

# TKR

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Sound advice for a better future

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**MARKET STUDY OF**

**“ATLANTIS APARTMENTS”  
999 ATLANTIS DRIVE  
VIRGINIA BEACH, VIRGINIA 23451**

**PREPARED FOR**

**MRS. ESTELLE CHAN  
ATLANTIS PRESERVATION LP AND VIRGINIA HOUSING  
250 WEST 55TH STREET, 35TH FLOOR  
NEW YORK, NY 10013**

**DATE OF VALUATION**

**NOVEMBER 5, 2020**

**DATE OF REPORT**

**FEBRUARY 12, 2021**

# TKR

Real Estate Appraisers and  
Consultants

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February 12, 2021

Mrs. Estelle Chan  
Atlantis Preservation LP and Virginia Housing  
250 West 55th Street, 35th Floor  
New York, NY 10013

RE: "Atlantis Apartments"  
999 Atlantis Drive  
Virginia Beach City, Virginia 23451

Dear Mrs. Chan:

As per your request, *Tony Kamand Realty LLC* has completed a market study on the above referenced property as of November 5, 2020. The purpose of this study was to analyze the demographics of the area and overall supply/demand of the market in the primary trade area.

This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice. The report also conforms to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). FIRREA requires that real estate appraisals/market studies used in conjunction with federally-related transactions be performed in accordance with USPAP. The report also conforms to the requirements and guidelines of Virginia Housing.

The subject of this market study is a government subsidized multifamily apartment complex located at 999 Atlantis Drive in Virginia Beach. The project consists of 208 units with a mix of 20 one bedroom units, 96 two bedroom units and 92 three bedroom units. At the time of our last inspection, the property was 99% occupied with two vacant units. The project was built in 1970 and is currently in average condition. There was no deferred maintenance noted at the time of our last interior inspection on November 5, 2020.

The total site size is 11.897 acres, and there is adequate parking, ingress, and egress. The site has 853.71 feet of street frontage on Atlantis Drive, 250.00 feet of street frontage on Beach Town Drive, 707.07 feet of frontage on Hope Avenue and 165.34 feet of frontage on North Birdneck Road and there is adequate visibility from the roadway. The topography of the site is level and at street grade.

The subject property is a 208 unit project known as Atlantis Apartments. The 208 units are affordable rental units made available to households with qualifying income levels. This report will attempt to identify the demographics of the trade area, review the existing apartment stock available and determine the continuing demand for such units.

Due to the current Covid-19 (Corona) pandemic it is uncertain at this time what direct or indirect effect it will have on the economy and the real estate markets. Since, this is ongoing on a national scale, it's effect at this time cannot yet be quantified. Our value conclusions are based on information available as of the effective date of the report and we cannot make any representation as to the effect on the value of the subject property due to this event or any event subsequent to the effective date of the report.

Mrs. Estelle Chan  
Atlantis Preservation LP and Virginia Housing

Page 2

We certify that we have no present or contemplated future interest in the property and that our employment and compensation are in no way contingent upon the facts reported.

This transmittal letter must remain attached to our report, which contains our analysis plus related exhibits, in order for the value opinion set forth to be considered valid. It must be noted that only our client who has contracted us and paid for this report is permitted to use this report. This report and the data, analysis and ideas incorporated herein, as an instrument of professional services, is the property of Tony Kamand Realty LLC and is not to be used, in whole or in part for any other purpose without the written consent of Tony Kamand Realty LLC.

If there are any questions or further details that you need please do not hesitate to contact us.

Respectfully submitted,

**TONY KAMAND REALTY LLC**



Tony F. Kamand Jr., MAI  
NJ Certified General Real Estate Appraiser, No. RG-668  
VA Temporary Practice Permit No. 4005019320



Jacqueline Marmur  
NJ Certified General Real Estate Appraiser, No. RG-2523

# TABLE OF CONTENTS

Letter of Transmittal.....	1
Table of Contents .....	3
Exterior Photographs of Subject Property .....	4
Identification Of Subject Property.....	9
Purpose Of The Report.....	10
Scope of the Report .....	10
Intended Client.....	10
Intended User .....	10
Virginia Beach City Description.....	11
Description of Subject Neighborhood.....	17
National Apartment Market .....	22
Virginia Housing Market.....	28
Market Analysis - Subjects Trade Area.....	31
Certification .....	50
Underlying Assumptions And Limiting Conditions.....	51

## **ADDENDA**

Interior and Additional Photographs of Subject Property .....	A
Comparable Market Rentals .....	C
Definitions.....	I
Temporary Appraisal Permit.....	K
Qualifications.....	L

## EXTERIOR PHOTOGRAPHS OF SUBJECT PROPERTY



Exterior view of subject building



Exterior view of subject building

**EXTERIOR PHOTOGRAPHS OF SUBJECT PROPERTY (CONT.)**



Exterior view of subject building



Exterior view of subject building and resident mailboxes

**EXTERIOR PHOTOGRAPHS OF SUBJECT PROPERTY (CONT.)**



View of basketball court



View of subject signage

**EXTERIOR PHOTOGRAPHS OF SUBJECT PROPERTY (CONT.)**



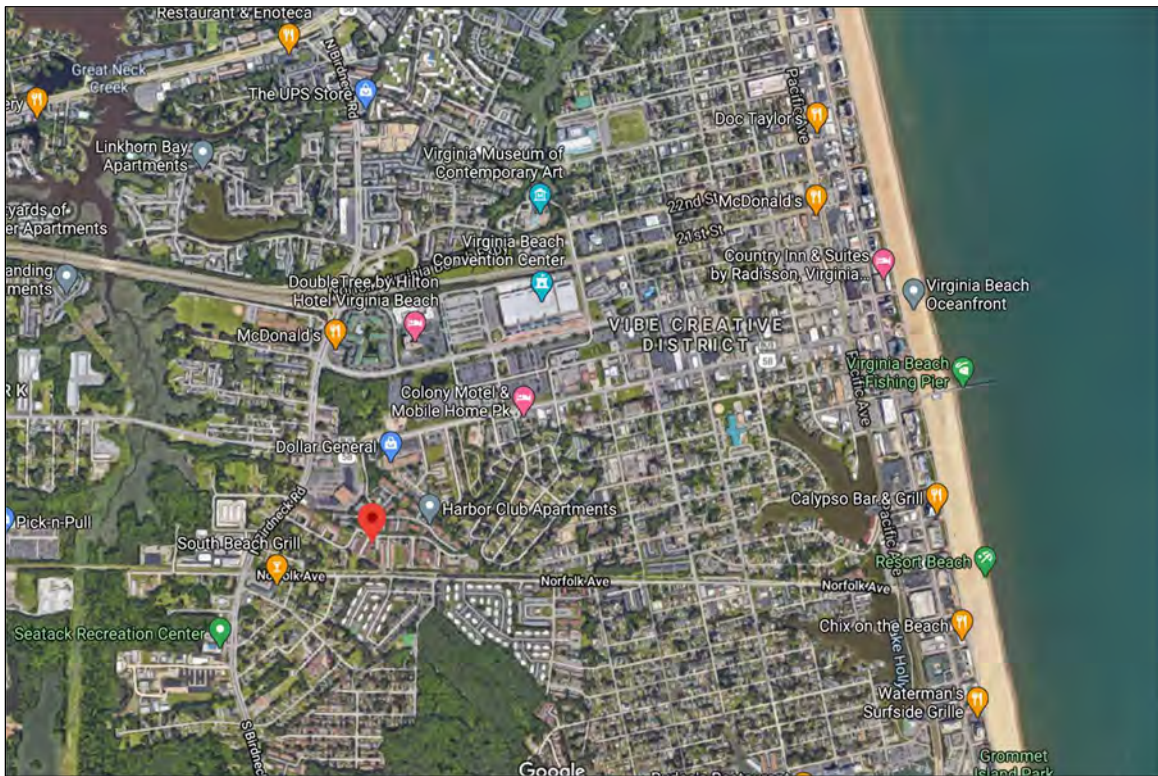
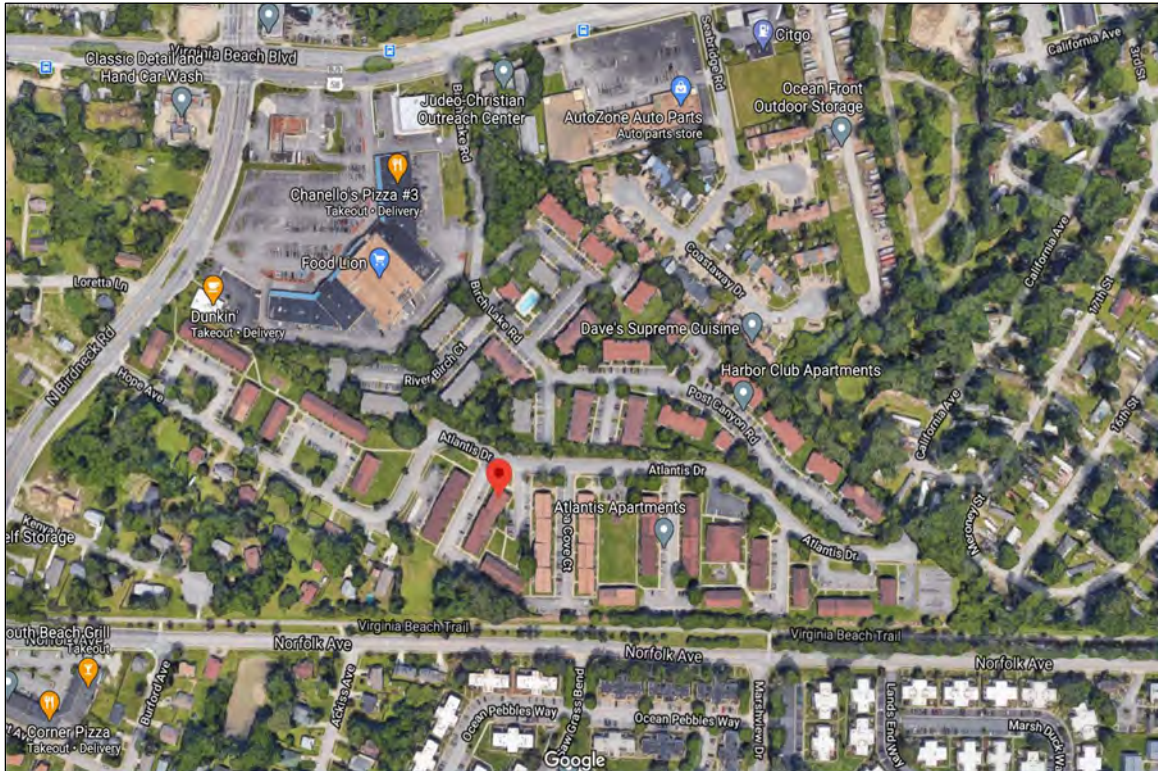
Atlantis Drive facing east



Atlantis Drive facing west



## AERIAL PHOTOGRAPHS

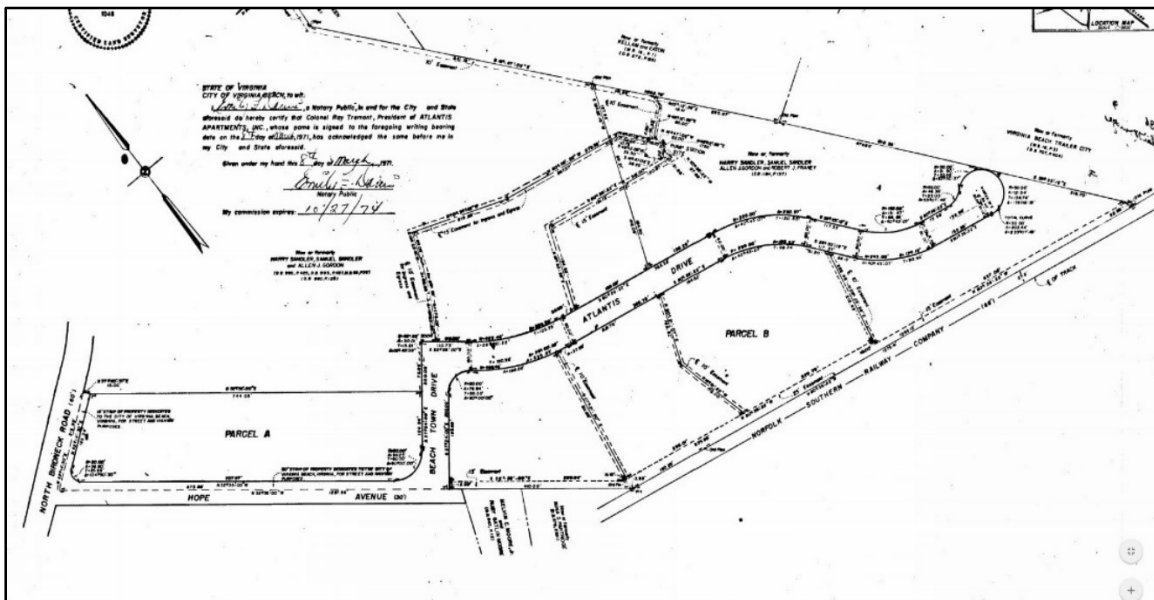


## IDENTIFICATION OF SUBJECT PROPERTY

The subject property consists of a government subsidized multifamily complex. A summary of the subject is as follows:

Summary of Subject Property	
Address:	999 Atlantis Drive, Virginia Beach, Virginia 23451
Parcel ID - Block / Lot:	24176465740000 and 24175468950000
Census Tract:	442.00
Site Size:	11.897 acres
Size/Number of Units:	208 units
Condition:	Average

## TAX MAP OF SUBJECT



## LAYOUT OF SUBJECT PROPERTY

Unit Mix					
Unit Type		Size	No. of	% of Units	NRA
BR	BA	(SF)	Units		Sq. Ft.
1	1	649	20	10%	12,980
2	1	849	96	46%	79,806
3	1.5	1,065	92	44%	97,980
<b>Totals</b>		<b>925</b>	<b>208</b>	<b>100%</b>	<b>192,464</b>

The subject improvement is a 208-unit government subsidized multifamily apartment complex. The unit mix consists of 20 one bedroom units, 96 two bedroom units and 92 three bedroom units. There are two non-revenue units (both two bedroom units) reserved for property staff. The property currently has a project based voucher Section 8 HAP contract which supports 206 out of 208 units. The improvements were originally built around 1970 and are in average condition. The property has a laundry room, business center, courtyard, community room, security patrol, basketball court, playgrounds and an on-site daycare center.

## IDENTIFICATION OF SUBJECT PROPERTY (CONT.)

The income restrictions for the subject area are as follows:

MSA: Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area								
Median Income: \$82,500.00								
Percentage	One	Two	Three	Four	Five	Six	Seven	Eight
30%	\$17,350.00	\$19,800.00	\$22,300.00	\$26,200.00	\$30,680.00	\$35,160.00	\$39,640.00	\$44,120.00
40%	\$23,120.00	\$26,400.00	\$29,720.00	\$33,000.00	\$35,640.00	\$38,280.00	\$40,920.00	\$43,560.00
50%	\$28,900.00	\$33,000.00	\$37,150.00	\$41,250.00	\$44,550.00	\$47,850.00	\$51,150.00	\$54,450.00
60%	\$34,680.00	\$39,600.00	\$44,580.00	\$49,500.00	\$53,460.00	\$57,420.00	\$61,380.00	\$65,340.00
80%	\$46,200.00	\$52,800.00	\$59,400.00	\$66,000.00	\$71,300.00	\$76,600.00	\$81,850.00	\$87,150.00

## PURPOSE OF THE REPORT

The purpose of the report is to determine the feasibility of the current improvements in the market area as of November 5, 2020. This report and the data, analysis and ideas incorporated herein, as an instrument of professional services, is the property of *Tony Kamand Realty LLC* and is not to be used, in whole or in part for any other purpose without the written consent of *Tony Kamand Realty LLC*.

## SCOPE OF THE REPORT

The scope of the report involved all the necessary research and analysis in order to prepare a *market study*. Jackie Marmur and Tony F. Kamand Jr. made a physical inspection of the subject property (what was readily observable) on November 5, 2020. The effective date of this study is November 5, 2020.

Data for this report was compiled from the public records in Virginia and Virginia Beach. We obtained information from the office of the Virginia Department of Community Affairs, Virginia Beach Town Hall and the Chamber of Commerce. Information in our company files, web sites, local newspaper articles, U.S Census Data, demographic studies and regional economic news was also used. In addition, we have had conversations with other professionals knowledgeable within this market area.

In summary, the scope of this report included the collection, verification, and analysis of market data and property specific data. The data was then assembled and analyzed in order to reach our conclusions.

## INTENDED CLIENT

The intended client of this report is Atlantis Preservation LP and Virginia Housing. This report may not be relied upon for any other purpose or by any other user in whole or in part than those expressly set forth herein.

## INTENDED USER

The intended user of this report is Atlantis Preservation LP and Virginia Housing. This report may not be relied upon for any other purpose or by any other user in whole or in part than those expressly set forth herein.

## VIRGINIA BEACH CITY DESCRIPTION

The subject property is located in Virginia Beach City, which is an independent city that is not part of any county. The city physically covers a land area of 497 square miles and is bordered by the Atlantic Ocean to the north and east, North Carolina to the south and Norfolk to the west.



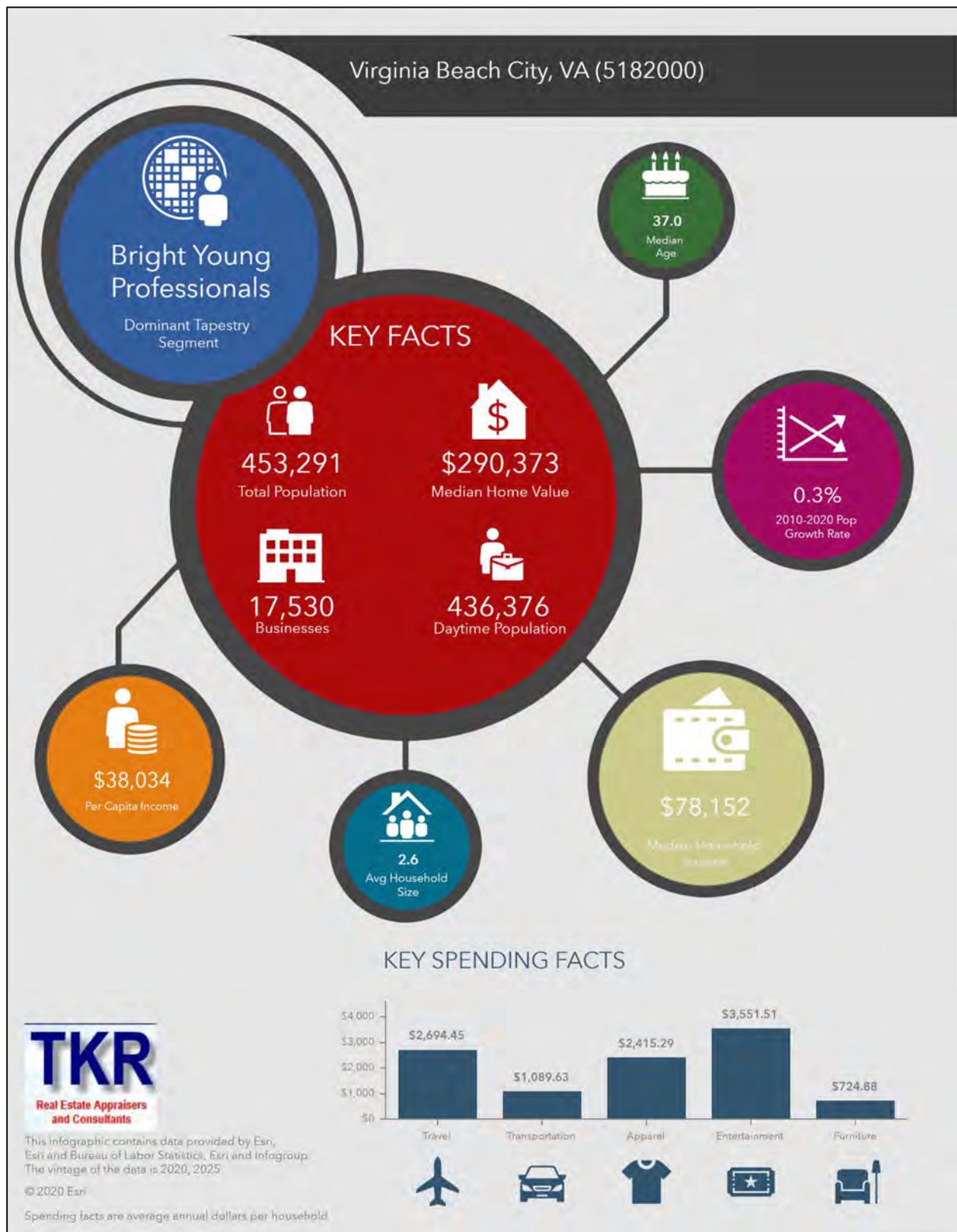
Virginia Beach City provides a complete array of municipal services including public school system, library, garbage removal, police, and volunteer fire and rescue services. The local educational system provides public schools from kindergarten through 12<sup>th</sup> grade.

## SUMMARY

A summary of the demographics for the city are as follows:

Demographic Summary	Census 2010	2020	2025	2020-2025 Change	2020-2025 Annual Rate
Total Population	438,004	453,291	460,949	7,658	0.34%
Population 50+	125,182	150,636	157,500	6,864	0.90%
Median Age	34.9	37.0	38.2	1.2	0.64%
Households	165,094	171,118	174,159	3,041	0.35%
% Householders 55+	34.4%	41.1%	42.5%	1.4	0.67%
Total Owner- Occupied Housing Units	107,781	108,275	110,238	1,963	0.36%
Total Renter- Occupied Housing Units	57,313	62,843	63,921	1,078	0.34%
Owner/Renter Ratio (per 100 renters)	188	172	172	0.0	0.00%
Median Home Value	-	\$290,373	\$317,078	\$26,705	1.78%
Average Home Value	-	\$361,584	\$398,898	\$37,314	1.98%
Median Household Income	-	\$78,152	\$81,789	\$3,637	0.91%
Median Household Income for Householder 55+	-	\$73,907	\$77,188	\$3,281	0.87%

**SUMMARY (CONT.)**








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This infographic contains data provided by Esri, Esri and Bureau of Labor Statistics, Esri and Infogroup. The vintage of the data is 2020, 2025.  
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Spending facts are average annual dollars per household

## POPULATION

The current population of Virginia Beach City is as follows:

Population			
2000 Population			424,150
2010 Population			438,004
2020 Population			453,291
2025 Population			460,949
2000-2010 Annual Rate			0.32%
2010-2020 Annual Rate			0.34%
2020-2025 Annual Rate			0.34%
2020 Male Population			49.1%
2020 Female Population			50.8%
2020 Median Age			37.0
<p>In the identified area, the current year population is 453,291. In 2010, the Census count in the area was 438,004. The rate of change since 2010 was 0.34% annually. The five-year projection for the population in the area is 460,949 representing a change of 0.34% annually from 2020 to 2025. Currently, the population is 49.1% male and 50.8% female.</p>			
Median Age			
<p>The median age in this area is 37.0, compared to U.S. median age of 38.5.</p>			

## HOUSEHOLDS

A review of the number of households located in Virginia Beach City is as follows:

Households			
2020 Wealth Index			115
2000 Households			154,209
2010 Households			165,094
2020 Total Households			171,118
2025 Total Households			174,159
2000-2010 Annual Rate			0.68%
2010-2020 Annual Rate			0.35%
2020-2025 Annual Rate			0.35%
2020 Average Household Size			2.59
<p>The household count in this area has changed from 165,094 in 2010 to 171,118 in the current year, a change of 0.35% annually. The five-year projection of households is 174,159, a change of 0.35% annually from the current year total. Average household size is currently 2.59, compared to 2.60 in the year 2010. The number of families in the current year is 116,498 in the specified area.</p>			

2010 Households by Type			
Total			165,094
Households with 1 Person			23.3%
Households with 2+ People			76.7%
Family Households			69.1%
Husband- wife Families			50.7%
With Related Children			23.6%
Other Family (No Spouse Present)			18.3%
Other Family with Male Householder			4.4%
With Related Children			2.5%
Other Family with Female Householder			13.9%
With Related Children			9.4%
Nonfamily Households			7.6%
All Households with Children			36.1%
Multigenerational Households			4.6%
Unmarried Partner Households			6.0%
Male- female			5.4%
Same- sex			0.6%

**INCOME**

Income levels in Virginia Beach City are summarized as follows:

<b>Median Household Income</b>			
2020 Median Household Income			\$78,152
2025 Median Household Income			\$81,789
2020-2025 Annual Rate			0.91%
<b>Average Household Income</b>			
2020 Average Household Income			\$100,108
2025 Average Household Income			\$108,576
2020-2025 Annual Rate			1.64%
<b>Per Capita Income</b>			
2020 Per Capita Income			\$38,034
2025 Per Capita Income			\$41,262
2020-2025 Annual Rate			1.64%
<b>Households by Income</b>			
Current median household income is \$78,152 in the area, compared to \$62,203 for all U.S. households. Median household income is projected to be \$81,789 in five years, compared to \$67,325 for all U.S. households			
Current average household income is \$100,108 in this area, compared to \$90,054 for all U.S. households. Average household income is projected to be \$108,576 in five years, compared to \$99,510 for all U.S. households			
Current per capita income is \$38,034 in the area, compared to the U.S. per capita income of \$34,136. The per capita income is projected to be \$41,262 in five years, compared to \$37,691 for all U.S. households			

<b>2020 Households by Income</b>			
Household Income Base			171,118
<\$15,000			5.4%
\$15,000 - \$24,999			4.3%
\$25,000 - \$34,999			7.0%
\$35,000 - \$49,999			11.9%
\$50,000 - \$74,999			18.8%
\$75,000 - \$99,999			15.4%
\$100,000 - \$149,999			21.0%
\$150,000 - \$199,999			8.6%
\$200,000+			7.5%
Average Household Income			\$100,108
<b>2025 Households by Income</b>			
Household Income Base			174,159
<\$15,000			5.1%
\$15,000 - \$24,999			4.0%
\$25,000 - \$34,999			6.4%
\$35,000 - \$49,999			11.3%
\$50,000 - \$74,999			18.0%
\$75,000 - \$99,999			15.5%
\$100,000 - \$149,999			21.9%
\$150,000 - \$199,999			9.4%
\$200,000+			8.4%
Average Household Income			\$108,576

## EMPLOYMENT

An analysis of the labor force in Virginia Beach City is summarized as follows:

<b>2020 Civilian Population 16+ in Labor Force</b>			
Civilian Population 16+			248,312
Population 16+ Employed			89.7%
Population 16+ Unemployment rate			10.3%
Population 16- 24 Employed			11.2%
Population 16- 24 Unemployment rate			19.5%
Population 25- 54 Employed			63.9%
Population 25- 54 Unemployment rate			9.3%
Population 55- 64 Employed			17.7%
Population 55- 64 Unemployment rate			8.2%
Population 65+ Employed			7.2%
Population 65+ Unemployment rate			8.1%
<b>2020 Employed Population 16+ by Industry</b>			
Total			222,837
Agriculture/Mining			0.3%
Construction			7.3%
Manufacturing			6.4%
Wholesale Trade			2.0%
Retail Trade			10.3%
Transportation/Utilities			4.4%
Information			1.8%
Finance/Insurance/Real Estate			8.0%
Services			49.7%
Public Administration			9.8%
<b>2020 Employed Population 16+ by Occupation</b>			
Total			222,834
White Collar			66.4%
Management/Business/Financial			16.4%
Professional			24.8%
Sales			11.5%
Administrative Support			13.7%
Services			16.3%
Blue Collar			17.3%
Farming/Forestry/Fishing			0.2%
Construction/Extraction			5.3%
Installation/Maintenance/Repair			3.7%
Production			3.9%
Transportation/Material Moving			4.2%

## LAND USES AND HOUSING

A review of housing in the city is as follows:

<b>Housing</b>			
2020 Housing Affordability Index			150
2000 Total Housing Units			162,283
2000 Owner Occupied Housing Units			101,240
2000 Renter Occupied Housing Units			52,969
2000 Vacant Housing Units			8,074
2010 Total Housing Units			177,885
2010 Owner Occupied Housing Units			107,781
2010 Renter Occupied Housing Units			57,313
2010 Vacant Housing Units			12,791
2020 Total Housing Units			186,309
2020 Owner Occupied Housing Units			108,275
2020 Renter Occupied Housing Units			62,843
2020 Vacant Housing Units			15,191
2025 Total Housing Units			191,049
2025 Owner Occupied Housing Units			110,238
2025 Renter Occupied Housing Units			63,921
2025 Vacant Housing Units			16,890
Currently, 58.1% of the 186,309 housing units in the area are owner occupied; 33.7%, renter occupied; and 8.2% are vacant. Currently, in the U.S., 56.4% of the housing units in the area are owner occupied; 32.3% are renter occupied; and 11.3% are vacant. In 2010, there were 177,885 housing units in the area - 60.6% owner occupied, 32.2% renter occupied, and 7.2% vacant. The annual rate of change in housing units since 2010 is 2.08%. Median home value in the area is \$290,373, compared to a median home value of \$235,127 for the U.S. In five years, median value is projected to change by 1.78% annually to \$317,078.			



**LAND USES AND HOUSING (CONT.)**

Housing Units by Occupancy Status and Tenure	Census 2010		2020		2025	
	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	177,885	100.0%	186,309	100.0%	191,049	100.0%
Occupied	165,094	92.8%	171,118	91.8%	174,159	91.2%
Owner	107,781	60.6%	108,275	58.1%	110,238	57.7%
Renter	57,313	32.2%	62,843	33.7%	63,921	33.5%
Vacant	12,791	7.2%	15,191	8.2%	16,890	8.8%
<b>Owner Occupied Housing Units by Value</b>						
			2020	Percent	2025	Percent
Total			108,271	100.0%	110,236	100.0%
<\$50,000			2,385	2.2%	1,854	1.7%
\$50,000-\$99,999			1,200	1.1%	902	0.8%
\$100,000-\$149,999			5,172	4.8%	3,834	3.5%
\$150,000-\$199,999			12,883	11.9%	10,324	9.4%
\$200,000-\$249,999			18,747	17.3%	16,829	15.3%
\$250,000-\$299,999			17,027	15.7%	16,972	15.4%
\$300,000-\$399,999			23,700	21.9%	25,781	23.4%
\$400,000-\$499,999			10,292	9.5%	12,036	10.9%
\$500,000-\$749,999			10,553	9.7%	13,130	11.9%
\$750,000-\$999,999			3,443	3.2%	4,675	4.2%
\$1,000,000-\$1,499,999			1,562	1.4%	2,092	1.9%
\$1,500,000-\$1,999,999			460	0.4%	596	0.5%
\$2,000,000+			847	0.8%	1,211	1.1%
Median Value			\$290,373		\$317,078	
Average Value			\$361,584		\$398,898	

**TRANSPORTATION**

The major roadway that intersects through the city is Interstate 264 traveling in an east and west direction. Other major roadways that travel through the city are Virginia Beach Boulevard, Atlantic Park, Laskin Road and Shore Drive all running in an east and west direction. Northampton Boulevard and Atlantic Avenue travel through the city in a north and south direction.



The closest airport to Virginia Beach City is Norfolk International Airport offering both domestic and international flight. Virginia Beach Airport is small and has a grass runway catering to private aircraft owners. Greyhound/Trailways provides service from a central bus terminal in adjacent Norfolk. The Greyhound station in Virginia Beach is located on Laskin Road, about a mile west of the oceanfront.

**CONCLUSIONS**

Virginia Beach City has experienced good population growth over the past decade and it is expected that this will continue in the near future. There were no adverse conditions were noted that would have a negative effect on the value of the subject property. Property maintenance in the area is average and future marketability should remain satisfactory.

## DESCRIPTION OF SUBJECT NEIGHBORHOOD

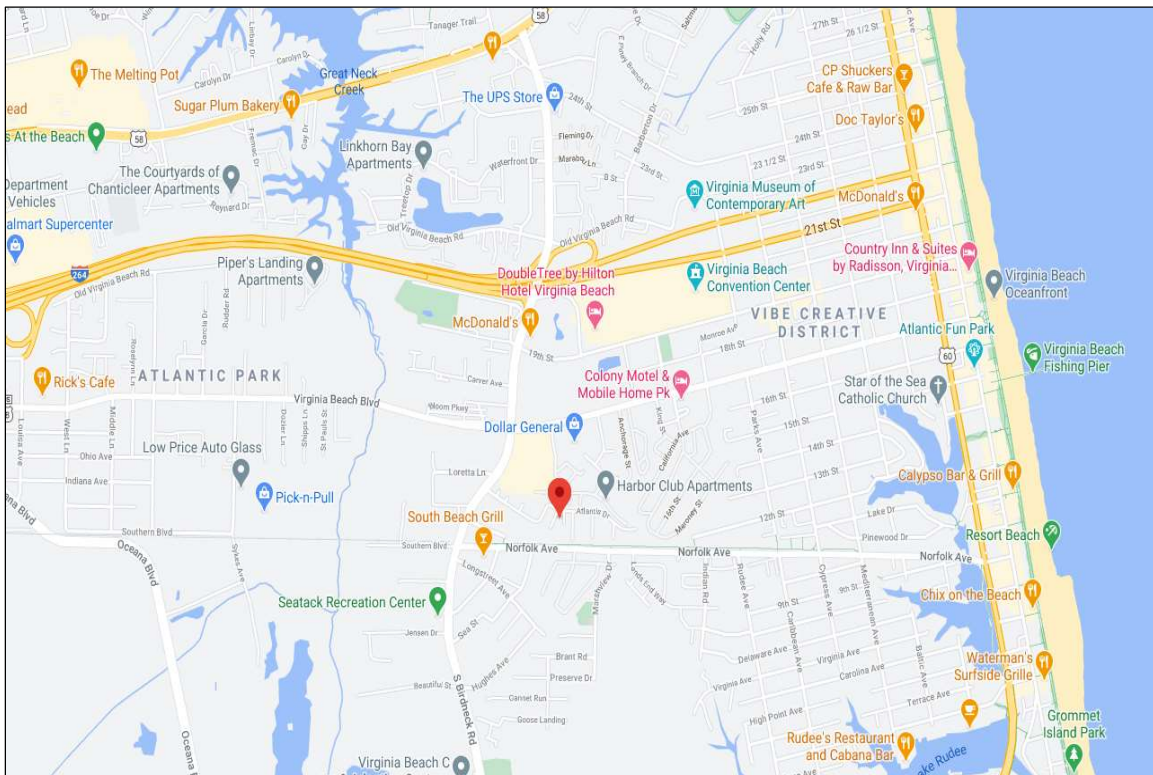
Within a community, there is a marked tendency toward the grouping of land uses. The areas devoted to these various uses are termed "physical neighborhoods". Neighborhood use in this context is further defined as follows:

*"A portion of a larger community, or an entire community, in which there is a homogenous grouping of inhabitants, buildings or business enterprises. Inhabitants of a neighborhood usually have a more than casual community of interests and a similarity of economic level or cultural background. Neighborhood boundaries may consist of well defined, natural or man-made barriers or they may be, more or less, well defined by distinct change in land use or in the character of the inhabitants."*

Neighborhoods typically evolve through four distinct stages, which are as follows:

Growth	A period in which the area gains acceptance
Stability	A period of equilibrium
Decline	A period of slowing demand
Revitalization	A period of renewal, redevelopment, modernization and increasing demand

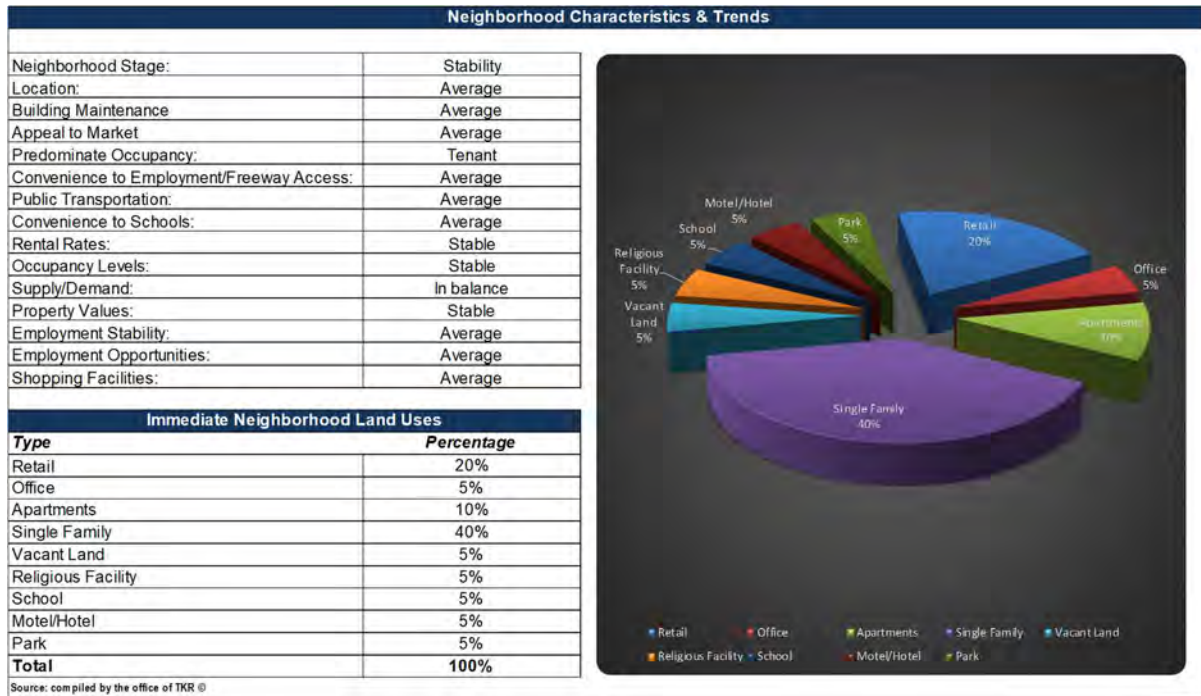
In review of the subject’s area the boundaries of the subject’s immediate neighborhood can be delineated as; Norfolk Virginia Beach Expressway to the north, Norfolk Avenue to the south, the Atlantic Ocean to the east and Ocean Boulevard to the west. The following map illustrates the immediate neighborhood:



The subject is located on Atlantis Drive, which is located off of North Birdneck Road, a secondary roadway running mostly north-south through the neighborhood.

## DESCRIPTION OF SUBJECT NEIGHBORHOOD (CONT.)

Based on our observation the composition of the subject’s immediate neighborhood is as follows:



The subject street and immediate neighborhood have a variety of real estate uses including retail, office and residential. The predominate use in the neighborhood is single families. Properties near the subject appear to be approximately 30 to 65 years old and adequately maintained. Occupancy levels in the neighborhood appear adequate (95%+). Change in current land use is unlikely. Property compatibility is good with no adverse effects.

We have also reviewed the subjects overall location in terms of its walkability or Walk Score. A Walk Score is a system developed to measure the “walkability” of various neighborhoods to nearby amenities and also measures pedestrian friendliness by analyzing population density and road metrics such as block length and intersection density. The subject property neighborhood is scored as follows:

	Walk Score	Transit Score	Bike Score
Subject Score	<b>60</b>	<b>30</b>	<b>73</b>
Score Rating	Walk Score Description	Transit Score Description	Bike Score Description
90–100	<b>Walker’s Paradise</b> Daily errands do not require a car	<b>Rider’s Paradise</b> World-class public transportation	<b>Bikers Paradise</b> Daily errands can be accomplished on a bike
70–89	<b>Very Walkable</b> Most errands can be accomplished on foot	<b>Excellent Transit</b> Transit is convenient for most trips	<b>Very Bikeable</b> Biking is convenient for most trips
50–69	<b>Somewhat Walkable</b> Some errands can be accomplished on foot	<b>Good Transit</b> Many nearby public transportation options	<b>Bikeable</b> Some bike infrastructure
25–49	<b>Car-Dependent</b> Most errands require a car	<b>Some Transit</b> A few nearby public transportation options	<b>Somewhat Bikeable</b> Minimal bike infrastructure
0–24	<b>Car-Dependent</b> Almost all errands require a car	<b>Minimal Transit</b> It is possible to get on a bus	<b>Somewhat Bikeable</b> Minimal bike infrastructure

The subject property neighborhood can be defined as having a location that is somewhat walkable, has some transit and is very bikeable.

## DESCRIPTION OF SUBJECT NEIGHBORHOOD (CONT.)

The subject property’s location to area services is as follows:

Service/Amenity		Estimated Distance from Subject
Airport	Norfolk International Airport	17.6 miles
Hospital	Sentara Virginia Beach General Hospital	3.7 miles
Houses of Worship	Various	2 miles
Major Employment Centers	Norfolk	18 miles
Parks	Marshview Park	1 mile
Public Transportation	Virginia Beach and Dozier	1 mile
Restaurants	Various	2 miles
Schools (Grades K-12)	WT Cooke Elementary School	1.4 miles
Local Shopping	Various	0.5 mile

Major roadways servicing the subjects immediate neighborhood include Route 264, which runs in an east-west direction and provides access to Norfolk. In addition, Route 264 intersects with Route 64, which runs in a north-south direction and provides access to Chesapeake to the south and the Chesapeake Bay area and Hampton, Newport News and eventually Richmond to the north.

Property maintenance in the neighborhood is average. There were no adverse conditions noted in the immediate neighborhood that would have a negative effect on the value of the subject property. The future marketability of the neighborhood should remain satisfactory.

The subject has good access to jobs in downtown Virginia Beach, where health care and social assistance, accommodation and food services, professional and scientific and retail trade make up over 40% of all employment.

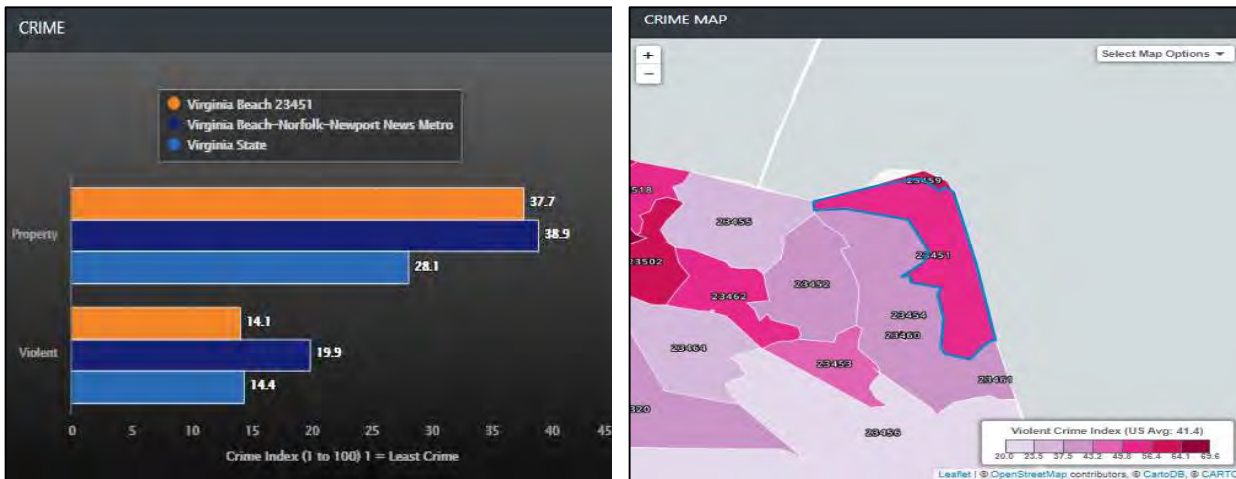
EMPLOYMENT INFORMATION	Virginia Beach, Virginia	United States
<a href="#">Income per Cap.</a>	\$46,647	\$31,177
<a href="#">Household Income</a>	\$65,881	\$57,652
<a href="#">Unemployment Rate</a>	2.70%	3.70%
<a href="#">Recent Job Growth</a>	1.38%	1.59%
<a href="#">Future Job Growth</a>	33.23%	33.51%

As of September 2019, the unemployment rate for this ZIP code was 2.70%, less than the United States unemployment rate of 3.70%. As of August 2020, the unemployment rate was 7.40%, due to the ongoing Covid-19 pandemic. The unemployment rate in Virginia Beach reached a peak of 12.10% in April 2020 and has declined since this time.

The largest employers in this market area include Naval Air Station Oceana-Dam Neck, Sentara Healthcare, Joint Expeditionary Base Little Creek/Ft. Story, GEICO Insurance, General Growth Properties (Lynnhaven Mall) and Gold Key/PHR Hotels and Resorts.

## DESCRIPTION OF SUBJECT NEIGHBORHOOD (CONT.)

Property crime which includes burglary, larceny-theft, motor vehicle theft, and arson for this zip code was 37.7 (Index 1 to 100). Violent crimes (murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault) for the subjects zip code (23451) was 14.1 (Index 1 to 100). A review of crime statistics for the subjects zip code (23451) is as follows:



Source: Bestplaces.net

The subject neighborhood is not as safe as the typical neighborhood in Virginia and the United States.

The subject neighborhood is considered a good location for an affordable housing project and it is noted that the rent estimate completed for the purpose of this RCS is based on preferences of the typical renter in this market area, rather than any specific age or income group.

### PHOTOGRAPHS OF SUBJECT PROPERTY NEIGHBORHOOD



Gas station in neighborhood



Shopping Center in neighborhood

**PHOTOGRAPHS OF SUBJECT PROPERTY NEIGHBORHOOD (CONT.)**



Church in neighborhood

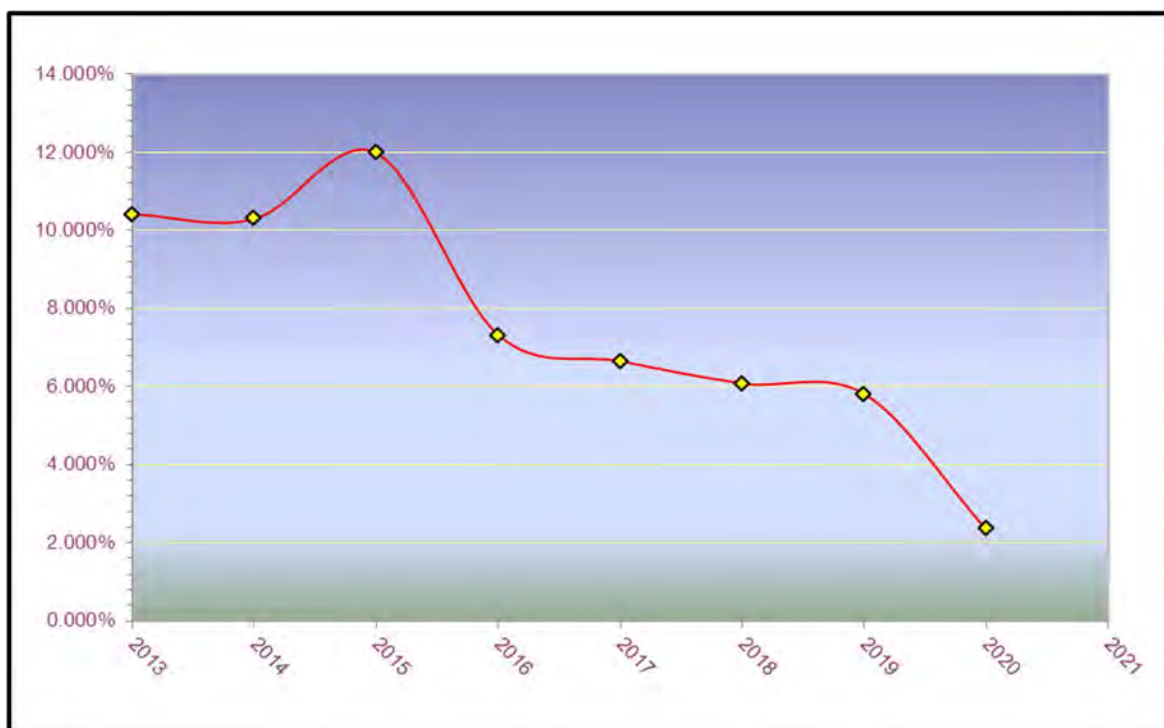


Apartments in neighborhood

## NATIONAL APARTMENT MARKET

Multifamily rental housing is an attractive opportunity for investors. Apartments account for approximately one-fourth of the nation's stock of income property. Direct investments in multi-family rental housing have historically provided competitive returns relative to the other major property types - office, retail, and industrial.

### MULTI-FAMILY TOTAL ANNUAL RETURN



Source: NCREIF

The real estate market had peaked years ago in 2005-2006 and then declined until 2009 when supply and demand started to get back into balance. The market saw a strong and noticeable increase in returns in 2010-2011 when once again the apartment market began to level off, but showed a peak in 2015. As of late demand has still been strong, but returns have leveled off somewhat. Overall the multifamily market should remain relatively stable going forward into the near future.

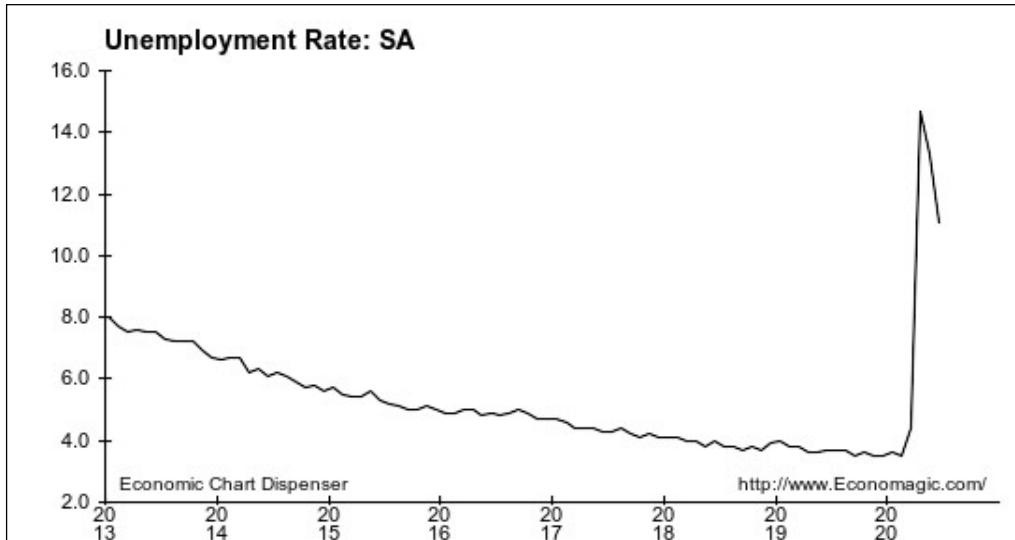
What has helped the market is that population of the United States over the last decade grew by 32.7 million people. Not all of these people will need housing but a more relevant measure of potential demand for apartments is household growth. The U.S. currently has roughly 118 million households. Annual household growth over the decade is forecasted to average 0.75% to 1.0%. This alone should generate new demand for 1.1 million housing units per year. While some of this demand will go to single family homes, condominiums, and other types of housing the foundation for new or future demand looks good. In addition, the Millennium” generation now shows a preference towards rental housing due to job demand and mobility.

The unemployment rate hit an all-time low in the fall of 2006 and was fairly stable until 2008, when it has started to increase upward dramatically due to a worldwide recession. It peaked at a high in the fall of 2009 and has been steadily declining ever since. Over the past several years we have seen historically low unemployment rates nationwide.

### NATIONAL APARTMENT MARKET (CONT.)

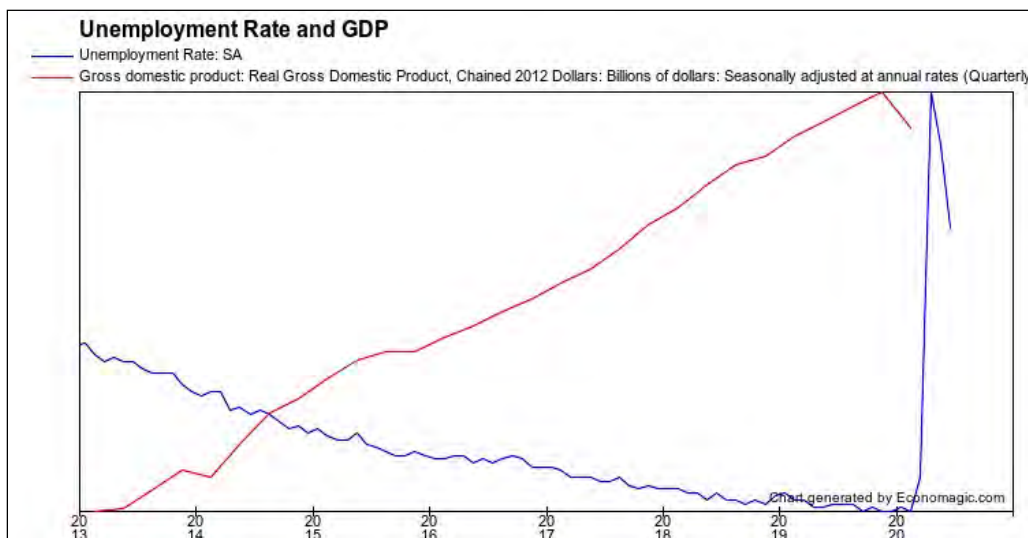
A review of total employment (seasonally adjusted) over the past few years is as follows:

#### UNITED STATES UNEMPLOYMENT RATE (SEASONALLY ADJUSTED)



The unemployment rate has dropped dramatically over the past few years, up until the recent Covid-19 pandemic. The pandemic should and hopefully will be over soon, but it is too early to tell how long it will last and the overall affects will have on the markets during the next few months. The evidence to date shows only a little softening, which is partially being helped by government intervention.

Over the past few years the Gross Domestic Product (GDP) has increased which indicates that companies are operating efficiently and are producing and expanding. However, we expect that overall the Gross Domestic Product (GDP) may flatten in the near future with the current pandemic. The unemployment rate should and has begun to decline and will stabilize. A review of the U.S. unemployment rate and GDP is as follows:





## NATIONAL APARTMENT MARKET (CONT.)

A review of the percentage of apartment households in the country is as follows:

### APARTMENT HOUSEHOLDS AS A SHARE OF ALL HOUSEHOLDS (%)

Region		Metropolitan Area	
Northeast	18.9	Central city	27.4
Midwest	11.9	Suburbs	12.4
South	12.3	Non-metro	6.0
West	18.6		

Source: U.S. Census

Much of the new construction is concentrated in higher end apartment complexes and senior housing. Luxury units continue to be developed for lifestyle renters (married, childless professionals and affluent singles). While adult retirement and assisted living communities are expanding to serve the aging population.

In a recent National Housing Survey by Fannie Mae, 41% of renters say they rent "as a matter of choice" and not out of necessity. There are an increasing number of household's who now prefer apartment living, even though they could afford to buy a home. As life gets more hectic, commutes get longer, and as the age and composition of our population changes, many households are deciding that apartment living is a preferred lifestyle.

Research reveals that despite the nation's historically high homeownership rate, the number of apartment renters has grown in the highest-income groups. For the past few years, households making \$50,000 or more have been the fastest growing segment of the apartment market. These households are part of a growing number who now choose to rent an apartment for lifestyle and not economic reasons. For many of these households, apartments offer hassle-free living in superior locations near jobs, entertainment and shopping. They also make it easier for households to move from one job to another without incurring the cost of selling a house.

The makeup of the American population is changing, and some of these changes are helping apartment demand. Two of the fastest growing age groups over the next 10 years (people in their mid-20's and empty nesters in their 50's) are two of the groups most likely to select apartment living. After more than two decades of declining in number, the population in the traditional renting years (age 20-29) is expected to increase.

The second demographic factor at work is the shakeup in what constitutes the "typical household." Traditionally, that was a married couple with children. However, these households have been declining in number since 1970, and now account for just one quarter of all households. In their place are a growing number of non-traditional households who are more likely to choose apartment living - childless couples, people who live alone and non-family/non-related households. The Census Bureau is projecting a boom in the population groups most likely to choose an apartment; young adults, one-person households and married couples without children.

## NATIONAL APARTMENT MARKET (CONT.)

Today's apartments are larger with numerous amenities. A single call to the on-site concierge can arrange babysitting, housekeeping, pet care, grocery shopping or a night on the town. The luxury/upscale or lifestyle apartment market is the fastest growing segment.

### APARTMENT HOUSEHOLD INCOMES FASTEST GROWTH RECORDED IN UPSCALE MARKET

<b>Income</b>	<b>Number (000's)</b>	<b>% Change from 2015</b>
<\$20,000	5,763	-1.90%
\$20,000-\$49,999	6,449	-1.04%
\$50,000+	6,647	5.69%

Source: NMHC tabulations of data from the U.S. Census Bureau's Current Population

This segment (luxury) of the market is expected to continue especially in the urban areas of the country. Tenant characteristics for different apartment segments are as follows:

### RESIDENT CHARACTERISTICS IN THE THREE MARKETS FOR MULTIFAMILY RENTAL HOUSING

	Affordable Market		Middle Market	Lifestyle Market	All Apartments Households
	Total	Federally Assisted			
Share of all apartment households (%)	49	19	37	14	100
<i>Age of householder</i>					
Median	41	44	33	38	37
Mean	47	49	38	42	43
%<30	26	21	39	20	30
%65+	23	31	8	10	16
<i>Household Size</i>					
Mean	2.1	2.3	2.2	1.4	2.0
% 1 person	50	43	31	65	46
% 4+ person	17	19	14	0	5
% with 1 or more children	35	50	31	0	29
<i>Household income (\$)</i>					
Mean	11,795	10,944	42,752	62,382	29,603
Median	10,444	7,608	32,100	48,928	21,000

Source: U.S. Census

As the previous table shows, the affordable market is almost 50% of the renting households in this country. This segment of the market remains strong. The luxury market makes up about 14% of the market. The median household income in the affordable market is \$10,444, while in the lifestyle or luxury market it is \$48,928.

## NATIONAL APARTMENT MARKET (CONT.)

New interest in smart growth is making it easier to get new apartment construction approved. Suburban jurisdictions hoping to address voter concerns about traffic and pollution realize that apartments use existing infrastructure more efficiently than detached housing and that apartments can help create the pedestrian-friendly neighborhoods that voters claim to want.

Urban areas realize that the lifestyle renter market is a key market to target in trying to recruit middle and upper income households to return downtown, and they are doing their part to facilitate new construction of high quality apartments. As the chart below shows most people in urban areas are renters.

### RENTERS VS. OWNERS IN LARGE CITIES

Cities	Population	Total Occupied Housing Units	Total Occupied Apartments	Apartments as a Percent Of All Housing
New York, NY	8,426,473	3,422,225	1,556,161	45%
Los Angeles, CA	3,900,794	1,436,543	562,060	39%
Chicago, IL	2,717,534	1,192,544	306,150	26%
Houston, TX	2,217,706	927,107	318,888	34%
Philadelphia, PA	1,555,702	670,229	89,829	13%
Phoenix, AZ	1,514,208	598,236	114,237	19%
San Antonio, TX	1,413,881	535,145	116,723	22%
San Diego, CA	1,359,791	522,410	141,922	27%
Dallas, TX	1,260,688	533,556	191,200	36%
San Jose, CA	1,000,860	325,256	68,004	21%

Source: NMHC tabulations of 2016 American Community Survey, 1-Year Estimates. Updated 11/2017.

In lower-tier to mid-tier apartment properties, renovation offers an opportunistic investment. Lack of affordable, or at least reasonable, rental communities to meet the changing demand from demographic and ethnic shifts plagues many areas. As immigrant populations become more affluent and welfare-to-work programs encourage employment, a new segment of the population is looking for clean, safe, affordable housing with moderate amenities.

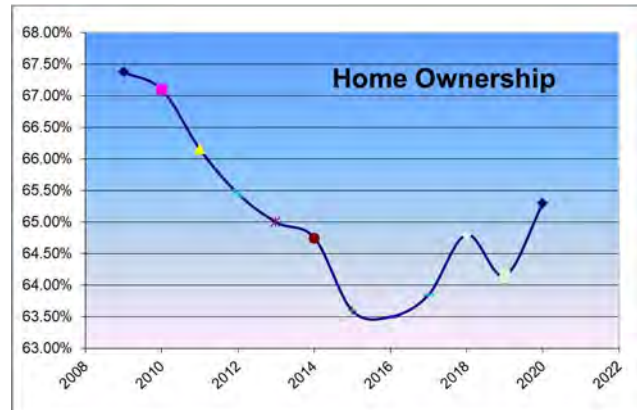
In many urban areas new apartment development is not always possible, but major rehabilitation of the existing, aging apartment stock does. Developers of these properties are finding that once the project is complete, the complex fills rapidly, vacancy rates remain low and the ability to substantially increase rents is present.

Employment growth is critical to the increase for apartment demand. The unemployment rate has been decreasing as of late. The increasing employment level may cause some workers to look into purchasing a single family home. However, many workers have been somewhat scared off due to the slew of foreclosures over the past few years that were the result of a volatile market and aggressive lending practices. In addition, many workers now feel they need the mobility that they get by rental housing because of changing job demands.

Rising home ownership (due to low interest rates) had drained away apartment demand. From 1994 home ownership in the United States began to increase sharply peaking at 69% in 2005. However, this trend is reversing rapidly and is expected to decrease in the near future.

## NATIONAL APARTMENT MARKET (CONT.)

About two-thirds of all households are homeowners and a 1% increase in homeownership rates would cause a 3% decline in rental demand, all other things being equal. Homeownership had been decreasing from 2008 to 2015 and then showed a small bump upward and overall is increasing. A review of historical homeownership rates in the United States (from U.S. Census) is shown to the right.



Demand for home ownership had decreased significantly since the peak in the market in 2006. However, this trend reverses itself with an uptick in homeownership over the past few years. However, due to lifestyle changes it is expected that going forward homeownership rates may again decline.

Demand for rentals apartments has increased. Overall apartment vacancy rates for the nation had been decreasing over the past few years and it appears that vacancy rates should stabilize somewhat over the next few years. According to U.S. Census Bureau the average vacancy rate in the country over the past several years is decreasing and is shown in the graph to the right.



As vacancy rates have decreased and demand for apartments have increased, apartment capitalization rates have continued to decrease over the past several years.

The chart to the right illustrates the mean capitalization rate trends over the past five years (Reis/Moody’s). The apartment market of course is dependent on many factors; namely job growth and demand in the marketplace. The supply of apartments may continue to increase in the near term as there is building going on nationwide, but real future job growth may still have to play catch up to this supply.



The long-term outlook for the apartment market is good as household growth is forecasted to be strong, but additional job growth is also needed. The affordable housing market and the “lifestyle renter” (baby boomers) are aging will also continue to drive the market. The “lifestyle renter” enjoys the hassle-free lifestyle that apartments can offer. Both of these segments of the market may be a main driver of future demand. Overall, the foundation of the apartment market is strong and should continue into the near future.

## VIRGINIA HOUSING MARKET

Virginia’s economy, along with the nation, is currently in a state of uncertainty due to the ongoing Covid-19 pandemic. The national unemployment rate was 3.5% as of January 2020 and peaked in April 2020 at 14.8%. The current national unemployment is 6.7%. Virginia’s unemployment rate was 2.7% as of January 2020, peaked in April 2020 at 11.2% and currently stands at 4.9%.

The economy of Virginia is diverse, with many sources of income. These include military installations, defense contractors, and components of the government sector. Although these sectors have been affected over the past several years, it appears that it was affected to a slightly lesser extent. Many businesses in all sectors of our state economy are cautious and not in an expansion mode at this time. The unemployment rate for the state has continued to decline since the peak in April 2020 and is currently slightly lower than the national unemployment.

Globalization, deregulation, and accelerating technological change have been the predominant force in the world economy. Virginia has seen employment losses in farming, mining, information technology and military sectors. However, transportation and warehousing, finance and insurance, real estate, administrative, education, healthcare, arts and entertainment, accommodation and other services have grown in recent years. The breakdown of growth by sector is presented as follows:

### VIRGINIA’S SHIFT IN EMPLOYMENT

**Table 1: Virginia Employment Growth, 2010-2016**

Major Industry	Employment				Actual Growth		Standardized		
	2010 Level	Share <sup>1</sup>	2016 Level	Share <sup>1</sup>	Percent	Net	Growth <sup>2</sup> Percent	Net	2016 Employment <sup>3</sup>
Farm Employment	53,861	1.1	51,631	1.0	-4.14	-2,230	0.30	163	54,024
Forestry, Fishing, and Related Activities	12,127	0.3	13,646	0.3	12.53	1,519	7.12	863	12,990
Mining	14,898	0.3	12,712	0.2	-14.67	-2,186	11.71	1,745	16,643
Utilities	11,512	0.2	11,822	0.2	2.69	310	3.97	457	11,969
Construction	272,255	5.7	275,540	5.4	1.21	3,285	14.81	40,329	312,584
Manufacturing	240,145	5.1	246,519	4.8	2.65	6,374	8.27	19,858	260,003
Wholesale Trade	120,401	2.5	131,265	2.6	9.02	10,864	15.14	18,224	138,625
Retail Trade	470,526	9.9	504,711	9.8	7.27	34,185	10.22	48,105	518,631
Transportation and Warehousing	131,524	2.8	173,407	3.4	31.84	41,883	30.97	40,729	172,253
Information	90,247	1.9	82,570	1.6	-8.51	-7,677	4.20	3,789	94,036
Finance and Insurance	191,916	4.0	213,286	4.2	11.14	21,370	7.27	13,956	205,872
Real Estate and Rental and Leasing	205,640	4.3	230,075	4.5	11.88	24,435	16.71	34,371	240,011
Professional, Scientific, and Technical Services	508,425	10.7	551,430	10.7	8.46	43,005	16.64	84,612	593,037
Management of Companies and Enterprises	76,410	1.6	77,186	1.5	1.02	776	23.76	18,158	94,568
Administrative and Waste Services	266,542	5.6	298,282	5.8	11.91	31,740	14.19	37,810	304,352
Educational Services	96,045	2.0	108,598	2.1	13.07	12,553	15.32	14,717	110,762
Health Care and Social Assistance	431,981	9.1	493,870	9.6	14.33	61,889	14.95	64,592	496,573
Arts, Entertainment, and Recreation	92,293	1.9	104,828	2.0	13.58	12,535	14.12	13,031	105,324
Accommodation and Food Services	313,884	6.6	367,780	7.2	17.17	53,896	20.27	63,621	377,505
Other Services (except Public Administration)	272,571	5.7	313,291	6.1	14.94	40,720	16.44	44,809	317,380
Federal Civilian	191,161	4.0	198,064	3.9	3.61	6,903	-6.03	-11,526	179,635
Military	152,360	3.2	138,123	2.7	-9.34	-14,237	-8.24	-12,552	139,808
State Government	156,204	3.3	163,350	3.2	4.57	7,146	0.15	236	156,440
Local Government	374,582	7.9	374,453	7.3	-0.03	-129	-0.17	-631	373,951
<b>Total Employment</b>	<b>4,747,510</b>	<b>100.0</b>	<b>5,136,439</b>	<b>100.0</b>	<b>8.19</b>	<b>388,929</b>	<b>11.36</b>	<b>539,467</b>	<b>5,286,977</b>

1 Share: The percentage share of total employment by industry.  
 2 Standardized Growth: at the same rate as its counterpart at the national level had each industry grown.  
 3 Standardized Employment, 2016: The 2016 level of employment in each industry had it grown at the same rate as its counterparts at the national level since 2010.

Note: Percent growth figures may not add due to rounding by a factor of ± 0.01%

Source: Calculations by the Virginia Regional Economic Analysis Project (VA-REAP) with data provided by the U.S. Department of Commerce, Bureau of Economic Analysis

## VIRGINIA HOUSING MARKET (CONT.)

On the positive side, median home prices have increased over the past few years as the market seems to have stabilized from the previous decline. Residential construction in the state has increased over the past few years. A review of building permits for apartments (5 or more units) in the state has been as follows:

### VIRGINIA PERMITS (5 OR MORE UNITS)

Year	# of Total Units	Percentage of Change
2005	10,423	-
2006	7,644	-26.66%
2007	6,694	-12.43%
2008	7,154	6.87%
2009	4,770	-33.32%
2010	4,544	-4.74%
2011	7,491	64.85%
2012	9,259	23.60%
2013	10,779	16.42%
2014	9,522	-11.66%
2015	8,349	-12.32%
2016	9,012	7.94%
2017	10,729	19.05%
2018	9,916	-7.58%
2019	10,664	7.54%

Source: Census.gov

New residential permits of five-or-more units have averaged 8,463 per year since 2005. Apartment construction in the state peaked in 2005 and declined sharply in 2006 and again in 2009. In 2011, there was a significant increase which has since leveled off in recent years.

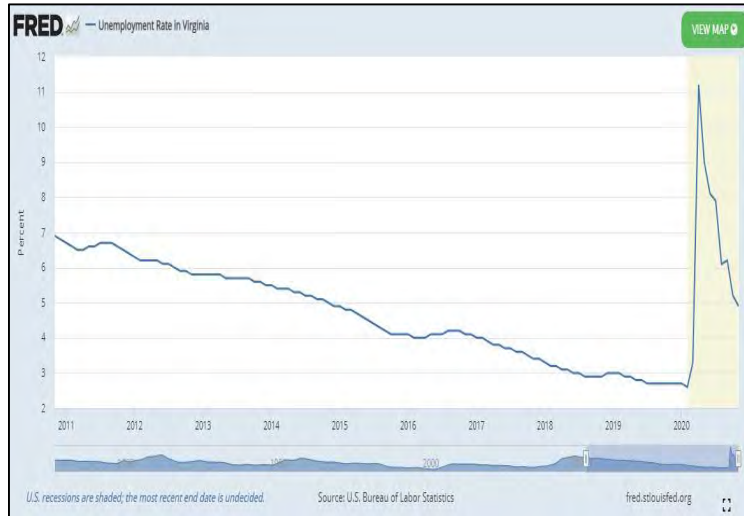
More than half of the state's housing stock can be classified as old since it was built before 1982. About 21% of the housing units were built before 1960 and 7.5% before 1940.

Although Virginia's economy was on a somewhat roller coaster ride, slipping in and out of a recession it appears that we were heading out of a deep recession. The real estate and housing market throughout the state was good, but peaked and declined over the past few years. The current market continues to remain uncertain due to the ongoing pandemic.

## VIRGINIA HOUSING MARKET (CONT.)

A review of unemployment rates in the state is shown to the right (data up to November 2020). Unemployment rates in the state had declined since 2011, but experienced a sharp increase in 2020 due to the novel coronavirus pandemic.

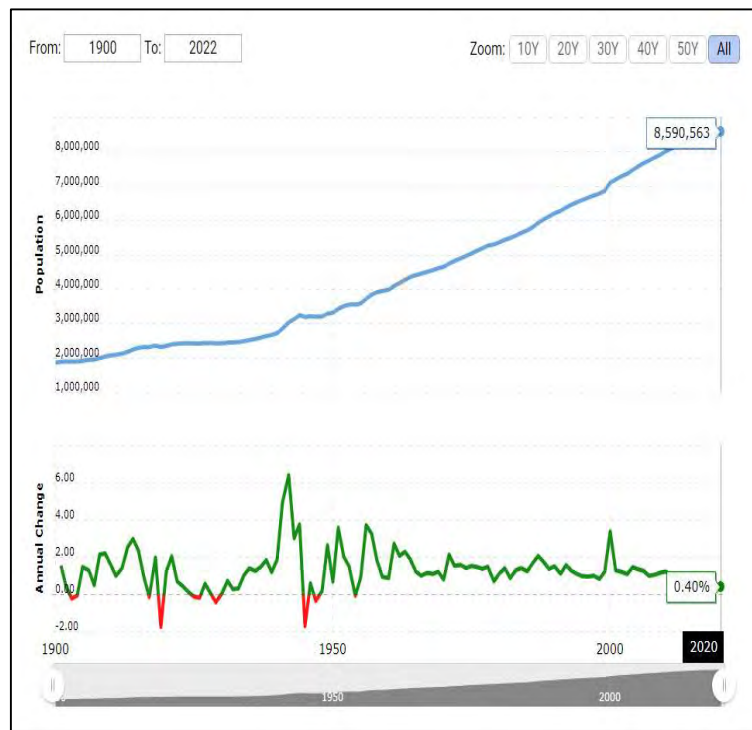
Looking into the future, economists have stated that Virginia as well as the national economy should see economic improvement once the pandemic ends. As of January 2021, vaccines are starting to roll out, and a massive inoculation plan is underway nationwide.



Despite low single-family home affordability throughout the region, new home sales had affected rental demand in the state. Virginia is not known as a particularly affordable single-family housing market, but as new home sales slowed in the current market the demand for rentals has increased.

The state population has grown over the past decade. It is also expected that there will be household growth within the state over the next five years (data from U.S. Census). With the growth in the number of households (projected to be about to 3.4 million in 2025) over the next few years we should see an increase in demand for housing.

The economy in this region has been strong and apartments remain in demand. The long term outlook for the Virginia market is good as household growth is forecasted to continue to increase. The affordable housing market will drive a portion of the Virginia market while the remainder of the market will benefit from good fundamentals that are already in place.



## MARKET ANALYSIS - SUBJECTS TRADE AREA

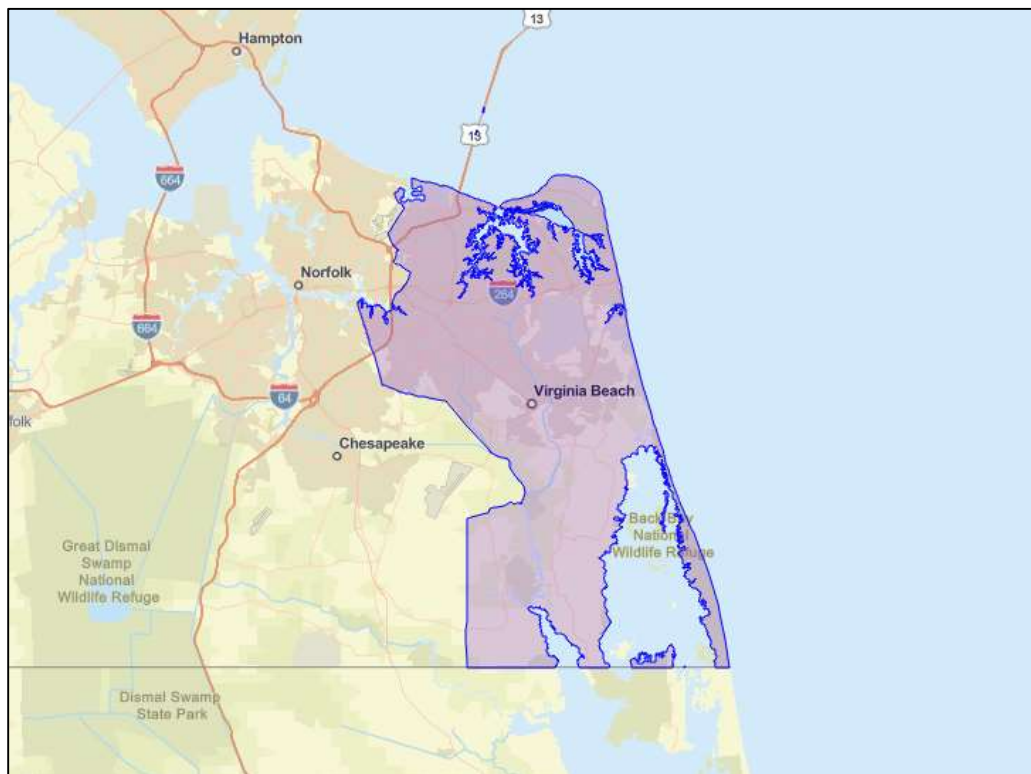
A trade area or market area is defined as the geographic area within lives most of the residents/tenants that will provide a main source of revenue for the apartments. Trade areas are typically divided into primary, secondary and tertiary (fringe) zones. A trade area can be influenced by many interrelated factors. These factors include location, socio-economic composition and demographic characteristics (tenure, income, rent levels, etc.), transportation, employment and the location of comparable and/or potential competitors. Infrastructure also shapes the trade area, as natural boundaries may limit travel to an area. In addition, market perceptions can influence the actual delineation of the trade area as social stigmas often exist in which residents from one side of a market area may not move to a nearby neighborhood, regardless of housing opportunities.

In analyzing the subject site and the surrounding market area we have estimated that the subject property will draw its residents from the City of Virginia Beach. The basic boundaries of the subject trade area are defined as follows:

To the North:	Chesapeake Bay
To the South:	North Carolina
To the East:	Atlantic Ocean
To the West:	Chesapeake and Norfolk

The primary trade area is illustrated as follows:

### TRADE AREA MAP



We have summarized the demographics of the primary trade area on the following pages.



### POPULATION AND HOUSEHOLDS

According to the **Environmental Systems Research Institute (ESRI) Demographic Service**, a review of the trade area population and households are as follows. A household consists of all people who occupy a housing unit. A household includes the related family members and all unrelated people, if any who share the housing unit.

<b>Population</b>			
2000 Population			424,150
2010 Population			438,004
2020 Population			453,291
2025 Population			460,949
2000- 2010 Annual Rate			0.32%
2010- 2020 Annual Rate			0.34%
2020- 2025 Annual Rate			0.34%
2020 Male Population			49.1%
2020 Female Population			50.8%
2020 Median Age			37.0
<p>In the identified area, the current year population is 453,291. In 2010, the Census count in the area was 438,004. The rate of change since 2010 was 0.34% annually. The five- year projection for the population in the area is 460,949 representing a change of 0.34% annually from 2020 to 2025. Currently, the population is 49.1% male and 50.8% female.</p>			
<b>Median Age</b>			
<p>The median age in this area is 37.0, compared to U.S. median age of 38.5.</p>			
<b>Race and Ethnicity</b>			
2020 White Alone			64.6%
2020 Black Alone			19.6%
2020 American Indian/Alaska Native Alone			0.4%
2020 Asian Alone			7.7%
2020 Pacific Islander Alone			0.2%
2020 Other Race			2.6%
2020 Two or More Races			5.0%
2020 Hispanic Origin (Any Race)			8.9%
<p>Persons of Hispanic origin represent 8.9% of the population in the identified area compared to 18.8% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 61.4 in the identified area, compared to 65.1 for the U.S. as a whole.</p>			
<b>2010 Households by Size</b>			
Total			165,094
1 Person Household			23.3%
2 Person Household			33.3%
3 Person Household			18.9%
4 Person Household			14.8%
5 Person Household			6.2%
6 Person Household			2.3%
7 + Person Household			1.2%

The trade area population has increased slightly over the past several years and is expected to increase slightly in the near future. The number of households also increased (from 2010 – 2020) at a greater rate than the population which would indicate that household size is decreasing. The current average household size in the trade area is 2.59 persons. It is expected that the number of households will increase by 1.78% over the next 5 years, more than the expected population increase.

**INCOME**

A review of the income levels in the trade area is as follows:

<b>Median Household Income</b>			
2020 Median Household Income			\$78,152
2025 Median Household Income			\$81,789
2020-2025 Annual Rate			0.91%
<b>Average Household Income</b>			
2020 Average Household Income			\$100,108
2025 Average Household Income			\$108,576
2020-2025 Annual Rate			1.64%
<b>Per Capita Income</b>			
2020 Per Capita Income			\$38,034
2025 Per Capita Income			\$41,262
2020-2025 Annual Rate			1.64%
<b>Households by Income</b>			
Current median household income is \$78,152 in the area, compared to \$62,203 for all U.S. households. Median household income is projected to be \$81,789 in five years, compared to \$67,325 for all U.S. households			
Current average household income is \$100,108 in this area, compared to \$90,054 for all U.S. households. Average household income is projected to be \$108,576 in five years, compared to \$99,510 for all U.S. households			
Current per capita income is \$38,034 in the area, compared to the U.S. per capita income of \$34,136. The per capita income is projected to be \$41,262 in five years, compared to \$37,691 for all U.S. households			

<b>2020 Households by Income</b>				<b>Number</b>	<b>Percent</b>
<\$15,000				9,323	5.4%
\$15,000 - \$24,999				7,318	4.3%
\$25,000 - \$34,999				11,925	7.0%
\$35,000 - \$49,999				20,427	11.9%
\$50,000 - \$74,999				32,218	18.8%
\$75,000 - \$99,999				26,323	15.4%
\$100,000 - \$149,999				35,959	21.0%
\$150,000 - \$199,999				14,754	8.6%
\$200,000+				12,871	7.5%
Median Household Income				\$78,152	
Average Household Income				\$100,108	
Per Capita Income				\$38,034	
<b>2025 Households by Income</b>				<b>Number</b>	<b>Percent</b>
<\$15,000				8,879	5.1%
\$15,000 - \$24,999				7,005	4.0%
\$25,000 - \$34,999				11,193	6.4%
\$35,000 - \$49,999				19,632	11.3%
\$50,000 - \$74,999				31,303	18.0%
\$75,000 - \$99,999				26,945	15.5%
\$100,000 - \$149,999				38,112	21.9%
\$150,000 - \$199,999				16,436	9.4%
\$200,000+				14,654	8.4%
Median Household Income				\$81,789	
Average Household Income				\$108,576	
Per Capita Income				\$41,262	

The current median household income level in the trade area is \$78,152 with a per capita income of \$38,034. Income levels are expected to increase over the next five years.

**INCOME (CONT.)**

Income is a key characteristic in analyzing housing markets. As the previous chart shows 5.1% of the households in the primary trade area currently have income levels below \$15,000. The over 55-year-old households in the trade area have a median household income level of \$78,152.

**AGE OF POPULATION**

A review of the age of the population in the trade area is as follows:

<b>2010 Population by Age</b>			
Total			438,004
0 - 4			6.7%
5 - 9			6.5%
10 - 14			6.6%
15 - 24			15.0%
25 - 34			15.4%
35 - 44			13.6%
45 - 54			14.8%
55 - 64			10.8%
65 - 74			5.9%
75 - 84			3.4%
85 +			1.3%
18 +			76.0%
<b>2020 Population by Age</b>			
Total			453,282
0 - 4			6.0%
5 - 9			6.1%
10 - 14			6.2%
15 - 24			13.0%
25 - 34			15.9%
35 - 44			13.6%
45 - 54			12.4%
55 - 64			12.5%
65 - 74			8.5%
75 - 84			4.2%
85 +			1.7%
18 +			78.3%
<b>2025 Population by Age</b>			
Total			460,940
0 - 4			6.0%
5 - 9			5.9%
10 - 14			5.9%
15 - 24			12.5%
25 - 34			14.9%
35 - 44			14.6%
45 - 54			11.8%
55 - 64			11.9%
65 - 74			9.4%
75 - 84			5.3%
85 +			1.9%
18 +			78.8%
<b>2010 Population by Sex</b>			
Males			214,447
Females			223,557
<b>2020 Population by Sex</b>			
Males			222,791
Females			230,491
<b>2025 Population by Sex</b>			
Males			226,416
Females			234,524

**AGE OF POPULATION (CONT.)**

The median age in the trade area 37.0 years. In the trade area, the senior population consists of about 65,273 persons or 14.40% of the population. This is a rather low percentage of seniors as the trade area is younger. A review of the demographics of the older population in the trade area is as follows:

<b>Demographic Summary</b>	<b>Census 2010</b>	<b>2020</b>	<b>2025</b>	<b>2020-2025 Change</b>	<b>2020-2025 Annual Rate</b>
Total Population	438,004	453,291	460,949	7,658	0.34%
Population 50+	125,182	150,636	157,500	6,864	0.90%
Median Age	34.9	37.0	38.2	1.2	0.64%
Households	165,094	171,118	174,159	3,041	0.35%
% Householders 55+	34.4%	41.1%	42.5%	1.4	0.67%
Total Owner- Occupied Housing Units	107,781	108,275	110,238	1,963	0.36%
Total Renter- Occupied Housing Units	57,313	62,843	63,921	1,078	0.34%
Owner/Renter Ratio (per 100 renters)	188	172	172	0.0	0.00%
Median Home Value	-	\$290,373	\$317,078	\$26,705	1.78%
Average Home Value	-	\$361,584	\$398,898	\$37,314	1.98%
Median Household Income	-	\$78,152	\$81,789	\$3,637	0.91%
Median Household Income for Householder 55+	-	\$73,907	\$77,188	\$3,281	0.87%

Going forward the number of elderly persons in the trade area is expected to continue to grow.

**SUMMARY OF THE TYPICAL HOUSEHOLD IN THE TRADE AREA**

Household Size	2.59 persons
Median Household Income	\$78,152
Median Age	37.0 years
Percent of HH that are Renters	34.7%

The rental market in the trade area is rather low at 34.7% and the median household income level is slightly below the State. However, with the population aging in place it is expected that demand for rental housing may increase. Many empty nesters whose children have grown up and gone to college or work are downsizing by selling their homes and either downsizing or moving into an apartment.

Also, young adults ages 22 to 30 (“Millennials”) who are a target demographic for many of the new apartment properties hitting the market and are likely to be in their first or second post-college home away from their parents have still been a prime source of renters in this trade area.

### LAND USES AND HOUSING

According to the *Environmental Systems Research Institute (ESRI) Demographic Service*, the trade area contains a total number of housing units as follows:

Housing Units by Occupancy Status and Tenure	Census 2010		2020		2025	
	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	177,885	100.0%	186,309	100.0%	191,049	100.0%
Occupied	165,094	92.8%	171,118	91.8%	174,159	91.2%
Owner	107,781	60.6%	108,275	58.1%	110,238	57.7%
Renter	57,313	32.2%	62,843	33.7%	63,921	33.5%
Vacant	12,791	7.2%	15,191	8.2%	16,890	8.8%
<b>Owner Occupied Housing Units by Value</b>						
			2020		2025	
			Number	Percent	Number	Percent
Total			108,271	100.0%	110,236	100.0%
<\$50,000			2,385	2.2%	1,854	1.7%
\$50,000-\$99,999			1,200	1.1%	902	0.8%
\$100,000-\$149,999			5,172	4.8%	3,834	3.5%
\$150,000-\$199,999			12,883	11.9%	10,324	9.4%
\$200,000-\$249,999			18,747	17.3%	16,829	15.3%
\$250,000-\$299,999			17,027	15.7%	16,972	15.4%
\$300,000-\$399,999			23,700	21.9%	25,781	23.4%
\$400,000-\$499,999			10,292	9.5%	12,036	10.9%
\$500,000-\$749,999			10,553	9.7%	13,130	11.9%
\$750,000-\$999,999			3,443	3.2%	4,675	4.2%
\$1,000,000-\$1,499,999			1,562	1.4%	2,092	1.9%
\$1,500,000-\$1,999,999			460	0.4%	596	0.5%
\$2,000,000+			847	0.8%	1,211	1.1%
Median Value			\$290,373		\$317,078	
Average Value			\$361,584		\$398,898	
<b>Census 2010 Housing Units</b>						
			Number		Percent	
Total			177,885		100.0%	
In Urbanized Areas			175,065		98.4%	
In Urban Clusters			0		0.0%	
Rural Housing Units			2,820		1.6%	

The total housing units in the trade area is expected to remain relatively stable with a small increase projected as the area is fully developed. Any new units will be via redevelopment of either existing housing stock or the conversion of other types of buildings (i.e. industrial, commercial, etc.). Most of the housing in the trade area is owner occupied (65.3%) and there are 34.7% renter occupied units. A review of the housing units by structure or type in the trade area is as follows:

HOUSING UNITS BY UNITS IN STRUCTURE		
Total	183,906	100.0%
1, detached	100,795	54.8%
1, attached	36,269	19.7%
2	2,389	1.3%
3 or 4	8,344	4.5%
5 to 9	14,237	7.7%
10 to 19	8,480	4.6%
20 to 49	3,936	2.1%
50 or more	7,489	4.1%
Mobile home	1,934	1.1%
Boat, RV, van, etc.	33	0.0%

As the above table shows, the trade area is comprised mainly of detached residential properties.

**LAND USES AND HOUSING (CONT.)**

A review of the properties in the trade area by year built is as follows:

<b>HOUSING UNITS BY YEAR STRUCTURE BUILT</b>		
Total	183,906	100.0%
Built 2014 or later	1,987	1.1%
Built 2010 to 2013	4,721	2.6%
Built 2000 to 2009	20,749	11.3%
Built 1990 to 1999	25,287	13.7%
Built 1980 to 1989	51,953	28.2%
Built 1970 to 1979	39,762	21.6%
Built 1960 to 1969	23,418	12.7%
Built 1950 to 1959	11,352	6.2%
Built 1940 to 1949	2,626	1.4%
Built 1939 or earlier	2,051	1.1%
Median Year Structure Built	1982	

Most of the housing stock in the county was built before 1990.

**SCHOOLING/EDUCATION**

Virginia conducts Standards of Learning (SOL) testing in reading, writing, mathematics, science, and history/social science. A review of the Pass Rate for Virginia Beach over the past several years is presented as follows:

<b>School Year</b>	<b>Division Name</b>	<b>Subject</b>	<b>Pass Rate</b>
2016-2017	Virginia Beach City	English:Reading	86.36
2016-2017	Virginia Beach City	English:Writing	82.42
2016-2017	Virginia Beach City	History and Social Science	88.19
2016-2017	Virginia Beach City	Mathematics	84.38
2016-2017	Virginia Beach City	Science	86.75
2017-2018	Virginia Beach City	English:Reading	86.05
2017-2018	Virginia Beach City	English:Writing	82.64
2017-2018	Virginia Beach City	History and Social Science	85.6
2017-2018	Virginia Beach City	Mathematics	82.57
2017-2018	Virginia Beach City	Science	85.17
2018-2019	Virginia Beach City	English:Reading	84.91
2018-2019	Virginia Beach City	English:Writing	80.54
2018-2019	Virginia Beach City	History and Social Science	83.11
2018-2019	Virginia Beach City	Mathematics	87.65
2018-2019	Virginia Beach City	Science	85.26

**SCHOOLING/EDUCATION (CONT.)**

The above table illustrates that students in Virginia Beach had SOL test results that have been fairly consistent over the past several years. Student scores in mathematics increased over the past few years, while reading, writing and history and social science scores decreased between 2017 and 2019.

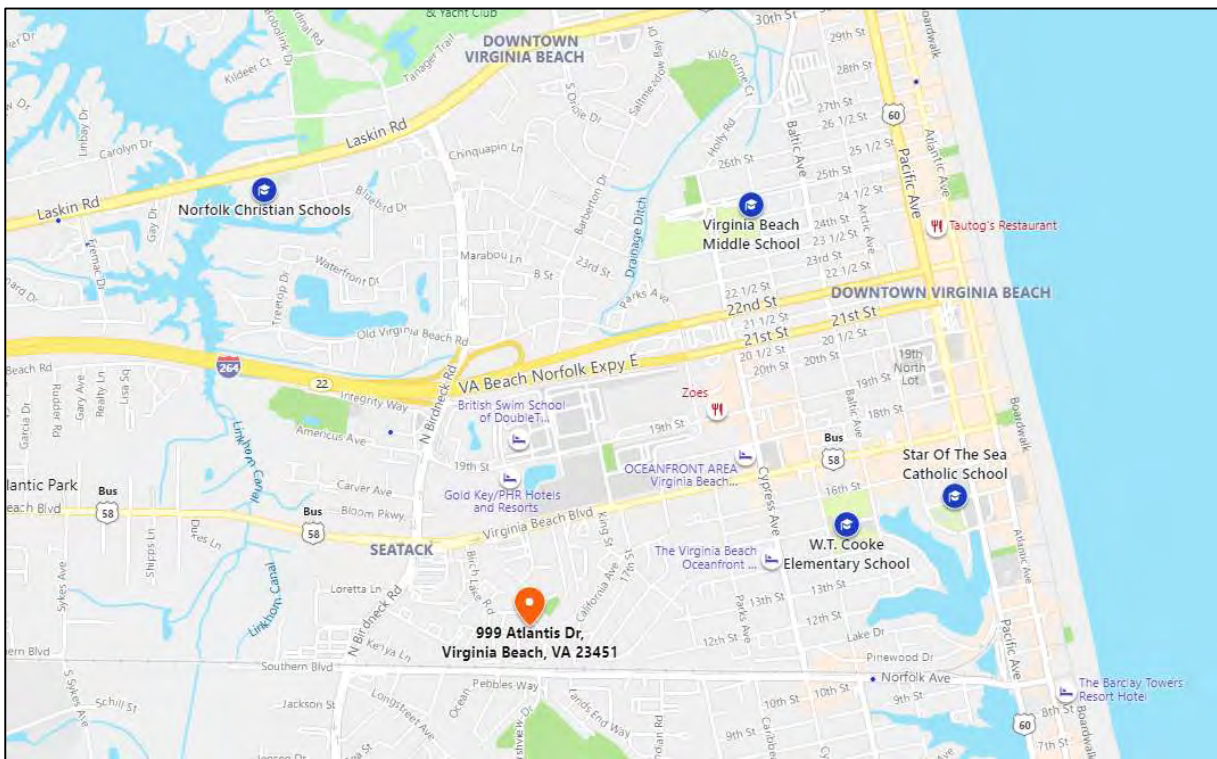
A review of the graduation rate in Virginia Beach is presented below.

Cohort Year	Division Name	Type of Graduation Rate	Rate Type	Graduation Rate
2017	Virginia Beach City	On-Time Graduation Rate	4 yr rate	91.93%
2018	Virginia Beach City	On-Time Graduation Rate	4 yr rate	93.40%
2019	Virginia Beach City	On-Time Graduation Rate	4 yr rate	93.92%
2020	Virginia Beach City	On-Time Graduation Rate	4 yr rate	94.16%

The graduation rate for 2020 was 94.16%, with a dropout rate of 2.87%. The graduation rate has been steadily increasing since 2017.

Schools play a large part in parents’ choice on where to live. Generally, districts with better performing schools tend to be more attractive to potential renters. The County has had steady SOL scores and low dropout rates.

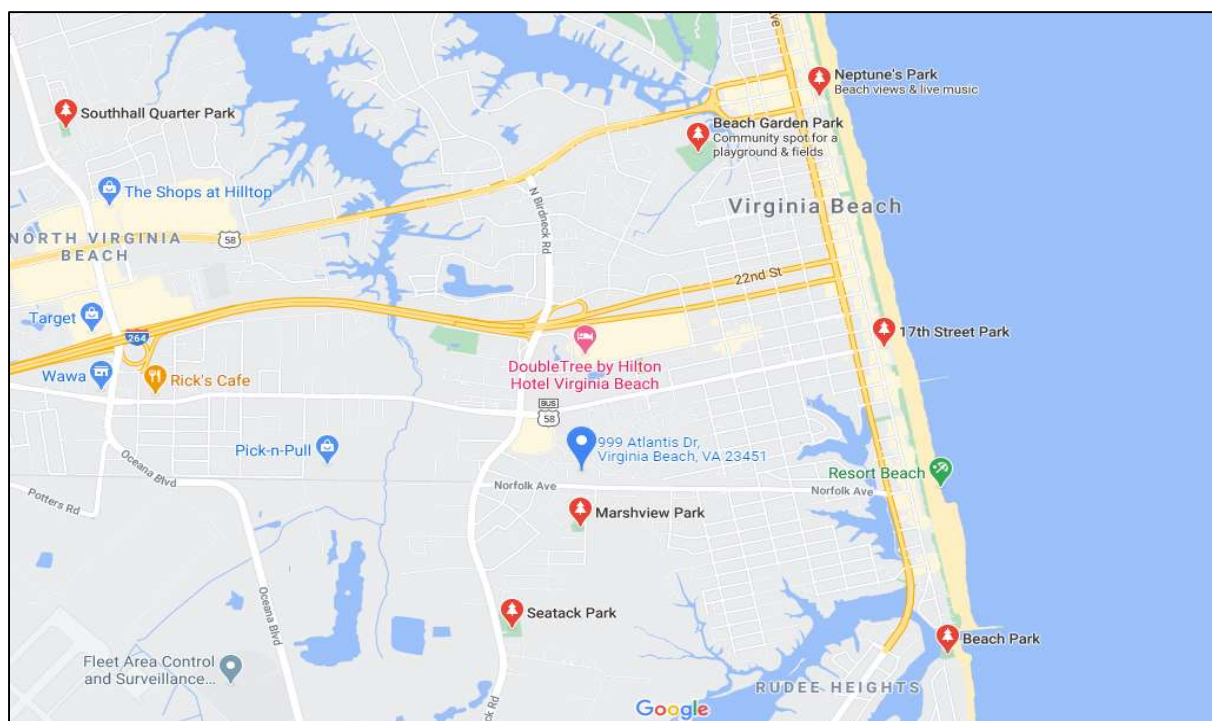
The subject property is located approximately 1.6 miles west of WT Cooke Elementary School, located on Mediterranean Avenue. Virginia Beach Middle School is located approximately 2 miles northeast of the subject property on 25<sup>th</sup> Street. A map of the subject property and surrounding schools is presented below.



## RECREATION

The subject property is located on Atlantis Drive, approximately 2 miles west of the Virginia Beach oceanfront. The oceanfront resort area contains a 3 three mile boardwalk with numerous high-rise resorts, restaurants and bars and other recreation uses, including the Virginia Beach Fishing Pier and Atlantic Fun Park.

There are many small parks and recreation areas scattered throughout the subject neighborhood. Marshview Park is located 1.1 miles south of the subject property. Beach Garden Park is located 2.6 miles northeast of the subject property and contains a children’s playground and ballfields. A map of the subject property and surrounding parks is presented below.



## PUBLIC TRANSPORTATION

The subject’s location on Atlantis Drive is residential in nature. Hampton Roads Transit bus line has stops all along Virginia Beach Boulevard, to the north of the subject. This line also provides access to downtown Norfolk and Naval Station Norfolk. The subject property is also located approximately 18 miles southeast of Norfolk International Airport and approximately 100 miles southeast of Richmond International Airport.

## SHOPPING/MEDICAL FACILITIES

The subject property is centrally located to a large amount of shopping and office uses. The subject is located approximately one half mile from the intersection of Virginia Beach Boulevard and Birdneck Road, where Birdneck Shopping Center is located. This shopping center contains a Food Lion grocery store, Dunkin’ Donuts, O’Reilly Auto Parts, as well as a salon and multiple fast casual dining options. Just east of Birdneck Shopping Center, also along Virginia Beach Boulevard is a Dollar General, AutoZone and a gas station. Sentara Virginia Beach General Hospital is located approximately 3.8 miles northwest of the subject property on First Colonial Road.



**EMPLOYMENT**

A review of the top 10 employers in the Virginia Beach area is as follows:

COMPANY	TYPE OF BUSINESS	CIVILIAN EMPLOYEES
Naval Air Station Oceana-Dam Neck	Military Base (Civilian Employees)	5,850
Sentara Healthcare	Medical and Surgical Hospitals	5,200
Joint Expeditionary Base Little Creek/Ft. Story	Military Base (Civilian Employees)	3,600
GEICO General Insurance Company	Auto and Other Vehicle Insurance Carriers	2,700
General Growth Properties (Lynnhaven Mall)	Retail Trade	2,600
Gold Key/PHR Hotels & Resorts	Developer, Owner and Operator of Hotels	2,365
STIHL Incorporated	North American Headquarters; Power Tools Manufacturer	2,113
Amerigroup (Anthem)	Corporation Insurance Carriers	1,850
Navy Exchange Service Command	Headquarters; military and government exchange retail	1,550
Westminster-Canterbury on Chesapeake Bay	Retirement/healthcare	848

Source: Virginia Beach Economic Development

**SUPPLY AND DEMAND**

The apartment market in the subject trade area is a market with relatively strong demand. Its location near major highways makes this area a prime location. The population of the area is composed primarily of younger workers. The potential tenants for the subject development include existing households who now live in the trade area. It will appeal to potential tenants who have incomes to pay the proposed rents and find the development attractive in terms of price and amenities. It also will attract households that the trade area gains between now and when the development is ready for occupancy. The trade area is gaining 608 households per year.

We have surveyed several market rate projects in the trade area. A review of market rentals from these projects were as follows:

ONE BEDROOM GRID

Create New Grid		OMB Approval # 2502-0507 (exp. 04/30/2021)									
Rent Comparability Grid		Unit Type → 1 Bedroom				Subject's FHA #: VA361000001					
Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Atlantis Apartments		The Courtyards of Chanticleer		South Beach Apartments		Lindholm Bay Apartments		226 Oceana		Ocean Pebbles Apartments	
999 Atlantis Drive		1416 Tauxea Court		472 Eden Rock Circle		1201 Waterfront Drive		1101 Four Seasons Court and 201 Birch Tree Court		1041 Ocean Pebbles Way	
Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City	
Data		Data		Data		Data		Data		Data	
Subject		Subject		Subject		Subject		Subject		Subject	
Rents Charged		Rents Charged		Rents Charged		Rents Charged		Rents Charged		Rents Charged	
1 S Last Rent / Restricted?		\$1,275		\$1,585		\$1,445		\$993		\$1,010	
2 Date Last Leased (mo/yr)		Nov-20		Nov-20		Nov-20		Nov-20		Nov-20	
3 Rent Concessions		None		None		None		None		None	
4 Occupancy for Unit Type		97%		97%		91%		99%		100%	
5 Effective Rent & Rent/ sq ft		\$1,275 2.13		\$1,585 1.84		\$1,445 1.85		\$993 1.25		\$1,010 1.40	
In Parts B thru E, adjust only for differences the subject's market values.											
B. Design, Location, Condition		Data		Data		Data		Data		Data	
6 Structure / Stories		WU2		WU2		E4		WU3		WU2	
7 Yr. Built/Yr. Renovated		1970/2005		1966/2004		2001/2020		1972		1986	
8 Condition / Street Appeal		A		A		G		A		A	
9 Neighborhood		A		A		A		A		A	
10 Same Market? Miles to Subj		Y<2.5		Y1.1		Y1.1		Y1.4		Y<0.1	
C. Unit Equipment/ Amenities		Data		Data		Data		Data		Data	
11 # Bedrooms		1		1		1		1		1	
12 # Baths		1.0		1.0		1.0		1.0		1.0	
13 Unit Interior Sq. Ft.		649		600		860		780		795	
14 Balcony/ Patio		N		N		Y		Y		Y	
15 ACS/ Central Wall		C		C		C		C		C	
16 Range/ refrigerator		RF		RF		RF		RF		RF	
17 Microwave/ Dishwasher		N/D		N/D		M/D		M/D		N/D	
18 Washer/Dryer		L		WD		WD		WD		WD	
19 Floor Coverings		C/VT		C/VT		C/VT		C/VT		C/VT	
20 Window Coverings		B		B		B		B		B	
21 Cable/ Satellite/ Internet		CI		CI		CI		CI		CI	
22 Special Features		N		N		N		N		N	
23											
D. Site Equipment/ Amenities		Data		Data		Data		Data		Data	
24 Parking (5 Fee)		L/50		L/50		L/50		L/50		L/50	
25 Extra Storage		N		N		Y		Y		Y	
26 Security		V&P		N		N		N		N	
27 Clubhouse/ Meeting Rooms		C		N		C		N		C	
28 Pool/ Recreation Areas		R		P/R		P/E		P/E/R		P/E/R	
29 Business Center		BC		N		N		N		N	
30 Service Coordination		N		N		N		N		N	
31 Non-shelter Services		Y		N		N		N		N	
32 Neighborhood Networks		N		N		N		N		N	
33											
E. Utilities		Data		Data		Data		Data		Data	
34 Heat (in rent? type)		N/E		N/E		N/E		N/E		N/E	
35 Cooking (in rent? type)		N/E		N/E		N/E		N/E		N/E	
36 Hot Water (in rent? type)		N/E		N/E		N/E		N/E		N/E	
37 Other Electric		N		N		N		N		N	
38 Cold Water/ Sewer		Y/Y		N/N		N/N		N/N		Y/Y	
39 Trash/ Recycling		Y		N		N		N		Y	
40 # Adjustments Recap		Pos		Neg		Pos		Neg		Pos	
41 # Adjustments B to D		5		2		3		6		4	
42 Sum Adjustments B to D		\$105		(\$45)		\$50		(\$100)		\$50	
43 Sum Utility Adjustments		\$30		\$0		\$30		\$0		\$0	
44 Net Gross Adjustments B to E		Net		Gross		Net		Gross		Net	
45 Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
46 Adjusted Rent (\$+43)		\$1,365		\$1,472		\$1,405		\$983		\$985	
47 Adj Rent/ Last rent		107%		92%		97%		99%		98%	
48 Estimated Market Rent		\$1,225		\$1.89		← Estimated Market Rent/ Sq. Ft					

Appraiser's Signature: \_\_\_\_\_ Date: 11/9/2020

Attached are explanations of: \_\_\_\_\_

Grid was prepared:  Manually  Using HUD's Estel Form

Form HUD-92273-88 (04/2002)

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

**TWO BEDROOM GRID**

Create New Grid		OMB Approval # 2502-0507 (exp. 04/30/2021)									
Rent Comparability Grid		Unit Type → 2 Bedroom				Subject's FHA #: VA361000001					
Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Atlantis Apartments		The Courtyards of Chanticleer		South Beach Apartments		Lindholm Bay Apartments		226 Oceana		Ocean Pebbles Apartments	
999 Atlantis Drive		1416 Tauxea Court		472 Eden Rock Circle		1201 Waterfront Drive		1101 Four Seasons Court and 201 Birch Tree Court		1041 Ocean Pebbles Way	
Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City	
Data		Data		Data		Data		Data		Data	
Subject		Subject		Subject		Subject		Subject		Subject	
Rents Charged		Rents Charged		Rents Charged		Rents Charged		Rents Charged		Rents Charged	
1 S Last Rent / Restricted?		\$1,352		\$1,656		\$1,582		\$1,020		\$1,215	
2 Date Last Leased (mo/yr)		Nov-20		Nov-20		Nov-20		Nov-20		Nov-20	
3 Rent Concessions		None		None		None		None		None	
4 Occupancy for Unit Type		97%		97%		91%		99%		100%	
5 Effective Rent & Rent / sq ft		\$1,352 1.50		\$1,656 1.38		\$1,582 1.48		\$1,020 1.28		\$1,215 1.23	
In Parts B thru E, adjust only for differences the subject's market values.											
Data		Data		Data		Data		Data		Data	
S Adj		S Adj		S Adj		S Adj		S Adj		S Adj	
6 Design, Location, Condition		WU:2		E:4 (\$17)		WU:3		WU:2		WU:2	
7 Structure / Stories		1970:2005		2001:2020		1972		1986		1984	
8 Yr. Built/Yr. Renovated		A		G (\$83)		A		A		A	
9 Condition / Street Appeal		A		A		A		A		A	
10 Neighborhood		A		A		A		A		A	
11 Same Market? Miles to Subj		Y:2.5		Y:1.1		Y:1.4		Y:<0.1		Y:0.1	
Data		Data		Data		Data		Data		Data	
S Adj		S Adj		S Adj		S Adj		S Adj		S Adj	
12 Unit Equipment/ Amenities		2		2		2		2		2	
13 # Bedrooms		2		2		2		2		2	
14 # Baths		1.0		1.5 (\$25)		2.0 (\$100)		1.0		2.0 (\$100)	
15 Unit Interior Sq. Ft.		849		900 (\$105)		1070 (\$65)		795 \$30		987 (\$30)	
16 Balcony/ Patio		N		Y (\$5)		Y (\$5)		Y (\$5)		Y (\$5)	
17 ACS/ Central Wall		C		C		C		C		C	
18 Range/ refrigerator		RF		RF		RF		RF		RF	
19 Microwave/ Dishwasher		N:D		M:D (\$5)		M:D (\$5)		N:D		N:D	
20 Washer/Dryer		L		WD (\$25)		WD (\$25)		WD (\$25)		WD (\$25)	
21 Floor Coverings		C:VT		C:VT		C:VT		C:VT		C:VT	
22 Window Coverings		B		B		B		B		B	
23 Cable/ Satellite/ Internet		CI		CI		CI		CI		CI	
24 Special Features		N		N		N		N		N	
Data		Data		Data		Data		Data		Data	
S Adj		S Adj		S Adj		S Adj		S Adj		S Adj	
25 Site Equipment/ Amenities		L:50		L:50		L:50		L:50		L:50	
26 Parking (5 Fee)		N		N		Y (\$5)		N		Y (\$5)	
27 Extra Storage		N		N		N		N		N	
28 Security		V&P		N \$10		N \$10		N \$10		N \$10	
29 Clubhouse/ Meeting Rooms		C		C		C		C		C	
30 Pool/ Recreation Areas		R		P:R (\$30)		P:R (\$35)		P:R (\$35)		P:R (\$40)	
31 Business Center		BC		N \$10		N \$10		N \$10		N \$10	
32 Service Coordination		N		N		N		N		N	
33 Non-shelter Services		Y		N \$30		N \$30		N \$30		N \$30	
34 Neighborhood Networks		N		N		N		N		N	
Data		Data		Data		Data		Data		Data	
S Adj		S Adj		S Adj		S Adj		S Adj		S Adj	
35 Heat (in rent? type)		N:E		N:E		N:E		N:E		N:E	
36 Cooking (in rent? type)		N:E		N:E		N:E		N:E		N:E	
37 Cooking (in rent? type)		N:E		N:E		N:E		N:E		N:E	
38 Hot Water (in rent? type)		N:E		N:E		N:E		N:E		N:E	
39 Other Electric		N		N		N		N		N	
40 Cold Water/ Sewer		Y:Y		N:N \$20		N:N \$20		N:N \$20		Y:Y	
41 Trash/ Recycling		Y		N \$10		N \$10		N \$10		Y	
Pos		Neg		Pos		Neg		Pos		Neg	
42 # Adjustments Recap		4		3		8		3		6	
43 Sum Adjustments B to D		\$60 (\$70)		\$50 (\$120)		\$50 (\$140)		\$00 (\$65)		\$50 (\$205)	
44 Sum Utility Adjustments		\$30 \$0		\$30 \$0		\$30 \$0		\$30 \$0		\$0 \$0	
45 Net Gross Adjustments B to E		\$20 \$160		(\$340) \$400		(\$500) \$220		\$35 \$185		(\$155) \$235	
Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
46 Adjusted & Market Rents		\$1,372		\$1,416		\$1,522		\$1,075		\$1,060	
47 Adj Rent/ Last rent		101%		89%		99%		105%		87%	
48 Estimated Market Rent		\$1,325		\$1,56		← Estimated Market Rent/ Sq. Ft					

Appraiser's Signature: \_\_\_\_\_ Date: 11/9/2020

Attached are explanations of: \_\_\_\_\_

Grid was prepared:  Manually  Using HUD's Estel Form

Using HUD's Estel Form form HUD-92273-S8 (04/2002)

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

**THREE BEDROOM GRID**

Create New Grid		OMB Approval # 2502-0507 (exp. 04/30/2021)									
Rent Comparability Grid		Unit Type → 3 Bedroom				Subject's FHA #: VA361000001					
Subject		Comp #1		Comp #2		Comp #3		Comp #4		Comp #5	
Atlantis Apartments		The Courtyards of Chanticleer		South Beach Apartments		Lindholm Bay Apartments		226 Oceana		Ocean Pebbles Apartments	
999 Atlantis Drive		1416 Taurus Court		472 Eden Rock Circle		1201 Waterfront Drive		1101 Four Seasons Court and 301 Birch Tree Court		1041 Ocean Pebbles Way	
Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City		Virginia Beach, Virginia Beach City	
Rents Charged		Data S Adj		Data S Adj		Data S Adj		Data S Adj		Data S Adj	
1	S Last Rent / Restricted?	\$1,733		\$2,306		\$1,918		\$1,605		\$1,335	
2	Date Last Leased (mo/yr)	Nov-20		Nov-20		Nov-20		Nov-20		Nov-20	
3	Rent Concessions	None		None		None		None		None	
4	Occupancy for Unit Type	97%		97%		91%		99%		100%	
5	Effective Rent & Rent/sq ft	\$1,733	1.35	\$2,306	1.69	\$1,918	1.65	\$1,605	1.47	\$1,335	1.30
In Parts B thru E, adjust only for differences the subject's market values.											
B. Design, Location, Condition		Data S Adj		Data S Adj		Data S Adj		Data S Adj		Data S Adj	
6	Structure / Stories	WU2		WU2		WU3		WU2		WU2	
7	Yr. Built/Yr. Renovated	1970/2005		1966/2004		2001/2020		1972		1986	
8	Condition / Street Appeal	A		A		G		A		A	
9	Neighborhood	A		A		A		A		A	
10	Same Market? Miles to Subj	Y2.5		Y1.1		Y1.4		Y<0.1		Y0.1	
C. Unit Equipment/ Amenities		Data S Adj		Data S Adj		Data S Adj		Data S Adj		Data S Adj	
11	# Bedrooms	3		3		3		3		3	
12	# Baths	1.5		2.5	(\$100)	2.0	(\$25)	2.0	(\$25)	2.0	(\$25)
13	Unit Interior Sq. Ft.	1065		1280	(\$55)	1368	(\$105)	1160		1089	\$30
14	Balcony/ Patio	N		N		Y	(\$5)	Y	(\$5)	Y	(\$5)
15	AC/ Central Wall	C		C		C		C		C	
16	Range/ Refrigerator	RF		RF		RF		RF		RF	
17	Microwave Dishwasher	N/D		N/D		M/D	(\$5)	M/D	(\$5)	N/D	
18	Washer/Dryer	L		WD	(\$25)	WD	(\$25)	WD	(\$25)	WD	(\$25)
19	Floor Coverings	CVT		CVT		CVT		CVT		CVT	
20	Window Coverings	B		B		B		B		B	
21	Cable/ Satellite/ Internet	CI		CI		CI		CI		CI	
22	Special Features	N		N		N		N		N	
D. Site Equipment/ Amenities		Data S Adj		Data S Adj		Data S Adj		Data S Adj		Data S Adj	
24	Parking (5 Fee)	L/50		L/50		L/50		L/50		L/50	
25	Extra Storage	N		N		Y	(\$5)	N		Y	(\$5)
26	Security	V&P	\$10	N	\$10	N	\$10	N	\$10	N	\$10
27	Clubhouse/ Meeting Rooms	C	\$10	C	\$10	C	\$10	C	\$10	C	\$10
28	Pool/ Recreation Areas	R	(\$20)	P/R	(\$30)	P/R	(\$35)	P/R	(\$35)	P/R	(\$40)
29	Business Center	BC	\$10	N	\$10	N	\$10	N	\$10	N	\$10
30	Service Coordination	N		N		N		N		N	
31	Non-shelter Services	Y	\$30	N	\$30	N	\$30	N	\$30	N	\$30
32	Neighborhood Networks	N		N		N		N		N	
E. Utilities		Data S Adj		Data S Adj		Data S Adj		Data S Adj		Data S Adj	
33	Heat (in rent? type)	N/E		N/E		N/E		N/E		N/E	
34	Cooling (in rent? type)	N/E		N/E		N/E		N/E		N/E	
35	Cooking (in rent? type)	N/E		N/E		N/E		N/E		N/E	
36	Hot Water (in rent? type)	N/E		N/E		N/E		N/E		N/E	
37	Other Electric	N		N		N		N		N	
38	Cold Water/ Sewer	Y/Y	\$20	N/N	\$20	N/N	\$20	N/N	\$20	Y/Y	
39	Trash/ Recycling	Y	\$10	N	\$10	N	\$10	N	\$10	Y	
F. Adjustments Recap		Pos Neg		Pos Neg		Pos Neg		Pos Neg		Pos Neg	
40	# Adjustments B to D	4	4	3	8	3	6	4	4	4	5
41	Sum Adjustments B to D	\$60	(\$200)	\$50	(\$204)	\$50	(\$100)	\$60	(\$90)	\$80	(\$100)
42	Sum Utility Adjustments	\$30	\$0	\$30	\$0	\$30	\$0	\$30	\$0	\$0	\$0
G. Adjusted & Market Rents		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent		Adj. Rent	
43	Net Gross Adjustments B to E	(\$110)	\$790	(\$184)	\$344	(\$210)	\$180	\$0	\$180	(\$20)	\$180
44	Adjusted Rent (5-43)	\$1,623		\$2,122		\$1,898		\$1,605		\$1,315	
45	Adj Rent/ Last rent		94%		92%		99%		100%		99%
46	Estimated Market Rent	\$1,675	\$1.57	Estimated Market Rent/ Sq. Ft							

Based on the previous comparables the market rents for the subject property were estimated as follows:

**CONCLUDED MARKET RENTS**

Estimated Market Rent							
Unit Type		Size	No. of	Market Rent		Annual	Total
BR	BA	(SF)	Units	Monthly	Per SF	Rent	Sq Ft
1	1	649	20	\$1,225	\$1.89	\$294,000	12,980
2	1	849	94	\$1,325	\$1.56	\$1,494,600	79,806
3	1.5	1,065	92	\$1,675	\$1.57	\$1,849,200	97,980
<b>Totals</b>		<b>925</b>	<b>208</b>	<b>\$1,457</b>	<b>\$1.58</b>	<b>\$3,637,800</b>	<b>192,464</b>

In addition to their monthly rent the tenants will pay for electric.

**AFFORDABLE HOUSING**

In the state and the nation there seems to be a shortage of affordable housing. More than 40% of the working poor renters nationwide spend more than half of their income on rent and utilities. Affordable housing is a problem in Virginia Beach and the state of Virginia. In talking with property managers there is good demand for affordable housing in the area. The tables below illustrate the market rent of a typical apartment, the income needed and the hourly wage to afford in the state, county and subjects primary trade area.

**TYPICAL FAIR MARKET RENTS FOR THE STATE OF VIRGINIA AND VIRGINIA BEACH CITY**

Location	Studio	One Bedroom	Two Bedroom	Three Bedroom
Virginia	\$1,008	\$1,052	\$1,229	\$1,639
Virginia Beach City	\$952	\$958	\$1,136	\$1,603

\*Typical FMR from National Low-Income Housing Coalition (NLIHC)

Based on our concluded market rents in this report the wage needed to afford a market-based apartment in the subject trade area is as follows:

**TRADE AREA – MARKET BASED APARTMENTS**

	Type	Market Rent*	Income Needed to Afford	Hourly Wage Needed to Afford
Primary Trade Area	1 BR	\$1,225	\$49,000	\$23.56
	2 BR	\$1,325	\$53,000	\$25.48
	3 BR	\$1,675	\$67,000	\$32.21

\*See previous pages for concluded market rent

**TRADE AREA HOUSEHOLDS UNABLE TO AFFORD AN APARTMENT**

Unit Type	Estimated Percentage Unable to Afford	Number of Households Unable to Afford
1 Bedroom	28.34%	48,500
2 Bedroom	29.22%	50,000
3 Bedroom	37.99%	65,000

The previous tables reflect market rents in the primary trade area. There is a sizable number of households who cannot afford to rent a market-based apartment in this area. In our primary trade area, about 38% of the households are unable to afford the market rent on a three-bedroom apartment. This is a sizable amount and there definitely is a need for affordable housing units in the primary trade area.

### AFFORDABLE HOUSING (CONT.)

Per Virginia Housing, median family income for the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro Area is \$75,000. The LIHTC income limits are as follows:

Virginia Beach city								
MSA: Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro FMR Area								
Median Income: \$75,000.00								
Percentage	One	Two	Three	Four	Five	Six	Seven	Eight
30%	\$16,700.00	\$19,050.00	\$21,450.00	\$25,750.00	\$30,170.00	\$34,590.00	\$39,010.00	\$43,430.00
40%	\$22,240.00	\$25,400.00	\$28,560.00	\$31,720.00	\$34,280.00	\$36,800.00	\$39,360.00	\$41,880.00
50%	\$27,800.00	\$31,750.00	\$35,700.00	\$39,650.00	\$42,850.00	\$46,000.00	\$49,200.00	\$52,350.00
60%	\$33,360.00	\$38,100.00	\$42,840.00	\$47,580.00	\$51,420.00	\$55,200.00	\$59,040.00	\$62,820.00
80%	\$44,450.00	\$50,800.00	\$57,150.00	\$63,450.00	\$68,550.00	\$73,650.00	\$78,700.00	\$83,800.00

The subject property has one-, two- and three-bedroom units. The target of potential tenants will be families with income levels between about \$38,100 and \$51,420. This represents about 8% of the trade area or about 14,000 households. If the property were to target households in the 50% threshold, it would target families with income levels between about \$31,750 and \$42,850. This represents about 9% of the trade area or \$16,000 households.

We have reviewed low-moderate income projects within the area that could be competitive with the subject property as follows:

### VIRGINIA BEACH LOW-MODERATE INCOME PROJECTS

Property Name	VHDA#	Street Address	City	Zip	Jurisdiction	Tax Credit Units	Total Units	Target Type	Cycle Name	Building Type
200 West I	9841	200 Price Street	Virginia Beach	23462	Virginia Beach City	152	152	General	2017 9% Competitive	
200 West II	9872	200 Price Street	Virginia Beach	23462	Virginia Beach City	112	112	General	2017 4% Tax Exempt	New Construction
Aden Park Townhomes	6791	5161 Weaver Drive	Virginia Beach	23462	Virginia Beach City	125	125	General	1999 9% Competitive	Rehabilitation
Baker Woods	9585	544 Baker Road	Virginia Beach	23462	Virginia Beach City	96	96	General	2013 9% Competitive	New Construction
Cedar Grove	9457	904 Broad Meadows Boulevard	Virginia Beach	23462	Virginia Beach City	32	32	General	2012 9% Non Competitive	New Construction
Citywide Homes 2001	8788	604 Cedar Springs Court	Virginia Beach	23462	Virginia Beach City	32	32	General	2001 9% Competitive	Acquisition/Rehab
Cloverleaf	9270	964 S. Military Highway	Virginia Beach	234643512	Virginia Beach City	60	60	General	2007 9% Competitive	Adaptive Reuse
Crescent Square	9589	1333 Diamond Springs Road	Virginia Beach	23455	Virginia Beach City	80	81	General	2013 9% Competitive	New Construction
Eastwyck Village	975	1201 Edenham Court	Virginia Beach	23464	Virginia Beach City	96	96	General	1993 9% Competitive	New Construction
Ebbetts Plaza	8996	512 Featherstone Court	Virginia Beach	23462	Virginia Beach City	90	90	General	2003 9% Competitive	Acquisition/Rehab
Friendship Village	4434	1235 Friendship Square	Virginia Beach	234513451	Virginia Beach City	110	110	General	1991 9% Competitive	Acquisition/Rehab
Greenlakes	8585	3218 Greenlakes Drive	Virginia Beach	234524915	Virginia Beach City	150	150	General	2002 9% Competitive	Acquisition/Rehab
Hamptons	997	5781 Lake Edward Drive	Virginia Beach	23462	Virginia Beach City	87	212	General	1999 4% Tax Exempt	Acquisition/Rehab
Hilltop South	8850	464 Lisa Square	Virginia Beach	234544932	Virginia Beach City	85	85	General	2002 9% Competitive	Acquisition/Rehab
Mayfair I and II	1049	5826 Newtown Arch, #103	Virginia Beach	23462	Virginia Beach City	40	196	General	1999 4% Tax Exempt	Acquisition/Rehab
Renaissance I	9920	273 N. Witchduck Road	Virginia Beach	23462	Virginia Beach City	96	96	General	2018 9% Competitive	New Construction
Renaissance II	9942	273 N. Witchduck Road	Virginia Beach	23462	Virginia Beach City	96	96	General	2018 4% Tax Exempt	New Construction
Sea Pines	7867	952 Maximus Square #101	Virginia Beach	234510000	Virginia Beach City	96	96	General	2001 4% Tax Exempt	Acquisition/Rehab
Summer Haven	9655	800 Baker Road	Virginia Beach	23462	Virginia Beach City	57	57	General	2015 9% Competitive	New Construction
Tallwood	1125	5705 Schoolhouse Road	Virginia Beach	23464	Virginia Beach City	120	120	General	1999 4% Tax Exempt	New Construction
Thalia Landing	7199	4101 Pine Oak Circle	Virginia Beach	234522318	Virginia Beach City	154	154	General	2000 9% Competitive	Acquisition/Rehab
Twin Canal Village	4066	1480 Drawbridge Circle	Virginia Beach	234532016	Virginia Beach City	300	300	General	2009 9% Competitive	Acquisition/Rehab
<b>Total</b>							<b>3,465</b>			

Source: Virginia Housing

**AFFORDABLE HOUSING (CONT.)**

There is a total of about 3,465 low-moderate income rental units in the area that would be competitive with the subject property. In surveying the area, talking with property managers and rental agents there currently appears a need to build more affordable housing units in the area. In addition to the forementioned existing developments, there are plans to construct an additional 38 affordable apartments along the Oceanfront, at 1053 Virginia Beach Boulevard. Therefore, there will be a total of 3,503 units in the market competitive with the subject property.

Given the foregoing demographic information, there is a need for additional affordable housing in the area. A moderate percentage of the population in this area are renters and most of the current housing stock is older. Management estimated the current awaiting list is approximately 2 to 3 years long for the 1 bedroom units and approximately 6 months to 1 year for the 2 and 3 bedroom units. There are currently 144 names on the waiting list.

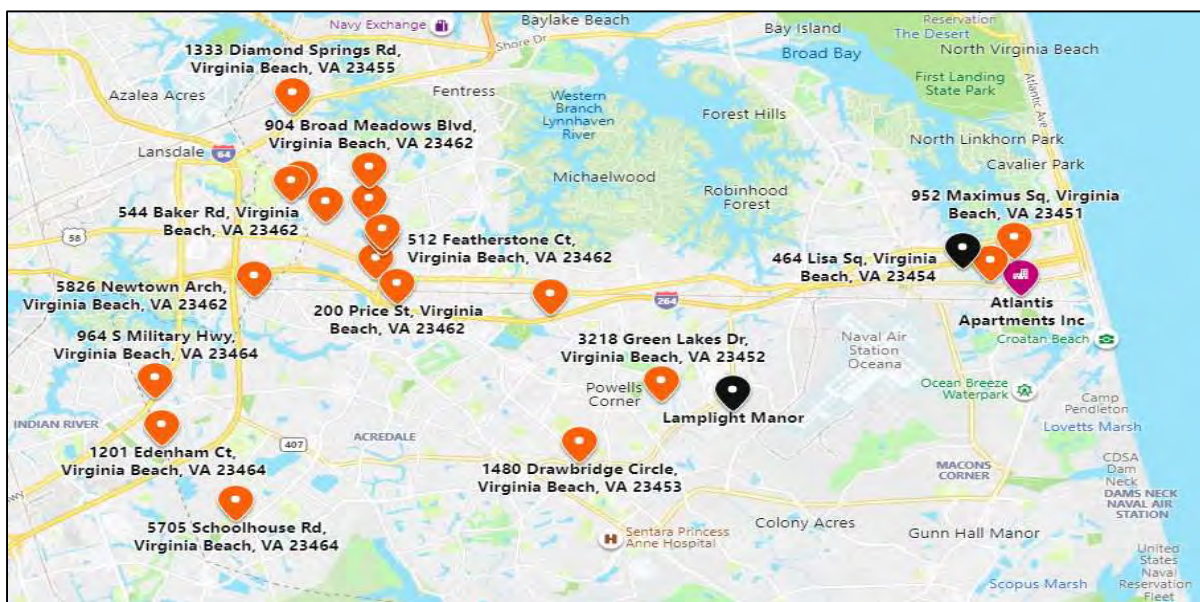
A survey of competing LIHTC projects in the area was completed and the following rentals were uncovered:

**SUMMARY OF LIHTC BASED RENTALS**

Comparable Market Rents	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8
	Aden Park Apartments	Baker Apartments	Eastwyck Village	Greenlakes Virginia Beach	Hilltop Village	Summer Haven	Talwood	Thalia Landing
<b>1 BR</b>								
Monthly Rent	\$824	NA	NA	\$735	\$640	\$660	NA	\$847
Rent Per Room	\$275			\$245	\$213	\$220		\$282
Rent Per Sq. Ft.	\$1.37			\$1.08	\$1.89	\$0.86		\$0.99
<b>2 BR</b>								
Monthly Rent	\$983	\$630	\$1,036	\$865	\$790	\$700	\$985	\$1,005
Rent Per Room	\$246	\$158	\$259	\$216	\$198	\$175	\$246	\$251
Rent Per Sq. Ft.	\$1.10	\$0.61	\$1.22	\$1.16	\$1.03	\$0.66	\$1.01	\$1.00
<b>3 BR</b>								
Monthly Rent	\$1,130	\$930	\$1,202	\$980	\$890	\$900	\$1,120	\$1,160
Rent Per Room	\$226	\$186	\$240	\$196	\$178	\$180	\$224	\$232
Rent Per Sq. Ft.	\$1.12	\$0.79	\$1.17	\$0.87	\$1.01	\$0.74	\$0.81	\$0.93

Most of the rentals in the market are reflecting between \$0.66 and \$1.89 per square foot.

A map of the subject and competing properties is presented as follows:



**AFFORDABLE HOUSING (CONT.)**

The market saturation level of the project was analyzed as follows:

	Households		Saturation Rates		
			Without Subject 3,465 Apt. Units	With Subject 3,673 Apt. Units	Subject Only 208 Apt. Units
<b>2010 Households</b>					
Total	165,094	-	2.10%	2.22%	0.13%
Income Qualified	13,208	8.0%	26.24%	27.81%	1.57%
<b>2020 Households</b>					
Total	171,118	-	2.02%	2.15%	0.12%
Income Qualified	13,689	8.0%	25.31%	26.83%	1.52%
<b>2025 Households</b>					
Total	174,159	-	1.99%	2.11%	0.12%
Income Qualified	13,933	8%	24.87%	26.36%	1.49%

The saturation rate reflects 26.83% which is considered aggressive.

We have also further analyzed the trade areas based on the VHDA guidelines. There are 171,118 total households in the immediate trade area and this is expected to grow by 3,041 households over the next five years. The number of renter households in the trade area is 59,378. The total estimated qualifying households in the 40% AMI is 26,641, 50% of AMI is 38,566, 60% of AMI is 49,243, market rate is 58,993 and the subject project is 40,566.

We have utilized demographic data from ESRI. Based on this data, the number of households is expected to increase and the City is expected to gain households with incomes over \$100,000. In the trade area, about 30 to 40% of the households are unable to afford the market rent (depending on unit type). Households who pay more than 30% percent of their gross income are rent overburdened. In Virginia, a household making less than \$3,000 a month (\$36,000 per year) would be considered overburdened. About 20% of the households in the trade area are overburdened. Although, we do not have data we have estimated that about 1% of the demand will come from households that currently live in substandard housing.

There are currently 65,273 elderly persons (over 65 years) in the trade area. This represents 14.40% of the population. Since the project will be newly renovated and some seniors will likely sell their home as they retire in order to have a carefree and no maintenance lifestyle we have also estimated a 4% demand from elderly households.



**AFFORDABLE HOUSING (CONT.)**

The subject project consists of 208 rentable units. The client advised that there will need to be off-site relocation for a majority of the tenants during the renovation, but no tenant will be permanently displaced. Therefore, we have concluded that all 208 tenants will remain after the renovation. The absorption period of 1 month is for the 2 units that are currently vacant. The client stated that the renovation period for the entire complex is 14 months, which reflects about 15 units per month. Therefore, we have concluded that the two vacant units could be renovated and absorbed within one month. The contractor will be working in groups of four units (i.e. one module), and will start by renovating one module every week. The maximum number of modules that the contractor will work on at the peak of the project is 16 units (four modules). The client advised that the renovations will take approximately four weeks per module. The current supply of units in this market is 3,503. Our analysis of the net demand was limited to the following:

Income Restrictions					
	Up to 40%	Up to 50%	Up to 60%	Market Rate	Project Total
New Rental Households	0	0	0	3,041	0
Existing Rental Households - Overburdened	5,328	7,713	9,849	11,799	8,113
Existing Households - Substandard Housing	266	386	492	590	406
Elderly Households - Likely to Convert to Rental Housing	1,066	1,543	1,970	2,360	1,623
Existing Qualifying Tenants - To Remain After Renovation	208	208	208	208	208
<b>Total Demand</b>	<b>6,868</b>	<b>9,850</b>	<b>12,519</b>	<b>17,997</b>	<b>10,350</b>
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	3,503	3,503	3,503	3,503	3,503
<b>Net Demand</b>	<b>3,365</b>	<b>6,347</b>	<b>9,016</b>	<b>14,494</b>	<b>6,847</b>
Proposed Units	0	0	0	0	0
<b>Capture Rate</b>	<b>6.18%</b>	<b>3.28%</b>	<b>2.31%</b>	<b>1.44%</b>	<b>3.04%</b>
Absorption Period - Months	-	-	-	-	1

**CONCLUSIONS**

A review of the subject’s strengths and weaknesses is as follows:

**Strengths**

- Subject property is centrally located in close proximity to the Virginia Beach resort area and oceanfront, shopping, medical centers, schools and recreational facilities, as well as downtown Norfolk.
- Subject property has good access to public transportation; there are bus stops located on Virginia Beach Avenue to the north of the subject.
- Units are of adequate size and design to attract potential renters
- Subject property offers a community room and a computer center. There is also an on-site daycare, playground, basketball court, laundry room and security cameras. Upon renovation, the units will also contain microwaves, dishwashers and garbage disposals, with stainless steel appliances. The complex will also offer a social services coordinator and there will be a new BBQ area.
- There is good demand for subsidized housing in this market, with an estimated 20% of households overburdened. Wait list is estimated by management to be approximately 1 to 3 years long, depending on the unit type..

## **CONCLUSIONS (CONT.)**

### **Weaknesses**

- There is currently a push to build more affordable housing in the nation. The subject property will have to maintain aggressive management and adequate maintenance to compete with newly constructed properties.

Overall, the subject property's location near the Virginia Beach oceanfront and in close proximity to shopping and services makes it attractive to potential renters. The subject property is located just south of Virginia Beach Boulevard and has good access to public transportation into Norfolk. There is good demand for housing in the immediate area, and based on demographic information, there should be continued demand for affordable housing in the subject's market area for the foreseeable future. With competent management and aggressive marketing, we feel the subject should continue to perform well in the market.

Due to the current Covid-19 (Corona) pandemic it is uncertain at this time what direct or indirect effect it will have on the economy and the real estate markets. Since, this is ongoing on a national scale, it's effect at this time cannot yet be quantified. Our value conclusions are based on information available as of the effective date of the report and we cannot make any representation as to the effect on the value of the subject property due to this event or any event subsequent to the effective date of the report.

## CERTIFICATION

Tony F. Kamand Jr., MAI and Jacqueline Marmur certify to the best of their 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 our personal, impartial, unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. We will maintain confidentiality and privacy of customer/client information obtained during the course of this assignment.
6. Our engagement in this assignment was 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 use of this appraisal.
7. Our compensation for the preparation of this report is not in any way contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, or a minimum valuation, the attainment of a stipulated result, the approval of a loan, or the occurrence of a subsequent event.
8. Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
9. We have made a personal inspection of the property that is the subject of this report.
10. No one provided significant professional assistance to the undersigned in the preparation of the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.
11. We comply with the Competency Provision in USPAP as adopted in FIRREA and have sufficient education and experience to perform the appraisal of the subject property.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. We performed a desktop rent comparability study on the property on September 30, 2020 and a rent comparability study on the property on November 5, 2020.
14. The undersigned will be responsive to any inquiries during any review process that are part of this assignment. In addition, if contacted by the client's loan production staff (if applicable) we will immediately direct the inquiry to the client's appraiser or their designee of said inquiry.
15. As of the date of this report, Tony F. Kamand Jr. has completed the requirements under the continuing education program of the Appraisal Institute, and is currently a state certified general real estate appraiser in the state in which the subject of this report is located.



Tony F. Kamand Jr., MAI  
NJ Certified General Real Estate Appraiser, No. RG-668  
VA Temporary Practice Permit No. 4005019320



Jacqueline Marmur  
NJ Certified General Real Estate Appraiser, No. RG-2523

## **UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS**

This specific appraisal report is subject to the following underlying assumptions and limiting conditions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. There are no existing judgments or pending or threatened litigation, which could affect the value of the property.
3. The property is appraised free and clear of any liens and encumbrances unless otherwise stated.
4. Responsible ownership and competent property management are assumed.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
6. All engineering studies are assumed to be correct. Any illustrative material in this report is included only to help the reader visualize the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
8. It is assumed that the property is in full compliance with all federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
9. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
11. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
12. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
13. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
14. An appraisal is inherently subjective and represents only an estimate of a property's fair market value.
15. No environmental impact studies were conducted in conjunction with this appraisal, and our value opinions are subject to revision based upon any such studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
16. Any income and expense estimates contained in this appraisal are used only for the purpose of estimating current fair market value and do not constitute predictions of future operating results.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication.

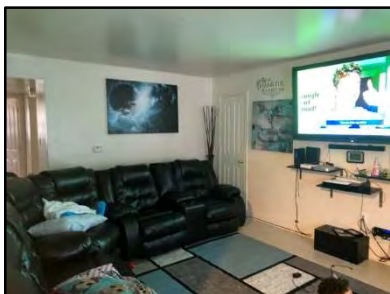
## UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

18. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
19. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
20. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
21. Any proposed improvements are assumed to have been completed unless otherwise stipulated; any construction is assumed to conform to the building plans referenced in the report.
22. The forecasts, projections, or estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
23. We reserve the right to require, as a condition to our rendering an opinion as to value, the engagement of professional experts in certain disciplines. The engagement of any such expert and the compensation of such expert shall be solely the responsibility of the client.
24. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from these Underlying Assumptions and Limiting Conditions.
25. This appraisal is made with the understanding that the subject can obtain a negative declaration from the Department of Environmental Protection pursuant to the regulations and requirements of the Environmental Cleanup Responsibility Act of 1983 (ECRA), as amended. This act requires as a pre-condition of any cessation of operation or the transfer of real property, which used or stored regulated hazardous substances, the testing, cleanup and disposal of any such material. The appraisers are not qualified to determine the existence of any such hazardous material and therefore, have expressed a value of the subject property as if free and clear of any such substances.
26. In conjunction with the preceding paragraph, the appraisers have not been apprised of, nor are they qualified to ascertain, the existence of Radon, a radioactive gas that occurs naturally in the soil of certain identified areas. This gas, in concentrated form has been shown to be detrimental and its existence would create a negative impact on value. As in the above instance, the value estimate assumes the subject is free and clear of Radon gas.
27. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject.

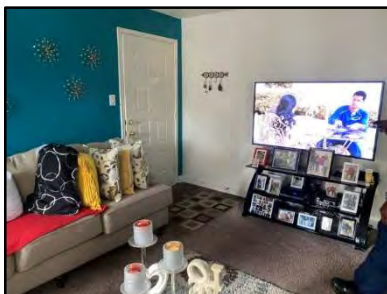
The Appraisal Institute conducts a continuing education program for its designated members. Tony F. Kamand Jr., MAI is currently certified under this program.

# ADDENDA

## INTERIOR AND ADDITIONAL PHOTOGRAPHS OF SUBJECT PROPERTY



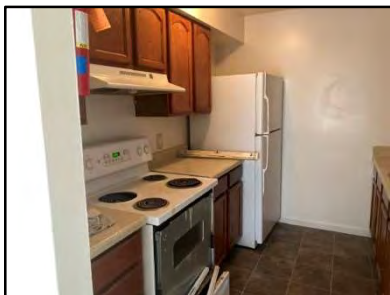
View of typical living room



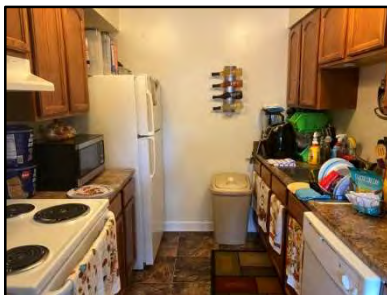
View of typical living room



View of typical living room in vacant unit



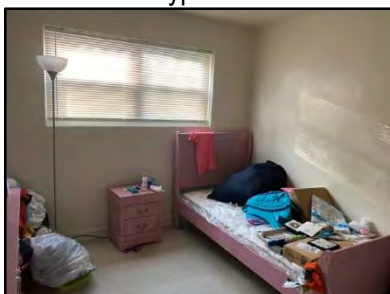
View of typical kitchen



View of typical kitchen



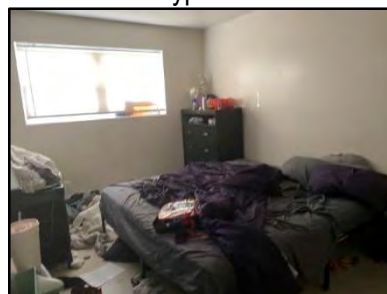
View of typical kitchen



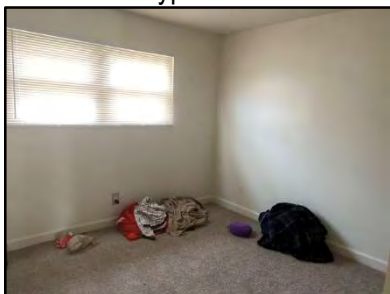
View of typical bedroom



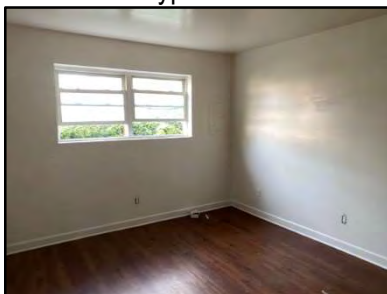
View of typical bedroom



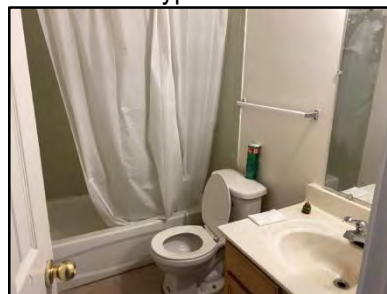
View of typical bedroom



View of typical bedroom in vacant unit



View of typical bedroom in vacant unit

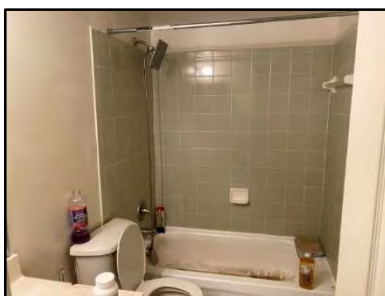


View of typical bathroom

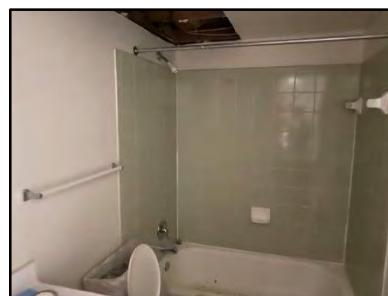
## INTERIOR AND ADDITIONAL PHOTOGRAPHS OF SUBJECT PROPERTY (CONT.)



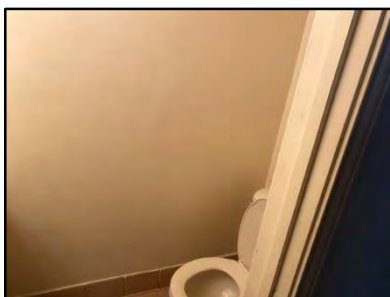
View of typical bathroom



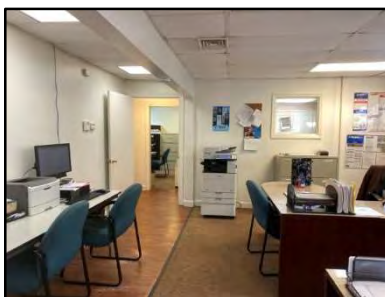
View of typical bathroom



View of typical bathroom in vacant unit



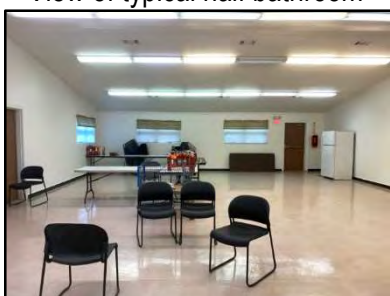
View of typical half bathroom



View of management office



View of community room



View of community room



View of computer room



View of laundry room



View of typical hot water heater



View of typical electric panel in apartment



# COMPARABLE MARKET RENTALS

## Multi-Family Lease No. 1

<b>Property Identification</b>					
Record ID	36734				
Property Name	The Courtyards of Chanticleer				
Location	1416 Taureau Court, Virginia Beach, Virginia 23451				
County / Borough	Virginia Beach City				
Assessor's Parcel #	24170833830000				
Owner	PRG Real Estate Management, Inc.				
Property Type	Garden, Low-Rise				
Subsidized	No				
LIHTC Project	No				
<b>Verification</b>					
Lease Date Verification	11-20-2020				
Verification Name	Fahad - Rental Agent				
Phone Number	(877) 569-6594				
Occupancy	97.0%				
Confirmed By	Jackie Marmur				
<b>Physical Data</b>					
Total Units in Project	304	Stories	2	Elevators	No
Land Size (Acres)	24.270	Year Built	1966	Condition	Average
Land Size (Sq. Ft.)	1,057,201	Major Renovations - Year	Yes	2004	
Parking Type	Lined				
Ratio - Spaces per Unit	1.91				
<b>Project Amenities</b>					
Storage	No	Fitness Area/Room	No	Concierge	No
Intercom	Buzzer	Basketball Court	No	On-Site Management	Yes
Security Patrol	No	Playground / Picnic Area	No / Yes	Service Coordination	No
Security Cameras	No	Courtyard	Yes	Non-Shelter Services	No
Clubhouse	No	Recreation Area	No	Neighborhood Network	No
Community Room	No	Outdoor / Indoor Pools	1 / 0		
Business Center	No	Tennis Cts. – Ind. / Outdoor	No / No		
Computer Center	No	Laundry Room	Yes		
<b>Unit Amenities</b>					
Balcony/Patio	No	W/D in Unit	Yes	Pull Cords	No
Air Conditioning	central	W/D Hook Ups in Unit	No	Grab Bars	No
Cable/Satellite	Yes			Handrails	No
Floor Coverings	Carpet and vinyl tile				
Other Unit Amenities	Washer/dryer in select units				
<b>Kitchen Equipment</b>					
Stove	Yes	Dishwasher	Yes	Disposal	Yes
Refrigerator	Yes	Microwave	No		
<b>Tenant Expenses</b>					
		<b>Type</b>			
Tenant Pays Heat	Yes	Electric	Tenant Pays Cold Water	Yes	
Tenant Pays Cooking	Yes	Electric	Tenant Pays Sewer	Yes	
Tenant Pays Hot Water	Yes	Electric	Tenant Pays Trash	Yes	
Tenant Pays Electric	Yes			Tenant Pays Cable	Yes
<b>Unit Mix and Rentals</b>					
In the Unit Mix table below the <b>bold type</b> designates unit type that was used. Information regarding unit mix and unit sizes was taken from public information and/or the property management. The unit mix reflects the total unit types in the building. Some unit types may have been averaged and may not individually reflect every single unit in the building, however they are representative of the comparable and its different unit types.					

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
3-1-1	<b>1 Bd 1.0 Ba</b>	116	600	69,600	\$1,275	\$147,900	\$2.12	38%
4-2-1.5	<b>2 Bd 1.5 Ba</b>	128	900	115,200	\$1,352	\$173,056	\$1.50	42%
5-3-2.5	<b>3 Bd 2.5 Ba</b>	52	1,280	66,560	\$1,733	\$90,116	\$1.35	17%
6-4-2.5	4 Bd 2.5 Ba	8	1,580	12,640				3%

### Multi-Family Lease No. 2

<b>Property Identification</b>					
Record ID	36736				
Property Name	South Beach Apartments				
Location	472 Eden Rock Circle, Virginia Beach, Virginia 23451				
County / Borough	Virginia Beach City				
Assessor's Parcel #	24176608990000				
Owner	Gumenick Properties				
Property Type	Garden, Low-Rise				
Subsidized	No				
LIHTC Project	No				
<b>Verification</b>					
Lease Date Verification	11-20-2020				
Verification Name	Beth - Rental Agent				
Phone Number	(866) 886-3104				
Occupancy	97.0%				
Confirmed By	Jackie Marmur				
<b>Physical Data</b>					
Total Units in Project	212	Stories	4	Elevators	Yes
Land Size (Acres)	8.920	Year Built	2001	Condition	Good
Land Size (Sq. Ft.)	388,555	Major Renovations - Year	Yes	2020	
Parking Type	Lined				
Ratio - Spaces per Unit	1.60				
<b>Project Amenities</b>					
Storage	No	Fitness Area/Room	Yes	Concierge	No
Intercom	Buzzer	Basketball Court	No	On-Site Management	Yes
Security Patrol	No	Playground / Picnic Area	No / No	Service Coordination	No
Security Cameras	No	Courtyard	No	Non-Shelter Services	No
Clubhouse	Yes	Recreation Area	No	Neighborhood Network	No
Community Room	No	Outdoor / Indoor Pools	1 / 0		
Business Center	No	Tennis Cts. – Ind. / Outdoor	No / No		
Computer Center	No	Laundry Room	No		
<b>Unit Amenities</b>					
Balcony/Patio	Yes	W/D in Unit	Yes	Pull Cords	No
Air Conditioning	central	W/D Hook Ups in Unit	No	Grab Bars	No
Cable/Satellite	Yes			Handrails	No
Floor Coverings	Carpet and vinyl tile				
<b>Kitchen Equipment</b>					
Stove	Yes	Dishwasher	Yes	Disposal	No
Refrigerator	Yes	Microwave	Yes		
<b>Tenant Expenses</b>		<u>Type</u>			
Tenant Pays Heat	Yes	Electric	Tenant Pays Cold Water	Yes	
Tenant Pays Cooking	Yes	Electric	Tenant Pays Sewer	Yes	
Tenant Pays Hot Water	Yes	Electric	Tenant Pays Trash	Yes	
Tenant Pays Electric	Yes		Tenant Pays Cable	Yes	
<b>Unit Mix and Rentals</b>					
In the Unit Mix table below the <b>bold type</b> designates unit type that was used. Information regarding unit mix and unit sizes was taken from public information and/or the property management. The unit mix reflects the total unit types in the building. Some unit types may have been averaged and may not individually reflect every single unit in the building, however they are representative of the comparable and its different unit types.					

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
3-1-1	<b>1 Bd 1.0 Ba</b>	40	860	34,400	\$1,585	\$63,400	\$1.84	19%
3-2-2	<b>2 Bd 2.0 Ba</b>	140	1,199	167,860	\$1,656	\$231,840	\$1.38	66%
5-3-2	<b>3 Bd 2.0 Ba</b>	32	1,368	43,776	\$2,306	\$73,792	\$1.69	15%

### Multi-Family Lease No. 3

<b>Property Identification</b>					
Record ID	36737				
Property Name	Linkhorn Bay Apartments				
Location	1201 Waterfront Drive, Virginia Beach, Virginia 23451				
County / Borough	Virginia Beach City				
Assessor's Parcel #	24174813900000				
Owner	PRG Real Estate Management, Inc.				
Property Type	Garden, Low-Rise				
Subsidized	No				
LIHTC Project	No				
<b>Verification</b>					
Lease Date Verification	11-20-2020				
Verification Name	Keyshawna - Rental Agent				
Phone Number	(888) 554-5081				
Occupancy	91.0%				
Confirmed By	Jackie Marmur				
<b>Physical Data</b>					
Total Units in Project	864	Stories	3	Elevators	No
Land Size (Acres)	10.730	Year Built	1972	Condition	Average
Land Size (Sq. Ft.)	467,399	Major Renovations - Year	No		
Parking Type	Lined				
Ratio - Spaces per Unit	1.74				
<b>Project Amenities</b>					
Storage	Yes	Fitness Area/Room	Yes	Concierge	No
Intercom	Buzzer	Basketball Court	No	On-Site Management	Yes
Security Patrol	No	Playground / Picnic Area	Yes / Yes	Service Coordination	No
Security Cameras	No	Courtyard	No	Non-Shelter Services	No
Clubhouse	Yes	Recreation Area	Yes	Neighborhood Network	No
Community Room	No	Outdoor / Indoor Pools	0 / 1		
Business Center	No	Tennis Cts. – Ind. / Outdoor	No / No		
Computer Center	No	Laundry Room	No		
<b>Unit Amenities</b>					
Balcony/Patio	Yes	W/D in Unit	Yes	Pull Cords	No
Air Conditioning	central	W/D Hook Ups in Unit	No	Grab Bars	No
Cable/Satellite	Yes			Handrails	No
Floor Coverings	Carpet and vinyl tile				
<b>Kitchen Equipment</b>					
Stove	Yes	Dishwasher	Yes	Disposal	Yes
Refrigerator	Yes	Microwave	Yes		
<b>Tenant Expenses</b>					
		<u>Type</u>			
Tenant Pays Heat	Yes	Electric	Tenant Pays Cold Water	Yes	
Tenant Pays Cooking	Yes	Electric	Tenant Pays Sewer	Yes	
Tenant Pays Hot Water	Yes	Electric	Tenant Pays Trash	Yes	
Tenant Pays Electric	Yes	Tenant Pays Cable		Yes	
<b>Unit Mix and Rentals</b>					
<p>In the Unit Mix table below the <b>bold type</b> designates unit type that was used. Information regarding unit mix and unit sizes was taken from public information and/or the property management. The unit mix reflects the total unit types in the building. Some unit types may have been averaged and may not individually reflect every single unit in the building, however they are representative of the comparable and its different unit types.</p>					

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
3-1-1	<b>1 Bd 1.0 Ba</b>	426	780	332,280	\$1,445	\$615,570	\$1.85	49%
4-2-1	<b>2 Bd 1.0 Ba</b>	294	1,070	314,580	\$1,582	\$465,108	\$1.48	34%
5-3-2	<b>3 Bd 2.0 Ba</b>	144	1,160	167,040	\$1,918	\$276,192	\$1.65	17%

## Multi-Family Lease No. 4

<b>Property Identification</b>					
Record ID	37003				
Property Name	226 Oceana				
Location	1101 Four Seasons Court and 201 Birch Tree Court, Virginia Beach, Virginia 23451				
County / Borough	Virginia Beach City				
Assessor's Parcel #	24176488940000 and 24176531750000				
Owner	MP Harbour Club, LLC				
Property Type	Garden, Low-Rise				
Subsidized	No				
LIHTC Project	No				
<b>Verification</b>					
Lease Date Verification	11-20-2020				
Verification Name	Rental Agent				
Phone Number	(757) 367-8306				
Occupancy	99.0%				
Confirmed By	Jackie Marmur				
<b>Physical Data</b>					
Total Units in Project	213	Stories	2	Elevators	No
Land Size (Acres)	11.526	Year Built	1986	Condition	Average
Land Size (Sq. Ft.)	502,077	Major Renovations - Year	No		
Parking Type	Lined				
<b>Project Amenities</b>					
Storage	No	Fitness Area/Room	Yes	Concierge	No
Intercom	Buzzer	Basketball Court	No	On-Site Management	Yes
Security Patrol	No	Playground / Picnic Area	Yes / No	Service Coordination	No
Security Cameras	No	Courtyard	No	Non-Shelter Services	No
Clubhouse	No	Recreation Area	No	Neighborhood Network	No
Community Room	No	Outdoor / Indoor Pools	1 / 0		
Business Center	No	Tennis Cts. – Ind. / Outdoor	No / No		
Computer Center	No	Laundry Room	No		
<b>Unit Amenities</b>					
Balcony/Patio	Yes	W/D in Unit	Yes	Pull Cords	No
Air Conditioning	central	W/D Hook Ups in Unit	No	Grab Bars	No
Cable/Satellite	Yes			Handrails	No
Floor Coverings	Carpet and vinyl tile				
<b>Kitchen Equipment</b>					
Stove	Yes	Dishwasher	Yes	Disposal	Yes
Refrigerator	Yes	Microwave	No		
<b>Tenant Expenses</b>		<u>Type</u>			
Tenant Pays Heat	Yes	Electric		Tenant Pays Cold Water	Yes
Tenant Pays Cooking	Yes	Electric		Tenant Pays Sewer	Yes
Tenant Pays Hot Water	Yes	Electric		Tenant Pays Trash	Yes
Tenant Pays Electric	Yes			Tenant Pays Cable	Yes
<b>Unit Mix and Rentals</b>					
In the Unit Mix table below the <b>bold type</b> designates unit type that was used. Information regarding unit mix and unit sizes was taken from public information and/or the property management. The unit mix reflects the total unit types in the building. Some unit types may have been averaged and may not individually reflect every single unit in the building, however they are representative of the comparable and its different unit types.					

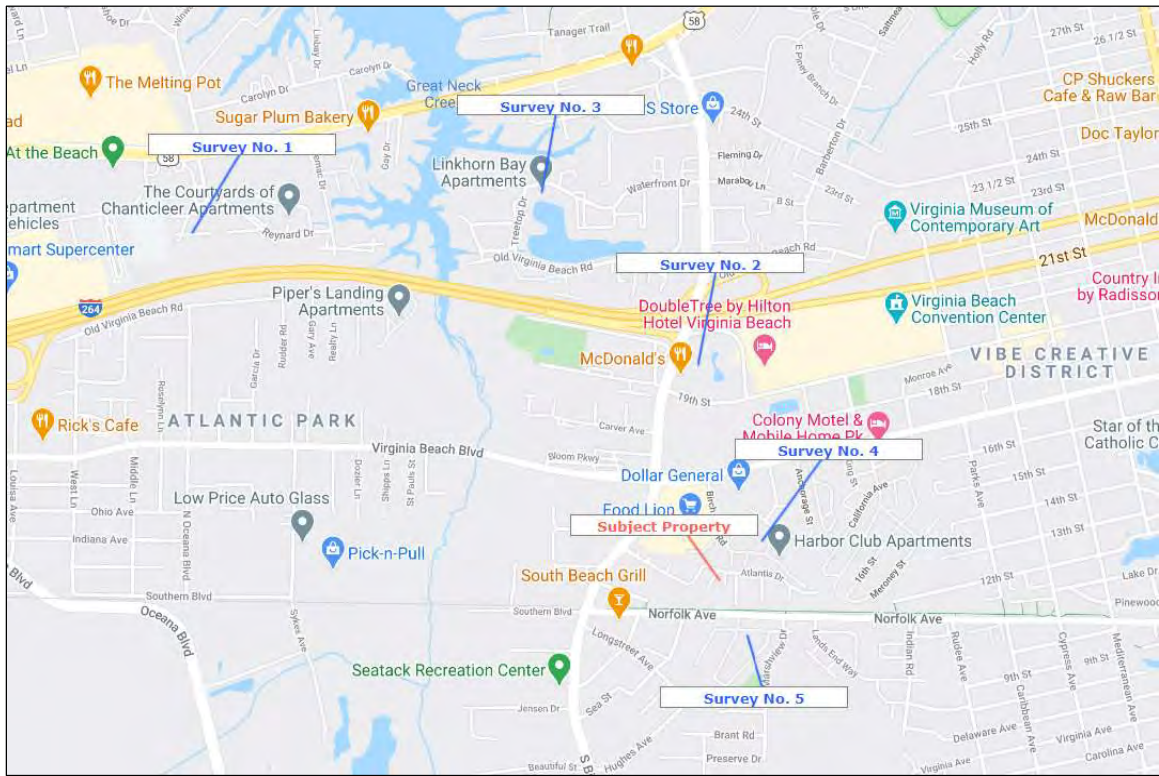
Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
3-1-1	<b>1 Bd 1.0 Ba</b>		795		\$993		\$1.25	
4-2-1	<b>2 Bd 1.0 Ba</b>		795		\$1,020		\$1.28	
5-3-2	<b>3 Bd 2.0 Ba</b>		1,089		\$1,605		\$1.47	
5-3-2	3 Bd 2.0 Ba		1,100					

### Multi-Family Lease No. 5

<b>Property Identification</b>					
Record ID	37004				
Property Name	Ocean Pebbles Apartments				
Location	1041 Ocean Pebbles Way, Virginia Beach, Virginia 23451				
County / Borough	Virginia Beach City				
Assessor's Parcel #	24176368780000				
Owner	Ocean Pebbles Investment Etc.				
Property Type	Garden, Low-Rise				
Subsidized	No				
LIHTC Project	No				
<b>Verification</b>					
Lease Date Verification	11-20-2020				
Verification Name	Marianne - Rental Agent				
Phone Number	(877) 781-4154				
Occupancy	100.0%				
Confirmed By	Jackie Marmur				
<b>Physical Data</b>					
Total Units in Project	112	Stories	2	Elevators	No
Land Size (Acres)	6.299	Year Built	1984	Condition	Average
Land Size (Sq. Ft.)	274,376	Major Renovations - Year	No		
Parking Type	Lined				
<b>Project Amenities</b>					
Storage	Yes	Fitness Area/Room	Yes	Concierge	No
Intercom	Buzzer	Basketball Court	No	On-Site Management	Yes
Security Patrol	No	Playground / Picnic Area	Yes / No	Service Coordination	No
Security Cameras	No	Courtyard	No	Non-Shelter Services	No
Clubhouse	Yes	Recreation Area	No	Neighborhood Network	No
Community Room	No	Outdoor / Indoor Pools	1 / 0		
Business Center	No	Tennis Cts. – Ind. / Outdoor	No / Yes		
Computer Center	No	Laundry Room	No		
<b>Unit Amenities</b>					
Balcony/Patio	Yes	W/D in Unit	Yes	Pull Cords	No
Air Conditioning	central	W/D Hook Ups in Unit	No	Grab Bars	No
Cable/Satellite	Yes			Handrails	No
Floor Coverings	Carpet and vinyl tile				
<b>Kitchen Equipment</b>					
Stove	Yes	Dishwasher	Yes	Disposal	Yes
Refrigerator	Yes	Microwave	No		
<b>Tenant Expenses</b>		<b>Type</b>			
Tenant Pays Heat	Yes	Electric	Tenant Pays Cold Water	No	
Tenant Pays Cooking	Yes	Electric	Tenant Pays Sewer	No	
Tenant Pays Hot Water	Yes	Electric	Tenant Pays Trash	No	
Tenant Pays Electric	Yes	Tenant Pays Cable		Yes	
<b>Unit Mix and Rentals</b>					
<p>In the Unit Mix table below the <b>bold type</b> designates unit type that was used. Information regarding unit mix and unit sizes was taken from public information and/or the property management. The unit mix reflects the total unit types in the building. Some unit types may have been averaged and may not individually reflect every single unit in the building, however they are representative of the comparable and its different unit types.</p>					

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
3-1-1	<b>1 Bd 1.0 Ba</b>		724		<b>\$1,010</b>		<b>\$1.40</b>	
4-2-2	<b>2 Bd 2.0 Ba</b>		987		<b>\$1,215</b>		<b>\$1.23</b>	
5-3-2	<b>3 Bd 2.0 Ba</b>		1,025		<b>\$1,335</b>		<b>\$1.30</b>	

### LOCATION MAP OF SUBJECT AND COMPARABLE RENTALS



## DEFINITIONS OF SOME COMMON APPRAISAL TERMINOLOGY

Source: *The Dictionary of Real Estate Appraisal*

*Absorption period* - The actual or expected period of time required from when a property is initially offered for purchase or use by its eventual users until all portions have been disposed of by sale or until stabilized occupancy has been achieved.

*Accrued depreciation* - The difference between an improvement's reproduction or replacement cost and its market value as of the date of appraisal.

*Ad valorem tax* - a real estate tax based on property value.

*Assessed value* - the value according to the tax rolls in ad valorem taxation.

*Band of investment* - A technique in which cash flow rates attributable to components of a capital investment are weighted and combined to derive a weighted average rate attributable to the total investment.

*Base rent* - the minimum rent stipulated in a lease.

*Basis point* - one one-hundredth of one percentage point.

*BOMA standard* - the standard method of floor measurement for office buildings as defined by the Building and Officers Managers Association.

*Bundle of rights theory* - the concept that compares property ownership to a bundle of sticks with each stick representing a distinct and separate right of the property owner, e.g., the right to use real estate, to sell it, to lease it, to give it away, or to choose to exercise all or none of these rights.

*Capitalization Rate* - any rate used to convert income into value.

*Cash equivalent* - a price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts.

*Cash flow analysis* - a study of the anticipated movement of cash in or out of real estate.

*Cash on cash* - the ratio of the annual equity income to the equity investment. Also called the equity capitalization rate of equity dividend rate.

*Common Area* - The total area within a property that is not designated for sale or rental, but is available for common use by all owners, tenants or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, public toilets and service facilities.

*Common Area Maintenance (CAM)* - expenses of operating and maintaining common areas.

*Concession* - an inducement to a tenant to lease space, usually in the form of free rent, additional tenant improvement allowance, moving costs, etc.

*Consumer Price Index (CPI)* - a measurement of the cost of living determined by the U.S. Bureau of Labor Statistics.

*Contract rent* - the actual rental income specified in a lease.

*Debt coverage ratio* - the ratio of net operating income to annual debt service ( $DCR = NOI/I_M$ ).

*Deferred maintenance* - curable, physical deterioration that should be corrected immediately, although work has not commenced.

*Development right* - the right to build on or beneath a property, subject to local zoning, building codes, etc.

*Direct capitalization* - the method used to convert an estimate of a single year's income expectancy or an average of several years' income expectancies into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor.

*Discounted cash flow analysis* - a set of procedures in which the quantity, variability, timing, and duration of periodic income, as well as the quantity and timing of reversions, are specified and discounted to a present value or a specified yield.

*Discount rate* - a rate of return commensurate with the perceived risk used to convert future payments or receipts into present value.

*Easement* - an interest in real property that conveys use, but not ownership, of a portion of an owner's property.

*Easement appurtenant* - an easement that is attached to, benefits, and passes with the conveyance of the dominant estate.

*Economic age-life method* - the method of estimating accrued depreciation in which the ratio of a building's effective age to its total life is applied to the current cost of the improvements to obtain a lump sum deduction.

## DEFINITIONS OF SOME COMMON APPRAISAL TERMINOLOGY

*Economic life* - the period over which improvements to real property contribute to property value.

*Effective age* - the age indicated by the condition and utility of a structure.

*Effective gross income (EGI)* - the anticipated income from all operations of real property adjusted for vacancy and collection loss.

*Effective tax rate* - the ratio between a property's annual property tax and its market value; the tax rate times the assessed value divided by the market value; the official tax rate times the assessment ratio.

*Equity capitalization (dividend) rate* - an income rate that reflects the relationship between a single's year pre-tax cash flow expectancy and the equity investment.

*Equity yield rate* - an annualized rate of return on equity capital, as distinguished from the rate of return on debt capital or interest.

*External obsolescence* - an element of accrued depreciation; a defect, usually incurable, caused by negative influences outside a site.

*Exposure time* - the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is always presumed to occur prior to the effective date of the appraisal.

*Extraordinary Assumptions* - an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.

*Fee simple estate* - absolute ownership unencumbered by any other interest or estate subject to only the four powers of government.

*Functional obsolescence* - a defect caused by a defect in the structure, materials, or design.

*Hypothetical conditions* - that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

*Internal rate of return* - a measurement of investment performance; the rate of return on capital that is generated within an investment over a period of ownership.

*Land-to-building ratio* - the proportion of land area to gross building area.

*Leased fee estate* - an ownership interest held by a landlord with the right of use an occupancy conveyed by lease to others.

*Marketing time* - the time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.

*Market rent* - the rental income that a property would most probably command in the open market.

*Net operating income* - the actual or anticipated net income remaining after deducting all operating expenses from effective gross income, but before deducting mortgage debt service and book depreciation.

*Potential gross income* - the total income attributable to real property at full occupancy before deduction for vacancy and operating expenses.

*Present value* - the value of a future payment or series of future payment discounted to the current date or to time period zero.

*Rentable Area* - This is the usable area of an office area, with its associated share of both floor common area and building common area added on. Rentable area is determined by multiplying the Usable area by the combined R/U ratio.

*R/U Ratio* - The combined conversion factor, obtained by multiplying the Floor R/U by the Building R/U ratios, which when applied to any Usable area, gives the Rentable area of that office or store area.

*Terminal capitalization rate* - the rate used to convert income into an indication of the anticipated value of the subject real property at the end of the holding period.

*Vacancy and collection loss* - an allowance for reduction in potential income attributable to vacancies, tenant turnover, and nonpayment of rent.



**TEMPORARY PRACTICE PERMIT**

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

**EXPIRES ON**  
12-04-2021

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TEMPORARY CERTIFIED GENERAL REAL ESTATE APPRAISER  
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**DPOR**

*Mary Brock-Vaughan, Director*  
Mary Brock-Vaughan, Director

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

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-LIC (02/2017)

## PROFESSIONAL QUALIFICATIONS OF TONY F. KAMAND JR., MAI

### REAL ESTATE VALUATION AND CONSULTING (1986 TO PRESENT)

Real estate valuation of all types of improved and unimproved real property. Properties have been located throughout the United States with extensive experience on multifamily properties. The main geographic area of expertise has been in New Jersey, New York, Maryland and Pennsylvania on the following property types:

Apartments	LIHTC Projects	HUD Projects
Rent Comparability Studies	Healthcare Properties	Retail Centers
Industrial	Office	Special Purpose Properties

### PROFESSIONAL LICENSES AND CERTIFICATIONS

State of New Jersey - Certified General Real Estate Appraiser - RG-00668  
 State of New York - Certified General Real Estate Appraiser – 46000026069  
 State of Pennsylvania - Certified General Real Estate Appraiser - GA001862  
 State of Maryland - Certified General Real Estate Appraiser – 27830

### PROFESSIONAL AFFILIATIONS

MAI Member of the Appraisal Institute  
 Past President (2005, 2011 and 2012) - Appraisal Institute, Central New Jersey Chapter  
 Past Treasurer (1995 to 2004) - Appraisal Institute, Central New Jersey Chapter

### QUALIFIED AS EXPERT WITNESS

Federal Bankruptcy Court, New Jersey Tax Court, New York Tax Court, Pennsylvania Tax Court, Various County Tax Boards and Zoning Boards

### EDUCATION

Bloomfield College - B.S. in Business Administration

#### The Appraisal Institute

Real Estate Appraisal Principles	Residential Valuation
Basic Valuation	Standards of Ethics & Professional Practice
Capitalization Theory/Techniques Part A	Capitalization Theory/Techniques Part B
Case Studies in Real Estate Valuation	Report Writing in Real Estate Valuation

#### Additional Courses/Seminars

Governor's Conference - Multi-Family Housing, HUD Third Party Technical Training for MAP, The Economy and Rates, Urban Land Institute - Improving Shopping Center Performance, Real Estate Commercial Markets, Appraisal Institute - Appraising Retail Properties, Argus Real Estate Analysis Software, Numerous other seminars and courses

### REPRESENTATIVE CLIENTS

Banks, Attorneys, Developers, Government Agencies, Fortune 500 Companies, Insurance Companies and Institutional Investors.

## PROFESSIONAL QUALIFICATIONS OF

### JACQUELINE MARMUR

#### REAL ESTATE VALUATION AND CONSULTING (2005 TO PRESENT)

Real estate valuation of all types of improved and unimproved real property. Properties have been located throughout the United States with experience in the following property types:

LIHTC and Affordable Apartments  
Free-standing retail  
Healthcare properties

Industrial properties  
Condominiums  
Retail Strip Center

Vacant land  
Rent Comparability Studies  
Special purpose properties

#### PROFESSIONAL LICENSES AND CERTIFICATIONS

State of New Jersey - Certified Residential Real Estate Appraiser – RA432  
State of New Jersey - Certified General Real Estate Appraiser - RG-2523

#### PROFESSIONAL AFFILIATIONS

Appraisal Institute, Central New Jersey Chapter

#### QUALIFIED AS EXPERT WITNESS

Various County Tax Boards in New Jersey

#### EDUCATION

Bachelor of Science-Business Administration Concentration: Marketing  
Rowan University, Glassboro, NJ  
May 2002

Master of Business Administration  
Rowan University, Glassboro, NJ  
May 2004

The Appraisal Institute  
Fundamentals Of Real Estate Appraisal  
15 Hour National USPAP  
Preparing A Single Family Residential Report

#### REPRESENTATIVE CLIENTS

Banks, Attorneys, Developers, Government Agencies, Fortune 500 Companies, Insurance Companies and Institutional Investors.