

A MARKET FEASIBILITY STUDY OF:

# LAKEWOOD PLAZA APARTMENTS

**A MARKET FEASIBILITY STUDY OF:**  
**LAKEWOOD PLAZA**  
**APARTMENTS**

5631 Tidewater Drive  
Norfolk, Norfolk County, Virginia 23509

Effective Date: February 17, 2020  
Report Date: March 16, 2021

Prepared for:  
Carissa Essex  
Project Manager  
Evergreen Real Estate Group  
566 W. Lake Street, Suite 400  
Chicago, IL

Prepared by:  
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March 16, 2021

Carissa Essex  
Project Manager  
Evergreen Real Estate Group  
566 W. Lake Street, Suite 400  
Chicago, IL

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

Dear Ms. Essex:

At your request, Novogradac Consulting LLP has performed a market study of the multifamily rental market in the Norfolk, Virginia area relative to the above-referenced Low-Income Housing Tax Credit (LIHTC) project.

The purpose of this market study is to assess the viability of Lakewood Plaza Apartments (Subject), a proposed acquisition/rehabilitation development. The Subject currently consists of a 200-unit affordable housing property targeting seniors 62 years and older. Of the 200 units, 191 units are subject to a Section 8 HAP contract, while seven units are subject to a Section 236 subsidy. The remaining two units are unrestricted administrative units. Post-renovation, the Subject will convert 50 of the one-bedroom units to studios, and will continue to operate with a Section 8 subsidy in 191 of the units; thus, tenants will continue to pay 30 percent of their income towards rent. Seven units will be LIHTC restricted while two units will remain non-rental. All of the Subject units will be restricted to households earning 50 and 60 percent of the area median income (AMI) or less. The property was originally constructed and placed in service in 1974 and is now proposed to undergo renovations that will be financed, in part, with LIHTC equity. It should be noted that we previously completed a preliminary market rent analysis with an effective date of February 17, 2020 and June 23, 2019.

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

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

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

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

Evergreen Capital Group is the client in this engagement and intended user of this report. Furthermore, Virginia Housing (VH) is an authorized use of this market study and VH may rely on representations herein. As our client, the Evergreen Real Estate Group own this report and permission must be granted from them before another third party can use this document. We assume that by reading this report another third party has accepted the terms of the original engagement letter including scope of work and limitations of liability. We are prepared to modify this document to meet any specific needs of the potential uses under a separate agreement.

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

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

Carter Swayze completed an exterior inspection of the Subject on March 5, 2021. Matt Yunker completed an interior inspection on February 17, 2020. Due to the COVID-19 pandemic, we did not complete an interior inspection for this report and relied on supplemental pictures and management interviews to confirm the Subject's interior condition.

The COVID-19 coronavirus has caused an international pandemic and governments across the globe have taken dramatic efforts to slow the spread and flatten the infection curve in order to reduce the strain on health care systems. These efforts result in extensive impacts to economic activity. However, governments are also implementing significant economic stimulus packages to help with the economic impact. Emergency restrictions are beginning to lift and loosen. However, it is unclear how the stimulus packages will blunt the impact from the emergency measures. Further it is unclear as to how these measures will impact the commercial real estate market. Our research indicates that most market participants believe the duration of emergency measures will be relatively short term and that the stimulus packages will be sufficient to minimize the economic impacts on the broader economy and the commercial real estate market. Further, most market participants presume that the commercial real estate market will return to recent and historical performance and short-term impacts will be mitigated by the proposed economic measures.

Respectfully submitted,  
Novogradac Consulting LLP



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# **A. EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

- Subject Site Description:** The Subject is located at 5631 Tidewater Drive in Norfolk, Virginia 23509.
- Surrounding Land Uses:** The Subject is located in a primarily residential neighborhood in the central portion of Norfolk, which consists of wooded land, single-family homes, as well as multifamily uses. Land use adjacent to the north is Wayne Creek. Farther north is Promenade Point, a market rate property that targets the general population, which has been included as a comparable in this report. Land use to the west of the Subject is a vacant undeveloped wooded area. Farther west, are single-family homes in good condition. Land use to the south of the Subject include a dentist's office in good condition. Farther south, is a vacant undeveloped lot. Land uses to the east of the Subject is Wayne Creek. Overall, the majority of surrounding land uses are in good condition.
- Subject Property Description:** Novogradac Consulting LLP performed a comprehensive market study of the multifamily rental market in the Norfolk, Virginia area relative to Lakewood Plaza Apartments, a proposed acquisition/rehabilitation development. The Subject was constructed in 1974, and proposed for renovation with tenants in place over a 12-month period in mid-2021 and ending in mid-2022. The Subject, consists of a 200-unit Section 8/Section 236 development with one-bedroom units restricted to senior households. Currently, 191 of the Subject's units benefit from project-based subsidies; thus, tenants pay 30 percent of their income towards rents. There are two, non-revenue administrative units. The Subject currently operates with 198 one-bedroom units. Through the course of renovation, 50 units will convert from one-bedroom to studio units. The Subject will continue to operate with a Section 8 for 191 of the units; thus, tenants will continue to pay 30 percent of their income towards rent. Seven units will be LIHTC restricted while two units are non-rental. All of the Subject units will be restricted to households earning 50 and 60 percent of the area median income (AMI) or less. The Subject is restricted to seniors 62 years of age and older. The property consists of one 13-story, elevator-serviced highrise residential building. The Subject features off-street surface parking to its tenants at no additional fee. There are approximately 100 parking spaces, which equates to a parking ratio of approximately 0.5 spaces per unit.



**Proposed Rents:**

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

PROPOSED RENTS								
Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2020 LIHTC Maximum Allowable Gross Rent	2020 HUD Fair Market Rents	
<i>@50%(Section 8)</i>								
1BR / 1BA	585	48	\$1,430	\$0	\$1,430	\$773	\$958	
1BR / 1BA	599	46	\$1,430	\$0	\$1,430	\$773	\$958	
<i>@60%</i>								
1BR / 1BA	571	1	\$769	\$0	\$769	\$928	\$958	
1BR / 1BA	576	1	\$769	\$0	\$769	\$928	\$958	
1BR / 1BA	585	2	\$769	\$0	\$769	\$928	\$958	
1BR / 1BA	599	3	\$769	\$0	\$769	\$928	\$958	
<i>@60% (Section 8)</i>								
OBR/1BA	538	24	\$1,430	\$0	\$1,430	\$867	\$952	
OBR/1BA	547	26	\$1,430	\$0	\$1,430	\$867	\$952	
1BR / 1BA	571	23	\$1,430	\$0	\$1,430	\$928	\$958	
1BR / 1BA	576	23	\$1,430	\$0	\$1,430	\$928	\$958	
1BR / 1BA	578	1	\$1,430	\$0	\$1,430	\$928	\$958	
<i>Non-Rental</i>								
1BR / 1BA	554	2	N/A	N/A	N/A	N/A	N/A	
		<b>200</b>						

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

Following rehabilitation and the allocation of LIHTC’s, 191 of the Subject’s units will continue to benefit from project-based subsidies; thus, tenants will continue to pay 30 percent of their income toward rent. The remaining seven units will be LIHTC restricted. In the event that the Subject were to lose its subsidy, the contract rents would need to be lowered to meet achievable LIHTC rents, as displayed in the table above.

**Target Household Income Levels:**

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

**62+ INCOME LIMITS (AS PROPOSED)**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50% (Section 8)		@60%		@60% (Section 8)	
OBR	-	-	-	-	\$0	\$34,680
1BR	\$0	\$33,000	\$23,070	\$39,600	\$0	\$39,600

**62+ INCOME LIMITS (ABSENT SUBSIDY)**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50%		@60%	
OBR	-	-	\$24,600	\$34,680
1BR	\$22,200	\$33,000	\$23,070	\$39,600

Economic Conditions

Norfolk has a stable and diverse economy with employment concentrated in the healthcare/social assistance, educational services, and accommodation/food services industries. Huntington Ingalls Industries, Inc. and Sentara Healthcare are the largest employers in the MSA, each employing more than 40,000 employees. Between December 2018 and December 2019, the MSA experienced a 3.1 percent annual increase in total employment, which was above the nation’s growth. During the COVID-19 pandemic, the MSA experienced a 3.7 increase in unemployment, however was below the average of the nation. Between December 2019 and December 2020, the unemployment rate increased 2.6 percent, below the pace of the nation at 3.1 percent. The uptick in unemployment is largely due to the COVID-19 pandemic. However, as of December 2020, the unemployment rate has stayed below the nation unemployment level. Although the future of the local economy is uncertain, we believe the major employers that represent historically stable industries will help to establish positive employment trends during the recovery from the pandemic.

Primary Market Area

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

Demographic Data

Population growth in the PMA declined from 2010 through 2020. However, according to ESRI demographic projections, annualized PMA growth is expected to rise to 0.2 percent through 2025, slightly below the MSA and below the nation. Household growth in the PMA slowed between 2010 and 2020, and grew at a rate similar to the MSA. Senior population growth in the PMA increased significantly between 2010 and 2020, however, grew by slightly less than the MSA. According to ESRI demographic projections, annualized PMA growth is expected to slow to 2.5 percent through 2025, which is below the MSA and slightly below the nation. Historical senior household growth in the PMA trailed the MSA between 2000 and 2010. Although PMA growth also trended below the nation, household growth in the broader MSA exceeded the nation during the same

time period. Household growth in the PMA increased significantly between 2010 and 2019, however, grew by slightly less than the MSA. As of 2020, approximately 52.6 percent of renter households within the PMA have annual incomes below \$40,000. Through 2025, the percentage of low to moderate-income renter households in the PMA earning less than \$40,000 annually is projected to decline slightly to 47.9 percent. Annual household income levels will range from \$0 to \$39,600 for the Subject’s senior LIHTC units at 50 and 60 percent of AMI, as proposed. With a growing number of renters in the PMA and a large percentage of low-income renters, coupled with an aging housing stock, we project that there will be substantial demand for new or renovated affordable housing units.

Vacancy

The following table illustrates vacancy levels at comparable properties.

**OVERALL VACANCY**

Property Name	Program	Tenancy	Total Units	Vacant Units	Vacancy %
Riverpoint Apartments	LIHTC	Family	220	0	0.0%
Sea Pines Apartments*	LIHTC	Family	96	1	1.0%
St. Paul's Apartments	LIHTC/Section 8/Market	Family	126	1	0.8%
The Pointe At Pickett Farms	LIHTC	Family	120	0	0.0%
Victory Square Apartments*	LIHTC	Senior	112	1	0.9%
Dundale Square	Market	Family	100	4	4.0%
Ghent Village	Market	Family	140	6	4.3%
John Knox Towers	Market	Senior	150	0	0.0%
Lakewood Garden Apartments	Market	Family	92	4	4.3%
Promenade Pointe	Market	Family	183	10	5.5%
Sherwood Forest Apartments	Market	Family	173	2	1.2%
Stonebridge Manor	Market	Senior	156	4	2.6%
<b>LIHTC Total</b>			<b>674</b>	<b>3</b>	<b>0.4%</b>
<b>Market Total</b>			<b>994</b>	<b>30</b>	<b>3.0%</b>
<b>Overall Total</b>			<b>1,668</b>	<b>33</b>	<b>2.0%</b>

\*Located outside PMA

Physical vacancy rates among the comparables range from zero to 5.5 percent. Vacancy rates among the LIHTC properties range from zero to 1.0 percent, with an average of 0.4 percent. Vacancy rates among the market rate properties range from zero to 5.5 percent, with an average of 3.0 percent. The overall vacancy of the comparables has decreased from 2.9 to 2.0 from February 2020.

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

Absorption

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

**ABSORPTION**

Property Name	Program	Tenancy	City	Year	Total Units	Absorption (units/month)	Distance to Subject
The Arbors At Towne Park	LIHTC	Senior	Williamsburg	2019	130	12	40.3 miles
October Station	LIHTC	Family	Suffolk	2018	48	24	19.8 miles
Woodlands Apartments At Phoebus	LIHTC	Senior	Hampton	2015	132	20	10.0 miles
Commonwealth At York	Market	Family	Yorktown	2015	384	34	18.7 miles
<b>Average Affordable</b>					<b>103</b>	<b>19</b>	
<b>Average Market</b>					<b>384</b>	<b>34</b>	
<b>Overall Average</b>					<b>174</b>	<b>23</b>	

Note the Subject is an existing property, and will not need to re-lease its units. Therefore, this discussion is hypothetical, and assumes the Subject were 100 percent vacant. We obtained absorption data from four properties, located between 10.0 and 40.3 miles from the Subject. These properties reported absorption rates ranging from 12 to 34 units per month, with an overall average of 23 units per month. Overall, we expect the Subject will experience an absorption rate of 20 units per month. This equates to an absorption period of approximately 10 months.

Demand

The Novoco demand analysis illustrates demand for the Subject based on capture rates of income-eligible renter households. When viewing total income-eligible renter households the calculation illustrates an overall capture rate of 6.6 percent “As Proposed” scenario and 24.1 percent in the “Absent Subsidy” scenario.

To provide another level of analysis, we removed the households from the income-eligible renter demand pool that are currently suitably housed elsewhere in the PMA. We conducted an *annual demand analysis*, which is based on new income-eligible renter households moving into the area (in the Subject’s first year of operation only) and those income-eligible renter households that are rent-overburdened (paying over 35 percent of income to living costs). This annual Novoco capture rate is 8.1 percent for the first year of operation as a LIHTC property “As Proposed.” Additionally, the annual Novoco capture rate is 29.9 percent for the first year of operation as a LITHC property “Absent Subsidy.” This suggests that the Subject will need to capture only a fraction of the available demand in its first year of operation in order to stabilize. This implies that no demand will be accommodated that is currently suitably housed elsewhere.

This calculation illustrates that there are approximately 2,040 and 383 units of demand in the first year of the Subject’s operation after completion, “As Proposed” and “Absent Subsidy” respectively. The Subject’s units will need to accommodate 190 total units of demand in order to stabilize at 95 percent occupancy, if hypothetically vacant. Any unaccommodated households will most likely leave the PMA or remain severely rent-overburdened. The lack of available units will force many to look elsewhere.

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

Project Wide Capture Rate - All Units	6.6%
Project Wide Absorption Period (Months)	9-10 months

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

Strengths

- Historically, the Subject’s in-unit, community amenities, and unit sizes have been well-accepted in the market; thus, we believe they will continue to be competitive with the comparables.

- The Subject is located in a region with historically stable industries including healthcare/social assistance and educational services. The MSA has maintained a lower employment rate than the nation of 5.3 percent compared to the current national average of 6.5 percent. Although the MSA has experienced elevated unemployment during the COVID-19, it has maintained employment rates that are higher than the nation. It is unclear when the economy will fully recover from COVID-19, but we believe these industries bode well for the economy.
- The Subject is an existing Section 8/Section 236 development that has historically maintained strong occupancy and a small waiting list, and the contract will remain in place after renovations.
- The Subject is located in close proximity to many services, public transportation, and retailers.

#### Weaknesses

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

#### Recommendations

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

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

## INTRODUCTION AND SCOPE OF WORK

### Report Description:

Novogradac Consulting LLP performed a comprehensive market study of the multifamily rental market in the Norfolk, Virginia area relative to Lakewood Plaza Apartments, a proposed acquisition/rehabilitation development. The Subject was constructed in 1974, and proposed for renovation with tenants in place over a 12-month period in mid-2021 and ending in mid-2022. The Subject, consists of a 200-unit Section 8/Section 236 development with one-bedroom units restricted to senior households. Currently, 191 of the Subject's units benefit from project-based subsidies; thus, tenants pay 30 percent of their income towards rents. There are two, non-revenue administrative units. The Subject currently operates with 198 one-bedroom units. Through the course of renovation, 50 units will convert from one-bedroom to studio units. The Subject will continue to operate with a Section 8 for 191 of the units; thus, tenants will continue to pay 30 percent of their income towards rent. Seven units will be LIHTC restricted while two units are non-rental. All of the Subject units will be restricted to households earning 50 and 60 percent of the area median income (AMI) or less. The Subject is restricted to seniors 62 years of age and older. The property consists of one 13-story, elevator-serviced highrise residential building. The Subject features off-street surface parking to its tenants at no additional fee. There are approximately 100 parking spaces, which equates to a parking ratio of approximately 0.5 spaces per unit.

### Developer/Client Information:

Evergreen Real Estate Group

### Intended Use and Users of the Report:

The report will be submitted to the Virginia Housing (VH) for application purposes. VH is an intended user for this report.

### Scope of the Report:

- Inspecting the site of the to-be-developed Subject and its general location. It is important to note that we completed an exterior-only inspection of the Subject. We have relied on supplemental photos from the February 2020 report in addition to management interviews to verify the interior condition of the Subject.
- Analyzing the appropriateness of the proposed unit mix, rent levels, unit and complex amenities, and site.
- Estimating the market rents, absorption rates and stabilized vacancy levels for the market area.
- Investigating the general economic health and conditions of the rental market.
- Complete a by-bedroom capture rate analysis that analyzes the level of potential income eligible tenants in the primary market area.
- Reviewing relevant public records and contacting appropriate public agencies.
- Brief analysis of the economic and social conditions in the market area, in relation to the proposed project.
- Establishing the Subject's Primary Market Area, if applicable.
- Surveying competing projects, both LIHTC and market-rate.

**Effective Date:** The Subject was most recently inspected by Carter Swayze on March 5, 2021, which shall be the effective date of this report. The inspection did not include an interior inspection, and we have relied on manager interviews and supplemental pictures to confirm condition.

**Primary Contact for the Report:** David Boisture, AM, CRE (David.Boisture@novoco.com) and Matt Yunker (Matt.Yunker@novoco.com).



## **C. PROJECT DESCRIPTION**

## PROJECT DESCRIPTION

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

### Subject Property Description:

Novogradac Consulting LLP performed a comprehensive market study of the multifamily rental market in the Norfolk, Virginia area relative to Lakewood Plaza Apartments, a proposed acquisition/rehabilitation development. The Subject was constructed in 1974, and proposed for renovation with tenants in place over a 12-month period in mid-2021 and ending in mid-2022. The Subject, consists of a 200-unit Section 8/Section 236 development with one-bedroom units restricted to senior households. Currently, 191 of the Subject's units benefit from project-based subsidies; thus, tenants pay 30 percent of their income towards rents. There are two, non-revenue administrative units. The Subject currently operates with 198 one-bedroom units. Through the course of renovation, 50 units will convert from one-bedroom to studio units. The Subject will continue to operate with a Section 8 for 191 of the units; thus, tenants will continue to pay 30 percent of their income towards rent. Seven units will be LIHTC restricted while two units are non-rental. All of the Subject units will be restricted to households earning 50 and 60 percent of the area median income (AMI) or less. The Subject is restricted to seniors 62 years of age and older. The property consists of one 13-story, elevator-serviced highrise residential building. The Subject features off-street surface parking to its tenants at no additional fee. There are approximately 100 parking spaces, which equates to a parking ratio of approximately 0.5 spaces per unit.

### Construction Type:

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

### Occupancy Type:

The Subject targets senior households 62 years and older.

**Proposed Rents:**

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

**PROPOSED RENTS**

Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2020 LIHTC Maximum Allowable Gross Rent	2020 HUD Fair Market Rents	
<i>@50%(Section 8)</i>								
1BR / 1BA	585	48	\$1,430	\$0	\$1,430	\$773	\$958	
1BR / 1BA	599	46	\$1,430	\$0	\$1,430	\$773	\$958	
<i>@60%</i>								
1BR / 1BA	571	1	\$769	\$0	\$769	\$928	\$958	
1BR / 1BA	576	1	\$769	\$0	\$769	\$928	\$958	
1BR / 1BA	585	2	\$769	\$0	\$769	\$928	\$958	
1BR / 1BA	599	3	\$769	\$0	\$769	\$928	\$958	
<i>@60% (Section 8)</i>								
OBR/1BA	538	24	\$1,430	\$0	\$1,430	\$867	\$952	
OBR/1BA	547	26	\$1,430	\$0	\$1,430	\$867	\$952	
1BR / 1BA	571	23	\$1,430	\$0	\$1,430	\$928	\$958	
1BR / 1BA	576	23	\$1,430	\$0	\$1,430	\$928	\$958	
1BR / 1BA	578	1	\$1,430	\$0	\$1,430	\$928	\$958	
<i>Non-Rental</i>								
1BR / 1BA	554	2	N/A	N/A	N/A	N/A	N/A	
		<b>200</b>						

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

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

**Assisted Housing Program:**

Of the 200 total units, 191 will operate with Section 8 Voucher subsidies.

**Construction Date:**

The Subject was constructed in 1974, and is proposed to be renovated with LIHTCs, with a 12-month renovation starting in mid-2021 and ending in mid-2022. The Subject will be in good condition post-renovation.

**Target Household Income Levels:**

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

**62+ INCOME LIMITS (AS PROPOSED)**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50% (Section 8)		@60%		@60% (Section 8)	
OBR	-	-	-	-	\$0	\$34,680
1BR	\$0	\$33,000	\$23,070	\$39,600	\$0	\$39,600

**62+ INCOME LIMITS (ABSENT SUBSIDY)**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50%		@60%	
OBR	-	-	\$24,600	\$34,680
1BR	\$22,200	\$33,000	\$23,070	\$39,600

**Utility Structure:**

The landlord is responsible for all utilities. There are no proposed changes to the utility structure post-renovation. The utility structure varies among the comparable properties; we have adjusted the comparables' rents in accordance with the utility schedule obtained from Virginia Housing, effective July 1, 2020.

**HOUSING AUTHORITY UTILITY ALLOWANCE**

Utility and Source	Paid By	OBR	1BR
Heating - electric	Landlord	\$18	\$25
Cooking - electric	Landlord	\$3	\$4
Electric	Landlord	\$11	\$15
Air Conditioning - central	Landlord	\$5	\$7
Hot Water - electric	Landlord	\$9	\$13
Cold Water	Landlord	\$16	\$22
Sewer	Landlord	\$19	\$27
Trash	Landlord	\$12	\$12
<b>TOTAL - Paid by Landlord</b>		<b>\$93</b>	<b>\$125</b>
<b>TOTAL - Paid by Tenant</b>		<b>\$0</b>	<b>\$0</b>
<b>TOTAL - Paid By Tenant Provided by Developer</b>		<b>N/A</b>	<b>N/A</b>
<b>DIFFERENCE</b>		<b>-</b>	<b>-</b>

Source: Virginia Housing, July 2020

**Unit Mix:**

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

**UNIT MIX AND SQUARE FOOTAGE**

Unit Type	Number of Units	Unit Size (SF)	Net Leasable Area
OBR/1BA	24	538	12,912
OBR/1BA	26	547	14,222
1BR/1BA	2	554	1,108
1BR/1BA	24	571	13,704
1BR/1BA	24	576	13,824
1BR/1BA	1	578	578
1BR/1BA	50	585	29,250
1BR/1BA	49	599	29,351
<b>Total</b>	<b>200</b>		<b>114,949</b>

<b>Net Leasable Area:</b>	Approximately 114,949 square feet as outlined in the table above.
<b>Unit Amenities:</b>	The Subject's units currently offer a patio, blinds, carpeting, and central heating and air conditioning. Appliances include a refrigerator, and oven/range. There are no additional in-unit amenities proposed with the renovations.
<b>Common Area Amenities:</b>	The Subject features a central laundry facility, clubhouse/meeting room, picnic area, on-site management, and off-street parking. There are no additional common area amenities proposed with the renovations.
<b>Parking:</b>	The Subject features off-street surface parking to its tenants at no additional fee. There are approximately 100 parking spaces, which equates to a parking ratio of approximately 0.5 spaces per unit. All of the comparable properties offer surface parking for no additional cost. Overall, we believe the parking offered at the Subject is reasonable based on the Subject's target tenancy and proximity to local amenities. Additionally, a bus stop is located adjacent to the Subject
<b>Number of Stories and Buildings:</b>	The property consists of one 13-story, elevator-serviced highrise residential building.
<b>Americans with Disabilities Act of 1990:</b>	We assume the property does not have any violations of the Americans with Disabilities Act of 1990.
<b>Quality of Construction Condition and Deferred Maintenance:</b>	We expect the Subject to be renovated using good-quality materials. The Subject appears to have been constructed using average-quality materials and the structure/units are in average condition and exhibit minimal deferred maintenance. Post renovation, the Subject will be in good condition with no deferred maintenance.
<b>Functional Utility:</b>	Based upon a site inspection of the Subject property, the units are functional and market-oriented. The units at the Subject are below the surveyed average among the comparables. However, the Subject has historically maintained strong occupancy and has maintained a waiting list.
<b>Conclusion:</b>	The Subject property is a 200-unit senior Section 8/Section 236 development in average condition and will be in good condition post-rehabilitation. The Subject does not suffer from functional obsolescence and provides average to good utility for its intended use. The proposed renovations will enable the Subject to maintain and/or improve its competitive position in the market.

**Site Plans:**

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

# PROPERTY PROFILE REPORT

## Lakewood Plaza- As Proposed

Effective Rent Date	3/03/2021
Location	5631 Tidewater Dr Norfolk, VA 23509 Norfolk County
Distance	N/A
Units	200
Vacant Units	N/A
Vacancy Rate	N/A
Type	Highrise (age-restricted) (13 stories)
Year Built/Renovated	1974 / 2021
Marketing Began	N/A
Leasing Began	N/A
Last Unit Leased	N/A
Major Competitors	John Knox Towers, Lafayette Toers
Tenant Characteristics	Average age is 70. 70% of residents are lifetime renters. 67% of residents on waiting list are very low income (8K to 15K annually)
Contact Name	Donnajean
Phone	757-857-5445



### Market Information

Program	@50% (Section 8), @60%, @60% (Section 8),
Annual Turnover Rate	10%
Units/Month Absorbed	N/A
HCV Tenants	0%
Leasing Pace	Immediate
Annual Chg. in Rent	N/A
Concession	None
Waiting List	None

### Utilities

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

### Unit Mix (face rent)

Beds	Baths	Type	Units	Size (SF)	Rent	Concession (monthly)	Restriction	Waiting List	Vacant	Vacancy Rate	Max Rent?	Range
0	1	Highrise (13 stories)	24	538	\$1,430	\$0	@60% (Section 8)	No	N/A	N/A	N/A	None
0	1	Highrise (13 stories)	26	547	\$1,430	\$0	@60% (Section 8)	No	N/A	N/A	N/A	None
1	1	Highrise (13 stories)	48	585	\$1,430	\$0	@50% (Section 8)	No	N/A	N/A	N/A	None
1	1	Highrise (13 stories)	46	599	\$1,430	\$0	@50% (Section 8)	N/A	N/A	N/A	N/A	None
1	1	Highrise (13 stories)	1	571	\$769	\$0	@60%	No	N/A	N/A	no	None
1	1	Highrise (13 stories)	1	576	\$769	\$0	@60%	No	N/A	N/A	no	None
1	1	Highrise (13 stories)	2	585	\$769	\$0	@60%	No	N/A	N/A	no	None
1	1	Highrise (13 stories)	3	599	\$769	\$0	@60%	No	N/A	N/A	no	None
1	1	Highrise (13 stories)	23	571	\$1,430	\$0	@60% (Section 8)	N/A	N/A	N/A	N/A	None
1	1	Highrise (13 stories)	23	576	\$1,430	\$0	@60% (Section 8)	No	N/A	N/A	N/A	None
1	1	Highrise (13 stories)	1	578	\$1,430	\$0	@60% (Section 8)	N/A	N/A	N/A	N/A	None
1	1	Highrise (13 stories)	2	554	N/A	\$0	Non-Rental	N/A	N/A	N/A	N/A	None





## **D. LOCATION**

## LOCATION

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



Source: Google Maps, retrieved 2/2020

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

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

**Surrounding Uses:**

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



View of Wayne Creek north of the Subject



View along Tidewater Drive from the Subject

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



View of Wayne Creek looking east



View of Wayne Creek looking east

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



View looking south on Tidewater



Health center next to Subject

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



View west from rear of Subject property



Looking west from rear of Subject property

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

**Access and Traffic Flow:**

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

**Layout and Curb Appeal:**

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

**Drainage:**

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

**Soil and Subsoil Conditions:**

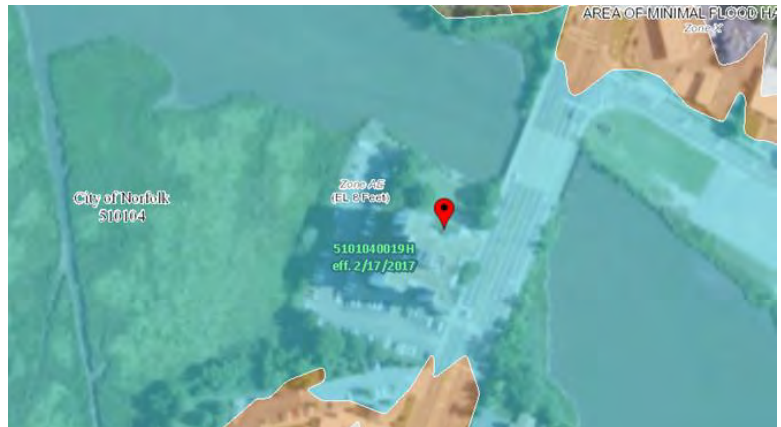
Novogradac did not perform any soil and subsoil tests upon inspection of the site, as this is beyond the scope of work. We have not been provided with a soil and subsoil report. We are not experts in this field and assume the soil is adequate for development.

**Detrimental Influences:**

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

**Flood Plain:**

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



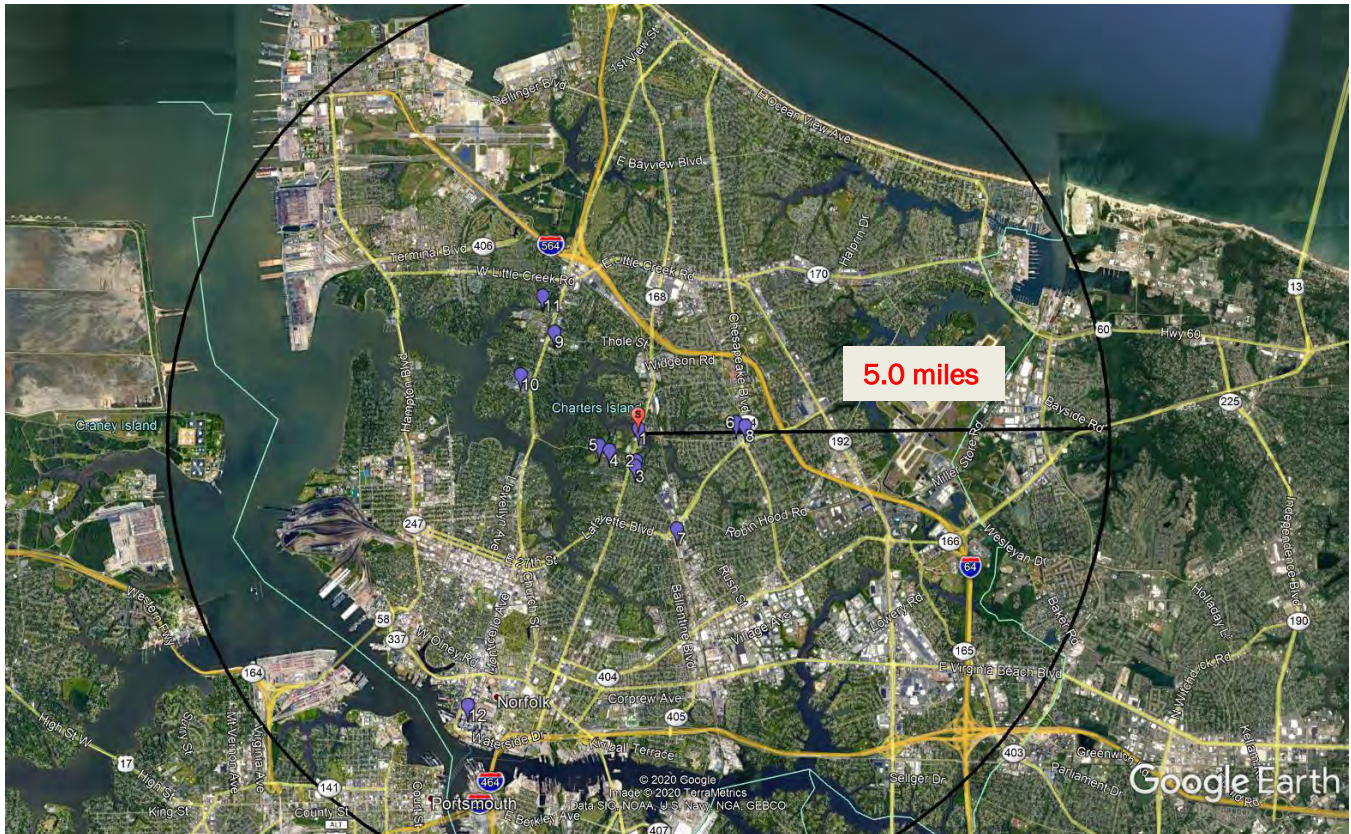
Source: FEMA Flood Map Service Center

**Locational Amenities:**

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

**LOCATIONAL AMENITIES**

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



Source: Google Earth, February 2021

**Public Transportation:**

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

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

**Crime Statistics:**

The following tables show crime statistics from 2020 for the PMA.

**2020 CRIME INDICES**

	<b>PMA</b>	<b>SMA</b>
<b>Total Crime*</b>	<b>246</b>	<b>125</b>
<b>Personal Crime*</b>	<b>234</b>	<b>106</b>
Murder	363	159
Rape	203	111
Robbery	347	143
Assault	180	86
<b>Property Crime*</b>	<b>248</b>	<b>128</b>
Burglary	186	99
Larceny	273	142
Motor Vehicle Theft	218	92

Source: Esri Demographics 2020, Novogradac Consulting LLP March 2021  
 \*Unweighted aggregations

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

**Conclusion:**

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

**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD**



Subject building from entry drive



Side yard at Subject



Subject signage visible from Tidewater Drive



View looking south on Tidewater



View looking east across Wayne Creek



View looking north on Tidewater





View west from rear of Subject property



Alternative view from rear of Subject property



Mailboxes



Subject community room



Laundry room on first floor



Management offices at Subject



Typical living area



Typical balcony



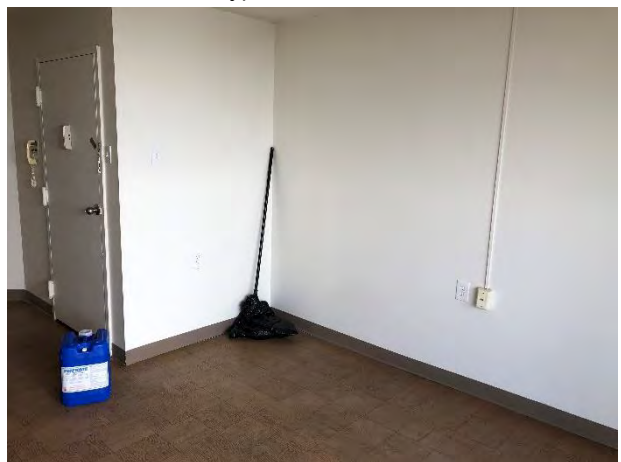
Typical bedroom



Typical bathroom



Typical kitchen



View of unit entry door

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



View from unit balcony in rear of property



View from unit balcony in front of property



Retail use adjacent to Subject



Townhomes across Tidewater from Subject



Health center next to Subject



Place of Worship across Tidewater from Subject

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



Retail in excellent condition on Tidewater



Retail in average condition on Tidewater



Strip center in average condition on Tidewater



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood

## **E. MARKET AREA DEFINITION**

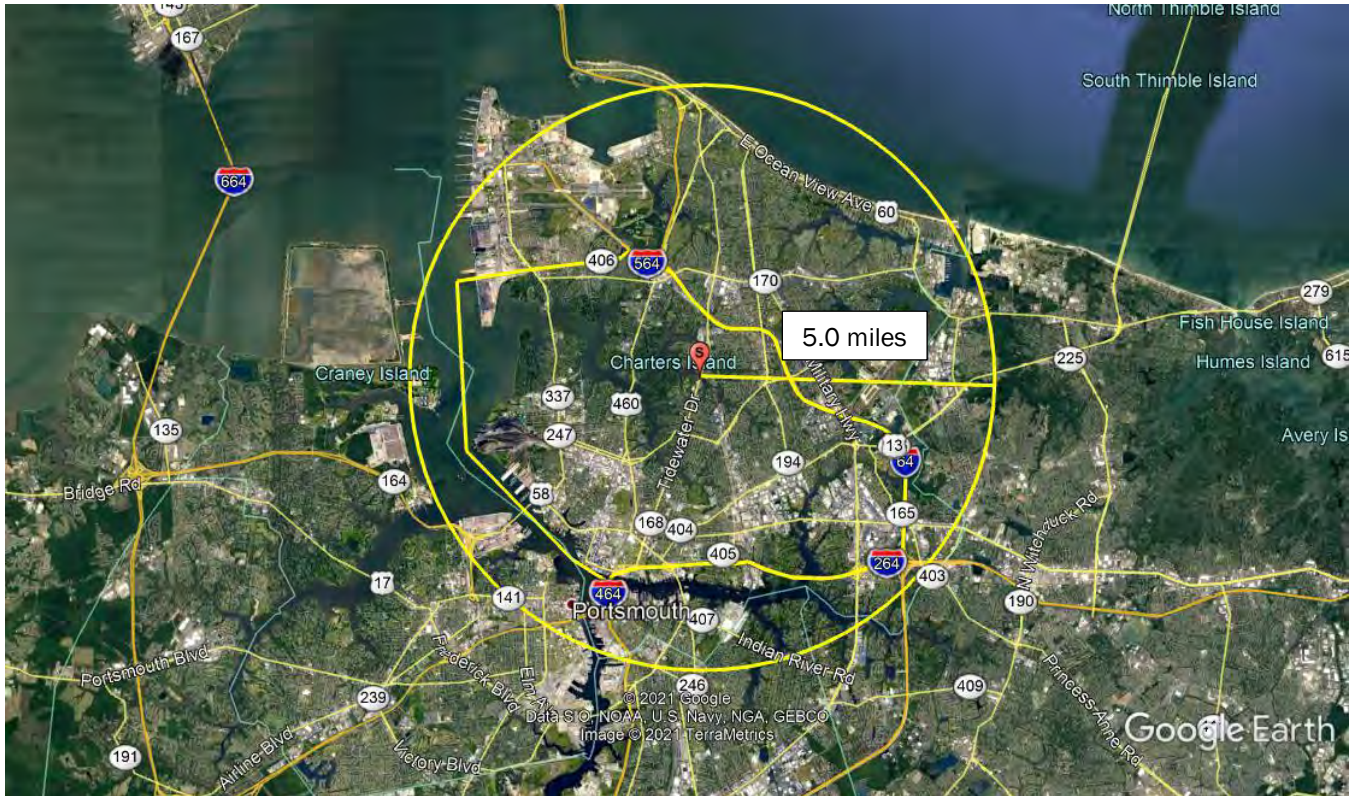
## MARKET AREA

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

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

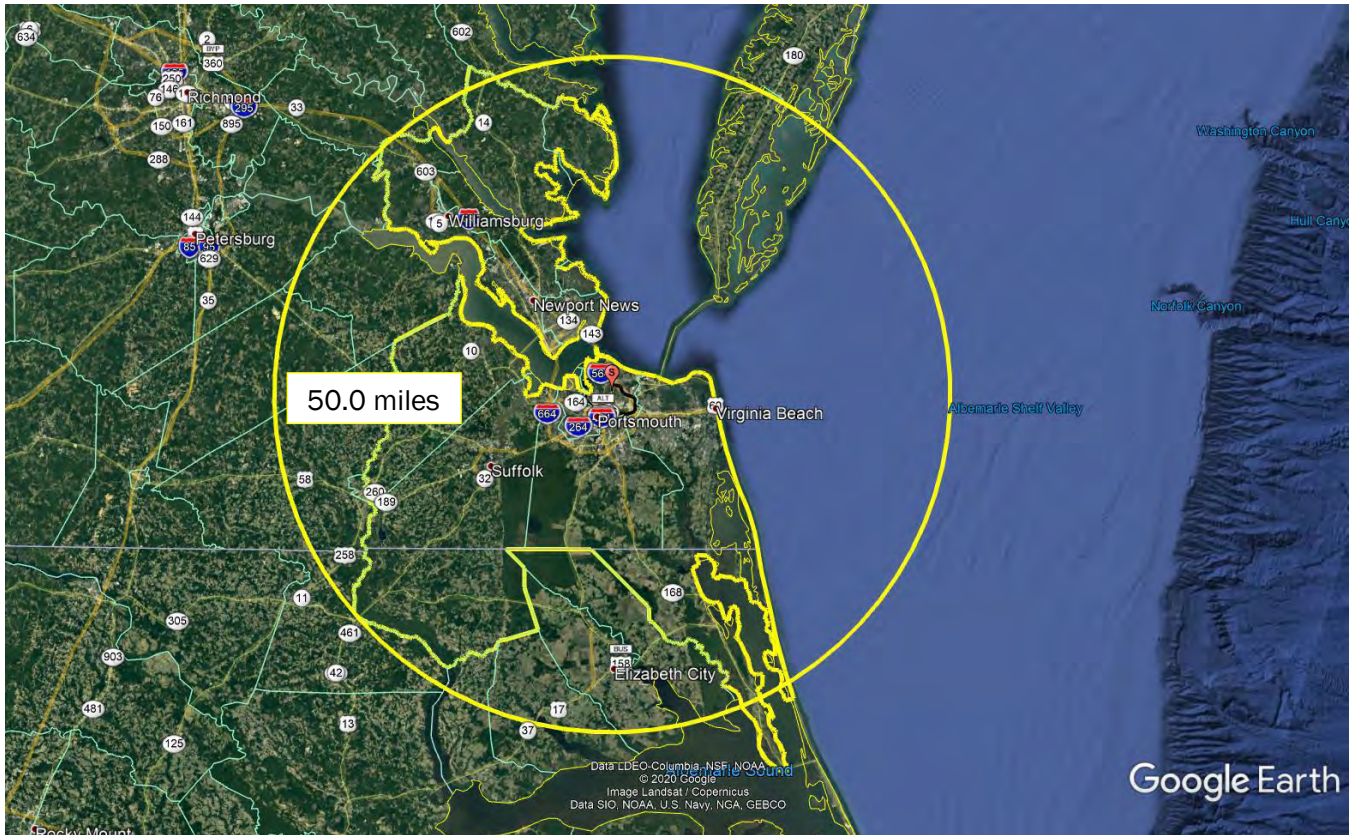
Per VHDA guidelines, analysts are not to include secondary or tertiary markets. In this case, the secondary market area is simply presented as a source of comparison to the PMA.

### Primary Market Area Map



Source: Google Earth, March 2021

### Metropolitan Statistical Area (MSA) Map



Source: Google Earth, March 2021

# **F. EMPLOYMENT AND ECONOMY**



## ECONOMIC ANALYSIS

The Greater Norfolk metropolitan area has a strong and diverse economy that is concentrated within the healthcare/social assistance, educational services, and accommodation/food services sectors. Hampton Roads is a major military center, of which Norfolk is home to the most important regional installation, the Naval Station Norfolk. This installation is the headquarters of the Atlantic Fleet, as well as the homeport of the second fleet, which is comprised of 81,030 active duty personnel. Additionally, Norfolk is home to Virginia Port Authority, which owns and operates three major port facilities in Hampton Roads for break-bulk and container type cargo. The Norfolk economy significantly benefits from its mid-Atlantic location. As of December 2020, the MSA saw a 5.4 percentage decrease in the MSA, largely due to the COVID-19 pandemic. The MSA unemployment rate is currently 5.3 percent, below the national rate of 6.5 percent, which is elevated due to increased layoffs and business closures due to the ongoing COVID-19 pandemic.

### Employment by Industry

The following chart illustrates employment by industry as of 2020.

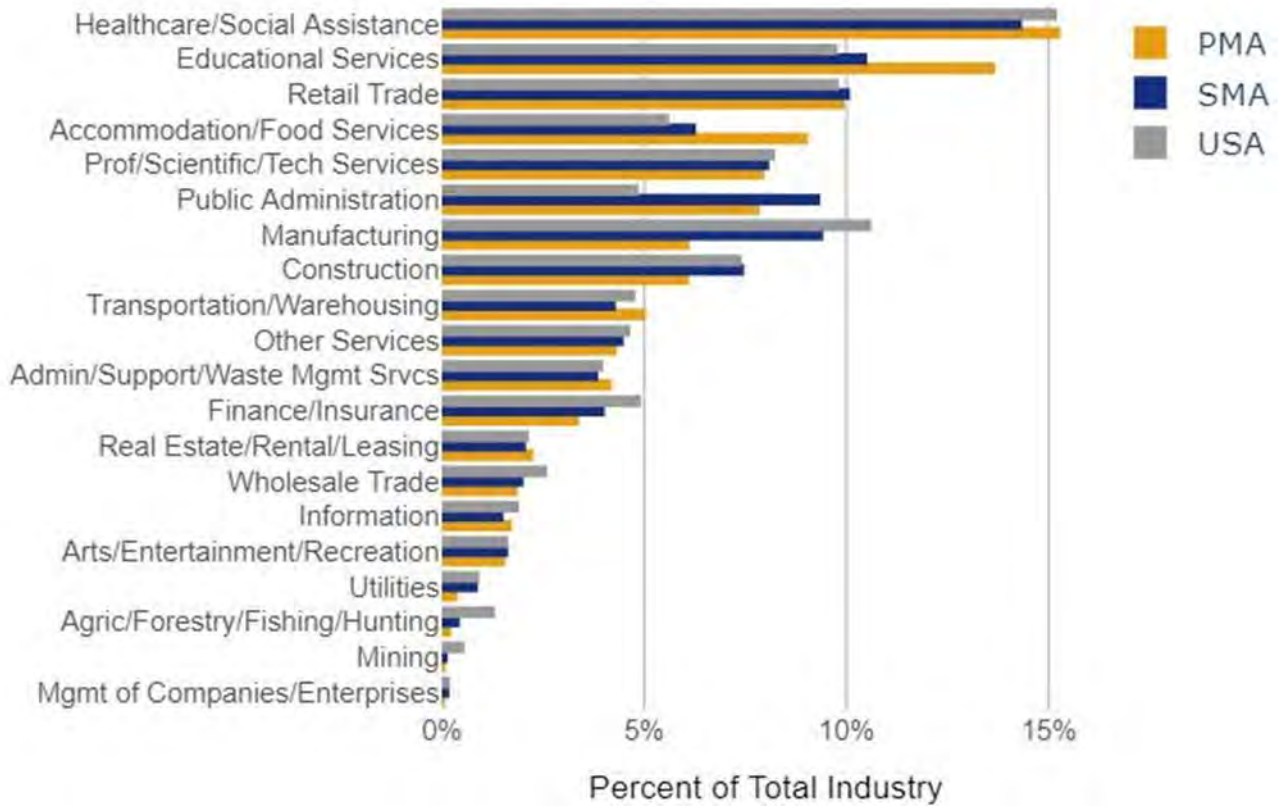
#### 2020 - EMPLOYMENT BY INDUSTRY

Industry	PMA		USA	
	Number Employed	Percent Employed	Number Employed	Percent Employed
Healthcare/Social Assistance	8,577	15.2%	22,313,586	15.1%
Educational Services	7,668	13.6%	14,320,448	9.7%
Retail Trade	5,572	9.9%	14,356,334	9.7%
Accommodation/Food Services	5,060	9.0%	8,202,612	5.6%
Prof/Scientific/Tech Services	4,458	7.9%	12,049,828	8.2%
Public Administration	4,390	7.8%	7,071,492	4.8%
Manufacturing	3,418	6.1%	15,550,554	10.6%
Construction	3,412	6.1%	10,829,187	7.4%
Transportation/Warehousing	2,806	5.0%	6,959,787	4.7%
Other Services	2,403	4.3%	6,772,309	4.6%
Admin/Support/Waste Mgmt Svcs	2,334	4.1%	5,786,624	3.9%
Finance/Insurance	1,875	3.3%	7,169,665	4.9%
Real Estate/Rental/Leasing	1,239	2.2%	3,082,197	2.1%
Wholesale Trade	1,023	1.8%	3,744,789	2.5%
Information	940	1.7%	2,723,217	1.8%
Arts/Entertainment/Recreation	847	1.5%	2,329,497	1.6%
Utilities	187	0.3%	1,274,383	0.9%
Agric/Forestry/Fishing/Hunting	95	0.2%	1,852,333	1.3%
Mining	23	0.0%	729,605	0.5%
Mgmt of Companies/Enterprises	9	0.0%	210,175	0.1%
<b>Total Employment</b>	<b>56,336</b>	<b>100.0%</b>	<b>147,328,622</b>	<b>100.0%</b>

Source: Esri Demographics 2020, Novogradac Consulting LLP March 2021

Employment within the PMA is concentrated in the healthcare/social assistance, educational services, and retail trade industries. Together, these industries comprise 38.7 percent of total employment in the PMA. While the healthcare/social assistance and educational services sectors are typically stable during times of recession, the accommodation/food services sector tends to be more volatile during times of economic downturn. However, due to the COVID-19 pandemic, industries that have historically been stable are experiencing increased unemployment and market volatility. Compared to the nation, the educational services and public administration industries are overrepresented in the PMA. Conversely, the manufacturing, construction, and finance/insurance industries are underrepresented in the PMA compared to the nation.

## Employment By Industry



## Growth by Industry

The following table illustrates the change in total employment by sector from 2000 to 2020 in the PMA.

### 2000-2020 CHANGE IN EMPLOYMENT - PMA

Industry	2000		2020		2000-2020	
	Number Employed	Percent Employed	Number Employed	Percent Employed	Growth	Annualized Percent
Healthcare/Social Assistance	5,638	12.7%	8,577	15.2%	2,939	2.6%
Educational Services	5,088	11.5%	7,668	13.6%	2,580	2.5%
Retail Trade	5,527	12.5%	5,572	9.9%	45	0.0%
Accommodation/Food Services	4,208	9.5%	5,060	9.0%	852	1.0%
Prof/Scientific/Tech Services	2,390	5.4%	4,458	7.9%	2,068	4.3%
Public Administration	2,704	6.1%	4,390	7.8%	1,686	3.1%
Manufacturing	2,908	6.6%	3,418	6.1%	510	0.9%
Construction	2,879	6.5%	3,412	6.1%	533	0.9%
Transportation/Warehousing	2,049	4.6%	2,806	5.0%	757	1.8%
Other Services	2,189	4.9%	2,403	4.3%	214	0.5%
Admin/Support/Waste Mgmt Svcs	2,284	5.1%	2,334	4.1%	50	0.1%
Finance/Insurance	1,550	3.5%	1,875	3.3%	325	1.0%
Real Estate/Rental/Leasing	1,033	2.3%	1,239	2.2%	206	1.0%
Wholesale Trade	1,337	3.0%	1,023	1.8%	-314	-1.2%
Information	1,314	3.0%	940	1.7%	-374	-1.4%
Arts/Entertainment/Recreation	961	2.2%	847	1.5%	-114	-0.6%
Utilities	213	0.5%	187	0.3%	-26	-0.6%
Agric/Forestry/Fishing/Hunting	30	0.1%	95	0.2%	65	10.8%
Mining	60	0.1%	23	0.0%	-37	-3.1%
Mgmt of Companies/Enterprises	0	0.0%	9	0.0%	9	0.0%
<b>Total Employment</b>	<b>44,362</b>	<b>100.0%</b>	<b>56,336</b>	<b>100.0%</b>	<b>11,974</b>	<b>1.3%</b>

Source: Esri Demographics 2020, Novogradac Consulting LLP March 2021

Total employment in the PMA increased at an annualized rate of 1.3 percent between 2000 and 2020. The industries which expanded most substantially during this period include healthcare/social assistance, accommodation/food services, and educational services. Conversely, the wholesale trade, information, and utilities sectors experienced the least growth.

**Major Employers**

The following illustrates the major employers in the region.

**MAJOR EMPLOYERS**  
**VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA**

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

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

**Employment Expansion/Contractions**

The following table illustrates business closures and layoffs in Norfolk. We consulted the Virginia Employment Commission’s Worker Adjustment and Retraining Notification (WARN) filings from 2017 to 2021 year-to-date.

**WARN LISTINGS**  
**VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC MSA**

Company	Industry	Employees Affected	Layoff Date
American Green Building Maintenance, Inc.	Service	150	3/31/2021
PostalMile Inc	Logistics	61	8/28/2020
PSA Airlines (ORF)	Transportation	87	10/1/2020
Enterprise Holdings	Transportation	84	4/24/2020
Eastern Specialty Finance Inc.	Finance	5	5/1/2020
Cinemark USA, Inc.	Service	134	3/26/2020
Captin Groovy's Grill & Raw Bar	Service	25	3/17/2020
Brick Anchor Brew House	Service	28	3/22/2020
The Virginian Pilot	Television	137	4/27/2020
AECOM	Engineering	197	9/30/2019
Kroger Store	Grocery	102	12/19/2018
DAL Global Services, LLC (DGS)	Transportation	102	10/31/2018
Farm Fresh	Grocery	395	5/14/2018
Sam's Club	Retail	140	3/16/2018
Old Dominion Peanut Company	Manufacturing	69	3/9/2018
URS Federal Services	Government	78	2/28/2018
Air Wisconsin Airline Corporation	Transportation	213	2/16/2018
General Foam Plastics	Retail	109	8/15/2017
Boats Group	Software	72	7/31/2017
Dollar Express	Transportation	44	6/30/2017
Bebe Stores, Inc	Retail	18	5/27/2017
<b>Total</b>		<b>2,250</b>	

Source: Virginia Employment Commission, 3/2021

As seen in the previous table, there have been a total of 2,250 positions affected by WARN filings since 2017.

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

- Tablet Manufacturing Company, a military equipment manufacturing company, announced in early 2021 a \$6.5 million expansion to its 50,000 square foot facility in Norfolk, VA plant and will create 68 new jobs. The company currently employs 90 people.
- CMA CGM Group, a French shipping and logistics company announced in February 2021 that will spend \$36 million to expand its shipping yards to create over 400 new jobs for the local economy.
- According to WTKR, a CBS affiliated news outlet, in September 2019, the Norfolk City County voted seven to one in favor of a new casino resort in Norfolk. The resort is anticipated to be the result of a \$700 million investment. The number of anticipated jobs was not available.
- The Virginian-Pilot maintains a catalogue of small businesses and restaurants that have opened in the Hampton Roads area. Recent openings in the Norfolk area include the reopening of the Alkaline ramen-bar, as well as the opening of Battle Grounds Coffehouse and Grill, Primo Cigars and Coffee, 350 Grace restaurant, and Wink's Lash and Beauty Bar.
- In April 2019, Norfolk welcomed its first Ikea store, a 331,000 square-foot facility with a 354-seat restaurant. The total number of jobs added at the facility was not provided.

## Employment and Unemployment Trends

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

### EMPLOYMENT & UNEMPLOYMENT TRENDS (NOT SEASONALLY ADJUSTED)

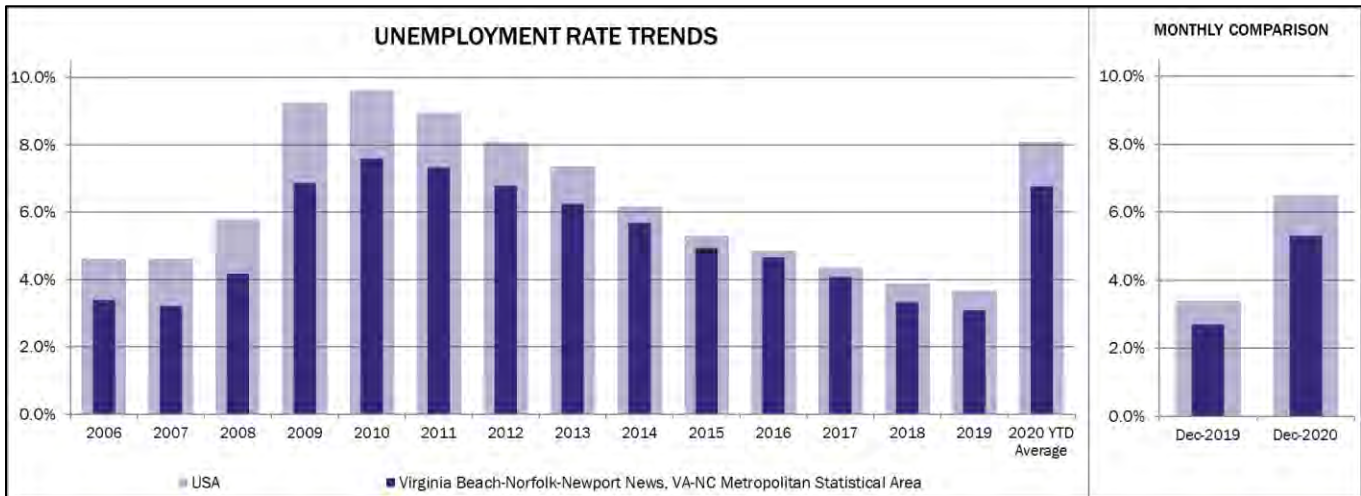
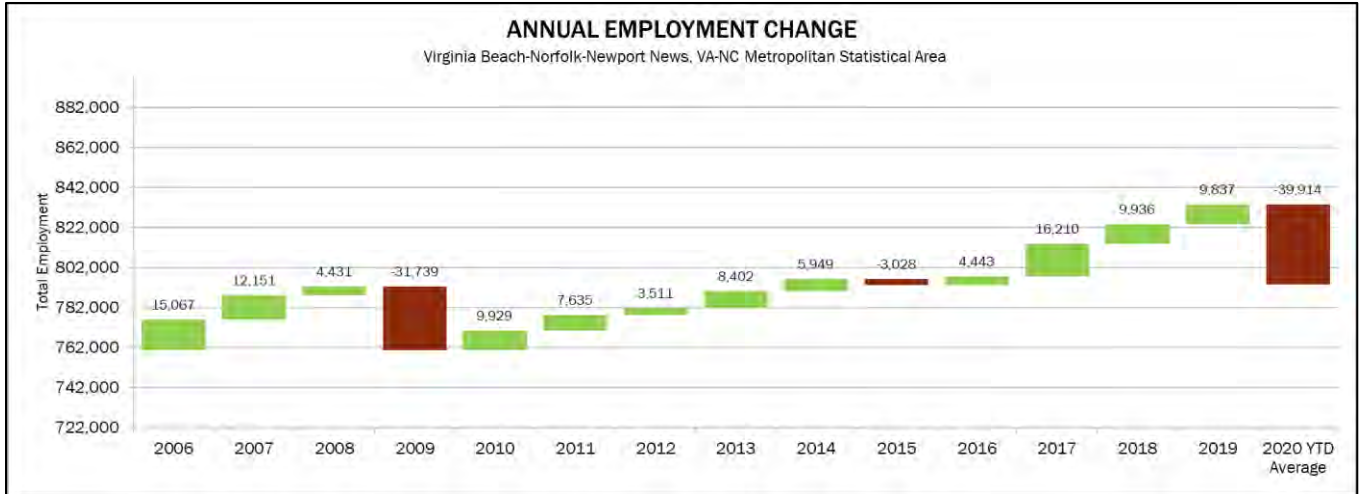
Year	MSA				USA			
	Total Employment	% Change	Unemployment Rate	Change	Total Employment	% Change	Unemployment Rate	Change
2002	730,220	-	4.1%	-	136,485,167	-	5.8%	-
2003	735,598	0.7%	4.2%	0.1%	137,735,667	0.9%	6.0%	0.2%
2004	743,738	1.1%	4.1%	-0.1%	139,251,917	1.1%	5.5%	-0.5%
2005	760,768	2.3%	4.0%	-0.1%	141,729,750	1.8%	5.1%	-0.5%
2006	775,834	2.0%	3.4%	-0.6%	144,427,000	1.9%	4.6%	-0.4%
2007	787,986	1.6%	3.2%	-0.2%	146,046,667	1.1%	4.6%	0.0%
2008	792,416	0.6%	4.2%	1.0%	145,362,500	-0.5%	5.8%	1.2%
2009	760,677	-4.0%	6.9%	2.7%	139,877,500	-3.8%	9.3%	3.5%
2010	770,605	1.3%	7.6%	0.7%	139,063,917	-0.6%	9.6%	0.3%
2011	778,240	1.0%	7.3%	-0.3%	139,869,250	0.6%	8.9%	-0.7%
2012	781,751	0.5%	6.8%	-0.5%	142,469,083	1.9%	8.1%	-0.9%
2013	790,153	1.1%	6.2%	-0.5%	143,929,333	1.0%	7.4%	-0.7%
2014	796,102	0.8%	5.7%	-0.6%	146,305,333	1.7%	6.2%	-1.2%
2015	793,074	-0.4%	4.9%	-0.7%	148,833,417	1.7%	5.3%	-0.9%
2016	797,517	0.6%	4.7%	-0.3%	151,435,833	1.7%	4.9%	-0.4%
2017	813,727	2.0%	4.1%	-0.6%	153,337,417	1.3%	4.3%	-0.5%
2018	823,663	1.2%	3.3%	-0.7%	155,761,000	1.6%	3.9%	-0.4%
2019	833,499	1.2%	3.1%	-0.2%	157,538,083	1.1%	3.7%	-0.2%
2020 YTD Average*	793,585	-4.8%	6.8%	3.7%	147,794,750	-6.2%	8.1%	4.4%
Dec-2019	834,872	-	2.7%	-	158,504,000	-	3.4%	-
Dec-2020	790,145	-5.4%	5.3%	2.6%	149,613,000	-5.6%	6.5%	3.1%

Source: U.S. Bureau of Labor Statistics, March 2021

\*2020 YTD Average is through October

Prior to the Great Recession, average employment growth in the MSA was generally similar to the nation. The effects of the recession in the MSA were slightly less than that of the nation overall, with only one year of employment decline in 2009. Further, the MSA did recover at a slightly quicker rate than the nation overall. In subsequent years, the MSA has experienced job growth that has been somewhat uneven, ranging from moderately below to slightly above that of the nation overall. Of note, the economy did experience a slight employment decline in 2015, followed by increases in 2016 through 2020 year-to-date. The MSA economy surpassed pre-recessionary employment levels in 2014. As of December 2020, the MSA saw a 5.4 percentage decrease in the MSA, largely due to the COVID-19 pandemic.

The MSA unemployment rate is currently 5.3 percent, below the national rate of 6.5 percent, which is elevated due to increased layoffs and business closures due to the ongoing COVID-19 pandemic. It is unclear when the local economy will fully recover from the effects of COVID-19.



## Wages by Occupation

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

**VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC METROPOLITAN STATISTICAL AREA - MAY 2019**

Occupation	Number of Employees	Mean Hourly Wage	Mean Annual Wage
<b>All</b>	<b>758,420</b>	<b>\$23.86</b>	<b>\$49,620</b>
Management	29,300	\$56.39	\$117,300
Legal	4,650	\$42.36	\$88,110
Computer and Mathematical	21,740	\$41.79	\$86,930
Architecture and Engineering	22,000	\$40.18	\$83,570
Healthcare Practitioners and Technical	45,040	\$37.94	\$78,920
Business and Financial Operations	45,300	\$36.35	\$75,610
Life Physical and Social Science	6,950	\$35.38	\$73,590
Educational Instruction and Library	45,510	\$28.24	\$58,730
Arts Design Entertainment Sports and Media	9,800	\$26.72	\$55,580
Community and Social Service	11,380	\$24.22	\$50,380
Installation Maintenance and Repair	36,660	\$23.69	\$49,280
Construction and Extraction	39,470	\$22.57	\$46,950
Protective Service	21,040	\$21.78	\$45,290
Production	37,110	\$20.14	\$41,890
Office and Administrative Support	97,120	\$18.50	\$38,470
Sales and Related	74,430	\$17.55	\$36,500
Farming Fishing and Forestry	700	\$17.32	\$36,020
Transportation and Material Moving	63,780	\$17.31	\$36,000
Healthcare Support	29,530	\$14.44	\$30,030
Personal Care and Service	20,120	\$13.39	\$27,860
Building and Grounds Cleaning and Maintenance	24,440	\$12.70	\$26,410
Food Preparation and Serving Related	72,370	\$11.54	\$24,000

Source: Department of Labor, Occupational Employment Statistics, May 2019, retrieved March 2021

The table above shows the average hourly and annual wages by occupation classification. The classification with the lowest average hourly wage is food preparation and serving related occupations at \$11.54 per hour. The highest average hourly wage, of \$56.39, is for those in management occupations. Qualifying income for the Subject's affordable units will range between \$0 and \$39,600 as proposed, and between \$22,000 and \$39,600 absent subsidy. This encompasses a significant amount of the employment based on wages in the area. An element not reflected in the data is that many positions represent part-time employment, and starting rates are typically lower than mean wage rates. We expect that part-time employment and entry-level positions will be common amongst the Subject's tenant base. Additionally, as the Subject is restricted to seniors, we expect many tenants to be reliant on social security.

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



## Commuting Patterns

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

### COMMUTING PATTERNS

ACS Commuting Time to Work	Number of Commuters	Percentage
Travel Time < 5 min	1,904	3.1%
Travel Time 5-9 min	6,057	10.0%
Travel Time 10-14 min	9,683	16.0%
Travel Time 15-19 min	12,685	20.9%
Travel Time 20-24 min	10,811	17.8%
Travel Time 25-29 min	3,683	6.1%
Travel Time 30-34 min	8,426	13.9%
Travel Time 35-39 min	1,055	1.7%
Travel Time 40-44 min	1,234	2.0%
Travel Time 45-59 min	2,360	3.9%
Travel Time 60-89 min	1,529	2.5%
Travel Time 90+ min	1,263	2.1%
<b>Weighted Average</b>	<b>23 minutes</b>	

Source: US Census 2020, Novogradac Consulting LLP, March 2021

As shown above, the average travel time for individuals in the PMA is 23 minutes. Approximately 67.8 percent of the workers in the PMA have a commute time of 24 minutes or less. Overall, it appears that most residents work within the Norfolk area.

## Conclusion

Norfolk has a stable and diverse economy with employment concentrated in the healthcare/social assistance, educational services, and retail trade industries. Huntington Ingalls Industries, Inc. and Sentara Healthcare are the largest employers in the MSA, each employing more than 40,000 employees. As of December 2020, the MSA saw a 5.4 percentage decrease in the MSA, largely due to the COVID-19 pandemic. The MSA unemployment rate is currently 5.3 percent, below the national rate of 6.5 percent, which is elevated due to increased layoffs and business closures due to the ongoing COVID-19 pandemic.

# **G. DEMOGRAPHIC CHARACTERISTICS**

## DEMOGRAPHIC CHARACTERISTICS

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

### POPULATION

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	112,192	-	1,552,245	-	280,304,282	-
2010	142,122	2.7%	1,675,603	0.8%	308,745,538	1.0%
2020	127,557	-1.0%	1,763,677	0.5%	333,793,107	0.8%
2025	128,821	0.2%	1,801,237	0.4%	346,021,282	0.7%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

### HOUSEHOLDS

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	43,972	-	578,113	-	105,081,032	-
2010	47,487	0.8%	629,949	0.9%	116,716,293	1.1%
2020	49,448	0.4%	662,604	0.5%	126,083,847	0.8%
2025	49,999	0.2%	676,837	0.4%	130,658,491	0.7%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

Historical population growth in the PMA exceeded the MSA between 2000 and 2010. The PMA experienced population growth greater than the nation whereas, the MSA underperformed national growth rates. Population in the PMA declined from 2010 through 2020. However, according to ESRI demographic projections, annualized PMA growth is expected to rise to 0.2 percent through 2025, slightly below the MSA and below the nation.

Historical household growth in the PMA trailed the MSA between 2000 and 2010. Both geographic areas experienced household growth rates beneath the overall nation during the time period. Household growth in the PMA slowed between 2010 and 2020, and grew at a rate similar to the MSA. According to ESRI demographic projections, annualized PMA growth is expected to decline slightly at 0.2 percent through 2025 slightly below the MSA and below the nation.

## Population and Household Trends (62+)

### SENIOR POPULATION, 62+

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	15,386	-	195,136	-	41,290,411	-
2010	16,417	0.7%	244,711	2.5%	50,358,738	2.2%
2020	22,100	3.4%	337,117	3.7%	68,111,198	3.4%
2025	24,850	2.5%	387,700	3.0%	77,676,691	2.8%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

**HOUSEHOLDS WITH SENIOR HOUSEHOLDER, 62+**

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	10,326	-	123,247	-	26,088,125	-
2010	11,253	0.9%	170,034	3.8%	33,899,803	3.0%
2020	13,408	1.9%	198,835	1.7%	40,898,199	2.0%
2025	14,700	1.9%	222,510	2.4%	45,846,465	2.4%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

Historical senior population in the PMA trailed the MSA between 2000 and 2010. However, population in the broader MSA exceeded the nation during the same period. While senior population in the PMA grew significantly between 2010 and 2020, growth in the PMA was slightly less than the MSA. According to ESRI demographic projections, annualized PMA growth projects to slow to 2.5 percent through 2025, which is below the MSA and slightly below the nation.

Historical senior household growth in the PMA trailed the MSA between 2000 and 2010. Although PMA growth also trended below the nation, household growth in the broader MSA exceeded the nation during the same period. Household growth in the PMA increased significantly between 2010 and 2020, slightly above that of the MSA. According to ESRI demographic projections, annualized PMA growth is expected to rise to 1.9 percent through 2025, which is below the MSA and the nation.

**Population by Age**

**POPULATION BY AGE IN 2020**

Age Cohort	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,616	6.0%	102,792	5.8%	19,889,287	6.0%
5-9	7,147	5.6%	104,693	5.9%	20,473,059	6.1%
10-14	7,121	5.6%	107,521	6.1%	20,951,714	6.3%
15-19	10,365	8.1%	115,203	6.5%	21,057,396	6.3%
20-24	13,722	10.8%	137,419	7.8%	22,236,205	6.7%
25-29	11,255	8.8%	133,946	7.6%	23,934,075	7.2%
30-34	9,498	7.4%	128,213	7.3%	22,819,624	6.8%
35-39	8,125	6.4%	118,513	6.7%	21,955,092	6.6%
40-44	6,905	5.4%	103,223	5.9%	20,132,896	6.0%
45-49	6,380	5.0%	103,296	5.9%	20,512,248	6.1%
50-54	6,916	5.4%	108,326	6.1%	20,952,941	6.3%
55-59	7,573	5.9%	119,761	6.8%	22,326,129	6.7%
60-64	7,083	5.6%	109,136	6.2%	21,103,108	6.3%
65-69	5,908	4.6%	89,823	5.1%	18,229,243	5.5%
70-74	4,323	3.4%	70,759	4.0%	14,441,592	4.3%
75-79	2,980	2.3%	47,802	2.7%	9,667,836	2.9%
80-84	2,124	1.7%	31,213	1.8%	6,323,871	1.9%
85+	2,515	2.0%	32,038	1.8%	6,786,791	2.0%
<b>Total</b>	<b>127,556</b>	<b>100.0%</b>	<b>1,763,677</b>	<b>100.0%</b>	<b>333,793,107</b>	<b>100.0%</b>

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

**POPULATION BY AGE IN 2025 ESTIMATE**

Age Cohort	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Number	Percentage	Number	Percentage	Number	Percentage
0-4	7,687	6.0%	104,824	5.8%	20,619,393	6.0%
5-9	6,981	5.4%	103,500	5.7%	20,660,136	6.0%
10-14	6,796	5.3%	105,479	5.9%	21,328,050	6.2%
15-19	10,608	8.2%	117,536	6.5%	21,628,463	6.3%
20-24	13,797	10.7%	132,861	7.4%	21,572,719	6.2%
25-29	10,623	8.2%	122,499	6.8%	22,364,042	6.5%
30-34	9,101	7.1%	127,787	7.1%	24,582,813	7.1%
35-39	8,432	6.5%	128,791	7.2%	23,598,049	6.8%
40-44	7,552	5.9%	117,216	6.5%	22,271,886	6.4%
45-49	6,638	5.2%	103,113	5.7%	20,292,996	5.9%
50-54	6,351	4.9%	101,058	5.6%	20,273,270	5.9%
55-59	6,592	5.1%	103,539	5.7%	20,524,276	5.9%
60-64	7,032	5.5%	113,336	6.3%	21,571,245	6.2%
65-69	6,496	5.0%	102,641	5.7%	20,174,621	5.8%
70-74	5,170	4.0%	81,118	4.5%	16,697,532	4.8%
75-79	3,894	3.0%	62,115	3.4%	12,734,832	3.7%
80-84	2,495	1.9%	38,678	2.1%	7,847,591	2.3%
85+	2,576	2.0%	35,146	2.0%	7,279,368	2.1%
<b>Total</b>	<b>128,821</b>	<b>100.0%</b>	<b>1,801,237</b>	<b>100.0%</b>	<b>346,021,282</b>	<b>100.0%</b>

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

**General Household Income Distribution**

The following tables illustrate the household income distribution for the PMA and MSA for 2020 and 2025.

**HOUSEHOLD INCOME PMA**

Income Cohort	2020		2025		Annual Change 2020 to 2025	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,864	9.8%	4,394	8.8%	-94	-1.9%
\$10,000-19,999	6,094	12.3%	5,398	10.8%	-139	-2.3%
\$20,000-29,999	5,074	10.3%	4,904	9.8%	-34	-0.7%
\$30,000-39,999	4,081	8.3%	3,772	7.5%	-62	-1.5%
\$40,000-49,999	4,119	8.3%	3,699	7.4%	-84	-2.0%
\$50,000-59,999	3,684	7.5%	3,631	7.3%	-11	-0.3%
\$60,000-74,999	4,380	8.9%	4,445	8.9%	13	0.3%
\$75,000-99,999	5,335	10.8%	5,464	10.9%	26	0.5%
\$100,000-124,999	3,803	7.7%	4,155	8.3%	70	1.9%
\$125,000-149,999	2,424	4.9%	2,920	5.8%	99	4.1%
\$150,000-199,999	2,508	5.1%	3,061	6.1%	111	4.4%
\$200,000+	3,082	6.2%	4,156	8.3%	215	7.0%
<b>Total</b>	<b>49,448</b>	<b>100.0%</b>	<b>49,999</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, March 2021

**HOUSEHOLD INCOME SMA**

Income Cohort	2020		2025		Annual Change 2020 to 2025	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	36,930	5.6%	34,648	5.1%	-456	-1.2%
\$10,000-19,999	47,748	7.2%	43,914	6.5%	-767	-1.6%
\$20,000-29,999	52,466	7.9%	49,049	7.2%	-683	-1.3%
\$30,000-39,999	52,074	7.9%	48,459	7.2%	-723	-1.4%
\$40,000-49,999	53,535	8.1%	49,526	7.3%	-802	-1.5%
\$50,000-59,999	51,249	7.7%	49,618	7.3%	-326	-0.6%
\$60,000-74,999	70,676	10.7%	68,684	10.1%	-398	-0.6%
\$75,000-99,999	91,895	13.9%	92,562	13.7%	133	0.1%
\$100,000-124,999	69,309	10.5%	72,286	10.7%	595	0.9%
\$125,000-149,999	46,506	7.0%	52,770	7.8%	1,253	2.7%
\$150,000-199,999	45,167	6.8%	54,232	8.0%	1,813	4.0%
\$200,000+	45,049	6.8%	61,089	9.0%	3,208	7.1%
<b>Total</b>	<b>662,604</b>	<b>100.0%</b>	<b>676,837</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, March 2021

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

**Senior (62+) Household Income Distribution**

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

**HOUSEHOLD INCOME PMA 62+**

Income Cohort	2020		2025		Annual Change 2020 to 2025	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	1,444	10.8%	1,444	9.8%	0	0.0%
\$10,000-	2,630	19.6%	2,553	17.4%	-15	-0.6%
\$20,000-	1,481	11.0%	1,579	10.7%	20	1.3%
\$30,000-	1,070	8.0%	1,083	7.4%	3	0.2%
\$40,000-	901	6.7%	918	6.2%	3	0.4%
\$50,000-	995	7.4%	1,051	7.1%	11	1.1%
\$60,000-	1,188	8.9%	1,366	9.3%	36	3.0%
\$75,000-	1,084	8.1%	1,226	8.3%	28	2.6%
\$100,000-	749	5.6%	895	6.1%	29	3.9%
\$125,000-	504	3.8%	672	4.6%	34	6.7%
\$150,000-	539	4.0%	707	4.8%	34	6.2%
\$200,000+	823	6.1%	1,206	8.2%	77	9.3%
<b>Total</b>	<b>13,408</b>	<b>100.0%</b>	<b>14,700</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, March 2021

**HOUSEHOLD INCOME SMA 62+**

Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area						
Income Cohort	2020		2025		Annual Change 2020 to 2025	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	10,232	5.1%	10,621	4.8%	78	0.8%
\$10,000-	22,187	11.2%	22,024	9.9%	-33	-0.1%
\$20,000-	18,552	9.3%	19,032	8.6%	96	0.5%
\$30,000-	17,064	8.6%	17,589	7.9%	105	0.6%
\$40,000-	16,517	8.3%	16,797	7.5%	56	0.3%
\$50,000-	14,140	7.1%	15,250	6.9%	222	1.6%
\$60,000-	20,899	10.5%	22,590	10.2%	338	1.6%
\$75,000-	23,953	12.0%	26,778	12.0%	565	2.4%
\$100,000-	18,638	9.4%	21,588	9.7%	590	3.2%
\$125,000-	12,726	6.4%	16,096	7.2%	674	5.3%
\$150,000-	11,274	5.7%	15,116	6.8%	768	6.8%
\$200,000+	12,653	6.4%	19,029	8.6%	1,275	10.1%
<b>Total</b>	<b>198,835</b>	<b>100.0%</b>	<b>222,510</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, March 2021

Annual household income levels will range from \$0 to \$39,600 for the Subject’s senior LIHTC units at 50 and 60 percent of AMI, as proposed.

**General Household Size Distribution**

The following table is a summary of the average household size in the PMA, the MSA and the nation from 2000 through 2025.

Year	PMA		SMA		USA	
	Number	Annual Change	Number	Annual Change	Number	Annual Change
2000	2.33	-	2.56	-	2.59	-
2010	2.87	2.3%	2.56	-0.0%	2.57	-0.1%
2020	2.38	-1.7%	2.55	-0.0%	2.58	0.0%
2025	2.38	-0.0%	2.55	0.0%	2.59	0.0%

Source: Esri Demographics 2020, Novogradac Consulting LLP March 2021

As shown in the previous table, the average household size in the PMA decreased slightly from 2010 to 2020, but is projected to remain stable through 2025. The MSA has experienced a slight increase average household size from 2010 to 2020, and is projected to increase slightly through 2024. The average household size in the PMA is below that of the MSA and nation, which will continue to be the case through 2025.

### General Household Tenure

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

TENURE PATTERNS PMA				
Year	Owner-Occupied	Percentage Owner-Occupied	Renter-Occupied	Percentage Renter-Occupied
2010	21,717	45.7%	25,770	54.3%
2020	19,960	40.4%	29,488	59.6%
2025	20,157	40.3%	29,842	59.7%

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, March 2021.

As of 2020, approximately 59.6 percent of households in the PMA reside in renter-occupied housing units. Through 2025, the number of renter-occupied housing units is projected to increase.

### Senior (62+) Household Tenure

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

PMA TENURE PATTERNS OF SENIORS 62+				
Year	Owner-Occupied Units	Percentage Owner-Occupied	Renter-Occupied Units	Percentage Renter-Occupied
2000	6,823	66.1%	3,503	33.9%
2010	7,222	64.2%	4,031	35.8%
2020	7,580	56.5%	5,828	43.5%
2025	8,251	56.1%	6,449	43.9%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021.

The preceding table details household tenure patterns in the PMA since 2000. The percentage of senior renter households in the PMA increased between 2000 and 2020. Senior renter households in the PMA are projected to increase through 2025. The percentage of owner-occupied senior households is projected to decrease through 2025. According to ESRI demographic projections, the percentage of senior renter households in the PMA is expected to remain generally stable through 2025, with an increase of approximately 566 senior renter households in terms of number of units.



### General Renter Household Income Distribution

The following tables illustrate the renter household income distribution for the PMA and MSA for 2020 and 2025.

#### RENTER HOUSEHOLD INCOME

Income Cohort	2020		PMA		2025		Annual Change 2020 to 2025	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,059	13.8%	3,652	12.2%	-81	-2.0%		
\$10,000-19,999	4,808	16.3%	4,241	14.2%	-113	-2.4%		
\$20,000-29,999	3,813	12.9%	3,714	12.4%	-20	-0.5%		
\$30,000-39,999	2,840	9.6%	2,717	9.1%	-25	-0.9%		
\$40,000-49,999	2,923	9.9%	2,622	8.8%	-60	-2.1%		
\$50,000-59,999	2,127	7.2%	2,208	7.4%	16	0.8%		
\$60,000-74,999	2,186	7.4%	2,268	7.6%	16	0.8%		
\$75,000-99,999	2,290	7.8%	2,468	8.3%	36	1.6%		
\$100,000-124,999	1,711	5.8%	2,066	6.9%	71	4.1%		
\$125,000-149,999	853	2.9%	1,157	3.9%	61	7.1%		
\$150,000-199,999	1,023	3.5%	1,405	4.7%	76	7.5%		
\$200,000+	855	2.9%	1,324	4.4%	94	11.0%		
<b>Total</b>	<b>29,488</b>	<b>100.0%</b>	<b>29,842</b>	<b>100.0%</b>				

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, March 2021

#### RENTER HOUSEHOLD INCOME

Income Cohort	2020		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		2025		Annual Change 2020 to 2025	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	26,283	9.9%	24,641	9.2%	-328	-1.2%		
\$10,000-19,999	29,470	11.1%	27,090	10.1%	-476	-1.6%		
\$20,000-29,999	31,984	12.1%	29,968	11.2%	-403	-1.3%		
\$30,000-39,999	29,362	11.1%	27,455	10.2%	-381	-1.3%		
\$40,000-49,999	27,698	10.5%	26,321	9.8%	-275	-1.0%		
\$50,000-59,999	24,219	9.1%	23,727	8.8%	-98	-0.4%		
\$60,000-74,999	26,917	10.2%	27,318	10.2%	80	0.3%		
\$75,000-99,999	28,418	10.7%	30,600	11.4%	436	1.5%		
\$100,000-124,999	15,938	6.0%	18,472	6.9%	507	3.2%		
\$125,000-149,999	9,605	3.6%	12,167	4.5%	512	5.3%		
\$150,000-199,999	7,934	3.0%	10,470	3.9%	507	6.4%		
\$200,000+	6,892	2.6%	10,190	3.8%	660	9.6%		
<b>Total</b>	<b>264,720</b>	<b>100.0%</b>	<b>268,419</b>	<b>100.0%</b>				

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, March 2021

As of 2020, approximately 52.6 percent of renter households within the PMA have annual incomes below \$40,000. Through 2025, the percentage of low to moderate-income renter households in the PMA earning less than \$40,000 annually is projected to decline slightly to 47.9 percent.

### Household Size Distribution

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

PMA HOUSEHOLD SIZE DISTRIBUTION						
	2000		2020		2025	
Household Size	Total	Percent	Total	Percent	Total	Percent
1 persons	13,749	31.3%	17,031	34.4%	17,342	34.7%
2 persons	13,456	30.6%	14,909	30.2%	15,076	30.2%
3 persons	7,470	17.0%	7,965	16.1%	8,023	16.0%
4 persons	5,318	12.1%	5,333	10.8%	5,344	10.7%
5+ persons	3,979	9.0%	4,210	8.5%	4,214	8.4%
<b>Total</b>	<b>43,972</b>	<b>100.0%</b>	<b>49,448</b>	<b>100.0%</b>	<b>49,999</b>	<b>100.0%</b>

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

As of 2020, the majority of households in the PMA consist of one and two persons.

### Renter Household Size Distribution

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

PMA RENTER HOUSEHOLD SIZE DISTRIBUTION						
	2000		2020		2025	
Household Size	Total	Percent	Total	Percent	Total	Percent
1 persons	8,718	36.3%	11,925	40.4%	12,131	40.7%
2 persons	6,331	26.4%	7,597	25.8%	7,619	25.5%
3 persons	4,084	17.0%	4,602	15.6%	4,650	15.6%
4 persons	2,743	11.4%	2,974	10.1%	3,013	10.1%
5+ persons	2,133	8.9%	2,390	8.1%	2,429	8.1%
<b>Total</b>	<b>24,009</b>	<b>100.0%</b>	<b>29,488</b>	<b>100.0%</b>	<b>29,842</b>	<b>100.0%</b>

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

### PMA RENTER HOUSEHOLD SIZE DISTRIBUTION 62+

	2000		2020		2025	
Household Size	Total	Percent	Total	Percent	Total	Percent
1 persons	2,324	66.3%	3,836	65.8%	4,235	60.8%
2 persons	678	19.4%	1,111	19.1%	1,258	20.9%
3 persons	279	8.0%	395	6.8%	437	9.1%
4 persons	104	3.0%	143	2.5%	160	4.0%
5+ persons	118	3.4%	343	5.9%	359	5.3%
<b>Total</b>	<b>3,503</b>	<b>100.0%</b>	<b>5,828</b>	<b>100.0%</b>	<b>6,449</b>	<b>100.0%</b>

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

Historically, the majority of renter households in the PMA have consisted of one and two-person households, which is expected to continue through 2025. In 2020, approximately 66 percent of renter households were one or two-person, compared to 84.9 percent for senior renter households of the same size. The Subject will offer studio and one -bedroom units, which bodes well for the increasing percentage of one-person households expected in the PMA through 2025.

### Median Household Income Levels

The following table illustrates the median household income for all households in the PMA, the MSA, and the nation from 2000 through 2025.

#### MEDIAN HOUSEHOLD INCOME

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2000	\$31,266	-	\$43,057	-	\$44,333	-
2020	\$50,203	3.0%	\$64,926	2.5%	\$62,203	2.0%
2025	\$52,247	0.8%	\$69,071	1.3%	\$67,325	1.6%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

#### MEDIAN HOUSEHOLD INCOME (AGES 55-64)

Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Amount	Annual Change	Amount	Annual Change	Amount	Annual Change
2020	\$54,385	-	\$75,171	-	\$70,568	-
2025	\$57,791	1.3%	\$88,523	3.6%	\$89,942	5.5%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

As of 2020, the median household income of the PMA is below that of the MSA and nation. Through 2025, the PMA median household income is projected to increase at a slightly slower rate when compared to the MSA and the nation. Median income in the PMA will remain below that of the MSA, and nation. Median household income for seniors aged 55 to 64 is projected to increase through 2025 but remain below that of the MSA and nation.

### Rent Overburdened Households

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

#### RENT OVERBURDENED

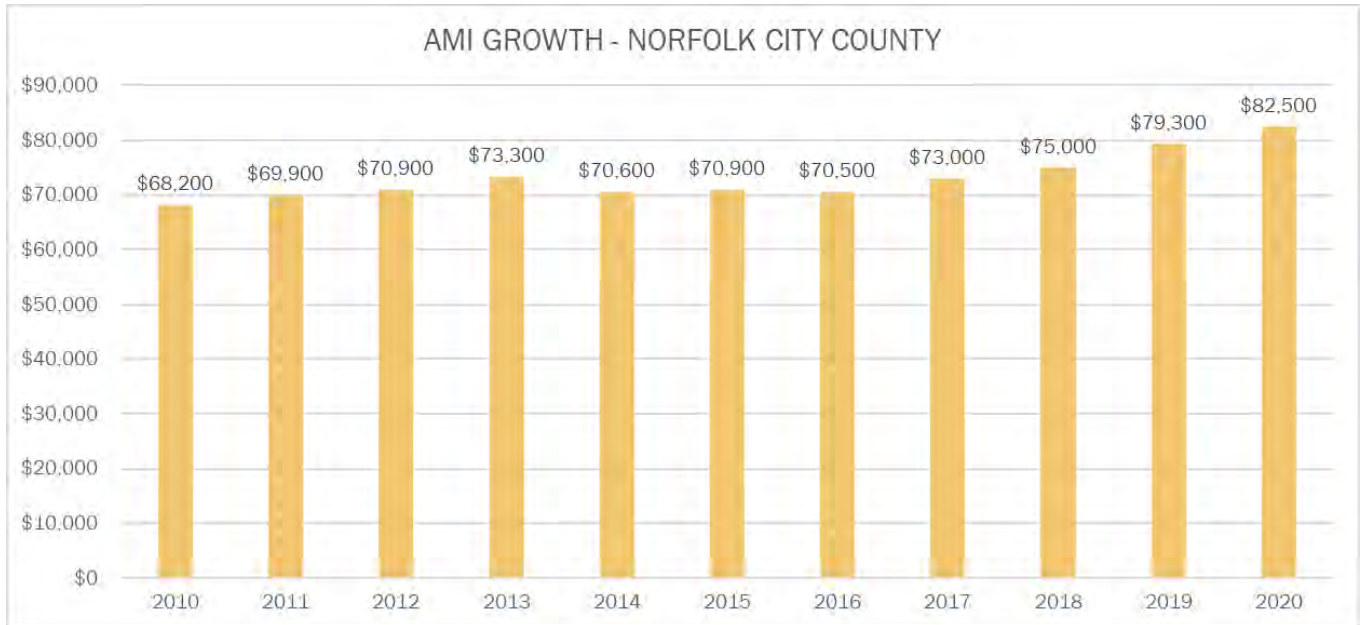
Year	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
2020	11,518	48.7%	104,824	44.8%	16,610,566	42.7%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

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

**Area Median Income**

The following chart illustrates the area median gross income (AMGI) of a four-person household in Norfolk city, Virginia between 2010 and 2020.



Source: Novogradac Consulting LLP, March 2021

Overall, the AMI has increased by an average 2.1 percent annually between 2010 and 2020. The graph above illustrates that the AMI in Norfolk city has generally increased since 2010, with decreases in 2014 and 2016. As of 2020, the AMI in Norfolk was \$82,500. In 2018, over 84 percent of counties in the nation experienced an increase in AMI in 2018. The majority of counties and regions in the nation are currently experiencing their highest AMI levels to date, which is the case for Norfolk city as the AMI has increased 4.0 percent from 2019. The following chart illustrates the change in AMI over the past six years.

**NORFOLK CITY COUNTY AMI GROWTH (2013-2020)**

Year	2013	2014	2015	2016	2017	2018	2019	2020
AMI	\$73,300	\$70,600	\$70,900	\$70,500	\$73,000	\$75,000	\$79,300	\$82,500
Percentage	3.4%	-3.7%	0.4%	-0.6%	3.5%	2.7%	5.7%	4.0%

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

**Conclusion**

Historical population growth in the PMA exceeded the MSA between 2000 and 2010. The PMA experienced population growth greater than the nation whereas, the MSA underperformed national growth rates. Population in the PMA declined from 2010 through 2020. However, according to ESRI demographic projections, annualized PMA growth is expected to rise to 0.2 percent through 2025, slightly below the MSA and below the nation. Historical household growth in the PMA trailed the MSA between 2000 and 2010. Both geographic areas experienced household growth rates beneath the overall nation during the time period. Senior population in the PMA increased significantly between 2010 and 2020, however, grew by slightly less than the MSA. According to ESRI demographic projections, annualized PMA growth is expected to slow to 2.5 percent through 2025, which is below the MSA and slightly below the nation. Historical senior household growth in the PMA trailed the MSA between 2000 and 2010. Although PMA growth also trended below the

nation, household growth in the broader MSA exceeded the nation during the same time period. Household growth in the PMA increased significantly between 2010 and 2020, however, grew by slightly less than the MSA. As of 2019, approximately 52.6 percent of renter households within the PMA have annual incomes below \$40,000. Through 2025, the percentage of low to moderate-income renter households in the PMA earning less than \$40,000 annually is projected to decline slightly to 47.9 percent. Annual household income levels will range from \$0 to \$39,600 for the Subject's senior LIHTC units at 50 and 60 percent of AMI, as proposed. With a growing number of renters in the PMA and a large percentage of low-income renters, coupled with an aging housing stock, we project that there will be substantial demand for new or renovated affordable housing units.

# **H. COMPETITIVE ENVIRONMENT**

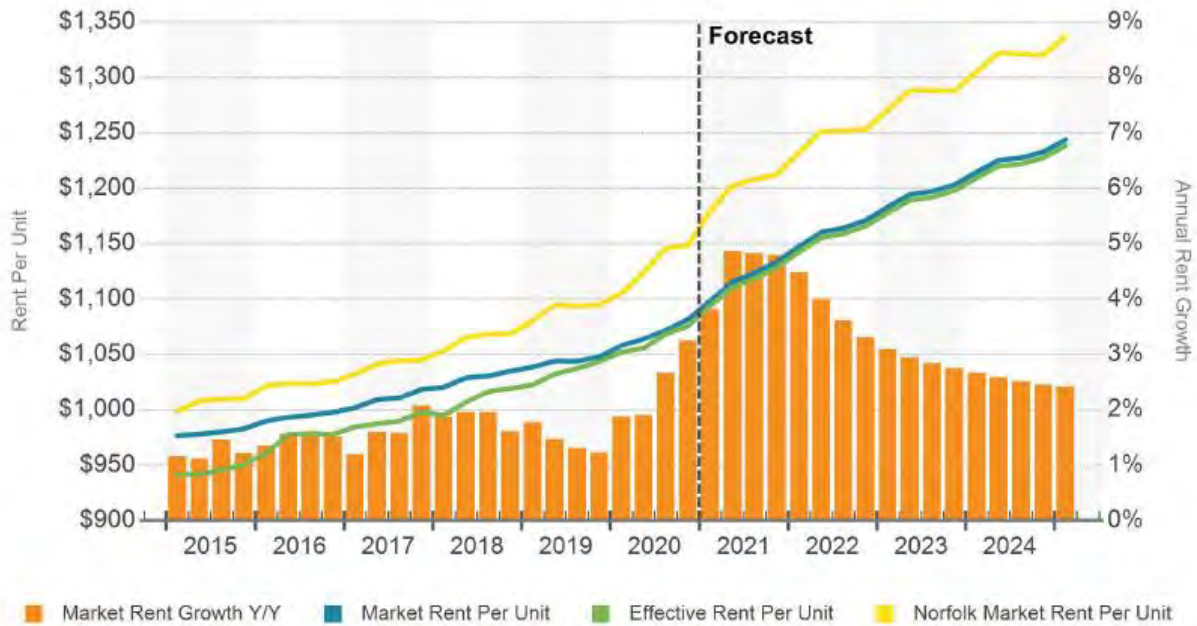
## HOUSING SUMMARY

Based on the first quarter 2021 report from CoStar, Norfolk experienced a 3.5 percent vacancy rate.

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	3,949	5.2%	\$1,518	\$1,508	16	0	5
3 Star	8,861	3.3%	\$1,089	\$1,085	(47)	0	258
1 & 2 Star	9,396	3.0%	\$877	\$874	6	0	0
<b>Submarket</b>	<b>22,206</b>	<b>3.5%</b>	<b>\$1,092</b>	<b>\$1,087</b>	<b>(25)</b>	<b>0</b>	<b>263</b>

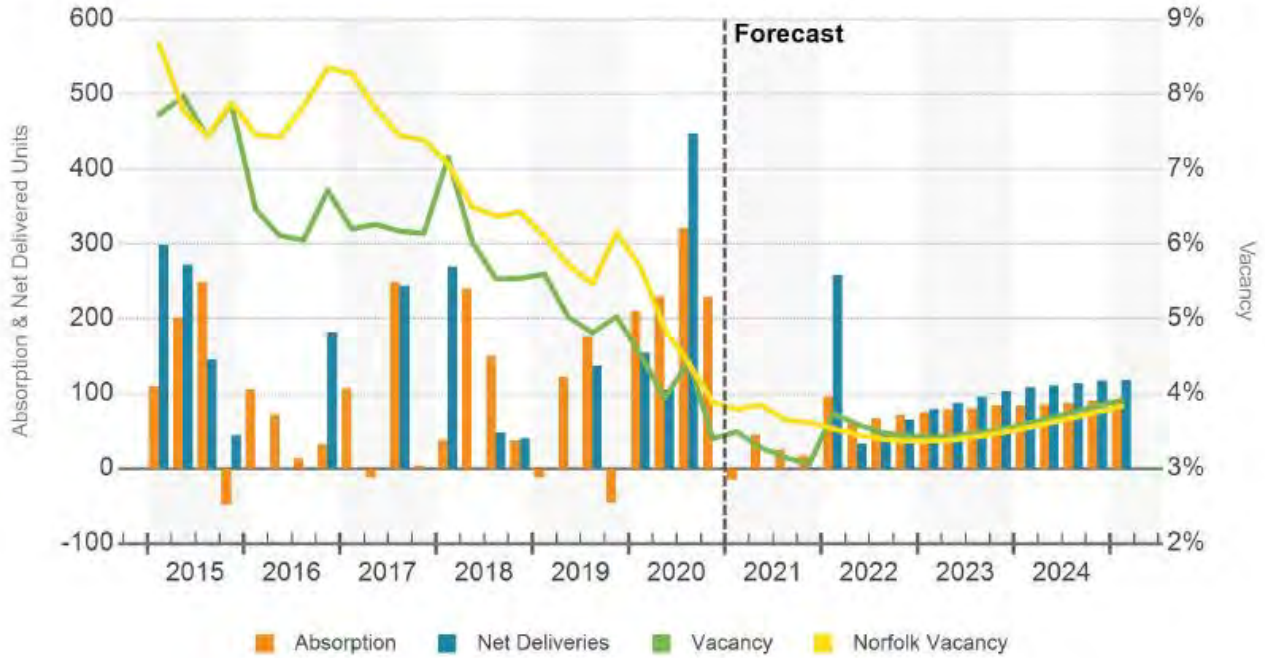
Source: CoStar, March 2021

### MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar, March 2021

ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar, March 2021

As illustrated in the tables and charts above, the vacancy rate for the Norfolk City submarket is currently 3.5 percent and is projected to decrease slightly through 2021, before increasing to above 4 percent through 2025. Average asking rents increased 3.5 percent over the last year, and are expected to continue to increase through 2025.

**Age of Housing Stock**

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

**HOUSING STOCK BY YEAR BUILT**

	PMA		Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area		USA	
Built 2010 or later	975	1.8%	23,085	3.3%	3,480,297	2.6%
Built 2000 to 2009	4,453	8.4%	91,920	13.1%	19,435,745	14.5%
Built 1990 to 1999	3,087	5.8%	109,217	15.5%	19,018,824	14.2%
Built 1980 to 1989	5,074	9.6%	138,461	19.7%	18,425,173	13.7%
Built 1970 to 1979	5,444	10.3%	113,420	16.1%	20,898,334	15.6%
Built 1960 to 1969	6,068	11.5%	85,001	12.1%	14,571,755	10.9%
Built 1950 to 1959	8,975	17.0%	70,315	10.0%	14,169,107	10.6%
Built 1940 to 1949	6,831	12.9%	31,367	4.5%	6,834,743	5.1%
Built 1939 or earlier	11,987	22.7%	40,359	5.7%	17,407,947	13.0%
<b>Total Housing Units</b>	<b>52,894</b>	<b>100.0%</b>	<b>703,145</b>	<b>100.0%</b>	<b>134,241,925</b>	<b>100.0%</b>

Source: US Census American Community Estimates, March 2021



Of the housing stock, 84 percent was constructed prior to 1990. The data does not reflect condition, as many properties can be well-maintained through ongoing maintenance. The field inspection of the area reflects a varied housing stock, generally in good condition.

### Substandard Housing

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

SUBSTANDARD HOUSING			
Year	PMA	Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area	USA
	Percentage	Percentage	Percentage
2020	1.14%	1.02%	1.70%

Source: Esri Demographics 2020, Novogradac Consulting LLP, March 2021

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

### Building Permits

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

BUILDING PERMITS: COUNTY 2000 - 2019*				
Year	Single-family and Duplex	Three and Four-Family	Five or More Family	Total Units
2000	189	3	95	287
2001	239	0	169	408
2002	298	0	319	617
2003	449	0	322	771
2004	522	33	214	769
2005	552	18	613	1,183
2006	415	12	118	545
2007	333	0	16	349
2008	261	0	560	821
2009	169	3	415	587
2010	183	0	121	304
2011	227	0	292	519
2012	313	0	183	496
2013	389	0	602	991
2014	393	0	257	650
2015	407	4	520	931
2016	458	0	587	1,045
2017	441	0	192	633
2018	319	0	275	594
2019*	337	8	474	819
<b>Total</b>	<b>6,894</b>	<b>81</b>	<b>6,344</b>	<b>13,319</b>
<b>Average*</b>	<b>345</b>	<b>4</b>	<b>309</b>	<b>658</b>

\*YTD, preliminary

Source: US Census Bureau Building Permits, March 2021

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

### Rent/Buy Analysis

We performed a rent/buy analysis for three-bedroom units at the Subject. Our inputs assume a one-bedroom home on www.zillow.com in the Subject’s neighborhood with a purchase price of \$155,00 and an interest rate of 2.97 percent with a ten percent down payment. This was compared to the cost to rent the Subject’s one-bedroom proposed LIHTC units. This analysis indicates that with a monthly differential of \$169. It is more affordable to rent from the Subject than to purchase a three-bedroom home in the Subject’s neighborhood. As illustrated, the “cost of occupancy” category adds \$20,150 for the down payment and closing costs. The cash necessary for homeownership is still a barrier for many families. In general, first-time homebuyers have difficulty saving for a down payment. Furthermore, since the recession, higher standards for credit has made it more difficult than ever for buyers with less than perfect credit to obtain financing. For these reasons, we believe the Subject will face limited competition from homeownership.

The following table illustrates our findings.

RENT BUY ANALYSIS			
Property Type:	One-Bedroom Single Family Home		
Sale Price	\$155,000		
Down Payment at 10%	\$15,500		
Mortgage Amount	\$139,500		
Current Interest Rate	2.97%		
	Homeownership Costs		
	Monthly	% of Home Value	Annual
Mortgage Payment	\$586		\$7,031
Property Taxes	\$161	1.25%	\$1,938
Private Mortgage Insurance <sup>1</sup>	\$58	0.50%	\$698
Maintenance	\$258	2.00%	\$3,100
Utility Costs <sup>2</sup>	\$0		\$0
Tax Savings	-\$126		-\$1,510
Cost Comparison			
	Monthly	Annual	
Costs of Homeownership	\$938	\$11,255	
Cost of Renting At Subject	- \$769	\$9,228	
<b>Differential</b>	<b>\$169</b>	<b>\$2,027</b>	
Cost of Occupancy			
<i>Homeownership</i>			
Closing Costs		3.0%	\$4,650
Down Payment at 10%		10.0%	\$15,500
<b>Total</b>			<b>\$20,150</b>
<i>Subject Rental</i>			
First Month's Rent	\$769		
Security Deposit	\$769		
<b>Total</b>	<b>\$1,538</b>		

(1) Based upon 0.50 percent of mortgage amount.

(2) Utility Costs Included in Rent at Subject

### Additions to Supply

We accessed the Virginia Housing’s published recipient list for 2015 to present and a Costar report for recent construction projects in the Subject’s PMA. There were five recently allocated LIHTC development in the Subject’s PMA, which is illustrated in the following table:

**RECENT LIHTC ALLOCATIONS IN THE PMA**

Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Units
Block 20	2020	LIHTC	Family	120	0
Market Heights Apartments	2019	LIHTC	Disabled	80	0
PABP Apartments	2019	LIHTC	Family	70	0
Church Street Station Studios	2019	LIHTC	Family	80	0
St. Paul's Apartments	2016	LIHTC	Family	126	0
<b>Totals</b>				<b>476</b>	<b>0</b>

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

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

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

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

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

## SURVEY OF COMPARABLE PROPERTIES

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

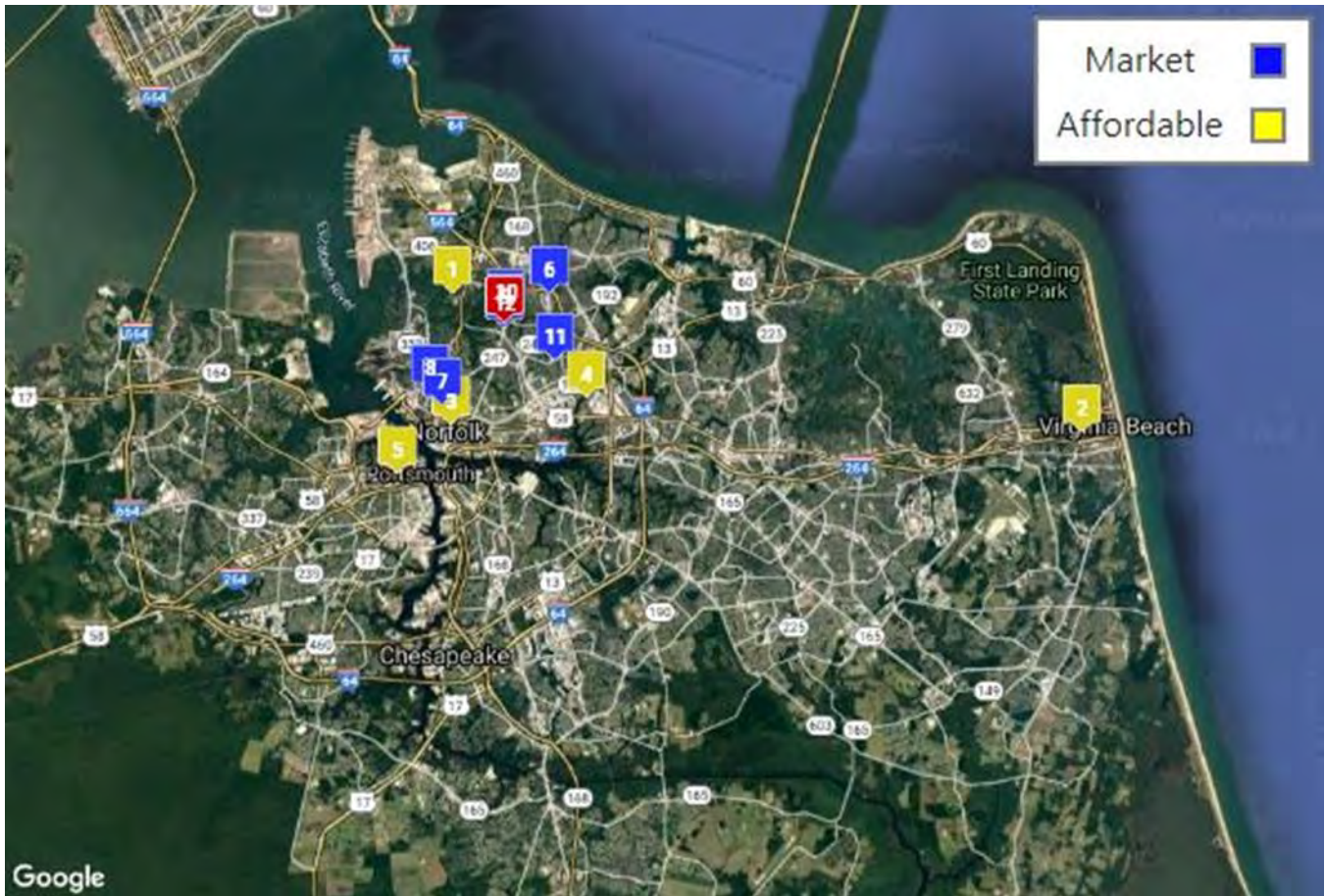
### Description of Property Types Surveyed/Determination of Number of Tax Credit Units

To evaluate the competitive position of the Subject, we surveyed five LIHTC properties, as well as seven market rate properties, all of which are located within the PMA with the exception of Victory Square Apartments and Sea Pines Apartments, both LIHTC comparables. Property managers were interviewed for information on unit mix, size, absorption, unit features and project amenities; tenant profiles; and market trends in general. The table following details a list of excluded affordable properties in the PMA.

EXCLUDED PROPERTIES			
Property Name	Rent Structure	Tenancy	Reason for Exclusion
Archer's Green Apartments	LIHTC/Market	Family	Dissimilar tenancy
Bowling Green II	LIHTC	Family	Dissimilar tenancy
Bowling Green III	LIHTC	Family	Dissimilar tenancy
Bowling Green IV	LIHTC	Family	Dissimilar tenancy
Broad Creek Phase III	LIHTC/PBRA/Market	Family	Subsidized rents
Broad Creek Renaissance Phase I	LIHTC/Section 8/Market	Family	Subsidized rents
CROMWELL HOUSE	LIHTC	Senior	Missing @50%, @60% AMI levels
Gosnold Sro	LIHTC	Family	Dissimilar tenancy
Grandy Village	LIHTC/PBRA	Family	Subsidized rents
Market Heights - Phase II	LIHTC/Section 8	Family	Subsidized rents
Market Heights Apartments	LIHTC/Section 8	Family	Subsidized rents
Meadowood Apartments	Affordable/Market	Family	Dissimilar tenancy
Mission College Apartments	LIHTC/Market	Family	Dissimilar tenancy
Parkwood Manor (meadowbrook)	LIHTC	Family	Dissimilar tenancy
Parkwood Manor Apartments	LIHTC	Family	Dissimilar tenancy
Quill Farms	LIHTC	Family	Dissimilar tenancy
Villa Terrace	LIHTC	Family	Dissimilar tenancy
201 Twenty One	Market	Family	Dissimilar tenancy
Alta Vista	Market	Family	Dissimilar tenancy
American Cigar Factory	Market	Family	Dissimilar tenancy
Arbor Pointe Apartments	Market	Family	Dissimilar tenancy
Arcadia Square Apartments	Market	Family	Dissimilar tenancy
Ardsley	Market	Family	Dissimilar tenancy
Beachwood Apartments	Market	Family	Dissimilar tenancy
Buckingham Apartments	Market	Family	Dissimilar tenancy
Colony Point	Market	Family	Dissimilar tenancy
Crown Point Townhomes	Market	Family	Dissimilar tenancy
East Manor	Market	Family	Dissimilar tenancy
Eastover	Market	Family	Dissimilar tenancy
Hague Park Apartments	Market	Family	Dissimilar tenancy
Hague Towers	Market	Family	Dissimilar tenancy
Hampton Court	Market	Family	Dissimilar tenancy
Hampton Creek Apartments	Market	Family	Dissimilar tenancy
Ingleside Square	Market	Family	Dissimilar tenancy

### Comparable Rental Property Map

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



Source: Google Earth, February 2020

**COMPARABLE PROPERTIES**

#	Property Name	City	Rent Structure	Tenancy	Distance to Subject
<b>5</b>	<b>Lakewood Plaza- As Proposed</b>	<b>Norfolk</b>	<b>LIHTC/Section 8</b>	<b>Senior</b>	-
1	Riverpoint Apartments	Norfolk	LIHTC	Family	1.5 miles
2	Sea Pines Apartments*	Virginia Beach	LIHTC	Family	15.0 miles
3	St. Paul's Apartments	Norfolk	LIHTC/Section 8/Market	Family	2.9 miles
4	The Pointe At Pickett Farms	Norfolk	LIHTC	Family	2.8 miles
5	Victory Square Apartments*	Portsmouth	LIHTC	Senior	4.7 miles
6	Dundale Square	Norfolk	Market	Family	1.3 miles
7	Ghent Village	Norfolk	Market	Family	2.6 miles
8	John Knox Towers	Norfolk	Market	Senior	2.6 miles
9	Lakewood Garden Apartments	Norfolk	Market	Family	0.1 miles
10	Promenade Pointe	Norfolk	Market	Family	0.2 miles
11	Sherwood Forest Apartments	Norfolk	Market	Family	1.6 miles
12	Stonebridge Manor	Norfolk	Market	Senior	0.1 miles

\*Located outside PMA

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

SUMMARY MATRIX

#	Property Name	Distance	Type/Built/Renovated	AMI	Unit Type	#	%	SF	Restriction	Rent (Adj)	Max Rent?	Waiting List	Vacant Units	Vacancy Rate
S	Lakewood Plaza- As Proposed 5631 Tidewater Dr Norfolk, VA Norfolk County	-	Highrise 13-stories 1974 / 2021 Senior	@50% (Section 8), @60%, @60% (Section 8)	OBR/1BA	24	12.0%	538	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					OBR/1BA	26	13.0%	547	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	48	24.0%	585	@50% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	46	23.0%	599	@50% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	1	0.5%	571	@60%	\$769	No	No	N/A	N/A
					1BR/1BA	1	0.5%	576	@60%	\$769	No	No	N/A	N/A
					1BR/1BA	2	1.0%	585	@60%	\$769	No	No	N/A	N/A
					1BR/1BA	3	1.5%	599	@60%	\$769	No	No	N/A	N/A
					1BR/1BA	23	11.5%	571	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	23	11.5%	576	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	1	0.5%	578	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	2	1.0%	554	Non-Rental	\$0	N/A	No	N/A	N/A
					200									
1	Riverpoint Apartments 6415 Newport Avenue Norfolk, VA Norfolk County	1.5 miles	Various 2-stories 1947 / 2009 Family	@60%	1BR/1BA	56	25.5%	700	@60%	\$779	No	No	N/A	0%
					2BR/1BA	N/A	N/A	750	@60%	\$800	No	No	N/A	0%
					2BR/1BA	164	74.5%	775	@60%	\$825	No	No	N/A	0%
					2BR/1BA	N/A	N/A	800	@60%	\$840	No	No	N/A	0%
					220									
2	Sea Pines Apartments 952 Maximus Square Virginia Beach, VA Virginia Beach County	15.0 miles	Garden 2-stories 1945 / 2015 Family	@60%	OBR/1BA	8	8.3%	500	@60%	\$817	No	Yes	0	0%
					1BR/1BA	8	8.3%	625	@60%	\$891	No	Yes	0	0%
					1BR/1BA	40	41.7%	850	@60%	\$891	No	Yes	0	0%
					2BR/1BA	40	41.7%	1,025	@60%	\$996	No	Yes	1	2.5%
					96									
3	St. Paul's Apartments 494 St. Paul's Boulevard Norfolk, VA No County County	2.9 miles	Garden 2-stories 2019 / Family	@40% (Section 8), @50%, @60%, Market	1BR/1BA	7	5.6%	640	@40% (Section 8)	\$64	N/A	Yes	0	0%
					1BR/1BA	7	5.6%	640	@50%	\$733	Yes	Yes	0	0%
					1BR/1BA	6	4.8%	640	@60%	\$893	Yes	Yes	0	0%
					2BR/2BA	6	4.8%	946	@40% (Section 8)	\$0	N/A	Yes	0	0%
					2BR/2BA	44	34.9%	946	@50%	\$799	Yes	Yes	0	0%
					2BR/2BA	27	21.4%	946	@60%	\$990	Yes	Yes	0	0%
					2BR/2BA	3	2.4%	946	Market	\$1,320	N/A	No	1	33.3%
					3BR/2BA	23	18.3%	1,291	@60%	\$1,127	Yes	Yes	0	0%
					3BR/2BA	3	2.4%	1,291	Market	\$1,575	N/A	No	0	0%
126														
4	The Pointe At Pickett Farms 5424 Greenplain Road Norfolk, VA No County County	2.8 miles	Garden 3-stories 2014 / Family	@40% @60%	1BR/1BA	N/A	N/A	720	@40%	\$585	Yes	Yes	0	0%
					1BR/1BA	N/A	N/A	720	@60%	\$894	Yes	Yes	0	0%
					2BR/2BA	N/A	N/A	1,035	@40%	\$617	Yes	Yes	0	0%
					2BR/2BA	N/A	N/A	1,035	@60%	\$988	Yes	Yes	0	0%
					3BR/2BA	N/A	N/A	1,222	@40%	\$703	Yes	Yes	0	0%
					3BR/2BA	N/A	N/A	1,222	@60%	\$1,132	Yes	Yes	0	0%
120														
5	Victory Square Apartments 900 County Street Portsmouth, VA Portsmouth County	4.7 miles	Lowrise 4-stories 2005 Senior	@60%	1BR/1BA	98	87.5%	675	@60%	\$969	Yes	No	0	0%
					2BR/1BA	14	12.5%	880	@60%	\$1,023	Yes	No	1	7.1%
					112									
1														
6	Dundale Square 6600 Chesapeake Blvd Norfolk, VA Norfolk County	1.3 miles	Garden 2-stories 1975 / 2005 Family	Market	1BR/1BA	20	20.0%	596	Market	\$1,018	N/A	No	1	5.0%
					2BR/1BA	40	40.0%	750	Market	\$1,025	N/A	No	2	5.0%
					3BR/1BA	34	34.0%	885	Market	\$1,180	N/A	No	1	2.9%
					4BR/1.5BA	6	6.0%	1,050	Market	\$1,385	N/A	No	0	0%
					100									
7	Ghent Village 100 Westover Avenue Norfolk, VA Norfolk County	2.6 miles	Garden 3-stories 1981 / 2004 Family	Market	OBR/1BA	4	2.9%	569	Market	\$1,331	N/A	Yes	0	0%
					1BR/1BA	24	17.1%	804	Market	\$1,658	N/A	No	1	4.2%
					2BR/1BA	51	36.4%	1,229	Market	\$1,875	N/A	No	2	3.9%
					2BR/1BA	51	36.4%	1,279	Market	\$1,875	N/A	No	1	2.0%
					3BR/2BA	10	7.1%	1,334	Market	\$2,025	N/A	No	2	20.0%
140														
8	John Knox Towers 1210 Colonial Avenue Norfolk, VA Norfolk County	2.6 miles	Highrise 14-stories 1975 / Senior	Market	1BR/1BA	72	48.0%	442	Market	\$950	N/A	No	0	0%
					1BR/1BA	69	46.0%	562	Market	\$1,020	N/A	No	0	0%
					2BR/1BA	N/A	N/A	692	Market	\$1,170	N/A	N/A	0	0%
					2BR/1BA	N/A	N/A	692	Market	\$1,190	N/A	N/A	0	0%
					2BR/1BA	9	6.0%	692	Market	\$1,200	N/A	No	0	0%
150														
9	Lakewood Garden Apartments 5656 Tidewater Drive Norfolk, VA Norfolk County	0.1 miles	Garden 2-stories 1979 Family	Market	1BR/1BA	39	42.4%	736	Market	\$937	N/A	None	2	5.1%
					2BR/1BA	53	57.6%	912	Market	\$944	N/A	None	2	3.8%
92														
4														
4.3%														

**Location**

**LOCATIONAL COMPARISON SUMMARY**

#	Property Name	Tenancy	Distance Subject	Household Income	Median Home Value	Median Rent Value	Crime Index	Walk Score	Vacant Housing	% Renter HH
S	Lakewood Plaza- As Proposed	Senior	-	\$51,698	\$203,905	\$1,116	206	61	6.0%	47.2%
1	Riverpoint Apartments	Family	1.5 miles	\$64,563	\$248,165	\$988	254	17	4.2%	57.0%
2	Sea Pines Apartments*	Family	15.0 miles	\$55,587	\$470,379	\$1,296	140	74	9.0%	74.3%
3	St. Paul's Apartments	Family	2.9 miles	\$21,956	\$479,787	\$1,259	223	74	7.5%	82.3%
4	The Pointe At Pickett Farms	Family	2.8 miles	\$52,087	\$203,190	\$1,173	377	26	3.9%	81.5%
5	Victory Square Apartments*	Senior	4.7 miles	\$36,734	\$156,173	\$943	279	80	13.4%	63.0%
6	Dundale Square	Family	1.3 miles	\$36,861	\$164,716	\$1,048	179	41	10.9%	55.2%
7	Ghent Village	Family	2.6 miles	\$59,687	\$479,787	\$1,259	227	70	7.8%	68.0%
8	John Knox Towers	Senior	2.6 miles	\$64,996	\$320,718	\$1,171	238	75	7.2%	64.0%
9	Lakewood Garden Apartments	Family	0.1 miles	\$52,610	\$203,905	\$1,116	217	61	5.9%	46.1%
10	Promenade Pointe	Family	0.2 miles	\$57,815	\$203,905	\$1,116	217	52	4.3%	42.2%
11	Sherwood Forest Apartments	Family	1.6 miles	\$50,428	\$164,716	\$1,048	257	39	8.9%	41.9%
12	Stonebridge Manor	Senior	0.1 miles	\$48,036	\$203,905	\$1,116	206	70	7.1%	48.5%

\*Located outside PMA

Ten of the twelve comparable properties are located within the PMA. All of the comparable properties are located within 15.0 miles of the Subject. Additionally, all of the comparable properties in the PMA have generally similar access to interstates and locational amenities and services.

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

The affordable properties are located between 1.5 and 15.0 miles from the Subject. The LIHTC comparables are generally in neighborhoods ranging from slightly inferior to slightly superior relative to the Subject's location. These locations generally exhibit higher crime risk indices compared to the Subject's location. One exception is the location of St. Paul's Apartments, which offers higher median home prices, higher median rents, and greater walkability, and is considered slightly superior to the Subject's neighborhood. On balance, the locations of Riverpoint Apartments and The Pointe At Pickett Farms are considered similar to the Subject's neighborhood.

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

### Age, Condition, and Design

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

St. Paul’s Apartments, The Pointe at Pickett Farms, and Promenade Pointe were built between 2014 and 2019, exhibiting excellent condition, slightly superior to the Subject “as renovated.” Victory Square Apartments was built in 2005 and exhibits good condition, slightly superior to the Subject “as is” and similar to the Subject “as renovated.” The remaining comparables were built or last renovated between the 1945 and 2010, exhibiting average condition, similar to the Subject “as is” and slightly inferior to the Subject “as renovated.”

The LIHTC properties range in size from 96 to 220 units, while the market rate developments range from 92 to 183 units. The Subject falls within the range of development size for LIHTC comparables and slightly above market rate properties. However, there is no distinct correlation between property size and rental rates.

### Unit Size

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

UNIT SIZE COMPARISON		
Bedroom Type	OBR	1BR
<b>Subject</b>	<b>538 - 547</b>	<b>571 - 599</b>
Average	535	719
Min	500	442
Max	569	899
<b>Advantage/Disadvantage</b>	<b>1.5% - 2.3%</b>	<b>-19.0% - -16.7%</b>

UNIT SIZE COMPARISON - SENIOR PROPERTIES		
Bedroom Type	OBR	1BR
<b>Subject</b>	<b>538 - 547</b>	<b>571 - 599</b>
Average	-	582
Min	-	442
Max	-	675
<b>Advantage/Disadvantage</b>	<b>-</b>	<b>-1.93% : 2.88%</b>

The Subject will offer studio and one-bedroom units after renovations. As the unit size tables above indicate, the Subject’s unit sizes are within the ranges, but below the surveyed average of the one-bedroom comparables when compared to all of the comparables utilized. The Subject’s one-bedroom units are at a slight disadvantage, as they range from 16.7 to 19.0 percent smaller than the comparables while the studio units exhibit an advantage of 1.5 to 2.3 percent to the comparables. However, smaller unit sizes at the comparable properties do not appear to exhibit any performance issues and/or be at any significant disadvantage and, therefore, the Subject’s units are considered competitive in the market. Regardless, the Subject’s unit sizes have still been considered in our market rent determinations.



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

0.0BR x 1.0BA		1.0BR x 1.0BA	
Property Name	Square Feet	Property Name	Square Feet
Ghent Village (Market)	569	Promenade Pointe (Market)	899
<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>547</b>	Sea Pines Apartments (@60%)	850
<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>538</b>	Promenade Pointe (Market)	828
Sea Pines Apartments (@60%)	500	Promenade Pointe (Market)	828
		Promenade Pointe (Market)	828
		Ghent Village (Market)	804
		Sherwood Forest Apartments (Market)	800
		Promenade Pointe (Market)	789
		Promenade Pointe (Market)	777
		Promenade Pointe (Market)	775
		Lakewood Garden Apartments (Market)	736
		Promenade Pointe (Market)	736
		The Pointe At Pickett Farms (@40%)	720
		The Pointe At Pickett Farms (@60%)	720
		Riverpoint Apartments (@60%)	700
		Victory Square Apartments (@60%)	675
		Stonebridge Manor (Market)	650
		St. Paul's Apartments (@40%)	640
		St. Paul's Apartments (@50%)	640
		St. Paul's Apartments (@60%)	640
		Sea Pines Apartments (@60%)	625
		<b>Lakewood Plaza- As Proposed (@50%)</b>	<b>599</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>599</b>
		Dundale Square (Market)	596
		<b>Lakewood Plaza- As Proposed (@50%)</b>	<b>585</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>585</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>578</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>576</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>576</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>571</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>571</b>
		John Knox Towers (Market)	562
		<b>Lakewood Plaza- As Proposed (Non-Rental)</b>	<b>554</b>
		John Knox Towers (Market)	442

**In-Unit Amenities**

	Lakewood Plaza- As Proposed	Riverpoint Apartments	Sea Pines Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	Ghent Village	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor
Program	LIHTC/ Section 8	LIHTC	LIHTC	LIHTC/ Section 8/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Family	Family	Family	Senior	Family	Family	Senior	Family	Family	Family	Senior
<b>Accessibility</b>													
Hand Rails	yes	no	no	no	no	yes	no	no	yes	no	no	no	yes
Pull Cords	no	no	no	no	no	yes	no	no	yes	no	no	no	no
<b>Unit</b>													
Balcony	yes	no	yes	yes	yes	no	no	yes	no	no	yes	no	yes
Blinds	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Cable/Satellite	no	yes	yes	no	no	no	no	no	no	no	no	no	no
Hardwood Floors	yes	yes	no	no	no	no	no	no	no	no	yes	no	no
Carpeting	no	no	no	yes	yes	yes	yes	yes	yes	yes	no	yes	yes
Ceiling Fan	no	no	no	no	no	no	no	yes	yes	no	no	yes	no
Central/AC	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Coat Closet	no	no	no	yes	yes	yes	no	yes	no	no	yes	yes	no
Exterior Storage	no	no	yes	no	no	no	yes	no	no	no	yes	yes	no
Fireplace	no	no	no	no	no	no	no	yes	no	no	no	no	no
Vaulted Ceilings	no	no	no	no	no	no	no	yes	no	no	yes	no	no
Walk-In-Closet	no	yes	no	no	no	yes	yes	yes	no	no	yes	no	no
Washer / Dryer	no	no	no	no	yes	no	no	yes	no	yes	yes	no	no
W/D Hookups	no	no	no	yes	yes	no	no	yes	no	yes	yes	no	no
<b>Kitchen</b>													
Dishwasher	no	yes	yes	yes	yes	yes	no	yes	no	no	no	no	no
Disposal	no	yes	yes	yes	yes	yes	no	yes	no	no	no	yes	yes
Microwave	no	no	no	yes	yes	no	no	yes	no	no	yes	no	no
Oven	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Refrigerator	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes

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

**Property Amenities**

	Lakewood Plaza- As Proposed	Riverpoint Apartments	Sea Pines Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	Ghent Village	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor
Program	LIHTC/ Section 8	LIHTC	LIHTC	LIHTC/ Section 8/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Family	Family	Family	Senior	Family	Family	Senior	Family	Family	Family	Senior
<b>Community</b>													
Business Center	no	no	no	yes	no	no	no	yes	no	no	yes	no	yes
Central Laundry	yes	yes	yes	yes	no	yes	yes	no	yes	no	no	yes	yes
Clubhouse	yes	no	no	yes	yes	yes	no	yes	yes	no	yes	no	yes
On-Site Mgmt	yes	yes	no	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
WiFi	no	no	no	no	no	no	no	yes	no	no	yes	no	no
<b>Recreation</b>													
Exercise Facility	no	no	no	yes	yes	yes	no	yes	no	no	yes	no	no
Picnic Area	yes	no	yes	yes	no	no	no	yes	yes	no	yes	no	no
Playground	no	yes	yes	yes	yes	no	yes	no	no	no	no	no	no
Recreational Area	no	no	no	yes	no	no	no	no	no	no	yes	no	no
Swimming Pool	no	no	no	yes	yes	no	no	yes	no	no	yes	no	no
<b>Services</b>													
Adult Education	no	no	no	no	no	no	no	no	yes	no	no	no	no
Service Coordination	no	no	no	no	no	no	no	no	no	no	no	no	yes
<b>Senior Services</b>													
Hairdresser/Barber	no	no	no	no	no	no	no	no	yes	no	no	no	no

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

## Security Features

	Lakewood Plaza- As Proposed	Riverpoint Apartments	Sea Pines Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	Ghent Village	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor
Program	LIHTC/ Section 8	LIHTC	LIHTC	LIHTC/ Section 8/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Family	Family	Family	Senior	Family	Family	Senior	Family	Family	Family	Senior
Crime Risk Index	206	254	140	223	377	279	179	227	238	217	217	257	206
<b>Security</b>													
In-Unit Alarm	no	no	no	no	no	no	no	yes	no	no	no	no	no
Intercom (Buzzer)	yes	no	no	yes	yes	yes	no	yes	no	no	yes	yes	yes
Limited Access	yes	no	no	yes	yes	yes	no	yes	yes	no	yes	yes	yes
Patrol	no	no	yes	no	no	no	no	yes	no	no	yes	no	no
Perimeter Fencing	no	no	no	yes	yes	yes	yes	yes	no	no	no	no	no
Video Surveillance	no	no	no	yes	no	yes	no	no	yes	no	yes	no	no

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

## Utility Structure

	Lakewood Plaza- As Proposed	Riverpoint Apartments	Sea Pines Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	Ghent Village	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor
Program	LIHTC/ Section 8	LIHTC	LIHTC	LIHTC/ Section 8/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Family	Family	Family	Senior	Family	Family	Senior	Family	Family	Family	Senior
<b>Utility Structure</b>													
Heat	yes	no	no	no	no	no	no	no	yes	no	no	yes	no
Cooking	yes	no	no	no	no	no	no	no	yes	no	no	no	no
Other Electric	yes	no	no	no	no	no	no	no	yes	no	no	no	no
Air Conditioning	no	no	no	no	no	no	no	no	no	no	no	no	no
Water Heat	yes	no	no	no	no	no	no	no	yes	no	no	yes	no
Water	yes	yes	yes	yes	yes	no	no	no	yes	yes	no	no	yes
Sewer	yes	yes	yes	yes	yes	no	no	no	yes	yes	no	no	yes
Trash	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes

The landlord is responsible for all utility expenses. There are no proposed changes to the utility structure post-renovation. The utility structure varies among the comparable properties; we have adjusted the comparables rents in accordance with the utility schedule obtained from Virginia Housing, effective July 1, 2020.

## Parking

	Lakewood Plaza- As Proposed	Riverpoint Apartments	Sea Pines Apartments	St. Paul's Apartments	The Pointe At Pickett Farms	Victory Square Apartments	Dundale Square	Ghent Village	John Knox Towers	Lakewood Garden Apartments	Promenade Pointe	Sherwood Forest Apartments	Stonebridge Manor
Program	LIHTC/ Section 8	LIHTC	LIHTC	LIHTC/ Section 8/ Market	LIHTC	LIHTC	Market	Market	Market	Market	Market	Market	Market
Tenancy	Senior	Family	Family	Family	Family	Senior	Family	Family	Senior	Family	Family	Family	Senior
Walk Score	61	17	74	74	26	80	41	70	75	61	52	39	70
Parking Ratio	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.96	n/a	n/a	n/a	n/a	n/a
<b>Parking</b>													
Carport	no	no	no	no	no	no	no	no	no	no	yes	no	no
Carport Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$0	\$0
Surface	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Surface Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

## MARKET CHARACTERISTICS

Following are relevant market characteristics for the comparable properties surveyed.

### Turnover

The following table details turnover rates at comparable properties.

TURNOVER			
Property Name	Program	Tenancy	Annual Turnover
Riverpoint Apartments	LIHTC	Family	16%
Sea Pines Apartments*	LIHTC	Family	15%
St. Paul's Apartments	LIHTC/Section 8/Market	Family	15%
The Pointe At Pickett Farms	LIHTC	Family	30%
Victory Square Apartments*	LIHTC	Senior	11%
Dundale Square	Market	Family	35%
Ghent Village	Market	Family	15%
John Knox Towers	Market	Senior	12%
Lakewood Garden Apartments	Market	Family	13%
Promenade Pointe	Market	Family	N/A
Sherwood Forest Apartments	Market	Family	20%
Stonebridge Manor	Market	Senior	7%
<b>Average Turnover</b>			<b>17%</b>

\*Located outside PMA

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

### Vacancy Levels

The following table illustrates vacancy levels at comparable properties.

OVERALL VACANCY						
Property Name	Program	Tenancy	Total Units	Vacant Units	Vacancy %	
Riverpoint Apartments	LIHTC	Family	220	0	0.0%	
Sea Pines Apartments*	LIHTC	Family	96	1	1.0%	
St. Paul's Apartments	LIHTC/Section 8/Market	Family	126	1	0.8%	
The Pointe At Pickett Farms	LIHTC	Family	120	0	0.0%	
Victory Square Apartments*	LIHTC	Senior	112	1	0.9%	
Dundale Square	Market	Family	100	4	4.0%	
Ghent Village	Market	Family	140	6	4.3%	
John Knox Towers	Market	Senior	150	0	0.0%	
Lakewood Garden Apartments	Market	Family	92	4	4.3%	
Promenade Pointe	Market	Family	183	10	5.5%	
Sherwood Forest Apartments	Market	Family	173	2	1.2%	
Stonebridge Manor	Market	Senior	156	4	2.6%	
<b>LIHTC Total</b>			<b>674</b>	<b>3</b>	<b>0.4%</b>	
<b>Market Total</b>			<b>994</b>	<b>30</b>	<b>3.0%</b>	
<b>Overall Total</b>			<b>1,668</b>	<b>33</b>	<b>2.0%</b>	

\*Located outside PMA

Physical vacancy rates among the comparables range from zero to 5.5 percent. Vacancy rates among the LIHTC properties range from zero to 1.0 percent, with an average of 0.4 percent. Vacancy rates among the market rate properties range from zero to 5.5 percent, with an average of three percent.

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

**Concessions**

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

**Waiting Lists**

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

**WAITING LISTS**

Property Name	Program	Tenancy	Waiting List Length
Riverpoint Apartments	LIHTC	Family	None.
Sea Pines Apartments*	LIHTC	Family	N/A
St. Paul's Apartments	LIHTC/Section 8/Market	Family	Yes; approximately 300 Households
The Pointe At Pickett Farms	LIHTC	Family	Yes; 30 households
Victory Square Apartments*	LIHTC	Senior	N/A
Dundale Square	Market	Family	N/A
Ghent Village	Market	Family	Yes - Studio units only
John Knox Towers	Market	Senior	N/A
Lakewood Garden Apartments	Market	Family	N/A
Promenade Pointe	Market	Family	N/A
Sherwood Forest Apartments	Market	Family	None
Stonebridge Manor	Market	Senior	N/A

\*Located outside PMA

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

**Absorption**

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

**ABSORPTION**

Property Name	Program	Tenancy	City	Year	Total Units	Absorption (units/month)	Distance to Subject
The Arbors At Towne Park	LIHTC	Senior	Williamsburg	2019	130	12	40.3 miles
October Station	LIHTC	Family	Suffolk	2018	48	24	19.8 miles
Woodlands Apartments At Phoebus	LIHTC	Senior	Hampton	2015	132	20	10.0 miles
Commonwealth At York	Market	Family	Yorktown	2015	384	34	18.7 miles
<b>Average Affordable</b>					<b>103</b>	<b>19</b>	
<b>Average Market</b>					<b>384</b>	<b>34</b>	
<b>Overall Average</b>					<b>174</b>	<b>23</b>	

Note the Subject is an existing property, and will not need to re-lease its units. Therefore, this discussion is hypothetical, and assumes the Subject were 100 percent vacant. We obtained absorption data from six properties, located between 1.0 and 40.3 miles from the Subject. These properties reported absorption rates ranging from 12 to 34 units per month, with an overall average of 23 units per month. Overall, we expect the

Subject will experience an absorption rate of 20 units per month. This equates to an absorption period of approximately 10 months.

### Rental Rate Increases

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

RENT GROWTH			
Property Name	Program	Tenancy	Rent Growth
Riverpoint Apartments	LIHTC	Family	three percent
Sea Pines Apartments*	LIHTC	Family	None
St. Paul's Apartments	LIHTC/Section 8/Market	Family	Kept at max; no change for market rate units
The Pointe At Pickett Farms	LIHTC	Family	Kept at Max
Victory Square Apartments*	LIHTC	Senior	None
Dundale Square	Market	Family	Increased two to four percent
Ghent Village	Market	Family	Increased three to five percent
John Knox Towers	Market	Senior	Increased 1.5 percent
Lakewood Garden Apartments	Market	Family	three percent increase
Promenade Pointe	Market	Family	Changes daily
Sherwood Forest Apartments	Market	Family	None
Stonebridge Manor	Market	Senior	two percent increase

\*Located outside PMA

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

## REASONABILITY OF RENTS

The table below illustrates the Subject’s rents and unit mix.

PROPOSED RENTS								
Unit Type	Unit Size (SF)	Number of Units	Asking Rent	Utility Allowance (1)	Gross Rent	2020 LIHTC Maximum Allowable Gross Rent	2020 HUD Fair Market Rents	
@50%(Section 8)								
1BR / 1BA	585	48	\$1,430	\$0	\$1,430	\$773	\$958	
1BR / 1BA	599	46	\$1,430	\$0	\$1,430	\$773	\$958	
@60%								
1BR / 1BA	571	1	\$769	\$0	\$769	\$928	\$958	
1BR / 1BA	576	1	\$769	\$0	\$769	\$928	\$958	
1BR / 1BA	585	2	\$769	\$0	\$769	\$928	\$958	
1BR / 1BA	599	3	\$769	\$0	\$769	\$928	\$958	
@60% (Section 8)								
OBR/1BA	538	24	\$1,430	\$0	\$1,430	\$867	\$952	
OBR/1BA	547	26	\$1,430	\$0	\$1,430	\$867	\$952	
1BR / 1BA	571	23	\$1,430	\$0	\$1,430	\$928	\$958	
1BR / 1BA	576	23	\$1,430	\$0	\$1,430	\$928	\$958	
1BR / 1BA	578	1	\$1,430	\$0	\$1,430	\$928	\$958	
Non-Rental								
1BR / 1BA	554	2	N/A	N/A	N/A	N/A	N/A	
		<b>200</b>						

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

## Comparable LIHTC Rents

The Subject consists of a 200-unit Section 8/Section 236 development with one-bedroom units restricted to senior households. Currently, 198 of the Subject’s units benefit from project-based subsidies; thus, tenants pay 30 percent of their income towards rents. There are two, non-revenue administrative units. As proposed, all revenue generating units at the Subject will be restricted to senior households earning 50 and 60 percent of the area median income (AMI) or less. Further, 191 of the units will remain subsidized post-renovation. The following table illustrates the Subject’s proposed LIHTC rents compared to the LIHTC rents of the comparable properties surveyed. The rents have been adjusted for variances in utilities.

### 50 Percent AMI

Property Name	County	Tenancy	1BR	Max Rent?
Lakewood Plaza- As Proposed	Norfolk	Senior	\$1,430	-
LIHTC Maximum Rent (Net)	Norfolk	-	\$773	-
St. Paul's Apartments	No County	Family	\$733	Yes
Average	-	-	\$733	-
Achievable LIHTC Rent	-	-	\$740	No

St. Paul’s Apartments reported rents at the maximum allowable level at the 50 percent of AMI. It should be noted that this comparable appears to have rents below or above the maximum allowable level, which could be due to a project-specific utility allowance. The Subject will continue to benefit from project-based subsidies on 191 of the 198 revenue-generating units; thus, tenants pay 30 percent of their income towards rent.

**60% AMI Level**

**LIHTC RENT COMPARISON @60%**

Property Name	County	Tenancy	OBR	1BR	Max Rent?
<b>Lakewood Plaza- As Proposed</b>	<b>Norfolk</b>	<b>Senior</b>	<b>\$1,430</b>	<b>\$1,430</b>	-
<b>LIHTC Maximum Rent (Net)</b>	<b>Norfolk</b>	-	<b>\$867</b>	<b>\$928</b>	-
Riverpoint Apartments	Norfolk	Family	-	\$779	No
Sea Pines Apartments	Virginia Beach	Family	\$817	\$891	No
St. Paul's Apartments	No County	Family	-	\$893	Yes
The Pointe At Pickett Farms	No County	Family	-	\$894	Yes
Victory Square Apartments	Portsmouth	Senior	-	\$969	Yes
<b>Average</b>	-	-	<b>\$817</b>	<b>\$885</b>	-
<b>Achievable LIHTC Rent</b>	-	-	<b>\$820</b>	<b>\$900</b>	No

Three of the five comparables reported rents at the maximum allowable level at the 60 percent of AMI. It should be noted that four of these comparables appear to have rents below or above the maximum allowable level, which could be due to a project-specific utility allowance. The Subject will continue to benefit from project-based subsidies on 191 of the 198 revenue-generating units; thus, tenants pay 30 percent of their income towards rent. Seven of the Subject units will be not be subsidized and restricted to senior households earning 60 percent of the AMI or less.

The Subject will be most similar to Victory Square Apartments.

- Victory Square Apartments is a 112-unit senior LIHTC development, located 4.7 miles southwest of the Subject. Victory Square Apartments was constructed in 2005, exhibiting good condition, similar to the Subject as renovated. This property is contained in an elevator-serviced four-story building, which is considered generally similar to the Subject’s elevator-serviced highrise. This property offers a slightly inferior location in terms of median household income and median home value, similar in-unit amenities and property amenities, and generally similar unit sizes. Further, this property is 99.0 percent occupied and reported rents at the maximum allowable levels, indicating rents have been well-accepted at this comparable.

As seen in the preceding table, Victory Square Apartments is above the maximum allowable LIHTC rents. However, this is due to a project-specific utility allowance. When considering the Subject’s relation to Victory Square Apartments and the averages of other comparables, we believe concluding to achievable LIHTC rents slightly above the surveyed average. Overall, based upon our analysis of the market and with particular respect to the most comparable properties, and the Subject’s condition, we believe the Subject’s 60 percent AMI LIHTC rents of **\$820** for the Subject’s studio units and **\$900** for the one-bedroom units are achievable. Our estimates are above what the majority of the comparables are achieving but are slightly below maximum allowable level.

**Achievable Market Rents**

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



**SUBJECT COMPARISON TO MARKET RENTS**

Unit Type	Rent Level	Achievable LIHTC Rent	Surveyed Min	Surveyed Max	Surveyed Average	Achievable Market Rent	Subject Rent Advantage
OBR/1BA	@60% (Section 8)	\$820	\$1,331	\$1,331	\$1,331	\$1,100	25%
OBR/1BA	@60% (Section 8)	\$820	\$1,331	\$1,331	\$1,331	\$1,100	25%
1BR/1BA	@50% (Section 8)	\$740	\$869	\$1,730	\$1,314	\$1,200	38%
1BR/1BA	@50% (Section 8)	\$740	\$869	\$1,730	\$1,314	\$1,200	38%
1BR/1BA	@60%	\$900	\$869	\$1,730	\$1,314	\$1,200	25%
1BR/1BA	@60%	\$900	\$869	\$1,730	\$1,314	\$1,200	25%
1BR/1BA	@60%	\$900	\$869	\$1,730	\$1,314	\$1,200	25%
1BR/1BA	@60%	\$900	\$869	\$1,730	\$1,314	\$1,200	25%
1BR/1BA	@60% (Section 8)	\$900	\$869	\$1,730	\$1,314	\$1,200	25%
1BR/1BA	@60% (Section 8)	\$900	\$869	\$1,730	\$1,314	\$1,200	25%
1BR/1BA	@60% (Section 8)	\$900	\$869	\$1,730	\$1,314	\$1,200	25%

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

**John Knox Towers** is a 150-unit market rate senior development, located 2.6 miles southeast of the Subject. This comparable offers one and two-bedroom units contained in an elevator-serviced highrise, similar to the Subject. Regarding condition, this property was constructed in 1975, exhibiting average condition, slightly inferior to the Subject. Additionally, it is 100 percent occupied, indicating rents have been well-accepted. This property offers generally similar one-bedroom units when compared to the Subject, similar in-unit amenities and property amenities and superior location. Overall, relative to the Subject, the John Knox will be slightly inferior, and, therefore, we believe the Subject could achieve market rents slightly above this comparable, as an unrestricted property.

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

**SUBJECT COMPARISON TO JOHN KNOX TOWERS**

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF	Comparable Rent	Square Feet	Comparable RPSF
OBR/1BA	\$1,100	538	\$2.04	-	-	-
OBR/1BA	\$1,100	547	\$2.01	-	-	-
1BR/1BA	\$1,200	585	\$2.05	\$1,020	562	\$1.81
1BR/1BA	\$1,200	599	\$2.00	\$1,020	562	\$1.81
1BR/1BA	\$1,200	571	\$2.10	\$1,020	562	\$1.81
1BR/1BA	\$1,200	576	\$2.08	\$1,020	562	\$1.81
1BR/1BA	\$1,200	578	\$2.08	\$1,020	562	\$1.81
1BR/1BA	\$1,200	554	\$2.17	-	-	-

As illustrated previously, rents achieved at John Knox Towers are approximately 15 percent below our concluded Novoco achievable market rents. Given the Subject will be newly renovated and in good condition, slightly superior to the current condition of John Knox Towers, we believe this is reasonable. To better compare the proposed achievable market rents for the studio units, we have included an additional comparison to Ghent Village, a market rate property located 2.6 miles from the Subject.

**SUBJECT COMPARISON TO GHENT VILLAGE**

Unit Type	Subject Achievable Market Rent	Square Feet	Subject RPSF	Comparable Rent	Square Feet	Comparable RPSF
OBR/1BA	\$1,100	538	\$2.04	\$1,331	569	\$2.34
OBR/1BA	\$1,100	547	\$2.01	\$1,331	569	\$2.34
1BR/1BA	\$1,200	585	\$2.05	\$1,658	804	\$2.06
1BR/1BA	\$1,200	599	\$2.00	\$1,658	804	\$2.06
1BR/1BA	\$1,200	571	\$2.10	\$1,658	804	\$2.06
1BR/1BA	\$1,200	576	\$2.08	\$1,658	804	\$2.06
1BR/1BA	\$1,200	578	\$2.08	\$1,658	804	\$2.06
1BR/1BA	\$1,200	554	\$2.17	-	-	-

As illustrated previously, rents achieved at Ghent Village for the studio units are approximately 17 percent above our concluded Novoco achievable market rents while one-bedroom rents are approximately 27 percent. Given Ghent Village has larger unit sizes and superior in-unit amenities compared to the Subject, we believe this is reasonable.

The average market rate vacancy rate is 3.0 percent, which indicates a stable market. We have placed the Subject’s achievable market rents below the surveyed average rent in the market for the studio and one - bedroom units. The Subject’s achievable market rate rent per square foot is similar to those of the market rate comparable properties. The Subject’s achievable LIHTC rents represent advantages of 25 to 38 percent over the achievable market rents for the Subject’s units. The following table displays the concluded achievable market rents at the Subject relative to the comparables.

**MARKET RENT COMPARISON**

Property Name	OBR	1BR
<b>Subject Pro Forma</b>	<b>\$1,430</b>	<b>\$1,430</b>
St. Paul's Apartments	-	-
Dundale Square	-	\$905
John Knox Towers	-	\$1,170
Lakewood Garden Apartments	-	\$1,200
Promenade Pointe	-	\$873
Sherwood Forest Apartments	-	\$1,605
Ghent Village	\$1,250	\$1,555
Stonebridge Manor	-	\$1,300
<b>Average</b>	<b>\$1,250</b>	<b>\$1,409</b>
<b>Achievable Market Rent</b>	<b>\$1,100</b>	<b>\$1,200</b>
<b>Achievable Market Rent RPSF</b>	<b>\$2.01 - \$2.04</b>	<b>\$2.00 - \$2.17</b>

As illustrated previously, we believe the Subject would be able to achieve market rents of **\$1,100** for studio units and **\$1,200** for one-bedroom units, which is generally similar to the average among the market rate comparables.

**Summary Evaluation**

The Subject will be well-positioned in the market. As a newly-renovated property, the Subject will be in generally similar to slightly superior condition to most of the comparable properties. Vacancy rates among the LIHTC properties range from zero to 1.0 percent, with an average of 0.4 percent. Vacancy rates among the market

rate properties range from zero to 5.5 percent, with an average of 3.0 percent. Vacancy/collection loss at the Subject is expected to be no more than five percent over the long term. Nonetheless, we believe the proposed rent levels are achievable as the population and number of households is expected to experience growth over the next five years. The Subject will continue to be well-accepted in the market as an affordable property.

### **Impact on Existing Housing Stock**

All the data combined with interviews of real estate professionals demonstrate a continuing need for affordable housing over the foreseeable term. The comparables surveyed include a total of 1,668 units at 12 properties. The affordable properties in the area reported occupancy rates of 99.0 percent or higher, with two of the five properties reporting no vacancies. Two of the LIHTC comparables reported maintaining waiting lists on their LIHTC units. Finally, the strong occupancy rates at the majority of the market rate projects in the PMA are evidence of a stable rental market and strong demand.

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

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

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

### Introduction

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

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

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

### Capture Rate Determination

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

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

The following text will examine each step through the process.

Step One – PMA Demography

### Primary Market Area Defined

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

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

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

### Demographic Information

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

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

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

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

#### Step Two – Income Qualified

Assumptions and Data necessary for this calculation are:

Appropriate Municipality:	City of Norfolk, VA
AMI for four person household:	\$82,500
Tenancy (Family vs Senior):	Senior
Affordability percentage:	40 percent
Leakage:	20 percent

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

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

range would be \$17,143 based on the family 35 percent or \$15,000 based on the senior 40 percent. *It should be noted that the eight of the Subject’s units will operate with Project-Based Vouchers (PBV).*

**62+ INCOME LIMITS**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50% (Section 8)		@60%		@60% (Section 8)	
OBR	-	-	-	-	\$0	\$34,680
1BR	\$0	\$33,000	\$23,070	\$39,600	\$0	\$39,600

**62+ INCOME LIMITS (ABSENT SUBSIDY)**

Unit Type	Minimum Allowable Income	Maximum Allowable Income	Minimum Allowable Income	Maximum Allowable Income
	@50%		@60%	
OBR	-	-	\$24,600	\$34,680
1BR	\$22,200	\$33,000	\$23,070	\$39,600

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

**RENTER HOUSEHOLD INCOME PMA**

Income Cohort	2020		2025		Annual Change 2020 to 2025	
	Number	Percentage	Number	Percentage	Number	Percentage
\$0-9,999	4,059	13.8%	3,652	12.2%	-81	-2.0%
\$10,000-19,999	4,808	16.3%	4,241	14.2%	-113	-2.4%
\$20,000-29,999	3,813	12.9%	3,714	12.4%	-20	-0.5%
\$30,000-39,999	2,840	9.6%	2,717	9.1%	-25	-0.9%
\$40,000-49,999	2,923	9.9%	2,622	8.8%	-60	-2.1%
\$50,000-59,999	2,127	7.2%	2,208	7.4%	16	0.8%
\$60,000-74,999	2,186	7.4%	2,268	7.6%	16	0.8%
\$75,000-99,999	2,290	7.8%	2,468	8.3%	36	1.6%
\$100,000-124,999	1,711	5.8%	2,066	6.9%	71	4.1%
\$125,000-149,999	853	2.9%	1,157	3.9%	61	7.1%
\$150,000-199,999	1,023	3.5%	1,405	4.7%	76	7.5%
\$200,000+	855	2.9%	1,324	4.4%	94	11.0%
<b>Total</b>	<b>29,488</b>	<b>100.0%</b>	<b>29,842</b>	<b>100.0%</b>		

Source: HISTA Data / Ribbon Demographics 2020, Novogradac Consulting LLP, March 2021.

**Step Three – Income Distribution**

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

**62+ RENTER INCOME DISTRIBUTION (AS PROPOSED)**

Income Cohort	Total Renter Households	@50% (Section 8)			@60%			@60% (Section 8)			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-\$9,999	983	9,999	100.0%	983						9,999	100.0%	983	
\$10,000-\$19,999	1,652	9,999	100.0%	1,652						9,999	100.0%	1,652	
\$20,000-\$29,999	712	9,999	100.0%	712	6,929	69.3%	493	9,999	100.0%	712	9,999	100.0%	712
\$30,000-\$39,999	507	3,001	30.0%	152	9,601	96.0%	487	9,601	96.0%	487	9,601	96.0%	487
\$40,000-\$49,999	327												
\$50,000-\$59,999	349												
\$60,000-\$74,999	367												
\$75,000-\$99,999	259												
\$100,000-\$124,999	184												
\$125,000-\$149,999	148												
\$150,000-\$199,999	169												
\$200,000-\$250,000	171												
<b>Total</b>	<b>5,828</b>		<b>60.0%</b>	<b>3,499</b>		<b>16.8%</b>	<b>980</b>		<b>65.8%</b>	<b>3,834</b>		<b>65.8%</b>	<b>3,834</b>

**62+ RENTER INCOME DISTRIBUTION (ABSENT SUBSIDY)**

Income Cohort	Total Renter Households	@50%			@60%			All Units		
		cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort	cohort overlap	% in cohort	# in cohort
\$0-\$9,999	983									
\$10,000-\$19,999	1,652									
\$20,000-\$29,999	712	7,799	78.0%	555	6,929	69.3%	493	7,799	78.0%	555
\$30,000-\$39,999	507	3,001	30.0%	152	9,601	96.0%	487	9,601	96.0%	487
\$40,000-\$49,999	327									
\$50,000-\$59,999	349									
\$60,000-\$74,999	367									
\$75,000-\$99,999	259									
\$100,000-\$124,999	184									
\$125,000-\$149,999	148									
\$150,000-\$199,999	169									
\$200,000-\$250,000	171									
<b>Total</b>	<b>5,828</b>		<b>12.1%</b>	<b>708</b>		<b>16.8%</b>	<b>980</b>		<b>17.9%</b>	<b>1,042</b>

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

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



Step Five – Unit Size Appropriate

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

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

HOUSEHOLD DISTRIBUTION		
<b>OBR</b>	30%	Of 1-person households in OBR units
<b>1BR</b>	60%	Of 1-person households in 1BR units
	20%	Of 2-person households in 1BR units

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

Step Six – Capture Rate by Bedroom Mix

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

**CAPTURE RATE ANALYSIS BY UNIT TYPE**

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

**50% (Section 8) AMI - As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2020*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	65.8%	3,836
2 person	19.1%	1,111
3 person	6.8%	395
4 person	2.5%	143
5 person	5.9%	343
<b>Total</b>	<b>100.0%</b>	<b>5,828</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,836	x	60.0%	2,303
2 person	1,111	x	60.0%	667
3 person	395	x	60.0%	237
4 person	143	x	60.0%	86
5 person	343	x	60.0%	206
<b>Total</b>	<b>5,828</b>			<b>3,499</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	1,515
<b>Total</b>	<b>1,515</b>

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

	Developer's Unit Mix	Capture Rate
1BR	94	6.20%
<b>Total/Overall</b>	<b>94</b>	<b>6.20%</b>

*Adjusted for Leakage from Outside of the PMA*

20.0%

1BR	94	4.96%
<b>Total/Overall</b>	<b>94</b>	<b>4.96%</b>

**60% AMI Demand - As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2020*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	65.8%	3,836
2 person	19.1%	1,111
3 person	6.8%	395
4 person	2.5%	143
5 person	5.9%	343
<b>Total</b>	<b>100.0%</b>	<b>5,828</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,836	x	16.8%	645
2 person	1,111	x	16.8%	187
3 person	395	x	16.8%	66
4 person	143	x	16.8%	24
5 person	343	x	16.8%	58
<b>Total</b>	<b>5,828</b>			<b>980</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	424
<b>Total</b>	<b>424</b>

*Capture Rate Analysis - @60%*

	Developer's Unit Mix	Capture Rate
1BR	7	1.65%
<b>Total/Overall</b>	<b>7</b>	<b>1.65%</b>
<i>Adjusted for Leakage from Outside of the PMA</i>		20.0%
1BR	7	1.32%
<b>Total/Overall</b>	<b>7</b>	<b>1.32%</b>

**60% AMI Demand (Section 8) - As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2020*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	65.8%	3,836
2 person	19.1%	1,111
3 person	6.8%	395
4 person	2.5%	143
5 person	5.9%	343
<b>Total</b>	<b>100.0%</b>	<b>5,828</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,836	x	65.8%	2,523
2 person	1,111	x	65.8%	731
3 person	395	x	65.8%	260
4 person	143	x	65.8%	94
5 person	343	x	65.8%	226
<b>Total</b>	<b>5,828</b>			<b>3,834</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
OBR	757
1BR	1,660
<b>Total</b>	<b>2,417</b>

*Capture Rate Analysis - @60% (Section 8)*

	Developer's Unit Mix	Capture Rate
OBR	50	6.60%
1BR	47	2.83%
<b>Total/Overall</b>	<b>97</b>	<b>4.01%</b>
<i>Adjusted for Leakage from Outside of the PMA</i>		<b>20.0%</b>
OBR	50	5.28%
1BR	47	2.26%
<b>Total/Overall</b>	<b>97</b>	<b>3.21%</b>

**All Unit Demand - As Proposed**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2020*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	65.8%	3,836
2 person	19.1%	1,111
3 person	6.8%	395
4 person	2.5%	143
5 person	5.9%	343
<b>Total</b>	<b>100.0%</b>	<b>5,828</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,836	x	65.8%	2,523
2 person	1,111	x	65.8%	731
3 person	395	x	65.8%	260
4 person	143	x	65.8%	94
5 person	343	x	65.8%	226
<b>Total</b>	<b>5,828</b>			<b>3,834</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
OBR	757
1BR	1,660
<b>Total</b>	<b>2,417</b>

*Capture Rate Analysis - All Units*

	Developer's Unit Mix	Capture Rate
OBR	50	6.60%
1BR	148	8.91%
<b>Total/Overall</b>	<b>198</b>	<b>8.19%</b>

*Adjusted for Leakage from Outside of the PMA*

20.0%

OBR	50	5.28%
1BR	148	7.13%
<b>Total/Overall</b>	<b>198</b>	<b>6.55%</b>

**50% AMI - Absent Subsidy**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2020*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	65.8%	3,836
2 person	19.1%	1,111
3 person	6.8%	395
4 person	2.5%	143
5 person	5.9%	343
<b>Total</b>	<b>100.0%</b>	<b>5,828</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,836	x	12.1%	466
2 person	1,111	x	12.1%	135
3 person	395	x	12.1%	48
4 person	143	x	12.1%	17
5 person	343	x	12.1%	42
<b>Total</b>	<b>5,828</b>			<b>708</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
1BR	306
<b>Total</b>	<b>306</b>

*Capture Rate Analysis - @50%*

	Developer's Unit Mix	Capture Rate
1BR	94	30.68%
<b>Total/Overall</b>	<b>94</b>	<b>30.68%</b>

*Adjusted for Leakage from Outside of the PMA*

1BR	94	24.54%	20.0%
<b>Total/Overall</b>	<b>94</b>	<b>24.54%</b>	

**60% AMI Demand– Absent Subsidy**

**PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE**

*Renter Household Distribution 2020*

	Renter Household Size Distribution	Total Number of Renter Households
1 person	65.8%	3,836
2 person	19.1%	1,111
3 person	6.8%	395
4 person	2.5%	143
5 person	5.9%	343
<b>Total</b>	<b>100.0%</b>	<b>5,828</b>

*Income-Qualified Renter Demand*

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,836	x	16.8%	645
2 person	1,111	x	16.8%	187
3 person	395	x	16.8%	66
4 person	143	x	16.8%	24
5 person	343	x	16.8%	58
<b>Total</b>	<b>5,828</b>			<b>980</b>

*Projected Renter Household Demand by Bedroom Size*

	Number of Qualified Renter Households
OBR	194
1BR	424
<b>Total</b>	<b>618</b>

*Capture Rate Analysis - @60%*

	Developer's Unit Mix	Capture Rate
OBR	50	25.83%
1BR	54	12.72%
<b>Total/Overall</b>	<b>104</b>	<b>16.83%</b>

*Adjusted for Leakage from Outside of the PMA*

20.0%

OBR	50	20.67%
1BR	54	10.18%
<b>Total/Overall</b>	<b>104</b>	<b>13.46%</b>

All Units - Absent Subsidy

PROJECTED RENTER HOUSEHOLD DEMAND BY BEDROOM TYPE

Renter Household Distribution 2020

	Renter Household Size Distribution	Total Number of Renter Households
1 person	65.8%	3,836
2 person	19.1%	1,111
3 person	6.8%	395
4 person	2.5%	143
5 person	5.9%	343
<b>Total</b>	<b>100.0%</b>	<b>5,828</b>

Income-Qualified Renter Demand

	Total Number of Renter Households		% Income-Qualified Renter Households	Number Qualified Renter Households
1 person	3,836	x	17.9%	686
2 person	1,111	x	17.9%	199
3 person	395	x	17.9%	71
4 person	143	x	17.9%	26
5 person	343	x	17.9%	61
<b>Total</b>	<b>5,828</b>			<b>1,042</b>

Projected Renter Household Demand by Bedroom Size

	Number of Qualified Renter Households
OBR	206
1BR	451
<b>Total</b>	<b>657</b>

Capture Rate Analysis - All Units (Absent Subsidy)

	Developer's Unit Mix	Capture Rate
OBR	50	24.30%
1BR	148	32.79%
<b>Total/Overall</b>	<b>198</b>	<b>30.13%</b>

Adjusted for Leakage from Outside of the PMA

20.0%

OBR	50	19.44%
1BR	148	26.23%
<b>Total/Overall</b>	<b>198</b>	<b>24.11%</b>



## ANNUAL CAPTURE RATE ANALYSIS

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

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

### Population/Household Change

Population change as a result of new households moving in or out of the area: This was previously calculated, in the estimated population increase from 2020 to 2025. Since the newly derived population will all be eligible, they are included directly into the annual demand estimate.

### Additions to Supply

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

**RECENT LIHTC ALLOCATIONS IN THE PMA**

Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Units
Block 20	2020	LIHTC	Family	120	0
Market Heights Apartments	2019	LIHTC	Disabled	80	0
PABP Apartments	2019	LIHTC	Family	70	0
Church Street Station Studios	2019	LIHTC	Family	80	0
St. Paul's Apartments	2016	LIHTC	Family	126	0
<b>Totals</b>				<b>476</b>	<b>0</b>

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

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

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

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

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

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

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

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

**Annual Demand Table – As Proposed**

<b>ANNUAL DEMAND - AS PROPOSED</b>		
<b>Calculation</b>		<b>PMA</b>
<b>Number of Renter Households in 2020</b>		5,828
<b>Increase in Number of Renter Households</b>		621
<b>Number of Renter Households in 2025</b>		6,449
<i>Existing Demand</i>		
% of Total Households that are Renter		43.5%
% of Income-Qualified Renter Households		65.8%
Number of Income-Qualified Renter Households		3,834
Percentage Rent-Overburdened		48.7%
<b>Existing Income-Qualified Renter Household Turnover</b>		<b>1,867</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		124
% of Income-Qualified Renter Households		65.8%
<b>New Rental Income Qualified Households</b>		<b>82</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		200
Occupied Units at Subject With Vacancy of:	5.0%	190
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		1,949
Portion Originating within PMA		80.0%
Total Demand (Turnover and Growth)		2,338
Less: Existing LIHTC Projects in Absorption Process (# Units)	0	
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>2,338</b>
<b>Yielded Annual Capture Rate of Available Demand in 2020</b>		<b>8.1%</b>

The yielded capture rate is approximately 8.1 percent of available demand per annum, for the Subject’s units as proposed, which is low and indicative of strong demand.

## Annual Demand Table – Absent Subsidy

ANNUAL DEMAND - ABSENT SUBSIDY		
Calculation		PMA
Number of Renter Households in 2020		5,828
Increase in Number of Renter Households		621
Number of Renter Households in 2025		6,449
<i>Existing Demand</i>		
% of Total Households that are Renter		43.5%
% of Income-Qualified Renter Households		17.9%
Number of Income-Qualified Renter Households		1,042
Percentage Rent-Overburdened		48.7%
<b>Existing Income-Qualified Renter Household Turnover</b>		<b>508</b>
<i>New Income-Qualified Demand, Stated Annually</i>		
Increase in Renter Households per Annum		124
% of Income-Qualified Renter Households		17.9%
<b>New Rental Income Qualified Households</b>		<b>22</b>
<i>Capture Rate Analysis</i>		
Number of Units in Subject		200
Occupied Units at Subject With Vacancy of:	5.0%	190
Units Pre-Leased		0
Total Demand (Turnover and Growth) from within PMA		530
Portion Originating within PMA		80.0%
Total Demand (Turnover and Growth)		636
Less: Existing LIHTC Projects in Absorption Process (# Units)	0	
<b>Total Demand after Competition (Turnover and Growth)</b>		<b>636</b>
<b>Yielded Annual Capture Rate of Available Demand in 2020</b>		<b>29.9%</b>

The yielded capture rate is approximately 29.9 percent of available demand per annum, for the Subject's units absent the subsidy, which is moderate.

## VH DEMAND ANALYSIS

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

According to Esri Demographics, 48.7 percent of renter households are considered overburdened (defined by VH as paying more than 35 percent of gross income for gross rent), which equates to 1,830 income-qualified renter households in the PMA for the as proposed scenario (with subsidies). Further, 43 renter households live in substandard housing (defined by VH as housing that is overcrowded and/or lack of plumbing) in the as proposed scenarios (with subsidies).

According to Esri Demographics, 48.7 percent of renter households are considered overburdened (defined by VH as paying more than 35 percent of gross income for gross rent), which equates to 313 income-qualified renter households in the PMA for the absent subsidy scenario. Further, seven renter households live in substandard housing (defined by VH as housing that is overcrowded and/or lack of plumbing) in the absent subsidy scenario.

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

Income Restrictions	Up to 60% (min. income to max. income) As Proposed	Up to 60% (min. income to max. income) Absent Subsidy
	New Rental Households	0
(+)		
Existing Households- Overburdened	1,867	508
(+)		
Existing Households- Substandard Housing	44	12
(+)		
Elderly Households- Likely to Convert to Rental Housing	0	0
(+)		
Existing Qualifying Tenants- To Remain After Renovation	200	200
=		
<b>Total Demand</b>	<b>2,111</b>	<b>719</b>
(-)		
Supply (includes directly comparable vacant units completed or in pipeline in PMA)	0	0
<b>Net Demand</b>	<b>2,111</b>	<b>719</b>
Proposed Units	200	200
<b>Capture Rate</b>	<b>9.5%</b>	<b>27.8%</b>
Absorption Period	9 - 10 months	9 - 10 months
Project Wide Capture Rate - LIHTC Units		5.0%
Project Wide Capture Rate - All Units		6.6%
Project Wide Absorption Period (Months)		9-10 months

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

Project Wide Capture Rate - All Units	6.6%
Project Wide Absorption Period (Months)	9-10 months

### PENETRATION RATE ANALYSIS

Per VH guidelines, we also performed a penetration rate analysis for the Subject’s units as proposed and absent subsidy, as illustrated in the following tables. Note that we have only considered existing one-bedroom family units at 60 percent of AMI as competitive.

<b>PENETRATION RATE - Methodology Two (Market Focus - NCHMA) - As Proposed</b>	
Number of Proposed Competitive Affordable Senior Units in the PMA	0
	+
Number of Existing Competitive Affordable Senior Units in the PMA	0
	+
Number of Proposed Units at the Subject	198
	=
Total	198
	/
Income Eligible Households - All AMI Levels	3,834
	=
<b>Overall Penetration Rate - Market Focus (NCHMA)</b>	<b>5.2%</b>

<b>PENETRATION RATE - Methodology Two (Market Focus - NCHMA) - Absent Subsidy</b>	
Number of Proposed Competitive Affordable Senior Units in the PMA	0
	+
Number of Existing Competitive Affordable Senior Units in the PMA	317
	+
Number of Proposed Units at the Subject	198
	=
Total	515
	/
Income Eligible Households - All AMI Levels	1,042
	=
<b>Overall Penetration Rate - Market Focus (NCHMA)</b>	<b>49.4%</b>

The overall penetration rate for the market is 5.2 percent as proposed and 49.4 percent absent subsidy. The penetration rates we have presented is conservative because it does not account for leakage (i.e. tenants originating outside of the PMA).

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

**RECENT LIHTC ALLOCATIONS IN THE PMA**

Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Units
Block 20	2020	LIHTC	Family	120	0
Market Heights Apartments	2019	LIHTC	Disabled	80	0
PABP Apartments	2019	LIHTC	Family	70	0
Church Street Station Studios	2019	LIHTC	Family	80	0
St. Paul's Apartments	2016	LIHTC	Family	126	0
<b>Totals</b>				<b>476</b>	<b>0</b>

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

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

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

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

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

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

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



**AFFORDABLE IN THE PMA**

Property Name	Program	Tenancy	Total Units	Competitive LIHTC Units	Competitive PBRA Units	Distance to Subject
Riverpoint Apartments*	LIHTC	Family	220	0	0	1.5 miles
St. Paul's Apartments*	LIHTC/Section 8/Market	Family	126	0	0	2.9 miles
The Pointe At Pickett Farms*	LIHTC	Family	120	0	0	2.8 miles
Archer's Green Apartments	LIHTC/Market	Family	86	0	0	1.5 miles
Bowling Green II	LIHTC	Family	43	0	0	2.6 miles
Bowling Green III	LIHTC	Family	45	0	0	2.4 miles
Bowling Green IV	LIHTC	Family	50	0	0	2.2 miles
Broad Creek Phase III	LIHTC/PBRA/Market	Family	300	0	0	2.2 miles
Broad Creek Renaissance Phase I	LIHTC/Section 8/Market	Family	88	0	0	2.5 miles
CROMWELL HOUSE	LIHTC	Senior	205	205	0	1.6 miles
Gosnold Sro	LIHTC	Family	60	0	0	2.3 miles
Market Heights - Phase II	LIHTC/Section 8	Family	84	0	0	3.0 miles
Market Heights Apartments	LIHTC/Section 8	Family	80	0	0	3.1 miles
Meadowood Apartments	Affordable/Market	Family	180	0	0	1.2 miles
Mission College Apartments	LIHTC/Market	Family	260	0	0	2.3 miles
Parkwood Manor (meadowbrook)	LIHTC	Family	100	0	0	2.9 miles
Parkwood Manor Apartments	LIHTC	Family	100	0	0	2.9 miles
Quill Farms	LIHTC	Family	180	0	0	2.8 miles
Villa Terrace	LIHTC	Family	82	0	0	1.5 miles
Annetta M. Lane Apartments	Section 8	Family	40	0	0	2.8 miles
Calvary Towers	Section 8	Senior	112	112	0	2.5 miles
Cogic High Rise Apartments	Section 8	Family	150	0	0	2.6 miles
Colonial Hall Apts.	Section 8	Family	40	0	0	1.8 miles
Grace Place	Section 8	Family	40	0	0	2.7 miles
Granby House	Section 8	Family	154	0	0	1.7 miles
Lexington Park Apartments	Section 8	Family	180	0	0	2.4 miles
Park Terrace	Section 8	Family	81	0	0	2.5 miles
So Hampton Rds Area Supportive	Section 8	Family	25	0	0	1.7 miles
Suburban House	Section 8	Family	154	0	0	1.7 miles
Village Pointe Apartments	Section 8	Family	59	0	0	2.5 miles
Young Terrace Phase I	Section 8	Family	199	0	0	2.7 miles
<b>Totals</b>				<b>317</b>	<b>0</b>	

\*Utilized as a comparable property

For the as proposed scenario, we have determined that one-bedroom Section 8 and LIHTC units are competitive. For the absent subsidy scenario, we have determined one-bedroom units at the 50 and 60 percent of AMI are competitive, and we have excluded Section 8/subsidized units in this penetration calculation. There are 317 units that are considered competitive as proposed and zero units that are competitive absent subsidy, which were deducted our penetration rate calculations.

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

**ABSORPTION**

Property Name	Program	Tenancy	City	Year	Total Units	Absorption (units/month)	Distance to Subject
October Station	LIHTC	Family	Suffolk	2018	48	24	19.8 miles
Woodlands Apartments At Phoebus	LIHTC	Senior	Hampton	2015	132	20	10.0 miles
Commonwealth At York	Market	Family	Yorktown	2015	384	34	18.7 miles
The Residences At October	LIHTC	Family	Suffolk	2013	72	20	19.9 miles
Monticello Station	Market	Family	Norfolk	2010	121	0	3.1 miles
Villages Of Stoney Run	Market	Family	Newport News	2008	285	20	22.6 miles
<b>Average Affordable</b>					<b>84</b>	<b>21</b>	
<b>Average Market</b>					<b>263</b>	<b>18</b>	
<b>Overall Average</b>					<b>174</b>	<b>20</b>	

Note the Subject is an existing property, and will not need to re-lease its units. Therefore, this discussion is hypothetical, and assumes the Subject were 100 percent vacant. We obtained absorption data from six properties, located between 3.1 and 22.6 miles from the Subject. These properties reported absorption rates ranging from zero to 34 units per month, with an overall average of 20 units per month. Overall, we expect the Subject will experience an absorption rate of 20 units per month. This equates to an absorption period of approximately 10 months.

Rent conclusions were provided in *Section H*.

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

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

## INTERVIEWS

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

### Local Housing Authority Discussion

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

PAYMENT STANDARDS			
Unit Type	Payment Standard (Gross)	Utility Allowance	Payment Standard (Net)
Studio	\$1,056	\$0	\$1,056
One-Bedroom	\$1,069	\$0	\$1,069

Source: Virginia Housing, effective July 2020

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

### Planning Discussion

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

RECENT LIHTC ALLOCATIONS IN THE PMA					
Property Name	Year Allocated	Rent Structure	Tenancy	Total Units	Competitive Units
Block 20	2020	LIHTC	Family	120	0
Market Heights Apartments	2019	LIHTC	Disabled	80	0
PABP Apartments	2019	LIHTC	Family	70	0
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St. Paul's Apartments	2016	LIHTC	Family	126	0
<b>Totals</b>				<b>476</b>	<b>0</b>

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

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

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

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

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

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

## **K. ANALYSIS/CONCLUSIONS**

**Recommendations**

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

**Demand Summary**

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

Project Wide Capture Rate - All Units	6.6%
Project Wide Absorption Period (Months)	9-10 months

Additionally, the overall penetration rate for the Subject is 6.6 percent . It should be noted that the penetration rate analysis we have derived is conservative because it does not account for leakage (i.e. tenants originating outside of the PMA). Overall, the derived penetration rate for the Subject is considered reasonable.

**Strengths and Weaknesses of the Subject**

Strengths

- Historically, the Subject’s in-unit, community amenities, and unit sizes have been well-accepted in the market; thus, we believe they will continue to be competitive with the comparables.
- The Subject is located in a region with historically stable industries including healthcare/social assistance and educational services. The MSA has maintained a lower employment rate than the nation of 5.3 percent compared to the current national average of 6.5 percent. Although it is unclear when the economy will fully recover from COVID-19, we believe these industries bode well for the economy.
- The Subject is an existing Section 8/Section 236 development that has historically maintained strong occupancy and a small waiting list.
- The Subject is located in close proximity to many services, public transportation, and retailers.

Weaknesses

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

### Absorption Estimate

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

#### ABSORPTION

Property Name	Program	Tenancy	City	Year	Total Units	Absorption (units/month)	Distance to Subject
October Station	LIHTC	Family	Suffolk	2018	48	24	19.8 miles
Woodlands Apartments At Phoebus	LIHTC	Senior	Hampton	2015	132	20	10.0 miles
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<b>Average Affordable</b>					<b>84</b>	<b>21</b>	
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We do not anticipate any future changes in the housing stock or risks in the market area that would adversely affect the Subject. The proposed rents appear to be achievable and we do not believe the Subject will need to rely on voucher support or a project-based subsidy in the future.



## **L. OTHER REQUIREMENTS**

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



David Boisture, AM, CRE  
LEED Green Associate  
Partner

March 16, 2021  
Date

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

## **ASSUMPTIONS AND LIMITING CONDITIONS**

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

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

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

**PHOTOGRAPHS OF SUBJECT AND NEIGHBORHOOD**



Subject building from entry drive



Subject side yard



Subject signage visible from Tidewater Drive



View looking south on Tidewater



View looking east over Wayne Creek



View looking north on Tidewater



View west from rear of Subject property



Alternative view from rear of Subject property



Mailboxes



Subject community room



Laundry room on first floor



Management offices at Subject





Typical living area



Typical balcony



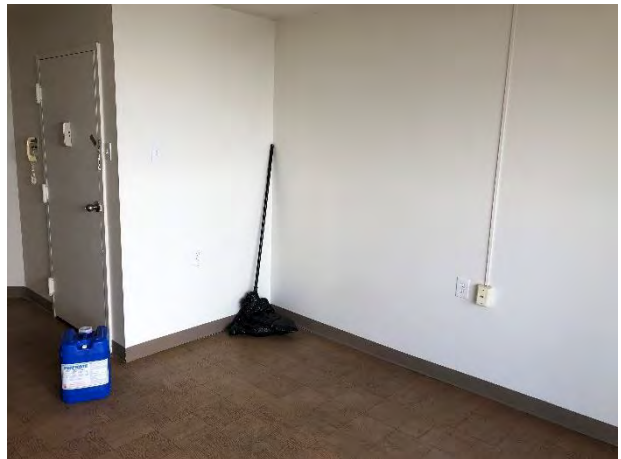
Typical bedroom



Typical bathroom



Typical kitchen



View of unit entry door



View from unit balcony in rear of property



View from unit balcony in front of property



Retail use adjacent to Subject



Townhomes across Tidewater from Subject



Health center next to Subject



Place of Worship across Tidewater from Subject



Retail in excellent condition on Tidewater



Retail in average condition on Tidewater



Strip center in average condition on Tidewater



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood



Single-family home in Subject neighborhood

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

## SUMMARY MATRIX

#	Property Name	Distance	Type/Built/Renovated	AMI	Unit Type	#	%	SF	Restriction	Rent (Adj)	Max Rent?	Waiting List	Vacant Units	Vacancy Rate
S	Lakewood Plaza- As Proposed 5631 Tidewater Dr Norfolk, VA Norfolk County	-	Highrise 13-stories 1974 / 2021 Senior	@50% (Section 8), @60%, @60% (Section 8)	OBR/1BA	24	12.0%	538	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					OBR/1BA	26	13.0%	547	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	48	24.0%	585	@50% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	46	23.0%	599	@50% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	1	0.5%	571	@60%	\$769	No	No	N/A	N/A
					1BR/1BA	1	0.5%	576	@60%	\$769	No	No	N/A	N/A
					1BR/1BA	2	1.0%	585	@60%	\$769	No	No	N/A	N/A
					1BR/1BA	3	1.5%	599	@60%	\$769	No	No	N/A	N/A
					1BR/1BA	23	11.5%	571	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	23	11.5%	576	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	1	0.5%	578	@60% (Section 8)	\$1,430	N/A	No	N/A	N/A
					1BR/1BA	2	1.0%	554	Non-Rental	\$0	N/A	No	N/A	N/A
					200									
1	Riverpoint Apartments 6415 Newport Avenue Norfolk, VA Norfolk County	1.5 miles	Various 2-stories 1947 / 2009 Family	@60%	1BR/1BA	56	25.5%	700	@60%	\$779	No	No	N/A	0%
					2BR/1BA	N/A	N/A	750	@60%	\$800	No	No	N/A	0%
					2BR/1BA	164	74.5%	775	@60%	\$825	No	No	N/A	0%
					2BR/1BA	N/A	N/A	800	@60%	\$840	No	No	N/A	0%
					220									
2	Sea Pines Apartments 952 Maximus Square Virginia Beach, VA Virginia Beach County	15.0 miles	Garden 2-stories 1945 / 2015 Family	@60%	OBR/1BA	8	8.3%	500	@60%	\$817	No	Yes	0	0%
					1BR/1BA	8	8.3%	625	@60%	\$891	No	Yes	0	0%
					1BR/1BA	40	41.7%	850	@60%	\$891	No	Yes	0	0%
					2BR/1BA	40	41.7%	1,025	@60%	\$996	No	Yes	1	2.5%
					96									
3	St. Paul's Apartments 494 St. Paul's Boulevard Norfolk, VA No County County	2.9 miles	Garden 2-stories 2019 / Family	@40% (Section 8), @50%, @60%, Market	1BR/1BA	7	5.6%	640	@40% (Section 8)	\$64	N/A	Yes	0	0%
					1BR/1BA	7	5.6%	640	@50%	\$733	Yes	Yes	0	0%
					1BR/1BA	6	4.8%	640	@60%	\$893	Yes	Yes	0	0%
					2BR/2BA	6	4.8%	946	@40% (Section 8)	\$0	N/A	Yes	0	0%
					2BR/2BA	44	34.9%	946	@50%	\$799	Yes	Yes	0	0%
					2BR/2BA	27	21.4%	946	@60%	\$990	Yes	Yes	0	0%
					2BR/2BA	3	2.4%	946	Market	\$1,320	N/A	No	1	33.3%
					3BR/2BA	23	18.3%	1,291	@60%	\$1,127	Yes	Yes	0	0%
					3BR/2BA	3	2.4%	1,291	Market	\$1,575	N/A	No	0	0%
126														
4	The Pointe At Pickett Farms 5424 Greenplain Road Norfolk, VA No County County	2.8 miles	Garden 3-stories 2014 / Family	@40% @60%	1BR/1BA	N/A	N/A	720	@40%	\$585	Yes	Yes	0	0%
					1BR/1BA	N/A	N/A	720	@60%	\$894	Yes	Yes	0	0%
					2BR/2BA	N/A	N/A	1,035	@40%	\$617	Yes	Yes	0	0%
					2BR/2BA	N/A	N/A	1,035	@60%	\$988	Yes	Yes	0	0%
					3BR/2BA	N/A	N/A	1,222	@40%	\$703	Yes	Yes	0	0%
					3BR/2BA	N/A	N/A	1,222	@60%	\$1,132	Yes	Yes	0	0%
120														
5	Victory Square Apartments 900 County Street Portsmouth, VA Portsmouth County	4.7 miles	Lowrise 4-stories 2005 Senior	@60%	1BR/1BA	98	87.5%	675	@60%	\$969	Yes	No	0	0%
					2BR/1BA	14	12.5%	880	@60%	\$1,023	Yes	No	1	7.1%
					112									
6	Dundale Square 6600 Chesapeake Blvd Norfolk, VA Norfolk County	1.3 miles	Garden 2-stories 1975 / 2005 Family	Market	1BR/1BA	20	20.0%	596	Market	\$1,018	N/A	No	1	5.0%
					2BR/1BA	40	40.0%	750	Market	\$1,025	N/A	No	2	5.0%
					3BR/1BA	34	34.0%	885	Market	\$1,180	N/A	No	1	2.9%
					4BR/1.5BA	6	6.0%	1,050	Market	\$1,385	N/A	No	0	0%
					100									
7	Ghent Village 100 Westover Avenue Norfolk, VA Norfolk County	2.6 miles	Garden 3-stories 1981 / 2004 Family	Market	OBR/1BA	4	2.9%	569	Market	\$1,331	N/A	Yes	0	0%
					1BR/1BA	24	17.1%	804	Market	\$1,658	N/A	No	1	4.2%
					2BR/1BA	51	36.4%	1,229	Market	\$1,875	N/A	No	2	3.9%
					2BR/1BA	51	36.4%	1,279	Market	\$1,875	N/A	No	1	2.0%
					3BR/2BA	10	7.1%	1,334	Market	\$2,025	N/A	No	2	20.0%
140														
8	John Knox Towers 1210 Colonial Avenue Norfolk, VA Norfolk County	2.6 miles	Highrise 14-stories 1975 / Senior	Market	1BR/1BA	72	48.0%	442	Market	\$950	N/A	No	0	0%
					1BR/1BA	69	46.0%	562	Market	\$1,020	N/A	No	0	0%
					2BR/1BA	N/A	N/A	692	Market	\$1,170	N/A	N/A	0	0%
					2BR/1BA	N/A	N/A	692	Market	\$1,190	N/A	N/A	0	0%
					2BR/1BA	9	6.0%	692	Market	\$1,200	N/A	No	0	0%
150														
9	Lakewood Garden Apartments 5656 Tidewater Drive Norfolk, VA Norfolk County	0.1 miles	Garden 2-stories 1979 Family	Market	1BR/1BA	39	42.4%	736	Market	\$937	N/A	None	2	5.1%
					2BR/1BA	53	57.6%	912	Market	\$944	N/A	None	2	3.8%
92														
4														
4.3%														

0.0BR x 1.0BA		1.0BR x 1.0BA	
Property Name	Square Feet	Property Name	Square Feet
Ghent Village (Market)	569	Promenade Pointe (Market)	899
<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>547</b>	Sea Pines Apartments (@60%)	850
<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>538</b>	Promenade Pointe (Market)	828
Sea Pines Apartments (@60%)	500	Promenade Pointe (Market)	828
		Promenade Pointe (Market)	828
		Ghent Village (Market)	804
		Sherwood Forest Apartments (Market)	800
		Promenade Pointe (Market)	789
		Promenade Pointe (Market)	777
		Promenade Pointe (Market)	775
		Lakewood Garden Apartments (Market)	736
		Promenade Pointe (Market)	736
		The Pointe At Pickett Farms (@40%)	720
		The Pointe At Pickett Farms (@60%)	720
		Riverpoint Apartments (@60%)	700
		Victory Square Apartments (@60%)	675
		Stonebridge Manor (Market)	650
		St. Paul's Apartments (@40%)	640
		St. Paul's Apartments (@50%)	640
		St. Paul's Apartments (@60%)	640
		Sea Pines Apartments (@60%)	625
		<b>Lakewood Plaza- As Proposed (@50%)</b>	<b>599</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>599</b>
		Dundale Square (Market)	596
		<b>Lakewood Plaza- As Proposed (@50%)</b>	<b>585</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>585</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>578</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>576</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>576</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>571</b>
		<b>Lakewood Plaza- As Proposed (@60%)</b>	<b>571</b>
		John Knox Towers (Market)	562
		<b>Lakewood Plaza- As Proposed (Non-Rental)</b>	<b>554</b>
		John Knox Towers (Market)	442



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



**ADDENDUM E**  
Utility Allowance



**Virginia Housing Development Authority**  
Housing Choice Voucher Program

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

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

		Unit Type: 1 Exposed Wall				Effective Date: 07/01/2020			
Utility	Usage	Monthly Dollar Amount							
		0 BR	1 BR	2BR	3BR	4BR	5 BR	6 BR	7BR
<b>Appliance</b>	Range/Microwave	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
	Refrigerator	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
<b>Bottled Gas</b>	Cooking	\$8.00	\$11.00	\$14.00	\$17.00	\$21.00	\$24.00	\$27.00	\$30.00
	Home Heating	\$43.00	\$60.00	\$77.00	\$94.00	\$119.00	\$136.00	\$153.00	\$170.00
	Water Heating	\$19.00	\$26.00	\$33.00	\$41.00	\$52.00	\$59.00	\$67.00	\$74.00
<b>Electricity</b>	Cooking	\$3.00	\$4.00	\$5.00	\$7.00	\$8.00	\$10.00	\$11.00	\$12.00
	Cooling (A/C)	\$5.00	\$7.00	\$9.00	\$11.00	\$14.00	\$16.00	\$18.00	\$20.00
	Home Heating	\$18.00	\$25.00	\$32.00	\$40.00	\$50.00	\$58.00	\$65.00	\$72.00
	Other Electric	\$11.00	\$15.00	\$19.00	\$23.00	\$29.00	\$34.00	\$38.00	\$42.00
	Water Heating	\$9.00	\$13.00	\$16.00	\$20.00	\$25.00	\$29.00	\$32.00	\$36.00
<b>Natural Gas</b>	Cooking	\$2.00	\$2.00	\$3.00	\$3.00	\$4.00	\$5.00	\$5.00	\$6.00
	Home Heating	\$9.00	\$13.00	\$16.00	\$20.00	\$25.00	\$29.00	\$32.00	\$36.00
	Water Heating	\$4.00	\$6.00	\$7.00	\$9.00	\$11.00	\$13.00	\$14.00	\$16.00
<b>Oil</b>	Home Heating	\$34.00	\$47.00	\$60.00	\$74.00	\$94.00	\$107.00	\$121.00	\$134.00
	Water Heating	\$15.00	\$20.00	\$26.00	\$32.00	\$41.00	\$46.00	\$52.00	\$58.00
<b>Sewer</b>	Other	\$19.00	\$27.00	\$34.00	\$42.00	\$53.00	\$61.00	\$68.00	\$76.00
<b>Trash Collection</b>	Other	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
<b>Water</b>	Other	\$16.00	\$22.00	\$29.00	\$35.00	\$45.00	\$51.00	\$58.00	\$64.00
<b>UTILITY ALLOWANCE TOTAL:</b>		\$	\$	\$	\$	\$	\$	\$	\$

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

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## DAVID BOISTURE

### I. Education

Ohio University, Athens, Ohio  
Masters of Public Administration

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

### II. Professional Experience

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

### III. Professional Affiliation

LEED Green Associate

### IV. Professional Training

Machinery and Equipment Valuation – Advanced Topics and Report Writing, January 2017

Machinery and Equipment Advanced Topics and Case Studies, November 2016

Machinery and Equipment Valuation Methodology, September 2016

Introduction to Machinery and Equipment Valuation, May 2016

IRS Valuation Summit, October 2014

Basic Appraisal Procedures, March 2014

15-hour National USPAP Equivalent, March 2014

Valuation of Solar Photovoltaic, February 2014

Residential Solar Photovoltaic Leases: Market Value Dilemma, February 2014

Basic Appraisal Principles, February 2014

Wind Projects and Land Value, October 2012

### V. Real Estate Assignments

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

- Completed Fair Market Value analyses for solar panel installations, wind turbine installations, and other renewable energy assets in connection with financing and structuring analyses performed by various clients. The clients include lenders, investors, and developers. The reports are used by clients and their advisors to evaluate certain tax consequences applicable to ownership. Additionally, the reports have been used in the ITC funding process and in connection with the application for the federal grant identified as Section 1603 American Recovery & Reinvestment Act of 2009.

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

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

# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## MATTHEW A. YUNKER

### I. Education

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

### II. Professional Experience

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

### III. Real Estate Assignments

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

- Completed numerous analyses of overall reasonableness with regard to Revenue Procedure 2014-12. Transactions analyzed include projects involving the use of Historic Tax Credits, New Markets Tax Credits and Investment Tax Credits. Fees and arrangements tested for reasonableness include developer fees, construction management fees, property management fees, asset management fees, various leasing-related payments and overall master lease terms. Sample analyses include:
  - An analysis of the projected developer fee, incentive management fee, sublease agreement, hotel operator payments and overall master lease terms for a proposed mixed-use property located in the Midwestern United States. The project involved three individual closings, with funding sources including Historic Tax Credits and New Markets Tax Credits. The project involved three master lease agreements for various phases of the development which required both independent analyses in addition to consideration of reasonableness in aggregate. Our analysis included interviewing area market participants, research of comparable transactions and fees and a financial analysis of proposed compensation and returns to involved parties.
  - An analysis of projected license fees for daily and monthly market stall rental and daily and monthly office rental rates for a proposed public market and small-scale office development located in the Pacific Northwest. The project utilized New Markets Tax Credits. Our analysis included interviewing market participants familiar with similar developments and research regarding comparable transactions and fee structures.
  - An analysis of the proposed developer fee, asset management fee and master lease terms for a proposed multi-site solar installation located in the Western United States. The project involved the use of Investment Tax Credits. Our analysis included interviewing market participants familiar with solar developments and other forms of renewable energy, research regarding

comparable transactions and fee structures in addition to a financial analysis of proposed compensation and returns to involved parties.

- Conducted numerous market and feasibility studies for family and senior affordable housing. Properties are generally Section 42 Low Income Housing Tax Credit Properties. Local housing authorities, developers, syndicators and lenders have used these studies to assist in the financial underwriting and design of LIHTC properties. Analysis typically includes; physical inspection of site and market, unit mix determination, demand projections, rental rate analysis, competitive property surveying and overall market analysis. Market studies completed in: Alaska, District of Columbia, Florida, Georgia, Illinois, Mississippi, Michigan, Nevada, New Jersey, and Virginia.
- Assisted in numerous appraisals of proposed new construction and existing Low-Income Housing Tax Credit properties.
- Conducted and assisted in market studies for projects under the HUD guidelines.
- Assisted in appraisals of proposed new construction properties under the HUD guidelines.
- Assisted in valuations of subsidized properties according to HUD guidelines.
- Performed all aspects of data collection and data mining for web-based rent reasonableness systems for use by local housing authorities.
- Assisted in numerous valuations of partnership interests for a variety of functions including partnership sale, charitable donation, partner disputes, determination of exit strategies, etc.



# STATEMENT OF PROFESSIONAL QUALIFICATIONS

## Jenna A. Jordan

### I. Education

Cleveland State University  
Master of Urban Planning and Development, MUPD

### II. Professional Experience

Junior Analyst, *Novogradac Consulting, LLC*

### III. Real Estate Assignments

A representative sample of work on various types of projects:

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

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



Formerly known as  
National Council of Affordable  
Housing Market Analysts

#### NCHMA MEMBER CERTIFICATION

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

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

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Matt Yunker  
Manager

## NCHMA Market Study Index

**Introduction:** Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing built with low income housing tax credits. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. Components reported in the market study are indicated by a page number.

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

## NCHMA Market Study Index

**Introduction:** Members of the National Council of Housing Market Analysts provide the following checklist referencing various components necessary to conduct a comprehensive market study for rental housing built with low income housing tax credits. By completing the following checklist, the NCHMA Analyst certifies that he or she has performed all necessary work to support the conclusions included within the comprehensive market study. Components reported in the market study are indicated by a page number.

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