



**NOVOGRADAC  
& COMPANY** LLP®

CERTIFIED PUBLIC ACCOUNTANTS

**A MARKET FEASIBILITY**

**STUDY OF:**

**DERBY RUN I**

# **A MARKET FEASIBILITY STUDY OF:**

# **DERBY RUN I**

Located at:  
6 Derby Drive  
Hampton, Hampton County, Virginia 23666

Effective Date: June 17, 2019  
Report Date: July 19, 2019

Prepared for:  
Drew Sullivan  
Vice President Development  
LEDIC Realty Company, LLC  
105 Tallapoosa Street, Suite 300  
Montgomery, AL 36104

Prepared by:  
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& COMPANY** LLP®  
CERTIFIED PUBLIC ACCOUNTANTS

July 19, 2019

Drew Sullivan  
Vice President Development  
LEDIC Realty Company, LLC  
105 Tallapoosa Street, Suite 300  
Montgomery, AL 36104

Re: Market Study for Derby Run I, located in Hampton, Virginia

Dear Mr. Sullivan:

At your request, Novogradac & Company LLP has performed a market study of the multifamily rental market in the Hampton, Virginia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC)/market rate project. It should be noted that we have previously prepared a HUD Map Appraisal for the Subject in June 2019 and we are concurrently preparing an application appraisal.

The purpose of this market study is to assess the viability of Derby Run I (Subject), a proposed acquisition/rehabilitation development. The Subject consists of 160 two and three-bedroom units, 128 of which are restricted at 60 percent of the area median income (AMI) or less. The remaining 32 units are market rate. The property was originally constructed and placed in service in 1994 with LIHTCs, and is proposed to again be renovated with LIHTCs, with an anticipated 11-month renovation timeframe starting December 2019. The Subject's initial 15-year compliance period expired in 2009 and a 15-year extended use agreement is now in effect through 2024. Upon renovation, the Subject will enter into a new 15-year compliance period and subsequent extended-use period. Post-renovation, 142 units will be LIHTC and 18 will be market rate.

We have been asked to test achievable rents. We assume all information provided by the client correctly reflects the Subject. Any material changes from the development scheme provided may affect the conclusions shown in this report. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions. LEDIC Realty Company, LLC is the client in this engagement. We understand that they will submit this document to the Virginia Housing Development Authority (VHDA) for tax credit application. The scope of this report meets the requirements of VHDA, including the following:

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

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

This report contains, to the fullest extent possible and practical, explanations of the data, reasoning, and analyses that were used to develop the opinions contained herein. The depth of discussion contained in the report is specific to the needs of the client.

The National Council of Housing Market Analysts (NCHMA) is a professional organization chartered to promote the development of high quality market analysis for the affordable housing industry. Novogradac & Company LLP is a charter member of this organization and adheres to the market study guidelines promulgated by NCHMA. The NCHMA certification and checklist can be found in the *Addenda* of this report. Please refer to the checklist to find the sections in which content is located.

Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,



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# **I. EXECUTIVE SUMMARY AND CONCLUSIONS**

## EXECUTIVE SUMMARY AND CONCLUSIONS

Derby Run I, the Subject, consists of a 160-unit low-income housing tax credit (LIHTC)/market rate development with 128 two and three-bedroom units restricted to households earning 60 percent of the area median income (AMI) or less. The remaining 32 two and three-bedroom units are market rate. The Subject's initial 15-year compliance period expired in 2009 and the 15-year extended-use agreement is now in effect and will extend through 2024. Upon renovation, the Subject will enter into a new 15-year compliance period and subsequent extended-use period. Post-renovation, 142 units will be LIHTC and 18 will be market rate.

The Subject's proposed rents are detailed in the following table.

PROPOSED RENTS								
Unit Type	Unit Size (SF)	# of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2019 LIHTC Maximum Allowable Gross Rent	% of Maximum Allowable Gross Rent	
@60%								
2BR/2BA	1,000	93	\$932	\$107	\$1,039	\$1,071	97.0%	
3BR/2BA	1,300	49	\$1,059	\$158	\$1,217	\$1,237	98.4%	
Market Rate								
2BR/2BA	1,000	11	\$936	-	-	-	-	
3BR/2BA	1,300	7	\$1,102	-	-	-	-	
		<b>160</b>						

Notes (1) According to the developer, project-specific utility allowance.

In general, we believe there is demand in the marketplace for the Subject as conceived. We recommend no changes to the development scheme.

### Strengths

- The Subject's unit sizes are considered competitive and offer a slight advantage compared to comparable LIHTC properties.
- Historically, the Subject's in-unit, community amenities, and unit sizes have been well-accepted in the market; thus, we believe they will continue to be competitive with the comparables.
- The local economy is outperforming the nation in terms of total employment growth and low unemployment rate. Between April 2018 and April 2019, the unemployment rate decreased 0.2 percentage points to 2.8 percent, while the nation reported a decrease of 0.4 percentage points to 3.3 percent.
- Vacancy rates among the LIHTC properties range from zero to 12.6 percent, with an average of 5.9 percent. However, excluding Wilsondale Apartments (which reported elevated vacancy due to inefficient management), vacancy rates among the LIHTC properties range from zero to 6.2 percent, with an average of just 2.9 percent.
- The Subject is an existing LIHTC development that has historically maintained strong occupancy.
- The Subject is located in close proximity to many services, public transportation, and retailers.

**Weaknesses**

- None significant.

We believe there is ample demand for the Subject as proposed. Our concluded overall capture rate and absorption period are shown in the table below.

Project Wide Capture Rate - LIHTC Units	6.1%
Project Wide Capture Rate - Market Units	0.3%
Project Wide Capture Rate - All Units (As Proposed)	2.7%
Project Wide Absorption Period (Months)	6-8 months

It should be noted that this absorption period assumes the Subject is hypothetically 100 percent vacant.



## **II. PROJECT DESCRIPTION**

## PROJECT DESCRIPTION

**Location:** The Subject is located at 6 Derby Drive in Hampton, Virginia 23666.

**Site Description:** The site is irregular in shape with frontage along the north side of Floyd Thompson Drive and the west side of Magruder Boulevard. The property consists of 16 three-story garden-style residential buildings, as well as a one-story single-story community/leasing building, totaling 17 buildings. Additionally, the Subject site is 8.73 acres or approximately 380,279 square feet.

### Aerial of Subject:



Source: Google Maps, retrieved 6/2019

**Proposed Rents and Unit Mix:** The following table details the proposed rents and unit mix for the Subject. The utility allowance/structure will remain the same for the Subject as renovated.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	# of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2019 LIHTC Maximum Allowable Gross Rent	% of Maximum Allowable Gross Rent
<i>@60%</i>							
2BR/2BA	1,000	93	\$932	\$107	\$1,039	\$1,071	97.0%
3BR/2BA	1,300	49	\$1,059	\$158	\$1,217	\$1,237	98.4%
<i>Market Rate</i>							
2BR/2BA	1,000	11	\$936	-	-	-	-
3BR/2BA	1,300	7	\$1,102	-	-	-	-
<b>160</b>							

Notes (1) Project-specific utility allowance.

Following rehabilitation and the allocation of new LIHTCs, 142 of the Subject’s units will be restricted at 60 percent AMI with proposed rents set slightly below the 2019 maximum allowable level. The remaining units will be market rate.

**Current Asking and Achieved Rents:**

The Subject’s current asking and achieved rents, as well as the projected rents, are detailed in the following table.

**CURRENT ASKING, ACHIEVED, AND PROPOSED RENTS**

Unit Type	Unit Size (SF)	Current Asking Rents	Average Tenant-Paid Rent	Proposed Rent	Percentage Increase in Proposed vs. Achieved Rents	Percentage Increase in Proposed vs. Current Asking Rents
<i>60% AMI</i>						
2BR/2BA	1,000	\$893	\$868	\$932	7.4%	4.4%
3BR/2BA	1,300	\$1,000	\$987	\$1,059	7.3%	5.9%
<i>Market Rate</i>						
2BR/2BA	1,000	\$925	\$897	\$936	4.3%	1.2%
3BR/2BA	1,300	\$1,045	\$1,025	\$1,102	7.5%	5.5%

Following rehabilitation and the allocation of new LIHTCs, 142 of the Subject units will be restricted at 60 percent AMI with proposed rents slightly below the 2019 maximum allowable level., but will be increased from current rent levels. The remaining units will be market rate.

**Target Population:**

The Subject will continue to target families earning 60 percent AMI or less, as well as families with higher incomes, which will reside in its market rate units.

**Utility Structure:**

The tenants are responsible for all electric utilities including electric cooking, electric water heating, electric heating, and general electric expenses, as well cold water and sewer expenses. The landlord is responsible for trash expenses and all common area utilities. The utility structure varies among the comparable properties; we have adjusted the comparables’ rents in accordance with the utility schedule obtained from the Hampton Redevelopment and Housing Authority, effective December 1, 2018.

**UTILITY ALLOWANCES**

Utility	Paid By	Two-Bedroom	Three-Bedroom
Air Conditioning	Tenant	\$12	\$15
Cooking - Electric	Tenant	\$11	\$12
Water Heating - Electric	Tenant	\$23	\$36
Heating - Electric	Tenant	\$38	\$46
Other Electric	Tenant	\$43	\$50
Water	Tenant	\$32	\$45
Sewer	Tenant	\$39	\$62
Trash Collection	Landlord	\$26	\$26
<b>Total Utility Allowance</b>		<b>\$224</b>	<b>\$292</b>
<b>Total Landlord Paid Utilities</b>		<b>\$26</b>	<b>\$26</b>
<b>Total Tenant Paid Utilities</b>		<b>\$198</b>	<b>\$266</b>

Source: Hampton Redevelopment and Housing Authority, effective December 1, 2018.

**Unit Mix:**

The following table illustrates the Subject's unit mix and sizes as provided by the developer.

**UNIT MIX AND SQUARE FOOTAGE**

Unit Type	# of Units	Unit Size (SF)	Net Rentable Area
2BR/2BA	104	1,000	104,000
3BR/2BA	<u>56</u>	1,300	<u>72,800</u>
<b>Total</b>	<b>160</b>		<b>176,800</b>

**NLA:**

Approximately 176,800 square feet as outlined in the table above.

**Unit Amenities:**

The Subject's units currently offer a balcony/patios, blinds, carpet and vinyl flooring, central air conditioning, coat closet, exterior storage, walk-in closets, and wash/dryer hookups. Appliances include dishwashers, ovens, and refrigerators. Post renovation, the in-unit amenities will remain the same.

**Common Amenities:**

The Subject features a clubhouse/community room, central laundry facility, one-site management, and swimming pool. There are no additional common area amenities proposed with the renovations.

**Parking:**

The Subject features off-street parking to its tenants at no additional cost. There are approximately 358 surface parking spaces, which equates to a parking ratio of approximately 2.24 spaces per unit. Overall, the parking offered at the Subject is reasonable given its tenancy and proximity to public transportation.

**Number of Stories:**

The property consists of 16 three-story garden-style residential buildings, as well as a one-story single-story community/leasing building, totaling 17 buildings.

**Date of Construction:**

The Subject was constructed and placed in service in 1994, and is proposed to be renovated again with LIHTCs, with a 11-month renovation starting in December 2019, ending in November 2020.

<b>Scope of Renovations:</b>	The scope of renovations will include, but not be limited to the following: new kitchen cabinets and countertops, updated bathroom tubs and plumbing, new appliances, and new entry doors. Exterior and common area upgrades will include new roofing, exterior painting, roof soffit repairs, electrical updates, concrete sidewalk repairs, parking lot resurfacing and restriping, new playground equipment, new swimming pool deck, landscaping, and remodeling and painting of the community room and management office. The total renovation hard costs are estimated to be \$5,047,839, or \$31,549 per unit. The construction timeline is anticipated to be 11 months, starting in December 2019, with an anticipated completion date of November 2020.
<b>Target Population and Occupancy Type:</b>	The Subject will continue to be set-aside for two, three, four, and five-person households. Based on the unit mix and proposed rent levels, the annual incomes will range from \$35,623 to \$51,420 for units at the 60 percent AMI. Further, the annual incomes will range from \$33,696 to over \$200,000 for the Subject's market rate units. According to the most recent rent roll provided, dated June 17, 2019, the Subject was 98.1 percent occupied.
<b>Americans with Disabilities Act of 1990:</b>	We assume the property will not have any violations of the Americans with Disabilities Act of 1990.
<b>Quality of Construction Condition and Deferred Maintenance:</b>	The Subject appears to have been constructed using average-quality materials and the structure/units are in average to good condition and exhibit minimal deferred maintenance. Post-renovation, the Subject will be in good condition with no deferred maintenance.
<b>Functional Utility:</b>	Based upon a site inspection of the Subject property, the units are functional and market-oriented.
<b>Conclusion:</b>	The Subject property is a 160-unit LIHTC/market rate development in average condition and will be in good condition post-rehabilitation. The Subject does not suffer from functional obsolescence and provides average to good utility for its intended use. The proposed renovations will enable the Subject to maintain and/or improve its competitive position in the market.

**Derby Run I**

**Location** 6 Derby Run  
Hampton, VA 23666  
Hampton County

**Units** 160  
**Vacant Units** 3  
**Vacancy Rate** 1.9%  
**Type** Garden  
(3 stories)  
**Year Built / Renovated** 1994 / n/a

**Phone** 757-865-1000



**Market**

**Program** @60%, Market  
**Annual Turnover Rate** N/A  
**Units/Month Absorbed** n/a  
**Section 8 Tenants** N/A

**Leasing Pace** n/a  
**Change in Rent (Past Year)** n/a  
**Concession**

**Utilities**

**A/C** not included – central  
**Cooking** not included – electric  
**Water Heat** not included – electric  
**Heat** not included – electric

**Other Electric** not included  
**Water** included  
**Sewer** included  
**Trash Collection** included

**Unit Mix (face rent)**

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
2	2	Garden (3 stories)	79	1,000	\$893	\$0	@60%	No	2	2.50%	no
2	2	Garden (3 stories)	25	1,000	\$925	\$0	Market	No	0	0.00%	N/A
3	2	Garden (3 stories)	49	1,300	\$1,000	\$0	@60%	No	1	2.00%	no
3	2	Garden (3 stories)	7	1,300	\$1,045	\$0	Market	No	0	0.00%	N/A

**Amenities**

**In-Unit** Balcony/Patio  
Blinds  
Cable/Satellite/Internet  
Carpeting  
Central A/C  
Coat Closet  
Dishwasher  
Exterior Storage  
Oven  
Refrigerator  
Walk-In Closet  
Washer/Dryer hookup

**Security** none

**Property** Clubhouse/Meeting Room/Community Room  
Central Laundry  
Off-Street Parking  
On-Site Management  
Playground  
Swimming Pool

**Premium** none

**Services** none  
**Other** none

### **III. LOCATION, MARKET AREA DEFINITION & PROPERTY CHARACTERISTICS**

## LOCATION AND MARKET AREA DEFINITION

### Primary Market Area

For the purposes of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood-oriented” and are generally very reluctant to move from the area in which they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below-market rents. Ninety percent of the Subject’s potential tenants are expected to hail from the PMA; however, demand estimates will not be adjusted to reflect the potential for “leakage,” as the demand template published in the 2019 VHDA Market Study Guidelines does not explicitly permit an allowance for demand originating outside the PMA.

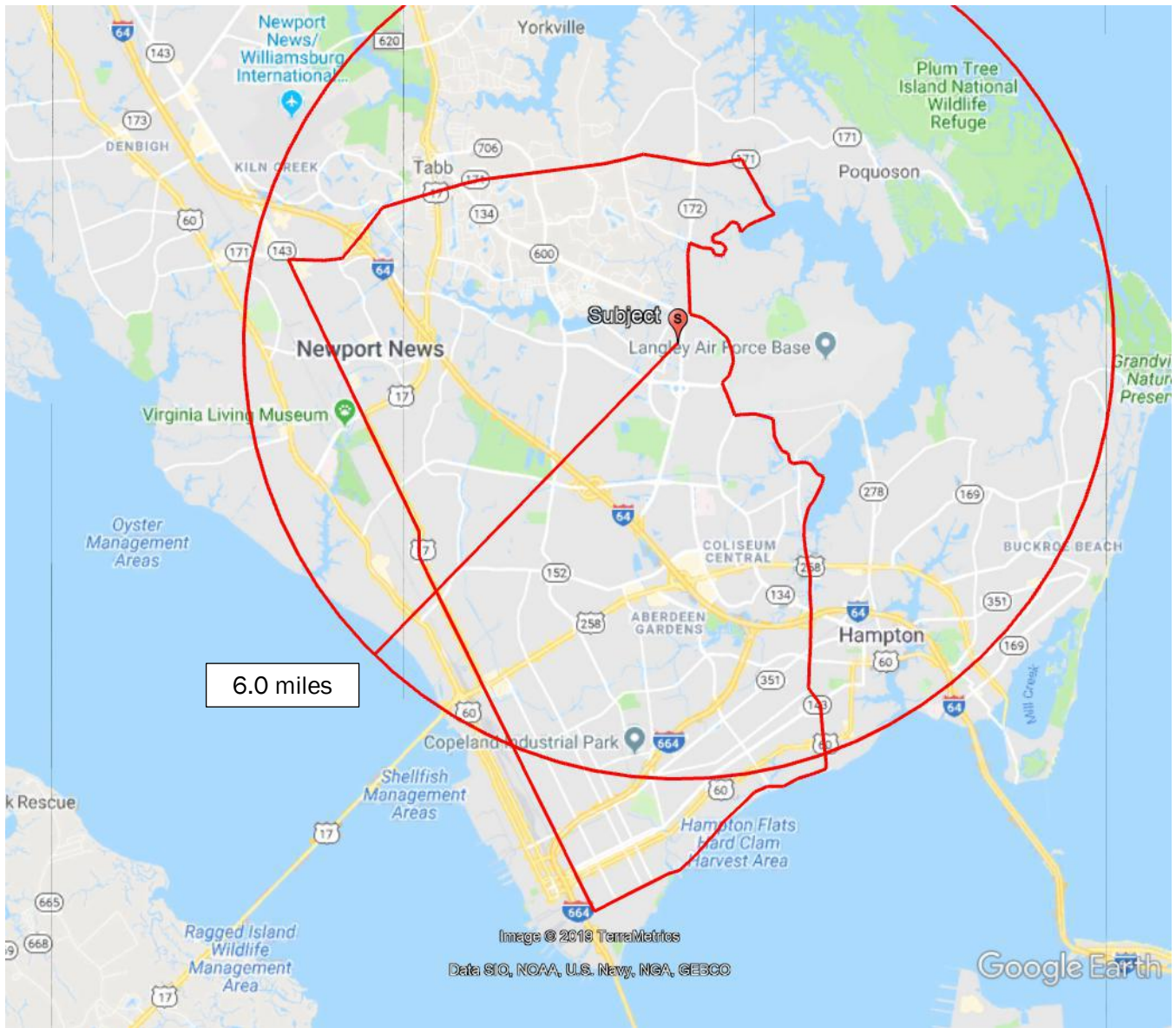
The Subject property is located in Hampton, Virginia. The boundaries of the PMA are defined as Victory Boulevard to the north, Commander Shepard Boulevard, Southwest Branch Back River, and LaSalle Avenue to the east, 16<sup>th</sup> Street and Chesapeake Avenue to the south and Jefferson Avenue to the west. The PMA was determined based on input from area property managers, including the manager at the Subject property.

The following sections will provide an analysis of the demographic characteristics within the market area. Data such as population, households and growth patterns will be studied, to determine if the Virginia Beach-Norfolk-Newport News, VA-NC MSA and the Primary Market Area (PMA) are areas of growth or contraction. Maps outlining the general PMA boundaries as well as the MSA can be found on the following pages.

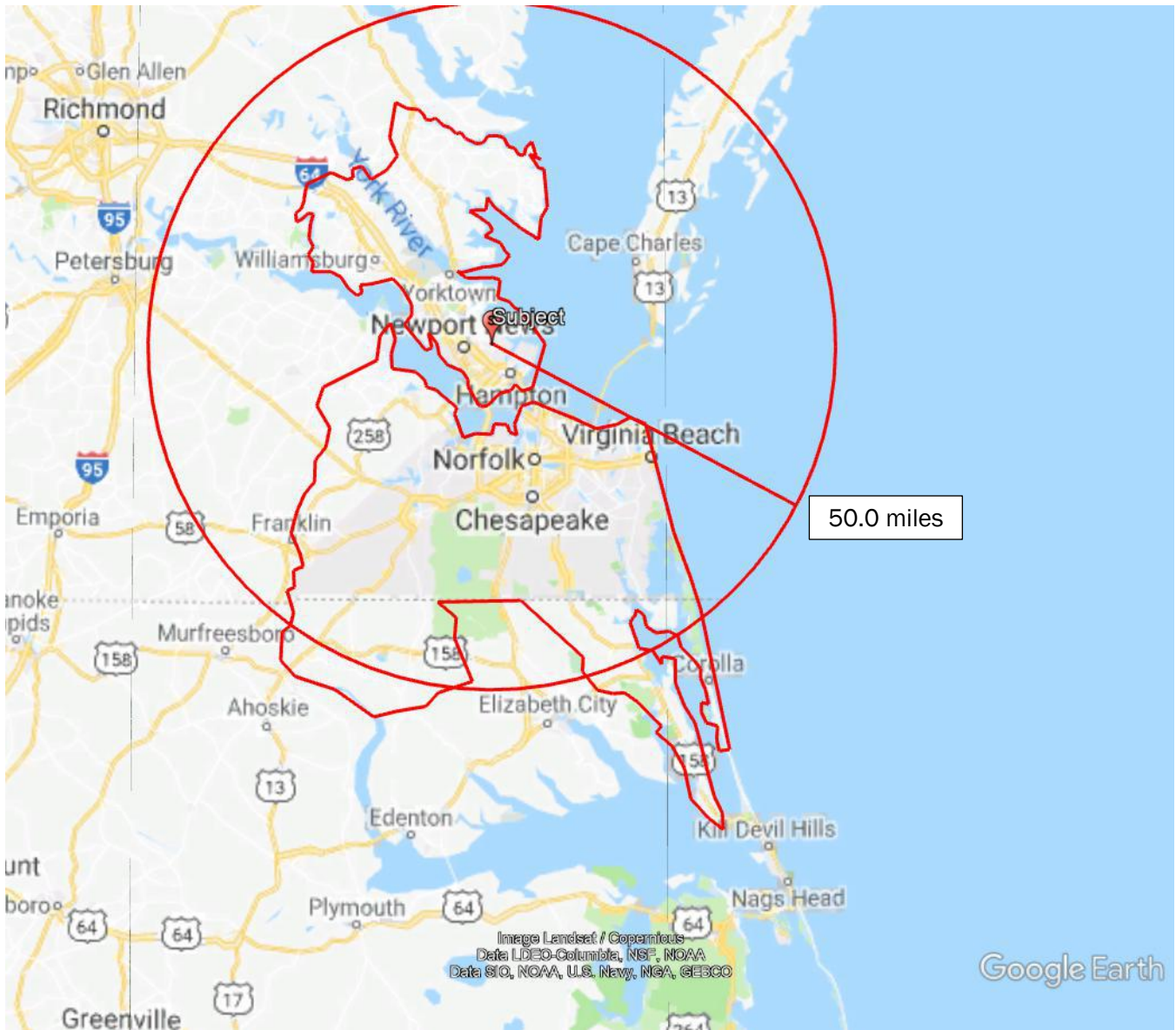
Per VHDA guidelines, analysts are to include secondary or tertiary markets. The secondary market in this case is the Virginia Beach-Norfolk-Newport News, VA-NC MSA, which is defined as Currituck and Gates Counties in North Carolina and Gloucester, Isle of Wight, James City, and York Counties in Virginia, as well as the independent cities of Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Suffolk, and Virginia Beach. Maps of both the PMA and MSA can be found on the following pages.



Primary Market Area (PMA) Map



**Secondary Market Area (SMA) Map**



**DESCRIPTION OF THE SITE**

The location of an apartment community can have a substantial negative or positive impact upon the performance, safety and appeal of the property. The following site description discusses the physical features of the site, as well as the layout, access issues, and traffic flow, etc.



Source: Google Maps, retrieved 6/2019

- Size:** The Subject site consists of 8.73 acres or approximately 380,279 square feet.
- Shape:** The Subject parcel is irregular in shape.
- Frontage:** The Subject has frontage along the north side of Floyd Thompson Drive and the west side of Magruder Boulevard.
- Topography:** The site is generally level.
- Utilities:** All utilities are available to the site.

**Visibility/Views:**

The Subject has good visibility from Floyd Thompson Drive and Magruder Boulevard. Views to the north of the Subject consist of Phase II of the Subject. Views to the east and west consist of vacant wooded land. Views to the south consist of commercial/retail uses in average to good condition. Overall, visibility is considered good, and views are considered average.

**Surrounding Uses:**

The Subject is located in the Hampton Roads Center neighborhood in the north portion of Hampton. The neighborhood consists of a mixture of single-family homes, multifamily uses, as well as civic and commercial/retail uses primarily located along the east and west sides of Magruder Boulevard. To the north of the Subject is Derby Run II, a 144-unit LIHTC/market rate development that was built in 1997, exhibits average condition, and is 93.8 percent occupied. Land use further north of the Subject consists of a house of worship, as well as several single-family homes and Falcon Creek Luxury Apartments, a market rate development in good condition. It should be noted that Falcon Creek Luxury Apartments has not been utilized as a comparable due to its differing unit mix (one and two bedroom units). Land use northeast of the Subject includes a variety of commercial/retail uses including Taco Bell, McDonalds, Bojangles, Hardees, and Papa John's Pizza, all of which exhibit good condition. Also located to the northeast of the Subject, is Luna Pointe Apartments, a market rate development in good condition. This development has also not been utilized as a comparable due to its differing unit mix (studios and two-bedroom units). Land use to the east of the Subject is vacant wooded land, as well as commercial uses in good condition. Land use to the south of the Subject includes a variety of commercial/retail uses in average to good condition, as well as The Samuel Apartments, a market rate property in average condition. The Samuel Apartments has been utilized as a comparable and is currently 95.8 percent occupied. Land use to the west of the Subject consists of vacant wooded land and several single family homes in average to good condition. Overall, the majority of surrounding land uses are in average to good condition. According to Zillow.com, single-family homes in the Subject's area are currently listed for between \$135,000 and \$559,000 with the majority listed for around \$200,000.

**Access and Traffic Flow:**

The Subject is accessed via the north side of Floyd Thompson Drive. Floyd Thompson Drive is a four-lane moderately traveled road generally traversing east and west, which provides access to County Road 134, located 0.1 miles southeast of the Subject. County Road 134 is a north-south road that provides access to Interstate 64 and Highway 17. Interstate 64 provides access throughout Hampton and the state of Virginia. Overall, traffic in the Subject's immediate area is considered light, and access is considered good.

**Layout and Curb Appeal:**

Based on our inspection, the Subject has a functional layout and average curb appeal.

The following table outlines various characteristics.

SUMMARY OF SUBJECT SITE	
Visibility	Good
Views	Average
Access/Traffic Flow	Good/Light
Layout/Curb Appeal	Average

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

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

**Environmental Assessment:** We were not provided with an environmental assessment report. We did not observe any obvious environmental hazards during our site inspection. However, we are not experts within this field. Our valuation assumes that no environmental contamination exists on the site. Should the presence of such materials be discovered, the value estimate reported herein could be materially affected by remediation costs.

**Flood Plain:** Based on information provided by [www.Floodinsights.com](http://www.Floodinsights.com), the Subject site is located within Zone X, outside of the area inundated by the 100-year and 500-year flood plains. The corresponding FEMA map is community panel number 5155270010H, revised May 16, 2016. Further analysis by Novogradac is beyond the scope of the report.

National Flood Hazard Layer FIRMette



**Legend**

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

**SPECIAL FLOOD HAZARD AREAS**

- Without Base Flood Elevation (BFE) Zone A, V, AE, AH
- With BFE or Depth Zone AE, AD, AH, VE, AR
- Regulatory Floodway

**FloodMap Legend**

**Flood Zones**

- Areas inundated by 500-year flooding
- Areas outside of the 100- and 500-year floodplains
- Areas inundated by 100-year flooding
- Areas inundated by 100-year flooding with velocity hazard
- Floodway areas
- Floodway areas with velocity hazard
- Areas of undetermined but possible flood hazards
- Areas not mapped on any published FIRM

**OTHER FLOC**

- OTI: Floodway areas with velocity hazard
- SI: Areas of undetermined but possible flood hazards

**OTHER FEATURES**

- Cross Sections with 1% Annual Chance Water Surface Elevation
- Coastal Transact
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transact Baseline
- Profile Baseline
- Hydrographic Feature

**MAP PANELS**

- Digital Data Available
- No Digital Data Available
- Unmapped

Copyright 2012, CDS Business Mapping. All rights reserved.

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

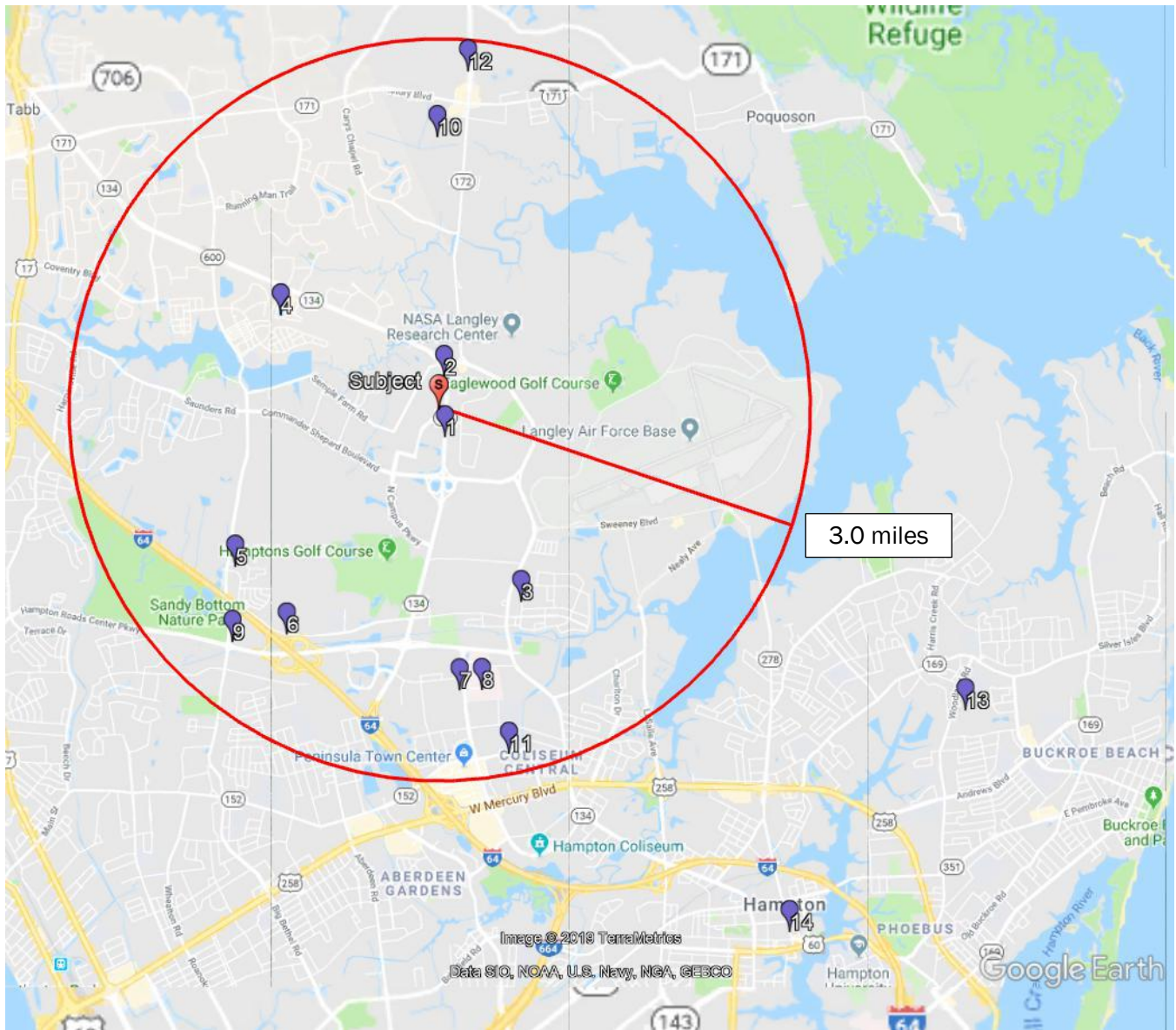
Source: www.fema.gov, June 2019

**Detrimental Influences:**

At the time of the site inspection, there were no detrimental influences observed by the appraiser that would adversely impact the marketability of the Subject.

**Proximity to Local Services**

The Subject is located in close proximity to services including area retail, medical facilities, and schools. The distances of various services from the Subject and a map of the locations are provided following.



**LOCAL AMENITIES**

Map #	Amenity/Service	Distance from Subject	Map #	Amenity/Service	Distance from Subject
1	Bus Stop	0.1 miles	8	Hospital	2.1 miles
2	Gas Station	0.5 miles	9	Pharmacy	2.4 miles
3	Elementary School	1.5 miles	10	Public Library	2.4 miles
4	Grocery Store	1.6 miles	11	Middle School	2.7 miles
5	Fire Station	2.0 miles	12	Post Office	3.0 miles
6	Community College	2.0 miles	13	High School	4.8 miles
7	Bank	2.1 miles	14	Police Department	5.0 miles

## **Public Transportation**

Hampton is served by Hampton Roads Transit (HRT). The HRT bus services six cities: Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, and Virginia Beach. HRT operates 56 fixed regular bus routes. The closest bus stop is located at Magruder Boulevard and Floyd Thompson Drive, approximately 0.1 miles southeast of the Subject. The HRT also offers light rail and ferry services. The light rail extends 7.4 miles from the Eastern Virginia Medical complex east through downtown Norfolk to Newton Road at the border of Virginia Beach. The HRT operates three 150-passenger ferries on the Elizabeth River between Norfolk and Portsmouth. They travel between the North Landing and High Street in Portsmouth and the Waterside District in Downtown Norfolk. Ferries operate every 30 minutes and are open seven days a week 5:30 AM to 11:45 PM. Adult single way passes for the bus, light rail, and ferry are \$2.00, discounted fares are \$1.00, and children 17 years old or younger are free.

## **Conclusion**

The Subject is located in the Hampton Roads Center neighborhood in the northern portion of Hampton. The neighborhood consists of a mixture of single-family homes, multifamily uses, as well as civic and commercial/retail uses primarily located along the east and west sides of Magruder Boulevard. Access to public transportation, groceries, pharmacy, and shopping is convenient. The Subject's location is considered good and is well suited for multifamily housing.



**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD**



Subject exterior



Subject exterior



Subject exterior



Subject exterior



Subject exterior



Subject exterior



Clubhouse



Subject leasing area



Community room



Playground



Central laundry



Swimming pool



Entrance



Living room



Coat closet



Kitchen



Bedroom



Bedroom closet



Bathroom



Living area



Kitchen



Dining area



Bedroom



Bathroom



Retail south of Subject



Retail south of Subject



Typical single-family home in Subject's neighborhood



View along Floyd Thompson Drive facing west



View along Floyd Thompson Drive facing east



View along Derby Drive facing north

**Crime Risk**

A crime index below 100 is below the national average and anything over 100 is above the nation’s crime index average. A crime index of 75 in a PMA would be 25 percent below the national average while a crime rate of 200 would be twice that of the national average. The following table illustrates crime statistics for the PMA and the MSA as compared to the nation.

**2018 CRIME RISK INDICES**

	<b>PMA</b>	<b>MSA</b>
<b>Total Crime*</b>	<b>135</b>	<b>127</b>
<b>Personal Crime*</b>	<b>110</b>	<b>108</b>
Murder	171	162
Rape	116	112
Robbery	145	147
Assault	91	88
<b>Property Crime*</b>	<b>138</b>	<b>129</b>
Burglary	86	99
Larceny	161	144
Motor Vehicle Theft	93	94

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

\*Unweighted aggregations

As indicated in the table above, total, personal, and property crime indices in the PMA are above that of the MSA and nation. The Subject does not offer any security features, and will not offer any post-renovation. Observations of the PMA and interviews with market participants and property managers indicate crime is somewhat of a concern. The Subject’s property manager noted that the Subject has little to no crime, as most of the incidents occur offsite. Based on the strong historical performance, we believe the Subject will remain competitive when compared with the comparables, with respect to crime incidence.

## **IV. EMPLOYMENT AND ECONOMY**

## ECONOMIC ANALYSIS

The Greater Virginia Beach metropolitan area has a strong and diverse economy that is concentrated within the healthcare/social assistance, retail trade, and manufacturing industries. The NASA Langley Research Center is located approximately 0.8 miles northeast of the Subject and employs approximately 4,000 employees. Hampton is the location of the Fifth Federal Reserve District, which is a financial hub for the mid-Atlantic region. Hampton is also the headquarters for GE Financial Assurance, Anthem Inc., Markel Corporation, and Land America Financial Group. Further, Hampton has attracted large customer service centers for companies like Capital One, Hewlett Packard, Owens & Minor, Mazda, and Time-Life. The Hampton economy benefits from its mid-Atlantic location.

### Employment and Unemployment Trends

The table below illustrates the total employed and unemployment rates for the MSA and nation.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)								
Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area					USA			
Year	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2003	735,598	-	4.2%	-	137,736,000	-	6.0%	-
2004	743,738	1.1%	4.1%	-0.1%	139,252,000	1.1%	5.5%	-0.5%
2005	760,768	2.3%	4.0%	-0.1%	141,730,000	1.8%	5.1%	-0.5%
2006	775,834	2.0%	3.4%	-0.6%	144,427,000	1.9%	4.6%	-0.5%
2007	787,986	1.6%	3.2%	-0.2%	146,047,000	1.1%	4.6%	0.0%
2008	792,416	0.6%	4.2%	1.0%	145,363,000	-0.5%	5.8%	1.2%
2009	760,677	-4.0%	6.9%	2.7%	139,878,000	-3.8%	9.3%	3.5%
2010	770,605	1.3%	7.6%	0.7%	139,064,000	-0.6%	9.6%	0.3%
2011	778,240	1.0%	7.3%	-0.3%	139,869,000	0.6%	9.0%	-0.7%
2012	781,751	0.5%	6.8%	-0.5%	142,469,000	1.9%	8.1%	-0.9%
2013	790,153	1.1%	6.2%	-0.5%	143,929,000	1.0%	7.4%	-0.7%
2014	796,102	0.8%	5.7%	-0.6%	146,305,000	1.7%	6.2%	-1.2%
2015	792,995	-0.4%	4.9%	-0.7%	148,833,000	1.7%	5.3%	-0.9%
2016	797,450	0.6%	4.7%	-0.3%	151,436,000	1.7%	4.9%	-0.4%
2017	813,421	2.0%	4.1%	-0.6%	153,337,000	1.3%	4.4%	-0.5%
2018	821,973	1.1%	3.3%	-0.8%	155,761,000	1.6%	3.9%	-0.4%
2019 YTD Average*	822,022	0.0%	3.3%	0.1%	156,286,800	0.3%	3.8%	-0.1%
Apr-2018	826,057	-	3.0%	-	155,348,000	-	3.7%	-
Apr-2019	828,653	0.3%	2.8%	-0.2%	156,710,000	0.9%	3.3%	-0.4%

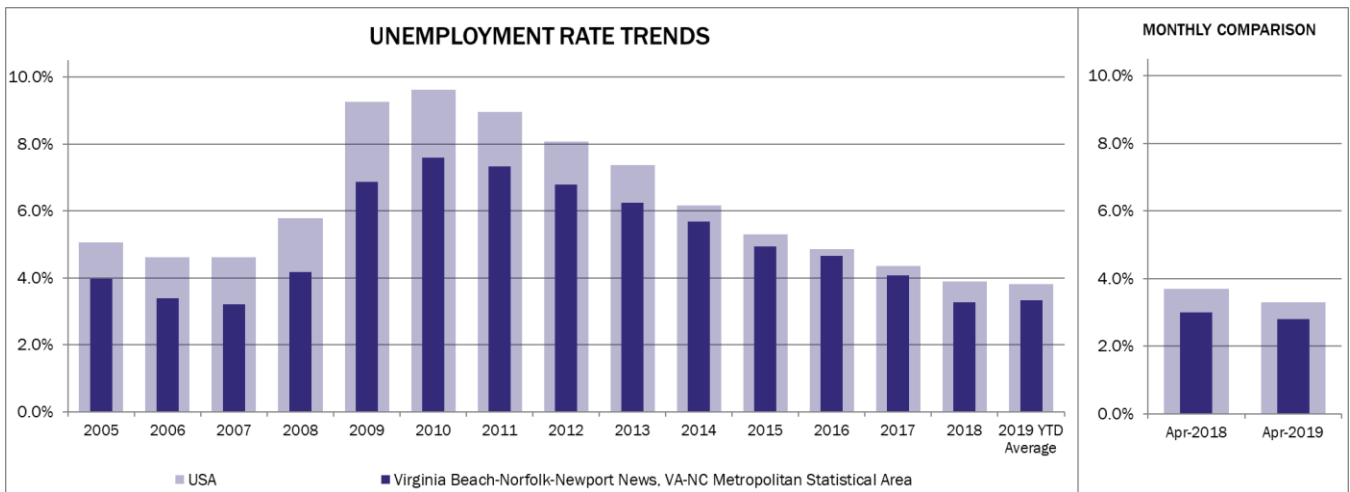
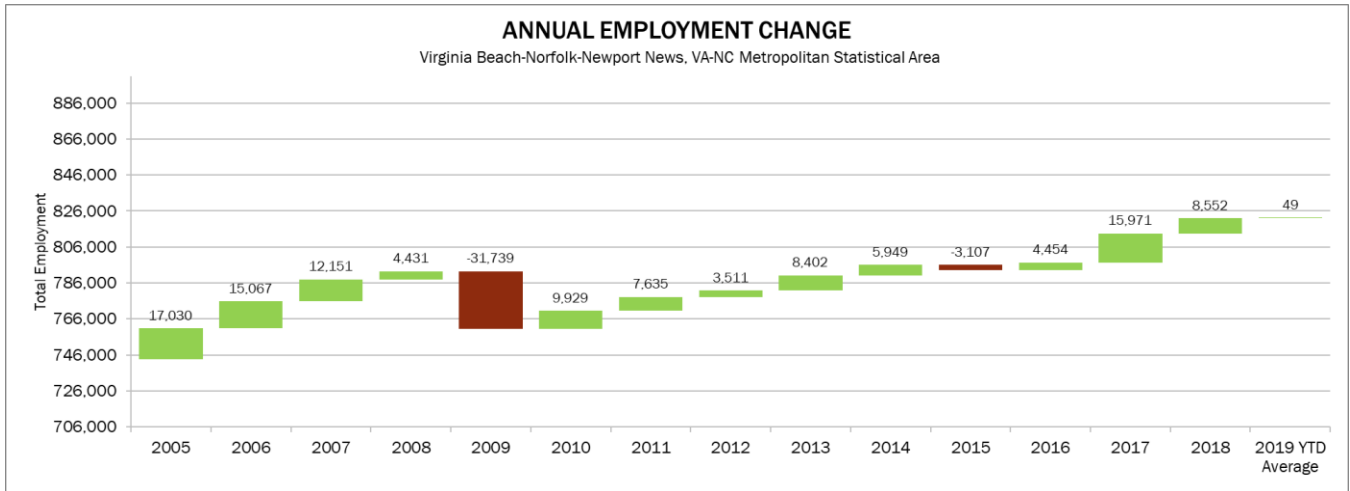
Source: U.S. Bureau of Labor Statistics, June 2019

\*2019 data is through April

Prior to the national recession, average employment growth in the MSA generally exceeded the nation. Annual job growth in the MSA outpaced the nation in every year between 2003 and 2007. Comparatively speaking, the MSA economy performed well during the recession. Total MSA employment contracted by only 4.0 percent (2008-2009), less than the 4.8 percent decline reported nationwide (2007-2010). Employment in the MSA recovered and surpassed pre-recessionary levels in 2014, the same year as the overall nation. Since 2012, average employment growth in the MSA trailed the nation in all but two years. As of April 2019, total employment in the MSA is at a post-recessionary high and increased at an annualized rate of 0.3 percent, compared to 0.9 percent across the overall nation.

The MSA experienced a lower average unemployment rate relative to the overall nation during the years preceding the recession. The local labor market demonstrated relative strength during the recession, as the rate of unemployment increased by only 3.4 percentage points, compared to a 3.8 percentage point increase across the overall nation. Since 2012, the MSA generally experienced a lower unemployment rate compared to the national average. According to the most recent labor statistics, the unemployment rate in the MSA is 2.8 percent, lower than the current national unemployment rate of 3.3 percent. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.





As indicated in the graphs above, the MSA was less affected by the latest recession than the nation as a whole.

### Employment by Industry

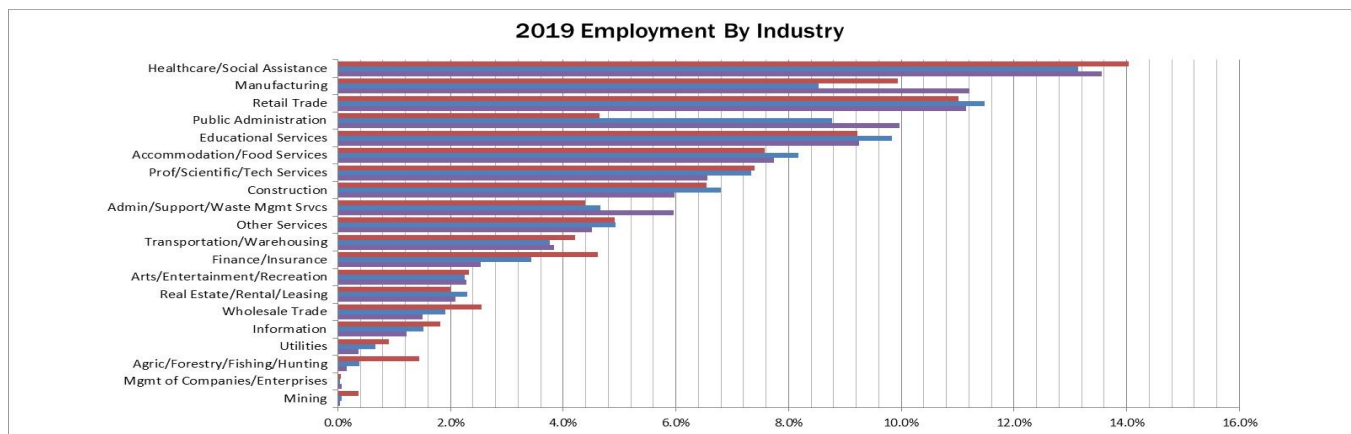
The following table depicts employment by industry in the Primary Market Area (PMA) and the nation.

#### 2019 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	9,245	13.6%	22,154,439	14.0%
Manufacturing	7,639	11.2%	15,694,985	9.9%
Retail Trade	7,606	11.2%	17,381,607	11.0%
Public Administration	6,796	10.0%	7,345,537	4.7%
Educational Services	6,309	9.3%	14,568,337	9.2%
Accommodation/Food Services	5,274	7.7%	11,958,374	7.6%
Prof/Scientific/Tech Services	4,477	6.6%	11,673,939	7.4%
Construction	4,075	6.0%	10,333,928	6.5%
Admin/Support/Waste Mgmt Svcs	4,070	6.0%	6,943,459	4.4%
Other Services	3,074	4.5%	7,758,801	4.9%
Transportation/Warehousing	2,620	3.8%	6,660,099	4.2%
Finance/Insurance	1,733	2.5%	7,284,572	4.6%
Arts/Entertainment/Recreation	1,553	2.3%	3,672,444	2.3%
Real Estate/Rental/Leasing	1,424	2.1%	3,165,171	2.0%
Wholesale Trade	1,025	1.5%	4,028,405	2.6%
Information	833	1.2%	2,881,691	1.8%
Utilities	250	0.4%	1,433,069	0.9%
Agric/Forestry/Fishing/Hunting	111	0.2%	2,273,158	1.4%
Mgmt of Companies/Enterprises	52	0.1%	87,511	0.1%
Mining	25	0.0%	591,596	0.4%
<b>Total Employment</b>	<b>68,191</b>	<b>100.0%</b>	<b>157,891,122</b>	<b>100.0%</b>

Source: Esri Demographics 2018, Novogradac Consulting LLP, June 2019

Employment in the PMA is concentrated in the healthcare/social assistance, manufacturing, and retail trade industries, which collectively comprise 36.0 percent of local employment. The large share of PMA employment in manufacturing and retail trade is notable as both industries are historically volatile, and prone to contraction during recessionary periods. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. Relative to the overall nation, the PMA features comparatively greater employment in the public administration, administrative/support/waste management services, and manufacturing industries. Conversely, the PMA is underrepresented in the finance/insurance, agriculture/forestry/fishing/hunting, and wholesale trade industries.



## Major Employers

The following table details the largest employers in Hampton, Virginia.

### MAJOR EMPLOYERS - HAMPTON

Employer	Industry	Number of Employees
NASA Langley Research Center	Public Administration	4,000
Hampton City Public Schools	Educational Services	3,000
TE Connectivity, Ltd.	Manufacturing	2,200
Hampton City	Public Administration	1,875
Hampton Veteran's Affairs (VA) Medical Center	Healthcare/Social Assistance	1,071
Hampton Roads Transit (HRT)	Transportation/Warehousing	1,000
Hampton University	Educational Services	1,000
IBEX, Inc.	Admin/Support/Waste Mgmt Svcs	750
Nextel Communications	Prof/Scientific/Tech Services	750
Computer Sciences Corporation (CSC)	Prof/Scientific/Tech Services	500
Science & Technology Corporation	Prof/Scientific/Tech Services	462
Faneuil, Inc.	Other Services	420
Alcoa-Howmet, Hampton	Manufacturing	400
Thomas Nelson Community College	Educational Services	400
Old Point Financial Corporation	Finance/Insurance	298
PRA Group, Inc.	Finance/Insurance	260
Catalina Cylinders-East	Manufacturing	220
Raytheon Technical Services Company	Prof/Scientific/Tech Services	218
ADVEX Corporation	Manufacturing	200
Computer Sciences Corporation	Prof/Scientific/Tech Services	180
Valeo Hampton	Transportation/Warehousing	165
Wyle Laboratories, Inc.	Prof/Scientific/Tech Services	150
Craft Machine Works, Inc.	Manufacturing	148
Analytical Services & Materials, Inc.	Prof/Scientific/Tech Services	130
Main Industries, Inc.	Construction	110
Graham & Rollins, Inc.	Manufacturing	100
Liberty-Source PBC	Finance/Insurance	100
M. Price Distributing Company	Transportation/Warehousing	100
Maida Development Company	Manufacturing	100

Source: Hampton Roads Economic Development Alliance, June 2019

The largest employers in the city of Hampton are within the public administration, educational services, manufacturing, and healthcare/social assistance industries. NASA Langley Research Center is the largest employer with 4,000 employees, followed by the Hampton City Public Schools and TE Connectivity, Ltd. These positions provide a stable employment base for a large portion of the workforce. The major employers in the area provide employment for a broad range of workers, spanning hi-tech, skilled, and service occupations.

## Military Installation

Hampton Roads is composed of the cities of Newport News, Hampton, and Norfolk. Hampton Roads is the east coast center for military activity. It was estimated that the total active military personnel living in the Hampton Roads area is approximately 83,000 persons. Major military units and headquarters in the Hampton Roads region include NATO's Allied Command Transformation, U.S. Joint Forces Command, U.S. Fleet Forces Command, the U.S. Air Force's Air Combat Command, U.S. Marine Corps Forces Command, and the U.S. Army Training and Doctrine Command. The military has 64 ships ported in the area and 36 aircraft

squadrons. The Subject is located approximately 0.8 miles south of the NASA Langley Research Center (the city’s largest employer) and approximately 2.0 miles west of the Langley Air Force Base.

### Employment Contraction

The following table lists business closures and layoffs in Hampton, Virginia from 2016 to 2019 year-to-date, according to the Virginia Employment Commission’s Worker Adjustment and Retraining Notification (WARN) filings.

<b>WARN NOTICES 2016-2019 YTD - HAMPTON, VA</b>				
<b>Employer</b>	<b>Notice Date</b>	<b>Location</b>	<b>Layoff/Closure</b>	<b>Employees Affected</b>
Phoenix Theatres Entertainment	1/23/2019	Hampton	Layoff	<u>112</u>
<b>Total 2019 YTD</b>				<b>112</b>
Farm Fresh #6244	3/14/2018	Hampton	Closure	82
Farm Fresh #6249	3/14/2018	Hampton	Closure	102
Farm Fresh #6257	3/14/2018	Hampton	Closure	111
Farm Fresh #6260	3/14/2018	Hampton	Closure	<u>70</u>
<b>Total 2018</b>				<b>365</b>
Riverside Pace	11/7/2016	Hampton	Closure	96
IBEX Global	8/14/2016	Hampton	Layoff	215
Sprint	1/22/2016	Hampton	Layoff	380
General Dynamics Mission Systems	1/19/2016	Hampton	Layoff	60
Macy's	1/6/2016	Hampton	Closure	<u>109</u>
<b>Total 2016</b>				<b>860</b>
<b>Total 2016-2019 YTD</b>				<b>1,337</b>

Source: Virginia Employment Commission, June 2019

As seen in the previous table, there have been a total of 1,337 positions affected by WARN filings since 2016. It should be noted that there were no WARN notices filed in 2017 in the city.

### Employment Expansion

We spoke with Kacy Futrell with the Department of Economic Development in regards to economic development in Hampton. Ms. Futrell directed us to their website for further information. The following details were provided via the Hampton Economic Development website and various online publications.

- An Element by Westin is under construction in Peninsula Town Center with the help of the Tourism Development Financing Program. The \$17.3 million hotel will feature 120 rooms and represents the City of Hampton’s first project to qualify for this program.
- Floor & Décor and Sky Zone Trampoline Park completed construction in late 2018 at Peninsula Town Center. The number of jobs created was not available.
- A 110-room Hyatt Place Hotel opened in early 2019 in the Coliseum Central area. The number of jobs created was not available.
- Sly Clyde’s Cider Works, a hard cider production facility, opened in summer 2018. The facility opened in the historic Phoebus neighborhood of Hampton. The number of jobs created was not available.

## Wages by Occupation

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

### VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC METROPOLITAN STATISTICAL AREA - 2ND QTR 2018 AREA WAGE ESTIMATES

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
<b>All Occupations</b>	<b>754,600</b>	<b>\$23.29</b>	<b>\$48,450</b>
Management Occupations	26,540	\$57.43	\$119,460
Computer and Mathematical Occupations	20,860	\$40.91	\$85,090
Architecture and Engineering Occupations	21,830	\$39.84	\$82,860
Legal Occupations	4,880	\$39.68	\$82,540
Healthcare Practitioners and Technical Occupations	44,760	\$37.36	\$77,700
Business and Financial Operations Occupations	43,090	\$36.25	\$75,400
Life, Physical, and Social Science Occupations	5,980	\$34.22	\$71,170
Education, Training, and Library Occupations	45,530	\$27.81	\$57,840
Arts, Design, Entertainment, Sports, and Media Occupations	8,840	\$24.68	\$51,340
Community and Social Service Occupations	12,280	\$24.03	\$49,980
Installation, Maintenance, and Repair Occupations	35,190	\$23.69	\$49,280
Construction and Extraction Occupations	37,530	\$21.88	\$45,510
Protective Service Occupations	20,330	\$21.32	\$44,340
Production Occupations	35,630	\$19.97	\$41,530
Transportation and Material Moving Occupations	49,780	\$18.18	\$37,810
Office and Administrative Support Occupations	113,080	\$17.74	\$36,900
Sales and Related Occupations	80,510	\$17.01	\$35,380
Farming, Fishing, and Forestry Occupations	720	\$16.46	\$34,250
Healthcare Support Occupations	21,950	\$15.80	\$32,870
Building and Grounds Cleaning and Maintenance Occupations	24,680	\$12.47	\$25,940
Personal Care and Service Occupations	27,000	\$12.25	\$25,490
Food Preparation and Serving Related Occupations	73,600	\$11.39	\$23,690

Source: Department Of Labor, Occupational Employment Statistics, 5/2018, retrieved 6/2019

The previous chart illustrates average hourly and annual wages by employment classification. The classification with the lowest average hourly wage is food preparation and serving-related occupations at \$11.39 per hour. Those in management occupations obtained the highest average hourly wage of \$57.43. Utilizing the average wage of the food preparation and serving-related occupations at \$11.39 per hour at 2,080 annual hours equates to \$23,690. The qualifying incomes for the Subject's affordable units as proposed will range from \$35,623 to \$51,420. The upper end of the qualifying income is \$51,420, which corresponds to an approximate hourly wage rate of \$24.72, which is just above the mean hourly and mean annual wage in the MSA.

An element not reflected in the wage rate data is that many positions represent part-time employment, and the starting rates are typically lower than mean wage rates. Household income data shown later in this report demonstrates a significant number of households within the region have earnings of less than \$30,000.

## Commuting Patterns

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

COMMUTING PATTERNS		
ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	725	1.1%
Travel Time 5-9 min	6,225	9.6%
Travel Time 10-14 min	13,730	21.1%
Travel Time 15-19 min	15,459	23.8%
Travel Time 20-24 min	9,136	14.0%
Travel Time 25-29 min	2,981	4.6%
Travel Time 30-34 min	6,899	10.6%
Travel Time 35-39 min	1,561	2.4%
Travel Time 40-44 min	1,841	2.8%
Travel Time 45-59 min	3,408	5.2%
Travel Time 60-89 min	1,921	3.0%
Travel Time 90+ min	1,153	1.8%
<b>24 minutes</b>		<b>24 minutes</b>

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

As shown above, the average travel time for individuals in the PMA is 24 minutes. Approximately 69.6 percent of the workers in the PMA have a commute time of 24 minutes or less. Overall, it appears that most residents work within Hampton and nearby areas such as Newport News for employment opportunities.

## Conclusion

The Virginia Beach-Norfolk-Newport News, VA-NC MSA has a strong and diverse economy that sees employment within the healthcare/social assistance, manufacturing, and retail trade industries. The NASA Langley Research Center is the largest employer in the city employing 4,000 employees, followed by Hampton City Public Schools, and TE Connectivity. Between April 2018 and April 2019, the MSA total employment increased 0.3 percent, which is below the national growth of 0.9 percent. As of 2014, the MSA and nation both surpassed total employment pre-recessionary levels, indicating that the MSA and nation both have recovered from the recent recession. Between April 2018 and April 2019, the unemployment rate in the MSA decreased 0.2 percentage points to 2.8 percent, while the nation reported a decrease of 0.4 percentage points to 3.3 percent. The MSA's recent employment growth and declining unemployment rate are indicators that the local economy has long since recovered from the national recession, and is in a period of expansion.

# **V. DEMOGRAPHIC CHARACTERISTICS**

## DEMOGRAPHIC CHARACTERISTICS

### Population and Household Trends

The following tables illustrate general population and households in the PMA, the MSA and the nation from 2000 through 2024.

#### POPULATION

Year	PMA		MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	137,215	-	1,577,031	-	281,038,168	-
2010	140,739	0.3%	1,676,822	0.6%	308,745,538	1.0%
2019	144,919	0.4%	1,772,840	0.7%	330,088,686	0.8%
2024	145,778	0.1%	1,829,535	0.6%	343,954,683	0.8%

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

#### HOUSEHOLDS

Year	PMA		MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	53,936	-	580,304	-	105,403,008	-
2010	57,165	0.6%	630,413	0.9%	116,716,296	1.1%
2019	58,981	0.4%	664,629	0.7%	124,110,017	0.8%
2024	59,285	0.1%	683,324	0.6%	128,855,931	0.8%

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

As illustrated above, total population and the number of households in the PMA increased at a lesser rate than both the MSA and the nation from 2000 to 2019. Total population and households in the PMA are expected to increase at a slower rate than the MSA and the nation through 2024. The growth projections for the local area, though modest, suggest that housing options will continue to be a necessity within the PMA, which bodes well for the preservation of the Subject.

### Average Household Size

The following table is a summary of the average household size in the PMA, the MSA and the nation from 2000 through 2024.

#### AVERAGE HOUSEHOLD SIZE

Year	PMA		MSA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.52	-	2.60	-	2.59	-
2010	2.44	-0.3%	2.55	-0.2%	2.58	-0.1%
2019	2.44	0.0%	2.56	0.1%	2.59	0.1%
2024	2.44	0.0%	2.57	0.1%	2.61	0.1%

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

As shown in the previous table, the average household size in the PMA decreased slightly from 2000 to 2019, but is projected to remain stable through 2024. The average household size in the MSA has also decreased from 2000 to 2019, but is projected to increase through 2024. The average household size in the PMA is below that of the MSA and nation, which will continue to be the case through 2024.



## Household Tenure

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

TENURE PATTERNS PMA					
Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied	
2000	29,870	55.4%	24,066	44.6%	
2019	29,526	50.1%	29,455	49.9%	
2024	30,286	51.1%	28,999	48.9%	

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

As of 2019, approximately 49.9 percent of households in the PMA reside in renter-occupied housing units. Through 2024, the percentage and number of renter-occupied housing units are projected to decrease, while the percentage of owner-occupied housing units is projected to increase slightly.

## Renter Household Size Distribution

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

PMA RENTER HOUSEHOLD SIZE DISTRIBUTION						
	2000		2019		2024	
Household Size	Total Households	Percent	Total Households	Percent	Total Households	Percent
1 persons	8,195	34.1%	11,438	38.8%	11,364	39.2%
2 persons	6,320	26.3%	7,370	25.0%	7,135	24.6%
3 persons	4,218	17.5%	4,803	16.3%	4,750	16.4%
4 persons	3,101	12.9%	3,240	11.0%	3,200	11.0%
5+ persons	2,232	9.3%	2,604	8.8%	2,550	8.8%
<b>Total</b>	<b>24,066</b>	<b>100.0%</b>	<b>29,455</b>	<b>100.0%</b>	<b>28,999</b>	<b>100.0%</b>

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

Historically, the majority of renter households in the PMA have consisted of one and two-person households. The Subject will target two, three, four, and five-person households, which consists of 66.0 percent of renter households in 2019. Through 2024, the number of size eligible renter households is projected to remain relatively stable, while the overall number of renter households is projected to increase. The household size composition of renter households in the PMA is a positive indicator for the Subject’s units.

## Median Household Income Levels

The following table illustrates the median household income for all households in the PMA, the MSA, and the nation from 2000 through 2024.

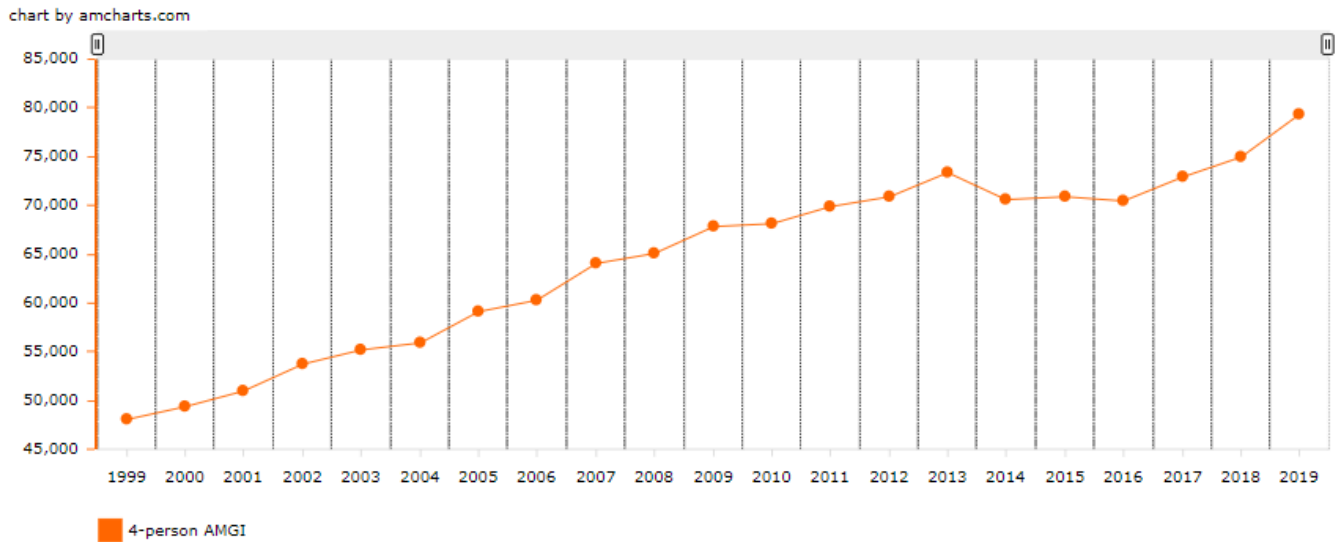
MEDIAN HOUSEHOLD INCOME						
Year	PMA		MSA		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$26,280	-	\$43,142	-	\$44,872	-
2019	\$52,819	5.5%	\$61,617	2.3%	\$58,100	1.6%
2024	\$58,012	2.0%	\$70,277	2.8%	\$65,727	2.6%

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

As of 2019, the median household income of the PMA is below the MSA and the nation. Through 2024, the PMA median household income is projected to increase at a slower rate than the MSA and the nation.

### Area Household Income Levels

The following chart illustrates the area median gross income (AMGI) of a four-person household in the Hampton City, VA County between 1999 and 2019.



Display:  4-person AMGI

**Average Increase (AMGI): 2.5%/year**

Source: Novogradac & Company LLP, July 2019

Overall, the AMI has increased by an average of 2.5 percent annually between 1999 and 2019. The chart above illustrates that the AMI in county has generally increased since 1999, with decreases in 2014 and 2016. As of 2019, the AMI in the county is \$79,300. In 2013, the AMI declined in 84 percent of counties nationwide based on a HUD methodological change. The county appears to not have been affected by this methodology change. The Subject’s proposed rents are just below the 2019 maximum allowable levels; therefore, rent increases will not be directly dependent on AMI growth, although rental rate trends will likely track somewhat AMI trends. The majority of counties and regions in the nation are currently experiencing their highest AMI levels to date, which is also true for Hampton city.

## Household Income Distribution

The following tables illustrate the household income distribution for the PMA and MSA for 2019 and 2024.

### HOUSEHOLD INCOME PMA

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,340	7.4%	4,122	7.0%	-44	-1.0%
\$10,000-19,999	6,430	10.9%	5,993	10.1%	-87	-1.4%
\$20,000-29,999	6,930	11.7%	6,558	11.1%	-74	-1.1%
\$30,000-39,999	6,155	10.4%	6,023	10.2%	-26	-0.4%
\$40,000-49,999	5,744	9.7%	5,562	9.4%	-36	-0.6%
\$50,000-59,999	5,098	8.6%	4,994	8.4%	-21	-0.4%
\$60,000-74,999	5,952	10.1%	6,004	10.1%	10	0.2%
\$75,000-99,999	6,881	11.7%	7,099	12.0%	44	0.6%
\$100,000-124,999	4,419	7.5%	4,724	8.0%	61	1.4%
\$125,000-149,999	2,688	4.6%	3,034	5.1%	69	2.6%
\$150,000-199,999	2,647	4.5%	2,983	5.0%	67	2.5%
\$200,000+	1,697	2.9%	2,189	3.7%	98	5.8%
<b>Total</b>	<b>58,981</b>	<b>100.0%</b>	<b>59,285</b>	<b>100.0%</b>		

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

### HOUSEHOLD INCOME MSA

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	40,497	6.1%	39,417	5.8%	-216	-0.5%
\$10,000-19,999	54,851	8.3%	52,891	7.7%	-392	-0.7%
\$20,000-29,999	60,912	9.2%	59,219	8.7%	-339	-0.6%
\$30,000-39,999	63,525	9.6%	62,058	9.1%	-293	-0.5%
\$40,000-49,999	59,833	9.0%	59,662	8.7%	-34	-0.1%
\$50,000-59,999	55,750	8.4%	55,884	8.2%	27	0.0%
\$60,000-74,999	71,985	10.8%	73,213	10.7%	246	0.3%
\$75,000-99,999	89,577	13.5%	93,043	13.6%	693	0.8%
\$100,000-124,999	62,723	9.4%	67,250	9.8%	905	1.4%
\$125,000-149,999	38,665	5.8%	42,943	6.3%	856	2.2%
\$150,000-199,999	36,296	5.5%	41,077	6.0%	956	2.6%
\$200,000+	30,015	4.5%	36,667	5.4%	1,330	4.4%
<b>Total</b>	<b>664,629</b>	<b>100.0%</b>	<b>683,324</b>	<b>100.0%</b>		

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

As of 2019, approximately 40.4 percent of households within the PMA have annual incomes below \$40,000. Through 2024, the percentage of low-income households earning less than \$40,000 annually is projected to decline slightly to 38.4 percent. The total number of households within these income cohorts is also projected to decline. However, this is typical due to increasing income as a result of inflation.

### Renter Household Income Distribution

The following tables illustrate the renter household income distribution for the PMA and MSA for 2019 and 2024.

#### RENTER HOUSEHOLD INCOME

Income Cohort	2019		PMA		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	3,015	10.2%	2,811	9.7%	-41	-1.4%		
\$10,000-19,999	4,435	15.1%	4,065	14.0%	-74	-1.7%		
\$20,000-29,999	4,825	16.4%	4,526	15.6%	-60	-1.2%		
\$30,000-39,999	3,660	12.4%	3,544	12.2%	-23	-0.6%		
\$40,000-49,999	3,205	10.9%	3,019	10.4%	-37	-1.2%		
\$50,000-59,999	2,564	8.7%	2,523	8.7%	-8	-0.3%		
\$60,000-74,999	2,557	8.7%	2,668	9.2%	22	0.9%		
\$75,000-99,999	2,666	9.1%	2,768	9.5%	20	0.8%		
\$100,000-124,999	1,058	3.6%	1,189	4.1%	26	2.5%		
\$125,000-149,999	484	1.6%	589	2.0%	21	4.3%		
\$150,000-199,999	429	1.5%	536	1.8%	21	5.0%		
\$200,000+	557	1.9%	761	2.6%	41	7.3%		
<b>Total</b>	<b>29,455</b>	<b>100.0%</b>	<b>28,999</b>	<b>100.0%</b>				

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

#### RENTER HOUSEHOLD INCOME

Income Cohort	2019		MSA		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	27,504	10.4%	26,282	10.0%	-244	-0.9%		
\$10,000-19,999	33,438	12.6%	31,337	11.9%	-420	-1.3%		
\$20,000-29,999	35,167	13.3%	33,308	12.6%	-372	-1.1%		
\$30,000-39,999	35,301	13.3%	33,416	12.7%	-377	-1.1%		
\$40,000-49,999	28,928	10.9%	28,384	10.8%	-109	-0.4%		
\$50,000-59,999	24,180	9.1%	24,046	9.1%	-27	-0.1%		
\$60,000-74,999	26,369	9.9%	26,874	10.2%	101	0.4%		
\$75,000-99,999	24,319	9.2%	25,430	9.7%	222	0.9%		
\$100,000-124,999	12,293	4.6%	13,417	5.1%	225	1.8%		
\$125,000-149,999	7,106	2.7%	8,047	3.1%	188	2.6%		
\$150,000-199,999	5,763	2.2%	6,652	2.5%	178	3.1%		
\$200,000+	4,957	1.9%	6,230	2.4%	255	5.1%		
<b>Total</b>	<b>265,325</b>	<b>100.0%</b>	<b>263,423</b>	<b>100.0%</b>				

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

As of 2018, approximately 54.1 percent of renter households within the PMA have annual incomes below \$40,000. Through 2023, the percentage of low-income renter households earning less than \$40,000 annually is projected to decline to 51.5 percent. The total number of renter households within these income cohorts is also projected to decline. However, this is typical due to increasing income as a result of inflation.

## Age of Housing Stock

The age of the area housing stock is presented in the following table:

**HOUSING STOCK BY YEAR BUILT**

	PMA	Percentage
Built 2005 or later	2,341	3.7%
Built 2000 to 2004	6,897	11.0%
Built 1990 to 1999	9,483	15.1%
Built 1980 to 1989	10,450	16.6%
Built 1970 to 1979	7,540	12.0%
Built 1960 to 1969	10,375	16.5%
Built 1950 to 1959	9,302	14.8%
Built 1940 to 1949	3,710	5.9%
Built 1939 or earlier	2,878	4.6%
<b>Total Housing Units</b>	<b>62,976</b>	<b>100.0%</b>

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

Of the housing stock, 86.0 percent was constructed between 1950 and 2004. The largest percentage of housing stock was built between 1980 and 1989, followed by housing stock built between 1960 and 1969. Further, the PMA exhibits a mix of relatively older housing stock along with some new housing stock, as 14.7 percent of the housing stock was built in 2000 or later. The data does not reflect condition, which oftentimes is well-maintained through ongoing maintenance. The field inspection of the area reflects a varied housing stock, generally in average condition.

## Building Permits

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

**BUILDING PERMITS: HAMPTON 2000 - 2019 YTD**

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
2000	324	0	0	324
2001	348	0	0	348
2002	277	0	0	277
2003	198	0	432	630
2004	321	0	129	450
2005	259	0	620	879
2006	240	0	140	380
2007	217	4	185	406
2008	187	0	58	245
2009	139	0	554	693
2010	130	0	0	130
2011	164	0	278	442
2012	137	0	10	147
2013	145	0	108	253
2014	160	0	0	160
2015	162	0	0	162
2016	149	0	0	149
2017	170	0	0	170
2018	180	0	0	180
2019*	60	0	0	60
<b>Total</b>	<b>3,967</b>	<b>4</b>	<b>2,514</b>	<b>6,485</b>
<b>Average**</b>	<b>198</b>	<b>0</b>	<b>126</b>	<b>324</b>

\*Through April 2019

\*\*Excludes 2019

Source: US Census Bureau Building Permits, June 2019

As illustrated in the previous table, approximately 61.2 percent of the residential units permitted in the city of Hampton have been single-family and duplex homes, while 38.8 percent of the residential units permitted in Hampton have been for developments of three or more units. As such, multifamily building permits in Hampton have been outpaced by single-family development since 2000.

### **Conclusion**

The PMA is an area of significant population and household growth. The PMA and MSA have shown moderate population and household growth figures over the last decade. The PMA and MSA demonstrated annual population growth at rates of 0.4 and 0.7 percent from 2010 to 2019, slower than that of the nation. Over the same period of time, the household growth rates of the PMA and MSA also were slower than that of the nation. As of 2019, approximately 54.1 percent of renter households within the PMA have annual incomes below \$40,000. Through 2024, the percentage of renter households is projected to increase slightly and 51.5 percent of renter households within the PMA will still earn less than \$40,000 annually. The income limitations for the Subject's affordable units will range from \$35,623 to \$51,420. With a growing number of renters in the PMA and a large percentage of renters with low income, coupled with an aging housing stock, we project that there will be substantial demand for new or renovated affordable housing units.

## **VI. COMPETITIVE ENVIRONMENT**

## COMPETITIVE ENVIRONMENT

### HOUSING SUMMARY

Based on the most recent second quarter 2019 report from CoStar, market conditions in the Hampton Roads region, which includes Hampton County, experienced a slight decrease of 0.8 percentage points in vacancy rates between the second quarter 2019 and the second quarter 2018. As illustrated in the tables and chart following, the vacancy rate is projected to remain relatively stable at 5.6 percent through 2023.

#### KEY INDICATORS

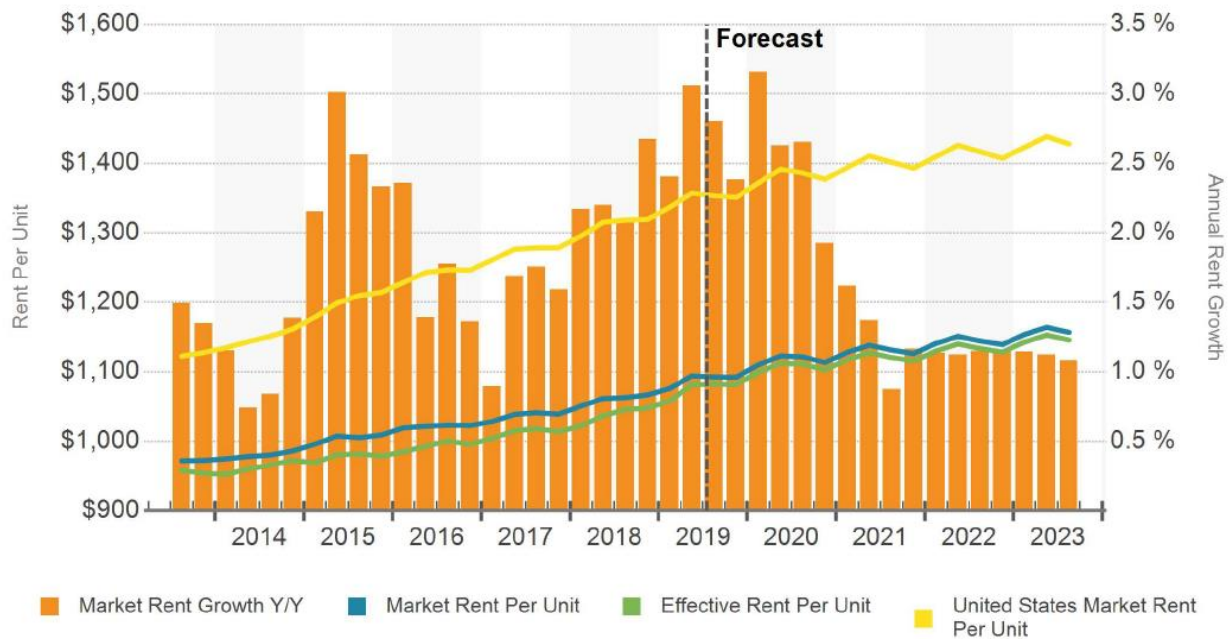
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	23,475	6.4%	\$1,397	\$1,382	93	0	2,513
3 Star	49,712	5.4%	\$1,085	\$1,074	63	0	831
1 & 2 Star	37,081	5.0%	\$895	\$889	2	0	218
<b>Market</b>	<b>110,268</b>	<b>5.5%</b>	<b>\$1,095</b>	<b>\$1,084</b>	<b>158</b>	<b>0</b>	<b>3,562</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.8%	6.5%	5.6%	8.9%	2004 Q3	3.4%	2002 Q2
Absorption Units	2,201	1,168	1,758	3,584	2006 Q3	(2,751)	2003 Q4
Delivered Units	1,408	1,386	1,954	3,179	2017 Q1	144	2005 Q3
Demolished Units	0	78	84	467	2015 Q4	0	2019 Q2
Asking Rent Growth (YOY)	3.1%	2.6%	1.6%	6.8%	2001 Q3	-0.1%	2011 Q3
Effective Rent Growth (YOY)	4.4%	2.6%	1.7%	6.8%	2001 Q3	-0.2%	2011 Q3
Sales Volume	\$733 M	\$307.8M	N/A	\$803.6M	2019 Q1	\$14.8M	2006 Q3

Source: CoStar, July 2019

#### MARKET RENT PER UNIT & RENT GROWTH

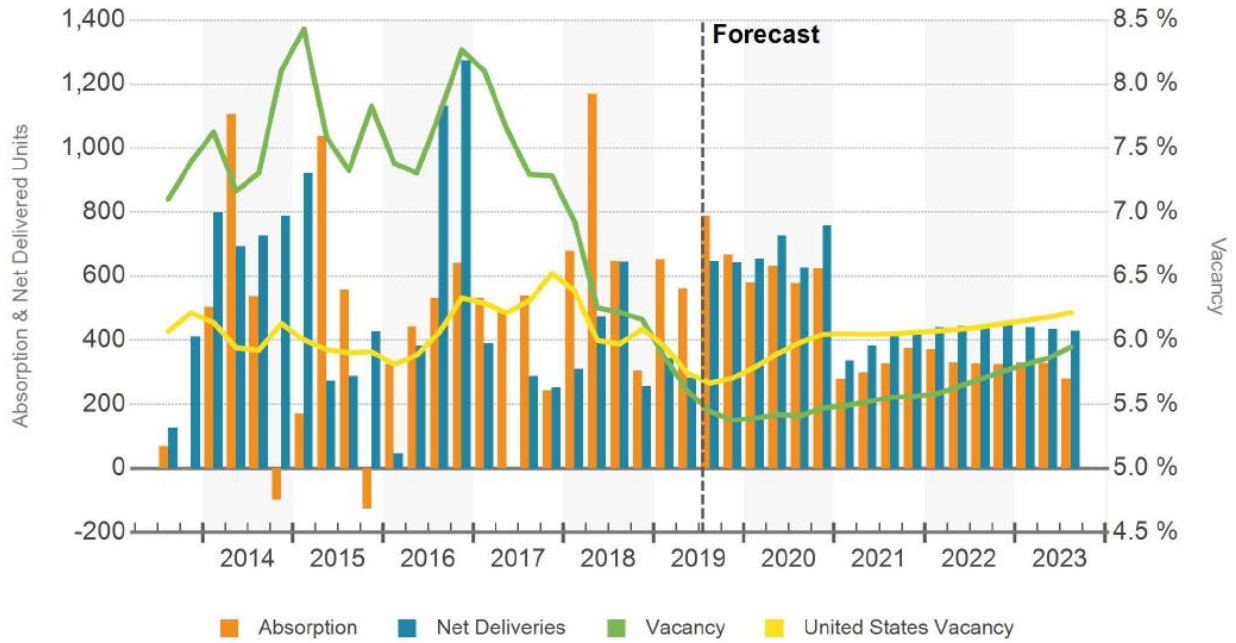


Source: CoStar, July 2019

Average asking rents increased 3.1 percent over the last year, and are expected to increase at an average rate of 1.6 percent through 2023.



ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar, July 2019

Rent growth has been healthy, and is expected to continue growing, and vacancy among the affordable supply in the market is much lower than that of the market-rate properties.

## SURVEY OF COMPARABLE PROJECTS

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

### Description of Property Types Surveyed

To evaluate the competitive position of the Subject, we surveyed several market rate and LIHTC properties in depth. We have utilized four LIHTC properties, two of which are mixed-income, as well as six family market rate properties, eight of which are located within the PMA. The remaining two comparables are located just outside of the PMA, within 4.4 miles of the Subject. It should be noted that one comparable, Derby Run II, is the second phase of the Subject site and is operated by the same management as the Subject. All six of the market rate comparable target the general population. We also visited and surveyed other properties that were excluded from the market survey because they are not considered comparable to the Subject or would not participate in the survey. Property managers were interviewed for information on unit mix, size, absorption, unit features and project amenities; tenant profiles; and market trends in general. The table following details excluded affordable properties in the PMA.

**EXCLUDED AFFORDABLE PROPERTIES IN THE PMA**

Property Name	Program	Tenancy	Year Built	Total Units	# of LIHTC Units
Bruton Park Group Home	Section 8	Senior	1994	5	0
Berkley South Apartments	Section 8	Family	1985	190	0
Century Plaza Apartments	LIHTC/Section 8	Family	1972	120	120
Great Oak Apartments	LIHTC/Section 8	Family	1978	143	143
Newport News Transition T/C	Section 8	Family	1977	12	0
Paula Maria III	Section 8	Family	1978	198	0
City Line Apartments	Section 8	Family	1975	200	0
Seton Manor	Section 8	Family	1986	112	0
Newport Harbour Apartments	LIHTC/Section 8	Family	1978	200	200
Christian Village Of Eastern Va	Section 8	Senior	1999	43	0
Groome Road Group Home	Section 8	Senior	2000	5	0
Diggs Drive Group Home	Section 8	Senior	2006	5	0
Dresden Drive Group Home	Section 8	Senior	2007	5	0
Pinedale Manor	LIHTC	Family	1997	296	296
Chestnut Square	LIHTC	Family	2000	40	40
Ivy Farms	LIHTC	Family	2002	168	168
Shell Gardens	LIHTC	Family	2002	48	48
Tidewater Seniors	LIHTC	Senior	2003	140	140
Ashe Manor	LIHTC	Senior	2005	50	50
Westover Station	LIHTC	Family	2005	108	108
Orcutt Village Townhomes I & II	LIHTC	Family	2006/2012	70	70
Seven Oaks	LIHTC	Family	2006	202	202
City Line	LIHTC	Family	2007	198	198
Somerset At Town Center	LIHTC	Senior	2009	114	114
Dresden	LIHTC	Senior	2010	32	32
Heritage Forest I & II	LIHTC	Family	2012/2013	248	248
Jefferson Brookville	LIHTC	Family	2015	50	50
Pilot House	LIHTC	Family	2015	132	132

### **LIHTC Competition / Recent and Proposed Construction**

According to the Virginia Housing Development Authority (VHDA), there have been two recently funded developments within the Subject's PMA. According to the VHDA allocation lists since 2016, there has been two developments allocated tax credits in the PMA, which have been detailed below.

- Spratley House Apartments, located at 651 25<sup>th</sup> Street in Newport News, was allocated tax credits in 2019 for the rehabilitation of a 50-unit Public Housing development targeting families. As a subsidized development, Spratley House Apartments will not directly compete with the Subject.
- Town Center Apartments, located at Saville Row and Pine Chapel Road in Hampton, was allocated tax credits in 2018 for the new construction of 60 units targeting families. The development will directly compete with the Subject's LIHTC Units.

### **City Planning and Development Department**

We contacted Andrew Bell with the City of Hampton regarding new, planned, or under construction multifamily developments in the PMA.

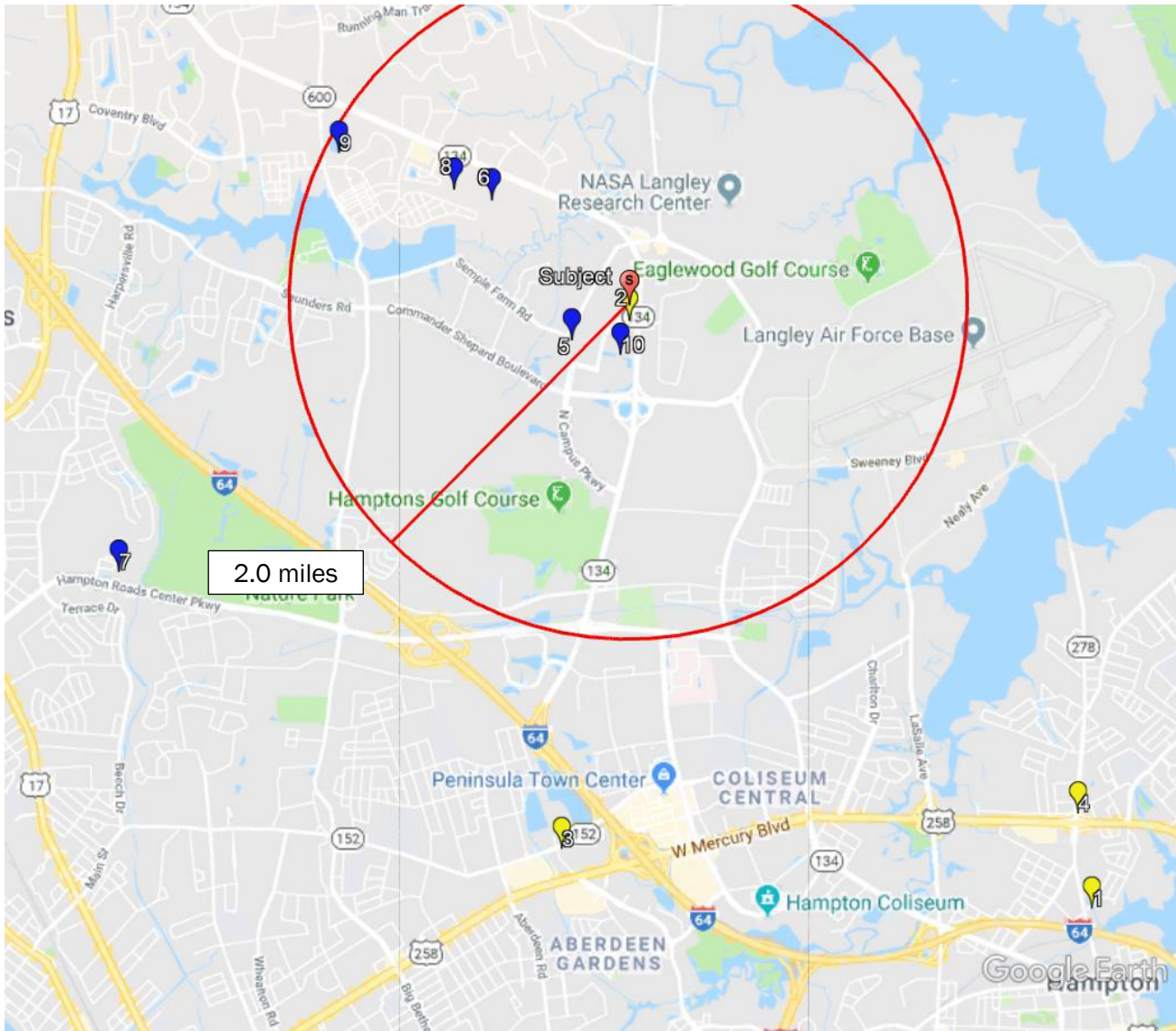
- An apartment complex at the former Wythe Elementary School at 200 Claremont Avenue in Hampton is currently under review. The development will be an adaptive reuse of the school building and will consist of 40 market rate units. Construction is expected to begin in 2019 and be completed in 2020. The units will directly compete with the Subject's market rate units.
- A multifamily development to be located at 1850 Merchant Lane is currently in zoning review. The development will consist of 169 market rate units. No other information is available. The units will directly compete with the Subject's market rate units.
- HRCN Apartments is proposed for construction on North Campus Parkway in Hampton. The development will consist of 300 market rate units. The units will directly compete with the Subject's market rate units.

We also consulted data from CoStar, a national real estate research firm. According to CoStar, there is one proposed multifamily development in the Subject's PMA.

- A multifamily development has been proposed for construction at 2140 Allainby Way in Hampton. The market rate development will consist of 100 units. No other information was available. The units will directly compete with the Subject's market rate units.

### **Comparable Properties Map**

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



**COMPARABLE PROPERTIES**

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
1	Bay Creek Apartments*	Hampton	LIHTC	Family	4.4 miles
2	Derby Run II	Hampton	LIHTC/ Market	Family	Adjacent
3	Waterford Pointe	Hampton	LIHTC	Family	3.2 miles
4	Wilsondale Apartments*	Hampton	LIHTC/ Market	Family	4.0 miles
5	Briton Trace Apartments	Hampton	Market	Family	0.4 miles
6	Four Seasons	Yorktown	Market	Family	1.1 miles
7	Meridian Parkside	Newport News	Market	Family	3.4 miles
8	Pines Of York	Yorktown	Market	Family	1.3 miles
9	The Belmont At York	Yorktown	Market	Family	2.0 miles
10	The Samuel Apartments	Hampton	Market	Family	0.2 miles

\*Located outside PMA

DERBY RUN I – HAMPTON, VIRGINIA – MARKET STUDY

SUMMARY MATRIX (POST RENOVATION)														
Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
<b>Subject</b>	Derby Run I 6 Derby Run Hampton, VA 23666 Hampton County	-	Garden 3-stories 1994 / 2021 Family	LIHTC/Market	2BR / 2BA	79	49.4%	1,000	@60%	\$932	No	No	2	2.5%
					2BR / 2BA	25	15.6%	1,000	Market	\$936	N/A	No	0	0.0%
					3BR / 2BA	49	30.6%	1,300	@60%	\$1,059	No	No	1	2.0%
					3BR / 2BA	7	4.4%	1,300	Market	\$1,102	N/A	No	0	0.0%
											160			
1	Bay Creek Apartments 24 Salisbury Way Hampton, VA 23669 Hampton City County	4.4 miles	Garden 2-stories 1966 / 1999/2016 Family	LIHTC	2BR / 1BA	128	69.6%	780	@60%	\$790	Yes	No	3	2.3%
					3BR / 1.5BA	56	30.4%	1,064	@60%	\$930	No	No	1	1.8%
						184								
2	Derby Run II 6 Derby Run Hampton, VA 23666 County	0.0 miles	Garden 3-stories 1997 / n/a Family	LIHTC/Market	2BR / 2BA	74	51.4%	1,000	@60%	\$893	Yes	No	4	5.4%
					2BR / 2BA	22	15.3%	1,000	Market	\$925	N/A	No	4	18.2%
					3BR / 2BA	42	29.2%	1,300	@60%	\$1,000	Yes	No	1	2.4%
					3BR / 2BA	6	4.2%	1,300	Market	\$1,045	N/A	No	0	0.0%
						144								
3	Waterford Pointe 105 Lakeshore Drive East Hampton, VA 23666 Hampton City County	3.2 miles	Garden 3-stories 1993 / 2014 Family	LIHTC	1BR / 1BA	9	7.5%	620	@60%	\$745	No	Yes	0	0.0%
					2BR / 1.5BA	66	55.0%	818	@60%	\$885	No	Yes	0	0.0%
					3BR / 2BA	45	37.5%	1,006	@60%	\$1,015	No	Yes	0	0.0%
						120								
4	Wilsondale Apartments 1212 North King Street Hampton, VA 23669 Hampton County	4.0 miles	Garden 3-stories 2011 / n/a Family	LIHTC/Market	1BR / 1BA	24	12.1%	858	Market	\$903	N/A	No	N/A	N/A
					2BR / 1.5BA	108	54.6%	964	@60%	\$948	No	No	N/A	N/A
					2BR / 2BA	24	12.1%	1,149	Market	\$1,155	N/A	No	N/A	N/A
					3BR / 2BA	42	21.2%	1,135	@60%	\$1,052	No	No	N/A	N/A
						198								
5	Briton Trace Apartments 130 Semple Farm Road Hampton, VA 23666 Hampton County	0.4 miles	Garden 3-stories 2013 / n/a Family	Market	2BR / 2BA	N/A	N/A	1,060	Market	\$1,199	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,250	Market	\$1,400	N/A	No	0	N/A
						120								
6	Four Seasons 102 Indian Summer Drive Yorktown, VA 23693 York County	1.1 miles	Garden 2-stories 1976 / n/a Family	Market	1BR / 1BA	N/A	N/A	850	Market	\$889	N/A	No	0	N/A
					2BR / 1.5BA	N/A	N/A	1,100	Market	\$979	N/A	No	4	N/A
					3BR / 2BA	N/A	N/A	1,270	Market	\$1,199	N/A	No	0	N/A
						321								
7	Meridian Parkside 1400 Summit Lane Newport News, VA 23601 Hampton County	3.4 miles	Garden 4-stories 2008 / n/a Family	Market	1BR / 1BA	N/A	N/A	878	Market	\$1,183	N/A	No	N/A	N/A
					1BR / 1BA	N/A	N/A	943	Market	\$1,220	N/A	No	N/A	N/A
					1BR / 1BA	N/A	N/A	813	Market	\$1,145	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,114	Market	\$1,377	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,204	Market	\$1,500	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,024	Market	\$1,254	N/A	No	N/A	N/A
					3BR / 2BA	N/A	N/A	1,414	Market	\$1,640	N/A	No	N/A	N/A
					3BR / 2BA	N/A	N/A	1,457	Market	\$1,750	N/A	No	N/A	N/A
						308								
8	Pines Of York 3100 Hampton Highway Yorktown, VA 23693 York County	1.3 miles	Garden 2-stories 1974 / n/a Family	Market	1BR / 1BA	N/A	N/A	836	Market	\$925	N/A	No	N/A	N/A
					1.5BR / 1BA	N/A	N/A	915	Market	\$995	N/A	No	N/A	N/A
					2BR / 1.5BA	N/A	N/A	1,118	Market	\$1,085	N/A	N/A	N/A	N/A
						248								
9	The Belmont At York 101 Saint Clair Circle Yorktown, VA 23693 York County	2.0 miles	Garden 3-stories 2000 / n/a Family	Market	1BR / 1BA	N/A	N/A	800	Market	\$960	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,130	Market	\$1,145	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,280	Market	\$1,320	N/A	Yes	0	N/A
						300								
10	The Samuel Apartments 2 Tradewinds Quay Hampton, VA 23666 Hampton County	0.2 miles	Garden 3-stories 1988 / 2018 Family	Market	1BR / 1BA	N/A	N/A	788	Market	\$1,011	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,011	Market	\$1,147	N/A	No	N/A	N/A
					3BR / 2BA	N/A	N/A	1,264	Market	\$1,465	N/A	No	N/A	N/A
						284								
												12	4.2%	

DERBY RUN I – HAMPTON, VIRGINIA – MARKET STUDY

AMENITY MATRIX												
Subject	Bay Creek Apartments	Derby Run II	Waterford Pointe	Wilsondale Apartments	Briton Trace Apartments	Four Seasons	Meridian Parkside	Pines Of York	The Belmont At York	The Samuel Apartments		
Rent Structure	LIHTC/ Market	LIHTC	LIHTC/ Market	LIHTC	LIHTC/ Market	Market	Market	Market	Market	Market	Market	Market
<b>Building</b>												
Property Type	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden	Garden
# of Stories	3-stories	2-stories	3-stories	3-stories	3-stories	3-stories	2-stories	4-stories	2-stories	3-stories	3-stories	3-stories
Year Built	1994	1966	1997	1993	2011	2013	1976	2008	1974	2000	1988	2018
Year Renovated	Proposed	1999/2016	n/a	2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2018
<b>Utility Structure</b>												
Cooking	no	no	no	no	no	no	no	no	no	no	no	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no	no
Heat	no	no	no	no	no	no	no	no	no	no	no	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no	no
Water	no	yes	no	no	no	no	no	no	no	no	no	no
Sewer	no	yes	no	no	no	no	no	no	no	no	no	no
Trash	yes	no	yes	yes	yes	no	yes	no	yes	no	no	no
<b>Unit Amenities</b>												
Balcony/Patio	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite	yes	no	no	no	no	no	no	no	no	no	no	no
Carpeting	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	no	no	no	no	yes	yes	no	yes	yes	yes	yes
Coat Closet	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Exterior Storage	yes	no	yes	yes	no	no	no	no	yes	yes	yes	yes
Walk-In Closet	yes	no	yes	yes	yes	yes	no	yes	yes	yes	yes	yes
Washer/Dryer	no	no	no	no	yes	yes	no	no	yes	yes	yes	yes
W/D Hookup	yes	no	yes	yes	yes	no	no	yes	no	no	no	no
<b>Kitchen</b>												
Dishwasher	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Disposal	no	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	no
Microwave	no	no	no	no	yes	no	yes	yes	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Community</b>												
Business Center	no	no	no	no	no	yes	yes	yes	yes	no	no	no
Community Room	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	no	no
Central Laundry	yes	yes	yes	yes	no	no	yes	yes	no	no	no	no
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Recreation</b>												
Exercise Facility	no	no	no	yes	yes	yes	no	yes	yes	yes	yes	yes
Playground	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
Swimming Pool	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Picnic Area	no	no	no	yes	no	yes	yes	yes	yes	yes	yes	yes
Tennis Court	no	no	no	no	no	no	yes	no	yes	yes	yes	yes
Theatre	no	no	no	no	no	no	no	yes	no	no	no	no
<b>Security</b>												
In-Unit Alarm	no	no	no	no	no	no	no	yes	no	no	no	no
Intercom (Phone)	no	no	no	no	no	no	no	yes	no	no	no	no
Limited Access	no	no	no	no	no	no	no	yes	no	yes	no	no
Patrol	no	yes	no	yes	no	no	no	no	no	no	no	no
Perimeter Fencing	no	no	no	no	yes	no	no	yes	no	no	no	no
Video Surveillance	no	yes	no	yes	no	no	no	no	no	no	no	no
<b>Parking</b>												
Garage	no	no	no	no	no	no	no	yes	no	yes	yes	yes
Garage Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200	\$0	\$104	\$95	\$95
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Off-Street Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$0	\$0	\$0

DERBY RUN I – HAMPTON, VIRGINIA – MARKET STUDY

RENT AND SQUARE FOOTAGE RANKING (POST-RENOVATION) – All rents adjusted for utilities and concessions extracted from the market.				
	Units Surveyed:	2,227	Weighted Occupancy:	96.9%
	Market Rate	1,581	Market Rate	98.0%
	Tax Credit	646	Tax Credit	94.1%
Two-Bedroom Two Bath		Three-Bedroom Two Bath		
Property	Average	Property	Average	
RENT	Meridian Parkside (Market)	\$1,500	Meridian Parkside (Market)	\$1,750
	Meridian Parkside (Market)	\$1,377	Meridian Parkside (Market)	\$1,640
	Meridian Parkside (Market)	\$1,254	Meridian Parkside (Market)	\$1,530
	Briton Trace Apartments (Market)	\$1,199	The Samuel Apartments (Market)	\$1,465
	Wilsondale Apartments (Market)	\$1,155	Briton Trace Apartments (Market)	\$1,400
	The Samuel Apartments (Market)	\$1,147	The Belmont At York (Market)	\$1,320
	The Belmont At York (Market)	\$1,145	Four Seasons (Market)	\$1,199
	Pines Of York (Market)(1.5BA)	\$1,085	Wilsondale Apartments (@60%)	\$1,052
	Four Seasons (Market)(1.5BA)	\$979	Derby Run II (Market)	\$1,045
	Wilsondale Apartments (@60%)(1.5BA)	\$948	<b>Derby Run I (Market)</b>	<b>\$1,045</b>
	<b>Derby Run I (Market)</b>	<b>\$925</b>	Waterford Pointe (@60%)	\$1,015
	Derby Run II (Market)	\$925	<b>Derby Run I (@60%)</b>	<b>\$1,000</b>
	<b>Derby Run I (@60%)</b>	<b>\$893</b>	Derby Run II (@60%)	\$1,000
	Derby Run II (@60%)	\$893	Bay Creek Apartments (@60%)(1.5BA)	\$930
	Waterford Pointe (@60%)(1.5BA)	\$885		
Bay Creek Apartments (@60%)(1BA)	\$790			
SQUARE FOOTAGE	Meridian Parkside (Market)	1,204	Meridian Parkside (Market)	1,457
	Wilsondale Apartments (Market)	1,149	Meridian Parkside (Market)	1,414
	The Belmont At York (Market)	1,130	Meridian Parkside (Market)	1,371
	Pines Of York (Market)(1.5BA)	1,118	Derby Run II (@60%)	1,300
	Meridian Parkside (Market)	1,114	<b>Derby Run I (@60%)</b>	<b>1,300</b>
	Four Seasons (Market)(1.5BA)	1,100	<b>Derby Run I (Market)</b>	<b>1,300</b>
	Briton Trace Apartments (Market)	1,060	Derby Run II (Market)	1,300
	Meridian Parkside (Market)	1,024	The Belmont At York (Market)	1,280
	The Samuel Apartments (Market)	1,011	Four Seasons (Market)	1,270
	<b>Derby Run I (Market)</b>	<b>1,000</b>	The Samuel Apartments (Market)	1,264
	Derby Run II (@60%)	1,000	Briton Trace Apartments (Market)	1,250
	Derby Run II (Market)	1,000	Wilsondale Apartments (@60%)	1,135
	<b>Derby Run I (@60%)</b>	<b>1,000</b>	Bay Creek Apartments (@60%)(1.5BA)	1,064
	Wilsondale Apartments (@60%)(1.5BA)	964	Waterford Pointe (@60%)	1,006
	Waterford Pointe (@60%)(1.5BA)	818		
Bay Creek Apartments (@60%)(1BA)	780			
RENT PER SQUARE FOOT	Meridian Parkside (Market)	\$1.25	Meridian Parkside (Market)	\$1.20
	Meridian Parkside (Market)	\$1.24	Meridian Parkside (Market)	\$1.16
	Meridian Parkside (Market)	\$1.22	The Samuel Apartments (Market)	\$1.16
	The Samuel Apartments (Market)	\$1.13	Briton Trace Apartments (Market)	\$1.12
	Briton Trace Apartments (Market)	\$1.13	Meridian Parkside (Market)	\$1.12
	Waterford Pointe (@60%)(1.5BA)	\$1.08	The Belmont At York (Market)	\$1.03
	The Belmont At York (Market)	\$1.01	Waterford Pointe (@60%)	\$1.01
	Bay Creek Apartments (@60%)(1BA)	\$1.01	Four Seasons (Market)	\$0.94
	Wilsondale Apartments (Market)	\$1.01	Wilsondale Apartments (@60%)	\$0.93
	Wilsondale Apartments (@60%)(1.5BA)	\$0.98	Bay Creek Apartments (@60%)(1.5BA)	\$0.87
	Pines Of York (Market)(1.5BA)	\$0.97	<b>Derby Run I (Market)</b>	<b>\$0.80</b>
	<b>Derby Run I (Market)</b>	<b>\$0.93</b>	Derby Run II (Market)	\$0.80
	Derby Run II (Market)	\$0.93	<b>Derby Run I (@60%)</b>	<b>\$0.77</b>
	<b>Derby Run I (@60%)</b>	<b>\$0.89</b>	Derby Run II (@60%)	\$0.77
	Derby Run II (@60%)	\$0.89		
Four Seasons (Market)(1.5BA)	\$0.89			

# PROPERTY PROFILE REPORT

## Bay Creek Apartments

Effective Rent Date	6/07/2019
Location	24 Salisbury Way Hampton, VA 23669 Hampton City County
Distance	4.4 miles
Units	184
Vacant Units	4
Vacancy Rate	2.2%
Type	Garden (2 stories)
Year Built/Renovated	1966 / 1999/2016
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Bridgeport; Derby Run
Tenant Characteristics	Most from Hampton-Newport News area
Contact Name	Ms. Clark
Phone	757-722-6089



### Market Information

Program	@60%
Annual Turnover Rate	13%
Units/Month Absorbed	N/A
HCV Tenants	70%
Leasing Pace	Within 10 days
Annual Chg. in Rent	None reported
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1	Garden (2 stories)	128	780	\$790	\$0	@60%	No	3	2.3%	no	None
3	1.5	Garden (2 stories)	56	1,064	\$930	\$0	@60%	No	1	1.8%	no	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1BA	\$790	\$0	\$790	-\$45	\$745
3BR / 1.5BA	\$930	\$0	\$930	-\$81	\$849

### Amenities

In-Unit	Security	Services
Blinds	Patrol	None
Central A/C	Video Surveillance	
Dishwasher		
Oven		
Property	Premium	Other
Central Laundry	None	None
On-Site Management		



Comments

The property was formerly known as King Street Commons.

## Bay Creek Apartments, continued

### Trend Report

#### Vacancy Rates

2Q15	1Q16	4Q18	2Q19
8.2%	9.8%	2.7%	2.2%

Trend: @60%

#### 2BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	5.5%	\$725	\$0	\$725	\$680
2016	1	7.0%	\$775	\$0	\$775	\$730
2018	4	3.9%	\$790	\$0	\$790	\$745
2019	2	2.3%	\$790	\$0	\$790	\$745

#### 3BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	14.3%	\$850	\$0	\$850	\$769
2016	1	16.1%	\$900	\$0	\$900	\$819
2018	4	0.0%	\$930	\$0	\$930	\$849
2019	2	1.8%	\$930	\$0	\$930	\$849

### Trend: Comments

2Q15	The contact reported rents increased \$25 on both the two and three-bedroom units in September 2014.
1Q16	There is on-site patrol a few days a week. According to management, the high turnover is mostly due to evictions due to unpaid rent or violation of lease terms. According to the most recent rent roll provided, dated January 13, 2016, the Subject's vacancy rate was 8.2 percent with fifteen vacant units. As of the effective date of value/date of inspection, the Subject's vacancy rate was reported to be 9.8 percent with 18 vacant units. The asking rents shown are for the units "as renovated." A \$15 application fee and \$99 security deposit is currently being offered for all units.
4Q18	Rent is kept at max for the two bedroom units are kept at max rent. Off street parking is included in rent. Waiting list is only available for the three bedroom units.
2Q19	The property was formerly known as King Street Commons.

Photos



# PROPERTY PROFILE REPORT

## Derby Run II

Effective Rent Date	6/17/2019
Location	6 Derby Run Hampton, VA 23666 County
Distance	0.1 miles
Units	144
Vacant Units	9
Vacancy Rate	6.2%
Type	Garden (3 stories)
Year Built/Renovated	1997 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Families
Contact Name	Maria
Phone	757-865-1000



### Market Information

Program	@60%, Market
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	47%
Leasing Pace	Less than one month
Annual Chg. in Rent	Kept at max '18
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (3 stories)	74	1,000	\$893	\$0	@60%	No	4	5.4%	yes	None
2	2	Garden (3 stories)	22	1,000	\$925	\$0	Market	No	4	18.2%	N/A	None
3	2	Garden (3 stories)	42	1,300	\$1,000	\$0	@60%	No	1	2.4%	yes	None
3	2	Garden (3 stories)	6	1,300	\$1,045	\$0	Market	No	0	0.0%	N/A	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 2BA	\$893	\$0	\$893	\$0	\$893	2BR / 2BA	\$925	\$0	\$925	\$0	\$925
3BR / 2BA	\$1,000	\$0	\$1,000	\$0	\$1,000	3BR / 2BA	\$1,045	\$0	\$1,045	\$0	\$1,045

## Derby Run II, continued

### Amenities

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

### Comments

Rents are set at the 2018 maximum allowable level.

Photos



# PROPERTY PROFILE REPORT

## Waterford Pointe

Effective Rent Date	6/07/2019
Location	105 Lakeshore Drive East Hampton, VA 23666 Hampton County
Distance	3.2 miles
Units	120
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	1993 / 2014
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Bridgeport; Derby Run I & II
Tenant Characteristics	Families from Hampton-Newport News; little to no military
Contact Name	Priscilla
Phone	757-827-7900



### Market Information

Program	@60%
Annual Turnover Rate	10%
Units/Month Absorbed	N/A
HCV Tenants	50%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Kept at '18 max
Concession	None
Waiting List	Yes - 70 HH

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	9	620	\$745	\$0	@60%	Yes	0	0.0%	yes	None
2	1.5	Garden (3 stories)	66	818	\$885	\$0	@60%	Yes	0	0.0%	yes	None
3	2	Garden (3 stories)	45	1,006	\$1,015	\$0	@60%	Yes	0	0.0%	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$745	\$0	\$745	\$0	\$745
2BR / 1.5BA	\$885	\$0	\$885	\$0	\$885
3BR / 2BA	\$1,015	\$0	\$1,015	\$0	\$1,015

## Waterford Pointe, continued

### Amenities

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

### Comments

The contact had no additional comments. Rents are set at the 2018 maximum allowable level.



## Waterford Pointe, continued

### Trend Report

#### Vacancy Rates

3Q17	4Q17	4Q18	2Q19
0.0%	0.0%	0.0%	0.0%

Trend: @60%

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	3	0.0%	\$731	\$0	\$731	\$731
2017	4	0.0%	\$731	\$0	\$731	\$731
2018	4	0.0%	\$745	\$0	\$745	\$745
2019	2	0.0%	\$745	\$0	\$745	\$745

#### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	3	0.0%	\$865	\$0	\$865	\$865
2017	4	0.0%	\$865	\$0	\$865	\$865
2018	4	0.0%	\$875	\$0	\$875	\$875
2019	2	0.0%	\$885	\$0	\$885	\$885

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2017	3	0.0%	\$960	\$0	\$960	\$960
2017	4	0.0%	\$960	\$0	\$960	\$960
2018	4	0.0%	\$1,015	\$0	\$1,015	\$1,015
2019	2	0.0%	\$1,015	\$0	\$1,015	\$1,015

### Trend: Comments

3Q17	The property maintains a waiting list consisting of 50 households.
4Q17	The property maintains and waiting list 50 households in length.
4Q18	The property offers full size washer/dryers in every unit. There is no additional cost for off street parking.
2Q19	The contact had no additional comments. Rents are set at the 2018 maximum allowable level.

Photos





# PROPERTY PROFILE REPORT

## Wilsondale Apartments

Effective Rent Date	6/07/2019
Location	1212 North King Street Hampton, VA 23669 Hampton County
Distance	4 miles
Units	198
Vacant Units	25
Vacancy Rate	12.6%
Type	Garden (3 stories)
Year Built/Renovated	2011 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Derby Run I & II
Tenant Characteristics	Mixed tenancy from local area.
Contact Name	Amber
Phone	757-723-7368



### Market Information

Program	@60%, Market
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	45%
Leasing Pace	Within one month
Annual Chg. in Rent	Kept at max (*19)/Inc. 1-6% since 4Q18
Concession	One month free on MR units
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	24	858	\$985	\$82	Market	No	N/A	N/A	N/A	None
2	1.5	Garden (3 stories)	108	964	\$948	\$0	@60%	No	N/A	N/A	yes	None
2	2	Garden (3 stories)	24	1,149	\$1,260	\$105	Market	No	N/A	N/A	N/A	None
3	2	Garden (3 stories)	42	1,135	\$1,052	\$0	@60%	No	N/A	N/A	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1.5BA	\$948	\$0	\$948	\$0	\$948	1BR / 1BA	\$985	\$82	\$903	\$0	\$903
3BR / 2BA	\$1,052	\$0	\$1,052	\$0	\$1,052	2BR / 2BA	\$1,260	\$105	\$1,155	\$0	\$1,155

## Wilsondale Apartments, continued

### Amenities

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

### Comments

The contact noted that poor management is responsible for the relatively high vacancy rate. The contact stated that the prior management did not lease any new units, so several units had been sitting offline for 300 days. Since August 2018, new management has been leasing units again and made significant progress since they took over.

# Wilsondale Apartments, continued

## Trend Report

### Vacancy Rates

2Q15	4Q18	2Q19	3Q19
3.3%	1.0%	12.6%	12.6%

### Trend: @60%

#### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	4.6%	\$890	\$0	\$890	\$890
2018	4	0.0%	\$898	\$0	\$898	\$898
2019	2	N/A	\$948	\$0	\$948	\$948
2019	3	N/A	\$948	\$0	\$948	\$948

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	0.0%	\$1,025	\$0	\$1,025	\$1,025
2018	4	0.0%	\$1,025	\$0	\$1,025	\$1,025
2019	2	N/A	\$1,052	\$0	\$1,052	\$1,052
2019	3	N/A	\$1,052	\$0	\$1,052	\$1,052

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	4.2%	\$979	\$0	\$979	\$979
2019	2	N/A	\$985	\$82	\$903	\$903
2019	3	N/A	\$985	\$82	\$903	\$903

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	4.2%	\$1,250	\$0	\$1,250	\$1,250
2019	2	N/A	\$1,260	\$105	\$1,155	\$1,155
2019	3	N/A	\$1,260	\$105	\$1,155	\$1,155

## Trend: Comments

2Q15	The contact reported rents increased from \$840 and \$975 on the two and three-bedroom units to their current levels in January 2015. The contact was unable to state the number of tenants providing Housing Choice Vouchers.
4Q18	The property was constructed in phases. Phase one opened with a mix of tax credit and market rate units. Phase two opened with just market rate units. Each unit has a washer/dryer in unit. Off street parking is included in rent. The property does accept Housing Choice Vouchers but the contact would not state how many tenants are utilizing them.
2Q19	The contact noted that poor management is responsible for the relatively high vacancy rate. The contact stated that the old management did not lease any new units, so several units had been sitting offline for 300 days. Since August, new management has been leasing units again and have made significant progress since they took over.
3Q19	The contact noted that poor management is responsible for the relatively high vacancy rate. The contact stated that the prior management did not lease any new units, so several units had been sitting offline for 300 days. Since August 2018, new management has been leasing units again and made significant progress since they took over.

Photos



# PROPERTY PROFILE REPORT

## Briton Trace Apartments

Effective Rent Date	6/11/2019
Location	130 Semple Farm Road Hampton, VA 23666 Hampton County
Distance	0.4 miles
Units	120
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2013 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy, some families
Contact Name	Property Manager
Phone	757-605-5455



### Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Fluct. 1-4% since 4Q18
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	2	Garden (3 stories)	N/A	1,060	\$1,199	\$0	Market	No	0	N/A	N/A	None
3	2	Garden (3 stories)	N/A	1,250	\$1,400	\$0	Market	No	0	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 2BA	\$1,199	\$0	\$1,199	\$26	\$1,225
3BR / 2BA	\$1,400	\$0	\$1,400	\$26	\$1,426



## Briton Trace Apartments, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Off-Street Parking(\$0.00)		
On-Site Management	Picnic Area		
Playground	Swimming Pool		

### Comments

The property does not accept Housing Choice Vouchers. In-unit washer/dryer is included with rent.

## Briton Trace Apartments, continued

### Trend Report

#### Vacancy Rates

4Q18	2Q19
N/A	0.0%

### Trend: Market

#### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,245	\$0	\$1,245	\$1,271
2019	2	N/A	\$1,199	\$0	\$1,199	\$1,225

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,385	\$0	\$1,385	\$1,411
2019	2	N/A	\$1,400	\$0	\$1,400	\$1,426

### Trend: Comments

4Q18	The property does not accept Housing Choice Vouchers. In-unit washer/dryer is included with rent.
2Q19	N/A

Photos



# PROPERTY PROFILE REPORT

## Four Seasons

Effective Rent Date	6/07/2019
Location	102 Indian Summer Drive Yorktown, VA 23693 York County
Distance	1.1 miles
Units	321
Vacant Units	4
Vacancy Rate	1.2%
Type	Garden (2 stories)
Year Built/Renovated	1976 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Pines of York
Tenant Characteristics	Some families, general tenancy
Contact Name	Casey
Phone	757-598-7288



### Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Inc. 2-4% since 4Q18
Concession	2BRs renting for \$979
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	N/A	850	\$889	\$0	Market	No	0	N/A	N/A	None
2	1.5	Garden (2 stories)	N/A	1,100	\$1,065	\$86	Market	No	4	N/A	N/A	None
3	2	Garden (2 stories)	N/A	1,270	\$1,199	\$0	Market	No	0	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$889	\$0	\$889	\$0	\$889
2BR / 1.5BA	\$1,065	\$86	\$979	\$0	\$979
3BR / 2BA	\$1,199	\$0	\$1,199	\$0	\$1,199

## Four Seasons, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Ceiling Fan	Garbage Disposal		
Microwave	Oven		
Refrigerator			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Central Laundry	Off-Street Parking(\$0.00)		
On-Site Management	Picnic Area		
Playground	Swimming Pool		
Tennis Court			

### Comments

The base rents are shown in the profile. Monthly premiums of \$36 to \$100 are charged if the unit has washer/dryer hookups. The property does not accept Housing Choice Vouchers.

## Four Seasons, continued

### Trend Report

#### Vacancy Rates

4Q18	2Q19
3.7%	1.2%

### Trend: Market

#### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$854	\$0	\$854	\$854
2019	2	N/A	\$889	\$0	\$889	\$889

#### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,034	\$86	\$948	\$948
2019	2	N/A	\$1,065	\$86	\$979	\$979

#### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,175	\$0	\$1,175	\$1,175
2019	2	N/A	\$1,199	\$0	\$1,199	\$1,199

### Trend: Comments

4Q18	The property does not accept Housing Choice Vouchers. Off street parking is provided to the tenants. The contact could not provide the breakdown by unit type. Contact could not comment on annual turnover rate. Rents range based on floor plan. Base units are reflected in profile.
2Q19	The base rents are shown in the profile. Monthly premiums of \$36 to \$100 are charged if the unit has washer/dryer hookups. The property does not accept Housing Choice Vouchers.

Photos



# PROPERTY PROFILE REPORT

## Meridian Parkside

Effective Rent Date	6/17/2019
Location	1400 Summit Lane Newport News, VA 23601 Hampton County
Distance	3.4 miles
Units	308
Vacant Units	9
Vacancy Rate	2.9%
Type	Garden (4 stories)
Year Built/Renovated	2008 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Monticello, Signature, Hampton Center
Tenant Characteristics	Primarily young couples from the area
Contact Name	Kimberly
Phone	757-595-0118



### Market Information

Program	Market
Annual Turnover Rate	16%
Units/Month Absorbed	25
HCV Tenants	0%
Leasing Pace	Within one month
Annual Chg. in Rent	Fluctuated 0-5% since 2Q16
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (4 stories)	N/A	878	\$1,183	\$0	Market	No	N/A	N/A	N/A	AVG*
1	1	Garden (4 stories)	N/A	943	\$1,220	\$0	Market	No	N/A	N/A	N/A	HIGH*
1	1	Garden (4 stories)	N/A	813	\$1,145	\$0	Market	No	N/A	N/A	N/A	LOW*
2	2	Garden (4 stories)	N/A	1,114	\$1,377	\$0	Market	No	N/A	N/A	N/A	AVG*
2	2	Garden (4 stories)	N/A	1,204	\$1,500	\$0	Market	No	N/A	N/A	N/A	HIGH*
2	2	Garden (4 stories)	N/A	1,024	\$1,254	\$0	Market	No	N/A	N/A	N/A	LOW*
3	2	Garden (4 stories)	N/A	1,414	\$1,640	\$0	Market	No	N/A	N/A	N/A	AVG*
3	2	Garden (4 stories)	N/A	1,457	\$1,750	\$0	Market	No	N/A	N/A	N/A	HIGH*
3	2	Garden (4 stories)	N/A	1,371	\$1,530	\$0	Market	No	N/A	N/A	N/A	LOW*

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,145 - \$1,220	\$0	\$1,145 - \$1,220	\$26	\$1,171 - \$1,246
2BR / 2BA	\$1,254 - \$1,500	\$0	\$1,254 - \$1,500	\$26	\$1,280 - \$1,526
3BR / 2BA	\$1,530 - \$1,750	\$0	\$1,530 - \$1,750	\$26	\$1,556 - \$1,776



## Meridian Parkside, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	In-Unit Alarm	None
Carpeting	Central A/C	Intercom (Phone)	
Coat Closet	Dishwasher	Limited Access	
Garbage Disposal	Microwave	Perimeter Fencing	
Oven	Refrigerator		
Walk-In Closet	Wall A/C		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Car Wash	None	None
Clubhouse/Meeting Room/Community	Elevators		
Exercise Facility	Garage(\$200.00)		
Central Laundry	Off-Street Parking(\$0.00)		
On-Site Management	Picnic Area		
Swimming Pool	Theatre		

### Comments

The contact reported that all of the storage lockers and parking garages are being utilized by the tenants, and there are waiting lists for both of these amenities. The property does not accept Housing Choice Vouchers. Garage parking is available for an additional fee of \$200 per month.

## Trend Report

## Vacancy Rates

2Q15	1Q16	3Q16	2Q19
6.8%	14.6%	8.1%	2.9%

## Trend: Market

## 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	N/A	\$1,055 - \$1,135	\$0	\$1,055 - \$1,135	\$1,081 - \$1,161
2016	1	N/A	\$1,000 - \$1,105	\$83 - \$92	\$917 - \$1,013	\$943 - \$1,039
2016	3	N/A	\$1,000 - \$1,105	\$0	\$1,000 - \$1,105	\$1,026 - \$1,131
2019	2	N/A	\$1,145 - \$1,220	\$0	\$1,145 - \$1,220	\$1,171 - \$1,246

## 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	N/A	\$1,109 - \$1,470	\$0	\$1,109 - \$1,470	\$1,135 - \$1,496
2016	1	N/A	\$1,085 - \$1,485	\$90 - \$124	\$995 - \$1,361	\$1,021 - \$1,387
2016	3	N/A	\$1,085 - \$1,485	\$0	\$1,085 - \$1,485	\$1,111 - \$1,511
2019	2	N/A	\$1,254 - \$1,500	\$0	\$1,254 - \$1,500	\$1,280 - \$1,526

## 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2015	2	N/A	\$1,617 - \$1,709	\$0	\$1,617 - \$1,709	\$1,643 - \$1,735
2016	1	N/A	\$1,570 - \$1,738	\$131 - \$145	\$1,439 - \$1,585	\$1,465 - \$1,615
2016	3	N/A	\$1,672 - \$1,776	\$0	\$1,672 - \$1,776	\$1,698 - \$1,802
2019	2	N/A	\$1,530 - \$1,750	\$0	\$1,530 - \$1,750	\$1,556 - \$1,776

## Trend: Comments

2Q15	This property does not accept Housing Choice Vouchers.
1Q16	This property does not accept Housing Choice Vouchers. The contact was unable to provide an estimate of annual turnover. The contact told us that management typically runs rent specials monthly. When asked about the vacancy rate, the contact responded that management was working on it and would not discuss further. However, it is noted that this property has reported high vacancy in the past. At that time, higher vacancy was attributed to high turnover of military personnel. Storage units are available for \$75 per month, and garage parking spaces are available for \$200 per month. The contact could not estimate parking utilization.
3Q16	The contact stated that the occupancy at this property typically fluctuates between 90 and 94 percent. This property reported volatile rent growth over the preceding year, ranging from negative five percent to positive three percent. Storage units are available for \$75 per month, and 44 garage parking spaces are available for \$175 per month. Garage parking is 73 percent utilized. This property does not accept Housing Choice Vouchers.
2Q19	The contact reported that all of the storage lockers and parking garages are being utilized by the tenants, and there are waiting lists for both of these amenities. The property does not accept Housing Choice Vouchers. Garage parking is available for an additional fee of \$200 per month.

Photos



# PROPERTY PROFILE REPORT

## Pines Of York

Effective Rent Date	6/11/2019
Location	3100 Hampton Highway Yorktown, VA 23693 York County
Distance	1.3 miles
Units	248
Vacant Units	7
Vacancy Rate	2.8%
Type	Garden (2 stories)
Year Built/Renovated	1974 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Mixed tenancy, military
Contact Name	Jasmine
Phone	844-832-1637



### Market Information

Program	Market
Annual Turnover Rate	40%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one week
Annual Chg. in Rent	Inc. 5-11% since 4Q18
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	N/A	836	\$925	\$0	Market	No	N/A	N/A	N/A	None
1.5	1	Garden (2 stories)	N/A	915	\$995	\$0	Market	No	N/A	N/A	N/A	None
2	1.5	Garden (2 stories)	N/A	1,118	\$1,085	\$0	Market	No	N/A	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$925	\$0	\$925	\$0	\$925
1.5BR / 1BA	\$995	\$0	\$995	\$0	\$995
2BR / 1.5BA	\$1,085	\$0	\$1,085	\$0	\$1,085

Amenities

<b>In-Unit</b>		<b>Security</b>	<b>Services</b>
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer			
<b>Property</b>		<b>Premium</b>	<b>Other</b>
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Exercise Facility	Off-Street Parking(\$25.00)		
On-Site Management	Picnic Area		
Playground	Swimming Pool		
Tennis Court			

Comments

The contact noted that the relatively high turnover rate is due to the large number of tenants who are in the military. Exterior storage is available for an additional fee of \$16 to \$64 per month. A reserved off-street uncovered parking is available for an additional fee of \$25 per month. The property does not accept Housing Choice Vouchers. In-unit washer/dryers are included with rent.

## Trend Report

### Vacancy Rates

4Q18	2Q19	3Q19
N/A	2.8%	2.8%

## Trend: Market

### 1.5BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	2	N/A	\$995	\$0	\$995	\$995
2019	3	N/A	\$995	\$0	\$995	\$995

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$850 - \$895	\$0	\$850 - \$895	\$850 - \$895
2019	2	N/A	\$925	\$0	\$925	\$925
2019	3	N/A	\$925	\$0	\$925	\$925

### 2BR / 1.5BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,035	\$0	\$1,035	\$1,035
2019	2	N/A	\$1,085	\$0	\$1,085	\$1,085
2019	3	N/A	\$1,085	\$0	\$1,085	\$1,085

### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	N/A	\$0	N/A	N/A

## Trend: Comments

4Q18	The property does not accept Housing Choice Vouchers. In-unit washer/dryer is included with rent.
2Q19	The contact noted that the relatively high turnover rate is due to the large number of tenants who are in the military. Exterior storage is available for an additional fee of \$16 to \$64 per month. A reserved off-street uncovered parking is available for an additional fee of \$25 per month. The property does not accept Housing Choice Vouchers. In-unit washer/dryers are included with rent.
3Q19	N/A

Photos



# PROPERTY PROFILE REPORT

## The Belmont At York

Effective Rent Date	6/10/2019
Location	101 Saint Clair Circle Yorktown, VA 23693 York County
Distance	2 miles
Units	300
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	2000 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Pines of York
Tenant Characteristics	Mixed tenancy from local area.
Contact Name	Jennifer
Phone	757-223-1000



### Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Pre-leased
Annual Chg. in Rent	Fluct. 1-2% since 4Q18
Concession	None
Waiting List	Yes - 5HH for 3BR units

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	800	\$960	\$0	Market	No	0	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,130	\$1,145	\$0	Market	No	0	N/A	N/A	None
3	2	Garden (3 stories)	N/A	1,280	\$1,320	\$0	Market	Yes	0	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$960	\$0	\$960	\$26	\$986
2BR / 2BA	\$1,145	\$0	\$1,145	\$26	\$1,171
3BR / 2BA	\$1,320	\$0	\$1,320	\$26	\$1,346



## Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Limited Access	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Walk-In Closet		
Washer/Dryer			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Exercise Facility	None	None
Garage(\$104.00)	Off-Street Parking(\$0.00)		
On-Site Management	Picnic Area		
Playground	Swimming Pool		
Tennis Court			

## Comments

Base rents are shown in the profile. Rents range from \$43 to \$44 more per month based on floor level and view. Garage parking is available for an additional fee of \$104 per month. Additional uncovered off-street parking space is available for an additional fee of \$75 per month. The property does not accept Housing Choice Vouchers.

Trend Report

Vacancy Rates

4Q18	2Q19
0.7%	0.0%

Trend: Market

**1BR / 1BA**

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$983	\$0	\$983	\$1,009
2019	2	N/A	\$960	\$0	\$960	\$986

**2BR / 2BA**

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,162	\$0	\$1,162	\$1,188
2019	2	N/A	\$1,145	\$0	\$1,145	\$1,171

**3BR / 2BA**

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,306	\$0	\$1,306	\$1,332
2019	2	N/A	\$1,320	\$0	\$1,320	\$1,346

Trend: Comments

4Q18 The property does not accept Housing Choice Vouchers.

2Q19 Base rents are shown in the profile. Rents range from \$43 to \$44 more per month based on floor level and view. Garage parking is available for an additional fee of \$104 per month. Additional uncovered off-street parking space is available for an additional fee of \$75 per month. The property does not accept Housing Choice Vouchers.

Photos



# PROPERTY PROFILE REPORT

## The Samuel Apartments

Effective Rent Date	6/07/2019
Location	2 Tradewinds Quay Hampton, VA 23666 Hampton County
Distance	0.2 miles
Units	284
Vacant Units	12
Vacancy Rate	4.2%
Type	Garden (3 stories)
Year Built/Renovated	1988 / 2018
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Briton Trace Apartments, The Belmont at York
Tenant Characteristics	Mixed tenancy from local area
Contact Name	Jerold
Phone	757-907-9973



### Market Information

Program	Market
Annual Turnover Rate	25%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one month
Annual Chg. in Rent	Fluct. 1-24% since 4Q18
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	788	\$1,011	\$0	Market	No	N/A	N/A	N/A	None
2	2	Garden (3 stories)	N/A	1,011	\$1,147	\$0	Market	No	N/A	N/A	N/A	None
3	2	Garden (3 stories)	N/A	1,264	\$1,465	\$0	Market	No	N/A	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,011	\$0	\$1,011	\$26	\$1,037
2BR / 2BA	\$1,147	\$0	\$1,147	\$26	\$1,173
3BR / 2BA	\$1,465	\$0	\$1,465	\$26	\$1,491

## The Samuel Apartments, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	None	None
Carpeting	Central A/C		
Coat Closet	Dishwasher		
Exterior Storage	Ceiling Fan		
Oven	Refrigerator		
Walk-In Closet	Washer/Dryer		
Property		Premium	Other
Exercise Facility	Garage(\$95.00)	None	None
Off-Street Parking(\$0.00)	On-Site Management		
Picnic Area	Playground		
Swimming Pool	Tennis Court		

### Comments

The rents shown in the profile are for renovated units. Non-renovated units rent for \$160 to \$250 less per month. Renovations include new countertops, flooring, paint, and appliances. Garage parking is available for an additional fee of \$95 per month. Exterior storage is available for an additional fee of \$35 per month. The property does not accept Housing Choice Vouchers. In-unit washer/dryers are included with rent.

# The Samuel Apartments, continued

## Trend Report

### Vacancy Rates

4Q18	2Q19
1.1%	4.2%

## Trend: Market

### 1BR / 1BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$885	\$0	\$885	\$911
2019	2	N/A	\$1,011	\$0	\$1,011	\$1,037

### 2.5BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$1,271	\$0	\$1,271	\$1,297

### 2BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2018	4	N/A	\$962	\$0	\$962	\$988
2019	2	N/A	\$1,147	\$0	\$1,147	\$1,173

### 3BR / 2BA

Year	QT	Vac.	Face Rent	Conc.	Concd. Rent	Adj. Rent
2019	2	N/A	\$1,465	\$0	\$1,465	\$1,491

## Trend: Comments

4Q18 N/A

2Q19 The rents shown in the profile are for renovated units. Non-renovated units rent for \$160 to \$250 less per month. Renovations include new countertops, flooring, paint, and appliances. Garage parking is available for an additional fee of \$95 per month. Exterior storage is available for an additional fee of \$35 per month. The property does not accept Housing Choice Vouchers. In-unit washer/dryers are included with rent.

Photos



LOCATION COMPARISON SUMMARY

#	Property Name	City	Tenancy	Rent Structure	Distance to Subject	Household Income	Median Home Value	Crime Index	Walk Score	Transit Score	Vacant Housing	% Renter HH
S	Derby Run I	Hampton	Family	LIHTC/ Market	-	\$53,278	\$194,400	137	38	21	3.1%	68.5%
1	Bay Creek Apartments*	Hampton	Family	LIHTC	4.4 miles	\$36,249	\$195,700	82	40	44	11.1%	53.1%
2	Derby Run II	Hampton	Family	LIHTC/ Market	0.0 miles	\$53,278	\$194,400	137	38	21	3.1%	68.5%
3	Waterford Pointe	Hampton	Family	LIHTC	3.2 miles	\$47,294	\$194,400	120	52	33	3.6%	68.7%
4	Wilsondale Apartments*	Hampton	Family	LIHTC/ Market	4.0 miles	\$37,655	\$195,700	62	60	29	6.1%	54.0%
5	Briton Trace Apartments	Hampton	Family	Market	0.4 miles	\$53,583	\$194,400	77	19	20	2.4%	71.8%
6	Four Seasons	Yorktown	Family	Market	1.1 miles	\$75,693	\$342,500	47	31	0	6.4%	52.8%
7	Meridian Parkside	Newport News	Family	Market	3.4 miles	\$64,838	\$192,000	143	6	0	3.4%	18.7%
8	Pines Of York	Yorktown	Family	Market	1.3 miles	\$65,146	\$342,500	47	33	0	9.4%	62.5%
9	The Belmont At York	Yorktown	Family	Market	2.0 miles	\$68,513	\$342,500	41	9	0	10.4%	63.1%
10	The Samuel Apartments	Hampton	Family	Market	0.2 miles	\$53,363	\$194,400	94	34	21	3.0%	69.1%

\*Located outside of the PMA



## PROPERTY CHARACTERISTICS

Following are relevant characteristics of comparable properties surveyed:

### Location

The Subject’s location is similar to Derby Run II in terms of median household income and total crime. Additionally, Briton Trace Apartments and The Samuel Apartments are also located in areas with similar median household incomes, but lower crime risk indices compared to the Subject. Bay Creek Apartments, Waterford Pointe, and Wilsondale Apartments are located in an inferior location in terms of median household income, but superior location in terms of crime risk indices. Four Seasons, Meridian Parkside, Pines of York, and The Belmont at York are located in superior locations in terms of median household incomes and crime risk indices. The Subject’s WalkScore is considered Car-Dependent, which is similar to the majority of comparables. Overall, the Subject appears to be located in a generally similar to slightly inferior location when compared to the majority of comparables.

### Size, Age and Condition

The Subject was constructed in 1994 and is in average condition. Following renovations, the Subject will be considered in good condition.

Bay Creek Apartments, Waterford Pointe, Wilsondale Apartments, Briton Trace Apartments, Meridian Parkside, and The Samuel Apartments were built or last renovated between 2008 and 2018 and exhibit good condition, slightly superior to the Subject “as is” and similar to the Subject “as renovated.” The remaining comparables were built between 1974 and 2000 and exhibit average condition, similar to the Subject “as is” and slightly inferior to the Subject “as renovated.”

The LIHTC properties range in size from 120 to 198 units, with an average development size of 162 units, while the market rate developments range from 120 to 321 units, with an average development size of 264 units. The Subject falls within the range of development size among LIHTC and market rate competition. Further, there appears to be no distinct correlation between property size and rental rates.

### Unit Size

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

UNIT SIZE COMPARISON		
Bedroom Type	2BR	3BR
Subject	1,000	1,300
Average	1,034	1,259
Min	780	1,006
Max	1,204	1,457
Advantage/Disadvantage	-3%	3%

UNIT SIZE COMPARISON – LIHTC COMPARABLES		
Bedroom Type	2BR	3BR
Subject	1,000	1,300
Average	904	1,125
Min	780	1,006
Max	1,300	1,149
Advantage/Disadvantage	11%	16%

The Subject offers two and three-bedroom units, which are generally similar to the average unit sizes of the comparables. The Subject's two-bedroom unit sizes provide a disadvantage of three percent when compared to the surveyed average, while the Subject's three-bedroom unit sizes provide an advantage of three percent to the surveyed average. Further, the Subject's two and three-bedroom unit sizes provide a 11 to 16 percent advantage when compared to just the LIHTC properties. Overall, the Subject's unit sizes are considered competitive with all of the comparables.

### **Unit Amenities**

The Subject's units currently offer balcony/patios, blinds, carpet and vinyl flooring, central air conditioning, coat closet, exterior storage, walk-in closets, and wash/dryer hookups. Appliances include dishwashers, ovens, and refrigerators. Post renovation, the in-unit amenities will remain the same. For a detailed comparison between the Subject and the comparables, please refer to the amenity matrix at the beginning of this section of the report. Regarding in-unit amenities, the Subject is considered similar to slightly inferior to the majority of LIHTC and market rate comparables. We believe that the in-unit amenities are and will remain competitive.

### **Common Area Amenities**

The Subject features a clubhouse/community room, central laundry facility, on-site management, and swimming pool. Post-renovation, the community features will remain the same. For a detailed comparison between the Subject and the comparables, please refer to the amenity matrix at the beginning of this section of the report. Regarding community amenities, the Subject is considered slightly inferior to inferior to the comparables. Nonetheless, we believe that the common area amenities are and will remain sufficiently competitive as an affordable property.

### **Security Features**

The Subject does not offer any security features. Five of the comparables offer at least one type of security feature, such as in-unit alarms, intercom systems, limited access, courtesy patrol, perimeter fencing, or video surveillance, while the remaining comparables do not. Based on the Subject's historical performance, we believe the Subject will remain competitive.

### **Utility Structure**

The tenant are responsible for all electric utilities including electric cooking, electric water heating, electric heating, and general electric expenses, as well cold water and sewer expenses. The landlord is responsible for trash expenses and all common area utilities. The Subject receives utility reimbursement income as water and sewer expenses that are passed along to tenants as part of a RUBS system. The utility structure varies among the comparable properties; we have adjusted the comparables' rents in accordance with the utility schedule obtained from the Hampton Redevelopment and Housing Authority, effective December 1, 2018.

### **Parking**

The Subject features off-street parking to its tenants at no additional cost. There are 358 surface parking spaces, which equates to a parking ratio of approximately 2.24 spaces per unit. Overall, the parking offered at the Subject is reasonable given its tenancy and proximity to public transportation. Nine of the comparable properties offer free off-street parking, similar to the Subject, while the remaining comparable charges an additional fee of \$25 for off-street parking. In addition, there are three comparables which offer garage parking for an additional fee ranging from \$95 to \$200 per month. The Subject will be considered similar to the majority of the comparables in terms of parking.

### Summary of Property Characteristics

Eight of the comparables are located within the PMA, whereas the remaining two comparables are located just outside of the PMA, within 4.4 miles of the Subject. The comparables have generally similar to slightly inferior locations when compared to the Subject. The Subject is currently in average condition and will be in good overall condition post-renovation, similar to slightly superior to the comparable properties. The Subject’s unit sizes are considered competitive and offer an advantage over the LIHTC comparables. Regarding in-unit and community amenities, the Subject is considered competitive to the majority of LIHTC and market rate comparables, which will remain the case post-renovation.

### MARKET CHARACTERISTICS

Following are relevant market characteristics for comparable properties surveyed.

#### Vacancy Levels

The following table details vacancy levels at comparable properties.

#### OVERALL VACANCY

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Bay Creek Apartments*	LIHTC	Family	184	4	2.2%
Derby Run II	LIHTC/ Market	Family	144	9	6.2%
Waterford Pointe	LIHTC	Family	120	0	0.0%
Wilsondale Apartments*	LIHTC/ Market	Family	198	25	12.6%
Briton Trace Apartments	Market	Family	120	0	0.0%
Four Seasons	Market	Family	321	4	1.2%
Meridian Parkside	Market	Family	308	9	2.9%
Pines Of York	Market	Family	248	7	2.8%
The Belmont At York	Market	Family	300	0	0.0%
The Samuel Apartments	Market	Family	284	12	4.2%
<b>Total LIHTC</b>			<b>646</b>	<b>38</b>	<b>5.9%</b>
<b>Total Market Rate</b>			<b>1,581</b>	<b>32</b>	<b>2.0%</b>
<b>Overall Total</b>			<b>2,227</b>	<b>70</b>	<b>3.1%</b>

\*Located outside of the PMA

Physical vacancy rates among the comparables range from zero to 12.6 percent, with an overall vacancy rate of 3.1 percent in the market. Vacancy rates among the LIHTC properties range from zero to 12.6 percent, with an average of 5.9 percent. Wilsondale Apartments reported the highest vacancy rate among the comparables at 12.6 percent. The contact at the property noted that prior ineffective management is responsible for the elevated vacancy rate and that some units have been sitting offline for over 300 days. However, new management has taken over the property as of August 2018 and has started re-leasing units. Vacancy rates among the market rate properties range from zero to 4.2 percent, with an average of 2.0 percent. The following table illustrates the Subject’s historical vacancy and collection loss rates as obtained from the audited financial statements:

#### HISTORICAL VACANCY/COLLECTION

Year	Vacancy/Collection Loss Rate
2018	9.8%
2017	6.4%
2016	10.0%

The Subject’s vacancy rates have been 10.0, 6.4, and 9.8 percent in 2016, 2017, and 2018, respectively. According to the client, elevated historical vacancy at the Subject was due to inefficient management, which

is expected to be improved with the planned renovations. According to the most recent rent roll provided, dated May 10, 2019, the Subject's was 98.1 percent occupied. Based upon the Subject's current/historical data and the comparable data, we believe the Subject will operate with a physical vacancy of four percent and collection loss of one percent for all scenarios, totaling five percent or less.

### Concessions

Currently, two of the comparable properties are offering concessions. Wilsondale Apartments is currently offering a concession of one month free on its market rate units. Further, Four Seasons is currently offering a concession of discounted two-bedroom market rate units. Despite the presence of some concessions in the market, we do not believe that the Subject will need to offer concessions to remain stabilized.

### Turnover

The following table details turnover rates at comparable properties.

TURNOVER			
Property Name	Rent Structure	Tenancy	Annual Turnover
Bay Creek Apartments*	LIHTC	Family	13%
Derby Run II	LIHTC/ Market	Family	30%
Waterford Pointe	LIHTC	Family	10%
Wilsondale Apartments*	LIHTC/ Market	Family	30%
Briton Trace Apartments	Market	Family	25%
Four Seasons	Market	Family	30%
Meridian Parkside	Market	Family	16%
Pines Of York	Market	Family	40%
The Belmont At York	Market	Family	25%
The Samuel Apartments	Market	Family	25%
<b>Average Turnover</b>			<b>24%</b>

\*Located outside of the PMA

Turnover rates in the market range from 10 to 40 percent, with an average of 24 percent. The LIHTC properties averaged 21 percent turnover. The market rate properties averaged 27 percent turnover. The Subject's reported turnover rate is approximately 26 percent annually. Overall, we expect that the Subject will continue to experience a turnover rate of 25 percent or less, similar to the comparables.

### Waiting Lists

The following table illustrates the waiting lists offered at the comparable properties included in our survey.

WAITING LIST			
Property Name	Rent Structure	Tenancy	Waiting List Length
Bay Creek Apartments*	LIHTC	Family	None
Derby Run II	LIHTC/ Market	Family	None
Waterford Pointe	LIHTC	Family	Yes - 70 HH
Wilsondale Apartments*	LIHTC/ Market	Family	None
Briton Trace Apartments	Market	Family	None
Four Seasons	Market	Family	None
Meridian Parkside	Market	Family	None
Pines Of York	Market	Family	None
The Belmont At York	Market	Family	Yes – 5 HH for 3BR units
The Samuel Apartments	Market	Family	None

\*Located outside of the PMA

Overall, one affordable property maintains a waiting list, with 70 households, indicating unmet demand in the Subject’s market. Further, one market rate comparable maintains a waiting list of five households for its three-bedroom units. We believe the Subject may be able to maintain a short waiting list post-renovation with its improved condition despite not maintaining one as of the date of this report.

### Rental Rate Increases

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

RENT GROWTH			
Property Name	Rent Structure	Tenancy	Rent Growth
Bay Creek Apartments*	LIHTC	Family	None reported
Derby Run II	LIHTC/ Market	Family	Kept at max ('18)
Waterford Pointe	LIHTC	Family	Kept at max ('18)
Wilsondale Apartments*	LIHTC/ Market	Family	Kept at max ('19)/Inc. 1-6% since 4Q18
Briton Trace Apartments	Market	Family	Fluct. 1-4% since 4Q18
Four Seasons	Market	Family	Inc. 2-4% since 4Q18
Meridian Parkside	Market	Family	Fluct. 0-5% since 2Q16
Pines Of York	Market	Family	Inc. 5-11% since 4Q18
The Belmont At York	Market	Family	Fluct. 1-2% since 4Q18
The Samuel Apartments	Market	Family	Fluct. 1-24% since 4Q18

\*Located outside of the PMA

One of the LIHTC comparable properties reported stable rents and three reported rents at either the 2018 or 2019 maximum level. All market rate comparables reported rent growth overall. We believe that the Subject will be able to achieve rents at the maximum allowable level, and rent increases will be directly dependent on AMI growth.

### Absorption

We were unable to obtain absorption information from any of the comparable properties. However, we were able to obtain absorption information from one market rate property located in York, approximately 4.7 miles from the Subject. Commonwealth at York, a 384-unit market rate development, opened in 2015 and reported an absorption rate of approximately 34 units per month.

Renovations at the Subject will occur with minimal disruption to tenants and rents increases will be minimal; therefore, we do not believe that there will be a need for any significant re-absorption of units. Based on the performance of the recently-opened property in the Subject’s market, as well as the relatively low vacancy rates reported in the market, we have estimated that the Subject would absorb approximately 20 to 27 units per month, if hypothetically vacant, for an absorption period of approximately six to eight months.

## Affordable Properties in the PMA

Existing affordable housing projects in the PMA will not be adversely affected by the proposed construction of the Subject property. A survey of comparable affordable LIHTC and Section 8 rental housing developments in the area demonstrate significant demand for good quality rental units.

### AFFORDABLE PROPERTIES IN THE PMA

Property Name	Program	Tenancy	Year Built	Total Units	# of LIHTC Units
Bruton Park Group Home	Section 8	Senior	1994	5	0
Berkley South Apartments	Section 8	Family	1985	190	0
Century Plaza Apartments	LIHTC/Section 8	Family	1972	120	120
Great Oak Apartments	LIHTC/Section 8	Family	1978	143	143
Newport News Transition T/C	Section 8	Family	1977	12	0
Paula Maria III	Section 8	Family	1978	198	0
City Line Apartments	Section 8	Family	1975	200	0
Seton Manor	Section 8	Family	1986	112	0
Newport Harbour Apartments	LIHTC/Section 8	Family	1978	200	200
Christian Village Of Eastern Va	Section 8	Senior	1999	43	0
Groome Road Group Home	Section 8	Senior	2000	5	0
Diggs Drive Group Home	Section 8	Senior	2006	5	0
Dresden Drive Group Home	Section 8	Senior	2007	5	0
Derby Run II*	LIHTC	Family	1997	144	144
Pinedale Manor	LIHTC	Family	1997	296	296
Chestnut Square	LIHTC	Family	2000	40	40
Ivy Farms	LIHTC	Family	2002	168	168
Shell Gardens	LIHTC	Family	2002	48	48
Tidewater Seniors	LIHTC	Senior	2003	140	140
Ashe Manor	LIHTC	Senior	2005	50	50
Westover Station	LIHTC	Family	2005	108	108
Orcutt Village Townhomes I & II	LIHTC	Family	2006/2012	70	70
Seven Oaks	LIHTC	Family	2006	202	202
City Line	LIHTC	Family	2007	198	198
Somerset At Town Center	LIHTC	Senior	2009	114	114
Dresden	LIHTC	Senior	2010	32	32
Heritage Forest I & II	LIHTC	Family	2012/2013	248	248
Jefferson Brookville	LIHTC	Family	2015	50	50
Pilot House	LIHTC	Family	2015	132	132
Waterford Pointe*	LIHTC	Family	2015	120	120

\*Utilized as a rental comparable

## Reasonability of Rents

The tables below illustrate the Subject’s current and proposed asking rents.

### CURRENT ASKING RENTS

Unit Type	Unit Size (SF)	# of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2019 LIHTC Maximum Allowable Gross Rent	% of Maximum Allowable Gross Rent	
@60%								
2BR/2BA	1,000	79	\$893	\$107	\$1,000	\$1,071	93.4%	
3BR/2BA	1,300	49	\$1,000	\$158	\$1,158	\$1,237	93.6%	
Market Rate								
2BR/2BA	1,000	25	\$925	-	-	-	-	
3BR/2BA	1,300	7	\$1,045	-	-	-	-	
		<b>160</b>						

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

### PROPOSED RENTS

Unit Type	Unit Size (SF)	# of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2019 LIHTC Maximum Allowable Gross Rent	% of Maximum Allowable Gross Rent	
@60%								
2BR/2BA	1,000	93	\$932	\$107	\$1,039	\$1,071	97.0%	
3BR/2BA	1,300	49	\$1,059	\$158	\$1,217	\$1,237	98.4%	
Market Rate								
2BR/2BA	1,000	11	\$936	-	-	-	-	
3BR/2BA	1,300	7	\$1,102	-	-	-	-	
		<b>160</b>						

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

## Comparable LIHTC Rents

The Subject is and will continue to offer a portion of units income-restricted at 60 percent of the AMI or less. We have illustrated rents at properties with similar income restrictions to the Subject. The following tables illustrate the Subject’s rents compared to the LIHTC rents of the comparable properties surveyed. The rents have been adjusted for variances in utilities.

### LIHTC RENT COMPARISON @60%

Property Name	County	Tenancy	2BR	3BR
Derby Run I (As Is)	Hampton	Family	\$893	\$1,000
Derby Run I (As Renovated)	Hampton	Family	\$932	\$1,059
<b>2019 LIHTC Maximum Rent (Net)</b>	<b>Hampton</b>		<b>\$964</b>	<b>\$1,079</b>
<b>2018 LIHTC Maximum Rent (Net)</b>	<b>Hampton</b>		<b>\$903</b>	<b>\$1,013</b>
Bay Creek Apartments*	Hampton	Family	\$745	\$849
Derby Run II	Hampton	Family	\$893	\$1,000
Waterford Pointe	Hampton	Family	\$885	\$1,015
Wilsondale Apartments*	Hampton	Family	\$948	\$1,052
<b>Average</b>			<b>\$868</b>	<b>\$979</b>
<b>Achievable LIHTC Rent (As Is)</b>			<b>\$964</b>	<b>\$1,079</b>
<b>Achievable LIHTC Rent (As Renovated)</b>			<b>\$964</b>	<b>\$1,079</b>

\*Located outside of the PMA

Only one of the comparable properties, Wilsondale Apartments, reported rents at the 2019 maximum allowable level, despite its recent performance. However, this comparable appears to be achieving rents above the maximum allowable, which could be due to differing utility allowance structures. Further, two comparables, Derby Run II and Waterford Pointe, reported achieving rents at the 2018 maximum allowable level. The remaining comparable, Bay Creek Apartments, reported rents below the maximum allowable level. The Subject's current LIHTC asking rents are below the maximum allowable level; however, management at the Subject limits rent increases on long-term tenants as part of the lease renewal process. As such, rents have not yet reached 2019 maximum allowable levels. Historically, the Subject has operated with strong occupancy and there is an apparent demand for affordable housing in the Subject's area as supported with low vacancy among the affordable comparable units, as well as the presence of a waiting list at one of the comparable properties. As such, we believe the Subject can achieve maximum allowable rents at the 60 percent AMI level both as is and as proposed. Further, we believe this is reasonable as the Subject will exhibit a similar condition to Wilsondale Apartments post-renovation, which reported achieving rents at the 2019 maximum allowable level. We believe the elevated vacancy rate at this comparable is not indicative of the demand for its affordable units, but due to ineffective management.

The Subject is/will be most similar to Wilsondale Apartments and Derby Run II.

- Wilsondale Apartments is a 198-unit LIHTC/market rate development, located 4.0 miles southeast of the Subject. Wilsondale Apartments was constructed in 2011, exhibiting good condition, slightly superior to the Subject "as is" and similar to the Subject "as renovated". This property is contained in a three-story garden-style residential building, similar to the Subject's design. This property offers a similar location in terms of median home value, slightly superior in-unit amenities as it offers an garbage disposal and in-unit washer/dryer, larger two-bedroom unit sizes, but smaller three-bedroom unit sizes, and generally similar property amenities. Further, this property is 87.4 percent occupied; however, the contact at the property noted that poor management is responsible for the elevated vacancy rate and that some units have been sitting offline for over 300 days. However, new management has taken over the property as of August 2018 and has started re-leasing units since. As such, we do not believe that elevated vacancy is indicative of demand for its affordable units. This property reported achieving rents at the 2019 maximum allowable level.
- Derby Run II is a 144-unit LIHTC/market rate development, located adjacent to the Subject, which is operated by the same ownership/management as the Subject. Derby Run II was constructed in 1997, exhibiting average condition, similar to the Subject "as is" and slightly inferior to the Subject "as renovated". This property is contained in a three-story garden-style residential building, similar to the Subject's design. This property offers a similar location and similar amenities compared to the Subject. Further, this property is 93.8 percent occupied, and reported rents at the 2018 maximum allowable level.

Overall, based upon our analysis of the market and with particular respect to the most comparable properties and the currently achieved rents, we believe the Subject's rents at the 2019 maximum allowable level are reasonable for both the "as is" and "as renovated" scenarios. The proposed post-renovation rents are set at the same AMI level as the current rents. As such, we believe tenants will remain income-qualified.



### Market Rent Comparison

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

#### SUBJECT COMPARISON TO MARKET RENTS

Unit Type	Rent Level	Subject's Current Asking Rents	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent "As Is"	Subject Rent Advantage vs. AMR
2BR/2BA	@60%	\$893	\$925	\$1,526	\$1,192	\$1,100	19%
2BR/2BA	Market	\$925	\$925	\$1,526	\$1,192	\$1,100	16%
3BR/2BA	@60%	\$1,000	\$1,045	\$1,776	\$1,438	\$1,260	21%
3BR/2BA	Market	\$1,045	\$1,045	\$1,776	\$1,438	\$1,260	17%

As shown in the table above, the Subject's current LIHTC rents are below the range of market rate comparable properties. Further, the Subject's current LIHTC rents provide between a 16 to 21 percent rent advantage to the achievable market rents.

### Achievable Market Rent

The achievable market rents were determined by comparing the aesthetic quality, amenities, unit sizes, etc. to that of the market rate projects in the area. Novogradac & Company concluded that the Subject will be competitive with the market rate competition and its achievable rents are within the market rental range. Achievable rents represent net market rate rent levels that we believe a project of the Subject's condition and quality could reasonably achieve. Overall, the Subject "as is" will be most similar to The Samuel Apartments and The Belmont at York.

- The Samuel Apartments is a 284-unit market rate development, located 0.2 miles south of the Subject in a generally similar location. This comparable offers one, two, and three-bedroom units contained in three-story garden residential buildings similar to the Subject's design. Regarding condition, this property was constructed in 1988 and last renovated in 2018, exhibiting good condition, slightly superior to the Subject "as is" and similar to the Subject "as renovated." The property is 95.8 percent occupied. This property offers generally similar two and three-bedroom unit sizes when compared to the Subject, similar in-unit amenities, but slightly superior property amenities compared to that of the Subject.

#### SUBJECT COMPARISON TO THE SAMUEL APARTMENTS

Unit Type	Rent Level	Subject's Current Asking Rent	Square Feet	Subject RPSF	The Samuel Apartments Rent	Square Feet	The Samuel Apartments RPSF
2BR/2BA	@60%	\$893	1,000	\$0.89	\$1,173	1,011	\$1.16
2BR/2BA	Market	\$925	1,000	\$0.93	\$1,173	1,011	\$1.16
3BR/2BA	@60%	\$1,000	1,300	\$0.77	\$1,491	1,264	\$1.18
3BR/2BA	Market	\$1,045	1,300	\$0.80	\$1,491	1,264	\$1.18

- The Belmont at York is a 300-unit market rate development, located 2.0 miles northwest of the Subject. This comparable offers one, two, and three-bedroom units contained in three-story garden-style residential buildings, similar to the Subject's garden-style design. Regarding condition, this property was constructed in 2000, exhibiting average condition, similar to the Subject "as is" and slightly inferior to the Subject "as renovated." The property is 100 percent occupied. This property offers larger two-bedroom units than the Subject, similar three-bedroom unit sizes, similar in-unit amenities, and slightly superior property amenities, as well as a slightly superior location in terms of median home value.

**SUBJECT COMPARISON TO THE BELMONT AT YORK**

Unit Type	Rent Level	Subject's Current Asking Rent	Square Feet	Subject RPSF	The Belmont At York Rent	Square Feet	The Belmont At York RPSF
2BR/2BA	@60%	\$893	1,000	\$0.89	\$1,171	1,130	\$1.04
2BR/2BA	Market	\$925	1,000	\$0.93	\$1,171	1,130	\$1.04
3BR/2BA	@60%	\$1,000	1,300	\$0.77	\$1,346	1,280	\$1.05
3BR/2BA	Market	\$1,045	1,300	\$0.80	\$1,346	1,280	\$1.05

We have placed the Subject achievable “as is” market rents just below what is being achieved at The Samuel Apartments and The Belmont at York.

We have placed the Subject achievable “as is” market rents just below what is being achieved at The Samuel Apartments and The Belmont at York.

**Achievable Market Rent – As Is**

In summary, our estimated achievable market rents for the Subject as is are \$1,100 for the two-bedroom units and \$1,260 for the three-bedroom units.

**Achievable Market Rents – As Renovated**

The scope of renovations will include, but not be limited to the following: new kitchen cabinets and countertops, updated bathroom tubs and plumbing, new appliances, and new entry doors. Exterior and common area upgrades will include new roofing, exterior painting, roof soffit repairs, electrical updates, concrete sidewalk repairs, parking lot resurfacing and restriping, new playground equipment, new swimming pool deck, landscaping, and remodeling and painting of the community room and management office. The total renovation hard costs are estimated to be \$5,047,839, or approximately \$31,549 per unit. The construction timeline is anticipated to be 11 months, starting in December 2019, with an anticipated completion date of November 2020. For comparison purposes, The Belmont at York’s three-bedroom units are \$1,346 per month (adjusted for utility differences) and are in average condition, while The Samuel Apartments’ three-bedroom units are \$1,491 per month (adjusted for utility differences) and are in good condition, which accounts for a \$145 rent differential. Further, these two comparables both offer two-bedroom units as well; however, the rent differential between both of these properties is minimal indicating that larger unit types warrant larger condition premiums. This rent differential is also due to unit size, but is a good indication of value between a property in average versus good condition. It is clear that improved condition commands a significant premium. Therefore, a rent differential of \$60 and \$200 is reasonable for the Subject’s two and three-bedroom units. In summary, our estimated achievable market rents for the Subject as renovated are \$1,160 for the two-bedroom units and \$1,460 for the three-bedroom units, which are generally similar to the average of the adjusted rents of the market rate comparables and within the range of the rents.

**Conclusions and Recommendations**

The Subject will be well-positioned in the market. As a newly-renovated property, the Subject will be in generally similar to slightly superior condition to most of the comparable properties. Vacancy rates among the LIHTC properties range from zero to 12.6 percent, with an average of 3.1 percent. Vacancy/collection loss at the Subject is expected to be no more than five percent over the long term. Based on the comparable data, the proposed rental rates appear achievable, with upward potential to the 2019 maximum allowable level. We believe the Subject will continue to be well-accepted in the market as a LIHTC/market rate property. Further, we believe the Subject’s achievable and proposed LIHTC rents offer an significant advantage compared to our achievable market rents.

## **VII. DEMAND ANALYSIS / CONCLUSIONS**

## DEMAND ANALYSIS/CONCLUSIONS

### Introduction

The Subject is an existing LIHTC/market rate development consisting of 160 two and three-bedroom units. The Subject will continue to target families and offer 104 two-bedroom and 56 three-bedroom units. Of the Subject's 160 units, 142 will be restricted to households earning 60 percent AMI or below, whereas the remaining 28 units will be market rate. We calculated the number of income-eligible residents in this section of the analysis. LIHTC rents are based upon a percentage of the AMI, adjusted for household size and utilities. HUD estimates the relevant income levels, with annual updates. Rents are calculated by HUD assuming that the maximum net rent a household will pay is 30 percent of its income at the appropriate AMI levels.

Household size for family developments is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes.

To assess the likely number of tenants in the market area eligible to live in the Subject, we used Census information as provided by ESRI Business Information Solutions.

### Primary Market Area Defined

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

The Subject property is located in Richmond, Virginia. The boundaries of the PMA are defined as Victory Boulevard to the north, Commander Shepard Boulevard, Southwest Branch Back River, and LaSalle Avenue to the east, 16<sup>th</sup> Street and Chesapeake Avenue to the south and Jefferson Avenue to the west. The PMA was determined based on input from area property managers, including the manager at the Subject property.

### Income-eligible Calculations

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

First, we estimate the Subject's minimum and maximum income levels for the LIHTC project. HUD determines maximum income guidelines for tax credit properties, based on the AMI. For the Virginia Beach-Norfolk, Newport News, VA HMFA, the 2019 AMI is \$79,300 for a four-person household. Maximum incomes are set at the 50 percent AMI level. Minimum income levels were calculated based on the assumption that lower-income households should pay no more than 35 percent of their income towards rent, while senior households should pay no more than 40 percent of their income towards rent. Often, lower-income households pay a higher percentage of gross income toward housing costs. Therefore, we used 35 percent for LIHTC calculations in the LIHTC scenario, consistent with VHDA guidelines. Further, the Subject will offer market rate units, in addition to its LIHTC supply. According to contacts in the market, the general rule is that tenants must have an income of at least 2.5 to three times the monthly income. As such, we have taken the proposed market rate monthly rental rate and multiplied it by three and annualized it for our minimum income requirements. For the maximum income, there will be no maximum income limitation for tenants residing in these units. However, we believe a maximum income limit of \$99,999 is reasonable based on the comparable supply in the area as tenants with higher incomes will likely choose to reside elsewhere.

Secondly, we illustrate the household population segregated by income band in order to determine those who are income-qualified to reside in the Subject property.

Third, we combine the allowable income range with the income distribution analysis in order to determine the number of potential income-qualified households. In some cases, the LIHTC income-eligible band overlaps with more than one census income range. In those cases, the prorated share of more than one census range will be calculated. This provides an estimate of the total number of households that are income-eligible. This also derives an estimate of the percentage of the households that are income-eligible, illustrated by AMI threshold.

FAMILY INCOME LIMITS				
Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	60% AMI		Market Rate	
2BR	\$35,623	\$42,840	\$33,696	\$99,999
3BR	\$41,726	\$51,420	\$39,672	\$99,999

FAMILY INCOME DISTRIBUTION 2018										
Income Cohort	Total Renter Households	@60%			Market			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	3,015									
\$10,000-19,999	4,435									
\$20,000-29,999	4,825									
\$30,000-39,999	3,660	4,376	43.8%	1,602	6,303	63.0%	2,307	6,303	63.0%	2,307
\$40,000-49,999	3,205	9,999	100.0%	3,205	9,999	100.0%	3,205	9,999	100.0%	3,205
\$50,000-59,999	2,564	1,420	14.2%	364	9,999	100.0%	2,564	9,999	100.0%	2,564
\$60,000-74,999	2,557				14,999	100.0%	2,557	14,999	100.0%	2,557
\$75,000-99,999	2,666				24,999	100.0%	2,666	24,999	100.0%	2,666
\$100,000-124,999	1,058									
\$125,000-149,999	484									
\$150,000-199,999	429									
\$200,000+	557									
<b>Total</b>	<b>29,455</b>		<b>17.6%</b>	<b>5,171</b>		<b>45.2%</b>	<b>13,299</b>		<b>45.2%</b>	<b>13,299</b>

**Demand Analysis One - Capture Rate Analysis by Unit Type**

In order to determine demand for the proposed unit mix, we also analyzed the demand capture rates expected at the Subject by bedroom type. This analysis illustrates demand for units restricted at 60 percent AMI, as well as its market rate.

The by-unit-type breakdown illustrates an adequate demand at both 60 percent AMI and market rate when considered on a by-bedroom-type basis.

The distribution of households by unit type is dependent on the following assumptions.

HOUSEHOLD DISTRIBUTION		
<b>1 BR</b>	70%	Of one-person households in 1BR units
	20%	Of two-person households in 1BR units
<b>2 BR</b>	30%	Of one-person households in 2BR units
	80%	Of two-person households in 2BR units
	60%	Of three-person households in 2BR units
<b>3 BR</b>	40%	Of three-person households in 3BR units
	100%	Of four-person households in 3BR units
	100%	Of five-person households in 3BR units

**60% AMI Demand**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.8%	11,438
2 persons	25.0%	7,370
3 persons	16.3%	4,803
4 persons	11.0%	3,240
5+ persons	8.8%	2,604
<b>Total</b>	<b>100.0%</b>	<b>29,455</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,438	x	17.6%
2 persons	7,370	x	17.6%
3 persons	4,803	x	17.6%
4 persons	3,240	x	17.6%
5+ persons	2,604	x	17.6%
<b>Total</b>	<b>29,455</b>		<b>5,171</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	2,143
3BR	1,363
<b>Total</b>	<b>3,507</b>

*Capture Rate Analysis - @60%*

	Developer's Unit Mix	Capture Rate
2BR	93	4.3%
3BR	49	3.6%
<b>Total/Overall</b>	<b>142</b>	<b>4.0%</b>

**Market Rate Demand**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.8%	11,438
2 persons	25.0%	7,370
3 persons	16.3%	4,803
4 persons	11.0%	3,240
5+ persons	8.8%	2,604
<b>Total</b>	<b>100.0%</b>	<b>29,455</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,438	x	5,164
2 persons	7,370	x	3,328
3 persons	4,803	x	2,169
4 persons	3,240	x	1,463
5+ persons	2,604	x	1,176
<b>Total</b>	<b>29,455</b>		<b>13,299</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	5,513
3BR	3,506
<b>Total</b>	<b>9,019</b>

*Capture Rate Analysis - Market*

	Developer's Unit Mix	Capture Rate
2BR	11	0.2%
3BR	7	0.2%
<b>Total/Overall</b>	<b>18</b>	<b>0.2%</b>

All Units

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	38.8%	11,438
2 persons	25.0%	7,370
3 persons	16.3%	4,803
4 persons	11.0%	3,240
5+ persons	8.8%	2,604
<b>Total</b>	<b>100.0%</b>	<b>29,455</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	11,438	x	45.2%	5,164
2 persons	7,370	x	45.2%	3,328
3 persons	4,803	x	45.2%	2,169
4 persons	3,240	x	45.2%	1,463
5+ persons	2,604	x	45.2%	1,176
<b>Total</b>	<b>29,455</b>			<b>13,299</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	5,513
3BR	3,506
<b>Total</b>	<b>9,019</b>

*Capture Rate Analysis - All Units As Proposed*

	Developer's Unit Mix	Capture Rate
2BR	104	1.9%
3BR	56	1.6%
<b>Total/Overall</b>	<b>160</b>	<b>1.8%</b>



**Annual Demand Table**

<b>ANNUAL DEMAND</b>		
Calculation		PMA
<b>Number of Renter Households in 2018</b>		29,455
<b>Increase in Number of Renter Households</b>		(456)
<b>Number of Renter Households in 2023</b>		28,999
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		49.9%
Percentage of Income-Qualified Renter Households		45.2%
Number of Income-Qualified Renter Households		13,299
Percentage of Rent-Overburdened		43.8%
<b>Existing Income-Qualified Renter Household Turnover</b>		<b>5,824</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		(91)
Percentage of Income-Qualified Renter Households		45.2%
<b>New Rental Income Qualified Households</b>		<b>(41)</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		160
Occupied Units at Subject With Vacancy of:	5%	152
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		5,783
Portion Originating within PMA		100%
Total Demand (Turnover and Growth) from within PMA		5,783
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	0	
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>5,783</b>
<b>Yielded Annual Capture Rate of Available Demand in 2019</b>		<b>2.6%</b>

## VHDA DEMAND

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

There are two LIHTC properties in the PMA that have been recently allocated; however, only one development, Town Center Apartments, will compete directly with the Subject upon completion. Town Center Apartments will consist of 60 total units which will be absorbed in the market. Additionally, there are nine vacant units among the LIHTC inventory in the PMA that are competitive with the Subject at the 60 percent of AMI. These nine units have been deducted as shown in the following table.

### NUMBER OF VACANT LIHTC UNITS IN PMA

Property Name	Number of Vacant Units
Town Center Apartments	60
Derby Run II	9
<b>Total</b>	<b>69</b>

According to Esri Demographics, 43.8 percent of renter households are considered overburdened (defined by VHDA as paying more than 35 percent of gross income for gross rent), which equates to 2,582 income-qualified renter households in the PMA. Further, 156 renter households live in substandard housing (defined by VHDA as housing that is overcrowded and/or lack of plumbing).

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

Income Restrictions	Up to 60% (min. income to max. income)	Market Rate (min. income to max. income)	Project Total (min. income to max. income)
	As Proposed	As Proposed	As Proposed
New Rental Households	-456	-456	-456
+			
Existing Households - Overburdened	2,582	6,642	6,642
+			
Existing Households - Substandard Housing	156	156	156
+			
Senior Households - Likely to Convert to Rental Housing	n/a	n/a	n/a
+			
Existing Qualifying Tenants - To Remain After Renovation	128	32	160
<b>TOTAL DEMAND</b>	<b>2,410</b>	<b>6,374</b>	<b>6,502</b>
-			
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	69	509	578
<b>NET DEMAND</b>	<b>2,341</b>	<b>5,865</b>	<b>5,924</b>
PROPOSED UNITS	142	18	160
<b>CAPTURE RATE</b>	<b>6.1%</b>	<b>0.3%</b>	<b>2.7%</b>
ABSORPTION PERIOD	6-8 months	6-8 months	6-8 months

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

Project Wide Capture Rate - LIHTC Units	6.1%
Project Wide Capture Rate - Market Units	0.3%
Project Wide Capture Rate - All Units (As Proposed)	2.7%
Project Wide Absorption Period (Months)	6-8 months

**Conclusion**

The Novoco demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation illustrates an overall capture rate of 1.8 percent as proposed.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject’s first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This is a subset of the income-eligible renter households used previously. The annual Novoco capture rates as proposed is 2.6 percent for the first year of operation. This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

This calculation illustrates that there are approximately 5,783 units of demand in the first year of the Subject’s operation after completion as proposed. The Subject’s units will need to accommodate 152 total units of demand in order to stabilize at 95 percent occupancy. Any unaccommodated households will most likely leave the PMA or remain severely rent-overburdened. The lack of available units will force many to look elsewhere.

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

Project Wide Capture Rate - LIHTC Units	6.1%
Project Wide Capture Rate - Market Units	0.3%
Project Wide Capture Rate - All Units (As Proposed)	2.7%
Project Wide Absorption Period (Months)	6-8 months

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

**Penetration Rate Analysis**

The following table illustrates the competitive units as proposed.

**AFFORDABLE HOUSING IN THE PMA**

Property Name	Type	Tenancy	Total # of Units	# of LIHTC Units	# of Competitive LIHTC Units
Bruton Park Group Home	Section 8	Senior	5	0	0
Berkley South Apartments	Section 8	Family	190	0	0
Century Plaza Apartments	LIHTC/Section 8	Family	120	120	0
Great Oak Apartments	LIHTC/Section 8	Family	143	143	0
Newport News Transition T/C	Section 8	Family	12	0	0
Paula Maria III	Section 8	Family	198	0	0
City Line Apartments	LIHTC/Section 8	Family	200	0	0
Seton Manor	Section 8	Family	112	0	0
Newport Harbour Apartments	LIHTC/Section 8	Family	200	200	0
Christian Village Of Eastern Va	Section 8	Senior	43	0	0
Groome Road Group Home	Section 8	Senior	5	0	0
Diggs Drive Group Home	Section 8	Senior	5	0	0
Dresden Drive Group Home	Section 8	Senior	5	0	0
Derby Run II*	LIHTC	Family	144	144	116
Pinedale Manor	LIHTC	Family	296	296	0
Chestnut Square	LIHTC	Family	40	40	40
Ivy Farms	LIHTC	Family	168	168	168
Shell Gardens	LIHTC	Family	48	48	48
Tidewater Seniors	LIHTC	Senior	140	140	0
Ashe Manor	LIHTC	Senior	50	50	0
Westover Station	LIHTC	Family	108	108	72
Orcutt Village Townhomes I & II	LIHTC	Family	70	70	70
Seven Oaks	LIHTC	Family	202	202	192
Somerset At Town Center	LIHTC	Senior	114	114	0
Dresden	LIHTC	Senior	32	32	0
Heritage Forest I & II	LIHTC	Family	248	248	214
Jefferson Brookville	LIHTC	Family	50	50	30
Pilot House	LIHTC	Family	132	132	132
Waterford Pointe*	LIHTC	Family	120	120	111
<b>Total</b>			<b>3,200</b>	<b>2,425</b>	<b>1,193</b>

\*Utilized as comparable

Two developments have been awarded funding since 2016 in the PMA. Spratley House Apartments is an existing Public Housing development, which was awarded funding in 2019 for rehabilitation. Post-renovation, all units at the development will continue to benefit from project-based subsidies. As such, units will not compete directly with the Subject. Further, Town Center Apartments was awarded funding in 2018 for new construction of 60 two and three-bedroom townhome units. All units at this development will compete with the Subject upon completion and have been deducted from our penetration analysis.

**Penetration Rate Analysis**

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

PENETRATION RATE	
Number of Proposed Competitive family LIHTC Units in the PMA	60
	+
Number of Existing Competitive family LIHTC Units in the PMA	1,193
	+
Number of Proposed family LIHTC Units at the Subject	142
	=
<b>Total</b>	<b>1,395</b>
	/
Income Eligible Households - All AMI Levels	5,171
	=
<b>Overall Penetration Rate</b>	<b>27.0%</b>

The overall penetration rate for the market is 27.0 percent as proposed, which is moderate. The penetration rate we have presented is conservative because it does not account for leakage (i.e. tenants originating outside of the PMA).

**Absorption Estimate**

We were unable to obtain absorption information from any of the comparable properties. However, we were able to obtain absorption information from one market rate property located in York, approximately 4.7 miles from the Subject. Commonwealth at York, a 384-unit market rate development, opened in 2015 and reported an absorption rate of approximately 34 units per month.

Renovations at the Subject will occur with minimal disruption to tenants and rents increases will be minimal; therefore, we do not believe that there will be a need for any significant re-absorption of units. Based on the performance of the recently-opened property in the Subject’s market, as well as the relatively low vacancy rates reported in the market, we have estimated that the Subject would absorb approximately 20 to 27 units per month, if hypothetically vacant, for an absorption period of approximately six to eight months.

Rent conclusions were provided in the *Competitive Environment* section.

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

# **VIII. LOCAL PERSPECTIVE OF RENTAL HOUSING AND HOUSING ALTERNATIVES**

## LOCAL PERSPECTIVE OF RENTAL HOUSING ALTERNATIVES

### INTERVIEWS/DISCUSSION

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

#### LIHTC Competition / Recent and Proposed Construction

According to the Virginia Housing Development Authority (VHDA), there have been two recently funded developments within the Subject's PMA. According to the VHDA allocation lists since 2016, there has been two developments allocated tax credits in the PMA, which have been detailed below.

- Spratley House Apartments, located at 651 25<sup>th</sup> Street in Newport News, was allocated tax credits in 2019 for the rehabilitation of a 50-unit Public Housing development targeting families. As a subsidized development, Spratley House Apartments will not directly compete with the Subject.
- Town Center Apartments, located at Saville Row and Pine Chapel Road in Hampton, was allocated tax credits in 2018 for the new construction of 60 units targeting families. The development will directly compete with the Subject's LIHTC Units.

#### City Planning and Development Department

We contacted Andrew Bell with the City of Hampton regarding new, planned, or under construction multifamily developments in the PMA.

- An apartment complex at the former Wythe Elementary School at 200 Claremont Avenue in Hampton is currently under review. The development will be an adaptive reuse of the school building and will consist of 40 market rate units. Construction is expected to begin in 2019 and be completed in 2020. The units will directly compete with the Subject's market rate units.
- A multifamily development to be located at 1850 Merchant Lane is currently in zoning review. The development will consist of 169 market rate units. No other information is available. The units will directly compete with the Subject's market rate units.
- HRCN Apartments is proposed for construction on North Campus Parkway in Hampton. The development will consist of 300 market rate units. The units will directly compete with the Subject's market rate units.

We also consulted data from CoStar, a national real estate research firm. According to CoStar, there is one proposed multifamily development in the Subject's PMA.

- A multifamily development has been proposed for construction at 2140 Allainby Way in Hampton. The market rate development will consist of 100 units. No other information was available. The units will directly compete with the Subject's market rate units.

#### Hampton Redevelopment and Housing Authority

According to Ms. Melvin with the Section 8 program at Hampton Redevelopment & Housing Authority, there are approximately 2,900 vouchers allotted to Hampton. Ms. Melvin was unable to provide the number of Housing Choice vouchers that have been issued but reported that the waiting list is currently closed and has been since July 13, 2007. Ms. Melvin reported that there is high demand for affordable housing in Hampton due to the high cost of housing. The waiting list currently has an estimated wait time of ten years and there are no plans to reopen the waiting list in the near future. The current payment standards, which are above the Fair Market Rents, are as follows:

**VOUCHER PAYMENT STANDARDS**

Unit Type	Payment Standard	Subject's Current/Proposed Rents
2BR - 60% AMI	\$1,104	\$1,002/\$1,039
3BR - 60% AMI	\$1,553	\$1,157/\$1,217
2BR – Market	\$1,104	\$925/\$936
3BR - Market	\$1,553	\$1,045/\$1,102

The Subject's current and proposed gross rents are below the current payment standards, indicating residents will not need to pay additional rent out of pocket to reside in the Subject's units. According to the most recent rent roll provided, dated May 10, 2019, the Subject was 98.1 percent occupied, and 80 tenants (50 percent) were utilizing vouchers.



***Addendum A***  
***Assumptions and Limiting Conditions***

## **ASSUMPTIONS AND LIMITING CONDITIONS**

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

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

June 17, 2019

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 of, or on behalf of VHDA.
6. Compensation for my services is not contingent upon this development receiving a LIHTC reservation or allocation.

This report was written according to the 2019 VHDA market study guidelines. The recommendations and conclusions are based solely on professional opinion and best efforts.

Respectfully submitted,

Novogradac & Company LLP



Rachel B. Denton, MAI  
Partner  
Rachel.Denton@novoco.com  
(913) 312-4612



Brian Neukam  
Manager



Jon Sestak  
Analyst  
Jon.Sestak@novoco.com  
(913) 312-4625

***Addendum B***  
***Statement of Qualifications***

**STATEMENT OF PROFESSIONAL QUALIFICATIONS**  
**RACHEL BARNES DENTON, MAI**

**I. EDUCATION**

Cornell University, Ithaca, NY  
School of Architecture, Art & Planning, Bachelor of Science in City & Regional Planning

**II. LICENSING AND PROFESSIONAL AFFILIATION**

Designated Member of the Appraisal Institute  
Member of National Council of Housing Market Analysts (NCHMA)  
Member of Commercial Real Estate Women (CREW) Network  
    2011 and 2012 Communications Committee Co-Chair for the Kansas City CREW Chapter  
    2013 Director of Communications and Board Member for Kansas City CREW  
    2014 Secretary and Board Member for Kansas City CREW  
    2015 and 2016 Treasurer and Board Member for Kansas City CREW

State of Arkansas Certified General Real Estate Appraiser No. CG3527  
State of California Certified General Real Estate Appraiser No. AG044228  
State of Colorado Certified General Real Estate Appraiser No. 100031319  
State of Georgia Certified General Real Estate Appraiser No. 391113  
State of Hawaii Certified General Real Estate Appraiser No. CGA1048  
State of Illinois Certified General Real Estate Appraiser No. 553.002012  
State of Kansas Certified General Real Estate Appraiser No. G-2501  
State of Minnesota Certified General Real Estate Appraiser No. 40420897  
State of Missouri Certified General Real Estate Appraiser No. 2007035992  
State of Nebraska Certified General Real Estate Appraiser No. CG2017030R  
State of New Mexico Certified General Real Estate Appraiser No. 03424-G  
State of North Dakota Certified General Real Estate Appraiser No. CG-219110  
State of Oklahoma Certified General Real Estate Appraiser No. 13085CGA  
State of Oregon Certified General Real Estate Appraiser No. C000951  
State of South Dakota Certified General Real Estate Appraiser No. 1488CG  
State of Texas Certified General Real Estate Appraiser No. 1380396

**III. PROFESSIONAL EXPERIENCE**

Novogradac & Company LLP, Partner  
Novogradac & Company LLP, Principal  
Novogradac & Company LLP, Manager  
Novogradac & Company LLP, Senior Real Estate Analyst

**IV. PROFESSIONAL TRAINING**

Educational requirements successfully completed for the Appraisal Institute:  
    Appraisal Principals, September 2004  
    Basic Income Capitalization, April 2005  
    Uniform Standards of Professional Appraisal Practice, various  
    Advanced Income Capitalization, August 2006  
    General Market Analysis and Highest & Best Use, July 2008  
    Advanced Sales Comparison and Cost Approaches, June 2009  
    Advanced Applications, June 2010  
    General Appraiser Report Writing and Case Studies, July 2014  
    Standards and Ethics (USPAP and Business Practices and Ethics)  
    MAI Designation General Comprehensive Examination, January 2015  
    MAI Demonstration of Knowledge Report, April 2016

Completed HUD MAP Training, Columbus, Ohio, May 2010

## **V. SPEAKING ENGAGEMENTS**

Have presented and spoken at both national Novogradac conferences and other industry events, including the National Council of Housing Market Analysts (NCHMA) Annual Meetings and FHA Symposia, National Housing and Rehabilitation Association Conferences, Institute for Professional and Executive Development (IPED) conferences, and state housing conferences, such as Housing Colorado, Idaho Conference on Housing and Economic Development, and Missouri Workforce Housing Association.

## **VI. REAL ESTATE ASSIGNMENTS**

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

In general, have managed and conducted numerous market analyses and appraisals for various types of commercial real estate since 2003, with an emphasis on affordable multifamily housing.

Conducted and managed appraisals of proposed new construction, rehab and existing Low-Income Housing Tax Credit properties, Section 8 Mark-to-Market properties, HUD MAP Section 221(d)(4) and 223(f) properties, USDA Rural Development, and market rate multifamily developments on a national basis. Analysis includes property screenings, economic and demographic analysis, determination of the Highest and Best Use, consideration and application of the three traditional approaches to value, and reconciliation to a final value estimate. Both tangible real estate values and intangible values in terms of tax credit valuation, beneficial financing, and PILOT are considered. Additional appraisal assignments completed include commercial land valuation, industrial properties for estate purposes, office buildings for governmental agencies, and leasehold interest valuation. Typical clients include developers, lenders, investors, and state agencies.

Managed and conducted market studies for proposed Low-Income Housing Tax Credit, HUD MAP, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis and operating expense analysis. Property types include proposed multifamily, senior independent living, large family, acquisition/rehabilitation, historic rehabilitation, adaptive reuse, and single family developments. Typical clients include developers, state agencies, syndicators, investors, and lenders.

Completed and have overseen numerous Rent Comparability Studies in accordance with HUD's Section 8 Renewal Policy and Chapter 9 for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.

Performed and managed market studies and appraisals of proposed new construction and existing properties insured and processed under the HUD Multifamily Accelerated Processing (MAP) program. These reports meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide for 221(d)(4) and 223(f) programs.

Performed and have overseen numerous market study/appraisal assignments for USDA RD properties in several states in conjunction with acquisition/rehabilitation redevelopments. Documents are used by states, lenders, USDA, and the developer in the underwriting process. Market studies are compliant to State, lender, and USDA requirements. Appraisals are compliant to lender requirements and USDA HB-1-3560 Chapter 7 and Attachments.

Performed appraisals for estate valuation and/or donation purposes for various types of real estate, including commercial office, industrial, and multifamily assets. These engagements were conducted in accordance with the Internal Revenue Service's Real Property Valuation Guidelines, Section 4.48.6 of the Internal Revenue Manual.

Performed analyses of various real estate asset types subject to USDA 4279-B, Business and Industry Guaranteed Loans, Section 4279.150 guidelines.

Conducted various Highest and Best Use Analyses for proposed development sites nationwide. Completed an analysis of existing and proposed senior supply of all types of real estate, and conducted various demand and feasibility analyses in order to determine level of need and ultimate highest and best use of the site.

Prepared a three-year Asset Management tracking report for a 16-property portfolio in the southern United States. Data points monitored include economic vacancy, levels of concessions, income and operating expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.

Performed various community-wide affordable housing market analyses and needs assessments for communities and counties throughout the Midwest and Western states. Analysis included demographic and demand forecasts, interviews with local stakeholders, surveys of existing and proposed affordable supply, and reconciliation of operations at existing supply versus projected future need for affordable housing. Additional analyses included identification of housing gaps, potential funding sources, and determination of appropriate recommendations. These studies are typically used by local, state, and federal agencies in order to assist with housing development and potential financing.

Managed a large portfolio of Asset Management reports for a national real estate investor. Properties were located throughout the nation, and were diverse in terms of financing, design, tenancy, and size. Information compiled included income and expenses, vacancy, and analysis of property's overall position in the market.

Performed appraisals of LIHTC assets for Year 15 purposes; valuations of both the underlying real estate asset and partnership interests have been completed. These reports were utilized to assist in potential disposition options for the property, including sale of the asset, buyout of one or more partners, or potential conversion to market rate.



**STATEMENT OF PROFESSIONAL QUALIFICATIONS  
BRIAN NEUKAM**

**EDUCATION**

Georgia Institute of Technology, Bachelor of Industrial Engineering, 1995

**State of Georgia Certified General Real Property Appraiser No. 329471**

**State of South Carolina Certified General Real Property Appraiser No. 7493**

**PROFESSIONAL TRAINING**

National USPAP and USPAP Updates

General Appraiser Market Analysis and Highest & Best Use

General Appraiser Sales Comparison Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Income Capitalization Approach I and II

General Appraiser Report Writing and Case Studies

**EXPERIENCE**

**Novogradac & Company LLP, Manager, September 2015- Present**

J Lawson & Associates, Associate Appraiser, October 2013- September 2015

Carr, Lawson, Cantrell, & Associates, Associate Appraiser, July 2007-October 2013

**REAL ESTATE ASSIGNMENTS**

A representative sample of due diligence, consulting or valuation assignments includes:

- Prepare market studies and appraisals throughout the U.S. for proposed and existing family and senior Low-Income Housing Tax Credit (LIHTC), market rate, HOME financed, USDA Rural Development, and HUD subsidized properties. Appraisal assignments involve determining the as is, as if complete, and as if complete and stabilized values.
- Conduct physical inspections of subject properties and comparables to determine condition and evaluate independent physical condition assessments.
- Performed valuations of a variety of commercial properties throughout the Southeast which included hotels, gas stations and convenience stores, churches, funeral homes, full service and fast-food restaurants, stand-alone retail, strip shopping centers, distribution warehouse and manufacturing facilities, cold storage facilities, residential and commercial zoned land, and residential subdivision lots. Intended uses included first mortgage, refinance, foreclosure/repossession (REO), and divorce.
- Employed discounted cash flow analysis (utilizing Argus or Excel) to value income producing properties and prepare or analyze cash flow forecasts.
- Reviewed and analyzed real estate leases, including identifying critical lease data such as commencement/expiration dates, various lease option types, rent and other income, repair and maintenance obligations, Common Area Maintenance (CAM), taxes, insurance, and other important lease clauses.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## JONATHON D. SESTAK

### I. EDUCATION

University of Kansas – Lawrence, KS  
Bachelor of Science – Economics

State Certified General Trainee – MO #2018032615

### II. PROFESSIONAL EXPERIENCE

Analyst, Novogradac & Company LLP  
Financial Analyst, Lockton Companies

### III. PROFESSIONAL TRAINING

Basic Appraisal Principles, March 2018  
Basic Appraisal Procedures, April 2018  
15-Hour National USPAP Equivalent, June 2018  
Real Estate Finance Statistics and Valuation Modeling, October 2018  
General Appraiser Sales Comparison Approach, February 2019  
General Appraiser Site Valuation and Cost Approach, June 2019

### IV. REAL ESTATE ASSIGNMENTS

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

- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, assisted living, large family, and acquisition with rehabilitation.
- Conducted physical inspections of subject properties and comparables to determine condition and evaluate surrounding markets.
- Employed discount cash flow analysis (utilizing Excel) to value income-producing properties and prepare to analyze cash flow forecasts.
- Assisted in the preparation of Rent Comparability Studies for expiring Section 8 contracts and USDA contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Researched and analyzed local and national economy and economic indicators for specific projects throughout the United States. Research included employment industries analysis, employment historical trends and future outlook, and demographic analysis.
- Examined local and national housing market statistical trends and potential outlook in order to determine sufficient demand for specific projects throughout the United States.

***Addendum C***  
***Data Sources***

## **DATA SOURCES**

Sources used in this study include data that is both written and oral, published and unpublished, and proprietary and non-proprietary. Real estate developers, housing officials, local housing, and planning authority employees, property managers and other housing industry participants were interviewed. In addition, we conducted a survey of existing, comparable properties.

This report incorporates published data supplied by various agencies and organizations including:

- U.S. Census Bureau
- ESRI, Business Information Solutions
- Ribbon Demographics
- US Department of Commerce, Bureau of Labor Statistics
- Department of Housing and Urban Development (HUD)
- City of Hampton Planning & Development Department
- Hampton Department of Economic Development
- Hampton Redevelopment and Housing Authority
- Virginia Housing Development Authority
- Elevate Virginia's WARN Filings
- CoStar New Construction Listing
- CoStar Hampton Roads Region Market Report

***Addendum D***  
***NCHMA Certification***



Formerly known as  
National Council of Affordable  
Housing Market Analysts

NCHMA MEMBER CERTIFICATION

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

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

Rachel B. Denton, MAI  
Partner

***Addendum E***  
***Utility Allowance Schedule***

<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8, EXISTING HOUSING ALLOWANCES FOR TENANT FURNISHED UTILITIES AND OTHER SERVICES</b>	DATE <p style="text-align: center;">12/1/2018</p>
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LOCALITY <p style="text-align: center;">Hampton Redevelopment and Housing Authority</p>	UNIT TYPE <p style="text-align: center;">Row/Townhouse</p>
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UTILITY OR SERVICE	MONTHLY DOLLAR ALLOWANCE						
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR
<b>HEATING</b>							
a. Natural Gas	\$18	\$20	\$24	\$27	\$30	\$37	\$45
b. Electric	\$26	\$33	\$40	\$46	\$54	\$69	\$83
c. Propane	\$58	\$68	\$79	\$89	\$102	\$125	\$150
d. Fuel Oil	\$31	\$37	\$43	\$49	\$56	\$70	\$84
<b>AIR CONDITIONING</b>	\$8	\$9	\$12	\$15	\$18	\$23	\$28
<b>COOKING</b>							
a. Natural Gas	\$8	\$8	\$10	\$10	\$11	\$11	\$12
b. Electric	\$9	\$9	\$11	\$12	\$13	\$14	\$15
c. Propane	\$19	\$20	\$23	\$25	\$27	\$28	\$31
<b>OTHER ELECTRIC</b> (lighting, refrigerator, etc.)	\$36	\$39	\$43	\$50	\$56	\$65	\$72
<b>WATER HEATING</b>							
a. Natural Gas	\$9	\$12	\$15	\$21	\$27	\$32	\$40
b. Electric	\$10	\$16	\$23	\$36	\$49	\$62	\$76
c. Propane	\$28	\$37	\$46	\$64	\$83	\$101	\$124
d. Fuel Oil	\$17	\$22	\$28	\$39	\$50	\$61	\$75
<b>WATER</b>	\$20	\$26	\$32	\$45	\$58	\$70	\$83
<b>SEWER</b>	\$13	\$26	\$39	\$62	\$87	\$112	\$136
<b>TRASH COLLECTION</b>	\$26	\$26	\$26	\$26	\$26	\$26	\$26
<b>RANGE</b>	\$3	\$3	\$3	\$3	\$3	\$3	\$3
<b>REFRIGERATOR</b>	\$4	\$4	\$4	\$4	\$4	\$4	\$4
<b>BASE CHARGES - GAS</b>	\$14	\$14	\$14	\$14	\$14	\$14	\$14

*\*Electric Base Charge included in Other Electric Category*

ACTUAL FAMILY ALLOWANCES: (To be used by family to complete allowance. Complete below for Actual Unit Rented)	UTILITY OR SERVICE	PER MONTH
NAME OF FAMILY	HEATING	\$
ADDRESS OF UNIT	AIR CONDITIONING	\$
	COOKING	\$
	OTHER ELECTRIC	\$
	WATER HEATING	\$
	WATER	\$
	SEWER	\$
	TRASH COLLECTION	\$
	RANGE	\$
	REFRIGERATOR	\$
	NUMBER OF BEDROOMS	BASE CHARGES
	<b>TOTAL</b>	\$



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8. EXISTING HOUSING ALLOWANCES FOR TENANT FURNISHED UTILITIES AND OTHER SERVICES					DATE 12/1/2018		
LOCALITY Hampton Redevelopment and Housing Authority					UNIT TYPE Duplex		
UTILITY OR SERVICE	MONTHLY DOLLAR ALLOWANCE						
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR
<b>HEATING</b>							
a. Natural Gas	\$18	\$20	\$24	\$28	\$33	\$41	\$49
b. Electric	\$27	\$33	\$41	\$49	\$60	\$77	\$93
c. Propane	\$59	\$67	\$80	\$93	\$109	\$136	\$163
d. Fuel Oil	\$32	\$37	\$45	\$52	\$61	\$77	\$93
<b>AIR CONDITIONING</b>	\$8	\$9	\$12	\$15	\$18	\$23	\$28
<b>COOKING</b>							
a. Natural Gas	\$8	\$8	\$10	\$10	\$11	\$11	\$12
b. Electric	\$9	\$9	\$11	\$12	\$13	\$14	\$15
c. Propane	\$19	\$20	\$23	\$25	\$27	\$28	\$31
<b>OTHER ELECTRIC</b> (lighting, refrigerator, etc.)	\$36	\$39	\$43	\$50	\$56	\$65	\$72
<b>WATER HEATING</b>							
a. Natural Gas	\$9	\$12	\$15	\$21	\$27	\$32	\$40
b. Electric	\$10	\$16	\$23	\$36	\$49	\$62	\$76
c. Propane	\$28	\$37	\$46	\$64	\$83	\$101	\$124
d. Fuel Oil	\$17	\$22	\$28	\$39	\$50	\$61	\$75
<b>WATER</b>	\$20	\$26	\$32	\$45	\$58	\$70	\$83
<b>SEWER</b>	\$13	\$26	\$39	\$62	\$87	\$112	\$136
<b>TRASH COLLECTION</b>	\$26	\$26	\$26	\$26	\$26	\$26	\$26
<b>RANGE</b>	\$3	\$3	\$3	\$3	\$3	\$3	\$3
<b>REFRIGERATOR</b>	\$4	\$4	\$4	\$4	\$4	\$4	\$4
<b>BASE CHARGES - GAS</b>	\$14	\$14	\$14	\$14	\$14	\$14	\$14
<i>*Electric Base Charge included in Other Electric Category</i>							
<b>ACTUAL FAMILY ALLOWANCES: (To be used by family to complete allowance. Complete below for Actual Unit Rented)</b>					<b>UTILITY OR SERVICE</b>		<b>PER MONTH</b>
NAME OF FAMILY					HEATING		\$
ADDRESS OF UNIT					AIR CONDITIONING		\$
					COOKING		\$
					OTHER ELECTRIC		\$
					WATER HEATING		\$
					WATER		\$
					SEWER		\$
					TRASH COLLECTION		\$
					RANGE		\$
NUMBER OF BEDROOMS					REFRIGERATOR		\$
					BASE CHARGES		\$
					<b>TOTAL</b>		\$

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8, EXISTING HOUSING ALLOWANCES FOR TENANT FURNISHED UTILITIES AND OTHER SERVICES					DATE 12/1/2018		
LOCALITY Hampton Redevelopment and Housing Authority					UNIT TYPE Garden		
UTILITY OR SERVICE	MONTHLY DOLLAR ALLOWANCE						
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR
<b>HEATING</b>							
a. Natural Gas	\$15	\$18	\$22	\$26	\$30	\$37	\$45
b. Electric	\$23	\$30	\$38	\$46	\$56	\$72	\$86
c. Propane	\$50	\$60	\$73	\$85	\$101	\$125	\$150
d. Fuel Oil	\$28	\$34	\$42	\$49	\$58	\$72	\$87
<b>AIR CONDITIONING</b>							
	\$8	\$9	\$12	\$15	\$18	\$23	\$28
<b>COOKING</b>							
a. Natural Gas	\$8	\$8	\$10	\$10	\$11	\$11	\$12
b. Electric	\$9	\$9	\$11	\$12	\$13	\$14	\$15
c. Propane	\$19	\$20	\$23	\$25	\$27	\$28	\$31
<b>OTHER ELECTRIC</b> (lighting, refrigerator, etc.)							
	\$36	\$39	\$43	\$50	\$56	\$65	\$72
<b>WATER HEATING</b>							
a. Natural Gas	\$9	\$12	\$15	\$21	\$27	\$32	\$40
b. Electric	\$10	\$16	\$23	\$36	\$49	\$62	\$76
c. Propane	\$28	\$37	\$46	\$64	\$83	\$101	\$124
d. Fuel Oil	\$17	\$22	\$28	\$39	\$50	\$61	\$75
<b>WATER</b>							
	\$20	\$26	\$32	\$45	\$58	\$70	\$83
<b>SEWER</b>							
	\$13	\$26	\$39	\$62	\$87	\$112	\$136
<b>TRASH COLLECTION</b>							
	\$26	\$26	\$26	\$26	\$26	\$26	\$26
<b>RANGE</b>							
	\$3	\$3	\$3	\$3	\$3	\$3	\$3
<b>REFRIGERATOR</b>							
	\$4	\$4	\$4	\$4	\$4	\$4	\$4
<b>BASE CHARGES - GAS</b>							
	\$14	\$14	\$14	\$14	\$14	\$14	\$14
<i>*Electric Base Charge included in Other Electric Category</i>							
<b>ACTUAL FAMILY ALLOWANCES: (To be used by family to complete allowance. Complete below for Actual Unit Rented)</b>				<b>UTILITY OR SERVICE</b>		<b>PER MONTH</b>	
NAME OF FAMILY				HEATING		\$	
ADDRESS OF UNIT				AIR CONDITIONING		\$	
				COOKING		\$	
				OTHER ELECTRIC		\$	
				WATER HEATING		\$	
				WATER		\$	
				SEWER		\$	
				TRASH COLLECTION		\$	
				RANGE		\$	
				REFRIGERATOR		\$	
NUMBER OF BEDROOMS				BASE CHARGES		\$	
				<b>TOTAL</b>		\$	

<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> <b>SECTION 8, EXISTING HOUSING ALLOWANCES FOR</b> <b>TENANT FURNISHED UTILITIES AND OTHER SERVICES</b>	DATE <p style="text-align: center;">12/1/2018</p>
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LOCALITY <p style="text-align: center;">Hampton Redevelopment and Housing Authority</p>	UNIT TYPE <p style="text-align: center;">Single</p>
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UTILITY OR SERVICE	MONTHLY DOLLAR ALLOWANCE						
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR
<b>HEATING</b>							
a. Natural Gas	\$21	\$25	\$30	\$35	\$41	\$51	\$62
b. Electric	\$33	\$42	\$53	\$62	\$75	\$97	\$116
c. Propane	\$70	\$85	\$101	\$118	\$138	\$172	\$206
d. Fuel Oil	\$37	\$46	\$55	\$64	\$75	\$95	\$114
<b>AIR CONDITIONING</b>	\$9	\$11	\$14	\$17	\$21	\$26	\$33
<b>COOKING</b>							
a. Natural Gas	\$8	\$8	\$10	\$10	\$11	\$11	\$12
b. Electric	\$9	\$9	\$11	\$12	\$13	\$14	\$15
c. Propane	\$19	\$20	\$23	\$25	\$27	\$28	\$31
<b>OTHER ELECTRIC</b> (lighting, refrigerator, etc.)	\$36	\$39	\$43	\$50	\$56	\$65	\$72
<b>WATER HEATING</b>							
a. Natural Gas	\$9	\$12	\$15	\$21	\$27	\$32	\$40
b. Electric	\$10	\$16	\$23	\$36	\$49	\$62	\$76
c. Propane	\$28	\$37	\$46	\$64	\$83	\$101	\$124
d. Fuel Oil	\$17	\$22	\$28	\$39	\$50	\$61	\$75
<b>WATER</b>	\$20	\$26	\$32	\$45	\$58	\$70	\$83
<b>SEWER</b>	\$13	\$26	\$39	\$62	\$87	\$112	\$136
<b>TRASH COLLECTION</b>	\$26	\$26	\$26	\$26	\$26	\$26	\$26
<b>RANGE</b>	\$3	\$3	\$3	\$3	\$3	\$3	\$3
<b>REFRIGERATOR</b>	\$4	\$4	\$4	\$4	\$4	\$4	\$4
<b>BASE CHARGES - GAS</b>	\$14	\$14	\$14	\$14	\$14	\$14	\$14

*\*Electric Base Charge included in Other Electric Category*

ACTUAL FAMILY ALLOWANCES: (To be used by family to complete allowance. Complete below for Actual Unit Rented)	UTILITY OR SERVICE	PER MONTH
NAME OF FAMILY	HEATING	\$
	AIR CONDITIONING	\$
ADDRESS OF UNIT	COOKING	\$
	OTHER ELECTRIC	\$
	WATER HEATING	\$
	WATER	\$
	SEWER	\$
	TRASH COLLECTION	\$
	RANGE	\$
	REFRIGERATOR	\$
NUMBER OF BEDROOMS	BASE CHARGES	\$
	<b>TOTAL</b>	\$

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SECTION 8, EXISTING HOUSING ALLOWANCES FOR TENANT FURNISHED UTILITIES AND OTHER SERVICES					DATE 12/1/2018		
LOCALITY Hampton Redevelopment and Housing Authority					UNIT TYPE Mobile Home		
UTILITY OR SERVICE	MONTHLY DOLLAR ALLOWANCE						
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR
<b>HEATING</b>							
a. Natural Gas	\$19	\$23	\$28	\$33	\$39	\$48	\$58
b. Electric	\$34	\$44	\$55	\$66	\$79	\$100	\$119
c. Propane	\$63	\$77	\$95	\$111	\$131	\$161	\$194
d. Fuel Oil	\$38	\$47	\$57	\$67	\$79	\$98	\$117
<b>AIR CONDITIONING</b>	\$9	\$11	\$14	\$17	\$21	\$26	\$33
<b>COOKING</b>							
a. Natural Gas	\$8	\$8	\$10	\$10	\$11	\$11	\$12
b. Electric	\$9	\$9	\$11	\$12	\$13	\$14	\$15
c. Propane	\$19	\$20	\$23	\$25	\$27	\$28	\$31
<b>OTHER ELECTRIC</b> (lighting, refrigerator, etc.)	\$36	\$39	\$43	\$50	\$56	\$65	\$72
<b>WATER HEATING</b>							
a. Natural Gas	\$9	\$12	\$15	\$21	\$27	\$32	\$40
b. Electric	\$10	\$16	\$23	\$36	\$49	\$62	\$76
c. Propane	\$28	\$37	\$46	\$64	\$83	\$101	\$124
d. Fuel Oil	\$17	\$22	\$28	\$39	\$50	\$61	\$75
<b>WATER</b>	\$20	\$26	\$32	\$45	\$58	\$70	\$83
<b>SEWER</b>	\$13	\$26	\$39	\$62	\$87	\$112	\$136
<b>TRASH COLLECTION</b>	\$26	\$26	\$26	\$26	\$26	\$26	\$26
<b>RANGE</b>	\$3	\$3	\$3	\$3	\$3	\$3	\$3
<b>REFRIGERATOR</b>	\$4	\$4	\$4	\$4	\$4	\$4	\$4
<b>BASE CHARGES - GAS</b>	\$14	\$14	\$14	\$14	\$14	\$14	\$14
<i>*Electric Base Charge included in Other Electric Category</i>							
<b>ACTUAL FAMILY ALLOWANCES: (To be used by family to complete allowance. Complete below for Actual Unit Rented)</b>					<b>UTILITY OR SERVICE</b>		<b>PER MONTH</b>
NAME OF FAMILY					HEATING		\$
ADDRESS OF UNIT					AIR CONDITIONING		\$
					COOKING		\$
					OTHER ELECTRIC		\$
					WATER HEATING		\$
					WATER		\$
					SEWER		\$
					TRASH COLLECTION		\$
					RANGE		\$
NUMBER OF BEDROOMS					REFRIGERATOR		\$
					BASE CHARGES		\$
					<b>TOTAL</b>		\$

***Addendum F***  
***Subject and Neighborhood Photographs***

**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD**



Subject exterior



Subject exterior



Subject exterior



Subject exterior



Subject exterior



Subject exterior



Clubhouse



Subject leasing area



Community room



Playground



Central laundry



Swimming pool



Entrance



Living room



Coat closet



Kitchen



Bedroom



Bedroom closet





Bathroom



Living area



Kitchen



Dining area



Bedroom



Bathroom



View along Floyd Thompson Drive facing west



View along Floyd Thompson Drive facing east



View along Derby Drive facing north



Retail south of Subject



Retail south of Subject



Typical single-family home in Subject's neighborhood