



**NOVOGRADAC  
& COMPANY** LLP®

CERTIFIED PUBLIC ACCOUNTANTS

**A MARKET FEASIBILITY STUDY OF:  
THE COILE**

# **A MARKET FEASIBILITY STUDY OF:**

# **THE COILE**

80 29<sup>th</sup> Street and 311 33<sup>rd</sup> Street  
Newport News, Virginia 23607

Effective Date: January 24, 2019  
Report Date: March 12, 2019

Ari Severe  
Executive Vice President of Finance  
TM Associates, Inc.  
1375 Piccard Drive, Suite 150  
Rockville, MD 20850

Prepared by:  
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**NOVOGRADAC  
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CERTIFIED PUBLIC ACCOUNTANTS

March 12, 2019

Ari Severe  
Executive Vice President of Finance  
TM Associates, Inc.  
1375 Piccard Drive, Suite 150  
Rockville, MD 20850

Re: Market Study - Application for The Coile, located in Newport News, Virginia

Dear Mr. Severe:

At your request, Novogradac & Company LLP performed a study of the multifamily rental market in the Newport News, Virginia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project. The purpose of this market study is to assess the viability of the proposed 62-unit LIHTC project. It will be a newly renovated property that will be partially financed under the Low Income Housing Tax Credit (LIHTC) program. The Subject will offer one, two, and three-bedroom units restricted to family households earning 40, 50, and 70 percent of the area median income (AMI), or less. The Subject will consist of two buildings, located approximately 0.5 miles from each other in downtown Newport News. Of the 62 total units, seven will operate with project-based subsidy. Tenants in these units will pay up to 30 percent of their income towards rent. The following report provides support for the findings of the study and outlines the sources of information and the methodologies used to arrive at these conclusions.

The scope of this report meets the requirements of Virginia Housing Development Authority, including the following:

- Inspecting the site of the proposed Subject, and its general location.
- Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.
- Estimating the market rents, absorption rates and stabilized occupancy levels for the market area.
- Investigating the general economic health and conditions of the multifamily rental market.
- Calculating income bands, given the proposed Subject rents.
- Estimating the number of income-eligible households.
- Reviewing relevant public records and contacting appropriate public agencies.
- Analyzing the economic and social conditions in the market area, in relation to the proposed project.
- Establishing the Subject's Primary and Secondary Market Area(s), if applicable.
- Surveying competing projects, both LIHTC and market-rate.

Novogradac & Company LLP adheres to the market study guidelines promulgated by the National Council of Housing Market Analysts (NCHMA). The NCHMA certification and checklist can be found in the Addenda of this report. Please refer to the checklist to find the sections in which content is located.

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

TM Associates, Inc. is the client in this engagement and intended user of this report. As our client, TM Associates, Inc. owns this report and permission must be granted from them before another third party can

MR. ARI SEVERE  
TM ASSOCIATES, INC.  
MARCH 12, 2019  
PAGE 2

use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential uses under a separate agreement.

The Stated Purpose of this assignment is for application. You agree not to use the Report other than for the Stated Purpose, and you agree to indemnify us for any claims, damages or losses that we may incur as the result of your use of the Report for other than the Stated Purpose. Without limiting the general applicability of this paragraph, under no circumstances may the Report be used in advertisements, solicitations and/or any form of securities offering.

The authors of this report certify that we are not part of the development team, owner of the Subject property, general contractor, nor are we affiliated with any member of the development team engaged in the development of the Subject property or the development's partners or intended partners. Please do not hesitate to contact us if there are any questions regarding the report or if Novogradac & Company LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,  
Novogradac & Company LLP



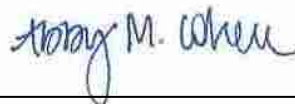
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# **A. EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

<b>Subject Site Description:</b>	The Subject will consist of two buildings located at 80 29 <sup>th</sup> Street and 311 33 <sup>rd</sup> Street in Newport News, Virginia.
<b>Surrounding Land Uses:</b>	The Subject buildings will be located approximately 0.5 miles from each other in downtown Newport News, Virginia. Surrounding uses in the Subject’s neighborhood include the Newport News Shipyard, office buildings in average to good condition including the Newport News Circuit Court building, multifamily uses in average to good condition, and single-family homes. The Subject sites’ locations are considered “Car-Dependent” by Walkscore, similar to the majority of the comparable properties. Both Subject buildings will be located within one-half mile of the Newport News Transit Center.
<b>Subject Property Description:</b>	The Coile, the Subject, is a proposed, family LIHTC development that will consist of two, four-story, elevator-serviced, midrise-style buildings located approximately 0.5 miles from each other at 80 29 <sup>th</sup> Street and 311 33 <sup>rd</sup> Street in downtown Newport News, Virginia. Each building will contain 31 two and three-bedroom units, for a total of 62 units, in addition to ground-floor community space. The Subject will offer units restricted to family households earning 40, 50, and 70 percent of the AMI, or less. Of the 62 total units, seven units – three, two-bedroom units restricted to 40 percent of the AMI and four, three-bedroom units restricted to 50 percent of the AMI – will operate with project-based rental assistance and will target households with disabilities.
<b>Proposed Rents:</b>	The following table details proposed rents for the Subject’s units.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@40%							
2BR / 2BA	835	1	\$535	\$140	\$675	\$675	\$1,104
3BR / 2BA	984	4	\$592	\$188	\$780	\$780	\$1,553
@40% (Section 8)							
2BR / 2BA	835	3	\$535	\$140	\$675	\$675	\$1,104
@50%							
2BR / 2BA	835	12	\$703	\$140	\$843	\$843	\$1,104
2BR / 2BA	861	2	\$703	\$140	\$843	\$843	\$1,104
3BR / 2BA	1,000	6	\$787	\$188	\$975	\$975	\$1,553
@50% (Section 8)							
3BR / 2BA	984	4	\$787	\$188	\$975	\$975	\$1,553
@70%							
2BR / 2BA	861	14	\$1,041	\$140	\$1,181	\$1,181	\$1,104
3BR / 2BA	1,000	2	\$1,177	\$188	\$1,365	\$1,365	\$1,553
3BR / 2BA	1,068	7	\$1,177	\$188	\$1,365	\$1,365	\$1,553
3BR / 2BA	1,083	7	\$1,177	\$188	\$1,365	\$1,365	\$1,553
<b>62</b>							

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

All of the Subject's proposed rents will be set at the maximum allowable LIHTC rents.

**Target Household Income Levels:**

Based on the proposed restrictions, the range of annual household income levels is depicted below.

**FAMILY INCOME LIMITS - AS PROPOSED**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@40% (Section 8)		@50%		@50% (Section 8)		@70%	
2BR	\$23,143	\$27,000	\$0	\$27,000	\$28,903	\$33,750	-	-	\$40,491	\$47,250
3BR	\$26,743	\$32,400	-	-	\$33,429	\$40,500	\$0	\$40,500	\$46,800	\$56,700

**FAMILY INCOME LIMITS - ABSENT SUBSIDY**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@50%		@70%	
2BR	\$23,143	\$27,000	\$28,903	\$33,750	\$40,491	\$47,250
3BR	\$26,743	\$32,400	\$33,429	\$40,500	\$46,800	\$56,700



### Economic Conditions

Employment in the PMA is concentrated in the healthcare/social assistance, manufacturing, and retail trade industries, which collectively comprise 39.3 percent of local employment. The large share of PMA employment in manufacturing and retail trade is notable as both industries are historically volatile, and prone to contraction during recessionary periods. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. The MSA economy performed well during the recession, suffering only a 4.0 percent employment contraction, compared to a 4.8 percent decline across the overall nation. Employment in the MSA recovered and surpassed pre-recessionary levels in 2014, the same year as the overall nation. As of December 2018, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 2.3 percent, compared to 1.9 percent across the overall nation. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.

### Primary Market Area

The Subject property will be located in downtown Newport News, Virginia. The PMA is generally defined as Mercury Boulevard and Interstate 64 to the north, and the James River to the east, south, and west. This area was defined based on interviews with local market participants and local property managers. Management at the majority of the rent comparables noted that the majority of their tenants originate from within the Newport News and Hampton areas. We estimated that 10 percent of the Subject's tenants will come from outside of these boundaries.

The Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA) will serve as the Secondary Market Area (SMA). The MSA consists of the independent cities of Virginia Beach, Norfolk, Chesapeake, Newport News, Hampton, Portsmouth, Suffolk, Williamsburg, and Poquoson in Virginia, the counties of James City, York, Gloucester, Isle of Wight, Matthews, and Surry in Virginia, and Currituck County in North Carolina.

### Demographic Data

The Subject's PMA has been characterized by modest population and household declines. This trend is anticipated to continue through 2023. Nonetheless, a majority of the households in the PMA are renter households, and renter households are concentrated among the lowest income cohorts. Based on information reported by local property managers, and the *Demand Analysis* illustrated later in this report, there appears to be adequate demand for the Subject's units.

### Vacancy

The following table summarizes overall weighted vacancy levels at the surveyed properties.

OVERALL VACANCY

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Admiral Pointe Apartments	LIHTC	Family	208	42	20.2%
Brennan Pointe	LIHTC	Family	87	5	5.7%
Chestnut Square Townhomes	LIHTC	Family	40	1	2.5%
Heritage Forest Apartments	LIHTC	Family	248	5	2.0%
Jefferson Brookville Apartments	LIHTC/ Section 8	Family	50	7	14.0%
Noland Green Apartments	LIHTC/Section 8/ Market	Family	60	6	10.0%
Seven Oaks Apartments	LIHTC	Family	202	46	22.8%
Westover Station Apartments	LIHTC	Family	108	1	0.9%
Heritage At Settler's Landing	Market	Family	100	3	3.0%
Holland Apartments	Market	Family	27	0	0.0%
Liberty Apartments	Market	Family	98	3	3.1%
Meadow View Townhomes	Market	Family	650	58	8.9%
Newport News Luxury Apartments	Market	Family	135	16	11.9%
River Park Tower	Market	Family	260	2	0.8%
<b>Total LIHTC</b>			<b>1,003</b>	<b>113</b>	<b>11.3%</b>
<b>Total Market Rate</b>			<b>1,270</b>	<b>82</b>	<b>6.5%</b>
<b>Overall Total</b>			<b>2,273</b>	<b>195</b>	<b>8.6%</b>

The Subject's market is characterized by elevated vacancy rates. The contact at Admiral Pointe Apartments reported that the elevated vacancy rate is due to evictions following a change in management, and that seven of the vacant units are pre-leased. Additionally, online reviews for the property cite maintenance and pest issues. The contact at Seven Oaks Apartments could not provide a reason for the elevated vacancy rate. Online reviews for that property also cite maintenance and pest issues. These two properties exhibit the highest vacancy rates among the LIHTC comparable properties, and we believe it is attributable to property-specific issues rather than overall softness in the market for affordable rental housing. When these properties are excluded from the vacancy rate calculation, the weighted average LIHTC vacancy rate is 4.2 percent.

The contact for Jefferson Brookville Apartments reported that three vacant units are pre-leased, and the contact for Noland Green Apartments reported that two vacant units are pre-leased. In addition, both properties maintain short waiting lists. The majority of the LIHTC comparable properties reported significant inquiry traffic from potential applicants, indicating that there is strong demand for affordable housing in the Subject's market. In addition, the majority of the affordable comparable properties reported maintaining waiting lists.

Property contacts with Meadow View Townhomes and Newport News Luxury Apartments could not explain those properties' under-performance. However, we believe the elevated vacancy rates at these two properties are due to property-specific issues, given the low to moderate vacancy rates at the other market-rate comparable properties. Overall, there appears to be strong demand for rental housing in the Subject's market, and we anticipate that the Subject will operate with a vacancy rate of five percent or less upon stabilization.

The following table details vacancy by bedroom type for the comparable properties surveyed:

VACANCY BY BEDROOM TYPE

Property Name	Rent Structure	Tenancy	1BR	2BR	3BR	Overall
Admiral Pointe Apartments	LIHTC	Family	-	-	-	20.2%
Brennan Pointe	LIHTC	Family	-	0.0%	0.0%	5.7%
Chestnut Square Townhomes	LIHTC	Family	-	-	2.5%	2.5%
Heritage Forest Apartments	LIHTC	Family	-	-	-	2.0%
Jefferson Brookville Apartments	LIHTC/ Section 8	Family	-	-	-	14.0%
Noland Green Apartments	LIHTC/Section 8/ Market	Family	-	-	-	10.0%
Seven Oaks Apartments	LIHTC	Family	10.0%	23.4%	-	22.8%
Westover Station Apartments	LIHTC	Family	0.0%	1.4%	-	0.9%
Heritage At Settler's Landing	Market	Family	1.6%	2.8%	33.3%	3.0%
Holland Apartments	Market	Family	-	-	-	0.0%
Liberty Apartments	Market	Family	0.0%	6.1%	3.0%	3.1%
Meadow View Townhomes	Market	Family	-	-	-	8.9%
Newport News Luxury Apartments	Market	Family	-	-	-	11.9%
River Park Tower	Market	Family	-	-	-	0.8%

The Subject will consist of two and three-bedroom units. Comparable two-bedroom vacancy rates range from zero to 23.4 percent, with Seven Oaks Apartments presenting a high outlier. Comparable three-bedroom vacancy rates range from zero to 33.3 percent, with heritage at Settler’s Landing presenting a high outlier. As previously mentioned, the vacancy rates at the LIHTC comparable properties are elevated, though there does appear to be strong demand for affordable rental housing in the market. We do not believe that the Subject will negatively impact existing properties in the market.

Absorption

We were only able to obtain absorption information from one comparable property. We extended our search to other properties in the cities of Newport News, Hampton, Williamsburg, and Norfolk. The following table details our findings.

ABSORPTION

Property Name	Rent Structure	Tenancy	Year Built	Total Units	Absorption Pace
Brennan Pointe	LIHTC	Family	2017/2018	87	13
The Banks at Berkley	LIHTC	Family	2017	50	25
The Clairmont at Campostella Station	LIHTC	Family	2017	152	15
Woodlands Apartments at Phoebus	LIHTC	Senior	2015	132	20
Forrest Pines Senior	LIHTC	Senior	2014	123	10
Jefferson Brookville Apartments	LIHTC	Family	2014	50	15
The Pointe at Pickett Farms	LIHTC	Family	2014	120	60
Promenade Pointe	LIHTC	Family	2014	183	13

The properties in the table above indicate absorption paces ranging from 10 to 60 units per month, with an average of 21 units per month. Brennan Pointe is the most proximate and most similar property to the proposed Subject. The first phase of Brennan Pointe experienced an absorption pace of 15 units per month, and the second phase, which opened in November 2018, experienced an absorption pace of 11 units per month. We show an average of 13 units per month in the table above. Based primarily on Brennan Pointe, we estimate that the Subject will experience an absorption pace of 12 units per month, for a total absorption period of approximately five months.

Demand

The Novoco demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation for the LIHTC units is 0.9 percent as proposed and 2.1 percent absent subsidy.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject’s first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This is a subset of the income-eligible renter households used previously and yields a far more conservative annual capture rate. This annual Novoco capture rate is 1.0 percent as proposed and 2.1 percent absent subsidy for the first year of operation as a LIHTC property. This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

This calculation illustrates that there are approximately 6,187 units of demand in the first year of the Subject’s operation as proposed and approximately 2,788 units of demand in the first year of the Subject’s operation absent subsidy. The Subject’s units will need to accommodate 59 total units of demand in order to stabilize at 95 percent occupancy. Any unaccommodated households will most likely leave the PMA or remain severely rent-overburdened. The lack of available units will force many to look elsewhere.

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

Project Wide Capture Rate- LIHTC Units As Proposed	1.2%
Project Wide Capture Rate- LIHTC Units Absent Subsidy*	2.5%
Project Wide Absorption Period (Months) As Proposed	5 months
Project Wide Absorption Period (Months) Absent Subsidy	5 months

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

Strengths

- The Subject will be in excellent condition upon completion.
- The Subject will offer similar to superior in-unit amenities to the majority of the comparable properties, and slightly superior to superior property amenities to half of the LIHTC comparable properties.
- The majority of the comparable properties are located in the Subject’s neighborhood, or in similar locations based on median household incomes and walk scores.
- The Subject has low capture rates and penetration rates, indicating that there is ample demand for affordable housing.

Weaknesses

- The Subject will not offer any dedicated off-street parking. Downtown Newport News is characterized by a significant amount of on-street, surface, and garage parking, and both Subject buildings will be located within one-half mile of the Newport News Transit Center. Nonetheless, the majority of the comparable properties offer off-street parking.
- The Subject will offer smaller unit sizes than the majority of the comparable LIHTC properties. The Subject’s proposed unit sizes will be slightly inferior to Brennan Pointe’s unit sizes. That property exhibits moderate vacancy and maintains a waiting list, indicating that its unit sizes are accepted in the market. In addition, the Subject’s unit sizes will be similar to slightly inferior to Jefferson Brookville Apartments’ unit sizes and Noland Green Apartments’ unit sizes. While these properties exhibit

elevated vacancy rates, both reported pre-leasing and waiting lists, and their vacancy rates are skewed upwards by their small overall development sizes. Finally, the Subject will offer similar unit sizes to Liberty Apartments, a recently-constructed, market-rate comparable property that exhibits moderate vacancy, indicating that its unit sizes are accepted in the market. While we account for the Subject's unit sizes in our determination of achievable rents, we do not believe that the Subject's unit sizes will negatively impact its performance.

- The LIHTC comparable properties in the PMA exhibit elevated vacancy rates. However, property managers reported significant and consistent potential applicant traffic. Additionally, the majority of the LIHTC comparables maintain waiting lists. Online reviews for Seven Oaks Apartments and Admiral Pointe Apartments, the two LIHTC comparables with the highest vacancy rates, cite management, maintenance, and pest problems. We believe that the elevated vacancy rates at Seven Oaks Apartments and Admiral Pointe Apartments are related to these property-specific issues, rather than overall softness in the market. Excluding these two properties, the weighted average LIHTC vacancy rate is 4.2 percent. The most proximate and most similar LIHTC comparable property, Brennan Pointe, exhibits moderate vacancy and maintains a waiting list, indicating demand in the market for good-quality affordable rental housing.

### Recommendations

In general, we believe there is demand in the marketplace for the Subject. We recommend no changes for the Subject property.

# **B. INTRODUCTION AND SCOPE OF WORK**

## INTRODUCTION AND SCOPE OF WORK

<b>Report Description:</b>	Novogradac & Company LLP has performed a comprehensive market study of the multifamily rental market in the Newport News, Virginia area relative to The Coile, a proposed family LIHTC development. Construction of the Subject is anticipated to begin in June 2019 with anticipated completion in June 2020. The Subject will be partially financed under the Low Income Housing Tax Credit (LIHTC) program. The Subject will consist of two, four-story, elevator-serviced, midrise-style buildings located approximately 0.5 miles from each other at 80 29 <sup>th</sup> Street and 311 33 <sup>rd</sup> Street in downtown Newport News, Virginia. The overall development will consist of 62 two and three-bedroom units restricted to family households earning 40, 50, and 70 percent of the AMI, or less. Of the total 62 units, seven units will operate with project-based subsidy and will target households with disabilities.
<b>Developer/Client Information:</b>	TM Associates Development.
<b>Intended Use and Users of the Report:</b>	The report will be submitted to the Virginia Housing Development Authority (VHDA) for application purposes. The intended user of the report is VHDA.
<b>Scope of the Report:</b>	<ul style="list-style-type: none"><li>▪ Inspecting the site of the to-be-developed Subject and its general location.</li><li>▪ Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.</li><li>▪ Estimating the market rents, absorption rates and stabilized vacancy levels for the market area.</li><li>▪ Investigating the general economic health and conditions of the senior rental market.</li><li>▪ Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area.</li><li>▪ Reviewing relevant public records and contacting appropriate public agencies.</li><li>▪ Brief analysis of the economic and social conditions in the market area, in relation to the proposed project.</li><li>▪ Establishing the Subject's Primary Market Area, if applicable.</li><li>▪ Surveying competing projects, both LIHTC and market-rate.</li></ul>
<b>Effective Date:</b>	The Subject site was most recently inspected by Ben Torpey on February 22, 2019, which shall be the effective date of this report.
<b>Primary Contact for the Report:</b>	H. Blair Kincer, MAI, CRE (Blair.Kincer@novoco.com) and Abby Cohen (Abby.Cohen@novoco.com; 240-235-1701).

## **C. PROJECT DESCRIPTION**



## PROJECT DESCRIPTION

The project description will discuss the physical features of the Subject property, as well as its current and proposed unit mix and rents.

### Subject Property Description:

The Coile, the Subject, is a proposed, family LIHTC development that will consist of two, four-story, elevator-serviced, midrise-style buildings located approximately 0.5 miles from each other at 80 29<sup>th</sup> Street and 311 33<sup>rd</sup> Street in downtown Newport News, Virginia. Each building will contain 31 two and three-bedroom units, for a total of 62 units, in addition to ground-floor community space. The Subject will offer units restricted to family households earning 40, 50, and 70 percent of the AMI, or less. Of the 62 total units, seven units – three, two-bedroom units restricted to 40 percent of the AMI and four, three-bedroom units restricted to 50 percent of the AMI – will operate with project-based rental assistance and will target households with disabilities. The Subject will not offer any off-street, dedicated parking, which we consider a potential weakness.

### Construction Type:

The Subject will be a newly-constructed family LIHTC property, consisting of two, four-story, elevator-serviced, midrise-style buildings. The Subject buildings will be located approximately 0.5 miles from each other at 80 29<sup>th</sup> Street and 311 33<sup>rd</sup> Street in downtown Newport News, Virginia.

### Occupancy Type:

The Subject will target family households.

### Proposed Rents:

The following table details the proposed rents for the Subject's units.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@40%							
2BR / 2BA	835	1	\$535	\$140	\$675	\$675	\$1,104
3BR / 2BA	984	4	\$592	\$188	\$780	\$780	\$1,553
@40% (Section 8)							
2BR / 2BA	835	3	\$535	\$140	\$675	\$675	\$1,104
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2BR / 2BA	835	12	\$703	\$140	\$843	\$843	\$1,104
2BR / 2BA	861	2	\$703	\$140	\$843	\$843	\$1,104
3BR / 2BA	1,000	6	\$787	\$188	\$975	\$975	\$1,553
@50% (Section 8)							
3BR / 2BA	984	4	\$787	\$188	\$975	\$975	\$1,553
@70%							
2BR / 2BA	861	14	\$1,041	\$140	\$1,181	\$1,181	\$1,104
3BR / 2BA	1,000	2	\$1,177	\$188	\$1,365	\$1,365	\$1,553
3BR / 2BA	1,068	7	\$1,177	\$188	\$1,365	\$1,365	\$1,553
3BR / 2BA	1,083	7	\$1,177	\$188	\$1,365	\$1,365	\$1,553

62

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

All of the Subject's proposed rents will be set at the maximum allowable LIHTC rents.

**Assisted Housing Program:**

The Subject will not operate with project-based rental subsidy.

**Construction Date:**

Construction on the Subject is expected to begin in June 2019 and be completed in June 2020.

**Target Household Income Levels:**

Based on the proposed restrictions, the range of annual household income levels is depicted below.

**FAMILY INCOME LIMITS - AS PROPOSED**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@40% (Section 8)		@50%		@50% (Section 8)		@70%	
2BR	\$23,143	\$27,000	\$0	\$27,000	\$28,903	\$33,750	-	-	\$40,491	\$47,250
3BR	\$26,743	\$32,400	-	-	\$33,429	\$40,500	\$0	\$40,500	\$46,800	\$56,700

**FAMILY INCOME LIMITS - ABSENT SUBSIDY**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@50%		@70%	
2BR	\$23,143	\$27,000	\$28,903	\$33,750	\$40,491	\$47,250
3BR	\$26,743	\$32,400	\$33,429	\$40,500	\$46,800	\$56,700

**Utility Structure:**

Tenants at the Subject will be responsible for electric heat, cooking, water heating, central air conditioning, general electric, and water and sewer. The landlord pays trash expenses. The comparable properties' utility structures are illustrated in the respective property summaries and are adjusted appropriately to account for differences relative to the Subject, based on the Newport News Housing and Redevelopment Authority allowances, effective as of October 2018.

**HOUSING AUTHORITY UTILITY ALLOWANCE**

UTILITY AND SOURCE	Paid By	2BR	3BR
Heating - Electric	Tenant	\$41	\$48
Cooking - Electric	Tenant	\$6	\$7
Other Electric	Tenant	\$26	\$32
Air Conditioning	Tenant	\$8	\$10
Water Heating - Electric	Tenant	\$36	\$48
Water	Tenant	\$29	\$36
Sewer	Tenant	\$58	\$74
Trash	Landlord	\$29	\$29
<b>TOTAL - Paid By Landlord</b>		<b>\$29</b>	<b>\$29</b>
<b>TOTAL - Paid By Tenant</b>		<b>\$204</b>	<b>\$255</b>
<b>TOTAL - Paid By Tenant Provided by Developer</b>		<b>\$140</b>	<b>\$188</b>
<b>DIFFERENCE</b>		<b>69%</b>	<b>74%</b>

Source: Newport News Redevelopment and Housing Authority, effective October 2018

**Unit Mix:**

The following table illustrates the Subject's unit mix and size:

**UNIT MIX AND SQUARE FOOTAGE**

Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area
2BR / 2BA	16	835	13,360
2BR / 2BA	16	861	13,776
3BR / 2BA	8	984	7,872
3BR / 2BA	8	1,000	8,000
3BR / 2BA	7	1,068	7,476
3BR / 2BA	7	1,083	7,581
<b>TOTAL</b>	<b>62</b>		<b>58,065</b>

**Net Leasable Area:**

Approximately 58,065 square feet.

**Unit Amenities:**

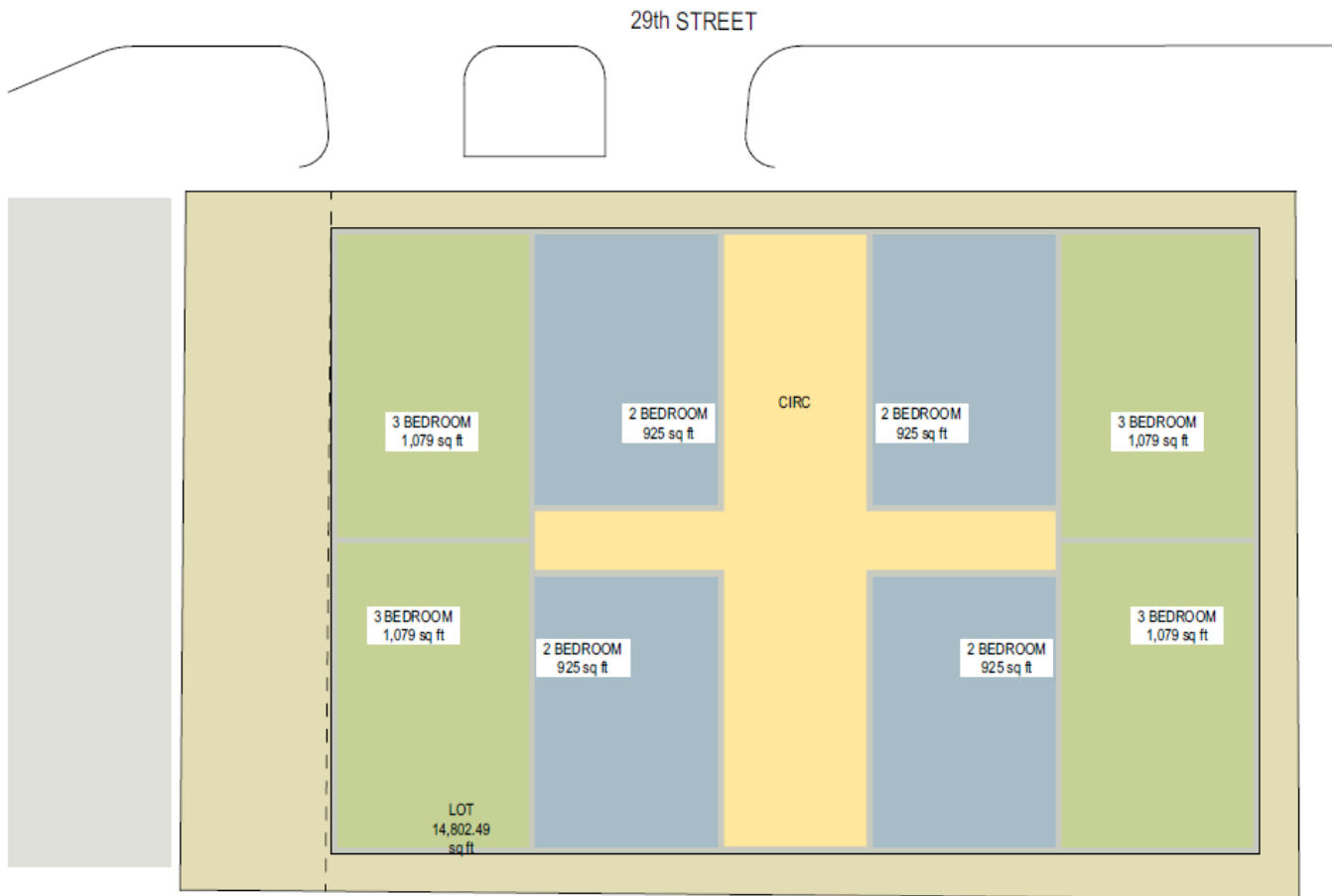
The Subject will offer blinds, refrigerators, ovens, central heating and air conditioning, ceiling fans, dishwashers, garbage disposals, microwaves, and hookups for in-unit washers and dryers.

**Common Area Amenities:**

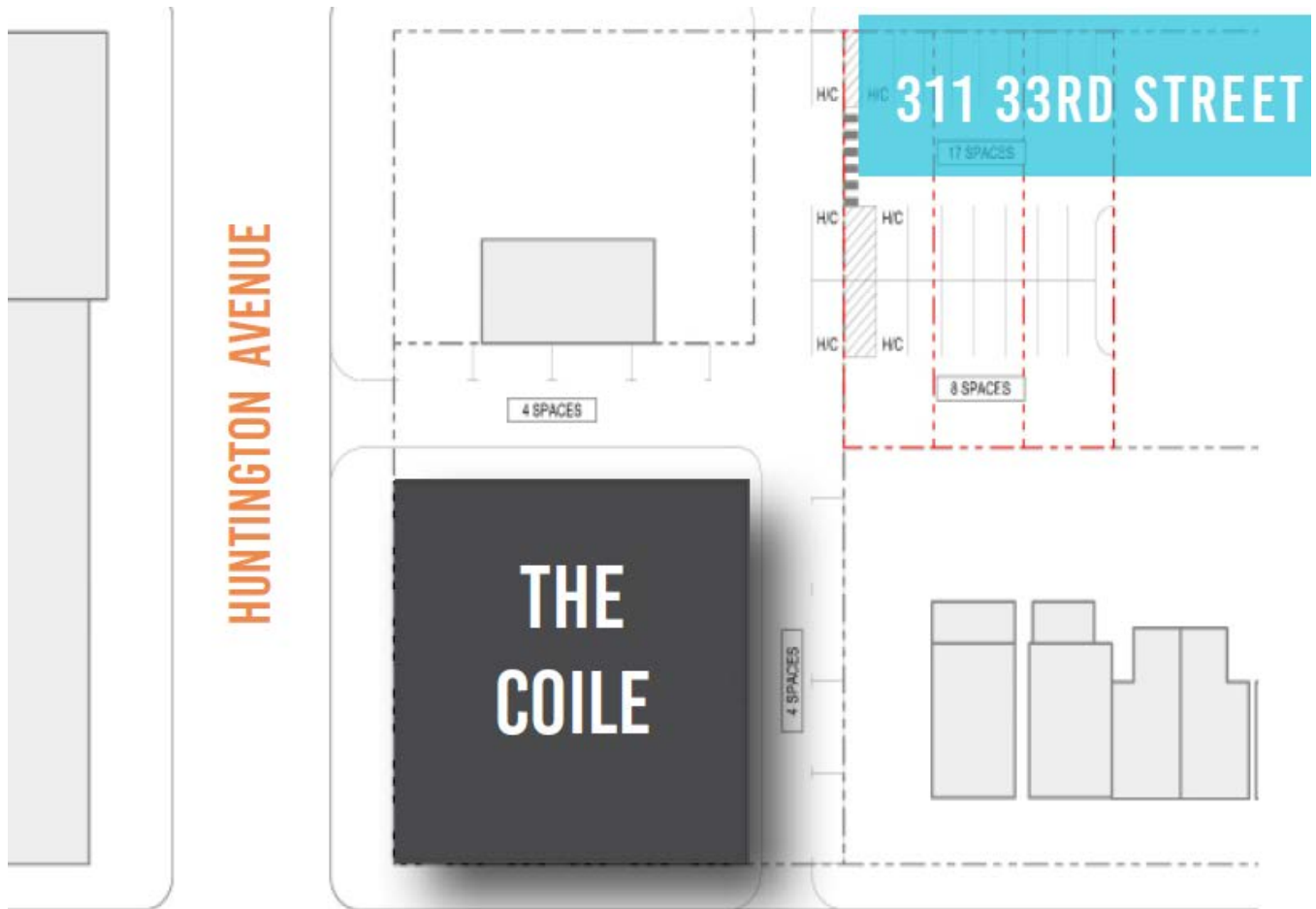
The Subject will offer a community room, a computer lab, free wi-fi access throughout the property, on-site management, and on-site laundry facilities.

<b>Parking:</b>	The Subject will not offer any dedicated off-street parking. This is consistent with nearby multifamily properties. Additionally, both Subject buildings will be located within one half-mile of the Newport News Transit Center. Finally, downtown Newport News is characterized by a significant amount of public surface, garage, and on-street parking. We therefore do not consider the Subject's proposed lack of parking to be a potential weakness.
<b>Number of Stories and Buildings:</b>	The Subject will consist of two, four-story, elevator-serviced, midrise-style buildings.
<b>Americans with Disabilities Act of 1990:</b>	We assume the property will not have any violations of the Americans with Disabilities Act of 1990.
<b>Quality of Construction Condition and Deferred Maintenance:</b>	As new construction, the Subject will not suffer from deferred maintenance. We assume the Subject will be constructed in a timely manner with quality construction.
<b>Functional Utility:</b>	We have reviewed the Subject's floor plans and determined them to be reasonable.
<b>Conclusion:</b>	The Subject property will be a new construction, 62-unit family LIHTC development contained in two, four-story, elevator-serviced, midrise style buildings located approximately 0.5 miles from each other in downtown Newport News, Virginia. The Subject will exhibit excellent condition upon completion.
<b>Architect:</b>	CJMW Architecture.
<b>Site and Architectural Plans:</b>	A copy of the site and architectural plans are available on the following pages and in the addenda of this report.

Subject Site Plan



Source: Sponsor, February 2019



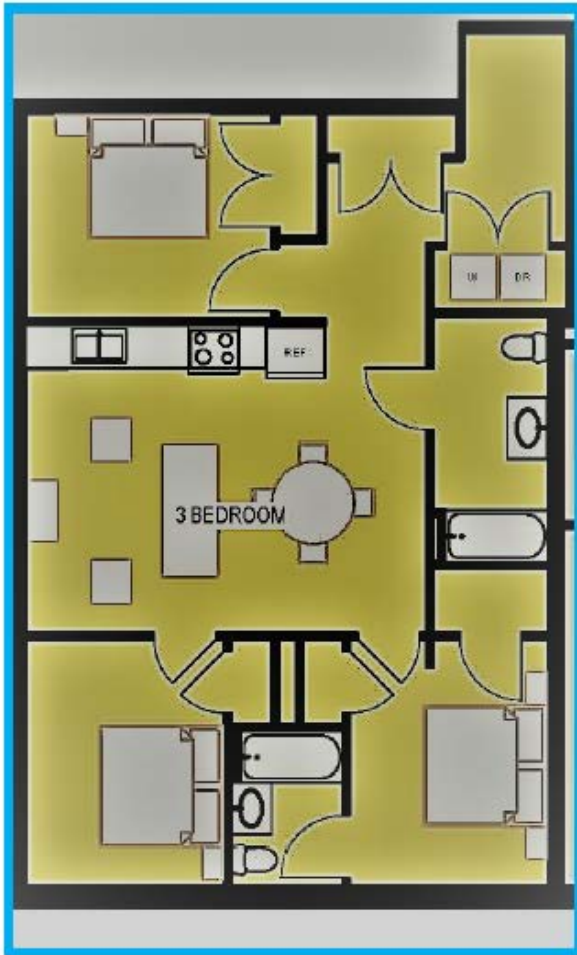
Source: Sponsor, February 2019

## Subject Elevations



Source: Sponsor, February 2019

**Subject Floor Plans**



**TYPICAL THREE-BEDROOM UNIT**

Source: Sponsor, February 2019



**TYPICAL TWO-BEDROOM UNIT**



The Coile

**Location** 80 29th Street /311 33rd Street  
Newport News, VA 11232

**Units** 62

**Type** Midrise  
(4 stories)

**Year Built / Renovated** 2021 / n/a



Utilities

<b>A/C</b>	not included – central	<b>Other Electric</b>	not included
<b>Cooking</b>	not included – electric	<b>Water</b>	not included
<b>Water Heat</b>	not included – electric	<b>Sewer</b>	not included
<b>Heat</b>	not included – electric	<b>Trash Collection</b>	included

Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
2	2	Midrise (4 stories)	1	835	\$535	\$0	@40%	n/a	N/A	N/A	Yes
2	2	Midrise (4 stories)	3	835	\$535	\$0	@40% (Section 8)	n/a	N/A	N/A	N/A
2	2	Midrise (4 stories)	12	835	\$703	\$0	@50%	n/a	N/A	N/A	Yes
2	2	Midrise (4 stories)	2	861	\$703	\$0	@50%	n/a	N/A	N/A	Yes
2	2	Midrise (4 stories)	14	861	\$1,041	\$0	@70%	n/a	N/A	N/A	Yes
3	2	Midrise (4 stories)	4	984	\$592	\$0	@40%	n/a	N/A	N/A	Yes
3	2	Midrise (4 stories)	6	1,000	\$787	\$0	@50%	n/a	N/A	N/A	Yes
3	2	Midrise (4 stories)	4	984	\$787	\$0	@40% (Section 8)	n/a	N/A	N/A	N/A
3	2	Midrise (4 stories)	2	1,000	\$1,177	\$0	@70%	n/a	N/A	N/A	Yes
3	2	Midrise (4 stories)	7	1,068	\$1,177	\$0	@70%	n/a	N/A	N/A	Yes
3	2	Midrise (4 stories)	7	1,083	\$1,177	\$0	@70%	n/a	N/A	N/A	Yes

Amenities

<b>In-Unit</b>	Blinds Cable/Satellite/Internet Carpeting Central A/C Coat Closet Dishwasher Ceiling Fan Garbage Disposal Microwave Oven Refrigerator Washer/Dryer hookup	<b>Security</b>	Intercom (Buzzer) Limited Access
<b>Property</b>	Business Center/Computer Lab Clubhouse/Meeting Room/Community Room Elevators Central Laundry On-Site Management Wi-Fi	<b>Premium</b>	none
<b>Services</b>	none	<b>Other</b>	none

## **D.LOCATION**

## LOCATION – 80 29<sup>TH</sup> STREET

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description will discuss the physical features of the site, as well as layout, access issues, and traffic flow.



Source: Google Earth, February 2019

### Subject Site Description:

The Subject site is located at 80 29th Street in Newport News, Virginia 23607.

### Size:

The Subject site is approximately 0.33 acres.

### Shape:

The site is generally rectangular in shape.

### Frontage:

The Subject site has frontage along the south side of 29<sup>th</sup> Street.

### Topography:

The Subject site is level.

### Utilities:

All utilities are provided to the site.

### Visibility/Views:

The Subject site has good visibility from 29<sup>th</sup> Street. Views north consist of St. James Terrace Apartments, a market rate property that is included in this report as a comparable property in average condition. The James River is visible to

the west, and to the south are Holland Apartments, a market rate family property that is included in this report as a comparable property that is in average condition. There are three-story townhomes for-sale to the east of the Subject site in good condition. Overall, views are considered average.

**Surrounding Uses:**

The Subject site is located south of downtown Newport News. The Subject site is rated as “Car Dependent” by WalkScore with a score of 45, indicating that most errands require a car. The following depicts the surrounding uses of the Subject site.



Office use adjacent to the Subject site



Medical Arts Apartments northeast of the Subject site  
(excluded – senior tenancy)

North: Directly north of the Subject site is St. James Apartments, a market rate property in average condition that is included in this report as a comparable property. Additionally there are office uses, the Newport News Shipyard, a parking garage, and Liberty Apartments, a market rate property in average condition that is included in this report as a comparable property. Farther north there are the Medical Arts Senior Apartments in average condition that were excluded from this report due to tenancy, the Newport News Transit Center and retail uses including a 7-Eleven, Subway, The Apprentice School shipbuilding academy, Apprentice School Store, and local restaurants.



Townhomes east of the Subject



Superblock Park

East: Directly east of the Subject site are three-story townhomes in average condition, in addition to commercial uses including a corner store and a restaurant. Farther east is the Superblock Park, office uses, the Newport News Circuit Court and the Newport News Jail. In addition access to Interstate 664 is approximately 0.7 miles east of the Subject site.



Holland Apartments south of the Subject



Newport News Luxury Apartments

South: Directly south of the Subject site is Holland Apartments, a market rate family property in average condition that is included in this report as a comparable property. Farther south is the Christopher Newport Park, Newport News Luxury Apartments, and River Park Tower Apartment Homes, which are both average-condition, market-rate properties included in this report as comparable properties. Additionally, there is an office building and a shipbuilding facility south of the Subject site.



View west from the Subject site



View west from the Subject site

West: Directly west of the Subject site is an office building in average condition. Farther west is the James River.

**Access and Traffic Flow:**

The Subject site is accessible from 29<sup>th</sup> Street, a two-lane lightly trafficked road that ends in a cul-de-sac and will therefore not experience much through-traffic. Holland Apartments, a comparable property to the south exhibits full occupancy with a similar location, so we do not believe that the traffic flow around the Subject will negatively impact its marketability. 29<sup>th</sup> Street intersects Route 60 approximately 0.3 miles east of the Subject site. Route 60 provides north/south access through Newport News. Additionally, access to Interstate 664 is provided 0.7 miles east of the Subject site. Overall, access and traffic flow are considered good.

**Layout and Curb Appeal:**

The Subject will consist of one, four-story, elevator-serviced, midrise-style building. The Subject will be new construction and will have excellent curb appeal.

**Drainage:**

We requested, but were not provided with, soil and subsoil reports. Drainage appears adequate, but no tests were performed. Novogradac and Company are not experts in this field and cannot opine further.

**Soil and Subsoil Conditions:**

We requested, but were not provided with, soil and subsoil reports. Drainage appears adequate, but no tests were performed. Novogradac and Company are not experts in this field and cannot opine further.

**Environmental Assessment:**

We requested, but were not provided with an environmental assessment. Novogradac and Company are not experts in this field and cannot opine further.

**Detrimental Influences:**

The Subject will be located very close to the shipbuilding yard, which may be viewed as a detrimental influence. However, the surrounding properties such as River Park Tower and Liberty Apartments maintain stabilized occupancy rates and are not affected adversely.

**Flood Plain:**

According to the FEMA Flood Map Service Center Community Panel Number 5101030181D, effective on 12/9/2014, the Subject site is located in Zone X and is located in an area that is not in a flood zone. Further analysis is beyond the scope of this report. Novogradac & Company LLP does not have expertise in this field and cannot opine on this matter.



Source: FEMA Flood Map Service Center, February 2019.

**LOCATION – 311 33<sup>RD</sup> STREET**

The location of a multifamily property can have a substantial negative or positive impact upon the performance, safety and appeal of the project. The site description will discuss the physical features of the site, as well as layout, access issues, and traffic flow.



Source: Google Earth, February 2019

<b>Subject Site Description:</b>	The Subject site is located at 311 33rd Street in Newport News, Virginia 23607.
<b>Size:</b>	The Subject site is approximately 0.4 acres.
<b>Shape:</b>	The site is generally rectangular in shape.
<b>Frontage:</b>	The Subject site has frontage along the south side of 34th Street, the east side of Route 60, and the north side of 33rd Street.
<b>Topography:</b>	The Subject site is level.
<b>Utilities:</b>	All utilities are provided to the site.
<b>Visibility/Views:</b>	The Subject site is visible from 34 <sup>th</sup> Street, Route 60, and 33rd Street and has excellent visibility. Views north consist of a garage and green space. The are office buildings visible



to the west, and to the south is an industrial use. There are townhomes in average condition east of the Subject site. Overall, views are considered average.

**Surrounding Uses:**

The Subject is located in downtown Newport News. The Subject site is rated as “Car Dependent” by WalkScore with a score of 47, indicating that most errands require a car. The following depicts the surrounding uses of the Subject site.



Garage north of the Subject site



View looking north of the Subject site

North: Directly north of the Subject site is a garage and a green space across the street. Farther north is the BayPort Credit Union, Peninsula Rescue Mission, a house of worship, several parking lots for surrounding businesses, single-family homes in average condition, and industrial uses.



Townhomes east of the Subject site



Parking lot and house of worship east of the Subject site

East: Directly east of the Subject site are townhomes in average condition. Farther east is a house of worship, railroad tracks, which are not visible from the Subject site and do not constitute a detrimental influence, various commercial uses, and Interstate 664.



Commercial use south of the Subject site



Commercial use south of the Subject site

*South:* Directly south of the Subject site is Jamestown Metal, a commercial business. Farther south is the USO Huntington Hall, a house of worship, a townhome development in excellent condition, office uses, and the Newport News Juvenile Detention Center. Given the commercial and residential development nearby, we do not consider the Juvenile Detention Center to be a detrimental influence.



Office building west of the Subject site



House of worship west of the Subject site

West: Directly west of the Subject site is the C&P Telephone Company, a house of worship, and a fire station. Farther west there is Liberty Apartment Homes, a market rate property in average condition with 197 units that is included as a comparable in this report, the Newport News Transit Center, and the Newport News Shipyard.

**Access and Traffic Flow:**

The Subject is accessible from 34th Street, a two-lane moderately trafficked road that intersects Route 60

approximately 0.1 miles east/west of the Subject site. Route 60 provides north/south access through Newport News. Additionally, access to Interstate 664 is provided 0.1 miles north of the Subject. Overall, access and traffic flow are considered good.

**Layout and Curb Appeal:**

The Subject will consist of one, four-story, elevator-serviced, midrise style building. The Subject will be new construction and will have excellent curb appeal.

**Drainage:**

We requested, but were not provided with, soil and subsoil reports. Drainage appears adequate, but no tests were performed. Novogradac and Company are not experts in this field and cannot opine further.

**Soil and Subsoil Conditions:**

We requested, but were not provided with, soil and subsoil reports. Drainage appears adequate, but no tests were performed. Novogradac and Company are not experts in this field and cannot opine further.

**Environmental Assessment:**

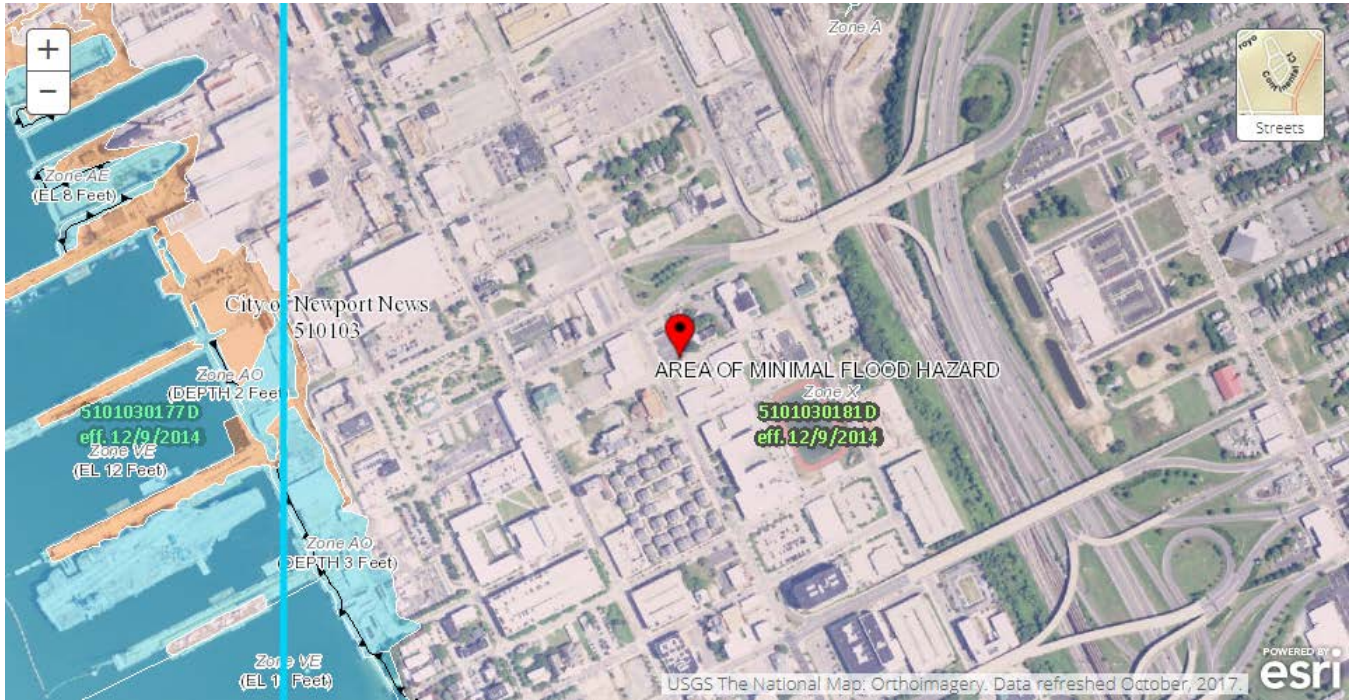
We requested, but were not provided with an environmental assessment. Novogradac and Company are not experts in this field and cannot opine further.

**Detrimental Influences:**

The Subject will be located very close to the shipbuilding yard, railroad tracks, and the Newport News Juvenile Detention Center, which may be viewed as detrimental influences. However, the surrounding properties such as River Park Tower and Liberty Apartments maintain stabilized occupancy rates and are not affected adversely.

**Flood Plain:**

According to the FEMA Flood Map Service Center Community Panel Number 5101030181D, effective on 12/9/2014, the Subject site is located in Zone X and is located in an area that is not in a flood zone. Further analysis is beyond the scope of this report. Novogradac & Company LLP does not have expertise in this field and cannot opine on this matter.



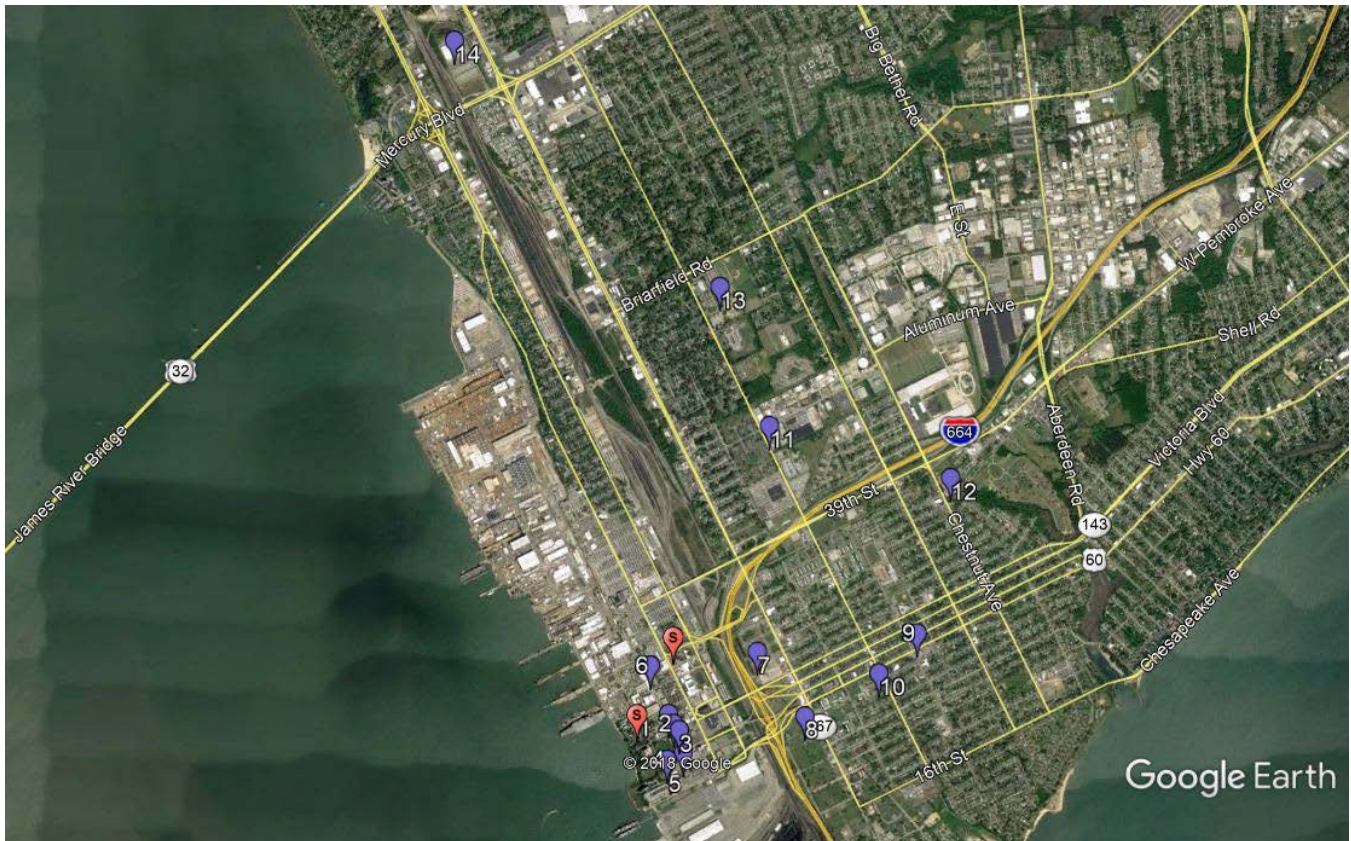
Source: FEMA Flood Map Service Center, February 2019.

**Locational Amenities:**

The following table and map illustrate the Subject’s proximity to necessary services. Map numbers correspond with the *Locational Amenities Map*, presented below.

**LOCATIONAL AMENITIES**

Map #	Service or Amenity	Distance from 80 29th Street Subject (driving)	Distance from 311 33rd Street Subject (driving)
1	Bus Stop	0.2 miles	0.2 miles
2	Superblock Park	0.2 miles	0.6 miles
3	Wells Fargo Bank	0.3 miles	0.6 miles
4	U.S. Post Office	0.3 miles	0.9 miles
5	Newport News Sheriff's Office	0.4 miles	0.7 miles
6	Newport News Fire Station	0.7 miles	0.5 miles
7	Piggly Wiggly	1.1 miles	1.1 miles
8	Pharmacy	1.2 miles	1.2 miles
9	Public Library	1.4 miles	1.5 miles
10	John Marshall Elementary School	1.5 miles	1.5 miles
11	Southeastern Virginia Health System	2.0 miles	1.8 miles
12	BT Washington Middle School	2.3 miles	2.1 miles
13	Heritage High School	2.7 miles	2.5 miles
14	Wal-Mart	3.8 miles	3.6 miles



Source: Google Earth, February 2019

**Public Transportation:**

Public Transportation in Newport News is provided by Hampton Roads Transit, which operates 24 local bus routes in Newport News. One way fares within the metro are \$1.75 for general passengers, and half priced fares are offered to children, seniors, and persons with disabilities. There is a bus stop 0.2 miles east of the Subject site at 80 29<sup>th</sup> Street with service for Routes 101 and 103-107, and 0.2 miles west of the Subject site at 311 33<sup>rd</sup> Street with service for Routes 064, 101, 103-107, 112, 405, 414-415, 430, 961, and 967. Bus lines provide service throughout Hampton Roads and Newport News.

**Crime Statistics:**

The following tables show crime statistics from 2018 for the PMA.

**2018 CRIME INDICES**

	PMA	Virginia Beach-Norfolk- Newport News, VA-NC Metropolitan Statistical Area
<b>Total Crime*</b>	<b>168</b>	<b>127</b>
<b>Personal Crime*</b>	<b>140</b>	<b>108</b>
Murder	228	162
Rape	138	112
Robbery	194	147
Assault	113	88
<b>Property Crime*</b>	<b>172</b>	<b>129</b>
Burglary	110	99
Larceny	198	144
Motor Vehicle Theft	127	94

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

\*Unweighted aggregations

The table above illustrates the crime risk as an index where 100 represents the national average. Indices above 100 are above the national average, and indices below 100 are below the national average. Total crime risk in the PMA is above the national average and the crime risk in the MSA. The risk of personal and property crime in the PMA are also significantly above that in the MSA and the nation. The Subject will offer intercoms and limited access. The majority of the comparable properties offer security features. We consider the Subject’s proposed security features to be market-oriented.

**Conclusion:**

The Subject’s neighborhood appears to be a good location for a multifamily development. The majority of the local amenities are located within approximately four miles of the Subject. The Subject sites are located approximately 0.5 miles from each other in a mixed-use neighborhood in downtown Newport News, with the majority of the immediate uses consisting of retail and multifamily residential uses and some commercial uses. The Subject will be compatible uses within the existing neighborhood.

**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD – 80 29<sup>TH</sup> STREET**



Subject site



Subject site



Subject site looking south



Subject site looking north



Subject site looking northeast



Subject site looking southeast



Subject site looking east



River Park Tower Apartments south of the Subject site (included)



Newport News Luxury Apartments south of the Subject site (included)



Medical Arts Senior Apartments north of the Subject site (excluded)



Post office south of the Subject site



Superblock Park south of the Subject site





Superblock Park south of the Subject site



Fire station north of the Subject site



Public library east of the Subject site



Retail use east of the Subject site



View looking east on 29<sup>th</sup> Street



View looking west on 29<sup>th</sup> Street



Office building adjacent west of the Subject site



Office building/shipbuilding facility south of the Subject site

**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD – 311 33<sup>RD</sup> STREET**



Subject site looking east



Subject site looking west



Subject site looking north



Subject site looking north toward 34<sup>th</sup> Street



Subject site looking south



Looking south toward the Subject site from 34<sup>th</sup> Street



Fire station west of the Subject site



Superblock Park south of the Subject site



Newport News Shipbuilding west of the Subject site



Newport News Shipbuilding west of the Subject site



Townhome development southwest of the Subject site



Commercial use south of the Subject site



Public library south of the Subject site



View looking north on Route 60 from the Subject site



View looking east on 34<sup>th</sup> Street



View looking west on 34<sup>th</sup> Street



View looking south on Route 60



View looking east on 33<sup>rd</sup> Street

## **E. MARKET AREA DEFINITION**

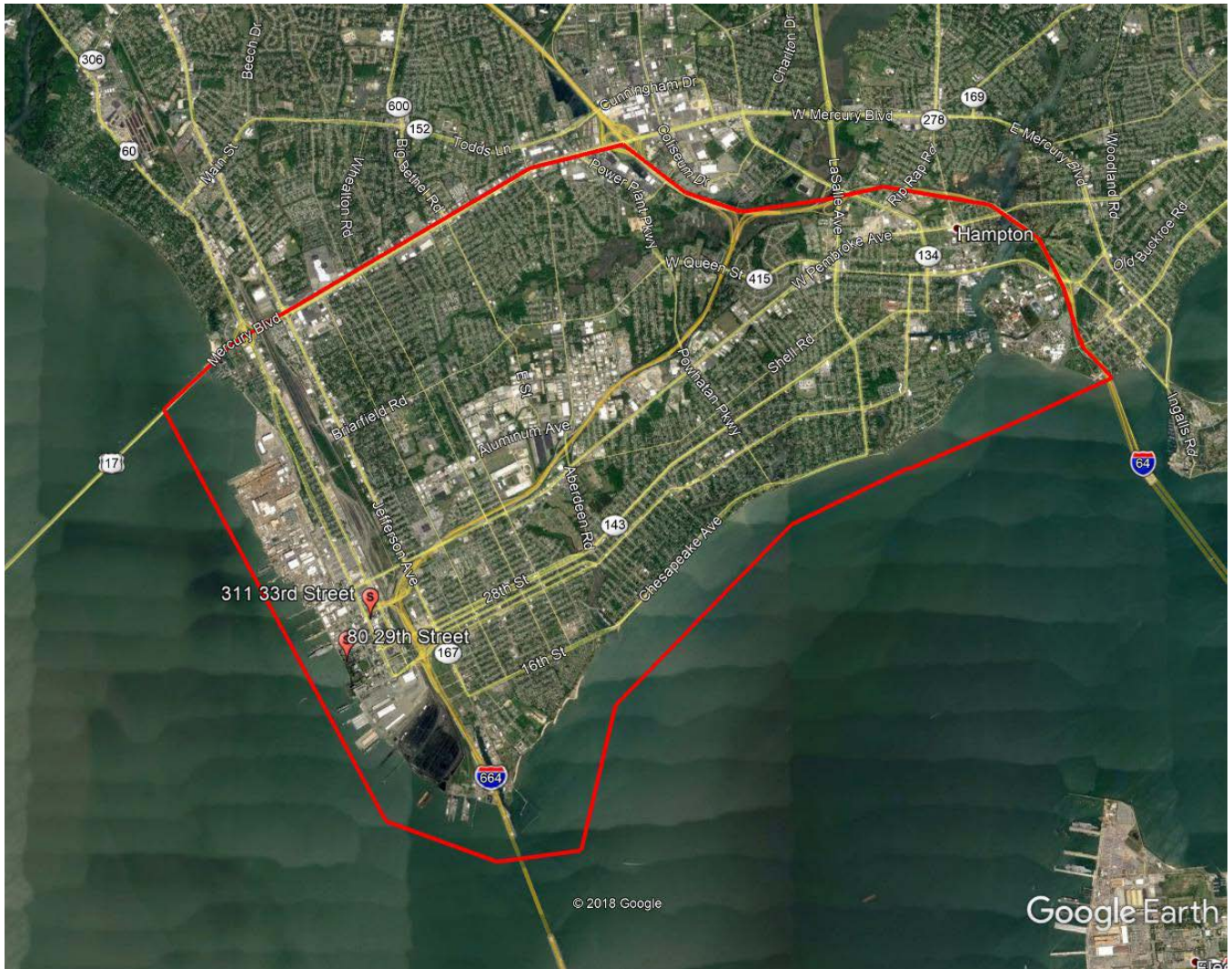
## MARKET AREA

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

The Subject property will be located in downtown Newport News, Virginia. The PMA is generally defined as Mercury Boulevard and Interstate 64 to the north, and the James River to the east, south, and west. This area was defined based on interviews with local market participants and local property managers. Management at the majority of the rent comparables noted that the majority of their tenants originate from within the Newport News and Hampton areas. We estimated that 10 percent of the Subject’s tenants will come from outside of these boundaries.

The Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA) will serve as the Secondary Market Area (SMA). The MSA consists of the independent cities of Virginia Beach, Norfolk, Chesapeake, Newport News, Hampton, Portsmouth, Suffolk, Williamsburg, and Poquoson in Virginia, the counties of James City, York, Gloucester, Isle of Wight, Matthews, and Surry in Virginia, and Currituck County in North Carolina. Maps outlining the general PMA boundaries as well as the MSA can be found on the following pages.

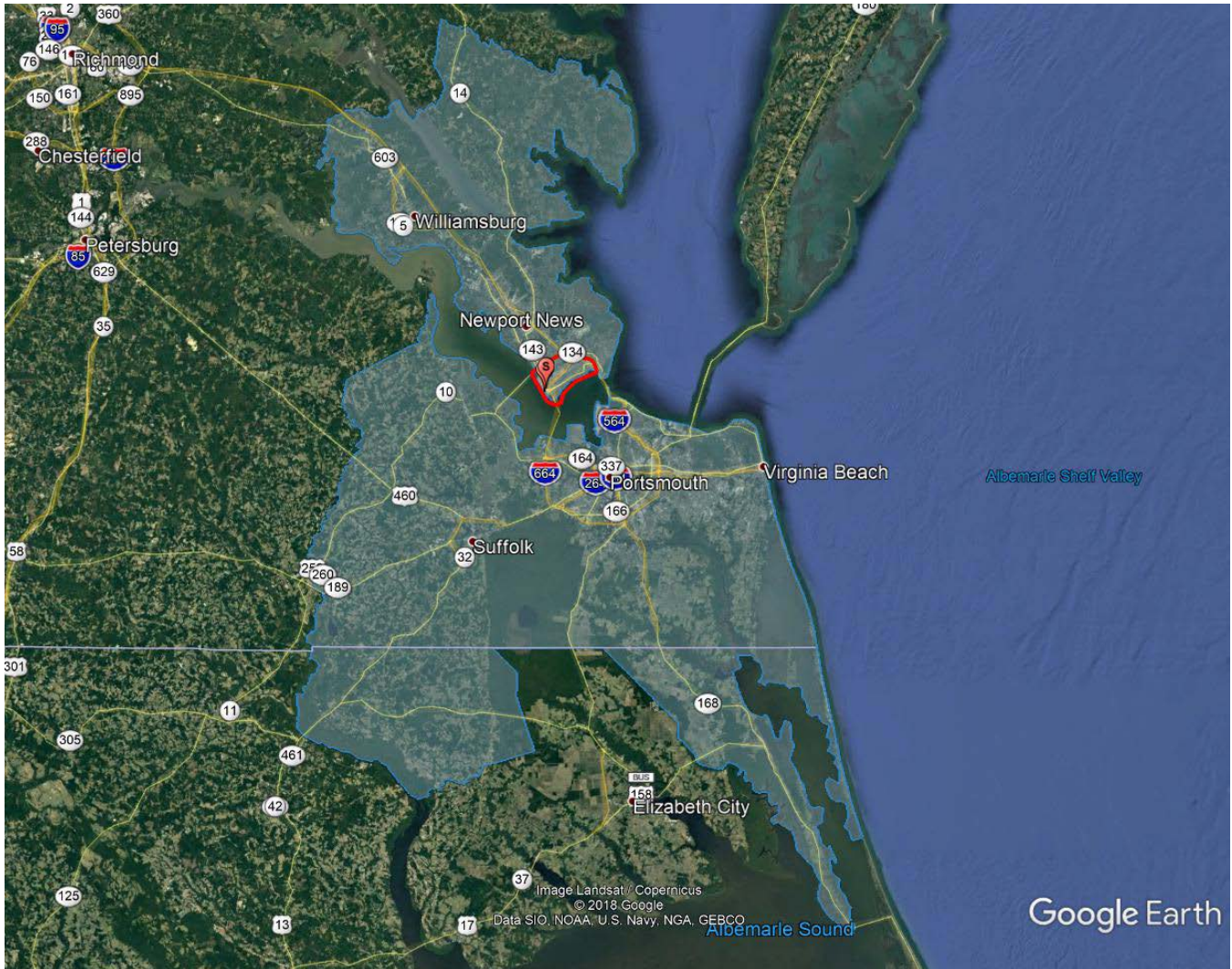
Primary Market Area Map



Source: Google Earth, February 2019



### Metropolitan Statistical Area (MSA) Map



Source: Google Earth, January 2019

# **F. EMPLOYMENT AND ECONOMY**

## ECONOMIC ANALYSIS

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

### Employment by Industry

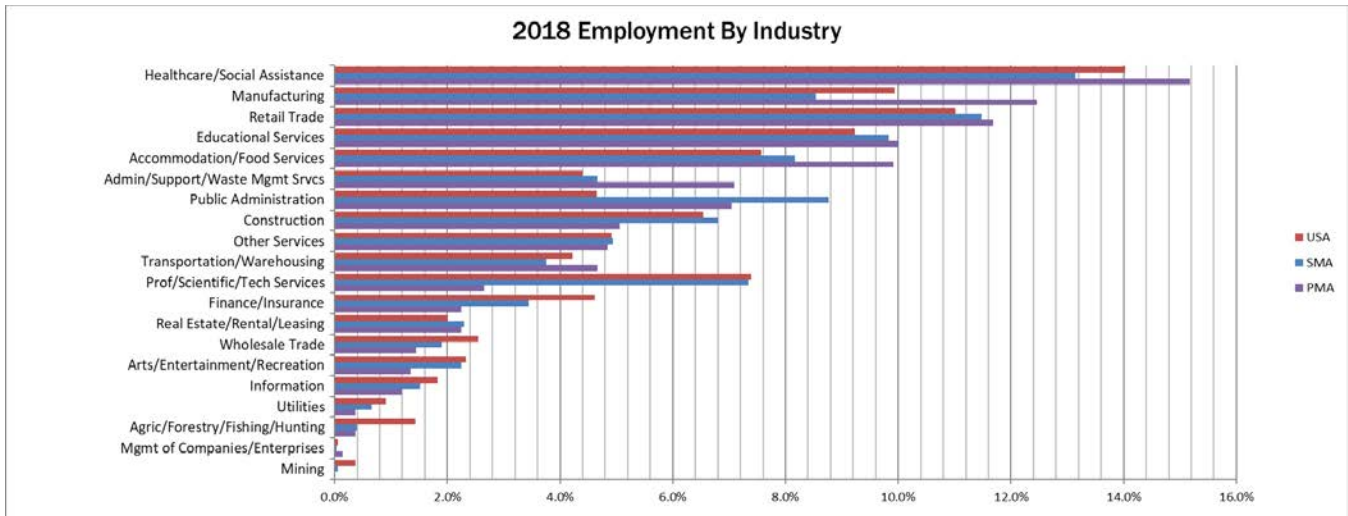
The following chart illustrates employment by industry as of 2018.

**2018 EMPLOYMENT BY INDUSTRY**

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	4,432	15.2%	22,154,439	14.0%
Manufacturing	3,641	12.5%	15,694,985	9.9%
Retail Trade	3,414	11.7%	17,381,607	11.0%
Educational Services	2,924	10.0%	14,568,337	9.2%
Accommodation/Food Services	2,896	9.9%	11,958,374	7.6%
Admin/Support/Waste Mgmt Svcs	2,073	7.1%	6,943,459	4.4%
Public Administration	2,058	7.0%	7,345,537	4.7%
Construction	1,477	5.1%	10,333,928	6.5%
Other Services	1,414	4.8%	7,758,801	4.9%
Transportation/Warehousing	1,361	4.7%	6,660,099	4.2%
Prof/Scientific/Tech Services	776	2.7%	11,673,939	7.4%
Finance/Insurance	658	2.3%	7,284,572	4.6%
Real Estate/Rental/Leasing	656	2.2%	3,165,171	2.0%
Wholesale Trade	423	1.4%	4,028,405	2.6%
Arts/Entertainment/Recreation	393	1.3%	3,672,444	2.3%
Information	348	1.2%	2,881,691	1.8%
Utilities	109	0.4%	1,433,069	0.9%
Agric/Forestry/Fishing/Hunting	109	0.4%	2,273,158	1.4%
Mgmt of Companies/Enterprises	42	0.1%	87,511	0.1%
Mining	4	0.0%	591,596	0.4%
<b>Total Employment</b>	<b>29,208</b>	<b>100.0%</b>	<b>157,891,122</b>	<b>100.0%</b>

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

Employment in the PMA is concentrated in the healthcare/social assistance, manufacturing, and retail trade industries, which collectively comprise 39.3 percent of local employment. The large share of PMA employment in manufacturing and retail trade is notable as manufacturing is experiencing a long-term employment decline, while retail is historically volatile. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. Relative to the overall nation, the PMA features comparatively greater employment in the administration/support/waste management services, manufacturing, and public administration industries. Conversely, the PMA is underrepresented in the professional/scientific/technology services, finance/insurance, and construction industries.



### Growth by Industry

The following table illustrates the change in total employment by sector from 2000 to 2018 in the PMA.

#### 2000-2018 CHANGE IN EMPLOYMENT - PMA

Industry	2000		2018		2000-2018	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Growth	Annualized Percent
Healthcare/Social Assistance	3,167	11.0%	4,432	15.2%	1,265	2.2%
Manufacturing	5,405	18.7%	3,641	12.5%	-1,764	-1.8%
Retail Trade	3,763	13.0%	3,414	11.7%	-349	-0.5%
Educational Services	2,755	9.6%	2,924	10.0%	169	0.3%
Accommodation/Food Services	2,085	7.2%	2,896	9.9%	811	2.2%
Admin/Support/Waste Mgmt Svcs	1,666	5.8%	2,073	7.1%	407	1.4%
Public Administration	1,783	6.2%	2,058	7.0%	275	0.9%
Construction	1,601	5.6%	1,477	5.1%	-124	-0.4%
Other Services	1,491	5.2%	1,414	4.8%	-77	-0.3%
Transportation/Warehousing	1,137	3.9%	1,361	4.7%	224	1.1%
Prof/Scientific/Tech Services	845	2.9%	776	2.7%	-69	-0.5%
Finance/Insurance	652	2.3%	658	2.3%	6	0.1%
Real Estate/Rental/Leasing	448	1.6%	656	2.2%	208	2.6%
Wholesale Trade	528	1.8%	423	1.4%	-105	-1.1%
Arts/Entertainment/Recreation	428	1.5%	393	1.3%	-35	-0.5%
Information	887	3.1%	348	1.2%	-539	-3.4%
Utilities	114	0.4%	109	0.4%	-5	-0.2%
Agric/Forestry/Fishing/Hunting	66	0.2%	109	0.4%	43	3.6%
Mgmt of Companies/Enterprises	0	0.0%	42	0.1%	42	0.0%
Mining	22	0.1%	4	0.0%	-18	-4.5%
<b>Total Employment</b>	<b>28,843</b>	<b>100.0%</b>	<b>29,208</b>	<b>100.0%</b>	<b>365</b>	<b>0.1%</b>

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

\*Industry data current as of 2010. Other projections current as of 2018.

\* Change in percentage is calculated as a rate of change by industry.

Total employment in the PMA increased at an annualized rate of 0.1 percent between 2000 and 2017. The industries which expanded most substantially during this period include healthcare/social assistance,

accommodation/food services, and administration/support/waste management services. Conversely, the manufacturing, information, and retail trade sectors contracted. Overall, we view the lessening reliance on the volatile manufacturing sector, and concurrent rise in healthcare-related employment as a positive aspect of the local economy.

**Major Employers**

The following table details the largest federal and private employers according to the Hampton Roads Economic Development Alliance.

**MAJOR EMPLOYERS - NEWPORT NEWS, VA  
NEWPORT NEWS**

Employer Name	Industry	# Of Employees
Huntington Ingalls Industries, Inc.	Manufacturing	24,000
Riverside Health System	Healthcare	8,000
City of Newport News	Government	5,600
Newport News City Public Schools	Education	4,600
Canon Virginia, Inc.	Manufacturing	1,500
AAFES Dan Daniel Distribution Center	Supplier	1,100
Christopher Newport University	Education	1,100
APAC Customer Services, Inc.	Customer Care	850
Specialty Foods Group, Inc.	Manufacturing	850
Ferguson Enterprises, Inc.	Manufacturing	800
Jefferson Laboratory	Scientific Research	700
Continental Automotive Group	Manufacturing	600
The Daily Press, Inc.	Newspaper Publishing	550
Liebherr Mining Equipment Co.	Manufacturing	500
Verizon Wireless	Telecommunications	450
Langley Federal Credit Union	Finance	400
Warwick Plumbing & Heating, Inc.	Contractor	350
Virginia Health Services, Inc.	Healthcare	283
W.M. Jordan Company	Contractor	252
<b>Totals</b>		<b>52,485</b>

Source: Hampton Roads Economic Development Alliance, February 2019

The largest employers in Newport News are concentrated in the manufacturing, healthcare, government, and education sectors. The healthcare and education sectors are considered to be stable industries in times of economic downturn.

## Employment Expansion/Contractions

The following table illustrates layoffs and closures in Hampton Roads and Newport News from January 2016 through February 2019. These are provided from the Worker Adjustment and Retraining Notification (WARN) filings, according to the Virginia Employment Commission.

**WARN LISTINGS, HAMPTON ROADS & NEWPORT NEWS, VA - 2016 - YTD 2019**

Company	Industry	Employees Affected	Layoff Date
Phoenix Theatres Entertainment	Entertainment	112	1/23/2019
Farm Fresh (multiple locations)	Retail/Grocery	459	3/14/2018
Farm Fresh # 62	Finance	50	5/8/2017
Riverside Pace	Healthcare	96	11/7/2016
Sprint	Retail/Telecommunications	380	1/22/2016
General Dynamics Mission Systems	Manufacturing/Defense	60	1/19/2016
Macy's	Retail	109	1/6/2016
<b>Total</b>		<b>1,266</b>	

Source: Virginia Employment Commission, effective February 2019.

According to the Virginia Employment Commission, there have been 1,266 job losses in Hampton Roads and Newport News since January 1, 2016. This represents less than three percent of the workforce in the MSA.

At the time this report was published, multiple calls to the Newport News Economic Development Office went unreturned. We have conducted additional research to determine recently announced business expansions within the Newport News region. The following business expansions were found through our research.

- Liebherr-International AG is investing \$45 million in the expansion of its Newport News, VA facility. Liebherr is one of the world's largest manufacturers of construction machinery. The new expansion will include the construction of three new buildings on 28 acres adjacent to Liebherr's current manufacturing facility. Construction began in July 2018 and is expected to be completed by summer 2020.
- Ferguson, the largest wholesale distributor of residential and commercial plumbing supplies and pipe, valves and fittings in the U.S. is investing \$82 million to bring their headquarters to City Center in Newport News. The eight-story, 260,000 square foot campus will house 1,400 employees and is expected to create 434 new jobs. Construction begins in June 2020 and is anticipated to be complete in 2020.
- The Newport News shipyard, a division of Huntington Ingalls Industries, is the state's largest industrial employer and is hiring employees at a rate of 400 per month. The Newport News shipyard plans to create 2,000 net new jobs through 2023. It is the sole manufacturer of nuclear-powered aircraft carriers for the U.S. Navy, and one of two yards that builds nuclear-powered submarines.
- Fairlead Boatworks, a division of Fairlead Integrated, broke ground in June 2018 on a \$5 million expansion that will create at least 25 new jobs. Fairlead Boatworks has consistent business from the U.S. Navy, who plans to expand its fleet of warships plus ongoing maintenance of smaller ships. Additionally, Fairlead Boatworks is pursuing non-governmental businesses with their expansion.

## Employment and Unemployment Trends

The following table details employment and unemployment trends for the MSA from 2002 to December 2018.

### EMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area				USA		
	Total Employment	% Change	Differential from peak	Total Employment	% Change	Differential from peak
2002	730,220	-	-10.2%	136,485,000	-	-11.0%
2003	735,598	0.7%	-9.6%	137,736,000	0.9%	-10.2%
2004	743,738	1.1%	-8.6%	139,252,000	1.1%	-9.2%
2005	760,768	2.3%	-6.5%	141,730,000	1.8%	-7.6%
2006	775,834	2.0%	-4.6%	144,427,000	1.9%	-5.8%
2007	787,986	1.6%	-3.1%	146,047,000	1.1%	-4.8%
2008	792,416	0.6%	-2.6%	145,363,000	-0.5%	-5.2%
2009	760,677	-4.0%	-6.5%	139,878,000	-3.8%	-8.8%
2010	770,605	1.3%	-5.3%	139,064,000	-0.6%	-9.3%
2011	778,240	1.0%	-4.3%	139,869,000	0.6%	-8.8%
2012	781,751	0.5%	-3.9%	142,469,000	1.9%	-7.1%
2013	790,153	1.1%	-2.9%	143,929,000	1.0%	-6.1%
2014	796,631	0.8%	-2.1%	146,305,000	1.7%	-4.6%
2015	793,110	-0.4%	-2.5%	148,833,000	1.7%	-2.9%
2016	797,447	0.5%	-2.0%	151,436,000	1.7%	-1.2%
2017	813,385	2.0%	0.0%	153,337,000	1.3%	0.0%
2018 YTD Average*	824,244	1.3%	-	155,761,000	1.6%	-
Dec-2017	802,950	-	-	153,602,000	-	-
Dec-2018	821,768	2.3%	-	156,481,000	1.9%	-

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

### UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

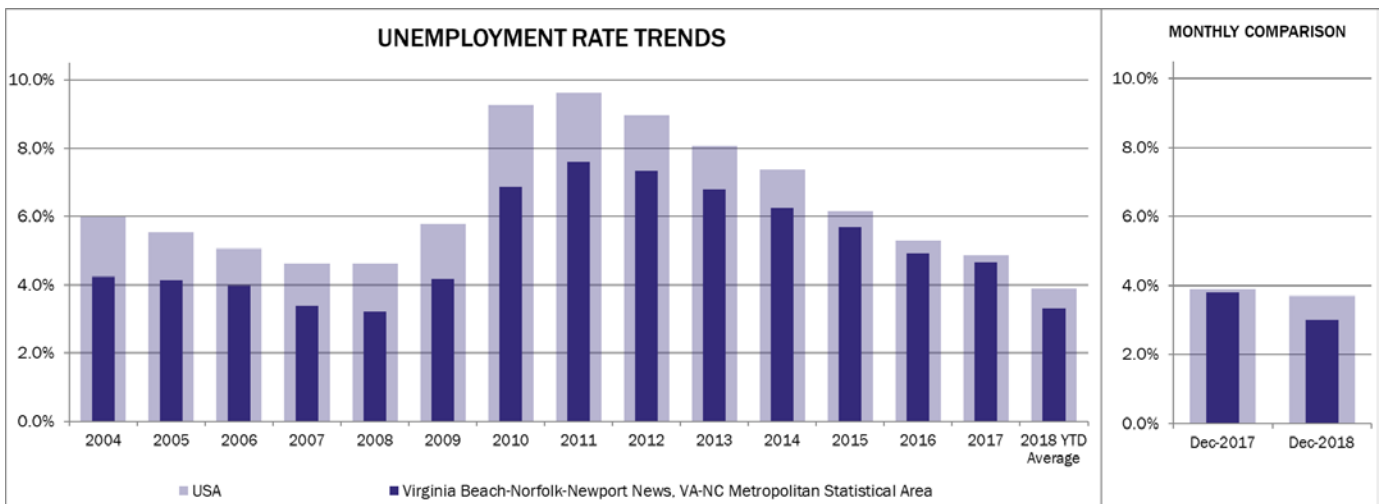
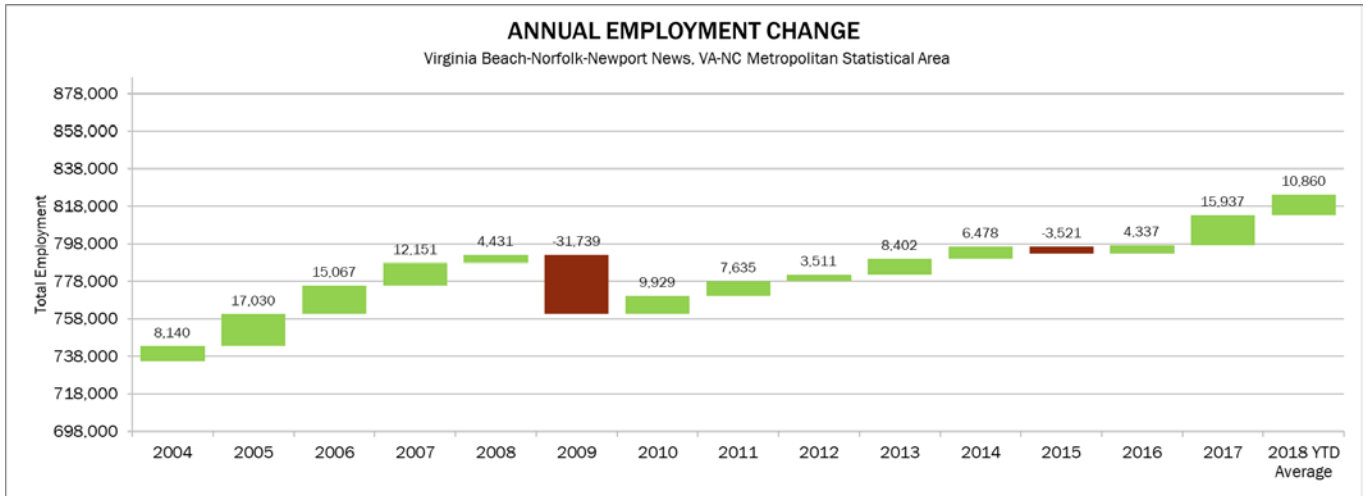
Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area				USA		
	Unemployment Rate	Change	Differential from peak	Unemployment Rate	% Change	Differential from peak
2002	4.1%	-	0.9%	5.8%	-	1.4%
2003	4.2%	0.1%	1.0%	6.0%	0.2%	1.6%
2004	4.1%	-0.1%	0.9%	5.5%	-0.5%	1.2%
2005	4.0%	-0.1%	0.8%	5.1%	-0.5%	0.7%
2006	3.4%	-0.6%	0.2%	4.6%	-0.5%	0.3%
2007	3.2%	-0.2%	0.0%	4.6%	0.0%	0.3%
2008	4.2%	1.0%	1.0%	5.8%	1.2%	1.4%
2009	6.9%	2.7%	3.7%	9.3%	3.5%	4.9%
2010	7.6%	0.7%	4.4%	9.6%	0.3%	5.3%
2011	7.3%	-0.3%	4.1%	9.0%	-0.7%	4.6%
2012	6.8%	-0.5%	3.6%	8.1%	-0.9%	3.7%
2013	6.2%	-0.5%	3.0%	7.4%	-0.7%	3.0%
2014	5.7%	-0.6%	2.5%	6.2%	-1.2%	1.8%
2015	4.9%	-0.8%	1.7%	5.3%	-0.9%	0.9%
2016	4.7%	-0.3%	1.5%	4.9%	-0.4%	0.5%
2017	4.2%	-0.5%	0.9%	4.4%	-0.5%	0.0%
2018 YTD Average*	3.3%	-0.8%	-	3.9%	-0.4%	-
Dec-2017	3.8%	-	-	3.9%	-	-
Dec-2018	3.0%	-0.8%	-	3.7%	-0.2%	-

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

Annual job growth in the MSA outpaced the nation in four of the five years between 2003 and 2007. Comparatively speaking, the MSA economy performed well during the recession. Total MSA employment contracted by only 4.0 percent (2008-2009), less than the 4.8 percent decline reported by the overall nation (2007-2010). Employment in the MSA recovered and surpassed pre-recessionary levels in 2014, the same year as the overall nation. Since 2012, average employment growth in the MSA trailed the nation in all but two

years. As of December 2018, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 2.3 percent, compared to 1.9 percent across the overall nation.

The MSA experienced a lower average unemployment rate relative to the overall nation during the years preceding the recession. The local labor market demonstrated relative strength during the recession, as the rate of unemployment increased by only 4.4 percentage points, compared to a 5.0 percentage point increase across the overall nation. Since 2012, the MSA generally experienced a lower unemployment rate compared to the overall nation. According to the most recent labor statistics, the unemployment rate in the MSA is 3.0 percent, lower than the current national unemployment rate of 3.7 percent. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.





## Wages by Occupation

The following table illustrates the wages by occupation for the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA).

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

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
<b>All Occupations</b>	<b>738,300</b>	<b>\$22.34</b>	<b>\$46,470</b>
Management Occupations	26,280	\$55.18	\$114,770
Computer and Mathematical Occupations	22,180	\$39.73	\$82,630
Architecture and Engineering Occupations	21,580	\$38.82	\$80,730
Legal Occupations	4,350	\$37.19	\$77,360
Healthcare Practitioners and Technical Occupations	43,160	\$36.62	\$76,170
Business and Financial Operations Occupations	40,140	\$35.12	\$73,040
Life, Physical, and Social Science Occupations	5,540	\$33.05	\$68,740
Education, Training, and Library Occupations	45,410	\$25.43	\$52,890
Arts, Design, Entertainment, Sports, and Media Occupations	8,230	\$23.17	\$48,190
Installation, Maintenance, and Repair Occupations	33,280	\$22.28	\$46,340
Community and Social Service Occupations	11,760	\$22.14	\$46,050
Construction and Extraction Occupations	36,120	\$20.63	\$42,920
Protective Service Occupations	18,860	\$20.62	\$42,900
Production Occupations	35,160	\$19.28	\$40,110
Transportation and Material Moving Occupations	47,990	\$17.86	\$37,150
Office and Administrative Support Occupations	109,750	\$17.27	\$35,920
Sales and Related Occupations	84,820	\$15.92	\$33,100
Healthcare Support Occupations	20,920	\$13.98	\$29,070
Farming, Fishing, and Forestry Occupations	1,010	\$13.40	\$27,860
Building and Grounds Cleaning and Maintenance Occupations	23,400	\$12.29	\$25,560
Personal Care and Service Occupations	25,100	\$11.62	\$24,160
Food Preparation and Serving Related Occupations	73,270	\$11.44	\$23,800

Source: Department Of Labor, Occupational Employment Statistics, 5/2017, retrieved 2/2019

The table above shows the average hourly and annual wages by occupation classification. The classification with the lowest average hourly wage is food preparation and serving related occupations at \$11.44 per hour. The highest average hourly wage, of \$55.18, is for those in management occupations. Qualifying income for the Subject's affordable units will range between \$23,143 and \$56,700. This encompasses a significant amount of the employment based on wages in the area. An element not reflected in the data is that many positions represent part-time employment, and starting rates are typically lower than mean wage rates. We expect that part-time employment and entry-level positions will be common amongst the Subject's tenant base.

## Commuting Patterns

The chart below shows the travel time to work for the PMA according to US Census data.

COMMUTING PATTERNS		
ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	437	1.6%
Travel Time 5-9 min	3,002	10.9%
Travel Time 10-14 min	5,501	20.0%
Travel Time 15-19 min	6,415	23.4%
Travel Time 20-24 min	3,483	12.7%
Travel Time 25-29 min	1,191	4.3%
Travel Time 30-34 min	3,063	11.2%
Travel Time 35-39 min	846	3.1%
Travel Time 40-44 min	548	2.0%
Travel Time 45-59 min	1,358	4.9%
Travel Time 60-89 min	842	3.1%
Travel Time 90+ min	761	2.8%
<b>Weighted Average</b>	<b>24 minutes</b>	

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

As shown in the preceding table, the weighted average commute time in the PMA is approximately 24 minutes. More than 68 percent of PMA commuters travel under 24 minutes, indicating many households work in the local area. The average commute time across the overall nation is approximately 28 minutes.

## Conclusion

Employment in the PMA is concentrated in the healthcare/social assistance, manufacturing, and retail trade industries, which collectively comprise 39.3 percent of local employment. The large share of PMA employment in manufacturing and retail trade is notable as both industries are historically volatile, and prone to contraction during recessionary periods. However, the PMA also has a significant share of employment in the healthcare industry, which is historically known to exhibit greater stability during recessionary periods. The MSA economy performed well during the recession, suffering only a 4.0 percent employment contraction, compared to a 4.8 percent decline across the overall nation. Employment in the MSA recovered and surpassed pre-recessionary levels in 2014, the same year as the overall nation. As of December 2018, total employment in the MSA is at a post-recessionary record and increasing at an annualized rate of 2.3 percent, compared to 1.9 percent across the overall nation. Overall, the local economy appears to have fully recovered from the national recession and entered into an expansionary phase.

# **G. DEMOGRAPHIC CHARACTERISTICS**

## DEMOGRAPHIC CHARACTERISTICS

The table below illustrates population and household trends in the PMA, the MSA, and the nation from 2000 through 2023.

### POPULATION

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	74,363	-	1,577,031	-	281,038,168	-
2010	71,722	-0.4%	1,676,822	0.6%	308,745,538	1.0%
2018	70,653	-0.2%	1,772,840	0.7%	330,088,686	0.8%
2023	69,977	-0.2%	1,829,535	0.6%	343,954,683	0.8%

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

### HOUSEHOLDS

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	28,894	-	580,304	-	105,403,008	-
2010	28,267	-0.2%	630,413	0.9%	116,716,296	1.1%
2018	27,629	-0.3%	664,629	0.7%	124,110,017	0.8%
2023	27,480	-0.1%	683,324	0.6%	128,855,931	0.8%

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

As the tables illustrate, the PMA and the MSA are areas of population contraction. Between 2010 and 2018, population and households in the PMA decreased, contrary to the nation and the MSA. From 2018 through 2023, population and households in the PMA are projected to continue decreasing, and the nation, MSA are projected to grow. The rate of household contraction is going to potentially slow through 2023.

Population by Age

POPULATION BY AGE IN 2018

Age Cohort	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	4,243	6.0%	105,245	5.9%	19,968,445	6.0%
5-9	4,284	6.1%	107,528	6.1%	20,460,473	6.2%
10-14	4,323	6.1%	108,955	6.1%	20,877,164	6.3%
15-19	5,799	8.2%	117,083	6.6%	21,084,688	6.4%
20-24	6,089	8.6%	141,618	8.0%	22,646,440	6.9%
25-29	5,065	7.2%	136,938	7.7%	23,557,337	7.1%
30-34	4,447	6.3%	126,700	7.1%	22,355,094	6.8%
35-39	4,000	5.7%	115,476	6.5%	21,419,362	6.5%
40-44	3,699	5.2%	102,907	5.8%	19,879,801	6.0%
45-49	4,039	5.7%	107,823	6.1%	20,736,487	6.3%
50-54	4,475	6.3%	114,870	6.5%	21,395,762	6.5%
55-59	4,734	6.7%	120,701	6.8%	22,375,085	6.8%
60-64	4,394	6.2%	106,129	6.0%	20,552,366	6.2%
65-69	3,766	5.3%	89,367	5.0%	17,874,849	5.4%
70-74	2,839	4.0%	65,616	3.7%	13,196,470	4.0%
75-79	1,976	2.8%	45,109	2.5%	9,064,776	2.7%
80-84	1,212	1.7%	29,664	1.7%	6,007,164	1.8%
85+	1,271	1.8%	31,111	1.8%	6,636,923	2.0%
<b>Total</b>	<b>70,655</b>	<b>100.0%</b>	<b>1,772,840</b>	<b>100.0%</b>	<b>330,088,686</b>	<b>100.0%</b>

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

**POPULATION BY AGE IN 2023 ESTIMATE**

Age Cohort	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	4,182	6.0%	108,063	5.9%	20,712,703	6.0%
5-9	4,045	5.8%	106,324	5.8%	20,686,037	6.0%
10-14	4,186	6.0%	109,264	6.0%	21,356,683	6.2%
15-19	5,792	8.3%	119,512	6.5%	21,696,066	6.3%
20-24	5,679	8.1%	135,330	7.4%	21,612,571	6.3%
25-29	4,560	6.5%	127,502	7.0%	22,724,609	6.6%
30-34	4,623	6.6%	133,644	7.3%	24,574,306	7.1%
35-39	4,194	6.0%	127,642	7.0%	23,129,515	6.7%
40-44	4,015	5.7%	116,155	6.3%	21,944,713	6.4%
45-49	3,732	5.3%	103,002	5.6%	19,928,478	5.8%
50-54	4,041	5.8%	107,466	5.9%	20,822,718	6.1%
55-59	4,129	5.9%	110,479	6.0%	21,014,806	6.1%
60-64	4,452	6.4%	115,430	6.3%	21,745,623	6.3%
65-69	4,004	5.7%	101,019	5.5%	19,744,824	5.7%
70-74	3,263	4.7%	80,565	4.4%	16,251,664	4.7%
75-79	2,415	3.5%	58,071	3.2%	11,695,481	3.4%
80-84	1,405	2.0%	36,250	2.0%	7,323,303	2.1%
85+	1,261	1.8%	33,817	1.8%	6,990,583	2.0%
<b>Total</b>	<b>69,978</b>	<b>100.0%</b>	<b>1,829,535</b>	<b>100.0%</b>	<b>343,954,683</b>	<b>100.0%</b>

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

**General Household Income Distribution**

The following table illustrates household income distribution in the PMA and the MSA.

**HOUSEHOLD INCOME PMA**

Income Cohort	PMA					
	2018		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	3,733	13.5%	3,534	12.9%	-40	-1.1%
\$10,000-	4,441	16.1%	4,208	15.3%	-47	-1.0%
\$20,000-	4,262	15.4%	4,041	14.7%	-44	-1.0%
\$30,000-	3,550	12.8%	3,551	12.9%	0	0.0%
\$40,000-	2,455	8.9%	2,514	9.1%	12	0.5%
\$50,000-	2,258	8.2%	2,240	8.2%	-4	-0.2%
\$60,000-	2,328	8.4%	2,373	8.6%	9	0.4%
\$75,000-	2,297	8.3%	2,402	8.7%	21	0.9%
\$100,000-	1,040	3.8%	1,192	4.3%	30	2.9%
\$125,000-	537	1.9%	600	2.2%	13	2.3%
\$150,000-	521	1.9%	567	2.1%	9	1.8%
\$200,000+	207	0.7%	258	0.9%	10	4.9%
<b>Total</b>	<b>27,629</b>	<b>100.0%</b>	<b>27,480</b>	<b>100.0%</b>		

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

**HOUSEHOLD INCOME SMA**

Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area						
Income Cohort	2018		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	40,497	6.1%	39,417	5.8%	-216	-0.5%
\$10,000-	54,851	8.3%	52,891	7.7%	-392	-0.7%
\$20,000-	60,912	9.2%	59,219	8.7%	-339	-0.6%
\$30,000-	63,525	9.6%	62,058	9.1%	-293	-0.5%
\$40,000-	59,833	9.0%	59,662	8.7%	-34	-0.1%
\$50,000-	55,750	8.4%	55,884	8.2%	27	0.0%
\$60,000-	71,985	10.8%	73,213	10.7%	246	0.3%
\$75,000-	89,577	13.5%	93,043	13.6%	693	0.8%
\$100,000-	62,723	9.4%	67,250	9.8%	905	1.4%
\$125,000-	38,665	5.8%	42,943	6.3%	856	2.2%
\$150,000-	36,296	5.5%	41,077	6.0%	956	2.6%
\$200,000+	30,015	4.5%	36,667	5.4%	1,330	4.4%
<b>Total</b>	<b>664,629</b>	<b>100.0%</b>	<b>683,324</b>	<b>100.0%</b>		

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

Qualifying incomes for the Subject will range from \$0 to \$56,700 as proposed and \$23,143 and \$56,700 absent subsidy.

**General Household Size Distribution**

The following table is a summary of the household size distribution in the PMA, the MSA and the nation.

**AVERAGE HOUSEHOLD SIZE**

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.42	-	2.60	-	2.59	-
2010	2.39	-0.1%	2.55	-0.2%	2.58	-0.1%
2018	2.40	0.1%	2.56	0.1%	2.59	0.1%
2023	2.39	-0.1%	2.57	0.1%	2.61	0.1%

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

The average household size in the PMA is smaller than that of the MSA and the nation. According to ESRI demographic projections, household sizes in the PMA will contract slightly while MSA and nation will grow slightly through 2023.

**General Household Tenure**

The following table is a summary of the tenure patterns of the housing stock in the PMA.

**TENURE PATTERNS PMA**

Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	14,463	50.1%	14,431	49.9%
2018	12,931	46.8%	14,698	53.2%
2023	13,181	48.0%	14,299	52.0%

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

The preceding table details household tenure patterns in the PMA since 2000. The percentage of renter households in the PMA remained relatively stable between 2000 and 2018, and is estimated to be 53.2 percent as of 2018. This is more than the estimated 33 percent of renter households across the overall nation. According to ESRI demographic projections, the percentage of renter households in the PMA is expected to remain relatively stable through 2023. The large proportion of renter households in the PMA is a positive sign of demand for additional rental housing such as the proposed Subject.

**General Renter Household Income Distribution**

The following table illustrates total renter household income distribution.

**RENTER HOUSEHOLD INCOME**

Income Cohort	2018		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	2,884	19.6%	2,663	18.6%	-44	-1.5%
\$10,000-19,999	3,068	20.9%	2,883	20.2%	-37	-1.2%
\$20,000-29,999	2,831	19.3%	2,658	18.6%	-35	-1.2%
\$30,000-39,999	1,885	12.8%	1,854	13.0%	-6	-0.3%
\$40,000-49,999	1,001	6.8%	996	7.0%	-1	-0.1%
\$50,000-59,999	880	6.0%	890	6.2%	2	0.2%
\$60,000-74,999	821	5.6%	872	6.1%	10	1.2%
\$75,000-99,999	713	4.9%	744	5.2%	6	0.9%
\$100,000-	283	1.9%	337	2.4%	11	3.8%
\$125,000-	107	0.7%	129	0.9%	4	4.1%
\$150,000-	150	1.0%	174	1.2%	5	3.2%
\$200,000+	75	0.5%	99	0.7%	5	6.4%
<b>Total</b>	<b>14,698</b>	<b>100.0%</b>	<b>14,299</b>	<b>100.0%</b>		

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

In the previous tables, the percentage of renter occupied households was applied to the total number of households in each income level. As illustrated, the largest concentrations of renter households fall into the \$0 to \$39,999 income cohorts. Qualifying incomes for the Subject will range from \$0 to \$56,700 as proposed and \$23,143 and \$56,700 absent subsidy.

**Household Size Distribution**

The table below shows the breakdown of households by number of persons in the household within the Subject’s PMA.



**PMA HOUSEHOLD SIZE DISTRIBUTION**

Household Size	2000		2018		2023	
	Total Households	Percent	Total Households	Percent	Total	Percent
1 persons	8,976	31.1%	9,529	34.5%	9,598	34.9%
2 persons	8,877	30.7%	8,343	30.2%	8,298	30.2%
3 persons	5,215	18.0%	4,473	16.2%	4,433	16.1%
4 persons	3,266	11.3%	2,805	10.2%	2,747	10.0%
5+ persons	2,560	8.9%	2,479	9.0%	2,404	8.7%
<b>Total</b>	<b>28,894</b>	<b>100.0%</b>	<b>27,629</b>	<b>100.0%</b>	<b>27,480</b>	<b>100.0%</b>

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

As of 2018, the majority of households in the PMA consist of one and two persons. Through 2023, the proportion of one-person households is anticipated to increase slightly, and the proportion of two-person households will remain constant. The proportions of three, four, and five-person households are anticipated to decrease slightly.

**Renter Household Size Distribution**

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

**PMA RENTER HOUSEHOLD SIZE DISTRIBUTION**

Household Size	2000		2018		2023	
	Total Households	Percent	Total Households	Percent	Total	Percent
1 persons	5,161	35.8%	6,031	41.0%	6,014	42.1%
2 persons	3,585	24.8%	3,413	23.2%	3,240	22.7%
3 persons	2,531	17.5%	2,236	15.2%	2,158	15.1%
4 persons	1,690	11.7%	1,511	10.3%	1,452	10.2%
5+ persons	1,464	10.1%	1,507	10.3%	1,435	10.0%
<b>Total</b>	<b>14,431</b>	<b>100.0%</b>	<b>14,698</b>	<b>100.0%</b>	<b>14,299</b>	<b>100.0%</b>

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

Historically, the majority of renter households in the PMA have consisted of one and two-person households. In 2018, approximately 64 percent of renter-households were one or two persons. The number of three and four-person renter households has declined since 2000, and five plus person renter households have grown incrementally.

**Median Household Income Levels**

The table below illustrates median household income levels in the PMA, the MSA, and the nation from 2000 through 2023. Note that this is based on data for all household sizes and is independent of the calculation of AMI.

**MEDIAN HOUSEHOLD INCOME**

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$18,900	-	\$43,142	-	\$44,872	-
2018	\$38,104	5.6%	\$61,617	2.3%	\$58,100	1.6%
2023	\$41,433	1.7%	\$70,277	2.8%	\$65,727	2.6%

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

As of 2018, the median income in the PMA is below the surrounding MSA. Median household income growth in the PMA exceeded the MSA between 2000 and 2018. Income growth in both geographic areas exceeded

the overall nation during this time period. In particular, median income in the PMA rose from 42 percent of the national median income in 2000 to 66 percent in 2018. The overall rise in median income levels reflects a market where lower income households may be priced out by more affluent households. It also indicates that affordable housing properties should prosper in the future as incomes and, therefore, achievable rents rise. According to ESRI demographic projections, annualized PMA growth is expected to decline significantly to 1.7 percent through 2023, which is below projected growth in the MSA and nation.

### Rent Overburdened Households

The following table illustrates the percentage of households paying greater than 35 percent of their income towards housing in the PMA, the MSA, and the nation.

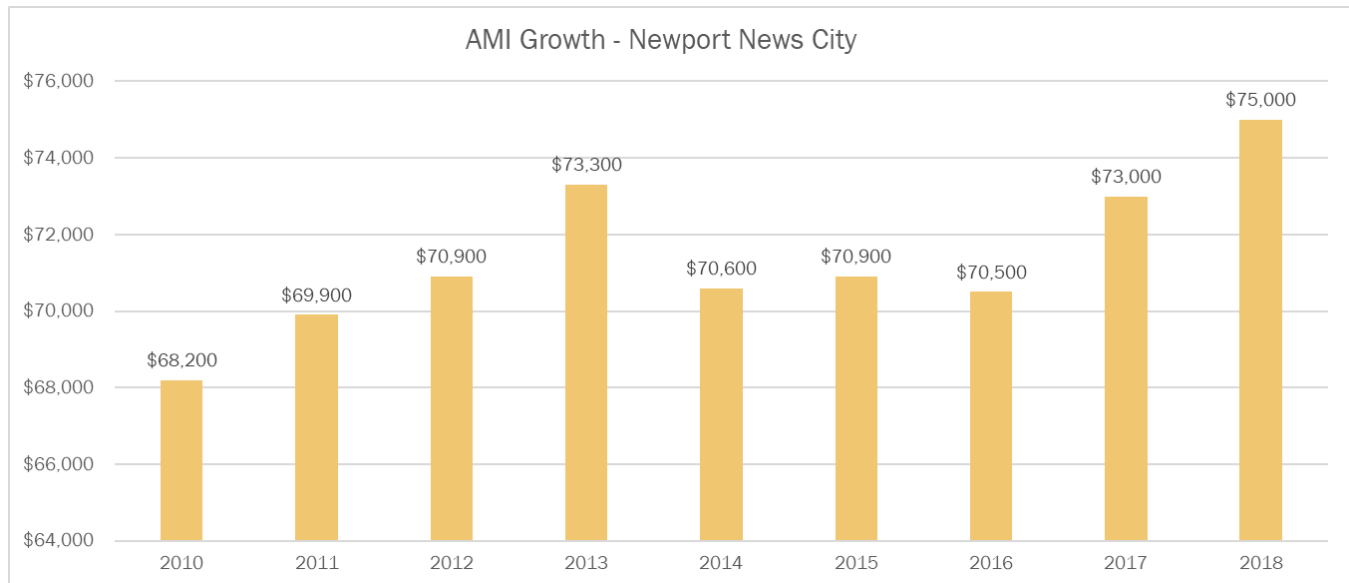
RENT OVERBURDENED						
Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
2018	6,787	48.7%	102,587	42.3%	16,657,755	39.5%

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

As illustrated, the percentage of rent overburdened households in the PMA is above the MSA and the nation. The proportion of rent-overburdened households in the PMA indicates a need for affordable housing such as the proposed Subject.

### Area Median Income

For Section 42 LIHTC rent determination purposes, the AMI is used. The following chart illustrates the AMI level for a four-person household in Newport News City.



Source: Novogradac & Company, LLP, February 2019

Overall, the AMI has increased by an average of 1.2 percent annually between 2000 and 2018. Over 84 percent of counties in the country experienced an increase in AMI in 2018, and this is also true of Newport News City. The AMI in Newport News City reached a record high in 2018. The following chart illustrates the annual growth in AMI over the past five years.

**NEWPORT NEWS CITY AMI GROWTH (2013-2018)**

Year	2013	2014	2015	2016	2017	2018
AMI	\$73,300	\$70,600	\$70,900	\$70,500	\$73,000	\$75,000
Percentage	3.4%	-3.7%	0.4%	-0.6%	3.5%	2.8%

**Conclusion**

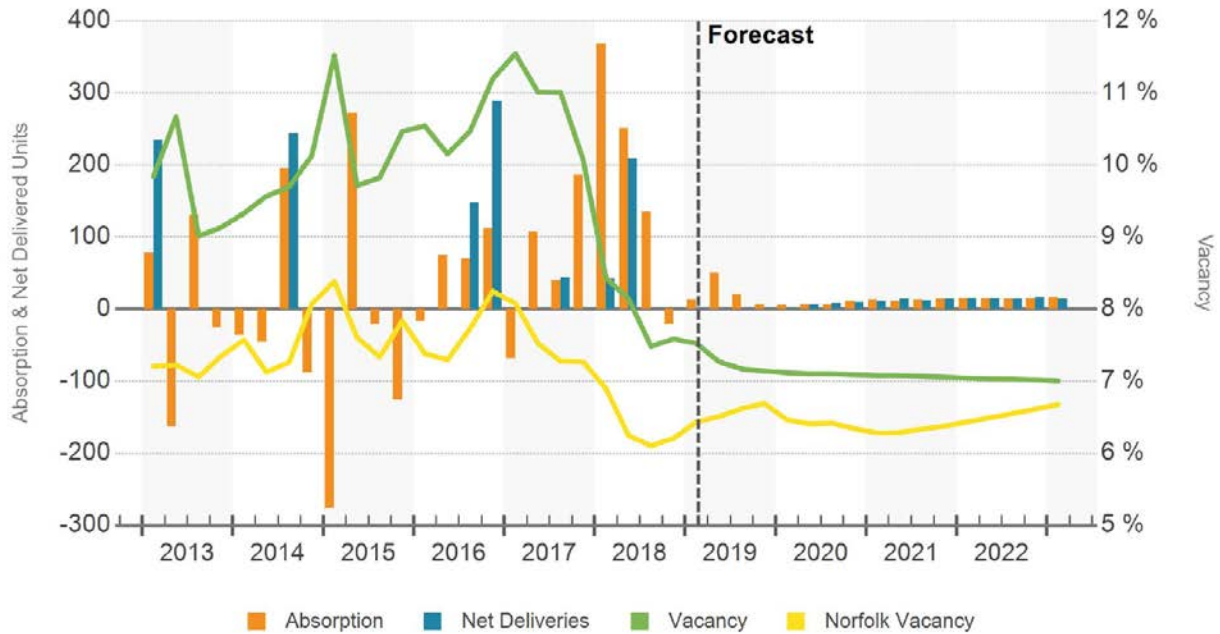
The Subject’s PMA has been characterized by modest population and household declines. This trend is anticipated to continue through 2023. Nonetheless, a majority of the households in the PMA are renter households, and renter households are concentrated among the lowest income cohorts. Based on information reported by local property managers, and the *Demand Analysis* illustrated later in this report, there appears to be adequate demand for the Subject’s units.

# **H.COMPETITIVE ENVIRONMENT**

## HOUSING SUMMARY

We consulted a Costar submarket report to gather information on the Newport News rental market. The table below illustrates net deliveries, net absorption, and average vacancy in the Norfolk submarket.

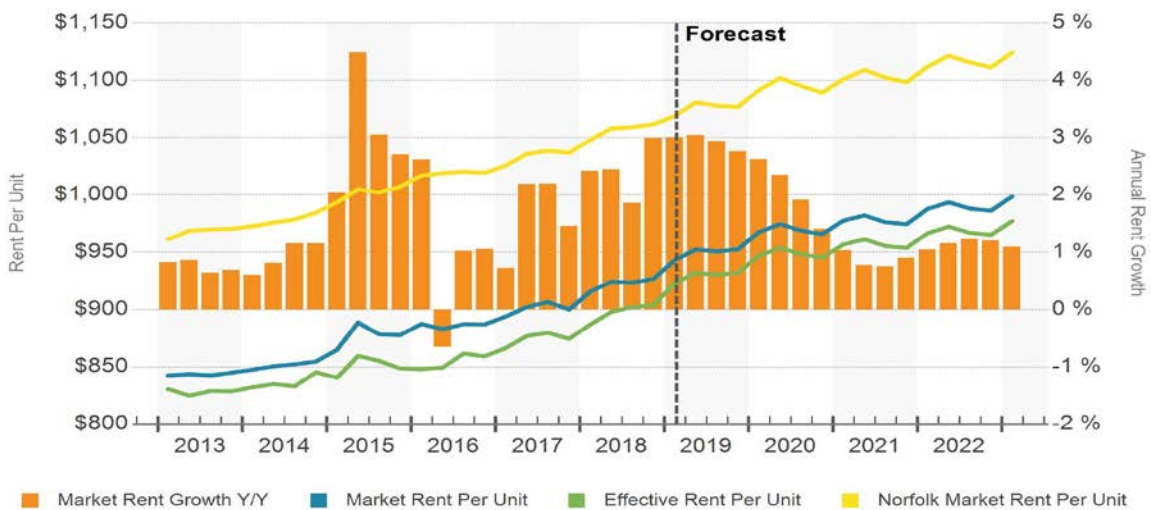
### ABSORPTION, NET DELIVERIES & VACANCY



Source: Costar, February 2019.

The average vacancy rate was 7.7 percent in 2018. Vacancy levels are expected to decrease in 2019 and level out to 7.1 percent over the next five years. However, the vacancy rate is expected to remain above that of the Norfolk metro area.

### MARKET RENT PER UNIT & RENT GROWTH



Source: Costar, February 2019.

In the above graph, rent growth in the submarket is illustrated in the orange bars. The average asking rent growth in the submarket was 3.0 percent in 2018. Rent growth in the area is expected to decrease over the next five years to 1.0 percent.

### Age of Housing Stock

The following table illustrate the age of the existing housing stock in the PMA.

#### HOUSING STOCK BY YEAR BUILT

	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
Built 2005 or later	658	2.1%	16,512	2.3%	2,573,002	1.9%
Built 2000 to 2004	1,881	6.1%	93,786	13.3%	19,705,347	14.8%
Built 1990 to 1999	1,549	5.0%	107,995	15.3%	18,762,073	14.1%
Built 1980 to 1989	2,573	8.3%	138,418	19.7%	18,355,676	13.7%
Built 1970 to 1979	3,561	11.5%	112,779	16.0%	20,901,765	15.7%
Built 1960 to 1969	5,714	18.4%	86,667	12.3%	14,563,783	10.9%
Built 1950 to 1959	6,086	19.6%	72,717	10.3%	14,255,447	10.7%
Built 1940 to 1949	4,984	16.1%	34,206	4.9%	6,954,604	5.2%
Built 1939 or earlier	4,030	13.0%	40,483	5.8%	17,458,151	13.1%
<b>Total Housing Units</b>	<b>31,036</b>	<b>100.0%</b>	<b>703,563</b>	<b>100.0%</b>	<b>133,529,848</b>	<b>100.0%</b>

Source: US Census American Community Estimates, March 2019

As illustrated in the previous table, the majority of the housing stock in the Subject's PMA was built prior to 1979. As new construction, the Subject will have an advantage over the competition.

### Substandard Housing

The following table illustrates the percentage of housing units that are considered substandard.

#### SUBSTANDARD HOUSING

Year	PMA	Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area	USA
	<i>Percentage</i>	<i>Percentage</i>	<i>Percentage</i>
2018	0.88%	1.01%	1.70%

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

The percentage of residents living in substandard housing in the PMA is below that of the MSA the nation.

## Building Permits

The following table depicts building activity from 2000 to 2018 for Newport News City.

**BUILDING PERMITS: NEWPORT NEWS CITY - 2000 TO 2018**

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
2000	407	0	0	407
2001	481	0	114	595
2002	319	0	973	1,292
2003	257	3	212	472
2004	280	0	463	743
2005	198	0	452	650
2006	262	0	276	538
2007	124	0	439	563
2008	159	0	236	395
2009	86	0	307	393
2010	129	0	59	188
2011	148	0	637	785
2012	161	0	126	287
2013	92	0	123	215
2014	109	0	221	330
2015	107	0	405	512
2016	120	0	112	232
2017	102	0	339	441
2018	114	0	12	126
<b>Total</b>	<b>3,655</b>	<b>3</b>	<b>5,506</b>	<b>9,164</b>
<b>Average</b>	<b>192</b>	<b>0</b>	<b>290</b>	<b>482</b>

Source: US Census Bureau Building Permits, March 2019

As illustrated in the previous table, approximately 60.1 percent of the residential building permits issued in the Newport News City over the past 18 years are multifamily permits. The rate of development of multifamily structures within the city increased in 2017, but then declined in 2018.

## Rent/Buy Analysis

We performed a rent/buy analysis. Our inputs assume a three-bedroom single family home listing on Zillow in the Subject's neighborhood with a purchase price of \$158,900 and an interest rate of 4.32% percent for a 30-year fixed mortgage with a ten percent down payment. This was compared to the cost to rent the Subject's three-bedroom unit. The analysis indicates that with a monthly differential of \$147, it is less affordable to rent than to purchase a home. However, up-front costs to purchase a home total over \$20,000. Many first-time homebuyers struggle to secure the funding necessary for a down payment and closing costs. Therefore, we believe the Subject will face limited competition from homeownership. The rent buy analysis is illustrated in the following table.

RENT BUY ANALYSIS				
Property Type:		Three-Bedroom Single Family Home		
Sale Price				\$158,900
Down Payment at 10%				\$15,890
Mortgage Amount				\$143,010
Current Interest Rate				4.32%
	<i>Homeownership Costs</i>	<i>Monthly</i>	<i>% of Home Value</i>	<i>Annual</i>
Mortgage Payment		\$709		\$8,513
Property Taxes		\$166	1.25%	\$1,986
Private Mortgage Insurance <sup>1</sup>		\$60	0.50%	\$715
Maintenance		\$265	2.00%	\$3,178
Utility Costs <sup>2</sup>		\$0		\$0
Tax Savings		-\$169		-\$2,029
Cost Comparison				
		<i>Monthly</i>		<i>Annual</i>
Costs of Homeownership		\$1,030		\$12,363
Cost of Renting At Subject	-	\$1,177		\$14,124
<b>Differential</b>		<b>-\$147</b>		<b>-\$1,761</b>
Cost of Occupancy				
	<i>Homeownership</i>			
Closing Costs			3.0%	\$4,767
Down Payment at 10%			10.0%	\$15,890
<b>Total</b>				<b>\$20,657</b>
	<i>Subject Rental</i>			
First Month's Rent		\$1,177		
Security Deposit		\$1,177		
<b>Total</b>		<b>\$2,354</b>		

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Subject



**SURVEY OF COMPARABLE PROPERTIES**

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

**Description of Property Types Surveyed/Determination of Number of Tax Credit Units**

To evaluate the competitive position of the Subject, 2,273 units in 14 rental properties were surveyed in depth. The availability of LIHTC data is considered good. We have included eight LIHTC comparables, all of which are located inside of the PMA. Two LIHTC comparable properties offer Section 8 units in addition to LIHTC units, and one property also offers market-rate units in addition to LIHTC and Section 8 units. The availability of market rate data is also considered excellent. We included six market rate comparables located in the PMA. We excluded one nearby property, St. James Terrace, as we were unable to speak with a management representative who was willing to participate in our interview. Nonetheless, we believe our market-rate data is sufficient to support our conclusions. Overall, we believe the availability of data is adequate to support our conclusions.

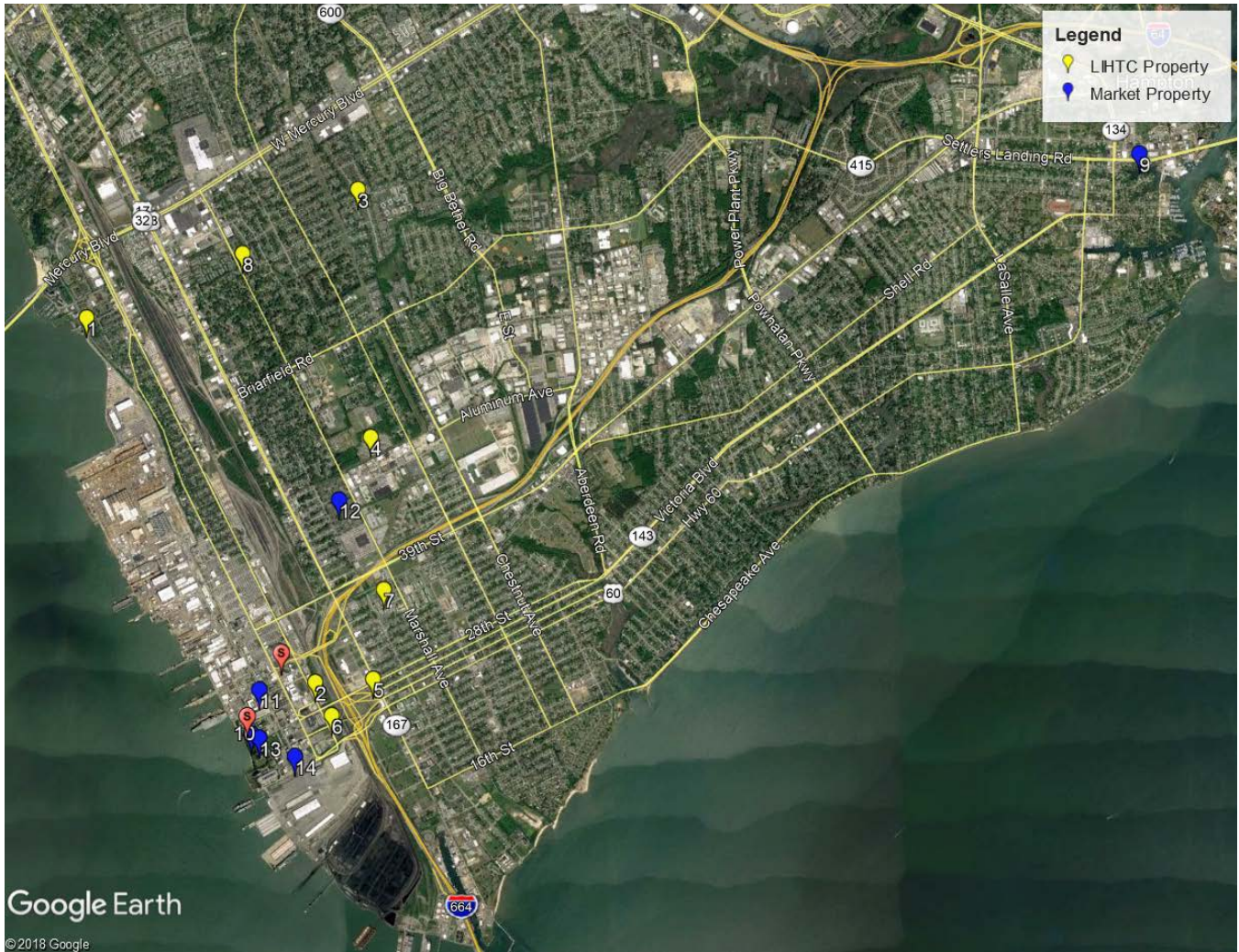
Excluded properties include, but are not limited to the properties located in the following table.

**EXCLUDED LIST**

Property Name	Rent Structure	Tenancy	Reason for Exclusion
Aquavista Apartments	Section 8	Family	Subsidy
Hampton Transition Center	Section 8	Family	Subsidy
Paula Maria III	Section 8	Family	Subsidy
City Line Apartments	Section 8	Family	Subsidy
Stuart Gardens I and II	Section 8	Family	Subsidy
Newport Harbour Apartments	Section 8	Family	Subsidy
The Towers	Section 8	Family	Subsidy
Monterey (Hampton City)	LIHTC	Family	Could not contact/more proximate properties
Shell Gardens	LIHTC	Family	Could not contact/more proximate properties
Tidewater Seniors	LIHTC	Senior	Tenancy
Medical Arts Seniors	LIHTC	Senior	Tenancy
Century Plaza	LIHTC	Family	Could not contact
Ashe Manor	LIHTC	Senior	Tenancy
Westover Station	LIHTC	Family	Could not contact
Orcutt Village Townhomes I	LIHTC	Family	Could not contact
Orcutt Townhomes Iii	LIHTC	Family	Could not contact
Heritage Forest Ii	LIHTC	Family	Could not contact
Warwick Sro	LIHTC	Senior	Tenancy
St. James Terrace	Market	Family	Could not contact
Pinnacle Apartments	Market	Family	More proximate properties
Coliseum Gardens Apartments	Market	Family	More proximate properties
Huntington on the James	Market	Family	More proximate properties
Riverlands Apartments	Market	Family	More proximate properties
Pinewood Apartments	Market	Family	More proximate properties
Church Creek Apartments	Market	Family	More proximate properties
Apartments of Merrimac	Market	Family	More proximate properties

Detailed matrices describing the individual competitive properties, as well as the proposed Subject, are provided in the addenda of this report. A map illustrating the location of the Subject in relation to the comparable properties follows.

**Comparable Rental Property Map**



Source: Google Earth, March 2019

**COMPARABLE PROPERTIES**

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
<b>S</b>	<b>The Coile</b>	<b>Newport News</b>	<b>@40%, @50%, @70%</b>	<b>Family</b>	<b>-</b>
1	Admiral Pointe Apartments	Newport News	@60%	Family	2.2 miles
2	Brennan Pointe	Newport News	@40%, @40% (PVV), @50%, @60%	Family	0.2 miles
3	Chestnut Square Townhomes	Newport News	@60%	Family	2.6 miles
4	Heritage Forest Apartments	Newport News	@60%	Family	1.3 miles
5	Jefferson Brookville Apartments	Newport News	@40% (Section 8), @50%	Family	0.5 miles
6	Noland Green Apartments	Newport News	@40% (Section 8), @50%, Market	Family	0.4 miles
7	Seven Oaks Apartments	Newport News	@50%	Family	0.7 miles
8	Westover Station Apartments	Newport News	@60%	Family	2.3 miles
9	Heritage At Settler's Landing	Hampton	Market	Family	5.4 miles
10	Holland Apartments	Newport News	Market	Family	0.4 miles
11	Liberty Apartments	Newport News	Market	Family	0.2 miles
12	Meadow View Townhomes	Newport News	Market	Family	1.0 miles
13	Newport News Luxury Apartments	Newport News	Market	Family	0.4 miles
14	River Park Tower	Newport News	Market	Family	0.5 miles

THE COILE – NEWPORT NEWS, VIRGINIA – MARKET STUDY

SUMMARY MATRIX

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate				
<b>Subject</b>	The Coile 80 29th Street Newport News, VA 11232 Newport News City		Midrise 4-stories 2021 / n/a Family	@40%, @50%, @70%	2BR / 2BA	4	6.5%	835	@40%	\$535	N/A	N/A	N/A	N/A				
					2BR / 2BA	12	19.4%	835	@50%	\$703	N/A	N/A	N/A	N/A				
					2BR / 2BA	2	3.2%	861	@50%	\$703	N/A	N/A	N/A	N/A				
					2BR / 2BA	14	22.6%	861	@70%	\$1,041	N/A	N/A	N/A	N/A				
					3BR / 2BA	4	6.5%	984	@40%	\$592	N/A	N/A	N/A	N/A				
					3BR / 2BA	4	6.5%	984	@50%	\$787	N/A	N/A	N/A	N/A				
					3BR / 2BA	6	9.7%	1,000	@50%	\$787	N/A	N/A	N/A	N/A				
					3BR / 2BA	2	3.2%	1,000	@70%	\$1,177	N/A	N/A	N/A	N/A				
					3BR / 2BA	7	11.3%	1,068	@70%	\$1,177	N/A	N/A	N/A	N/A				
					3BR / 2BA	7	11.3%	1,083	@70%	\$1,177	N/A	N/A	N/A	N/A				
										<b>62</b>							N/A	N/A
					1	Admiral Pointe Apartments 201 73rd Street Newport News, VA 23607 Newport News City	2.4 miles	Garden 2-stories 1945 / 2002 Family	@60%	2BR / 1BA	104	50.0%	825	@60%	\$613	No	No	N/A
2BR / 1BA	104	50.0%	925	@60%						\$653	No	No	N/A	N/A				
						<b>208</b>							42	20.2%				
2	Brennan Pointe 3000 Warwick Boulevard Newport News, VA 23607 Newport News City	0.5 miles	Midrise 4-stories 2017 / n/a Family	@40%, @40% (PVV), @50%, @60%	2BR / 1.5BA	2	2.3%	883	@40%	\$560	No	Yes	0	0.0%				
					2BR / 1.5BA	3	3.5%	1,130	@40% (PVV)	\$842	N/A	No	0	0.0%				
					2BR / 1.5BA	21	24.1%	883	@50%	\$725	No	Yes	N/A	N/A				
					2BR / 1.5BA	10	11.5%	1,130	@50%	\$595	N/A	No	0	0.0%				
					2BR / 1.5BA	5	5.8%	883	@60%	\$766	No	Yes	N/A	N/A				
					2BR / 1.5BA	14	16.1%	1,130	@60%	\$695	N/A	No	0	0.0%				
					3BR / 2BA	3	3.5%	1,130	@40%	\$643	No	Yes	N/A	N/A				
					3BR / 2BA	2	2.3%	1,562	@40% (PVV)	\$948	No	No	0	0.0%				
					3BR / 2BA	10	11.5%	1,130	@50%	\$828	No	Yes	N/A	N/A				
					3BR / 2BA	7	8.1%	1,562	@50%	\$675	No	No	0	0.0%				
					3BR / 2BA	3	3.5%	1,130	@60%	\$862	No	Yes	N/A	N/A				
					3BR / 2BA	7	8.1%	1,562	@60%	\$780	No	No	0	0.0%				
					<b>87</b>							5	5.7%					
3	Chestnut Square Townhomes 800 Dana Rae Ct Newport News, VA 23605 Newport News City	3.0 miles	Townhouse 1-stories 1999 / n/a Family	@60%	3BR / 2BA	40	100.0%	1,170	@60%	\$919	No	Yes	1	2.5%				
						<b>40</b>							1	2.5%				
4	Heritage Forest Apartments 901 Forest Lake Ct. Newport News, VA 23605 Newport News City	1.7 miles	Garden 2-stories 2012/2013 / n/a Family	@60%	1BR / 1BA	34	13.7%	720	@60%	\$739	Yes	Yes	N/A	N/A				
					2BR / 2BA	102	41.1%	1,035	@60%	\$880	Yes	Yes	N/A	N/A				
					3BR / 2BA	112	45.2%	1,222	@60%	\$1,012	Yes	Yes	N/A	N/A				
						<b>248</b>							5	2.0%				
5	Jefferson Brookville Apartments 2713 Jefferson Avenue Newport News, VA 23607 Newport News City	0.7 miles	Midrise 3-stories 2014 / n/a Family	@40% (Section 8), @50%	1BR / 1BA	N/A	N/A	780	@40% (Section 8)	\$624	N/A	Yes	1	N/A				
					1BR / 1BA	N/A	N/A	780	@50%	\$530	Yes	No	0	N/A				
					2BR / 2BA	N/A	N/A	875	@40% (Section 8)	\$688	N/A	Yes	0	N/A				
					2BR / 2BA	N/A	N/A	875	@50%	\$602	Yes	Yes	3	N/A				
					3BR / 2BA	N/A	N/A	1,300	@40% (Section 8)	\$739	N/A	Yes	0	N/A				
3BR / 2BA	N/A	N/A	1,300	@50%	\$669	Yes	Yes	3	N/A									
					<b>50</b>							7	14.0%					
6	Noland Green Apartments 2600 Warwick Boulevard Newport News, VA 23607 Newport News City	0.5 miles	Midrise 4-stories 1920 / 2011 Family	@40% (Section 8), @50%, Market	1BR / 1BA	N/A	N/A	650	@40% (Section 8)	\$662	N/A	Yes	0	N/A				
					1BR / 1BA	N/A	N/A	650	@50%	\$535	Yes	Yes	2	N/A				
					1BR / 1BA	N/A	N/A	650	Market	\$660	N/A	Yes	0	N/A				
					2BR / 1.5BA	N/A	N/A	900	@40% (Section 8)	\$678	N/A	Yes	0	N/A				
					2BR / 1.5BA	N/A	N/A	900	@50%	\$616	Yes	Yes	4	N/A				
					2BR / 1.5BA	N/A	N/A	900	Market	\$762	N/A	Yes	0	N/A				
					3BR / 2BA	N/A	N/A	1,100	@40% (Section 8)	\$690	N/A	Yes	0	N/A				
3BR / 2BA	N/A	N/A	1,100	@50%	\$691	Yes	Yes	0	N/A									
3BR / 2BA	N/A	N/A	1,100	Market	\$859	N/A	Yes	0	N/A									
					<b>60</b>							6	10.0%					
7	Seven Oaks Apartments 731 36th Street Newport News, VA 23607 Newport News City	1.1 miles	Various 2-stories 1989 / 2006 Family	@50%	1BR / 1BA	10	5.0%	650	@50%	\$500	No	No	1	10.0%				
					2BR / 1BA	192	95.1%	811	@50%	\$610	No	No	45	23.4%				
						<b>202</b>							46	22.8%				

THE COILE – NEWPORT NEWS, VIRGINIA – MARKET STUDY

SUMMARY MATRIX

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
Subject	The Coile 80 29th Street Newport News, VA 11232 Newport News City		Midrise 4-stories 2021 / n/a Family	@40%, @50%, @70%	2BR / 2BA	4	6.5%	835	@40%	\$535	N/A	N/A	N/A	N/A
					2BR / 2BA	12	19.4%	835	@50%	\$703	N/A	N/A	N/A	N/A
					2BR / 2BA	2	3.2%	861	@50%	\$703	N/A	N/A	N/A	N/A
					2BR / 2BA	14	22.6%	861	@70%	\$1,041	N/A	N/A	N/A	N/A
					3BR / 2BA	4	6.5%	984	@40%	\$592	N/A	N/A	N/A	N/A
					3BR / 2BA	4	6.5%	984	@50%	\$787	N/A	N/A	N/A	N/A
					3BR / 2BA	6	9.7%	1,000	@50%	\$787	N/A	N/A	N/A	N/A
					3BR / 2BA	2	3.2%	1,000	@70%	\$1,177	N/A	N/A	N/A	N/A
					3BR / 2BA	7	11.3%	1,068	@70%	\$1,177	N/A	N/A	N/A	N/A
					3BR / 2BA	7	11.3%	1,083	@70%	\$1,177	N/A	N/A	N/A	N/A
					62							N/A	N/A	
8	Westover Station Apartments 805 Roam Court Newport News, VA 23605 Newport News City	2.6 miles	Garden 3-stories 1991 / n/a Family	@60%	1BR / 1BA	36	33.3%	661	@60%	\$676	Yes	No	0	0.0%
					2BR / 1BA	72	66.7%	858	@60%	\$778	Yes	No	1	1.4%
						108							1	0.9%
9	Heritage At Settler's Landing 553 Settler's Landing Road Hampton, VA 23669 Newport News City	5.8 miles	Midrise 4-stories 2007 / n/a Family	Market	1BR / 1BA	61	61.0%	874	Market	\$1,096	N/A	No	1	1.6%
					1BR / 1BA	N/A	N/A	990	Market	\$1,213	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	758	Market	\$978	N/A	No	0	N/A
					2BR / 2BA	36	36.0%	1,158	Market	\$1,324	N/A	No	1	2.8%
					2BR / 2BA	N/A	N/A	1,292	Market	\$1,379	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,024	Market	\$1,269	N/A	No	0	N/A
					3	3.0%	1,407	Market	\$1,654	N/A	No	1	33.3%	
						100							3	3.0%
10	Holland Apartments 91 28th Street Newport News, VA 23607 Newport News City	0.0 miles	Garden 3-stories 1950 / 2014 Family	Market	1BR / 1BA	N/A	N/A	593	Market	\$929	N/A	No	0	0.0%
					2BR / 1.5BA	N/A	N/A	N/A	Market	\$1,179	N/A	No	0	N/A
						27							0	0.0%
11	Liberty Apartments 3201 Washington Avenue Newport News, VA 23607 Newport News City	0.2 miles	Midrise 4-stories 2013 / n/a Family	Market	1BR / 1BA	32	32.7%	566	Market	\$970	N/A	Yes	0	0.0%
					2BR / 2BA	33	33.7%	848	Market	\$1,275	N/A	No	2	6.1%
					3BR / 3BA	33	33.7%	1,106	Market	\$1,660	N/A	No	1	3.0%
						98							3	3.1%
12	Meadow View Townhomes 4801 Marshall Avenue Newport News, VA 23607 Newport News City	1.4 miles	Various 2-stories 1967 / 2017 Family	Market	1BR / 1BA	N/A	N/A	530	Market	\$482	N/A	No	N/A	N/A
					2BR / 1BA	N/A	N/A	740	Market	\$491	N/A	No	N/A	N/A
					3BR / 1BA	N/A	N/A	997	Market	\$632	N/A	No	N/A	N/A
					4BR / 1.5BA	N/A	N/A	1,140	Market	\$844	N/A	No	N/A	N/A
						650							58	8.9%
13	Newport News Luxury Apartments 2 28th Street Newport News, VA 23607 Newport News City	0.1 miles	Highrise 15-stories 1975 / 2014 Family	Market	1BR / 1BA	N/A	N/A	675	Market	\$502	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	621	Market	\$512	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	730	Market	\$492	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,040	Market	\$716	N/A	No	16	N/A
					3BR / 3BA	N/A	N/A	1,460	Market	\$945	N/A	No	0	N/A
						135							16	11.9%
14	River Park Tower 2601 West Avenue Newport News, VA 23607 Newport News City	0.3 miles	Highrise 20-stories 1987 / n/a Family	Market	1BR / 1BA	N/A	N/A	700	Market	\$841	N/A	No	N/A	N/A
					1BR / 1BA	N/A	N/A	700	Market	\$921	N/A	No	N/A	N/A
					1BR / 1BA	N/A	N/A	700	Market	\$761	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,129	Market	\$946	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,138	Market	\$1,093	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,120	Market	\$798	N/A	No	N/A	N/A
					3BR / 2BA	N/A	N/A	1,791	Market	\$1,253	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	2,000	Market	\$1,340	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,582	Market	\$1,165	N/A	No	0	N/A
						260							2	0.8%

Location

LOCATION COMPARISON SUMMARY

#	Property Name	City	Tenancy	Rent Structure	Distance to Subject	Household Income	Median Home Value	Median Rent	Crime Index	Walk Score	Vacant Housing	% Renter HH
S	The Coile	Newport News	Family	LIHTC/ Section 8	-	\$33,147	\$119,100	\$766	314	45	9.7%	89.4%
1	Admiral Pointe Apartments	Newport News	Family	LIHTC	2.4 miles	\$39,808	\$119,100	\$766	198	25	12.9%	48.5%
2	Brennan Pointe	Newport News	Family	LIHTC	0.5 miles	\$26,647	\$119,100	\$766	251	48	12.1%	77.5%
3	Chestnut Square Townhomes	Newport News	Family	LIHTC	3.0 miles	\$40,716	\$145,200	\$911	114	37	5.8%	40.6%
4	Heritage Forest Apartments	Newport News	Family	LIHTC	1.7 miles	\$33,782	\$145,200	\$911	190	6	15.4%	62.5%
5	Jefferson Brookville Apartments	Newport News	Family	LIHTC/ Section 8	0.7 miles	\$24,862	\$119,100	\$766	208	71	18.1%	56.4%
6	Noland Green Apartments	Newport News	Family	LIHTC/Section 8/ Market	0.5 miles	\$27,582	\$119,100	\$766	219	63	12.9%	78.7%
7	Seven Oaks Apartments	Newport News	Family	LIHTC	1.1 miles	\$25,479	\$119,100	\$766	204	49	18.9%	58.3%
8	Westover Station Apartments	Newport News	Family	LIHTC	2.6 miles	\$40,180	\$145,200	\$911	107	59	8.1%	48.3%
9	Heritage At Settler's Landing	Hampton	Family	Market	5.8 miles	\$39,657	\$195,300	\$982	178	81	35.1%	36.3%
10	Holland Apartments	Newport News	Family	Market	< 0.1 miles	\$33,147	\$119,100	\$766	314	45	9.7%	89.4%
11	Liberty Apartments	Newport News	Family	Market	0.2 miles	\$33,128	\$119,100	\$766	229	49	9.7%	89.4%
12	Meadow View Townhomes	Newport News	Family	Market	1.4 miles	\$34,505	\$119,100	\$766	234	20	16.1%	58.8%
13	Newport News Luxury Apartments	Newport News	Family	Market	0.1 miles	\$33,136	\$119,100	\$766	273	47	9.7%	89.3%
14	River Park Tower	Newport News	Family	Market	0.3 miles	\$33,144	\$119,100	\$766	273	47	9.8%	89.3%

The Subject’s location is considered average, as it is close to public transportation and locational amenities and has a median household income similar to slightly superior to the majority of the comparable proerties. The Subject’s location has been classified as “Car-Dependent” with a Walk Score of 45 from WalkScore.com. The majority of the comparable properties have similar to slightly inferior walk scores relative to the Subject’s location. We have additionally analyzed crime data for the immediate area surrounding each comparable. The subject’s location has the highest crime risk indices of the comparable properties.

All of the comparable properties are located in the PMA. Brennan Pointe, Jefferson Brookeville Apartments, Noland Green apartments, Holland Apartments, Liberty Apartments, Newport News Luxury Apartments, and River Park Tower are located less than one mile from the Subject sites and offer similar locations to the proposed Subject. Seven Oaks Apartments, Admiral Pointe Apartments, Heritage Forest Apartments, and Meadow View Townhomes also offer similar locations to the proposed Subject based on their median household incomes, crime indices, and walk scores. Chestnut Square Townhomes, Westover Station Apartments, and Heritage at Settler’s Landing offer slightly superior locations to the proposed Subject, as they are located in neighborhoods with slightly higher median household incomes, lower crime indices, and similar to higher walk scores.

## Age, Condition, and Design

The following table illustrates the Subject’s design and condition in comparison to the comparable properties.

	Subject	Admiral Point Apartments	Brennan Pointe	Chestnut Square Townhomes	Heritage Forest Apartments	Jefferson Brookville Apartments	Noland Green Apartments	Seven Oaks Apartments
<b>Rent Structure</b>	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/S8	LIHTC/S8/Mkt	LIHTC
<b>Building</b>								
<b>Property Type</b>	Midrise	Garden	Midrise	Townhouse	Garden	Midrise	Midrise	Various
<b># of Stories</b>	4-stories	2-stories	4-stories	1-stories	2-stories	3-stories	4-stories	2-stories
<b>Year Built</b>	2021	1945	2017	1999	2012/2013	2014	1920	1989
<b>Year Renovated</b>	n/a	2002	n/a	n/a	n/a	n/a	2011	2006
<b>Elevators</b>	yes	no	yes	no	no	yes	yes	no
<b>Courtyard</b>	no	no	no	no	no	no	no	no

	Subject	Westover Station Apartments	Heritage At Settler's Landing	Holland Apartments	Liberty Apartments	Meadow View Townhomes	Newport News Luxury Apartments	River Park Tower
<b>Rent Structure</b>	LIHTC	LIHTC	Market	Market	Market	Market	Market	Market
<b>Building</b>								
<b>Property Type</b>	Midrise	Garden	Midrise	Garden	Midrise	Various	Highrise	Highrise
<b># of Stories</b>	4-stories	3-stories	4-stories	3-stories	4-stories	2-stories	15-stories	20-stories
<b>Year Built</b>	2021	1991	2007	1950	2013	1967	1975	1987
<b>Year Renovated</b>	n/a	n/a	n/a	2014	n/a	2017	2014	n/a
<b>Elevators</b>	yes	no	yes	no	yes	no	yes	yes
<b>Courtyard</b>	no	no	no	no	yes	no	no	no

The Subject will be new construction and in excellent condition upon completion. The majority of the comparable properties exhibit average condition, which will be inferior to the Subject. Brennan Pointe was built in 2017 and exhibits excellent condition, similar to the Subject’s anticipated condition upon completion. Heritage Forest, Jefferson Brookville, Liberty Apartments, and Meadow View Townhomes exhibit good condition, which will be slightly inferior to the Subject. Overall, the Subject’s new construction will be an advantage relative to the existing rental stock in the market.

The Subject will consist of two, four-story, elevator-serviced, midrise-style buildings. This will be similar to the majority of the comparable properties, which offer midrise, garden-style, or highrise-style designs. Chestnut Square, Seven Oaks Apartments, and Meadow View Townhomes offer townhouse-style units, which are considered slightly more desirable than the Subject’s proposed midrise-style design. Overall, the Subject’s design will be accepted in the market.

## Unit Size

The following table summarizes unit sizes in the market area, and provides a comparison of the Subject’s unit size and the surveyed average unit sizes in the market.

### UNIT SIZE COMPARISON

Bedroom Type	2BR	2BR	3BR	3BR	3BR	3BR
<b>Subject</b>	<b>835</b>	<b>861</b>	<b>984</b>	<b>1,000</b>	<b>1,068</b>	<b>1,083</b>
Average	977	977	1,336	1,336	1,336	1,336
Min	740	740	997	997	997	997
Max	1,292	1,292	2,000	2,000	2,000	2,000
<b>Advantage/Disadvantage</b>	<b>-15%</b>	<b>-12%</b>	<b>-26%</b>	<b>-25%</b>	<b>-20%</b>	<b>-19%</b>

The Subject will offer a range of two and three-bedroom unit sizes. The Subject’s proposed unit sizes will offer disadvantages relative to the averages of the surveyed comparable properties, ranging from 12 to 26 percent.

The Subject will offer smaller unit sizes than the majority of the comparable LIHTC properties. The Subject’s proposed unit sizes will be slightly inferior to Brennan Pointe’s unit sizes. That property exhibits moderate vacancy and maintains a waiting list, indicating that its unit sizes are accepted in the market. In addition, the Subject’s unit sizes will be similar to slightly inferior to Jefferson Brookville Apartments’ unit sizes and Noland Green Apartments’ unit sizes. While these properties exhibit elevated vacancy rates, both reported pre-leasing and waiting lists, and their vacancy rates are skewed upwards by their small overall development sizes. Finally, the Subject will offer similar unit sizes to Liberty Apartments, a recently-constructed, market-rate comparable property that exhibits moderate vacancy, indicating that its unit sizes are accepted in the market. While we account for the Subject’s unit sizes in our determination of achievable rents, we do not believe that the Subject’s unit sizes will negatively impact its performance.

**SQUARE FOOTAGE RANKING COMPARISON**

Two-Bedroom Two Bath		Three-Bedroom Two Bath	
Property Name	Size	Property Name	Size
Heritage At Settler's Landing (Market)	1,292	River Park Tower (Market)	1,791
Heritage At Settler's Landing (Market)	1,158	Brennan Pointe (@60%)	1,562
Brennan Pointe (@40%)(1.5BA)	1,130	Brennan Pointe (@40%)	1,562
Brennan Pointe (@50%)(1.5BA)	1,130	Brennan Pointe (@50%)	1,562
Brennan Pointe (@60%)(1.5BA)	1,130	Newport News Luxury Apartments (Market)(3BA)	1,460
River Park Tower (Market)	1,129	Heritage At Settler's Landing (Market)	1,407
Newport News Luxury Apartments (Market)	1,040	Jefferson Brookville Apartments (@40%)	1,300
Heritage Forest Apartments (@60%)	1,035	Jefferson Brookville Apartments (@50%)	1,300
Heritage At Settler's Landing (Market)	1,024	Heritage Forest Apartments (@60%)	1,222
Admiral Pointe Apartments (@60%)(1BA)	925	Chestnut Square Townhomes (@60%)	1,170
Noland Green Apartments (Market)(1.5BA)	900	Brennan Pointe (@50%)	1,130
Noland Green Apartments (@50%)(1.5BA)	900	Brennan Pointe (@60%)	1,130
Noland Green Apartments (@40%)(1.5BA)	900	Brennan Pointe (@40%)	1,130
Brennan Pointe (@60%)(1.5BA)	883	Liberty Apartments (Market)(3BA)	1,106
Brennan Pointe (@40%)(1.5BA)	883	Noland Green Apartments (@40%)	1,100
Brennan Pointe (@50%)(1.5BA)	883	Noland Green Apartments (Market)	1,100
Jefferson Brookville Apartments (@40%)	875	Noland Green Apartments (@50%)	1,100
Jefferson Brookville Apartments (@50%)	875	<b>The Coile (@70%)</b>	<b>1,083</b>
<b>The Coile (@50%)</b>	<b>861</b>	<b>The Coile (@70%)</b>	<b>1,068</b>
<b>The Coile (@70%)</b>	<b>861</b>	<b>The Coile (@50%)</b>	<b>1,000</b>
Westover Station Apartments (@60%)(1BA)	858	<b>The Coile (@70%)</b>	<b>1,000</b>
Liberty Apartments (Market)	848	Meadow View Townhomes (Market)(1BA)	997
<b>The Coile (@50%)</b>	<b>835</b>	<b>The Coile (@50%)</b>	<b>984</b>
<b>The Coile (@40%)</b>	<b>835</b>	<b>The Coile (@40%)</b>	<b>984</b>
Admiral Pointe Apartments (@60%)(1BA)	825		
Seven Oaks Apartments (@50%)(1BA)	811		
Meadow View Townhomes (Market)(1BA)	740		

**Utility Structure**

The following tables detail the Subject’s utility structure in comparison to the comparable properties. The utility conventions differ at the comparable properties; therefore, we have adjusted “base” or “asking” rents of the comparable properties to “net” rents, reflecting the Subject’s utility convention.

	Subject	Admiral Pointe Apartments	Brennan Pointe	Chestnut Square Townhomes	Heritage Forest Apartments	Jefferson Brookville Apartments	Noland Green Apartments	Seven Oaks Apartments
<b>Rent Structure</b>	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/S8	LIHTC/S8/Mkt	LIHTC
<b>Tenancy</b>	Family	Family	Family	Family	Family	Family	Family	Family
<b>Utility Structure</b>								
<b>Cooking</b>	no	no	no	no	no	no	no	no
<b>Water Heat</b>	no	no	no	no	no	no	no	no
<b>Heat</b>	no	no	no	no	no	no	no	no
<b>Other Electric</b>	no	no	no	no	no	no	no	no
<b>Water</b>	no	yes	no	no	no	yes	yes	no
<b>Sewer</b>	no	yes	no	yes	no	yes	yes	no
<b>Trash</b>	yes	yes	yes	yes	yes	yes	yes	yes

Subject	Westover Station Apartments	Heritage At Settler's Landing	Holland Apartments	Liberty Apartments	Meadow View Townhomes	Newport News Luxury Apartments	River Park Tower
Rent Structure	LIHTC	LIHTC	Market	Market	Market	Market	Market
<b>Utility Structure</b>							
Cooking	no	no	no	no	no	yes	no
Water Heat	no	no	no	no	no	yes	no
Heat	no	no	no	no	no	yes	no
Other Electric	no	no	no	no	no	yes	no
Water	no	yes	no	no	no	yes	yes
Sewer	no	yes	no	no	no	yes	yes
Trash	yes	yes	no	no	yes	yes	yes

### In-Unit Amenities

The following tables compare the Subject's in-unit amenities with comparable properties.

Subject	Admiral Pointe Apartments	Brennan Pointe	Chestnut Square Townhomes	Heritage Forest Apartments	Jefferson Brookville Apartments	Noland Green Apartments	Seven Oaks Apartments
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/S8	LIHTC/S8/Mkt	LIHTC
<b>Unit Amenities</b>							
Balcony/Patio	no	no	yes	yes	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	no	yes	yes	yes	no	yes
Hardwood	no	yes	no	no	no	no	no
Central A/C	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	yes	yes	no	no	no	no	no
Coat Closet	yes	yes	yes	no	yes	no	yes
Walk-In Closet	no	yes	yes	no	yes	no	no
Washer/Dryer	no	no	no	no	yes	no	no
W/D Hookup	yes	no	yes	yes	yes	no	no
<b>Kitchen</b>							
Dishwasher	yes	yes	no	yes	yes	yes	yes
Disposal	yes	no	no	yes	yes	no	yes
Microwave	yes	no	no	no	yes	no	no
Oven	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes

Subject	Westover Station Apartments	Heritage At Settler's Landing	Holland Apartments	Liberty Apartments	Meadow View Townhomes	Newport News Luxury Apartments	River Park Tower
Rent Structure	LIHTC	LIHTC	Market	Market	Market	Market	Market
<b>Unit Amenities</b>							
Balcony/Patio	no	no	yes	no	no	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	yes	yes	yes	yes	yes	yes
Hardwood	no	no	no	no	no	no	no
Central A/C	yes	yes	yes	no	yes	yes	yes
Ceiling Fan	yes	yes	no	no	no	no	no
Coat Closet	yes	no	no	no	yes	yes	yes
Walk-In Closet	no	yes	yes	no	no	no	no
Washer/Dryer	no	no	no	no	yes	yes	yes
W/D Hookup	yes	yes	yes	no	yes	yes	yes
<b>Kitchen</b>							
Dishwasher	yes	yes	yes	no	yes	yes	yes
Disposal	yes	yes	yes	no	yes	yes	yes
Microwave	yes	no	yes	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes

The Subject will offer residents free wi-fi access throughout the Subject buildings, including in units. None of the comparable properties offer free in-unit wi-fi access. The Subject will also offer ceiling fans, garbage disposals, and microwaves, which the majority of the comparable properties lack, in addition to hookups for



in-unit washers and dryers, which several of the comparable properties do not offer. The Subject will not offer balconies or patios, which half of the comparable properties offer. Overall, the Subject’s in-unit amenity package will be slightly to superior to the majority of the comparable properties.

**Property Amenities**

The following tables compare the Subject’s property amenities with comparable properties.

	Subject	Admiral Pointe Apartments	Brennan Pointe	Chestnut Square Townhomes	Heritage Forest Apartments	Jefferson Brookville Apartments	Noland Green Apartments	Seven Oaks Apartments
<b>Rent Structure</b>	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/S8	LIHTC/S8/Mkt	LIHTC
<b>Community</b>								
Business Center	yes	no	no	no	no	yes	yes	no
Community Room	yes	no	yes	no	yes	yes	yes	yes
Central Laundry	yes	yes	yes	yes	no	yes	yes	yes
On-Site Mgmt	yes	yes	yes	no	yes	yes	yes	yes
<b>Recreation</b>								
Exercise Facility	no	no	no	no	yes	yes	yes	no
Playground	no	yes	no	no	yes	yes	no	yes
Swimming Pool	no	no	no	no	yes	no	no	no
Picnic Area	no	yes	no	no	no	no	yes	no
Theatre	no	no	no	no	no	no	no	no
Recreational Area	no	no	no	no	no	no	no	no
WiFi	yes	no	no	no	no	no	no	no

	Subject	Westover Station Apartments	Heritage At Settler’s Landing	Holland Apartments	Liberty Apartments	Meadow View Townhomes	Newport News Luxury Apartments	River Park Tower
<b>Rent Structure</b>	LIHTC	LIHTC	Market	Market	Market	Market	Market	Market
<b>Community</b>								
Business Center	yes	no	yes	no	no	no	no	yes
Community Room	yes	no	yes	no	yes	no	no	yes
Central Laundry	yes	yes	no	no	no	yes	yes	no
On-Site Mgmt	yes	yes	yes	no	yes	yes	yes	yes
<b>Recreation</b>								
Exercise Facility	no	yes	yes	no	yes	no	yes	yes
Playground	no	yes	no	no	no	yes	no	no
Swimming Pool	no	no	no	no	yes	no	yes	yes
Picnic Area	no	yes	no	no	yes	no	no	yes
Theatre	no	no	no	no	no	no	no	yes
Recreational Area	no	no	no	no	yes	no	no	no
WiFi	yes	no	no	no	no	no	no	no

The Subject will offer common-area wi-fi access, which none of the comparables offer. The Subject will also offer a business center and community room, which the majority of the comparables lack. The Subject’s property amenity package will not features an exercise facility or a playground, which the majority of the comparables offer. Overall, the Subject will offer similar to superior property amenities to the majority of the comparable properties.

**Security Features**

The following table compares the Subject’s security amenities with comparable properties.

Subject	Admiral Pointe Apartments	Brennan Pointe	Chestnut Square Townhomes	Heritage Forest Apartments	Jefferson Brookville Apartments	Noland Green Apartments	Seven Oaks Apartments
Crime Risk Index	314	198	251	114	190	208	219
<b>Security</b>							
In-Unit Alarm	no	no	no	no	no	no	no
Intercom (Buzzer)	yes	no	yes	no	no	yes	yes
Limited Access	yes	yes	yes	no	yes	yes	yes
Patrol	no	no	yes	no	yes	no	no
Video Surveillance	no	no	no	no	yes	yes	yes

Subject	Westover Station Apartments	Heritage At Settler's Landing	Holland Apartments	Liberty Apartments	Meadow View Townhomes	Newport News Luxury Apartments	River Park Tower
Crime Risk Index	314	107	178	0	229	234	273
<b>Security</b>							
In-Unit Alarm	no	no	yes	no	no	no	no
Intercom (Buzzer)	yes	no	yes	no	yes	no	yes
Limited Access	yes	no	yes	no	yes	no	yes
Patrol	no	yes	no	no	no	yes	no
Video Surveillance	no	yes	yes	no	yes	yes	no

The Subject will offer an intercom system and limited access in terms of security features. The majority of the comparable properties offer some form of security feature. The majority of the comparable properties offer video surveillance. Overall, the Subject's proposed security features appear market-oriented.

### Parking

The following table compares the Subject's parking amenities with comparable properties.

Subject	Admiral Pointe Apartments	Brennan Pointe	Chestnut Square Townhomes	Heritage Forest Apartments	Jefferson Brookville Apartments	Noland Green Apartments	Seven Oaks Apartments
Rent Structure	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/S8	LIHTC/S8/Mkt	LIHTC
Walk Score	45	25	48	37	6	71	63
<b>Parking</b>							
Garage	no	no	no	no	no	no	no
Garage Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Off-Street Parking	no	yes	yes	yes	yes	yes	yes

Subject	Westover Station Apartments	Heritage At Settler's Landing	Holland Apartments	Liberty Apartments	Meadow View Townhomes	Newport News Luxury Apartments	River Park Tower
Rent Structure	LIHTC	LIHTC	Market	Market	Market	Market	Market
Walk Score	45	59	81	0	49	20	47
<b>Parking</b>							
Garage	no	no	yes	no	no	no	yes
Garage Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$25
Off-Street Parking	no	yes	yes	no	no	yes	yes

The Subject will not offer off-street parking. All of the comparable properties except Holland Apartments and Newport News Luxury Apartments offer dedicated off-street parking. Both Subject buildings will be located within one-half mile of the Newport News Transit Center, and downtown Newport News is characterized by a significant amount of on-street, surface, and garage parking. Nonetheless, we consider the Subject's proposed lack of parking to be a potential weakness relative to the comparable properties.

**MARKET CHARACTERISTICS**

Following are relevant market characteristics for the comparable properties surveyed.

**Tenant Makeup**

The Subject operates as a LIHTC/Section 8 property; therefore, vouchers are not utilized. The following table illustrates voucher usage at the comparables.

TENANTS WITH VOUCHERS			
Property Name	Rent Structure	Tenancy	Housing Choice Voucher Tenants
Admiral Pointe Apartments	LIHTC	Family	25%
Brennan Pointe	LIHTC	Family	25%
Chestnut Square Townhomes	LIHTC	Family	55%
Heritage Forest Apartments	LIHTC	Family	60%
Jefferson Brookville Apartments	LIHTC/ Section 8	Family	32%
Noland Green Apartments	LIHTC/Section 8/ Market	Family	23%
Seven Oaks Apartments	LIHTC	Family	10%
Westover Station Apartments	LIHTC	Family	70%
Heritage At Settler's Landing	Market	Family	0%
Holland Apartments	Market	Family	0%
Liberty Apartments	Market	Family	0%
Meadow View Townhomes	Market	Family	3%
Newport News Luxury Apartments	Market	Family	0%
River Park Tower	Market	Family	1%

The LIHTC and mixed-income comparable properties reported voucher usage ranging from 10 to 60 percent, with an average of 38 percent. Over half of the tenants at Chestnut Square Townhomes, Heritage Forest Apartments, and Westover Station Apartments use Housing Choice Vouchers or other tenant-based subsidy. We do not rely on these properties in our determination of achievable rents. The market-rate comparable properties reported either that they do not accept Housing Choice Vouchers or have a minimal number of tenants using vouchers. Based on the majority of the comparable LIHTC and mixed-income properties, we estimate that the Subject would operate with voucher usage of 25 percent or less.

**Turnover**

The following table illustrates reported turnover for the comparable properties.

**TURNOVER**

Property Name	Rent Structure	Tenancy	Annual Turnover
Admiral Pointe Apartments	LIHTC	Family	23%
Brennan Pointe	LIHTC	Family	15%
Chestnut Square Townhomes	LIHTC	Family	30%
Heritage Forest Apartments	LIHTC	Family	5%
Jefferson Brookville Apartments	LIHTC/ Section 8	Family	16%
Noland Green Apartments	LIHTC/Section 8/ Market	Family	18%
Seven Oaks Apartments	LIHTC	Family	30%
Westover Station Apartments	LIHTC	Family	36%
Heritage At Settler's Landing	Market	Family	40%
Holland Apartments	Market	Family	10%
Liberty Apartments	Market	Family	30%
Meadow View Townhomes	Market	Family	9%
Newport News Luxury Apartments	Market	Family	40%
River Park Tower	Market	Family	9%
<b>Average Turnover</b>			<b>22%</b>

The Subject's market is characterized by moderate turnover rates. Turnover rates at the LIHTC and mixed-income properties range from five to 36 percent, with an average of 22 percent. The LIHTC and market-rate comparable properties reported similar average turnover rates. Based on the comparable properties, we estimate that the Subject will operate with an annual turnover rate of 25 percent or less upon stabilization.

**Vacancy Levels**

The following table summarizes overall weighted vacancy levels at the surveyed properties.

**OVERALL VACANCY**

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Admiral Pointe Apartments	LIHTC	Family	208	42	20.2%
Brennan Pointe	LIHTC	Family	87	5	5.7%
Chestnut Square Townhomes	LIHTC	Family	40	1	2.5%
Heritage Forest Apartments	LIHTC	Family	248	5	2.0%
Jefferson Brookville Apartments	LIHTC/ Section 8	Family	50	7	14.0%
Noland Green Apartments	LIHTC/Section 8/ Market	Family	60	6	10.0%
Seven Oaks Apartments	LIHTC	Family	202	46	22.8%
Westover Station Apartments	LIHTC	Family	108	1	0.9%
Heritage At Settler's Landing	Market	Family	100	3	3.0%
Holland Apartments	Market	Family	27	0	0.0%
Liberty Apartments	Market	Family	98	3	3.1%
Meadow View Townhomes	Market	Family	650	58	8.9%
Newport News Luxury Apartments	Market	Family	135	16	11.9%
River Park Tower	Market	Family	260	2	0.8%
<b>Total LIHTC</b>			<b>1,003</b>	<b>113</b>	<b>11.3%</b>
<b>Total Market Rate</b>			<b>1,270</b>	<b>82</b>	<b>6.5%</b>
<b>Overall Total</b>			<b>2,273</b>	<b>195</b>	<b>8.6%</b>

The Subject's market is characterized by elevated vacancy rates. The contact at Admiral Pointe Apartments reported that the elevated vacancy rate is due to evictions following a change in management, and that seven of the vacant units are pre-leased. Additionally, online reviews for the property cite maintenance and pest issues. The contact at Seven Oaks Apartments could not provide a reason for the elevated vacancy rate. Online reviews for that property also cite maintenance and pest issues. These two properties exhibit the highest vacancy rates among the LIHTC comparable properties, and we believe it is attributable to property-specific

issues rather than overall softness in the market for affordable rental housing. When these properties are excluded from the vacancy rate calculation, the weighted average LIHTC vacancy rate is 4.2 percent.

The contact for Jefferson Brookville Apartments reported that three vacant units are pre-leased, and the contact for Noland Green Apartments reported that two vacant units are pre-leased. In addition, both properties maintain short waiting lists. The majority of the LIHTC comparable properties reported significant inquiry traffic from potential applicants, indicating that there is strong demand for affordable housing in the Subject’s market. In addition, the majority of the affordable comparable properties reported maintaining waiting lists.

Property contacts with Meadow View Townhomes and Newport News Luxury Apartments could not explain those properties’ under-performance. However, we believe the elevated vacancy rates at these two properties are due to property-specific issues, given the low to moderate vacancy rates at the other market-rate comparable properties. Overall, there appears to be strong demand for rental housing in the Subject’s market, and we anticipate that the Subject will operate with a vacancy rate of five percent or less upon stabilization.

The following table details vacancy by bedroom type for the comparable properties surveyed:

VACANCY BY BEDROOM TYPE						
Property Name	Rent Structure	Tenancy	1BR	2BR	3BR	Overall
Admiral Pointe Apartments	LIHTC	Family	-	-	-	20.2%
Brennan Pointe	LIHTC	Family	-	0.0%	0.0%	5.7%
Chestnut Square Townhomes	LIHTC	Family	-	-	2.5%	2.5%
Heritage Forest Apartments	LIHTC	Family	-	-	-	2.0%
Jefferson Brookville Apartments	LIHTC/ Section 8	Family	-	-	-	14.0%
Noland Green Apartments	LIHTC/Section 8/ Market	Family	-	-	-	10.0%
Seven Oaks Apartments	LIHTC	Family	10.0%	23.4%	-	22.8%
Westover Station Apartments	LIHTC	Family	0.0%	1.4%	-	0.9%
Heritage At Settler's Landing	Market	Family	1.6%	2.8%	33.3%	3.0%
Holland Apartments	Market	Family	-	-	-	0.0%
Liberty Apartments	Market	Family	0.0%	6.1%	3.0%	3.1%
Meadow View Townhomes	Market	Family	-	-	-	8.9%
Newport News Luxury Apartments	Market	Family	-	-	-	11.9%
River Park Tower	Market	Family	-	-	-	0.8%

The Subject will consist of two and three-bedroom units. Comparable two-bedroom vacancy rates range from zero to 23.4 percent, with Seven Oaks Apartments presenting a high outlier. Comparable three-bedroom vacancy rates range from zero to 33.3 percent, with heritage at Settler’s Landing presenting a high outlier. As previously mentioned, the vacancy rates at the LIHTC comparable properties are elevated, though there does appear to be strong demand for affordable rental housing in the market. We do not believe that the Subject will negatively impact existing properties in the market.

### Concessions

The table below illustrates concessions among the comparable properties.

**CONCESSIONS**

Property Name	Rent Structure	Tenancy	Concessions
Admiral Pointe Apartments	LIHTC	Family	\$20 off per month for third-floor units
Brennan Pointe	LIHTC	Family	None
Chestnut Square Townhomes	LIHTC	Family	None
Heritage Forest Apartments	LIHTC	Family	None
Jefferson Brookville Apartments	LIHTC/ Section 8	Family	None
Noland Green Apartments	LIHTC/Section 8/ Market	Family	None
Seven Oaks Apartments	LIHTC	Family	None
Westover Station Apartments	LIHTC	Family	None
Heritage At Settler's Landing	Market	Family	\$51 off per month for one-bedroom units
Holland Apartments	Market	Family	None
Liberty Apartments	Market	Family	None
Meadow View Townhomes	Market	Family	First month free
Newport News Luxury Apartments	Market	Family	None
River Park Tower	Market	Family	None

The majority of the comparable properties did not report offering concessions. However, the majority of the LIHTC comparable properties reported elevated vacancy rates. We believe that the Subject may need to offer modest concessions in order to achieve or maintain stabilized occupancy.

**Waiting Lists**

The following table illustrates the length of waiting lists reported at the comparable developments.

**WAITING LIST**

Property Name	Rent Structure	Tenancy	Waiting List Length
Admiral Pointe Apartments	LIHTC	Family	None
Brennan Pointe	LIHTC	Family	Yes, 20 households
Chestnut Square Townhomes	LIHTC	Family	Yes, 16 households
Heritage Forest Apartments	LIHTC	Family	Yes, unknown length
Jefferson Brookville Apartments	LIHTC/ Section 8	Family	Yes, 11 households
Noland Green Apartments	LIHTC/Section 8/ Market	Family	Yes, four households
Seven Oaks Apartments	LIHTC	Family	None
Westover Station Apartments	LIHTC	Family	None
Heritage At Settler's Landing	Market	Family	None
Holland Apartments	Market	Family	None
Liberty Apartments	Market	Family	Yes, two households for one-bedroom units.
Meadow View Townhomes	Market	Family	None
Newport News Luxury Apartments	Market	Family	None
River Park Tower	Market	Family	None

The majority of the LIHTC comparable properties reported maintaining waiting lists. Liberty Apartments, a market-rate property in the Subject's neighborhood, also maintains a short waiting list. We anticipate that the Subject will operate with low vacancy and will at times maintain a waiting list.

**Absorption**

We were only able to obtain absorption information from one comparable property. We extended our search to other properties in the cities of Newport News, Hampton, Williamsburg, and Norfolk. The following table details our findings.

**ABSORPTION**

Property Name	Rent Structure	Tenancy	Year Built	Total Units	Absorption Pace
Brennan Pointe	LIHTC	Family	2017/2018	87	13
The Banks at Berkley	LIHTC	Family	2017	50	25
The Clairmont at Campostella Station	LIHTC	Family	2017	152	15
Woodlands Apartments at Phoebus	LIHTC	Senior	2015	132	20
Forrest Pines Senior	LIHTC	Senior	2014	123	10
Jefferson Brookville Apartments	LIHTC	Family	2014	50	15
The Pointe at Pickett Farms	LIHTC	Family	2014	120	60
Promenade Pointe	LIHTC	Family	2014	183	13

The properties in the table above indicate absorption paces ranging from 10 to 60 units per month, with an average of 21 units per month. Brennan Pointe is the most proximate and most similar property to the proposed Subject. The first phase of Brennan Pointe experienced an absorption pace of 15 units per month, and the second phase, which opened in November 2018, experienced an absorption pace of 11 units per month. We show an average of 13 units per month in the table above. Based primarily on Brennan Pointe, we estimate that the Subject will experience an absorption pace of 12 units per month, for a total absorption period of approximately five months.

**Rental Rate Increases**

The following table illustrates rental rate increases as reported by the comparable properties.

**RENT GROWTH**

Property Name	Rent Structure	Tenancy	Rent Growth
Admiral Pointe Apartments	LIHTC	Family	Increased up to three percent
Brennan Pointe	LIHTC	Family	Decreased 14 percent to increased six percent
Chestnut Square Townhomes	LIHTC	Family	Increased two percent
Heritage Forest Apartments	LIHTC	Family	Increased three percent
Jefferson Brookville Apartments	LIHTC/ Section 8	Family	Increased two to three percent
Noland Green Apartments	LIHTC/Section 8/ Market	Family	Increased two to three percent
Seven Oaks Apartments	LIHTC	Family	increased one to six percent
Westover Station Apartments	LIHTC	Family	Increased up to four percent
Heritage At Settler's Landing	Market	Family	None
Holland Apartments	Market	Family	N/A
Liberty Apartments	Market	Family	Increased one percent
Meadow View Townhomes	Market	Family	Decreased 11 percent to increased seven percent
Newport News Luxury Apartments	Market	Family	Decreased 13 percent to increased six percent
River Park Tower	Market	Family	None

Several of the comparable properties reported rent growth over the past year. However, many market-rate comparable properties also experienced rent decreases. The Subject’s pro forma rents are set at the maximum allowable levels. Rent growth will depend upon AMI growth.

**Reasonability of Rents**

The following table is a comparison of the Subject’s and comparable properties’ rents. For the purposes of this market study, “Base Rents” are the actual rents quoted to the tenant, and are most frequently those rents that potential renters consider when making a housing decision. “Net rents” are rents adjusted for the cost of utilities (adjusted to the Subject’s convention) and are used to compensate for the differing utility structures of the Subject and the comparable properties. Net rents represent the actual costs of residing at a property, and help to provide an “apples-to-apples” comparison of rents. The table below illustrates the Subject’s rents and unit mix.

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2018 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@40%							
2BR / 2BA	835	1	\$535	\$140	\$675	\$675	\$1,104
3BR / 2BA	984	4	\$592	\$188	\$780	\$780	\$1,553
@40% (Section 8)							
2BR / 2BA	835	3	\$535	\$140	\$675	\$675	\$1,104
@50%							
2BR / 2BA	835	12	\$703	\$140	\$843	\$843	\$1,104
2BR / 2BA	861	2	\$703	\$140	\$843	\$843	\$1,104
3BR / 2BA	1,000	6	\$787	\$188	\$975	\$975	\$1,553
@50% (Section 8)							
3BR / 2BA	984	4	\$787	\$188	\$975	\$975	\$1,553
@70%							
2BR / 2BA	861	14	\$1,041	\$140	\$1,181	\$1,181	\$1,104
3BR / 2BA	1,000	2	\$1,177	\$188	\$1,365	\$1,365	\$1,553
3BR / 2BA	1,068	7	\$1,177	\$188	\$1,365	\$1,365	\$1,553
3BR / 2BA	1,083	7	\$1,177	\$188	\$1,365	\$1,365	\$1,553
<b>62</b>							

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

**Comparable LIHTC Rents**

The Subject’s proposed LIHTC rents are set at the maximum allowable level. The following table illustrates the Subject’s LIHTC rents compared to the LIHTC rents of the comparable LIHTC properties. The rents have been adjusted for variance in utilities, as well as concessions, if applicable.

**LIHTC RENT COMPARISON @40%**

Property Name	Tenancy	2BR	3BR	Rents at Max?
The Coile	Family	\$535	\$592	Yes
<b>LIHTC Maximum Rent (Net)</b>		<b>\$535</b>	<b>\$592</b>	
Brennan Pointe	Family	\$560	\$643	Yes
Brennan Pointe (@50%)	Family	\$595	\$675	No
Jefferson Brookville Apartments (@50%)	Family	\$602	\$669	No
Noland Green Apartments (@50%)	Family	\$616	\$691	No
Seven Oaks Apartments (@50%)	Family	\$610	-	No
<b>Average</b>		<b>\$597</b>	<b>\$670</b>	
<b>Achievable LIHTC Rent</b>		<b>\$535</b>	<b>\$592</b>	<b>Yes</b>

Brennan Pointe is the only comparable property offering unsubsidized units restricted to 40 percent of the AMI. This property is achieving the maximum allowable 40 percent of AMI rents. Brennan Pointe exhibits 5.7 percent vacancy, with a 20-household waiting list. The Subject will be slightly superior to this property, as it will offer similar, excellent condition, a similar location, slightly superior in-unit amenities, and superior property amenities. The Subject’s unit sizes will be smaller than those at Brennan Pointe. We included the properties offering units at 50 percent of the AMI to provide additional comparison. While these properties are not achieving the maximum allowable 50 percent of AMI rents, the maximum allowable 40 percent of AMI rents are among the lowest in the market and offer an advantage to prevailing 50 percent of AMI rents. The Subject will offer a superior product to the majority of the LIHTC comparable properties given its condition,



amenities, and location. We conclude that the maximum allowable 40 percent of AMI rents are achievable for the Subject.

The following table illustrates the Subject’s proposed rents at 50 percent of the AMI.

**LIHTC RENT COMPARISON @50%**

	Tenancy	2BR	3BR	Rents at Max?
<b>The Coile</b>	<b>Family</b>	<b>\$703</b>	<b>\$787</b>	<b>Yes</b>
<b>LIHTC Maximum Rent (Net)</b>		<b>\$703</b>	<b>\$787</b>	
Brennan Pointe	Family	\$595	\$675	No
Jefferson Brookville Apartments	Family	\$602	\$669	No
Noland Green Apartments	Family	\$616	\$691	No
Seven Oaks Apartments	Family	\$610	-	No
<b>Average</b>		<b>\$606</b>	<b>\$678</b>	
<b>Achievable LIHTC Rent</b>		<b>\$703</b>	<b>\$787</b>	<b>Yes</b>

Four comparable properties offer units restricted to 50 percent of the AMI. None of the comparable properties reported achieving the maximum allowable 50 percent of AMI rents. The Subject will be most similar to Brennan Pointe. While the Subject will offer inferior unit sizes to this property, it will offer similar condition in a similar location, as well as slightly superior in-unit amenities and superior property amenities. Brennan Pointe exhibits 5.7 percent vacancy and maintains a 20-household waiting list. The contact at this property stated that they did not believe the maximum allowable LIHTC rents are achievable in the market. However, the waiting list at this property suggests that they are not testing the maximum allowable rents.

The Subject will be superior to Noland Green Apartments, which is achieving the highest 50 percent of AMI rents among the comparable properties. The Subject will be in a similar location to this property, and will offer similar unit sizes. Noland Green exhibits average condition, which is inferior to the Subject’s anticipated condition, and offers inferior in-unit amenities as it lacks free wi-fi access, ceiling fans, hookups for in-unit washers and dryers, and garbage disposals. This comparable property offers slightly superior property amenities to the proposed Subject, as it offers an exercise facility and picnic area, which the Subject will lack. Noland Green exhibits 10 percent vacancy, though the vacancy rate is skewed upwards by the small overall development size. In addition, two vacant units are pre-leased, and management maintains a four household waiting list.

The Subject will offer a slightly superior to superior product to the comparable properties offering units restricted to 50 percent of the AMI. While the comparables are not achieving the maximum allowable rents, they exhibit moderate vacancy rates and maintain waiting lists. Property managers at the LIHTC comparable properties reported substantial applicant traffic, indicating strong demand in the market for affordable rental housing. While the property manager at Brennan Pointe reported that the maximum allowable rents are not achievable in the market, property managers at other affordable properties in the market including Admiral Pointe Apartments and Chestnut Square Townhomes, reported that the maximum allowable LIHTC rents are attainable in the market.

As will be illustrated in our demand analysis later in this report, there is a significant pool of income-qualified renter households in the PMA for the Subject’s units restricted to 50 percent of the AMI, and assuming the maximum allowable rents. While the comparable properties in the market exhibit moderate to high vacancy rates, demand appears to be strongest for the most recently-constructed properties in the market such as Brennan Pointe, Jefferson Brookeville Apartments, and Liberty Apartments. Upon completion, the Subject will be the most recently-constructed property in the market and will exhibit excellent condition. Given the demand for affordable properties with inferior curb appeal and fewer amenities, we believe it is reasonable for the Subject to achieve the maximum allowable 50 percent of AMI net rents. The 60 percent of AMI rents among

the comparable properties, above the maximum allowable 50 percent of AMI rents, further support the achievability of the maximum allowable 50 percent of AMI rents. We conclude that the maximum allowable 50 percent of AMI rents are achievable for the Subject.

The table below illustrates the Subject’s LIHTC rents at 70 percent of the AMI. Note that none of the comparable properties offer units at this income restriction; we included properties offering units at 60 percent of the AMI and unrestricted rents in our analysis.

**LIHTC RENT COMPARISON @70%**

Property Name	Tenancy	2BR	3BR	Rents at Max?
<b>The Coile</b>	<b>Family</b>	<b>\$1,041</b>	<b>\$1,177</b>	Yes
<b>LIHTC Maximum Rent (Net)</b>		<b>\$1,041</b>	<b>\$1,177</b>	
<b>LIHTC Maximum Rent (Net - 60% AMI)</b>		<b>\$872</b>	<b>\$982</b>	
Admiral Pointe Apartments (@60%)	Family	\$653	-	No
Brennan Pointe (@60%)	Family	\$695	\$780	No
Chestnut Square Townhomes (@60%)	Family	-	\$919	Yes
Heritage Forest Apartments (@60%)	Family	\$880	\$1,012	Yes
Noland Green Apartments (Market)	Family	\$762	\$859	N/A
Westover Station Apartments (@60%)	Family	\$778	-	No
Heritage At Settler's Landing (Market)	Family	\$1,269	\$1,654	N/A
Holland Apartments (Market)	Family	\$1,179	-	N/A
Liberty Apartments (Market)	Family	\$1,275	\$1,660	N/A
Meadow View Townhomes (Market)	Family	\$491	\$632	N/A
Newport News Luxury Apartments (Market)	Family	\$716	\$945	N/A
River Park Tower (Market)	Family	\$798	\$1,165	N/A
<b>Average</b>		<b>\$863</b>	<b>\$1,070</b>	
<b>Achievable LIHTC Rent</b>		<b>\$1,041</b>	<b>\$1,177</b>	<b>Yes</b>

Two of the comparable properties offering units restricted to 60 percent of the AMI reported achieving the maximum allowable rents. However, they reported that over half of their tenants use Housing Choice Vouchers. Therefore, we do not rely on them in our estimation of achievable rents.

The Subject will be most similar to Brennan Pointe. As previously discussed, the Subject will offer similar condition and a similar location to this property, but a superior amenity package. Brennan Pointe exhibits 5.7 percent vacancy but maintains a 20-household waiting list, indicating that it is not testing achievable rents. However, the property manager stated they did not believe that the maximum allowable 60 percent of AMI rents are achievable in the market. Nonetheless, as a slightly superior property, the Subject would be able to achieve rents above this comparable.

Among the market-rate comparable properties, the Subject will be most similar to Liberty Apartments. This property is located in the Subject’s neighborhood and exhibits good condition, slightly inferior to the Subject’s anticipated condition upon completion. Liberty Apartments exhibits 3.1 percent vacancy, indicating that its rents are accepted in the market. The Subject will offer similar two and three-bedroom unit sizes to this comparable property, as well as similar in-unit amenities. However, the Subject’s property amenities will be inferior to Liberty Apartments’ amenities, as the comparable offers an exercise facility, swimming pool, picnic area, and recreation area, which the Subject will not offer. The Subject’s pro forma 70 percent of AMI rents will offer a discount of approximately 18 to 29 percent to the rents at Liberty Apartments.

The Subject will be superior to Holland Apartments, a market-rate property located adjacent to the Subject’s 80 29<sup>th</sup> Street site. This property exhibits zero percent vacancy, indicating that its rents are accepted in the market. While the Subject’s two-bedroom unit sizes will be slightly inferior to those at Holland Apartments, the

Subject will offer superior condition, in-unit amenities and property amenities relative to the comparable property. The Subject's pro forma two-bedroom 70 percent of AMI rents offer an approximately 12 percent discount to the two-bedroom market rents at Holland Apartments.

The Subject will be slightly inferior to Heritage at Settler's Landing, which is achieving similar rents to Liberty Apartments. This property exhibits 3.0 percent vacancy, indicating that its rents are accepted in the market. Heritage at Settler's Landing is located 5.4 and 5.8 miles from the Subject's two sites, in Hampton, in a slightly superior location based on median household incomes, crime indices, and walk scores. The Subject will offer similar in-unit and property amenities to Heritage at Settler's Landing, as well as superior condition, but its two and three-bedroom unit sizes will be smaller than those at the comparable property. The Subject's pro forma 70 percent of AMI rents offer a discount of 18 to 29 percent to the rents at Heritage at Settler's Landing.

The comparable properties offering units at 60 percent of the AMI indicate that the maximum allowable 60 percent of AMI rents are not achievable in the market without relying on Housing Choice Vouchers or other tenant-based subsidies. However, the unrestricted comparable properties in the market achieving the highest rents operate with moderate vacancy rates, indicating that there is demand for high-quality rental housing at rent levels reported by the most similar market-rate comparables. It is likely that income-qualified households for the Subject's proposed 70 percent of AMI units are currently residing at area market-rate properties. Demand in the market appears strongest for new-construction housing, indicating that the Subject would have an advantage as the newest property on the market.

Our demand analysis later in this report indicates that there is a substantial pool of demand for the Subject's 70 percent of AMI units, assuming the maximum allowable rents. The Subject's pro forma 70 percent of AMI rents offer a discount of 12 to 29 percent over unrestricted rents at the most similar market-rate comparable properties. While the pro forma 70 percent of AMI rents are significantly higher than both the adjusted 60 percent of AMI rents at the comparable properties and the maximum allowable 60 percent of AMI rents, given the discount to comparable market rents, we believe the Subject will attract income-qualified households that might otherwise rent at unrestricted properties. Overall, given the Subject's anticipated similarity to unrestricted properties in the market that are performing with low vacancy rates, its anticipated excellent condition upon completion, and the discount over market rents provided by the maximum allowable 70 percent of AMI rents, we conclude that the Subject would be able to achieve the maximum allowable LIHTC rents at 70 percent of the AMI.

### **Most Similar LIHTC**

Based upon the overall comparison ratings, the Subject will be most similar to Brennan Pointe and Noland Green.

**Brennan Pointe** is an 87-unit LIHTC development constructed in 2017, with a second phase added in 2018. This property exhibits excellent condition, similar to the Subject's anticipated condition upon completion. Brennan Pointe offers midrise-style two and three-bedroom units restricted at 40, 50, and 60 percent of the AMI. The property is 94.3 percent occupied and management indicated a waiting list of 20 households. This property offers larger two and three-bedroom unit sizes than the proposed Subject. Brennan Pointe is located 0.5 miles from the Subject's 80 29<sup>th</sup> Street site and 0.2 miles from the Subject's 311 33<sup>rd</sup> Street site, in a similar location. Buchanan Gardens is located 1.1 miles from the Subject in a slightly inferior location. It offers inferior property amenities and slightly inferior in-unit amenities relative to the proposed Subject.

**Noland Green** is a 60-unit LIHTC adaptive reuse development constructed in 2011. The property offers one, two and three-bedroom units restricted at 40 and 50 percent of the AMI, as well as market-rate, in a similar, midrise-style design to the proposed Subject. Noland Green exhibits good condition, slightly inferior to the Subject's anticipated condition upon completion. The comparable property is 90 percent occupied, though two units are pre-leased and management maintains a short waiting list. Noland Green offers similar unit sizes

to the proposed Subject, as well as slightly superior property amenities, but inferior in-unit amenities. It is located 0.5 miles from the Subject’s 80 29<sup>th</sup> Street site and 0.4 miles from the 311 33<sup>rd</sup> Street site.

Neither of these properties appears to be achieving the maximum allowable rents at 50 percent of the AMI. However, as a slightly superior to superior property, we believe the Subject would be able to achieve the maximum allowable 50 percent of AMI rents, above the rents at these properties. Additionally, Brennan Pointe is not achieving the maximum allowable 60 percent of AMI rents. The Subject will offer units restricted to households earning 70 percent of the AMI or less. The Subject’s pro forma 70 percent of AMI units are above the maximum allowable 60 percent of AMI rents, but nonetheless offer a discount to the unrestricted rents at the most similar market-rate comparable properties. We therefore consider the Subject’s pro forma 70 percent of AMI rents, which are significantly above the 60 percent of AMI rents at Brennan Pointe, to be achievable.

**Achievable Market Rents**

Based on the quality of the surveyed comparable properties and the anticipated quality of the proposed Subject, we conclude that the Subject’s rental rates are above the achievable market rents. The following table shows both market rent comparisons and achievable market rents.

**SUBJECT COMPARISON TO MARKET RENTS**

Unit Type	Rent Level	Subject Achievable LIHTC Rent	Size (SF)	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent	Subject Rent Advantage
2BR / 2BA	@40%	\$535	835	\$491	\$1,379	\$1,021	\$1,275	58%
2BR / 2BA	@40% (Section 8)	\$535	835	\$491	\$1,379	\$1,021	\$1,275	58%
2BR / 2BA	@50%	\$703	835	\$491	\$1,379	\$1,021	\$1,275	45%
2BR / 2BA	@50%	\$703	861	\$491	\$1,379	\$1,021	\$1,275	45%
2BR / 2BA	@70%	\$1,041	861	\$491	\$1,379	\$1,021	\$1,275	18%
3BR / 2BA	@40%	\$592	984	\$632	\$1,660	\$1,189	\$1,600	63%
3BR / 2BA	@50%	\$787	1,000	\$632	\$1,660	\$1,189	\$1,600	51%
3BR / 2BA	@50% (Section 8)	\$787	984	\$632	\$1,660	\$1,189	\$1,600	51%
3BR / 2BA	@70%	\$1,177	1,000	\$632	\$1,660	\$1,189	\$1,600	26%
3BR / 2BA	@70%	\$1,177	1,068	\$632	\$1,660	\$1,189	\$1,650	29%
3BR / 2BA	@70%	\$1,177	1,083	\$632	\$1,660	\$1,189	\$1,650	29%

The Subject’s achievable LIHTC rents at all AMI levels are below the achievable market rents and offer an advantage of 26 to 63 percent over the achievable market rents. The Subject will be considered most similar to Liberty Apartments and Heritage at Settler’s Landing.

Liberty Apartments is a 98-unit, midrise development located 0.2 miles from both of the Subject sites, in a similar location. The property was built in 2013 and currently exhibits good condition, slightly inferior to the Subject’s anticipated condition upon completion. Compared to the Subject, Liberty Apartments offers similar in-unit amenities and superior property amenities, as it offers an exercise facility, swimming pool, picnic area, and recreation area. The comparable property offers similar unit sizes to the proposed Subject. Liberty Apartments exhibits 3.1 percent vacancy, indicating that its rents are accepted in the market. The following table compares the Subject with Liberty Apartments.

**SUBJECT COMPARISON TO LIBERTY APARTMENTS**

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF	Liberty Apartments Rent	Square Feet	Liberty Apartments RPSF
2BR / 2BA	\$1,275	835	\$1.53	\$1,275	848	\$1.50
2BR / 2BA	\$1,275	861	\$1.48	\$1,275	848	\$1.50
3BR / 2BA	\$1,600	984	\$1.63	\$1,660	1,106	\$1.50
3BR / 2BA	\$1,600	1,000	\$1.60	\$1,660	1,106	\$1.50
3BR / 2BA	\$1,650	1,068	\$1.54	\$1,660	1,106	\$1.50
3BR / 2BA	\$1,650	1,083	\$1.52	\$1,660	1,106	\$1.50

The Subject will be slightly inferior to Heritage at Settler’s Landing, which is achieving similar rents to Liberty Apartments. This property exhibits 3.0 percent vacancy, indicating that its rents are accepted in the market.

Heritage at Settler’s Landing is located 5.4 and 5.8 miles from the Subject’s two sites, in Hampton, in a slightly superior location based on median household incomes, crime indices, and walk scores. The Subject will offer similar in-unit and property amenities to Heritage at Settler’s Landing, as well as superior condition, but its two and three-bedroom unit sizes will be smaller than those at the comparable property. The following table illustrates the Subject’s estimated achievable market rents compared to the rents at Heritage at Settler’s Landing.

**SUBJECT COMPARISON TO HERITAGE AT SETTLER'S LANDING**

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF	Heritage At Settler's Landing Rent	Square Feet	Heritage At Settler's Landing RPSF
2BR / 2BA	\$1,275	835	\$1.53	\$1,269	1,024	\$1.24
2BR / 2BA	\$1,275	861	\$1.48	\$1,269	1,024	\$1.24
3BR / 2BA	\$1,600	984	\$1.63	\$1,654	1,407	\$1.18
3BR / 2BA	\$1,600	1,000	\$1.60	\$1,654	1,407	\$1.18
3BR / 2BA	\$1,650	1,068	\$1.54	\$1,654	1,407	\$1.18
3BR / 2BA	\$1,650	1,083	\$1.52	\$1,654	1,407	\$1.18

Our concluded achievable market rents for the Subject’s units are slightly above or similar to the rents at Heritage at Settler’s Landing.

**Summary Evaluation**

Based upon our market research, demographic calculations and analysis, we believe there is adequate demand for the Subject property as conceived. Strengths of the Subject will include its excellent condition and amenities. Weaknesses include its small unit sizes and its lack of on-site parking. Many affordable comparable properties in the Subject’s PMA exhibit elevated vacancy rates. However, property managers reported substantial and consistent potential applicant traffic, and the majority of the comparable properties maintain waiting lists. The Subject will offer a slightly superior to superior product to the majority of the LIHTC comparable properties, and as such we conclude that the maximum allowable 40 and 50 percent of AMI rents are achievable for the Subject.

The Subject will also offer units restricted to households earning 70 percent of the AMI, for which there are not existing comparables in the market. None of the comparable properties offering units restricted to 60 percent of the AMI reported achieving the maximum allowable rents. As noted above, the Subject will offer a slightly superior to superior product to these comparables. The Subject will generally offer a similar product to area market-rate comparable properties, and its pro forma 70 percent of AMI rents offer a discount to the

most similar market-rate comparable properties. We anticipate the Subject will capture income-qualified households residing at nearby, unrestricted rental properties. As such, we conclude that the Subject's pro forma 70 percent of AMI rents are achievable.

# **I. AFFORDABILITY ANALYSIS, DEMAND ANALYSIS, CAPTURE RATES AND PENETRATION RATES**

## AFFORDABILITY ANALYSIS, DEMAND ANALYSIS, CAPTURE RATES, AND PENETRATION RATES

### Introduction

When evaluating demand for a particular proposed development we rely primarily on two methods. These are a supply analysis and a demand analysis. The supply analysis focuses on satisfied demand and anecdotal reports from property managers and market participants regarding demand. We believe this evidence of demand is the most clear and reliable when measuring housing need in a market area. We explored that indication in the previous sections of this report.

This section focuses on analyzing demographic data to determine housing need. According to NCHMA model content standards there are two measurements used to evaluate demand based on the demographic data. The first measurement is termed the capture rate. NCHMA define Capture Rate as: “The percentage of age, size, and income qualified renter households in the primary market area that the property must capture to fill the units. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age, size and income qualified renter households in the primary market area.”

The second measurement is the Penetration Rate, which has similarities to the capture rate. NCHMA defines Penetration Rate as “The percentage of age and income qualified renter households in the *primary market area* that all existing and proposed properties, to be completed within six months of the Subject, and which are competitively priced to the subject that must be captured to achieve the *stabilized level of occupancy*.”

### Capture Rate Determination

The following analysis will take the reader through a multi-step process in determining an appropriate capture rate for the Subject. Our analysis takes the entire population and distributes it by the following characteristics:

- 1) PMA Demography
- 2) Income Qualified
- 3) Renter Households
- 4) Unit Size Appropriate

The following text will examine each step through the process.

#### Step One – PMA Demography

### Primary Market Area Defined

For the purposes of this study, it is necessary to define the market area, or the area from which potential tenants for the project are likely to be drawn. In some areas, residents are very much “neighborhood-oriented” and are generally very reluctant to move from the area in which they have grown up. In other areas, residents are much more mobile and will relocate to a completely new area, especially if there is an attraction such as affordable housing at below-market rents. A certain percent of the Subject’s tenants are expected to hail from the PMA; demand estimates will be adjusted to reflect the potential for “leakage.”

The Subject property is located in the Buckingham neighborhood of Arlington, Virginia. The PMA is generally defined as Interstate 66 and Washington Boulevard to the north, Arlington Boulevard and South Washington Boulevard to the east, Columbia Pike to the south, and Leesburg Pike to the west. This area was defined based on interviews with local market participants and local property managers. Management at the majority of the rent comparables noted that the majority of their tenants originate from within the greater metro. We have estimated that 10 percent of the Subject’s tenants will come from outside of these boundaries.



## Demographic Information

The basic demographic information is based upon the definition of a primary market area (“PMA”) and an estimate of the characteristics of the people living within that geographic definition.

Demographic data originates from the Census and is compiled by a third party data provider. Novogradac & Company uses data provided by the ESRI Business Analyst. Business Analyst brings in data as produced by ESRI’s team of demographers. Sources include the US Census, American Community Survey, and other reputable sources. Housing characteristics are derived from several data sources, including construction data from Hanley Wood Market Intelligence, building permits from counties, the USPS, HUD, BLS, and the Census bureau. Owner and renter occupied units come from the Current Population Survey (BLS) and the Housing Vacancy Survey (Census). Data has been ground-truthed by ESRI staff and proven effective.

ESRI’s products have been used by almost all US federal agencies (including HUD and USDA) , top state level agencies, over 24,000 state and local governments worldwide, as well as many industry leading technology users—AT&T, Citrix, SAP, Oracle, Microsoft. ESRI produces timely updates based on new releases of data.

Step one is to identify demographic data such as number of households, renter households, income distribution and AMI levels. The appropriate demographic is used based on the tenancy for the proposed development. When analyzing a property designated for families the demographics for the entire population within the PMA is used. However, senior properties are restricted to tenants who have reached the age of at least 55 or 62 years based upon the specifics of the applicable program. A property designated for seniors is analyzed using demographic data that includes only those households that are 65 years old and above. Even if a project has the lower restriction of 55 years of age, we still use the 65 plus as our research indicates that those younger than 65 are unlikely to seek age restrictive housing. The demographic information was detailed in the demographic section of this report.

### Step Two – Income Qualified

Assumptions and Data necessary for this calculation are:

Appropriate Municipality:	Newport News City, VA
AMI for four person household:	\$75,000
Tenancy (Family vs Senior):	Family
Affordability percentage:	35 percent
Leakage:	10 percent

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

First, we estimate the Subject’s minimum and maximum income levels (income bands) for the proposed LIHTC project. HUD determines maximum income guidelines for tax credit properties, based on the AMI. This provides the upper end of the income band as illustrated below. However, the minimum income is not established by HUD and must be estimated. Often, lower-income families pay a higher percentage of gross income toward housing costs. The industry standard is 35 percent for LIHTC-only calculations for family oriented properties. For senior properties this number increases to 40 percent based upon the nature of senior household economics. The lower end of the income band is calculated by taking the proposed rent by bedroom type multiplying by 12 and dividing by the application percentage to determine an income level. For example, if a property has a one bedroom unit with proposed gross rents of \$500, the estimated low end of the income range would be \$17,143 based on the family 35 percent or \$15,000 based on the senior 40 percent. *It should be noted that seven of the Subject’s units will operate with Project Based Rental Assistance (PBRA).*

**FAMILY INCOME LIMITS - AS PROPOSED**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@40% (Section 8)		@50%		@50% (Section 8)		@70%	
2BR	\$23,143	\$27,000	\$0	\$27,000	\$28,903	\$33,750	-	-	\$40,491	\$47,250
3BR	\$26,743	\$32,400	-	-	\$33,429	\$40,500	\$0	\$40,500	\$46,800	\$56,700

**FAMILY INCOME LIMITS - ABSENT SUBSIDY**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@40%		@50%		@70%	
2BR	\$23,143	\$27,000	\$28,903	\$33,750	\$40,491	\$47,250
3BR	\$26,743	\$32,400	\$33,429	\$40,500	\$46,800	\$56,700

Second, we illustrate the household population segregated by income band in order to determine those who are income-qualified to reside in the Subject property. This income distribution was illustrated previously in the demographic analysis section of this report.

**RENTER HOUSEHOLD INCOME**

Income Cohort	PMA					
	2018		2023		Annual Change 2018 to 2023	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	2,884	19.6%	2,663	18.6%	-44	-1.5%
\$10,000-	3,068	20.9%	2,883	20.2%	-37	-1.2%
\$20,000-	2,831	19.3%	2,658	18.6%	-35	-1.2%
\$30,000-	1,885	12.8%	1,854	13.0%	-6	-0.3%
\$40,000-	1,001	6.8%	996	7.0%	-1	-0.1%
\$50,000-	880	6.0%	890	6.2%	2	0.2%
\$60,000-	821	5.6%	872	6.1%	10	1.2%
\$75,000-	713	4.9%	744	5.2%	6	0.9%
\$100,000-	283	1.9%	337	2.4%	11	3.8%
\$125,000-	107	0.7%	129	0.9%	4	4.1%
\$150,000-	150	1.0%	174	1.2%	5	3.2%
\$200,000+	75	0.5%	99	0.7%	5	6.4%
<b>Total</b>	<b>14,698</b>	<b>100.0%</b>	<b>14,299</b>	<b>100.0%</b>		

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

**Step Three – Income Distribution**

Third, we combine the allowable income bands with the income distribution analysis in order to determine the number of potential income-qualified households. The Cohort Overlap is defined as the income amount within income bands defined above that falls within the ESRI provided Income Cohort. The % in Cohort is simply the cohort overlap divided by the income cohort range (generally \$10,000). The # in Cohort is determined by multiplying total renter households by the % in Cohort determination. In some cases the income-eligible band overlaps with more than one income cohort. In those cases, the cohort overlap for more than one income cohort will be calculated. The sum of these calculations provides an estimate of the total number of households that are income-eligible, both by AMI level and in total.

THE COILE – NEWPORT NEWS, VIRGINIA – MARKET STUDY

FAMILY INCOME DISTRIBUTION 2018 - AS PROPOSED

Income Cohort	Total Renter Households	@40%			@40% (Section 8)			@50%			@50% (Section 8)			@70%			All Units		
		PrintStart	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort
\$0-9,999	2,884				9,999	100.0%	2,884				9,999	100.0%	2,884				9,999	100.0%	2,884
\$10,000-19,999	3,068				9,999	100.0%	3,068				9,999	100.0%	3,068				9,999	100.0%	3,068
\$20,000-29,999	2,831	6,855	68.6%	1,941	7,001	70.0%	1,982	1,095	11.0%	310	9,999	100.0%	2,831				9,999	100.0%	2,831
\$30,000-39,999	1,885	2,401	24.0%	453				9,999	100.0%	1,885	9,999	100.0%	1,885				9,999	100.0%	1,885
\$40,000-49,999	1,001							501	5.0%	50	501	5.0%	50	9,507	95.1%	952	9,999	100.0%	1,001
\$50,000-59,999	880										6,701	67.0%	590	6,701	67.0%	590	6,701	67.0%	590
\$60,000-74,999	821																		
\$75,000-99,999	713																		
\$100,000-124,999	283																		
\$125,000-149,999	107																		
\$150,000-199,999	150																		
\$200,000+	75																		
<b>Total</b>	<b>14,698</b>																		
			16.3%	2,393		54.0%	7,934		15.3%	2,245		72.9%	10,718		10.5%	1,541		83.40%	12,259

FAMILY INCOME DISTRIBUTION 2018 - ABSENT SUBSIDY

Income Cohort	Total Renter Households	@40%			@50%			@70%			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	2,884												
\$10,000-19,999	3,068												
\$20,000-29,999	2,831	6,855	68.6%	1,941	1,096	11.0%	310				6,855	68.6%	1,941
\$30,000-39,999	1,885	2,401	24.0%	453	9,999	100.0%	1,885				9,999	100.0%	1,885
\$40,000-49,999	1,001				501	5.0%	50	9,507	95.1%	952	9,999	100.0%	1,001
\$50,000-59,999	880							6,701	67.0%	590	6,701	67.0%	590
\$60,000-74,999	821												
\$75,000-99,999	713												
\$100,000-124,999	283												
\$125,000-149,999	107												
\$150,000-199,999	150												
\$200,000+	75												
<b>Total</b>	<b>14,698</b>												
			16.3%	2,393		15.3%	2,245		10.5%	1,541		36.9%	5,417

Step Four – Income Eligible - Renter Households by Number of People in Household

At this point we know how many income eligible renter households there are within the PMA by AMI level. Using that household figure we have also calculated percentage of income eligible households to total households by AMI level (AMI percentage eligible). However, in order to provide a demand analysis by bedroom type the number of households must now be allocated to a bedroom mix. The first step in that process is to determine the number of income qualified renter households by the number of persons per household. This can be completed by applying the total number of rental households by person by the AMI percentage eligible. The total number of renter households by person is information provided by ESRI and illustrated in the demographic discussion.

Step Five – Unit Size Appropriate

Household size is assumed to be 1.5 persons per bedroom for LIHTC rent calculation purposes. Additionally HUD assumes that one-person households are accommodated in one-bedroom units. For LIHTC income purposes, the actual size of the household is used.

The distribution of households by unit type is dependent on the following assumptions. This table has been developed by Novogradac as a result of market research.

**HOUSEHOLD DISTRIBUTION**

HOUSEHOLD DISTRIBUTION		
<b>2 BR</b>	10%	Of one-person households in 2BR units
	80%	Of two-person households in 2BR units
	60%	Of three-person households in 2BR units
<b>3 BR</b>	30%	Of four-person households in 2BR units
	40%	Of three-person households in 3BR units
	40%	Of four-person households in 3BR units
	50%	Of five-person households in 3BR units

The projected renter household demand by bedroom size can then be determined by applying these weightings to the number of income qualified renter households determined in Step Four.

**Step Six – Capture Rate by Bedroom Mix**

The capture rate is simply determined by dividing the number of units by unit type for the Subject by the total number of qualified renter households for that unit type. This calculation is then adjusted for leakage to arrive at a final determination of capture rate by bedroom type and AMI level.

**CAPTURE RATE ANALYSIS BY UNIT TYPE**

In order to determine demand for the proposed market mix, we also analyzed the demand capture rates expected at the Subject by bedroom type. This analysis illustrates demand for all AMI levels.

**40 Percent of AMI Demand (Section 8) – As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x	3,256
2 persons	3,413	x	1,842
3 persons	2,236	x	1,207
4 persons	1,511	x	816
5+ persons	1,507	x	813
<b>Total</b>	<b>14,698</b>		<b>7,934</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	2,768
3BR	-
<b>Total</b>	<b>2,768</b>

*Capture Rate Analysis - @40% (Section 8) - As Proposed*

	Developer's Unit Mix	Capture Rate
2BR	3	0.11%
3BR	-	-
<b>Total/Overall</b>	<b>3</b>	<b>0.11%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

2BR	3	0.10%
3BR	-	-
<b>Total/Overall</b>	<b>3</b>	<b>0.10%</b>

**40 Percent of AMI Demand (LIHTC) – As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x	982
2 persons	3,413	x	556
3 persons	2,236	x	364
4 persons	1,511	x	246
5+ persons	1,507	x	245
<b>Total</b>	<b>14,698</b>		<b>2,393</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	835
3BR	367
<b>Total</b>	<b>1,202</b>

*Capture Rate Analysis - @40% - As Proposed*

	Developer's Unit Mix	Capture Rate
2BR	1	0.12%
3BR	4	1.09%
<b>Total/Overall</b>	<b>5</b>	<b>0.42%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

2BR	1	0.11%
3BR	4	0.98%
<b>Total/Overall</b>	<b>5</b>	<b>0.37%</b>

**50 Percent of AMI Demand (Section 8) – As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x	4,398
2 persons	3,413	x	2,489
3 persons	2,236	x	1,631
4 persons	1,511	x	1,102
5+ persons	1,507	x	1,099
<b>Total</b>	<b>14,698</b>		<b>10,718</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	-
3BR	1,642
<b>Total</b>	<b>1,642</b>

*Capture Rate Analysis - @50% (Section 8) - As Proposed*

	Developer's Unit Mix	Capture Rate
2BR	-	-
3BR	4	0.24%
<b>Total/Overall</b>	<b>4</b>	<b>0.24%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

2BR	-	-
3BR	4	0.22%
<b>Total/Overall</b>	<b>4</b>	<b>0.22%</b>

**50 Percent of AMI Demand (LIHTC) – As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x	921
2 persons	3,413	x	521
3 persons	2,236	x	342
4 persons	1,511	x	231
5+ persons	1,507	x	230
<b>Total</b>	<b>14,698</b>		<b>2,245</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	783
3BR	344
<b>Total</b>	<b>1,127</b>

*Capture Rate Analysis - @50% - As Proposed*

	Developer's Unit Mix	Capture Rate
2BR	14	1.79%
3BR	6	1.74%
<b>Total/Overall</b>	<b>20</b>	<b>1.77%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

2BR	14	1.61%
3BR	6	1.57%
<b>Total/Overall</b>	<b>20</b>	<b>1.60%</b>



**70 Percent of AMI Demand – As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x	633
2 persons	3,413	x	358
3 persons	2,236	x	235
4 persons	1,511	x	158
5+ persons	1,507	x	158
<b>Total</b>	<b>14,698</b>		<b>1,541</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	538
3BR	236
<b>Total</b>	<b>774</b>

*Capture Rate Analysis - @70% - As Proposed*

	Developer's Unit Mix	Capture Rate
2BR	14	2.60%
3BR	16	6.77%
<b>Total/Overall</b>	<b>30</b>	<b>3.88%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

2BR	14	2.34%
3BR	16	6.10%
<b>Total/Overall</b>	<b>30</b>	<b>3.49%</b>

**All Units Demand – As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x	5,030
2 persons	3,413	x	2,847
3 persons	2,236	x	1,865
4 persons	1,511	x	1,260
5+ persons	1,507	x	1,257
<b>Total</b>	<b>14,698</b>		<b>12,259</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	4,277
3BR	1,879
<b>Total</b>	<b>6,156</b>

*Capture Rate Analysis - All Units As Proposed*

	Developer's Unit Mix	Capture Rate
2BR	32	0.75%
3BR	30	1.60%
<b>Total/Overall</b>	<b>62</b>	<b>1.01%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

2BR	32	0.67%
3BR	30	1.44%
<b>Total/Overall</b>	<b>62</b>	<b>0.91%</b>

## 40 Percent of AMI Demand – Absent Subsidy

### PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x	982
2 persons	3,413	x	556
3 persons	2,236	x	364
4 persons	1,511	x	246
5+ persons	1,507	x	245
<b>Total</b>	<b>14,698</b>		<b>2,393</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	835
3BR	367
<b>Total</b>	<b>1,202</b>

*Capture Rate Analysis - @40% Absent Subsidy*

	Developer's Unit Mix	Capture Rate
2BR	4	0.48%
3BR	4	1.09%
<b>Total/Overall</b>	<b>8</b>	<b>0.67%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

2BR	4	0.43%
3BR	4	0.98%
<b>Total/Overall</b>	<b>8</b>	<b>0.60%</b>

**50 Percent of AMI Demand – Absent Subsidy**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x	921
2 persons	3,413	x	521
3 persons	2,236	x	342
4 persons	1,511	x	231
5+ persons	1,507	x	230
<b>Total</b>	<b>14,698</b>		<b>2,245</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	783
3BR	344
<b>Total</b>	<b>1,128</b>

*Capture Rate Analysis - @50% Absent Subsidy*

	Developer's Unit Mix	Capture Rate
2BR	14	1.79%
3BR	10	2.91%
<b>Total/Overall</b>	<b>24</b>	<b>2.13%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

2BR	14	1.61%
3BR	10	2.62%
<b>Total/Overall</b>	<b>24</b>	<b>1.92%</b>

**70 Percent of AMI Demand – Absent Subsidy**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x	10.5%	633
2 persons	3,413	x	10.5%	358
3 persons	2,236	x	10.5%	235
4 persons	1,511	x	10.5%	158
5+ persons	1,507	x	10.5%	158
<b>Total</b>	<b>14,698</b>			<b>1,541</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	538
3BR	236
<b>Total</b>	<b>774</b>

*Capture Rate Analysis - @70% Absent Subsidy*

	Developer's Unit Mix	Capture Rate
2BR	14	2.60%
3BR	16	6.77%
<b>Total/Overall</b>	<b>30</b>	<b>3.88%</b>

*Adjusted for Leakage from Outside of the PMA*

10%

2BR	14	2.34%
3BR	16	6.10%
<b>Total/Overall</b>	<b>30</b>	<b>3.49%</b>

**All Units Demand – Absent Subsidy**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2018*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	41.0%	6,031
2 persons	23.2%	3,413
3 persons	15.2%	2,236
4 persons	10.3%	1,511
5+ persons	10.3%	1,507
<b>Total</b>	<b>100.0%</b>	<b>14,698</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	6,031	x 36.9%	2,223
2 persons	3,413	x 36.9%	1,258
3 persons	2,236	x 36.9%	824
4 persons	1,511	x 36.9%	557
5+ persons	1,507	x 36.9%	555
<b>Total</b>	<b>14,698</b>		<b>5,417</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
2BR	1,890
3BR	830
<b>Total</b>	<b>2,720</b>

*Capture Rate Analysis - All Units Absent Subsidy*

	Developer's Unit Mix	Capture Rate
2BR	32	1.69%
3BR	30	3.61%
<b>Total/Overall</b>	<b>62</b>	<b>2.28%</b>

*Adjusted for Leakage from Outside of the PMA* 10%

2BR	32	1.52%
3BR	30	3.25%
<b>Total/Overall</b>	<b>62</b>	<b>2.05%</b>

## ANNUAL CAPTURE RATE ANALYSIS

The following calculation derives an estimated market penetration rate based on per annum demand. This is an indication of the percentage of net demand penetration that the Subject must attract in order to reach stabilized occupancy. This measure essentially takes the available household demand searching for apartments in the market area and deducts competition in order to determine net demand available to the Subject. The table below outlines the analysis of this methodology.

The annual demand for rental housing depends upon the following factors:

### Population/Household Change

Population change as a result of new households moving in or out of the area: This was previously calculated, in the estimated population increase from 2018 to 2023. Since the newly derived population will all be eligible, they are included directly into the annual demand estimate.

### Additions to Supply

According to the Virginia Housing Development Authority, between 2015 and January 2019, there have been eight projects allocated tax credits within the PMA. The details on these properties are presented below.

#### RECENT LIHTC ALLOCATIONS IN PMA

Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Subsidized	Competitive LIHTC Units
Whittaker Place	2018	LIHTC	Family	67	8	0
Newport Harbour	2018	LIHTC	Family	200	200	0
Huntington Village	2018	LIHTC	Family	96	0	48
Soundview Townhomes	2017	LIHTC	Family	250	0	0
Lassiter Courts	2017	LIHTC	Family	100	50	0
Ivy Tower	2017	LIHTC	Family	140	140	0
Brennan Pointe II	2016	LIHTC	Family	43	0	3
Snowden Senior	2015	LIHTC	Senior	68	0	0
				<b>964</b>	<b>398</b>	<b>51</b>

Source: VHDA, retrieved February 2019.

- Whittaker Place** is a new LIHTC property that is renovating the former Whittaker Memorial Hospital in eastern Newport News. The development broke ground in June 2018 and will consist of 67 apartments, with 42 one-bedroom units, 14 studios, and 11 two-bedroom units. Whittaker Place will offer 59 units restricted at 60 percent of the AMI, and eight units that will be income-restricted at 50 percent of the AMI but rent-restricted at 40 percent of the AMI. These units will also operate with project-based subsidy. We deduct the eight units that are income-restricted at 50 percent of the AMI from our demand analysis as proposed.
- Newport Harbour** is an existing project based Section 8 property undergoing renovations. All 200 of the units at this property are restricted to households earning 60 percent of the AMI, or less. This property is undergoing renovations with tenants in-place; we deduct these 200 units from our penetration rate analysis, but not from our capture rate analyses.
- Huntington Village** is a new LIHTC property under construction with an expected completion date in early spring of 2020. The property will offer 96 units for family households earning up to 50 and 60 percent of Area Median Household Income (AMHI). The property will feature 72 two-bedroom and 24 three-bedroom garden style apartments. This property will offer 10 units restricted at 40 percent of the AMI, 38 units restricted at 50 percent of the AMI, and 48 units restricted at 60 percent of the AMI. We deduct the units restricted at the 40 and 50 percent of AMI levels from our demand analysis.

- **Soundview Townhomes** is an existing LIHTC property with 250 one, two, three, and four-bedroom townhomes restricted to family households earning 60 percent of the AMI. This property is currently under renovation, and is almost entirely vacant. According to the developer, renovation is anticipated to be complete in the first quarter of 2020. The developer expects absorption to extend until the third quarter of 2020. We deduct the units at this property from our demand analysis for the Subject as proposed.
- **Lassiter Courts** is an existing public housing property that converted to project based Section 8 in January 2019. Once renovations are completed in December 2019 the property will have 50 units at 50 percent of the AMI, and 50 units at 60 percent of the AMI. We deduct all of the units from our penetration rate analysis for the Subject as proposed, but not from our capture rate analyses.
- **Ivy Tower** is subsidized development offering 140 one and two-bedroom units that is undergoing renovation with LIHTC funding. Upon renovation, the property will continue to operate with project-based subsidy, and its units will be restricted to households earning 40, 50, and 60 percent of the AMI. This property is being renovated with tenants in-place We deduct the 140 units from our penetration rate analysis of the Subject as proposed, but not from our capture rate analyses.
- **Brennan Pointe II** is a recently constructed addition to Brennan Pointe. Phase II was completed in November 2018, and adds 43 two and three-bedroom units at 40, 50, and 60 percent of the AMI. As of the date of our interview, this property had two vacant units at 50 percent of the AMI and one vacant unit at 40 percent of the AMI. We deducted these units from our demand analysis.
- **Snowden Senior** is a 55+ community with 68 one and two-bedroom units. As it targets seniors, none of the units will be competitive with the Subject. None of the units at this property are deducted from our demand analysis.

There are an additional 59 vacant units among the comparable properties for the Subject as proposed, and 58 vacant comparable units absent a subsidy. As proposed, we deduct 368 units from our capture rate analysis. Absent subsidy, we deduct 109 units.



**Annual Demand Table – As Proposed**

<b>ANNUAL DEMAND - AS PROPOSED</b>		
<b>Calculation</b>		<b>PMA</b>
<b>Number of Renter Households in 2018</b>		14,698
<b>Increase in Number of Renter Households</b>		(399)
<b>Number of Renter Households in 2023</b>		14,299
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		53.2%
Percentage of Income-Qualified Renter Households		83.4%
Number of Income-Qualified Renter Households		12,259
Percentage of Rent-Overburdened		48.7%
<b>Existing Income-Qualified Renter Household Turnover</b>		<b>5,966</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		(80)
Percentage of Income-Qualified Renter Households		83.4%
<b>New Rental Income Qualified Households</b>		<b>(67)</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		62
Occupied Units at Subject With Vacancy of:	5%	59
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		5,900
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		6,555
Less: Existing LIHTC Projects in Absorption Process (Number of Units)		368
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>6,187</b>
<b>Yielded Annual Capture Rate of Available Demand in 2019</b>		<b>1.0%</b>

The yielded capture rate is approximately 1.0 percent of available demand per annum, for the Subject’s units as proposed, which is low and indicative of strong demand.

**Annual Demand Table – Absent Subsidy**

<b>ANNUAL DEMAND - ABSENT SUBSIDY</b>		
<b>Calculation</b>		<b>PMA</b>
<b>Number of Renter Households in 2018</b>		14,698
<b>Increase in Number of Renter Households</b>		(399)
<b>Number of Renter Households in 2023</b>		14,299
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		53.2%
Percentage of Income-Qualified Renter Households		36.9%
Number of Income-Qualified Renter Households		5,417
Percentage of Rent-Overburdened		48.7%
<b>Existing Income-Qualified Renter Household Turnover</b>		<b>2,636</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		(80)
Percentage of Income-Qualified Renter Households		36.9%
<b>New Rental Income Qualified Households</b>		<b>(29)</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		62
Occupied Units at Subject With Vacancy of:	5%	59
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		2,607
Portion Originating within PMA		90%
Total Demand (Turnover and Growth) from within PMA		2,897
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	109	
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>2,788</b>
<b>Yielded Annual Capture Rate of Available Demand in 2019</b>		<b>2.1%</b>

The yielded capture rate is approximately 2.1 percent of available demand per annum, for the Subject’s units absent the subsidy, which is low and indicative of strong demand.

## VHDA DEMAND ANALYSIS

We also included the required demand table from the VHDA market study guidelines. The following table illustrates the total demand, the net demand, and the absorption period for the Subject property. The supply illustrates all proposed or under construction units in the PMA.

We have included the directly comparable vacant units at the comparable properties. There are five proposed or under-construction or under-renovation properties in the PMA. Newport Harbour, Lassiter Courts, and Ivy Tower are being renovated with tenants in-place, and we do not deduct the units at these properties from our demand analysis. Soundview Townhomes is currently under renovation and almost entirely vacant. As this property will go through a full absorption period upon renovation, we deduct all 250 units from our demand analysis for the Subject as proposed. In addition, we included directly comparable vacant units among the comparable properties. There are 62 comparable vacant units that are directly competitive with the Subject as proposed, and 61 units that are directly competitive absent subsidy. The following tables detail the distribution of the competitive units among the planned, under-construction, and existing comparable properties for the Subject as proposed and absent a subsidy.

### AMI DISTRIBUTION FOR PLANNED DEVELOPMENTS AND VACANT UNITS - AS PROPOSED

Property Name	40% AMI Units	50% AMI units	70% AMI units	Total Units
<i>Planned and Under Construction</i>				
Whittaker Place	8	0	0	8
Newport Harbour	0	0	0	0
Huntington Village	10	38	0	48
Soundview Townhomes	0	0	0	250
Lassiter Courts	0	0	0	0
Ivy Tower	0	0	0	0
<i>Vacant Units</i>				
Brennan Pointe II	1	2	0	3
Jefferson Brookville	1	6	0	7
Noland Green	0	6	0	6
Seven Oaks Apartments	0	46	0	46
<b>Total</b>	<b>20</b>	<b>98</b>	<b>0</b>	<b>368</b>

### AMI DISTRIBUTION FOR PLANNED DEVELOPMENTS AND VACANT UNITS - ABSENT SUBSIDY

Property Name	40% AMI Units	50% AMI units	70% AMI units	Total Units
<i>Planned and Under Construction</i>				
Whittaker Place	0	0	0	0
Newport Harbour	0	0	0	0
Huntington Village	10	38	0	48
Soundview Townhomes	0	0	0	0
Lassiter Courts	0	0	0	0
Ivy Tower	0	0	0	0
<i>Vacant Units</i>				
Brennan Pointe II	1	2	0	3
Jefferson Brookville	0	6	0	6
Noland Green	0	6	0	6
Seven Oaks Apartments	0	46	0	46
<b>Total</b>	<b>11</b>	<b>98</b>	<b>0</b>	<b>109</b>

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

Income Restrictions	Up to 40% absent	Up to 40% with	Up to 50% absent	Up to 50% with	Up to 70% absent	Project Total absent	Project Total with
	subsidy (min. income to max.	subsidy (min. income to max.	subsidy (min. income to max.	subsidy (min. income to max.	subsidy (min. income to max.	subsidy(min. income to max.	subsidy(min. income to max.
New Rental Households	-65	-251	-61	-291	-42	-147	-333
+							
Existing Households - Overburdened	1,166	4,498	1,093	5,220	750	2,664	5,970
+							
Existing Households - Substandard Housing	21	81	20	94	14	48	108
+							
Senior Households - Likely to Covert to Rental Housing	0	0	0	0	0	0	0
+							
<b>TOTAL DEMAND</b>	<b>1,122</b>	<b>4,329</b>	<b>1,052</b>	<b>5,023</b>	<b>722</b>	<b>2,565</b>	<b>5,745</b>
-							
Supply (includes directly comparable vacant units or in pipeline in PMA )	11	20	98	98	0	109	368
<b>NET DEMAND</b>	<b>1,111</b>	<b>4,309</b>	<b>954</b>	<b>4,925</b>	<b>722</b>	<b>2,456</b>	<b>5,377</b>
PROPOSED UNITS	8	8	24	24	30	62	62
<b>CAPTURE RATE</b>	<b>0.7%</b>	<b>0.2%</b>	<b>2.5%</b>	<b>0.5%</b>	<b>4.2%</b>	<b>2.5%</b>	<b>1.2%</b>
ABSORPTION PERIOD	1 month	1 month	2 months	2 months	3 months	5 months	5 months

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

Project Wide Capture Rate- LIHTC Units As Proposed	1.2%
Project Wide Capture Rate- LIHTC Units Absent Subsidy	2.5%
Project Wide Absorption Period (Months) As Proposed	5 months
Project Wide Absorption Period (Months) Absent Subsidy	5 months

### Capture Rate and VHDA Conclusion

The Novoco demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation for the LIHTC units is 0.9 percent as proposed and 2.1 percent absent subsidy.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject’s first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This is a subset of the income-eligible renter households used previously and yields a far more conservative annual capture rate. This annual Novoco capture rate is 1.0 percent as proposed and 2.1 percent absent subsidy for the first year of operation as a LIHTC property. This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

This calculation illustrates that there are approximately 6,187 units of demand in the first year of the Subject’s operation as proposed and approximately 2,788 units of demand in the first year of the Subject’s operation absent subsidy. The Subject’s units will need to accommodate 59 total units of demand in order to stabilize at 95 percent occupancy. Any unaccommodated households will most likely leave the PMA or remain severely rent-overburdened. The lack of available units will force many to look elsewhere.

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

Project Wide Capture Rate- LIHTC Units As Proposed	1.2%
Project Wide Capture Rate- LIHTC Units Absent Subsidy*	2.5%
Project Wide Absorption Period (Months) As Proposed	5 months
Project Wide Absorption Period (Months) Absent Subsidy	5 months

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

### PENETRATION RATE ANALYSIS

Per VHDA guidelines, we also performed a penetration rate analysis for the Subject’s units as proposed and absent subsidy, as illustrated in the following tables.

PENETRATION RATE - Methodology Two (Market Focus - NCHMA)	
Number of Proposed Competitive Affordable Units in the PMA	306
	+
Number of Existing Competitive Family Affordable Units in the PMA	2,257
	+
Number of Proposed Affordable Units at the Subject	62
	=
Total	2,625
	/
Income Eligible Households - All AMI Levels	12,259
	=
<b>Overall Penetration Rate - Market Focus (NCHMA)</b>	<b>21.4%</b>

PENETRATION RATE - Methodology Two (Market Focus - NCHMA)	
Number of Proposed Competitive <i>LIHTC</i> Units in the PMA	51
	+
Number of Existing Competitive Family <i>LIHTC</i> Units in the PMA	652
	+
Number of Proposed <i>LIHTC</i> Units at the Subject	62
	=
Total	765
	/
Income Eligible Households - All AMI Levels	5,417
	=
<b>Overall Penetration Rate - Market Focus (NCHMA)</b>	<b>14.1%</b>

The overall penetration rate is derived by taking the number of *LIHTC* units proposed or under construction within the PMA, combined with the number of existing *LIHTC* units, and the number of the Subject’s units divided by the number of income eligible households.

Our capture and penetration rate analyses indicate adequate depth of demand to support additional affordable housing in the market. However, many of the comparable *LIHTC* properties exhibit elevated vacancy rates or rely on Housing Choice Vouchers. We believe that the Subject may draw tenants away from older,

inferior LIHTC properties in the market. The following table illustrates the LIHTC properties within the PMA that offer similar unit types and AMI levels.

EXISTING AFFORDABLE PROPERTIES IN PMA

Property Name	Program	Tenancy	Total Units	LIHTC Units	Subsidized Units	Competitive units at 40% AMI	Competitive units at 50% AMI	Competitive units at 70% AMI	Competitive Units As Proposed	Competitive Units Absent Subsidy
Aquavista Apartments	Section 8	Family	150	0	149	0	0	0	149	0
Hampton Transition Center	Section 8	Special needs	12	0	12	0	0	0	0	0
Paula Maria III	Section 8	Family	198	0	198	0	0	0	198	0
City Line Apartments	LIHTC/Section 8	Family	200	0	200	0	0	0	200	0
Stuart Gardens II	Section 8	Family	239	0	239	0	0	0	239	0
Stuart Gardens I	Section 8	Family	252	0	250	0	0	0	250	0
Newport Harbour Apartments	Section 8	Family	200	0	199	0	0	0	199	0
The Towers	Section 8	Family	140	0	140	0	0	0	140	0
Seven Oaks Townhouses	LIHTC	Family	202	202	0	0	202	0	202	202
Chestnut Square	LIHTC	Family	40	40	0	0	0	0	0	0
Monterey (Hampton City)	LIHTC	Family	40	40	0	0	20	0	20	20
Shell Gardens	LIHTC	Family	48	48	0	0	0	0	0	0
Tidewater Seniors	LIHTC	Senior	140	140	0	0	0	0	0	0
Medical Arts Seniors	LIHTC	Senior	20	20	0	0	0	0	0	0
Century Plaza	LIHTC/Section 8	Family	120	120	120	0	120	0	120	120
Admiral Pointe	LIHTC	Family	208	204	0	0	0	0	0	0
Newport Harbour	LIHTC/Section 8	Family	200	200	200	0	0	0	200	0
Ashe Manor	LIHTC	Senior	50	50	0	0	0	0	0	0
Westover Station	LIHTC	Family	108	108	0	0	0	0	0	0
Orcutt Village Townhomes I	LIHTC	Family	70	70	0	0	34	0	34	34
Seven Oaks	LIHTC	Family	202	202	0	0	202	0	202	202
Heritage Forest	LIHTC	Family	144	144	0	0	0	0	0	0
Noland Green	LIHTC/Section 8	Family	60	54	15	27	27	0	54	39
Warwick Sro	LIHTC/Section 8	Senior	88	88	88	0	0	0	0	0
Jefferson Brookville	LIHTC/Section 8	Family	50	50	15	25	25	0	50	35
<b>Total</b>			<b>3,181</b>	<b>1,780</b>	<b>1,825</b>	<b>52</b>	<b>630</b>	<b>0</b>	<b>2,257</b>	<b>652</b>

We were only able to obtain absorption information from one comparable property. We extended our search to other properties in the cities of Newport News, Hampton, Williamsburg, and Norfolk. The following table details our findings.

ABSORPTION

Property Name	Rent Structure	Tenancy	Year Built	Total Units	Absorption Pace
Brennan Pointe	LIHTC	Family	2017/2018	87	13
The Banks at Berkley	LIHTC	Family	2017	50	25
The Clairmont at Campostella Station	LIHTC	Family	2017	152	15
Woodlands Apartments at Phoebus	LIHTC	Senior	2015	132	20
Forrest Pines Senior	LIHTC	Senior	2014	123	10
Jefferson Brookville Apartments	LIHTC	Family	2014	50	15
The Pointe at Pickett Farms	LIHTC	Family	2014	120	60
Promenade Pointe	LIHTC	Family	2014	183	13

The properties in the table above indicate absorption paces ranging from 10 to 60 units per month, with an average of 21 units per month. Brennan Pointe is the most proximate and most similar property to the proposed Subject. The first phase of Brennan Pointe experienced an absorption pace of 15 units per month, and the second phase, which opened in November 2018, experienced an absorption pace of 11 units per month. We show an average of 13 units per month in the table above. Based primarily on Brennan Pointe, we estimate that the Subject will experience an absorption pace of 12 units per month, for a total absorption period of approximately five months.

Rent conclusions were provided in Section H.

We do not anticipate any future changes in the housing stock or risks in the market area that would adversely affect the Subject. The Novoco achievable market rents are reasonable and as a LIHTC property, we believe the Subject will operate with a stabilized occupancy rate.

**J. LOCAL PERSPECTIVES OF  
RENTAL HOUSING MARKET  
AND HOUSING  
ALTERNATIVES**



## INTERVIEWS

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

### Local Housing Authority Discussion

We spoke to Carl Williamson, Director of Housing Operations at Newport News Redevelopment and Housing Authority. According to Mr. Williamson, the Housing Authority is authorized to issue 2,566 vouchers, which is the number of vouchers that are currently in use. Mr. Williamson reported preferences are given to the involuntary displaced, substandard housing, rent burdened, veterans or spouse of a veteran, and mainstream vouchers. There are currently 944 households on the waiting list that is now closed. Mr. Williamson was unable to estimate when the waiting list will open again. The waiting list was closed February 28, 2018. Mr. Williamson reported most public housing authorities are using the HUD Rental Assistance Demonstration Program (RAD) to improve the affordable housing in the locality.

### PAYMENT STANDARDS

Unit Type	Standard
Two-Bedroom	\$1,149
Three-Bedroom	\$1,609

Source: Virginia Housing Development Authority, effective January 2019

The payment standards are above the achievable LIHTC rents for all of the Subject’s units. Therefore, absent subsidy, tenants using vouchers will not have to pay additional rent out of pocket to reside at the Subject.

### Planning Discussion

The following table illustrates proposed and under construction multifamily developments in the PMA according to Costar.

#### PLANNED DEVELOPMENT

Property Name	Rent Structure	Tenancy	Total Units	Competitive Units	Construction Status	Distance to Subject
Huntington Villages	Market/Affordable	Family	96	48	Proposed	1.5 miles
<b>Totals</b>			<b>96</b>	<b>48</b>		

Source: CoStar, March 2019

According to the Virginia Housing Development Authority, between 2015 and January 2019, there have been eight projects allocated tax credits within the PMA. The details on these properties are presented below.

#### RECENT LIHTC ALLOCATIONS IN PMA

Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Subsidized	Competitive LIHTC Units
Whittaker Place	2018	LIHTC	Family	67	8	0
Newport Harbour	2018	LIHTC	Family	200	200	0
Huntington Village	2018	LIHTC	Family	96	0	48
Soundview Townhomes	2017	LIHTC	Family	250	0	0
Lassiter Courts	2017	LIHTC	Family	100	50	0
Ivy Tower	2017	LIHTC	Family	140	140	0
Brennan Pointe II	2016	LIHTC	Family	43	0	3
Snowden Senior	2015	LIHTC	Senior	68	0	0
				<b>964</b>	<b>398</b>	<b>51</b>

Source: VHDA, retrieved February 2019.

- **Whittaker Place** is a new LIHTC property that is renovating the former Whittaker Memorial Hospital in eastern Newport News. The development broke ground in June 2018 and will consist of 67 apartments, with 42 one-bedroom units, 14 studios, and 11 two-bedroom units. Whittaker Place will offer 59 units restricted at 60 percent of the AMI, and eight units that will be income-restricted at 50 percent of the AMI but rent-restricted at 40 percent of the AMI. These units will also operate with project-based subsidy. We deduct the eight units that are income-restricted at 50 percent of the AMI from our demand analysis as proposed.
- **Newport Harbour** is an existing project based Section 8 property undergoing renovations. All 200 of the units at this property are restricted to households earning 60 percent of the AMI, or less. This property is undergoing renovations with tenants in-place; we deduct these 200 units from our penetration rate analysis, but not from our capture rate analyses.
- **Huntington Village** is a new LIHTC property under construction with an expected completion date in early spring of 2020. The property will offer 96 units for family households earning up to 50 and 60 percent of Area Median Household Income (AMHI). The property will feature 72 two-bedroom and 24 three-bedroom garden style apartments. This property will offer 10 units restricted at 40 percent of the AMI, 38 units restricted at 50 percent of the AMI, and 48 units restricted at 60 percent of the AMI. We deduct the units restricted at the 40 and 50 percent of AMI levels from our demand analysis.
- **Soundview Townhomes** is an existing LIHTC property with 250 one, two, three, and four-bedroom townhomes restricted to family households earning 60 percent of the AMI. This property is currently under renovation, and is almost entirely vacant. According to the developer, renovation is anticipated to be complete in the first quarter of 2020. The developer expects absorption to extend until the third quarter of 2020. We deduct the units at this property from our demand analysis for the Subject as proposed.
- **Lassiter Courts** is an existing public housing property that converted to project based Section 8 in January 2019. Once renovations are completed in December 2019 the property will have 50 units at 50 percent of the AMI, and 50 units at 60 percent of the AMI. We deduct all of the units from our penetration rate analysis for the Subject as proposed, but not from our capture rate analyses.
- **Ivy Tower** is subsidized development offering 140 one and two-bedroom units that is undergoing renovation with LIHTC funding. Upon renovation, the property will continue to operate with project-based subsidy, and its units will be restricted to households earning 40, 50, and 60 percent of the AMI. This property is being renovated with tenants in-place We deduct the 140 units from our penetration rate analysis of the Subject as proposed, but not from our capture rate analyses.
- **Brennan Pointe II** is a recently constructed addition to Brennan Pointe. Phase II was completed in November 2018, and adds 43 two and three-bedroom units at 40, 50, and 60 percent of the AMI. As of the date of our interview, this property had two vacant units at 50 percent of the AMI and one vacant unit at 40 percent of the AMI. We deducted these units from our demand analysis.
- **Snowden Senior** is a 55+ community with 68 one and two-bedroom units. As it targets seniors, none of the units will be competitive with the Subject. None of the units at this property are deducted from our demand analysis.

There are an additional 59 vacant units among the comparable properties for the Subject as proposed, and 58 vacant comparable units absent a subsidy. As proposed, we deduct 368 units from our capture rate analysis. Absent subsidy, we deduct 109 units.

# **K.ANALYSIS/CONCLUSIONS**

**Recommendations**

In general, we believe there is demand in the marketplace for the Subject. We recommend no changes for the Subject property.

**Demand Summary**

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

Project Wide Capture Rate- LIHTC Units As Proposed	1.2%
Project Wide Capture Rate- LIHTC Units Absent Subsidy*	2.5%
Project Wide Absorption Period (Months) As Proposed	5 months
Project Wide Absorption Period (Months) Absent Subsidy	5 months

Additionally, the overall penetration rate for the Subject is 21.4 percent as proposed and 14.1 percent absent subsidy. It should be noted that the penetration rate analysis we have derived is conservative because it does not account for leakage (i.e. tenants originating outside of the PMA). Additionally, as proposed, we included all existing subsidized units in the PMA. Overall, the derived penetration rate for the Subject is considered reasonable.

**Strengths and Weaknesses of the Subject**

Strengths

- The Subject will be in excellent condition upon completion.
- The Subject will offer similar to superior in-unit amenities to the majority of the comparable properties, and slightly superior to superior property amenities to half of the LIHTC comparable properties.
- The majority of the comparable properties are located in the Subject’s neighborhood, or in similar locations based on median household incomes and walk scores.
- The Subject has low capture rates and penetration rates, indicating that there is ample demand for affordable housing.

Weaknesses

- The Subject will not offer any dedicated off-street parking. Downtown Newport News is characterized by a significant amount of on-street, surface, and garage parking, and both Subject buildings will be located within one-half mile of the Newport News Transit Center. Nonetheless, the majority of the comparable properties offer off-street parking.
- The Subject will offer smaller unit sizes than the majority of the comparable LIHTC properties. The Subject’s proposed unit sizes will be slightly inferior to Brennan Pointe’s unit sizes. That property exhibits moderate vacancy and maintains a waiting list, indicating that its unit sizes are accepted in the market. In addition, the Subject’s unit sizes will be similar to slightly inferior to Jefferson Brookville Apartments’ unit sizes and Noland Green Apartments’ unit sizes. While these properties exhibit elevated vacancy rates, both reported pre-leasing and waiting lists, and their vacancy rates are skewed upwards by their small overall development sizes. Finally, the Subject will offer similar unit sizes to Liberty Apartments, a recently-constructed, market-rate comparable property that exhibits moderate vacancy, indicating that its unit sizes are accepted in the market. While we account for the Subject’s unit sizes in our determination of achievable rents, we do not believe that the Subject’s unit sizes will negatively impact its performance.

- The LIHTC comparable properties in the PMA exhibit elevated vacancy rates. However, property managers reported significant and consistent potential applicant traffic. Additionally, the majority of the LIHTC comparables maintain waiting lists. Online reviews for Seven Oaks Apartments and Admiral Pointe Apartments, the two LIHTC comparables with the highest vacancy rates, cite management, maintenance, and pest problems. We believe that the elevated vacancy rates at Seven Oaks Apartments and Admiral Pointe Apartments are related to these property-specific issues, rather than overall softness in the market. Excluding these two properties, the weighted average LIHTC vacancy rate is 4.2 percent. The most proximate and most similar LIHTC comparable property, Brennan Pointe, exhibits moderate vacancy and maintains a waiting list, indicating demand in the market for good-quality affordable rental housing.

**Absorption Estimate**

We were only able to obtain absorption information from one comparable property. We extended our search to other properties in the cities of Newport News, Hampton, Williamsburg, and Norfolk. The following table details our findings.

<b>ABSORPTION</b>					
Property Name	Rent Structure	Tenancy	Year Built	Total Units	Absorption Pace
Brennan Pointe	LIHTC	Family	2017/2018	87	13
The Banks at Berkley	LIHTC	Family	2017	50	25
The Clairmont at Campostella Station	LIHTC	Family	2017	152	15
Woodlands Apartments at Phoebus	LIHTC	Senior	2015	132	20
Forrest Pines Senior	LIHTC	Senior	2014	123	10
Jefferson Brookville Apartments	LIHTC	Family	2014	50	15
The Pointe at Pickett Farms	LIHTC	Family	2014	120	60
Promenade Pointe	LIHTC	Family	2014	183	13

The properties in the table above indicate absorption paces ranging from 10 to 60 units per month, with an average of 21 units per month. Brennan Pointe is the most proximate and most similar property to the proposed Subject. The first phase of Brennan Pointe experienced an absorption pace of 15 units per month, and the second phase, which opened in November 2018, experienced an absorption pace of 11 units per month. We show an average of 13 units per month in the table above. Based primarily on Brennan Pointe, we estimate that the Subject will experience an absorption pace of 12 units per month, for a total absorption period of approximately five months.

## **L. OTHER REQUIREMENTS**

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



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Mark Perlman  
Market Analyst

March 11, 2019  
Date

**ADDENDUM A**  
**Assumptions and Limiting Conditions**



## **ASSUMPTIONS AND LIMITING CONDITIONS**

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

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

**ADDENDUM B**  
**Subject Property and Neighborhood Photographs**

**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD – 80 29<sup>TH</sup> STREET**



Subject site



Subject site



Subject site looking south



Subject site looking north



Subject site looking northeast



Subject site looking southeast



Subject site looking east



River Park Tower Apartments south of the Subject site (included)



Newport News Luxury Apartments south of the Subject site (included)



Medical Arts Senior Apartments north of the Subject site (excluded)



Post office south of the Subject site



Superblock Park south of the Subject site



Superblock Park south of the Subject site



Fire station north of the Subject site



Public library east of the Subject site



Retail use east of the Subject site



View looking east on 29th Street



View looking west on 29th Street



Office building adjacent west of the Subject site



Office building/shipbuilding facility south of the Subject site

**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD – 311 33<sup>RD</sup> STREET**



Subject site looking east



Subject site looking west



Subject site looking north



Subject site looking north toward 34<sup>th</sup> Street



Subject site looking south



Looking south toward the Subject site from 34<sup>th</sup> Street





Fire station west of the Subject site



Superblock Park south of the Subject site



Newport News Shipbuilding west of the Subject site



Newport News Shipbuilding west of the Subject site



Townhome development southwest of the Subject site



Commercial use south of the Subject site



Public library south of the Subject site



View looking north on Route 60 from the Subject site



View looking east on 34<sup>th</sup> Street



View looking west on 34<sup>th</sup> Street



View looking south on Route 60



View looking east on 33<sup>rd</sup> Street

**ADDENDUM C**  
**Subject Matrices and Property Profiles**

**SUMMARY MATRIX**

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
<b>Subject</b>	The Coile 80 29th Street Newport News, VA 11232 Newport News City	-	Midrise 4-stories 2021 / n/a Family	@40%, @50%, @70%	2BR / 2BA	4	6.5%	835	@40%	\$535	N/A	N/A	N/A	N/A
					2BR / 2BA	12	19.4%	835	@50%	\$703	N/A	N/A	N/A	N/A
					2BR / 2BA	2	3.2%	861	@50%	\$703	N/A	N/A	N/A	N/A
					2BR / 2BA	14	22.6%	861	@70%	\$1,041	N/A	N/A	N/A	N/A
					3BR / 2BA	4	6.5%	984	@40%	\$592	N/A	N/A	N/A	N/A
					3BR / 2BA	4	6.5%	984	@50%	\$787	N/A	N/A	N/A	N/A
					3BR / 2BA	6	9.7%	1,000	@50%	\$787	N/A	N/A	N/A	N/A
					3BR / 2BA	2	3.2%	1,000	@70%	\$1,177	N/A	N/A	N/A	N/A
					3BR / 2BA	7	11.3%	1,068	@70%	\$1,177	N/A	N/A	N/A	N/A
					3BR / 2BA	7	11.3%	1,083	@70%	\$1,177	N/A	N/A	N/A	N/A
					<b>62</b>									
1	Admiral Pointe Apartments 201 73rd Street Newport News, VA 23607 Newport News City	2.4 miles	Garden 2-stories 1945 / 2002 Family	@60%	2BR / 1BA	104	50.0%	825	@60%	\$613	No	No	N/A	N/A
					2BR / 1BA	104	50.0%	925	@60%	\$653	No	No	N/A	N/A
					<b>208</b>								<b>42</b>	<b>20.2%</b>
2	Brennan Pointe 3000 Warwick Boulevard Newport News, VA 23607 Newport News City	0.5 miles	Midrise 4-stories 2017 / n/a Family	@40%, @40% (PVV), @50%, @60%	2BR / 1.5BA	2	2.3%	883	@40%	\$560	No	Yes	0	0.0%
					2BR / 1.5BA	3	3.5%	1,130	@40% (PVV)	\$842	N/A	No	0	0.0%
					2BR / 1.5BA	21	24.1%	883	@50%	\$725	No	Yes	N/A	N/A
					2BR / 1.5BA	10	11.5%	1,130	@50%	\$595	N/A	No	0	0.0%
					2BR / 1.5BA	5	5.8%	883	@60%	\$766	No	Yes	N/A	N/A
					2BR / 1.5BA	14	16.1%	1,130	@60%	\$695	N/A	No	0	0.0%
					3BR / 2BA	3	3.5%	1,130	@40%	\$643	No	Yes	N/A	N/A
					3BR / 2BA	2	2.3%	1,562	@40% (PVV)	\$948	No	No	0	0.0%
					3BR / 2BA	10	11.5%	1,130	@50%	\$828	No	Yes	N/A	N/A
					3BR / 2BA	7	8.1%	1,562	@50%	\$675	No	No	0	0.0%
3BR / 2BA	3	3.5%	1,130	@60%	\$862	No	Yes	N/A	N/A					
3BR / 2BA	7	8.1%	1,562	@60%	\$780	No	No	0	0.0%					
					<b>87</b>								<b>5</b>	<b>5.7%</b>
3	Chestnut Square Townhomes 800 Dana Rae Ct Newport News, VA 23605 Newport News City	3.0 miles	Townhouse 1-stories 1999 / n/a Family	@60%	3BR / 2BA	40	100.0%	1,170	@60%	\$919	No	Yes	1	2.5%
					<b>40</b>								<b>1</b>	<b>2.5%</b>
4	Heritage Forest Apartments 901 Forest Lake Ct. Newport News, VA 23605 Newport News City	1.7 miles	Garden 2-stories 2012/2013 / n/a Family	@60%	1BR / 1BA	34	13.7%	720	@60%	\$739	Yes	Yes	N/A	N/A
					2BR / 2BA	102	41.1%	1,035	@60%	\$880	Yes	Yes	N/A	N/A
					3BR / 2BA	112	45.2%	1,222	@60%	\$1,012	Yes	Yes	N/A	N/A
					<b>248</b>								<b>5</b>	<b>2.0%</b>
5	Jefferson Brookville Apartments 2713 Jefferson Avenue Newport News, VA 23607 Newport News City	0.7 miles	Midrise 3-stories 2014 / n/a Family	@40% (Section 8), @50%	1BR / 1BA	N/A	N/A	780	@40% (Section 8)	\$624	N/A	Yes	1	N/A
					1BR / 1BA	N/A	N/A	780	@50%	\$530	Yes	No	0	N/A
					2BR / 2BA	N/A	N/A	875	@40% (Section 8)	\$688	N/A	Yes	0	N/A
					2BR / 2BA	N/A	N/A	875	@50%	\$602	Yes	Yes	3	N/A
					3BR / 2BA	N/A	N/A	1,300	@40% (Section 8)	\$739	N/A	Yes	0	N/A
					3BR / 2BA	N/A	N/A	1,300	@50%	\$669	Yes	Yes	3	N/A
					<b>50</b>								<b>7</b>	<b>14.0%</b>
6	Noland Green Apartments 2600 Warwick Boulevard Newport News, VA 23607 Newport News City	0.5 miles	Midrise 4-stories 1920 / 2011 Family	@40% (Section 8), @50%, Market	1BR / 1BA	N/A	N/A	650	@40% (Section 8)	\$662	N/A	Yes	0	N/A
					1BR / 1BA	N/A	N/A	650	@50%	\$535	Yes	Yes	2	N/A
					1BR / 1BA	N/A	N/A	650	Market	\$660	N/A	Yes	0	N/A
					2BR / 1.5BA	N/A	N/A	900	@40% (Section 8)	\$678	N/A	Yes	0	N/A
					2BR / 1.5BA	N/A	N/A	900	@50%	\$616	Yes	Yes	4	N/A
					2BR / 1.5BA	N/A	N/A	900	Market	\$762	N/A	Yes	0	N/A
					3BR / 2BA	N/A	N/A	1,100	@40% (Section 8)	\$690	N/A	Yes	0	N/A
					3BR / 2BA	N/A	N/A	1,100	@50%	\$691	Yes	Yes	0	N/A
3BR / 2BA	N/A	N/A	1,100	Market	\$859	N/A	Yes	0	N/A					
					<b>60</b>								<b>6</b>	<b>10.0%</b>
7	Seven Oaks Apartments 731 36th Street Newport News, VA 23607 Newport News City	1.1 miles	Various 2-stories 1989 / 2006 Family	@50%	1BR / 1BA	10	5.0%	650	@50%	\$500	No	No	1	10.0%
					2BR / 1BA	192	95.1%	811	@50%	\$610	No	No	45	23.4%
					<b>202</b>								<b>46</b>	<b>22.8%</b>

**SUMMARY MATRIX**

Comp #	Property Name	Distance to Subject	Type / Built / Renovated	Rent Structure	Unit Description	#	%	Size (SF)	Restriction	Rent (Adj)	Max Rent?	Waiting List?	Vacant Units	Vacancy Rate
<b>Subject</b>	The Coile 80 29th Street Newport News, VA 11232 Newport News City	-	Midrise 4-stories 2021 / n/a Family	@40%, @50%, @70%	2BR / 2BA	4	6.5%	835	@40%	\$535	N/A	N/A	N/A	N/A
					2BR / 2BA	12	19.4%	835	@50%	\$703	N/A	N/A	N/A	N/A
					2BR / 2BA	2	3.2%	861	@50%	\$703	N/A	N/A	N/A	N/A
					2BR / 2BA	14	22.6%	861	@70%	\$1,041	N/A	N/A	N/A	N/A
					3BR / 2BA	4	6.5%	984	@40%	\$592	N/A	N/A	N/A	N/A
					3BR / 2BA	4	6.5%	984	@50%	\$787	N/A	N/A	N/A	N/A
					3BR / 2BA	6	9.7%	1,000	@50%	\$787	N/A	N/A	N/A	N/A
					3BR / 2BA	2	3.2%	1,000	@70%	\$1,177	N/A	N/A	N/A	N/A
					3BR / 2BA	7	11.3%	1,068	@70%	\$1,177	N/A	N/A	N/A	N/A
					3BR / 2BA	7	11.3%	1,083	@70%	\$1,177	N/A	N/A	N/A	N/A
										62				
8	Westover Station Apartments 805 Roam Court Newport News, VA 23605 Newport News City	2.6 miles	Garden 3-stories 1991 / n/a Family	@60%	1BR / 1BA	36	33.3%	661	@60%	\$676	Yes	No	0	0.0%
					2BR / 1BA	72	66.7%	858	@60%	\$778	Yes	No	1	1.4%
						108							1	0.9%
9	Heritage At Settler's Landing 553 Settler's Landing Road Hampton, VA 23669 Newport News City	5.8 miles	Midrise 4-stories 2007 / n/a Family	Market	1BR / 1BA	61	61.0%	874	Market	\$1,096	N/A	No	1	1.6%
					1BR / 1BA	N/A	N/A	990	Market	\$1,213	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	758	Market	\$978	N/A	No	0	N/A
					2BR / 2BA	36	36.0%	1,158	Market	\$1,324	N/A	No	1	2.8%
					2BR / 2BA	N/A	N/A	1,292	Market	\$1,379	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,024	Market	\$1,269	N/A	No	0	N/A
					3	3.0%	1,407	Market	\$1,654	N/A	No	1	33.3%	
					100							3	3.0%	
10	Holland Apartments 91 28th Street Newport News, VA 23607 Newport News City	0.0 miles	Garden 3-stories 1950 / 2014 Family	Market	1BR / 1BA	N/A	N/A	593	Market	\$929	N/A	No	0	0.0%
					2BR / 1.5BA	N/A	N/A	N/A	Market	\$1,179	N/A	No	0	N/A
						27							0	0.0%
11	Liberty Apartments 3201 Washington Avenue Newport News, VA 23607 Newport News City	0.2 miles	Midrise 4-stories 2013 / n/a Family	Market	1BR / 1BA	32	32.7%	566	Market	\$970	N/A	Yes	0	0.0%
					2BR / 2BA	33	33.7%	848	Market	\$1,275	N/A	No	2	6.1%
					3BR / 3BA	33	33.7%	1,106	Market	\$1,660	N/A	No	1	3.0%
						98						3	3.1%	
12	Meadow View Townhomes 4801 Marshall Avenue Newport News, VA 23607 Newport News City	1.4 miles	Various 2-stories 1967 / 2017 Family	Market	1BR / 1BA	N/A	N/A	530	Market	\$482	N/A	No	N/A	N/A
					2BR / 1BA	N/A	N/A	740	Market	\$491	N/A	No	N/A	N/A
					3BR / 1BA	N/A	N/A	997	Market	\$632	N/A	No	N/A	N/A
					4BR / 1.5BA	N/A	N/A	1,140	Market	\$844	N/A	No	N/A	N/A
					650							58	8.9%	
13	Newport News Luxury Apartments 2 28th Street Newport News, VA 23607 Newport News City	0.1 miles	Highrise 15-stories 1975 / 2014 Family	Market	1BR / 1BA	N/A	N/A	675	Market	\$502	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	621	Market	\$512	N/A	No	0	N/A
					1BR / 1BA	N/A	N/A	730	Market	\$492	N/A	No	0	N/A
					2BR / 2BA	N/A	N/A	1,040	Market	\$716	N/A	No	16	N/A
					3BR / 3BA	N/A	N/A	1,460	Market	\$945	N/A	No	0	N/A
					135							16	11.9%	
14	River Park Tower 2601 West Avenue Newport News, VA 23607 Newport News City	0.3 miles	Highrise 20-stories 1987 / n/a Family	Market	1BR / 1BA	N/A	N/A	700	Market	\$841	N/A	No	N/A	N/A
					1BR / 1BA	N/A	N/A	700	Market	\$921	N/A	No	N/A	N/A
					1BR / 1BA	N/A	N/A	700	Market	\$761	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,129	Market	\$946	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,138	Market	\$1,093	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,120	Market	\$798	N/A	No	N/A	N/A
					3BR / 2BA	N/A	N/A	1,791	Market	\$1,253	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	2,000	Market	\$1,340	N/A	No	0	N/A
					3BR / 2BA	N/A	N/A	1,582	Market	\$1,165	N/A	No	0	N/A
					260							2	0.8%	

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.					
	Units Surveyed:	2,273	Weighted Occupancy:	91.4%	
	Market Rate	1,270	Market Rate	93.5%	
	Tax Credit	1,003	Tax Credit	88.7%	
Two-Bedroom Two Bath		Three-Bedroom Two Bath			
Property	Average	Property	Average		
RENT	Heritage At Settler's Landing (Market)	\$1,379	Liberty Apartments (Market)(3BA)	\$1,660	
	Heritage At Settler's Landing (Market)	\$1,324	Heritage At Settler's Landing (Market)	\$1,654	
	Liberty Apartments (Market)	\$1,275	River Park Tower (Market)	\$1,253	
	Heritage At Settler's Landing (Market)	\$1,269	The Coile (@70%)	\$1,177	
	Holland Apartments (Market)(1.5BA)	\$1,179	The Coile (@70%)	\$1,177	
	The Coile (@70%)	\$1,041	The Coile (@70%)	\$1,177	
	River Park Tower (Market)	\$946	Heritage Forest Apartments (@60%)	\$1,012	
	Heritage Forest Apartments (@60%)	\$880	Brennan Pointe (@40%)	\$948	
	Brennan Pointe (@40%)(1.5BA)	\$842	Newport News Luxury Apartments (Market)(3BA)	\$945	
	Westover Station Apartments (@60%)(1BA)	\$778	Chestnut Square Townhomes (@60%)	\$919	
	Brennan Pointe (@60%)(1.5BA)	\$766	Brennan Pointe (@60%)	\$862	
	Noland Green Apartments (Market)(1.5BA)	\$762	Noland Green Apartments (Market)	\$859	
	Brennan Pointe (@50%)(1.5BA)	\$725	Brennan Pointe (@50%)	\$828	
	Newport News Luxury Apartments (Market)	\$716	The Coile (@50%)	\$787	
	The Coile (@50%)	\$703	The Coile (@50%)	\$787	
	The Coile (@50%)	\$703	Brennan Pointe (@60%)	\$780	
	Brennan Pointe (@60%)(1.5BA)	\$695	Jefferson Brookville Apartments (@40%)	\$739	
	Jefferson Brookville Apartments (@40%)	\$688	Noland Green Apartments (@50%)	\$691	
	Noland Green Apartments (@40%)(1.5BA)	\$678	Noland Green Apartments (@40%)	\$690	
	Admiral Pointe Apartments (@60%)(1BA)	\$653	Brennan Pointe (@50%)	\$675	
	Noland Green Apartments (@50%)(1.5BA)	\$616	Jefferson Brookville Apartments (@50%)	\$669	
	Admiral Pointe Apartments (@60%)(1BA)	\$613	Brennan Pointe (@40%)	\$643	
	Seven Oaks Apartments (@50%)(1BA)	\$610	Meadow View Townhomes (Market)(1BA)	\$632	
	Jefferson Brookville Apartments (@50%)	\$602	The Coile (@40%)	\$592	
	Brennan Pointe (@50%)(1.5BA)	\$595			
	Brennan Pointe (@40%)(1.5BA)	\$560			
	The Coile (@40%)	\$535			
	The Coile (@40%)	\$535			
	Meadow View Townhomes (Market)(1BA)	\$491			
	SQUARE FOOTAGE	Heritage At Settler's Landing (Market)	1,292	River Park Tower (Market)	1,791
		Heritage At Settler's Landing (Market)	1,158	Brennan Pointe (@60%)	1,562
		Brennan Pointe (@40%)(1.5BA)	1,130	Brennan Pointe (@40%)	1,562
Brennan Pointe (@50%)(1.5BA)		1,130	Brennan Pointe (@50%)	1,562	
Brennan Pointe (@60%)(1.5BA)		1,130	Newport News Luxury Apartments (Market)(3BA)	1,460	
River Park Tower (Market)		1,129	Heritage At Settler's Landing (Market)	1,407	
Newport News Luxury Apartments (Market)		1,040	Jefferson Brookville Apartments (@40%)	1,300	
Heritage Forest Apartments (@60%)		1,035	Jefferson Brookville Apartments (@50%)	1,300	
Heritage At Settler's Landing (Market)		1,024	Heritage Forest Apartments (@60%)	1,222	
Holland Apartments (Market)(1.5BA)		974	Chestnut Square Townhomes (@60%)	1,170	
Admiral Pointe Apartments (@60%)(1BA)		925	Brennan Pointe (@50%)	1,130	
Noland Green Apartments (Market)(1.5BA)		900	Brennan Pointe (@60%)	1,130	
Noland Green Apartments (@50%)(1.5BA)		900	Brennan Pointe (@40%)	1,130	
Noland Green Apartments (@40%)(1.5BA)		900	Liberty Apartments (Market)(3BA)	1,106	
Brennan Pointe (@40%)(1.5BA)		883	Noland Green Apartments (@40%)	1,100	
Brennan Pointe (@60%)(1.5BA)		883	Noland Green Apartments (Market)	1,100	
Brennan Pointe (@50%)(1.5BA)		883	Noland Green Apartments (@50%)	1,100	
Jefferson Brookville Apartments (@40%)		875	The Coile (@70%)	1,083	
Jefferson Brookville Apartments (@50%)		875	The Coile (@70%)	1,068	
The Coile (@50%)		861	The Coile (@70%)	1,000	
The Coile (@70%)		861	The Coile (@50%)	1,000	
Westover Station Apartments (@60%)(1BA)		858	Meadow View Townhomes (Market)(1BA)	997	
Liberty Apartments (Market)		848	The Coile (@50%)	984	
The Coile (@50%)		835	The Coile (@40%)	984	
The Coile (@40%)		835			
The Coile (@40%)		835			
Admiral Pointe Apartments (@60%)(1BA)		825			
Seven Oaks Apartments (@50%)(1BA)		811			
Meadow View Townhomes (Market)(1BA)	740				
RENT PER SQUARE FOOT	Liberty Apartments (Market)	\$1.50	Liberty Apartments (Market)(3BA)	\$1.50	
	Heritage At Settler's Landing (Market)	\$1.24	The Coile (@70%)	\$1.18	
	Holland Apartments (Market)(1.5BA)	\$1.21	Heritage At Settler's Landing (Market)	\$1.18	
	The Coile (@70%)	\$1.21	The Coile (@70%)	\$1.10	
	Heritage At Settler's Landing (Market)	\$1.14	The Coile (@70%)	\$1.09	
	Heritage At Settler's Landing (Market)	\$1.07	Heritage Forest Apartments (@60%)	\$0.83	
	Westover Station Apartments (@60%)(1BA)	\$0.91	The Coile (@50%)	\$0.80	
	Brennan Pointe (@60%)(1.5BA)	\$0.87	The Coile (@50%)	\$0.79	
	Heritage Forest Apartments (@60%)	\$0.85	Chestnut Square Townhomes (@60%)	\$0.79	
	Noland Green Apartments (Market)(1.5BA)	\$0.85	Noland Green Apartments (Market)	\$0.78	
	The Coile (@50%)	\$0.84	Brennan Pointe (@60%)	\$0.76	
	River Park Tower (Market)	\$0.84	Brennan Pointe (@50%)	\$0.73	
	Brennan Pointe (@50%)(1.5BA)	\$0.82	River Park Tower (Market)	\$0.70	
	The Coile (@50%)	\$0.82	Newport News Luxury Apartments (Market)(3BA)	\$0.65	
	Jefferson Brookville Apartments (@40%)	\$0.79	Meadow View Townhomes (Market)(1BA)	\$0.63	
	Noland Green Apartments (@40%)(1.5BA)	\$0.75	Noland Green Apartments (@50%)	\$0.63	
	Seven Oaks Apartments (@50%)(1BA)	\$0.75	Noland Green Apartments (@40%)	\$0.63	
	Brennan Pointe (@40%)(1.5BA)	\$0.75	Brennan Pointe (@40%)	\$0.61	
	Admiral Pointe Apartments (@60%)(1BA)	\$0.74	The Coile (@40%)	\$0.60	
	Admiral Pointe Apartments (@60%)(1BA)	\$0.71	Brennan Pointe (@40%)	\$0.57	
	Newport News Luxury Apartments (Market)	\$0.69	Jefferson Brookville Apartments (@40%)	\$0.57	
	Jefferson Brookville Apartments (@50%)	\$0.69	Jefferson Brookville Apartments (@50%)	\$0.51	
	Noland Green Apartments (@50%)(1.5BA)	\$0.68	Brennan Pointe (@60%)	\$0.50	
	Meadow View Townhomes (Market)(1BA)	\$0.66	Brennan Pointe (@50%)	\$0.43	
	The Coile (@40%)	\$0.64			
	The Coile (@40%)	\$0.64			
	Brennan Pointe (@40%)(1.5BA)	\$0.63			
	Brennan Pointe (@60%)(1.5BA)	\$0.62			
	Brennan Pointe (@50%)(1.5BA)	\$0.53			

AMENITY MATRIX

	Subject	Admiral Pointe Apartments	Brennan Pointe	Chestnut Square Townhomes	Heritage Forest Apartments	Jefferson Brookville Apartments	Noland Green Apartments	Seven Oaks Apartments	Westover Station Apartments	Heritage At Settler's Landing	Holland Apartments	Liberty Apartments	Meadow View Townhomes	Newport News Luxury Apartments	River Park Tower
Building	LIHTC/ Section 8	LIHTC	LIHTC	LIHTC	LIHTC	LIHTC/SS	LIHTC/SS/Mkt	LIHTC	LIHTC	Market	Market	Market	Market	Market	Market
Property Type	Midrise	Garden	Midrise	Townhouse	Garden	Midrise	Midrise	Various	Garden	Midrise	Garden	Midrise	Various	Highrise	Highrise
# of Stories	4- stories	2- stories	4- stories	1- stories	2- stories	3- stories	4- stories	2- stories	3- stories	4- stories	3- stories	4- stories	2- stories	15- stories	20- stories
Year Built	2021	1945	2017	1999	2012/2013	2014	1920	1989	1991	2007	1950	2013	1967	1975	1987
Year Renovated	n/a	2002	n/a	n/a	n/a	n/a	2011	2006	n/a	n/a	2014	n/a	2017	2014	n/a
Elevators	yes	no	yes	no	no	yes	yes	no	no	yes	no	yes	no	yes	yes
Courtyard	no	no	no	no	no	no	no	no	no	no	no	yes	no	no	no
Utility Structure															
Cooking	no	no	no	no	no	no	no	no	no	no	no	no	no	yes	no
Water Heat	no	no	no	no	no	no	no	no	no	no	no	no	no	yes	no
Heat	no	no	no	no	no	no	no	no	no	no	no	no	no	yes	no
Other Electric	no	no	no	no	no	no	no	no	no	no	no	no	no	yes	no
Water	no	yes	no	no	no	yes	yes	no	yes	no	no	no	no	yes	yes
Sewer	no	yes	no	yes	no	yes	yes	no	yes	no	no	no	yes	yes	yes
Trash	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	no	yes	yes	yes	yes
Unit Amenities															
Balcony/Patio	no	no	yes	yes	yes	no	no	yes	no	yes	no	no	no	yes	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Carpeting	yes	no	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes
Hardwood	no	yes	no	no	no	no	no	no	no	no	no	no	no	no	no
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
Ceiling Fan	yes	yes	no	no	yes	no	no	no	yes	no	no	no	yes	no	no
Coat Closet	yes	yes	yes	no	yes	no	no	yes	no	no	no	yes	yes	yes	yes
Walk-In Closet	no	yes	yes	no	yes	no	no	no	yes	yes	no	no	no	no	no
Washer/Dryer	no	no	no	no	yes	no	no	no	no	no	no	yes	yes	no	yes
W/D Hookup	yes	no	yes	yes	yes	yes	no	no	yes	yes	no	yes	yes	no	yes
Kitchen															
Dishwasher	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
Disposal	yes	no	no	yes	yes	no	no	yes	yes	yes	no	yes	yes	yes	yes
Microwave	yes	no	no	no	yes	no	no	no	no	yes	no	no	no	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Community															
Business Center	yes	no	no	no	no	yes	yes	no	no	yes	no	no	no	no	no
Community Room	yes	no	yes	no	yes	yes	yes	yes	no	yes	no	yes	no	no	yes
Central Laundry	yes	yes	yes	yes	no	yes	yes	yes	yes	no	no	no	yes	yes	no
On-Site Mgmt	yes	yes	yes	yes	no	yes	yes	yes	yes	yes	no	yes	yes	yes	yes
Recreation															
Exercise Facility	no	no	no	no	yes	yes	yes	no	yes	yes	no	yes	no	yes	yes
Playground	no	yes	no	no	yes	yes	no	yes	yes	no	no	no	yes	no	no
Swimming Pool	no	no	no	no	yes	no	no	no	no	no	no	yes	no	yes	yes
Plenic Area	no	yes	no	no	no	no	yes	no	yes	no	no	no	no	no	yes
Theatre	no	no	no	no	no	no	no	no	no	no	no	no	no	no	no
Recreational Area	no	no	no	no	no	no	no	no	no	no	no	yes	no	no	no
WiFi	yes	no	no	no	no	no	no	no	no	no	no	no	no	no	no
Security															
In-Unit Alarm	no	no	no	no	no	no	no	no	no	yes	no	no	no	no	no
Intercom (Buzzer)	yes	no	yes	no	no	yes	yes	no	no	yes	yes	yes	no	yes	yes
Limited Access	yes	yes	yes	no	yes	yes	yes	no	no	yes	no	yes	no	yes	yes
Patrol	no	no	yes	no	yes	no	no	no	yes	no	no	no	yes	no	no
Video Surveillance	no	no	no	no	yes	yes	yes	no	yes	yes	no	yes	yes	no	yes
Parking															
Garage	no	no	no	no	no	no	no	no	no	yes	no	no	no	yes	yes
Garage Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$30
Off-Street Parking	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	no	yes	yes	yes

# PROPERTY PROFILE REPORT

## Admiral Pointe Apartments

Effective Rent Date	2/25/2019
Location	201 73rd Street Newport News, VA 23607 Newport News County
Distance	2.4 miles
Units	208
Vacant Units	42
Vacancy Rate	20.2%
Type	Garden (2 stories)
Year Built/Renovated	1945 / 2002
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	None identified
Contact Name	Jim
Phone	757-244-4414



### Market Information

Program	@60%
Annual Turnover Rate	23%
Units/Month Absorbed	N/A
HCV Tenants	25%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased up to three percent
Concession	See comments
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1	Garden (2 stories)	104	825	\$720	\$20	@60%	No	N/A	N/A	no	None
2	1	Garden (2 stories)	104	925	\$760	\$20	@60%	No	N/A	N/A	no	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1BA	\$720 - \$760	\$20	\$700 - \$740	-\$87	\$613 - \$653

### Amenities

In-Unit	Security	Services
Blinds	Limited Access	None
Central A/C		
Dishwasher		
Oven		
Walk-In Closet		
Carpet/Hardwood		
Coat Closet		
Ceiling Fan		
Refrigerator		
Property	Premium	Other
Central Laundry	None	None
On-Site Management		
Playground		
Off-Street Parking(\$0.00)		
Picnic Area		



### Comments

The contact reported new management took over in August 2017. The 42 vacancies are evictions due to non-payment. Seven vacancies are pre-leased. The contact reported 60 inquiries per week. The rents are not set at maximum allowable levels, however the contact reported maximum rents are attainable. The property is offering \$20 discount per month on third floor units.

Photos



# PROPERTY PROFILE REPORT

## Brennan Pointe

Effective Rent Date	2/21/2019
Location	3000 Warwick Boulevard Newport News, VA 23607 Newport News County
Distance	0.5 miles
Units	87
Vacant Units	5
Vacancy Rate	5.7%
Type	Midrise (4 stories)
Year Built/Renovated	2017 / N/A
Marketing Began	12/01/2016
Leasing Began	12/01/2016
Last Unit Leased	3/01/2017
Major Competitors	None identified
Tenant Characteristics	Newport News and Hampton residents
Contact Name	Sherron
Phone	757-621-6406



### Market Information

Program	@40%, @40% (PBV), @50%, @60%
Annual Turnover Rate	15%
Units/Month Absorbed	N/A
HCV Tenants	25%
Leasing Pace	Within one month
Annual Chg. in Rent	See comments
Concession	None
Waiting List	Yes, 20 households

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
2	1.5	Midrise (4 stories)	2	883	\$560	\$0	@40%	Yes	0	0.0%	no	None
2	1.5	Midrise (4 stories)	3	1,130	\$842	\$0	@40% (PBV)	No	0	0.0%	N/A	None
2	1.5	Midrise (4 stories)	21	883	\$725	\$0	@50%	Yes	N/A	N/A	no	None
2	1.5	Midrise (4 stories)	10	1,130	\$595	\$0	@50%	No	0	0.0%	N/A	None
2	1.5	Midrise (4 stories)	5	883	\$766	\$0	@60%	Yes	N/A	N/A	no	None
2	1.5	Midrise (4 stories)	14	1,130	\$695	\$0	@60%	No	0	0.0%	N/A	None
3	2	Midrise (4 stories)	3	1,130	\$643	\$0	@40%	Yes	N/A	N/A	no	None
3	2	Midrise (4 stories)	2	1,562	\$948	\$0	@40% (PBV)	No	0	0.0%	no	None
3	2	Midrise (4 stories)	10	1,130	\$828	\$0	@50%	Yes	N/A	N/A	no	None
3	2	Midrise (4 stories)	7	1,562	\$675	\$0	@50%	No	0	0.0%	no	None
3	2	Midrise (4 stories)	3	1,130	\$862	\$0	@60%	Yes	N/A	N/A	no	None
3	2	Midrise (4 stories)	7	1,562	\$780	\$0	@60%	No	0	0.0%	no	None

## Brennan Pointe, continued

### Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
2BR / 1.5BA	\$560 - \$842	\$0	\$560 - \$842	\$0	\$560 - \$842	2BR / 1.5BA	\$595 - \$725	\$0	\$595 - \$725	\$0	\$595 - \$725
3BR / 2BA	\$643 - \$948	\$0	\$643 - \$948	\$0	\$643 - \$948	3BR / 2BA	\$675 - \$828	\$0	\$675 - \$828	\$0	\$675 - \$828
@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent						
2BR / 1.5BA	\$695 - \$766	\$0	\$695 - \$766	\$0	\$695 - \$766						
3BR / 2BA	\$780 - \$862	\$0	\$780 - \$862	\$0	\$780 - \$862						

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Oven	Patrol	
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Clubhouse/Meeting Room/Community	Elevators	None	None
Central Laundry	Off-Street Parking(\$0.00)		
On-Site Management			

### Comments

The contact reported 250 inquiries per week. The rents are not set at maximum allowable levels and are not attainable in the market according to the contact. Phase II was completed in November 2018 and added 43 units to the property for a total of 87. The 40 percent AMI units at Phase II are PBV units. In addition to the five PBV units, there are 10 tenants using Housing Choice Vouchers. In the past year, rent growth has ranged from a 14 percent decrease to a six percent increase.

Photos





# PROPERTY PROFILE REPORT

## Heritage Forest Apartments

Effective Rent Date	2/21/2019
Location	901 Forest Lake Ct. Newport News, VA 23605 Newport News County
Distance	1.7 miles
Units	248
Vacant Units	5
Vacancy Rate	2.0%
Type	Garden (2 stories)
Year Built/Renovated	2012/2013 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Meadowview, Hampton, Admiral Point, Riverland
Tenant Characteristics	Mostly from Newport News and Hampton
Contact Name	Shaunice
Phone	(757)327-0627



### Market Information

Program	@60%
Annual Turnover Rate	5%
Units/Month Absorbed	N/A
HCV Tenants	60%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased three percent
Concession	None
Waiting List	Yes, unknown length

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	34	720	\$739	\$0	@60%	Yes	N/A	N/A	yes	None
2	2	Garden (2 stories)	102	1,035	\$880	\$0	@60%	Yes	N/A	N/A	yes	None
3	2	Garden (2 stories)	112	1,222	\$1,012	\$0	@60%	Yes	N/A	N/A	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$739	\$0	\$739	\$0	\$739
2BR / 2BA	\$880	\$0	\$880	\$0	\$880
3BR / 2BA	\$1,012	\$0	\$1,012	\$0	\$1,012

## Heritage Forest Apartments, continued

### Amenities

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

### Comments

The contact reported 35 inquiries per week and stated there is a strong demand for affordable housing in the market. Two-bedroom units are in the most demand.



Photos



# PROPERTY PROFILE REPORT

## Jefferson Brookville Apartments

Effective Rent Date	3/06/2019
Location	2713 Jefferson Avenue Newport News, VA 23607 Newport News County
Distance	0.7 miles
Units	50
Vacant Units	7
Vacancy Rate	14.0%
Type	Midrise (3 stories)
Year Built/Renovated	2014 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	None identified
Contact Name	Property Manager
Phone	757-247-4041



### Market Information

Program	@40% (Section 8), @50%
Annual Turnover Rate	16%
Units/Month Absorbed	15
HCV Tenants	32%
Leasing Pace	Within one month
Annual Chg. in Rent	Increased two to three percent
Concession	None
Waiting List	Yes, 11 households

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (3 stories)	N/A	780	\$683	\$0	@40% (Section 8)	Yes	1	N/A	N/A	None
1	1	Midrise (3 stories)	N/A	780	\$589	\$0	@50%	No	0	N/A	yes	None
2	2	Midrise (3 stories)	N/A	875	\$775	\$0	@40% (Section 8)	Yes	0	N/A	N/A	None
2	2	Midrise (3 stories)	N/A	875	\$689	\$0	@50%	Yes	3	N/A	yes	None
3	2	Midrise (3 stories)	N/A	1,300	\$849	\$0	@40% (Section 8)	Yes	0	N/A	N/A	None
3	2	Midrise (3 stories)	N/A	1,300	\$779	\$0	@50%	Yes	3	N/A	yes	None

### Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$683	\$0	\$683	-\$59	\$624	1BR / 1BA	\$589	\$0	\$589	-\$59	\$530
2BR / 2BA	\$775	\$0	\$775	-\$87	\$688	2BR / 2BA	\$689	\$0	\$689	-\$87	\$602
3BR / 2BA	\$849	\$0	\$849	-\$110	\$739	3BR / 2BA	\$779	\$0	\$779	-\$110	\$669

## Jefferson Brookville Apartments, continued

### Amenities

In-Unit		Security	Services
Blinds	Carpeting	Intercom (Buzzer)	None
Central A/C	Dishwasher	Limited Access	
Oven	Refrigerator	Video Surveillance	
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Elevators	Exercise Facility		
Central Laundry	Off-Street Parking(\$0.00)		
On-Site Management	Playground		

### Comments

According to the property contact, all three vacant two-bedroom units are pre-leased.

Photos



# PROPERTY PROFILE REPORT

## Noland Green Apartments

Effective Rent Date	3/06/2019
Location	2600 Warwick Boulevard Newport News, VA 23607 Newport News County
Distance	0.5 miles
Units	60
Vacant Units	6
Vacancy Rate	10.0%
Type	Midrise (4 stories)
Year Built/Renovated	1920 / 2011
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	None identified
Contact Name	Keisha
Phone	757-223-8774



### Market Information

Program	@40% (Section 8), @50%, Market
Annual Turnover Rate	18%
Units/Month Absorbed	N/A
HCV Tenants	23%
Leasing Pace	Within one month
Annual Chg. in Rent	Increased two to three percent
Concession	None
Waiting List	Yes, four households

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	N/A	650	\$721	\$0	@40% (Section 8)	Yes	0	N/A	N/A	None
1	1	Midrise (4 stories)	N/A	650	\$594	\$0	@50%	Yes	2	N/A	yes	None
1	1	Midrise (4 stories)	N/A	650	\$719	\$0	Market	Yes	0	N/A	N/A	None
2	1.5	Midrise (4 stories)	N/A	900	\$765	\$0	@40% (Section 8)	Yes	0	N/A	N/A	None
2	1.5	Midrise (4 stories)	N/A	900	\$703	\$0	@50%	Yes	4	N/A	yes	None
2	1.5	Midrise (4 stories)	N/A	900	\$849	\$0	Market	Yes	0	N/A	N/A	None
3	2	Midrise (4 stories)	N/A	1,100	\$800	\$0	@40% (Section 8)	Yes	0	N/A	N/A	None
3	2	Midrise (4 stories)	N/A	1,100	\$801	\$0	@50%	Yes	0	N/A	yes	None
3	2	Midrise (4 stories)	N/A	1,100	\$969	\$0	Market	Yes	0	N/A	N/A	None

## Noland Green Apartments, continued

### Unit Mix

@40%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent	@50%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$721	\$0	\$721	-\$59	\$662	1BR / 1BA	\$594	\$0	\$594	-\$59	\$535
2BR / 1.5BA	\$765	\$0	\$765	-\$87	\$678	2BR / 1.5BA	\$703	\$0	\$703	-\$87	\$616
3BR / 2BA	\$800	\$0	\$800	-\$110	\$690	3BR / 2BA	\$801	\$0	\$801	-\$110	\$691

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$719	\$0	\$719	-\$59	\$660
2BR / 1.5BA	\$849	\$0	\$849	-\$87	\$762
3BR / 2BA	\$969	\$0	\$969	-\$110	\$859

### Amenities

In-Unit	Security	Services
Blinds	Intercom (Buzzer)	None
Dishwasher	Limited Access	
Refrigerator	Video Surveillance	
Property	Premium	Other
Business Center/Computer Lab	None	None
Elevators		
Central Laundry		
On-Site Management		

### Comments

According to the property contact, two of the vacant two-bedroom units are pre-leased.

Photos







Comments

Management could not provide a reason for the elevated vacancy rates, but reported between 30 and 40 weekly inquiries. Online reviews of the property cited management and maintenance issues. Each resident gets a parking decal for free off-street surface parking, as management tries to eliminate outsiders parking on-site.

Photos



# PROPERTY PROFILE REPORT

## Westover Station Apartments

Effective Rent Date	2/21/2019
Location	805 Roam Court Newport News, VA 23605 Newport News City County
Distance	2.6 miles
Units	108
Vacant Units	1
Vacancy Rate	0.9%
Type	Garden (3 stories)
Year Built/Renovated	1991 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Heritage Forest, Cambridge
Tenant Characteristics	Majority from the Newport News-Hampton area
Contact Name	Leshia Reid
Phone	877-247-7956



### Market Information

Program	@60%
Annual Turnover Rate	36%
Units/Month Absorbed	N/A
HCV Tenants	70%
Leasing Pace	Within two weeks
Annual Chg. in Rent	Increased up to four percent
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	36	661	\$735	\$0	@60%	No	0	0.0%	yes	None
2	1	Garden (3 stories)	72	858	\$865	\$0	@60%	No	1	1.4%	yes	None

### Unit Mix

@60%	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$735	\$0	\$735	-\$59	\$676
2BR / 1BA	\$865	\$0	\$865	-\$87	\$778

### Amenities

In-Unit	Security	Services
Blinds	Patrol	None
Central A/C	Video Surveillance	
Ceiling Fan		
Oven		
Walk-In Closet		
Property	Premium	Other
Exercise Facility	None	None
Off-Street Parking(\$0.00)		
Picnic Area		

Comments

The contact reported 20 inquiries per day and said the property shares an exercise facility with their sister property, Riverland Apartments, that is located across the street. Rents are set at maximum allowable levels and are reported to be attainable in the absence of Housing Choice Vouchers.

Photos



# PROPERTY PROFILE REPORT

## Heritage At Settler's Landing

Effective Rent Date	2/21/2019
Location	553 Settler's Landing Road Hampton, VA 23669 Hampton City County
Distance	5.8 miles
Units	100
Vacant Units	3
Vacancy Rate	3.0%
Type	Midrise (4 stories)
Year Built/Renovated	2007 / N/A
Marketing Began	8/01/2007
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Trail Creek, Bridgewater, Monticello
Tenant Characteristics	Hampton University students, military personnel
Contact Name	Melissa
Phone	757-726-5555



### Market Information

Program	Market
Annual Turnover Rate	40%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within two months
Annual Chg. in Rent	None
Concession	Reduced rents
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	61	874	\$1,118	\$51	Market	No	1	1.6%	N/A	AVG*
1	1	Midrise (4 stories)	0	990	\$1,235	\$51	Market	No	0	N/A	N/A	HIGH*
1	1	Midrise (4 stories)	0	758	\$1,000	\$51	Market	No	0	N/A	N/A	LOW*
2	2	Midrise (4 stories)	36	1,158	\$1,295	\$0	Market	No	1	2.8%	N/A	AVG*
2	2	Midrise (4 stories)	0	1,292	\$1,350	\$0	Market	No	0	N/A	N/A	HIGH*
2	2	Midrise (4 stories)	0	1,024	\$1,240	\$0	Market	No	0	N/A	N/A	LOW*
3	2	Midrise (4 stories)	3	1,407	\$1,625	\$0	Market	No	1	33.3%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$1,000 - \$1,235	\$51	\$949 - \$1,184	\$29	\$978 - \$1,213
2BR / 2BA	\$1,240 - \$1,350	\$0	\$1,240 - \$1,350	\$29	\$1,269 - \$1,379
3BR / 2BA	\$1,625	\$0	\$1,625	\$29	\$1,654

## Heritage At Settler's Landing, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	In-Unit Alarm	None
Carpeting	Central A/C	Intercom (Buzzer)	
Dishwasher	Garbage Disposal	Limited Access	
Microwave	Oven	Video Surveillance	
Refrigerator	Walk-In Closet		
Washer/Dryer hookup			
Property		Premium	Other
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Elevators	Exercise Facility		
Garage(\$0.00)	Off-Street Parking(\$0.00)		
On-Site Management			

### Comments

The contact reported 60 inquiries per week.

Photos





# PROPERTY PROFILE REPORT

## Holland Apartments

Effective Rent Date	2/27/2019
Location	91 28th Street Newport News, VA 23607 Newport News County
Distance	0.1 miles
Units	27
Vacant Units	0
Vacancy Rate	0.0%
Type	Garden (3 stories)
Year Built/Renovated	1950 / 2014
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	None identified
Tenant Characteristics	Newport News and out of state residents
Contact Name	Crystal
Phone	(757) 245-6161



### Market Information

Program	Market
Annual Turnover Rate	10%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within one month
Annual Chg. in Rent	N/A
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (3 stories)	N/A	593	\$900	\$0	Market	No	0	N/A	N/A	None
2	1.5	Garden (3 stories)	N/A	974	\$1,150	\$0	Market	No	0	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$900	\$0	\$900	\$29	\$929
2BR / 1.5BA	\$1,150	\$0	\$1,150	\$29	\$1,179

### Amenities

In-Unit		Security	Services
Blinds	Carpeting	None	None
Oven	Refrigerator		
Property		Premium	Other
None		None	None

### Comments

The contact reported 10 to 15 inquiries per week. The property was completely renovated in 2014. The property does not accept Housing Choice Vouchers.

Photos



# PROPERTY PROFILE REPORT

## Liberty Apartments

Effective Rent Date	2/21/2019
Location	3201 Washington Avenue Newport News, VA 23607 Newport News City County
Distance	0.2 miles
Units	98
Vacant Units	3
Vacancy Rate	3.1%
Type	Midrise (4 stories)
Year Built/Renovated	2013 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Brennan Pointe, St. James Terrace, Huntington
Tenant Characteristics	None identified
Contact Name	James
Phone	757-928-1100



### Market Information

Program	Market
Annual Turnover Rate	30%
Units/Month Absorbed	N/A
HCV Tenants	N/A
Leasing Pace	Within one month
Annual Chg. in Rent	Increased one percent
Concession	None
Waiting List	Yes, two households for one-bedroom units.

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Midrise (4 stories)	32	566	\$970	\$0	Market	Yes	0	0.0%	N/A	None
2	2	Midrise (4 stories)	33	848	\$1,275	\$0	Market	No	2	6.1%	N/A	None
3	3	Midrise (4 stories)	33	1,106	\$1,660	\$0	Market	No	1	3.0%	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$970	\$0	\$970	\$0	\$970
2BR / 2BA	\$1,275	\$0	\$1,275	\$0	\$1,275
3BR / 3BA	\$1,660	\$0	\$1,660	\$0	\$1,660

## Liberty Apartments, continued

### Amenities

In-Unit		Security	Services
Blinds	Carpeting	Intercom (Buzzer)	None
Central A/C	Coat Closet	Limited Access	
Dishwasher	Garbage Disposal	Video Surveillance	
Oven	Refrigerator		
Washer/Dryer	Washer/Dryer hookup		
Property		Premium	Other
Clubhouse/Meeting Room/Community	Courtyard	None	None
Elevators	Exercise Facility		
Garage(\$0.00)	Off-Street Parking(\$0.00)		
On-Site Management	Picnic Area		
Recreation Areas	Swimming Pool		

### Comments

The contact reported 100 inquiries per week. A five percent discount per month is available for preferred employers (e.g. Newport News Shipyard, NASA, Military, UPS, Cannon, FedEx). The contact reported one and two-bedroom units are rented very quickly, and three-bedroom units are slower to rent. Every resident receives one parking spot included in rent, and can pay \$65 per month for an extra parking spot. The contact reported a strong demand for affordable housing. The property does not accept Housing Choice Vouchers.

Photos





# PROPERTY PROFILE REPORT

## Meadow View Townhomes

Effective Rent Date	2/22/2019
Location	4801 Marshall Avenue Newport News, VA 23607 Warwick County
Distance	1.4 miles
Units	650
Vacant Units	58
Vacancy Rate	8.9%
Type	Various (2 stories)
Year Built/Renovated	1967 / 2017
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Cottage Grove
Tenant Characteristics	Newport News and Hampton residents
Contact Name	Nicole
Phone	757-245-0001



### Market Information

Program	Market
Annual Turnover Rate	9%
Units/Month Absorbed	N/A
HCV Tenants	3%
Leasing Pace	Within one month
Annual Chg. in Rent	See comments
Concession	First month free
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Garden (2 stories)	N/A	530	\$590	\$49	Market	No	N/A	N/A	N/A	None
2	1	Garden (2 stories)	N/A	740	\$630	\$52	Market	No	N/A	N/A	N/A	None
3	1	Garden (2 stories)	N/A	997	\$810	\$68	Market	No	N/A	N/A	N/A	None
4	1.5	Townhouse (2 stories)	N/A	1,140	\$1,065	\$89	Market	No	N/A	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$590	\$49	\$541	-\$59	\$482
2BR / 1BA	\$630	\$52	\$578	-\$87	\$491
3BR / 1BA	\$810	\$68	\$742	-\$110	\$632
4BR / 1.5BA	\$1,065	\$89	\$976	-\$132	\$844

## Meadow View Townhomes, continued

### Amenities

In-Unit		Security	Services
Blinds	Carpeting	Patrol	None
Central A/C	Coat Closet	Video Surveillance	
Dishwasher	Ceiling Fan		
Garbage Disposal	Oven		
Refrigerator	Washer/Dryer		
Washer/Dryer hookup			
Property		Premium	Other
Central Laundry	Off-Street Parking(\$0.00)	None	None
On-Site Management	Playground		

### Comments

The contact reported 100 inquiries per week. In the past year, rents for one, two, and three-bedroom units decreased one to 11 percent, while four-bedroom rents increased seven percent.



Photos



# PROPERTY PROFILE REPORT

## Newport News Luxury Apartments

Effective Rent Date	3/05/2019
Location	2 28th Street Newport News, VA 23607 Newport News County
Distance	0.1 miles
Units	135
Vacant Units	16
Vacancy Rate	11.9%
Type	Highrise (15 stories)
Year Built/Renovated	1975 / 2014
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	River Park Towers
Tenant Characteristics	Military community, shipyard employees
Contact Name	Kay
Phone	(757) 247-6884



### Market Information

Program	Market
Annual Turnover Rate	40%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Within three weeks
Annual Chg. in Rent	See comments
Concession	None
Waiting List	None

### Utilities

A/C	included -- central
Cooking	included -- electric
Water Heat	included -- electric
Heat	included -- electric
Other Electric	included
Water	included
Sewer	included
Trash Collection	included

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Highrise (15 stories)	N/A	675	\$655	\$0	Market	No	0	N/A	N/A	AVG
1	1	Highrise (15 stories)	N/A	621	\$665	\$0	Market	No	0	N/A	N/A	HIGH
1	1	Highrise (15 stories)	N/A	730	\$645	\$0	Market	No	0	N/A	N/A	LOW
2	2	Highrise (15 stories)	N/A	1,040	\$920	\$0	Market	No	16	N/A	N/A	None
3	3	Highrise (15 stories)	N/A	1,460	\$1,200	\$0	Market	No	0	N/A	N/A	None

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$645 - \$665	\$0	\$645 - \$665	-\$153	\$492 - \$512
2BR / 2BA	\$920	\$0	\$920	-\$204	\$716
3BR / 3BA	\$1,200	\$0	\$1,200	-\$255	\$945

## Newport News Luxury Apartments, continued

### Amenities

In-Unit		Security	Services
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher		
Garbage Disposal	Oven		
Refrigerator			
Property		Premium	Other
Elevators	Exercise Facility	None	None
Garage(\$25.00)	Central Laundry		
Off-Street Parking(\$0.00)	On-Site Management		
Swimming Pool			

### Comments

The property was purchased in 2014. Some units were renovated, which included adding new stainless steel appliances and replacing flooring and bathroom fixtures. There is a ten percent discount offered to military and shipyard personnel. The property does not accept Housing Choice Vouchers. Residents can purchase a city parking pass to park in nearby city garages and streets, or pay \$25 per month to park in the adjacent parking garage, for which availability is limited. March 2019 rents were confirmed as a prospective tenant, and vacancies were confirmed via CoStar. The contact stated that only two-bedroom units are currently available. Since the end of 2018, one-bedroom rent growth ranged from a 13 percent decrease to a six percent increase. Two-bedroom rents did not change, and three-bedroom rents increased two to three percent.

Photos



# PROPERTY PROFILE REPORT

## River Park Tower

Effective Rent Date	2/22/2019
Location	2601 West Avenue Newport News, VA 23607 Newport News County
Distance	0.3 miles
Units	260
Vacant Units	2
Vacancy Rate	0.8%
Type	Highrise (20 stories)
Year Built/Renovated	1987 / N/A
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	Liberty
Tenant Characteristics	Shipyards, military, city, state, and hospital employees
Contact Name	Erica
Phone	757-928-0000



### Market Information

Program	Market
Annual Turnover Rate	9%
Units/Month Absorbed	N/A
HCV Tenants	1%
Leasing Pace	Within two weeks
Annual Chg. in Rent	None
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
1	1	Highrise (20 stories)	N/A	700	\$900	\$0	Market	No	N/A	N/A	N/A	AVG
1	1	Highrise (20 stories)	N/A	700	\$980	\$0	Market	No	N/A	N/A	N/A	HIGH
1	1	Highrise (20 stories)	N/A	700	\$820	\$0	Market	No	N/A	N/A	N/A	LOW
2	2	Highrise (20 stories)	N/A	1,129	\$1,033	\$0	Market	No	N/A	N/A	N/A	AVG
2	2	Highrise (20 stories)	N/A	1,138	\$1,180	\$0	Market	No	N/A	N/A	N/A	HIGH
2	2	Highrise (20 stories)	N/A	1,120	\$885	\$0	Market	No	N/A	N/A	N/A	LOW
3	2	Highrise (20 stories)	N/A	1,791	\$1,363	\$0	Market	No	0	N/A	N/A	AVG
3	2	Highrise (20 stories)	N/A	2,000	\$1,450	\$0	Market	No	0	N/A	N/A	HIGH
3	2	Highrise (20 stories)	N/A	1,582	\$1,275	\$0	Market	No	0	N/A	N/A	LOW

## River Park Tower, continued

### Unit Mix

Market	Face Rent	Conc.	Concd. Rent	Util. Adj.	Adj. Rent
1BR / 1BA	\$820 - \$980	\$0	\$820 - \$980	-\$59	\$761 - \$921
2BR / 2BA	\$885 - \$1,180	\$0	\$885 - \$1,180	-\$87	\$798 - \$1,093
3BR / 2BA	\$1,275 - \$1,450	\$0	\$1,275 - \$1,450	-\$110	\$1,165 - \$1,340

### Amenities

<b>In-Unit</b>		<b>Security</b>	<b>Services</b>
Balcony/Patio	Blinds	Intercom (Buzzer)	None
Carpeting	Central A/C	Limited Access	
Coat Closet	Dishwasher	Video Surveillance	
Garbage Disposal	Oven		
Refrigerator	Washer/Dryer		
Washer/Dryer hookup			
<b>Property</b>		<b>Premium</b>	<b>Other</b>
Business Center/Computer Lab	Clubhouse/Meeting Room/Community	None	None
Elevators	Exercise Facility		
Garage(\$30.00)	Off-Street Parking(\$0.00)		
On-Site Management	Picnic Area		
Swimming Pool	Theatre		

### Comments

The contact reported 150 inquiries per week. The gym and pool were renovated in 2018 and the elevators are scheduled to be renovated in spring 2019. The property uses LRO and rates fluctuate daily.

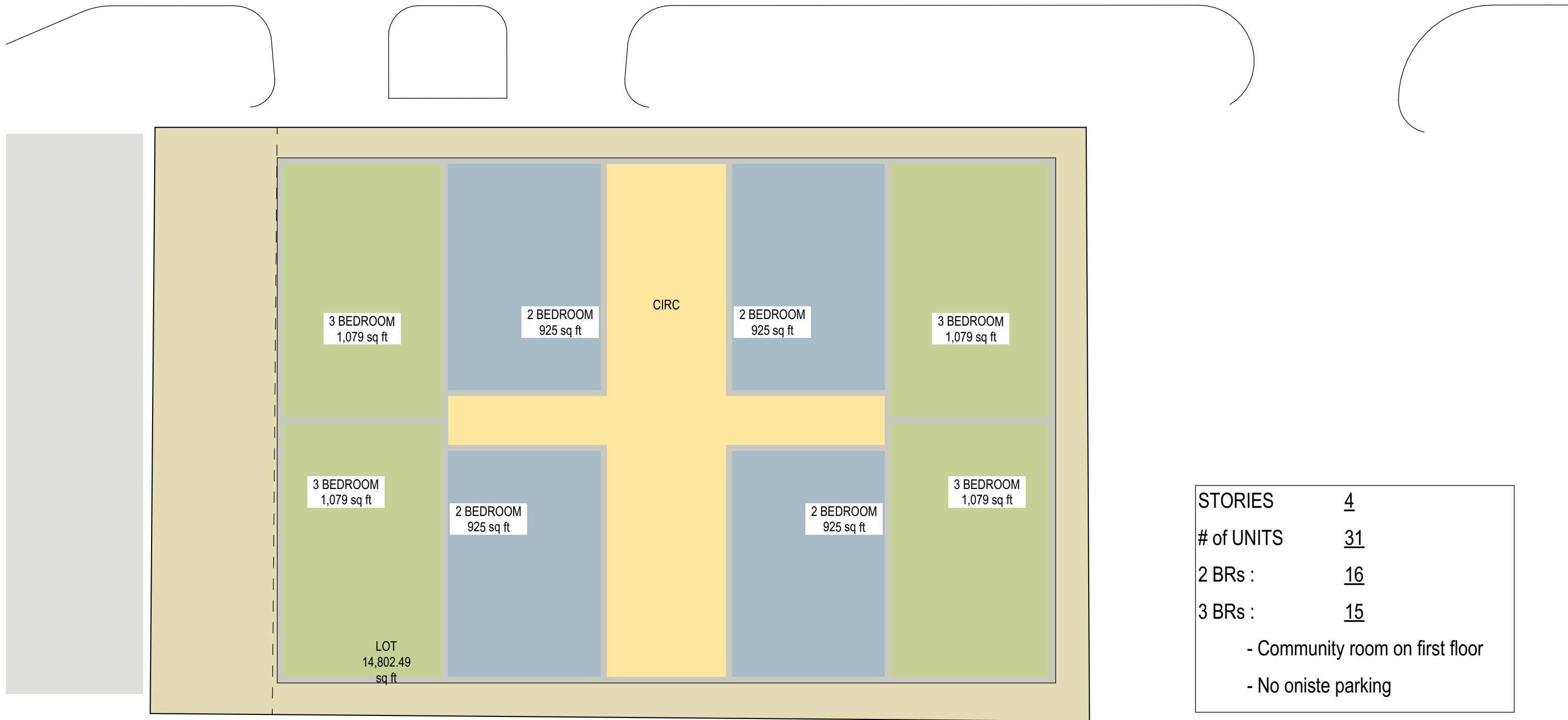
Photos



**ADDENDUM D**  
**Site and Floor Plans**



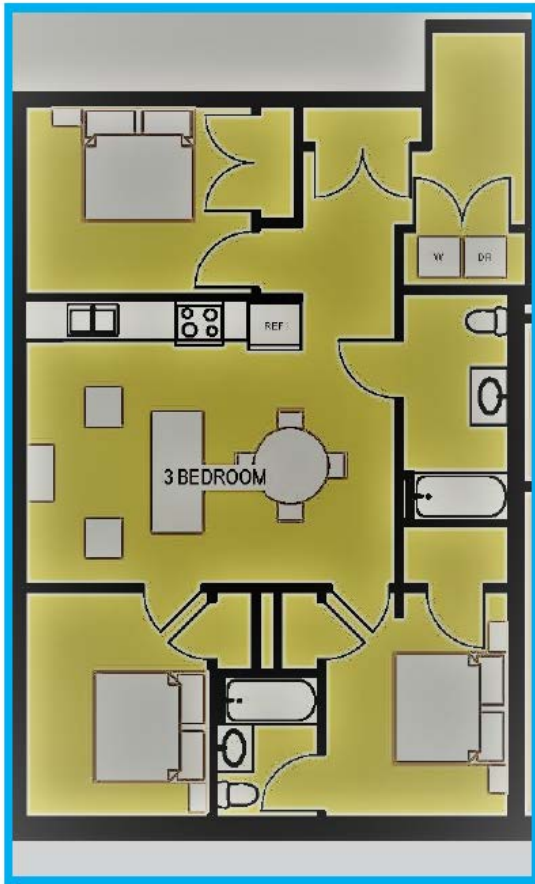
29th STREET



STORIES	<u>4</u>
# of UNITS	<u>31</u>
2 BRs :	<u>16</u>
3 BRs :	<u>15</u>
<ul style="list-style-type: none"> <li>- Community room on first floor</li> <li>- No on-site parking</li> </ul>	

1/16" = 1'-0"

Typical Floor Plan



**TYPICAL THREE-BEDROOM UNIT**



**TYPICAL TWO-BEDROOM UNIT**

Source: Sponsor, February 2019

**ADDENDUM E**  
Utility Allowance

**Allowances for Tenant-Furnished Utilities and Other Services**

U.S. DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT  
Office of Public and Indian Housing

OMB Approval No. 2577-0169  
(exp. 04/30/2018)

Locality		Unit Type					Date (mm/dd/yyyy)	
Newport News Redevelopment And Housing Authority, VA		Garden/High Rise Apt					10/01/18	
Utility or Service		Monthly Dollar Allowances						
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR	
Heating	a. Natural Gas	35	41	45	48	59	69	
	b. Bottle Gas	89	100	115	127	148	172	
	c. Electric	34	40	55	64	88	105	
	d. Fuel Oil	45	54	96	118	141	169	
	e. Heat Pump	26	30	41	48	66	79	
Cooking	a. Natural Gas	2	3	3	3	4	4	
	b. Bottle Gas	7	8	9	10	11	12	
	c. Electric	5	5	6	7	8	9	
	d. Microwave	3	3	4	5	5	6	
Other Electric		17	22	26	32	38	42	
Air Conditioning		5	7	8	10	12	13	
Water Heating	a. Natural Gas	12	15	18	25	31	37	
	b. Bottle Gas	37	47	56	75	95	114	
	c. Electric	24	30	36	48	60	72	
	d. Fuel Oil							
Water		20	21	29	36	42	49	
Sewer		35	38	58	74	90	106	
Trash Collection		29	29	29	29	29	29	
Range		3	3	3	3	3	3	
Refrigerator		4	4	4	4	4	4	
Other -specify Customer Charge	a. Electric	7	7	7	7	7	7	
	b. Natural Gas	11	11	11	11	11	11	
	c. Electric Tax	3	3	3	3	3	3	
	d. Nat Gas Tax	2	2	2	2	2	2	
Actual Family Allowances - To be used by the family to compute allowance. Complete below for the actual unit rented.					Utility or Service		per month cost	
Name of Family					Heating			
					Cooking			
Address of Unit					Other Electric			
					Air Conditioning			
Number of Bedrooms					Water Heating			
					Water			
					Sewer			
					Trash Collection			
					Range/Microwave			
					Refrigerator			
					Other			
					<b>Total</b>			

**ADDENDUM F**  
**Qualifications of Consultants**

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## H. BLAIR KINCER, MAI, CRE

### I. Education

Duquesne University, Pittsburgh, Pennsylvania  
Masters in Business Administration  
Graduated Summa Cum Laude

West Virginia University, Morgantown, West Virginia  
Bachelor of Science in Business Administration  
Graduated Magna Cum Laude

### II. Licensing and Professional Affiliation

Member of the Appraisal Institute (MAI)  
Member, The Counselors of Real Estate (CRE)  
LEED Green Associate  
Member, National Council of Housing Market Analysts (NCHMA)  
Past Member Frostburg Housing Authority

Certified General Real Estate Appraiser, No. RCG1046 – State of Connecticut  
Certified General Real Estate Appraiser, No. CG1694 – State of Maine  
Certified General Real Estate Appraiser, No. 1326 – State of Maryland  
Certified General Real Estate Appraiser, No. 103789 – State of Massachusetts  
Certified General Real Estate Appraiser, No. NHCG-939 – State of New Hampshire  
Certified General Real Estate Appraiser, No. 46000039124 – State of New York  
Certified General Real Estate Appraiser, No. A6765 – State of North Carolina  
Certified General Real Estate Appraiser, No. GA001407L – Commonwealth of Pennsylvania  
Certified General Real Estate Appraiser, No. 5930 – State of South Carolina  
Certified General Real Estate Appraiser, No. 3918 – State of Tennessee  
Certified General Real Estate Appraiser, No. 4001004822 – Commonwealth of Virginia  
Certified General Real Estate Appraiser, No. CG360 – State of West Virginia

### III. Professional Experience

**Partner**, Novogradac & Company LLP  
**Vice President/Owner**, Capital Realty Advisors, Inc.  
**Vice President - Acquisitions**, The Community Partners Development Group, LLC  
**Commercial Loan Officer/Work-Out Specialist**, First Federal Savings Bank of Western MD  
**Manager** - Real Estate Valuation Services, Ernst & Young LLP  
**Senior Associate**, Joseph J. Blake and Associates, Inc.  
**Senior Appraiser**, Chevy Chase, F.S.B.  
**Senior Consultant**, Pannell Kerr Forster

#### **IV. Professional Training**

Have presented at and attended various industry conferences regarding the HTC, RETC, NMTC and LIHTC and various market analysis and valuation issues.

Obtained the MAI designation in 1998, maintaining continuing education requirements since. Registered as completing additional professional development programs administered by the Appraisal Institute in the following topic areas:

- 1) Valuation of the Components of a Business Enterprise
- 2) Valuation of Sustainable Buildings: Commercial
- 3) Valuation of Sustainable Buildings: Residential

#### **V. Real Estate Assignments – Examples**

In general, have managed and conducted numerous market analyses and appraisals for all types of commercial real estate since 1988.

- Performed numerous appraisals for the US Army Corps of Engineers US Geological Survey and the GSA. Property types included Office, Hotel, Residential, Land, Gymnasium, warehouse space, border patrol office. Properties located in varied locations such as the Washington, DC area, Yuma, AZ, Moscow, ID, Blaine, WA, Lakewood, CO, Seattle, WA
- Performed appraisals of commercial properties such as hotels, retail strip centers, grocery stores, shopping centers etc for properties in various locations throughout Pennsylvania, New Jersey, Maryland, New York for Holiday, Fenoglio, Fowler, LP and Three Rivers Bank.
- Have managed and conducted numerous market and feasibility studies for affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. An area of special concentration has been the category of Senior Independent living properties. Work has been national in scope.
- Provided appraisal and market studies for a large portfolio of properties located throughout the United States. The reports provided included a variety of property types including vacant land, office buildings, multifamily rental properties, gas stations, hotels, retail buildings, industrial and warehouse space, country clubs and golf courses, etc. The portfolio included more than 150 assets and the work was performed for the SBA through Metec Asset Management LLP.
- Have managed and conducted numerous appraisals of affordable housing (primarily LIHTC developments). Appraisal assignments typically involved determining the as is, as if complete and the as if complete and stabilized values. Additionally, encumbered

(LIHTC) and unencumbered values were typically derived. The three traditional approaches to value are developed with special methodologies included to value tax credit equity, below market financing and Pilot agreements.

- Performed numerous appraisals in 17 states of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. These appraisals meet the requirements outlined in HUD Handbook 4465.1 and Chapter 7 of the HUD MAP Guide.
- Performed numerous market study/appraisals assignments for USDA RD properties in several states in conjunction with acquisition rehabilitation redevelopments. Documents are used by states, FannieMae, USDA and the developer in the underwriting process. Market studies are compliant to State, FannieMae and USDA requirements. Appraisals are compliant to FannieMae and USDA HB-1-3560 Chapter 7 and Attachments.
- Completed numerous FannieMae appraisals of affordable and market rate multi-family properties for Fannie DUS Lenders. Currently have ongoing assignment relationships with several DUS Lenders.
- In accordance with HUD's Section 8 Renewal Policy and Chapter 9, Mr. Kincer has completed numerous Rent Comparability Studies for various property owners and local housing authorities. The properties were typically undergoing recertification under HUD's Mark to Market Program.
- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The clients include lenders, investors, and developers. The reports are used by clients and their advisors to evaluate certain tax consequences applicable to ownership. Additionally, the reports have been used in the ITC funding process and in connection with the application for the federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009.



# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## ABBY M. COHEN

### I. Education

The Pennsylvania State University, University Park, PA  
Bachelor of Arts

### II. Licensing and Professional Affiliation

Certified General Appraiser, MD License #40032823  
Certified General Appraiser, NC License #A8127  
Certified General Appraiser, NJ License #42RG00255000  
Certified General Appraiser, SC License #7487

Candidate for Designation in the Appraisal Institute  
Designated Member of the National Council of Housing Market Analysts (NCHMA)  
Member of Commercial Real Estate Women (CREW) Network

### III. Professional Experience

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

### IV. Professional Training

7-Hour National USPAP Update for 2018-2019, February 2018  
Appraisal of Land Subject to Ground Leases, December 2017  
Business Practices and Ethics, January 2017  
General Appraiser Report Writing and Case Studies, February 2015  
General Appraiser Sales Comparison Approach, February 2015  
General Appraiser Site Valuation and Cost Approach, February 2015  
Expert Witness for Commercial Appraisers, January 2015  
Commercial Appraisal Review, January 2015  
Real Estate Finance Statistics and Valuation Modeling, December 2014  
General Appraiser Income Approach Part II, December 2014  
General Appraiser Income Approach Part I, November 2014  
General Appraiser Market Analysis and Highest & Best Use, November 2014  
IRS Valuation Summit, October 2014  
15-Hour National USPAP Equivalent, April 2013  
Basic Appraisal Procedures, March 2013  
Basic Appraisal Principles, January 2013

### V. Publications

Co-authored "Post Rev. Proc. 2014-12 Trend Emerges: Developer Fee Reasonableness Opinions," Novogradac Journal of Tax Credits, March 2016

## VI. Real Estate Assignments

A representative sample of Asset Management, Due Diligence, and Valuation Engagements includes:

- Performed a variety of asset management services for a lender including monitoring and reporting property performance on a monthly basis. Data points monitored include economic vacancy, levels of concessions, income and expense levels, NOI and status of capital projects. Data used to determine these effects on the project's ability to meet its income-dependent obligations.
- Performed asset management services for lenders and syndicators on underperforming assets to identify significant issues facing the property and recommend solutions. Scope of work included analysis of deferred maintenance and property condition, security issues, signage, marketing strategy, condition of units upon turnover and staffing plan. Performed a physical inspection of the assets, to include interior and exterior of property and assessed how the property compares to competition. Analyzed operating expense results.
- Prepared market studies for proposed Low-Income Housing Tax Credit, market rate, HOME financed, USDA Rural Development, and HUD subsidized properties, on a national basis. Analysis includes property screenings, market analysis, comparable rent surveys, demand analysis based on the number of income qualified renters in each market, supply analysis, and operating expenses analysis. Property types include proposed multifamily, senior independent living, large family, and acquisition with rehabilitation. Completed market studies in all states.
- Assisted in appraisals of proposed new construction, rehabilitation, and existing Low-Income Housing Tax Credit properties, USDA Rural Development, and market rate multifamily developments. Analysis includes property screenings, valuation analysis, rent comparability studies, expense comparability analysis, determination of market rents, and general market analysis.
- Assisted in appraisal work for retail and commercial properties in various parts of the country for various lenders. The client utilized the study for underwriting purposes.
- Conducted market studies and appraisals for projects under the HUD Multifamily Accelerated Processing program.
- Prepared Rent Comparability Studies for expiring Section 8 contracts for subsidized properties located throughout the United States. Engagements included site visits to the subject property, interviewing and inspecting potentially comparable properties, and the analyses of collected data including adjustments to comparable data to determine appropriate adjusted market rents using HUD form 92273.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.
- Completed numerous reasonableness opinions related to Revenue Procedure 2014-12. Transactions analyzed include projects involving the use of Historic Tax Credits, New Markets Tax Credits and Investment Tax Credits. Fees and arrangements tested for reasonableness include developer fees, construction management fees, property management fees, asset management fees, various leasing-related payments and overall master lease terms.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## MARK PERLMAN

### I. Education

University of Maryland School of Public Policy - College Park, MD  
Master of Public Policy

Ohio State University – Columbus, OH  
Bachelor of Arts, International Studies

### II. Professional Experience

Analyst, Novogradac & Company LLP, December 2016 - Present

Junior Analyst, Novogradac & Company LLP August 2015 – December 2016

Research and Policy Associate, National Community Land Trust Network, August 2014 – July 2015

Examiner, Federal Housing Finance Agency, June 2013 – August 2014

Program Associate, Meridian International Center, July 2010 – July 2011

Community-Based Organization Advisor, US Peace Corps, May 2007 – July 2009

### III. Research Assignments

A representative sample of work on various types of projects:

- Perform and write market studies and appraisals of proposed and existing Low-Income Housing Tax credit (LIHTC) properties
- Research web-based rent reasonableness systems and contact local housing authorities for utility allowance schedules, payment standards, and housing choice voucher information
- Completed numerous market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes: unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## Craig T. Kerkhoff

### I. Education

Ohio University – Athens, OH  
Bachelor of Arts: English - Creative Writing

### II. Professional Experience

Junior Analyst, *Novogradac & Company LLP* – August 2018 - Present  
Equipment Manager, *Rudd Equipment Company* – January 2013 – February 2018  
Sales Representative, *Rudd Equipment Company* – December 2011 – January 2013  
Store Manager, *Sherwin Williams* – May 2011 – December 2011  
Assistant Manager, *Sherwin Williams* – September 2009 – May 2011

### III. Research Assignments

A representative sample of work on various types of projects:

- Assist in performing and writing markets studies of proposed and existing Low-Income Housing Tax Credit (LIHTC) properties.
- Research web-based rent reasonableness systems and contact local housing authorities for utility allowance schedules, payment standards, and Housing Choice Voucher information.
- Assisted numerous market and feasibility studies for family and senior affordable housing. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of market-rate and Low-Income Housing Tax Credit (LIHTC) properties. Analysis typically includes: unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis.

**ADDENDUM G**  
**NCHMA Certification and Checklist**



Formerly known as  
National Council of Affordable  
Housing Market Analysts

#### NCHMA MEMBER CERTIFICATION

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

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

Mark Perlman  
Analyst

## NCHMA Market Study Index

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

		Page Number(s)
<b>Executive Summary</b>		
1	Executive Summary	1
<b>Scope of Work</b>		
2	Scope of Work	transmittal letter
<b>Project Description</b>		
3	Unit mix including bedrooms, bathrooms, square footage, rents, and income targeting	2
4	Utilities (and utility sources) included in rent	13
5	Target market/population description	11
6	Project description including unit features and community amenities	14
7	Date of construction/preliminary completion	11
8	If rehabilitation, scope of work, existing rents, and existing vacancies	11-12
<b>Location</b>		
9	Concise description of the site and adjacent parcels	20
10	Site photos/maps	26
11	Map of community services	24
12	Site evaluation/neighborhood including visibility, accessibility, and crime	20-25
<b>Market Area</b>		
13	PMA description	32
14	PMA Map	32
<b>Employment and Economy</b>		
15	At-Place employment trends	35-41
16	Employment by sector	35
17	Unemployment rates	39
18	Area major employers/employment centers and proximity to site	37
19	Recent or planned employment expansions/reductions	38
<b>Demographic Characteristics</b>		
20	Population and household estimates and projections	44
21	Area building permits	54
22	Population and household characteristics including income, tenure, and size	44-49
23	For senior or special needs projects, provide data specific to target market	N/A
<b>Competitive Environment</b>		
24	Comparable property profiles and photos	Addendum C
25	Map of comparable properties	56
26	Existing rental housing evaluation including vacancy and rents	66-72
27	Comparison of subject property to comparable properties	55-72
28	Discussion of availability and cost of other affordable housing options including homeownership, if applicable	54
29	Rental communities under construction, approved, or proposed	90-91
30	For senior or special needs populations, provide data specific to target market	N/A

## NCHMA Market Study Index

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

		Page Number(s)
<b>Affordability, Demand, and Penetration Rate Analysis</b>		
31	Estimate of demand	74-87
32	Affordability analysis with capture rate	81-86
33	Penetration rate analysis with capture rate	86-87
<b>Analysis/Conclusions</b>		
34	Absorption rate and estimated stabilized occupancy for subject	88
35	Evaluation of proposed rent levels including estimate of market/achievable rents.	70-72
36	Precise statement of key conclusions	93-94
37	Market strengths and weaknesses impacting project	93
38	Product recommendations and/or suggested modifications to subject	93
39	Discussion of subject property's impact on existing housing	88
40	Discussion of risks or other mitigating circumstances impacting subject	88
41	Interviews with area housing stakeholders	90-91
<b>Other Requirements</b>		
42	Certifications	96
43	Statement of qualifications	Addendum F
44	Sources of data not otherwise identified	Addendum D,E