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NATIONWIDE VALUATION AND MARKET FEASIBILITY EXPERTS

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**Need and Demand Analysis For
Dearington Hills
311 Chambers Street
Lynchburg, Virginia 24504**

**Prepared For
Smith & Henzy Affordable
1100 Northwest 4th Avenue
Delray Beach, Florida 33444**

**Effective Date
March 11, 2024**

**Date of Report
March 14, 2024**

Dearington Hills
311 Chambers Street
Lynchburg, Virginia 24504



March 14, 2024

Mr. Timothy Henzy
Smith & Henzy Affordable
1100 Northwest 4th Avenue
Delray Beach, Florida 33444

Dear Mr. Henzy:

Following is a market study which was completed for Smith & Henzy Affordable, under the guidelines set forth by Virginia Housing. The subject site is located at 311 Chambers Street in the City of Lynchburg, Virginia. The site currently contains an existing apartment complex. The existing facility will be demolished, and new apartments will be constructed in phases. The proposed development is the first phase of the new apartments. The property will contain two three-story walk-up buildings containing a total of 67 revenue units. Once construction is complete, the property will be Low Income Housing Tax Credit (LIHTC) with units at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers.

The purpose of the following market study is to determine if the community has a need for the proposed units. To do so, the analyst, Samuel T. Gill, utilized data from the U.S. Census Bureau; Claritas; Ribbon Demographics, 2023 Data; and various other demographic resources. Community information and opinion was also utilized. This information was collected during a field survey conducted by Samuel T. Gill while visiting the subject on March 11, 2024. An attempt was made to survey 100 percent of all competitive housing in the area.

I certify that there is not now nor will there be an identity of interest between or among the applicant, contractor, architect, engineer, attorney, interim lender, subcontractors, material suppliers, equipment lessors or any of their members, directors, officers, stockholders, partners or beneficiaries without prior written identification to Virginia Housing and written consent to such identity of interest by Virginia Housing. All recommendations and conclusions are based solely on the professional opinion and best efforts of the analysts. This statement is given for the purpose of inducing the United States of America to make a loan as requested in the loan pre-application or application of which this statement is a part.

A handwritten signature in black ink that reads "Samuel T. Gill".

Samuel T. Gill
Market Analyst



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CERTIFICATION

This is to certify that a field visit was made by the market analyst or one of his associates and information was obtained from publications of federal, state and local agencies. Interviews were held with apartment owners or managers, local officials and others as appropriate who may be knowledgeable of the housing market in Lynchburg.

In accordance with Virginia Housing, I hereby certify that the information provided in this Market Study was written according to Virginia Housing's market study requirements and is truthful and accurate to the best of my knowledge and belief. The estimates of demand for multifamily housing made by this report are based on the assumption of a free market situation, unencumbered by local mores, affirmative fair housing marketing or prejudice toward the site location.

This is to affirm that I will receive no fees which are contingent upon approval of the project by Virginia Housing, before or after the fact, and that I will have no interest in the housing project.

A handwritten signature in cursive script that reads "Samuel T. Gill".

Samuel T. Gill
Market Analyst
Tax ID Number: 43-1352932

March 14, 2024



IDENTITY OF INTEREST

I understand and agree that Virginia Housing will consider an identity of interest to exist between the loan applicant as the party of the first part and general contractors, architects, engineers, attorneys, interim lenders, subcontractors, material suppliers or equipment lessors as parties of the second part under any of the following conditions:

1. When there is any financial interest of the party of the first part in the party of the second part;
2. When one or more of the officers, directors, stockholders or partners of the party of the first part is also an officer, director, stockholder or partner of the party of the second part;
3. When any officer, director, stockholder or partner of the party of the first part has any financial interest whatsoever in the party of the second part;
4. When the party of the second part advances any funds to the party of the first part other than an interim lender advancing funds to enable the applicant to pay for construction and other authorized and legally eligible expenses during the construction period;
5. When the party of the second part provides and pays on behalf of the party of the first part the cost of any legal services, architectural services or interim financing other than those of the survey, general superintendent or engineer employed by a general contractor in connection with obligations under the construction contract;
6. When the party of the second part takes stock or any interest in the party of the first part as part of the consideration to be paid them; and
7. When there exists or comes into being any side deals, agreements, contracts or undertakings entered into thereby altering, amending or canceling any of the required closing documents or approval conditions as approved by Virginia Housing.

I certify that there is not now nor will there be an identity of interest between or among the applicant, contractor, architect, interim lender, subcontractors, material suppliers, equipment lessors or any of their members, directors, officers, stockholders, partners or beneficiaries without prior written identification to Virginia Housing and written consent to such identity of interest by Virginia Housing. This statement is given for the purpose of inducing the United States of America to make a loan as requested in the loan pre-application or application of which this statement is a part.

There is no identity of interest between the loan applicant and the Market Analyst or Gill Group.

Samuel T. Gill
Market Analyst

March 14, 2024



NCHMA MEMBER CERTIFICATION



Formerly known as
National Council of Affordable
Housing Market Analysts

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

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

Samuel T. Gill
Market Analyst
Gill Group

March 14, 2024



SECTION A: EXECUTIVE SUMMARY

It is the opinion of the analyst that a market exists for the proposed 67-unit development designed for families and that there is no need for alterations of any kind. This recommendation is made based on the information included in this report and assuming that the project is completed as detailed in this report. Any changes to the proposed construction of the subject could alter the findings in this report.

Project Description

The subject will be a proposed development designated for families. It will contain 67 revenue units. The site currently contains an existing apartment complex. The existing facility will be demolished, and new apartments will be constructed in phases. The proposed development is the first phase of the new apartments. The property will contain two three-story walk-up buildings containing a total of 67 revenue units. Once construction is complete, the property will be Low Income Housing Tax Credit (LIHTC) with units at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. The project-based vouchers will be located in units at 40 and 50 percent of the area median income. Households with one to five persons and incomes below \$53,820 will be eligible for the proposed development. If the subject did not have project-based vouchers, households with one to five persons and incomes between \$15,977 and \$53,820 would be eligible for the proposed development.

The following chart lists the subject's proposed unit mix. The property will contain a net rentable area of 72,284 square feet.

Unit Type	# of Units	Square Feet	Total Square Footage
1/1	12	762	9,144
2/2	18	1,000	18,000
3/2	37	1,220	45,140
	67		72,284

The following chart lists the subject's proposed unit distribution by unit type, size and rent structure.

MAXIMUM LIHTC RENTS AND UTILITY ALLOWANCES							
Unit Type	# of Units	Square Feet	% of Median Income	Maximum LIHTC Rent	Gross Rent	Utility Allowance	Net Rent
1/1	4	762	30%	\$466	\$466	\$70	\$396
1/1 PBV	2	762	50%	\$778	\$1,062	\$70	\$992
1/1	6	762	60%	\$933	\$933	\$70	\$863
2/1	3	1,000	30%	\$560	\$560	\$85	\$475
2/2 PBV	1	1,000	40%	\$747	\$1,202	\$85	\$1,117
2/2 PBV	3	1,000	50%	\$933	\$1,202	\$85	\$1,117
2/2	2	1,000	50%	\$933	\$933	\$85	\$848
2/2	9	1,000	60%	\$1,120	\$1,120	\$85	\$1,035
3/2	1	1,220	30%	\$647	\$647	\$100	\$547
3/2 PBV	3	1,220	40%	\$863	\$1,643	\$100	\$1,543
3/2 PBV	16	1,220	50%	\$1,079	\$1,643	\$100	\$1,543
3/2	2	1,220	50%	\$1,079	\$1,079	\$100	\$979
3/2	15	1,220	60%	\$1,295	\$1,295	\$100	\$1,195

*The units with project-based Section 8 vouchers have rents higher than the maximum allowable LIHTC rents. For these units, the proposed gross rents are not tethered to the maximum allowable LIHTC rents. Project-based Section 8 housing is available to tenants willing to live in specific housing units offered to them. Local public housing authorities contract with the owners of these units and when one is available, the housing authority will offer it to someone who is on the PBV waiting list. The subsidy remains with the property. Households with incomes below 50 percent of the median income (considered very low income) or lower may apply for project-based vouchers. Households in Section 8 properties are required to pay no more than 30 percent of their annual adjusted gross income toward rent and utilities. At no point will tenants in these units be required to pay more than the maximum allowable LIHTC rent.



Income Averaging

The developer has not selected to use the Income-Averaging option.

Housing Profile

The rental housing stock in the market area is comprised of single-family homes and market-rate and income-restricted apartment complexes. The market area has an overall rental vacancy rate of 4.4 percent. Of the 3,118 total units verified, 150 were vacant.

Six family affordable housing properties in the market area were considered competitive with the subject. These properties have LIHTC restrictions and/or Section 8 subsidies. As the proposed development will have both restrictions, these units were considered competitive. The competitive properties in the market area contain a total of 710 units, 31 of which were vacant. Therefore, the rental vacancy rate of the competitive units is 4.4 percent.

Of the confirmed competitive developments, there were 31 vacant units. However, many of the developments contain waiting lists. The proposed development could draw residents from the waiting list of the existing comparables. In addition, the proposed development will be replacing units already in the market area. Therefore, tenants from the units to be demolished will be offered units at the subject. Considering all these factors, the proposed development will not have an adverse impact on the market area as it is not saturated with affordable housing.

Market Feasibility

The following tables show the capture rates for the proposed development both with and without considering the project-based Section 8 vouchers.

CAPTURE RATE - WITH SUBSIDY	
Project Wide Capture Rate - LIHTC Units	0.3%
Project Wide Capture Rate - Market Units	N/A
Project Wide Capture Rate - All Units	N/A
Project Wide Absorption Period (Months)	2-3 Mos.

CAPTURE RATE - WITHOUT SUBSIDY	
Project Wide Capture Rate - LIHTC Units	0.9%
Project Wide Capture Rate - Market Units	N/A
Project Wide Capture Rate - All Units	N/A
Project Wide Absorption Period (Months)	7-10 Mos.

The market shows a net demand of 9,385 households for all units when considering the project-based Section 8 vouchers and a net demand of 7,559 households for all units when not considering the project-based Section 8 vouchers. Once construction is complete, the property will be Low Income Housing Tax Credit (LIHTC) with units at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. The tenants in the existing development that will be demolished to make room for the proposed units will also be eligible to occupy the new units once they are constructed. However, these units were not considered in the demand or capture rate analysis and were not considered when calculating the absorption rate. The capture rate, when considering the project-based Section 8 vouchers, is 0.3 percent and is considered good. The capture rate, without considering the subsidy, is 0.9 percent, which is also considered good. Due to the existing waiting lists and high occupancy rates of competitive properties in the market area as well as the current population and household growth and stable economic factors, it is the belief of the analyst that the property will be viable within the market area. Consequently, it is firmly believed that the proposed development will satisfy a portion of the demand for rental units within the market. It is believed that the property will meet the demand for affordable housing in the market area.



Evaluation of Project

The property is easily accessed via Chambers Street. Chambers Street connects to Fifth Street. Fifth Street provides direct access to U.S. Business Highway 501, a major thoroughfare in the area. Therefore, the subject has average visibility and easy access. The subject's proposed site plan and project design are similar to competing apartment developments. The subject's proposed unit mix of one-, two- and three-bedroom units will be suitable in the market.

Positive/Negative Attributes

Strengths: The subject's location is comparable to other developments in the market area. Its proposed in-unit and common area amenities will be competitive with the other developments in the market area. When these factors are taken into consideration, the subject's proposed units will provide a good value to prospective tenants.

Weaknesses: There are no apparent weaknesses.

Conclusions

The subject can attain its required share of the market area for the following reasons:

- The subject's proposed design and amenities will be competitive with other existing projects. Therefore, no modifications to the subject are necessary.
- Once construction is complete, the subject will be superior in condition when compared to the majority of the current housing stock.
- The market area's population and households are projected to increase through 2029, indicating a need for additional housing the market area. In addition, all restricted properties confirmed maintain high occupancy rates, and the majority maintain waiting lists. Therefore, it appears the market is not oversaturated with affordable rental housing.
- The subject is a proposed LIHTC development. The property will have units restricted to 30, 40, 50 and 60 percent of the area median income. The property will also have 25 units with project-based Section 8 vouchers. The tenants in the existing development that will be demolished to make room for the proposed units will also be eligible to occupy the new units once they are constructed. However, these units were not considered in the demand or capture rate analysis and were not considered when calculating the absorption rate. The absorption level is typically based on the most recent multifamily developments. However, there were no recent affordable developments constructed in the market area for which lease up data was available. Therefore, the analyst also considering the opinions of apartment managers and local real estate agents, the current occupancy rates of the surveyed developments and the current waiting lists of the affordable developments, including the subject, confirmed in the market area. After considering all factors, it is estimated that the development could absorb six to eight units per month, resulting in a 95 percent occupancy level within seven to 10 months.
- According to the past, present and future demographic and economic trends within the primary market area, it is the opinion of the analyst that the proposed development will be suitable for the market area. Given the current low vacancy rates for competitive properties as well as the waiting lists at most properties, the development will not have an adverse effect on the existing rental comparables and the anticipated pipeline additions to the rental base.



SECTION B: INTRODUCTION AND SCOPE OF WORK

The Scope of Work Rule requires us to gather and analyze information about those assignment elements that are necessary to properly identify the problem to be solved. According to the Standards Rule 1-2, identification of the problem to be solved requires us to identify the following assignment elements.

- Client and any other intended users: The client and developer for this market study assignment is Smith & Henzy Affordable. The intended users of the report are Smith & Henzy Affordable and Virginia Housing. No other users are intended.
- Intended use of the analyst's opinions and conclusions: The intended use of this market study is to apply for Low Income Housing Tax Credits through Virginia Housing.
- Effective date of the analyst's opinions and conclusions: The effective date of the rental estimate is March 11, 2024.
- Subject of the assignment and its relevant characteristics: The subject property is a proposed 67-unit apartment complex to be known as Dearington Hills. The subject is located Chambers Street, north and east of Jefferson Park. Its physical address is 311 Chambers Street.
- Assignment conditions: Assignment conditions include assumptions, extraordinary assumptions, hypothetical conditions, supplemental standards, jurisdictional exceptions, and other conditions that affect the scope of work. The following assumptions are used in this market study assignment: *The market study was written under the extraordinary assumption that the property will be constructed as indicated in the Scope of Work. The market rents in the need and demand analysis were determined under the hypothetical condition that the subject will be unrestricted or conventional and not subject to any rent restrictions.*
- An environmental audit was not provided. I am not qualified to complete an environmental audit. The stated opinion of rental rates is predicated on the assumption that no hazardous substances or conditions materially affect the subject property.
- The Americans with Disabilities Act (ADA) became effective January 26, 1992. No specific compliance survey or analysis of the identified property has been made to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property will not comply with one or more of the requirements of the Act. If so, this fact could have an adverse impact upon the value of the property. Since there is no direct evidence relating to this issue, it is assumed that no substantial immediate outlays will be mandated by governing authorities to meet ADA requirements.
- Unemployment statistics are based on the information available from the U.S. Department of Labor Bureau of Labor Statistics. The data shown in this report is based on the data available as of the effective date of the analysis. The Department of Labor will periodically revise the data by incorporating additional information that was not available at the time of the initial publication of the estimates. The initial data is revised twice, first within two months of initial publication in order to incorporate additional sample data from respondents in the survey and recalculate seasonal adjustment factors, and second on an annual basis to incorporate a benchmark revision that estimates nearly complete employment counts available from unemployment insurance tax records.
- The U.S. Census Bureau American Community Survey (ACS) uses a series of monthly samples to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. Initially, five years of samples were required to produce these small-area data. Once the U.S. Census Bureau released its first five-year estimates, new small-area statistics were produced annually. The Census Bureau also produces three-year and one-year data products for larger geographic areas.
- The American Housing Survey (AHS) is sponsored by the Department of Housing and Urban Development (HUD) and conducted by the U.S. Census Bureau. The survey provides up-to-date information about the quality and cost of housing in the United States and major metropolitan areas. It also includes questions about the physical condition of homes and neighborhoods, the cost of financing and maintaining homes and the characteristics of people who live in these homes. The survey is conducted every other year and covers all 50 states and the District of



Columbia. The 2015 AHS underwent a major redesign. Prior to this survey, the same households were re-surveyed every two years. A new sample was redrawn in 2015 for the first time since 1985, and new households were asked to participate in the survey. Additionally, the questionnaire was redesigned with some variables added and others dropped or modified. Imputation methods were also streamlined, and the weighting methodology changed. Therefore, some estimates in 2015 are not comparable to previous years.

- The building improvements meet all governing codes, unless otherwise noted in this report.

An **extraordinary assumption**¹ is defined as:

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis, which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The analyst has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The analyst complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.²

A **hypothetical condition**³ is defined as:

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market condition or trends; or about the integrity of data used in an analysis.

A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in a credible analysis; and
- The analyst complies with the disclosure requirements set forth in USPAP for hypothetical conditions.⁴

¹ Uniform Standards of Professional Appraisal Practice, 2024 Edition (Effective January 1, 2024) (The Appraisal Foundation, 2020), pg. 4

² Uniform Standards of Professional Appraisal Practice, 2024 Edition (Effective January 1, 2024) (The Appraisal Foundation, 2020), pg. 14

³ Uniform Standards of Professional Appraisal Practice, 2024 Edition (Effective January 1, 2024) (The Appraisal Foundation, 2020), pg. 4

⁴ Uniform Standards of Professional Appraisal Practice, 2024 Edition (Effective January 1, 2024) (The Appraisal Foundation, 2020), pg. 14



The following extraordinary assumptions are used in this market study consultation assignment: *The market study was written under the extraordinary assumption that the property will be constructed as indicated in the Scope of Work.*

The following hypothetical condition are used in this market study consultation assignment: *The market rents in the need and demand analysis were determined under the hypothetical condition that the subject will be unrestricted or conventional and not subject to any rent restrictions.*

This market study was completed in accordance with the requirements set forth in Virginia Housing's 2024 Market Study Guidelines.

Samuel T. Gill, Market Analyst, oversaw and supervised all data collection and analysis and performed the research. The following actions were taken to complete this market study.

- On March 11, 2024, Samuel T. Gill, a Market Analyst, conducted a site inspection.
- The purpose of this market study is to determine if the community has a need for the subject units. To do so, the analyst utilizes data from the U.S. Census Bureau; Claritas; Ribbon Demographics; and various other demographic resources. Community information and opinion was also utilized. The research retrieved data from several of the following: internet sites, local newspapers and rental publications, city and county records, owners and managers of local apartment properties, local real estate brokers, fellow analysts and the analyst's office files.
- During the week of March 11, 2024, Samuel T. Gill inspected the exterior of each comparable property used in the analysis. During the site inspections or in separate telephone interviews, Samuel T. Gill, or one of his associates, spoke with the managers of the comparable properties to confirm all data and to collect additional information about each comparable including size, age, amenities, occupancy rates and general market information. The property manager provided floor plans or other information describing the size of comparable units after it was explained that the interior size was needed.
- Samuel T. Gill, the primary market analyst, completed the data and adjustments columns of the Rent Comparability Grids and determined the final estimate of rents. After completing the Rent Comparability Grids, Samuel T. Gill derived an estimated market rent and an estimated achievable rent for each unit type. Samuel T. Gill also completed the demand, penetration rate and capture rate conclusions through analysis of all aspects of the subject, market area and demographic data available to the analyst.



SECTION C: PROJECT DESCRIPTION

Project Name: Dearington Hills
 Location: 311 Chambers Street
 Lynchburg, Virginia
 Project Type: Family
 Construction Type: New Construction
 Developer: Smith & Henzy Affordable
 Area Median Family Income: \$83,000

The subject will be a proposed development designated for families. It will contain 67 revenue units. The site currently contains an existing apartment complex. The existing facility will be demolished, and new apartments will be constructed in phases. The proposed development is the first phase of the new apartments. The property will contain two three-story walk-up buildings containing a total of 67 revenue units. Once construction is complete, the property will be Low Income Housing Tax Credit (LIHTC) with units at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. The project-based vouchers will be located in units at 40 and 50 percent of the area median income. The property has an anticipated 15-month construction schedule with a placed in service date of August 2026.

Project Design

Dearington Hills will contain two walk-up three-story buildings with a total of 67 revenue units. The buildings will have a concrete slab foundation and wood framing, with brick and siding exterior and asphalt shingle roofs. Landscaping will consist of grass, trees and shrubs. The property will not be a scattered site development.

Unit Features

Each unit will contain refrigerator, range/oven, garbage disposal, dishwasher, microwave, washer, dryer, vinyl and ceramic tile flooring, blinds, ceiling fans and coat closet. Select units will also contain balconies and safety bars. Internet will also be provided in the units.

Common Amenities and Services

The property will provide the following project amenities: community room, exercise room, playground, business center, package delivery, rental office, on-site management, on-site maintenance, security patrol and video surveillance. The property will also contain common area wi-fi.

Tenant Services

The subject will not offer any tenants services.

Parking

The complex will contain open asphalt parking. Parking will be sufficient for the proposed development.

Utilities

The following tables describe the subject property's proposed utility combination.

UTILITY SCHEDULE		
Utility	Type	Who Pays
Heat	Central Electric	Tenant
Air Conditioning	Central Electric	Tenant
Hot Water	Electric	Tenant
Cooking	Electric	Tenant
Other Electric	Electric	Tenant
Cold Water/Sewer	N/A	Landlord
Trash Collection	N/A	Landlord



Unit Mix, Size and Rent Structure

The following chart lists the subject's proposed unit mix. The property will contain a net rentable area of 72,284 square feet.

Unit Type	# of Units	Square Feet	Total Square Footage
1/1	12	762	9,144
2/2	18	1,000	18,000
3/2	37	1,220	45,140
	67		72,284

The following chart lists the subject's proposed unit distribution by unit type, size and rent structure.

MAXIMUM LIHTC RENTS AND UTILITY ALLOWANCES							
Unit Type	# of Units	Square Feet	% of Median Income	Maximum LIHTC Rent	Gross Rent	Utility Allowance	Net Rent
1/1	4	762	30%	\$466	\$466	\$70	\$396
1/1 PBV	2	762	50%	\$778	\$1,062	\$70	\$992
1/1	6	762	60%	\$933	\$933	\$70	\$863
2/1	3	1,000	30%	\$560	\$560	\$85	\$475
2/2 PBV	1	1,000	40%	\$747	\$1,202	\$85	\$1,117
2/2 PBV	3	1,000	50%	\$933	\$1,202	\$85	\$1,117
2/2	2	1,000	50%	\$933	\$933	\$85	\$848
2/2	9	1,000	60%	\$1,120	\$1,120	\$85	\$1,035
3/2	1	1,220	30%	\$647	\$647	\$100	\$547
3/2 PBV	3	1,220	40%	\$863	\$1,643	\$100	\$1,543
3/2 PBV	16	1,220	50%	\$1,079	\$1,643	\$100	\$1,543
3/2	2	1,220	50%	\$1,079	\$1,079	\$100	\$979
3/2	15	1,220	60%	\$1,295	\$1,295	\$100	\$1,195

The units with project-based Section 8 vouchers have rents higher than the maximum allowable LIHTC rents. For these units, the proposed gross rents are not tethered to the maximum allowable LIHTC rents. Project-based Section 8 housing is available to tenants willing to live in specific housing units offered to them. Local public housing authorities contract with the owners of these units and when one is available, the housing authority will offer it to someone who is on the PBV waiting list. The subsidy remains with the property. Households with incomes below 50 percent of the median income (considered very low income) or lower may apply for project-based vouchers. Households in Section 8 properties are required to pay no more than 30 percent of their annual adjusted gross income toward rent and utilities. At no point will tenants in these units be required to pay more than the maximum allowable LIHTC rent.

The property is applying for Low-Income Housing Tax Credits which will set the income eligibility to individuals earning up to 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. Households with one to five persons and incomes below \$53,820 will be eligible for the proposed development. If the subject did not have project-based vouchers, households with one to five persons and incomes between \$15,977 and \$53,820 would be eligible for the proposed development.

LIHTC INCOME LIMITS				
Person in Households	30%	40%	50%	60%
1	\$17,430	\$23,240	\$29,050	\$34,860
2	\$19,920	\$26,560	\$33,200	\$39,840
3	\$22,410	\$29,880	\$37,350	\$44,820
4	\$24,900	\$33,200	\$41,500	\$49,800
5	\$26,910	\$35,880	\$44,850	\$53,820
6	\$28,890	\$38,520	\$48,150	\$57,780

Source: HUD



Location/Site Characteristics

The subject consists of one irregular-shaped tract of land that contains a total of 18.543 acres. According to the City of Lynchburg, the subject is zoned R-4, Medium-High Density Multi-Family Residential. The proposed subject will be a legal, conforming use. The subject is located in Census Tract #0007.00.

The subject neighborhood is comprised primarily of residential properties and is 75 percent built up. Approximately 40 percent of the land use is made up of multifamily developments. About 25 percent is comprised of single-family residences. Another 10 percent of the land use is made up of commercial properties. The remaining 25 percent is vacant. Vacant land is located north of the site. Jefferson Park and single-family residences are located south of the site. Vacant land is located east of the subject. Single-family residences and commercial properties are located west of the subject. The area is mostly suburban.



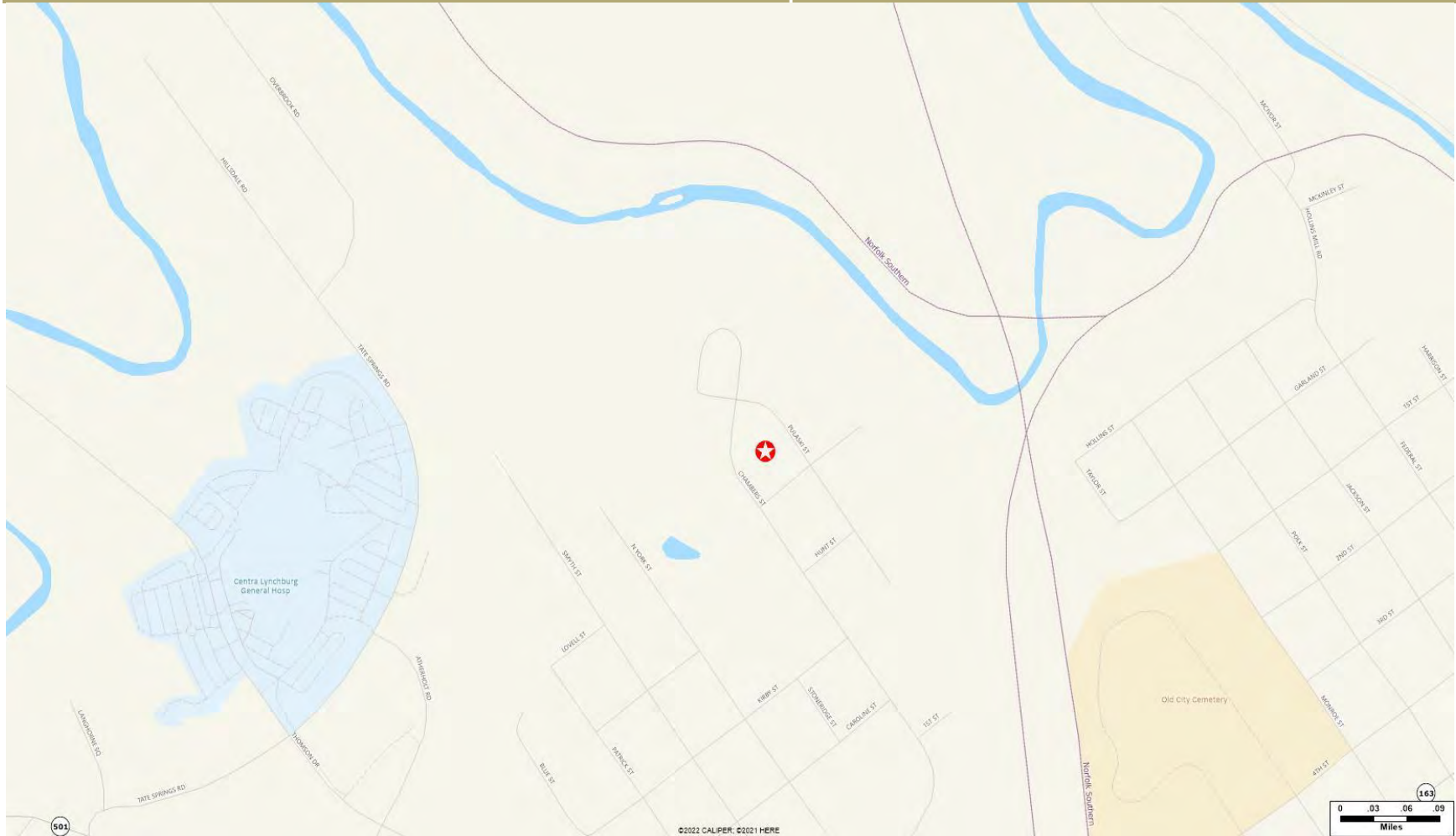
SECTION D: LOCATION

The City of Lynchburg is an independent city in the central portion of the Commonwealth of Virginia. Independent cities are cities that are not the territory of any county and is considered the primary administrative division of its state. Independent cities are classified by the U.S. Census Bureau as being equivalent to a county and may have similar governmental powers to a consolidated city-county. Nearby cities include Richmond, Roanoke, Charlottesville, Danville and Waynesboro.

Major highways in Lynchburg include U.S. Highway 29, 221, 460 and 501 and State Highways 128, 130, 210, 622, 604, 622, 672, 675 and 811. The subject site located in the eastern portion of the City of Lynchburg. The site is easily accessed via Chambers Street. Chambers Street connects to Fifth Street. Fifth Street provides direct access to U.S. Business Highway 501, a major thoroughfare in the area. Therefore, the subject has average visibility and easy access.



Location Map





Community and Site Information

Site Characteristics

The subject property is located in a residential neighborhood in the eastern portion of Lynchburg. The subject is located along Chambers Street.

The site is easily accessed via Chambers Street. Chambers Street connects to Fifth Street. Fifth Street provides direct access to U.S. Business Highway 501, a major thoroughfare in the area. Therefore, the subject has average visibility and easy access.

The subject consists of one irregular-shaped tract of land that contains a total of 18.543 acres. The subject property is zoned R-4, Medium-High Density Multi-Family Residential. The proposed subject will be a legal, conforming use. A zoning change is unlikely. The subject is not a scattered site development. The subject is located in Census Tract #0007.00.

Surrounding Land Uses

The subject neighborhood is comprised primarily of residential properties and is 75 percent built up. Approximately 40 percent of the land use is made up of multifamily developments. About 25 percent is comprised of single-family residences. Another 10 percent of the land use is made up of commercial properties. The remaining 25 percent is vacant. Vacant land is located north of the site. Jefferson Park and single-family residences are located south of the site. Vacant land is located east of the subject. Single-family residences and commercial properties are located west of the subject. The area is mostly suburban.





Subject Photos



View of Site



View of Site



View of Site



View of Site



View of Street



View of Street



View to the North



View to the South



View to the East



View to the West



Nearby Employment Opportunities

Most market area tenants have white collar occupations. According to the Claritas; Ribbon Demographics, approximately 61.1 percent of the market area works in white collar industries; 18.3 percent work in blue collar industries; and 20.6 percent work in service and/or farming industries.

Regional and Area Data

Parks and Recreational Opportunities

Recreational facilities in Lynchburg and the surrounding area include, but are not limited to, the following: Jefferson Park, Station House Museum, Miller Park Pool, Venue Cinemas, Rise Up Climbing, Peaks of Offer, Riverviews Artspace, American Civil War Museum-Appomattox, Percival's Island Natural Area, Blackwater Creek Trail and Bikeway, Natural Bridge State Park, James River Adventures, Thomas Jefferson's Poplar Forest, Fort Early, Holliday Lake State Park and Campground, Liberty Mountain Snowflex Center, Monument Terrace, Jump Lynchburg-Trampoline Park, The Bluffwalk, Riverfront Park, Lynchburg Museum, The Anne Spencer House and Garden Museum, Johnson's Orchard, Riverside Park, Battle of Lynchburg Driving Tour, Ivy Creek Park, Academy Center of the Arts, Lynchburg Hillcats, The National D-Day Memorial, The Farm Basket, SeaQuest, Legacy Museum of African American History, Trails of Blackwater Creek, Miller Claytor House, Claytor Nature Center, Old City Cemetery, Point of Honor, The Nature Zone, Patrick Henry's Red Hill, Sandusky Park, Monacan Indian Nation Ancestral Museum, The Awareness Garden, Peaks View Park, Paradise Lake Family Campground, Liberty Indoor Track Center, Chaplains Museum, Miller Center, Tower Theater, Gross Orchard, Avoca Museum, Liberty Baseball Stadium, Miller Park, Irvington Spring Farm, Booker T. Washington National Monument, Lynchburg City Stadium, Renaissance Theatre, Lynchburg Symphony Orchestra, Daura Museum of Art, Hollins Mill Park, Liberty University Art Gallery, Jerry Falwell Museum, Babcock Fine Arts Center and Gallery, Rotary Centennial Riverfront Skatepark, Commerce Street Theater and Opera on the James.

Government/Public Safety

The City of Lynchburg is an independent city in the central portion of the Commonwealth of Virginia. Independent cities are cities that are not the territory of any county and is considered the primary administrative division of its state. Independent cities are classified by the U.S. Census Bureau as being equivalent to a county and may have similar governmental powers to a consolidated city-county. Lynchburg operates under a council/manager form of government. The city council is comprised of seven members, elected to four-year staggered terms. The City of Lynchburg is served by the Lynchburg Police Department, which contains 176 sworn officers, and the Lynchburg Fire Department, which contains more than 180 employees operating out of eight fire stations.

Utilities

American Electric Power provides electricity services to residents of the city. Natural is provided by Columbia Gas. The City of Lynchburg provides water, sewer and trash services. Cable, telephone and internet providers include Comcast, DirecTV, DISH Network, Shentel and Verizon.

Health Services

Healthcare facilities include Centra Lynchburg General Hospital, Lynchburg VA Clinic, Centra Virginia Baptist Hospital, Centra Specialty Hospital, Johnson Health Center, Oak Vassar Medical Building, Centra Medical Group Wound Care, Surgery Center of Lynchburg, Free Clinic of Central Virginia, Free Clinic of Central Virginia, Privia Medical Group, Blue Ridge Internal Medicine, Centra Heart and Vascular Institute and MedExpress Urgent Care.

Transportation

Major highways in Lynchburg include U.S. Highway 29, 221, 460 and 501 and State Highways 128, 130, 210, 622, 604, 622, 672, 675 and 811. The Lynchburg Regional Airport provides domestic air travel. The nearest international airport is the Richmond International Airport, approximately 123 miles from Lynchburg in Richmond. Amtrak provides passenger rail service. Freight rail transportation is available at Norfolk Southern and CSX Transportation. Greyhound Bus Service provides passenger bus service in the city. Public transit is available through Greater Lynchburg Transit Company (GLTC). GLTC operates 16



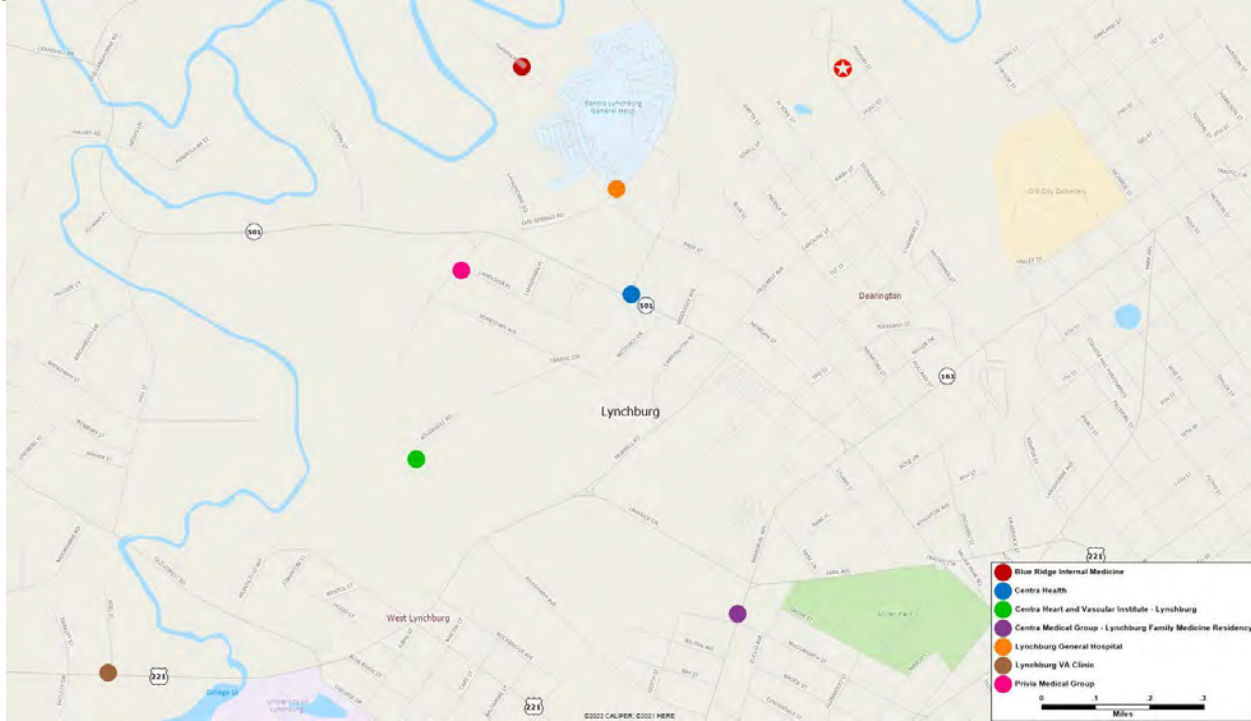
routes in the City of Lynchburg as well as a portion of Madison Heights. The public transit runs Monday through Friday from 5:15 a.m. to 10:15 p.m., Saturday from 6:15 a.m. to 10:15 p.m. and Sunday from 7:45 a.m. to 7:15 p.m.

Crime

According to AreaVibes, approximately 358 per 100,000 residents are victims of a violent crime annually, and approximately 2,462 per 100,000 residents are victims of a property crime each year. There has been a total of 2,239 crimes in the city within the past year. The crime rate for the city is 21.3 percent higher than the nation. The total number of crimes in the city has increased 17 percent within the past year, according to AreaVibes. There is a 1 in 280 chance of being the victim of a violent crime and a 1 in 41 chance of being the victim of a property crime. The life cycle is generally in the stability stage. There are no major adverse influences or hazards observed or known by the appraiser in the immediate surrounding area.

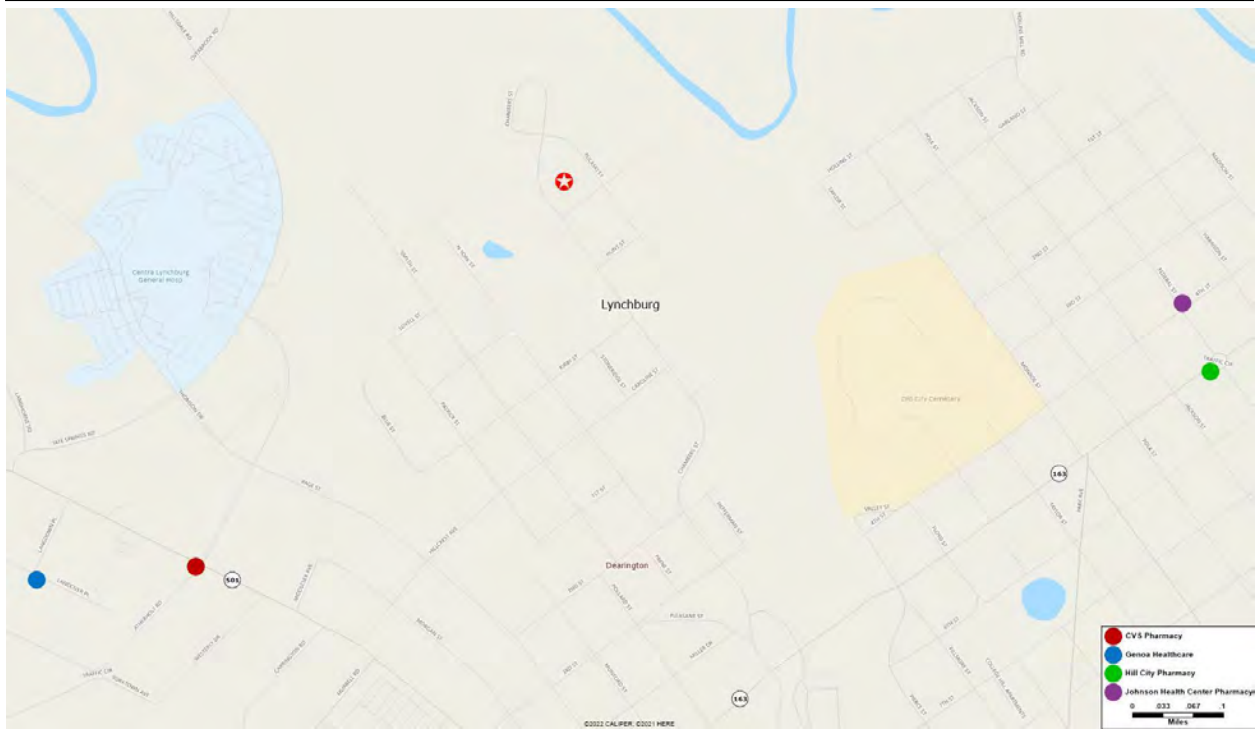


Community Services Legends and Maps

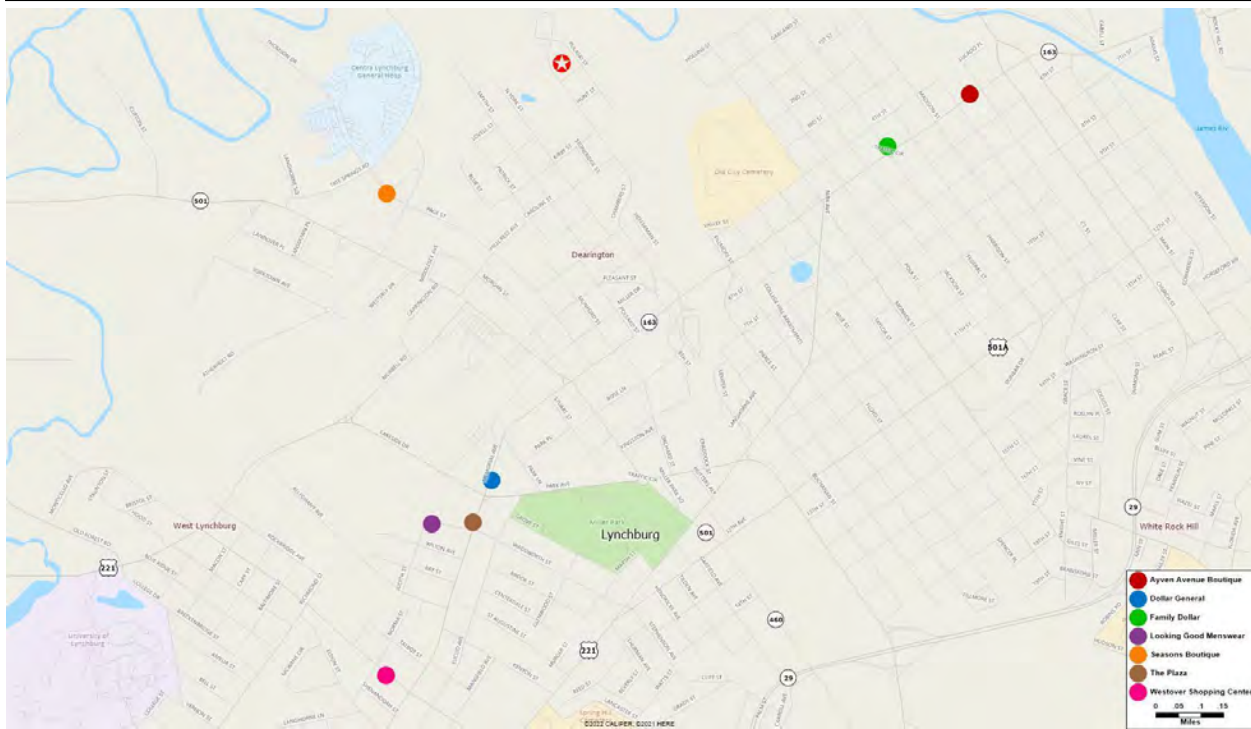


MEDICAL FACILITIES

Service	Distance From Site (in Miles)
Centra Health	0.7
Lynchburg General Hospital	1.0
Privia Medical Group	1.1
Centra Medical Group - Lynchburg Family Medicine Residency	1.1
Blue Ridge Internal Medicine	1.1
Centra Heart and Vascular Institute - Lynchburg	1.3
Lynchburg VA Clinic	2.0



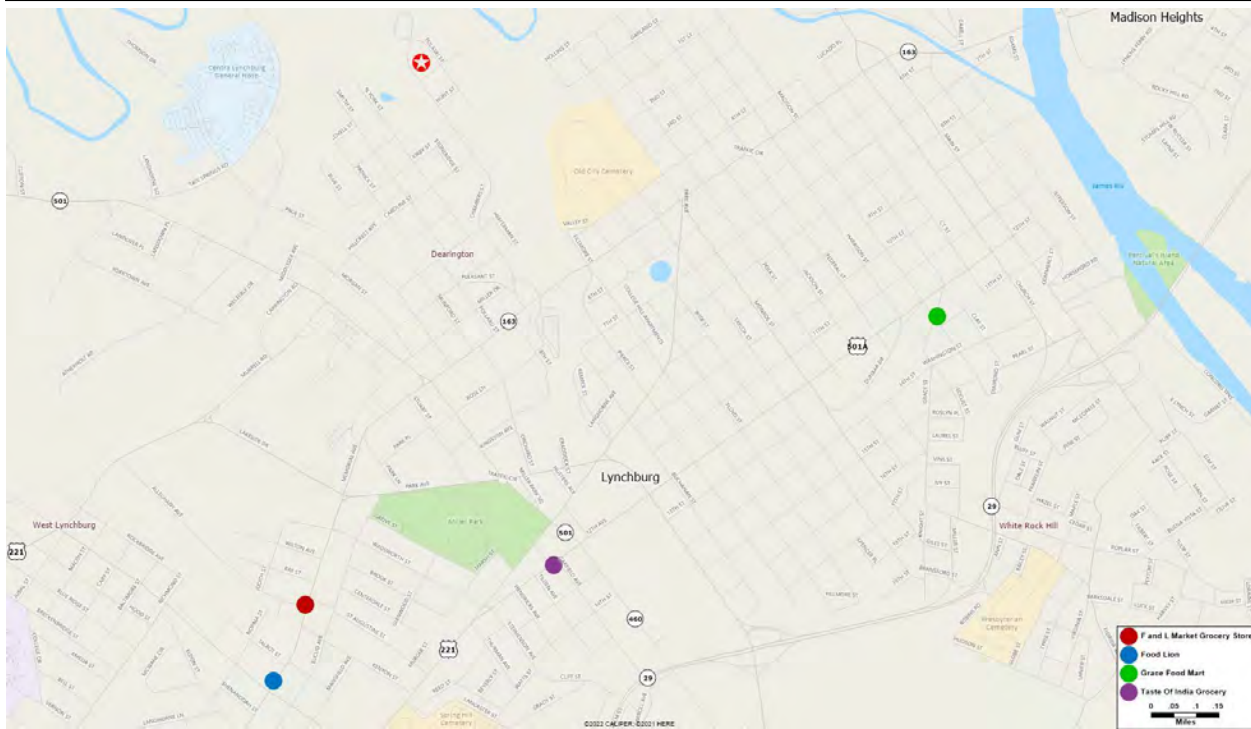
PHARMACIES	
Service	Distance From Site (in Miles)
CVS Pharmacy	0.9
Genoa Healthcare	1.2
Hill City Pharmacy	1.3
Johnson Health Center Pharmacy	1.4



SCHOOLS

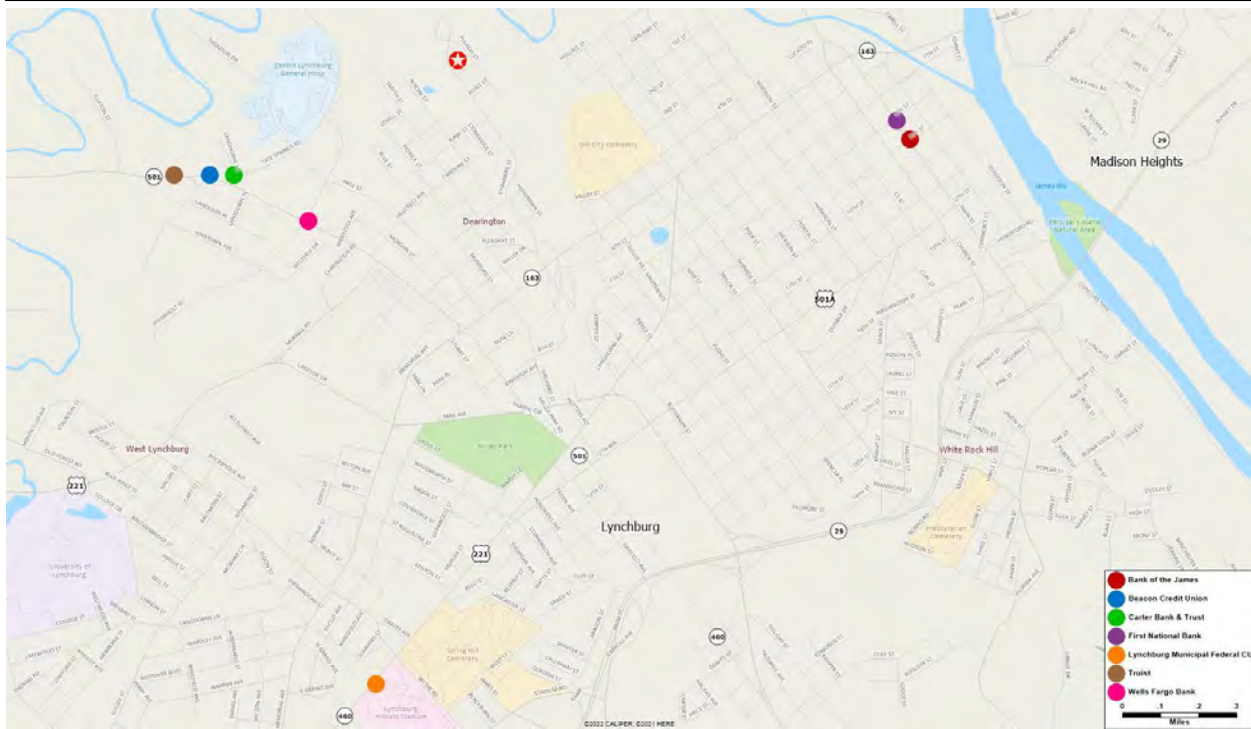
Service	Distance From Site (in Miles)
Dearington Elementary School for Innovation	0.5
E C Glass High School	1.0
Lynchburg General Hospital: School of Nursing	1.1
Robert S. Payne Elementary School	1.4
Faith Assembly Christian Child Devolpment Center	1.4
Dunbar Middle School for Innovation	1.6
Laurel Regional Program	1.6
T C Miller Elementary School for Innovation	1.7
Montessori Children's House	1.7
New Vistas School	1.9

Dearington Hills
 311 Chambers Street
 Lynchburg, Virginia 24504



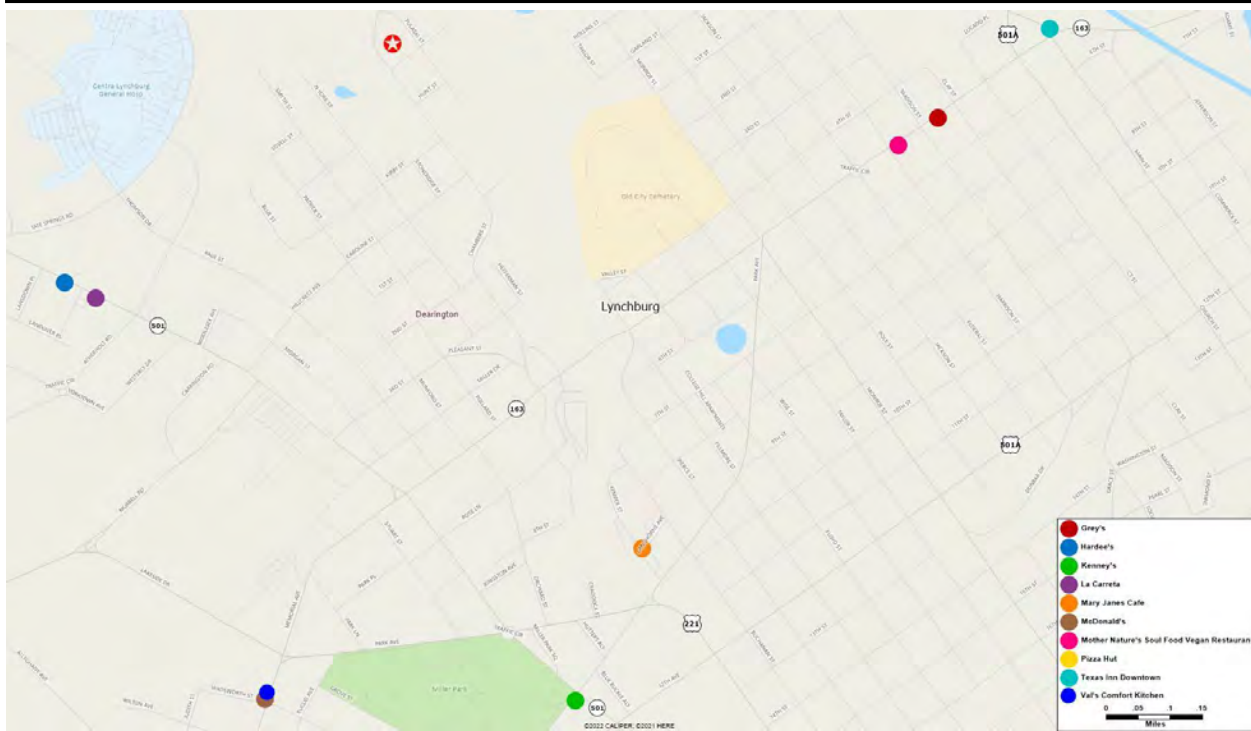
GROCERY STORES/SUPERMARKETS

Service	Distance From Site (in Miles)
F and L Market Grocery Store	1.5
Taste Of India Grocery	1.5
Food Lion	1.7
Grace Food Mart	1.9



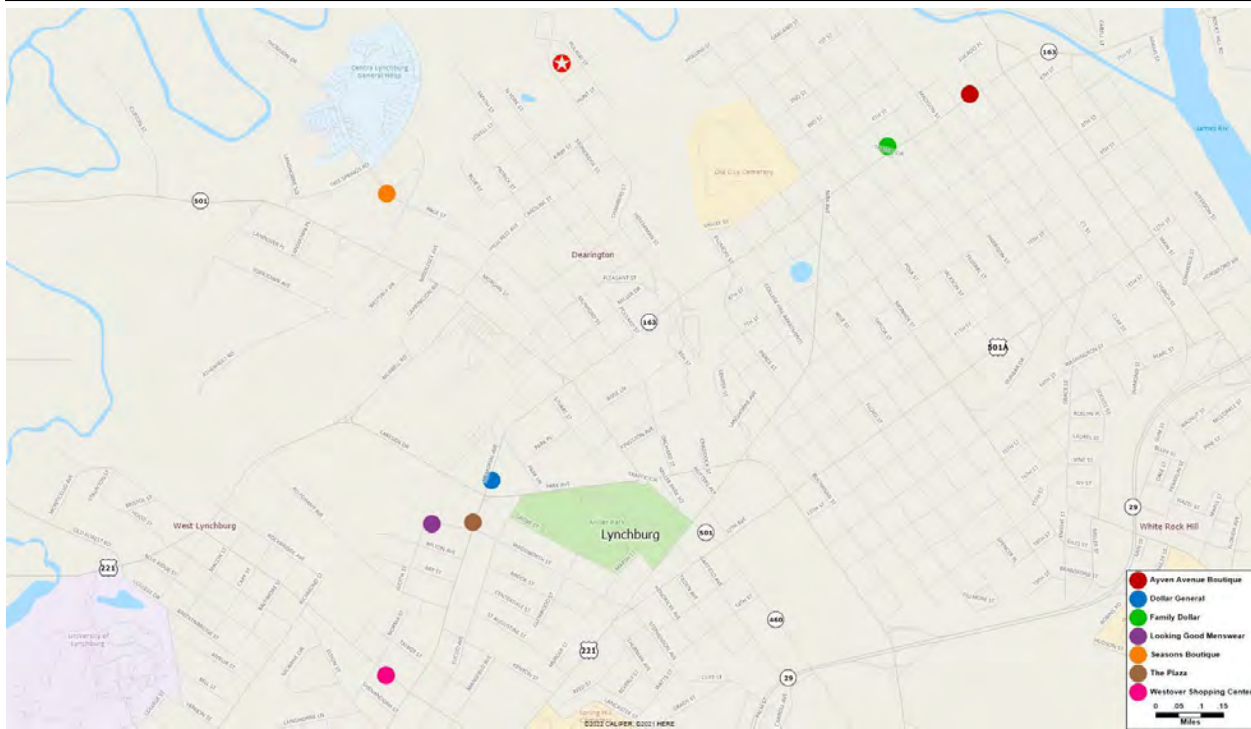
BANKS/LENDING INSTITUTIONS

Service	Distance From Site (in Miles)
Wells Fargo Bank	0.9
Carter Bank & Trust	1.2
Beacon Credit Union	1.2
Truist	1.3
First National Bank	1.8
Bank of the James	1.9
Lynchburg Municipal Federal CU	2.0



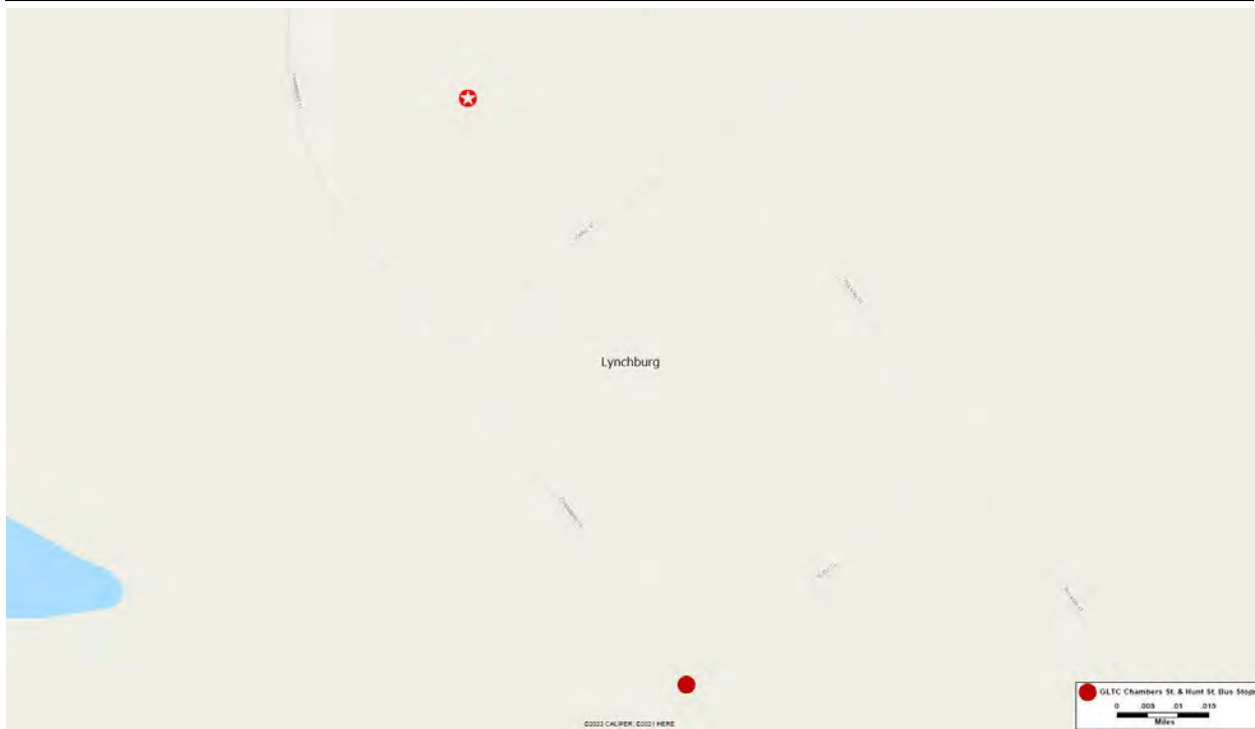
RESTAURANTS

Service	Distance From Site (in Miles)
La Carreta	1.0
Hardee's	1.1
Mary Janes Cafe	1.2
Mother Nature's Soul Food Vegan Restaurant	1.3
Val's Comfort Kitchen	1.3
McDonald's	1.3
Kenney's	1.4
Pizza Hut	1.4
Grey's	1.4
Texas Inn Downtown	1.6



SHOPPING

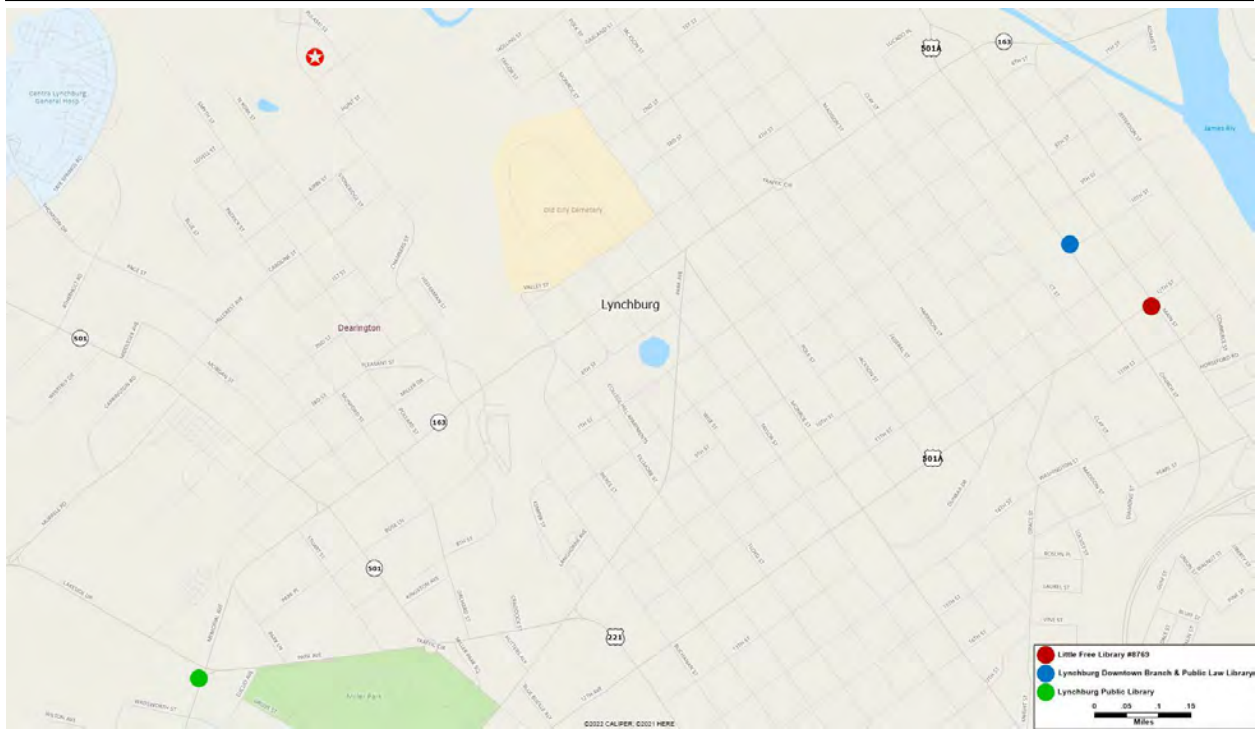
Service	Distance From Site (in Miles)
Seasons Boutique	0.9
GME Medical Supply, Inc.	1.1
Dollar General	1.2
Family Dollar	1.3
The Plaza	1.3
Looking Good Menswear	1.4
Ayven Avenue Boutique	1.5
Westover Shopping Center	1.8



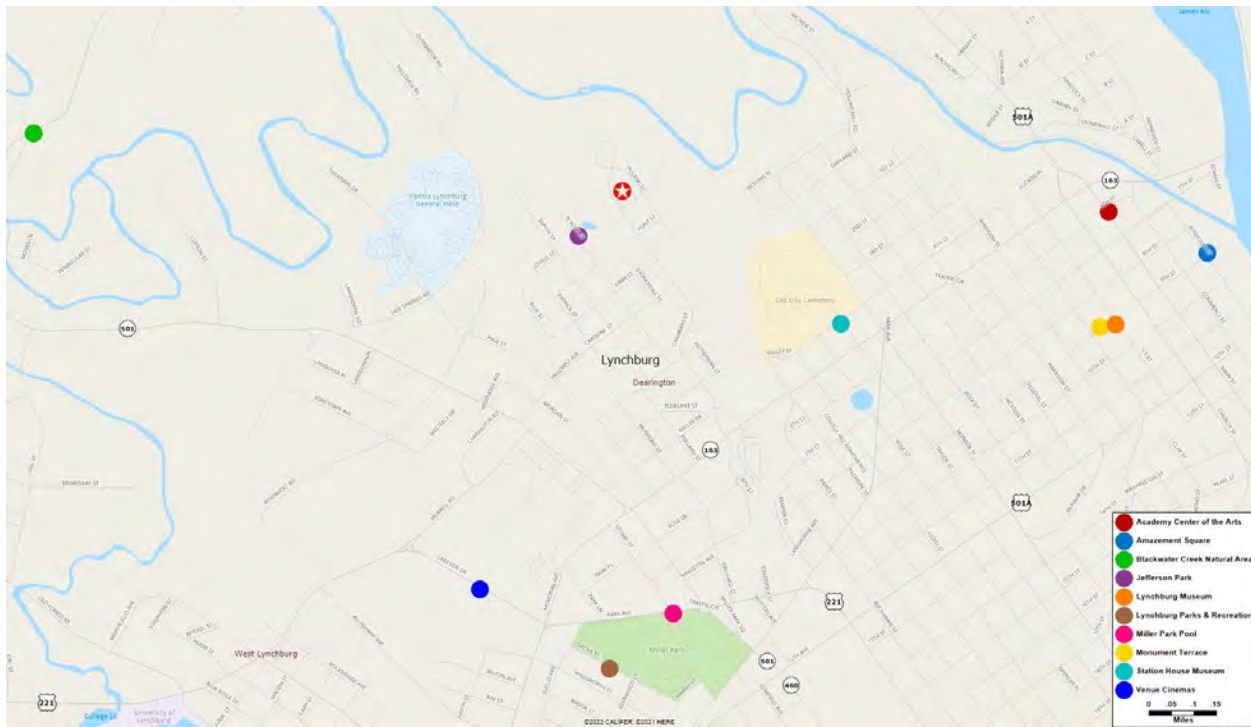
TRANSPORTATION

Service	Distance From Site (in Miles)
GLTC Chambers St. & Hunt St. Bus Stop	0.1

Dearington Hills
 311 Chambers Street
 Lynchburg, Virginia 24504

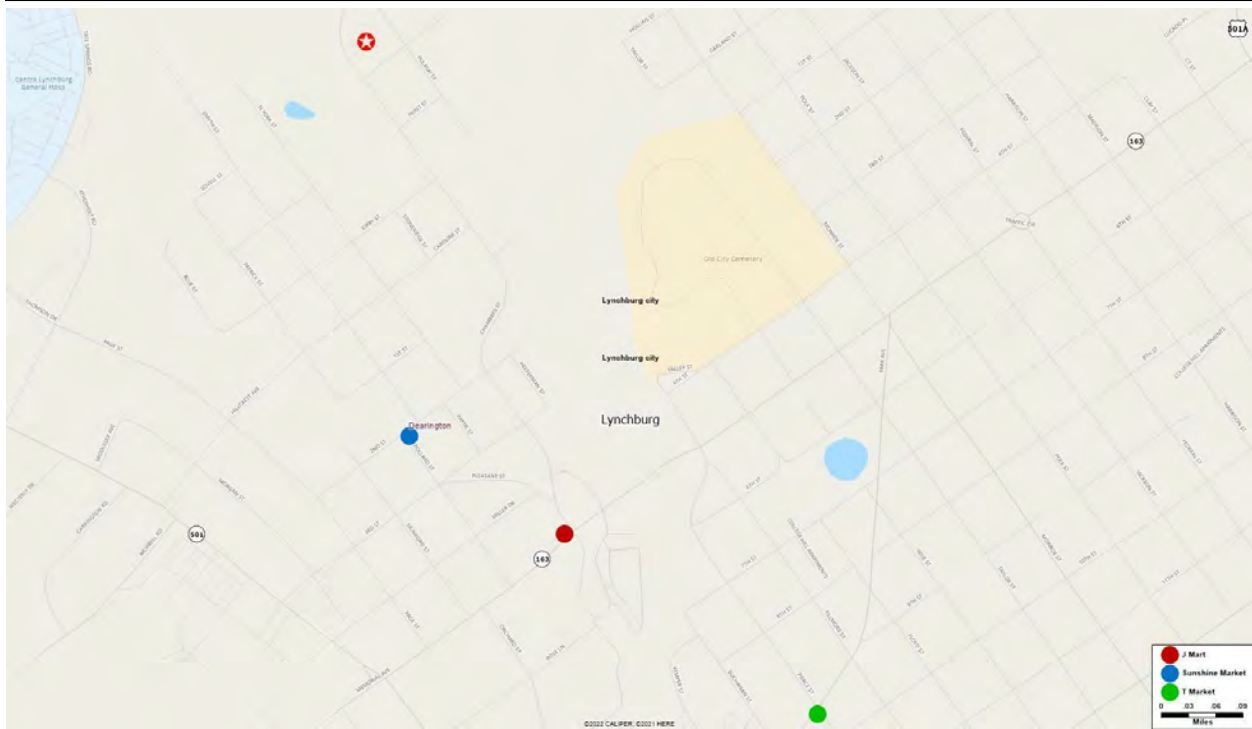


LIBRARIES	
Service	Distance From Site (in Miles)
Lynchburg Public Library	1.3
Lynchburg Downtown Branch & Public Law Library	1.9
Little Free Library #8769	2.0

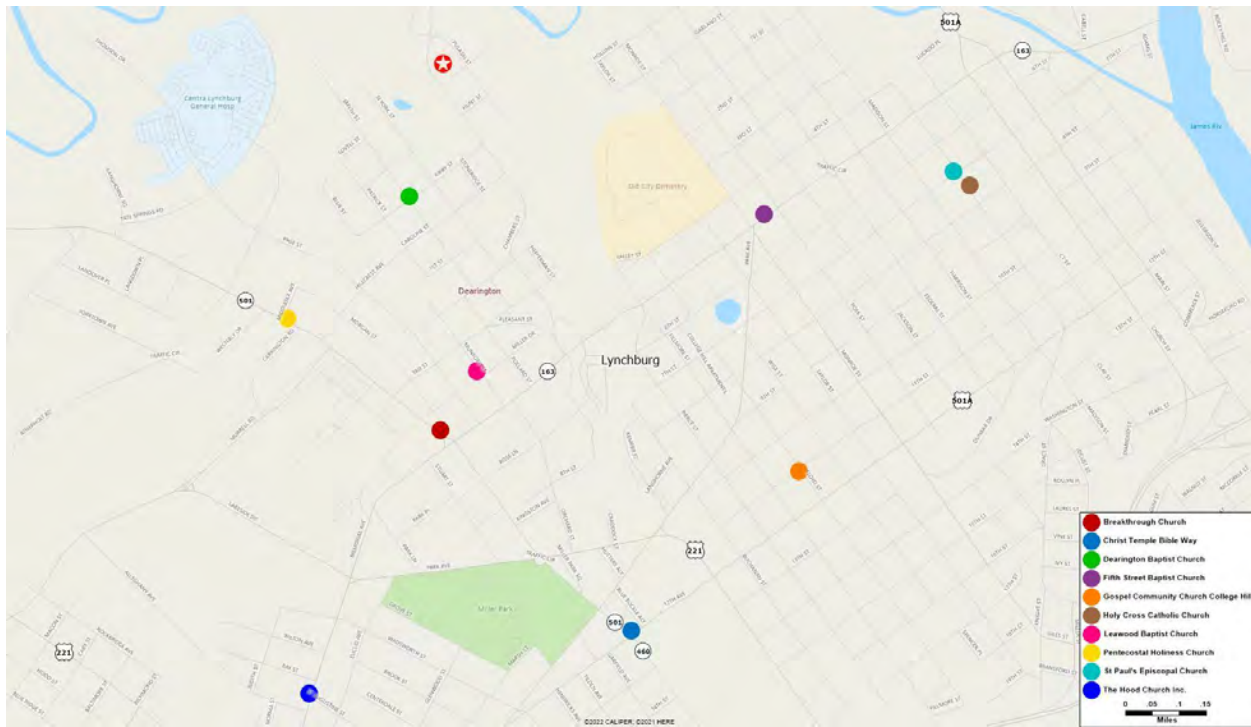


PARKS/RECREATION

Service	Distance From Site (in Miles)
Jefferson Park	0.4
Station House Museum	1.2
Miller Park Pool	1.3
Venue Cinemas	1.3
Blackwater Creek Natural Area	1.4
Lynchburg Parks & Recreation	1.6
Monument Terrace	1.7
Lynchburg Museum	1.8
Academy Center of the Arts	1.9
Amazement Square	2.0



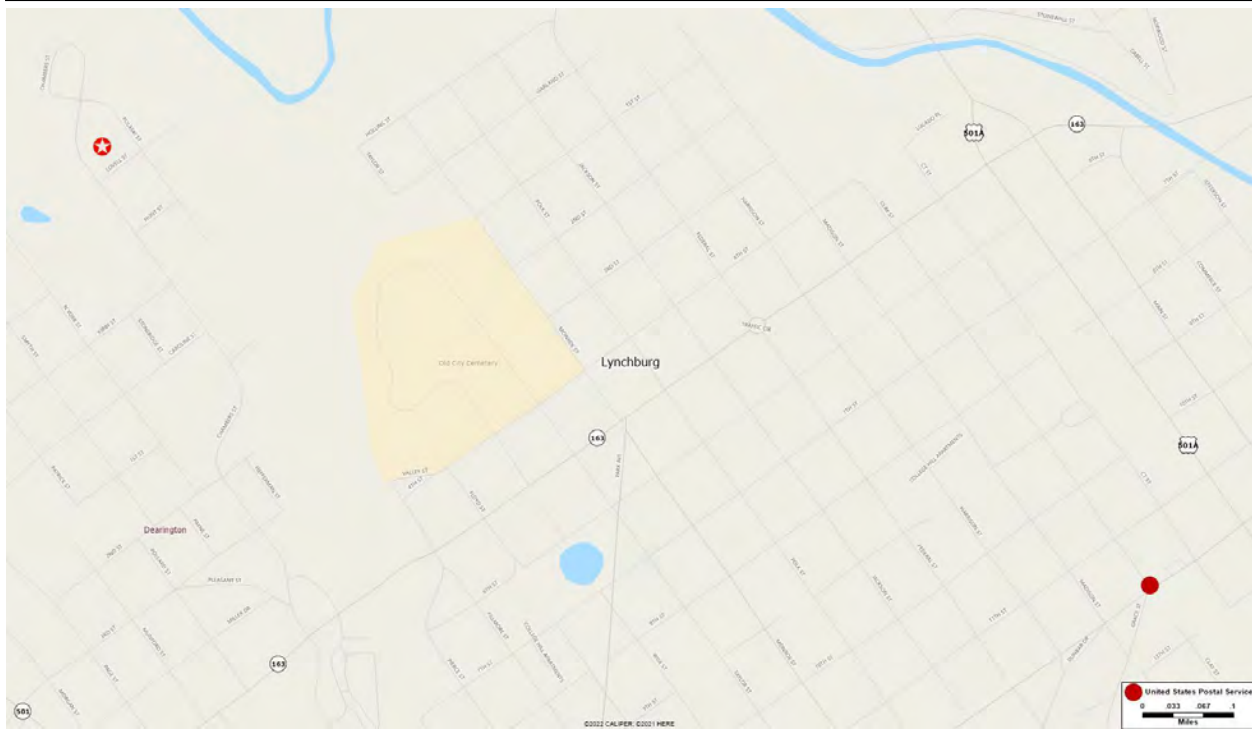
CONVENIENCE STORES		
Service	Distance From Site (in Miles)	
Sunshine Market	0.5	
J Mart	0.6	
T Market	1.2	



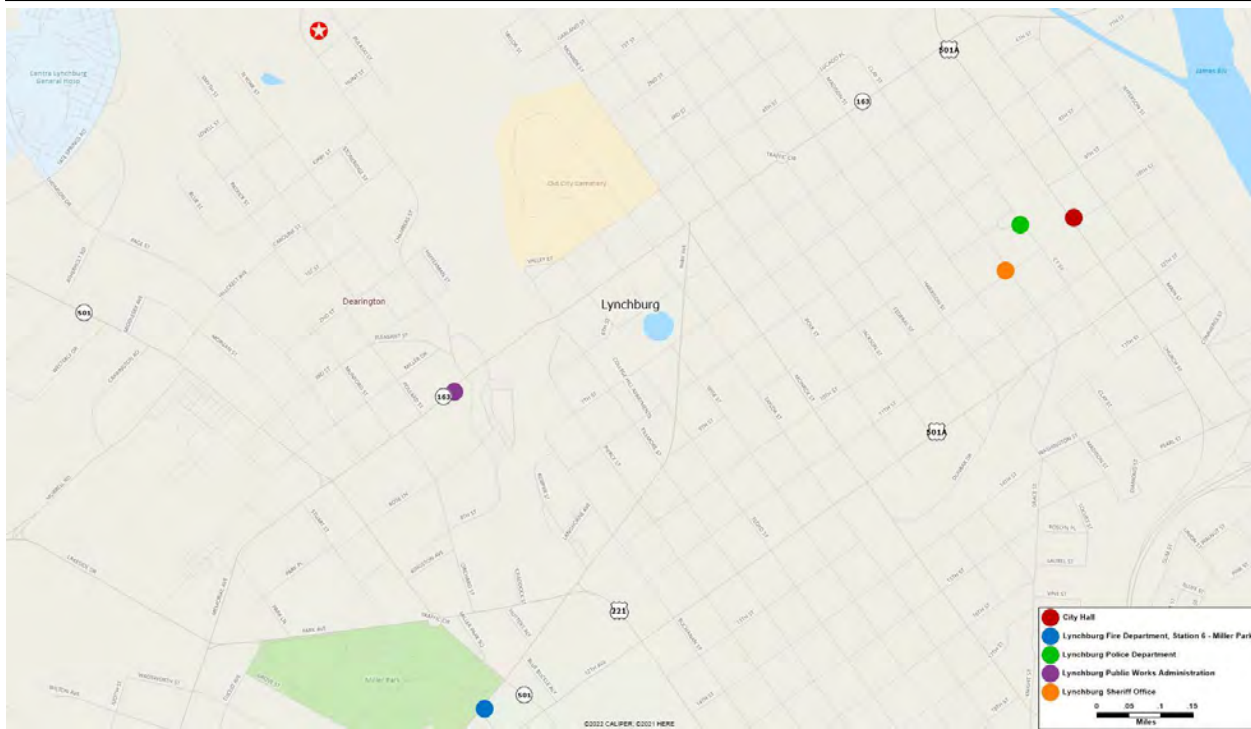
HOUSES OF WORSHIP

Service	Distance From Site (in Miles)
Dearington Baptist Church	0.3
Leawood Baptist Church	0.7
Pentecostal Holiness Church	0.8
Breakthrough Church	0.9
Fifth Street Baptist Church	1.1
Christ Temple Bible Way	1.3
Gospel Community Church College Hill	1.5
The Hood Church Inc.	1.5
St Paul's Episcopal Church	1.5
Holy Cross Catholic Church	1.6

Dearington Hills
311 Chambers Street
Lynchburg, Virginia 24504

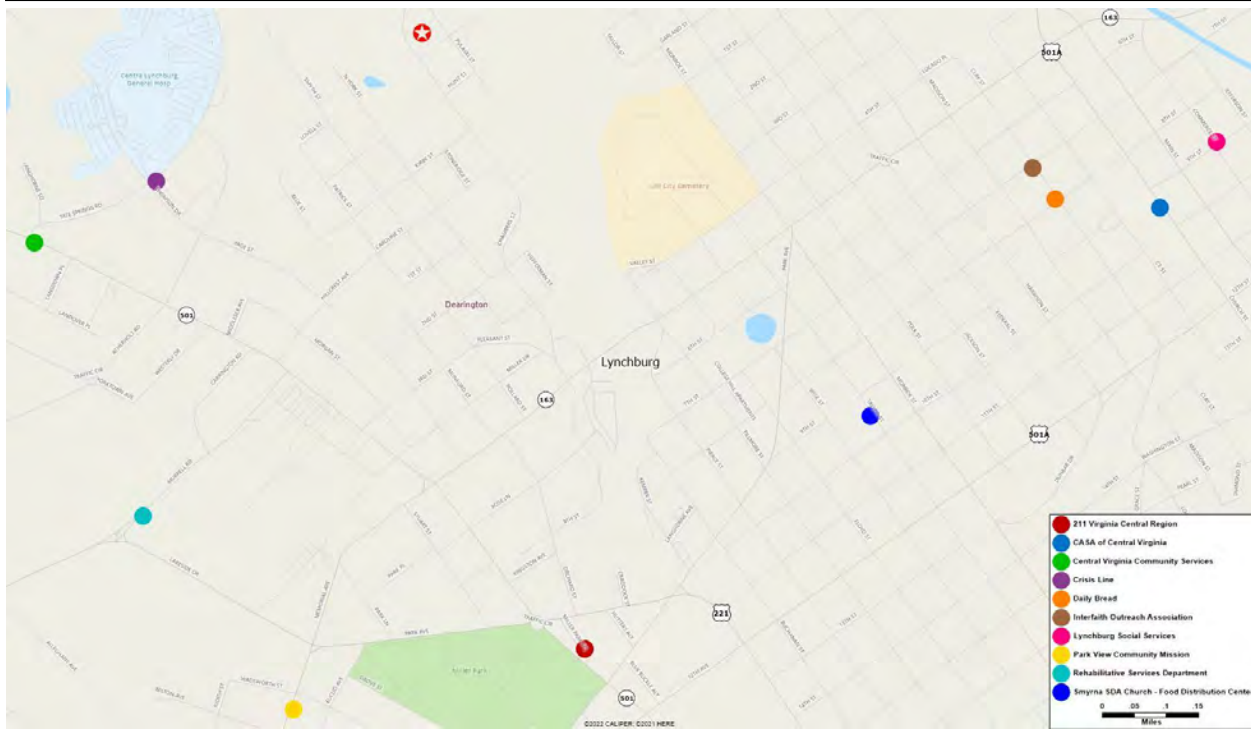


POST OFFICES		
	Service	Distance From Site (in Miles)
	United States Postal Service	1.9



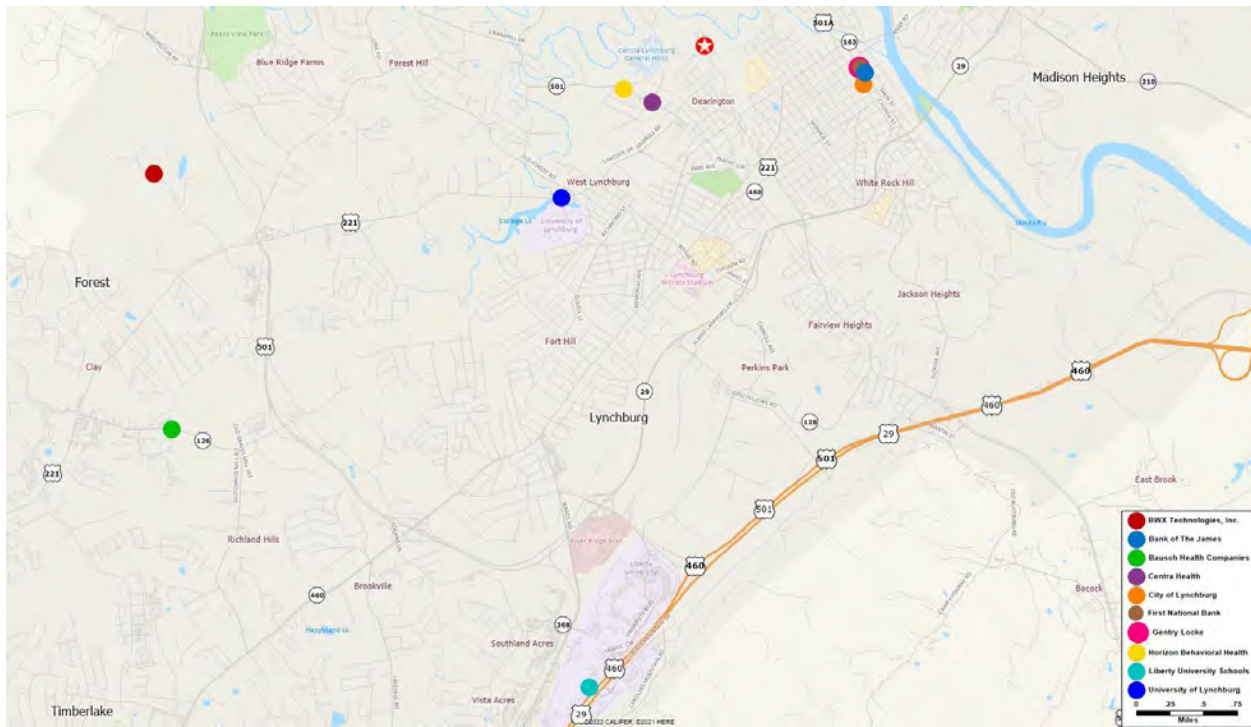
PUBLIC SAFETY/GOVERNMENT

Service	Distance From Site (in Miles)
Lynchburg Public Works Administration	0.8
Lynchburg Fire Department, Station 6 - Miller Park	1.4
Lynchburg Police Department	1.7
Lynchburg Sheriff Office	1.8
City Hall	1.9



SOCIAL SERVICES

Service	Distance From Site (in Miles)
Rehabilitative Services Department	1.0
Crisis Line	1.0
Central Virginia Community Services	1.1
211 Virginia Central Region	1.1
Park View Community Mission	1.3
Smyrna SDA Church - Food Distribution Center	1.3
Interfaith Outreach Association	1.6
Daily Bread	1.6
CASA of Central Virginia	1.8
Lynchburg Social Services	1.9

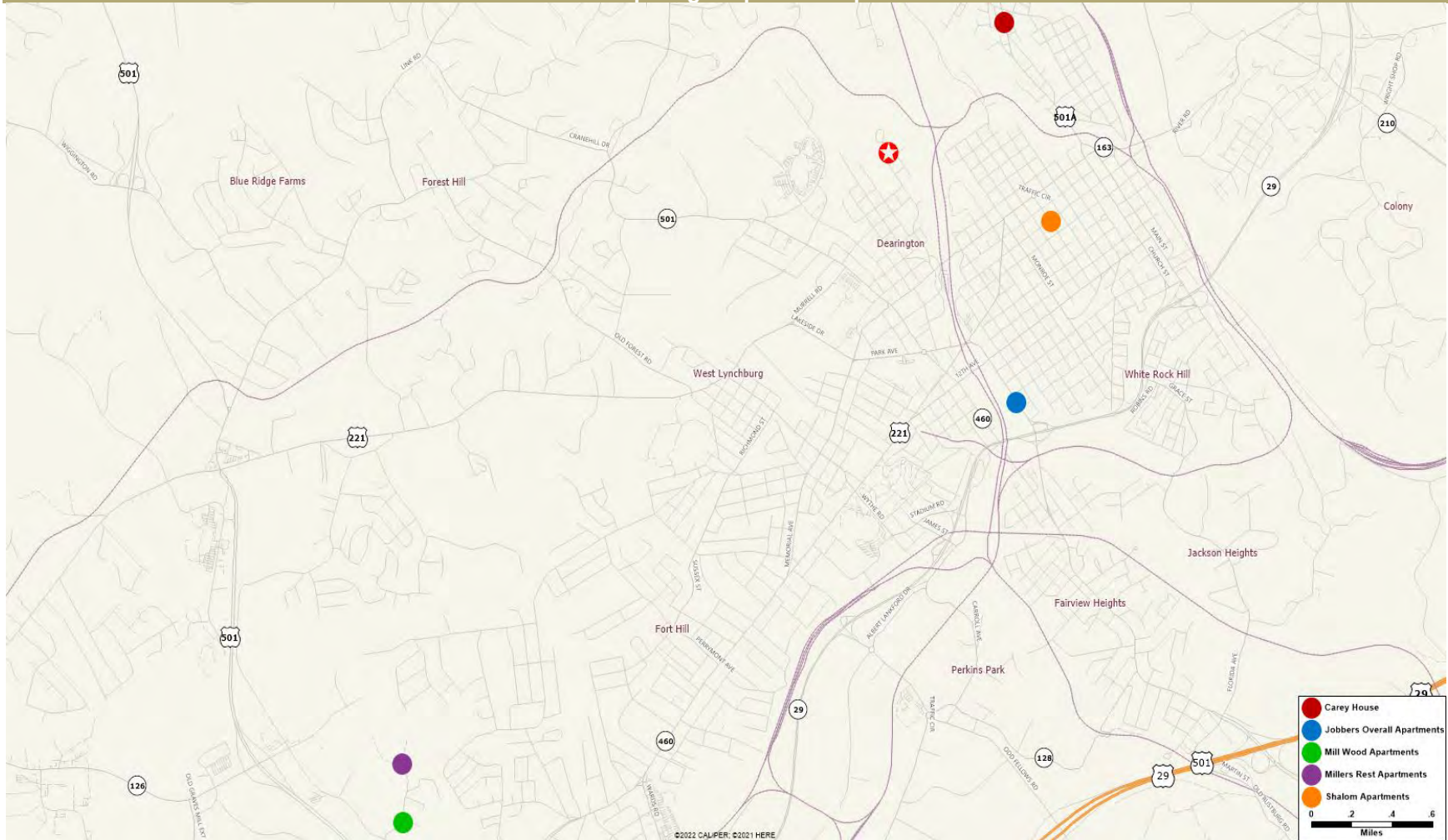


MAJOR EMPLOYERS

Service	Distance From Site (in Miles)
Centra Health	0.7
Horizon Behavioral Health	1.1
Gentry Locke	1.8
First National Bank	1.8
Bank of The James	1.9
City of Lynchburg	1.9
University of Lynchburg	2.0
BWX Technologies, Inc.	5.3
Liberty University Schools	5.8
Bausch Health Companies	6.5



Competing Properties Map



The subject will be a LIHTC property with units set at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. Therefore, the affordable housing units on the map above will directly compete with the subject's units.



Summary of Site Strengths and Weaknesses

Strengths – The site has average visibility and access. The subject is close to employment centers, healthcare services, government and public services. In addition, the subject has excellent access to public transportation. Furthermore, the subject's location provides easy access to major thoroughfares and many recreation and shopping opportunities.

Weaknesses – The site has no apparent weaknesses.



SECTION E: MARKET AREA

Delineation of Market Area

Following is a list of considerations used when determining the market area:

- **Population and Households Counts:** The number of households in a market area is directly proportionate to its geographic size within an individual market. Total householders residing in a market area can greatly influence demand calculations.
- **General Demographics:** The socio-economic composition of a market area including income, household size and tenure can be largely influenced by the erroneous inclusion or exclusions of non-comparable areas.
- **Demand:** Too large of a market may result in overstating demand for a proposed development. Conversely, too conservative of a market area may discount the demand for new product, especially if a lack of quality housing currently exists.
- **Supply Analysis:** While a larger market area generally includes higher household totals, it likewise may include a higher number of directly comparable units. If using demand methodologies that net out recently constructed and comparable rental units from the demand estimate, the increase in the number of comparable units can outweigh the increase in demand.
- **Competitive Stock:** The existing rental stock surveyed for a market study is dependent on the number of rental properties in a given market and therefore the boundaries of a primary market area. If existing developments are going to be used as “comparables”, they should be located in the primary market area, if possible.
- **Attainable Rents:** If the market area includes non-comparable areas, the analysis may use comparables projects that suggest that a project can achieve rents that area significantly higher or lower than the rents its micro location will support.
- **Location of Competitive Properties:** A primary consideration in defining a market area is identifying those locations that offer alternative opportunities to a potential renter for a subject site. The managers of existing comparable properties near the site are excellent sources in determining those competitive locations.
- **Accessibility:** Available transportation linkages including both traffic arteries and mass transit options can influence the size of the market. Mass transit can have a significant impact on projects addressing very low income households for which transportation options may be limited.
- **Natural Boundaries:** Natural boundaries including rivers and mountains can restrict the mover-ship within a market due to a lack of accessibility.
- **Housing Project Characteristics:** The availability of a unique structure type such as a high rise may alter the typical draw of a potential project.
- **Market Perceptions:** Whether grounded in reality or not, market perceptions can be a significant determinant of market area boundaries. Social stigmas often exist within sub-markets, with residents from one side of a submarket may not move to a close by neighborhood, regardless of housing opportunities. The construction of a new, attractive rental community may not necessarily relieve this perception.
- **Commuting Patterns:** The time spent commuting and employment destination could often reveal distinct patterns. High percentages of workers with long commutes or working in neighboring counties are often indicators of a lack of affordable housing options near employment centers.
- **Target Market:** Proposed developments targeting a special needs population such as seniors generally draw from a larger geographic region. Given the smaller pool of qualified householders, the location and quantity of comparable stock is of additional importance. An acceptable market area for a family oriented rental community will often be too conservative for a rental community targeting senior rental householders.
- **Jurisdictional Boundaries:** Differences in the quality and services provided by school districts, municipalities, or counties often influence consumer location choices.
- **Local Agency Service Boundaries:** The geographic areas covered by local agencies, such as housing authorities, senior citizen centers, community-based organizations, or churches can be a



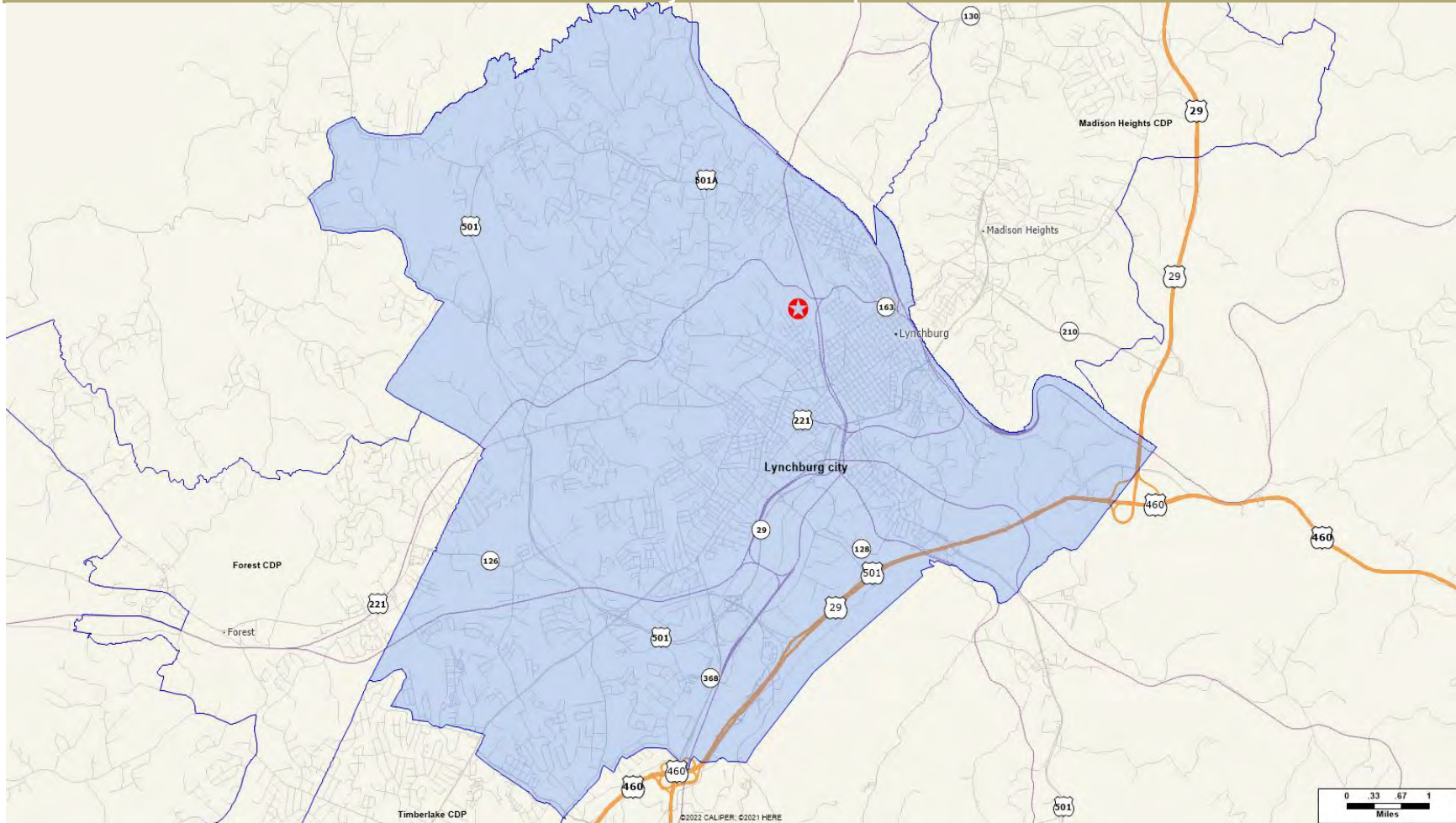
strong indicator of market area boundaries, especially when the project has a community-based sponsor or co-sponsor.

- Non-Geographic Factors: Employees who might be expected to reside in a development as a result of planned or existing job opportunities and special needs households who are served by a multi-jurisdictional agency that covers communities that are clearly distinct market areas.

The determination of the market area is based on the boundaries between governmental units. In such a method, county, division or city boundaries become the boundaries of the market area. The primary market area was determined to be the City of Lynchburg. The City of Lynchburg is an independent city. It is a city with approximately 50 square miles and has an estimated 2024 population of 79,531, according to Claritas; Ribbon Demographics. In addition, the property has a total of 30,618 households, according to Claritas; Ribbon Demographics, with 15,658 renter households. Lynchburg is the geographic center of the state. Due to the project-based Section 8 vouchers as well as the range of incomes eligible to live at the property, the subject will attract residents from throughout the city. Therefore, the primary market area was determined to be the City of Lynchburg. The City of Madison Heights is located adjacent to Lynchburg, and a portion of the potential tenants for the subject could also come from this city. Therefore, the secondary market area was determined to be the Cities of Lynchburg and Madison Heights. The analysis was conducted using only the demographics data from the primary market area.



Primary Market Area Map





SECTION F: EMPLOYMENT AND ECONOMY

The economy of Lynchburg is based on accommodation/food services; educational services; healthcare and social assistance services; manufacturing; and retail trade sectors. Each of these categories has experienced reasonable growth within the past few years.

At-Place Employment

The following table shows the at-place employment trends for the market area from 2012 to 2022.

AT-PLACE EMPLOYMENT TRENDS											
INDUSTRY	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Agriculture, Forestry and Fisheries	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Mining	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Construction	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	1,425
Manufacturing	6,529	6,560	6,365	6,414	6,359	6,377	6,276	6,203	5,831	5,890	6,130
Transportation and Warehousing	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	1,140	1,139
Utilities	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	46	47
Wholesale Trade	1,542	1,576	1,561	1,489	1,411	1,545	1,401	1,484	1,367	1,336	1,418
Retail Trade	7,328	7,133	7,089	7,066	7,051	6,831	6,662	6,652	6,159	6,079	6,036
Leisure and Hospitality	5,395	5,302	5,340	5,670	5,903	5,914	6,098	6,148	5,192	5,741	6,084
Education and Health Services	10,769	11,088	11,198	11,474	11,609	12,155	12,676	13,190	12,480	12,118	12,079
Professional and Business Services	6,845	6,833	7,179	6,769	6,439	6,683	6,719	6,594	5,900	6,037	5,992
Financial Activities	2,944	2,977	3,070	1,949	2,955	2,826	2,777	2,549	2,815	2,600	2,352
Information	507	490	494	402	289	411	468	449	399	406	410
Other Services	1,505	1,480	1,443	1,586	1,604	1,703	1,747	1,643	1,221	1,266	1,306
Public Administration (Local Government)	975	972	980	968	976	981	970	969	948	899	917

Source: U.S. Bureau of Labor Statistics
*Data was not available.

Employment Rates

Unemployment in the City of Lynchburg reached a high of 8.7 percent in 2010 and was at its lowest in 2019 with 3.7 percent. The rate for Lynchburg in December 2023 was 3.9 percent. The number employed has increased 0.4 percent per year since 2010.

LABOR FORCE AND EMPLOYMENT TRENDS FOR LYNCHBURG CITY					
ANNUALS	CIVILIAN LABOR FORCE*	EMPLOYMENT		UNEMPLOYMENT	
		TOTAL	%	TOTAL	%
2010	35,899	32,781	91.3%	3,118	8.7%
2011	35,703	32,834	92.0%	2,869	8.0%
2012	35,536	32,933	92.7%	2,603	7.3%
2013	35,740	33,266	93.1%	2,474	6.9%
2014	36,112	33,853	93.7%	2,259	6.3%
2015	35,763	33,791	94.5%	1,972	5.5%
2016	35,557	33,738	94.9%	1,819	5.1%
2017	36,372	34,606	95.1%	1,766	4.9%
2018	36,391	34,924	96.0%	1,467	4.0%
2019	36,639	35,287	96.3%	1,352	3.7%
2020	35,666	32,975	92.5%	2,691	7.5%
2021	35,240	33,459	94.9%	1,781	5.1%
2022	35,743	34,346	96.1%	1,397	3.9%
2023**	36,612	35,186	96.1%	1,426	3.9%

* Data based on place of residence.
**Preliminary - based on monthly data through December 2023
Source: U.S. Bureau of Labor Statistics



The State of Virginia reached a high of 7.3 percent in 2010 and was at its lowest point in 2019 and 2022 with 2.8 percent. The rate for the State of Virginia in December 2023 was 2.7 percent. The number employed has increased 0.9 percent per year since 2010.

LABOR FORCE AND EMPLOYMENT TRENDS FOR VIRGINIA					
ANNUALS	CIVILIAN LABOR FORCE*	EMPLOYMENT		UNEMPLOYMENT	
		TOTAL	%	TOTAL	%
2010	4,163,293	3,858,466	92.7%	304,827	7.3%
2011	4,205,184	3,929,008	93.4%	276,176	6.6%
2012	4,217,529	3,967,151	94.1%	250,378	5.9%
2013	4,238,377	4,002,057	94.4%	236,320	5.6%
2014	4,258,856	4,040,908	94.9%	217,948	5.1%
2015	4,233,981	4,048,081	95.6%	185,900	4.4%
2016	4,254,348	4,084,822	96.0%	169,526	4.0%
2017	4,352,977	4,193,290	96.3%	159,687	3.7%
2018	4,359,053	4,228,274	97.0%	130,779	3.0%
2019	4,419,378	4,297,265	97.2%	122,113	2.8%
2020	4,332,338	4,053,387	93.6%	278,951	6.4%
2021	4,315,045	4,148,175	96.1%	166,870	3.9%
2022	4,427,292	4,304,759	97.2%	122,533	2.8%
2023**	4,534,581	4,412,610	97.3%	121,971	2.7%

* Data based on place of residence.

**Preliminary - based on monthly data through December 2023

Source: U.S. Bureau of Labor Statistics

According to the U.S. Bureau of Labor Statistics, unemployment trends for Lynchburg are in line with the to the unemployment trends for the State of Virginia.

CHANGE IN TOTAL EMPLOYMENT FOR LYNCHBURG CITY				
PERIOD	NUMBER		PERCENT	
	TOTAL	ANNUAL	TOTAL	ANNUAL
2010-2015	1,010	202	3.1%	0.6%
2015-2020	555	111	1.6%	0.3%

Source: U.S. Bureau of Labor Statistics

The changes in employment since 2010 by time period are listed in the above table. The data shows that the number of persons employed in Lynchburg increased an average of 0.5 percent per year between 2010 and 2020.

RECENT CHANGES IN EMPLOYMENT FOR LYNCHBURG CITY			
YEAR	NUMBER EMPLOYED	ANNUAL CHANGE	% OF LABOR FORCE UNEMPLOYED
2015	33,791	(62)	5.5%
2016	33,738	(53)	5.1%
2017	34,606	868	4.9%
2018	34,924	318	4.0%
2019	35,287	363	3.7%
2020	32,975	(2,312)	7.5%
2021	33,459	484	5.1%
2022	34,346	887	3.9%

Source: U.S. Bureau of Labor Statistics

The previous tables show the changes in employment and percent unemployed for the past eight years. The unemployment rate for the City of Lynchburg has fluctuated from 3.7 percent to 7.5 percent since 2015.



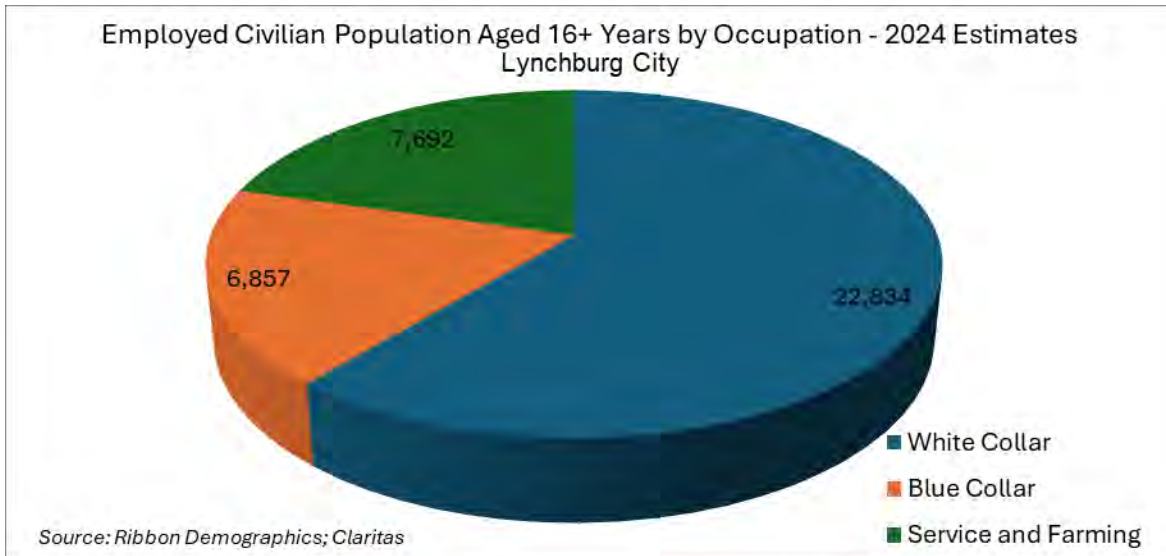
Major Employers

The name, industry and number of employees for the major employers of the City of Lynchburg and surrounding area are shown in the following table:

MAJOR EMPLOYERS		
Name	Industry	Total Employees
Liberty University Schools	Education	6,401
Centra Hospital	Healthcare	3,096
BWX Technologies, Inc.	Manufacturing	2,500
Framatome	Nuclear Products & Services	1,875
Lynchburg City Schools	Education	1,605
Shentel	Telecommunications	1,500
City of Lynchburg	Government	1,076
Barton Marlow	Construction Management	1,000
Genworth Financial	Insurance	960
Southern Air, Inc.	HVAC Contractors	830
Horizon Behavioral Health	Human Services	705
Kroger Office	Retail/Produce	543
Meriwether-Godsey, Inc.	Catering	500
University of Lynchburg	Education	489
Mary Baldwin University	Education	440
Delta Star, Inc.	Manufacturing	412
LSC Communications	Commerical Printing	412
STARTEK	Business Process Outsourcing	400

Source: Lynchburg Office of Economic Development and Tourism

The majority of the civilian population within the market area are employed in white collar jobs though a significant portion are also employed in service and farming and blue collar positions. The following pie chart shows the breakdown within the market area.





Place of Work Employment

The following chart shows the number of people employed in different sectors of the market area economy in 2024.

Lynchburg City Employed Civilian Population Aged 16+ Years by Industry Current Year Estimates - 2024		
Industry	Number Employed	Percent Employed
Accommodation/Food Services	4,108	11.0%
Administrative/Support/Waste Management	1,530	4.1%
Agriculture/Forestry/Fishing/Hunting/Mining	94	0.3%
Arts/Entertainment/Recreation	1,371	3.7%
Construction	1,662	4.4%
Educational Services	7,476	20.0%
Finance/Insurance/Real Estate/Rent/Lease	1,282	3.4%
Health Care/Social Assistance	5,721	15.3%
Information	751	2.0%
Management of Companies and Enterprises	0	0.0%
Manufacturing	3,209	8.6%
Other Services Except Public Administration	2,430	6.5%
Professional/Scientific/Technical Services	1,866	5.0%
Public Administration	751	2.0%
Retail Trade	3,739	10.0%
Transportation/Warehousing/Utilities	998	2.7%
Wholesale Trade	395	1.1%
Total:	37,383	100.0%

Source: Ribbon Demographics; Claritas

The above chart shows the number of people employed in different sectors of the market area economy in 2024. According to interviews conducted by the analyst, employers in the area indicate that the area economy should remain stable in the next two to five years.

Future Employment Trends

According to the Virginia Employment Commission, there have been no W.A.R.N. notices issued for the City of Lynchburg within the past two years.

However, there have been three companies in Lynchburg and the surrounding area that have recently announced closings. KDC/One, a beauty, personal care and home care corporation in Lynchburg, closed at the end of 2023. The closing resulted in the loss of 670 jobs. In addition, Masterbrand Cabinets in Lynchburg announced it was closing in late 2023. This closing will result in a loss of 250 jobs. Finally, Newell Brands, a candle making company in Forest, closed at the end of 2023, resulting in a loss of 187 jobs.

According to the Lynchburg Office of Economic Development and Tourism, there have been several new and expanding businesses in the city. New businesses and expansions include, but are not limited to, the following:

- CloudFit Software recently completed a \$5 million renovation of the historic Carter Glass building. Approximately 78 jobs are to be added as a result of this renovation.
- Woodspring Suites opened a new \$9.3 million facility in the city, adding 13 new jobs.
- Bausch & Lomb announced a planned \$35 million expansion of its manufacturing facility which will expand its footprint to 190,000 square feet. This expansion will add 79 jobs.



-
- Virginia Metal Treating opened a new location in the city in 2023, completing a \$5.7 million facility in Ivy Creek Industrial Park.
 - River Ridge Mall recently completed an \$80 million renovation of its West End. The renovated portion of the mall re-opened in 2023 with eight new stores, including Windsor Fashions LLC and Duck Donuts.
 - Homegoods opened in January 2023.
 - Noodles and Company has constructed a new facility which is anticipated to open in April 2023. Approximately 25 new jobs will be added.
 - Additional new and expanding businesses include Crumbl Cookies, Insomnia Cookies, Mission House Coffee and Nothing Bundt Cakes.
 - Master planning and site development efforts in the Ivy Creek Innovation Park and the future Airport Commerce Park are underway. The advancement efforts will open more than 300 acres of available property for industrial and commercial development.
 - Over \$163 million in commercial construction permits were issued from June 2021 to June 2023, with many commercial construction projects supported by incentives from the Office of Economic Development & Tourism. In 2021, Enterprise Zone investments helped fuel downtown growth as well as commercial and industrial enterprise throughout the city. Projects receiving Enterprise Zone report included the Allied Arts building, which was remodeled to house both offices and residential units and Schewels Home, a renovation of the historic Galleria in the downtown area of Lynchburg to provide space for other businesses.
 - In the 2023 fiscal year, \$150,000 was awarded from the Local Redevelopment Program which is designed to support small business real property investments and expand real estate tax receipts for the city. The money was awarded to 18 local businesses, creating and retaining almost 200 jobs.
 - Appomattox County partnered with Firefly (Central Virginia Electric Cooperative) to extend Phase II of the broadband initiative in underserved southern portions of the county. The northern portion was completed in Phase I. This project will continue through 2023 and into 2024. It is anticipated that this project will provide a boost to the education sector and to economic development.
 - Through a lease/purchase agreement, Appomattox County partnered with the Appomattox Christian Academy to repurpose the Carver-Price Center to establish a vocational training center and refurbishing the old auditorium and turning it into a performing arts center.
 - The largest planned community in Amherst County's history, the Madison Heights Town Centre (MHTC) is planned in Madison Heights. The development will have designated open spaces, 75,000 square feet of commercial space, 75,000 square feet of apartments, 400 townhomes, 250 patio homes and 100 single-family homes.
 - The Senior Living Project, a senior living community that will offer villas for seniors ages 55 and older along with independent living apartments and an assisted living memory care facility. In addition, apartments for all age brackets will be constructed. The community will also have a large green space with walking trails, soccer fields, pickleball courts and a pavilion.
 - WexcoUSA opened recently in Bedford County. This plan manufactures bimetallic cylinders that are used in numerous industries.
 - The former Madison Heights school on Phelps Road was redeveloped into 42 market-rate apartments known as The Westie.
 - Amherst Mill was redeveloped into Camp Trapezium, a brewery that specializes in mixed fermentation beers and brick fired pizzas.

The number of jobs created by a number of the new and expanding business was not made available to the analyst. However, due to the new and expanding businesses and the decreasing unemployment rates in the area, it is believed that the economic outlook for the area will remain table for the next two to five years despite the job losses in the area.



Wages

The average annual wage of employees in Lynchburg was \$60,349 in 2022. Wages have been increasing 7.9 percent per year.

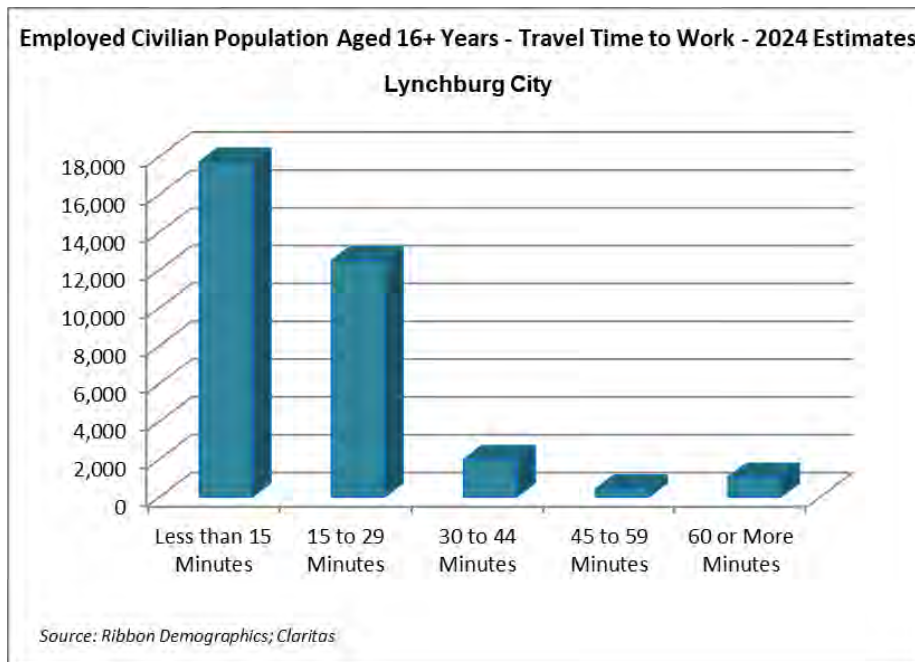
AVERAGE ANNUAL WAGE BY SECTOR			
INDUSTRY	2021	2022	% INCREASE
Agriculture, Forestry and Fisheries	N/A*	N/A*	N/A*
Mining	N/A*	N/A*	N/A*
Construction	N/A*	\$65,076	N/A*
Manufacturing	\$59,886	\$64,012	6.9%
Transportation and Warehousing	\$55,019	\$59,211	7.6%
Utilities	\$91,782	\$99,920	8.9%
Wholesale Trade	\$74,797	\$76,465	2.2%
Retail Trade	\$29,659	\$32,632	10.0%
Leisure and Hospitality	\$18,758	\$20,245	7.9%
Education and Health Services	\$56,897	\$60,261	5.9%
Professional and Business Services	\$69,056	\$76,506	10.8%
Financial Activities	\$72,237	\$76,989	6.6%
Information	\$53,397	\$57,299	7.3%
Other Services	\$35,498	\$36,865	3.9%
Public Administration (Local Government)	\$54,275	\$59,055	8.8%

Source: U.S. Bureau of Labor Statistics

*Data was not available.

Employment Outside the County

In 2024, for residents employed in market area, the travel time to work from the site is less than 15 minutes. For the majority of those employed in other parts of the city, the travel time would be within 30 minutes. According to the chart below, 52.7 percent have a travel time of less than 15 minutes; 37.2 percent have a travel time of 15 to 29 minutes; and 10.1 percent have a travel time of over 30 minutes. This relatively low travel time indicates that the subject site is in an area in close proximity to employment centers.





Summary of Employment Trends in Market Area

The property is a proposed LIHTC property which will contain project-based Section 8 vouchers for 25 units. The property will have units at 30, 40, 50 and 60 percent of the area median income. Households with one to five persons and annual incomes below \$53,820 will be potential tenants for the proposed units. Major employers shown on Page 52 are included in the manufacturing; education and social services; healthcare and social services; government; and other services sectors. The available employment is well-suited to the targeted population of the proposed LIHTC development.



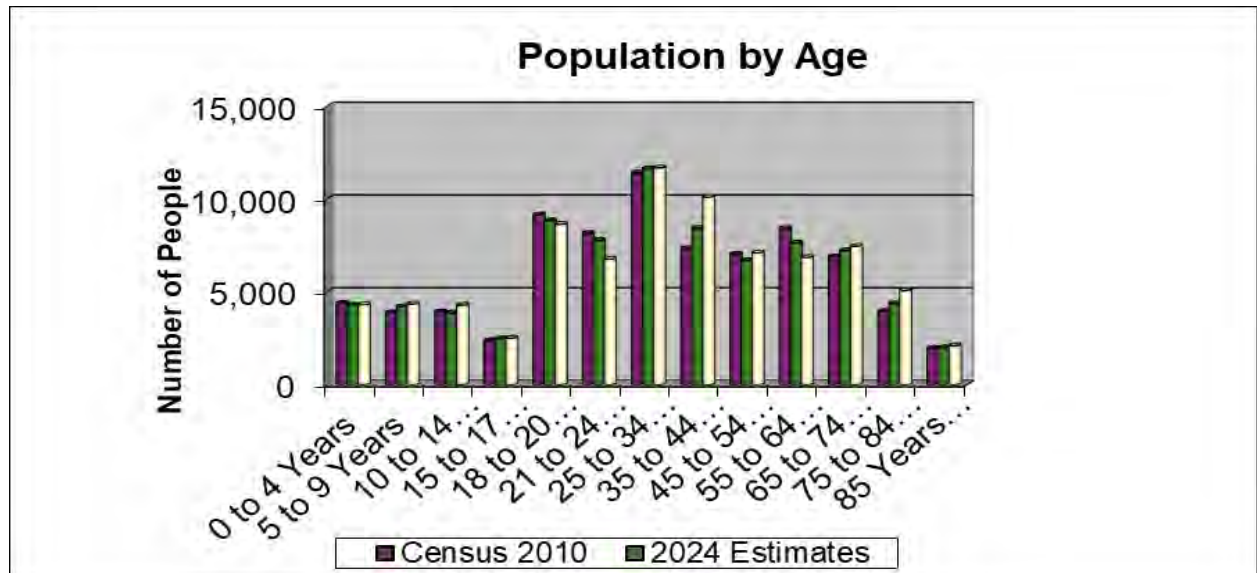
SECTION G: DEMOGRAPHIC CHARACTERISTICS

Population and Households Trends and Analysis

The housing Market Area for the proposed units is an area in which people could locate their residences and have fairly equal access to the same job market, community services and amenities and be in the socio-economic community they choose. The primary market area for the subject consists of the City of Lynchburg.

Lynchburg City Population by Age & Sex											
Census 2020				Current Year Estimates - 2024				Five-Year Projections - 2029			
Age	Male	Female	Total	Age	Male	Female	Total	Age	Male	Female	Total
0 to 4 Years	2,250	2,148	4,398	0 to 4 Years	2,197	2,098	4,295	0 to 4 Years	2,207	2,107	4,314
5 to 9 Years	1,998	1,891	3,889	5 to 9 Years	2,159	2,058	4,217	5 to 9 Years	2,226	2,128	4,354
10 to 14 Years	2,021	1,913	3,934	10 to 14 Years	1,983	1,880	3,863	10 to 14 Years	2,195	2,097	4,292
15 to 17 Years	1,202	1,177	2,379	15 to 17 Years	1,249	1,233	2,482	15 to 17 Years	1,274	1,241	2,515
18 to 20 Years	4,170	4,993	9,163	18 to 20 Years	4,056	4,790	8,846	18 to 20 Years	3,958	4,697	8,655
21 to 24 Years	3,892	4,282	8,174	21 to 24 Years	3,610	4,177	7,787	21 to 24 Years	3,116	3,654	6,770
25 to 34 Years	5,516	5,914	11,430	25 to 34 Years	5,669	5,978	11,647	25 to 34 Years	5,735	5,957	11,692
35 to 44 Years	3,374	3,971	7,345	35 to 44 Years	3,980	4,464	8,444	35 to 44 Years	4,907	5,204	10,111
45 to 54 Years	3,267	3,774	7,041	45 to 54 Years	3,079	3,615	6,694	45 to 54 Years	3,246	3,866	7,112
55 to 64 Years	3,927	4,496	8,423	55 to 64 Years	3,518	4,131	7,649	55 to 64 Years	3,148	3,714	6,862
65 to 74 Years	3,050	3,853	6,903	65 to 74 Years	3,240	3,993	7,233	65 to 74 Years	3,341	4,128	7,469
75 to 84 Years	1,564	2,398	3,962	75 to 84 Years	1,745	2,629	4,374	75 to 84 Years	2,040	3,040	5,080
85 Years and Up	<u>629</u>	<u>1,339</u>	<u>1,968</u>	85 Years and Up	<u>608</u>	<u>1,392</u>	<u>2,000</u>	85 Years and Up	<u>632</u>	<u>1,475</u>	<u>2,107</u>
Total	36,860	42,149	79,009	Total	37,093	42,438	79,531	Total	38,025	43,308	81,333
62+ Years	n/a	n/a	15,352	62+ Years	n/a	n/a	15,971	62+ Years	n/a	n/a	16,745
Median Age:			32	Median Age:			32.1	Median Age:			33.4

Source: Claritas; Ribbon Demographics



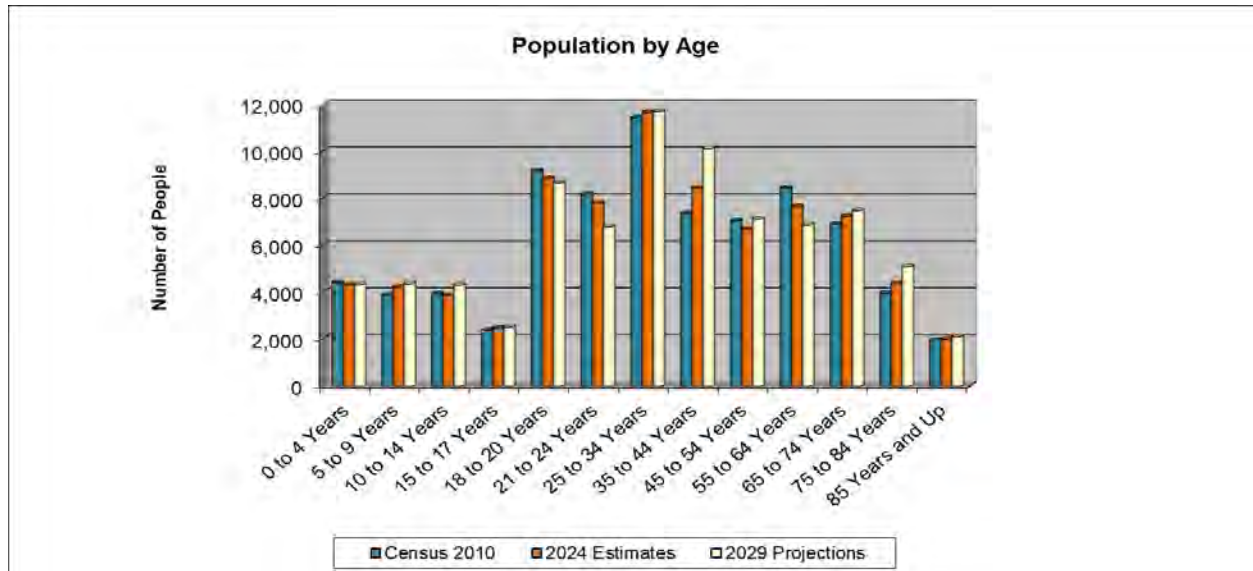
Source: Claritas; Ribbon Demographics



In 2010, this geographic market area contained an estimated population of 75,494. The population in 2020 in the market area increased 4.7 percent to 79,009. In 2024, the population in this market area increased 0.7 percent to 79,531. It is projected that between 2024 and 2029, population in the market area will increase 2.3 percent to 81,333. Population estimates and projections are based on the most recent data from Claritas and Ribbon Demographics.

Lynchburg City Population by Age & Sex											
Census 2020				Current Year Estimates - 2024				Five-Year Projections - 2029			
Age	Male	Female	Total	Age	Male	Female	Total	Age	Male	Female	Total
0 to 4 Years	2,250	2,148	4,398	0 to 4 Years	2,197	2,098	4,295	0 to 4 Years	2,207	2,107	4,314
5 to 9 Years	1,998	1,891	3,889	5 to 9 Years	2,159	2,058	4,217	5 to 9 Years	2,226	2,128	4,354
10 to 14 Years	2,021	1,913	3,934	10 to 14 Years	1,983	1,880	3,863	10 to 14 Years	2,195	2,097	4,292
15 to 17 Years	1,202	1,177	2,379	15 to 17 Years	1,249	1,233	2,482	15 to 17 Years	1,274	1,241	2,515
18 to 20 Years	4,170	4,993	9,163	18 to 20 Years	4,056	4,790	8,846	18 to 20 Years	3,958	4,697	8,655
21 to 24 Years	3,892	4,282	8,174	21 to 24 Years	3,610	4,177	7,787	21 to 24 Years	3,116	3,654	6,770
25 to 34 Years	5,516	5,914	11,430	25 to 34 Years	5,669	5,978	11,647	25 to 34 Years	5,735	5,957	11,692
35 to 44 Years	3,374	3,971	7,345	35 to 44 Years	3,980	4,464	8,444	35 to 44 Years	4,907	5,204	10,111
45 to 54 Years	3,267	3,774	7,041	45 to 54 Years	3,079	3,615	6,694	45 to 54 Years	3,246	3,866	7,112
55 to 64 Years	3,927	4,496	8,423	55 to 64 Years	3,518	4,131	7,649	55 to 64 Years	3,148	3,714	6,862
65 to 74 Years	3,050	3,853	6,903	65 to 74 Years	3,240	3,993	7,233	65 to 74 Years	3,341	4,128	7,469
75 to 84 Years	1,564	2,398	3,962	75 to 84 Years	1,745	2,629	4,374	75 to 84 Years	2,040	3,040	5,080
85 Years and Up	629	1,339	1,968	85 Years and Up	608	1,392	2,000	85 Years and Up	632	1,475	2,107
Total	36,860	42,149	79,009	Total	37,093	42,438	79,531	Total	38,025	43,308	81,333
62+ Years	n/a	n/a	15,352	62+ Years	n/a	n/a	15,971	62+ Years	n/a	n/a	16,745
Median Age:			32	Median Age:			32.1	Median Age:			33.4

Source: Claritas; Ribbon Demographics



Source: Claritas; Ribbon Demographics



Housing Market

The demand for additional housing in a market area is a function of population growth, household formations and, also, a replacement of units lost through demolition and extreme obsolescence. Also, within the overall demand are segments of the market asking for more or less expense (related to income) and for ownership or rental.

Some of the demand has been, or will be, satisfied by units which have been built, or will be built, by the time the project is renting. The difference between demand and supply, the residual, is the total market of which the project's market will be a share.

The "tenure" of existing housing will be examined first as a guide to the future proportion of ownership and rentals; then characteristics of the housing stock will be noted.

The most important analysis is that of demand, supply and residual demand which follows. Its product is the number of type rental units which will be demanded.

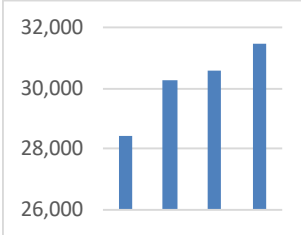
Tenure

The percentage of renters in the market area in 2024 is 51.1 percent. Household estimates and projections are based on the most recent data from Claritas and Ribbon Demographics.

Lynchburg City

Total Households

Census 2010	28,448	
Census 2020	30,269	
Current Year Estimates 2024	30,618	
Five-Year Projections 2029	31,506	
<i>Change 2010 - 2020</i>	1,821	6.4%
<i>Estimated Change 2020 - 2024</i>	349	1.2%
<i>Projected Change 2024 - 2029</i>	888	2.9%
Average Household Size 2010	2.30	
Average Household Size 2020	2.26	
Average Household Size 2024	2.25	
Average Household Size 2029	2.24	



Households by Tenure

2020 Owner	14,840	49.0%
2020 Renter	15,429	51.0%
2024 Owner	14,960	48.9%
2024 Renter	15,658	51.1%
2029 Owner	15,341	48.7%
2029 Renter	16,165	51.3%

Source: Claritas; Ribbon Demographics



Rent Overburdened Households

According to the Comprehensive Housing Affordability Strategy (CHAS) published by the Office of Policy Development and Research, in 2020 (the most recent data available), there were 2,065 renter-occupied households in the city with incomes greater than 30 percent and less than or equal to 50 percent that are considered rent overburdened. The rent overburdened households represent 84.5 percent of the households in the city with incomes greater than 30 percent and less than or equal to 50 percent. The percentage of rent-overburdened households was used in the demand analysis to calculate the number of households within the subject's income range that are rent-overburdened.

Income by Cost Burden (Renters only)	Cost burden > 30%	Cost burden > 50%	Total
Household Income <= 30% HAMFI	2,395	2,060	3,105
Household Income >30% to <=50% HAMFI	2,065	570	2,445
Household Income >50% to <=80% HAMFI	1,370	60	3,680
Household Income >80% to <=100% HAMFI	90	15	1,510
Household Income >100% HAMFI	135	15	3,430
Total	6,055	2,720	14,175

Source: CHAS 2016-2020 American Community Survey

Substandard Households

According to the Comprehensive Housing Affordability Strategy (CHAS) published by the Office of Policy Development and Research, in 2020 (the most recent data available), there were 6,455 renter-occupied households in the county with at least one of the four following housing problems: incomplete kitchen facilities, incomplete plumbing facilities, more than one person per room and cost burden greater than 30 percent. This data includes rent-overburdened households which have already been addressed. Therefore, it is necessary to remove the rent-overburdened households from the data to determine the remaining substandard households. The previous table indicates there are 2,445 total rent overburdened households with incomes greater than 30 percent and less than or equal to 50 percent. These 2,445 households that were rent-overburdened were subtracted from the 6,455 households that are substandard. The result of 4,010 households represents 28.3 percent of the total renter households in the city. The percentage of substandard households was used in the demand analysis to calculate the number of households within the subject's income range that are considered substandard.

Housing Problems Overview	Owner	Renter	Total
Household Has At Least 1 of 4 Housing Problems	2,400	6,455	8,855
Household Has None of 4 Housing Problems or Cost Burden Not Available, No Other Problems	11,650	7,715	19,365
Total	14,050	14,175	28,225

Source: CHAS 2016-2020 American Community Survey



Income Eligibility Analysis

Renter Households							
All Age Groups							
Year 2024 Estimates							
	1-Pers	2-Pers	3-Pers	4-Pers	5-Pers	6+-Pers	
	HH	HH	HH	HH	Estimates*	Estimates*	Total
\$0-10,000	912	380	232	84	28	14	1,650
\$10,000-20,000	1,206	332	207	144	51	24	1,964
\$20,000-30,000	981	608	186	152	49	26	2,002
\$30,000-40,000	725	501	198	128	159	95	1,806
\$40,000-50,000	575	469	256	250	188	113	1,851
\$50,000-60,000	191	418	181	149	35	10	984
\$60,000-75,000	706	212	215	89	30	6	1,258
\$75,000-100,000	671	331	214	69	91	39	1,415
\$100,000-125,000	306	360	98	51	25	8	848
\$125,000-150,000	237	164	185	19	25	10	640
\$150,000-200,000	250	175	84	32	40	13	594
\$200,000+	<u>252</u>	<u>224</u>	<u>53</u>	<u>49</u>	<u>47</u>	<u>23</u>	648
Total	7,012	4,174	2,109	1,216	768	381	15,660

* Estimates based on household size ratios; not cross tabulated data

Source: Claritas and Ribbon Demographics

Owner Households							
All Age Groups							
Year 2024 Estimates							
	1-Pers	2-Pers	3-Pers	4-Pers	5-Pers	6+-Pers	
	HH	HH	HH	HH	Estimates*	Estimates*	Total
\$0-10,000	249	111	28	19	15	8	430
\$10,000-20,000	351	128	19	6	15	1	520
\$20,000-30,000	424	335	53	43	18	9	882
\$30,000-40,000	384	504	88	59	8	4	1,047
\$40,000-50,000	364	498	61	132	19	9	1,083
\$50,000-60,000	398	658	179	72	26	9	1,342
\$60,000-75,000	273	526	486	170	83	44	1,582
\$75,000-100,000	434	1,092	482	193	61	35	2,297
\$100,000-125,000	251	747	308	254	135	93	1,788
\$125,000-150,000	145	360	258	104	110	61	1,038
\$150,000-200,000	270	578	191	246	60	30	1,375
\$200,000+	<u>98</u>	<u>615</u>	<u>224</u>	<u>422</u>	<u>140</u>	<u>75</u>	1,574
Total	3,641	6,152	2,377	1,720	690	378	14,958

* Estimates based on household size ratios; not cross tabulated data

Source: Claritas and Ribbon Demographics



Renter Households							
All Age Groups							
Year 2029 Projections							
	1-Pers HH	2-Pers HH	3-Pers HH	4-Pers HH	5-Pers Estimates*	6+-Pers Estimates*	Total
\$0-10,000	849	356	207	64	26	15	1,517
\$10,000-20,000	1,129	282	180	106	59	38	1,794
\$20,000-30,000	923	537	173	120	53	28	1,834
\$30,000-40,000	721	453	201	132	125	78	1,710
\$40,000-50,000	591	389	225	273	150	91	1,719
\$50,000-60,000	266	516	202	170	44	11	1,209
\$60,000-75,000	736	235	216	93	39	12	1,331
\$75,000-100,000	725	351	243	65	94	44	1,522
\$100,000-125,000	362	438	133	63	29	11	1,036
\$125,000-150,000	290	209	236	45	39	14	833
\$150,000-200,000	292	214	75	30	48	18	677
\$200,000+	<u>404</u>	<u>316</u>	<u>69</u>	<u>77</u>	<u>74</u>	<u>41</u>	<u>981</u>
Total	7,288	4,296	2,160	1,238	780	401	16,163

* Estimates based on household size ratios; not cross tabulated data
 Source: Claritas and Ribbon Demographics

Owner Households							
All Age Groups							
Year 2029 Projections							
	1-Pers HH	2-Pers HH	3-Pers HH	4-Pers HH	5-Pers Estimates*	6+-Pers Estimates*	Total
\$0-10,000	234	100	34	17	22	6	413
\$10,000-20,000	317	107	17	15	10	2	468
\$20,000-30,000	350	288	61	35	19	6	759
\$30,000-40,000	317	416	75	38	7	1	854
\$40,000-50,000	292	472	47	97	17	9	934
\$50,000-60,000	429	692	143	88	28	12	1,392
\$60,000-75,000	321	551	421	139	87	47	1,566
\$75,000-100,000	468	1,018	493	172	54	27	2,232
\$100,000-125,000	283	771	329	247	133	82	1,845
\$125,000-150,000	174	428	293	108	129	76	1,208
\$150,000-200,000	395	655	204	242	48	26	1,570
\$200,000+	<u>182</u>	<u>795</u>	<u>318</u>	<u>568</u>	<u>155</u>	<u>84</u>	<u>2,102</u>
Total	3,762	6,293	2,435	1,766	709	378	15,343

* Estimates based on household size ratios; not cross tabulated data
 Source: Claritas and Ribbon Demographics



The subject's units are most suitable for households with one to five persons below \$53,820 when considering the project-based Section 8 vouchers and between \$15,977 and \$53,820 when not considering the project-based Section 8 vouchers. Income is a key characteristic in analyzing housing markets. The previous pages show household incomes for the Market Area for all renter and owner households in 2024 and 2029. However, this analysis is primarily concerned with target incomes of renters as shown in the following tables:

INCOME-ELIGIBLE RENTER HOUSEHOLDS - WITH SUBSIDY					
	Gross Rent	Lower Range	Upper Range	% Income Qualified	Income-Eligible Households
All Unit Types (All)	\$933	\$0	\$44,850	53.1%	8,320
All Unit Types (40%)	\$1,202	\$0	\$35,880	42.6%	6,678
All Unit Types (50%)	\$933	\$0	\$44,850	53.1%	8,320
1 BR (All)	\$1,062	\$0	\$33,200	43.0%	4,811
1 BR (50%)	\$1,062	\$0	\$33,200	43.0%	4,811
2 BR (All)	\$933	\$0	\$37,350	39.1%	2,459
2 BR (40%)	\$1,202	\$0	\$29,880	30.8%	1,935
2 BR (50%)	\$933	\$0	\$37,350	39.1%	2,459
3 BR (40%)	\$1,643	\$0	\$35,880	34.4%	1,538
3 BR (50%)	\$1,079	\$0	\$44,850	48.5%	2,168

Source: Claritas; Ribbon Demographics and HUD

INCOME-ELIGIBLE RENTER HOUSEHOLDS - WITHOUT SUBSIDY					
	Gross Rent	Lower Range	Upper Range	% Income Qualified	Income-Eligible Households
All Unit Types (All)	\$466	\$15,977	\$53,820	43.6%	6,825
All Unit Types (30%)	\$466	\$15,977	\$26,910	13.9%	2,173
All Unit Types (40%)	\$747	\$25,611	\$35,880	12.4%	1,941
All Unit Types (50%)	\$778	\$26,674	\$44,850	21.5%	3,370
All Unit Types (60%)	\$933	\$31,989	\$53,820	23.5%	3,674
1 BR (All)	\$466	\$15,977	\$39,840	30.5%	3,414
1 BR (30%)	\$466	\$15,977	\$19,920	19.1%	2,132
1 BR (50%)	\$778	\$26,674	\$33,200	8.2%	921
1 BR (60%)	\$933	\$31,989	\$39,840	8.6%	963
2 BR (All)	\$560	\$19,200	\$44,820	30.0%	1,886
2 BR (30%)	\$560	\$19,200	\$22,410	3.7%	234
2 BR (40%)	\$747	\$25,611	\$29,880	5.4%	339
2 BR (50%)	\$933	\$31,989	\$37,350	6.0%	375
2 BR (60%)	\$1,120	\$38,400	\$44,820	7.3%	461
3 BR (All)	\$647	\$22,183	\$53,820	41.4%	1,853
3 BR (30%)	\$647	\$22,183	\$26,910	4.4%	195
3 BR (40%)	\$863	\$29,589	\$35,880	8.0%	358
3 BR (50%)	\$1,079	\$36,994	\$44,850	12.6%	566
3 BR (60%)	\$1,295	\$44,400	\$53,820	13.3%	595

Source: Claritas; Ribbon Demographics and HUD

Target incomes for the different unit types are derived by the analyst. For the low end of the range, the lowest rent charged in an income limit (i.e., 50% AMI) for a unit is divided by 35 percent. The resulting number is then multiplied by 12 to derive an annual income ($\$466 / 35\% = \$1,331.43 \times 12 = \$15,977$). This process is based on the premise that a tenant should not pay more than 35 percent of his annual income on rent. However, the subject will have project-based Section 8 vouchers for 25 of the proposed units at 40 and 50 percent of the area median income. As a result of the project-based vouchers, tenants in these units will never be required to pay more than 30 percent of their income towards rent. Therefore, there is no minimum income limit for the households in these units.

For the high end of the range, the analyst consults the income limits set by the state housing authority. If the largest unit in an income limit (i.e., 60% AMI) is a two-bedroom unit, the analyst utilizes the three-person households to find how many people could reside in that unit. The analyst then consults the state income limits to set the high end of the range (2 bedroom x 1.5 = 3 people/unit; therefore, the 60% 3-person maximum income would be used).



The following table shows the maximum income limits at each income level as determined by the U.S. Department of Housing and Urban Development.

LIHTC INCOME LIMITS				
Person in Households	30%	40%	50%	60%
1	\$17,430	\$23,240	\$29,050	\$34,860
2	\$19,920	\$26,560	\$33,200	\$39,840
3	\$22,410	\$29,880	\$37,350	\$44,820
4	\$24,900	\$33,200	\$41,500	\$49,800
5	\$26,910	\$35,880	\$44,850	\$53,820
6	\$28,890	\$38,520	\$48,150	\$57,780

Source: HUD



SECTION H: COMPETITIVE ENVIRONMENT

Housing Profile

The rental housing stock in the market area is comprised of single-family homes as well as market-rate and restricted apartment complexes. The majority of the housing stock was built in the 1960s and 1970s.

Housing Inventory

From 2010 through December 2023, permit-issuing jurisdictions in Lynchburg reported a total of 2,730 single-family and multifamily dwelling permits. Multifamily units were estimated at 44.7 percent of the planned construction activity.

BUILDING PERMITS ISSUED			
YEAR	SINGLE-FAMILY	MULTIFAMILY	TOTAL
2010	120	24	144
2011	61	0	61
2012	117	119	236
2013	152	0	152
2014	92	0	92
2015	77	204	281
2016	60	94	154
2017	108	48	156
2018	58	80	138
2019	40	290	330
2020	156	205	361
2021	103	40	143
2022	94	117	211
2023*	271	0	271
TOTAL	1,509	1,221	2,730

*Preliminary Numbers through December 2023

Source: SOCDs

Projects Planned or Under Construction

Four developments have been awarded tax credits in the market area within the past five years. The developments are as follows:

- Miller’s Rest Apartments was awarded tax credits in 2020. This property will be located at 6100 Old Mill Road and will contain 80 general occupancy units. The property will have one-, two- and three-bedroom units at 40, 50 and 60 percent of the area median income. The property will have two one-bedroom units, four two-bedroom units and two three-bedroom units at 40 percent of the area median income; 14 one-bedroom units and 18 two-bedroom units at 50 percent of the area median income; and 26 two-bedroom units and 14 three-bedroom units at 60 percent of the area median income. The development was placed in service in December 2023. This property will be directly competitive with the subject’s units. Therefore, 78 of the 80 units were included as supply in the demand analysis.
- Miller’s Rest Apartments II was awarded tax credits in 2021. This property will also be located at 6100 Old Mill Road and will contain 40 general occupancy units. The property will have one-, two- and three-bedroom units at 30, 40, 50 and 60 percent of the area median income. The property will have one one-bedroom unit, two two-bedroom units and one three-bedroom unit at 30 percent of the area median income; one one-bedroom unit, two two-bedroom units and one three-bedroom unit at 40 percent of the area median income; two one-bedroom units, eight two-bedroom units and two three-bedroom units at 50 percent of the area median income; and four one-bedroom units, 12 two-bedroom units and four three-bedroom units at 60 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly



competitive with the subject’s units. Therefore, 39 of the 40 units at this property were included as supply in the demand analysis.

- Spencer Pointe was awarded tax credits in 2022. This property will be located at 1700 Graves Mill Road and will contain 50 general occupancy units. This property will contain two- and three-bedroom units at 30, 40, 50, 60 and 80 percent of the area median income. The property will have three two-bedroom units and two three-bedroom units at 30 percent of the area median income; four two-bedroom units and four three-bedroom units at 40 percent of the area median income; seven two-bedroom units and five three-bedroom units at 50 percent of the area median income; three two-bedroom units and one three-bedroom unit at 60 percent of the area median income; and 13 two-bedroom units and eight three-bedroom units at 80 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject’s units. Therefore, 29 of the 50 units were included as supply in the demand analysis.
- Miller’s Rest Apartments III was awarded tax credits in 2023. This property will also be located at 6100 Old Mill Road and will contain 80 general occupancy units. The property will have one- and two- and three-bedroom units at 30, 40, 50 and 60 percent of the area median income. The property will have two one-bedroom units, four two-bedroom units and two three-bedroom units at 30 percent of the area median income; two one-bedroom units, four two-bedroom units and two three-bedroom units at 40 percent of the area median income; five one-bedroom units, 14 two-bedroom units and five three-bedroom units at 50 percent of the area median income; and seven one-bedroom units, 26 two-bedroom units and seven three-bedroom units at 60 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject’s units. Therefore, 78 of the 80 units at this property were included as supply in the demand analysis.

Unit Condition

The market area’s rental housing stock is in varying condition. Overall, the developments are well maintained.

Housing Units

The following tables show significant characteristics of the market area’s housing stock in 2024. According to Claritas; Ribbon Demographics, there are 34,301 total housing units in the market area, 30,618 of which are occupied. There are 14,960 owner-occupied households and 15,658 renter-occupied households for 2024. In addition, there are 3,683 total vacant housing units in the market area.

Lynchburg City Housing Unit Summary		
<i>Current Year Estimates - 2024</i>		
	Number	Percent
Housing Units	34,301	100.0%
Vacant Housing Units	3,683	10.7%
Renter-Occupied	15,658	51.1%
Owner-Occupied	<u>14,960</u>	<u>48.9%</u>
Total Occupied:	30,618	100.0%

Source: Ribbon Demographics; Claritas



Age of Rental Units

In 2024, there are 6,013 households constructed prior to 1939. According to Claritas; Ribbon Demographics, 2,621 households were built in 2010 or later.

Lynchburg City Housing Units by Year Structure Built		
Current Year Estimates - 2024		
Year	Number	Percent
2020 or Later	584	1.7%
2010 - 2019	2,037	5.9%
2000 - 2009	3,450	10.1%
1990 - 1999	2,548	7.4%
1980 - 1989	2,880	8.4%
1970 - 1979	5,550	16.2%
1960 - 1969	4,384	12.8%
1950 - 1959	4,631	13.5%
1940 - 1949	2,224	6.5%
1939 or Earlier	<u>6,013</u>	<u>17.5%</u>
Total:	34,301	100.0%

Source: Ribbon Demographics; Claritas

Unit Types

There were 22,228 single-family units, 11,768 multifamily units and 305 mobile homes or other housing in the market area in 2024, according to Claritas; Ribbon Demographics.

Lynchburg City Housing Units by Units in Structure		
Current Year Estimates - 2024		
Unit	Number	Percent
I Unit Detached	19,820	57.8%
I Unit Attached	2,408	7.0%
2 Units	1,711	5.0%
3 to 4 Units	1,128	3.3%
5 to 19 Units	6,138	17.9%
20 to 49 Units	1,714	5.0%
50 or More Units	1,077	3.1%
Mobile Home	302	0.9%
Other	<u>3</u>	<u>0.0%</u>
Total:	34,301	100.0%

Source: Ribbon Demographics; Claritas



Unit Size

The average size of the units in the surveyed developments is 743 square feet for one-bedroom units, 935 square feet for two-bedroom units and 1,193 square feet for three-bedroom units. The subject's proposed unit sizes will be slightly larger than the average unit sizes. In addition, the affordable housing comparables all maintain high occupancy rates, and several maintain waiting lists. Consequently, it is believed the subject's proposed unit sizes will be competitive in this market.

AVERAGE APARTMENT SIZE OF COMPARABLE APARTMENTS					
Unit Type	COMPARABLES			Subject (SF)	Subject's Advantage
	Minimum (SF)	Maximum (SF)	Average (SF)		
1 BR	533	900	743	762	2.5%
2 BR	717	1,296	969	1,000	3.2%
3 BR	840	2,000	1,193	1,220	2.2%

Source: Gill Group Field Survey

Rental Vacancy Rates

According to RealtyRates.com Market Survey, the vacancy rate for the South Atlantic Region has fluctuated only slightly. For 2022, the vacancy rate ranged from 5.1 percent to 5.3 percent, with an average of 5.2 percent. The vacancy rate for the region in 2023 ranged from 5.0 percent to 5.1 percent, with an average of 5.1 percent.

REALTY RATES MARKET SURVEY - REGIONAL VACANCY RATES			
QUARTER	2021	2022	2023
1st Quarter	5.8%	5.3%	5.1%
2nd Quarter	5.6%	5.2%	5.0%
3rd Quarter	5.5%	5.1%	5.0%
4th Quarter	5.4%	5.1%	5.1%

Source: RealtyRates.com Market Survey, South Atlantic Region

Vacancy Analysis

The vacancy rate for competitive affordable housing units in the market area is 4.4 percent. The following table shows the vacancy rates for the competitive affordable housing units in the market area.

AFFORDABLE HOUSING VACANCIES			
Name of Property	# of Units	# of Vacant Units	Vacancy Rate
Millers Rest Apartments	200	12	6.0%
Jobbers Overall Apartments	44	2	5.0%
Vistas at Dreaming Creek	280	8	3.0%
Mill Wood Apartments	128	4	3.0%
Carey House	12	0	0.0%
Shalom Apartments	46	5	11.0%
Totals	710	31	4.4%



The current vacancy rate in surveyed market-rate apartment complexes is 4.9 percent. The following table shows the vacancy rates for each conventional property verified in the area.

MARKET VACANCIES			
Name of Property	# of Units	# of Vacant Units	Vacancy Rate
Rivermont Park	55	7	12.0%
Boonsboro Village	124	9	7.0%
Oxford Square Townhomes	25	0	0.0%
Parkside Manor Apartments	31	1	3.0%
Walden Pond	492	44	9.0%
The Greenbriar Apartments	80	6	8.0%
Willow Brook Luxury Apartments	372	0	0.0%
Old Mill Townhomes	156	6	4.0%
County Green Apartments	180	4	2.0%
Park Place Apartments	130	7	5.0%
Lakeside Plaza Apartments	48	0	0.0%
Huntingwood Apartments	114	8	7.0%
Princeton Circle West Apartments	152	0	0.0%
Forestbrook Apartments	128	12	9.0%
Landover Apartments	58	5	9.0%
Kendall Square Apartments	84	5	6.0%
Nottingham	50	0	0.0%
City Market Lofts	59	1	1.0%
Bramblewood Apartments	70	4	6.0%
Totals	2,408	119	4.9%

The market area has an overall rental vacancy rate of 4.8 percent. Of the 3,118 total units verified, 150 were vacant.

Lease Terms and Concessions

The typical lease is twelve months. County Green Apartments is currently offering a concession of a reduced rent for one-bedroom units with a signed 12-month lease. Park Place Apartments is currently offering one month free with a signed 12-month lease. No additional properties are currently offering concessions.

Likely Impact of Proposed Development on Rental Occupancy Rates

The proposed development will not have an adverse impact on the market area. Its proposed one-, two- and three-bedroom units will be suitable in the market. There are no vacancies in the affordable competitive rental properties in the market area. Additionally, several of the properties have waiting lists. Finally, the subject's units will be replacing units that are being demolished. Tenants from these units will have the opportunity to live in the proposed units. Therefore, the construction of the project is unlikely to materially impact the existing properties in the market area.



Comparable Profile Pages

COMPARABLE APARTMENT RENTAL NO. 1



Property Type: LIHTC/Elevator
 Property Name: Millers Rest Apartments
 Address: 6125 Old Miller Road, Lynchburg, VA 24502
 Verification: Lisa; 434-907-8662
 March 11, 2024,
 By Telephone
 Distance From Subject: 5.4 Miles

Year Opening/Significant Renovation Amenities

2023
 Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Wood Composite, Blinds, Walk-In Closet, Balcony, Patio, Clubhouse, Exercise Room, Playground, Dog Park, Laundry Facility, On-Site Management, On-Site Maintenance, Video Surveillance, Bike Storage, Common Area Wi-Fi, Fire Pit, Stainless Steel Appliances, Granite Countertops

Utilities (Type/Responsibility)

Heat - Electric - Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water – Electric – Tenant
 Cold Water - Tenant
 Sewer - Tenant
 Trash - Tenant

<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Unit Mix</u>		<u>Utility Allowance</u>	<u>Gross Rent</u>
			<u>Size SF</u>	<u>Collected Rent/Mo.</u>		
1/1	115	0	692	\$852	Not Available	\$852
2/2	35	7	949	\$1,013	Not Available	\$1,013
3/2	50	6	1,177	\$1,170	Not Available	\$1,170

Occupancy 94%
Total Units 200
No. of Buildings 3
Construction Type Brick/Siding
HVAC Central Elec/Central Elec
Stories 4
Waiting List N/A
Turnover Rate N/A
Absorption Rate N/A

Remarks

The property is designated for families. The complex has units at 40, 50 and 60 percent AMI, and the above rents are the 60% rents. The property was placed in service in December 2023 and already reached a stabilized occupancy rate. It's absorption rate is approximately 60 units per month.



COMPARABLE APARTMENT RENTAL NO. 2



Property Type: LIHTC/Elevator
 Property Name: Jobbers Overall Apartments
 Address: 1423-1503 Kemper Street, Lynchburg, VA 24501
 Verification: Charmagne; 434-847-0800
 March 11, 2024, By Telephone
 Distance From Subject: 1.4 Miles

Year Opening/Significant Renovation Amenities

2012
 Range/Oven, Refrigerator, Dishwasher, Washer/Dryer Hook-Ups, Carpet, Wood, Blinds, Ceiling Fans, Walk-In Closet, On-Site Management, On-Site Maintenance, Video Surveillance

Utilities (Type/Responsibility)

Heat - Electric - Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water - Electric - Tenant
 Cold Water - Landlord
 Sewer - Landlord
 Trash - Landlord

Unit Type	No. of Units	No. Vacant	Size SF	Unit Mix		Gross Rent
				Collected Rent/Mo.	Utility Allowance	
2/2 (40%)	3	0	900	\$583	\$164	\$747
2/2 (50%)	17	2	900	\$769	\$164	\$933
3/2 (40%)	2	0	1,200	\$656	\$207	\$863
3/2 (50%)	22	0	1,200	\$872	\$207	\$1,079

Occupancy: 95%
 Total Units: 44
 No. of Buildings: 2
 Construction Type: Brick
 HVAC: Central Elec/Central Elec
 Stories: 4
 Waiting List: 3-4
 Turnover Rate: N/A
 Absorption Rate: N/A

Remarks

The property is designated for families. The complex has units at 40 and 50 percent of the area median income. The annual turnover rate was not disclosed.



COMPARABLE APARTMENT RENTAL NO. 3



Property Type: LIHTC/Market/Walk-Up
 Property Name: Vistas at Dreaming Creek
 Address: 7612 Timberlake Road, Lynchburg, VA 24502
 Verification: Dee; 434-582-4748
 March 11, 2024, By Telephone
 Distance From Subject: 5.9 Miles

Year Opening/Significant Renovation Amenities

2008
 Refrigerator, Range/Oven, Garbage Disposal, Dishwasher, Microwave, Washer, Dryer, Carpet, Wood Composite, Ceramic Tile, Blinds, Vaulted Ceilings (Select), Fireplace (Select), Walk-In Closet, Balcony, Patio, Clubhouse, Swimming Pool, Sundeck, Exercise Room, Playground, Package Receiving, Extra Storage (Select or \$50), Laundry Facility, On-Site Management, On-Site Maintenance, Common Area Wi-Fi, Garage Parking (\$150)

Utilities (Type/Responsibility)

Heat - Electric - Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water - Electric - Tenant
 Cold Water - Tenant
 Sewer - Tenant
 Trash - Landlord

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Size SF</u>	<u>Collected Rent/Mo.</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
1/1 (60%)	N/A	1	790	\$836	Not Available	\$836
1/1 (MKT)	N/A	0	790	\$1,055	N/A	\$1,055
2/2 (60%)	N/A	4	960	\$977	Not Available	\$977
2/2 (MKT)	N/A	2	960	\$1,200	N/A	\$1,200
3/2 (60%)	N/A	0	1,159	\$1,088	Not Available	\$1,088
3/2 (MKT)	N/A	1	1,159	\$1,350	N/A	\$1,350

Occupancy: 97%
 Total Units: 280
 No. of Buildings: 12
 Construction Type: Brick/Siding
 HVAC: Central Elec/Central Elec
 Stories: 3
 Waiting List: Yes
 Turnover Rate: N/A
 Absorption Rate: N/A

Remarks

This is Phase I & II. The contact could not verify the utility allowance for the units or the number of units of each unit type. The property is designated for families. The property is a mixture of units at 60 percent of the area median income and market-rate. The annual turnover rate was not disclosed.



COMPARABLE APARTMENT RENTAL NO. 4



Property Type: Section 8/Walk-Up
 Property Name: Mill Wood Apartments
 Address: 6224 Old Mill Road,
 Lynchburg, VA 24502
 Verification: Tameka; 434-239-6888
 March 11, 2024,
 By Telephone
 Distance From Subject: 5.1 Miles

Year Opening/Significant Renovation Amenities

1977
 Refrigerator, Range/Oven, Vinyl, Blinds, Walk-In Closet, Coat Closet,
 Laundry Facility, On-Site Management, On-Site Maintenance, Sundeck

Utilities (Type/Responsibility)

Heat – Gas – Landlord
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water - Gas – Landlord
 Cold Water - Tenant
 Sewer - Landlord
 Trash - Landlord

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Size SF</u>	<u>Collected Rent/Mo.</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
1/1	32	1	750	\$915	\$53	\$968
2/1	64	2	1,000	\$1,085	\$84	\$1,169
3/1	32	0	1,200	\$1,210	\$76	\$1,286

Occupancy 98%
Total Units 128
No. of Buildings 16
Construction Type Brick
HVAC Central Gas/Central Elec
Stories 2
Waiting List 2 Years (1 BR), 1 Year (2 BR), 5 Months (3 BR)
Turnover Rate N/A
Absorption Rate N/A

Remarks

The property is designated for families. The annual turnover rate was not disclosed.



COMPARABLE APARTMENT RENTAL NO. 5



Property Type: PHA/Walk-Up
 Property Name: Carey House
 Address: 1105-1111 Rivermont Avenue,
 Lynchburg, VA 24504
 Verification: Connie; 434-847-9059
 March 11, 2024,
 By Telephone
 Distance From Subject: 2.2 Miles

**Year Opening/Significant Renovation
 Amenities**

1987
 Refrigerator, Range/Oven, Vinyl, Blinds, Coat Closet, Patio (Select)

Utilities (Type/Responsibility)

Heat - Electric – Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water - Electric - Tenant
 Cold Water - Landlord
 Sewer - Landlord
 Trash - Landlord

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Size SF</u>	<u>Collected Rent/Mo.</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
1/1	2	0	N/A	\$420	\$53	\$420
2/1	9	0	N/A	\$445	\$84	\$445
3/1	1	0	N/A	\$470	\$76	\$470

Occupancy 100%
Total Units 12
No. of Buildings 3
Construction Type Brick
HVAC Central Elec/Central Elec
Stories 2
Waiting List N/A
Turnover Rate N/A
Absorption Rate N/A

Remarks

The property is designated for families. The annual turnover rate was not disclosed. There are two residences with a total of four units. An additional building contains eight two-bedroom units.



COMPARABLE APARTMENT RENTAL NO. 6



Property Type: LIHTC/Section 8/Walk-Up
 Property Name: Shalom Apartments
 Address: 700 Federal Street, Lynchburg, VA 24504
 Verification: Connie; 434-847-9059
 March 11, 2024, By Telephone
 Distance From Subject: 1.3 Miles

Year Opening/Significant Renovation Amenities

1970/2014
 Refrigerator, Range/Oven, Range/Oven, Dishwasher, Vinyl, Blinds, Coat Closet, Safety Bars, Playground, Laundry Facility (2)

Utilities (Type/Responsibility)

Heat - Electric – Tenant
 Air Conditioning - Electric - Tenant
 Cooking - Electric - Tenant
 Hot Water - Electric - Tenant
 Cold Water - Landlord
 Sewer - Landlord
 Trash - Landlord

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>No. Vacant</u>	<u>Size SF</u>	<u>Collected Rent/Mo.</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
1/1 (50%)	11	N/A	533	\$875	\$65	\$940
2/1 (50%)	23	N/A	717	\$975	\$89	\$1,064
3/1 (50%)	12	N/A	840	\$1,125	\$89	\$1,214

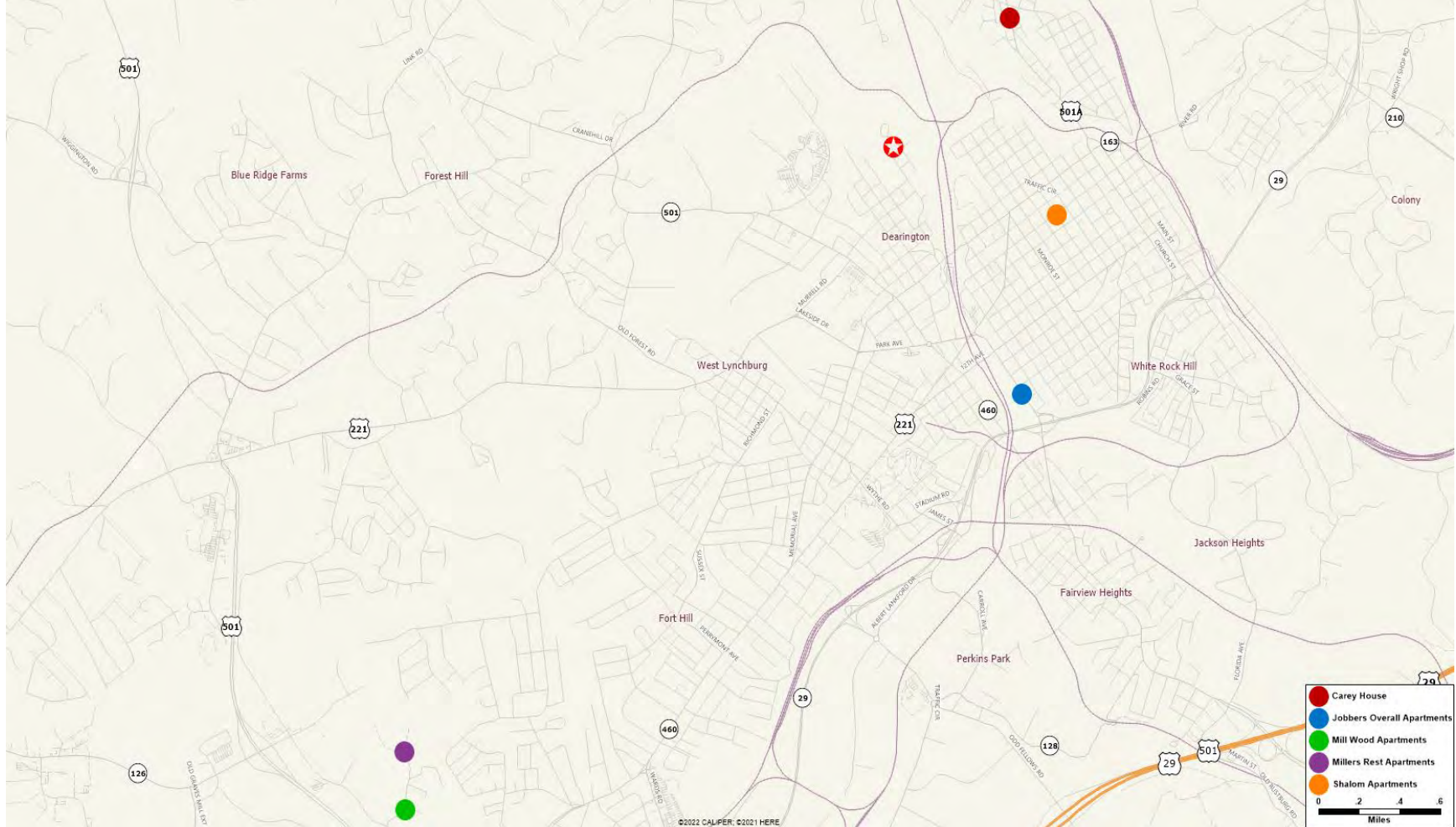
Occupancy 89%
Total Units 46
No. of Buildings 6
Construction Type Brick
HVAC Central Elec/Central Elec
Stories 3
Waiting List Yes
Turnover Rate 6.5%
Absorption Rate N/A

Remarks

The property is designated for families. The annual turnover rate is approximately 6.5 percent. The contact could not verify the number of vacant units for each unit type; however, the number of vacancies is due to tenants relocating.



Existing Comparables Map





Additional Developments

The market area also includes additional developments that were excluded from the analysis due to non-competitiveness or inability to verify information. The developments located in the market area that were excluded from the survey are noted as follows:

Properties Unverified

Burton Creek Apartments
James River Crossing
Kemper Lofts
Meadows Apartments
Timber Ridge Crossing
The Gables of Cornerstone Apartments
Maple Ridge Apartments
Riverview Artspace
Gish Flats
Cliffs Edge Lofts
McGregor Lofts
River Lofts West
River Lofts North
The Frye Center
Red Star Flats
Redpoint Lofts
Factory 88 Lofts

Restricted Properties (Not Comparable in Tenant Base)

Serenity Manor at Hollin Mill Apartments (Senior)
Armstrong Place Apartments (People with Disabilities)
Frank Roane Apartments (Senior)
Victoria Ridge (People with Disabilities)
McGurk House (Senior)
Jefferson House Apartments (Senior)
Tinbridge Manor (Senior)
Clear Brook Apartments (Senior)
Rockbridge Apartments (People with Disabilities)

Market-Rate Properties (Not Comparable in Restrictions or Tenant Base)

Rivermont Park
Boonsboro Village
Oxford Square Townhomes
Parkside Manor Apartments
Walden Pond
The Greenbriar Apartments
Old Mill Townhomes
County Green Apartments
Park Place Apartments
Lakeside Plaza Apartments
Huntington Apartments
Princeton Circle West Apartments
Forestbrook Apartments
Landover Apartments
Kendall Square Apartments
Nottingham
City Market Lofts
Bramblewood Apartments



Market Rent Analysis

The market analyst researched rental housing in the market area and identified several apartment communities in and around the market area of the subject. The analyst identified the market-rate communities in the area that would directly compete with the subject. These comparables were then compared to the subject and adjusted for differences in amenities. These differences include, but are not limited to, location, structure, condition, unit size, number of bedrooms, number of baths, unit amenities (range/oven, refrigerator, microwave, dishwasher, etc.), project amenities (parking, storage, clubhouse, meeting room, pool, recreation area, etc.) and utilities provided. The adjustments made were based on the experience of the analyst, interviews with local officials, apartment managers and residents and information received from third-party sources (rent-to-own facilities, utility providers and housing authorities.) Additional adjustments were also determined using paired rental analysis. The paired rental analysis ranges are determined by comparing comparables with different numbers of bedrooms and factoring out any other differences (amenities, utilities provided, etc.) The resulting difference is assumed to be attributable to the differing number of bedrooms. The results are grouped together in a range. The adjustment is selected based on where the majority of the results fall within the range. If there is no majority, a conservative adjustment at the low end of the range is selected.

Dearington Hills
311 Chambers Street
Lynchburg, Virginia 24504



Market Rent Grids

**Estimates of Market Rent
by Comparison - As Complete**

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(exp. 04/30/2020)

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1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 4 (address)		E. Comparable Property No. 5 (address)	
One-Bedroom	Dearington Hills I 300 Chambers Street Lynchburg, Lynchburg City, VA	Old Mill Townhomes 725 Mill Stream Lane Lynchburg, Lynchburg City, VA		Princeton Circle West 18 West Princeton Circle Lynchburg, Lynchburg City, VA		Huntingwood Apartments 225 Coffee Road Lynchburg, Lynchburg City, VA		County Green Apartments 401 Kerry Lane Lynchburg, Lynchburg City, VA		Lakeside Plaza Apartments 125 Lakeside Drive Lynchburg, Lynchburg City, VA	
Characteristics		Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	03/2024	03/2024		03/2024		03/2024		03/2024		03/2024	
4. Type of Project/Stories	WU/3	T/2		WU/2, 3		WU/2		WU/2, 3		WU/3	
5. Floor of Unit in Building	Varies	First		Varies		Varies		Varies		Varies	
6. Project Occupancy %	Proposed	99%		100%		93%		97%		100%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	2026	1975/2012		1986/2004	\$65	1975/2008	\$65	1976	\$130	1974/2016	\$65
9. Sq. Ft. Area	762	800	(\$10)	740		637	\$35	760		750	
10. Number of Bedrooms	1	1		1		1		1		1	
11. Number of Baths	10	10		10		10		10		10	
12. Number of Rooms	3	3		3		3		3		3	
13. Balc./Terrace/Patio	N	N		Y	(\$10)	Y	(\$10)	Y	(\$10)	N	
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		C		C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	Y	Y		Y		N		Y		N	
d. Microwave/Dishwasher	MD	D	\$5	D	\$5	N	\$15	D	\$5	MD	
e. Washer/Dryer	WD	WD		WD		L	\$25	WD		L	\$25
f. Carpet	V	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	ER	PER	(\$35)	P		R	(\$5)	PER	(\$20)	N	\$10
16. Services a. Heat/Type	N/E	N/E		N/G		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N		N/E	
c. Cook/Type	N/E	N/E		N/G		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/G		N/E		N/E		N/E	
f. Cold Water/Sewer	Y	Y/\$	\$65	Y/\$	\$25	Y/\$	\$25	Y/\$	\$25	Y	
g. Trash	Y	Y/\$		Y/\$		Y/\$		Y/\$		Y	
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Similar		Similar		Similar		Similar		Similar	
19. Security	Y	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
20. Clubhouse/Meeting Room	N	N		N		N		N		N	
21. Special Features	I, CT	N	\$10	N	\$10	N	\$10	N	\$10	I	
22. Business Center/ Nbdh Netwk	BC	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
23. Unit Rent Per Month		\$1190		\$825		\$825		\$865		\$850	
24. Total Adjustment			\$50		\$10		\$175		\$155		\$115
25. Indicated Rent		\$1240		\$935		\$1000		\$1020		\$965	
26. Correlated Subject Rent	\$1,025	If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$1240	low rent	\$935	60% range	\$996	to	\$1,179			
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.		Appraiser's Signature		Date (mm/dd/yy)		Reviewer's Signature		Date (mm/dd/yyyy)			
		Samuel J. Hill		03/11/24							

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form HUD-92273 (07/2003)

Dearington Hills
311 Chambers Street
Lynchburg, Virginia 24504



**Estimates of Market Rent
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Office of Housing
Federal Housing Commissioner

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1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)	B. Comparable Property No. 2 (address)	C. Comparable Property No. 3 (address)	D. Comparable Property No. 4 (address)	E. Comparable Property No. 6 (address)			
Two-Bedroom	Dearington Hills I 300 Chambers Street Lynchburg, Lynchburg City, VA	Old Mill Townhomes 725 Mill Stream Lane Lynchburg, Lynchburg City, VA	Princeton Circle West 18 West Princeton Circle Lynchburg, Lynchburg City, VA	Huntingwood Apartments 225 Coffee Road Lynchburg, Lynchburg City, VA	County Green Apartments 401 Kerry Lane Lynchburg, Lynchburg City, VA	Kendall Square Apartments 209 Old Graves Mill Road Lynchburg, Lynchburg City, VA			
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	03/2024	03/2024		03/2024		03/2024		03/2024	
4. Type of Project/Stories	WU/3	T/2		WU/2, 3		WU/2		WU/2, 3	
5. Floor of Unit in Building	Varies	First		Varies		Varies		Varies	
6. Project Occupancy %	Proposed	99%		100%		93%		97%	
7. Concessions	N	N		N		N		N	
8. Year Built	2026	1975/2012		1986/2004	\$65	1975/2008	\$65	1976	\$130
9. Sq. Ft. Area	1000	864	\$35	1028	(\$5)	925	\$20	1,100	(\$25)
10. Number of Bedrooms	2	2		2		2		2	
11. Number of Baths	2.0	1.5	\$10	2.0		1.0	\$20	1.5	\$10
12. Number of Rooms	4	4		4		4		4	
13. Balc./Terrace/Patio	N	N		Y	(\$10)	Y	(\$10)	Y	(\$10)
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF	
c. Disposal	Y	Y		Y		N		Y	
d. Microwave/Dishwasher	MD	D	\$5	D	\$5	N	\$15	D	\$5
e. Washer/Dryer	WD	WD		WD		L	\$25	WD	
f. Carpet	V	C		C		C		C	
g. Drapes	B	B		B		B		B	
h. Pool/Rec. Area	ER	PER	(\$35)	P		R	(\$5)	PER	(\$20)
16. Services a. Heat/Type	N/E	N/E		N/G		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N	
c. Cook/Type	N/E	N/E		N/G		N/E		N/E	
d. Electricity	N	N		N		N		N	
e. Hot Water	N/E	N/E		N/G		N/E		N/E	
f. Cold Water/Sewer	Y	Y/\$	\$98	Y/\$	\$35	Y/\$	\$35	Y/\$	\$35
g. Trash	Y	Y/\$		Y/\$		Y/\$		Y/\$	
17. Storage	N	N		N		N		N	
18. Project Location	Average	Similar		Similar		Similar		Similar	
19. Security	Y	N	\$10	N	\$10	N	\$10	N	\$10
20. Clubhouse/Meeting Room	N	N		N		N		N	
21. Special Features	I, CT	N	\$10	N	\$10	N	\$10	N	\$10
22. Business Center / Nbd Netwk	BC	N	\$5	N	\$5	N	\$5	N	\$5
23. Unit Rent Per Month		\$1245		\$995		\$945		\$1000	
24. Total Adjustment			\$138		\$115		\$190		\$150
25. Indicated Rent		\$1383		\$1110		\$1135		\$1150	
26. Correlated Subject Rent	\$1,165								
	high rent	\$1383	low rent	\$1095	60% range	\$1,153	to	\$1,325	
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.		Appraiser's Signature		Date (mm/dd/yy)		Reviewer's Signature		Date (mm/dd/yyyy)	
		<i>Samuel J. Hill</i>		03/11/24					

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Dearington Hills
311 Chambers Street
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1. Unit Type	2. Subject Property (Address)	A. Comparable Property No. 1 (address)		B. Comparable Property No. 2 (address)		C. Comparable Property No. 3 (address)		D. Comparable Property No. 4 (address)		E. Comparable Property No. 6 (address)	
Three-Bedroom	Dearington Hills I 300 Chambers Street Lynchburg, Lynchburg City, VA	Old Mill Townhomes 725 Mill Stream Lane Lynchburg, Lynchburg City, VA		Princeton Circle West 18 West Princeton Circle Lynchburg, Lynchburg City, VA		Huntingwood Apartments 225 Coffee Road Lynchburg, Lynchburg City, VA		County Green Apartments 401 Kerry Lane Lynchburg, Lynchburg City, VA		Kendall Square Apartments 209 Old Graves Mill Road Lynchburg, Lynchburg City, VA	
Characteristics	Data	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments	Data	Adjustments
3. Effective Date of Rental	03/2024	03/2024		03/2024		03/2024		03/2024		03/2024	
4. Type of Project/Stories	WU/3	T/2		WU/2, 3		WU/2		WU/2, 3		WU/3	
5. Floor of Unit in Building	Varies	First		Varies		Varies		Varies		Varies	
6. Project Occupancy %	Proposed	99%		100%		93%		97%		94%	
7. Concessions	N	N		N		N		N		N	
8. Year Built	2026	1975/2012		1986/2004	\$65	1975/2008	\$65	1976	\$130	2011	
9. Sq. Ft. Area	1220	1044	\$40	1203		1443	\$20	1300	(\$20)	1416	(\$45)
10. Number of Bedrooms	3	3		3		3		3		3	
11. Number of Baths	2.0	2.0		3.0	(\$20)	2.0		2.0		2.0	
12. Number of Rooms	5	5		5		5		5		5	
13. Balc./Terrace/Patio	N	N		Y	(\$10)	Y	(\$10)	Y	(\$10)	Y	(\$10)
14. Garage or Carport	L/O	L/O		L/O		L/O		L/O		L/O	
15. Equipment a. A/C	C	C		C		C		C		C	
b. Range/Refrigerator	RF	RF		RF		RF		RF		RF	
c. Disposal	Y	Y		Y		N		Y		N	
d. Microwave/Dishwasher	MD	D	\$5	D	\$5	N	\$5	D	\$5	D	\$5
e. Washer/Dryer	WD	WD		WD		WD		WD		WD	
f. Carpet	V	C		C		C		C		C	
g. Drapes	B	B		B		B		B		B	
h. Pool/Rec. Area	ER	PER	(\$35)	P		R	(\$5)	PER	(\$20)	E	\$5
16. Services a. Heat/Type	N/E	N/E		N/G		N/E		N/E		N/E	
b. Cooling	N/E	N/E		N/E		N/E		N		N/E	
c. Cook/Type	N/E	N/E		N/G		N/E		N/E		N/E	
d. Electricity	N	N		N		N		N		N	
e. Hot Water	N/E	N/E		N/G		N/E		N/E		N/E	
f. Cold Water/Sewer	Y	Y/\$		Y/\$		Y/\$		Y/\$		Y	
g. Trash	Y	Y/\$		Y/\$		Y/\$		Y/\$		Y	
17. Storage	N	N		N		N		N		N	
18. Project Location	Average	Similar		Similar		Similar		Similar		Similar	
19. Security	Y	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
20. Clubhouse/Meeting Room	N	N		N		N		N		N	
21. Special Features	I, CT	N	\$10	N	\$10	N	\$10	N	\$10	N	\$10
22. Business Center / Nbd Netwk	BC	N	\$5	N	\$5	N	\$5	N	\$5	N	\$5
23. Unit Rent Per Month		\$1455		\$1155		\$1090		\$1185		\$1315	
24. Total Adjustment			\$35		\$65		\$110		\$110		(\$20)
25. Indicated Rent		\$1490		\$1220		\$1200		\$1295		\$1295	
26. Correlated Subject Rent	\$1,300	If there are any Remarks, check here and add the remarks to the back of page.									
	high rent	\$1490	low rent	\$1200	60% range	\$1,258	to	\$1,432			
Note: In the adjustments column, enter dollar amounts by which subject property varies from comparable properties. If subject is better, enter a "Plus" amount and if subject is inferior to the comparable, enter a "Minus" amount. Use back of page to explain adjustments as needed.				Appraiser's Signature <i>Samuel J. Self</i>		Date (mm/dd/yy) 03/11/24		Reviewer's Signature		Date (mm/dd/yyyy)	

Previous editions are obsolete

form HUD-92273 (07/2003)



Market Rent Grid Explanations and Conclusions

Please note: Minor adjustments in the \$5 to \$10 range are based on the appraiser’s evaluation of the overall market as well as typical responses indicated by existing tenants. In addition, this is standard industry practice when there is insufficient market data present to support adjustments. It is also considered an acceptable practice by HUD as indicated in the Section 8 Renewal Guide Chapter 9-12 (C) (3) which states: “For minor adjustments (adjustments not exceeding the nominal amount), the RCS appraiser may state his/her subjective evaluation of why the observed differences would affect rent.”

Rent comparability grid were prepared for the primary unit types with 762, 1,000 and 1,220 square feet. Comparable apartments used include the following: Old Mill Townhomes (Comparable 1), Princeton Circle West Apartments (Comparable 2), Huntingwood Apartments (Comparable 3), County Green Apartments (Comparable 4), Lakeside Plaza Apartments (Comparable 5) and Kendall Square Apartments (Comparable 6).

Structure/Stories – The subject will contain walk-up three-story buildings. All of the comparables except Comparable 1 contain two- or three-story walk-up buildings. No complex in the market area shows a rent difference based on this particular item. No adjustment was needed.

Project Occupancy – The subject is proposed. The comparables have occupancy rates ranging from 93 to 100 percent. No adjustment was needed.

Concessions – None of the comparables utilized in this analysis are offering concessions. Therefore, no adjustments were made.

Year Built/Year Renovated – The subject is proposed and has an anticipated placed in service date of 2026. It will be constructed of brick and fiber cement siding and will be in good condition. Landscaping will consist of grass, trees and shrubs. Comparable 1 was constructed in 1975 and renovated in 2012. While this property is not new, it has been very well maintained since its last substantial renovation. It has an appealing design and no areas of deferred maintenance. Therefore, this property is considered to be in good condition. Comparable 2 was constructed in 1986 and renovated in 2004. This property has also been reasonably well maintained, with no obvious deferred maintenance. Comparable 3 was built in 1975 and renovated in 2008. This property has also been reasonably well maintained, with no obvious deferred maintenance. Comparable 4 was constructed in 1975. It has deferred maintenance and is in fair condition. Comparable 5 was built in 1974 and renovated in 2016. Comparables 2, 3 and 5 have been reasonably well maintained and have no obvious areas of deferred maintenance. However, they have more dated appearances, and some systems and amenities are nearing the end of their useful lives. Therefore, these properties were determined to be in average condition. Comparable 6 was constructed in 2011. This property has been very well maintained and exhibits no deferred maintenance. It has an appealing design and was considered to be in good condition. The following table illustrates the descriptions of the ratings levels considered in the condition/street appeal analysis.

Condition	Description
Excellent	Desirable curb appeal, luxury or high end amenities and finishes, no deferred maintenance
Good	Well maintained or recently renovated property, limited deferred maintenance
Average	Some original finishes and amenities, Only minor upgrades needed
Fair	In need of repair, obvious deferred maintenance
Poor	Substantial need of major repairs or significant deferred maintenance



The following analysis details the method used to calculate appropriate adjustments for condition/street appeal.

Property Name	Rating Level	1 BR	2 BR	3 BR	Average
County Green Apartments	Fair	\$870	\$1,005	\$1,180	\$1,018
Average Rent		\$870	\$1,005	\$1,180	\$1,018
Old Mill Townhomes	Good	\$1,215	\$1,363	\$1,505	\$1,361
Kendall Square Apartments	Good	---	\$1,075	\$1,305	\$1,190
Average Rent		\$1,215	\$1,219	\$1,405	\$1,280
Difference in Average Rents		\$345	\$214	\$225	\$261
Difference per Rating Level		\$173	\$107	\$113	\$131
50% Difference per Rating Level					\$65

As shown in the previous chart, average difference between the fair rating level and the good rating level is \$131. The difference of \$131 represents two rating levels. Therefore, the result should be divided by two to determine each rating level difference. The result is rounded to the nearest \$5 and \$130 is determined to be the appropriate adjustment per rating level. Despite adjusting for the differences between the comparables, it is not always possible to fully account for the differences in rent between comparables as some is due to renter perception or management practices and is not due solely to differences in amenities or condition. If a specific area does not have rents with rent differences based solely on renovation, further analytics are needed. Paired analysis, while not perfect, is one of the best ways to determine adjustments for differences in condition as it factors out all other amenities and utilities differences between properties. However, as stated, paired analysis cannot fully quantify a renter's "perception" of differences in condition. Therefore, it is not appropriate to adjust the full amount determined through paired analysis, particularly when the adjustments will significantly decrease or increase the subject's rent. After considering all factors, Gill Group has elected to multiply the results by a 50 percent adjustment factor. The adjustment factor of 50 percent is subjective and is based on the experience and judgement of the appraiser. Gill Group has appraised multifamily properties for years, and that experience has aided in developing guidelines for determining appropriate adjustments when subjective adjustments are required. While opinions may differ as to what percentage is appropriate, this adjustment percentage is considered appropriate for this analysis. It is not accurate to adjust the full amount of the difference as that could substantially understate or overstate the difference in condition and could result in deflated or inflated rents. Therefore, the adjustment for the difference in rating level is \$65. As previously indicated, Comparables 1 and 6 are in good condition. Therefore no adjustments were needed. Comparables 2, 3 and 5, however, were in average condition and were adjusted upward \$65 per month, as indicated in the previous analysis. Comparable 4 is in fair condition and was adjusted upward \$130 per month, as indicated in the previous analysis.

SF Area – The subject and the comparables vary in square footage. Typically, all other variables being equal, a larger unit is more desirable than a smaller unit. However, the value of the additional square footage is mitigated to some degree by the similarity in perceived unit function. There is a diminishing return of value for additional square footage as each additional square foot does not necessarily equal additional functionality. Additionally, the units at the subject are measured as part of the scope of this assignment. However, the contacts at the comparables are often unwilling to allow interior inspections of the units. Therefore, it is necessary to rely on published unit sizes or verbal confirmation of unit sizes from the property contacts. As such, it is impossible to verify the accuracy of this data. In addition, the subject unit sizes are paint-to-paint measurements, while the contacts often report the "marketing" unit size which is sometimes the gross exterior square footage. Therefore, the unit sizes at the comparables are not always a direct comparison to the unit sizes at the subject. For the purpose of this report, a range of comparable rents per square foot was derived. To determine this adjustment, each comparable's dollar per square foot rental rate was determined for each bedroom type. From these results, a median dollar



per square foot rental rate is determined. The median dollar per square foot was then multiplied by 25 percent for each comparable to derive an adjusted dollar per square foot rental rate. The 25 percent was used to account for the diminished return of the larger unit sizes and the potential differences in reported unit sizes of the comparables versus the subject. Next, 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. The selected dollar per square foot for the one-bedroom comparison is \$0.28, for the two-bedroom comparison is \$0.24 and for the three-bedroom comparison is \$0.24. The result was rounded to the nearest \$5. No adjustments were made to comparables within 25 square feet of the subject because there is no difference in perceived unit function with 25 square feet. The adjustments are reflected on the HUD-Forms 92273, which are attached.

of Bedrooms – The subject will contain one-, two- and three-bedroom units. All comparables are similar. No adjustments were needed.

of Baths – The subject will contain one bath in the one-bedroom units and two baths in the two- and three-bedroom units. The majority of the difference in number of baths is accounted for in the unit square footage adjustment. However, an adjustment is made here to consider the added convenience of additional baths. The extra room(s) will enhance marketability of a unit even if the square footage remains the same. There was insufficient market data available for a paired analysis as the majority of properties in this market contain a similar number of baths. Therefore, \$10 half-bath and \$20 full bath per month adjustments were selected.

Balcony/Patio – The subject will not contain balconies or patios. Comparables 1 and 5 will be similar. The remaining comparables contain balconies and/or patios. Although there is little market data available concerning units with these features versus those without these features, the added amenity is an enhancement to the unit. Due to insufficient market data by which to extrapolate a market-based adjustment for balcony or patio, the appraiser elected to adjust the comparables \$ per month.

Parking – The subject will have open parking areas. All comparables are similar. No adjustment was needed.

AC: Central/Wall – The subject will contain central air conditioning. All comparables are similar. No adjustments were needed.

Range/Refrigerator – The subject will contain range/oven and refrigerator. All comparables contain both amenities. No adjustments were needed.

Garbage Disposal – The subject will contain garbage disposals in the units. Comparables 1, 2 and 4 will be similar. The remaining comparables do not contain this feature. However, since there is no market data concerning units with this feature, no adjustment was given.

Microwave/Dishwasher – The subject will contain both microwaves and dishwashers. Microwaves are a relatively inexpensive item and are unlikely to be a deciding factor when a tenant decides which unit to lease. However, because the included amenity is considered an enhancement to the unit, it was considered appropriate to adjust a nominal \$5 per month for microwaves. Dishwashers are more expensive and are more likely to factor into a tenant’s decision on which unit to lease. Therefore, it was considered appropriate to adjust \$10 per month for dishwashers. The following table shows the amenities available at the subject and each comparable. The comparables were adjusted based on the indicated adjustment amount at the bottom of the table:

Amenity	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Microwave	\$5	---	---	---	---	\$5	---
Dishwasher	\$10	\$10	\$10	---	\$10	\$10	\$10
Total	\$15	\$10	\$10	\$0	\$10	\$15	\$10
Indicated Adjustment		\$5	\$5	\$15	\$5	\$0	\$5



Washer/Dryer – The subject will contain washers and dryers in the units. Comparables 1, 2, 4 and 6 will be similar. Comparable 3’s one- and two-bedroom units only have access to a laundry facility; however, its three-bedroom units have a washer and dryer in the units. Comparable 5 has laundry facilities. Units with washers and dryers provided are preferred over units without these features as these appliances are expensive purchases for a prospective tenant. Although there is little market data available concerning units with these features versus those without these features, the amenities are an enhancement to the unit. Finally, the *2020 NMHC/Kingsley Apartment Resident Preferences Report* for Charlottesville, Virginia, the nearest metropolitan area, was consulted. According to the *2020 NMHC/Kingsley Apartment Resident Preferences Report*, residents in the metropolitan area indicated they would expect a renter to pay between \$24.25 and \$38.55 per month for washers and dryers in the unit. After considering all factors, washers and dryers were valued at \$30 per month, and laundry facilities were valued at \$5 per month. The following table shows the amenities available at the subject and each comparable. The comparables were adjusted based on the indicated adjustment amount at the bottom of the table. Comparable 3’s one- and two-bedroom units were adjusted upward \$25 per month. Comparable 3’s three-bedroom units were similar to the subject and were not adjusted.

Amenity	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Laundry Facility	---	---	---	\$5	---	\$5	---
Washer/Dryer	\$30	\$30	\$30	---	\$30	---	\$30
Total	\$30	\$30	\$30	\$5	\$30	\$5	\$30
Indicated Adjustment		\$0	\$0	\$25	\$0	\$25	\$0

Carpet – The subject will contain vinyl floor coverings. All comparables contain carpet floor coverings. The market did not indicate a rent differential based on floor coverings. Therefore, no adjustments were needed.

Drapes – The subject will contain window coverings. All comparables contain window coverings. No adjustment was needed.

Pool/Recreation Areas – The following table shows the amenities at the subject and each comparable:

Amenity	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Swimming Pool	---	\$10	\$10	---	\$10	---	---
Exercise Room	\$5	\$5	---	---	\$5	---	\$5
Picnic Area	---	\$5	---	\$5	---	---	---
Play Area	\$5	\$5	---	\$5	\$5	---	---
Volleyball Court	---	\$5	---	---	---	---	---
Tennis Court	---	---	---	---	\$5	---	---
Pet Park	---	\$5	---	---	---	---	---
Courtyard	---	\$5	---	---	---	---	---
Sundeck	---	\$5	---	---	\$5	---	---
Walking Trail	---	---	---	\$5	---	---	---
Total	\$10	\$45	\$10	\$15	\$30	\$0	\$5
Indicated Adjustment		(\$35)	\$0	(\$5)	(\$20)	\$10	\$5

Although there is little market data available concerning units with these features, the added amenities are an enhancement. Swimming pools are typically considered a more desirable feature than other recreation features. Therefore, a \$10 adjustment was determined for swimming pool, and a \$5 adjustment per feature was determined for each additional recreation area. The adjustments for the comparables are shown at the bottom of the table.

Heat – The subject will not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.

Cooling – The subject will not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.



Cooking – The subject will not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.

Electricity – The subject will not have this utility provided. None of the comparables have this utility provided. No adjustment was needed.

Hot Water – The subject will not have this utility provided. None of the comparables have this utility provided. No adjustments were needed.

Cold Water/Sewer – The subject will provide cold water or sewer. Comparables 5 and 6 will be similar. All of the remaining comparables have flat fees applied for water, sewer and trash collection. Therefore, these comparables were adjusted the flat fees for each bedroom type.

Trash – The subject will provide this utility. Comparables 5 and 6 will be similar. All of the remaining comparables have flat fees applied for water, sewer and trash collection which was adjusted in the cold water/sewer line item. No additional adjustment was needed.

Extra Storage – The subject will not have extra storage. All comparables are similar. No adjustments were needed.

Location – The location of the subject property and the comparables relative to residential population, population wealth, traffic patterns, centers of employment, economic levels and other locational attributes was analyzed. The comparables were all considered similar and were not adjusted.

Security – The subject will contain security patrol and video surveillance. The comparables do not contain security. No complex in the market area shows a rent differential based on security features. However, security features are an enhancement to an apartment complex. Video surveillance and security patrol provide added protection for residents at the properties. Therefore, properties with these features were adjusted \$5 per feature when compared to properties with no security.

Clubhouse/Meeting Room – The subject will not contain these features. None of the comparables contain these features. No adjustment was needed.

Special Features – The subject will contain ceramic tile and common area Wi-Fi. Comparable 5 also has common area Wi-Fi. The remaining comparables do not contain special features. The market did not indicate a rent differential based on ceramic tile. Therefore, no adjustments were needed. Common area Wi-Fi is a convenience to the property. This feature is valuable to residents as it allows access to the Internet without having to deplete data from personal accounts which are typically accompanied by data caps and limits. There is no data for these features that could be extracted from the market area. However, an adjustment was needed for the convenience of the on-site amenity. Therefore, an adjustment of \$10 was selected.

Business Center/Neighborhood Network – The subject will contain a business center. None of the comparables contain these features. No complex in the market area shows a rent differential based on these particular items; however, the added amenities are an enhancement. Apartments with these features can command a higher rent in the market area. Therefore, properties without these features were adjusted \$5 per feature compared to properties with any of these features.



Conclusion of Market Rents

The adjusted rents range from \$935 to \$1,240 for the one-bedroom comparison, from \$1,095 to \$1,383 for the two-bedroom comparison and from \$1,200 to \$1,490 for the three-bedroom comparison. All comparables were given consideration. Based on the above, the appraiser concluded the market rent for the units as follows:

- **762 SF One-Bedroom Units - \$1,025**
- **1,000 SF Two-Bedroom Units - \$1,165**
- **1,220 SF Three-Bedroom Units - \$1,300**

The developer is proposing the rents shown in the following table.

MAXIMUM LIHTC RENTS AND UTILITY ALLOWANCES							
Unit Type	# of Units	Square Feet	% of Median Income	Maximum LIHTC Rent	Gross Rent	Utility Allowance	Net Rent
1/1	4	762	30%	\$466	\$466	\$70	\$396
1/1 PBV	2	762	50%	\$778	\$1,062	\$70	\$992
1/1	6	762	60%	\$933	\$933	\$70	\$863
2/1	3	1,000	30%	\$560	\$560	\$85	\$475
2/2 PBV	1	1,000	40%	\$747	\$1,202	\$85	\$1,117
2/2 PBV	3	1,000	50%	\$933	\$1,202	\$85	\$1,117
2/2	2	1,000	50%	\$933	\$933	\$85	\$848
2/2	9	1,000	60%	\$1,120	\$1,120	\$85	\$1,035
3/2	1	1,220	30%	\$647	\$647	\$100	\$547
3/2 PBV	3	1,220	40%	\$863	\$1,643	\$100	\$1,543
3/2 PBV	16	1,220	50%	\$1,079	\$1,643	\$100	\$1,543
3/2	2	1,220	50%	\$1,079	\$1,079	\$100	\$979
3/2	15	1,220	60%	\$1,295	\$1,295	\$100	\$1,195

All of the proposed rents except the three-bedroom PBV rents are below the market rents determined on the rent grids. In addition, the units with project-based Section 8 vouchers have rents higher than the maximum allowable LIHTC rents. For these units, the proposed gross rents are not tethered to the maximum allowable LIHTC rents. Project-based Section 8 housing is available to tenants willing to live in specific housing units offered to them. Local public housing authorities contract with the owners of these units and when one is available, the housing authority will offer it to someone who is on the PBV waiting list. The subsidy remains with the property. Households with incomes below 50 percent of the median income (considered very low income) or lower may apply for project-based vouchers. Households in Section 8 properties are required to pay no more than 30 percent of their annual adjusted gross income toward rent and utilities. At no point will tenants in these units be required to pay more than the maximum allowable LIHTC rent. Therefore, all proposed rents at the subject were considered reasonable and achievable.



Evaluation of the Development

Project Design

Dearington Hills will contain two walk-up three-story buildings with a total of 67 revenue units. The buildings will have a concrete slab foundation and wood framing, with brick and siding exterior and asphalt shingle roofs. Landscaping will consist of grass, trees and shrubs. The property is not a scattered site development.

Project Amenities

The property will provide the following project amenities: community room, exercise room, playground, business center, package delivery, rental office, on-site management, on-site maintenance, security patrol and video surveillance. The property will also contain common area wi-fi.

Parking

The complex will contain open asphalt parking. Parking will be sufficient for the proposed development.

Unit Mix

The subject's unit mix of one-, two- and three-bedroom units will be suitable in the market area.

Utilities

The subject will contain central electric heating and cooling. Cooking and hot water will also be electric. The landlord will provide cold water, sewer and trash collection services. This arrangement is similar to superior to the majority of the comparables in the market area.

Unit Amenities

Each unit will contain refrigerator, range/oven, garbage disposal, dishwasher, microwave, washer, dryer, vinyl and ceramic tile flooring, blinds, ceiling fans and coat closet. Select units will also contain balconies and safety bars. Internet will also be provided in the units. The unit amenities are competitive with the comparables in the market area.

Tenant Services

The subject will not provide tenant services. None of the comparables offer tenant services.

Impact of Existing/Planned Rental Housing

The market area exhibits sufficient demand for the proposed construction. Based on the occupancy level of the apartment complexes in the market area, the waiting lists, the projected population and household growth and the economic factors, it is believed that when the construction is completed, the property will have no adverse impact on the existing and/or planned market-rate rental housing properties in the market area.

Summary of Developments Strength and Weaknesses

Strengths

- The subject's site plan and design will be competitive with the surveyed comparables.
- The development will be superior to most of the comparable developments in condition.
- The subject's proposed unit and project amenities will be competitive with the comparables in the market area.
- The subject's proposed rents will provide a good value to prospective tenants.

Weaknesses

- There are no apparent weaknesses.



SECTION I: DEVELOPMENT-SPECIFIC DEMAND ANALYSIS

Sources of Demand

The potential tenants for the proposed development include households who now live within the market area. It will appeal to potential tenants who have adequate incomes to pay the proposed rents and find the development more attractive in terms of price, unit features and project amenities than other available rental units. It also will attract households that the market area gains between now and when the development is ready for occupancy.

Required Unit Mix

The LIHTC program is based on the premise that no more than 1.5 persons will occupancy each bedroom in a unit. We expect that 10 percent of one-person households will occupy efficiency units. Ninety percent (90%) of one-person households and 25 percent of two-person households will occupy one-bedroom units. We expect that 75 percent of two-person household and 50 percent of three-person households will occupy two-bedroom units. We expect that 50 percent of three-person households, 75 percent of four-person households and 50 percent of five-person households will occupy three-bedroom units. We expect that 25 percent of four-person households, 50 percent of five person households, and 100 percent of households with six or more persons will occupy four-bedroom units.

The following table illustrates the ratio of units required by each household size. These occupancy patterns suggest that efficiency units should account for 4.5 percent of the renter housing demand; one-bedroom units should account for 47.0 percent; two-bedroom units should account for 26.7 percent; three-bedroom units should account for 15.0 percent, and units with four or more bedrooms should account for 6.8 percent of the renter housing demand in the market area.

RENTAL HOUSING DEMAND BY NUMBER OF BEDROOMS						
HOUSEHOLD SIZE	0 BR	1 BR	2 BR	3 BR	4 BR	TOTAL
1 Person	701	6,311	0	0	0	7,012
2 Persons	0	1,044	3,131	0	0	4,174
3 Persons	0	0	1,055	1,055	0	2,109
4 Persons	0	0	0	912	304	1,216
5 Persons	0	0	0	384	384	768
6 or More Persons	0	0	0	0	381	381
TOTAL	701	7,354	4,185	2,351	1,069	15,660
PERCENT	4.5%	47.0%	26.7%	15.0%	6.8%	100.0%

Source: Claritas; Ribbon Demographics

Eligible Households

Landlords evaluate a potential tenant's income and credit to decide if applicant can pay the required rents. Commercial underwriters and owners of conventional market rate developments generally require that the monthly contract rent should not exceed one-third of a tenant's income. This is increased to 35 percent for tenants in the LIHTC program.

The subject's units are most suitable for households with one to five persons below \$53,820 when considering the project-based Section 8 vouchers and between \$15,977 and \$53,820 when not considering the project-based Section 8 vouchers. Income is a key characteristic in analyzing housing markets. The following tables show the income-eligible renter households, both with and without subsidy:

INCOME-ELIGIBLE RENTER HOUSEHOLDS - WITH SUBSIDY					
	Gross Rent	Lower Range	Upper Range	% Income Qualified	Income-Eligible Households
All Unit Types (All)	\$933	\$0	\$44,850	53.1%	8,320
All Unit Types (40%)	\$1,202	\$0	\$35,880	42.6%	6,678
All Unit Types (50%)	\$933	\$0	\$44,850	53.1%	8,320

Source: Claritas; Ribbon Demographics and HUD



INCOME-ELIGIBLE RENTER HOUSEHOLDS - WITHOUT SUBSIDY					
	Gross Rent	Lower Range	Upper Range	% Income Qualified	Income-Eligible Households
All Unit Types (All)	\$466	\$15,977	\$53,820	43.6%	6,825
All Unit Types (30%)	\$466	\$15,977	\$26,910	13.9%	2,173
All Unit Types (40%)	\$747	\$25,611	\$35,880	12.4%	1,941
All Unit Types (50%)	\$778	\$26,674	\$44,850	21.5%	3,370
All Unit Types (60%)	\$933	\$31,989	\$53,820	23.5%	3,674

Source: Claritas; Ribbon Demographics and HUD

Penetration Rate

Penetration rate analyses were conducted for the subject considering the proposed subject's project-based vouchers and without considering the project-based vouchers. Four developments have been awarded tax credits in the market area within the past five years. The developments are as follows:

- Miller's Rest Apartments was awarded tax credits in 2020. This property will be located at 6100 Old Mill Road and will contain 80 general occupancy units. The property will have one-, two- and three-bedroom units at 40, 50 and 60 percent of the area median income. The property will have two one-bedroom units, four two-bedroom units and two three-bedroom units at 40 percent of the area median income; 14 one-bedroom units and 18 two-bedroom units at 50 percent of the area median income; and 26 two-bedroom units and 14 three-bedroom units at 60 percent of the area median income. The development was placed in service in December 2023. This property will be directly competitive with the subject's units. Therefore, 78 of the 80 units were included as supply in the demand analysis.
- Miller's Rest Apartments II was awarded tax credits in 2021. This property will also be located at 6100 Old Mill Road and will contain 40 general occupancy units. The property will have one-, two- and three-bedroom units at 30, 40, 50 and 60 percent of the area median income. The property will have one one-bedroom unit, two two-bedroom units and one three-bedroom unit at 30 percent of the area median income; one one-bedroom unit, two two-bedroom units and one three-bedroom unit at 40 percent of the area median income; two one-bedroom units, eight two-bedroom units and two three-bedroom units at 50 percent of the area median income; and four one-bedroom units, 12 two-bedroom units and four three-bedroom units at 60 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject's units. Therefore, 39 of the 40 units at this property were included as supply in the demand analysis.
- Spencer Pointe was awarded tax credits in 2022. This property will be located at 1700 Graves Mill Road and will contain 50 general occupancy units. This property will contain two- and three-bedroom units at 30, 40, 50, 60 and 80 percent of the area median income. The property will have three two-bedroom units and two three-bedroom units at 30 percent of the area median income; four two-bedroom units and four three-bedroom units at 40 percent of the area median income; seven two-bedroom units and five three-bedroom units at 50 percent of the area median income; three two-bedroom units and one three-bedroom unit at 60 percent of the area median income; and 13 two-bedroom units and eight three-bedroom units at 80 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject's units. Therefore, 29 of the 50 units were included as supply in the demand analysis.
- Miller's Rest Apartments III was awarded tax credits in 2023. This property will also be located at 6100 Old Mill Road and will contain 80 general occupancy units. The property will have one- and two- and three-bedroom units at 30, 40, 50 and 60 percent of the area median income. The property will have two one-bedroom units, four two-bedroom units and two three-bedroom units at 30 percent of the area median income; two one-bedroom units, four two-bedroom units and two three-bedroom unit at 40 percent of the area median income; five one-bedroom units, 14 two-bedroom units and five three-bedroom units at 50 percent of the area median income; and seven one-bedroom units, 26 two-bedroom units and seven three-bedroom units at 60 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject's units. Therefore, 78 of the 80 units at this property were included as supply in the demand analysis.



The subject will contain 67 units once construction is complete. There are currently 367 existing competitive LIHTC units and 186 existing competitive affordable housing units with subsidy. The competitive existing LIHTC units were considered in the penetration rate analysis without considering the project-based vouchers, and the existing competitive units with subsidies were considering in the penetration rate analysis when considering the project-based vouchers. The total inventory when considering subsidy is 314, and the total inventory when not considering subsidy is 658 units. The following charts show the penetration rate for both scenarios.

REQUIRED PENETRATION RATE - WITH SUBSIDY	
Income-Eligible Renter Households	8,320
Competitive Existing LIHTC Units with Subsidy	186
Competitive LIHTC Units Planned with Subsidy	103
Proposed Units in Subject	25
Total Inventory	314
Penetration Rate	3.8%

REQUIRED PENETRATION RATE - WITHOUT SUBSIDY	
Income-Eligible Renter Households	6,825
Competitive Existing LIHTC Units	367
Competitive LIHTC Units Planned	224
Proposed Units in Subject	67
Total Inventory	658
Penetration Rate	9.6%

Demand Analysis – With Subsidies

The following table will contain the summary demand estimates for the units considering the proposed project-based vouchers at the subject. All units at 40 percent of the area median income and 21 units at 50 percent of the area median income will have vouchers. No units at 30 or 60 percent will have vouchers.



REQUIRED DEMAND - WITH SUBSIDY			
	Up to 40% (\$0 to \$35,880)	Up to 50% (\$0 to \$44,850)	Project Total (\$0 to \$44,850)
Net Rental Households	86	107	107
+			
Existing Households - Overburdened	5,640	7,027	7,027
+			
Existing Households - Substandard Housing	1,889	2,354	2,354
+			
Existing Qualifying Tenants - to Remain After Renovation	0	0	0
=			
TOTAL DEMAND	7,615	9,488	9,488
(-)			
Supply (Includes Directly Comparable Vacant Units Completed or in Pipeline in PMA)	23	80	103
=			
NET DEMAND	7,592	9,408	9,385
PROPOSED UNITS	4	21	25
/			
CAPTURE RATE	0.1%	0.2%	0.3%
ABSORPTION PERIOD	1 Mo.	2-3 Mos.	2-3 Mos.

New Rental Households: The demand from new renter household growth is calculated by taking the new rental households projected between 2024 and 2029 divided by five years ($16,165 - 15,658 = 507 / 5$ Years = 101) and then multiplying by two years since the anticipated placed in service date is 2026. This resulted in a new renter household growth total of 202. The new renter household growth number of 202 was then multiplied by the percent of income qualified tenants in the market area ($202 \times 53.1\% = 107$). The subject will attract tenants with incomes below \$53,820. The percent of income qualified households can be seen on Page 91. The demand from new household growth is 107 for all units.

Existing Households – Rent Overburdened: The total number of income-eligible households is 8,320. The percent overburdened percentage of 84.5 percent determined on Page 61 was applied to this number to derive the existing households – rent overburdened shown on the demand chart on the previous page.

Existing Households – Substandard Housing: The total number of income-eligible households is 8,320. The percent of substandard households of 28.3 percent as determined on Page 61 was applied to this number to derive the substandard households as shown on the demand chart on the previous page.



Existing Qualifying Tenants Likely to Remain After Renovation: Once construction is complete, the property will be Low Income Housing Tax Credit (LIHTC) with units at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. The tenants in the existing development that will be demolished to make room for the proposed units will also be eligible to occupy the new units once they are constructed. However, these units were not considered in the demand or capture rate analysis. Therefore, no existing qualifying tenants were used in this analysis.

Supply: There are four planned developments in the market area that will have some units which compete with the subject.

- Miller's Rest Apartments was awarded tax credits in 2020. This property will be located at 6100 Old Mill Road and will contain 80 general occupancy units. The property will have one-, two- and three-bedroom units at 40, 50 and 60 percent of the area median income. The property will have two one-bedroom units, four two-bedroom units and two three-bedroom units at 40 percent of the area median income; 14 one-bedroom units and 18 two-bedroom units at 50 percent of the area median income; and 26 two-bedroom units and 14 three-bedroom units at 60 percent of the area median income. The development was placed in service in December 2023. This property will be directly competitive with the subject's units. Therefore, 78 of the 80 units were included as supply in the demand analysis.
- Miller's Rest Apartments II was awarded tax credits in 2021. This property will also be located at 6100 Old Mill Road and will contain 40 general occupancy units. The property will have one-, two- and three-bedroom units at 30, 40, 50 and 60 percent of the area median income. The property will have one one-bedroom unit, two two-bedroom units and one three-bedroom unit at 30 percent of the area median income; one one-bedroom unit, two two-bedroom units and one three-bedroom unit at 40 percent of the area median income; two one-bedroom units, eight two-bedroom units and two three-bedroom units at 50 percent of the area median income; and four one-bedroom units, 12 two-bedroom units and four three-bedroom units at 60 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject's units. Therefore, 39 of the 40 units at this property were included as supply in the demand analysis.
- Spencer Pointe was awarded tax credits in 2022. This property will be located at 1700 Graves Mill Road and will contain 50 general occupancy units. This property will contain two- and three-bedroom units at 30, 40, 50, 60 and 80 percent of the area median income. The property will have three two-bedroom units and two three-bedroom units at 30 percent of the area median income; four two-bedroom units and four three-bedroom units at 40 percent of the area median income; seven two-bedroom units and five three-bedroom units at 50 percent of the area median income; three two-bedroom units and one three-bedroom unit at 60 percent of the area median income; and 13 two-bedroom units and eight three-bedroom units at 80 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject's units. Therefore, 29 of the 50 units were included as supply in the demand analysis.
- Miller's Rest Apartments III was awarded tax credits in 2023. This property will also be located at 6100 Old Mill Road and will contain 80 general occupancy units. The property will have one- and two- and three-bedroom units at 30, 40, 50 and 60 percent of the area median income. The property will have two one-bedroom units, four two-bedroom units and two three-bedroom units at 30 percent of the area median income; two one-bedroom units, four two-bedroom units and two three-bedroom unit at 40 percent of the area median income; five one-bedroom units, 14 two-bedroom units and five three-bedroom units at 50 percent of the area median income; and seven one-bedroom units, 26 two-bedroom units and seven three-bedroom units at 60 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject's units. Therefore, 78 of the 80 units at this property were included as supply in the demand analysis.

In total, 103 units will be competitive with the subject's units. Twenty-three of these units will be set at 40 percent of the area median income, and 80 will be set at 50 percent of the area median income.



Total Net Demand and Conclusion: The market shows a net demand of 9,385 units for all units when considering subsidies. The capture rate for the subject is 0.3 percent, which is considered good. Consequently, based on the occupancy rates of apartment complexes in the market area, the existing waiting lists, the projected population and household growth and the economic factors, it is believed that property will be viable within the market area.

Absorption Period: The subject is a proposed LIHTC development. The property will have units restricted to 30, 40, 50 and 60 percent of the area median income. The property will also have 25 units with project-based Section 8 vouchers. The tenants in the existing development that will be demolished to make room for the proposed units will also be eligible to occupy the new units once they are constructed. However, these units were not considered in the demand or capture rate analysis and were not considered when calculating the absorption rate. The absorption level is typically based on the most recent multifamily developments. However, there were no recent affordable developments constructed in the market area for which lease up data was available. Therefore, the analyst also considering the opinions of apartment managers and local real estate agents, the current occupancy rates of the surveyed developments and the current waiting lists of the affordable developments, including the subject, confirmed in the market area. After considering all factors, it is estimated that the development could absorb six to eight units per month, resulting in a 95 percent occupancy level within seven to 10 months.



Demand Analysis – Without Subsidies

The following table will contain the summary demand estimates for the units without considering the subject's project-based vouchers.

REQUIRED DEMAND - WITHOUT SUBSIDY					
	Up to 30% (\$15,977 to \$26,910)	Up to 40% (\$25,611 to \$35,880)	Up to 50% (\$26,674 to \$44,850)	Up to 60% (\$31,989 to \$53,820)	Project Total (\$15,977 to \$53,820)
Net Rental Households	28	25	43	47	88
+					
Existing Households - Overburdened	1,836	1,639	2,846	3,103	5,764
+					
Existing Households - Substandard Housing	615	549	953	1,039	1,931
+					
Existing Qualifying Tenants - to Remain After Renovation	0	0	0	0	0
=					
TOTAL DEMAND	2,479	2,213	3,843	4,189	7,783
(-)					
Supply (Includes Directly Comparable Vacant Units Completed or in Pipeline in PMA)	17	23	80	104	224
=					
NET DEMAND	2,462	2,190	3,763	4,085	7,559
PROPOSED UNITS	8	4	25	30	67
/					
CAPTURE RATE	0.3%	0.2%	0.7%	0.7%	0.9%
ABSORPTION PERIOD	1 Mo.	1 Mo.	2-3 Mos.	4-5 Mos.	7-10 Mos.

New Rental Households: The demand from new renter household growth is calculated by taking the new rental households projected between 2024 and 2029 divided by five years (16,165 – 15,658 = 507 / 5 Years = 101) and then multiplying by two years since the anticipated placed in service date is 2026. This resulted in a new renter household growth total of 202. The new renter household growth number of 202 was then multiplied by the percent of income qualified tenants in the market area (202 x 43.6% = 88). The subject will attract tenants with incomes between \$15,977 and \$53,820. The percent of income qualified households can be seen on Page 92. The demand from new household growth is 88 for all units.

Existing Households – Rent Overburdened: The total number of income-eligible households is 6,825. The percent overburdened percentage of 84.5 percent determined on Page 61 was applied to this number to derive the existing households – rent overburdened shown on the demand chart on the previous page.

Existing Households – Substandard Housing: The total number of income-eligible households is 6,825. The percent of substandard households of 28.3 percent as determined on Page 61 was applied to this number to derive the substandard households as shown on the demand chart on the previous page.



Existing Qualifying Tenants Likely to Remain After Renovation: Once construction is complete, the property will be Low Income Housing Tax Credit (LIHTC) with units at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. The tenants in the existing development that will be demolished to make room for the proposed units will also be eligible to occupy the new units once they are constructed. However, these units were not considered in the demand or capture rate analysis. Therefore, no existing qualifying tenants were used in this analysis.

Supply: There are four planned developments in the market area that will have some units which compete with the subject.

- Miller's Rest Apartments was awarded tax credits in 2020. This property will be located at 6100 Old Mill Road and will contain 80 general occupancy units. The property will have one-, two- and three-bedroom units at 40, 50 and 60 percent of the area median income. The property will have two one-bedroom units, four two-bedroom units and two three-bedroom units at 40 percent of the area median income; 14 one-bedroom units and 18 two-bedroom units at 50 percent of the area median income; and 26 two-bedroom units and 14 three-bedroom units at 60 percent of the area median income. The development was placed in service in December 2023. This property will be directly competitive with the subject's units. Therefore, 78 of the 80 units were included as supply in the demand analysis.
- Miller's Rest Apartments II was awarded tax credits in 2021. This property will also be located at 6100 Old Mill Road and will contain 40 general occupancy units. The property will have one-, two- and three-bedroom units at 30, 40, 50 and 60 percent of the area median income. The property will have one one-bedroom unit, two two-bedroom units and one three-bedroom unit at 30 percent of the area median income; one one-bedroom unit, two two-bedroom units and one three-bedroom unit at 40 percent of the area median income; two one-bedroom units, eight two-bedroom units and two three-bedroom units at 50 percent of the area median income; and four one-bedroom units, 12 two-bedroom units and four three-bedroom units at 60 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject's units. Therefore, 39 of the 40 units at this property were included as supply in the demand analysis.
- Spencer Pointe was awarded tax credits in 2022. This property will be located at 1700 Graves Mill Road and will contain 50 general occupancy units. This property will contain two- and three-bedroom units at 30, 40, 50, 60 and 80 percent of the area median income. The property will have three two-bedroom units and two three-bedroom units at 30 percent of the area median income; four two-bedroom units and four three-bedroom units at 40 percent of the area median income; seven two-bedroom units and five three-bedroom units at 50 percent of the area median income; three two-bedroom units and one three-bedroom unit at 60 percent of the area median income; and 13 two-bedroom units and eight three-bedroom units at 80 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject's units. Therefore, 29 of the 50 units were included as supply in the demand analysis.
- Miller's Rest Apartments III was awarded tax credits in 2023. This property will also be located at 6100 Old Mill Road and will contain 80 general occupancy units. The property will have one- and two- and three-bedroom units at 30, 40, 50 and 60 percent of the area median income. The property will have two one-bedroom units, four two-bedroom units and two three-bedroom units at 30 percent of the area median income; two one-bedroom units, four two-bedroom units and two three-bedroom unit at 40 percent of the area median income; five one-bedroom units, 14 two-bedroom units and five three-bedroom units at 50 percent of the area median income; and seven one-bedroom units, 26 two-bedroom units and seven three-bedroom units at 60 percent of the area median income. The units at 30, 40, 50 and 60 percent of the area median income will be directly competitive with the subject's units. Therefore, 78 of the 80 units at this property were included as supply in the demand analysis.



In total, 224 units will be competitive with the subject's units. Seventeen of these units will be set at 30 percent of the area median income; 23 of these units will be set at 40 percent of the area median income; 80 will be set at 50 percent of the area median income; and 104 will be set at 60 percent of the area median income.

Total Net Demand and Conclusion: The market shows a net demand of 7,559 units for all units when not considering subsidies. The capture rate for the subject is 0.9 percent, which is considered good. Consequently, based on the occupancy rates of apartment complexes in the market area, the existing waiting lists, the projected population and household growth and the economic factors, it is believed that property will be viable within the market area.

Absorption Period: The subject is a proposed LIHTC development. The property will have units restricted to 30, 40, 50 and 60 percent of the area median income. The property will also have 25 units with project-based Section 8 vouchers. The tenants in the existing development that will be demolished to make room for the proposed units will also be eligible to occupy the new units once they are constructed. However, these units were not considered in the demand or capture rate analysis and were not considered when calculating the absorption rate. The absorption level is typically based on the most recent multifamily developments. However, there were no recent affordable developments constructed in the market area for which lease up data was available. Therefore, the analyst also considering the opinions of apartment managers and local real estate agents, the current occupancy rates of the surveyed developments and the current waiting lists of the affordable developments, including the subject, confirmed in the market area. After considering all factors, it is estimated that the development could absorb six to eight units per month, resulting in a 95 percent occupancy level within seven to 10 months.

Capture Rate Analysis

The following tables show the capture rates for the proposed development both with and without considering the project-based Section 8 vouchers.

CAPTURE RATE - WITH SUBSIDY	
Project Wide Capture Rate - LIHTC Units	0.3%
Project Wide Capture Rate - Market Units	N/A
Project Wide Capture Rate - All Units	N/A
Project Wide Absorption Period (Months)	2-3 Mos.

CAPTURE RATE - WITHOUT SUBSIDY	
Project Wide Capture Rate - LIHTC Units	0.9%
Project Wide Capture Rate - Market Units	N/A
Project Wide Capture Rate - All Units	N/A
Project Wide Absorption Period (Months)	7-10 Mos.

The market shows a net demand of 9,385 households for all units when considering the project-based Section 8 vouchers and a net demand of 7,559 households for all units when not considering the project-based Section 8 vouchers. Once construction is complete, the property will be Low Income Housing Tax Credit (LIHTC) with units at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. The tenants in the existing development that will be demolished to make room for the proposed units will also be eligible to occupy the new units once they are constructed. However, these units were not considered in the demand or capture rate analysis and were not considered when calculating the absorption rate. The capture rate, when considering the project-based Section 8 vouchers, is 0.3 percent and is considered good. The capture rate, without considering the subsidy, is 0.9 percent, which is also considered good. Due to the existing waiting lists and high occupancy rates of competitive properties in the market area as well as the current population and household growth and stable economic factors, it is the belief of the analyst that the property will be viable within the market area. Consequently, it is firmly believed that the proposed development will satisfy a portion of the demand for rental units within the market. It is believed that the property will meet the demand for affordable housing in the market area.



SECTION J: LOCAL PERSPECTIVE OF RENTAL MARKET & HOUSING ALTERNATIVES

Lynchburg Redevelopment and Housing Authority

Several attempts were made to contact and interview the Lynchburg Redevelopment and Housing Authority; however, none were successful. According to the housing authority's website, the waiting list is currently closed for the housing choice voucher program. The housing vouchers may be used at any rental property within a 25-mile radius of the city center. The telephone number for the Lynchburg Redevelopment and Housing Authority 434-485-7200.

Lynchburg Community Development

According to Kevin Henry, Zoning Administrator with the Lynchburg Community Development, the subject is zoned R-4, Medium-High Density Multi-family. The proposed use will be a legal, conforming use of the zoning district. Mr. Henry reported that are not new multifamily developments planned or under construction that would impact the development of the subject. In addition, there are no limits to the number of multifamily permits allowed per year. The telephone number for the Lynchburg Community Development is 434-455-3915.

Lynchburg Office of Economic Development and Tourism

According to the Lynchburg Office of Economic Development and Tourism, there have been several new and expanding businesses in the city. New businesses and expansions include, but are not limited to, the following:

- CloudFit Software recently completed a \$5 million renovation of the historic Carter Glass building. Approximately 78 jobs are to be added as a result of this renovation.
- Woodspring Suites opened a new \$9.3 million facility in the city, adding 13 new jobs.
- Bausch & Lomb announced a planned \$35 million expansion of its manufacturing facility which will expand its footprint to 190,000 square feet. This expansion will add 79 jobs.
- Virginia Metal Treating opened a new location in the city in 2023, completing a \$5.7 million facility in Ivy Creek Industrial Park.
- River Ridge Mall recently completed an \$80 million renovation of its West End. The renovated portion of the mall re-opened in 2023 with eight new stores, including Windsor Fashions LLC and Duck Donuts.
- Homegoods opened in January 2023.
- Noodles and Company has constructed a new facility which is anticipated to open in April 2023. Approximately 25 new jobs will be added.
- Additional new and expanding businesses include Crumbl Cookies, Insomnia Cookies, Mission House Coffee and Nothing Bundt Cakes.
- Master planning and site development efforts in the Ivy Creek Innovation Park and the future Airport Commerce Park are underway. The advancement efforts will open more than 300 acres of available property for industrial and commercial development.
- Over \$163 million in commercial construction permits were issued from June 2021 to June 2023, with many commercial construction projects supported by incentives from the Office of Economic Development & Tourism. In 2021, Enterprise Zone investments helped fuel downtown growth as well as commercial and industrial enterprise throughout the city. Projects receiving Enterprise Zone report included the Allied Arts building, which was remodeled to house both offices and residential units and Schewels Home, a renovation of the historic Galleria in the downtown area of Lynchburg to provide space for other businesses.
- In the 2023 fiscal year, \$150,000 was awarded from the Local Redevelopment Program which is designed to support small business real property investments and expand real estate tax receipts for the city. The money was awarded to 18 local businesses, creating and retaining almost 200 jobs.
- Appomattox County partnered with Firefly (Central Virginia Electric Cooperative) to extend Phase II of the broadband initiative in underserved southern portions of the county. The northern portion was completed in Phase I. This project will continue through 2023 and into 2024. It is anticipated that this project will provide a boost to the education sector and to economic development.



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- Through a lease/purchase agreement, Appomattox County partnered with the Appomattox Christian Academy to repurpose the Carver-Price Center to establish a vocational training center and refurbishing the old auditorium and turning it into a performing arts center.
 - The largest planned community in Amherst County's history, the Madison Heights Town Centre (MHTC) is planned in Madison Heights. The development will have designated open spaces, 75,000 square feet of commercial space, 75,000 square feet of apartments, 400 townhomes, 250 patio homes and 100 single-family homes.
 - The Senior Living Project, a senior living community that will offer villas for seniors ages 55 and older along with independent living apartments and an assisted living memory care facility. In addition, apartments for all age brackets will be constructed. The community will also have a large green space with walking trails, soccer fields, pickleball courts and a pavilion.
 - WexcoUSA opened recently in Bedford County. This plant manufactures bimetallic cylinders that are used in numerous industries.
 - The former Madison Heights school on Phelps Road was redeveloped into 42 market-rate apartments known as The Westie.
 - Amherst Mill was redeveloped into Camp Trapezium, a brewery that specializes in mixed fermentation beers and brick fired pizzas.

The number of jobs created by a number of the new and expanding business was not made available to the analyst. However, due to the new and expanding businesses and the decreasing unemployment rates in the area, it is believed that the economic outlook for the area will remain stable for the next two to five years despite the job losses in the area. The telephone number for the Lynchburg Office of Economic Development and Tourism is 434-455-4490.



SECTION K: ANALYSIS/CONCLUSIONS

Project Description

The subject will be a proposed development designated for families. It will contain 67 revenue units. The site currently contains an existing apartment complex. The existing facility will be demolished, and new apartments will be constructed in phases. The proposed development is the first phase of the new apartments. The property will contain two three-story walk-up buildings containing a total of 67 revenue units. Once construction is complete, the property will be Low Income Housing Tax Credit (LIHTC) with units at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. The project-based vouchers will be located in units at 40 and 50 percent of the area median income. Households with one to five persons and incomes below \$53,820 will be eligible for the proposed development. If the subject did not have project-based vouchers, households with one to five persons and incomes between \$15,977 and \$53,820 would be eligible for the proposed development.

The following chart lists the subject's proposed unit mix. The property will contain a net rentable area of 72,284 square feet.

Unit Type	# of Units	Square Feet	Total Square Footage
1/1	12	762	9,144
2/2	18	1,000	18,000
3/2	37	1,220	45,140
	67		72,284

The following chart lists the subject's proposed unit distribution by unit type, size and rent structure.

MAXIMUM LIHTC RENTS AND UTILITY ALLOWANCES							
Unit Type	# of Units	Square Feet	% of Median Income	Maximum LIHTC Rent	Gross Rent	Utility Allowance	Net Rent
1/1	4	762	30%	\$466	\$466	\$70	\$396
1/1 PBV	2	762	50%	\$778	\$1,062	\$70	\$992
1/1	6	762	60%	\$933	\$933	\$70	\$863
2/1	3	1,000	30%	\$560	\$560	\$85	\$475
2/2 PBV	1	1,000	40%	\$747	\$1,202	\$85	\$1,117
2/2 PBV	3	1,000	50%	\$933	\$1,202	\$85	\$1,117
2/2	2	1,000	50%	\$933	\$933	\$85	\$848
2/2	9	1,000	60%	\$1,120	\$1,120	\$85	\$1,035
3/2	1	1,220	30%	\$647	\$647	\$100	\$547
3/2 PBV	3	1,220	40%	\$863	\$1,643	\$100	\$1,543
3/2 PBV	16	1,220	50%	\$1,079	\$1,643	\$100	\$1,543
3/2	2	1,220	50%	\$1,079	\$1,079	\$100	\$979
3/2	15	1,220	60%	\$1,295	\$1,295	\$100	\$1,195

*The units with project-based Section 8 vouchers have rents higher than the maximum allowable LIHTC rents. For these units, the proposed gross rents are not tethered to the maximum allowable LIHTC rents. Project-based Section 8 housing is available to tenants willing to live in specific housing units offered to them. Local public housing authorities contract with the owners of these units and when one is available, the housing authority will offer it to someone who is on the PBV waiting list. The subsidy remains with the property. Households with incomes below 50 percent of the median income (considered very low income) or lower may apply for project-based vouchers. Households in Section 8 properties are required to pay no more than 30 percent of their annual adjusted gross income toward rent and utilities. At no point will tenants in these units be required to pay more than the maximum allowable LIHTC rent.

Income Averaging

The developer has not selected to use the Income-Averaging option.



Housing Profile

The rental housing stock in the market area is comprised of single-family homes and market-rate and income-restricted apartment complexes. The market area has an overall rental vacancy rate of 4.4 percent. Of the 3,118 total units verified, 150 were vacant.

Six family affordable housing properties in the market area were considered competitive with the subject. These properties have LIHTC restrictions and/or Section 8 subsidies. As the proposed development will have both restrictions, these units were considered competitive. The competitive properties in the market area contain a total of 710 units, 31 of which were vacant. Therefore, the rental vacancy rate of the competitive units is 4.4 percent.

Of the confirmed competitive developments, there were 31 vacant units. However, many of the developments contain waiting lists. The proposed development could draw residents from the waiting list of the existing comparables. In addition, the proposed development will be replacing units already in the market area. Therefore, tenants from the units to be demolished will be offered units at the subject. Considering all these factors, the proposed development will not have an adverse impact on the market area as it is not saturated with affordable housing.

Market Feasibility

The following tables show the capture rates for the proposed development both with and without considering the project-based Section 8 vouchers.

CAPTURE RATE - WITH SUBSIDY	
Project Wide Capture Rate - LIHTC Units	0.3%
Project Wide Capture Rate - Market Units	N/A
Project Wide Capture Rate - All Units	N/A
Project Wide Absorption Period (Months)	2-3 Mos.

CAPTURE RATE - WITHOUT SUBSIDY	
Project Wide Capture Rate - LIHTC Units	0.9%
Project Wide Capture Rate - Market Units	N/A
Project Wide Capture Rate - All Units	N/A
Project Wide Absorption Period (Months)	7-10 Mos.

The market shows a net demand of 9,385 households for all units when considering the project-based Section 8 vouchers and a net demand of 7,559 households for all units when not considering the project-based Section 8 vouchers. Once construction is complete, the property will be Low Income Housing Tax Credit (LIHTC) with units at 30, 40, 50 and 60 percent of the area median income. In addition, the property will have 25 units with project-based Section 8 vouchers. The tenants in the existing development that will be demolished to make room for the proposed units will also be eligible to occupy the new units once they are constructed. However, these units were not considered in the demand or capture rate analysis and were not considered when calculating the absorption rate. The capture rate, when considering the project-based Section 8 vouchers, is 0.3 percent and is considered good. The capture rate, without considering the subsidy, is 0.9 percent, which is also considered good. Due to the existing waiting lists and high occupancy rates of competitive properties in the market area as well as the current population and household growth and stable economic factors, it is the belief of the analyst that the property will be viable within the market area. Consequently, it is firmly believed that the proposed development will satisfy a portion of the demand for rental units within the market. It is believed that the property will meet the demand for affordable housing in the market area.

Evaluation of Project

The property is easily accessed via Chambers Street. Chambers Street connects to Fifth Street. Fifth Street provides direct access to U.S. Business Highway 501, a major thoroughfare in the area. Therefore, the subject has average visibility and easy access. The subject's proposed site plan and project design are similar to competing apartment developments. The subject's proposed unit mix of one-, two- and three-bedroom units will be suitable in the market.



Positive/Negative Attributes

Strengths: The subject's location is comparable to other developments in the market area. Its proposed in-unit and common area amenities will be competitive with the other developments in the market area. When these factors are taken into consideration, the subject's proposed units will provide a good value to prospective tenants.

Weaknesses: There are no apparent weaknesses.

Conclusions

The subject can attain its required share of the market area for the following reasons:

- The subject's proposed design and amenities will be competitive with other existing projects. Therefore, no modifications to the subject are necessary.
- Once construction is complete, the subject will be superior in condition when compared to the majority of the current housing stock.
- The market area's population and households are projected to increase through 2029, indicating a need for additional housing the market area. In addition, all restricted properties confirmed maintain high occupancy rates, and the majority maintain waiting lists. Therefore, it appears the market is not oversaturated with affordable rental housing.
- The subject is a proposed LIHTC development. The property will have units restricted to 30, 40, 50 and 60 percent of the area median income. The property will also have 25 units with project-based Section 8 vouchers. The tenants in the existing development that will be demolished to make room for the proposed units will also be eligible to occupy the new units once they are constructed. However, these units were not considered in the demand or capture rate analysis and were not considered when calculating the absorption rate. The absorption level is typically based on the most recent multifamily developments. However, there were no recent affordable developments constructed in the market area for which lease up data was available. Therefore, the analyst also considering the opinions of apartment managers and local real estate agents, the current occupancy rates of the surveyed developments and the current waiting lists of the affordable developments, including the subject, confirmed in the market area. After considering all factors, it is estimated that the development could absorb six to eight units per month, resulting in a 95 percent occupancy level within seven to 10 months.
- According to the past, present and future demographic and economic trends within the primary market area, it is the opinion of the analyst that the proposed development will be suitable for the market area. Given the current low vacancy rates for competitive properties as well as the waiting lists at most properties, the development will not have an adverse effect on the existing rental comparables and the anticipated pipeline additions to the rental base.

It is the opinion of the analyst that a market exists for the proposed 67-unit development designed for families and that there is no need for alterations of any kind. This recommendation is made based on the information included in this report and assuming that the project is completed as detailed in this report. Any changes to the proposed construction of the subject could alter the findings in this report.



SECTION L: OTHER REQUIREMENTS

Market Analyst Certification

I affirm that I have made a physical inspection of the site and market area. I also affirm that the appropriate information has been used in the comprehensive evaluation of the need and demand for the proposed rental units. To the best of my knowledge the market can support the demand shown in this study. I understand that any misrepresentations in this statement may result in the denial of participation in the Low Income Housing Tax Credit Program in Virginia as administered by the Virginia Housing. I also affirm that neither I nor anyone at my firm has any interest in the proposed development or relationship with the ownership entity. In addition, I affirm that neither I nor anyone at my firm nor anyone acting on behalf of my firm in connection with the preparation of this report has communicated to others that my firm is representing Virginia Housing or in any way acting for, at the request of, or on behalf of Virginia Housing. Finally, I affirm that compensation for my services is not contingent upon this development receiving a reservation or allocation of tax credits. Evidence of my NCHMA membership is included.

A handwritten signature in cursive script that reads "Samuel T. Gill".

Samuel T. Gill
Market Analyst

Date: March 14, 2024



Qualifications of the Analyst

Gill Group is a nationwide marketing and real estate consulting firm specializing in market studies and real estate appraisals for low-income housing developments. For more than 30 years, Gill Group has been performing market research and appraisals on all types of properties. Primary data from field inspectors, analysts and appraisers is used. Our inspectors, analysts and appraisers personally inspect and examine every property included in the reports. Additional data is obtained from the U.S. Census Bureau, local public officials and reliable market data research companies such as ESRI Business Information Solutions. Gill Group's market studies have been used by clients in the Low Income Housing Tax Credit program and in obtaining and renewing state and federal subsidies for low-income housing developments and multifamily rental housing. Samuel T. Gill has been active in the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (M.A.P.) and Mark-to-Market programs.



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OVERVIEW

Extensive multifamily experience over the past 25 years specializing in work for the Department of Housing and Urban Development (HUD), United States Department of Agriculture/Rural Development (USDA/RD) as well as lenders and developers through the Low-Income Housing Tax Credit (LIHTC) program including but not limited to, Section 8, Section 202, Section 236, Section 515 and Section 538 Programs. Additionally, extensive experience since inception of the Multifamily Accelerated Processing (MAP) Program of Sections 202/223(f), 232/223(f), 221(d)3, 221(d)4 and 223(f). Also, more than 20 years of experience with nursing homes, hotels and complicated commercial appraisal assignments.

ACCREDITATIONS

State Certified General Real Estate Appraiser

Alabama State License Number: G00548
Arizona State License Number: 31453
Colorado State License Number: CG40024048
Connecticut State License Number: RCG.0001276
District of Columbia License Number: GA11630
Georgia State License Number: 258907
Hawaii State License Number: CGA1096
Idaho State License Number: CGA-3101
Illinois State License Number: 153.0001384
Indiana State License Number: CG40200270
Iowa State License Number: CG02426
Kansas State License Number: G-1783
Louisiana State License Number: G1126
Maine State License Number: CG3635
Maryland State License Number: 32017
Michigan State License Number: 1201068069
Minnesota State License Number: 40186198
Mississippi State License Number: GA-624
Missouri State License Number: RA002563
Montana State License Number: REA-RAG-LIC-8530
Nebraska State License Number: CG2000046R
New York State License Number: 46000039864
North Carolina State License Number: A5519
North Dakota State License Number: CG-2601
Ohio State License Number: 448306
Oklahoma State License Number: 12524CGA
Oregon State License Number: C000793
Pennsylvania State License Number: GA001813R
South Carolina State License Number: 3976
Tennessee State License Number: 00003478
Texas State License Number: 1329698-G
Utah State License Number: 5510040-CG00
Virginia State License Number: 4001 015446
Washington State License Number: 1101018
West Virginia State License Number: CG358
Wisconsin State License Number: 1078-10
Wyoming State License Number: 479

Also received temporary licenses in the following states: Arkansas, California, Delaware, Florida, Kentucky, Massachusetts, Nevada, New Hampshire, New Jersey, New Mexico, Puerto Rico, Rhode Island, South Dakota, the U.S. Virgin Islands and Vermont.



**EXPERIENCE
(1991 TO PRESENT)**

Primary provider of HUD Mark-to-Market Full Appraisals for mortgage restructuring and Mark-to-Market Lites for rent restructuring and has worked with HUD in this capacity since inception. Completed approximately 350 appraisals assignments under this program.

Provider of HUD MAP and TAP appraisals and market studies for multiple lenders since its inception. Completed approximately 350 appraisal assignments under this program.

Contract MAP quality control reviewer and field inspector for CohnReznick and HUD. Have completed approximately 350 reviews under this program. Have completed approximately 100 field inspections under this program.

Currently approved state reviewer for HUD Rent Comparability Studies for Section 8 Renewals in Alabama, California, Connecticut, Florida, Hawaii, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Nebraska, New Mexico, North Carolina, Oregon, Utah, Virgin Islands, Virginia, Washington, West Virginia and Wisconsin. Completed approximately 500 reviews under this program.

Provider of HUD Rent Comparability Studies for contract renewal purposes nationwide. Completed approximately 400 rent comparability studies.

Provider of tax credit financing analysis and value of financing analysis. Completed approximately 300 appraisal assignments and market studies under this program.

Provider of multifamily appraisals under the RD 515 and 538 programs. Completed approximately 200 appraisal assignments under these programs.

Partial list of clients include: Colorado Housing Finance Agency, CreditVest, Inc., Foley & Judell, LLP, Kentucky Housing Corporation, Kitsap County Consolidated Housing Authority, Louisiana Housing Finance Agency, Missouri Housing Development Agency, New Mexico Mortgage Finance Authority, Ontra, Inc., Quadel Consulting Corporation, CohnReznick, L.L.P., Group, Siegel Group, Signet Partners and Wachovia Securities.

**DEVELOPMENT/OWNERSHIP/
MANAGEMENT EXPERIENCE
(2006 TO PRESENT)**

For the past 10 years, he has owned three separate companies that develop, own and manage commercial, multifamily, residential, agricultural and vacant land properties.

In his portfolio are over 100,000 square feet of commercial space, over 1,000 units of multifamily, 200 acres of farmland, and 10 parcels of developable commercial and multifamily lots, all in the Midwest.

EDUCATION

Bachelor of Arts Degree
Southeast Missouri State University
Associate of Arts Degree
Three Rivers Community College



HUD/FHA Appraiser Training

Arkansas State Office

Multifamily Accelerated Processing Valuation (MAP)

U.S. Department of Housing and Urban Development

2nd Annual Multifamily Accelerated Processing Basic and Advanced Valuation (MAP)

U.S. Department of Housing and Urban Development

FHA Appraising Today

McKissock, Inc.

Texas USDA Rural Development Multifamily Housing Appraiser Training

Texas Rural Development

Kentucky USDA Rural Development Multifamily Housing Appraiser Training

Kentucky Rural Development

Financial Analysis of Income Properties

National Association of Independent Fee Appraisers

Income Capitalization

McKissock, Inc.

Introduction to Income Property Appraising

National Association of Independent Fee Appraisers

Concepts, Terminology & Techniques

National Association of Independent Fee Appraisers

Uniform Standards of Professional Appraisal Practice

Central Missouri State University

Appraisal of Scenic, Recreational and Forest Properties

University of Missouri-Columbia

Appraiser Liability

McKissock, Inc.

Appraisal Trends

McKissock, Inc.

Sales Comparison Approach

Hondros College

Even Odder: More Oddball Appraisals

McKissock, Inc.

Mortgage Fraud: A Dangerous Business

Hondros College

Private Appraisal Assignments

McKissock, Inc.

Construction Details & Trends

McKissock, Inc.

Condemnation Appraising: Principles & Applications

Appraisal Institute

Michigan Law

McKissock, Inc.

Pennsylvania State Mandated Law

McKissock, Inc.



Valuing Real Estate in a Changing Market

National Association of Independent Fee Appraisers

Principles of Residential Real Estate Appraising

National Association of Independent Fee Appraisers

Real Estate Appraisal Methods

Southeast Missouri State University

Lead Inspector Training

The University of Kansas

Lead Inspector Refresher

Safety Support Services, Incorporated

Home Inspections: Common Defects in Homes

National Association of Independent Fee Appraisers

Heating and Air Conditioning Review

National Association of Independent Fee Appraisers

Professional Standards of Practice

National Association of Independent Fee Appraisers

Developing & Growing an Appraisal Practice - Virtual Classroom

McKissock, Inc.

The Appraiser as Expert Witness

McKissock, Inc.

Current Issues in Appraising

McKissock, Inc.

2011 ValExpo: Keynote-Valuation Visionaries

Van Education Center/Real Estate

Residential Report Writing

McKissock, Inc.

The Dirty Dozen

McKissock, Inc.

Risky Business: Ways to Minimize Your Liability

McKissock, Inc.

Introduction to Legal Descriptions

McKissock, Inc.

Introduction to the Uniform Appraisal Dataset

McKissock, Inc.

Mold Pollution and the Appraiser

McKissock, Inc.

Appraising Apartments: The Basics

McKissock, Inc.

Foundations in Sustainability: Greening the Real Estate and Appraisal Industries

McKissock, Inc.

Mortgage Fraud

McKissock, Inc.

The Nuts and Bolts of Green Building for Appraisers

McKissock, Inc.

The Cost Approach

McKissock, Inc.



Pennsylvania State Mandated Law for Appraisers

McKissock, Inc.

Michigan Appraisal Law

McKissock, Inc.

Modern Green Building Concepts

McKissock, Inc.

Residential Appraisal Review

McKissock, Inc.

Residential Report Writing: More Than Forms

McKissock, Inc.

2-4 Family Finesse

McKissock, Inc.

Appraisal Applications of Regression Analysis

McKissock, Inc.

Appraisal of Self-Storage Facilities

McKissock, Inc.

Supervisor-Trainee Course for Missouri

McKissock, Inc.

The Thermal Shell

McKissock, Inc.

Even Odder - More Oddball Appraisals

McKissock, Inc.

Online Data Verification Methods

Appraisal Institute

Online Comparative Analysis

Appraisal Institute

Advanced Hotel Appraising - Full Service Hotels

McKissock, Inc.

Appraisal of Fast Food Facilities

McKissock, Inc.

Appraisal Review for Commercial Appraisers

McKissock, Inc.

Exploring Appraiser Liability

McKissock, Inc.



Certificate of Membership

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Designation Maintained By
Samuel Gill

Membership Term
2/1/2024 - 1/31/2025



Kaitlyn Snyder
Managing Director, NH&RA



ADDENDUM A – DATA SOURCES

2010 U.S. Census
American Community Survey
Claritas; Ribbon Demographics (A nationally recognized demographics forecaster)
U.S. Bureau of Labor Statistics

Information used in the market study was obtained from various sources including: the U.S. Census Bureau, Ribbon Demographics, U.S. Bureau of Labor Statistics, interviews with local area and government officials and interview with local property owners or managers.



ADDENDUM B – MARKET STUDY TERMINOLOGY

Absorption Period

The period of time necessary for a newly constructed or renovated property to achieve the Stabilized Level of Occupancy. The Absorption Period begins when the first temporary or permanent certificate of occupancy is issued and ends when the last unit to reach the Stabilized Level of Occupancy 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 expected to begin should accompany all absorption estimates.

Absorption Rate

The average number of units rented each month during the Absorption Period.

Acceptable Rent Burden

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.

Affordable Housing

Housing where the tenant household pays no more than 30 percent of its annual income on Gross Rent.

Amenity

Tangible or intangible benefits offered to a tenant at no fee (with the exception of day care), typically on-site recreational facilities or 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. Annual demand estimates factor in tenure, tenant age, income restrictions, family size and turnover.

Area Median Income (AMI)

One-hundred percent of the gross median household income for a specific metropolitan statistical area, county or non-metropolitan area established annually by HUD.

Assisted Housing

Housing where the monthly costs to the tenants are subsidized by federal, state or other programs.

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 on the 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 percent 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.

Capture Rate

The percentage of age, size, and income qualified renter households in the Primary Market Area that the property must capture 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. 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. See Penetration Rate for rate for entire market area.

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.

Comparable Property

A market-rate or Affordable Housing property that is representative of the rental housing choices of the subject's Primary Market Area and that is similar in construction, size, amenities, or age. These Comparables and Competitives are generally used to derive market rent.

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.

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 specified lease term or for free amenities which are normally charged separately (i.e., washer/dryer, parking).

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 tenants, 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).

Demand

An estimate of the total number of market households that have both the desire and the ability to obtain the product and/or services offered. 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.



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 percent 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.

Effective Rents

Market Rents less concessions.

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 percent 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 percent 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 percent 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.

Family

A family consists of a householder (i.e., one who occupies or owns a house/head of a household) and one or more other persons living in the same household who are related to the householder by birth, marriage or adoption. Not all households contain families since a household may comprise a group of unrelated persons or one person living alone. (Source: U.S. Census)

Garden Apartments

Apartments in low-rise buildings (typically two to four stories) that feature low density, ample open-space around the 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

All the persons who occupy a housing unit as their usual place of residence. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements. (Source: U.S. Census)

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) and decreasing average household size.



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 Program)

Federal rent subsidy program under Section 8 of the U.S. Housing Act which issues rent vouchers to eligible households to use in the housing of their choice. The voucher payment subsidizes the difference between the Gross Rent and the tenant's contribution of 30 percent of adjusted income (or 10 percent of gross income, whichever is greater). In cases where 30 percent 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 tenant's 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 percent 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 percent 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 percent 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 percent of area median income who pay rent equal to the greater of Basic Rent of 30 percent of their adjusted income. All rents are capped at a HUD approved market rent.

Income Band

The range of incomes of households that can pay a specific rent but do not have more income than is allowed by the Income Limits of a particular housing program. The minimum household income typically is based on a defined Acceptable Rent Burden percentage and the maximum typically is pre-defined by specific programmatic requirements or by general market parameters.

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 percent of AMI. HUD publishes Income Limits each year for 30 percent median, Very Low Income (50%), and Low-Income (80%), for households with one through eight people.



Infrastructure

Services and facilities including roads, highways, water, sewerage, emergency services, parks and recreation, etc. Infrastructure includes both public and private facilities.

Low Income

Person or household with gross household income below 80 percent 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 percent 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.

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.

Market Analysis

A study of real estate market conditions for a specific type of property.

Market Area

A geographic area from which a property is expected to draw the majority of its residents.

Market Area, Primary (PMA)

The most likely geographic area from which a property would draw its support.

Market Area, Secondary (SMA)

The portion of a market area that supplies additional support to an apartment property beyond that provided by the primary market area.

Market Demand

The number of units required in a defined market area to accommodate demand (i.e., households that desire to improve the quality of their housing without significantly increasing their economic burden). 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 demand.

Market Feasibility Analysis

An analysis that determines whether a proposed development can attain its target rents, taking into account the development's characteristics (location, size, unit mix, design and amenities), the depth of its target market, and the strength of its appeal in comparison to other existing and planned options available to potential consumers.

Market Rent

The rent that an apartment, without rent or income restrictions or rent subsidies, would command in the open market considering its location, features, amenities. Market rent should be adjusted for concessions and owner paid utilities included in the rent.



Market Study

A comprehensive review of the housing market in a defined market area. A market study can be used to determine the demand for specific proposed development or to examine the overall condition of an area's housing market. 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. At a minimum, market studies include a review of location, economic conditions, demographics, and existing and proposed housing stock.

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 – Physical

Average number of apartment units in any market which are unoccupied divided by the total number of apartment units in the same Market Area, excluding units in properties which are in the lease-up stage.

Market Vacancy Rate – Economic

Percentage of rent loss due to concessions and vacancies.

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.

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 percent).

Mobility

The ease with which people move from one location to another.

Moderate Income

Person or household with gross household income between 80 and 120 percent of Area Median Income adjusted for household size.

Move-Up Demand

An estimate of how many consumers are able and willing to relocate to more expensive or desirable units, such as tenants who move up from Class C properties to Class B; and Class B tenants that move up to Class A properties; and tenants that move from Class C and B properties to a new superior Low Income Tax Credit property. For purposes of demonstrating move-up demand both changes in Class Construction Type and changes in Quality Classification of five or more may be considered (Reference the Virginia State Board of Equalization Assessor's Handbook Section 531, January 2003, pages 4-5 for definitions of Class and Quality Classifications.)



Multifamily

Structures that contain two or more 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 or Lease Rent)

Gross Rent less Tenant Paid Utilities.

Penetration Rate

The percentage of age and income qualified renter households in the Primary Market Area that live in 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. See Capture Rate for property specific 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 levels of births, deaths, and net migration.

Primary Market Area

See Market Area

Programmatic Rents

The proposed rents for a Tax Credit or other income restricted property relative to comparable market rate properties and rents being achieved at another Low Income Housing Tax Credit or other income restricted properties in the market. Can be no greater than maximum rents permitted by the Low Income Housing Tax Credit or other program regulations.

Project Based Rent Assistance

Rental assistance from a federal, state or local program 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.

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 percent of households have an income less than 60 percent of Area Median Income or where the poverty rate is at least 25 percent. A project located in a QCT and receiving Low Income Housing Tax Credits may qualify for up to 130 percent of eligible basis for the purpose of calculating the Tax Credit allocation.

Redevelopment

The redesign or rehabilitation of existing properties.

Rent Burden

Contract Rent plus Tenant Paid Utilities divided by the gross monthly household income.



Rent Burdened Households

Households with rent burden above the level determined by the lender, investor or public program to be an acceptable rent-to-income ratio.

Restricted Rent

The maximum allowable rent under the restrictions of a specific housing program or subsidy.

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

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, 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.

Saturation

The point at which there is no longer demand to support additional units.

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.

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.

Special Needs Population

Specific market niche that is typically not catered to in a conventional apartment property. This population should exhibit certain criteria, which can be well defined, in order, for example, to assess the need and demand from this source. 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. For TCAC projects these percentages are equal to a physical occupancy rate that will generate 90 percent of aggregate restricted rents for SRO and Special Needs units and generate 95 percent of aggregate restricted rents for all other types of units.

State Data Center (SDC)

A state agency or university facility identified by the governor of each state to participate in the U.S. Census Bureau's cooperative network for the dissemination of the census data.

Subsidy

Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's Contract Rent 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 estimated Income Band from which the subject will likely draw tenants.

Target Population

Market niche 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

One who rents real property from another.

Tenant Paid Utilities

The cost of utilities necessary for the habitation of a dwelling unit, which are paid by the tenant. Tenant Paid Utilities do not include costs for telephone or cable service.

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.

Turnover

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. Only turnover in the primary market area rental market (i.e., number of rental housing units as a percentage of total rental housing units that will likely change occupants) shall be considered for purposes of constructing demand estimates. See Vacancy Period.

Unmet Housing Need

New units required in the Market Area to accommodate household growth, homeless households, and housing in substandard conditions.

Unrestricted Rents

The recommended rents for the market rate units at a Mixed-Income Property.

Vacancy Period

The amount of time that an apartment remains vacant and available for rent.

Vacancy Rate – Economic

Maximum potential revenue less actual rent revenue divided by maximum potential rent revenue. The economic vacancy rate should be used exclusively for project rent proformas, and not for reporting the vacancy rate of rent comparables.

Vacancy Rate – Physical

The number of total habitable units that are vacant divided by the total number of units in the property. The physical vacancy rate shall be used when reporting comparable vacancy rates.

Very Low Income

Person or household whose gross household income does not exceed 50 percent 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 C – NCHMA INDEX

NCHMA Market Study Index

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

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23	For senior or special needs projects, provide data specific to target market	N/A
Competitive Environment		
24	Comparable property profiles and photos	88
25	Map of comparable properties	76
26	Existing rental housing evaluation including vacancy and rents	68
27	Comparison of subject property to comparable properties	88
28	Discussion of availability and cost of other affordable housing options including homeownership, if applicable	88



NCHMA Market Study Index

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

		Page Number(s)
29	Rental communities under construction, approved, or proposed	65
30	For senior or special needs populations, provide data specific to target market	N/A
Affordability, Demand, and Penetration Rate Analysis		
31	Estimate of demand	91
32	Affordability analysis with capture rate	97
33	Penetration rate analysis with capture rate	90
Analysis/Conclusions		
34	Absorption rate and estimated stabilized occupancy for subject	94
35	Evaluation of proposed rent levels including estimate of market/achievable rents.	79
36	Precise statement of key conclusions	102
37	Market strengths and weaknesses impacting project	102
38	Product recommendations and/or suggested modifications to subject	102
39	Discussion of subject property's impact on existing housing	102
40	Discussion of risks or other mitigating circumstances impacting subject	102
41	Interviews with area housing stakeholders	98
Other Requirements		
42	Certifications	6
43	Statement of qualifications	104
44	Sources of data not otherwise identified	111



ADDENDUM D – SUBJECT INFO

DEARINGTON HILLS APARTMENTS

Activity Name	Duration (Work Days)	Start Date	Finish Date	Nov 2025		Dec 2025		Jan 2026		Feb 2026		Mar 2026		Apr 2026		May 2026		Jun 2026		Jul 2026		Aug 2026		Sept 2026		Oct 2026		Nov 2026		Dec 2026																													
				2	9	16	23	30	7	14	21	28	4	11	18	25	1	8	15	22	1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28	5	12	19	26	2	9	16	23	30	6	13	20	27	4	11	18	25	1	8	15	22
BLDG 1																																																											
Notice to Proceed	1.00	11/3/25	11/3/25																																																								
Mobilization & E & S	5.00	11/3/25	11/7/25																																																								
Disconnects & Permitting	5.00	11/10/25	11/14/25																																																								
Demolition & Grading	20.00	11/17/25	12/12/25																																																								
Building Pad	5.00	12/8/25	12/12/25																																																								
Foundations	5.00	12/15/25	12/19/25																																																								
Underground Utilities	5.00	12/22/25	12/26/25																																																								
Foundations	5.00	12/29/25	1/2/26																																																								
Slab Pour	3.00	1/5/26	1/7/26																																																								
1st Floor Framing	5.00	1/12/26	1/16/26																																																								
2nd Floor Joists	5.00	1/19/26	1/23/26																																																								
2nd floor Framing	5.00	1/26/26	1/30/26																																																								
3rd Floor Joists	5.00	2/2/26	2/6/26																																																								
3rd Floor Framing	5.00	2/9/26	2/13/26																																																								
Roof Trusses and Decking	15.00	2/9/26	2/27/26																																																								
MEP Rough Ins	25.00	2/23/26	3/27/26																																																								
Install Windows	20.00	3/2/26	3/27/26																																																								
Install Exterior doors	10.00	3/30/26	4/10/26																																																								
Install Entry doors	10.00	3/30/26	4/10/26																																																								
Brick veneer	30.00	3/23/26	5/1/26																																																								
Hardie Plank	30.00	4/13/26	5/22/26																																																								
Install Stairs and Landings	10.00	3/16/26	3/27/26																																																								
Install Shingles	10.00	3/30/26	4/10/26																																																								
Install TPO roofing	5.00	3/30/26	4/3/26																																																								
Plumbing Wall Rough in	20.00	3/23/26	4/17/26																																																								
Electrical Wall Rough in	20.00	3/23/26	4/17/26																																																								
HVAC Rough in	20.00	3/23/26	4/17/26																																																								
Sprinkler Rough in	20.00	3/23/26	4/17/26																																																								
Wall Insulation Walls & Floor	20.00	4/20/26	5/15/26																																																								
Hang Sheetrock	30.00	4/27/26	6/5/26																																																								
Finish Sheetrock	20.00	5/25/26	6/19/26																																																								
Prime Walls and 1st Coat	15.00	6/22/26	7/10/26																																																								
Install Trim	25.00	6/15/26	7/17/26																																																								
Install Interior Doors	20.00	6/15/26	7/10/26																																																								
Install Cabinets & Vanities	20.00	7/13/26	8/7/26																																																								
Paint Final Coat	15.00	7/20/26	8/7/26																																																								

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MARCH 11, 2024

DEARINGTON HILLS APARTMENTS

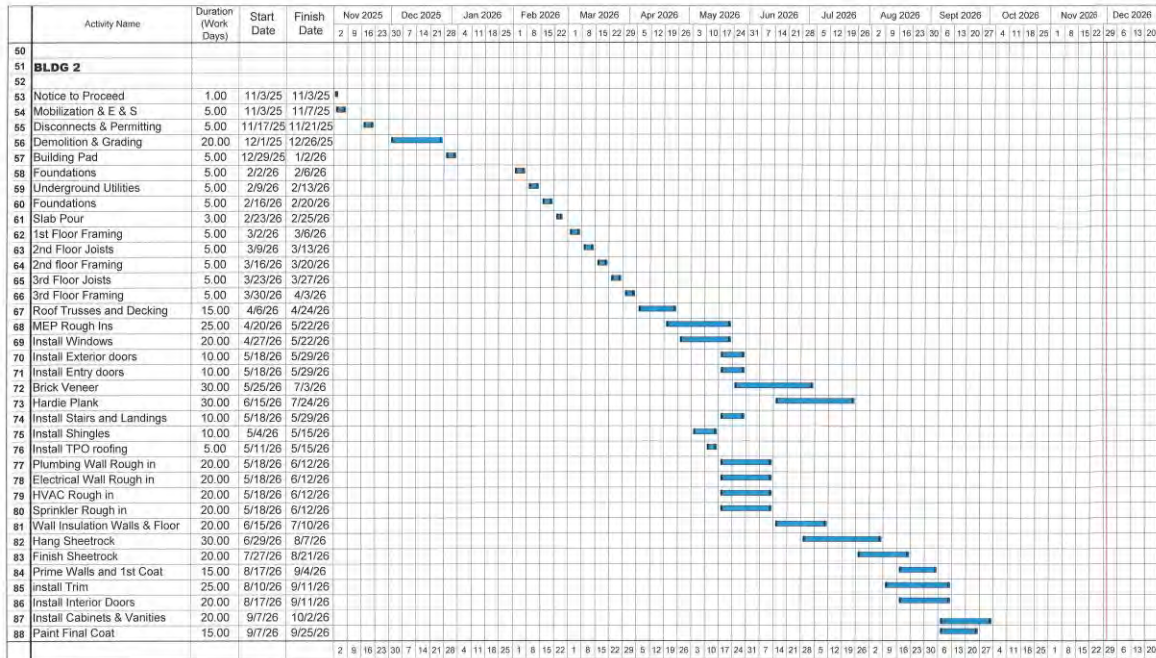
Activity Name	Duration (Work Days)	Start Date	Finish Date	Nov 2025		Dec 2025		Jan 2026		Feb 2026		Mar 2026		Apr 2026		May 2026		Jun 2026		Jul 2026		Aug 2026		Sept 2026		Oct 2026		Nov 2026		Dec 2026																													
				2	9	16	23	30	7	14	21	28	4	11	18	25	1	8	15	22	1	8	15	22	29	5	12	19	26	3	10	17	24	31	7	14	21	28	5	12	19	26	2	9	16	23	30	6	13	20	27	4	11	18	25	1	8	15	22
Install Flooring	25.00	7/27/26	8/28/26																																																								
Trim out Elec	20.00	8/3/26	8/28/26																																																								
Trim out Plumbing	20.00	8/3/26	8/28/26																																																								
Trim out HVAC	20.00	8/3/26	8/28/26																																																								
Install Toilet Accessories	10.00	8/17/26	8/28/26																																																								
Weather Contingency	25.00	8/31/26	10/2/26																																																								
TCO/FCO	1.00	10/5/26	10/5/26																																																								

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DEARINGTON HILLS APARTMENTS



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DEARINGTON HILLS APARTMENTS



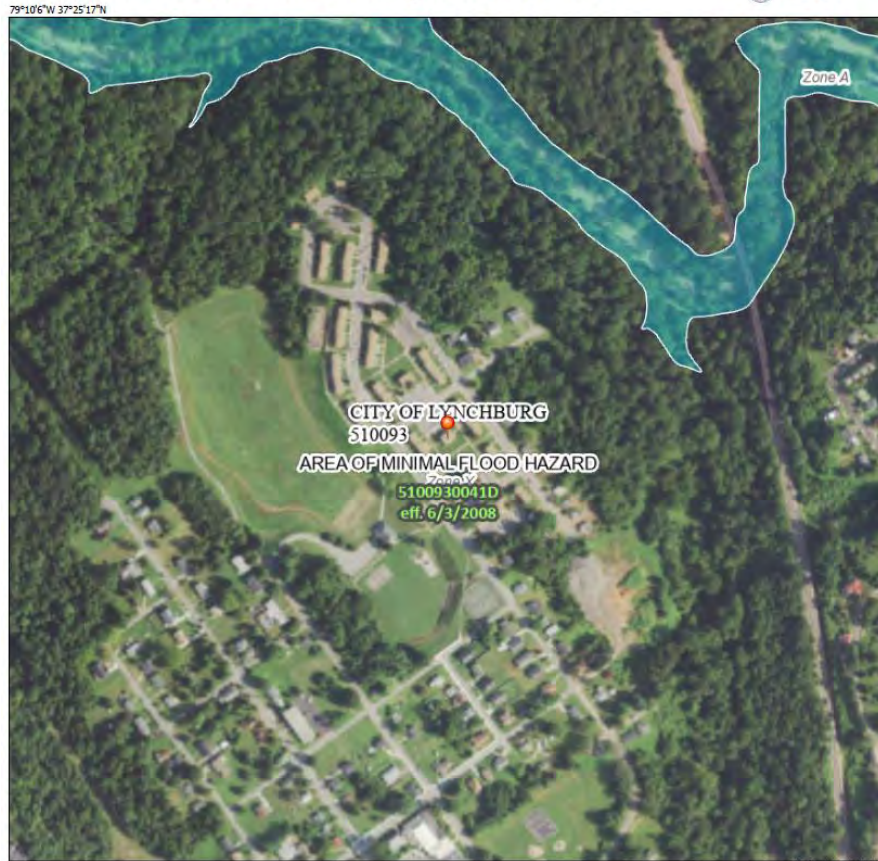
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ADDENDUM E – FLOOD DATA

National Flood Hazard Layer FIRMette



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	<ul style="list-style-type: none"> Without Base Flood Elevation (BFE) Zone A, V, A99 With BFE or Depth Zone AE, AO, AH, VE, AR Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD	<ul style="list-style-type: none"> 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X Future Conditions 1% Annual Chance Flood Hazard Zone X Area with Reduced Flood Risk due to Levee. See Notes. Zone X Area with Flood Risk due to Levee Zone D
OTHER AREAS	<ul style="list-style-type: none"> NO SCREEN Area of Minimal Flood Hazard Zone X Effective LOMRs Area of Undetermined Flood Hazard Zone D
GENERAL STRUCTURES	<ul style="list-style-type: none"> Channel, Culvert, or Storm Sewer Levee, Dike, or Floodwall
OTHER FEATURES	<ul style="list-style-type: none"> Cross Sections with 1% Annual Chance Water Surface Elevation Coastal Transect Base Flood Elevation Line (BFE) Limit of Study Jurisdiction Boundary Coastal Transect Baseline Profile Baseline Hydrographic Feature
MAP PANELS	<ul style="list-style-type: none"> Digital Data Available No Digital Data Available Unmapped <p>The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.</p>

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 3/3/2023 at 11:51 AM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

0 250 500 1,000 1,500 2,000 Feet 1:6,000
 Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020