

# Market Feasibility Analysis

Carrier Point I and II  
2700 and 2800 Jefferson Avenue  
Newport News, Virginia 23607

*Prepared For*

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# Market Study Certification

## NCHMA Certification

This certifies that Nathan Stelts, an employee of Bowen National Research, personally made an inspection of the area including competing properties and the proposed site in Newport News, Virginia. Further, the information contained in this report is true and accurate as of August 8, 2019.

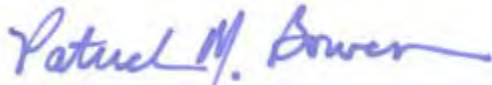
Bowen National Research is a disinterested third party without any current or future financial interest in the project under consideration. We have received a fee for the preparation of the market study. However, no contingency fees exist between our firm and the client.

## VHDA Certification

I affirm the following:

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

Certified:



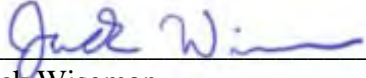
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## Table of Contents

- I. Introduction
  - II. Executive Summary
  - III. Project Description
  - IV. Area Analysis
  - V. Rental Housing Analysis (Supply)
  - VI. Achievable Market Rent Analysis
  - VII. Capture Rate Analysis
  - VIII. Local Perspective
  - IX. Analysis & Conclusions
  - X. Site Photographs
  - XI. Comparable Property Profiles
  - XII. Field Survey of Conventional Rentals
  - XIII. Qualifications
- Addendum A – NCHMA Member Certification & Checklist
- Addendum B – Carrier Point II

# I. Introduction

## A. PURPOSE

The purpose of this report is to evaluate the market feasibility of a proposed Low-Income Housing Tax Credit (LIHTC) project to be developed in Newport News, Virginia. This study was initiated by Ms. Karen Wilds of the Newport News Redevelopment and Housing Authority and complies with the guidelines of the Virginia Housing Development Authority (VHDA). This study conforms to the standards adopted by the National Council of Housing Market Analysts (NCHMA). These standards include the accepted definitions of key terms used in market studies for affordable housing projects and model content standards for the content of market studies for affordable housing projects. These standards are designed to enhance the quality of market studies and to make them easier to prepare, understand and use by market analysts and end users.

## B. METHODOLOGIES

Methodologies used by Bowen National Research include the following:

- The Primary Market Area (PMA) generated for the proposed site is identified. The Site PMA is generally described as the smallest geographic area expected to generate most of the support for the proposed project. Site PMAs are not defined by radius. The use of a radius is an ineffective approach because it does not consider mobility patterns, changes in socioeconomic or demographic character of neighborhoods or physical landmarks that might impede development.

PMAs are established using a variety of factors that include, but are not limited to:

- A detailed demographic and socioeconomic evaluation.
  - Interviews with area planners, realtors and other individuals who are familiar with area growth patterns.
  - A drive-time analysis to the site.
  - Personal observations of the field analyst.
  - An evaluation of existing housing supply characteristics and trends.
- 
- A field survey of modern apartment developments is conducted. The intent of the field survey is twofold. First, the field survey is used to measure the overall strength of the apartment market. This is accomplished by an evaluation of unit mix, vacancies, rent levels and overall quality of product. The second purpose of the field survey is to establish those projects that are most likely directly comparable to the proposed property. Given the complexity of the LIHTC market, there might be multiple comparable properties.

- Two types of directly comparable properties are identified through the field survey. They include other Section 42 LIHTC developments and market-rate developments that offer unit and project amenities similar to the proposed development. An in-depth evaluation of those two property types provides an indication of the potential of the proposed development.
- Economic and demographic characteristics of the area are evaluated. An economic evaluation includes an assessment of area employment composition, income growth (particularly among the target market), building statistics and area growth perceptions. The demographic evaluation uses the most recently issued Census information, as well as projections that determine what the characteristics of the market will be when the proposed project opens and after it achieves a stabilized occupancy.
- Area building statistics and interviews with officials familiar with area development provide identification of those properties that might be planned or proposed for the area that will have an impact on the marketability of the proposed development. Planned and proposed projects are always in different stages of development. As a result, it is important to establish the likelihood of construction, the timing of the project and its impact on the market and the subject development.
- We conduct an analysis following VHDA and NCHMA market study guidelines of the subject project's required capture of the number of income-appropriate households within the Site PMA. This analysis is conducted on a renter household level and a market capture rate is determined for the subject development. This capture rate is compared with acceptable capture rates for similar types of projects to determine whether the subject development's capture rate is achievable. In addition, Bowen National Research also compares all existing and planned LIHTC housing within the market to the number of income-appropriate households. The resulting penetration rate is evaluated in conjunction with the project's capture rate.
- Achievable market rent for the proposed subject development is determined. Using a Rent Comparability Grid, the features of the proposed development are compared item-by-item with the most comparable properties in the market. Adjustments are made for each feature that differs from that of the proposed subject development. These adjustments are then included with the collected rent resulting in an achievable market rent for a unit comparable to the proposed unit.

### **C. SOURCES**

Bowen National Research uses various sources to gather and confirm data used in each analysis. These sources include the following:

- The 2000 and 2010 Census on Housing
- American Community Survey
- ESRI
- Urban Decision Group (UDG)
- Applied Geographic Solutions
- U.S. Department of Labor
- Management for each property included in the survey
- Local planning and building officials
- Local housing authority representatives
- U.S. Department of Housing and Urban Development (HUD)

### **D. REPORT LIMITATIONS**

The intent of this report is to collect and analyze significant levels of data to forecast the market success of the subject property within an agreed to time period. Bowen National Research relies on a variety of data sources to generate this report. These data sources are not always verifiable; Bowen National Research, however, makes a significant effort to assure accuracy. While this is not always possible, we believe our effort provides an acceptable standard margin of error. Bowen National Research is not responsible for errors or omissions in the data provided by other sources.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved. Our compensation is not contingent on an action or event (such as the approval of a loan) resulting from the analyses, opinions, conclusions in or the use of this study.

Any reproduction or duplication of this report without the express approval of the Newport News Redevelopment and Housing Authority or Bowen National Research is strictly prohibited.

## II. Executive Summary

*Based on the findings contained in this report, it is our opinion that a market exists for the development of the proposed Carrier Point I and II rental community in Newport News, Virginia utilizing financing from the Low-Income Housing Tax Credit (LIHTC) program. The following points support this conclusion:*

### Project Description

Carrier Point I and II involves the new construction of 83 apartments on an approximate 2.0-acre site at 2700 and 2800 Jefferson Avenue in Newport News. The project will offer 27 one-, 42 two- and 14 three-bedroom garden-style and townhome units within two (2) four-story elevator-served buildings with integrated community spaces. Carrier Point I and II will be developed utilizing funding from the LIHTC program and 73 units will target lower-income family (general-occupancy) households earning up to 40%, 50% and 60% of Area Median Household Income (AMHI). The remaining ten units will operate as unrestricted market-rate. Additionally, 36 units will operate with project-based Section 8 Voucher assistance. The proposed project is expected to be complete in 2021. Additional details of the subject project can be found in Section III - *Project Description* of this report.

### Site Evaluation

The proposed subject site is comprised of vacant land located in the southern portion of Newport News. Surrounding land uses primarily consist of single-family homes, multifamily homes and community services. The site neighborhood is a mixed-use area of Newport News which is bordered by single-family homes and has convenient access to basic community services in the area. Some community services are within walking distance of the site, including, but not limited to, restaurants and public bus stops. Visibility of the proposed subject site is good, as there is an unobstructed view from Jefferson Avenue (State Route 143), an arterial roadway in the area. Accessibility of the proposed subject site is considered good as the surrounding roadways have light to moderate traffic patterns and traffic signals placed adjacent to the site will mitigate any traffic disruptions upon ingress and egress of the subject site. Additionally, the nearest Hampton Roads Transit (HRT) bus stop is adjacent west of the site, along Jefferson Avenue (State Route 143). Overall, the surrounding land uses and proximity to community services are believed to enhance the marketability of the site. Additional information regarding the subject site, surrounding land uses and the proximity of community services is included in Section IV - *Area Analysis*.



### Primary Market Area (PMA)

The Newport News Site PMA includes southern portions of Newport News and Hampton. Specifically, the boundaries of the Site PMA include Museum Drive, Boundary Road, Warwick Boulevard, Harpersville Road, Hampton Roads Center Parkway and Interstate 64 to the north; Lasalle Avenue to the east; Hampton Roads Bay to the south; and the James River to the west. A justification of this market area and a map illustrating the boundaries of the Site PMA can be found in Section IV, beginning on page IV-9.

### Demographic Trends

Both the population and household bases within the Newport News Site PMA are projected to decline between 2019 and 2024, a trend which has been consistent since 2000. Although the area population and household base are projected to decline between 2019 and 2024, it will do so at a slower rate than previous years. The 25 to 64 age cohort, which is expected to be the primary age cohort of potential renters at the general-occupancy subject project, comprise more than 68.0% of all households in 2019 and will comprise nearly 66.0% of all households through 2024. Nearly half of all households were renters in 2019 and the 18,232 renter households projected for 2024 illustrate a deep base of renter support. Approximately 70.0% of all renter households are projected to earn below \$50,000 in 2024. Detailed demographic trends are included in Section IV, beginning on page IV-11.

### Economic Trends

Based on information provided by a representative of Newport News Economic and Industrial Development, the State of Virginia Department of Labor and the U.S. Department of Labor, the local economy continues to improve. Since 2015, the employment base within the city of Newport News has increased by nearly 2,400 jobs, or 2.8%, and its unemployment rate has declined by nearly five percentage points since 2010 to a rate of 3.6% (through June 2019), its lowest rate within the preceding ten-year period. Additionally, there have been numerous new business/business expansion announcements made within the area over the past few years. Based on these positive economic factors and the demographic growth anticipated, we expect the demand for housing will generally increase. Detailed economic trends are included in Section IV, beginning on page IV-16.

### Overall Rental Housing Market Conditions

We identified and personally surveyed 36 conventional housing projects containing a total of 5,640 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 94.1%, a good rate for rental housing. Each rental housing segment surveyed is summarized as follows:

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	11	3,037	192	93.7%
Tax Credit	13	1,361	131	90.4%
Tax Credit/Government-Subsidized	8	733	0	100.0%
Market-rate/Tax Credit/Government-Subsidized	1	60	4	93.3%
Government-Subsidized	3	449	5	98.9%
Total	36	5,640	332	94.1%

All rental housing segments surveyed report overall occupancy rates of 90.4% or higher. Although the Tax Credit segment is reporting 131 vacant units, it is important to note that 102 (77.9%) of these vacant units are located at two poorly performing Tax Credit properties that are some of the oldest properties in the market, Admiral Pointe (Map ID 2) and Seven Oaks (Map ID 29), which were originally built in 1943 and 1958, respectively. Excluding these two properties, the combined occupancy rate of the remaining Tax Credit properties increases to 96.9%. Also note that the combined occupancy rate of the market-rate properties surveyed is heavily weighted among the vacancies located at Cottage Grove Apartments (Map ID 9), another poorly performing older property. Excluding this project, the combined occupancy rate of the remaining market-rate development increases to 96.3%. As such, the overall Newport News rental market is actually performing well.

**Tax Credit Property Disclosure:** In addition to the 22 Tax Credit properties surveyed, we also identified six properties within the Site PMA that operate under the Low-Income Housing Tax Credit (LIHTC) program that we were unable to survey at the time of this report. The known details of these projects based on previous surveys conducted by Bowen National Research in the Newport News area and from our review of the state Tax Credit allocation list are summarized in the table on the following page.

Name	Location	Year Built/ Renovated	Total Units	Target Population	Occupancy at Last Survey
Medical Arts Senior Apartments	2901 West Ave.	2003	20	Seniors; 50% AMHI	90.0%; No Waitlist (June 2017)
Warwick SRO	2410 West Ave.	1994/2011	88	Homeless; 50% AMHI & Section 8	100.0%; 38 H.H. Waitlist (May 2017)
Lofts at Jefferson	558 28 <sup>th</sup> St.	2014	14	Family; 60% AMHI & Section 8	100.0%; 8 H.H. Waitlist (February 2019)
Jefferson Brookville (A)	815 28 <sup>th</sup> St.	2014	8	Family; 50% AMHI	100.0%; 1 H.H. Waitlist (January 2019)
Jefferson Brookville (B)	2701 Jefferson Ave.	2014	12	Family; 50% AMHI	100.0%; 226 H.H. Waitlist (January 2019)
Jefferson Brookville (C)	2501 Jefferson Ave.	2014	30	Family; 50% & PBRA	90.0%; No Waitlist (January 2019)

AMHI – Area Median Household Income

H.H. – Households

PBRA – Project-Based Rental Assistance

It is estimated that the five LIHTC projects we were unable to survey within the market offer a total of 58 non-subsidized LIHTC units, which have been included in our penetration rate analysis illustrated later in this section.

#### Competitive/Comparable Tax Credit Analysis

The proposed subject project will target general-occupancy (family) households earning up to 40%, 50% and 60% of AMHI under the LIHTC program. In addition, the subject project will also operate under the HUD Section 8 program with a direct subsidy available to 36 units. For the purpose of this analysis, however, we only select comparable *non-subsidized* LIHTC properties, as these properties provide the most accurate representation of achievable non-subsidized Tax Credit rents within the Newport News market. The subject development will also offer ten market-rate units, which will be evaluated later in the report.

Within the Site PMA, we identified and surveyed a total of 15 general-occupancy LIHTC properties which offer non-subsidized units in the Newport News market. Of these 15 LIHTC properties, we have selected the six most comparable properties based on unit types similar to those proposed for the subject project, in terms of bedroom type, targeted income level, age and quality.

These six LIHTC properties and the proposed subject development are summarized in the table on the following page. Information regarding property address, phone number, contact name and utility responsibility is included in the *Field Survey of Conventional Rentals*.

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
<b>Site</b>	<b>Carrier Point I and II</b>	<b>2021</b>	<b>73*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Families; 40%, 50% &amp; 60% AMHI</b>
1	Ada Park	2018	42	100.0%	5.8 Miles	40 HH	Families; 40%, 50%, & 60% AMHI
3	Brennan Pointe I	2016	44	100.0%	0.7 Miles	40 HH	Families; 40%, 50%, & 60% AMHI
4	Brennan Pointe II	2018	38*	100.0%	0.7 Miles	40 HH	Families; 50% & 60% AMHI
12	Heritage Forest I	2012	144	95.8%	1.5 Miles	None	Families; 40% & 60% AMHI
13	Heritage Forest II	2012	104	98.1%	1.7 Miles	None	Families; 40% & 60% AMHI
24	Noland Green Apts.	1920 / 2011	49*	94.4%	0.8 Miles	None	Families; 40% & 50% AMHI

OCC. – Occupancy

HH - Households

\*Non-subsidized Tax Credit units only

The six LIHTC projects have a combined occupancy rate of 97.4%, a strong rate for affordable housing. In fact, the three newest LIHTC developments within the market are 100.0% occupied and maintain a waiting list, illustrating that pent-up demand exists for additional affordable rental housing within the Newport News Site PMA. The subject development will be able to accommodate a portion of this unmet demand.

The gross rents for the most comparable LIHTC projects and the proposed LIHTC rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
<b>Site</b>	<b>Carrier Point I and II</b>	<b>\$595*/40% (2)</b> <b>\$744*/50% (1)</b> <b>\$837/60% (22)</b>	<b>\$714*/40% (2)</b> <b>\$892*/50% (23)</b> <b>\$1,016/60% (13)</b>	<b>\$825*/405 (1)</b> <b>\$1,031*/50% (7)</b> <b>\$1,213/60% (2)</b>	<b>-</b>
1	Ada Park	-	\$794/40% (5/0) \$962/50% (16/0) \$1,031/60% (9/0)	\$1,159/60% (12/0)	None
3	Brennan Pointe I	-	\$816/40% (3/0) \$981/50% (18/0) \$1,041/60% (7/0)	\$952/40% (2/0) \$1,137/50% (11/0) \$1,237/60% (3/0)	None
4	Brennan Pointe II	-	\$1,037/50% (10/0) \$1,057/60% (14/0)	\$1,205/50% (7/0) \$1,210/60% (7/0)	None
12	Heritage Forest I	\$625/40% (8/0) \$951/60% (10/0)	\$770/40% (7/0) \$1,168/60% (89/4)	\$1,301/60% (30/2)	None
13	Heritage Forest II	\$625/40% (2/0) \$951/60% (14/0)	\$770/40% (9/0) \$1,168/60% (57/1)	\$1,301/60% (22/1)	None
24	Noland Green Apts.	\$707/50% (10/0)	\$843/50% (30/3)	\$971/50% (9/0)	None

\*2019 maximum allowable LIHTC gross rent

The proposed subject gross LIHTC rents, ranging from \$595 to \$1,213, will be some of the lowest LIHTC rents targeting similar income levels within the market. This will position the subject project at a market advantage and will bode well for the demand of the subject units.

Comparable Tax Credit Summary

The six comparable general-occupancy LIHTC properties have a combined occupancy rate of 97.4%, with three of the newest LIHTC projects maintaining occupancy rates of 100.0% and waiting lists. The proposed subject project is expected to help alleviate a portion of this pent-up demand for additional general-occupancy LIHTC product. The subject’s proposed gross Tax Credit rents are some of the lowest targeting similar income levels, which will bode well for the demand of the subject units. In terms of design, the subject property will offer competitive unit sizes and amenities package. Based on the preceding factors, the subject project is considered marketable as proposed.

Competitive/Comparable Market-Rate Analysis

Considering the proposed project will offer ten market-rate units, we have also provided a comparable market-rate analysis to assess the competitiveness of these units. We identified five comparable market-rate properties within the Site PMA, which are summarized in the following table, along with the subject site:

Map I.D.	Project Name	Year Built/ Renovated	Units	Occupancy Rate	Distance to Site	Rent Special
<b>Site</b>	<b>Carrier Point I and II</b>	<b>2021</b>	<b>10*</b>	-	-	-
5	Cambridge Apts.	1972 / 2004	465	99.6%	4.1 Miles	None
10	Hampstead Heath Luxury Homes	1977 / 2006	101	100.0%	5.4 Miles	None
11	Harper's Landing	1978 / 1996	296	87.8%	5.9 Miles	\$100 off rent; \$500 off 2 <sup>nd</sup> month's rent
20	Liberty Apts.	2013	197	94.9%	0.8 Miles	None
28	Riverlands Apts.	1992 / 2000	404	100.0%	2.6 Miles	None

\*Market-rate units only

The five selected market-rate projects have a combined total of 1,463 units with an overall occupancy rate of 96.7%, a good rate for rental housing. These occupancy rates are good indications that the selected market-rate projects have generally been well-received within the Newport News market and will serve as accurate benchmarks with which to compare the subject project. While Harper’s Landing (Map ID 11) is operating at a low occupancy rate of 87.8%, according to management, vacancies are attributed to an eviction sweep. The property is currently offering a rent concession of \$100 off monthly rent and \$500 off second month’s rent to alleviate its occupancy issues.

The gross rents for the comparable market-rate projects and the proposed market-rate rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

Map I.D.	Project Name	Gross Rent (Number of Units/Vacancies)			
		Studio	One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Carrier Point I and II</b>	-	<b>\$1,007 (2)</b>	<b>\$1,195 (4)</b>	<b>\$1,558 (4)</b>
5	Cambridge Apts.	-	\$1,150 (73/0)	\$1,260-\$1,264 (317/2)	\$1,605 (75/0)
10	Hampstead Heath Luxury Homes	-	-	\$1,375 (65/0)	\$1,545-\$1,841 (36/0)
11	Harper's Landing	\$734-\$784 (16/2)	\$800-\$860 (56/7)	\$862-\$927 (176/21)	\$1,005-\$1,070 (48/6)
20	Liberty Apts.	-	\$1,200-\$1,240 (85/4)	\$1,555-\$1,595 (104/5)	\$1,949-\$1,999 (8/1)
28	Riverlands Apts.	-	\$875-\$915 (192/0)	\$1,050-\$1,130 (200/0)	\$1,355-\$1,415 (12/0)

The subject's proposed market-rate rents are competitively positioned among the comparable market-rate rents in the market. In fact, the subject's proposed market-rate rents are positioned below the newest comparable market-rate property, Liberty Apartments (Map ID 20), which will have a positive impact on its marketability.

#### Perception of Value

Based on HUD Rent Comparability Grids in Section VI, it was determined that the present-day achievable market rents for units similar to the proposed subject development are \$965 for a one-bedroom unit, \$1,140 for a two-bedroom unit and \$1,550 to \$1,565 for a three-bedroom unit, which are illustrated as follows:

Bedroom Type	Proposed Collected Rent (AMHI)	Achievable Market Rent	Market Rent Advantage
One-Br.	\$538* (40%)	\$965	44.2%
	\$687* (50%)		28.8%
	\$780 (60%)		19.2%
	\$950 (MR)		1.6%
Two-Br.	\$643* (40%)	\$1,140	43.6%
	\$821* (50%)		28.0%
	\$945 (60%)		17.1%
	\$1,124 (MR)		1.4%
Three-Br.	\$737* (40%)	\$1,550 (Garden) \$1,565 (Townhome)	52.5%
	\$943* (50%)		39.7%-39.2%
	\$1,125 (60%)		28.1%
	\$1,450 (MR)		7.3%

\*Maximum allowable gross rent less tenant-paid utilities  
MR – Market-Rate

Typically, Tax Credit rents are set 10% or more below achievable market rents to ensure that the project will represent a value and have a sufficient flow of tenants. Therefore, the subject's proposed Tax Credit rents, which represent market rent advantages of between 17.1% and 52.5%, are considered appropriate and should represent good values within the Newport News market. It is also important to reiterate that the subject project will operate with a project-based Section 8 subsidy available to 36 units. Thus, many of the units at the property will represent an even greater value than that reflected by the market rent advantages in the preceding table, as these tenants will pay only 30% of their income towards rent, rather than the proposed rents evaluated throughout this report. Additionally, the subject's market-rate rents are anticipated to represent good values to renters, as they also represent positive rent advantages. This will contribute to the subject's marketability.

### Capture Rate Estimates

The following is a summary of our demand calculations:

Demand Component	40% AMHI (\$20,400-\$34,280)	50% AMHI (\$25,509-\$42,850)	60% AMHI (\$30,617-\$51,420)	Overall LIHTC (\$20,400-\$51,420)	Market-Rate Only (\$51,421+)
Net Demand	2,698	2,402	1,558	3,657	436
Proposed Units	5	31	37	73	10
Proposed Units / Net Demand	5 / 2,698	31 / 2,402	37 / 1,558	73 / 3,657	10 / 436
Capture Rate	= 0.2%	= 1.3%	= 2.4%	= 2.0%	= 2.3%

Overall, the capture rates by targeted income level are considered very low and easily achievable, ranging from 0.2% to 2.4%. The overall LIHTC capture rate of 2.0% is also considered very low and easily achievable, illustrating that a substantial base of demographic support will exist for the subject development.

### Penetration Rate

The 1,863 existing and planned non-subsidized Tax Credit units in the market must also be considered when evaluating the achievable penetration rate for the subject development. Based on the same calculation process used for the subject site, the income-eligible range for the existing and planned Tax Credit units is \$20,400 to \$55,200. Based on the Demographic Characteristics and Trends of household incomes for the Site PMA, there will be an estimated 8,432 renter households with eligible incomes in 2021. The 1,936 existing, planned and proposed subject Tax Credit units represent a penetration rate of 23.0% of the 8,432 income-eligible renter households, which is summarized in the following table:

	Market Penetration
Number of LIHTC Units (Existing, Planned & Proposed)	1,936
Income-Eligible Renter Households – 2021	/ 8,432
Overall Market Penetration Rate	= 23.0%

It is our opinion that the 23.0% penetration rate for the LIHTC units, existing, planned and proposed subject, is low and achievable.

*Please note that penetration rates are not provided for market-rate units.*

### Absorption Projections

Considering the facts contained in the market study, as well as the preceding factors, and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the proposed subject development. It is our opinion that the proposed 73 LIHTC units at the subject site will reach a stabilized occupancy of 93% within five months of opening. This absorption rate is based on an average monthly absorption rate of 13 units per month. It is anticipated that the subject's ten market-rate units will stabilize in less than one month. Note that these absorption projections assume the proposed project will operate with a subsidy available to 36 of the units. In the unlikely scenario the subject project did not operate with a subsidy available to 36 units, the proposed project will likely experience a slightly extended absorption period of approximately seven months, which is reflective of an absorption rate of ten units per month.

These absorption projections assume a 2021 opening date. A different opening may have a slowing impact on the absorption potential for the subject project. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, unit design, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and continue to monitor market conditions during the project's initial lease-up period. Note that Voucher support has also been considered in determining these absorption projections and that these absorption projections may vary depending upon the amount of Voucher support the subject development receives.



### III. Project Description

The subject project involves the new construction of the 83-unit Carrier Point I and II rental community on an approximate 2.0-acre site at 2700 and 2800 Jefferson Avenue in Newport News, Virginia. The project will offer 27 one-, 42 two- and 14 three-bedroom garden-style and townhome units within two (2) four-story elevator-served buildings with integrated community spaces. Carrier Point I and II will be developed utilizing funding from the Low-Income Housing Tax Credit (LIHTC) program and 73 units will target lower-income family (general-occupancy) households earning up to 40%, 50% and 60% of Area Median Household Income (AMHI). The remaining ten units will operate as unrestricted market-rate. Additionally, 36 units will operate with project-based Section 8 Voucher assistance. The proposed project is expected to be complete in 2021. Additional details of the subject project are as follows:

- A. PROJECT NAME:** Carrier Point I and II
- B. PROPERTY LOCATION:** 2700 and 2800 Jefferson Avenue  
Newport News, Virginia 23607
- C. PROJECT TYPE:** Tax Credit
- D. UNIT CONFIGURATION AND RENTS:**

Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI	Proposed Rents			Max. Allowable LIHTC Gross Rent
						Collected Rent	Utility Allowance	Gross Rent	
2	One-Br.	1.0	Garden	562	40%/S8	\$930	\$57	\$987	\$595
1	One-Br.	1.0	Garden	562	50%/S8	\$930	\$57	\$987	\$744
22	One-Br.	1.0	Garden	562	60%	\$780	\$57	\$837	\$893
2	One-Br.	1.0	Garden	562	MR	\$950	\$57	\$1,007	-
2	Two-Br.	1.5	Garden	853	40%/S8	\$1,124	\$71	\$1,195	\$714
23	Two-Br.	1.5	Garden	853	50%/S8	\$1,124	\$71	\$1,195	\$892
13	Two-Br.	1.5	Garden	853	60%	\$945	\$71	\$1,016	\$1,071
4	Two-Br.	1.5	Garden	853	MR	\$1,124	\$71	\$1,195	-
1	Three-Br.	2.0	Garden	1,173	40%/S8	\$1,470	\$88	\$1,558	\$825
5	Three-Br.	2.0	Garden	1,173	50%/S8	\$1,470	\$88	\$1,558	\$1,031
2	Three-Br.	2.0	Townhome	1,226	50%/S8	\$1,470	\$88	\$1,558	\$1,031
2	Three-Br.	2.0	Townhome	1,226	60%	\$1,125	\$88	\$1,213	\$1,237
4	Three-Br.	2.0	Townhome	1,226	MR	\$1,470	\$88	\$1,558	-
83	Total								

Source: Newport News Redevelopment & Housing Authority  
 AMHI – Area Median Household Income (Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area; 2019)  
 MR – Market-Rate  
 S8 – Section 8



*Note that tenants residing within the 36 HUD Section 8 units will effectively pay up to 30% of their adjusted gross household income towards gross rent due to the presence of the subsidy. The maximum allowable LIHTC gross rents of \$595 to \$1,031 are the programmatic limits for units targeting households earning up to 40% and 50% of AMHI. However, these limits would only apply in the unlikely scenario that the property ceased to operate with a project-based subsidy.*

- E. TARGET MARKET:** Low-Income Families
- F. PROJECT DESIGN:** Garden-style and townhome units within two (2) four-story, elevator-served buildings with integrated community spaces.
- G. ORIGINAL YEAR BUILT:** Not applicable; New construction
- H. PROJECTED OPENING DATE:** 2021

**I. UNIT AMENITIES:**

- Electric Range
- Refrigerator
- Garbage Disposal
- Dishwasher
- Patio/Balcony
- Carpet & LVT Flooring
- Window Blinds
- Washer/Dryer Hookups
- Central Air Conditioning

**J. COMMUNITY AMENITIES:**

- On-Site Management
- Community Room
- Elevator

**K. UTILITY RESPONSIBILITY:**

The costs of sewer and trash collection will be included in the rent, while tenants will be responsible for the following:

- General Electricity
- Electric Heat
- Cold Water
- Electric Water Heat
- Electric Cooking

**L. PARKING:**

An unassigned surface parking lot with 83 spaces will be available to the residents at no additional charge.

**M. CURRENT OCCUPANCY:**

Not applicable; New construction

**N. PLANNED RENOVATION:**

Not applicable; New construction

**O. STATISTICAL AREA:**

Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area (2019)

**P. FLOOR AND SITE PLAN REVIEW:**

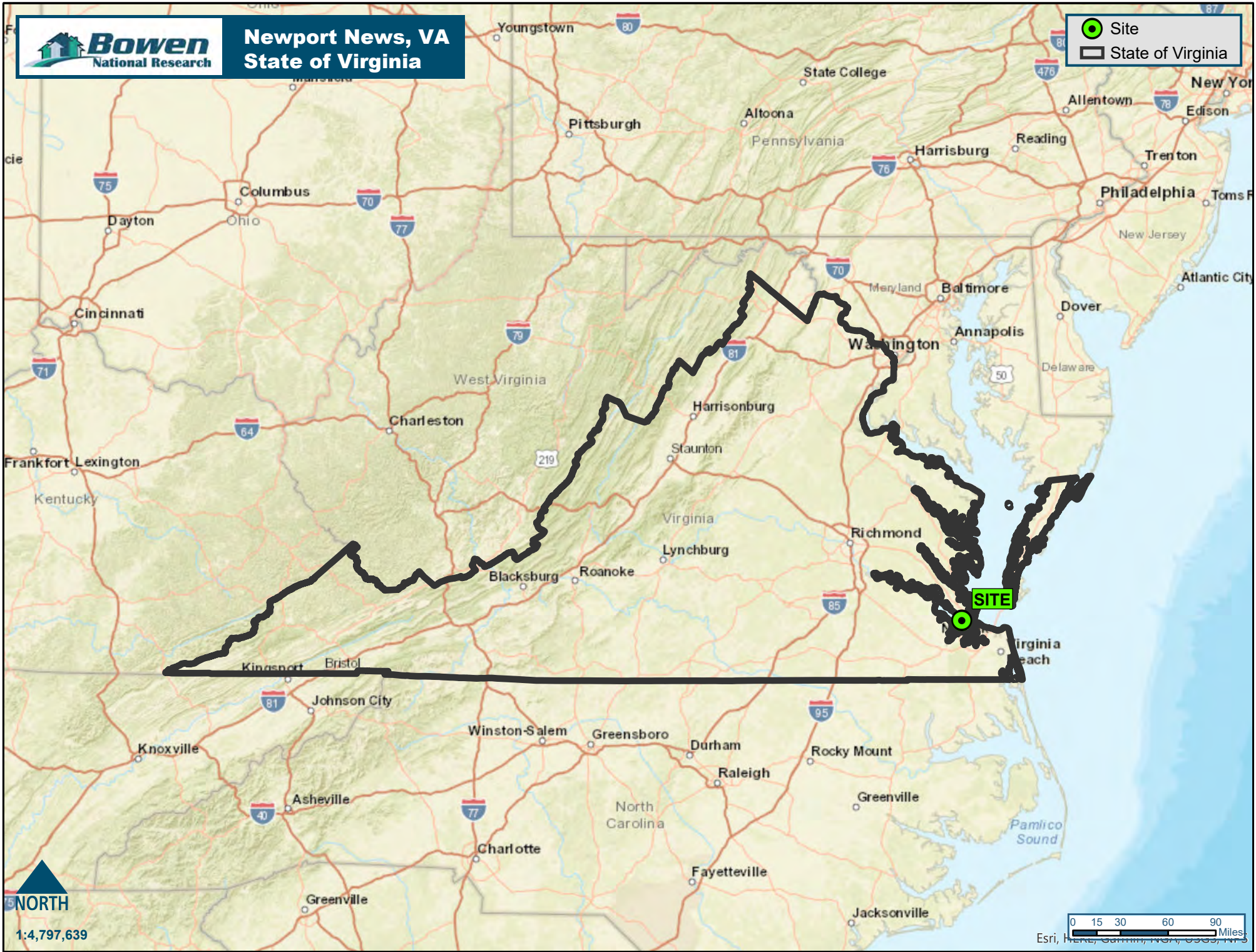
Floor and site plans for the proposed project were not available for review at the time this report was prepared. Based on our evaluation of information provided to our firm, however, the proposed unit sizes are generous and will be competitive with those offered at the comparable LIHTC and market-rate units within the market, based on square feet and number of bathrooms offered. The in-unit washer/dryer hookups and dishwasher will appeal to the targeted population. Further, the proposed amenities package will be competitive with those offered at the comparable LIHTC and market-rate projects within the Primary Market Area (PMA). The proposed development will not lack any amenities that would have an adverse impact on its marketability. Overall, we believe the subject project will be appropriately positioned within the market, assuming the layout of the site and floor plans are marketable.

A state map, an area map and a site neighborhood map are on the following pages.



# Newport News, VA State of Virginia

● Site  
▭ State of Virginia

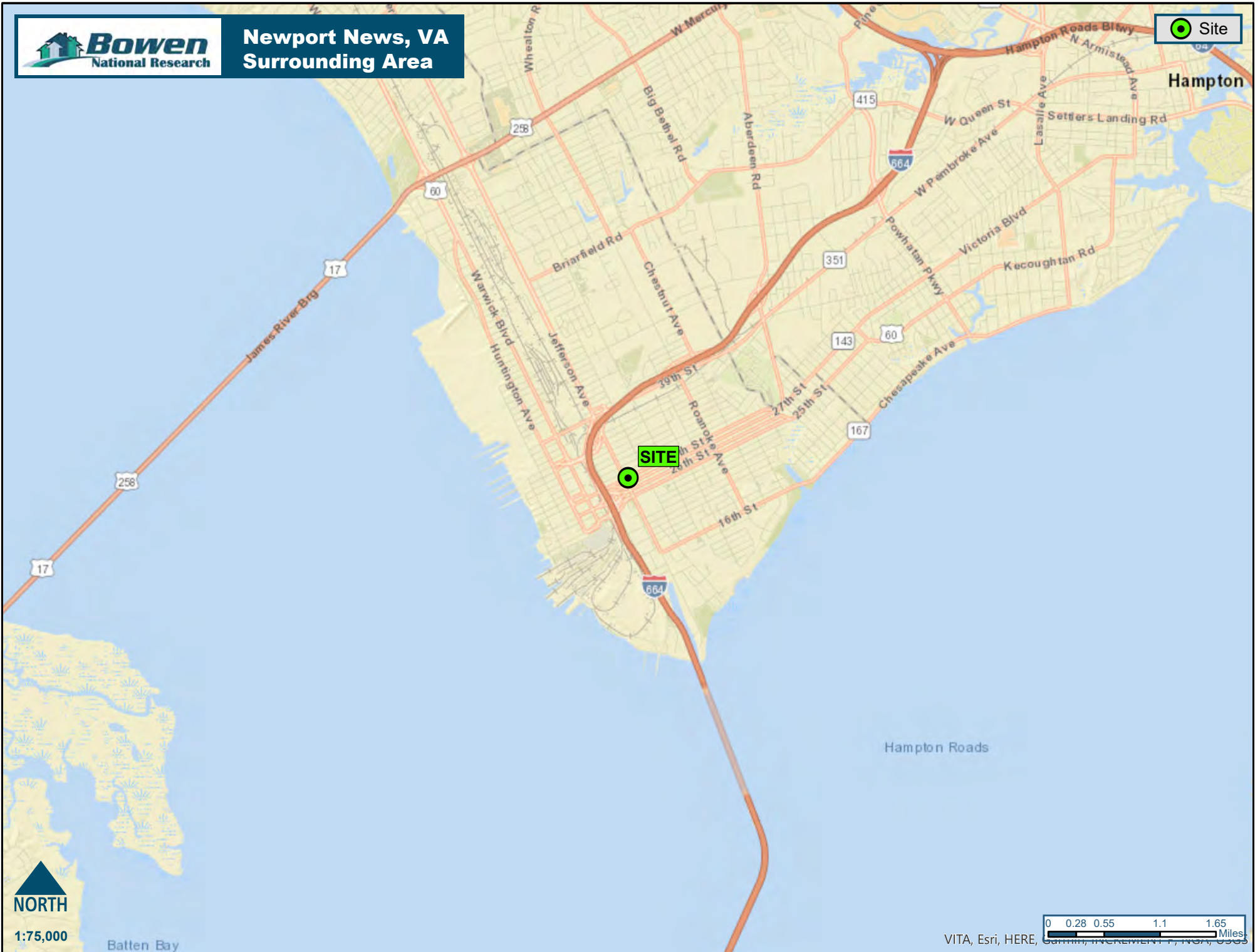


**NORTH**  
1:4,797,639

0 15 30 60 90 Miles  
Esri, HERE, Garmin, NAVTEQ, USGS, FWS



# Newport News, VA Surrounding Area



**NORTH**  
1:75,000

0 0.28 0.55 1.1 1.65 Miles

VITA, Esri, HERE, Garmin, INCREMENT P, NOAA, USGS

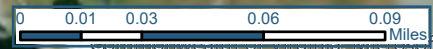


# Newport News, VA Site Neighborhood

Legend  
Site Area



NORTH  
1:3,000



## IV. Area Analysis

### A. SITE DESCRIPTION AND EVALUATION

#### 1. LOCATION

The proposed site consists of two undeveloped parcels of land north of 27<sup>th</sup> Street, separated by 28<sup>th</sup> Street and south of 29<sup>th</sup> Street located at 2800 Jefferson Avenue in the southern portion of Newport News, Virginia. Newport News is approximately 27.0 miles northwest of Norfolk, Virginia and approximately 69.0 miles southeast of Richmond, Virginia. The subject site visit and corresponding fieldwork were completed during the week of August 5, 2019 and the site inspection was conducted on August 8, 2019.

#### 2. SURROUNDING LAND USES

The proposed site is located within a predominantly established area of Newport News. Surrounding land uses generally consist of single-family homes, multifamily homes and various community services. Adjacent land uses are detailed as follows:

<b>North -</b>	The northern boundary of the site is defined by 29 <sup>th</sup> Street, a lightly traveled two-lane roadway. Continuing north are Sam's Take Out, a Chinese restaurant, and a Family Dollar. Various community services extend north along Jefferson Avenue (State Route 143), a moderately traveled arterial roadway and commercial corridor in the area.
<b>East -</b>	The eastern boundary is defined by single-family homes in fair to good condition and the James A. Fields House, a historical home and museum. The Greater Walters AME Zion Church and single-family homes in fair to good condition extend farther east.
<b>South -</b>	The southern boundary of the site is defined by 27 <sup>th</sup> Street, a lightly traveled two-lane roadway, and a 7-Eleven store. Undeveloped land, restaurants and various businesses extend south along Jefferson Avenue (State Route 143). Various abandoned structures were observed along this corridor.
<b>West -</b>	The western boundary is defined by Jefferson Avenue (State Route 143) and the Lofts at Jefferson and Jefferson Brookville Building B, two adaptive reuse rental properties. Office and retail space exist among these structures as well. Interstate 664, a major highway, and downtown Newport News are located farther west of the site.

Overall, the subject project is expected to fit well with the surrounding land uses, which were generally observed to be well-maintained and in good condition. Although the site neighborhood contains some abandoned structures to the south, it appears that renovations on these structures are planned (as indicated by signage on the properties). As such, it is anticipated that these land uses will not adversely impact the marketability of the subject site. Photographs of the site can be found in *Section X* of this report.

### **3. VISIBILITY AND ACCESS**

It is anticipated that the subject project will maintain frontage along Jefferson Avenue (State Route 143), a moderately traveled arterial roadway and commercial corridor in the area. This will provide the subject with good passerby traffic and views of the subject site will be unobstructed from this aforementioned roadway. In addition, the four-story design of the subject project will enhance visibility of the subject project. Hampton Roads Transit (HRT) bus stops are situated west of the site along Jefferson Avenue (State Route 143), and the subject will be visible to persons utilizing this bus route and these bus stops. The subject site will have four vehicular access points, one along 29<sup>th</sup> Street (north of the site), two along 28<sup>th</sup> Street (in the center of the site) and one along 27<sup>th</sup> Street (south of the site). Each of these roadways were observed to generally experience light vehicular traffic, which will allow for unimpeded ingress and egress. As previously mentioned, HRT offers fixed-route public transportation throughout the Newport News area and there are multiple bus stops within walking distance of the subject site. The presence of fixed-route public transportation at the subject site is considered beneficial to the targeted low-income population and will contribute to its marketability. The subject site is also near arterial roadways, as Jefferson Avenue (State Route 143) borders the site to the west and U.S. Highway 60 and Interstate 664 are both accessed within 0.1 mile of the site. These aforementioned roadways provide convenient access throughout Newport News and to surrounding communities. Overall, visibility and access of the subject site are considered good and will contribute to its marketability.



#### 4. PROXIMITY TO COMMUNITY SERVICES AND INFRASTRUCTURE

The site is served by the community services detailed in the following table:

Community Services	Name	Driving Distance From Site (miles)
Major Highways	Jefferson Avenue (State Route 143) U.S. Highway 60 Interstate 664	Adjacent West 0.1 South 0.1 Southwest
Public Bus Stop	HRT	Adjacent West
Major Employers/ Employment Centers	Northrop Grumman Shipbuilding Alcoa Howmet	1.2 West 3.2 Northeast
Convenience Store	7-Eleven Fast & Easy Speedy Mart H & H Food Mart	0.1 Southeast 0.3 Northwest 0.5 Southeast 0.5 North
Grocery	Piggly Wiggly F & S Supermarket Big Tiger	0.2 North 0.4 East 0.4 Southeast
Discount Department Store	Family Dollar Dollar General	0.2 Northwest 0.2 Southwest
Shopping Center/Mall	Southeast Shopping Center Warwick Shopping Center	0.2 Southwest 5.3 Northwest
Schools: Elementary Middle/Junior High High	Achievable Dream Elementary Achievable Middle School Heritage High School	1.1 Southeast 1.7 North 2.0 North
Hospital	Southeastern Virginia Health RGM Medical Center Virginia Medical Ctr-Hampton	1.3 North 4.5 Northeast 6.9 East
Police	Newport News Police Department	0.3 North
Fire	Newport News Fire Department	0.7 Southwest
Post Office	U.S. Post Office	0.8 Southwest
Bank	Bank of America Wells Fargo Bank	0.6 West 0.6 West
Recreational Facilities	Newsome Park Recreation Center	1.1 North
Gas Station	7-Eleven Fast & Easy	0.1 Southeast 0.3 Northwest
Pharmacy	Walmart Pharmacy Rite Aid	3.2 North 3.5 North
Restaurant	McDonald's Sam's Take Out Number 1 Chinese Restaurant	0.1 Southeast 0.1 Northwest 0.2 Northwest
Day Care	Eagle's Nest Learning Center Kidz R Us Childcare	0.2 Northwest 0.5 North
Community Center	Newsome Park Recreation Center	1.1 North
Library	Newport News Library	0.8 West
Park	Superblock Park Christopher Newport Park Victory Landing Park	0.6 West 0.7 West 1.1 West
Church	First Baptist Church East End Greater Walters AME Zion	0.2 North 0.3 East

The proposed subject site is situated in the southern portion of Newport News and is within proximity of numerous area services. Notably, multiple convenience stores, a grocery store, discount retailer, and multiple restaurants are located within walking distance of the subject site. There are numerous bus stops located within walking distance of the site and situated along Jefferson Avenue (State Route 143). The convenient accessibility of public transportation is considered beneficial and will likely contribute to the overall marketability of the subject project.

Public safety services are provided via the Newport News Police and Fire departments, located 0.3 miles and 0.7 miles from the proposed subject site, respectively. Note that all schools that serve the site's location are located within 2.0 miles of the site. The proximity to these community services and public safety services will positively impact the marketability of the site.

## **5. OVERALL SITE EVALUATION**

The proposed subject site is comprised of vacant land located in the southern portion of Newport News. Surrounding land uses primarily consist of single-family homes, multifamily homes and community services. The site neighborhood is a mixed-use area of Newport News which is bordered by single-family homes and has convenient access to basic community services in the area. Some community services are within walking distance of the site, including, but not limited to, restaurants and public bus stops. Visibility of the proposed subject site is good, as there is an unobstructed view from Jefferson Avenue (State Route 143), an arterial roadway in the area. Accessibility of the proposed subject site is considered good as the surrounding roadways have light to moderate traffic patterns and traffic signals placed adjacent to the site will mitigate any traffic disruptions upon ingress and egress of the subject site. Additionally, the nearest Hampton Roads Transit (HRT) bus stop is adjacent west of the site, along Jefferson Avenue (State Route 143). Overall, the surrounding land uses and proximity to community services are believed to enhance the marketability of the site.

## **6. CRIME ISSUES**

The primary source for Crime Risk data is the FBI Uniform Crime Report (UCR). The FBI collects data from each of roughly 16,000 separate law enforcement jurisdictions across the country and compiles this data into the UCR. The most recent update showed an overall coverage rate of 95% of all jurisdictions nationwide with a coverage rate of 97% of all jurisdictions in metropolitan areas.

Applied Geographic Solutions uses the UCR at the jurisdictional level to model each of the seven crime types at other levels of geography. Risk indexes are standardized based on the national average. A Risk Index value of 100 for a particular risk indicates that, for the area, the relative probability of the risk is consistent with the average probability of that risk across the United States.

It should be noted that aggregate indexes for total crime, personal crime and property crime are not weighted, and a murder is no more significant statistically in these indexes than petty theft. Thus, caution should be exercised when using them.

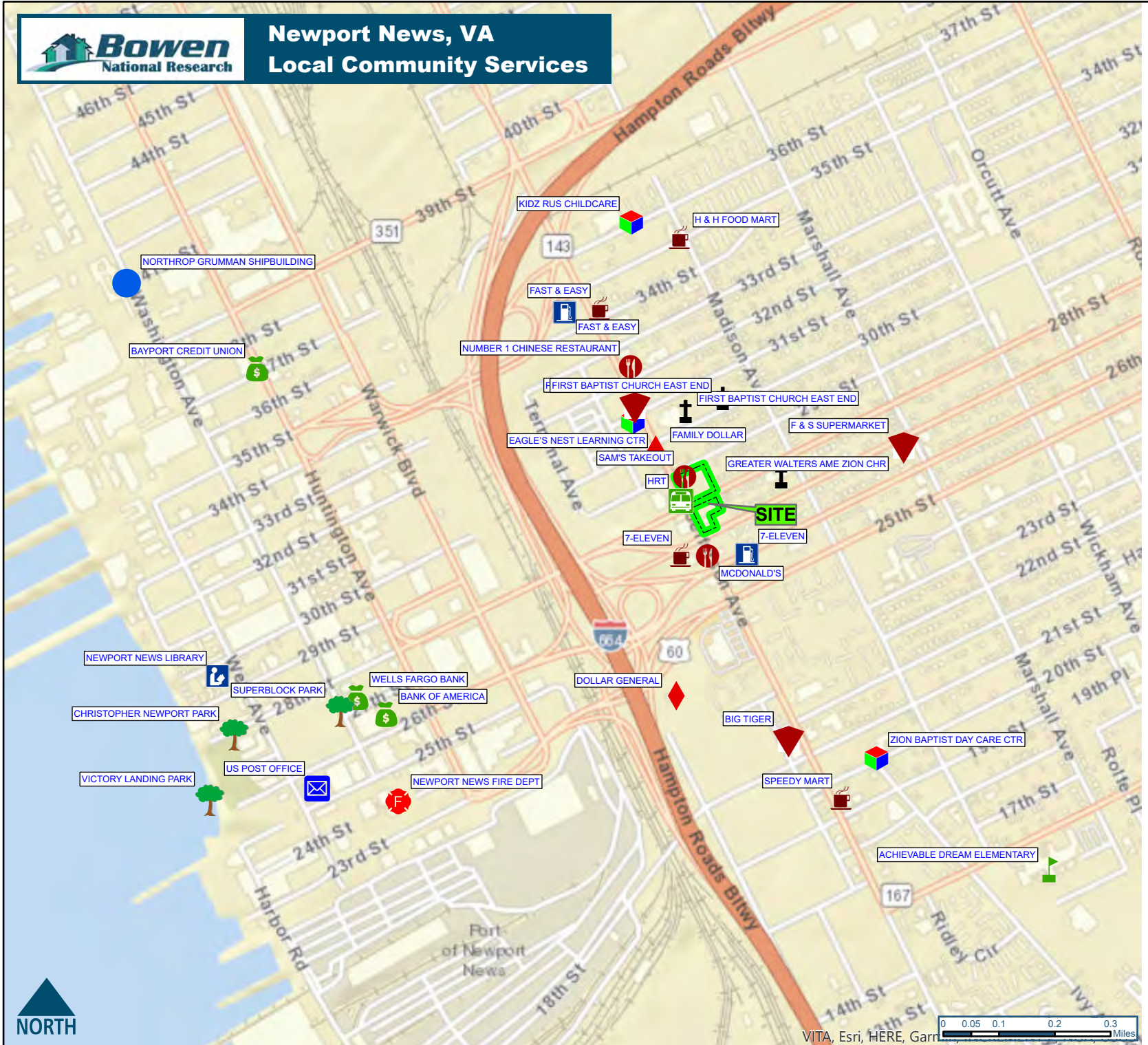
Total crime risk for the site’s ZIP Code is 211, with an overall personal crime index of 302 and a property crime index of 198. Total crime risk for Newport News is 116, with indexes for personal and property crime of 111 and 117, respectively.

	Crime Risk Index	
	Site ZIP Code	Newport News
<b>Total Crime</b>	<b>211</b>	<b>116</b>
<b>Personal Crime</b>	<b>302</b>	<b>111</b>
Murder	976	255
Rape	124	104
Robbery	421	137
Assault	263	98
<b>Property Crime</b>	<b>198</b>	<b>117</b>
Burglary	192	93
Larceny	196	126
Motor Vehicle Theft	225	95

Source: Applied Geographic Solutions

As the preceding illustrates, the crime risk index for the site’s ZIP Code (211) is higher than that reported for the city of Newport News (116) as a whole. These aforementioned crime indexes are above the national average of 100; however, this is typical for a densely populated urban area, such as Newport News and the site’s location. In addition, the subject project will include an on-site management office, a feature which typically deters crime. Regardless, most properties surveyed in the area report high occupancy rates, a good indication that crime has not adversely impacted rental properties in this market.

Maps illustrating the location of community services and crime risk are on the following pages.



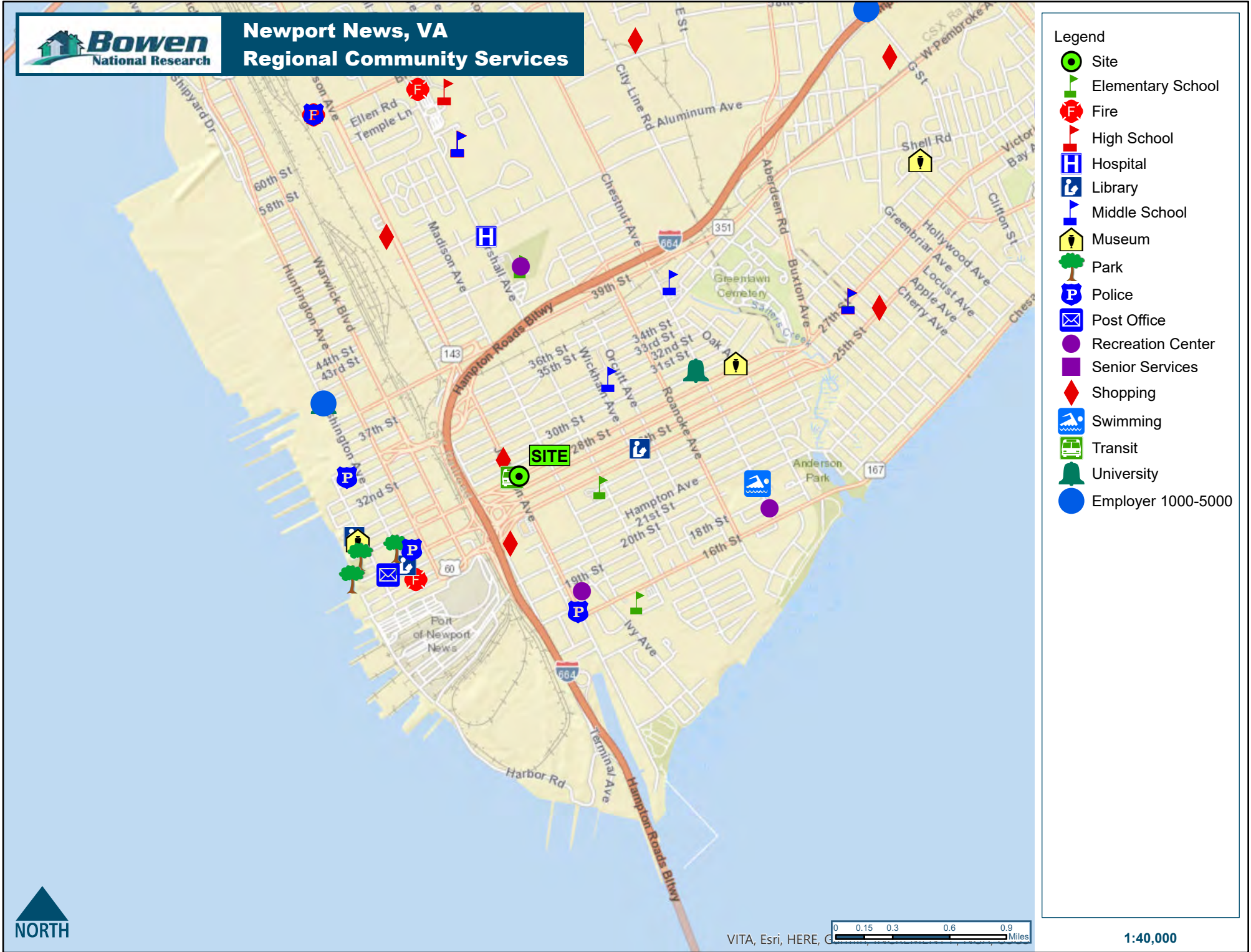
### Legend

- Site Area
- Bank
- Child Care
- Church
- Convenience Store
- Elementary School
- Fire
- Gas
- Grocery
- Library
- Park
- Post Office
- Restaurant
- Shopping
- Transit
- Employer 1000-5000



### Legend

- Site
- Elementary School
- Fire
- High School
- Hospital
- Library
- Middle School
- Museum
- Park
- Police
- Post Office
- Recreation Center
- Senior Services
- Shopping
- Swimming
- Transit
- University
- Employer 1000-5000





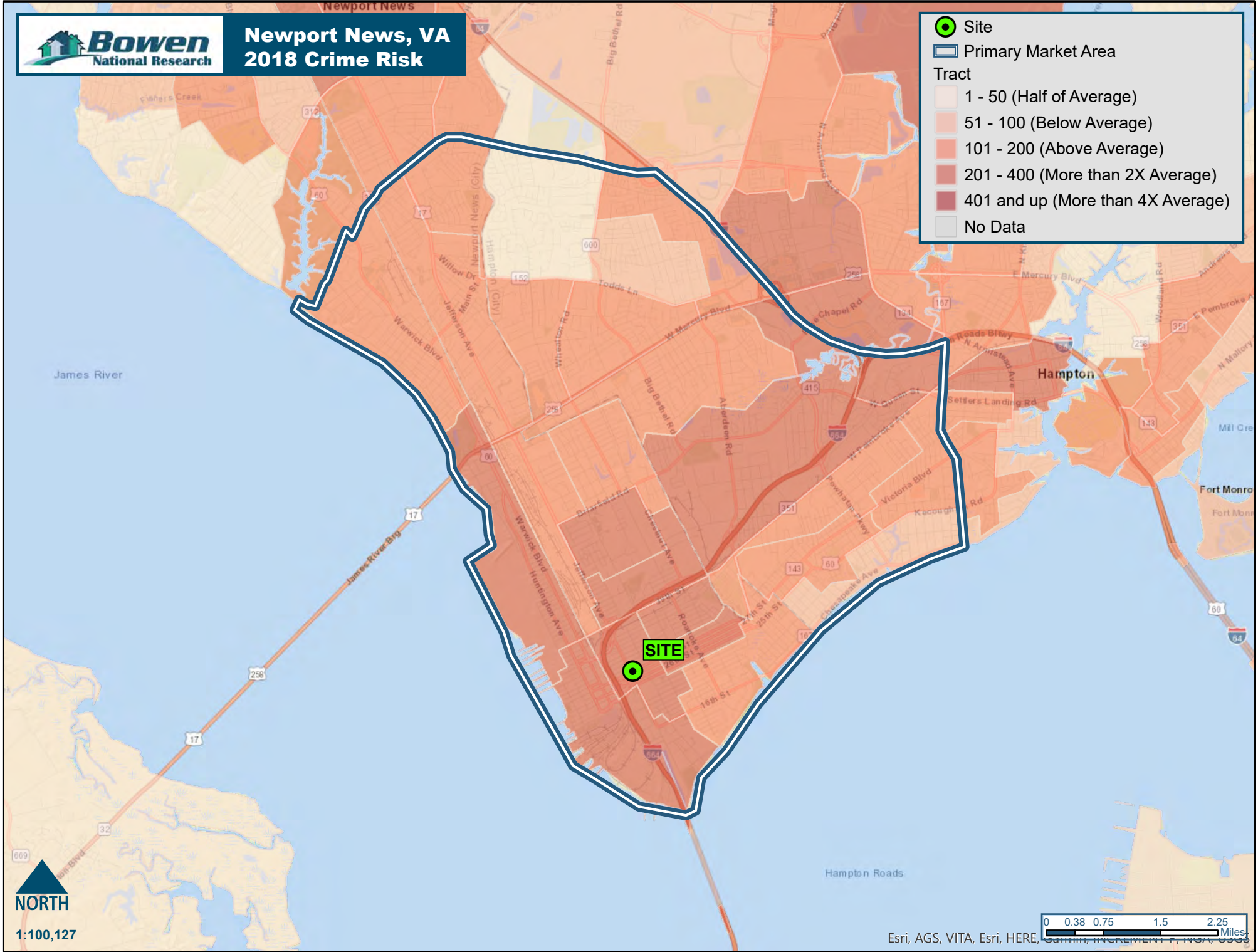
# Newport News, VA 2018 Crime Risk

**Site**  
● Site

**Primary Market Area**  
▭ Primary Market Area

**Tract**

- 1 - 50 (Half of Average)
- 51 - 100 (Below Average)
- 101 - 200 (Above Average)
- 201 - 400 (More than 2X Average)
- 401 and up (More than 4X Average)
- No Data



**NORTH**  
1:100,127

0 0.38 0.75 1.5 2.25 Miles  
Esri, AGS, VITA, Esri, HERE, Garmin, INCREMENT P, NOAA, USGS

## **B. PRIMARY MARKET AREA DELINEATION**

The Primary Market Area (PMA) is the geographical area from which most of the support for the proposed development is expected to originate. The Newport News Site PMA was determined through interviews with area leasing and real estate agents and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market and a demographic analysis of the area households and population.

The Newport News Site PMA includes southern portions of Newport News and Hampton. Specifically, the boundaries of the Site PMA include Museum Drive, Boundary Road, Warwick Boulevard, Harpersville Road, Hampton Roads Center Parkway and Interstate 64 to the north; Lasalle Avenue to the east; Hampton Roads Bay to the south; and the James River to the west. The communities to the north could provide some support for the project; however, the majority of support is expected to come from residents living within the immediate southern coastal area.

Austin Shekoski is the Property Manager for Chestnut Square Apartments (Map ID 7), a Tax Credit property within the Site PMA. Ms. Shekoski stated that most of her property's tenants are local to the Site PMA. She cited the convenient access to downtown Newport News and proximity to major highways as reasons for her property's tenants choosing her property. Both qualities are shared by the subject site.

Barbara Brown is the Community Manager for City Line Apartments (Map ID 8), a Tax Credit and Section 8 property located in the Site PMA. Ms. Brown stated that her tenants tend to stay in the area, as 75% to 80% own cars and enjoy the area's convenient access to shopping opportunities and major highways. Ms. Brown also cited her 30 years of experience managing properties within the Site PMA, noting the aforementioned trends have remained stable over her tenure.

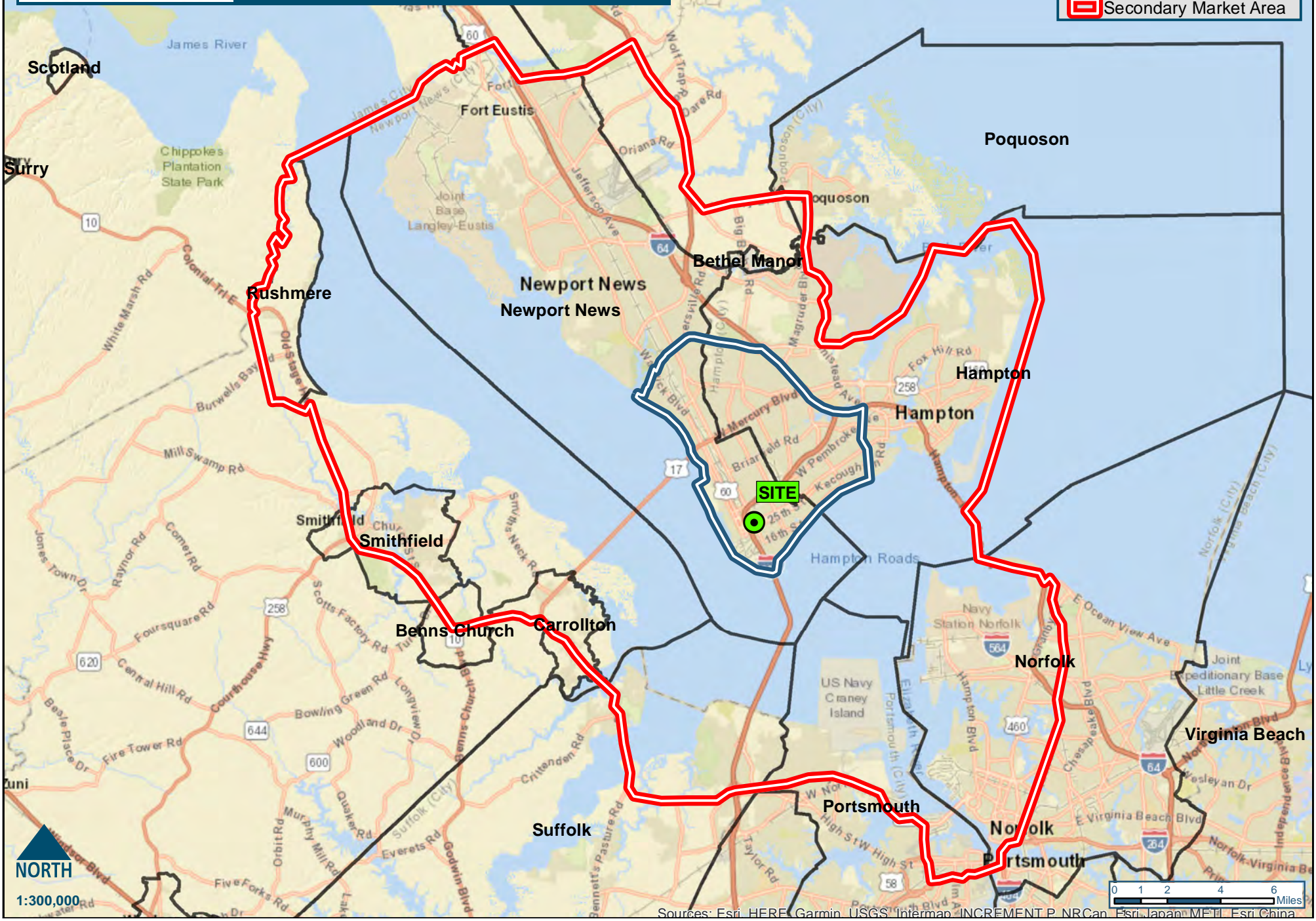
In compliance with VHDA's market study guidelines, we have incorporated a Secondary Market Area (SMA) in this report, which includes portions of Newport News, Hamptons, Rushmere, Smithfield, Benns Church, Carrollton, Norfolk, Portsmouth and Suffolk, as well as the surrounding unincorporated areas of Isle of Wight County.

A map delineating the boundaries of the Site PMA and SMA is included on the following page.



Newport News, VA  
Primary & Secondary Market Areas

- Site
- ▭ Primary Market Area
- ▭ Secondary Market Area



NORTH  
1:300,000



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri, Japan, METI, Esri China



## C. DEMOGRAPHIC CHARACTERISTICS AND TRENDS

### 1. POPULATION TRENDS

The Site PMA population bases for 2000, 2010, 2019 (estimated) and 2024 (projected) are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2019 (Estimated)	2024 (Projected)
Population	100,756	98,445	97,257	96,434
Population Change	-	-2,311	-1,188	-823
Percent Change	-	-2.3%	-1.2%	-0.8%

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The Newport News Site PMA population base declined by 2,311 between 2000 and 2010. This represents a 2.3% decline from the 2000 population, or an annual rate of 0.2%. Between 2010 and 2019, the population declined by 1,188, or 1.2%. It is projected that the population will decline by 823, or 0.8%, between 2019 and 2024.

The Site PMA population bases by age are summarized as follows:

Population by Age	2010 (Census)		2019 (Estimated)		2024 (Projected)		Change 2019-2024	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	26,657	27.1%	24,164	24.8%	23,636	24.5%	-528	-2.2%
20 to 24	7,596	7.7%	6,680	6.9%	6,158	6.4%	-522	-7.8%
25 to 34	13,121	13.3%	14,147	14.5%	13,687	14.2%	-460	-3.3%
35 to 44	11,664	11.8%	11,552	11.9%	12,428	12.9%	876	7.6%
45 to 54	15,487	15.7%	12,091	12.4%	10,912	11.3%	-1,179	-9.8%
55 to 64	11,427	11.6%	12,947	13.3%	12,213	12.7%	-734	-5.7%
65 to 74	6,789	6.9%	9,184	9.4%	10,183	10.6%	999	10.9%
75 & Over	5,704	5.8%	6,492	6.7%	7,217	7.5%	725	11.2%
Total	98,445	100.0%	97,257	100.0%	96,434	100.0%	-823	-0.8%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, over 52% of the population is expected to be between 25 and 64 years old in 2019. This age group is the primary group of potential support for the subject site and will likely represent a significant number of the tenants.

## 2. HOUSEHOLD TRENDS

Household trends within the Newport News Site PMA are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2019 (Estimated)	2024 (Projected)
Households	40,153	39,973	39,296	38,925
Household Change	-	-180	-677	-371
Percent Change	-	-0.4%	-1.7%	-0.9%
Household Size	2.51	2.46	2.42	2.42

Source: 2000, 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Within the Newport News Site PMA, households declined by 180 (0.4%) between 2000 and 2010. Between 2010 and 2019, households declined by 677 or 1.7%. By 2024, there will be 38,925 households, a decline of 371 households, or 0.9%, from 2019. This is a decline of approximately 74 households annually over the next five years.

The Site PMA household bases by age are summarized as follows:

Households by Age	2010 (Census)		2019 (Estimated)		2024 (Projected)		Change 2019-2024	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 25	2,676	6.7%	2,130	5.4%	2,023	5.2%	-107	-5.0%
25 to 34	6,519	16.3%	6,734	17.1%	6,431	16.5%	-303	-4.5%
35 to 44	6,359	15.9%	6,017	15.3%	6,385	16.4%	368	6.1%
45 to 54	8,819	22.1%	6,545	16.7%	5,813	14.9%	-732	-11.2%
55 to 64	6,992	17.5%	7,595	19.3%	7,050	18.1%	-545	-7.2%
65 to 74	4,528	11.3%	5,878	15.0%	6,403	16.4%	525	8.9%
75 to 84	2,923	7.3%	3,103	7.9%	3,402	8.7%	299	9.6%
85 & Over	1,157	2.9%	1,295	3.3%	1,419	3.6%	124	9.6%
Total	39,973	100.0%	39,296	100.0%	38,925	100.0%	-371	-0.9%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

As previously discussed, the primary age group of potential renters for the subject project is expected to be the 25 to 64 age group. Notably, this age cohort is estimated to comprise more than 68.0% of all households in 2019. Although this age cohort is projected to decline between 2019 and 2024, this age cohort will continue to comprise nearly 66.0% of all households in the market in 2024.

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2019 (Estimated)		2024 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	21,613	54.1%	20,427	52.0%	20,693	53.2%
Renter-Occupied	18,360	45.9%	18,869	48.0%	18,232	46.8%
Total	39,973	100.0%	39,296	100.0%	38,925	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2019, homeowners occupied 52.0% of all occupied housing units, while the remaining 48.0% were occupied by renters. The share of renters is considered typical for an urban market, such as the Newport News Site PMA, and represents a good base of potential renter support in the market for the subject development.

The household sizes by tenure within the Site PMA, based on the 2019 estimates and 2024 projections, were distributed as follows:

Persons Per Renter Household	2019 (Estimated)		2024 (Projected)		Change 2019-2024	
	Households	Percent	Households	Percent	Households	Percent
1 Person	7,748	41.1%	7,577	41.6%	-171	-2.2%
2 Persons	5,137	27.2%	4,899	26.9%	-237	-4.6%
3 Persons	2,628	13.9%	2,397	13.1%	-231	-8.8%
4 Persons	1,920	10.2%	1,886	10.3%	-33	-1.7%
5 Persons+	1,436	7.6%	1,472	8.1%	36	2.5%
Total	18,869	100.0%	18,232	100.0%	-637	-3.4%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Persons Per Owner Household	2019 (Estimated)		2024 (Projected)		Change 2019-2024	
	Households	Percent	Households	Percent	Households	Percent
1 Person	6,156	30.1%	6,283	30.4%	127	2.1%
2 Persons	7,168	35.1%	7,203	34.8%	35	0.5%
3 Persons	3,492	17.1%	3,543	17.1%	51	1.5%
4 Persons	2,051	10.0%	2,007	9.7%	-44	-2.2%
5 Persons+	1,560	7.6%	1,657	8.0%	97	6.2%
Total	20,427	100.0%	20,693	100.0%	266	1.3%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

The one- through three-bedroom units proposed at the subject site are expected to house up to five-person households. As such, the subject project will be able to accommodate most renter households in the market, based on household size.

### 3. INCOME TRENDS

The distribution of households by income within the Newport News Site PMA is summarized as follows:

Household Income	2010 (Census)		2019 (Estimated)		2019 (Estimated)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	4,551	11.4%	3,472	8.8%	3,359	8.6%
\$10,000 to \$19,999	6,063	15.2%	4,545	11.6%	4,295	11.0%
\$20,000 to \$29,999	4,552	11.4%	4,876	12.4%	4,862	12.5%
\$30,000 to \$39,999	5,152	12.9%	4,463	11.4%	4,282	11.0%
\$40,000 to \$49,999	4,333	10.8%	4,052	10.3%	4,059	10.4%
\$50,000 to \$59,999	3,495	8.7%	3,534	9.0%	3,454	8.9%
\$60,000 to \$74,999	4,187	10.5%	4,003	10.2%	3,854	9.9%
\$75,000 to \$99,999	4,105	10.3%	4,499	11.4%	4,510	11.6%
\$100,000 to \$124,999	1,699	4.3%	2,418	6.2%	2,455	6.3%
\$125,000 to \$149,999	608	1.5%	1,302	3.3%	1,495	3.8%
\$150,000 to \$199,999	782	2.0%	1,191	3.0%	1,255	3.2%
\$200,000 & Over	446	1.1%	940	2.4%	1,044	2.7%
Total	39,973	100.0%	39,296	100.0%	38,925	100.0%
Median Income	\$39,357		\$45,655		\$46,563	

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

In 2010, the median household income was \$39,357. This increased by 16.0% to \$45,655 in 2019. By 2024, it is projected that the median household income will be \$46,563, an increase of 2.0% from 2019.

The following tables illustrate renter household income by household size for 2010, 2019 and 2024 for the Newport News Site PMA:

Renter Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	1,231	928	616	298	212	3,286
\$10,000 to \$19,999	1,644	1,107	736	356	253	4,096
\$20,000 to \$29,999	1,000	750	498	241	171	2,660
\$30,000 to \$39,999	969	754	501	242	172	2,639
\$40,000 to \$49,999	774	596	396	192	136	2,095
\$50,000 to \$59,999	355	296	197	95	68	1,010
\$60,000 to \$74,999	423	356	236	114	81	1,210
\$75,000 to \$99,999	352	291	193	93	66	996
\$100,000 to \$124,999	75	61	40	20	14	210
\$125,000 to \$149,999	26	22	15	7	5	75
\$150,000 to \$199,999	19	15	10	5	3	52
\$200,000 & Over	11	9	6	3	2	30
Total	6,881	5,185	3,444	1,665	1,184	18,360

Source: ESRI; Urban Decision Group

Renter Households	2019 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	1,055	668	342	250	187	2,501
\$10,000 to \$19,999	1,443	787	403	294	220	3,147
\$20,000 to \$29,999	1,277	822	421	307	230	3,058
\$30,000 to \$39,999	1,039	714	366	267	200	2,586
\$40,000 to \$49,999	922	624	319	233	175	2,274
\$50,000 to \$59,999	535	409	209	153	114	1,420
\$60,000 to \$74,999	626	454	232	170	127	1,609
\$75,000 to \$99,999	525	402	206	150	112	1,395
\$100,000 to \$124,999	159	123	63	46	34	425
\$125,000 to \$149,999	83	67	34	25	19	229
\$150,000 to \$199,999	47	37	19	14	10	126
\$200,000 & Over	37	29	15	11	8	100
Total	7,748	5,137	2,628	1,920	1,436	18,869

Source: ESRI; Urban Decision Group

Renter Households	2024 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	970	605	296	233	182	2,286
\$10,000 to \$19,999	1,311	700	342	270	210	2,833
\$20,000 to \$29,999	1,249	779	381	300	234	2,942
\$30,000 to \$39,999	994	662	324	255	199	2,435
\$40,000 to \$49,999	934	609	298	235	183	2,259
\$50,000 to \$59,999	558	416	204	160	125	1,463
\$60,000 to \$74,999	656	449	220	173	135	1,633
\$75,000 to \$99,999	534	397	194	153	119	1,397
\$100,000 to \$124,999	170	127	62	49	38	447
\$125,000 to \$149,999	100	79	39	30	24	272
\$150,000 to \$199,999	55	41	20	16	12	145
\$200,000 & Over	45	34	17	13	10	120
Total	7,577	4,899	2,397	1,886	1,472	18,232

Source: ESRI; Urban Decision Group

Data from the preceding tables is used in our demand estimates.

### Demographic Summary

Both the population and household bases within the Newport News Site PMA are projected to decline between 2019 and 2024, a trend which has been consistent since 2000. Although the area population and household base are projected to decline between 2019 and 2024, it will do so at a slower rate than previous years. The 25 to 64 age cohort, which is expected to be the primary age cohort of potential renters at the general-occupancy subject project, comprise more than 68.0% of all households in 2019 and will comprise nearly 66.0% of all households through 2024. Nearly half of all households were renters in 2019 and the 18,232 renter households projected for 2024 illustrate a deep base of renter support. Approximately 70.0% of all renter households are projected to earn below \$50,000 in 2024. Based on the preceding analysis, a large base of lower-income renter household will continue to exist in the market during this time period.

## D. LOCAL ECONOMIC PROFILE AND ANALYSIS

### 1. LABOR FORCE PROFILE

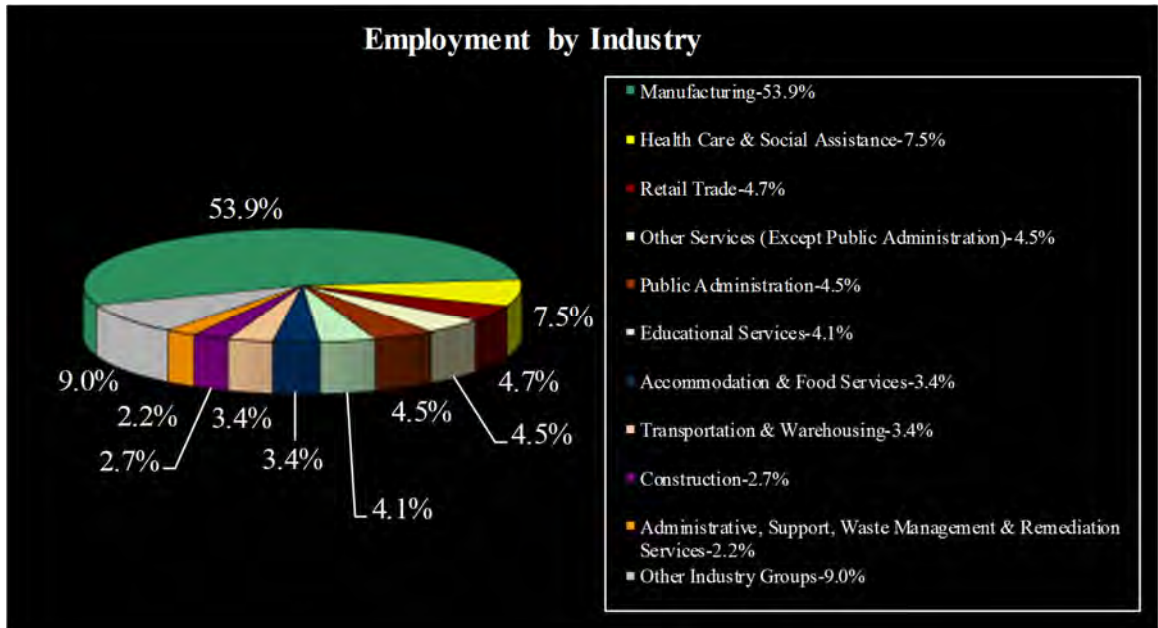
The labor force within the Newport News Site PMA is based primarily in one sector. Manufacturing dominates the market comprising nearly 54% of the Site PMA labor force. Employment in the Newport News Site PMA, as of 2018, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	1	0.0%	2	0.0%	2.0
Mining	3	0.1%	566	0.8%	188.7
Utilities	2	0.1%	135	0.2%	67.5
Construction	168	6.6%	1,981	2.7%	11.8
Manufacturing	95	3.7%	39,599	53.9%	416.8
Wholesale Trade	85	3.3%	1,469	2.0%	17.3
Retail Trade	383	15.1%	3,429	4.7%	9.0
Transportation & Warehousing	72	2.8%	2,464	3.4%	34.2
Information	32	1.3%	354	0.5%	11.1
Finance & Insurance	91	3.6%	469	0.6%	5.2
Real Estate & Rental & Leasing	175	6.9%	905	1.2%	5.2
Professional, Scientific & Technical Services	129	5.1%	1,596	2.2%	12.4
Management of Companies & Enterprises	3	0.1%	10	0.0%	3.3
Administrative, Support, Waste Management & Remediation Services	89	3.5%	1,646	2.2%	18.5
Educational Services	67	2.6%	3,044	4.1%	45.4
Health Care & Social Assistance	196	7.7%	5,539	7.5%	28.3
Arts, Entertainment & Recreation	52	2.0%	817	1.1%	15.7
Accommodation & Food Services	173	6.8%	2,518	3.4%	14.6
Other Services (Except Public Administration)	548	21.5%	3,332	4.5%	6.1
Public Administration	81	3.2%	3,307	4.5%	40.8
Nonclassifiable	98	3.9%	280	0.4%	2.9
<b>Total</b>	<b>2,543</b>	<b>100.0%</b>	<b>73,462</b>	<b>100.0%</b>	<b>28.9</b>

\*Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

E.P.E. - Average Employees Per Establishment

Note: Since this survey is conducted of establishments and not of residents, some employees may not live within the Site PMA. These employees, however, are included in our labor force calculations because their places of employment are located within the Site PMA.



Typical wages by job category for the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area (MSA) are compared with those of Virginia in the following table:

Typical Wage by Occupation Type		
Occupation Type	Virginia Beach-Norfolk-Newport News MSA	Virginia
Management Occupations	\$119,460	\$140,300
Business and Financial Occupations	\$75,400	\$85,110
Computer and Mathematical Occupations	\$85,090	\$102,430
Architecture and Engineering Occupations	\$82,860	\$90,700
Community and Social Service Occupations	\$49,980	\$50,570
Art, Design, Entertainment and Sports Medicine Occupations	\$51,340	\$59,950
Healthcare Practitioners and Technical Occupations	\$77,700	\$81,840
Healthcare Support Occupations	\$32,870	\$32,680
Protective Service Occupations	\$44,340	\$47,880
Food Preparation and Serving Related Occupations	\$23,690	\$24,280
Building and Grounds Cleaning and Maintenance Occupations	\$25,940	\$28,060
Personal Care and Service Occupations	\$25,490	\$27,580
Sales and Related Occupations	\$35,380	\$41,140
Office and Administrative Support Occupations	\$36,900	\$39,030
Construction and Extraction Occupations	\$45,510	\$45,530
Installation, Maintenance and Repair Occupations	\$49,280	\$50,540
Production Occupations	\$41,530	\$38,390
Transportation and Moving Occupations	\$37,810	\$38,200

Source: U.S. Department of Labor, Bureau of Statistics

Most annual blue-collar salaries range from \$23,690 to \$51,340 within the Virginia Beach-Norfolk-Newport News MSA. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$88,102. It is important to note that most occupational types within the Virginia Beach-Norfolk-Newport News MSA have lower typical wages than the State of Virginia's typical wages. The area employment base has a significant number of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

The ten largest employers within the Newport News area are summarized as follows:

Employer Name/Area	Business Type	Total Employed
Huntington Ingalls Industries, Inc. (Newport News Shipbuilding)	Manufacturing/ Transportation Equipment	10,000-25,000
U.S. Department of Defense (Joint Base Langley-Eustis)	Federal Government	10,000-25,000
Riverside Regional Medical Center	Healthcare	5,000-9,999
City of Newport News	Local Government	5,000-9,999
Canon	Chemical Manufacturing	1,000-5,000
Newport News Public Schools	Education	1,000-5,000
Ferguson Enterprises Inc.	Merchant Wholesalers/ Durable Goods	1,000-5,000
Christopher Newport University	Education	1,000-5,000
U.S. Department of Army and Air Force (AAFES Distribution Center)	Federal Government/ General Merchandise Stores	1,000-5,000
Walmart	General Merchandise Stores	500-999

Source: Virginia Employment Commission and Virginia Economic Development Partnership (Third Quarter 2018)

Based on information provided by a representative with Newport News Economic and Industrial Development, the following are summaries of some of the major factors recently impacting the Newport News economy:

- LAVLE USA, Inc. and Old Dominion University announced in December 2018 plans to collaborate and construct a 22,000 square-foot Marine Electric Propulsion Simulation (MEPS) Laboratory located at 351 25<sup>th</sup> Street in Newport News. The \$12 million project is expected to start construction in summer 2019 and create at least 25 jobs. Completion is estimated for summer 2020.
- Huntington Ingalls Industries Mechanical (HII Mechanical) in May 2018 completed a \$20 million expansion of their headquarters in Oakland Industrial Park in Newport News. The expansion added 52,000 square feet to their existing 66,000 square-foot building and created approximately 120 jobs. In June 2018, HII Mechanical's Newport News



Shipbuilding division announced plans to invest about \$8.7 million to expand its workforce to around 25,000, creating approximately 2,000 jobs over the next four years (2022). Huntington Ingalls-Newport News Shipbuilding also announced plans to work jointly with Connecticut-based Electric Boat to start constructing a new fleet of ballistic missile submarines in 2021 for the United States Navy to replace the old ones. The Shipyard will invest over \$750 million in its facility for the project and is expected to create 1,000 jobs by 2025.

- Fairlead Integrated's shipyard, known as Fairlead Boatworks, is a smaller shipbuilding company in Newport News that is also expanding in 2019 to help with the Navy's plans to increase their fleet of warships. The company will invest \$5 million to construct a 10,000 square-foot blasting and painting facility, a 11,200 square-foot repairs and fabrication facility, a 17,000 square-foot engineered concrete platform with embedded steel to allow for fabrication of larger structures, and to purchase a new heavy lift. This expansion will allow Fairlead to handle more work from Newport News Shipbuilding (plans for their expansion are above) and create at least 25 jobs.
- Ferguson Enterprise, a plumbing wholesale company, is investing \$82.8 million to construct an expansion to its headquarters at 751 Lakefront Commons in Newport News. In June 2018, the company broke ground on the eight-story, 260,000 square-foot campus. The expansion is expected to be complete by summer 2020 and will retain approximately 1,000 jobs, while creating around 434 jobs by 2021.
- In July 2018, Liebherr-International AG, a large manufacturer of construction machinery broke ground on its new facility in Newport News. The \$45 million expansion will add three new buildings, 251,000 square feet of space to its existing 560,000 square-foot campus. The new buildings will house the new headquarters for Liebherr USA, including an administrative building, a warehouse and distribution center, and a production and workshop facility. The project is estimated to be completed by summer 2020.
- The Tech Center at Oyster Point (expansion of Jefferson Lab) will be located at 638 Oyster Point Road in Newport News and is the second phase of a \$450 million mixed-use project. The project will include more than 250,000 square feet of retail, restaurants, Onelife Fitness, Whole Foods and the Venture Apartments. The Tech Center at Oyster Point will also include 1.1 million square feet of office space. In December 2016, Jefferson Lab was awarded \$2.1 million as part of a \$1 billion electron-ion collider project. The project is estimated to create more than 4,000 jobs within the area, which would include construction

jobs and skilled labor, over a ten-year period. Building One at Tech Center Research Park opened August 2019. The 80,000 square-foot building is one of many buildings that will be located at the 50-acre research park located at Jefferson Avenue and Hogan Drive in Newport News. Building one has co-working spaces with access to conference rooms with videoconferencing technology, printing and copying. The remaining master plan, which includes constructing ten buildings each ranging from 80,000 square feet to 100,000 square feet, was approved in June 2019.

Infrastructure:

Work started in August 2017 on the Atkinson connector bridge between Warwick Boulevard and Jefferson Avenue. This extensive project end investment will be \$33 million. The 1,742 feet long, four-lane bridge will cross over Interstate 64 and CSX railroad tracks and end on the existing Atkinson Way. The project is estimated to be completed in November 2020.

WARN (layoff notices):

WARN Notices of large-scale layoffs/closures were reviewed on August 2019 and according to the Virginia Employment Commission, there has been one WARN notice reported for Newport News over the past 18 months. Below is a table summarizing this notice:

WARN Notices			
Company	Jobs	Notice Date	Effective Date
Farm Fresh #6254	92	3/14/2018	5/14/2018

**2. EMPLOYMENT TRENDS**

The following tables were generated from the U.S. Department of Labor, Bureau of Labor Statistics and reflect employment trends of the city/county in which the site is located.

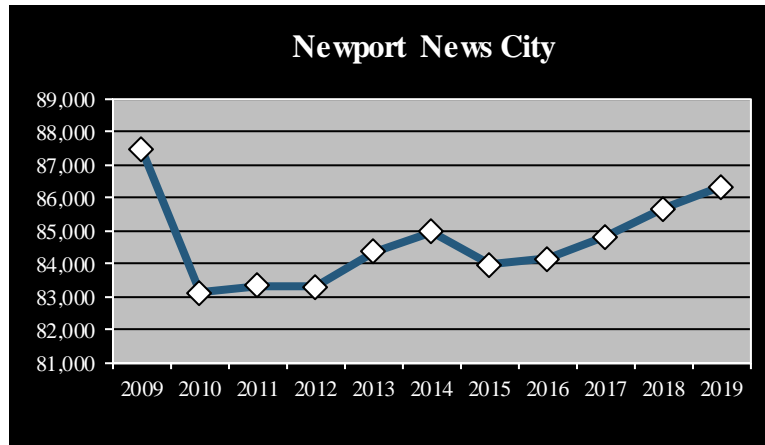
Excluding 2019, the employment base has increased by 0.8% over the past five years in Newport News City, less than the Virginia state increase of 4.6%. Total employment reflects the number of employed persons who live within the city/county.

The following illustrates the total employment base for Newport News City, the state of Virginia and the United States.

Year	Total Employment					
	Newport News City		Virginia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2009	87,426	-	3,842,516	-	140,696,560	-
2010	83,104	-4.9%	3,860,386	0.5%	140,469,139	-0.2%
2011	83,305	0.2%	3,934,326	1.9%	141,791,255	0.9%
2012	83,286	0.0%	3,967,987	0.9%	143,621,634	1.3%
2013	84,337	1.3%	3,995,182	0.7%	145,017,562	1.0%
2014	84,950	0.7%	4,019,470	0.6%	147,313,048	1.6%
2015	83,959	-1.2%	4,028,400	0.2%	149,564,649	1.5%
2016	84,126	0.2%	4,069,050	1.0%	151,965,225	1.6%
2017	84,818	0.8%	4,150,132	2.0%	154,271,036	1.5%
2018	85,665	1.0%	4,202,801	1.3%	156,328,502	1.3%
2019*	86,331	0.8%	4,249,298	1.1%	157,533,049	0.8%

Source: Department of Labor; Bureau of Labor Statistics

\*Through June

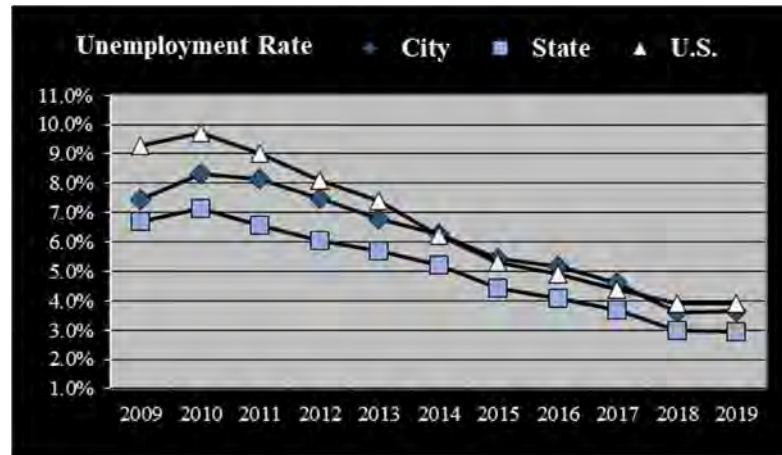


As the preceding illustrates, the employment base within Newport News City has increased by 2,372 jobs, or 2.8%, since 2015 (through June 2019).

Unemployment rates for Newport News City, the state of Virginia and the United States are illustrated as follows:

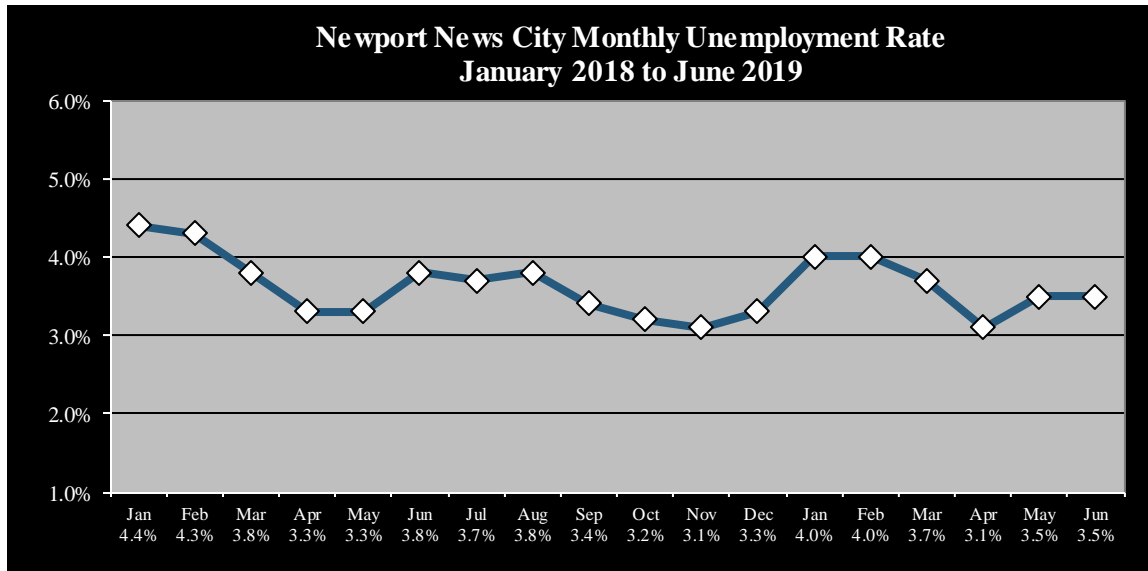
Year	Unemployment Rate		
	Newport News City	Virginia	United States
2009	7.4%	6.7%	9.3%
2010	8.3%	7.2%	9.7%
2011	8.1%	6.6%	9.0%
2012	7.5%	6.0%	8.1%
2013	6.8%	5.7%	7.4%
2014	6.3%	5.2%	6.2%
2015	5.4%	4.4%	5.3%
2016	5.2%	4.1%	4.9%
2017	4.6%	3.7%	4.4%
2018	3.6%	3.0%	3.9%
2019*	3.6%	3.0%	3.9%

Source: Department of Labor, Bureau of Labor Statistics  
 \*Through June



The unemployment rate in Newport News has generally declined each year since 2010, to a rate of 3.6% through June 2019. This is reflective of a nearly five full percentage point decline during this time period.

The table on the following page illustrates the monthly unemployment rate in Newport News City for the most recent 18-month period for which data is currently available.



The monthly unemployment rate within the city of Newport News has generally trended downward over the past 18-month period and has remained at or below 4.0% each month since March of 2018.

In-place employment reflects the total number of jobs within the city/county regardless of the employee's city/county of residence. The following illustrates the total in-place employment base for Newport News City.

In-Place Employment Newport News City			
Year	Employment	Change	Percent Change
2008	98,317	-	-
2009	95,622	-2,695	-2.7%
2010	95,481	-141	-0.1%
2011	96,309	828	0.9%
2012	96,261	-48	0.0%
2013	97,302	1,041	1.1%
2014	98,179	877	0.9%
2015	97,536	-643	-0.7%
2016	96,225	-1,311	-1.3%
2017	97,754	1,529	1.6%
2018	101,888	4,134	4.2%

Source: Department of Labor, Bureau of Labor Statistics

Data for 2018, the most recent year that year-end figures are available, indicates in-place employment in Newport News City to be 118.9% of the total Newport News City employment. This means that Newport News City has more employed persons coming to the city from other cities/counties for work (daytime employment) than those who both live and work there. This will have a positive impact on the subject's marketability, as it is likely that many of its tenants will have minimal commute times to their place of employment.

### 3. ECONOMIC FORECAST

Based on information provided by a representative of Newport News Economic and Industrial Development, the State of Virginia Department of Labor and the U.S. Department of Labor, the local economy continues to improve. Since 2015, the employment base within the city of Newport News has increased by nearly 2,400 jobs, or 2.8%, and its unemployment rate has declined by nearly five percentage points since 2010 to a rate of 3.6% (through June 2019), its lowest rate within the preceding ten-year period. Additionally, there have been numerous new business/business expansion announcements made within the area over the past few years. Based on these positive economic factors and the demographic growth anticipated, we expect the demand for housing will generally increase.

### 4. COMMUTING PATTERNS

Based on the American Community Survey (2013-2017), the following is a distribution of commuting patterns for Site PMA workers age 16 and over:

Mode of Transportation	Workers Age 16+	
	Number	Percent
Drove Alone	35,016	79.6%
Carpooled	3,859	8.8%
Public Transit	2,187	5.0%
Walked	1,273	2.9%
Other Means	896	2.0%
Worked at Home	771	1.8%
Total	44,002	100.0%

Source: American Community Survey (2013-2017); ESRI; Urban Decision Group; Bowen National Research

Nearly 80% of all workers drove alone, 8.8% carpooled and only 5.0% used public transportation.

Typical travel times to work for the Site PMA residents are illustrated as follows:

Travel Time	Workers Age 16+	
	Number	Percent
Less Than 15 Minutes	13,669	31.1%
15 to 29 Minutes	17,474	39.7%
30 to 44 Minutes	6,956	15.8%
45 to 59 Minutes	2,414	5.5%
60 or More Minutes	2,717	6.2%
Worked at Home	771	1.8%
Total	44,001	100.0%

Source: American Community Survey (2013-2017); ESRI; Urban Decision Group; Bowen National Research

The largest share of area commuters has typical travel times to work ranging from 15 to 29 minutes. The subject site is within a 15-minute drive to most of the area's largest employers, which should contribute to its marketability. A drive-time map for the subject site is on the following page.

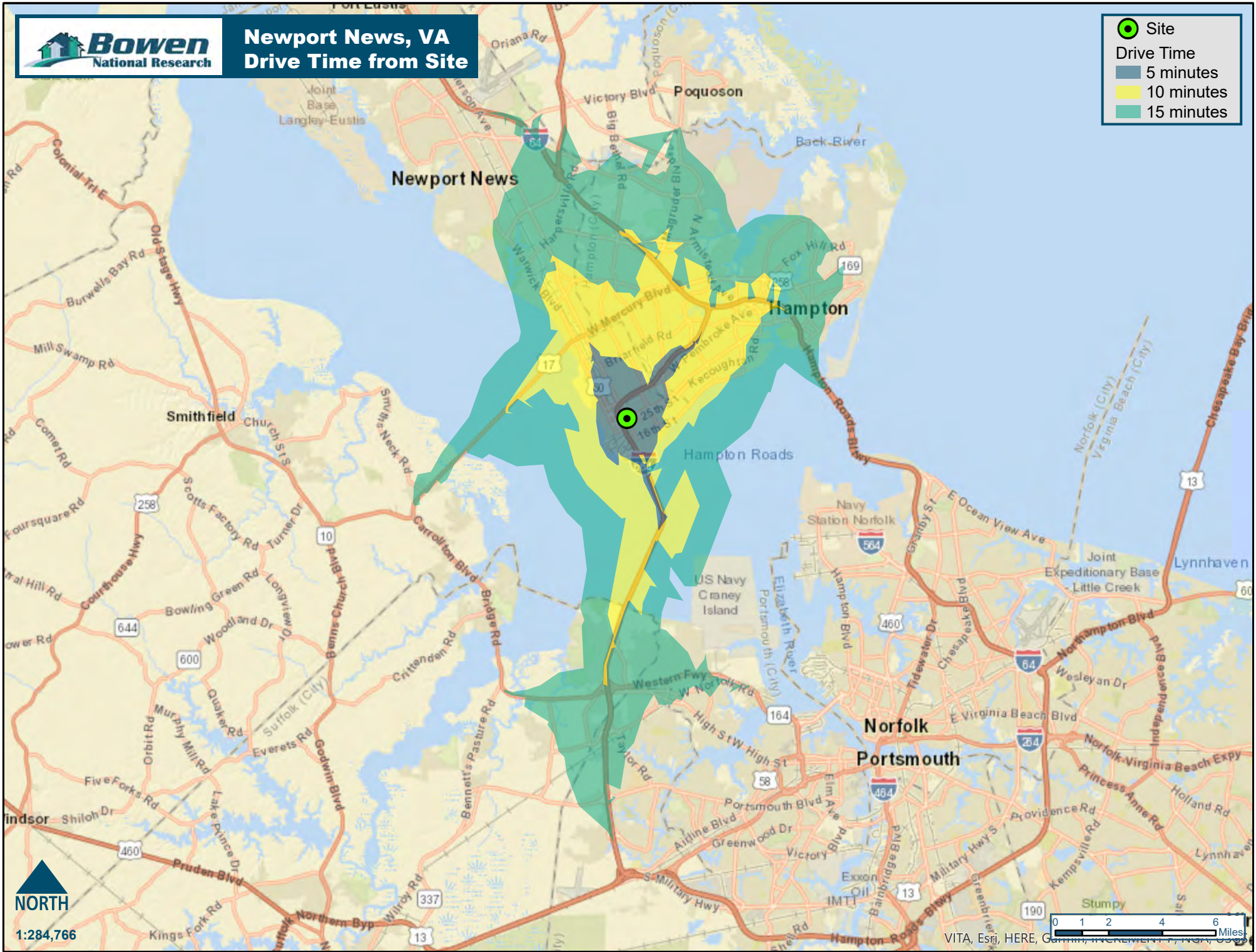


# Newport News, VA Drive Time from Site

**Site**  
●

**Drive Time**

- 5 minutes
- 10 minutes
- 15 minutes



1:284,766





## V. Rental Housing Analysis (Supply)

### A. OVERVIEW OF RENTAL HOUSING

The distributions of the area housing stock within the Newport News Site PMA in 2010 and 2019 (estimated) are summarized in the following table:

Housing Status	2010 (Census)		2019 (Estimated)	
	Number	Percent	Number	Percent
Total-Occupied	39,973	91.8%	39,296	89.5%
Owner-Occupied	21,613	54.1%	20,427	52.0%
Renter-Occupied	18,360	45.9%	18,869	48.0%
Vacant	3,581	8.2%	4,610	10.5%
Total	43,554	100.0%	43,906	100.0%

Source: 2010 Census; ESRI; Urban Decision Group; Bowen National Research

Based on a 2019 update of the 2010 Census, of the 43,906 total housing units in the market, 10.5% were vacant. In 2019, it was estimated that homeowners occupied 52.0% of all occupied housing units, while the remaining 48.0% were occupied by renters. The share of renters is considered typical for an urban market, such as the Newport News Site PMA, and the 18,869 renter households estimated in 2019 represent a deep base of potential support for the subject project.

#### Conventional Apartments

We identified and personally surveyed 36 conventional housing projects containing a total of 5,640 units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 94.1%, a good rate for rental housing. Each rental housing segment surveyed is summarized as follows:

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	11	3,037	192	93.7%
Tax Credit	13	1,361	131	90.4%
Tax Credit/Government-Subsidized	8	733	0	100.0%
Market-rate/Tax Credit/Government-Subsidized	1	60	4	93.3%
Government-Subsidized	3	449	5	98.9%
Total	36	5,640	332	94.1%

All rental housing segments surveyed report overall occupancy rates of 90.4% or higher. Although the Tax Credit segment is reporting 131 vacant units, it is important to note that 102 (77.9%) of these vacant units are located at two poorly performing Tax Credit properties that are some of the oldest properties in the market, Admiral Pointe (Map ID 2) and Seven Oaks (Map ID 29), which were originally built in 1943 and 1958, respectively. Excluding these two properties, the combined occupancy rate of the remaining Tax Credit properties increases to 96.9%. Also note that the combined occupancy rate of the market-rate properties surveyed is heavily weighted among the vacancies located at Cottage Grove Apartments (Map ID 9), another poorly performing older property. Excluding this project, the combined occupancy rate of the remaining market-rate development increases to 96.3%. As such, the overall Newport News rental market is actually performing well.

**Tax Credit Property Disclosure:** In addition to the 22 Tax Credit properties surveyed, we also identified six properties within the Site PMA that operate under the Low-Income Housing Tax Credit (LIHTC) program that we were unable to survey at the time of this report. The known details of these projects based on previous surveys conducted by Bowen National Research in the Newport News area and from our review of the state Tax Credit allocation list are summarized in the following table:

Name	Location	Year Built/ Renovated	Total Units	Target Population	Occupancy at Last Survey
Medical Arts Senior Apartments	2901 West Ave.	2003	20	Seniors; 50% AMHI	90.0%; No Waitlist (June 2017)
Warwick SRO	2410 West Ave.	1994/2011	88	Homeless; 50% AMHI & Section 8	100.0%; 38 H.H. Waitlist (May 2017)
Lofts at Jefferson	558 28 <sup>th</sup> St.	2014	14	Family; 60% AMHI & Section 8	100.0%; 8 H.H. Waitlist (February 2019)
Jefferson Brookville (A)	815 28 <sup>th</sup> St.	2014	8	Family; 50% AMHI	100.0%; 1 H.H. Waitlist (January 2019)
Jefferson Brookville (B)	2701 Jefferson Ave.	2014	12	Family; 50% AMHI	100.0%; 226 H.H. Waitlist (January 2019)
Jefferson Brookville (C)	2501 Jefferson Ave.	2014	30	Family; 50% & PBRA	90.0%; No Waitlist (January 2019)

AMHI – Area Median Household Income

H.H. – Households

PBRA – Project-Based Rental Assistance

It is estimated that the five LIHTC projects we were unable to survey within the market offer a total of 58 non-subsidized LIHTC units, which have been included in our penetration rate analysis illustrated later in Section VII – *Capture Rate Analysis* of this report.

The following table summarizes the breakdown of market-rate and Tax Credit units surveyed within the Site PMA.

Market-Rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
Studio	1.0	52	1.7%	2	3.8%	\$509
One-Bedroom	1.0	940	30.9%	60	6.4%	\$863
Two-Bedroom	1.0	1,116	36.7%	106	9.5%	\$987
Two-Bedroom	1.5	225	7.4%	1	0.4%	\$1,260
Two-Bedroom	2.0	239	7.9%	5	2.1%	\$1,516
Two-Bedroom	2.5	65	2.1%	0	0.0%	\$1,375
Three-Bedroom	1.0	247	8.1%	16	6.5%	\$962
Three-Bedroom	1.5	3	0.1%	1	33.3%	\$1,459
Three-Bedroom	2.0	41	1.3%	0	0.0%	\$1,545
Three-Bedroom	2.5	87	2.9%	0	0.0%	\$1,605
Three-Bedroom	3.0	8	0.3%	1	12.5%	\$1,974
Four-Bedroom	1.5	20	0.7%	1	5.0%	\$1,245
<b>Total Market-Rate</b>		<b>3,043</b>	<b>100.0%</b>	<b>193</b>	<b>6.3%</b>	-
Tax Credit, Non-Subsidized						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	134	9.3%	8	6.0%	\$848
Two-Bedroom	1.0	736	50.8%	107	14.5%	\$875
Two-Bedroom	1.5	148	10.2%	3	2.0%	\$1,057
Two-Bedroom	2.0	192	13.3%	5	2.6%	\$1,168
Three-Bedroom	1.5	30	2.1%	5	16.7%	\$1,016
Three-Bedroom	2.0	143	9.9%	3	2.1%	\$1,295
Three-Bedroom	2.5	40	2.8%	0	0.0%	\$1,187
Four-Bedroom	1.5	25	1.7%	3	12.0%	\$1,176
<b>Total Tax Credit</b>		<b>1,448</b>	<b>100.0%</b>	<b>134</b>	<b>9.3%</b>	-

As the preceding table illustrates, the median gross Tax Credit rents are generally lower than the corresponding median gross market-rate rents. As such, Tax Credit product likely represents good values to low-income renters within the Newport News Site PMA.

The following is a distribution of non-subsidized units surveyed by year built for the Site PMA:

Year Built	Projects	Units	Vacancy Rate
Before 1970	11	2,056	13.1%
1970 to 1979	4	1,010	3.8%
1980 to 1989	1	184	0.0%
1990 to 1999	3	632	0.3%
2000 to 2009	1	40	0.0%
2010 to 2014	3	445	4.0%
2015	0	0	0.0%
2016	1	44	0.0%
2017	0	0	0.0%
2018	2	80	0.0%
2019*	0	0	0.0%

\*As of August

The highest vacancy rate by year built is within the properties built before 1970. As such, age may impact the marketability of a property, which bodes well for the new construction subject project. Notably, one non-subsidized Tax Credit property was added to the market in 2018 (Ada Park) and is 100.0% occupied. Based on information provided by management, this property opened in February of 2018 and reached 100.0% occupancy in March of 2018. This results in an average absorption rate of approximately 21 units per month, which is considered a rapid absorption rate and demonstrates significant demand for non-subsidized Tax Credit product in this market. In addition, Brennan Pointe II, a Tax Credit property offering both subsidized and non-subsidized Tax Credit units, opened in November of 2018 and reached a 100.0% occupancy rate in December 2018, reflective of an absorption rate of approximately 21 units per month. This further demonstrates the high demand for Tax Credit product in this market.

We rated each property surveyed on a scale of "A" through "F". All non-subsidized properties were rated based on quality and overall appearance (i.e. aesthetic appeal, building appearance, landscaping and grounds appearance). Following is a distribution by quality rating, units and vacancies.

<b>Market-Rate</b>			
<b>Quality Rating</b>	<b>Projects</b>	<b>Total Units</b>	<b>Vacancy Rate</b>
A	1	197	5.1%
B+	1	101	0.0%
B	5	1,159	0.6%
B-	3	749	4.4%
C+	2	837	17.1%
<b>Non-Subsidized Tax Credit</b>			
<b>Quality Rating</b>	<b>Projects</b>	<b>Total Units</b>	<b>Vacancy Rate</b>
B+	6	492	1.6%
B	5	526	11.8%
B-	3	310	20.0%
C+	1	120	1.7%

As illustrated in the preceding table, vacancies are the highest among the lower quality rental product surveyed. As such, it can be concluded that a correlation exists between quality and vacancies within the Newport News Site PMA. Considering that higher quality product is performing very well and the anticipated quality of the subject project (B+), this will contribute to its marketability.

### Government-Subsidized

We identified and surveyed 12 rental communities that offer government-subsidized units within the Newport News Site PMA. Generally, these properties have few amenities, are older and offer small unit sizes (square feet). The government-subsidized units (both with and without Tax Credits) in the Site PMA are summarized as follows:

<b>Subsidized Tax Credit</b>					
<b>Bedroom</b>	<b>Baths</b>	<b>Units</b>	<b>Distribution</b>	<b>Vacancy</b>	<b>% Vacant</b>
One-Bedroom	1.0	183	26.1%	0	0.0%
One-Bedroom	1.5	3	0.4%	0	0.0%
Two-Bedroom	1.0	242	34.6%	0	0.0%
Two-Bedroom	1.5	37	5.3%	0	0.0%
Three-Bedroom	1.0	24	3.4%	0	0.0%
Three-Bedroom	1.5	1	0.1%	0	0.0%
Three-Bedroom	2.0	174	24.9%	0	0.0%
Four-Bedroom	2.0	36	5.1%	0	0.0%
<b>Total Subsidized Tax Credit</b>		<b>700</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
<b>Government-Subsidized</b>					
<b>Bedroom</b>	<b>Baths</b>	<b>Units</b>	<b>Distribution</b>	<b>Vacancy</b>	<b>% Vacant</b>
One-Bedroom	1.0	146	32.5%	1	0.7%
Two-Bedroom	1.0	73	16.3%	0	0.0%
Two-Bedroom	1.5	146	32.5%	3	2.1%
Three-Bedroom	2.0	66	14.7%	1	1.5%
Four-Bedroom	2.0	18	4.0%	0	0.0%
<b>Total Subsidized</b>		<b>449</b>	<b>100.0%</b>	<b>5</b>	<b>1.1%</b>

The subsidized Tax Credit units are 100.0% occupied and the government-subsidized units are 98.9% occupied. These are strong occupancy levels and illustrates that high demand exists for additional very low-income rental housing in the market.

Additional information regarding the Newport News Site PMA apartment market is found in Section XII of this report.

### **B. SURVEY OF COMPARABLE/COMPETITIVE PROPERTIES**

#### Tax Credit

The proposed subject project will target general-occupancy (family) households earning up to 40%, 50% and 60% of Area Median Household Income (AMHI) under the Low-Income Housing Tax Credit (LIHTC) program. In addition, the subject project will also operate under the HUD Section 8 program with a direct subsidy available to 36 units. For the purpose of this analysis, however, we only select comparable *non-subsidized* LIHTC properties, as these properties provide the most accurate representation of achievable non-subsidized Tax Credit rents within the Newport News market. The subject development will also offer ten market-rate units, which will be evaluated later in the report.

Within the Site PMA, we identified and surveyed a total of 15 general-occupancy LIHTC properties which offer non-subsidized units in the Newport News market. Of these 15 LIHTC properties, we have selected the six most comparable properties based on unit types similar to those proposed for the subject project, in terms of bedroom type, targeted income level, age and quality.

These six LIHTC properties and the proposed subject development are summarized as follows. Information regarding property address, phone number, contact name and utility responsibility is included in the *Field Survey of Conventional Rentals*.

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
Site	<b>Carrier Point I and II</b>	<b>2021</b>	<b>73*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Families; 40%, 50% &amp; 60% AMHI</b>
1	Ada Park	2018	42	100.0%	5.8 Miles	40 HH	Families; 40%, 50%, & 60% AMHI
3	Brennan Pointe I	2016	44	100.0%	0.7 Miles	40 HH	Families; 40%, 50%, & 60% AMHI
4	Brennan Pointe II	2018	38*	100.0%	0.7 Miles	40 HH	Families; 50% & 60% AMHI
12	Heritage Forest I	2012	144	95.8%	1.5 Miles	None	Families; 40% & 60% AMHI
13	Heritage Forest II	2012	104	98.1%	1.7 Miles	None	Families; 40% & 60% AMHI
24	Noland Green Apts.	1920 / 2011	49*	94.4%	0.8 Miles	None	Families; 40% & 50% AMHI

OCC. – Occupancy

HH - Households

\*Non-subsidized Tax Credit units only

The six LIHTC projects have a combined occupancy rate of 97.4%, a strong rate for affordable housing. In fact, the three newest LIHTC developments within the market are 100.0% occupied and maintain a waiting list, illustrating that pent-up demand exists for additional affordable rental housing within the Newport News Site PMA. The subject development will be able to accommodate a portion of this unmet demand.

The gross rents for the most comparable LIHTC projects and the proposed LIHTC rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
Site	Carrier Point I and II	\$595*/40% (2) \$744*/50% (1) \$837/60% (22)	\$714*/40% (2) \$892*/50% (23) \$1,016/60% (13)	\$825*/405 (1) \$1,031*/50% (7) \$1,213/60% (2)	-
1	Ada Park	-	\$794/40% (5/0) \$962/50% (16/0) \$1,031/60% (9/0)	\$1,159/60% (12/0)	None
3	Brennan Pointe I	-	\$816/40% (3/0) \$981/50% (18/0) \$1,041/60% (7/0)	\$952/40% (2/0) \$1,137/50% (11/0) \$1,237/60% (3/0)	None
4	Brennan Pointe II	-	\$1,037/50% (10/0) \$1,057/60% (14/0)	\$1,205/50% (7/0) \$1,210/60% (7/0)	None
12	Heritage Forest I	\$625/40% (8/0) \$951/60% (10/0)	\$770/40% (7/0) \$1,168/60% (89/4)	\$1,301/60% (30/2)	None
13	Heritage Forest II	\$625/40% (2/0) \$951/60% (14/0)	\$770/40% (9/0) \$1,168/60% (57/1)	\$1,301/60% (22/1)	None
24	Noland Green Apts.	\$707/50% (10/0)	\$843/50% (30/3)	\$971/50% (9/0)	None

\*2019 maximum allowable LIHTC gross rent

The proposed subject gross LIHTC rents, ranging from \$595 to \$1,213, will be some of the lowest LIHTC rents targeting similar income levels within the market. This will position the subject project at a market advantage and will bode well for the demand of the subject units.

The following table identifies the comparable LIHTC properties that accept Housing Choice Vouchers, as well as the approximate number of units occupied by residents utilizing Housing Choice Vouchers:

Map I.D.	Project Name	Total Units	Number of Vouchers	Share of Vouchers
1	Ada Park	42	15	35.7%
3	Brennan Pointe I	44	N/A	-
4	Brennan Pointe II	38*	N/A	-
12	Heritage Forest I	144	72	50.0%
13	Heritage Forest II	104	59	56.7%
24	Noland Green Apts.	49*	7	14.3%
Total		339	153	45.1%

\*Non-subsidized Tax Credit units only

N/A – Not Available (units not included in total)

There are approximately 153 voucher holders residing at the comparable LIHTC properties within the market that provided such information. This comprises 45.1% of these 339 non-subsidized LIHTC units. This is considered a high share of voucher support and indicates that the subject development can likely rely on voucher support in its non-subsidized units. In addition, over half of the non-subsidized Tax Credit units among the comparable LIHTC properties are occupied by tenants which are paying the gross rents at these properties and indicates that the gross rents currently offered are achievable within the Newport News market and will serve as accurate benchmarks with which to compare the subject project.

The unit sizes (square footage) and number of bathrooms included in each of the different LIHTC unit types offered in the market are compared with the subject development in the following tables:

Map I.D.	Project Name	Square Footage		
		One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Carrier Point I and II</b>	<b>562</b>	<b>853</b>	<b>1,173 - 1,226</b>
1	Ada Park	-	884	1,100
3	Brennan Pointe I	-	1,130	1,560
4	Brennan Pointe II	883	883	1,130
12	Heritage Forest I	720	1,035	1,222
13	Heritage Forest II	720	1,035	1,222
24	Noland Green Apts.	525 - 565	685 - 740	885

Map I.D.	Project Name	Number of Baths		
		One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Carrier Point I and II</b>	<b>1.0</b>	<b>1.5</b>	<b>2.0</b>
1	Ada Park	-	2.0	2.0
3	Brennan Pointe I	-	1.5	2.0
4	Brennan Pointe II	1.5	1.5	2.0
12	Heritage Forest I	1.0	2.0	2.0
13	Heritage Forest II	1.0	2.0	2.0
24	Noland Green Apts.	1.0	1.5	1.5 - 2.0

The subject project will offer units sizes (square feet) and number of bathrooms that are competitive with the most comparable Tax Credit properties within the market and, as such, are considered appropriately positioned.

The following tables compare the appliances and the unit and project amenities of the subject site with existing Tax Credit properties in the market.



		Tax Credit Unit Amenities by Map ID						
		Site**	1	3	4	12	13	24
Appliances	Dishwasher	X	X	X	X	X	X	X
	Disposal	X	X	X	X	X	X	
	Icemaker					X	X	
	Microwave			X	X	X	X	
	Range	X	X	X	X	X	X	X
	Refrigerator	X	X	X	X	X	X	X
	No Appliances							
Unit Amenities	AC-Central	X	X	X	X	X	X	X
	AC-Other							
	Balcony	X		X	X	X	X	
	Deck / Patio	X		X	X	X	X	
	Basement							
	Ceiling Fan		X					X
	Controlled Access							
	E-Call System							
	Fireplace							
	Furnished							
	Security System							
	Sunroom							
	W/D Hookup	X	X	X	X			
	W/D					X	X	
	Walk-In Closet							
Window Treatments	X	X	X	X	X	X	X	
Flooring	Carpet	X	X	X	X	X	X	X
	Ceramic Tile							
	Composite (VCT)(LVT)	X						
	Hardwood							X
	Finished Concrete							
	Vinyl		X	X	X	X	X	
Upgraded	Wood Laminate		X					
	Premium Appliances							
	Premium Countertops							
	Premium Cabinetry							
	Premium Fixtures							
	High Ceilings							
	Vaulted Ceilings							
	Crown Molding							
Oversized Windows								
Parking	Attached Garage							
	Detached Garage							
	Surface Lot	X	X	X	X	X	X	X
	Carport							
	Property Parking Garage							
	Podium Parking							
No Provided Parking								

\*\* Proposed Site(s): Carrier Point I & II

X = All Units, S = Some Units, O = Optional with Fee

\* Details in Comparable Property Profile Report

Tax Credit Property Amenities by Map ID								
	Site**	1	3	4	12	13	24	
	Bike Racks / Storage					X		
	Business Center *						X	
	Car Care *							
	Common Patio							
	Community Garden							
Community Space	Activity / Craft Room							
	Chapel							
	Clubhouse				X	X		
	Conference Room							
	Community Kitchen		X					
	Community Room	X	X	X	X			
	Dining Room - Private							
	Dining Room - Public							
	Rooftop Lounge							
	Study Lounge							
	TV Lounge						X	X
	Concierge Service *					X	X	
	Convenience Amenities *							
Courtyard								
Covered Outdoor Area *			X					
Elevator	X		X	X			X	
Laundry Room		X	X				X	
Meals								
On-Site Management	X	X	X	X	X	X	X	
Pet Care *					X	X		
Recreation	Basketball							
	Bocce Ball							
	Firepit							
	Fitness Center				X	X	X	
	Grill				X	X		
	Game Room - Billiards							
	Hiking - Walking Trail							
	Hot Tub							
	Media Library							
	Media Room							
	Picnic Table				X	X	X	
	Playground			X	X	X	X	
	Putting Green							
	Racquetball							
	Shuffleboard							
	Sports Court							
	Swimming Pool - Indoor							
	Swimming Pool - Outdoor				X	X		
	Tennis							
Volleyball								
Security	CCTV				X	X	X	
	Courtesy Officer				X	X		
	Gated Community				X	X		
	Gated Parking							
	Police Substation							
	Social Services *							
	Storage - Extra							
	Water Feature				X	X		
WiFi								

\*\* Proposed Site(s): Carrier Point I & II

X = All Units, S = Some Units, O = Optional with Fee

\* Details in Comparable Property Profile Report

The proposed amenity package for the subject project is very competitive with those offered among the comparable general-occupancy LIHTC properties, both in terms of unit and project amenities. The subject property does not appear to lack any key amenities that would adversely impact its marketability as a LIHTC property within the Newport News Site PMA. This is particularly true when considering the high occupancy rates maintained among the comparable properties and the available Section 8 subsidy to be provided at the subject project.

Comparable/Competitive Tax Credit Summary

The six comparable general-occupancy LIHTC properties have a combined occupancy rate of 97.4%, with three of the newest LIHTC projects maintaining occupancy rates of 100.0% and waiting lists. The proposed subject project is expected to help alleviate a portion of this pent-up demand for additional general-occupancy LIHTC product. The subject’s proposed gross Tax Credit rents are some of the lowest targeting similar income levels, which will bode well for the demand of the subject units. In terms of design, the subject property will offer competitive unit sizes and amenities package. Based on the preceding factors, the subject project is considered marketable as proposed.

Market-Rate

Considering the proposed project will offer ten market-rate units, we have also provided a comparable market-rate analysis to assess the competitiveness of these units. We identified five comparable market-rate properties within the Site PMA, which are summarized in the following table, along with the subject site:

Map I.D.	Project Name	Year Built/ Renovated	Units	Occupancy Rate	Distance to Site	Rent Special
<b>Site</b>	<b>Carrier Point I and II</b>	<b>2021</b>	<b>10*</b>	-	-	-
5	Cambridge Apts.	1972 / 2004	465	99.6%	4.1 Miles	None
10	Hampstead Heath Luxury Homes	1977 / 2006	101	100.0%	5.4 Miles	None
11	Harper's Landing	1978 / 1996	296	87.8%	5.9 Miles	\$100 off rent; \$500 off 2 <sup>nd</sup> month's rent
20	Liberty Apts.	2013	197	94.9%	0.8 Miles	None
28	Riverlands Apts.	1992 / 2000	404	100.0%	2.6 Miles	None

\*Market-rate units only

The five selected market-rate projects have a combined total of 1,463 units with an overall occupancy rate of 96.7%, a good rate for rental housing. These occupancy rates are good indications that the selected market-rate projects have generally been well-received within the Newport News market and will serve as accurate benchmarks with which to compare the subject project. While Harper’s Landing (Map ID 11) is operating at a low occupancy rate of 87.8%, according to management, vacancies are attributed to an eviction sweep. The property is currently offering a rent concession of \$100 off monthly rent and \$500 off second month’s rent to alleviate its occupancy issues.



The gross rents for the comparable market-rate projects and the proposed market-rate rents at the subject site, as well as their unit mixes and vacancies by bedroom are listed in the following table:

Map I.D.	Project Name	Gross Rent (Number of Units/Vacancies)			
		Studio	One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Carrier Point I and II</b>	-	<b>\$1,007 (2)</b>	<b>\$1,195 (4)</b>	<b>\$1,558 (4)</b>
5	Cambridge Apts.	-	\$1,150 (73/0)	\$1,260-\$1,264 (317/2)	\$1,605 (75/0)
10	Hampstead Heath Luxury Homes	-	-	\$1,375 (65/0)	\$1,545-\$1,841 (36/0)
11	Harper's Landing	\$734-\$784 (16/2)	\$800-\$860 (56/7)	\$862-\$927 (176/21)	\$1,005-\$1,070 (48/6)
20	Liberty Apts.	-	\$1,200-\$1,240 (85/4)	\$1,555-\$1,595 (104/5)	\$1,949-\$1,999 (8/1)
28	Riverlands Apts.	-	\$875-\$915 (192/0)	\$1,050-\$1,130 (200/0)	\$1,355-\$1,415 (12/0)

The subject's proposed market-rate rents are competitively positioned among the comparable market-rate rents in the market. In fact, the subject's proposed market-rate rents are positioned below the newest comparable market-rate property, Liberty Apartments (Map ID 20), which will have a positive impact on its marketability.

The unit sizes (square footage) and number of bathrooms included in each of the different comparable market-rate unit types offered in the market are compared with the subject development in the following tables:

Map I.D.	Project Name	Square Footage			
		Studio	One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Carrier Point I and II</b>	-	<b>562</b>	<b>853</b>	<b>1,226</b>
5	Cambridge Apts.	-	700	850 - 1,200	1,500
10	Hampstead Heath Luxury Homes	-	-	1,332	1,250 - 1,724
11	Harper's Landing	450	650	900	1,050
20	Liberty Apts.	-	543 - 566	825 - 848	1,106 - 1,130
28	Riverlands Apts.	-	557 - 597	757 - 900	1,196 - 1,275

Map I.D.	Project Name	Number of Baths			
		Studio	One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Carrier Point I and II</b>	-	<b>1.0</b>	<b>1.5</b>	<b>2.0</b>
5	Cambridge Apts.	-	1.0	1.0 - 1.5	2.5
10	Hampstead Heath Luxury Homes	-	-	2.5	2.0 - 2.5
11	Harper's Landing	1.0	1.0	1.0	1.0
20	Liberty Apts.	-	1.0	2.0	3.0
28	Riverlands Apts.	-	1.0	1.0	2.0

The proposed development will be competitive with the existing comparable market-rate projects in the market based on unit size (square footage) and the number of baths offered.

Note that a further evaluation of the subject's amenities package compared to those offered at the selected market-rate projects is provided later in Section VI – *Achievable Market Rent Analysis* of this report.

### **C. PLANNED MULTIFAMILY DEVELOPMENT**

After several attempts, we were unable to reach local planning/building representatives with regards to rental communities within the development pipeline. However, through extensive online research, it was determined that there are three rental housing projects in the development pipeline within the Site PMA, which are summarized as follows:

- Whittaker Place, located at 1003 28<sup>th</sup> Street in Newport News, is an adaptive reuse project of a former hospital built in 1915. The apartments will target low- to moderate- income tenants. The developer, Whittaker Development II LLC, was allocated LIHTC 4% Bond financing in 2018. This project is expected to comprise 67 apartments in 14 studios, 42 one-bedroom units and 11 two-bedroom units. Renovations began in late 2018 and is expected to be complete in late fall 2019.
- Soundview Townhomes (Map ID 31), located at 827 41<sup>st</sup> Street in Newport News, is a former portion of a larger market-rate project built in 1969. A developer bought 250 of the 600 units at Meadowview Townhomes in 2017 and was allocated LIHTC funding for renovations under the Tax Credit program. The property now has one-, two-, three-, and four-bedroom units all set at 60% of AMHI with rents ranging from \$655 to \$960. There are still 125 units under complete renovation. For the community, a fitness center and business center are scheduled to open by the end of August 2019. Preleasing began in January 2019 and the first units opened in March 2019. As of the end of July 2019, the property was about 88% occupied within the 125 completed units. Estimated completion of the remaining 125 units was unknown at this time.
- John H. Ridley Place (Ridley Place Apartments), located at 811 C Taylor Avenue in Newport News, is currently a 259-unit Public Housing community. In May 2019, the city and the Newport News Redevelopment and Housing Authority (NNRHA) announced plans to demolish all 259 units and construct 487 new units, including moderate-income and market-rate homes. Current tenants will receive vouchers that have not been allocated yet. The new development is being named Ridley Place (Phase II).

Of the three rental projects within the pipeline, Whittaker Place and Soundview Townhomes will likely directly compete with the subject site. These properties have been considered in our demand estimates included in Section VII.

**D. ANTICIPATED IMPACT ON EXISTING TAX CREDIT PROPERTIES**

The anticipated occupancy rates of the existing and surveyed comparable/competitive Tax Credit developments during the first year of occupancy at the subject property are as follows:

Map I.D.	Project	Current Occupancy Rate	Anticipated Occupancy Rate Through 2021
1	Ada Park	100.0%	95.0% +
3	Brennan Pointe I	100.0%	95.0% +
4	Brennan Pointe II	100.0%	95.0% +
12	Heritage Forest I	95.8%	95.0% +
13	Heritage Forest II	98.1%	95.0% +
24	Noland Green Apts.	94.4%	93.0% +

The comparable/competitive LIHTC properties have a combined occupancy rate of 97.4%, three of which are 100.0% occupied and maintain a waiting list. This illustrates that pent-up demand exists for additional affordable rental housing within the Newport News Site PMA. Considering the depth of support (demand estimates) for the subject project and the existing properties, we do not anticipate the subject project having any adverse impact on future occupancy rates among existing comparable LIHTC product in the market. In fact, the subject property is expected to help alleviate a portion of the pent-up demand that exists for additional general-occupancy LIHTC product.

**E. BUY VERSUS RENT ANALYSIS**

According to ESRI, the median home value within the Site PMA was \$183,712. At an estimated interest rate of 4.5% and a 30-year term (and 95% LTV), the monthly mortgage for a \$183,712 home is \$1,105, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$183,712
Mortgaged Value = 95% of Median Home Price	\$174,526
Interest Rate - Bankrate.com	4.5%
Term	30
Monthly Principal & Interest	\$884
Estimated Taxes and Insurance*	\$221
Estimated Monthly Mortgage Payment	\$1,105

\*Estimated at 25% of principal and interest

In comparison, the collected Tax Credit rents for the subject property range from \$538 to \$1,125 per month. While it is possible that some potential tenants of the subject project could afford the monthly payments required to own a home in this market, the number that could also afford the down payment, routine maintenance costs, and/or utility costs associated with such a home is considered minimal. Further, the Section 8 subsidy to be provided at 36 units must also be considered, as tenants of these units will effectively pay only 30% of their income towards rent, rather than the proposed rents evaluated throughout this report. Based on the preceding factors, we do not anticipate any competitive impact on or from the homebuyer market.

## VI. Achievable Market Rent Analysis

### A. INTRODUCTION

As noted earlier in this report, we identified five market-rate properties within the Newport News Site PMA that we consider comparable in terms of unit and project amenities to the proposed subject development. These selected properties are used to derive market rent for a project with characteristics similar to the proposed subject development and the subject property's market advantage. It is important to note that, for the purpose of this analysis, we only select market-rate properties. Market-rate properties are used to determine rents that can be achieved in the open market for the proposed subject units without maximum income and rent restrictions.

The basis for the selection of these projects includes, but is not limited to, the following factors:

- Surrounding neighborhood characteristics
- Target market (seniors, families, disabled, etc.)
- Unit types offered (garden or townhouse, bedroom types, etc.)
- Building type (single-story, midrise, high-rise, etc.)
- Unit and project amenities offered
- Age and appearance of property

Since it is unlikely that any two properties are identical, we adjust the collected rent (the actual rent paid by tenants) of the selected properties according to whether or not they compare favorably with the subject development. Rents of projects that have additional or better features than the subject site are adjusted negatively, while projects with inferior or fewer features are adjusted positively. For example, if the proposed subject project does not have a washer or dryer and a selected property does, then we lower the collected rent of the selected property by the estimated value of a washer and dryer to derive an *achievable market rent* for a project similar to the proposed project.

The rent adjustments used in this analysis are based on various sources, including known charges for additional features within the Site PMA, estimates made by area property managers and realtors, quoted rental rates from furniture rental companies and Bowen National Research's prior experience in markets nationwide.



It is important to note that one or more of the selected properties may be more similar to the subject property than others. These properties are given more weight in terms of reaching the final achievable market rent determination. While monetary adjustments are made for various unit and project features, the final market rent determination is based upon the judgments of our market analysts.

The proposed subject development and the five selected properties include the following:

Map I.D.	Project Name	Year Built/ Renovated	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)			
					Studio	One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Carrier Point I and II</b>	<b>2021</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>27 (-)</b>	<b>42 (-)</b>	<b>14 (-)</b>
5	Cambridge Apts.	1972 / 2004	465	99.6%	-	73 (100.0%)	317 (99.4%)	75 (100.0%)
10	Hampstead Heath Luxury Homes	1977 / 2006	101	100.0%	-	-	65 (100.0%)	36 (100.0%)
11	Harper's Landing	1978 / 1996	296	87.8%	16 (87.5%)	56 (87.5%)	176 (88.1%)	48 (87.5%)
20	Liberty Apts.	2013	197	94.9%	-	85 (95.3%)	104 (95.2%)	8 (87.5%)
28	Riverlands Apts.	1992 / 2000	404	100.0%	-	192 (100.0%)	200 (100.0%)	12 (100.0%)

Occ. – Occupancy

The five selected market-rate projects have a combined total of 1,463 units with an overall occupancy rate of 96.7%, a good rate for rental housing. This indicates that these projects have generally been well received within the market and will serve as accurate benchmarks with which to compare the subject project. While Harper's Landing (Map ID 11) is operating at a low occupancy rate of 87.8%, according to management, vacancies are attributed to an eviction sweep. The property is currently offering a rent concession of \$100 off monthly rent and \$500 off second month's rent to alleviate its occupancy issues.

The Rent Comparability Grids on the following pages show the collected rents for each of the selected properties and illustrate the adjustments made (as needed) for various features and location or neighborhood characteristics, as well as quality differences that exist among the selected properties and the proposed subject development.

**Rent Comparability Grid**

Unit Type →

**ONE-BEDROOM**

<b>Subject</b>		<b>Comp #1</b>		<b>Comp #2</b>		<b>Comp #3</b>		<b>Comp #4</b>		<b>Comp #5</b>	
Carrier Point I and II		Cambridge Apts.		Hampstead Heath Luxury Homes		Harper's Landing		Liberty Apts.		Riverlands Apts.	
2700 & 2800 Jefferson Avenue		5109 Goldsboro Dr		1 Hampstead Heath Way		761 Adams Dr.		3201 Washington Ave		45 Riverlands Dr	
Newport News, VA		Newport News, VA		Hampton, VA		Newport News, VA		Newport News, VA		Newport News, VA	
<b>A. Rents Charged</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
1	\$ Last Rent / Restricted?	\$949		\$1,150		\$745		\$1,039		\$743	
2	Date Surveyed	Aug-19		Aug-19		Jul-19		Aug-19		Aug-19	
3	Rent Concessions	None		None		Yes (\$133)		None		None	
4	Occupancy for Unit Type	100%		100%		88%		95%		100%	
5	Effective Rent & Rent/ sq. ft	\$949	1.36	\$1,150	0.86	\$612	0.94	\$1,039	1.84	\$743	1.33
<b>B. Design, Location, Condition</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
6	Structure / Stories	EE/4		TH/2,3		WU/2		EE/4		WU/2,3	
7	Yr. Built/Yr. Renovated	2021		1972/2004	\$33	1977/2006	\$29	1978/1996	\$34	2013	\$8
8	Condition/Street Appeal	E		G	\$15	G	\$15	F	\$30	E	
9	Neighborhood	G		G		G		G		G	
10	Same Market?			Yes		Yes		Yes		Yes	
<b>C. Unit Equipment/ Amenities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
11	# Bedrooms	1		2	(\$50)	1		1		1	
12	# Baths	1		2.5	(\$45)	1		1		1	
13	Unit Interior Sq. Ft.	562	(\$42)	700	(\$42)	1332	(\$234)	650	(\$27)	566	(\$1)
14	Balcony/Patio	Y		Y		Y		N	\$5	N	\$5
15	AC: Central/Wall	C		C		C		C		C	
16	Range/Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	N/Y	(\$5)	Y/Y	(\$5)	N/Y		N/Y	(\$5)	Y/Y	(\$5)
18	Washer/Dryer	HU	\$5	L	\$5	HU		HU/L	(\$5)	W/D	(\$25)
19	Floor Coverings	C/V		C/V		C/V		C/L		C/V	
20	Window Treatments	Y		Y		Y		Y		Y	
21	Secured Entry	N		N		N		N		Y	(\$3)
22	Garbage Disposal	Y		Y		Y		N	\$5	Y	
23	Ceiling Fan/Storage	N/N	(\$5)	Y/N	(\$5)	Y/N	(\$5)	N/N		N/N	(\$5)
<b>D Site Equipment/ Amenities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		P-GAR	(\$30)
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Features	N		N		N		N		Y	(\$5)
27	Community Space	Y		Y		Y		N	\$5	Y	
28	Pool/Recreation Areas	N	(\$15)	P/F	(\$15)	P/F	(\$15)	N		P/F/S	(\$18)
29	Computer/Business Center	N	(\$3)	Y	(\$3)	N		N		Y	(\$3)
30	Picnic Area/Grills	N		N		N		N		N	
31	Playground	N	(\$3)	Y	(\$3)	N		Y	(\$3)	N	
32	Social Services	N		N		N		N		N	
<b>E. Utilities</b>		<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
33	Heat (in rent?/ type)	N/E		N/G		N/G		N/G		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/G		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/G		N/G		N/G		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/Sewer	N/Y		N/N	\$38	N/N	\$38	Y/Y	(\$21)	N/N	\$38
39	Trash/Recycling	Y/N		N/N	\$29	Y/N		Y/N		N/N	\$29
<b>F. Adjustments Recap</b>		<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>
40	# Adjustments B to D	3	6	2	5	5	3	2	8	7	3
41	Sum Adjustments B to D	\$53	(\$73)	\$44	(\$349)	\$79	(\$35)	\$13	(\$90)	\$67	(\$23)
42	Sum Utility Adjustments	\$67		\$38			(\$21)	\$67		\$38	
		<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>
43	Net/ Gross Adjmts B to E	\$47	\$193	(\$267)	\$431	\$23	\$135	(\$10)	\$170	\$82	\$128
<b>G. Adjusted &amp; Market Rents</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>	
44	Adjusted Rent (5+ 43)	\$996		\$883		\$635		\$1,029		\$825	
45	Adj Rent/Last rent		105%		77%		104%		99%		111%
46	Estimated Market Rent	\$965		\$1.72		← Estimated Market Rent/ Sq. Ft					

**Rent Comparability Grid**

Unit Type →

**TWO-BEDROOM**

<b>Subject</b>		<b>Comp #1</b>		<b>Comp #2</b>		<b>Comp #3</b>		<b>Comp #4</b>		<b>Comp #5</b>	
Carrier Point I and II		Cambridge Apts.		Hampstead Heath Luxury Homes		Harper's Landing		Liberty Apts.		Riverlands Apts.	
2700 & 2800 Jefferson Avenue		5109 Goldsboro Dr		1 Hampstead Heath Way		761 Adams Dr.		3201 Washington Ave		45 Riverlands Dr	
Newport News, VA		Newport News, VA		Hampton, VA		Newport News, VA		Newport News, VA		Newport News, VA	
<b>A. Rents Charged</b>	<b>Data</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
1	\$ Last Rent / Restricted?	\$1,019		\$1,150		\$795		\$1,339		\$903	
2	Date Surveyed	Aug-19		Aug-19		Jul-19		Aug-19		Aug-19	
3	Rent Concessions	None		None		Yes (\$133)		None		None	
4	Occupancy for Unit Type	99%		100%		88%		95%		100%	
5	Effective Rent & Rent/ sq. ft	\$1,019	1.20	\$1,150	0.86	\$662	0.74	\$1,339	1.58	\$903	1.00
<b>B. Design, Location, Condition</b>	<b>Data</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
6	Structure / Stories	EE/4		WU/2		TH/2,3		WU/2		EE/4	
7	Yr. Built/Yr. Renovated	2021		1972/2004	\$33	1977/2006	\$29	1978/1996	\$34	2013	\$8
8	Condition/Street Appeal	E		G	\$15	G	\$15	F	\$30	E	
9	Neighborhood	G		G		G		G		G	
10	Same Market?			Yes		Yes		Yes		Yes	
<b>C. Unit Equipment/ Amenities</b>	<b>Data</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
11	# Bedrooms	2		2		2		2		2	
12	# Baths	1.5	\$15	1	\$15	2.5	(\$30)	1	\$15	2	(\$15)
13	Unit Interior Sq. Ft.	853	\$1	850	\$1	1332	(\$129)	900	(\$13)	848	\$1
14	Balcony/Patio	Y		Y		Y		Y		N	\$5
15	AC: Central/Wall	C		C		C		C		C	
16	Range/Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	N/Y	(\$5)	Y/Y	(\$5)	N/Y		N/Y		Y/Y	(\$5)
18	Washer/Dryer	HU	\$5	L	\$5	HU		HU/L	(\$5)	W/D	(\$25)
19	Floor Coverings	C/V		C/V		C/V		C/L		C/V	
20	Window Treatments	Y		Y		Y		Y		Y	
21	Secured Entry	N		N		N		N		Y	(\$3)
22	Garbage Disposal	Y		Y		Y		N	\$5	Y	
23	Ceiling Fan/Storage	N/N	(\$10)	Y/Y	(\$10)	Y/N	(\$5)	N/N		N/N	
<b>D Site Equipment/ Amenities</b>	<b>Data</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		P-GAR	(\$30)
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Features	N		N		N		N		Y	(\$5)
27	Community Space	Y		Y		Y		N	\$5	Y	
28	Pool/Recreation Areas	N	(\$15)	P/F	(\$15)	P/F	(\$15)	N		P/F/S	(\$18)
29	Computer/Business Center	N	(\$3)	Y	(\$3)	N		N		Y	(\$3)
30	Picnic Area/Grills	N		N		N		N		N	
31	Playground	N	(\$3)	Y	(\$3)	N		Y	(\$3)	N	
32	Social Services	N		N		N		N		N	
<b>E. Utilities</b>	<b>Data</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>	<b>Data</b>	<b>\$ Adj</b>
33	Heat (in rent?/ type)	N/E		N/G		N/G		N/G		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/G		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/G		N/G		N/G		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/Sewer	N/Y	\$58	N/N	\$58	N/N	\$58	Y/Y	(\$29)	N/N	\$58
39	Trash/Recycling	Y/N	\$29	N/N	\$29	Y/N		Y/N		N/N	\$29
<b>F. Adjustments Recap</b>	<b>Pos</b>	<b>Neg</b>		<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>	<b>Pos</b>	<b>Neg</b>
40	# Adjustments B to D	5	5	2	4	5	3	3	8	7	4
41	Sum Adjustments B to D	\$69	(\$36)	\$44	(\$179)	\$89	(\$21)	\$14	(\$104)	\$80	(\$36)
42	Sum Utility Adjustments	\$87		\$58			(\$29)	\$87		\$58	
		<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>
43	Net/ Gross Adjmts B to E	\$120	\$192	(\$77)	\$281	\$39	\$139	(\$3)	\$205	\$102	\$174
<b>G. Adjusted &amp; Market Rents</b>	<b>Adj. Rent</b>	<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>		<b>Adj. Rent</b>	
44	Adjusted Rent (5+ 43)	\$1,139		\$1,073		\$701		\$1,336		\$1,005	
45	Adj Rent/Last rent		112%		93%		106%		100%		111%
46	Estimated Market Rent	\$1,140		\$1.34 ←		Estimated Market Rent/ Sq. Ft					

**Rent Comparability Grid**

Unit Type →

**THREE-BEDROOM  
(GARDEN)**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Carrier Point I and II		Cambridge Apts.		Hampstead Heath Luxury Homes		Harper's Landing		Liberty Apts.		Riverlands Apts.	
2700 & 2800 Jefferson Avenue		5109 Goldsboro Dr		1 Hampstead Heath Way		761 Adams Dr.		3201 Washington Ave		45 Riverlands Dr	
Newport News, VA		Newport News, VA		Hampton, VA		Newport News, VA		Newport News, VA		Newport News, VA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,314		\$1,285		\$920		\$1,690		\$1,075	
2	Date Surveyed	Aug-19		Aug-19		Jul-19		Aug-19		Aug-19	
3	Rent Concessions	None		None		Yes (\$133)		None		None	
4	Occupancy for Unit Type	100%		100%		88%		88%		100%	
5	Effective Rent & Rent/ sq. ft	\$1,314	0.88	\$1,285	1.03	\$787	0.75	\$1,690	1.50	\$1,075	0.90
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	EE/4		WU/2,3		WU/2		EE/4		WU/2,3	
7	Yr. Built/Yr. Renovated	2021	\$33	1977/2006	\$29	1978/1996	\$34	2013	\$8	1992/2000	\$25
8	Condition/Street Appeal	E	\$15	G	\$15	F	\$30	E		G	\$15
9	Neighborhood	G		G		G		G		G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	3		3		3		3		3	
12	# Baths	2	(\$15)	2		1	\$30	3	(\$30)	2	
13	Unit Interior Sq. Ft.	1173	(\$84)	1250	(\$20)	1050	\$32	1130	\$11	1196	(\$6)
14	Balcony/Patio	Y		Y		Y		N	\$5	N	\$5
15	AC: Central/Wall	C		C		C		C		C	
16	Range/Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	N/Y	(\$5)	Y/Y	(\$5)	N/Y		Y/Y	(\$5)	N/N	\$10
18	Washer/Dryer	HU	\$5	HU		HU/L	(\$5)	W/D	(\$25)	L	\$5
19	Floor Coverings	C/V		C/V		C/L		C/V		C/V	
20	Window Treatments	Y		Y		Y		Y		Y	
21	Secured Entry	N		N		N		Y	(\$3)	N	
22	Garbage Disposal	Y		Y		N	\$5	Y		N	\$5
23	Ceiling Fan/Storage	N/N	(\$5)	Y/N	(\$5)	N/N		N/N		Y/N	(\$5)
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		P-GAR	(\$30)	LOT/\$0	
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Features	N		N		N		Y	(\$5)	N	
27	Community Space	Y		Y		N	\$5	Y		N	\$5
28	Pool/Recreation Areas	N	(\$15)	P/F	(\$15)	N		P/F/S	(\$18)	P/F	(\$15)
29	Computer/Business Center	N	(\$3)	N		N		Y	(\$3)	N	
30	Picnic Area/Grills	N		N		N		N		Y	(\$3)
31	Playground	N	(\$3)	N		Y	(\$3)	N		N	
32	Social Services	N		N		N		N		N	
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/E		N/G		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/G		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/G		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/Sewer	N/Y	\$74	N/N	\$74	Y/Y	(\$36)	N/N	\$74	N/N	\$74
39	Trash/Recycling	Y/N	\$29	Y/N		Y/N		N/N	\$29	Y/N	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	3	7	2	4	6	2	3	8	7	4
41	Sum Adjustments B to D	\$53	(\$130)	\$44	(\$45)	\$136	(\$8)	\$24	(\$119)	\$70	(\$29)
42	Sum Utility Adjustments	\$103		\$74			(\$36)	\$103		\$74	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$26	\$286	\$73	\$163	\$92	\$180	\$8	\$246	\$115	\$173
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,340		\$1,358		\$879		\$1,698		\$1,190	
45	Adj Rent/Last rent		102%		106%		112%		100%		111%
46	Estimated Market Rent	\$1,550		\$1.32		← Estimated Market Rent/ Sq. Ft					

**Rent Comparability Grid**

Unit Type →

**THREE-BEDROOM  
(TOWNHOME)**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Carrier Point I and II		Cambridge Apts.		Hampstead Heath Luxury Homes		Harper's Landing		Liberty Apts.		Riverlands Apts.	
2700 & 2800 Jefferson Avenue		5109 Goldsboro Dr		1 Hampstead Heath Way		761 Adams Dr.		3201 Washington Ave		45 Riverlands Dr	
Newport News, VA		Newport News, VA		Hampton, VA		Newport News, VA		Newport News, VA		Newport News, VA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,314		\$1,285		\$920		\$1,690		\$1,135	
2	Date Surveyed	Aug-19		Aug-19		Jul-19		Aug-19		Aug-19	
3	Rent Concessions	None		None		Yes (\$133)		None		None	
4	Occupancy for Unit Type	100%		100%		88%		88%		100%	
5	Effective Rent & Rent/ sq. ft	\$1,314	0.88	\$1,285	1.03	\$787	0.75	\$1,690	1.50	\$1,135	0.89
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	TH/2		WU/2,3		WU/2		EE/4		WU/2,3	
7	Yr. Built/Yr. Renovated	2021	\$33	1977/2006	\$29	1978/1996	\$34	2013	\$8	1992/2000	\$25
8	Condition/Street Appeal	E	\$15	G	\$15	F	\$30	E		G	\$15
9	Neighborhood	G		G		G		G		G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	3		3		3		3		3	
12	# Baths	2	(\$15)	2.5	(\$15)	1	\$30	3	(\$30)	2	
13	Unit Interior Sq. Ft.	1226	(\$70)	1500	(\$6)	1050	\$45	1130	\$25	1275	(\$13)
14	Balcony/Patio	Y		Y		Y		N	\$5	Y	
15	AC: Central/Wall	C		C		C		C		C	
16	Range/Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	N/Y	(\$5)	Y/Y		N/Y		Y/Y	(\$5)	N/N	\$10
18	Washer/Dryer	HU	\$5	L		HU/L	(\$5)	W/D	(\$25)	L	\$5
19	Floor Coverings	C/V		C/V		C/L		C/V		C/V	
20	Window Treatments	Y		Y		Y		Y		Y	
21	Secured Entry	N		N		N		Y	(\$3)	N	
22	Garbage Disposal	Y		Y		N	\$5	Y		N	\$5
23	Ceiling Fan/Storage	N/N	(\$5)	Y/N	(\$5)	N/N		N/N		Y/N	(\$5)
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		P-GAR	(\$30)	LOT/\$0	
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Features	N		N		N		Y	(\$5)	N	
27	Community Space	Y		Y		N	\$5	Y		N	\$5
28	Pool/Recreation Areas	N	(\$15)	P/F	(\$15)	N		P/F/S	(\$18)	P/F	(\$15)
29	Computer/Business Center	N	(\$3)	Y		N		Y	(\$3)	N	
30	Picnic Area/Grills	N		N		N		N		Y	(\$3)
31	Playground	N	(\$3)	Y		N	(\$3)	N		N	
32	Social Services	N		N		N		N		N	
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/G		N/G		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/G		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/G		N/G		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/Sewer	N/Y	\$74	N/N	\$74	Y/Y	(\$36)	N/N	\$74	N/N	\$74
39	Trash/Recycling	Y/N	\$29	N/N	\$29	Y/N		N/N	\$29	Y/N	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	3	7	2	4	6	2	3	8	6	4
41	Sum Adjustments B to D	\$53	(\$116)	\$44	(\$41)	\$149	(\$8)	\$38	(\$119)	\$65	(\$36)
42	Sum Utility Adjustments	\$103		\$74			(\$36)	\$103		\$74	
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$40	\$272	\$77	\$159	\$105	\$193	\$22	\$260	\$103	\$175
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,354		\$1,362		\$892		\$1,712		\$1,238	
45	Adj Rent/Last rent		103%		106%		113%		101%		109%
46	Estimated Market Rent	\$1,565		\$1.28		← Estimated Market Rent/ Sq. Ft					

Once all adjustments to collected rents were made, the adjusted rents for each comparable were used to derive an achievable market rent for each bedroom type. Each property was considered and weighed based upon its proximity to the subject site and its amenities and unit layout compared to the subject site.

Based on the preceding Rent Comparability Grids, it was determined that the present-day achievable market rents for units similar to the proposed subject development are \$965 for a one-bedroom unit, \$1,140 for a two-bedroom unit and \$1,550 to \$1,565 for a three-bedroom unit, which are illustrated as follows:

Bedroom Type	Proposed Collected Rent (AMHI)	Achievable Market Rent	Market Rent Advantage
One-Br.	\$538* (40%)	\$965	44.2%
	\$687* (50%)		28.8%
	\$780 (60%)		19.2%
	\$950 (MR)		1.6%
Two-Br.	\$643* (40%)	\$1,140	43.6%
	\$821* (50%)		28.0%
	\$945 (60%)		17.1%
	\$1,124 (MR)		1.4%
Three-Br.	\$737* (40%)	\$1,550 (Garden) \$1,565 (Townhome)	52.5%
	\$943* (50%)		39.7%-39.2%
	\$1,125 (60%)		28.1%
	\$1,450 (MR)		7.3%

\*Maximum allowable gross rent less tenant-paid utilities

MR – Market-Rate

Typically, Tax Credit rents are set 10% or more below achievable market rents to ensure that the project will represent a value and have a sufficient flow of tenants. Therefore, the subject’s proposed Tax Credit rents, which represent market rent advantages of between 17.1% and 52.5%, are considered appropriate and should represent good values within the Newport News market. It is also important to reiterate that the subject project will operate with a project-based Section 8 subsidy available to 36 units. Thus, many of the units at the property will represent an even greater value than that reflected by the market rent advantages in the preceding table, as these tenants will pay only 30% of their income towards rent, rather than the proposed rents evaluated throughout this report. Additionally, the subject’s market-rate rents are anticipated to represent good values to renters, as they also represent positive rent advantages. This will contribute to the subject’s marketability.



**B. Rent Adjustment Explanations (Rent Comparability Grid)**

None of the selected properties offer the same amenities as the subject property. As a result, we have made adjustments to the collected rents to reflect the differences between the subject property and the selected properties. The following are explanations (preceded by the line reference number on the comparability grid table) for each rent adjustment made to each selected property.

1. Rents for each property are reported as collected rents. These are the actual rents paid by tenants and do not consider utilities paid by tenants. The rents reported are typical and do not consider rent concessions or special promotions.
3. One of the selected market-rate properties, Harper's Landing (Comp #3), is offering a rent special on available units. This rent concession has been prorated and deducted from this property's quoted rents, yielding its effective rents (line 5).
7. The subject project will be complete in 2021. Comparatively, the selected properties were built between 1972 and 2013; however, some of these properties have been renovated. We have adjusted the rents at the selected properties by \$1 per year of age difference to reflect the age of these properties.
8. It is anticipated that the proposed subject project will have an excellent quality finish/street appeal once construction is complete. We have made adjustments for those properties that we consider to be of inferior quality compared to the subject development.
11. Each of the selected market-rate properties offer two- and three-bedroom units. However, not all of the selected properties offer one-bedroom units, similar to the subject project. As such, we have used the two-bedroom units at one of the selected properties, Hampstead Heath Luxury Homes (Comp #2), and applied a negative adjustment of \$50 to reflect the lack of an additional defined bedroom at the subject project as compared to this comparable property.
12. There is a variety of the number of bathrooms offered at each of the selected properties. We have made adjustments of \$15 per half bathroom to reflect the difference in the number of bathrooms offered at the site as compared with the comparable properties.

13. The adjustment for differences in square footage is based upon the average rent per square foot among the comparable properties. Since consumers do not value extra square footage on a dollar for dollar basis, we have used 25% of the average for this adjustment.
- 14.-23. The proposed subject project will offer a unit amenity package generally similar to the selected properties. We have made, however, numerous adjustments for features lacking at the selected properties, and in some cases, we have made adjustments for features the subject property does not offer.
- 24.-32. The proposed project offers a limited project amenities package. We have made monetary adjustments to reflect the difference between the proposed project's and the selected properties' project amenities.
- 33.-39. We have made adjustments to reflect the differences in utility responsibility at each selected property. The utility adjustments were based on the local housing authority's utility cost estimates.



## VII. Capture Rate Analysis

### A. DETERMINATION OF INCOME ELIGIBILITY

The number of income-eligible households necessary to support the project from the Site PMA is an important consideration in evaluating the proposed subject project's potential.

Under the Low-Income Housing Tax Credit program (LIHTC), household eligibility is based on household income not exceeding the targeted percentage of Area Median Household Income (AMHI), depending upon household size.

The subject site is within the Virginia Beach-Norfolk-Newport News, Virginia-North Carolina HUD Metro FMR Area, which has a median four-person household income of \$79,300 for 2019. The subject property will be restricted to households with incomes of up to 40%, 50% and 60% of AMHI. Note that the subject project will also offer market-rate units that will have no income restrictions. The following table summarizes the maximum allowable income by household size and income level:

Household Size	Targeted AMHI Maximum Allowable Income		
	40%	50%	60%
One-Person	\$22,240	\$27,800	\$33,360
Two-Person	\$25,400	\$31,750	\$38,100
Three-Person	\$28,560	\$35,700	\$42,840
Four-Person	\$31,720	\$39,650	\$47,580
Five-Person	\$34,280	\$42,850	\$51,420
Six-Person	\$36,800	\$46,000	\$55,200

#### 1. Maximum Income Limits

The largest proposed units (three-bedroom) at the subject site are expected to house up to five-person households. As such, the maximum allowable income for the subject's LIHTC units is **\$51,420**.

#### 2. Minimum Income Requirements

Leasing industry standards typically require households to have rent-to-income ratios of 27% to 40%. Pursuant to VHDA market study guidelines, the maximum rent-to-income ratio permitted for family projects is 35%, while elderly projects have a 40% rent-to-income ratio.

The lowest proposed LIHTC rent at the subject site is \$595 (maximum allowable rent for a one-bedroom unit at 40% of AMHI). Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$7,140. Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement of **\$20,400**.

Utilizing the same methodology, but assuming a lower rent-to-income ratio of 30% (typical of unrestricted market-rate product), the subject's market-rate units require a minimum annual household income requirement of **\$40,280**. However, as this overlaps with the income requirements of the subject's LIHTC units, we have conservatively assumed a minimum income requirement of \$51,421 (\$1 over the maximum allowable income for the subject's LIHTC units) for the subject's market-rate units.

**3. Income-Appropriate Range**

Based on the preceding analyses, the income-appropriate ranges by targeted income level are illustrated as follows:

Unit Type	Income Range	
	Minimum	Maximum
Tax Credit (Limited to 40% of AMHI)	\$20,400	\$34,280
Tax Credit (Limited to 50% of AMHI)	\$25,509	\$42,850
Tax Credit (Limited to 60% of AMHI)	\$30,617	\$51,420
<b>Overall Tax Credit</b>	<b>\$20,400</b>	<b>\$51,420</b>
<b>Market-Rate</b>	<b>\$51,421</b>	<b>-</b>

**B. CAPTURE RATE CALCULATIONS**

Per VHDA market study requirements, analysts are required to use net demand in calculating capture rates and the absorption period. Net demand is determined by subtracting the supply of vacant comparable units in the PMA, completed or pipeline, from Total Demand. Total Demand includes New Renter Household Growth and Demand from Existing Households (defined below).

The following are the demand components as outlined by Virginia Housing Development Authority (VHDA):

1. **Demand from New Renter Households.** *Determine demand for new units in the Primary Market Area based on projected rental household growth. This is to be determined using 2019 as the base year and projecting forward to 2021, per VHDA guidelines. The projected population must be limited to the target group, age- and income-*



*appropriate. Demand for each target group must be shown separately, as reflected in the market study requirements. Demand estimates for proposals for elderly developments must be derived from household population age 65 and older. In instances where a significant number of proposed units (more than 20%) are comprised on three- and four-bedroom units, the analyst must refine the analysis by factoring in the number of large households, typically four or more persons. Failure to account for this may result in overstated demand.*

2. **Demand from Existing Households:** *The sum of demand from rental household growth and demand from all components of existing households will constitute **Total Demand**. The demand components from existing households are detailed below:*

a) **Rent overburdened households, if any, within the age group, income groups and renters targeted for the proposed development.** *“Overburdened” is defined by VHDA as households paying more than 35% of gross income (40% if elderly) for gross rent. Analysts are encouraged to be conservative in this regard.*

Based on the American Community Survey (ACS) 5-Year Estimates (Table B25074), 2.3% to 62.3% of households, depending upon income level, within the Site PMA are considered to be rent overburdened.

b) **Households in substandard housing (i.e. overcrowded and/or lack of plumbing: Must be age and income group appropriate.** *Analysts must use their knowledge of the market area and the proposed development to determine if demand from this source is realistic. Analysts are encouraged to be conservative in this regard.*

Based on the American Community Survey (ACS) 5-Year Estimates (Table B25016), approximately 6.2% of all renter households within the Site PMA are living in substandard housing. Considering the targeted low-income tenant base, this estimate is considered appropriate for the area.

c) **Elderly Homeowners likely to convert to rental housing:** *This component may not comprise more than 20% of total demand. The analyst must provide a narrative describing how these numbers were derived. Analysts are encouraged to be conservative in this regard.*

Not applicable; subject site is general-occupancy.

- d) **Existing qualifying tenants likely to remain after renovations:**  
*This component of demand applies only to existing developments undergoing rehabilitations.*

The sum of demand from rental household growth and demand from all components of existing households will constitute total demand.

### C. DEMAND/CAPTURE RATE CALUCLATIONS

As discussed in *Section V*, we identified and surveyed six directly comparable LIHTC projects in the Site PMA. Among these projects, there are 11 directly comparable (similar bedroom type and targeted income level) vacant units currently being marketed. The unit breakdowns of these vacant Tax Credit units are illustrated in the following table. Also note that are 317 general-occupancy Tax Credit units in the development pipeline. Further, out of the 1,463 comparable market-rate units, 46 are vacant and directly comparable and have been factored in our demand analysis of the subject's market-rate units. The unit breakdowns of these Tax Credit and market-rate units are illustrated in the following tables:

Map I.D.	Project Name	Year Built/Allocated	LIHTC Units	Directly Comparable LIHTC Units* at Targeted AMHI (Vacant Units)		
				40% AMHI	50% AMHI	60% AMHI
1	Ada Park	2018	42	5 (0)	16 (0)	21 (0)
3	Brennan Pointe I	2016	44	5 (0)	29 (0)	10 (0)
4	Brennan Pointe II	2018	38**	-	17 (0)	21 (0)
12	Heritage Forest I	2012	144	15 (0)	-	129 (6)
13	Heritage Forest II	2012	104	11 (0)	-	93 (2)
24	Noland Green Apts.	1920 / 2011	49**	-	49 (3)	
P/P	Soundview Townhomes	2017	250	-	-	250
P/P	Whittaker Place	2018	67	-	-	59

\*Directly comparable units are those that are of similar bedroom type and targeted income level as the subject site

\*\*Non-subsidized Tax Credit units only

P/P – Planned/Proposed

Directly Comparable Market Rate Units* by Bedroom (Vacant Units)						
Map I.D.	Project Name	Year Built / Renovated	Units	One-Br.	Two-Br.	Three-Br.
5	Cambridge Apts.	1972 / 2004	465	73 (0)	317 (2)	75 (0)
10	Hampstead Heath Luxury Homes	1977 / 2006	101	-	65 (0)	36 (0)
11	Harper's Landing	1978 / 1996	296	56 (7)	176 (21)	48 (6)
20	Liberty Apts.	2013	197	85 (4)	104 (5)	8 (1)
28	Riverlands Apts.	1992 / 2000	404	192 (0)	200 (0)	12 (0)

\*Directly comparable units are those that are of similar bedroom type

These directly comparable vacant Tax Credit and market-rate units have been subtracted from the total demand in the following analysis to determine the net demand.

The following is a summary of our demand calculations:

Demand Component	40% AMHI (\$20,400-\$34,280)	50% AMHI (\$25,509-\$42,850)	60% AMHI (\$30,617-\$51,420)	Overall LIHTC (\$20,400-\$51,420)	Market-Rate Only (\$51,421+)
Demand from New Rental Households (Income-Appropriate)	3,972 - 4,042 = -70	4,524 - 4,607 = -83	4,841 - 4,902 = -61	7,888 - 7,997 = -109	5,061 - 5,002 = 59
+					
Demand from Existing Households (Rent Overburdened)	4,042 X 62.3% = 2,519	4,607 X 47.9% = 2,205	4,902 X 33.3% = 1,635	7,997 X 44.9% = 3,594	5,002 X 2.3% = 115
+					
Demand from Existing Households (Renters in Substandard Housing)	4,042 X 6.2% = 249	4,607 X 6.2% = 283	4,902 X 6.2% = 301	7,997 X 6.2% = 492	5,002 X 6.2% = 308
+					
Demand from Existing Households (Elderly Homeowner Conversion)	N/A	N/A	N/A	N/A	N/A
=					
Total Demand	2,698	2,405	1,875	3,977	482
-					
Supply (Directly Comparable Vacant Units Completed or In the Pipeline)	0	3	317	320	46
=					
Net Demand	2,698	2,402	1,558	3,657	436
Proposed Units	5	31	37	73	10
Proposed Units / Net Demand	5 / 2,698	31 / 2,402	37 / 1,558	73 / 3,657	10 / 436
Capture Rate	= 0.2%	= 1.3%	= 2.4%	= 2.0%	= 2.3%
Total Absorption Period	< 1 Month	3 Months	4 Months	7 Months	< 1 Month

N/A-Not Applicable

Overall, the capture rates by targeted income level are considered very low and easily achievable, ranging from 0.2% to 2.4%. The overall LIHTC capture rate of 2.0% is also considered very low and easily achievable, illustrating that a substantial base of demographic support will exist for the subject development.

#### **D. PENETRATION RATE CALCULATIONS**

The 1,863 existing and planned non-subsidized Tax Credit units in the market must also be considered when evaluating the achievable penetration rate for the subject development. Based on the same calculation process used for the subject site, the income-eligible range for the existing and planned Tax Credit units is \$20,400 to \$55,200. Based on the Demographic Characteristics and Trends of household incomes for the Site PMA, there will be an estimated 8,432 renter households with eligible incomes in 2021. The 1,936 existing, planned and proposed subject Tax Credit units represent a penetration rate of 23.0% of the 8,432 income-eligible renter households, which is summarized in the table on the following page.

	Market Penetration
Number of LIHTC Units (Existing, Planned & Proposed)	1,936
Income-Eligible Renter Households – 2021	/ 8,432
Overall Market Penetration Rate	= 23.0%

It is our opinion that the 23.0% penetration rate for the LIHTC units, existing, planned and proposed subject, is low and achievable.

*Please note that penetration rates are not provided for market-rate units.*

#### **E. SUPPORT FROM HOUSING CHOICE VOUCHER HOLDERS**

According to a representative with the Newport News Housing and Redevelopment Authority, there are approximately 2,566 Housing Choice Voucher holders within the housing authority’s jurisdiction, and 966 households currently on the waiting list for additional Vouchers. The waiting list is closed, and it is unknown when it will reopen. Annual turnover is estimated at 180 households. This reflects the continuing need for Housing Choice Voucher assistance.

If the rents do not exceed the payment standards established by the local housing authority, households with Housing Choice Vouchers may be willing to reside at a LIHTC project. Established by the Newport News Housing and Redevelopment Authority, the local payment standards, as well as the proposed subject gross LIHTC rents, are summarized in the following table:

Bedroom Type	Payment Standards	Proposed Tax Credit Gross Rents (AMHI)
One-Bedroom	\$957	\$595* (40%)
		\$744* (50%)
		\$837 (60%)
Two-Bedroom	\$1,149	\$714* (40%)
		\$892* (50%)
		\$1,016 (60%)
Three-Bedroom	\$1,609	\$825* (40%)
		\$1,031* (50%)
		\$1,213 (60%)

\*2019 maximum allowable LIHTC gross rent

As the preceding table illustrates, all of the proposed LIHTC gross rents are below the local payment standards. As such, the subject project will be able to rely on support from Housing Choice Voucher holders. This will increase the demographic base of potential support for the proposed development and has been considered in our absorption projections.

## **F. ABSORPTION PROJECTIONS**

Considering the facts contained in the market study, as well as the preceding factors, and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the proposed subject development. It is our opinion that the proposed 73 LIHTC units at the subject site will reach a stabilized occupancy of 93% within five months of opening. This absorption rate is based on an average monthly absorption rate of 13 units per month. It is anticipated that the subject's ten market-rate units will stabilize in less than one month. Note that these absorption projections assume the proposed project will operate with a subsidy available to 36 of the units. In the unlikely scenario the subject project did not operate with a subsidy available to 36 units, the proposed project will likely experience a slightly extended absorption period of approximately seven months, which is reflective of an absorption rate of ten units per month.

These absorption projections assume a 2021 opening date. A different opening may have a slowing impact on the absorption potential for the subject project. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, unit design, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and continue to monitor market conditions during the project's initial lease-up period. Note that Voucher support has also been considered in determining these absorption projections and that these absorption projections may vary depending upon the amount of Voucher support the subject development receives.

## VIII. Local Perspective (Interviews)

We conducted numerous interviews with local sources familiar with the Newport News area and the housing, economic and/or demographic characteristics that impact the need for affordable housing. These include, but are not limited to, interviews with local planning and building department representatives, local chamber of commerce and/or economic development officials, housing authority representatives, local real estate professionals and/or apartment managers.

Summaries of key interviews regarding the need for affordable rental housing within the area follow:

- Angela York, the Executive Director of THRIVE, a non-profit organization that administers to the physical, economic, educational, emotional and spiritual needs of the southern peninsula, stated that there is a need for more affordable rental housing for families in the Newport News area. Ms. York added that they receive 80 to 120 requests a week for rental assistance. The rents in Newport News are also typically too high and many low-income renters in the area cannot afford them. Many working people are at risk of or become homeless because of the lack of affordable and safe housing.
- Austin Shekoski, Property Manager of Chestnut Square (Map ID 7), a Tax Credit property within the Site PMA, stated that there is a need for more new affordable housing in the area, as many applicants ask about the availability of such housing. She specifically cited the neighboring southern areas of Hampton as needing newer affordable housing. Ms. Shekoski also explained that her property currently has a waitlist of 30 households and the area's Section 8 program has been closed for years, further exacerbating the need for affordable housing.
- Brianna Moore, Leasing Consultant at Newport Harbour Apartments (Map ID 23), a Tax Credit and Section 8 property in the Site PMA, believes that there is a need for more affordable housing in the area, stressing that very low-income applicants have difficulty securing housing. While she acknowledged the convenient accessibility of the area, Ms. Moore also acknowledged that affordability is the key factor for most of her tenants. Ms. Moore's property currently carries a waitlist of 178 households.



## IX. Analysis & Conclusions

Based on the findings of this report, a market exists for the subject property and the project is considered marketable as proposed.

The proposed subject property will consist of the new construction of an 83-unit rental property. Note that 73 of these units will operate under the Tax Credit program (36 Section 8) and ten units will operate as unrestricted market-rate units. The subject site neighborhood is primarily comprised of well-maintained structures. The proposed site is also within proximity of numerous community services, as well as public transportation.

The subject property will offer general-occupancy units which will operate under the Tax Credit program, a product type that is clearly in high demand given the 100.0% occupancy rates and waiting lists maintained among many of the existing Tax Credit properties surveyed. The subject's proposed rents are some of the lowest within the market and the property will be very competitive in terms of overall design and amenities offered. Note that while the subject's proposed Tax Credit rents are considered appropriate and marketable, 36 units at the property will also operate with a project-based Section 8 subsidy. This will require tenants of these units to pay only 30% of their income towards rent, rather than the proposed rents evaluated throughout the report. The available subsidy to be provided will further ensure the subject project represents a value within the Site PMA.

Although the overall population and household bases within the market are projected to slightly decline between 2019 and 2024, approximately 70.0% of all renter households are projected to earn below \$50,000 in 2024. The subject's overall Tax Credit capture rate of 2.0% is considered very low and further demonstrates a deep base of potential support for the subject project. The subject's market-rate capture rate is also low at 2.3%.

Considering the preceding factors and additional information contained within this report, the subject property is expected to help alleviate a portion of the pent-up demand for additional general-occupancy Tax Credit product in the market. The subject project is not expected to have any adverse impact on future occupancy rates among the existing comparable Tax Credit properties in the Newport News Site PMA. The subject property is considered competitive and marketable as proposed. We have no recommendations or modifications to the subject project at this time.

X.

## SITE PHOTOGRAPHS

Carrier Point I & II (2800 Jefferson Avenue)



View of site from the north



View of site from the northeast



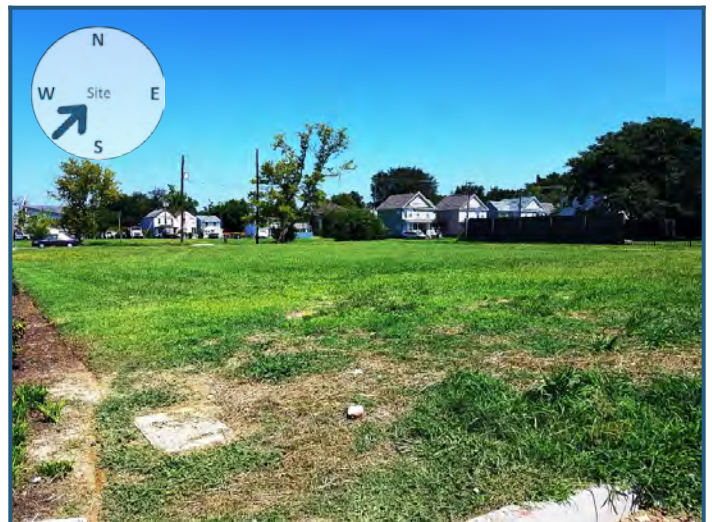
View of site from the east



View of site from the southeast



View of site from the south

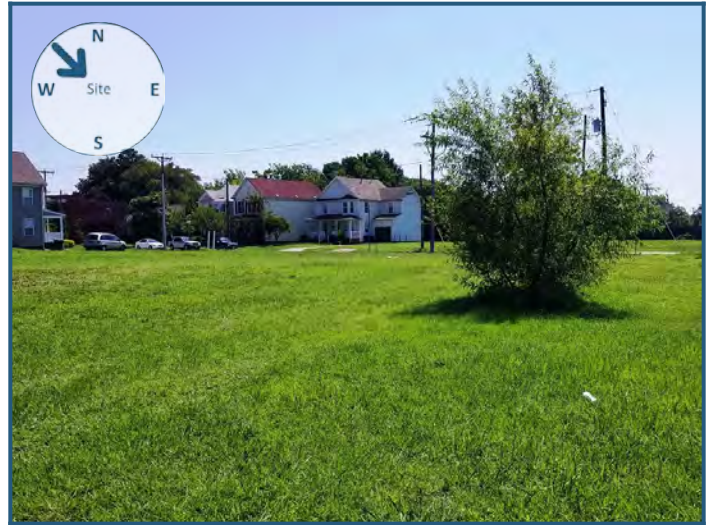


View of site from the southwest

Carrier Point I & II (2800 Jefferson Avenue)



View of site from the west



View of site from the northwest



North view from site



Northeast view from site



East view from site

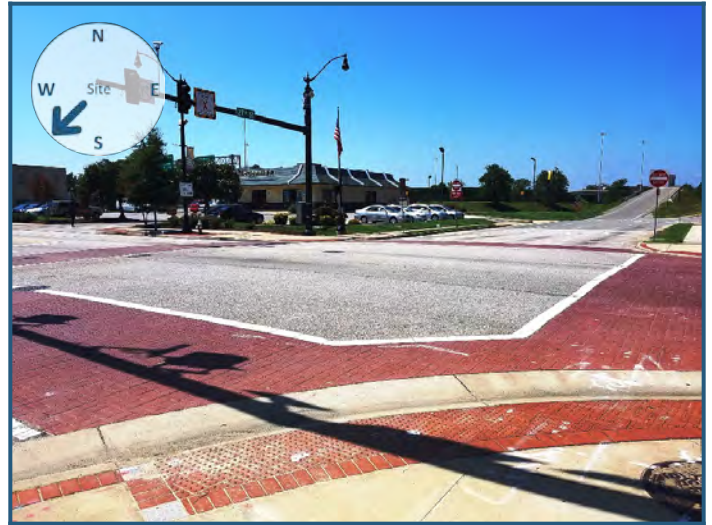


Southeast view from site

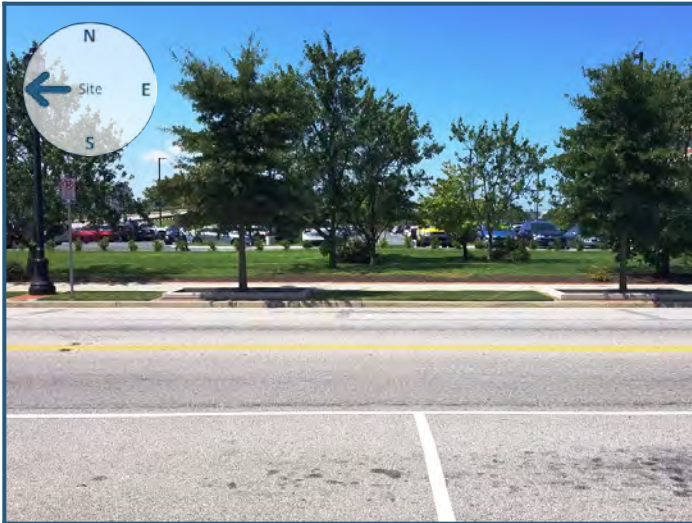
Carrier Point I & II (2800 Jefferson Avenue)



South view from site



Southwest view from site



West view from site



Northwest view from site

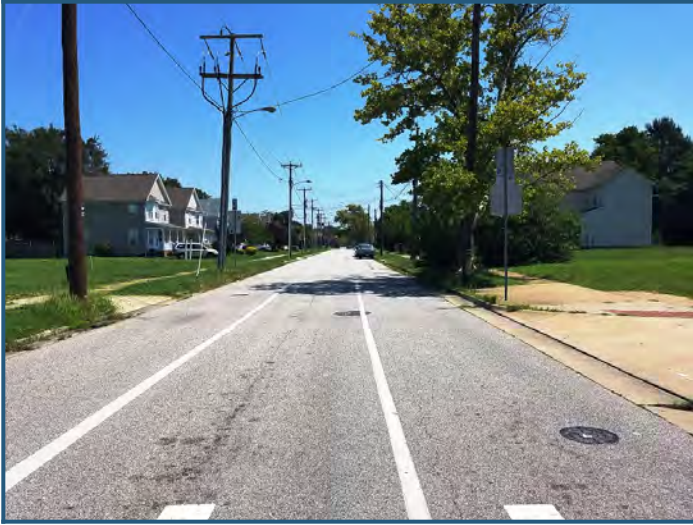


Streetscape: North view of Jefferson Avenue



Streetscape: South view of Jefferson Avenue

Carrier Point I & II (2800 Jefferson Avenue)



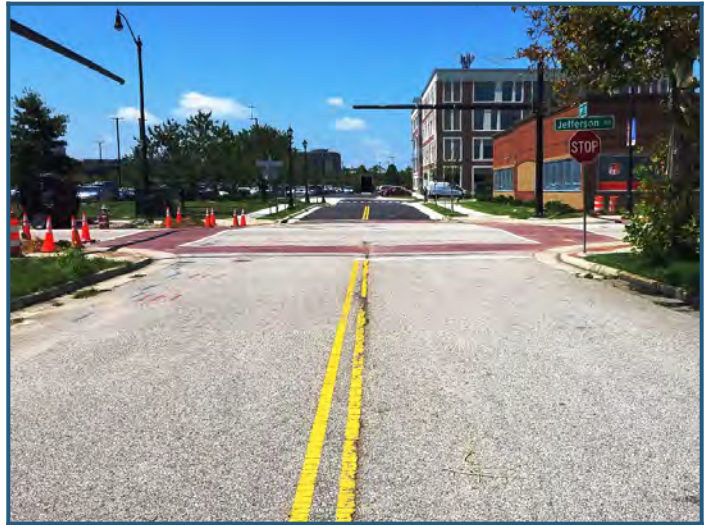
Streetscape: East view of 28th Street



Streetscape: West view of 28th Street



Streetscape: East view of 29th Street



Streetscape: West view of 29th Street



Streetscape: West view of 27th Street



Streetscape: East view of 27th Street

XI.

COMPARABLE  
PROPERTY PROFILES

**1** Ada Park 5.8 miles to site



Address: 674 Summer Day Ct, Newport News, VA 23601  
 Phone: (757) 926-4811      Contact: Crystal (In Person)  
 Property Type: Tax Credit  
 Target Population: Family  
 Total Units: 42      Year Built: 2018  
 Vacant Units: 0      \*AR Year:  
 Occupancy: 100.0%      Yr Renovated:  
 Turnover:      Stories: 3  
 Waitlist: 40 households  
 Rent Special:

Ratings  
 Quality: B+  
 Neighborhood: B  
 Access/Visibility: B/B+

Notes: Tax Credit; HCV (15 units); Began preleasing 8/2017, opened 2/2018, 100% occupied 3/2018



**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority  
 Utility Type & Responsibility: No landlord paid utilities;

Unit Amenities: Dishwasher; Disposal; Range; Refrigerator; Central AC; Ceiling Fan; W/D Hookup; Window Treatments; Flooring (Carpet, Vinyl, Wood Laminate)

Property Amenities: Community Kitchen, Community Room; Laundry Room; On-Site Management

Parking Type: Surface Lot

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
2	2	G	5	0	884	\$0.61	\$538	40%
2	2	G	16	0	884	\$0.80	\$706	50%
2	2	G	9	0	884	\$0.88	\$775	60%
3	2	G	12	0	1,100	\$0.77	\$850	60%

\* Adaptive Reuse



**3 Brennan Pointe I** 0.7 miles to site



Address: 3100 Warwick Blvd, Newport News, VA 23607  
 Phone: (757) 621-6406      Contact: Sharon (In Person)  
 Property Type: Tax Credit  
 Target Population: Family  
 Total Units: 44      Year Built: 2016      Ratings  
 Vacant Units: 0      \*AR Year:      Quality: B+  
 Occupancy: 100.0%      Yr Renovated:      Neighborhood: B  
 Turnover:      Stories: 4 (w/Elev)      Access/Visibility: B/B  
 Waitlist: 40 households  
 Rent Special:

Notes: Tax Credit; Accepts HCV; Opened 12/2016, 100% occupied 5/2017



**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority

Utility Type & Responsibility: No landlord paid utilities;

Unit Amenities: Dishwasher; Disposal; Microwave; Range; Refrigerator; Central AC; Balcony; Patio/Deck; W/D Hookup; Window Treatments; Flooring (Carpet, Vinyl)

Property Amenities: Community Room; Gazebo; Elevator; Laundry Room; On-Site Management; Recreation Areas (Playground)

Parking Type: Surface Lot

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
2	1.5	G	3	0	1,130	\$0.50	\$560	40%
2	1.5	G	18	0	1,130	\$0.64	\$725	50%
2	1.5	G	7	0	1,130	\$0.69	\$785	60%
3	2	G	2	0	1,560	\$0.41	\$643	40%
3	2	G	11	0	1,560	\$0.53	\$828	50%
3	2	G	3	0	1,560	\$0.59	\$928	60%

\* Adaptive Reuse

**4 Brennan Pointe II** 0.7 miles to site



Address: 3150 Warwick Blvd, Newport News, VA 23607  
 Phone: (757) 621-6406 Contact: Sharon (In Person)  
 Property Type: Tax Credit, Government Subsidized  
 Target Population: Family  
 Total Units: 43 Year Built: 2018  
 Vacant Units: 0 \*AR Year:  
 Occupancy: 100.0% Yr Renovated:  
 Turnover: Stories: 4 (w/Elev)  
 Waitlist: 40 households  
 Rent Special:

Ratings  
 Quality: B+  
 Neighborhood: B-  
 Access/Visibility: B-/B-

Notes: Tax Credit (38 units); PBV & Tax Credit (5 units); Began preleasing 8/2018, opened 11/2018, stabilized occupancy 12/2018

**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority  
 Utility Type & Responsibility: Landlord pays Trash

Unit Amenities: Dishwasher; Disposal; Microwave; Range; Refrigerator; Central AC; Balcony; Patio/Deck; W/D Hookup; Window Treatments; Flooring (Carpet, Vinyl)

Property Amenities: Community Room; Elevator; On-Site Management

Parking Type: Surface Lot

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1.5	G	3	0	883	\$0.95	\$842	50%
2	1.5	G	10	0	883	\$0.92	\$810	50%
2	1.5	G	14	0	883	\$0.94	\$830	60%
3	2	G	2	0	1,130	\$0.84	\$948	50%
3	2	G	7	0	1,130	\$0.82	\$925	50%
3	2	G	7	0	1,130	\$0.82	\$930	60%

\* Adaptive Reuse

**5 Cambridge Apts.** 4.1 miles to site



Address: 5109 Goldsboro Dr, Newport News, VA 23605  
 Phone: (757) 838-6401      Contact: leasha (In Person)  
 Property Type: Market Rate  
 Target Population: Family  
 Total Units: 465      Year Built: 1972  
 Vacant Units: 2      \*AR Year:  
 Occupancy: 99.6%      Yr Renovated: 2004  
 Turnover:      Stories: 2  
 Waitlist:  
 Rent Special:

Ratings  
 Quality: B  
 Neighborhood: B  
 Access/Visibility: B/B

Notes: Does not accept HCV; Rent range based on unit amenities & upgraded kitchens



**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority  
 Utility Type & Responsibility: No landlord paid utilities;

Unit Amenities: Dishwasher; Disposal; Icemaker; Microwave; Range; Refrigerator; Central AC; Balcony; Patio/Deck; Ceiling Fan; W/D; Window Treatments;  
 Flooring (Carpet, Vinyl)

Property Amenities: Business Center (Computer); Clubhouse; Laundry Room; On-Site Management; Dog Park; Recreation Areas (Fitness Center, Playground, Outdoor Swimming Pool); Extra Storage

Parking Type: Surface Lot

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	73	0	700	\$1.36	\$949	0%
2	1	G	142	1	850	\$1.20	\$1,019	0%
2	1.5	T	175	1	1,200	\$0.84	\$1,009	0%
3	2.5	T	75	0	1,500	\$0.88	\$1,314	0%

\* Adaptive Reuse

**10** Hampstead Heath Luxury Homes 5.4 miles to site



Address: 1 Hampstead Heath Way, Hampton, VA 23666  
 Phone: (757) 826-7776 Contact: Christy (In Person)  
 Property Type: Market Rate  
 Target Population: Family  
 Total Units: 101 Year Built: 1977 Ratings  
 Vacant Units: 0 \*AR Year: Quality: B+  
 Occupancy: 100.0% Yr Renovated: 2006 Neighborhood: B  
 Turnover: Stories: 2,3 Access/Visibility: B/B-  
 Waitlist:  
 Rent Special:



Notes: Does not accept HCV; Rent range based on floor plan & fireplace

**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority

Utility Type & Responsibility: Landlord pays Trash

Unit Amenities: Dishwasher; Disposal; Icemaker; Microwave; Range; Refrigerator; Central AC; Patio/Deck; Ceiling Fan; Fireplace; W/D Hookup; W/D; Window Treatments; Flooring (Carpet, Vinyl)

Property Amenities: Clubhouse; On-Site Management; Recreation Areas (Fitness Center, Outdoor Swimming Pool)

Parking Type: Surface Lot

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
2	2.5	T	65	0	1,332	\$0.86	\$1,150	0%
3	2	G	24	0	1,250 - 1,464	\$1.03 - \$0.95	\$1,285 - \$1,395	0%
3	2.5	T	12	0	1,724	\$0.91	\$1,575	0%

\* Adaptive Reuse

**11 Harper's Landing** 5.9 miles to site



Address: 761 Adams Dr., Newport News, VA 23601  
 Phone: (757) 595-0201 Contact: Shavon (In Person)  
 Property Type: Market Rate  
 Target Population: Family  
 Total Units: 296 Year Built: 1978 Ratings  
 Vacant Units: 36 \*AR Year: Quality: C+  
 Occupancy: 87.8% Yr Renovated: 1996 Neighborhood: B  
 Turnover: Stories: 2 Access/Visibility: B/B  
 Waitlist:  
 Rent Special: Discounted monthly rents & \$500 off 2nd month's rent

Notes: Accepts HCV on 3-br only; Rent range due to renovated units; Vacancies due to eviction sweep

**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority

Utility Type & Responsibility: Landlord pays Water, Sewer, Trash

Unit Amenities: Dishwasher; Range; Refrigerator; Central AC; Balcony; Patio/Deck; Ceiling Fan; W/D Hookup; W/D; Window Treatments; Flooring (Carpet, Wood Laminate)

Property Amenities: Laundry Room; On-Site Management; Recreation Areas (Playground); Extra Storage

Parking Type: Surface Lot

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
0	1	G	16	2	450	\$1.41 - \$1.52	\$635 - \$685	0%
1	1	G	56	7	650	\$1.05 - \$1.15	\$685 - \$745	0%
2	1	G	176	21	900	\$0.81 - \$0.88	\$730 - \$795	0%
3	1	G	48	6	1,050	\$0.81 - \$0.88	\$855 - \$920	0%

\* Adaptive Reuse

**12** Heritage Forest I 1.5 miles to site



Address: 901 Forest Lake Ct., Newport News, VA 23605  
 Phone: (757) 327-0627 Contact: Tequila (In Person)  
 Property Type: Tax Credit  
 Target Population: Family  
 Total Units: 144 Year Built: 2012  
 Vacant Units: 6 \*AR Year:  
 Occupancy: 95.8% Yr Renovated:  
 Turnover: Stories: 3  
 Waitlist:  
 Rent Special:

Ratings  
 Quality: B+  
 Neighborhood: C  
 Access/Visibility: B/B

Notes: Tax Credit; HCV (98 units); HUD Insured



**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority  
 Utility Type & Responsibility: Landlord pays Trash

Unit Amenities: Dishwasher; Disposal; Icemaker; Microwave; Range; Refrigerator; Central AC; Balcony; Patio/Deck; W/D; Window Treatments; Flooring (Carpet, Vinyl)

Property Amenities: Clubhouse; Concierge Services (Package Receiving); On-Site Management; Dog Park, Pet Stations; Recreation Areas (Fitness Center, Grill, Picnic Table, Playground, Outdoor Swimming Pool); CCTV, Courtesy Officer, Gated Community; Water Feature

Parking Type: Surface Lot

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	8	0	720	\$0.63	\$453	40%
1	1	G	10	0	720	\$1.08	\$779	60%
2	2	G	7	0	1,035	\$0.52	\$543	40%
2	2	G	89	4	1,035	\$0.91	\$941	60%
3	2	G	30	2	1,222	\$0.84	\$1,021	60%

\* Adaptive Reuse

**13** Heritage Forest II 1.7 miles to site



Address: 901 Forest Lake Ct, Newport News, VA 23605  
 Phone: (757) 327-0627 Contact: Tequila (In Person)  
 Property Type: Tax Credit  
 Target Population: Family  
 Total Units: 104 Year Built: 2012  
 Vacant Units: 2 \*AR Year:  
 Occupancy: 98.1% Yr Renovated:  
 Turnover: Stories: 2,3  
 Waitlist:  
 Rent Special:

Ratings  
 Quality: B+  
 Neighborhood: C  
 Access/Visibility: B/B

Notes: Tax Credit; HCV (59 units); HUD Insured



**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority  
 Utility Type & Responsibility: Landlord pays Trash

Unit Amenities: Dishwasher; Disposal; Icemaker; Microwave; Range; Refrigerator; Central AC; Balcony; Patio/Deck; W/D; Window Treatments; Flooring (Carpet, Vinyl)

Property Amenities: Bike Racks; Clubhouse, TV Lounge; Concierge Services (Package Receiving); On-Site Management; Dog Park, Pet Stations; Recreation Areas (Fitness Center, Grill, Picnic Table, Playground, Outdoor Swimming Pool); CCTV, Courtesy Officer, Gated Community; Water Feature

Parking Type: Surface Lot

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	2	0	720	\$0.63	\$453	40%
1	1	G	14	0	720	\$1.08	\$779	60%
2	2	G	9	0	1,035	\$0.52	\$543	40%
2	2	G	57	1	1,035	\$0.91	\$941	60%
3	2	G	22	1	1,222	\$0.84	\$1,021	60%

\* Adaptive Reuse

**20 Liberty Apts.** 0.8 miles to site



Address: 3201 Washington Ave, Newport News, VA 23602  
 Phone: (757) 750-3394      Contact: James (In Person)  
 Property Type: Market Rate  
 Target Population: Family  
 Total Units: 197      Year Built: 2013  
 Vacant Units: 10      \*AR Year:  
 Occupancy: 94.9%      Yr Renovated:  
 Turnover:      Stories: 4 (w/Elev)  
 Waitlist:  
 Rent Special:

Ratings  
 Quality: A  
 Neighborhood: B  
 Access/Visibility: A/A

Notes: Does not accept HCV; Rent range based on floor plan & view



**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority  
 Utility Type & Responsibility: No landlord paid utilities;

Unit Amenities: Dishwasher; Disposal; Icemaker; Microwave; Range; Refrigerator; Central AC; Controlled Access; W/D; Window Treatments; Flooring (Carpet, Vinyl)

Property Amenities: Business Center (Computer, Copy, Fax); Clubhouse, Community Room; Elevator; On-Site Management; Dog Park; Recreation Areas (Fitness Center, Game Room-Billiards, Outdoor Swimming Pool); CCTV

Parking Type: Parking Garage

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	85	4	543 - 566	\$1.84	\$999 - \$1,039	0%
2	2	G	104	5	825 - 848	\$1.57 - \$1.58	\$1,299 - \$1,339	0%
3	3	G	8	1	1,106 - 1,130	\$1.48 - \$1.50	\$1,640 - \$1,690	0%

\* Adaptive Reuse



24 Noland Green Apts.

0.8 miles to site



Address: 2600 Warwick Blvd, Newport News, VA 23607  
 Phone: (757) 223-8774 Contact: Alexis (In Person)  
 Property Type: Tax Credit, Market Rate, Government Subsidized  
 Target Population: Family  
 Total Units: 60 Year Built: 1920  
 Vacant Units: 4 \*AR Year:  
 Occupancy: 93.3% Yr Renovated: 2011  
 Turnover: Stories: 4 (w/Elev)  
 Waitlist:  
 Rent Special:

Ratings  
 Quality: B  
 Neighborhood: B  
 Access/Visibility: B-/B-

Notes: Tax Credit (49 units); Market-rate (6 units); HUD Section 8 & Tax Credit (5 units); HCV (7 units)

Features And Utilities

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority

Utility Type & Responsibility: Landlord pays Water, Sewer, Trash

Unit Amenities: Dishwasher; Range; Refrigerator; Central AC; Ceiling Fan; Window Treatments; Flooring (Carpet, Hardwood)

Property Amenities: Business Center (Computer); TV Lounge; Elevator; Laundry Room; On-Site Management; Recreation Areas (Fitness Center, Picnic Table, Playground); CCTV

Parking Type: Surface Lot

Unit Configuration

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	1	0	525 - 565	\$1.37 - \$1.27	\$719	0%
1	1	G	1	0	525 - 565	\$1.37 - \$1.28	\$721	40%
1	1	G	10	0	525 - 565	\$1.13 - \$1.05	\$594	50%
2	1.5	G	2	0	685 - 740	\$1.24 - \$1.15	\$849	0%
2	1.5	G	2	0	685 - 740	\$1.12 - \$1.03	\$765	40%
2	1.5	G	30	3	685 - 740	\$1.03 - \$0.95	\$703	50%
3	1.5 - 2	G	3	1	885 - 1,200	\$1.09 - \$0.81	\$969	0%
3	1.5 - 2	G	2	0	885	\$0.95	\$839	40%
3	1.5 - 2	G	9	0	885	\$0.91	\$801	50%

\* Adaptive Reuse

**28 Riverlands Apts. 2.6 miles to site**



Address: 45 Riverlands Dr, Newport News, VA 23605  
 Phone: (757) 380-5804      Contact: Leshia (In Person)  
 Property Type: Market Rate  
 Target Population: Family  
 Total Units: 404      Year Built: 1992      Ratings  
 Vacant Units: 0      \*AR Year:      Quality: B  
 Occupancy: 100.0%      Yr Renovated: 2000      Neighborhood: B  
 Turnover:      Stories: 2,3      Access/Visibility: A/A-  
 Waitlist:  
 Rent Special:

Notes: Does not accept HCV; Rent range based on floor plan & patio; Ground level units have patio



**Features And Utilities**

Utility Schedule Provided by: Newport News Redevelopment & Housing Authority

Utility Type & Responsibility: Landlord pays Trash

Unit Amenities: Range; Refrigerator; Central AC; Patio/Deck; Ceiling Fan; Window Treatments; Flooring (Carpet, Vinyl)

Property Amenities: Laundry Room; On-Site Management; Recreation Areas (Fitness Center, Picnic Table, Outdoor Swimming Pool)

Parking Type: Surface Lot

**Unit Configuration**

Beds	Baths	Type	Units	Vacant	Sq Ft	\$ / Sq Ft	Collected Rent	AMHI
1	1	G	192	0	557 - 597	\$1.26 - \$1.24	\$703 - \$743	0%
2	1	G	200	0	757 - 900	\$1.09 - \$1.00	\$823 - \$903	0%
3	2	G	12	0	1,196 - 1,275	\$0.90 - \$0.89	\$1,075 - \$1,135	0%

\* Adaptive Reuse

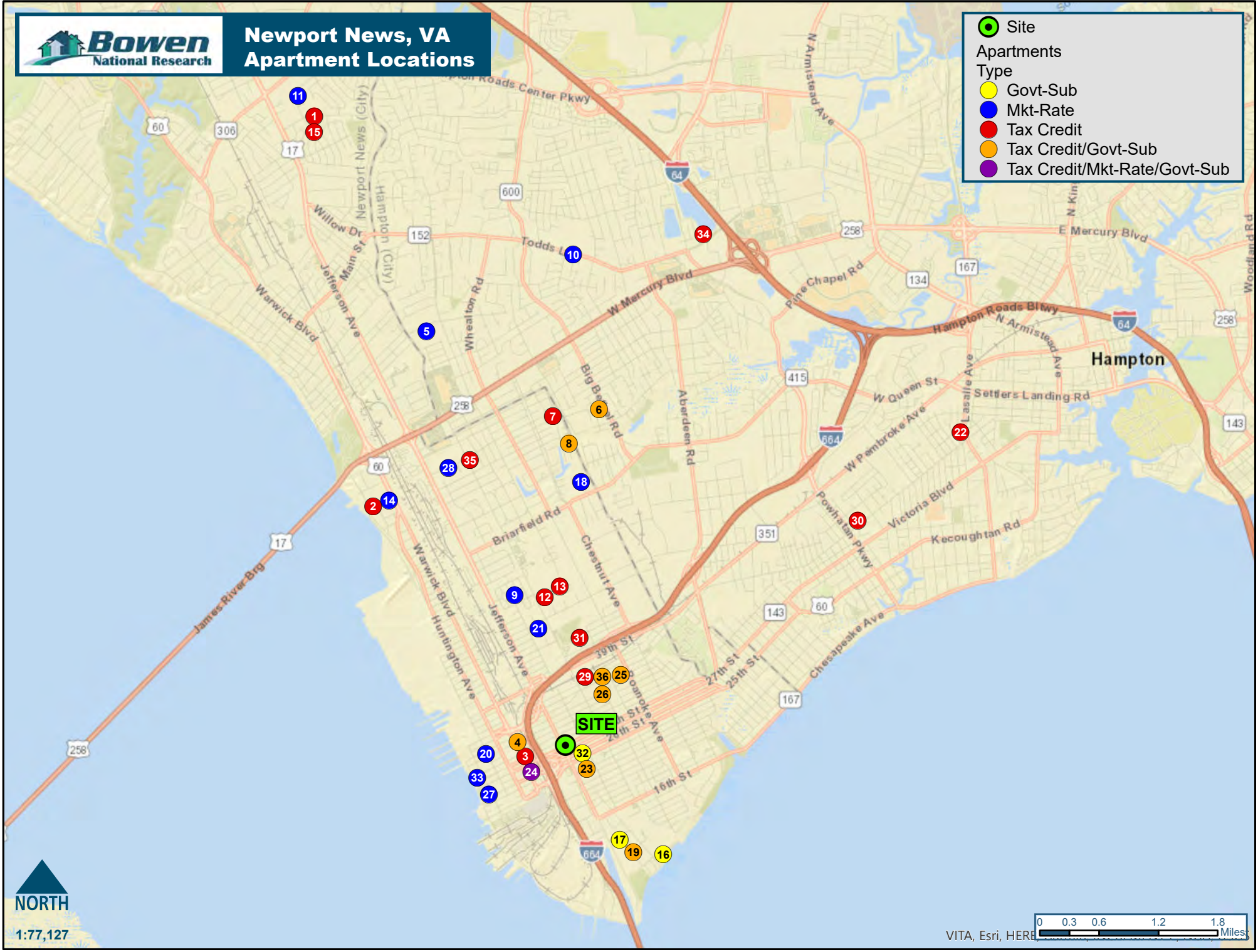
XII.

FIELD SURVEY OF  
CONVENTIONAL RENTALS

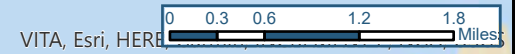


# Newport News, VA Apartment Locations

● Site  
Apartment Type  
● Govt-Sub  
● Mkt-Rate  
● Tax Credit  
● Tax Credit/Govt-Sub  
● Tax Credit/Mkt-Rate/Govt-Sub



1:77,127




Map ID	Property	Prop Type	Quality Rating	Year Built	Total Units	Vacant	Occ. Rate	Distance To Site*
✓ 1	Ada Park	TAX	B+	2018	42	0	100.0%	5.8
2	Admiral Pointe	TAX	B	1943	204	42	79.4%	3.2
✓ 3	Brennan Pointe I	TAX	B+	2016	44	0	100.0%	0.7
✓ 4	Brennan Pointe II	TGS	B+	2018	43	0	100.0%	0.7
✓ 5	Cambridge Apts.	MRR	B	1972	465	2	99.6%	4.1
6	Century Plaza	TGS	C+	1972	120	0	100.0%	3.8
7	Chestnut Square	TAX	B	2000	40	0	100.0%	3.5
8	City Line	TGS	B-	1975	200	0	100.0%	3.7
9	Cottage Grove Apts.	MRR	C+	1945	541	107	80.2%	1.5
✓ 10	Hampstead Heath Luxury Homes	MRR	B+	1977	101	0	100.0%	5.4
✓ 11	Harper's Landing	MRR	C+	1978	296	36	87.8%	5.9
✓ 12	Heritage Forest I	TAX	B+	2012	144	6	95.8%	1.5
✓ 13	Heritage Forest II	TAX	B+	2012	104	2	98.1%	1.7
14	Huntington on the James	MRR	B-	1942	201	13	93.5%	3.1
15	Ivy Farms	TAX	C+	1969	120	2	98.3%	5.8
16	Ivy Towers	GSS	B-	1976	140	0	100.0%	1.5
17	John H Ridley Place	GSS	C-	1952	259	5	98.1%	1.7
18	Lakeland Village Apts.	MRR	B-	1974	148	0	100.0%	2.9
19	Lassiter Courts	TGS	B-	1962	50	0	100.0%	1.7
✓ 20	Liberty Apts.	MRR	A	2013	197	10	94.9%	0.8
21	Meadow View	MRR	B-	1967	400	20	95.0%	1.3
22	Monterey	TAX	B-	1969	40	0	100.0%	4.5
23	Newport Harbour Apts.	TGS	C+	1962	200	0	100.0%	0.4
✓ 24	Noland Green Apts.	TMG	B	1920	60	4	93.3%	0.8
25	Orcutt Village Townhomes II	TGS	B	2006	40	0	100.0%	1.0
26	Orcutt Village Townhomes III	TGS	B	2011	30	0	100.0%	0.9
27	River Park Tower	MRR	B	1988	184	0	100.0%	0.8
✓ 28	Riverlands Apts.	MRR	B	1992	404	0	100.0%	2.6
29	Seven Oaks	TAX	B-	1958	222	60	73.0%	0.8
30	Shell Gardens	TAX	B-	1967	48	2	95.8%	4.5
31	Soundview Townhomes	TAX	B	1969	125	15	88.0%	1.3
◆ 32	Spratley House Apts	GSS	B	1998	50	0	100.0%	0.3
33	St. James Terrace	MRR	B	1940	100	4	96.0%	0.8
34	Waterford Pointe Apts	TAX	B+	1993	120	0	100.0%	7.3
35	Westover Station	TAX	B	1991	108	2	98.1%	2.7
◆ 36	Wilbert & Effie Ashe Manor	TGS	B	2001	50	0	100.0%	0.9


\*Drive distance in miles

✓ Comparable Property	(MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	(TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
◆ Senior Restricted	(TAX) Tax Credit	(INR) Income Restricted (not LIHTC)
■ (MRR) Market-Rate	(TGS) Tax Credit & Govt Subsidized	(ING) Income Restricted (not LIHTC) & Govt Subsidized
■ (MRT) Market-Rate & Tax Credit	(TIN) Tax Credit & Income Restricted (not LIHTC)	■ (GSS) Govt Subsidized
■ (MRG) Market-Rate & Govt Subsidized	(TMG) Tax Credit, Market-Rate & Govt Subsidized	■ (ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted
■ (MIN) Market-Rate & Income Restricted (not LIHTC)		




<b>1</b>	<b>Ada Park</b> 674 Summer Day Ct, Newport News, VA 23601	Contact: Crystal Phone: (757) 926-4811	(In Person)
		Total Units: 42 UC: 0 Occupancy: 100.0% Stories: 3 Year Built: 2018 BR: 2, 3 Vacant Units: 0 Waitlist: 40 households AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Tax Credit; HCV (15 units); Began preleasing 8/2017, opened 2/2018, 100% occupied 3/2018	





<b>2</b>	<b>Admiral Pointe</b> 201 73rd St., Newport News, VA 23607	Contact: Connie Phone: (757) 244-4414	(In Person)
		Total Units: 204 UC: 0 Occupancy: 79.4% Stories: 2 Year Built: 1943 BR: 2 Vacant Units: 42 Waitlist: AR Year: Target Population: Family Yr Renovated: 2002 Rent Special: Notes: Tax Credit; HCV (54 units); Vacancies due to eviction sweep	








<b>3</b>	<b>Brennan Pointe I</b> 3100 Warwick Blvd, Newport News, VA 23607	Contact: Sharon Phone: (757) 621-6406	(In Person)
		Total Units: 44 UC: 0 Occupancy: 100.0% Stories: 4 w/Elevator Year Built: 2016 BR: 2, 3 Vacant Units: 0 Waitlist: 40 households AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Tax Credit; Accepts HCV; Opened 12/2016, 100% occupied 5/2017	



















<b>4</b>	<b>Brennan Pointe II</b> 3150 Warwick Blvd, Newport News, VA 23607	Contact: Sharon Phone: (757) 621-6406	(In Person)
		Total Units: 43 UC: 0 Occupancy: 100.0% Stories: 4 w/Elevator Year Built: 2018 BR: 1, 2, 3 Vacant Units: 0 Waitlist: 40 households AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Tax Credit (38 units); PBV & Tax Credit (5 units); Began preleasing 8/2018, opened 11/2018, stabilized occupancy 12/2018	

<b>5</b>	<b>Cambridge Apts.</b> 5109 Goldsboro Dr, Newport News, VA 23605	Contact: leasha Phone: (757) 838-6401	(In Person)
		Total Units: 465 UC: 0 Occupancy: 99.6% Stories: 2 Year Built: 1972 BR: 1, 2, 3 Vacant Units: 2 Waitlist: AR Year: Target Population: Family Yr Renovated: 2004 Rent Special: Notes: Does not accept HCV; Rent range based on unit amenities & upgraded kitchens	


Comparable Property	Senior Restricted	(MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	(TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
(MRR) Market-Rate	(TAX) Tax Credit	(TGS) Tax Credit & Govt Subsidized	(INR) Income Restricted (not LIHTC)
(MRT) Market-Rate & Tax Credit	(TIN) Tax Credit & Income Restricted (not LIHTC)	(TMG) Tax Credit, Market-Rate & Govt Subsidized	(ING) Income Restricted (not LIHTC) & Govt Subsidized
(MRG) Market-Rate & Govt Subsidized	(GSS) Govt Subsidized	(ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted	
(MIN) Market-Rate & Income Restricted (not LIHTC)			

<b>6</b>	<b>Century Plaza</b> 135 Lassiter Dr., Hampton, VA 23666	Contact: Tiffany (In Person) Phone: (757) 838-1816
	Total Units: 120 UC: 0 Occupancy: 100.0% Stories: 1,2 Year Built: 1972 BR: 1, 2, 3 Vacant Units: 0 Waitlist: 200 households AR Year: Target Population: Family Yr Renovated: 2004 Rent Special: Notes: Tax Credit & HUD Section 8	
<b>7</b>	<b>Chestnut Square</b> 800 Dana Rae Ct, Newport News, VA 23605	Contact: Austin (In Person) Phone: (757) 896-6380
	Total Units: 40 UC: 0 Occupancy: 100.0% Stories: 2 Year Built: 2000 BR: 3 Vacant Units: 0 Waitlist: 30 households AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Tax Credit; HCV (22 units)	
<b>8</b>	<b>City Line</b> 155 Mytilene Dr, Newport News, VA 23605	Contact: Barbara (In Person) Phone: (757) 838-5553
	Total Units: 200 UC: 0 Occupancy: 100.0% Stories: 2 Year Built: 1975 BR: 1, 2 Vacant Units: 0 Waitlist: 200 households AR Year: Target Population: Family Yr Renovated: 2006 Rent Special: Notes: Tax Credit & HUD Section 8	
<b>9</b>	<b>Cottage Grove Apts.</b> 614 Peninsula Dr, Newport News, VA 23605	Contact: Izzy (In Person) Phone: (757) 245-2879
	Total Units: 541 UC: 0 Occupancy: 80.2% Stories: 1,2 Year Built: 1945 BR: 1, 2 Vacant Units: 107 Waitlist: AR Year: Target Population: Family Yr Renovated: 2009 Rent Special: One month's rent free Notes: HCV (12 units); Manager unable to identify reason for vacancies	
<b>10</b>	<b>Hampstead Heath Luxury Homes</b> 1 Hampstead Heath Way, Hampton, VA 23666	Contact: Christy (In Person) Phone: (757) 826-7776
	Total Units: 101 UC: 0 Occupancy: 100.0% Stories: 2,3 Year Built: 1977 BR: 2, 3 Vacant Units: 0 Waitlist: AR Year: Target Population: Family Yr Renovated: 2006 Rent Special: Notes: Does not accept HCV; Rent range based on floor plan & fireplace	




 Comparable Property	 (MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	 (TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
 Senior Restricted	 (TAX) Tax Credit	 (INR) Income Restricted (not LIHTC)
 (MRR) Market-Rate	 (TGS) Tax Credit & Govt Subsidized	 (ING) Income Restricted (not LIHTC) & Govt Subsidized
 (MRT) Market-Rate & Tax Credit	 (TIN) Tax Credit & Income Restricted (not LIHTC)	 (GSS) Govt Subsidized
 (MRG) Market-Rate & Govt Subsidized	 (TMG) Tax Credit, Market-Rate & Govt Subsidized	 (ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted
 (MIN) Market-Rate & Income Restricted (not LIHTC)		





11	<b>Harper's Landing</b> 761 Adams Dr., Newport News, VA 23601	Contact: Shavon Phone: (757) 595-0201	(In Person)
	 <p>Total Units: 296 UC: 0 Occupancy: 87.8% Stories: 2 Year Built: 1978                  BR: 0, 1, 2, 3 Vacant Units: 36 Waitlist: AR Year:                  Target Population: Family Yr Renovated: 1996                  Rent Special: Discounted monthly rents &amp; \$500 off 2nd month's rent                  Notes: Accepts HCV on 3-br only; Rent range due to renovated units; Vacancies due to eviction sweep</p>		




12	<b>Heritage Forest I</b> 901 Forest Lake Ct., Newport News, VA 23605	Contact: Tequila Phone: (757) 327-0627	(In Person)
	 <p>Total Units: 144 UC: 0 Occupancy: 95.8% Stories: 3 Year Built: 2012                  BR: 1, 2, 3 Vacant Units: 6 Waitlist: AR Year:                  Target Population: Family Yr Renovated:                  Rent Special:                  Notes: Tax Credit; HCV (98 units); HUD Insured</p>		








13	<b>Heritage Forest II</b> 901 Forest Lake Ct, Newport News, VA 23605	Contact: Tequila Phone: (757) 327-0627	(In Person)
	 <p>Total Units: 104 UC: 0 Occupancy: 98.1% Stories: 2,3 Year Built: 2012                  BR: 1, 2, 3 Vacant Units: 2 Waitlist: AR Year:                  Target Population: Family Yr Renovated:                  Rent Special:                  Notes: Tax Credit; HCV (59 units); HUD Insured</p>		

14	<b>Huntington on the James</b> 312 73rd St, Newport News, VA 23607	Contact: Taquia Phone: (757) 245-6913	(In Person)
	 <p>Total Units: 201 UC: 0 Occupancy: 93.5% Stories: 2.5 Year Built: 1942                  BR: 1, 2, 3 Vacant Units: 13 Waitlist: AR Year:                  Target Population: Family Yr Renovated: 2003                  Rent Special:                  Notes: Does not accept HCV</p>		

















15	<b>Ivy Farms</b> 621 Adams Dr, Newport News, VA 23601	Contact: Jim Phone: (757) 506-0855	(In Person)
	 <p>Total Units: 120 UC: 48 Occupancy: 98.3% Stories: 2 Year Built: 1969                  BR: 2 Vacant Units: 2 Waitlist: AR Year:                  Target Population: Family Yr Renovated: 2010                  Rent Special:                  Notes: Tax Credit; HCV (15 units); 48 units under renovation, unknown completion date</p>		






Comparable Property		
Senior Restricted	(MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	(TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
(MRR) Market-Rate	(TAX) Tax Credit	(INR) Income Restricted (not LIHTC)
(MRT) Market-Rate & Tax Credit	(TGS) Tax Credit & Govt Subsidized	(ING) Income Restricted (not LIHTC) & Govt Subsidized
(MRG) Market-Rate & Govt Subsidized	(TIN) Tax Credit & Income Restricted (not LIHTC)	(GSS) Govt Subsidized
(MIN) Market-Rate & Income Restricted (not LIHTC)	(TMG) Tax Credit, Market-Rate & Govt Subsidized	(ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted








<b>16</b>	<b>Ivy Towers</b> 700 Waterfront Cir, Newport News, VA 23607	Contact: Titiana (In Person) Phone: (757) 380-0851
	Total Units: 140 UC: 0 Occupancy: 100.0% Stories: 12 w/Elevator Year Built: 1976 BR: 1, 2 Vacant Units: 0 Waitlist: 12 months AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: HUD Section 8	
<b>17</b>	<b>John H Ridley Place</b> 811 C Taylor Ave, Newport News, VA 23607	Contact: Valerie (In Person) Phone: (757) 928-2659
	Total Units: 259 UC: 0 Occupancy: 98.1% Stories: 2 Year Built: 1952 BR: 1, 2, 3, 4 Vacant Units: 5 Waitlist: AR Year: Target Population: Family Yr Renovated: 1999 Rent Special: Notes: Public Housing; Washer hookups only	
<b>18</b>	<b>Lakeland Village Apts.</b> 1124 Lakeland Dr, Newport News, VA 23605	Contact: Linda (In Person) Phone: (757) 838-0936
	Total Units: 148 UC: 0 Occupancy: 100.0% Stories: 2 Year Built: 1974 BR: 0, 1, 2 Vacant Units: 0 Waitlist: 22 households AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Does not accept HCV; Higher rent on 0-br with dishwasher & 2-br with washer/dryer hookups	
<b>19</b>	<b>Lassiter Courts</b> 811 C Taylor Ave, Newport News, VA 23607	Contact: Valerie (In Person) Phone: (757) 928-2659
	Total Units: 50 UC: 50 Occupancy: 100.0% Stories: 1,2 Year Built: 1962 BR: 2, 3, 4 Vacant Units: 0 Waitlist: AR Year: Target Population: Family Yr Renovated: 1997 Rent Special: Notes: Tax Credit & Public housing; 50 units down for renovations, expect completion 1/2020	
<b>20</b>	<b>Liberty Apts.</b> 3201 Washington Ave, Newport News, VA 23602	Contact: James (In Person) Phone: (757) 750-3394
	Total Units: 197 UC: 0 Occupancy: 94.9% Stories: 4 w/Elevator Year Built: 2013 BR: 1, 2, 3 Vacant Units: 10 Waitlist: AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Does not accept HCV; Rent range based on floor plan & view	



















 Comparable Property	 (MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	 (TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
 Senior Restricted	 (TAX) Tax Credit	 (INR) Income Restricted (not LIHTC)
 (MRR) Market-Rate	 (TGS) Tax Credit & Govt Subsidized	 (ING) Income Restricted (not LIHTC) & Govt Subsidized
 (MRT) Market-Rate & Tax Credit	 (TIN) Tax Credit & Income Restricted (not LIHTC)	 (GSS) Govt Subsidized
 (MRG) Market-Rate & Govt Subsidized	 (TMG) Tax Credit, Market-Rate & Govt Subsidized	 (ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted
 (MIN) Market-Rate & Income Restricted (not LIHTC)		






<p><b>21</b></p>	<p><b>Meadow View</b> 4801 Marshall Ave, Newport News, VA 23607</p> 	<p>Contact: Nicole (In Person) Phone: (757) 245-0001</p> <p>Total Units: 400 UC: 0 Occupancy: 95.0% Stories: 2 Year Built: 1967 BR: 1, 2, 3, 4 Vacant Units: 20 Waitlist: AR Year: Target Population: Family Yr Renovated: 2017 Rent Special: One month's rent free Notes: Accepts HCV</p>
<p><b>22</b></p>	<p><b>Monterey</b> 603 Lasalle Ave, Hampton, VA 23661</p> 	<p>Contact: Cheryl (In Person) Phone: (757) 727-1119</p> <p>Total Units: 40 UC: 0 Occupancy: 100.0% Stories: 2 Year Built: 1969 BR: 2 Vacant Units: 0 Waitlist: AR Year: Target Population: Family Yr Renovated: 2002 Rent Special: Notes: Tax Credit; HCV (20 units)</p>
<p><b>23</b></p>	<p><b>Newport Harbour Apts.</b> 2325 Madison Ave, Newport News, VA 23607</p> 	<p>Contact: Brianna (In Person) Phone: (757) 247-0303</p> <p>Total Units: 200 UC: 0 Occupancy: 100.0% Stories: 2 Year Built: 1962 BR: 1, 2, 3, 4 Vacant Units: 0 Waitlist: 178 households AR Year: Target Population: Family Yr Renovated: 2003 Rent Special: Notes: Tax Credit &amp; HUD Section 8</p>
<p><b>24</b></p>	<p><b>Noland Green Apts.</b> 2600 Warwick Blvd, Newport News, VA 23607</p> 	<p>Contact: Alexis (In Person) Phone: (757) 223-8774</p> <p>Total Units: 60 UC: 0 Occupancy: 93.3% Stories: 4 w/Elevator Year Built: 1920 BR: 1, 2, 3 Vacant Units: 4 Waitlist: AR Year: Target Population: Family Yr Renovated: 2011 Rent Special: Notes: Tax Credit (49 units); Market-rate (6 units); HUD Section 8 &amp; Tax Credit (5 units); HCV (7 units)</p>
<p><b>25</b></p>	<p><b>Orcutt Village Townhomes II</b> 1031 34th St, Newport News, VA 23607</p> 	<p>Contact: Valerie (In Person) Phone: (757) 928-2659</p> <p>Total Units: 40 UC: 0 Occupancy: 100.0% Stories: 2 w/Elevator Year Built: 2006 BR: 3 Vacant Units: 0 Waitlist: 978 households AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Tax Credit &amp; Public Housing</p>

















<p>✓ Comparable Property</p> <p>◆ Senior Restricted</p> <p>■ (MRR) Market-Rate</p> <p>■ (MRT) Market-Rate &amp; Tax Credit</p> <p>■ (MRG) Market-Rate &amp; Govt Subsidized</p> <p>■ (MIN) Market-Rate &amp; Income Restricted (not LIHTC)</p>	<p>■ (MIG) Market-Rate, Income Restricted (not LIHTC) &amp; Govt Subsidized</p> <p>■ (TAX) Tax Credit</p> <p>■ (TGS) Tax Credit &amp; Govt Subsidized</p> <p>■ (TIN) Tax Credit &amp; Income Restricted (not LIHTC)</p> <p>■ (TMG) Tax Credit, Market-Rate &amp; Govt Subsidized</p>	<p>■ (TIG) Tax Credit, Income Restricted (not LIHTC) &amp; Govt Subsidized</p> <p>■ (INR) Income Restricted (not LIHTC)</p> <p>■ (ING) Income Restricted (not LIHTC) &amp; Govt Subsidized</p> <p>■ (GSS) Govt Subsidized</p> <p>■ (ALL) Tax Credit, Market-Rate, Govt Subsidized &amp; Income Restricted</p>
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26	<b>Orcutt Village Townhomes III</b> 900 36th St, Newport News, VA 23607	Contact: Valerie (In Person) Phone: (757) 928-6189
	Total Units: 30 UC: 0 Occupancy: 100.0% Stories: 2 Year Built: 2011 BR: 2, 3 Vacant Units: 0 Waitlist: 29 households AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: Tax Credit & HUD RAD	
27	<b>River Park Tower</b> 2601 West Ave, Newport News, VA 23607	Contact: Cherrelle (In Person) Phone: (757) 928-0000
	Total Units: 184 UC: 0 Occupancy: 100.0% Stories: 20 w/Elevator Year Built: 1988 BR: 1, 2, 3 Vacant Units: 0 Waitlist: AR Year: Target Population: Family Yr Renovated: Rent Special: Notes: HCV (2 units); Rents change daily	
28	<b>Riverlands Apts.</b> 45 Riverlands Dr, Newport News, VA 23605	Contact: Leshia (In Person) Phone: (757) 380-5804
	Total Units: 404 UC: 0 Occupancy: 100.0% Stories: 2,3 Year Built: 1992 BR: 1, 2, 3 Vacant Units: 0 Waitlist: AR Year: Target Population: Family Yr Renovated: 2000 Rent Special: Notes: Does not accept HCV; Rent range based on floor plan & patio; Ground level units have patio	
29	<b>Seven Oaks</b> 869 36th St, Newport News, VA 23607	Contact: Cheryl (In Person) Phone: (757) 244-2216
	Total Units: 222 UC: 0 Occupancy: 73.0% Stories: 1,2 Year Built: 1958 BR: 1, 2 Vacant Units: 60 Waitlist: AR Year: Target Population: Family Yr Renovated: 2005 Rent Special: Notes: Tax Credit: HCV (8 units); Vacancies attributed to eviction sweep	
30	<b>Shell Gardens</b> 2211 Shell Rd, Hampton, VA 23661	Contact: Cheryl (In Person) Phone: (757) 727-1119
	Total Units: 48 UC: 0 Occupancy: 95.8% Stories: 2 Year Built: 1967 BR: 2 Vacant Units: 2 Waitlist: AR Year: Target Population: Family Yr Renovated: 2002 Rent Special: Notes: Tax Credit: HCV (22 units)	



















 Comparable Property	 (MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	 (TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
 Senior Restricted	 (TAX) Tax Credit	 (INR) Income Restricted (not LIHTC)
 (MRR) Market-Rate	 (TGS) Tax Credit & Govt Subsidized	 (ING) Income Restricted (not LIHTC) & Govt Subsidized
 (MRT) Market-Rate & Tax Credit	 (TIN) Tax Credit & Income Restricted (not LIHTC)	 (GSS) Govt Subsidized
 (MRG) Market-Rate & Govt Subsidized	 (TMG) Tax Credit, Market-Rate & Govt Subsidized	 (ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted
 (MIN) Market-Rate & Income Restricted (not LIHTC)		

<b>31</b>	<b>Soundview Townhomes</b> 827 41st St, Newport News, VA 23607	Contact: Kia (In Person) Phone: (757) 794-2596
	Total Units: 125 UC: 125 Occupancy: 88.0% Stories: 2 Year Built: 1969 BR: 1, 2, 3, 4 Vacant Units: 15 Waitlist: Target Population: Family AR Year: Rent Special: Yr Renovated: 2019 Notes: Tax Credit; HCV (8 units); Began preleasing 1/2019, 1st units opened 3/2019, still in lease-up, 125 units still UC, unknown completion date	
<b>32</b>	<b>Spratley House Apts</b> 651 25th St, Newport News, VA 23607	Contact: Valerie (In Person) Phone: (757) 928-2681
	Total Units: 50 UC: 0 Occupancy: 100.0% Stories: 5 Year Built: 1998 BR: 1, 2 Vacant Units: 0 Waitlist: Target Population: Senior 55+ AR Year: Rent Special: Yr Renovated: Notes: Public Housing; Tax Credit renovations pending	
<b>33</b>	<b>St. James Terrace</b> 80 30th St, Newport News, VA 23607	Contact: Patricia (In Person) Phone: (757) 245-7167
	Total Units: 100 UC: 0 Occupancy: 96.0% Stories: 2,3 Year Built: 1940 BR: 1, 2, 3 Vacant Units: 4 Waitlist: Target Population: Family AR Year: Rent Special: Yr Renovated: Notes: Does not accept HCV; 1-br rent range due to floor level	
<b>34</b>	<b>Waterford Pointe Apts</b> 105 Lakeshore Dr. E, Hampton, VA 23666	Contact: Priscilla (In Person) Phone: (866) 508-4511
	Total Units: 120 UC: 0 Occupancy: 100.0% Stories: 3 Year Built: 1993 BR: 1, 2, 3 Vacant Units: 0 Waitlist: 30 households AR Year: Target Population: Yr Renovated: 2014 Rent Special: Notes: Tax Credit; HCV (96 units)	
<b>35</b>	<b>Westover Station</b> 805 Roam Ct, Newport News, VA 23605	Contact: Arianna (In Person) Phone: (877) 247-7956
	Total Units: 108 UC: 0 Occupancy: 98.1% Stories: 3 Year Built: 1991 BR: 1, 2 Vacant Units: 2 Waitlist: Target Population: Family AR Year: Rent Special: Yr Renovated: Notes: Tax Credit; HCV (68 units)	

 Comparable Property	 (MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	 (TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
 Senior Restricted	 (TAX) Tax Credit	 (INR) Income Restricted (not LIHTC)
 (MRR) Market-Rate	 (TGS) Tax Credit & Govt Subsidized	 (ING) Income Restricted (not LIHTC) & Govt Subsidized
 (MRT) Market-Rate & Tax Credit	 (TIN) Tax Credit & Income Restricted (not LIHTC)	 (GSS) Govt Subsidized
 (MRG) Market-Rate & Govt Subsidized	 (TMG) Tax Credit, Market-Rate & Govt Subsidized	 (ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted
 (MIN) Market-Rate & Income Restricted (not LIHTC)		

36	<b>Wilbert &amp; Effie Ashe Manor</b> 900 36th St, Newport News, VA 23607	Contact: Valerie (In Person) Phone: (757) 928-2681
	Total Units: 50    UC: 0    Occupancy: 100.0%    Stories: 4    w/Elevator    Year Built: 2001	
	BR: 1, 2    Vacant Units: 0    Waitlist: 978 households    AR Year:	
	Target Population: Senior 55+    Yr Renovated:	
	Rent Special:	
	Notes: Tax Credit & Public Housing	

 Comparable Property	 (MIG) Market-Rate, Income Restricted (not LIHTC) & Govt Subsidized	 (TIG) Tax Credit, Income Restricted (not LIHTC) & Govt Subsidized
 Senior Restricted	 (TAX) Tax Credit	 (INR) Income Restricted (not LIHTC)
 (MRR) Market-Rate	 (TGS) Tax Credit & Govt Subsidized	 (ING) Income Restricted (not LIHTC) & Govt Subsidized
 (MRT) Market-Rate & Tax Credit	 (TIN) Tax Credit & Income Restricted (not LIHTC)	 (GSS) Govt Subsidized
 (MRG) Market-Rate & Govt Subsidized	 (TMG) Tax Credit, Market-Rate & Govt Subsidized	 (ALL) Tax Credit, Market-Rate, Govt Subsidized & Income Restricted
 (MIN) Market-Rate & Income Restricted (not LIHTC)		

Source: Newport News Redevelopment & Housing Authority  
 Effective: 11/2018

Monthly Dollar Allowances

		Garden						Townhome					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	Natural Gas	48	54	58	61	72			57	62	64	77	
	+Base Charge												
	Bottled Gas												
	Electric	34	40	55	64	88			43	59	69	94	
	Heat Pump												
	Oil												
Cooking	Natural Gas	2	3	3	3	4			3	3	3	4	
	Bottled Gas												
	Electric	5	5	6	7	8			5	6	7	8	
	Oil												
Other Electric	31	38	43	51	59			40	45	54	62		
+Base Charge													
Air Conditioning													
Water Heating	Natural Gas	15	18	25	31	37			18	25	31	37	
	Bottled Gas												
	Electric	24	30	36	48	60			30	36	48	60	
	Oil												
Water	20	21	29	36	42			21	29	36	42		
Sewer	35	38	58	74	90			38	58	74	90		
Trash Collection	29	29	29	29	29			29	29	29	29		
Internet*		20	20	20	20	20			20	20	20	20	
Cable*		20	20	20	20	20			20	20	20	20	
Alarm Monitoring*													

\* Estimated- not from source

## XIII. Qualifications

### The Company

Bowen National Research employs an expert staff to ensure that each market study is of the utmost quality. Each staff member has hands-on experience evaluating sites and comparable properties, analyzing market characteristics and trends, and providing realistic recommendations and conclusions. The Bowen National Research staff has the expertise to provide the answers for your development.

### Company Leadership

**Patrick Bowen** is the President of Bowen National Research. He has prepared and supervised thousands of market feasibility studies for all types of real estate products, including affordable family and senior housing, multifamily market-rate housing and student housing, since 1996. He has also prepared various studies for submittal as part of HUD 221(d)(3) & (4), HUD 202 developments and applications for housing for Native Americans. He has also conducted studies and provided advice to city, county and state development entities as it relates to residential development, including affordable and market rate housing, for both rental and for-sale housing. Mr. Bowen has worked closely with many state and federal housing agencies to assist them with their market study guidelines. Mr. Bowen has his bachelor's degree in legal administration (with emphasis on business and law) from the University of West Florida.

**Desireé Johnson** is the Director of Operations for Bowen National Research. Ms. Johnson is responsible for all client relations, the procurement of work contracts, and the overall supervision and day-to-day operations of the company. She has been involved in the real estate market research industry since 2006. Ms. Johnson has an Associate of Applied Science in Office Administration from Columbus State Community College.

### Market Analysts

**Christopher T. Bunch**, Market Analyst has over ten years of professional experience in real estate, including five years of experience in the real estate market research field. Mr. Bunch is responsible for preparing market feasibility studies for a variety of clients. Mr. Bunch earned a bachelor's degree in Geography with a concentration in Urban and Regional Planning from Ohio University in Athens, Ohio.

**Jeff Peters**, Market Analyst, has conducted on-site inspection and analysis for rental properties throughout the country since 2014. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Peters graduated from The Ohio State University with a Bachelor of Arts in Economics.

**Lisa Goff**, Market Analyst, has conducted site-specific analyses in both rural and urban markets throughout the country. She is also experienced in the day-to-day operation and financing of Low-Income Housing Tax Credit and subsidized properties, which gives her a unique understanding of the impact of housing development on current market conditions.

**Gregory Piduch**, Market Analyst, has conducted site-specific analyses in both metro and rural areas throughout the country. He is familiar with multiple types of rental housing programs, the day-to-day interaction with property managers and leasing agents and the collection of pertinent property details. Mr. Piduch holds a Bachelor of Arts in Communication and Rhetoric from the University of Albany, State University of New York and a Master of Professional Studies in Sports Industry Management from Georgetown University.

**Craig Rupert**, Market Analyst, has conducted market analysis in both urban and rural markets throughout the United States since 2010. Mr. Rupert is experienced in the evaluation of multiple types of housing programs, including market-rate, Tax Credit and various government subsidies and uses this knowledge and research to provide both qualitative and quantitative analysis. Mr. Rupert has a degree in Hospitality Management from Youngstown State University.

**Jack Wiseman**, Market Analyst, has conducted extensive market research in over 200 markets throughout the United States since 2007. He provides thorough evaluation of site attributes, area competitors, market trends, economic characteristics and a wide range of issues impacting the viability of real estate development. He has evaluated market conditions for a variety of real estate alternatives, including affordable and market-rate apartments, retail and office establishments, student housing, and a variety of senior residential alternatives. Mr. Wiseman has a Bachelor of Arts degree in Economics from Miami University.

**Ron Pompey**, Market Analyst, has surveyed both urban and rural markets throughout the country. He is trained to understand the nuances of various rental housing programs and their construction and is experienced in the collection of rental housing data from leasing agents, property managers, and other housing experts within the market. Mr. Pompey has a Bachelor of Science in Electrical Engineering from the University of Florida.



**Nathan Stelts**, Market Analyst, is experienced in the assessment of housing operating under various programs throughout the country, as well as other development alternatives. He is also experienced in evaluating projects in the development pipeline and economic trends. Mr. Stelts has a Bachelor of Science in Business Administration from Bowling Green State University.

### **Research Staff**

Bowen National Research employs a staff of in-house researchers who are experienced in the surveying and evaluation of all rental and for-sale housing types, as well as in conducting interviews and surveys with city officials, economic development offices, chambers of commerce, housing authorities and residents.

**Stephanie Viren** is the Research and Travel Coordinator at Bowen National Research. Ms. Viren focuses on collecting detailed data concerning housing conditions in various markets throughout the United States. Ms. Viren has extensive interviewing skills and experience and also possesses the expertise necessary to conduct surveys of diverse pools of respondents regarding population and housing trends, housing marketability, economic development and other socioeconomic issues relative to the housing industry. Ms. Viren's professional specialty is condominium and senior housing research. Ms. Viren earned a Bachelor of Arts in Business Administration from Heidelberg University.

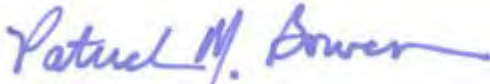
**Kelly Wiseman**, Research Specialist Director, has significant experience in the evaluation and surveying of housing projects operating under a variety of programs. In addition, she has conducted numerous interviews with experts throughout the country, including economic development, planning, housing authorities and other stakeholders.

**June Davis**, Office Manager of Bowen National Research, has been in the market feasibility research industry since 1988. Ms. Davis has overseen production on over 20,000 market studies for projects throughout the United States.

## Addendum A – Member Certification & Checklist

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

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

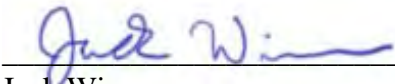


Patrick M. Bowen

President

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Date: August 8, 2019



Jack Wiseman

Market Analyst

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Date: August 8, 2019

Note: Information on the National Council of Housing Market Analysts may be obtained by calling 202-939-1750, or by visiting <http://www.housingonline.com>.

## ADDENDUM-MARKET STUDY INDEX

### A. INTRODUCTION

Members of the National Council of Housing Market Analysts provide a checklist referencing all components of their market study. This checklist is intended to assist readers on the location content of issues relevant to the evaluation and analysis of market studies.

### B. DESCRIPTION AND PROCEDURE FOR COMPLETING

The following components have been addressed in this market study. The section number of each component is noted below. Each component is fully discussed in that section. In cases where the item is not relevant, the author has indicated 'N/A' or not applicable. Where a conflict with or variation from client standards or client requirements exists, the author has indicated a 'VAR' (variation) with a comment explaining the conflict.

### C. CHECKLIST

		Section (s)
<b>Executive Summary</b>		
1.	Executive Summary	II
<b>Project Description</b>		
2.	Proposed number of bedrooms and baths proposed, income limitations, proposed rents and utility allowances	III
3.	Utilities (and utility sources) included in rent	III
4.	Project design description	III
5.	Unit and project amenities; parking	III
6.	Public programs included	III
7.	Target population description	III
8.	Date of construction/preliminary completion	III
9.	If rehabilitation, existing unit breakdown and rents	III
10.	Reference to review/status of project plans	III
<b>Location and Market Area</b>		
11.	Market area/secondary market area description	IV
12.	Concise description of the site and adjacent parcels	IV
13.	Description of site characteristics	IV
14.	Site photos/maps	X
15.	Map of community services	IV
16.	Visibility and accessibility evaluation	IV
17.	Crime Information	IV

**CHECKLIST (Continued)**

		Section (s)
<b>Employment and Economy</b>		
18.	Employment by industry	IV
19.	Historical unemployment rate	IV
20.	Area major employers	IV
21.	Five-year employment growth	IV
22.	Typical wages by occupation	IV
23.	Discussion of commuting patterns of area workers	IV
<b>Demographic Characteristics</b>		
24.	Population and household estimates and projections	IV
25.	Area building permits	V
26.	Distribution of income	IV
27.	Households by tenure	IV
<b>Competitive Environment</b>		
28.	Comparable property profiles	XI
29.	Map of comparable properties	X
30.	Comparable property photographs	XI
31.	Existing rental housing evaluation	V
32.	Comparable property discussion	V
33.	Area vacancy rates, including rates for Tax Credit and government-subsidized	V
34.	Comparison of subject property to comparable properties	V
35.	Availability of Housing Choice Vouchers	V
36.	Identification of waiting lists	V & XII
37.	Description of overall rental market including share of market-rate and affordable properties	V
38.	List of existing LIHTC properties	V
39.	Discussion of future changes in housing stock	V
40.	Discussion of availability and cost of other affordable housing options including homeownership	V
41.	Tax Credit and other planned or under construction rental communities in market area	V
<b>Analysis/Conclusions</b>		
42.	Calculation and analysis of Capture Rate	VII
43.	Calculation and analysis of Penetration Rate	VII
44.	Evaluation of proposed rent levels	V & VI
45.	Derivation of Achievable Market Rent and Market Advantage	VI
46.	Derivation of Achievable Restricted Rent	N/A
47.	Precise statement of key conclusions	II
48.	Market strengths and weaknesses impacting project	II
49.	Recommendations and/or modification to project discussion	II
50.	Discussion of subject property's impact on existing housing	V
51.	Absorption projection with issues impacting performance	II
52.	Discussion of risks or other mitigating circumstances impacting project projection	II
53.	Interviews with area housing stakeholders	V

**CHECKLIST (Continued)**

<b>Other Requirements</b>		<b>Section (s)</b>
54.	Preparation date of report	Title Page
55.	Date of Field Work	Certification
56.	Certifications	Certification
57.	Statement of qualifications	XIII
58.	Sources of data not otherwise identified	I
59.	Utility allowance schedule	XII

## ADDENDUM B: Carrier Point II

The purpose of this addendum is to address Carrier Point II as a separate 4% Tax Credit development. The following outlines the project concept for Phase II, as well as its corresponding capture rates and absorption estimates:

### **Project Description**

Carrier Point II will involve the new construction of 38 apartments at 2800 Jefferson Avenue in Newport News. The project will offer 14 one-, 21 two- and three (3) three-bedroom garden-style units within one (1) four-story elevator-served building with integrated community spaces. Carrier Point II will be developed utilizing funding from the 4% Tax-Exempt Bond program and 34 units will target lower-income family (general-occupancy) households earning up to 40%, 50% and 60% of Area Median Household Income (AMHI). The remaining four units will operate as unrestricted market-rate. Additionally, 21 units will operate with project-based Section 8 Voucher assistance. The proposed project is expected to be complete in 2021. Additional details of the subject project are as follows:

Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI	Proposed Rents			Max. Allowable LIHTC Gross Rent
						Collected Rent	Utility Allowance	Gross Rent	
1	One-Br.	1.0	Garden	562	40%/S8	\$930	\$57	\$987	\$595
12	One-Br.	1.0	Garden	562	60%	\$780	\$57	\$837	\$893
1	One-Br.	1.0	Garden	562	MR	\$950	\$57	\$1,007	-
1	Two-Br.	1.5	Garden	853	40%/S8	\$1,124	\$71	\$1,195	\$714
17	Two-Br.	1.5	Garden	853	50%/S8	\$1,124	\$71	\$1,195	\$892
1	Two-Br.	1.5	Garden	853	60%	\$945	\$71	\$1,016	\$1,071
2	Two-Br.	1.5	Garden	853	MR	\$1,124	\$71	\$1,195	-
2	Three-Br.	2.0	Garden	1,173	50%/S8	\$1,470	\$88	\$1,558	\$1,031
1	Three-Br.	2.0	Garden	1,173	MR	\$1,470	\$88	\$1,558	-
38	Total								

Source: Newport News Redevelopment & Housing Authority

AMHI – Area Median Household Income (Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area; 2019)

MR – Market-Rate

S8 – Section 8

*Note that tenants residing within the 21 HUD Section 8 units will effectively pay up to 30% of their adjusted gross household income towards gross rent due to the presence of the subsidy. The maximum allowable LIHTC gross rents of \$595 to \$1,031 are the programmatic limits for units targeting households earning up to 40% and 50% of AMHI. However, these limits would only apply in the unlikely scenario that the property ceased to operate with a project-based subsidy.*

## Capture Rate

The following is a summary of our demand calculations. Considering that the subject units set aside at 40% and 60% of AMHI will be comprised solely of one and two bedrooms, we have excluded larger (four-person+) household sizes for these specific set asides in the following capture rate analysis in order to avoid overestimating demand.

Demand Component	40% AMHI (\$20,400-\$28,560)	50% AMHI (\$30,582-\$42,850)	60% AMHI (\$28,697-\$42,840)	Overall LIHTC (\$20,400-\$42,850*)	Market-Rate Only (\$42,851+)
Demand from New Rental Households (Size- & Income-Appropriate)	2,020 - 2,057 = -37	3,024 - 3,083 = -59	2,914 - 2,977 = -63	5,486 - 5,590 = -104	6,886 - 6,829 = 57
+					
Demand from Existing Households (Rent Overburdened)	2,057 X 62.3% = 1,282	3,083 X 40.4% = 1,246	2,977 X 43.9% = 1,307	5,590 X 51.5% = 2,879	6,829 X 6.3% = 430
+					
Demand from Existing Households (Renters in Substandard Housing)	2,057 X 6.2% = 128	3,083 X 6.2% = 190	2,977 X 6.2% = 185	5,590 X 6.2% = 347	6,829 X 6.2% = 420
+					
Demand from Existing Households (Elderly Homeowner Conversion)	N/A	N/A	N/A	N/A	N/A
=					
Total Demand	1,373	1,377	1,429	3,122	907
-					
Supply (Directly Comparable Vacant Units Completed or In the Pipeline)	0	3	317	320	46
=					
Net Demand	1,373	1,374	1,112	2,802	861
Proposed Units	2	19	13	34	4
Proposed Units / Net Demand	2 / 1,373	19 / 1,374	13 / 1,112	34 / 2,802	4 / 861
Capture Rate	= 0.1%	= 1.4%	= 1.2%	= 1.2%	= 0.5%
Total Absorption Period	< 1 Month	< 2 Months	1 Month	< 3 Months	< 1 Month

\*Excludes households earning between \$28,560 and \$28,697

N/A-Not Applicable

Overall, the capture rates by targeted income level are considered very low and easily achievable, ranging from 0.1% to 1.4%. The overall LIHTC capture rate of 1.2% is also considered very low and easily achievable, illustrating that a substantial base of demographic support will exist for the subject development.

## **Absorption Projections**

Considering the facts contained in the market study, as well as the preceding factors, and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the proposed subject development. It is our opinion that the proposed 34 LIHTC units at the subject site will reach a stabilized occupancy of 93% in less than three months of opening. This absorption rate is based on an average monthly absorption rate of 13 units per month. It is anticipated that the subject's four market-rate units will stabilize in less than one month. Note that these absorption projections assume the proposed project will operate with a subsidy available to 21 of the units. In the unlikely scenario the subject project did not operate with a subsidy available to 21 units, the proposed project will likely experience a slightly extended absorption period of approximately three months, which is reflective of an absorption rate of ten units per month.

These absorption projections assume a 2021 opening date. A different opening may have a slowing impact on the absorption potential for the subject project. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, unit design, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and continue to monitor market conditions during the project's initial lease-up period. Note that Voucher support has also been considered in determining these absorption projections and that these absorption projections may vary depending upon the amount of Voucher support the subject development receives.