

NEWMARK VALUATION & ADVISORY

COMPREHENSIVE MARKET STUDY

# John Early Apartments

718 Blue Ridge Avenue  
Bedford, Virginia 24523

Newmark Job No.: 23-0181003

## Market Study Report Prepared For:

Tara Franco  
FHA Deputy Chief Underwriter  
CBRE HMF, Inc  
1225 17th Street  
Denver, CO 80202

## Prepared By:

**Newmark Valuation & Advisory**  
2410 North Forest Rd, Suite 204  
Amherst, NY 14068

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## NEWMARK VALUATION & ADVISORY

March 22, 2023

Tara Franco  
FHA Deputy Chief Underwriter  
CBRE HMF, Inc  
1225 17th Street  
Denver, CO 80202

RE: Comprehensive Market Study of a Multifamily Property Known As John Early Apartments, 718 Blue Ridge Avenue, Bedford, Virginia, 24523, Prepared By Newmark Valuation & Advisory, LLC (herein "Firm" or "Newmark")

Newmark Job No.: 23-0181003

Dear Ms. Franco:

Newmark has completed a Comprehensive Market Study overviewing supply and demand trends related to the re-development and financial re-structuring of a project known as the John Early Apartments.

Specifically, the project will involve a major renovation of this senior specific apartment complex. This is an existing 78 unit project is operating under the Low Income Housing Tax Credit Program. It is the intention of the development team to update and renovate the project and extend the compliance requirements of the LIHTC provision thru use of a re-allocation of credits. This will be part of a 4% LIHTC bond transaction. All units at the development are and will remain subject to a project based section 8 HAP contract and all are age restricted to households aged 62+.

The purpose of this study is to establish general supply and demand trends, and ascertain the need for housing of this nature, in this part of Lynchburg. The report has been prepared specifically for the client of record for their purposes. ***Our analysis has been based on guidelines set forth by the National Council of Housing Market Analysts (NCHMA). The concepts employed are generally consistent with the guidelines of this organization, and the report complies with the model content and standards set forth by this organization.*** The demand modeling/capture analysis will apply a ***net demand model analysis*** which accounts for elimination of all existing affordable housing within the PMA prior to establishing additional need/support. It should also be noted that the allocating agency for tax credits in the State is Virginia Housing. We have reviewed the requirements of market analysis within their QAP which specifically references the NCHMA standards and model content as a requirement and expands on some of the guidance with other requirements.

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### **Objectives of the Market Study:**

The report is being prepared specifically for use by the client in conjunction with their review of the project. The main objectives of the study are:

- *To demonstrate that sufficient demand exists for the proposed development in the market area.*
- *Demonstrate that the proposed project will not cause any undue economic harm on the existing rental stock in the market area.*
- *To evaluate the positioning of the subject's rent structure within the context of the current market conditions in the area and evaluate rent advantage.*
- *Note that this is not new housing. It is replacement housing (on site) for an existing project. The importance of this notification is that while there will not be any new units created, the context of the demand models will apply as if all units require re-absorption/leasing.*

In regards to the scope of the analysis, the report meets the definition criteria of a Comprehensive report as required by IRC Section 42 for allocating purposes. The NCHMA guidelines and definition of a Comprehensive report have been complied with, and we will provide a checklist in the addendum of the report for review and reference.

The interior and exterior were toured in October of 2022 and while for this work a new site tour was not conducted, all data is current and consistent with the current date.

### **THE SUBJECT PROPERTY:**

*Please note that data used in the report was specifically based on information issued in February and March of 2023. Much of the financial data is based on the pro-forma issued at that time which ties in not only the rents but other critical variables related to costs, sources and uses and other data. If there are changes to some of the variables then much of the data outlined in this report would require review for consistency.*

### **Project Subsidy and Layering**

Prior to providing a summary of the physical project it is important to understand the restrictions and layers of funding sources that will be used for application to this project. They will impact the development/project for a number of years and they are also instrumental in creating the feasibility for the development.

A summary includes:

- Low Income Housing Tax Credits: There will be an application submitted for an allocation of 4% LIHTC. This bond transaction assumes that the agency will set aside an allocation of credits based on the financial projections and data submitted. Post allocation and development the project will be committed to comply with the regulatory agreement over what will be an extended but currently typical 30 years.
- The LIHTC restrictions are applicable to all 78 units. The specific AMI levels that are used for the application are technically not significant to the analysis as all are Project Based and will be post rehab, with all 78 units subject to the section 8 HAP contract.

## **THE PROJECT**

The subject consists of 8 garden style/2-story buildings. There are 78 apartments offering a mix of one and two-bedroom units, totaling nearly 64,544 sq. ft. of gross building area. The building is located on a 12.133-acre parcel located off of Blue Ridge Avenue in the City of Bedford, Virginia. The property was built in 1978 but there were improvements in 2007 when it was first converted in the LIHTC program, and additional renovations are planned as part of this bond financing, re-syndication of LIHTC.

Thru the re-syndication process the project is anticipating a total of over \$5,320,000 in repairs or over \$68,200 per unit. This will include updates to the interior of the apartments, the mechanicals and the structural aspects of the project/development.

The current mix of tenancy includes the following types of occupants:

- 78 units are HUD Restricted Senior 62+ Head of Household or Disabled units.
- The tenants pay a portion of the rent based on a percentage of their income.

Outlined below is a summarization of the unit mix and rent structure that applies to the development. The rental data will show the current restricted operating obligations for the project and the rents that are supported post the pending re-development.



| UNIT MIX / RENT SUMMARY |            |              |        |                  |                              |                   |                    |                            |                |                                     |                                    |                         |                               |                                   |
|-------------------------|------------|--------------|--------|------------------|------------------------------|-------------------|--------------------|----------------------------|----------------|-------------------------------------|------------------------------------|-------------------------|-------------------------------|-----------------------------------|
| Unit Type               | # of Units | (1)<br>% AMI | Sq.Ft. | Net Tenant Rents | (2)<br>Tenant Paid Utilities | Total Gross Rents | Gross Rents/Sq.Ft. | (3)<br>Tax Credit Maximums | (4)<br>HUD FMR | (5)<br>Unrestricted Market Averages | (5a)<br>Achievable Market Rent/Adj | (6)<br>% Disc to TC MAX | (7)<br>% Disc to MKT Averages | (8)<br>% Disc to ADJ MKT Averages |
| 1 BRM – Tax Credit      | 64         | 50%          | 702    | \$840            | \$66                         | \$906             | \$1.29             | \$740.00                   | \$819          | \$897                               | \$906                              | -22.43%                 | -1.00%                        | 0.00%                             |
| 2 BRM – Tax Credit      | 14         | 50%          | 863    | \$900            | \$76                         | \$976             | \$1.13             | \$888.00                   | \$930          | \$1,039                             | \$976                              | -9.91%                  | 6.06%                         | 0.00%                             |

- (1) this is the % AMI that the rent falls at or below  
(2) Estimated tenant paid utilities based on provided data  
(3) Tax credit max based on the 2022 AMI levels  
(4) 2023 HUD FMR effective as of 9/2022  
(5) Equal to street rents, these are un-adjusted for location, quality, etc - they are simple averages.  
(5A) Achievable market rent adjusted to subject amenities/quality/condition  
(6) The % that the intended subject rent is below the tax credit maximum allowable levels.  
(7) The % that the intended subject rent is below the average unrestricted market rent in the area before adjustments to achievable.  
(8) The % that the intended subject rent is below the average unrestricted market rent in the area post adjustments to achievable.

| Unit Mix and Rents: John Early Apartments As Restricted Post Renovation |            |     |               |          |               |            |                     |        |             |                 | Subject Rents LIHTC Max |  | Current Rents |  |
|---|------------|-----|---------------|----------|---------------|------------|---------------------|--------|-------------|-----------------|-------------------------|--|---------------|--|
| Unit Type   | # of Units | SF  | Subject Rents |          | As Affordable |            | 2022 Levels- 60%MAX |        | Gross Rents | % Increase Post |                         |  |               |  |
|   |            |     | Gross Rent    | Ut allow | Net Rent      | Gross Rent | Gross Rents         |        |             |                 |                         |  |               |  |
| 1 Bedroom   | 64         | 702 | \$906         | \$66     | \$ 840        | \$ 888     | \$ 816              | 11.03% |             |                 |                         |  |               |  |
| 2 Bedroom   | 14         | 863 | \$976         | \$76     | \$ 900        | \$ 1,066   | \$ 951              | 2.63%  |             |                 |                         |  |               |  |
| <b>TOTALS (Income Producing Units)</b>                                  | <b>78</b>  |     |               |          |               |            |                     |        |             |                 |                         |  |               |  |

| Unit Mix and Rents: John Early Apartments At Market Post Renovation |            |     |            |          |              |
|---|------------|-----|------------|----------|--------------|
| Unit Type   | # of Units | SF  | Gross Rent | Ut allow | Market Rents |
|   |            |     |            |          | Net Rents    |
| 1 Bedroom   | 64         | 702 | \$906      | \$66     | \$ 840       |
| 2 Bedroom   | 14         | 863 | \$976      | \$76     | \$ 900       |
| <b>TOTALS (Income Producing Units)</b>                              | <b>78</b>  |     |            |          |              |

Notes include:

- ***The current rents are net, with Tenants paying for heat, electric, gas and hot water. Cold water, sewer and trash are paid by the owner. It is the intention of the developer to retain a net rent structure post renovation.***
- All units operate now and post rehab under a project based section 8 contract. This contract calls for tenants to pay rents based on 30% of their adjusted income and the project is subsidized up to the market rent levels thru the contract. The rents and analysis assume post rehab condition and all remaining under the context of the HAP contract.
- The square footages for the LIHTC were measured and provided by the architect and on documentation available. It reflects the HUD definition of interior wall to interior wall. The rent roll and data issued by CBRE matches. The data in the LIHTC application differs slightly.
- The rents show the pending/anticipated rent levels post completion. The rents are supported by way of the market rent forms post rehab – the improvements to be made indicate support for the rents based on the renovations that will be applied.
- The rents shown in the tables reflect the anticipated post completion subject rents as restricted. They are compared to both the LIHTC maximum rents and also the as is current subject (gross) rents for comparison only and to show the advantage to market and the increases anticipated post completion. Since all units/rents will remain under the section 8 contract the comparisons to the LIHTC levels become somewhat immaterial to the analysis.
- Parking is provided to all tenants as part of the standard rent structure; there are multiple lots around the buildings.

Physically, the development will be renovated as part of the re-development process. The total costs including soft and acquisition are estimated at \$5,320,000 in repairs or over \$68,200 per unit. The hard costs are around \$4,486,581 in repairs or over \$57,520 per unit. In order to create feasibility for this there will be an allocation of LIHTC. The equity outlined in this letter shows a slightly higher allocation compared to the pro-forma data which was used as a guide and indicates the following (realizing that all numbers are initial from data that will likely change):

- A total equity contribution of \$3,512,000
- Purchase price has not been firmly set, but based on terms of another current transaction, anticipated at \$.89 on the dollar for every credit issued.

### THE LOCATION / MARKET:

The property is located on the north side of Blue Ridge Avenue, between Oakcrest Street and Spruce Street. Blue Ridge Avenue has a mix of commercial and residential properties and experiences moderate-to-heavy traffic volume. There are a number of commercial services along Blue Ridge including grocery and restaurants. The community is a smaller area that is between Roanoke to the west and Lynchburg to the east and Bedford does rely on these communities for economic support and places of employment.

Economically, this section of the community is moderate income in nature. The specific subject census tract has a median income of \$45,396 based of the 2022 HISTA data (2023 data is not yet available as of the time this report was prepared). The median income in the Primary Market Draw area (PMA) is higher at \$64,527.

Some other general notes that are important to recognize regarding the local area and the market include:

- Our review/survey of comparable developments indicates general support for market rate apartment developments. The current survey of area projects indicates an average of 99% to 100% occupancy for market rate projects and a level of 99% for the affordable projects reviewed.
- The costar survey for the market indicated a 93% occupancy rate for the 17 comps surveyed (many from Lynchburg). The project is in the Lynchburg sub-market (Bedford is too small) and the occupancy average is showing closer to 95% with a 12 month rent growth of 5.4%.

### DEMAND MODELING:

In regards to the demand analysis and the capture rate modeling, the report has analyzed a primary/main demand model which separates the individual rent tiers and income levels for the project. Although there are a number of units, the mix and rent tiers results in a favorable net demand for all unit types – especially when considering that this is a fully occupied development with units requiring re-absorption only when the existing tenants leave/vacant the apartments.

A weighted average will be consolidated and the capture rate for this project indicates very favorable thresholds under the **net demand modeling at 14.89%**. Usually anything around or less than 20% is indicative of likely project support and the lower the capture rate, the better. Given the conservative assumptions applied to a senior complex related to household size, and income affordability, the ratio is supported. Given that turnover will not be more than 30% annually, the actual capture rate based on typical rollover will be only **4.47%** of the income qualified pool of households. The demand model does reflect a weighted average of the different income types and income tiers and provides a net demand model that typifies our analysis for the agency. Note also that this ratio assumes re-absorption is and will be needed by all units.

There was an alternative model prepared based on the Virginia Housing demand method (from their market study guidelines). This model also demonstrates support at a capture rate of **15.26%**.

**We will discuss other *critical variables* within the context of the report, but basically we are anticipating strong support for the development based on favorable rent advantage and the quality/amenities of the project post completion. The location of the development will also assist in the continued support and re-leasing at turnover for the project as there have been limited construction projects recently undertaken within the area.**

It is important to recognize that this study represents a compilation of data gathered from various sources, including competitive properties surveyed, local municipal records, interviews with market participants, town officials and review of secondary demographic data. Although the sources used are felt to be reliable, it is impossible to thoroughly verify and authenticate all data utilized. The analysis does not guarantee the data and assumes no liability for errors of a factual nature, analysis, or judgment provided.

Among the sources utilized and cited throughout this study are the U.S. Census of Population and Housing, and data gathered by Nielsen/Claritas for application to the HISTA database.

**March 22, 2023**  
MS. TARA FRANCO

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Further, it must be recognized that the recommendations and conclusions provided in this market analysis are objective opinions based on the data gathered and interpretation of current and prospective supply and demand variables. Real estate markets are very dynamic in nature and continually affected by demographic, economic and development changes. The research and analysis undertaken was completed in February and March of 2023, and a site inspection was completed in October of 2022. Utilization of this report and the recommendations/conclusions undertaken are reflective of trends at this time.

It should also be recognized that Newmark is approved as a market analyst with Virginia Housing. We have reviewed and understand their guidelines and feel that the results of this analysis are consistent with the recommendations made in Qualified Allocation Plan.

The report has been prepared for the specific use of the client for the proposed project as identified herein. The recommendations and conclusions do not apply to any other party or proposed development.

Respectfully,

**Newmark Valuation and Advisory**



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M. Scott Allen, MAI  
Executive Vice President  
Specialty Practice Leader- HUD FHA/Affordable Housing  
VA License No. 4001014635  
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# NCHMA Member Certification

This market study has been prepared by Newmark - 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 for Housing Projects*, and *Model Content Standards for the Content of Market Studies for Housing Projects*. 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.

**Newmark** is duly qualified and experienced in providing market analysis for 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. **Newmark** is an independent market analyst. No principal or employee of **Newmark** has any financial interest whatsoever in the development for which this analysis has been undertaken.

***While the document specifies "Newmark" the certification is always signed by the individual completing the study and attesting to the certification.***

(NOTE: Information on the National Council of Housing Market Analysts may be obtained by calling 202-939-1750, or by visiting [www.housingonline.com/mac/home.htm](http://www.housingonline.com/mac/home.htm))

**Name:**



M. Scott Allen, MAI  
Executive Vice President  
Specialty Practice Leader- HUD FHA/Affordable Housing  
Analyst

**Company:**

Newmark Valuation and Advisory

**Date:**

February 21, 2023

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**Virginia Housing Certificate**

In addition to NCHMA requirements under this section, the analysis must include and affirm (by signature) the following:

1. I have made a physical inspection of the site and market area. There was interior and exterior completed in October of 2022. All data is current and accurate as of the March time frame but a new site tour was not conducted at this time.
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 the 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 Virginia Housing.
4. Neither I or anyone at my firm has any interest in the proposed development or a relationship with the ownership entity.
5. Neither I or 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 Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.
7. Evidence of my NCHMA membership is included.



Market Analyst

February 21, 2023

Date



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### Certification

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# Introduction

Newmark has completed a market study outlining supply and demand trends that apply to the prospective development of an affordable housing project. The analysis applies to the re-development of an existing affordable housing project – it will be renovated and there will be no change to the unit counts or the product mix, but there will be a change to the rent structure.

This analysis will account for the actual intended rent structure, which includes one projected rent for each unit type and one targeted AMI tier.

## SCOPE OF THE ANALYSIS

Generally, the context of this report will involve three separate and distinct sections including:

- The **first section** of this analysis will provide an overview of the proposed development, including a description of the project in question, and the demographics of the area that will influence the facility.
- The **second portion** involves an interpretation of current supply within the market draw area that will be considered competitive with the proposed development.
- The **third portion** concentrates on demand and the likely absorption for the new project. Demographics from the Primary Housing Market Area (PMA) will be presented and discussed in detail. The demand methodology utilized was based on an estimate of demand from new renter-occupied household growth, but more importantly given area demographics, based on an estimate of demand from the existing renter-occupied households in the market areas established. The demand estimates will consider the ability of area residents to afford the subject units.

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# Assumptions/Conditions of the Analyst and NCHMA:

No identity or interest exists between Newmark and the client identified for this study. We certify that, to the best of our knowledge and belief, the following apply:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions and conclusions are limited only by the reported Assumptions and Limiting Conditions, and reflect a personal, professional analysis, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this report.
- Our compensation is **not** contingent on an action or event resulting from the analysis, opinions, or conclusions in, or use of this report.
- The analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the parties relying on the demand.
- The analysis, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the Appraisal Foundation. We have made a personal inspection of the property in question, and the market area that is the subject of this report.
- The analysis and opinions set forth in the report are specifically generated by the individual signing the report. M. Scott Allen toured the interior and exterior of the project in October of 2022. All data and information is current as of March of 2023 but a new site tour was not conducted at this time.
- **Newmark** is an active member of the National Council of Housing Market Analysts (NCHMA). This organization is an affiliate of the National Housing & Rehabilitation Association. The group has pioneered implementation of voluntary standards and definitions of acceptance for market studies of affordable rental housing developments. Newmark complies with these requirements, and abides by the definitions and certifications set forth. We have provided a list of definitions in the addendum of the analysis, together with the Market Study Certification being used by members of this organization. For additional information we refer the reader of this report to the National Council's website at [www.housingonline.com](http://www.housingonline.com).

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# Summary of Findings

The Summary of Findings will present a concise analysis of many of the important characteristics related to this study. On the next few pages we will overview favorable market and product characteristics, and also any potential market or project issues and concerns.

***The general conclusions pertaining to the likelihood of support include:***

- All units are under and assumed to continue to be under a section 8 HAP contract. This allows for occupancy by very low income earners and the project to be subsidized up to the supported rent standards. Tenants will continue to pay rents based on income.
- HAP rents post rehab are based on the assumption that HUD will approve the new rents under the mark up to market program.
- The physical design of the project will provide high quality amenities and features attractive to not only affordable/moderate income households, but market orientated tenants. All units will be renovated/updated as will the common areas.
- Support for the project is clearly evident by way of capture under typical affordable housing standards, and typical demand modeling. We are anticipating demand and support for the project based on its intended target market:
  - Low-to-moderate income seniors aged 62+. This is the age requirement under the Federal Regulations/Standards related to section 8 projects.
  - Homeowners can and will be included as they will support a senior project; 10% of the income qualified seniors who own homes will be included in the models.

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An overview of some of the positive and favorable market/subject characteristics together with a summarization of potential project/market concerns include the following:

***Favorable Characteristics:***

- The capture rates based on the demand modeling is favorable at only **14.89%** when analyzing the project based on the intended mix. For a fairly substantial senior project this is a favorable rate, even though it assumes full re-absorption would be needed. In reality, new occupants will only be required if there is turnover. Even if the rollover is 30% this would result in a capture rate of only **4.47%**. Capture rates measure the number of income qualified households needed to support units, and as an occupied development – with no involuntary displacement allowed for current tenants, units will require new occupants only as the roll/turn.
- The Virginia Housing Model results in a capture rate **of 15.26%** also indicating favorable support.
- **Rent advantage:** all Project Based units so there is no analysis required for rent advantage as all occupants fall under the context of the HAP Contract and will pay rents based on 30% of their adjusted gross income.
- **Physically** the finishes, features and amenities will be consistent with higher end market orientated apartments post renovation with all new interior finishes, features and appliances. Mechanicals and structural updates will also be applied. The development will also integrate common area and community space necessary for tenants which are important for a senior development; common/community room, parking is and will be available and on site laundry. Units will be secure, and offer features that typify market rate developments; open kitchens with small but efficient and somewhat large units.
- Desirable location/setting for Senior Apartments.

***Potential Issues & Concerns:***

No concerns evident from a market analysis perspective. As a section 8 HAP contracted development the rents will be supported by HUD at a market supported level.

**Summary of Proposed Project:**

**A summary and overview of the project and the rents/rent levels post completion were outlined in the cover letter of this report.**

**Summary of Project Details**

Outlined below are some of the project details that provide a general summarization of the development:

| Quick Project Details  |                                |                                   |                                |
|--|--------------------------------|-----------------------------------|--------------------------------|
| Location   |                                | Description                       |                                |
| <b>Project Name:</b>   | John Early Apartments          | <b>Project Type:</b>              | Senior HAP/Section 8 and LIHTC |
| <b>City/Town:</b>  | Bedford                        | <b>Total Units:</b>               | 78                             |
| <b>County:</b>   | Bedford                        | <b>Low Income Units:</b>          | 78                             |
| <b>Address/Intersection:</b>   | 718 Blue Ridge Avenue          | <b>Market Rate Units:</b>         | 0                              |
| <b>2022 Total Population – PMA/% Change</b>                                      | 12,533/+14.25%                 | <b>Unit Types:</b>                | 64 one bedroom/14 two bedroom  |
| <b>2022 Total Households – PMA/% Change</b>                                      | 7,534/+10.58%                  | <b>Income Set Asides:</b>         | All Project Based/HAP contract |
| <b>Census Tract/Zip Code:</b>  | 501/24523                      | <b>Target Population:</b>         | Seniors aged 62+               |
| <b>Demand, Absorption, and Occupancy</b>   |                                | <b>Supportive Housing:</b>        | None                           |
| <b>Target Vacancy Rate:</b>  | 5%                             |                                   |                                |
| <b>Projected Absorption Rate:</b>  | Not Applicable/Stable property | <b>Projected Lease-Up Period:</b> | Not Applicable/Stable property |
| <b>Gross Households Capture Rate (Project Total) - all and then 30% turnover</b> | 14.89%/4.47%                   | <b>PMA Square Miles:</b>          | 594.43                         |

**Summary – Quick Reference**

- Project Timing:** Completion of the renovations likely to be 24 months from approval.
- Age Threshold Requirements:** 62+ and disabled.
- Surrounding Area Properties:** A summarization of the **surrounding property uses** will be issued in the neighborhood section of the report. They are mostly Residential with some light industrial and general commercial support. See the neighborhood description for details of the surrounding property uses.

**Trends – Surrounding Properties Uses:**

Generally supportive and favorable of the proposed re-development. No new development activity evident within the area but established and supported commercial and residential areas.

**Key Rent Thresholds:**

All apartments operate under a HUD section 8 contract that will be extended as part of the re-structuring under a mark up to market post rehab. As such the rents will be at a market supported level and tenants will pay based on a percentage of their income.

**Achievable Tax Credit Rents:**

While there will be a contract in place, it is recognized that as a smaller community the 60% AMI level supported LIHTC rents would not be achievable. The maximum post rehab market rents are \$888/month for the one bedroom and \$1,066/month for the two bedroom units. The supported post rehab market rents are \$906/month for the one bedroom and \$976 per month for the two bedroom. Since most investors and market participants desire a 10% gap or advantage, the achievable tax credit rents post rehab are supported at \$815/month for the one bedroom units and \$875/ month for the two bedroom units. Again, the only reason these rents would come into play would be if the contract were to be eliminated.

**Achievable Market Rents:**

The post rehab achievable market rents post rehab (see rent charts for details and ratios) are on a gross basis: \$906 / month for the one bedroom, and \$976 for the two bedroom.

**Occupancy Thresholds:**

|                    |           |
|--------------------|-----------|
| Market Rate Units: | 99% -100% |
| Affordable Units:  | 99%       |
| Weighted Average:  | 99%       |



|                                |   |
|--------------------------------|---|
| <b>Occupancy Type:</b>         | Elderly/62+   |
| <b>Construction Type:</b>      | Rehabilitation  |
| <b>One or Scattered Sites:</b> | One site, multiple buildings  |
| <b>Special Needs Units:</b>    | None  |
| <b>Handicap Units:</b>         | As required per the LIHTC application and rehab, a total of 10% or 8 units will made to be UFAS compliant. Currently there are only 4 accessible units. |

**Market Draw Area:** 594.43 square miles- a smaller community between two larger areas. Note that this PMA does not include metro Roanoke or Lynchburg.

**Boundaries – PMA:**

A map will be shown within the context of the report that distinguishes the primary market area boundaries. They are not specifically delineated by any individual roadway or defined community identifiers, so the map is the best indication of the parameters of the PMA.

### Summary – Quick Reference

**Primary Comparables:** We will discuss these later in the analysis, but for a demonstration the primary comparables for each of the developments are outlined below. Comps are generally in close proximity. The projects that we have used for the most similar market rate developments include:

**Primary Market Rate Units:**

- Bedford Lofts
- Peaks Crossing Apts
- Maple Tree Townhomes
- County Green Apts
- Nottingham Apts.

The most similar affordable projects are (Senior/Some LIHTC/some section 8):

- Joseph's Dream 2100 Joseph's Way, Bedford Is a HUD 202
- Salem Court Apt 1001 Salem Turnpike, Bedford is RD/LIHTC
- Powder Horn Apts Is a Family Section 8 but right across the street
- Frank Roane Apts, 900 Federal Street, Lynchburg Senior Tax Credit
- Serenity Manor At Hollins Mill, 701 Hollins Street, Lynchburg Senior Tax Credit

**Net Demand / Capture:**

A supported net demand/capture rate is at a weighted average threshold of **14.49% but only 4.47% with consideration provided to typical rollover/turnover**. This is a supportive capture rate for a large senior development. Usually anything around or less than 20% is indicative of likely project support and the lower the capture rate, the better. Still when considering that this project is well occupied and supported, It is an indication of an adequate pool of low income seniors aged 62+ to support the project. The other variable to account for is that this is the full absorption as if all 78 units post rehab require support. The reality is that the project is occupied to stable levels with only 4 units open/some of which are leased. The project also has a long waiting list and new occupants will only be needed at turnover/rollover which is limited. There will also be no involuntary displacement during and thru the transition process.

The capture rate is supportable; however, when reviewing market studies of this nature there are other key variables and factors that are critical to recognize:

- The demand and capture accounts for elimination of all existing subsidized family housing in the area; a **net demand analysis**. We have utilized standards that are generally consistent with agency requirements, and NCHMA guidelines. The net demand analysis is important as it demonstrates and offers an indication of income qualified households in the market area who are not currently residing in other affordable housing situations.
- The capture rate and Demand Model that we have presented throughout the report accounts for the specific and actual intended operations of the project. Aged 62+/one person households for the one bedroom units and two person households for the two bedroom units.

The **Net Demand Model** for the project results in the following:

I. **Total Project Capture Rate :**

**Weighted Average Capture**

**Demand Model I – Main Model: 14.89 %**

**Accounting for Turnover impact: 4.47%**

**Individual Capture Rate Analysis:**

The summary below assumes that full re-absorption applies/would be required. The analysis based on rollover would require each to be factored by a 30% ratio.

| <b>CAPTURE RATES</b> |                                    |                                |                                      |
|----------------------|------------------------------------|--------------------------------|--------------------------------------|
|                      | <b>Demand<br/>By Unit<br/>Type</b> | <b>Number<br/>Of<br/>Units</b> | <b>Capture<br/>For<br/>Unit Type</b> |
| 1 BRM-Section 8      | 407                                | 64                             | 15.74%/4.72%                         |
| 2 BRM- Section 8     | 127                                | 14                             | 11.02%/3.30%                         |

**Penetration Rate**

We have also reviewed **penetration rates** applicable to the market demand. The penetration rate is a market wide statistic as opposed to a project specific statistic. Accordingly, high penetration rates are not untypical, as they simply compare the income qualified households to the number of affordable units in the marketplace. As long as there is not a one-to-one or greater ratio, the penetration rate should be generally supportive. Analysts and users of studies should rely more specifically on the project specific capture as opposed to market wide penetration.

An analysis of the penetration rates for this particular project as they relate to the affordable units show strong support. The difficulty in establishing penetration rate for an affordable project is what income qualification is used. As a conservative variable, we applied all units to the \$0 to 50% AMI income bands to demonstrate the penetration rate influence. Only renter households are used/applied.

| Unit. Type | Total Income Qualified Households | Total # of Units | Penetration Rate |
|------------|-----------------------------------|------------------|------------------|
| 1 BRM      | 425                               | 153              | 36%              |
| 2 BRM      | 62                                | 15               | 24.19%           |

**Overall Project Support/Market Advantage:**

In this case, it is clear that capture and the net demand analysis reflects a supportable number of income qualified households in the market to support the re-developed project. Capture is an important variable and barometer that must be analyzed when reviewing demand, but there are many other variables to consider. Some of the other key factors to consider that do tend to indicate overall project support and a market advantage for the project include:

- The **rent structure** for all units are applicable to the section 8 contracted rents. As deep subsidy units/apartments there is no risk related to rent advantage. Tenant paid rent is and will continue to be based on a percentage of the tenants income.
- This is an occupied development and there will be no involuntary displacement post completion. As such support will technically be needed only for new units as the current tenants leave/depart the complex – not typical and estimated at a conservative level of 30% annually.

**Key Variables**

In addition to these market advantages, we have analyzed some **Key variables** that are important for scoring purposes for support from a State Agency, developer and investor perspective. Some of the aspects of the scoring that are important to recognize include:

**New Affordable Housing:**

There are no new affordable senior housing units in the PMA that have been built in the last decade and there are no known projects planned.

**Unmet Demand for Additional Housing:**

- Clear unmet demand in the market area is evident by the net demand that applies to each of the individual unit types. The net demand based on the PMA that we have evaluated is significant for all the affordable units based on variables that typify this type of analysis. The demand shows net numbers after elimination of primary/affordable comps.

| Demand Numbers |                     |                 |
|----------------|---------------------|-----------------|
|                | Demand By Unit Type | Number Of Units |
| 1 BRM LIHTC    | 407                 | 64              |
| 2 BRM LIHTC    | 127                 | 14              |

The unmet demand is clearly evident and results in the following (each number reflects the amount of net demand for each unit type).

***A Strong Housing Market:***

- Typically market participants define evidence of a strong market by a vacancy rate of less than 5%.
- The average occupancy for the apartment complexes are as follows:

**Market Rate Units:** 99% -100%

**Affordable Units:** 99%

**Occupancy Average:** 99%

Also, it should be recognized that concessions are not prevalent at either market rate or affordable developments.

**Projected Rent Compared to Market:**

Outlined in the chart below is a summary comparing the subject’s intended rents to various market indicators.

| <b>Market Rent Summary-Gross rents</b> |                  |                    |                    |
|--|------------------|--------------------|--------------------|
| <b>Unit Type</b>                       | <b>Avg. Rent</b> | <b>Avg. Sq.Ft.</b> | <b>Rent/Sq.Ft.</b> |
| 1 BRM Market Averages:                 | \$897            | 638                | \$1.40             |
| 1 BRM Classifieds:                     | \$1,142          | N/A                | N/A                |
| <b>1 BRM Subject-post section 8</b>    | <b>\$906</b>     | <b>702</b>         | <b>\$1.29</b>      |
|  |                  |                    |                    |
| 2 BRM Market Averages:                 | \$1,038          | 938                | \$1.11             |
| 2 BRM Classifieds:                     | \$1,970          | N/A                | N/A                |
| <b>2 BRM Subject-post section 8</b>    | <b>\$976</b>     | <b>863</b>         | <b>\$1.13</b>      |

*\*These are unadjusted gross rents prior to concessions or adjustments.*

Some notes related to the above chart:

- We converted all rents to gross for consistency and comparison.
- Later in the analysis, we will provide the adjusted achievable rents for comparison; although the existing competition is older, there are some advantages and amenities and features that differ, and must be considered.
- The market rents include many older, more dated projects that typify apartments in this portion of Virginia.
- The classifieds show levels that are above the averages for the one bedroom units and below for the two bedroom units. There were no studio classifieds in the market. These are the rental units in single family homes, townhomes/condos and in smaller multi-family properties (often with less than 20 units total) in the area.
- Subject rents at the projected post re-hab levels are supported in the market. The rents are levels that are assumed to be supported by new a post rehab HAP contract.



**Market Rent Summary:**

Outlined below and on the following page are details of the market rate projects that we have referenced. Supporting documentation will be presented within the Supply section.

Job #: 23-181003

Proj. Name: John Early Apts, Bedford, VA 2/2013

Description: HUD RCS

**Rent Summary for Market Rate Projects**

| <b>Unit Type: 1 Bedroom</b> |                     |                  |                  |               |                |                   |                  |                   |                   |                    |
|-----------------------------|---------------------|------------------|------------------|---------------|----------------|-------------------|------------------|-------------------|-------------------|--------------------|
| <b>Property Name</b>        | <b>Municipality</b> | <b>Yr. Built</b> | <b>Occ.(Avg)</b> | <b>Utils*</b> | <b>Sq. Ft.</b> | <b>Rent Range</b> | <b>Rent(Mid)</b> | <b>\$/SF(Mid)</b> | <b>Gross Rent</b> | <b>Gross \$/SF</b> |
| <i>Powder Horn Apts.</i>    | Bedford             | 1986             | 100%             |               | 588            | \$658             | \$ 658.00        | \$ 1.12           | \$ 768.00         | \$ 1.31            |
| <i>Bedford Lofts</i>        | Bedford             | 2014             | 100%             |               | 540            | \$965 - \$1115    | \$ 1,040.00      | \$ 1.93           | \$ 1,150.00       | \$ 2.13            |
| <i>Peaks Crossing Apts</i>  | Bedford             | 1965             | 100%             |               | 425            | \$550             | \$ 550.00        | \$ 1.29           | \$ 660.00         | \$ 1.55            |
| <i>County Green Apts</i>    | Lynchburg           | 1976             | 100%             |               | 760            | \$800             | \$ 800.00        | \$ 1.05           | \$ 910.00         | \$ 1.20            |
| <i>Nottingham Apts</i>      | Lynchburg           | 1973             | 100%             |               | 760            | \$680             | \$ 680.00        | \$ 0.89           | \$ 790.00         | \$ 1.04            |
| <i>Mill's Crossing</i>      | Lynchburg           | 2018             | 97%              |               | 755            | \$999             | \$ 999.00        | \$ 1.32           | \$ 1,109.00       | \$ 1.47            |
| <b>1 Bedroom Averages:</b>  |                     |                  | 100%             |               | 638.0          |                   | \$ 787.83        | \$ 1.23           | \$ 897.83         | \$ 1.41            |

| <b>Unit Type: 2 Bedroom</b> |                     |                  |                  |               |                |                   |                  |                   |                   |                    |
|-----------------------------|---------------------|------------------|------------------|---------------|----------------|-------------------|------------------|-------------------|-------------------|--------------------|
| <b>Property Name</b>        | <b>Municipality</b> | <b>Yr. Built</b> | <b>Occ.(Avg)</b> | <b>Utils*</b> | <b>Sq. Ft.</b> | <b>Rent Range</b> | <b>Rent(Mid)</b> | <b>\$/SF(Mid)</b> | <b>Gross Rent</b> | <b>Gross \$/SF</b> |
| <i>Powder Horn Apts.</i>    | Bedford             | 1986             | 100%             |               | 1003           | \$689             | \$ 689.00        | \$ 0.69           | \$ 819.00         | \$ 0.82            |
| <i>Bedford Lofts</i>        | Bedford             | 2014             | 100%             |               | 735            | \$1200            | \$ 1,200.00      | \$ 1.63           | \$ 1,330.00       | \$ 1.81            |
| <i>Bedford Lofts</i>        | Bedford             | 2014             | 100%             |               | 765            | \$1250            | \$ 1,250.00      | \$ 1.63           | \$ 1,380.00       | \$ 1.80            |
| <i>Peaks Crossing Apts</i>  | Bedford             | 1965             | 100%             |               | 900            | \$575             | \$ 575.00        | \$ 0.64           | \$ 705.00         | \$ 0.78            |
| <i>Maple Tree Townhomes</i> | Bedford             | Circa 1990's     | 100%             |               | 1000           | \$775             | \$ 775.00        | \$ 0.78           | \$ 905.00         | \$ 0.91            |
| <i>County Green Apts</i>    | Lynchburg           | 1976             | 100%             |               | 1100           | \$885             | \$ 885.00        | \$ 0.80           | \$ 1,015.00       | \$ 0.92            |
| <i>Nottingham Apts</i>      | Lynchburg           | 1973             | 100%             |               | 900            | \$745             | \$ 745.00        | \$ 0.83           | \$ 875.00         | \$ 0.97            |
| <i>Mill's Crossing</i>      | Lynchburg           | 2018             | 97%              |               | 1105           | \$1149            | \$ 1,149.00      | \$ 1.04           | \$ 1,279.00       | \$ 1.16            |
| <b>2 Bedroom Averages:</b>  |                     |                  | 100%             |               | 938.5          |                   | \$ 908.50        | \$ 0.97           | \$ 1,038.50       | \$ 1.11            |

\* Utils: (H)eat, (E)lectric Paid by Landlord

2/9/2023

**Achievable Market Rents:**

Outlined below is a summarization of the achievable market rent analysis that applies to the development in the post rehab condition. A summary and a chart that shows the rent advantage is below. Details of the supporting data for the analysis of the market rent estimates post completion will be presented in the text of the report. The rents in the chart below are net of utilities. Also there is no analysis of the “rent advantage” given that the section 8 contract will apply to all units/types.

| MARKET RENT SUMMARY - NET RENTS |                        |           |                      |                      |                    |  |
|---------------------------------|------------------------|-----------|----------------------|----------------------|--------------------|--|
| <u>Unit Type</u>                | <u>Comp Adjustment</u> |           | <u>Average</u>       | <u>Median</u>        | <u>Supported</u>   |  |
|                                 | <u>Range</u>           |           | <u>Adjusted Rent</u> | <u>Adjusted Rent</u> | <u>Market Rent</u> |  |
| 1 Bedroom/1 Bath                | \$738                  | - \$1,001 | \$839                | \$826                | \$840              |  |
| 2 Bedroom/1 Bath                | \$670                  | - \$1,129 | \$898                | \$889                | \$900              |  |

**Planned / Proposed / Pipeline**

Outlined below is a summarization of planned and proposed units that have been evaluated within the area. As a small community, it is not a surprise that there is very limited ongoing or planned development activity.

| Planned & Proposed   |                         |             |            |                        |                        |                   |                  |                        |                       |
|----------------------|-------------------------|-------------|------------|------------------------|------------------------|-------------------|------------------|------------------------|-----------------------|
| <u>Property Name</u> | <u>Property Address</u> | <u>City</u> | <u>Zip</u> | <u>Building Status</u> | <u>Number Of Units</u> | <u>Year Built</u> | <u>Rent Type</u> | <u>Affordable Type</u> | <u>Market Segment</u> |
| Westyn Village       | 1154 Westyn Village Way | Forest      | 24551-4105 | Under Construction     | 108                    | 2023              | Market           |                        | All                   |

CoStar 2/2023

**Projected Rent Compared to Tax Credit Guidelines:**

A summarization of the income data/income restrictions that apply to the project that we are analyzing are summarized below. This is the Lynchburg city data, and review of the documentation indicates that the current AMI threshold for application to income statistics is **\$78,900**; (the 2022 documentation-2023 AMI levels are not available as of yet and will not be until May of 2023). Like most areas in the Mid Atlantic, the AMI levels have been increasing – see the historical summary below.

A summarization of the various AMI thresholds applicable to the project is outlined below.

| <b>2022 MAXIMUM INCOMES</b><br>Bedford, VA |                |                |
|--|----------------|----------------|
|  | <b>50% AMI</b> | <b>60% AMI</b> |
| 1 Person                                   | \$27,650       | \$33,180       |
| 2 Person                                   | \$31,600       | \$37,920       |
| 3 Person                                   | \$35,550       | \$42,660       |

| <b>2022 MAXIMUM RENTS</b><br>Bedford VA- Gross Rents |                |                |                |
|--|----------------|----------------|----------------|
|  | <b>50% AMI</b> | <b>60% AMI</b> | <b>HUD FMR</b> |
| Studio   | \$691          | \$829          | \$742          |
| 1 Bedrooms   | \$740          | \$888          | \$743          |
| 2 Bedrooms   | \$888          | \$1,066        | \$863          |

| <b>% AMI CHANGES</b><br>Bedford, VA |            |                 |
|-------------------------------------|------------|-----------------|
|                                     | <b>AMI</b> | <b>% CHANGE</b> |
| 2016                                | \$60,300   | -               |
| 2017                                | \$62,300   | +3.32%          |
| 2018                                | \$63,600   | +2.09%          |
| 2019                                | \$68,900   | +8.33%          |
| 2020                                | \$72,400   | +5.80%          |
| 2021                                | \$73,700   | +1.66%          |
| 2022                                | \$78,900   | +7.06%          |

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**Projected Rent Compared to Other Moderate Income Projects:**

Not necessary or applicable to this analysis given that there will be project based assistance for all units. Still some discussion is presented for general review and consideration. The subject LURA may place units at 60% AMI which is an option even with PBA for all units. But the analysis and comparison to LIHTC levels is not necessary.

**Achievable LIHTC Rents at 60% AMI:** While there will be a contract in place, it is recognized that as a smaller community the 60% AMI level supported LIHTC rents would not be achievable. The maximum post rehab market rents are \$888/month for the one bedroom and \$1,066/month for the two bedroom units. The supported post rehab market rents are \$906/month for the one bedroom and \$976 per month for the two bedroom. Since most investors and market participants desire a 10% gap or advantage, the achievable tax credit rents post rehab are supported at \$815/month for the one bedroom units and \$875/ month for the two bedroom units. Again, the only reason these rents would come into play would be if the contract were to be eliminated.

Some notes to recognize in regards to the subject rents compared to other projects include:

- Based on other developments throughout the area it is clear that most charge below the 60% max to allow for an adequate gap between market and LIHTC rent levels.
- Some of the developments have differing maximum thresholds based on the year that they were placed in service and changes to AMI structure.
- The subject rents are supported and consistent with other tax credit specific developments throughout the area.
- Increases take some time to be achieved because of tenant notification and also State Agency approval requirements.

**Affordable Housing:**

A summarization of the various affordable housing options are outlined in the chart which follows. Some key statistics to reference include:

- There are only a handful of other tax credit projects that have been built recently and only a handful in this portion of Virginia. The projects that are pure tax credit in nature have been analyzed and compared and it is clear that in most cases, rents are currently below the maximum levels. There is always a gap however as the local projects must get state approval and increase rents more so at tenant turnover/transition.
- The focus on these and others are on section 8, senior/age restricted developments.
- Section 8 and some other housing authority projects will be summarized.

**Affordable Rent Summary**

Job #: 23-181003  
 Proj. Name: John Early Apts, Bedford, VA 2/2013  
 Description: HUD RCS

Rent Summary for Affordable Projects in the Area

| Unit Type: 1 Bedroom           |              |                   |     |                  |           |               |           |        |         |             |              |
|--------------------------------|--------------|-------------------|-----|------------------|-----------|---------------|-----------|--------|---------|-------------|--------------|
| Property Name                  | Municipality | Proj. Type        | AMI | Units: Type/Prj† | Yr. Built | Wait List     | Occ.(Avg) | Utils* | Sq. Ft. | Gross Rent‡ | Gross \$/SF‡ |
| Salem Court Apt                | Bedford      | Senior Tax Credit | PBA | 39 / 40          | 1994      |               | 100%      | H E    | 703     | \$ 819.00   | \$ 1.17      |
| Hillcrest Apts.                | Lynchburg    | HUD Sec. 8        | PBA | 90 / 103         | 1980      | 30 Applicants | 96%       | H E    | 676     | \$ 658.00   | \$ 0.97      |
| Serenity Manor at Hollins Mill | Lynchburg    | Senior Tax Credit | 60% | 50 / 56          | 1912/1999 |               | 100%      |        | 503     | \$ 888.00   | \$ 1.77      |
| Clear Brook Apts               | Lynchburg    | HUD Sec. 8        | PBA | 71 / 71          | 2004      | 23 applicants | 100%      |        | 550     | \$ 656.00   | \$ 1.19      |
| Frank Roane Apartments         | Lynchburg    | Senior Tax Credit | 60% | 21 / 25          | 1980/2015 | 3 applicants  | 100%      |        | 500     | \$ 888.00   | \$ 1.78      |
| <b>1 Bedroom Averages:</b>     |              |                   |     |                  |           |               | 99%       |        | 586.4   | \$ 781.80   | \$ 1.33      |

| Unit Type: 2 Bedroom           |              |                   |     |                  |           |               |           |        |         |             |              |
|--------------------------------|--------------|-------------------|-----|------------------|-----------|---------------|-----------|--------|---------|-------------|--------------|
| Property Name                  | Municipality | Proj. Type        | AMI | Units: Type/Prj† | Yr. Built | Wait List     | Occ.(Avg) | Utils* | Sq. Ft. | Gross Rent‡ | Gross \$/SF‡ |
| Salem Court Apt                | Bedford      | Senior Tax Credit | PBA | 1 / 40           | 1994      |               | 100%      | H E    | 966     | \$ 930.00   | \$ 0.96      |
| Hillcrest Apts.                | Lynchburg    | HUD Sec. 8        | PBA | 13 / 103         | 1980      | 30 Applicants | 96%       | H E    | 828     | \$ 795.00   | \$ 0.96      |
| Serenity Manor at Hollins Mill | Lynchburg    | Senior Tax Credit | 60% | 6 / 56           | 1912/1999 |               | 100%      |        | 630     | \$ 1,045.00 | \$ 1.66      |
| Frank Roane Apartments         | Lynchburg    | Senior Tax Credit | 60% | 4 / 25           | 1980/2015 | 3 applicants  | 100%      |        | 650     | \$ 1,066.00 | \$ 1.64      |
| <b>2 Bedroom Averages:</b>     |              |                   |     |                  |           |               | 99%       |        | 768.5   | \$ 959.00   | \$ 1.25      |

† # of Units: this Unit Type / whole Project  
 \* Utils: (H)eat, (E)lectric Paid by Landlord  
 ‡ Where there is a range of rents for a unit, the average is displayed

2/20/2023

**Demographic & Economic Trends:**

As indicated previously, Newmark utilizes a database known as HISTA, which stands for Households by Income, Size, Tenure and Age. This database is useful for market analysts as it advances the census data a few steps above typical documentation. The availability of this data is particularly useful for smaller family projects, as it breaks out income by household size, and we can isolate households by size for application to an affordable development.

Outlined on the following pages are details of the HISTA 2.2 data for renters and households. Subsequently, we provide a more detailed chart showing population changes by age breakdown, and a greater breakdown of households by income and age. These charts are important for analysis of some statistics that are applicable based on the HISTA Data and the Population/Household Data. It should be noted that the HISTA Data presented below and summarized in detail on the following pages pertains specifically to the market draw area used for the tax credit complex. The details of this HISTA Data will be presented in the addendum of the report.

NOTE: as of the date of this writing, only 2022 data was available. The 2023 issuance was delayed because of lack of data from the Covid time period which impacted the ability to incorporate statistics from the ACS.

The HISTA 2.2 information is outlined below. This data incorporates the 2010 Census and the recent ACS data and uses 2015 as a base year with projections to 2021 and then forecasts onward through 2026. A summarization of the demographic data from HISTA 2.2 is outlined below, followed then by some general notes that apply to this documentation. Note that this information relates specifically to the tenant pool that has been used in the demand modeling; aged 62+ only.

| <b>Demographic Summary PMA – HISTA Data *</b>  |                |              |                 |              |                 |
|--|----------------|--------------|-----------------|--------------|-----------------|
|  | <b>2015 **</b> | <b>2022</b>  | <b>% Change</b> | <b>2027</b>  | <b>% Change</b> |
| Total Renter Households:   | 1,008          | 1,186        | 17.66%          | 1,305        | 10.03%          |
| Owner Occupied Households:   | <u>5,351</u>   | <u>6,348</u> | 18.63%          | <u>7,026</u> | 10.68%          |
| Total Households:  | 6,359          | 7,534        | 18.48%          | 8,331        | 10.58%          |
| % of Renters   | 15.85%         | 15.74%       |                 | 15.66%       |                 |
| <b><u>2022 Data:</u></b>   |                |              |                 |              |                 |
| Renters Earning \$30,000 or Less:  | 44.52%         |              |                 |              |                 |
| Renters Earning \$20,000 or Less:  | 30.78%         |              |                 |              |                 |
| Ratio of Renters with 3 or more persons  | 14.00%         |              |                 |              |                 |
| 2022 Estimated Median Income Market Draw Area:   | \$64,527       |              |                 |              |                 |
| Median Income Subject Census Tract:  | \$45,396       |              |                 |              |                 |
| * All data applies to age 62 and over only   |                |              |                 |              |                 |
| ** The 2014-2019 ACS data has been used as the basis in the demographic summary for the equivalent of the 2015 household statistics. |                |              |                 |              |                 |

| Population Age 62 and Over |            |          |
|----------------------------|------------|----------|
| Year                       | Population | % Change |
| 2010 (1)                   | 8,905      | N/A      |
| 2022 (2)                   | 12,533     | 40.74%   |
| 2027 (3)                   | 14,319     | 14.25%   |
| 1) Census                  |            |          |
| 2) Current Year Estimate   |            |          |
| 3) 5-yr Projection         |            |          |

Notes evident by review of this data that are important to recognize include:

- Major household increases of 18.48% over the past seven years and over 10.58% increases expected over the next five years. Population trends are similar on a ratio/percentage basis.
- Ratio of renters of just under 16% which is impacted by the income levels in the area and the nature of the housing and the market. Senior renters in a smaller community are less typical.
- Ratio of renters earning \$30,000 a year or less is over 44%. While the ratio of renters earning \$20,000 or less is close to 30%. This is an indication of a large ratio of low income renters in the area.
- A fairly high ratio of renters with three or more persons for age 62+ at 14%.
- The median income statistics from the HISTA data is slightly different than the ACS data presented. The HISTA data/Claritas projections indicate a median of \$45,396 in the subject census tract compared to \$64,527 in the primary market draw area.



**Demand Analysis:**

The demand modeling and presentation of demand information will be consistent with State Agency requirements. Note that the requirements cite the NCHMA standards, which do not specifically outline or set parameters for a demand model. The Agency does provide some guidance in their requirements related to a net demand model. This is used/applied and there are a couple of analyses presented; one that is similar to what Newmark prepares for all projects with an elimination of all existing and competitive projects prior to determining additional support/demand in the market area, and one which is an outline issued by Virginia Housing.

Previously, within this Summary of Findings we provided documentation related to the capture rates as they apply to the weighted average total and the individual income bands. We refer the reader to the beginning of this section and/or the Demand Model for additional details. There will also be a demand analysis shown for application to the requirements of Virginia Housing.

***Impact on Existing Subsidized Housing:***

Based on the significant net demand and the inclusion/consideration of other affordable housing options in the area, we do not feel that the development/redevelopment of this building will have any adverse impact on existing affordable housing projects. This is exemplified by the low capture rate, and strong demand. Also based on the limited number of affordable housing units that are senior in orientation in this part of Virginia, we are not anticipating any adverse impact on the developments.

Lastly, it is important to again remember that this is not new housing, so no new units are being added to the market, rather it is a re-hab of existing affordable housing.

***Special Needs & Accessible Units***

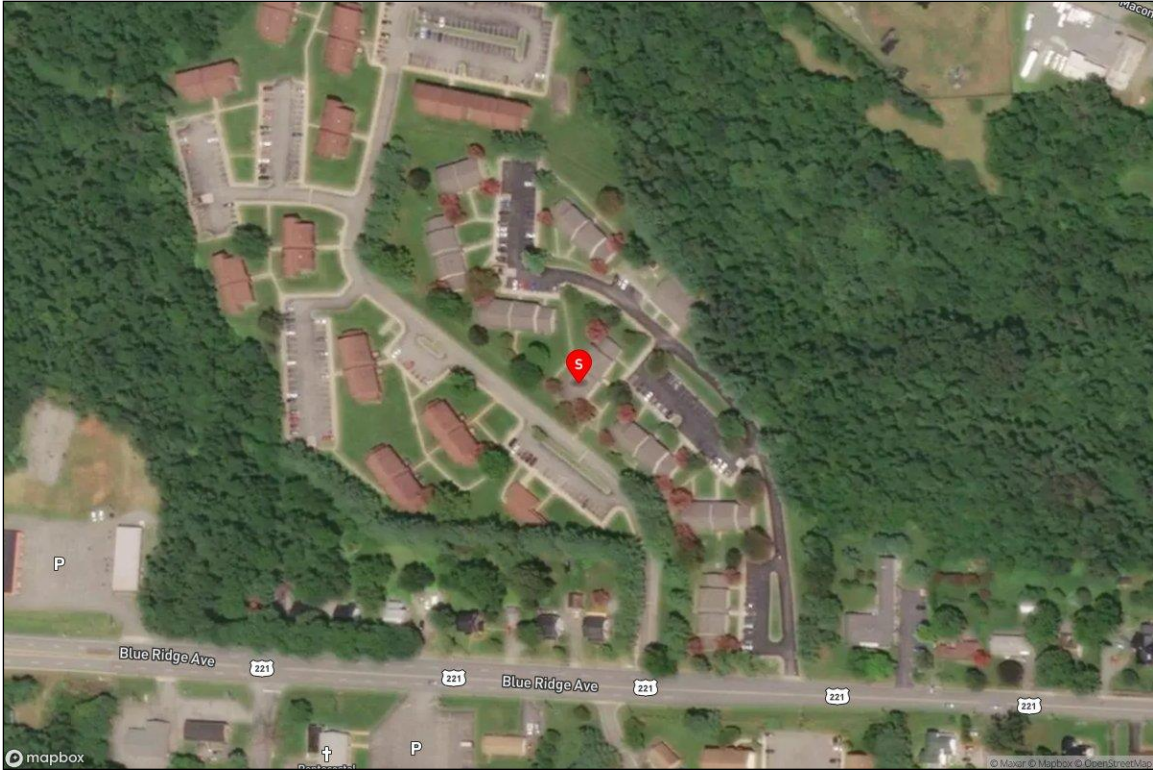
Not applicable to this development/project.

***Handicap Units:***

As required per the LIHTC application and rehab, a total of 10% or 8 units will be made to be UFAS compliant. Currently there are only 4 accessible units.

***Project Timing / Absorption***

See supply section for support. This is replacement housing, so current occupants will be retained if they so desire. There is no absorption / re-absorption estimate required at this stage. Market information indicates that if the project were to require full lease up that the expectation would be a pace of around 7-8 units per month based on the income screening requirements and the nature of the market. This would be around 8-9 months with some pre-leasing evident.



Aerial Photo



Location Map

## THE PROJECT

The subject consists of 8 garden style/2-story buildings. There are 78 apartments offering a mix of one and two-bedroom units, totaling nearly 64,544 sq. ft. of gross building area. The building is located on a 12.133-acre parcel located off of Blue Ridge Avenue in the City of Bedford, Virginia. The property was built in 1978 but there were improvements in 2007 when it was first converted in the LIHTC program, and additional renovations are planned as part of this bond financing, re-syndication of LIHTC.

Thru the re-syndication process the project is anticipating a total of over \$5,320,000 in repairs or over \$68,200 per unit. This will include updates to the interior of the apartments, the mechanicals and the structural aspects of the project/development.

The current mix of tenancy includes the following types of occupants:

- 78 units are HUD Restricted Senior 62+ Head of Household or Disabled units.
- The tenants pay a portion of the rent based on a percentage of their income.

Outlined below is a summarization of the unit mix and rent structure that applies to the development. The rental data will show the current restricted operating obligations for the project and the rents that are supported post the pending re-development.

| UNIT MIX / RENT SUMMARY |            |              |        |                  |                              |                   |                        |                            |                |                                     |                                    |                         |                               |                                   |
|-------------------------|------------|--------------|--------|------------------|------------------------------|-------------------|------------------------|----------------------------|----------------|-------------------------------------|------------------------------------|-------------------------|-------------------------------|-----------------------------------|
| Unit Type               | # of Units | (1)<br>% AMI | Sq.Ft. | Net Tenant Rents | (2)<br>Tenant Paid Utilities | Total Gross Rents | Gross Rents/<br>Sq.Ft. | (3)<br>Tax Credit Maximums | (4)<br>HUD FMR | (5)<br>Unrestricted Market Averages | (5a)<br>Achievable Market Rent/Adj | (6)<br>% Disc to TC MAX | (7)<br>% Disc to MKT Averages | (8)<br>% Disc to ADJ MKT Averages |
| 1 BRM – Tax Credit      | 64         | 50%          | 702    | \$840            | \$66                         | \$906             | \$1.29                 | \$740.00                   | \$819          | \$897                               | \$906                              | -22.43%                 | -1.00%                        | 0.00%                             |
| 2 BRM – Tax Credit      | 14         | 50%          | 863    | \$900            | \$76                         | \$976             | \$1.13                 | \$888.00                   | \$930          | \$1,039                             | \$976                              | -9.91%                  | 6.06%                         | 0.00%                             |

(1) this is the % AMI that the rent falls at or below

(2) Estimated tenant paid utilities based on provided data

(3) Tax credit max based on the 2022 AMI levels

(4) 2023 HUD FMR effective as of 9/2022

(5) Equal to street rents, these are un-adjusted for location, quality, etc - they are simple averages.

(5A) Achievable market rent adjusted to subject amenities/quality/condition

(6) The % that the intended subject rent is below the tax credit maximum allowable levels.

(7) The % that the intended subject rent is below the average unrestricted market rent in the area before adjustments to achievable.

(8) The % that the intended subject rent is below the average unrestricted market rent in the area post adjustments to achievable.

| Unit Mix and Rents: John Early Apartments As Restricted Post Renovation |            |     |               |          |          | Subject Rents LIHTC Max |             | Current Rents       |    |     |        |
|---|------------|-----|---------------|----------|----------|-------------------------|-------------|---------------------|----|-----|--------|
| Unit Type   | # of Units | SF  | Subject Rents |          | Net Rent | As Affordable           |             | 2022 Levels- 60%MAX |    |     |        |
|   |            |     | Gross Rent    | Ut allow |          | Gross Rent              | Gross Rents | % Increase Post     |    |     |        |
| 1 Bedroom   | 64         | 702 | \$906         | \$66     | \$       | 840                     | \$          | 888                 | \$ | 816 | 11.03% |
| 2 Bedroom   | 14         | 863 | \$976         | \$76     | \$       | 900                     | \$          | 1,066               | \$ | 951 | 2.63%  |
| <b>TOTALS (Income Producing Units)</b>                                  | <b>78</b>  |     |               |          |          |                         |             |                     |    |     |        |

### Unit Mix and Rents: John Early Apartments At Market Post Renovation

| Unit Type                              | # of Units | SF  | Gross Rent | Ut allow | Market Rents |     |
|--|------------|-----|------------|----------|--------------|-----|
|  |            |     |            |          | Net Rents    |     |
| 1 Bedroom                              | 64         | 702 | \$906      | \$66     | \$           | 840 |
| 2 Bedroom                              | 14         | 863 | \$976      | \$76     | \$           | 900 |
| <b>TOTALS (Income Producing Units)</b> | <b>78</b>  |     |            |          |              |     |

Notes include:

- ***The current rents are net, with Tenants paying for heat, electric, gas and hot water. Cold water, sewer and trash are paid by the owner. It is the intention of the developer to retain a net rent structure post renovation.***
- All units operate now and post rehab under a project based section 8 contract. This contract calls for tenants to pay rents based on 30% of their adjusted income and the project is subsidized up to the market rent levels thru the contract. The rents and analysis assume post rehab condition and all remaining under the context of the HAP contract.
- The square footages for the LIHTC were measured and provided by the architect and on documentation available. It reflects the HUD definition of interior wall to interior wall. The rent roll and data issued by CBRE matches. The data in the LIHTC application differs slightly.
- The rents show the pending/anticipated rent levels post completion. The rents are supported by way of the market rent forms post rehab – the improvements to be made indicate support for the rents based on the renovations that will be applied.
- The rents shown in the tables reflect the anticipated post completion subject rents as restricted. They are compared to both the LIHTC maximum rents and also the as is current subject (gross) rents for comparison only and to show the advantage to market and the increases anticipated post completion. Since all units/rents will remain under the section 8 contract the comparisons to the LIHTC levels become somewhat immaterial to the analysis.
- Parking is provided to all tenants as part of the standard rent structure; there are multiple lots around the buildings.

Physically, the development will be renovated as part of the re-development process. The total costs including soft and acquisition are estimated at \$5,320,000 in repairs or over \$68,200 per unit. The hard costs are around \$4,486,581 in repairs or over \$57,520 per unit. In order to create feasibility for this there will be an allocation of LIHTC. The equity outlined in this letter shows a slightly higher allocation compared to the pro-forma data which was used as a guide and indicates the following (realizing that all numbers are initial from data that will likely change):

- A total equity contribution of \$3,512,000
- Purchase price has not been firmly set, but based on terms of another current transaction, anticipated at \$.89 on the dollar for every credit issued.

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|                                   |  |
|-----------------------------------|--|
| <b>Parking:</b>                   | Currently there are 102 spots which is adequate on-site parking. Post rehab there will be 108 spots. |
| <b>Building Area:</b>             | The building areas are from the survey data provided by the owner.                                   |
| <b>Total Gross Building Area:</b> | 64,544 square feet   |
| <b>Year Built:</b>                | 1978   |
| <b>Year Renovated:</b>            | 2007 and will be renovated in 2023   |
| <b>Property Manager:</b>          | Sara Taylor (540) 586-7347   |

### Building Description

**Unit Layout:** The layout of the units includes the following:

- Living and dining areas, with open spaces to the kitchens. There is a separate dining area delineated by a light.
- Walk-in kitchen with vinyl flooring and appliances including stove (electric) and refrigerator. Dishwashers will be added as part of the renovations. The cabinets and countertops were replaced in the 2007 renovations and will be replaced as part of the anticipated renovations.
- One full bathroom unit, which includes a tub/shower, wall sink and vinyl floor covering.
- Tile surround for the tubs and there are vinyl floor coverings in each of the bath units.
- Units are mostly similar in layout and design. The handicap accessible units vary slightly but the differences are slight.

**Occupancy:** Historically, the project operates at near 100% occupancy and has a waiting list for all unit types. At the time of analysis there were 4 vacancies, resulting from normal project turnover.

**Wait List:** The subject's management maintains wait lists based on typical turnover rates for each unit type. Currently there are 35 applicants on the waiting list.

**Additional Unit Features:**

- There is emergency pull cords in the living/dining area, bedrooms and bathroom.
- Windows are vinyl and thermopane glass.
- Lighting provided within the kitchen, dining area, bedrooms, and baths, as well as hallways.
- Walls are gypsum wallboard throughout and painted.
- In regard to unit layouts, the floor plans offer layout that is typical for senior units of this nature in the market.
- Unit sizes appear to be fairly typical of market rate units and larger than other HUD Project Based developments located throughout the area.

**Common Areas:**

Common areas are limited within the project, but include the following:

- There is one common area, coin-operated laundry facilities located in the community building. The equipment is separately owned, and the fees are \$1.60 for a load of wash and \$1.60 for a load of drying. Post Rehab typical in the market we are assuming that the split is 50/50 related to the revenues.
- There is a community room that is used for community events and parties.
- Management office

**Services:**

- Coordinated services include games and activities such as cards and Bingo. There are organized clubs and groups that meet in the community room.
- Exercise classes
- Religious services



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**Additional Information:**

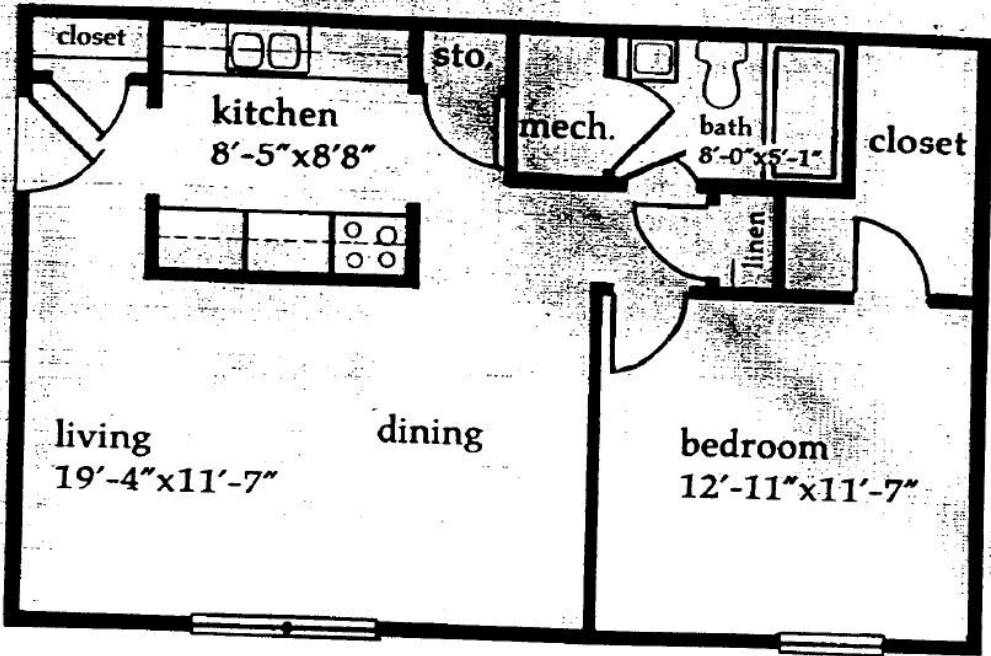
|                                   |   |
|-----------------------------------|---|
| <b>Building Features:</b>         | Heating is provided by individual electric heating units. There is central air conditioning provided by individual units.   |
| <b>Elevators/Stairs:</b>          | There are no elevators. There is a set of stairs in the center of each of the building.   |
| <b>Doors:</b>                     | Hollow core wood doors on the interior of each of the units.  |
| <b>Sprinklers/Fire Detection:</b> | There are hard wire and battery smoke detectors. There are emergency pull cords in the living/dining areas, baths and the bedrooms for the units.   |
| <b>Overall Condition:</b>         | The project is well maintained and reflects annual updates to the grounds, exterior and mechanicals. The Post rehab condition is considered superior to the older apartment complexes in the area but slightly inferior to some of the newer buildings. |

**Planned Renovations:**

As part of the updates and renovations the following items will be completed:

- New blinds.
- EnergyStar appliances.
- Replacing all kitchen and bath cabinets.
- Install HVAC system with high efficiency units.
- Reconfigure baths and kitchens in HUD 504 UFAS units. (8 units)
- Install water efficient plumbing fixtures (faucets, shower heads and toilet).
- Install EnergyStar water heaters.
- Install GFCI's in kitchen and bathroom.
- New Emergency Pull Cords
- Provide LED lighting.
- Improve/Replace landscaping

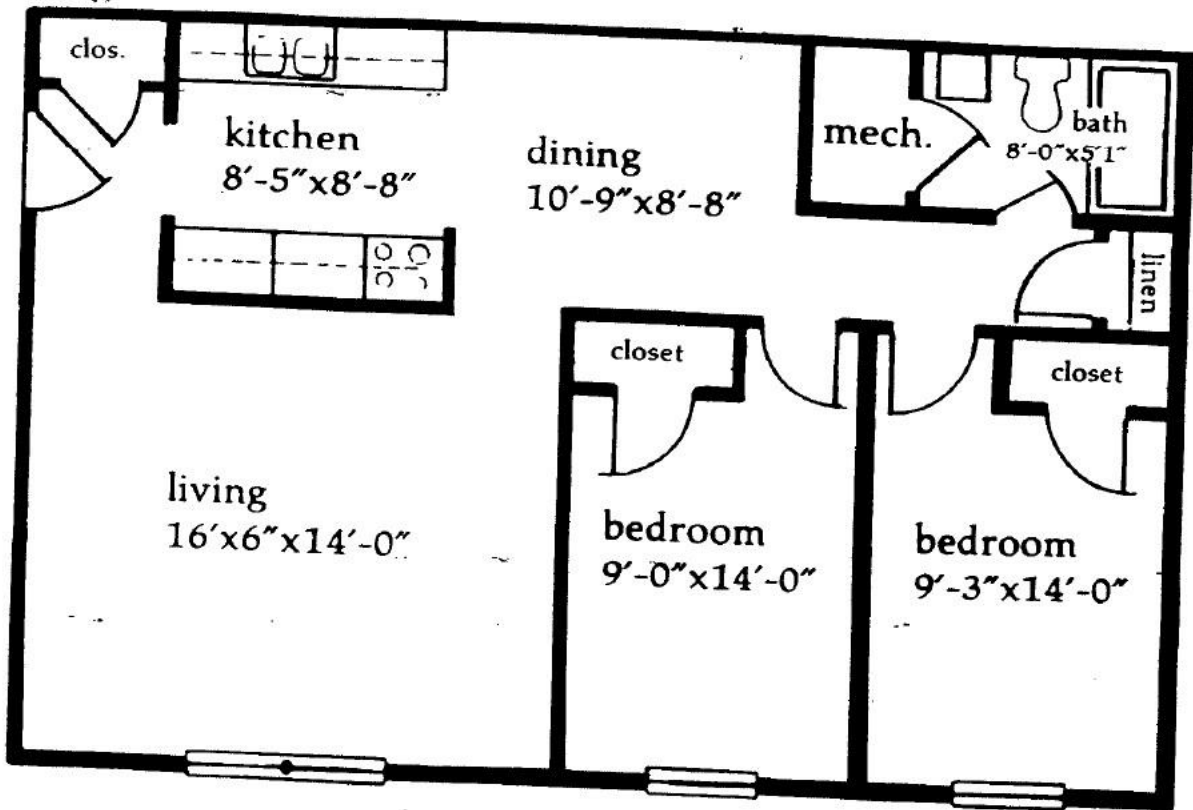
A complete narrative description of the renovations is in the addendum of this report.



1 Bedroom Apartment

770 sq ft





2 Bedroom Apartment 800 sqft



Typical Subject Building



Typical Subject Building



Typical Subject Building



Typical Subject Building (Rear)



Parking



Community Building (Exterior)





Community Room



Laundry Area



Stairway



Stairway



One-Bedroom Typical Kitchen



Two-Bedroom Typical Kitchen



One-Bedroom Living Area



Two-Bedroom Living Area



One-Bedroom Typical Bedroom



Two-Bedroom Typical Bedroom



One-Bedroom Typical Bathroom



Two-Bedroom Typical Bathroom





Dining Area



In-Unit Mechanical



Standard Closet



Walk-In Closet

# Economic Analysis

## NATIONAL TRENDS AND UNCERTAINTIES

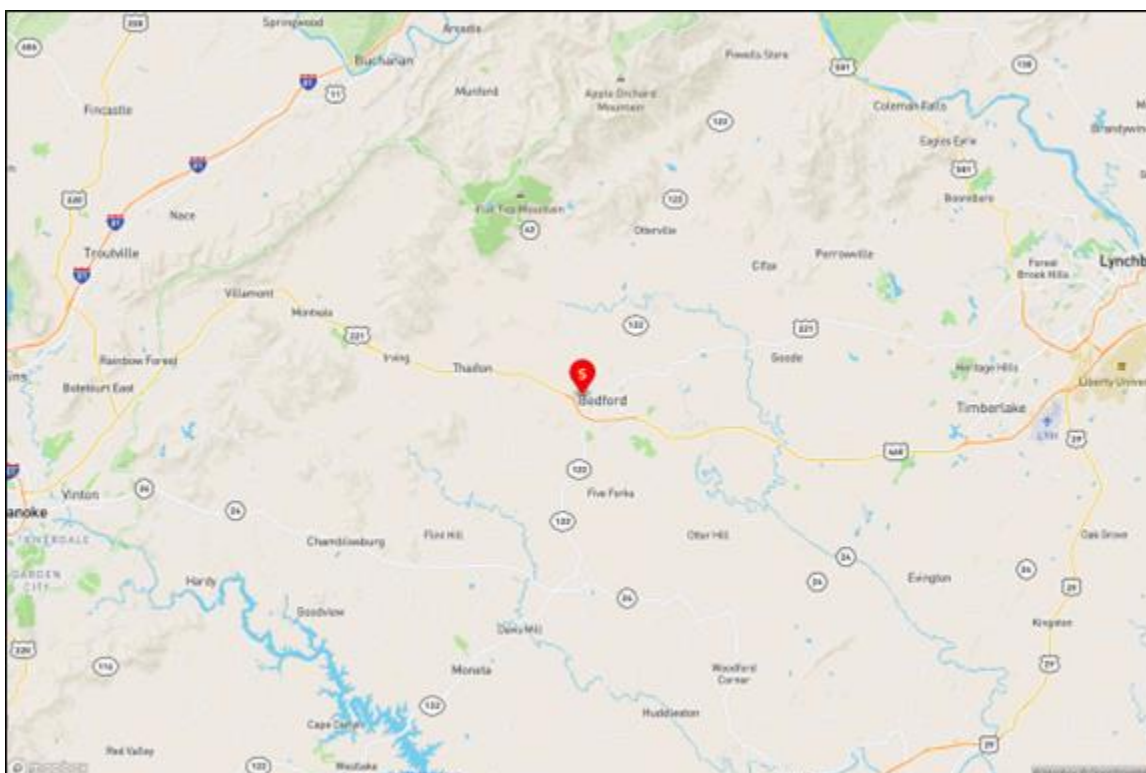
National and Global economies have experienced record setting inflation and interest rates are rising. Influences of the COVID pandemic on the economy have reduced but some fallout effects continue. The recession is still generally expected across surveys of business managers, economists and the populace at large as well as yield curve indicators. A recent Wall Street Journal poll of business and academic economics put the odds of recession at 61% - virtually unchanged since October, 2022's poll result of 63%.

In an effort to curtail inflation, The Fed has embarked on an aggressive strategy. As of February, 2023, the Federal Reserve has raised rates eight times for a total of 450 basis points over the course of 2022 into 2023. The Federal Reserve is targeting a range of 4.50% to 4.75% for the Federal Funds Rate – the highest since October 2007. The February increase was smaller at 25 basis points than the previous increases but the Fed signaled further increases will come. The effects of such a substantial increase in the cost of funds include increased mortgage rates but also investment rates.

We are cognizant that such significant changes have had an effect on Commercial Capital Markets activity and have driven changes in rent and expense growth. Commercial transaction volume was down 62% for the fourth quarter of 2022 compared to the same period in 2021. For the year, transaction volume was down 15% over 2021 implying that much of the volume reduction occurred late in the year as the debt market became illiquid as well as less favorable.

We have considered, and will address, these issues throughout this appraisal and report including in our determinations of overall capitalization rates, discount rates and growth of rents and expenses where applicable.

AREA ANALYSIS



Area Map

The subject is located within Bedford in Bedford County, Virginia. It is part of the Lynchburg metro area (Lynchburg MSA).

Moody’s Analytics’ Economy.com provides the following economic summary for the Lynchburg MSA as of April, 2022.

| Moody's Analytics Précis® Metro Indicators: Lynchburg MSA |       |       |       |       |       |                                  |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|----------------------------------|-------|-------|-------|-------|-------|-------|
| 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | INDICATORS                       | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  |
| 10.9  | 11.1  | 11.4  | 11.7  | 11.2  | 11.4  | Gross metro product (C12\$ bil)  | 11.5  | 11.8  | 12.1  | 12.5  | 12.8  | 13.0  |
| 0.0   | 1.5   | 2.5   | 2.8   | -4.7  | 2.2   | % change                         | 1.3   | 2.5   | 2.7   | 2.5   | 2.4   | 2.1   |
| 104.0   | 104.2 | 105.1 | 105.9 | 100.4 | 101.4 | Total employment (ths)           | 104.0 | 105.5 | 106.2 | 106.7 | 106.9 | 107.2 |
| -0.1  | 0.2   | 0.8   | 0.7   | -5.1  | 0.9   | % change                         | 2.6   | 1.4   | 0.8   | 0.4   | 0.2   | 0.2   |
| 4.5   | 4.2   | 3.4   | 3.2   | 6.0   | 4.1   | Unemployment rate (%)            | 3.1   | 3.1   | 3.4   | 3.5   | 3.6   | 3.7   |
| 0.8   | 3.6   | 4.0   | 2.4   | 7.5   | 6.1   | Personal income growth (%)       | 0.9   | 5.2   | 4.8   | 4.3   | 4.1   | 3.9   |
| 49.9  | 50.9  | 54.0  | 57.7  | 58.2  | 60.2  | Median household income (\$ ths) | 60.6  | 62.7  | 64.9  | 66.9  | 69.1  | 71.2  |
| 260.5   | 261.8 | 262.9 | 263.6 | 264.1 | 264.9 | Population (ths)                 | 265.7 | 266.7 | 267.5 | 268.2 | 268.8 | 269.4 |
| 0.4   | 0.5   | 0.4   | 0.3   | 0.2   | 0.3   | % change                         | 0.3   | 0.4   | 0.3   | 0.2   | 0.2   | 0.2   |
| 1.3   | 1.7   | 1.7   | 0.9   | 1.0   | 1.5   | Net migration (ths)              | 1.2   | 1.3   | 1.2   | 1.1   | 1.2   | 1.2   |
| 564   | 492   | 271   | 260   | 587   | 453   | Single-family permits (#)        | 841   | 1,137 | 1,101 | 1,073 | 1,005 | 923   |
| 99  | 278   | 159   | 322   | 333   | 165   | Multifamily permits (#)          | 340   | 415   | 402   | 378   | 344   | 326   |
| 182   | 186   | 193   | 201   | 211   | 236   | FHFA house price (1995Q1=100)    | 271   | 275   | 276   | 275   | 274   | 271   |

Source: Moody's Analytics Précis® US Metro

Moody's summarizes the area's economic performance in recent months as follows:

### Recent Performance

Lynchburg MSA has more losses to recoup than regionally and nationally, but the metro area's recovery has accelerated in recent months. As of April, employment was still more than 2% below its pre-pandemic level, which is a worse showing than regionally and nationally. However, job growth over the past six months has bested that of the South and the U.S. Lynchburg MSA's core driver, manufacturing, has recouped all pandemic-induced losses, but protracted weakness in the public sector is holding back the recovery. House price gains are besting Virginia's, but residential construction has not increased much during the pandemic.

### Market Comparison

The following table illustrates key economic indicators and a comparison of the Lynchburg MSA to the regional grouping as a whole. As indicated, Lynchburg is projected to outperform the National Region Metros in two of eight performance categories shown over the next five years.

| Comparison of Key Economic Indicators - Lynchburg MSA Metro to National Region |               |       |       |               |             |          |           |           |               |             |
|--|---------------|-------|-------|---------------|-------------|----------|-----------|-----------|---------------|-------------|
| Indicator  | Lynchburg MSA |       |       | Annual Growth |             | National |           |           | Annual Growth |             |
|  | 2015          | 2020  | 2025  | 2015 - 2020   | 2020 - 2025 | 2015     | 2020      | 2025      | 2015 - 2020   | 2020 - 2025 |
| Gross metro product (C12\$ bil)  | 10.9          | 11.4  | 12.8  | 0.8%          | 2.3%        | 17,390   | 18,385    | 21,880    | 1.1%          | 3.5%        |
| Total employment (ths)   | 104.0         | 101.4 | 106.9 | -0.5%         | 1.1%        | 141,804  | 142,252   | 156,087   | 0.1%          | 1.9%        |
| Unemployment rate (%)  | 4.5%          | 4.1%  | 3.6%  |               |             | 5.3%     | 8.1%      | 4.0%      |               |             |
| Personal income growth (%)   | 0.8%          | 6.1%  | 4.1%  |               |             | 4.7%     | 6.5%      | 4.6%      |               |             |
| Population (ths)   | 260.5         | 264.9 | 268.8 | 0.3%          | 0.3%        | 320,739  | 329,484   | 337,256   | 0.5%          | 0.5%        |
| Single-family permits (#)  | 564           | 453   | 1,005 | -4.3%         | 17.3%       | 712,250  | 1,003,750 | 1,333,642 | 7.1%          | 5.8%        |
| Multifamily permits (#)  | 99            | 165   | 344   | 10.8%         | 15.8%       | 394,500  | 392,833   | 476,081   | -0.1%         | 3.9%        |
| FHFA house price (1995Q1=100)  | 182           | 236   | 274   | 5.3%          | 3.0%        | N/A      | N/A       | N/A       | N/A           | N/A         |
| Lynchburg MSA outperforming National Region Metros                             |               |       |       |               |             |          |           |           |               |             |
| Lynchburg MSA underperforming National Region Metros                           |               |       |       |               |             |          |           |           |               |             |

Source: Moody's Analytics Précis@ US Metro; Compiled by Newmark



## Employment Sectors and Trends

Employment data by occupation and business/industry sectors provides an indication of the amount of diversification and stability in the local economy. Job sector composition also gives an indication of the predominant drivers of current and future demand for supporting commercial real estate sectors. The following tables display employment data by occupation sector and by business/industry sector for the area and region.

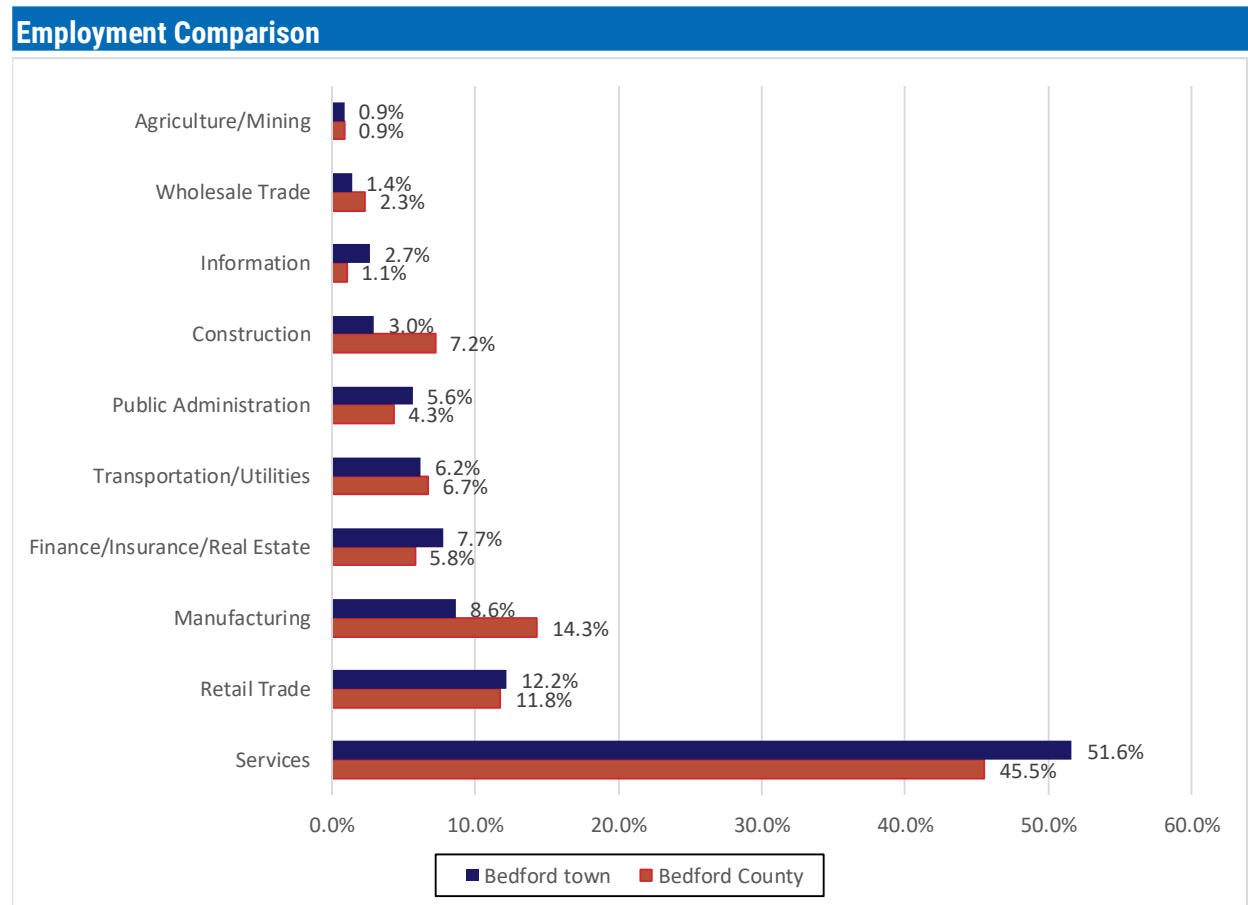
| Current Employment by Occupation Sector      |              |               |              |               |                |               |                   |               |                  |               |
|--|--------------|---------------|--------------|---------------|----------------|---------------|-------------------|---------------|------------------|---------------|
| Occupation Sector                            | 24523        |               | Bedford town |               | Bedford County |               | Lynchburg, VA MSA |               | Virginia         |               |
| <b>White Collar</b>                          | <b>4,683</b> | <b>50.0%</b>  | <b>1,596</b> | <b>55.6%</b>  | <b>23,286</b>  | <b>58.7%</b>  | <b>73,417</b>     | <b>58.0%</b>  | <b>2,881,410</b> | <b>66.3%</b>  |
| Administrative Support                       | 1,095        | 11.7%         | 365          | 12.7%         | 4,656          | 11.7%         | 14,735            | 11.6%         | 449,497          | 10.3%         |
| Management/Business/Financial                | 969          | 10.3%         | 257          | 9.0%          | 5,618          | 14.2%         | 16,435            | 13.0%         | 850,736          | 19.6%         |
| Professional                                 | 1,739        | 18.6%         | 745          | 26.0%         | 9,504          | 24.0%         | 31,409            | 24.8%         | 1,214,025        | 27.9%         |
| Sales and Sales Related                      | 880          | 9.4%          | 229          | 8.0%          | 3,508          | 8.8%          | 10,838            | 8.6%          | 367,152          | 8.4%          |
| <b>Services</b>                              | <b>1,813</b> | <b>19.4%</b>  | <b>581</b>   | <b>20.2%</b>  | <b>6,147</b>   | <b>15.5%</b>  | <b>21,813</b>     | <b>17.2%</b>  | <b>656,055</b>   | <b>15.1%</b>  |
| <b>Blue Collar</b>                           | <b>2,867</b> | <b>30.6%</b>  | <b>693</b>   | <b>24.1%</b>  | <b>10,248</b>  | <b>25.8%</b>  | <b>31,377</b>     | <b>24.8%</b>  | <b>811,029</b>   | <b>18.7%</b>  |
| Construction/Extraction                      | 269          | 2.9%          | 21           | 0.7%          | 1,773          | 4.5%          | 5,521             | 4.4%          | 201,556          | 4.6%          |
| Farming/Fishing/Forestry                     | 24           | 0.3%          | 0            | 0.0%          | 162            | 0.4%          | 561               | 0.4%          | 14,889           | 0.3%          |
| Installation/Maintenance/Repair              | 473          | 5.1%          | 46           | 1.6%          | 1,723          | 4.3%          | 5,106             | 4.0%          | 122,377          | 2.8%          |
| Production                                   | 686          | 7.3%          | 131          | 4.6%          | 2,646          | 6.7%          | 9,298             | 7.3%          | 174,769          | 4.0%          |
| Transportation/Material Moving               | 1,415        | 15.1%         | 495          | 17.2%         | 3,944          | 9.9%          | 10,891            | 8.6%          | 297,438          | 6.8%          |
| <b>Total Employees (16+ Occupation Base)</b> | <b>9,363</b> | <b>100.0%</b> | <b>2,870</b> | <b>100.0%</b> | <b>39,681</b>  | <b>100.0%</b> | <b>126,607</b>    | <b>100.0%</b> | <b>4,348,494</b> | <b>100.0%</b> |

Source: ESRI; Compiled by Newmark

| Current Employment by Industry Sector        |              |               |              |              |                |               |                   |               |                  |               |
|--|--------------|---------------|--------------|--------------|----------------|---------------|-------------------|---------------|------------------|---------------|
| Industry Sector                              | 24523        |               | Bedford town |              | Bedford County |               | Lynchburg, VA MSA |               | Virginia         |               |
| Agriculture/Mining                           | 80           | 0.9%          | 25           | 0.9%         | 349            | 0.9%          | 1,173             | 0.9%          | 33,070           | 0.8%          |
| Construction                                 | 608          | 6.5%          | 85           | 3.0%         | 2,867          | 7.2%          | 8,627             | 6.8%          | 304,592          | 7.0%          |
| Manufacturing                                | 1,185        | 12.7%         | 248          | 8.6%         | 5,683          | 14.3%         | 16,295            | 12.9%         | 297,162          | 6.8%          |
| Wholesale Trade                              | 229          | 2.4%          | 40           | 1.4%         | 923            | 2.3%          | 2,312             | 1.8%          | 69,572           | 1.6%          |
| Retail Trade                                 | 1,284        | 13.7%         | 349          | 12.2%        | 4,673          | 11.8%         | 14,689            | 11.6%         | 439,745          | 10.1%         |
| Transportation/Utilities                     | 566          | 6.0%          | 178          | 6.2%         | 2,674          | 6.7%          | 6,482             | 5.1%          | 227,819          | 5.2%          |
| Information                                  | 142          | 1.5%          | 77           | 2.7%         | 419            | 1.1%          | 1,684             | 1.3%          | 72,978           | 1.7%          |
| Finance/Insurance/Real Estate                | 461          | 4.9%          | 222          | 7.7%         | 2,299          | 5.8%          | 6,293             | 5.0%          | 284,527          | 6.5%          |
| Services                                     | 4,309        | 46.0%         | 1,482        | 51.6%        | 18,069         | 45.5%         | 63,944            | 50.5%         | 2,228,479        | 51.2%         |
| Public Administration                        | 498          | 5.3%          | 162          | 5.6%         | 1,725          | 4.3%          | 5,108             | 4.0%          | 390,550          | 9.0%          |
| <b>Total Employees (16+ Occupation Base)</b> | <b>9,363</b> | <b>100.0%</b> | <b>2,870</b> | <b>99.9%</b> | <b>39,681</b>  | <b>100.0%</b> | <b>126,607</b>    | <b>100.0%</b> | <b>4,348,494</b> | <b>100.0%</b> |

Source: ESRI; Compiled by Newmark

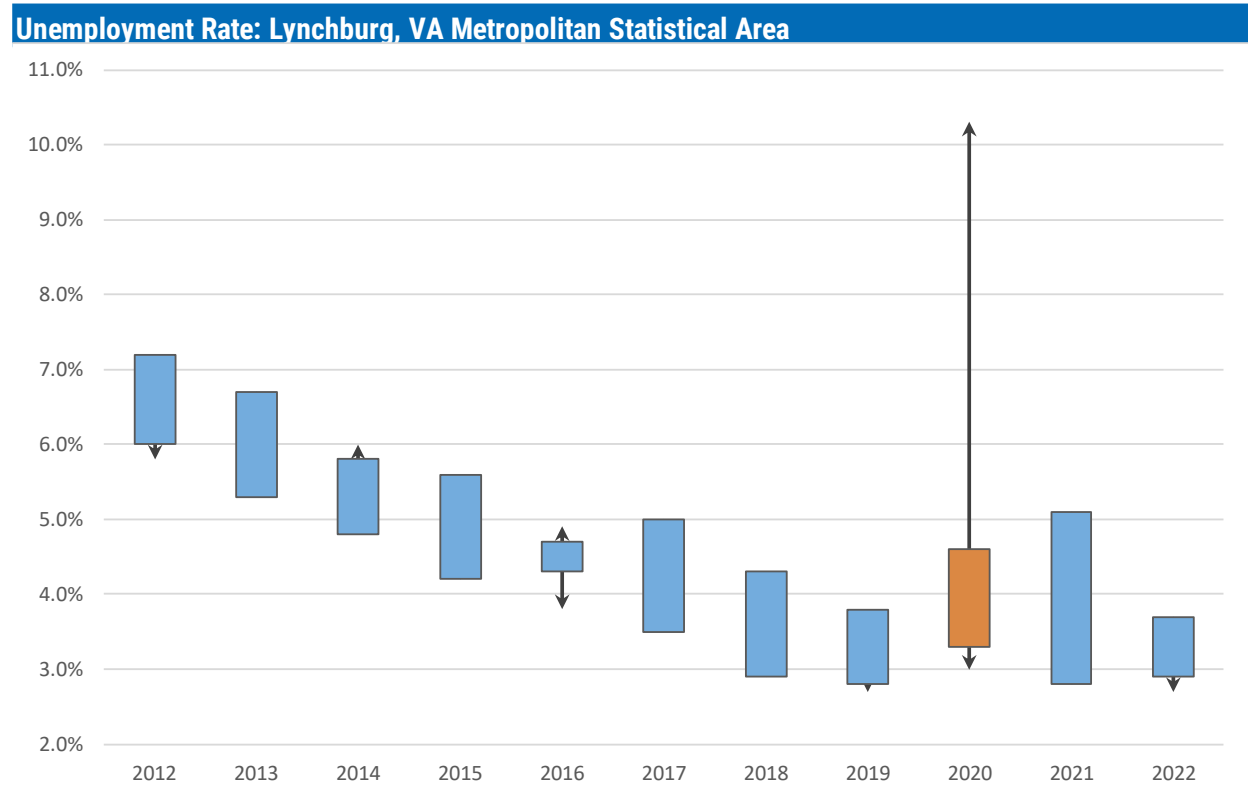
Comparing the industry sectors for the local market area (Bedford town) to Bedford County indicates the local market area is somewhat more heavily weighted toward the Services, Finance/Insurance/Real Estate, Information, Public Administration, and Retail Trade sectors. By contrast, the industry employment totals for Bedford County indicate somewhat higher proportions within the Manufacturing, Construction, Wholesale Trade, Transportation/Utilities, and Agriculture/Mining sectors. The following graphic further illustrates this comparison.



Source: ESRI; Compiled by Newmark

### Unemployment

The following table displays the historical unemployment data for the area derived from the US Department of Commerce, Bureau of Labor Statistics. The most recent reported unemployment rate for the Lynchburg, VA Metropolitan Statistical Area is 2.9% (December 2022).



Bars represent beginning to end range of unemployment rates in each year  
 Orange bars denote increasing unemployment from beginning to end of year  
 Blue bars are declining unemployment from beginning to end of year  
 Arrows are extent of unemployment rates over the year

*Compiled by Newmark*

## Major Employers

The following table lists a number of major employers with the Lynchburg MSA as reported by Moody's. While not all-encompassing, this list provides further indication of the types of economic sectors that are drivers for the area.

### Selected Major Employers: Lynchburg MSA

| Rank | Employer                            | Employees   |
|------|-------------------------------------|-------------|
| 1    | Walmart Inc.                        | 1350 - 2750 |
| 2    | Centra Health                       | 1,000       |
| 3    | Babcock & Wilcox Nuclear            | 1,000       |
| 4    | J. Crew Outfitters                  | 1,000       |
| 5    | Areva NP Inc.                       | 1,000       |
| 6    | Food Lion                           | 700 - 1500  |
| 7    | Abbott Laboratories                 | 500 - 999   |
| 8    | GNA Corp.                           | 500 - 999   |
| 9    | Lynchburg College                   | 500 - 999   |
| 10   | Kdc Lynchburg                       | 500 - 999   |
| 11   | Kroger                              | 400 - 850   |
| 12   | Central Virginia Community Services | 350 - 700   |
| 13   | Lowes' Home Centers Inc.            | 300 - 750   |
| 14   | Harris Corp.                        | 300 - 600   |
| 15   | Glad Manufacturing Co.              | 250 - 499   |
| 16   | Greif Packaging LLC                 | 250 - 499   |
| 17   | GP Big Island LLC                   | 250 - 499   |
| 18   | Elwood Staffing Services Inc        | 250 - 499   |
| 19   | Mail America Communications         | 250 - 499   |
| 20   | BGF Industries Inc.                 | 250 - 499   |

Source: Moody's Analytics Précis® US Metro

## Liberty University

This institution is one of the largest employers in the state and area. A summary of a 2018 (most recent) economic impact study is in the addendum and a general summary is on the following page.

## ECONOMIC AND FISCAL CONTRIBUTION OF LIBERTY UNIVERSITY

Mangum Economic, LLC assessed the economic and fiscal contribution that Liberty University made to the Lynchburg MSA and the state of Virginia in academic year 2018-19. The report is located in the addendum. The principle findings from that assessment are as follows:

- Liberty University is Virginia’s largest and most rapidly growing institution of higher education:
  - In 2018-19, Liberty had an unduplicated annual headcount of 111,084 students, making it the largest institution of higher education in Virginia and the fifth largest in the country.
  - In 2018-19, Liberty University and its auxiliary enterprises were also Lynchburg’s largest employer, providing jobs for 7,987 individuals in the Lynchburg MSA, 8,665 in Virginia, and 11,336 worldwide.
- Liberty University makes a major economic and fiscal contribution to the Lynchburg MSA:
  - Liberty University’s 2018-19 regional spending was also responsible for supporting a total of 12,580 jobs within the Lynchburg MSA and generating \$428.3 million in labor income.
  - Local taxes paid by the university itself, associated enterprises, employees, students, and visitors contributed approximately \$16.5 million in tax revenue to the Lynchburg MSA in 2018-19.
- Liberty University makes a major economic and fiscal contribution to the state of Virginia as a whole:
  - In 2018-19 Liberty University, along with its associated enterprises, students, and visitors were responsible for contributing \$659.2 million in direct spending to the state.
- Liberty University makes a major contribution to growing Virginia’s human capital.
- Liberty University also makes many other contributions to the Lynchburg MSA and the state of Virginia:
  - Its students and employees provide more than \$3.5 million worth of volunteer service hours within the Lynchburg MSA each year.
  - It has made significant regional investments in economic revitalization.
- ***In sum, Liberty University is a rapidly growing institution that has a significant economic and fiscal impact on the Lynchburg MSA and the state of Virginia as a whole, and plays a very active and positive leadership role within its community and the state.***

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## Analysis

Further economic analysis from Moody's is detailed as follows:

### Eds And Meds

Education/healthcare will add jobs at a faster rate than that of the nation in coming months. Liberty University anchors private education, and recent enrollment trends are bright. The university reported a large jump in new students on campus for the fall 2021 semester, and additional students will push demand for teaching and support staff higher. Employment in private education is already well above its pre-pandemic level despite declines regionally and nationally, and more gains will occur as Liberty and other universities in Lynchburg MSA add staff to keep pace with climbing enrollment.

Meanwhile, healthcare employment still has significant room to recover; payrolls are down by 8% relative to February 2020, compared to just 1% for the South. More lost jobs will be recouped in coming quarters thanks to gains in the outsize cohort of adults age 65 and older and as the fading pandemic eases labor force constraints.

### Tourism

Lynchburg MSA's increasing popularity as a tourism destination will support consumer industries. Weekend travelers from Richmond and Washington DC, attendees of the area's abundance of festivals, and overnighters from the Blue Ridge Parkway, which connects Shenandoah National Park to Great Smoky Mountains National Park, will push tourist dollars into local restaurants, hotels and shops. As a result, net hiring in retail and leisure/hospitality will match that of the state over the next year. Gains in consumer industries will be good news given Lynchburg MSA's demographic challenges. A shrinking working-age population lessens the number of consumers in their prime spending years, while the metro area's outsize share of low-wage jobs reduces the amount of disposable income locally.

### Demographics

Weak demographics and the lack of dynamic growth drivers will hamstring Lynchburg MSA's potential. Population growth is expected to slow in the near term and will advance at about one-third of the region's pace in the long run. Most of the population gains will come from the age 65 and older cohort given that the working-age population, which has declined since 2018, will continue to drop. The decline in working-age adults will limit business investment and restrict labor force growth. However, risks are weighted to the upside for demographic improvement. Lynchburg MSA boasts low living costs and an above-average quality of life thanks to an abundance of natural amenities, and this could increase Lynchburg MSA's attractiveness to remote workers.

**Conclusion**

| Positive Attributes  | Negative Attributes   |
|--|---|
| <ul style="list-style-type: none"> <li>- Presence of Liberty University and University of Lynchburg.</li> <li>- Defense contractors invest in Lynchburg.</li> <li>- Positive net migration.</li> <li>- Low living and business costs.</li> </ul> | <ul style="list-style-type: none"> <li>- Manufacturing is a shadow of former self.</li> <li>- Dearth of high-wage jobs.</li> <li>- Very low per capita income.</li> </ul> |

Lynchburg MSA's economy will remain a step behind its national peers in the months ahead. Education/healthcare will add jobs, but not by enough to make Lynchburg MSA a standout performer. Longer term, a poor manufacturing outlook and subpar demographics will relegate Lynchburg MSA to a below-average performer in both job and income growth.

**Distance from Key Locations**

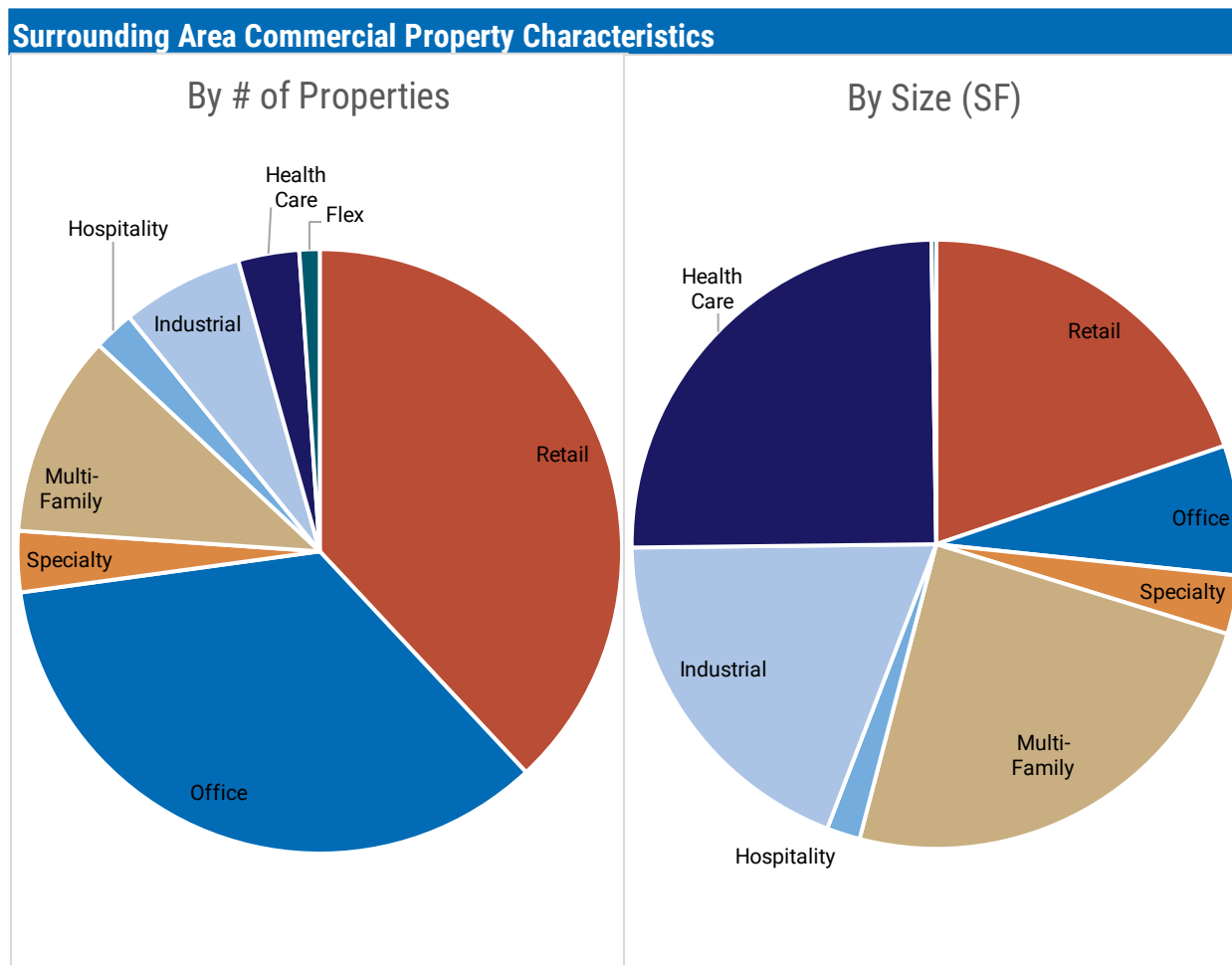
The commute to the Downtown Lynchburg is about thirty-five minutes and the drive to Lynchburg Regional Airport is about twenty-eight minutes. The following illustrates the 1-hour drive time from the subject.



**Drive Time Map**

## Land Use

The following was developed from Costar data for the major property types in the surrounding 1.5 mile radius around the subject.



Source: Costar; Compiled by Newmark

Within the immediate area of the subject, property uses include the following:

- A majority of the properties in the surrounding area are retail in nature.
- A majority of the square footage in the surrounding area is occupied by health-care, and multi-family space.
- Office, multi-family, retail, health care, industrial, and specialty uses are also evident in the surrounding area.



## Demographics

A demographic summary for the defined area is illustrated as follows:

| Demographic Analysis               |               |                |                |           |              |                |                      |           |
|------------------------------------|---------------|----------------|----------------|-----------|--------------|----------------|----------------------|-----------|
|                                    | 1-Mile Radius | 3-Miles Radius | 5-Miles Radius | 24523     | Bedford town | Bedford County | Lynchburg, VA<br>MSA | Virginia  |
| <b>Population</b>                  |               |                |                |           |              |                |                      |           |
| 2010 Total Population              | 2,518         | 9,227          | 13,003         | 19,307    | 6,623        | 74,886         | 252,634              | 8,001,024 |
| 2022 Total Population              | 2,620         | 9,249          | 13,005         | 19,186    | 6,676        | 80,041         | 262,377              | 8,744,590 |
| 2027 Total Population              | 2,696         | 9,322          | 13,050         | 19,176    | 6,766        | 80,878         | 263,675              | 8,856,660 |
| Projected Annual Growth %          | 0.6%          | 0.2%           | 0.1%           | 0.0%      | 0.3%         | 0.2%           | 0.1%                 | 0.3%      |
| <b>Households</b>                  |               |                |                |           |              |                |                      |           |
| 2010 Total Households              | 1,034         | 3,869          | 5,446          | 7,987     | 2,788        | 30,088         | 99,602               | 3,056,058 |
| 2022 Total Households              | 1,115         | 3,991          | 5,608          | 8,202     | 2,852        | 32,767         | 105,476              | 3,366,802 |
| 2027 Total Households              | 1,152         | 4,033          | 5,640          | 8,218     | 2,902        | 33,180         | 106,367              | 3,416,596 |
| Projected Annual Growth %          | 0.7%          | 0.2%           | 0.1%           | 0.0%      | 0.3%         | 0.3%           | 0.2%                 | 0.3%      |
| <b>Income</b>                      |               |                |                |           |              |                |                      |           |
| 2022 Median Household Income       | \$38,821      | \$52,110       | \$55,936       | \$58,965  | \$45,010     | \$75,161       | \$60,652             | \$82,443  |
| 2022 Average Household Income      | \$51,960      | \$68,821       | \$75,088       | \$77,328  | \$60,306     | \$100,465      | \$85,166             | \$121,628 |
| 2022 Per Capita Income             | \$23,657      | \$29,682       | \$32,181       | \$33,121  | \$25,742     | \$41,138       | \$34,393             | \$46,977  |
| <b>Housing</b>                     |               |                |                |           |              |                |                      |           |
| 2022 Owner Occupied Housing Units  | 43.8%         | 57.2%          | 63.9%          | 69.0%     | 47.5%        | 73.6%          | 63.0%                | 60.9%     |
| 2022 Renter Occupied Housing Units | 46.2%         | 33.6%          | 26.9%          | 21.1%     | 41.8%        | 13.2%          | 25.5%                | 30.5%     |
| 2022 Median Home Value             | \$226,200     | \$229,944      | \$228,204      | \$226,300 | \$220,655    | \$277,765      | \$221,959            | \$342,622 |
| Median Year Structure Built        | 1969          | 1971           | 1974           | 1976      | 1967         | 1987           | 1979                 | 1982      |
| <b>Miscellaneous Data Items</b>    |               |                |                |           |              |                |                      |           |
| 2022 Bachelor's Degree             | 14.4%         | 15.3%          | 14.5%          | 13.9%     | 14.5%        | 18.6%          | 18.3%                | 23.3%     |
| 2022 Grad/Professional Degree      | 3.7%          | 6.2%           | 6.8%           | 7.2%      | 5.0%         | 12.9%          | 11.6%                | 18.0%     |
| 2022 College Graduate %            | 18.1%         | 21.4%          | 21.3%          | 21.1%     | 19.5%        | 31.5%          | 29.9%                | 41.4%     |
| 2022 Average Household Size        | 2.24          | 2.22           | 2.25           | 2.29      | 2.21         | 2.43           | 2.37                 | 2.53      |
| 2022 Median Age                    | 45.0          | 46.6           | 47.2           | 47.3      | 44.8         | 47.0           | 41.8                 | 39.2      |

Source: ESRI; Compiled by Newmark

## Demographic Analysis

### Population and Household Formation

| Demographic Growth Rate Analysis |               |                |                |        |              |                |                   |           |
|----------------------------------|---------------|----------------|----------------|--------|--------------|----------------|-------------------|-----------|
|                                  | 1-Mile Radius | 3-Miles Radius | 5-Miles Radius | 24523  | Bedford town | Bedford County | Lynchburg, VA MSA | Virginia  |
| <b>Population</b>                |               |                |                |        |              |                |                   |           |
| 2010 Total Population            | 2,518         | 9,227          | 13,003         | 19,307 | 6,623        | 74,886         | 252,634           | 8,001,024 |
| 2022 Total Population            | 2,620         | 9,249          | 13,005         | 19,186 | 6,676        | 80,041         | 262,377           | 8,744,590 |
| 2027 Total Population            | 2,696         | 9,322          | 13,050         | 19,176 | 6,766        | 80,878         | 263,675           | 8,856,660 |
| Annual Growth - Past Period      | 0.3%          | 0.0%           | 0.0%           | -0.1%  | 0.1%         | 0.6%           | 0.3%              | 0.7%      |
| Annual Growth - Future Period    | 0.6%          | 0.2%           | 0.1%           | 0.0%   | 0.3%         | 0.2%           | 0.1%              | 0.3%      |
| <b>Households</b>                |               |                |                |        |              |                |                   |           |
| 2010 Total Households            | 1,034         | 3,869          | 5,446          | 7,987  | 2,788        | 30,088         | 99,602            | 3,056,058 |
| 2022 Total Households            | 1,115         | 3,991          | 5,608          | 8,202  | 2,852        | 32,767         | 105,476           | 3,366,802 |
| 2027 Total Households            | 1,152         | 4,033          | 5,640          | 8,218  | 2,902        | 33,180         | 106,367           | 3,416,596 |
| Annual Growth - Past Period      | 0.6%          | 0.3%           | 0.2%           | 0.2%   | 0.2%         | 0.7%           | 0.5%              | 0.8%      |
| Annual Growth - Future Period    | 0.7%          | 0.2%           | 0.1%           | 0.0%   | 0.3%         | 0.3%           | 0.2%              | 0.3%      |

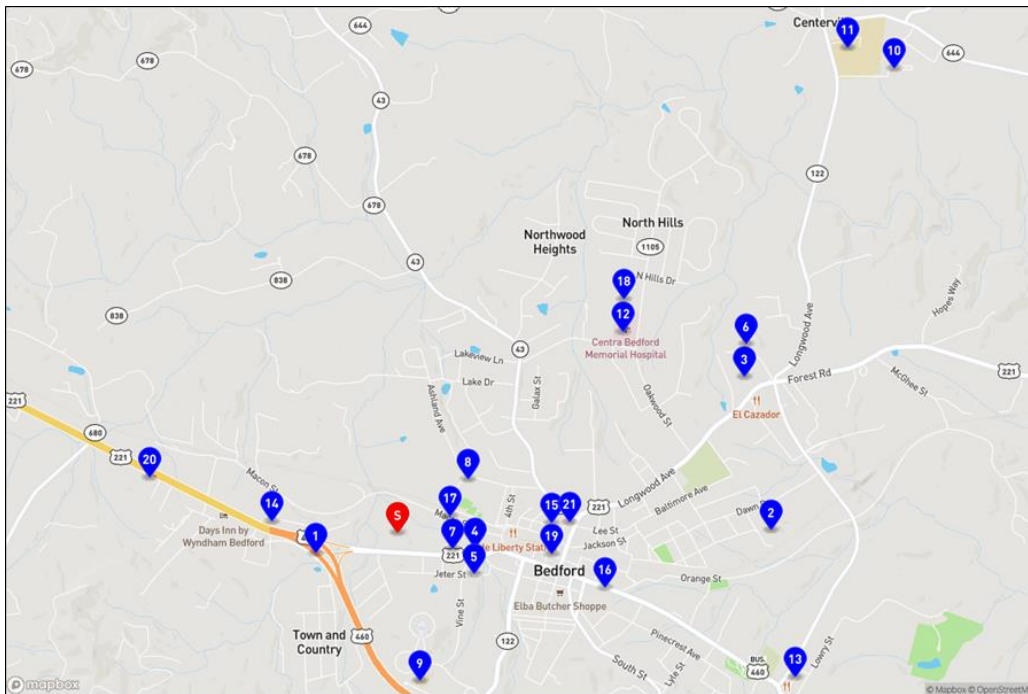
Source: ESRI; Compiled by Newmark

### Income Distributions

| Household Income Analysis            |               |                |                |             |              |                |               |               |          |
|--------------------------------------|---------------|----------------|----------------|-------------|--------------|----------------|---------------|---------------|----------|
|                                      | 1-Mile Radius | 3-Miles Radius | 5-Miles Radius | 24523       | Bedford town | Bedford County | Lynchburg, VA |               | Virginia |
|                                      |               |                |                |             |              |                | MSA           |               |          |
| <b>2022</b>                          |               |                |                |             |              |                |               |               |          |
| Household Income <\$15,000           | 274 24.6%     | 503 12.6%      | 586 10.4%      | 748 9.1%    | 460 16.1%    | 2,170 6.6%     | 9,158 8.7%    | 231,843 6.9%  |          |
| Household Income \$15,000-\$24,999   | 145 13.0%     | 420 10.5%      | 552 9.8%       | 734 8.9%    | 342 12.0%    | 1,969 6.0%     | 8,071 7.7%    | 208,768 6.2%  |          |
| Household Income \$25,000-\$34,999   | 91 8.2%       | 475 11.9%      | 635 11.3%      | 916 11.2%   | 349 12.2%    | 3,016 9.2%     | 11,236 10.7%  | 222,882 6.6%  |          |
| Household Income \$35,000-\$49,999   | 147 13.2%     | 529 13.3%      | 775 13.8%      | 1,134 13.8% | 377 13.2%    | 3,989 12.2%    | 14,245 13.5%  | 336,960 10.0% |          |
| Household Income \$50,000-\$74,999   | 144 12.9%     | 578 14.5%      | 830 14.8%      | 1,277 15.6% | 391 13.7%    | 5,190 15.8%    | 19,213 18.2%  | 526,950 15.7% |          |
| Household Income \$75,000-\$99,999   | 202 18.1%     | 740 18.5%      | 1,055 18.8%    | 1,652 20.1% | 529 18.5%    | 5,458 16.7%    | 16,186 15.3%  | 434,339 12.9% |          |
| Household Income \$100,000-\$149,999 | 89 8.0%       | 507 12.7%      | 780 13.9%      | 1,136 13.9% | 272 9.5%     | 5,735 17.5%    | 15,478 14.7%  | 598,206 17.8% |          |
| Household Income \$150,000-\$199,999 | 21 1.9%       | 173 4.3%       | 225 4.0%       | 335 4.1%    | 120 4.2%     | 2,544 7.8%     | 6,457 6.1%    | 345,999 10.3% |          |
| Household Income \$200,000+          | 1 0.1%        | 65 1.6%        | 171 3.0%       | 270 3.3%    | 13 0.5%      | 2,696 8.2%     | 5,430 5.1%    | 460,765 13.7% |          |
| Median Household Income              | \$38,821      | \$52,110       | \$55,936       | \$58,965    | \$45,010     | \$75,161       | \$60,652      | \$82,443      |          |
| Average Household Income             | \$51,960      | \$68,821       | \$75,088       | \$77,328    | \$60,306     | \$100,465      | \$85,166      | \$121,628     |          |
| Per Capita Income                    | \$23,657      | \$29,682       | \$32,181       | \$33,121    | \$25,742     | \$41,138       | \$34,393      | \$46,977      |          |

Source: ESRI; Compiled by Newmark

NEIGHBORHOOD ANALYSIS



Community Service Map

| COMMUNITY SERVICES |                                      |                                  |                          |                                       |
|--------------------|--------------------------------------|----------------------------------|--------------------------|---------------------------------------|
|                    | COMMUNITY SERVICES                   | NAME                             | Address                  | TRAVEL DISTANCE* FROM SITE (IN MILES) |
| 1                  | MAJOR HIGHWAY(S)                     | Highway                          | 460 Expressway           | 0.5                                   |
|                    | PUBLIC BUS STOP                      | Bus Stop                         | Timberlake               | 15                                    |
|                    | SUBWAY / RAIL STATION                | Train Station                    | Lynchburg Kemper St      | 21                                    |
| 2                  | MAJOR EMPLOYERS / EMPLOYMENT CENTERS | Bedford Weaving Mills, Inc.      | 1211 Monroe St           | 1.8                                   |
| 3                  | PHARMACY                             | CVS Pharmacy                     | 1515 Longwood Ave        | 1.8                                   |
| 4                  | CONVENIENCE STORE                    | Speedy Mart                      | 510 Blue Ridge Ave       | 0.4                                   |
| 5                  | NEAREST MARKET                       | Elba Butcher                     | 510 Blue Ridge Ave       | 0.4                                   |
| 6                  | NEAREST FULL SERVICE MARKET          | Food Lion                        | 1515 Longwood Ave        | 1.8                                   |
| 7                  | DISCOUNT DEPARTMENT STORE            | Dollar General                   | 558 Blue Ridge Ave       | 0.4                                   |
|                    | SCHOOLS:                             |                                  |                          |                                       |
| 8                  | ELEMENTARY                           | Bedford Primary School K-2       | 807 College St           | 0.4                                   |
| 9                  | INTERMEDIATE                         | Bedford Elementary 1-5           | 806 Tiger Trail          | 0.8                                   |
| 10                 | MIDDLE / JUNIOR HIGH                 | Liberty Middle 4-8               | 1237 Lacey Putney Way    | 3.3                                   |
| 11                 | HIGH                                 | Liberty High 9-12                | 100 Liberty Minutemen Dr | 3.2                                   |
| 12                 | HOSPITAL                             | Centra Bedford Memorial Hospital | 1613 Oakwood St          | 1.4                                   |
| 13                 | URGENT CARE                          | Bedford Family Urgent Care       | 1368 American Way Court  | 2.1                                   |
| 14                 | POLICE                               | State Police                     | 874 Blue Ridge Ave       | 0.7                                   |
| 15                 | FIRE                                 | Bedford Volunteer Fire Dept      | 315 Bedford Ave          | 0.7                                   |
| 16                 | POST OFFICE                          | USPS                             | 500 E Main St            | 1.1                                   |
| 17                 | BANK                                 | Carter Bank & Trust              | 550 Blue Ridge Ave       | 0.3                                   |
| 18                 | SENIOR CENTER                        | Centra Bedford Adult Day Center  | 1617 Oakwood St          | 1.5                                   |
| 19                 | DAY CARE                             | Little Light Early Learning      | 217 W Depot St           | 0.8                                   |
| 20                 | RECREATION CENTER                    | Bedford Area Family YMCA         | 1111 Turnpike Rd         | 1.3                                   |
| 21                 | LIBRARY                              | Bedford Central Library          | 321 N Bridge St          | 0.8                                   |

\* CALCULATED ALONG DEDICATED ROADWAYS

\*\*Walk Score is 25

**Surrounding Area of Influence Trends**

The property is located on the north side of Blue Ridge Avenue, between Oakcrest Street and Spruce Street. Blue Ridge Avenue has a mix of commercial and residential properties and experiences moderate-to-heavy traffic volume. There are a number of commercial services along Blue Ridge including grocery and restaurants. The community is a smaller area that is between Roanoke to the west and Lynchburg to the east and Bedford does rely on these communities for economic support and places of employment.

Economically, this section of the community is moderate income in nature. The specific subject census tract has a median income of \$45,396 based of the 2022 HISTA data (2023 data is not yet available as of the time this report was prepared). The median income in the Primary Market Draw area (PMA) is higher at \$64,527.

This is a small, rural community that is between Lynchburg and Roanoke. There are really no set/firm boundary areas beyond the parameters of the community itself.

The specifically *surrounding property uses* include:

| Surrounding Property Uses |  |   |
|---------------------------|--|---|
| Direction                 | Surrounding Use  | Trends / Comments   |
| <b>To the North:</b>      | Vacant land and then the Spring Oak Assisted Living complex north of the rail lines.   | Supportive but no new development or ongoing development. .   |
| <b>To the South:</b>      | Powder Horn Apartments, a church, some scattered single family homes and vacant land. Further south is the National D-Day Memorial, and the Bedford Elementary School. | Supportive and favorable, but no new development. Indicative of support for multiple family development/projects. |
| <b>To the East:</b>       | General commercial and retail along Blue Ridge Ave. A bank, strip plaza and other commercial uses. Also some single family residential development.                    | Supportive and favorable, indicative of local supporting commercial development activity – walkable to the site.  |
| <b>To the West:</b>       | Rain Tree Village affordable housing ,and then mixed commercial and retail with some residential.  | Indicative of multi-family support, and community needs/services. Limited new development activity.               |

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### Retail & Commercial Services

There are some commercial and retail developments located along Blue Ridge Avenue including:

- Westgate Shopping Plaza with a Dollar General, and community services
- Carter Bank and Trust
- Some general light industry and businesses.
- Local restaurants
- Near W. Main (Blue Ridge turns into W. Main) and Bridge Street are some municipal offices and local/regional Courts.
- Further to the east are some other national retailers/restaurants such as:
  - CVS
  - KFC
  - Taco Bell
  - A Walmart Super Center

**Recreation and Community Services:**

Typical for a small community; Churches, small parks and municipal services.

**Residential Patterns & Trends:**

As a small community the range of pricing is significant from around \$40,000 to close to \$400,000 depending on style, age, size and other factors.

| Local Single Family Residential Sales - Bedford, VA |                 |                 |       |               |                              |
|---|-----------------|-----------------|-------|---------------|------------------------------|
| Address   | Sale Date       | Sale/List Price | SF    | Property Type | Comments                     |
| 501 Jeter Street, Bedford, VA 24523                 | Current Listing | \$699,000       | 1,531 | House         | 3-bed 2-bath; SE of the site |
| 509 South Street, Bedford, VA 24523                 | Current Listing | \$70,000        | 2,662 | House         | 3-bed 2-bath; SE of the site |
| 1004 Ashland Avenue, Bedford, VA 24523              | Current Listing | \$300,000       | 3,795 | House         | 4-bed 4-bath; N of the site  |
| 904 Maybeury Drive, Bedford, VA 24523               | Current Listing | \$259,900       | 1,642 | House         | 4-bed 2-bath; SE of the site |
| 137 Villa Oak Circle, Bedford, VA 24523             | Current Listing | \$379,900       | 1,550 | Townhome      | 2-bed 2-bath; NE of the site |
| 710 Jeter Street, Bedford, VA 24523                 | 12/19/2022      | \$103,160       | 1,543 | House         | 3-bed 1-bath; SE of the site |
| 609 Vine Street, Bedford, VA 24523                  | 11/10/2022      | \$216,000       | 1,116 | House         | 3-bed 2-bath; SE of the site |
| 418 W Franklin Street, Bedford, VA 24523            | 11/23/2022      | \$155,000       | 1,269 | House         | 3-bed 2-bath; SE of the site |
| 744 Peaks Street, Bedford, VA 24523                 | 1/13/2023       | \$40,000        | 1,408 | House         | 3-bed 1-bath; NE of the site |
| 403 W King Street, Bedford, VA 24523                | 11/29/2022      | \$99,000        | 1,119 | House         | 3-bed 1-bath; SE of the site |

Source: Zillow.com 02/2023

**Transportation:**

- **Bus services: No local bus service is available.**
- There is no commuter rail services available.
- **Highway/transportation linkages** are quickly and easily accessible. There is a means of ingress/ egress to the Route Highway Route 460.

**Medical Facilities:**

The nearest hospital is Centra Bedford Memorial Hospital located about 2.5 miles to the northeast. Bedford Family Urgent Care is 2.4 mile east just off of Main Street.

**Crime**

Bedford has an overall crime rate of 11 per 1,000 residents, making the crime rate here near the average for all cities and towns of all sizes in America. According to our analysis of FBI crime data, your chance of becoming a victim of crime in Bedford is 1 in 89. Compared to other communities of similar population size, Bedford has a crime rate that is noticeably lower than the average. This means that for comparably sized cities all across America, Bedford is actually safer than most according to Neighborhood Scout's exclusive analysis of FBI crime data.

<https://www.neighborhoodscout.com/va/bedford/crime#description>





Blue Ridge Avenue Facing East



Blue Ridge Avenue Facing West



Nearby Residential



Nearby Affordable Family Multi-Family Property



Nearby Commercial



Nearby Church



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# Market Area Demographics & Trends

In order to analyze demographics that will impact the prospective development it is critical that an appropriate market draw area be established. This is one of the more complicated and difficult tasks associated with market studies of this nature, and we have reviewed physical, sociological and even psychological influences on mobility within this portion of the area.

## **MARKET DRAW AREA:**

The Primary Market Area (PMA) is defined by NCHMA guidelines as a “geographic area from which a property is expected to draw the majority of its residents.” We have considered the type of project in question, and typical movement/mobility in the market area. This is an affordable project operating under LIHTC rent restrictions – parameters that have been considered in setting the PMA.

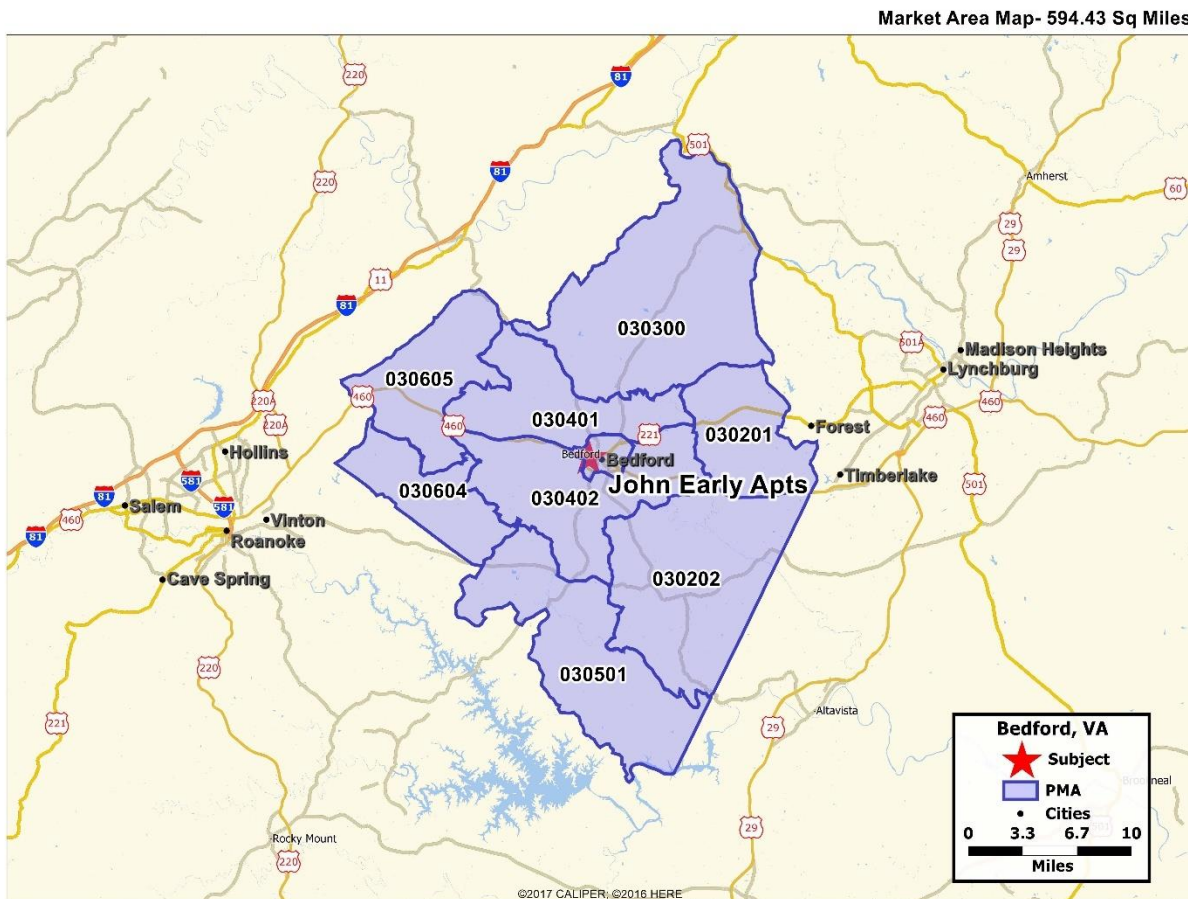
The market draw area was based on a number of economic variables, physical barriers and boundaries, and local patterns and trends; which often involve historical perceptions or attributes/deficiencies of certain neighborhood characteristics.

In this case, as an existing development, we could also interview the management group in order to determine what area the tenants are moving from. They do not specifically keep census tract data or zip code information as to where the tenants relocate from. Given the favorable rents and location, the project is attractive to households from a wide area/region, but as is typical, the large majority will be from close by as area residents tend to be the most supportive. The Primary Market Area or the PMA will be the area that will support about 60% to 70% of the tenants on an ongoing basis.

The PMA would be considered similar for seniors and non seniors; but the demand analysis and drivers are related only to seniors.

A summarization of the primary market draw area that we will use to establish the demographics for the project is outlined on the following page. This is the area from which the HISTA documentation/demographic data will be obtained, and it is important to recognize that the definition and characteristics of the PMA do differ from HUD’s definition of a Housing Market Area or HMA in the MAP Guide. While we are not preparing a comprehensive market study, we are setting a Demand Model in order to demonstrate ongoing and additional project support. The HMA differs from the analysis of the PMA in that the HMA defines the area from which the comparable data is identified. For a project like the subject property, comparables are appropriate and necessary to reference from areas that are outside of the boundaries of the PMA that we have set.

The boundaries of the PMA that we have utilized are on the following page (on the map), together with a summarization of the census tracts that have been considered/included.



The census tracts that comprise the PMA set forth by the data outlined in the previous map include the following:

| Census Tract | County         | Municipality | Zip Code |
|--------------|----------------|--------------|----------|
| 51019030201  | Bedford County | Forest       | 24551    |
| 51019030202  | Bedford County | Bedford      | 24523    |
| 51019030300  | Bedford County | Bedford      | 24523    |
| 51019030401  | Bedford County | Bedford      | 24523    |
| 51019030402  | Bedford County | Bedford      | 24523    |
| 51019030501  | Bedford County | Moneta       | 24121    |
| 51019030604  | Bedford County | Vinton       | 24179    |
| 51019030605  | Bedford County | Montvale     | 24122    |
| 51515050100  | Bedford County | Bedford      | 24523    |

**Census Data for the Market:**

Outlined below is a summarization of some demographic statistics from the American Community Survey and the census data. The information summarized on the chart below shows/demonstrates data from the county and the census tract. ***The demographic data outlined in the chart below differs from the demographic data presented on the following pages, which will reflect the PMA only. The information below provides a synopsis of the census tract.*** The data below is obtained from the 2010 Census documentation and the American Community Survey data/information with 2013-2017 ACS data. It is simply census documentation that applies to specific areas and is not consistent with the data that will apply to the market draw area. The market draw area data will utilize HISTA information for application to the demand analysis (including all of the Census tracts that are shown previously) but it is still reasonable and important to consider the census data for comparison.

As discussed in the front part of the report, the 2023 Hista and AMI data is not available as of the date of the report preparation so the 2022 data is still applicable.

| <b>Demographic Summarization<br/>2022 Estimates</b> |                        |                       |                                     |                    |
|---|------------------------|-----------------------|-------------------------------------|--------------------|
|   | <b>City of Bedford</b> | <b>Bedford County</b> | <b>Census Tract<br/>51515050100</b> | <b>Market Area</b> |
| Total Housing Units                                 | 3,003                  | 37,714                | 3,003                               | 20,396             |
| Total Population                                    | 6,197                  | 81,015                | 6,197                               | 45,909             |
| Total Households                                    | 2,695                  | 32,881                | 2,695                               | 18,402             |
| Median Household Income                             | \$45,396               | \$74,927              | \$45,396                            | \$68,784           |
| Average Household Size                              | 2.2                    | 2.4                   | 2.2                                 | 2.5                |
| Median Value of Owned Home                          | \$177,149              | \$249,333             | \$177,149                           | \$230,855          |
| Percent of Population Aged 65+                      | 23.9%                  | 23.0%                 | 23.9%                               | 22.4%              |
| Median Age  | 42.9                   | 47.1                  | 42.9                                | 46.4               |
| Percent Owner Occupied Households                   | 55.2%                  | 82.2%                 | 55.2%                               | 80.8%              |
| Percent Renter Occupied Households                  | 44.8%                  | 17.8%                 | 44.8%                               | 19.2%              |
| Percent Vacant Housing Units                        | 10.3%                  | 12.8%                 | 10.3%                               | 9.8%               |
| Population 16+, Civilian Labor Force, Employed      | 2,676                  | 37,798                | 2,676                               | 21,114             |
| Percent of Civilian Labor Force Unemployed          | 4.1%                   | 3.8%                  | 4.1%                                | 4.2%               |
| Percent of Families Below Poverty Line              | 19.9%                  | 5.6%                  | 19.9%                               | 6.6%               |
| <i>Source: Claritas; Ribbon Demographics</i>        |                        |                       |                                     |                    |

| DEMOGRAPHIC SUMMARIZATION                  |                                 |                               |   |
|--|---------------------------------|-------------------------------|---|
|  | <u>Bedford County, Virginia</u> | <u>Bedford town, Virginia</u> | <u>Census Tract 501, Bedford County, Virginia</u> |
| Average Household Size - Owner Occupied    | 2.48                            | 2.77                          | 2.81  |
| Average Household Size - Renter Occupied   | 2.48                            | 2.19                          | 2.17  |
| Median Monthly Gross Rent                  | \$816                           | \$710                         | \$708   |
| % Renters Paying 35% or More(1)            | 34.80%                          | 43.10%                        | 44.00%  |
| Median Age                                 | 45.90                           | 40.00                         | 38.80   |
| Household With One or More people 65+      | 10,628                          | 958                           | 928   |
| Ratio of Vacant Rental Units               | 6.40%                           | 2.80%                         | 2.80%   |
| Tenure: Ratio of larger rental projects(2) | 4.98%                           | 5.41%                         | 5.51%   |
| Ratio of Rental Units Built Post 1980      | 49.38%                          | 28.00%                        | 26.75%  |
| Employed                                   | 36,735                          | 2,555                         | 2,526   |
| Unemployment Rate                          | 4.4%                            | 5.3%                          | 5.4%  |
| Mean Travel Time to Work (minutes)         | 26.9                            | 19.4                          | 19.1  |

(1) Gross rent as a percent of income.

(2) Defined as rental units with 20 or more apartments.

**Source: 2013-2017 American Community Survey - 5 Year Estimate**

A summary of some of the key statistics evident by review of the above data includes:

- The economics of the area indicate the median income in the subject census tract at a level that is similar to the town but lower than county levels.
- Home prices are also similar in the town and the census tract but higher in the county.
- Rents in the subject census tract from this data (older ACS information) indicate a level of \$708 compared to the town at \$710 and the county at \$816.
- The ratio of renters in this area is higher than the county and generally similar to the town.
- In the subject census tract only 5.51% of the rental apartments are in larger developments with most in smaller projects with less than 20 units.
- Poverty ratios are typical in all areas; not high/significant.
- The ratio of seniors aged 65+ is similar in each of the areas referenced/identified.

**HISTA Data**

Outlined below is the HISTA data, which stands for Households by Income, Size, Tenure and Age. This is a Claritas product/Ribbon Demographics that now incorporates the 2010 Census and the American Community Survey data. This is a useful/informational database, as it projects statistics that are helpful for demand modeling.

The information applicable to 2022 with forecasts through 2027 is outlined in the data below. Note that this demographic information is the data that is used for application to the demand modeling that will follow.

We will present a summarization of the HISTA Data below, followed then by the critical HISTA information. This will be used specifically to generate the Demand Model within our capture rate analysis. The HISTA Data is a demographic database that is useful in regards to estimating market demand and support. It isolates households by income, size, tenure and age and provides statistics necessary for application to demand and demographic modeling. The data applies below the targeted markets including households aged 62+.

| <b>Demographic Summary PMA – HISTA Data *</b>  |                |             |                 |             |                 |
|--|----------------|-------------|-----------------|-------------|-----------------|
|  | <b>2015 **</b> | <b>2022</b> | <b>% Change</b> | <b>2027</b> | <b>% Change</b> |
| Total Renter Households:   | 1,008          | 1,186       | 17.66%          | 1,305       | 10.03%          |
| Owner Occupied Households:   | 5,351          | 6,348       | 18.63%          | 7,026       | 10.68%          |
| Total Households:  | 6,359          | 7,534       | 18.48%          | 8,331       | 10.58%          |
| % of Renters   | 15.85%         | 15.74%      |                 | 15.66%      |                 |
| <b>2022 Data:</b>  |                |             |                 |             |                 |
| Renters Earning \$30,000 or Less:  | 44.52%         |             |                 |             |                 |
| Renters Earning \$20,000 or Less:  | 30.78%         |             |                 |             |                 |
| Ratio of Renters with 3 or more persons  | 14.00%         |             |                 |             |                 |
| 2022 Estimated Median Income Market Draw Area:   | \$64,527       |             |                 |             |                 |
| Median Income Subject Census Tract:  | \$45,396       |             |                 |             |                 |
| * All data applies to age 62 and over only   |                |             |                 |             |                 |
| ** The 2014-2019 ACS data has been used as the basis in the demographic summary for the equivalent of the 2015 household statistics. |                |             |                 |             |                 |

| <b>Population Age 62 and Over</b> |                   |                 |
|-----------------------------------|-------------------|-----------------|
| <b>Year</b>                       | <b>Population</b> | <b>% Change</b> |
| 2010 (1)                          | 8,905             | N/A             |
| 2022 (2)                          | 12,533            | 40.74%          |
| 2027 (3)                          | 14,319            | 14.25%          |
| 1) Census                         |                   |                 |
| 2) Current Year Estimate          |                   |                 |
| 3) 5-yr Projection                |                   |                 |

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Notes evident by review of this data that are important to recognize include:

- Major household increases of 18.48% over the past seven years and over 10.58% increases expected over the next five years. Population trends are similar on a ratio/percentage basis.
- Ratio of renters of just under 16% which is impacted by the income levels in the area and the nature of the housing and the market. Senior renters in a smaller community are less typical.
- Ratio of renters earning \$30,000 a year or less is over 44%. While the ratio of renters earning \$20,000 or less is close to 30%. This is an indication of a large ratio of low income renters in the area.
- A fairly high ratio of renters with three or more persons for age 62+ at 14%.
- The median income statistics from the HISTA data is slightly different than the ACS data presented. The HISTA data/Claritas projections indicate a median of \$45,396 in the subject census tract compared to \$64,527 in the primary market draw area.



| DEMOGRAPHIC DATA                    |        |          |
|-------------------------------------|--------|----------|
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| <b>Market Area</b>                  |        |          |
| <b>Total Population</b>             |        |          |
| Census 2000                         | 38,964 |          |
| Census 2010                         | 43,383 |          |
| Current Year Estimates 2022         | 45,909 |          |
| Five-Year Projections 2027          | 47,395 |          |
| <i>Change 2000 - 2010</i>           | 4,419  | 11.3%    |
| <i>Estimated Change 2010 - 2022</i> | 2,526  | 5.8%     |
| <i>Projected Change 2022 - 2027</i> | 1,486  | 3.2%     |
| <b>Population by Sex</b>            |        |          |
| 2022 Males                          | 22,625 | 49.3%    |
| 2022 Females                        | 23,284 | 50.7%    |
| <b>Group Quarters Population</b>    |        |          |
| Census 2000                         | 867    |          |
| Census 2010                         | 558    |          |
| Current Year Estimates 2022         | 460    |          |
| Five-Year Projections 2027          | 437    |          |
| <i>Change 2000 - 2010</i>           | -309   | -35.6%   |
| <i>Estimated Change 2010 - 2022</i> | -98    | -17.6%   |
| <i>Projected Change 2022 - 2027</i> | -23    | -5.0%    |
| <b>Total Households</b>             |        |          |
| Census 2000                         | 15,268 |          |
| Census 2010                         | 17,306 |          |
| Current Year Estimates 2022         | 18,402 |          |
| Five-Year Projections 2027          | 19,016 |          |
| <i>Change 2000 - 2010</i>           | 2,038  | 13.3%    |
| <i>Estimated Change 2010 - 2022</i> | 1,096  | 6.3%     |
| <i>Projected Change 2022 - 2027</i> | 614    | 3.3%     |
| Average Household Size 2000         | 2.50   |          |
| Average Household Size 2010         | 2.47   |          |
| Average Household Size 2022         | 2.47   |          |
| Average Household Size 2027         | 2.47   |          |
| <b>Total Families</b>               |        |          |
| Census 2000                         | 11,295 |          |
| Census 2010                         | 12,503 |          |
| Current Year Estimates 2022         | 13,334 |          |
| Five-Year Projections 2027          | 13,795 |          |
| <i>Change 2000 - 2010</i>           | 1,208  | 10.7%    |
| <i>Estimated Change 2010 - 2022</i> | 831    | 6.6%     |
| <i>Projected Change 2022 - 2027</i> | 461    | 3.5%     |
| <b>Total Housing Units</b>          |        |          |
| Census 2000                         | 16,519 |          |
| Census 2010                         | 19,274 |          |
| Current Year Estimates 2022         | 20,396 |          |
| Five-Year Projections 2027          | 21,023 |          |
| <i>Change 2000 - 2010</i>           | 2,755  | 16.7%    |
| <i>Estimated Change 2010 - 2022</i> | 1,122  | 5.8%     |
| <i>Projected Change 2022 - 2027</i> | 627    | 3.1%     |
| Total Vacant Housing Units 2000     | 1,251  |          |
| Total Vacant Housing Units 2010     | 1,968  |          |
| Total Vacant Housing Units 2022     | 1,994  |          |
| Total Vacant Housing Units 2027     | 2,007  |          |
| <b>Households by Tenure</b>         |        |          |
| 2000 Owner                          | 12,558 | 82.3%    |
| 2000 Renter                         | 2,710  | 17.7%    |
| 2010 Owner                          | 13,958 | 80.7%    |
| 2010 Renter                         | 3,348  | 19.3%    |
| 2022 Owner                          | 14,871 | 80.8%    |
| 2022 Renter                         | 3,531  | 19.2%    |
| 2027 Owner                          | 15,380 | 80.9%    |
| 2027 Renter                         | 3,636  | 19.1%    |

| HISTA 2.2 Summary Data     |                    | Market Area - Bedford, VA |                    |                    |                     |              |
|----------------------------|--------------------|---------------------------|--------------------|--------------------|---------------------|--------------|
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| <b>Renter Households</b>   |                    |                           |                    |                    |                     |              |
| Age 15 to 54 Years         |                    |                           |                    |                    |                     |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                     |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+-Person Household | Total        |
| \$0-10,000                 | 45                 | 11                        | 42                 | 27                 | 25                  | 150          |
| \$10,000-20,000            | 71                 | 105                       | 80                 | 50                 | 2                   | 308          |
| \$20,000-30,000            | 136                | 44                        | 29                 | 69                 | 11                  | 289          |
| \$30,000-40,000            | 83                 | 57                        | 62                 | 3                  | 34                  | 239          |
| \$40,000-50,000            | 82                 | 82                        | 27                 | 79                 | 10                  | 280          |
| \$50,000-60,000            | 22                 | 58                        | 10                 | 2                  | 23                  | 115          |
| \$60,000-75,000            | 1                  | 33                        | 134                | 58                 | 9                   | 235          |
| \$75,000-100,000           | 65                 | 30                        | 53                 | 5                  | 3                   | 156          |
| \$100,000-125,000          | 34                 | 49                        | 10                 | 1                  | 9                   | 103          |
| \$125,000-150,000          | 7                  | 56                        | 12                 | 8                  | 19                  | 102          |
| \$150,000-200,000          | 0                  | 0                         | 0                  | 0                  | 7                   | 7            |
| \$200,000+                 | 9                  | 3                         | 4                  | 7                  | 3                   | 26           |
| <b>Total</b>               | <b>555</b>         | <b>528</b>                | <b>463</b>         | <b>309</b>         | <b>155</b>          | <b>2,010</b> |
| <b>Renter Households</b>   |                    |                           |                    |                    |                     |              |
| Aged 55 to 61 Years        |                    |                           |                    |                    |                     |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                     |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+-Person Household | Total        |
| \$0-10,000                 | 58                 | 0                         | 7                  | 0                  | 1                   | 66           |
| \$10,000-20,000            | 17                 | 0                         | 1                  | 19                 | 0                   | 37           |
| \$20,000-30,000            | 20                 | 0                         | 5                  | 1                  | 1                   | 27           |
| \$30,000-40,000            | 7                  | 7                         | 2                  | 1                  | 0                   | 17           |
| \$40,000-50,000            | 4                  | 0                         | 0                  | 0                  | 3                   | 7            |
| \$50,000-60,000            | 5                  | 13                        | 8                  | 0                  | 2                   | 28           |
| \$60,000-75,000            | 1                  | 0                         | 10                 | 0                  | 2                   | 13           |
| \$75,000-100,000           | 1                  | 0                         | 0                  | 0                  | 1                   | 2            |
| \$100,000-125,000          | 0                  | 85                        | 0                  | 0                  | 1                   | 86           |
| \$125,000-150,000          | 4                  | 0                         | 2                  | 0                  | 1                   | 7            |
| \$150,000-200,000          | 9                  | 3                         | 1                  | 2                  | 8                   | 23           |
| \$200,000+                 | 17                 | 2                         | 1                  | 0                  | 2                   | 22           |
| <b>Total</b>               | <b>143</b>         | <b>110</b>                | <b>37</b>          | <b>23</b>          | <b>22</b>           | <b>335</b>   |
| <b>Renter Households</b>   |                    |                           |                    |                    |                     |              |
| Aged 62+ Years             |                    |                           |                    |                    |                     |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                     |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+-Person Household | Total        |
| \$0-10,000                 | 139                | 5                         | 0                  | 0                  | 4                   | 148          |
| \$10,000-20,000            | 200                | 10                        | 4                  | 1                  | 2                   | 217          |
| \$20,000-30,000            | 113                | 40                        | 4                  | 0                  | 6                   | 163          |
| \$30,000-40,000            | 55                 | 44                        | 3                  | 3                  | 4                   | 109          |
| \$40,000-50,000            | 40                 | 19                        | 3                  | 0                  | 5                   | 67           |
| \$50,000-60,000            | 39                 | 28                        | 1                  | 0                  | 5                   | 73           |
| \$60,000-75,000            | 72                 | 12                        | 22                 | 1                  | 6                   | 113          |
| \$75,000-100,000           | 23                 | 24                        | 6                  | 0                  | 54                  | 107          |
| \$100,000-125,000          | 32                 | 9                         | 6                  | 0                  | 6                   | 53           |
| \$125,000-150,000          | 30                 | 6                         | 2                  | 0                  | 4                   | 42           |
| \$150,000-200,000          | 31                 | 2                         | 3                  | 0                  | 4                   | 40           |
| \$200,000+                 | 35                 | 12                        | 3                  | 0                  | 4                   | 54           |
| <b>Total</b>               | <b>809</b>         | <b>211</b>                | <b>57</b>          | <b>5</b>           | <b>104</b>          | <b>1,186</b> |

| HISTA 2.2 Summary Data     |                    | Market Area - Bedford, VA |                    |                    |                     |              |
|----------------------------|--------------------|---------------------------|--------------------|--------------------|---------------------|--------------|
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| <b>Owner Households</b>    |                    |                           |                    |                    |                     |              |
| Age 15 to 54 Years         |                    |                           |                    |                    |                     |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                     |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+-Person Household | Total        |
| \$0-10,000                 | 60                 | 36                        | 16                 | 9                  | 1                   | 122          |
| \$10,000-20,000            | 32                 | 32                        | 2                  | 26                 | 12                  | 104          |
| \$20,000-30,000            | 69                 | 52                        | 16                 | 18                 | 0                   | 155          |
| \$30,000-40,000            | 20                 | 138                       | 54                 | 61                 | 58                  | 331          |
| \$40,000-50,000            | 47                 | 117                       | 89                 | 65                 | 108                 | 426          |
| \$50,000-60,000            | 89                 | 20                        | 138                | 20                 | 31                  | 298          |
| \$60,000-75,000            | 62                 | 278                       | 157                | 118                | 69                  | 684          |
| \$75,000-100,000           | 25                 | 455                       | 416                | 326                | 141                 | 1,363        |
| \$100,000-125,000          | 80                 | 138                       | 72                 | 319                | 204                 | 813          |
| \$125,000-150,000          | 3                  | 57                        | 117                | 190                | 110                 | 477          |
| \$150,000-200,000          | 8                  | 134                       | 222                | 68                 | 123                 | 555          |
| \$200,000+                 | 1                  | 31                        | 235                | 167                | 108                 | 542          |
| <b>Total</b>               | <b>496</b>         | <b>1,488</b>              | <b>1,534</b>       | <b>1,387</b>       | <b>965</b>          | <b>5,870</b> |
| <b>Owner Households</b>    |                    |                           |                    |                    |                     |              |
| Aged 55 to 61 Years        |                    |                           |                    |                    |                     |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                     |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+-Person Household | Total        |
| \$0-10,000                 | 23                 | 38                        | 1                  | 10                 | 4                   | 76           |
| \$10,000-20,000            | 99                 | 67                        | 3                  | 10                 | 1                   | 180          |
| \$20,000-30,000            | 4                  | 55                        | 3                  | 1                  | 1                   | 64           |
| \$30,000-40,000            | 64                 | 67                        | 6                  | 14                 | 7                   | 158          |
| \$40,000-50,000            | 79                 | 49                        | 32                 | 0                  | 0                   | 160          |
| \$50,000-60,000            | 24                 | 108                       | 12                 | 5                  | 1                   | 150          |
| \$60,000-75,000            | 70                 | 201                       | 59                 | 1                  | 3                   | 334          |
| \$75,000-100,000           | 11                 | 289                       | 93                 | 66                 | 0                   | 459          |
| \$100,000-125,000          | 11                 | 236                       | 75                 | 5                  | 4                   | 331          |
| \$125,000-150,000          | 15                 | 197                       | 21                 | 8                  | 6                   | 247          |
| \$150,000-200,000          | 42                 | 108                       | 43                 | 105                | 0                   | 298          |
| \$200,000+                 | 10                 | 72                        | 23                 | 6                  | 85                  | 196          |
| <b>Total</b>               | <b>452</b>         | <b>1,487</b>              | <b>371</b>         | <b>231</b>         | <b>112</b>          | <b>2,653</b> |
| <b>Owner Households</b>    |                    |                           |                    |                    |                     |              |
| Aged 62+ Years             |                    |                           |                    |                    |                     |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                     |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+-Person Household | Total        |
| \$0-10,000                 | 187                | 87                        | 23                 | 7                  | 3                   | 307          |
| \$10,000-20,000            | 246                | 132                       | 17                 | 2                  | 1                   | 398          |
| \$20,000-30,000            | 357                | 349                       | 47                 | 1                  | 2                   | 756          |
| \$30,000-40,000            | 371                | 577                       | 14                 | 1                  | 0                   | 963          |
| \$40,000-50,000            | 138                | 253                       | 91                 | 17                 | 3                   | 502          |
| \$50,000-60,000            | 89                 | 418                       | 36                 | 52                 | 1                   | 596          |
| \$60,000-75,000            | 65                 | 345                       | 51                 | 13                 | 48                  | 522          |
| \$75,000-100,000           | 124                | 370                       | 192                | 45                 | 73                  | 804          |
| \$100,000-125,000          | 138                | 325                       | 26                 | 64                 | 42                  | 595          |
| \$125,000-150,000          | 50                 | 145                       | 50                 | 49                 | 5                   | 299          |
| \$150,000-200,000          | 74                 | 159                       | 25                 | 17                 | 23                  | 298          |
| \$200,000+                 | 103                | 132                       | 53                 | 9                  | 11                  | 308          |
| <b>Total</b>               | <b>1,942</b>       | <b>3,292</b>              | <b>625</b>         | <b>277</b>         | <b>212</b>          | <b>6,348</b> |

POPULATION DATA

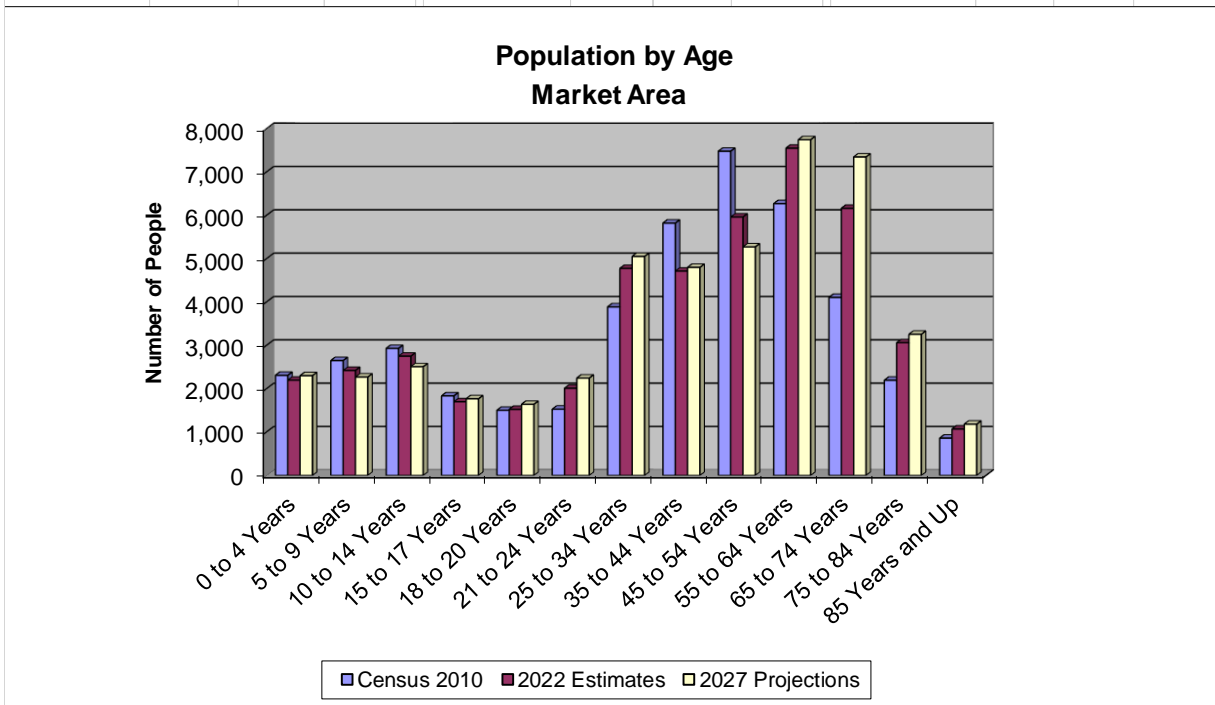
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| Population by Age & Sex<br>Market Area |               |               |               |                               |               |               |               |                              |               |               |               |
|--|---------------|---------------|---------------|-------------------------------|---------------|---------------|---------------|------------------------------|---------------|---------------|---------------|
| Census 2010                            |               |               |               | Current Year Estimates - 2022 |               |               |               | Five Year Projections - 2027 |               |               |               |
| Age                                    | Male          | Female        | Total         | Age                           | Male          | Female        | Total         | Age                          | Male          | Female        | Total         |
| 0 to 4 Years                           | 1,160         | 1,150         | <b>2,310</b>  | 0 to 4 Years                  | 1,118         | 1,080         | <b>2,198</b>  | 0 to 4 Years                 | 1,175         | 1,127         | <b>2,302</b>  |
| 5 to 9 Years                           | 1,350         | 1,300         | <b>2,650</b>  | 5 to 9 Years                  | 1,232         | 1,191         | <b>2,423</b>  | 5 to 9 Years                 | 1,155         | 1,115         | <b>2,270</b>  |
| 10 to 14 Years                         | 1,500         | 1,430         | <b>2,930</b>  | 10 to 14 Years                | 1,425         | 1,327         | <b>2,752</b>  | 10 to 14 Years               | 1,277         | 1,231         | <b>2,508</b>  |
| 15 to 17 Years                         | 939           | 896           | <b>1,835</b>  | 15 to 17 Years                | 880           | 820           | <b>1,700</b>  | 15 to 17 Years               | 909           | 860           | <b>1,769</b>  |
| 18 to 20 Years                         | 800           | 703           | <b>1,503</b>  | 18 to 20 Years                | 793           | 732           | <b>1,525</b>  | 18 to 20 Years               | 862           | 779           | <b>1,641</b>  |
| 21 to 24 Years                         | 812           | 717           | <b>1,529</b>  | 21 to 24 Years                | 1,018         | 994           | <b>2,012</b>  | 21 to 24 Years               | 1,169         | 1,077         | <b>2,246</b>  |
| 25 to 34 Years                         | 1,916         | 1,972         | <b>3,888</b>  | 25 to 34 Years                | 2,406         | 2,370         | <b>4,776</b>  | 25 to 34 Years               | 2,537         | 2,517         | <b>5,054</b>  |
| 35 to 44 Years                         | 2,803         | 3,019         | <b>5,822</b>  | 35 to 44 Years                | 2,338         | 2,376         | <b>4,714</b>  | 35 to 44 Years               | 2,410         | 2,390         | <b>4,800</b>  |
| 45 to 54 Years                         | 3,733         | 3,746         | <b>7,479</b>  | 45 to 54 Years                | 2,886         | 3,077         | <b>5,963</b>  | 45 to 54 Years               | 2,553         | 2,719         | <b>5,272</b>  |
| 55 to 64 Years                         | 3,110         | 3,161         | <b>6,271</b>  | 55 to 64 Years                | 3,709         | 3,841         | <b>7,550</b>  | 55 to 64 Years               | 3,802         | 3,943         | <b>7,745</b>  |
| 65 to 74 Years                         | 1,999         | 2,109         | <b>4,108</b>  | 65 to 74 Years                | 2,992         | 3,170         | <b>6,162</b>  | 65 to 74 Years               | 3,552         | 3,795         | <b>7,347</b>  |
| 75 to 84 Years                         | 955           | 1,242         | <b>2,197</b>  | 75 to 84 Years                | 1,413         | 1,649         | <b>3,062</b>  | 75 to 84 Years               | 1,506         | 1,752         | <b>3,258</b>  |
| 85 Years and Up                        | 307           | 554           | <b>861</b>    | 85 Years and Up               | 415           | 657           | <b>1,072</b>  | 85 Years and Up              | 466           | 717           | <b>1,183</b>  |
| <b>Total</b>                           | <b>21,384</b> | <b>21,999</b> | <b>43,383</b> | <b>Total</b>                  | <b>22,625</b> | <b>23,284</b> | <b>45,909</b> | <b>Total</b>                 | <b>23,373</b> | <b>24,022</b> | <b>47,395</b> |
| 62+ Years                              | n/a           | n/a           | 8,905         | 62+ Years                     | n/a           | n/a           | 12,533        | 62+ Years                    | n/a           | n/a           | 14,319        |
| <b>Median Age:</b>                     |               |               | <b>43.7</b>   | <b>Median Age:</b>            |               |               | <b>46.4</b>   | <b>Median Age:</b>           |               |               | <b>47.1</b>   |

Source: Claritas; Ribbon Demographics

Ribbon Demographics, LLC  
www.ribbondata.com  
Tel: 916-880-1644



Source: Claritas; Ribbon Demographics

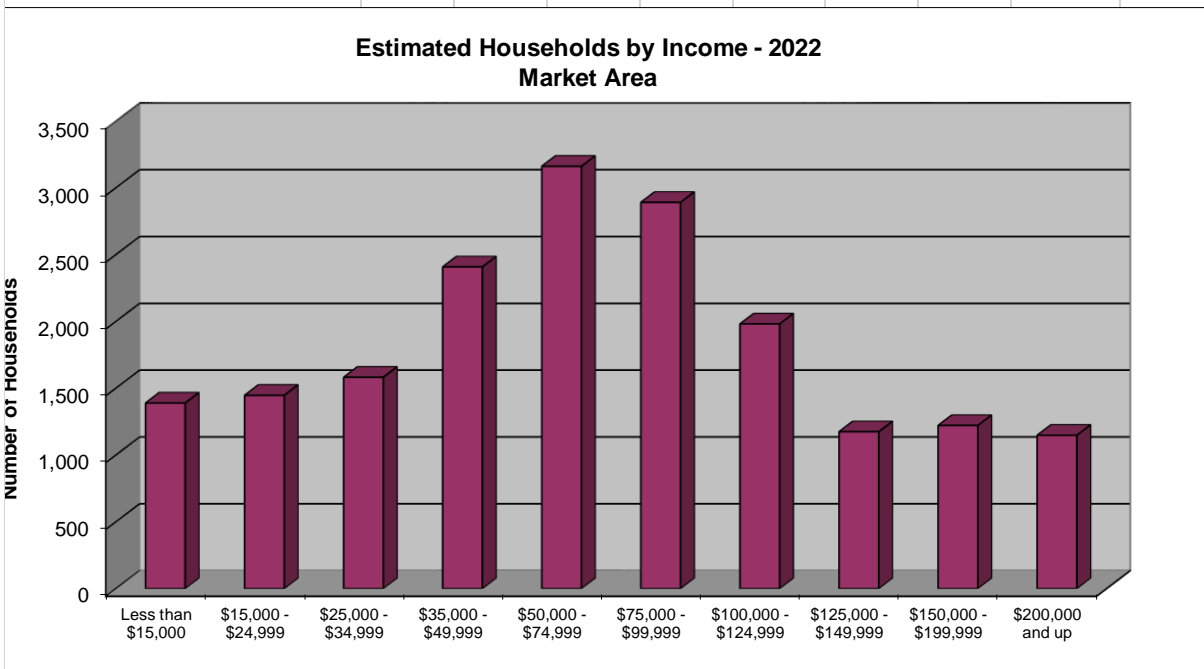
HOUSEHOLD DATA

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Claritas

| Households by Income and Age<br>Market Area<br>Current Year Estimates - 2022 |                         |                         |                         |                         |                         |                         |                         |                     |               |               |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------|---------------|---------------|
| Income   | Age<br>15 - 24<br>Years | Age<br>25 - 34<br>Years | Age<br>35 - 44<br>Years | Age<br>45 - 54<br>Years | Age<br>55 - 64<br>Years | Age<br>65 - 74<br>Years | Age<br>75 - 84<br>Years | Age<br>85+<br>Years | Total         | Percent       |
| Less than \$15,000   | 123                     | 79                      | 89                      | 174                     | 358                     | 282                     | 194                     | 90                  | 1,389         | 7.5%          |
| \$15,000 - \$24,999  | 112                     | 93                      | 110                     | 107                     | 206                     | 370                     | 304                     | 145                 | 1,447         | 7.9%          |
| \$25,000 - \$34,999  | 69                      | 160                     | 147                     | 112                     | 176                     | 439                     | 358                     | 121                 | 1,582         | 8.6%          |
| \$35,000 - \$49,999  | 75                      | 338                     | 333                     | 283                     | 445                     | 507                     | 323                     | 104                 | 2,408         | 13.1%         |
| \$50,000 - \$74,999  | 60                      | 360                     | 350                     | 562                     | 758                     | 642                     | 334                     | 95                  | 3,161         | 17.2%         |
| \$75,000 - \$99,999  | 12                      | 448                     | 548                     | 511                     | 655                     | 489                     | 179                     | 49                  | 2,891         | 15.7%         |
| \$100,000 - \$124,999  | 17                      | 162                     | 237                     | 500                     | 570                     | 348                     | 126                     | 21                  | 1,981         | 10.8%         |
| \$125,000 - \$149,999  | 1                       | 115                     | 179                     | 284                     | 348                     | 167                     | 64                      | 16                  | 1,174         | 6.4%          |
| \$150,000 - \$199,999  | 0                       | 68                      | 116                     | 378                     | 429                     | 174                     | 49                      | 7                   | 1,221         | 6.6%          |
| \$200,000 and up   | 0                       | 104                     | 223                     | 241                     | 290                     | 226                     | 54                      | 10                  | 1,148         | 6.2%          |
| <b>Total</b>   | <b>469</b>              | <b>1,927</b>            | <b>2,332</b>            | <b>3,152</b>            | <b>4,235</b>            | <b>3,644</b>            | <b>1,985</b>            | <b>658</b>          | <b>18,402</b> | <b>100.0%</b> |
| <b>Percent</b>   | <b>2.5%</b>             | <b>10.5%</b>            | <b>12.7%</b>            | <b>17.1%</b>            | <b>23.0%</b>            | <b>19.8%</b>            | <b>10.8%</b>            | <b>3.6%</b>         | <b>100.0%</b> |               |

Source: Claritas; Ribbon Demographics



Source: Claritas; Ribbon Demographics

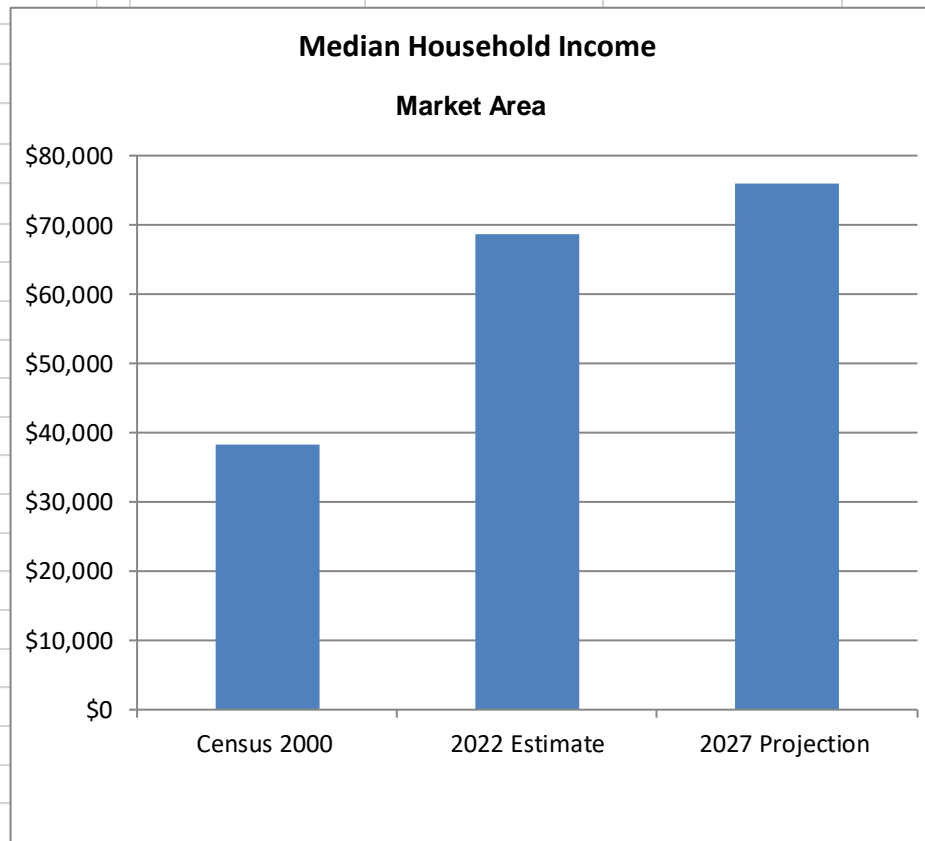
| HOUSEHOLD DATA                         |             |               |                 |
|--|-------------|---------------|-----------------|
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| <b>Median Household Income by Area</b> |             |               |                 |
| <b>Market Area - Bedford, VA</b>       |             |               |                 |
| Geography ID                           | Census 2000 | 2022 Estimate | 2027 Projection |
| 51515050100                            | \$28,135    | \$45,396      | \$48,276        |
| 51019030202                            | \$38,691    | \$78,540      | \$87,978        |
| 51019030501                            | \$35,706    | \$63,826      | \$71,783        |
| 51019030402                            | \$37,995    | \$60,582      | \$65,497        |
| 51019030604                            | \$36,721    | \$55,257      | \$59,808        |
| 51019030605                            | \$35,764    | \$64,618      | \$71,242        |
| 51019030401                            | \$40,326    | \$64,527      | \$70,386        |
| 51019030300                            | \$39,523    | \$74,176      | \$82,692        |
| 51019030201                            | \$59,807    | \$100,654     | \$111,688       |
| <b>Median:</b>                         | \$37,995    | \$64,527      | \$71,242        |

# HOUSEHOLD DATA

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| Median Household Income<br>Market Area |               |                 |
|--|---------------|-----------------|
| Census 2000                            | 2022 Estimate | 2027 Projection |
| \$38,189                               | \$68,784      | \$76,016        |





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# Supply Analysis

On the following pages, we present documentation and information related to area supply. Specifically by supply, we mean other multi-family apartment developments that are considered competitive and comparable with the project. As is typical for developments of this nature, we have analyzed and evaluated a wide variety of product types. Our survey of data will account for developments and projects typically 20 or more apartments – typical of the data surveyed for larger apartment complexes. As we previously referenced a large majority of the rental units throughout this community are in smaller apartments which would be more typically advertised by way of local classifieds; Internet, newspapers, etc. When analyzing apartment complexes, we are concentrating on larger apartments, but we will also reflect, discuss and analyze local classifieds for review since they comprise a large portion of the local rental market.

For this section, we will need to review supply for both market rate and for affordable projects. The first section is mostly associated with market rate and then an analysis of affordable projects follow. In those sections there will be discussion associated with achievable LIHTC and achievable market rents.

This next section shows and demonstrates some of the broad market/supply variables, followed then by more specifics applicable to the projects in this location.

## MULTIFAMILY MARKET ANALYSIS

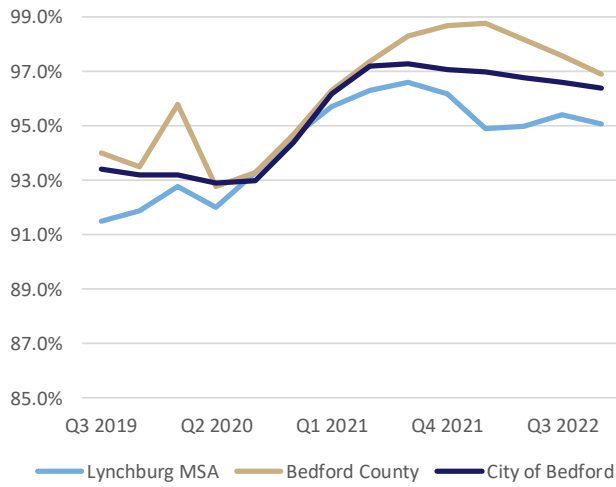
### Classification

The subject is in the Bedford County submarket of the Lynchburg MSA market.

### Multifamily Market Overview

The following discussion outlines overall market performance in the surrounding Multifamily market using Costar market metric data. Presented first are market statistics of the Lynchburg MSA area and the subject Bedford County submarket overall along with more closely focused statistics related specifically to the subject property and its market segment. The analysis is then further refined to focus on demand for the subject and the properties considered to be primary competition.

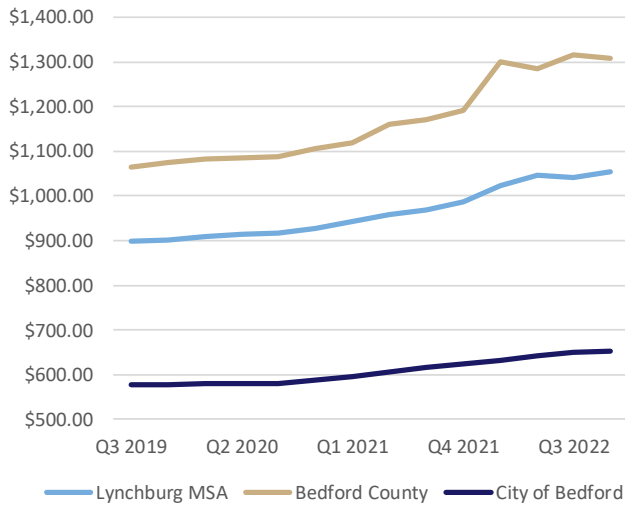
**Occupancy Rate**



| Period  | Lynchburg MSA | Bedford County | City of Bedford |
|---------|---------------|----------------|-----------------|
| Q3 2019 | 91.5%         | 94.0%          | 93.4%           |
| Q4 2019 | 91.9%         | 93.5%          | 93.2%           |
| Q1 2020 | 92.8%         | 95.8%          | 93.2%           |
| Q2 2020 | 92.0%         | 92.8%          | 92.9%           |
| Q3 2020 | 93.3%         | 93.3%          | 93.0%           |
| Q4 2020 | 94.6%         | 94.7%          | 94.4%           |
| Q1 2021 | 95.7%         | 96.3%          | 96.2%           |
| Q2 2021 | 96.3%         | 97.4%          | 97.2%           |
| Q3 2021 | 96.6%         | 98.3%          | 97.3%           |
| Q4 2021 | 96.2%         | 98.7%          | 97.1%           |
| Q1 2022 | 94.9%         | 98.8%          | 97.0%           |
| Q2 2022 | 95.0%         | 98.2%          | 96.8%           |
| Q3 2022 | 95.4%         | 97.6%          | 96.6%           |
| Q4 2022 | 95.1%         | 96.9%          | 96.4%           |

Source: Costar; Compiled by Newmark Valuation & Advisory

**Asking Rent Per Unit**



| Period  | Lynchburg MSA | Bedford County | City of Bedford |
|---------|---------------|----------------|-----------------|
| Q3 2019 | \$898         | \$1,065        | \$577           |
| Q4 2019 | \$901         | \$1,076        | \$578           |
| Q1 2020 | \$910         | \$1,083        | \$579           |
| Q2 2020 | \$915         | \$1,085        | \$580           |
| Q3 2020 | \$916         | \$1,089        | \$581           |
| Q4 2020 | \$927         | \$1,106        | \$588           |
| Q1 2021 | \$943         | \$1,118        | \$596           |
| Q2 2021 | \$959         | \$1,160        | \$606           |
| Q3 2021 | \$969         | \$1,172        | \$616           |
| Q4 2021 | \$986         | \$1,191        | \$624           |
| Q1 2022 | \$1,022       | \$1,301        | \$633           |
| Q2 2022 | \$1,047       | \$1,284        | \$643           |
| Q3 2022 | \$1,041       | \$1,317        | \$650           |
| Q4 2022 | \$1,053       | \$1,309        | \$653           |

Source: Costar; Compiled by Newmark Valuation & Advisory

| Multifamily Market Statistics        |                  |                    |             |                       |                      |                         |
|--------------------------------------|------------------|--------------------|-------------|-----------------------|----------------------|-------------------------|
| Trailing Four Quarters Ended Q4 2022 |                  |                    |             |                       |                      |                         |
| Market / Submarket                   | Inventory (Unit) | Completions (Unit) | Vacancy (%) | Net Absorption (Unit) | Asking Rent Per Unit | Effective Rent Per Unit |
| Lynchburg MSA                        | 13,224           | 265                | 4.90%       | 104                   | \$1,053              | \$1,049                 |
| Bedford County                       | 1,329            | 0                  | 3.10%       | -23                   | \$1,309              | \$1,306                 |
| City of Bedford                      | 742              | 0                  | 3.60%       | -5                    | \$653                | \$650                   |

Source: Costar; Compiled by Newmark Valuation & Advisory

- The average vacancy rate for the subject submarket is lower than that of the overall market area.
- Approximately 2.0% of the market inventory, represents newer construction unlike the subject.
- Absorption for the last 12 months was positive for the overall market area and flat at the submarket level.

### Market and Submarket Trends

|         | Lynchburg MSA    |                    |           |                      | Bedford County   |                    |           |                      |
|---------|------------------|--------------------|-----------|----------------------|------------------|--------------------|-----------|----------------------|
|         | Inventory (Unit) | Completions (Unit) | Vacancy % | Asking Rent Per Unit | Inventory (Unit) | Completions (Unit) | Vacancy % | Asking Rent Per Unit |
| Q4 2020 | 12,681           | 0                  | 5.4%      | \$927                | 1,321            | 0                  | 5.3%      | \$1,106              |
| Q1 2021 | 12,681           | 0                  | 4.3%      | \$943                | 1,321            | 0                  | 3.7%      | \$1,118              |
| Q2 2021 | 12,951           | 270                | 3.7%      | \$959                | 1,321            | 0                  | 2.6%      | \$1,160              |
| Q3 2021 | 12,959           | 8                  | 3.4%      | \$969                | 1,329            | 8                  | 1.7%      | \$1,172              |
| Q4 2021 | 12,959           | 0                  | 3.8%      | \$986                | 1,329            | 0                  | 1.3%      | \$1,191              |
| Q1 2022 | 13,177           | 218                | 5.1%      | \$1,022              | 1,329            | 0                  | 1.2%      | \$1,301              |
| Q2 2022 | 13,177           | 0                  | 5.0%      | \$1,047              | 1,329            | 0                  | 1.8%      | \$1,284              |
| Q3 2022 | 13,224           | 47                 | 4.6%      | \$1,041              | 1,329            | 0                  | 2.4%      | \$1,317              |
| Q4 2022 | 13,224           | 0                  | 4.9%      | \$1,053              | 1,329            | 0                  | 3.1%      | \$1,309              |

\* Forecast

Source: Costar; Compiled by Newmark Valuation & Advisory

- The overall market area and submarket have been declining with respect to occupancy over the past year.
- Over the past several years, effective rental rates have been following an increasing trend within the market and submarket.
- As shown above, the submarket is outperforming against the market overall.

### Long Term Lynchburg MSA Market Metrics

The following provides a longer term view of the market.

| Lynchburg MSA Market Metrics |                   |           |                        |                     |                      |                         |
|------------------------------|-------------------|-----------|------------------------|---------------------|----------------------|-------------------------|
| Period                       | Inventory (Units) | Vacancy % | Net Absorption (Units) | Completions (Units) | Asking Rent Per Unit | Effective Rent Per Unit |
| Q2 2020                      | 12,685            | 8.0%      | 52                     | 172                 | \$915                | \$909                   |
| Q3 2020                      | 12,681            | 6.7%      | 164                    | 0                   | \$916                | \$911                   |
| Q4 2020                      | 12,681            | 5.4%      | 161                    | 0                   | \$927                | \$921                   |
| Q1 2021                      | 12,681            | 4.3%      | 147                    | 0                   | \$943                | \$939                   |
| Q2 2021                      | 12,951            | 3.7%      | 338                    | 270                 | \$959                | \$955                   |
| Q3 2021                      | 12,959            | 3.4%      | 39                     | 8                   | \$969                | \$966                   |
| Q4 2021                      | 12,959            | 3.8%      | -49                    | 0                   | \$986                | \$983                   |
| Q1 2022                      | 13,177            | 5.1%      | 42                     | 218                 | \$1,022              | \$1,018                 |
| Q2 2022                      | 13,177            | 5.0%      | 3                      | 0                   | \$1,047              | \$1,043                 |
| Q3 2022                      | 13,224            | 4.6%      | 109                    | 47                  | \$1,041              | \$1,037                 |
| Q4 2022                      | 13,224            | 4.9%      | -50                    | 0                   | \$1,053              | \$1,049                 |
| Y 2003                       | 8,338             | 7.5%      | 15                     | 72                  | \$720                | \$715                   |
| Y 2004                       | 8,413             | 7.5%      | 72                     | 75                  | \$725                | \$721                   |
| Y 2005                       | 8,785             | 9.0%      | 211                    | 372                 | \$737                | \$727                   |
| Y 2006                       | 8,859             | 6.9%      | 257                    | 74                  | \$760                | \$755                   |
| Y 2007                       | 9,029             | 6.5%      | 192                    | 170                 | \$784                | \$780                   |
| Y 2008                       | 10,122            | 7.4%      | 929                    | 1,093               | \$790                | \$781                   |
| Y 2009                       | 10,122            | 7.0%      | 48                     | 0                   | \$765                | \$761                   |
| Y 2010                       | 10,431            | 7.1%      | 273                    | 309                 | \$778                | \$772                   |
| Y 2011                       | 10,515            | 6.5%      | 145                    | 84                  | \$785                | \$780                   |
| Y 2012                       | 10,543            | 6.4%      | 34                     | 28                  | \$794                | \$790                   |
| Y 2013                       | 10,815            | 7.1%      | 185                    | 272                 | \$803                | \$798                   |
| Y 2014                       | 11,027            | 6.5%      | 255                    | 212                 | \$816                | \$809                   |
| Y 2015                       | 11,549            | 6.7%      | 470                    | 522                 | \$840                | \$831                   |
| Y 2016                       | 11,725            | 6.9%      | 144                    | 176                 | \$853                | \$843                   |
| Y 2017                       | 11,725            | 6.2%      | 77                     | 0                   | \$868                | \$859                   |
| Y 2018                       | 11,756            | 5.6%      | 102                    | 111                 | \$885                | \$879                   |
| Y 2019                       | 12,513            | 8.1%      | 400                    | 757                 | \$901                | \$897                   |
| Y 2020                       | 12,681            | 5.4%      | 495                    | 172                 | \$927                | \$921                   |
| Y 2021                       | 12,959            | 3.8%      | 475                    | 278                 | \$986                | \$983                   |
| 5 Year Average               | 12,327            | 5.8%      | 310                    | 264                 | \$913                | \$908                   |
| 10 Year Average              | 11,729            | 6.3%      | 264                    | 253                 | \$867                | \$861                   |
| 15 Year Average              | 11,167            | 6.5%      | 282                    | 279                 | \$838                | \$832                   |

Source: Costar; Compiled by Newmark Valuation & Advisory

## Supply & Demand

### Construction Versus Absorption

| Construction/Absorption Change |                              |                |                     |                          |                |                     |                         |                |                     |
|--------------------------------|------------------------------|----------------|---------------------|--------------------------|----------------|---------------------|-------------------------|----------------|---------------------|
| Market / Submarket             | Prior Calendar Years History |                |                     |                          |                |                     |                         |                |                     |
|                                | Prior Calendar Year History  |                |                     | Prior Three Year History |                |                     | Prior Five Year History |                |                     |
|                                | Units Built                  | Units Absorbed | Const. / Abs. Ratio | Units Built              | Units Absorbed | Const. / Abs. Ratio | Units Built             | Units Absorbed | Const. / Abs. Ratio |
| Lynchburg MSA                  | 278                          | 475            | 0.6                 | 1,207                    | 1,370          | 0.9                 | 1,318                   | 1,549          | 0.9                 |
| Bedford County                 | 8                            | 61             | 0.1                 | 284                      | 299            | 0.9                 | 284                     | 307            | 0.9                 |
| City of Bedford                | 0                            | 20             | 0.0                 | 0                        | 23             | 0.0                 | 0                       | 22             | 0.0                 |

Source: Costar; Compiled by Newmark Valuation & Advisory

- Absorption in the Bedford County submarket has kept pace with construction over the past five years as evidenced by the approximate one to one ratio of construction to absorption.

## Trends and Projections

### Subject and Market Historical and Forecast Trends

| Market Vacancy Rate Indicators |         |                       |                 |                 |                  |
|--------------------------------|---------|-----------------------|-----------------|-----------------|------------------|
|                                | Current | Most Recent Full Year | Trailing 3-Year | Trailing 5-Year | Trailing 10-Year |
| <b>Costar</b>                  |         |                       |                 |                 |                  |
| Lynchburg MSA                  | 4.90%   | 3.80%                 | 8.10%           | 6.20%           | 7.10%            |
| Bedford County                 | 3.10%   | 1.30%                 | 6.50%           | 4.20%           | 4.10%            |
| City of Bedford                | 3.60%   | 2.90%                 | 6.80%           | 6.40%           | 6.10%            |

Source: Costar, Newmark Valuation & Advisory

## Conclusion

| Occupancy Conclusions |        |
|-----------------------|--------|
| <b>Costar</b>         |        |
| Lynchburg MSA         | 95.10% |
| Bedford County        | 96.90% |
| City of Bedford       | 96.40% |

Source: Costar, Newmark Valuation & Advisory

The Supply Analysis will account for an overview of affordable and market rate housing units in the area. Documentation will be gathered and presented as it relates to garden style apartments, and also some mid-rise buildings in the area. A sample of the data includes:

### MARKET RATE PROJECTS AND ANALYSIS

By “apartment projects,” we mean larger developments with typically 20 or more apartments. In this location, the number of larger, market rate multifamily developments is actually somewhat limited as many of the rental units and developments are in smaller properties; duplex to four plex type structures. This will require some consideration for projects that are outside of the PMA/Market area. There are very few local projects, so the analysis included some from outlying areas.

Note that from the primary set of market rate projects, we will subsequently identify those that are deemed most comparable/applicable and these will be the complexes used for application to the HUD 92273-S8 forms to determine and support the market rent for the project.

Outlined on the following page is a map that demonstrates the location of the developments that we have reviewed. The map demonstrates by color coding the primary versus non-primary projects and will also show the affordable projects. This is followed by details of all the comparable projects that we have referenced and then a summarization of the findings and conclusions. While only the primary comparables are referenced in this section of the report, we will present the detailed write ups of the primary comparables in the rent and income projection section, and the secondary comparables in the addendum material. We will also present some rent summaries and other consolidated information in the Supply section to provide an overview of market characteristics and conditions.

Also we will evaluate and analyze some data from non-professionally managed projects; to be called/identified as classifieds. These are important for review and consideration since so many of the rental options in the area/region are from and apply to smaller projects with less than 20 units.

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## AFFORDABLE HOUSING DEVELOPMENTS

Affordable housing options include:

- *Deep subsidy Project Based Section 8 contract developments.*
- *Housing Authority/public housing in the area.*
- *Low Income Housing Tax Credit developments*
- *Mostly senior affordable units. There is a family project adjacent to the subject but given that this is an age restricted section 8 development there is no need to reference/review this project in the competitive set of data.*

The documentation that we present on the following pages reflects a compilation of information gathered by the appraisers through the research process. Subsequent to the presentation of the market rate and affordable documentation, we will present a consolidated summarization of data gathered by Co-star for this submarket.

Note that throughout the analysis the rents will be converted to a gross basis. Gross rents include all utilities which is important for comparison and consistency with some of the income level detail that impacts the project and the Gross rents need to be set in order to evaluate the comparison to the LIHTC allowable maximum levels. The utility adjustments are based on consideration of industry standards in the area, and actual utility allowances where available/confirmed from various projects.

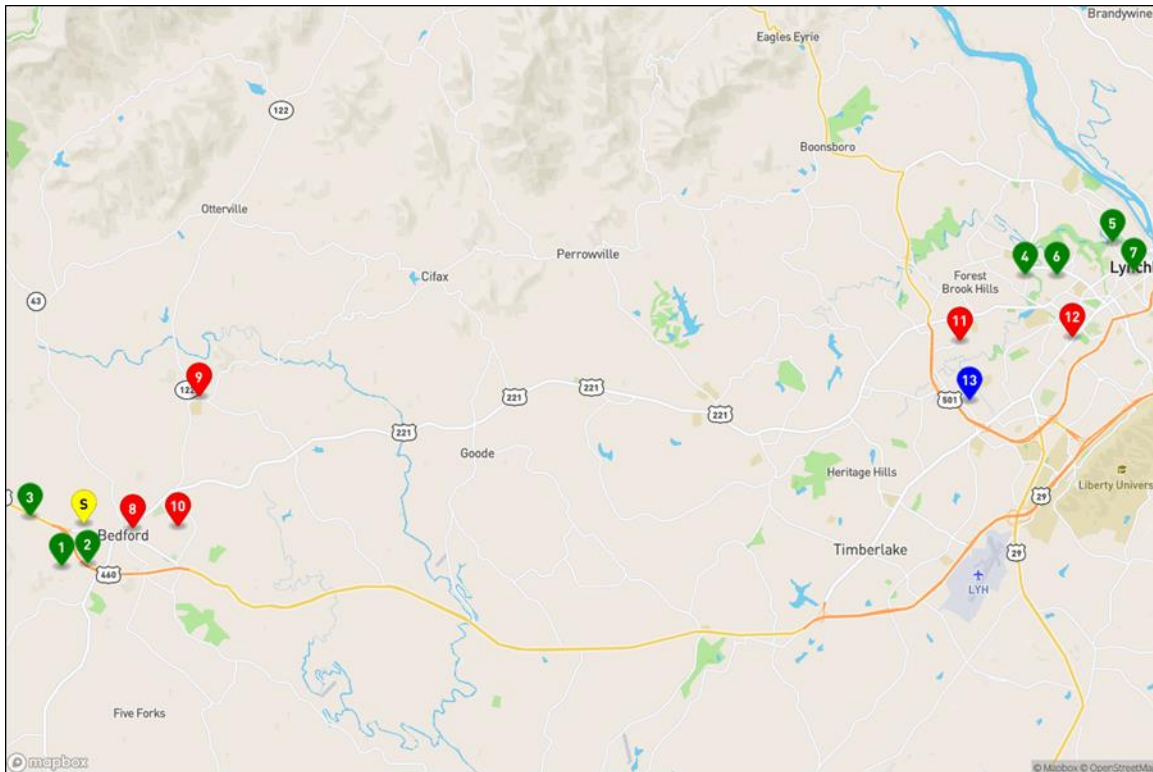
A summary of the data is below; and as is typical the total allocations booked to convert the market data from net to gross will not be specifically similar to the subject's utility allocation. The data below are standard/current market averages and do not specifically apply to one area/region or project.



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A map demonstrating the location of all market rate and affordable developments that we have referenced is outlined on the following page. Details of the comparable projects in their entirety will be presented in the addendum of the report. On the following pages we do offer a summary of some of the critical information associated with the comparable analysis. As far as other data presentation, the following is also noted:

- In the addendum of the report, we will present details of the market rate projects that are not primary, and all affordable housing developments.
- Prior to the rent analysis, we will demonstrate the details of the primary comparables used for application to the HUD 92273-S8 forms.



| COMPARABLE PROJECTS                       |                                |                       |
|---|--------------------------------|-----------------------|
| MAP #                                     | PROJECT NAME                   | Address               |
| <b>S</b>                                  | Subject - John Early Apts      | 718 Blue Ridge Ave    |
| AFFORDABLE COMPARABLE PROJECTS            |                                |                       |
| <b>1</b>                                  | Joseph's Dream                 | 2100 Joseph'S Way     |
| <b>2</b>                                  | Powder Horn Apts.              | 717 Blue Ridge Avenue |
| <b>3</b>                                  | Salem Court Apt                | 1001 Salem Turnpike   |
| <b>4</b>                                  | Hillcrest Apts.                | 3000 Birchwood Drive  |
| <b>5</b>                                  | Serenity Manor at Hollins Mill | 701 Hollins Street    |
| <b>6</b>                                  | Clear Brook Apts               | 3004 Hill Street      |
| <b>7</b>                                  | Frank Roane Apartments         | 900 Federal Street    |
| PRIMARY MARKET RATE COMPARABLE PROJECTS   |                                |                       |
| <b>8</b>                                  | Bedford Lofts                  | 412 Jackson St        |
| <b>9</b>                                  | Peaks Crossing Apts            | 1232 Centerville Rd   |
| <b>10</b>                                 | Maple Tree Townhomes           | 825 Judd St.          |
| <b>11</b>                                 | County Green Apts              | 401 Kerry Lane        |
| <b>12</b>                                 | Nottingham Apts                | 3463 Fort Ave         |
| SECONDARY MARKET RATE COMPARABLE PROJECTS |                                |                       |
| <b>13</b>                                 | Mill's Crossing                | 6231 Old Mill Rd      |

**Projected Rent Compared to Market:**

Outlined in the chart below is a summary comparing the subject’s intended rents to various market indicators.

| <b>Market Rent Summary-Gross rents</b> |                  |                    |                    |
|--|------------------|--------------------|--------------------|
| <b>Unit Type</b>                       | <b>Avg. Rent</b> | <b>Avg. Sq.Ft.</b> | <b>Rent/Sq.Ft.</b> |
| 1 BRM Market Averages:                 | \$897            | 638                | \$1.40             |
| 1 BRM Classifieds:                     | \$1,037          | N/A                | N/A                |
| <b>1 BRM Subject-post section 8</b>    | <b>\$906</b>     | <b>702</b>         | <b>\$1.29</b>      |
|  |                  |                    |                    |
| 2 BRM Market Averages:                 | \$1,038          | 938                | \$1.11             |
| 2 BRM Classifieds:                     | \$1,970          | N/A                | N/A                |
| <b>2 BRM Subject-post section 8</b>    | <b>\$976</b>     | <b>863</b>         | <b>\$1.13</b>      |

*\*These are unadjusted gross rents prior to concessions or adjustments.*

Some notes related to the above chart:

- We converted all rents to gross for consistency and comparison.
- Later in the analysis, we will provide the adjusted achievable rents for comparison; although the existing competition is older, there are some advantages and amenities and features that differ, and must be considered.
- The market rents include many older, more dated projects that typify apartments in this portion of Virginia.
- The classifieds show levels that are above the averages for the one bedroom units and below for the two bedroom units. There were no studio classifieds in the market. These are the rental units in single family homes, townhomes/condos and in smaller multi-family properties (often with less than 20 units total) in the area.
- Subject rents at the projected post re-hab levels are supported in the market. The rents are levels that are assumed to be supported by new a post rehab HAP contract.

**Apartment Summary – Market Rate Units**

A summarization of the data consolidated from the market rate projects is presented in the chart below. Note that this summarization applies to all the market rate developments that were reviewed as part of this analysis and from these; we have selected what we have identified as the primary comps for application to the HUD forms.

Job #: 23-181003  
 Proj. Name: John Early Apts, Bedford, VA 2/2013  
 Description: HUD RCS

*Rent Summary for Market Rate Projects*

| Unit Type: 1 Bedroom       |              |           |           |        |         |                |             |            |             |             |
|----------------------------|--------------|-----------|-----------|--------|---------|----------------|-------------|------------|-------------|-------------|
| Property Name              | Municipality | Yr. Built | Occ.(Avg) | Utils* | Sq. Ft. | Rent Range     | Rent(Mid)   | \$/SF(Mid) | Gross Rent  | Gross \$/SF |
| Bedford Lofts              | Bedford      | 2014      | 100%      |        | 540     | \$965 - \$1115 | \$ 1,040.00 | \$ 1.93    | \$ 1,150.00 | \$ 2.13     |
| Peaks Crossing Apts        | Bedford      | 1965      | 100%      |        | 425     | \$550          | \$ 550.00   | \$ 1.29    | \$ 660.00   | \$ 1.55     |
| County Green Apts          | Lynchburg    | 1976      | 100%      |        | 760     | \$800          | \$ 800.00   | \$ 1.05    | \$ 910.00   | \$ 1.20     |
| Nottingham Apts            | Lynchburg    | 1973      | 100%      |        | 760     | \$680          | \$ 680.00   | \$ 0.89    | \$ 790.00   | \$ 1.04     |
| Mill's Crossing            | Lynchburg    | 2018      | 97%       |        | 755     | \$999          | \$ 999.00   | \$ 1.32    | \$ 1,109.00 | \$ 1.47     |
| <b>1 Bedroom Averages:</b> |              |           | 99%       |        | 648.0   |                | \$ 813.80   | \$ 1.26    | \$ 923.80   | \$ 1.43     |

| Unit Type: 2 Bedroom       |              |              |           |        |         |            |             |            |             |             |
|----------------------------|--------------|--------------|-----------|--------|---------|------------|-------------|------------|-------------|-------------|
| Property Name              | Municipality | Yr. Built    | Occ.(Avg) | Utils* | Sq. Ft. | Rent Range | Rent(Mid)   | \$/SF(Mid) | Gross Rent  | Gross \$/SF |
| Bedford Lofts              | Bedford      | 2014         | 100%      |        | 735     | \$1200     | \$ 1,200.00 | \$ 1.63    | \$ 1,330.00 | \$ 1.81     |
| Bedford Lofts              | Bedford      | 2014         | 100%      |        | 765     | \$1250     | \$ 1,250.00 | \$ 1.63    | \$ 1,380.00 | \$ 1.80     |
| Peaks Crossing Apts        | Bedford      | 1965         | 100%      |        | 900     | \$575      | \$ 575.00   | \$ 0.64    | \$ 705.00   | \$ 0.78     |
| Maple Tree Townhomes       | Bedford      | Circa 1990's | 100%      |        | 1000    | \$775      | \$ 775.00   | \$ 0.78    | \$ 905.00   | \$ 0.91     |
| County Green Apts          | Lynchburg    | 1976         | 100%      |        | 1100    | \$885      | \$ 885.00   | \$ 0.80    | \$ 1,015.00 | \$ 0.92     |
| Nottingham Apts            | Lynchburg    | 1973         | 100%      |        | 900     | \$745      | \$ 745.00   | \$ 0.83    | \$ 875.00   | \$ 0.97     |
| Mill's Crossing            | Lynchburg    | 2018         | 97%       |        | 1105    | \$1149     | \$ 1,149.00 | \$ 1.04    | \$ 1,279.00 | \$ 1.16     |
| <b>2 Bedroom Averages:</b> |              |              | 100%      |        | 929.3   |            | \$ 939.86   | \$ 1.01    | \$ 1,069.86 | \$ 1.15     |

\* Utils: (H)eat, (E)lectric Paid by Landlord

2/9/2023

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**Internet & Classified Information:**

A summarization of advertised apartments is presented in the chart which follows. This documentation is critically important for analysis, as many of the rental options within the area (like most areas that we analyze) are located within smaller 1 to 12 unit buildings; and many are single-family residences, duplexes or similar. A summarization of classifieds via a wide variety of Internet sources will be summarized on the following page. As we previously discussed, these rents are somewhat consistent with market, but are slightly below the averages presented namely because they are mostly older and more dated than many of the larger apartment complexes reviewed.

Outlined on the following pages is a general summarization of some census data that applies to the classified analysis. We say this because it is important to recognize these tenure patterns and rent trends as they relate to the smaller units that are typical of classifieds. The census data demonstrates the following:

- In this market, around 5% of the rental units are in larger complexes, developments with 20 units or more. This means that a majority of the rental units in this market are located in smaller apartment complexes, which are more predominately reviewed, analyzed and considered by way of the classifieds – homes/duplexes, townhomes and smaller apartment complexes. The census data which follows will demonstrate that large percentage of the rental units are in smaller apartment complexes/single-family homes in the area. The data in the summary chart is important but so is consideration of the rental rates and terms for units in these smaller projects/properties.

We present this census data on the following pages, which is then followed by a detailed summarization of the primary classifieds that we have reviewed.

| <b>B25032 - TENURE BY UNITS IN STRUCTURE</b> |  |                                      |  |
|--|--|--------------------------------------|--|
|  | <b><u>Bedford County, Virginia</u></b> | <b><u>Bedford town, Virginia</u></b> | <b><u>Census Tract 501, Bedford County, Virginia</u></b> |
| <b>Total:</b>                                | 30,927                                 | 2,544                                | 2,480  |
| <b>Owner Occupied Housing Units:</b>         | 25,167                                 | 1,251                                | 1,209  |
| Owner housing units: 1 , Detached            | 21,142                                 | 1,101                                | 1,094  |
| Owner housing units: 1, Attached             | 844                                    | 12                                   | 12   |
| Owner housing units: 2                       | 61                                     | 0                                    | 0  |
| Owner housing units: 3 or 4                  | 83                                     | 0                                    | 0  |
| Owner housing units: 5 to 9                  | 7                                      | 0                                    | 0  |
| Owner housing units: 10 to 19                | 108                                    | 14                                   | 14   |
| Owner housing units: - 20 to 49              | 0                                      | 0                                    | 0  |
| Owner housing units: - 50 or more            | 0                                      | 0                                    | 0  |
| Owner housing units: - Mobile Home           | 2,922                                  | 124                                  | 89   |
| Owner housing units: - Boat, RV, van, etc.   | 0                                      | 0                                    | 0  |
| <b>Renter Occupied Housing Units:</b>        | 5,760                                  | 1,293                                | 1,271  |
| Renter housing units: 1 , Detached           | 2,481                                  | 363                                  | 363  |
| Renter housing units: 1, Attached            | 264                                    | 15                                   | 15   |
| Renter housing units: 2                      | 245                                    | 197                                  | 197  |
| Renter housing units: 3 or 4                 | 236                                    | 130                                  | 130  |
| Renter housing units: 5 to 9                 | 540                                    | 177                                  | 177  |
| Renter housing units: 10 to 19               | 524                                    | 290                                  | 290  |
| Renter housing units: - 20 to 49             | 242                                    | 56                                   | 56   |
| Renter housing units: - 50 or more           | 45                                     | 14                                   | 14   |
| Renter housing units: - Mobile Home          | 1,183                                  | 51                                   | 29   |
| Renter housing units: - Boat, RV, van, etc.  | 0                                      | 0                                    | 0  |

*Source: 2013-2017 American Community Survey - 5 Year Estimate*

| <b>B25036 - TENURE BY YEAR STRUCTURE BUILT</b> |  |                                      |  |
|--|--|--------------------------------------|--|
|  | <b><u>Bedford County, Virginia</u></b> | <b><u>Bedford town, Virginia</u></b> | <b><u>Census Tract 501, Bedford County, Virginia</u></b> |
| <b>Total:</b>                                  | 30,927                                 | 2,544                                | 2,480  |
| <b>Owner Occupied Housing Units:</b>           | 25,167                                 | 1,251                                | 1,209  |
| Owner - Built 2014 or later                    | 300                                    | 0                                    | 0  |
| Owner - Built 2010 to 2013                     | 764                                    | 0                                    | 0  |
| Owner - Built 2000 to 2009                     | 5,151                                  | 151                                  | 139  |
| Owner - Built 1990 to 1999                     | 5,452                                  | 91                                   | 68   |
| Owner - Built 1980 to 1989                     | 4,489                                  | 89                                   | 89   |
| Owner-Built 1970-1979                          | 3,786                                  | 168                                  | 168  |
| Owner-Built 1960-1970                          | 1,871                                  | 277                                  | 277  |
| Owner-Built 1950-1959                          | 1,349                                  | 253                                  | 246  |
| Owner-Built 1940-1949                          | 797                                    | 90                                   | 90   |
| Owner-Built 1939 or Earlier                    | 1,208                                  | 132                                  | 132  |
| <b>Renter Occupied Housing Units:</b>          | 5,760                                  | 1,293                                | 1,271  |
| Renter - Built 2014 or later                   | 82                                     | 0                                    | 0  |
| Renter - Built 2010 to 2013                    | 81                                     | 17                                   | 17   |
| Renter - Built 2000 to 2009                    | 633                                    | 30                                   | 30   |
| Renter - Built 1990 to 1999                    | 985                                    | 66                                   | 44   |
| Renter - Built 1980 to 1989                    | 1,063                                  | 249                                  | 249  |
| Renter-Built 1970-1979                         | 1,144                                  | 440                                  | 440  |
| Renter-Built 1960-1970                         | 360                                    | 73                                   | 73   |
| Renter-Built 1950-1959                         | 484                                    | 92                                   | 92   |
| Renter-Built 1940-1949                         | 251                                    | 64                                   | 64   |
| Renter-Built 1939 or Earlier                   | 510                                    | 240                                  | 240  |

*Source: 2013-2017 American Community Survey - 5 Year Estimate*



| AREA CLASSIFIEDS   |                |                |  |              |  |
|--------------------|----------------|----------------|--|--------------|--|
| Location           | Asking Rent    | Gross Rents    | Type of Rental<br>(Apt, TH, House, duplex) | Source       | Additional Comment   |
| <b>1 Bedroom</b>   |                |                |  |              |  |
| 620 Railroad Ave   | \$795          | \$932          | Apt  | Apart. Guide | 597 SF with one bath. Rehabbed building                    |
| 412 Jackson Street | \$1,005        | \$1,142        | Apt  | Apart. Guide | 544 SF with one bath. Rehabbed Building                    |
| <b>Average</b>     | <b>\$900</b>   | <b>\$1,037</b> |  |              |  |
| <b>2 Bedroom</b>   |                |                |  |              |  |
| 505 W Cook Street  | \$995          | \$1,167        | House                                      | Zillow.com   | 2 Bedroom/1 Bath. Single level home with some renovations. |
| 1290 Toms Road     | \$2,600        | \$2,772        | House                                      | Zillow.com   | 2,100 sf with 2 full baths. Large lot with balcony         |
| <b>Average</b>     | <b>\$1,798</b> | <b>\$1,970</b> |  |              |  |

2/20/2023

**MSA**

Note:

- Gross is with all uts and is needed as utility structure differ.
- Typically, there are no concessions offered from the classifieds although it does depend.
- These are the asking rents assumed with no concessions or discounts.

The one bedroom classifieds are more apartment orientated and the two bedroom classifieds are homes/houses in the area.

| Survey Comparison – Classifieds vs. Larger Complexes (1) |             |             |                     |             |
|--|-------------|-------------|---------------------|-------------|
| Unit Type  | Classifieds |             | Apartment Complexes |             |
|  | Net Rents   | Gross Rents | Net Rents           | Gross Rents |
| <b>1 Bedroom</b>   | \$900       | \$1,037     | \$787               | \$897       |
| <b>2 Bedroom</b>   | \$1,798     | \$1,970     | \$909               | \$1,039     |

- (1) This comparison shows the variable differences between the asking rents and the gross rents inclusive of utilities. The utilities are market average based on typical rates in the area; subject, comps and public housing standards. They are similar here to the ratios presented in the section for market rate complexes.

**Occupancy / Current Market Conditions – Market Rate Complexes:**

Notes to recognize in regards to the market rate developments are (see the detailed summary of all market rate projects shown previously for additional details):

- Average **occupancy** of 99%-100% for the projects that we interviewed. All comparables are operating at or above 97%.
- **Concessions** are not evident at any of the apartment developments based on our current conversations; no discounts or adjustments necessary off of the asking rents.

| <i>Occupancy Summary</i>    |                     |                  |                  |
|-----------------------------|---------------------|------------------|------------------|
| <i>Property Name</i>        | <i>Municipality</i> | <i>Yr. Built</i> | <i>Occ.(Avg)</i> |
| <i>Bedford Lofts</i>        | Bedford             | 2014             | 100%             |
| <i>Peaks Crossing Apts</i>  | Bedford             | 1965             | 100%             |
| <i>Maple Tree Townhomes</i> | Bedford             | Circa 1990's     | 100%             |
| <i>County Green Apts</i>    | Lynchburg           | 1976             | 100%             |
| <i>Nottingham Apts</i>      | Lynchburg           | 1973             | 100%             |
| <i>Mill's Crossing</i>      | Lynchburg           | 2018             | 97%              |
| <b>Average:</b>             |                     |                  | 100%             |

### Achievable Market Rents

Outlined on the following page is a summarization of the achievable rent. These will be the comparables applied to the Hud market rent forms – 92273 – S8 forms which are presented for summary purposes on the following pages. These are used to set/support the market rents for the project. The supporting data related to adjustment considerations (applied and used as part of the HUD mortgage financing appraisal that was prepared) are also presented.

The complexes that were selected for application to the form are based on location/product type/availability of data and other factors.

- Bedford Lofts
- Peaks Crossing Apts
- Maple Tree Townhomes
- County Green Apts
- Nottingham Apts.

Given that we are preparing a HUD report, in this case we will use the HUD forms as a guide to establish what we are identifying as the achievable market rent. The achievable market rent is necessary to apply to the valuation here for a few reasons:

- As a test that the project post rehab LIHTC rents are supported.
- For application to the hypothetical value scenarios.

Details of the supporting adjustment considerations that will be applied on the grids is offered on the following pages. From the detailed set of comparables previously presented, we did select projects that we feel are the most similar or comparable; remembering that in many cases we have to rely on projects where the data was available through verifiable sources. A map and summary of the primary comps is also provided below. All data applies to the units in their post rehabbed condition.

## RENT COMPARABILITY ANALYSIS

From the competitive set reviewed, we have chosen the most applicable comparables for direct comparison to the subject unit types. Outlined on the following page is a primary competitor map, followed by details of each of the primary competitors used in order to establish a market rate for the apartment project. Following the details of the projects are the “Post Rehab” HUD market rent forms applicable to the various unit types – the 92273-S8 Forms.

### Narrative Explanation of Adjustments

Following the 92273-S8 Forms is the narrative explanation of the adjustments. The HUD guidelines request a narrative explanation of the adjustments for each of the unit types where a grid is prepared. We have applied our analysis this way for the different unit types and include the 92273-S8 forms and narrative explanation for each; one-bedroom and two-bedroom units

### Explanation of Adjustments

We will provide concise, complete explanations as to why the adjustments were made and how the dollar values were derived. We will explain why the adjustment was made, stating the reasons that justify an adjustment and explain if the adjustment is on a percentage basis of the existing rent when comparing qualitative adjustments or on a dollar amount when a comparable either has an amenity or not. We will then explain how the dollar value was derived by explaining the rationale for the amount of the adjustments. The adjustments can be supported through a paired analysis, from conversations with local rental agents/managers or our professional judgment based on prior work in the subject market area.

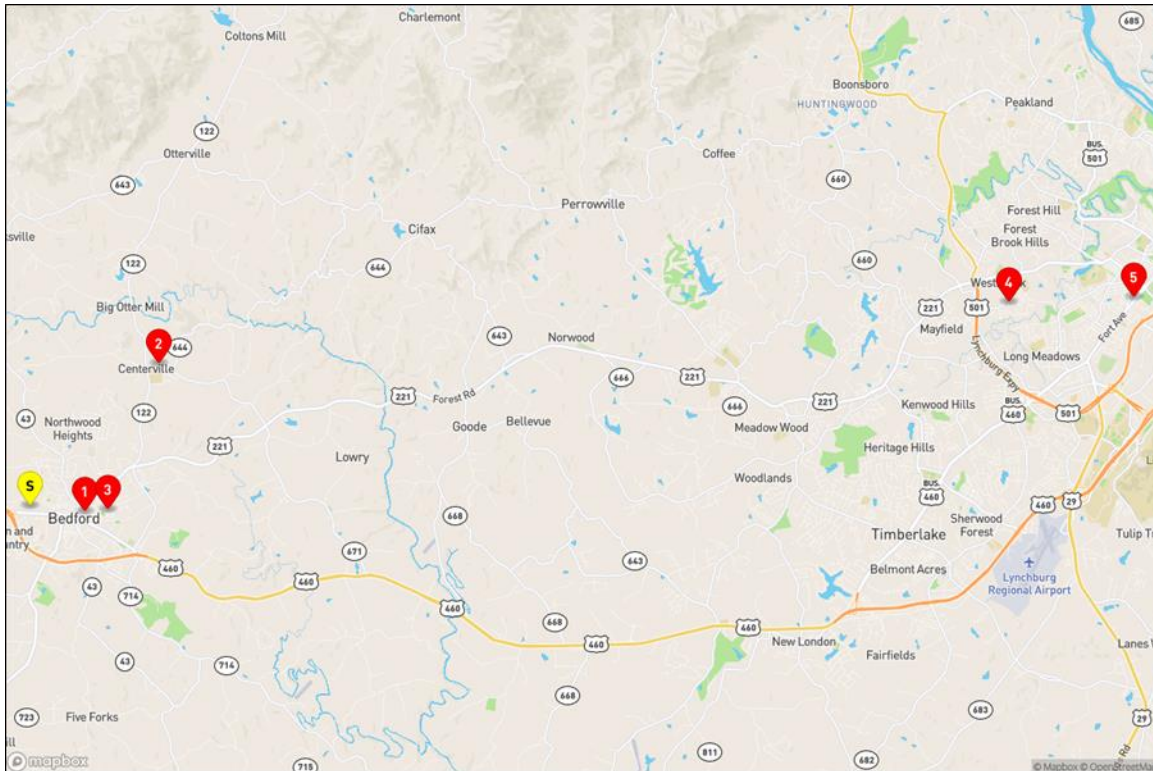
The HUD Chapter Nine guidelines state on page 21, that for “all adjustments exceeding a nominal amount, the appraiser must present market data to support his/her conclusions, however “for minor adjustments (adjustments not exceeding nominal amounts), the appraiser may state his/her subjective evaluation of why the observed differences would affect rent”. Nominal adjustment amounts are typically \$10 or less. Adjustments will reflect the local market and reflect the monthly rental value not the cost of construction or the cost of providing a service. We recommend that the reader review these guidelines at the HUD website: <https://portal.hud.gov/hudportal/documents/huddoc?id=Com-package-11-30-16.pdf>

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For Line 2 Date Last Leased: Calls and verification to the comparable projects initiated at the time of project engagement and they were obtained at various times thru the advancement of the report. The effective date used for the subject is the appraisal date, rental data was obtained as reflective of the rents in place as of this date even though the specific verification and/ or comp advancement differs.

For Line 8 Condition/Street Appeal: It is mandatory for the appraiser to rate the subject and each comparable according to a five-point scale: Excellent, Good, Average, Fair, or Poor. No other classifications are acceptable. For the subject, and every comparable, the appraiser must enter "E" for excellent, "G" for good, "A" for average, "F" for fair, or "P" for poor. Our comparable write-ups are marked on an A, B, C, D, E basis which would correlate to the following:

Excellent = A which equals E  
Good = B which equals G  
Average = C which equals A  
Fair = D which equals F  
Poor = E which equals P



| COMPARABLE PROJECTS                            |                           |                     |
|--|---------------------------|---------------------|
| MAP #  | PROJECT NAME              | Address             |
| <b>S</b>                                       | Subject - John Early Apts | 718 Blue Ridge Ave  |
| <b>PRIMARY MARKET RATE COMPARABLE PROJECTS</b> |                           |                     |
| <b>1</b>                                       | Bedford Lofts             | 412 Jackson St      |
| <b>2</b>                                       | Peaks Crossing Apts       | 1232 Centerville Rd |
| <b>3</b>                                       | Maple Tree Townhomes      | 825 Judd St.        |
| <b>4</b>                                       | County Green Apts         | 401 Kerry Lane      |
| <b>5</b>                                       | Nottingham Apts           | 3463 Fort Ave       |

## MARKET RATE APARTMENT RENTAL No. 1

**Property Name:** Bedford Lofts  
**Street Address:** 412 Jackson St  
**City, State:** Bedford, VA  
**Date of Survey:** 2/2023  
**Type of Project:** Market Rate  
**No. of Units:** 32  
**Year Built:** 2014  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:**



### Rental Data

| <u>Unit Type</u>         | <u>Baths</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent</u> | <u>Rent/Sq. Ft.</u> |
|--------------------------|--------------|---------------------|----------------|---------------------|---------------------|
| 1 Bedroom, Used on Grids | 1            | 6                   | 540            | \$965 - \$1115      | \$1.79 - \$2.06     |
| 2 Bedroom                | 2            | N/A                 | 765            | \$1250              | \$1.63              |
| 2 Bedroom, Used on Grids | 1            | 6                   | 735            | \$1200              | \$1.63              |
| Studio                   | 1            | 16                  | 450            |                     |                     |

**Amenities:** Units have Granite Countertops, hardwood floors, Satellite TV and High-Speed Internet Included in Rent, In-Unit Washer/Dryer, Dishwasher, Microwave, Ceiling fans and Central A/C. Property has Elevator service and On-Site Parking.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** As of 2/2023 they are 94% occupied with 2 available units. Rents for a studio unit were unavailable. Square footages listed on CoStar are incorrect.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units  
Included  
Amt:
- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type: central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area - Type:
- Fireplace     Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

**Surface:** Yes    **Enough for:** All

**Extra Cost:** No

**Garage:** No

**Covered:** No

**Verification:** Management - Heather  
**Web Site:** <http://bedfordlofts.com/>

**Contact Phone:** (804) 223-0660

**Verified On:** 02/09/2023



## MARKET RATE APARTMENT RENTAL No. 2

**Property Name:** Peaks Crossing Apts  
**Street Address:** 1232 Centerville Rd  
**City, State:** Bedford, VA  
**Date of Survey:** 2/2023  
**Type of Project:** Market Rate  
**No. of Units:** 20  
**Year Built:** 1965  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** C



### Rental Data

| <u>Unit Type</u>         | <u>Baths</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent</u> | <u>Rent/Sq. Ft.</u> |
|--------------------------|--------------|---------------------|----------------|---------------------|---------------------|
| 1 Bedroom, Used on Grids | 1            | 16                  | 425            | \$550               | \$1.29              |
| 2 Bedroom, Used on Grids | 1            | 4                   | 900            | \$575               | \$0.64              |

**Amenities:** Units have stove, refrigerator and central A/C. Property has on-site common laundry and off-street parking.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** As of 10/2022 there are no available units.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units
  
- Amt:
- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type: central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area - Type:
- Fireplace     Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

- Surface:** Yes      **Enough for:** All
- Extra Cost:** No
- Garage:** No
  
- Covered:** No

**Verification:** Brownstone - Lauren

**Contact Phone:** (540) 583-3298

**Verified On:** 02/09/2023

**Web Site:**



## MARKET RATE APARTMENT RENTAL No. 3

**Property Name:** Maple Tree Townhomes  
**Street Address:** 825 Judd St.  
**City, State:** Bedford, VA  
**Date of Survey:** 2/2023  
**Type of Project:** Market Rate  
**No. of Units:** 10  
**Year Built:** Circa 1990's  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** B



### Rental Data

| Unit Type                | Baths | No. of Units | Sq. Ft. | Current Rent | Rent/Sq. Ft. |
|--------------------------|-------|--------------|---------|--------------|--------------|
| 2 Bedroom, Used on Grids | 1     | 10           | 1000    | \$775        | \$0.78       |

**Amenities:** Units have stove, refrigerator, dishwasher, central A/C, washer/dryer hook-ups and patios. Street parking only.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** As of 2/2023, there are no available units. No utilities are included in the rent

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units

Amt:

- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type:      central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator       Pool       Tennis
- Rec. Area - Type:
- Fireplace       Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

**Surface:** No

**Garage:** No

**Covered:** No

**Verification:** Brownstone - Lauren

**Contact Phone:** (434) 385-1025

**Verified On:** 02/09/2023

**Web Site:**

## MARKET RATE APARTMENT RENTAL No. 4

**Property Name:** County Green Apts  
**Street Address:** 401 Kerry Lane  
**City, State:** Lynchburg, VA  
**Date of Survey:** 2/2023  
**Type of Project:** Market Rate  
**No. of Units:** 180  
**Year Built:** 1976  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** C



### Rental Data

| <u>Unit Type</u>         | <u>Baths</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent</u> | <u>Rent/Sq. Ft.</u> |
|--------------------------|--------------|---------------------|----------------|---------------------|---------------------|
| 1 Bedroom, Used on Grids | 1            | 52                  | 760            | \$800               | \$1.05              |
| 2 Bedroom, Used on Grids | 1½           | 96                  | 1100           | \$885               | \$0.80              |
| 3 Bedroom                | 2            | 32                  | 1300           | \$1050              | \$0.81              |

**Amenities:** Units have stove, refrigerator, dishwasher, in-unit washer/dryer, carpeting, central A/C and patio/balconies. Property has off-street parking, pool, playground, fitness center and tennis courts.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** As of 2/2023 this property is 100% occupied. Tenants are charged a flat fee for cold water, sewer and trash: 1BR = \$25 2BR = \$35 3BR = \$45.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units  
Included  
Amt:
- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type: central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area - Type: Various: See Amenities
- Fireplace     Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

- Surface:** Yes    **Enough for:** All
- Extra Cost:** No
- Garage:** No
- Covered:** No

**Verification:** Leasing - Cassie

**Contact Phone:** (434) 237-5732

**Verified On:** 02/09/2023

**Web Site:** <http://www.stewartlangleyproperties.com/countygreen>

## MARKET RATE APARTMENT RENTAL No. 5

**Property Name:** Nottingham Apts  
**Street Address:** 3463 Fort Ave  
**City, State:** Lynchburg, VA  
**Date of Survey:** 2/2023  
**Type of Project:** Market Rate  
**No. of Units:** 56  
**Year Built:** 1973  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** C



### Rental Data

| <u>Unit Type</u>         | <u>Baths</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent</u> | <u>Rent/Sq. Ft.</u> |
|--------------------------|--------------|---------------------|----------------|---------------------|---------------------|
| 1 Bedroom, Used on Grids | 1            | 40                  | 760            | \$680               | \$0.89              |
| 2 Bedroom, Used on Grids | 1            | 16                  | 900            | \$745               | \$0.83              |

**Amenities:** Units have stove, refrigerator, mix of carpet and plank flooring, central A/C and patio/balconies. Property has common laundry and off-street parking.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** As of 02/2023 this property is 100% occupied. Tenants are charged a flat fee for cold water, sewer and trash: 1BR = \$25 2BR = \$35.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units

Amt:

- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type: central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area - Type:
- Fireplace     Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

**Surface:** Yes      **Enough for:** All

**Extra Cost:** No

**Garage:** No

**Covered:** No

**Verification:** Leasing - Cassie

**Contact Phone:** (434) 847-4317

**Verified On:** 02/09/2023

**Web Site:** <http://www.stewartlangleyproperties.com/nottingham>

HUD Form – One-Bedroom Units

OMB Approval # 2502-0507 (exp. 04/30/2021)

Rent Comparability Grid

Unit Type →

1BR/1BA

Subject's HAP #:

VA360026015

| Subject  |                           | Comp # 1                                       |         | Comp # 2  |        | Comp # 3  |         | Comp # 4   |        | Comp # 5  |        |
|--|---------------------------|--|---------|---|--------|---|---------|--|--------|---|--------|
| John Early Apts<br>718 Blue Ridge Avenue,<br>Bedford, VA |                           | Bedford Lofts<br>412 Jackson St<br>Bedford, VA |         | Peaks Crossing Apts<br>1232 Centerville Rd<br>Bedford, VA |        | Maple Tree Townhomes<br>825 Judd St.<br>Bedford, VA |         | County Green Apts<br>401 Kerry Lane<br>Lynchburg, VA |        | Nottingham Apts<br>3463 Fort Ave<br>Lynchburg, VA |        |
| Data on Subject  |                           | Data   |         | Data  |        | Data  |         | Data   |        | Data  |        |
| A. Rents Charged   |                           | Data   | \$ Adj  | Data  | \$ Adj | Data  | \$ Adj  | Data   | \$ Adj | Data  | \$ Adj |
| 1 \$ Last Rent / Restricted?                             |                           | \$1,040  |         | \$550   |        | \$775   |         | \$800  |        | \$680   |        |
| 2 Date Last Leased (mo/yr)                               |                           | 2/9/2023                                       |         | 2/9/2023  |        | 2/9/2023  |         | 2/9/2023   |        | 2/9/2023  |        |
| 3 Rent Concessions                                       |                           | No   |         | No  |        | No  |         | No   |        | No  |        |
| 4 Occupancy for Unit Type                                |                           | 100%   |         | 100%  |        | 100%  |         | 100%   |        | 100%  |        |
| 5 Effective Rent & Rent/ sq. ft                          |                           | \$1,040  | 1.93    | \$550   | 1.29   | \$775   | 0.78    | \$800  | 1.05   | \$680   | 0.89   |
| B. Design, Location, Condition                           |                           | Data   | \$ Adj  | Data  | \$ Adj | Data  | \$ Adj  | Data   | \$ Adj | Data  | \$ Adj |
| 6 Structure / Stories                                    | G/2                       | E/4  | (\$25)  | G/1   |        | TH/2  |         | G/2  |        | G/2   |        |
| 7 Yr. Built/Yr. Renovated                                | 1978/Rehab<br>2007 & 2023 | 2014   |         | 1965  | \$25   | Circa 1990s   | \$25    | 1976   | \$25   | 1973  | \$25   |
| 8 Condition /Street Appeal                               | Good                      | Excellent                                      | (\$42)  | Average   | \$22   | Good  |         | Average  | \$32   | Average   | \$54   |
| 9 Neighborhood   | Average                   | Average  |         | Fair  | \$22   | Average   |         | Good   |        | Good  |        |
| 10 Same Market? Miles to Subj                            |                           | Y/1.2  |         | Y/4.5   |        | Y/1.6   |         | N/21   |        | N/24  |        |
| C. Unit Equipment/ Amenities                             |                           | Data   | \$ Adj  | Data  | Adj    | Data  | \$ Adj  | Data   | Adj    | Data  | Adj    |
| 11 # Bedrooms:   | 1                         | 1  |         | 1   |        | 2   | (\$75)  | 1  |        | 1   |        |
| 12 # Baths   | 1                         | 1  |         | 1   |        | 1   |         | 1  |        | 1   |        |
| 13 Unit Interior Sq. Ft.                                 | 702                       | 540  | \$78    | 425   | \$89   | 1000  | (\$58)  | 760  | (\$15) | 760   | (\$13) |
| 14 Balcony/ Patio  | No                        | No   |         | No  |        | Yes   | (\$10)  | Yes  | (\$10) | Yes   | (\$10) |
| 15 AC: Central/ Wall                                     | Central                   | Central  |         | Central   |        | Central   |         | Central  |        | Central   |        |
| 16 Range/ refrigerator                                   | RF                        | RF   |         | RF  |        | RF  |         | RF   |        | RF  |        |
| 17 Microwave/ Dishwasher                                 | No/No                     | Yes/Yes  | (\$5)   | No/No   |        | No/No   |         | Yes/Yes  | (\$5)  | No/No   |        |
| 18 Washer/Dryer  | Common                    | W/D  | (\$25)  | Common  |        | HU  | (\$10)  | W/D  | (\$25) | Common  |        |
| 19 Floor Coverings                                       | Yes                       | No   |         | Yes   |        | No  |         | Yes  |        | Yes   |        |
| 20 Window Coverings                                      | Yes                       | Yes  |         | Yes   |        | Yes   |         | Yes  |        | Yes   |        |
| 21 Cable/ Satellite/Internet                             | C/I Avail                 | C/I Avail                                      | (\$50)  | C/I Avail   |        | C/I Avail   |         | C/I Avail  |        | C/I Avail   |        |
| 22 Special Features                                      | Y                         | N  | \$10    | N   | \$10   | N   | \$10    | N  | \$10   | N   | \$10   |
| 23   |                           |  |         |   |        |   |         |  |        |   |        |
| D Site Equipment/ Amenities                              |                           | Data   | \$ Adj  | Data  | \$ Adj | Data  | \$ Adj  | Data   | \$ Adj | Data  | \$ Adj |
| 24 Parking ( \$ Fee)                                     | Surface \$0               | Surface \$0                                    |         | Surface \$0   |        | None  | \$10    | Surface \$0  |        | Surface \$0                                       |        |
| 25 Extra Storage   | No                        | No   |         | No  |        | No  |         | No   |        | No  |        |
| 26 Security  | Y                         | Y  |         | Y   |        | Y   |         | Y  |        | Y   |        |
| 27 Clubhouse/Meeting Room                                | Yes                       | N  | \$5     | N   | \$5    | N   | \$5     | N  | \$5    | N   | \$5    |
| 28 Pool/ Recreation Areas                                | No/No                     | No/No  |         | No/No   |        | No/No   |         | Yes/Yes  | (\$10) | No/No   |        |
| 29 Business Ctr/ Nhd Netwk                               | N                         | N  |         | N   |        | N   |         | N  |        | N   |        |
| 30 Service Coordination                                  | N                         | N  |         | N   |        | N   |         | N  |        | N   |        |
| 31 Non-shelter Services                                  | EC                        | N  | \$15    | N   | \$15   | N   | \$15    | N  | \$15   | N   | \$15   |
| 32 Neighborhood Networks                                 | N                         | N  |         | N   |        | N   |         | N  |        | N   |        |
| E. Utilities   |                           | Data   | \$ Adj  | Data  | \$ Adj | Data  | \$ Adj  | Data   | \$ Adj | Data  | \$ Adj |
| 33 Heat (in rent?/ type)                                 | No/Electric               | No/ - N/A                                      |         | No/ - N/A   |        | No/ - N/A   |         | No/ - N/A  |        | No/ - N/A   |        |
| 34 Cooling (in rent?/ type)                              | N/Electric                | No/Electric                                    |         | No/Electric   |        | No  |         | No/Electric  |        | No  |        |
| 35 Cooking (in rent?/ type)                              | No                        | No   |         | No  |        | No  |         | No   |        | No  |        |
| 36 Hot Water (in rent?/ type)                            | No/Electric               | No/ - N/A                                      |         | No/ - N/A   |        | No/ - N/A   |         | No/ - N/A  |        | No/ - N/A   |        |
| 37 Other Electric  | No                        | No   |         | No  |        | No  |         | No   |        | No  |        |
| 38 Cold Water/ Sewer                                     | Yes/Yes                   | Yes/Yes  |         | Yes/Yes   |        | No/No   | \$60    | No/No  | \$60   | No/No   | \$60   |
| 39 Trash/Recycling                                       | Y                         | Y  |         | Y   |        | Y   |         | Y  |        | Y   |        |
| F. Adjustments Recap                                     |                           | Pos  | Neg     | Pos   | Neg    | Pos   | Neg     | Pos  | Neg    | Pos   | Neg    |
| 40 # Adjustments B to D                                  |                           | 4  | 5       | 7   |        | 5   | 4       | 5  | 5      | 5   | 2      |
| 41 Sum Adjustments B to D                                |                           | \$108  | (\$147) | \$188   |        | \$65  | (\$153) | \$87   | (\$65) | \$109   | (\$23) |
| 42 Sum Utility Adjustments                               |                           |  |         |   |        | \$60  |         | \$60   |        | \$60  |        |
|  |                           | Net  | Gross   | Net   | Gross  | Net   | Gross   | Net  | Gross  | Net   | Gross  |
| 43 Net/ Gross Adjmts B to E                              |                           | (\$39)   | \$255   | \$188   | \$188  | (\$28)  | \$278   | \$82   | \$212  | \$146   | \$192  |
| G. Adjusted & Market Rents                               |                           | Adj. Rent                                      |         | Adj. Rent   |        | Adj. Rent   |         | Adj. Rent  |        | Adj. Rent   |        |
| 44 Adjusted Rent (5+ 43)                                 |                           | \$1,001  |         | \$738   |        | \$747   |         | \$882  |        | \$826   |        |
| 45 Adj Rent/Last rent                                    |                           |  | 96%     |   | 134%   |   | 96%     |  | 110%   |   | 121%   |
| 46 Estimated Market Rent                                 | \$840                     | \$1.20   |         | Estimated Market Rent/ Sq. Ft                             |        |   |         |  |        |   |        |

  
Appraiser's Signature

2/14/2023  
Date

Attached are explanations of:

- a. why & how each adjustment was made
- b. how market rent was derived from adjusted rents
- c. how this analysis was used for a similar unit type

Grid was prepared:  Manually  Using HUD's Excel form

form HUD-92273-S8 (04/2002)

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## HUD Form – One-Bedroom Units

**Unit Type** – Separate rent analysis are made for individual unit types. Four comparable 1-bedroom units will be used for analysis of the subject’s 1-bedroom apartment units. Due to the lack of one-bedroom units in the area one two-bedroom comparable in Bedford was used.

**Last Rent** - All of the units have been rented at the rents listed on the grids. None of the comparable properties are under any kind of rent restrictions, so no adjustments were needed.

**Date Last Leased** - All comparables have had current leases signed at the stated asking rent levels, thus no adjustment was needed.

**Concessions** – None of the comparable rentals are currently offering rent concessions; therefore, no adjustments were necessary.

**Occupancy** – The HUD guidelines indicate that if the occupancy rate is less than 93%, then the owner may be trying to charge too high of a rent. All comparables have occupancy rates of 100%, no adjustments are needed.

**Structure / Stories** – The subject has eight 2-story garden-style apartment buildings with single story flats on the end of the buildings. Four comparables are similar garden-style complexes, requiring no adjustments. Comparable #1 is a 4-story elevator building, therefore a \$25 downward adjustment was made. Mid-rise projects are limited in the area, but it is felt that for senior specific projects that this moderate downward adjustment for walk-up buildings is necessary.

**Year Built** – The subject complex was completed with occupancy beginning in 1978, had renovations in 2007 and will undergo major renovations in 2023. The comparable properties have a wide range of ages dating between 1965 and 2014. As opposed to making large adjustments for year built we have made \$25 downward adjustments to four of the comps, variations between the overall appeal of the project will be accounted for a condition adjustment.

**Condition / Street Appeal** – It is felt that with the attention to routine maintenance being done and the anticipated Rehab that the “Post Rehab” condition will reflect a good quality complex.

The comparables have been classified as “Excellent”, “Good” or “Average”. Adjustments were necessary in order to compare and contrast to the quality and integrity of the subject. Where the condition ratings are considered “Good”, no adjustments were made. Where the ratings were “Excellent”, a 4% downward adjustment was necessary. Where the ratings were “Average”, a 4% upward adjustment was necessary.



The condition rating generally accounts for the overall finishes, design and layout. For example, if granite countertops and higher-end cabinetry are used, it assists the condition rating. Floor coverings, overall finishes and features, and the appeal of the common area space and exterior of the building adds to the adjustment.

**The condition rating designations and explanations for the adjustments are based on HUD guidelines in Chapter 9 of the Section 8 Renewal Guide (applicable to Rent Comp Studies). We recommend that the reader review these guidelines at the HUD website:**

<http://www.hud.gov/offices/hsg/mfh/exp/guide/s8renew.pdf>

**Neighborhood** – The project is perceived to be located within a desirable setting for an apartment property, within close distance to places of work, transportation corridors and community services. Four of the comparables are considered to be in similar neighborhoods and required no adjustments. Comparable #2 is located approximately 5 miles north of the main Bedford business district, further away from places of work, transportation corridors and community services. Thus a 4% upward adjustment was made.

**Same Market** – Three of the comparables are considered to be in the same market, no adjustment needed. Two comparables are in Lynchburg which would be considered a different market, but the rents generally seem to be similar, thus no adjustment were made.

**Number of Bedrooms** – The category compares the number of bedrooms in the subject to the number of bedrooms in the comparables. Four of the comparables utilized have the same number of bedrooms and no adjustments were appropriate. Due to the lack of market rate one-bedroom units in the area one two-bedroom comparable in Bedford was used. A \$75 downward adjustment was made to comparable #3 to account for the additional bedroom. The adjustment was based on the chart below and our knowledge of the market.

| Bedroom Adjustment Analysis             |                 |                    |                     |
|---|-----------------|--------------------|---------------------|
| Project                                 | Rent Difference | Sq. Ft. Adjustment | Net Rent Difference |
| Bedford Lofts 1BR/1 BA vs 2BR/1 BA      | \$160           | \$104              | \$56                |
| Nottingham Apts 1BR/1 BA vs 2BR/1 BA    | \$65            | \$31               | \$34                |
| Country Green Apts 2BR/1 BA vs 3BR/1 BA | \$165           | \$40               | <u>\$125</u>        |
| <b>Average</b>                          |                 |                    | <b>\$72</b>         |

**Number of Baths** – The subject units all include 1 full bath. No adjustment for any of the comparables since they have similar 1-bath unit types.

**Sq. Ft. Area** – In some cases, the subject units were larger than the market orientated apartments, but in others they were slightly smaller. Square footages for the different unit types are all generally consistent with one another; slight differences but typical layouts for each. We have used the HUD definition of square footage of the interior wall to interior wall for the subject calculation (please see the architect's calculations in the addendum of this report).

One way to determine the variation in square footage is to take each comparables dollar per square foot rate multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. Then the difference in square footage between the subject and each comparable is determined. The difference is multiplied by the determined adjusted dollar per square foot rate to arrive at the adjustment for each comparable.

| Unit Square Footage Adjustment Analysis |         |         |               |              |                    |            |
|---|---------|---------|---------------|--------------|--------------------|------------|
| Project                                 | Rent    | Sq. Ft. | Rent /Sq. Ft. | 25% of \$/SF | Sq. Ft. Difference | Adjustment |
| Bedford Lofts 1BR                       | \$1,040 | 540     | \$1.93        | \$0.48       | 162                | \$78       |
| Peaks Crossing 1BR                      | \$550   | 425     | \$1.29        | \$0.32       | 277                | \$89       |
| Maple Tree Townhomes 2BR                | \$775   | 1,000   | \$0.78        | \$0.19       | 298                | \$58       |
| County Green Apts 1BR                   | \$800   | 760     | \$1.05        | \$0.26       | 58                 | \$15       |
| Nottingham Apts 1BR                     | \$680   | 760     | \$0.89        | \$0.22       | 58                 | \$13       |

**Balcony/Terrace/ Patio** – The subject units do not have balconies/patios. Three of the comparables have balconies/patios. Where there are differences and variations between the comparables and the subject, \$10 downward adjustments were applied.

**Air Conditioning** - The subject does have central air conditioning. All of the comparable have central air, no adjustments were needed.

**Range/ Refrigerator** - The subject and comparables all include a range and refrigerator; therefore, no adjustments were necessary.

**Microwave/ Dishwasher** – The subject does not offer microwaves or dishwashers. Regarding microwaves, they do not seem to influence rent; rather it is a consensus decision by the management company to offer microwaves as an extra benefit to the tenants, thus, no adjustments necessary. In regard to dishwashers, where there are differences and variations between the comparables and the subject, \$5 downward adjustments were applied.

**Washer/Dryer:** Washer and dryer accounts for whether hookups and machines are provided. It also evaluates common area laundry availability. The subject offers common area laundry for all units. If a comparable offers in-unit washer/dryers, \$25 downward adjustments were needed. If a comparable offers washer/dryer hook-up, \$10 downward adjustments were needed. It is hard/difficult to empirically support specific adjustment amounts, we have relied on data from appliance rental companies, taken into account the cost of operating the machines and relied on our experience in the market to estimate the adjustments.

**Floor Coverings** - The subject units have good quality flooring. Since each of the comparable projects has adequate floor covering, no adjustments are necessary.

**Window Coverings** - Regarding window coverings, some of the comps offer window blinds; some do not. This does not seem to influence rent; rather it is a decision by the management company to maintain the visual integrity of the project by offering blinds. No adjustments were necessary.

**Cable/ Internet** - The subject and four of comparables have cable/internet available, but the cost is not included as part of the rental package, no adjustments were necessary. Comp #1 includes the cost of cable/internet in the rents, \$50 downward adjustments were made. It is hard/difficult to empirically support specific adjustment amounts, we have relied on data from data from local cable providers on cable/internet packages and relied on our experience in the market to estimate the adjustments.

**Special Features** - The subject offers planned events at the complex and outings. There are also weekly events such as exercise programs and other group events. These services are important to seniors who are generally not as mobile and rely on the facility to provide activities. None of the comparables offer these services and require upward adjustments of \$10.

**Parking** - The subject offers free off-street surface parking. Management indicated that there are an adequate number of spaces to accommodate residents that own vehicles – not one to one parking ratios but more than adequate for a senior development/project where not all tenants' own vehicles. Four of comparables have similar free on-site parking, no adjustments needed. Comparable #3 only has street parking, we have applied a \$10 upward adjustment for the availability of off-street parking.

**Storage** - Regarding storage, the subject does not offer any extra on-site storage. The comparables are all similar, no adjustments were necessary.



**Security** – The subject offers limited access with locked intercom doors and security cameras throughout the building, which is similar to all the comparables, no adjustments were needed.

**Clubhouse/Meeting Room** – The subject does have community/meeting room. None of the comparables offer a community room or building, \$5 upward adjustments were applied.

**Pool/Recr. Area** - The subject does not offer any kind of recreational area other than the community room which we have adjusted for on the previous line. This is generally similar to most of the comparables in the area and no adjustments were necessary. Comp #4 has a fitness center, playground, tennis court and a pool, a \$10 downward adjustment was needed.

**Business Center** – There is no Business Center at the subject or at any of the comparables, no adjustments were necessary.

**Service Coordination** - Service coordination is not provided at the subject property. None of the comparables offer any kind of service coordination, no adjustment was needed.

**Non-Shelter Services** – The subject property offers emergency call buttons in the living/dining area, bedrooms, and bathrooms. None of the comparables offer this services, upward adjustments of \$15 are considered necessary. Once again, it is hard/difficult to empirically support a specific adjustment amount for the availability of transportation and emergency call systems; therefore, we have made a general estimate of what the market would pay

**Neighborhood Networks** – None of the comparables or the subject offer neighborhood networks, thus no adjustment.

**Utilities** - The utility structure at the subject is set where the tenants cover the cost of providing all the utilities with the exception of Cold Water, Sewer and Trash.

Where there are variable differences adjustments were applied. The adjustment amounts are based on utility standards from Virginia Housing Development Authority.

| Utility Allowance Chart |      |         |      |     |          |            |       |
|-------------------------|------|---------|------|-----|----------|------------|-------|
| Unit Size               | Heat | Cooling | Cook | HW  | Electric | Cold Water | Sewer |
| 1BR                     | \$12 | \$9     | \$5  | \$4 | \$19     | \$28       | \$32  |

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**Heat/Type:** Not included at the subject units. If needed the adjustments were applied based on utility allowances for the unit type in question. In the chart above.

**Cook/Type:** Not included at the subject units. If downward adjustments are needed, they were based on the chart above.

**Electricity:** Not included as part of the standard rent structure for the subject. If downward adjustments are needed, they were based on the chart above.

**Hot Water:** The subject does not include hot water in the rent. If downward adjustments are needed, they were based on the chart above.

**Cold Water/Sewer:** Cold water and sewer are included at the subject and two of the comparables. If upward adjustments are needed, they were based on the chart above.

**Trash/Recycling:** Included at the subject and all the comparables, no adjustments were applied.

**Conclusions- Market Rents**

In conclusion, we have provided weight to each of the various comparables when adopting and applying an average or standard rent for application to the subject development. A summary of the 92273-S8 charts is outlined below. These rents apply to the actual utility structure set for the subject. The market rents that are adopted are the achievable market rent.

| MARKET RENT SUMMARY - NET RENTS |                              |           |                              |                             |                              |  |
|---------------------------------|------------------------------|-----------|------------------------------|-----------------------------|------------------------------|--|
| <u>Unit Type</u>                | <u>Comp Adjustment Range</u> |           | <u>Average Adjusted Rent</u> | <u>Median Adjusted Rent</u> | <u>Supported Market Rent</u> |  |
| 1 Bedroom/1 Bath                | \$738                        | - \$1,001 | \$839                        | \$826                       | \$840                        |  |

HUD Form – Two-Bedroom Units

OMB Approval # 2502-0507 (exp. 04/30/2021)

Rent Comparability Grid

Unit Type →

2BR/1 BA

Subject's HAP #:

VA360026015

| Subject  |                               | Comp # 1                                       |                  | Comp # 2  |       | Comp # 3  |        | Comp # 4   |         | Comp # 5  |        |
|--|-------------------------------|--|------------------|---|-------|---|--------|--|---------|---|--------|
| John Early Apts<br>718 Blue Ridge Avenue,<br>Bedford, VA |                               | Bedford Lofts<br>412 Jackson St<br>Bedford, VA |                  | Peaks Crossing Apts<br>1232 Centerville Rd<br>Bedford, VA |       | Maple Tree Townhomes<br>825 Judd St.<br>Bedford, VA |        | County Green Apts<br>401 Kerry Lane<br>Lynchburg, VA |         | Nottingham Apts<br>3463 Fort Ave<br>Lynchburg, VA |        |
| Data   |                               | Data   |                  | Data  |       | Data  |        | Data   |         | Data  |        |
| Subject  |                               | Subject  |                  | Subject   |       | Subject   |        | Subject  |         | Subject   |        |
| A. Rents Charged   |                               | Data \$ Adj                                    |                  | Data \$ Adj   |       | Data \$ Adj   |        | Data \$ Adj  |         | Data \$ Adj                                       |        |
| 1  | \$ Last Rent / Restricted?    | \$1,200  |                  | \$575   |       | \$775   |        | \$885  |         | \$745   |        |
| 2  | Date Last Leased (mo/yr)      | 2/9/2023                                       |                  | 2/9/2023  |       | 2/9/2023  |        | 2/9/2023   |         | 2/9/2023  |        |
| 3  | Rent Concessions              | No   |                  | No  |       | No  |        | No   |         | No  |        |
| 4  | Occupancy for Unit Type       | 100%   |                  | 100%  |       | 100%  |        | 100%   |         | 100%  |        |
| 5  | Effective Rent & Rent/ sq. ft | \$1,200  | 1.63             | \$575   | 0.64  | \$775   | 0.78   | \$885  | 0.80    | \$745   | 0.83   |
| B. Design, Location, Condition                           |                               | Data \$ Adj                                    |                  | Data \$ Adj   |       | Data \$ Adj   |        | Data \$ Adj  |         | Data \$ Adj                                       |        |
| 6  | Structure / Stories           | G/2  | E/4 (\$25)       | G/1   |       | TH/2  |        | G/2  |         | G/2   |        |
| 7  | Yr. Built/Yr. Renovated       | 1978/Rehab 2007 & 2023                         |                  | 1965  | \$25  | Circa 1990s   | \$25   | 1976   | \$25    | 1973  | \$25   |
| 8  | Condition /Street Appeal      | Good   | Excellent (\$48) | Average   | \$23  | Good  |        | Average  | \$35    | Average   | \$30   |
| 9  | Neighborhood                  | Average  |                  | Fair  | \$23  | Average   |        | Good   |         | Good  |        |
| 10   | Same Market? Miles to Subj    | Y/1.2  |                  | Y/4.5   |       | Y/1.6   |        | N/21   |         | N/24  |        |
| C. Unit Equipment/ Amenities                             |                               | Data \$ Adj                                    |                  | Data Adj  |       | Data \$ Adj   |        | Data Adj   |         | Data Adj  |        |
| 11   | # Bedrooms:                   | 2  |                  | 2   |       | 2   |        | 2  |         | 2   |        |
| 12   | # Baths                       | 1  |                  | 1   |       | 1   |        | 1.5  | (\$25)  | 1   |        |
| 13   | Unit Interior Sq. Ft.         | 863  | 735 \$52         | 900   | (\$6) | 1000  | (\$27) | 1100   | (\$47)  | 900   | (\$8)  |
| 14   | Balcony/ Patio                | No   | No               | No  |       | Yes   | (\$10) | Yes  | (\$10)  | Yes   | (\$10) |
| 15   | AC: Central/ Wall             | Central  |                  | Central   |       | Central   |        | Central  |         | Central   |        |
| 16   | Range/ refrigerator           | RF   |                  | RF  |       | RF  |        | RF   |         | RF  |        |
| 17   | Microwave/ Dishwasher         | No/No  | Yes/Yes (\$5)    | No/No   |       | No/No   |        | Yes/Yes  | (\$5)   | No/No   |        |
| 18   | Washer/Dryer                  | Common   | W/D (\$25)       | Common  |       | HU  | (\$10) | W/D  | (\$25)  | Common  |        |
| 19   | Floor Coverings               | Yes  | No               | Yes   |       | No  |        | Yes  |         | Yes   |        |
| 20   | Window Coverings              | Yes  | Yes              | Yes   |       | Yes   |        | Yes  |         | Yes   |        |
| 21   | Cable/ Satellite/Internet     | C/I Avail                                      | C/I Avail (\$50) | C/I Avail   |       | C/I Avail   |        | C/I Avail  |         | C/I Avail   |        |
| 22   | Special Features              | Y  | N \$10           | N   | \$10  | N   | \$10   | N  | \$10    | N   | \$10   |
| D Site Equipment/ Amenities                              |                               | Data \$ Adj                                    |                  | Data \$ Adj   |       | Data \$ Adj   |        | Data \$ Adj  |         | Data \$ Adj                                       |        |
| 24   | Parking (\$ Fee)              | Surface \$0                                    | Surface \$0      | Surface \$0   |       | None  | \$10   | Surface \$0  |         | Surface \$0                                       |        |
| 25   | Extra Storage                 | No   | No               | No  |       | No  |        | No   |         | No  |        |
| 26   | Security                      | Y  | Y                | Y   |       | Y   |        | Y  |         | Y   |        |
| 27   | Clubhouse/Meeting Room        | Yes  | N \$5            | N   | \$5   | N   | \$5    | N  | \$5     | N   | \$5    |
| 28   | Pool/ Recreation Areas        | No/Yes   | No/No            | No/No   |       | No/No   |        | Yes/Yes  | (\$10)  | No/No   |        |
| 29   | Business Ctr/ Nhd Netwk       | N  | N                | N   |       | N   |        | N  |         | N   |        |
| 30   | Service Coordination          | N  | N                | N   |       | N   |        | N  |         | N   |        |
| 31   | Non-shelter Services          | EC   | N \$15           | N   | \$15  | N   | \$15   | N  | \$15    | N   | \$15   |
| 32   | Neighborhood Networks         | N  | N                | N   |       | N   |        | N  |         | N   |        |
| E Utilities  |                               | Data \$ Adj                                    |                  | Data \$ Adj   |       | Data \$ Adj   |        | Data \$ Adj  |         | Data \$ Adj                                       |        |
| 33   | Heat (in rent?/ type)         | No/Electric                                    | No/ - N/A        | No/ - N/A   |       | No/ - N/A   |        | No/ - N/A  |         | No/ - N/A   |        |
| 34   | Cooling (in rent?/ type)      | N/Electric                                     | No/Electric      | No/Electric   |       | No  |        | No/Electric  |         | No  |        |
| 35   | Cooking (in rent?/ type)      | No   | No               | No  |       | No  |        | No   |         | No  |        |
| 36   | Hot Water (in rent?/ type)    | No/Electric                                    | No/ - N/A        | No/ - N/A   |       | No/ - N/A   |        | No/ - N/A  |         | No/ - N/A   |        |
| 37   | Other Electric                | No   | No               | No  |       | No  |        | No   |         | No  |        |
| 38   | Cold Water/ Sewer             | Yes/Yes  | Yes/Yes          | Yes/Yes   |       | No/No   | \$77   | No/No  | \$77    | No/No   | \$77   |
| 39   | Trash/Recycling               | Y  | Y                | Y   |       | Y   |        | Y  |         | Y   |        |
| F. Adjustments Recap                                     |                               | Pos Neg  |                  | Pos Neg   |       | Pos Neg   |        | Pos Neg  |         | Pos Neg   |        |
| 40   | # Adjustments B to D          | 4  | 5                | 6   | 1     | 5   | 3      | 5  | 6       | 5   | 2      |
| 41   | Sum Adjustments B to D        | \$82   | (\$153)          | \$101   | (\$6) | \$65  | (\$47) | \$90   | (\$122) | \$85  | (\$18) |
| 42   | Sum Utility Adjustments       |  |                  |   |       | \$77  |        | \$77   |         | \$77  |        |
| G. Adjusted & Market Rents                               |                               | Adj. Rent                                      |                  | Adj. Rent   |       | Adj. Rent   |        | Adj. Rent  |         | Adj. Rent   |        |
| 43   | Adjusted Rent (5+ 43)         | \$1,129  |                  | \$670   |       | \$870   |        | \$930  |         | \$889   |        |
| 44   | Adj Rent/Last rent            |  | 94%              |   | 117%  |   | 112%   |  | 105%    |   | 119%   |
| 46   | Estimated Market Rent         | \$900  | \$1.04 ←         | Estimated Market Rent/ Sq. Ft                             |       |   |        |  |         |   |        |

*[Signature]*  
Appraiser's Signature

2/14/2023  
Date

Attached are explanations of:

- a. why & how each adjustment was made
- b. how market rent was derived from adjusted rents
- c. how this analysis was used for a similar unit type

Grid was prepared:  Manually  Using HUD's Excel form

form HUD-92273-S8 (04/2002)



John Early Apartments.

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## HUD Form – Two Bedroom Units

**Unit Type** – Separate rent analysis are made for individual unit types. Only comparable 2-bedroom units will be used for analysis of the subject's 2-bedroom apartment units.

**Last Rent** - All of the units have been rented at the rents listed on the grids. None of the comparable properties are under any kind of rent restrictions, so no adjustments were needed.

**Date Last Leased** - All comparables have had current leases signed at the stated asking rent levels, thus no adjustment was needed.

**Concessions** – None of the comparable rentals are currently offering rent concessions; therefore, no adjustments were necessary.

**Occupancy** – The HUD guidelines indicate that if the occupancy rate is less than 93%, then the owner may be trying to charge too high of a rent. All comparables have occupancy rates of 100%, no adjustments are needed.

**Structure / Stories** – The subject has eight 2-story garden-style apartment buildings with single story flats on the end of the buildings. Four comparables are similar garden-style complexes, requiring no adjustments. Comparable #1 is a 4-story elevator building, therefore a \$25 downward adjustment was made. Mid-rise projects are limited in the area, but it is felt that for senior specific projects that this moderate downward adjustment for walk-up buildings is necessary.

**Year Built** – The subject complex was completed with occupancy beginning in 1978, had renovations in 2007 and will undergo major renovations in 2023. The comparable properties have a wide range of ages dating between 1965 and 2014. As opposed to making large adjustments for year built we have made \$25 downward adjustments to four of the comps, variations between the overall appeal of the project will be accounted for a condition adjustment.

**Condition / Street Appeal** – It is felt that with the attention to routine maintenance being done and the anticipated Rehab that the “Post Rehab” condition will reflect a good quality apartment complex.

The comparables have been classified as “Excellent”, “Good” or “Average”. Adjustments were necessary in order to compare and contrast to the quality and integrity of the subject. Where the condition ratings are considered “Good”, no adjustments were made. Where the ratings were “Excellent”, a 4% downward adjustment was necessary. Where the ratings were “Average”, a 4% upward adjustment was necessary.

The condition rating generally accounts for the overall finishes, design and layout. For example, if granite countertops and higher-end cabinetry are used, it assists the condition rating. Floor coverings, overall finishes and features, and the appeal of the common area space and exterior of the building adds to the adjustment.

**The condition rating designations and explanations for the adjustments are based on HUD guidelines in Chapter 9 of the Section 8 Renewal Guide (applicable to Rent Comp Studies). We recommend that the reader review these guidelines at the HUD website:**

<http://www.hud.gov/offices/hsg/mfh/exp/guide/s8renew.pdf>

**Neighborhood** – The project is perceived to be located within a desirable setting for an apartment property, within close distance to places of work, transportation corridors and community services. Four of the comparables are considered to be in similar neighborhoods and required no adjustments. Comparable #2 is located approximately 5 miles north of the main Bedford business district, further away from places of work, transportation corridors and community services. Thus a 4% upward adjustment was made.

**Same Market** – Three of the comparables are considered to be in the same market, no adjustment needed. Two comparables are in Lynchburg which would be considered a different market, but the rents generally seem to be similar, thus no adjustment were made.

**Number of Bedrooms** – The category compares the number of bedrooms in the subject to the number of bedrooms in the comparables. All the comparables utilized have the same number of bedrooms and no adjustments were appropriate.

**Number of Baths** – The subject units all have 1 full bath. No adjustment for the comparables that have similar 1-bath units. Comps #4 has 1.5 baths; \$25 downward adjustments were needed. Only one of the comparables had units with the same number of bedrooms but different number of baths (see chart below). The adjustments are based on the chart and our experience in the subject market and markets of similar size.

| Bathroom Adjustment Analysis       |                 |                    |                 |
|------------------------------------|-----------------|--------------------|-----------------|
| Project                            | Rent Difference | Sq. Ft. Adjustment | Rent Difference |
| Bedford Lofts 2BR/1 BA vs 2BR/2 BA | \$50            | \$12               | \$38            |

**Sq. Ft. Area** – In some cases, the subject units were larger than the market orientated apartments, but in others they were slightly smaller. Square footages for the different unit types are all generally consistent with one another; slight differences but typical layouts for each. We have used the HUD definition of square footage of the interior wall to interior wall for the subject calculation (please see the architect’s calculations in the addendum of this report).

One way to determine the variation in square footage is to take each comparables dollar per square foot rate multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. Then the difference in square footage between the subject and each comparable is determined. The difference is multiplied by the determined adjusted dollar per square foot rate to arrive at the adjustment for each comparable.

| Unit Square Footage Adjustment Analysis |         |         |               |              |                    |            |  |
|---|---------|---------|---------------|--------------|--------------------|------------|--|
| Project                                 | Rent    | Sq. Ft. | Rent /Sq. Ft. | 25% of \$/SF | Sq. Ft. Difference | Adjustment |  |
| Bedford Lofts 2BR                       | \$1,200 | 735     | \$1.63        | \$0.41       | 128                | \$52       |  |
| Peaks Crossing 2BR                      | \$575   | 900     | \$0.64        | \$0.16       | 37                 | \$6        |  |
| Maple Tree Townhomes 2BR                | \$775   | 1,000   | \$0.78        | \$0.19       | 137                | \$27       |  |
| County Green Apts 2BR                   | \$885   | 1,100   | \$0.80        | \$0.20       | 237                | \$47       |  |
| Nottingham Apts 2BR                     | \$745   | 900     | \$0.83        | \$0.21       | 37                 | \$8        |  |

**Balcony/Terrace/ Patio** – The subject units do not have balconies/patios. Three of the comparables have balconies/patios. Where there are differences and variations between the comparables and the subject, \$10 downward adjustments were applied.

**Air Conditioning** - The subject does have central air conditioning. All of the comparable have central air, no adjustments were needed.

**Range/ Refrigerator** - The subject and comparables all include a range and refrigerator; therefore, no adjustments were necessary.

**Microwave/ Dishwasher** – The subject does not offer microwaves or dishwashers. Regarding microwaves, they do not seem to influence rent; rather it is a consensus decision by the management company to offer microwaves as an extra benefit to the tenants, thus, no adjustments necessary. In regard to dishwashers, where there are differences and variations between the comparables and the subject, \$5 downward adjustments were applied.

**Washer/Dryer:** Washer and dryer accounts for whether hookups and machines are provided. It also evaluates common area laundry availability. The subject offers common area laundry for all units. If a comparable offers in-unit washer/dryers, \$25 downward adjustments were needed. If a comparable offers washer/dryer hook-up, \$10 downward adjustments were needed. It is hard/difficult to empirically support specific adjustment amounts, we have relied on data from appliance rental companies, taken into account the cost of operating the machines and relied on our experience in the market to estimate the adjustments.

**Floor Coverings** - The subject units have good quality flooring. Since each of the comparable projects has adequate floor covering, no adjustments are necessary.

**Window Coverings** - Regarding window coverings, some of the comps offer window blinds; some do not. This does not seem to influence rent; rather it is a decision by the management company to maintain the visual integrity of the project by offering blinds. No adjustments were necessary.

**Cable/ Internet** - The subject and four of comparables have cable/internet available, but the cost is not included as part of the rental package, no adjustments were necessary. Comp #1 includes the cost of cable/internet in the rents, \$50 downward adjustments were made. It is hard/difficult to empirically support specific adjustment amounts, we have relied on data from data from local cable providers on cable/internet packages and relied on our experience in the market to estimate the adjustments.

**Special Features** - The subject offers planned events at the complex and outings. There are also weekly events such as exercise programs and other group events. These services are important to seniors who are generally not as mobile and rely on the facility to provide activities. None of the comparables offer these services and require upward adjustments of \$10.

**Parking** - The subject offers free off-street surface parking. Management indicated that there are an adequate number of spaces to accommodate residents that own vehicles – not one to one parking ratios but more than adequate for a senior development/project where not all tenants' own vehicles. Four of comparables have similar free on-site parking, no adjustments needed. Comparable #3 only has street parking, we have applied a \$10 upward adjustment for the availability of off-street parking.

**Storage** - Regarding storage, the subject does not offer any extra on-site storage. The comparables are all similar, no adjustments were necessary.

**Security** – The subject offers limited access with locked intercom doors and security cameras throughout the building, which is similar to all the comparables, no adjustments were needed.

**Clubhouse/Meeting Room** – The subject does have community/meeting room. None of the comparables offer a community room or building, \$5 upward adjustments were applied.

**Pool/Recr. Area** - The subject does not offer any kind of recreational area other than the community room which we have adjusted for on the previous line. This is generally similar to most of the comparables in the area and no adjustments were necessary. Comp #4 has a fitness center, playground, tennis court and a pool, a \$10 downward adjustment was needed.

**Business Center** – There is no Business Center at the subject or at any of the comparables, no adjustments were necessary.

**Service Coordination** - Service coordination is not provided at the subject property. None of the comparables offer any kind of service coordination, no adjustment was needed.

**Non-Shelter Services** – The subject property offers emergency call buttons in the living/dining area, bedrooms, and bathrooms. None of the comparables offer this services, upward adjustments of \$15 are considered necessary. Once again, it is hard/difficult to empirically support a specific adjustment amount for the availability of transportation and emergency call systems; therefore, we have made a general estimate of what the market would pay

**Neighborhood Networks** – None of the comparables or the subject offer neighborhood networks, thus no adjustment.

**Utilities** - The utility structure at the subject is set where the tenants cover the cost of providing all the utilities with the exception of Cold Water, Sewer and Trash.

Where there are variable differences adjustments were applied. The adjustment amounts are based on utility standards from Virginia Housing Development Authority.

| Utility Allowance Chart |      |         |      |     |          |            |       |
|-------------------------|------|---------|------|-----|----------|------------|-------|
| Unit Size               | Heat | Cooling | Cook | HW  | Electric | Cold Water | Sewer |
| 2BR                     | \$15 | \$13    | \$6  | \$5 | \$24     | \$36       | \$41  |

[file:///C:/Users/BS106800/Downloads/2Exposed-Walls%20\(1\).pdf](file:///C:/Users/BS106800/Downloads/2Exposed-Walls%20(1).pdf)



**Heat/Type:** Not included at the subject units. If needed the adjustments were applied based on utility allowances for the unit type in question. In the chart above.

**Cook/Type:** Not included at the subject units. If downward adjustments are needed, they were based on the chart above.

**Electricity:** Not included as part of the standard rent structure for the subject. If downward adjustments are needed, they were based on the chart above.

**Hot Water:** The subject does not include hot water in the rent. If downward adjustments are needed, they were based on the chart above.

**Cold Water/Sewer:** Cold water and sewer are included at the subject and two of the comparables. If upward adjustments are needed, they were based on the chart above.

**Trash/Recycling:** Included at the subject and all the comparables, no adjustments were applied.

**Conclusions- Market Rents**

In conclusion, we have provided weight to each of the various comparables when adopting and applying an average or standard rent for application to the subject development. A summary of the 92273-S8 charts is outlined below. These rents apply to the actual utility structure set for the subject. The market rents that are adopted are the achievable market rent.

| MARKET RENT SUMMARY - NET RENTS |                              |           |                              |                             |                              |  |
|---------------------------------|------------------------------|-----------|------------------------------|-----------------------------|------------------------------|--|
| <u>Unit Type</u>                | <u>Comp Adjustment Range</u> |           | <u>Average Adjusted Rent</u> | <u>Median Adjusted Rent</u> | <u>Supported Market Rent</u> |  |
| 2 Bedroom/1 Bath                | \$670                        | - \$1,129 | \$898                        | \$889                       | \$900                        |  |

**CONCLUSION - ALL**

In regard to the concluding rent, it should be noted that we considered both the average adjusted rent and the median rent. The average is simply a mathematical equation, and we have used market judgment in regard to establishing appropriately supported rents. We feel that the adopted rent is supportable based on the array of data issued.

After making the appropriate adjustments, the following ranges and adopted market rents were applied for the different unit types.

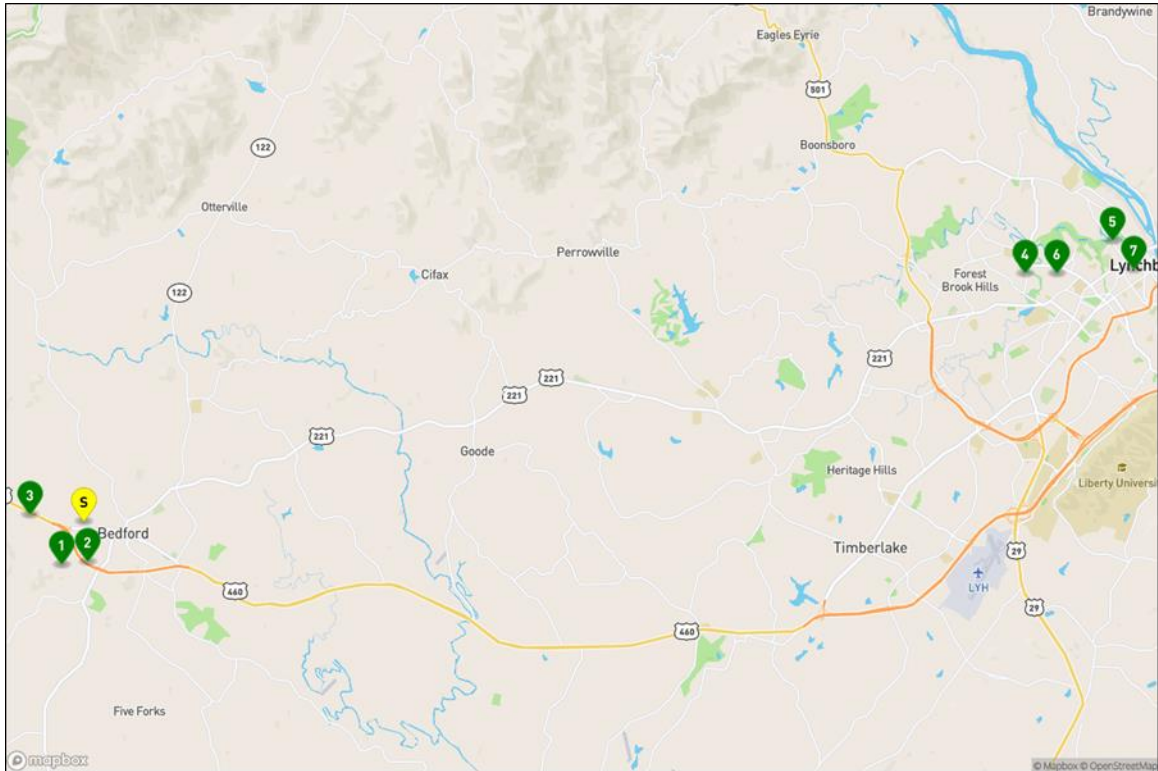
| <b>MARKET RENT SUMMARY - NET RENTS</b> |                              |   |         |                              |                             |                              |
|--|------------------------------|---|---------|------------------------------|-----------------------------|------------------------------|
| <u>Unit Type</u>                       | <u>Comp Adjustment Range</u> |   |         | <u>Average Adjusted Rent</u> | <u>Median Adjusted Rent</u> | <u>Supported Market Rent</u> |
| 1 Bedroom/1 Bath                       | \$738                        | - | \$1,001 | \$839                        | \$826                       | \$840                        |
| 2 Bedroom/1 Bath                       | \$670                        | - | \$1,129 | \$898                        | \$889                       | \$900                        |

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**AFFORDABLE / SUBSIDIZED SUPPLY ANALYSIS**

All units at the project operate under a HUD section 8 contract. This is and will be the case post renovation. However, it is still important to have a sense of support for affordable projects in the area. There is no rent analysis/comparison to LIHTC maximums required but a summary of the data and analysis is important.

Outlined on the following pages is a summarization of some of the affordable data analyzed which focused on section 8 contracted projects and senior/age restricted projects.



| COMPARABLE PROJECTS            |                                |                       |
|--------------------------------|--------------------------------|-----------------------|
| MAP #                          | PROJECT NAME                   | Address               |
| S                              | Subject - John Early Apts      | 718 Blue Ridge Ave    |
| AFFORDABLE COMPARABLE PROJECTS |                                |                       |
| 1                              | Joseph's Dream                 | 2100 Joseph'S Way     |
| 2                              | Powder Horn Apts.              | 717 Blue Ridge Avenue |
| 3                              | Salem Court Apt                | 1001 Salem Turnpike   |
| 4                              | Hillcrest Apts.                | 3000 Birchwood Drive  |
| 5                              | Serenity Manor at Hollins Mill | 701 Hollins Street    |
| 6                              | Clear Brook Apts               | 3004 Hill Street      |
| 7                              | Frank Roane Apartments         | 900 Federal Street    |

## AFFORDABLE APARTMENT RENTAL No. 1

**Property Name:** Joseph's Dream  
**Street Address:** 2100 Joseph'S Way  
**City, State:** Bedford, VA  
**Date of Survey:** 2/2023  
**Type of Project:** HUD 202 - Senior  
**No. of Units:** 50  
**Year Built:** N/A  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** B  
**Waiting List:**



### Rental Data

| Unit Type | Baths | AMI | No. of Units | Sq. Ft. | Current Rent* | Rent/Sq. Ft. |
|-----------|-------|-----|--------------|---------|---------------|--------------|
| 1 Bedroom | 1     | PBA | 50           | N/A     |               | N/A          |

\* Refer to comments section for rent information

**Amenities:** Units have stove, refrigerator, carpeting and central A/C. Property has common laundry, community room and off-street parking.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** As of 2/2023, numerous attempts to update data have gone unanswered and messages left did not receive return calls. Occupancy was estimated using available internet information. Tenants pay rent based on 30% of the adjusted income.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units
  
- Amt:
- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type:    central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area    - Type:
- Fireplace     Community Room
- Alarm System    Gated entrance: No

#### Security Features:

#### Parking Features

- Surface:** Yes    **Enough for:** All
- Extra Cost:** No
- Garage:** No
- Covered:** No

**Verification:** Internet

**Contact Phone:** (540) 586-0485

**Verified On:** 02/17/2023

**Web Site:**

## AFFORDABLE APARTMENT RENTAL No. 2

**Property Name:** Powder Horn Apts.  
**Street Address:** 717 Blue Ridge Avenue  
**City, State:** Bedford, VA  
**Date of Survey:** 2/2023  
**Type of Project:** HUD Sec. 8  
**No. of Units:** 48  
**Year Built:** 1986  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** B  
**Waiting List:**



### Rental Data

| <u>Unit Type</u> | <u>Baths</u> | <u>AMI</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent*</u> | <u>Rent/Sq. Ft.</u> |
|------------------|--------------|------------|---------------------|----------------|----------------------|---------------------|
| 1 Bedroom        | 1            | PBA        | 24                  | 588            | \$658                | \$1.12              |
| 2 Bedroom        | 1            | PBA        | 24                  | 1003           | \$689                | \$0.69              |

\* Refer to comments section for rent information

**Amenities:** Units have stove, refrigerator, central A/C and balcony/patios. Property has common laundry, playground, storage units and off-street parking.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** As of 2/2023, numerous attempts to update data have gone unanswered and messages left did not receive return calls. Occupancy was estimated using available internet information. Rents listed above are the contract rents, tenants pay rent based on 30% of the adjusted income.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units
  
- Amt:
- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type: central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area - Type:
- Fireplace     Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

- Surface:** Yes    **Enough for:** All
- Extra Cost:** No
- Garage:** No
  
- Covered:** No

**Verification:** Management - Margene

**Contact Phone:** (540) 586-0803

**Verified On:** 02/17/2023

**Web Site:** <http://www.landura.com/property/532/Powder-Horn-Apts>



## AFFORDABLE APARTMENT RENTAL No. 3

**Property Name:** Salem Court Apt  
**Street Address:** 1001 Salem Turnpike  
**City, State:** Bedford, VA  
**Date of Survey:** 2/2023  
**Type of Project:** Senior Tax Credit  
**No. of Units:** 40  
**Year Built:** 1994  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** B  
**Waiting List:**



### Rental Data

| <u>Unit Type</u> | <u>Baths</u> | <u>AMI</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent</u> | <u>Rent/Sq. Ft.</u> |
|------------------|--------------|------------|---------------------|----------------|---------------------|---------------------|
| 1 Bedroom        | 1            | PBA        | 39                  | 703            | \$819               | \$1.17              |
| 2 Bedroom        | 1            | PBA        | 1                   | 966            | \$930               | \$0.96              |

**Amenities:** Units have stove, refrigerator, central A/C and balcony/patios. Property has common laundry, playground, storage units and off-street parking.

**Utilities:** **Heat:** Landlord Pays      **Electric:** Landlord Pays

**Comments:** This is a Rural Development/LIHTC senior project. As of 2/2023, numerous attempts to update data have gone unanswered and messages left did not receive return calls. Occupancy was estimated using available interent information and we have used the 2023 HUD FMR for the area as the rents. Tenants pay rent based on 30% of the adjusted income.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units
  
- Amt:
- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type: central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area - Type:
- Fireplace     Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

- Surface:** Yes    **Enough for:** All
- Extra Cost:** No
- Garage:** No
  
- Covered:** No

**Verification:** Internet

**Contact Phone:** (540) 587-5609

**Verified On:** 02/17/2023

**Web Site:**

## AFFORDABLE APARTMENT RENTAL No. 4

**Property Name:** Hillcrest Apts.  
**Street Address:** 3000 Birchwood Drive  
**City, State:** Lynchburg, VA  
**Date of Survey:** 2/2023  
**Type of Project:** HUD Sec. 8  
**No. of Units:** 103  
**Year Built:** 1980  
**Occupancy Rate:** 96%  
**Rent Concessions:** No  
**Cond. Rating:** C+  
**Waiting List:**  
 30 Applicants



### Rental Data

| <u>Unit Type</u> | <u>Baths</u> | <u>AMI</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent*</u> | <u>Rent/Sq. Ft.</u> |
|------------------|--------------|------------|---------------------|----------------|----------------------|---------------------|
| 1 Bedroom        | 1            | PBA        | 90                  | 676            | \$658                | \$0.97              |
| 2 Bedroom        | 1            | PBA        | 13                  | 828            | \$795                | \$0.96              |

\* Refer to comments section for rent information

**Amenities:** Units have stove, refrigerator, disposal, carpeting, blinds, central A/C and emergency pull cords. Property has a community room, library, media room, on-site common laundry and free surface parking.

**Utilities: Heat:** Landlord Pays      **Electric:** Landlord Pays

**Comments:** As of 2/2023 numerous attempts to update data have gone unanswered we have relied on file data from 4/2022 when this property was 96% occupied with 4 vacant units that were being filled from a 30 applicant wait list. Rents listed above are the contract rents, tenants pay rent based on 30% of their adjusted income.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units

Amt:

- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type: central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area - Type: Library & TV Room
- Fireplace     Community Room
- Alarm System    Gated entrance: No

#### Security Features:

#### Parking Features

**Surface:** Yes    **Enough for:** All

**Extra Cost:** No

**Garage:** No

**Covered:** No

**Verification:** Manager - Pearl

**Contact Phone:** (434) 528-0373

**Verified On:** 02/17/2023

**Web Site:** <http://apts-hillcrest.com/>



## AFFORDABLE APARTMENT RENTAL No. 5

**Property Name:** Serenity Manor at Hollins Mill  
**Street Address:** 701 Hollins Street  
**City, State:** Lynchburg, VA  
**Date of Survey:** 2/2023  
**Type of Project:** Senior Tax Credit  
**No. of Units:** 56  
**Year Built:** 1912/1999  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** C  
**Waiting List:**



### Rental Data

| <u>Unit Type</u> | <u>Baths</u> | <u>AMI</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent</u> | <u>Rent/Sq. Ft.</u> |
|------------------|--------------|------------|---------------------|----------------|---------------------|---------------------|
| 1 Bedroom        | 1            | 60%        | 50                  | 503            | \$825               | \$1.64              |
| 2 Bedroom        | 1            | 60%        | 6                   | 630            | \$925               | \$1.47              |

**Amenities:** Units have stove, refrigerator, carpeting blinds and central A/C. Property has a community, library, common laundry and off-street parking.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** Project was formerly known as "Tinbridge Manor". As of 2/2023, numerous attempts to update data have gone unanswered and messages left did not receive return calls. Rents and occupancy were estimated using available internet information. Utility Allowances estimated at 1BR = \$63 2BR = \$120

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units

Amt:

- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included    Electric
- Cook Included
- Electricity Included
- Hot Water Included    Electric
- Cold Water Included
- Sewer

#### Equipment

- AC Type:    central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area    - Type:
- Fireplace     Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

- Surface:** Yes    **Enough for:** All
- Extra Cost:** No
- Garage:** No
- Covered:** No

**Verification:** Website & Apts.com

**Contact Phone:** (434) 845-4990

**Verified On:** 02/17/2023

**Web Site:** <http://www.serenityhollinsmill.com/>

## AFFORDABLE APARTMENT RENTAL No. 6

**Property Name:** Clear Brook Apts  
**Street Address:** 3004 Hill Street  
**City, State:** Lynchburg, VA  
**Date of Survey:** 2/2023  
**Type of Project:** HUD 202 - Senior  
**No. of Units:** 71  
**Year Built:** 2004  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** B  
**Waiting List:**  
 23 applicants



### Rental Data

| Unit Type | Baths | AMI | No. of Units | Sq. Ft. | Current Rent* | Rent/Sq. Ft. |
|-----------|-------|-----|--------------|---------|---------------|--------------|
| 1 Bedroom | 1     | PBA | 71           | 550     | \$546         | \$0.99       |

\* Refer to comments section for rent information

**Amenities:** Units have stove, refrigerator, carpeting blinds and central A/C. Property has a community, library, common laundry and off-street parking.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** As of 2/2023, this property was 100%. Rent listed above is the contract rent, residents pay based on 30% of adjusted gross income.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units
  
- Amt:
- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included    Electric
- Cook Included
- Electricity Included
- Hot Water Included    Electric
- Cold Water Included
- Sewer

#### Equipment

- AC Type:    central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area    - Type:
- Fireplace     Community Room
- Alarm System    Gated entrance: No

#### Security Features:

#### Parking Features

- Surface:** Yes    **Enough for:** All
- Extra Cost:** No
- Garage:** No
- Covered:** No

**Verification:** Manager - Michele

**Contact Phone:** (434) 845-2155

**Verified On:** 02/17/2023

**Web Site:** <http://wellons.org/lynchburg.html>

## AFFORDABLE APARTMENT RENTAL No. 7

**Property Name:** Frank Roane Apartments  
**Street Address:** 900 Federal Street  
**City, State:** Lynchburg, VA  
**Date of Survey:** 2/2023  
**Type of Project:** Senior Tax Credit  
**No. of Units:** 25  
**Year Built:** 1980/2015  
**Occupancy Rate:** 100%  
**Rent Concessions:** No  
**Cond. Rating:** C+  
**Waiting List:**  
 3 applicants



### Rental Data

| <u>Unit Type</u> | <u>Baths</u> | <u>AMI</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent</u> | <u>Rent/Sq. Ft.</u> |
|------------------|--------------|------------|---------------------|----------------|---------------------|---------------------|
| 1 Bedroom        | 1            | 60%        | 21                  | 500            | \$836               | \$1.67              |
| Studio           | 1            | 60%        | 1                   | 400            | \$699               | \$1.75              |
| 2 Bedroom        | 1            | 60%        | 4                   | 650            | \$989               | \$1.52              |

**Amenities:** Units have stove, refrigerator, blinds, central A/C and emergency pull cords. Property has a Resident Services Coordinator who provides recreational, educational, and cultural programs for the residents in the on-site community room. There is common laundry and off-street parking.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** HUD Section 8/LIHTC for elderly individuals 62 years of age and older. As of 2/2023, they are 100% occupied with no available units and a small wait list. Utility Allowance: OBR = \$31 1BR = \$60 2BR = \$77

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units

Amt:

- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type: central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator     Pool     Tennis
- Rec. Area - Type:
- Fireplace     Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

**Surface:** Yes    **Enough for:** Some

**Extra Cost:** No

**Garage:** No

**Covered:** No

**Verification:** Manager - Reese

**Contact Phone:** (434) 847-9059

**Verified On:** 02/17/2023

**Web Site:** <http://lcfhousing.org/roane/>

**Affordable Rent Summary:**

Job #: 23-181003

Proj. Name: John Early Apts, Bedford, VA 2/2013

Description: HUD RCS

**Rent Summary for Affordable Projects in the Area**

| Unit Type: 1 Bedroom           |              |                   |     |                  |           |               |           |         |         |             |              |
|--------------------------------|--------------|-------------------|-----|------------------|-----------|---------------|-----------|---------|---------|-------------|--------------|
| Property Name                  | Municipality | Proj. Type        | AMI | Units: Type/Prj† | Yr. Built | Wait List     | Occ.(Avg) | Utills* | Sq. Ft. | Gross Rent‡ | Gross \$/SF‡ |
| Salem Court Apt                | Bedford      | Senior Tax Credit | PBA | 39 / 40          | 1994      |               | 100%      | H E     | 703     | \$ 819.00   | \$ 1.17      |
| Hillcrest Apts.                | Lynchburg    | HUD Sec. 8        | PBA | 90 / 103         | 1980      | 30 Applicants | 96%       | H E     | 676     | \$ 658.00   | \$ 0.97      |
| Serenity Manor at Hollins Mill | Lynchburg    | Senior Tax Credit | 60% | 50 / 56          | 1912/1999 |               | 100%      |         | 503     | \$ 888.00   | \$ 1.77      |
| Clear Brook Apts               | Lynchburg    | HUD Sec. 8        | PBA | 71 / 71          | 2004      | 23 applicants | 100%      |         | 550     | \$ 656.00   | \$ 1.19      |
| Frank Roane Apartments         | Lynchburg    | Senior Tax Credit | 60% | 21 / 25          | 1980/2015 | 3 applicants  | 100%      |         | 500     | \$ 888.00   | \$ 1.78      |
| <b>1 Bedroom Averages:</b>     |              |                   |     |                  |           |               | 99%       |         | 586.4   | \$ 781.80   | \$ 1.33      |

| Unit Type: 2 Bedroom           |              |                   |     |                  |           |               |           |         |         |             |              |
|--------------------------------|--------------|-------------------|-----|------------------|-----------|---------------|-----------|---------|---------|-------------|--------------|
| Property Name                  | Municipality | Proj. Type        | AMI | Units: Type/Prj† | Yr. Built | Wait List     | Occ.(Avg) | Utills* | Sq. Ft. | Gross Rent‡ | Gross \$/SF‡ |
| Salem Court Apt                | Bedford      | Senior Tax Credit | PBA | 1 / 40           | 1994      |               | 100%      | H E     | 966     | \$ 930.00   | \$ 0.96      |
| Hillcrest Apts.                | Lynchburg    | HUD Sec. 8        | PBA | 13 / 103         | 1980      | 30 Applicants | 96%       | H E     | 828     | \$ 795.00   | \$ 0.96      |
| Serenity Manor at Hollins Mill | Lynchburg    | Senior Tax Credit | 60% | 6 / 56           | 1912/1999 |               | 100%      |         | 630     | \$ 1,045.00 | \$ 1.66      |
| Frank Roane Apartments         | Lynchburg    | Senior Tax Credit | 60% | 4 / 25           | 1980/2015 | 3 applicants  | 100%      |         | 650     | \$ 1,066.00 | \$ 1.64      |
| <b>2 Bedroom Averages:</b>     |              |                   |     |                  |           |               | 99%       |         | 768.5   | \$ 959.00   | \$ 1.25      |

† # of Units: this Unit Type / whole Project

\* Utills: (H)eat, (E)lectric Paid by Landlord

‡ Where there is a range of rents for a unit, the average is displayed

2/20/2023

**Income/Rent Restrictions**

A summarization of the income data/income restrictions that apply to the project that we are analyzing are summarized below. This is the Lynchburg city data, and review of the documentation indicates that the current AMI threshold for application to income statistics is **\$78,900**; (the 2022 documentation- 2023 AMI levels are not available as of yet and will not be until May of 2023). Like most areas in the Mid Atlantic, the AMI levels have been increasing – see the historical summary below.

A summarization of the various AMI thresholds applicable to the project is outlined below.

| <b>2022 MAXIMUM INCOMES</b> |                |                |
|-----------------------------|----------------|----------------|
| <b>Bedford, VA</b>          |                |                |
|                             | <b>50% AMI</b> | <b>60% AMI</b> |
| 1 Person                    | \$27,650       | \$33,180       |
| 2 Person                    | \$31,600       | \$37,920       |
| 3 Person                    | \$35,550       | \$42,660       |

| <b>2022 MAXIMUM RENTS</b>      |                |                |                |
|--------------------------------|----------------|----------------|----------------|
| <b>Bedford VA- Gross Rents</b> |                |                |                |
|                                | <b>50% AMI</b> | <b>60% AMI</b> | <b>HUD FMR</b> |
| Studio                         | \$691          | \$829          | \$742          |
| 1 Bedrooms                     | \$740          | \$888          | \$743          |
| 2 Bedrooms                     | \$888          | \$1,066        | \$863          |

| <b>% AMI CHANGES</b> |            |                 |
|----------------------|------------|-----------------|
| <b>Bedford, VA</b>   |            |                 |
|                      | <b>AMI</b> | <b>% CHANGE</b> |
| 2016                 | \$60,300   | -               |
| 2017                 | \$62,300   | +3.32%          |
| 2018                 | \$63,600   | +2.09%          |
| 2019                 | \$68,900   | +8.33%          |
| 2020                 | \$72,400   | +5.80%          |
| 2021                 | \$73,700   | +1.66%          |
| 2022                 | \$78,900   | +7.06%          |



### Affordable Housing Comments:

The affordable housing projects referenced on the previous chart reflect the tax credit developments that are evident within the neighborhood. Some of the variables that are important to recognize here include:

- Occupancy:** The affordable projects referenced within the market area all demonstrate support for the projects. The average occupancy for the developments is 99%-100% based on the current survey data.
- Wait Lists:** The affordable developments in this market carry waiting lists, as evident by the survey previously presented and summarized. Most are significant like the subject.
- Concessions:** No concessions offered for affordable developments in this market.

## ACHIEVABLE MARKET AND TAX CREDIT RENTS

### *Projected Rent Compared to Other Moderate Income Projects:*

Not necessary or applicable to this analysis given that there will be project based assistance for all units. Still some discussion is presented for general review and consideration. The subject LURA may place units at 60% AMI which is an option even with PBA for all units. But the analysis and comparison to LIHTC levels is not necessary.

**Achievable LIHTC Rents at 60% AMI:** While there will be a contract in place, it is recognized that as a smaller community the 60% AMI level supported LIHTC rents would not be achievable. The maximum post rehab market rents are \$888/month for the one bedroom and \$1,066/month for the two bedroom units. The supported post rehab market rents are \$906/month for the one bedroom and \$976 per month for the two bedroom. Since most investors and market participants desire a 10% gap or advantage, the achievable tax credit rents post rehab are supported at \$815/month for the one bedroom units and \$875/ month for the two bedroom units. Again, the only reason these rents would come into play would be if the contract were to be eliminated.

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Some notes to recognize in regards to the subject rents compared to other projects include:

- Based on other developments throughout the area it is clear that most charge below the 60% max to allow for an adequate gap between market and LIHTC rent levels.
- Some of the developments have differing maximum thresholds based on the year that they were placed in service and changes to AMI structure.
- The subject rents are supported and consistent with other tax credit specific developments throughout the area.
- Increases take some time to be achieved because of tenant notification and also State Agency approval requirements.



**Planned & Proposed Complexes**

Outlined below is a summarization of planned and proposed units that have been evaluated within the area. As a small community, it is not a surprise that there is very limited ongoing or planned development activity.

| Planned & Proposed |                         |        |            |                    |                 |            |           |                 |                |
|--------------------|-------------------------|--------|------------|--------------------|-----------------|------------|-----------|-----------------|----------------|
| Property Name      | Property Address        | City   | Zip        | Building Status    | Number Of Units | Year Built | Rent Type | Affordable Type | Market Segment |
| Westyn Village     | 1154 Westyn Village Way | Forest | 24551-4105 | Under Construction | 108             | 2023       | Market    |                 | All            |

CoStar 2/2023

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# Demand Analysis

## **Introduction**

The capture rate is defined by NCHMA guidelines 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. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. 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.”*

However, there are many variations of capture analysis and demand modeling, and most state agencies have specific requirements and/or guidelines. Throughout the remainder of the capture analysis, the following is important to recognize:

- We will review and apply a capture rate based on what we define as a “net” Demand Model that basically reflects income qualification thresholds and *eliminates* all existing affordable/subsidized competition in the market prior to establishing demand. By doing so, we are showing and accounting for households in the market that are currently not residing in another form of affordable housing; under the context that in all likelihood they are either rent over-burdened or located within physically inadequate housing.
- In this case, we have presented a main Demand Model that is consistent with how we identify net demand. Virginia Housing also has a model that will be presented for review and consideration. The main Demand Model will separately evaluate each individual rent tier for each individual unit type. We will correlate to individual capture rates for each rent level/unit and also to a weighted average for the entire project.
- Some of the key variables applied in the analysis include:
  - Age qualification at 62+
  - Households size; one person only for the one bedroom and two person only for the two bedroom units.
  - Typically, a LIHTC project would apply Income qualification from minimum affordability at 40% of the gross income (Virginia allowances) up to the 60% AMI maximum. However, this is entirely project based section 8 so it will rather extend

from \$0 on the low end (deep subsidy) to the 50% AMI levels which set the maximum allowable for a section 8 development.

- Inclusion of 10% of the age and income qualified senior homeowners.

***Within the context of this analysis, we will present some of the demographic data and the assumptions that are used in each of the different demand models presented. Many of them are standard and consistent, so as an introduction, we will be presenting an overview of some of the key variables that have been applied to the demand modeling for this project. There will be multiple demand analyses presented and discussed within the context of the report based on different variable assumptions that apply to a project of this nature.***

### **Local PMA Statistics**

Statistics overviewing the population within the primary housing market area (PMA) were previously presented. As discussed, only a primary market draw area was utilized, which included census tracts within the surrounding areas. The census data relied on included the following:

- Utilization of 2010 Census statistics for the market draw area in question.
- Utilization of HISTA information. The HISTA data was explained previously, and involved forecasts from Claritas and Ribbon Demographics, with a breakout that can be used to determine the specific number of age and income qualified senior households by tenure, for application to a demand analysis of this nature. ***This data was used for application to the Demand Model. The HISTA information now applies HISTA 2.2 data. This has incorporated the 2010 Census and the current and the current American Community Survey data. The recent ACS data was used to correlate to the base year (which we will demonstrate as 2015 for an average), with 2022 forecasts and 2027 projections.***
- We have only considered seniors aged 62+.

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### **Methods of Analysis**

We will overview the details and variables that apply to our Demand Model and Capture Analysis on the following pages. Some critical assumptions to note include:

- The HISTA Data will be used as the primary source for referencing demographics. We find the HISTA Data to be particularly useful for demand modeling of affordable housing because it breaks out households not only by tenure and age, but by household size and income. For a project like the subject the following can be quickly and easily identified:
  - *A breakdown of income by tenure, which will allow us to isolate renters versus homeowners.*
  - *Isolation of renter households by age and household size. The household size will be important, since we will include different household size ratios for application to the different bedroom counts.*
  - *Income qualification thresholds. The data does break the income down by groups of \$10,000 levels, but we can pro-rate the necessary income classification by a weighted contribution.*

As indicated, we will prepare demand modeling that follows NCHMA standards and guidelines and is a more typical analysis prepared by Newmark demonstrating a “net” Demand Model. This methodology evaluates households after eliminating all existing affordable family housing; accordingly, the assumption can be that these residents **are not located in current affordable housing** situations that reflect family developments. This type of analysis is clearly useful in regards to identifying the prospective impact on existing affordable housing, and also establishing the need/demand for housing that targets the specific income groups in question.

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### ***Demand Models***

Demand models that will be established include:

- ***Demand Model I – Main Demand Model:*** The main demand model will mirror the actual intended operations with all units operating with project based assistance.
- ***There will be discussion of:***
  - The fact that the subject project is an occupied development and existing tenants will be retained; indicating that new tenants will only be required as the units roll over/turnover.
- ***Demand Model II*** will be based on the format issued by Virginia Housing.

### ***Local PMA Statistics***

Outlined on the following pages is the HISTA Data from the current year forecast (the 2022 data which remains applicable as of the date of this analysis), which will be used for application to the Demand Model. Since this is a senior project the data includes both renters and owners. Subsequent to presentation of the demographic data, we will provide some information in regards to the variables applicable to the Demand Model. This includes changes in household formation, income qualification thresholds and other critical criteria and variables.

| HISTA 2.2 Summary Data     |                    | Market Area - Bedford, VA |                    |                    |                    |              |
|----------------------------|--------------------|---------------------------|--------------------|--------------------|--------------------|--------------|
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| <b>Owner Households</b>    |                    |                           |                    |                    |                    |              |
| Age 15 to 54 Years         |                    |                           |                    |                    |                    |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                    |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+Person Household | Total        |
| \$0-10,000                 | 60                 | 36                        | 16                 | 9                  | 1                  | 122          |
| \$10,000-20,000            | 32                 | 32                        | 2                  | 26                 | 12                 | 104          |
| \$20,000-30,000            | 69                 | 52                        | 16                 | 18                 | 0                  | 155          |
| \$30,000-40,000            | 20                 | 138                       | 54                 | 61                 | 58                 | 331          |
| \$40,000-50,000            | 47                 | 117                       | 89                 | 65                 | 108                | 426          |
| \$50,000-60,000            | 89                 | 20                        | 138                | 20                 | 31                 | 298          |
| \$60,000-75,000            | 62                 | 278                       | 157                | 118                | 69                 | 684          |
| \$75,000-100,000           | 25                 | 455                       | 416                | 326                | 141                | 1,363        |
| \$100,000-125,000          | 80                 | 138                       | 72                 | 319                | 204                | 813          |
| \$125,000-150,000          | 3                  | 57                        | 117                | 190                | 110                | 477          |
| \$150,000-200,000          | 8                  | 134                       | 222                | 68                 | 123                | 555          |
| \$200,000+                 | 1                  | 31                        | 235                | 167                | 108                | 542          |
| <b>Total</b>               | <b>496</b>         | <b>1,488</b>              | <b>1,534</b>       | <b>1,387</b>       | <b>965</b>         | <b>5,870</b> |
| <b>Owner Households</b>    |                    |                           |                    |                    |                    |              |
| Aged 55 to 61 Years        |                    |                           |                    |                    |                    |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                    |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+Person Household | Total        |
| \$0-10,000                 | 23                 | 38                        | 1                  | 10                 | 4                  | 76           |
| \$10,000-20,000            | 99                 | 67                        | 3                  | 10                 | 1                  | 180          |
| \$20,000-30,000            | 4                  | 55                        | 3                  | 1                  | 1                  | 64           |
| \$30,000-40,000            | 64                 | 67                        | 6                  | 14                 | 7                  | 158          |
| \$40,000-50,000            | 79                 | 49                        | 32                 | 0                  | 0                  | 160          |
| \$50,000-60,000            | 24                 | 108                       | 12                 | 5                  | 1                  | 150          |
| \$60,000-75,000            | 70                 | 201                       | 59                 | 1                  | 3                  | 334          |
| \$75,000-100,000           | 11                 | 289                       | 93                 | 66                 | 0                  | 459          |
| \$100,000-125,000          | 11                 | 236                       | 75                 | 5                  | 4                  | 331          |
| \$125,000-150,000          | 15                 | 197                       | 21                 | 8                  | 6                  | 247          |
| \$150,000-200,000          | 42                 | 108                       | 43                 | 105                | 0                  | 298          |
| \$200,000+                 | 10                 | 72                        | 23                 | 6                  | 85                 | 196          |
| <b>Total</b>               | <b>452</b>         | <b>1,487</b>              | <b>371</b>         | <b>231</b>         | <b>112</b>         | <b>2,653</b> |
| <b>Owner Households</b>    |                    |                           |                    |                    |                    |              |
| Aged 62+ Years             |                    |                           |                    |                    |                    |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                    |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+Person Household | Total        |
| \$0-10,000                 | 187                | 87                        | 23                 | 7                  | 3                  | 307          |
| \$10,000-20,000            | 246                | 132                       | 17                 | 2                  | 1                  | 398          |
| \$20,000-30,000            | 357                | 349                       | 47                 | 1                  | 2                  | 756          |
| \$30,000-40,000            | 371                | 577                       | 14                 | 1                  | 0                  | 963          |
| \$40,000-50,000            | 138                | 253                       | 91                 | 17                 | 3                  | 502          |
| \$50,000-60,000            | 89                 | 418                       | 36                 | 52                 | 1                  | 596          |
| \$60,000-75,000            | 65                 | 345                       | 51                 | 13                 | 48                 | 522          |
| \$75,000-100,000           | 124                | 370                       | 192                | 45                 | 73                 | 804          |
| \$100,000-125,000          | 138                | 325                       | 26                 | 64                 | 42                 | 595          |
| \$125,000-150,000          | 50                 | 145                       | 50                 | 49                 | 5                  | 299          |
| \$150,000-200,000          | 74                 | 159                       | 25                 | 17                 | 23                 | 298          |
| \$200,000+                 | 103                | 132                       | 53                 | 9                  | 11                 | 308          |
| <b>Total</b>               | <b>1,942</b>       | <b>3,292</b>              | <b>625</b>         | <b>277</b>         | <b>212</b>         | <b>6,348</b> |

| HISTA 2.2 Summary Data     |                    | Market Area - Bedford, VA |                    |                    |                     |              |
|----------------------------|--------------------|---------------------------|--------------------|--------------------|---------------------|--------------|
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| <b>Renter Households</b>   |                    |                           |                    |                    |                     |              |
| Age 15 to 54 Years         |                    |                           |                    |                    |                     |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                     |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+-Person Household | Total        |
| \$0-10,000                 | 45                 | 11                        | 42                 | 27                 | 25                  | 150          |
| \$10,000-20,000            | 71                 | 105                       | 80                 | 50                 | 2                   | 308          |
| \$20,000-30,000            | 136                | 44                        | 29                 | 69                 | 11                  | 289          |
| \$30,000-40,000            | 83                 | 57                        | 62                 | 3                  | 34                  | 239          |
| \$40,000-50,000            | 82                 | 82                        | 27                 | 79                 | 10                  | 280          |
| \$50,000-60,000            | 22                 | 58                        | 10                 | 2                  | 23                  | 115          |
| \$60,000-75,000            | 1                  | 33                        | 134                | 58                 | 9                   | 235          |
| \$75,000-100,000           | 65                 | 30                        | 53                 | 5                  | 3                   | 156          |
| \$100,000-125,000          | 34                 | 49                        | 10                 | 1                  | 9                   | 103          |
| \$125,000-150,000          | 7                  | 56                        | 12                 | 8                  | 19                  | 102          |
| \$150,000-200,000          | 0                  | 0                         | 0                  | 0                  | 7                   | 7            |
| \$200,000+                 | 2                  | 3                         | 4                  | 7                  | 3                   | 26           |
| <b>Total</b>               | <b>555</b>         | <b>528</b>                | <b>463</b>         | <b>309</b>         | <b>155</b>          | <b>2,010</b> |
| <b>Renter Households</b>   |                    |                           |                    |                    |                     |              |
| Aged 55 to 61 Years        |                    |                           |                    |                    |                     |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                     |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+-Person Household | Total        |
| \$0-10,000                 | 58                 | 0                         | 7                  | 0                  | 1                   | 66           |
| \$10,000-20,000            | 17                 | 0                         | 1                  | 19                 | 0                   | 37           |
| \$20,000-30,000            | 20                 | 0                         | 5                  | 1                  | 1                   | 27           |
| \$30,000-40,000            | 7                  | 7                         | 2                  | 1                  | 0                   | 17           |
| \$40,000-50,000            | 4                  | 0                         | 0                  | 0                  | 3                   | 7            |
| \$50,000-60,000            | 5                  | 13                        | 8                  | 0                  | 2                   | 28           |
| \$60,000-75,000            | 1                  | 0                         | 10                 | 0                  | 2                   | 13           |
| \$75,000-100,000           | 1                  | 0                         | 0                  | 0                  | 1                   | 2            |
| \$100,000-125,000          | 0                  | 85                        | 0                  | 0                  | 1                   | 86           |
| \$125,000-150,000          | 4                  | 0                         | 2                  | 0                  | 1                   | 7            |
| \$150,000-200,000          | 9                  | 3                         | 1                  | 2                  | 8                   | 23           |
| \$200,000+                 | 17                 | 2                         | 1                  | 0                  | 2                   | 22           |
| <b>Total</b>               | <b>143</b>         | <b>110</b>                | <b>37</b>          | <b>23</b>          | <b>22</b>           | <b>335</b>   |
| <b>Renter Households</b>   |                    |                           |                    |                    |                     |              |
| Aged 62+ Years             |                    |                           |                    |                    |                     |              |
| Year 2022 Estimates        |                    |                           |                    |                    |                     |              |
|                            | 1-Person Household | 2-Person Household        | 3-Person Household | 4-Person Household | 5+-Person Household | Total        |
| \$0-10,000                 | 139                | 5                         | 0                  | 0                  | 4                   | 148          |
| \$10,000-20,000            | 200                | 10                        | 4                  | 1                  | 2                   | 217          |
| \$20,000-30,000            | 113                | 40                        | 4                  | 0                  | 6                   | 163          |
| \$30,000-40,000            | 55                 | 44                        | 3                  | 3                  | 4                   | 109          |
| \$40,000-50,000            | 40                 | 19                        | 3                  | 0                  | 5                   | 67           |
| \$50,000-60,000            | 39                 | 28                        | 1                  | 0                  | 5                   | 73           |
| \$60,000-75,000            | 72                 | 12                        | 22                 | 1                  | 6                   | 113          |
| \$75,000-100,000           | 23                 | 24                        | 6                  | 0                  | 54                  | 107          |
| \$100,000-125,000          | 32                 | 9                         | 6                  | 0                  | 6                   | 53           |
| \$125,000-150,000          | 30                 | 6                         | 2                  | 0                  | 4                   | 42           |
| \$150,000-200,000          | 31                 | 2                         | 3                  | 0                  | 4                   | 40           |
| \$200,000+                 | 35                 | 12                        | 3                  | 0                  | 4                   | 54           |
| <b>Total</b>               | <b>809</b>         | <b>211</b>                | <b>57</b>          | <b>5</b>           | <b>104</b>          | <b>1,186</b> |



The demand for apartment housing in the market area is generated from two primary sources.

The **first** is consideration of new household growth in the market area, adjusted for tenure ratio; owner-occupied versus renter-occupied households. The **second** source of demand is more important for application to areas experiencing only moderate growth – demand forecasted to come from the existing renter-occupied households within the market draw area. The second source of demand considers individuals relocating into adequately maintained or new housing that is cost efficient. Typical movement occurs because of changes in lifestyle, household size, income, services available and employment relocation. For low-to-moderate income projects, this movement is important to consider, since we are analyzing and accounting for income-qualified households that are currently housed in rental situations that are disadvantageous. This means that they are either paying more for their fair share of rent versus their income, or are housed in dated complexes given their requirements financially and physically.

These two sources will be considered together in order to qualify the total effective demand estimate by income eligible renters for the development in question. Potential occupancy from currently owner-occupied houses will not be considered. Homeowners have not been considered since they are typically higher income earners, and since it is not typical that they would be willing to sell a home to move to an apartment.

**Note: As previously discussed, the data source that will be used to establish demand involves the HISTA documentation. We have combined the municipalities used as our market draw area (see Market Area discussion). The HISTA data results were previously presented, and we will provide a summarization of some of the documentation within this demand analysis.**

### ***Demand From Household Change***

Often, a primary method of determining rental housing need and demand is based on population growth, employment growth, new household growth and changes in household income within a primary market area being analyzed.

It should be noted that census data indicate limited changes in the number of households within the market area over the next five years. Because of the limited changes anticipated, the project cannot rely on population or household formation changes, rather the entire demand pool will come from existing income qualified households who would be willing to relocate to the project. For informational purposes it is important to have an understanding of these changing patterns; but there is limited impact on the demand models by changes in household formations when apply variables for age, income and household size.

| HOUSEHOLD CHANGE<br>(2022 – 2027) * |                            |                           |
|-------------------------------------|----------------------------|---------------------------|
| Year                                | Total Renter<br>Households | Total Owner<br>Households |
| 2022                                | 1,521                      | 9,001                     |
| 2027                                | <u>1,652</u>               | <u>9,722</u>              |
| Change                              | +131                       | +721                      |

\* Aged 62+

Clearly, based on the somewhat limited changes in total households over the next five years, demand for new affordable housing must come from shifts and changes within the existing household stock in order to support new development. There are increases but when income qualifying and applying homeowner data the impact is insignificant.

#### ***Demand By Existing Renter Occupied Households***

It is clear by the limited change in renter households within the primary market draw area that future demand must come from movement within the existing renter market. It should be noted throughout the remainder of the analysis that we have concentrated only on renter households aged 62+, and eliminated the older demographic group from our analysis.

| RENTER OCCUPIED HOUSEHOLDS 2022 |        |        |
|---------------------------------|--------|--------|
|                                 | TOTAL  | RATIO  |
| Household 2022                  | 10,522 | 100%   |
| Renters                         | 1,521  | 14.46% |
| Owners                          | 9,001  | 85.54% |

It is important to recognize that by use of household statistics, as opposed to housing units, our analysis naturally accounts for vacancy within the housing stock. Clearly, there is an adequate pool of prospective renters from which to draw. This results because of the number of rental projects within the area.

---

***Demand Modeling***

As indicated, there are a few Demand Models presented:

- The ***Main demand analysis*** that is consistent with typical of reports prepared by the analyst applies as a “net” Demand Model; note that the modeling is consistent with requirements of the state allocating agency guidelines as well as NCHMA model content (although NCHMA does not specifically define a methodology for demand). What we mean by “net demand” is that we apply a deduction for all existing affordable housing units in the market area prior to establishing the remaining demand. By doing so, we are technically eliminating existing subsidized housing meaning that the resulting net demand reflect income-qualified households who currently rent, but reside in non-affordable housing situations within the market draw area. If the ratios here are favorable, then it is an indication of the additional need for affordable housing in the market draw area, since the renters identified are located in units that are either likely physically inadequate, or in a rent overburdened situation, since the units are not considered affordable. This demand model will mirror the actual intended rent structure and unit mix for the project.
- For application to our main Net Demand Model, we will establish separate capture rates for application to each of the individual unit types and each of the individual rent tiers applicable to the project. We will subsequently correlate to a weighted average for application to the project. The goal is to determine whether or not there is an adequate pool of age and income qualified households to support the different unit types.

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***Project Eliminations***

Prior to applying mobility influences to the existing renter household base, certain deductions must be applied to equate to a net demand from existing renter households. The following deductions were made:

- Residents in group quarters have not been considered since this segment of the population is not considered in the demographics outlined.
- Conventional apartments were not eliminated from the affordable analysis, as it is felt that all income-qualified households in these units would consider occupancy at the subject. When considering that the development in question will reflect basically new construction at completion in an adequate location for family housing, it is clear that it will be in an advantageous position to attract low-to-moderate income households compared to area market rate facilities. The general assumption is that if income qualified low-to-moderate income households currently reside in market rate projects, then they would likely choose the subject development since it is more rent affordable than most of the market rate projects in the area, and provides new finishes with sound services.
- The largest deduction accounts for elimination of existing subsidized complexes within the market draw area, since it is desired that we establish a “net” need analysis that deducts existing subsidized units. By doing so, we are identifying unsatisfied, income qualified renter households, who currently reside in unfavorable housing either from a physical standpoint, or financial standpoint.
- ***Only age restricted projects with 62+ have been eliminated and only those projects that fall specifically in the boundary area of the primary market area.***

We will eliminate projects based on contribution towards different unit sizes, based on the way that we have set up our demand analysis. All deep subsidy family projects will be considered. Some notes that are important to recognize include the following:

- Senior specific units only.
- In the Supply section, we referenced some projects that fall outside of the boundary of the subject area, and these **do not** require deduction. Since we have accounted only for households located within our market area, only deduction of these projects is necessary.
- Note that following the chart is a map that shows all of the regulated/affordable units in the PMA.

We interpret this to include the projects that are included in the elimination table below and are identified on the PMA map below.

| Existing Senior Affordable Housing in PMA |                                |            |           |          |
|---|--------------------------------|------------|-----------|----------|
| Project Name                              | Type of Development            | Year Built | 1BR       | 2BR      |
| Joseph's Dream                            | HUD 202                        | N/A        | 50        | 0        |
| Salem Court                               | LIHTC/Rural Development Senior | 1994       | 39        | 1        |
| <b>TOTAL HOUSING</b>                      |                                |            | <b>89</b> | <b>1</b> |

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***Mobility Influences***

Mobility is the critical statistic of analysis in order to determine the likelihood for existing renters to move to a new facility. In order to establish factors pertaining to mobility, we have reviewed census documentation issued, as well as industry statistics. Details of the census documentation are in the addendum.

Review of the census documentation indicates that typical renter movement for renter households is around 25% to 35% per year. In other words, 25% to 35% of the annual renters move into their household on an annual basis. This would typically indicate for conventional projects, that mobility ratios around this level would be reasonable. For market rate projects, we typically apply mobility ratios of 30% to 40% - in other words, 30% to 40% of the income-qualified households would be likely to relocate to a new project.

Considering that we are looking at a low-to-moderate income housing project, the general assumption is that all renter households who are income-qualified will consider potential relocation. Remembering that we have already eliminated all existing subsidized housing, the results for income-qualified renters would technically identify renter households who are currently being *under-served* at other market rate projects throughout this part of the market. When considering the average market rent is much higher than the subsidized rents anticipated for the subject project, it is likely that all of these renters would be prospects for the project in question.

***Household Size:***

For an age restricted project, only one person seniors can be accounted for when applying demand for/to the one bedroom units. For the two bedroom units, occupancy is limited to two person households. Technically one person households are not precluded from occupying these larger apartments but it is not the intent to have these larger units be occupied by smaller household types.

***Homeowners:***

Many of the occupants do come from and will come from area homes. There is a restriction of inclusion of no more than 10% of the income and age qualified homeowners; typical supporting levels from market participants including State Allocating Agencies and investors.

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***Income Qualifications***

In addition to analyzing tenure ratios and household growth, it is extremely important to discuss income levels of area residents. The annual income for households within the market areas analyzed will determine whether or not residents can afford the subject development. This is also important to determine eligibility on the Tax Credit guidelines.

In regards to the range of affordability, it should be recognized that we have considered tax credit standards, but also applied Virginia Housing criteria indicating that the income band should be based on an allocation of 40% to the maximum allowable for application to and of affordable senior housing. For pure tax credit units, this rent threshold will form the basis of the low-end affordability and the upper end income requirements for the development.

Other notes that are important to recognize include the following:

- All units are Project Based Section 8 and the contract will be extended with a new HAP contract in place – applicable to the post rehab analysis/scenario.
- We have used the breakout previously provided by the HISTA Data in order to determine the total number of income-qualified households.
- The income analysis will be based on maximum number of persons per household that will be discussed in the subsequent section.



**The Upper Limits:**

This is a project based development. All units operate under the HAP contract and all will apply to the section 8 contract post completion of the renovations.

The Federal guidelines apply at 50% AMI levels to all units in regards to the maximum allowable levels. Even if the project applies under the context of 60% AMI being applicable for the application the allocation of Project Based Assistance to all units indicates that the Federal standards apply.

The maximum income thresholds previously presented in this report are again, iterated below for reference, review and consideration. The maximum should be reviewed in conjunction with the allowable household size contribution.

| 2022 MAXIMUM INCOMES<br>Lynchburg City, VA |          |          |
|--|----------|----------|
|  | 50% AMI  | 60% AMI  |
| 1 Person                                   | \$27,650 | \$33,180 |
| 2 Person                                   | \$31,600 | \$37,920 |
| 3 Person                                   | \$35,550 | \$42,660 |

**The Lower Limits:**

For application to the lower limit affordability, the following applies:

**Project Based Units:** No low income levels; can income qualify if they earn \$0 annual income given the deep subsidy nature of the project.

**LIHTC Units:** Not applicable; all units are and will be project based in nature.

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***Conclusions – Income Band Analysis & Demand Model***

In conclusion, the income bands for each unit type were fairly widespread given different rent tiers. The rents range somewhat, thus allowing a wide array of income qualified households for each unit type. We fully recognize that there is some income overlap for the different unit types, and also household size overlap. The total capture for the project accounts for this variable by weighing the results of the capture for each unit type. In order to account for overlap in the demand model, we have weighted the average of each of the different unit types to correlate to a total project capture.

The results of the various income bands that apply to the different unit types are summarized in the demand model that follows; please refer to line items 9 and 10 on the demand model. It should be noted that these apply specifically to the HISTA Data presented in the income qualification thresholds that are applicable to each of the different unit types.

***HISTA Data:***

As indicated, we have used the HISTA data for reference. The HISTA data was previously presented and will be referenced again on the following pages. Again, we utilized only those over aged 62+ and applied to the required income qualification levels/thresholds and based on the applicable households sizes.

***Capture Methodology:***

We have provided a capture rate that applies to each of the different unit types and each of the different rent tiers. We will then apply a weighted average for application to each of the individual unit types and establish a weighted average capture for application to the entire development. This is generally considered a “net” Demand Model and evaluates the number of age and income qualified households available to the project subsequent to eliminating all existing affordable housing in the market.

---

***Demand Model Glossary:***

Outlined in the addendum is a glossary that provides additional explanation for the numerical breakout provided on the demand modeling/analysis presented. We recommend that the reader refer to the addendum if there are any questions pertaining to the variables presented on the demand model, which follows.

Note: The income qualification data for the market rate units is applied from the HISTA data and simply accounts for the total household in the brackets on line item 9 of the demand model.

**Demand Model-Main Demand**

We present the Demand Model on the following page. The weighted average is important, but so is the analysis of the individual bands.

| <b>Summary Analysis-Senior Specific<br/>Demand for Studio, 1 and 2 Bedroom apartments</b> |  |  |                      |                       |
|---|--|--|----------------------|-----------------------|
| <b>Note: The numbers apply to the demand glossary in addendum.</b>                        |  |  | <b>1 Bedroom-PBV</b> | <b>2 Bedroom- PBV</b> |
|   |  |  |                      |                       |
| <b>1</b>  | Total Number of HH in the Market: Aged 55+   |  | 7,534                | 7,534                 |
| <b>2</b>  | % of Renters   |  | 15.74%               | 15.74%                |
| <b>3</b>  | % of Owners  |  | 84.26%               | 84.26%                |
|   |  |  |                      |                       |
| <b>4</b>  | Number of HH for the unit size(1)  |  | 2751                 | 3503                  |
| <b>5</b>  | % of Renters for the unit size   |  | 29.41%               | 6.02%                 |
| <b>6</b>  | % of Owners for the unit size  |  | 70.59%               | 93.98%                |
|   |  |  |                      |                       |
| <b>Renter Contribution</b>  |  |  |                      |                       |
| <b>7</b>  | Total number of renters based on HH size/Unit type   |  | 809                  | 211                   |
| <b>8</b>  | Estimated Rents for Target Market - Gross Rent(2)  |  | \$906                | \$976                 |
| <b>9</b>  | Income Qual. Range: (3)-Specific Range based on rents  |  | \$0 - \$27,650       | \$0 - \$31,600        |
| <b>10</b>   | Income Range to account for elimination:   |  | \$0 - \$27,650       | \$0 - \$31,600        |
|   |  |  |                      |                       |
| <b>11</b>   | <b>Total Income Qualified HH (From 2022 HISTA)(4)</b>  |  | <b>425</b>           | <b>62</b>             |
| <b>12</b>   | <b>Elimination of Existing/Planned Competitors</b>   |  | <b>-89</b>           | <b>-1</b>             |
| <b>13</b>   | <b>Net Demand</b>  |  | <b>336</b>           | <b>61</b>             |
| <b>14</b>   | <b>Income qual based on the specific band above</b>  |  | <b>100.00%</b>       | <b>100.00%</b>        |
| <b>15</b>   | <b>Mobility Factor</b>   |  | <b>100%</b>          | <b>100%</b>           |
| <b>16</b>   | <b>Net Demand</b>  |  | <b>336</b>           | <b>61</b>             |
|   |  |  |                      |                       |
| <b>Senior Homeowner Contribution</b>  |  |  |                      |                       |
| <b>17</b>   | <b>Total Income Qualified HH (From 2022 HISTA)(5)</b>  |  | <b>706</b>           | <b>660</b>            |
| <b>18</b>   | <b>Mobility Factor</b>   |  | <b>10%</b>           | <b>10%</b>            |
| <b>19</b>   | <b>Net Demand</b>  |  | <b>71</b>            | <b>66</b>             |
|   |  |  |                      |                       |
|   | <b>3) Market Growth/Contraction (senior renters)</b>   |  |                      |                       |
| <b>20</b>   | <b>Applicable Growth (2 of the 5 years)</b>  |  | <b>0</b>             | <b>0</b>              |
|   |  |  |                      |                       |
| <b>21</b>   | <b>Total Demand By Unit Type</b>   |  | <b>407</b>           | <b>127</b>            |
|   |  |  |                      |                       |
| <b>22</b>   | <b>Number of Units</b>   |  | <b>64</b>            | <b>14</b>             |
| <b>23</b>   | <b>Capture for unit type</b>   |  | <b>15.74%</b>        | <b>11.02%</b>         |
| <b>24</b>   | <b>Ratio of total project (unit type compared to total)</b>  |  | <b>82.0513%</b>      | <b>17.9487%</b>       |
|   |  |  |                      |                       |
| <b>25</b>   | <b>Weighted Average Market Capture(pro-rated by type)</b>  |  | <b>14.89%</b>        |                       |
|   | <b>Weighted Average with rollover</b>  |  | <b>4.47%</b>         |                       |
|   |  |  |                      |                       |
|   | (1) 1 Person HH for the 1 br apts., and 2 for the 2 bedroom units (renters and owners)   |  |                      |                       |
|   | (2) Gross Rent is necessary in order to establish the income qualified range.  |  |                      |                       |
|   | (3) Low end for affordability based on specific funding objectives<br>The maximum is based on the lesser of 30% of the gross rent or the tax credit maximum allowable                        |  |                      |                       |
|   | (4) The total here goes from 0-Max in order to eliminate competition from deep subsidy projects. We will apply a second income qual. Based on the contribution for our specific income band. |  |                      |                       |
|   | (5) This applies to the income band in question  |  |                      |                       |

The results of the Demand Model were previously presented. Outlined below is a summarization of the income bands as they apply to the individual unit types in question. The data outlined below specifically applies to renter households, and only renters have been included within our analysis.

The data here shows the renters and then the owners for application to those that are income qualified. The numbers and totals are derived from the income qualified units based on the HISTA data applicable to the PMA.

| Renters                        |              | Project Based         |           |                          |
|--------------------------------|--------------|-----------------------|-----------|--------------------------|
|                                |              | 1 BRM - Project Based |           |                          |
| <b>Income Qualified: 0 to:</b> |              | <b>0 to \$27,650</b>  |           |                          |
| <b>1 Bedroom Income Range</b>  | <i>Total</i> | Total                 | % of Band | <b>Total Application</b> |
| \$0-10,000                     | 197          | 139                   | 100.0%    | 139                      |
| \$10,000-20,000                | 217          | 200                   | 100.0%    | 200                      |
| \$20,000-30,000                | 133          | 113                   | 76.5%     | 86                       |
| \$30,000-40,000                | 62           | 55                    | 0.0%      | 0                        |
| \$40,000-50,000                | 44           | 40                    | 0.0%      | 0                        |
| \$50,000-60,000                | 44           | 39                    | 0.0%      | 0                        |
| \$60,000-75,000                | 73           | 72                    | 0.0%      | 0                        |
| \$75,000-100,000               | 24           | 23                    | 0.0%      | 0                        |
| \$100,000-125,000              | 32           | 32                    | 0.0%      | 0                        |
| \$125,000-150,000              | 34           | 30                    | 0.0%      | 0                        |
| \$150,000-200,000              | 40           | 31                    | 0.0%      | 0                        |
| <b>Totals(1):</b>              |              |                       |           | <b>425</b>               |
|                                |              | 2 BRM - PBA           |           |                          |
| <b>Income Qualified: 0 to:</b> |              | <b>0 to \$31,600</b>  |           |                          |
| <b>2 Bedroom Income Range</b>  | <i>Total</i> | Total                 | % of Band | <b>Total Application</b> |
| \$0-10,000                     | 5            | 5                     | 100.0%    | 5                        |
| \$10,000-20,000                | 10           | 10                    | 100.0%    | 10                       |
| \$20,000-30,000                | 40           | 40                    | 100.0%    | 40                       |
| \$30,000-40,000                | 51           | 44                    | 16.0%     | 7                        |
| \$40,000-50,000                | 19           | 19                    | 0.0%      | 0                        |
| \$50,000-60,000                | 41           | 28                    | 0.0%      | 0                        |
| \$60,000-75,000                | 12           | 12                    | 0.0%      | 0                        |
| \$75,000-100,000               | 24           | 24                    | 0.0%      | 0                        |
| \$100,000-125,000              | 94           | 9                     | 0.0%      | 0                        |
| \$125,000-150,000              | 6            | 6                     | 0.0%      | 0                        |
| \$150,000-200,000              | 5            | 2                     | 0.0%      | 0                        |
| <b>Totals(1):</b>              |              |                       |           | <b>62</b>                |

| Owners                         |              |                      |           |                          |
|--------------------------------|--------------|----------------------|-----------|--------------------------|
| 1 BRM - Project Based          |              |                      |           |                          |
| <b>Income Qualified: 0 to:</b> |              | <b>0 to \$27,650</b> |           |                          |
| <b>1 Bedroom Income Range</b>  | <i>Total</i> | Total                | % of Band | <b>Total Application</b> |
| \$0-10,000                     | 210          | 187                  | 100.0%    | 187                      |
| \$10,000-20,000                | 345          | 246                  | 100.0%    | 246                      |
| \$20,000-30,000                | 361          | 357                  | 76.5%     | 273                      |
| \$30,000-40,000                | 435          | 371                  | 0.0%      | 0                        |
| \$40,000-50,000                | 217          | 138                  | 0.0%      | 0                        |
| \$50,000-60,000                | 113          | 89                   | 0.0%      | 0                        |
| \$60,000-75,000                | 135          | 65                   | 0.0%      | 0                        |
| \$75,000-100,000               | 135          | 124                  | 0.0%      | 0                        |
| \$100,000-125,000              | 149          | 138                  | 0.0%      | 0                        |
| \$125,000-150,000              | 65           | 50                   | 0.0%      | 0                        |
| \$150,000-200,000              | 116          | 74                   | 0.0%      | 0                        |
| <b>Totals(1):</b>              |              |                      |           | <b>706</b>               |
| 2 BRM - PBA                    |              |                      |           |                          |
| <b>Income Qualified: 0 to:</b> |              | <b>0 to \$31,600</b> |           |                          |
| <b>2 Bedroom Income Range</b>  | <i>Total</i> | Total                | % of Band | <b>Total Application</b> |
| \$0-10,000                     | 125          | 87                   | 100.0%    | 87                       |
| \$10,000-20,000                | 199          | 132                  | 100.0%    | 132                      |
| \$20,000-30,000                | 404          | 349                  | 100.0%    | 349                      |
| \$30,000-40,000                | 644          | 577                  | 16.0%     | 92                       |
| \$40,000-50,000                | 302          | 253                  | 0.0%      | 0                        |
| \$50,000-60,000                | 526          | 418                  | 0.0%      | 0                        |
| \$60,000-75,000                | 546          | 345                  | 0.0%      | 0                        |
| \$75,000-100,000               | 659          | 370                  | 0.0%      | 0                        |
| \$100,000-125,000              | 561          | 325                  | 0.0%      | 0                        |
| \$125,000-150,000              | 342          | 145                  | 0.0%      | 0                        |
| \$150,000-200,000              | 267          | 159                  | 0.0%      | 0                        |
| <b>Totals(1):</b>              |              |                      |           | <b>660</b>               |

**Capture Rate Summarization / Breakdown**

The capture rate is a measure that is often used to assess the risk in developing a housing project. The capture rate indicates the percentage of the market pool that must move to the project in question to achieve the desired occupancy goal. The higher the percentage, the higher the risk. There are no set industry standards as to what constitutes low, moderate or high risk ratios pertaining to capture rates. However, general industry guidelines indicate that projects with ratios that are less than 20% indicate project support (based on the model presented). The fact that the project is leased/and occupied to stable levels is an indication that there will continue to be support; there is no need to lease/absorb 78 units, only units that turn/roll will require support so approximately 30% of the units on an annual basis.

- **Total Project Capture Rate :**

**Weighted Average Capture**

**Demand Model I – Main Model: 14.89 %**

**Accounting for Turnover impact: 4.47%**

**Individual Capture Rate Analysis:**

**The summary below assumes that full re-absorption applies/would be required. The analysis based on rollover would require each to be factored by a 30% ratio.**

| <b>CAPTURE RATES</b> |                                    |                                |                                      |
|----------------------|------------------------------------|--------------------------------|--------------------------------------|
|                      | <b>Demand<br/>By Unit<br/>Type</b> | <b>Number<br/>Of<br/>Units</b> | <b>Capture<br/>For<br/>Unit Type</b> |
| 1 BRM-Section 8      | 407                                | 64                             | 15.74%/4.72%                         |
| 2 BRM- Section 8     | 127                                | 14                             | 11.02%/3.30%                         |

### ***Penetration Rate***

We have also reviewed ***penetration rates*** applicable to the market demand. The penetration rate is a market wide statistic as opposed to a project specific statistic. Accordingly, high penetration rates are not untypical, as they simply compare the income qualified households to the number of affordable units in the marketplace. As long as there is not a one-to-one or greater ratio, the penetration rate should be generally supportive. Analysts and users of studies should rely more specifically on the project specific capture as opposed to market wide penetration.

An analysis of the penetration rates for this particular project as they relate to the affordable units show strong support. The difficulty in establishing penetration rate for an affordable project is what income qualification is used. As a conservative variable, we applied all units to the \$0 to 50% AMI income bands to demonstrate the penetration rate influence. Only renter households are used/applied.

| <b>Unit. Type</b> | <b>Total Income Qualified Households</b> | <b>Total # of Units</b> | <b>Penetration Rate</b> |
|-------------------|--|-------------------------|-------------------------|
| 1 BRM             | 425                                      | 153                     | 36%                     |
| 2 BRM             | 62                                       | 15                      | 24.19%                  |



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### *Virginia Housing Model*

Within the guide for market analysis the Agency provides a summary of a model for use in the demand analysis. The results are outlined below. Some notes include:

- Data used and applied is the 2022 hista for renters and owners. Like the prior demand model, only one and two person senior HH are included.
- No changes in Household formation used/applied. Data shows some global minor increases but when income qualifying and putting age and household size restrictions on the data it is clear that there is limited change anticipated in the household formations.
- The “Overburdened” renters are those that are age/income qualified and fall in the income brackets that range from the low end of \$22,200 to the maximum under the 50% AMI for a two person HH at \$31,600. The low end here uses the 50% AMI rent level for a one person household and an income level of 40% of the gross rent.
- One and two persons aged 62+ are used in the analysis.
- The totals from the 62+ Renter Hista data are applied with 78% from the \$20,000-\$30,000 level and then 16% from the \$30,000-\$40,000 level.
- Substandard housing might impact the ratios but marginally, so data was not applied.
- Those converting to rental include 10% of the income qualified brackets; similar income levels as above and for one and two person 62+ owners. The same brackets for income qualified apply.
- The existing renters to stay are estimated at a conservative level of 54 or 70%, assuming a 30% departure.
- The supply includes all existing affordable senior units in the PMA. There is no senior affordable pipeline.

The results show/correlate to a supportable capture rate of **15.26%** indicating an adequate pool of income qualified Households to support the development.

| <i>Virginia Housing Demand Model*</i>   |                                    |
|---|------------------------------------|
| <i>Income Restrictions</i>  | <i>Total (min to max)</i>          |
| New Renter Households (5 years)   | 0                                  |
| Existing Households Overburdened  | 395                                |
| Existing Households Substandard Housing   | 0                                  |
| Elderly HH likley to convert to Rentals (senior Homeowners)   | 61                                 |
| Existing Qualified Tenants to Remain After renovation   | 55                                 |
| Supply (including Pipeline)   | 0                                  |
| <b>Net Demand</b>   | <b>511</b>                         |
| Proposed Units (existing in this case)  | 78                                 |
| Capture Rate  | 15.26%                             |
| Absorption Period   | 3 months if 30% depart (of the 78) |
| <b>Project Wide Capture</b>   | <b>15.26%</b>                      |
| * note that all data here applies to and from the hista data for those that are aged 62+ and reflect the required HH sizes - 1 and 2 person only since there are one and two bedroom units. |                                    |

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# Assumptions and Limiting Conditions

The Appraisal contained in this Report (herein “Report”) is subject to the following assumptions and limiting conditions:

1. Unless otherwise stated in this report, title to the property which is the subject of this report (herein “Property”) is assumed to be good and marketable and free and clear of all liens and encumbrances and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. No responsibility is assumed for the legal description, zoning, condition of title or any matters which are legal in nature or otherwise require expertise other than that of a professional real estate appraiser. This report shall not constitute a survey of the Property.
2. Unless otherwise stated in this report, it is assumed: that the improvements on the Property are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the Property and improvements conform to all applicable local, state, and federal laws, codes, ordinances and regulations including environmental laws and regulations. No responsibility is assumed for soil or subsoil conditions or engineering or structural matters. The Property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated. The physical condition of the Property reflected in this report is solely based on a visual inspection as typically conducted by a professional appraiser not someone with engineering expertise. Responsible ownership and competent property management are assumed.
3. Unless otherwise stated in this report, this report did not take into consideration the existence of asbestos, PCB transformers or other toxic, hazardous, or contaminated substances or underground storage tanks, or the cost of encapsulation, removal or remediation thereof. Real estate appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials and substances may adversely affect the value of the Property. Unless otherwise stated in this report, the opinion of value is predicated on the assumption that there is no such material or substances at, on or in the Property.

4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.
5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.
6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.
8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes

in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.
11. Client and any other Intended User identified herein should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.
12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property's compliance with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

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14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare this report and full acceptance of any limitation of liability or claims contained therein.

**Addendum A**  
**Demand Glossary**

**Glossary/Explanatory Comments - Demand Model**

|                                      |   |  |
|--------------------------------------|---|--|
| 1                                    | Total Number of HH in the Market: Aged 55+  | All senior HH aged 55 and above. Includes renters and owners from the HISTA data. Presented for reference not application.   |
| 2                                    | % of Renters  | The Total number of Renters divided by the total HH from line 1 above.   |
| 3                                    | % of Owners   | The Total number of Owners divided by the total HH from line 1 above.  |
| 4                                    | Total Number of HH for the unit size(1)   | All Senior HH aged 55 and above in One person HH. From the HISTA data for one person only. This line item includes renters and owners.   |
| 5                                    | % of Renters for the unit size  | The Total number of Renters divided by the total HH from line 4 above.   |
| 6                                    | % of Owners for the unit size   | The Total number of Owners divided by the total HH from line 4 above.  |
| <b>Renter Contribution</b>           |   | This section applies to the renter households only, not homeowners. Only the HISTA Renter HH data has been referenced.   |
| 7                                    | Total number of renters based on HH size/Unit type  | Based on the ratio from line 4 and 5 above. Also can be referenced from HISTA DATA renter one person HH.   |
| 8                                    | Estimated Rents for Target Market - Gross Rent(2)<br>Note: In this case the low end will be used for afford. Since there is an adequate mix of low end units. | Gross Rents for the unit type in question. If there are multiple rents, each is represented here. Will be used to establish the income bands based on DHCR standards.  |
| 9                                    | Income Qual. Range: (3)-Specific Range based on rents   | Income Bands based on DHCR standards. Low= needed for affordability (low end rent from 8*12/48%). Upper= Max allowable (upper rent from 8*12.30%). The 30%-48% are the income bands based on rent to be charged. DHCR allows low to high based on rent, but requires that an adequate portion of units be set at the low end rent level for the unit type in question. |
| 10                                   | Income range used for initial project elimination:  | This band is necessary to avoid a "double" project elimination. Explained in greater detail in text. Here the Low end extends to zero in order to account for all forms of subsidized housing in a market area. The upper end remains similar to the line 9 discussion   |
| 11                                   | <b>Income Qualified HH From 0-Max(From 2005 HISTA)(4)</b>   | Accounts for all renter HH for the HH size in question that fall within the income bands set by line 10.   |
| 12                                   | <b>Elimination of Existing/Planned Competitors</b>  | All existing and planned subsidized housing in the market area. Corresponds to chart in the text that breaks out units by bedroom type. These need to be eliminated based on DHCR standards in order to avoid impact on existing subsidized. Correlates to a NET Demand model.   |
| 13                                   | <b>Net Demand</b>   | The results from subtracting line 12 from line 11. These are therefore all HH in the band set from line 10 that are not in existing subsidized housing in the specific market area used. They are therefore considered the most likely target market for a new rental project.   |
| 14                                   | <b>Income qual based on the specific band above</b>   | Ratio of the number of renter HH from income band set on line 9 divided by the total on line 11. Uses the HISTA data to determine the number of HH for the unit type in question that fall within these income parameters.   |
| 15                                   | <b>Mobility Factor</b>  | For LIHTC projects this is always 100%. Presented for consideration and used as ratio only for SLIHTC or Market Rate deals.  |
| 16                                   | <b>Net Demand</b>   | The number of age and income qualified renter HH for unit type in question. Net since we have eliminated existing subsidized. These are income qualified who reside in rental situations other than affordable or subsidized housing.  |
| <b>Senior Homeowner Contribution</b> |   | Homeowner Analysis Only.   |
| 17                                   | <b>Total Income Qualified HH (From 2005 HISTA)(5)</b>   | Same income band as line item 9 above. Applies to the HH size applicable to the unit type, from the HISTA data for Senior Owners.  |
| 18                                   | <b>Mobility Factor</b>  | DHCR allows for inclusion of 10% of the existing senior Homeowners. This is applied without exception.   |
| 19                                   | <b>Net Demand</b>   | The results of Line 17* Line 18  |
| <b>Market Growth/Contraction</b>     |   | The increase in number of age/income qualified renter HH only. Tracked based on HISTA projections over the next five years. See the HISTA data in report and the addendum for details, the numbers are also presented in the text.   |
| 20                                   | <b>Applicable Growth (2 of the 5 years)(6)</b>  | We account for two of five years of growth. Accounts for construction/absorption. This is after income qualification bands.  |
| 21                                   | <b>Total Demand By Unit Type</b>  | Adds line items 16, 19 and 20. All three components of demand.   |
| 22                                   | <b>Number of Units</b>  | Total number of units for the bedroom type in question. Will be applied to set capture for this unit type.   |
| 23                                   | <b>Capture for unit type</b>  | The results of dividing line 22 from line 21. The % of age/income qual hh for this unit type that the project must capture to reach supportable occupancy.   |
| 24                                   | <b>Ratio of total project (unit type compared to total)</b>   | Total number of units for this unit type/total number of units for the project. Necessary to apply weighted average for project capture.   |
| 25                                   | <b>Weighted Average Market Capture(pro-rated by type)</b>   | Weighted average of the line 24 results. Indicative of the total capture needed to reach stable occupancy for the project.   |



## **Addendum B**

### **Additional Market Rate Comparable**

## MARKET RATE APARTMENT RENTAL No. 6

**Property Name:** Mill's Crossing  
**Street Address:** 6231 Old Mill Rd  
**City, State:** Lynchburg, VA  
**Date of Survey:** 2/2023  
**Type of Project:** Market Rate  
**No. of Units:** 108  
**Year Built:** 2018  
**Occupancy Rate:** 97%  
**Rent Concessions:** No  
**Cond. Rating:** A-



### Rental Data

| <u>Unit Type</u> | <u>Baths</u> | <u>No. of Units</u> | <u>Sq. Ft.</u> | <u>Current Rent</u> | <u>Rent/Sq. Ft.</u> |
|------------------|--------------|---------------------|----------------|---------------------|---------------------|
| 1 Bedroom        | 1            | 59                  | 755            | \$999               | \$1.32              |
| 2 Bedroom        | 2            | 49                  | 1105           | \$1149              | \$1.04              |

**Amenities:** Units have granite countertops, stainless steel appliances, plank flooring, in-unit washer/dryer, central A/C and patio/balconies. Property has a pool, clubhouse, fitness and off-street parking.

**Utilities:** **Heat:** Tenant Pays      **Electric:** Tenant Pays

**Comments:** This is a market rate project with 3-story elevator buildings. As of 2/2023 this property is 97% occupied with 6 available units. No utilities are included.

#### Apartment Features

- Separate Entrance(s)
- Balcony/Patio
- Carpets
- Drapes/Blinds
- Storage
- Coin Laundry Facility
- Washer/Dryer Hookups
- Washer/Dryer Units  
Included  
Amt:
- Cable Included in Rent
- Internet Service Included

#### Utilities

- Heat Included
- Cook Included
- Electricity Included
- Hot Water Included
- Cold Water Included
- Sewer

#### Equipment

- AC Type: central
- Stove
- Refrigerator
- Disposal
- Dishwasher
- Microwave

#### Other Features

- Elevator       Pool       Tennis
- Rec. Area - Type: Fitness Center
- Fireplace       Community Room
- Alarm System      Gated entrance: No

#### Security Features:

#### Parking Features

- Surface:** Yes      **Enough for:** All
- Extra Cost:** No
- Garage:** No
- Covered:** No

**Verification:** Management

**Contact Phone:** (434) 329-3279

**Verified On:** 02/09/2023

**Web Site:** <http://www.millsapartmenthomes.com/>

## **Addendum C**

### **Additional HISTA Data**

HISTA 2.2 Summary Data

Market Area - Bedford, VA

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| Renter Households                |            |            |            |            |            |              |
|----------------------------------|------------|------------|------------|------------|------------|--------------|
| Age 15 to 54 Years               |            |            |            |            |            |              |
| Base Year: 2011 - 2015 Estimates |            |            |            |            |            |              |
|                                  | 1-Person   | 2-Person   | 3-Person   | 4-Person   | 5+-Person  | Total        |
|                                  | Household  | Household  | Household  | Household  | Household  |              |
| \$0-10,000                       | 78         | 28         | 104        | 37         | 37         | 284          |
| \$10,000-20,000                  | 77         | 105        | 95         | 40         | 2          | 319          |
| \$20,000-30,000                  | 103        | 61         | 44         | 65         | 14         | 287          |
| \$30,000-40,000                  | 79         | 15         | 60         | 4          | 32         | 190          |
| \$40,000-50,000                  | 84         | 125        | 39         | 85         | 8          | 341          |
| \$50,000-60,000                  | 31         | 126        | 8          | 11         | 24         | 200          |
| \$60,000-75,000                  | 3          | 14         | 93         | 62         | 7          | 179          |
| \$75,000-100,000                 | 39         | 23         | 42         | 4          | 3          | 111          |
| \$100,000-125,000                | 25         | 33         | 6          | 1          | 4          | 69           |
| \$125,000-150,000                | 3          | 41         | 6          | 5          | 14         | 69           |
| \$150,000-200,000                | 0          | 2          | 1          | 1          | 0          | 4            |
| \$200,000+                       | 1          | 5          | 7          | 1          | 4          | 18           |
| <b>Total</b>                     | <b>523</b> | <b>578</b> | <b>505</b> | <b>316</b> | <b>149</b> | <b>2,071</b> |

| Renter Households                |            |           |           |           |           |            |
|----------------------------------|------------|-----------|-----------|-----------|-----------|------------|
| Aged 55 to 61 Years              |            |           |           |           |           |            |
| Base Year: 2011 - 2015 Estimates |            |           |           |           |           |            |
|                                  | 1-Person   | 2-Person  | 3-Person  | 4-Person  | 5+-Person | Total      |
|                                  | Household  | Household | Household | Household | Household |            |
| \$0-10,000                       | 113        | 0         | 20        | 0         | 0         | 133        |
| \$10,000-20,000                  | 21         | 0         | 1         | 14        | 0         | 36         |
| \$20,000-30,000                  | 13         | 1         | 18        | 0         | 1         | 33         |
| \$30,000-40,000                  | 3          | 10        | 1         | 0         | 0         | 14         |
| \$40,000-50,000                  | 11         | 0         | 0         | 1         | 7         | 19         |
| \$50,000-60,000                  | 2          | 20        | 10        | 0         | 1         | 33         |
| \$60,000-75,000                  | 1          | 0         | 7         | 0         | 1         | 9          |
| \$75,000-100,000                 | 1          | 0         | 0         | 0         | 1         | 2          |
| \$100,000-125,000                | 0          | 37        | 1         | 0         | 0         | 38         |
| \$125,000-150,000                | 2          | 1         | 0         | 0         | 1         | 4          |
| \$150,000-200,000                | 1          | 2         | 0         | 1         | 3         | 7          |
| \$200,000+                       | 1          | 1         | 5         | 0         | 0         | 7          |
| <b>Total</b>                     | <b>169</b> | <b>72</b> | <b>63</b> | <b>16</b> | <b>15</b> | <b>335</b> |

| Renter Households                |            |            |           |           |           |              |
|----------------------------------|------------|------------|-----------|-----------|-----------|--------------|
| Aged 62+ Years                   |            |            |           |           |           |              |
| Base Year: 2011 - 2015 Estimates |            |            |           |           |           |              |
|                                  | 1-Person   | 2-Person   | 3-Person  | 4-Person  | 5+-Person | Total        |
|                                  | Household  | Household  | Household | Household | Household |              |
| \$0-10,000                       | 114        | 6          | 1         | 0         | 1         | 122          |
| \$10,000-20,000                  | 305        | 16         | 0         | 2         | 1         | 324          |
| \$20,000-30,000                  | 90         | 52         | 1         | 0         | 2         | 145          |
| \$30,000-40,000                  | 32         | 38         | 0         | 0         | 0         | 70           |
| \$40,000-50,000                  | 38         | 49         | 2         | 2         | 2         | 93           |
| \$50,000-60,000                  | 22         | 28         | 0         | 0         | 3         | 53           |
| \$60,000-75,000                  | 40         | 10         | 10        | 0         | 2         | 62           |
| \$75,000-100,000                 | 16         | 24         | 3         | 0         | 54        | 97           |
| \$100,000-125,000                | 4          | 5          | 1         | 0         | 2         | 12           |
| \$125,000-150,000                | 8          | 2          | 0         | 0         | 1         | 11           |
| \$150,000-200,000                | 5          | 0          | 2         | 1         | 1         | 9            |
| \$200,000+                       | 3          | 3          | 0         | 0         | 4         | 10           |
| <b>Total</b>                     | <b>677</b> | <b>233</b> | <b>20</b> | <b>5</b>  | <b>73</b> | <b>1,008</b> |

| Renter Households                |              |            |            |            |            |              |
|----------------------------------|--------------|------------|------------|------------|------------|--------------|
| All Age Groups                   |              |            |            |            |            |              |
| Base Year: 2011 - 2015 Estimates |              |            |            |            |            |              |
|                                  | 1-Person     | 2-Person   | 3-Person   | 4-Person   | 5+-Person  | Total        |
|                                  | Household    | Household  | Household  | Household  | Household  |              |
| \$0-10,000                       | 305          | 34         | 125        | 37         | 38         | 539          |
| \$10,000-20,000                  | 403          | 121        | 96         | 56         | 3          | 679          |
| \$20,000-30,000                  | 206          | 114        | 63         | 65         | 17         | 465          |
| \$30,000-40,000                  | 114          | 63         | 61         | 4          | 32         | 274          |
| \$40,000-50,000                  | 133          | 174        | 41         | 88         | 17         | 453          |
| \$50,000-60,000                  | 55           | 174        | 18         | 11         | 28         | 286          |
| \$60,000-75,000                  | 44           | 24         | 110        | 62         | 10         | 250          |
| \$75,000-100,000                 | 56           | 47         | 45         | 4          | 58         | 210          |
| \$100,000-125,000                | 29           | 75         | 8          | 1          | 6          | 119          |
| \$125,000-150,000                | 13           | 44         | 6          | 5          | 16         | 84           |
| \$150,000-200,000                | 6            | 4          | 3          | 3          | 4          | 20           |
| \$200,000+                       | 5            | 9          | 12         | 1          | 8          | 35           |
| <b>Total</b>                     | <b>1,369</b> | <b>883</b> | <b>588</b> | <b>337</b> | <b>237</b> | <b>3,414</b> |

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| Owner Households                 |            |              |              |              |            |              |
|----------------------------------|------------|--------------|--------------|--------------|------------|--------------|
| Age 15 to 54 Years               |            |              |              |              |            |              |
| Base Year: 2011 - 2015 Estimates |            |              |              |              |            |              |
|                                  | 1-Person   | 2-Person     | 3-Person     | 4-Person     | 5+-Person  | Total        |
|                                  | Household  | Household    | Household    | Household    | Household  |              |
| \$0-10,000                       | 95         | 83           | 24           | 27           | 1          | 230          |
| \$10,000-20,000                  | 115        | 57           | 10           | 55           | 20         | 257          |
| \$20,000-30,000                  | 99         | 108          | 20           | 72           | 5          | 304          |
| \$30,000-40,000                  | 25         | 260          | 83           | 85           | 71         | 524          |
| \$40,000-50,000                  | 68         | 114          | 119          | 91           | 111        | 503          |
| \$50,000-60,000                  | 114        | 40           | 274          | 72           | 64         | 564          |
| \$60,000-75,000                  | 78         | 390          | 184          | 156          | 113        | 921          |
| \$75,000-100,000                 | 14         | 393          | 371          | 327          | 180        | 1,285        |
| \$100,000-125,000                | 21         | 166          | 60           | 295          | 215        | 757          |
| \$125,000-150,000                | 4          | 53           | 110          | 157          | 81         | 405          |
| \$150,000-200,000                | 3          | 98           | 132          | 42           | 70         | 345          |
| \$200,000+                       | 0          | 28           | 96           | 86           | 62         | 272          |
| <b>Total</b>                     | <b>636</b> | <b>1,790</b> | <b>1,483</b> | <b>1,465</b> | <b>993</b> | <b>6,367</b> |

| Owner Households                 |            |              |            |            |           |              |
|----------------------------------|------------|--------------|------------|------------|-----------|--------------|
| Aged 55 to 61 Years              |            |              |            |            |           |              |
| Base Year: 2011 - 2015 Estimates |            |              |            |            |           |              |
|                                  | 1-Person   | 2-Person     | 3-Person   | 4-Person   | 5+-Person | Total        |
|                                  | Household  | Household    | Household  | Household  | Household |              |
| \$0-10,000                       | 34         | 87           | 3          | 20         | 3         | 147          |
| \$10,000-20,000                  | 75         | 76           | 1          | 19         | 0         | 171          |
| \$20,000-30,000                  | 3          | 114          | 20         | 0          | 3         | 140          |
| \$30,000-40,000                  | 63         | 109          | 15         | 11         | 7         | 205          |
| \$40,000-50,000                  | 94         | 109          | 35         | 0          | 0         | 238          |
| \$50,000-60,000                  | 17         | 121          | 16         | 10         | 1         | 165          |
| \$60,000-75,000                  | 78         | 202          | 54         | 1          | 2         | 337          |
| \$75,000-100,000                 | 8          | 282          | 84         | 55         | 1         | 430          |
| \$100,000-125,000                | 8          | 175          | 57         | 4          | 3         | 247          |
| \$125,000-150,000                | 7          | 127          | 11         | 4          | 2         | 151          |
| \$150,000-200,000                | 12         | 49           | 18         | 52         | 1         | 132          |
| \$200,000+                       | 6          | 42           | 17         | 5          | 46        | 116          |
| <b>Total</b>                     | <b>405</b> | <b>1,493</b> | <b>331</b> | <b>181</b> | <b>69</b> | <b>2,479</b> |

| Owner Households                 |              |              |            |            |            |              |
|----------------------------------|--------------|--------------|------------|------------|------------|--------------|
| Aged 62+ Years                   |              |              |            |            |            |              |
| Base Year: 2011 - 2015 Estimates |              |              |            |            |            |              |
|                                  | 1-Person     | 2-Person     | 3-Person   | 4-Person   | 5+-Person  | Total        |
|                                  | Household    | Household    | Household  | Household  | Household  |              |
| \$0-10,000                       | 234          | 99           | 43         | 3          | 7          | 386          |
| \$10,000-20,000                  | 384          | 217          | 23         | 1          | 0          | 625          |
| \$20,000-30,000                  | 432          | 373          | 59         | 0          | 8          | 872          |
| \$30,000-40,000                  | 231          | 358          | 21         | 0          | 3          | 613          |
| \$40,000-50,000                  | 118          | 353          | 98         | 15         | 21         | 605          |
| \$50,000-60,000                  | 71           | 451          | 47         | 48         | 8          | 625          |
| \$60,000-75,000                  | 35           | 258          | 48         | 19         | 47         | 407          |
| \$75,000-100,000                 | 69           | 326          | 126        | 32         | 65         | 618          |
| \$100,000-125,000                | 50           | 149          | 18         | 26         | 19         | 262          |
| \$125,000-150,000                | 17           | 84           | 18         | 43         | 5          | 167          |
| \$150,000-200,000                | 20           | 58           | 11         | 9          | 7          | 105          |
| \$200,000+                       | 11           | 30           | 22         | 1          | 2          | 66           |
| <b>Total</b>                     | <b>1,672</b> | <b>2,756</b> | <b>534</b> | <b>197</b> | <b>192</b> | <b>5,351</b> |

| Owner Households                 |              |              |              |              |              |               |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| All Age Groups                   |              |              |              |              |              |               |
| Base Year: 2011 - 2015 Estimates |              |              |              |              |              |               |
|                                  | 1-Person     | 2-Person     | 3-Person     | 4-Person     | 5+-Person    | Total         |
|                                  | Household    | Household    | Household    | Household    | Household    |               |
| \$0-10,000                       | 363          | 269          | 70           | 50           | 11           | 763           |
| \$10,000-20,000                  | 574          | 350          | 34           | 75           | 20           | 1,053         |
| \$20,000-30,000                  | 534          | 595          | 99           | 72           | 16           | 1,316         |
| \$30,000-40,000                  | 319          | 727          | 119          | 96           | 81           | 1,342         |
| \$40,000-50,000                  | 280          | 576          | 252          | 106          | 132          | 1,346         |
| \$50,000-60,000                  | 202          | 612          | 337          | 130          | 73           | 1,354         |
| \$60,000-75,000                  | 191          | 850          | 286          | 176          | 162          | 1,665         |
| \$75,000-100,000                 | 91           | 1,001        | 581          | 414          | 246          | 2,333         |
| \$100,000-125,000                | 79           | 490          | 135          | 325          | 237          | 1,266         |
| \$125,000-150,000                | 28           | 264          | 139          | 204          | 88           | 723           |
| \$150,000-200,000                | 35           | 205          | 161          | 103          | 78           | 582           |
| \$200,000+                       | 17           | 100          | 135          | 92           | 110          | 454           |
| <b>Total</b>                     | <b>2,713</b> | <b>6,039</b> | <b>2,348</b> | <b>1,843</b> | <b>1,254</b> | <b>14,197</b> |

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| Renter Households     |            |            |            |            |            |              |
|-----------------------|------------|------------|------------|------------|------------|--------------|
| Age 15 to 54 Years    |            |            |            |            |            |              |
| Year 2027 Projections |            |            |            |            |            |              |
|                       | 1-Person   | 2-Person   | 3-Person   | 4-Person   | 5+-Person  | Total        |
|                       | Household  | Household  | Household  | Household  | Household  |              |
| \$0-10,000            | 47         | 11         | 48         | 22         | 26         | 154          |
| \$10,000-20,000       | 58         | 85         | 68         | 30         | 3          | 244          |
| \$20,000-30,000       | 128        | 36         | 24         | 63         | 11         | 262          |
| \$30,000-40,000       | 61         | 47         | 47         | 1          | 26         | 182          |
| \$40,000-50,000       | 109        | 100        | 41         | 93         | 10         | 353          |
| \$50,000-60,000       | 19         | 46         | 7          | 4          | 19         | 95           |
| \$60,000-75,000       | 1          | 27         | 143        | 55         | 8          | 234          |
| \$75,000-100,000      | 50         | 33         | 63         | 4          | 5          | 155          |
| \$100,000-125,000     | 45         | 44         | 10         | 2          | 10         | 111          |
| \$125,000-150,000     | 11         | 73         | 18         | 15         | 18         | 135          |
| \$150,000-200,000     | 1          | 3          | 1          | 0          | 5          | 10           |
| \$200,000+            | 10         | 9          | 8          | 11         | 11         | 49           |
| <b>Total</b>          | <b>540</b> | <b>514</b> | <b>478</b> | <b>300</b> | <b>152</b> | <b>1,984</b> |

| Renter Households     |            |            |           |           |           |            |
|-----------------------|------------|------------|-----------|-----------|-----------|------------|
| Aged 55 to 61 Years   |            |            |           |           |           |            |
| Year 2027 Projections |            |            |           |           |           |            |
|                       | 1-Person   | 2-Person   | 3-Person  | 4-Person  | 5+-Person | Total      |
|                       | Household  | Household  | Household | Household | Household |            |
| \$0-10,000            | 47         | 1          | 5         | 0         | 1         | 54         |
| \$10,000-20,000       | 14         | 0          | 1         | 19        | 1         | 35         |
| \$20,000-30,000       | 18         | 0          | 5         | 0         | 1         | 24         |
| \$30,000-40,000       | 6          | 4          | 0         | 1         | 0         | 11         |
| \$40,000-50,000       | 7          | 0          | 0         | 0         | 2         | 9          |
| \$50,000-60,000       | 5          | 9          | 5         | 1         | 3         | 23         |
| \$60,000-75,000       | 0          | 0          | 11        | 1         | 2         | 14         |
| \$75,000-100,000      | 1          | 0          | 0         | 1         | 2         | 4          |
| \$100,000-125,000     | 0          | 87         | 0         | 2         | 1         | 90         |
| \$125,000-150,000     | 5          | 0          | 2         | 0         | 2         | 9          |
| \$150,000-200,000     | 12         | 5          | 1         | 6         | 6         | 30         |
| \$200,000+            | 30         | 3          | 4         | 1         | 6         | 44         |
| <b>Total</b>          | <b>145</b> | <b>109</b> | <b>34</b> | <b>32</b> | <b>27</b> | <b>347</b> |

| Renter Households     |            |            |           |           |            |              |
|-----------------------|------------|------------|-----------|-----------|------------|--------------|
| Aged 62+ Years        |            |            |           |           |            |              |
| Year 2027 Projections |            |            |           |           |            |              |
|                       | 1-Person   | 2-Person   | 3-Person  | 4-Person  | 5+-Person  | Total        |
|                       | Household  | Household  | Household | Household | Household  |              |
| \$0-10,000            | 135        | 7          | 3         | 1         | 3          | 149          |
| \$10,000-20,000       | 186        | 9          | 2         | 1         | 6          | 204          |
| \$20,000-30,000       | 121        | 44         | 1         | 0         | 5          | 171          |
| \$30,000-40,000       | 48         | 38         | 3         | 2         | 4          | 95           |
| \$40,000-50,000       | 50         | 25         | 0         | 1         | 7          | 83           |
| \$50,000-60,000       | 31         | 29         | 1         | 1         | 6          | 68           |
| \$60,000-75,000       | 77         | 11         | 26        | 2         | 6          | 122          |
| \$75,000-100,000      | 24         | 25         | 3         | 3         | 55         | 110          |
| \$100,000-125,000     | 42         | 13         | 7         | 1         | 5          | 68           |
| \$125,000-150,000     | 58         | 10         | 2         | 0         | 5          | 75           |
| \$150,000-200,000     | 45         | 5          | 5         | 3         | 6          | 64           |
| \$200,000+            | 65         | 17         | 8         | 1         | 5          | 96           |
| <b>Total</b>          | <b>882</b> | <b>233</b> | <b>61</b> | <b>16</b> | <b>113</b> | <b>1,305</b> |

| Renter Households     |              |            |            |            |            |              |
|-----------------------|--------------|------------|------------|------------|------------|--------------|
| All Age Groups        |              |            |            |            |            |              |
| Year 2027 Projections |              |            |            |            |            |              |
|                       | 1-Person     | 2-Person   | 3-Person   | 4-Person   | 5+-Person  | Total        |
|                       | Household    | Household  | Household  | Household  | Household  |              |
| \$0-10,000            | 229          | 19         | 56         | 23         | 30         | 357          |
| \$10,000-20,000       | 258          | 94         | 71         | 50         | 10         | 483          |
| \$20,000-30,000       | 267          | 80         | 30         | 63         | 17         | 457          |
| \$30,000-40,000       | 115          | 89         | 50         | 4          | 30         | 288          |
| \$40,000-50,000       | 166          | 125        | 41         | 94         | 19         | 445          |
| \$50,000-60,000       | 55           | 84         | 13         | 6          | 28         | 186          |
| \$60,000-75,000       | 78           | 38         | 180        | 58         | 16         | 370          |
| \$75,000-100,000      | 75           | 58         | 66         | 8          | 62         | 269          |
| \$100,000-125,000     | 87           | 144        | 17         | 5          | 16         | 269          |
| \$125,000-150,000     | 74           | 83         | 22         | 15         | 25         | 219          |
| \$150,000-200,000     | 58           | 13         | 7          | 9          | 17         | 104          |
| \$200,000+            | 105          | 29         | 20         | 13         | 22         | 189          |
| <b>Total</b>          | <b>1,567</b> | <b>856</b> | <b>573</b> | <b>348</b> | <b>292</b> | <b>3,636</b> |

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| Owner Households      |            |              |              |              |            |              |
|-----------------------|------------|--------------|--------------|--------------|------------|--------------|
| Age 15 to 54 Years    |            |              |              |              |            |              |
| Year 2027 Projections |            |              |              |              |            |              |
|                       | 1-Person   | 2-Person     | 3-Person     | 4-Person     | 5+-Person  | Total        |
|                       | Household  | Household    | Household    | Household    | Household  |              |
| \$0-10,000            | 42         | 30           | 9            | 8            | 1          | 90           |
| \$10,000-20,000       | 30         | 31           | 3            | 19           | 8          | 91           |
| \$20,000-30,000       | 55         | 40           | 14           | 10           | 0          | 119          |
| \$30,000-40,000       | 15         | 88           | 58           | 48           | 42         | 251          |
| \$40,000-50,000       | 58         | 135          | 93           | 76           | 119        | 481          |
| \$50,000-60,000       | 63         | 14           | 93           | 13           | 20         | 203          |
| \$60,000-75,000       | 56         | 225          | 132          | 94           | 56         | 563          |
| \$75,000-100,000      | 24         | 396          | 371          | 292          | 122        | 1,205        |
| \$100,000-125,000     | 110        | 136          | 65           | 309          | 201        | 821          |
| \$125,000-150,000     | 5          | 60           | 149          | 214          | 122        | 550          |
| \$150,000-200,000     | 11         | 170          | 216          | 61           | 138        | 596          |
| \$200,000+            | 2          | 47           | 301          | 208          | 130        | 688          |
| <b>Total</b>          | <b>471</b> | <b>1,372</b> | <b>1,504</b> | <b>1,352</b> | <b>959</b> | <b>5,658</b> |

| Owner Households      |            |              |            |            |            |              |
|-----------------------|------------|--------------|------------|------------|------------|--------------|
| Aged 55 to 61 Years   |            |              |            |            |            |              |
| Year 2027 Projections |            |              |            |            |            |              |
|                       | 1-Person   | 2-Person     | 3-Person   | 4-Person   | 5+-Person  | Total        |
|                       | Household  | Household    | Household  | Household  | Household  |              |
| \$0-10,000            | 20         | 28           | 1          | 10         | 4          | 63           |
| \$10,000-20,000       | 83         | 57           | 2          | 4          | 1          | 147          |
| \$20,000-30,000       | 2          | 46           | 5          | 1          | 1          | 55           |
| \$30,000-40,000       | 52         | 52           | 4          | 10         | 6          | 124          |
| \$40,000-50,000       | 82         | 48           | 32         | 0          | 0          | 162          |
| \$50,000-60,000       | 16         | 80           | 10         | 6          | 1          | 113          |
| \$60,000-75,000       | 63         | 188          | 48         | 1          | 3          | 303          |
| \$75,000-100,000      | 9          | 260          | 90         | 68         | 0          | 427          |
| \$100,000-125,000     | 10         | 258          | 86         | 8          | 4          | 366          |
| \$125,000-150,000     | 16         | 251          | 29         | 12         | 5          | 313          |
| \$150,000-200,000     | 53         | 133          | 52         | 124        | 1          | 363          |
| \$200,000+            | 13         | 92           | 39         | 8          | 108        | 260          |
| <b>Total</b>          | <b>419</b> | <b>1,493</b> | <b>398</b> | <b>252</b> | <b>134</b> | <b>2,696</b> |

| Owner Households      |              |              |            |            |            |              |
|-----------------------|--------------|--------------|------------|------------|------------|--------------|
| Aged 62+ Years        |              |              |            |            |            |              |
| Year 2027 Projections |              |              |            |            |            |              |
|                       | 1-Person     | 2-Person     | 3-Person   | 4-Person   | 5+-Person  | Total        |
|                       | Household    | Household    | Household  | Household  | Household  |              |
| \$0-10,000            | 187          | 82           | 26         | 3          | 4          | 302          |
| \$10,000-20,000       | 230          | 127          | 16         | 3          | 0          | 376          |
| \$20,000-30,000       | 337          | 337          | 43         | 7          | 1          | 725          |
| \$30,000-40,000       | 358          | 500          | 14         | 1          | 0          | 873          |
| \$40,000-50,000       | 185          | 346          | 110        | 19         | 5          | 665          |
| \$50,000-60,000       | 78           | 398          | 29         | 46         | 2          | 553          |
| \$60,000-75,000       | 68           | 361          | 50         | 19         | 52         | 550          |
| \$75,000-100,000      | 143          | 392          | 216        | 52         | 77         | 880          |
| \$100,000-125,000     | 180          | 401          | 35         | 87         | 51         | 754          |
| \$125,000-150,000     | 68           | 199          | 69         | 75         | 7          | 418          |
| \$150,000-200,000     | 114          | 216          | 32         | 23         | 26         | 411          |
| \$200,000+            | 175          | 237          | 76         | 11         | 20         | 519          |
| <b>Total</b>          | <b>2,123</b> | <b>3,596</b> | <b>716</b> | <b>346</b> | <b>245</b> | <b>7,026</b> |

| Owner Households      |              |              |              |              |              |               |
|-----------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| All Age Groups        |              |              |              |              |              |               |
| Year 2027 Projections |              |              |              |              |              |               |
|                       | 1-Person     | 2-Person     | 3-Person     | 4-Person     | 5+-Person    | Total         |
|                       | Household    | Household    | Household    | Household    | Household    |               |
| \$0-10,000            | 249          | 140          | 36           | 21           | 9            | 455           |
| \$10,000-20,000       | 343          | 215          | 21           | 26           | 9            | 614           |
| \$20,000-30,000       | 394          | 423          | 62           | 18           | 2            | 899           |
| \$30,000-40,000       | 425          | 640          | 76           | 59           | 48           | 1,248         |
| \$40,000-50,000       | 325          | 529          | 235          | 95           | 124          | 1,308         |
| \$50,000-60,000       | 157          | 492          | 132          | 65           | 23           | 869           |
| \$60,000-75,000       | 187          | 774          | 230          | 114          | 111          | 1,416         |
| \$75,000-100,000      | 176          | 1,048        | 677          | 412          | 199          | 2,512         |
| \$100,000-125,000     | 300          | 795          | 186          | 404          | 256          | 1,941         |
| \$125,000-150,000     | 89           | 510          | 247          | 301          | 134          | 1,281         |
| \$150,000-200,000     | 178          | 519          | 300          | 208          | 165          | 1,370         |
| \$200,000+            | 190          | 376          | 416          | 227          | 258          | 1,467         |
| <b>Total</b>          | <b>3,013</b> | <b>6,461</b> | <b>2,618</b> | <b>1,950</b> | <b>1,338</b> | <b>15,380</b> |

## HOUSEHOLD DATA

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| Households by Income and Age |                         |                         |                         |                         |                         |                         |                         |                     |               |                    |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------|---------------|--------------------|
| Market Area                  |                         |                         |                         |                         |                         |                         |                         |                     |               |                    |
| Census Data - 2000           |                         |                         |                         |                         |                         |                         |                         |                     |               |                    |
| Income                       | Age<br>15 - 24<br>Years | Age<br>25 - 34<br>Years | Age<br>35 - 44<br>Years | Age<br>45 - 54<br>Years | Age<br>55 - 64<br>Years | Age<br>65 - 74<br>Years | Age<br>75 - 84<br>Years | Age<br>85+<br>Years | Total         | Percent            |
| Less than \$15,000           | 86                      | 244                     | 244                     | 339                     | 336                     | 522                     | 478                     | 166                 | <b>2,415</b>  | <b>15.8%</b>       |
| \$15,000 - \$24,999          | 123                     | 313                     | 437                     | 329                     | 311                     | 374                     | 309                     | 83                  | <b>2,279</b>  | <b>14.9%</b>       |
| \$25,000 - \$34,999          | 94                      | 401                     | 534                     | 518                     | 353                     | 269                     | 139                     | 36                  | <b>2,344</b>  | <b>15.3%</b>       |
| \$35,000 - \$49,999          | 85                      | 544                     | 751                     | 560                     | 395                     | 342                     | 144                     | 32                  | <b>2,853</b>  | <b>18.7%</b>       |
| \$50,000 - \$74,999          | 14                      | 404                     | 959                     | 833                     | 565                     | 295                     | 78                      | 16                  | <b>3,164</b>  | <b>20.7%</b>       |
| \$75,000 - \$99,999          | 0                       | 131                     | 369                     | 370                     | 172                     | 72                      | 55                      | 11                  | <b>1,180</b>  | <b>7.7%</b>        |
| \$100,000 - \$124,999        | 0                       | 38                      | 164                     | 105                     | 134                     | 32                      | 18                      | 3                   | <b>494</b>    | <b>3.2%</b>        |
| \$125,000 - \$149,999        | 0                       | 19                      | 21                      | 77                      | 7                       | 41                      | 13                      | 4                   | <b>182</b>    | <b>1.2%</b>        |
| \$150,000 - \$199,999        | 0                       | 14                      | 30                      | 55                      | 24                      | 23                      | 30                      | 8                   | <b>184</b>    | <b>1.2%</b>        |
| \$200,000 and up             | <u>0</u>                | <u>25</u>               | <u>98</u>               | <u>24</u>               | <u>27</u>               | <u>20</u>               | <u>0</u>                | <u>0</u>            | <b>194</b>    | <b><u>1.3%</u></b> |
| <b>Total</b>                 | <b>402</b>              | <b>2,133</b>            | <b>3,607</b>            | <b>3,210</b>            | <b>2,324</b>            | <b>1,990</b>            | <b>1,264</b>            | <b>359</b>          | <b>15,289</b> | <b>100.0%</b>      |
| <b>Percent</b>               | <b>2.6%</b>             | <b>14.0%</b>            | <b>23.6%</b>            | <b>21.0%</b>            | <b>15.2%</b>            | <b>13.0%</b>            | <b>8.3%</b>             | <b>2.3%</b>         | <b>100.0%</b> |                    |

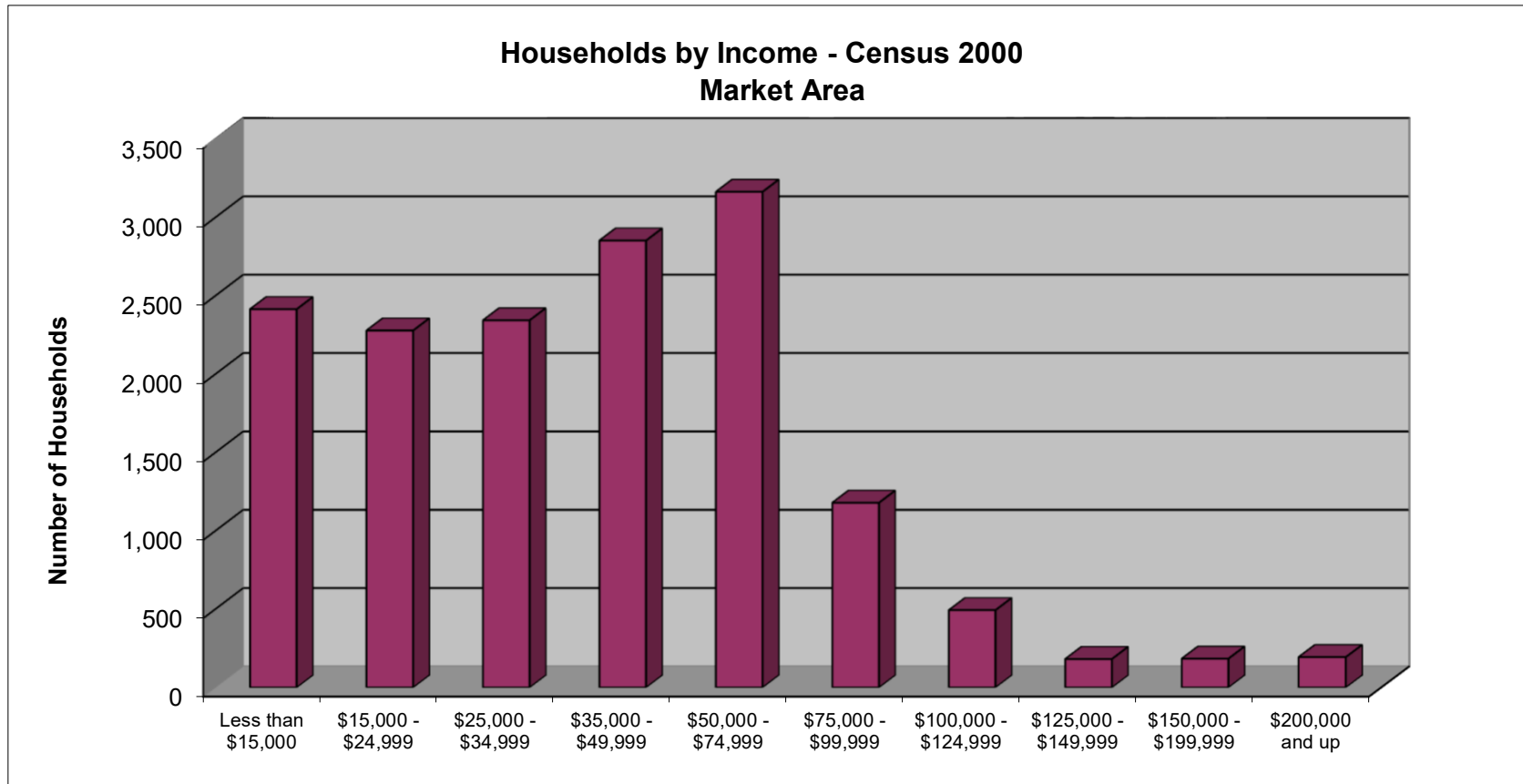
Source: Claritas; Ribbon Demographics



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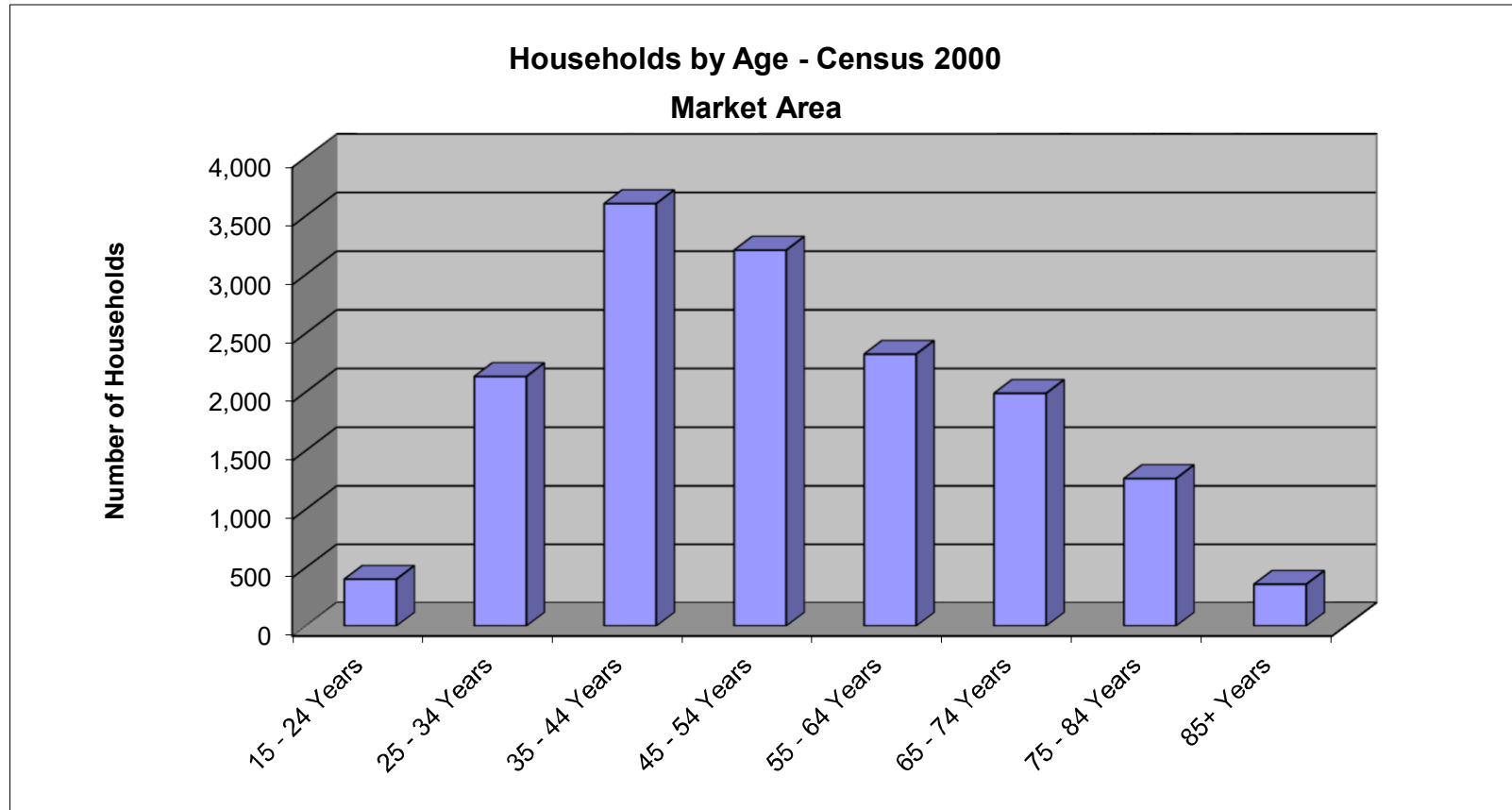


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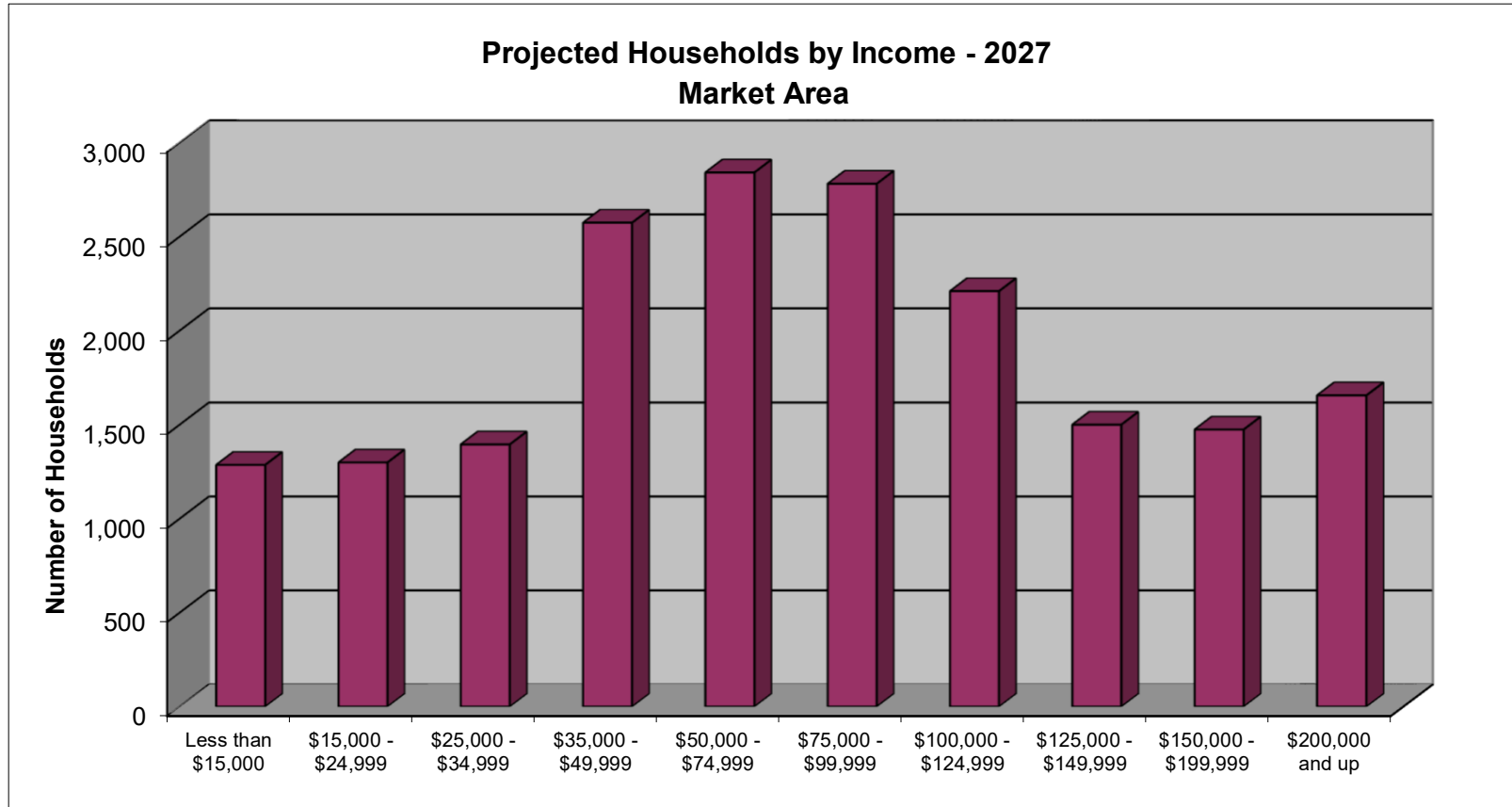
| Households by Income and Age<br>Market Area |                  |                  |                  |                  |                  |                  |                  |              |               |               |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------|---------------|---------------|
| <i>Five Year Projections - 2027</i>         |                  |                  |                  |                  |                  |                  |                  |              |               |               |
|   | Age              | Age              | Age              | Age              | Age              | Age              | Age              | Age          |               |               |
| Income                                      | 15 - 24<br>Years | 25 - 34<br>Years | 35 - 44<br>Years | 45 - 54<br>Years | 55 - 64<br>Years | 65 - 74<br>Years | 75 - 84<br>Years | 85+<br>Years | Total         | Percent       |
| Less than \$15,000                          | 129              | 63               | 76               | 130              | 308              | 288              | 193              | 99           | <b>1,286</b>  | <b>6.8%</b>   |
| \$15,000 - \$24,999                         | 113              | 82               | 88               | 73               | 163              | 354              | 279              | 147          | <b>1,299</b>  | <b>6.8%</b>   |
| \$25,000 - \$34,999                         | 64               | 139              | 115              | 78               | 147              | 423              | 317              | 112          | <b>1,395</b>  | <b>7.3%</b>   |
| \$35,000 - \$49,999                         | 124              | 367              | 349              | 237              | 405              | 604              | 359              | 129          | <b>2,574</b>  | <b>13.5%</b>  |
| \$50,000 - \$74,999                         | 59               | 323              | 296              | 417              | 652              | 668              | 329              | 97           | <b>2,841</b>  | <b>14.9%</b>  |
| \$75,000 - \$99,999                         | 18               | 433              | 502              | 407              | 615              | 558              | 196              | 52           | <b>2,781</b>  | <b>14.6%</b>  |
| \$100,000 - \$124,999                       | 22               | 191              | 249              | 470              | 623              | 465              | 160              | 30           | <b>2,210</b>  | <b>11.6%</b>  |
| \$125,000 - \$149,999                       | 5                | 152              | 227              | 301              | 440              | 261              | 91               | 23           | <b>1,500</b>  | <b>7.9%</b>   |
| \$150,000 - \$199,999                       | 3                | 86               | 138              | 379              | 526              | 261              | 67               | 14           | <b>1,474</b>  | <b>7.8%</b>   |
| \$200,000 and up                            | <u>0</u>         | <u>157</u>       | <u>305</u>       | <u>275</u>       | <u>402</u>       | <u>405</u>       | <u>92</u>        | <u>20</u>    | <b>1,656</b>  | <b>8.7%</b>   |
| <b>Total</b>                                | <b>537</b>       | <b>1,993</b>     | <b>2,345</b>     | <b>2,767</b>     | <b>4,281</b>     | <b>4,287</b>     | <b>2,083</b>     | <b>723</b>   | <b>19,016</b> | <b>100.0%</b> |
| <b>Percent</b>                              | <b>2.8%</b>      | <b>10.5%</b>     | <b>12.3%</b>     | <b>14.6%</b>     | <b>22.5%</b>     | <b>22.5%</b>     | <b>11.0%</b>     | <b>3.8%</b>  | <b>100.0%</b> |               |

Source: Claritas; Ribbon Demographics

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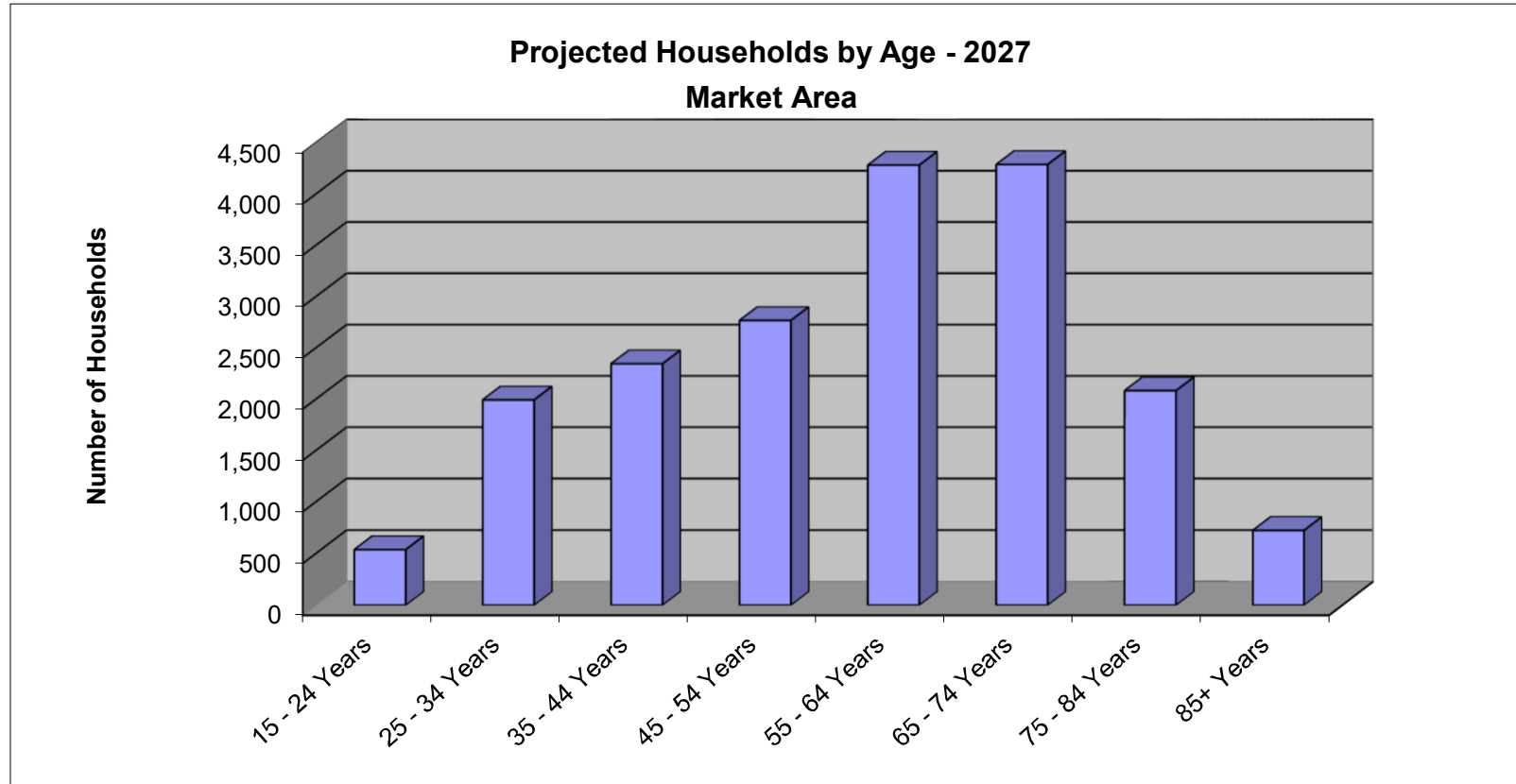


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## POPULATION DATA

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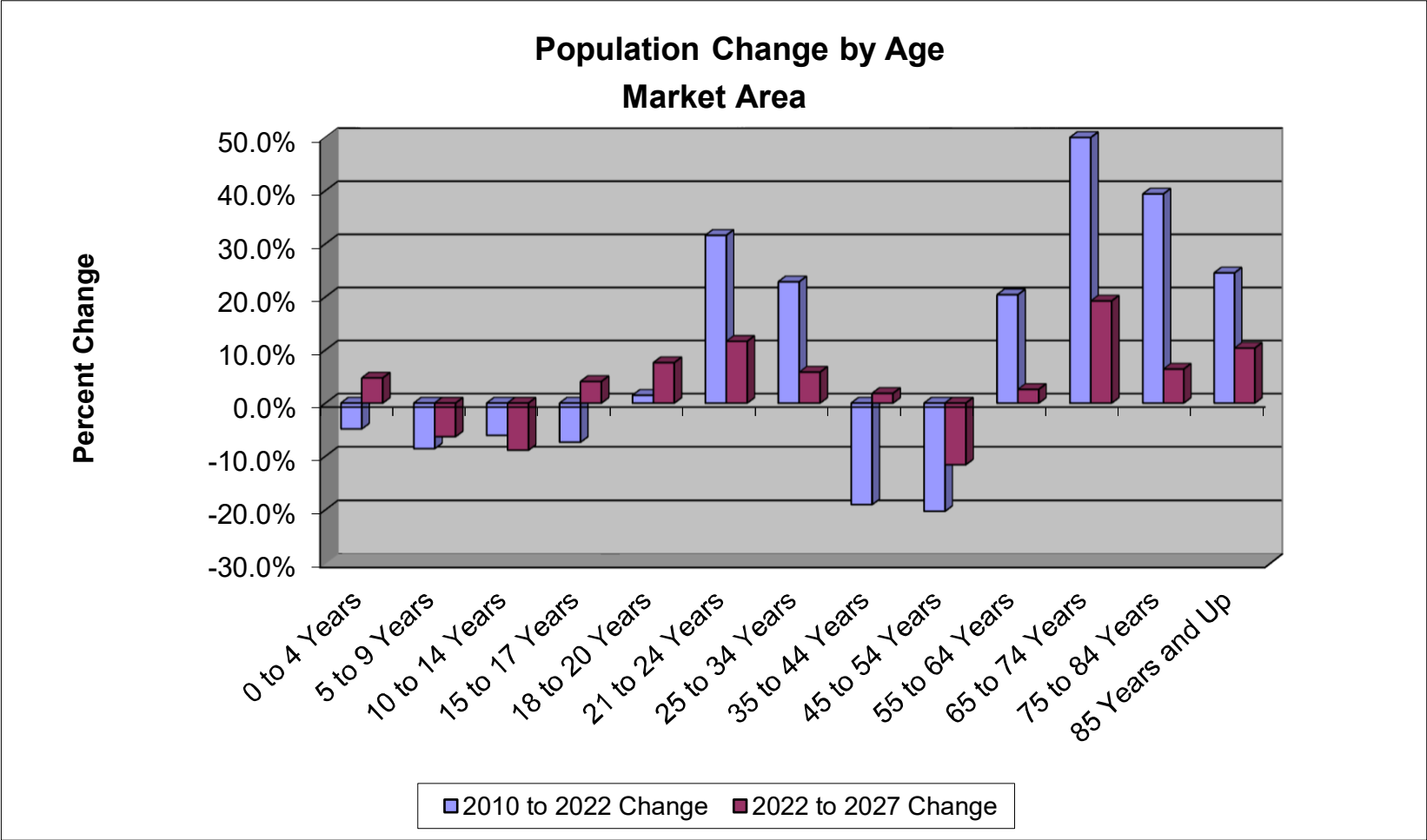
| Changes in Population by Age & Sex |              |              |               |                |                                 |            |            |              |                |
|------------------------------------|--------------|--------------|---------------|----------------|---------------------------------|------------|------------|--------------|----------------|
| Market Area                        |              |              |               |                |                                 |            |            |              |                |
| Estimated Change - 2010 to 2022    |              |              |               |                | Projected Change - 2022 to 2027 |            |            |              |                |
| Age                                | Male         | Female       | Total Change  | Percent Change | Age                             | Male       | Female     | Total Change | Percent Change |
| 0 to 4 Years                       | -42          | -70          | <b>-112</b>   | <b>-4.8%</b>   | 0 to 4 Years                    | 57         | 47         | <b>104</b>   | <b>4.7%</b>    |
| 5 to 9 Years                       | -118         | -109         | <b>-227</b>   | <b>-8.6%</b>   | 5 to 9 Years                    | -77        | -76        | <b>-153</b>  | <b>-6.3%</b>   |
| 10 to 14 Years                     | -75          | -103         | <b>-178</b>   | <b>-6.1%</b>   | 10 to 14 Years                  | -148       | -96        | <b>-244</b>  | <b>-8.9%</b>   |
| 15 to 17 Years                     | -59          | -76          | <b>-135</b>   | <b>-7.4%</b>   | 15 to 17 Years                  | 29         | 40         | <b>69</b>    | <b>4.1%</b>    |
| 18 to 20 Years                     | -7           | 29           | <b>22</b>     | <b>1.5%</b>    | 18 to 20 Years                  | 69         | 47         | <b>116</b>   | <b>7.6%</b>    |
| 21 to 24 Years                     | 206          | 277          | <b>483</b>    | <b>31.6%</b>   | 21 to 24 Years                  | 151        | 83         | <b>234</b>   | <b>11.6%</b>   |
| 25 to 34 Years                     | 490          | 398          | <b>888</b>    | <b>22.8%</b>   | 25 to 34 Years                  | 131        | 147        | <b>278</b>   | <b>5.8%</b>    |
| 35 to 44 Years                     | -465         | -643         | <b>-1,108</b> | <b>-19.0%</b>  | 35 to 44 Years                  | 72         | 14         | <b>86</b>    | <b>1.8%</b>    |
| 45 to 54 Years                     | -847         | -669         | <b>-1,516</b> | <b>-20.3%</b>  | 45 to 54 Years                  | -333       | -358       | <b>-691</b>  | <b>-11.6%</b>  |
| 55 to 64 Years                     | 599          | 680          | <b>1,279</b>  | <b>20.4%</b>   | 55 to 64 Years                  | 93         | 102        | <b>195</b>   | <b>2.6%</b>    |
| 65 to 74 Years                     | 993          | 1,061        | <b>2,054</b>  | <b>50.0%</b>   | 65 to 74 Years                  | 560        | 625        | <b>1,185</b> | <b>19.2%</b>   |
| 75 to 84 Years                     | 458          | 407          | <b>865</b>    | <b>39.4%</b>   | 75 to 84 Years                  | 93         | 103        | <b>196</b>   | <b>6.4%</b>    |
| 85 Years and Up                    | <u>108</u>   | <u>103</u>   | <u>211</u>    | <u>24.5%</u>   | 85 Years and Up                 | <u>51</u>  | <u>60</u>  | <u>111</u>   | <u>10.4%</u>   |
| <b>Total</b>                       | <b>1,241</b> | <b>1,285</b> | <b>2,526</b>  | <b>5.8%</b>    | <b>Total</b>                    | <b>748</b> | <b>738</b> | <b>1,486</b> | <b>3.2%</b>    |
| 62+ Years                          | n/a          | n/a          | 3,628         | <b>40.7%</b>   | 62+ Years                       | n/a        | n/a        | 1,786        | <b>14.3%</b>   |

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## **Addendum D**

### **NCHMA Market Study Terminology**





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## Market Study Terminology

Effective January 1, 2007, all affordable housing market studies performed by NCHMA members incorporate the member certification, market study index, the market study terminology and market study standards.

State Housing Finance Agencies and other industry members are welcome to incorporate the information below in their own standards. NCHMA only requests written notification of use.

### I. Common Market Study Terms

The terms in this section are definitions agreed upon by NCHMA members. Market studies for affordable housing prepared by NCNCHMAHMA members should use these definitions in their studies except where other definitions are specifically identified.

| Terminology                   | Definition   |
|-------------------------------|--|
| Absorption period             | The period of time necessary for a newly constructed or renovated property to achieve the <i>stabilized level of occupancy</i> . The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the <i>stabilized level of occupancy</i> has a signed lease. Assumes a typical pre-marketing period, prior to the issuance of the certificate of occupancy, of about three to six months. The month that leasing is assumed to begin should accompany all absorption estimates. |
| Absorption rate               | The average number of units rented each month during the <i>absorption period</i> .  |
| Acceptable <i>rent burden</i> | The rent-to-income ratio used to qualify tenants for both income-restricted and non-income restricted units. The acceptable rent burden varies depending on the requirements of funding sources, government funding sources, target markets, and local conditions.   |
| Achievable Rents              | See <i>Market Rent, Achievable Restricted Rent</i> .   |
| Affordable housing            | Housing affordable to low or very low-income tenants.  |
| Amenity                       | Tangible or intangible benefits offered to a tenant. Typical amenities include on-site recreational facilities, planned programs,  |

services and activities.

|                            |  |
|----------------------------|--|
| Annual demand              | The total estimated demand present in the market in any one year for the type of units proposed.   |
| Assisted housing           | Housing where federal, state or other programs <i>subsidize</i> the monthly costs to the tenants.  |
| Bias                       | A proclivity or preference, particularly one that inhibits or entirely prevents an impartial judgment.   |
| Capture rate               | The percentage of age, size, and income qualified renter households in the <i>primary market area</i> that the property must capture to fill the units. Funding agencies may require restrictions to the qualified households used in the calculation including age, income, living in substandard housing, mover-ship and other comparable factors. The <i>Capture Rate</i> 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 <i>primary market area</i> . See also: penetration rate. |
| Comparable property        | A property that is representative of the rental housing choices of the subject's <i>primary market area</i> and that is similar in construction, size, amenities, location, and/or age. Comparable and <i>competitive</i> properties are generally used to derive market rent and to evaluate the subject's position in the market. See the NCHMA white paper <i>Selecting Comparable Properties</i>   |
| Competitive property       | A property that is comparable to the subject and that competes at nearly the same rent levels and tenant profile, such as age, family or income.   |
| Comprehensive Market Study | NCHMA defines a comprehensive market study for the purposes of IRS Section 42 as a market study compliant with its Model Content Standards for Market Studies for Rental Housing. Additionally, use of the suggested wording in the NCHMA certification without limitations regarding the comprehensive nature of the study, shows compliance with the IRS Section 42 request for completion of a market study by a 'disinterested party.'   |
| Concession                 | Discount given to a prospective tenant to induce the tenant to sign a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or for free amenities, which are normally charged separately (i.e. washer/dryer, parking).  |
| Demand                     | The total number of households in a defined market area that would potentially move into the proposed new or renovated housing units. These households must be of the appropriate age, income, tenure and size for a specific proposed development. Components of  |

demand vary and can include household growth; turnover, those living in substandard conditions, rent over-burdened households, and demolished housing units. Demand is project specific.

|                  |   |
|------------------|---|
| Effective rents  | Contract rent less concessions.   |
| Household trends | Changes in the number of households for a particular area over a specific period of time, which is a function of new household formations (e.g. at marriage or separation), changes in average household size, and net <i>migration</i> .   |
| Income band      | The range of incomes of households that can afford to pay a specific rent but do not have below any applicable program-specific maximum income limits. The minimum household income typically is based on a defined <i>acceptable rent burden</i> percentage and the maximum typically is pre-defined by specific program requirements or by general market parameters.   |
| Infrastructure   | Services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.  |
| Market advantage | The difference, expressed as a percentage, between the estimated market rent for an apartment property without income restrictions and the lesser of (a) the owner's proposed rents or (b) the maximum rents permitted by the financing program for the same apartment property.<br>$(\text{market rent} - \text{proposed rent}) / \text{market rent} * 100$  |
| Market analysis  | A study of real estate market conditions for a specific type of property.   |
| Market area      | See <i>primary market area</i> .  |
| Market demand    | The total number of households in a defined market area that would potentially move into any new or renovated housing units. Market demand is not project specific and refers to the universe of tenure appropriate households, independent of income. The components of market demand are similar to those used in determining project-specific demand.<br>A common example of market demand used by HUD's MAP program, which is based on three years of renter household growth, loss of existing units due to demolition, and market conditions. |
| Market rent      | The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the <i>primary market area</i> considering its location, features and amenities. Market rent should be adjusted for <i>concessions</i> and owner paid utilities included in the rent. See the NCHMA publication <i>Calculating Market Rent</i> .  |

|  |   |
|--|---|
| Market study   | A comprehensive study of a specific proposal including a review of the housing market in a defined market area. Project specific market studies are often used by developers, syndicators, and government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, exist within a specific geography. The minimal content of a market study is shown in the NCHMA publication <i>Model Content for Market Studies for Rental Housing</i> . |
| Marketability  | The manner in which the subject fits into the market; the relative desirability of a property (for sale or lease) in comparison with similar or competing properties in the area.   |
| Market vacancy rate, economic                              | Percentage of rent loss due to concessions, vacancies, and non-payment of rent on occupied units.   |
| Market vacancy rate, physical                              | Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same market, excluding units in properties which are in the lease-up stage.  |
| Migration  | The movement of households into or out of an area, especially a <i>primary market area</i> .  |
| Mixed income property                                      | An apartment property containing (1) both income restricted and unrestricted units or (2) units restricted at two or more income limits (i.e. low income tax credit property with income limits of 30%, 50% and 60%).   |
| Mobility   | The ease with which people move from one location to another.   |
| Move-up demand   | An estimate of how many consumers are able and willing to relocate to more expensive or desirable units. Examples: tenants who move from class-C properties to class-B properties, or tenants who move from older tax credit properties to newer tax credit properties-   |
| Multi-family   | Structures that contain more than two housing units.  |
| Neighborhood   | An area of a city or town with common demographic and economic features that distinguish it from adjoining areas.   |
| Net rent (also referred to as contract rent or lease rent) | Gross rent less <i>tenant paid utilities</i> .  |
| Penetration rate   | The percentage of age and income qualified renter households in the <i>primary market area</i> 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*. Funding agencies may require restrictions to the qualified Households used in the calculation including age, income, living in substandard housing, mover ship and other comparable factors.

units in all proposals / households in market \* 100

See also: capture rate.

|                               |  |
|-------------------------------|--|
| Pent-up demand                | A market in which there is a scarcity of supply and vacancy rates are very low.  |
| Population trends             | Changes in population levels for a particular area over a specific period of time—which is a function of the level of births, deaths, and net <i>migration</i> .                                       |
| Primary market area           | A geographic area from which a property is expected to draw the majority of its residents. See the NCHMA publication <i>Determining Market Area</i> .  |
| Programmatic rents            | See <i>restricted rents</i> .  |
| Project based rent assistance | Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit. |
| Redevelopment                 | The redesign or rehabilitation of existing properties.   |
| Rent burden                   | Gross rent divided by adjusted monthly household income.   |
| Rent burdened households      | Households with <i>rent burden</i> above the level determined by the lender, investor, or public program to be an acceptable rent-to-income ratio.   |
| Restricted rent               | The rent charged under the restrictions of a specific housing program or subsidy.  |
| Restricted rent, Achievable   | The rents that the project can attain taking into account both market conditions and rent in the <i>primary market area</i> and income restrictions.   |
| Saturation                    | The point at which there is no longer demand to support additional units. Saturation usually refers to a particular segment of a specific market.  |
| Secondary market area         | The portion of a market area that supplies additional support to an apartment property beyond that provided by the primary market area.  |
| Special needs population      | Specific market niche that is typically not catered to in a conventional apartment property. Examples of special needs populations include: substance abusers, visually impaired person or             |

|   |   |
|---|---|
|   | persons with mobility limitations.  |
| Stabilized level of occupancy                 | The underwritten or actual number of occupied units that a property is expected to maintain after the initial rent-up period, expressed as a percentage of the total units.   |
| Subsidy                                       | Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's <i>contract rent</i> and the amount paid by the tenant toward rent.  |
| Substandard conditions                        | Housing conditions that are conventionally considered unacceptable which may be defined in terms of lacking plumbing facilities, one or more major systems not functioning properly, or overcrowded conditions.   |
| Target income band                            | The <i>income band</i> from which the subject property will draw tenants.   |
| Target population                             | The market segment or segments a development will appeal or cater to. State agencies often use target population to refer to various income set asides, elderly v. family, etc.   |
| Tenant paid utilities                         | The cost of utilities (not including cable, telephone, or internet) necessary for the habitation of a dwelling unit, which are paid by the tenant.  |
| Turnover turnover period                      | 1. An estimate of the number of housing units in a market area as a percentage of total housing units in the market area that will likely change occupants in any one year. See also: vacancy period. Housing units with new occupants / housing units * 100<br>2. The percent of occupants in a given apartment complex that move in one year. |
| Unmet housing need                            | New units required in the market area to accommodate household growth, homeless people, and households in substandard conditions.   |
| Unrestricted rents                            | Rents that are not subject to <i>restriction</i> .  |
| Unrestricted units                            | Units that are not subject to any income or rent restrictions.  |
| Vacancy period                                | The amount of time that an apartment remains vacant and available for rent.   |
| Vacancy rate-economic vacancy rate - physical | Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The number of total habitable units that are vacant divided by the total number of units in the property.   |

## II. Other Useful Terms

The terms in this section are not defined by NCHMA.

| <b>Terminology</b>                        | <b>Definition</b>   |
|---|---|
| Area Median Income (AMI)                  | 100% of the gross median household income for a specific Metropolitan Statistical Area, county or non-metropolitan area established annually by HUD.  |
| Attached housing                          | Two or more dwelling units connected with party walls (e.g. townhouses or flats).   |
| Basic Rent                                | The minimum monthly rent that tenants who do not have rental assistance pay to lease units developed through the USDA-RD Section 515 Program, the HUD Section 236 Program and HUD Section 223(d)(3) Below Market Interest Rate Program. The Basic Rent is calculated as the amount of rent required to operate the property, maintain debt service on a subsidized mortgage with a below-market interest rate, and provide a return on equity to the developer in accordance with the regulatory documents governing the property.          |
| Below Market Interest Rate Program (BMIR) | Program targeted to renters with income not exceeding 80% of area median income by limiting rents based on HUD's BMIR Program requirements and through the provision of an interest reduction contract to subsidize the market interest rate to a below-market rate. Interest rates are typically subsidized to effective rates of one percent or three percent.  |
| Census Tract                              | A small, relatively permanent statistical subdivision delineated by a local committee of census data users for the purpose of presenting data. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features; they always nest within counties. They are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time of establishment. Census tracts average about 4,000 inhabitants. |
| Central Business District (CBD)           | The center of commercial activity within a town or city; usually the largest and oldest concentration of such activity.   |
| Community Development Corporation (CDC)   | Entrepreneurial institution combining public and private resources to aid in the development of socio-economically disadvantaged areas.   |
| Condominium                               | A form of joint ownership and control of property in which specified volumes of space (for example, apartments) are owned individually while the common elements of the property (for example, outside walls) are owned jointly.  |

|                                    |   |
|------------------------------------|---|
| Contract Rent                      | 1.The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease. (HUD & RD) 2. The monthly rent agreed to between a tenant and a landlord (Census).   |
| Difficult Development Area (DDA)   | An area designated by HUD as an area that has high construction, land, and utility costs relative to the Area Median Gross Income. A project located in a DDA and utilizing the Low Income Housing Tax Credit may qualify for up to 130% of eligible basis for the purpose of calculating the Tax Credit allocation.  |
| Detached Housing                   | A freestanding dwelling unit, typically single-family, situated on its own lot.   |
| Elderly or Senior Housing          | Housing where (1) all the units in the property are restricted for occupancy by persons 62 years of age or older or (2) at least 80% of the units in each building are restricted for occupancy by Households where at least one Household member is 55 years of age or older and the housing is designed with amenities and facilities designed to meet the needs of senior citizens.  |
| Extremely Low Income               | Person or Household with income below 30% of Area Median Income adjusted for Household size.  |
| Fair Market Rent (FMR)             | The estimates established by HUD of the Gross Rents (Contract Rent plus Tenant Paid Utilities) needed to obtain modest rental units in acceptable condition in a specific county or metropolitan statistical area. HUD generally sets FMR so that 40% of the rental units have rents below the FMR. In rental markets with a shortage of lower priced rental units HUD may approve the use of Fair Market Rents that are as high as the 50th percentile of rents. |
| Garden Apartments                  | Apartments in low-rise buildings (typically two to four stories) that feature low density, ample open-space around buildings, and on-site parking.  |
| Gross Rent                         | The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease plus the estimated cost of all Tenant Paid Utilities.   |
| High-rise                          | A residential building having more than ten stories.  |
| Household                          | One or more people who occupy a housing unit as their usual place of residence.   |
| Housing Unit                       | House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.  |
| Housing Choice Voucher (Section 8) | Federal rent subsidy program under Section 8 of the U.S. Housing Act, which issues rent vouchers to eligible Households to use in the   |



|                              |   |
|------------------------------|---|
| Program)                     | housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30% of adjusted income, (or 10% of gross income, whichever is greater). In cases where 30% of the tenants' income is less than the utility allowance, the tenant will receive an assistance payment. In other cases, the tenant is responsible for paying his share of the rent each month.  |
| Housing Finance Agency (HFA) | State or local agencies responsible for financing housing and administering Assisted Housing programs.  |
| HUD Section 8 Program        | Federal program that provides project based rental assistance. Under the program HUD contracts directly with the owner for the payment of the difference between the Contract Rent and a specified percentage of tenants' adjusted income.  |
| HUD Section 202 Program      | Federal Program, which provides direct capital assistance (i.e. grant) and operating or rental assistance to finance housing designed for occupancy by elderly households who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization. Units receive HUD project based rental assistance that enables tenants to occupy units at rents based on 30% of tenant income. |
| HUD Section 811 Program      | Federal program, which provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by persons with disabilities who have income not exceeding 50% of Area Median Income. The program is limited to housing owned by 501(c)(3) nonprofit organizations or by limited partnerships where the sole general partner is a 501(c)(3) nonprofit organization.  |
| HUD Section 236 Program      | Federal program which provides interest reduction payments for loans which finance housing targeted to Households with income not exceeding 80% of area median income who pay rent equal to the greater of Basic Rent or 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.   |
| Income Limits                | Maximum Household income by county or Metropolitan Statistical Area , adjusted for Household size and expressed as a percentage of the Area Median Income for the purpose of establishing an upper limit for eligibility for a specific housing program. Income Limits for federal, state and local rental housing programs typically are established at 30%, 50%, 60% or 80% of AMI. HUD publishes Income Limits each year for 30% median, Very Low Income (50%), and Low-Income (80%), for households with 1 through 8 people.                |
| Low Income                   | Person or Household with gross Household income below 80% of Area Median Income adjusted for Household size.  |

|  |   |
|--|---|
| Low Income Housing Tax Credit                            | A program to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code, as amended. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and that the rents on these units be restricted accordingly.  |
| Low Rise Building  | A building with one to three stories  |
| Metropolitan Statistical Area (MSA)                      | A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core. Qualification of an MSA requires the presence of a city with 50,000 or more inhabitants, or the presence of an Urbanized Area (UA) and a total population of at least 100,000 (75,000 in New England). The county or counties containing the largest city and surrounding densely settled territory are central counties of the MSA. Additional outlying counties qualify to be included in the MSA by meeting certain other criteria of metropolitan character, such as a specified minimum population density or percentage of the population that is urban. |
| Mid-rise   | A building with four to ten stories.  |
| Moderate Income  | Person or Household with gross household income between 80 and 120 percent of area median income adjusted for Household size.   |
| Public Housing or Low Income Conventional Public Housing | HUD program administered by local (or regional) Housing Authorities which serves Low- and Very-Low Income Households with rent based on the same formula used for HUD Section 8 assistance.   |
| Qualified Census Tract (QCT)                             | Any census tract (or equivalent geographic area defined by the Bureau of the Census) in which at least 50% of Households have an income less than 60% of Area Median Income or where the poverty rate is at least 25%. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130% of the eligible basis for the purpose of calculating the Tax Credit allocation.   |
| Rural Development (RD) Market Rent                       | A monthly rent that can be charged for an apartment under a specific USDA-RD housing program, that reflects the agency's estimate of the rent required to operate the property, maintain debt service on an un-subsidized mortgage and provide an adequate return to the property owner. This rent is the maximum rent that a tenant can pay at an RD Property.   |
| Rural Development (RD) Program (Formerly the Farmers     | Federal program which provides low interest loans to finance housing which serves low- and moderate-income persons in rural areas who pay 30 percent of their adjusted income on rent or the basic rent,  |

|   |  |
|---|--|
| Home Administration Section 515 Rural Rental Housing Program) | whichever is the higher (but not exceeding the market rent). The Program may include property based rental assistance and interest reduction contracts to write down the interest on the loan to as low as one percent.  |
| Single-Family Housing   | A dwelling unit, either attached or detached, designed for use by one Household and with direct access to a street. It does not share heating facilities or other essential building facilities with any other dwelling. |
| State Data Center (SDC)                                       | A state agency or university facility identified by the governor of each state to participate in the Census Bureau's cooperative network for the dissemination of the census data.                                       |
| Tenant  | One who rents real property from another.  |
| Tenure  | The distinction between owner-occupied and renter-occupied housing units.  |
| Townhouse (or Row House)                                      | Single-family attached residence separated from another by party walls, usually on a narrow lot offering small front and back-yards; also called a row house.  |
| Very Low Income   | Person or Household whose gross household income does not exceed 50% of Area Median Income adjusted for Household size.  |
| Zoning  | Classification and regulation of land by local governments according to use categories (zones); often also includes density designations.  |

## **Addendum E**

### **NCHMA Checklist**

**Addendum F**  
**Engagement Letter**

**Tara Franco**  
VP | FHA Deputy Chief Underwriter

CBRE HMF, Inc.  
Capital Markets  
Debt & Structured Finance – Multifamily & Healthcare

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Suite 3200  
Denver, CO 80202

+1 415.823.8231 Tel  
+1 303.628.1757 Fax

**CBRE HMF, INC.**  
**AGREEMENT FOR MARKET ANALYSIS SERVICES**  
**SECTION 221(D)(4) SUB REHAB**

**1.0) SPECIFICATIONS:**

- 1.1) AGREEMENT DATE: January 13, 2023
- 1.2) SUBJECT: John Early Apartments  
718 Blue Ridge Ave.  
Bedford, VA 25423  
78 Units
- 1.3) ANALYST: Newmark Knight Frank Valuation & Advisory, LLC  
c/o M. Scott Allen  
(716) 810-1221  
Scott.Allen@nmrk.com
- 1.4) CLIENT: CBRE HMF, Inc.  
1225 17<sup>th</sup> Street, Suite 3200  
Denver, CO 80202  
c/o Tara Franco  
415.823.8231  
Tara.Franco@cbre.com

AND

John Early Seniors Housing, L.P.  
1706 Grandin Rd., SW.  
Roanoke, VA  
24015 - 2816

EMAIL COPY of REPORT TO: Tara.Franco@cbre.com  
Mike.Sexton@cbre.com  
Madalyn.Tighe@cbre.com  
Mason.Sand@cbre.com

PROPERTY CONTACT: Mason Sand  
1225 17<sup>th</sup> Street, Suite 3060  
Denver, CO 80202  
(303) 583-2070  
Mason.Sand@cbre.com

1.4) TOTAL FEE: **\$4,000.00**

1.4.1) Travel expense is to be included in total fee.

1.5) SCHEDULED COMPLETION DATE

- 1.5.1 Draft: within **4 weeks** of the date of this AGREEMENT, 02/10/23
- 1.5.2 Final: within **5 days** of CBRE's approval of the DRAFT report

**2.0) AGREEMENT:**

This AGREEMENT is entered into on the date noted above between the ANALYST, with offices located as noted above, and CBRE HMF, Inc. (hereinafter referred to as CBRE) with offices located at 1225 17<sup>th</sup> Street, Suite 3200, Denver CO, 80202 AND Wesley Lynchburg Housing, L.P. with offices located at 1707 Grandin Rd., SW, Roanoke, VA 24015.

The provisions and special conditions stated herein will prevail over all statements or directions, either written or verbal, when such statements contradict the terms and expectations of the engagement established herein. Modifications to this AGREEMENT must be confirmed by an addendum executed by the parties to this AGREEMENT.

This AGREEMENT is conditioned upon the approval of Scott Allen with Newmark Knight Frank Valuation & Advisory, LLC (ANALYST), by the VHDA that will be processing the subject application. As of the date of this letter, CBRE has not yet received approval from VHDA.

**3.0) SCOPE OF SERVICES:**

See attached VHDA Market Study Guidelines.

**4.0) PAYMENT OF FEE:**

The fees noted in section 1.4 (which include travel and all related expenses) are to be paid to the CONSULTANT upon acceptance of the Final Report. However, unless the report is deemed unacceptable, LENDER will pay CONSULTANT not more than 30 days from the receipt of the report. In exchange, the CONSULTANT agrees that the duty to cooperate in editing the report for acceptability to VHDA survives receipt of payment to CONSULTANT by LENDER.

**5.0) SPECIAL CONDITIONS:**

- 5.1) Correspondence and data from the ANALYST will, at CBRE's request, be transmitted by express conveyance, i.e., express mail, overnight courier and/or fax at the ANALYST's expense.
- 5.2) Information provided by CBRE, which is not a part of the Public Domain, is considered proprietary, including the Report and associated data. Therefore, these will not be made available to others without the prior written consent of CBRE.
- 5.3) The Fee for services to be provided under this AGREEMENT is not contingent upon conclusions that will be developed by the ANALYST.
- 5.4) The ANALYST represents that there is no identity of interest between the ANALYST and the SUBJECT, its owners, proposed owners, or the CLIENT.

- 5.5) Except as noted below, the ANALYST represents that he/she has not previously been engaged to complete a Market Analysis for the SUBJECT.
- 5.6) Except as noted below, the ANALYST represents that he/she has had no discussions with the Owner, proposed Owner of the SUBJECT, or the CLIENT regarding the SUBJECT or the ANALYST's engagement by CBRE to develop an Appraisal.
- 5.7) It is expected that the ANALYST will interview the Owner and/or proposed Owner of the SUBJECT, or the CLIENT, as an integral part of the analysis process; however, it is understood that comments by the Owner, proposed Owner or CLIENT will not influence the ANALYST's conclusions regarding value. The ANALYST will report to CBRE any remarks and/or actions by such individuals, which in the ANALYST's opinion are intended to unduly influence the conclusions of the ANALYST.
- 5.8) The ANALYST acknowledges that requests for payment for reports and or data presented which in CBRE's opinion is not in compliance with VHDA procedures and/or good commercial practices may not be accepted.
- 5.9) The ANALYST may not limit his/her liability to CBRE or its assigns.
- 5.10) TIME IS OF THE ESSENCE regarding this AGREEMENT.

This AGREEMENT represents the entire agreement and understanding between the ANALYST and CBRE HMF, Inc. with respect to the matters referred to herein and supersedes all prior or contemporaneous agreements, representations, and understandings between the parties hereto

**6.0) ACCEPTANCE:**

The parties hereto have accepted the provisions of this AGREEMENT effective on the date noted above.

By: CBRE HMF, Inc.

By: Newmark Knight Frank Valuation & Advisory, LLC



By: Tara Franco

By: M. Scott Allen, MAI

Title: VP | FHA Deputy Chief Underwriter

Title: Executive Vice President

**PREVIOUS ASSOCIATION DECLARATION:**

With respect to the ANALYST's representations included in Paragraphs 5.5 and 5.6 above, the following exceptions are noted: (If there are none indicate "none").

**None.**





# Market Study Guidelines

The Internal Revenue Code and the Qualified Allocation Plan ("QAP") of Virginia require the submission of a market study in connection with an application for Low Income Housing Tax Credits (LIHTC).

Virginia Housing, in accordance with Section 42(m)(1)(A)(iii) of the Internal Revenue Code, requires that the entity preparing the market study be a disinterested party, approved by Virginia Housing ("the credit agency"). Accordingly, the analyst cannot have any interest in the development or have a relationship with the owner of the development.

All applicants applying for Low-Income Housing Tax Credits (LIHTC) are required to submit a market study at the time of application. **Failure to submit the market study by the stated deadline may disqualify the application.**

Only Virginia Housing approved market analysts will be allowed to complete market studies for developments seeking a LIHTC reservation. A complete listing of approved market analysts can be found on the [Virginia Housing website](#).

A developer submitting an application for a development that will be funded with both 9% and 4% tax credits, must submit a separate market study for the 9% project and the 4% project.

Virginia Housing has no contractual relationship with the preparer of the market study. Market studies are procured directly by the LIHTC applicant and accordingly, the applicant is the client of the market analyst. Therefore, the market study should be addressed directly to the client and any representations made by the market analyst should not directly or indirectly communicate that the market analyst is representing Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing. The analyst, however, must identify Virginia Housing as an authorized user of the market study, noting that Virginia Housing may rely on the representations made therein.

The market study **must be submitted to Virginia Housing by the LIHTC applicant and included within the pdf Application Tab.**

The market study should be in electronic, PDF format. Virginia Housing should be able to select, copy and cut text. In reviewing any LIHTC application and the corresponding market study, Virginia Housing at its sole discretion may request supplementary market data from the analyst or commission an additional

market study. The market analyst conducting this additional work, will be commissioned and compensated directly by Virginia Housing, and in such transaction, Virginia Housing will be the client of the market study preparer. The applicant may be required to bear the cost of additional market studies/inquiries.

Any market study submitted to Virginia Housing in connection with a LIHTC application will remain Virginia Housing's possession and may continue to be relied upon by Virginia Housing in determining the market feasibility of the proposed development, regardless of any circumstances that might exist between the LIHTC applicant and the market study analyst or firm.

On occasion, there are inconsistencies between certain representations in the LIHTC application and representations in the market study pertaining to various development attributes, such as architectural features, unit amenities, site amenities, etc. In these instances, Virginia Housing will rely only upon representations made in the LIHTC application, including supporting application documentation, as the basis for any LIHTC allocation. If the degree of inconsistency implies a disconnection between the applicant and the market analyst, then the market study may not be approved and the LIHTC application may be disqualified.

No LIHTC reservation will be made until Virginia Housing has determined that a sufficient analysis of demand for the proposed development has been completed. Each report must meet all market study requirements, including, the inclusion of specific data, required calculation methods and report format. Furthermore, reports must be written and contain sufficient information, analysis and supporting documentation to provide Virginia Housing with an understanding of the market data presented, the analysis of the data, and the conclusion(s) of such data and its relationship to the subject property. The market study should lead the reader to the same or similar conclusion(s) reached by the analyst. If these requirements are not met, then the study and the entity which prepared it may not be approved.

For Virginia Housing purposes, **the date of the site inspection is the Effective Date of the report**. The Effective Date must be obviously stated on the cover page or in the Executive Summary section of the report. For a market study with an Effective Date that is 6 to 12 months old at the time of submission, if there are no material changes to the development and/or market, the analyst can provide a letter stating "No material changes since last report dated..." If there are material changes, the market study must be updated to include detailed discussion about those changes. No market study greater than 12 months old will be accepted, meaning a site inspection by the market analyst **must** occur within 12 months of Virginia Housing's application deadline.

Market studies for LIHTC developments will model the National Council of Housing Market Analysts' (NCHMA's) Model Content Standards (Version 3.0) , as well as its Market Study Terminology , Market Study Index and FAQs (for Model Content Standard).

**Section A** (Virginia Housing & NCHMA Model Content Standards): **Executive Summary**

**Section B** (Virginia Housing & NCHMA Model Content Standards): **Introduction and Scope of Work**

**Section C** (Virginia Housing & NCHMA Model Content Standards): **Project Description**

In addition to NCHMA requirements under this section, the analyst must discuss:

1. Construction Type - New Construction, Rehabilitation, Adaptive Reuse
2. Occupancy Type - Family, Elderly
3. Indicate if the proposal is a scattered site development
4. Income Restrictions: Use the applicable income restrictions of the proposed development. Analysts must take the income and occupancy restrictions indicated in the LIHTC application into account when estimating demand.
5. Site amenities of one phase of a development cannot be included as amenities in subsequent phases of a development.

**Section D** (Virginia Housing & NCHMA Model Content Standards): **Location**

**Section E** (Virginia Housing & NCHMA Model Content Standards): **Market Area**

In addition to NCHMA requirements under this section, the analyst must consider:

1. All sites in a scattered site development must be within the boundaries of the primary market area.
2. Primary market areas are prohibited from being defined using concentric rings.
3. Analysts are encouraged to be conservative in defining the primary market area.
4. Include secondary or tertiary markets.
5. Primary market areas deemed to be inappropriate by Virginia Housing may cause the market study/analyst to be rejected and thereby cause the application to be disqualified.

**Section F** (Virginia Housing & NCHMA Model Content Standards): **Employment & Economy**

**Section G (Virginia Housing & NCHMA Model Content Standards):  
Demographic Characteristics**

In addition to NCHMA requirements under this section, the analyst must discuss:

1. Elderly is defined as 55 and older.
2. If elderly population serving 55 and older, account for that population.
3. The number of owner and renter households (if appropriate, breakout by elderly/non-elderly)
4. Households by income (if elderly development, indicate income distribution of elderly households only)
5. Renter households by number of persons in the household
6. At a minimum, use the current year's estimate and a five-year projection (i.e. if your study is completed in 2020, you will use 2020 estimates and projections for 2025).

**Section H (Virginia Housing & NCHMA Model Content Standards):  
Competitive Environment**

In addition to NCHMA requirements under this section, the analyst must consider the following:

1. All comparable LIHTC developments located within the primary market area must be included in the analysis; LIHTC communities targeting a different tenant base (elderly, family, and/or PBRA) may be excluded from the analysis but identified.
2. Provide a detailed analysis of the impact of the proposed project on existing and comparable LIHTC properties in the primary market area.
3. Proposed rural developments for which a sufficient number of comparable properties does not exist, the analyst must select at least three (3) comparable developments in adjacent localities with similar characteristics to be included in its analysis. Analysts should explain any socio-economic or housing market differences between the comparable properties' and the subject project's markets.
4. Family and elderly developments should not be considered as competitive with each other. However, in cases where there are no comparable senior projects in the primary market area or region, analysts may consider using family projects with bedroom types similar to those proposed at the subject project as comparable properties.

total housing costs (rent plus utilities). The demand analysis must clearly indicate the minimum and maximum income range for each targeted group.

For applicants proposing developments with project-based rental assistance (Section 8, Public Housing, USDA Rental Assistance) analysts should use the lesser of maximum allowable LIHTC rents or proposed rents based on income targeting indicated in the application in determining affordability. Analysts should provide demand estimates and capture rates both with and without additional project-based subsidies.

For applicants proposing developments with market rate units, the analyst must make a reasonable determination of a maximum income level beyond which a household would not likely be a participant in the rental housing market. Assumptions used in making this determination must be clearly stated in the report.

For applicants submitting an application for a development that will be funded with both 9% and 4% tax credits, the capture and penetration rate analyses should be done for the total number of units expected to come online between both the 4% and 9% projects.

4. Analysts are required to use net demand in calculating capture rates and the absorption period. Net demand should be determined by subtracting the supply of vacant comparable units in the PMA, completed or pipeline, from total demand. Demand, Supply, Net Demand and Total Absorption Period should be indicated as follows:

## **Addendum G**

### **Appraiser Qualifications and Licenses**



# M. Scott Allen

MAI

*Executive Vice President  
Specialty Practice Leader – HUD  
FHA/Affordable Housing*

t 716-810-1221  
m 716-523-0668  
scott.allen@nrmk.com

## YEARS OF EXPERIENCE

20+

## AREAS OF SPECIALTY

Valuation & Advisory

Market Analysis

Multifamily

Land

HUD FHA/MAP

LIHTC Appraisals and Market  
Studies

Scott Allen, MAI joined Newmark Valuation & Advisory in 2019 as an Executive Vice President of the company's Buffalo office. A 35-year industry veteran, Scott has prepared valuations and market analyses across a broad range of property types that includes residential housing, low-income housing projects, apartments, student apartments, historic preservation projects, senior housing projects, commercial property and vacant land.

Over the course of his career, Scott has focused on producing quality market analyses and appraisal work in a timely manner for mortgage lenders, corporations, non-profits, tax credit syndicators, private developers/investors, and government entities including HUD, Rural Development, and Fannie Mae/Freddie Mac.

Scott began his career as a certified general appraiser and currently focuses his efforts on market analysis and appraisal work related to multifamily and residential housing. Prior to joining Newmark, Scott was principal and partner of GAR Associates, a commercial real estate and advisory firm established in 1961.

### Professional Affiliations

- Member and Past Chairperson, National Council of Housing Market Analysts (NCHMA)
- Board of Directors, National Housing & Rehabilitation Association (NH&RA)
- Member, Eastern & Western Lenders Association (HUD Lenders)
- Member, New York State Association for Affordable Housing (NYSFAFH)

### Licenses and Designations

- MAI designation, Appraisal Institute
- Certified general real estate property appraiser, state of New York
- Certified general real property appraiser, states of Arizona, Connecticut, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Vermont, and Virginia
- Approved Market Analyst by New York State HCR and ADOH (Arizona Department of Housing)
- HUD MAP appraisal and market analysis, and instructor for the MBA HUD Lender training/appraisal principals and procedures

### Education

Scott earned his Bachelor of Arts degree in materials and logistics management from Michigan State University's College of Business in 1986. He is currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members and has been an approved instructor for the HUD MAP Underwriting Training Program since 2013.

COMMONWEALTH of VIRGINIA

Department of Professional and Occupational Regulation

9960 Mayland Drive, Suite 400, Richmond, VA 23233

Telephone: (804) 367-8500

EXPIRES ON

12-31-2023

NUMBER

4001014635

REAL ESTATE APPRAISER BOARD

CERTIFIED GENERAL REAL ESTATE APPRAISER



SCOTT ALLEN  
2410 N FOREST RD STE 204  
GETZVILLE, NY 14068



*Demetrios J. Mello*  
Demetrios J. Mello, Director

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

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-LIC (02/2017)

(DETACH HERE)

 COMMONWEALTH of VIRGINIA  
Department of Professional and Occupational Regulation

REAL ESTATE APPRAISER BOARD  
CERTIFIED GENERAL REAL ESTATE APPRAISER  
NUMBER: 4001014635 EXPIRES: 12-31-2023

SCOTT ALLEN  
2410 N FOREST RD STE 204  
GETZVILLE, NY 14068



(FOLD)

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

DPOR-PC (02/2017)