

CBRE VALUATION & ADVISORY SERVICES

# MARKET STUDY REPORT

PLACE ONE  
4222 ALMORA AVENUE  
HENRICO, VIRGINIA 23228  
CBRE GROUP, INC. FILE NO. 20-164MW-6364-1

PRESERVATION PARTNERS

**CBRE**

September 22, 2020

Ms. Asia A. Williams  
Project Manager  
PRESERVATION PARTNERS  
21515 Hawthorne Boulevard, Suite 150  
Torrance, California 90503

RE: Market Study of: Place One  
4222 Almora Avenue  
Henrico, Henrico, Virginia 23228  
CBRE, Inc. File No. 20-164MW-6364-1

Dear Ms. Williams:

At your request and authorization, CBRE, Inc. has prepared a market study of the above referenced property. The property is evaluated using generally accepted appraisal principles and theory. The report is intended to conform to the Uniform Standards of Professional Appraisal Practice (USPAP) and the Virginia Housing Development Authority (VHDA).

The subject is a 114-unit garden-style multi-family property. The subject is located at 4222 Almora Avenue in Henrico, Virginia on an 8.33 acre site. The property consists of nine three-story buildings. The improvements were constructed in 1980 and renovated in 2005 with Low Income Housing Tax Credits (LIHTCs). All of the units benefit from a Section 8 contract with tenants contributing 30% of their income towards rent.

The subject's units are to be renovated with additional tax credits. When complete, the units will be continue to be encumbered by Section 42 of the Low-Income Housing Tax Credit (LIHTC) program with all of its units set aside at 60% of the area median income (AMI).

Overall, we expect the subject to enjoy good market acceptance in relation to alternative low-income housing options in its expanded neighborhood area. As the subject will be newly renovated, it will reflect updated finishes and market standards. The subject property, as proposed to be renovated, is recommended as a low-income housing complex. Our analysis is presented in the following report.

Ms. Asia A. Williams  
September 22, 2020  
Page 2

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



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Matt Hummel, MAI  
Director  
Virginia Certified General Appraiser  
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Rob Pilcher, MAI  
Virginia Certified General Appraiser  
Number: 4001017210

**CBRE**

## Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this market study.
6. This market study assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Illinois.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Matt Hummel, MAI, has and Rob Pilcher, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.
11. Rob Pilcher, MAI, has made a personal inspection of the interior and exterior property that is the subject of this report.
12. William Zimmermann has provided significant real property appraisal assistance to the persons signing this report in the form of researching due diligence and assisting in the analysis of tax, comparable, and sales data.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.

14. Matt Hummel, MAI and Rob Pilcher, MAI have not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. However, we are concurrently preparing a rent comparability study and FHA appraisal for the subject.



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Matt Hummel, MAI  
Director  
Virginia Certified General Appraiser  
Number: 4001017803

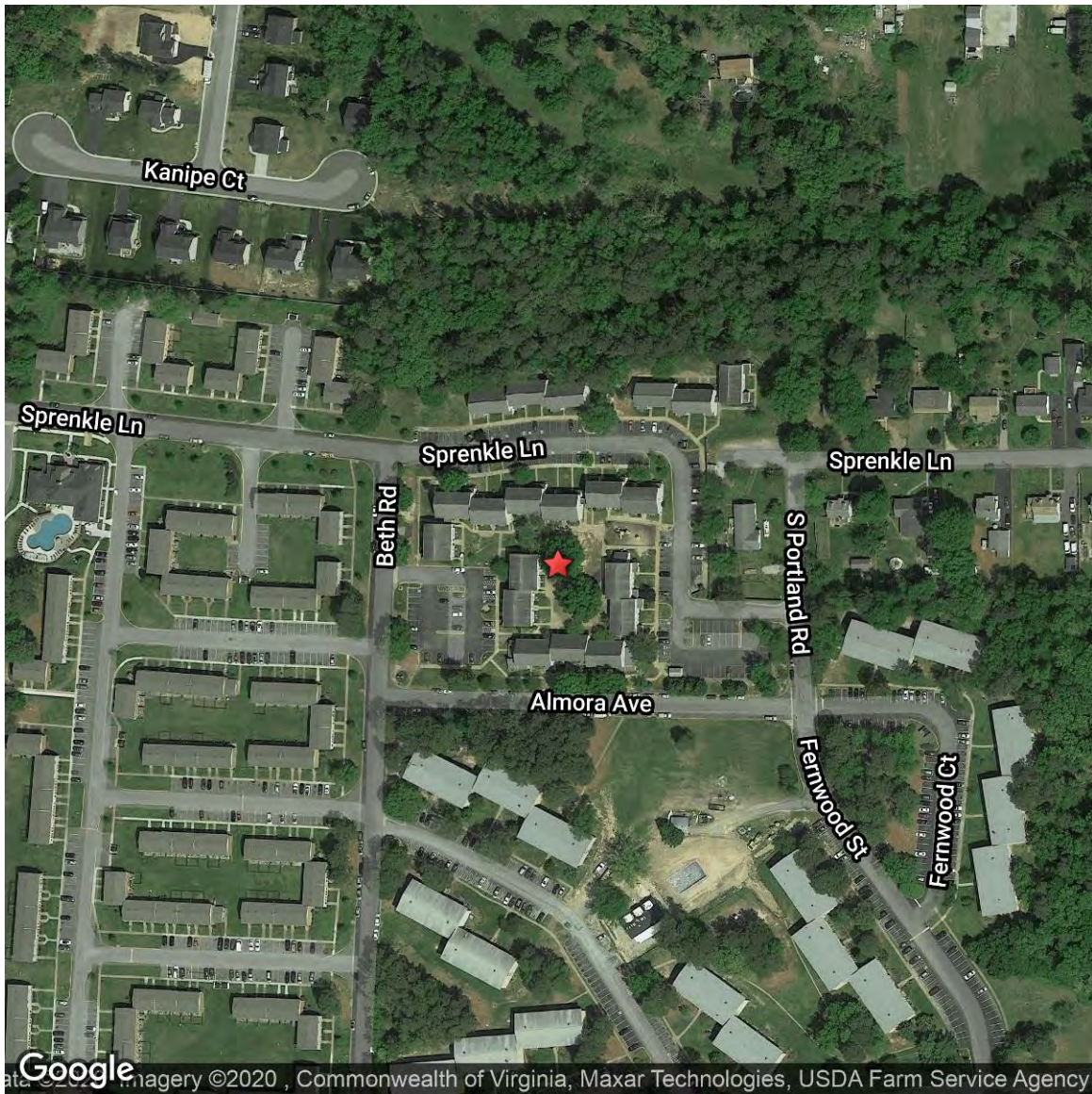


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Rob Pilcher, MAI  
Virginia Certified General Appraiser  
Number: 4001017210



## Subject Photographs



Aerial View





Subject exterior



Subject exterior



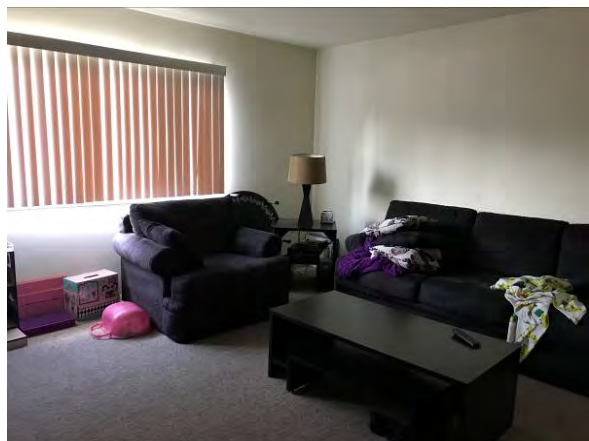
Subject exterior



Subject exterior



Subject signage



Living room





Living room



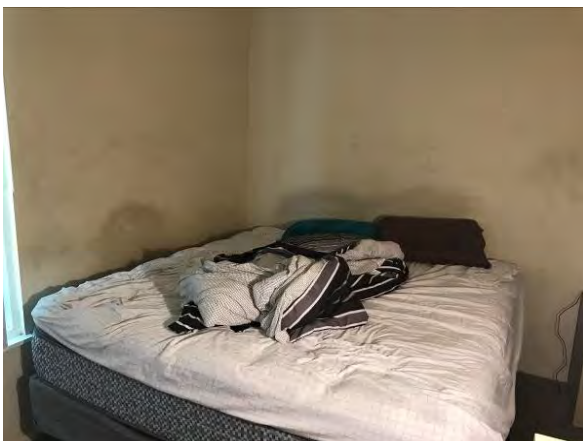
Bathroom



Kitchen



Kitchen



Bedroom



Living room





Dining room



Kitchen



Bedroom



Bedroom



Kitchen



Bathroom

## Section A - Executive Summary

### EXECUTIVE SUMMARY

|                                     |   |                                   |
|-------------------------------------|---|-----------------------------------|
| <b>Property Name</b>                | Place One   |                                   |
| <b>Location</b>                     | 4222 Almora Avenue, Henrico, Henrico County, VA 23228 |                                   |
| <b>Client</b>                       | Preservation Partners                                 |                                   |
| <b>Date of Report</b>               | September 22, 2020                                    |                                   |
| <b>Date of Inspection</b>           | August 5, 2020  |                                   |
| <b>Land Area</b>                    | 8.33 AC   | 362,855 SF                        |
| <b>Zoning</b>                       | R-5   |                                   |
| <b>Improvements</b>                 |   |                                   |
| Property Type                       | Apartment   | (Multi-family Subsidized Housing) |
| Number of Buildings                 | 9   |                                   |
| Number of Stories                   | 3   |                                   |
| Gross Building Area                 | 96,012 SF   |                                   |
| Net Rentable Area                   | 95,360 SF   |                                   |
| Number of Units                     | 114   |                                   |
| Average Unit Size                   | 836 SF  |                                   |
| Year Built                          | 1980  | Renovated 2005                    |
| Condition                           | Good Upon Renovation                                  |                                   |
| <b>Absorption</b>                   |   |                                   |
| LIHTC                               | Preleased Upon Completion                             |                                   |
| <b>Supply and Demand Indicators</b> |   |                                   |
| Capture Rate (LIHTC)                | 4.7%  |                                   |
| Capture Rate (LIHTC, Section 8)     | 4.3%  |                                   |
| Penetration Rate (LIHTC)            | 8.0%  |                                   |
| Penetration Rate (LIHTC, Section 8) | 6.8%  |                                   |
| <b>Projected Occupancy Rate</b>     | 97.0%   |                                   |

Compiled by CBRE

#### LIHTC VERSUS MARKET RENTS

| Type                  | No. of Units | Avg. Unit Size (SF) | Percent of AMI | Achievable LIHTC Rents | Net Maximum Allowable LIHTC Rents | Market Rents - As Is | Market Rents - As Renovated | Concluded LIHTC Rent | Rent Difference - As Is | Rent Difference - As Renovated | % of Market - As Is | % of Market - As Renovated |
|-----------------------|--------------|---------------------|----------------|------------------------|-----------------------------------|----------------------|-----------------------------|----------------------|-------------------------|--------------------------------|---------------------|----------------------------|
| 1BR/1BA               | 40           | 600                 | 60%            | \$700                  | \$821                             | \$935                | \$1,060                     | \$700                | \$235                   | \$360                          | 74.9%               | 66.0%                      |
| 2BR/1BA               | 56           | 940                 | 60%            | \$845                  | \$933                             | \$1,200              | \$1,335                     | \$845                | \$355                   | \$490                          | 70.4%               | 63.3%                      |
| 3BR/1BA               | 18           | 1,040               | 60%            | \$1,030                | \$1,071                           | \$1,455              | \$1,600                     | \$1,030              | \$425                   | \$570                          | 70.8%               | 64.4%                      |
| <b>Total/Average:</b> | 114          | 836 SF              |                |                        |                                   | \$1,147              | \$1,280                     |                      | \$324                   | \$457                          |                     |                            |

Compiled by CBRE

The subject is a 114-unit garden-style multi-family property. The subject is located at 4222 Almora Avenue in Henrico, Virginia on an 8.33 acre site. The property consists of nine three-story buildings. The improvements were constructed in 1980 and renovated in 2005 with Low Income Housing Tax Credits (LIHTCs). All of the units benefit from a Section 8 contract with tenants contributing 30% of their income towards rent.

The subject's units are to be renovated with additional tax credits. When complete, the units will be continue to be encumbered by Section 42 of the Low-Income Housing Tax Credit (LIHTC) program with all of its units set aside at 60% of the area median income (AMI)

The subject's units represent a 4.7% capture rate based on the current household demand in the subject's primary market area (PMA) absent the Section 8 rental assistance and a 4.3% capture rate including the Section 8 rental assistance. When accounting for existing and proposed LIHTC units in the subject's PMA including the subject, a market penetration rate of 8.0% at the 60% AMI level is indicated absent the current Section 8 rental assistance and 6.8% including the current Section 8 rental assistance. Overall, the property is projected to have good market acceptance and a stabilized occupancy rate of 97% or higher is concluded as a tax credit property.

Overall, we expect the subject to enjoy good market acceptance in relation to alternative low-income housing options in its expanded neighborhood area. As the subject will be newly renovated, it will reflect current finishes and market standards. The subject property, as proposed to be renovated, is recommended as a low-income housing complex.

## **STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)**

### **Strengths/ Opportunities**

- The subject is currently 99% occupied with an extensive waiting list;
- The subject is within close distance to shopping and employment centers and public transportation;
- Public transportation is located near the subject, providing good access throughout the City of Henrico;
- The subject operates under a HAP contract on 114 units which provides steady income stream;
- All existing tenants are anticipated to remain income qualified post-renovation; as such, the subject will not need to re-tenant as part of the renovation;
- The subject is to be renovated which will extend its useful life;

### **Weaknesses/ Threats**

- None observed.

## **RECOMMENDATIONS & CHANGES**

We believe the subject's proposed development scheme is market-oriented and will continue to be accepted within the market. The proposed renovation will assist with the long-term viability of the project. We have no suggested modifications or recommendations with respect to the proposed development scheme.

## **COVID-19 WARNING STATEMENT- MARKET UNCERTAINTY CLAUSE**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a Global Pandemic on the 11th March 2020, is causing heightened uncertainty in both local and global market conditions. Global financial markets have seen steep declines since late



February largely on the back of the pandemic over concerns of trade disruptions and falling demand.

The effect COVID-19 will have on the real estate market in the region is currently unknown and will largely depend on both the scale and longevity of the pandemic. A prolonged pandemic could have a significant (and yet unknown or quantifiable) impact on other sectors of the property market.

Comparable transactions and market evidence since the pandemic are limited. Our valuation is based on the information available to us at the date of valuation. Whilst we have taken all reasonable steps to estimate the effect on the property, due to the significant uncertainty in property and capital markets and the rapid unfolding of these events it is difficult to quantify and assess the impact that the pandemic has had on capital values, if any.

### EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>1</sup>

- We have not been provided with the proposed tax credit regulatory agreements that will affect the subject property, and we are making the extraordinary assumption that the income set asides as provided to us and as allocated in this report will be accurate.

The use of these extraordinary assumptions may have affected the assignment results.

### HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.”<sup>2</sup>

- None.

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<sup>1</sup> The Appraisal Foundation, *USPAP, 2020-2021*

<sup>2</sup> The Appraisal Foundation, *USPAP, 2020-2021*

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## Section B – Introduction and Scope of Work

This Market Study Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied.

### Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records

### Extent to Which the Property is Inspected

CBRE, Inc. inspected both the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal on August 5, 2020. We did not inspect the roofs, nor did we make a detailed inspection of the mechanical systems. We are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is required.

The extent of the inspection included a tour with the on-site manager. This included the following:

- a representative sample of all subject unit types, including vacant units
- all subject common/public areas

This inspection sample was considered an adequate representation of the subject property and is the basis for our findings.

### Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

## INTENDED USE OF REPORT

This market study is to be used for internal decision making purposes and submission to VHDA, and no other use is permitted.

## CLIENT

The client is Preservation Partners.



**DEVELOPER**

The developer is Preservation Partners located at 21515 Hawthorne Boulevard, Suite 150, Torrance, CA 90503.

**INTENDED USER OF REPORT**

This market study is to be used by Preservation Partners, and VHDA, and no other user may rely on our report unless as specifically indicated in the report.

**Data Resources Utilized in the Analysis**

| <b>DATA SOURCES</b>     |  |
|-------------------------|--|
| <i>Item:</i>            | <i>Source(s):</i>                        |
| <b>Site Data</b>        |  |
| Size                    | Richmond County, VA                      |
| <b>Improved Data</b>    |  |
| Building Area           | Richmond County, VA Assessor, Rent Roll  |
| No. Bldgs.              | Offering Memorandum, Physical Inspection |
| Parking Spaces          | Offering Memorandum, Physical Inspection |
| Year Built/Developed    | Offering Memorandum                      |
| <b>Other</b>            |  |
| Planning & Zoning:      | City of Henrico, VA Planning and Zoning  |
| Flood Zone Information: | FEMA                                     |
| Apartment Market Data:  | CoStar, VHDA, Appraiser Interviews       |
| Legal                   | Richmond County, VA Assessor Department  |
| Demographics:           | ERSI                                     |
| Compiled by CBRE        |  |

## Section C - Project Description

The following chart summarizes the salient characteristics of the subject site.

| <b>SITE SUMMARY</b>                      |  |                            |
|--|--|----------------------------|
| <b>Physical Description</b>              |  |                            |
| Gross Site Area                          | 8.33 Acres                                 | 362,855 Sq. Ft.            |
| Net Site Area                            | 8.33 Acres                                 | 362,855 Sq. Ft.            |
| Primary Road Frontage                    | Sprenkle Lane                              |                            |
| Excess Land Area                         | None                                       | n/a                        |
| Surplus Land Area                        | None                                       | n/a                        |
| Shape                                    | Irregular                                  |                            |
| Topography                               | Generally Level                            |                            |
| Zoning District                          | R-5  |                            |
| Flood Map Panel No. & Date               | 51087C0110C                                | 18-Dec-07                  |
| Flood Zone                               | Zone X (Unshaded)                          |                            |
| Adjacent Land Uses                       | Single and multifamily residential, retail |                            |
| Earthquake Zone                          | N/A  |                            |
| <b>Comparative Analysis</b>              |  | <b><u>Rating</u></b>       |
| Visibility                               | Average                                    |                            |
| Functional Utility                       | Assumed adequate                           |                            |
| Traffic Volume                           | Average                                    |                            |
| Adequacy of Utilities                    | Assumed adequate                           |                            |
| Landscaping                              | Average                                    |                            |
| Drainage                                 | Assumed adequate                           |                            |
| <b>Utilities</b>                         | <b><u>Provider</u></b>                     | <b><u>Availability</u></b> |
| Water                                    | Henrico County                             | Yes                        |
| Sewer                                    | Henrico County                             | Yes                        |
| Natural Gas                              | City of Richmond                           | Yes                        |
| Electricity                              | Dominion Energy                            | Yes                        |
| Telephone                                | Various                                    | Yes                        |
| Mass Transit                             | GRTC (Bus)                                 | Yes                        |
| Source: Various sources compiled by CBRE |  |                            |

## **SITE AREA**

The subject's site is located in one parcel (770-750-3086). The subject's site includes 8.33 acres or 362,855 square feet. The overall area was obtained from the Henrico County Assessor. The site is adequate in terms of size and utility for the area. There is no unusable, excess or surplus land area.

## **SHAPE AND FRONTAGE**

The subject's site has frontage along the south side of Sprenkle Lane and the north side of Almora Avenue and the east side of South Arlington Street. The subject is irregular in shape and generally level.

## **INGRESS/EGRESS**

Vehicular ingress and egress are available via Almora Avenue, Sprenkle Lane, and Beth Road.

## **EASEMENTS AND ENCROACHMENTS**

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

## **COVENANTS, CONDITIONS AND RESTRICTIONS**

The subject is currently an affordable housing complex with units operating under a Project Based Section 8 HAP contract, with all revenue generating units operating with subsidies. Under this contract, tenants pay 30% of their gross adjusted income with the HAP contract paying the remainder of the rent up to a contract rent. The subject's current LURA agreement has an initial compliance period of 15 years, through 2020, and an extended use period of 15 years through 2035. The subject is proposed for renovations with LIHTCs at which point it would be subject to a LURA, which would run for 30 years or until 2050 and will have income and rent restrictions.

It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions prior to making a business decision.

## **UTILITIES AND SERVICES**

The site is within the jurisdiction of the City of Henrico and is provided all municipal services, including police, fire and refuse garbage collection. Utilities available to the site include water, sewer, phone, cable, gas and electricity services.



## FLOOD ZONE

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the site is within Zone X, as indicated on Community Map Panel No. 51087C0110C, dated December 18, 2007. FEMA defines the flood zone(s) as follows:

Zones C and X (unshaded) are flood insurance rate zones used for areas outside the 0.2-percent-annual-chance floodplain. No Base Flood Elevations (BFEs) or depths are shown in this zone, and insurance purchase is not required.

## ENVIRONMENTAL ISSUES

We were not provided with a Phase I site assessment. CBRE, Inc. is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this report, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

## ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

|        |                                       |
|--------|---------------------------------------|
| North: | Undeveloped Land/ Single-Family Homes |
| South: | Fox Apartments                        |
| East:  | Single-Family Homes                   |
| West:  | Abbingdon West End Apartments         |

The subject is located within a moderately development residential and commercial area. The subject is located approximately eight miles northwest of downtown Richmond.

## IMPROVEMENTS ANALYSIS

The following chart shows a summary of the improvements.

| UNIT MIX - AS PROPOSED |                    |           |                  |                |          |
|------------------------|--------------------|-----------|------------------|----------------|----------|
| Unit Mix/Type          | Restriction        | No. Units | Percent of Total | Unit Size (SF) | NRA (SF) |
| 1BR/1BA                | @60% AMI/Section 8 | 40        | 35.1%            | 600            | 24,000   |
| 2BR/1BA                | @60% AMI/Section 8 | 56        | 49.1%            | 940            | 52,640   |
| 3BR/1BA                | @60% AMI/Section 8 | 18        | 15.8%            | 1,040          | 18,720   |
| Total/Average:         |                    | 114       | 100.0%           | 836            | 95,360   |

Source: Various sources compiled by CBRE

| PROPOSED RENTS |              |                     |                |                               |                    |                                     |                        |
|----------------|--------------|---------------------|----------------|-------------------------------|--------------------|-------------------------------------|------------------------|
| Type           | No. of Units | Avg. Unit Size (SF) | Percent of AMI | Max Allowable Net LIHTC Rents | Utility Allowance* | Maximum Allowable Gross LIHTC Rents | Current Contract Rents |
| 1BR/1BA        | 40           | 600                 | 60%            | \$941                         | \$65               | \$1,006                             | \$893                  |
| 2BR/1BA        | 56           | 940                 | 60%            | \$1,103                       | \$104              | \$1,207                             | \$995                  |
| 3BR/1BA        | 18           | 1,040               | 60%            | \$1,271                       | \$124              | \$1,395                             | \$1,275                |
| Total/Average: | 114          | 836 SF              |                |                               |                    |                                     |                        |

Compiled by CBRE

\*Utility Allowance based on current HAP contract

The subject property is comprised of nine three-story buildings.

## YEAR BUILT

The subject was built in 1980 and renovated in 2005 and has been adequately maintained over the years.

## CONSTRUCTION TYPE

The subject is proposed for renovations utilizing LIHTC equity.

## RENOVATIONS

The client is proposing a LIHTC renovation for the subject and we have estimated market rents based on the LIHTC renovations being complete as of the effective date of this report. Based on the information provided by the developer, the scope of renovations will include, but will not be limited to: updated landscaping, new kitchen appliances, countertops and cabinets, flooring, windows, and painting. In addition, the following amenities will be added: free wireless internet, microwaves, dog park, community building/clubhouse, business center, fitness center, community garden, smart thermostats, in-unit dishwashers, bocce ball court, outdoor BBQ area, and new playground. The total renovation costs are estimated to be approximately \$35,000 per unit. Our estimate of as renovated market rents assumes the above noted renovations.

## UNIT EVALUATION

Currently, the subject consists of 35.1% one-bedroom, 49.1% two-bedroom and 15.8% three-bedroom units. Post-Renovation, the unit mix will remain the same. The tenant base will accommodate 1 to 5-person households. The unit sizes common area, and unit amenity packages will be appropriate for the intended tenant base. In addition, the subject's unit sizes are in-line with the comparables and appear to be market oriented.

## BUILDING AREA

Detailed building plans and specifications were not provided for the preparation of this report. Pertinent facts regarding the building's size are shown below.

- The gross building area represents information obtained from the county assessor.
- The net rentable area was taken from the rent roll.

The following section is a description of the subject improvements and basic construction features derived from CBRE, Inc.'s inspection.

## OCCUPANCY TYPE

The subject currently targets low-income family households. Upon the completion of the proposed renovations, the subject will continue to target low-income family households.

## TENANT DISPLACEMENT

The developer indicated that all tenants will income-qualify post renovation. During the renovation process tenants will be moved to renovated units as they become available.

## CONSTRUCTION CLASS

Building construction class is as follows:

C – Masonry/concrete ext. walls & wood/steel roof & floor struct., exc. concrete slab on grade.

The construction components are assumed to be in working condition and adequate for the building.

The overall quality of the facility is average for the neighborhood and age. However, CBRE, Inc. is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

## FOUNDATION/FLOOR STRUCTURE

The foundation is assumed to be of adequate load-bearing capacity to support the improvements. The floor structure is summarized as follows:

|               |                                 |
|---------------|---------------------------------|
| Ground Floor: | Concrete slab on compacted fill |
| Other Floors: | Wood                            |

### **EXTERIOR WALLS**

The exterior walls are vinyl siding. The building has vertical sliding windows in aluminum frames.

### **ROOF COVER**

The buildings have pitched composition roofs.

### **ELEVATOR/STAIR SYSTEM**

All buildings have two or three sets of interior stairwells.

### **HVAC**

The building has a central heating and cooling.

### **UTILITIES**

The landlord pays common area utilities as well as water, sewer, and trash utility expenses with tenants responsible for all electric expenses. Post-renovation, the utility structure will remain the same.

### **LIFE SAFETY AND FIRE PROTECTION**

Fire and life protection equipment consists of smoke alarms and carbon monoxide detectors in each unit. Sprinklers are located in the hallways as well as at the entrance to each unit. It is assumed the improvements have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and/or other fire protection measures to meet local fire marshal requirements. CBRE, Inc. is not qualified to determine adequate levels of safety & fire protection, whereby it is recommended that the client/reader review available permits, etc. prior to making a business decision.

### **PROJECT AMENITIES**

The subject currently offers central laundry and a playground. Post-renovation, the subject will add a new clubhouse/community building, business center, fitness center, community garden, bocce ball court, and outdoor barbeque area. Additionally, the subject will replace its playground and update the laundry room.

### **Kitchens**

Unit amenities include a range and refrigerator. Post-renovation, microwaves and dishwashers will be added.



### **Bathrooms**

The bathrooms within each unit feature combination tub/showers surround. Additionally, each bathroom features a commode, wood cabinet with Formica counter and built-in sink, vanity mirror, and vinyl tile flooring.

### **Interior Features**

Each unit will include includes nine foot ceilings and window carpet/vinyl/tile, and window coverings. Post-renovation, wireless internet and smart thermostats will be added.

### **Interior Lighting**

Each unit features incandescent lighting in appropriate interior and exterior locations with fluorescent lighting in bathrooms and kitchen areas, along with interior hallways.

### **Patios, Balconies and Storage**

The units do not include balconies, patios, or storage units.

## **SITE AMENITIES**

### **Parking**

The subject offers approximately 192 surface parking spaces for its residents at no additional cost. All parking spaces and vehicle drives are asphalt paved and considered to be in average condition.

### **Landscaping**

Landscaping is considered to be in average condition and well maintained.

## **FUNCTIONAL UTILITY**

All of the floor plans feature functional layouts and the layout of the overall project is functional in utility. Therefore, the unit mix is also functional and no conversion is warranted to the existing improvements.

## **ADA COMPLIANCE**

The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

## **FURNITURE, FIXTURES AND EQUIPMENT**

The apartment units are rented on an unfurnished basis. However, miscellaneous maintenance tools, leasing office furniture, and clubhouse furniture, and various exercise machines are examples of personal property associated with and typically included in the sale of multifamily apartment complexes. These items are contained in the comparable sales and do not have any significant impact on the subject's value.

## ENVIRONMENTAL ISSUES

A Phase I Environmental Site Assessment (ESA) was requested; however, as of the date of this report, none was provided.

CBRE, Inc. is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous materials that would cause a loss in value to the subject.

## DEFERRED MAINTENANCE

Our inspection of the property indicated no items of significant deferred maintenance, not to include the two units that are currently down due to fire damage. These units will be repaired as part of the scope of the proposed renovations. As such, the interiors of the subject have no significant deferred maintenance.

## ECONOMIC AGE AND LIFE

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

| <b>ECONOMIC AGE AND LIFE</b>              |          |
|---|----------|
| Actual Age                                | 40 Years |
| Effective Age (Post Renovation)           | 8 Years  |
| MVS Expected Life                         | 55 Years |
| Remaining Economic Life (Post Renovation) | 47 Years |
| Accrued Physical Incurable Depreciation   | 14.5%    |
| Compiled by CBRE                          |          |

The remaining economic life is based upon our on-site observations and a comparative analysis of typical life expectancies as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide. While CBRE, Inc. did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

According to the Multifamily Accelerated Processing Guide (MAP, Revised January 29, 2016) Section 7.6, Remaining Economic Life (REL) is defined as “the estimated period during which improvements will continue to contribute to project value and an estimate of the number of years remaining in the economic life of the structure or structural components as of the date of the appraisal. REL is the Economic Life less the Effective Age.”

The economic life of new multifamily properties is typically 55 years. The subject's actual age is 40 years based on the original construction date of 1980. The developments have been well maintained with ongoing updates and capital repairs. Based on our physical property inspection, the effective age of the subject property “as is” is estimated to be approximately 20 years.

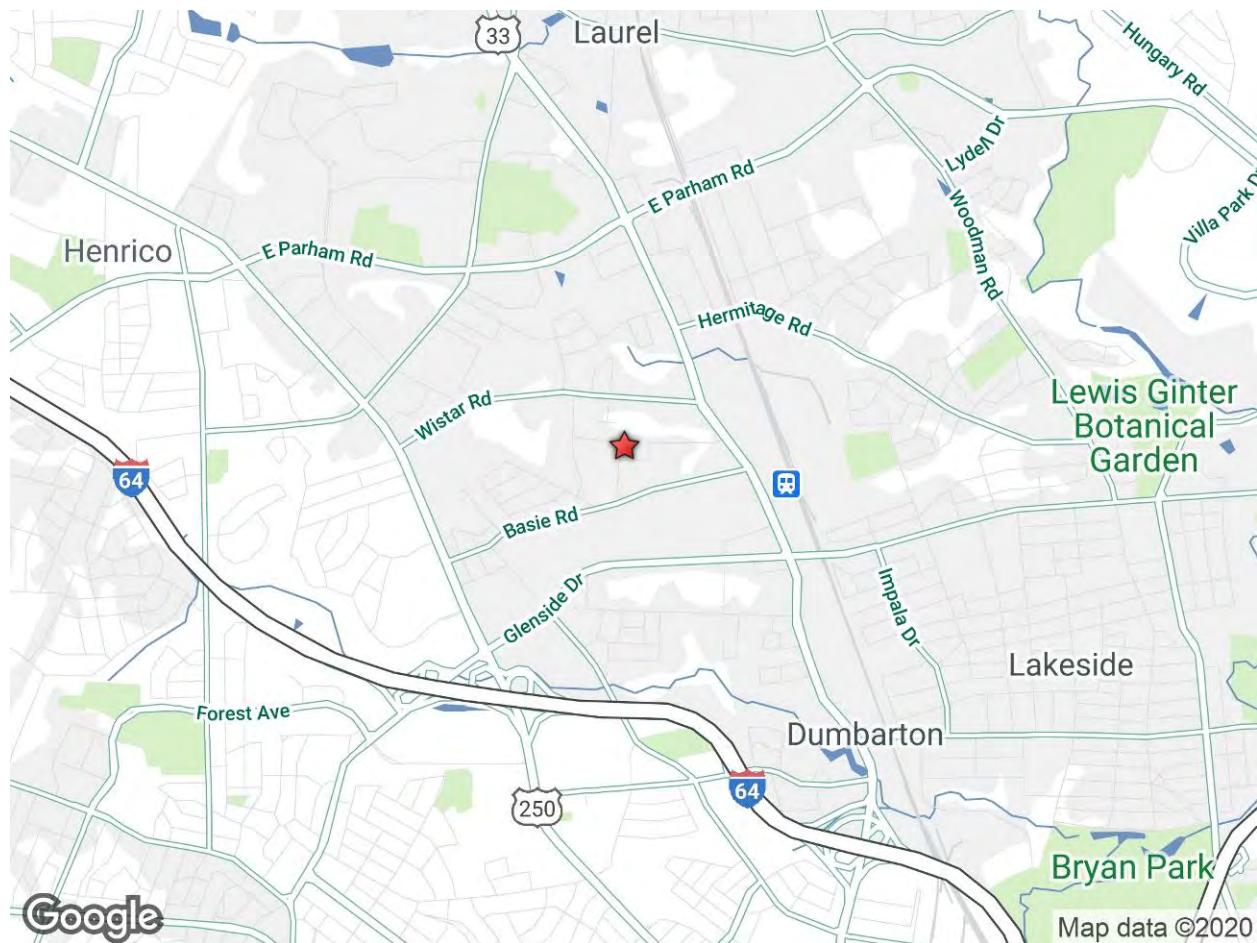
Additionally, after hard cost renovations of approximately \$35,000 per unit, we estimate the subject's effective age will be reduced to approximately seven years based upon the proposed improvements. Thus, the remaining economic life is estimated to be 47 years after renovations.

## **CONCLUSION**

The site is well located and affords good access and average visibility along secondary neighborhood thoroughfares. The size of the site is typical for the area and use, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors which would prevent the primary site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

The improvements are in average overall condition. Overall, there are no known factors that adversely impact the marketability of the improvements; however, the subject would benefit from the planned renovations which will extend the life of the improvements.

## Section D – Location



### LOCATION

The subject is in Henrico County and is considered a suburban location. The subject is located in the northwest submarket of Richmond's suburban market area and is located about 11 miles northwest of the Richmond Central Business District.

### BOUNDARIES

The larger neighborhood boundaries are detailed as follows:

|        |                    |
|--------|--------------------|
| North: | Parham Road        |
| South: | I-64               |
| East:  | Woodman Road       |
| West:  | I-64/Skipwith Road |



## LAND USE

The subject is an existing multifamily property located at 4222 Almora Avenue in Henrico, Virginia.

To the north of the subject is undeveloped land as well as single-family homes in average condition. South of the subject is a multifamily development in average condition. East of the subject are single family homes in average condition. West of the subject is a multifamily development in average condition which has been used as a comparable in the this report.

Single-family homes in the area are generally in fair to average condition and range from \$100,000 and 300,000 with a median value of owner-occupied housing units of \$222,040. Commercial and retail uses in the Subject’s neighborhood are 90 percent occupied and in fair to average condition. Overall, the subject is located in a mixed-use neighborhood, in close proximity to retail and commercial uses, with good access to public transportation.

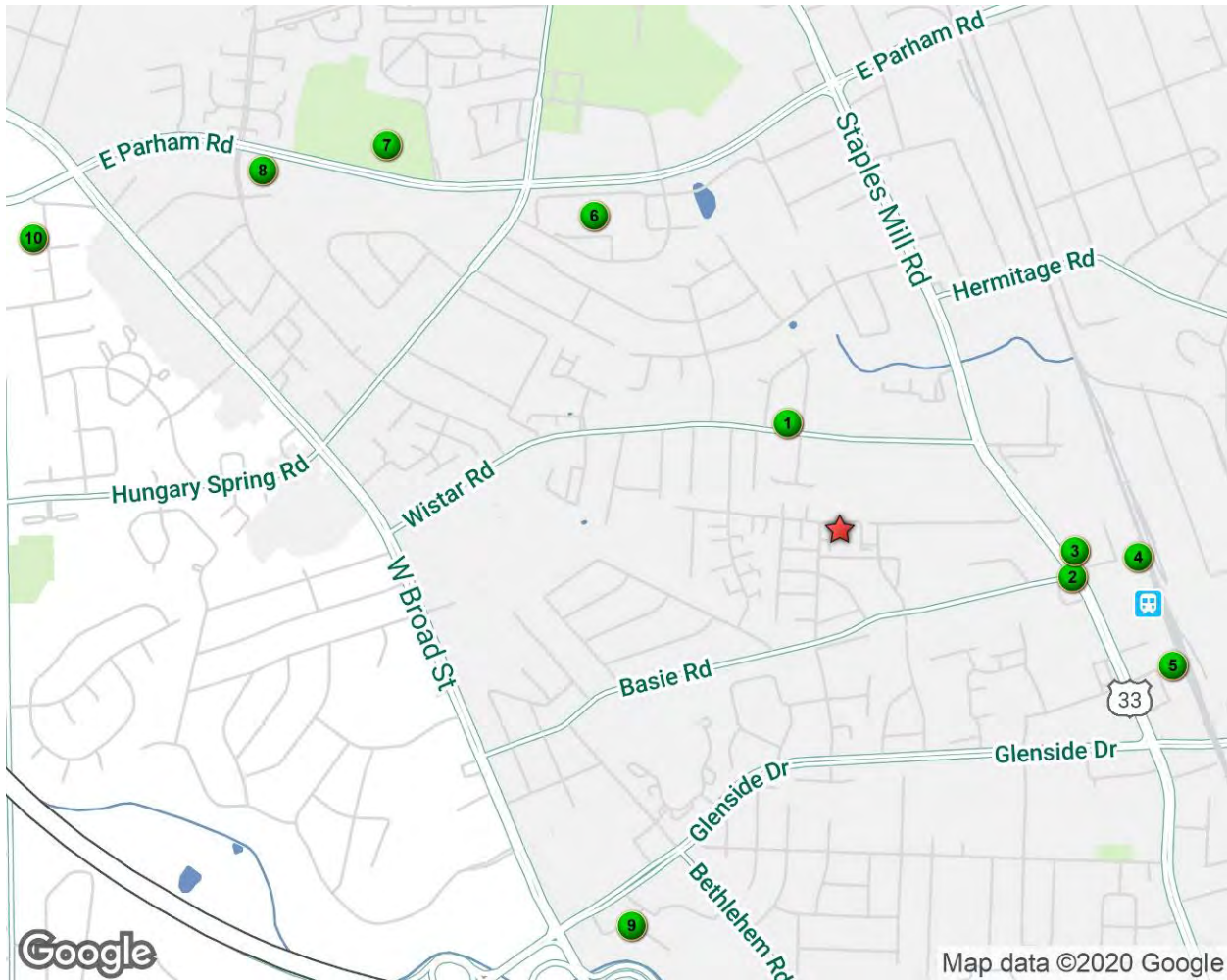
The age of the current housing stock in the PMA per ERSI data is depicted below. As shown, more than 31% of housing was developed prior to 1959 and more than 12% of housing development occurred prior to 1939.

| <b>HOUSING STOCK AGE</b> |                      |
|--------------------------|----------------------|
| <b>Year Built</b>        | <b>Housing Units</b> |
| Built 2010 or Later      | 1,550                |
| Built 2000 to 2009       | 6,514                |
| Built 1990 to 1999       | 9,442                |
| Built 1980 to 1989       | 10,199               |
| Built 1970 to 1979       | 10,124               |
| Built 1960 to 1969       | 8,829                |
| Built 1950 to 1959       | 8,973                |
| Built 1940 to 1949       | 4,294                |
| Built 1939 or Earlier    | 8,159                |

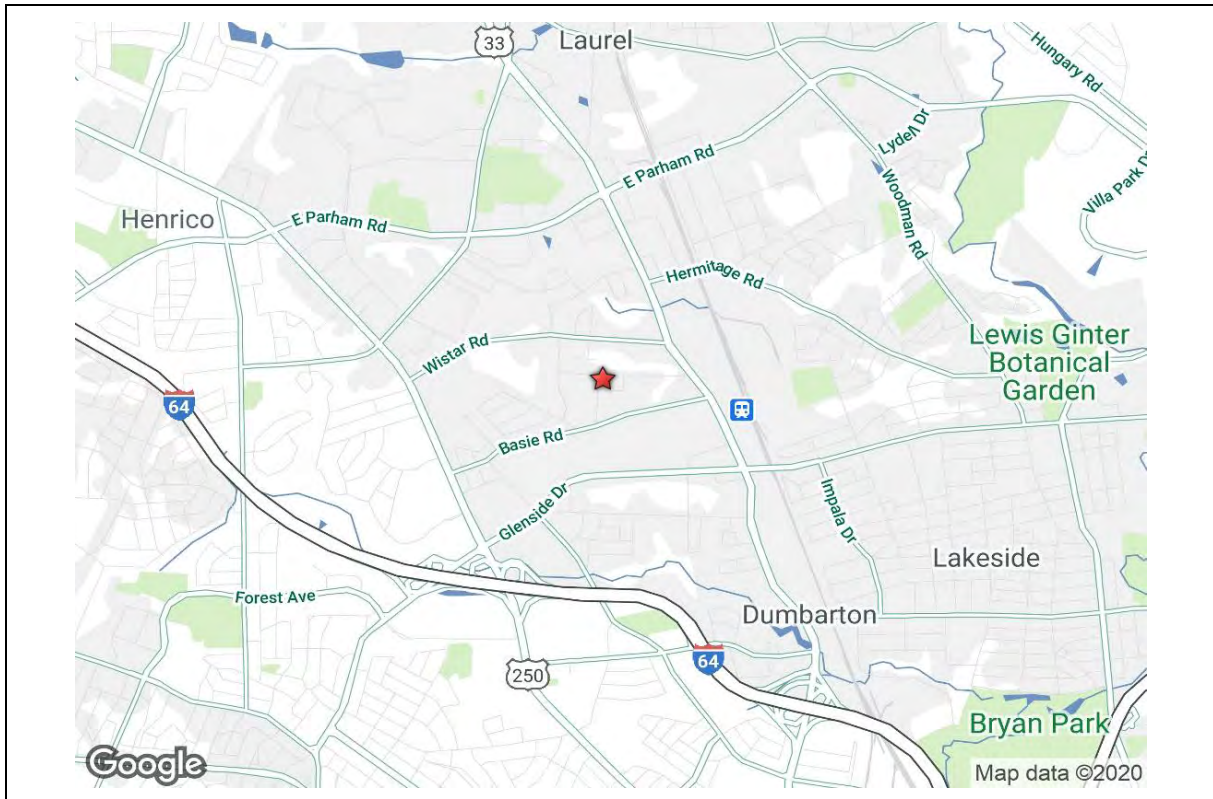
Source: ERSI

### LOCATIONAL AMENITIES

The following map outlines the locational amenities in relation to the subject.



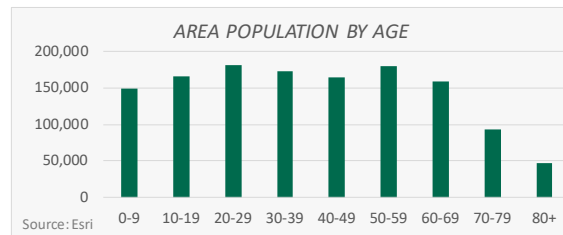
| <b>AMENITIES</b> |                                |           |
|------------------|--------------------------------|-----------|
| #                | Company                        | Distance  |
| 1                | Bus Stop                       | 0.1 Miles |
| 2                | CVS Pharmacy                   | 0.2 Miles |
| 3                | Citgo Gas Station              | 0.2 Miles |
| 4                | Amtrak Station                 | 0.4 Miles |
| 5                | Family Dollar                  | 0.6 Miles |
| 6                | Henrico County Sheriffs Office | 1.1 Miles |
| 7                | Parham Doctors Hospital        | 1.4 Miles |
| 8                | Henrico County Fire Department | 1.5 Miles |
| 9                | Virginia Credit Union          | 1.5 Miles |
| 10               | Skipworth Elementary School    | 1.8 Miles |



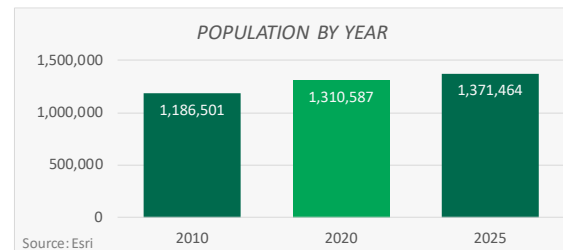
The subject is located in the Richmond, VA Metropolitan Statistical Area. Key information about the area is provided in the following tables.

### POPULATION

The area has a population of 1,310,587 and a median age of 39, with the largest population group in the 20-29 age range and the smallest population in 80+ age range.

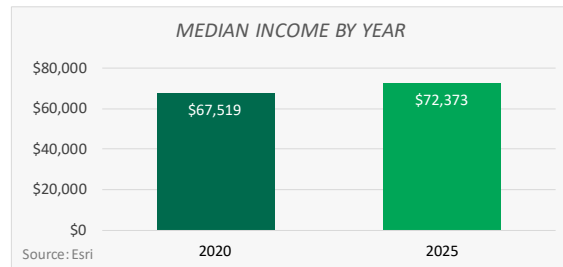


Population has increased by 124,086 since 2010, reflecting an annual increase of 1.0%. Population is projected to increase by an additional 60,877 by 2025, reflecting 0.9% annual population growth.



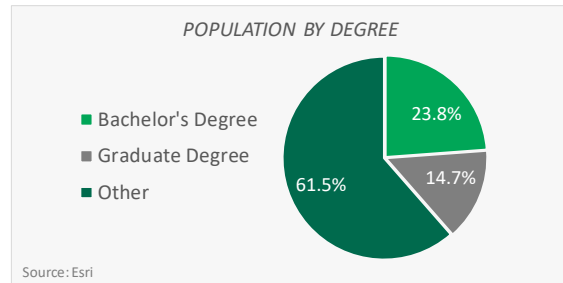
### INCOME

The area features an average household income of \$92,673 and a median household income of \$67,519. Over the next five years, median household income is expected to increase by 7.2%, or \$971 per annum.

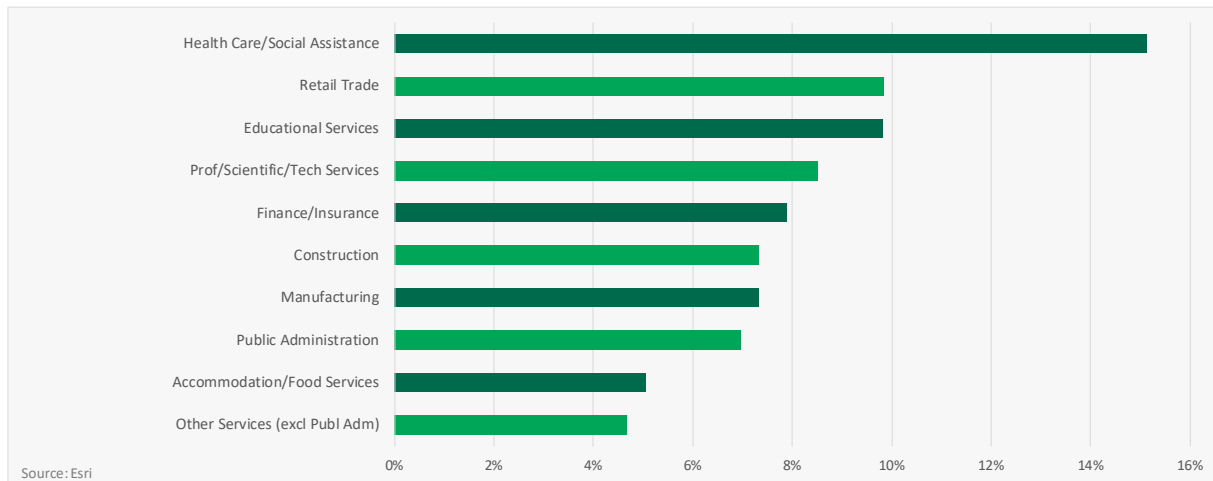


### EDUCATION

A total of 38.5% of individuals over the age of 24 have a college degree, with 23.8% holding a bachelor's degree and 14.7% holding a graduate degree.



### EMPLOYMENT

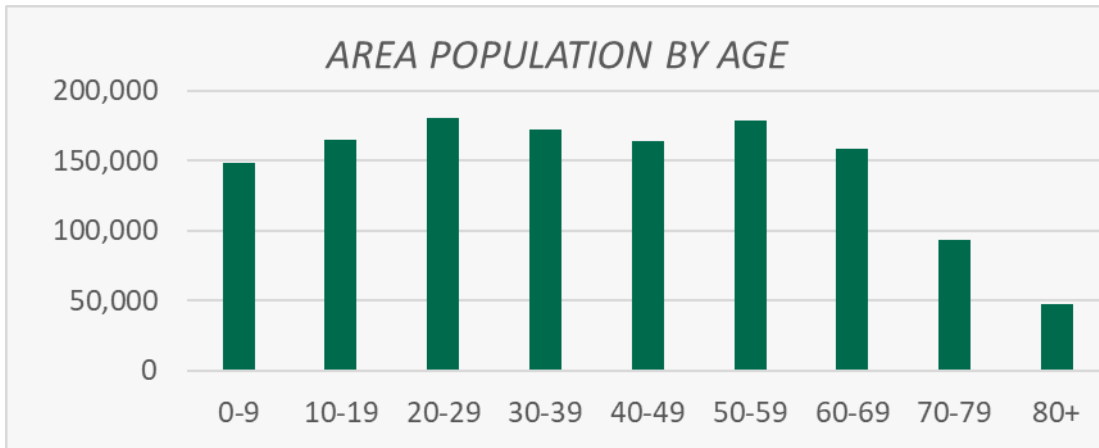


The area includes a total of 633,991 employees and has a 10.6% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Retail Trade and Educational Services, which represent a combined total of 35% of the population.

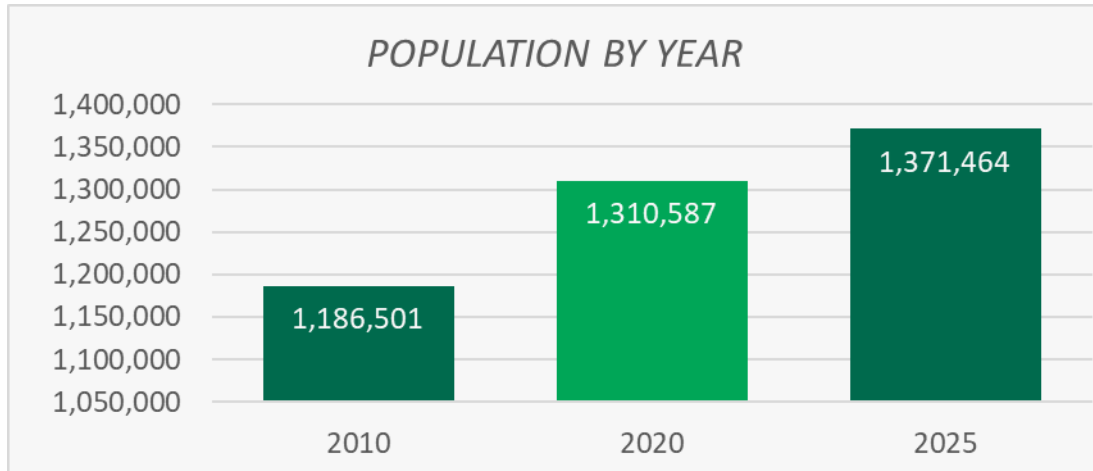


## POPULATION

According to ESRI, the Richmond, VA Metropolitan Statistical Area has a 2020 estimated population of 1,130,587 and a median age of 39, with the largest population group in the 20-29 age range and the smallest population group in the 80 and over age range.

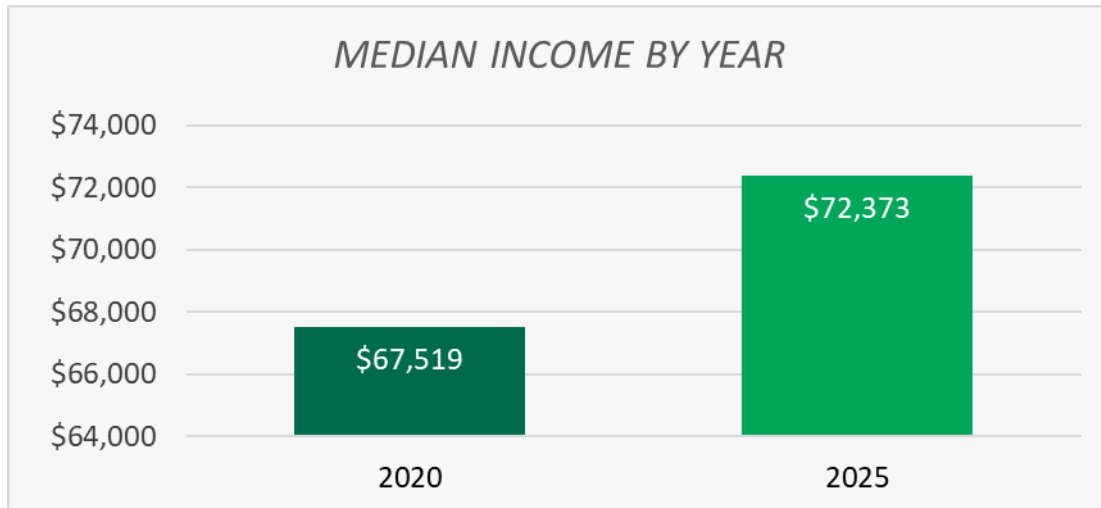


ESRI reports that Richmond, VA Metropolitan Statistical Area population has increased by 124,086 since 2010, reflecting an annual increase of 1.0% during that timeframe. The Richmond, VA Metropolitan Statistical Area overall population is expected to increase at by about 60,877 annually, to 1,371,464 over the next five years.



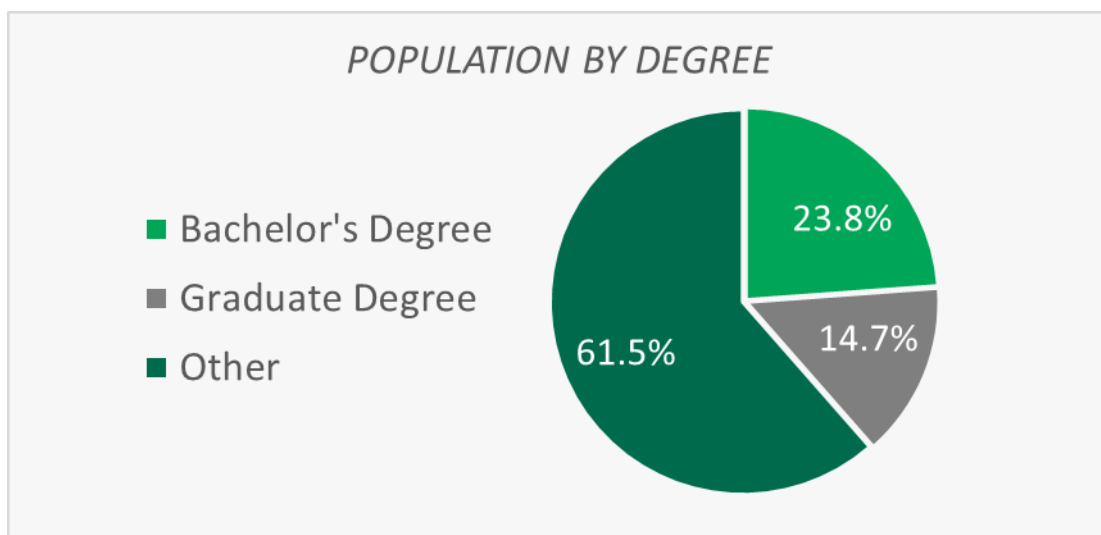
## INCOME

According to ESRI, the Richmond, VA Metropolitan Statistical Area features a 2020 median household income of \$67,519 and an average household income of \$92,673. The Richmond, VA Metropolitan Statistical Area median household income is projected to grow by 7.2% annually over the next five years.



## EDUCATION

ESRI reports that a total of 38.5% of individuals over the age of 24 have a college degree, with 23.8% holding a bachelor's degree and 14.7% holding a graduate degree. The combined 38.5% rate ranks above the national rate of 31.8%.



## **TRANSPORTATION**

Public transportation is provided in Henrico by the Greater Richmond Transit Company (GRTC) which provides bus transit throughout greater Richmond. There is a bus stop located at the intersection of Wistar Road and Wistar Village Drive, northwest of the subject.

The major thoroughfare in Henrico is Highway 33 which is located to the east of the subject. Highway 33 provides access to the Richmond to the southeast and provides access to Interstate 64. Interstate 64 provides access to the greater Richmond Metro and Interstate 95. Interstate 95 provides access to the Washington DC Metro approximately 100 Miles to the north. The subject is located approximately eight miles northwest of downtown Richmond.

The subject is located approximately 17 miles to the northwest of the Richmond International Airport.

## **GROWTH PATTERNS**

Growth patterns have occurred along primary commercial thoroughfares, primarily W. Broad Street but also including Parham Road, Gaskins Road, and Glenside Drive. This subject's neighborhood is centered in the direct path of Richmond's suburban growth moving northwestwardly from the city's CBD. Therefore, this area has experienced significant growth in both residential and commercial development over the past few decades. As vacant land has become scarce in the vicinity of the subject, new development will grow westward into the foreseeable future, primarily centered along West Broad Street and Interstate 64.

## **ACCESS/VISIBILITY**

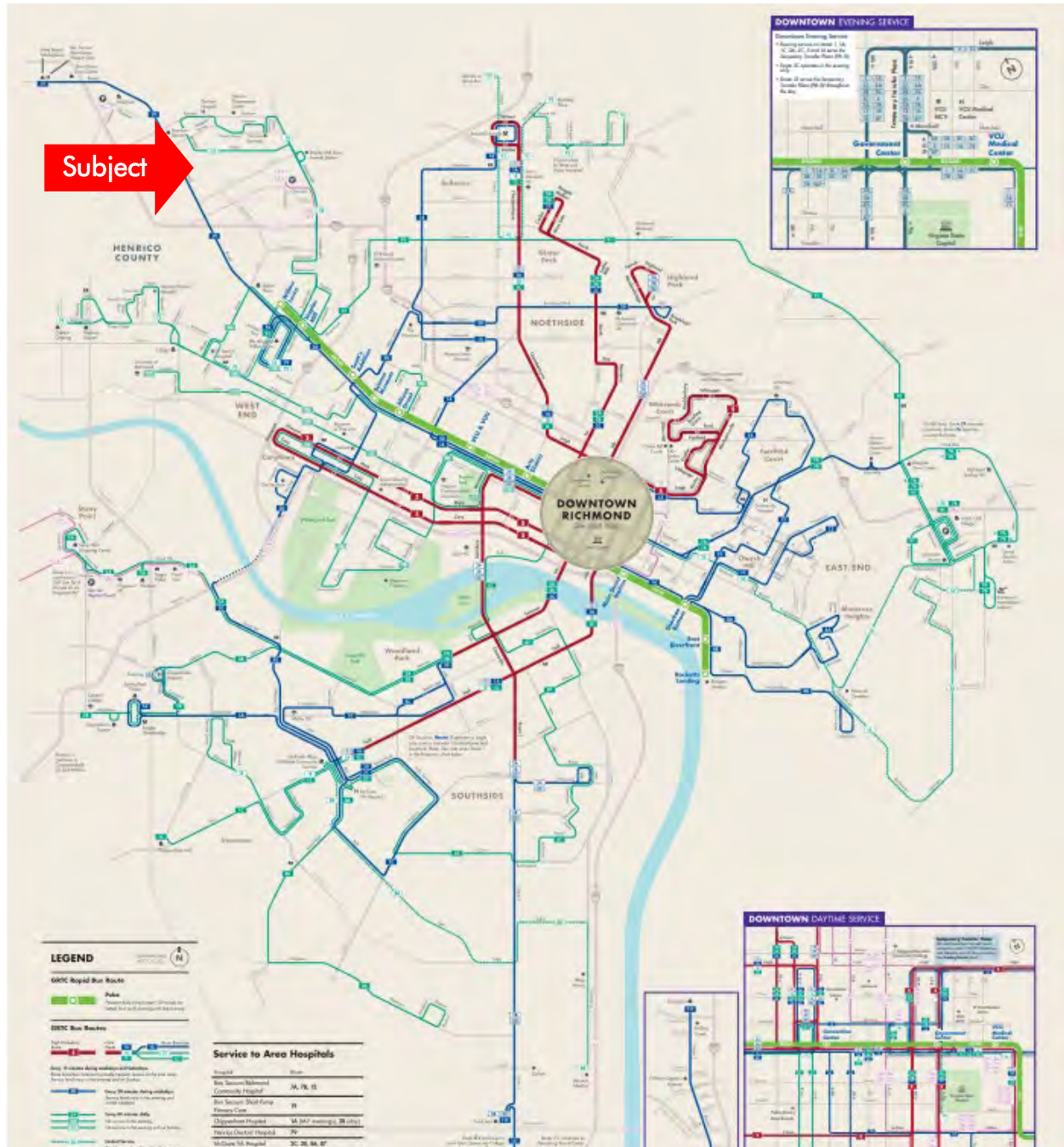
Primary access to the subject neighborhood is provided primarily by Interstate 64 and West Broad Street (US 250). Secondary access is provided by Parham Road and Patterson Avenue. Interstate Highway 64 is primarily a six-lane, variable width right-of-way, traversing the neighborhood in an east-west direction. This arterial connects the subject neighborhood with the City of Richmond to the east. West Broad Street is primarily a six-lane highway that runs east-west and provides access to and from other areas of the northwest submarket. Parham Road is primarily a north-south four lane artery that provides good access between Interstate and surrounding neighborhoods. Patterson Avenue is primarily an east-west four lane artery that also provides good access between Interstate and surrounding neighborhoods. Overall, the subject neighborhood has good local and regional access.

## **EDUCATIONAL FACILITIES**

The subject is located within the Richmond Public School system which includes six high schools, seven middle schools, 25 elementary schools and four specialty schools. Niche gives the Richmond Public Schools a D+ and reported that 51% of students are at least proficient in math and reading.

## TRANSPORTATION

Public transportation is provided in Greater Richmond Transportation Company which provides bus routes throughout greater Richmond. There is a bus stop located northwest of the subject at the intersection of Wistar Road and Wistar Village Drive. Fares for the general public start at \$1.75 with one day passes for \$3.50. An unlimited 31 day pass starts at \$60.00.

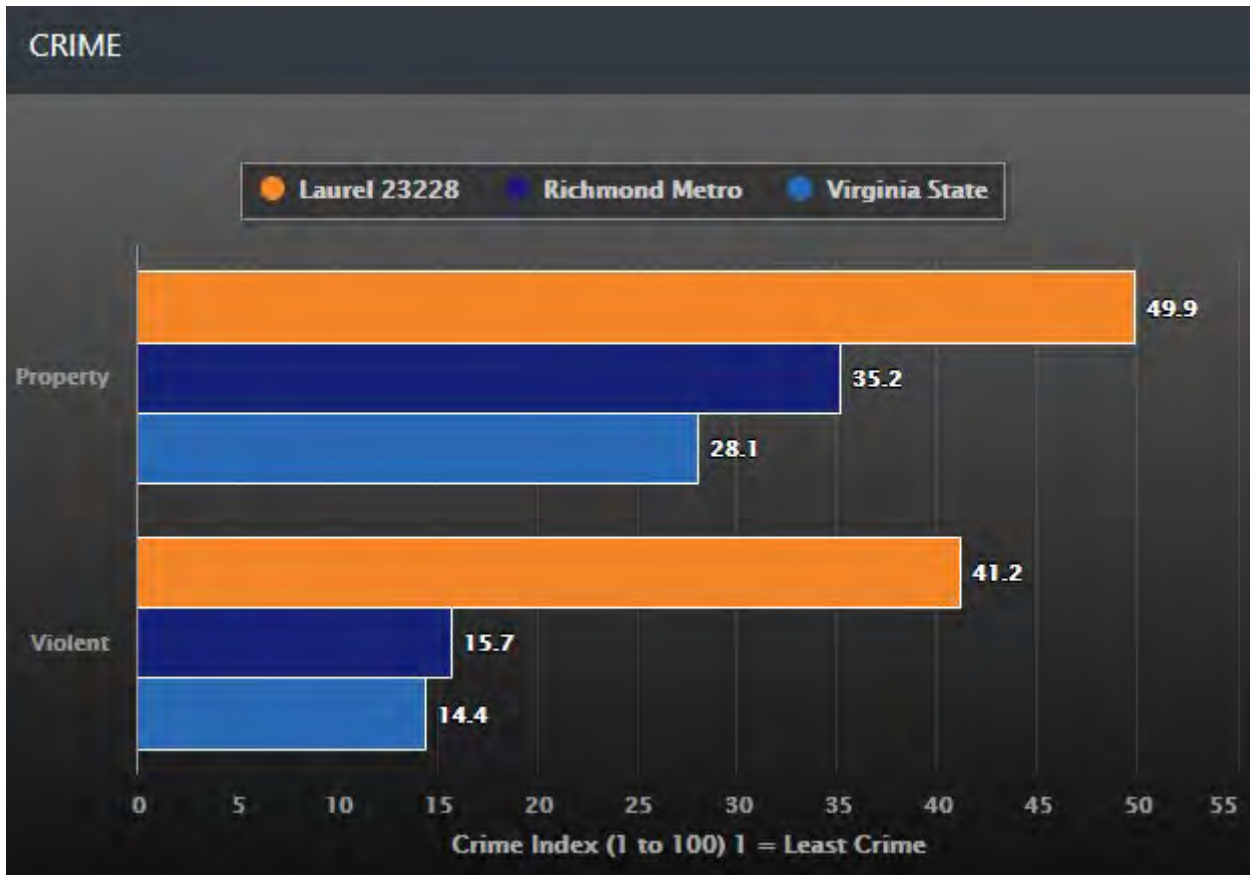


### NUISANCES/CRIME RATES

Street noise was not noted to be a nuisance by the appraiser during the site inspection, nor were any factors observed in the subject’s immediate vicinity that would negatively affect the perceived quality of the neighborhood.

In terms of crime, according to Trulia.com, the subject’s zip code experiences **moderate to high crime** relative to greater Richmond.

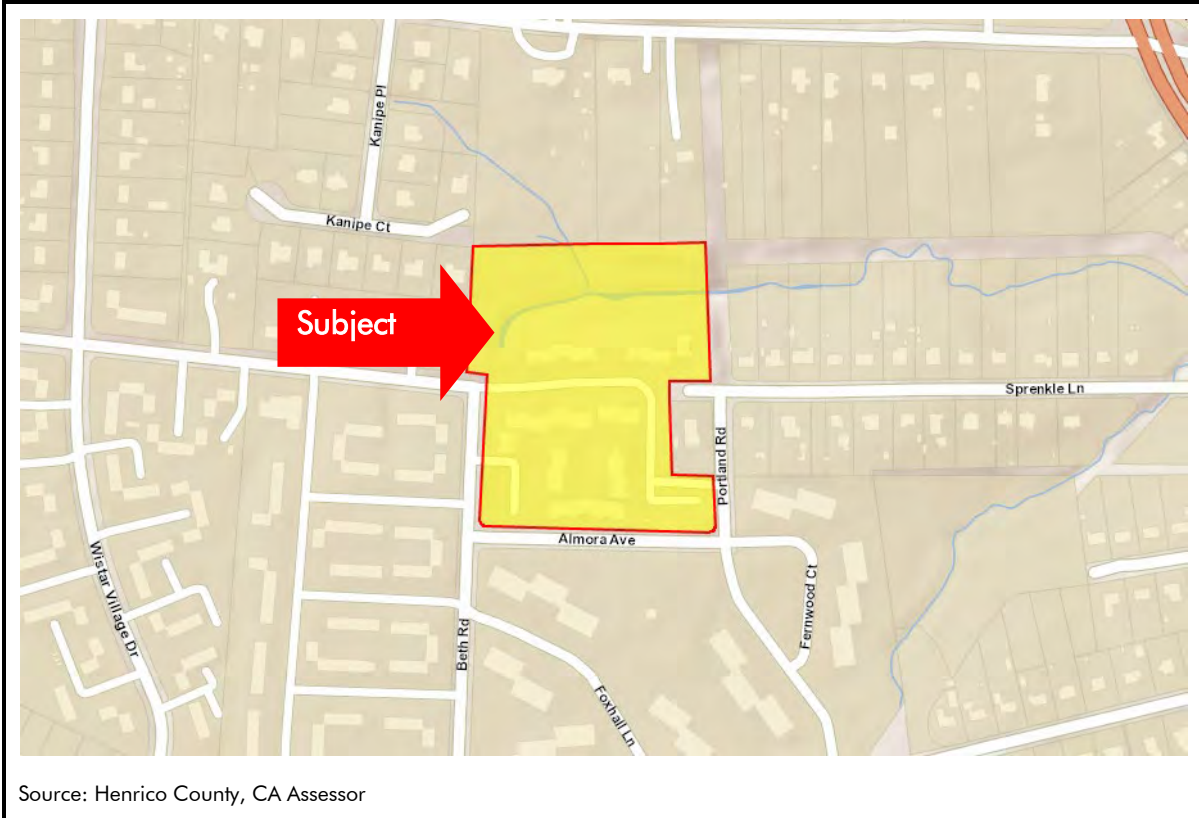
According to bestplaces.com, the subject’s zip code has higher crime rates when compared to the metro and state for both property and violent crime.



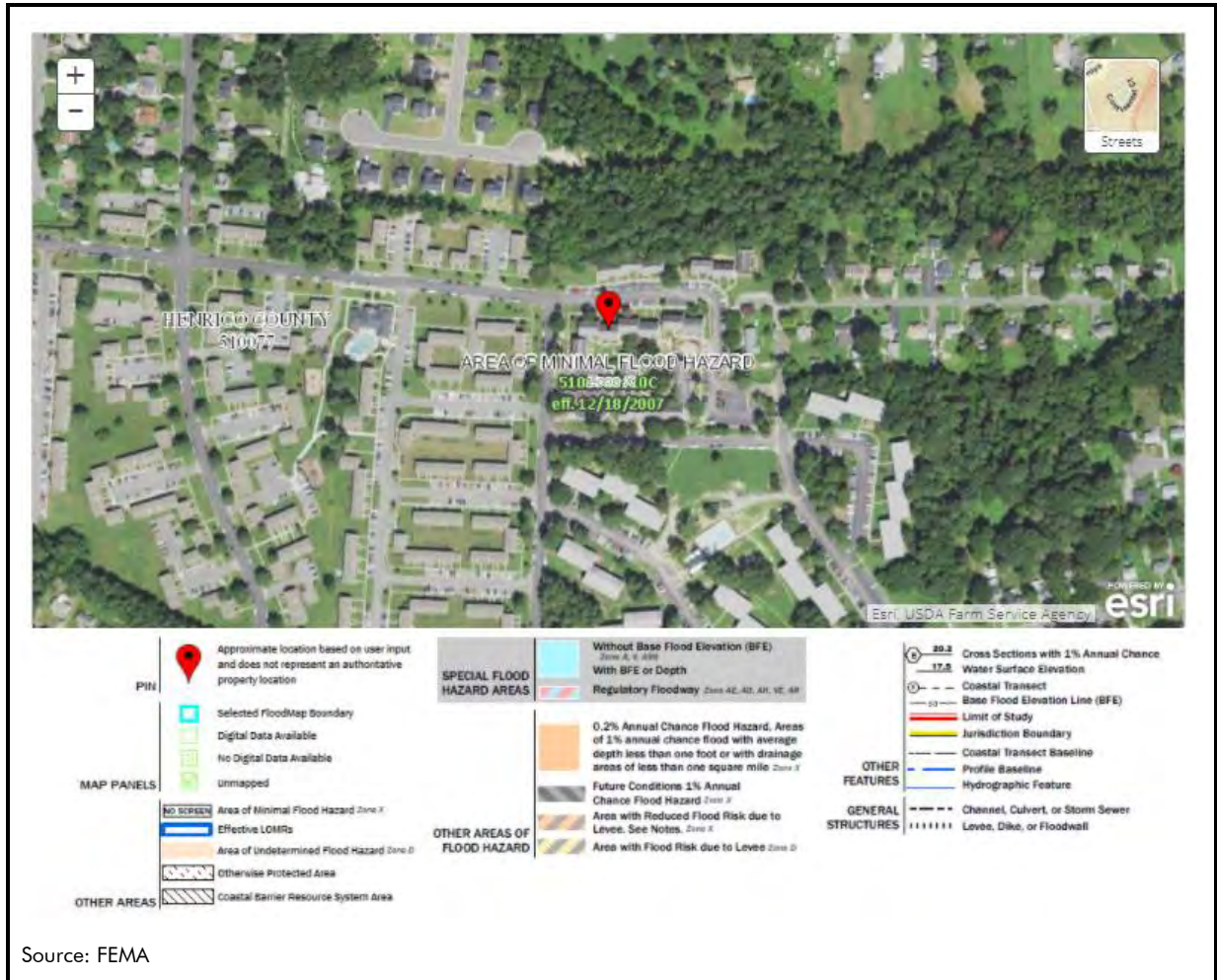
Source: Bestplaces.com



PARCEL MAP



FLOOD PLAIN MAP



Source: FEMA

## ZONING

The following chart summarizes the subject's zoning requirements.

| <b>ZONING SUMMARY</b>                           |   |
|---|---|
| Current Zoning                                  | R-5   |
| Legally Conforming                              | No - See Comments   |
| Uses Permitted                                  | General residence uses including multifamily developments and townhomes |
| Zoning Change                                   | Not Likely  |
| <b>Category</b>                                 | <b>Zoning Requirement</b>   |
| Minimum Lot Size                                | 5,625 Sq. Ft.   |
| Minimum Lot Width                               | 80 Feet   |
| Maximum Height                                  | 35 Feet   |
| Minimum Setbacks                                |   |
| Front Yard                                      | 35 Feet   |
| Interior Side Yard                              | 25 Feet   |
| Rear Yard                                       | 30 Feet   |
| Parking Requirements                            | 2.0 Spaces Per Unit   |
| Subject's Actual Parking                        | 1.7 Spaces Per Unit   |
| Source: City of Henrico Planning & Zoning Dept. |   |

## ANALYSIS AND CONCLUSION

The subject is currently zoned R-5. The improvements represent a legally non-conforming use due to insufficient parking. Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

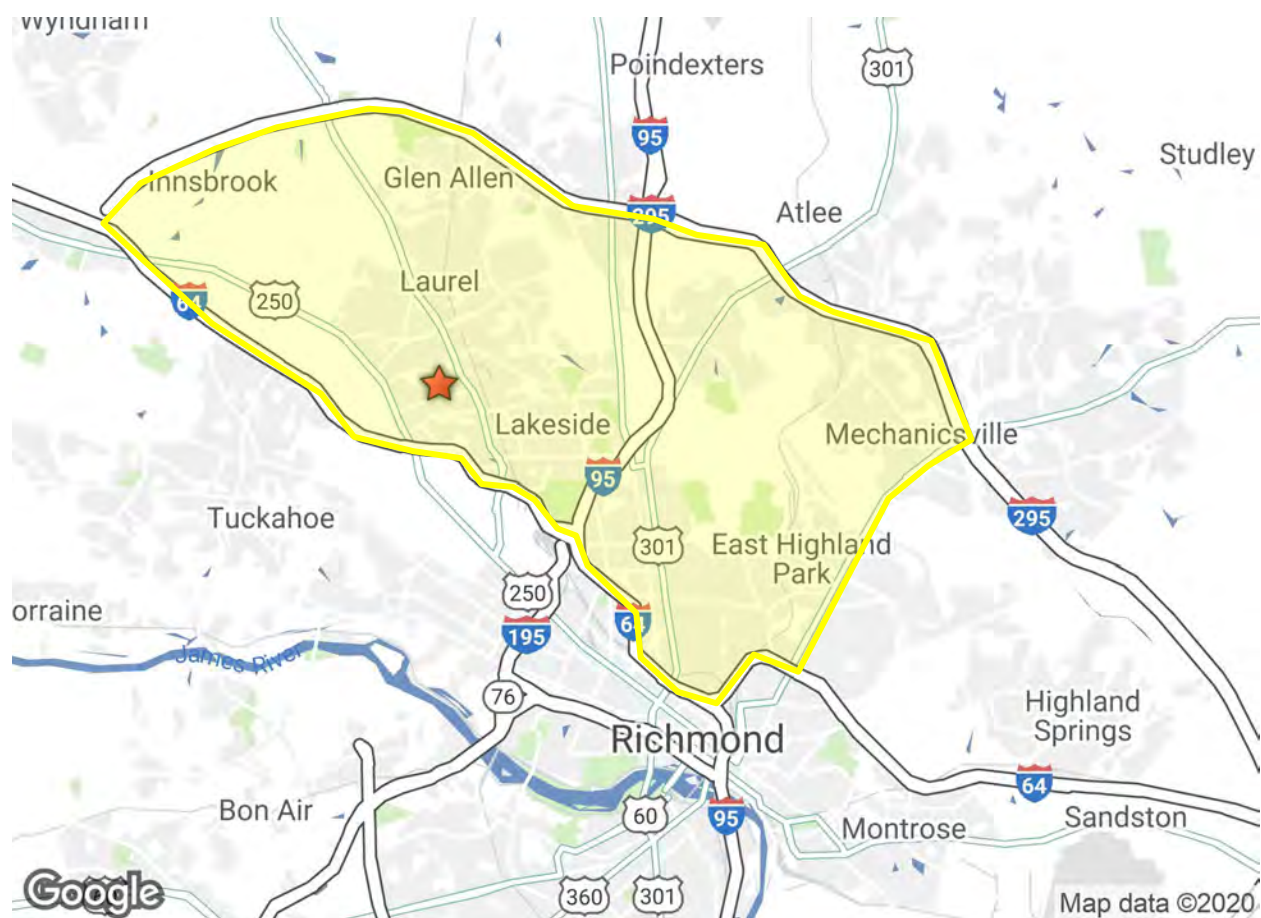




## Section E – Market Area Definition

### PRIMARY MARKET AREA (PMA)

We determined the subject's Primary Market Area (PMA) through interviews with various apartment managers within the immediate area. The PMA is generally defined with boundaries is as follows: Interstate 295 to the north, Interstate 64 to the south, Mechanicsville Turnpike to the east, and Interstate 295 to the west. The secondary market area (SMA) consists of the Richmond, Virginia Metropolitan Statistical Area (MSA), which consists of Chesterfield, Henrico, Hanover, Prince George, Powhatan, Dinwiddie, Goochland, New Kent, King William, Amelia, Sussex, King and Queen and Charles City counties in Virginia as well as the cities of Richmond, Petersburg, Hopewell and Colonial Heights.





## Section F - Employment and Economy

### MAJOR EMPLOYERS

The following table details the largest employers in the area.

| <b>MAJOR EMPLOYERS</b> |  |                                 |                |
|------------------------|--|---------------------------------|----------------|
| Rank                   | Company  | Industry                        | # of Employees |
| 1                      | Capital One Financial Corp.                    | Financial Services, Call Center | 13,000         |
| 2                      | Virginia Commonwealth University Health System | Health Care                     | 9,313          |
| 3                      | HCA Virginia Health Systems                    | Health Care                     | 7,628          |
| 4                      | Bon Secours Richmond                           | Health Care                     | 7,136          |
| 5                      | Dominion Virginia Power                        | Energy                          | 5,433          |
| 6                      | SunTrust Banks Inc.                            | Banking                         | 3,810          |
| 7                      | Altria Group Inc.                              | Cigarettes and Wine             | 3,800          |
| 8                      | Amazon.com                                     | Online Retail                   | 3,800          |
| 9                      | Wells Fargo                                    | Banking                         | 2,902          |
| 10                     | Anthem Blue Cross and Blue Shield              | Health Insurance                | 2,655          |

Source: Greater Richmond Partnership, July 2020

The largest employers in the Richmond area are concentrated in the healthcare and finance sectors.

The Virginia Employment Commission provides a list of Workers Adjustment and Retraining Notifications (WARN) which details any layoffs or closures in the state of Virginia. There were seven WARN notices that were issued since 2017 for the City of Richmond and Henrico. The following table depicts the WARN notices issued for the City of Richmond and Henrico from 2017 to present.

| <b>WARN NOTICES - RICHMOND METRO</b>                                |          |                |                |
|---|----------|----------------|----------------|
| Company   | Location | Number of Jobs | Date of Layoff |
| ExpressJet Airlines LLC   | Richmond | 36             | 7/17/2020      |
| IGS   | Richmond | 73             | 4/8/2020       |
| Bear Down Logistics   | Richmond | 75             | 4/6/2020       |
| True Health Diagnostic, LLC   | Richmond | 126            | 9/27/2019      |
| True Health Diagnostics, LLC  | Richmond | 399            | 7/29/2019      |
| Colortree Group   | Henrico  | 240            | 6/3/2019       |
| Live Well Financial, Inc.   | Richmond | 103            | 5/3/2019       |
| Goodwill Central and Coastal Virginia (Goodwill Staffing Solutions) | Richmond | 74             | 3/19/2019      |
| Union Bank & Trust  | Richmond | 46             | 2/27/2019      |
| Taylor Communications   | Richmond | 50             | 12/7/2017      |
| Land-O-Sun Dairies LLC  | Richmond | 71             | 8/8/2017       |

Source: Virginia Employment Commission

## EMPLOYMENT

The following chart summarizes the civilian labor force in Henrico County, VA.

| HENRICO COUNTY, VA CIVILIAN LABOR FORCE |               |             |                |             |               |             |                |             |
|---|---------------|-------------|----------------|-------------|---------------|-------------|----------------|-------------|
|   | First Quarter | %<br>Change | Second Quarter | %<br>Change | Third Quarter | %<br>Change | Fourth Quarter | %<br>Change |
| 2020                                    | 186,030       | 0.8%        | 179,644        | -3.6%       | -             | -           | -              | -           |
| 2019                                    | 182,198       | 0.4%        | 182,836        | 0.4%        | 184,291       | 0.8%        | 184,621        | 0.2%        |
| 2018                                    | 179,699       | -0.1%       | 180,577        | 0.5%        | 181,337       | 0.4%        | 181,439        | 0.1%        |
| 2017                                    | 178,912       | -0.3%       | 180,481        | 0.9%        | 181,401       | 0.5%        | 179,845        | -0.9%       |
| 2016                                    | 179,644       | -           | 178,570        | -0.6%       | 178,868       | 0.2%        | 179,538        | 0.4%        |

Source: St. Louis Federal Reserve

The civilian labor force has fluctuated from quarter to quarter since 2016; however, has generally increased. From the first to the second quarter of 2020, the labor contracted significantly due to the Covid-19 pandemic.

## UNEMPLOYMENT

The Henrico County area's jobless rate increased significantly as a result of the Covid-19 pandemic. April 2020 unemployment rate in Henrico County was reported to be 10.9%, significantly up from the 3.2% unemployment rate reported in March 2020.

Historical unemployment rates through 2016 are as follows.

| HENRICO COUNTY, VA UNEMPLOYMENT RATE |      |      |      |       |      |      |      |      |      |      |      |      |
|--------------------------------------|------|------|------|-------|------|------|------|------|------|------|------|------|
|                                      | Jan  | Feb  | Mar  | Apr   | May  | June | July | Aug  | Sep  | Oct  | Nov  | Dec  |
| 2020                                 | 2.9% | 2.6% | 3.2% | 10.9% | 9.2% | 8.7% | 8.6% | -    | -    | -    | -    | -    |
| 2019                                 | 3.3% | 3.1% | 3.0% | 2.4%  | 2.7% | 2.9% | 3.0% | 3.0% | 2.6% | 2.6% | 2.5% | 2.4% |
| 2018                                 | 3.5% | 3.4% | 3.2% | 2.8%  | 2.9% | 3.2% | 3.1% | 3.2% | 2.9% | 2.8% | 2.7% | 2.8% |
| 2017                                 | 4.2% | 4.1% | 3.8% | 3.5%  | 3.6% | 3.7% | 3.8% | 3.8% | 3.5% | 3.3% | 3.3% | 3.2% |
| 2016                                 | 4.0% | 4.0% | 3.9% | 3.6%  | 3.7% | 4.1% | 4.2% | 4.3% | 4.2% | 3.9% | 3.8% | 3.7% |

Source: St. Louis Federal Reserve

On a year-over-year basis, July 2020 reported an 8.6% unemployment rate, which is significantly higher than July 2019 unemployment rate of 3.0%.

## EMPLOYMENT BY INDUSTRY

Employer demographics for the PMA from ERSI are shown in the chart below. As seen, health care/social assistance jobs encompass the highest percentage at 16.00%, followed by finance/insurance/real estate/rental/leasing at 10.74% and retail trade at 10.20%.

| <b>EMPLOYMENT BY INDUSTRY</b>                |        |                     |
|--|--------|---------------------|
| 4222 Almore Avenue<br>Henrico, VA            | PMA    | Richmond,<br>VA MSA |
| 2020 Emp Civ Pop 16+ by Industry             | 78,700 | 633,991             |
| Agric/Forestry/Fishing/Hunting/Mining        | 0.31%  | 0.56%               |
| Construction                                 | 6.67%  | 7.34%               |
| Manufacturing                                | 5.56%  | 7.33%               |
| Wholesale Trade                              | 2.12%  | 2.29%               |
| Retail Trade                                 | 10.20% | 9.82%               |
| Transportation/Warehousing/Utilities         | 5.72%  | 5.98%               |
| Information                                  | 1.78%  | 1.43%               |
| Finance/Insurance/Real Estate/Rental/Leasing | 10.74% | 9.48%               |
| Prof/Scientific/Tech Services                | 8.33%  | 8.53%               |
| Mgmt of Companies/Enterprises                | 0.14%  | 0.15%               |
| Admin/Support/Waste Mgmt Svcs                | 4.34%  | 3.95%               |
| Educational Services                         | 9.20%  | 9.81%               |
| Health Care/Social Assistance                | 16.00% | 15.13%              |
| Arts/Entertainment/Recreation                | 1.48%  | 1.50%               |
| Accommodation/Food Services                  | 5.83%  | 5.06%               |
| Other Services (excl Publ Adm)               | 5.00%  | 4.68%               |
| Public Administration                        | 6.59%  | 6.97%               |

Source: ESRI

## CONCLUSION

In summary, Henrico regional economy is experiencing a similar impact in the local economy as the national economy in response to the Covid-19 pandemic. High unemployment will decrease as the national economy continues to improve. The City of Henrico and Henrico County, Virginia economies have performed well over the previous four years and should continue to improve as the population and number of households increase over the next five years.

## Section G - Demographic Characteristics

### SELECTED NEIGHBORHOOD DEMOGRAPHICS

The following table depicts selected neighborhood demographics in the PMA and MSA.

| <b>SELECTED NEIGHBORHOOD DEMOGRAPHICS</b>         |           |                     |
|---|-----------|---------------------|
| 4222 Almora Avenue<br>Henrico, VA                 | PMA       | Richmond,<br>VA MSA |
| <b>Population</b>                                 |           |                     |
| 2025 Total Population                             | 163,004   | 1,371,464           |
| 2020 Total Population                             | 158,616   | 1,310,587           |
| 2010 Total Population                             | 150,515   | 1,186,501           |
| 2000 Total Population                             | 139,768   | 1,040,192           |
| Growth 2020 - 2025                                | 0.55%     | 0.91%               |
| Growth 2010 - 2020                                | 0.53%     | 1.00%               |
| Growth 2000 - 2010                                | 0.74%     | 1.32%               |
| <b>Households</b>                                 |           |                     |
| 2025 Total Households                             | 66,866    | 532,928             |
| 2020 Total Households                             | 65,103    | 509,493             |
| 2010 Total Households                             | 62,269    | 460,950             |
| 2000 Total Households                             | 58,696    | 403,606             |
| Growth 2020 - 2025                                | 0.54%     | 0.90%               |
| Growth 2010 - 2020                                | 0.45%     | 1.01%               |
| Growth 2000 - 2010                                | 0.59%     | 1.34%               |
| 2020 Median Household Income                      | \$56,500  | \$67,519            |
| 2020 Average Household Income                     | \$78,059  | \$92,673            |
| 2020 Per Capita Income                            | \$32,242  | \$36,178            |
| 2020 Median Value of Owner Occupied Housing Units | \$222,040 | \$244,199           |
| 2020 Pop 25+ College Graduates                    | 42,155    | 350,599             |
| Age 25+ Percent College Graduates - 2020          | 38.2%     | 38.5%               |
| Source: ESRI                                      |           |                     |

Total population in the PMA has increased from 2000, similar to the MSA. From 2020 to 2025, the population in the PMA and MSA are expected to increase slightly. From 2010 through 2020, households in the PMA increased slightly, similar to the total population over the same period. The MSA reported household growth from 2000 through 2020. The PMA and MSA are projected to experience an increase in total households from 2020 through 2025.

## INCOME

The subject's PMA reported a median income of \$56,500, below that of the Richmond, VA MSA.

| <b>HOUSEHOLD INCOME LEVELS</b>    |          |                     |
|-----------------------------------|----------|---------------------|
| 4222 Almora Avenue<br>Henrico, VA | PMA      | Richmond,<br>VA MSA |
| 2020 Median Household Income      | \$56,500 | \$67,519            |
| 2020 Average Household Income     | \$78,059 | \$92,673            |
| 2020 Per Capita Income            | \$32,242 | \$36,178            |
| Source: ESRI                      |          |                     |

## HOUSEHOLD INCOME DISTRIBUTION

The subject's PMA reported a lower household income when compared to the MSA. Household income distribution in the PMA is concentrated in the \$50,000 to \$74,999 and \$35,000 to \$49,999 income cohorts.

| <b>HOUSEHOLD INCOME DISTRIBUTION</b>     |        |                     |
|--|--------|---------------------|
| 4222 Almora Avenue<br>Henrico, VA        | PMA    | Richmond,<br>VA MSA |
| Households by Income Distribution - 2020 | 65,103 | 509,493             |
| <\$15000                                 | 10.71% | 8.90%               |
| \$15000-\$24999                          | 8.55%  | 7.42%               |
| \$25000-\$34999                          | 9.35%  | 7.97%               |
| \$35000-\$49999                          | 15.27% | 12.21%              |
| \$50000-\$74999                          | 17.87% | 17.50%              |
| \$75000-\$99999                          | 12.70% | 13.30%              |
| \$100000-\$149999                        | 15.08% | 17.93%              |
| \$150000-\$199999                        | 5.63%  | 7.00%               |
| \$200000+                                | 4.84%  | 7.76%               |
| Source: ESRI                             |        |                     |



## HOUSING MARKET

Immediate residential uses within the PMA consist primarily of multi-family dwellings or detached houses. Multifamily uses are concentrated on major thoroughfares, while single family residences are interspersed throughout the neighborhood. The housing inventory types per ERSI data is depicted in the chart below.

| <b>HOUSING INVENTORY</b> |        |
|--------------------------|--------|
| 1 Unit Detached          | 40,377 |
| 1 Unit Attached          | 6,565  |
| 2 Units                  | 1,431  |
| 3 to 4 Units             | 3,284  |
| 5 to 9 Units             | 6,064  |
| 10 to 19 Units           | 5,664  |
| 20 to 49 Units           | 1,551  |
| 50+ Units                | 3,292  |
| Mobile Home              | 210    |
| Other                    | 97     |
| Source: ERSI             |        |

As shown above, the majority of the housing inventory is comprised of single-family homes.

The value of owner-occupied housing units within the PMA per ERSI data is as follows:

| <b>OWNER-OCCUPIED HOUSING UNITS</b> |           |
|-------------------------------------|-----------|
| Value < \$50,000                    | 498       |
| Value \$50,000 - \$99,999           | 1,763     |
| Value \$100,000 - \$149,999         | 4,586     |
| Value \$150,000 - \$199,999         | 7,509     |
| Value \$200,000 - \$249,999         | 6,580     |
| Value \$250,000 - \$299,999         | 4,545     |
| Value \$300,000 - \$399,999         | 5,544     |
| Value \$400,000 - \$499,999         | 2,065     |
| Value \$500,000 - \$749,999         | 1,060     |
| Value \$750,000 - \$999,999         | 163       |
| Value \$1,000,000+                  | 82        |
| Median Home Value                   | \$222,040 |
| Source: ERSI                        |           |

As seen, the majority of the units fall within the \$100,000 - \$300,000 value category, with an overall median home value of \$222,040.

## HOUSEHOLD TENURE

As seen, the majority of households in the PMA are owner occupied, however, the PMA reported a higher proportion of renter households when compared to the MSA.

| HOUSEHOLD TENURE                   |        |       |                  |       |
|------------------------------------|--------|-------|------------------|-------|
| 4222 Almora Avenue<br>Henrico, VA  | PMA    |       | Richmond, VA MSA |       |
| 2020 Owner Occupied Housing Units  | 34,538 | 53.1% | 329,105          | 64.6% |
| 2020 Renter Occupied Housing Units | 30,565 | 47.0% | 180,388          | 35.4% |

Source: ESRI

## RENTER HOUSHOLDS BY NUMBER OF PEOPLE

As seen, the majority of renter households are either one or two-people, for the PMA and MSA.

| RENTER HOUSHOLDS BY NUMBER OF PEOPLE |        |       |                  |       |
|--------------------------------------|--------|-------|------------------|-------|
| 4222 Almora Avenue<br>Henrico, VA    | PMA    |       | Richmond, VA MSA |       |
| 1-Person Renter Households           | 10,118 | 33.1% | 48,332           | 26.8% |
| 2-Person Renter Households           | 9,680  | 31.7% | 60,208           | 33.4% |
| 3-Person Renter Households           | 4,995  | 16.3% | 31,295           | 17.3% |
| 4-Person Renter Households           | 3,429  | 11.2% | 24,600           | 13.6% |
| 5-Person Renter Households           | 1,422  | 4.7%  | 10,241           | 5.7%  |
| 6-Person Renter Households           | 574    | 1.9%  | 3,675            | 2.0%  |
| 7-Person Renter Households           | 346    | 1.1%  | 2,036            | 1.1%  |

Source: ESRI

## CONCLUSION

The PMA's population has a low-income demographic profile compared to the with a 2020 median household income of \$56,500, which is a positive factor for a subject offering low income housing.

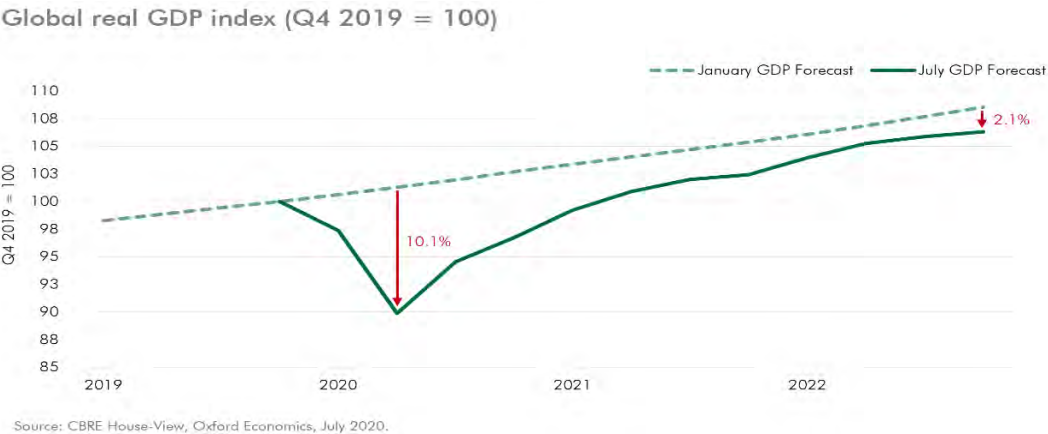
The outlook for the neighborhood is for relatively stable performance with a projected increase in population and households over the next five years. As a result, the demand for existing developments is expected to be good.

# Section H – Competitive Environment

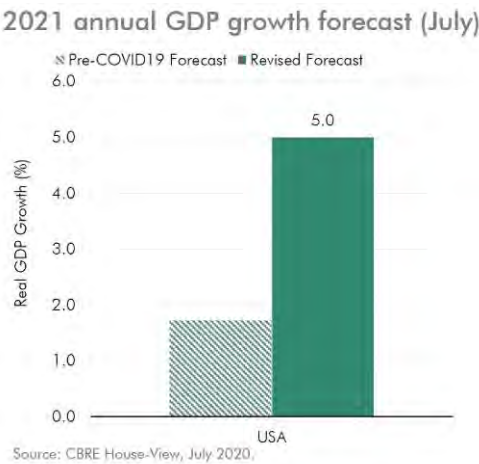
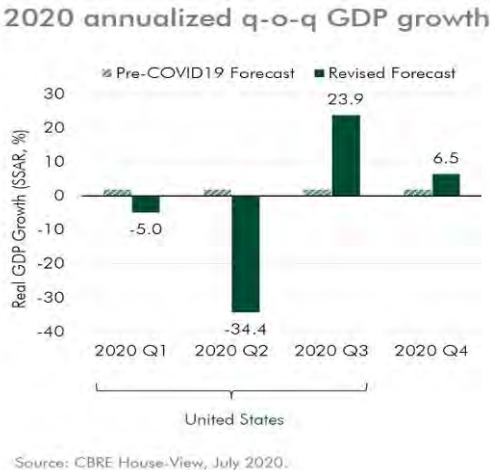
## ECONOMIC IMPACT OF COVID-19

As of the current date of value and the date of this report, the nation, region, and market area continue to be impacted by the COVID-19 pandemic. In this section we provide a brief overview of the observed and anticipated impacts of COVID-19 from a macroeconomic perspective based on various CBRE sources. For further and updated information, please visit CBRE’s resource center at <https://www.cbre.com/covid-19>.

In this section, we present the “House View” developed by CBRE Econometric Advisors (CBRE-EA). CBRE-EA has revised its global GDP estimates to project significant negative growth in the short term, followed by a relatively rapid recovery in late 2020/early 2021, but with a slightly negative longer-term impact as illustrated below:



As shown in the following graphs, CBRE-EA projects negative growth for 2020 but an increased rate of growth for 2021.



CBRE-EA is projecting a return to economic growth in Q4 2020 that should lead to a reasonably quick fall in unemployment in the U.S., though not to the level seen just prior to the crisis.

Unemployment has historically been highly correlated with vacancy; the following chart illustrates historical trends for unemployment and all-property vacancy rates in the U.S.

U.S. unemployment rate and all-property vacancy rate

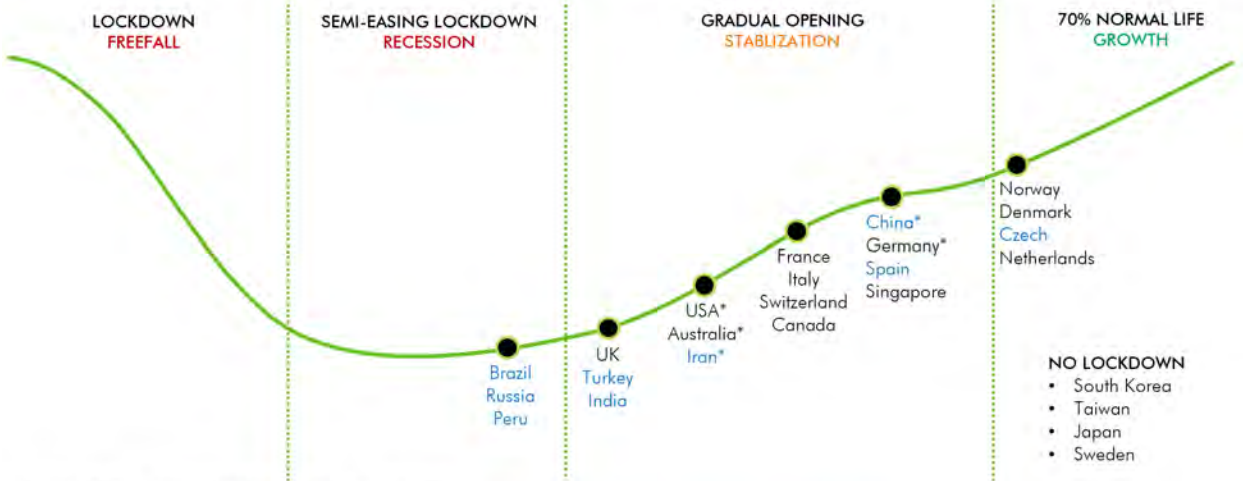


Source: CBRE Econometric Advisors, CBRE House-View, July 2020.

ECONOMIES MOVING OUT OF “LOCKDOWN”

Several countries in Asia and Europe, where the COVID-19 outbreak appears to have peaked, are gradually reopening their economies. While a vaccine has not yet been made available, there are signs of recovery. Since the virus originated in China, they were the first to enter recovery. Recent Q2 figures from China indicate that GDP grew 3.2% in the second quarter compared to the same time one year ago. This is a clear indicator of how things could evolve in the US, and a rebound in China is likely to impact a number of trade-related channels globally.

GDP-lead indicator and lockdown stage comparison



Source: CBRE Research, Google Mobility Index, July 2020. \* Partial re-lockdown re-imposed due to a second-wave increase of cases. Developing economies are marked in blue.

## STALLED RECOVERY

Towards the end of Q2 2020, a concentration of COVID-19 cases emerged, particularly across the Sunbelt states. This led to a loss of momentum for the nation's economic recovery. Some of these new disruptions are heavily aggregated in some of the more populous states of California, Texas, Florida, and Arizona. The surge in cases has forced businesses within each afflicted state to retract its reopening progress. As such, a prolonged recovery is to be expected; with it, there is potential for delayed economic recovery relative to more optimistic forecasts in recent months.

## KEY TAKEAWAYS & OBSERVATIONS

The following points summarize key points from CBRE-EA and CBRE's Americas Research:

- The brunt of the impact from COVID-19 has continued to persist. Initial macroeconomic projections for stabilization in Q3 2020 and recovery in Q4 has likely been prolonged due to the rise in cases following initial reopening efforts in Q2 2020.
- Though the labor market remains under significant strain, unemployment across the nation has continued to improve from its April highs. Unemployment is expected to progress its downward trend but may take 24-36 months to fall back to pre-crisis levels.
- The early signs of recovery are noted; as of early July 2020, a reported 4.8 million jobs were added to the US economy in June 2020. This was the second month of strong gains behind May. Further improvement is anticipated with nearly three-quarters of unemployed workers indicating their job loss is classified as "temporary."
- The Fed's role in stabilizing the U.S. economy has been immense, including purchases of corporate debt at levels not seen in the Great Financial Crisis. The Fed's balance sheet has jumped to \$6 trillion from \$4 trillion in three months.
- Real estate typically lags macroeconomic indicators and could see a "swoosh-shape" recovery. COVID-19 will impact various industries differently. CBRE-EA is currently anticipating a phased recovery with impacts varying by property type with industrial projected to have the quickest recovery followed by office and then retail.
- Capital values are viewed to be broadly resilient over a 24-36 month horizon, with significant variation based on sector, location and profile.
- Pent-up demand and stimulation policy are expected to aid a rapid recovery.
- Commercial real estate debt markets have been evolving rapidly and dramatically since the COVID crisis. Initially, 10-year Treasury and LIBOR indexes fell to sub-1% levels, followed by massive spikes in loan spreads that largely followed the broader credit markets. Following recent policy interventions, loan spreads narrowed by about 50 to 100 basis points. Commercial mortgage rates range from 3.5% to more than 4% for most conservatively underwritten deals; value-add and riskier deals are seeing widened



spreads and higher overall rates. Adequate capital still exists from banks, life companies and the GSEs, while the CMBS market remains in recovery mode and debt funds vary depending on their capital sources.

- In addition to market uncertainty, government, company and individual social distancing mandates may impact property inspections resulting in extended due diligence periods.
- A bounce back is already being seen in Asia Pacific. In China, consumption continued to rebound in Q2, supported by a spike in “revenge spending” by shoppers emerging from lockdown.
- A post-pandemic reality will emphasize public safety, technology, and optimizing human capital.

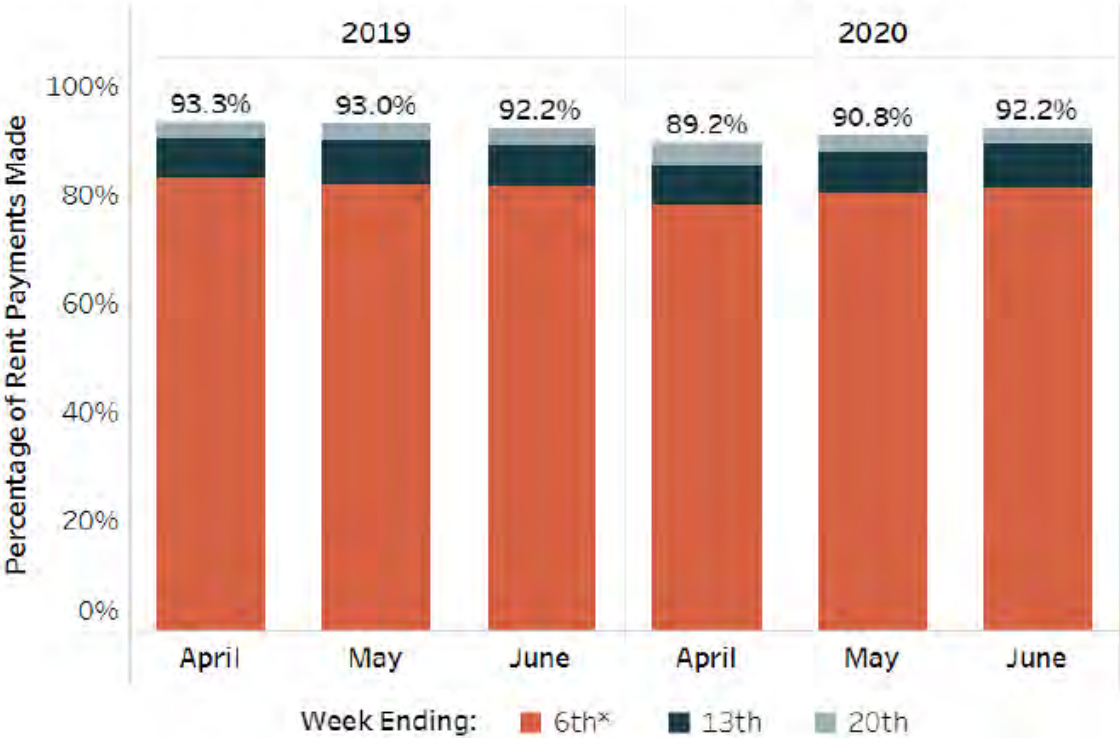
### MACROECONOMIC CONCLUSIONS

Initially, market participants were expecting a rebound between the second half of 2020 and first half of 2021. However, due to increased cases following initial reopening efforts in Q2 2020, recovery for the US economy has lost momentum; resulting in a potentially prolonged recovery timeline. The pace of the recovery will depend in large part on containment of the pandemic, timing of vaccine or other medical solutions, mandated restrictions and policy responses. Unemployment has continued to improve from its April highs, however, the gap between current and pre-pandemic levels is still immense. Fiscal and monetary supply for the economy have been unprecedented and, together with pent-up demand, are expected to enable a relatively sustained return to normalcy once health-oriented concerns are alleviated. If a second wave of the virus can be managed effectively, high rates of growth can be expected in 2021. A “V” shaped recovery is broadly anticipated for the broad economy, whereas real estate is likely to lag somewhat with a “swoosh” shaped recovery expected. There will be short term disruptions that will impact rent collections, near-term vacancies, rent growth, and lease-up across most property types. The impact and recovery will vary by city and by property type. Overall, market participants are indicating a pause across most sale and lease transactions as buyers and tenants continue to navigate this period of uncertainty.

**MULTI-FAMILY MARKET ANALYSIS – COVID-19 IMPACT**

**Rent Payment Tracker: Weekly Results**

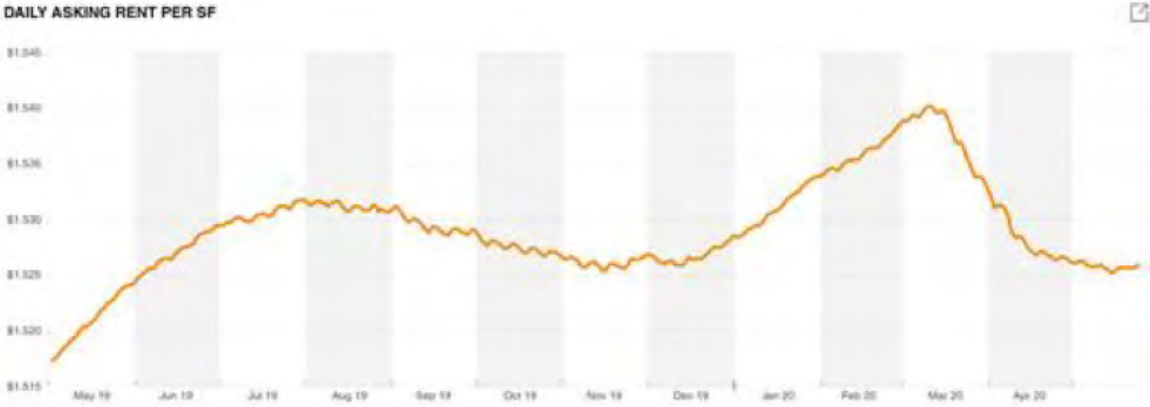
\*\*Data collected from between 11.4 and 11.5 million apartment units in April, May, and June



The National Multifamily Housing Council (NMHC)’s Rent Payment Tracker found 92.2% of apartment households made a full or partial rent payment by June 20, 2020 in its survey of 11.5 million units of professionally managed apartment units across the country. This is unchanged from the share who paid rent through June 20, 2019 and compares to 90.8 percent that had paid by May 20, 2020.

**Key Takeaways**

- Mixed Story about Class Performance. NMHC’s rent collection data indicates that Class A is doing better than B, and that Class C is doing the worst (although the spread between the three is not dramatic). However, statistics on rent change in the COVID-19 period indicate that Class A rents have fallen more than Class B and C. This is what happened during the last downturn.
- CoStar’s Asking Rent declines 0.9% in COVID-19 Period. CoStar’s daily asking rent PSF data shows the March 11st through May 25th total change at -0.9%, slightly improved from earlier reporting. (See chart below.) Keep in mind that the asking rent data does not include concessions.



**CoStar Daily Asking Rent Per Sq. Ft. – Two Charts on Metros**

**Change in Rent Change Momentum**

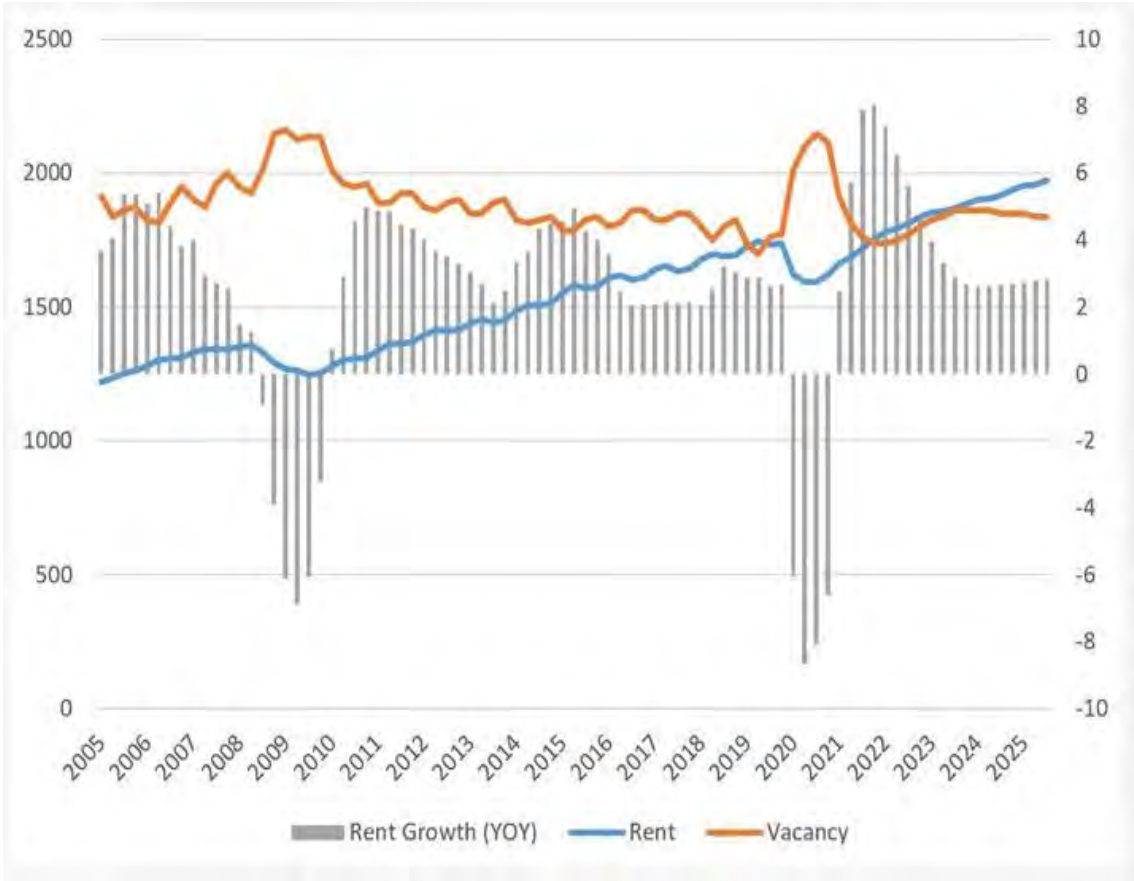
Based on CoStar Daily Asking Rent PSF - Rent Change March 11th - May 25th

|  |   |
|--|---|
| <b>Rents turning a corner:</b><br>Atlanta<br>Austin<br>Boston<br>Chicago<br>East Bay<br>Seattle<br>DC                              | <b>Rents bottomed out early May:</b><br>Ft. Lauderdale<br>Houston<br>Nashville<br>Orange County                       |
| <b>Rents bottomed out early April:</b><br>Detroit<br>Inland Empire   | <b>Rents still declining:</b><br>Los Angeles<br>Miami<br>New York<br>Salt Lake City<br>San Francisco<br>San Jose      |
| <b>Rents bottomed out mid-April:</b><br>Durham<br>Jacksonville<br>Las Vegas<br>Tampa   | <b>Rents recovered in:</b><br>Baltimore<br>Colorado Springs<br>Louisville   |
| <b>Rents bottomed out end of April:</b><br>Birmingham<br>Boulder<br>Charleston<br>Dallas/Ft. Worth<br>Denver<br>Orlando<br>Raleigh | <b>Unaffected in:</b><br>Cincinnati<br>Cleveland<br>Greenville<br>Indianapolis<br>Memphis<br>Milwaukee<br>New Orleans |

- The debt capital markets for multifamily debt and equity is thawing as there is new conviction that the worst economic pain is now in the rearview mirror. Interest rates are trading in a fairly tight band with the 10 year UST generally in the 65%-75% range and One Month LIBOR in the 17-20 bps range. US equities are up substantially due to progress on the re-opening of the global economy, an uptick in economic activity in various states that have re-opened, and optimism on the medical front that better therapeutics and a vaccine will be available by late this year or early 2021.

- The Federal stimulus measures are working as personal income was up 10.5% in April, but spending was down 13.6% during April due to consumer uncertainty. The personal savings rate doubled to a record 33% in April. Most economists think that consumers will have plenty of purchasing power as the economy opens up. One key factor to play out is the level of consumer confidence going forward. Growth will be dependent on jobs returning and consumers feeling confident enough to open their wallets. The Fed remains committed to supporting the recovery and most market observers don't think interest rates are going to increase materially any time soon. The one large negative globally is the deteriorating relationship between the US and China, which could impact the US recovery and the direction of rates.
- The availability of multifamily mortgage capital is improving mainly due to the market presence of the GSEs, who are fulfilling their mandate to provide liquidity during severely dislocated markets like now. Both Freddie and Fannie feel more confident about property performance going forward partially driven by better than expected April and May collections, as well as their requirements for the borrower to post a Debt Service Reserve (DSR) on most loans. Interest rates are generally in the 3-3.25% range for 10-year fixed rate loans, and around 3% for floaters. Both GSEs have strong appetite for quality loans, and 75% LTV loans are still available if the DSCR is 1.25 X or greater. Banks and Life Cos are also getting back into the market, and multifamily assets are at the top of their asset class lists. While property sales have declined significantly over the past 2 ½ months, there is now greater interest from equity capital to pursue new acquisitions.
- April multifamily sales volume totaled \$3.8 billion, down by two-thirds year-over-year and largely accounted for by private buyers, according to Real Capital Analytics. Nearly all sales so far in Q2 had little to no price adjustments. Distressed opportunities currently are very limited. Unlike previous downturns, financing for stabilized assets is widely available, especially from the GSEs and banks.
- Multifamily fundamentals are projected to follow a similar shape over the next two years: a sharp downturn followed by a quick recovery. Rents are expected to hit bottom in Q3 2020, falling 8.4% from Q1. Vacancy also hits its highest point in Q3 2020, rising to 7.2%, 300 bps above Q1. Though apartment fundamentals are expected to hit their weakest points one quarter later than employment, they are also projected to return to pre-COVID levels more quickly, hitting Q1 2020 levels one quarter earlier, in Q1 2022.





## METROPOLITAN RICHMOND METRO APARTMENT MARKET OVERVIEW

### Recent Performance

The following table summarizes historical and projected performance for the overall metropolitan Richmond Metro apartment market, as reported by Axiometrics.

| RICHMOND METRO APARTMENT MARKET |                   |                     |                        |           |                                |                       |                        |
|---------------------------------|-------------------|---------------------|------------------------|-----------|--------------------------------|-----------------------|------------------------|
| Year Ending                     | Inventory (Units) | Completions (Units) | Occupied Stock (Units) | Occupancy | Effective Rent (\$/Unit / Mo.) | Effective Rent Change | Net Absorption (Units) |
| 2010                            | 89,405            | 776                 | 83,808                 | 93.7%     | \$804                          | 0.58%                 | 821                    |
| 2011                            | 90,291            | 886                 | 84,630                 | 93.7%     | \$837                          | 3.30%                 | 825                    |
| 2012                            | 92,217            | 1,926               | 86,297                 | 93.6%     | \$845                          | 1.86%                 | 1,663                  |
| 2013                            | 93,161            | 1,044               | 86,835                 | 93.2%     | \$868                          | 2.14%                 | 542                    |
| 2014                            | 94,299            | 1,470               | 87,528                 | 92.8%     | \$892                          | 2.12%                 | 690                    |
| 2015                            | 96,323            | 2,066               | 90,736                 | 94.2%     | \$925                          | 2.70%                 | 3,209                  |
| 2016                            | 98,062            | 1,739               | 92,482                 | 94.3%     | \$965                          | 3.11%                 | 1,743                  |
| 2017                            | 99,159            | 1,205               | 94,855                 | 95.7%     | \$1,018                        | 3.88%                 | 2,374                  |
| 2018                            | 100,789           | 1,630               | 96,858                 | 96.1%     | \$1,069                        | 4.02%                 | 2,003                  |
| 2019                            | 102,709           | 1,920               | 98,323                 | 95.7%     | \$1,110                        | 3.51%                 | 1,466                  |
| 2020 Q1                         | 103,134           | 425                 | 98,338                 | 95.4%     | \$1,113                        | 0.35%                 | 12                     |
| 2020 Q2                         | 103,702           | 568                 | 99,326                 | 95.8%     | \$1,125                        | 1.01%                 | 994                    |
| 2020 Q3*                        | 104,371           | 669                 | 100,092                | 95.9%     | \$1,126                        | 0.09%                 | 745                    |
| 2020 Q4*                        | 105,416           | 1,045               | 100,989                | 95.8%     | \$1,111                        | -1.33%                | 897                    |
| 2021*                           | 108,909           | 3,493               | 103,899                | 95.4%     | \$1,118                        | -0.60%                | 2,911                  |
| 2022*                           | 111,225           | 2,316               | 105,108                | 94.5%     | \$1,149                        | 2.28%                 | 1,209                  |
| 2023*                           | 113,113           | 1,887               | 108,362                | 95.8%     | \$1,179                        | 2.65%                 | 3,254                  |
| 2024*                           | 114,538           | 1,426               | 109,956                | 96.0%     | \$1,208                        | 2.53%                 | 1,595                  |

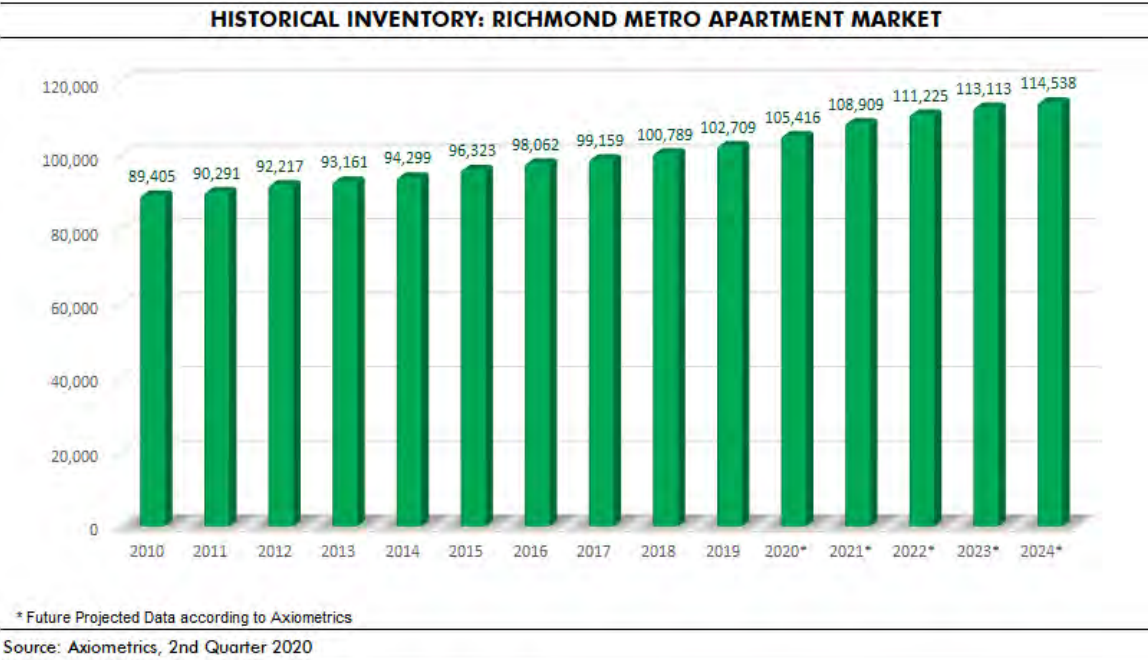
\* Future Projected Data according to Axiometrics

Source: Axiometrics, 2nd Quarter 2020

The Richmond Metro apartment market consists of approximately 103,702 units of apartment space. The following observations are noted from the table above:

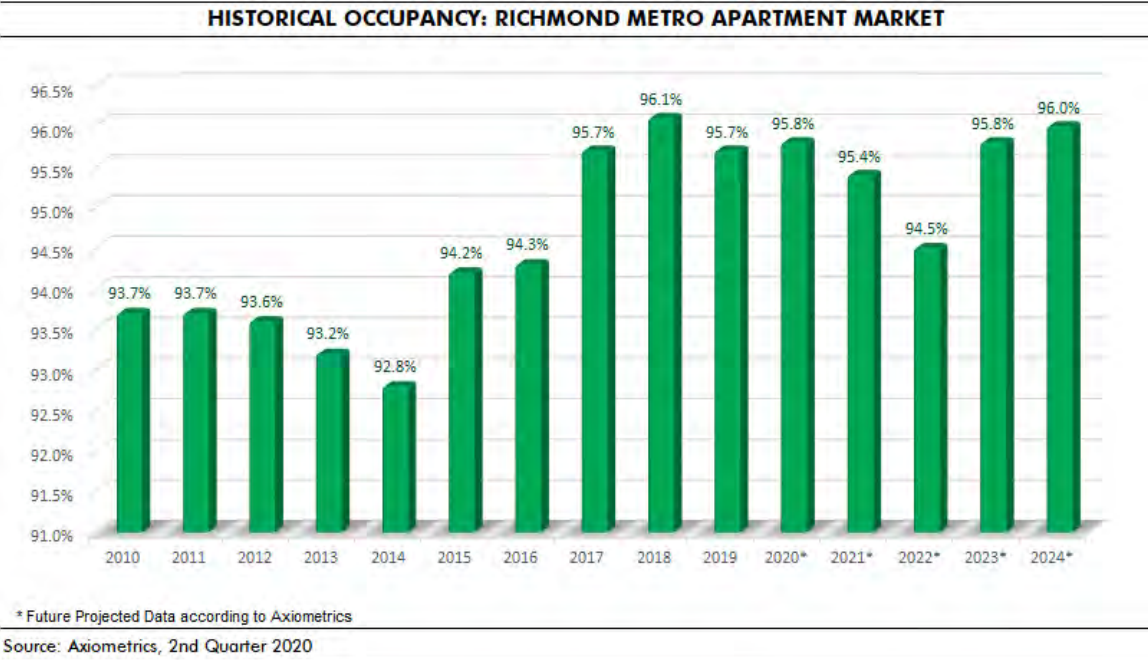
- As of 2nd Quarter 2020, there were approximately 99,326 units of occupied apartment space, resulting in an occupancy rate of 95.8% for the submarket. This reflects an increase from the previous quarter's occupancy of 95.4%, and a small increase from an occupancy rate of 95.7% from last year.
- The area experienced positive 994 units of net absorption for the current quarter. This indicates an improvement from the previous quarter's positive 12 units of net absorption, and a decline from the positive 1,466 units of net absorption from last year.
- The area had completions of positive 568 units for the current quarter, which indicates an increase from the previous quarter's completions of positive 425 units, and indicates a decline from completions of positive 1,920 units from last year.
- The area achieved average effective rent of \$1,125 per unit, which indicates an increase from the previous quarter's effective rent of \$1,113 per unit, and an increase from the effective rent of \$1,110 per unit from last year.

Historical Inventory – Market



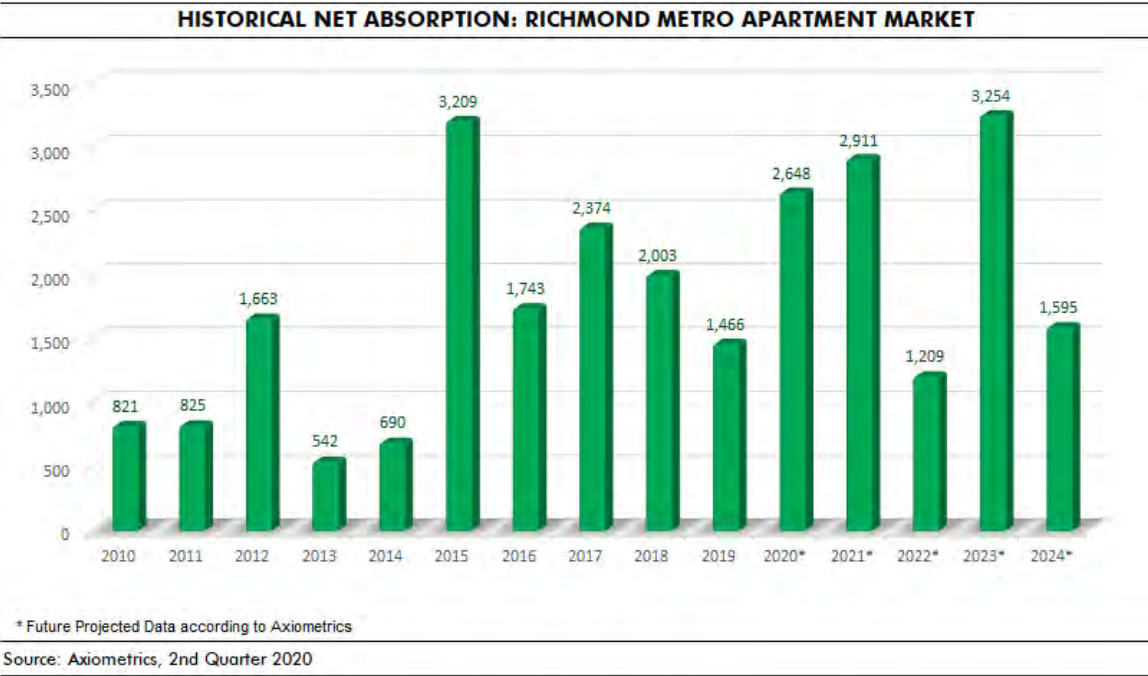
Inventory is projected to be 105,416 units at the end of the current year, which represents an increase from the previous year’s inventory of 102,709 units. Inventory for next year is projected to be 108,909 units, reflecting an increase from the current year.

Historical Occupancy - Market



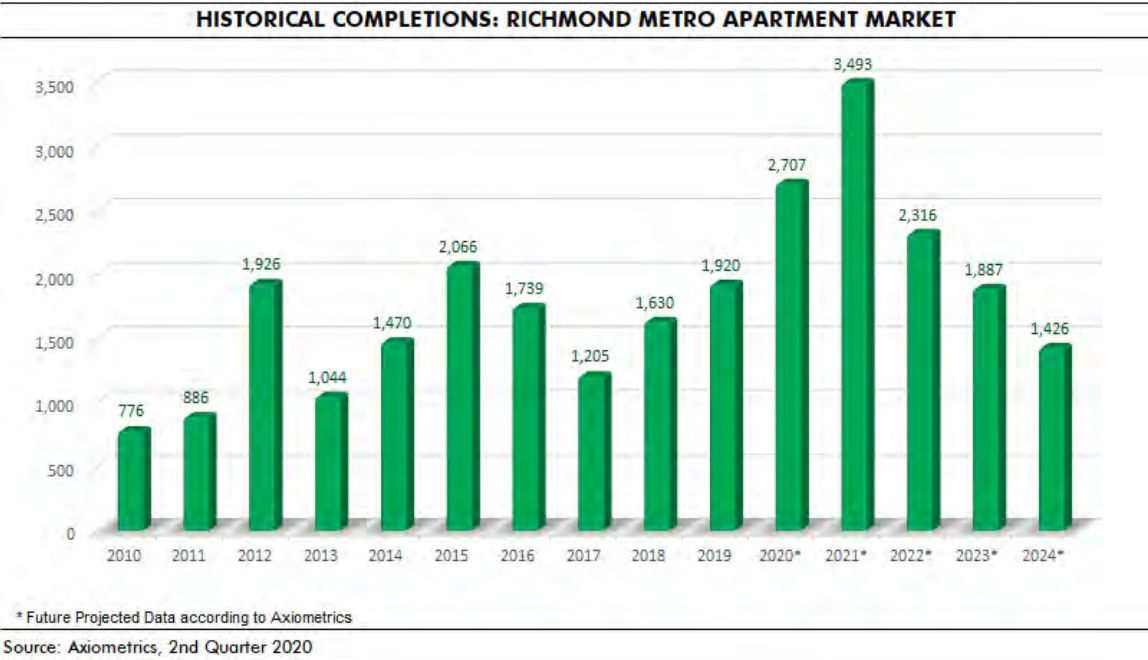
At the end of the current year, the occupancy rate is projected to be 95.8%, which reflects a small increase from the 95.7% occupancy rate at the end of last year. Occupancy for next year is projected to be 95.4%, reflecting a decrease from the current year.

**Historical Net Absorption - Market**



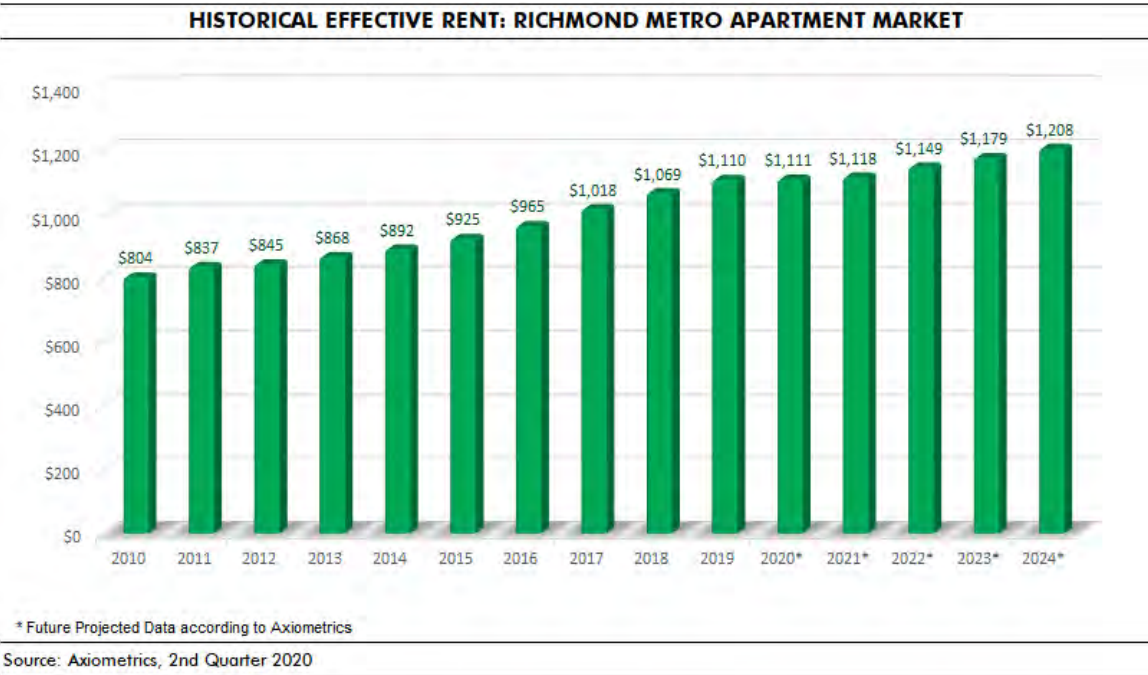
At the end of the current year, the area is projected to experience positive 2,648 units of net absorption, which indicates an improvement from the positive 1,466 units of net absorption for the previous year. The area is projected to experience positive 2,911 units of net absorption as of the end of next year, which indicates an improvement from the current year.

Historical Completions - Market



The area is projected to achieve completions of positive 2,707 units for the current year, which indicates an improvement from the previous year’s completions of positive 1,920 units. The area is projected to experience completions of positive 3,493 units as of the end of next year, which indicates an improvement from the current year.

Historical Effective Rent - Market





The area is projected to achieve average effective rent of \$1,111 per unit at the end of the current year, which indicates an increase from the previous year's effective rent of \$1,110 per unit. The area is projected to achieve effective rent of \$1,118 per unit by the end of next year, indicating an increase from the current year.

**SUBMARKET SNAPSHOT**

The following table summarizes the supply of apartment units for each submarket within the Richmond Metro market as of 2nd Quarter 2020.

| <b>RICHMOND METRO SUBMARKET SNAPSHOT</b> |                              |                                 |   |                  |
|--|------------------------------|---------------------------------|---|------------------|
| <b>Submarket</b>                         | <b>Inventory<br/>(Units)</b> | <b>Completions*<br/>(Units)</b> | <b>Effective Rent<br/>(\$/Unit / Mo.)</b> | <b>Occupancy</b> |
| Chesterfield County                      | 13,497                       | 428                             | \$1,235                                   | 95.7%            |
| Downtown Richmond/The Fan                | 11,689                       | 570                             | \$1,292                                   | 95.3%            |
| East Richmond                            | 18,673                       | 369                             | \$1,015                                   | 95.1%            |
| Hanover County                           | 5,697                        | 207                             | \$1,277                                   | 97.3%            |
| Northwest Richmond                       | 11,947                       | 40                              | \$1,139                                   | 95.3%            |
| Petersburg/Colonial Heights/Hopewell     | 9,677                        | 0                               | \$965                                     | 96.4%            |
| Southside                                | 19,845                       | 69                              | \$988                                     | 96.4%            |
| Tuckahoe/Westhampton                     | 12,677                       | 417                             | \$1,265                                   | 95.8%            |

\*Completions include trailing 4 quarters

Source: Axiometrics, 2nd Quarter

**Northwest Richmond Submarket**

Important characteristics of the Northwest Richmond apartment market are summarized below:

| <b>NORTHWEST RICHMOND APARTMENT SUBMARKET</b> |                              |                                |                                   |                  |   |                                  |                                   |
|---|------------------------------|--------------------------------|-----------------------------------|------------------|---|----------------------------------|-----------------------------------|
| <b>Year<br/>Ending</b>                        | <b>Inventory<br/>(Units)</b> | <b>Completions<br/>(Units)</b> | <b>Occupied<br/>Stock (Units)</b> | <b>Occupancy</b> | <b>Effective Rent<br/>(\$/Unit / Mo.)</b> | <b>Effective<br/>Rent Change</b> | <b>Net Absorption<br/>(Units)</b> |
| 2010  | 11,907                       | 0                              | 11,214                            | 94.2%            | \$810                                     | -0.22%                           | -599                              |
| 2011  | 11,907                       | 0                              | 11,252                            | 94.5%            | \$859                                     | 4.53%                            | 38                                |
| 2012  | 11,907                       | 0                              | 11,291                            | 94.8%            | \$856                                     | 1.09%                            | 40                                |
| 2013  | 11,907                       | 0                              | 11,262                            | 94.6%            | \$873                                     | 1.56%                            | -30                               |
| 2014  | 11,907                       | 0                              | 11,215                            | 94.2%            | \$898                                     | 3.00%                            | -47                               |
| 2015  | 11,907                       | 0                              | 11,260                            | 94.6%            | \$939                                     | 4.01%                            | 46                                |
| 2016  | 11,907                       | 0                              | 11,301                            | 94.9%            | \$986                                     | 3.99%                            | 40                                |
| 2017  | 11,907                       | 0                              | 11,446                            | 96.1%            | \$1,037                                   | 5.71%                            | 145                               |
| 2018  | 11,907                       | 0                              | 11,514                            | 96.7%            | \$1,074                                   | 4.17%                            | 69                                |
| 2019  | 11,907                       | 0                              | 11,395                            | 95.7%            | \$1,112                                   | 4.48%                            | -119                              |
| 2020 Q1                                       | 11,907                       | 0                              | 11,349                            | 95.3%            | \$1,124                                   | 1.05%                            | -47                               |
| 2020 Q2                                       | 11,947                       | 40                             | 11,389                            | 95.3%            | \$1,139                                   | 1.50%                            | 40                                |
| 2020 Q3*                                      | 12,007                       | 60                             | 11,491                            | 95.7%            | \$1,148                                   | 0.79%                            | 105                               |
| 2020 Q4*                                      | 12,007                       | 0                              | 11,551                            | 96.2%            | \$1,126                                   | -1.92%                           | 60                                |
| 2021*   | 12,032                       | 25                             | 11,527                            | 95.8%            | \$1,146                                   | 0.08%                            | -24                               |
| 2022*   | 12,057                       | 25                             | 11,442                            | 94.9%            | \$1,181                                   | 2.83%                            | -90                               |
| 2023*   | 12,089                       | 32                             | 11,630                            | 96.2%            | \$1,221                                   | 3.40%                            | 185                               |
| 2024*   | 12,114                       | 25                             | 11,678                            | 96.4%            | \$1,261                                   | 3.33%                            | 48                                |

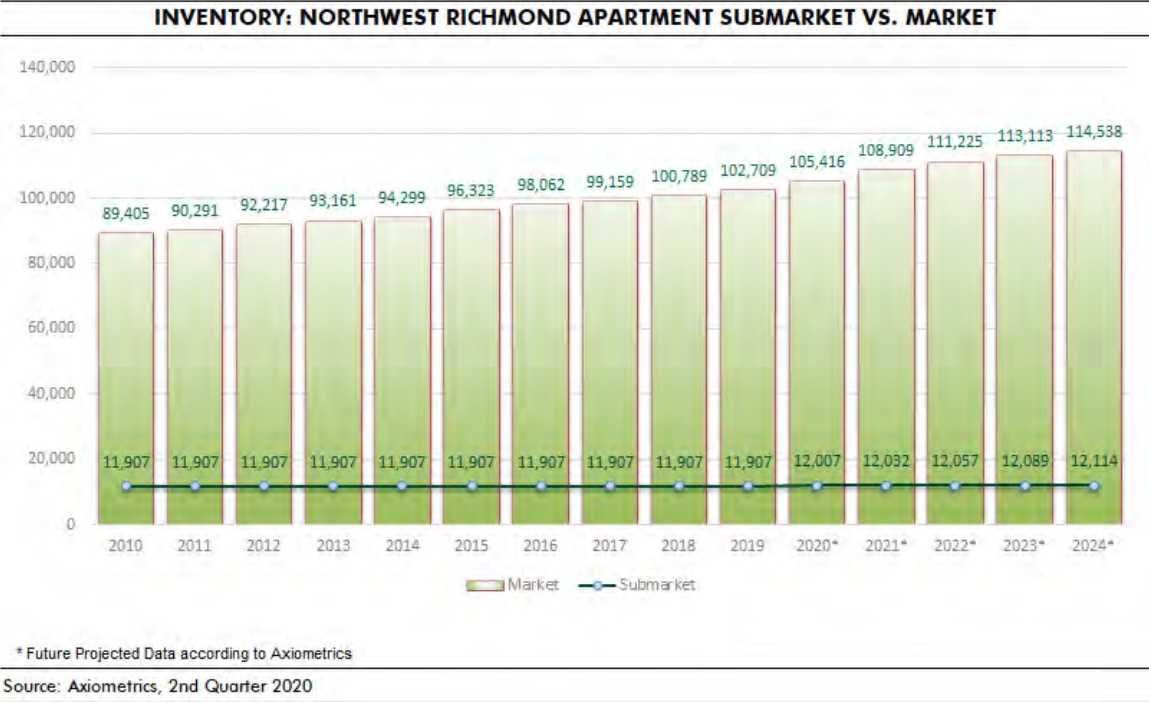
\*Future Projected Data according to Axiometrics

Source: Axiometrics, 2nd Quarter 2020

The Northwest Richmond apartment submarket consists of approximately 11,947 units of apartment space. The current submarket inventory represents approximately 11.5% of the overall market inventory. The following observations were noted from the table above:

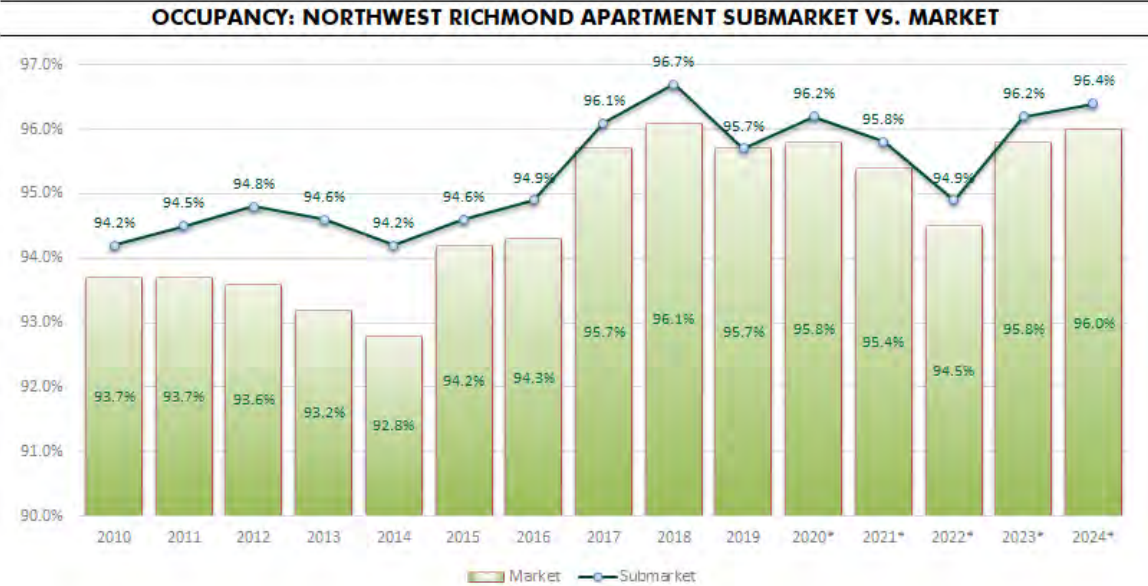
- As of 2nd Quarter 2020, there were approximately 11,389 units of occupied apartment space, resulting in an occupancy rate of 95.3% for the submarket. This reflects no change from the previous quarter’s occupancy of 95.3%, and a small decrease from an occupancy rate of 95.7% from last year. The submarket occupancy is below the 95.8% market occupancy.
- The submarket experienced positive 40 units of net absorption for the current quarter. This indicates an improvement from the previous quarter’s negative 47 units of net absorption, and an improvement from the negative 119 units of net absorption from a year ago. Overall, the submarket has experienced negative 7 units of net absorption for the current year-to-date period. The submarket’s current net absorption of positive 40 units is below the overall market net absorption of positive 994 units.
- The submarket had completions of positive 40 units for the current quarter, which indicates an increase from the previous quarter’s zero completions, and an increase from the zero completions from last year.
- The submarket achieved average effective rent of \$1,139 per unit, which indicates an increase from the previous quarter’s effective rent of \$1,124 per unit, and an increase from the effective rent of \$1,112 per unit from last year. The submarket’s current effective rent of \$1,139 per unit compares favorably with the overall market asking rent of \$1,125 per unit.

Historical Inventory - Submarket



Submarket Inventory is projected to be 12,007 units at the end of the current year, which represents an increase from the previous year’s submarket inventory of 11,907 units. Inventory for next year is projected to be 12,032 units, reflecting an increase from the current year.

**Historical Occupancy - Submarket**

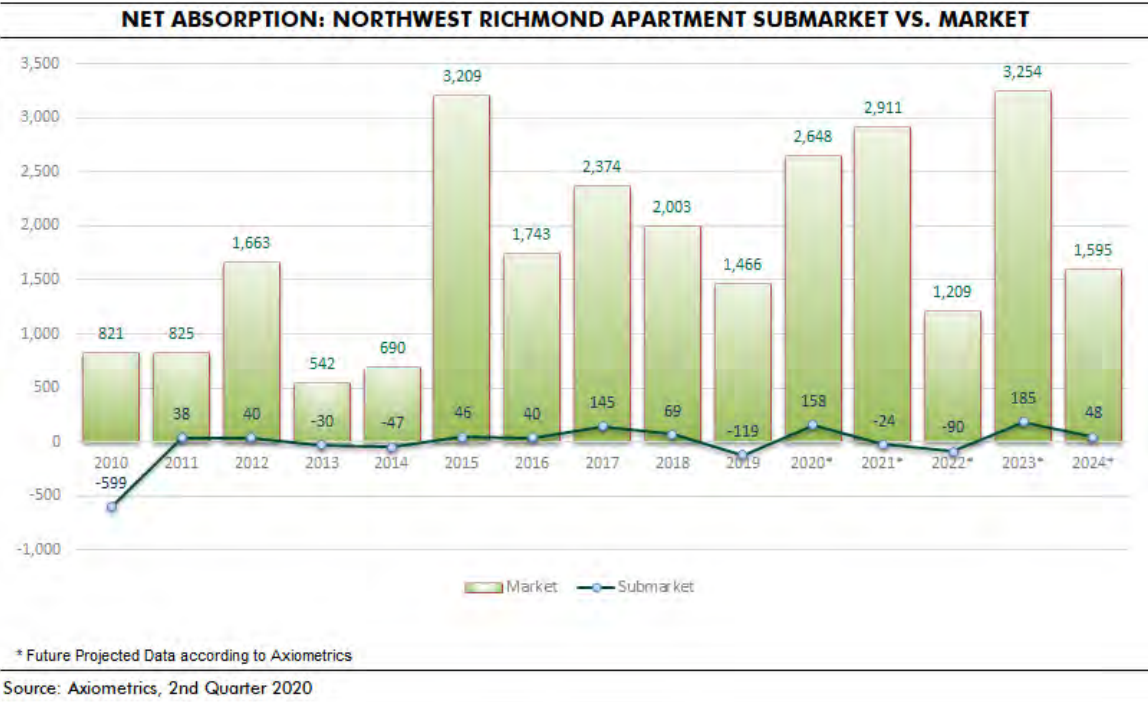


\* Future Projected Data according to Axiometrics

Source: Axiometrics, 2nd Quarter 2020

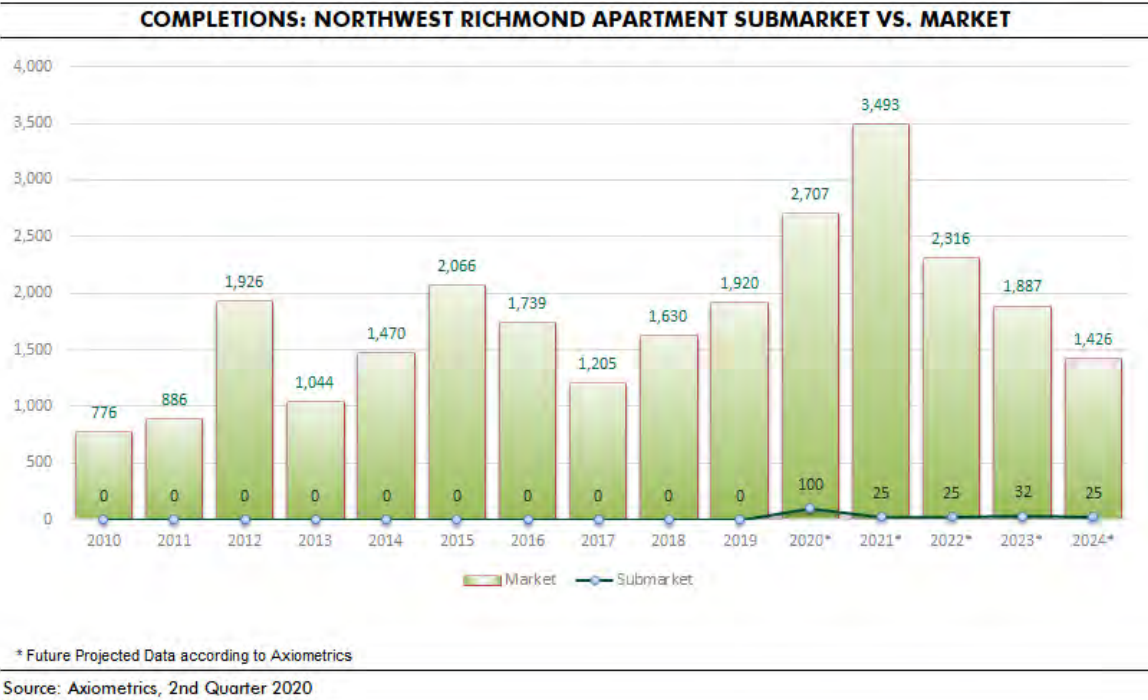
Submarket occupancy is projected to be 96.2% at the end of the current year, which represents an increase from the previous year’s submarket occupancy of 95.7%. Submarket occupancy for next year is projected to be 95.8%, reflecting a decrease from the current year.

Historical Net Absorption - Submarket



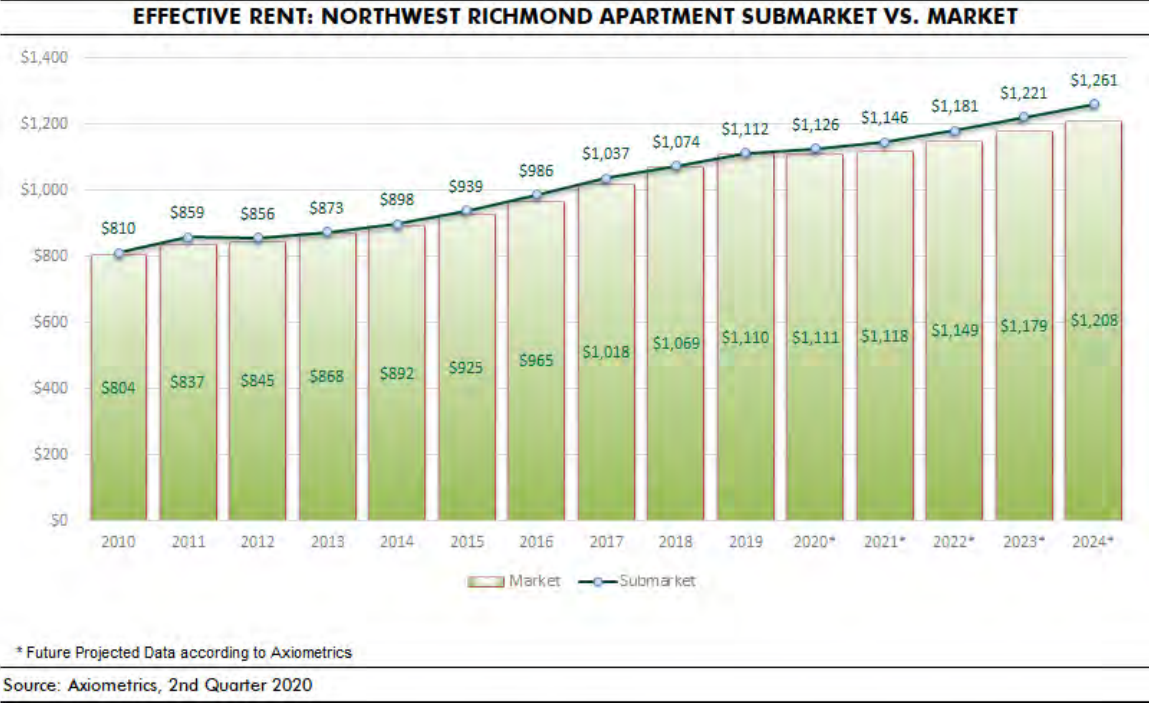
Net absorption in the submarket is projected to be positive 158 units at the end of the current year, reflecting an improvement from the previous year’s net absorption of negative 119 units. Net absorption for next year is projected to be negative 24 units, indicating an improvement from the current year.

Historical Completions - Submarket



The submarket is projected to achieve completions of positive 100 units at the end of the current year, which indicates an improvement from the previous year’s zero completions. The submarket is projecting completions of positive 25 units for next year, which indicates a decline from the current year.

**Historical Effective Rent - Submarket**



The submarket is projected to achieve average effective of \$1,126 per unit at the end of the current year, which represents an increase from the previous year’s effective rent of \$1,112 per unit. The submarket is projected to achieve average effective rent of \$1,146 per unit, reflecting an increase from the current year.

**Supply and Absorption**

As indicated by increasing rents and low vacancies, there is a surplus of demand in the submarket. We consulted CoStar, Axiometrics, VHDA, and the City of Henrico planning department website in regards to new multifamily development in the subject PMA. There have been no new competitive developments in the subject’s PMA in the previous three years.



## COMPETITIVE PROPERTIES

Comparable market-rate and LIHTC properties were surveyed in order to identify the current occupancy within the competitive market.

| <b>SUMMARY OF COMPARABLE APARTMENT RENTALS</b> |                            |  |                       |           |
|--|----------------------------|--|-----------------------|-----------|
| Comp. No.                                      | Name                       | Location                                 | Distance from Subject | Occupancy |
| 1  | Abbingtion West End        | 4401 Sprenkle Lane,<br>Henrico, VA       | 0.1 Miles             | 99%       |
| 2  | Carriage Club              | 7098 Fernwood Street,<br>Henrico, VA     | 0.4 Miles             | 99%       |
| 3  | Cardinal Forest            | 4724 Cardinal Road,<br>Richmond, VA      | 0.8 Miles             | 93%       |
| 4  | London Towne               | 5618 Eunice Drive,<br>Richmond, VA       | 1.4 Miles             | 94%       |
| 5  | Staples Mill Townhouses    | 4100-A Townhouse Rd.,<br>Richmond, VA    | 1.1 Miles             | 96%       |
| 6  | Creekside Manor Apartments | 1601 Lakeside Avenue,<br>Richmond, VA    | 2.5 Miles             | 100%      |
| 7  | Richfield Place - LIHTC    | 6001 Grammarcy Circle,<br>Richmond, VA   | 3.6 Miles             | 96%       |
| 8  | Village at the Arbors      | 5613 Crenshaw Road,<br>Richmond, VA      | 3.7 Miles             | 100%      |
| Subject  | Place One                  | 4222 Almora Avenue,<br>Henrico, Virginia |                       | 99%       |
| Compiled by CBRE                               |                            |  |                       |           |

All of the comparable properties surveyed reported occupancy rates of 93% or better, and all are currently in fair to good condition. Comparables 1 through 5 are market rate developments and comparables 6 through 8 are affordable comparables. Comparables are located within the PMA. The market rate comparables reported an average occupancy of 96.2%. The affordable comparables reported occupancies of 96% to 100% with an average of 98.2%. All of the affordable comparables reported maintaining waiting lists.

## OCCUPANCY

Occupancy rate is the relationship between the actual income received from a property and the income that would be received if the entire space were occupied. Consequently, the occupancy rate is a product of both (1) the relationship between the amount of occupied space in a building

or market (physical) and (2) the relationship between the contract rent for the occupied building or market space and the total rent estimated for all space in the building or market (economic).

However, the occupancy estimate discussed in this section is physical only.

**Occupancy Overview**

The occupancy for the Richmond, VA metro, the Northwest Richmond submarket, as well as the market-rate and LIHTC comparables are presented in the following table.

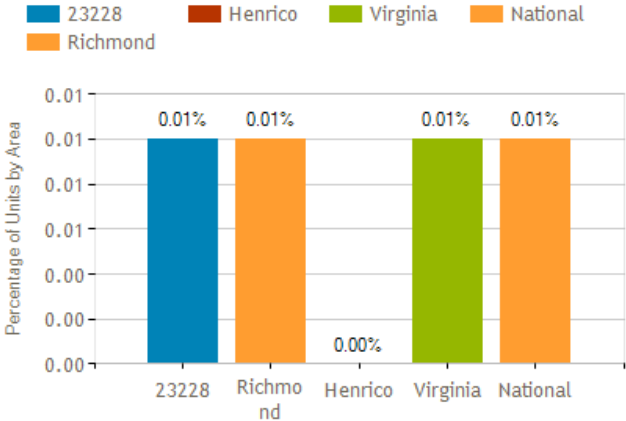
| <b>OCCUPANCY CONCLUSIONS</b>          |              |
|---------------------------------------|--------------|
| Richmond, VA Metro                    | 95.8%        |
| Northwest Richmond Submarket          | 95.3%        |
| LIHTC Comparables                     | 98.2%        |
| Market Rate Comparables               | 96.2%        |
| <b>Subject's Stabilized Occupancy</b> | <b>97.0%</b> |
| Compiled by CBRE                      |              |

**Absorption**

The subject is currently operating at a stabilized occupancy at 99% with an extensive waiting list and the renovations will take place in such a manner that the existing tenants will move back into the units upon completion of the renovation of their individual unit. As such, no absorption is estimated as the subject will be stabilized upon completion.

**Housing Market Conditions**

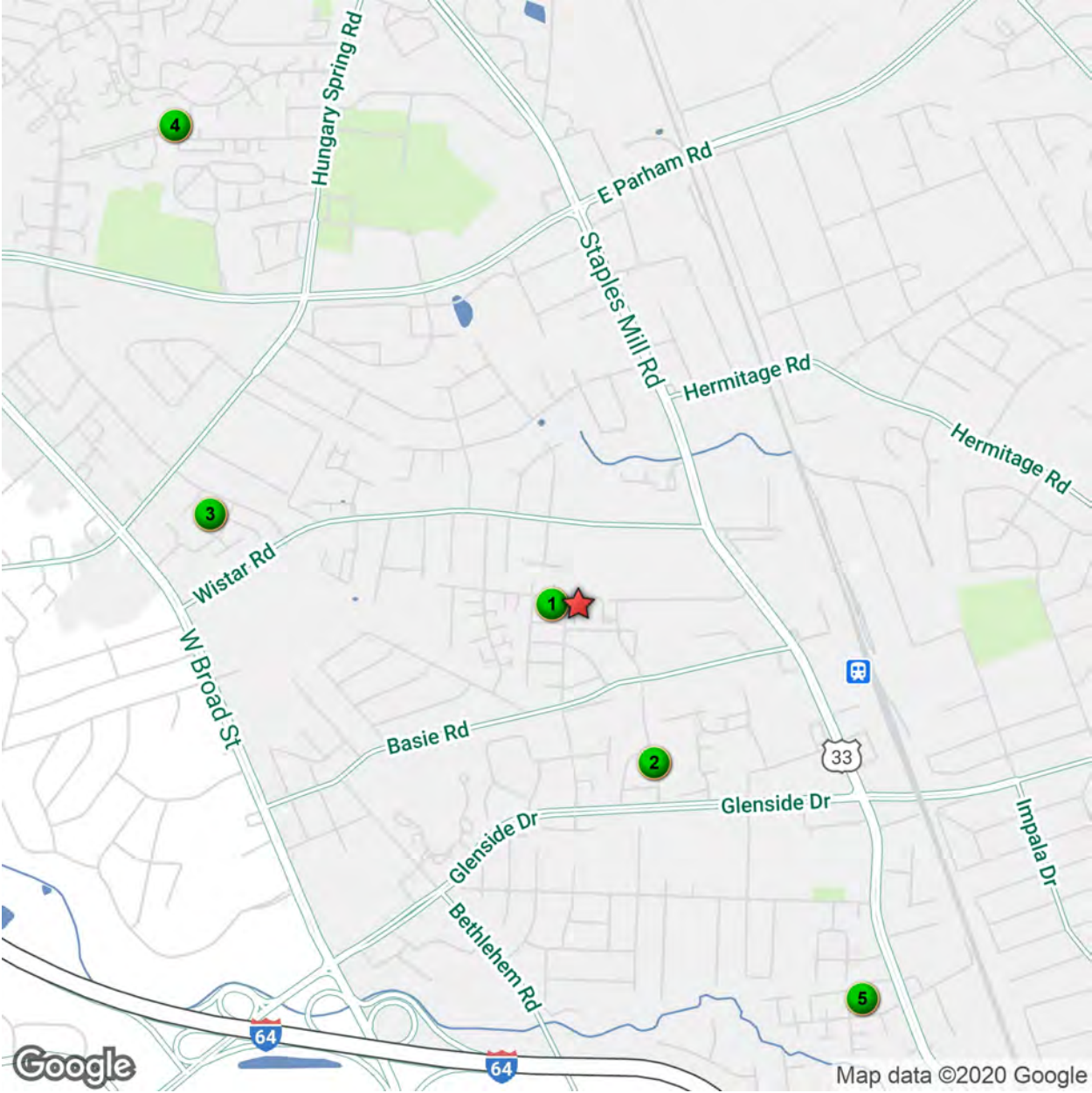
According to RealtyTrac as of June 2020, in the subject’s zip code (23228) there are currently 33 homes listed for sale and 33 properties that are in some stage of foreclosure (default, auction or bank owned). The percentage of foreclosures in the subject’s zip code is 0.01% which is similar to the city of Richmond, the state of Virginia, and the nation and is slightly above the city of Henrico (0.00%). As illustrated, the local area is experiencing a slightly higher foreclosure rate. We do not believe the shadow-market caused by foreclosure activity will affect the marketability of the subject.



Source: RealtyTrac

**RENT ANALYSIS – MARKET RATE**

The following map and table summarize the primary comparable data used in determining market rental rates for the subject. A detailed description of each comparable is included in the addenda.



For the unencumbered analysis, we searched for market rate complexes in the subject’s expanded neighborhood area that are of a reasonably similar vintage as the subject in order to determine market rental rates for the subject. The following table summarizes the comparable properties used for this analysis.

| SUMMARY OF COMPARABLE APARTMENT RENTALS |                         |  |                 |                                    |      |              |                       |
|---|-------------------------|--|-----------------|------------------------------------|------|--------------|-----------------------|
| No.                                     | Property Name           | Location                                 | YOC /<br>Reno'd | Property Subtype                   | Occ. | No.<br>Units | Distance<br>from Subj |
| 1                                       | Abbingtion West End     | 4401 Sprenkle Lane<br>Henrico, VA        | 1973<br>/ 2015  | Multi-unit Garden                  | 99%  | 515          | 0.1 Miles             |
| 2                                       | Carriage Club           | 7098 Fernwood Street<br>Henrico, VA      | 1966            | Multi-unit Garden                  | 99%  | 294          | 0.4 Miles             |
| 3                                       | Cardinal Forest         | 4724 Cardinal Road<br>Richmond, VA       | 1975<br>/ 2013  | Multi-unit Garden                  | 93%  | 240          | 0.8 Miles             |
| 4                                       | London Towne            | 5618 Eunice Drive<br>Richmond, VA        | 1976            | Multi-unit Garden                  | 94%  | 683          | 1.4 Miles             |
| 5                                       | Staples Mill Townhouses | 4100-A Townhouse Rd.<br>Richmond, VA     | 1966            | Multi-unit Garden                  | 96%  | 437          | 1.1 Miles             |
| Subj.                                   | Place One               | 4222 Almora Avenue,<br>Henrico, Virginia | 1977            | Multi-family<br>Subsidized Housing | 99%  | 114          | ---                   |

Compiled by CBRE

## DISCUSSION/ANALYSIS OF RENT COMPARABLES

### Rent Comparable One

This comparable rental represents the Abbingtion West End Apartments, a 515-unit garden-style property at 4401 Sprenkle Lane, Henrico, VA. The improvements were originally constructed in 1973 and were considered in good condition at the time of our research. The average unit size is 824 square feet. Project/unit amenities include the following: business center, clubhouse, dog park / run, fitness center, pool, individual split systems, on-site management, pitched roofs, surface parking, dishwasher, garbage disposal, microwave oven, private patios / balconies, range / oven, refrigerator, washer / dryer, washer / dryer connections. According to the unit mix and asking rates for this property, the average base rental rate is \$1.54 per square foot monthly (\$1,269/unit), based upon typical lease terms of 12 months. No rent premiums were reported. No utilities are included with the rent and no concessions are currently offered. The property is currently 99% leased. Management noted vacancy has remained high since on the onset of COVID-19 with only several tenants going on modified rental payment plans.

### Rent Comparable Two

This comparable rental represents the Carriage Club Apartments, a 294-unit garden-style property at 7098 Fernwood Street, Henrico, VA. The improvements were originally constructed in 1966 and were considered in average condition at the time of our research. The average unit size is 996 square feet. Project/unit amenities include the following: dog park / run, fitness center, pool, individual split systems, on-site management, dishwasher, garbage disposal, private patios / balconies, range / oven, refrigerator, washer / dryer, washer / dryer connections. According to the unit mix and asking rates for this property, the average base rental rate is \$1.18 per square foot monthly (\$1,171/unit), based upon typical lease terms of 12 months. No rent premiums were reported. No utilities are included with the rent and no concessions are currently

offered. The property is currently 99% leased. Management noted vacancy has remained high since on the onset of COVID-19 with only several tenants going on modified rental payment plans.

### Rent Comparable Three

This comparable rental represents the Cardinal Forest Apartments, a 240-unit garden-style property at 4724 Cardinal Road, Richmond, VA. The improvements were originally constructed in 1975 and were considered in good condition at the time of our research. The structure's exterior walls depict vinyl siding construction components and the average unit size is 1,133 square feet. Project/unit amenities include the following: clubhouse, fitness center, pool, tennis court, individual split systems, on-site management, pitched roofs, surface parking, dishwasher, garbage disposal, range / oven, refrigerator, washer / dryer, washer / dryer connections. According to the unit mix and asking rates for this property, the average base rental rate is \$1.19 per square foot monthly (\$1,353/unit), based upon typical lease terms of 12 months. No rent premiums were reported. No utilities are included with the rent and no concessions are currently offered. The property is currently 93% leased. Management noted vacancy has decreased slightly since on the onset of COVID-19 with approximately 10 tenants going on modified rental payment plans.

### Rent Comparable Four

This comparable rental represents the London Towne Apartments, a 683-unit garden-style property at 5618 Eunice Drive, Richmond, VA. The improvements were originally constructed in 1976 and were considered in average condition at the time of our research. The structure's exterior walls depict brick veneer construction components and the average unit size is 912 square feet. Project/unit amenities include the following: clubhouse, fitness center, playground, pool, tennis court, individual split systems, on-site management, pitched roofs, surface parking, dishwasher, garbage disposal, private patios / balconies, range / oven, refrigerator, washer / dryer, washer / dryer connections. According to the unit mix and asking rates for this property, the average base rental rate is \$1.38 per square foot monthly (\$1,260/unit), based upon typical lease terms of 12 months. No rent premiums were reported. Utilities included with the rent are trash and no concessions are currently offered. The property is currently 94% leased. Management noted vacancy has decreased slightly since on the onset of COVID-19 with approximately several tenants going on modified rental payment plans.

### Rent Comparable Five

This comparable rental represents the Staples Mill Townhouses, a 437-unit garden-style property at 4100-A Townhouse Rd., Richmond, VA. The improvements were originally constructed in 1966 and were considered in average condition at the time of our research. The structure's exterior walls depict masonry construction components and the average unit size is 840 square feet. Project/unit amenities include the following: laundry facility. According to the unit mix and asking rates for this property, the average base rental rate is \$1.36 per square foot monthly

(\$1,146/unit), based upon typical lease terms of 12 months. Rent premiums were reported as w/d-\$35. No utilities are included with the rent and no concessions are currently offered. The property is currently 96% leased. Management noted vacancy has remained high since on the onset of COVID-19 with only several tenants going on modified rental payment plans.

### **MARKET RENT ESTIMATE**

The following market rent estimate is hypothetical as the subject's rents are determined by a Section 8 HAP contract. The following rent grids have been used to determine the achievable market rent for the subject as we are concurrently preparing an RCS for the subject.



# Rent Comparability Grid for Unit Type 1BR – As Is

| Rent Comparability Grid               |           | Unit Type          | 1BR - As Is          |                               | Subject's FHA #:  |                     | VA36-H027-009 |                  |               |
|---------------------------------------|-----------|--------------------|----------------------|-------------------------------|-------------------|---------------------|---------------|------------------|---------------|
| Subject                               | Data      | Comp #1            | Comp #2              | Comp #3                       | Comp #4           | Comp #5             |               |                  |               |
| Place One                             |           | Abbington West End | Carriage Club        | Cardinal Forest               | London Towne      | Staples Mill        |               |                  |               |
| 4222 Almora Avenue                    | on        | 4401 Sprengle Lane | 7098 Fernwood Street | 4724 Cardinal Road            | 5618 Eunice Drive | 4100 Townhouse Road |               |                  |               |
| Henrico, VA                           | Subject   | Richmond, VA       | Richmond, VA         | Richmond, VA                  | Richmond, VA      | Richmond, VA        |               |                  |               |
| <b>A. Rents Charged</b>               |           | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>     | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>      | <b>\$ Adj</b> |
| 1 \$ Last Rent / Restricted?          |           | \$1,041            | N                    | \$950                         | N                 | \$1,100             | N             | \$1,075          | N             |
| 2 Date Last Leased (mo/yr)            |           | Aug-20             |                      | Aug-20                        |                   | Aug-20              |               | Aug-20           |               |
| 3 Rent Concessions                    |           | N                  |                      | N                             |                   | N                   |               | N                |               |
| 4 Occupancy for Unit Type             |           | 99%                |                      | 99%                           |                   | 93%                 |               | 94%              |               |
| 5 Effective Rent & Rent/ sq. ft       |           | \$1,041            | \$1.67               | \$950                         | \$1.16            | \$1,100             | \$1.34        | \$1,075          | \$1.85        |
| <b>B. Design, Location, Condition</b> |           | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>     | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>      | <b>\$ Adj</b> |
| 6 Structure / Stories                 | WU/3      | TH/2               | (\$10)               | WU/2                          |                   | WU/3                |               | WU/2             | TH/2 (\$10)   |
| 7 Yr. Built/Yr. Renovated             | 1980/2005 | 1973/2015          |                      | 1966                          |                   | 1975/2013           |               | 1976             | 1966          |
| 8 Condition / Street Appeal           | A         | G                  | (\$42)               | A                             |                   | G                   | (\$44)        | G                | (\$43)        |
| 9 Neighborhood                        | A         | A                  |                      | A                             |                   | A                   |               | A                |               |
| 10 Same Market? Miles to Subj         | A         | Y/0.1 Miles        |                      | Y/0.4 Miles                   |                   | Y/0.8 Miles         |               | Y/1.4 Miles      | Y/1.1 Miles   |
| <b>C. Unit Equipment / Amenities</b>  |           | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>     | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>      | <b>\$ Adj</b> |
| 11 # Bedrooms                         | 1         | 1                  |                      | 1                             |                   | 1                   |               | 1                |               |
| 12 # Baths                            | 1         | 1                  |                      | 1                             |                   | 1                   |               | 1                |               |
| 13 Unit Interior Sq. Ft.              | 527       | 625                | (\$41)               | 822                           | (\$85)            | 822                 | (\$99)        | 581              | (\$25)        |
| 14 Balcony / Patio                    | N         | Y                  | (\$10)               | Y                             | (\$10)            | Y                   | (\$10)        | Y                | (\$10)        |
| 15 AC: Central / Wall                 | C         | C                  |                      | C                             |                   | C                   |               | C                |               |
| 16 Range / refrigerator               | R/F       | R/F                |                      | R/F                           |                   | R/F                 |               | R/F              |               |
| 17 Microwave / Dishwasher             | N         | M/D                | (\$15)               | D                             | (\$10)            | D                   | (\$10)        | D                | (\$10)        |
| 18 Washer / Dryer                     | L         | W/D                | (\$35)               | W/D                           | (\$35)            | W/D                 | (\$35)        | W/D              | L/HU (\$10)   |
| 19 Floor Coverings                    | C         | C                  |                      | C                             |                   | C                   |               | C                |               |
| 20 Window Coverings                   | B         | B                  |                      | B                             |                   | B                   |               | B                |               |
| 21 Cable / Satellite / Internet       | N         | N                  |                      | N                             |                   | N                   |               | N                |               |
| 22 Special Features                   | N         | N                  |                      | N                             |                   | N                   |               | N                |               |
| <b>D. Site Equipment / Amenities</b>  |           | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>     | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>      | <b>\$ Adj</b> |
| 24 Parking ( \$ Fee)                  | L         | L                  |                      | L                             |                   | L                   |               | L                |               |
| 25 Extra Storage                      | N         | N                  |                      | N                             |                   | N                   |               | N                |               |
| 26 Security                           | N         | N                  |                      | N                             |                   | N                   |               | N                |               |
| 27 Clubhouse / Meeting Rooms          | N         | C                  | (\$5)                | C                             | (\$5)             | C                   | (\$5)         | C                | (\$5)         |
| 28 Pool / Recreation Areas            | R         | P/E/R/DP           | (\$20)               | P/E/R/DP                      | (\$20)            | P/E/R/TC            | (\$20)        | P/E/R/TC         | (\$20)        |
| 29 Business Ctr / Nhd Netwk           | N         | BC                 | (\$10)               | N                             |                   | N                   |               | N                |               |
| 30 Service Coordination               | N         | N                  |                      | N                             |                   | N                   |               | N                |               |
| 31 Non-shelter Services               | N         | N                  |                      | N                             |                   | N                   |               | N                |               |
| 32 Neighborhood Networks              | N         | N                  |                      | N                             |                   | N                   |               | N                |               |
| <b>E. Utilities</b>                   |           | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>     | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>      | <b>\$ Adj</b> |
| 33 Heat (in rent? / type)             | N/E       | N/G                |                      | N/G                           |                   | N/G                 |               | N/G              |               |
| 34 Cooling (in rent? / type)          | N/E       | N/E                |                      | N/E                           |                   | N/E                 |               | N/E              |               |
| 35 Cooking (in rent? / type)          | N/E       | N/E                |                      | N/E                           |                   | N/E                 |               | N/E              |               |
| 36 Hot Water (in rent? / type)        | N/E       | N/G                |                      | N/G                           |                   | N/G                 |               | N/G              |               |
| 37 Other Electric                     | N         | N                  |                      | N                             |                   | N                   |               | N                |               |
| 38 Cold Water / Sewer                 | Y/Y       | N/N                | \$60                 | N/N                           | \$60              | N/N                 | \$60          | N/N              | \$60          |
| 39 Trash / Recycling                  | Y         | N                  | \$19                 | N                             | \$19              | N                   | \$19          | N                | \$19          |
| <b>F. Adjustments Recap</b>           |           | <b>Pos</b>         | <b>Neg</b>           | <b>Pos</b>                    | <b>Neg</b>        | <b>Pos</b>          | <b>Neg</b>    | <b>Pos</b>       | <b>Neg</b>    |
| 40 # Adjustments B to D               |           | 9                  |                      | 6                             |                   | 7                   |               | 7                |               |
| 41 Sum Adjustments B to D             |           |                    | (\$187)              |                               | (\$165)           |                     | (\$223)       |                  | (\$148)       |
| 42 Sum Utility Adjustments            |           | \$79               |                      | \$79                          |                   | \$79                |               | \$79             |               |
| 43 Net / Gross Adjmts B to E          |           | Net (\$108)        | Gross \$266          | Net (\$86)                    | Gross \$244       | Net (\$144)         | Gross \$302   | Net (\$69)       | Gross \$227   |
| <b>G. Adjusted &amp; Market Rents</b> |           | <b>Adj. Rent</b>   |                      | <b>Adj. Rent</b>              |                   | <b>Adj. Rent</b>    |               | <b>Adj. Rent</b> |               |
| 44 Adjusted Rent (5+ 43)              |           | \$933              |                      | \$864                         |                   | \$956               |               | \$1,006          |               |
| 45 Adj Rent/Last rent                 |           |                    | 90%                  |                               | 91%               |                     | 87%           |                  | 94%           |
| 46 Estimated Market Rent              | \$935     | \$1.77             |                      | Estimated Market Rent/ Sq. Ft |                   |                     |               |                  |               |

*M.H. H...* 8/5/2020 Attached are explanations of: a. why & how each adjustment was made

Appraiser's Signature Date b. how market rent was derived from adjusted rents

c. how this analysis was used for a similar unit type

Grid was prepared: Manually No Using HUD's Excel form Yes form HUD-92273-58 (04/2002)

## Explanation of Adjustments & Market Rent Conclusions: Unit Type 1BR – As Is

A Rent Comparability Grid was prepared for the primary one-bedroom unit type.

### Line 1: \$ Last Rent/Restricted?

All of the units are currently rented at the rates shown on the grid. Rents range from \$950 to \$1,100. No unit used in the analysis has any rent restrictions.

### Line 2: Date Last Leased (mo/yr)

All rates are reflective of standard units with typical twelve-month leases effective August 2020.

### Line 3: Rent Concessions

None of the comparable properties are currently offering concessions. Therefore, no adjustments are necessary.

### Line 4: Occupancy for Unit Type

The comparable properties are 93% to 99% occupied. Therefore, adjustments for occupancy are necessary.

### Line 6: Structures/Stories

The subject's units are contained in one and three-story walkup-style. The comparables are contained in two to three-story walkup-style developments or two-story townhomes-style units. One comparable offers elevator service. The comparable that offer's townhomes-style units have received a downward adjustment of \$10. No additional adjustments were required.

### Line 7: Year Built/Renovated

Adjustments for condition and street appeal are included on line 8.

### Line 8: Condition/Street Appeal

HUD guidelines stipulate that the condition adjustment for those in good condition should not exceed the larger amount of \$20 or 4% of the Last Rent (Line 1), and those in excellent should not exceed \$40 or 8% of the Last Rent (Line 1).

The subject was originally constructed in 1980 and is in average condition. The comparables were built between 1966 and 1976 with some receiving recent renovations. We have applied a downward adjustment of 4% to the comparables that are in good condition. No additional adjustments have been applied.

### Line 9: Neighborhood

The subject is located within an average neighborhood. All of the comparables are located within 1.4 miles of the subject in similar neighborhoods. As such, no adjustments are necessary.

**Line 10: Market**

All of the comparables are located in the same market, and no adjustments are necessary.

**Line 11: Number of Bedrooms**

The subject was compared to the most similar floorplan within each comparable, and no adjustments are necessary.

**Line 12: Baths**

The subject offers one bathroom in its one-bedroom units, similar to all of the comparables. As such, no adjustments are required.

**Line 13: Unit Interior Square Feet**

For this analysis, we have compared the difference in size and rent between specific units at various rental properties and calculated the results in the difference in rent per square foot. The difference in rent per square foot averages range from \$0.15 to \$0.35 with an overall average of \$0.25 per square foot or approximately 15% to 35% of the rent per square foot in comparison to the base square footage. We have applied an adjustment of 25%, similar to the average.

**Line 14 - Balcony/Patio**

The subject does not offer a balcony/patio. We have valued a balcony/patio at \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

**Line 15: A/C Central/Wall**

The subject offers air conditioning, similar to all of the comparables. As such, no adjustments are warranted.

**Line 16: Range/Refrigerator**

The subject offers a range and refrigerator, similar to all of the comparables. As such, no adjustments are warranted.

**Line 17: Microwave/Dishwasher**

The subject's kitchen amenities do not include a dishwasher or microwave. We have valued a dishwasher at \$10 and a microwave at \$5 based upon conversations with local property managers. Appropriate adjustments have been applied.

**Line 18: Washer/Dryer**

The subject offers central laundry. We have valued washer/dryer connections at \$10 and in-unit washer/dryers at \$35. Our adjustments are based on local appliance store rental rates, which charge between \$20 to \$60 per month for full-size washer/dryers depending on the level of quality. Appropriate adjustments have been applied.

**Line 19: Floor coverings**

The subject units and all of the comparables offer similar floor coverings and no adjustments are required.

**Line 20: Window Coverings**

The subject units and all of the comparables offer blinds and no adjustments are required.

**Line 21: Cable/Satellite/Internet**

The subject does not offer cable or internet services included in the rent, similar to all of the comparables. As such, no adjustments are required.

**Line 22 & 23: Special Features**

The subject property does not offer any special features, similar to the comparables; as such, no adjustments are required.

**Line 24: Parking (\$Fee)**

The subject offers free off-street parking, similar to all of the comparables. As such, no adjustments are necessary.

**Line 25: Extra Storage**

The subject does not offer extra storage, similar to all of the comparables. As such, no adjustments are required.

**Line 26 Security**

The subject does not offer any form of security, similar to all of the comparables. As such, no adjustments are required.

**Line 27: Clubhouse Meeting Rooms**

The subject does not offer a clubhouse. We have applied a downward adjustment of \$5 to the comparables that offer a clubhouse or meeting room. No additional adjustments are required.

**Line 28: Pool/Recreation Areas**

The subject offers a recreation area. Typical amenities include a recreation area, exercise facility, barbeque area, package service, tennis court, basketball court, community garden, pool, dog park, movie theatre. We have valued each amenity at \$5 to \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

**Line 29: Business Center/Neighborhood Network**

The subject does not offer a business center, similar four of the comparables. We have applied a downward adjustment of \$10 to the comparable that offers a business center based upon conversations with local property managers. No additional adjustments are required.

**Line 30 Service Coordination**

The subject does not offer service coordination, similar to all of the comparables. As such, no adjustments are required.

**Line 31 Non-shelter Services**

No adjustments required.

**Line 32: Neighborhood Networks**

No adjustments required.

**Utilities****Landlord Paid Utilities**

The landlord pays common area utilities as well as water, sewer, and trash utility expenses with tenants responsible for all electric expenses. Some of the comparable properties have differing utility structures when compared to the subject and have received adjustments. These adjustments are based on the utility allowance schedule provided by the Henrico Housing Authority dated January 1, 2019, which is the most recent available.

**Line 33: Heat (In rent/Type)**

No adjustments required.

**Line 34 Cooling (In rent/Type)**

No adjustments required.

**Line 35 Cooking (In rent/Type)**

No adjustments required.

**Line 36 Hot Water (In rent/Type)**

No adjustments required.

**Line 37 Other Electric**

No adjustments required.

**Line 38: Cold Water/Sewer**

Comparables that do not include this expense received upward adjustments of \$60.

**Line 39: Trash/Recycling**

Comparables that do not include this expense received upward adjustments of \$19.

**One-Bedroom – As Is**

The table below summarizes the adjusted rents for the subject's one-bedroom analysis.

| Comp #                               | Name               | Asking Rent    | Adjusted Rent  | Overall Adjustment % |
|--------------------------------------|--------------------|----------------|----------------|----------------------|
| Comp #1                              | Abbington West End | \$1,041        | \$933          | 90%                  |
| Comp #2                              | Carriage Club      | \$950          | \$864          | 91%                  |
| Comp #3                              | Cardinal Forest    | \$1,100        | \$956          | 87%                  |
| Comp #4                              | London Towne       | \$1,075        | \$1,006        | 94%                  |
| Comp #5                              | Staples Mill       | \$981          | \$915          | 93%                  |
| <b>Minimum</b>                       |                    | <b>\$950</b>   | <b>\$864</b>   |                      |
| <b>Maximum</b>                       |                    | <b>\$1,100</b> | <b>\$1,006</b> |                      |
| <b>Average</b>                       |                    | <b>\$1,029</b> | <b>\$935</b>   |                      |
| <b>Current Contract Rent</b>         |                    |                | <b>\$893</b>   |                      |
| <b>Concluded Market Rent - As Is</b> |                    |                | <b>\$935</b>   |                      |

As the table illustrates, the adjusted rents for the one-bedroom units range from \$864 to \$1,006 with an average of \$935. Comparables 4 and 5 required the least overall adjustment with comparable 4 offering the most similar overall unit sizes. Overall, we have determined the subject's one-bedroom achievable market rent to be within the overall adjusted range and similar to the adjusted average of the comparables. We have determined the rent at \$935, which is above the current contract rent of \$893.



# Rent Comparability Grid for Unit Type 2BR – As Is

| Rent Comparability Grid               |                               | Unit Type          | 2BR - As Is          |                               |                    |                  | Subject's FHA #:  | VA36-H027-009    |                     |                  |               |
|---------------------------------------|-------------------------------|--------------------|----------------------|-------------------------------|--------------------|------------------|-------------------|------------------|---------------------|------------------|---------------|
| Subject                               |                               | Comp #1            | Comp #2              |                               | Comp #3            |                  | Comp #4           |                  | Comp #5             |                  |               |
| Place One                             | Data                          | Abbington West End | Carriage Club        |                               | Cardinal Forest    |                  | London Towne      |                  | Staples Mill        |                  |               |
| 4222 Almorca Avenue                   | on                            | 4401 Sprengle Lane | 7098 Fernwood Street |                               | 4724 Cardinal Road |                  | 5618 Eunice Drive |                  | 4100 Townhouse Road |                  |               |
| Henrico, VA                           | Subject                       | Richmond, VA       | Richmond, VA         |                               | Richmond, VA       |                  | Richmond, VA      |                  | Richmond, VA        |                  |               |
| <b>A. Rents Charged</b>               |                               | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>      | <b>Data</b>      | <b>\$ Adj</b>     | <b>Data</b>      | <b>\$ Adj</b>       | <b>Data</b>      | <b>\$ Adj</b> |
| 1                                     | \$ Last Rent / Restricted?    | \$1,259            | N                    | \$1,145                       | N                  | \$1,330          | N                 | \$1,260          | N                   | \$1,144          | N             |
| 2                                     | Date Last Leased (mo./yr)     | Aug-20             |                      | Aug-20                        |                    | Aug-20           |                   | Aug-20           |                     | Aug-20           |               |
| 3                                     | Rent Concessions              | N                  |                      | N                             |                    | N                |                   | N                |                     | N                |               |
| 4                                     | Occupancy for Unit Type       | 99%                |                      | 99%                           |                    | 93%              |                   | 94%              |                     | 96%              |               |
| 5                                     | Effective Rent & Rent/ sq. ft | \$1,259            | \$1.53               | \$1,145                       | \$1.19             | \$1,330          | \$1.21            | \$1,260          | \$1.25              | \$1,144          | \$1.36        |
| <b>B. Design, Location, Condition</b> |                               | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>      | <b>Data</b>      | <b>\$ Adj</b>     | <b>Data</b>      | <b>\$ Adj</b>       | <b>Data</b>      | <b>\$ Adj</b> |
| 6                                     | Structure / Stories           | WU/3               | TH/2 (\$10)          | WU/2                          |                    | WU/3             |                   | WU/2             |                     | TH/2 (\$10)      |               |
| 7                                     | Yr. Built/Yr. Renovated       | 1980               | 1973/2015            | 1966                          |                    | 1975/2013        |                   | 1976             |                     | 1966             |               |
| 8                                     | Condition / Street Appeal     | 1980/2005          | G (\$50)             | A                             |                    | G (\$53)         |                   | G (\$50)         |                     | A                |               |
| 9                                     | Neighborhood                  | A                  |                      | A                             |                    | A                |                   | A                |                     | A                |               |
| 10                                    | Same Market? Miles to Subj    | Y/0.1 Miles        |                      | Y/0.4 Miles                   |                    | Y/0.8 Miles      |                   | Y/1.4 Miles      |                     | Y/1.1 Miles      |               |
| <b>C. Unit Equipment/ Amenities</b>   |                               | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>      | <b>Data</b>      | <b>\$ Adj</b>     | <b>Data</b>      | <b>\$ Adj</b>       | <b>Data</b>      | <b>\$ Adj</b> |
| 11                                    | # Bedrooms                    | 2                  |                      | 2                             |                    | 2                |                   | 2                |                     | 2                |               |
| 12                                    | # Baths                       | 1                  | (\$75)               | 1                             |                    | 1.5              | (\$35)            | 1                |                     | 1                |               |
| 13                                    | Unit Interior Sq. Ft.         | 952                | \$49                 | 964                           | (\$4)              | 1100             | (\$45)            | 1008             | (\$18)              | 840              | \$38          |
| 14                                    | Balcony/ Patio                | N                  | Y (\$10)             | Y                             | (\$10)             | Y                | (\$10)            | Y                | (\$10)              | Y                | (\$10)        |
| 15                                    | AC: Central/ Wall             | C                  |                      | C                             |                    | C                |                   | C                |                     | C                |               |
| 16                                    | Range/ refrigerator           | R/F                | R/F                  | R/F                           |                    | R/F              |                   | R/F              |                     | R/F              |               |
| 17                                    | Microwave/ Dishwasher         | N                  | M/D (\$15)           | D                             | (\$10)             | D                | (\$10)            | D                | (\$10)              | M/D (\$15)       |               |
| 18                                    | Washer/Dryer                  | L                  | W/D (\$35)           | W/D                           | (\$35)             | W/D              | (\$35)            | W/D              | (\$35)              | L/HU             | (\$10)        |
| 19                                    | Floor Coverings               | C                  |                      | C                             |                    | C                |                   | C                |                     | C                |               |
| 20                                    | Window Coverings              | B                  |                      | B                             |                    | B                |                   | B                |                     | B                |               |
| 21                                    | Cable/ Satellite/Internet     | N                  | N                    | N                             |                    | N                |                   | N                |                     | N                |               |
| 22                                    | Special Features              | N                  |                      | N                             |                    | N                |                   | N                |                     | N                |               |
| <b>D. Site Equipment/ Amenities</b>   |                               | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>      | <b>Data</b>      | <b>\$ Adj</b>     | <b>Data</b>      | <b>\$ Adj</b>       | <b>Data</b>      | <b>\$ Adj</b> |
| 24                                    | Parking (L \$ Fee)            | L                  |                      | L                             |                    | L                |                   | L                |                     | L                |               |
| 25                                    | Extra Storage                 | N                  |                      | N                             |                    | N                |                   | N                |                     | N                |               |
| 26                                    | Security                      | N                  |                      | N                             |                    | N                |                   | N                |                     | N                |               |
| 27                                    | Clubhouse/ Meeting Rooms      | N                  | C (\$5)              | C                             | (\$5)              | C                | (\$5)             | C                | (\$5)               | C                | (\$5)         |
| 28                                    | Pool/ Recreation Areas        | R                  | P/E/R/DP (\$20)      | P/E/R/DP                      | (\$20)             | P/E/R/TC         | (\$20)            | P/E/R/TC         | (\$20)              | P/E/TC           | (\$15)        |
| 29                                    | Business Ctr / Nshd Netwk     | N                  | BC (\$10)            | N                             |                    | N                |                   | N                |                     | N                |               |
| 30                                    | Service Coordination          | N                  |                      | N                             |                    | N                |                   | N                |                     | N                |               |
| 31                                    | Non-shelter Services          | N                  |                      | N                             |                    | N                |                   | N                |                     | N                |               |
| 32                                    | Neighborhood Networks         | N                  |                      | N                             |                    | N                |                   | N                |                     | N                |               |
| <b>E. Utilities</b>                   |                               | <b>Data</b>        | <b>\$ Adj</b>        | <b>Data</b>                   | <b>\$ Adj</b>      | <b>Data</b>      | <b>\$ Adj</b>     | <b>Data</b>      | <b>\$ Adj</b>       | <b>Data</b>      | <b>\$ Adj</b> |
| 33                                    | Heat (in rent?/ type)         | N/E                | N/G                  | N/G                           |                    | N/G              |                   | N/G              |                     | N/G              |               |
| 34                                    | Cooling (in rent?/ type)      | N/E                | N/E                  | N/E                           |                    | N/E              |                   | N/E              |                     | N/E              |               |
| 35                                    | Cooking (in rent?/ type)      | N/E                | N/E                  | N/E                           |                    | N/E              |                   | N/E              |                     | N/E              |               |
| 36                                    | Hot Water (in rent?/ type)    | N/E                | N/G                  | N/G                           |                    | N/G              |                   | N/G              |                     | N/G              |               |
| 37                                    | Other Electric                | N                  |                      | N                             |                    | N                |                   | N                |                     | N                |               |
| 38                                    | Cold Water/ Sewer             | Y/Y                | N/N \$87             | N/N                           | \$87               | N/N              | \$87              | N/N              | \$87                | N/N              | \$87          |
| 39                                    | Trash/ Recycling              | Y                  | N \$19               | N                             | \$19               | N                | \$19              | N                | \$19                | N                | \$19          |
| <b>F. Adjustments Recap</b>           |                               | <b>Pos</b>         | <b>Neg</b>           | <b>Pos</b>                    | <b>Neg</b>         | <b>Pos</b>       | <b>Neg</b>        | <b>Pos</b>       | <b>Neg</b>          | <b>Pos</b>       | <b>Neg</b>    |
| 40                                    | # Adjustments B to D          | 1                  | 9                    | 6                             | 8                  | 7                | 1                 | 6                |                     |                  |               |
| 41                                    | Sum Adjustments B to D        | \$49               | (\$230)              |                               | (\$84)             |                  | (\$213)           |                  | (\$148)             | \$38             | (\$65)        |
| 42                                    | Sum Utility Adjustments       | \$106              |                      | \$106                         |                    | \$106            |                   | \$106            |                     | \$106            |               |
| 43                                    | Net/ Gross Adjmts B to E      | Net (\$75)         | Gross \$386          | Net \$22                      | Gross \$190        | Net (\$107)      | Gross \$319       | Net (\$42)       | Gross \$254         | Net \$79         | Gross \$209   |
| <b>G. Adjusted &amp; Market Rents</b> |                               | <b>Adj. Rent</b>   |                      | <b>Adj. Rent</b>              |                    | <b>Adj. Rent</b> |                   | <b>Adj. Rent</b> |                     | <b>Adj. Rent</b> |               |
| 44                                    | Adjusted Rent (5+ 43)         | \$1,184            |                      | \$1,167                       |                    | \$1,223          |                   | \$1,218          |                     | \$1,223          |               |
| 45                                    | Adj Rent/Last rent            |                    | 94%                  |                               | 102%               |                  | 92%               |                  | 97%                 |                  | 107%          |
| 46                                    | Estimated Market Rent         | \$1,200            | \$1.26               | Estimated Market Rent/ Sq. Ft |                    |                  |                   |                  |                     |                  |               |

*M.H. [Signature]* 8/5/2020 Attached are explanations of: a. why & how each adjustment was made

Appraiser's Signature Date b. how market rent was derived from adjusted rents

c. how this analysis was used for a similar unit type

Grid was prepared: Manually No Using HUD's Excel form Yes form HUD-92273-58 (04/2002)

## Explanation of Adjustments & Market Rent Conclusions: Unit Type 2BR – As Is

A Rent Comparability Grid was prepared for the primary two-bedroom unit type.

### Line 1: \$ Last Rent/Restricted?

All of the units are currently rented at the rates shown on the grid. Rents range from \$1,144 to \$1,330. No unit used in the analysis has any rent restrictions.

### Line 2: Date Last Leased (mo/yr)

All rates are reflective of standard units with typical twelve-month leases effective August 2020.

### Line 3: Rent Concessions

None of the comparable properties are currently offering concessions. Therefore, no adjustments are necessary.

### Line 4: Occupancy for Unit Type

The comparable properties are 93% to 99% occupied. Therefore, adjustments for occupancy are necessary.

### Line 6: Structures/Stories

The subject's units are contained in one and three-story walkup-style. The comparables are contained in two to three-story walkup-style developments or two-story townhomes-style units. One comparable offers elevator service. The comparable that offer's townhomes-style units have received a downward adjustment of \$10. No additional adjustments were required.

### Line 7: Year Built/Renovated

Adjustments for condition and street appeal are included on line 8.

### Line 8: Condition/Street Appeal

HUD guidelines stipulate that the condition adjustment for those in good condition should not exceed the larger amount of \$20 or 4% of the Last Rent (Line 1), and those in excellent should not exceed \$40 or 8% of the Last Rent (Line 1).

The subject was originally constructed in 1980 and is in average condition. The comparables were built between 1966 and 1976 with some receiving recent renovations. We have applied a downward adjustment of 4% to the comparables that are in good condition. No additional adjustments have been applied.

### Line 9: Neighborhood

The subject is located within an average neighborhood. All of the comparables are located within 1.4 miles of the subject in similar neighborhoods. As such, no adjustments are necessary.

**Line 10: Market**

All of the comparables are located in the same market, and no adjustments are necessary.

**Line 11: Number of Bedrooms**

The subject was compared to the most similar floorplan within each comparable, and no adjustments are necessary.

**Line 12: Baths**

The subject offers one bathroom in its one, two and three-bedroom units.

| <b>BATHROOM ADJUSTMENT</b> |                |                |                   |
|----------------------------|----------------|----------------|-------------------|
| <b>Property Name</b>       | <b>2BR/1BA</b> | <b>2BR/2BA</b> | <b>Difference</b> |
| London Towne               | \$1,200        | \$1,285        | \$85              |
| <b>Average</b>             |                |                | <b>\$85</b>       |

Based on conversations with local property managers and market experience we have valued a full bathroom at \$75 and a half bathroom at \$35. Appropriate adjustments have been applied.

**Line 13: Unit Interior Square Feet**

For this analysis, we have compared the difference in size and rent between specific units at various rental properties and calculated the results in the difference in rent per square foot. The difference in rent per square foot averages range from \$0.15 to \$0.35 with an overall average of \$0.25 per square foot or approximately 15% to 35% of the rent per square foot in comparison to the base square footage. We have applied an adjustment of 25%, similar to the average.

**Line 14 - Balcony/Patio**

The subject does not offer a balcony/patio. We have valued a balcony/patio at \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

**Line 15: A/C Central/Wall**

The subject offers air conditioning, similar to all of the comparables. As such, no adjustments are warranted.

**Line 16: Range/Refrigerator**

The subject offers a range and refrigerator, similar to all of the comparables. As such, no adjustments are warranted.

**Line 17: Microwave/Dishwasher**

The subject's kitchen amenities do not include a dishwasher or microwave. We have valued a dishwasher at \$10 and a microwave at \$5 based upon conversations with local property managers. Appropriate adjustments have been applied.

**Line 18: Washer/Dryer**

The subject offers central laundry. We have valued washer/dryer connections at \$10 and in-unit washer/dryers at \$35. Our adjustments are based on local appliance store rental rates, which

charge between \$20 to \$60 per month for full-size washer/dryers depending on the level of quality. Appropriate adjustments have been applied.

**Line 19: Floor coverings**

The subject units and all of the comparables offer similar floor coverings and no adjustments are required.

**Line 20: Window Coverings**

The subject units and all of the comparables offer blinds and no adjustments are required.

**Line 21: Cable/Satellite/Internet**

The subject does not offer cable or internet services included in the rent, similar to all of the comparables. As such, no adjustments are required.

**Line 22 & 23: Special Features**

The subject property does not offer any special features, similar to the comparables; as such, no adjustments are required.

**Line 24: Parking (\$Fee)**

The subject offers free off-street parking, similar to all of the comparables. As such, no adjustments are necessary.

**Line 25: Extra Storage**

The subject does not offer extra storage, similar to all of the comparables. As such, no adjustments are required.

**Line 26 Security**

The subject does not offer any form of security, similar to all of the comparables. As such, no adjustments are required.

**Line 27: Clubhouse Meeting Rooms**

The subject does not offer a clubhouse. We have applied a downward adjustment of \$5 to the comparables that offer a clubhouse or meeting room. No additional adjustments are required.

**Line 28: Pool/Recreation Areas**

The subject offers a recreation area. Typical amenities include a recreation area, exercise facility, barbeque area, package service, tennis court, basketball court, community garden, pool, dog park, movie theatre. We have valued each amenity at \$5 to \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

**Line 29: Business Center/Neighborhood Network**

The subject does not offer a business center, similar four of the comparables. We have applied a downward adjustment of \$10 to the comparable that offers a business center based upon conversations with local property managers. No additional adjustments are required.

**Line 30 Service Coordination**

The subject does not offer service coordination, similar to all of the comparables. As such, no adjustments are required.

**Line 31 Non-shelter Services**

No adjustments required.

**Line 32: Neighborhood Networks**

No adjustments required.

**Utilities**

**Landlord Paid Utilities**

The landlord pays common area utilities as well as water, sewer, and trash utility expenses with tenants responsible for all electric expenses. Some of the comparable properties have differing utility structures when compared to the subject and have received adjustments. These adjustments are based on the utility allowance schedule provided by the Henrico Housing Authority dated January 1, 2019, which is the most recent available.

**Line 33: Heat (In rent/Type)**

No adjustments required.

**Line 34 Cooling (In rent/Type)**

No adjustments required.

**Line 35 Cooking (In rent/Type)**

No adjustments required.

**Line 36 Hot Water (In rent/Type)**

No adjustments required.

**Line 37 Other Electric**

No adjustments required.

**Line 38: Cold Water/Sewer**

Comparables that do not include this expense received upward adjustments of \$87.

**Line 39: Trash/Recycling**

Comparables that do not include this expense received upward adjustments of \$19.

## Two-Bedroom – As Is

The table below summarizes the adjusted rents for the subject's two-bedroom unit analysis.


| Comp #                               | Name               | Asking Rent    | Adjusted Rent  | Overall Adjustment % |
|--------------------------------------|--------------------|----------------|----------------|----------------------|
| Comp #1                              | Abbington West End | \$1,259        | \$1,184        | 94%                  |
| Comp #2                              | Carriage Club      | \$1,145        | \$1,167        | 102%                 |
| Comp #3                              | Cardinal Forest    | \$1,330        | \$1,223        | 92%                  |
| Comp #4                              | London Towne       | \$1,260        | \$1,218        | 97%                  |
| Comp #5                              | Staples Mill       | \$1,144        | \$1,223        | 107%                 |
| <b>Minimum</b>                       |                    | <b>\$1,144</b> | <b>\$1,167</b> |                      |
| <b>Maximum</b>                       |                    | <b>\$1,330</b> | <b>\$1,223</b> |                      |
| <b>Average</b>                       |                    | <b>\$1,228</b> | <b>\$1,202</b> |                      |
| <b>Current Contract Rent</b>         |                    |                | <b>\$995</b>   |                      |
| <b>Concluded Market Rent - As Is</b> |                    |                | <b>\$1,200</b> |                      |

As the table illustrates, the adjusted rents for the two-bedroom units range from \$1,167 to \$1,223 with an average of \$1,202. Comparables 2 and 4 received the least overall adjustments with Comparable 2 offers the most similar overall unit sizes. Overall, we have determined the subject's two-bedroom achievable market rent to be within the overall adjusted range and similar to the adjusted average of the comparables. We have determined the rent at \$1,200, which is above the current contract rent of \$995.



# Rent Comparability Grid for Unit Type 3BR – As Is

| Rent Comparability Grid               |                                       | Unit Type          |                 | 3BR - As Is                          |               | Subject's FHA #:   |               | VA36-H027-009     |               |                     |               |
|---------------------------------------|---------------------------------------|--------------------|-----------------|--------------------------------------|---------------|--------------------|---------------|-------------------|---------------|---------------------|---------------|
| Subject                               |                                       | Comp #1            |                 | Comp #2                              |               | Comp #3            |               | Comp #4           |               | Comp #5             |               |
| Place One                             |                                       | Abbington West End |                 | Carriage Club                        |               | Cardinal Forest    |               | London Towne      |               | Staples Mill        |               |
| 4222 Almora Avenue                    |                                       | 4401 Sprenkle Lane |                 | 7098 Fernwood Street                 |               | 4724 Cardinal Road |               | 5618 Eunice Drive |               | 4100 Townhouse Road |               |
| Henrico, VA                           |                                       | Richmond, VA       |                 | Richmond, VA                         |               | Richmond, VA       |               | Richmond, VA      |               | Richmond, VA        |               |
| <b>A. Rents Charged</b>               |                                       | <b>Data</b>        | <b>\$ Adj</b>   | <b>Data</b>                          | <b>\$ Adj</b> | <b>Data</b>        | <b>\$ Adj</b> | <b>Data</b>       | <b>\$ Adj</b> | <b>Data</b>         | <b>\$ Adj</b> |
| 1                                     | \$ Last Rent / Restricted?            | \$1,589            | N               | \$1,365                              | N             | \$1,510            | N             | \$1,600           | N             | \$1,437             | N             |
| 2                                     | Date Last Leased (mo/yr)              | Aug-20             |                 | Aug-20                               |               | Aug-20             |               | Aug-20            |               | Aug-20              |               |
| 3                                     | Rent Concessions                      | N                  |                 | N                                    |               | N                  |               | N                 |               | N                   |               |
| 4                                     | Occupancy for Unit Type               | 99%                |                 | 99%                                  |               | 93%                |               | 94%               |               | 96%                 |               |
| 5                                     | Effective Rent & Rent/ sq. ft         | \$1,589            | \$1.59          | \$1,365                              | \$1.16        | \$1,510            | \$1.16        | \$1,600           | \$1.17        | \$1,437             | \$1.46        |
| <b>B. Design, Location, Condition</b> |                                       | <b>Data</b>        | <b>\$ Adj</b>   | <b>Data</b>                          | <b>\$ Adj</b> | <b>Data</b>        | <b>\$ Adj</b> | <b>Data</b>       | <b>\$ Adj</b> | <b>Data</b>         | <b>\$ Adj</b> |
| 6                                     | Structure / Stories                   | WU/3               | TH/2 (\$10)     | WU/2                                 |               | WU/3               |               | WU/2              |               | TH/2                | (\$10)        |
| 7                                     | Yr. Built/Yr. Renovated               | 1980/2005          |                 | 1973/2015                            |               | 1975/2013          |               | 1976              |               | 1966                |               |
| 8                                     | Condition / Street Appeal             | A                  | G (\$64)        | A                                    |               | G                  | (\$60)        | G                 | (\$64)        | A                   |               |
| 9                                     | Neighborhood                          | A                  |                 | A                                    |               | A                  |               | A                 |               | A                   |               |
| 10                                    | Same Market? Miles to Subj            | A                  |                 | A                                    |               | A                  |               | A                 |               | A                   |               |
| 10                                    | Unit Equipment/ Amenities             | Y/0.1 Miles        |                 | Y/0.4 Miles                          |               | Y/0.8 Miles        |               | Y/1.4 Miles       |               | Y/1.1 Miles         |               |
| 11                                    | # Bedrooms                            | 3                  |                 | 3                                    |               | 3                  |               | 3                 |               | 3                   |               |
| 12                                    | # Baths                               | 1                  | 2 (\$75)        | 2                                    | (\$75)        | 2                  | (\$75)        | 2                 | (\$75)        | 1                   | (\$75)        |
| 13                                    | Unit Interior Sq. Ft.                 | 1,147              | 997 \$60        | 1,176                                | (\$8)         | 1,300              | (\$44)        | 1,370             | (\$65)        | 984                 | \$60          |
| 14                                    | Balcony/ Patio                        | N                  | Y (\$10)        | Y                                    | (\$10)        | Y                  | (\$10)        | Y                 | (\$10)        | Y                   | (\$10)        |
| 15                                    | AC, Central/ Wall                     | C                  |                 | C                                    |               | C                  |               | C                 |               | C                   |               |
| 16                                    | Range/ refrigerator                   | R/F                |                 | R/F                                  |               | R/F                |               | R/F               |               | R/F                 |               |
| 17                                    | Microwave/ Dishwasher                 | N                  | M/D (\$15)      | D                                    | (\$10)        | D                  | (\$10)        | D                 | (\$10)        | M/D                 | (\$15)        |
| 18                                    | Washer/Dryer                          | L                  | W/D (\$35)      | W/D                                  | (\$35)        | W/D                | (\$35)        | W/D               | (\$35)        | L/HU                | (\$10)        |
| 19                                    | Floor Coverings                       | C                  |                 | C                                    |               | C                  |               | C                 |               | C                   |               |
| 20                                    | Window Coverings                      | B                  |                 | B                                    |               | B                  |               | B                 |               | B                   |               |
| 21                                    | Cable/ Satellite/Internet             | N                  |                 | N                                    |               | N                  |               | N                 |               | N                   |               |
| 22                                    | Special Features                      | N                  |                 | N                                    |               | N                  |               | N                 |               | N                   |               |
| 23                                    | <b>D. Site Equipment/ Amenities</b>   | <b>Data</b>        | <b>\$ Adj</b>   | <b>Data</b>                          | <b>\$ Adj</b> | <b>Data</b>        | <b>\$ Adj</b> | <b>Data</b>       | <b>\$ Adj</b> | <b>Data</b>         | <b>\$ Adj</b> |
| 24                                    | Parking (\$ Fee)                      | L                  |                 | L                                    |               | L                  |               | L                 |               | L                   |               |
| 25                                    | Extra Storage                         | N                  |                 | N                                    |               | N                  |               | N                 |               | N                   |               |
| 26                                    | Security                              | N                  |                 | N                                    |               | N                  |               | N                 |               | N                   |               |
| 27                                    | Clubhouse/ Meeting Rooms              | N                  | C (\$5)         | C                                    | (\$5)         | C                  | (\$5)         | C                 | (\$5)         | C                   | (\$5)         |
| 28                                    | Pool/ Recreation Areas                | R                  | P/E/R/DP (\$20) | P/E/R/DP                             | (\$20)        | P/E/R/TC           | (\$20)        | P/E/R/TC          | (\$20)        | P/E/TC              | (\$15)        |
| 29                                    | Business Ctr / Nbhd Netwk             | N                  | BC (\$10)       | N                                    |               | N                  |               | N                 |               | N                   |               |
| 30                                    | Service Coordination                  | N                  |                 | N                                    |               | N                  |               | N                 |               | N                   |               |
| 31                                    | Non-shelter Services                  | N                  |                 | N                                    |               | N                  |               | N                 |               | N                   |               |
| 32                                    | Neighborhood Networks                 | N                  |                 | N                                    |               | N                  |               | N                 |               | N                   |               |
| 33                                    | <b>E. Utilities</b>                   | <b>Data</b>        | <b>\$ Adj</b>   | <b>Data</b>                          | <b>\$ Adj</b> | <b>Data</b>        | <b>\$ Adj</b> | <b>Data</b>       | <b>\$ Adj</b> | <b>Data</b>         | <b>\$ Adj</b> |
| 33                                    | Heat (in rent?/ type)                 | N/E                | N/G             | N/G                                  |               | N/G                |               | N/G               |               | N/G                 |               |
| 34                                    | Cooling (in rent?/ type)              | N/E                | N/E             | N/E                                  |               | N/E                |               | N/E               |               | N/E                 |               |
| 35                                    | Cooking (in rent?/ type)              | N/E                | N/E             | N/E                                  |               | N/E                |               | N/E               |               | N/E                 |               |
| 36                                    | Hot Water (in rent?/ type)            | N/E                | N/G             | N/G                                  |               | N/G                |               | N/G               |               | N/G                 |               |
| 37                                    | Other Electric                        | N                  |                 | N                                    |               | N                  |               | N                 |               | N                   |               |
| 38                                    | Cold Water/ Sewer                     | Y/Y                | N/N \$129       | N/N                                  | \$129         | N/N                | \$129         | N/N               | \$129         | N/N                 | \$129         |
| 39                                    | Trash/Recycling                       | Y                  | N               | N                                    | \$19          | N                  | \$19          | N                 | \$19          | N                   | \$19          |
| 40                                    | <b>F. Adjustments Recap</b>           | <b>Pos</b>         | <b>Neg</b>      | <b>Pos</b>                           | <b>Neg</b>    | <b>Pos</b>         | <b>Neg</b>    | <b>Pos</b>        | <b>Neg</b>    | <b>Pos</b>          | <b>Neg</b>    |
| 40                                    | # Adjustments B to D                  | 1                  | 9               | 7                                    | 7             | 8                  | 7             | 8                 | 7             | 1                   | 7             |
| 41                                    | Sum Adjustments B to D                | \$60               | (\$244)         |                                      | (\$163)       |                    | (\$260)       |                   | (\$284)       | \$60                | (\$140)       |
| 42                                    | Sum Utility Adjustments               | \$148              |                 | \$148                                |               | \$148              |               | \$148             |               | \$148               |               |
| 43                                    | Net/ Gross Adjmts B to E              | Net (\$36)         | Gross \$451     | Net (\$15)                           | Gross \$311   | Net (\$112)        | Gross \$408   | Net (\$136)       | Gross \$432   | Net \$68            | Gross \$348   |
| 44                                    | <b>G. Adjusted &amp; Market Rents</b> | <b>Adj. Rent</b>   |                 | <b>Adj. Rent</b>                     |               | <b>Adj. Rent</b>   |               | <b>Adj. Rent</b>  |               | <b>Adj. Rent</b>    |               |
| 44                                    | Adjusted Rent (5 + 43)                | \$1,553            |                 | \$1,350                              |               | \$1,398            |               | \$1,464           |               | \$1,505             |               |
| 45                                    | Adj Rent/Last rent                    |                    | 98%             |                                      | 99%           |                    | 93%           |                   | 91%           |                     | 105%          |
| 46                                    | <b>Estimated Market Rent</b>          | <b>\$1,455</b>     | <b>\$1.27</b>   | <b>Estimated Market Rent/ Sq. Ft</b> |               |                    |               |                   |               |                     |               |


8/5/2020  
**Appraiser's Signature** **Date**

Attached are explanations of:
 

- a. why & how each adjustment was made
- b. how market rent was derived from adjusted rents
- c. how this analysis was used for a similar unit type

Grid was prepared:  Manually  No  Using HUD's Excel form  Yes  form HUD-92273-58 (04/2002)

## Explanation of Adjustments & Market Rent Conclusions: Unit Type 3BR – As Is

A Rent Comparability Grid was prepared for the primary three-bedroom unit type.

### Line 1: \$ Last Rent/Restricted?

All of the units are currently rented at the rates shown on the grid. Rents range from \$1,437 to \$1,600. No unit used in the analysis has any rent restrictions.

### Line 2: Date Last Leased (mo/yr)

All rates are reflective of standard units with typical twelve-month leases effective August 2020.

### Line 3: Rent Concessions

None of the comparable properties are currently offering concessions. Therefore, no adjustments are necessary.

### Line 4: Occupancy for Unit Type

The comparable properties are 93% to 99% occupied. Therefore, adjustments for occupancy are necessary.

### Line 6: Structures/Stories

The subject's units are contained in one and three-story walkup-style. The comparables are contained in two to three-story walkup-style developments or two-story townhomes-style units. One comparable offers elevator service. The comparable that offer's townhomes-style units have received a downward adjustment of \$10. No additional adjustments were required.

### Line 7: Year Built/Renovated

Adjustments for condition and street appeal are included on line 8.

### Line 8: Condition/Street Appeal

HUD guidelines stipulate that the condition adjustment for those in good condition should not exceed the larger amount of \$20 or 4% of the Last Rent (Line 1), and those in excellent should not exceed \$40 or 8% of the Last Rent (Line 1).

The subject was originally constructed in 1980 and is in average condition. The comparables were built between 1966 and 1976 with some receiving recent renovations. We have applied a downward adjustment of 4% to the comparables that are in good condition. No additional adjustments have been applied.

### Line 9: Neighborhood

The subject is located within an average neighborhood. All of the comparables are located within 1.4 miles of the subject in similar neighborhoods. As such, no adjustments are necessary.

**Line 10: Market**

All of the comparables are located in the same market, and no adjustments are necessary.

**Line 11: Number of Bedrooms**

The subject was compared to the most similar floorplan within each comparable, and no adjustments are necessary.

**Line 12: Baths**

The subject offers one bathroom in its one, two and three-bedroom units.

| <b>BATHROOM ADJUSTMENT</b> |                  |                |                   |
|----------------------------|------------------|----------------|-------------------|
| <b>Property Name</b>       | <b>2BR/1.5BA</b> | <b>2BR/2BA</b> | <b>Difference</b> |
| Hunters Lake               | \$860            | \$895          | \$35              |
| Ellet Park Gardens         | \$800            | \$830          | \$30              |
| <b>Average</b>             |                  |                | <b>\$33</b>       |

Based on conversations with local property managers and market experience we have valued an additional full bathroom at \$50, an additional half bathroom at \$25 and an additional two bathrooms at \$75. Appropriate adjustments have been applied.

**Line 13: Unit Interior Square Feet**

For this analysis, we have compared the difference in size and rent between specific units at various rental properties and calculated the results in the difference in rent per square foot. The difference in rent per square foot averages range from \$0.15 to \$0.35 with an overall average of \$0.25 per square foot or approximately 15% to 35% of the rent per square foot in comparison to the base square footage. We have applied an adjustment of 25%, similar to the average.

**Line 14 - Balcony/Patio**

The subject does not offer a balcony/patio. We have valued a balcony/patio at \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

**Line 15: A/C Central/Wall**

The subject offers air conditioning, similar to all of the comparables. As such, no adjustments are warranted.

**Line 16: Range/Refrigerator**

The subject offers a range and refrigerator, similar to all of the comparables. As such, no adjustments are warranted.

**Line 17: Microwave/Dishwasher**

The subject's kitchen amenities do not include a dishwasher or microwave. We have valued a dishwasher at \$10 and a microwave at \$5 based upon conversations with local property managers. Appropriate adjustments have been applied.

**Line 18: Washer/Dryer**

The subject offers central laundry. We have valued washer/dryer connections at \$10 and in-unit washer/dryers at \$35. Our adjustments are based on local appliance store rental rates, which charge between \$20 to \$60 per month for full-size washer/dryers depending on the level of quality. Appropriate adjustments have been applied.

**Line 19: Floor coverings**

The subject units and all of the comparables offer similar floor coverings and no adjustments are required.

**Line 20: Window Coverings**

The subject units and all of the comparables offer blinds and no adjustments are required.

**Line 21: Cable/Satellite/Internet**

The subject does not offer cable or internet services included in the rent, similar to all of the comparables. As such, no adjustments are required.

**Line 22 & 23: Special Features**

The subject property does not offer any special features, similar to the comparables; as such, no adjustments are required.

**Line 24: Parking (\$Fee)**

The subject offers free off-street parking, similar to all of the comparables. As such, no adjustments are necessary.

**Line 25: Extra Storage**

The subject does not offer extra storage, similar to all of the comparables. As such, no adjustments are required.

**Line 26 Security**

The subject does not offer any form of security, similar to all of the comparables. As such, no adjustments are required.

**Line 27: Clubhouse Meeting Rooms**

The subject does not offer a clubhouse. We have applied a downward adjustment of \$5 to the comparables that offer a clubhouse or meeting room. No additional adjustments are required.

**Line 28: Pool/Recreation Areas**

The subject offers a recreation area. Typical amenities include a recreation area, exercise facility, barbeque area, package service, tennis court, basketball court, community garden, pool, dog park, movie theatre. We have valued each amenity at \$5 to \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

**Line 29: Business Center/Neighborhood Network**

The subject does not offer a business center, similar four of the comparables. We have applied a downward adjustment of \$10 to the comparable that offers a business center based upon conversations with local property managers. No additional adjustments are required.

**Line 30 Service Coordination**

The subject does not offer service coordination, similar to all of the comparables. As such, no adjustments are required.

**Line 31 Non-shelter Services**

No adjustments required.

**Line 32: Neighborhood Networks**

No adjustments required.

**Utilities**

**Landlord Paid Utilities**

The landlord pays common area utilities as well as water, sewer, and trash utility expenses with tenants responsible for all electric expenses. Some of the comparable properties have differing utility structures when compared to the subject and have received adjustments. These adjustments are based on the utility allowance schedule provided by the Henrico Housing Authority dated January 1, 2019, which is the most recent available.

**Line 33: Heat (In rent/Type)**

No adjustments required.

**Line 34 Cooling (In rent/Type)**

No adjustments required.

**Line 35 Cooking (In rent/Type)**

No adjustments required.

**Line 36 Hot Water (In rent/Type)**

No adjustments required.

**Line 37 Other Electric**

No adjustments required.

**Line 38: Cold Water/Sewer**

Comparables that do not include this expense received upward adjustments of \$129.

**Line 39: Trash/Recycling**

Comparables that do not include this expense received upward adjustments of \$19.

### Three-Bedroom – As Is

The table below summarizes the adjusted rents for the subject's three-bedroom unit analysis.

| Comp #                               | Name               | Asking Rent    | Adjusted Rent  | Overall Adjustment % |
|--------------------------------------|--------------------|----------------|----------------|----------------------|
| Comp #1                              | Abbington West End | \$1,589        | \$1,553        | 98%                  |
| Comp #2                              | Carriage Club      | \$1,365        | \$1,350        | 99%                  |
| Comp #3                              | Cardinal Forest    | \$1,510        | \$1,398        | 93%                  |
| Comp #4                              | London Towne       | \$1,600        | \$1,464        | 91%                  |
| Comp #5                              | Staples Mill       | \$1,437        | \$1,505        | 105%                 |
| <b>Minimum</b>                       |                    | <b>\$1,365</b> | <b>\$1,350</b> |                      |
| <b>Maximum</b>                       |                    | <b>\$1,600</b> | <b>\$1,553</b> |                      |
| <b>Average</b>                       |                    | <b>\$1,500</b> | <b>\$1,454</b> |                      |
| <b>Current Contract Rent</b>         |                    |                | <b>\$1,275</b> |                      |
| <b>Concluded Market Rent - As Is</b> |                    |                | <b>\$1,455</b> |                      |

As the table illustrates, the adjusted rents for the three-bedroom units range from \$1,350 to \$1,553 with an average of \$1,454. Comparables 1 and 2 received the least overall adjustments with Comparables 2 offering the most similar overall unit sizes. Overall, we have determined the subject's three-bedroom achievable market rent to be within the overall adjusted range and similar to the adjusted average of the comparables. We have determined the rent at \$1,455, which is above the current contract rent of \$1,275.



### Rent Level Comparison – As Is

The following table presents market rent levels as detailed above.

| <b>COMPARABLE PROPERTY RENT SUMMARY - AFTER ADJUSTMENT</b> |           |                  |                  |                  |  |                        |
|--|-----------|------------------|------------------|------------------|--|------------------------|
| Unit Type  | Size (SF) | Surveyed Minimum | Surveyed Maximum | Surveyed Average | Subject's Achievable Market Rent - As Is | Current Contract Rents |
| 1BR/1BA  | 527       | \$864            | \$1,006          | \$935            | \$935                                    | \$893                  |
| 2BR/1BA  | 952       | \$1,167          | \$1,223          | \$1,203          | \$1,200                                  | \$995                  |
| 3BR/1BA  | 1147      | \$1,350          | \$1,553          | \$1,454          | \$1,455                                  | \$1,275                |

### Reconciliation of Market Rents – As Is

The analysis of the comparable properties in the market area has led to the following market rent conclusions for the subject's Section 8 units:

| <b>NET RENT CONCLUSIONS</b> |           |                 |                 |                          |                                  |                                |
|-----------------------------|-----------|-----------------|-----------------|--------------------------|----------------------------------|--------------------------------|
| Unit Type                   | Size (SF) | Number of Units | Section 8 Units | # of Non Section 8 Units | Current Section 8 Contract Rents | Achievable Market Rent "As Is" |
| 1BR/1BA                     | 527       | 40              | 40              | 0                        | \$893                            | \$935                          |
| 2BR/1BA                     | 952       | 56              | 56              | 0                        | \$995                            | \$1,200                        |
| 3BR/1BA                     | 1,147     | 18              | 18              | 0                        | \$1,275                          | \$1,455                        |
| Total                       |           | 114             | 114             | 0                        |                                  |                                |

# Rent Comparability Grid for Unit Type 1BR – As Renovated

| Rent Comparability Grid               |                               | Unit Type          |              | 1BR - Renovated               |         | Subject's FHA #:   |         | VA36-H027-009     |             |                     |         |
|---------------------------------------|-------------------------------|--------------------|--------------|-------------------------------|---------|--------------------|---------|-------------------|-------------|---------------------|---------|
| Subject                               |                               | Comp #1            |              | Comp #2                       |         | Comp #3            |         | Comp #4           |             | Comp #5             |         |
| Place One                             |                               | Abbington West End |              | Carriage Club                 |         | Cardinal Forest    |         | London Towne      |             | Staples Mill        |         |
| 4222 Almora Avenue                    |                               | 4401 Sprengle Lane |              | 7098 Fernwood Street          |         | 4724 Cardinal Road |         | 5618 Eunice Drive |             | 4100 Townhouse Road |         |
| Henrico, VA                           |                               | Richmond, VA       |              | Richmond, VA                  |         | Richmond, VA       |         | Richmond, VA      |             | Richmond, VA        |         |
| Data                                  |                               | Data               |              | Data                          |         | Data               |         | Data              |             | Data                |         |
| Subject                               |                               | Subject            |              | Subject                       |         | Subject            |         | Subject           |             | Subject             |         |
| <b>A. Rents Charged</b>               |                               | <b>Data</b>        |              | <b>\$ Adj</b>                 |         | <b>Data</b>        |         | <b>\$ Adj</b>     |             | <b>Data</b>         |         |
| 1                                     | \$ Last Rent / Restricted?    | \$1,041            | N            | \$950                         | N       | \$1,100            | N       | \$1,075           | N           | \$981               | N       |
| 2                                     | Date Last Leased (mo/yr)      | Aug-20             |              | Aug-20                        |         | Aug-20             |         | Aug-20            |             | Aug-20              |         |
| 3                                     | Rent Concessions              | N                  |              | N                             |         | N                  |         | N                 |             | N                   |         |
| 4                                     | Occupancy for Unit Type       | 99%                |              | 99%                           |         | 93%                |         | 94%               |             | 96%                 |         |
| 5                                     | Effective Rent & Rent/ sq. ft | \$1,041            | \$1.67       | \$950                         | \$1.16  | \$1,100            | \$1.34  | \$1,075           | \$1.85      | \$981               | \$1.25  |
| <b>B. Design, Location, Condition</b> |                               | <b>Data</b>        |              | <b>\$ Adj</b>                 |         | <b>Data</b>        |         | <b>\$ Adj</b>     |             | <b>Data</b>         |         |
| 6                                     | Structure / Stories           | WU/3               | TH/2 (\$10)  | WU/2                          |         | WU/3               |         | WU/2              | TH/2 (\$10) | TH/2                | (\$10)  |
| 7                                     | Yr. Built/Yr. Renovated       | 1980/2020          | 1973/2015    | 1966                          |         | 1975/2013          |         | 1976              | 1966        |                     |         |
| 8                                     | Condition / Street Appeal     | G                  |              | A                             | \$38    | G                  |         | G                 |             | A                   | \$39    |
| 9                                     | Neighborhood                  | A                  |              | A                             |         | A                  |         | A                 |             | A                   |         |
| 10                                    | Same Market? Miles to Subj    | Y/0.1 Miles        |              | Y/0.4 Miles                   |         | Y/0.8 Miles        |         | Y/1.4 Miles       |             | Y/1.1 Miles         |         |
| <b>C. Unit Equipment/ Amenities</b>   |                               | <b>Data</b>        |              | <b>\$ Adj</b>                 |         | <b>Data</b>        |         | <b>\$ Adj</b>     |             | <b>Data</b>         |         |
| 11                                    | # Bedrooms                    | 1                  |              | 1                             |         | 1                  |         | 1                 |             | 1                   |         |
| 12                                    | # Baths                       | 1                  |              | 1                             |         | 1                  |         | 1                 |             | 1                   |         |
| 13                                    | Unit Interior Sq. Ft.         | 527                | 625 (\$41)   | 822                           | (\$85)  | 822                | (\$99)  | 581               | (\$25)      | 783                 | (\$80)  |
| 14                                    | Balcony/ Patio                | N                  | Y (\$10)     | Y                             | (\$10)  | Y                  | (\$10)  | Y                 | (\$10)      | Y                   | (\$10)  |
| 15                                    | AC: Central/ Wall             | C                  |              | C                             |         | C                  |         | C                 |             | C                   |         |
| 16                                    | Range/ refrigerator           | R/F                | R/F          | R/F                           |         | R/F                |         | R/F               |             | R/F                 |         |
| 17                                    | Microwave/ Dishwasher         | M/D                | M/D          | D                             | \$5     | D                  | \$5     | D                 | \$5         | M/D                 |         |
| 18                                    | Washer/Dryer                  | L                  | W/D (\$35)   | W/D                           | (\$35)  | W/D                | (\$35)  | W/D               | (\$35)      | L/HU                | (\$10)  |
| 19                                    | Floor Coverings               | C                  |              | C                             |         | C                  |         | C                 |             | C                   |         |
| 20                                    | Window Coverings              | B                  |              | B                             |         | B                  |         | B                 |             | B                   |         |
| 21                                    | Cable/ Satellite/Internet     | N                  |              | N                             |         | N                  |         | N                 |             | N                   |         |
| 22                                    | Special Features              | Yes - Free WiFi    | N \$30       | N                             | \$30    | N                  | \$30    | N                 | \$30        | N                   | \$30    |
| 23                                    |                               |                    |              |                               |         |                    |         |                   |             |                     |         |
| <b>D. Site Equipment/ Amenities</b>   |                               | <b>Data</b>        |              | <b>\$ Adj</b>                 |         | <b>Data</b>        |         | <b>\$ Adj</b>     |             | <b>Data</b>         |         |
| 24                                    | Parking (L \$ Fee)            | L                  |              | L                             |         | L                  |         | L                 |             | L                   |         |
| 25                                    | Extra Storage                 | N                  |              | N                             |         | N                  |         | N                 |             | N                   |         |
| 26                                    | Security                      | N                  |              | N                             |         | N                  |         | N                 |             | N                   |         |
| 27                                    | Clubhouse/ Meeting Rooms      | C                  |              | C                             |         | C                  |         | C                 |             | C                   |         |
| 28                                    | Pool/ Recreation Areas        | R/DP/CG/E/BBQ/BB   | P/E/R/DP \$5 | P/E/R/DP                      | \$5     | P/E/R/TC           | \$5     | P/E/R/TC          | \$5         | P/E/TC              | \$10    |
| 29                                    | Business Ctr / Nbrd Netwk     | BC                 | BC           | N                             | \$10    | N                  | \$10    | N                 | \$10        | N                   | \$10    |
| 30                                    | Service Coordination          | N                  |              | N                             |         | N                  |         | N                 |             | N                   |         |
| 31                                    | Non-shelter Services          | N                  |              | N                             |         | N                  |         | N                 |             | N                   |         |
| 32                                    | Neighborhood Networks         | N                  |              | N                             |         | N                  |         | N                 |             | N                   |         |
| <b>E. Utilities</b>                   |                               | <b>Data</b>        |              | <b>\$ Adj</b>                 |         | <b>Data</b>        |         | <b>\$ Adj</b>     |             | <b>Data</b>         |         |
| 33                                    | Heat (in rent?/ type)         | N/E                | N/G          | N/G                           |         | N/G                |         | N/G               |             | N/G                 |         |
| 34                                    | Cooling (in rent?/ type)      | N/E                | N/E          | N/E                           |         | N/E                |         | N/E               |             | N/E                 |         |
| 35                                    | Cooking (in rent?/ type)      | N/E                | N/E          | N/E                           |         | N/E                |         | N/E               |             | N/E                 |         |
| 36                                    | Hot Water (in rent?/ type)    | N/E                | N/G          | N/G                           |         | N/G                |         | N/G               |             | N/G                 |         |
| 37                                    | Other Electric                | N                  |              | N                             |         | N                  |         | N                 |             | N                   |         |
| 38                                    | Cold Water/ Sewer             | Y/Y                | N/N \$60     | N/N                           | \$60    | N/N                | \$60    | N/N               | \$60        | N/N                 | \$60    |
| 39                                    | Trash/ Recycling              | Y                  | N \$19       | N                             | \$19    | N                  | \$19    | N                 | \$19        | N                   | \$19    |
| <b>F. Adjustments Recap</b>           |                               | <b>Pos</b>         |              | <b>Neg</b>                    |         | <b>Pos</b>         |         | <b>Neg</b>        |             | <b>Pos</b>          |         |
| 40                                    | # Adjustments B to D          | 2                  | 4            | 5                             | 3       | 4                  | 3       | 4                 | 3           | 4                   | 4       |
| 41                                    | Sum Adjustments B to D        | \$35               | (\$96)       | \$88                          | (\$130) | \$50               | (\$144) | \$50              | (\$70)      | \$89                | (\$110) |
| 42                                    | Sum Utility Adjustments       | \$79               |              | \$79                          |         | \$79               |         | \$79              |             | \$79                |         |
| <b>Net/ Gross Adjmts B to E</b>       |                               | <b>Net</b>         |              | <b>Gross</b>                  |         | <b>Net</b>         |         | <b>Gross</b>      |             | <b>Net</b>          |         |
| 43                                    |                               | \$18               | \$210        | \$37                          | \$297   | (\$15)             | \$273   | \$59              | \$199       | \$58                | \$278   |
| <b>G. Adjusted &amp; Market Rents</b> |                               | <b>Adj. Rent</b>   |              | <b>Adj. Rent</b>              |         | <b>Adj. Rent</b>   |         | <b>Adj. Rent</b>  |             | <b>Adj. Rent</b>    |         |
| 44                                    | Adjusted Rent (5+ 43)         | \$1,059            |              | \$987                         |         | \$1,085            |         | \$1,134           |             | \$1,039             |         |
| 45                                    | Adj Rent/Last rent            |                    | 102%         |                               | 104%    |                    | 99%     |                   | 105%        |                     | 106%    |
| 46                                    | Estimated Market Rent         | \$1,060            | \$2.01       | Estimated Market Rent/ Sq. Ft |         |                    |         |                   |             |                     |         |

*M.H. Th...* 8/5/2020 Attached are explanations of: a. why & how each adjustment was made

Appraiser's Signature Date b. how market rent was derived from adjusted rents

c. how this analysis was used for a similar unit type

Grid was prepared: Manually No Using HUD's Excel form Yes form HUD-92273-58 (04/2002)

# Rent Comparability Grid for Unit Type 2BR – As Renovated

| Rent Comparability Grid               |                               | Unit Type          |              | 2BR - Renovated               |        | Subject's FHA #:   |         | VA36-H027-009      |             |                     |        |
|---------------------------------------|-------------------------------|--------------------|--------------|-------------------------------|--------|--------------------|---------|--------------------|-------------|---------------------|--------|
| Subject                               |                               | Comp #1            |              | Comp #2                       |        | Comp #3            |         | Comp #4            |             | Comp #5             |        |
| Place One                             |                               | Abbington West End |              | Carriage Club                 |        | Cardinal Forest    |         | London Towne       |             | Staples Mill        |        |
| 4222 Almora Avenue                    |                               | 4401 Sprengle Lane |              | 7098 Fernwood Street          |        | 4724 Cardinal Road |         | 5618 Eunice Drive  |             | 4100 Townhouse Road |        |
| Henrico, VA                           |                               | Richmond, VA       |              | Richmond, VA                  |        | Richmond, VA       |         | Richmond, VA       |             | Richmond, VA        |        |
| Data on Subject                       |                               | Data \$ Adj        |              | Data \$ Adj                   |        | Data \$ Adj        |         | Data \$ Adj        |             | Data \$ Adj         |        |
| <b>A. Rents Charged</b>               |                               | <b>Data \$ Adj</b> |              | <b>Data \$ Adj</b>            |        | <b>Data \$ Adj</b> |         | <b>Data \$ Adj</b> |             | <b>Data \$ Adj</b>  |        |
| 1                                     | \$ Last Rent / Restricted?    | \$1,259            | N            | \$1,145                       | N      | \$1,330            | N       | \$1,260            | N           | \$1,144             | N      |
| 2                                     | Date Last Leased (mo/yr)      | Aug-20             |              | Aug-20                        |        | Aug-20             |         | Aug-20             |             | Aug-20              |        |
| 3                                     | Rent Concessions              | N                  |              | N                             |        | N                  |         | N                  |             | N                   |        |
| 4                                     | Occupancy for Unit Type       | 99%                |              | 99%                           |        | 93%                |         | 94%                |             | 96%                 |        |
| 5                                     | Effective Rent & Rent/ sq. ft | \$1,259            | \$1.53       | \$1,145                       | \$1.19 | \$1,330            | \$1.21  | \$1,260            | \$1.25      | \$1,144             | \$1.36 |
| <b>B. Design, Location, Condition</b> |                               | <b>Data \$ Adj</b> |              | <b>Data \$ Adj</b>            |        | <b>Data \$ Adj</b> |         | <b>Data \$ Adj</b> |             | <b>Data \$ Adj</b>  |        |
| 6                                     | Structure / Stories           | WU/3               | TH/2 (\$10)  | WU/2                          |        | WU/3               |         | WU/2               | TH/2 (\$10) |                     |        |
| 7                                     | Yr. Built/Yr. Renovated       | 1980               | 1973/2015    | 1966                          |        | 1975/2013          |         | 1976               |             |                     |        |
| 8                                     | Condition / Street Appeal     | A                  | G            | A                             | \$46   | G                  |         | G                  |             | A                   | \$46   |
| 9                                     | Neighborhood                  | A                  | A            | A                             |        | A                  |         | A                  |             | A                   |        |
| 10                                    | Same Market? Miles to Subj    | Y/0.1 Miles        |              | Y/0.4 Miles                   |        | Y/0.4 Miles        |         | Y/1.1 Miles        |             | Y/1.1 Miles         |        |
| <b>C. Unit Equipment / Amenities</b>  |                               | <b>Data \$ Adj</b> |              | <b>Data \$ Adj</b>            |        | <b>Data \$ Adj</b> |         | <b>Data \$ Adj</b> |             | <b>Data \$ Adj</b>  |        |
| 11                                    | # Bedrooms                    | 2                  |              | 2                             |        | 2                  |         | 2                  |             | 2                   |        |
| 12                                    | # Baths                       | 1                  |              | 1                             | (\$75) | 1.5                | (\$35)  | 1                  |             | 1                   |        |
| 13                                    | Unit Interior Sq. Ft.         | 952                | \$49         | 964                           | (\$4)  | 1100               | (\$45)  | 1008               | (\$18)      | 840                 | \$38   |
| 14                                    | Balcony / Patio               | N                  | Y (\$10)     | Y                             | (\$10) | Y                  | (\$10)  | Y                  | (\$10)      | Y                   | (\$10) |
| 15                                    | AC: Central / Wall            | C                  |              | C                             |        | C                  |         | C                  |             | C                   |        |
| 16                                    | Range/ refrigerator           | R/F                | R/F          | R/F                           |        | R/F                |         | R/F                |             | R/F                 |        |
| 17                                    | Microwave / Dishwasher        | M/D                | M/D          | D                             | \$5    | D                  | \$5     | D                  | \$5         | M/D                 |        |
| 18                                    | Washer/Dryer                  | L                  | W/D (\$35)   | W/D                           | (\$35) | W/D                | (\$35)  | W/D                | (\$35)      | L/HU                | (\$10) |
| 19                                    | Floor Coverings               | C                  |              | C                             |        | C                  |         | C                  |             | C                   |        |
| 20                                    | Window Coverings              | B                  |              | B                             |        | B                  |         | B                  |             | B                   |        |
| 21                                    | Cable / Satellite / Internet  | N                  |              | N                             |        | N                  |         | N                  |             | N                   |        |
| 22                                    | Special Features              | Yes - Free WiFi    | \$30         | N                             | \$30   | N                  | \$30    | N                  | \$30        | N                   | \$30   |
| 23                                    |                               |                    |              |                               |        |                    |         |                    |             |                     |        |
| <b>D. Site Equipment / Amenities</b>  |                               | <b>Data \$ Adj</b> |              | <b>Data \$ Adj</b>            |        | <b>Data \$ Adj</b> |         | <b>Data \$ Adj</b> |             | <b>Data \$ Adj</b>  |        |
| 24                                    | Parking ( \$ Fee)             | L                  |              | L                             |        | L                  |         | L                  |             | L                   |        |
| 25                                    | Extra Storage                 | N                  |              | N                             |        | N                  |         | N                  |             | N                   |        |
| 26                                    | Security                      | N                  |              | N                             |        | N                  |         | N                  |             | N                   |        |
| 27                                    | Clubhouse / Meeting Rooms     | C                  |              | C                             |        | C                  |         | C                  |             | C                   |        |
| 28                                    | Pool / Recreation Areas       | R/DP/CG/E/BBQ/BB   | P/E/R/DP \$5 | P/E/R/DP                      | \$5    | P/E/R/TC           | \$5     | P/E/R/TC           | \$5         | P/E/TC              | \$10   |
| 29                                    | Business Ctr / Nbrhd Netwk    | BC                 | N            | N                             | \$10   | N                  | \$10    | N                  | \$10        | N                   | \$10   |
| 30                                    | Service Coordination          | N                  |              | N                             |        | N                  |         | N                  |             | N                   |        |
| 31                                    | Non-shelter Services          | N                  |              | N                             |        | N                  |         | N                  |             | N                   |        |
| 32                                    | Neighborhood Networks         | N                  |              | N                             |        | N                  |         | N                  |             | N                   |        |
| <b>E. Utilities</b>                   |                               | <b>Data \$ Adj</b> |              | <b>Data \$ Adj</b>            |        | <b>Data \$ Adj</b> |         | <b>Data \$ Adj</b> |             | <b>Data \$ Adj</b>  |        |
| 33                                    | Heat (in rent? / type)        | N/E                | N/G          | N/G                           |        | N/G                |         | N/G                |             | N/G                 |        |
| 34                                    | Cooling (in rent? / type)     | N/E                | N/E          | N/E                           |        | N/E                |         | N/E                |             | N/E                 |        |
| 35                                    | Cooking (in rent? / type)     | N/E                | N/E          | N/E                           |        | N/E                |         | N/E                |             | N/E                 |        |
| 36                                    | Hot Water (in rent? / type)   | N/E                | N/G          | N/G                           |        | N/G                |         | N/G                |             | N/G                 |        |
| 37                                    | Other Electric                | N                  |              | N                             |        | N                  |         | N                  |             | N                   |        |
| 38                                    | Cold Water / Sewer            | Y/Y                | N/N \$87     | N/N                           | \$87   | N/N                | \$87    | N/N                | \$87        | N/N                 | \$87   |
| 39                                    | Trash / Recycling             | Y                  | N \$19       | N                             | \$19   | N                  | \$19    | N                  | \$19        | N                   | \$19   |
| <b>F. Adjustments Recap</b>           |                               | <b>Pos Neg</b>     |              | <b>Pos Neg</b>                |        | <b>Pos Neg</b>     |         | <b>Pos Neg</b>     |             | <b>Pos Neg</b>      |        |
| 40                                    | # Adjustments B to D          | 3                  | 4            | 5                             | 3      | 4                  | 4       | 3                  | 3           | 5                   | 3      |
| 41                                    | Sum Adjustments B to D        | \$84               | (\$130)      | \$96                          | (\$49) | \$50               | (\$125) | \$50               | (\$63)      | \$134               | (\$30) |
| 42                                    | Sum Utility Adjustments       | \$106              |              | \$106                         |        | \$106              |         | \$106              |             | \$106               |        |
| <b>G. Adjusted &amp; Market Rents</b> |                               | <b>Adj. Rent</b>   |              | <b>Adj. Rent</b>              |        | <b>Adj. Rent</b>   |         | <b>Adj. Rent</b>   |             | <b>Adj. Rent</b>    |        |
| 44                                    | Adjusted Rent (5+ 43)         | \$1,319            |              | \$1,298                       |        | \$1,361            |         | \$1,354            |             | \$1,354             |        |
| 45                                    | Adj Rent/Last rent            |                    | 105%         |                               | 113%   |                    | 102%    |                    | 107%        |                     | 118%   |
| 46                                    | Estimated Market Rent         | \$1,335            | \$1.40       | Estimated Market Rent/ Sq. Ft |        |                    |         |                    |             |                     |        |

*M.H. Hummel*

8/5/2020

Appraiser's Signature

Date

Attached are explanations of: a. why & how each adjustment was made

b. how market rent was derived from adjusted rents  
c. how this analysis was used for a similar unit type

Grid was prepared: Manually No Using HUD's Excel form Yes form HUD-92273-58 (04/2002)



# Rent Comparability Grid for Unit Type 3BR – As Renovated

| Rent Comparability Grid               |                               | Unit Type           |               | 3BR - Renovated               |               | Subject's FHA #:   |               | VA36-H027-009     |               |                     |               |
|---------------------------------------|-------------------------------|---------------------|---------------|-------------------------------|---------------|--------------------|---------------|-------------------|---------------|---------------------|---------------|
| Subject                               |                               | Comp #1             |               | Comp #2                       |               | Comp #3            |               | Comp #4           |               | Comp #5             |               |
| Place One                             |                               | Abbingtion West End |               | Carriage Club                 |               | Cardinal Forest    |               | London Towne      |               | Staples Mill        |               |
| 4222 Almora Avenue                    |                               | 4401 Sprenkle Lane  |               | 7098 Fernwood Street          |               | 4724 Cardinal Road |               | 5618 Eunice Drive |               | 4100 Townhouse Road |               |
| Henrico, VA                           |                               | Richmond, VA        |               | Richmond, VA                  |               | Richmond, VA       |               | Richmond, VA      |               | Richmond, VA        |               |
| <b>A. Rents Charged</b>               |                               | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>                   | <b>\$ Adj</b> | <b>Data</b>        | <b>\$ Adj</b> | <b>Data</b>       | <b>\$ Adj</b> | <b>Data</b>         | <b>\$ Adj</b> |
| 1                                     | \$ Last Rent / Restricted?    | \$1,589             | N             | \$1,365                       | N             | \$1,510            | N             | \$1,600           | N             | \$1,437             | N             |
| 2                                     | Date Last Leased (mo/yr)      | Aug-20              |               | Aug-20                        |               | Aug-20             |               | Aug-20            |               | Aug-20              |               |
| 3                                     | Rent Concessions              | N                   |               | N                             |               | N                  |               | N                 |               | N                   |               |
| 4                                     | Occupancy for Unit Type       | 99%                 |               | 99%                           |               | 93%                |               | 94%               |               | 96%                 |               |
| 5                                     | Effective Rent & Rent/ sq. ft | \$1,589             | \$1.59        | \$1,365                       | \$1.16        | \$1,510            | \$1.16        | \$1,600           | \$1.17        | \$1,437             | \$1.46        |
| <b>B. Design, Location, Condition</b> |                               | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>                   | <b>\$ Adj</b> | <b>Data</b>        | <b>\$ Adj</b> | <b>Data</b>       | <b>\$ Adj</b> | <b>Data</b>         | <b>\$ Adj</b> |
| 6                                     | Structure / Stories           | WU/3                | TH/2 (\$10)   | WU/2                          |               | WU/3               |               | WU/2              |               | TH/2                | (\$10)        |
| 7                                     | Yr. Built/Yr. Renovated       | 1980                | 1973/2015     | 1966                          |               | 1975/2013          |               | 1976              |               | 1966                |               |
| 8                                     | Condition /Street Appeal      | A                   | A             | A                             | \$55          | G                  |               | G                 |               | A                   | \$57          |
| 9                                     | Neighborhood                  | A                   | A             | A                             |               | A                  |               | A                 |               | A                   |               |
| 10                                    | Same Market? Miles to Subj    | A                   | Y/0.1 Miles   | Y/0.4 Miles                   |               | Y/0.8 Miles        |               | Y/1.1 Miles       |               | Y/1.1 Miles         |               |
| <b>C. Unit Equipment/ Amenities</b>   |                               | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>                   | <b>\$ Adj</b> | <b>Data</b>        | <b>\$ Adj</b> | <b>Data</b>       | <b>\$ Adj</b> | <b>Data</b>         | <b>\$ Adj</b> |
| 11                                    | # Bedrooms                    | 3                   |               | 3                             |               | 3                  |               | 3                 |               | 3                   |               |
| 12                                    | # Baths                       | 1                   | 2 (\$75)      | 2                             | (\$75)        | 2                  | (\$75)        | 2                 | (\$75)        | 1                   | (\$75)        |
| 13                                    | Unit Interior Sq. Ft.         | 1,147               | 997 \$60      | 1176                          | (\$8)         | 1300               | (\$44)        | 1370              | (\$65)        | 984                 | \$60          |
| 14                                    | Balcony/ Patio                | N                   | Y (\$10)      | Y                             | (\$10)        | Y                  | (\$10)        | Y                 | (\$10)        | Y                   | (\$10)        |
| 15                                    | AC; Central/ Wall             | C                   |               | C                             |               | C                  |               | C                 |               | C                   |               |
| 16                                    | Range/ refrigerator           | R/F                 | R/F           | R/F                           |               | R/F                |               | R/F               |               | R/F                 |               |
| 17                                    | Microwave/ Dishwasher         | M/D                 | M/D           | D                             | \$5           | D                  | \$5           | D                 | \$5           | M/D                 |               |
| 18                                    | Washer/Dryer                  | L                   | W/D (\$35)    | W/D                           | (\$35)        | W/D                | (\$35)        | W/D               | (\$35)        | L/HU                | (\$10)        |
| 19                                    | Floor Coverings               | C                   |               | C                             |               | C                  |               | C                 |               | C                   |               |
| 20                                    | Window Coverings              | B                   |               | B                             |               | B                  |               | B                 |               | B                   |               |
| 21                                    | Cable/ Satellite/Internet     | N                   |               | N                             |               | N                  |               | N                 |               | N                   |               |
| 22                                    | Special Features              | Yes - Free WiFi     | N \$30        | N                             | \$30          | N                  | \$30          | N                 | \$30          | N                   | \$30          |
| <b>D. Site Equipment/ Amenities</b>   |                               | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>                   | <b>\$ Adj</b> | <b>Data</b>        | <b>\$ Adj</b> | <b>Data</b>       | <b>\$ Adj</b> | <b>Data</b>         | <b>\$ Adj</b> |
| 24                                    | Parking ( \$ Fee)             | L                   |               | L                             |               | L                  |               | L                 |               | L                   |               |
| 25                                    | Extra Storage                 | N                   |               | N                             |               | N                  |               | N                 |               | N                   |               |
| 26                                    | Security                      | N                   |               | N                             |               | N                  |               | N                 |               | N                   |               |
| 27                                    | Clubhouse/ Meeting Rooms      | C                   |               | C                             |               | C                  |               | C                 |               | C                   |               |
| 28                                    | Pool/ Recreation Areas        | R/DP/CG/E/BBQ/BB    | P/E/R/DP \$5  | P/E/R/DP                      | \$5           | P/E/R/TC           | \$5           | P/E/R/TC          | \$5           | P/E/TC              | \$10          |
| 29                                    | Business Ctr / Nbhd Netwk     | BC                  | BC            | N                             | \$10          | N                  | \$10          | N                 | \$10          | N                   | \$10          |
| 30                                    | Service Coordination          | N                   |               | N                             |               | N                  |               | N                 |               | N                   |               |
| 31                                    | Non-shelter Services          | N                   |               | N                             |               | N                  |               | N                 |               | N                   |               |
| 32                                    | Neighborhood Networks         | N                   |               | N                             |               | N                  |               | N                 |               | N                   |               |
| <b>E. Utilities</b>                   |                               | <b>Data</b>         | <b>\$ Adj</b> | <b>Data</b>                   | <b>\$ Adj</b> | <b>Data</b>        | <b>\$ Adj</b> | <b>Data</b>       | <b>\$ Adj</b> | <b>Data</b>         | <b>\$ Adj</b> |
| 33                                    | Heat (in rent?/ type)         | N/E                 | N/G           | N/G                           |               | N/G                |               | N/G               |               | N/G                 |               |
| 34                                    | Cooling (in rent?/ type)      | N/E                 | N/E           | N/E                           |               | N/E                |               | N/E               |               | N/E                 |               |
| 35                                    | Cooking (in rent?/ type)      | N/E                 | N/E           | N/E                           |               | N/E                |               | N/E               |               | N/E                 |               |
| 36                                    | Hot Water (in rent?/ type)    | N/E                 | N/G           | N/G                           |               | N/G                |               | N/G               |               | N/G                 |               |
| 37                                    | Other Electric                | N                   |               | N                             |               | N                  |               | N                 |               | N                   |               |
| 38                                    | Cold Water/ Sewer             | Y/Y                 | N/N \$129     | N/N                           | \$129         | N/N                | \$129         | N/N               | \$129         | N/N                 | \$129         |
| 39                                    | Trash/ Recycling              | Y                   | N \$19        | N                             | \$19          | N                  | \$19          | N                 | \$19          | N                   | \$19          |
| <b>F. Adjustments Recap</b>           |                               | <b>Pos</b>          | <b>Neg</b>    | <b>Pos</b>                    | <b>Neg</b>    | <b>Pos</b>         | <b>Neg</b>    | <b>Pos</b>        | <b>Neg</b>    | <b>Pos</b>          | <b>Neg</b>    |
| 40                                    | # Adjustments B to D          | 3                   | 4             | 5                             | 4             | 4                  | 4             | 4                 | 4             | 5                   | 4             |
| 41                                    | Sum Adjustments B to D        | \$95                | (\$130)       | \$105                         | (\$128)       | \$50               | (\$164)       | \$50              | (\$185)       | \$167               | (\$105)       |
| 42                                    | Sum Utility Adjustments       | \$148               |               | \$148                         |               | \$148              |               | \$148             |               | \$148               |               |
| <b>Net/ Gross Adjmts B to E</b>       |                               | <b>Net</b>          | <b>Gross</b>  | <b>Net</b>                    | <b>Gross</b>  | <b>Net</b>         | <b>Gross</b>  | <b>Net</b>        | <b>Gross</b>  | <b>Net</b>          | <b>Gross</b>  |
| 43                                    |                               | \$113               | \$373         | \$124                         | \$381         | \$34               | \$362         | \$13              | \$383         | \$210               | \$420         |
| <b>G. Adjusted &amp; Market Rents</b> |                               | <b>Adj. Rent</b>    |               | <b>Adj. Rent</b>              |               | <b>Adj. Rent</b>   |               | <b>Adj. Rent</b>  |               | <b>Adj. Rent</b>    |               |
| 44                                    | Adjusted Rent (5+ 43)         | \$1,702             |               | \$1,489                       |               | \$1,544            |               | \$1,613           |               | \$1,647             |               |
| 45                                    | Adj Rent/Last rent            |                     | 107%          |                               | 109%          |                    | 102%          |                   | 101%          |                     | 115%          |
| 46                                    | Estimated Market Rent         | \$1,600             | \$1.39        | Estimated Market Rent/ Sq. Ft |               |                    |               |                   |               |                     |               |

*M.H. Th...* 8/5/2020 Attached are explanations of: a. why & how each adjustment was made

Appraiser's Signature Date b. how market rent was derived from adjusted rents

c. how this analysis was used for a similar unit type

Grid was prepared: Manually No Using HUD's Excel form Yes form HUD-92273-58 (04/2002)

## **EXPLANATIONS OF DATA INPUTS FOR ADJUSTMENTS TO HUD 92273-S8 FORM – AS RENOVATED**

The client is proposing a LIHTC renovation for the subject and we have estimated market rents based on the LIHTC renovations being complete as of the effective date of this report. Based on the information provided by the developer, the scope of renovations will include, but will not be limited to: updated landscaping, new kitchen appliances, countertops and cabinets, flooring, windows, and painting. In addition, the following amenities will be added: free wireless internet, microwaves, dog park, community building/clubhouse, business center, fitness center, community garden, smart thermostats, in-unit dishwashers, bocce ball court, outdoor BBQ area, and new playground. The total renovation costs are estimated to be approximately \$35,000 per unit. Our estimate of as renovated market rents assumes the above noted renovations.

Only adjustment categories that differ from the as is narrative have been detailed below, which generally include the subject's renovated condition and several added amenities.

## 1BR – As Renovated

### Line 8: Condition/Street Appeal

HUD guidelines stipulate that the condition adjustment for those in good condition should not exceed the larger amount of \$20 or 4% of the Last Rent (Line 1), and those in excellent should not exceed \$40 or 8% of the Last Rent (Line 1).

The subject is currently in average condition and will be in good condition post-renovation. We have applied an upwards adjustment of 4% to the comparables that are in average condition. No additional adjustments have been applied.

### Line 17: Microwave/Dishwasher

The subject units will include microwaves and dishwashers post-renovation. We have valued dishwashers at \$10 and microwaves at \$5 based upon conversations with local property managers. Appropriate adjustments have been applied.

### Line 21: Cable/Satellite/Internet

The subject will offer free wireless internet in all units post-renovation. We have valued internet service at \$30 based on local internet rates, which range from \$25 to \$75 per month depending on internet speed. Appropriate adjustments have been applied.

### Line 27: Clubhouse Meeting Rooms

The subject will offer a clubhouse post-renovation. We have valued a clubhouse at \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

### Line 28: Pool/Recreation Areas

The subject will offer a recreation area, dog park, community garden, exercise facility, bocce ball court and barbeque area post-renovation. Typical amenities include a recreation area, exercise facility, barbeque area, package service, tennis court, basketball court, community garden, pool, dog park, movie theatre. We have valued each amenity at \$5 to \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

### Line 29: Business Center/Neighborhood Network

The subject will offer a business center post-renovation. We have valued a business center at \$10. Appropriate adjustments have been applied.



## 2BR – As Renovated

### Line 8: Condition/Street Appeal

HUD guidelines stipulate that the condition adjustment for those in good condition should not exceed the larger amount of \$20 or 4% of the Last Rent (Line 1), and those in excellent should not exceed \$40 or 8% of the Last Rent (Line 1).

The subject is currently in average condition and will be in good condition post-renovation. We have applied an upwards adjustment of 4% to the comparables that are in average condition. No additional adjustments have been applied.

### Line 17: Microwave/Dishwasher

The subject units will include microwaves and dishwashers post-renovation. We have valued dishwashers at \$10 and microwaves at \$5 based upon conversations with local property managers. Appropriate adjustments have been applied.

### Line 21: Cable/Satellite/Internet

The subject will offer free wireless internet in all units post-renovation. We have valued internet service at \$30 based on local internet rates, which range from \$25 to \$75 per month depending on internet speed. Appropriate adjustments have been applied.

### Line 27: Clubhouse Meeting Rooms

The subject will offer a clubhouse post-renovation. We have valued a clubhouse at \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

### Line 28: Pool/Recreation Areas

The subject will offer a recreation area, dog park, community garden, exercise facility, bocce ball court and barbeque area post-renovation. Typical amenities include a recreation area, exercise facility, barbeque area, package service, tennis court, basketball court, community garden, pool, dog park, movie theatre. We have valued each amenity at \$5 to \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

### Line 29: Business Center/Neighborhood Network

The subject will offer a business center post-renovation. We have valued a business center at \$10. Appropriate adjustments have been applied.

## 3BR – As Renovated

### Line 8: Condition/Street Appeal

HUD guidelines stipulate that the condition adjustment for those in good condition should not exceed the larger amount of \$20 or 4% of the Last Rent (Line 1), and those in excellent should not exceed \$40 or 8% of the Last Rent (Line 1).

The subject is currently in average condition and will be in good condition post-renovation. We have applied an upwards adjustment of 4% to the comparables that are in average condition. No additional adjustments have been applied.

### Line 17: Microwave/Dishwasher

The subject units will include microwaves and dishwashers post-renovation. We have valued dishwashers at \$10 and microwaves at \$5 based upon conversations with local property managers. Appropriate adjustments have been applied.

### Line 21: Cable/Satellite/Internet

The subject will offer free wireless internet in all units post-renovation. We have valued internet service at \$30 based on local internet rates, which range from \$25 to \$75 per month depending on internet speed. Appropriate adjustments have been applied.

### Line 27: Clubhouse Meeting Rooms

The subject will offer a clubhouse post-renovation. We have valued a clubhouse at \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

### Line 28: Pool/Recreation Areas

The subject will offer a recreation area, dog park, community garden, exercise facility, bocce ball court and barbeque area post-renovation. Typical amenities include a recreation area, exercise facility, barbeque area, package service, tennis court, basketball court, community garden, pool, dog park, movie theatre. We have valued each amenity at \$5 to \$10 based upon conversations with local property managers. Appropriate adjustments have been applied.

### Line 29: Business Center/Neighborhood Network

The subject will offer a business center post-renovation. We have valued a business center at \$10. Appropriate adjustments have been applied.

### One-Bedroom - As Renovated

The table below summarizes the adjusted rents for the subject's one-bedroom unit analysis.

| Comp #                                      | Name               | Asking Rent    | Adjusted Rent  | Overall Adjustment % |
|---|--------------------|----------------|----------------|----------------------|
| Comp #1                                     | Abbington West End | \$1,041        | \$1,059        | 102%                 |
| Comp #2                                     | Carriage Club      | \$950          | \$987          | 104%                 |
| Comp #3                                     | Cardinal Forest    | \$1,100        | \$1,085        | 99%                  |
| Comp #4                                     | London Towne       | \$1,075        | \$1,134        | 105%                 |
| Comp #5                                     | Staples Mill       | \$981          | \$1,039        | 106%                 |
| <b>Minimum</b>                              |                    | <b>\$950</b>   | <b>\$987</b>   |                      |
| <b>Maximum</b>                              |                    | <b>\$1,100</b> | <b>\$1,134</b> |                      |
| <b>Average</b>                              |                    | <b>\$1,029</b> | <b>\$1,061</b> |                      |
| <b>Current Contract Rent</b>                |                    |                | <b>\$893</b>   |                      |
| <b>Concluded Market Rent - As Is</b>        |                    |                | <b>\$935</b>   |                      |
| <b>Concluded Market Rent - As Renovated</b> |                    |                | <b>\$1,060</b> |                      |

As the table illustrates, the adjusted rents for the one-bedroom units range from \$987 to \$1,134 with an average of \$1,061. Comparable 1 and 3 received the least overall with Comparable 4 offering the most similar overall unit size. Overall, we have determined the subject's one-bedroom renovated achievable market rent to be within the overall adjusted range and similar to the adjusted average of the comparables. We have determined the rent at \$1,060.

### Two-Bedroom - As Renovated

The table below summarizes the adjusted rents for the subject's two-bedroom unit analysis.

| Comp #                                      | Name               | Asking Rent    | Adjusted Rent  | Overall Adjustment % |
|---|--------------------|----------------|----------------|----------------------|
| Comp #1                                     | Abbington West End | \$1,259        | \$1,319        | 105%                 |
| Comp #2                                     | Carriage Club      | \$1,145        | \$1,298        | 113%                 |
| Comp #3                                     | Cardinal Forest    | \$1,330        | \$1,361        | 102%                 |
| Comp #4                                     | London Towne       | \$1,260        | \$1,354        | 107%                 |
| Comp #5                                     | Staples Mill       | \$1,144        | \$1,354        | 118%                 |
| <b>Minimum</b>                              |                    | <b>\$1,144</b> | <b>\$1,298</b> |                      |
| <b>Maximum</b>                              |                    | <b>\$1,330</b> | <b>\$1,361</b> |                      |
| <b>Average</b>                              |                    | <b>\$1,228</b> | <b>\$1,337</b> |                      |
| <b>Current Contract Rent</b>                |                    |                | <b>\$995</b>   |                      |
| <b>Concluded Market Rent - As Is</b>        |                    |                | <b>\$1,200</b> |                      |
| <b>Concluded Market Rent - As Renovated</b> |                    |                | <b>\$1,335</b> |                      |

As the table illustrates, the adjusted rents for the two-bedroom units range from \$1,298 to \$1,361 with an average of \$1,337. Comparable 3 received the least overall with Comparable 2 offering the most similar overall unit size. Overall, we have determined the subject's two-bedroom renovated achievable market rent to be within the overall adjusted range and similar to the adjusted average of the comparables. We have determined the rent at \$1,335.

### Three-Bedroom - As Renovated

The table below summarizes the adjusted rents for the subject's three-bedroom unit analysis.

| Comp #                                      | Name               | Asking Rent    | Adjusted Rent  | Overall Adjustment % |
|---|--------------------|----------------|----------------|----------------------|
| Comp #1                                     | Abbington West End | \$1,589        | \$1,702        | 107%                 |
| Comp #2                                     | Carriage Club      | \$1,365        | \$1,489        | 109%                 |
| Comp #3                                     | Cardinal Forest    | \$1,510        | \$1,544        | 102%                 |
| Comp #4                                     | London Towne       | \$1,600        | \$1,613        | 101%                 |
| Comp #5                                     | Staples Mill       | \$1,437        | \$1,647        | 115%                 |
| <b>Minimum</b>                              |                    | <b>\$1,365</b> | <b>\$1,489</b> |                      |
| <b>Maximum</b>                              |                    | <b>\$1,600</b> | <b>\$1,702</b> |                      |
| <b>Average</b>                              |                    | <b>\$1,500</b> | <b>\$1,599</b> |                      |
| <b>Current Contract Rent</b>                |                    |                | <b>\$1,275</b> |                      |
| <b>Concluded Market Rent - As Is</b>        |                    |                | <b>\$1,455</b> |                      |
| <b>Concluded Market Rent - As Renovated</b> |                    |                | <b>\$1,600</b> |                      |

As the table illustrates, the adjusted rents for the three-bedroom units range from \$1,489 to \$1,702 with an average of \$1,599. Comparable 4 received the least overall with Comparable 2 offering the most similar overall unit size. Overall, we have determined the subject's three-bedroom renovated achievable market rent to be within the overall adjusted range and similar to the adjusted average of the comparables. We have determined the rent at \$1,600.

### Rent Level Comparison – As Renovated

The following table presents market rent levels as derived through a survey of the market.

| <b>COMPARABLE PROPERTY RENT SUMMARY - AS RENOVATED AFTER ADJUSTMENT</b> |           |                  |                  |                  |  |   |
|---|-----------|------------------|------------------|------------------|--|---|
| Unit Type   | Size (SF) | Surveyed Minimum | Surveyed Maximum | Surveyed Average | Subject's Achievable Market Rent - As Is | Subject's Achievable Market Rent - As Ren |
| 1BR/1BA   | 527       | \$987            | \$1,134          | \$1,061          | \$935                                    | \$1,060                                   |
| 2BR/1BA   | 952       | \$1,298          | \$1,361          | \$1,337          | \$1,200                                  | \$1,335                                   |
| 3BR/1BA   | 1,147     | \$1,489          | \$1,702          | \$1,599          | \$1,455                                  | \$1,600                                   |

### Reconciliation of Market Rents – As Renovated

The analysis of the comparable properties in the market area has led to the following market rent conclusions for the subject's Section 8 units:

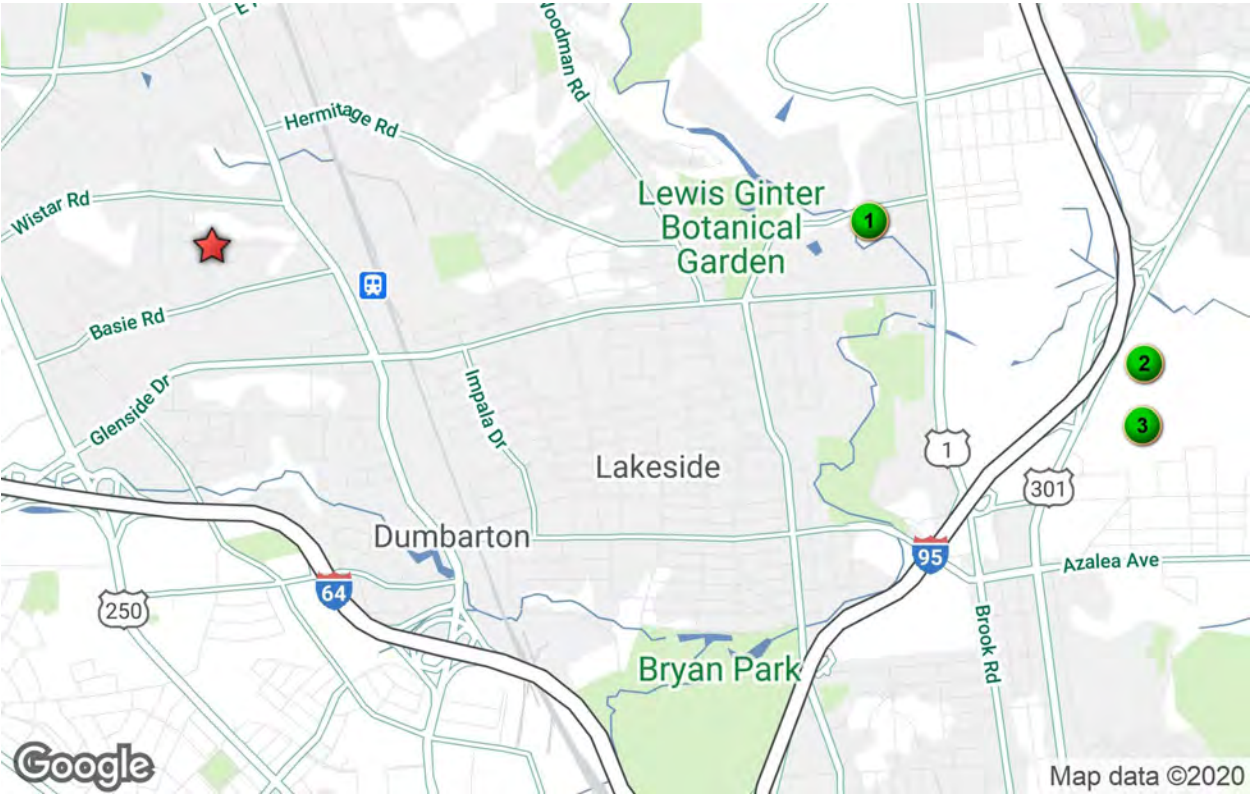
| <b>NET RENT CONCLUSIONS</b> |           |                 |                 |                          |                                  |                                 |
|-----------------------------|-----------|-----------------|-----------------|--------------------------|----------------------------------|---------------------------------|
| Unit Type                   | Size (SF) | Number of Units | Section 8 Units | # of Non Section 8 Units | Current Section 8 Contract Rents | Achievable Market Rent "As Ren" |
| 1BR/1BA                     | 527       | 40              | 40              | 0                        | \$893                            | \$1,060                         |
| 2BR/1BA                     | 952       | 56              | 56              | 0                        | \$995                            | \$1,335                         |
| 3BR/1BA                     | 1,147     | 18              | 18              | 0                        | \$1,275                          | \$1,600                         |
|                             |           | 114             | 114             | 0                        |                                  |                                 |

**RENT ANALYSIS – LIHTC**

The subject will be 100% encumbered by Section 42 of the Low Income Housing Tax Credit Program (LIHTC). Of the revenue generating units at the subject (114), all of them will be set aside for people whose income does not exceed 60% of area median income (AMI).

In selecting comparable rentals for the encumbered analysis, we searched for similar LIHTC apartment complexes within the subject’s larger market area. We have located three affordable comparables that are located within the PMA

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each comparable is included in the addenda.



| SUMMARY OF COMPARABLE APARTMENT RENTALS |                            |  |                |                                    |      |           |                    |
|---|----------------------------|--|----------------|------------------------------------|------|-----------|--------------------|
| No.                                     | Property Name              | Location                                 | YOC / Reno'd   | Property Subtype                   | Occ. | No. Units | Distance from Subj |
| 6                                       | Creekside Manor Apartments | 1601 Lakeside Avenue<br>Richmond, VA     | 1964           | Multi-unit Subsidized              | 100% | 97        | 2.5 Miles          |
| 7                                       | Richfield Place - LIHTC    | 6001 Grammarcy Circle<br>Richmond, VA    | 1990           | Multi-unit Garden                  | 96%  | 266       | 3.6 Miles          |
| 8                                       | Village at the Arbors      | 5613 Crenshaw Road<br>Richmond, VA       | 1965<br>/ 2013 | Multi-unit Subsidized              | 100% | 292       | 3.7 Miles          |
| Subj.                                   | Place One                  | 4222 Almora Avenue,<br>Henrico, Virginia | 1977           | Multi-family<br>Subsidized Housing | 99%  | 114       | ---                |

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## ANALYSIS OF LIHTC RENT COMPARABLES

### Rent Comparable Six – LIHTC

This comparable rental represents the Creekside Manor Apartments, a 97-unit subsidized-style property at 1601 Lakeside Avenue, Richmond, VA. The improvements were originally constructed in 1964 and were considered in average condition at the time of our research. The structure's exterior walls depict brick veneer construction components and the average unit size is 836 square feet. Project/unit amenities include the following: basketball court, fitness center, laundry facility, individual split systems, LIHTC (low income housing tax credit), on-site management, pitched roofs, surface parking, garbage disposal, range / oven, refrigerator. According to the unit mix and asking rates for this property, the average base rental rate is \$0.99 per square foot monthly (\$829/unit), based upon typical lease terms of 12 months. No rent premiums were reported. Utilities included with the rent are water, sewer and trash and no concessions are currently offered. The property is currently 100% leased. No additional information.

### Rent Comparable Seven - LIHTC

This comparable rental represents the Richfield Place Apartments, a 266-unit garden-style property at 6001 Grammarcy Circle, Richmond, VA. The improvements were originally constructed in 1990 and were considered in average condition at the time of our research. The structure's exterior walls depict aluminum construction components and the average unit size is 951 square feet. Project/unit amenities include the following: clubhouse, laundry facility, playground, pool, storage units, individual split systems, lihtc (low income housing tax credit), on-site management, surface parking, ceiling fans, dishwasher, garbage disposal, range / oven, refrigerator, washer / dryer connections. According to the unit mix and asking rates for this property, the average base rental rate is \$0.85 per square foot monthly (\$811/unit), based upon typical lease terms of 12 months. No rent premiums were reported. Utilities included with the rent are water, sewer, and trash removal and no concessions are currently offered. The property is currently 96% leased. Richfield Place is a gated apartment community consisting of 266 units, situated on a 21.83-acre site. The project is visible from Interstate 95 and is in Richmond's East Submarket. The property was constructed in 1990 and is currently operated as a low income housing tax credit property (LIHTC) that restricts a renter's income to 60% of the Area Median Income (AMI). The current quoted rental rates are below the maximum allowable rents.

### Rent Comparable Eight– LIHTC

This comparable rental represents the Village at the Arbors Apartments, a 292-unit subsidized-style property at 5613 Crenshaw Road, Richmond, VA. The improvements were originally constructed in 1965 and were considered in average condition at the time of our research. The structure's exterior walls depict brick veneer construction components and the average unit size is 864 square feet. Project/unit amenities include the following: business center, clubhouse, laundry facility, playground, pool, flat roofs, individual split systems, LIHTC (low income housing tax credit), on-site management, surface parking, private patios / balconies. According to the unit

mix and asking rates for this property, the average base rental rate is \$1.04 per square foot monthly (\$902/unit), based upon typical lease terms of 12 months. No rent premiums were reported. Utilities included with the rent are water, sewer and trash and no concessions are currently offered. The property is currently 100% leased.

### ESTIMATE OF LIHTC RENT

In order to estimate the rates for the subject's floor plans under the proposed encumbrances, the subject unit types have been compared with similar units in the comparable projects. The following is a discussion of each unit type.

#### One-Bedroom Units

The subject includes 40 one-bedroom units that are 600 square feet in size that will be occupied by tenants earning at or less than 60% AMI. The following table summarizes the one-bedroom units from the rent comparables including size, monthly rent and rent per square foot.

| <b>SUMMARY OF COMPARABLE RENTALS<br/>ONE BEDROOM UNITS</b> |                   |               |                     |               |
|--|-------------------|---------------|---------------------|---------------|
| <b>Comparable</b>  | <b>Plan Type</b>  | <b>Size</b>   | <b>Rental Rates</b> |               |
|  |                   |               | <b>\$/Mo.</b>       | <b>\$/SF</b>  |
| Creekside Manor Apartments                                 | 1BR/1BA - 60% AMI | 540 SF        | \$675               | \$1.25        |
| Richfield Place  | 1BR/1BA - 60% AMI | 736 SF        | \$685               | \$0.93        |
| <b>Subject (Achievable Net LIHTC Rent)</b>                 | <b>1BR/1BA</b>    | <b>600 SF</b> | <b>\$700</b>        | <b>\$1.17</b> |
| Vilage at the Arbors                                       | 1BR/1BA - 60% AMI | 740 SF        | \$715               | \$0.97        |
| <b>Subject (Current Contract Rent)</b>                     | <b>1BR/1BA</b>    | <b>600 SF</b> | <b>\$893</b>        | <b>\$1.49</b> |
| <b>Subject (Net Maximum Allowable LIHTC Rent)</b>          | <b>1BR/1BA</b>    | <b>600 SF</b> | <b>\$941</b>        | <b>\$1.57</b> |

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The maximum allowable rent for one-bedroom units at 60% AMI, less the utility allowance, is \$941. The concluded market rent for the subject, if unencumbered, is \$935 as is and \$1,060 as renovated per month for the one-bedroom units. The comparable offering one-bedroom units at the 60% AMI set-aside are achieving rental rates ranging from \$675 to \$715 which is below the maximum allowable level. The subject, upon the completion of the proposed renovations, will be in superior condition to the comparable. We have concluded a LIHTC rental rate below the 2020 maximum allowable rents, at **\$700 per month** for the subject's one-bedroom units at the 60% AMI set aside.

#### Two-Bedroom Units

The subject includes 56 two-bedroom garden-style units that are 940 square feet in size that will be occupied by tenants earning at or less than 60% AMI. The following table summarizes the two-bedroom units from the rent comparables including size, monthly rent and rent per square foot.



**SUMMARY OF COMPARABLE RENTALS  
TWO BEDROOM UNITS**

| Comparable  | Plan Type           | Size          | Rental Rates   |               |
|---|---------------------|---------------|----------------|---------------|
|   |                     |               | \$/Mo.         | \$/SF         |
| Richfield Place                                   | 2BR/1BA - 60% AMI   | 800 SF        | \$730          | \$0.91        |
| Richfield Place                                   | 2BR/2BA - 60% AMI   | 980 SF        | \$760          | \$0.78        |
| Creekside Manor Apartments                        | 2BR/1.5BA - 60% AMI | 835 SF        | \$815          | \$0.98        |
| Creekside Manor Apartments                        | 2BR/2BA - 60% AMI   | 835 SF        | \$815          | \$0.98        |
| Richfield Place                                   | 2BR/2BA - 60% AMI   | 980 SF        | \$825          | \$0.84        |
| Village at the Arbors                             | 2BR/1BA - 60% AMI   | 950 SF        | \$845          | \$0.89        |
| <b>Subject (Achievable Net LIHTC Rent)</b>        | <b>2BR/1BA</b>      | <b>940 SF</b> | <b>\$845</b>   | <b>\$0.90</b> |
| <b>Subject (Current Contract Rent)</b>            | <b>2BR/1BA</b>      | <b>940 SF</b> | <b>\$995</b>   | <b>\$1.06</b> |
| <b>Subject (Net Maximum Allowable LIHTC Rent)</b> | <b>2BR/1BA</b>      | <b>940 SF</b> | <b>\$1,103</b> | <b>\$1.17</b> |

Compiled by CBRE

The maximum allowable rent for two-bedroom units at 60% AMI, less the utility allowance, is \$1,103. The concluded market rent for the subject, if unencumbered, is \$1,200 as is and \$1,335 as renovated per month for the two-bedroom units. The comparable offering two-bedroom units at the 60% AMI set-aside are achieving rental rates ranging from \$730 to \$845 which is below the maximum allowable level. The subject, upon the completion of the proposed renovations, will be in superior condition to the comparable. We have concluded a LIHTC rental rate below the 2020 maximum allowable rents, at **\$845 per month** for the subject's two-bedroom units at the 60% AMI set aside.

### Three-Bedroom Units

The subject includes 18 three-bedroom garden-style units that are 1,040 square feet in that will be occupied by tenants earning at or less than 60% AMI. The following table summarizes the three-bedroom units from the rent comparables including size, monthly rent and rent per square foot.

**SUMMARY OF COMPARABLE RENTALS  
THREE BEDROOM UNITS**

| Comparable  | Plan Type           | Size            | Rental Rates   |               |
|---|---------------------|-----------------|----------------|---------------|
|   |                     |                 | \$/Mo.         | \$/SF         |
| Richfield Place                                   | 3BR/2BA - @60%      | 1,060 SF        | \$940          | \$0.89        |
| Village at the Arbors                             | 3BR/1.5BA - 60% AMI | 1,080 SF        | \$1,015        | \$0.94        |
| Creekside Manor Apartments                        | 3BR/2BA - @60%      | 1,135 SF        | \$1,030        | \$0.91        |
| <b>Subject (Achievable Net LIHTC Rent)</b>        | <b>3BR/1BA</b>      | <b>1,040 SF</b> | <b>\$1,030</b> | <b>\$0.99</b> |
| <b>Subject (Current Contract Rent)</b>            | <b>3BR/1BA</b>      | <b>1,040 SF</b> | <b>\$1,275</b> | <b>\$1.23</b> |
| <b>Subject (Net Maximum Allowable LIHTC Rent)</b> | <b>3BR/1BA</b>      | <b>1,040 SF</b> | <b>\$1,271</b> | <b>\$1.22</b> |

Compiled by CBRE

The maximum allowable rent for three-bedroom units at 60% AMI, less the utility allowance, is \$1,271. The concluded market rent for the subject, if unencumbered, is \$1,455 as is and \$1,600 as renovated per month for the three-bedroom units. The comparables at the 60% AMI set-aside are achieving rental rates ranging from \$940 to \$1,030. None of the comparables reported achieving rents at the maximum allowable levels. We have concluded a LIHTC rental rate below

the 2020 maximum allowable rents, at **\$1,030 per month** for the subject's three-bedroom units at the 60% AMI set aside.

## LIHTC RENT CONCLUSIONS

The subject's concluded LIHTC rents are presented in the chart below.

| LIHTC RENT CONCLUSIONS |           |                |           |              |        |          |             |         |              |
|------------------------|-----------|----------------|-----------|--------------|--------|----------|-------------|---------|--------------|
| No. Units              | Unit Type | Percent of AMI | Unit Size | Monthly Rent |        |          | Annual Rent |         | Annual Total |
|                        |           |                |           | \$/Unit      | \$/SF  | PRI      | \$/Unit     | \$/SF   |              |
| 40                     | 1BR/1BA   | 60%            | 600       | \$700        | \$1.17 | \$28,000 | \$8,400     | \$14.00 | \$336,000    |
| 56                     | 2BR/1BA   | 60%            | 940       | \$845        | \$0.90 | \$47,320 | \$10,140    | \$10.79 | \$567,840    |
| 18                     | 3BR/1BA   | 60%            | 1,040     | \$1,030      | \$0.99 | \$18,540 | \$12,360    | \$11.88 | \$222,480    |
| 114                    |           |                | 836 SF    | \$661        | \$0.79 | \$75,320 | \$7,928     | \$9.48  | \$903,840    |

Compiled by CBRE

## RENT ANALYSIS

The following table presents the difference in concluded market and LIHTC rents for the subject under the proposed rent restrictions at 60% AMI.

| LIHTC VERSUS MARKET RENTS |              |                     |                |                        |                                   |                      |                             |                      |                         |                                |                     |                            |
|---------------------------|--------------|---------------------|----------------|------------------------|-----------------------------------|----------------------|-----------------------------|----------------------|-------------------------|--------------------------------|---------------------|----------------------------|
| Type                      | No. of Units | Avg. Unit Size (SF) | Percent of AMI | Achievable LIHTC Rents | Net Maximum Allowable LIHTC Rents | Market Rents - As Is | Market Rents - As Renovated | Concluded LIHTC Rent | Rent Difference - As Is | Rent Difference - As Renovated | % of Market - As Is | % of Market - As Renovated |
| 1BR/1BA                   | 40           | 600                 | 60%            | \$700                  | \$821                             | \$935                | \$1,060                     | \$700                | \$235                   | \$360                          | 74.9%               | 66.0%                      |
| 2BR/1BA                   | 56           | 940                 | 60%            | \$845                  | \$933                             | \$1,200              | \$1,335                     | \$845                | \$355                   | \$490                          | 70.4%               | 63.3%                      |
| 3BR/1BA                   | 18           | 1,040               | 60%            | \$1,030                | \$1,071                           | \$1,455              | \$1,600                     | \$1,030              | \$425                   | \$570                          | 70.8%               | 64.4%                      |
| Total/Average:            | 114          | 836 SF              |                |                        |                                   | \$1,147              | \$1,280                     |                      | \$324                   | \$457                          |                     |                            |

Compiled by CBRE

As stated previously, we have concluded the subject's restricted rents below the maximum allowable amounts. The achievable restricted rents for the subject's rents at 60% AMI are 70.4% to 74.9% of the corresponding market rents as is and 63.3% to 66.0% as renovated. As the subject's concluded LIHTC rents are measurably less than market rental rates in the subject's expanded neighborhood area, we would expect high demand for the subject's units on an encumbered basis.

## AFFORDABLE MARKET ANALYSIS

Low income housing in the subject’s market area is provided by the local housing authority and privately owned properties which subsidize rents by varying methods. Some accept housing vouchers (Section 8) or are rent restricted under the Section 42 Low Income Housing Tax Credit (LIHTC) program. Though the subject operates under multiple affordable programs, our analysis will focus on the LIHTC program in which the property will compete, in which the subject’s units will be designated for households with incomes at or below 60% of area median income.

### Income Limits

The subject will operate under a tax credit program through the Virginia Housing Development Authority (VHDA). Under this program, the subject’s units will be designated for households with incomes at or below 60% of area median income. The 2020 four-person AMI for Henrico County is \$89,400 is based on the 2020 HUD income limits. The median family income (MFI) level is based on a four-person household, with adjustments made to this level for each person in a household over or fewer than four. For example, the income level for a three-person household is 90% of the four-person household. For the purpose of this calculation, VHDA considers 35% of income for family developments and 45% for elderly projects to be a reasonable threshold for affordability. The following table summarizes the Novogradac and Company Income Limits for 2020 for Henrico County.

| <b>2020 HUD PUBLISHED INCOME LIMITS</b> |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
|   | 1 Person  | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons |
|   | 70% of 4  | 80% of 4  | 90% of 4  | 100% of 4 | 108% of 4 | 116% of 4 |
| Set Aside %                             | Person HH | Person HH | Person HH | Person HH | Person HH | Person HH |
| 60%                                     | \$37,560  | \$42,960  | \$48,300  | \$53,640  | \$57,960  | \$62,280  |

Source: Novogradac & Company LLP

It should be noted, however, that under HUD guidelines, each bedroom in an apartment unit is assumed to accommodate 1.5 persons. Therefore, according to HUD, a one-bedroom unit equates to a household of 1.5 persons, a two-bedroom unit equates to a household of 3.0 persons, a three-bedroom unit equates to a household of 4.5 persons, and a four-bedroom unit equates to a household of 6.0 persons.

Based on this information, the family income requirements for the subject’s one, two and three-bedroom units are based on a 1.5-person household. These levels are summarized in the following tables for each income definition.

**HUD MEDIAN FAMILY INCOME LIMITS - ABSENT SUBSIDIES**

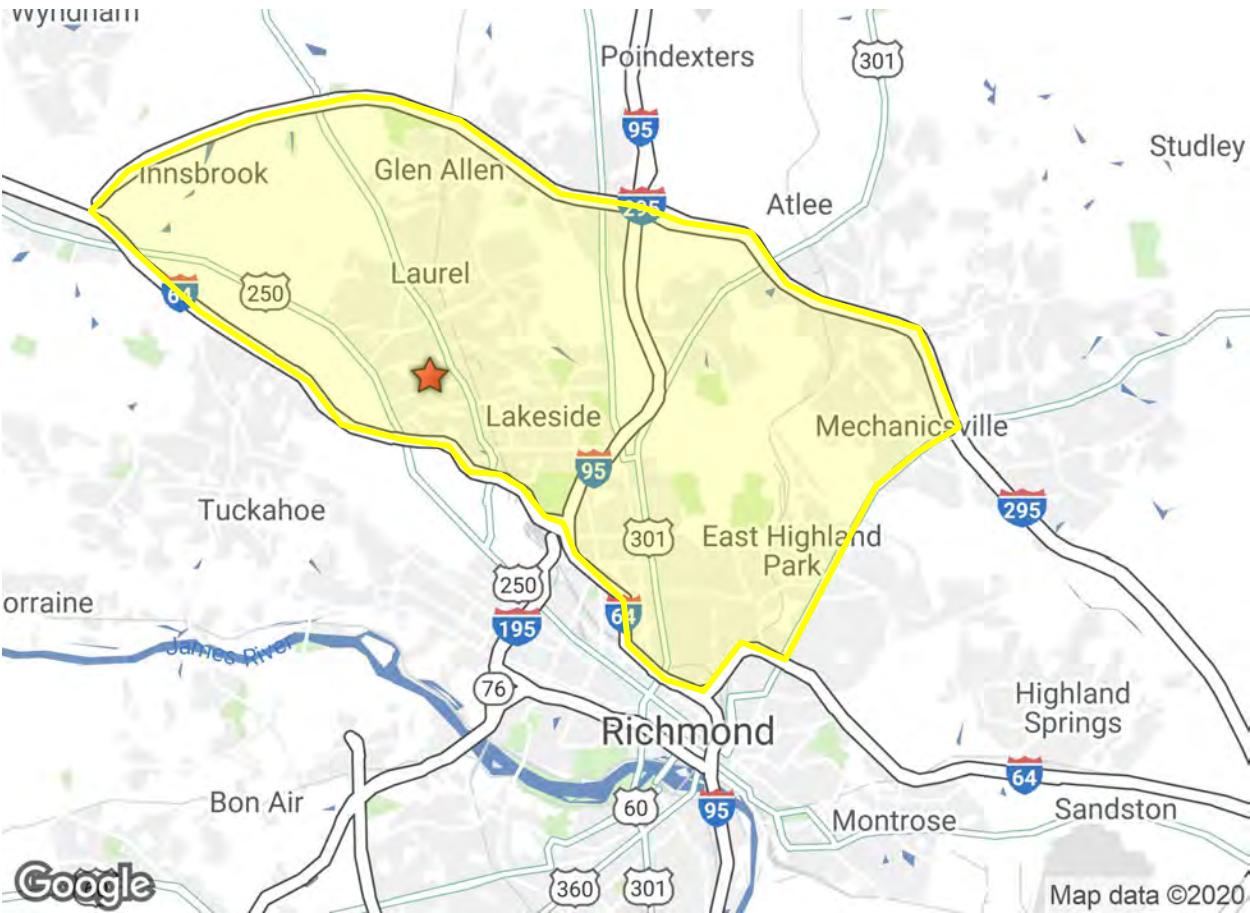
| Set Aside | One-Bedroom   | Two-Bedroom | Three-Bedroom |
|-----------|---------------|-------------|---------------|
|           | 1.5 Person HH | 3 Person HH | 4.5 Person HH |
| 60% Min   | \$24,000      | \$28,971    | \$36,720      |
| 60% Max   | \$42,960      | \$48,300    | \$57,960      |

Source: Compiled by CBRE

The subject units under the tax credit program are set aside for residents earning 60% of AMI, which indicates a qualified income amount of \$24,000 to \$57,960 based on the subject’s unit mix absent of subsidies. However, post-renovation, the subject will continue to benefit from Section 8 subsidies with tenants contributing 30 percent of their income towards rent with the effective minimum income of \$0.

**Primary Market Area Income Distributions**

For the subject property, the primary market area generally defined with boundaries is as follows: Interstate 295 to the north, Interstate 64 to the south, Mechanicsville Turnpike to the east, and Interstate 295 to the west. We estimate that approximately 75% to 85% of the demand for the subject property will be derived from these boundaries. The following map illustrates the subject’s primary market area surrounding the subject property.



## Income Distributions

The following table illustrates estimated household income distribution for the subject's PMA.

| <b>HOUSEHOLD INCOME DISTRIBUTION</b>     |              |
|--|--------------|
| Households by Income Distribution - 2020 |              |
| <b>Less than \$15K</b>                   | <b>10.7%</b> |
| <b>\$15K - \$25K</b>                     | <b>8.5%</b>  |
| <b>\$25K - \$35K</b>                     | <b>9.3%</b>  |
| <b>\$35K - \$50K</b>                     | <b>15.3%</b> |
| \$50K - \$75K                            | 17.9%        |
| \$75K - \$100K                           | 12.7%        |
| \$100K - \$150K                          | 15.1%        |
| \$150K - \$200K                          | 5.6%         |
| \$200K or more                           | 4.8%         |

Source: ERSI

As indicated above 61.7% of all households have an income distribution of \$15,000 or less to \$50,000 with the majority of those households qualifying to reside at the subject including the current subsidies.

## Maximum Allowable Rents

A result of the tax credit program is restricted rent levels, or maximum allowable rents. A utility allowance is deducted from the maximum allowable rents to arrive at the resident's portion of the collected rent. The landlord pays all common area utilities as well as sewer, water and trash expense. The 2020 maximum allowable monthly rent levels under the tax credit program as well as the achievable LIHTC rents at the subject which are derived later in the report.

| <b>HUD MAXIMUM ALLOWABLE RENTS</b> |             |                                 |                      |                                   |                              |
|------------------------------------|-------------|---------------------------------|----------------------|-----------------------------------|------------------------------|
| Unit Type                          | Set Aside % | Achievable<br>Net LIHTC<br>Rent | Utility<br>Allowance | Achievable<br>Gross LIHTC<br>Rent | Maximum<br>Allowable<br>Rent |
| 1BR/1BA                            | 60%         | \$700                           | \$65                 | \$765                             | \$1,006                      |
| 2BR/1BA                            | 60%         | \$845                           | \$104                | \$949                             | \$1,207                      |
| 3BR/1BA                            | 60%         | \$1,030                         | \$124                | \$1,154                           | \$1,395                      |

Source: HUD

The subject includes common area utilities as well as water, sewer and trash utility expenses with rent while tenants are responsible for electric utility expenses.

The maximum allowable rents listed above are for residents earning 60% of AMI. These rates are maximum rents, and the market determines whether market rent is below or above the maximum allowable levels. However, the subject's achievable LIHTC rents are below maximum allowable limits.

## Supply of Affordable Housing

We searched the VHDA website for other LIHTC properties in the PMA in order to determine how many properties are designated to serve a similar income group. Based on the neighborhood and geographic features, we have limited this area to the subject's primary market area. We consulted VHDA's website which lists all current or proposed new allocations of LIHTC developments in the PMA, as well as HUD's website which provides information on affordable housing and apartment finder to locate affordable housing in the PMA. There have been no new allocations within the subject's PMA over the previous three years. The following table summarizes the affordable properties located within the subject's PMA.

| <b>AFFORDABLE PROPERTIES - PMA</b> |                        |                 |                 |                                    |                                       |
|------------------------------------|------------------------|-----------------|-----------------|------------------------------------|---------------------------------------|
| Name                               | Affordable Program     | Tenancy         | Number of Units | Competitive Units (Absent Subsidy) | Competitive Units (Including Subsidy) |
| Parham Park Place                  | Section 8              | Senior/Disabled | 86              | 0                                  | 0                                     |
| Woodman West                       | Section 8              | Family          | 196             | 0                                  | 196                                   |
| Hope Village Apartments            | Section 8              | Family          | 100             | 0                                  | 100                                   |
| Hollybrook Apartments              | Section 8              | Family          | 30              | 0                                  | 30                                    |
| Creekside Manor                    | LIHTC                  | Family          | 97              | 97                                 | 0                                     |
| Overlook at Brook Run              | LIHTC                  | Family          | 156             | 156                                | 0                                     |
| Overlook at Brook Run II           | LIHTC                  | Family          | 126             | 126                                | 0                                     |
| Richfield Place                    | LIHTC                  | Family          | 266             | 266                                | 0                                     |
| Newman Village Apartments          | Section 8              | Family          | 97              | 0                                  | 97                                    |
| Saint Luke Apartments              | Section 8              | Family          | 496             | 0                                  | 496                                   |
| <b>Subject</b>                     | <b>Section 8/LIHTC</b> | <b>Family</b>   | <b>114</b>      | <b>114</b>                         | <b>114</b>                            |
| <b>Total Affordable Units</b>      |                        |                 | <b>1,764</b>    | <b>759</b>                         | <b>1,033</b>                          |

Source: VHDA; HUD; aptfinder.org

Our search revealed approximately 1,764 total units in 10 affordable properties within the subject's PMA. Among the affordable units in the PMA, there are 759 units including the subject that will be competitive without the current subsidies. Including the current subsidies, there are an additional 1,033 units, including the subject, that will be competitive.

## Competition from Market Rate Projects

The subject's PMA has had no recent development of new market rate properties that would be competitive with the subject.

## Competition from Single-family and Condominium Rentals

The affordable supply does not appear to have been significantly impacted by competition from single-family or condominium homes that have entered the rental market. Since these units do not have income or rent restrictions and do not have compliance periods and could leave the supply at any time they have not been included in this analysis.

## Anticipated Supply

The VHDA website indicates that there have been no new affordable developments in the PMA 2018, 2019 and 2020 application cycles.

## ABSORPTION

Post-renovation, the subject will continue to be a LIHTC/Section 8 property that will offer units restricted at the 60 percent AMI level or below. Further, the developer indicated that all tenants will income-qualify post renovation. While an income audit was not available at the time of this report all tenants will continue to pay 30 percent of income toward rent. Innslake Place, located at 4245 Innslake Place Drive in Glen Allen, Virginia, is a market rate development in the subject's PMA which completed construction in the summer of 2020 and is currently in lease-up. The development offers 100 market rate units. The property manager indicated that the development is currently 43% occupied and is leasing approximately 20 units per month. Canopy at Ginter Park is a market rate development located at 3401 Brook Road in Richmond, Virginia in the subject's PMA that opened in Summer of 2020. The property manager indicated that the development is currently 67% occupied and has been leasing units at approximately 30 units per month. Based on the stabilized occupancy levels of the comparable properties, low instance of concessions as well as the illustrated capture rate in the Demand Analysis section of this report, we believe the subject's absorption would be fairly rapid hypothetically assuming 100 percent vacancy. Assuming the subject is properly marketed and pre-leasing begins approximately three months prior to completion of construction; the subject's 114 units are anticipated to be completely absorbed into the market within 4 to 5 months of completion. This pace equates to an absorption rate of approximately 22 to 27 units per month. However, this estimate is hypothetical as the developer expects all tenants to continue to income-qualify post renovation.



### Demand – Absent Current Rental Subsidies

The following table illustrates the population changes for the subject neighborhood with regards to the population.

| <b>POPULATION AND HOUSEHOLD FORECAST</b> |         |         |         |             |
|--|---------|---------|---------|-------------|
|  | 2010    | 2020    | 2025    | 2020 - 2025 |
| Population                               | 150,515 | 158,616 | 163,004 | 4,388       |
| Households                               | 62,268  | 65,103  | 66,866  | 1,763       |
| 2020 Renter Occupied Housing             |         | 46.9%   |         |             |
| 2020 Rental Households                   |         | 30,565  |         | 828         |

Source: ERSI

Within the PMA, there are 65,103 households. The number of households is estimated to increase 353 per year over the next five years (66,866 minus 65,103 divided by five years). ERSI reported that approximately 46.9% of households in the PMA are renters. There are approximately 30,565 rental households within the PMA. The number of renter households is projected to increase by 166 households per year over the next five years.

The target market is obtained by determining the percentage of households that are income qualified.

| <b>INCOME QUALIFIED HOUSEHOLDS - ABSENT RENTAL SUBSIDIES</b> |               |                  |                        |                       |                     |                    |                              |
|--|---------------|------------------|------------------------|-----------------------|---------------------|--------------------|------------------------------|
| Income Level   | No. of HH     | Percent of Total | % of Qualified Tenants | % of Eligible Tenants | Income Qualified HH | % of HHs that Rent | Income Qualified Tenant Base |
| Less than \$15K  | 6,972         | 10.7%            | 0.0%                   | 0.0%                  | 0                   | N/A                | N/A                          |
| <b>\$15K - \$25K</b>   | <b>5,564</b>  | <b>8.5%</b>      | <b>10.0%</b>           | <b>0.9%</b>           | <b>556</b>          | <b>46.9%</b>       | <b>261</b>                   |
| <b>\$25K - \$35K</b>   | <b>6,087</b>  | <b>9.3%</b>      | <b>100.0%</b>          | <b>9.3%</b>           | <b>6,087</b>        | <b>46.9%</b>       | <b>2,858</b>                 |
| <b>\$35K - \$50K</b>   | <b>9,942</b>  | <b>15.3%</b>     | <b>100.0%</b>          | <b>15.3%</b>          | <b>9,942</b>        | <b>46.9%</b>       | <b>4,668</b>                 |
| <b>\$50K - \$75K</b>   | <b>11,632</b> | <b>17.9%</b>     | <b>31.8%</b>           | <b>5.7%</b>           | <b>3,704</b>        | <b>46.9%</b>       | <b>1,739</b>                 |
| \$75K - \$100K   | 8,269         | 12.7%            | 0.0%                   | 0.0%                  | 0                   | N/A                | N/A                          |
| \$100K - \$150K  | 9,817         | 15.1%            | 0.0%                   | 0.0%                  | 0                   | N/A                | N/A                          |
| \$150K - \$200K  | 3,665         | 5.6%             | 0.0%                   | 0.0%                  | 0                   | N/A                | N/A                          |
| \$200K or more   | 3,154         | 4.8%             | 0.0%                   | 0.0%                  | 0                   | N/A                | N/A                          |
| <b>Totals</b>  | <b>65,102</b> | <b>100.0%</b>    |                        | <b>31.2%</b>          | <b>20,289</b>       | <b>46.9%</b>       | <b>9,525</b>                 |

Source: ERSI

As discussed previously, the subject's achievable LIHTC rents range from \$700 to \$1,030 per month. We have assumed that qualified households would pay up to 35% of their income towards rent. This suggests that if the property were to rent its units at the maximum allowable levels, it would be targeted to those households that earn approximately \$24,000 ( $\$700 / .35 \times 12$ ). Based on the income criteria for the subject's area discussed previously, the upper income limit cannot exceed \$57,960 for a 4.5-person household (for the subject's three-bedroom units) earning 60% or less of area median income. Therefore, the effective income qualified range is

much wider at \$20,400 to \$57,960. As depicted in the table above, approximately 14.6% of renter households in the PMA income qualify at the subject absent the Section 8 rental subsidies.

This qualifying rental range is higher than what many low-income individuals may earn. However, all of the subject's units will continue to receive rental assistance through Section 8 rental assistance requiring tenants to pay 30% of their income towards rent. In this analysis, we have assumed that the current Section 8 rental assistance is not in place.

### **New Rental Households**

As previously discussed, the PMA is expected to add an additional 828 rental households through 2025. Among the new rental households, approximately 14.6% are expected to income qualify at the subject, absent the current Section 8 rental subsidies. As such, we have added 121 new rental households to the demand calculation.

### **Existing Households - Overburdened**

According to information from the US Census, approximately 8.11% of renter households in Henrico County, VA pay more than 35% towards rent and are considered to be rent overburdened. We have taken a conservative estimate of 5% of renter households for the demand calculation. This equates to 1,528 renter households that are rent overburdened and we have added these households to the demand calculation.

### **Existing Households – Substandard Households**

According to information from the US Census, approximately 2.3% of renter households in Henrico County, Virginia live in substandard housing. We have taken a conservative estimate of 1% of renter households for the demand calculation. This equates to 306 renter households that live in substandard housing. We have added these households to our demand calculation.

### **Elderly Households – Likely to Convert to Rental Housing**

According to information from the US Census, approximately 16.4% of the total population in the PMA are age 65 or older. We have taken a conservative estimate of 1% of owner occupied households that are likely to convert to rental housing. This equates to 345 renter households.

### **Existing Qualifying Tenants – To Remain After Renovation**

The subject is currently an affordable housing development with all units receiving Section 8 rental subsidies. All tenants are expected to income qualify upon the completion of the proposed renovations. As such, we have added 114 households.

| <b>DEMAND ANALYSIS - ABSENT SECTION 8 RENTAL SUBSIDIES</b>                             |  |  |                                     |  |                                     |
|--|--|--|-------------------------------------|--|-------------------------------------|
| Income Restrictions  | Up to 40% (min. income to max. income) | Up to 50% (min. income to max. income) | Up to 60% (\$24,000 - \$57,960)     | Market Rate (min. income to max. income) | Project Total (\$24,000 - \$57,960) |
| New Rental Households  | N/A                                    | N/A                                    | 121                                 | N/A                                      | 121                                 |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| Existing Households - Overburdened   | N/A                                    | N/A                                    | 1528                                | N/A                                      | 1528                                |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| Existing Households - Substandard Housing  | N/A                                    | N/A                                    | 306                                 | N/A                                      | 306                                 |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| Elderly Households - Likely to Convert to Rental Housing                               | N/A                                    | N/A                                    | 345                                 | N/A                                      | 345                                 |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| Existing Qualifying Tenants - To Remain After Renovation                               | N/A                                    | N/A                                    | 114                                 | N/A                                      | 114                                 |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| <b>TOTAL DEMAND</b>  | N/A                                    | N/A                                    | <b>2,414</b>                        | N/A                                      | <b>2,414</b>                        |
| -  |  |  |                                     |  |                                     |
| Supply (Includes directly comparable vacant units completed or in pipeline in the PMA) | N/A                                    | N/A                                    | 0                                   | N/A                                      | 0                                   |
| <b>NET DEMAND</b>  | N/A                                    | N/A                                    | <b>2,414</b>                        | N/A                                      | <b>2414</b>                         |
| <b>PROPOSED UNITS</b>  | N/A                                    | N/A                                    | <b>114</b>                          | N/A                                      | <b>114</b>                          |
| <b>CAPTURE RATE</b>  | N/A                                    | N/A                                    | <b>4.7%</b>                         | N/A                                      | <b>4.7%</b>                         |
| <b>ABSORPTION PERIOD</b>   | N/A                                    | N/A                                    | <b>4 to 5 Months (Hypothetical)</b> | N/A                                      | <b>4 to 5 Months (Hypothetical)</b> |
| Project Wide Capture Rate - LIHTC  | -                                      | -                                      | 4.7%                                | -  | 4.7%                                |
| Project Wide Capture Rate - Market Units   | -                                      | -                                      | N/A                                 | -  | N/A                                 |
| Project Wide Capture Rate - All Units  | -                                      | -                                      | 4.7%                                | -  | 4.7%                                |
| Project Wide Absorption Period (Months)  | -                                      | -                                      | 4 to 5 Months (Hypothetical)        | -  | 4 to 5 Months (Hypothetical)        |

Compiled by CBRE

Based on the results of this demand analysis, the subject's 114 tax credit affordable units indicate a capture rate of approximately 4.7% of the income qualified rental households within the subject's PMA assuming the rental subsidies are not in place. This data suggests that the subject will need to capture less than 4.7% of the estimated income qualified renter households in the subject's PMA in order to achieve and maintain a stabilized occupancy level. However, as previously noted, the subject is 97% occupied with an extensive waiting list and all existing tenants are anticipated to remain income qualified post renovation; as such, the subject will not need to re-tenant as part of the renovation process.

In the instance when the capture rate is at or above 100%, which is the saturation point, market demand will not support additional units. High risk is considered by most lenders to be around 30% while low risk is considered to be less than 10%. The subject's capture rate is well below 10% which indicates that the subject is very lower in terms of risk and suggests that strong demand exists for the subject's low income units.

### Demand – Including Rental Subsidies

The following table illustrates the population changes for the subject neighborhood with regards to the population.

| <b>POPULATION AND HOUSEHOLD FORECAST</b> |         |         |         |             |
|--|---------|---------|---------|-------------|
|  | 2010    | 2020    | 2025    | 2020 - 2025 |
| Population                               | 150,515 | 158,616 | 163,004 | 4,388       |
| Households                               | 62,268  | 65,103  | 66,866  | 1,763       |
| 2020 Renter Occupied Housing             |         | 46.9%   |         |             |
| 2020 Rental Households                   |         | 30,565  |         | 828         |

Source: ERSI

Within the PMA, there are 65,103 households. The number of households is estimated to increase 353 per year over the next five years (66,866 minus 65,103 divided by five years). ERSI reported that approximately 46.9% of households in the PMA are renters. There are approximately 30,565 rental households within the PMA. The number of renter households is projected to increase by 166 households per year over the next five years.

The target market is obtained by determining the percentage of households that are income qualified.

| <b>INCOME QUALIFIED HOUSEHOLDS - INCLUDING RENTAL SUBSIDIES</b> |               |                  |                        |                       |                     |                    |                              |
|---|---------------|------------------|------------------------|-----------------------|---------------------|--------------------|------------------------------|
| Income Level  | No. of HH     | Percent of Total | % of Qualified Tenants | % of Eligible Tenants | Income Qualified HH | % of HHs that Rent | Income Qualified Tenant Base |
| <b>Less than \$15K</b>  | <b>6,972</b>  | <b>10.7%</b>     | <b>100.0%</b>          | <b>10.7%</b>          | <b>6,972</b>        | <b>46.9%</b>       | <b>3,273</b>                 |
| <b>\$15K - \$25K</b>  | <b>5,564</b>  | <b>8.5%</b>      | <b>100.0%</b>          | <b>8.5%</b>           | <b>5,564</b>        | <b>46.9%</b>       | <b>2,612</b>                 |
| <b>\$25K - \$35K</b>  | <b>6,087</b>  | <b>9.3%</b>      | <b>100.0%</b>          | <b>9.3%</b>           | <b>6,087</b>        | <b>46.9%</b>       | <b>2,858</b>                 |
| <b>\$35K - \$50K</b>  | <b>9,942</b>  | <b>15.3%</b>     | <b>100.0%</b>          | <b>15.3%</b>          | <b>9,942</b>        | <b>46.9%</b>       | <b>4,668</b>                 |
| <b>\$50K - \$75K</b>  | <b>11,632</b> | <b>17.9%</b>     | <b>31.8%</b>           | <b>5.7%</b>           | <b>3,704</b>        | <b>46.9%</b>       | <b>1,739</b>                 |
| \$75K - \$100K  | 8,269         | 12.7%            | 0.0%                   | 0.0%                  | 0                   | N/A                | N/A                          |
| \$100K - \$150K   | 9,817         | 15.1%            | 0.0%                   | 0.0%                  | 0                   | N/A                | N/A                          |
| \$150K - \$200K   | 3,665         | 5.6%             | 0.0%                   | 0.0%                  | 0                   | N/A                | N/A                          |
| \$200K or more  | 3,154         | 4.8%             | 0.0%                   | 0.0%                  | 0                   | N/A                | N/A                          |
| <b>Totals</b>   | <b>65,102</b> | <b>100.0%</b>    |                        | <b>49.6%</b>          | <b>32,269</b>       | <b>46.9%</b>       | <b>15,150</b>                |

Source: ERSI

As discussed previously, the subject's achievable LIHTC rents range from \$700 to \$1,030 per month. We have assumed that qualified households would pay up to 35% of their income towards rent. This suggests that if the property were to rent its units at the maximum allowable levels, it would be targeted to those households that earn approximately \$24,000 ( $\$700 / .35 \times 12$ ). Based on the income criteria for the subject's area discussed previously, the upper income limit cannot exceed \$57,960 for a 4.5-person household (for the subject's three-bedroom units) earning 60% or less of area median income. Therefore, the effective income qualified range is much wider at \$20,400 to \$57,960. As depicted in the table above, approximately 14.6% of renter households in the PMA income qualify at the subject absent the Section 8 rental subsidies.

This qualifying rental range is higher than what many low-income individuals may earn. However, all of the subject's units will continue to receive rental assistance through Section 8 rental assistance requiring tenants to pay 30% of their income towards rent. As such, the income qualified range is effectively \$0 to \$57,960.

### **New Rental Households**

As previously discussed, the PMA is expected to add an additional 828 rental households through 2025. Among the new rental households, approximately 46.9% are expected to income qualify at the subject, absent the current Section 8 rental subsidies. As such, we have added 121 new rental households to the demand calculation.

### **Existing Households - Overburdened**

According to information from the US Census, approximately 8.11% of renter households in Henrico County, VA pay more than 35% towards rent and are considered to be rent overburdened. We have taken a conservative estimate of 5% of renter households for the demand calculation. This equates to 1,528 renter households.

### **Existing Households – Substandard Households**

According to information from the US Census, approximately 2.3% of renter households in Henrico County, VA live in substandard housing. We have taken a conservative estimate of 1% of renter households for the demand calculation. This equates to 306 renter households.

### **Elderly Households – Likely to Convert to Rental Housing**

According to information from the US Census, approximately 16.4% of the total population in the PMA are age 65 or older. We have taken a conservative estimate of 1% of owner occupied households that are likely to convert to rental housing. This equates to 345 renter households.

### **Existing Qualifying Tenants – To Remain After Renovation**

The subject is currently an affordable housing development with all units receiving Section 8 rental subsidies. All tenants are expected to income qualify upon the completion of the proposed renovations. As such, we have added 114 households.

| <b>DEMAND ANALYSIS - INCLUDING SECTION 8 RENTAL SUBSIDIES</b>                          |  |  |                                     |  |                                     |
|--|--|--|-------------------------------------|--|-------------------------------------|
| Income Restrictions  | Up to 40% (min. income to max. income) | Up to 50% (min. income to max. income) | Up to 60% (\$0 - \$57,960)          | Market Rate (min. income to max. income) | Project Total (\$0 - \$57,960)      |
| New Rental Households  | N/A                                    | N/A                                    | 388                                 | N/A                                      | 388                                 |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| Existing Households - Overburdened   | N/A                                    | N/A                                    | 1528                                | N/A                                      | 1528                                |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| Existing Households - Substandard Housing  | N/A                                    | N/A                                    | 306                                 | N/A                                      | 306                                 |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| Elderly Households - Likely to Convert to Rental Housing                               | N/A                                    | N/A                                    | 345                                 | N/A                                      | 345                                 |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| Existing Qualifying Tenants - To Remain After Renovation                               | N/A                                    | N/A                                    | 114                                 | N/A                                      | 114                                 |
| +  | -                                      | -                                      | +                                   | -  | +                                   |
| <b>TOTAL DEMAND</b>  | N/A                                    | N/A                                    | <b>2,681</b>                        | N/A                                      | <b>2,681</b>                        |
| -  |  |  |                                     |  |                                     |
| Supply (Includes directly comparable vacant units completed or in pipeline in the PMA) | N/A                                    | N/A                                    | 0                                   | N/A                                      | 0                                   |
| <b>NET DEMAND</b>  | N/A                                    | N/A                                    | <b>2,681</b>                        | N/A                                      | <b>2681</b>                         |
| <b>PROPOSED UNITS</b>  | N/A                                    | N/A                                    | <b>114</b>                          | N/A                                      | <b>114</b>                          |
| <b>CAPTURE RATE</b>  | N/A                                    | N/A                                    | <b>4.3%</b>                         | N/A                                      | <b>4.3%</b>                         |
| <b>ABSORPTION PERIOD</b>   | N/A                                    | N/A                                    | <b>4 to 5 Months (Hypothetical)</b> | N/A                                      | <b>4 to 5 Months (Hypothetical)</b> |
| Project Wide Capture Rate - LIHTC  | -                                      | -                                      | 4.3%                                | -  | 4.3%                                |
| Project Wide Capture Rate - Market Units   | -                                      | -                                      | N/A                                 | -  | N/A                                 |
| Project Wide Capture Rate - All Units  | -                                      | -                                      | 4.3%                                | -  | 4.3%                                |
| Project Wide Absorption Period (Months)  | -                                      | -                                      | 4 to 5 Months (Hypothetical)        | -  | 4 to 5 Months (Hypothetical)        |

Compiled by CBRE

Based on the results of this demand analysis, the subject's 114 tax credit affordable units indicate a capture rate of approximately 4.3% of the income qualified rental households within the subject's PMA assuming the rental subsidies are in place. This data suggests that the subject will need to capture less than 4.3% of the estimated income qualified renter households in the subject's PMA in order to achieve and maintain a stabilized occupancy level. However, as previously noted, the subject is 97% occupied with an extensive waiting list and all existing tenants are anticipated to remain income qualified post renovation; as such, the subject will not need to re-tenant as part of the renovation process.

In the instance when the capture rate is at or above 100%, which is the saturation point, market demand will not support additional units. High risk is considered by most lenders to be around 30% while low risk is considered to be less than 10%. The subject's capture rate is well below 10% which indicates that the subject is very lower in terms of risk and suggests that strong demand exists for the subject's low income units.

### Penetration Analysis Absent Rental Subsidies

According to the National Council of Affordable Housing Market Analysts, penetration rate is defined as the percentage of age and income qualified renter households in the PMA that all existing and proposed properties, to be completed within six months, and which are competitively priced to the subject that must be captured to achieve the stabilized level of occupancy. When the penetration rate is at or above 100% (considered the saturation point), market demand will not support additional units.

Based on the analysis of eligible rental households within the subject’s primary market area, the penetration rate based on current conditions is calculated in the following table:

| <b>PENETRATION RATE - ABSENT RENTAL SUBSIDIES</b> |             |
|---|-------------|
| Existing Competitive Affordable Units-PMA         | 759         |
| Plus  | +           |
| Units Planned for Construction or Awarded         | 0           |
| Equals  | =           |
| Total Affordable Units-PMA                        | 759         |
| Divided   | /           |
| Qualified Income Renter Households                | 9,525       |
| Equals  | =           |
| <b>Penetration Rate-Current Conditions</b>        | <b>8.0%</b> |
| Source: Compiled by CBRE                          |             |

When accounting for existing competitive LIHTC units, as well as any proposed and under construction units in the subject’s PMA, the market penetration rate based on existing demand is estimated at 8.0% for its primary market area, absent the current Section 8 rental assistance.

### Penetration Analysis Including Rental Subsidies

According to the National Council of Affordable Housing Market Analysts, penetration rate is defined as the percentage of age and income qualified renter households in the PMA that all existing and proposed properties, to be completed within six months, and which are competitively priced to the subject that must be captured to achieve the stabilized level of occupancy. When the penetration rate is at or above 100% (considered the saturation point), market demand will not support additional units.

Based on the analysis of eligible rental households within the subject’s primary market area, the penetration rate based on current conditions is calculated in the following table:



| <b>PENETRATION RATE - INCLUDING RENTAL SUBSIDIES</b> |             |
|--|-------------|
| Existing Competitive Affordable Units-PMA            | 1,033       |
| Plus   | +           |
| Units Planned for Construction or Awarded            | 0           |
| Equals   | =           |
| Total Affordable Units-PMA                           | 1,033       |
| Divided  | /           |
| Qualified Income Renter Housholds                    | 15,150      |
| Equals   | =           |
| <b>Penetration Rate-Current Conditions</b>           | <b>6.8%</b> |
| Source: Compiled by CBRE                             |             |

When accounting for existing competitive affordable units, as well as any proposed and under construction units in the subject’s PMA, the market penetration rate based on existing demand is estimated at 6.8% for its primary market area, including the current Section 8 rental assistance.

### **IMPACT ON OTHER AFFORDABLE PROPERTIES**

The affordable properties within the subject's PMA all reported high occupancy. The subject is currently 97 percent occupied and an extensive waiting list. The subject has excellent marketability and will provide affordable housing in an area with strong demand, as evidenced by low vacancy rates and waiting lists in the market. We do not believe the rehabilitation of the subject will negatively impact other VHDA properties in the PMA.

The proposed renovations at the subject will increase its marketability and enable it to continue to achieve stabilized occupancy. Overall, we do not anticipate the subject to have an impact on other affordable properties, as it will not introduce any new units into the market.

### **IMPACT ON ASSISTED AFFORDABLE HOUSING**

The subject is an existing Section 8 development that is proposed for renovations with LIHTC funding and is currently 97% occupied with an extensive waiting list. With all tenants remaining income-qualified, we do not believe there will be an impact on the existing affordable housing in the PMA due to its immense demand in the area.

### **IMPACT ON MARKET RATE HOUSING**

Based upon the strong performance of market rate properties in the market area, low vacancy, and presence of waiting lists, we do not believe that the proposed renovation of the subject will have a negative impact on the performance of these properties. The subject's proposed LIHTC rents provide a significant rent advantage over the estimated achievable market rents. As such, the subject will likely not compete with these properties, either with or without subsidy.

### **CONCLUSION**

The subject provides a housing option for with good access to retail/commercial amenities in Henrico, Virginia. The subject's location is near public transportation routes and its location within a desirable residential neighborhood makes the subject's location as desirable as its competitors. Current occupancy at the subject as well as strong occupancy at affordable development's in the PMA indicate that strong demand exists for the subject's low-income units. We expect the subject to continue to enjoy good market acceptance in relation to alternative low-income housing options in its expanded neighborhood area.

## Section J - Local Perspective of Rental Housing Market and Housing Alternatives

### Planning Department

We contacted Spencer Norman, planner with the Henrico County Planning Department regarding affordable housing developments located within the PMA. He reported that there were no new low-income developments in the pipeline in the PMA. He reported that low-income developments were uncommon in the area and there was a general lack of affordable housing. He reported that there were luxury market rate housing developments that were under construction; however, they did not include an affordable component and would not compete with the subject.

### Housing Authority

We attempted to contact the local housing authority, however, our call have not been returned.

## Section K – Analysis/Conclusion

The following conclusions were derived from the previous analysis:

### Project Viability

The proposed project is viable as the low-income units will cater to an underserved portion of the market.

### Current or Projected Market Need

As presented in the market analysis, the LIHTC comparables used in this analysis reported an average occupancy of 98.2%. The subject will be newly renovated and have an advantage over the existing LIHTC properties in the PMA. Overall, based on the comparable occupancy rates at the stabilized LIHTC comparables presented herein as well as the favorable demographic indications presented in the supply and demand analysis, a vacancy factor of 3% for the subject property as a tax credit property is concluded.

### Below Market-Rate Supply

As presented in the market analysis, when accounting for existing LIHTC units, as well as any proposed and under construction units in the subject's PMA, the market penetration rate based on existing demand is estimated at 8.0% for its primary market area absent the current Section 8 rental assistance and 6.8% including the current Section 8 rental assistance. This indicates that there is a dearth of low-income housing in the subject's primary market area and the subject's units should enjoy good market acceptance upon completion.

### Other Public Benefit

- Our demographic demand analysis indicates strong demand for the subject's low-income units;

### Strengths/ Opportunities

- The subject is currently 99% occupied with an extensive waiting list;
- The subject is within close distance to shopping and employment centers and public transportation;
- Public transportation is located near the subject, providing good access throughout the City of Henrico;
- The subject operates under a HAP contract which provides steady income stream;
- All existing tenants are anticipated to remain income qualified post-renovation; as such, the subject will not need to re-tenant as part of the renovation;
- The subject is to be renovated which will extend its useful life;

### Weaknesses/ Threats

- None observed.

## **RECOMMENDATIONS & CHANGES**

We believe the subject's proposed development scheme is market-oriented and will continue to be accepted within the market. The proposed renovation will assist with the long-term viability of the project. We have no suggested modifications or recommendations with respect to the proposed development scheme.

## **CONCLUSION**

In conclusion, we expect the subject to enjoy good market acceptance in relation to alternative low-income housing options in its expanded neighborhood area. As the subject will be newly renovated, it will reflect updated finishes and market standards. The subject property, as proposed to be renovated, is recommended as a low-income housing complex.

## Section L – Other Requirements

1. Rob Pilcher, MAI 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.



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Matt Hummel, MAI  
Director  
Virginia Certified General Appraiser  
Number: 4001017803



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Rob Pilcher, MAI  
Virginia Certified General Appraiser  
Number: 4001017210

Date: September 22, 2020

## ASSUMPTIONS AND LIMITING CONDITIONS

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
  - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
  - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
  - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
  - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
  - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
  - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
  - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
  - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
  - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
  - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.



- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

**ADDENDA**

Addendum A

**RENT COMPARABLE DATA SHEETS**

Property Name      Abbington West End  
 Address              4401 Sprenkle Lane  
                             Henrico, VA 23228  
                             United States

Government Tax Agency    Henrico  
 Govt./Tax ID                N/A

**Unit Mix Detail**

| Rate Timeframe | Monthly |     |           |         |           |
|----------------|---------|-----|-----------|---------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1BR/1BA        | 48      | 9%  | 625       | \$1,041 | \$1.67    |
| 2BR/1BA        | 420     | 81% | 823       | \$1,259 | \$1.53    |
| 3BR/1BA        | 48      | 9%  | 1,019     | \$1,589 | \$1.56    |
| Totals/Avg     | 516     |     |           | \$1,269 | \$1.54    |



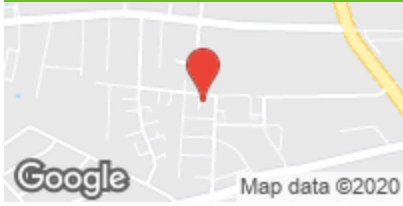
**Improvements**

|                         |  |                 |          |
|-------------------------|--|-----------------|----------|
| Land Area               | N/A  | Status          | Existing |
| Net Rentable Area (NRA) | 424,572 sf   | Year Built      | 1973     |
| Total # of Units        | 515 Unit   | Year Renovated  | 2015     |
| Average Unit Size       | 824 sf   | Condition       | Good     |
| Floor Count             | 2  | Exterior Finish | N/A      |
| Property Features       | Individual Split Systems, On-Site Management, Pitched Roofs, Surface Parking   |                 |          |
| Project Amenities       | Business Center, Clubhouse, Dog Park / Run, Fitness Center, Pool   |                 |          |
| Unit Amenities          | Dishwasher, Garbage Disposal, Microwave Oven, Private Patios / Balconies, Range / Oven, Refrigerator, Washer / Dryer, Washer / Dryer Connections |                 |          |

**Rental Survey**

|                |                               |                            |      |
|----------------|-------------------------------|----------------------------|------|
| Occupancy      | 99%                           | Utilities Included in Rent | None |
| Lease Term     | 12 Mo(s).                     | Rent Premiums              | None |
| Tenant Profile | Mixed                         | Concessions                | None |
| Survey Date    | 08/2020                       | Owner                      | N/A  |
| Survey Notes   | Contact: Jessica 833-801-8179 | Management                 | N/A  |

**Map & Comments**



Management noted vacancy has remained high since on the onset of COVID-19 with only several tenants going on modified rental payment plans.

Neighborhood: Dumbarton  
Cross Streets: Sprenkle Lane and Beth Road

Property Name Carriage Club  
 Address 7098 Fernwood Street  
 Henrico, VA 23228  
 United States

Government Tax Agency Henrico  
 Govt./Tax ID N/A

**Unit Mix Detail**

| Rate Timeframe | Monthly |     |           |         |           |
|----------------|---------|-----|-----------|---------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1BR/1BA        | 47      | 16% | 822       | \$950   | \$1.16    |
| 2BR/1BA        | 171     | 58% | 964       | \$1,145 | \$1.19    |
| 3BR/1BA        | 76      | 26% | 1,176     | \$1,365 | \$1.16    |
| Totals/Avg     | 294     |     |           | \$1,171 | \$1.18    |



**Improvements**

|                         |  |                 |          |
|-------------------------|--|-----------------|----------|
| Land Area               | N/A  | Status          | Existing |
| Net Rentable Area (NRA) | 292,854 sf   | Year Built      | 1966     |
| Total # of Units        | 294 Unit   | Year Renovated  | N/A      |
| Average Unit Size       | 996 sf   | Condition       | Average  |
| Floor Count             | 2  | Exterior Finish | N/A      |
| Property Features       | Individual Split Systems, On-Site Management   |                 |          |
| Project Amenities       | Dog Park / Run, Fitness Center, Pool   |                 |          |
| Unit Amenities          | Dishwasher, Garbage Disposal, Private Patios / Balconies, Range / Oven, Refrigerator, Washer / Dryer, Washer / Dryer Connections |                 |          |

**Rental Survey**

|                |                             |                            |      |
|----------------|-----------------------------|----------------------------|------|
| Occupancy      | 99%                         | Utilities Included in Rent | None |
| Lease Term     | 12 Mo(s).                   | Rent Premiums              | None |
| Tenant Profile | Mixed                       | Concessions                | None |
| Survey Date    | 08/2020                     | Owner                      | N/A  |
| Survey Notes   | Contact: Jamie 804-262-2768 | Management                 | N/A  |



Map & Comments



Management noted vacancy has remained high since on the onset of COVID-19 with only several tenants going on modified rental payment plans.

Neighborhood: Dumbarton  
Cross Streets: Glenside Drive and Fernwod Street

Property Name Cardinal Forest  
 Address 4724 Cardinal Road  
 Richmond, VA 23284  
 United States

Government Tax Agency Henrico  
 Govt./Tax ID N/A

**Unit Mix Detail**

| Rate Timeframe | Monthly |     |           |         |           |
|----------------|---------|-----|-----------|---------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1BR/1BA        | 32      | 13% | 900       | \$1,100 | \$1.22    |
| 2BR/1.5BA      | 136     | 57% | 1,100     | \$1,330 | \$1.21    |
| 3BR/2BA        | 72      | 30% | 1,300     | \$1,510 | \$1.16    |
| Totals/Avg     | 240     |     |           | \$1,353 | \$1.19    |



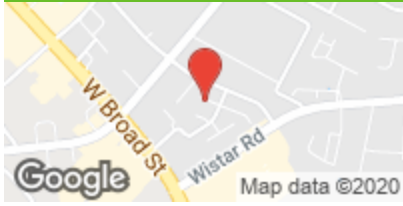
**Improvements**

|                         |  |                 |              |
|-------------------------|--|-----------------|--------------|
| Land Area               | 16.656 ac  | Status          | Existing     |
| Net Rentable Area (NRA) | 272,000 sf   | Year Built      | 1975         |
| Total # of Units        | 240 Unit   | Year Renovated  | 2013         |
| Average Unit Size       | 1,133 sf   | Condition       | Good         |
| Floor Count             | 3  | Exterior Finish | Vinyl Siding |
| Property Features       | Individual Split Systems, On-Site Management, Pitched Roofs, Surface Parking                         |                 |              |
| Project Amenities       | Clubhouse, Fitness Center, Pool, Tennis Court  |                 |              |
| Unit Amenities          | Dishwasher, Garbage Disposal, Range / Oven, Refrigerator, Washer / Dryer, Washer / Dryer Connections |                 |              |

**Rental Survey**

|                |                             |                            |      |
|----------------|-----------------------------|----------------------------|------|
| Occupancy      | 93%                         | Utilities Included in Rent | None |
| Lease Term     | 12 Mo(s).                   | Rent Premiums              | None |
| Tenant Profile | Mixed                       | Concessions                | None |
| Survey Date    | 08/2020                     | Owner                      | N/A  |
| Survey Notes   | Contact: Chris 855-331-4624 | Management                 | GSC  |

**Map & Comments**



Management noted vacancy has decreased slightly since on the onset of COVID-19 with approximately 10 tenants going on modified rental payment plans.

Neighborhood: Dumbarton  
Cross Streets: West Broad Street and Cardinal Road

Property Name London Towne  
 Address 5618 Eunice Drive  
 Richmond, VA 23228  
 United States

Government Tax Agency Henrico County  
 Govt./Tax ID Multiple

**Unit Mix Detail**

| Rate Timeframe    | Monthly    |     |           |                |               |
|-------------------|------------|-----|-----------|----------------|---------------|
| Unit Type         | No.        | %   | Size (sf) | Rent           | Rent / sf     |
| 1BD/1BA           | 116        | 17% | 615       | \$1,075        | \$1.75        |
| 2BD/1BA           | 160        | 23% | 797       | \$1,200        | \$1.51        |
| 2BD/2BA           | 88         | 13% | 897       | \$1,285        | \$1.43        |
| 2BD/1.5BA         | 177        | 26% | 981       | \$1,275        | \$1.30        |
| 2BD/1BA           | 64         | 9%  | 1,008     | \$1,260        | \$1.25        |
| 3BD/2.5BA         | 78         | 11% | 1,370     | \$1,600        | \$1.17        |
| <b>Totals/Avg</b> | <b>683</b> |     |           | <b>\$1,260</b> | <b>\$1.38</b> |

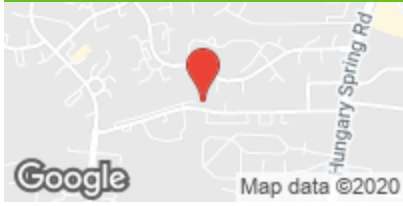


**Improvements**

|                         |  |                 |              |
|-------------------------|--|-----------------|--------------|
| Land Area               | 52.278 ac  | Status          | Existing     |
| Net Rentable Area (NRA) | 622,805 sf   | Year Built      | 1976         |
| Total # of Units        | 683 Unit   | Year Renovated  | N/A          |
| Average Unit Size       | 912 sf   | Condition       | Average      |
| Floor Count             | 2  | Exterior Finish | Brick Veneer |
| Property Features       | Individual Split Systems, On-Site Management, Pitched Roofs, Surface Parking   |                 |              |
| Project Amenities       | Clubhouse, Fitness Center, Playground, Pool, Tennis Court  |                 |              |
| Unit Amenities          | Dishwasher, Garbage Disposal, Private Patios / Balconies, Range / Oven, Refrigerator, Washer / Dryer, Washer / Dryer Connections |                 |              |

**Rental Survey**

|                |                            |                            |       |
|----------------|----------------------------|----------------------------|-------|
| Occupancy      | 94%                        | Utilities Included in Rent | Trash |
| Lease Term     | 12 Mo(s).                  | Rent Premiums              | None  |
| Tenant Profile | mixed                      | Concessions                | None  |
| Survey Date    | 08/2020                    | Owner                      | N/A   |
| Survey Notes   | Contact: Nick 877-202-7043 | Management                 | N/A   |

**Map & Comments**

Management noted vacancy has decreased slightly since on the onset of COVID-19 with approximately several tenants going on modified rental payment plans.

Cross Streets: Hungary Spring Road and Eunice Drive  
Neighborhood: West Jenningsville

Property Name Staples Mill Townhouses  
 Address 4100-A Townhouse Rd.  
 Richmond, VA 23228  
 United States

Government Tax Agency Henrico  
 Govt./Tax ID 773-745-0783

**Unit Mix Detail**

| Rate Timeframe | Monthly |     |           |         |           |
|----------------|---------|-----|-----------|---------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1BR/1BA        | 7       | 2%  | 696       | \$981   | \$1.41    |
| 2BR/1BA        | 423     | 97% | 840       | \$1,144 | \$1.36    |
| 3BR/1BA        | 7       | 2%  | 984       | \$1,437 | \$1.46    |
| Totals/Avg     | 437     |     |           | \$1,146 | \$1.36    |



**Improvements**

|                         |                  |                 |         |
|-------------------------|------------------|-----------------|---------|
| Land Area               | 30.510 ac        | Status          | N/A     |
| Net Rentable Area (NRA) | 367,080 sf       | Year Built      | 1966    |
| Total # of Units        | 437 Unit         | Year Renovated  | N/A     |
| Average Unit Size       | 840 sf           | Condition       | Average |
| Floor Count             | 2                | Exterior Finish | Masonry |
| Property Features       | N/A              |                 |         |
| Project Amenities       | Laundry Facility |                 |         |
| Unit Amenities          | N/A              |                 |         |

**Rental Survey**

|                |                              |                            |                    |
|----------------|------------------------------|----------------------------|--------------------|
| Occupancy      | 96%                          | Utilities Included in Rent | None               |
| Lease Term     | 12 Mo(s).                    | Rent Premiums              | W/D-\$35           |
| Tenant Profile | Market rate                  | Concessions                | None               |
| Survey Date    | 08/2020                      | Owner                      | N/A                |
| Survey Notes   | Contact: Claire 804-212-2014 | Management                 | PRG R/E Management |

**Map & Comments**



Management noted vacancy has remained high since on the onset of COVID-19 with only several tenants going on modified rental payment plans.

Neighborhood: Dumarton  
Cross Streets: Townhouse Road and Staples Mill Road



Property Name      Creekside Manor Apartments  
 Address              1601 Lakeside Avenue  
                             Richmond, VA 23228  
                             United States

Government Tax Agency    Richmond  
 Govt./Tax ID                N/A

**Unit Mix Detail**

| Rate Timeframe | Monthly |     |           |         |           |
|----------------|---------|-----|-----------|---------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1BR/1BA        | 18      | 19% | 540       | \$675   | \$1.25    |
| 2BR/1.5BA      | 55      | 57% | 835       | \$815   | \$0.98    |
| 2BR/2BA        | 6       | 6%  | 835       | \$815   | \$0.98    |
| 3BR/2BA        | 18      | 19% | 1,135     | \$1,030 | \$0.91    |
| Totals/Avg     | 97      |     |           | \$829   | \$0.99    |



**Improvements**

|                         |   |                 |              |
|-------------------------|---|-----------------|--------------|
| Land Area               | N/A   | Status          | Existing     |
| Net Rentable Area (NRA) | 81,085 sf   | Year Built      | 1964         |
| Total # of Units        | 97 Unit   | Year Renovated  | N/A          |
| Average Unit Size       | 836 sf  | Condition       | Average      |
| Floor Count             | 3   | Exterior Finish | Brick Veneer |
| Property Features       | Individual Split Systems, LIHTC (Low Income Housing Tax Credit), On-Site Management, Pitched Roofs, Surface Parking |                 |              |
| Project Amenities       | Basketball Court, Fitness Center, Laundry Facility  |                 |              |
| Unit Amenities          | Garbage Disposal, Range / Oven, Refrigerator  |                 |              |

**Rental Survey**

|                |            |                            |                        |
|----------------|------------|----------------------------|------------------------|
| Occupancy      | 100%       | Utilities Included in Rent | Water, Sewer and Trash |
| Lease Term     | 12 Mo(s).  | Rent Premiums              | None                   |
| Tenant Profile | Low Income | Concessions                | None                   |
| Survey Date    | 09/2020    | Owner                      | N/A                    |
| Survey Notes   | N/A        | Management                 | N/A                    |

**Map & Comments**



No additional information.

Property Name Richfield Place - LIHTC  
 Address 6001 Grammarcy Circle  
 Richmond, VA 23227  
 United States

Government Tax Agency Henrico  
 Govt./Tax ID 789-748-1537

**Unit Mix Detail**

| Rate Timeframe | Monthly |     |           |             |           |
|----------------|---------|-----|-----------|-------------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent        | Rent / sf |
| 1BR/1BA        | 51      | 19% | 736       | \$685-\$735 | \$0.96    |
| 2BR/1BA        | 7       | 3%  | 800       | \$730       | \$0.91    |
| 2BR/2BA        | 16      | 6%  | 980       | \$760       | \$0.78    |
| 2BR/2BA        | 116     | 44% | 980       | \$825       | \$0.84    |
| 3BR/2BA        | 76      | 29% | 1,060     | \$940       | \$0.89    |
| Totals/Avg     | 266     |     |           | \$829       | \$0.87    |



**Improvements**

|                         |  |                 |          |
|-------------------------|--|-----------------|----------|
| Land Area               | 21.830 ac  | Status          | Existing |
| Net Rentable Area (NRA) | 253,056 sf   | Year Built      | 1990     |
| Total # of Units        | 266 Unit   | Year Renovated  | N/A      |
| Average Unit Size       | 951 sf   | Condition       | Average  |
| Floor Count             | 3  | Exterior Finish | Aluminum |
| Property Features       | Individual Split Systems, LIHTC (Low Income Housing Tax Credit), On-Site Management, Surface Parking |                 |          |
| Project Amenities       | Clubhouse, Laundry Facility, Playground, Pool, Storage Units   |                 |          |
| Unit Amenities          | Ceiling Fans, Dishwasher, Garbage Disposal, Range / Oven, Refrigerator, Washer / Dryer Connections   |                 |          |

**Rental Survey**

|                |           |                            |                                 |
|----------------|-----------|----------------------------|---------------------------------|
| Occupancy      | 96%       | Utilities Included in Rent | Water, sewer, and trash removal |
| Lease Term     | 12 Mo(s). | Rent Premiums              | None                            |
| Tenant Profile | 60% AMI   | Concessions                | None                            |
| Survey Date    | 09/2020   | Owner                      | N/A                             |
| Survey Notes   | N/A       | Management                 | FPI Management                  |

## Map &amp; Comments

Richfield Place is a gated apartment community consisting of 266 units, situated on a 21.83-acre site. The project is visible from Interstate 95 and is in Richmond's East Submarket. The property was constructed in 1990 and is currently operated as a low income housing tax credit property (LIHTC) that restricts a renter's income to 60% of the Area Median Income (AMI). The current quoted rental rates are below the maximum allowable rents. The apartments feature wall to wall carpeting, with vinyl flooring in the kitchens, baths, and dining room. Tenants are responsible for electricity and the landlord includes water, sewer, and trash removal. During our property visit, it was noted that the topography of the site is considered hilly.

Property Name Village at the Arbors  
 Address 5613 Crenshaw Road  
 Richmond, VA 23227  
 United States



Government Tax Agency Richmond  
 Govt./Tax ID N/A

**Unit Mix Detail**

| Rate Timeframe | Monthly |     |           |         |           |
|----------------|---------|-----|-----------|---------|-----------|
| Unit Type      | No.     | %   | Size (sf) | Rent    | Rent / sf |
| 1BR/1BA        | 150     | 51% | 740       | \$715   | \$0.97    |
| 2BR/1BA        | 92      | 32% | 950       | \$845   | \$0.89    |
| 3BR/1.5BA      | 50      | 17% | 1,080     | \$1,015 | \$0.94    |
| Totals/Avg     | 292     |     |           | \$807   | \$0.93    |

**Improvements**

|                         |  |                 |              |
|-------------------------|--|-----------------|--------------|
| Land Area               | N/A  | Status          | Existing     |
| Net Rentable Area (NRA) | 252,400 sf   | Year Built      | 1965         |
| Total # of Units        | 292 Units  | Year Renovated  | 2013         |
| Average Unit Size       | 864 sf   | Condition       | Average      |
| Floor Count             | 2  | Exterior Finish | Brick Veneer |
| Property Features       | Flat Roofs, Individual Split Systems, LIHTC (Low Income Housing Tax Credit), On-Site Management, Surface Parking |                 |              |
| Project Amenities       | Business Center, Clubhouse, Laundry Facility, Playground, Pool   |                 |              |
| Unit Amenities          | Private Patios / Balconies   |                 |              |

**Rental Survey**

|                |            |                            |                        |
|----------------|------------|----------------------------|------------------------|
| Occupancy      | 100%       | Utilities Included in Rent | Water, Sewer and Trash |
| Lease Term     | 12 Mo(s).  | Rent Premiums              | None                   |
| Tenant Profile | Low Income | Concessions                | None                   |
| Survey Date    | 09/2020    | Owner                      | N/A                    |
| Survey Notes   | N/A        | Management                 | N/A                    |

**Map & Comments**



Addendum B

**MAXIMUM ALLOWABLE INCOME & RENTS**





If you would like to engage Novogradac & Company LLP to calculate the rent & income limits for your property, please contact Thomas Stagg at [thomas.stagg@novoco.com](mailto:thomas.stagg@novoco.com).

Click on the icons below to view historical charts.













Program and Location Information

HUD Published Income Limits for 2020 (with no adjustments)







Display Income Limits       Hide Income Limits

|  |   |
|--|---|
| <b>Affordable Housing Program</b>                                | <b>IRS Section 42 Low-Income Housing Tax Credit (LIHTC)</b>   |
| <b>Year</b> <sup>(1)(2)</sup>                                    | 2020 (effective 04/01/20)   |
| <b>State</b>   | VA  |
| <b>County</b>  | Henrico County  |
| <b>MSA</b>   | Richmond, VA MSA  |
| <b>Persons / Bedroom</b>   | 1.5 Person / Bedroom  |
| <b>4-person AMI</b>  | \$89,400  |
| <b>National Non-Metropolitan Median Income</b> <sup>(3)(4)</sup> | \$62,300  |
| <b>Hold Harmless</b> <sup>(6)</sup>                              | You have indicated that your project was placed in service on or after 04/01/2020 and is therefore eligible to have its income and rent limit held harmless beginning with the 2020 limits. |
| <b>Placed in Service Date</b> <sup>(7)</sup>                     | On or after 04/01/2020.   |

**LIHTC Income Limits for 2020**  
(Based on 2020 MTSP Income Limits)

|           | Charts  | 60.00% | 140.00% |
|-----------|---|--------|---------|
| 1 Person  |  | 37,560 | 52,584  |
| 2 Person  |  | 42,960 | 60,144  |
| 3 Person  |  | 48,300 | 67,620  |
| 4 Person  |  | 53,640 | 75,096  |
| 5 Person  |  | 57,960 | 81,144  |
| 6 Person  |  | 62,280 | 87,192  |
| 7 Person  |  | 66,540 | 93,156  |
| 8 Person  |  | 70,860 | 99,204  |
| 9 Person  |  | 75,120 | 105,168 |
| 10 Person |  | 79,380 | 111,132 |
| 11 Person |  | 83,700 | 117,180 |
| 12 Person |  | 87,960 | 123,144 |

**LIHTC Rent Limits for 2020**  
(Based on 2020 MTSP/VLI Income Limits)

| Bedrooms (People) | Charts  | 60.00% | FMR   |
|-------------------|---|--------|-------|
| Efficiency (1.0)  |  | 939    | 899   |
| 1 Bedroom (1.5)   |  | 1,006  | 932   |
| 2 Bedrooms (3.0)  |  | 1,207  | 1,061 |
| 3 Bedrooms (4.5)  |  | 1,395  | 1,410 |
| 4 Bedrooms (6.0)  |  | 1,557  | 1,686 |
| 5 Bedrooms (7.5)  |  | 1,717  |       |

**Before using the numbers from the Rent & Income Limit Calculator®, we strongly recommend that you check with the applicable state housing agency to verify that the state agrees with the numbers. The numbers round down to the nearest \$1.**

[Revenue Ruling 89-24](#) require that the LIHTC rent & income levels start their calculations with the HUD published very low-income (VLI) amounts because the HUD published VLI amounts include certain HUD adjustments, such as high housing cost for high FMR areas to increase income, and state non-metropolitan median income to provide a floor for income limits. The result is that many counties have VLI amounts that are different than 50% of the AMI published by HUD (the 4-person AMGI we have shown above). Please see this [blog post](#) for more information about the HUD adjustments. The Novogradac Rent & Income Calculator® starts by default with the HUD published VLI amounts in accordance with [Revenue Ruling 89-24](#).

(1) The rent and income limits for each year are effective beginning with the effective date shown above. There is a grace period for 45 days from the release of income limits to implement the new rent and income limits, which means that the old limits can be relied upon for 45 days after the release date of the new limits. For example income limits effective 12/04/2012, can be relied on until 1/17/2013. For more information, see [Revenue Ruling 94-57](#).

[IRS LIHC Newsletter #48](#) and [IRS LIHC Newsletter #50](#) clarify that for projects placed in service during the 45-day grace period, the owner may choose the new or the old income limits. For example, if a project was placed in service on 1/8/2013 and the 2012 income limits are higher than the 2013 income limits, an owner may use the higher income limits from 2012 to income qualify tenants and set rents accordingly because the project was placed in service with the 45-day grace period.

**Please note, the Rent & Income Limit Calculator® does not apply a 45-day grace period automatically.** The user needs to indicate that the placed in service date and/or gross rent floor date occurred 45 days earlier (in the prior HUD Fiscal Year) if they want to apply the 45-day rule under [Revenue Ruling 94-57](#) that allows owners to rely on the prior year. Therefore, projects that were placed in service during the 45-day grace period, and want to use the prior year, should select that they were placed in service as of the prior year. For example, if a project placed in service on 1/8/2013, and the project wanted to use the 45-day grace period, the user should select that their project was in service prior to 12/4/2012. Similarly, projects that have a gross rent floor effective as of the carryover allocation date (or reservation letter date for bond projects) during the 45-day grace period, and want to use the prior year, should select that the gross rent floor was effective as of the prior year. For example, if a project received a carryover allocation letter on 1/8/2013, and the owner did not elect placed in service date as the gross rent floor, and the project wanted to use the 45-day grace period, the user should select that their gross rent floor was effective prior to 12/4/2012.

(2) For HUD FY 2013 HUD originally issued income limits on December 4, 2012 then issued revised income limits on December 11, 2012. In [IRS LIHC Newsletter #50](#), the IRS has stated that the effective date for the revised FY 2013 income limits is December 4, 2012. Based on this guidance, the Rent & Income Limit Calculator® uses December 4, 2013 for the effective date for the revised FY 2013 limits. Please see [IRS LIHC Newsletter #50](#) for more detail.

(3) An area may lose its rural area status. There is no clear guidance that a project is held harmless at the national non-metropolitan income limits when an area loses its rural status. The Rent & Income Limit Calculator® assumes that a project that is not indicated as rural in the current year was also not rural in the prior year, and therefore, does not receive hold harmless treatment based on the prior year national non-metro amount.

Please consult your state agency and tax advisor for further clarification.

(4) USDA may change their determination of what projects qualify as rural during the course of a year. Please periodically check with USDA to determine the continued rural eligibility of your project.

The national non-metropolitan median income has been adjusted for household size based on the family size adjustments outlined in the HUD Briefing Materials and as shown in each year's [HUD FAQ](#). The IRS did not specify whether or not to round to the nearest \$50, however, the Rent & Income Limit Calculator® will round to the nearest \$50 in accordance with the methodology referenced in HUD Briefing Materials.

(5) A project uses HERA Special if income was determined prior to 1/1/2009 and the project is in a HERA Special county. A project's income limits are held harmless at the prior year income limits if income was determined in the prior year or earlier and the income limits have decreased. Please note that the IRS has informally indicated that the definition of "determined" for purposes of the HERA Special and MTSP Hold Harmless income limits means that a project was placed in service. Please see [IRS LIHC Newsletter #35](#) for more information about "determined" and projects with buildings that were placed in service before and after HUD income limit effective dates. Therefore, projects placed in service prior to 1/1/2009 are generally eligible for HERA Special. Please see footnote 7 for information about acquisition/rehabilitation projects.

(6) Internal Revenue Code Section 142(d)(2)(i) indicates that hold harmless applies on a calendar year. The Rent & Income Limit Calculator® assumes that "calendar year" in the hold harmless rule means the HUD Fiscal Year. For example, the 2009 calendar year means the HUD Fiscal Year from 3/19/2009 through 5/13/2010. In other words, the

Rent & Income Limit Calculator© assumes that "calendar year" in the hold harmless rule means the highest income level achieved during any HUD Fiscal Year.

The Rent & Income Limit Calculator© assumes that a rural project will receive hold harmless treatment at the national non-metro amount based on the prior year national non-metro amount if the national non-metro median income were to fall from year to year. If a rural project qualifies for HERA Special and the HERA Special is higher than the national non-metro, then the HERA Special amount will be used. Please note that the IRS has not issued guidance that specifically allows hold harmless treatment at the national non-metro amount for rural projects, however, Internal Revenue Code 42(g)(4) by reference to Internal Revenue Code 142(d)(2)(E) implies that hold harmless treatment would apply at the national non-metro amount for rural projects. Please consult your tax advisor for further clarification.

(7) Please note that for acquisition/rehabilitation projects, the IRS guidance indicates that income and rent limits are determined at the later of the acquisition date or when management begins income-qualifying households in the project. For example, if a project was acquired in 2011, the rehabilitation was placed-in-service in 2012, and management began income-qualifying households in 2011 then the project would be considered placed in service in 2011 for income and rent purposes. If a project was acquired in 2011, the rehabilitation was placed-in-service in 2012, and management began income-qualifying households when the rehabilitation placed-in-service in 2012, then the project would be considered placed in service in 2012 for income and rent purposes. Please see [IRS LIHC Newsletter #35](#) for more detail. Please consult your tax advisor for further clarification.

(8) [Revenue Procedure 94-57](#) gives guidance on the gross rent floor election.

#### **Tax credit projects without bond financing:**

"The Internal Revenue Service will treat the gross rent floor in section 42(g)(2)(A) as taking effect on the date an Agency initially allocates a housing credit dollar amount to the building [generally referred to as the 42M letter] under section 42(h)(1). However, the Service will treat the gross rent floor as taking effect on a building's placed in service date if the building owner designates that date as the date on which the gross rent floor will take effect for the building. An owner must make this designation to use the placed in service date and inform the Agency that made the allocation to the building no later than the date on which the building is placed in service."

#### **Tax credit projects with bond financing:**

"The Service will treat the gross rent floor as taking effect on a building's placed in service date if the building owner designates that date as the date on which the gross rent floor will take effect for the building. An owner must make this designation to use the placed in service date and inform the Agency that issued the determination letter to the building no later than the date on which the building is placed in service."

(9) The Rent & Income Limit Calculator© assumes all buildings in a project have a rent floor effective date under [Revenue Procedure 94-57](#) in the same HUD Fiscal Year. However, if your buildings have rent floor effective dates under [Revenue Procedure 94-57](#) in different HUD Fiscal Years, then you should run the calculator separately for each group of buildings in a particular HUD Fiscal Year.

The Rent & Income Limit Calculator© assumes that different AMGI limits (40%, 35%, 30%, etc.) chosen by the user will also have a rent floor election under [Revenue Procedure 94-57](#) from the same HUD Fiscal Year that applies to the federal level of 50% or 60%.

(10) The Consolidated Appropriations Act of 2014 changed how the 30% income limits is calculated. The 30% limit, which is now called the extremely low income limit, is determined by taking the greater of the 30% income limit as calculated by HUD or the poverty level as determined by the Department of Health and Human Services, which is then capped at the 50% Very Low Income Limit ("VLI") published by HUD. HUD has only published the data up to 8 people. For household sizes above 8 people please visit the following website:  
<https://www.huduser.gov/portal/datasets/mtsp.html>

#### **Terms of Use:**

**Utility allowances are inputted by the user and are not reviewed or verified by Novogradac & Company LLP. Novogradac & Company LLP provides no assurance of the accuracy of the particular results you may obtain from the Rent & Income Limit Calculator©; which is designed only to be a quick reference tool and is no substitute for professional tax and accounting advice. The Rent & Income Limit Calculator© should not be used for any final financial decisions. IRS guidelines and actual HUD amounts should be used for any final decisions. Novogradac & Company LLP does not guarantee the accuracy of the amounts shown above. As consideration for your use of this tool, free of any requirement to pay any related monetary compensation to Novogradac & Company LLP, you agree to hold Novogradac & Company LLP harmless from any damages and claims related to use of the Rent & Income Limit Calculator©. If you do not agree with the terms of this paragraph, you may not use the Rent & Income Limit Calculator©.**

Addendum C

**CLIENT CONTRACT INFORMATION**

# Proposal and Contract for Services

August 26, 2020

Asia Williams  
Project Manager  
**PRESERVATION PARTNERS**  
21515 Hawthorne Boulevard  
Torrance, CA 90503  
Phone: 310.802.6686  
Email: asia@preservationpartners.org

RE: Assignment Agreement  
Multifamily  
Place One, 4222 Almora Avenue  
Henrico, VA 23228

Dear Ms. Williams:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

## PROPOSAL SPECIFICATIONS

|                          |  |
|--------------------------|--|
| <b>Purpose:</b>          | To estimate the Market Rent of the referenced real estate  |
| <b>Premise:</b>          | As Is  |
| <b>Rights Appraised:</b> | Fee Simple   |
| <b>Intended Use:</b>     | Mortgage Underwriting purposes and possible submission to VHDA.  |
| <b>Intended User:</b>    | The intended user is PRESERVATION PARTNERS ("Client"), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).  |
| <b>Reliance:</b>         | Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith. |

CBRE, Inc.  
4520 Main Street, Suite 600  
Kansas City, Missouri 64111  
[www.cbre.us/valuation](http://www.cbre.us/valuation)

**Matthew Hummel, MAI**  
Director

|                               |   |
|-------------------------------|---|
| <b>Inspection:</b>            | CBRE will conduct a physical inspection of both the interior and exterior of the subject property, as well as its surrounding environs on the effective date of appraisal.  |
| <b>Valuation Approaches:</b>  | All applicable approaches to value will be considered.  |
| <b>Report Type:</b>           | <b>Application Market Study (VHDA)</b>  |
| <b>Appraisal Standards:</b>   | USPAP   |
| <b>Appraisal Fee:</b>         | \$4,500)  |
| <b>Expenses:</b>              | Fee includes all associated expenses  |
| <b>Retainer:</b>              | A retainer is not required for this assignment  |
| <b>Payment Terms:</b>         | Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The fee is considered earned upon delivery of the draft report.   |
| <b>Delivery Instructions:</b> | <p>We will invoice you for the assignment in its entirety at the completion of the assignment.</p> <p>CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.</p> <p>An Adobe PDF file via email will be delivered to asia@preservationpartners.org. The client has requested No (0) bound final copy (ies).</p> |
| <b>Delivery Schedule:</b>     |   |
| <b>Preliminary Value:</b>     | Not Required  |
| <b>Draft Report:</b>          | Not Required  |
| <b>Final Report:</b>          | On or before 3 weeks  |
| <b>Start Date:</b>            | The appraisal process will start upon receipt of your signed agreement, the retainer, and the property specific data.   |
| <b>Acceptance Date:</b>       | These specifications are subject to modification if this proposal is not accepted within three business days from the date of this letter.  |

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.



We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

**CBRE, Inc.**  
**Valuation & Advisory Services**



Matthew Hummel, MAI  
Director  
As Agent for CBRE, Inc.  
T 816.968.5891  
Kansas Certification NO. G-2959  
Missouri Certification NO. 2014030618  
California Certification NO. 3002505  
Texas Certification NO. TX 1380416 G  
Washington Certification NO. 1102285  
Georgia Certification NO. 394283  
Oklahoma Certification NO. 13350CGA  
Virginia Certification NO. 4001017803  
Iowa Certification NO. CG03581  
matt.hummel@cbre.com

## AGREED AND ACCEPTED

### FOR PRESERVATION PARTNERS ("CLIENT"):



Signature

8/26/2020

Date

Asia A. Williams

Project Manager

Name

Title

310-802-6686

asia@preservationpartners.org

Phone Number

E-Mail Address



## TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement" ) between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$500. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between

Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT

APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
17. Furthermore, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Appraisal Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

# Proposal and Contract for Services

## SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

1. PLEASE NOTIFY US IMMEDIATELY IF ANY OTHER CBRE SERVICE LINE (INCLUDING CAPSTONE) IS INVOLVED IN THE BROKERAGE, FINANCING, INVESTMENT OR MANAGEMENT OF THIS ASSET.  
Right-click to select data request list

If any of the requested data and information is not available, CBRE, Inc., reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Matthew Hummel, MAI  
Director  
matt.hummel@cbre.com  
CBRE, Inc.  
Valuation & Advisory Services  
4520 Main Street, Suite 600  
Kansas City, Missouri 64111

Addendum D

**QUALIFICATIONS**

**Rob Pilcher  
Vice President**

CBRE, Inc.  
Valuation & Advisory Services  
8730 Stony Point Parkway, Suite 250  
Richmond, Virginia 23235  
Voice (804) 201-2002  
Fax (804) 201-2020  
E-Mail [rob.pilcher@cbre.com](mailto:rob.pilcher@cbre.com)

**EDUCATION**

Bachelor of Arts in Economics, Hampden-Sydney College, Hampden-Sydney, Virginia

Appraisal Institute- Basic Appraisal Principles  
Appraisal Institute- Basic Appraisal Procedures  
Appraisal Institute- General Appraiser Market Analysis and Highest & Best Use  
Appraisal Institute- General Appraiser Site Valuation and Cost Approach  
Appraisal Institute- General Appraiser Sales Comparison Approach  
Appraisal Institute- General Appraiser Income Approach/Part 1  
Appraisal Institute- General Appraiser Income Approach/Part 2  
Appraisal Institute- General Appraiser Report Writing and Case Studies  
Appraisal Institute- Business Practices & Ethics  
Appraisal Institute- Real Estate Finance, Statistics and Valuation Modeling  
Appraisal Institute- USPAP  
Appraisal Institute- Advanced Income Capitalization  
Appraisal Institute- Advanced Market Analysis and Highest and Best Use  
Appraisal Institute- Advanced Concepts and Case Studies  
Appraisal Institute- Quantitative Analysis  
Appraisal Institute- Analyzing Operating Expenses  
Appraisal Institute- Appraisal of Medical Office Buildings  
Appraisal Institute- Forecasting Revenue

**LICENSES/CERTIFICATIONS**

Certified General Real Estate Appraiser in Virginia, License #4001 017210, Expiration Date: May 31, 2021

Designated Member, Appraisal Institute (MAI), Current on Continuing Education

**EXPERIENCE**

Over 12 years of Real Estate experience throughout the states of Virginia and South Carolina with primary focus on the Richmond metropolitan area.

2011 - Present      CBRE, Inc. - Valuation & Advisory Services  
2007 - 2010      Lincoln Harris, CSG

Richmond, VA  
Charleston, SC.

Tasks have included managing single and multi tenant medical properties as well as completing Fair Market Rental studies for medical office space relating to the Federal Physician Self-Referral Law.



COMMONWEALTH of VIRGINIA

Department of Professional and Occupational Regulation  
9960 Mayland Drive, Suite 400, Richmond, VA 23233  
Telephone: (804) 367-8500

EXPIRES ON

05-31-2021

NUMBER

4001017210

REAL ESTATE APPRAISER BOARD

CERTIFIED GENERAL REAL ESTATE APPRAISER



FRANCIS ROBERT PILCHER  
4806 MORRISON ROAD  
RICHMOND, VA 23230



*Mary Br. Vaughan*  
Mary Br. Vaughan, Acting Director

Status can be verified at <http://www.dpor.virginia.gov>

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-LIC (02/2017)



# Matt Hummel, MAI

Director, Kansas City, MO

CBRE



T +1 816.968.5891  
M +1 816.304.2519  
Matt.Hummel@cbre.com

4520 Main Street  
Suite 600  
Kansas City, MO 64111

## Experience

Matt Hummel, MAI, is a Director and Practice Leader for the CBRE Valuation & Advisory Services National Affordable Group. Mr. Hummel and his team of experienced and specialized appraisal professionals provide comprehensive valuations on complex real estate. Products and services offered extend beyond real property valuation and include market/feasibility studies, Rent Comparability Studies, consulting services, site inspections and due diligence support.

Mr. Hummel has extensive experience and specializes in performing market feasibility studies, appraisals, and consulting services for a broad cross-section of clients in the low-income housing tax credit industry, including developers, lenders, syndicators and state agencies at national level. Additional areas of expertise include the valuation and analysis of USDA Rural Development properties and those applying for FHA financing through U.S. Department of Housing and Urban Development's MAP program.

Prior to joining CBRE, Mr. Hummel was a manager at Novogradac & Company LLP.

## Professional Affiliations/ Accreditations

Appraisal Institute Designated Member (MAI)

State of Kansas Certified General Real Estate Appraiser No. G-2959  
State of Washington Certified General Real Estate Appraiser No. 1102285  
State of California Certified General Real Estate Appraiser No. 3002505  
State of Missouri Certified General Real Estate Appraiser No. 2014030618  
State of Texas Certified General Real Estate Appraiser No. TX1380146-G  
State of Illinois Certified General Real Estate Appraiser No. 553.002534  
State of Iowa Certified General Real Estate Appraiser No. CG03581  
State of Georgia Certified General Real Estate Appraiser No. 394283

## Education

**Rockhurst University – Kansas City, Missouri**

- Master of Business Administration - Concentration in Management and International

**University of Missouri-Columbia, Missouri**

- Bachelor of Business Administration - Finance and Banking

## Speaking Engagements

Novogradac LIHTC 101 Workshop  
Mississippi Housing Corporation Panel Speaker  
Indiana Housing Corporation Panel Speaker  
Washington Housing Conference Panel Speaker

EXPIRES ON  
03-31-2021

**COMMONWEALTH of VIRGINIA**  
Department of Professional and Occupational Regulation  
9960 Mayland Drive, Suite 400, Richmond, VA 23233  
Telephone: (804) 367-8500

NUMBER  
4001017803

REAL ESTATE APPRAISER BOARD

CERTIFIED GENERAL REAL ESTATE APPRAISER

MATTHEW ALLEN HUMMEL  
3822 W 58TH ST  
FAIRWAY, KS 66205



*Mary Brody-Vaughn*  
Mary Brody-Vaughn, Acting Director

Status can be verified at <http://www.dpor.virginia.gov>

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)



REAL ESTATE APPRAISER BOARD  
CERTIFIED GENERAL REAL ESTATE APPRAISER  
NUMBER: 4001017803 EXPIRES: 03-31-2021

MATTHEW ALLEN HUMMEL  
3822 W 58TH ST  
FAIRWAY, KS 66205



(FOLD)



DPOR-LIC (02/2017)

(DETACH HERE)

**CBRE VALUATION & ADVISORY SERVICES**

**MATTHEW HUMMEL**

Valuation & Advisory Services

816.968.5891

[Matt.Hummel@cbre.com](mailto:Matt.Hummel@cbre.com)

[www.cbre.com](http://www.cbre.com)