

# HUD 221(d) (4) Formatted Market Feasibility Analysis

Palmer's Creek Apartments  
9012 US Highway 1/Jefferson Davis Highway  
Fredericksburg, Spotsylvania County, Virginia 22407

*Prepared For*

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*Effective Date*

January 9, 2019

*Inspection Date*

December 9, 2018

*Job Reference Number*

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*Prior to transmitting the Market Analysis to the Lender, the Analyst/Appraiser is required to complete the following Self-checklist to assure that HUD minimum requirements have been satisfied. This checklist conforms to that published in the MAP Guide, Appendix 2, Quality Control Plan paragraph IX.*

## **THE MARKET ANALYSIS FOR HUD PRE-APPLICATION AND APPLICATION PROCESSING**

### **SELF-CHECKLIST**

**JACK WISEMAN - MARKET ANALYST**

**COMPLETED BY:** \_\_\_\_\_  
**MARKET ANALYST/APPRaiser**

**VERIFIED BY:** \_\_\_\_\_  
**UNDERWRITER**

### **MARKET ANALYSIS**

- A. Review appraiser's opinion as to the completeness of the material under review, and determination of overall compliance with market study processing requirements.
1. Does the market analyst meet the qualification and competence requirements outlined in the MAP Guide? **Yes**
  2. Is the market study a narrative self-contained report? **Yes**
  3. Does the market study have an effective date within 120 days before the (*probable*) date of submission of the pre-application, or, with refinancing, within 120 days of (*the probable*) submission of the application for a firm commitment? **Yes**
  4. Does the market study adequately describe and analyze the geographic boundaries and general characteristics of the market area, specific market conditions, characteristics of projects under construction and in the planning stages, and contain a supply and demand estimate and analysis and estimated absorption time (if applicable)? **Yes**
  5. Is the market study prepared in accordance with the information supplied by the MAP lender described in Appendix 4 of the MAP Guide? **Yes**
  6. Is the market study prepared in accordance with the format prescribed in the appropriate MAP Guide Appendix? **Yes**
  7. Does the market study include the market analyst's certification? **Yes**
- B. Review appraiser's opinion as to the adequacy and relevance of the data and the propriety of any adjustments to the data.
- C. Review appraiser's opinion as to the appropriateness of the analysis methods and techniques used.
- D. Review appraiser's opinion as to the analyses, opinions, and conclusions.

## Market Analyst Certification

This analysis is formatted to respond specifically to the issues outlined in HUD's Guide for Content and Format of a Market Analysis for General Occupancy Housing.

I understand that my market study will be used by Bonaventure Realty Group to document to the U.S. Department of Housing and Urban Development that the MAP Lender's application for FHA mortgage insurance was prepared and reviewed in accordance with HUD requirements. I certify that my market analysis is in accordance with the HUD requirements applicable on the date of my report, and that I have no financial interest or family relationship with the officers, directors, stockholders, partners of the Borrower, the general contractor, any subcontractors, the buyer or the seller of the proposed property, nor do I engage in any business that might present a conflict of interest.

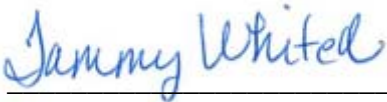
I am employed full time by the MAP Lender (underwriter) or under contract for this specific assignment (appraiser, market analyst, cost architect) and that I have no other side deals, agreements, or financial consideration with the MAP Lender or others in connection with this transaction.

HUD is the intended user of this report and has the right to rely on this study's conclusions to the same degree as the developer/applicant.



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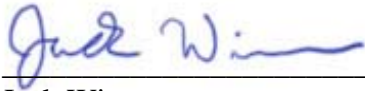
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## **I. Introduction**

### **A. PURPOSE**

The purpose of this report is to evaluate the market feasibility of the construction of the 200-unit Palmers Creek rental community to be located at 9012 U.S. Highway 1/Jefferson Davis Highway in Fredericksburg, unincorporated Spotsylvania County, Virginia. This report follows the market study guidelines of the HUD 221(d)(4) Multifamily Accelerated Processing (MAP) program.

### **B. METHODOLOGIES**

Methodologies used by Bowen National Research are outlined in Section X of the report.

### **C. REPORT LIMITATIONS**

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

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## II. Executive Summary

*The purpose of this report is to evaluate the market feasibility of a proposed general-occupancy Tax Credit property to be built in Fredericksburg, Virginia. Note the components of the main body of this report comply to market study guidelines under the HUD 221(d)(4) program. In addition, Addendum D includes additional components which are specific to Virginia Housing Development Authority (VHDA) guidelines. Thus, the contents of this report will fulfill both HUD 221(d)(4) and VHDA market study guidelines.*

Based on the findings reported in our market study, it is our opinion that a market exists for the 200 proposed subject units at Palmers Creek in Fredericksburg, Virginia, assuming it is built and operated as detailed in this report. Changes in the project's rents, amenities, design, or completion date may alter these findings.

### Project Concept

Palmers Creek involves the new construction of 200 apartments on 9.525 acres located at 9012 U.S. Highway 1/Jefferson Davis Highway in Fredericksburg. The project will offer 30 one-, 109 two- and 61 three-bedroom garden-style units within two (4) four-story, elevator-equipped residential buildings together with a free-standing, 6,692 square-foot community building. Palmers Creek will be developed utilizing financing from the 4% Tax-Exempt Bond program and will target lower-income family households earning up to 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$1,055 to \$1,515, depending on unit size. None of the units within the subject development will receive project-based rental assistance. The proposed project is expected to be complete sometime in 2021. Additional details of the proposed project are included beginning on page III-1 of this report.

Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI	Proposed Rents			Max. Allowable LIHTC Gross Rent
						Collected Rent	Utility Allowance	Gross Rent	
2	One-Br.	1.0	Garden	707	60%	\$1,055	\$125	\$1,180	\$1,319
16*	One-Br.	1.0	Garden	743	60%	\$1,055	\$125	\$1,180	\$1,319
12*	One-Br.	1.0	Garden	765	60%	\$1,065	\$125	\$1,190	\$1,319
81	Two-Br.	2.0	Garden	950	60%	\$1,270	\$150	\$1,420	\$1,582
20*	Two-Br.	2.0	Garden	1,109	60%	\$1,305	\$150	\$1,455	\$1,582
8	Two-Br.	2.0	Garden	1,149	60%	\$1,340	\$150	\$1,490	\$1,582
29	Three-Br.	2.0	Garden	1,305	60%	\$1,510	\$200	\$1,710	\$1,828
32	Three-Br.	2.0	Garden	1,329	60%	\$1,515	\$200	\$1,715	\$1,828
200	Total								

Source: Bonaventure Realty Group

AMHI – Area Median Household Income (Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area; 2018)

\*Units exclude a patio/balcony

## Site Evaluation

The subject site is located within Fredericksburg (unincorporated Spotsylvania County), approximately 7.0 miles southwest of the downtown area. The subject's location is considered to be within a developing area, which is evidenced by the construction activity immediately to the northeast of the site at Jackson Village, a 240-acre mixed-use community. Also note that development activity has been ongoing approximately 2.0 miles north of the site near the Cosner's Corner Shopping Center, with future plans of development located at the nearby Alexander's Crossing Community. Structures within the immediate neighborhood are considered to be in fair to good condition and the only nuisance observed is a used auto parts salvage lot across from U.S. Highway 1 to the east, but it is not expected to negatively impact the overall marketability of the site. Notably, there are many retailers, restaurants, local businesses, and other community services within 1.3 miles. It is also of note that access is considered good and visibility is considered excellent, due to the site's location along U.S. Highway 1/Jefferson Davis Highway and its anticipated stature as some of the tallest buildings within the immediate vicinity. Overall, the subject site is consistent with surrounding land uses, while it's convenient accessibility, and proximity to community and public safety services, should contribute to its marketability. Additional site information is included beginning on page III-8.

## Primary Market Area

The Primary Market Area (PMA) is the geographical area from which most of the support (~90%) for the proposed development is expected to originate and from which most of the competitive supply is located. The Fredericksburg Site PMA includes the municipalities, or portions of, Fredericksburg and Spotsylvania Courthouse, as well as the surrounding unincorporated areas of Spotsylvania County. Specifically, the boundaries of the Site PMA include State Route 3, Chewning Lane and the Rappahannock River to the north; the Spotsylvania County boundary to the east; Mudd Tavern Road and Morris Road to the south; and State Route 208, Brock Road and Gordon road to the west. A full description of the analysis conducted to establish the PMA and a map illustrating the PMA are included in Section IV.

## Economics

According to a representative with the City of Fredericksburg Economic Development Department, the local economy continues to improve, with various new business/business expansion announcements made within the past two years. Additionally, based on data provided by the U.S. Department of Labor: Bureau of Labor Statistics, since the end of the national recession in 2010, the employment base within the county has increased by nearly 6,000 jobs, or 10.2%, and the unemployment rate has declined to 3.1%, which is the lowest it has been within the past ten-year period. Overall, these positive economic trends indicate that

Spotsylvania County’s economy is strong. Based on these recent trends, it is anticipated that Spotsylvania County will continue to experience positive economic trends for the foreseeable future, which will continue to create a stable environment for housing.

Demographics

Overall, population and household growth within the Fredericksburg Site PMA have been positive since 2000. These trends are projected to remain positive through 2023, increasing by 8,394 (7.4%) and 2,898 (7.2%), respectively, from 2018. Additionally, renter households are projected to increase by 1,307 (8.5%) during the same time period. Further, the subject site will be able to accommodate nearly all household sizes within the market, as it will offer one- through three-bedroom apartments. The preceding trends will likely have a positive impact on the subject's marketability.

Competitive Supply

We identified and surveyed 16 *existing* family (general-occupancy) projects that offer non-subsidized Low-Income Housing Tax Credit (LIHTC) units within the Fredericksburg Site PMA. Of these 16 properties, five were selected as the most comparable to the proposed subject development based on, but not limited to age, bedroom types offered, unit design and/or targeted income level. These properties target households with incomes up to 40%, 50% and/or 60% of AMHI; therefore, they are considered comparable properties. These five LIHTC properties and the proposed subject development are summarized in the following table. Information regarding property address, phone number, contact name and utility responsibility is included in the Field Survey of Conventional Rentals.

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
<b>Site</b>	<b>Palmers Creek</b>	<b>2021</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Families; 60% AMHI</b>
1	Crestview	2000	180	98.9%	8.9 Miles	None	Families; 60% AMHI
3	Weston Circle	2003	150	93.3%	9.2 Miles	None	Families; 60% AMHI
32	Valor Apt. Homes I	2017	128	99.2%	8.9 Miles	2-Br: 3 H.H.	Families; 60% AMHI
36	Orchard Ridge at Jackson Village I	2018	169	75.1%	0.2 Miles	None	Families; 60% AMHI
38	New Post Apts.	2018	102	100.0%	7.1 Miles	30 H.H.	Families; 40%, 50%, & 60% AMHI

OCC. – Occupancy  
H.H. - Households

The five most comparable LIHTC projects within the market have a combined occupancy rate of 92.5%. However, as noted earlier in this section of the report, Orchard Ridge at Jackson Village I (Map ID 36) was recently completed and is still in lease-up, absorbing units at a rapid rate of approximately 18 units per month. Excluding this property, the overall occupancy rate of the remaining four comparable LIHTC developments is 97.7%, a strong rate for rental housing.



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

Map I.D.	Project Name	Gross Rent/Percent of AMHI (Number of Units/Vacancies)			Rent Special
		One-Br.	Two-Br.	Three-Br.	
Site	<b>Palmers Creek</b>	<b>\$1,180-\$1,190/60% (30)</b>	<b>\$1,420-\$1,490/60% (109)</b>	<b>\$1,710-\$1,715/60% (61)</b>	-
1	Crestview	\$1,153/60% (24/0)	\$1,231/60% (108/1)	\$1,460/60% (48/1)	None
3	Weston Circle	\$1,065/60% (46/1)	\$1,069-\$1,119/60% (74/7)	\$1,293/60% (30/2)	\$200 off 1 <sup>st</sup> month's rent
32	Valor Apt. Homes I	\$1,249/60% (16/0)	\$1,446/60% (72/0)	\$1,679/60% (40/1)	None
36	Orchard Ridge at Jackson Village I	\$1,214/60% (38/12)	\$1,447/60% (124/26)	\$1,505/60% (7/4)	None
38	New Post Apts.	\$786/40% (11/0)	\$1,111/50% (23/0)	\$1,256/50% (16/0)	None
		\$942/50% (2/0)			
		\$1,062/60% (5/0)	\$1,187/60% (25/0)	\$1,332/60% (20/0)	

The proposed subject gross rents, ranging from \$1,180 to \$1,715, will be some of the highest LIHTC rents within the market. However, considering the generally strong occupancy rates and lease-up trends of the comparable LIHTC developments, it is likely that these projects could charge higher rents without having an impact on their occupancy levels. Further, considering the subject's newness, anticipated quality and superior amenities package, these characteristics will also enable the subject development to charge higher rents. Overall, we believe the proposed rents are appropriately positioned within the Fredericksburg Site PMA.

#### Comparable Tax Credit Summary

Based on our analysis of the unit sizes (square footage), amenities, location, quality and occupancy rates of the existing LIHTC properties within the market, it is our opinion that the proposed subject development will be very competitive. While the subject rents will be some of the highest LIHTC rents within the Site PMA, considering the strength of the affordable rental housing market, the subject's newness, anticipated quality and superior amenities package, it is believed that the subject development will be able to successfully charge rent premiums within the Fredericksburg market. This has been considered in our absorption projections. Additional details of the competitive supply are included in Section VII.

## Development Pipeline

Based on our research, it was determined that there are currently six projects under construction within the Site PMA. These projects are summarized as follows:

- Valor Apartment Homes II (aka Valor West; Map ID 33) is currently under construction at 1150 Nobel Way in Fredericksburg. The developer, S. L. Nusbaum Realty Company, received Tax Credit Bond financing in 2017 and the project will include 120 one-, two- and three-bedroom units at 60% of AMHI. Construction started March 2018 and the first building is expected to be complete in March 2019.
- Orchard Ridge at Jackson Village II is currently under construction at 9401 Jefferson Davis Highway in Fredericksburg. Developed by CBG, this project will include 76 one-, two- and three-bedroom units set aside at 60% of AMHI and is expected to be complete by June 2019.
- Silver Collection at Celebrate Virginia South is currently under construction located off of Gordon W. Shelton Boulevard, across from the Fredericksburg Expo and Conference Center in Fredericksburg. Developed by the Silver Companies, this project will include 577 apartments in six (6) four-story buildings, 200 of which are planned to be age-restricted for those ages 55 and older. Site plans were approved in July 2017. While a construction timeline was unavailable for each phase of the development, the developer hopes to have the first units available by 2019.
- Crossroads Station is a 187-unit market-rate project that has just begun construction at 9442 Crossroads Parkway in Fredericksburg. The owner/applicant for this project is Crossroads Associates, LLC, which is associated with Lester Properties, and plans to have two- and three-bedroom units. Completion is estimated for summer 2019.
- Allure at Jefferson is a 338-unit market-rate development currently under construction within the Jackson Village community in Fredericksburg. Developed by the Breeden Company, the property will include one-, two- and three-bedroom units. The developer acquired the necessary funding for the project in January 2018. The property will also offer 42 attached garages, 18 detached garages and 142 storage spaces. Completion of this project is estimated to be in the first quarter of 2019.
- Oxford Apartments at Southpoint is currently under construction located at 10380 Southpoint Parkway in Fredericksburg. Developed by Oxford Properties, LLC, the property will include 240 market-rate apartments. Additional information regarding this project was unavailable at the time of our research.



Of the six properties under construction, Valor Apartments II and Orchard Ridge at Jackson Village II will target a similar income demographic as the subject project. As such, these properties are considered directly competitive and have been factored in our demand estimates illustrated later in this report in Addendum D. Also note that the units under construction at Crossroads Station, Allure at Jefferson and Oxford Apartments at Southpoint were included in our *Net Demand* analysis in Section VIII. While the 577-unit Silver Collection at Celebrate Virginia South is currently under construction, it is likely that only a portion of this development will be completed by the time the proposed subject site is ready for occupancy, although a construction timeline was not available. However, based on the construction timelines for other projects in the market, it appears that apartments are being constructed at a rate of approximately 12 to 13 units per month. Therefore, conservatively, we have assumed that 312 units will be completed by 2021 (24 months x 13 units = 312), which 95%, or 296 units have been accounted for in our *Net Demand Analysis*.

Based on our interviews with local building and planning representatives, it was determined that there are six housing projects planned or proposed for the area and are summarized as follows:

- Beco Construction submitted a rezoning application in January 2018 for 2600 Acqua, a proposed market-rate development to be located at 2618 Salem Church Road in Fredericksburg. Currently, the proposed rezoning would result in 278 apartments and 12,000 square feet of retail/commercial space. The application is still within the preliminary process stages and requires Board of Supervisors approval to move forward on the proposed site plan.
- Winding Creek, to be located at 10316 Courthouse Road in Spotsylvania Courthouse, is a proposed 215-unit senior (ages 55 and older) market-rate rental community. If approved, the developer, Doug Janney, hopes to start construction in the summer of fall of 2019.
- There is a proposed development to be named Fredericksburg Park located at the southwest corner of Alum Spring Road and Lafayette Boulevard in Fredericksburg. The plans call for 204 market-rate units to be completed in 2020. No further information on this project is currently available.
- Alexander's Crossing is a planned mixed-use development to be located near the Spotsylvania Regional Medical Center, east of Interstate 95 in Fredericksburg. To be developed by Walton Development, plans call for up to 888 multifamily units, 580 single-family homes, 230 assisted living units, 909 townhomes and 1.6 million square feet of commercial development. The construction timeline for each phase of this project was unavailable at the time this report was issued. However, the development is expected to break ground after the completion of the Interstate 95 Southbound Collector-Distributor Lanes – Rappahannock River



Crossing project, which is estimated to be completed sometime in 2022. The first phases will include single-family homes, with the rental housing to follow in future phases.

- Highland Park Townhomes is a proposed rental development to be located at 115 Young Street in Fredericksburg. To be developed by Carl Braun, this project will include 91 market-rate apartments. However, it should be noted that the project has been postponed as of September 2016 and it is unknown if it will come to fruition.
- Lofts at Frederick Street, to be located at 306 Frederick Street in Fredericksburg, is a planned 17-unit market-rate project. The developer, AGV Properties also plans to construct four for-sale townhomes on the adjacent lot facing Charles Street. Estimated completion is December 2019. No further information on this project is currently available.

Of the six planned or proposed projects, none will directly compete with the subject development. It is also important to note that most of the aforementioned rental communities are within the preliminary phases of development and it is unknown if they will come to fruition by the time the subject site is completed in 2021. Additionally, Alexander's Crossing will not break ground until 2022, well after the completion of the subject project. Of the remaining five developments, it appears that Lofts at Frederick Street will be completed by the time the site is ready for occupancy. As such, the units offered at this property have been considered within our *Net Demand Analysis*.

### Market Demand

As noted throughout this report, the subject project will offer 200 one-, two- and three-bedroom apartments targeting family (general-occupancy) households with incomes up to 60% of AMHI. For the purposes of this *Effective Demand* analysis, we have used the lowest gross rent of \$1,180 and a rent to income ratio of 35% (benchmark for general-occupancy Tax Credit projects), which results in a minimum income requirement of \$40,457. This is calculated as follows:  $\$1,180 \times 12 \text{ months} = \$14,160 / 35\% = \$40,457$ .

Given that the LIHTC units will be restricted to households at 60% of AMHI and its three-bedroom units will be able to accommodate up to five-person households, the subject project will have a maximum income requirement of \$75,960 (five-person income limit at 60% of AMHI).

The table on the following page summarizes the number of income-eligible renter households for the subject project in the PMA in 2021 (year of opening).

Income Range	Income-Qualified Renter Households (\$40,457-\$75,960)		
	Number of Renters	Share Within Range	Qualified Renter Households (2021)
\$0-10,000	1,434	0.0%	-
\$10,000-20,000	1,908	0.0%	-
\$20,000-30,000	2,104	0.0%	-
\$30,000-40,000	1,651	0.0%	-
\$40,000-50,000	1,659	60.7%	1,007
\$50,000-60,000	1,374	56.1%	771
\$60,000-75,000	1,714	27.5%	471
\$75,000-100,000	1,815	0.9%	17
\$100,000-125,000	937	0.0%	-
\$125,000-150,000	695	0.0%	-
\$150,000-200,000	487	0.0%	-
\$200,000+	327	0.0%	-
Total	16,106		2,266

As the preceding table illustrates, there will be 2,266 size- and income-appropriate renters projected in the PMA that represent potential support for the subject project once it is complete in 2021. Typically, under this methodology, capture rates generally under 15% are considered achievable, though higher capture rates can be achieved under certain circumstances. The 200 proposed LIHTC units at the subject site represent a required capture rate of 8.8%. The capture rate of 8.8% is considered achievable, indicating that the subject project will only need to attract approximately nine of every 100 size- and income-appropriate renter households within the market. This demonstrates that there is a good base of potential support from size- and income-appropriate renters in the PMA for the proposed development.

### Recommendations

The subject project is marketable as proposed. As a result, we do not recommend any changes or modifications to the proposed subject project.

### Absorption Projection

Considering the facts contained in the market study, as well as the preceding factors, and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the proposed subject development. We have assumed that the developer and/or property management will begin preleasing units a few months in advance of opening and that 20 units, or 10%, will be preleased by the time the project is available for occupancy. It is our opinion that the proposed subject development will experience an absorption rate of approximately 13 units per month, resulting in a stabilized occupancy rate of 95.0% for the 200 Tax Credit subject units within approximately 13 months. Note that these absorption projections take into consideration the competitiveness of the subject project, the high (yet achievable) rents, lease-up trends of the newest LIHTC developments and the LIHTC units currently under construction within the market.

These absorption projections assume a 2021 opening date. A later opening date may have a slowing impact on the absorption potential for the subject project. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project's rents, amenities, unit design, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and continue to monitor market conditions during the project's initial lease-up period. Note that Voucher support on approximately 10% of the units (similar to the comparable LIHTC projects within the market) has also been considered in determining these absorption projections and that these absorption projections may vary depending upon the amount of Voucher support the subject development receives.

### **III. Description of The Proposed Project**

**The market study must include a thorough description of the proposed project, including:**

- 1. The number of units by type and size with information on the number of bedrooms and bathrooms, structure type, square footage, etc. Actual (paint to paint) size should be noted as well as the size in published brochures or other media.**
- 2. The proposed contract, utility allowance and resulting gross rents by unit type. (Gross rent is defined as the cost of renting the unit, including the cost of resident paid utilities.)**
- 3. Description of any income or rent restrictions imposed on the project by the use of public financing and/or subsidies (e.g., LIHTC, tax-exempt bonds or subordinate loans). Identify any project-based rental subsidies to be offered, specify the number of subsidized units, the type and form of the assistance, and rent levels related to market rents.**
- 4. Utility policy in terms of which costs are paid by the tenant and which costs are paid by the owner/landlord.**
- 5. The unit features, project amenities and services and associated cost.**
- 6. For rehabilitation projects provide:**
  - a. Description of the proposed scope of rehabilitation including a breakdown of hard and soft costs, if available.**
  - b. An estimate of total construction cost and cost per unit.**
  - c. Identification of the existing unit mix and rents including any existing housing subsidies. Current and proposed rents should be compared.**
  - d. Current and historical (if available) occupancy information.**
  - e. An analysis of the current rent roll (if available) to determine**

The subject project involves the new construction of the 200-unit Palmers Creek rental community on 9.525 acres located at 9012 U.S. Highway 1/Jefferson Davis Highway in Fredericksburg, Virginia. The project will offer 30 one-, 109 two- and 61 three-bedroom garden-style units within two (2) four-story, elevator-equipped residential buildings together with a free-standing, 6,692 square-foot community building. Palmers Creek will be developed utilizing financing from the 4% Tax-Exempt Bond program and will target lower-income family households earning up to 60% of Area Median Household Income (AMHI). Monthly collected Tax Credit rents will range from \$1,055 to \$1,515, depending on unit size. None of the units within the subject development will receive project-based rental assistance. The proposed project is expected to be complete sometime in 2021. Additional details of the subject project are as follows:

**Project Name:** Palmers Creek

**Property Location:** 9012 U.S. Highway 1/Jefferson Davis Highway  
Fredericksburg, Virginia 22407  
(Unincorporated Spotsylvania County)

**Project Type:** 4% Tax-Exempt Bond

**Unit Configurations and Rents:**

Total Units	Bedroom Type	Baths	Style	Square Feet	% AMHI	Proposed Rents			Max. Allowable LIHTC Gross Rent
						Collected Rent	Utility Allowance	Gross Rent	
2	One-Br.	1.0	Garden	707	60%	\$1,055	\$125	\$1,180	\$1,319
16*	One-Br.	1.0	Garden	743	60%	\$1,055	\$125	\$1,180	\$1,319
12*	One-Br.	1.0	Garden	765	60%	\$1,065	\$125	\$1,190	\$1,319
81	Two-Br.	2.0	Garden	950	60%	\$1,270	\$150	\$1,420	\$1,582
20*	Two-Br.	2.0	Garden	1,109	60%	\$1,305	\$150	\$1,455	\$1,582
8	Two-Br.	2.0	Garden	1,149	60%	\$1,340	\$150	\$1,490	\$1,582
29	Three-Br.	2.0	Garden	1,305	60%	\$1,510	\$200	\$1,710	\$1,828
32	Three-Br.	2.0	Garden	1,329	60%	\$1,515	\$200	\$1,715	\$1,828
200	Total								

Source: Bonaventure Realty Group

AMHI – Area Median Household Income (Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area; 2018)

\*Units exclude a patio/balcony

**Target Market:** Low-income families

**Project Design:** Garden-style units within two (2) four-story, elevator-equipped residential buildings together with a free-standing, 6,692 square-foot community building.

**Original Year Built:** Not applicable, New construction

**Projected Opening Date:** 2021

**Construction Completion Date:** 2021

**Start of Pre-Leasing:** 2020

**Unit Amenities:**

Each unit will include the following stainless-steel appliances and amenities:

- Electric Range
- Refrigerator
- Garbage Disposal
- Dishwasher
- Microwave
- Central Air Conditioning
- Granite Countertops
- Vinyl Plank Flooring & Carpet
- Window Blinds
- Patio/Balcony (Select Units)
- In-Unit Washer/Dryer Appliances
- Gourmet Kitchen w/Breakfast Bar
- Walk-in Closets
- Ceiling Fan

**Community Amenities:**

- On-Site Management
- Community Room/Clubhouse
- Swimming Pool
- Media Room
- Fireplace Lounge
- Walking Path
- Massage Room
- Elevators
- Fitness Center
- Business/Computer Center
- Complimentary Starbucks Coffee
- Game/Billiards Room
- Outdoor Kitchen w/Grills and TV

**Utility Responsibility:**

The tenants will be responsible for the cost of all electric utilities, as well as cold water, sewer and trash collection.

**Parking:**

An unassigned surface parking lot with 353 spaces (1.8 per unit) will be available at no additional cost to the residents.

**Current Occupancy:**

Not applicable; New construction

**Planned Renovation:**

Not applicable; New construction

**Floor and Site Plan Review:**

A site plan was available for review; however, final floor plans were not provided at the time this report was prepared. Nonetheless, based on our evaluation of information provided to our firm, the proposed unit sizes are generous and will be competitive with those offered at the comparable LIHTC units within the market, based on square feet and number of bathrooms offered. The in-unit washer/dryer appliances, microwaves, dishwashers, granite countertops, gourmet kitchens with breakfast bars and large walk-in closets will appeal to the targeted population. The subject's amenities package will be superior with the comparable LIHTC developments within the Fredericksburg Site PMA. Overall, we believe the subject project will be appropriately positioned within the market, assuming the layout of the floor plans are marketable.

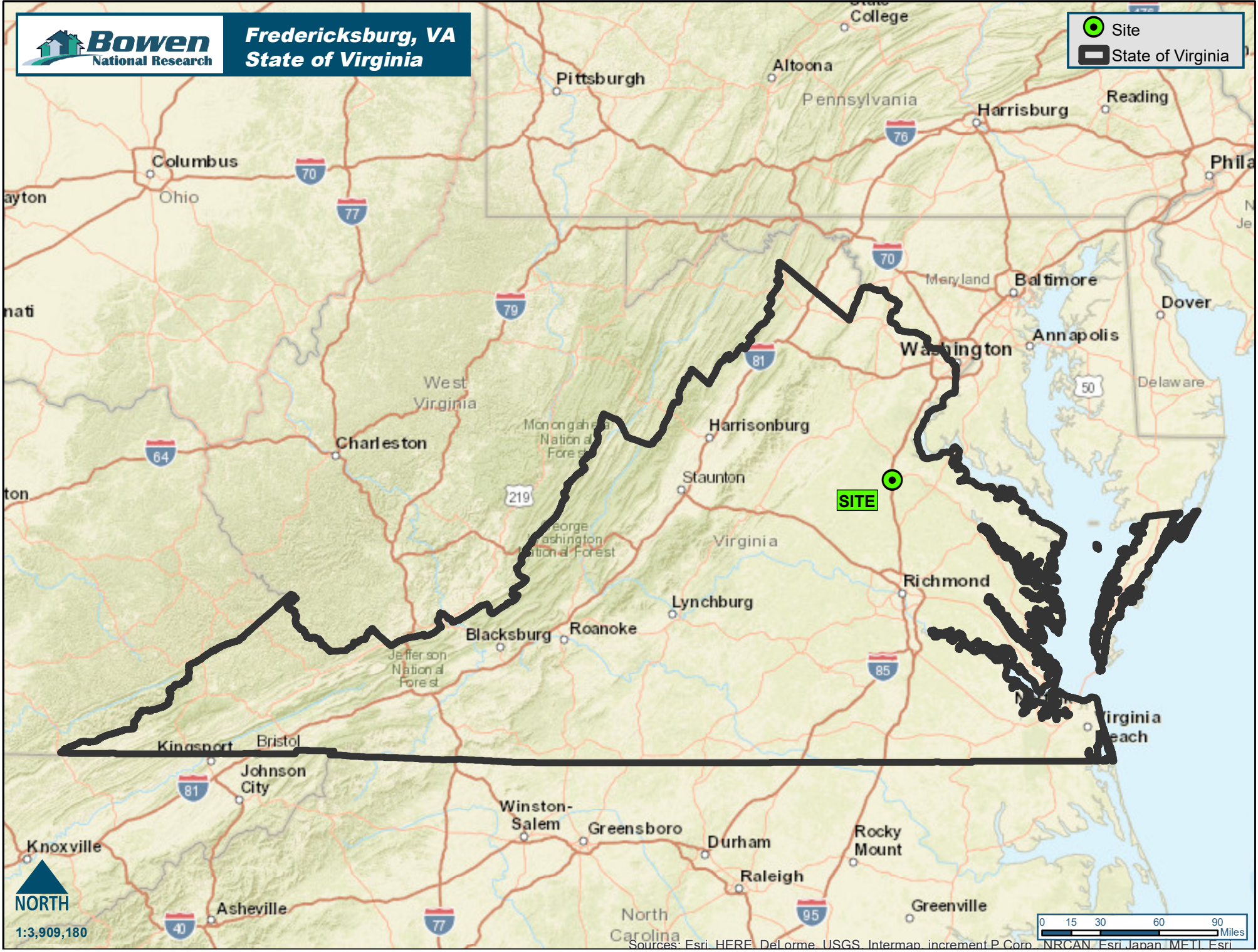
State and surrounding area maps, as well as a map illustrating the site neighborhood, are on the following pages.





# Fredericksburg, VA State of Virginia

● Site  
▭ State of Virginia



1:3,909,180

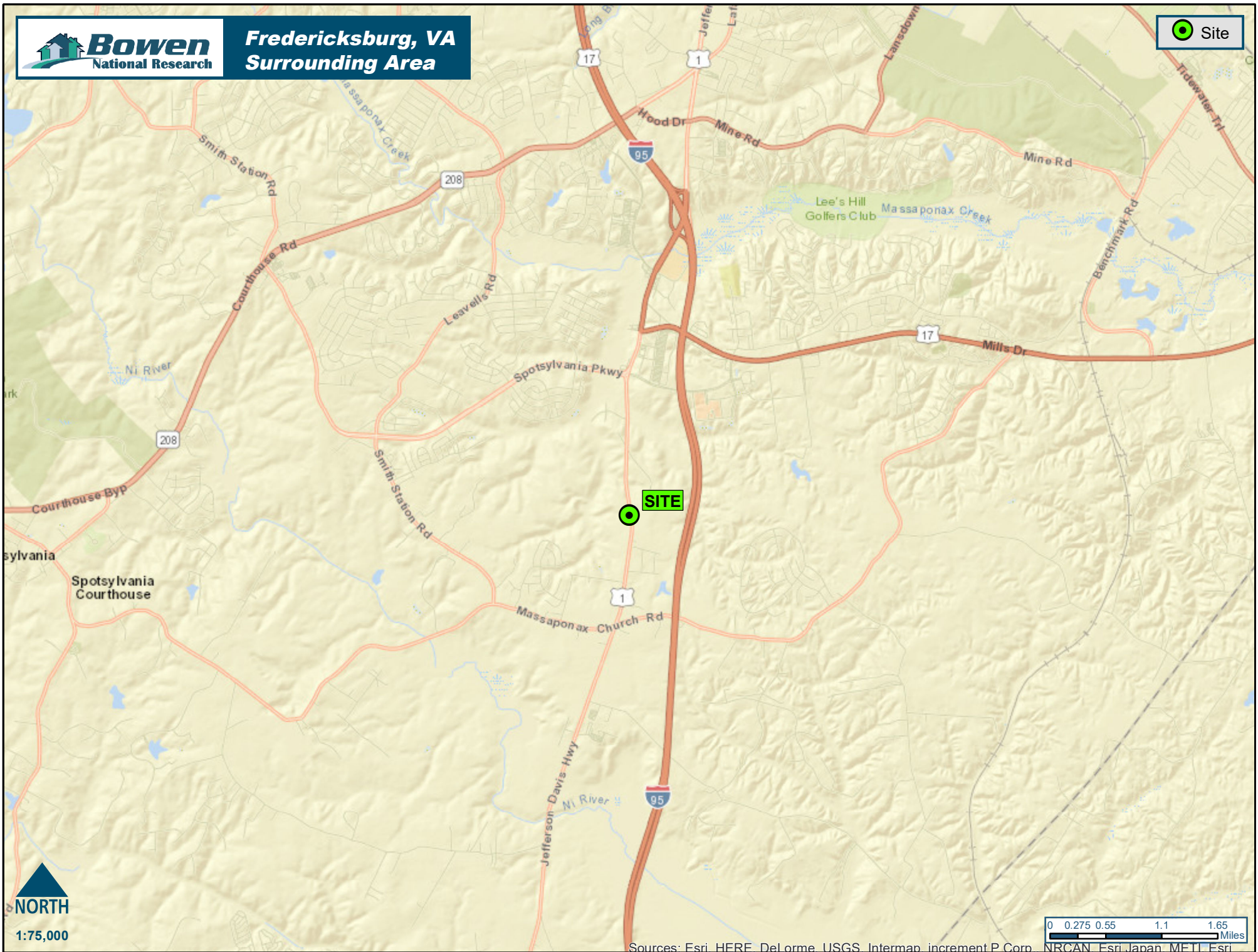
Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P, Corp., NRCAN, Esri, Japan, METI, Esri





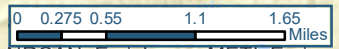
# Fredericksburg, VA Surrounding Area

Site



NORTH

1:75,000



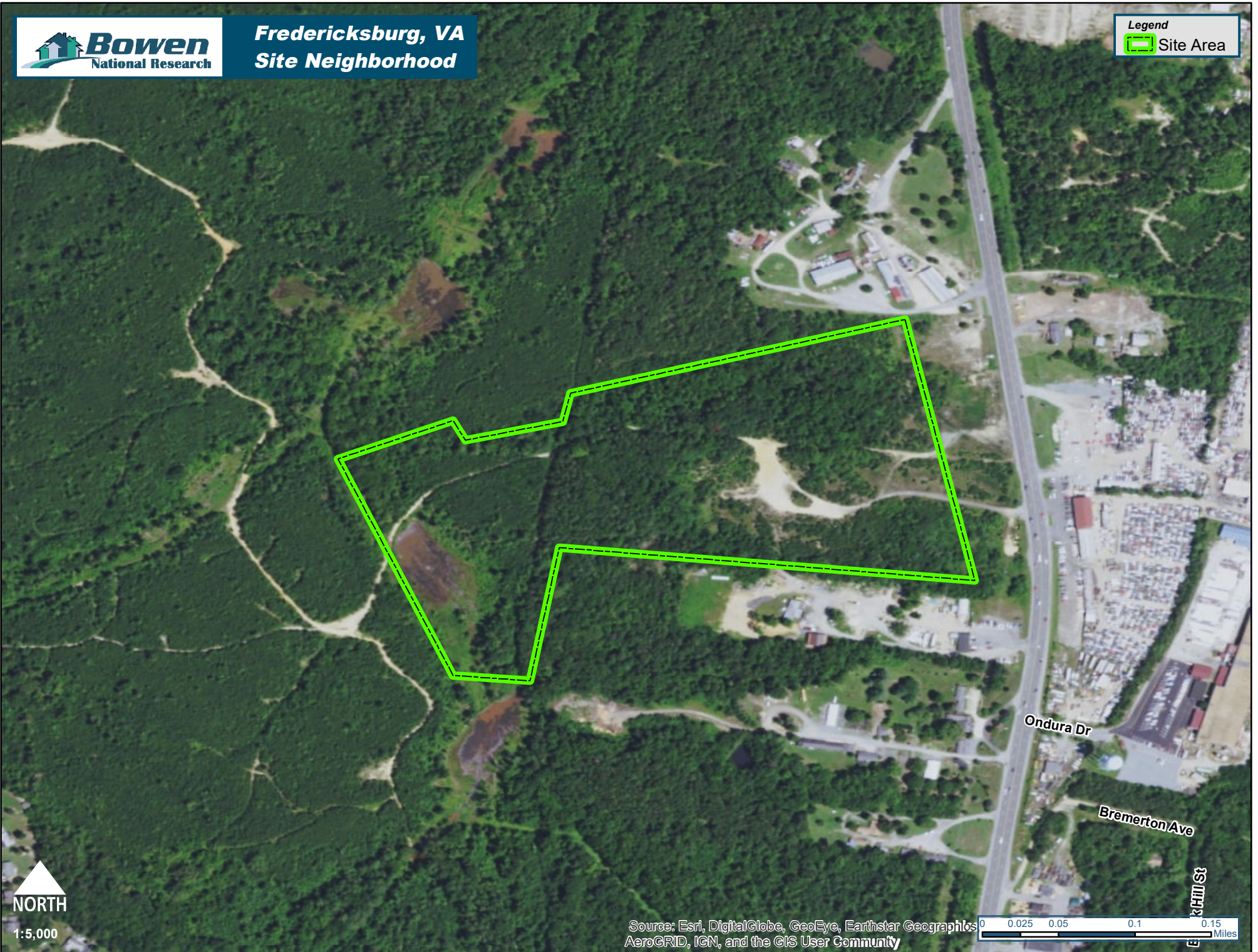
Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P, Corp., NRCAN, Esri, Japan, METI, Esri





**Fredericksburg, VA**  
**Site Neighborhood**

Legend  
 Site Area



**NORTH**  
1:5,000

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, AeroGRID, IGN, and the GIS User Community

0 0.025 0.05 0.1 0.15 Miles



**7. The project location in terms of:**

- a. Characteristics of the neighborhood in relation to schools, transportation, shopping, employment centers, social and community services, etc., to include a study of the adequacy of the public facilities that will service the site. The report must include a map showing the site and important neighborhood facilities and amenities.**
- b. Any other locational considerations relevant to the market and marketability of the proposed project.**
- c. A conclusion concerning the suitability/appropriateness of the site for the proposed use.**

**Location**

The subject site consists of heavily wooded land located at 9012 U.S. Highway 1/Jefferson Davis Highway in Fredericksburg (unincorporated Spotsylvania County), Virginia, approximately 7.0 miles southwest of the Central Business District (CBD) of Fredericksburg. The subject site visit and corresponding fieldwork were completed during the week of December 9, 2018.

**Surrounding Land Uses**

The subject site is located within a developing area of Spotsylvania County. Surrounding land uses include various auto sales and part lots, wooded land, a flea market, self-storage facility, pool and spa company, scattered single-family dwellings and Orchard Ridge at Jackson Village Apartments (Map ID 36). Adjacent land uses are detailed as follows:

<b>North -</b>	The Massaponax Flea Market borders the subject site to the north. Directly northeast of the subject site is the Orchard Ridge at Jackson Village Apartments. Continuing north is heavily wooded land and scattered single-family dwellings. Extending beyond is the Commonwealth Center, with various commercial businesses, a church and Greenfield Senior Living of Spotsylvania, an assisted living facility in good condition.
<b>East -</b>	U.S. Highway 1/Jefferson Davis Highway, a four-lane moderately travelled arterial roadway, borders the site to the east. Continuing east is Pick-A-Part, a used auto parts salvage lot, considered to be in fair condition. Heavily wooded land and Interstate 95 extend beyond.

<b>South -</b>	Wooded land borders the site to the south. Continuing south are OCC Pools & Spas, Pine Hollow Nurseries, Capital Sheds, Astra Motel and various small auto sale and repair businesses, all considered to be in fair condition. Wooded land and Cube Smart Self Storage extend beyond.
<b>West -</b>	Heavily wooded land borders the site to the west, which extends beyond for several miles.

The subject site is located within a developing area of Spotsylvania County. Structures within the immediate area are considered to be in fair to good condition. Notably there are retailers, restaurants, local businesses, and other community services within the immediate area. Therefore, we anticipate the surrounding land uses should contribute to the marketability of the development. Overall, the proposed project will fit in well with the surrounding land uses.

Site photographs are found in Addendum B of this report.

### **Nuisances**

Pick-A-Part, a used auto parts salvage lot on the east side of U.S. Highway 1/Jefferson Davis Highway, is considered to be in fair condition, but not anticipated to have a negative impact on marketability. No other nuisances were identified at or near the subject site.

### **Visibility and Access**

The proposed subject site is located along and will derive access from U.S. Highway 1/Jefferson Davis Highway, which is a moderately travelled four-lane arterial roadway. The moderate traffic patterns along U.S. Highway 1/Jefferson Davis Highway will provide sufficient passerby traffic, as this roadway provides access to neighborhoods located southwest of downtown Fredericksburg. The subject buildings will be some of the tallest structures in the site neighborhood, providing for excellent visibility. Accessibility of the proposed site is good, as no traffic delays are expected upon ingress and egress via U.S. Highway 1/Jefferson Davis Highway, given the clear lines of sight provided for traffic traveling south. The arterial nature of U.S. Highway 1/Jefferson Davis Highway and its moderate traffic patterns, may cause minor delays for residents leaving and entering the site, but it is not considered to be a tangible factor regarding the project's marketability. The site is within proximity of Interstate 95, as well as State Route 17, both of which are arterial roadways throughout the area. Public transportation is provided by the Fredericksburg Regional Transit (FRED Transit), and the nearest bus stop is located 1.3 miles north of the site at the Cosner's Corner Shopping Center. Based on these factors, overall access is considered good.

### Proximity to Community Services

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

Community Services	Name	Driving Distance From Site (miles)
Major Highways	U.S. Highway 1/Jefferson Davis Highway U.S. Highway 17 Interstate 95	Adjacent East 1.7 North 2.3 North
Public Bus Stop	FRED Transit	1.3 North
Major Employers/ Employment Centers	Cosner's Corner Retail Corridor Spotsylvania Regional Medical Center Walmart Supercenter	1.3 North 1.4 Northeast 2.4 North
Convenience Store	Sheetz MTO FasMart	0.7 South 0.8 South
Grocery	Publix Walmart Supercenter Food Lion	0.9 North 2.4 North 3.1 North
Discount Department Store	Kohl's Super Target Five Below Walmart Supercenter Dollar General	1.3 North 1.4 North 1.4 North 2.4 North 3.1 North
Shopping Center/Mall	Cosner's Corner Shopping Center Southpoint Shopping Center	1.3 North 2.0 North
Schools: Elementary Middle/Junior High High	Parkside Elementary School Thornburg Middle School Massaponax High School	2.2 Southwest 3.8 South 1.7 South
Hospital	Spotsylvania Regional Medical Center Primary Urgent Care	1.4 Northeast 2.0 North
Police	Spotsylvania County Sheriff	6.3 West
Fire	Spotsylvania County Fire Station 8	5.1 South
Post Office	U.S. Post Office	1.8 North
Bank	BB&T Bank of America	1.3 North 1.4 North
Library	C. Melvin Snow Memorial Library	5.8 West
Cinema	Marquee Cinemas	2.0 North
Recreational/Fitness Facilities	Planet Fitness American Family Fitness	1.3 North 2.1 North
Gas Station	Sheetz Valero	0.7 South 0.8 South
Pharmacy	CVS Target Rite Aid	1.3 North 1.4 North 1.4 North
Restaurant	Taco Bell Subway Arby's	1.3 North 1.3 North 1.4 North
Day Care	Growing Kids Academy Minnieland Academy	1.3 North 2.1 North
Church	Massaponax Baptist Church Lord's Church	0.8 South 1.4 North
Parks	Lee Hill Park Loriella Park	4.2 Northeast 5.6 Northwest

There are numerous community services located within 1.5 miles of the site. Notably, the Cosner's Corner Shopping Center is located within 1.3 miles and offers a pharmacy, restaurants, retailers and a Publix grocery store. Additionally, financial institutions, shopping, churches, gas stations, day care and convenience stores are located within 2.5 miles of the site, which are considered beneficial to the targeted general-occupancy population. Many of the aforementioned community services are located within the U.S. Highway 1/Jefferson Davis Highway commercial corridor, which effectively serves as a low-income employment center, given the concentration of retail and service jobs.

Spotsylvania County Schools serve the subject site and all applicable attendance schools are located within 3.8 miles and are accessible via public transportation provided by the school district. The subject site is provided public safety services by the Spotsylvania Fire and Sheriff departments. Further, the nearest acute-care hospital is the Spotsylvania Regional Medical Center, which offers an emergency care unit and specializes in numerous medical treatments. Further, it should be noted that Primary Urgent Care and Better Med Urgent Care are within proximity of the site and offer urgent medical care and basic treatment.

Overall, the subject site's proximity to community services is anticipated to contribute to its overall marketability.

### **Crime Index**

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

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

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

Total crime risk for the site’s ZIP Code is 39, with an overall personal crime index of 19 and a property crime index of 42. Total crime risk for Spotsylvania County is 44, with indexes for personal and property crime of 26 and 46, respectively.

	Crime Risk Index	
	Site ZIP Code	Spotsylvania County
<b>Total Crime</b>	<b>39</b>	<b>44</b>
<b>Personal Crime</b>	<b>19</b>	<b>26</b>
Murder	39	55
Rape	42	48
Robbery	18	23
Assault	15	23
<b>Property Crime</b>	<b>42</b>	<b>46</b>
Burglary	35	36
Larceny	47	51
Motor Vehicle Theft	25	29

Source: Applied Geographic Solutions

As the preceding table illustrates, the crime risk indices for both the site’s ZIP Code (39) and Spotsylvania County (44) are well below the national average (100). As such, the perception of crime, or lack thereof, will have a positive impact on the subject’s marketability.

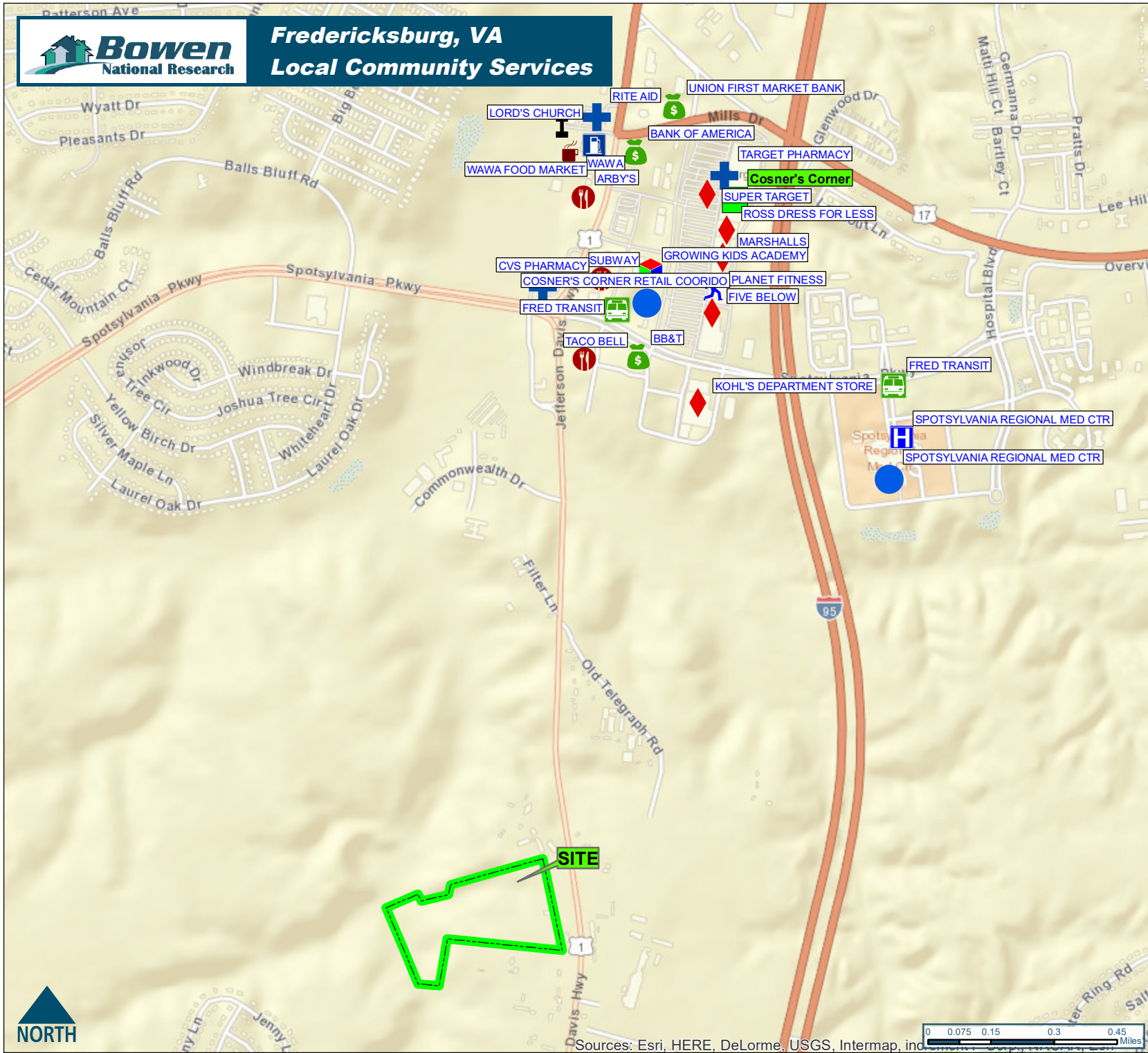
**Overall Site Evaluation**

The subject site is located within Fredericksburg (unincorporated Spotsylvania County), approximately 7.0 miles southwest of the downtown area. The subject’s location is considered to be within a developing area, which is evidenced by the construction activity immediately to the northeast of the site at Jackson Village, a 240-acre mixed-use community. Also note that development activity has been ongoing approximately 2.0 miles north of the site near the Cosner’s Corner Shopping Center, with future plans of development located at the nearby Alexander’s Crossing Community. Structures within the immediate neighborhood are considered to be in fair to good condition and the only nuisance observed is a used auto parts salvage lot across from U.S. Highway 1 to the east, but it is not expected to negatively impact the overall marketability of the site. Notably, there are many retailers, restaurants, local businesses, and other community services within 1.3 miles. It is also of note that access is considered good and visibility is considered excellent, due to the site’s location along U.S. Highway 1/Jefferson Davis Highway and its anticipated stature as some of the tallest buildings within the immediate vicinity. Overall, the subject site is consistent with surrounding land uses, while it’s convenient accessibility, and proximity to community and public safety services, should contribute to its marketability.

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







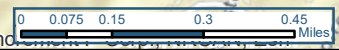
### Legend

- Site Area
- Bank
- Child Care
- Church
- Convenience Store
- Fitness Center
- Gas
- Hospital
- Pharmacy
- Restaurant
- Shopping
- Transit
- Employer 1000-5000

### Shopping Center

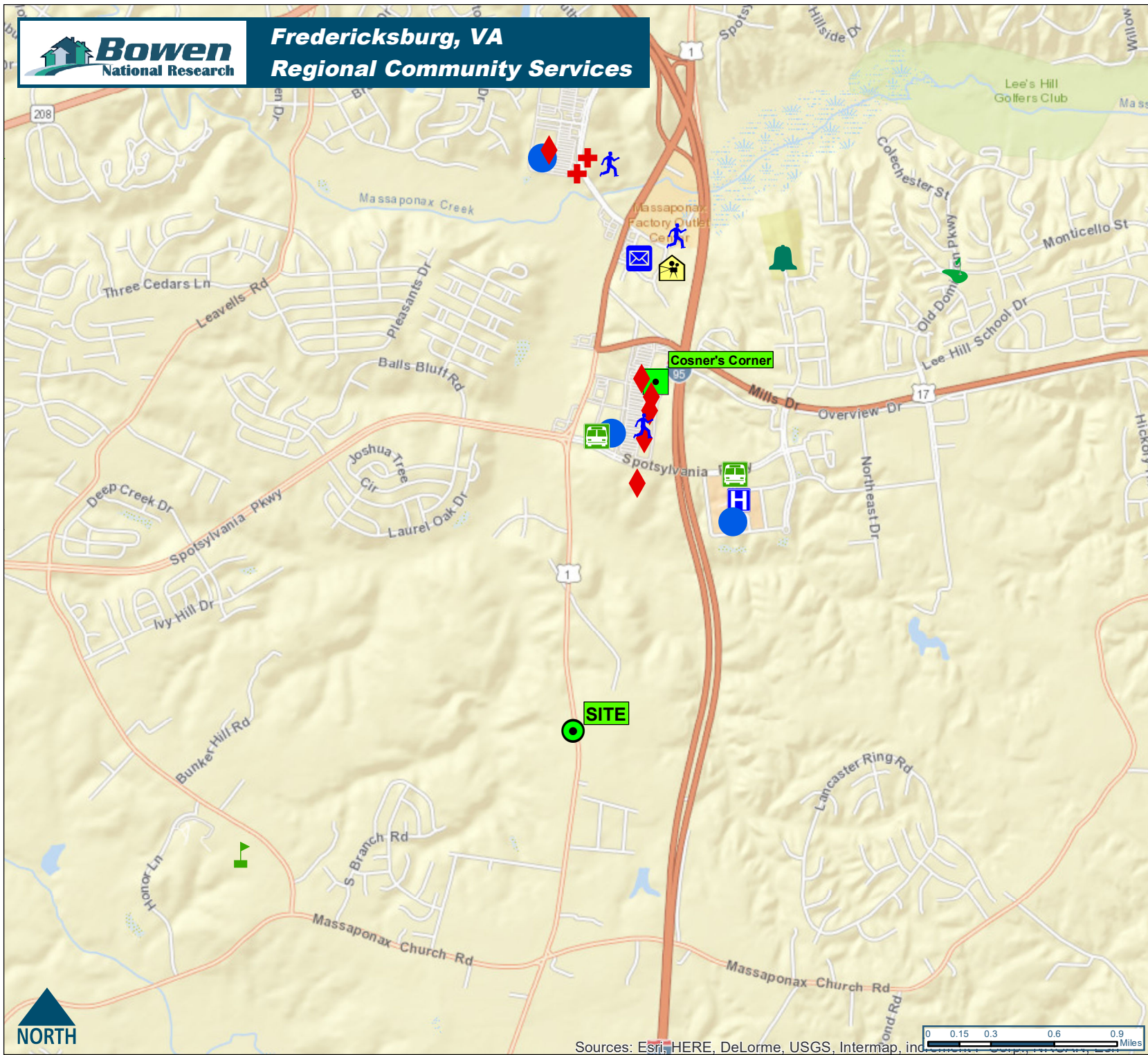
Gross Leasable Area

- < 500,000 sq. ft.
- < 1,000,000 sq. ft.
- < 3,200,000 sq. ft.



1:20,000



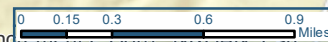


**Legend**

- Site
- Cinema
- Elementary School
- Fitness Center
- Golf
- Hospital
- Medical Center
- Post Office
- Shopping
- Transit
- University
- Employer 1000-5000

**Shopping Center  
Gross Leasable Area**

- < 500,000 sq. ft.
- < 1,000,000 sq. ft.
- < 3,200,000 sq. ft.

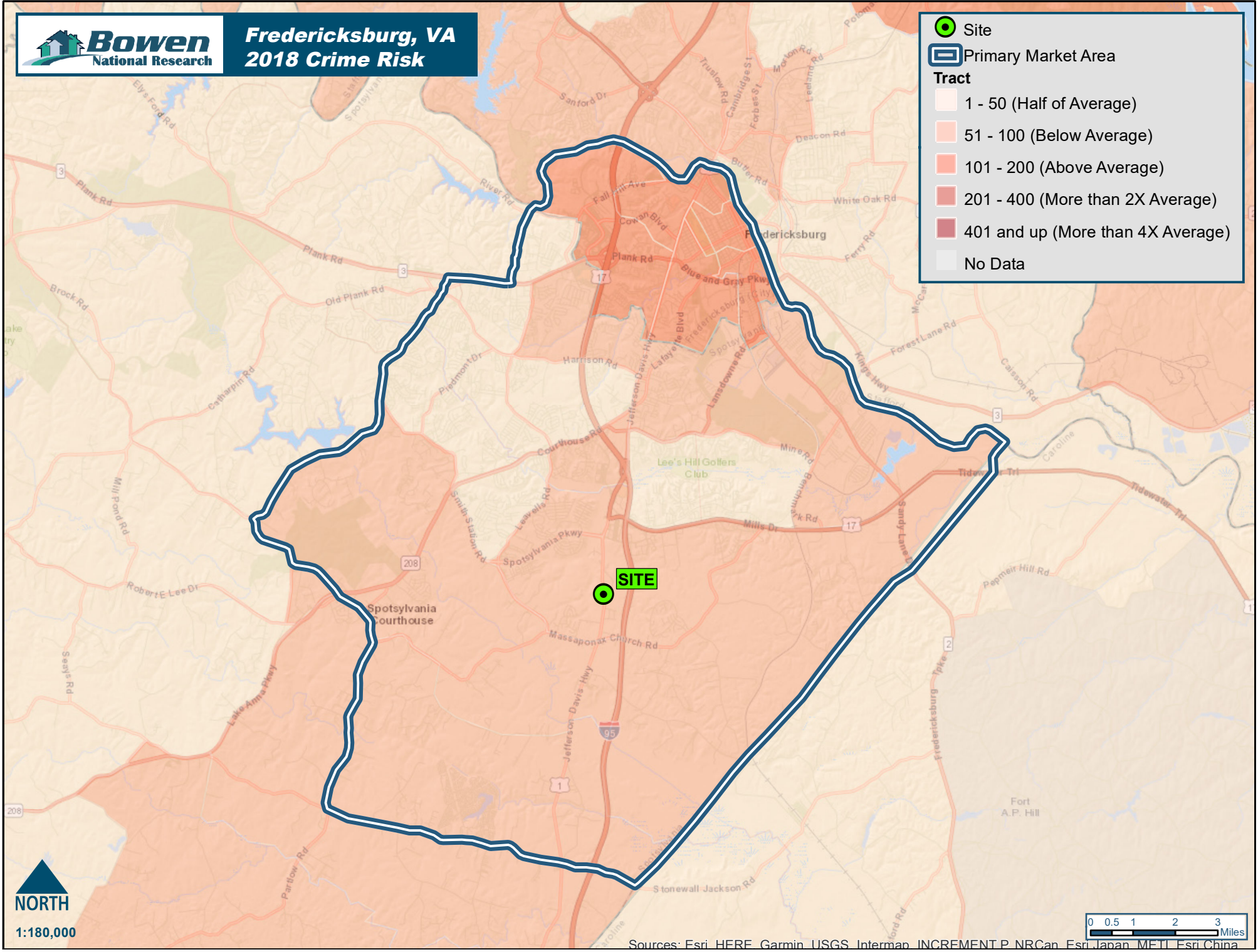






# Fredericksburg, VA 2018 Crime Risk

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



**NORTH**  
1:180,000



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

**8. Other Characteristics, if any, of the proposal that will have a specific bearing on its market prospects and overall marketability.**

As stated earlier in this report, the subject project involves the new construction of a Tax Credit, 200-unit general-occupancy project in Fredericksburg, Virginia.

The project will offer a mix of one-, two- and three-bedroom apartments in two (2) four-story, elevator-equipped residential buildings with interior corridors. These proposed bedroom types and building structures will enable the project to attract a variety of household types including single-persons, families and seniors. The broad base of prospective rents will contribute to its marketability. Additionally, the subject project will offer unit square footages competitive with the comparable LIHTC developments. The two full bathrooms to be provided in the two- and three-bedroom units will be appealing to the targeted demographic.

The proposed subject rents will be some of the highest LIHTC rents within the market (as illustrated later in Section VII of this report). However, the subject development will be the newest LIHTC community within the Site PMA and will incorporate amenities and features not commonly found at competing affordable developments, which include stainless steel appliances, in-unit washers and dryers, granite countertops, gourmet kitchens with breakfast bars, large walk-in closets, media room, fireplace lounge, game/billiards room, complimentary Starbucks coffee and an outdoor kitchen with grills and televisions. These characteristics will position the subject project at a competitive advantage and will enable it to charge rent premiums within the market. Further, we believe the site's proximity to numerous community services will have a positive impact on its marketability.

Overall, we believe the site's design, features and location will be very marketable and will contribute to its lease-up and ongoing performance. A detailed competitive analysis is included in Section VII.

## IV. The Primary Market Area

The Primary Market Area (PMA) is the geographic area in which units with similar characteristics, e.g., number of bedrooms and rents, are in equal competition. The location of the competing projects and where the majority of the residents be derived from must be discussed. The size of the PMA for general occupancy rental housing can vary significantly depending on the extent and location of comparable and competitive products within a specific area and geography. In some cases, both a primary and secondary market area must be defined. When defining the boundary of a market area, the analyst should consider the locations of comparable and competitive rental developments (existing, under construction and developments in planning) and commuting times from employment. Data on place of work or residence, population from the Decennial Census, American Community Survey (ACS), private data services and local sources will aid in this determination.

The market area analysis must include the following:

1. A legible map of the PMA, showing delineated boundaries, location of the subject, major highways and thoroughfares, geographic features like rivers and lakes, and political divisions such as state lines and city limits. The map must have a title, bar scale, north arrow and legend.

A map of the PMA is included on page four of this section.

2. A description of the geographic boundaries of the PMA and a justification for the delineation, including a discussion of the location of competitive housing, relevant services and amenities and concentrations of employment opportunities.

The Primary Market Area (PMA) is the geographical area from which most of the support (~90%) for the proposed development originates and from which most of the competitive supply is located. The Site PMA was determined through interviews with area leasing agents and the personal observations of our analysts. The personal observations of our analysts include physical and/or socioeconomic differences in the market, a demographic analysis of the area households and population, proximity to community services, and a drive-time analysis from the subject site.

The following summarizes the specific steps we took to establish the Site PMA.



Current Site Information: Not applicable, as proposed subject project involves the new construction of multifamily units.

Competitive Supply: As shown in Section VII of this report, we identified and surveyed several multifamily projects that are considered comparable to and will be competitive with the proposed subject project. These projects are located no more than 9.2 miles from the subject site and were used to establish the PMA for the subject project. A full discussion and analysis, including a property location map, of these competitive properties is included in Section VII of this report.

Socioeconomic & Demographic Differences: Based on an evaluation of various demographic characteristics that demonstrate socioeconomic differences of the area including population density, median household income levels, and concentration of renter households, we were able to establish the areas from which the largest concentration of lower income renter households that could support the subject project might originate. Various demographic thematic maps are included later in this section.

Proximity to Community Services: As shown in Section III of this report, the subject project is within 2.5 miles of most key community services including basic shopping, employment, recreation and entertainment opportunities, as well as social services and public safety services. The site also has convenient access to various U.S. and State Routes, providing convenient access to additional community services in the larger region and/or city. Specific community services that serve the subject site, including a map, are discussed in greater detail in Section III of this report.

Drive-Time Analysis:

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

Travel Time	Workers 16+	
	Number	Percent
Less Than 15 Minutes	10,591	19.6%
15 – 29 Minutes	18,789	34.7%
30 – 44 Minutes	6,776	12.5%
45 – 59 Minutes	4,466	8.2%
60 + Minutes	11,221	20.7%
Work at Home	2,319	4.3%
Total	54,162	100.0%

Source: American Community Survey (2012-2016); ESRI; Urban Decision Group; Bowen National Research

The largest share of area commuters has typical travel times to work ranging from 15 to 29 minutes. The subject site is within a 20-minute drive to most of the area’s largest employers, which should contribute to its marketability. A drive-time map for the subject site is included at the end of this section.



PMA Interviews: We conducted interviews with area stakeholders and real estate professionals to help establish and confirm the boundaries of the Primary Market Area for the proposed subject project. The following are summaries of key interviews we conducted to establish this market area:

- Signe Williamson, Property Manager with Orchard Ridge at Jackson Village I (Map ID 36), a general-occupancy LIHTC community located adjacent to the subject site, confirmed the boundaries of the Fredericksburg Site PMA. Specifically, Ms. Williamson stated that the site location will likely draw most of its support from the northeast areas of Spotsylvania County and she explained that the developing area of the site and proximity to community services in Fredericksburg will draw people from Fredericksburg and Spotsylvania Courthouse. Ms. Williamson further stated that she has noticed a trend in the area of people who live in Fredericksburg that are commuting to Washington D.C. to work, but those individuals typically have higher income levels and do not qualify for residency at an affordable rental housing community.
- Wilmarie Amaya, Assistant Property Manager for Kilburn Crossing Apartments, (Map ID 20), a market-rate apartment community located within the Site PMA, noted that the majority of her community's residents have originated from the Fredericksburg area and she was in agreement with the PMA determined as being an accurate representation of where tenants are likely to come from.

### **Primary Market Area Delineation**

Based on input from area real estate professionals and local stakeholders, our analysis of socioeconomic and demographic characteristics, the inventory of competitive supply, the site's proximity to community services, and an area drive-time analysis, we were able to establish the Site PMA for the proposed subject project.

The Fredericksburg Site PMA includes the municipalities, or portions of, Fredericksburg and Spotsylvania Courthouse, as well as the surrounding unincorporated areas of Spotsylvania County. Specifically, the boundaries of the Site PMA include State Route 3, Chewning Lane and the Rappahannock River to the north; the Spotsylvania County boundary to the east; Mudd Tavern Road and Morris Road to the south; and State Route 208, Brock Road and Gordon Road to the west. The communities to the north could provide some support for the project; however, the majority of support is expected to come from residents living within the immediate area.

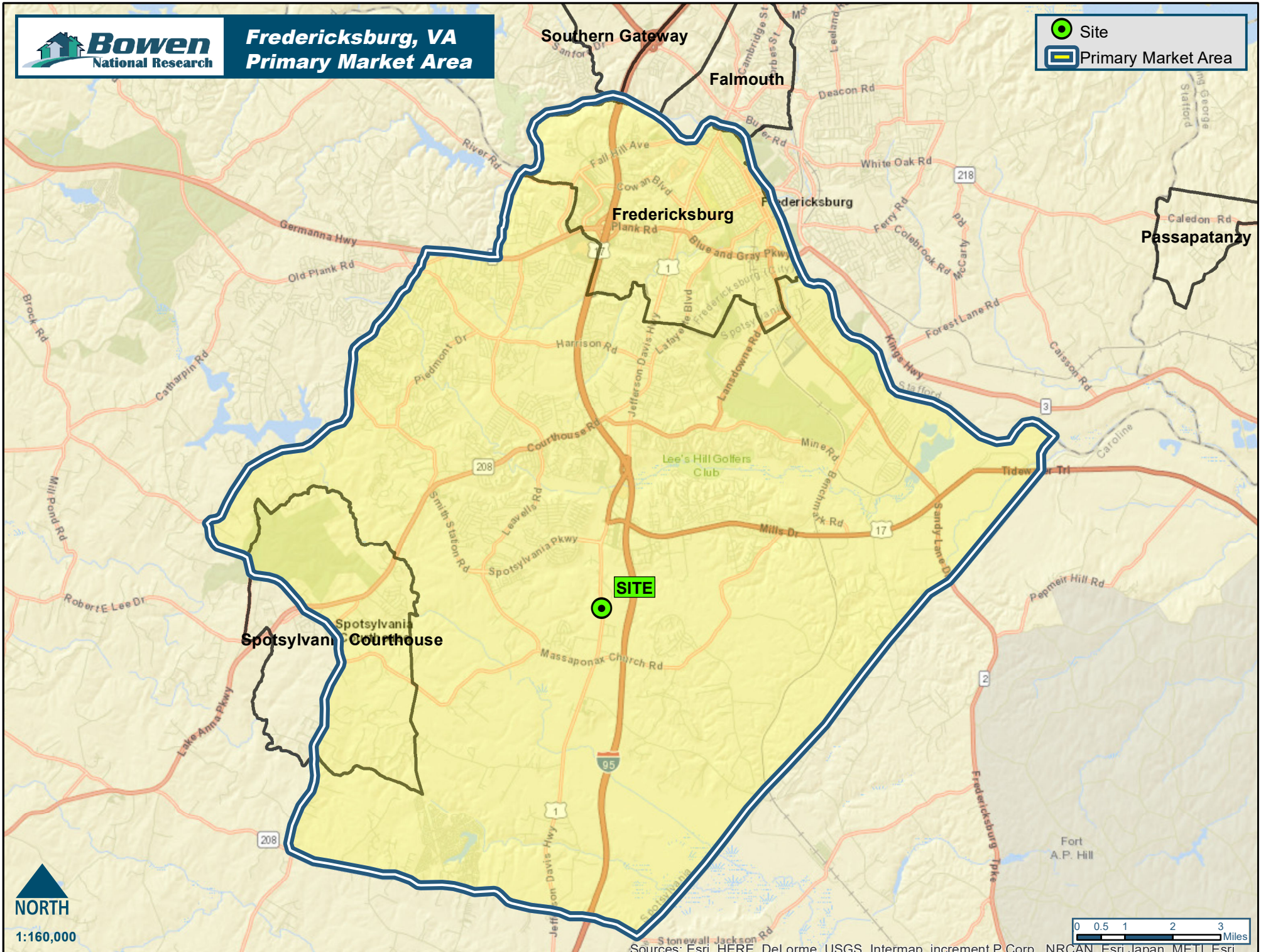
A map delineating the boundaries of the Site PMA is on the following page.





# Fredericksburg, VA Primary Market Area

- Site
- ▭ Primary Market Area



NORTH

1:160,000

0 0.5 1 2 3 Miles





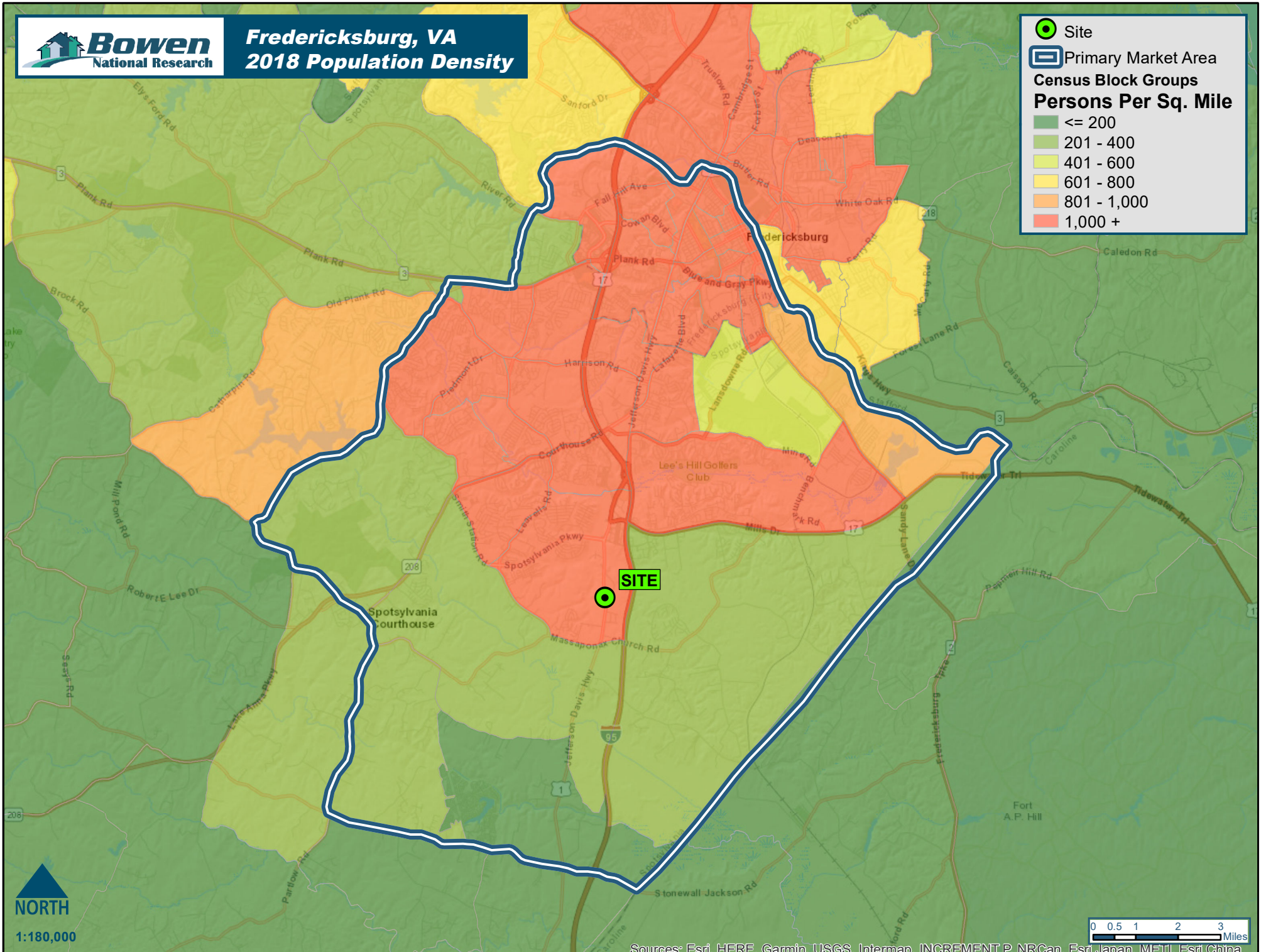
# Fredericksburg, VA 2018 Population Density

● Site

▭ Primary Market Area

**Census Block Groups  
Persons Per Sq. Mile**

- ≤ 200
- 201 - 400
- 401 - 600
- 601 - 800
- 801 - 1,000
- 1,000 +



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





# Fredericksburg, VA 2018 Renter Share of Households

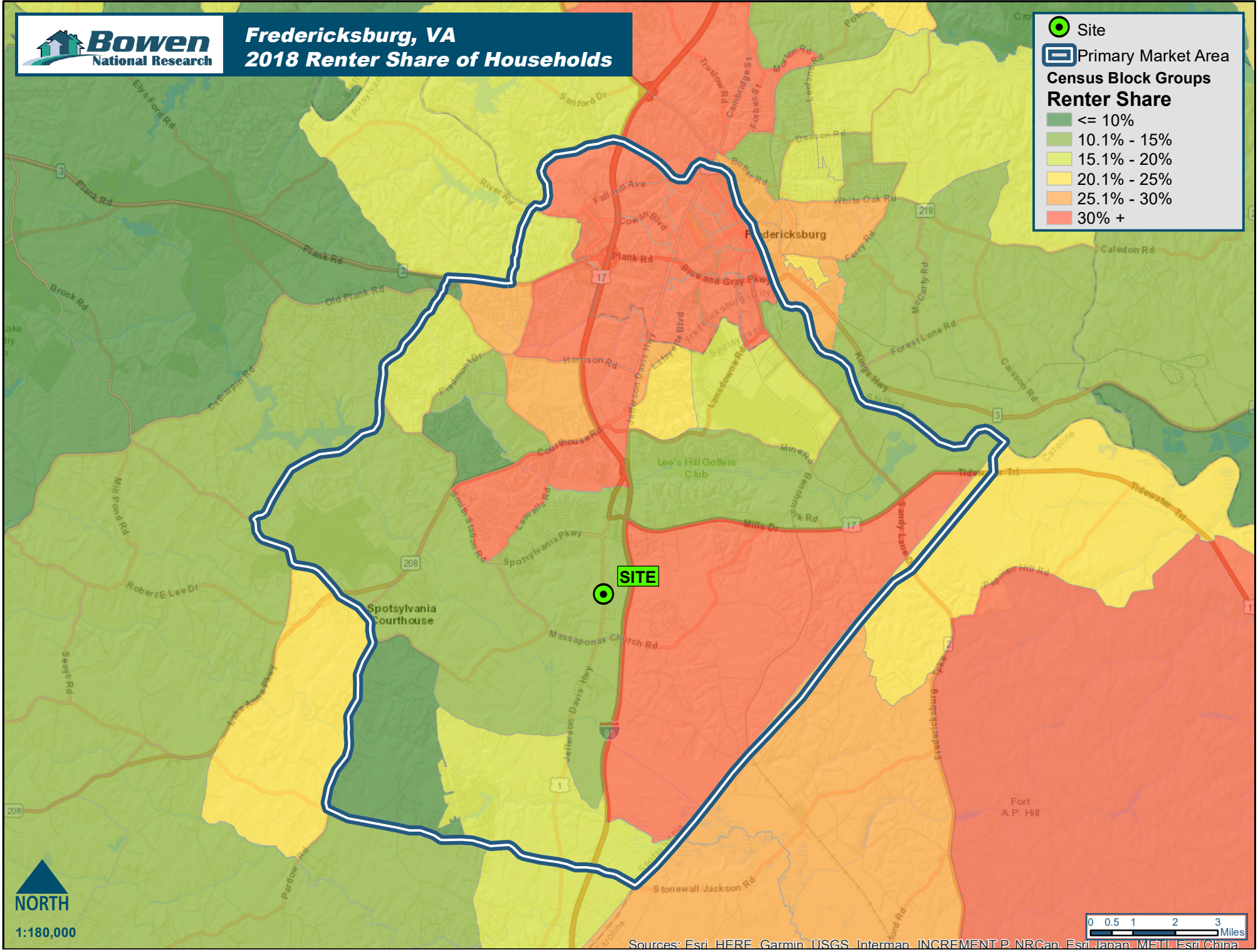
Site

Primary Market Area

**Census Block Groups**

**Renter Share**

- <= 10%
- 10.1% - 15%
- 15.1% - 20%
- 20.1% - 25%
- 25.1% - 30%
- 30% +



NORTH  
1:180,000

0 0.5 1 2 3 Miles

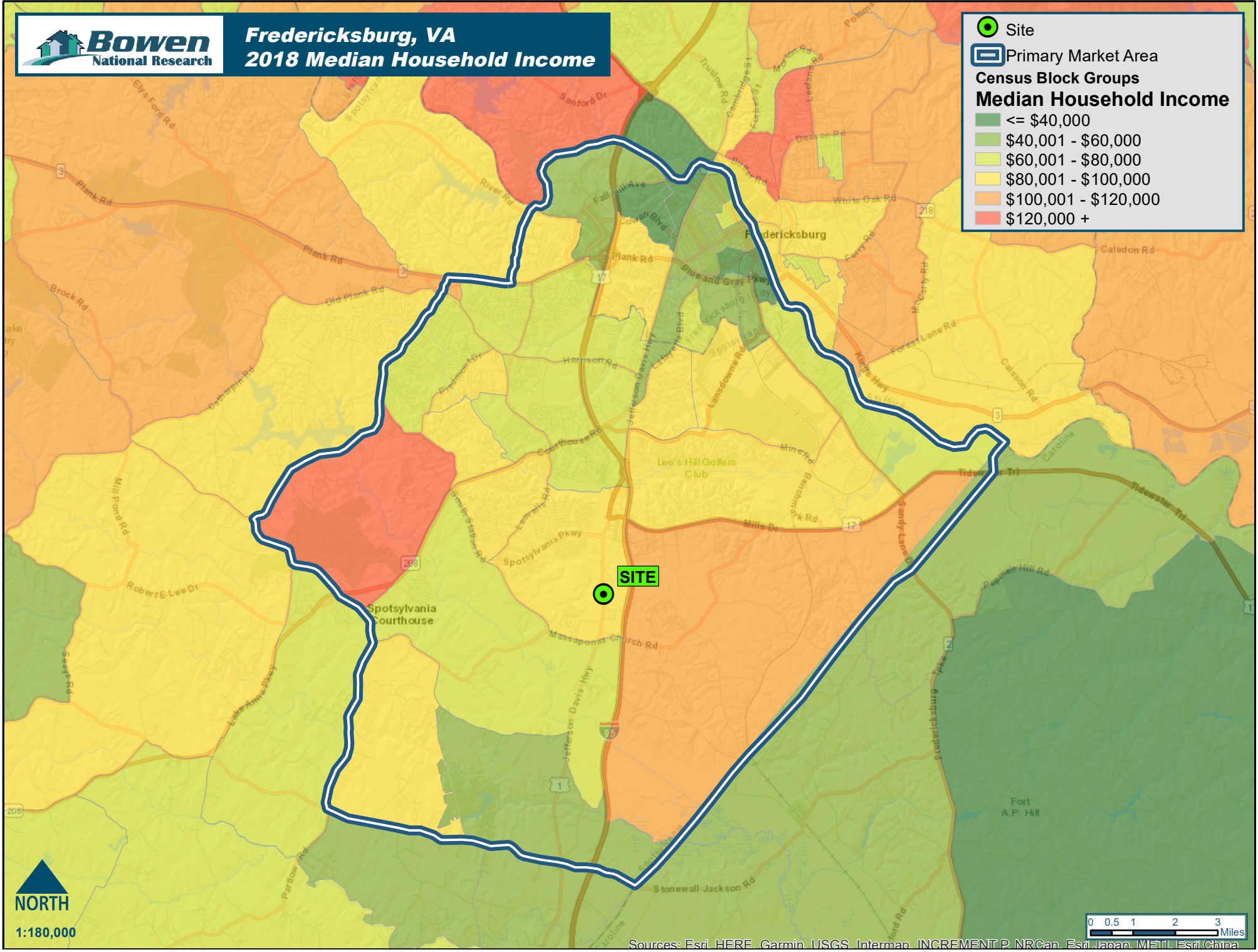
Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri, Japan, METI, Esri, China





# Fredericksburg, VA 2018 Median Household Income

- Site
- Primary Market Area
- Census Block Groups
- Median Household Income
  - <= \$40,000
  - \$40,001 - \$60,000
  - \$60,001 - \$80,000
  - \$80,001 - \$100,000
  - \$100,001 - \$120,000
  - \$120,000 +



**NORTH**  
1:180,000



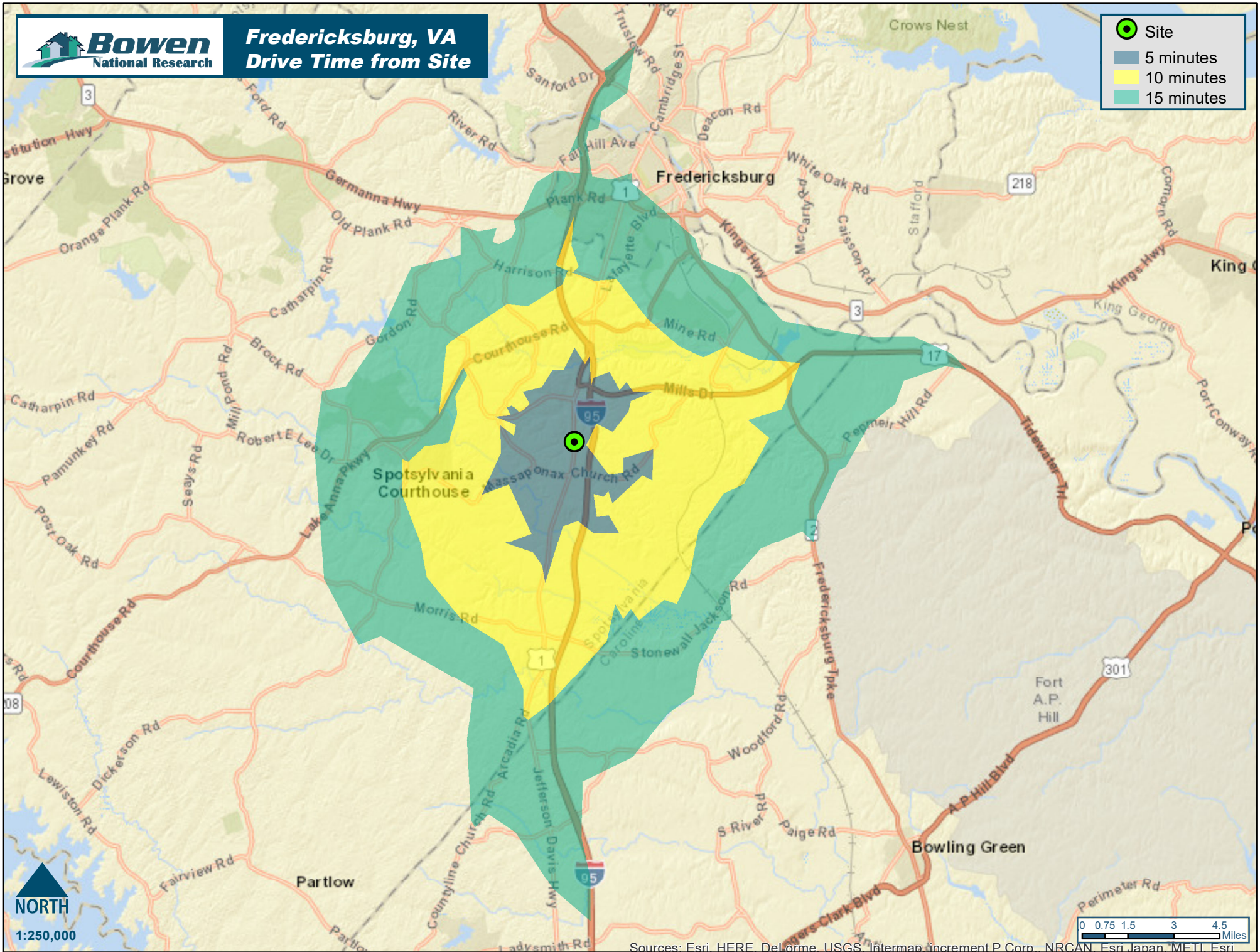
Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri, Japan, METI, Esri (China)





# Fredericksburg, VA Drive Time from Site

- Site
- 5 minutes
- 10 minutes
- 15 minutes



**NORTH**  
1:250,000

0 0.75 1.5 3 4.5  
Miles

Sources: Esri, HERE, DeLorme, USGS, Intermap, increment P, Corp., NRCAN, Esri, Japan, METI, Esri

## V. Economic Context

The market study must include a thorough description of the current and forecast economic and demographic characteristics and conditions of the PMA, county, "micropolitan" or metropolitan area whichever is applicable). The description is necessary to provide background and justification for the subsequent demographic analysis and estimates of demand for additional rental housing. A discussion of current economic conditions and employment characteristics must be discussed, including:

1. Identification of growth sectors in the economy and emerging trends, including a detailed discussion of the sectors in the economy that have a major impact on the local housing market, such as military facilities, colleges and universities, federal and state government, major employers or tourism.
2. A study of recent trends in employment, including unemployment statistics, new job creation or loss, with a detailed discussion of: Historical nonfarm and resident employment levels and changes;
3. Any anticipated changes in employment as a result of expected closings, openings, expansions or cutbacks by leading employers, with a particular emphasis on how this would affect the rental market during the forecast period, including any seasonal employment markets.
4. Information on the types of jobs being created and lost, including data on pay scales and how these wage levels relate to the affordability of the proposed rental units.
5. List of major employers in the PMA, the type of businesses and the number employed.
6. In relevant markets (such as resort areas), comment on the availability of affordable housing for employees of businesses and industries that draw from the PMA.
7. A forecast of employment for the specified forecast period and how this forecast supports demand for additional new rental housing.



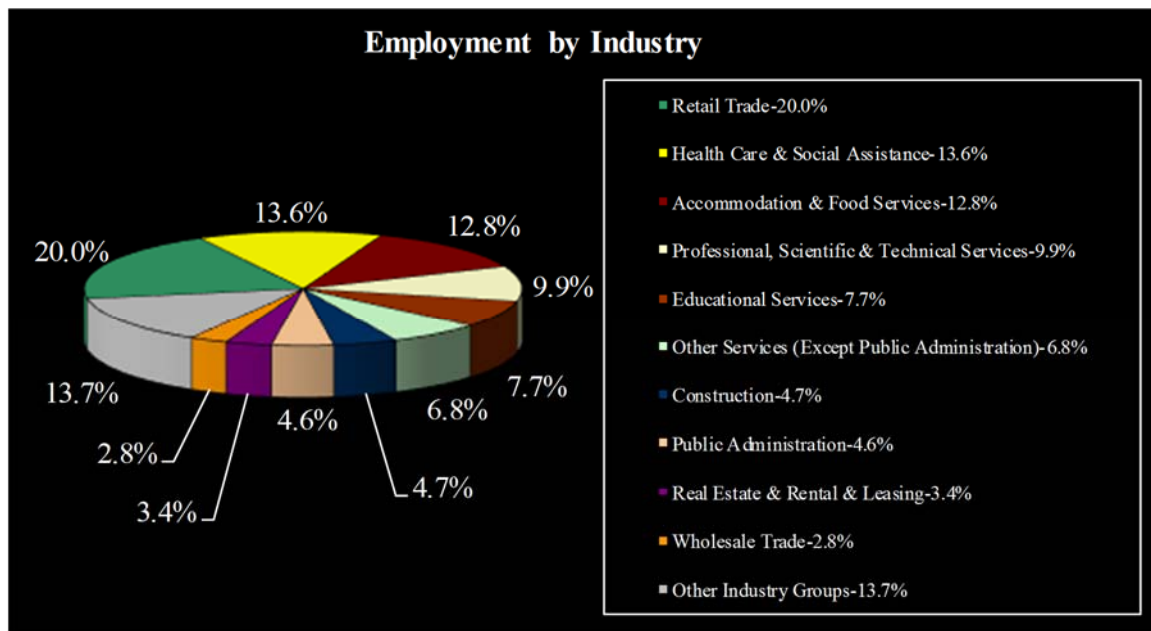
The labor force within the Fredericksburg Site PMA is based primarily in three sectors. Retail Trade (which comprises 20.0%), Health Care & Social Assistance and Accommodation & Food Services comprise over 46% of the Site PMA labor force. Employment in the Fredericksburg Site PMA, as of 2018, was distributed as follows:

NAICS Group	Establishments	Percent	Employees	Percent	E.P.E.
Agriculture, Forestry, Fishing & Hunting	5	0.1%	164	0.3%	32.8
Mining	2	0.0%	17	0.0%	8.5
Utilities	8	0.2%	675	1.1%	84.4
Construction	302	6.4%	2,912	4.7%	9.6
Manufacturing	95	2.0%	1,023	1.7%	10.8
Wholesale Trade	108	2.3%	1,714	2.8%	15.9
Retail Trade	780	16.6%	12,377	20.0%	15.9
Transportation & Warehousing	89	1.9%	1,030	1.7%	11.6
Information	78	1.7%	1,557	2.5%	20.0
Finance & Insurance	243	5.2%	1,406	2.3%	5.8
Real Estate & Rental & Leasing	269	5.7%	2,098	3.4%	7.8
Professional, Scientific & Technical Services	411	8.7%	6,145	9.9%	15.0
Management of Companies & Enterprises	0	0.0%	0	0.0%	0.0
Administrative, Support, Waste Management & Remediation Services	148	3.1%	1,049	1.7%	7.1
Educational Services	124	2.6%	4,757	7.7%	38.4
Health Care & Social Assistance	522	11.1%	8,417	13.6%	16.1
Arts, Entertainment & Recreation	90	1.9%	1,110	1.8%	12.3
Accommodation & Food Services	383	8.1%	7,933	12.8%	20.7
Other Services (Except Public Administration)	669	14.2%	4,237	6.8%	6.3
Public Administration	119	2.5%	2,822	4.6%	23.7
Nonclassifiable	262	5.6%	483	0.8%	1.8
<b>Total</b>	<b>4,707</b>	<b>100.0%</b>	<b>61,926</b>	<b>100.0%</b>	<b>13.2</b>

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

E.P.E. - Average Employees Per Establishment

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



Typical wages by job category for the Washington-Arlington-Alexandria Metropolitan Statistical Area (MSA) are compared with those of Virginia in the following table:

Typical Wage by Occupation Type		
Occupation Type	Washington-Arlington-Alexandria MSA	Virginia
Management Occupations	\$146,480	\$136,850
Business and Financial Occupations	\$93,580	\$84,180
Computer and Mathematical Occupations	\$106,550	\$100,830
Architecture and Engineering Occupations	\$102,430	\$88,780
Community and Social Service Occupations	\$59,980	\$50,070
Art, Design, Entertainment and Sports Medicine Occupations	\$78,930	\$58,520
Healthcare Practitioners and Technical Occupations	\$92,600	\$79,980
Healthcare Support Occupations	\$34,310	\$31,550
Protective Service Occupations	\$57,710	\$46,990
Food Preparation and Serving Related Occupations	\$27,470	\$23,600
Building and Grounds Cleaning and Maintenance Occupations	\$31,100	\$27,170
Personal Care and Service Occupations	\$31,450	\$27,170
Sales and Related Occupations	\$44,910	\$39,660
Office and Administrative Support Occupations	\$44,530	\$37,980
Construction and Extraction Occupations	\$50,730	\$44,610
Installation, Maintenance and Repair Occupations	\$54,920	\$49,350
Production Occupations	\$41,820	\$37,620
Transportation and Moving Occupations	\$42,580	\$37,880

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

Most annual blue-collar salaries range from \$27,470 to \$78,930 within the Washington-Arlington-Alexandria MSA. White-collar jobs, such as those related to professional positions, management and medicine, have an average salary of \$108,328. It is important to note that most occupational types within the MSA have higher typical wages than the State of Virginia's typical wages. Nonetheless, the area employment base has a significant number of income-appropriate occupations from which the proposed subject project will be able to draw renter support.

The ten largest employers within the Fredericksburg area comprise are summarized as follows:

Employer Name	Business Type	Total Employed
Mary Washington Hospital	Healthcare	1000+
University of Mary Washington (UMW)	Higher Education	1000+
Fredericksburg City Public Schools	Public Education	500-999
City of Fredericksburg	Government	500-999
Medicorp Health System	Healthcare Management	500-999
Walmart	Retail Trade	250-499
Wegmans	Retail Grocer	250-499
Snowden Services Incorporated	Mental Healthcare	250-499
Free Lance Star Publishing Incorporated	Media/Publishing	250-499
Rappahannock Area Community Services Board	Administration of Human Resource Programs	100-249

Source: City of Fredericksburg Virginia Economic Development



According to a representative with the City of Fredericksburg Economic Development Department, the Fredericksburg/Spotsylvania County economy continues to grow at a steady pace. The following are summaries of economic factors impacting the local employment base:

- LIDL USA, a German-based company and affiliated with the Swartz Group, the biggest retailer in Europe, opened a distribution center located at 6110 Smith Station Road in Fredericksburg in November 2017. This was a \$125 million investment and created approximately 200 new jobs. The company also built a second grocery store at the Southpointe II Town Center that opened in February 2018. In total, the company has invested \$200 million, creating approximately 700 jobs by the end of 2018. The company also has plans to open 20 stores in Virginia over the next few years.
- idX Corp finalized a deal in April 2017 to buy the former General Motors Powertrain plant in Spotsylvania County. The company purchased the 77-acre facility that includes 250,000 square feet of industrial space. The company is bringing their décor, graphics and millwork manufacturing company to the area, a \$7.2 million investment and a goal of adding 150 new jobs to the county over the next few years.
- Universal Dynamics Inc. moved their headquarters from Woodbridge, Virginia to a 91,000 square-foot facility located at 11700 Shannon Drive in Fredericksburg in September 2018. This is a \$4 million investment, and the company plans to hire an additional 50 employees with yearly salaries over \$40,000 by 2019.
- HDT Global, a leading provider of highly engineered, application-specific solutions for military, civilian, commercial and industrial customers, opened a new HDT Battle Lab and Advanced Development Center located at 510 Lansdowne Road in Fredericksburg in October 2018. Approximately 79 jobs will be created over a ten-year period, with 50 of these jobs expected to be created within the first year of opening.
- Liberty Place, located at the 600 block of William Street in downtown Fredericksburg, is currently under construction. The \$26 million mixed-use development will consist of 85,000 square feet of retail, office, and restaurant space. Construction started in July 2018 and is expected to be complete by late summer 2019. The developer, Tom Wack, has already signed six tenants; Blue Cow Ice Cream (1,362 square feet), Burger Bach (2,973 square feet), Mellow Mushroom (4,922 square feet), Pasta Fresca Café (2,107 square feet), Cary Street Partners (5,793 square feet), and Union Bank and Trust (7,929 square feet).

- Jackson Village is an approved 240-acre mixed-use project located in Spotsylvania County that will be comprised of approximately 300,000 square feet of commercial space, along with approximately 2,000 townhomes, apartments and condos. Crossroads Station is a planned 1.2 million square-foot commercial development in Fredericksburg that will include offices, retail, housing and a hotel. The first apartment complex, Orchard Ridge at Jackson Village (Map ID 36), which is a Tax Credit community, completed its first phase and is currently constructing phase two with expected completion in June 2019.
- Alexander's Crossing is a 701-acre project that will be located near the Spotsylvania Regional Medical Center, east of Interstate 95 in Fredericksburg, which will consist of 2,607 residential living units (assisted living, townhomes, single-family and multifamily) and 1.6 million square feet of commercial development. Part of the development also includes an extension to Hospital Boulevard and a new bridge over Interstate 95 that will connect to Orchard Ridge at Jackson Village. The \$8 million bridge will be paid for by Spotsylvania County and the Virginia Department of Transportation (VDOT). The construction timeline for each phase of this project was unavailable at the time this report was issued. However, the development is expected to break ground after the completion of the Interstate 95 Southbound Collector-Distributor Lanes – Rappahannock River Crossing project, which is estimated to be completed sometime in 2022.
- A Publix grocery store located at 9601 Jefferson Davis Highway in Fredericksburg opened in July 2018. The company invested over \$15 million on 49,098 square feet. Approximately 140 jobs were created.
- The existing U.S. Highway 17 overpass at Interstate 95 will be replaced with a new four-lane overpass. U.S. Highway 17 will be widened to four lanes between U.S. Highway 1 and Hospital Boulevard. The construction time line is still being developed.
- On a more regional level, Amazon announced plans in November 2018 to invest \$2.5 billion to construct a second headquarters building, a four million square-foot project, in the Crystal City, Pentagon City and Potomac Yard neighborhoods of Arlington, Virginia. The development is expected to create approximately 25,000 new jobs with an average salary of \$150,000 over the next 12 years. While these neighborhoods are approximately 50.0 miles northeast of Fredericksburg, or less than an hour drive, it was noted that this development will have a positive economic impact on Fredericksburg, as a notable share of area residents commute to Washington D.C. for employment opportunities.

WARN (layoff notices):

WARN Notices were reviewed in December 2018 and according to the Virginia Board of Workforce Development, there has been one WARN notice reported for Fredericksburg over the past 18 months, which is summarized below:

WARN Notices				
Company	Location	Jobs	Notice Date	Effective Date
Advanced Digestive Care	Fredericksburg	40	07/03/2018	09/01/2018

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

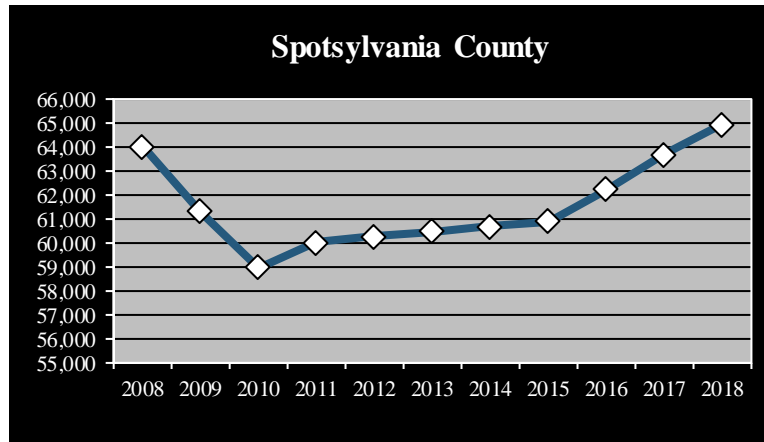
Excluding 2018, the employment base has increased by 5.4% over the past five years in Spotsylvania County, more than the Virginia state increase of 3.8%. Total employment reflects the number of employed persons who live within the county.

The following illustrates the total employment base for Spotsylvania County, the state of Virginia and the United States.

Year	Total Employment					
	Spotsylvania County		Virginia		United States	
	Total Number	Percent Change	Total Number	Percent Change	Total Number	Percent Change
2008	63,968	-	3,970,428	-	146,047,748	-
2009	61,268	-4.2%	3,842,516	-3.2%	140,696,560	-3.7%
2010	58,922	-3.8%	3,860,386	0.5%	140,469,139	-0.2%
2011	59,971	1.8%	3,934,326	1.9%	141,791,255	0.9%
2012	60,232	0.4%	3,967,987	0.9%	143,621,634	1.3%
2013	60,426	0.3%	3,995,182	0.7%	145,017,562	1.0%
2014	60,640	0.4%	4,022,160	0.7%	147,446,676	1.7%
2015	60,840	0.3%	4,029,043	0.2%	149,733,744	1.6%
2016	62,173	2.2%	4,069,139	1.0%	152,169,822	1.6%
2017	63,665	2.4%	4,146,134	1.9%	154,577,364	1.6%
2018*	64,903	1.9%	4,217,987	1.7%	156,301,105	1.1%

Source: Department of Labor; Bureau of Labor Statistics

\*Through November



As the preceding illustrates, since the end of the national recession in 2010, the employment base within Spotsylvania County increased by 5,981 jobs, or 10.2%, through November 2018. Notably, the employment base within the county is above prerecession levels.

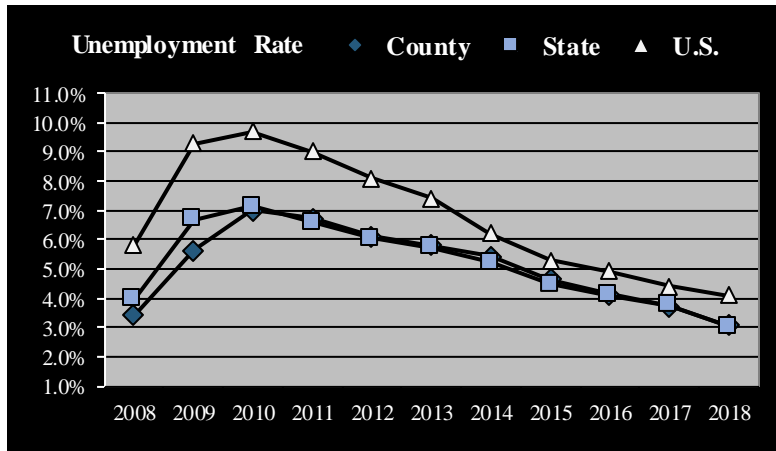
Unemployment rates for Spotsylvania County, the state of Virginia and the United States are illustrated as follows:

Year	Unemployment Rate		
	Spotsylvania County	Virginia	United States
2008	3.4%	3.9%	5.8%
2009	5.6%	6.7%	9.3%
2010	7.0%	7.2%	9.7%
2011	6.7%	6.6%	9.0%
2012	6.1%	6.0%	8.1%
2013	5.8%	5.7%	7.4%
2014	5.4%	5.2%	6.2%
2015	4.7%	4.5%	5.3%
2016	4.1%	4.1%	4.9%
2017	3.7%	3.8%	4.4%
2018*	3.1%	3.0%	4.1%

Source: Department of Labor, Bureau of Labor Statistics

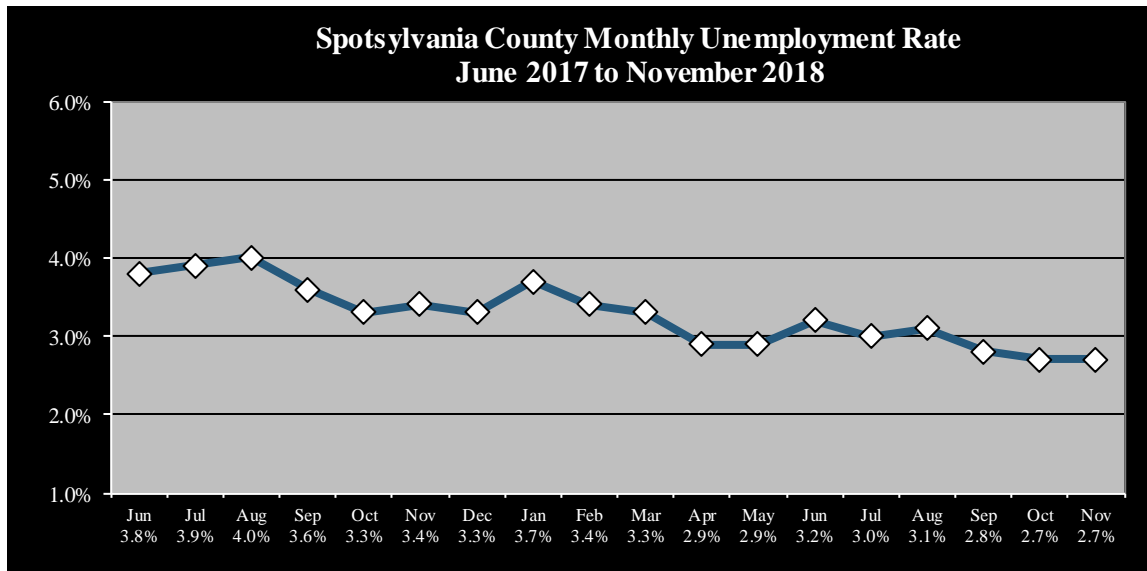
\*Through November





The unemployment rate in Spotsylvania County has ranged between 3.1% and 7.0%, generally in line with the state’s average, but below the national average since 2008. Notably, the county’s unemployment rate has consistently trended downward within the preceding eight-year period and is currently averaging 3.1% (through November 2018), its lowest rate within the past decade.

The following table illustrates the monthly unemployment rate in Spotsylvania County for the most recent 18-month period for which data is currently available:



The unemployment rate for the county has generally declined during the previous 18-month period, from a high of 4.0% reported in August 2017 to a low of 2.7% reported in October/November 2018.

In-place employment reflects the total number of jobs within the county regardless of the employee's county of residence. The table on the following page illustrates the total in-place employment base for Spotsylvania County.

In-Place Employment Spotsylvania County			
Year	Employment	Change	Percent Change
2008	29,950	-	-
2009	28,751	-1,199	-4.0%
2010	30,072	1,321	4.6%
2011	30,093	21	0.1%
2012	31,017	924	3.1%
2013	31,940	923	3.0%
2014	32,965	1,025	3.2%
2015	34,341	1,376	4.2%
2016	35,000	659	1.9%
2017	35,773	773	2.2%
2018*	36,178	405	1.1%

Source: Department of Labor, Bureau of Labor Statistics

\*Through June

Data for 2017, the most recent year that year-end figures are available, indicates in-place employment in Spotsylvania County to be 56.2% of the total Spotsylvania County employment. This means that Spotsylvania County has a high share of employed persons leaving the county for daytime employment than those who work within the county. However, it should be noted that the largest concentration of jobs within the area are located in the independent city of Fredericksburg, which is within a 15-minute drive from the site. As such, it is likely that many of the potential residents at the subject site will have minimal commute times to their place of employment, which will have a positive impact on its marketability.

### **Economic Summary**

According to a representative with the City of Fredericksburg Economic Development Department, the local economy continues to improve, with various new business/business expansion announcements made within the past two years. Additionally, based on data provided by the U.S. Department of Labor: Bureau of Labor Statistics, since the end of the national recession in 2010, the employment base within the county has increased by nearly 6,000 jobs, or 10.2%, and the unemployment rate has declined to 3.1%, which is the lowest it has been within the past ten-year period. Overall, these positive economic trends indicate that Spotsylvania County's economy is strong. Based on these recent trends, it is anticipated that Spotsylvania County will continue to experience positive economic trends for the foreseeable future, which will continue to create a stable environment for housing.

## **VI. Demographic Analysis**

**The market study must include a thorough description of the current and forecast demographic characteristics and conditions of the PMA and a comparison secondary market including a detailed explanation of all significant trends and changes.**

- 1. Recent trends in population and household growth from the most recent decennial census, current estimates and growth projections over the next 5 years covering such subjects as population change, migration, net natural change, household growth or decline, changes in the average household size.**
- 2. For senior communities, current and projected senior household base with 55+ and/or 62+ householders.**
- 3. A thorough discussion of past building trends in comparison to household trends.**
- 4. Characteristics of the current household base, including family type, current and change in tenure, age distribution and household type and rent burden.**
- 5. Current income characteristics of the population and income by tenure.**
- 6. For senior communities, tenure breakdown, income characteristics and rent burden of senior households.**

## Demographic Trends

The following table reflects trends projected to 2023 for the Site PMA, Spotsylvania County, Washington-Arlington-Alexandria MSA and Virginia:

	PMA		Spotsylvania County		Washington-Arlington-Alexandria MSA		Virginia	
	Pop.	H.H.	Pop.	H.H.	Pop.	H.H.	Pop.	H.H.
2000 Census	74,847	27,635	90,398	31,309	4,796,185	1,799,967	7,077,130	2,698,463
2010 Census	101,250	36,177	122,397	41,942	5,582,170	2,074,730	8,000,767	3,055,904
Change 2000-2010	26,403	8,542	31,999	10,633	785,985	274,763	923,637	357,441
Percent Change 2000-2010	35.3%	30.9%	35.4%	34.0%	16.4%	15.3%	13.1%	13.2%
2018 Estimated	113,938	40,418	134,043	45,359	6,166,621	2,278,267	8,592,749	3,262,874
Change 2010-2018	12,688	4,241	11,646	3,417	584,451	203,537	591,982	206,970
Percent Change 2010-2018	12.5%	11.7%	9.5%	8.1%	10.5%	9.8%	7.4%	6.8%
2023 Projected	122,332	43,316	142,235	47,896	6,556,464	2,417,386	8,990,034	3,404,758
Change 2018-2023	8,394	2,898	8,192	2,537	389,843	139,119	397,285	141,884
Percent Change 2018-2023	7.4%	7.2%	6.1%	5.6%	6.3%	6.1%	4.6%	4.3%

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

Pop. - Population  
H.H. - Households

According to the 2010 Census, there were 36,177 households in the Fredericksburg Site PMA. By 2018, the number of households increased 11.7% to 40,418. By 2023, it is projected that there will be a total of 43,316 households in the Fredericksburg Site PMA, an increase of 7.2% from 2018. This is rapid growth, exceeding projected trends for the county, MSA and state.

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

Population by Age	2010 (Census)		2018 (Estimated)		2023 (Projected)		Change 2018-2023	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
19 & Under	30,154	29.8%	31,248	27.4%	32,950	26.9%	1,702	5.4%
20 to 24	8,452	8.3%	8,802	7.7%	8,433	6.9%	-369	-4.2%
25 to 34	14,056	13.9%	17,252	15.1%	19,476	15.9%	2,224	12.9%
35 to 44	14,455	14.3%	15,175	13.3%	17,118	14.0%	1,943	12.8%
45 to 54	14,305	14.1%	14,707	12.9%	14,050	11.5%	-657	-4.5%
55 to 64	9,991	9.9%	12,532	11.0%	13,316	10.9%	784	6.3%
65 to 74	5,286	5.2%	8,434	7.4%	9,974	8.2%	1,540	18.3%
75 & Over	4,551	4.5%	5,788	5.1%	7,015	5.7%	1,227	21.2%
Total	101,250	100.0%	113,938	100.0%	122,332	100.0%	8,394	7.4%

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

As the preceding table illustrates, over 52% of the population is expected to be between 25 and 64 years old in 2018. This age group is the primary group of potential support for the subject site and will likely represent a significant number of the tenants.



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

Households by Age	2010 (Census)		2018 (Estimated)		2023 (Projected)		Change 2018-2023	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Under 25	1,965	5.4%	1,840	4.6%	1,856	4.3%	16	0.9%
25 to 34	6,344	17.5%	7,486	18.5%	8,332	19.2%	846	11.3%
35 to 44	7,688	21.3%	7,687	19.0%	8,519	19.7%	832	10.8%
45 to 54	8,131	22.5%	7,928	19.6%	7,414	17.1%	-514	-6.5%
55 to 64	5,894	16.3%	6,979	17.3%	7,255	16.7%	276	4.0%
65 to 74	3,251	9.0%	4,928	12.2%	5,717	13.2%	789	16.0%
75 to 84	2,046	5.7%	2,476	6.1%	2,929	6.8%	453	18.3%
85 & Over	859	2.4%	1,093	2.7%	1,293	3.0%	200	18.3%
Total	36,178	100.0%	40,418	100.0%	43,316	100.0%	2,898	7.2%

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

Between 2018 and 2023, the greatest growth among household age groups is projected to be among those between the ages of 25 and 44, increasing by 1,678, or 11.1%. This projected growth is significant and illustrates that there will likely be an increasing need for housing for families in the market.

Household trends within the Fredericksburg Site PMA are summarized as follows:

	Year			
	2000 (Census)	2010 (Census)	2018 (Estimated)	2023 (Projected)
Households	27,635	36,177	40,418	43,316
Household Change	-	8,542	4,241	2,898
Percent Change	-	30.9%	11.7%	7.2%
Household Size	2.71	2.80	2.74	2.75

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

Within the Fredericksburg Site PMA, households increased by 8,542 (30.9%) between 2000 and 2010. Between 2010 and 2018, households increased by 4,241, or 11.7%. By 2023, there will be 43,316 households, an increase of 2,898 households, or 7.2% from 2018. This is an increase of approximately 580 households annually over the next five years.

Households by tenure are distributed as follows:

Tenure	2010 (Census)		2018 (Estimated)		2023 (Projected)	
	Number	Percent	Number	Percent	Number	Percent
Owner-Occupied	23,648	65.4%	25,096	62.1%	26,686	61.6%
Renter-Occupied	12,529	34.6%	15,321	37.9%	16,628	38.4%
Total	36,177	100.0%	40,417	100.0%	43,314	100.0%

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

As the preceding table illustrates, renter households within the market are projected to increase by 1,307, or 8.5%, between 2018 and 2023. This indicates that the need for rental housing will likely increase in the Site PMA in the foreseeable future.

The household sizes by tenure within the Site PMA, based on the 2018 estimates and 2023 projections, were distributed as follows:

Persons Per Renter Household	2018 (Estimated)		2023 (Projected)		Change 2018-2023	
	Households	Percent	Households	Percent	Households	Percent
1 Person	5,469	35.7%	5,986	36.0%	517	9.5%
2 Persons	4,213	27.5%	4,538	27.3%	326	7.7%
3 Persons	2,124	13.9%	2,193	13.2%	69	3.3%
4 Persons	2,081	13.6%	2,244	13.5%	163	7.8%
5 Persons+	1,435	9.4%	1,667	10.0%	232	16.2%
Total	15,321	100.0%	16,628	100.0%	1,307	8.5%

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

Persons Per Owner Household	2018 (Estimated)		2023 (Projected)		Change 2018-2023	
	Households	Percent	Households	Percent	Households	Percent
1 Person	4,941	19.7%	5,316	19.9%	374	7.6%
2 Persons	8,269	33.0%	8,907	33.4%	637	7.7%
3 Persons	4,811	19.2%	5,153	19.3%	342	7.1%
4 Persons	4,057	16.2%	4,171	15.6%	114	2.8%
5 Persons+	3,018	12.0%	3,140	11.8%	122	4.1%
Total	25,096	100.0%	26,686	100.0%	1,590	6.3%

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

Considering that the proposed subject development will offer one- to three-bedroom units, it will be able to accommodate nearly all households, based on household size. This will have a positive impact on its marketability.

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

Household Income	2010 (Census)		2018 (Estimated)		2023 (Projected)	
	Households	Percent	Households	Percent	Households	Percent
Less Than \$10,000	1,867	5.2%	1,986	4.9%	2,361	5.5%
\$10,000 to \$19,999	2,354	6.5%	2,652	6.6%	3,001	6.9%
\$20,000 to \$29,999	2,786	7.7%	2,967	7.3%	3,346	7.7%
\$30,000 to \$39,999	2,747	7.6%	2,904	7.2%	3,072	7.1%
\$40,000 to \$49,999	3,030	8.4%	3,419	8.5%	3,819	8.8%
\$50,000 to \$59,999	2,802	7.7%	2,930	7.3%	3,237	7.5%
\$60,000 to \$74,999	4,086	11.3%	3,903	9.7%	3,870	8.9%
\$75,000 to \$99,999	5,843	16.2%	5,763	14.3%	5,877	13.6%
\$100,000 to \$124,999	3,720	10.3%	4,557	11.3%	4,638	10.7%
\$125,000 to \$149,999	2,560	7.1%	3,338	8.3%	3,465	8.0%
\$150,000 to \$199,999	2,467	6.8%	3,613	8.9%	3,957	9.1%
\$200,000 & Over	1,916	5.3%	2,385	5.9%	2,671	6.2%
Total	36,178	100.0%	40,417	100.0%	43,314	100.0%
Median Income	\$69,189		\$72,878		\$70,935	

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

In 2010, the median household income was \$69,189. This increased by 5.3% to \$72,878 in 2018. By 2023, it is projected that the median household income will be \$70,935, a decline of 2.7% from 2018. While nearly all households broken out by income are projected to experience growth, those with incomes below \$60,000 are anticipated to increase at a more rapid rate. This is likely a contributing factor in the projected decline in the median income within the market.

The following tables illustrate renter household income by household size for 2010, 2018 and 2023 for the Fredericksburg Site PMA:

Renter Households	2010 (Census)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	444	373	231	137	104	1,290
\$10,000 to \$19,999	610	375	232	138	105	1,459
\$20,000 to \$29,999	580	457	283	168	127	1,615
\$30,000 to \$39,999	526	452	279	166	126	1,550
\$40,000 to \$49,999	537	491	304	181	137	1,650
\$50,000 to \$59,999	335	337	208	124	94	1,097
\$60,000 to \$74,999	484	493	304	181	137	1,599
\$75,000 to \$99,999	377	404	250	148	113	1,292
\$100,000 to \$124,999	137	150	93	55	42	476
\$125,000 to \$149,999	92	104	64	38	29	328
\$150,000 to \$199,999	29	30	19	11	8	98
\$200,000 & Over	22	24	15	9	7	76
Total	4,173	3,690	2,280	1,357	1,029	12,529

Source: ESRI; Urban Decision Group

Renter Households	2018 (Estimated)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	521	359	181	177	122	1,360
\$10,000 to \$19,999	794	432	218	213	147	1,804
\$20,000 to \$29,999	817	484	244	239	165	1,950
\$30,000 to \$39,999	592	453	229	224	154	1,651
\$40,000 to \$49,999	567	481	243	237	164	1,692
\$50,000 to \$59,999	428	371	187	183	126	1,296
\$60,000 to \$74,999	562	498	251	246	169	1,726
\$75,000 to \$99,999	568	529	267	261	180	1,804
\$100,000 to \$124,999	250	255	128	126	87	845
\$125,000 to \$149,999	194	182	92	90	62	619
\$150,000 to \$199,999	105	103	52	51	35	346
\$200,000 & Over	70	68	34	33	23	229
Total	5,469	4,213	2,124	2,081	1,435	15,321

Source: ESRI; Urban Decision Group

Renter Households	2023 (Projected)					
	1-Person	2-Person	3-Person	4-Person	5-Person+	Total
Less Than \$10,000	572	389	188	192	143	1,483
\$10,000 to \$19,999	873	471	227	233	173	1,977
\$20,000 to \$29,999	949	536	259	265	197	2,206
\$30,000 to \$39,999	589	453	219	224	167	1,651
\$40,000 to \$49,999	538	469	226	232	173	1,638
\$50,000 to \$59,999	477	405	196	200	149	1,427
\$60,000 to \$74,999	564	487	235	241	179	1,706
\$75,000 to \$99,999	584	528	255	261	194	1,822
\$100,000 to \$124,999	301	297	144	147	109	999
\$125,000 to \$149,999	236	217	105	107	80	746
\$150,000 to \$199,999	181	171	83	85	62	582
\$200,000 & Over	122	115	56	57	42	392
Total	5,986	4,538	2,193	2,244	1,667	16,628

Source: ESRI; Urban Decision Group

As the preceding tables illustrate, the total number of renter households is projected to increase by 1,307, or 8.5%, between 2018 and 2023. Specifically, low-income renter households earning below \$60,000 are projected to increase by 629, or 6.4%, during the same time period, which will increase demand for affordable rental housing. Renter households with incomes within the targeted range (\$40,457 to \$75,960) are projected to increase by 60, or 1.3%, between 2018 and 2023. Data from the preceding tables is used in our demand estimates.

Householder costs as a percent of income is illustrated in the following table:

Percentage of Income	Owner		Renter	
	Number	Percent	Number	Percent
Less Than 20%	12,429	53.3%	2,953	20.5%
20% to 29%	5,675	24.3%	3,563	24.7%
30% or More	5,140	22.1%	7,239	50.2%
Not Computed	62	0.3%	674	4.7%
Total	23,306	100.0%	14,429	100.0%

Source: American Community Survey (2012-2016); ESRI; Urban Decision Group; Bowen National Research

As the preceding table illustrates, 7,239, or 50.2%, of all *renter* households in the Site PMA were considered to be cost burdened, paying 30% or more of their household income towards rent. However, according to NCHMA standards and market study guidelines for many state housing finance agencies, such as VHDA, demand calculations are based on the assumption that households should pay no more than 35% of their income towards housing costs. While not shown in the preceding table, 5,955 renter households, or 41.3%, within the market are paying more than 35% of their income towards housing costs. This is a very large number of renter households paying a disproportionately high share of their income towards housing costs. Note that our demand analysis illustrated later within this report assumes that management will qualify renter households based on a 35% rent-to-income ratio. As such, these particular households would benefit from the development of new affordable rental housing in the Site PMA.

### **Building Permit Data**

The following tables illustrate single-family and multifamily building permits issued within the city of Fredericksburg and Spotsylvania County for the past ten years:

Housing Unit Building Permits for Fredericksburg, VA:										
Permits	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Multifamily Permits	0	157	232	302	251	0	0	0	128	0
Single-Family Permits	88	88	114	110	87	52	23	53	62	64
Total Units	88	245	346	412	338	52	23	53	190	64

Source: SOCDs Building Permits Database at <http://socds.huduser.org/permits/index.html>



<b>Housing Unit Building Permits for Spotsylvania County:</b>										
<b>Permits</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Multifamily Permits	0	0	0	0	0	0	0	0	0	270
Single-Family Permits	131	258	254	248	300	362	375	390	420	689
Total Units	131	258	254	248	300	362	375	390	420	959

Source: SOCDS Building Permits Database at <http://socds.huduser.org/permits/index.html>

As the preceding tables illustrate, between 2008 and 2011, residential building activity increased significantly; however, those within the city declined once again through 2015. In fact, according to the SOCDS Building Permits Database, no multifamily building permits were issued between 2013 and 2015 within the city, whereas none have been issued within the county between 2008 and 2016. On a positive note, building permits issued have generally increased since 2016. Given the number of units currently under construction and planned for development, along with the projected household and population growth for the next few years in the Site PMA, we anticipate residential development for the Site PMA will continue to increase. However, caution must be utilized when drawing any conclusions from the preceding building permit data, as this is not an exhaustive list, which is evidenced by the number of apartments surveyed in the market built in or after 2016.

### **Demographic Summary and Conclusions**

Overall, population and household growth within the Fredericksburg Site PMA have been positive since 2000. These trends are projected to remain positive through 2023, increasing by 8,394 (7.4%) and 2,898 (7.2%), respectively, from 2018. Additionally, renter households are projected to increase by 1,307 (8.5%) during the same time period. Further, the subject site will be able to accommodate nearly all household sizes within the market, as it will offer one-through three-bedroom apartments. The preceding trends will likely have a positive impact on the subject's marketability.

## VII. Current Housing Market Conditions

### Existing Housing Supply

The market study must include a comprehensive description of the current conditions of the rental market and of the sales market, in the PMA, if relevant. This description should include a summary statement on the current condition of the overall rental market and of the rent levels in the market of comparable projects, looking at both market rate communities and affordable units/communities. If appropriate to analyze, subsidized communities in which tenants are not responsible for all rent being charged should be discussed separately from market/affordable communities.

The analyses should include the following:

1. An estimate of the current competitive rental inventory of both single-family and multifamily units in the PMA, with data on the number of units by structure type, number of bedrooms, rent levels, year built and location.
2. A thorough discussion of recent market trends analyzing the following:
  - a. Current vacancy levels and recent trends in occupancy/vacancy in existing rental projects. Occupancy levels should be reported for market rate as well as affordable communities, and/or age restricted communities, if applicable.
  - b. Absorption experience of recently completed rental developments, including estimates at a project level of per unit per month absorption rates, with particular emphasis on comparable and competitive projects that have entered the market within the past 24 months.
  - c. Current effective rents for comparable and competitive projects, reflecting incentives and utility policies. A discussion of rent trends in this inventory during the past 24 to 36 months. The description should identify any services included in base rents or offered at a premium. Where relevant, the report should include information on the extent of rent concessions or similar incentives, particularly in projects in initial occupancy and must address the impact of concessions on rent levels and whether the quoted rents are overstated due to concessions or other factors.
  - d. Estimated current overall rental vacancy rate and vacancy rate for units similar to those in the proposed project. Significant seasonal variations in vacancy rates, if applicable, should be discussed.

**e. Discussion of any vacancy or absorption problems in the market, particularly in the segments of the market most relevant to the subject project.**

Rental Housing Overview

We identified and personally surveyed 41 conventional housing projects containing a total of 7,266 *existing* units within the Site PMA. This survey was conducted to establish the overall strength of the rental market and to identify those properties most comparable to the subject site. These rentals have a combined occupancy rate of 96.3%, a good rate for rental housing. The following table summarizes the surveyed rental projects in the market broken out by project type:

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	18	4,050	157	96.1%
Market-rate/Tax Credit	1	188	1	99.5%
Market-rate/Tax Credit/Government-Subsidized	1	202	0	100.0%
Tax Credit	17	2,321	105	95.5%
Tax Credit/Government-Subsidized	3	466	4	99.1%
Government-Subsidized	1	39	0	100.0%
Total	41	7,266	267	96.3%

As the preceding table illustrates, each rental housing segment is performing well, as none are operating at an occupancy rate below 95.5%. This demonstrates that the Fredericksburg rental housing market is strong.

It should be noted that there is one additional Tax Credit development in the market that we were unable to survey at the time this report was issued and is summarized as follows:

- Colonial Heights is located at 202 Charles Street in Fredericksburg. Originally built in 1954 and renovated utilizing financing from the Tax Credit program in 2009, this project offers 14 one-, two- and three-bedroom apartments targeting households earning up to 40% and 50% of Area Median Household Income (AMHI).

The 14 total Tax Credit units offered at this project we were unable to survey have been included in our demand analysis illustrated later in Section VIII – *Demand Estimates & Analysis* of this report.

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

Market-Rate						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
Studio	1.0	20	0.5%	0	0.0%	\$945
One-Bedroom	1.0	1,362	33.2%	64	4.7%	\$1,345
One-Bedroom	1.5	42	1.0%	0	0.0%	\$1,626
Two-Bedroom	1.0	309	7.5%	9	2.9%	\$1,468
Two-Bedroom	2.0	1,770	43.1%	63	3.6%	\$1,617
Two-Bedroom	2.5	137	3.3%	6	4.4%	\$2,159
Three-Bedroom	1.0	6	0.1%	0	0.0%	\$836
Three-Bedroom	1.5	42	1.0%	1	2.4%	\$1,410
Three-Bedroom	2.0	392	9.5%	14	3.6%	\$1,855
Three-Bedroom	2.5	26	0.6%	0	0.0%	\$2,129
<b>Total Market-Rate</b>		<b>4,106</b>	<b>100.0%</b>	<b>157</b>	<b>3.8%</b>	-
Tax Credit, Non-Subsidized						
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant	Median Gross Rent
One-Bedroom	1.0	537	20.7%	19	3.5%	\$925
Two-Bedroom	1.0	225	8.7%	9	4.0%	\$1,082
Two-Bedroom	1.5	84	3.2%	2	2.4%	\$1,319
Two-Bedroom	2.0	883	34.1%	46	5.2%	\$1,231
Two-Bedroom	2.5	131	5.1%	5	3.8%	\$1,462
Three-Bedroom	1.0	34	1.3%	1	2.9%	\$902
Three-Bedroom	2.0	285	11.0%	15	5.3%	\$1,460
Three-Bedroom	2.5	290	11.2%	7	2.4%	\$1,542
Four-Bedroom	2.5	119	4.6%	6	5.0%	\$1,926
Five-Bedroom	2.0	2	0.1%	0	0.0%	\$1,151
<b>Total Tax Credit</b>		<b>2,590</b>	<b>100.0%</b>	<b>110</b>	<b>4.2%</b>	-

As the preceding table illustrates the median gross Tax Credit rents are generally well below their corresponding median gross market-rate rents. Therefore, Tax Credit properties likely represent substantial values to low-income residents within the market. This is further evidenced by the combined occupancy rate of 95.8% among all non-subsidized Tax Credit units surveyed in the market.

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

Year Built	Projects	Units	Vacancy Rate
Before 1970	2	281	4.3%
1970 to 1979	4	347	4.3%
1980 to 1989	5	1,150	3.0%
1990 to 1999	8	1,801	4.1%
2000 to 2005	6	937	3.0%
2006 to 2010	2	173	5.2%
2011	1	483	0.6%
2012	1	380	2.9%
2013 to 2014	0	0	0.0%
2015	1	66	4.5%
2016	3	626	2.1%
2017	1	128	0.8%
2018*	3	324	20.1%

\*As of December



As the preceding table illustrates, vacancies are the highest among the three non-subsidized properties surveyed built in 2018. However, all of the vacancies at these developments are among those still considered to be in lease-up. All other non-subsidized properties surveyed broken out by age are maintaining low vacancy levels, illustrating that the overall Fredericksburg rental housing market is performing well.

As already noted, we identified and surveyed seven non-subsidized rental developments within the market that have been built since 2016. The following table summarizes these newly built rental projects and their occupancy trends:

Map I.D.	Project Name	Project Type	Start of Lease Up	Total Units	Occupied Units	Absorption Rate (per month)
27	Silver Collection at Cosner's Corner	MR	June 2016	274	266 (95% in July 2017)	20 Units
31	Abberly at Southpoint	MR	Dec. 2016	280	280 (100% in June 2018)	16 Units
32	Valor Apt. Homes I	TC	Mar. 2017	128	127 (95% in Oct. 2017)	17 Units
36	Orchard Ridge at Jackson Village I	TC	May 2018	169	127	18 Units
37	Overlook Terrace	TC	Feb. 2016	72	72 (100% in Aug. 2016)	12 Units
38	New Post Apts.	TC	Mar. 2018	102	102 (100% in Sept. 2018)	17 Units
41	Merchants Square III	MR	June 2018	53	39	7 Units

MR – Market-rate

TC – Tax Credit

\*Units under construction

As the preceding table illustrates, most of the non-subsidized rental developments surveyed built since 2016 experienced rapid absorption rates of approximately 12 to 20 units per month. These trends illustrate that newer non-subsidized rental product has been very well received within the Fredericksburg Site PMA. This will bode well for the demand of the proposed units at the subject site.

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

Quality Rating	Market-Rate		
	Projects	Total Units	Vacancy Rate
A	7	1,683	3.3%
A-	1	576	5.9%
B+	5	619	7.1%
B	2	524	1.3%
B-	1	156	4.5%
C+	3	434	1.6%
C	1	114	1.8%

Non-Subsidized Tax Credit			
Quality Rating	Projects	Total Units	Vacancy Rate
A	1	102	0.0%
A-	5	738	1.9%
B+	8	1,208	6.3%
B	3	411	3.9%
B-	1	69	5.8%

Regardless of quality, vacancies are low among the non-subsidized rental properties surveyed. This illustrates that quality has not had an adverse impact on the Fredericksburg rental housing market.

#### Government-subsidized

The five projects surveyed that offer government-subsidized units within the Site PMA operate under the HUD Section 8, HUD Section 202 and HUD Section 236 programs. Generally, these properties have few amenities, are older and offer small unit sizes (square feet). The government-subsidized units (both with and without Tax Credits) in the Site PMA are summarized as follows:

Subsidized Tax Credit					
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant
One-Bedroom	1.0	191	36.0%	0	0.0%
Two-Bedroom	1.0	254	47.8%	0	0.0%
Three-Bedroom	1.0	82	15.4%	0	0.0%
Four-Bedroom	1.0	4	0.8%	0	0.0%
<b>Total Subsidized Tax Credit</b>		<b>531</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>
Government-Subsidized					
Bedroom	Baths	Units	Distribution	Vacancy	% Vacant
One-Bedroom	1.0	39	100.0%	0	0.0%
<b>Total Subsidized</b>		<b>39</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>

The subsidized units (both with and without Tax Credits) surveyed within the market are all occupied and maintain extensive waiting lists. This illustrates that pent-up demand exists for very low-income rental housing within the Site PMA.

A complete field survey of all conventional apartments we surveyed, as well as an apartment location map, is included in Addendum A - *Field Survey of Conventional Rentals*.

Competitive Analysis

We identified and surveyed 16 *existing* family (general-occupancy) projects that offer non-subsidized Low-Income Housing Tax Credit (LIHTC) units within the Fredericksburg Site PMA. Of these 16 properties, five were selected as the most comparable to the proposed subject development based on, but not limited to age, bedroom types offered, unit design and/or targeted income level. These properties target households with incomes up to 40%, 50% and/or 60% of AMHI; therefore, they are considered comparable properties. These five LIHTC properties and the proposed subject development are summarized in the following table. Information regarding property address, phone number, contact name and utility responsibility is included in the Field Survey of Conventional Rentals.

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Distance to Site	Waiting List	Target Market
<b>Site</b>	<b>Palmers Creek</b>	<b>2021</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Families; 60% AMHI</b>
1	Crestview	2000	180	98.9%	8.9 Miles	None	Families; 60% AMHI
3	Weston Circle	2003	150	93.3%	9.2 Miles	None	Families; 60% AMHI
32	Valor Apt. Homes I	2017	128	99.2%	8.9 Miles	2-Br: 3 H.H.	Families; 60% AMHI
36	Orchard Ridge at Jackson Village I	2018	169	75.1%	0.2 Miles	None	Families; 60% AMHI
38	New Post Apts.	2018	102	100.0%	7.1 Miles	30 H.H.	Families; 40%, 50%, & 60% AMHI

OCC. – Occupancy  
H.H. - Households

The five most comparable LIHTC projects within the market have a combined occupancy rate of 92.5%. However, as noted earlier in this section of the report, Orchard Ridge at Jackson Village I (Map ID 36) was recently completed and is still in lease-up, absorbing units at a rapid rate of approximately 18 units per month. Excluding this property, the overall occupancy rate of the remaining four comparable LIHTC developments is 97.7%, a strong rate for rental housing.

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

		Gross Rent/Percent of AMHI (Number of Units/Vacancies)			
Map I.D.	Project Name	One-Br.	Two-Br.	Three-Br.	Rent Special
<b>Site</b>	<b>Palmers Creek</b>	<b>\$1,180-\$1,190/60% (30)</b>	<b>\$1,420-\$1,490/60% (109)</b>	<b>\$1,710-\$1,715/60% (61)</b>	-
1	Crestview	\$1,153/60% (24/0)	\$1,231/60% (108/1)	\$1,460/60% (48/1)	None
3	Weston Circle	\$1,065/60% (46/1)	\$1,069-\$1,119/60% (74/7)	\$1,293/60% (30/2)	\$200 off 1 <sup>st</sup> month's rent
32	Valor Apt. Homes I	\$1,249/60% (16/0)	\$1,446/60% (72/0)	\$1,679/60% (40/1)	None
36	Orchard Ridge at Jackson Village I	\$1,214/60% (38/12)	\$1,447/60% (124/26)	\$1,505/60% (7/4)	None
38	New Post Apts.	\$786/40% (11/0) \$942/50% (2/0) \$1,062/60% (5/0)	\$1,111/50% (23/0) \$1,187/60% (25/0)	\$1,256/50% (16/0) \$1,332/60% (20/0)	None

The proposed subject gross rents, ranging from \$1,180 to \$1,715, will be some of the highest LIHTC rents within the market. However, considering the generally strong occupancy rates and lease-up trends of the comparable LIHTC developments, it is likely that these projects could charge higher rents without having an impact on their occupancy levels. Further, considering the subject's newness, anticipated quality and superior amenities package (as illustrated later in this section), these characteristics will also enable the subject development to charge higher rents. Overall, we believe the proposed rents are appropriately positioned within the Fredericksburg Site PMA.

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

Map I.D.	Project Name	Total Units	Number of Vouchers	Share of Vouchers
1	Crestview	180	25	13.9%
3	Weston Circle	150	N/A	-
32	Valor Apt. Homes I	128	23	18.0%
36	Orchard Ridge at Jackson Village I	169	10	5.9%
38	New Post Apts.	102	10	9.8%
Total		579	68	11.7%

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

As the preceding table illustrates, there are a total of approximately 68 units that are occupied by Voucher holders among the four most comparable LIHTC projects that provided such information. The 68 units occupied by Voucher holders comprise only 11.7% of these comparable units. This illustrates that over 88% of these comparable Tax Credit units are occupied by tenants which are not currently receiving rental assistance. Therefore, the gross rents charged at the aforementioned projects in the market are achievable.



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

Map I.D.	Project Name	Square Footage		
		One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Palmers Creek</b>	<b>707 - 765</b>	<b>950 - 1,149</b>	<b>1,305 - 1,329</b>
1	Crestview	863	988	1,128
3	Weston Circle	711 - 868	1,007	1,164
32	Valor Apt. Homes I	893	1,150 - 1,173	1,342
36	Orchard Ridge at Jackson Village I	759 - 765	969 - 1,117	1,291 - 1,377
38	New Post Apts.	700	975	1,100

Map I.D.	Project Name	Number of Baths		
		One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Palmers Creek</b>	<b>1.0</b>	<b>2.0</b>	<b>2.0</b>
1	Crestview	1.0	2.0	2.0
3	Weston Circle	1.0	2.0	2.0
32	Valor Apt. Homes I	1.0	2.0	2.0
36	Orchard Ridge at Jackson Village I	1.0	2.0	2.0
38	New Post Apts.	1.0	2.0	2.0

The proposed development will generally be comparable with the existing LIHTC projects in the market based on unit size (square footage) and the number of bathrooms offered. Therefore, the subject's unit sizes are considered appropriate for the market.

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

# COMPARABLE PROPERTIES AMENITIES - FREDERICKSBURG, VIRGINIA

MAP ID	APPLIANCES							UNIT AMENITIES										OTHER		
	RANGE	REFRIGERATOR	ICEMAKER	DISHWASHER	DISPOSAL	MICROWAVE	CENTRAL AC	WINDOW AC	FLOOR COVERING	WASHER AND DRYER	W/D HOOKUP	PATIO/DECK/BALCONY	CEILING FAN	BASEMENT	INTERCOM	SECURITY	WINDOW TREATMENTS		E-CALL BUTTONS	PARKING
<b>SITE</b>	X	X		X	X	X	X		V	X	X	S	X				B		S	Walk-In Closets; *
<b>1</b>	X	X		X	X		X		C	X	X	X					B		S	Exterior Storage
<b>3</b>	X	X		X	X		X		C	X	X	X					B		S	
<b>32</b>	X	X	X	X	X	X	X		C	X	X	X					B	S	S	Exterior Storage
<b>36</b>	X	X	X	X	X		X		V	X	X	S			X		B		S	
<b>38</b>	X	X	X	X	X	X	X		C		X		X				B		S	

\*Gourmet Kitchen; Granite Countertops

◆ Senior Restricted
■ Market-rate
■ Market-rate/Tax Credit
■ Market-rate/Government-subsidized
■ Market-rate/Tax Credit/Government-subsidized
■ Tax Credit
■ Tax Credit/Government-subsidized
■ Government-subsidized

X - All Units
S - Some Units
O - Optional
<b>Window Treatments</b>
B - Blinds
C - Curtains
D - Drapes

<b>Parking</b>
A - Attached
C - Carport
D - Detached
O - On Street
S - Surface
G - Parking Garage
(o) - Optional
(s) - Some

<b>Sports Courts</b>
B - Basketball
D - Baseball Diamonds
P - Putting Green
T - Tennis
V - Volleyball
X - Multiple

<b>Floor Covering</b>
C - Carpet
H - Hardwood
V - Vinyl
W - Wood
T - Tile

<b>Community Space</b>
A - Activity Room
L - Lounge/Gathering Room
T - Training Room

# COMPARABLE PROPERTIES AMENITIES - FREDERICKSBURG, VIRGINIA

MAP ID	PROJECT AMENITIES													OTHER					
	POOL	ON-SITE MGMT	LAUNDRY	CLUB HOUSE	COMMUNITY SPACE	FITNESS CENTER	JACUZZI / SAUNA	PLAYGROUND	TENNIS COURT	SPORTS COURT	STORAGE	ELEVATOR	SECURITY GATE		COMPUTER LAB	LIBRARY	PICNIC AREA	SOCIAL SERVICES	BUSINESS CENTER
<b>SITE</b>	X	X		X	X	X						X		X		X		X	Media Room; Fireplace Lounge; Walking Path; Massage Room
<b>1</b>	X	X		X		X		X								X			
<b>3</b>	X	X				X		X	X					X		X			
<b>32</b>	X	X		X		X		X						X		X			Cyber Café; Dog Park
<b>36</b>	X	X		X	X	X				X	X					X			Bike Storage; Dog Park
<b>38</b>		X	X		X	X		X						X		X			

\*Complimentary Starbucks Coffee; Game/Billiards Room

◆ Senior Restricted
■ Market-rate
■ Market-rate/Tax Credit
■ Market-rate/Government-subsidized
■ Market-rate/Tax Credit/Government-subsidized
■ Tax Credit
■ Tax Credit/Government-subsidized
■ Government-subsidized

X - All Units	
S - Some Units	
O - Optional	
Window Treatments	
B - Blinds	C - Curtains
D - Drapes	

Parking	
A - Attached	C - Carport
D - Detached	O - On Street
S - Surface	G - Parking Garage
(o) - Optional	(s) - Some

Sports Courts	
B - Basketball	D - Baseball Diamonds
P - Putting Green	T - Tennis
V - Volleyball	X - Multiple

Floor Covering	
C - Carpet	H - Hardwood
V - Vinyl	W - Wood
T - Tile	

Community Space	
A - Activity Room	L - Lounge/Gathering Room
T - Training Room	

The amenities package to be included at the subject project will be comprehensive and superior to those offered at the comparable LIHTC projects within the market. In terms of unit amenities, the subject development will be one of three projects relative to the comparable affordable developments to offer microwave ovens. In addition, the subject project will offer high-end, in-unit features including stainless steel kitchen appliances, granite countertops, large walk-in closets and gourmet kitchens with breakfast bars, which are not commonly found at the comparable LIHTC developments. Regarding project amenities, the subject development will be the only LIHTC project to offer a media room, complimentary Starbucks coffee, a fireplace lounge, massage room, walking path and a game/billiards room. The inclusion of the aforementioned amenities and high-end finishes will position the subject project at a competitive advantage and will enable it to charge higher rents.

#### Comparable Tax Credit Summary

Based on our analysis of the unit sizes (square footage), amenities, location, quality and occupancy rates of the existing LIHTC properties within the market, it is our opinion that the proposed subject development will be very competitive. While the subject rents will be some of the highest LIHTC rents within the Site PMA, considering the strength of the affordable rental housing market, the subject's newness, anticipated quality and superior amenities package, it is believed that the subject development will be able to successfully charge rent premiums within the Fredericksburg market. This has been considered in our absorption projections.

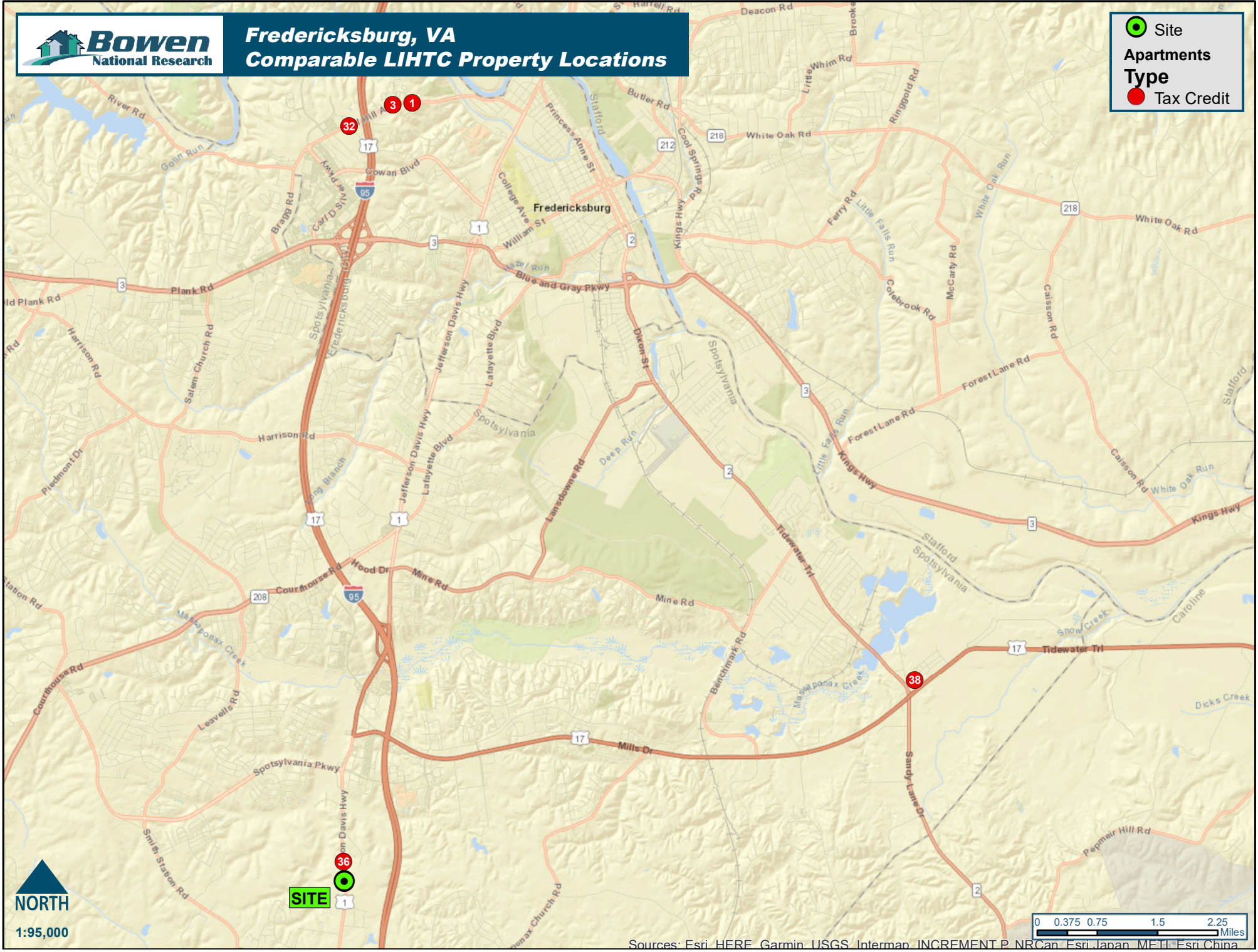
A map of the most competitive properties is included on the following page.





# Fredericksburg, VA Comparable LIHTC Property Locations

- Site
- Apartments
- Type
- Tax Credit



**NORTH**  
1:95,000



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

**f. The impact, if any, of the single family and condominium market conditions, including an analysis of the cost to rent versus to own, and the impact of foreclosures and of the shadow inventory of single family and condominium units.**

According to ESRI, the median home value within the Site PMA was \$288,837. At an estimated interest rate of 4.5% and a 30-year term (and 95% LTV), the monthly mortgage for a \$288,837 home is \$1,738, including estimated taxes and insurance.

Buy Versus Rent Analysis	
Median Home Price - ESRI	\$288,837
Mortgaged Value = 95% of Median Home Price	\$274,395
Interest Rate - Bankrate.com	4.5%
Term	30
Monthly Principal & Interest	\$1,390
Estimated Taxes and Insurance*	\$348
Estimated Monthly Mortgage Payment	\$1,738

\*Estimated at 25% of principal and interest

In comparison, the proposed collected Tax Credit rents for the subject property range from \$1,055 to \$1,515 per month. Therefore, the cost of a monthly mortgage for a typical home in the area is approximately \$223 to \$683 greater than the cost of renting at the subject project's Tax Credit units, depending on unit size. Therefore, it is very unlikely that tenants that would qualify to reside at the subject project's affordable units would be able to afford the monthly payments required to own a home or who would be able to afford the down payment on such a home. Therefore, we do not anticipate any competitive impact on or from the homebuyer market.

The foreclosure of residential structures became prominent in markets throughout the United States during the national recession starting in 2008. The Fredericksburg area was not immune to the rapid increase in foreclosures that resulted from loss of jobs, declining household incomes, predatory lending practices, and other factors that prohibited homeowners from paying their monthly mortgage. The following analysis focuses on *recent* foreclosure activity for the city of Fredericksburg.



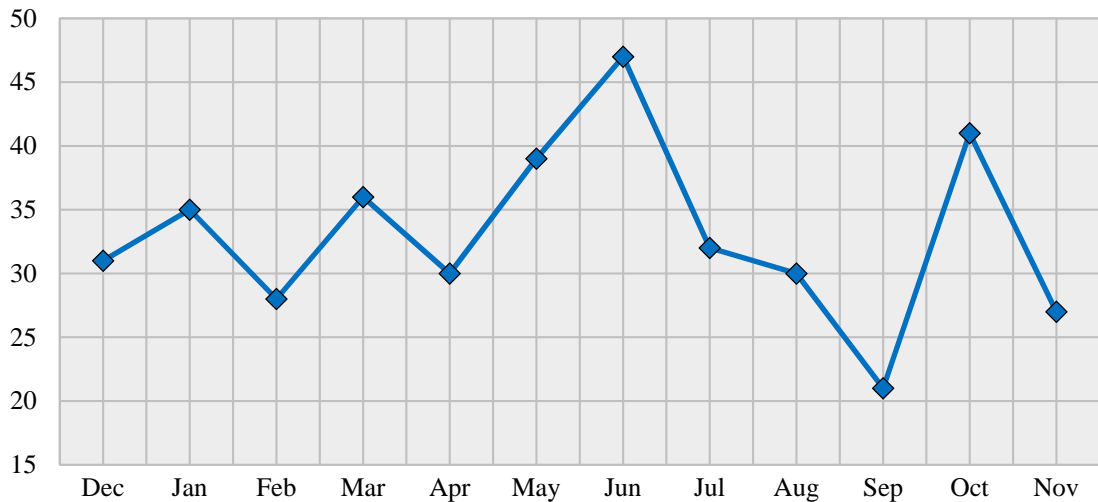
The following table summarizes monthly residential foreclosure activity over the past 12 months within Fredericksburg:

<b>Residential Foreclosure Filings – Fredericksburg</b>		
<b>Month</b>	<b>Filings</b>	<b>Monthly Change</b>
<b>December 2017</b>	31	-
<b>January 2018</b>	35	+4
February	28	-7
March	36	+8
April	30	-6
May	39	+9
June	47	+8
July	32	-15
August	30	-2
September	21	-9
October	41	+20
November	27	-14
<b>Total Foreclosures</b>	<b>397</b>	-
<b>Avg. Monthly</b>	<b>33.1</b>	-

Source: RealtyTrac.com

Note: The numbers of monthly filings are approximated

**Fredericksburg, VA Residential Foreclosures**  
(Dec. 2017 - Nov. 2018)



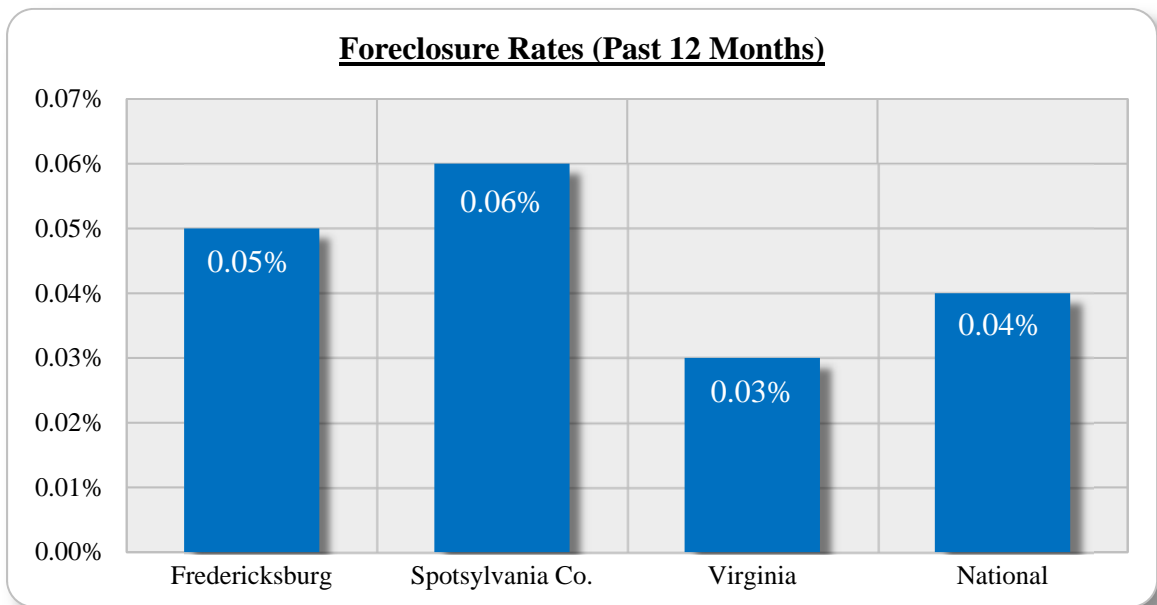
Since December 2017, there have been an estimated 397 residential foreclosure filings within Fredericksburg, with an average of 33.1 foreclosures per month. During the past year, foreclosure filings peaked at 47 in June 2018. Regardless, it does not appear that the number of foreclosures within the area has had an adverse impact on the rental housing market, as evidenced by the combined occupancy rate of 96.3% among all rental housing projects surveyed within the Site PMA.

The overall foreclosure rates over the past 12 months for Fredericksburg, Spotsylvania County, Virginia and the United States are compared in the following table and graph:

Data	Geographic Comparison			
	Fredericksburg	Spotsylvania County	Virginia	National
Annual Foreclosure Rate	0.05%	0.06%	0.03%	0.04%

Source: RealtyTrac.com

As the preceding table illustrates, the 0.05% annual foreclosure rate for Fredericksburg is below the adjoining county of Spotsylvania; however, it is higher than the state of Virginia and the nation. Nonetheless, Fredericksburg’s foreclosure activity does not appear to be significant.



Specifically, within the Fredericksburg region, the highest concentration of foreclosures has predominately occurred within the 22408 ZIP Code, according to RealtyTrac.com. The following table shows the highest concentration of foreclosures that have occurred within the Fredericksburg region over the past year:

Foreclosure Concentration Top Five ZIP Code Areas		
Market	Foreclosure Area	Foreclosure Ratio
Fredericksburg Region	22553	1 in every 4,728
	22401	1 in every 3,629
	22407	1 in every 1,826
	22551	1 in every 1,724
	22408	1 in every 1,234

Source: RealtyTrac.com



- 3. The report must include a map showing locations of existing competing rental projects, projects currently under construction, and those in the planning and development process.**

A map of the most comparable rental projects is included on page 12 of this section. A map illustrating the location of relevant multifamily product in the development pipeline is on page VII-20.

- 4. If appropriate, analyze inventory, occupancy levels, and waiting list of deeply subsidized communities in the PMA.**

The subject project is not subsidized and, therefore, this section does not apply.

### **Housing Development Pipeline**

**Characteristics of Rental Units in the Pipeline, Under Construction and in Planning: The market study must include separate estimates of the numbers of rental units currently under construction and the numbers in the planning and development process likely to enter the housing market during the specified forecast period. These estimates should include all rental developments known, not solely those determined by the analyst to be comparable and competitive. The description of the pipeline activity should clearly identify any significant characteristics of specific developments with rent restrictions or rent limits such as LIHTC or age-restricted occupancy. The report should contain estimates of:**

- 1. The number of projects currently under construction, the total number of units, the numbers by bedroom size (number of bedrooms) by rent range, structure type and amenities (if available).**

Based on our research, it was determined that there are currently six projects under construction within the Site PMA. These projects are summarized as follows:

- Valor Apartment Homes II (aka Valor West; Map ID 33) is currently under construction at 1150 Nobel Way in Fredericksburg. The developer, S. L. Nusbaum Realty Company, received Tax Credit Bond financing in 2017 and the project will include 120 one-, two- and three-bedroom units at 60% of AMHI. Construction started March 2018 and the first building is expected to be complete in March 2019.
- Orchard Ridge at Jackson Village II is currently under construction at 9401 Jefferson Davis Highway in Fredericksburg. Developed by CBG, this project will include 76 one-, two- and three-bedroom units set aside at 60% of AMHI and is expected to be complete by June 2019.

- Silver Collection at Celebrate Virginia South is currently under construction located off of Gordon W. Shelton Boulevard, across from the Fredericksburg Expo and Conference Center in Fredericksburg. Developed by the Silver Companies, this project will include 577 apartments in six (6) four-story buildings, 200 of which are planned to be age-restricted for those ages 55 and older. Site plans were approved in July 2017. While a construction timeline was unavailable for each phase of the development, the developer hopes to have the first units available by 2019.
- Crossroads Station is a 187-unit market-rate project that has just begun construction at 9442 Crossroads Parkway in Fredericksburg. The owner/applicant for this project is Crossroads Associates, LLC, which is associated with Lester Properties, and plans to have two- and three-bedroom units. Completion is estimated for summer 2019.
- Allure at Jefferson is a 338-unit market-rate development currently under construction within the Jackson Village community in Fredericksburg. Developed by the Breeden Company, the property will include one-, two- and three-bedroom units. The developer acquired the necessary funding for the project in January 2018. The property will also offer 42 attached garages, 18 detached garages and 142 storage spaces. Completion of this project is estimated to be in the first quarter of 2019.
- Oxford Apartments at Southpoint is currently under construction located at 10380 Southpoint Parkway in Fredericksburg. Developed by Oxford Properties, LLC, the property will include 240 market-rate apartments. Additional information regarding this project was unavailable at the time of our research.

Of the six properties under construction, Valor Apartments II and Orchard Ridge at Jackson Village II will target a similar income demographic as the subject project. As such, these properties are considered directly competitive and have been factored in our demand estimates illustrated later in this report in Addendum D. Also note that the units under construction at Crossroads Station, Allure at Jefferson and Oxford Apartments at Southpoint were included in our *Net Demand* analysis in Section VIII. While the 577-unit Silver Collection at Celebrate Virginia South is currently under construction, it is likely that only a portion of this development will be completed by the time the proposed subject site is ready for occupancy, although a construction timeline was not available. However, based on the construction timelines for other projects in the market, it appears that apartments are being constructed at a rate of approximately 12 to 13 units per month. Therefore, conservatively, we have assumed that 312 units will be completed by 2021 (24 months x 13 units = 312), which 95%, or 296 units have been accounted for in our *Net Demand Analysis*.

**2. The number of projects in planning stages that are likely to be developed, including but not limited to those with building permits or firm financial commitments, including details on the number of units by bedroom size, rents, locations, and stage of development.**

Based on our interviews with local building and planning representatives, it was determined that there are six housing projects planned or proposed for the area and are summarized as follows:

- Beco Construction submitted a rezoning application in January 2018 for 2600 Acqua, a proposed market-rate development to be located at 2618 Salem Church Road in Fredericksburg. Currently, the proposed rezoning would result in 278 apartments and 12,000 square feet of retail/commercial space. The application is still within the preliminary process stages and requires Board of Supervisors approval to move forward on the proposed site plan.
- Winding Creek, to be located at 10316 Courthouse Road in Spotsylvania Courthouse, is a proposed 215-unit senior (ages 55 and older) market-rate rental community. If approved, the developer, Doug Janney, hopes to start construction in the summer of fall of 2019.
- There is a proposed development to be named Fredericksburg Park located at the southwest corner of Alum Spring Road and Lafayette Boulevard in Fredericksburg. The plans call for 204 market-rate units to be completed in 2020. No further information on this project is currently available.
- Alexander's Crossing is a planned mixed-use development to be located near the Spotsylvania Regional Medical Center, east of Interstate 95 in Fredericksburg. To be developed by Walton Development, plans call for up to 888 multifamily units, 580 single-family homes, 230 assisted living units, 909 townhomes and 1.6 million square feet of commercial development. The construction timeline for each phase of this project was unavailable at the time this report was issued. However, the development is expected to break ground after the completion of the Interstate 95 Southbound Collector-Distributor Lanes – Rappahannock River Crossing project, which is estimated to be completed sometime in 2022. The first phases will include single-family homes, with the rental housing to follow in future phases.
- Highland Park Townhomes is a proposed rental development to be located at 115 Young Street in Fredericksburg. To be developed by Carl Braun, this project will include 91 market-rate apartments. However, it should be noted that the project has been postponed as of September 2016 and it is unknown if it will come to fruition.

- Lofts at Frederick Street, to be located at 306 Frederick Street in Fredericksburg, is a planned 17-unit market-rate project. The developer, AGV Properties also plans to construct four for-sale townhomes on the adjacent lot facing Charles Street. Estimated completion is December 2019. No further information on this project is currently available.

Of the six planned or proposed projects, none will directly compete with the subject development. It is also important to note that most of the aforementioned rental communities are within the preliminary phases of development and it is unknown if they will come to fruition by the time the subject site is completed in 2021. Additionally, Alexander's Crossing will not break ground until 2022, well after the completion of the subject project. Of the remaining five developments, it appears that Lofts at Frederick Street will be completed by the time the site is ready for occupancy. As such, the units offered at this property have been considered within our *Net Demand Analysis*.

**3. A list of LIHTC projects in or near the market area that are not yet placed in service, giving as much known detail as possible on estimated placed-in-service dates, unit mix and income levels to be served.**

As previously mentioned, there are two projects that received LIHTC financing within the development pipeline in the market that have yet to be placed in service. Valor Apartment Homes II and Orchard Ridge at Jackson Village II will include a total of 196 one-, two- and three-bedroom units targeting households earning up to 60% of AMHI. As such, these communities will be directly competitive with the subject project.

**4. For senior proposals, a list of all existing and anticipated senior projects within or near the market area, including characteristics such as type of age-restriction (55+ or 62+), number of units by bedroom size, income restrictions (if applicable), location, rents, and any features, amenities, etc. included with the rents. For future projects, as much known detail as possible on estimated placed-in-service dates should be included.**

The subject project is not age-restricted and, therefore, this section does not apply.

**5. A map locating all proposed communities.**

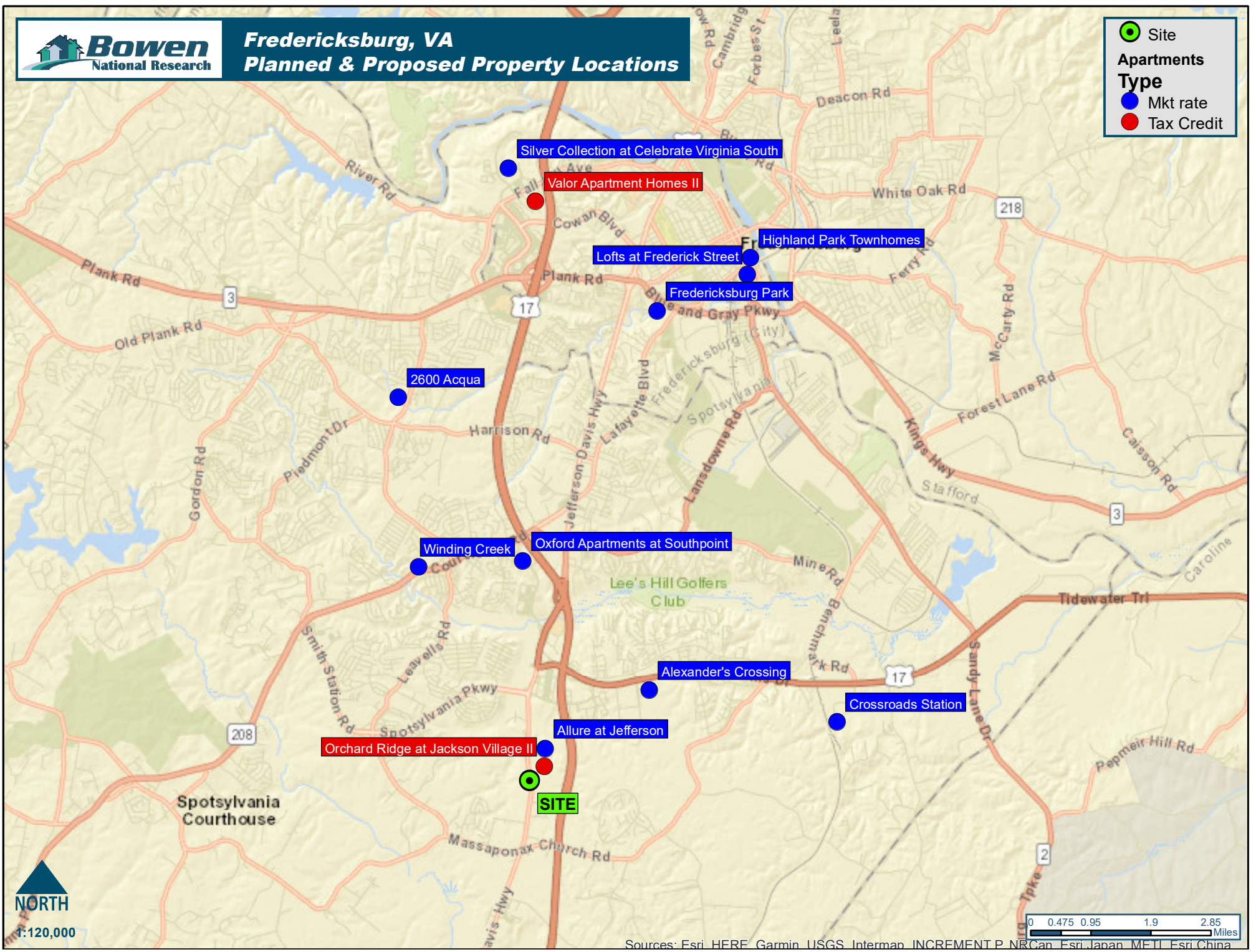
A map of all planned/proposed or under construction communities is included on the following page.





# Fredericksburg, VA Planned & Proposed Property Locations

● Site  
● Apartments  
**Type**  
● Mkt rate  
● Tax Credit



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

## VIII. Demand Estimate And Analysis

1. **Net Demand Analysis:** The market study must include an estimate of future demand for the specified forecast period, typically 36 months. The estimate of demand must be based on a calculation of incremental demand (i.e. demand for additional new units) and must address the following factors:
  - a. Renter household growth during the forecast period.
  - b. Recent trends in tenure broken down by homeownership and rental that may increase/decrease the demand for rental units. (e.g. households shifting from renter to owner tenure).
  - c. Replacement of existing rental units lost from the inventory due to demolition, conversion, shifting of owner units into the rental market and by other means.
  - d. The effect of any current excess vacant supply, based on an estimate of the balanced market vacancy rate.
  - e. The study must reconcile the number of units in the proposed project with the demand estimate for the PMA, taking into consideration current housing market conditions, available vacancy, and forecast additions to the supply (planned and under construction).
2. **Effective Demand:** The estimate of "effective demand" is the pool of households with sufficient incomes and/or applicable household size that would be expected to demand such housing during the forecast period, including the income levels and rent- to-income ratio(s) assumed in the study. Evaluation of Effective Demand includes an analysis of Capture Rate and Penetration Rate:
  - a. **Capture Rate** is defined as the percentage of qualified households in the PMA that the property must capture to fill the units and achieve stabilized occupancy. **Qualified Household** is defined as households that meet any applicable age and household size restrictions and are within any limiting income eligible band such as LIHTC Income Limits and who have sufficient minimum income to pay the proposed rent without being rent overburdened, The **Capture Rate** is calculated by dividing the total number of units at the property by the total number of households that meet the applicable age and any income band requirements.

- b. **Penetration Rate is defined as the percentage of Qualified Households in the PMA that the property and similar existing and proposed competing properties must capture to fill all units and achieve stabilized occupancy. The Penetration Rate is calculated by dividing the total number of units in the competitive inventory (including the subject property and, current and proposed relevant competitive properties) by the total number of households that meet the applicable age and any income band requirements.**
    - c. **For subsidized communities, sensitivity affordability and penetration rate analyses should be conducted both with and without project based rental assistance.**
3. **The evaluation of Net Demand and Effective Demand should take into consideration:**
  - a. **The current and anticipated supply/demand conditions in the overall rental market;**
  - b. **The potential depth of the market of income eligible households in comparison to the number of units at the proposed rents; and**
  - c. **The marketability of the proposed units taking into account the project's amenities, rents and location relative to comparable and competitive projects and other available housing options.**
4. **For LIHTC projects: Provide an estimate of demand, including capture and penetration rates, based on potential income-eligible residents. An income-eligible resident is one whose income does not exceed the maximum permitted by the affordability restrictions but who has sufficient minimum income to pay the proposed rent without being excessively rent-burdened. Note: households are considered "rent-burdened" if they are paying more than 30 percent of their household income in gross rent ("severely rent-burdened" if they pay more than 50 percent). The market study must describe what basis is used for rent-burdened: e.g., 30 percent, or some other percent, but in all cases less than 50 percent. To make these determinations, consider the following information and guidance:**
  - a. **The market study should specify the applicable LIHTC maximum rents, markets rents, and impact on achievable rents and project-based subsidy rents.**



- b. When the proposed rents are set at the LIHTC maximums, the market of income qualified residents for the restricted units is comprised of a relatively narrow band of income-eligible renters whose incomes do not exceed the maximum but are sufficiently high to pay the rent without being rent-burdened. This can result in problems with the market feasibility of the project. Depending on income and rental market conditions in the area, there may not be a sufficient number of potential renters who meet the income limit and are also able to afford the restricted rent. In many markets, LIHTC project rents need to be set below the maximum permitted.**
- c. Some LIHTC projects include additional types of assistance (such as Section 8 rental assistance or various forms of subordinate financing) which further reduce the effective rents and thus expand the pool of potential income-eligible residents. The market study must identify the estimated number of households who are eligible but are not excessively rent-burdened when paying gross rent (including utilities).**
- d. The determination of demand and capture/penetration rates should take into consideration:**
  - i) The current and anticipated supply/demand conditions in the overall rental market,**
  - ii) The potential depth of the market of income-eligible households in comparison to the number of units at the proposed rents, and**
  - iii) The marketability of the proposed units taking into account the project's amenities, rents and location relative to comparable and competitive projects and other available housing options.**

In this *Net Demand* analysis, we considered various supply and demand factors for additional rental housing for the Primary Market Area (PMA). This demand analysis outlines each supply and demand component. Per HUD guidelines, the *Net Demand* analysis is conducted on a macro level, and considers the potential demand for the overall rental housing market. This includes demand originating from new renter household growth, units required for balanced market, and replacement housing. A site-specific *Effective Demand* analysis for the proposed subject project at the proposed rent levels begins on page VIII-5.



The following tables summarize the supply and demand factors within the Fredericksburg PMA that we considered in our *Net Demand* analysis:

Demand From New Renter Household Growth	Calculations
Total Current Renter Households (2018)	15,321
Total Projected Renter Households (2021)	16,106
New Renter Households Within the Site PMA	<b>785</b>

Total Units Needed For Balanced (95.0% Occupied) Market	Calculations
Total Current Renter Households (2018)	15,321
Total Existing Rentals Divided By 95% (Balanced Market)	16,127
Vacant Units Needed for Balanced Market	806
Estimated Vacant Units in 2018*	323
Total Rental Units Needed for Balanced (95.0% Occupied) Market	<b>483</b>

\*Based on an average 2.0% share of vacant rental units from Bowen National Research survey of the market (excludes the three properties still considered to be in lease up, 23 Apartment Suites, Orchard Ridge at Jackson Village I & Merchants Square III; Map IDs 34, 36 & 41, respectively).

Replacement of Rental Product	Calculations
Total Occupied Rental Units In 2018	15,321
Replacement/Conversion/Demolition Rate*	0.9%
Total Units Removed from Market Since 2018	<b>138</b>

\*Estimates based of typical annual share (0.3%) of demolitions for comparable markets.

Total Supply and Demand	Calculations
Renter Household Growth	785
Units Required for Balanced Market	483
Replacement Units Needed	138
Less 95% of Product in the Development Pipeline	<ul style="list-style-type: none"> <li>- 114 (Valor Apartment Homes II)</li> <li>- 34* (Orchard Ridge at Jackson Village)</li> <li>- 72 (Orchard Ridge at Jackson Village II)</li> <li>- 296 (Silver Collection at Celebrate Virginia South) <ul style="list-style-type: none"> <li>- 178 (Crossroads Station)</li> <li>- 321 (Allure at Jefferson)</li> </ul> </li> <li>- 228 (Oxford Apartments at Southpoint) <ul style="list-style-type: none"> <li>- 16 (Lofts at Frederick Street)</li> <li>- 9* (23 Apartment Suites)</li> <li>- 20* (Merchants Square III)</li> </ul> </li> </ul>
Units Needed Over Projection Period (2018 to 2021)	<b>118</b>

\*Includes units still in lease up

Overall, this demand evaluation projects an overall deficit of 118 rental units in the PMA by 2021. While the proposed 200 units at the subject project exceeds the overall need based on the methodology outlined above, this analysis does not consider the various economic developments planned for the region in the next several years, which will likely create additional demand for rental housing development within the market. Notably, Amazon has submitted plans to construct its second headquarters building in Arlington, Virginia, which is anticipated to create approximately 25,000 new jobs with an average salary of \$150,000 over the next several years. While Arlington is approximately 50.0 miles northeast of Fredericksburg, it was noted by various stakeholders within the area that a notable share of Fredericksburg residents commute to the Washington D.C. region for employment (in fact, based on our drive-time analysis illustrated earlier in this report, nearly 29% of residents within the Site PMA have a typical drive time to work of 45 minutes or more). This is further supported by the Fredericksburg Region Commuter Workforce Skills Study

published in 2016 by Bradley A. Hansen, Ph.D. with University of Mary Washington, which states that an estimated 61,639 residents within the Fredericksburg region were commuters.

Further, it is important to understand that the market-rate developments within the pipeline have significant weight on the total number of rental units needed over the projection period in the Site PMA. Considering that these market-rate developments are anticipated to have little to no competitive impact on the subject's Tax Credit units, it is likely that higher demand exists for additional affordable rental product than that illustrated in the preceding analysis. Therefore, in order to evaluate the overall need of affordable rental units within the market, we have provided an affordable net demand analysis that considers low-income renters earning at or below \$75,000 in the following tables:

Demand From New Renter Household Growth	Calculations
Total Current Low-Income Renter Households (2018)	11,479
Total Projected Low-Income Renter Households (2021)	11,844
New Low-Income Renter Households Within the Site PMA	<b>365</b>

Total Units Needed For Balanced (95.0% Occupied) Market	Calculations
Total Current Low-Income Renter Households (2018)	11,479
Total Existing Low-Income Rentals Divided By 95% (Balanced Market)	12,083
Vacant Affordable Units Needed for Balanced Market	604
Estimated Vacant Affordable Units in 2018*	278
Total Affordable Rental Units Needed for Balanced (95.0% Occupied) Market	<b>326</b>

\*Based on a 2.3% share of vacant rental units from Bowen National Research survey of the market (excludes the one affordable property still considered to be in lease up, Orchard Ridge at Jackson Village I; Map ID 36).

Replacement of Rental Product	Calculations
Total Occupied Affordable Rental Units In 2018	11,479
Replacement/Conversion/Demolition Rate*	0.9%
Total Affordable Units Removed from Market Since 2018	<b>103</b>

\*Estimates based of typical annual share (0.3%) of demolitions for comparable markets.

Total Supply and Demand	Calculations
Low-Income Renter Household Growth	365
Affordable Units Required for Balanced Market	326
Replacement Affordable Units Needed	103
Less 95% of Affordable Product in the Development Pipeline	- 114 (Valor Apartment Homes II) - 34* (Orchard Ridge at Jackson Village) - 72 (Orchard Ridge at Jackson Village II)
Affordable Units Needed Over Projection Period (2018 to 2021)	<b>574</b>

\*Includes units still in lease up

As the preceding table illustrates, there is a need for an additional 574 affordable rental units to meet the demand of low-income renters within the Fredericksburg Site PMA. If the subject project's 200 units are built, there will still be a deficit of 374 affordable rental units. Therefore, the subject project would only accommodate a portion of the affordable units needed within the market.

Demand for the subject project is discussed on the following pages.

1. For projects designed for the elderly, age 62 and over:
  - a. The demand estimate should reflect "effective demand" and should be based on the numbers of elderly households meeting the relevant economic and demographic criteria (sufficient incomes, age, household size, and need for the type of shelter and care) that reasonably could be expected to demand such housing during the forecast period.
  - b. The report must include a descriptive study of the demand estimate that addresses the primary determinants including:
    - (1.) Current and forecast population and households of the target group(s) by age cohort and the proportion of the market each group comprises.
    - (2.) Current income level/band of income of prospective households comprising demand, including cost/rent to income ratio(s) assumed in the study.
    - (3.) Changes in the population (including migration patterns) of adult children of the potential elderly occupants. Discuss the impact of anticipated population changes on the demand for the project and the portion of demand expected to come from outside of the Primary Market Area.
2. For Income Restricted Projects. Discuss demand and calculate the capture rate based on the eligible income band considering the proposed project's income restricted unit mix and restricted rents. In calculating the capture rate, it is important to confirm that the income qualified renter households in the PMA used in the determination have an eligible income band similar to the subject.

Effective Demand (Site-Specific Capture Rate Estimates)

The subject project will offer 200 one-, two- and three-bedroom apartments targeting family (general-occupancy) households with incomes up to 60% of AMHI. For the purposes of this *Effective Demand* analysis, we have used the lowest gross rent of \$1,180 and a rent to income ratio of 35% (benchmark for general-occupancy Tax Credit projects), which results in a minimum income requirement of \$40,457. This is calculated as follows:  $\$1,180 \times 12 \text{ months} = \$14,160 / 35\% = \$40,457$ .

Given that the LIHTC units will be restricted to households at 60% of AMHI and its three-bedroom units will be able to accommodate up to five-person households, the subject project will have a maximum income requirement of \$75,960 (five-person income limit at 60% of AMHI).

The following table summarizes the number of income-eligible renter households for the subject project in the PMA in 2021 (year of opening):

Income Range	Income-Qualified Renter Households (\$40,457-\$75,960)		
	Number of Renters	Share Within Range	Qualified Renter Households (2021)
\$0-10,000	1,434	0.0%	-
\$10,000-20,000	1,908	0.0%	-
\$20,000-30,000	2,104	0.0%	-
\$30,000-40,000	1,651	0.0%	-
\$40,000-50,000	1,659	60.7%	1,007
\$50,000-60,000	1,374	56.1%	771
\$60,000-75,000	1,714	27.5%	471
\$75,000-100,000	1,815	0.9%	17
\$100,000-125,000	937	0.0%	-
\$125,000-150,000	695	0.0%	-
\$150,000-200,000	487	0.0%	-
\$200,000+	327	0.0%	-
Total	16,106		2,266

As the preceding table illustrates, there will be 2,266 size- and income-appropriate renters projected in the PMA that represent potential support for the subject project once it is complete in 2021. Typically, under this methodology, capture rates generally under 15% are considered achievable, though higher capture rates can be achieved under certain circumstances. The 200 proposed LIHTC units at the subject site represent a required capture rate of 8.8%. The capture rate of 8.8% is considered achievable, indicating that the subject project will only need to attract approximately nine of every 100 size- and income-appropriate renter households within the market. This demonstrates that there is a good base of potential support from size- and income-appropriate renters in the PMA for the proposed development.

#### Penetration Rate Estimates

Per HUD requirements, we have also calculated a penetration rate that takes into account the base of support for both the subject project and the 2,800 existing and under construction non-subsidized Tax Credit (both general-occupancy and age-restricted) units within the market. Based on the same calculation process used for the subject site, the income-eligible range for the existing, proposed and under construction Tax Credit units is \$25,440 to \$92,880. Based on the Demographic Characteristics and Trends of household incomes for the Site PMA, there will be an estimated 8,655 renter households with eligible incomes in 2021. The 3,000 existing, under construction and proposed subject Tax Credit units represent a penetration rate of 34.7% of the 8,655 income-eligible renter households, which is summarized in the table on the following page.



	Market Penetration
Number of Non-Subsidized LIHTC Units (Existing, Under Construction & Proposed Subject)	3,000
Income-Eligible Renter Households – 2021	/ 8,655
Overall Market Penetration Rate	= 34.7%

It is our opinion that the 34.7% penetration rate for the LIHTC units, existing, under construction and proposed at the subject project, is achievable. This is particularly true, given the combined 97.7% occupancy rate among the established comparable LIHTC properties surveyed in the market, three of which have occupancy rates at or above 98.9%. As such, we believe there is sufficient support for the proposed subject project and competing supply and that the development of the subject project will not adversely impact the competing LIHTC product.

#### Achievable Market Rent Analysis

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

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

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

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

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

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

Map I.D.	Project Name	Year Built	Total Units	Occ. Rate	Unit Mix (Occupancy Rate)		
					One-Br.	Two-Br.	Three-Br.
<b>Site</b>	<b>Palmers Creek</b>	<b>2021</b>	<b>200</b>	<b>-</b>	<b>30 (-)</b>	<b>109 (-)</b>	<b>61 (-)</b>
17	Station Square at Cosner's Corner	2012	380	97.1%	110 (97.3%)	190 (96.8%)	80 (97.5%)
20	Kilburn Crossing Apts.	2005	220	93.2%	24 (95.8%)	154 (92.9%)	42 (92.9%)
25	Seasons at Celebrate	2011	483	99.4%	145 (98.6%)	289 (99.7%)	49 (100.0%)
27	Silver Collection at Cosner's Corner	2016	274	97.1%	120 (96.7%)	142 (97.2%)	12 (100.0%)
31	Abberly at Southpoint	2016	280	98.9%	84 (98.8%)	168 (100.0%)	28 (92.9%)

Occ. – Occupancy

The five selected market-rate projects have a combined total of 1,637 units with an overall occupancy rate of 97.6%, a strong rate for rental housing. This illustrates that these market-rate projects have been very well received within the market and will serve as accurate benchmarks with which to compare to the proposed development

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

**Rent Comparability Grid**

Unit Type →

**ONE-BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Palmer's Creek		Station Square at Cosner's Corner		Kilburn Crossing Apts.		Seasons at Celebrate		Silver Collection at Cosner's Corner		Abberly at Southpoint	
9012 U.S. Highway 1		9419 Cumberland Dr.		6607 Charmed Way		2001 Dogwood Dr.		9500 Silver Collection Dr.		10500 Abberly Village Ln.	
Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,200		\$1,242		\$1,193		\$1,285		\$1,350	
2	Date Surveyed	Dec-18		Dec-18		Dec-18		Dec-18		Dec-18	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	97%		96%		99%		97%		99%	
5	Effective Rent & Rent/ sq. ft	\$1,200	1.61	\$1,242	1.54	\$1,193	1.53	\$1,285	1.82	\$1,350	1.67
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	EE/4		WU/3,4		WU/2,3		WU/3		EE/4	
7	Yr. Built/Yr. Renovated	2021	\$9	2005	\$16	2011	\$10	2016	\$5	2016	\$5
8	Condition/Street Appeal	E		G	\$15	E		E		E	
9	Neighborhood	G		G		E	(\$10)	G		G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	1		1		1		1		1	
12	# Baths	1		1		1		1		1	
13	Unit Interior Sq. Ft.	707	(\$16)	804	(\$40)	781	(\$30)	706	\$0	807	(\$41)
14	Balcony/Patio	Y		Y		Y		Y		Y	
15	AC: Central/Wall	C		C		C		C		C	
16	Range/Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
18	Washer/Dryer	W/D		W/D		W/D		HU	\$25	W/D	
19	Floor Coverings	C		C		C		W		C	
20	Window Coverings	B		B		B		B		B	
21	Secured Entry	N		N		N		N		N	
22	Garbage Disposal	Y		Y		Y		Y		Y	
23	Ceiling Fans/Storage	Y/N	(\$5)	Y/N		Y/Y	(\$5)	Y/Y	(\$5)	Y/N	
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Features	N	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
27	Community Space	Y		Y		Y		Y		Y	
28	Pool/Recreation Areas	P/F/GR/WT	\$3	P/F/S/WT		P/F/MT	\$3	P/F/J	\$3	P/F	\$6
29	Computer/Business Center	Y		Y		Y		Y		Y	
30	Picnic Area	Y		Y		Y		Y		Y	
31	Playground	N		Y	(\$3)	N		N		N	
32	Social Services	N		N		N		N		N	
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/G		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/G		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/Sewer	N/N		N/N		N/N		N/N		N/N	
39	Trash/Recycling	N/N		N/N		N/N		Y/N	(\$12)	N/N	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	2	3	2	3	2	4	4	2	2	2
41	Sum Adjustments B to D	\$12	(\$26)	\$31	(\$48)	\$13	(\$50)	\$33	(\$10)	\$11	(\$46)
42	Sum Utility Adjustments								(\$12)		
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$14)	\$38	(\$17)	\$79	(\$37)	\$63	\$11	\$55	(\$35)	\$57
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,186		\$1,225		\$1,156		\$1,296		\$1,315	
45	Adj Rent/Last rent		99%		99%		97%		101%		97%
46	Estimated Market Rent	\$1,230	\$1.74 ←	Estimated Market Rent/ Sq. Ft							

**Rent Comparability Grid**

Unit Type →

**TWO-BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Palmers Creek		Station Square at Cosner's Corner		Kilburn Crossing Apts.		Seasons at Celebrate		Silver Collection at Cosner's Corner		Abberly at Southpoint	
9012 U.S. Highway 1		9419 Cumberland Dr.		6607 Charmed Way		2001 Dogwood Dr.		9500 Silver Collection Dr.		10500 Abberly Village Ln.	
Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,400		\$1,428		\$1,513		\$1,560		\$1,600	
2	Date Surveyed	Dec-18		Dec-18		Dec-18		Dec-18		Dec-18	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	97%		93%		100%		97%		100%	
5	Effective Rent & Rent/ sq. ft	\$1,400	1.21	\$1,428	1.27	\$1,513	1.31	\$1,560	1.39	\$1,600	1.45
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	EE/4		WU/3,4		WU/2,3		WU/3		EE/4	
7	Yr. Built/Yr. Renovated	2021	\$9	2005	\$16	2011	\$10	2016	\$5	2016	\$5
8	Condition/Street Appeal	E		G	\$15	E		E		E	
9	Neighborhood	G		G		E	(\$10)	G		G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	2		2		2		2		2	
12	# Baths	2		2		2		2		2	
13	Unit Interior Sq. Ft.	950	(\$69)	1125	(\$58)	1157	(\$69)	1122	(\$57)	1101	(\$50)
14	Balcony/Patio	Y		Y		Y		Y		Y	
15	AC: Central/Wall	C		C		C		C		C	
16	Range/Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
18	Washer/Dryer	W/D		W/D		W/D		HU	\$25	W/D	
19	Floor Coverings	C		C		C		W		C	
20	Window Coverings	B		B		B		B		B	
21	Secured Entry	N		N		N		N		N	
22	Garbage Disposal	Y		Y		Y		Y		Y	
23	Ceiling Fans/Storage	Y/N	(\$5)	Y/N		Y/Y	(\$5)	Y/Y	(\$5)	Y/N	
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Features	N	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
27	Community Space	Y		Y		Y		Y		Y	
28	Pool/Recreation Areas	P/F/GR/WT		P/F/MT	\$3	P/F/S/WT		P/F/MT	\$3	P/F/J	\$3
29	Computer/Business Center	Y		Y		Y		Y		Y	
30	Picnic Area	Y		Y		Y		Y		Y	
31	Playground	N		Y	(\$3)	N		N		N	
32	Social Services	N		N		N		N		N	
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/Sewer	N/N		N/N		N/N		N/N		N/N	
39	Trash/Recycling	N/N		N/N		N/N		Y/N	(\$12)	N/N	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	2	3	2	3	2	4	3	3	2	2
41	Sum Adjustments B to D	\$12	(\$79)	\$31	(\$66)	\$13	(\$89)	\$33	(\$67)	\$11	(\$55)
42	Sum Utility Adjustments								(\$12)		
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	(\$67)	\$91	(\$35)	\$97	(\$76)	\$102	(\$46)	\$112	(\$44)	\$66
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,333		\$1,393		\$1,437		\$1,514		\$1,556	
45	Adj Rent/Last rent		95%		98%		95%		97%		97%
46	Estimated Market Rent	\$1,445		\$1.52 ←		Estimated Market Rent/ Sq. Ft					



**Rent Comparability Grid**

Unit Type →

**THREE-BEDROOM**

Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Palmers Creek		Station Square at Cosner's Corner		Kilburn Crossing Apts.		Seasons at Celebrate		Silver Collection at Cosner's Corner		Abberly at Southpoint	
9012 U.S. Highway 1		9419 Cumberland Dr.		6607 Charmed Way		2001 Dogwood Dr.		9500 Silver Collection Dr.		10500 Abberly Village Ln.	
Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA		Fredericksburg, VA	
A.	Rents Charged	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
1	\$ Last Rent / Restricted?	\$1,550		\$1,572		\$2,108		\$2,115		\$2,000	
2	Date Surveyed	Dec-18		Dec-18		Dec-18		Dec-18		Dec-18	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	98%		93%		100%		100%		93%	
5	Effective Rent & Rent/ sq. ft	\$1,550	1.19	\$1,572	1.16	\$2,108	1.62	\$2,115	1.51	\$2,000	1.34
B.	Design, Location, Condition	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
6	Structure / Stories	EE/4		WU/3,4		WU/2,3		WU/3		EE/4	
7	Yr. Built/Yr. Renovated	2021	\$9	2005	\$16	2011	\$10	2016	\$5	2016	\$5
8	Condition/Street Appeal	E		E	\$15	E		E		E	
9	Neighborhood	G		G		E	(\$10)	G		G	
10	Same Market?	Yes		Yes		Yes		Yes		Yes	
C.	Unit Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
11	# Bedrooms	3		3		3		3		3	
12	# Baths	2		2		2		2		2	
13	Unit Interior Sq. Ft.	1305	\$2	1350	(\$15)	1300	\$2	1398	(\$32)	1496	(\$65)
14	Balcony/Patio	Y		Y		Y		Y		Y	
15	AC: Central/Wall	C		C		C		C		C	
16	Range/Refrigerator	R/F		R/F		R/F		R/F		R/F	
17	Microwave/Dishwasher	Y/Y		Y/Y		Y/Y		Y/Y		Y/Y	
18	Washer/Dryer	W/D		W/D		W/D		HU	\$25	W/D	
19	Floor Coverings	C		C		C		W		C	
20	Window Coverings	B		B		B		B		B	
21	Secured Entry	N		N		N		N		N	
22	Garbage Disposal	Y		Y		Y		Y		Y	
23	Ceiling Fans/Storage	Y/N	(\$5)	Y/N		Y/Y	(\$5)	Y/Y	(\$5)	Y/N	
D.	Site Equipment/ Amenities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
24	Parking ( \$ Fee)	LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0		LOT/\$0	
25	On-Site Management	Y		Y		Y		Y		Y	
26	Security Features	N	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)	Y	(\$5)
27	Community Space	Y		Y		Y		Y		Y	
28	Pool/Recreation Areas	P/F/GR/WT	\$3	P/F/S/WT		P/F/MT	\$3	P/F/J	\$3	P/F	\$6
29	Computer/Business Center	Y		Y		Y		Y		Y	
30	Picnic Area	Y		Y		Y		Y		Y	
31	Playground	N		Y	(\$3)	N		N		N	
32	Social Services	N		N		N		N		N	
E.	Utilities	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj	Data	\$ Adj
33	Heat (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent?/ type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/Sewer	N/N		N/N		N/N		N/N		N/N	
39	Trash/Recycling	N/N		N/N		N/N		Y/N	(\$12)	N/N	
F.	Adjustments Recap	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
40	# Adjustments B to D	3	2	2	3	3	3	3	3	2	2
41	Sum Adjustments B to D	\$14	(\$10)	\$31	(\$23)	\$15	(\$20)	\$33	(\$42)	\$11	(\$70)
42	Sum Utility Adjustments								(\$12)		
		Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
43	Net/ Gross Adjmts B to E	\$4	\$24	\$8	\$54	(\$5)	\$35	(\$21)	\$87	(\$59)	\$81
G.	Adjusted & Market Rents	Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
44	Adjusted Rent (5+ 43)	\$1,554		\$1,580		\$2,103		\$2,094		\$1,941	
45	Adj Rent/Last rent		100%		100%		100%		99%		97%
46	Estimated Market Rent	\$1,770		\$1.36 ←		Estimated Market Rent/ Sq. Ft					

Once all adjustments to collected rents were made, the adjusted rents for each comparable were considered to derive an achievable market rent for each bedroom type. Each property was considered and weighed based upon its proximity to the subject site, and its amenities and unit layout compared to the subject site. While one Rent Comparability Grid was provided for each bedroom type, we have considered the differences in size (square feet) and the inclusion of a patio/balcony in our achievable market rent determination for each floorplan to be offered at the site.

Based on the preceding Rent Comparability Grids, it was determined that the present-day achievable market rents for units similar to the proposed subject development are as follows:

Bedroom Type	Square Feet	Proposed Collected Rent	Achievable Market Rent	Market Rent Advantage
One-Bedroom	707	\$1,055	\$1,230	14.2%
	743*	\$1,055	\$1,240	14.9%
	765*	\$1,065	\$1,250	14.8%
Two-Bedroom	950	\$1,270	\$1,445	12.1%
	1,109*	\$1,305	\$1,490	12.4%
	1,149	\$1,340	\$1,510	11.3%
Three-Bedroom	1,305	\$1,510	\$1,770	14.7%
	1,329	\$1,515	\$1,775	14.6%

\*Units exclude a patio/balcony

Typically, Tax Credit rents are set around 10% or more below achievable market rents to ensure that the project will have a sufficient flow of tenants. Considering that the proposed subject Tax Credit rents represent market rent advantages ranging between 11.3% and 14.9%, they will likely be viewed as good values within the Site PMA.

## **IX. Findings And Conclusions**

- 1. Project Evaluation: Evaluate the subject property within the context of the site, economic, demographic and competitive characteristics. Comment on the strengths and weaknesses of the proposed project in terms of location, project size, unit breakdown, unit sizes, amenities, features and rents.**
- 2. The absorption rate is defined as a projection of the pace of unit lease up as units become available for occupancy. The study should also include an estimate of the absorption period needed for the project to reach sustaining occupancy based on current market data and the *quantitative and qualitative demand* estimates.**
- 3. The market study must include an assessment of the impact the proposed project will have on existing rental developments. Specifically, the study must address the impact on existing insured properties and show if sufficient demand will be derived from new renter households, the shifting of households into the rental market, or the replacement of lost or sub-standard units. It must be demonstrated quantitatively that the number of units under construction and the proposed supply, including the subject, will not create over-supplied or overall soft market conditions. Even if the subject does not directly compete with existing insured or uninsured properties, an oversupply of units could spill over into all segments of the market.**
- 4. For age restricted properties, the market analyst must describe the intended occupancy regime. The MAP Lender's underwriter narrative must ensure that the analysis and owner's intent based on their representations comply with FHA program guidance and Fair Housing law.**

### **Overall Project Evaluation**

Based on our analysis of the proposed rents, unit sizes (square footage), amenities, location, quality and occupancy rates of the existing LIHTC properties within the market, it is our opinion that the proposed subject development will be very competitive. Given the fact that the subject project will be the newest LIHTC project within the market, offering competitive rents (all of which represent at least a 11% market rent advantage), high-end finishes and a superior amenities package, these characteristics will position it at a competitive advantage. Overall, we believe the proposed subject LIHTC rents are appropriately positioned within the Fredericksburg Site PMA.

**Absorption Projections**

Considering the facts contained in the market study, as well as the preceding factors, and comparing them with other projects with similar characteristics in other markets, we are able to establish absorption projections for the proposed subject development. We have assumed that the developer and/or property management will begin preleasing units a few months in advance of opening and that 20 units, or 10%, will be preleased by the time the project is available for occupancy. It is our opinion that the proposed subject development will experience an absorption rate of approximately 13 units per month, resulting in a stabilized occupancy rate of 95.0% for the 200 Tax Credit subject units within approximately 13 months. Note that these absorption projections take into consideration the competitiveness of the subject project, the high (yet achievable) rents, lease-up trends of the newest LIHTC developments and the LIHTC units currently under construction within the market.

These absorption projections assume a 2021 opening date. A later opening date may have a slowing impact on the absorption potential for the subject project. Further, these absorption projections assume the project will be built as outlined in this report. Changes to the project’s rents, amenities, unit design, location or other features may invalidate our findings. Finally, we assume the developer and/or management will aggressively market the project a few months in advance of its opening and continue to monitor market conditions during the project’s initial lease-up period. Note that Voucher support on approximately 10% of the units (similar to the comparable LIHTC projects within the market) has also been considered in determining these absorption projections and that these absorption projections may vary depending upon the amount of Voucher support the subject development receives.

**Housing Impact Statement**

Based on the preceding capture rate analysis, and considering the demographic trends and occupancy levels of existing competing rental housing in the market, we estimate occupancies of the most comparable affordable rental housing project after the proposed subject project is built as follows.

Map I.D.	Project Name	Occupancy Rate	
		Current	Projected*
1	Crestview	98.9%	95.0%-100.0%
3	Weston Circle	93.3%	93.0%-100.0%
32	Valor Apt. Homes I	99.2%	95.0%-100.0%
36	Orchard Ridge at Jackson Village I	75.1%	95.0%-100.0%
38	New Post Apts.	100.0%	95.0%-100.0%

\*Projected occupancy rate at the time the subject project completes its initial lease-up





The combined occupancy of the five most comparable LIHTC projects in the market is 92.5%; 97.7% when excluding the one LIHTC project still in lease-up, Orchard Ridge at Jackson Village I (Map ID 36). Occupancies in excess of 95% may indicate that pent-up demand exists for additional affordable housing within the market. This is further evidenced by the rapid lease up rate at Orchard Ridge at Jackson Village of approximately 18 units per month. Given these generally strong occupancies and lease-up trends, as well as the fact that sufficient demographic support exists in the market for the subject development and all other non-subsidized LIHTC units within the market, as illustrated in Section VIII – *Demand Estimates & Analysis*, it is not anticipated that it will have any significant impact on the existing comparable LIHTC projects' marketability. It is expected that the comparable LIHTC projects will maintain occupancy levels at or above 93.0% during the subject development's first year of occupancy.

Within the Site PMA, we identified and surveyed six HUD-insured conventional rental projects, which are summarized in the following table:

Map I.D.	Project Name	Year Built/Renovated	Number of Units	Occupancy Rate	Unit Types Offered	Project Profile
6	Madonna House	1998	130	100.0%	One- & Two-Bedroom Garden	Tax Credit; Age-Restricted (55+)
8	Riverside Manor Townhomes	2000	188	99.5%	Two- & Three-Bedroom Townhomes	Market-Rate & Tax Credit; General-Occupancy
15	Salem Run I & II	1996	268	97.4%	Two- & Three-Bedroom Garden	Tax Credit; General-Occupancy
16	Heritage Park I & II	1972 / 2004	202	100.0%	Two- & Three-Bedroom Garden	HUD Section 8/236, TC & MR; General-Occupancy
20	Kilburn Crossing Apts.	2004	220	93.2%	One-, Two- & Three-Bedroom Garden	Market-Rate; General-Occupancy
31	Abberly at Southpoint	2016	280	98.9%	One-, Two- & Three-Bedroom Garden	Market-Rate; General-Occupancy

TC – Tax Credit  
MR – Market-Rate

As the preceding table illustrates, the six HUD-insured projects identified and surveyed in the market offer a total of 1,288 units with a combined occupancy rate of 98.0%, a very strong rate for rental housing. Note that none of the aforementioned developments are considered directly comparable to the proposed development. Additionally, based on our Effective Demand and penetration rate estimates shown in Section VIII of this report, there is sufficient demographic of support for the competing supply and the proposed subject project. Therefore, the development of the proposed subject units will not adversely impact the performance of the existing HUD-insured supply. Lastly, with the new Amazon facility planned in Arlington, Virginia, this may be a positive indicator for increased housing demand within Fredericksburg, including affordable housing, as many Fredericksburg residents commute outside of the immediate area for employment. The subject project will likely be an attractive housing option for these commuters.

## X. Data, Estimates And Forecast

The study should document the methods and techniques used to develop all estimates and forecasts and provide relevant and current citations on the sources of all data, estimates and forecasts. Conclusions in the study must be consistent with the facts presented; findings and recommendations should be based on a reasonable forecast of market supply/demand conditions and sound assumptions regarding capture rates, absorption, achievable rents, income affordability and similar factors. To the extent possible, the qualitative and quantitative estimates of demand for additional rental units should take into account the changes in renter households by household size, not just in total. Although data for all household sizes may be used, a study of the trend of change by household size may derive a more representative and accurate demand estimate consistent with the characteristics of the target market.

Methodologies used by Bowen National Research include the following:

- A Primary Market Area (PMA) that impacts the proposed site is established. The Site PMA is generally described as the smallest geographic area expected to generate most of the support for the proposed project. Site PMAs are not defined by a radius. The use of a radius is an ineffective approach because it does not consider mobility patterns, changes in socioeconomic or demographic character of neighborhoods or physical landmarks that might impede development.
- PMAs are established using a variety of factors that include, but are not limited to:
  - A detailed demographic and socioeconomic evaluation.
  - Interviews with area planners, realtors and other individuals who are familiar with area growth patterns.
  - A drive-time analysis to the site.
  - Personal observations of the field analyst.
- A field survey of modern apartment developments is conducted. The intent of the field survey is twofold. First, the field survey is used to measure the overall strength of the apartment market. This is accomplished by evaluation of unit mix, vacancies, rent levels and overall quality of product. The second purpose of the field survey is to establish those projects that are most likely directly comparable to the proposed property.
- Directly comparable properties are identified through the field survey. They include other market-rate developments that offer unit and project amenities similar to the proposed development. An in-depth evaluation of these projects provides an indication of the potential of the proposed development.

- Economic and demographic characteristics of the area are evaluated. Demographic data is based on 2000 and 2010 Census information, and some 2010 data as well as 2018 estimates and 2023 projections are based on information from ESRI, a nationally recognized provider of demographics. An economic evaluation includes an assessment of area employment composition, income growth (particularly among the target market), building statistics and area growth perceptions. The demographic evaluation uses the most recently issued Census information and projections that determine what the characteristics of the market will be when the proposed project opens and after it achieves a stabilized occupancy.
- Area building statistics and interviews with officials familiar with area development provide identification of those properties that might be planned or proposed for the area that will have an impact on the marketability of the proposed development. Planned and proposed projects are always in different stages of development. As a result, it is important to establish the likelihood of construction, the timing of the project and its impact on the market and the proposed development.
- An analysis includes demand from new renter households, loss in rental housing stock, support from rent-overburdened households and support from those living in substandard housing. The subject's window of affordability is accounted for when considering demand.

### **Sources**

The following sources were used in our analysis of the subject market:

- U.S. Census on Housing 1990, 2000, and 2010
- ESRI
- Urban Decision Group (UDG)
- Applied Geographic Solutions
- Department of Housing and Urban Development
- Bureau of Labor Statistics
- Local Planning and Building Departments
- Various on-site managers of area apartment properties within the market
- 2016 Fredericksburg Region Commuter Workforce Skills Study prepared by Bradley A. Hansen, Ph.D. at University of Mary Washington

### **Report Limitations**

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

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## **XI. Qualifications**

### **The Company**

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

### **Company Leadership**

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

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

### **Market Analysts**

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

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

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

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

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

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

**Jude Warner**, Market Analyst, is experienced in the assessment of housing operating under various programs throughout the country, as well as other development alternatives. He is also experienced in evaluating projects in the development pipeline and economic trends. Mr. Warner received his Bachelor's Degree in Marketing from St. Mary's University of Minnesota.

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

## **Research Staff**

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

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

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

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

# ADDENDUM A: FIELD SURVEY OF CONVENTIONAL RENTALS

## FREDERICKSBURG, VIRGINIA

The following section is a field survey of conventional rental properties. These properties were identified through a variety of sources including area apartment guides, yellow page listings, government agencies, the Chamber of Commerce, and our own field inspection. The intent of this field survey is to evaluate the overall strength of the existing rental market, identify trends that impact future development, and identify those properties that would be considered most comparable to the subject site.

The field survey has been organized by the type of project surveyed. Properties have been color coded to reflect the project type. Projects have been designated as market-rate, Tax Credit, government-subsidized, or a combination of the three project types. The field survey is organized as follows:

- A color-coded map indicating each property surveyed and the project type followed by a list of properties surveyed.
- Properties surveyed by name, address, telephone number, project type, year built or renovated (if applicable), number of floors, total units, occupancy rate, quality rating, rent incentives, and Tax Credit designation. Housing Choice Vouchers and Rental Assistance are also noted here. Note that projects are organized by project type.
- Distribution of non-subsidized and subsidized units and vacancies in properties surveyed.
- Listings for unit and project amenities, parking options, optional charges, utilities (including responsibility), and appliances.
- Collected rent by unit type and bedrooms.
- Unit size by unit type and bedrooms.
- Calculations of rent per square foot (all utilities are adjusted to reflect similar utility responsibility). Data is summarized by unit type.
- An analysis of units, vacancies, and median rent. Where applicable, non-subsidized units are distributed separately.
- An analysis of units added to the area by project construction date and, when applicable, by year of renovation.
- Aggregate data and distributions for all non-subsidized properties are provided for appliances, unit amenities and project amenities.



- A rent distribution is provided for all market-rate and non-subsidized Tax Credit units by unit type. Note that rents are adjusted to reflect common utility responsibility.
- Aggregation of projects by utility responsibility (market-rate and non-subsidized Tax Credit only).
- A utility allowance worksheet.

Note that other than the property listing following the map, data is organized by project types. Market-rate properties (blue designation) are first followed by variations of market-rate and Tax Credit properties. Non-government subsidized Tax Credit properties are red and government-subsidized properties are yellow. See the color codes at the bottom of each page for specific project types.

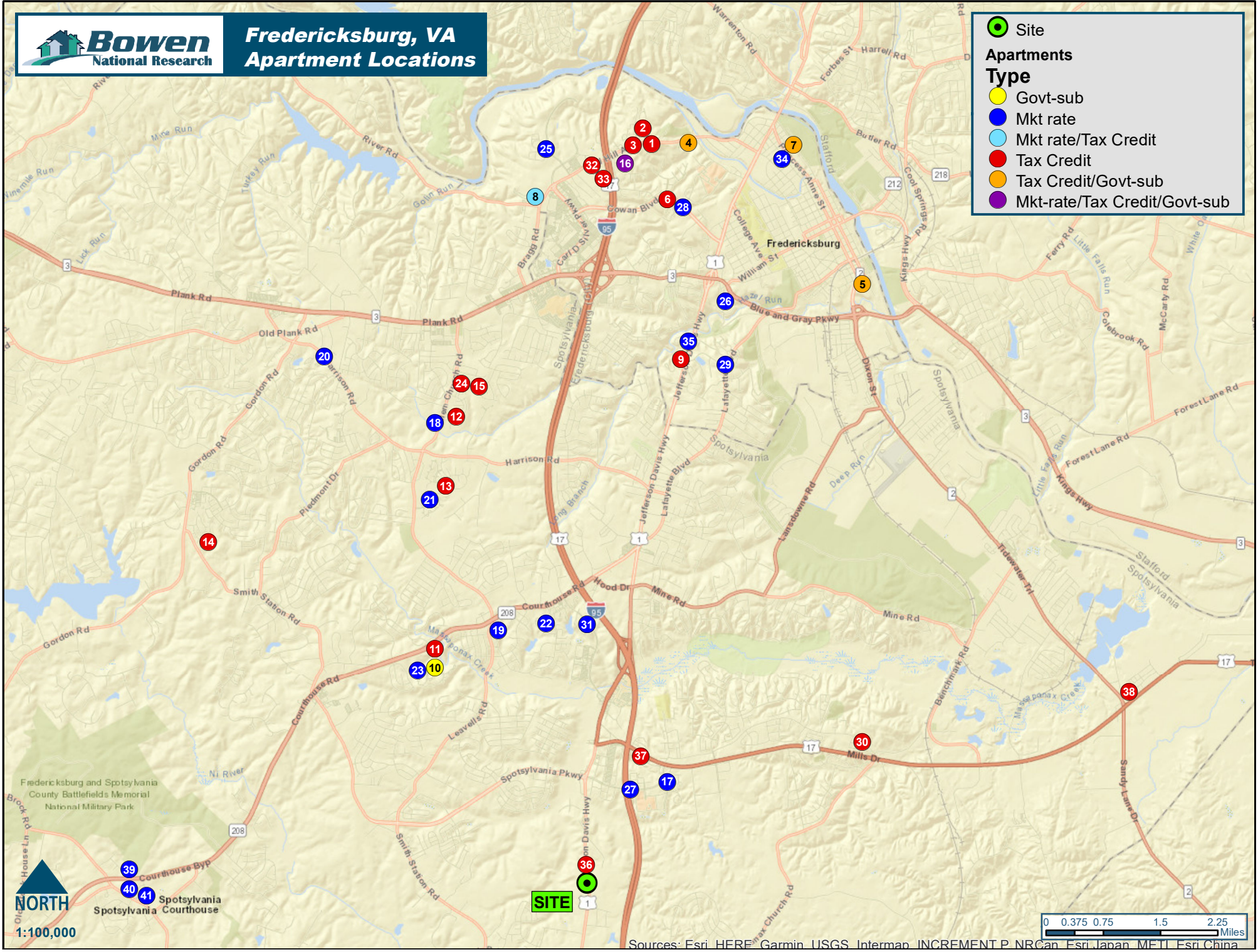


# Fredericksburg, VA Apartment Locations

**Site**  
● Site

**Apartments Type**

- Govt-sub
- Mkt rate
- Mkt rate/Tax Credit
- Tax Credit
- Tax Credit/Govt-sub
- Mkt-rate/Tax Credit/Govt-sub



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



# MAP IDENTIFICATION LIST - FREDERICKSBURG, VIRGINIA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
1	Crestview	TAX	B+	2000	180	2	98.9%	8.9
2	Wicklow Square	TAX	B+	1972	96	9	90.6%	9.1
3	Weston Circle	TAX	B+	2003	150	10	93.3%	9.1
4	Forest Village	TGS	B-	1972	192	4	97.9%	8.6
5	Hazel Hill Apts.	TGS	B	1970	145	0	100.0%	7.8
6	Madonna House	TAX	A-	1998	130	0	100.0%	7.6
7	Mill Park Terrace	TGS	B-	1983	129	0	100.0%	8.2
8	Riverside Manor Townhomes	MRT	B+	2000	188	1	99.5%	8.8
9	Townsend Square Apts.	TAX	A-	1995	200	10	95.0%	5.6
10	Asbury Manor	GSS	B+	1998	39	0	100.0%	5.0
11	Enoch George Manor	TAX	B+	2005	60	0	100.0%	4.8
12	Greens of Salem Run	TAX	B	1998	200	14	93.0%	6.7
13	Kings Crest	TAX	A-	1999	100	0	100.0%	6.1
14	Salem Fields	TAX	B	2001	139	0	100.0%	7.3
15	Salem Run I & II	TAX	B+	1996	268	7	97.4%	7.1
16	Heritage Park I & II	TMG	C+	1972	202	0	100.0%	9.4
17	Station Square at Cosner's Corner	MRR	A	2012	380	11	97.1%	2.1
18	Alexander Heights	MRR	A	2006	147	5	96.6%	6.5
19	Breezewood Apts.	MRR	B	1987	300	6	98.0%	4.3
20	Kilburn Crossing Apts.	MRR	B+	2005	220	15	93.2%	7.6
21	Mark at Salem Station	MRR	B	1988	224	1	99.6%	5.7
22	Southpointe Reserve at Stoney Creek	MRR	B-	1985	156	7	95.5%	3.4
23	Brittany Commons Apts.	MRR	A-	1997	576	34	94.1%	5.0
24	Meadows of Salem Run Seniors I & II	TAX	A-	1999	180	3	98.3%	7.0
25	Seasons at Celebrate	MRR	A	2011	483	3	99.4%	9.1
26	Colonial Village at Greenbrier	MRR	C+	1968	258	2	99.2%	6.8
27	Silver Collection at Cosner's Corner	MRR	A	2016	274	8	97.1%	1.5
28	Residences at Belmont	MRR	B+	1987	300	15	95.0%	7.3
29	Wellington Woods Apts.	MRR	C	1974	114	2	98.2%	5.7
30	Timber Ridge	TAX	B+	1999	147	5	96.6%	4.4
31	Abberly at Southpoint	MRR	A	2016	280	3	98.9%	3.1
32	Valor Apt. Homes I	TAX	A-	2017	128	1	99.2%	8.9
33	Valor Apt. Homes II	TAX	A	2019	0	0	U/C	9.1
34	23 Apartment Suites	MRR	B+	1930	23	10	56.5%	8.2
35	Kendallwood Apts.	MRR	C+	1984	170	5	97.1%	5.8
36	Orchard Ridge at Jackson Village I	TAX	B+	2018	169	42	75.1%	0.2
37	Overlook Terrace	TAX	B	2016	72	2	97.2%	2.0

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

\* - Drive Distance (Miles)

Survey Date: December 2018



# MAP IDENTIFICATION LIST - FREDERICKSBURG, VIRGINIA

MAP ID	PROJECT NAME	PROJ. TYPE	QUALITY RATING	YEAR BUILT	TOTAL UNITS	VACANT	OCC. RATE	DISTANCE TO SITE*
38	New Post Apts.	TAX	A	2018	102	0	100.0%	7.1
39	Merchants Square I	MRR	B+	2008	26	4	84.6%	6.7
40	Merchants Square II	MRR	A	2015	66	3	95.5%	6.7
41	Merchants Square III	MRR	A	2018	53	23	56.6%	6.6

PROJECT TYPE	PROJECTS SURVEYED	TOTAL UNITS	VACANT	OCCUPANCY RATE	U/C
MRR	18	4,050	157	96.1%	18
MRT	1	188	1	99.5%	0
TMG	1	202	0	100.0%	0
TAX	17	2,321	105	95.5%	120
TGS	3	466	4	99.1%	0
GSS	1	39	0	100.0%	0

Total units does not include units under construction.

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

\* - Drive Distance (Miles)

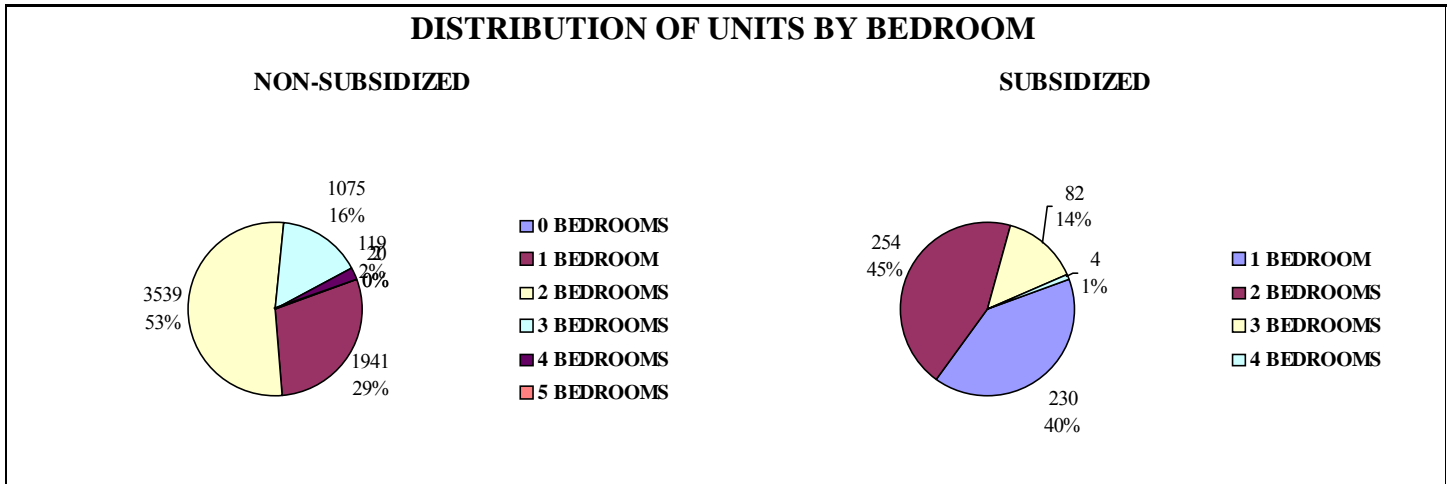
Survey Date: December 2018








# DISTRIBUTION OF UNITS - FREDERICKSBURG, VIRGINIA

<b>MARKET-RATE</b>						
<b>BEDROOMS</b>	<b>BATHS</b>	<b>UNITS</b>	<b>DISTRIBUTION</b>	<b>VACANT</b>	<b>%VACANT</b>	<b>MEDIAN GROSS RENT</b>
0	1	20	0.5%	0	0.0%	\$945
1	1	1,362	33.2%	64	4.7%	\$1,345
1	1.5	42	1.0%	0	0.0%	\$1,626
2	1	309	7.5%	9	2.9%	\$1,468
2	2	1,770	43.1%	63	3.6%	\$1,617
2	2.5	137	3.3%	6	4.4%	\$2,159
3	1	6	0.1%	0	0.0%	\$836
3	1.5	42	1.0%	1	2.4%	\$1,410
3	2	392	9.5%	14	3.6%	\$1,855
3	2.5	26	0.6%	0	0.0%	\$2,129
<b>TOTAL</b>		<b>4,106</b>	<b>100.0%</b>	<b>157</b>	<b>3.8%</b>	
18 UNITS UNDER CONSTRUCTION						
<b>TAX CREDIT, NON-SUBSIDIZED</b>						
<b>BEDROOMS</b>	<b>BATHS</b>	<b>UNITS</b>	<b>DISTRIBUTION</b>	<b>VACANT</b>	<b>%VACANT</b>	<b>MEDIAN GROSS RENT</b>
1	1	537	20.7%	19	3.5%	\$925
2	1	225	8.7%	9	4.0%	\$1,082
2	1.5	84	3.2%	2	2.4%	\$1,319
2	2	883	34.1%	46	5.2%	\$1,231
2	2.5	131	5.1%	5	3.8%	\$1,462
3	1	34	1.3%	1	2.9%	\$902
3	2	285	11.0%	15	5.3%	\$1,460
3	2.5	290	11.2%	7	2.4%	\$1,542
4	2.5	119	4.6%	6	5.0%	\$1,926
5	2	2	0.1%	0	0.0%	\$1,151
<b>TOTAL</b>		<b>2,590</b>	<b>100.0%</b>	<b>110</b>	<b>4.2%</b>	
120 UNITS UNDER CONSTRUCTION						
<b>TAX CREDIT, GOVERNMENT-SUBSIDIZED</b>						
<b>BEDROOMS</b>	<b>BATHS</b>	<b>UNITS</b>	<b>DISTRIBUTION</b>	<b>VACANT</b>	<b>%VACANT</b>	<b>MEDIAN GROSS RENT</b>
1	1	191	36.0%	0	0.0%	N.A.
2	1	254	47.8%	0	0.0%	N.A.
3	1	82	15.4%	0	0.0%	N.A.
4	1	4	0.8%	0	0.0%	N.A.
<b>TOTAL</b>		<b>531</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	
<b>GOVERNMENT-SUBSIDIZED</b>						
<b>BEDROOMS</b>	<b>BATHS</b>	<b>UNITS</b>	<b>DISTRIBUTION</b>	<b>VACANT</b>	<b>%VACANT</b>	<b>MEDIAN GROSS RENT</b>
1	1	39	100.0%	0	0.0%	N.A.
<b>TOTAL</b>		<b>39</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	
<b>GRAND TOTAL</b>		<b>7,266</b>	<b>-</b>	<b>267</b>	<b>3.7%</b>	

# DISTRIBUTION OF UNITS - FREDERICKSBURG, VIRGINIA



# SURVEY OF PROPERTIES - FREDERICKSBURG, VIRGINIA

1 Crestview			
	<b>Address</b> 100 Crestview Way Fredericksburg, VA 22401	<b>Phone</b> (540) 368-1303 (Contact in person)	<b>Total Units</b> 180
	<b>Year Built</b> 2000 <b>Comments</b> 60% AMHI; HCV (25 units)	<b>Contact</b> Cynthia	<b>Vacancies</b> 2 <b>Occupied</b> 98.9% <b>Floors</b> 3 <b>Quality Rating</b> B+
			<b>Waiting List</b> None
2 Wicklow Square			
	<b>Address</b> 100 Weston Ln. Fredericksburg, VA 22401	<b>Phone</b> (540) 371-5244 (Contact in person)	<b>Total Units</b> 96
	<b>Year Built</b> 1972 <b>Renovated</b> 2016 <b>Comments</b> 60% AMHI; Accepts HCV	<b>Contact</b> Stacy	<b>Vacancies</b> 9 <b>Occupied</b> 90.6% <b>Floors</b> 3 <b>Quality Rating</b> B+
			<b>Waiting List</b> None
3 Weston Circle			
	<b>Address</b> 100 Weston Ln. Fredericksburg, VA 22401	<b>Phone</b> (540) 371-5244 (Contact in person)	<b>Total Units</b> 150
	<b>Year Built</b> 2003 <b>Comments</b> 60% AMHI; Accepts HCV	<b>Contact</b> Stacy	<b>Vacancies</b> 10 <b>Occupied</b> 93.3% <b>Floors</b> 3 <b>Quality Rating</b> B+
<b>Rent Special</b> \$200 off 1st months rent with 12 month's lease			<b>Waiting List</b> None
4 Forest Village			
	<b>Address</b> 1300 Forest Village Dr. Fredericksburg, VA 22401	<b>Phone</b> (540) 371-2200 (Contact in person)	<b>Total Units</b> 192
	<b>Year Built</b> 1972 <b>Renovated</b> 2002 <b>Comments</b> 60% AMHI (69 units); HUD Section 8 (167 units); HCV (2 units); As units turn, carpet is being replaced with wood laminate flooring	<b>Contact</b> Courtney	<b>Vacancies</b> 4 <b>Occupied</b> 97.9% <b>Floors</b> 2.5,3,4 <b>Quality Rating</b> B-
			<b>Waiting List</b> Sec 8: 3-4 years
5 Hazel Hill Apts.			
	<b>Address</b> 100 Princess Anne St. Fredericksburg, VA 22401	<b>Phone</b> (540) 373-1422 (Contact in person)	<b>Total Units</b> 145
	<b>Year Built</b> 1970 <b>Renovated</b> 2005 <b>Comments</b> 60% AMHI & HUD Section 8; All units except 1-br have patios/balcony; 1st floor units have ceiling fans	<b>Contact</b> Sara	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 2 <b>Quality Rating</b> B
			<b>Waiting List</b> 300 households

### Project Type

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Government-subsidized
Government-subsidized

Survey Date: December 2018

# SURVEY OF PROPERTIES - FREDERICKSBURG, VIRGINIA

<b>6 Madonna House</b>			
	<b>Address</b> 2600 Cowan Blvd. Fredericksburg, VA 22401	<b>Phone</b> (540) 371-8212 (Contact in person)	<b>Total Units</b> 130
	<b>Year Built</b> 1998 <b>Renovated</b> 2017	<b>Contact</b> Shya	<b>Vacancies</b> 0
	<b>Comments</b> 60% AMHI; Accepts HCV; Larger 1-br & all 2-br have balcony; HUD Insured		<b>Occupied</b> 100.0%
			<b>Floors</b> 3,4
			<b>Quality Rating</b> A-
			<b>Senior Restricted (55+)</b>
			<b>Waiting List</b>
			58 households
<b>7 Mill Park Terrace</b>			
	<b>Address</b> 2216 Caroline St. Fredericksburg, VA 22401	<b>Phone</b> (540) 371-4430 (Contact in person)	<b>Total Units</b> 129
	<b>Year Built</b> 1983 <b>Renovated</b> 2004	<b>Contact</b> Kasye	<b>Vacancies</b> 0
	<b>Comments</b> 30% AMHI & HUD Section 8; Nine units do not have patio/balcony		<b>Occupied</b> 100.0%
			<b>Floors</b> 6
			<b>Quality Rating</b> B-
			<b>Senior Restricted (62+)</b>
			<b>Waiting List</b>
			24 months
<b>8 Riverside Manor Townhomes</b>			
	<b>Address</b> 101 Riverside Manor Blvd. Fredericksburg, VA 22401	<b>Phone</b> (540) 785-3620 (Contact in person)	<b>Total Units</b> 188
	<b>Year Built</b> 2000	<b>Contact</b> Crystal	<b>Vacancies</b> 1
	<b>Comments</b> Market-rate (50 units); 60% AMHI (138 units); HCV (approx. 65 units); Select units have attached garage; Rents change daily; HUD Insured		<b>Occupied</b> 99.5%
			<b>Floors</b> 2,3
			<b>Quality Rating</b> B+
			<b>Waiting List</b>
			None
<b>9 Townsend Square Apts.</b>			
	<b>Address</b> 1100 Townsend Blvd. Fredericksburg, VA 22401	<b>Phone</b> (540) 899-7711 (Contact in person)	<b>Total Units</b> 200
	<b>Year Built</b> 1995	<b>Contact</b> Keiana	<b>Vacancies</b> 10
	<b>Comments</b> 60% AMHI; HCV (11 units); Rent range based on kitchen renovations & unit location		<b>Occupied</b> 95.0%
			<b>Floors</b> 3,4
			<b>Quality Rating</b> A-
			<b>Waiting List</b>
			None
<b>10 Asbury Manor</b>			
	<b>Address</b> 10235 Brittany Commons Blvd. Spotsylvania, VA 22407	<b>Phone</b> (540) 710-1905 (Contact in person)	<b>Total Units</b> 39
	<b>Year Built</b> 1998	<b>Contact</b> Linda	<b>Vacancies</b> 0
	<b>Comments</b> HUD Section 202		<b>Occupied</b> 100.0%
			<b>Floors</b> 3
			<b>Quality Rating</b> B+
			<b>Senior Restricted (62+)</b>
			<b>Waiting List</b>
			50 households




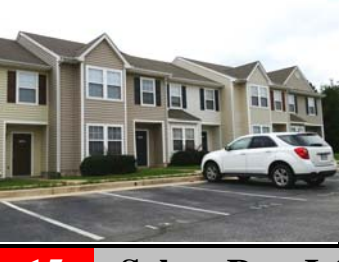

### Project Type

<span style="color: blue;">■</span>	Market-rate
<span style="color: cyan;">■</span>	Market-rate/Tax Credit
<span style="color: pink;">■</span>	Market-rate/Government-subsidized
<span style="color: purple;">■</span>	Market-rate/Tax Credit/Government-subsidized
<span style="color: red;">■</span>	Tax Credit
<span style="color: orange;">■</span>	Tax Credit/Government-subsidized
<span style="color: yellow;">■</span>	Government-subsidized

Survey Date: December 2018



# SURVEY OF PROPERTIES - FREDERICKSBURG, VIRGINIA

11 Enoch George Manor			
	<b>Address</b> 10231 Brittany Commons Blvd. Fredericksburg, VA 22553	<b>Phone</b> (540) 710-9989 (Contact in person)	<b>Total Units</b> 60
	<b>Year Built</b> 2005 <b>Comments</b> 60% AMHI; Accepts HCV	<b>Contact</b> Amanda	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 3 <b>Quality Rating</b> B+ <b>Senior Restricted (55+)</b> <b>Waiting List</b> None
12 Greens of Salem Run			
	<b>Address</b> 5600 Salem Run Blvd. Fredericksburg, VA 22407	<b>Phone</b> (540) 785-5211 (Contact in person)	<b>Total Units</b> 200
	<b>Year Built</b> 1998 <b>Comments</b> 60% AMHI; Accepts HCV; Random units have ceiling fans	<b>Contact</b> Taneesha	<b>Vacancies</b> 14 <b>Occupied</b> 93.0% <b>Floors</b> 2 <b>Quality Rating</b> B <b>Waiting List</b> None
<b>Rent Special</b> Move-in: \$1000 off with 12 month's lease			
13 Kings Crest			
	<b>Address</b> 11500 Kings Crest Ct. Fredericksburg, VA 22407	<b>Phone</b> (540) 891-9278 (Contact in person)	<b>Total Units</b> 100
	<b>Year Built</b> 1999 <b>Comments</b> 50% AMHI; HCV (9 units); Select units have ceiling fans; Unit mix estimated	<b>Contact</b> Sally	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 3 <b>Quality Rating</b> A- <b>Senior Restricted (55+)</b> <b>Waiting List</b> 25-30 households
14 Salem Fields			
	<b>Address</b> 7100 Alpha Ct. Fredericksburg, VA 22407	<b>Phone</b> (540) 548-4500 (Contact in person)	<b>Total Units</b> 139
	<b>Year Built</b> 2001 <b>Comments</b> 60% AMHI; Accepts HCV; Rents change daily	<b>Contact</b> Sarah	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 2 <b>Quality Rating</b> B <b>Waiting List</b> 2 households
15 Salem Run I & II			
	<b>Address</b> 5715 Castlebridge Rd. Fredericksburg, VA 22407	<b>Phone</b> (540) 785-7089 (Contact in person)	<b>Total Units</b> 268
	<b>Year Built</b> 1996 <b>Comments</b> 50% & 60% AMHI; Accepts HCV; HUD Insured; Select units have ceiling fans	<b>Contact</b> Sydney	<b>Vacancies</b> 7 <b>Occupied</b> 97.4% <b>Floors</b> 3 <b>Quality Rating</b> B+ <b>Waiting List</b> None
<b>Rent Special</b> Move in: 1st months rent free			

### Project Type

<span style="color: blue;">■</span>	Market-rate
<span style="color: cyan;">■</span>	Market-rate/Tax Credit
<span style="color: pink;">■</span>	Market-rate/Government-subsidized
<span style="color: purple;">■</span>	Market-rate/Tax Credit/Government-subsidized
<span style="color: red;">■</span>	Tax Credit
<span style="color: orange;">■</span>	Tax Credit/Government-subsidized
<span style="color: yellow;">■</span>	Government-subsidized

Survey Date: December 2018

# SURVEY OF PROPERTIES - FREDERICKSBURG, VIRGINIA






16 Heritage Park I & II			
	<b>Address</b> 1000 Heritage Park Pl. Fredericksburg, VA 22401	<b>Phone</b> (540) 371-9362 (Contact in person)	<b>Total Units</b> 202
	<b>Year Built</b> 1972 <b>Renovated</b> 2004	<b>Contact</b> Stacy	<b>Vacancies</b> 0
	<b>Comments</b> 60% AMHI (62 units); HUD Section 8 & 60% AMHI (128 units); HUD Section 236 & 60% AMHI (6 units); Market-rate (6 units); Accepts HCV (0 currently); Rent range based on unit location; HUD Insured		<b>Occupied</b> 100.0%
			<b>Floors</b> 3
			<b>Quality Rating</b> C+
			<b>Waiting List</b> 9-24 months
17 Station Square at Cosner's Corner			
	<b>Address</b> 9419 Cumberland Dr. Fredericksburg, VA 22408	<b>Phone</b> (540) 891-9200 (Contact in person)	<b>Total Units</b> 380
	<b>Year Built</b> 2012	<b>Contact</b> Jeanelle	<b>Vacancies</b> 11
	<b>Comments</b> Does not accept HCV; Ph II, 136 units opened 5/2016, 96% occupied 12/2016, began preleasing 10/2015; Rents change daily; Rent range based on floor plan, floor level & location; Unit mix estimated		<b>Occupied</b> 97.1%
			<b>Floors</b> 3,4
			<b>Quality Rating</b> A
			<b>Waiting List</b> None
18 Alexander Heights			
	<b>Address</b> 2704 Salem Church Rd. Fredericksburg, VA 22407	<b>Phone</b> (540) 548-0010 (Contact in person)	<b>Total Units</b> 147
	<b>Year Built</b> 2006	<b>Contact</b> Terry	<b>Vacancies</b> 5
	<b>Comments</b> HCV (5 units); Typical rents: 1-br \$1,204-1224 & 2-br \$1,469-\$1,645; Unit mix estimated		<b>Occupied</b> 96.6%
			<b>Floors</b> 4
			<b>Quality Rating</b> A
	<b>Rent Special</b> Reported rents discounted		<b>Senior Restricted (55+)</b>
			<b>Waiting List</b> None
19 Breezewood Apts.			
	<b>Address</b> 10502 Rising Ridge Rd. Fredericksburg, VA 22407	<b>Phone</b> (540) 898-4411 (Contact in person)	<b>Total Units</b> 300
	<b>Year Built</b> 1987	<b>Contact</b> Amber	<b>Vacancies</b> 6
	<b>Comments</b> Does not accept HCV; Higher rent based on unit updates, floor level & view; Smaller 1-br do not have ceiling fans		<b>Occupied</b> 98.0%
			<b>Floors</b> 2,3
			<b>Quality Rating</b> B
			<b>Waiting List</b> None
20 Kilburn Crossing Apts.			
	<b>Address</b> 6607 Charmed Way Fredericksburg, VA 22407	<b>Phone</b> (540) 786-8660 (Contact in person)	<b>Total Units</b> 220
	<b>Year Built</b> 2005	<b>Contact</b> Marilyn	<b>Vacancies</b> 15
	<b>Comments</b> Does not accept HCV; Rents change daily; HUD Insured		<b>Occupied</b> 93.2%
			<b>Floors</b> 3,4
			<b>Quality Rating</b> B+
			<b>Waiting List</b> None

### Project Type

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Government-subsidized
Government-subsidized

Survey Date: December 2018

# SURVEY OF PROPERTIES - FREDERICKSBURG, VIRGINIA

21 Mark at Salem Station			
	<b>Address</b> 11132 Sunburst Ln. Fredericksburg, VA 22407	<b>Phone</b> (540) 898-1565 (Contact in person)	<b>Total Units</b> 224
	<b>Year Built</b> 1988	<b>Contact</b> Laura	<b>Vacancies</b> 1
	<b>Comments</b> Does not accept HCV; Phase II built in 1996 & have icemakers; Higher 1 & 2-br rent are lofts; Updated units have ceiling fans; Rents change daily; Unit mix estimated by manager		<b>Occupied</b> 99.6%
			<b>Floors</b> 2,3
			<b>Quality Rating</b> B
			<b>Waiting List</b> None
22 Southpointe Reserve at Stoney Creek			
	<b>Address</b> 5300 Steeplechase Dr. Fredericksburg, VA 22407	<b>Phone</b> (540) 898-0616 (Contact in person)	<b>Total Units</b> 156
	<b>Year Built</b> 1985	<b>Contact</b> Robin	<b>Vacancies</b> 7
	<b>Comments</b> HCV (1 unit); Rent range based on floor plan, level, fireplace, upgrades & view; 25% of units have fireplace; Rents change daily; Unit mix estimated by management		<b>Occupied</b> 95.5%
			<b>Floors</b> 2
			<b>Quality Rating</b> B-
			<b>Waiting List</b> None
23 Brittany Commons Apts.			
	<b>Address</b> 10122 Kensal Way Spotsylvania, VA 22553	<b>Phone</b> (540) 891-2990 (Contact in person)	<b>Total Units</b> 576
	<b>Year Built</b> 1997	<b>Contact</b> Tammy	<b>Vacancies</b> 34
	<b>Comments</b> Accepts HCV; Higher rent for renovated unit; Offers corporate units; Rents change daily; Unit mix estimated by manager		<b>Occupied</b> 94.1%
			<b>Floors</b> 2,3
			<b>Quality Rating</b> A-
	<b>Rent Special</b> 2-br at 991 sq.ft \$400 off one month's rent		<b>Waiting List</b> None
24 Meadows of Salem Run Seniors I & II			
	<b>Address</b> 5711-5713 Castlebridge Rd. Fredericksburg, VA 22407	<b>Phone</b> (540) 786-1733 (Contact in person)	<b>Total Units</b> 180
	<b>Year Built</b> 1999	<b>Contact</b> Kim	<b>Vacancies</b> 3
	<b>Comments</b> 50% & 60% AMHI; HCV (15 units); Select units have patio/balcony; Typical rent 1-br: \$880		<b>Occupied</b> 98.3%
			<b>Floors</b> 3
			<b>Quality Rating</b> A-
	<b>Rent Special</b> 1-br reported rent discounted; \$30 off rent		<b>Senior Restricted (55+)</b> <b>Waiting List</b> 2-br: 4 households
25 Seasons at Celebrate			
	<b>Address</b> 2001 Dogwood Dr. Fredericksburg, VA 22408	<b>Phone</b> (540) 548-1720 (Contact in person)	<b>Total Units</b> 483
	<b>Year Built</b> 2011	<b>Contact</b> Monica	<b>Vacancies</b> 3
	<b>Comments</b> Does not accept HCV; One office unit not included in total; Units have screened porch; Rents change daily		<b>Occupied</b> 99.4%
			<b>Floors</b> 2,3
			<b>Quality Rating</b> A
			<b>Waiting List</b> None




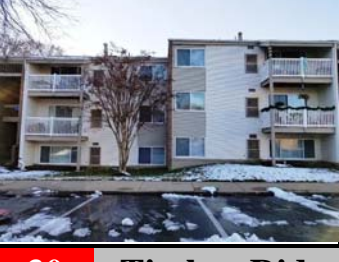

### Project Type

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Government-subsidized
Government-subsidized

Survey Date: December 2018



# SURVEY OF PROPERTIES - FREDERICKSBURG, VIRGINIA

26 Colonial Village at Greenbrier			
	<b>Address</b> 1 Greenbrier Dr. Fredericksburg, VA 22401	<b>Phone</b> (540) 322-3181 (Contact in person)	<b>Total Units</b> 258
	<b>Year Built</b> 1968	<b>Contact</b> Angelica	<b>Vacancies</b> 2
	<b>Comments</b> Does not accept HCV; Rent changes daily; Dishwashers in all but studios; Ph II opened 1978, ph III opened 1988 & have washer/dryer hookups; 32 2-br/2-ba include washer/dryer; Reserved surface parking \$20/month		<b>Occupied</b> 99.2%
			<b>Floors</b> 2,5,3
			<b>Quality Rating</b> C+
			<b>Waiting List</b> None
27 Silver Collection at Cosner's Corner			
	<b>Address</b> 9500 Silver Collection Dr. Fredericksburg, VA 22408	<b>Phone</b> (540) 860-0945 (Contact in person)	<b>Total Units</b> 274
	<b>Year Built</b> 2016	<b>Contact</b> Cassandra	<b>Vacancies</b> 8
	<b>Comments</b> Does not accept HCV; Rent range based on floor level & unit location; Opened 6/2016, 95% occupied 7/2017, began preleasing 2/2016		<b>Occupied</b> 97.1%
			<b>Floors</b> 3
			<b>Quality Rating</b> A
			<b>Waiting List</b> None
28 Residences at Belmont			
	<b>Address</b> 2520 Belmont Terr. Fredericksburg, VA 22401	<b>Phone</b> (540) 736-7580 (Contact in person)	<b>Total Units</b> 300
	<b>Year Built</b> 1987	<b>Contact</b> Jeriesha	<b>Vacancies</b> 15
	<b>Comments</b> Does not accept HCV; Renovated units have wood plank flooring & microwaves; Rent range based on floor level, renovated units & location; Rents change daily		<b>Occupied</b> 95.0%
			<b>Floors</b> 2,3,4
			<b>Quality Rating</b> B+
			<b>Waiting List</b> None
29 Wellington Woods Apts.			
	<b>Address</b> 1704 Lafayette Blvd. Fredericksburg, VA 22401	<b>Phone</b> (540) 371-2660 (Contact in person)	<b>Total Units</b> 114
	<b>Year Built</b> 1974	<b>Contact</b> Contessa	<b>Vacancies</b> 2
	<b>Comments</b> HCV (5 units); 1st floor units do not have patios		<b>Occupied</b> 98.2%
			<b>Floors</b> 3,4
			<b>Quality Rating</b> C
			<b>Waiting List</b> None
30 Timber Ridge			
	<b>Address</b> 3500 Goldenfield Ln. Fredericksburg, VA 22408	<b>Phone</b> (540) 709-7207 (Contact in person)	<b>Total Units</b> 147
	<b>Year Built</b> 1999	<b>Contact</b> Lorraine	<b>Vacancies</b> 5
	<b>Comments</b> 60% AMHI, Accepts HCV; Rent range based on renovations; Rents change daily		<b>Occupied</b> 96.6%
			<b>Floors</b> 2
			<b>Quality Rating</b> B+
			<b>Waiting List</b> None

### Project Type

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Government-subsidized
Government-subsidized

Survey Date: December 2018



# SURVEY OF PROPERTIES - FREDERICKSBURG, VIRGINIA




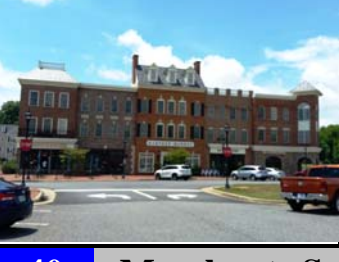

31 Abberly at Southpoint			
	<b>Address</b> 10500 Abberly Village Ln. Fredericksburg, VA 22407	<b>Phone</b> (844) 486-7482 (Contact in person)	<b>Total Units</b> 280
	<b>Year Built</b> 2016	<b>Contact</b> Allison	<b>Vacancies</b> 3
	<b>Comments</b> Does not accept HCV; 1st units opened 12/2016, final units opened 5/2017; Rents change daily; HUD Insured		<b>Occupied</b> 98.9%
			<b>Floors</b> 4
			<b>Quality Rating</b> A
			<b>Waiting List</b> None
32 Valor Apt. Homes I			
	<b>Address</b> 1150 Noble Way Fredericksburg, VA 22401	<b>Phone</b> (866) 858-5857 (Contact in person)	<b>Total Units</b> 128
	<b>Year Built</b> 2017	<b>Contact</b> Maggie	<b>Vacancies</b> 1
	<b>Comments</b> 60% AMHI; HCV (23 units); Only 1-br have patio storage; E-call system in handicap units only; 1st units opened 3/2017, preleasing 10/2016, stabilized occupancy 10/2017		<b>Occupied</b> 99.2%
			<b>Floors</b> 3,4
			<b>Quality Rating</b> A-
			<b>Waiting List</b> 2-br: 3 households
33 Valor Apt. Homes II			
	<b>Address</b> 1150 Nobel Way Fredericksburg, VA 22401	<b>Phone</b> (866) 858-5857 (Contact in person)	<b>Total Units</b> 0
	<b>Year Built</b> 2019	<b>Contact</b> Maggie	<b>Vacancies</b> 0
	<b>Comments</b> Accepts HCV; 120 units UC, 1st building expected to open 3/2019; Unit mix estimated		<b>Occupied</b> 0
			<b>Floors</b> 3,4
			<b>Quality Rating</b> A
			<b>Waiting List</b> None
34 23 Apartment Suites			
	<b>Address</b> 2217 Princess Anne St. Fredericksburg, VA 22401	<b>Phone</b> (540) 371-6805 (Contact in person)	<b>Total Units</b> 23
	<b>Year Built</b> 1930 <b>Renovated</b> 2018	<b>Contact</b> Name not given	<b>Vacancies</b> 10
	<b>Comments</b> Does not accept HCV; Opened 9/2018, still in lease up, began preleasing 8/2018; Adaptive reuse; Square footage estimated		<b>Occupied</b> 56.5%
			<b>Floors</b> 2
			<b>Quality Rating</b> B+
			<b>Waiting List</b> None
35 Kendallwood Apts.			
	<b>Address</b> 214 Kings Mill Ct. Fredericksburg, VA 22401	<b>Phone</b> (540) 371-0606 (Contact in person)	<b>Total Units</b> 170
	<b>Year Built</b> 1984	<b>Contact</b> Natasha	<b>Vacancies</b> 5
	<b>Comments</b> Does not accept HCV; Phase II opened 2011, has microwaves, no ceiling fans; Rent range based on floor plan & location; Rents change daily; Unit mix estimated		<b>Occupied</b> 97.1%
			<b>Floors</b> 2,3
			<b>Quality Rating</b> C+
			<b>Waiting List</b> None

### Project Type

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Government-subsidized
Government-subsidized

Survey Date: December 2018

# SURVEY OF PROPERTIES - FREDERICKSBURG, VIRGINIA


<b>36 Orchard Ridge at Jackson Village I</b>			
	<b>Address</b> 4920 Orchard Ridge Dr. Fredericksburg, VA 22407	<b>Phone</b> (540) 642-4055 (Contact in person)	<b>Total Units</b> 169
	<b>Year Built</b> 2018 <b>Comments</b> 60% AMHI; HCV (1 unit); One 2-br maintenance unit not included in total; Opened May 26,2018, still in lease-up, began preleasing 4/2018	<b>Contact</b> Signe	<b>Vacancies</b> 42 <b>Occupied</b> 75.1% <b>Floors</b> 4 <b>Quality Rating</b> B+
			<b>Waiting List</b> None
<b>37 Overlook Terrace</b>			
	<b>Address</b> 4710 Overview Dr. Fredericksburg, VA 22408	<b>Phone</b> (540) 693-1644 (Contact in person)	<b>Total Units</b> 72
	<b>Year Built</b> 2016 <b>Comments</b> 40% & 50% AMHI; HCV (5 units); Opened 2/2016, stabilized occupancy 8/2016, began preleasing 11/2015; Unit mix estimated	<b>Contact</b> Pamela	<b>Vacancies</b> 2 <b>Occupied</b> 97.2% <b>Floors</b> 3 <b>Quality Rating</b> B
			<b>Waiting List</b> None
<b>38 New Post Apts.</b>			
	<b>Address</b> 9995 Tidewater Trail Fredricksburg, VA 22408	<b>Phone</b> (540) 220-7563 (Contact in person)	<b>Total Units</b> 102
	<b>Year Built</b> 2018 <b>Comments</b> 40%, 50% & 60% AMHI; Accepts HCV (approx. 10 units); Opened 3/2018, 100% occupied 9/2018, began preleasing 10/2017;	<b>Contact</b> Rosie	<b>Vacancies</b> 0 <b>Occupied</b> 100.0% <b>Floors</b> 3 <b>Quality Rating</b> A
			<b>Waiting List</b> 30 households
<b>39 Merchants Square I</b>			
	<b>Address</b> 700 John Myer St. Spotsylvania, VA 22553	<b>Phone</b> (540) 805-5112 (Contact in person)	<b>Total Units</b> 26
	<b>Year Built</b> 2008 <b>Comments</b> Does not accept HCV; 1st floor retail; Rent range based on floor plan, floor level & view	<b>Contact</b> Mary	<b>Vacancies</b> 4 <b>Occupied</b> 84.6% <b>Floors</b> 3 <b>Quality Rating</b> B+
<b>Rent Special</b> 2nd month's rent free with 18 month lease			<b>Waiting List</b> None
<b>40 Merchants Square II</b>			
	<b>Address</b> 901 John Myer St. Spotsylvania, VA 22553	<b>Phone</b> (540) 805-5112 (Contact in person)	<b>Total Units</b> 66
	<b>Year Built</b> 2015 <b>Comments</b> Does not accept HCV; Opened 12/2015; Rent range based on floor plan, floor level & view; No elevator	<b>Contact</b> Mary	<b>Vacancies</b> 3 <b>Occupied</b> 95.5% <b>Floors</b> 3 <b>Quality Rating</b> A
<b>Rent Special</b> 2nd month's rent free with 13 month lease			<b>Waiting List</b> None

### Project Type

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Government-subsidized
Government-subsidized

Survey Date: December 2018

# SURVEY OF PROPERTIES - FREDERICKSBURG, VIRGINIA

41 Merchants Square III				
	<b>Address</b>	9001 John Myer St. Spotsylvania, VA 22553	<b>Phone</b> (540) 805-5112 (Contact in person)	
	<b>Year Built</b>	2018	<b>Contact</b> Mary	
	<b>Comments</b>	Does not accept HCV; 1st floor retail; 5th floor has shared; Opened 6/1/2018, still in lease up, began preleasing 12/2017		
	<b>Rent Special</b>	2nd month's rent free with 13 month lease		
	<b>Total Units</b>	53	<b>Vacancies</b>	23
	<b>Occupied</b>	56.6%	<b>Floors</b>	5
	<b>Quality Rating</b>	A	<b>Waiting List</b>	None

### Project Type

■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Survey Date: December 2018

# COLLECTED RENTS - FREDERICKSBURG, VIRGINIA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
1		\$1089	\$1149	\$1359					
2		\$920 to \$945	\$970 to \$1020	\$1110					
3		\$1001	\$987 to \$1037	\$1192					
4		\$857	\$957	\$1062	\$1062				
6		\$835 to \$895	\$1005						
8							\$1303 to \$1969	\$1560 to \$1937	
9			\$1095 to \$1240	\$1280 to \$1400					
11		\$915	\$1125						
12							\$1075	\$1249	\$1699
13		\$900	\$1100						
14								\$1350	\$1485
15			\$1055 to \$1075	\$1185					
16			\$660 to \$719	\$735 to \$801					
17		\$1200 to \$1350	\$1400 to \$1650	\$1550 to \$2000					
18		\$1004 to \$1024	\$1269 to \$1445						
19		\$985 to \$1483	\$1163 to \$1876						
20		\$1242 to \$1302	\$1428 to \$1463	\$1572 to \$1905					
21		\$1290 to \$1415	\$1485 to \$1500	\$1470 to \$1520					
22		\$957 to \$1267	\$944 to \$1460	\$1406 to \$1729					
23		\$1200 to \$1285	\$1265 to \$1495	\$1535 to \$1705					
24		\$850	\$1050						
25		\$1193 to \$1388	\$1513 to \$1663	\$2108					
26	\$1023	\$1078 to \$1113	\$1018 to \$1323	\$1353 to \$2423					
27		\$1285 to \$1415	\$1560 to \$2270	\$2115 to \$2170			\$2270 to \$2315		
28		\$1219 to \$1265	\$1309 to \$1561						
29		\$978	\$1098	\$1297					
30							\$1160 to \$1295	\$1305 to \$1500	
31		\$1350 to \$1500	\$1600 to \$2000	\$2000 to \$2200					
32		\$1135	\$1299	\$1499					
33									
34	\$850	\$1000 to \$1100	\$1400						
35		\$968	\$1027 to \$1161	\$1327					
36		\$1100	\$1300	\$1325					
37		\$707 to \$914	\$885 to \$1083	\$1223					
38		\$699 to \$975	\$999 to \$1075	\$1119 to \$1195					
39		\$950 to \$1350	\$1400 to \$1450						

◆ Senior Restricted
■ Market-rate
■ Market-rate/Tax Credit
■ Market-rate/Government-subsidized
■ Market-rate/Tax Credit/Government-subsidized
■ Tax Credit
■ Tax Credit/Government-subsidized
■ Government-subsidized

Survey Date: December 2018





# COLLECTED RENTS - FREDERICKSBURG, VIRGINIA

MAP ID	GARDEN UNITS					TOWNHOUSE UNITS			
	STUDIO	1-BR	2-BR	3-BR	4+ BR	1-BR	2-BR	3-BR	4+ BR
40		\$1095 to \$1190	\$1377 to \$1425						
41		\$1065 to \$1395	\$1250 to \$2395						

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Survey Date: December 2018

# PRICE PER SQUARE FOOT - FREDERICKSBURG, VIRGINIA

STUDIO UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
26	Colonial Village at Greenbrier	1	408	\$1072	\$2.63
34	23 Apartment Suites	1	500 to 600	\$945	\$1.58 to \$1.89
ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
17	Station Square at Cosner's Corner	1	746 to 995	\$1326 to \$1476	\$1.48 to \$1.78
18	Alexander Heights	1	772 to 849	\$1130 to \$1150	\$1.35 to \$1.46
19	Breezewood Apts.	1	585 to 692	\$1099 to \$1597	\$1.88 to \$2.31
20	Kilburn Crossing Apts.	1	804 to 1051	\$1349 to \$1409	\$1.34 to \$1.68
21	Mark at Salem Station	1	709 to 829	\$1397 to \$1522	\$1.84 to \$1.97
22	Southpointe Reserve at Stoney Creek	1	450 to 619	\$1083 to \$1393	\$2.25 to \$2.41
23	Brittany Commons Apts.	1	760 to 871	\$1295 to \$1380	\$1.58 to \$1.70
25	Seasons at Celebrate	1	781 to 995	\$1319 to \$1514	\$1.52 to \$1.69
26	Colonial Village at Greenbrier	1	680 to 863	\$1151 to \$1186	\$1.37 to \$1.69
27	Silver Collection at Cosner's Corner	1	706 to 834	\$1399 to \$1529	\$1.83 to \$1.98
28	Residences at Belmont	1	732 to 753	\$1345 to \$1391	\$1.84 to \$1.85
29	Wellington Woods Apts.	1	683	\$1049	\$1.54
31	Abberly at Southpoint	1 to 1.5	807 to 1199	\$1476 to \$1626	\$1.36 to \$1.83
34	23 Apartment Suites	1	700 to 800	\$1126 to \$1226	\$1.53 to \$1.61
35	Kendallwood Apts.	1	600	\$1082	\$1.80
39	Merchants Square I	1	687 to 1119	\$1014 to \$1414	\$1.26 to \$1.48
40	Merchants Square II	1	843 to 947	\$1159 to \$1254	\$1.32 to \$1.37
41	Merchants Square III	1	698 to 929	\$1129 to \$1459	\$1.57 to \$1.62
1	Crestview	1	863	\$1153	\$1.34
2	Wicklow Square	1	515 to 630	\$984 to \$1009	\$1.60 to \$1.91
3	Weston Circle	1	711 to 868	\$1065	\$1.23 to \$1.50
6	Madonna House	1	550 to 610	\$860 to \$920	\$1.51 to \$1.56
11	Enoch George Manor	1	550	\$979	\$1.78
13	Kings Crest	1	565	\$925	\$1.64
24	Meadows of Salem Run Seniors I & II	1	680	\$875	\$1.29
32	Valor Apt. Homes I	1	893	\$1249	\$1.40
33	Valor Apt. Homes II	1	893	\$1249	\$1.40
36	Orchard Ridge at Jackson Village I	1	759 to 765	\$1214	\$1.59 to \$1.60
37	Overlook Terrace	1	917	\$821 to \$1028	\$0.90 to \$1.12
38	New Post Apts.	1	700	\$786 to \$1062	\$1.12 to \$1.52
4	Forest Village	1	743	\$902	\$1.21

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Survey Date: December 2018

# PRICE PER SQUARE FOOT - FREDERICKSBURG, VIRGINIA

TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
17	Station Square at Cosner's Corner	2	1157 to 1233	\$1559 to \$1809	\$1.35 to \$1.47
18	Alexander Heights	2	1091 to 1245	\$1428 to \$1604	\$1.29 to \$1.31
19	Breezewood Apts.	2	953 to 1026	\$1310 to \$2023	\$1.37 to \$1.97
20	Kilburn Crossing Apts.	2	1125 to 1219	\$1562 to \$1597	\$1.31 to \$1.39
21	Mark at Salem Station	1 to 2	890 to 1132	\$1619 to \$1634	\$1.44 to \$1.82
22	Southpointe Reserve at Stoney Creek	1	798	\$1103 to \$1554	\$1.38 to \$1.95
		2	893	\$1153 to \$1619	\$1.29 to \$1.81
23	Brittany Commons Apts.	2	991 to 1219	\$1387 to \$1617	\$1.33 to \$1.40
25	Seasons at Celebrate	2	1157 to 1242	\$1672 to \$1822	\$1.45 to \$1.47
26	Colonial Village at Greenbrier	1 to 2	900 to 970	\$1118 to \$1423	\$1.24 to \$1.47
27	Silver Collection at Cosner's Corner	2	1122 to 1217	\$1707 to \$2417	\$1.52 to \$1.99
		2.5	1459	\$2417 to \$2462	\$1.66 to \$1.69
28	Residences at Belmont	1 to 2	915 to 1000	\$1468 to \$1720	\$1.60 to \$1.72
29	Wellington Woods Apts.	1	902	\$1190	\$1.32
31	Abberly at Southpoint	2 to 2.5	1101 to 1496	\$1759 to \$2159	\$1.44 to \$1.60
34	23 Apartment Suites	1 to 1.5	1000	\$1559	\$1.56
35	Kendallwood Apts.	2	900 to 1110	\$1170 to \$1304	\$1.17 to \$1.30
39	Merchants Square I	2	1215 to 1259	\$1482 to \$1532	\$1.22 to \$1.22
40	Merchants Square II	2	1206 to 1239	\$1459 to \$1507	\$1.21 to \$1.22
41	Merchants Square III	2.5	1030 to 1761	\$1332 to \$2477	\$1.29 to \$1.41
8	Riverside Manor Townhomes	2.5	1280 to 1521	\$1462 to \$2128	\$1.14 to \$1.40
16	Heritage Park I & II	1	825	\$742 to \$801	\$0.90 to \$0.97
1	Crestview	2	988	\$1231	\$1.25
2	Wicklow Square	1	776 to 866	\$1052 to \$1102	\$1.27 to \$1.36
3	Weston Circle	2	1007	\$1069 to \$1119	\$1.06 to \$1.11
6	Madonna House	2	880	\$1037	\$1.18
9	Townsend Square Apts.	2	894	\$1242 to \$1387	\$1.39 to \$1.55
11	Enoch George Manor	2	810	\$1207	\$1.49
12	Greens of Salem Run	2.5	1093	\$1222	\$1.12
13	Kings Crest	1	803	\$1132	\$1.41
15	Salem Run I & II	2	1100	\$1202 to \$1222	\$1.09 to \$1.11
24	Meadows of Salem Run Seniors I & II	1	805	\$1082	\$1.34
30	Timber Ridge	1.5	1156	\$1319 to \$1454	\$1.14 to \$1.26
32	Valor Apt. Homes I	2	1150 to 1173	\$1446	\$1.23 to \$1.26
33	Valor Apt. Homes II	2	1150 to 1173	\$1446	\$1.23 to \$1.26

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Survey Date: December 2018

# PRICE PER SQUARE FOOT - FREDERICKSBURG, VIRGINIA

TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
36	Orchard Ridge at Jackson Village I	2	969 to 1117	\$1447	\$1.30 to \$1.49
37	Overlook Terrace	2	1126	\$1032 to \$1230	\$0.92 to \$1.09
38	New Post Apts.	2	975	\$1111 to \$1187	\$1.14 to \$1.22
4	Forest Village	1	952	\$1014	\$1.07
THREE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
17	Station Square at Cosner's Corner	2	1300 to 1514	\$1742 to \$2192	\$1.34 to \$1.45
20	Kilburn Crossing Apts.	2	1350 to 1400	\$1734 to \$2067	\$1.28 to \$1.48
21	Mark at Salem Station	2	1196	\$1632 to \$1682	\$1.36 to \$1.41
22	Southpointe Reserve at Stoney Creek	2	1075	\$1598 to \$1921	\$1.49 to \$1.79
23	Brittany Commons Apts.	2	1179 to 1400	\$1685 to \$1855	\$1.33 to \$1.43
25	Seasons at Celebrate	2	1300	\$2300	\$1.77
26	Colonial Village at Greenbrier	2	1120	\$1480 to \$2550	\$1.32 to \$2.28
27	Silver Collection at Cosner's Corner	2	1398	\$2295 to \$2350	\$1.64 to \$1.68
29	Wellington Woods Apts.	1.5	1068	\$1410	\$1.32
31	Abberly at Southpoint	2	1496	\$2192 to \$2392	\$1.47 to \$1.60
35	Kendallwood Apts.	2	1247 to 1276	\$1500	\$1.18 to \$1.20
8	Riverside Manor Townhomes	2.5	1360 to 1513	\$1752 to \$2129	\$1.29 to \$1.41
16	Heritage Park I & II	1	969	\$836 to \$902	\$0.86 to \$0.93
1	Crestview	2	1128	\$1460	\$1.29
2	Wicklow Square	1 to 2	1144	\$1211	\$1.06
3	Weston Circle	2	1164	\$1293	\$1.11
9	Townsend Square Apts.	2	1000 to 1063	\$1460 to \$1580	\$1.46 to \$1.49
12	Greens of Salem Run	2.5	1309	\$1429	\$1.09
14	Salem Fields	2.5	1451	\$1542	\$1.06
15	Salem Run I & II	2	1325	\$1365	\$1.03
30	Timber Ridge	2.5	1440	\$1497 to \$1692	\$1.04 to \$1.18
32	Valor Apt. Homes I	2	1342	\$1679	\$1.25
33	Valor Apt. Homes II	2	1342	\$1679	\$1.25
36	Orchard Ridge at Jackson Village I	2	1291 to 1377	\$1505	\$1.09 to \$1.17
37	Overlook Terrace	2	1399	\$1403	\$1.00
38	New Post Apts.	2	1100	\$1256 to \$1332	\$1.14 to \$1.21
4	Forest Village	1	1090	\$1133	\$1.04
FOUR+ BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.

◆	Senior Restricted
■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Survey Date: December 2018





# PRICE PER SQUARE FOOT - FREDERICKSBURG, VIRGINIA

FOUR+ BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
12	Greens of Salem Run	2.5	1734	\$1926	\$1.11
14	Salem Fields	2.5	1712	\$1724	\$1.01
FOUR+ BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	GROSS RENT	\$ / SQ. FT.
4	Forest Village	2	1680	\$1151	\$0.69

◆	Senior Restricted
■	Market-rate
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■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Survey Date: December 2018

AVERAGE GROSS RENT PER SQUARE FOOT - FREDERICKSBURG,  
VIRGINIA

<b>MARKET-RATE</b>			
<b>UNIT TYPE</b>	<b>ONE-BR</b>	<b>TWO-BR</b>	<b>THREE-BR</b>
GARDEN	\$1.73	\$1.47	\$1.47
TOWNHOUSE	\$0.00	\$1.39	\$1.51

<b>TAX CREDIT (NON-SUBSIDIZED)</b>			
<b>UNIT TYPE</b>	<b>ONE-BR</b>	<b>TWO-BR</b>	<b>THREE-BR</b>
GARDEN	\$1.45	\$1.25	\$1.19
TOWNHOUSE	\$0.00	\$1.13	\$1.13

<b>COMBINED</b>			
<b>UNIT TYPE</b>	<b>ONE-BR</b>	<b>TWO-BR</b>	<b>THREE-BR</b>
GARDEN	\$1.65	\$1.40	\$1.36
TOWNHOUSE	\$0.00	\$1.16	\$1.16

# TAX CREDIT UNITS - FREDERICKSBURG, VIRGINIA

ONE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
38	New Post Apts.	11	700	1	40%	\$699
37	Overlook Terrace	2	917	1	40%	\$707
◆ 6	Madonna House	99	550 - 610	1	60%	\$835 - \$895
◆ 7	Mill Park Terrace	129	613	1	30%	\$836
◆ 24	Meadows of Salem Run Seniors I & II	78	680	1	60%	\$850
◆ 24	Meadows of Salem Run Seniors I & II	57	680	1	50%	\$850
38	New Post Apts.	2	700	1	50%	\$855
4	Forest Village	21	743	1	60%	\$857
◆ 13	Kings Crest	52	565	1	50%	\$900
37	Overlook Terrace	20	917	1	50%	\$914
◆ 11	Enoch George Manor	34	550	1	60%	\$915
2	Wicklow Square	32	515 - 630	1	60%	\$920 - \$945
4	Forest Village	39	743	1	60%	\$925
38	New Post Apts.	5	700	1	60%	\$975
3	Weston Circle	46	711 - 868	1	60%	\$1001
5	Hazel Hill Apts.	23	846	1	60%	\$1025
1	Crestview	24	863	1	60%	\$1089
36	Orchard Ridge at Jackson Village I	38	759 - 765	1	60%	\$1100
33	Valor Apt. Homes II	0	893	1	60%	\$1135
32	Valor Apt. Homes I	16	893	1	60%	\$1135

◆ - Senior Restricted

# TAX CREDIT UNITS - FREDERICKSBURG, VIRGINIA

TWO-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
16	Heritage Park I & II	4	825	1	60%	\$660 - \$719
16	Heritage Park I & II	38	825	1	60%	\$660 - \$719
37	Overlook Terrace	2	1126	2	40%	\$885
4	Forest Village	42	952	1	60%	\$957
2	Wicklow Square	52	776 - 866	1	60%	\$970 - \$1020
3	Weston Circle	74	1007	2	60%	\$987 - \$1037
38	New Post Apts.	23	975	2	50%	\$999
◆ 6	Madonna House	31	880	2	60%	\$1005
◆ 24	Meadows of Salem Run Seniors I & II	23	805	1	50%	\$1050
◆ 24	Meadows of Salem Run Seniors I & II	22	805	1	60%	\$1050
4	Forest Village	72	952	1	60%	\$1053
15	Salem Run I & II	54	1100	2	50%	\$1055
15	Salem Run I & II	160	1100	2	60%	\$1075
12	Greens of Salem Run	55	1093	2.5	60%	\$1075
38	New Post Apts.	25	975	2	60%	\$1075
37	Overlook Terrace	41	1126	2	50%	\$1083
5	Hazel Hill Apts.	88	966	1	60%	\$1090
9	Townsend Square Apts.	143	894	2	60%	\$1095 - \$1240
◆ 13	Kings Crest	48	803	1	50%	\$1100
◆ 11	Enoch George Manor	26	810	2	60%	\$1125
1	Crestview	108	988	2	60%	\$1149
30	Timber Ridge	84	1156	1.5	60%	\$1160 - \$1295
16	Heritage Park I & II	90	825	1	60%	\$1175
33	Valor Apt. Homes II	0	1150 - 1173	2	60%	\$1299
32	Valor Apt. Homes I	72	1150 - 1173	2	60%	\$1299
36	Orchard Ridge at Jackson Village I	124	969 - 1117	2	60%	\$1300
8	Riverside Manor Townhomes	20	1280	2.5	60%	\$1303 - \$1423
8	Riverside Manor Townhomes	56	1520	2.5	60%	\$1380 - \$1423

◆ - Senior Restricted



# TAX CREDIT UNITS - FREDERICKSBURG, VIRGINIA

THREE-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
16	Heritage Park I & II	2	969	1	60%	\$735 - \$801
16	Heritage Park I & II	24	969	1	60%	\$735 - \$801
4	Forest Village	4	1090	1	60%	\$1062
2	Wicklow Square	12	1144	1 - 2	60%	\$1110
38	New Post Apts.	16	1100	2	50%	\$1119
15	Salem Run I & II	54	1325	2	50%	\$1185
3	Weston Circle	30	1164	2	60%	\$1192
38	New Post Apts.	20	1100	2	60%	\$1195
37	Overlook Terrace	7	1399	2	50%	\$1223
4	Forest Village	12	1090	1	60%	\$1233
12	Greens of Salem Run	65	1309	2.5	60%	\$1249
9	Townsend Square Apts.	57	1000 - 1063	2	60%	\$1280 - \$1400
30	Timber Ridge	63	1440	2.5	60%	\$1305 - \$1500
5	Hazel Hill Apts.	6	1086	1	60%	\$1325
36	Orchard Ridge at Jackson Village I	7	1291 - 1377	2	60%	\$1325
5	Hazel Hill Apts.	24	1086	1	60%	\$1325
14	Salem Fields	100	1451	2.5	60%	\$1350
1	Crestview	48	1128	2	60%	\$1359
16	Heritage Park I & II	38	969	1	60%	\$1375
32	Valor Apt. Homes I	40	1342	2	60%	\$1499
33	Valor Apt. Homes II	0	1342	2	60%	\$1499
8	Riverside Manor Townhomes	46	1360	2.5	60%	\$1560 - \$1636
8	Riverside Manor Townhomes	16	1513	2.5	60%	\$1612 - \$1636
FOUR-BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
5	Hazel Hill Apts.	4	1206	1	60%	\$1400
14	Salem Fields	39	1712	2.5	60%	\$1485
12	Greens of Salem Run	80	1734	2.5	60%	\$1699
FIVE+ BEDROOM UNITS						
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	% AMHI	COLLECTED RENT
4	Forest Village	2	1680	2	60%	\$1062

◆ - Senior Restricted

# QUALITY RATING - FREDERICKSBURG, VIRGINIA

## MARKET-RATE PROJECTS AND UNITS

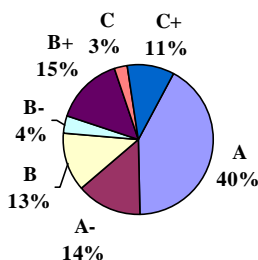
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	7	1,683	3.3%		\$1,399	\$1,759	\$2,192	
A-	1	576	5.9%		\$1,295	\$1,387	\$1,685	
B+	5	619	7.1%	\$945	\$1,349	\$1,597	\$2,067	
B	2	524	1.3%		\$1,397	\$1,619	\$1,632	
B-	1	156	4.5%		\$1,101	\$1,153	\$1,598	
C+	3	434	1.6%	\$1,072	\$1,151	\$1,170	\$1,500	
C	1	114	1.8%		\$1,049	\$1,190	\$1,410	

## TAX CREDIT (NON-SUBSIDIZED) PROJECTS AND UNITS

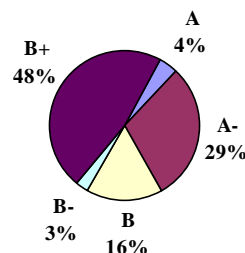
QUALITY RATING	PROJECTS	TOTAL UNITS	VACANCY RATE	MEDIAN GROSS RENT				
				STUDIOS	ONE-BR	TWO-BR	THREE-BR	FOUR-BR
A	1	102	0.0%		\$786	\$1,187	\$1,332	
A-	5	738	1.9%		\$875	\$1,242	\$1,580	
B+	8	1,208	6.3%		\$1,065	\$1,231	\$1,460	
B	3	411	3.9%		\$1,028	\$1,222	\$1,542	\$1,926
B-	1	69	5.8%		\$902	\$1,014	\$1,133	

## DISTRIBUTION OF UNITS BY QUALITY RATING

MARKET-RATE UNITS



TAX CREDIT UNITS



## YEAR BUILT - FREDERICKSBURG, VIRGINIA \*

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	2	281	12	4.3%	281	4.2%
1970 to 1979	4	347	15	4.3%	628	5.2%
1980 to 1989	5	1150	34	3.0%	1778	17.2%
1990 to 1999	8	1801	73	4.1%	3579	26.9%
2000 to 2005	6	937	28	3.0%	4516	14.0%
2006 to 2010	2	173	9	5.2%	4689	2.6%
2011	1	483	3	0.6%	5172	7.2%
2012	1	380	11	2.9%	5552	5.7%
2013	0	0	0	0.0%	5552	0.0%
2014	0	0	0	0.0%	5552	0.0%
2015	1	66	3	4.5%	5618	1.0%
2016	3	626	13	2.1%	6244	9.3%
2017	1	128	1	0.8%	6372	1.9%
2018**	3	324	65	20.1%	6696	4.8%
<b>TOTAL</b>	<b>37</b>	<b>6696</b>	<b>267</b>	<b>4.0%</b>	<b>6696</b>	<b>100.0 %</b>

## YEAR RENOVATED - FREDERICKSBURG, VIRGINIA \*

YEAR RANGE	PROJECTS	UNITS	VACANT	% VACANT	TOTAL UNITS	DISTRIBUTION
Before 1970	0	0	0	0.0%	0	0.0%
1970 to 1979	0	0	0	0.0%	0	0.0%
1980 to 1989	0	0	0	0.0%	0	0.0%
1990 to 1999	0	0	0	0.0%	0	0.0%
2000 to 2005	2	137	4	2.9%	137	35.5%
2006 to 2010	0	0	0	0.0%	137	0.0%
2011	0	0	0	0.0%	137	0.0%
2012	0	0	0	0.0%	137	0.0%
2013	0	0	0	0.0%	137	0.0%
2014	0	0	0	0.0%	137	0.0%
2015	0	0	0	0.0%	137	0.0%
2016	1	96	9	9.4%	233	24.9%
2017	1	130	0	0.0%	363	33.7%
2018**	1	23	10	43.5%	386	6.0%
<b>TOTAL</b>	<b>5</b>	<b>386</b>	<b>23</b>	<b>6.0%</b>	<b>386</b>	<b>100.0 %</b>

Note: The upper table (Year Built) includes all of the units included in the lower table.

\* Only Market-Rate and Tax Credit projects. Does not include government-subsidized projects.

\*\* As of December 2018

## APPLIANCES AND UNIT AMENITIES - FREDERICKSBURG, VIRGINIA

<b>APPLIANCES</b>			
<b>APPLIANCE</b>	<b>PROJECTS</b>	<b>PERCENT</b>	<b>UNITS*</b>
RANGE	37	100.0%	6,696
REFRIGERATOR	37	100.0%	6,696
ICEMAKER	17	45.9%	3,533
DISHWASHER	37	100.0%	6,696
DISPOSAL	34	91.9%	6,333
MICROWAVE	14	37.8%	2,629
<b>UNIT AMENITIES</b>			
<b>AMENITY</b>	<b>PROJECTS</b>	<b>PERCENT</b>	<b>UNITS*</b>
AC - CENTRAL	37	100.0%	6,696
AC - WINDOW	0	0.0%	
FLOOR COVERING	37	100.0%	6,696
WASHER/DRYER	26	70.3%	5,231
WASHER/DRYER HOOK-UP	30	81.1%	5,879
PATIO/DECK/BALCONY	31	83.8%	6,148
CEILING FAN	20	54.1%	4,573
FIREPLACE	4	10.8%	1,252
BASEMENT	0	0.0%	
INTERCOM SYSTEM	5	13.5%	575
SECURITY SYSTEM	0	0.0%	
WINDOW TREATMENTS	36	97.3%	6,673
FURNISHED UNITS	0	0.0%	
E-CALL BUTTON	5	13.5%	598

\* - Does not include units where appliances/amenities are optional; Only includes market-rate or non-government subsidized Tax Credit.



## PROJECT AMENITIES - FREDERICKSBURG, VIRGINIA

<b>PROJECT AMENITIES</b>			
<b>AMENITY</b>	<b>PROJECTS</b>	<b>PERCENT</b>	<b>UNITS</b>
POOL	27	73.0%	5,819
ON-SITE MANAGEMENT	37	100.0%	6,696
LAUNDRY	10	27.0%	1,477
CLUB HOUSE	15	40.5%	3,828
MEETING ROOM	12	32.4%	1,984
FITNESS CENTER	31	83.8%	6,277
JACUZZI/SAUNA	2	5.4%	574
PLAYGROUND	21	56.8%	3,855
COMPUTER LAB	16	43.2%	3,461
SPORTS COURT	8	21.6%	1,966
STORAGE	2	5.4%	269
LAKE	0	0.0%	
ELEVATOR	10	27.0%	1,168
SECURITY GATE	6	16.2%	2,213
BUSINESS CENTER	4	10.8%	639
CAR WASH AREA	10	27.0%	2,747
PICNIC AREA	31	83.8%	6,100
CONCIERGE SERVICE	0	0.0%	
SOCIAL SERVICE PACKAGE	4	10.8%	470

# DISTRIBUTION OF UTILITIES - FREDERICKSBURG, VIRGINIA

UTILITY (RESPONSIBILITY)	NUMBER OF PROJECTS	NUMBER OF UNITS	DISTRIBUTION OF UNITS
<b>HEAT</b>			
LANDLORD			
GAS	4	524	7.2%
TENANT			
ELECTRIC	30	4,957	68.2%
GAS	7	1,785	24.6%
			100.0%
<b>COOKING FUEL</b>			
LANDLORD			
GAS	1	114	1.6%
TENANT			
ELECTRIC	39	6,894	94.9%
GAS	1	258	3.6%
			100.0%
<b>HOT WATER</b>			
LANDLORD			
GAS	4	524	7.2%
TENANT			
ELECTRIC	31	5,127	70.6%
GAS	6	1,615	22.2%
			100.0%
<b>ELECTRIC</b>			
TENANT	41	7,266	100.0%
			100.0%
<b>WATER</b>			
LANDLORD	15	1,748	24.1%
TENANT	26	5,518	75.9%
			100.0%
<b>SEWER</b>			
LANDLORD	16	1,850	25.5%
TENANT	25	5,416	74.5%
<b>TRASH PICK-UP</b>			
LANDLORD	28	4,409	60.7%
TENANT	13	2,857	39.3%
			100.0%

# UTILITY ALLOWANCE - FREDERICKSBURG, VIRGINIA

BR	UNIT TYPE	HEATING				HOT WATER		COOKING		ELEC	WATER	SEWER	TRASH	CABLE
		GAS	ELEC	STEAM	OTHER	GAS	ELEC	GAS	ELEC					
0	GARDEN	\$11	\$19		\$49	\$4	\$9	\$2	\$3	\$15	\$17	\$20	\$12	\$20
1	GARDEN	\$14	\$26		\$68	\$6	\$13	\$2	\$4	\$21	\$23	\$27	\$12	\$20
1	TOWNHOUSE	\$14	\$26		\$68	\$6	\$13	\$2	\$4	\$21	\$23	\$27	\$12	\$20
2	GARDEN	\$18	\$34		\$88	\$7	\$16	\$3	\$5	\$27	\$30	\$35	\$12	\$20
2	TOWNHOUSE	\$18	\$34		\$88	\$7	\$16	\$3	\$5	\$27	\$30	\$35	\$12	\$20
3	GARDEN	\$22	\$41		\$107	\$9	\$20	\$3	\$6	\$34	\$36	\$43	\$12	\$20
3	TOWNHOUSE	\$22	\$41		\$107	\$9	\$20	\$3	\$6	\$34	\$36	\$43	\$12	\$20
4	GARDEN	\$28	\$51		\$137	\$11	\$25	\$4	\$7	\$43	\$46	\$55	\$12	\$20
4	TOWNHOUSE	\$28	\$51		\$137	\$11	\$25	\$4	\$7	\$43	\$46	\$55	\$12	\$20

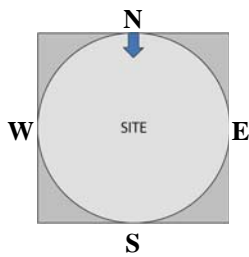
VA-Fredericksburg (7/2018)

Survey Date: December 2018

# ADDENDUM B. SITE PHOTOGRAPHS

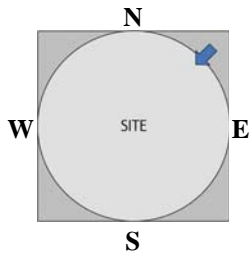


Entryway

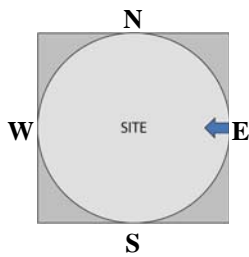


View of site from the north



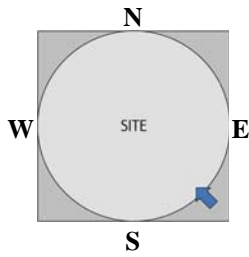


View of site from the northeast

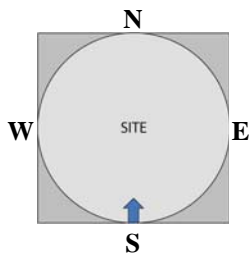


View of site from the east



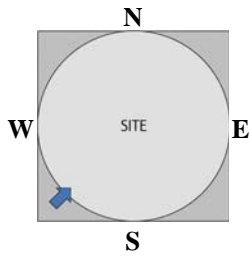


View of site from the southeast

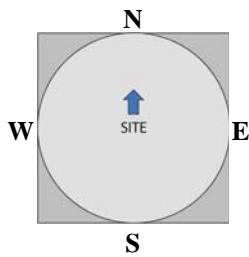


View of site from the south

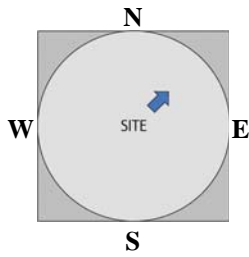




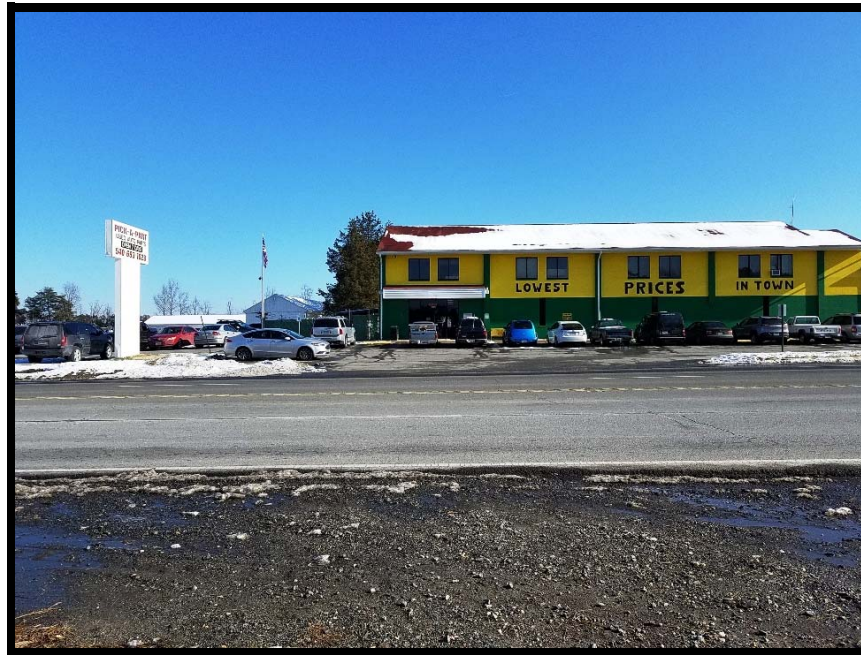
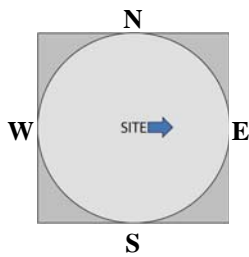
View of site from the southwest



North view from site

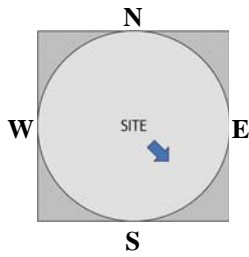


Northeast view from site

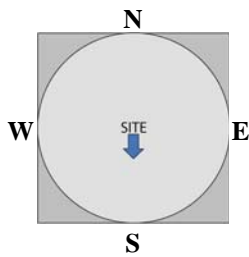


East view from site



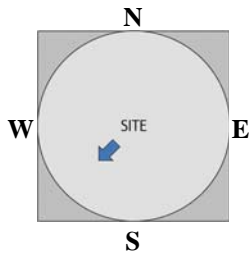


Southeast view from site



South view from site





Southwest view from site



Streetscape: North view of U.S. Highway 1/Jefferson Davis Highway



Streetscape: South view of U.S. Highway 1/Jefferson Davis Highway

**ADDENDUM C:**

**COMPARABLE  
PROPERTY PROFILES**



**17 Station Square at Cosner's Corner**

2.1 miles to site



<b>Address</b>	9419 Cumberland Dr. Fredericksburg, VA 22408		
<b>Phone</b>	(540) 891-9200	<b>Contact</b>	Jeanelle
<b>Total Units</b>	380	<b>Vacancies</b>	11
		<b>Percent Occupied</b>	97.1%
<b>Project Type</b>	Market-Rate		
<b>Year Open</b>	2012	<b>Floors</b>	3,4
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Detached Garages, Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	A	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Does not accept HCV; Ph II, 136 units opened 5/2016, 96% occupied 12/2016, began preleasing 10/2015; Rents change daily; Rent range based on floor plan, floor level & location; Unit mix estimated		

**Features and Utilities**

<b>Utilities</b>	No landlord paid utilities
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Exterior Storage
<b>Project Amenities</b>	Swimming Pool, On-site Management, Club House, Fitness Center, Security Gate, Computer Lab, Car Wash Area, Picnic Area, Dog Park; Theater

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	110	3	746 to 995	\$1.36 - \$1.61	\$1200 to \$1350
2	2	G	190	6	1157 to 1233	\$1.21 - \$1.34	\$1400 to \$1650
3	2	G	80	2	1300 to 1514	\$1.19 - \$1.32	\$1550 to \$2000

**20 Kilburn Crossing Apts.**

7.6 miles to site



<b>Address</b>	6607 Charmed Way Fredericksburg, VA 22407		
<b>Phone</b>	(540) 786-8660	<b>Contact</b>	Marilyn
<b>Total Units</b>	220	<b>Vacancies</b>	15
		<b>Percent Occupied</b>	93.2%
<b>Project Type</b>	Market-Rate		
<b>Year Open</b>	2005	<b>Floors</b>	3,4
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	B+	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Does not accept HCV; Rents change daily; HUD Insured		

**Features and Utilities**

<b>Utilities</b>	No landlord paid utilities
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Fireplace, Blinds
<b>Project Amenities</b>	Swimming Pool, On-site Management, Club House, Fitness Center, Playground, Tennis Court(s), Sports Court, Security Gate, Computer Lab, Car Wash Area, Picnic Area, Walking Trails;, Dog Park

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	24	1	804 to 1051	\$1.24 - \$1.54	\$1242 to \$1302
2	2	G	154	11	1125 to 1219	\$1.20 - \$1.27	\$1428 to \$1463
3	2	G	42	3	1350 to 1400	\$1.16 - \$1.36	\$1572 to \$1905

**25 Seasons at Celebrate**

9.1 miles to site



<b>Address</b>	2001 Dogwood Dr. Fredericksburg, VA 22408		
<b>Phone</b>	(540) 548-1720	<b>Contact</b>	Monica
<b>Total Units</b>	483	<b>Vacancies</b>	3
		<b>Percent Occupied</b>	99.4%
<b>Project Type</b>	Market-Rate		
<b>Year Open</b>	2011	<b>Floors</b>	2,3
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Detached Garages, Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	A	<b>Neighborhood Rating</b>	A
<b>Remarks</b>	Does not accept HCV; One office unit not included in total; Units have screened porch; Rents change daily		

**Features and Utilities**

<b>Utilities</b>	No landlord paid utilities
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Exterior Storage
<b>Project Amenities</b>	Swimming Pool, On-site Management, Club House, Fitness Center, Security Gate, Computer Lab, Car Wash Area, Picnic Area, Dog Park; Theater

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	145	2	781 to 995	\$1.40 - \$1.53	\$1193 to \$1388
2	2	G	289	1	1157 to 1242	\$1.31 - \$1.34	\$1513 to \$1663
3	2	G	49	0	1300	\$1.62	\$2108

**27 Silver Collection at Cosner's Corner**

1.6 miles to site



<b>Address</b>	9500 Silver Collection Dr. Fredericksburg, VA 22408		
<b>Phone</b>	(540) 860-0945	<b>Contact</b>	Cassandra
<b>Total Units</b>	274	<b>Vacancies</b>	8
		<b>Percent Occupied</b>	97.1%
<b>Project Type</b>	Market-Rate		
<b>Year Open</b>	2016	<b>Floors</b>	3
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Detached Garages, Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	A	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Does not accept HCV; Rent range based on floor level & unit location; Opened 6/2016, 95% occupied 7/2017, began preleasing 2/2016		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Trash
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Wood Flooring, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds, Exterior Storage
<b>Project Amenities</b>	Swimming Pool, On-site Management, Meeting Room, Fitness Center, Jacuzzi, Security Gate, Computer Lab, Picnic Area, Dog Park

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1	G	120	4	706 to 834	\$1.70 - \$1.82	\$1285 to \$1415
2	2	G	138	4	1122 to 1217	\$1.39 - \$1.87	\$1560 to \$2270
2	2.5	T	4	0	1459	\$1.56 - \$1.59	\$2270 to \$2315
3	2	G	12	0	1398	\$1.51 - \$1.55	\$2115 to \$2170



**31 Abberly at Southpoint**

3.1 miles to site



<b>Address</b>	10500 Abberly Village Ln. Fredericksburg, VA 22407		
<b>Phone</b>	(844) 486-7482	<b>Contact</b>	Allison
<b>Total Units</b>	280	<b>Vacancies</b>	3
		<b>Percent Occupied</b>	98.9%
<b>Project Type</b>	Market-Rate		
<b>Year Open</b>	2016	<b>Floors</b>	4
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Detached Garages, Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	A	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	Does not accept HCV; 1st units opened 12/2016, final units opened 5/2017; Rents change daily; HUD Insured		

**Features and Utilities**

<b>Utilities</b>	No landlord paid utilities
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Ceiling Fan, Blinds
<b>Project Amenities</b>	Swimming Pool, On-site Management, Club House, Meeting Room, Fitness Center, Storage, Elevator, Security Gate, Computer Lab, Car Wash Area, Picnic Area, Dog Park

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT
1	1 to 1.5	G	84	1	807 to 1199	\$1.25 - \$1.67	\$1350 to \$1500
2	2 to 2.5	G	168	0	1101 to 1496	\$1.34 - \$1.45	\$1600 to \$2000
3	2	G	28	2	1496	\$1.34 - \$1.47	\$2000 to \$2200

**1 Crestview**

8.9 miles to site



**Address** 100 Crestview Way  
Fredericksburg, VA 22401

**Phone** (540) 368-1303 **Contact** Cynthia

**Total Units** 180 **Vacancies** 2 **Percent Occupied** 98.9%

**Project Type** Tax Credit

**Year Open** 2000 **Floors** 3

**Concessions** No Rent Specials

**Parking** Surface Parking

**Waiting List** NONE

**Quality Rating** B+ **Neighborhood Rating** B

**Remarks** 60% AMHI; HCV (25 units)



**Features and Utilities**

- Utilities** Landlord pays Water, Sewer, Trash
- Unit Amenities** Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds, Exterior Storage
- Project Amenities** Swimming Pool, On-site Management, Club House, Fitness Center, Playground, Picnic Area

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$ / SQ FT	COLLECTED RENT	AMHI
1	1	G	24	0	863	\$1.26	\$1089	60%
2	2	G	108	1	988	\$1.16	\$1149	60%
3	2	G	48	1	1128	\$1.20	\$1359	60%

3

## Weston Circle

9.2 miles to site



**Address** 100 Weston Ln.  
Fredericksburg, VA 22401

**Phone** (540) 371-5244 **Contact** Stacy

**Total Units** 150 **Vacancies** 10 **Percent Occupied** 93.3%

**Project Type** Tax Credit

**Year Open** 2003 **Floors** 3

**Concessions** \$200 off 1st months rent with 12 month's lease

**Parking** Surface Parking

**Waiting List** NONE

**Quality Rating** B+ **Neighborhood Rating** B

**Remarks** 60% AMHI; Accepts HCV



## Features and Utilities

**Utilities** Landlord pays Water, Sewer, Trash

**Unit Amenities** Refrigerator, Range, Dishwasher, Disposal, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds

**Project Amenities** Swimming Pool, On-site Management, Fitness Center, Playground, Tennis Court(s), Sports Court, Computer Lab, Picnic Area

## Unit Configuration

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	46	1	711 to 868	\$1.15 - \$1.41	\$1001	60%
2	2	G	74	7	1007	\$0.98 - \$1.03	\$987 to \$1037	60%
3	2	G	30	2	1164	\$1.02	\$1192	60%

**32 Valor Apt. Homes I**

8.9 miles to site



<b>Address</b>	1150 Noble Way Fredericksburg, VA 22401		
<b>Phone</b>	(866) 858-5857	<b>Contact</b>	Maggie
<b>Total Units</b>	128	<b>Vacancies</b>	1
		<b>Percent Occupied</b>	99.2%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2017	<b>Floors</b>	3,4
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	2-br: 3 households		
<b>Quality Rating</b>	A-	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	60% AMHI; HCV (23 units); Only 1-br have patio storage; E-call system in handicap units only; 1st units opened 3/2017, preleasing 10/2016, stabilized occupancy 10/2017		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Trash
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Blinds, E-Call Button, Exterior Storage
<b>Project Amenities</b>	Swimming Pool, On-site Management, Club House, Fitness Center, Playground, Computer Lab, Car Wash Area, Picnic Area, Cyber Café; Dog Park

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	16	0	893	\$1.27	\$1135	60%
2	2	G	72	0	1150 to 1173	\$1.11 - \$1.13	\$1299	60%
3	2	G	40	1	1342	\$1.12	\$1499	60%



**36 Orchard Ridge at Jackson Village I**

0.2 miles to site



<b>Address</b>	4920 Orchard Ridge Dr. Fredericksburg, VA 22407		
<b>Phone</b>	(540) 642-4055	<b>Contact</b>	Signe
<b>Total Units</b>	169	<b>Vacancies</b>	42
		<b>Percent Occupied</b>	75.1%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2018	<b>Floors</b>	4
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	NONE		
<b>Quality Rating</b>	B+	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	60% AMHI; HCV (1 unit); One 2-br maintenance unit not included in total; Opened May 26,2018, still in lease-up, began preleasing 4/2018		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Trash
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Central AC, Vinyl Flooring, Washer & Dryer, Washer/Dryer Hook Up, Patio/Deck/Balcony, Intercom, Blinds
<b>Project Amenities</b>	Swimming Pool, On-site Management, Club House, Meeting Room, Fitness Center, Storage, Elevator, Picnic Area, Bike Storage, Dog Park

**Unit Configuration**

BRs	BAAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	38	12	759 to 765	\$1.44 - \$1.45	\$1100	60%
2	2	G	124	26	969 to 1117	\$1.16 - \$1.34	\$1300	60%
3	2	G	7	4	1291 to 1377	\$0.96 - \$1.03	\$1325	60%

**38 New Post Apts.**

7.1 miles to site



<b>Address</b>	9995 Tidewater Trail Fredricksburg, VA 22408		
<b>Phone</b>	(540) 220-7563	<b>Contact</b>	Rosie
<b>Total Units</b>	102	<b>Vacancies</b>	0
		<b>Percent Occupied</b>	100.0%
<b>Project Type</b>	Tax Credit		
<b>Year Open</b>	2018	<b>Floors</b>	3
<b>Concessions</b>	No Rent Specials		
<b>Parking</b>	Surface Parking		
<b>Waiting List</b>	30 households		
<b>Quality Rating</b>	A	<b>Neighborhood Rating</b>	B
<b>Remarks</b>	40%, 50% & 60% AMHI; Accepts HCV (approx. 10 units); Opened 3/2018, 100% occupied 9/2018, began preleasing 10/2017;		

**Features and Utilities**

<b>Utilities</b>	Landlord pays Sewer, Trash
<b>Unit Amenities</b>	Refrigerator, Icemaker, Range, Dishwasher, Disposal, Microwave, Central AC, Carpet, Washer/Dryer Hook Up, Ceiling Fan, Blinds
<b>Project Amenities</b>	On-site Management, Laundry Facility, Meeting Room, Fitness Center, Playground, Computer Lab, Picnic Area

**Unit Configuration**

BRs	BAs	TYPE	UNITS	VACANT	SQUARE FEET	\$/SQ FT	COLLECTED RENT	AMHI
1	1	G	5	0	700	\$1.39	\$975	60%
1	1	G	2	0	700	\$1.22	\$855	50%
1	1	G	11	0	700	\$1.00	\$699	40%
2	2	G	25	0	975	\$1.10	\$1075	60%
2	2	G	23	0	975	\$1.02	\$999	50%
3	2	G	20	0	1100	\$1.09	\$1195	60%
3	2	G	16	0	1100	\$1.02	\$1119	50%

## ADDENDUM D: ADDITIONAL VHDA COMPONENTS

This addendum is to address any specific Virginia Housing Development Authority (VHDA) market study requirements that were not previously addressed within the HUD 221 (d)(4) formatted market study. Based on the contents of the main body of this market study as well as this addendum, this report will comply with both HUD and VHDA market study requirements. These additional components provided in accordance to VHDA market study guidelines are detailed as follows:

### PROJECT SPECIFIC DEMAND ANALYSIS (VHDA FORMATTED)

#### A. Determination of Income Eligibility

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

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

The subject site is within the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area, which has a median four-person household income of \$117,200 for 2018. The subject property will be restricted to households with incomes of up to 60% of AMHI. The following table summarizes the maximum allowable income by household size:

Household Size	Targeted AMHI Maximum Allowable Income
	60%
One-Person	\$49,260
Two-Person	\$56,280
Three-Person	\$63,300
Four-Person	\$70,320
Five-Person	\$75,960

#### 1. Maximum Income Limits

The largest proposed units (three-bedroom) at the subject site are expected to house up to five-person households. As such, the maximum allowable income for the subject units is **\$75,960**.

## **2. Minimum Income Requirements**

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

The proposed LIHTC units will have a lowest gross rent of \$1,180. Over a 12-month period, the minimum annual household expenditure (rent plus tenant-paid utilities) at the subject site is \$14,160.

Applying a 35% rent-to-income ratio to the minimum annual household expenditure yields a minimum annual household income requirement of **\$40,457**.

## **3. Income-Appropriate Range**

Based on the preceding analyses, the income-appropriate range required to live at the proposed project with units built to serve households at 60% of AMHI will be \$40,457 to \$75,960.

## **B. Capture Rate Calculations**

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

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

- 1. Demand from New Renter Households.** *Determine demand for new units in the Primary Market Area based on projected rental household growth. This is to be determined using 2018 as the base year and projecting forward to the anticipated placed in service year of 2021, per VHDA guidelines. The projected population must be limited to the target group, age- and income-appropriate. Demand for each target group must be shown separately, as reflected in the market study requirements. Demand estimates for proposals for elderly developments must be derived from household population age 65 and older. In instances where a significant number of proposed units (more than 20%) are comprised of three- and four-bedroom units, the analyst must refine the analysis by factoring in the number of large households, typically four or more persons. Failure to account for this may result in overstated demand.*



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

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

Based on the American Community Survey (ACS) 5-Year Estimates (Table B25074), 25.2% of the income-appropriate households within the market are considered to be rent overburdened.

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

Based on the American Community Survey (ACS) 5-Year Estimates (Table B25016), approximately 3.3% of all households within the market are living in substandard housing.

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

The subject project will not specifically target senior households.

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

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

**C. Demand/Capture Rate Calculations**

As stated and discussed in Section VII of this report, there are currently five existing directly comparable family (general-occupancy) Tax Credit projects containing 729 non-subsidized LIHTC units. These projects contain 55 vacant 60% AMHI units, which have been factored in our demand analysis. Additionally, the 196 Tax Credit units at 60% of AMHI currently under construction at Valor Apartment Homes II and Orchard Ridge at Jackson Park II have been considered. The unit breakdowns of these non-subsidized Tax Credit units are illustrated in the following table:

Tax Credit Units At Targeted AMHI (Vacant Units)						
Map I.D.	Project Name	Year Built	TC Units	40% AMHI	50% AMHI	60% AMHI
1	Crestview	2000	180	-	-	180 (2)
3	Weston Circle	2003	150	-	-	150 (10)
32	Valor Apt. Homes I	2017	128	-	-	128 (1)
33	Valor Apt. Homes II	2019	120*	-	-	120*
36	Orchard Ridge at Jackson Village I	2018	169	-	-	169 (42)
38	New Post Apts.	2018	102	11 (0)	41 (0)	50 (0)
A	Orchard Ridge at Jackson Village II	2019	76*	-	-	76*

TC – Tax Credit

\*Units under construction

Letter designated ID represents Tax Credit project within the pipeline we were unable to survey

These directly comparable non-subsidized LIHTC units have been subtracted from the total demand in the following analysis to determine the net demand.

The table on the following page is a summary of our demand calculations.

Demand Component	60% AMHI/Overall \$40,457-\$75,960
Demand from New Rental Households (Age- And Income-Appropriate)	$4,741 - 4,705 = 36$
+	
Demand From Existing Households (Rent Overburdened)	$4,705 \times 25.2\% = 1,183$
+	
Demand From Existing Households (Renters In Substandard Housing)	$4,705 \times 3.3\% = 154$
+	
Demand From Existing Households (Elderly Homeowner Conversion)	N/A
=	
Total Demand	1,373
-	
Supply (Directly Comparable Vacant Units Completed or In The Pipeline)	251
=	
Net Demand	1,122
Proposed Units	200
Proposed Units / Net Demand	$200 / 1,122$
Capture Rate	$= 17.8\%$
Total Absorption Period	11 Months

N/A-Not Applicable

As illustrated in the preceding table, the subject project's VHDA-formatted capture rate is 17.8%, which is considered achievable. This is especially true, considering the generally strong occupancy levels and lease-up trends experienced at the comparable LIHTC projects within the market. Given the subject project's newness, as well as its high-end finishes and superior amenities package, it should not experience difficulties reaching and maintaining stabilized occupancy levels. Additionally, as reported in Table S0701 of the 2017 ACS 5-Year Estimates, 14.1% of renter households have relocated to Spotsylvania County from a different city/county, state, or abroad. Conservatively, it can be assumed that at least 10% of support for the subject project will derive from income-appropriate renter households from outside of the market. Considering this additional support component, the subject's VHDA-formatted capture rate decreases to 16.0% ( $180 / 1,122 = 16.0\%$ ).

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

According to a representative with the Virginia Housing Development Authority (VHDA), there are approximately 310 Housing Choice Voucher holders within the housing agency's jurisdiction, and 708 households currently on the waiting list for additional Vouchers. The waiting list is closed and it is unknown when it will reopen. Annual turnover is estimated at nine households. This reflects the continuing need for Housing Choice Voucher assistance.

If the rents do not exceed the payment standards established by local and/or state housing agencies, households with Housing Choice Vouchers may be willing to reside at a LIHTC project. Established by VHDA, the payment standards for Fredericksburg/Spotsylvania County, as well as the proposed subject gross rents, are summarized in the following table:

<b>Bedroom Type</b>	<b>2017 Payment Standards</b>	<b>Proposed Tax Credit Gross Rents</b>
One-Bedroom	\$1,717	\$1,180-\$1,190
Two-Bedroom	\$1,972	\$1,420-\$1,490
Three-Bedroom	\$2,588	\$1,710-\$1,715

As the preceding table illustrates, all of the proposed subject gross Tax Credit rents are below the payment standards set by VHDA for Fredericksburg/Spotsylvania County. As such, those who hold Housing Choice Vouchers will likely respond to the Tax Credit units offered at the subject site. This will increase the potential support base of the subject units and result in a more rapid absorption period. Potential Voucher support has been considered in our absorption projections.

## **INTERVIEWS**

The following are summaries of interviews conducted with various local sources knowledgeable of the local housing market:

- According to Anton Shaw, Director of the Housing Choice Voucher Program with VHDA, there is a dire need for increased affordable housing for assisted and non-assisted families. This is especially true, due to the scarcity of such housing and voucher holders must compete with non-assisted families for affordable housing. Mr. Shaw also stated that voucher families have a major challenge with landlord fears of renting to a voucher family over a non-assisted family looking for affordable housing.
- Marne Sherman, Development Administrator with the Fredericksburg Community Planning and Building Department, stated that there is a need for more affordable housing for the entire low-income population, including seniors and families, due to market increases in costs and values.



- Signe Williamson, Property Manager of Orchard Ridge at Jackson Village I (Map ID 36), a Tax Credit community located near the site location, stated that there is a need for additional affordable housing in Fredericksburg, especially in the unincorporated areas south of Fredericksburg. Ms. Williamson explained that while her community has only recently opened (May 2018), she has already leased and/or pre-leased 127 of the 169 total units. Ms. Williamson noted that the schools in Spotsylvania County are considered preferable to those in town, which is also driving a need for more housing outside of the city.
- Allison Cooke, Leasing Consultant for Abberly at Southpoint Apartments (Map ID 31), a market-rate property in Fredericksburg, stated that additional affordable housing units for families would be very beneficial to the Fredericksburg area.
- Wilmarie Amaya, Assistant Property Manager at Kilburn Crossing Apartments (Map ID 20), a market-rate development within Fredericksburg, noted that her community was previously Tax Credit and feels that added to an already existing need for more affordable housing for families in the Fredericksburg area.