	\$494	\$0	@40%	Yes	0	0.0%	no	None
2	1.5	Midrise (4 stories)	31	871	\$654	\$0	@50%	Yes	0	0.0%	no	None
2	1.5	Midrise (4 stories)	4	871	\$754	\$0	@60%	Yes	0	0.0%	no	None
3	2	Midrise (4 stories)	1	1,083	\$554	\$0	@40%	Yes	0	0.0%	no	None
3	2	Midrise (4 stories)	4	1,083	\$714	\$0	@50%	Yes	0	0.0%	no	None
3	2	Midrise (4 stories)	6	1,083	\$840	\$0	@60%	Yes	0	0.0%	no	None

### Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1.5BA	\$494	\$0	\$494	\$0	\$494	2BR / 1.5BA	\$654	\$0	\$654	\$0	\$654
3BR / 2BA	\$554	\$0	\$554	\$0	\$554	3BR / 2BA	\$714	\$0	\$714	\$0	\$714
@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
2BR / 1.5BA	\$754	\$0	\$754	\$0	\$754						
3BR / 2BA	\$840	\$0	\$840	\$0	\$840						

## The Banks At Berkley, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Dishwasher	Garbage Disposal	Patrol	
Microwave	Oven	Video Surveillance	
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Elevators	None	None
Garage(\$0.00)	Central Laundry		
Off-Street Parking(\$0.00)	On-Site Management		
Playground			

### Comments

The contact reported the property does keep a waiting list of at least a few households for each unit size. Management is currently working off of a waiting list for the vacant two-bedroom unit. Rents at the property are kept below the maximum allowable level. The property is not managed by a non-profit entity. The contact maintained that the property could achieve the maximum allowable rent levels, though she could not provide a reason for the property being currently below the 2018 maximum allowable levels.



Photos



# PROPERTY PROFILE REPORT

## The Clairmont At Campostella Station

Effective Rent Date	1/15/2019
Location	1030 Berkley Avenue Norfolk, VA 23523 Norfolk County
Distance	1.4 miles
Units	152
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2017 / N/A
Marketing Began	5/01/2017
Leasing Began	N/A
Last Unit Leased	8/31/2017
Major Competitors	None provided
Tenant Characteristics	Not provided
Contact Name	Simone
Phone	757-802-9811



### Market Information

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

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	2	720	\$464	\$0	@40%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	2	720	\$605	\$0	@50%	Yes	0	0.0%	yes	None
1	1	Garden (3 stories)	18	720	\$743	\$0	@60%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	4	1,070	\$552	\$0	@40%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	14	1,070	\$720	\$0	@50%	Yes	0	0.0%	yes	None
2	2	Garden (3 stories)	46	1,070	\$886	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	4	1,260	\$628	\$0	@40%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	16	1,260	\$823	\$0	@50%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	46	1,260	\$1,016	\$0	@60%	Yes	0	0.0%	yes	None

## The Clairmont At Campostella Station, 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	\$464	\$0	\$464	\$0	\$464	1BR / 1BA	\$605	\$0	\$605	\$0	\$605
2BR / 2BA	\$552	\$0	\$552	\$0	\$552	2BR / 2BA	\$720	\$0	\$720	\$0	\$720
3BR / 2BA	\$628	\$0	\$628	\$0	\$628	3BR / 2BA	\$823	\$0	\$823	\$0	\$823

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$743	\$0	\$743	\$0	\$743
2BR / 2BA	\$886	\$0	\$886	\$0	\$886
3BR / 2BA	\$1,016	\$0	\$1,016	\$0	\$1,016

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Perimeter Fencing	None
Carpeting	Dishwasher		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Off-Street Parking(\$0.00)	On-Site Management		
Swimming Pool			

### Comments

Tenants are provided a decal for off-street parking.

Photos



# PROPERTY PROFILE REPORT

## The Pointe At Pickett Farms

Effective Rent Date	1/15/2019
Location	5424 Greenplain Road Norfolk, VA 23502 County
Distance	3.3 miles
Units	120
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2014 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None noted
Tenant Characteristics	Mostly families from the local area.
Contact Name	Jamaica
Phone	(757) 962-3159



### Market Information

Program	@60%
Annual Turnover Rate	10%
Units/Month Absorbed	60
HCV Tenants	10%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased one to two percent
Concession	None
Waiting List	&es, multiple households for each bedroom type

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	720	\$748	\$0	@60%	Yes	0	N/A	yes	None
2	2	Garden (3 stories)	N/A	1,035	\$884	\$0	@60%	Yes	0	N/A	yes	None
3	2	Garden (3 stories)	N/A	1,222	\$1,009	\$0	@60%	Yes	0	N/A	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$748	\$0	\$748	\$0	\$748
2BR / 2BA	\$884	\$0	\$884	\$0	\$884
3BR / 2BA	\$1,009	\$0	\$1,009	\$0	\$1,009

## The Pointe At Pickett Farms, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Phone)	None
Carpeting	Central A/C	Limited Access	
Dishwasher	Garbage Disposal	Perimeter Fencing	
Microwave	Oven		
Refrigerator	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Off-Street Parking(\$0.00)	On-Site Management		
Playground	Swimming Pool		

### Comments

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

Photos



# PROPERTY PROFILE REPORT

## Monticello Station

Effective Rent Date	1/15/2019
Location	328 East Freemason Street Norfolk, VA 23510 Norfolk City County
Distance	0.7 miles
Units	121
Vacant Units	2
Vacancy Rate	1.7%
Type	Midrise (4 stories)
Year Built/Renovated	2010 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Watermark Apartments
Tenant Characteristics	Mixed tenancy from the local area.
Contact Name	Angela
Phone	(757) 321-7282



### Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	0
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Changes daily (LRO)
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	43	878	\$1,380	\$0	Market	No	1	2.3%	N/A	AVG
1	1	Midrise (4 stories)	0	960	\$1,467	\$0	Market	No	0	N/A	N/A	HIGH
1	1	Midrise (4 stories)	0	770	\$1,292	\$0	Market	No	0	N/A	N/A	LOW
2	2	Midrise (4 stories)	63	1,249	\$1,755	\$0	Market	No	0	0.0%	N/A	AVG
2	2	Midrise (4 stories)	0	1,400	\$1,934	\$0	Market	No	0	N/A	N/A	HIGH
2	2	Midrise (4 stories)	0	1,085	\$1,576	\$0	Market	No	0	N/A	N/A	LOW
3	2	Midrise (4 stories)	11	1,377	\$2,039	\$0	Market	No	0	0.0%	N/A	AVG
3	2	Midrise (4 stories)	0	1,400	\$2,061	\$0	Market	No	0	N/A	N/A	HIGH
3	2	Midrise (4 stories)	0	1,350	\$2,011	\$0	Market	No	0	N/A	N/A	LOW
3	3	Midrise (4 stories)	2	1,450	\$2,183	\$0	Market	No	1	50.0%	N/A	None
4	3	Midrise (4 stories)	2	1,610	\$2,457	\$0	Market	No	0	0.0%	N/A	None



## Monticello Station, continued

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,292 - \$1,467	\$0	\$1,292 - \$1,467	\$29	\$1,321 - \$1,496
2BR / 2BA	\$1,576 - \$1,934	\$0	\$1,576 - \$1,934	\$29	\$1,605 - \$1,963
3BR / 2BA	\$2,011 - \$2,061	\$0	\$2,011 - \$2,061	\$29	\$2,040 - \$2,090
3BR / 3BA	\$2,183	\$0	\$2,183	\$29	\$2,212
4BR / 3BA	\$2,457	\$0	\$2,457	\$29	\$2,486

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher	Video Surveillance	
Exterior Storage	Ceiling Fan		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Courtyard	Elevators		
Exercise Facility	Garage(\$50.00)		
On-Site Management	Picnic Area		
Swimming Pool	Wi-Fi		

### Comments

Garage parking is available for \$50 per month. Rents vary considerably at the property, as it relies on a daily LRO report.

Photos



# PROPERTY PROFILE REPORT

## River House Apartments

Effective Rent Date	1/22/2019
Location	4253 Llewellyn Avenue Norfolk, VA 23504 County
Distance	2 miles
Units	194
Vacant Units	4
Vacancy Rate	2.1%
Type	Midrise (4 stories)
Year Built/Renovated	2010 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	201 Twenty-One, Ghent Village, The Element
Tenant Characteristics	Mixed tenancy from the local area, some military.
Contact Name	Jordan
Phone	757-305-9296



### Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	16
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	No change
Concession	None
Waiting List	Yes, unknown length

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	45	825	\$1,299	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Midrise (4 stories)	66	1,157	\$1,539	\$0	Market	Yes	3	4.5%	N/A	None
2	2	Midrise (4 stories)	65	1,167	\$1,539	\$0	Market	Yes	1	1.5%	N/A	None
3	2	Midrise (4 stories)	9	1,352	\$1,895	\$0	Market	Yes	0	0.0%	N/A	None
3	2	Midrise (4 stories)	9	1,506	\$1,850	\$0	Market	Yes	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,299	\$0	\$1,299	\$29	\$1,328
2BR / 2BA	\$1,539	\$0	\$1,539	\$29	\$1,568
3BR / 2BA	\$1,850 - \$1,895	\$0	\$1,850 - \$1,895	\$29	\$1,879 - \$1,924

## River House Apartments, continued

### Amenities

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

### Comments

Base rents and square footage are reflected in the property profile. The contact noted that there are several premium amenities offered that can increase the monthly rent by up to \$200; these amenities can include a creek view, a river view, a double balcony, vaulted ceilings, and granite counter top. However, the property maintained that rents at the property have not changed. The property does not accept Housing Choice Vouchers. The property is currently operating off of a waiting list, though the contact could not confirm the length of the list.

Photos



# PROPERTY PROFILE REPORT

## The Alexander At Ghent

Effective Rent Date	1/21/2019
Location	1600 Granby Street Norfolk, VA 23510 Norfolk County
Distance	1.3 miles
Units	268
Vacant Units	6
Vacancy Rate	2.2%
Type	Midrise (4 stories)
Year Built/Renovated	2007 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Heritage at Freemason Harbour
Tenant Characteristics	Approximately 35 percent military. Mostly tenants from the Norfolk area.
Contact Name	Kevin
Phone	(757) 516-7465



### Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	0
HCV Tenants	N/A
Leasing Pace	Within two weeks
Annual Chg. in Rent	Rents vary; LRO Report
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Midrise (4 stories)	12	565	\$1,025	\$0	Market	No	1	8.3%	N/A	None
0	1	Midrise (4 stories)	50	695	\$1,055	\$0	Market	No	1	2.0%	N/A	None
1	1	Midrise (4 stories)	12	565	\$1,085	\$0	Market	No	1	8.3%	N/A	None
1	1	Midrise (4 stories)	56	748	\$1,180	\$0	Market	No	1	1.8%	N/A	None
1	1	Midrise (4 stories)	6	825	\$1,265	\$0	Market	No	0	0.0%	N/A	None
2	2	Midrise (4 stories)	84	1,036	\$1,360	\$0	Market	No	1	1.2%	N/A	None
2	2	Midrise (4 stories)	36	1,192	\$1,495	\$0	Market	No	1	2.8%	N/A	None
3	2	Midrise (4 stories)	12	1,324	\$1,750	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
Studio / 1BA	\$1,025 - \$1,055	\$0	\$1,025 - \$1,055	\$29	\$1,054 - \$1,084
1BR / 1BA	\$1,085 - \$1,265	\$0	\$1,085 - \$1,265	\$29	\$1,114 - \$1,294
2BR / 2BA	\$1,360 - \$1,495	\$0	\$1,360 - \$1,495	\$29	\$1,389 - \$1,524
3BR / 2BA	\$1,750	\$0	\$1,750	\$29	\$1,779

## The Alexander At Ghent, continued

### Amenities

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

### Comments

The property does not accept Housing Choice Vouchers. Each unit comes with an attached garage at no additional charge. Additional spaces are available for a price of \$50 per space. The contact noted that a large number of their military tenants were re-stationed in May 2018, which caused an increase in vacancies. However, occupancy has stabilized since then.

Photos





# PROPERTY PROFILE REPORT

## The Belmont At Freemason

Effective Rent Date	1/21/2019
Location	260 York Street Norfolk, VA 23510 County
Distance	1 mile
Units	239
Vacant Units	10
Vacancy Rate	4.2%
Type	Highrise (7 stories)
Year Built/Renovated	2009 / N/A
Marketing Began	1/01/2009
Leasing Began	6/01/2009
Last Unit Leased	6/01/2011
Major Competitors	The Heritage at Freemason Harbour, The James
Tenant Characteristics	Most of the tenants are from outside of the Norfolk area.
Contact Name	Becca/Theresa
Phone	757-275-7340



### Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	10
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Rents changed weekly
Concession	\$75 to \$150 off per month
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Highrise (7 stories)	N/A	769	\$1,378	\$100	Market	No	6	N/A	N/A	AVG
1	1	Highrise (7 stories)	0	836	\$1,505	\$100	Market	No	0	N/A	N/A	HIGH
1	1	Highrise (7 stories)	0	702	\$1,250	\$100	Market	No	0	N/A	N/A	LOW
2	2	Highrise (7 stories)	N/A	1,123	\$1,662	\$150	Market	No	4	N/A	N/A	AVG
2	2	Highrise (7 stories)	0	1,182	\$1,725	\$150	Market	No	0	N/A	N/A	HIGH
2	2	Highrise (7 stories)	0	1,065	\$1,599	\$150	Market	No	0	N/A	N/A	LOW

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,250 - \$1,505	\$100	\$1,150 - \$1,405	\$29	\$1,179 - \$1,434
2BR / 2BA	\$1,599 - \$1,725	\$150	\$1,449 - \$1,575	\$29	\$1,478 - \$1,604

## The Belmont At Freemason, continued

### Amenities

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

### Comments

The property does not accept Housing Choice Vouchers. One-bedroom units come with one free parking space, and two-bedroom units come with two free parking spaces. Additional garage spaces lease for \$50 per month. The parking garage is currently 90 percent occupied. The leasing associate was not able to provide the total number of units for each unit type. The property offers rental concessions ranging from \$50 to \$150 per month. The contact reported that a one-bedroom unit renting for the approximate average rent would receive a rental concession of \$100 per month and a two-bedroom unit average rent would receive a rental concession of \$150.

Photos



# PROPERTY PROFILE REPORT

## The Heritage At Freemason Harbour

Effective Rent Date	1/21/2019
Location	200 College Place Norfolk, VA 23510 Norfolk County
Distance	0.9 miles
Units	185
Vacant Units	10
Vacancy Rate	5.4%
Type	Midrise (4 stories)
Year Built/Renovated	1999 / 2018
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Belmont at Freemason Harbor, The Element
Tenant Characteristics	Most of the tenants are from out of the Norfolk area.
Contact Name	Carlos
Phone	757-623-2200



### Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one to two weeks
Annual Chg. in Rent	Changes weekly; LRO report
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	51	768	\$1,322	\$0	Market	No	2	3.9%	N/A	AVG
1	1	Midrise (4 stories)	0	768	\$1,345	\$0	Market	No	0	N/A	N/A	HIGH
1	1	Midrise (4 stories)	0	768	\$1,299	\$0	Market	No	0	N/A	N/A	LOW
2	2	Midrise (4 stories)	109	1,201	\$1,600	\$0	Market	No	7	6.4%	N/A	AVG
2	2	Midrise (4 stories)	0	1,330	\$1,690	\$0	Market	No	0	N/A	N/A	HIGH
2	2	Midrise (4 stories)	0	1,071	\$1,510	\$0	Market	No	0	N/A	N/A	LOW*
3	2	Midrise (4 stories)	25	1,259	\$1,857	\$0	Market	No	1	4.0%	N/A	AVG
3	2	Midrise (4 stories)	0	1,330	\$1,905	\$0	Market	No	0	N/A	N/A	HIGH*
3	2	Midrise (4 stories)	0	1,187	\$1,809	\$0	Market	No	0	N/A	N/A	LOW*

## The Heritage At Freemason Harbour, continued

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,299 - \$1,345	\$0	\$1,299 - \$1,345	\$29	\$1,328 - \$1,374
2BR / 2BA	\$1,510 - \$1,690	\$0	\$1,510 - \$1,690	\$29	\$1,539 - \$1,719
3BR / 2BA	\$1,809 - \$1,905	\$0	\$1,809 - \$1,905	\$29	\$1,838 - \$1,934

### Amenities

In-Unit	Blinds	Security	Services
Balcony/Patio	Blinds	In-Unit Alarm	None
Carpeting	Central A/C	Intercom (Buzzer)	
Coat Closet	Dishwasher	Limited Access	
Exterior Storage	Fireplace		
Garbage Disposal	Microwave		
Oven	Refrigerator		
Vaulted Ceilings	Walk-In Closet		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Concierge	Courtyard		
Elevators	Exercise Facility		
Garage(\$0.00)	Off-Street Parking(\$0.00)		
On-Site Management	Service Coordination		
Wi-Fi			

### Comments

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

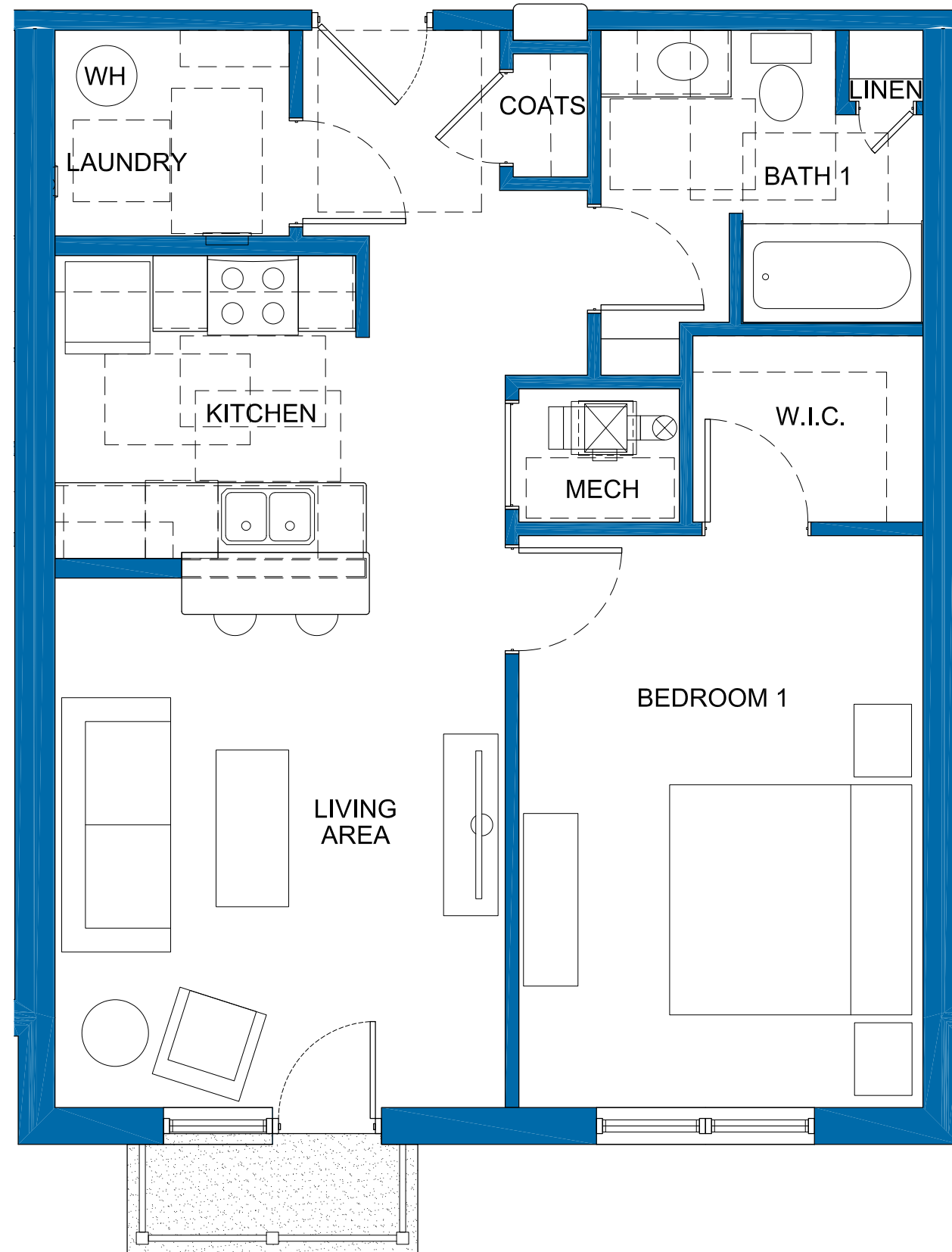
Photos



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

ONE BEDROOM UNIT 1.1

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

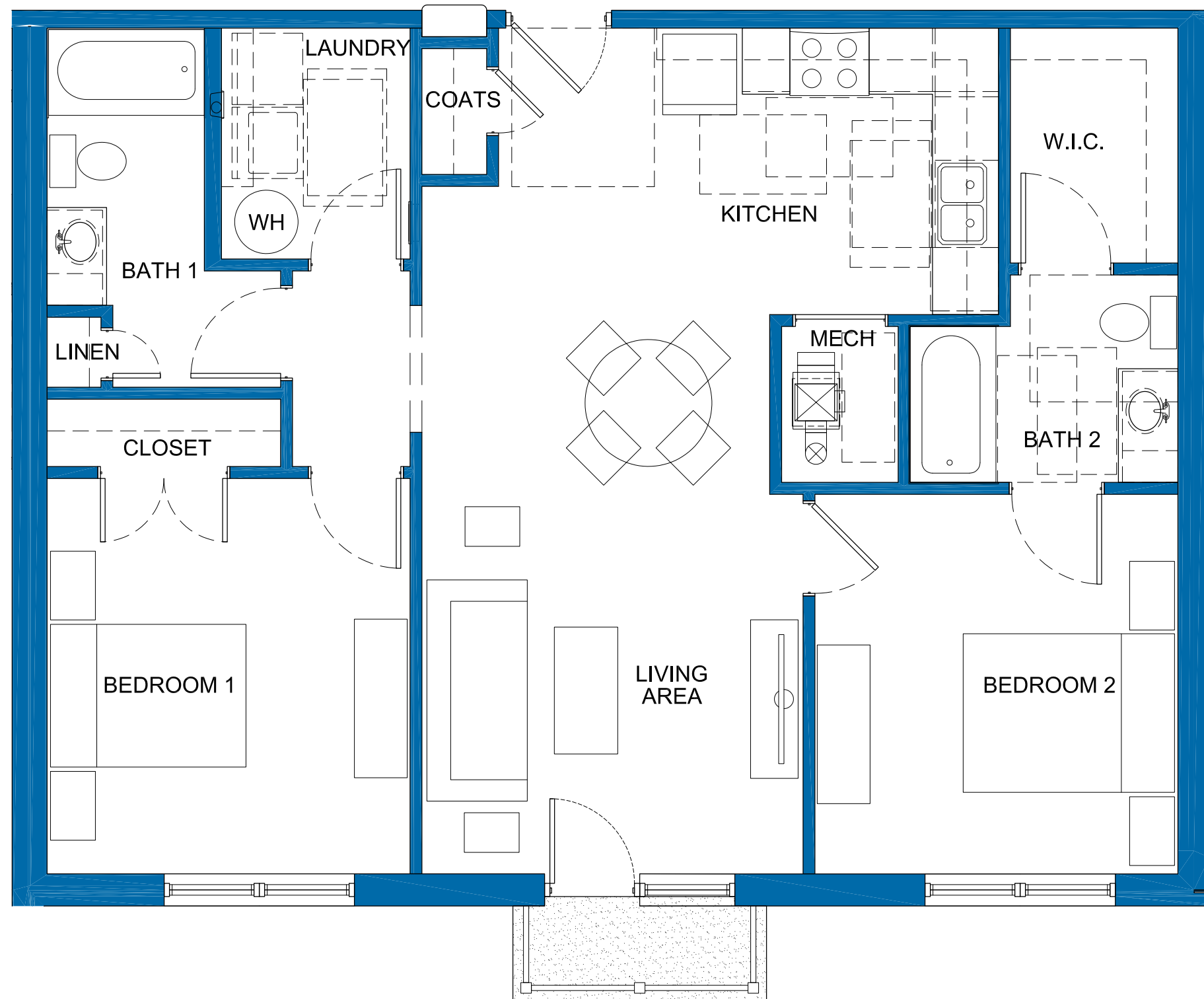


MARKET HEIGHTS  
630 TIDEWATER DRIVE  
NORFOLK, VIRGINIA  
01.30.19  
SCALE : 1/4" = 1'-0"



## TWO BEDROOM UNIT 2.1

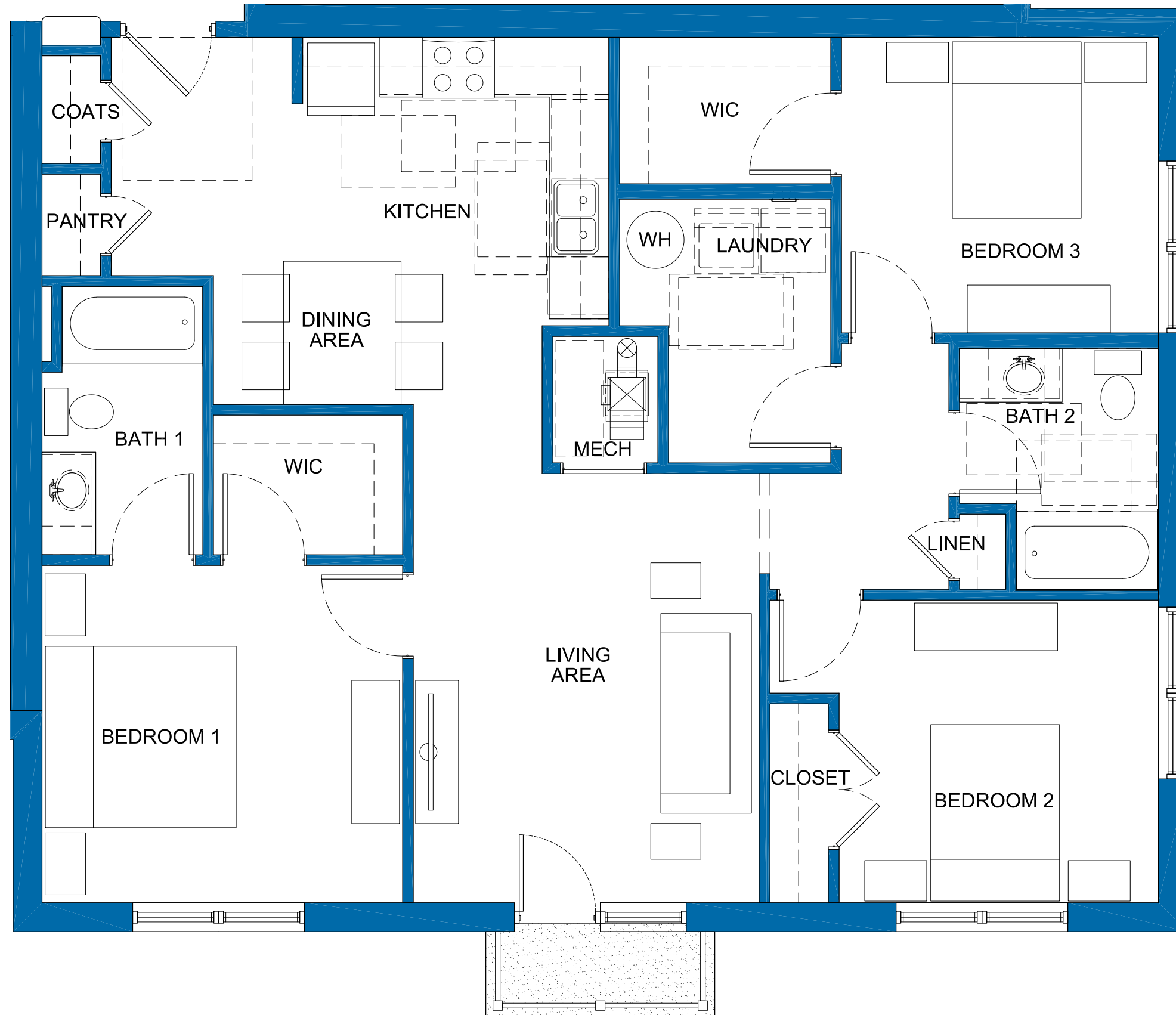
NET SQUARE FEET: 951  
GROSS SQUARE FEET: 1,037  
QUANTITY: 53



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

THREE BEDROOM UNIT 3.1

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

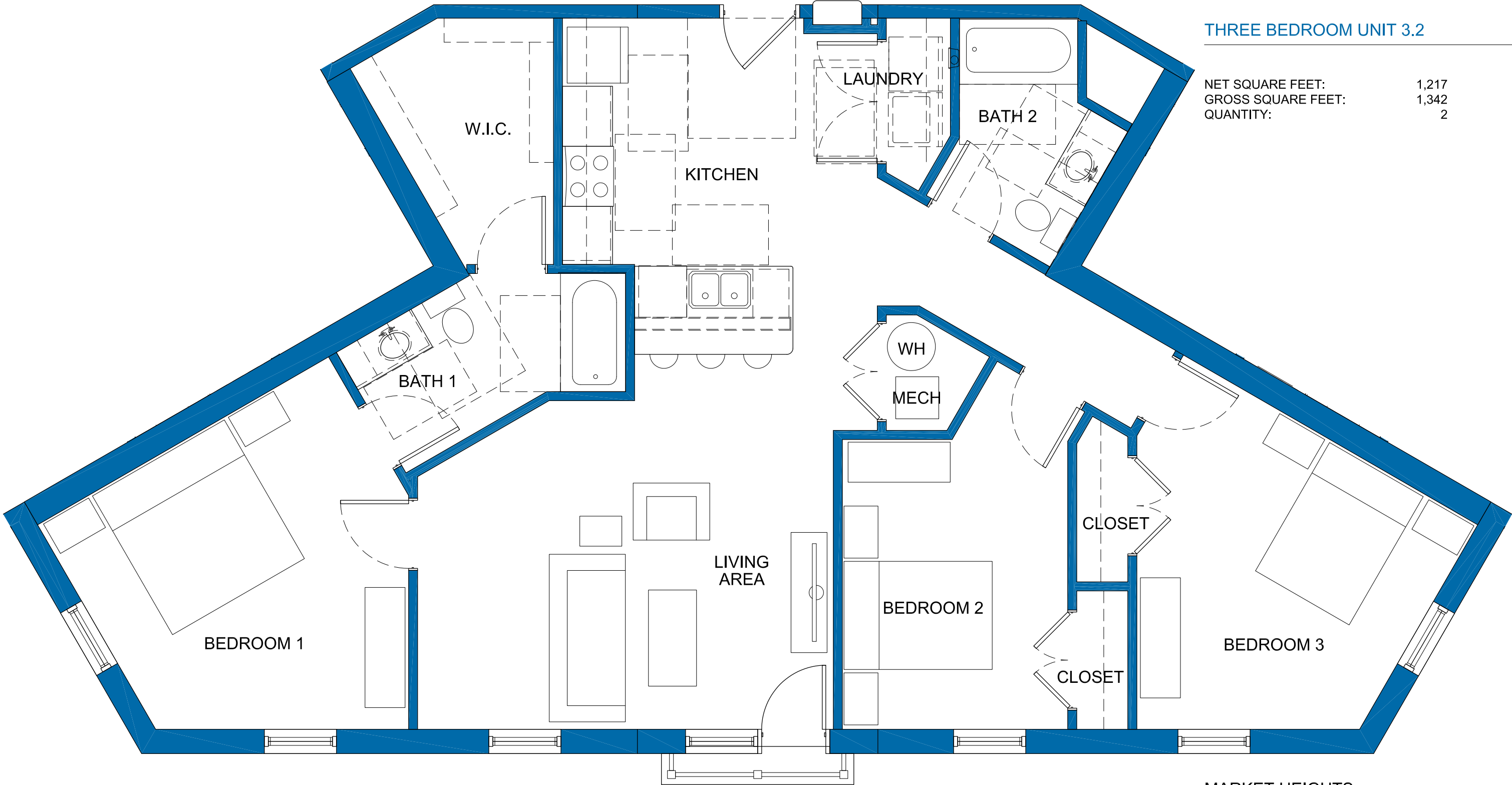


MARKET HEIGHTS  
 630 TIDEWATER DRIVE  
 NORFOLK, VIRGINIA  
 01.30.19  
 SCALE : 1/4" = 1'-0"

THREE BEDROOM UNIT PLAN 3.1

THREE BEDROOM UNIT 3.2

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



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



CONCEPTUAL SITE PLAN

MARKET HEIGHTS | 630 TIDEWATER DRIVE - NORFOLK, VIRGINIA

**ADDENDUM E**  
Utility Allowance

Allowances for Tenant  
Furnished Utilities and  
other Services

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

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

Locality: Norfolk Redevelopment & Housing Authority, VA      Unit Type: Multifamily Garden/Apartment      Date: 02/01/2018

Utility or Service	Monthly Dollar Allowances						
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	a. Natural Gas	15.00	18.00	21.00	23.00	25.00	28.00
	b. Bottle Gas/Propane	71.00	87.00	100.00	112.00	120.00	137.00
	c. Electric	12.00	15.00	19.00	23.00	28.00	32.00
	d. Electric Heat Pump	11.00	13.00	15.00	17.00	19.00	21.00
	e. Oil / Other	39.00	47.00	53.00	59.00	64.00	73.00
Cooking	a. Natural Gas	3.00	3.00	5.00	6.00	7.00	8.00
	b. Bottle Gas/Propane	12.00	12.00	21.00	29.00	37.00	42.00
	c. Electric	5.00	5.00	8.00	10.00	13.00	15.00
Other Electric(Lights & Appliances)	17.00	20.00	28.00	36.00	44.00	52.00	
Air Conditioning	7.00	9.00	12.00	15.00	19.00	22.00	
Water Heating	a. Natural Gas	6.00	7.00	10.00	13.00	16.00	19.00
	b. Bottle Gas/Propane	29.00	33.00	50.00	62.00	79.00	91.00
	c. Electric	11.00	13.00	16.00	20.00	24.00	27.00
	d. Oil/Other	14.00	17.00	25.00	33.00	42.00	47.00
Water	36.00	37.00	46.00	56.00	66.00	76.00	
Sewer	44.00	45.00	64.00	82.00	100.00	118.00	
Trash Collection	29.00	29.00	29.00	29.00	29.00	29.00	
Range / Microwave Tenant-purchasing/leasing	12.00	12.00	12.00	12.00	12.00	12.00	
Refrigerator Tenant-purchasing/leasing	13.00	13.00	13.00	13.00	13.00	13.00	
other-- Monthly Electric Fee\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	
Specify: Monthly Gas Fee \$20.00	\$20.00	20.00	20.00	20.00	20.00	20.00	

Actual Family Allowances	Utility or Service	per month cost
To be used by the family to compute allowance. Complete below for the actual unit rented.  Name of Family  Address of Unit  Number of Bedrooms	Heating	\$
	Cooking	\$
	other Electric	\$
	Air Conditioning	\$
	Water Heating	\$
	Water	\$
	Sewer	\$
	Trash Collection	\$
	Range / Microwave	\$
	Refrigerator	\$
Other	\$	
Other	\$	
Total	\$	



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

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## DAVID BOISTURE, AM

### I. Education

Ohio University, Athens, Ohio  
Masters of Public Administration

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

### II. Professional Experience

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

### III. Professional Affiliation

Accredited Member of the American Society of Appraisers  
Designated Member of the National Council of Housing Market Analysts (NCHMA)  
LEED Green Associate

### IV. Professional Training

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

### V. Real Estate Assignments

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

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



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

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

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## K. DAVID ADAMESCU

### I. Education

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

### II. Professional Experience

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

### III. Real Estate Assignments

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

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

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## Robert McCarthy

### **I. Education**

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

### **II. Professional Experience**

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

### **III. Real Estate Assignments**

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

- Assisted with market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes: unit mix determination, rental rate analysis, competitive property surveying, and overall market analysis.
- Assisted with appraisals of new construction and existing LIHTC and market-rate properties, as well as solar farm developments.

**STATEMENT OF PROFESSIONAL QUALIFICATIONS**  
**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.

K. David Adamescu  
Manager

## NCHMA Market Study Index

**Introduction:** Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing built with low income housing tax credits. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. Components reported in the market study are indicated by a page number.

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



## NCHMA Market Study Index

**Introduction:** Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing built with low income housing tax credits. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. Components reported in the market study are indicated by a page number.

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