

A MARKET FEASIBILITY STUDY OF:

LAKEWOOD PLAZA APARTMENTS

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LAKEWOOD PLAZA
APARTMENTS

5631 Tidewater Drive
Norfolk, Norfolk County, Virginia 23509

Effective Date: February 17, 2020
Report Date: March 4, 2020

Prepared for:
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March 4, 2020

Vicki Watson
Investment Analyst Debt & Equity
NorthMarq
9701 Grayton Road, Suite 3
Richmond, VA 23238

Re: Market Study - Application for Lakewood Plaza Apartments, located in Norfolk, VA.

Dear Ms. Watson:

At your request, Novogradac Consulting LLP has performed a market study of the multifamily rental market in the Norfolk, 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 Lakewood Plaza Apartments (Subject), a proposed acquisition/rehabilitation development. The Subject consists of 200 one-bedroom units. Of the 200 units, 191 units are subject to a Section 8 HAP contract, while seven units are subject to a Section 236 subsidy. The remaining two units are unrestricted administrative units. Post-renovation, the Subject will operate with a Section 8 subsidy in 189 of the units; thus, tenants will continue to pay 30 percent of their income towards rent. Nine units will be LIHTC restricted while two units are non-rental. All of the Subject units will be restricted to households earning 60 percent of the area median income (AMI) or less. The Subject targets the seniors 62 years of age and older. The property was originally constructed and placed in service in 1974 and is now proposed to undergo renovations that will be financed, in part, with LIHTC equity. It should be noted that we previously completed a preliminary market rent analysis with an effective date of June 13, 2019.

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 Consulting 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.

Northmarq is the client in this engagement and intended user of this report. Furthermore, Virginia Housing Development Authority (VHDA) is an authorized use of this market study and VHDA may rely on representations made herein. As our client, the Lawson Companies own this report and permission must be granted from them before another third party can 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 Consulting LLP can be of further assistance. It has been our pleasure to assist you with this project.

Respectfully submitted,
Novogradac Consulting LLP



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A. EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

- Subject Site Description:** The Subject is located at 5631 Tidewater Drive in Norfolk, Virginia 23509.
- Surrounding Land Uses:** The Subject is located in a primarily residential neighborhood in the central portion of Norfolk, which consists of wooded land, single-family homes, as well as multifamily uses. Land use adjacent to the north is Wayne Creek. Farther north is Promenade Point, a market rate property that targets the general population, which has been included as a comparable in this report. Land use to the west of the Subject is a vacant undeveloped wooded area. Farther west, are single-family homes in good condition. Land use to the south of the Subject include a dentist's office in good condition. Farther south, is a vacant undeveloped lot. Land uses to the east of the Subject is Wayne Creek. Overall, the majority of surrounding land uses are in good condition.
- Subject Property Description:** Novogradac Consulting LLP has performed a comprehensive market study of the multifamily rental market in the Norfolk, Virginia area relative to Lakewood Plaza Apartments, a proposed acquisition/rehabilitation development. The Subject was constructed in 1974, and is proposed to be renovated with LIHTCs, with a 12-month renovation starting in mid-2020 and ending in mid-2021. Renovations will be completed with tenants in place. The Subject, consists of a 200-unit Section 8/Section 236 development with one-bedroom units restricted to senior households. Currently, 198 of the Subject's units benefit from project-based subsidies; thus, tenants pay 30 percent of their income towards rents. There are two, non-revenue administrative units. Post-renovation, the Subject will operate with a Section 8 subsidy in 189 of the units; thus, tenants will continue to pay 30 percent of their income towards rent. Nine units will be LIHTC restricted while two units are non-rental. All of the Subject units will be restricted to households earning 60 percent of the area median income (AMI) or less. The Subject targets the seniors 62 years of age and older. The property consists of one 13-story, elevator-serviced highrise residential building. The Subject features off-street surface parking to its tenants at no additional fee. There are approximately 100 parking spaces, which equates to a parking ratio of approximately 0.5 spaces per unit.

Proposed Rents:

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	2019 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents	
@60%								
1BR / 1BA	554	9	\$891	\$0	\$891	\$893	\$925	
@60% (Section 8)								
1BR / 1BA	554	39	\$1,395	\$0	\$1,395	\$893	\$925	
1BR / 1BA	585	50	\$1,395	\$0	\$1,395	\$893	\$925	
1BR / 1BA	620	50	\$1,395	\$0	\$1,395	\$893	\$925	
1BR / 1BA	628	50	\$1,395	\$0	\$1,395	\$893	\$925	
<i>Non-Rental</i>								
1BR / 1BA	554	2	\$0	\$0	\$0	\$0	\$925	
		200						

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

Following rehabilitation and the allocation of LIHTC’s, 189 of the Subject’s units will continue to benefit from project-based subsidies; thus, tenants will continue to pay 30 percent of their income toward rent. The remaining nine units will be LIHTC restricted. In the event that the Subject were to lose its subsidy, the contract rents would be LIHTC compliant.

Target Household Income Levels:

The Subject targets seniors 62 years of age and older. Based on the proposed restrictions, the range of annual household income levels is depicted below.

62+ INCOME LIMITS

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
@60%			@60% (Section 8)	
1BR	\$26,730	\$38,100	\$0	\$38,100

62+ INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income
@60%		
1BR	\$26,730	\$38,100

Economic Conditions

Norfolk has a stable and diverse economy with employment concentrated in the healthcare/social assistance, educational services, and accommodation/food services industries. Huntington Ingalls Industries, Inc. and Sentara Healthcare are the largest employers in the MSA, each employing more than 40,000 employees. Between December 2018 and December 2019, the MSA experienced a 3.1 percent annual increase in total employment, which was above the nation's growth. Between December 2018 and December 2019, the unemployment rate decreased 0.2 percentage points to 2.8 percent, while the nation reported a decrease of 0.3 percentage points to 3.4 percent. The MSA's recent employment growth and declining unemployment rate are indicators that the local economy has recovered from the national recession.

Primary Market Area

The Subject is located in Norfolk, Virginia. The city of Norfolk is located in the southeast portion of Virginia, located approximately 25 miles north of the Virginia-North Carolina state border, and covers 96 square miles. Norfolk is an independent city in Virginia, and is part of the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area, which is comprised of Gloucester County, James City County, Matthews County, York County, Currituck County, Gates County, and Isle of Wight County, as well as the independent cities of Williamsburg, Chesapeake, Hampton, Norfolk, Poquoson, Suffolk and Virginia Beach. We have utilized the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA) as the Secondary Market Area (SMA) in our analysis. The boundaries of the PMA are defined as Interstate 64 to the north and east, Interstate 264 and Indian River to the south, and Elizabeth River to the west. This area encompasses approximately 30 square miles, which encompasses a large portion of the city. The PMA was determined based on input from area property managers, including the manager at the Subject property.

Demographic Data

Population growth in the PMA declined from 2010 through 2019. However, according to ESRI demographic projections, annualized PMA growth is expected to rise to 0.3 percent through 2024, slightly below the MSA and below the nation. Household growth in the PMA slowed between 2010 and 2019, and grew at a rate similar to the MSA. Senior population growth in the PMA increased significantly between 2010 and 2019, however, grew by slightly less than the MSA. According to ESRI demographic projections, annualized PMA growth is expected to slow to 2.6 percent through 2024, which is below the MSA and slightly below the nation. Historical senior household growth in the PMA trailed the MSA between 2000 and 2010. Although PMA growth also trended below the nation, household growth in the broader MSA exceeded the nation during the same time period. Household growth in the PMA increased significantly between 2010 and 2019, however, grew by slightly less than the MSA. As of 2019, approximately 59.5 percent of renter households within the PMA have annual incomes below \$40,000. Through 2024, the percentage of low to moderate-income renter households in the PMA earning less than \$40,000 annually is projected to decline slightly to 56.9 percent. Annual household income levels will range from \$0 to \$38,100 for the Subject's senior LIHTC units at 60 percent of AMI, as proposed. With a growing number of renters in the PMA and a large percentage of low-income renters, coupled with an aging housing stock, we project that there will be substantial demand for new or renovated affordable housing units.

Vacancy

The following table illustrates vacancy levels at comparable properties.

OVERALL VACANCY

Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Riverpoint Apartments	LIHTC	Family	220	0	0.0%
St. Paul's Apartments	LIHTC/ Market	Family	126	1	0.8%
The Pointe At Pickett Farms	LIHTC	Family	120	0	0.0%
Victory Square Apartments*	LIHTC	Senior	112	1	0.9%
Dundale Square	Market	Family	100	4	4.0%
John Knox Towers	Market	Senior	150	2	1.3%
Lakewood Garden Apartments	Market	Family	92	2	2.2%
Promenade Pointe	Market	Family	183	9	4.9%
Sherwood Forest Apartments	Market	Family	173	19	11.0%
Stonebridge Manor	Market	Senior	156	3	1.9%
Total LIHTC			578	2	0.3%
Total Market Rate			854	39	4.6%
Overall Total			1,432	41	2.9%

*Located outside of the PMA

Physical vacancy rates among the comparables range from zero to 11.0 percent. Vacancy rates among the LIHTC properties range from zero to 0.9 percent, with an average of 0.3 percent. Vacancy rates among the market rate properties range from zero to 11.0 percent, with an average of 4.6 percent. It should be noted that Sherwood Forest Apartments reported the highest vacancy rate 11.0 percent. The contact at Sherwood Forest Apartments reported that the high vacancy is due to a limited number of two-bedroom renters in Norfolk.

According to the property manager, vacancy was reported below five percent for the last three years. Additionally, the Subject maintains a waiting list. Based upon the Subject's current/historical data, waiting list, and the comparable data, we believe the Subject will operate with a physical vacancy of five percent or less.

Absorption

We were able to obtain absorption information for four properties located within 50 miles of the Subject, which is detailed following.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
October Station	LIHTC	Family	2018	48	24
Meridian Obici	Market	Family	2016	224	14
Woodlands Apartments At Phoebus	LIHTC	Senior	2015	132	20
Commonwealth At York	Market	Family	2015	384	34

October Station leased-up at a rate of 24 units per month, Meridian Obici leased up at a rate of 13.5 units per month, Woodland Apartments at Phoebus leased up at a rate of 20 units per month and Commonwealth at York leased up at a rate of 34 units per month, with an average of 23 units per month. Renovations at the Subject are proposed to occur with minimal disruption to tenants and many tenants will continue to pay 30 percent of their income towards rent; therefore, we do not believe that there will be a need for any significant reabsorption of units since the tenant will not experience rental increases. Based on the performance of recently-opened properties in the Subject's market, we have estimated that the Subject would absorb approximately 15 to 20 units per month, if hypothetically vacant, for an absorption period of approximately ten to 13 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 illustrates an overall capture rate of 9.47 percent “As Proposed” scenario and 50.37 percent in the “Absent Subsidy” scenario.

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 annual Novoco capture rate is 9.2 percent for the first year of operation as a LIHTC property “As Proposed.” Additionally, the annual Novoco capture rate is 49.1 percent for the first year of operation as a LITHC property “Absent Subsidy.” 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 2,040 and 383 units of demand in the first year of the Subject’s operation after completion, “As Proposed” and “Absent Subsidy” respectively. The Subject’s units will need to accommodate 190 total units of demand in order to stabilize at 95 percent occupancy, if hypothetically vacant. 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 - All Units	7.6%
Project Wide Absorption Period (Months)	10-13 months

This capture rate is slightly higher than the overall Novoco capture rate both As Proposed and Absent Subsidy. Nonetheless, this capture rate is considered low and indicative of adequate demand for the Subject.

Strengths

- Historically, the Subject’s in-unit, community amenities, and unit sizes have been well-accepted in the market; thus, we believe they will continue to be competitive with the comparables.
- The Subject is located in a region with a low unemployment rate at 2.8 percent, which is lower than the nation’s unemployment rate at 3.4 percent. The recent employment growth and declining unemployment rate are indicators that the local economy has recovered from the national recession, and is in a period of expansion.
- The Subject is an existing Section 8/Section 236 development that has historically maintained strong occupancy and a small waiting list.
- The Subject is located in close proximity to many services, public transportation, and retailers.

Weaknesses

- We have identified no weaknesses with the Subject that would impact its marketability.

Recommendations

In general, we believe there is demand in the marketplace for the Subject. We recommend no changes for the Subject property. However, if the Subject were to lose its subsidy, rents would need to be lowered within LIHTC guidelines.

B. INTRODUCTION AND SCOPE OF WORK

INTRODUCTION AND SCOPE OF WORK

Report Description:	Novogradac Consulting LLP has performed a comprehensive market study of the multifamily rental market in the Norfolk, Virginia area relative to Lakewood Plaza Apartments, a proposed acquisition/rehabilitation development. The Subject was constructed in 1974, and is proposed to be renovated with LIHTCs, with a 12-month renovation starting in mid-2020 and ending in mid-2021. Renovations will be completed with tenants in place. The Subject consists of a 200-unit Section 8/Section 236 development with one-bedroom units restricted to senior households. Currently, 198 of the Subject's units benefit from project-based subsidies; thus, tenants pay 30 percent of their income towards rents. There are two, non-revenue administrative units. As proposed, all revenue generating units at the Subject will be restricted to senior households earning 60 percent of the area median income (AMI) or less. Further, 189 of the subsidies will remain in place post-renovation. The property consists of one 13-story, elevator-serviced highrise residential building. The Subject features off-street surface parking to its tenants at no additional fee. There are approximately 100 parking spaces, which equates to a parking ratio of approximately 0.5 spaces per unit.
Developer/Client Information:	NorthMarq Capital
Intended Use and Users of the Report:	The report will be submitted to the Virginia Housing Development Authority (VHDA) for application purposes. The intended user of the report is VHDA.
Scope of the Report:	<ul style="list-style-type: none">▪ Inspecting the site of the to-be-developed Subject and its general location.▪ Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.▪ Estimating the market rents, absorption rates and stabilized vacancy levels for the market area.▪ Investigating the general economic health and conditions of the rental market.▪ Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area.▪ Reviewing relevant public records and contacting appropriate public agencies.▪ Brief analysis of the economic and social conditions in the market area, in relation to the proposed project.▪ Establishing the Subject's Primary Market Area, if applicable.▪ Surveying competing projects, both LIHTC and market-rate.
Effective Date:	The Subject was most recently inspected by Matt Yunker on February 17, 2020, which shall be the effective date of this report.
Primary Contact for the Report:	David Boisture, AM, CRE (David.Boisture@novoco.com) and Matt Yunker (Matt.Yunker@novoco.com).

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:

Novogradac Consulting LLP has performed a comprehensive market study of the multifamily rental market in the Norfolk, Virginia area relative to Lakewood Plaza Apartments, a proposed acquisition/rehabilitation development. The Subject was constructed in 1974, and is proposed to be renovated with LIHTCs, with a 12-month renovation starting in mid-2020 and ending in mid-2021. The Subject, consists of a 200-unit Section 8/Section 236 development with one-bedroom units restricted to senior households. Currently, 198 of the Subject's units benefit from project-based subsidies; thus, tenants pay 30 percent of their income towards rents. There are two, non-revenue administrative units. As proposed, all revenue generating units at the Subject will be restricted to senior households earning 60 percent of the area median income (AMI) or less. Further, 189 of the subsidies will remain in place post-renovation. The property consists of one 13-story, elevator-serviced highrise residential building. The Subject features off-street surface parking to its tenants at no additional fee. There are approximately 100 parking spaces, which equates to a parking ratio of approximately 0.5 spaces per unit.

Construction Type:

The property consists of one 13-story, elevator-serviced highrise residential building, and acquisition/rehabilitation LIHTC/Section 8 development to be renovated with funding under the LIHTC program.

Occupancy Type:

The Subject targets senior 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	2019 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@60%							
1BR / 1BA	554	9	\$891	\$0	\$891	\$893	\$925
@60% (Section 8)							
1BR / 1BA	554	39	\$1,395	\$0	\$1,395	\$893	\$925
1BR / 1BA	585	50	\$1,395	\$0	\$1,395	\$893	\$925
1BR / 1BA	620	50	\$1,395	\$0	\$1,395	\$893	\$925
1BR / 1BA	628	50	\$1,395	\$0	\$1,395	\$893	\$925
Non-Rental							
1BR / 1BA	554	2	\$0	\$0	\$0	\$0	\$925
		200					

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

Following rehabilitation and the allocation of LIHTC's, all of the Subject's units will continue to benefit from project-based subsidies; thus, tenants will continue to pay 30 percent of their income toward rent. In the event that the Subject were to lose its subsidy, the contract rents would be LIHTC compliant.

Assisted Housing Program:

Of the 200 total units, 189 will operate with Section 8 Voucher subsidies.

Construction Date:

The Subject was constructed in 1974, and is proposed to be renovated with LIHTCs, with a 12-month renovation starting in mid-2020 and ending in mid-2021. Renovations will be completed with tenants in place.

Target Household Income Levels:

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

62+ INCOME LIMITS

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	
		@60%		@60% (Section 8)	
1BR	\$26,730	\$38,100	\$0	\$38,100	

62+ INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income
		@60%
1BR	\$26,730	\$38,100

Utility Structure:

The landlord is responsible for all utilities. There are no proposed changes to the utility structure post-renovation.

The utility structure varies among the comparable properties; we have adjusted the comparables’ rents in accordance with the utility schedule obtained from the Norfolk Redevelopment & Housing Authority, effective September 1, 2019.

HOUSING AUTHORITY UTILITY ALLOWANCE

UTILITY AND SOURCE	Paid By	1BR
Heating - Electric	Landlord	\$26
Cooking - Electric	Landlord	\$4
Other Electric	Landlord	\$15
Air Conditioning	Landlord	\$7
Water Heating - Electric	Landlord	\$13
Water	Landlord	\$22
Sewer	Landlord	\$27
Trash	Landlord	\$11
TOTAL - Paid By Landlord		\$125
TOTAL - Paid By Tenant		\$0
TOTAL - Paid By Tenant Provided by Developer		\$0
DIFFERENCE		-

Source: Norfolk Redevelopment and Housing Authority, effective 9/2019

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
1BR / 1BA	50	554	27,700
1BR / 1BA	50	585	29,250
1BR / 1BA	50	620	31,000
1BR / 1BA	50	628	31,400
TOTAL	200		119,350

Net Leasable Area:

Approximately 119,350 square feet as outlined in the table above.

Unit Amenities:

The Subject’s units currently offer a patio, blinds, carpeting, and central heating and air conditioning. Appliances include a refrigerator, and oven/range. There are no additional in-unit amenities proposed with the renovations.

Common Area Amenities:

The Subject features a central laundry facility, clubhouse/meeting room, picnic area, on-site management, and off-street parking. There are no additional common area amenities proposed with the renovations.

Parking:

The Subject features off-street surface parking to its tenants at no additional fee. There are approximately 100 parking spaces, which equates to a parking ratio of approximately 0.5 spaces per unit. Overall, we believe the parking offered at the Subject is reasonable based on the Subject’s target

tenancy and proximity to local amenities. Additionally, a bus stop is located adjacent to the Subject

Number of Stories and Buildings:

The property consists of one 13-story, elevator-serviced highrise residential building.

Americans with Disabilities Act of 1990:

We assume the property does not have any violations of the Americans with Disabilities Act of 1990.

Quality of Construction Condition and Deferred Maintenance:

We expect the Subject to be renovated using good-quality materials. The Subject appears to have been constructed using average-quality materials and the structure/units are in average condition and exhibit minimal deferred maintenance. Post renovation, the Subject will be in good condition with no deferred maintenance.

Functional Utility:

Based upon a site inspection of the Subject property, the units are functional and market-oriented. However, the units at the Subject are below the surveyed average among the comparables.


Conclusion:

The Subject property is a 200-unit senior Section 8/Section 236 development in average condition and will be in good condition post-rehabilitation. The Subject does not suffer from functional obsolescence and provides average to good utility for its intended use. The proposed renovations will enable the Subject to maintain and/or improve its competitive position in the market.

Site Plans:

A copy of the site plans were not available at the date of this report. Based upon a site inspection of the Subject property, the units are functional and market-oriented.

LAKWOOD PLAZA APARTMENTS – NORFOLK, VIRGINIA RICHMOND, VIRGINIA– MARKET STUDY

Lakewood Plaza- As Proposed											
Location	5631 Tidewater Dr Norfolk, VA 23509 Norfolk County (verified)										
Units	200										
Vacant Units	N/A										
Vacancy Rate	N/A										
Type	Highrise (age-restricted) (13 stories)										
Year Built / Renovated	1974 / 2021										
Market											
Program	@60%, @60% (Section 8), Non-Rental						Leasing Pace	Immediate			
Annual Turnover Rate	10%						Change in Rent (Past	N/A			
Units/Month Absorbed	n/a						Concession	None			
Section 8 Tenants	0%										
Utilities											
A/C	included – central					Other Electric	included				
Cooking	included – electric					Water	included				
Water Heat	included – electric					Sewer	included				
Heat	included – electric					Trash Collection	included				
Unit Mix (face rent)											
Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max rent?
1	1	Highrise (13 stories)	9	554	\$891	\$0	@60%	No	N/A	N/A	N/A
1	1	Highrise (13 stories)	39	554	\$1,395	\$0	@60% (Section 8)	n/a	N/A	N/A	N/A
1	1	Highrise (13 stories)	50	585	\$1,395	\$0	@60% (Section 8)	n/a	N/A	N/A	N/A
1	1	Highrise (13 stories)	50	620	\$1,395	\$0	@60% (Section 8)	n/a	N/A	N/A	N/A
1	1	Highrise (13 stories)	50	628	\$1,395	\$0	@60% (Section 8)	n/a	N/A	N/A	N/A
1	1	Highrise (13 stories)	2	554	\$0	\$0	Non-Rental	N/A	N/A	N/A	N/A
Amenities											
In-Unit	Balcony/Patio Blinds Carpet/Hardwood Central A/C Hand Rails Oven Refrigerator					Security	Intercom (Buzzer) Limited Access				
Property	Parking spaces: 100 Clubhouse/Meeting Room/Community Room Elevators Central Laundry Off-Street Parking On-Site Management Picnic Area					Premium	none				
Services	none					Other	none				
Comments											
There are four floor plans and each floor plan represents 50 units. Of the 200 units, 191 are subject to a project-based Section 8 HAP subsidy and nine are Section 236 units. Two units are non-revenue units occupied by the maintenance staff. Management stated that some units have carpeting and some have garbage disposals. Approximately 12 percent of the units feature hand rails because these units are handicap accessible.											

D. LOCATION

LOCATION

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 Maps, retrieved 2/2020

Subject Site Description:	The Subject is located at 5631 Tidewater Drive in Norfolk, Virginia 23509.
Size:	The Subject site is 1.81 acres, or 78,995 square feet.
Shape:	The Subject parcel is generally rectangular in shape.
Frontage:	The Subject has frontage along the west side of Tidewater Drive.
Topography:	The site is generally level.
Utilities:	All utilities are provided to the site.
Visibility/Views:	The Subject has good visibility from Tidewater Drive. Views to the north of the Subject are of Wayne Creek and Promenade Point, a market rate property that targets the general population, which has been included as a comparable in this

report. Views to the west include a wooded area. Views to the east of the Subject are of Wayne Creek. Views to the south consist of Norfolk Dental Care, a commercial use, and Lakewood Garden, a multifamily property included as a comparable within this report. Overall, visibility and views are considered good.

Surrounding Uses:

The Subject is located in a primarily residential neighborhood in the central portion of Norfolk, which consists of wooded land, single-family homes, as well as multifamily uses. Land use adjacent to the north is Wayne Creek. Farther north is Promenade Point, a market rate property that targets the general population, which has been included as a comparable in this report. Land use to the west of the Subject is a vacant undeveloped wooded area. Farther west, are single-family homes in good condition. Land use to the south of the Subject include a dentist's office in good condition. Farther south, is a vacant undeveloped lot. Land uses to the east of the Subject is Wayne Creek. Overall, the majority of surrounding land uses are in good condition.



View of Wayne Creek north of the Subject



Single-family home in Subject neighborhood

North: Land use adjacent to the north is Wayne Creek. Farther north is Promenade Point, a market rate property that targets the general population, which has been included as a comparable in this report.



View east looking across Tidewater



View east looking across Tidewater

East. Land uses to the east of the Subject is Wayne Creek.



View looking south on Tidewater



Health center next to Subject

South: Land use to the south of the Subject include a dentist's office in good condition. Farther south, is a vacant undeveloped lot.



View west from rear of Subject property



Parking lot at Subject

West: Land use to the west of the Subject is a vacant undeveloped wooded area. Farther west, are single-family homes in good condition.

Access and Traffic Flow:

The Subject is accessed via the west side of Tidewater Drive. Tidewater Drive is a four-lane neighborhood street that generally traverses north and south, which provides access to Interstate 64, located 1.0 mile north of the Subject. Interstate 64 provides access to Interstate 264, as well as other arterials. Overall, access is considered good, and traffic flow in the Subject’s immediate area is considered moderate.

Layout and Curb Appeal:

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

Drainage:

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

Soil and Subsoil Conditions:

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

Detrimental Influences:

No detrimental influences were identified during the course of our inspection.

Flood Plain:

Based on information provided by FEMA, the Subject site is located within Zone AE, an area inundated by the one-percent-annual-chance flood, but outside of the area inundated by 100-year and 500-year flood plains. The corresponding FEMA map is community panel number 5101040019H, revised February 17, 2017. Further analysis by Novogradac is beyond the scope of the report. We assume that the sponsor will have adequate flood insurance.



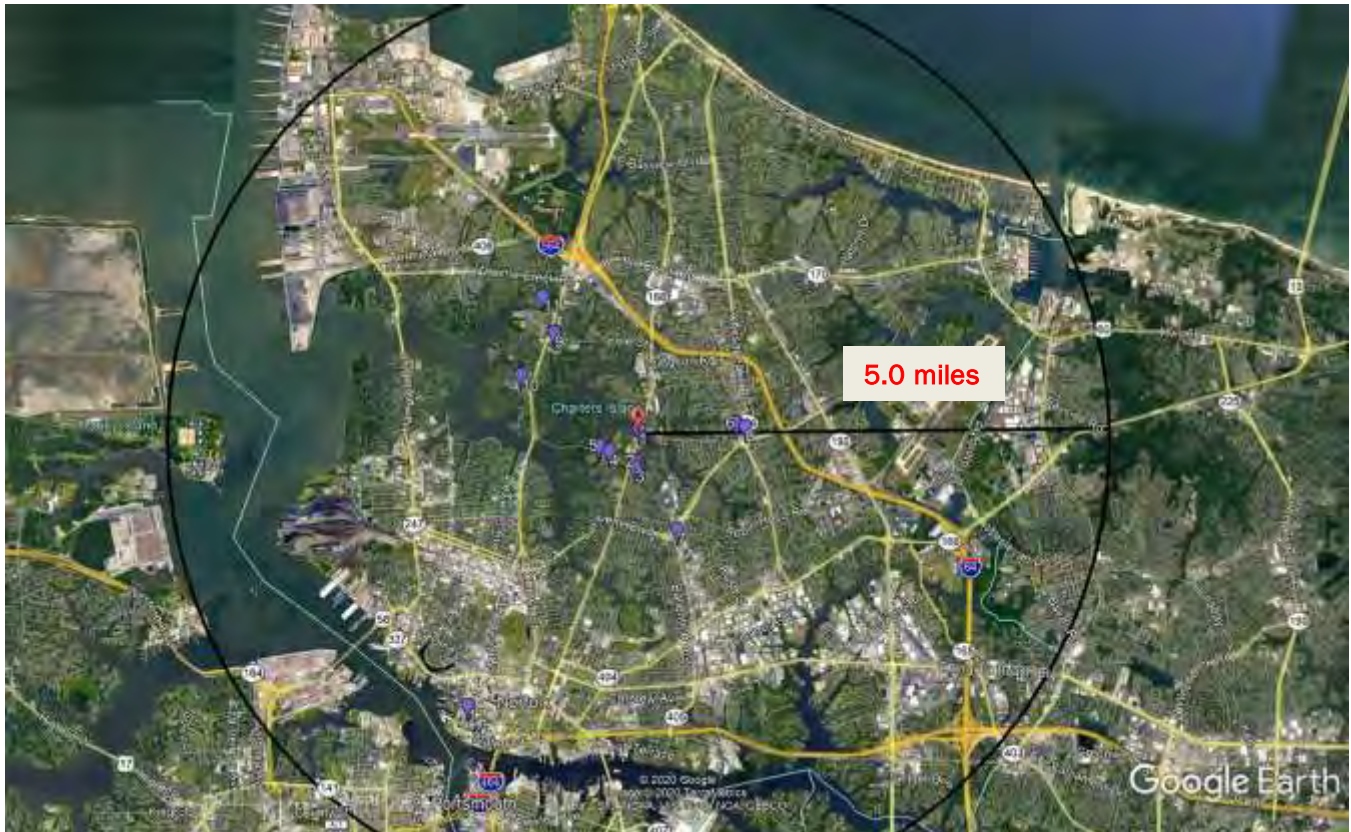
Source: FEMA Flood Map Service Center

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 Subject (Crow)
1	Tidewater & Northview Bus Stop	0.1 miles
2	BB&T Bank	0.2 miles
3	Food Lion	0.3 miles
4	Norfolk Public Library	0.3 miles
5	Lakewood Park	0.4 miles
6	USPS	1.1 miles
7	CVS Pharmacy	1.1 miles
8	BP- Gas Station	1.2 miles
9	Norfolk Fire Department #9	1.4 miles
10	Depaul Hospital	1.4 miles
11	Primeplus Senior Center	1.8 miles
12	Norfolk Police Department	3.3 miles



Source: Google Earth, February 2020

Public Transportation:

Norfolk is served by the Hampton Roads Transit (HRT). The HRT operates in Norfolk, as well as Virginia Beach, Newport News, Hampton, Portsmouth, and Chesapeake. HRT offers over thirty

bus routes within Norfolk, as well as “The Tide” light rail route. The closest bus stop is located at the entry drive to the Subject along Tidewater Drive. Bus and light rail one-way fares are \$2 for adults, with discounts for children and seniors.

Crime Statistics:

The following tables show crime statistics from 2019 for the PMA.

2019 CRIME INDICES

	PMA	Virginia Beach-Norfolk- Newport News, VA-NC
Total Crime*	249	127
Personal Crime*	235	108
Murder	367	162
Rape	206	112
Robbery	344	147
Assault	182	88
Property Crime*	250	129
Burglary	187	99
Larceny	275	144
Motor Vehicle Theft	223	94

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

*Unweighted aggregations

As indicated in the table above, total, personal, and property crime indices in the PMA are above that of the MSA and nation. The Subject will continue to offer an intercom system and limited access. Observations of the PMA and interviews with market participants and property managers indicate crime is not of concern. We believe the existing security features will continue to be market-oriented and competitive when compared with the comparables.

Conclusion:

The Subject is located in a primarily residential neighborhood in the southwestern portion of Norfolk, which consists of wooded land, single-family homes, as well as multifamily uses. At the time of the site inspection, there were no detrimental influences that would adversely impact the Subject. Access to public transportation, groceries, pharmacy, and shopping is convenient. The Subject’s location is considered good, and the neighborhood is well suited for this type of housing.

PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD



Subject building from entry drive



Subject building from side yard



Subject signage visible from Tidewater Drive



View looking south on Tidewater



View looking across Tidewater



View looking north on Tidewater



View west from rear of Subject property



Alternative view from rear of Subject property



Mailboxes



Subject community room



Laundry room on first floor



Management offices at Subject



Typical living area



Typical balcony



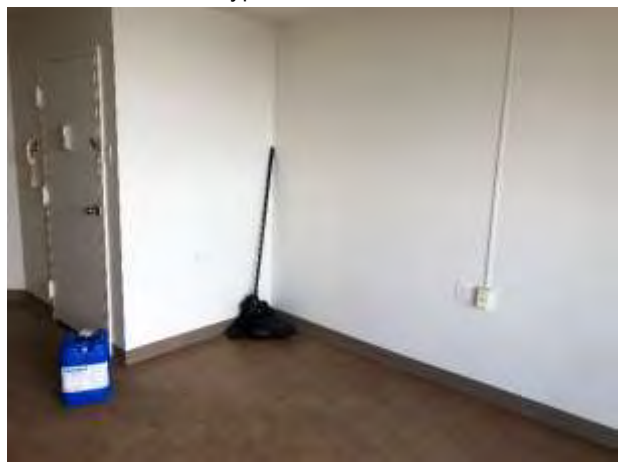
Typical bedroom



Typical bathroom



Typical kitchen



View of unit entry door

LAKWOOD PLAZA APARTMENTS – NORFOLK, VIRGINIA RICHMOND, VIRGINIA– MARKET STUDY



View from unit balcony in rear of property



View from unit balcony in front of property



Parking lot at Subject



Townhomes across Tidewater from Subject



Health center next to Subject



Place of Worship across Tidewater from Subject



Retail in excellent condition on Tidewater



Retail in average condition on Tidewater



Strip center in average condition on Tidewater



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood

E. MARKET AREA DEFINITION

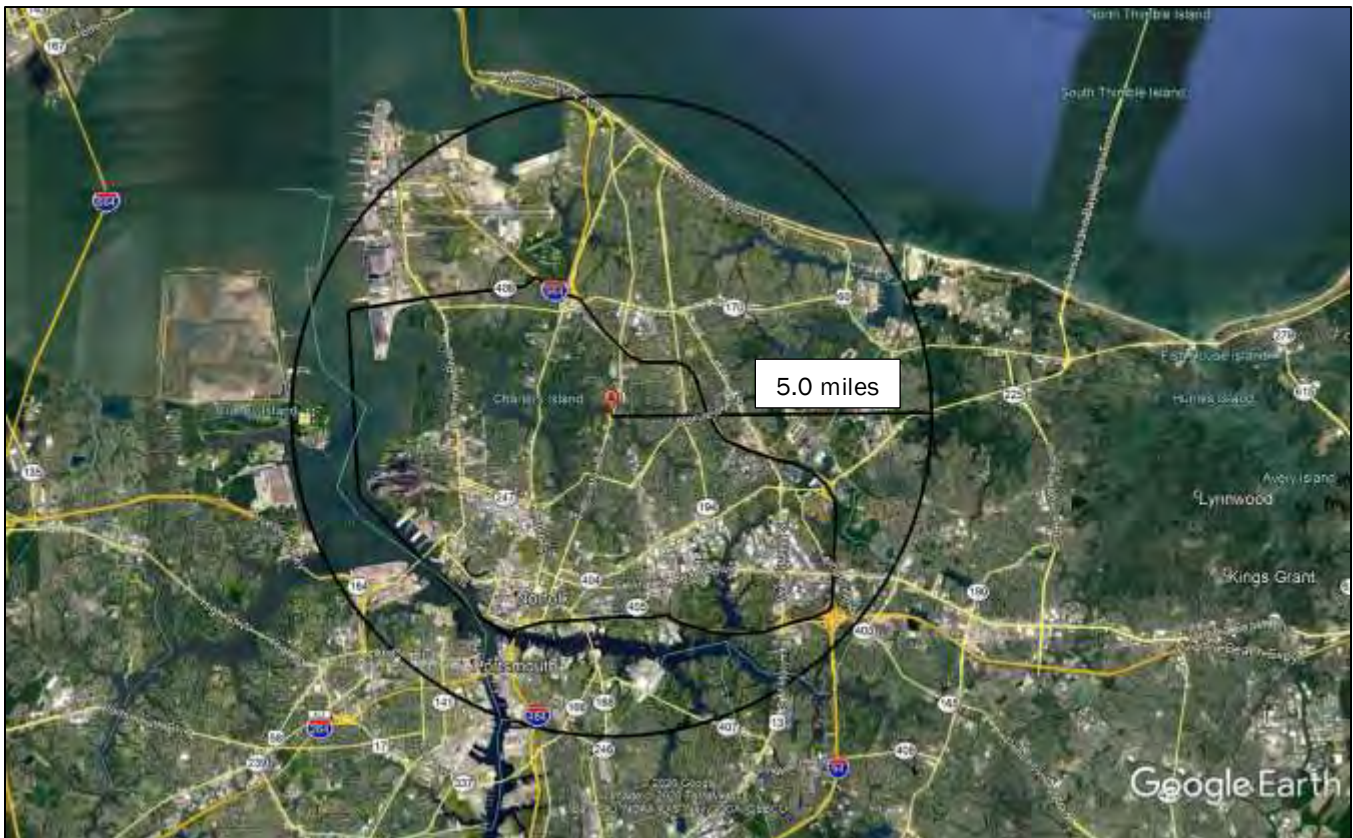
MARKET AREA

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 is located in Norfolk, Virginia. The city of Norfolk is located in the southeast portion of Virginia, located approximately 25 miles north of the Virginia-North Carolina state border, and covers 96 square miles. Norfolk is an independent city in Virginia, and is part of the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area, which is comprised of Gloucester County, James City County, Matthews County, York County, Currituck County, Gates County, and Isle of Wight County, as well as the independent cities of Williamsburg, Chesapeake, Hampton, Norfolk, Poquoson, Suffolk and Virginia Beach. We have utilized the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA) as the Secondary Market Area (SMA) in our analysis. The boundaries of the PMA are defined as Interstate 64 to the north and east, Interstate 264 and Indian River to the south, and Elizabeth River to the west. This area encompasses approximately 30 square miles, which encompasses a large portion of the city. The PMA was determined based on input from area property managers, including the manager at the Subject property.

Per VHDA guidelines, analysts are not to include secondary or tertiary markets. In this case, the secondary market area is simply presented as a source of comparison to the PMA.

Primary Market Area Map



Source: Google Earth, February 2020

Metropolitan Statistical Area (MSA) Map



Source: Google Earth, February 2020

F. EMPLOYMENT AND ECONOMY

ECONOMIC ANALYSIS

The Greater Norfolk metropolitan area has a strong and diverse economy that is concentrated within the healthcare/social assistance, educational services, and accommodation/food services sectors. Hampton Roads is a major military center, of which Norfolk is home to the most important regional installation, the Naval Station Norfolk. This installation is the headquarters of the Atlantic Fleet, as well as the homeport of the second fleet, which is comprised of 81,030 active duty personnel. Additionally, Norfolk is home to Virginia Port Authority, which owns and operates three major port facilities in Hampton Roads for break-bulk and container type cargo. The Norfolk economy significantly benefits from its mid-Atlantic location. The Virginia Beach-Norfolk-Newport News, VA-NC MSA unemployment rate decreased 0.2 percentage points from December 2018 to December 2019, while the nation reported a decrease of 0.3 percentage points during the same time period. The MSA’s recent employment growth and declining unemployment rate are indicators that the local economy has recovered from the national recession.

Employment by Industry

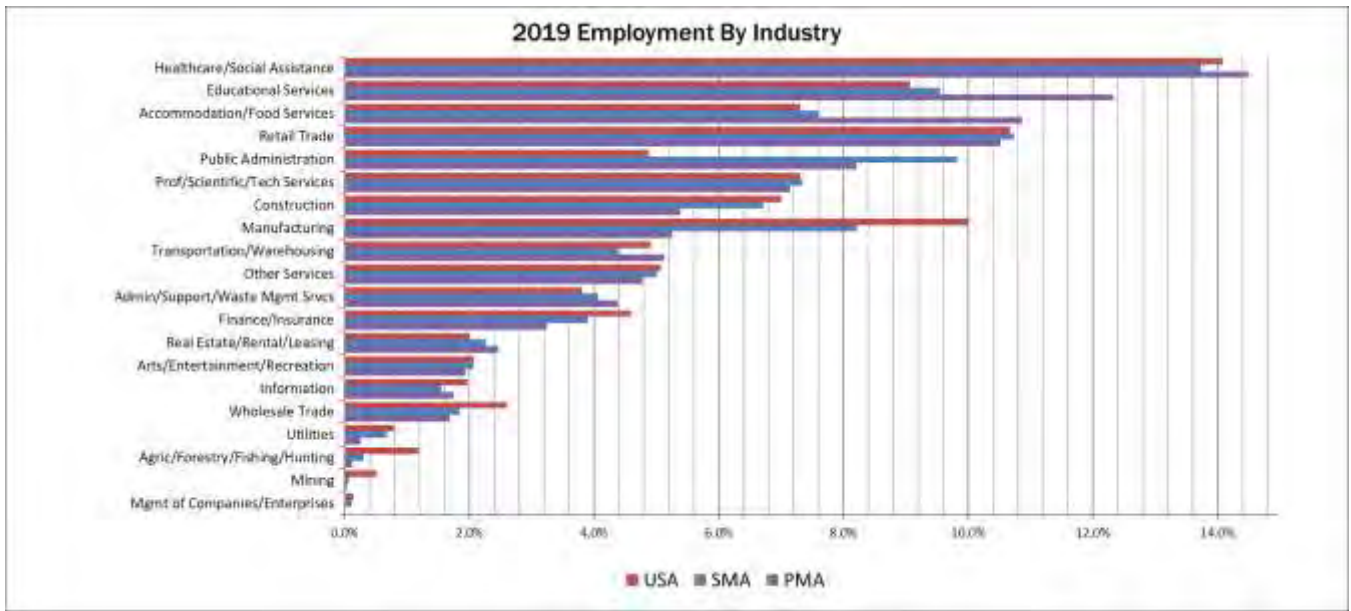
The following chart illustrates employment by industry as of 2019.

2019 EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	8,614	14.5%	22,612,482	14.1%
Educational Services	7,324	12.3%	14,565,802	9.1%
Accommodation/Food Services	6,459	10.9%	11,738,765	7.3%
Retail Trade	6,250	10.5%	17,127,172	10.7%
Public Administration	4,879	8.2%	7,828,907	4.9%
Prof/Scientific/Tech Services	4,247	7.1%	11,744,228	7.3%
Construction	3,201	5.4%	11,245,975	7.0%
Manufacturing	3,118	5.2%	16,057,876	10.0%
Transportation/Warehousing	3,044	5.1%	7,876,848	4.9%
Other Services	2,840	4.8%	8,141,078	5.1%
Admin/Support/Waste Mgmt Svcs	2,605	4.4%	6,106,184	3.8%
Finance/Insurance	1,926	3.2%	7,377,311	4.6%
Real Estate/Rental/Leasing	1,467	2.5%	3,204,043	2.0%
Arts/Entertainment/Recreation	1,152	1.9%	3,332,132	2.1%
Information	1,040	1.8%	3,157,650	2.0%
Wholesale Trade	1,003	1.7%	4,183,931	2.6%
Utilities	154	0.3%	1,276,400	0.8%
Agric/Forestry/Fishing/Hunting	76	0.1%	1,915,709	1.2%
Mining	19	0.0%	819,151	0.5%
Mgmt of Companies/Enterprises	8	0.0%	237,307	0.1%
Total Employment	59,426	100.0%	160,548,951	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

Employment within the PMA is concentrated in the healthcare/social assistance, educational services, and accommodation/food services industries. Together, these industries comprise 37.7 percent of total employment in the PMA. While the healthcare/social assistance and educational services sectors are typically stable during times of recession, the accommodation/food services sector tends to be more volatile during times of economic downturn. Compared to the nation, the educational services and public administration industries are overrepresented in the PMA. Conversely, the manufacturing, construction, and finance/insurance industries are underrepresented in the PMA compared to the nation.



Growth by Industry

The following table illustrates the change in total employment by sector from 2000 to 2019 in the PMA.

2000-2019 CHANGE IN EMPLOYMENT - PMA

Industry	2000		2019		2000-2019	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Growth	Annualized Percent
Healthcare/Social Assistance	5,638	12.7%	8,614	14.5%	2,976	2.8%
Educational Services	5,088	11.5%	7,324	12.3%	2,236	2.3%
Accommodation/Food Services	4,208	9.5%	6,459	10.9%	2,251	2.8%
Retail Trade	5,527	12.5%	6,250	10.5%	723	0.7%
Public Administration	2,704	6.1%	4,879	8.2%	2,175	4.2%
Prof/Scientific/Tech Services	2,390	5.4%	4,247	7.1%	1,857	4.1%
Construction	2,879	6.5%	3,201	5.4%	322	0.6%
Manufacturing	2,908	6.6%	3,118	5.2%	210	0.4%
Transportation/Warehousing	2,049	4.6%	3,044	5.1%	995	2.6%
Other Services	2,189	4.9%	2,840	4.8%	651	1.6%
Admin/Support/Waste Mgmt Svcs	2,284	5.1%	2,605	4.4%	321	0.7%
Finance/Insurance	1,550	3.5%	1,926	3.2%	376	1.3%
Real Estate/Rental/Leasing	1,033	2.3%	1,467	2.5%	434	2.2%
Arts/Entertainment/Recreation	961	2.2%	1,152	1.9%	191	1.0%
Information	1,314	3.0%	1,040	1.8%	-274	-1.1%
Wholesale Trade	1,337	3.0%	1,003	1.7%	-334	-1.3%
Utilities	213	0.5%	154	0.3%	-59	-1.5%
Agric/Forestry/Fishing/Hunting	30	0.1%	76	0.1%	46	8.1%
Mining	60	0.1%	19	0.0%	-41	-3.6%
Mgmt of Companies/Enterprises	0	0.0%	8	0.0%	8	0.0%
Total Employment	44,362	100.0%	59,426	100.0%	15,064	1.8%

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

*Industry data current as of 2010. Other projections current as of 2019.

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

Total employment in the PMA increased at an annualized rate of 1.8 percent between 2000 and 2019. The industries which expanded most substantially during this period include healthcare/social assistance, accommodation/food services, and educational services. Conversely, the wholesale trade, information, and utilities sectors experienced the least growth.

Major Employers

The following illustrates the major employers in the region.

MAJOR EMPLOYERS

VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA

Employer Name	Industry	# Of Employees
Huntington Ingalls Industries Inc	Manufacturing	24,000
Sentara Healthcare	Healthcare	22,000
Virginia Beach City Public Schools	Education	10,576
Norfolk Naval Shipyard	Public Administration	8,500
Riverside Health System	Healthcare	8,000
Virginia Beach City	Public Administration	7,000
Norfolk City Public Schools	Education	6,527
Chesapeake City Public Schools	Education	5,726
Newport News City	Public Administration	5,600
Naval Medical Center Portsmouth	Healthcare	5,400
Newport News City Public Schools	Education	4,600
Norfolk City	Public Administration	4,364

The largest employers in the Virginia Beach-Norfolk-Newport News, VA-NC region are within the manufacturing, government, healthcare, and education sectors. Huntington Ingalls Industries is the largest employer with 24,000 employees, followed by Sentara Healthcare and Virginia Beach City Public Schools. Huntington Ingalls Industries is a ship-manufacturing plant that works largely with the Naval Station Norfolk, which has historically exhibited relatively stable employment. Additionally, the Norfolk Naval Shipyard is a naval base, primarily comprised of civil servants. The major employers in the area provide employment for a broad range of workers and predominantly stable industries.

Employment Expansion/Contractions

The following table illustrates business closures and layoffs in Norfolk. We consulted the Virginia Employment Commission’s Worker Adjustment and Retraining Notification (WARN) filings from 2017 to 2017 year-to-date.

WARN LISTINGS

VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA

Company	Industry	Employees Affected	Layoff Date
AECOM	Technology	101	7/29/2019
AECOM	Technology	96	2/7/2019
Kroger Store #536	Retail Trade	102	10/18/2018
DAL Global Services	Technology	102	8/6/2018
Farm Fresh	Retail Trade	395	3/14/2018
Sams Club	Retail Trade	140	1/11/2018
Old Dominion Peanut Company	Manufacturing	69	1/4/2018
URS Federal Services	Technology	78	12/26/2017
Air Wisconsin Airline Corporation	Aviation	213	12/13/2017
Boats Group	Technology	72	6/1/2017
Dollar Express	Retail Trade	44	3/30/2017
Bebe Stores	Retail Trade	18	3/25/2017
Total		1,430	

Source: Virginia Employment Commission’s Worker Adjustment and Retraining Notification, 2/2020

As seen in the previous table, there have been a total of 1,430 positions affected by WARN filings since 2017

We attempted to contact the City of Norfolk Economic Development for recent business expansion information. However, despite numerous messages our calls have not been returned. We conducted internet research regarding recent business expansions and contractions in the area, and identified the following expansion announcements.

- According to WTKR, a CBS affiliated news outlet, in September 2019, the Norfolk City County voted seven to one in favor of a new casino resort in Norfolk. The resort is anticipated to be the result of a \$700 million investment. The number of anticipated jobs was not available.
- The Virginian-Pilot maintains a catalogue of small businesses and restaurants that have opened in the Hampton Roads area. Recent openings in the Norfolk area include the reopening of the Alkaline ramen-bar, as well as the opening of Battle Grounds Coffehouse and Grill, Primo Cigars and Coffee, 350 Grace restaurant, and Wink’s Lash and Beauty Bar.
- In April 2019, Norfolk welcomed its first Ikea store, a 331,000 square-foot facility with a 354-seat restaurant. The total number of jobs added at the facility was not provided.
- Optima Health announced plans in November 2018 to add 200 full-time jobs in the Norfolk area in order to support a Medicaid expansion. Optima renovated office space at a former J.C. Penny department store in Norfolk in 2016 and it plans to use the space to double its workforce in the area to 400 employees.

Employment and Unemployment Trends

The table below illustrates the total employed and unemployment rates for the Virginia Beach-Norfolk-Newport News, VA-NC MSA and nation.

EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

Year	Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2003	735,598	-	4.2%	-	137,736,000	-	6.0%	-
2004	743,738	1.1%	4.1%	-0.1%	139,252,000	1.1%	5.5%	-0.5%
2005	760,768	2.3%	4.0%	-0.1%	141,730,000	1.8%	5.1%	-0.5%
2006	775,834	2.0%	3.4%	-0.6%	144,427,000	1.9%	4.6%	-0.5%
2007	787,986	1.6%	3.2%	-0.2%	146,047,000	1.1%	4.6%	0.0%
2008	792,416	0.6%	4.2%	1.0%	145,363,000	-0.5%	5.8%	1.2%
2009	760,677	-4.0%	6.9%	2.7%	139,878,000	-3.8%	9.3%	3.5%
2010	770,605	1.3%	7.6%	0.7%	139,064,000	-0.6%	9.6%	0.3%
2011	778,240	1.0%	7.3%	-0.3%	139,869,000	0.6%	9.0%	-0.7%
2012	781,751	0.5%	6.8%	-0.5%	142,469,000	1.9%	8.1%	-0.9%
2013	790,153	1.1%	6.2%	-0.5%	143,929,000	1.0%	7.4%	-0.7%
2014	796,102	0.8%	5.7%	-0.6%	146,305,000	1.7%	6.2%	-1.2%
2015	792,995	-0.4%	4.9%	-0.7%	148,833,000	1.7%	5.3%	-0.9%
2016	797,450	0.6%	4.7%	-0.3%	151,436,000	1.7%	4.9%	-0.4%
2017	813,421	2.0%	4.1%	-0.6%	153,337,000	1.3%	4.4%	-0.5%
2018	821,973	1.1%	3.3%	-0.8%	155,761,000	1.6%	3.9%	-0.4%
2019 YTD Average*	835,344	1.6%	3.1%	-0.2%	157,538,083	1.1%	3.7%	-0.2%
Dec-2018	813,632	-	3.0%	-	156,481,000	-	3.7%	-
Dec-2019	838,625	3.1%	2.8%	-0.2%	158,504,000	1.3%	3.4%	-0.3%

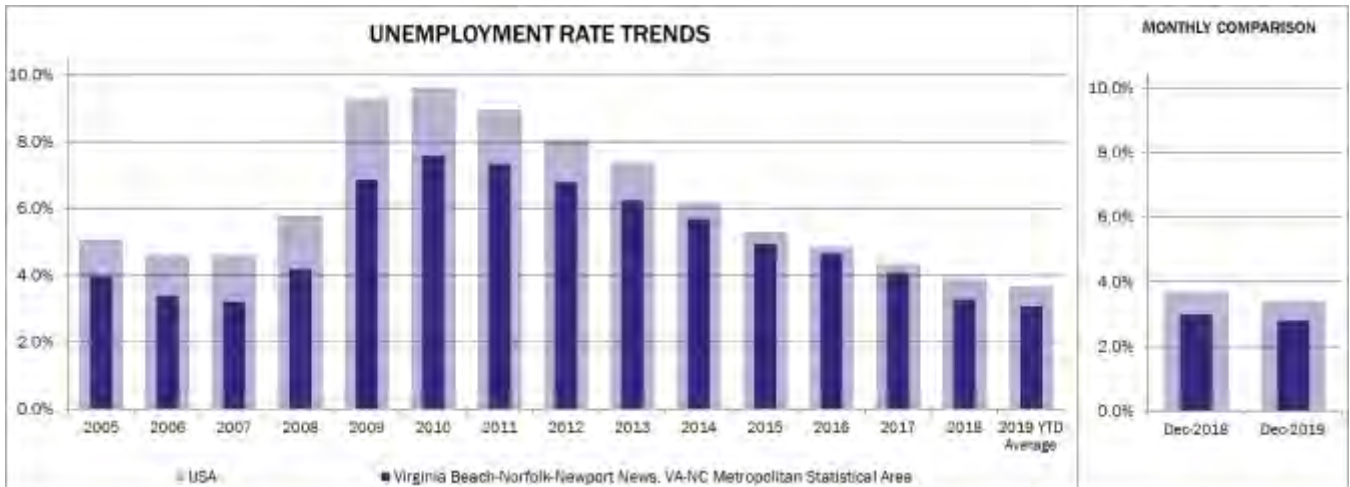
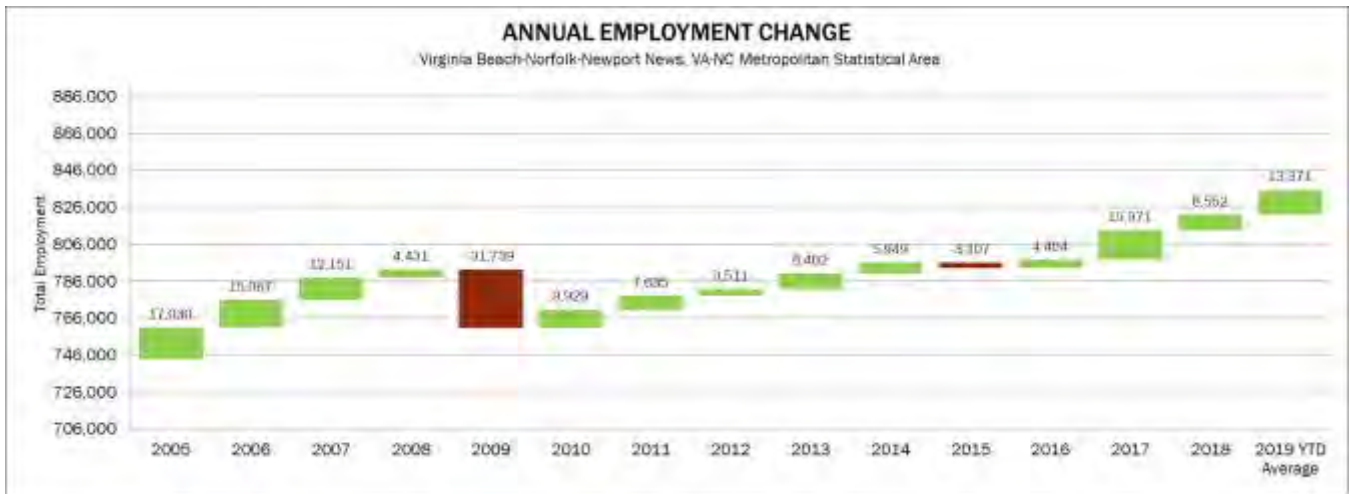
Source: U.S. Bureau of Labor Statistics, March 2020

*2019 data is through October

Prior to the national recession, average employment growth in the MSA was generally similar to the nation. The effects of the recession in the MSA were slightly less than that of the nation overall, with only one year of employment decline in 2009. Further, the MSA did recover at a slightly quicker rate than the nation overall. In

subsequent years, the MSA has experienced job growth that has been somewhat uneven, ranging from moderately below to slightly above that of the nation overall. Of note, the economy did experience a slight employment decline in 2015, followed by increases in 2016 through 2019 year-to-date. The MSA economy surpassed pre-recessionary employment levels in 2014. From December 2018 to December 2019, total employment in the MSA is at a post-recessionary high and increased at an annualized rate of 3.1 percent, compared to 1.3 percent across the overall nation.

The MSA experienced a lower average unemployment rate relative to the overall nation during the years preceding and during the most recent recession. Unemployment in the MSA reached a historic annual low in 2007, at 3.2 percent. The effects of the recession were more seen in the MSA though less pronounced than the nation overall. The MSA peak unemployment rate was 7.6 percent versus the 9.6 percent figure nationally. The MSA unemployment rate is currently 2.8 percent, moderately below the national rate of 3.4 percent, which is consistent with historical trends. Overall, the local economy appears to be in an expansionary phase.



Wages by Occupation

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

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

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

Source: Department Of Labor, Occupational Employment Statistics, 5/2018, retrieved 3/2020

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 \$11.39 per hour. The highest average hourly wage, of \$57.43, is for those in management occupations. Qualifying income for the Subject's affordable units will range between \$0 and \$38,100 as proposed, and between \$26,730 and \$38,100 absent subsidy. 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. Additionally, as the Subject will target seniors, we expect many tenants to be reliant on social security.

An element not reflected in the wage rate data is that many positions represent part-time employment, and the starting rates are typically lower than mean wage rates. Household income data shown later in this report demonstrates a significant number of households within the region have earnings of less than \$50,000.

Commuting Patterns

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

COMMUTING PATTERNS		
ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	1,781	3.0%
Travel Time 5-9 min	6,228	10.4%
Travel Time 10-14 min	9,808	16.4%
Travel Time 15-19 min	12,504	20.9%
Travel Time 20-24 min	10,274	17.2%
Travel Time 25-29 min	3,870	6.5%
Travel Time 30-34 min	8,069	13.5%
Travel Time 35-39 min	1,058	1.8%
Travel Time 40-44 min	1,121	1.9%
Travel Time 45-59 min	2,467	4.1%
Travel Time 60-89 min	1,544	2.6%
Travel Time 90+ min	1,132	1.9%
Weighted Average	24 minutes	

Source: US Census 2019, Novogradac Consulting LLP, March 2020

As shown above, the average travel time for individuals in the PMA is 22 minutes. Approximately 67.8 percent of the workers in the PMA have a commute time of 24 minutes or less. Overall, it appears that most residents work within the Norfolk area.

Conclusion

Norfolk has a stable and diverse economy with employment concentrated in the healthcare/social assistance, educational services, and accommodation/food services industries. Huntington Ingalls Industries, Inc. and Sentara Healthcare are the largest employers in the MSA, each employing more than 40,000 employees. Between December 2018 and December 2019, the MSA experienced a 3.1 percent annual increase in total employment, which was above the nation's growth. Between December 2018 and December 2019, the unemployment rate decreased 0.2 percentage points to 2.8 percent, while the nation reported a decrease of 0.3 percentage points to 3.4 percent. The MSA's recent employment growth and declining unemployment rate are indicators that the local economy has recovered from the national recession.

G. DEMOGRAPHIC CHARACTERISTICS

DEMOGRAPHIC CHARACTERISTICS

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

POPULATION

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	112,192	-	1,551,400	-	281,250,431	-
2010	142,122	2.7%	1,676,822	0.8%	308,745,538	1.0%
2019	127,748	-1.1%	1,771,432	0.6%	332,417,793	0.8%
2024	129,648	0.3%	1,820,702	0.6%	345,487,602	0.8%

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

HOUSEHOLDS

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	43,954	-	577,747	-	105,409,439	-
2010	47,442	0.8%	630,416	0.9%	116,716,296	1.1%
2019	49,399	0.4%	663,467	0.6%	125,168,557	0.8%
2024	50,204	0.3%	681,358	0.5%	129,589,563	0.7%

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

Historical population growth in the PMA exceeded the MSA between 2000 and 2010. The PMA experienced population growth greater than the nation whereas, the MSA underperformed national growth rates. Population in the PMA declined from 2010 through 2019. However, according to ESRI demographic projections, annualized PMA growth is expected to rise to 0.3 percent through 2024, slightly below the MSA and below the nation.

Historical household growth in the PMA trailed the MSA between 2000 and 2010. Both geographic areas experienced household growth rates beneath the overall nation during the time period. Household growth in the PMA slowed between 2010 and 2019, and grew at a rate similar to the MSA. According to ESRI demographic projections, annualized PMA growth is expected to remain relatively stable at 0.3 percent through 2024, slightly below the MSA and below the nation.

Population and Household Trends (62+)

SENIOR POPULATION, 62+

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	15,386	-	195,032	-	41,437,099	-
2010	16,417	0.7%	244,946	2.6%	50,358,738	2.2%
2019	21,810	3.6%	333,897	3.9%	67,157,021	3.6%
2024	24,663	2.6%	386,142	3.1%	76,741,608	2.9%

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

HOUSEHOLDS WITH SENIOR HOUSEHOLDER, 62+

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	10,531	-	122,712	-	26,185,025	-
2010	10,577	0.0%	149,230	2.2%	30,451,595	1.6%
2019	12,648	2.1%	186,623	2.7%	38,511,965	2.9%
2024	14,238	2.5%	212,889	2.8%	43,436,515	2.6%

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

Historical senior population in the PMA trailed the MSA between 2000 and 2010. However, population in the broader MSA exceeded the nation during the same period. While senior population in the PMA grew significantly between 2010 and 2019, growth in the PMA was slightly less than the MSA. According to ESRI demographic projections, annualized PMA growth projects to slow to 2.6 percent through 2024, which is below the MSA and slightly below the nation.

Historical senior household growth in the PMA trailed the MSA between 2000 and 2010. Although PMA growth also trended below the nation, household growth in the broader MSA exceeded the nation during the same period. Household growth in the PMA increased significantly between 2010 and 2019, however, grew by slightly less than the MSA. According to ESRI demographic projections, annualized PMA growth is expected to rise to 2.5 percent through 2024, which is below the MSA and similar to the nation.

Population by Age

POPULATION BY AGE IN 2019

Age Cohort	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,661	6.0%	104,000	5.9%	19,910,625	6.0%
5-9	7,228	5.7%	105,646	6.0%	20,403,851	6.1%
10-14	7,078	5.5%	108,347	6.1%	20,943,945	6.3%
15-19	10,318	8.1%	116,240	6.6%	21,063,657	6.3%
20-24	13,788	10.8%	138,738	7.8%	22,226,943	6.7%
25-29	11,461	9.0%	136,564	7.7%	23,947,414	7.2%
30-34	9,523	7.5%	127,416	7.2%	22,590,667	6.8%
35-39	8,082	6.3%	117,658	6.6%	21,864,602	6.6%
40-44	6,732	5.3%	102,622	5.8%	19,913,297	6.0%
45-49	6,522	5.1%	105,739	6.0%	20,647,083	6.2%
50-54	7,033	5.5%	110,407	6.2%	20,930,948	6.3%
55-59	7,688	6.0%	120,727	6.8%	22,429,066	6.7%
60-64	7,069	5.5%	108,578	6.1%	20,971,686	6.3%
65-69	5,779	4.5%	89,629	5.1%	18,029,377	5.4%
70-74	4,215	3.3%	69,763	3.9%	14,131,085	4.3%
75-79	2,976	2.3%	47,114	2.7%	9,484,194	2.9%
80-84	2,110	1.7%	30,660	1.7%	6,213,244	1.9%
85+	2,489	1.9%	31,584	1.8%	6,716,109	2.0%
Total	127,752	100.0%	1,771,432	100.0%	332,417,793	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

POPULATION BY AGE IN 2024 ESTIMATE

Age Cohort	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,778	6.0%	106,943	5.9%	20,731,783	6.0%
5-9	7,063	5.4%	104,943	5.8%	20,679,798	6.0%
10-14	6,844	5.3%	107,421	5.9%	21,345,192	6.2%
15-19	10,588	8.2%	118,819	6.5%	21,702,946	6.3%
20-24	13,789	10.6%	134,856	7.4%	21,636,277	6.3%
25-29	10,650	8.2%	124,392	6.8%	22,383,185	6.5%
30-34	9,630	7.4%	132,061	7.3%	24,777,046	7.2%
35-39	8,408	6.5%	127,893	7.0%	23,320,935	6.8%
40-44	7,527	5.8%	117,246	6.4%	22,225,551	6.4%
45-49	6,505	5.0%	102,632	5.6%	20,020,272	5.8%
50-54	6,572	5.1%	104,768	5.8%	20,593,987	6.0%
55-59	6,752	5.2%	106,345	5.8%	20,604,708	6.0%
60-64	7,197	5.6%	115,603	6.3%	21,810,786	6.3%
65-69	6,483	5.0%	102,560	5.6%	20,047,387	5.8%
70-74	5,058	3.9%	80,933	4.4%	16,440,719	4.8%
75-79	3,804	2.9%	60,896	3.3%	12,350,266	3.6%
80-84	2,472	1.9%	37,793	2.1%	7,653,913	2.2%
85+	2,528	1.9%	34,598	1.9%	7,162,851	2.1%
Total	129,648	100.0%	1,820,702	100.0%	345,487,602	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

General Household Income Distribution

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

HOUSEHOLD INCOME PMA

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	5,922	12.0%	5,698	11.3%	-45	-0.8%
\$10,000-19,999	6,297	12.7%	6,074	12.1%	-45	-0.7%
\$20,000-29,999	5,167	10.5%	5,076	10.1%	-18	-0.4%
\$30,000-39,999	5,106	10.3%	4,893	9.7%	-43	-0.8%
\$40,000-49,999	4,068	8.2%	4,063	8.1%	-1	0.0%
\$50,000-59,999	3,696	7.5%	3,724	7.4%	6	0.2%
\$60,000-74,999	4,481	9.1%	4,601	9.2%	24	0.5%
\$75,000-99,999	4,991	10.1%	5,183	10.3%	38	0.8%
\$100,000-124,999	3,477	7.0%	3,720	7.4%	49	1.4%
\$125,000-149,999	1,976	4.0%	2,296	4.6%	64	3.2%
\$150,000-199,999	1,995	4.0%	2,234	4.4%	48	2.4%
\$200,000+	2,223	4.5%	2,642	5.3%	84	3.8%
Total	49,399	100.0%	50,204	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020

HOUSEHOLD INCOME SMA

Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area						
Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	39,701	6.0%	38,703	5.7%	-200	-0.5%
\$10,000-19,999	54,100	8.2%	52,394	7.7%	-341	-0.6%
\$20,000-29,999	60,453	9.1%	58,891	8.6%	-312	-0.5%
\$30,000-39,999	62,671	9.4%	61,147	9.0%	-305	-0.5%
\$40,000-49,999	59,348	8.9%	59,069	8.7%	-56	-0.1%
\$50,000-59,999	55,354	8.3%	55,420	8.1%	13	0.0%
\$60,000-74,999	72,124	10.9%	73,105	10.7%	196	0.3%
\$75,000-99,999	90,237	13.6%	93,423	13.7%	637	0.7%
\$100,000-124,999	63,068	9.5%	67,413	9.9%	869	1.4%
\$125,000-149,999	39,132	5.9%	43,312	6.4%	836	2.1%
\$150,000-199,999	36,796	5.5%	41,478	6.1%	936	2.5%
\$200,000+	30,483	4.6%	37,003	5.4%	1,304	4.3%
Total	663,467	100.0%	681,358	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020

As of 2019, approximately 45.5 percent of households within the PMA have annual incomes below \$40,000. Through 2024, the percentage of low to moderate-income households earning less than \$40,000 annually is projected to decline slightly to 43.3 percent.

Senior (62+) Household Income Distribution

The following table illustrates household income distribution in the PMA and MSA for the senior population aged 62 and above.

HOUSEHOLD INCOME PMA 62+

Income Cohort	PMA					
	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	1,550	12.3%	1,651	11.6%	20	1.3%
\$10,000-19,999	2,173	17.2%	2,317	16.3%	29	1.3%
\$20,000-29,999	1,389	11.0%	1,543	10.8%	31	2.2%
\$30,000-39,999	1,426	11.3%	1,537	10.8%	22	1.6%
\$40,000-49,999	1,019	8.1%	1,166	8.2%	29	2.9%
\$50,000-59,999	934	7.4%	1,036	7.3%	20	2.2%
\$60,000-74,999	1,019	8.1%	1,149	8.1%	26	2.6%
\$75,000-99,999	1,059	8.4%	1,228	8.6%	34	3.2%
\$100,000-124,999	680	5.4%	803	5.6%	25	3.6%
\$125,000-149,999	447	3.5%	576	4.0%	26	5.8%
\$150,000-199,999	398	3.1%	488	3.4%	18	4.5%
\$200,000+	554	4.4%	744	5.2%	38	6.9%
Total	12,648	100.0%	14,238	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020

HOUSEHOLD INCOME SMA 62+

Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area						
Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	10,880	5.8%	11,886	5.6%	201	1.8%
\$10,000-19,999	22,933	12.3%	24,374	11.4%	288	1.3%
\$20,000-29,999	21,062	11.3%	22,897	10.8%	367	1.7%
\$30,000-39,999	19,225	10.3%	21,104	9.9%	376	2.0%
\$40,000-49,999	17,093	9.2%	19,046	8.9%	391	2.3%
\$50,000-59,999	15,804	8.5%	17,882	8.4%	416	2.6%
\$60,000-74,999	18,044	9.7%	20,512	9.6%	494	2.7%
\$75,000-99,999	22,108	11.8%	25,661	12.1%	711	3.2%
\$100,000-124,999	14,248	7.6%	17,121	8.0%	575	4.0%
\$125,000-149,999	8,355	4.5%	10,344	4.9%	398	4.8%
\$150,000-199,999	8,180	4.4%	10,314	4.8%	427	5.2%
\$200,000+	8,691	4.7%	11,748	5.5%	611	7.0%
Total	186,623	100.0%	212,889	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020

Annual household income levels will range from \$0 to \$38,100 for the Subject’s senior LIHTC units at 60 percent of AMI, as proposed.

General Household Size Distribution

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

AVERAGE HOUSEHOLD SIZE

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.42	-	2.58	-	2.59	-
2010	2.87	1.9%	2.55	-0.1%	2.58	-0.1%
2019	2.39	-1.8%	2.56	0.1%	2.59	0.1%
2024	2.39	0.0%	2.57	0.0%	2.60	0.1%

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

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

General Household Tenure

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

TENURE PATTERNS PMA				
Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	20,038	45.6%	23,916	54.4%
2019	21,291	43.1%	28,108	56.9%
2024	22,065	44.0%	28,139	56.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

As of 2019, approximately 56.9 percent of households in the PMA reside in renter-occupied housing units. Through 2024, the number of renter-occupied housing units is projected to increase.

Senior (62+) Household Tenure

The table below shows the breakdown of senior households ages 62 and above by tenure within the Subject’s PMA.

PMA TENURE PATTERNS OF SENIORS 62+				
Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	6,928	65.8%	3,603	34.2%
2019	7,574	59.9%	5,074	40.1%
2024	8,598	60.4%	5,640	39.6%

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

The preceding table details household tenure patterns in the PMA since 2000. The percentage of senior renter households in the PMA increased between 2000 and 2019. Senior renter households in the PMA are projected to increase through 2024. The percentage of owner-occupied senior households is projected to increase through 2024. According to ESRI demographic projections, the percentage of senior renter households in the PMA is expected to remain generally stable through 2024, with an increase of approximately 566 senior renter households in terms of number of units.

General Renter Household Income Distribution

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

RENTER HOUSEHOLD INCOME

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,980	17.7%	4,799	17.1%	-36	-0.7%
\$10,000-19,999	4,753	16.9%	4,521	16.1%	-46	-1.0%
\$20,000-29,999	3,680	13.1%	3,609	12.8%	-14	-0.4%
\$30,000-39,999	3,302	11.7%	3,075	10.9%	-45	-1.4%
\$40,000-49,999	2,381	8.5%	2,356	8.4%	-5	-0.2%
\$50,000-59,999	2,042	7.3%	2,103	7.5%	12	0.6%
\$60,000-74,999	2,185	7.8%	2,336	8.3%	30	1.4%
\$75,000-99,999	1,969	7.0%	2,076	7.4%	21	1.1%
\$100,000-124,999	1,007	3.6%	1,113	4.0%	21	2.1%
\$125,000-149,999	795	2.8%	949	3.4%	31	3.9%
\$150,000-199,999	535	1.9%	624	2.2%	18	3.3%
\$200,000+	479	1.7%	578	2.1%	20	4.1%
Total	28,108	100.0%	28,139	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020

RENTER HOUSEHOLD INCOME

Income Cohort	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	26,671	10.4%	25,597	10.0%	-215	-0.8%
\$10,000-19,999	32,424	12.6%	30,677	12.0%	-349	-1.1%
\$20,000-29,999	34,104	13.3%	32,441	12.7%	-333	-1.0%
\$30,000-39,999	34,230	13.3%	32,476	12.7%	-351	-1.0%
\$40,000-49,999	28,054	10.9%	27,569	10.8%	-97	-0.3%
\$50,000-59,999	23,448	9.1%	23,355	9.1%	-19	-0.1%
\$60,000-74,999	25,566	9.9%	26,078	10.2%	102	0.4%
\$75,000-99,999	23,582	9.2%	24,690	9.6%	222	0.9%
\$100,000-124,999	11,917	4.6%	13,048	5.1%	226	1.9%
\$125,000-149,999	6,896	2.7%	7,839	3.1%	189	2.7%
\$150,000-199,999	5,592	2.2%	6,487	2.5%	179	3.2%
\$200,000+	4,809	1.9%	6,079	2.4%	254	5.3%
Total	257,293	100.0%	256,336	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, February 2020

As of 2019, approximately 59.5 percent of renter households within the PMA have annual incomes below \$40,000. Through 2024, the percentage of low to moderate-income renter households in the PMA earning less than \$40,000 annually is projected to decline slightly to 56.9 percent.

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						
	2000		2019		2024	
Household Size	Total	Percent	Total	Percent	Total	Percent
1 persons	13,787	31.4%	16,622	33.6%	16,981	33.8%
2 persons	13,608	31.0%	15,004	30.4%	15,272	30.4%
3 persons	7,400	16.8%	8,047	16.3%	8,147	16.2%
4 persons	5,213	11.9%	5,434	11.0%	5,470	10.9%
5+ persons	3,946	9.0%	4,292	8.7%	4,334	8.6%
Total	43,954	100.0%	49,399	100.0%	50,204	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

As of 2019, the majority of households in the PMA consist of one and two persons.

Renter Household Size Distribution

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

PMA RENTER HOUSEHOLD SIZE DISTRIBUTION						
	2000		2019		2024	
Household Size	Total	Percent	Total	Percent	Total	Percent
1 persons	8,759	36.6%	11,301	40.2%	11,397	40.5%
2 persons	6,546	27.4%	7,250	25.8%	7,177	25.5%
3 persons	3,952	16.5%	4,404	15.7%	4,405	15.7%
4 persons	2,598	10.9%	2,855	10.2%	2,855	10.1%
5+ persons	2,061	8.6%	2,298	8.2%	2,305	8.2%
Total	23,916	100.0%	28,108	100.0%	28,139	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

PMA RENTER HOUSEHOLD SIZE DISTRIBUTION 62+

	2000		2019		2024	
Household Size	Total	Percent	Total	Percent	Total	Percent
1 persons	2,474	68.7%	3,485	68.7%	3,871	64.9%
2 persons	650	18.0%	845	16.7%	984	19.9%
3 persons	290	8.0%	361	7.1%	369	7.0%
4 persons	92	2.6%	208	4.1%	228	4.4%
5+ persons	97	2.7%	175	3.4%	188	3.9%
Total	3,603	100.0%	5,074	100.0%	5,640	100.0%

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

Historically, the majority of renter households in the PMA have consisted of one and two-person households, which is expected to continue through 2024. In 2019, approximately 66 percent of renter households were one or two-person, compared to 85.3 percent for senior renter households of the same size. The Subject will offer one -bedroom units, which bodes well for the increasing percentage of one-person households expected in the PMA through 2024.

Median Household Income Levels

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

MEDIAN HOUSEHOLD INCOME

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$25,463	-	\$41,304	-	\$44,882	-
2019	\$51,717	5.4%	\$65,648	3.1%	\$60,548	1.8%
2024	\$57,801	2.4%	\$74,365	2.7%	\$69,180	2.9%

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

MEDIAN HOUSEHOLD INCOME (AGES 55-64)

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2019	\$56,766	-	\$75,893	-	\$68,756	-
2024	\$64,498	2.7%	\$91,561	4.1%	\$90,896	6.4%

Source: Esri Demographics 2019, Novogradac Consulting LLP, February 2020

As of 2019, the median household income of the PMA is below that of the MSA and nation. Through 2024, the PMA median household income is projected to increase at a slightly slower rate when compared to the MSA and the nation. Median income in the PMA will remain below that of the MSA, and nation. Median household income for seniors aged 55 to 64 is projected to increase through 2024 but remain below that of 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

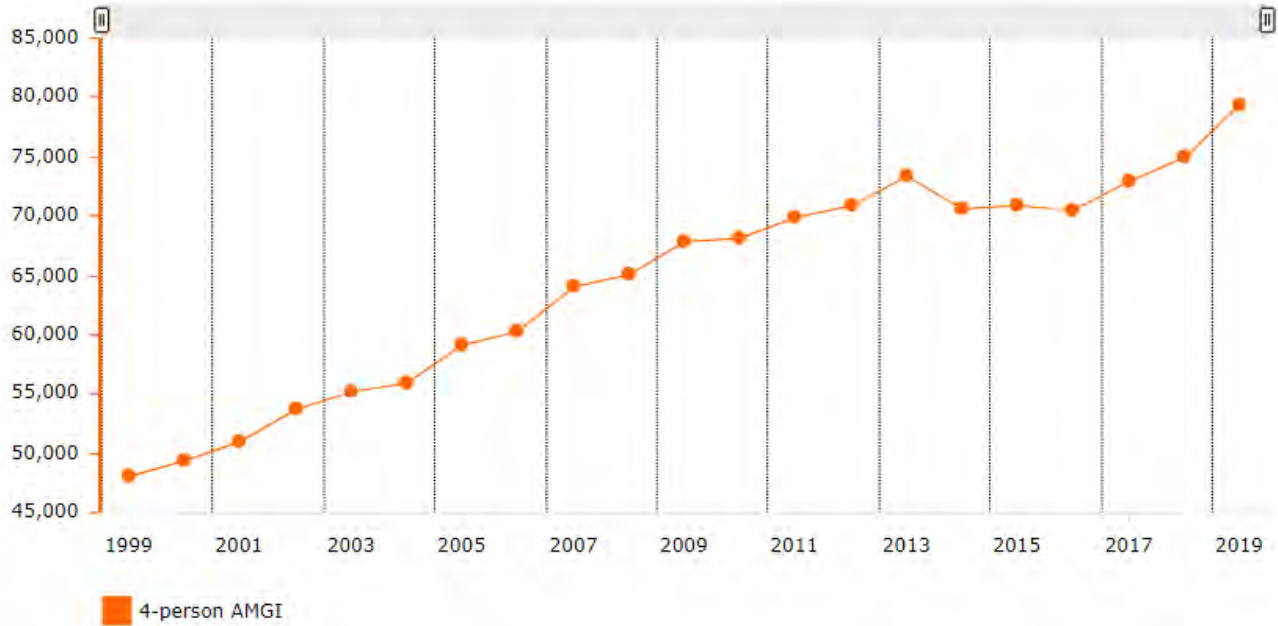
Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan		USA	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
2019	12,296	48.6%	102,587	44.6%	16,657,755	42.7%

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

As illustrated, the percentage of rent overburdened households in the PMA is larger than the MSA and the nation.

Area Median Income

The following chart illustrates the area median gross income (AMGI) of a four-person household in Norfolk city, Virginia between 1999 and 2019.



Display: 4-person AMGI

Average Increase (AMGI): 2.5%/year

Source: Novogradac Consulting LLP, February 2020

Overall, the AMI has increased by an average 2.5 percent annually between 1999 and 2019. The graph above illustrates that the AMI in Norfolk city has generally increased since 1999, with decreases in 2013 and 2015. As of 2019, the AMI in Norfolk was \$79,300. In 2013, the AMI declined in 84 percent of counties nationwide based on a HUD methodological change. Norfolk city appears to be affected by this methodology change. The majority of counties and regions in the nation are currently experiencing their highest AMI levels to date, which is the case for Norfolk city as the AMI has increased 5.7 percent from 2018. The following chart illustrates the change in AMI over the past five years.

NORFOLK CITY COUNTY AMI GROWTH (2013-2019)

Year	2013	2014	2015	2016	2017	2018	2019
AMI	\$73,300	\$70,600	\$70,900	\$70,500	\$73,000	\$75,000	\$79,300
Percentage	3.4%	-3.7%	0.4%	-0.6%	3.5%	2.7%	5.7%

All of the Subject’s proposed rents are set below the maximum allowable levels. Thus, the Subject’s rent increases will not be dependent on future increases in AMI.

Conclusion

Population in the PMA declined from 2010 through 2019. However, according to ESRI demographic projections, annualized PMA growth is expected to rise to 0.3 percent through 2024, slightly below the MSA and below the nation. Household growth in the PMA slowed between 2010 and 2019, and grew at a rate similar to the MSA. Senior population in the PMA increased significantly between 2010 and 2019, however, grew by slightly less than the MSA. According to ESRI demographic projections, annualized PMA growth is expected to slow to 2.6 percent through 2024, which is below the MSA and slightly below the nation. Historical senior household growth in the PMA trailed the MSA between 2000 and 2010. Although PMA growth also trended below the nation, household growth in the broader MSA exceeded the nation during the same time period. Household growth in the PMA increased significantly between 2010 and 2019, however, grew by slightly less than the MSA. As of 2019, approximately 59.5 percent of renter households within the PMA have annual incomes below \$40,000. Through 2024, the percentage of low to moderate-income renter households in the PMA earning less than \$40,000 annually is projected to decline slightly to 56.9 percent. Annual household income levels will range from \$0 to \$38,100 for the Subject's senior LIHTC units at 60 percent of AMI, as proposed. With a growing number of renters in the PMA and a large percentage of low-income renters, coupled with an aging housing stock, we project that there will be substantial demand for new or renovated affordable housing units.

H. COMPETITIVE ENVIRONMENT

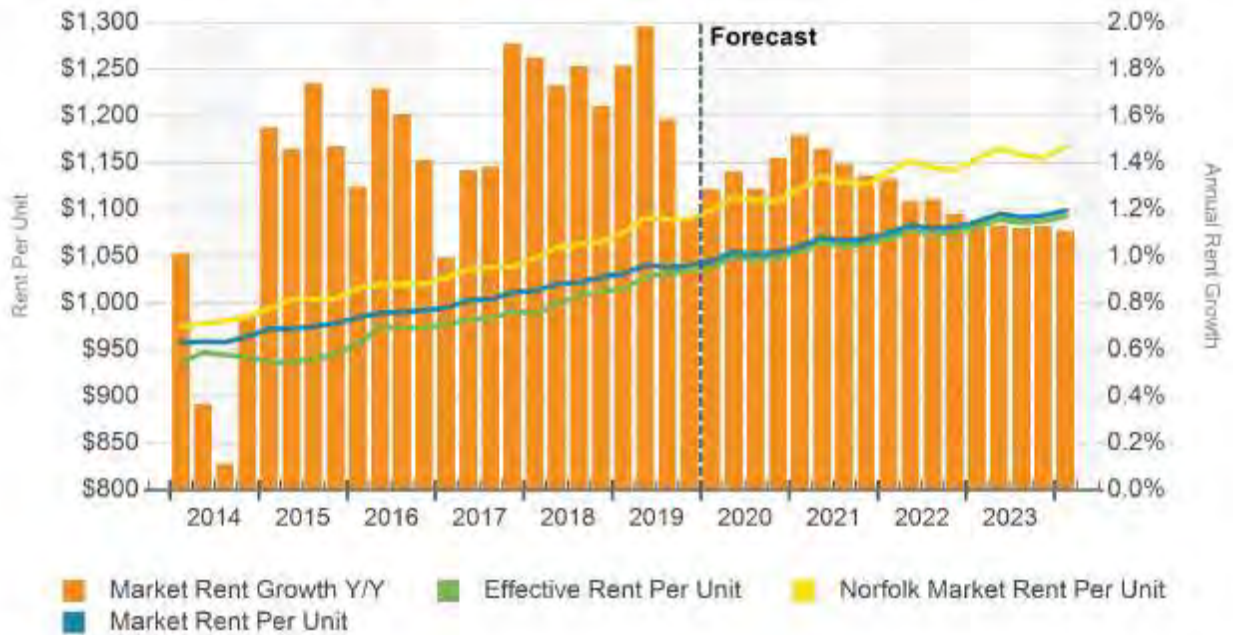
HOUSING SUMMARY

Based on the first quarter 2020 report from CoStar, Norfolk experienced a 4.9 percent vacancy rate.

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	3,556	4.2%	\$1,472	\$1,463	11	0	396
3 Star	8,473	5.1%	\$1,025	\$1,019	55	69	191
1 & 2 Star	9,180	4.9%	\$985	\$859	(9)	0	0
Submarket	21,209	4.9%	\$1,044	\$1,038	57	69	587

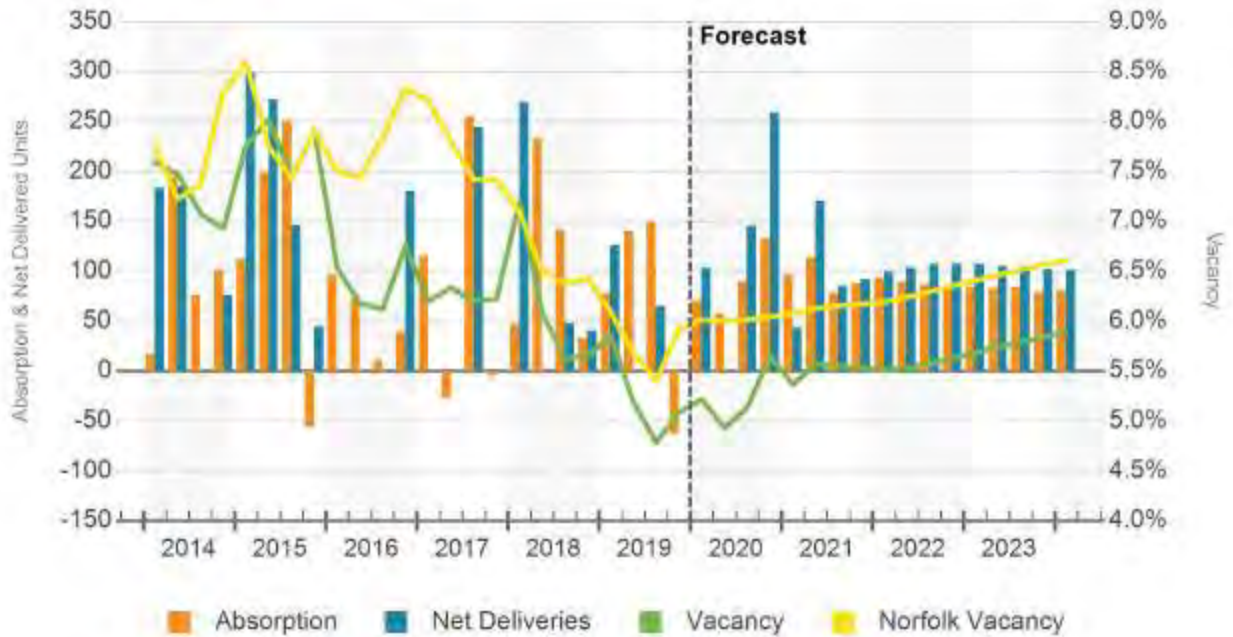
Source: CoStar, February 2020

MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar, February 2020

ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar, February 2020

As illustrated in the tables and charts above, the vacancy rate for the Norfolk City submarket is currently 4.9 percent and is projected to decrease slightly through 2020, before increasing to above 5.6 percent through 2024. Average asking rents increased 1.3 percent over the last year, and are expected to continue to increase through 2024.

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		USA	
Built 2005 or later	753	1.4%	20,073	2.9%	3,112,243	2.3%
Built 2000 to 2004	4,496	8.6%	94,285	13.4%	19,663,902	14.7%
Built 1990 to 1999	3,000	5.7%	107,688	15.3%	18,945,953	14.1%
Built 1980 to 1989	5,092	9.7%	137,958	19.6%	18,399,296	13.7%
Built 1970 to 1979	5,494	10.5%	113,713	16.2%	20,920,173	15.6%
Built 1960 to 1969	6,297	12.0%	84,579	12.0%	14,577,264	10.9%
Built 1950 to 1959	8,511	16.2%	71,846	10.2%	14,229,384	10.6%
Built 1940 to 1949	7,132	13.6%	33,526	4.8%	6,903,420	5.1%
Built 1939 or earlier	11,660	22.2%	40,169	5.7%	17,451,760	13.0%
Total Housing Units	52,435	100.0%	703,837	100.0%	134,203,395	100.0%

Source: US Census American Community Estimates, March 2020

Of the housing stock, 74.6 percent was constructed prior to 1979. The data does not reflect condition, as many properties can be well-maintained through ongoing maintenance. The field inspection of the area reflects a varied housing stock, generally in good condition.

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	USA
	Percentage	Percentage	Percentage
2019	0.96%	1.01%	1.70%

Source: Esri Demographics 2019, Novogradac Consulting LLP, March 2020

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

Building Permits

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

BUILDING PERMITS: NORFOLK COUNTY 2000 - 2019*

Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
2000	189	3	95	287
2001	239	0	169	408
2002	298	0	319	617
2003	449	0	322	771
2004	522	33	214	769
2005	552	18	613	1,183
2006	415	12	118	545
2007	333	0	16	349
2008	261	0	560	821
2009	169	3	415	587
2010	183	0	121	304
2011	227	0	292	519
2012	313	0	183	496
2013	389	0	602	991
2014	393	0	257	650
2015	407	4	520	931
2016	458	0	587	1,045
2017	441	0	192	633
2018	644	0	550	1,194
2019*	257	8	384	649
Total	7,139	81	6,529	13,749
Average*	362	4	323	689

*YTD, preliminary

Source: US Census Bureau Building Permits, March 2020

As illustrated in the previous table, since 2000, approximately 52 percent of the residential units permitted in the city of Norfolk have been single-family and duplex homes. Overall, single-family building permitting in Norfolk have significantly outpaced multifamily permitting since 2000.

Rent/Buy Analysis

We performed a rent/buy analysis for three-bedroom units at the Subject. Our inputs assume a one-bedroom home on www.zillow.com in the Subject’s neighborhood with a purchase price of \$155,00 and an interest rate of 4.250 percent with a ten percent down payment. This was compared to the cost to rent the Subject’s one-bedroom proposed LIHTC units. This analysis indicates that with a monthly differential of \$235. It is more affordable to rent from the Subject than to purchase a three-bedroom home in the Subject’s neighborhood. As illustrated, the “cost of occupancy” category adds \$20,150 for the down payment and closing costs. The cash necessary for homeownership is still a barrier for many families. In general, first-time homebuyers have difficulty saving for a down payment. Furthermore, since the recession, higher standards for credit has made it more difficult than ever for buyers with less than perfect credit to obtain financing. For these reasons, we believe the Subject will face limited competition from homeownership.

The following table illustrates our findings.

RENT BUY ANALYSIS			
Property Type:	One-Bedroom Single Family Home		
Sale Price			\$155,000
Down Payment at 10%			\$15,500
Mortgage Amount			\$139,500
Current Interest Rate			4.25%
	<i>Homeownership Costs</i>	<i>Monthly</i>	<i>% of Home Value</i>
Mortgage Payment		\$686	\$8,235
Property Taxes		\$161	1.25%
Private Mortgage Insurance ¹		\$58	0.50%
Maintenance		\$258	2.00%
Utility Costs ²		\$125	\$1,500
Tax Savings		-\$163	-\$1,955
Cost Comparison			
		<i>Monthly</i>	<i>Annual</i>
Costs of Homeownership		\$1,126	\$13,515
Cost of Renting At Subject	-	\$891	\$10,692
Differential		\$235	\$2,823
Cost of Occupancy			
	<i>Homeownership</i>		
Closing Costs		3.0%	\$4,650
Down Payment at 10%		10.0%	\$15,500
Total			\$20,150
	<i>Subject Rental</i>		
First Month's Rent		\$891	
Security Deposit		<u>\$891</u>	
Total		\$1,782	

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Subject

Additions to Supply

We accessed the Virginia Housing Development Authority’s published recipient list for 2015 to present. There were four recently allocated LIHTC development in the Subject’s PMA, which is illustrated in the following table:

RECENT LIHTC ALLOCATIONS IN PMA

Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Units
Market Heights Apartments	2019	LIHTC	Disabled	80	0
PABP Apartments	2019	LIHTC	Family	70	0
Church Street Station Studios	2016	LIHTC	Family	80	0
St. Paul's Apartments	2016	LIHTC	Family	126	0
				356	0

Source: Virginia Housing Development Authority, February 2020

As illustrated previously, four properties have been allocated tax credits within the Subject's PMA. None of the properties will compete with the Subject as proposed.

We left messages with the City of Norfolk City Planning Department to gather information on proposed, planned, under construction, or recently completed multifamily developments within the Subject's PMA. As of the date of the report, we were unable to speak with someone at the department. A review of online information through the department's website does not list any multifamily developments currently proposed or under construction. An additional search of applications and permits revealed the following:

- At 5827 Curlew Drive, located 7.5 miles southeast from the Subject in Norfolk, a developer proposes to construct a 236-unit mixed-income development consisting of one, two, and three-bedroom units. As of the date of the report, we are unaware of development status. This property is slightly outside of the PMA boundary and will not directly compete with the Subject as it offers a different tenancy and rent structure.

Additionally, we researched CoStar's New Construction list and found two developments currently under construction in the PMA.

- The Retreat at Harbor Pointe, located 4.4 miles south from the Subject in Norfolk, is currently under construction with completion expected in Summer 2020. The property will offer two and three-bedroom market rate units. This property will not directly compete with the Subject as it offers a different tenancy and rent structure.
- North Colley Apartments, located 2.9 miles west from the Subject in Norfolk, was completed in Spring 2019 and offers two and four-bedroom units targeted towards students of Old Dominion University. As such, this property will not compete directly with the 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, we surveyed four LIHTC properties, as well as six market rate properties, all of which are located within the PMA with the exception of Victory Square Apartments, a LIHTC comparable that targets the seniors. Property managers were interviewed for information on unit mix, size, absorption, unit features and project amenities; tenant profiles; and market trends in general. The table following details a list of excluded affordable properties in the PMA.

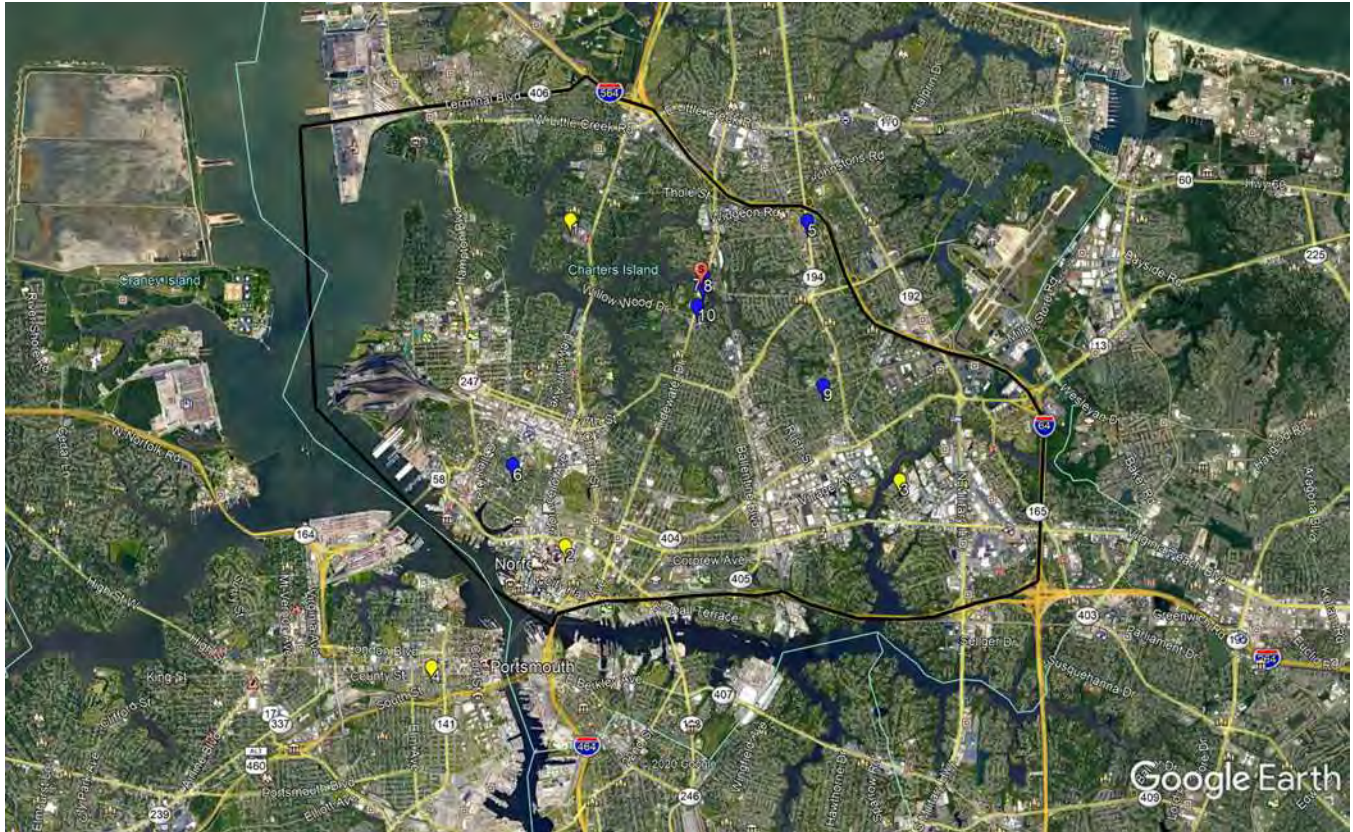
Property Name	Rent Structure	Tenancy	Location	Reason for Exclusion
Parkwood Manor Apartments	LIHTC	Family	Norfolk	Tenancy
Arbor Pointe	LIHTC	Family	Norfolk	Tenancy
Archers Green	LIHTC	Family	Norfolk	Tenancy
Mission College I	LIHTC	Family	Norfolk	Tenancy
1233 Maltby Avenue	LIHTC	Family	Norfolk	Tenancy
1237 Maltby Avenue	LIHTC	Family	Norfolk	Tenancy
1244 Hanson Avenue	LIHTC	Family	Norfolk	Tenancy
859 Lexington Street	LIHTC	Family	Norfolk	Tenancy
Bowling Green II	LIHTC	Family	Norfolk	Tenancy
Bowling Green III	LIHTC	Family	Norfolk	Tenancy
Bowling Green IV	LIHTC	Family	Norfolk	Tenancy
Gosnold	LIHTC	Family	Norfolk	Tenancy
Grandy Village	LIHTC	Family	Norfolk	Tenancy
Lexington Park (AKA Hunters Village)	LIHTC	Family	Norfolk	Tenancy
Market Heights - Phase II	LIHTC	Family	Norfolk	Tenancy
Market Heights Apartments	LIHTC	Family	Norfolk	Tenancy
Marshal Manor II	LIHTC	Family	Norfolk	Tenancy
Marshal Manor III	LIHTC	Family	Norfolk	Tenancy
Marshal Manor IV	LIHTC	Family	Norfolk	Tenancy
Quill Farms	LIHTC	Family	Norfolk	Tenancy
Villa Terrace	LIHTC	Family	Norfolk	Tenancy
Young Terrace Phase I	LIHTC	Family	Norfolk	Tenancy
Annetta M. Lane Apartments	Section 8	Family	Norfolk	Subsidized & Tenancy
Bertha Street	Section 8	Family	Norfolk	Subsidized & Tenancy
Cogic High Rise Apartments	Section 8	Family	Norfolk	Subsidized & Tenancy
Colonial Hall Apts.	Section 8	Family	Norfolk	Subsidized & Tenancy
Grace Place	Section 8	Family	Norfolk	Subsidized & Tenancy
Granby House	Section 8	Family	Norfolk	Subsidized & Tenancy
Kennon Avenue	Section 8	Family	Norfolk	Subsidized & Tenancy
Lexington Park Apartments	Section 8	Family	Norfolk	Subsidized & Tenancy
Moultrie Drive	Section 8	Family	Norfolk	Subsidized & Tenancy
Park Terrace	Section 8	Family	Norfolk	Subsidized & Tenancy
So Hampton Rds Area Supportive	Section 8	Family	Norfolk	Subsidized & Tenancy
Suburban House	Section 8	Family	Norfolk	Subsidized & Tenancy
Thole Street Group Home	Section 8	Family	Norfolk	Subsidized & Tenancy
Village Pointe Apartments	Section 8	Family	Norfolk	Subsidized & Tenancy
Calvary Towers	Section 8	Senior	Norfolk	Subsidized
Cromwell House	Section 8	Senior	Norfolk	Subsidized

Property Name	Program	Tenancy	Location	Reason for Exclusion
201 Twenty One	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Alta Vista	Market	Family	Norfolk	Better Comparable Properties/Tenancy
American Cigar Factory	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Arbor Pointe Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Arcadia Square Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Ardsley	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Beachwood Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Breezy Point Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Buckingham Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Colony Point	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Crown Point Townhomes	Market	Family	Norfolk	Better Comparable Properties/Tenancy
East Manor	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Eastover	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Fenner Gardens	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Ghent Village	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Hague Park Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Hague Towers	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Hampton Court	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Hampton Creek Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Ingleside Square	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Knitting Mill Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Lafayette Towers	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Lansdale Gardens	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Metro On Granby	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Monticello Station	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Monticello Station	Market	Family	Norfolk	Better Comparable Properties/Tenancy
North Shore Gardens Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Northhampton	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Pembroke Towers	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Pine Grove	Market	Family	Norfolk	Better Comparable Properties/Tenancy
River House Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Riverview Lofts	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Round Bay Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Spotswood Gardens	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Sterling Oaks Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
Stuart Hall	Market	Family	Norfolk	Better Comparable Properties/Tenancy
The Aberdeen	Market	Family	Norfolk	Better Comparable Properties/Tenancy
The Alexander At Ghent	Market	Family	Norfolk	Better Comparable Properties/Tenancy
The Belmont At Freemason	Market	Family	Norfolk	Better Comparable Properties/Tenancy
The District	Market	Family	Norfolk	Better Comparable Properties/Tenancy
The Heritage At Freemason Harbour	Market	Family	Norfolk	Better Comparable Properties/Tenancy
The James Apartments	Market	Family	Norfolk	Better Comparable Properties/Tenancy
The Wainwright	Market	Family	Norfolk	Better Comparable Properties/Tenancy

Comparable Rental Property Map

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

LAKWOOD PLAZA APARTMENTS – NORFOLK, VIRGINIA RICHMOND, VIRGINIA– MARKET STUDY



Source: Google Earth, February 2020

COMPARABLE PROPERTIES

#	Comparable Property	City	Rent Structure	Tenancy	Distance to Subject
S	Lakewood Plaza- As Proposed	Norfolk	@60%, @60% (Section 8)	Senior	-
1	Riverpoint Apartments	Norfolk	@60%	Family	1.5 miles
2	St. Paul's Apartments	Norfolk	@40% (Project Based Rental Assistance - PBRA), @50%, @60%, Market	Family	2.9 miles
3	The Pointe At Pickett Farms	Norfolk	@60%	Family	2.8 miles
4	Victory Square Apartments*	Portsmouth	@60%	Senior	4.7 miles
5	Dundale Square	Norfolk	Market	Family	1.3 miles
6	John Knox Towers	Norfolk	Market	Senior	2.6 miles
7	Lakewood Garden Apartments	Norfolk	Market	Family	0.1 miles
8	Promenade Pointe	Norfolk	Market	Family	0.2 miles
9	Sherwood Forest Apartments	Norfolk	Market	Family	1.6 miles
10	Stonebridge Manor	Norfolk	Market	Senior	0.1 miles

*Located outside PMA

LAKWOOD PLAZA APARTMENTS – NORFOLK, VIRGINIA RICHMOND, 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	Lakewood Plaza- As Proposed 5631 Tidewater Dr Norfolk, VA 23509 Norfolk County		Highrise 13-stories 1974 / 2021 Senior	@60%, @60% (Section 8)	1BR / 1BA	9	4.5%	554	@60%	\$891	No	No	N/A	N/A	
					1BR / 1BA	39	19.5%	554	@60% (Section 8)	\$1,395	N/A	N/A	N/A	N/A	
					1BR / 1BA	50	25.0%	585	@60% (Section 8)	\$1,395	N/A	N/A	N/A	N/A	
					1BR / 1BA	50	25.0%	620	@60% (Section 8)	\$1,395	N/A	N/A	N/A	N/A	
					1BR / 1BA	50	25.0%	628	@60% (Section 8)	\$1,395	N/A	N/A	N/A	N/A	
					2	N/A	1.0%	554	Non-Rental	\$0	N/A	N/A	N/A	N/A	N/A
200														0.0%	
1	Riverpoint Apartments 6415 Newport Avenue Norfolk, VA 23505 Norfolk County	1.5 miles	Various 2-stories 1947 / 2009 Family	@60%	1BR / 1BA	56	25.5%	700	@60%	\$780	No	No	N/A	N/A	
					2BR / 1BA	N/A	N/A	750	@60%	\$879	No	No	N/A	N/A	
					2BR / 1BA	164	74.6%	775	@60%	\$899	No	No	N/A	N/A	
					2BR / 1BA	N/A	N/A	800	@60%	\$924	No	No	N/A	N/A	
220														0.0%	
2	St. Paul's Apartments 494 St. Paul's Boulevard Norfolk, VA 23510 County	2.9 miles	Garden 2-stories 2019 / n/a Family	@40% (Project Based Rental Assistance - PBRA), @50%, @60%, Market	1BR / 1BA	7	5.6%	640	@40% (Project Based Rental Assistance - PBRA)	\$751	N/A	Yes	0	0.0%	
					1BR / 1BA	7	5.6%	640	@50%	\$768	Yes	Yes	0	0.0%	
					1BR / 1BA	6	4.8%	640	@60%	\$915	Yes	Yes	0	0.0%	
					2BR / 2BA	6	4.8%	946	@40% (Project Based Rental Assistance - PBRA)	\$1,088	N/A	Yes	0	0.0%	
					2BR / 2BA	44	34.9%	946	@50%	\$921	Yes	Yes	0	0.0%	
					2BR / 2BA	27	21.4%	946	@60%	\$1,100	Yes	Yes	0	0.0%	
					2BR / 2BA	3	2.4%	946	Market	\$1,468	N/A	No	1	33.3%	
					3BR / 2BA	23	18.3%	1,291	@60%	\$1,265	Yes	Yes	0	0.0%	
					3BR / 2BA	3	2.4%	1,291	Market	\$1,757	N/A	No	0	0.0%	
126														1	0.8%
3	The Pointe At Pickett Farms 5424 Greenplains Road Norfolk, VA 23502 County	2.8 miles	Garden 3-stories 2014 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$903	Yes	Yes	0	N/A	
					2BR / 2BA	N/A	N/A	1,035	@60%	\$1,072	Yes	Yes	0	N/A	
					3BR / 2BA	N/A	N/A	1,222	@60%	\$1,242	Yes	Yes	0	N/A	
120														0	0.0%
4	Victory Square Apartments 900 County Street Portsmouth, VA 23704 Portsmouth County	4.7 miles	Lowrise 4-stories 2005 / n/a Senior	@60%	1BR / 1BA	98	87.5%	675	@60%	\$919	Yes	No	N/A	N/A	
					2BR / 1BA	14	12.5%	880	@60%	\$1,107	Yes	No	N/A	N/A	
112														1	0.9%
5	Dundale Square 6600 Chesapeake Blvd Norfolk, VA 23513 Norfolk County	1.3 miles	Garden 2-stories 1975 / 2005 Family	Market	1BR / 1BA	20	20.0%	596	Market	\$889	N/A	No	1	5.0%	
					2BR / 1BA	40	40.0%	750	Market	\$1,043	N/A	No	2	5.0%	
					3BR / 1BA	34	34.0%	885	Market	\$1,337	N/A	No	1	2.9%	
					4BR / 1.5BA	6	6.0%	1,050	Market	\$1,467	N/A	No	0	0.0%	
100														4	4.0%
6	John Knox Towers 1210 Colonial Avenue Norfolk, VA 23517 Norfolk County	2.6 miles	Highrise 14-stories 1975 / n/a Senior	Market	1BR / 1BA	72	48.0%	442	Market	\$825	N/A	N/A	1	1.4%	
					1BR / 1BA	69	46.0%	562	Market	\$890	N/A	N/A	1	1.5%	
					2BR / 1BA	9	6.0%	692	Market	\$1,040	N/A	N/A	0	0.0%	
					2BR / 1BA	N/A	N/A	692	Market	\$1,060	N/A	N/A	N/A	N/A	
					2BR / 1BA	N/A	N/A	692	Market	\$1,020	N/A	N/A	N/A	N/A	
150														2	1.3%
7	Lakewood Garden Apartments 5656 Tidewater Drive Norfolk, VA 23509 Norfolk County	0.1 miles	Garden 2-stories 1979 / n/a Family	Market	1BR / 1BA	39	42.4%	736	Market	\$933	N/A	None	1	2.6%	
					2BR / 1BA	53	57.6%	912	Market	\$1,022	N/A	None	1	1.9%	
92														2	2.2%
8	Promenade Pointe 6115 Tidewater Drive Norfolk, VA 23509 Norfolk County	0.2 miles	Midrise 4-stories 2014 / n/a Family	Market	1BR / 1BA	82	44.8%	801	Market	\$1,475	N/A	N/A	N/A	N/A	
					1BR / 1BA	N/A	N/A	899	Market	\$1,515	N/A	No	N/A	N/A	
					1BR / 1BA	N/A	N/A	775	Market	\$1,420	N/A	No	N/A	N/A	
					2BR / 2BA	101	55.2%	1,211	Market	\$1,786	N/A	N/A	N/A	N/A	
					2BR / 2BA	N/A	N/A	1,425	Market	\$2,214	N/A	No	N/A	N/A	
					2BR / 2BA	N/A	N/A	1,051	Market	\$1,579	N/A	No	N/A	N/A	
					3BR / 2BA	16	8.7%	1,381	Market	\$2,163	N/A	N/A	N/A	N/A	
					3BR / 2BA	N/A	N/A	1,425	Market	\$2,248	N/A	No	N/A	N/A	
					3BR / 2BA	N/A	N/A	1,425	Market	\$2,248	N/A	No	N/A	N/A	
3BR / 2BA	N/A	N/A	1,335	Market	\$2,073	N/A	No	N/A	N/A						
183														9	4.9%
9	Sherwood Forest Apartments 2805 Early St Norfolk, VA 23513 Norfolk City County	1.6 miles	Lowrise 2-stories 1965 / 2010 Family	Market	1BR / 1BA	57	33.0%	800	Market	\$895	N/A	No	N/A	N/A	
					2BR / 1BA	104	60.1%	1,000	Market	\$993	N/A	No	N/A	N/A	
					3BR / 2BA	12	6.9%	1,200	Market	\$1,150	N/A	No	0	0.0%	
173														19	11.0%
10	Stonebridge Manor 5432 Tidewater Drive Norfolk, VA 23509 Norfolk County	0.1 miles	Lowrise 3-stories 1991 / n/a Senior	Market	1BR / 1BA	126	80.8%	650	Market	\$843	N/A	No	N/A	N/A	
					2BR / 1BA	30	19.2%	865	Market	\$1,017	N/A	No	N/A	N/A	
156														3	1.9%

Location

LOCATION COMPARISON SUMMARY

#	Property Name	City	Tenancy	Rent Structure	Distance to Subject	Household Income	Median Home Value	Median Rent	Crime Index	Walk Score	Transit Score	Vacant Housing	% Renter HH
5	Lakewood Plaza- As Proposed	Norfolk	Senior	LIHTC/ Section 8	-	\$58,457	\$175,000	\$1,079	206	61	28	5.4%	45.1%
1	Riverpoint Apartments	Norfolk	Family	LIHTC	1.5 miles	\$74,794	\$217,800	\$950	254	17	32	5.1%	55.2%
2	St. Paul's Apartments	Norfolk	Family	LIHTC/ Market	2.9 miles	\$20,220	\$366,000	\$1,190	223	74	62	7.3%	82.1%
3	The Pointe At Pickett Farms	Norfolk	Family	LIHTC	2.8 miles	\$56,435	\$189,600	\$1,126	377	23	36	2.1%	82.1%
4	Victory Square Apartments*	Portsmouth	Senior	LIHTC	4.7 miles	\$41,265	\$149,500	\$935	279	75	0	14.8%	61.5%
5	Dundale Square	Norfolk	Family	Market	1.3 miles	\$35,540	\$150,800	\$1,067	179	40	36	11.4%	52.1%
6	John Knox Towers	Norfolk	Senior	Market	2.6 miles	\$73,477	\$238,200	\$1,012	238	78	51	8.7%	60.7%
7	Lakewood Garden Apartments	Norfolk	Family	Market	0.1 miles	\$59,622	\$175,000	\$1,079	217	61	28	5.1%	44.1%
8	Promenade Pointe	Norfolk	Family	Market	0.2 miles	\$66,040	\$175,000	\$1,079	217	52	27	3.4%	40.9%
9	Sherwood Forest Apartments	Norfolk	Family	Market	1.6 miles	\$51,415	\$150,800	\$1,067	257	39	35	8.6%	38.5%
10	Stonebridge Manor	Norfolk	Senior	Market	0.1 miles	\$53,151	\$175,000	\$1,079	206	70	28	6.3%	46.1%

*Located outside of the PMA

Nine of the ten comparable properties are located within the PMA. All of the comparable properties are located within 4.7 miles of the Subject. Additionally, all of the comparable properties in the PMA have generally similar access to interstates and locational amenities and services.

The Subject is located in a primarily residential neighborhood, in the northern portion of Norfolk. Surrounding uses consist of single-family homes, multifamily properties and retail properties exhibiting good condition. The Subject's location is designated 'Somewhat Walkable' by Walk Score with a score of 61, indicating some errands can be accomplished on foot.

The affordable properties are located between 1.5 and 4.7 miles from the Subject. The LIHTC comparables are generally in neighborhoods ranging from slightly inferior to slightly superior relative to the Subject's location. These locations generally exhibit higher crime risk indices compared to the Subject's location. One exception is the location of St. Paul's Apartments, which offers higher median home prices, higher median rents, and greater walkability, and is considered slightly superior to the Subject's neighborhood. On balance, the locations of Riverpoint Apartments and The Pointe At Pickett Farms are considered similar to the Subject's neighborhood.

The market rate developments are located between 0.1 and 2.6 miles from the Subject. The neighborhoods surrounding the market rate comparables vary in quality, ranging from inferior to slightly superior relative to the Subject's location. The neighborhood surrounding John Knox Towers offers higher median household income, higher median home prices, and greater walkability, and is considered superior to the Subject's location. The neighborhoods surrounding Dundale Square and Sherwood Forest Apartments generally exhibit higher area vacancy and less walkability, and are generally considered inferior to the Subject's neighborhood. On balance, we believe the neighborhoods surrounding Lakewood Garden Apartments, Promenade Pointe, and Stonebridge Manor are similar to the Subject's location.

Age, Condition, and Design

The Subject was constructed and placed in service in 1974, and is in average condition. Based on the client-provided scope of work, we believe the Subject will be in good condition post-renovation.

St. Paul's Apartments, The Pointe at Pickett Farms, and Promenade Pointe were built between 2014 and 2019, exhibiting excellent condition, superior to the Subject "as is" and slightly superior to the Subject "as renovated." Victory Square Apartments was built in 2005 and exhibits good condition, slightly superior to the Subject "as is" and similar to the Subject "as renovated." The remaining comparables were built or last

renovated between the 1979 and 2010, exhibiting average condition, similar to the Subject “as is” and slightly inferior to the Subject “as renovated.”

The LIHTC properties range in size from 112 to 220 units, while the market rate developments range from 92 to 183 units. The Subject falls within the range of development size for LIHTC comparables and slightly below market rate properties. However, there is no distinct correlation between property size and rental rates.

Unit Size

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

UNIT SIZE COMPARISON

Bedroom Type	1BR
Subject	554 – 628
Average	685
Min	442
Max	899
Advantage/Disadvantage	-19.13% : -8.33%

UNIT SIZE COMPARISON - SENIOR PROPERTIES

Bedroom Type	1BR
Subject	554 – 628
Average	582
Min	442
Max	675
Advantage/Disadvantage	-4.85% : 7.86%

The Subject offers one-bedroom units. As the unit size tables above indicate, the Subject’s unit sizes are within the ranges, but below the surveyed average of the comparables when compared to all of the comparables utilized. The Subject’s one-bedroom units are at a slight disadvantage, as they range from 6.1 to 17.2 percent smaller than the LIHTC comparables. However, smaller unit sizes at the comparable properties do not appear to exhibit any performance issues and/or be at any significant disadvantage and, therefore, the Subject’s units are considered competitive in the market. Regardless, the Subject’s unit sizes have still been considered in our market rent determinations.

LAKEWOOD PLAZA APARTMENTS – NORFOLK, VIRGINIA RICHMOND, VIRGINIA– MARKET STUDY

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the market.		
	Units Surveyed:	1,432
	Market Rate	854
	Tax Credit	578
One Bedroom One Bath		
RENT	Property	Average
	Promenade Pointe (Market)	\$1,515
	Promenade Pointe (Market)	\$1,475
	Promenade Pointe (Market)	\$1,420
	Lakewood Plaza- As Proposed (@60%)	\$1,395
	Lakewood Plaza- As Proposed (@60%)	\$1,395
	Lakewood Plaza- As Proposed (@60%)	\$1,395
	Lakewood Plaza- As Proposed (@60%)	\$1,395
	Lakewood Garden Apartments (Market)	\$933
	Victory Square Apartments (@60%)	\$919
	St. Paul's Apartments (@60%)	\$915
	The Pointe At Pickett Farms (@60%)	\$903
	Sherwood Forest Apartments (Market)	\$895
	Lakewood Plaza- As Proposed (@60%)	\$891
	John Knox Towers (Market)	\$890
	Dundale Square (Market)	\$889
	Stonebridge Manor (Market)	\$843
	John Knox Towers (Market)	\$825
	Riverpoint Apartments (@60%)	\$780
	St. Paul's Apartments (@50%)	\$768
	St. Paul's Apartments (@40%)	\$751
SQUARE FOOTAGE		
	Promenade Pointe (Market)	899
	Promenade Pointe (Market)	801
	Sherwood Forest Apartments (Market)	800
	Promenade Pointe (Market)	775
	Lakewood Garden Apartments (Market)	736
	The Pointe At Pickett Farms (@60%)	720
	Riverpoint Apartments (@60%)	700
	Victory Square Apartments (@60%)	675
	Stonebridge Manor (Market)	650
	St. Paul's Apartments (@50%)	640
	St. Paul's Apartments (@60%)	640
	St. Paul's Apartments (@40%)	640
	Lakewood Plaza- As Proposed (@60%)	628
	Lakewood Plaza- As Proposed (@60%)	620
	Dundale Square (Market)	596
	Lakewood Plaza- As Proposed (@60%)	585
	John Knox Towers (Market)	562
	Lakewood Plaza- As Proposed (@60%)	554
	Lakewood Plaza- As Proposed (@60%)	554
	Lakewood Plaza- As Proposed (Non-Rental)	554
	John Knox Towers (Market)	442
RENT PER SQUARE FOOT		
	Lakewood Plaza- As Proposed (@60%)	\$2.52
	Lakewood Plaza- As Proposed (@60%)	\$2.38
	Lakewood Plaza- As Proposed (@60%)	\$2.25
	Lakewood Plaza- As Proposed (@60%)	\$2.22
	John Knox Towers (Market)	\$1.87
	Promenade Pointe (Market)	\$1.84
	Promenade Pointe (Market)	\$1.83
	Promenade Pointe (Market)	\$1.69
	Lakewood Plaza- As Proposed (@60%)	\$1.61
	John Knox Towers (Market)	\$1.58
	Dundale Square (Market)	\$1.49
	St. Paul's Apartments (@60%)	\$1.43
	Victory Square Apartments (@60%)	\$1.36
	Stonebridge Manor (Market)	\$1.30
	Lakewood Garden Apartments (Market)	\$1.27
	The Pointe At Pickett Farms (@60%)	\$1.25
	St. Paul's Apartments (@50%)	\$1.20
	St. Paul's Apartments (@40%)	\$1.17
	Sherwood Forest Apartments (Market)	\$1.12
	Riverpoint Apartments (@60%)	\$1.11

In-Unit Amenities

Subject	Riverpoint Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor	
Rent Structure	LIHTC/ Section 8	LIHTC	LIHTC/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market	
Tenancy	Senior	Family	Family	Family	Senior	Family	Senior	Family	Family	Senior	
Accessibility											
Hand Rails	yes	no	no	no	yes	no	yes	no	no	no	yes
Pull Cords	no	no	no	no	yes	no	yes	no	no	no	no
Unit Amenities											
Balcony/Patio	yes	no	yes	yes	no	no	no	no	yes	no	yes
Blinds	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite	no	yes	no	no	no	no	no	no	no	no	no
Carpeting	yes	no	yes	yes	yes	yes	yes	no	no	yes	yes
Hardwood	no	yes	no	no	no	no	no	no	yes	no	no
Central A/C	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Ceiling Fan	no	no	no	no	no	no	yes	no	no	yes	no
Coat Closet	no	no	yes	no	yes	no	no	no	yes	yes	no
Exterior Storage	no	no	no	no	no	yes	no	no	yes	no	no
Vaulted Ceilings	no	no	no	no	no	no	no	no	yes	no	no
Walk-In Closet	no	yes	no	no	yes	yes	no	no	yes	no	no
Washer/Dryer	no	no	no	yes	no	no	no	no	yes	yes	no
W/D Hookup	no	no	yes	yes	no	no	no	yes	yes	no	no
Kitchen											
Dishwasher	no	yes	yes	yes	yes	no	no	no	no	no	no
Disposal	no	yes	yes	yes	yes	no	no	no	no	yes	yes
Microwave	no	no	yes	yes	no	no	no	no	yes	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

The Subject’s units currently offer a patio, blinds, and central heating and air conditioning. Appliances include a refrigerator, and oven/range. There are no additional in-unit amenities proposed with the renovations. Regarding in-unit amenities, the Subject is considered slightly inferior to the majority of LIHTC comparables, and similar or inferior to the market rate comparables. Nonetheless, when considering the Subject’s targeted senior tenancy, we believe that the unit amenities are currently competitive and will remain so post-renovation.

Property Amenities

Subject	Riverpoint Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor
Rent Structure	LIHTC/ Section 8	LIHTC	LIHTC/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Family	Family	Senior	Family	Senior	Family	Family	Senior
Community										
Business Center	no	no	yes	no	no	no	no	yes	no	yes
Community Room	yes	no	yes	yes	yes	no	yes	no	yes	yes
Central Laundry	yes	yes	yes	no	yes	yes	yes	no	no	yes
On-Site Mgmt	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Recreation										
Exercise Facility	no	no	yes	yes	yes	no	no	yes	no	no
Playground	no	yes	yes	yes	no	yes	no	no	no	no
Swimming Pool	no	no	yes	yes	no	no	no	yes	no	no
Picnic Area	yes	no	yes	no	no	no	yes	no	yes	no
Recreational Area	no	no	yes	no	no	no	no	yes	no	no
WiFi	no	no	no	no	no	no	no	yes	no	no
Adult Education	no	no	no	no	no	no	yes	no	no	no
Service Coordination	no	no	no	no	no	no	no	no	no	yes
Senior Services										
Hairdresser/Barber	no	no	no	no	no	no	yes	no	no	no

The Subject features a central laundry facility, clubhouse/meeting room, picnic area, on-site management, and off-street parking. There are no additional common area amenities proposed with the renovations. Regarding community amenities, the Subject is considered similar to slightly inferior to the LIHTC comparables, and similar to the market rate comparables. Nonetheless, when considering the Subject’s targeted senior tenancy, we believe that the common area amenities are currently competitive and will remain so post-renovation.

Security Features

Subject	Riverpoint Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor
Rent Structure	LIHTC/ Section 8	LIHTC	LIHTC/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Family	Family	Senior	Family	Senior	Family	Family	Senior
Crime Risk Index	206	254	223	377	279	179	238	217	217	257
Security										
Intercom (Buzzer)	yes	no	yes	no	yes	no	yes	no	yes	yes
Intercom (Phone)	no	no	no	yes	no	no	no	no	no	no
Limited Access	yes	no	yes	yes	yes	no	yes	no	yes	yes
Perimeter Fencing	no	no	yes	yes	yes	yes	no	no	no	no
Video Surveillance	no	no	yes	no	yes	no	yes	no	no	no

The Subject offers intercom and limited access as a security feature. Of the comparables, eight offer at least one type of security feature, such as intercom system, limited access, video surveillance, perimeter fencing or in-unit alarm. Based on the strong historical performance, we believe the security features the Subject offers are market-oriented and competitive.

Utility Structure

Subject	Riverpoint Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor
Rent Structure	LIHTC/ Section 8	LIHTC	LIHTC/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Family	Family	Senior	Family	Senior	Family	Family	Senior
Utility Structure										
Cooking	yes	no	no	no	no	no	yes	no	no	no
Water Heat	yes	no	no	no	no	no	yes	no	no	no
Heat	yes	no	no	no	no	no	yes	no	yes	no
Other Electric	yes	no	no	no	no	no	yes	no	no	no
Water	yes	yes	no	no	no	no	yes	no	no	yes
Sewer	yes	yes	no	no	no	no	yes	no	no	yes
Trash	yes	yes	yes	yes	yes	yes	yes	no	yes	yes

The landlord is responsible for all utility expenses. There are no proposed changes to the utility structure post-renovation. The utility structure varies among the comparable properties; we have adjusted the comparables rents in accordance with the utility schedule obtained from the Norfolk Redevelopment and Housing Authority, effective September 1, 2019.

Parking

Subject	Riverpoint Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor
Rent Structure	LIHTC/ Section 8	LIHTC	LIHTC/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Family	Family	Senior	Family	Senior	Family	Family	Senior
Walk Score	61	17	74	23	75	40	78	61	52	39
Parking Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Parking										
Carport	no	no	no	no	no	no	no	yes	no	no
Carport Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$0	\$0
Off-Street Parking	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

The Subject features off-street surface parking to its tenants at no additional fee. There are approximately 100 parking spaces, which equates to a parking ratio of approximately 0.5 spaces per unit. All of the comparable properties offer free off-street parking, similar to the Subject. One comparable offers carport parking for an additional fee of \$25 per month. The Subject will be considered slightly inferior to the comparable that offers covered parking for an additional fee. Overall, the Subject will be similar to the majority of comparables in terms of parking.

MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

Turnover

The following table details turnover rates at comparable properties.

TURNOVER			
Property Name	Rent Structure	Tenancy	Annual Turnover
Riverpoint Apartments	LIHTC	Family	16%
St. Paul's Apartments	LIHTC/ Market	Family	N/A
The Pointe At Pickett Farms	LIHTC	Family	10%
Victory Square Apartments*	LIHTC	Senior	11%
Dundale Square	Market	Family	35%
John Knox Towers	Market	Senior	12%
Lakewood Garden Apartments	Market	Family	13%
Promenade Pointe	Market	Family	N/A
Sherwood Forest Apartments	Market	Family	20%
Stonebridge Manor	Market	Senior	7%
Average Turnover			16%

*Located outside of the PMA

Turnover rates in the market range from seven to 35 percent, with an average of 16 percent. The LIHTC properties averaged 12 percent turnover, while the market rate properties averaged 17 percent turnover annually. The property manager of the Subject reported the turnover rate is low but could not provide an exact figure. Overall, we expect that the Subject will continue to experience a turnover rate of 15 percent or less.

Vacancy Levels

The following table illustrates vacancy levels at comparable properties.

OVERALL VACANCY					
Property Name	Rent Structure	Tenancy	Total Units	Vacant Units	Vacancy Rate
Riverpoint Apartments	LIHTC	Family	220	0	0.0%
St. Paul's Apartments	LIHTC/ Market	Family	126	1	0.8%
The Pointe At Pickett Farms	LIHTC	Family	120	0	0.0%
Victory Square Apartments*	LIHTC	Senior	112	1	0.9%
Dundale Square	Market	Family	100	4	4.0%
John Knox Towers	Market	Senior	150	2	1.3%
Lakewood Garden Apartments	Market	Family	92	2	2.2%
Promenade Pointe	Market	Family	183	9	4.9%
Sherwood Forest Apartments	Market	Family	173	19	11.0%
Stonebridge Manor	Market	Senior	156	3	1.9%
Total LIHTC			578	2	0.3%
Total Market Rate			854	39	4.6%
Overall Total			1,432	41	2.9%

*Located outside of the PMA

Physical vacancy rates among the comparables range from zero to 11.0 percent. Vacancy rates among the LIHTC properties range from zero to 0.9 percent, with an average of 0.3 percent. Vacancy rates among the market rate properties range from zero to 11.0 percent, with an average of 4.6 percent. It should be noted

that Sherwood Forest Apartments reported the highest vacancy rate 11.0 percent. The contact at Sherwood Forest Apartments reported that the high vacancy is due to a limited number of two-bedroom renters in Norfolk.

According to the property manager, vacancy was reported below five percent for the last three years. Additionally, the Subject maintains a waiting list. Based upon the Subject’s current/historical data, waiting list, and the comparable data, we believe the Subject will operate with a physical vacancy of five percent or less.

Concessions

None of the comparable are currently offering concessions. We do not anticipate that the Subject will need to offer concessions to maintain a stabilized occupancy rate.

Waiting Lists

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

WAITING LIST			
Property Name	Rent Structure	Tenancy	Waiting List Length
Riverpoint Apartments	LIHTC	Family	None
St. Paul's Apartments	LIHTC/ Market	Family	300 households
The Pointe At Pickett Farms	LIHTC	Family	Yes, two to six months
Victory Square Apartments*	LIHTC	Senior	None
Dundale Square	Market	Family	None
John Knox Towers	Market	Senior	None
Lakewood Garden Apartments	Market	Family	None
Promenade Pointe	Market	Family	None
Sherwood Forest Apartments	Market	Family	None
Stonebridge Manor	Market	Senior	None

*Located outside of the PMA

Overall, two affordable properties maintain waiting list, indicating unmet demand in the Subject’s market. The Subject currently maintains a short waiting list. We believe the Subject will be able to continue to maintain a waiting list post-renovation.

Absorption

We were able to obtain absorption information for four properties located within 50 miles of the Subject, which is detailed following.

ABSORPTION					
Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
October Station	LIHTC	Family	2018	48	24
Meridian Obici	Market	Family	2016	224	14
Woodlands Apartments At Phoebus	LIHTC	Senior	2015	132	20
Commonwealth At York	Market	Family	2015	384	34

October Station leased-up at a rate of 24 units per month, Meridian Obici leased up at a rate of 13.5 units per month, Woodland Apartments at Phoebus leased up at a rate of 20 units per month and Commonwealth at York leased up at a rate of 34 units per month, with an average of 23 units per month. Renovations at the Subject are proposed to occur with minimal disruption to tenants and many tenants will continue to pay 30 percent of their income towards rent; therefore, we do not believe that there will be a need for any significant reabsorption of units since the tenant will not experience rental increases. Based on the performance of

recently-opened properties in the Subject’s market, we have estimated that the Subject would absorb approximately 15 to 20 units per month, if hypothetically vacant, for an absorption period of approximately ten to 13 months.

Rental Rate Increases

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

RENT GROWTH			
Property Name	Rent Structure	Tenancy	Rent Growth
Riverpoint Apartments	LIHTC	Family	3 percent
St. Paul's Apartments	LIHTC/ Market	Family	Kept at max
The Pointe At Pickett Farms	LIHTC	Family	Kept at Max
Victory Square Apartments*	LIHTC	Senior	None
Dundale Square	Market	Family	Increased two to four percent
John Knox Towers	Market	Senior	Increased 1.5 percent
Lakewood Garden Apartments	Market	Family	3 percent increase
Promenade Pointe	Market	Family	Changes daily
Sherwood Forest Apartments	Market	Family	None
Stonebridge Manor	Market	Senior	2 percent increase

*Located outside of the PMA

Three of the LIHTC developments reported rents at the maximum allowable levels, one reported a rental increase of three percent, and two reported stable rents. Four of the market rate comparables reported rental increases ranging from 1.5 to four percent. For the Subject’s LIHTC only units, we believe the Subject could achieve small annual rent increases within the constraints of the LIHTC program.

REASONABILITY 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	2019 LIHTC Maximum Allowable Gross Rent	2019 HUD Fair Market Rents
@60%							
1BR / 1BA	554	9	\$891	\$0	\$891	\$893	\$925
@60% (Section 8)							
1BR / 1BA	554	39	\$1,395	\$0	\$1,395	\$893	\$925
1BR / 1BA	585	50	\$1,395	\$0	\$1,395	\$893	\$925
1BR / 1BA	620	50	\$1,395	\$0	\$1,395	\$893	\$925
1BR / 1BA	628	50	\$1,395	\$0	\$1,395	\$893	\$925
Non-Rental							
1BR / 1BA	554	2	\$0	\$0	\$0	\$0	\$925
		200					

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

Comparable LIHTC Rents

The Subject consists of a 200-unit Section 8/Section 236 development with one-bedroom units restricted to senior households. Currently, 198 of the Subject’s units benefit from project-based subsidies; thus, tenants pay 30 percent of their income towards rents. There are two, non-revenue administrative units. As proposed, all revenue generating units at the Subject will be restricted to senior households earning 60 percent of the area median income (AMI) or less. Further, 189 of the subsidies will remain in place post-renovation. The following table illustrates the Subject’s proposed LIHTC rents compared to the LIHTC rents of the comparable properties surveyed. The rents have been adjusted for variances in utilities.

60% AMI Level

LIHTC RENT COMPARISON @60%

Property Name	County	Tenancy	1BR	Rents at Max?
Lakewood Plaza- As Proposed	Norfolk	Senior	\$891	No
LIHTC Maximum Rent (Net)	Norfolk city		\$893	
LIHTC Maximum Rent (Net) (Portsmouth city County)	Portsmouth city		\$893	
Riverpoint Apartments	Norfolk	Family	\$780	No
St. Paul's Apartments	Norfolk	Family	\$915	Yes
The Pointe At Pickett Farms	Norfolk	Family	\$903	Yes
Victory Square Apartments	Portsmouth	Senior	\$919	Yes
Average			\$879	
Achievable LIHTC Rent			\$893	Yes

Three of the four comparables reported rents at the maximum allowable level at the 60 percent of AMI. It should be noted that these comparables appear to have rents below or above the maximum allowable level, which could be due to a project-specific utility allowance. The Subject will continue to benefit from project-based subsidies on 189 of the 198 revenue-generating units; thus, tenants pay 30 percent of their income towards rent. Nine of the Subject units will be not be subsidized and restricted to senior households earning 60 percent of the AMI or less.

The Subject will be most similar to Victory Square Apartments.

- Victory Square Apartments is a 112-unit senior LIHTC development, located 4.7 miles southwest of the Subject. Victory Square Apartments was constructed in 2005, exhibiting good condition, slightly superior to the Subject as is and similar to the Subject as renovated. This property is contained in an elevator-serviced four-story building, which is considered generally similar to the Subject’s elevator-serviced highrise. This property offers a slightly inferior location in terms of median household income and median home value, similar in-unit amenities and property amenities, and generally similar unit sizes. Further, this property is 99.1 percent occupied and reported rents at the maximum allowable levels, indicating rents have been well-accepted at this comparable.

Overall, based upon our analysis of the market and with particular respect to the most comparable properties and the currently achieved rents, we believe the Subject’s hypothetical 60 percent AMI LIHTC rents of **\$893** at the maximum allowable rent for the Subject’s one-bedroom units are achievable. Our estimates are below what the majority of the comparables are achieving but are at the maximum allowable level.

Achievable Market Rents

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

SUBJECT COMPARISON TO MARKET RENTS

Unit Type	Rent Level	Subject Achievable LIHTC Rent	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent	Subject Proposed Rent Advantage Over AMR
1BR / 1BA	@60%	\$893	\$825	\$1,515	\$1,076	\$1,000	11%
1BR / 1BA	@60% (Section 8)	\$893	\$825	\$1,515	\$1,076	\$1,000	11%
1BR / 1BA	@60% (Section 8)	\$893	\$825	\$1,515	\$1,076	\$1,000	11%
1BR / 1BA	@60% (Section 8)	\$893	\$825	\$1,515	\$1,076	\$1,000	11%
1BR / 1BA	@60% (Section 8)	\$893	\$825	\$1,515	\$1,076	\$1,000	11%
1BR / 1BA	Non-Rental	-	\$825	\$1,515	\$1,076	\$1,000	0%

The comparable market properties will be considered slightly inferior to the proposed Subject in terms of condition, upon renovation. The location of the Subject is considered inferior to superior to the market rate comparable properties. The Subject will offer generally inferior in-unit amenities and similar community amenities package in comparison to the market rate comparable properties. The Subject will offer competitive security features. The Subject’s unit sizes will be smaller than the average unit size, but within the range of the comparable unit sizes. Overall, the Subject will be most similar to the John Knox Towers.

John Knox Towers is a 150-unit market rate senior development, located 2.6 miles southeast of the Subject. This comparable offers one and two-bedroom units contained in an elevator-serviced highrise, similar the Subject as the Subject. Regarding condition, this property was constructed in 1975, exhibiting average condition, slightly inferior to the Subject. It is 98.7 percent occupied, indicating rents have been well-accepted. This property offers generally similar one-bedroom units when compared to the Subject, similar in-unit amenities and property amenities and superior location. Overall, relative to the Subject, the John Knox will be slightly inferior, and, therefore, we believe the Subject could achieve market rents slightly above this comparable, as an unrestricted property.

The following tables compare the Subject’s rents (Novoco achievable LIHTC rents) with the rents achieved at the John Knox Towers.

SUBJECT COMPARISON TO JOHN KNOX TOWERS

Unit Type	Rent Level	Subject Achievable Market Rent	Square Feet	Subject RPSF	John Knox Towers Rent	Square Feet	John Knox Towers RPSF	Subject Rent Advantage
1BR / 1BA	@60%	\$1,000	554	\$1.81	\$890	562	\$1.58	-12.4%
1BR / 1BA	@60% (Section 8)	\$1,000	554	\$1.81	\$890	562	\$1.58	-12.4%
1BR / 1BA	@60% (Section 8)	\$1,000	585	\$1.71	\$890	562	\$1.58	-12.4%
1BR / 1BA	@60% (Section 8)	\$1,000	620	\$1.61	\$890	562	\$1.58	-12.4%
1BR / 1BA	@60% (Section 8)	\$1,000	628	\$1.59	\$890	562	\$1.58	-12.4%
1BR / 1BA	Non-Rental	-	554	-	\$890	562	\$1.58	-

As illustrated previously, rents achieved at John Knox Towers are approximately 12.4 percent below our concluded Novoco achievable market rents. Given the Subject will be newly renovated and in good condition, slightly superior to the current condition of John Knox Towers, we believe this is reasonable.

The average market rate vacancy rate is 4.6 percent, which indicates a stable market. We have placed the Subject’s achievable market rents below the surveyed average rent in the market for the one -bedroom units. The Subject’s achievable market rate rent per square foot is similar to those of the market rate comparable properties. The Subject’s achievable LIHTC rents represent advantages of six percent over the achievable market rents for the Subject’s units. The following table displays the concluded achievable market rents at the Subject relative to the comparables.

MARKET RENT COMPARISON	
Property Name	1BR
Subject Pro Forma	\$1,248
St. Paul's Apartments	-
Dundale Square	\$889
	\$825
John Knox Towers	\$890
	-
Lakewood Garden Apartments	\$933
	\$1,475
Promenade Pointe	\$1,515
	\$1,420
	-
Sherwood Forest Apartments	\$895
Stonebridge Manor	\$843
Average	\$1,076
Achievable Market Rent	\$1,000
Achievable Market Rent RPSF	\$1.59 - \$1.71

As illustrated previously, we believe the Subject would be able to achieve market rents of **\$1,000**, which is generally similar to the average among the market rate comparables.

Summary Evaluation

The Subject will be well-positioned in the market. As a newly-renovated property, the Subject will be in generally similar to slightly superior condition to most of the comparable properties. Vacancy rates among the LIHTC properties range from zero to 0.9 percent, with an average of 0.3 percent. Vacancy rates among the market rate properties range from 1.3 to 11.0 percent, with an average of 4.6 percent. Vacancy/collection loss at the Subject is expected to be no more than five percent over the long term. Nonetheless, we believe the proposed rent levels are achievable as the population and number of households is expected to experience growth over the next five years. The Subject will continue to be well-accepted in the market as an affordable property.

Impact on Existing Housing Stock

All the data combined with interviews of real estate professionals demonstrate a continuing need for affordable housing over the foreseeable term. The comparables surveyed include a total of 1,432 units at ten properties. The affordable properties in the area reported occupancy rates of 99.7 percent or higher, with two of the four properties reporting no vacancies. Two of the LIHTC comparables reported maintaining waiting lists on their LIHTC units. Finally, the strong occupancy rates at the majority of the market rate projects in the PMA are evidence of a stable rental market and strong demand.

Our demand calculations illustrate a need for affordable housing in the area when we consider the Subject's achievable LIHTC rents. The existing and planned apartment developments will not hinder each other's ability to maintain high occupancy. Additionally, the renovation of the property through the LIHTC program will have a positive impact on the surrounding neighborhood, and will not adversely affect the existing housing located in the PMA.

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 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 is located in Norfolk, Virginia. The city of Norfolk is located in the southeast portion of Virginia, located approximately 25 miles north of the Virginia-North Carolina state border, and covers 96 square miles. Norfolk is an independent city in Virginia, and is part of the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area, which is comprised of Gloucester County, James City County, Matthews County, York County, Currituck County, Gates County, and Isle of Wight County, as well as the independent cities of Williamsburg, Chesapeake, Hampton, Norfolk, Poquoson, Suffolk and Virginia Beach. We have utilized the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA) as the Secondary Market Area (SMA) in our analysis. The boundaries of the PMA are defined as Interstate 64 to the north and east, Interstate 264 and Indian River to the south, and Elizabeth River to the west. This area encompasses

approximately 30 square miles, which encompasses a large portion of the city. The PMA was determined based on input from area property managers, including the manager at the Subject property.

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 Consulting LLP 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:	City of Norfolk, VA
AMI for four person household:	\$79,300
Tenancy (Family vs Senior):	Senior
Affordability percentage:	40 percent
Leakage:	20 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 the eight of the Subject’s units will operate with Project-Based Vouchers (PBV).*

62+ INCOME LIMITS

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@60%		@60% (Section 8)	
1BR	\$26,730	\$38,100	\$0	\$38,100

62+ INCOME LIMITS - ABSENT SUBSIDY

Unit Type	Minimum Allowable Income	Maximum Allowable Income
	@60%	
1BR	\$26,730	\$38,100

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					
	2019		2024		Annual Change 2019 to 2024	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,980	17.7%	4,799	17.1%	-36	-0.7%
\$10,000-19,999	4,753	16.9%	4,521	16.1%	-46	-1.0%
\$20,000-29,999	3,680	13.1%	3,609	12.8%	-14	-0.4%
\$30,000-39,999	3,302	11.7%	3,075	10.9%	-45	-1.4%
\$40,000-49,999	2,381	8.5%	2,356	8.4%	-5	-0.2%
\$50,000-59,999	2,042	7.3%	2,103	7.5%	12	0.6%
\$60,000-74,999	2,185	7.8%	2,336	8.3%	30	1.4%
\$75,000-99,999	1,969	7.0%	2,076	7.4%	21	1.1%
\$100,000-124,999	1,007	3.6%	1,113	4.0%	21	2.1%
\$125,000-149,999	795	2.8%	949	3.4%	31	3.9%
\$150,000-199,999	535	1.9%	624	2.2%	18	3.3%
\$200,000+	479	1.7%	578	2.1%	20	4.1%
Total	28,108	100.0%	28,139	100.0%		

Source: HISTA Data / Ribbon Demographics 2019, Novogradac Consulting LLP, March 2020

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.

62+ INCOME DISTRIBUTION 2019

Income Cohort	Total Renter Households	@60%			@60% (Section 8)			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	1,059				9,999	100.0%	1,059	9,999	100.0%	1,059
\$10,000-19,999	1,193				9,999	100.0%	1,193	9,999	100.0%	1,193
\$20,000-29,999	525	3,268	32.7%	172	9,999	100.0%	525	9,999	100.0%	525
\$30,000-39,999	533	8,101	81.0%	432	8,101	81.0%	432	8,101	81.0%	432
\$40,000-49,999	305									
\$50,000-59,999	260									
\$60,000-74,999	346									
\$75,000-99,999	276									
\$100,000-124,999	181									
\$125,000-149,999	171									
\$150,000-199,999	89									
\$200,000+	136									
Total	5,074		11.9%	603		63.2%	3,209		63.2%	3,209

62+ INCOME DISTRIBUTION 2019 - ABSENT SUBSIDY

Income Cohort	Total Renter Households	@60%			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-9,999	1,059						
\$10,000-19,999	1,193						
\$20,000-29,999	525	3,268	32.7%	172	3,268	32.7%	172
\$30,000-39,999	533	8,101	81.0%	432	8,101	81.0%	432
\$40,000-49,999	305						
\$50,000-59,999	260						
\$60,000-74,999	346						
\$75,000-99,999	276						
\$100,000-124,999	181						
\$125,000-149,999	171						
\$150,000-199,999	89						
\$200,000+	136						
Total	5,074		11.9%	603		11.9%	603

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		
1 BR	90%	Of one-person households in 1BR units
	20%	Of two-person households in 1BR 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.

60% AMI Demand - As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	68.7%	3,485
2 persons	16.7%	845
3 persons	7.1%	361
4 persons	4.1%	208
5+ persons	3.4%	175
Total	100.0%	5,074

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,485	x 11.9%	414
2 persons	845	x 11.9%	100
3 persons	361	x 11.9%	43
4 persons	208	x 11.9%	25
5+ persons	175	x 11.9%	21
Total	5,074		603

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	393
Total	393

Capture Rate Analysis - @60%

	Developer's Unit Mix	Capture Rate
1BR	9	2.29%
Total/Overall	9	2.29%
<i>Adjusted for Leakage from Outside of the PMA</i>		20%
1BR	9	1.83%
Total/Overall	9	1.83%

60% AMI Demand (Section 8) - As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	68.7%	3,485
2 persons	16.7%	845
3 persons	7.1%	361
4 persons	4.1%	208
5+ persons	3.4%	175
Total	100.0%	5,074

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,485	x	63.2%	2,204
2 persons	845	x	63.2%	534
3 persons	361	x	63.2%	228
4 persons	208	x	63.2%	132
5+ persons	175	x	63.2%	111
Total	5,074			3,209

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,090
Total	2,090

Capture Rate Analysis - @60% (Section 8)

	Developer's Unit Mix	Capture Rate
1BR	189	9.04%
Total/Overall	189	9.04%
<i>Adjusted for Leakage from Outside of the PMA</i>		
1BR	189	7.23%
Total/Overall	189	7.23%

20%

All Unit Demand - As Proposed

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	68.7%	3,485
2 persons	16.7%	845
3 persons	7.1%	361
4 persons	4.1%	208
5+ persons	3.4%	175
Total	100.0%	5,074

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,485	x 63.2%	2,204
2 persons	845	x 63.2%	534
3 persons	361	x 63.2%	228
4 persons	208	x 63.2%	132
5+ persons	175	x 63.2%	111
Total	5,074		3,209

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	2,090
Total	2,090

Capture Rate Analysis - All Units As Proposed

	Developer's Unit Mix	Capture Rate
1BR	198	9.47%
Total/Overall	198	9.47%
<i>Adjusted for Leakage from Outside of the PMA</i>		20%
1BR	198	7.58%
Total/Overall	198	7.58%

60% AMI Demand – Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2019

	Renter Household Size Distribution	Total Number of Renter Households
1 person	68.7%	3,485
2 persons	16.7%	845
3 persons	7.1%	361
4 persons	4.1%	208
5+ persons	3.4%	175
Total	100.0%	5,074

Income-Qualified Renter Demand

	Total Number of Renter Households	% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,485	x 11.9%	414
2 persons	845	x 11.9%	100
3 persons	361	x 11.9%	43
4 persons	208	x 11.9%	25
5+ persons	175	x 11.9%	21
Total	5,074		603

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
1BR	393
Total	393

Capture Rate Analysis - @60% Absent Subsidy

	Developer's Unit Mix	Capture Rate
1BR	198	50.37%
Total/Overall	198	50.37%

Adjusted for Leakage from Outside of the PMA

20%

1BR	198	40.30%
Total/Overall	198	40.30%

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 2019 to 2024. Since the newly derived population will all be eligible, they are included directly into the annual demand estimate.

Additions to Supply

We accessed the Virginia Housing Development Authority’s published recipient list for 2015 to present. There were four recently allocated LIHTC development in the Subject’s PMA, which is illustrated in the following table:

RECENT LIHTC ALLOCATIONS IN PMA

Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Units
Market Heights Apartments	2019	LIHTC	Disabled	80	0
PABP Apartments	2019	LIHTC	Family	70	0
Church Street Station Studios	2016	LIHTC	Family	80	0
St. Paul's Apartments	2016	LIHTC	Family	126	0
				356	0

Source: Virginia Housing Development Authority, February 2020

As illustrated previously, four properties have been allocated tax credits within the Subject’s PMA. None of the properties will compete with the Subject as proposed.

We left messages with the City of Norfolk City Planning Department to gather information on proposed, planned, under construction, or recently completed multifamily developments within the Subject’s PMA. As of the date of the report, we were unable to speak with someone at the department. A review of online information through the department’s website does not list any multifamily developments currently proposed or under construction. An additional search of applications and permits revealed the following:

- At 5827 Curlew Drive, located 7.5 miles southeast from the Subject in Norfolk, a developer proposes to construct a 236-unit mixed-income development consisting of one, two, and three-bedroom units. As of the date of the report, we are unaware of development status. This property is slightly outside of the PMA boundary and will not directly compete with the Subject as it offers a different tenancy and rent structure.

Additionally, we researched CoStar’s New Construction list and found two developments currently under construction in the PMA.

- The Retreat at Harbor Pointe, located 4.4 miles south from the Subject in Norfolk, is currently under construction with completion expected in Summer 2020. The property will offer two and three-bedroom market rate units. This property will not directly compete with the Subject as it offers a different tenancy and rent structure.

- North Colley Apartments, located 2.9 miles west from the Subject in Norfolk, was completed in Spring 2019 and offers two and four-bedroom units targeted towards students of Old Dominion University. As such, this property will not compete directly with the Subject.

Therefore, we have removed no proposed units that are expected to be competitive with the Subject from our *Demand Analysis*.

Annual Demand Table – As Proposed

ANNUAL DEMAND		
Calculation		PMA
Number of Renter Households in 2019		5,074
Increase in Number of Renter Households		566
Number of Renter Households in 2024		5,640
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		40.1%
Percentage of Income-Qualified Renter Households		63.2%
Number of Income-Qualified Renter Households		3,209
Percentage of Rent-Overburdened		48.6%
Existing Income-Qualified Renter Household Turnover		1,560
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		113
Percentage of Income-Qualified Renter Households		63.2%
New Rental Income Qualified Households		72
<i>Capture Rate Analysis</i>		
Number of Units in Subject		198
Occupied Units at Subject With Vacancy of:	5%	188
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		1,632
Portion Originating within PMA		80%
Total Demand (Turnover and Growth) from within PMA		2,040
Less: Existing LIHTC Projects in Absorption Process (Number of Units)	0	
Total Demand after Competition (Turnover and Growth)		2,040
Yielded Annual Capture Rate of Available Demand in 2020		9.2%

The yielded capture rate is approximately 9.2 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

ANNUAL DEMAND - ABSENT SUBSIDY		
Calculation		PMA
Number of Renter Households in 2019		5,074
Increase in Number of Renter Households		566
Number of Renter Households in 2024		5,640
<i>Existing Demand</i>		
Percentage of Total Households that are Renter		40.1%
Percentage of Income-Qualified Renter Households		11.9%
Number of Income-Qualified Renter Households		603
Percentage of Rent-Overburdened		48.6%
Existing Income-Qualified Renter Household Turnover		293
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		113
Percentage of Income-Qualified Renter Households		11.9%
New Rental Income Qualified Households		14
<i>Capture Rate Analysis</i>		
Number of Units in Subject		198
Occupied Units at Subject With Vacancy of:	5%	188
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		307
Portion Originating within PMA		80%
Total Demand (Turnover and Growth) from within PMA		383
Less: Existing LIHTC Projects in Absorption Process (Number of Units)		0
Total Demand after Competition (Turnover and Growth)		383
Yielded Annual Capture Rate of Available Demand in 2020		49.1%

The yielded capture rate is approximately 49.1 percent of available demand per annum, for the Subject’s units absent the subsidy, which is moderate.

VHDA DEMAND ANALYSIS

We have also included the required demand table from the VHDA market study guidelines. However, there are no directly competitive vacant units within the PMA that have recently been allocated tax credits or exhibit any vacancies, that are expected to compete with the Subject. The following table illustrates the total demand, the net demand, and the absorption period for the Subject property.

According to Esri Demographics, 48.6 percent of renter households are considered overburdened (defined by VHDA as paying more than 35 percent of gross income for gross rent), which equates to 1,560 income-qualified renter households in the PMA for the as proposed scenario (with subsidies). Further, 31 renter households live in substandard housing (defined by VHDA as housing that is overcrowded and/or lack of plumbing) in the as proposed scenarios (with subsidies).

According to Esri Demographics, 48.6 percent of renter households are considered overburdened (defined by VHDA as paying more than 35 percent of gross income for gross rent), which equates to 293 income-qualified renter households in the PMA for the absent subsidy scenario. Further, six renter households live in substandard housing (defined by VHDA as housing that is overcrowded and/or lack of plumbing) in the absent subsidy scenario.

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

Income Restrictions	Up to 60% (min. income to max. income) As Proposed	Up to 60% (min. income to max. income) Absent Subsidy
New Rental Households	0	0
(+)		
Existing Households- Overburdened	1,560	293
(+)		
Existing Households- Substandard Housing	30.9	5.8
(+)		
Elderly Households- Likely to Convert to Rental Housing	0	0
(+)		
Existing Qualifying Tenants- To Remain After Renovation	200	200
=		
Total Demand	1,791	499
(-)		
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	0	0
Net Demand	1,791	499
Proposed Units	200	200
Capture Rate	11.2%	40.1%
Absorption Period	10-13 months	10-13 months
Project Wide Capture Rate - LIHTC Units	1.8%	
Project Wide Capture Rate - All Units	7.6%	
Project Wide Absorption Period (Months)	10-13 months	

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

Project Wide Capture Rate - All Units	7.6%
Project Wide Absorption Period (Months)	10-13 months

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. Note that we have only considered existing one-bedroom family units at 60 percent of AMI as competitive.

PENETRATION RATE - AS PROPOSED	
Number of Proposed Competitive LIHTC Units in the PMA	0
	+
Number of Existing Competitive Senior LIHTC Units in the PMA	317
	+
Number of Proposed LIHTC Units at the Subject	198
	=
Total	515
	/
Income Eligible Households - All AMI Levels	3,209
	=
Overall Penetration Rate - Market Focus (NCHMA)	16.0%

PENETRATION RATE - ABSENT SUBSIDY	
Number of Proposed Competitive <i>LIHTC</i> Units in the PMA	0
	+
Number of Existing Competitive Senior LIHTC Units in the PMA	0
	+
Number of Proposed <i>LIHTC</i> Units at the Subject	198
	=
Total	198
	/
Income Eligible Households - All AMI Levels	603
	=
Overall Penetration Rate - Market Focus (NCHMA)	32.8%

The overall penetration rate for the market is 16.0 percent as proposed and 32.8 percent absent subsidy. The penetration rates we have presented is conservative because it does not account for leakage (i.e. tenants originating outside of the PMA).

We accessed the Virginia Housing Development Authority’s published recipient list for 2015 to present. There were four recently allocated LIHTC development in the Subject’s PMA, which is illustrated in the following table:

RECENT LIHTC ALLOCATIONS IN PMA

Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Units
Market Heights Apartments	2019	LIHTC	Disabled	80	0
PABP Apartments	2019	LIHTC	Family	70	0
Church Street Station Studios	2016	LIHTC	Family	80	0
St. Paul's Apartments	2016	LIHTC	Family	126	0
				356	0

Source: Virginia Housing Development Authority, February 2020

As illustrated previously, four properties have been allocated tax credits within the Subject’s PMA. None of the properties will compete with the Subject as proposed.

We left messages with the City of Norfolk City Planning Department to gather information on proposed, planned, under construction, or recently completed multifamily developments within the Subject’s PMA. As of the date of the report, we were unable to speak with someone at the department. A review of online

information through the department's website does not list any multifamily developments currently proposed or under construction. An additional search of applications and permits revealed the following:

- At 5827 Curlew Drive, located 7.5 miles southeast from the Subject in Norfolk, a developer proposes to construct a 236-unit mixed-income development consisting of one, two, and three-bedroom units. As of the date of the report, we are unaware of development status. This property is slightly outside of the PMA boundary and will not directly compete with the Subject as it offers a different tenancy and rent structure.

Additionally, we researched CoStar's New Construction list and found two developments currently under construction in the PMA.

- The Retreat at Harbor Pointe, located 4.4 miles south from the Subject in Norfolk, is currently under construction with completion expected in Summer 2020. The property will offer two and three-bedroom market rate units. This property will not directly compete with the Subject as it offers a different tenancy and rent structure.
- North Colley Apartments, located 2.9 miles west from the Subject in Norfolk, was completed in Spring 2019 and offers two and four-bedroom units targeted towards students of Old Dominion University. As such, this property will not compete directly with the Subject.

Therefore, we have removed no proposed units that are expected to be competitive with the Subject from our *Demand Analysis*.

Existing affordable housing projects in the PMA will not be adversely affected by the proposed renovations of the Subject property. A survey of comparable affordable LIHTC rental housing developments in the area demonstrates significant demand for quality rental units.

Affordable Properties in the PMA

Property Name	Rent Structure	Tenancy	Total Units	Competitive as Proposed	Competitive Absent Subsidy
Riverpoint Apartments*	LIHTC	Family	220	0	0
St. Paul's Apartments*	LIHTC/PBRA	Family	126	0	0
The Pointe At Pickett Farms*	LIHTC	Family	120	0	0
Parkwood Manor Apartments	LIHTC	Family	100	0	0
Arbor Pointe	LIHTC	Family	308	0	0
Archers Green	LIHTC	Family	224	0	0
Mission College I	LIHTC	Family	260	0	0
1233 Maltby Avenue	LIHTC	Family	4	0	0
1237 Maltby Avenue	LIHTC	Family	4	0	0
1244 Hanson Avenue	LIHTC	Family	4	0	0
859 Lexington Street	LIHTC	Family	2	0	0
Bowling Green II	LIHTC	Family	43	0	0
Bowling Green III	LIHTC	Family	45	0	0
Bowling Green IV	LIHTC	Family	50	0	0
Gosnold	LIHTC	Family	60	0	0
Grandy Village	LIHTC	Family	363	0	0
Lexington Park (AKA Hunters Village)	LIHTC	Family	0	0	0
Market Heights - Phase II	LIHTC	Family	84	0	0
Market Heights Apartments	LIHTC	Family	80	0	0
Marshal Manor II	LIHTC	Family	56	0	0
Marshal Manor III	LIHTC	Family	58	0	0
Marshal Manor IV	LIHTC	Family	38	0	0
Quill Farms	LIHTC	Family	180	0	0
Villa Terrace	LIHTC	Family	82	0	0
Young Terrace Phase I	LIHTC	Family	199	0	0
Annetta M. Lane Apartments	Section 8	Family	40	0	0
Bertha Street	Section 8	Family	3	0	0
Cogic High Rise Apartments	Section 8	Family	150	0	0
Colonial Hall Apts.	Section 8	Family	40	0	0
Grace Place	Section 8	Family	40	0	0
Granby House	Section 8	Family	154	0	0
Kennon Avenue	Section 8	Family	3	0	0
Lexington Park Apartments	Section 8	Family	180	0	0
Moultrie Drive	Section 8	Family	5	0	0
Park Terrace	Section 8	Family	81	0	0
So Hampton Rds Area Supportive	Section 8	Family	25	0	0
Suburban House	Section 8	Family	154	0	0
Thole Street Group Home	Section 8	Family	5	0	0
Village Pointe Apartments	Section 8	Family	59	0	0
Calvary Towers	Section 8	Senior	112	112	0
Cromwell House	Section 8	Senior	205	205	0
Total			1,570	317	0

*Utilized as a comparable in this report

For the as proposed scenario, we have determined that one-bedroom Section 8 and LIHTC units are competitive. For the absent subsidy scenario, we have determined one-bedroom units at the 60 percent of AMI are competitive, and we have excluded Section 8/subsidized units in this penetration calculation. There are 317 units that are considered competitive as proposed and zero units that are competitive absent subsidy, which were deducted our penetration rate calculations.

We were able to obtain absorption information for four properties located within 50 miles of the Subject, which is detailed following.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
October Station	LIHTC	Family	2018	48	24
Meridian Obici	Market	Family	2016	224	14
Woodlands Apartments At Phoebus	LIHTC	Senior	2015	132	20
Commonwealth At York	Market	Family	2015	384	34

October Station leased-up at a rate of 24 units per month, Meridian Obici leased up at a rate of 13.5 units per month, Woodland Apartments at Phoebus leased up at a rate of 20 units per month and Commonwealth at York leased up at a rate of 34 units per month, with an average of 23 units per month. Renovations at the Subject are proposed to occur with minimal disruption to tenants and many tenants will continue to pay 30 percent of their income towards rent; therefore, we do not believe that there will be a need for any significant reabsorption of units since the tenant will not experience rental increases. Based on the performance of recently-opened properties in the Subject’s market, we have estimated that the Subject would absorb approximately 15 to 20 units per month, if hypothetically vacant, for an absorption period of approximately ten to 13 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 proposed rents appear to be achievable and we do not believe the Subject will need to rely on voucher support or a project-based subsidy in the future.

**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

As of the effective date of this report, we were unable to reach a contact at the Norfolk Housing Development Authority. The payment standards for the Norfolk Housing Development Authority are as follows.

PAYMENT STANDARDS	
Unit Type	Standard
One-Bedroom	\$1,018

Source: Norfolk Redevelopment and Housing Authority, effective September 1, 2019

The payment standards are above the Subject’s proposed LIHTC gross rents, indicating that voucher tenants will not have to pay additional rent out of pocket.

Planning Discussion

We accessed the Virginia Housing Development Authority’s published recipient list for 2015 to present. There were four recently allocated LIHTC development in the Subject’s PMA, which is illustrated in the following table:

RECENT LIHTC ALLOCATIONS IN PMA					
Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Units
Market Heights Apartments	2019	LIHTC	Disabled	80	0
PABP Apartments	2019	LIHTC	Family	70	0
Church Street Station Studios	2016	LIHTC	Family	80	0
St. Paul's Apartments	2016	LIHTC	Family	126	0
				356	0

Source: Virginia Housing Development Authority, February 2020

As illustrated previously, four properties have been allocated tax credits within the Subject’s PMA. None of the properties will compete with the Subject as proposed.

We left messages with the City of Norfolk City Planning Department to gather information on proposed, planned, under construction, or recently completed multifamily developments within the Subject’s PMA. As of the date of the report, we were unable to speak with someone at the department. A review of online information through the department’s website does not list any multifamily developments currently proposed or under construction. An additional search of applications and permits revealed the following:

- At 5827 Curlaw Drive, located 7.5 miles southeast from the Subject in Norfolk, a developer proposes to construct a 236-unit mixed-income development consisting of one, two, and three-bedroom units. As of the date of the report, we are unaware of development status. This property is slightly outside of the PMA boundary and will not directly compete with the Subject as it offers a different tenancy and rent structure.

Additionally, we researched CoStar’s New Construction list and found two developments currently under construction in the PMA.

- The Retreat at Harbor Pointe, located 4.4 miles south from the Subject in Norfolk, is currently under construction with completion expected in Summer 2020. The property will offer two and three-

bedroom market rate units. This property will not directly compete with the Subject as it offers a different tenancy and rent structure.

- North Colley Apartments, located 2.9 miles west from the Subject in Norfolk, was completed in Spring 2019 and offers two and four-bedroom units targeted towards students of Old Dominion University. As such, this property will not compete directly with the Subject.

Therefore, we have removed no proposed units that are expected to be competitive with the Subject from our *Demand Analysis*.

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. However, if the Subject were to lose its subsidy, rents would need to be lowered within LIHTC guidelines.

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 - All Units	7.6%
Project Wide Absorption Period (Months)	10-13 months

Additionally, the overall penetration rate for the Subject is 7.6 percent . 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). Overall, the derived penetration rate for the Subject is considered reasonable.

Strengths and Weaknesses of the Subject

Strengths

- Historically, the Subject’s in-unit, community amenities, and unit sizes have been well-accepted in the market; thus, we believe they will continue to be competitive with the comparables.
- The Subject is located in a region with a low unemployment rate at 2.8 percent, which is lower than the nation’s unemployment rate at 3.4 percent. The recent employment growth and declining unemployment rate are indicators that the local economy has recovered from the national recession, and is in a period of expansion.
- The Subject is an existing Section 8/Section 236 development that has historically maintained strong occupancy and a small waiting list.
- The Subject is located in close proximity to many services, public transportation, and retailers.

Weaknesses

- We have identified no weaknesses with the proposed Subject that would impact its marketability.

Absorption Estimate

We were able to obtain absorption information for four properties located within 50 miles of the Subject, which is detailed following.

ABSORPTION

Property Name	Rent	Tenancy	Year	Total Units	Absorption (units/month)
October Station	LIHTC	Family	2018	48	24
Meridian Obici	Market	Family	2016	224	14
Woodlands Apartments At Phoebus	LIHTC	Senior	2015	132	20
Commonwealth At York	Market	Family	2015	384	34

October Station leased-up at a rate of 24 units per month, Meridian Obici leased up at a rate of 13.5 units per month, Woodland Apartments at Phoebus leased up at a rate of 20 units per month and Commonwealth at York leased up at a rate of 34 units per month, with an average of 23 units per month. Renovations at the Subject are proposed to occur with minimal disruption to tenants and many tenants will continue to pay 30 percent of their income towards rent; therefore, we do not believe that there will be a need for any significant reabsorption of units since the tenant will not experience rental increases. Based on the performance of recently-opened properties in the Subject's market, we have estimated that the Subject would absorb approximately 15 to 20 units per month, if hypothetically vacant, for an absorption period of approximately ten to 13 months.

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

L. OTHER REQUIREMENTS

1. Matt Yunker has 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.



Matt Yunker
Manager
Matt.Yunker@novoco.com

March 4, 2020
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



Subject building from entry drive



Subject building from side yard



Subject signage visible from Tidewater Drive



View looking south on Tidewater



View looking across Tidewater



View looking north on Tidewater



View west from rear of Subject property



Alternative view from rear of Subject property



Mailboxes



Subject community room



Laundry room on first floor



Management offices at Subject



Typical living area



Typical balcony



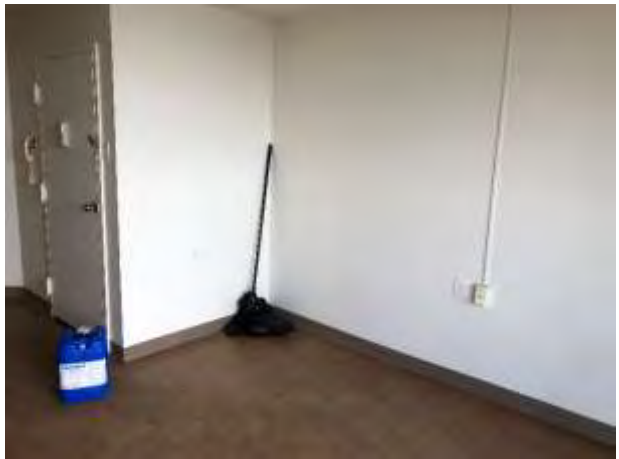
Typical bedroom



Typical bathroom



Typical kitchen



View of unit entry door



View from unit balcony in rear of property



View from unit balcony in front of property



Parking lot at Subject



Townhomes across Tidewater from Subject



Health center next to Subject



Place of Worship across Tidewater from Subject



Retail in excellent condition on Tidewater



Retail in average condition on Tidewater



Strip center in average condition on Tidewater



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood

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
Subject	Lakewood Plaza- As Proposed 5631 Tidewater Dr Norfolk, VA 23509 Norfolk County	-	Highrise 13-stories 1974 / 2021 Senior	@60%, @60% (Section 8)	1BR / 1BA	9	4.5%	554	@60%	\$891	No	No	N/A	N/A
					1BR / 1BA	39	19.5%	554	@60% (Section 8)	\$1,395	N/A	N/A	N/A	N/A
					1BR / 1BA	50	25.0%	585	@60% (Section 8)	\$1,395	N/A	N/A	N/A	N/A
					1BR / 1BA	50	25.0%	620	@60% (Section 8)	\$1,395	N/A	N/A	N/A	N/A
					1BR / 1BA	50	25.0%	628	@60% (Section 8)	\$1,395	N/A	N/A	N/A	N/A
					1BR / 1BA	2	1.0%	554	Non-Rental	\$0	N/A	N/A	N/A	N/A
					200								0.0%	
1	Riverpoint Apartments 6415 Newport Avenue Norfolk, VA 23505 Norfolk County	1.5 miles	Various 2-stories 1947 / 2009 Family	@60%	1BR / 1BA	56	25.5%	700	@60%	\$780	No	No	N/A	N/A
					2BR / 1BA	N/A	N/A	750	@60%	\$879	No	No	N/A	N/A
					2BR / 1BA	164	74.6%	775	@60%	\$899	No	No	N/A	N/A
					2BR / 1BA	N/A	N/A	800	@60%	\$924	No	No	N/A	N/A
						220								
2	St. Paul's Apartments 494 St. Paul's Boulevard Norfolk, VA 23510 County	2.9 miles	Garden 2-stories 2019 / n/a Family	@40% (Project Based Rental Assistance - PBRA), @50%, @60%, Market	1BR / 1BA	7	5.6%	640	@40% (Project Based Rental Assistance - PBRA)	\$751	N/A	Yes	0	0.0%
					1BR / 1BA	7	5.6%	640	@50%	\$768	Yes	Yes	0	0.0%
					1BR / 1BA	6	4.8%	640	@60%	\$915	Yes	Yes	0	0.0%
					2BR / 2BA	6	4.8%	946	@40% (Project Based Rental Assistance - PBRA)	\$1,088	N/A	Yes	0	0.0%
					2BR / 2BA	44	34.9%	946	@50%	\$921	Yes	Yes	0	0.0%
					2BR / 2BA	27	21.4%	946	@60%	\$1,100	Yes	Yes	0	0.0%
					2BR / 2BA	3	2.4%	946	Market	\$1,468	N/A	No	1	33.3%
					3BR / 2BA	23	18.3%	1,291	@60%	\$1,265	Yes	Yes	0	0.0%
					3BR / 2BA	3	2.4%	1,291	Market	\$1,757	N/A	No	0	0.0%
						126								
3	The Pointe At Pickett Farms 5424 Greenplain Road Norfolk, VA 23502 County	2.8 miles	Garden 3-stories 2014 / n/a Family	@60%	1BR / 1BA	N/A	N/A	720	@60%	\$903	Yes	Yes	0	N/A
					2BR / 2BA	N/A	N/A	1,035	@60%	\$1,072	Yes	Yes	0	N/A
					3BR / 2BA	N/A	N/A	1,222	@60%	\$1,242	Yes	Yes	0	N/A
						120								
4	Victory Square Apartments 900 County Street Portsmouth, VA 23704 Portsmouth County	4.7 miles	Lowrise 4-stories 2005 / n/a Senior	@60%	1BR / 1BA	98	87.5%	675	@60%	\$919	Yes	No	N/A	N/A
					2BR / 1BA	14	12.5%	880	@60%	\$1,107	Yes	No	N/A	N/A
						112								
5	Dundale Square 6600 Chesapeake Blvd Norfolk, VA 23513 Norfolk County	1.3 miles	Garden 2-stories 1975 / 2005 Family	Market	1BR / 1BA	20	20.0%	596	Market	\$889	N/A	No	1	5.0%
					2BR / 1BA	40	40.0%	750	Market	\$1,043	N/A	No	2	5.0%
					3BR / 1BA	34	34.0%	885	Market	\$1,337	N/A	No	1	2.9%
					4BR / 1.5BA	6	6.0%	1,050	Market	\$1,467	N/A	No	0	0.0%
						100								
6	John Knox Towers 1210 Colonial Avenue Norfolk, VA 23517 Norfolk County	2.6 miles	Highrise 14-stories 1975 / n/a Senior	Market	1BR / 1BA	72	48.0%	442	Market	\$825	N/A	N/A	1	1.4%
					1BR / 1BA	69	46.0%	562	Market	\$890	N/A	N/A	1	1.5%
					2BR / 1BA	9	6.0%	692	Market	\$1,040	N/A	N/A	0	0.0%
					2BR / 1BA	N/A	N/A	692	Market	\$1,060	N/A	N/A	N/A	N/A
					2BR / 1BA	N/A	N/A	692	Market	\$1,020	N/A	N/A	N/A	N/A
						150								
7	Lakewood Garden Apartments 5656 Tidewater Drive Norfolk, VA 23509 Norfolk County	0.1 miles	Garden 2-stories 1979 / n/a Family	Market	1BR / 1BA	39	42.4%	736	Market	\$933	N/A	None	1	2.6%
					2BR / 1BA	53	57.6%	912	Market	\$1,022	N/A	None	1	1.9%
						92								
8	Promenade Pointe 6115 Tidewater Drive Norfolk, VA 23509 Norfolk County	0.2 miles	Midrise 4-stories 2014 / n/a Family	Market	1BR / 1BA	82	44.8%	801	Market	\$1,475	N/A	N/A	N/A	N/A
					1BR / 1BA	N/A	N/A	899	Market	\$1,515	N/A	No	N/A	N/A
					1BR / 1BA	N/A	N/A	775	Market	\$1,420	N/A	No	N/A	N/A
					2BR / 2BA	101	55.2%	1,211	Market	\$1,786	N/A	N/A	N/A	N/A
					2BR / 2BA	N/A	N/A	1,425	Market	\$2,214	N/A	No	N/A	N/A
					2BR / 2BA	N/A	N/A	1,051	Market	\$1,579	N/A	No	N/A	N/A
					3BR / 2BA	16	8.7%	1,381	Market	\$2,163	N/A	N/A	N/A	N/A
					3BR / 2BA	N/A	N/A	1,425	Market	\$2,248	N/A	No	N/A	N/A
					3BR / 2BA	N/A	N/A	1,425	Market	\$2,248	N/A	No	N/A	N/A
					3BR / 2BA	N/A	N/A	1,335	Market	\$2,073	N/A	No	N/A	N/A
	183									9	4.9%			
9	Sherwood Forest Apartments 2805 Early St Norfolk, VA 23513 Norfolk City County	1.6 miles	Lowrise 2-stories 1965 / 2010 Family	Market	1BR / 1BA	57	33.0%	800	Market	\$895	N/A	No	N/A	N/A
					2BR / 1BA	104	60.1%	1,000	Market	\$993	N/A	No	N/A	N/A
					3BR / 2BA	12	6.9%	1,200	Market	\$1,150	N/A	No	0	0.0%
						173								
10	Stonebridge Manor 5432 Tidewater Drive Norfolk, VA 23509 Norfolk County	0.1 miles	Lowrise 3-stories 1991 / n/a Senior	Market	1BR / 1BA	126	80.8%	650	Market	\$843	N/A	No	N/A	N/A
					2BR / 1BA	30	19.2%	865	Market	\$1,017	N/A	No	N/A	N/A
						156								

RENT AND SQUARE FOOTAGE RANKING – All rents adjusted for utilities and concessions extracted from the

	Units Surveyed:	1,432
	Market Rate	854
	Tax Credit	578
One Bedroom One Bath		
	Property	Average
RENT	Promenade Pointe (Market)	\$1,515
	Promenade Pointe (Market)	\$1,475
	Promenade Pointe (Market)	\$1,420
	Lakewood Plaza- As Proposed (@60%)	\$1,395
	Lakewood Plaza- As Proposed (@60%)	\$1,395
	Lakewood Plaza- As Proposed (@60%)	\$1,395
	Lakewood Plaza- As Proposed (@60%)	\$1,395
	Lakewood Garden Apartments (Market)	\$933
	Victory Square Apartments (@60%)	\$919
	St. Paul's Apartments (@60%)	\$915
	The Pointe At Pickett Farms (@60%)	\$903
	Sherwood Forest Apartments (Market)	\$895
	Lakewood Plaza- As Proposed (@60%)	\$891
	John Knox Towers (Market)	\$890
	Dundale Square (Market)	\$889
	Stonebridge Manor (Market)	\$843
	John Knox Towers (Market)	\$825
	Riverpoint Apartments (@60%)	\$780
St. Paul's Apartments (@50%)	\$768	
St. Paul's Apartments (@40%)	\$751	
SQUARE FOOTAGE	Promenade Pointe (Market)	899
	Promenade Pointe (Market)	801
	Sherwood Forest Apartments (Market)	800
	Promenade Pointe (Market)	775
	Lakewood Garden Apartments (Market)	736
	The Pointe At Pickett Farms (@60%)	720
	Riverpoint Apartments (@60%)	700
	Victory Square Apartments (@60%)	675
	Stonebridge Manor (Market)	650
	St. Paul's Apartments (@50%)	640
	St. Paul's Apartments (@60%)	640
	St. Paul's Apartments (@40%)	640
	Lakewood Plaza- As Proposed (@60%)	628
	Lakewood Plaza- As Proposed (@60%)	620
	Dundale Square (Market)	596
	Lakewood Plaza- As Proposed (@60%)	585
	John Knox Towers (Market)	562
	Lakewood Plaza- As Proposed (@60%)	554
Lakewood Plaza- As Proposed (@60%)	554	
Lakewood Plaza- As Proposed (Non-Rental)	554	
John Knox Towers (Market)	442	
RENT PER SQUARE FOOT	Lakewood Plaza- As Proposed (@60%)	\$2.52
	Lakewood Plaza- As Proposed (@60%)	\$2.38
	Lakewood Plaza- As Proposed (@60%)	\$2.25
	Lakewood Plaza- As Proposed (@60%)	\$2.22
	John Knox Towers (Market)	\$1.87
	Promenade Pointe (Market)	\$1.84
	Promenade Pointe (Market)	\$1.83
	Promenade Pointe (Market)	\$1.69
	Lakewood Plaza- As Proposed (@60%)	\$1.61
	John Knox Towers (Market)	\$1.58
	Dundale Square (Market)	\$1.49
	St. Paul's Apartments (@60%)	\$1.43
	Victory Square Apartments (@60%)	\$1.36
	Stonebridge Manor (Market)	\$1.30
	Lakewood Garden Apartments (Market)	\$1.27
	The Pointe At Pickett Farms (@60%)	\$1.25
	St. Paul's Apartments (@50%)	\$1.20
	St. Paul's Apartments (@40%)	\$1.17
Sherwood Forest Apartments (Market)	\$1.12	
Riverpoint Apartments (@60%)	\$1.11	

ADDENDUM D
Site and Floor Plans

ADDENDUM E
Utility Allowance



Virginia Housing Development Authority
Housing Choice Voucher Program

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

Family Name: _____ Unit Address: _____ _____ Voucher Size*: _____ Unit Bedroom Size*: _____ <i>*Use smaller size to calculate tenant-supplied utilities and appliances.</i>

		Unit Type: 1 Exposed Wall				Effective Date: 07/01/2019			
Utility	Usage	Monthly Dollar Amount							
		0 BR	1 BR	2BR	3BR	4BR	5 BR	6 BR	7BR
Appliance	Range/Microwave	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
	Refrigerator	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Bottled Gas	Cooking	\$8.00	\$11.00	\$14.00	\$18.00	\$22.00	\$26.00	\$29.00	\$32.00
	Home Heating	\$46.00	\$64.00	\$82.00	\$100.00	\$127.00	\$146.00	\$164.00	\$182.00
	Water Heating	\$20.00	\$28.00	\$36.00	\$44.00	\$56.00	\$64.00	\$72.00	\$80.00
Electricity	Cooking	\$3.00	\$4.00	\$5.00	\$7.00	\$8.00	\$10.00	\$11.00	\$12.00
	Cooling (A/C)	\$5.00	\$7.00	\$9.00	\$11.00	\$14.00	\$16.00	\$18.00	\$20.00
	Home Heating	\$19.00	\$26.00	\$33.00	\$41.00	\$52.00	\$59.00	\$67.00	\$74.00
	Other Electric	\$11.00	\$15.00	\$20.00	\$24.00	\$31.00	\$35.00	\$40.00	\$44.00
	Water Heating	\$10.00	\$13.00	\$17.00	\$21.00	\$27.00	\$30.00	\$34.00	\$38.00
Natural Gas	Cooking	\$2.00	\$2.00	\$3.00	\$3.00	\$4.00	\$5.00	\$5.00	\$6.00
	Home Heating	\$9.00	\$12.00	\$15.00	\$19.00	\$24.00	\$27.00	\$31.00	\$34.00
	Water Heating	\$4.00	\$6.00	\$7.00	\$9.00	\$11.00	\$13.00	\$14.00	\$16.00
Oil	Home Heating	\$38.00	\$53.00	\$68.00	\$83.00	\$105.00	\$120.00	\$135.00	\$150.00
	Water Heating	\$16.00	\$22.00	\$29.00	\$35.00	\$45.00	\$51.00	\$58.00	\$64.00
Sewer	Other	\$20.00	\$27.00	\$35.00	\$43.00	\$55.00	\$62.00	\$70.00	\$78.00
Trash Collection	Other	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00	\$11.00
Water	Other	\$16.00	\$22.00	\$29.00	\$35.00	\$45.00	\$51.00	\$58.00	\$64.00
UTILITY ALLOWANCE TOTAL:		\$	\$	\$	\$	\$	\$	\$	\$

ADDENDUM F
Qualifications of Consultants

STATEMENT OF PROFESSIONAL QUALIFICATIONS

DAVID BOISTURE, AM, CRE

I. Education

Ohio University, Athens, Ohio
Masters of Public Administration

Frostburg State University, Frostburg, Maryland
Bachelor of Science in Political Science and Justice Studies

II. Professional Experience

Partner, Novogradac & Company LLP
Graduate Assistant, Institute for Local Government and Rural Development

III. Professional Affiliation

Accredited Member of the American Society of Appraisers (AM)
Member, The Counselors of Real Estate (CRE)
Designated Member of the National Council of Housing Market Analysts (NCHMA)
LEED Green Associate

IV. Professional Training

Machinery and Equipment Valuation – Advanced Topics and Report Writing, January 2017
Machinery and Equipment Advanced Topics and Case Studies, November 2016
Machinery and Equipment Valuation Methodology, September 2016
Introduction to Machinery and Equipment Valuation, May 2016
IRS Valuation Summit, October 2014
Basic Appraisal Procedures, March 2014
15-hour National USPAP Equivalent, March 2014
Valuation of Solar Photovoltaic, February 2014
Residential Solar Photovoltaic Leases: Market Value Dilemma, February 2014
Basic Appraisal Principles, February 2014
Wind Projects and Land Value, October 2012

V. Real Estate Assignments

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

- 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, owners, 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. The valuations have been completed assuming completion of the assets, as is, and at various stages of development.

- Have managed and 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.
- Have managed and assisted in appraisals of proposed new construction, rehabilitation, and existing Low- Income Housing Tax Credit properties, USDA Rural Development, HUD subsidized properties, 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 preparing a comprehensive senior housing study in Seattle, Washington for the Seattle Housing Authority. This study evaluated the Seattle Housing Authority's affordable senior housing project for their position within the entire city's senior housing market. The research involved analysis of the senior population by neighborhood, income, household size, racial composition, and tenure.
- Have managed and assisted in the preparation of Rent Comparability Studies according the HUD Section 8 Renewal Policy in the Chapter 9 guidelines.
- Assisted in the review of Rent Comparability Studies for HUD Contract Administrators.
- Assisted in the HUD MAP Quality Control market study and appraisal reviews.
- Managed and assisted in the preparation of market studies for projects under the HUD Multifamily Accelerated Processing program. The market studies meet the requirements outlined in Chapter 7 of the HUD MAP Guide.
- Managed and assisted in appraisals of proposed new construction and existing properties under the HUD Multifamily Accelerated Processing program. The appraisals meet the requirements outlined in Chapter 7 of the HUD MAP Guide.
- Assisted in preparing an approved HUD Consolidated Plan for the City of Gainesville, GA; which included a housing and homeless needs assessment, market analysis, non-housing needs analysis, and a strategic plan, which conformed to 24CFR Part 91, Consolidated Plan Regulations for the ensuing five-year period (2004-2009).
- Assisted in various appraisals for the US Army Corps of Engineers including Walter Reed Army Medical Center, proposed office site on the Enhanced Use Lease sites Y and Z at Fort Meade, proposed automobile testing facility at the Yuma Proving Grounds, proposed industrial park at Camp Navajo, and the National Geospatial-Intelligence Agency.
- Managed the preparation of Site Inspection Reports and Appraisals as the subcontractor to the Transaction Team Specialist hired by the Department of Housing and Urban Development to facilitate the design and sale of HUD's nonperforming Multifamily and Healthcare notes.

- Completed analyses of overall reasonableness with regard to Revenue Procedure 2014-12. Transactions analyzed include renewable energy projects involving the use of Investment Tax Credits. Fees and arrangements tested for reasonableness include developer fees, construction management fees, asset management fees, various leasing-related payments, and overall master lease terms.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

Matthew A. Yunker

I. Education

The Ohio State University – Columbus, OH
Bachelor of Science in Family Financial Management

II. Professional Experience

Manager, Novogradac & Company LLP
Associate Developer, PIRHL Developers
Development Associate, WXZ Development/Zelnik Realty
Investment Real Estate Broker, Marcus & Millichap
Associate Relationship Manager, National City Bank

III. Real Estate Assignments

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

- Conducted numerous market and feasibility studies for family and senior 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; physical inspection of site and market, unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. Market studies completed in: Alaska, District of Columbia, Florida, Georgia, Illinois, Mississippi, Michigan, Nevada, New Jersey, and Virginia.
- Assisted in numerous appraisals of proposed new construction and existing Low-Income Housing Tax Credit properties.
- Conducted and assisted in market studies for projects under the HUD guidelines.
- Assisted in appraisals of proposed new construction properties under the HUD guidelines.
- Assisted in valuations of subsidized properties according to HUD guidelines.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.

- Assisted in numerous valuations of partnership interests for a variety of functions including partnership sale, charitable donation, partner disputes, determination of exit strategies, etc.

STATEMENT OF PROFESSIONAL QUALIFICATIONS

Francesca N. Catanese

I. Education

Cleveland State University
Bachelor of Business Administration, Finance

II. Professional Experience

Analyst, *Novogradac Consulting, LLC*
Junior Analyst, *Novogradac Consulting, LLC*

III. Real Estate Assignments

A representative sample of work on various types of projects:

- Assist in performing and writing market studies and appraisals of proposed and existing Low-Income Housing Tax credit (LIHTC) properties
- Conduct preliminary property screenings, market analysis, comparable rent surveys, and demand analysis of competitive LIHTC properties and market rate properties operating in the target market area
- Analyze and research economic trends such as unemployment, average wages, median income levels, and demand for low income housing in the target market area.
- Research web-based rent reasonableness systems and contact local housing authorities for utility allowance schedules, payment standards, and housing choice voucher information

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 Consulting 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 Consulting 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 Consulting LLP** is an independent market analyst. No principal or employee of **Novogradac Consulting LLP** has any financial interest whatsoever in the development for which this analysis has been undertaken.

Francesca Catanese
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 built with low income housing tax credits. 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. Components reported in the market study are indicated by a page number.

		Page Number(s)
Executive Summary		
1	Executive Summary	I
Project Description		
2	Proposed number of bedrooms and baths proposed, income limitation, proposed rents and utility allowances	I
3	Utilities (and utility sources) included in rent.	III
4	Project design description	II
5	Unit and project amenities; parking	V
6	Public programs included	I
7	Target population description	II
8	Date of construction/preliminary completion	II
9	If rehabilitation, existing unit breakdown and rents.	II
10	Reference to review/status of project plans	III
Location and Market Area		
11	Market area/secondary market area description	III
12	Concise description of the site and adjacent parcels	III
13	Description of site characteristics	III
14	Site photos/maps	III
15	Map of community services	III
16	Visibility and accessibility evaluation	III
17	Crime information	III
Employment and Economy		
18	Employment by industry	IV
19	Historical unemployment rate	IV
20	Area major employers	IV
21	Five-year employment growth	IV
22	Typical wages by occupation	IV
23	Discussion of commuting patterns of area workers	IV
Demographic Characteristics		
24	Population and household estimates and projections	IV
25	Area building permits	IV
26	Distribution of income	IV
27	Households by tenure	IV
Competitive Environment		
28	Comparable property profiles	V
29	Map of comparable properties	V
30	Comparable property photos	Add. B
31	Existing rental housing evaluation	V
32	Comparable property discussion	V

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 built with low income housing tax credits. 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. Components reported in the market study are indicated by a page number.

		Page Number(s)
33	Area vacancy rates, including rates for Tax Credit and government-subsidized	VI
34	Comparison of subject property to comparable properties	VI
35	Availability of Housing Choice Vouchers	VI
36	Identification of waiting lists	VI
37	Description of overall rental market including share of market-rate and affordable properties	VI
38	List of existing a LIHTC properties	VI
39	Discussion of future changes in housing stock	VI
40	including homeownership	VI
41	Tax credit and other planned or under construction rental communities in market area	VI
Analysis/Conclusions		
42	Calculation and analysis of Capture Rate	VII
43	Calculation and analysis of Penetration Rate	VII
44	Evaluation of proposed rent levels	VII
45	Derivation of Achievable Market Rent and Market Advantage	VII
46	Derivation of Achievable Restricted Rent	VII
47	Precise statement of key conclusions	VII
48	Market strengths and weaknesses impacting project	VII
49	Recommendations and/or modification to project discussion	N/A
50	Discussion of subject property's impact on existing housing	VII
51	Absorption projection with issues impacting performance	VII
52	Discussion of risks or other mitigating circumstances impacting project	VII
53	Interviews with area housing stakeholders	V
Other Requirements		
54	Preparation date of report	Cover
55	Date of field work	Cover
56	Certifications	Add. F
57	Statement of qualifications	Add. E
58	Sources of data not otherwise identified	N/A
59	Utility allowance schedule	Add. D